

This report reviews our approach to addressing those social, economic and environmental issues that are seen as having a material impact on the long-term success of our business

Boundary and scope

This report provides information relating to our sustainable development policies, practices, performance and prospects for the financial year 1 July 2013 to 30 June 2014, for operations over which we have direct management control and for which we set and implement policies and standards. These operations are Impala, Marula, Zimplats and Mimosa. No changes to the boundary and scope have been applied in the year under review. Restatements of financial information have been due to the exclusion of Mimosa from the consolidated figures informed by new International Financial Reporting Standards (IFRS).

Materiality and target audience

The report reviews our approach to addressing those social, economic and environmental issues that are seen as having a material impact on the long-term success of the business, the sustainability of the economy, the environment and the communities in which we operate, or that are important to key stakeholders. This year's report includes a review of our contribution in terms of:

- Global industry commitments on sustainability – as outlined in the World Business Council for Sustainable Development (WBCSD) Vision 2050
- National developmental priorities – as defined in the South African National Development Plan
- Local sector-specific commitments – as provided in the Framework Agreement for a Sustainable Mining Industry, entered into by organised labour, organised business and government (see pages 10 to 16).

While the report is of potential interest to all our existing and prospective stakeholders, it is focused primarily on addressing the interests of socially responsible investment (SRI) analysts and investors, as well as sustainability professionals. Our approach to identifying the issues we regard as being most material to Implats in 2014 is described on page 35.

Reporting standards

Our sustainability reporting criteria has been compiled in accordance with G4 Core Compliance and the Mining Sector Supplement of the Global Reporting Initiative (GRI), as well as Implats' internally developed reporting guidelines. In addition to this report, we have provided a response to some of the criteria of the GRI G4 Guidelines in a detailed online GRI response table, available at www.implats.co.za/implats_reports/IR2014. As a signatory to the United Nations Global Compact (UNGC), we have also used the UNGC's Advanced Level reporting criteria in our communication on progress, and we declare that we meet the 24 advanced criteria.

Independent assurance

Selected performance information has been independently assured by a third-party assurance provider, IRAS. The scope of the assurance, the selected performance information and the independent statement of assurance are provided on page 108.

Contacts

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

Additional information is provided in the following reports, all of which are available online at www.implats.co.za



INTEGRATED ANNUAL REPORT

This was prepared in line with the recommendations of the South African Code of Corporate Practice and Conduct (King III), and draws on the guidance provided in the International <IR> Framework, issued by the International Integrated Reporting Council (IIRC).



ANNUAL FINANCIAL STATEMENTS

These were prepared according to International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, Financial Reporting Pronouncements, the requirements of the South African Companies Act, the regulations of the JSE and recommendations of King III.



MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

This conforms to the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC) and the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC), and has been signed off by the competent persons, as defined by these codes.

Chief executive officer, **Terence Goodlace** (55)

NHD: Metalliferous Mining, BCom, MBA

Experience

Terence was appointed to the Implats board in August 2010 and as Chief Executive Officer in July 2012. He has extensive mining experience and was previously the Chief Executive Officer and a director of Metorex Limited for three years. He has also served as Group Chief Operating Officer at Gold Fields where he worked for almost 27 years in various capacities. He is a council member of the Chamber of Mines (SA).



TERENCE GOODLACE

Dear stakeholder

In my letter last year I suggested that Implats, and the platinum sector as a whole, had experienced the most difficult year in its history. Little did I anticipate that this, my second year as chief executive, would be even more challenging and eventful than 2013.

The year was dominated by the five-month strike across the platinum belt in Rustenburg, reflecting the difficult state of industrial relations across the sector, and compounding the existing challenges associated with a subdued global PGM market, a continuing rise in unit costs and a further reduction in margins and productivity. The events of the past year have further highlighted the business significance of society issues, and underlined the importance of maintaining a strong focus on sustainability.

In this letter, I reflect on our performance across our operations in our material sustainability focus areas, and provide an outlook on how we are addressing our challenges. While our immediate focus is to bring the Rustenburg mines back to full production,

which will take some months, we are deeply conscious of the need to invest further in anticipating and being responsive to society issues, if we are to realise our vision of being the world's best platinum-producing company that delivers superior returns to all stakeholders.

Improving employee relations

Our commitment to advancing our employee relations (ER) strategy was severely tested this year by the ongoing rivalry between the Association of Mineworkers and Construction Union (AMCU) and the National Union of Mineworkers (NUM), the failure of the wage negotiations with AMCU late in 2013, and the subsequent five-month strike at our Rustenburg operations. The strike, the longest in the history of industrial relations in South Africa, has revealed significant shortcomings in the manner in which we, as a mining sector, have traditionally been conducting our business, and is having a profound impact on the nature of the industrial relations landscape in the country.

We made some initial progress early in the reporting period in delivering on the ER commitments that we made last year, with various initiatives aimed at improving communication with employees, building the people leadership skills of our supervisors and mine managers, and delivering the change management initiative aimed at developing a culture of shared corporate values. Unfortunately many of these initiatives were put on hold during the latter half of the 2014 financial year, which was dominated by efforts to resolve the strike.

The Rustenburg strike has come at a profound social, economic and financial cost to all parties concerned: the already difficult living conditions of many workers have worsened; the communities surrounding our operations have felt the impact of reduced economic activity; the Company has lost R7.2 billion in revenue while employees lost R1.9 billion in wages; and the country as a whole has seen a resulting drop in GDP growth and reduced global investor confidence.

In seeking to mitigate some of the key safety and health risks of the strike, we consulted with AMCU and concluded a health and safety agreement with them regarding the Rustenburg operations. The subsequent decision to encourage employees

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An increased focus on leading indicators and actions in 2013 is reflected in our performance data

to take leave and to suspend the operations has been widely applauded for the contribution it made towards maintaining employee safety. The signing of this recognition agreement has paved the way for more progress in advancing an ER strategy that will foster a collaborative environment.

The strike finally ended on 24 June 2014, with the signing of a three-year settlement agreement (the terms of which are briefly reviewed on page 45 of this report). Following the conclusion of the strike our immediate priority in the months ahead is to resume production at our operations in a safe and sustainable manner. Ensuring that our mines are financially viable in the context of low metal prices and increasing costs is a prerequisite for delivering on our wage agreement. In terms of delivering specifically on our ER strategy, we have identified a range of activities that we will be implementing over the short and medium term aimed at building better relationships across the organisation.

In our drive to build better relations, we will be implementing a new employee engagement model, presenting an attractive value proposition to employees, and developing new values through the Respect, Care and Delivery initiative that we commenced throughout the Group in August 2013. To achieve the necessary shift in culture throughout the organisation we will be seeking to implement a robust process of coaching and training to assist first line managers to deal with the difficult labour situations. Our aim is to develop managers who pride themselves in being leaders. We will also be working to further develop the direct two-way communication process through SMS text messages that we put to use for the first time during the industrial action. Recognising the need for a structural change in our approach to employee relations in South Africa, we shall continue to participate actively in relevant forums at the Chamber of Mines.

As a part of the change management initiative led by myself, we conducted a Barrett Survey among Implats employees to assess employees' perceptions of the current Implats culture, and to provide an opportunity for employees to give input into the culture they desire. This commenced in October 2013. The survey was completed by 3 178 employees across the Group, representing all levels, geographies and demographics of the

South African operations and representing approximately 10% of the workforce, which is seen to be statistically significant. The survey aimed to review three issues: the degree to which employees perceived their needs to be met across the Barrett Seven Levels of Consciousness Model, which is based on Maslow's hierarchy of needs; the level of 'cultural entropy' within the organisation, measured by the extent to which employees choose negative words to indicate the degree of organisational dysfunction; and the level of alignment between personal, current and desired values in the organisation, which provides an indication of an employee's level of commitment to the organisation.

