



IMPLATS
Distinctly Platinum



Sustainable Development Report 2017

Supplement to the Annual Integrated Report 30 June 2017

2017 sustainability performance summary



9 fatalities

Lost-time injury frequency rate

5.92

per million man-hours (including contractors)

- Total CO₂ intensity **0.1782** t/t milled
- Energy intensity **0.8577** t/t milled
- Direct SO₂ **0.0016** t/t milled
- Water intensity **0.0023** ML/t milled
- **46%** total water consumed is recycled



- **54%** historically disadvantaged South Africans and **21%** women in management (SA operations)
- Group employee turnover rate **8.6%**
- **100%** B-BBEE recognition level (4) South Africa
- BEE procurement expenditure in South Africa **R6.7 billion**; 76% of total discretionary spend
- **\$133 million** spent with local indigenous suppliers (51% indigenous ownership) in Zimbabwe



Training and development spend:

R548 million
in South Africa

\$4.84 million
in Zimbabwe



Expenditure on housing:

R265 million
in South Africa

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Impala Platinum Holdings (Implats) is one of the world's foremost producers of platinum and associated platinum group metals (PGMs). We are listed on the JSE Limited (JSE) and we are a constituent of the FTSE4Good Emerging Index.

We have incorporated the following symbols indicating our strategies and objectives through this report:

Our strategic objectives



Improve efficiencies through operational excellence and safe production



Cash conservation



Maintain our social licence to operate



Investment through the cycle



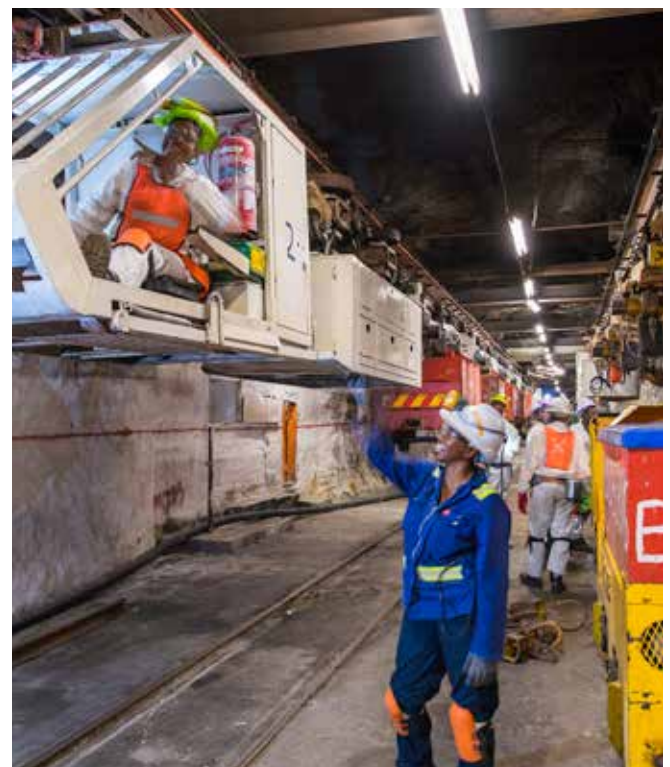
Maintain optionality and position for the future



FEEDBACK

We welcome your feedback to make sure we are covering the things that matter to you.

Go to www.implats.co.za or email investor@implats.co.za for the feedback form, or scan the code on the left with your smart device.



Monorail at 14 Shaft – Impala Rustenburg

Our strategy

Our vision

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

Our strategic objectives

For more information please refer to the 2017 Integrated Report [1](#)



Improve efficiencies through operational excellence and safe production



Cash conservation

Key material matters

For more information please refer to page 20 of 2017 Sustainable Development Report and the stakeholder engagement section of the 2017 Integrated Report [1](#)

Human Resource Development	Safety and health initiatives	Progress with transformation in South Africa and indigenisation in Zimbabwe	Production and performance
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Our contribution towards the SDGs is primarily through:

- The valuable resources that we produce (see page 6)
- Direct and indirect employment created through our workforce and supply chains (see pages 36 and 51)
- Taxes and royalties paid to our host governments (see page 41)
- Social investment and preferential procurement in our host communities (see page 40)
- Respecting human rights (see page 20)
- Ensuring ethical business practices (see page 19)
- Minimising our environmental footprint (see page 54)



Our mission

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

Our purpose

is to safely and responsibly produce platinum group metals (PGMs) to make a meaningful contribution to the sustainability of our planet.



Maintain our social licence to operate



Investment through the cycle



Maintain optionality and position for the future

Employment and procurement opportunities

Workforce reduction and industrial relations climate

Political climate in Zimbabwe and South Africa

Future metal prices, and PGM supply and demand dynamics

Cost control measures

Capex programme

Supporting global goals for sustainable development

The United Nations Sustainable Development Goals (UN SDGs) set a sustainable agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Implats is committed to playing its role in the attainment of the goals, supporting government and working with other stakeholders to build better societies.

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 wellbeing 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

Our approach to reporting

This Implats Sustainable Development Report provides stakeholders with a frank account of our management approach and performance on our most significant social, economic and environmental impacts, and on those sustainability issues of material interest to our stakeholders. The report forms an important part of our annual integrated reporting process, and ideally should be read in conjunction with our Integrated Report 2017.

Boundary and scope

The information in this report relates to the financial year 1 July 2016 to 30 June 2017. The report covers the following operations over which we have direct management control and for which we set and implement policies and standards: Impala, Marula, Zimplats and Mimosa. Our previous Sustainable Development Report was published in September 2016, covering the 2016 financial year. No changes to the boundary and scope have been applied in this year's report. As far as possible, performance data is reported to facilitate comparability with our previous performance and that of our peers.

Materiality

The report focuses on our performance relating to those social, economic and environmental issues that have been identified as having a material impact on the sustainability of the economy, environment and communities in which we operate, or that are important to our key stakeholders. While the report is of 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 our material issues is described on page 23.

Reporting standards

This report has been compiled in accordance with the G4 Guidelines Reporting Standards, as well as Implats' internally developed reporting guidelines, which are available on request. We have provided a separate more detailed response to the GRI Standards in a comprehensive GRI response table, available at www.implats.co.za/implats.Annual-reports.asp. As a signatory to the United Nations Global Compact (UNGC), we have also used the UNGC's Advanced Level reporting criteria in our UNGC Communication on Progress (CoP). Our integrated reporting process has also been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the IIRC's International <IR> Framework, the King Code on Corporate Governance 2016 (King III), the JSE Listings Requirements and the Companies Act, 71 of 2008.

Measurement units

Monetary amounts referred to in this report have been expressed in South African rand (R) and US dollars (US\$). Where appropriate, and to facilitate comparability, we have presented the amount in South African rand (R). During the reporting period, the average cost of US\$1 was R13.64. We have used a total production of 21 061 kilotonnes milled (this includes tonnes of ore milled at Mimosa) to calculate intensity or efficiency ratios for energy, carbon dioxide and water. We have used a total production of 18 332 kilotonnes milled (this excludes tonnes milled at Mimosa) to calculate the intensity or efficiency ratios for direct sulphur dioxide as Mimosa's contribution is zero. Performance data is for the respective financial year period unless calendar year data is specified.

Independent assurance

A third-party assurance provider, KPMG, has independently assured selected performance data in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). The scope of the assurance, the selected performance information and the independent statement of assurance are provided on page 66. KPMG were requested by Implats to include staff from a black-owned South African firm in the engagement in order to transfer knowledge about sustainability assurance. Team members from Nkonki Incorporated (Nkonki) worked on key performance indicators 13 – 18 listed in the subject matter and related assurance section of the independent statement of assurance. This work was directed, supervised and reviewed by KPMG who remain solely responsible for the opinion. This is the second year that Nkonki staff have been included in the Implats sustainability assurance engagement.

Comments or queries related to this report:

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Navigation icon description:

📍 Refers readers to additional information available online or in other reports.

Additional information available online at www.implats.co.za

Other sources of information available online:

Our website has detailed investor, sustainability performance and business information. This includes our Integrated Report, Annual Financial Statements, Mineral Resource and Mineral Reserve statement, GRI content index and UNGC CoP.

Impala Platinum Holdings Limited is a constituent of the FTSE4Good Emerging Index.



Integrated Report



Annual Financial Statements



Mineral Resource and Mineral Reserve Statement

- Information about our stakeholders, their material matters, risk, strategy and performance
- Information about our operations, mineral reserves and mineral resources, business context, environment, business model, and intellectual capital contained in our risk and remuneration processes
- Overall assurance provided explained

These annual financial statements were prepared according to International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV.

- Conforms to the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC)
- Conforms to the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC)
- Been signed off by the competent persons



Employees on a chairlift at 14 Shaft – Impala Rustenburg

Our business at a glance

Implats is structured around six mining operations and Impala Refining Services (IRS), a toll refining business. Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world.



South Africa

Impala

Fatalities
7

FIFR	AIFR	LTIFR
0.079	15.44	7.43

Refined Pt production
654 600oz

- Contribution to Group platinum production **42.8%**
- Life-of-mine **>30 years**
- Average current depth **850m**

Number of employees
42 253

Impala, Implats' 96% owned primary operational unit, has operations situated on the western limb of the world-renowned Bushveld Complex near Rustenburg in South Africa. This operation comprises a 13 Shaft mining complex and concentrating and smelting plants. The base and precious metal refineries are situated in Springs, east of Johannesburg.

Marula

Fatalities
1

FIFR	AIFR	LTIFR
0.103	22.74	5.79

Pt production
68 100oz*

- Contribution to Group platinum production **4.4%**
- Life-of-mine **>30 years**
- Average current depth **320m**

Number of employees
3 817

Marula is 73% owned by Implats and is one of the first operations to have been developed on the relatively under-exploited eastern limb of the Bushveld Complex in South Africa. Marula is located in the Limpopo province, some 50 kilometres north-west of Burgersfort.

** In concentrate*

Two Rivers*

Fatalities
0

FIFR	LTIFR	AIFR
0.000	0.31	3.4

Pt production
177 400oz**

- Contribution to Group platinum production **11.8%**
- Life-of-mine **>30 years**
- Average current depth **350m**

Two Rivers is a joint venture between African Rainbow Minerals (51%) and Implats (49%). The operation is situated on the southern part of the eastern limb of the Bushveld Igneous Complex some 35 kilometres south-west of Burgersfort in Mpumalanga, South Africa.

** Non-managed ** In concentrate*

IRS

Impala Refining Services is 100% owned by Implats. It is a dedicated vehicle to house the toll refining and metal concentrate purchases build up by Implats. IRS provides smelting and refining services through offtake agreements with Group companies (except Impala) and third parties. IRS is situated in Springs, east of Johannesburg.



PGMs are primarily platinum and its associated by-products: palladium, rhodium, ruthenium and iridium, which usually occur in association with nickel and copper. PGMs are a relatively rare commodity – only around 500 tonnes (excluding recycling) are produced annually, of which less than 230 tonnes are platinum – yet they play a progressively more important role in everyday life, such as autocatalysts to control vehicle emissions, in the production of LCD glass and as hardeners in dental alloy.

This year, the Group produced 3.10 million ounces of PGMs (2016: 2.90 million ounces), which included 1.529 million ounces of platinum (2016: 1.438 million ounces). Our markets are in South Africa, Japan, China, the US and Europe. We have a workforce of approximately 55 000, including 15 000 contractors, none of whom are self-employed. We have no seasonal employees.

A review of our business model and operating context is provided in our Integrated Report. [i](#)


Zimbabwe


Implats is structured around six main operations: Impala Rustenburg, Zimplats, Marula, Mimosa, Two Rivers and Impala Springs – with a total of 24 underground shafts. Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, two of the most significant PGM-bearing ore bodies in the world. 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.

As at 30 June 2017 our major shareholders were Allan Gray (14.97%), Investec Asset Management (13.05%), Public Investment Corporation (PIC) (10.13%), Coronation Fund Managers (7.43%) and Royal Bafokeng Nation (RBN) at 6.29% with the balance of the shares held by various public and non-public shareholders. (Refer to the annual financial statements.)


Zimplats

Fatalities
0

	FIFR	AIFR	LTIFR
	nil	0.41	0.21

	Pt production 266 400oz*
---	------------------------------------

- Contribution to Group platinum production **18.4%**
- Life-of-mine **>30 years**
- Average current depth **150m**


 Number of employees
5 942


Zimplats is 87% owned by Implats and its operations are situated on the Zimbabwean Great Dyke south-west of Harare. Zimplats operates four underground mines and a concentrator at Ngezi. The Selous Metallurgical Complex (SMC), located some 77 kilometres north of the underground operations, comprises a concentrator and a smelter.

* In matte

Mimosa*

Fatalities
1

	FIFR	AIFR	LTIFR
	0.114	0.68	0.45

	Pt production 116 600oz**
---	-------------------------------------

- Contribution to Group platinum production **7.9%**
- Life-of-mine **>15 years**
- Average current depth **200m**

Mimosa is jointly held by Implats and Sibanye. Its operations are located on the Wedza Geological Complex on the Zimbabwean Great Dyke, 150 kilometres east of Bulawayo. The operation comprises a shallow underground mine, accessed by a decline shaft, and a concentrator.

* Non-managed ** In concentrate

Statement by the chairperson of the social, transformation and remuneration committee

It gives me pleasure to once again introduce Implats' Annual Sustainability Report. This report supplements our Integrated Annual Report, and outlines what Implats has been doing – and what the Company still plans – to deliver on its strategic commitments across its material sustainability focus areas.

In this opening review, I reflect on some of the key highlights and challenges relating to Implats' sustainability performance over the year, and share some forward-looking perspectives. We remain committed to ensuring Implats creates and shares value across its stakeholder groups. To do so without harm is our ongoing intent.

Investing in our employees

Through collaborative efforts, we have maintained stable and constructive labour relations and partnerships with unions at all our operations. It is gratifying to see the wage negotiation and shop steward election processes at our South African operations concluded without a major incident. This is testament to the high level of consultation with employees and demonstrates Implats' commitment to the values of respect and care.

Implats continued its investment in employee training and development programmes, and conducted various activities aimed at creating a pipeline of future talent sourced from communities surrounding our operations. Recruitment efforts for the year under review focused on the critical skills which are scarce in our communities. Total employee turnover increased to 8.6% from 8.2% in 2016. At our Marula operation, continued community protest action coupled with persistently low metal prices have necessitated a downsizing exercise, which is being closely monitored for sustainability.

We are proud of our sustained commitment to providing affordable and decent housing for employees and remain an industry leader in this area. In South Africa, our focus is on enhancing home ownership opportunities. Our vision is to have the majority of company employees living with their families in decent accommodation within a reasonable distance from work by 2020. At Impala Rustenburg, there is a high demand from employees wishing to purchase units in our flagship home ownership project, Platinum Village. Work on the last two phases of Platinum Village will start during 2018.

During 2017 we launched the Platinum Village primary and secondary schools, which together have capacity for 1 700 learners. Following the conversion of our hostel buildings into single person per room units, completed in 2013, we have steadily converted a number of these units into family units to accommodate employees seeking to live with their families.

Driving a safety culture

The sustained expenditure and effort we have put into safety initiatives, technical solutions and training across the Group, are evident in the strong safety performance maintained at many of our operations, in particular Zimplats. Regrettably, however, nine of our employees died as a result of injuries sustained while on duty. We extend our sincere condolences to the families, friends and colleagues of these employees. As always with incidents of this nature, Implats has implemented appropriate remedial actions to avoid repeat occurrences. The fatalities are particularly disappointing in view of the renewed focus placed throughout 2017 on improving the safety culture of our employees, especially at Impala Rustenburg and Marula. Human error remains a common factor in safety incidents and we have made concerted efforts to better understand and address high-risk behaviour. We have focused on driving visible, felt leadership, and improving critical controls and critical safe behaviours at our operations. These will remain priority focus areas for 2018. We expect to see a further step change in our safety performance and ultimately achieve our goal of zero harm.

Promoting health and wellbeing

The principal health risks facing our employees remain pulmonary tuberculosis (TB), the associated human immunodeficiency virus (HIV) co-infection, and the occupational health risk of noise induced hearing loss (NIHL). We have placed a strong emphasis on managing chronic medical conditions, such as hypertension and diabetes. Our internal health drive is supported by our investments in community healthcare projects, the delivery and funding arrangements of which depend on local facilities and conditions, and thus differ between our operations in South Africa and Zimbabwe.



We remain committed to ensuring Implats creates and shares value across its stakeholder groups. To do so without harm is our ongoing intent.

A woman with short dark hair, wearing glasses, a red top, a pearl necklace, and a black blazer with a red and white polka-dot pattern, stands with her arms crossed in an office environment. The background shows a blue wall, a grey armchair, and a small table.

We have focused on driving visible, felt leadership, and improving critical controls and critical safe behaviours at our operations. These will remain priority focus areas for 2018.

Statement by the chairperson of the social, transformation and remuneration committee

Employee indebtedness at our South African operations is an ongoing concern, affecting employee wellbeing and raising stress-related health and safety risks. We continued to implement initiatives aimed at helping employees reduce their debt and better manage their financial affairs.

Promoting transformation

Driving socio-economic transformation within Implats and across its value chain is a priority and informs much of the Group's engagement with the government, communities and other stakeholders. Implats goes beyond compliance in this area and has played a leading role in industry discussions. There is a strong, Group-wide acknowledgement that delivering socio-economic transformation is non-negotiable.

In South Africa, our performance is well positioned relative to the 2010 Mining Charter targets, and we will align ourselves internally with the expectations of the Mining Charter III proposals, published in June 2017, once agreed between the relevant stakeholders. We also seek to align with the B-BBEE Act and work towards compliance with the new B-BBEE Codes of Good Practice. This year, Implats achieved a Level 4 verification certificate (100% B-BBEE recognition level), measured against the more demanding revised codes.

Advancing our progress in South Africa this year included:

- Investing R529 million in the training and development of historically disadvantaged South Africans (HDSA) representing 5.3% of HDSA payroll against a target of 5%;
- Achieving, and in most cases exceeding, the employment equity targets of the 2010 Mining Charter, where we are well positioned relative to our competitors; advancing the representation of women remains a challenge and focus area;
- Complementing our housing efforts with investments in community development projects amounting to R106 million, inclusive of social and labour plan (SLP) commitments; and
- Increasing our activities in supporting local and HDSA businesses through preferential procurement, supplier development and enterprise development initiatives; discretionary procurement expenditure for 2017 was R8.7 billion, of which 76%, or R6.7 billion, was from companies in which HDSA/BEE ownership was greater than 25%.

In Zimbabwe, representation of indigenous people is 99% at Mimosa and 100% at Zimplats. In terms of the 2016 presidential guidelines, mining companies in Zimbabwe are deemed indigenised if local spend is at least 75% of annual revenue. In 2017, our local spend at Zimplats was 82% of revenue generated.

While Zimplats has preformed well against the Presidential guidelines it is important to note that the guidelines are yet to be promulgated into law. As part of the indigenisation plan, we have successfully implemented an employee share option trust at Zimplats, which has been well received. We continue to engage with government on indigenisation.

Investing in our communities

The sustainability of our mining activities depends on our ability to contribute to the wellbeing and prosperity of our host communities. The challenging social context under which we are operating further highlights the need for sustainable community development as a commercial and social imperative. In South Africa, there is growing frustration and community activism in many of our neighbouring communities, particularly among the unemployed youth. With the slow pace of service delivery, reduced employment opportunities, and a rising cost of living, we faced a crisis of expectations during the period under review in terms of providing jobs, infrastructure, service delivery and procurement opportunities.

As far as possible, we seek to employ people from communities close to our operations. Despite efforts to hire more local people, migrant workers continue to play an important role in the industry, particularly for rock drill and winch operators. We invest in skills development in our local communities, and promote local employment through our local procurement practices.

This year we experienced minor community unrest at Impala Rustenburg and Two Rivers, and major, continued unrest at Marula. The management team at Marula continued to engage with community representatives and government officials to strengthen communication lines and relationships. Impala Rustenburg has maintained a good working relationship with its host communities, the Rustenburg local municipality and the Royal Bafokeng Nation.

Investment in the accommodation and living conditions of employees is one pillar of Implats' contribution to the wellbeing of its host communities. Our social investment strategy complements this by providing schools, clinics and other amenities. Social programmes and investments are identified in collaboration with stakeholders in the areas in which we operate, and seek to address identified community needs by focusing on infrastructure, health, education, community employment, and empowerment initiatives.

This year in South Africa, total expenditure on social projects and housing amounted to R371 million. Our preferential procurement practices and enterprise and supplier development activities make a tangible difference to the lives and families of emerging black entrepreneurs, and stimulate economic development in our host communities. To this end we spent R2.6 billion on procurement from local businesses (all >25% BEE), within the Bojanala district for Impala Rustenburg operations and the Greater Sekhukhune district at Marula (2016: R2.5 billion or 31%).

In Zimbabwe total expenditure on social projects and housing was US\$5.3 million. Zimplats spent US\$80 million on local suppliers with at least 51% black Zimbabwean ownership, representing 23% of the total annual procurement spend (2016: US\$103 million/31% of annual procurement).

Promoting responsible environmental stewardship

Mining companies need to manage environmental impacts. As such, it is critical we demonstrate responsible stewardship of the resources we share with neighbouring communities.

Our principal environmental risks relate to the pollution of soil, surface water, ground water and air quality, with the associated impacts on health, safety and biodiversity. We engage with the South African and Zimbabwean regulatory authorities to ensure all applicable licences and permit applications are approved and in place, and that all requirements are met.