The results of the survey have indicated that there are challenges requiring further cultural or structural transformation and leadership development. Most of these issues relate to health, the viability of the business, and the nature of the interpersonal connections experienced at work. Employees highlighted their desire for the following needs to be met: providing greater meaning and purpose in their work; the establishment of strong, reliable and consistent workplace relations; and ensuring further growth and transformation within the Company. In the coming year, focus groups will be introduced at all operations to better understand these issues and develop appropriate response programmes.

Focusing on safety

Regrettably, I must report the loss of life of four of our employees as a result of injuries sustained while on duty. We extend our sincere condolences to the families of Osika Chidhakwa, Lebogang Abednego Moiteri, Khalepile Joseph Matama and Shaun Pelser. While I am encouraged by some improvements in our safety performance this year, including a decrease in fatalities from nine last year, any loss of life is unacceptable. I am determined to see a further step change in our safety performance and I take personal responsibility for ensuring that we develop the right safety culture through leadership. A revised health and safety agreement signed in November with all employee representative groups, inclusive of AMCU, presents opportunities to engage more effectively with employees in promoting the right safety culture.

As noted earlier, our commitment to safety informed aspects of our response to the strike, with the entire Rustenburg operation being suspended throughout the five-month period with the aim of protecting the safety and security of our employees who faced the risk of violence and intimidation. Prior to resuming the Rustenburg operations, mine overseers, ventilation officers and rock engineers conducted regular audits of all working places at the mine to assess the support conditions and ascertain if the ground conditions had deteriorated. The levels of risk identified were monitored, and have informed our start-up plan.

The strike period had both positive and negative impacts on our progress in advancing our safety and health initiatives. While many of our planned initiatives were necessarily put on hold until production stability resumed and people returned to work, the period was used effectively to focus on enhancing our safety standards and procedures.

Our strategy continues to be built on changing the culture of the organisation (in line with the industry cultural transformation framework), improving our supervision, and adopting and implementing various technical initiatives that aim to improve workplace safety. To this end, I would like to mention certain positive developments in particular:

- ➔ We introduced a five-day team mobilisation training programme for all our underground stoping teams, to enhance the team functionality and embed the right safety culture at all levels in the Company. The best practice three-day Zero Incident Process for Leaders (ZIP) training session was attended by all E-Level management and will be cascaded to supervisory level next year
- ➔ We used the non-production period at Rustenburg to update the Impala safety standards and procedures with a specific focus on the major hazard control standards. These represent current best practice in the control of the specific identified fatal hazards and have been derived from detailed risk assessments, investigations into fatal incidents and the experiences of other industry leaders
- ➔ In addition, we took steps during the strike period to assess and improve our emergency preparedness and response plan at Rustenburg and Marula, specifically relating to proto teams, control rooms, refuge bays and self-contained self-rescuers
- ➔ We have implemented a zero-harm incentive scheme that divides the incentive equally between safety and production. The safety component comprises the leading requirement that nets and bolts be installed on all panels and development ends, as well as the lagging measure of workforce lost-time injuries
- ➔ To address high safety risks in our mines that cannot currently be mitigated through supervision, we continued to invest significantly in roof-bolting and netting, proximity detection systems (PDS), winch-signalling devices, new centralised blasting systems as well as fail-safe devices to prevent rolling stock from accidentally falling down shafts. Notable achievements include the full implementation of nets and bolts on both the Rustenburg Merensky Reef and UG2 Reef horizon stopes, equipping the South African operations' trackless vehicle fleet with PDS, and the purchase and rollout of self-contained self-rescuers to all our underground employees.

Despite these and other developments in our safety practices, our performance tracked against a set of lagging and leading indicators has been variable and we acknowledge that there is still much work to be done. We are still some way from meeting our targets. The Group fatality rate improved by 34% to 0.043 per million man-hours worked, from 0.065 in 2013. The lost-time injury frequency rate improved by 7% to 3.92 per million man-hours, against a target of 3.37. The total injury frequency rate (TIFR) – a measure of all recorded injuries, including fatalities, lost-time injuries, restricted work cases and medical treatment cases – was 11.90, up from 10.91 in 2013.

An increased focus on leading indicators and actions in 2014 is reflected in our performance data. The number of breathalyser tests conducted across the Group increased by 22.3% to 810 138; road behaviour checks increased by 24.2% to 52 527, and the number of STOP® visible felt leadership observations increased by 2.6% to 73 444. The number of internal work stoppages decreased by 37.7% to 2 562.

In striving for zero fatalities and zero harm, we will continue to focus on ensuring that all operations have behaviour-based safety programmes in place. We need to ensure that senior

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The challenging social context we are operating in further highlights the need for sustainable community development

management engage with supervisors to contextualise the recent and ongoing challenges and provide support for effective supervision. We will also pursue interactions with senior union leadership to gain commitment for safety initiatives.

Promoting health and well-being

This year we made good progress in managing health risks and delivering on our health strategy, reflected in an improved performance across most of our parameters. The prolonged absence from work during the strike challenged our ability to promote the health and well-being of a high contingent of our workforce, and in particular those on chronic illness medication. To mitigate the risks, we have increased capacity and staffing at our strike-affected operations, to monitor and manage patients. Following the strike, these additional resources have assisted in expediting the medical screening of all employees, a necessary intervention since no employee is allowed to work underground without a valid certificate of fitness.

The revised health and safety agreement signed with all employee representative groups, and the strong relationship we have established with AMCU HSE personnel, has played a significant role in facilitating our activities and improving our performance. Following the strike, a robust start-up process was implemented, informed by risk assessments and incorporating a revamped IT system, to ensure that risks were effectively identified and managed.

Proactive management of challenges faced during the strike period ensured that we made good progress this year in managing HIV/Aids and TB in the Group. In particular, the uptake of antiretroviral therapy (ART) increased by 6% on last year and there are now 4 276 people on the programme. We continue to introduce equipment with improved sound suppression, with all exposed individuals being trained in the use of custom-made hearing-protection devices. However, ensuring adherence to relevant requirements remains a challenge. All patients diagnosed with early signs of noise induced hearing loss on screening audiograms were investigated, counselled and monitored.

On the non-occupational healthcare front, membership of our own medical aid offering increased by 8% to 21 994 people on the scheme. Our Rustenburg and Marula operations continue to work closely with the South African Department of Health in support of the national health insurance plan. Through the Impala Bafokeng Trust (IBT) we have committed to renovate and expand the Primary Care clinic situated in Luka village in the Rustenburg lease area. We will continue to seek to ensure that our health strategy is aligned with the South African Government's national health strategy, including providing healthcare facilities around our lease areas. In Zimbabwe, Mimosa mine assisted with renovations to the Zvishivane district hospital.

Promoting transformation

In South Africa, we have continued to engage with government and other stakeholders to further our contribution towards a better, more equitable and participative society. We also believe strongly that a transformed and more diverse organisation is more resilient and better positioned to be competitive in the country and region. As part of South Africa's process of transformation, we must meet the Mining Charter's targets set out for 2014. At year end, we remained well positioned with regard to performance against these targets and we seek to go beyond regulatory compliance. The next five-year Social and Labour Plans (SLPs) for Impala and Marula were completed and submitted to the Department of Mineral Resources (DMR) during calendar year 2013. The Marula SLP was approved at regional level in 2013 and implementation advanced in 2014. At Impala, a full assessment of the first generation SLP was conducted in July 2014 by the regional office of the DMR. Based on this assessment recommendations were made to be integrated into the new SLP, and a resubmission was due in August 2014.

Advancing our progress this year included:

- Investing R331 million in training and development representing 5% of payroll and achieving the Mining Charter's 2014 target of 5%

- ➔ Improving equitable representation in our workforce. At year end, despite a setback in our efforts during the prolonged strike, we had achieved and in most cases exceeded most of the charter's targets. HDSAs represent 50% of management (2013: 48%) and women 19% of management (2013: 19%) unchanged from the previous year
- ➔ Setting a leading example with our initiatives to improve the accommodation and living conditions of our employees. We have exceeded the Mining Charter's requirements and have ambitious housing development projects in progress
- ➔ Complementing our housing efforts with investments in community development projects amounting to R332 million, inclusive of SLP commitments
- ➔ Using our core business to support local and HDSA businesses through preferential procurement, supplier development and enterprise development. We have seen a decreasing trend in non-compliant operating expense suppliers and an increase in black-empowered suppliers, particularly in the >25% to 50% HDSA/BEE category. The total South African operations' discretionary procurement for 2014 was R7.9 billion of which 65%, or R5.1 billion, was from companies in which HDSA/BEE ownership was greater than 25% (2013: R5.5 billion or 55%). Overall there was an acceptable performance in the key charter elements of capital goods, consumables and services against the 2014 targets.

In the year under review, we participated in the DMR's compliance assessment process championed by Moloto Consulting. We look forward to the outcomes of this process and to providing input into the review of the Mining Charter in the year ahead, through the Chamber of Mines (COM).

In Zimbabwe, we continue to engage with the government on the subject of indigenisation and how to implement the Mimosa and the Zimplats indigenisation plans. The government has advised us to factor in our corporate social responsibility projects, so as to accrue credits towards achieving the 51% indigenisation target. We continue to engage with the Minister

of Youth Development, Indigenisation and Economic Empowerment in this regard.

Investing in our communities

The sustainability of our mining activities depends on our ability to contribute to the well-being and prosperity of our host communities. The challenging social context we are operating in further highlights the need for sustainable community development as a commercial and social imperative. The most significant contribution we make to the well-being of our communities and employees is our investment in improving the accommodation and living conditions of employees, with a focus on enhancing home ownership opportunities. We are proud to have been commended by the DMR this year for our progressive stance and leading example in this endeavour. Our social investment strategy focuses primarily on infrastructure, health, education, community empowerment and poverty alleviation projects, and aims to complement our housing initiatives, through the provision of schools, clinics and other amenities.

To better understand some of the social challenges that impact the communities around Rustenburg operations, this year we conducted evidence-based research to further inform our social strategic interventions. The first phase entailed a review of socio-economic trends and developments in the Royal Bafokeng Nation (RBN) villages and those communities impacted by the Rustenburg operations, over a 10-year horizon from 2001.

This year, the South African operations invested R71 million in socio-economic development projects, inclusive of SLP commitments, and an additional R261 million towards improving accommodation and living conditions of our employees. The Zimbabwe operations expended US\$6 million on socio-economic development projects and a further US\$15 million on employee housing. Total expenditure for the Group on social projects and housing amounted to R559 million.

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Implats has continued to work through the Chamber of Mines in finding common solutions to some of the challenges faced by the industry

Performance highlights this year include the following:

- ➔ The development of our second home-ownership flagship project in South Africa, the Platinum Village in Rustenburg, progressed well; phase 1 is to build 557 units built at a cost of R140 million. The R1-billion development project has a final target of 2 420 units, to be completed over the next three years. Our strategy of providing quality bonded houses to employees is key to normalising the living and working environment of our employees
- ➔ Consistent with government's vision of integrated human settlements, we develop schools near our housing developments. To serve the Boitekong Township including the Sunrise View housing development that we completed in 2013 (comprising 1 717 houses now owned by employees at a cost of R406 million), we developed the Sunrise View primary and secondary schools. In 2014, there were 1 372 learners (974 primary school, 398 secondary school), 39 educators (24 primary, 15 secondary) and 10 support staff (seven primary, three secondary) benefiting from the new schools. We are in the process of developing the Platinum Village schools project
- ➔ Once again, we contributed R10 million to the Impala Bafokeng Trust, which was established in 2007 by the Royal Bafokeng Nation and ourselves to augment the corporate social investment commitments of both organisations. IBT-funded projects provided much-needed support during the strike
- ➔ At Implats, social development projects included the refurbishment of a local clinic at a total cost of US\$60 000 and the extension of a local police station at a total cost of US\$293 000. Donations amounting to US\$273 000 were made to the community, invested in education, sport development, health and income generating projects.

The strike at Rustenburg regrettably impacted on project implementation, with many of our social projects halted. For example, our school support programme and our two principal enterprise development programmes (supplier development and business advisory) were halted for the five-month period. Developing small and medium-sized enterprises, encouraging entrepreneurship and enhancing procurement opportunities,

form an important part of our contribution towards creating sustainable communities, improving community relations, and advancing local economic development. This year the South African operations expended R2.0 billion on procurement from local tiered BEE suppliers, constituting 26% of the total procurement spend (2013: R2.4 billion or 24%). In Zimbabwe, local suppliers accounted for 66% of Implats' annual expenditure on goods and services (2013: 64%); Mimosa's indigenous procurement accounted for 92% of total discretionary expenditure, consistent with levels in 2013.

A focus in the next financial year will be to manage the challenges associated with the negative impact of the strike on social investment projects, including competing priorities and budget constraints.

Conserving natural resources and minimising our impact

This year our direct environmental impacts were significantly reduced as a result of the closure of the Rustenburg operations during the five-month strike. The disruption also affected the monitoring of the Group environmental indicators at Rustenburg. The decline in production translated into a decrease in the levels of water and energy consumed: total water consumption at a Group level decreased by 15% (2013: 40 711 Mℓ) and total energy consumption declined by 18%. In the first half of the year performance improvements attributed to a 3% increase in the percentage of water recycled (2013: 38%).

In implementing our carbon management strategy, our focus remains on energy-efficiency projects. To date, over R100 million has been expended on energy conservation programmes, resulting in a 3.1% reduction in indirect energy usage. Security of energy supply and rising prices are significant material risks for our operations in South Africa and Zimbabwe. Electricity consumption accounted for around 70% of our total energy consumption in 2014, and almost 11% (2013: 11%) of our overall cash cost base. Our projected expansion into deeper operations that are more energy intensive, together with the proposed introduction of a carbon tax in South Africa in January 2016, emphasise the business imperative to focus on reducing

and optimising our energy use. Our focus is on improving operational and design efficiencies and incorporating best practice technology and processes. Our longer-term strategic investments include exploring a carbon neutral fuel source for our operations, and participating in collaborative efforts to develop fuel-cell technology.

Industry initiatives

Implats has continued to work through the Chamber of Mines in finding common solutions to some of the challenges faced by the industry, and to seek strategic alignment to the relevant national imperatives outlined in the National Development Plan (NDP). We have also continued to advance initiatives under the Deputy President's Framework Agreement for Peace and Stability in the Mining Industry signed by stakeholders in February 2013, and we are committed to driving implementation of the principles of the UN Global Compact.

A review of our progress in contributing to the goals of the NDP and delivering on the Framework Agreement is provided on page 13. Our contribution is reflective of our commitment to ensuring the growth and stability of the industry and our country. These initiatives speak to legislative issues, taxation, social and labour challenges (such as employee indebtedness, health and safety, the migrant labour system, housing and living conditions), as well as economic imperatives (such as beneficiation, infrastructure constraints, energy and water supply).

During the year under review the International Platinum Association (IPA), to which Implats is affiliated, completed a life cycle assessment on the impacts and benefits of platinum group metals (PGMs). This study is important in highlighting the wide benefits of PGMs, both for the environment and the social contributions of mining, while taking into account the high impacts on land, water and energy consumption. We hope to communicate more broadly on these findings in the future.

Conclusion

In my letter last year I argued that if Implats is to realise its vision of being the world's best platinum-producing company that delivers superior returns to all stakeholders, then we will need to anticipate and be responsive to society issues. We remain committed to the 10 principles of the United Nations Global Compact to which we are signatories. The events of this past year have reaffirmed my belief that the pursuit of sustainable development and zero harm are competitive imperatives, and that these should be recognised as fundamental elements of a mining company's fiduciary responsibility.