During 2017, there were no “major” (Level 5) or “significant” (Level 4) environmental incidents at our operations, and we recorded 35 “limited impact” (Level 3) incidents. This number remains high and we will strive for no Level 3 incidents. There were no non-compliance notices, fines or penalties issued to any of our operations during the review period.

We have increased the use of recycled water, this year accounting for 46% of the total water consumed across the Group, compared to 41% last year. Another focus area is the use of alternative energy sources. This year we continued to make good progress in advancing fuel-cell technology initiatives. We are currently evaluating proposals for the commercial development of a prototype fuel-cell driven load haul dumper (LHD) that we will initially utilise at Impala Rustenburg 14 shaft.

Maintaining strong stakeholder relationships

We strengthened our stakeholder engagement framework to ensure deeper engagement, which has assisted in building stronger relationships. I am particularly encouraged by the collaborative engagement with our employees and union representatives this year, and the stronger relationship we have built with the Department of Mineral Resources. In preparing for the years ahead it is essential Implats does not create expectations that cannot be realised. Establishing and maintaining trust with all stakeholder groups will be critical as Implats strives to meet its commitments to zero harm, transformation, socio-economic development and environmental protection.

In appreciation

In closing, I express my thanks to management, my colleagues on the STR committee, and all employees for their work towards delivering on Implats’ sustainability commitments. I convey my particular appreciation to community leaders and the government for our collaborative efforts.

I encourage all stakeholders to read this report and to give honest feedback on our performance and our disclosure. Greater stakeholder accountability and engagement is critical in helping Implats deliver effectively on its sustainability goals. We welcome the new CEO, Nico Muller, who brings valuable industry experience to drive this process.

Mpho Nkeli

Chairperson: social, transformation and remuneration committee

CEO review of sustainability progress

By Acting CEO, Gerhard Potgieter

During the year under review, Implats made good progress on its safety indicators, skills development initiatives, its relationships with unions, communities and other key stakeholders, and delivered significant value through its social and labour plans (SLPs). We continue to position our business for the longer term and we recognise that our ability to deliver and sustain Group-wide operational efficiencies depends on the skills, safety, wellbeing and motivation of employees. Investing in employees and engendering a culture of personal accountability are critical drivers of our continued long-term success, as is building on levels of mutual trust and respect across the Company and between Implats and its stakeholders.

We have seen good progress this year in many of our leading and lagging safety indicators – with 12 of our sites, including shafts and corporate entities across the Group achieving safety ‘millionaire’ status in terms of consecutive number of fatality-free shifts. Regrettably, we recorded nine work-related fatalities during the year. Prioritising safe production, and ensuring the health of our employees, underpins all that we do and remains key to ensuring the sustainability of our business. With human error being an important contributor to many incidents, our emphasis on ensuring effective leadership and responsible behaviour, and of driving a culture of personal accountability and interdependence, is being reinforced.

There was a strong drive this year on our team mobilisation initiative at Impala Rustenburg where we have invested in building the leadership and technical skills of supervisors. The importance of our talent retention and skills development activities remains paramount. It is also encouraging to see the maturing and constructive relationship between management and union representatives, reflected in the successful outcome of the wage negotiation process in South Africa, and the continuing positive employee and industrial relations environment in Zimbabwe.

We have delivered effectively on our commitments in terms of our SLPs at our South African operations, and our targeted corporate social investments in Zimbabwe. It is especially pleasing to see the good progress made with Phase 2 of the Platinum Village home ownership project in Rustenburg, with 121 houses built this year. To date we have built 3 171 houses and the aim is to increase this to 3 405 by 2018. This investment in our employees and the community is complemented by our strong focus on local skills development and recruitment, and our increasing localised procurement expenditure. These initiatives are important elements of our commitment to driving transformation in South Africa and indigenisation in Zimbabwe.

Our delivery on our SLPs is gratifying given the continued stress platinum miners are facing as a result of the sustained downward pressure on platinum group metal (PGM) prices which has required a focused efficiency drive across all

operations to ensure the Group is competitively positioned on the cost curve. Despite the challenging economic, political and policy environments in both South Africa and Zimbabwe, we strive to keep costs down while at the same time providing much-needed societal value.

We have maintained generally positive community relations across most of our operations. However, we continued to experience significant community unrest at Marula this year, which impacted production at the mine and resulted in a downsizing of the workforce at the operation. The community unrest relates to frustrations with the governance and distribution of the community-managed dividends from the Makgomo Chrome project. Implats contributed towards setting up this facility as a means of sharing financial benefits within the community. High unemployment, and poor service delivery from local government, has also contributed to the increased demands made on mines from neighbouring communities. Implats remains committed to working with all our social partners to address community concerns as best we can, and in accordance with our financial means to do so.

On the regulatory front, in Zimbabwe we have maintained constructive dialogue with the government regarding the proposed compulsory acquisition of 28 000 hectares of mining land, as well as the proposed 15% export levy on unbeneficiated platinum, which has been further deferred until January 2018. In South Africa, as a member of the Chamber of Mines (CoM), Implats actively participates in key industry and national policy discussions and engages with the government on all issues that in our view affect the sustainability, transformation and growth of the mining sector. We fully support the CoM’s views that ongoing policy uncertainty in South Africa and some economic and productivity-related challenges continue to impair the full economic and developmental potential of our industry. We have noted the Mining Charter III proposals, as well as those to suspend all new mining and prospecting licenses in terms of section 49 of the 2010 Minerals and Petroleum Resources Development Act (MPRDA), and are working closely with the CoM to assess the potential impact on our business and industry.

From an environmental perspective, water use will remain a critical priority into the future, along with our focus on driving environmental compliance and ensuring full environmental disclosure on any material incidents. The prolonged water shortages experienced last year taught businesses and communities valuable lessons on the need to position properly for the longer term, particularly given the increasing pressure on local water resources from the growth in neighbouring communities.

We recognise that our ability to deliver and sustain operational efficiencies across the Company depends ultimately on the skills, safety, wellbeing and motivation of our employees.



It is especially pleasing to see the good progress made with Phase 2 of the Platinum Village home ownership project in Rustenburg, with 121 houses built this year. To date we have built 3 171 houses and the aim is to increase this to 3 405 by 2018.

I remain optimistic about the Company's future. We have access to a diverse suite of PGM ore bodies with brownfield growth potential, a world-class refinery and beneficiation channel, and a strong balance sheet, aided by the recent successful bond issue. Together these enable us to take advantage of any improvement in the business cycle. Successfully capitalising on the opportunities available to us is contingent on maintaining our social legitimacy, ensuring appropriate investment in our employees and communities, minimising our environmental impacts and being accountable to our stakeholders.

I believe that the review of our performance in this report demonstrates we are in a strong position to deliver value into the future. I wish my colleague, Nico Muller, every success as he takes on the responsibility of ensuring the profitability of the Company and the prosperity of our key stakeholders.

Gerhard Potgieter
Acting chief executive officer

1 December 2016 – 31 March 2017

The future from a sustainability perspective

By current CEO, Nico Muller

It is an immense privilege to have joined Implats, a company with such a proud history. Since joining the Implats team in April this year, I have engaged with many of our key stakeholders – within and outside the Company. In doing so, I have come to appreciate the significant experience and expertise residing in the Company's staff complement, and the favourable reputation Implats enjoys with most of its stakeholders. Together, these provide a strong foundation for the Company to navigate the tough operating environment the platinum industry is facing.

As I look to the future from a sustainability perspective, there are three key challenges critical to Implats' longer-term success: addressing the growing levels of community activism; proactively responding to the challenging legislative and policy environment; and delivering on our commitment to zero harm.

This year, we saw heightened community activism, particularly at our Marula operation. The community frustration reflects the high levels of unemployment and poverty, as well as the continuing challenges related to local government service delivery in the area. These factors have resulted in the surrounding communities increasingly expecting mining companies to provide economic opportunities and social services. One of our top priorities is to ensure we understand, and are properly responsive to, community concerns. It is essential we continue to go beyond simply meeting regulatory obligations in terms of our social and labour plans (SLPs), and that we find collaborative solutions to job creation, infrastructure development, and the provision of social services. To address these challenges, we will need to play a strong integrating role with all affected community stakeholders – including traditional leadership structures, local, provincial and national government, community representative organisations, and youth movements.

Addressing legislative and policy uncertainty is also a significant priority, both in South Africa and Zimbabwe. We appreciate the intent behind suggested policy changes in both countries, and acknowledge it is partly informed by government's belief that the benefits of mining are not always equitably shared. The board and management team has a deep understanding of the operating context in each country and we are fully supportive of, and aligned to, the underlying objectives relating to transformation and indigenisation. In delivering effectively on these objectives, we work through existing structures, such as the Chamber of Mines in South Africa, while driving our commitments internally to delivering broad-based transformation, and building on the company's industry-leading successes in areas such as housing and living conditions.

Safety is a key priority across all our operations. I have been fortunate to inherit the legacy of the previous Implats CEO, Terence Goodlace. As the Chairman of the Chamber of Mines' CEO Zero Harm Task Team, Terence was a prominent proponent of improved safety performance across the sector. Implats has some of the best safety-related technologies, infrastructure, systems and procedures in the industry, but we still face challenges in embedding an effective safety culture. A personal priority is to foster a culture of collective responsibility, ensuring safety is an inherent part of daily action and thinking, fully integrated in all we do.

Long-term success is best achieved through a collaborative approach, with strong teams that share a clear common purpose. As I commence my tenure at Implats, I look forward to developing the strength in, and across, all our teams, informed by a culture of individual ownership, personal honesty and full accountability. Implats has the technical capacity and the people required to guide the Company through the prevailing low price environment. With the support of our leadership team, I look forward to injecting renewed energy into our efforts to safely and efficiently mine and produce our metals, ensuring sustainable value-creation for all our stakeholders.

Nico Muller
CEO



The board and management team has a deep understanding of the operating context in each country and we are fully supportive of, and aligned to, the underlying objectives relating to transformation and indigenisation.



Long-term success is best achieved through a collaborative approach, with strong teams that share a clear common purpose. As I commence my tenure at Implats, I look forward to developing the strength in, and across, all our teams.

Sustainability governance

Implats is committed to maintaining the highest standards of good governance in order to promote quality decision-making and ensure the execution of these decisions within a disciplined framework of policies, procedures and authorities.

Our management approach

We have a structured and systematic approach to managing our most significant social, economic and environmental impacts and to addressing the material interests of our priority stakeholders.



People management

Focus areas, policies and procedures: Management of our employees is headed up by a dedicated Group executive reporting to the CEO. The scope of work includes remuneration, human resource development, talent management and employment equity. Group policies and procedures on people management issues are established at corporate level and apply at our operations. Our policies and procedures are aimed at contributing to sound employee relations, attracting and retaining talent and ensuring the continuous development of our employees, while offering opportunities for career progression with a particular emphasis within our South African operations on historically disadvantaged South Africans (HDSAs). All contracting employees are vetted and assessed according to our own internal standards.

Transformation: Each operation has a transformation committee comprising representatives from management, unions and women, as well as various other stakeholder groups who contribute to overseeing and advancing transformation at each operation. The operational committees report to the Group STR committee. Our operations also have community forums, at which issues of concern to local communities – such as employment opportunities, skills development, procurement, community development projects and health, safety and environmental performance – are discussed. Issues arising from these community forums are relayed to the operational committee and, ultimately, to the Exco. These are elevated to the STR committee quarterly and to the board as required.

Managing health, safety and environmental (HSE) issues

Group and site-specific HSE policies, procedures and standards are in place to ensure compliance with legislative requirements and support our vision of zero harm. Responsibility for implementing HSE policies and procedures rests with line management. All operations submit quarterly performance reports to the board-appointed HSER committee. Group and operational level HSE specialists support line management to implement the strategy and to monitor and manage performance.

The Group's environmental team has close links with operational and project management and is involved in due diligence exercises in connection with acquisitions and the development of strategic initiatives. Policy implementation is enhanced by our commitment to maintaining ISO 14001 certification for our environmental management systems. The Group's internal auditors and external auditors conduct regular compliance audits. In addition to the ISO 14001 certification, the refineries are signatories to Responsible Care® and retained their certification. We follow the International Council on Mining and Metals (ICMM) guidelines to improve our approach and practices.

Managing our social impacts

Our approach to social performance is informed by our values and our business and ethics principles; all our operations apply high social performance standards in line with our sustainable development policy, community policy and legal frameworks of the countries in which we operate. We seek to engage with affected communities, to avoid, prevent and mitigate adverse impacts of our activities, and to build development opportunities. We invest in developing and maintaining constructive relationships with the stakeholders and communities around our operations. This is essential to maintain and strengthen our socio-political licence to operate. Inclusive stakeholder engagement underpins our approach to respecting human rights and to responding to legitimate stakeholder aspirations and concerns. Extending the positive benefits of mining, notably by developing infrastructure and creating opportunities for local businesses, also promotes social stability and builds resilience within communities to prosper beyond mine closure.

Managing our investments in socio-economic development

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

Each year an independent audit is conducted on selected social projects, based on the financial, legal and reputational risk as well as to determine impact, progress and potential remedial action where a project faces possible failure. A summary of this can be found on page 44.

Sustainability governance

Supply chain management

We have a large and diverse base of more than 2 000 suppliers from which we procure goods and services including heavy equipment, process chemicals, fuel and lubricating oils, labour, explosives, underground support grinding media, drilling equipment, electrical equipment, safety clothing, tyres and many more.

There is an increasing expectation of business to demonstrate accountability in ensuring responsible business conduct by all parties in corporate supply chains. We have clear principles that guide the selection of reputable contractors with the right skills and values systems to do specific tasks that we are not able to do. All our suppliers are appraised of our policies and business practices and are expected, as a minimum, to abide by these principles in their business conduct and practices at all our operations. We are implementing a SAP Ariba system that will assist us in future to screen suppliers on various criteria including health, safety and labour practices. We conduct ad hoc supplier audits against our standards and in the year under review, there were no incidents of supplier non-compliance.

We focus on increasing our levels of expenditure with local and black-owned suppliers and on developing existing procurement capacity in the areas close to our operations. We also support initiatives to stimulate local manufacture and technology development, thereby increasing our contribution to empowerment.

Increased pressure is being exerted during all interactions with untransformed suppliers to improve the pace of transformation. During the year, no services of suppliers were terminated.

Ensuring responsible mine closure

At our South African operations, we design, plan and operate our mines with closure in mind and plan for post-closure long-term sustainability in consultation with communities and other stakeholders. This approach seeks to reduce long-term risks and liabilities to our business from an environmental and socio-economic perspective, and to ensure that we leave a positive legacy when our mines conclude their operational lives. All our mining operations have closure plans in place that are reviewed every year and closure liabilities are updated.

Voluntary codes and social compacts

- We follow the International Council on Mining and Metals guidelines
- We subscribe to the United Nations Guiding Principles on Business and Human Rights
- We are committed to the United Nations Global Compact
- We support the Extractive Industries Transparency Initiative (EITI)
- We participate in the annual climate change and water disclosures of the CDP
- We are a member of the National Business Initiative (NBI)



Zimplats employees at Ngezi Mine

Promoting ethics and good governance

The Implats board assumes overall responsibility for the effectiveness of internal controls, risk management and governance, and guides management with the aim of achieving business objectives. We are committed to promoting the highest standard of corporate governance, ensuring that our practices comply with the expectations of the King III Code of Governance Principles for South Africa 2009. The corporate governance section in the Integrated Report [10](#) explains how and to what extent Implats has aligned with the expectations of the King IV Code of Corporate Governance for South Africa 2016.

Reinforcing a good corporate culture

Implats aspires to embed an ethical culture in the Company through its corporate values and by leading in a manner that demonstrates an ethical tone at the top. We maintain a zero tolerance stance on fraud, corruption, misconduct or dishonesty. We expect all our employees, business partners, contractors and associates to conduct themselves in accordance with the Implats code of ethics (code) and our fraud, corruption and whistleblowing and related governance policies.

Accountability and management: The executives and line management are responsible and accountable for the implementation of the code, the policy, and the associated procedures. The board has delegated oversight of the code, policy and procedures to the NGE committee.

Code of ethics: The Implats code addresses issues relating to conflict of interest, the prevention of unauthorised dissemination of Company information, the acceptance of donations and gifts, and the protection of the Company's intellectual property and patent rights. It also describes the

disciplinary action – including dismissal or prosecution – that is taken in the event of any contravention of the code. We implemented an electronic system that enables employees to access the code, the training material and to make declarations of financial interests and gifts online. Ethics have become topical within the business and the platform will assist with reinforcing a good corporate culture. We have continued to raise awareness around the code and ethics hotline. Employees without access to a computer are trained on the code as part of their induction process and as and when they return from compulsory leave.

Fraud, corruption and whistleblowing policy: This policy highlights our commitment to creating an environment that encourages an anti-fraud and anti-corruption culture, informed by our organisational core values and our respect for open and honest communication. Implats will not tolerate any act of fraud and corruption, committed by any staff member. Appropriate, consistent and immediate action (including dismissal and legal action) will be taken against those persons committing fraud and corruption irrespective of the length of service or position in the organisation.

Ethics hotline (0800 005 314): We implemented and continue to promote the use of a toll-free ethics helpline to facilitate the confidential reporting of alleged incidents. This is available to all employees, contractors, stakeholders and community members to anonymously report suspected fraud, corruption and any form of irregularity and unethical behaviour. All reported allegations are investigated, each to its logical conclusion and disciplinary action taken against perpetrators identified.

Our 2017 performance

- Sixty-two cases (2016: 61 cases) of alleged unethical behaviour were reported across the Group, 74% of which were from the South African operations, 19% from Zimplats, and the remaining 7% from Mimosa
- Twenty-eight of the incidents were reported through the whistle-blowing hotline, compared to 17 in 2016 (SA Operations)
- The classification of the allegations and outcomes in each category is provided in the table below
- There were no human rights-related incidents reported
- Six of the eight founded cases had a guilty outcome, two cases resulted in dismissals and final warnings, nine employees were processed through internal disciplinary processes, no cases were referred to a third party; and four employees resigned prior to conclusion of disciplinary action
- The founded cases also decreased from 39% of total cases last year to 13% of total cases this year

Number of fraud/ethics-related cases reported Group-wide in the 2017 financial year

Nature of allegation	Investigation pending	Allegations unfounded	Allegations founded	Total
BEE fronting	1	1	0	2
Conflict of interest and corruption	10	4	2	16
Fraud and theft	9	14	4	27
Misconduct and other	9	6	2	17
Total	29	25	8	62

Respecting human rights

Our approach

Respect for human rights is an integral part of the Company's code of ethics and values. Our human rights policy commits us to full compliance with applicable legislation in the regions in which we operate, as well as to implementing the human rights principles in the UNGC. Our approach is aligned with the UN Guiding Principles on Business and Human Rights.

Employees: We uphold the basic human rights of the International Labour Organisation through the implementation of fair employment practices. We have clear policies and processes in place to ensure observance of human rights, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination. We track implementation of human rights issues through monthly reports. Procedures are in place to ensure channels are available to deal with unfair practices. No cases of discrimination or harassment were reported in the year under review. Employees receive human rights training as part of their induction process. We aim to raise awareness around human rights through various communications with employees.

Contractors: Contractors are expected to abide by our Company policies, practices, standards and the constitution of the countries in which they are operating. We recognise the need to further improve our monitoring of contracted labour on human rights issues. Through stakeholder engagement processes, material community issues pertaining to human rights are addressed in community forums. No claims of

human rights abuse were made against the Company this year.

Security and human rights

Community unrest: There remains a high risk of civil unrest in the areas around our South African operations. This year we experienced higher levels of discontent in our Marula mine communities, with unauthorised protest action and acts of violence and vandalism disrupting operations. The security detail has been further increased to curtail these actions. We have continued to engage with relevant stakeholders to restore peace and stability within the communities.

Security personnel: We contract third-party services to provide security at our South African operations. We employ 914 security personnel (own and contractor) in South Africa (2016: 844) and spent R171 million in providing security for our South African operations (2016: R173 million). Additional security costs associated with community unrest at Marula were covered by Makgomo Chrome. Enhancing the interface between the South African Police Service (SAPS) and our own security response is critical to avoiding any escalation of conflict.


VPSHR: We remain committed to adopting the Voluntary Principles on Security and Human Rights (VPSHR) as defined by the United Nations at Impala Rustenburg, Impala Springs, Marula and Zimplats. We have conducted a gap analysis against the requirements of the VPSHR at all our operations and are developing controls to mitigate identified risks and ensure compliance. We are progressing well with addressing the gaps identified.

Engaging our stakeholders

Our licence to operate ultimately depends on the quality of our relationships with our various stakeholders – those individuals and organisations who are interested and affected by our business, or who have a material influence on our ability to create value. During 2015 we undertook an inclusive stakeholder review process, with the aim of being more proactive in our approach to building quality relationships. As outlined in more detail in our 2016 Sustainable Development

Report, through this process we identified various priority stakeholder groups for particular focus: employees and unions, local communities, government, shareholder and investors, suppliers and customers. The following table outlines the main forms of engagement undertaken with these stakeholder groups this year, and summarises the material issues raised. Additional information on our stakeholder processes and their material issues is provided in our Integrated Report [10](#).