Implats' management and the board firmly believe in the future of PGMs and their important positive contribution for society at large. It is with this in mind that we have to withstand the current industry crisis by re-energising and rebuilding Impala post the five-month strike, continuing to increase volumes at Marula, and ensuring the success of our Zimbabwe operations.

I once again sincerely thank the board for their leadership and the Implats team for their understanding and support as we protect the Company in these turbulent times and position it for a more secure and sustainable future.

Terence Goodlace

Chief executive officer



Selected performance information has been independently assured by a third-party assurance provider, IRAS

Responding to the National Development Plan

Implats recognises the important role it plays in advancing the objectives and vision of the National Development Plan of South Africa (NDP), and has sought to align these objectives to the organisation's own long-term goals. This has been done in some instances through collaboration with industry players, government departments and local stakeholders in our areas of operation. We consider this an integral part of transforming the industry, society and the economy of our country.

The NDP was adopted by government in 2012 as an economic and social development plan to eliminate the triple challenge of poverty, inequality and unemployment, and to increase investments. The NDP seeks to create 11 million jobs, halve unemployment, and substantially reduce poverty and improve living standards by 2030. To achieve these objectives, the NDP recommends:

1. Creating an environment for sustainable employment and inclusive economic growth
2. Raising levels of exports and competitiveness
3. Strengthening government's capacity to provide leadership in promoting economic development
4. Mobilising all sectors of society around a national vision

The NDP provides a breakdown of how its objectives can be achieved, for various sectors of the economy. For the mining industry, the objectives can be realised through:

- ➔ Employment and growth
- ➔ Labour market proposals
- ➔ Beneficiation
- ➔ Infrastructure
- ➔ A low-carbon economy and the environment
- ➔ Education and training
- ➔ Healthcare
- ➔ Social protection

In this report we have outlined our contribution towards these imperatives, as well as our planned interventions.

Responding to the Deputy President's Framework Agreement on a Sustainable Mining Industry (DPFA)

Following the global financial crisis of 2008 and the ensuing platinum mining strikes of 2012 which culminated in Marikana where 45 people lost their lives in 2012, it became imperative for business, labour and government to work together in stabilising the industry. This commitment was made through the DPFA signed in February 2013 by all stakeholders with the exception of the Association of Mineworkers and Construction Union (AMCU). In broad terms stakeholders have committed to:

- ➔ Ensuring the rule of law, peace and stability
- ➔ Strengthening labour relations
- ➔ Improving living conditions of mineworkers
- ➔ Transforming the mining industry
- ➔ Compliance to legislation
- ➔ Supporting long-term growth of the industry

As an organisation, we recognise the importance of these commitments in giving impetus to our own long-term sustainability objectives.

Responding to the Mining Charter

The Mining Charter in South Africa was introduced in 2004 as a vehicle to transform the mining industry by redressing historical imbalances engendered by apartheid. In seeking to make the sector consistent with the overall transformation of South Africa's social, political and economic landscape, the Mining Charter focuses on the following eight pillars:

- ➔ Ownership
- ➔ Housing and living conditions
- ➔ Procurement and enterprise development
- ➔ Employment equity
- ➔ Human resources development
- ➔ Mine community development
- ➔ Sustainable development
- ➔ Beneficiation

Implats recognises its role in advancing transformation within the broader context of society and the significance of this in maintaining its licence to operate in South Africa. To this end our performance against these eight pillars is outlined on pages 18 to 21 of this report.

Responding to the World Business Council for Sustainable Development Vision 2050

Implats, while not a member of the World Business Council of Sustainable Development (WBCSD), recognises the important role that business has to play in creating a sustainable world, underpinned by fundamental changes in governance, economic frameworks and human behaviour.

We thus support the nine key pillars of action that will lead to the 2050 vision in which the basic needs of nine billion people are met. The nine pillars speak to:

- ➔ People values – living well within the limits of the planet
- ➔ Human development – basic needs of all are met
- ➔ The economy – true value, true cost and profit are linked
- ➔ Agriculture – enough food, water and biofuels through a new green economy
- ➔ Forestry – recover and regenerate
- ➔ Energy and power – secure and sufficient supply of low carbon energy
- ➔ Buildings – close to zero-net energy building/infrastructure
- ➔ Mobility – universal access to safe and low impact mobility
- ➔ Materials – not a particle of waste

Our support for these elements is demonstrated through our community development initiatives, our environmental programmes, the beneficiation of our metals, and industry initiatives that drive economic transformation of the sector. These are referenced more broadly on pages 12 to 16.





THE GLOBAL PERSPECTIVE

World Business Council on Sustainable Development Vision 2050

WBCSD vision 2050	Context and commitments
⇒ People's values People living well, and within the limits of the planet 	– Understanding and encouraging change through cooperation, so that sustainable living becomes mainstream – Promoting healthy people, healthy societies, healthy business
⇒ Human development Basic needs of all are met	– Building trust, entrepreneurialism, inclusiveness – Business reaches out, trading and training – Delivering the infrastructure for human development
⇒ Economy True value, true cost, true profit	– Redefining progress: true value must drive inclusive markets. – Financing based on long-term value – Accounting for the real world – Driving inclusive markets through true value – Accelerating innovation through efficiencies
⇒ Agriculture Enough food, water and biofuels through a new Green Revolution	– Cultivating knowledge-intensive agriculture – Research delivers progress in food and biofuel – Promoting growth in global trade, crop yield and carbon management
⇒ Energy and power Secure and sufficient supply of low-carbon energy	– Greenhouse gas emissions peak and decline – Promote demand side efficiency – Contribute to 2050 goal of 50% reduction in global CO₂ emissions on 2005 levels – Reduced cost of renewables
⇒ Buildings Close to zero net energy buildings 	– Developing resource-efficient buildings: all new buildings to use zero net energy, and enforce strict energy efficiency regulations
⇒ Mobility Universal access to safe and low-impact mobility	– Promoting integrated transport solutions and smarter mobility, to enable near universal access to reliable, low-impact mobility – Developing alternative drivetrains and fuels
⇒ Materials Not a particle of waste	– Improving the eco-efficiency of resources and materials – Eliminating waste by closing the material loop and embracing life cycle thinking – New business models for manufacturing, design and recycling
⇒ Forests Recovery and regeneration 	– Increasing forest protection and efficient production – Ceasing deforestation – Committing to carbon cuts and driving progress through carbon incentives

THE NATIONAL PERSPECTIVE

The National Development Plan

The NDP objectives	Context and commitments
➔ Transforming society and uniting the country	Social cohesion should be enhanced by: – Reducing poverty and inequality by broadening opportunity through economic inclusion, education and skills development – Promoting mutual respect – Deepening appreciation of our mutual responsibilities
➔ An economy that creates more jobs, is more inclusive and that shares the fruits of growth more equitably	– In 2030, the economy should be close to full employment. – It should equip people with the necessary skills – It should ensure that ownership of production is more diverse – The functioning of the labour market should be improved through reforms on dispute resolution – Small business should be supported
➔ Building safer communities 	– People living in South Africa should feel safe and have no fear of crime – People should have confidence in the criminal justice system and police service – There should be greater provision for community participation in community safety
➔ Improving infrastructure	– To grow in a more inclusive manner the country needs higher levels of investment in economic infrastructure, as well as infrastructure that supports human settlements
➔ Reversing the spatial effects of apartheid	– Settlements patterns should meet the needs and preferences of citizens taking into account broader social, environmental and economic interests
➔ Improving education, training and innovation, and providing quality healthcare 	– Measures taken to address poor education and health that significantly reduce opportunities for a productive life and undermines the dynamism of the South African economy
➔ Fighting corruption	– Measures taken to address high corruption levels frustrate the state's ability to deliver on its development mandate
➔ An inclusive and integrated rural economy	– South Africa's rural communities should have greater opportunities to participate fully in the economic, social and political life of the country through access to good quality education, healthcare, transport and other basic services
➔ Transitioning to a low-carbon resource-efficient economy	– The country needs a coherent plan to emit less carbon, use water more sustainably, and protect the oceans, soil and wildlife



Our contribution in 2014

- Our investments in employment opportunities, education, health, housing and infrastructure collectively provide a significant contribution to building social cohesion
- We are committed to promoting broad-based transformation, evidenced by the nature of our initiatives, for example relating to ownership, employment equity, skills development, procurement and housing

- We provided more than 45,000 direct jobs in South Africa and approximately 7,000 in Zimbabwe
- We stimulated significant employment opportunities throughout our value chain, including through our procurement practices targeted at encouraging local economic development and transformation
- We invested significant resources in enhancing employment opportunities through our skills development and training initiatives
- Our tax revenues facilitated public investment in developing human capital
- We engaged with government and labour representatives in finding an approach to collective bargaining that takes account of a multi-union environment, and in exploring opportunities for linking wages to productivity

Various Mine Crime Combating Forums (MCCF) have been established through the Deputy President's Framework Agreement. These include one in Phokeng (Rustenburg), one in Gauteng (West Rand) and one in Limpopo. Mining company's Security Heads are active participants. During the launch of the MCCF, Implats signed a pledge of commitment to the Framework Agreement for a Sustainable Mining Industry. We were initially represented by Mine Security, and have since boosted representation. The agenda points include:

- Stakeholder mine crime related incidents reports
- Public violence
- Planned marches
- Spontaneous gatherings
- Meetings held on mine premises where no permission was granted
- Profiling of individual causing violence/destabilisers
- Crime against the mine and mine employees
- Successes
- Profiles of suspects
- Any intelligence regarding crime
- Identification of hotspots

- We contribute to infrastructure development through our significant investments in mining projects, as well as through our social investment initiatives in our host communities
- Our capital investments have enhanced export opportunities
- Our investments in health, education, basic infrastructure and community empowerment and in housing, have contributed directly to the development of human settlements
- Our social investment strategy is aimed at establishing infrastructure that will address urgent needs in mine communities with a focus on longer-term impacts

- Our flagship investment in the well-being of our local communities is our commitment to the provision of accommodation and improved living conditions for our employees and their families
- We strive to create viable local communities in which employees are able to reside with their families in a stable, healthy and secure environment

- This year we invested more than R331 million in various skills development programmes at all levels
- We also invest in various education-related infrastructure
- In addition to our occupational health measures, we have been active in addressing non-occupational health risks, most notably HIV and TB
- We partner with the Department of Health in addressing community health issues, including our contribution to the establishment of healthcare facilities in and around the lease areas

- We promote high standards of ethical behaviour throughout our activities
- We have a zero-tolerance stance on fraud and corruption, with all employees, business partners, contractors and associates all of whom are required to conduct themselves in accordance with the Implats Code of Ethics and our fraud policy
- Adherence to this Code is facilitated by a "whistle-blowing" helpline that enables the confidential reporting of alleged incidences

- This year 14 out of 50 investment projects verified benefited 8 500 people in South Africa and almost 5000 in Zimbabwe through investments in infrastructure, education, health, housing, enterprise and sports development with R138 million total expenditure in Socio Economic Development for the Group and R428 million in housing initiatives for the Group
- The demographic of beneficiaries shows that over 99% of these beneficiaries were black, while more than 62% were youth (35 years of age and under)

- We have implemented various energy and water usage efficiency initiatives and are assessing the feasibility of using biomass as an energy source at our Rustenburg smelter
- We work with industry bodies and government in seeking an appropriate policy response to climate change that does not compromise the competitiveness of our sector, noting both our important developmental contribution as well as the role of platinum group metals in the transition to a lower carbon economy

THE INDUSTRY SECTOR PERSPECTIVE

The Deputy President's Framework Agreement

The Framework Agreement	Context and commitments – In signing the FA, Implats commits to:	
➔ Building a relationship among stakeholders based on trust and respect	– Acting in a fair and impartial manner in dealing with unions and acting swiftly where these principles are violated – Working with government and labour to identify and address factors behind workplace conflict	– Improve internal security measures and consistently implement them at the workplace – Negotiate in the workplace and industry in ways that support long-term development and constructive peaceful labour relations
➔ Strengthening labour relations	– Respect the rule of law and the legal framework in labour relations matters – When taking decisions, to take account of both the broader context in South Africa (in particular the need to reduce poverty, inequality and unemployment), as well as the interests of investors – Respect agreements and legal obligations	– Contribute to creating cordial relations between unions in the sector – Follow proper labour relations procedures – Work with Labour to fast-track resolution of disputes – The development of a pre-negotiations framework – Recognise and respect cultural diversity in the workplace
➔ Ensure the rule of law, peace and stability	– Properly adhere to laws, regulations and charters governing the sector and consistently apply their policies and respect agreements – Take measures to protect staff members from violence and intimidation and to ensure that security personnel act in accordance with the law at all times – Avoid acting in a manner that provokes or raises tensions in the work place	– Participate in the Mine Crime Combating Forum (MCCF) – Take all legal steps against unprotected labour actions – Work with government and labour in developing protocols for security and law enforcement – Where possible, inform police of all planned and unplanned strikes and protests
➔ Improve living conditions 	– Accelerating the implementation of human settlement interventions	– Assisting with resources and technical support for upgrading human settlements around mining towns within the context of regulatory requirements and additional voluntary contributions
➔ Assist workers with financial literacy and financial planning	– Assist workers with financial literacy and financial planning	– Inform individual employees upon receipt of emolument garnishee orders and consider steps to assist employees who are highly indebted
➔ Reaching optimal levels of transformation	– Accelerate progress in transformation, including the areas of ownership, procurement, employment, beneficiation, human resource development, as well as health and safety in line with the targets set out in the Mining Charter	– Review its long-term strategy and support initiatives for restructuring, re-skilling to achieve competitiveness, sustainable growth and transformation
➔ Transform the migrant labour system	– Improve socio-economic conditions in labour sending areas – Enforce and implement all elements and commitments of the Mining Charter	– Ensure integration and implementation of SLPs and IDPs in labour sending areas and mining areas
➔ Resolve labour disputes as speedily as possible in the best interest of members and South Africa	– Negotiate in the workplace and industry in ways that support long-term development and constructive peaceful labour relations.	
➔ Assist workers with financial literacy and financial planning	– Find sustainable solutions to employee indebtedness and empower employees to be able to adequately manage their financial affairs and guard against unscrupulous micro lenders.	