Stakeholders	Nature of engagement	Material issues raised	Our response	Reference
Employees and unions	<ul style="list-style-type: none"> • Direct and internal communication • Engagement with unions • Workplace forums • Collective bargaining units • Future forum meetings 	<ul style="list-style-type: none"> • Human resource development • Conditions of employment • Safety and health initiatives • Production and performance • Progress with transformation • Job grading and career progression • Union recognition • Housing and living conditions • Economic performance of Company • Workforce reductions 	<ul style="list-style-type: none"> • Engage collaboratively with employees to find solutions to issues of concern • Review internal incentive systems • Investment in the accommodation and living conditions of employees • Implement team mobilisation initiatives • Engage with union representatives as part of our drive for establishing a new labour and employee relations environment that fosters open, honest and effective communication 	Pages 24 – 37, page 47
Local communities, traditional councils and local land owners	<ul style="list-style-type: none"> • Community leadership engagement meetings • Community trust meetings • One-on-one meetings 	<ul style="list-style-type: none"> • Employment and procurement opportunities • Enterprise development • Infrastructure development • Health and social facilities • Environmental impacts and property damage • Social and labour plans • Status of engagement structures • Compensation for land rental • Makgomo Chrome project 	<ul style="list-style-type: none"> • The responsible executive at each operation seeks to address issues of concern to the community. Information on our performance on material issues is provided at our mine community leadership engagement forums (MCLEFs), particularly on employment, procurement, infrastructure development, skills development, environmental issues and health 	Pages 40 – 62
Government	<ul style="list-style-type: none"> • Meetings with officials from local, provincial and national government • Compliance visits • Chamber of Mines • Parliamentary Portfolio committee • Mining Industry Growth, Development and Employment Task Team (MIGDETT) • Mining Phakisa 	<ul style="list-style-type: none"> • Revised Mining Charter • Progress with transformation (SA) and indigenisation (Zimbabwe) • Labour relations and job creation • Safety (accidents and stoppages) • Progress with social and labour plans (SA) • Community investments and engagement • Environmental compliance 	<ul style="list-style-type: none"> • We engage constructively with national, provincial and local government and political leaders at all levels, both as a Company and through industry representative bodies (such as the Chamber of Mines) on these material issues 	Page 53
Shareholders, analysts and investors	<ul style="list-style-type: none"> • Road-shows • Results presentations • Investor conferences • One-on-one meetings 	<ul style="list-style-type: none"> • Future metal prices, and PGM supply and demand dynamics • Ability to control costs and production • Political and policy uncertainty in South Africa and Zimbabwe • Industrial relations climate and wage negotiations • Capex programme • HSE and operational performance 	<ul style="list-style-type: none"> • Investor concerns and queries are addressed in our regular investor engagements 	Integrated Report 
Suppliers and customers	<ul style="list-style-type: none"> • Tender and contract processes • Supplier forums • One-on-one meetings • Industry forums • One-on-one meetings • Customer feedback • Reputation surveys 	<ul style="list-style-type: none"> • Conditions of contracts • Review of contractor operating standards in line with Implats policy and standard • Local procurement • Level of transformation • Effective delivery against terms • Long-term pricing • PGM above ground stock 	<ul style="list-style-type: none"> • We have clear principles that guide the selection of reputable contractors with the right skills and values systems to do specific tasks that we are not able to do • Track and respond to customer feedback. Keeping customers informed of any possible supply disruptions due to industrial action 	Page 18

Our material sustainability issues

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 stakeholders. The Implats risk management process is wholly aligned with ISO 31000, the international risk management standard.

Risk management and priorities

At Implats, we define risk as per the ISO 31000 (2009) / ISO Guide 73:2002 definition of risk, which is, the 'effect of uncertainty on objectives'. Risk thus acknowledges that this uncertainty will present both risk and opportunity. This process enables the board and management 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 approved risk appetite and risk tolerance levels.

It follows that the context, identification and management of risk can only be derived from a sufficient understanding of what we are trying to achieve and by following a standard process of risk assessment to identify and evaluate our risks.

Our risk management process comprises the following steps:

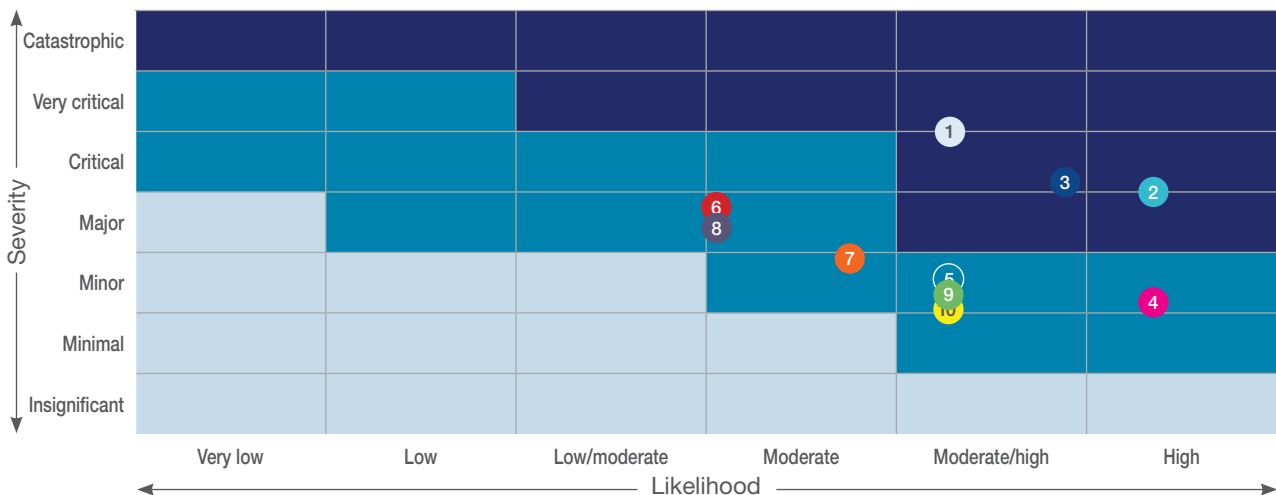
- Identification of operational objectives (linked to Implats strategy)
- Establishing the context: We consider the nature of the external operating context (reviewed in our Integrated

Report ⑩) and the views and interests of our stakeholders (page 21 of this report)

- **Identifying the risk:** We establish the cause of the risk and evaluate all possible impacts (both positive and negative)
- **Analysing and evaluating the risk:** We identify and assess what this means for the achievement of our objectives, determine the risk rating (by severity and likelihood), identify and assess the controls (both existing or new)
- **Treating the risk:** We consider all options to establish the most appropriate response for each identified risk
- **Monitoring and reviewing the risk:** We interrogate both the internal and external environment for material changes, monitor the progress of risk treatment actions to assess their effectiveness in improving the risk rating
- **Reporting of the risk:** Given that risk management is acknowledged to be pervasive in the organisation, each board subcommittee takes responsibility for the risks relevant to it, although the overall oversight vests in HSER. The individual chairmen of each subcommittee should include in their committee reports a report on their risks to the Implats board on a quarterly basis.

Residual risk matrix

As at July 2017 the Group risk profile identified the following top 10 key risks (ranking based on residual severity and likelihood)



Risk description

- | | | |
|--|--|--|
| 1 Sustained depressed PGM basket prices | 5 Policy risk arising from change in legislation in South Africa | 9 Capital constraints affecting project delivery/opportunities |
| 2 Non-delivery of production and productivity targets at Impala Rustenburg | 6 Excessive taxation and levies at the Zimbabwean operations | 10 Impact of UG2 support changes |
| 3 A significant deterioration in safety performance | 7 Failure to progress beneficiation in Zimbabwe | |
| 4 Disruption to operations due to community unrest at Marula | 8 Unavailability of secure and reliable power at Implats | |

Further details on our risk management process and top 10 Group risks are provided in our Integrated Report. **i**

Our material sustainability focus areas

For the purposes of our sustainability disclosure and management approach, we have identified three material sustainability focus areas and an associated set of material issues. These focus areas and issues were identified through an internal materiality process that involved the input of senior management representatives and corporate sustainability practitioners, and the subsequent sign off by the social, transformation and remuneration (STR) committee. The structured process involved a consideration of: Implats’ approach to creating value; an assessment of our most significant impacts on human, social and natural capital; the impacts of the challenging business context; the material interests and concerns of our key stakeholders; the findings of the Group risk process; the GRI’s Sustainability Reporting Standards; and the United Nations Sustainable Development Goals.

Focus areas and issues

Through this process we agreed the following material sustainability focus areas and issues:

- Safe and effective people who respect and care
 - Employee and contractor safety
 - Employee health and well-being
 - Investing in employee relations

- Attracting, retaining and developing talent
- Promoting diversity and transformation
- Social capital and licence to operate
 - Our economic and social value added
 - Investing in community development in South Africa and Zimbabwe
 - Accommodation and living conditions
 - Procurement, enterprise and supplier development
 - Social legal compliance
- Conserve natural resources and mitigate impacts
 - Environmental legal compliance
 - Water stewardship
 - Climate change and energy management
 - Air quality management
 - Managing our waste
 - Land management and biodiversity

These material focus areas underpin our Group strategy (see Integrated Report **i**). The sections of our Sustainable Development Report that follow have been structured to reflect these focus areas and issues.

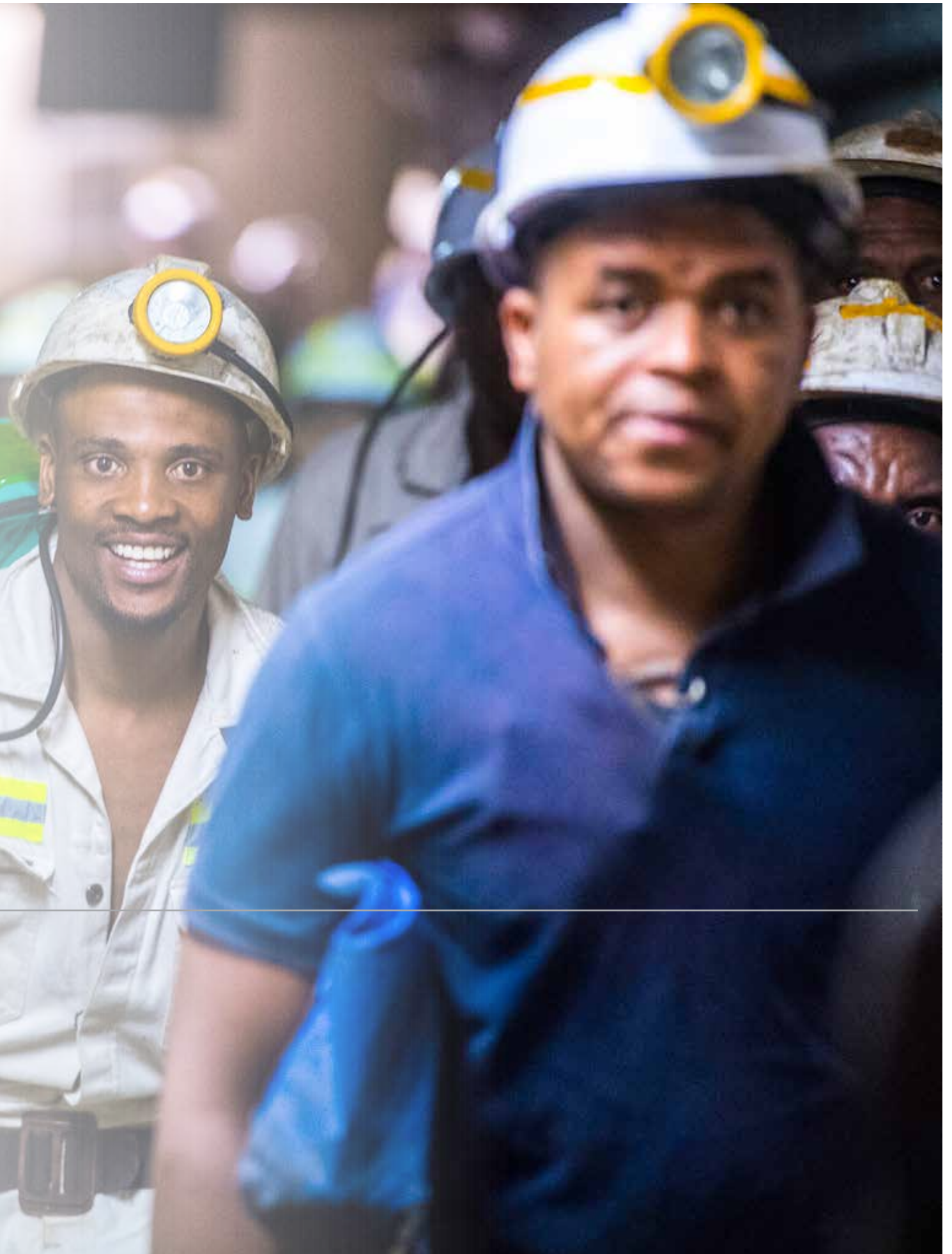


New Platinum Village Primary School in Rustenburg constructed in partnership with North West Department of Education and the Impala Bafokeng Trust (IBT)

An engaged and productive workforce is essential for delivering on our objectives. We focus on ensuring that our employees are motivated, have the ability and requisite skills to carry out their duties, and that they operate in a safe, fair and ethical work environment. In return for the skills, capabilities and experience our employees bring to our business, we aim to offer a compelling employee value proposition and a great place to work. Our longer-term vision is to progressively mechanise our mining processes, while continuing to improve levels of workforce proficiency, satisfaction and diversity.

Safe and effective people who respect and care





Employee and contractor safety

The year ended with 12 of our sites, including shafts and corporate entities, across the Group being safety ‘millionaire’ sites in terms of consecutive number of fatality-free shifts.

Our 2017 performance

Our relentless focus on workplace safety was overshadowed by the loss of eight permanent employees and one contractor employee in nine separate work-related incidents at our South Africa and Zimbabwe operations this year. The fatalities are particularly disappointing in view of the renewed focus we placed throughout 2017 on improving the safety culture of our employees, especially at Impala Rustenburg and Marula. Our analysis of fatal and lost-time injuries has shown that human behaviour remains a common contributing and causal factor in these incidents and we will continue to place an emphasis on addressing this concern.

Notwithstanding these tragic fatalities, the positive outcomes of the sustained expenditure and effort we have put into safety initiatives, technical solutions and training across the Group, are evident in the continuing progress we have made in some of our leading and lagging performance indicators, and the strong safety performance maintained at many of our operations. Zimplats and Two Rivers have not recorded a fatality incident in almost four and five years respectively; Impala Rustenburg Services and Impala Springs have achieved a fatality-free stretch of approximately 16 and 20 years respectively.

Key lagging indicators

- The Group fatal injury frequency rate was 0.074 per million man-hours worked, a 19% improvement on 0.091 in 2016. We recorded nine fatalities in the year, down from 11 in 2016. In each fatal incident, the root cause was non-compliance to standards and safe production rules, in some cases at supervisory level. Disciplinary action has been taken where necessary, and remedial actions implemented to prevent repeat incidents

- The reportable injury frequency rate (RIFR) was 3.69 per million man-hours, down from 3.83 in 2016, against a targeted 2.11
- A total of 723 LTIs (2016: 782) resulted in 49 330 days lost (2016: 43 873), with most of these attributable to fall-of-ground, equipment handling, scraping and rigging, and slipping and falling. Our lost-time injury frequency rate (LTIFR) improved by 9% from 6.49 in 2016 to 5.92 in 2017, against a target of 4.22. Marula has demonstrated a commitment to improve its production and safety, reflected in a 39% improvement in its LTIFR
- Our medical treatment case frequency rate (MTCFR), which includes any injury that requires more than first-aid treatment, increased from 5.82 in 2016 to 7.22 in 2017
- The all injury frequency rate (AIFR) – a measure of all recordable injuries, including fatalities, lost-time injuries and medical treatment cases – increased to 13.14, compared to 12.31 in 2016
- In 2017 we experienced 43 dangerous occurrences (though not fatal) compared to 28 dangerous occurrences in 2016
- 92 regulatory (Section 54) stoppage instructions (excluding Section 55s) were issued compared to 80 in 2016. We welcome that the issuances only affected the area of non-conformance, as opposed to the entire shaft as was the practice previously. Seventy-four of the stoppages impacted production with a total of 338 days of lost production. A total of 73 non-compliance (Section 55) notices were issued across our operations, compared to 52 in 2016
- Analysis of Section 54s and our internal stoppages shows that the majority are issued for non-compliance with winch and rigging operating standards and for failure to comply with our support standards.



In memoriam

This year, nine of our colleagues tragically lost their lives in the course of work at our South African and Zimbabwe operations.

In remembrance, the names of these individuals are:

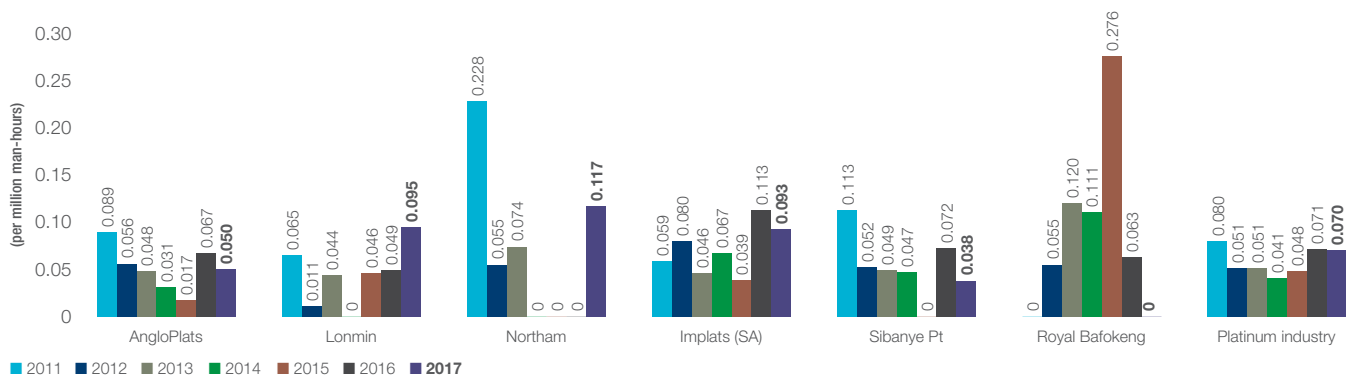
- Mr Lucas Chauke** (13/07/2016) – fall of ground incident – Impala Rustenburg No 12 Shaft
- Mr Ernesto Uaina** (25/08/2016) – railbound transport incident – Impala Rustenburg No 20 Shaft
- Mr Modiakgotla Kekgaretswe** (04/09/2016) – falling object incident – Impala Rustenburg No 7 Shaft
- Mr Sipho Ngwenze** (27/10/2016) – scraper winch operating incident – Impala Rustenburg No 11 Shaft
- Mr Zolile Mpengesi** (18/01/2017) – fall of ground incident – Impala Rustenburg No 20 Shaft
- Mr Oriele Nketu** (27/02/2017) – scraper winch operating incident – Impala Rustenburg No 1 Shaft
- Mr California Makofane** (24/03/2017) – fall of ground incident – Marula Clapham Shaft
- Mr Alfredo Zucula** (07/06/2017) – fall into an ore pass incident – Impala Rustenburg No 10 Shaft
- Mr Daniel Tagu** (29/06/2017) – mobile equipment incident – Mimoso

We extend our sincere condolences to their families, friends and colleagues.

Key leading indicators

- We exceeded all our targeted KPIs for visible-felt-leadership (VFL) engagement, performing 59 438 interactions and interventions (2016: 48 888). Planned task observations totalled 87 107 (2016: 81 332)
- We achieved 96% compliance in our road behaviour testing on the roads that cross mine property (118 083 checks and 4 591 transgressors), as compared with 93% compliance last year; our target is 100%
- We conducted 2 209 318 breathalyser tests (2016: 1 639 517) throughout our operations in line with Company policy of zero alcohol in the workplace. As a result, 568 tested positive, representing a 1% increase on the 429 individuals who tested positive in 2016. Disciplinary action was taken against all employees testing positive.

Comparison of fatality rates (calendar years) across the South African platinum industry



Employee and contractor safety

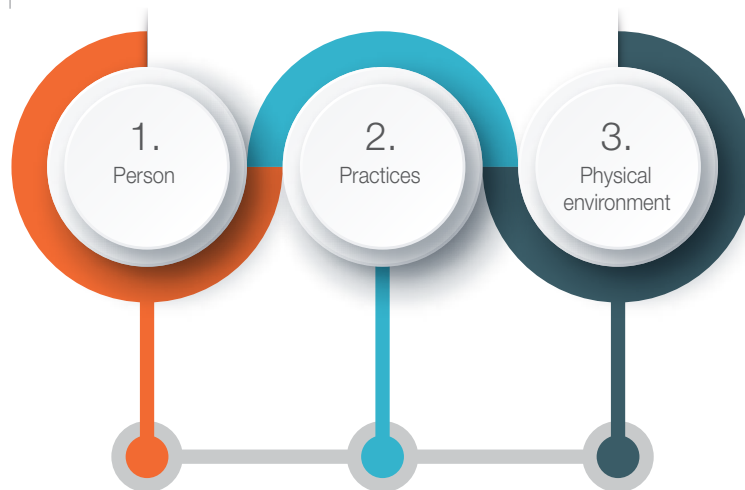
Prioritising safe production, and ensuring the safety of our employees and contractors underpins all that we do and remains key to ensuring the sustainability of our business. We seek to achieve this by focusing on promoting the right behaviour, ensuring the right practices, and providing the right working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

Providing a safe workplace

Our safety strategy strives to foster a culture of safety and achieve our vision of zero harm. The strategy is informed by external and internal reviews of our safety systems and culture, and by a continual analysis of the root causes of all fatal, reportable and lost-time incidents.

Safety strategy

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



- Ensuring that we have the right skills, teamwork, intelligence, knowledge, motivation, attitudes and abilities to achieve zero harm

- Providing best practice policies and procedures, risk assessments, standards training and safety interactions

- Ensuring a safe physical environment, reducing risks through appropriate equipment, housekeeping, engineering, planning and design

The principal safety risks facing our employees and contractors relate to falls of ground, moving machinery, transportation, working at heights, electrical or release of stored energy incidents, and isolation/lock-out. Fatigue and stress management is another focus area. A review of strategic interventions and developments to mitigate safety risks during 2017 is summarised below. Further details of our safety performance are provided on our website. [i](#)

Targets

Our target is zero fatalities across all of our operations. Each operation is expected to achieve at least a 20% year-on-year improvement in their LTIFR performance in support of the MHSC safety milestones. Our Zimplats operation recorded zero fatalities and a 64% improvement in its LTIFR. Our Marula and Mimosa operations recorded 39% and 59% improvement year-on-year on their LTIFR. We, however, recorded fatal incidents at Impala Rustenburg, Marula and Mimosa.

Focus areas and developments during 2017

During 2017, we placed a priority on ensuring improvements to the person and behavioural pillar of our safety strategy, as we strive to drive a shift from the prevailing dependent culture towards an interdependent culture, where every employee is committed to safe working practices, taking clear responsibility for their own actions and also helping others to adopt good safety practice.

Effective leadership: Our efforts to promote effective safety leadership and engagement with employees include a focus on visible felt leadership through Stop observations, safety leadership self-assessments, leadership training that includes the Zero Incident Process (ZIP) principles, safety reward schemes based on leading indicators and systematically enforcing disciplinary action where safe production rules have been breached. We continue to intensify supervision on critical activities at the work face.

Training: We continued to invest in enhancing our frontline supervision. All miners, shift supervisors and mine overseers undertook a five-day annual training programme focusing on safe production, and all mine overseers received formal training in disciplinary processes. This year, 2 592 employees participated in the programme. At Impala Rustenburg, 442 staffed teams received our in-house team mobilisation training this year, which assists in promoting collective accountability for safe production. Safety representative training is provided for newly elected health and safety representatives, and refresher training is provided.

Technical solutions: We invested R192 million (2016: R174 million) in implementing various technical solutions aimed at protecting all those who work in our mines. These included ongoing investment in fitting roof bolts and netting to protect against falls of ground, rolling out fire retardant conveyor belting, enhanced central electronic blasting system, fire detection systems, electronic scraper winch signalling devices, and proximity detection systems (PDS). We have been trialling vehicle-to-vehicle technology at two shafts in Rustenburg and are making progress towards meeting legislated PDS requirements.

Critical controls to prevent major hazards: During 2017 we developed critical controls to prevent conveyor fires and trackless mobile machinery incidents. Enhancing our critical controls to mitigate risks relating to major fall of ground collapses and scraper winch operating, is a particular focus. To support our efforts, we are participating in a Chamber of Mines task team that seeks to share knowledge between mining companies on effective management of high-potential incidents (HPIs), high-potential hazards (HPH) and critical controls for managing risks.

Critical safe behaviours: The entrenching of critical safe behaviours that have been rolled out to the five critical occupations at our Rustenburg operations (rock drill operators, scraper winch operators, locomotive operators, panel operators and trackless machine operators) is being driven through safety representative and supervisory monitoring interventions. We are developing support documents for the critical safe behaviours for the next five critical occupations.

Section 23s: The Mine Health and Safety Act empowers employees to leave their workplace if it appears that there is a serious danger to their health and safety. We have enhanced the withdrawals process with formalised and systematic recording and reporting to ensure that employees report any danger and that work is stopped until the risk has been mitigated.

High-risk behaviour: We have used a psychological assessment tool to identify behavioural characteristics that predict at-risk/unsafe work behaviours and will be further investigating the findings and seeking to mitigate risks through individualised developmental initiatives. We have continued to analyse data sets (including medical, human resources/ financial, disciplinary, production) to identify employees at high risk of having a safety incident, monitor and seek to mitigate the level of risk, for example through formal counselling.

Injury incident investigation: We have included in all injury investigations an analysis to determine whether any human error factors were unintentional or intentional; where applicable, disciplinary action has been enforced as required by the human failure guide.

HPIs: We are developing a reporting and tracking system for high potential incidents (a leading indicator for low frequency, high consequence events).

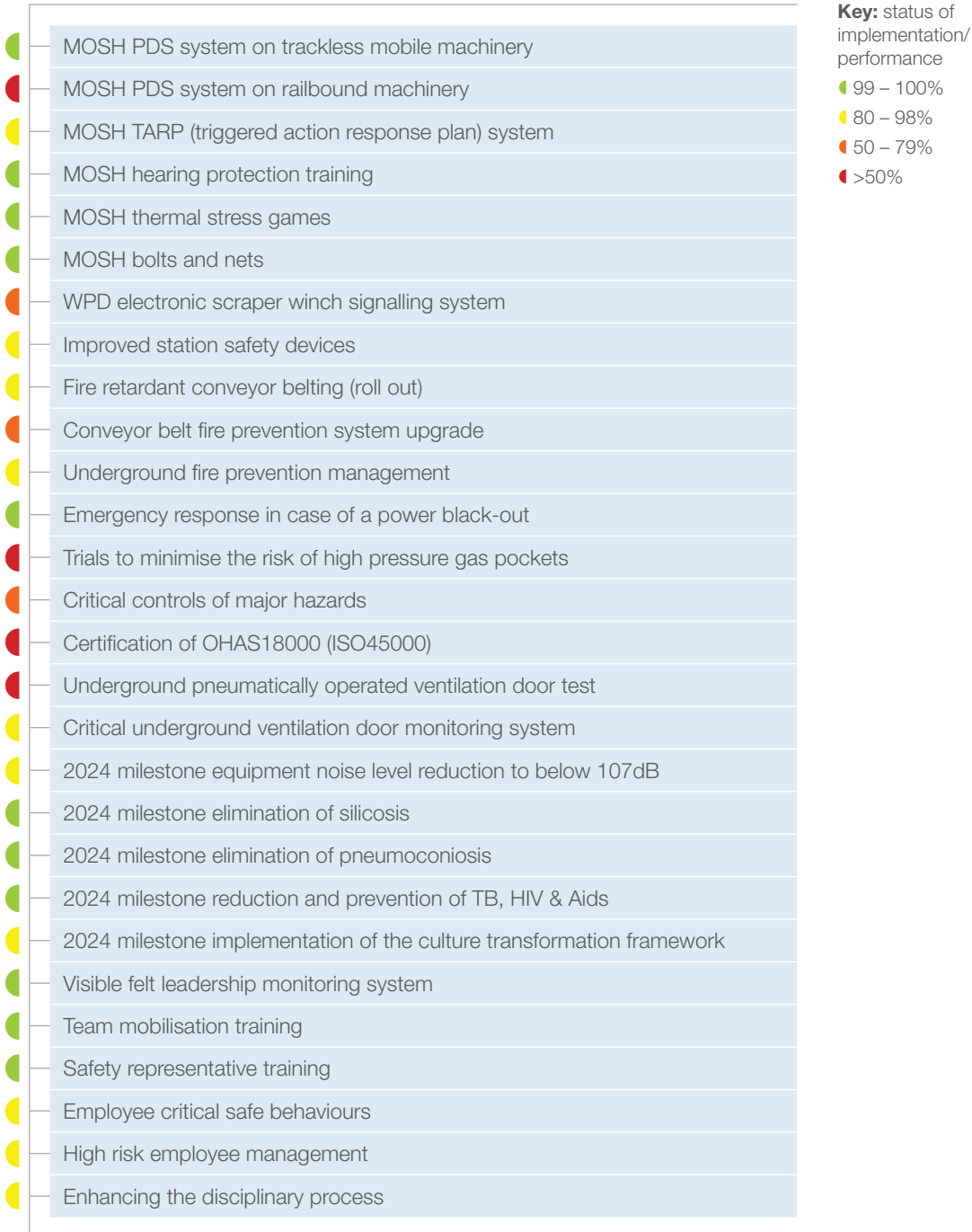
Management systems: At Impala Rustenburg, Marula and Impala Springs we have identified and are addressing compliance gaps relating to the ISO 45 001 standard (which replaced the widely implemented OHSAS 18001); we aim to achieve certification by 2019.

In-house best practice: Impala management has reviewed Zimplats' exemplary safety performance journey and model to see what lessons could be learned for the South African operations.

Regulatory initiatives: We have continued in our efforts to implement the five-pillar cultural transformation framework developed by the Chamber of Mines' Mine Health and Safety Council (MHSC), and to embed the Mining Charter's health and safety commitments.

Employee and contractor safety

Safety initiative dashboard



Employee health and wellbeing

The principal health risks facing our employees are pulmonary tuberculosis (TB) and the associated human immunodeficiency virus (HIV) co-infection, both of which are of epidemic proportions in southern Africa.

Health strategy

Our health strategy addresses both occupational and non-occupational health and is focused on preventing harm to our employees. It is structured around three main pillars: wellness, education and treatment.



The occupational health strategy focuses on ensuring that all occupational health risks are identified, mitigation controls are in place to eliminate occupational health hazards at source, and that any ill health is detected and treated early and efficiently. Every employee has an annual medical screening examination. 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. Implats has extended its shared responsibility to include the non-occupational health of dependants of employees. The delivery and funding arrangements depend on local facilities and conditions and differ between our operations in South Africa and Zimbabwe.

Employee health and wellbeing

The principal health risks facing our employees are pulmonary tuberculosis (TB) and the associated human immunodeficiency virus (HIV) co-infection, both of which are of epidemic proportions in southern Africa. The major occupational health risk associated with our mining activities is noise-induced hearing loss (NIHL). Other risks relate to musculoskeletal stress and fatigue. We have ongoing initiatives to educate our employees and reinforce messages around managing health hazards.

Our strategy guides our approach to achieving the occupational health milestones set for the South African mining industry. The 2024 milestones include targets for HIV, TB, silicosis and NIHL.

A review of our principal health-related issues and performance during 2017 is summarised on page 33.

Our 2017 health focus areas and performance

Monitoring employee health: This year, 75 458 occupational medical screening examinations were conducted, of which 54 519 were periodic, 6 591 exit examinations and 14 348 pre-employment. No previously unknown occupational illnesses were detected. We have made progress with integrating occupational and clinical care information as well as sick leave records. This is assisting with our management of patients on chronic medication programmes and the identification of high health risk employees. We have maintained a focus on identifying and managing patients with chronic conditions (the main conditions being hypertension, HIV/Aids and diabetes) and assessing whether they are still fit to perform their duties safely and productively. Across the group, 1 404 employees, 1 270 of whom are from Impala Rustenburg, were declared to be permanently or temporarily disabled due to medical conditions.

Noise-induced hearing loss (NIHL): We provide all employees exposed to noise with custom-made hearing-protection devices (HPD) and associated training. Ensuring adherence to wearing the HPDs remains a challenge. We conduct annual audiometric screening examinations to detect deterioration of hearing before permanent NIHL develops. In 2017 there were 1 869 cases of hearing loss shift of between 5% and 9.9%, an 8% reduction compared to 2016. This year, 88 cases (employees and contractors) of NIHL shift of more than 10% were diagnosed and submitted for assessment of disability and compensation; compensation was provided in 57 cases (2016: 61 submissions and 59 cases compensated). The new formula for calculating NIHL for industry health milestone purposes has been implemented at our South African operations. We are on track to reduce noise levels emitted by all equipment to the industry 2024 milestone target of below 107dB. We have provided noise clippers protection to all employees at risk.

Pulmonary tuberculosis (TB): Across the Group, the management of TB remains under control as a result of comprehensive screening, case tracing and effective treatment. The number of new cases diagnosed increased by 16% year-on-year, to 199, of which 15 were found to be multiple drug resistant (MDR) TB, all at Impala Rustenburg. About 70% of all new cases have HIV co-infection. Our incidence rate of 519 per 100 000 employees remains well below the South African average of 1 000 per 100 000. All cases of pulmonary TB are submitted to the Department of Health's Medical Bureau of Occupational Diseases (MBOD).

HIV/Aids: Our HIV/Aids policy, which covers activities across all our operations, ensures patient confidentiality, non-discrimination and highlights our commitment to ARV-treatment programmes. All our employees and contractors are counselled and offered HIV testing at annual medical examinations. Our HIV prevalence rate is estimated at 23% based on available data for Impala Rustenburg, level with the last two years. We have seen a pleasing increase in levels of participation in voluntary counselling and testing (VCT) and our Company-funded and managed HIV-wellness programmes). ART treatment uptake increased by 7% against a target of 5%; 89% (4 602) were at Impala Rustenburg. The number of employees receiving ART through external medical aids or government health facilities is not known and these figures are therefore underestimated. Since 1 September 2016, the South African government requires all people diagnosed as HIV-positive to start ART treatment immediately. Adherence to treatment for HIV and TB remains level with last year at 95%. Failure to adhere and the associated challenge of drug resistance remains a concern, especially with new ART patients. A 33% decrease in the number employees passing away due to HIV-related illnesses and a 30% decrease in the number of patients (265) declared to be permanently or temporarily disabled due to HIV-related medical conditions, is encouraging. Further TB and HIV/Aids details are provided in the table/graphs on page 33.

Pneumoconiosis: The risk of contracting pneumoconiosis (silicosis) at our operations is extremely low due to the very low levels of alpha quartz in the rock mined. The average dust concentration trends recorded remain below 10% of the occupational exposure limit (OEL). Real time dust monitors are installed at high-risk locations underground to detect potential excessive dust volumes. This year, 18 employees and one contractor were diagnosed with silicosis; all of these cases have proven historical gold or copper mine exposure. All cases have been submitted for assessment of disability and compensation.

Compensation for occupational diseases: In South Africa, class action to address unpaid claims and historical claims for cases of silicosis and TB is an industry-wide issue. Implats is represented on the SA Occupational Disease Advisory committee and the pneumoconiosis risk by commodity has now been actuarially assessed. It has transpired that platinum mines have been cross-subsidising gold mines in terms of the “dust levies”. **The working group will ensure that the Company and the platinum industry are not prejudiced by the legacy issues of gold mines and the associated silicosis liabilities.**

Diesel particulate matter (DPM): We continue to monitor exposure to DPM. The risk of exposure to DPM is mitigated by adequate ventilation, low sulphur diesel replacement and DPM exhaust filters in underground diesel combustion engines. We have tested a prototype fuel-cell driven load haul dumper (FCLHD), which will eliminate DPM underground. **We plan to initially roll out the FCLHD at Impala Rustenburg 14 Shaft. All underground locomotives are electric and therefore do not emit DPM.**

Medical aid and non-occupational medical care: Various medical scheme options exist across the Group. By year-end, 26 000 employees and dependants at Rustenburg were members of the Impala Medical Plan (IMP), representing a 12% annual increase. The IMP contribution rates remain competitive in the industry. Membership of medical aids increased by 8% against a targeted 5% annual increase.

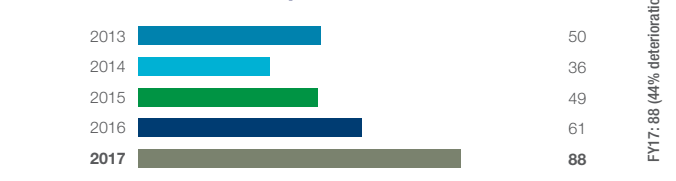
TB and HIV/Aids (employees)

	2017	2016	2015	2014	2013
Number of new TB cases	199	171	304	268	334
Number of voluntary counselling and testing (VCT) cases	16 733	10 867	11 875	10 086	11 782
Number of HIV+ employees on antiretroviral therapy (ART) (net enrolment at year-end)	5 174	4 843	4429	4276	4 039
Medical incapacity	265	377	505	331	588

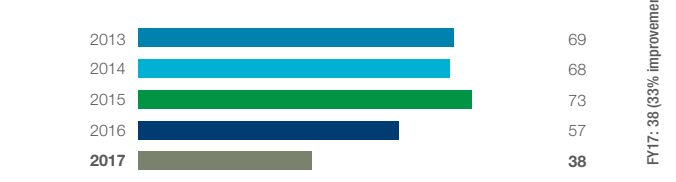
Employee indebtedness: The high level of employee indebtedness remains a serious concern, affecting employee wellbeing and raising stress-related health and safety risks. We implement various initiatives aimed at assisting employees with financial literacy, planning and mitigating indebtedness.

Stoppages: During 2017, there were no regulatory or voluntary work stoppages and no non-compliance notices issued for medical or health-related matters.

NIHL submitted for compensation



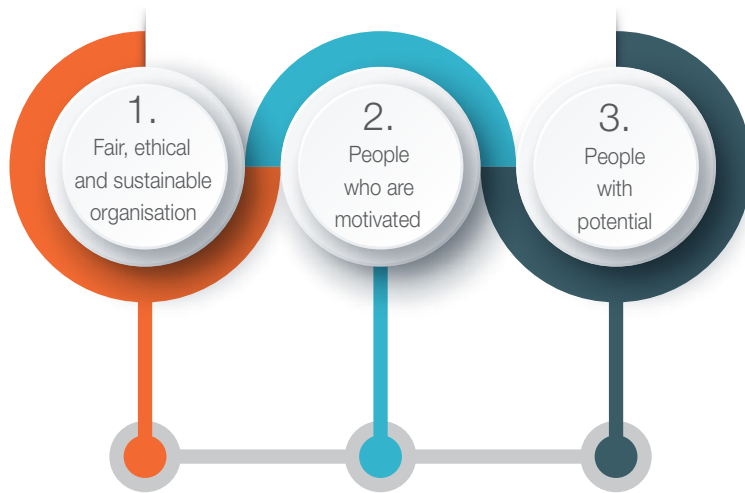
Aids deaths in service



Attracting, retaining and developing talent

Our people strategy

Our people strategy aims to support the overall corporate strategy by ensuring that we have the right people, at the right place doing the right things. Our approach to secure talent focuses on ensuring our employees are motivated, have the ability and requisite skills to carry out their duties in a safe, fair and ethical work environment.



- Value of respect and care
- Diversity and transformation
- Sound corporate governance
- Collaborative relationships with unions
- Effective engagement with employees

- Reward
- Recognition

- A learning model
- Talent management
- Team mobilisation

Key issues

Developing people with potential: Our skills development, talent management and team mobilisation activities focus on three main areas: optimising team output and productivity; developing our talent pipelines; and maintaining an inflow of requisite skills.

Career advancement opportunities: We conduct career paths for all disciplines. Succession planning is undertaken at semi-skilled and supervisory level positions, as well as at professional qualified (D level) and senior management (E level).

People who are motivated: Through our performance management programme we have committed to offering attractive remuneration and employment benefits, together with effective incentives linked to our safety and production efficiencies. We undertake regular benchmarks of pay and conditions to ensure that we remain competitive. In 2018 we will revise our short-term and long-term incentive schemes, and we will cascade down the more robust performance management system that is in place for the Exco team, and E level managers.

Employee share ownership: The Group launched a new employee share ownership trust (ESOT) in 2016, which holds 4% of the issued shares in Impala Platinum Limited in a trust on behalf of the employees of Impala. The Morokotso Trust, which was an employee share ownership plan (ESOP) established in 2006 for a ten-year period, came to an end in July 2016.

Productivity: We have sought to mitigate the adverse impacts on employee morale associated with some minor labour reduction at Impala Rustenburg in 2016, and the cash constraints impacting on remuneration and training. Our efforts to boost productivity are supported by our team mobilisation initiative at Impala Rustenburg, which aims to inculcate respect among team members and a duty of care to rebuild relationships and ultimately deliver safe production. In February 2017 we introduced the Rustenburg Optimisation Programme which seeks to improve levels of safe production by focusing on operational efficiency and people, performance and culture.

Workforce movement: Due to ongoing challenging market conditions, our response plan to ensure sustainability of the business will likely result in further workforce reductions. We anticipate redeploying employees at Impala Rustenburg as we restructure the operations and seek to resource them for optimal delivery. We intend to increase the proportion of production employees from the current 74% to 81% by 2021.

At Marula Mine, continued community protest action and persistently low metal prices have necessitated a restructuring process. The mine has engaged with labour structures and the

DMR to minimise the impact of the plan on employment. Below is the total number of employees affected by the section 189 process.

Area	Reason for action	Total
Marula	Retrenchment	137
	Separation	1
	Voluntary retrenchment	130
Marula Total		268

Human resource development expenditure at our South African operations (excluding mandatory skills development levy) in 2017

Training area	Number of participants	% HDSA representation	% women representation	Total R million
Non-artisan learnerships (Level 2 and 3 rock breaker qualification obtained)	139	99	7	17.1
Artisan learnerships	200	99	26	25.3
Adult education and training (AET)	355	100	5	11.2
Bursaries and scholarships	74	93	38	3.8
Novice mining trainee programme	214	100	35	2
Internships and experiential trainees	48	100	60	3.2
Portable skills training (skills outside of mining industry) for employees and contractors	574	99	27	1.8
Transfer of skills and capacity building of mine communities	342	100	4	2.5
Other school support and post-matric programmes	5 831	72	55	10.55
Total	7 777	78	46	78

Note: The remainder of the training spend (R470 million) in South Africa was for other training initiatives including R20 million (including man-day cost of attendees) in team mobilisation training at Impala Rustenburg.

Skills development expenditure: This year, our South African operations invested R548 million (2016: R512 million); this was 5.2% of annual payroll against our 5.5% target. Eighty-nine percent of employees received training. At our Zimbabwean operations, we spent US\$4.8 million (R66 million equivalent) on skills development (2016: US\$4.9 million). The Group average number of hours of training per employee was 93; each contractor received an average of 80 hours of training.