Our contribution in 2014

- A Code of Conduct was included in our newly signed recognition agreement with AMCU - The Company has interdicted against any unapproved mass meetings or picketing areas - Codes of conduct have helped ensure that all parties understand and respect this objective	- The agreement does however still not fully address majoritarianism - A new Recognition Agreement may be signed at Marula during 2015. This is provided that AMCU becomes the verified new majority union - Mining companies work closely with security to prevent intimidation, and to ensure ethical behaviour. The Recognition Agreement signed at Impala lowered thresholds in a number of areas
- A guideline for verification has been developed. This guideline relies on third party verification. Full co-operation by organised labour is needed for this to be done. Third party assessment of union deductions has been used on a number of occasions over the last two years - Union membership verification and processing of union membership stop orders against the Company's payroll will be conducted in accordance with the Labour Relations Act - We invested in improving the quality of the relationships that we have with employees, unions, government and local communities	- Subsequent to our recent experiences the recently signed recognition agreement with the unions has simplified the verification process. We have identified and implemented initiatives aimed at ensuring more effective solutions for working in a multi-union environment, and to moving to a more open system where all employees are recognised and respected as equals, based on a culture of trust, respect and care
- The Chamber of Mines has played a very active role in engaging with Security, Crime Prevention and Criminal Justice cluster through the National Joint Operations Command (NATJOC) - Companies have played an active role through Provincial Joint Operations Command (PROVJOCs) and NATJOC (including information sharing) - The Chamber has appointed a permanent liaison security Head to work with the Mining Companies and NATJOC - Visible policing in hotspots has improved	- Implats Security visibility has been improved in traditional safety hotspots, and reaction units remain on high alert to quell any violence that may erupt. Security Management on the mine maintain good relations with the SAPS - During the strike period Impala Rustenburg has participated at the Joint Operations Command (JOC) in Phokeng by having permanent representation. Additional security measures have been put in place during the strike (100 additional security members, eight additional armoured cars, additional surveillance capabilities and helicopters on standby)
- A total of R261 million was expended on employee housing (2013: R445 million) - The development of our second home-ownership flagship project, the Platinum Village in Rustenburg, has progressed well. Phase 1 entails investing R210 million in building 557 units; during the strike-affected year a total of 283 houses were completed and 181 handed over to employees in the Platinum Village. The R1-billion development project has a final target of 2 420 units, to be completed over the next three years. Consistent with government's vision of integrated human settlements, Implats is developing a Platinum Village schools project - While the strike period did not affect our construction activities, it had a negative impact on house sales, due to the lack of earnings required by banks. We are confident that once the Rustenburg operations normalise, sales will pick up	- At the Refineries the Tswelopele home ownership development comprising 108 housing units has been completed, to the value of R36 million. A total of 104 units have been sold to employees - At our Marula operation, by year end we had built 58 of the target 122 units for employees. Project completion is on schedule for December 2014. The contract value is R58 million - Following the completion last year of the R406 million Sunrise View home ownership development (with 1 717 units built and sold to employees) and the launch of the Sunrise View Primary School, this year Implats completed the development of the Sunrise View High School, which was opened in February 2014
- In 2014, 707 employees were enrolled for ABET, which provides for basic numeracy skills	
- Implats has continued to focus on transformation. Our performance against the Mining Charter is as outlined on pages 18 to 21 in this report.	
- In support of the Deputy President's Framework Agreement (DPFA), a Task team has been established to participate in the government driven policy review around migrant labour, spearheaded by the Department of Performance, Monitoring and Evaluation (DPME) a multi-stakeholder committee consisting of Labour, Industry and government - The Committee has since appointed the services of a consultancy to conduct research pertaining to the migrant labour system, taking into account, economic, social, health, safety, industrial relations and mining policy	- This research is planned to run from August 2014 to October 2014. Implats has two representatives on the Chamber task team. The outcomes of this process will inform policy around migrant labour. Through the Chamber, input shall be given to this process to ensure that industry issues are taken into account
Impala works closely with Unions to resolve all internal disputes through dispute resolution mechanisms and within the auspices of the Commission for Conciliation Mediation and Arbitration (CCMA). Process issues flowing from wage agreements will be handled by the plenary through the task teams established by the Company and the Union. The work of the task team may include consultation and/or advice from third party expertise. These task teams will deal with issues which include:	
- micro-loans and garnishee orders - medical separation agreements - retirement benefits and funeral cover - subcontracting, labour hire and employment agencies	- job grading reviews - shareholding review - medical aid - life skills centre
- The Chamber has established an internal task team on employee indebtedness to amongst others drive financial literacy training. Both Old Mutual and Edu-touch are starting to roll out programmes in mining areas and in mining communities - Some companies have started an analysis of the opportunity to manage emolument Attachment Orders and how to help restructure indebtedness of employees	- A number of companies have reported good progress on this matter - Implats has hired a former Sheriff of the Court who now works in our finance department to assist in identifying and curbing fraudulent garnishee orders. We have seen an improvement as some garnishee orders have been deemed unprocedural. Through our Adults Basic Education programme we have included numeracy training



www.implats.co.za

Our vision

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

Our mission

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

Our purpose

To safely and responsibly produce platinum group metals (PGMs) in order to make a meaningful contribution to the sustainability of our planet. PGMs are environmentally friendly 'green' metals, which ensure cleaner air through effective emission control and are also used in electronics and electro-chemical processes, in the medical and dental fields and increasingly in the development and use of fuel cells.

Our values

WE RESPECT

- All our stakeholders, including:
 - Shareholders
 - Employees and their representative bodies
 - Communities within which we operate
 - Regulatory bodies
 - Suppliers and customers
 - Directors and management
 - All other interested and affected parties
- The principles of the UN Global Compact
- The laws of the countries within which we operate
- Company policies and procedures
- Our place and way of work
- Open and honest communication
- Diversity of all our stakeholders
- Risk management and continuous improvement philosophies

WE CARE

- For the health and safety of all our stakeholders
- For the preservation of natural resources
- For the environment in which we operate
- For the socio-economic well-being of the communities within which we operate

WE STRIVE TO DELIVER

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



RESPONDING TO THE MINING CHARTER

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An assessment of our performance in **calendar year 2013** is outlined below.

Impala Platinum scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
Reporting	Has the company reported the level of compliance with the charter for the calendar year	Documentary proof of receipt from the department	Annually	March 2013	Y/N	Yes	●
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation	26%	15%	Y/N	Yes	●
		Full shareholder rights	26%	15%		Yes	●
Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	Base-line	Y/N	Yes	●
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	Base-line		Yes	●
Procurement and enterprise development	Procurement spent from BEE entity	Capital goods	40%	30%	5%	5%	●
		Services	70%	60%	5%	5%	●
		Consumable goods	50%	40%	2%	2%	●
	Multinational suppliers contribution to the social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	0.50%	3%	2.5%	●
Employment equity	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management level*	40%	35%	3%	0% Achieved 21%	●
		Senior management	40%	35%	4%	4%	●
		Middle management	40%	40%	3%	3%	●
		Junior management	40%	40%	1%	1%	●
		Core skills	40%	35%	5%	5%	●

● On target ● Reasonable ● Not on target

* Top management include E and F level, while for the Department of Labour (DoL) this is defined as F level only hence the difference in our performance achievement on page 66 of this report

RESPONDING TO THE MINING CHARTER

Impala Platinum scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry continued

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
Human resource development	Development of requisite skills, including support for South African-based research and development initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (excl. mandatory skills development levy)	5%	4%	25%	25%	●
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	Implementation of projects will serve to enhance relationships among stakeholders leading to communities owing patronage to projects	15%	15%	●
Sustainable development and growth	Improvement of the industry's environmental management	Implementation of approved EMPs	100%	Annual progress achieved against approved EMPs	12%	12%	●
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	Annual progress achieved against commitments in the tripartite action plan on health and safety	12%	12%	●
	Utilisation of South African-based research facilities for analysis of samples across the mining value chain	Percentage of samples in South African facilities	100%		5%	5%	●
Beneficiation	Contribution of a mining company towards beneficiation (this measure is effective from 2012)	Additional production volume contributory to local value addition beyond the baseline	Section 26 of the MPRDA (percentage above baseline)	The beneficiation strategy and its modalities of implementation outline the beneficiation requirements per commodity extracted in South Africa	–	–	
Total score					100%	96.50%	

● On target ● Reasonable ● Not on target

RESPONDING TO THE MINING CHARTER

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Marula Mine scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
Reporting	Has the company reported the level of compliance with the charter for the calendar year	Documentary proof of receipt from the department	Annually	March 2013	Y/N	Yes	●
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation	26%	15%	Y/N	Yes	●
		Full shareholder rights	26%	15%		Yes	●
Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	Baseline	Y/N	N/A	
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	Baseline		N/A	
Procurement and enterprise development	Procurement spent from BEE entity	Capital goods	40%	30%	5%	5%	●
		Services	70%	60%	5%	5%	●
		Consumable goods	50%	40%	2%	2%	●
	Multinational suppliers contribution to the social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	0.50%	3%	0%	●
Employment equity	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management level*	40%	35%	3%	3%	●
		Senior management	40%	35%	4%	4%	●
		Middle management	40%	40%	3%	3%	●
		Junior management	40%	40%	1%	1%	●
		Core skills	40%	35%	5%	5%	●