Skills turnover: Total employee turnover increased to 8.6% from 8.2% in 2017 due to headcount reduction initiatives in certain categories. Turnover of miners at our South African operations was 15.9% for the year (2016: 10.2%). Turnover of rock drill operators was 7.7% (2016: 7.8%). Turnover at our Zimplats operations was 3.2% (2016: 6.3%).

Adult education and training (AET): The average level of basic literacy across the Group's workforce is 92%. The total enrolment for AET across South African operations was 355 people (2016: 494). However, due to drop outs, unsuccessful completions and exam completions, the net enrolment at year-end was 161 (2016: 173).

Labour absenteeism: Absenteeism, or workforce unavailability, covers both planned leave (annual, maternity, study, union) and unplanned leave (sick, unpaid, absent without leave, special, family responsibility, injury on duty,

suspension, unprotected strike). The Group total absenteeism rate was 16.2% (2016: 15.5%). Absenteeism remains a challenge, mostly related to sick leave; cases of unwarranted sick leave are investigated and appropriate action taken, including medical incapacitation in some cases. There were 1 014 person days lost due to industrial action.

Labour absenteeism statistics

Programme	Planned absences	Unplanned absences	Total absences
Total number of person days lost due to absenteeism	1 117 891	656 689	1 774 580
Percentage of total person days lost due to absenteeism	10.2	6.0	16.2

Promoting local employment: As far as possible we seek to employ people from communities close to our operations. Despite efforts to hire more local people, migrant workers continue to play an important role in the industry, particularly for rock drill operators and winch operators who come principally from the Eastern Cape, North West, Northern Cape and Lesotho. We continue to invest in skills development initiatives in our local communities, and promote local employment through our local procurement practices (see page 49).

Investing in employee relations

We continue to invest significantly in maintaining stable and constructive labour relations and partnerships with unions.

Our strategic approach

Our employee relations mission is to ensure that our people are treated with respect and care, fairly rewarded for their contribution, empowered to raise their concerns, safely engaged in their daily duties, and able to deliver on their organisational goals. Our labour relations policy deals with freedom of association, recognition of unions, discrimination and the rights of employees and contractors. We strive to ensure full compliance with local labour legislation, which is in alignment with the provisions of the core conventions of the International Labour Organisation (ILO). We work closely with unions to resolve all internal disputes through dispute resolution mechanisms and (in South Africa) within the auspices of the Commission for Conciliation Mediation and Arbitration (CCMA).

Key issues

Strong relations: Through collaborative efforts, the Company has maintained stable and constructive labour relations and partnerships with unions at all our operations. During FY2017, local elections, wage negotiations and the election of shop stewards were managed smoothly, without incident. The potential for volatility nonetheless remains and is heightened by the difficult market conditions increasing labour tension. We remain mindful of the lessons learnt from the strike across the Rustenburg platinum belt in 2014 and continue to build on the many positive developments in our relations with employees and unions.

Wage agreements: This year we ensured constructive wage negotiations and conclusion and implementation of new wage agreements with recognised unions. Impala Rustenburg and Marula have signed a three-year wage settlement with the

Association of Mineworkers and Construction Union (AMCU) effective 1 July 2016. The agreement applies to all employees within the bargaining unit and provides for increases to basic salaries and medical and living out allowances. There were outstanding items that the parties agreed to work on through working committees. Impala Springs agreed a two-year wage settlement with the National Union of Mineworkers (NUM) effective 1 July 2016. The settlement concluded a four-day protected strike by more than 500 NUM members at the operation in response to a deadlock in negotiations.

Election of shop stewards: With support from the AMCU office and regional structures, we invested in carefully managing the election of new AMCU part-time and full-time shop stewards. Notwithstanding some resistance from outgoing stewards and contesting of positions, the election process will be completed across the operations over the period June to August 2017. The new leadership is elected for a period of three years. Subsequent to the completion of the elections we will implement capacity-building initiatives aimed at empowering the newly elected shop stewards, particularly those appointed on a full-time basis, with the skills and knowledge required to fulfil their roles and responsibilities as union leadership.

Unionisation: Currently 83% of permanent employees in South Africa, and 92% of employees in Zimbabwe are covered by collective bargaining agreements (excluding management). These agreements address 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 at Implats is 30 days.

Workforce indicators (at year-end)

Operation	Total employees ¹	Year-on-year headcount variation (%)	Dominant union representation
Impala Rustenburg	40 952*	+6	AMCU 72%
Impala Springs	1 924*	+4	NUM ² 54%
Marula	3 304*	-19	AMCU 88%
Zimplats	5 942**	+9	AMWUZ ³ 75%
Mimosa	668***	-2	AMWUZ 76%

¹ Permanent employees and contractors

² The National Union of Mineworkers

³ Associated Mine Workers Union of Zimbabwe

* HDSA representation for South Africa operations is 87% (86% in 2016)

** Indigenous representation for Zimplats is 100% (100% in 2016)

*** Indigenous representation for Mimosa is 99% (99% in 2016)

Internal communication: Internal communication initiatives are an ongoing priority. Developments this year include the rolling out of a "Let's Talk" e-communication platform to Rustenburg employees to enable direct communication with employees through mobile technology. We have upgraded our intranet to enhance internal communication.

Promoting diversity and transformation

At year-end, women made up 20.7% (139) of our management (2016: 19.9%, 137) and 11% of our workforce (2016: 11%), with 9% in the core disciplines of mining, engineering, projects and metallurgy (2016: 9%).

Our strategic approach

Our diversity and employment equity strategy and five-year employment equity plans (2015 to 2019) at our South African operations focus on addressing the following issues:

- Meeting and ideally going beyond the legislated employment equity targets within the Mining Charter and Employment Equity Act, with a particular focus on management and Exco positions
- Integrating transformation and employment equity considerations within our talent-management activities, and retaining key talent as far as possible, aiming for turnover of less than 7.5% per annum
- Accelerating the recruitment, development and promotion of designated groups into occupational levels that are underrepresented
- Advancing the representation and role of women in mining, supervisory and management positions
- Inculcating a corporate culture and value system to advance transformation, supporting the cultural transformation strategy for the South African mining industry.

Key issues

Developing HDSAs: Employees participating in our training and development programmes during 2017 were 78% HDSA and 46% women. Total investment in the training and development of HDSAs was R529 million, representing 5.3% of HDSA payroll against a 5% mining charter target.

Equitable representation: We made good progress this year in promoting equitable representation at all levels at our South African operations and remain well positioned relative to our competitors. We achieved and in most cases exceeded the Charter's targets (see table below). Advancing the representation of women remains a challenge and focus area. We continue to implement 'women in mining' initiatives and to ensure a good representation of women in mining training programmes (see table on page 35). At year-end, women made up 20.7% (139) of our management (2016: 19.9%, 137) and 11% of our workforce (2016: 11%), with 9% in the core disciplines of mining, engineering, projects and metallurgy (2016: 9%).

We employ 1 835 people with disabilities, representing 5% of the workforce.

Compliance targets: In 2018 we will address amendments in the new Mining Charter and ensure provision for women.

Zimbabwe operations: Indigenous people representation at our Zimbabwean operations is 99% at Mimoso and 100% at Zimplats. At Zimplats, women accounted for 33% of all surface engagements this year, consistent with the previous two years. The number of women in mining is improving year on year, with females constituting 7% of the total Zimplats workforce (2016: 7%).

HDSA in management (South Africa)

	2017				2016			
	Mining Charter target %	HDSA %	Total number of employees/members	HDSA employees/members	Mining Charter target %	HDSA %	Total number of employees/members	HDSA employees/members
Board	40	58	12	7	40	58	12	7
Exco	40	44	9	4	40	44	9	4
Senior management	40	43	83	36	40	47	88	41
Middle management	40	50	189	94	40	47	196	92
Junior management	40	59	394	231	40	57	397	226
Total management		54	687	372		53	702	370

Note: HDSA excluding non-executives is 365, which represents 54% of management. Senior management representation is E levels (excluding Exco), middle management is D upper and junior management is D lower.

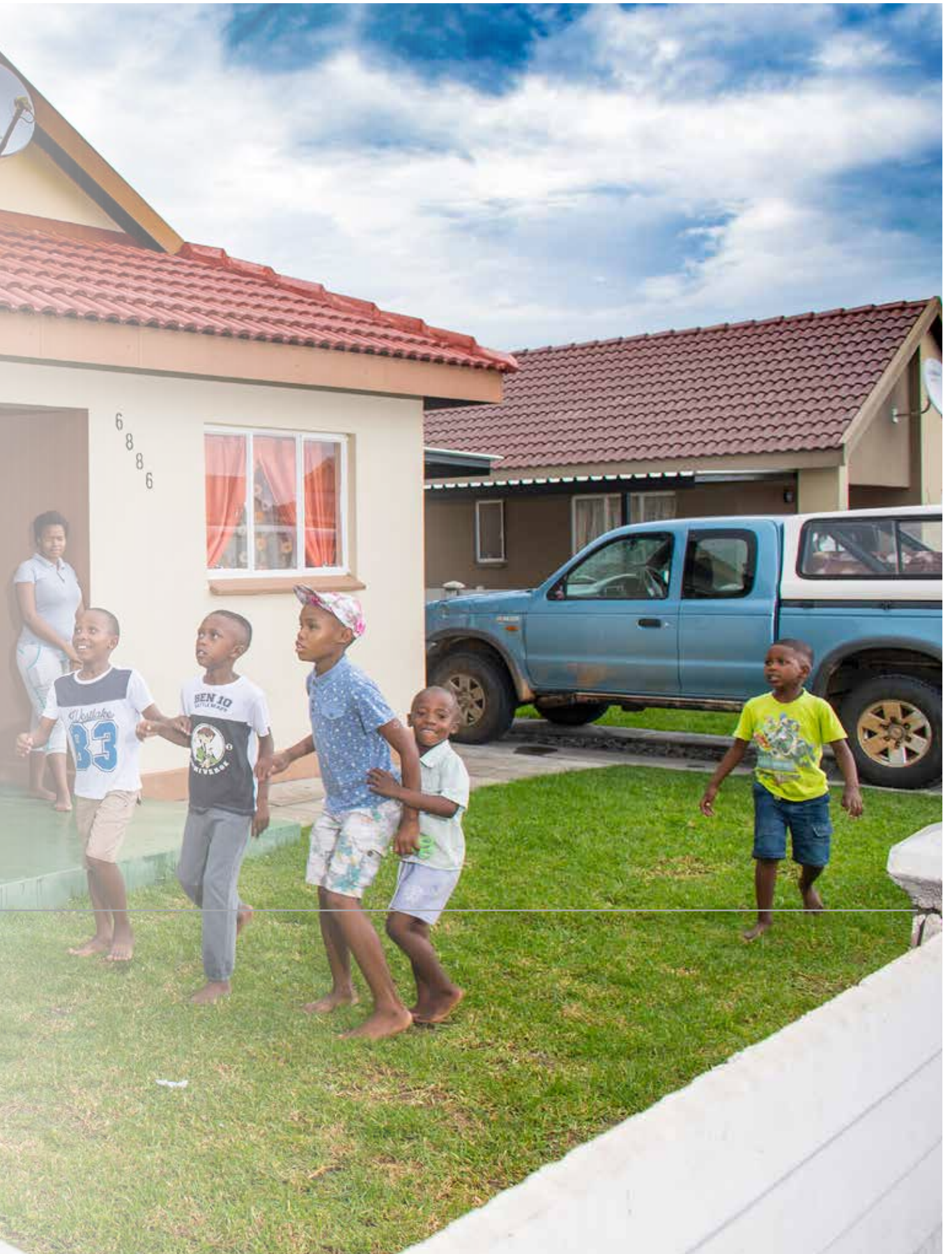
Employment equity at our South African operations (as at end of FY2017)

Level	Total in service	Total HDSA employees	% HDSA
F – Top management	4	2	50
E – Senior management	88	38	43
D – Professional qualified	583	325	56
C – Skilled technical	4 986	4 007	80
B/A – Semi-skilled and discretionary decision making/unskilled	29 625	26 314	89
Total permanent	35 286	30 686	87
Non-permanent employees	52	46	88
Total	35 338	30 732	87

The sustainability of our mining activities depends ultimately on the wellbeing and prosperity of our mine communities. In seeking to build and maintain our social licence to operate, we invest in socio-economic development initiatives, drive our transformation requirements, and engage proactively with community representatives and government officials at all levels.

social capital and licence to operate





Our economic and social value added

It is through our core activities – employing people, paying taxes and procuring from host communities and countries – that we make our most significant contribution to socio-economic development in both South Africa and Zimbabwe. This year, the value distributed directly by Implats amounted to R34.9 billion.

This included creating value for our various stakeholders in the form of:



Direct state taxes paid to government:
R1 506 million

Payment to providers of debt and equity:
R889 million



Employee wages and benefits:
R11 762 million

Skills and training spend in South Africa:
R548 million



Investments in socio-economic development initiatives in our communities

In South Africa:
R106 million

In Zimbabwe*:
\$2.2 million

Total discretionary procurement spend

In South Africa:
R8 700 million

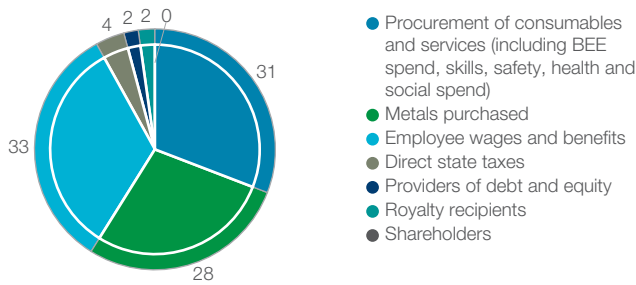
In Zimbabwe*:
\$350 million



* Excludes Mimosa

A detailed breakdown of the value distributed is displayed in the chart below. The Implats value added statement for 2017 is provided in the Integrated report .

Value distributed (%)



Taxation

We are committed to ensuring good tax governance and our operations are required to comply with their legal obligations and responsibilities in relation to their tax affairs. Our approach to tax supports the principles of transparency and proactive engagement with tax authorities, governments and other relevant stakeholders. Tax matters are governed through the finance department and the audit committee provides oversight.

The government of Zimbabwe’s proposed 15% export levy on unbeneficiated platinum has been further deferred until 1 January 2018. The requested delay has been granted. Mimosa to assess the viability of a smelter and other options.

A breakdown of our PAYE/corporate taxes and royalties taxes by country is provided below.

Implats’ taxes paid directly to government by category and country*

	South Africa (Rm)**	Zimbabwe (US\$m)***
Corporate income tax	751.8	41.0
VAT paid/(net refund)	(1 551.4)	(34.2)
PAYE	1 430.3	16.5
Royalties taxes	89.7	8.4
Other		
– Unemployment Insurance Fund	105.8	1.3
– Skills Development Levy	88.7	
Total	914.8	32.8

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

** Excludes Two Rivers

*** Excludes Mimosa

Investing in community development

The challenging social context in South Africa highlights the need for sustainable community development as both a commercial and social imperative.

In South Africa

Challenging context

Community expectations: There is growing frustration and community activism in many of our neighbouring communities, particularly among the unemployed youth. With the slow pace of service delivery, reduced employment opportunities and a rising cost of living, we face a crisis of expectations in terms of jobs, infrastructure, service delivery and procurement opportunities – at a time when the sector has been hit by flat commodity prices and increasing production costs.

Community unrest: This year we experienced minor community unrest at Impala Rustenburg and Two Rivers, and major, continued unrest at Marula. Production at the Marula operation was severely impacted by protest action, largely related to certain community members being dissatisfied with the governance and use of distributed dividends of the Makgomo chrome project (located next to the Marula concentrator plant) in which the community has a 50% interest. The DMR is seeking a resolution to this issue. The challenging circumstances have regrettably necessitated a downsizing exercise at Marula, which is being carefully monitored for sustainability.

Community relations: The challenge of community unrest at Marula has been compounded by a failure of many of the traditional engagement structures. Impala Rustenburg has maintained a good working relationship with the Mine Communities Leadership Engagement Forum (MCLEF), which ensures two-way communication between the Company and the communities, as well as with the Rustenburg Local Municipality (RLM) and Royal Bafokeng Nation/Administration (RBN/A). Risks that are identified are jointly addressed to avoid unrest in the Rustenburg communities. Marula has continued to engage with community representatives and government officials at all levels to assist with the re-establishment of the community engagement structures.

Social investment

Our approach: Our community development investments comprise specific projects that are defined in our social and labour plans (SLPs), and our corporate social investment (CSI) projects. Many of these projects are delivered in partnership with government, development agencies, communities and non-governmental organisations.

SLPs: Each of our operations is implementing an SLP, as required under the MPRDA. The five-year plans focus on infrastructure, education and skills development, healthcare, community empowerment, and partnerships in local municipalities. We are currently in discussion with the DMR for an extension of some of our 2014 to 2018 plans, whose implementation was delayed by the 2014 platinum strike. The SLPs are developed through a consultative process with the respective municipalities' Integrated Development Plans (IDPs), Traditional Authority Plans and host communities. Rustenburg engaged through the MCLEF, which includes representatives from municipalities, traditional authorities and management. The plans are reviewed and revised where necessary, including prioritisation of projects. Large-scale projects are aligned to municipal integrated development plans and local economic development strategies.

Community engagement: In implementing SLP projects, we communicate closely with community representatives and authorities. This year, new counsellors were appointed after the local elections in August 2016. In addition, Impala Rustenburg holds quarterly meetings with separate forums established with the RBN and the Rustenburg Local Municipality, and continues to implement various communication initiatives aimed at educating the community about the SLPs and their benefits to the community.

Expenditure: This year, our South African operations invested R106 million in socio-economic development projects, of which 91% was on SLP projects. An additional R265 million was spent on improving accommodation and living conditions of our employees (see pages 47 and 48). A breakdown of our community investments is presented in the table overleaf.

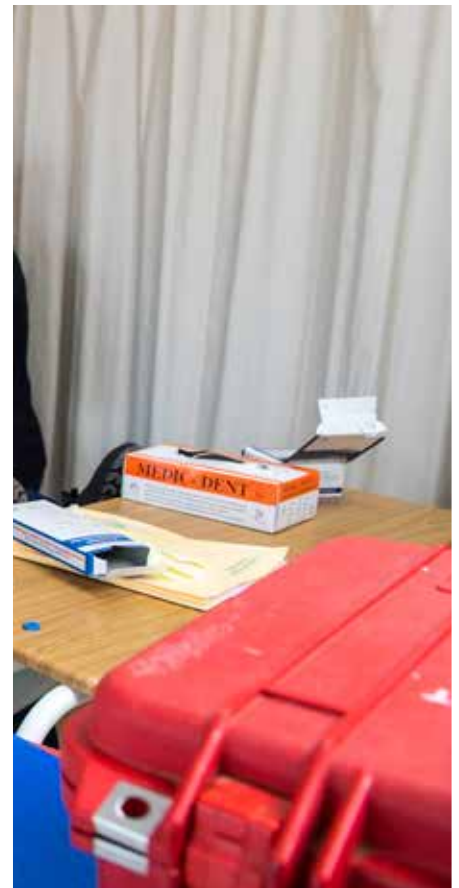
Delivering on commitments: Since March 2015, 14 infrastructure projects have been initiated under SLPs, with the majority of the projects due for completion in the coming year. Impala Rustenburg is well on track to deliver projects in a number of areas, notably delivering on infrastructure development for schools, community centres and the upgrade of Luka Makgotla (clans) offices. The SLP infrastructure projects have to date created almost 310 local jobs. At Marula, community unrest has continued to impact on the implementation of projects. The mine nonetheless is committed to delivering on its SLP and local economic development (LED) obligations for the year. The major road

development project in collaboration with the Road Agency Limpopo is due to be completed in December 2018.

Community employment: Recruitment efforts this year focused on critical skills, which are scarce in our communities. Impala Rustenburg appointed 851 people from local communities, representing 29% of new appointments. Marula recruited 210 people from its communities (including 121 novice mining trainees), representing 83% of new appointments. Impala Rustenburg and Marula recruit youth from their communities through novice mining training, novice recruitment and learnerships.

South African operations: socio-economic development expenditure (Rm)

Programme	2017	2016	2015
Empowerment of community structures	5	16	19
Health, safety and environment	1	1	1
Education	38	43	49
Government and municipality support infrastructure	47	38	7
Sport development	3	3	3
Enterprise development	11	3	2
Community welfare, arts and culture	1	1	2
Total socio-economic development expenditure	106	105	83
Housing and living conditions	265	236	228
Total sustainable development investment	371	341	311



Impala Hospital in Rustenburg provides healthcare for our employees and their families on the IMP medical aid scheme

Investing in community development

Social investments: assessment and highlights

Each year external consultants conduct an independent review and assessment of the socio-economic impacts of a selection of our social investment projects. This year, nine social development projects, seven infrastructure projects and three enterprise development projects were reviewed.

Summary of the identified contribution associated with the reviewed investments

In 2017, our social investment expenditure on the reviewed projects directly benefited more than 24 000 people in South Africa and over 4 000 in Zimbabwe. The beneficiaries were 99.9% black; geographically, most (55%) were in the North West province.

Most (62%) of the beneficiaries benefited from infrastructure projects including roads in Luka and around Marula, a community hall and offices in Roodekraalspruit, and water pumps and early childhood development centres in Marula. A further 3 770 benefited directly from education programmes, including 157 bursars and learners and 3 157 learners at 10 schools in and around Rustenburg that benefited from Implats' School Support Programme.

Our enterprise development interventions helped create or sustain around 400 jobs in small black-owned companies. These companies were supported as part of our supplier

development programme, in which Aurik trains and mentors local SMMEs that are part of our supply chain, or through our business incubator programme, run by Raizcorp. An additional 310 construction jobs were created as a result of our infrastructure projects.