● On target ● Reasonable ● Not on target

* Top management include E and F level, while for the Department of Labour (DoL) this is defined as F level only hence the difference in our performance achievement on page 66 of this report

RESPONDING TO THE MINING CHARTER

Marula Mine scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry continued

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
Human resource development	Development of requisite skills, including support for South African-based research and development initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (excluding mandatory skills development levy)	5%	4.5%	25%	25%	●
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	Implementation of projects will serve to enhance relationships among stakeholders leading to communities owing patronage to projects	15%	15%	●
Sustainable development and growth	Improvement of the industry's environmental management	Implementation of approved EMPs	100%	Annual progress achieved against approved EMPs	12%	12%	●
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	Annual progress achieved against commitments in the tripartite action plan on health and safety	12%	12%	●
	Utilisation of South African-based research facilities for analysis of samples across the mining value chain	Percentage of samples in South African facilities	100%	75%	5%	5%	●
Beneficiation	Contribution of a mining company towards beneficiation (this measure is effective from 2012)	Additional production volume contributory to local value addition beyond the baseline	Section 26 of the MPRDA (percentage above baseline)	The beneficiation strategy and its modalities of implementation outline the beneficiation requirements per commodity extracted in South Africa	–	–	
Total score					100%	97%	

● On target ● Reasonable ● Not on target

Implats is structured around six main operations with a total of 25 underground shafts

SOUTH AFRICA



1 Marula

Sustainability performance summary

- 2% improvement in LTIFR
- 13% decline in TIFR
- 37% improvement in ART uptake
- Maintained ISO 14000 certification
- 10% improvement in Pt oz produced in concentrate to 78 500oz

2 Impala

Sustainability performance summary

- 3 fatalities
- 45% improvement on the FIFR
- 3% decline in LTIFR
- 26% decline in VCT interventions
- 5% increase in ART uptake
- 42% reduction in Pt oz produced to 411 000oz

3 Impala Refining Services (IRS)

Sustainability performance summary

- 14% increase mine-to-market
- 12% decrease in gross refined Pt oz

4 Two Rivers

Sustainability performance summary

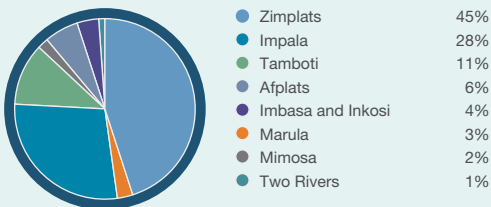
- 26% improvement in LTIFR to 1.40
- 3% increase in tonnes milled to 3.3 million
- 8% increase in production to 175 100Pt oz in concentrate



Implats Platinum Holdings (Implats), one of the world's foremost producers of platinum and associated platinum group metals (PGMs), has its primary listing on the JSE Limited (JSE) in South Africa, and a level 1 American Depositary Receipt programme in the United States of America.

Implats is structured around six main operations with a total of 25 underground shafts. Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, two of the most significant PGM-bearing ore bodies in the world. Our headquarters are in Johannesburg and we have six main operations: Impala, Zimplats, Marula, Mimosa, Two Rivers and Impala Refining Services. The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability.

Attributable mineral resources of 212Moz Pt as at 30 June 2014



Our major shareholders are the Royal Bafokeng Nation (RBN) and the Public Investment Corporation (PIC), who own 13.2% and 14.2% respectively, with a balance of the shares being held by various public entities. (Refer to page 121 of the integrated report.)

Our major shareholders are the Royal Bafokeng Holdings (RBH) and the Public Investment Corporation (PIC), who own 13.2% and 14.2% respectively

ZIMBABWE



1 Mimosa

Sustainability performance summary

- 49% improvement in LTIFR
- 37% improvement in TIFR
- US\$5 million spent on community development
- 3% improvement in tonnes milled to 2.5 million

2 Zimplats

Sustainability performance summary

- 1 fatality
- 41% improvement in LTIFR
- 116% increase in SO₂ due to a 33% increase in sulphur content in concentrate, increased production and better assay's after the XRF calibration
- US\$1.1 million spent on community development
- 21% increase in Pt oz produced in matte

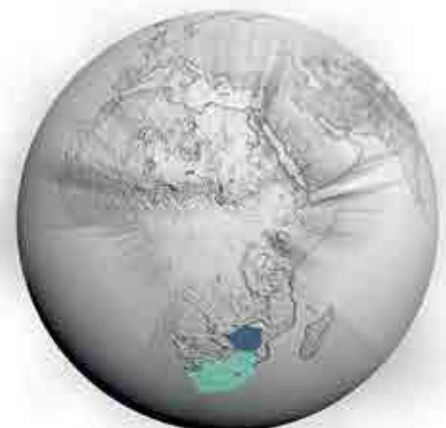


We produce around 25% of the world's supply of platinum with a workforce of approximately 56 000, including 16 000 contractors. In the financial year ended 30 June 2014, the Group produced 2.370 million ounces of PGMs (2013: 3.233 million ounces), which included 1.178 million ounces of platinum (2013: 1.582). Our markets are in Japan, China, the US and Europe. Production this year was significantly impacted by the five-month strike that took place across most of the South African platinum mines from 23 January to 24 June 2014.

PGMs are primarily platinum and its associated by-products palladium, rhodium, ruthenium and iridium, which usually occur in association with nickel and copper. While PGMs are a relatively rare commodity (only about 500 tonnes are produced annually, of which less than 200 tonnes are platinum), they are playing a progressively important role in everyday life, whether it is in goods we use daily, or in the processes required to produce these goods, as well as in auto-catalytic converters for emission control.

SOUTH AFRICA

ZIMBABWE





This has been yet another very difficult year for the South African platinum sector during which it has been confronted by ‘a perfect storm’ of challenges

This has been yet another very difficult year for the South African platinum sector during which it has been confronted by ‘a perfect storm’ of challenges. The crippling five-month strike across the platinum belt in Rustenburg comes on top of a subdued global PGM market, a continuing rise in unit costs and reduction in margins and productivity, and ongoing challenges around access to skills as well as critical infrastructure such as electricity, water and transport. In a country with one of the highest levels of inequality globally, where unemployment and poverty remain high, and where service delivery by local government has been slow, mining companies are facing heightened expectations from neighbouring communities for jobs and the provision of services. At the same time, the sector is facing an increasingly stringent (and at times uncertain) regulatory regime, greater pressure for more rapid progress on black economic empowerment, and growing demands for greater efficiencies and a more commensurate return by an increasingly weary investment community.

The losses caused by the strike have severely impacted all stakeholders: the already low levels of trust between employers, workers and government have dropped further; the desperate living and social conditions of many workers in some areas have worsened; and potential productivity levels have declined, threatening the viability of some shafts. In some areas, the dignity of the workforce continues to be undermined by the ‘master and servant’ culture that has plagued the industry throughout the apartheid era.

The financial impact of the strike has been considerable: the industry lost R24 billion in reduced revenues, and across the industry employees lost R10 billion in wages (for some workers it could take up to five years to recoup lost wages), while many suppliers have seen their businesses threatened following the reduction in economic activity. The country as a whole has experienced a resulting drop in economic growth, reduced tax revenues and increased pressure on global investor confidence and South Africa’s credit rating.

Finding lasting solutions to these challenges will require a collaborative partnership between business, government and labour, informed by mutual trust and respect. For this partnership to work effectively, each of the stakeholders will need to be willing to question some of the fundamental assumptions that they may have long taken for granted.

The platinum strike – highlighting some structural challenges

On 23 January 2014, AMCU formally embarked on a strike at Anglo Platinum, Impala Rustenburg and Lonmin. The strike was more than a conventional wage strike – in many respects it represented a clear campaign by AMCU to address some of the fundamental historic imbalances created by apartheid and the mining sector.