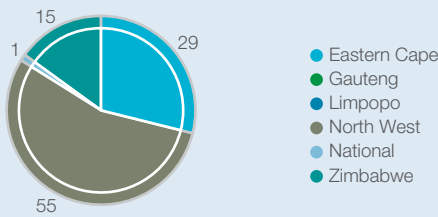
We contributed R5 million to projects funded by the Impala Bafokeng Trust (IBT) that benefited around 1 000 vulnerable children, people with HIV/Aids and learners in the Bafokeng area. As part of our commitment to ensure that our housing programmes are part of more holistic community building initiatives, we built a combined school (primary and secondary school) in Platinum Village. The school opened in January 2017 with a total capacity of 1 700 learners. It currently has 581 enrolled learners in grades R to 4 and grades 8 and 9.

The two Zimplats projects reviewed were a livestock project and a school renovation project. The livestock project provided training and support to more than 2 500 households in the Mhondoro-Ngezi district, in order to make livestock production a viable business for them. The two-year project has reached about 16 080 beneficiaries (including 4 020 direct beneficiaries). During the school renovation project, Zimplats renovated a dilapidated administration block at Mutukwa secondary school and donated 10 computers to the school to facilitate e-learning.

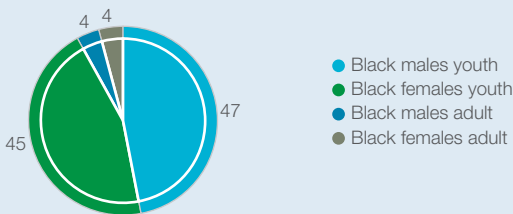


Livestock commercialisation project in Mhondoro – Ngezi district, Zimbabwe

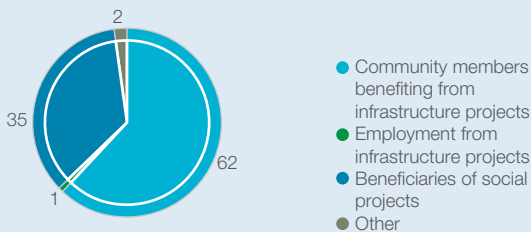
Geography of beneficiaries (%)



Demographics of beneficiaries (%)



Beneficiaries by type of project (%)



Project review

Of the 19 projects reviewed, 89% were rated ‘good’ and 11% ‘adequate’. The categories in which projects scored best were use of Implats funds and design; weaker scores were for results (often because the results are not adequately measured or have not been achieved fully), implementation (often because the activities were not being done at the scale/volume intended or because of community disruptions which pushed out the project timelines) and sustainability (mostly because of limited funds). Marula projects faced most significant risks due to community unrest in this area and high expectations on Implats.

Additional socio-economic development project highlights

Our ongoing support for the Luka community included the purchase of an ambulance and medical equipment for the Luka clinic and undertaking refurbishments to the clinic. The construction of Makgotla offices and ablution facilities to support Luka headmen to carry out their traditional duties and hold sheltered Kgotla community meetings has progressed well and is due to be completed by November 2017. We are also constructing two roads in the Luka area and upgrading water infrastructure.

In line with the National Development Plan priorities and our own skills requirements, we continue to fund a number of education projects, including our bursary, learnership and school support programmes. In addition, we have started supporting younger learners through our READ grade R and ECD programme. Through this programme, we reach 17 teachers and over 500 learners in seven schools around Impala Springs.

We have continued to support the children of Implats employees who have died in work-related incidents at our operations by paying their school fees and providing school uniforms and supplies; in 2017, 270 children were supported.

Investing in community development

At Zimplats this year we successfully implemented an Employee Share Option Trust (ESOT), which has been well received.

In Zimbabwe

Social investment

Zimplats and Mimosa seek to identify and implement socio-economic development projects in line with the needs and priorities of the communities around their operations. Investments focus on supporting education, healthcare and broader community welfare. Zimplats also focuses on income-generating projects, such as agricultural projects.

Community spend at both operations has been constrained as a result of cost management strategies in response to the challenging operating environment. The operations focus on low cost, high impact investments. A breakdown of our community investments is presented in the tables below.

At Zimplats this year we successfully implemented an Employee Share Option Trust (ESOT), which has been well received.

Zimplats' socio-economic development expenditure (US\$000)

Programme	2017	2016	2015
Education	161	162	300
Sports development	54	138	52
Income generating projects	41	67	530
Health	12	119	23
Turf community stadium	1 079	1 355	
Other	592	91	69
Total socio-economic development expenditure	2 235	1 931	974
Housing and living conditions	0	1 085	5 474
Total sustainable development investment	2 235	3 016	6 448

Mimosa's socio-economic development expenditure (US\$000)

Programme	2017	2016	2015
Empowerment of communities	356	13	396
Health, safety and environment	447	1 124	69
Education	203	479	163
Government and municipality support infrastructure	335	51	2 006
Sport development	0	49	0
Enterprise development	0	0	0
Community welfare, arts and culture	1 598	1 096	1 497
Total socio-economic development expenditure	3 039	2 812	4 131
Housing and living conditions	0	0	67
Total sustainable development investment	3 039	2 812	4 198

Accommodation and living conditions

To date we have built 3 171 houses and the aim is to increase this to 3 405 by 2018 when the last 234 units of Platinum Village Phase 2 will be completed.

In South Africa

The Company's investment in the accommodation and living conditions of employees is a pillar of our contribution to the wellbeing of our host communities, and an area where we are recognised as leaders across the sector. Our vision is to have the majority of Company employees living with their families in decent accommodation within a reasonable distance from work by 2020. We continue to work with government, developers and the Royal Bafokeng Nation on housing projects, which extend into other community projects, including roads, electricity, water, health, sewerage and schools.

Expenditure: Over the last nine years the Company has invested more than R3.7 billion in accommodation around its South African operations, of which R265 million was invested this year.

Houses built: To date we have built 3 171 houses and the aim is to increase this to 3 405 by 2018 when the last 234 units of Platinum Village Phase 2 will be completed.

Accommodation usage at Impala Rustenburg in 2017 (%)



Accommodation usage: At Impala Rustenburg, 20% of our employees are making use of Company accommodation in various forms. Since 2007, the Company has financially assisted 9% of employees to become home owners. Approximately 80% of employees use private accommodation. A high number of employees in the A, B and C-lower category receive a monthly living-out allowance of R2 300 and rent privately; some choose to live in an informal settlement. Management is now in the process of updating a baseline study conducted in 2014 to assist in identifying those employees who are not in decent housing. The study will also focus on how employees are using their living out allowance. The results are due in November 2017.

Home ownership: We continue to assist employees to become homeowners through our home ownership initiatives across our operations. Implats offers its employees opportunities for home ownership at cost and assists with

an interest-free loan of between 20% and 30% of house value over a 20-year period.

- Impala Springs has successfully implemented its Tswelopele Village home ownership programme, with 108 units built and sold; the last unit is in the process of being sold.
- Marula has recruited primarily from the mine lease area (four farms). Marula provided 150 newly built three-bedroom units to employees for home ownership purposes but there is consequently low appetite for town houses as most employees are happy to live in their villages close to Marula mine. Marula seeks to assist those who wish and can afford to improve their homes in the villages to get access to funding. Financial institutions do not provide finance for housing on tribal land where registration cannot be made in the employee's name.
- Impala Rustenburg has continued to make progress in advancing home ownership; various home ownership projects have been completed successfully with houses sold to employees at cost and 10% of the housing development sold to the open market at market value. There is an encouraging trend of people investing in housing in Rustenburg, with a high demand from employees to own homes within a commutable distance. Some employees struggle to qualify for a loan from a financial institution and our sales department seeks to overcome these challenges. We will be prioritising the provision of financial literacy training and assistance with debt rehabilitation to ensure that all interested employees can qualify for home ownership. Our current home ownership flagship project Platinum Village in Rustenburg, is on track to deliver 2 420 housing units (including 400 rental units) in four phases. During FY2017 we built 121 units at Platinum Village against a target of 300 units. The target was not met due to construction delays and cash preservation initiatives. Construction of phase two (an additional 234 units) is due to be completed by December 2018. There is a high demand from employees wishing to purchase these units, and work on phase 3 and 4 of the project will commence during FY2018. We expect the construction of a five-hectare business park at Platinum Village to be completed by 2020.

Family units: Only Impala Rustenburg operations have residences. The conversion of all hostel buildings into single person per room units was completed in 2013 and we have subsequently been converting a number of units into family units to enable employees to live with their families. There has been a good uptake of converted units. To date total family conversions are standing on 308 units occupied by employees.

Platinum Village schools: The construction of a Platinum Village school, in partnership with the North West Department of Education and the IBT, was successfully completed and both schools (primary and secondary) opened for the 2017 academic year. Each school has 22 classrooms and the primary school has an additional three classrooms for grade R. The schools have a combined capacity for 1 700 learners.

Accommodation and living conditions

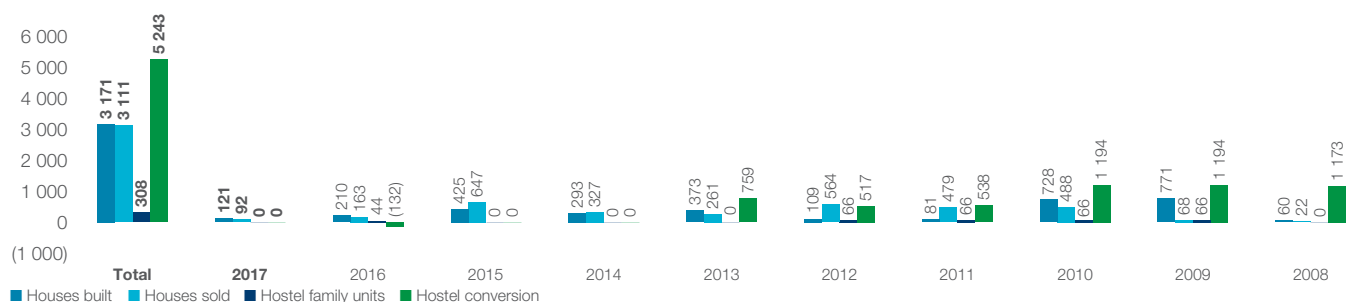
Houses built

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Total
Sunrise View – Impala Rustenburg					22	55	81	728	771	60	1 717
Woodridge – Impala Rustenburg		0	138	75	105						318
Motaganeng – Marula		10	80	60							150
Platinum Village Phase 1 – Impala Rustenburg			207	158	192	0					557
Platinum Village Phase 2 – Impala Rustenburg	121	200									321
Tswelopele – Impala Springs					54	54					108
Total	121	210	425	293	373	109	81	728	771	60	3 171

Houses sold

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Total
Sunrise View – Impala Rustenburg		1	18	84	141	466	459	487	61	0	1 717
Woodridge – Impala Rustenburg		34	155	99	30	0	0	0	0	0	318
Other – Impala Rustenburg company houses	10	43	34	10	90	98	20	1	7	22	335
Platinum Village Phase 1 – Impala Rustenburg	1	25	357	114	0	0	0	0	0	0	497
Platinum Village Phase 2 – Impala Rustenburg	81	56	0	0	0	0	0	0	0	0	137
Tswelopele – Impala Springs	0	4	83	20	0	0	0	0	0	0	107
Total	92	163	647	327	261	564	479	488	68	22	3 111

Home ownership and hostel conversion



In Zimbabwe

Our Zimbabwean operations seek to ensure that all their employees reside in decent accommodation. Providing decent accommodation provides a competitive advantage in attracting future skills and can be used to support procurement from local enterprises and enterprise development in host communities through the value chain.

Due to cash constraints, the Company did not undertake any employee housing projects during the year under review. Consequently, there was no change to the Company's housing stock. At Ngezi, the employee housing stock remained at 2 087 units which comprise 1 410 Company-owned houses and 677 core houses which are on the employee home ownership scheme. The Company has provided temporary camp accommodation to employees that are not yet provided with houses so as to ensure that all employees are accommodated in decent accommodation. It should be noted that the accommodation in camps and villages is single accommodation therefore employees cannot live with their families. This situation is not desirable, therefore the employee housing project remains a priority.

At Selous Metallurgical Complex (SMC) the proposed employee housing scheme could not be undertaken due to funding constraints. The Company will continue to seek a low cost housing delivery model.

Procurement, enterprise and supplier development

Total South African operations' discretionary procurement was R8.7 billion of which 76%, or R6.7 billion, was from companies in which BEE ownership was greater than 25%.

In South Africa

Preferential procurement and investments in enterprise and supplier development (ESD) provide important opportunities for social and economic transformation in our communities. Our ESD activities are an enabler for preferential procurement and in line with the revised B-BBEE codes, we continue to increase our investment in supporting local black-owned and black woman-owned businesses.

Our 2017 performance

- Total South African operations' discretionary procurement was R8.7 billion of which 76%, or R6.7 billion, was from companies in which BEE ownership was greater than 25% (2016: R8.1 billion or 75%)
- We spent R2.6 billion on procurement from local tiered suppliers (all >25% BEE and Bojanala district for Impala Rustenburg operations and greater Sekhukhune district for Marula Platinum), constituting 29% of the total discretionary procurement spend (2016: R2.5 billion or 31%)
- We procured R1 051 million from 140 tier 1 suppliers, compared to R608 million from 122 tier 1 suppliers in 2016
- 38 black-owned suppliers (>50% ownership) were added to the approved vendor list (2016: 60), of which 17 are black-women owned
- Implats as a whole exceeded the Mining Charter targets for all three categories (see table below). A review of our compliance with the ESD requirements of the Charter is provided on our website [O](#).

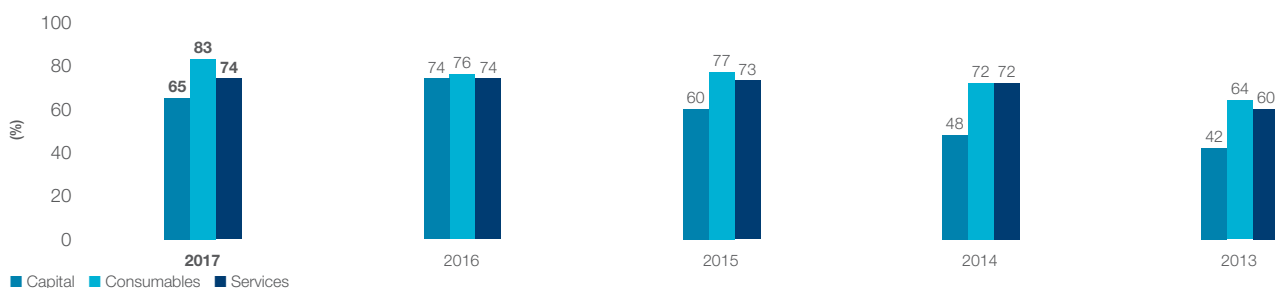
Percentage HDSA/BEE procurement (>25%) of category's discretionary procurement (SA operations)

Category	Mining Charter Target 2016 (%)	2017		2016		2015*		2014		2013	
		R billion	%	R billion	%	R billion	%	R billion	%	R billion	%
Capital	40	0.7	65	0.9	74	0.9	60	1.1	48	1.5	42
Consumables	50	2.8	83	2.3	76	2.1	77	1.8	72	2.0	64
Services	70	3.2	74	2.9	74	2.4	73	2.2	72	2.0	60
Total operations		6.7	76	6.1	75	5.4	65	5.1	65	5.5	55

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 in the financial year under review contributed to HDSA spend. The Implats policy stops recognising HDSA spend from a supplier if their B-BBEE certificate expired and was not replaced within a two-month period.

* Strike affected

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



Procurement, enterprise and supplier development

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

Category	2017		2016		2015	
	R million	%	R million	%	R million	%
Impala Rustenburg	2 511	32	2 387	37	2 424	42
Marula Platinum	73	8	96	11	129	18

Impala Rustenburg: Tier 1: Mine lease area (Bafokeng Villages, Freedom Park, Seraleng and Meriting); Tier 2: Rustenburg municipality; Tier 3: Bojanala district

Marula: Tier 1: Mine lease area (four farms); Tier 2: Greater Tubatse municipality; Tier 3: Greater Sekhukhune district

Tier 1 suppliers are defined not only by their proximity to the mining operations, but also by the nature of their shareholding, and exclude companies where local community individuals have shareholding in companies outside of the tier 1 geographic area.

Local and preferential procurement

Local suppliers: Our South African operations strive, as far as possible, to source all goods and services within South Africa, with a particular emphasis on local businesses defined as tier 1, 2 and 3 based on their proximity to our operations. Tier 1 suppliers (also referred to as “local-to-site” suppliers) are those that have ownership from directly and indirectly affected community members and are not necessarily situated within the mine lease area.

Dedicated resources: During FY2017 we restructured our procurement department and introduced additional sourcing activities aimed at increasing our BEE and local procurement spend.

Strategic sourcing: A strategic sourcing initiative was initiated during the previous financial year and concluded during FY2017, in collaboration with external consultants. This followed a multi-faceted approach to cost reduction and has created opportunities for local and black-owned companies to participate in tenders of strategic commodities.

‘High potential’ suppliers: We work closely with local communities, in collaboration with the Royal Bafokeng Enterprise Development (RBED) unit in Rustenburg, and the Marula community structures in Burgersfort, to identify, develop and add new capable Tier 1 companies to our vendor list. Through the initiative in Rustenburg 16 suppliers have been added in FY2017 with a total spend of R31 million.

Localisation: Through our sourcing and negotiation processes, we encourage our existing large suppliers to support small Tier 1 companies, for example by appointing them as sub-contractors or forming a joint venture agreement. We also encourage certain suppliers to move part or all of their manufacturing processes closer to the mine lease area and to create job opportunities for local community people.

New supplier portal: This year we launched an electronic platform (SAP Ariba) for suppliers to register and update their information. We have focused on on-boarding the more than 2 000 suppliers on our vendor list and on addressing challenges incurred. We plan to extend the platform to the public for prospective supplier registrations in January 2018. This easily accessible self-service interface will increase the visibility of suppliers to procurement opportunities and will improve the efficiency and effectiveness of our sourcing and contracting processes.

Fronting risks: To mitigate fronting risks, an independent audit firm and internal Implats’ audit department conducts compliance assessments on ad hoc selected suppliers. Compliance to BEE legislation is not negotiable and fronting will not be tolerated.

Supplier support: Our enterprise development (ED) office within the supply chain department maintains a business assistance programme that provides support to local and black-owned suppliers experiencing difficulties in meeting their contractual obligations.

Objectives for FY2018: We will maintain our drive to improve the transformation credentials of our supplier base. We aim to further improve on our 2017 achievements in terms of the 2010 Mining Charter requirements. We will align ourselves internally with the expectations of the new Mining Charter and simultaneously continue to improve our BEE procurement performance, to contribute towards Implats’ overall target of being a Recognition Level 4 company.

Enterprise and supplier development

Our ESD initiatives provide important opportunities for community-based entrepreneurs. There is a significant shortage of existing operating Exempt Micro Enterprises (EMEs < R10 million turnover), Qualifying Small Enterprises with > 51% black ownership (QSEs R10 million to R50 million turnover) as well as enterprises that are 30% or more black-woman owned.

Capacity and capability: Our assessments indicate that more than 40% of local companies are not ready to tender competitively to conduct business with Impala, mostly due to capacity constraints. In close co-operation with RBED and the LED Department of the Rustenburg Local Municipality (RLM), assessment information is used for future planning procurement and ESD initiatives. We work closely with local communities to fast track the implementation of new vendors, with the aim of bringing on board at least two suppliers a month from local communities.

Principal ESD programmes: Since 2013, we have supported around 30 local black-owned businesses through two principal initiatives, which we will continue to implement. Our business development programme is designed to help local black entrepreneurs to grow and sustain their businesses and become part of the Implats supply chain. Our supplier development programme aims to enhance the competitiveness of local small, medium and micro enterprises (SMMEs) and $\geq 51\%$ black-owned businesses that were already part of the Implats supply chain. These programmes have assisted the participating entrepreneurs to significantly grow and increase their monthly turnover. The six new Implats suppliers that began the programme in January 2016 were surveyed and all indicated that the skills learned on the programme are helping to improve the sales, marketing and financial management aspects of their businesses. As per a third-party survey, the

five SMMEs enrolled in July 2016 for business development have increased their collective employee headcount by 24%, from 148 in 2016 to 184 employees in 2017; two SMMEs grew their annual revenues significantly in 2017; and one was granted a contract with Implats to the value of R1.1 million in 2017.

Partnering to support funding: This year we established a partnership with Absa bank whereby we refer SMMEs that have validated contracts and seek short-term funding. The number of successful applications continues to increase.

Project incubator process: We are piloting a scheme in collaboration with entrepreneurship development company Awethu that aims to benefit and develop entrepreneurs and facilitate preferential procurement. Awethu will invest an interest-free loan provided by Impala in transactions that will see enterprises with different strengths partner for mutual advantage. The due diligence and selection process is in progress and the estimated term of investment is five to seven years.

Marula: During 2017, Marula procured material valued at R600 000 to support the launch of a local brick-making project. The operation will procure all bricks required by the mine from the brick plant and all contractors doing ad hoc work at the mine are encouraged to support the brick plant when building-related work is required at Marula.



Community-based entrepreneurs making building improvements at Ramotse Community Centre in Rustenburg

Procurement, enterprise and supplier development

Zimplats received the *Buy Zimbabwe Top Brand* award in recognition of the company's efforts to buy locally.

In Zimbabwe

Zimplats and Mimosa have maintained high levels of procurement with local, Zimbabwean-based suppliers and, more specifically, with those classified as indigenous (at least 51% owned by black Zimbabwean or other previously disadvantaged groups).

Zimplats continued to deliver pleasing results through its local procurement and local enterprise development activities. The Company provides technical, financial and skills development support to several small and medium enterprises in Mashonaland West Province where its operations are located. Approximately 180 permanent people are employed by these enterprises, which supply Zimplats with goods and services. This year a business development manager was appointed to increase the focus on the enterprise development programme and expand its scope in order to enable a greater volume and value of business with local suppliers. In 2018, Zimplats will explore opportunities to form joint ventures with local companies in selected areas.

Zimplats procurement

Payments (US\$'000)	2017	2016	2015
Local other	172 714	148 111	110 039
Local Indigenous	80 368	103 523	99 304
Imports	96 435	83 757	85 495
Total	349 516	335 391	294 838
Percentage split			
Local other ¹	49	44	37
Local Indigenous ²	23	31	34
Imports	28	25	29
Total	100	100	100

¹ All companies registered and operating in Zimbabwe but owned by foreigners or non-indigenous shareholders.

² Companies registered and operating in Zimbabwe but with at least 51% being owned by black Zimbabweans or other previously disadvantaged groups before Independence in 1980 eg Indians and Coloureds.

In 2017, Zimplats spent US\$253 million on local suppliers (including indigenous suppliers), representing 72% of the total annual procurement spend (2016: US\$252 million; 75%). The decrease in local indigenous expenditure from 31% in 2016 to 23% in 2017 was due to local companies having difficulty in accessing foreign currency to purchase inputs. The Company has set a target to increase local procurement expenditure to at least 80% of total spend in the short to medium term.

The Company tracks its local spend on a monthly basis to measure performance against the 2016 presidential guidelines, which stipulated that mining companies will be deemed to be indigenised if local spend is at least 75% of annual revenue. The expenditure is inclusive of all taxes and payments to government owned entities and local authorities. It should be noted that this guideline has not yet been promulgated into law. In 2017, Zimplats locally spent 82% of its revenue for the year. In July 2017, Zimplats received the *Buy Zimbabwe Top Brand* award from the local lobby group, in recognition of the Company's efforts to buy locally.

Mimosa continued to implement a robust procurement policy aimed at empowering and supporting indigenous companies. In 2017, Mimosa spent US\$53 million on indigenous suppliers, representing 63% of the total annual procurement spend, down from US\$53 million and 66% in 2016. Mimosa's preferred supplier programme has a strong bias towards competent local entrepreneurs and is implemented on a cost and quality competitiveness basis. As part of the Company's skills transfer and job creation initiatives, local companies supply and maintain key mining equipment at the operations and contracted companies are required to employ non-skilled employees from the local, surrounding communities.

Social legal compliance

Transformation in South Africa

We embrace transformation as a business imperative. We endeavour to play our full part in transformation initiatives to meet the government's social and economic development goals. We are committed to complying with the requirements of the Mineral and Petroleum Resources Development Act (MPRDA), and to meeting the expectations set out in the B-BBEE Charter for the South African Mining and Minerals Industry (Mining Charter).

Mining Charter: The 2010 Mining Charter expired in December 2014 and Implats has remained committed to its principles and continued to report against it. This year we have sustained and in some areas improved our performance **①**. A final reviewed Mining Charter was published on 15 June 2017, following a brief consultation process with industry in which we provided constructive input. Industry has raised concerns that the Charter in its current form will create further uncertainty and not deliver on its objectives. The Chamber of Mines is challenging the implementation of the new Charter which has been suspended pending a court review process.

B-BBEE codes: We also seek to align with the B-BBEE Act and work towards compliance with the new B-BBEE Codes of Good Practice. This year we obtained our second B-BBEE verification certificate for the Group and its subsidiaries **①**. The reverification was under the more demanding revised codes, which came into effect in 2015. Impala Platinum obtained a Level 5 B-BBEE status; this was discounted to Level 6 (60% B-BBEE recognition level) as the sub-minimum score for supplier development was not achieved. Marula obtained a Level 3 (110% B-BBEE recognition level). Implats achieved a Level 4 verification certificate (100% B-BBEE recognition level) after consolidation of the scorecards of its subsidiaries. A comparison of these results with those projected in the May 2015 gap analysis shows the positive impact of the work that has been done. In line with section 13G(2) of the B-BBEE Act, a report on our compliance will be submitted to the newly formed B-BBEE Commission.

Other focus areas: We have maintained a commitment to meeting the objectives of the President's Framework Agreement for a Sustainable Mining Industry **①**; aligning and positioning ourselves in terms of the National Development Plan (NDP) **①**; engaging in government initiatives relating to Mining Phakisa; delivering on our commitments in terms of the Leaders' Declaration on the Mining Industry Commitment to Save Jobs and Ameliorate the Impact of Job Losses; and continuing to play a leading role in the Chamber of Mines, helping to lobby on key issues and for a consistent and stable regulatory environment.

Indigenisation in Zimbabwe

Zimplats remains committed to the aspirations of the government and people of Zimbabwe to grow and diversify the PGM industry. As a mining company in which government does not have 51% ownership, compliance with the indigenisation and economic empowerment policy is achieved through ensuring that the local content retained in Zimbabwe by our business is not less than 75% of gross value of the exploited resources. Local content refers to the value retained in Zimbabwe in the form of wages, salaries, taxation, community ownership schemes and other activities such as procurement and linkage programmes. In the year under review, Zimplats' local spend was 82% of revenue generated.

We implemented a Community Share Ownership Trust and Employees Share Ownership Trust at our Zimbabwe operations as part of the indigenisation plan. There remain issues relating to land and land claims that need to be resolved and we have maintained a robust engagement on these issues with all levels of government.

Our environmental policy commits the Group to demonstrating responsible stewardship of our natural resources and to mitigating the unavoidable environmental impacts of our mining activities with a particular focus on the following areas:

- Ensuring full compliance with regulatory requirements
- Promoting responsible water stewardship by minimising water use and water pollution
- Responding to climate change risks and opportunities, and promoting responsible energy management
- Minimising our negative impacts on air quality
- Managing our waste streams
- Promoting responsible land management and biodiversity practices

conserving natural resources and mitigating impacts





Environmental legal compliance

We engage with the South African and Zimbabwean regulatory authorities to ensure all applicable licences and permit applications are approved and in place and that where ever possible all requirements met. We report any deviances from regulatory conditions and limits in our authorisations, and we collaborate in a transparent manner with the authorities to address any compliance challenges that may arise. At our South African operations we use the IsoMetrix software to track legal compliance to licence conditions and progress on remedial actions. During the year, no fines or non-monetary sanctions for non-compliance with environmental regulations, licences or permits were imposed by authorities on any of our operations in South Africa or Zimbabwe.

This year, we undertook independent assessments of the environmental management plan (EMP) at Impala Rustenburg and at Marula, and submitted the results to the DMR. Impala Rustenburg increased its level of full compliance to commitments stipulated in its EMP, recording 26% minor non-compliances and 6% major non-compliances. A principal non-compliance related to the high number of tailings spillages on pipelines and their potential impact on the groundwater quality. Marula also increased its level of full compliance to commitments and recorded 23.9% partial compliance and

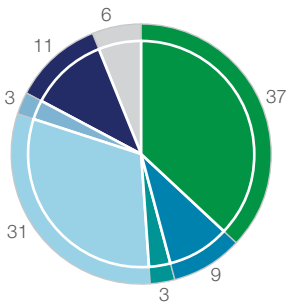
6.1% non-compliance. All non-conformances raised at the operations have been investigated and remedial actions taken.

The Zimbabwean operations have renewed their environmental licences and effluent discharge permits. Three new effluent licences were acquired for Zimplats.

Environmental incidents

We have an established incident and non-conformity procedure to manage reporting, reviewing and remediating environmental impacts from incidents or substandard acts and conditions. We use a five-tiered scale to report on the impact of an environmental incident (an unplanned/unwanted event that affects the environment). The principal potential impacts of our activities on communities relate to the pollution of soil, surface water, ground water and air quality. We have not recorded a 'major' (Level 5) or 'significant' (Level 4) environmental incident at any of our operations since 2013. This year we recorded a 65% decrease in limited impact (Level 3) incidents, from 99 to 35; 98% of these were at Impala Rustenburg. This number remains high and we continue to strive for no Level 3 incidents. None of the reported incidents resulted in any lasting harm to the environment.

Level 3 incidents in 2017 (%)



Category	Number of incidents
Water wastage	0
Effluent and dirty water release	13
Tailings release	3
Energy waste	0
Excessive dust generation excluding point and fugitive emissions	0
Fugitive emissions	1
Point source air emissions	11
Waste management	0
Hydrocarbon management	1
Chemical management	0
Disturbance of historical and archaeological sites	0
Biodiversity management	0
Non-compliance with an authorisation	4
Non-conformance with internal standards	2
Other	0

Management systems

Our Impala Rustenburg, Impala Springs and Marula operations have retained certification for their ISO14001: 2004 environmental management systems (EMS), and are currently migrating to the ISO 14001:2015 standard. Zimplats and Mimosa have already been successfully certified against the new standard. All operations have environmental authorisations with the associated environmental management plans in place.

Water stewardship

Water is our most significant environmental concern. The principal risks we face are increased water stress leading to potential operational disruptions, uncontrolled dirty water discharges into the environment, increasing costs associated with water supply and management, local community discontent and reputational risks.

Our strategy focuses on water consumption and quality management, and proposes a framework for operation-specific water conservation strategies, in line with our strategic commitment to reduce the use of potable water and increase recycled water usage.

Water use licences and permits

Impala Rustenburg improved its level of compliance with its water use licence (WUL) from 55% in 2016 to 62% in 2017. Marula's compliance with its WUL was 51% in 2016. Marula's next compliance audit is scheduled for November 2017. Impala Rustenburg and Springs continue to experience delays in receiving an amended licence. We review and submit our Integrated Water and Waste Management Plans, and our Rehabilitation Strategy and Implementation Plans, to the Department of Water and Sanitation (DWS) annually.

Water conservation and demand management

All our operations have demonstrated their commitment to water conservation and to improving water use efficiencies. We have not set targets for water withdrawal reductions. After two years of low rainfall the good rains this year have alleviated the water crisis at Rustenburg and Marula operations. Water management continues to receive particular focus at Impala Rustenburg, which accounts for 51% of the Group's total water consumption. The operation has scavenging boreholes that collectively supplied an average of 1.15MI/day. The operation is developing a water balance model with simulation capabilities to plan for wet and dry seasons. This will assist in

identifying options to improve and plan for future water storage and decrease any losses experienced. In parallel, the Rustenburg processing team initiated a pre-feasibility study to minimise the risks associated with water shortage. The investigations include options for sourcing and storage of potable water as well as storing of grey water.

We work closely with different stakeholders to ensure security of supply for our operations and the surrounding communities.

Surface and groundwater monitoring

Surface and groundwater monitoring networks are being managed at each operation and we review our water risk assessments annually. Monitoring is ongoing at all predetermined points. Zimplats is exploring options to improve effluent quality through constructing wetlands at discharge points.

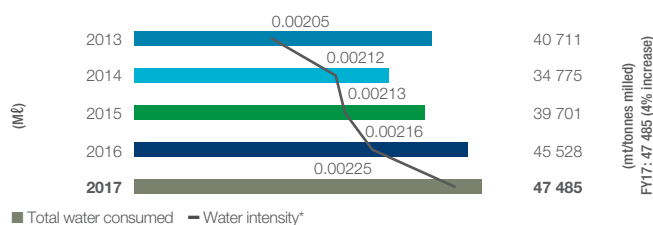
Our 2017 performance

- Total water consumption, including water withdrawn and water recycled, increased by 4% year-on-year. (see table below)
- Unit consumption rate of water increased to 0.0023 MI/tonne of ore milled, from 0.0022 MI/tonne in 2016
- Total water recycling increased to 46%, up from 41% in 2016, with all operations exceeding the Group target of 40%
- 16 limited impact water-related incidents were recorded.

Details of the total water withdrawn, consumed and recycled at each of our operations, as well as our annual submission to the CDP Water Disclosure Project (2016 financial year review), are available on our website. [i](#)

Water consumption (MI)	2017	2016	2015	2014	2013
1) Water from water service providers or municipalities	8 901	10 160	9 576	7 515	8 851
2) Waste water from other organisations	3 301	3 762	3 104	2 313	2 598
3) Water from rivers	2 180	2 318	2 164	2 175	2 344
4) Water from dams	7 947	6 580	6 897	6 696	8 777
5) Water from ground water	3 380	3 883	3 634	2 667	2 870
Water withdrawn (1 + 2 + 3 + 4 + 5)	25 709	26 703	25 376	21 365	25 440
Water internally recycled	21 776	18 825	14 325	13 409	15 271
Total water consumption	47 485	45 528	39 701	34 775	40 711

Water



* Restated to include tonnes milled at Mimosa

Energy management and climate change

We are progressively integrating climate change mitigation into our core business, and are aligning our processes with anticipated climate change and greenhouse gas (GHG) emission reduction policies and legislation. The potential impact of climate change on water supply is a key risk and we continue to implement mitigation measures for the organisation and communities. Security of energy supply and rising energy prices are also material risks for our operations in South Africa and Zimbabwe.

In South Africa, where the carbon tax policy has yet to be finalised and regulated, we continue to assess our potential carbon tax liability. Details of the climate change risks and opportunities for Implats can be found in our annual submission (CDP 2017 submission is based on 2016 financial year information) to the CDP Climate Change Programme, available at www.cdproject.net.

Responsible energy management

Electricity consumption continues to account for around 70% of our total energy consumption (of which 50% is consumed at Impala Rustenburg), and almost 10% of our overall cash cost base. Our expansion into deeper mining operations that are

more energy intensive, coupled with the anticipated introduction of a carbon tax in South Africa, highlights the imperative of reducing and optimising our energy use.

Over the last five years, we have implemented various energy conservation initiatives. These include installing underground energy efficient lighting, optimising the use of underground compressed air systems, installing power factor correction equipment at Impala Rustenburg and Mimosa, and improving diesel performance management. Current initiatives focus on improving efficiencies in the shafts, notably energy efficient lighting installations and energy efficient motors. At Impala Rustenburg we upgraded the “ei Enterprise system” which is used for real-time energy consumption monitoring and trend analysis.

We have not set electricity consumption targets. We have conservative Group emissions reduction targets in place (see table below) and will develop specific targets once regulatory expectations are clarified. Our Mimosa operation has introduced a climate change strategy and policy, and is implementing measures to reduce the operation’s carbon footprint by 3% annually up to 2020.

Implats absolute Scope GHG emissions reduction targets

Type of emissions	% of emissions in scope	% reduction from base year	Base year	Target year
Scope 1	20	2	2015	2017
Scope 2	80	5	2008	2020
Scope 2	80	35	2015	2030
Scope 2	80	63	2015	2040

Fuel cell technology

We continue to work with government and academic institutions on the development of fuel-cell technologies that will utilise PGMs as alternative energy sources. Fuel cells provide electricity cleanly and quietly and will improve ventilation in underground mines and reduce heat, noise levels and emissions.

In developing applications for mobile mining equipment, we are currently evaluating proposals for the commercial development of a prototype fuel-cell (FC) driven load haul dumper (LHD) that will be tested at Impala Rustenburg 14 Shaft. Some of the advantages over a diesel fuelled LHD include zero diesel particulate matter, no carbon monoxide and at least a 40% reduction in CO₂ with negligible SO_x and NO_x formation.

Impala Springs has an operating FC forklift in its base metals refinery; the prototype with hydrogen refuelling station has been in operation since October 2015 and continues to perform beyond expectation. In the longer term, we plan to use fuel cells as the main source of energy for material handling and underground mining equipment.

Impala Springs is working towards taking its refinery off-grid through a phased approach and powering it with a carbon-neutral fuel source, initially with the installation of an 8 MW natural gas system. The project is at an advanced development stage and installation is expected by 2019; Implats has arranged a natural gas supply to the facility. The long-term goal is to use fuel cells to generate 22 to 30 MW of power.

These new applications are stepping stones in the implementation of our fuel cell development roadmap. This is a collaborative process between industry, government and academia in South Africa to develop fuel cell technologies and to stimulate a vibrant, sustainable local fuel cell sector. This includes fast-tracking the development of local manufacturing of fuel cells and componentry within a proposed special economic zone adjacent to the Refineries in the Springs region. The project in partnership with various government departments is a longer-term strategic investment to facilitate platinum beneficiation. The localisation strategy envisages partnerships with international manufacturers and in time, the backward integration of local South African sub-components.

Data management

Each year we conduct a GHG emissions assessment to identify areas for mitigation and efficiencies. We continue to improve the quality of our emissions reporting, with an emphasis on improving the measuring of Scope 3 emissions. This will facilitate the availability of auditable data on energy savings from all operations. Scope 1 and Scope 2 emissions are audited. This year we developed a GHG handbook that provides a systematic approach to calculating our footprint across the Group.

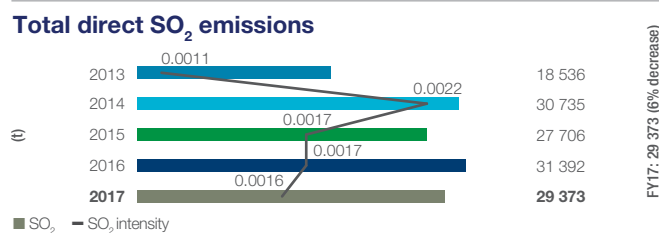
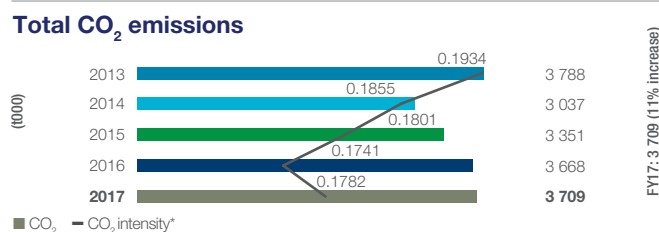
Our 2017 performance

- Total CO₂ emissions increased year-on-year, due to increased production at Impala Rustenburg and Zimplats, which respectively contributed 73% and 10% of total emissions. As a result we did not achieve our 2017 target of a 2% reduction in Scope 1 emissions from the base year 2015
- Most of the Group's GHG emissions (3.3 million tonnes) are associated with Eskom electricity usage, with the balance (0.4 million tonnes) associated with the direct use of coal, diesel, petrol and industrial burning oil
- Our emissions intensity (total tonnes of CO₂ per tonne of ore milled) was 0.1782, up from 0.1741 in 2016
- Our total energy consumption was 18 065 GJ (000), up from 17 328 GJ (000) in 2016.

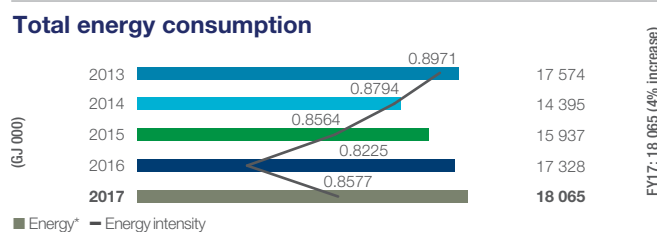
Additional data on our direct and indirect GHG emissions and our energy use, by operation for each of the past five years, are provided in our performance tables online [D](#).

Climate change indicators	2017	2016	2015	2014
Scope 1 CO ₂ emissions (direct – fossil fuels) (t000)	410	382	349	324
Scope 2 CO ₂ emissions (indirect – electricity purchased) (t000)	3 299	3 286	3 002	2 714
Electricity purchased (MWh 000)	3 555	3 425	3 129	2 780
Direct energy (GJ 000)	5 269	4 998	4 671	4 386
Indirect energy (GJ 000)	12 797	12 330	11 266	10 008

* Includes emissions as a result of business travel, employee commuting and downstream distribution. Reliable data only available since 2016



* Restated to include tonnes milled at Mimosa



Air quality management

The most significant air quality issue for the Group relates to the sulphur dioxide (SO₂) emissions from our smelting and refining operations at Zimplats, Impala Rustenburg and Impala Springs.

Licences and permits

Both Impala Springs and Impala Rustenburg are located in priority areas as promulgated by the National Environmental Management Air Quality Act and have the required air emission licences (AEL), valid until 2018 and 2019 respectively.

At Zimplats, air emission discharge points are licensed by the Environmental Management Agency in line with air pollution regulations. The current legislative SO₂ emission point source limit of 50mg/Nm³ is considered virtually unattainable even with best practice abatement technologies. As such, Zimplats is operating in the red air emission licence category (issued for a discharge considered to present a high risk to the environment). A review of the air emission legislation has commenced and a draft air quality management standard has been finalised. The current air quality regulations prescribe limits for point source emissions and do not include ambient air or ground level concentration limits.

Data management

We have further improved our atmospheric emissions data management systems to ensure that our South African operations are aligned with the requirements of the national atmospheric emissions inventory system (NAEIS). We report on the NAEIS for listed activities (smelter and refineries) and mining. GHG emissions will be reported for the first time by 31 March 2018.

Air quality monitoring and management

We work towards managing our SO₂ emissions to the lowest possible levels and as a minimum to ensure that we are compliant with the limits set out in our AELs. We strive to maintain SO₂ emissions at Impala Rustenburg at less than 16 tonnes per day.

Extensive ambient air quality monitoring networks are in place at Impala Springs, Impala Rustenburg and Zimplats operations via ambient monitoring stations. These monitoring stations measure SO₂, NO_x and particulate matter and provide an indication of ambient air quality levels and associated trends. We report the results of the ambient monitoring to the relevant authority each quarter, and as and when requested. At Impala Rustenburg, due to the extent of the mine lease area, source allocation remains challenging as various factors can influence the ambient measured data. We investigate all SO₂ exceedances to determine the likelihood of our smelter operation being responsible.

Dust fallout is measured monthly at Impala Rustenburg, Marula, Mimosa and Zimplats. Results for the monitored facilities were all within specified permits conditions.

Zimplats has improved the reliability of its air quality monitoring system. We successfully set up a continuous emission monitoring system to monitor point source emissions from

our smelting operations. The unit measures point source particulate matter, SO₂, pressure, velocity, stack temperature and stack flow. The calibration of the air monitoring network was successfully conducted during 2017. The operation is implementing a crusher dust suppression system project at its Ngezi concentrator to reduce dust emission from the operations. Sulphur emissions reduction feasibility studies at Zimplats are ongoing. The operation continues to operate on a red permit issued for a discharge considered to present a high risk to the environment from the Environment Management Agency (EMA) while we seek a long-term solution. Zimplats' sulphur abatement programme includes a proposed new furnace installation project and in the longer term, the installation of an acid plant.

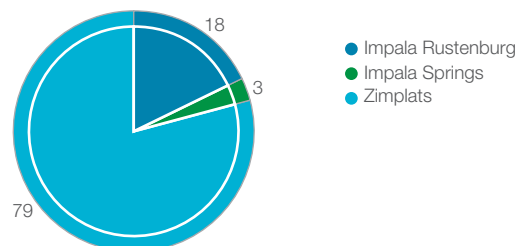
Impala Rustenburg forms part of the Multistakeholder Reference group for the Waterberg Bojanala Priority area and we participate in the Bojanala Industry task team.

Our 2017 performance

- Direct SO₂ emissions were within the conditions of the AEL for our Impala Springs and Impala Rustenburg operations
- Impala Springs registered a non-compliance for particulate matter on the ammonium sulphate stack and for ammonia at the cobalt plant. The regulator is kept informed; two projects to address these non-compliances are expected to be completed by 2020
- Zimplats emitted an average 61 tonnes per day of SO₂ compared to 69 for the previous year. The decrease is attributed to a major planned shutdown conducted in 2017
- Direct Group emissions of SO₂ were 29 373 tonnes (2016: 31 392 tonnes). Our Zimplats operations contributed 80% of total direct SO₂ emissions, while Impala Rustenburg and Impala Springs operations contributed 18% and 3% respectively
- Indirect SO₂ amounted to 29 504 tonnes (2016: 27 355 tonnes) and indirect NO_x amounted to 14 574 tonnes (2016: 14 435 tonnes)
- Total group SO₂ emissions amounted to 58 877 tonnes (2016: 58 747).

Further details on the SO₂ and NO_x emissions at each of our operations over the past five years are provided online. [i](#)

Direct SO₂ emission (%)



Managing our waste

Our waste management activities across the Group seek, as a minimum, to ensure compliance with evolving legislative requirements relating to waste.

Ensuring compliance

At the South African operations we focus on retaining our waste licences by ensuring compliance with statutory requirements and site-specific conditions. We have waste licences in place for Impala Rustenburg (landfill site and salvage yard) and the salvage yards at our Marula and Impala Springs operations. These operations undertake annual external compliance audits. All listed waste streams at our South African operations have been reclassified in accordance with regulations.

Focus on waste recycling


In this context the term “recycling” is a generic term for waste streams that are re-used, recycled or recovered. Although predominately demand driven, we have maintained a strong focus on our levels of non-mineral waste (hazardous and

non-hazardous) recycling. We continue to investigate reuse and recycling opportunities as well as alternative disposal solutions for various waste streams.

We have not yet formulated waste reduction targets.

Our 2017 performance

- We recycled 69% of waste generated, up from 68% in 2016
- Mineral tailings deposited totalled 21 258 kilotonnes
- Waste rock deposited on land totalled 869 kilotonnes
- Hazardous waste disposed of to landfill totalled 10 918 tonnes

Further data on the Group’s non-mineral waste (hazardous and non-hazardous) and mineral waste is provided online. 

Land management and biodiversity

Our approach to land stewardship focuses on rehabilitation, while ensuring the protection of our water and biodiversity resources through the responsible management of mineral waste and hazardous substances.

Rehabilitation

Ensuring effective rehabilitation is an important regulatory, financial and reputational issue for the Company. The closure liability of all mining operations is calculated annually and the financial provisions updated accordingly. We use innovative mine design and concurrent rehabilitation to reduce closure liabilities and improve rehabilitation outcomes. All tailings storage facilities have concurrent rehabilitation plans that include revegetation, dust management and water management. This year Impala Rustenburg operations have developed a strategic shaft closure methodology to assist in the decommissioning of non-operational units.

Financial provision

In South Africa, the transitional period for compliance with new regulations pertaining to the financial provisions for prospecting, exploration, mining or production operations, has been extended. The South African mining operations are in the process of aligning their closure liability assessment protocols and methodology, and will strive to comply with all aspects of the regulations by the end of 2018. Zimplats has aligned its annual closure liability assessment with the South African

assessment methodology and their current focus is on developing detailed closure and rehabilitation plans.

Rehabilitation monitoring and progress

Our rehabilitation activities are focused on ecosystem functionality, which is essential for sustainability beyond life of mine. We have maintained an active rehabilitation monitoring programme, using Landscape Function Analysis, at Impala Rustenburg’s rehabilitated opencast pits and at Marula’s rehabilitated tailings side slopes. Although the good rains this year partially alleviated the impact of the sustained drought, some of the rehabilitated opencast sites at Impala Rustenburg still require additional remediation. The success of the current rehabilitation plan at the Rustenburg tailings dam is being impacted by an increase in wind speed as the dam height increases. Given this issue, and the fact that our long-term climatic model indicates a possible decrease in annual precipitation, we recognise that we need to develop a more sustainable closure methodology as well as a supportive monitoring programme

At Zimplats, we have continued with open pit rehabilitation at Ngezi, as well as the revegetation of all new surfaces at the two tailings dams. The Mimosa operations do not have any opencast mining operations and rehabilitation is limited to the ongoing revegetation of the tailings side slopes.

Land management and biodiversity

Our 2017 performance

- A total of 71.2ha of disturbed land was rehabilitated
- Estimated rehabilitation liability for our operations totalled R1.9 billion
- Group rehabilitation provisions totalled R1.1 billion.

Additional data on our land management, by operation, is provided online. [i](#)

Biodiversity

Given the potential of mining activities to impact habitats through land disturbance and pollution, biodiversity monitoring and management remains an important activity. We determine the biodiversity impacts of our mining operations through our EIAs, and manage these according to site-specific biodiversity management plans.

Biodiversity management

Impala Rustenburg implemented a formal biodiversity management plan, informed by the Mining and Biodiversity Guideline developed by the South African National Biodiversity Institute (SANBI). Marula and Impala Springs have implemented site-specific biodiversity management plans. We plan to develop and implement strategic biodiversity management plans at all our operations.

At Impala Rustenburg, extensive alien and invasive weed control has been performed at the historic opencast sites. This year, we undertook additional alien and invasive species assessments at all the operational units at Impala Rustenburg and Impala Springs.

Biodiversity sensitive areas

Zimplats and Impala Springs both operate close to biodiversity-rich areas. Impala Springs is near the Cowles Dam that feeds into the Blesbokspruit, a designated Ramsar Convention wetland of international importance that is deemed under threat. Although Impala Springs is not seen to have any direct impact on this ecosystem, it continues to partner in environmental education and conservation initiatives in the area. The Zimplats operation includes a leased 276ha section of rehabilitated, non-operational land within the Ngezi National Park's boundary.



Zimplats' Selous Metallurgical Complex, Zimbabwe

Performance data

Detailed performance data for our various operations can be obtained online at www.implats.co.za. ^①
Performance data is for the respective financial year – period (end June) unless otherwise stated.

Human resources

	Measurement	2017	2016	2015	2014	2013
Own (permanent) employees**	Number	38 334	38 189	40 019	40 238	40 151
Contractors**	Number	14 334	13 221	14 729	15 602	17 216
Turnover	Percentage	8.6	8.2	5.1	4.5	5.7
Women turnover	Percentage	1.0	0.5	0.3	0.6	5
Women in total workforce in SA	Percentage	11	11	11	10	11
Managers who are female	Percentage	21	20	20	19	18
Unionised workforce in South Africa	Percentage	76	84	82	92	81
Skills development expenditure in South Africa	Rm	548	512	523*	331*	428
Skills development expenditure in Zimbabwe	US\$000	4 836	4 905	5 304	5 909	5 285

* Strike impacted

** Includes Mimosa employees and contractors attributable to Implats

Safety

		2017	2016	2015	2014	2013
Work-related fatal injuries (own employees and contractors)	Number	9	11	7	4	9
Reportable injuries	Number	450	461	318	252	421
Medical treatment cases	Number	881	702	546	545	702
Lost-time injuries	Number	723	782	638	369	795
Employee hours worked	Number	122 070 071	120 520 676	121 034 823	94 056 773	137 598 336
Fatal injury frequency rate	Pmmhw*	0.074	0.019	0.058	0.043	0.065
Lost-time injury frequency rate	Pmmhw	5.92	6.49	5.27	6.10	5.80
All injury frequency rate	Pmmhw	13.14	12.31	9.78	11.9	10.91
Medical treatment case frequency rate	Pmmhw	7.22	5.82	4.51	5.79	5.11
Total injuries	Number	1 604	1 484	1 184	1 119	1 501
Section 54 stoppages (excluding Section 55s)	Number	92	80	55	52	65

* Per million man-hours worked

Health

		2017	2016	2015	2014	2013
Employees on wellness programme	Number	7 228	6 891	6 140	6 286	6 014
Voluntary counselling and testing interventions	Number	16 733	10 867	11 875	10 086	11 782
Employees known to be receiving antiretroviral treatment	Number	5 174	4 843	4 429	4 276	4 039
Total new cases of tuberculosis (TB)	Number	199	171	304	268	334
Total new noise-induced hearing loss (NIHL) cases (+10% shift)	Number	88	61	49	36	50
Total NIHL cases compensated	Number	57	59	36	19	40
TB incidence rate	Per 100 000 employees	519	447	755	841	830
Total HIV medical incapacitation	Number	265	377	505	331	588

Note: Data is for employees and contractors at all operations

Performance data

Production

		2017	2016	2015	2014	2013
Tonnes milled (excluding Mimosa)	000t	18 332	18 426	16 024	13 916	17 209
Tonnes milled (including Mimosa)	000t	21 061	21 067	18 610	16 369	19 590
Refined platinum	000oz	1 530	1 438	1 276	1 178	1 582
PGMs	000oz	3 099	2 908	2 618	2 370	3 233
Revenue	Rm	36 841	35 932	32 477	29 028	29 844
Capital invested	Rm	3 425	3 560	4 287	4 345	6 134
Income tax paid	Rm	1 312	883	401	144	1 392
Unit cost ¹ per oz Pt	Rand	22 691	21 731	22 222	19 430	16 526

¹ Excluding share-based payments

Environment

	Measurement	2017	2016	2015	2014	2013
Group material consumption						
Diesel	000 litres	23 072	22 523	21 748	21 776	25 247
Petrol	000 litres	453	476	602	830	1 137
Coal	Tonnes	161 446	153 309	138 653	127 883	158 732
Industrial burning of oil	000 litres	1 316	1 222	1 633	1 264	1 730
Energy						
Energy consumed	GJ000	18 065	17 328	15 937	14 395	17 574
Energy intensity	GJ/tonne milled	0.8577	0.8225	0.8564	0.8794	0.8971
Water						
Total water withdrawn	MI	25 709	26 703	25 376	21 365	25 440
Water re-used/recycled in processes	MI	21 776	18 825	14 325	13 409	15 271
Total water consumed	MI	47 485	45 528	39 701	34 775	40 711
Total water consumed which is re-used/recycled	Percentage	46	41	36	39	36
Unit water consumption	kl/tonne milled	2.25	2.16	2.13	2.12	2.05
Emissions						
Direct CO ₂ emissions	tonnes	410 344	381 780	349 000	323 997	400 261
Indirect CO ₂ emissions	tonnes	3 298 899	3 286 098	3 001 522	2 714 157	3 332 442
Total direct CO ₂ intensity	t/t milled	0.1782	0.1741	0.1801	0.1855	0.1934
Direct SO ₂	tonnes	29 373	31 392	27 706	30 735	18 536
Total direct SO ₂ intensity	tonnes	0.0160	0.0170	0.0173	0.0220	0.0107
Indirect NO _x	tonnes	14 574	14 435	13 459	12 107	14 257
Land management						
Disturbed areas rehabilitated	Hectares	71.2	27.5	9.4	46.6	28.2
Rehabilitation/current cost estimates	Rm	1 932	1 773	1 434	1 199	1 263
Rehabilitation provisions	Rm	1 099	1 082	848	675	815
Waste management						
Disposed tailings (on surface)	000 tonnes	21 258	20 936	17 891	16 004	20 770
Disposed waste rock (on surface)	000 tonnes	869	911	824	778	1 484
Total slag re-used/reprocessed	000 tonnes	835	946	485	472	955
General waste disposed to landfill	tonnes	4 467	4 457	6 884	3 001	5 324
Hazardous waste disposed to landfill	tonnes	10 918	8 997	7 131	8 251	9 194
General waste re-used/recycled	tonnes	12 526	11 882	11 309	8 596	16 431
Hazardous waste re-used/recycled	tonnes	33 357	30 895	27 706	23 963	27 994
Environmental incidents*						
Level 3	Number	35	51	–	–	–
Level 4 or 5	Number	0	0	–	–	–

* Group incident classification matrix established in 2016

Socio-economic

	Measurement	2017	2016	2015	2014	2013
Community development expenditure (South Africa)	Rm	106	105	83	71	102
Community development expenditure (Zimbabwe)	US\$000	5 274	4 743	5 105	8 915	11 373
Total discretionary procurement in South Africa	Rbn	8.7	8.1	7.6	7.9	9.9
Procurement: BEE expenditure in South Africa	Rbn	6.7	6.1	5.5	5.1	5.5
Procurement: local (tier 1, 2 and 3) HBSA (>25%) expenditure in South Africa	Rbn	2.6	2.5	2.4	2.0	2.4
Procurement: local (tier 1, 2 and 3) HDSA (>25%) expenditure in South Africa	Percentage of total	29	31	32	26	24
Total supplier expenditure in Zimbabwe	US\$m	429	416	295*	326	331

* Excluding Mimosa

Workforce diversity profile¹ for our South African operations (as at 30 June 2017)

Combined (South Africa)	Male				Female				Foreign nationals ³		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	1	0	0	2	0	0	0	1	0	0	3	1	4
Senior management	24	0	3	46	6	0	1	4	4	0	77	11	88
Professionally qualified and experienced specialists and mid-management	174	7	17	244	50	1	12	64	13	1	455	128	583
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3 283	24	5	693	593	6	5	91	284	2	4 289	697	4 986
Semi-skilled and discretionary decision making	9 032	11	3	89	973	4	1	22	1 601	2	10 736	1 002	11 738
Unskilled and defined decision making	14 392	10	0	10	1 865	1	0	0	1 574	35	15 986	1 901	17 887
Total permanent employees²	26 906	52	28	1 084	3 487	12	19	182	3 476	40	31 546	3 740	35 286
Non-permanent employees	18	0	0	5	27	1	0	0	0	1	23	29	52
Grand total	26 924	52	28	1 089	3 514	13	19	182	3 476	41	31 569	3 769	35 338

A – African, C – Coloured, I – Indian, W – White.

¹ Workforce diversity profile as per the South African Department of Labour Guidelines.

² Non-permanent employees employed for more than three months are counted as permanent employees.

³ Foreign nationals are employees employed in South Africa that are not South African citizens.

South Africa combined – People with disability (PWD)	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	4	0	0	0	0	0	0	6	0	6
Professionally qualified and experienced specialists and mid-management	19	0	1	15	0	0	0	1	1	0	36	1	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	212	1	0	74	16	0	0	2	18	0	305	18	323
Semi-skilled and discretionary decision making	491	0	0	6	29	0	0	1	96	0	593	30	594
Unskilled and defined decision making	665	0	0	1	57	0	0	0	121	1	788	58	846
Total permanent	1 389	1	1	100	102	0	0	4	237	1	1 728	107	1 835
Non-permanent employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand total	1 389	1	1	100	102	0	0	4	237	1	1 728	107	1 835

Independent assurance statement 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 2017 Sustainability Report of Impala Platinum Holdings Limited (Implats) for the year ended 30 June 2017 (the report). This engagement was conducted by a multidisciplinary team of health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter and related assurance

We are required to provide:

1. Reasonable assurance on the following key performance indicators:

	KPIs prepared in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines (GRI G4 Guidelines), supported by Implats' internal guidelines	Assured value	Page	Boundary
1	Contractor and employee work-related fatalities	9 fatalities	27, 63	Implats Group
2	Contractor and employee lost time injury frequency rate (LTIFR)	5.92	26, 63	Implats Group
3	All injury frequency rate (AIFR)	13.14	26, 63	Implats Group
4	New cases of noise induced hearing loss (NIHL) submitted for compensation	88 cases	32, 63	Implats Group
5	New cases of pulmonary tuberculosis diagnosed and treated	199 cases	33, 63	Implats Group
6	Employees on antiretroviral treatment (ARV/ART) – net enrolment at year-end	5 174 employees	33	Implats Group
7	Employee voluntary counselling and testing interventions (VCT)	16 733 tested cases	33, 63	Implats Group
8	Energy consumed	18 065 GJ000	59, 64	Implats Group
9	Water withdrawn	25 709 MI	57, 64	Implats Group
10	Water consumption	47 485 MI	57, 64	Implats Group
11	Total indirect carbon dioxide (CO ₂) Scope 2 emissions	3 298 899 tonnes	64	Implats Group
12	Total nitrogen oxide (NOx) emissions	14 574 tonnes	60, 64	Implats Group

2. Limited assurance on the following key performance indicators:

(a)	KPIs prepared in compliance with the Amendment to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (BBSEEC) (2010) and related Scorecard (2010)	Assured value	Page	Boundary
13	Number of employees who are classified as historically disadvantaged South Africans (HDSA) and who are employed at management positions, above the supervisor level – excluding non-executive directors (D, E and F levels only)	365 employees	37	South African operations only
14	Number of women employees in management positions, above the supervisor level – excluding non-executive directors	139 employees	37	South African operations only
15	Number of people trained through adult education (AET) – net enrolment at year end	161 people	35	South African operations only
16	HDSA procurement (>25%) (in line with the Mining Charter categories of capital goods, services and consumable goods)	R6.7 billion	49, 65	South African operations only
17	Local procurement	R1 051 million spent on Tier 1 procurement	49	South African operations only

(b)	KPIs prepared in accordance with the GRI G4 Guidelines, supported by Implats' internal guidelines	Assured value	Page	Boundary
18	Total socio-economic development (SED) expenditure	R106 million	42, 43, 65	South African operations only
19	Total direct carbon dioxide (CO ₂) Scope 1 emissions	410 334 tonnes	64	Implats Group
20	Total sulphur dioxide (SO ₂) emissions	58 877 tonnes	60	Implats Group

Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the following reporting criteria:

- For the subject matters in 1 and 2 (b): the GRI G4 Guidelines, supported by Implats' internal guidelines; and
- For the subject matters in 2 (a): The Amendment to the BBSEEC (2010) and related Scorecard (2010).

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 independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly 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 an assurance opinion and conclusions on the selected sustainability information based on the work we have performed and the evidence we have obtained. We have conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than 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 (Revised) involves assessing the suitability in the circumstances of Implats' use of its reporting criteria and 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 sustainability information. The procedures we performed were based on our professional judgement and included enquiries, 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the selected sustainability information set out in section 1 of the subject matter and related assurance paragraph above.

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. Given the circumstances of our limited assurance engagement on the selected sustainability information set out in section 2 of the subject matter and related assurance paragraph above, in performing the procedures listed above we:

- Interviewed management and site personnel to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information, which included the following:
 - Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
 - Undertook site visits to the Rustenburg (mining, concentration and smelting), Springs (refineries), Marula (mining and concentrating) operations; and reviewed selected information from the Zimplats (mining and concentration) and Mimosa operations remotely; and
- 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 on the matters described in section 2 of the subject matter and related assurance paragraph above.

Independent assurance statement on selected sustainability information

Reasonable assurance opinion and limited assurance 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 of the subject matter and related assurance paragraph above for the year ended 30 June 2017 is prepared, in all material respects, in accordance with the GRI G4 Guidelines, supported by Implats' internal guidelines.

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

a. 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(a) of the subject matter and related assurance paragraph above for the year ended 30 June 2017 is not prepared, in all material respects, in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010).

b. 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(b) of the subject matter and related assurance paragraph above for the year ended 30 June 2017 is not prepared, in all material respects, in accordance with the GRI G4 Guidelines, supported by Implats' internal 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.

As part of this engagement we were requested by Implats to include staff from a black-owned South African firm in this engagement, in order to transfer knowledge about sustainability assurance. Team members from Nkonki Incorporated (Nkonki) worked on KPIs 13 – 18 listed in the subject matter and related assurance section above. This work was directed, supervised and reviewed by KPMG Services Proprietary Limited, and we remain solely responsible for our opinion. This is the second year of including Nkonki staff in the Implats sustainability assurance engagement.

Restriction of liability

Our work has been undertaken to enable us to express the opinion and 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 opinion and conclusions we have reached.

KPMG Services Proprietary Limited



Per PD Naidoo

Director

Johannesburg
14 September 2017

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