The emergence of AMCU as a majority union in the platinum belt, challenging the traditional dominance of the ANC-aligned NUM, has ushered in a new era in the history of industrial relations in South Africa. It has prompted the sector to reflect deeply, not only on the traditional conditions of employment in the mining industry, but also more broadly on the nature of the sector’s business model. Although the strike has ended with a three-year settlement agreement signed on 24 June (see page 45), many of the systemic challenges underpinning the strike still have to be addressed.

Additional questions remain regarding the manner in which the negotiations have been conducted, the nature of the union rivalry, politicisation and violence that accompanied the strike, and the persistence of the majoritarian labour system.

Many of these issues are deeply rooted in the country’s history and in the social problems that are a legacy of the migrant labour system. These challenges have been further exacerbated by the inequality between rich and poor, by the increasing costs of food, energy and water, and by the growing debt burden compounded by the exploitation of miners by unscrupulous credit providers. The combination of profound economic hardship and high levels of social and economic inequality, has given rise to communities and individuals who understandably feel increasingly helpless, frustrated and angry.

Challenging global market conditions persist

As the strike was playing out in South Africa, at a global level there remained continuing uncertainty regarding the future direction of PGM prices. Remarkably, despite the significant supply disruptions caused by the strike, this had little immediate impact on prices, suggesting a market that is in oversupply. This is seen to be a result of stagnant growth in demand, due primarily to reduced economic activity and the uptake in some instances of substitute metals, coupled with the existence of above-ground inventories and the increase in PGM recycling. The market uncertainty facing the platinum industry is mirrored across the mining sector, with mining companies around the world feeling the impact of volatile commodity markets, uncertain economic growth and an increasingly skittish investment community.

On the upside there have been some encouraging signs of an increase in PGM demand, with evidence of a recovery in car sales in the US and EU, and further growth in China and other emerging economies, accompanied by tightening and more widespread vehicle emissions standards. The Japanese PGM jewellery market has also begun to pick up, with 2013 indications roughly 5% ahead of the prior year and early 2014 sales continuing this trend. China seems mixed at the moment with 24 carat gold still dominating the jewellery space.

Without a significant uplift in PGM demand, a return to normal production levels could lead to a sharp reduction in PGM prices (or the continuance of current low prices), further impeding the ability of the platinum sector to deliver compelling financial and social return. Offsetting this scenario is the potential that future supply may be constrained due to delays in returning to full production, the recent reduction in capital investment in capacity, and the possible closure of less viable shafts.



THE CHALLENGING BUSINESS CONTEXT

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Addressing competing stakeholder demands, and ensuring business resilience in the challenging domestic and global context, is far from easy

Increasing stakeholder expectations

The challenging local and global context has been further exacerbated by the growing demands and expectations of stakeholders. In South Africa, communities and employees across all sectors have been flexing their muscles: communities have been protesting against what is seen to be poor service delivery by local municipalities, adding pressure to mining companies to address these shortcomings; employees have been expressing dissatisfaction with their employers' value proposition; and community-based non-governmental organisations have been increasingly active in holding companies to account. Collectively these events suggest a groundswell of community activism presenting real risks to business sustainability and the retention of their social licence to operate in host communities.

At the same time, business is facing a regulatory landscape that is becoming more difficult to navigate, with a plethora of policy decisions adding pressure on our abilities to do business both in South Africa and Zimbabwe. The lack of capacity within certain strategic government departments – at national, provincial and municipal level – is adding to the challenge of regulatory uncertainty, and constraining our ability to make long-term investment decisions. The recent elections in South Africa, and the subsequent changes at a ministerial level, have presented further challenges in terms of rebuilding relationships with government, while in Zimbabwe we face continuing uncertainty around calls for indigenisation and beneficiation.

Compounding the growing pressure on companies to demonstrate greater social return, are the calls from an increasingly nervous and outspoken investment community for the South African platinum industry to improve cost and operational efficiencies to boost their progressively eroding profitability. Delivering on these shareholder demands may require remedial action including retrenchments, an action that is politically highly sensitive in a region with such high unemployment.

Addressing the underlying structural conditions

Addressing these competing stakeholder demands, and ensuring business resilience in the challenging domestic and global context, is far from easy. Doing so will raise its own set of challenges and potentially create a series of unintended socio-economic problems.

To achieve our aspirations on safety, productivity, and employee development – and to address the continuing concerns regarding labour volatility – ultimately we will need to move away from our historic dependence on the 'low-wage, high-employment' business model on which our mining industry was founded nearly 150 years ago. Achieving the radical switch to a 'high-wage, low-employment' model, in which our mining methods are mechanised and people are moved from the rock face, will provide some significant benefits – for our operations, the people we employ and the economies we serve. It will lead to fewer, safer and better paid jobs, offer improved development and career advancement prospects for our employees, allow more women to be employed, and ensure the sustainability of our business, with the significant economic benefits that this provides. While ultimately this is a more sustainable approach, it is likely to come at the cost of jobs, presenting its own set of associated socio-economic difficulties.

Similarly, we ultimately need to see the end of the migrant labour system – a system that, for all its well-known social ills, provides work and sustains the families of mine workers, as it has done for the past 150 years. The effect on our rural areas, particularly the Eastern Cape, as well as our neighbouring countries such as Lesotho, Mozambique, Zambia and Malawi, where most of our migrant workers come from, will be severe. Ending the system raises additional challenges; the reality is that the best mining skills in South Africa have traditionally come from Lesotho, Mozambique and the Eastern Cape. To overcome this challenge we need to invest in developing a bigger pool of skills from our local communities. This requires changing an ongoing perception among many local community members that underground mining jobs are dangerous, physically demanding and poorly remunerated.

Developing partnerships informed by trust and respect

Given this challenging business context it is clear that business in general, and the mining sector in particular, needs to develop a deeper understanding and appreciation of its relationship with society, and of its roles and responsibilities in responding to society challenges. For the mining sector to survive and flourish, it is critical that the sector plays an active and informed role – in partnership with government, labour and civil society – in ensuring that mineral wealth is generated more responsibly, and that its benefits are shared more equitably between shareholders, workers and the country as a whole.

The fundamental changes that are needed to address the failures within the current business model – be it progressive mechanisation, the effective introduction of performance incentive schemes, the shift away from the majoritarian union dispensation, or measures to address the migrant labour system – will not be possible until there is a genuine shift in the culture developed between business, government and labour, to one of partnership and cooperation, founded on trust and mutual respect. All these factors play a significant role in our risk assessment process which informs the organisation's strategic response.



OUR RISK ASSESSMENT AND MANAGEMENT PROCESS



Our structured risk management process allows for robust discussions regarding the materiality of the risk

OUR RISK ASSESSMENT AND MANAGEMENT PROCESS

Implats' risk management process sets out to achieve an appropriate balance between minimising the risks associated with any business activity and maximising the potential reward. This process enables the board and senior managers to take decisions regarding the possible trade-off between risk and reward, and assists them to identify and pursue appropriate strategic growth opportunities informed by the Group's risk appetite and risk tolerance levels.

Our risk management process comprises the following steps:

- *Establishing the context:* We consider the nature of the external operating context (pages 30 and 31), and the views and interests of our stakeholders (pages 32 and 33)
- *Identifying the risk:* We establish both the source and cause of the risk, and evaluate all possible consequences
- *Analysing the risk:* We identify and assess what this means for the achievement of our objectives
- *Evaluating the risk:* We determine the risk rating (by severity, exposure and frequency), identify the controls (both existing or new), and prioritise the risks
- *Treating the risk:* We consider all options to establish the most appropriate response for each identified risk.

Arising from this process we identify a set of objective-based risk assessments (ORAs) that cover approximately 60 of the most important aspects of the Implats business. Each identified risk, as well as its associated controls, has a clearly defined line management owner. This process is repeated and reviewed regularly, ensuring that the information remains relevant. All information is captured into the Group risk repository system that informs the Group risk profile. The Group risk profile is presented on a monthly basis to the Exco and quarterly to the board risk committee, which has been separated from the audit committee. This approach allows for robust discussion regarding the materiality of the risk, its likely impact on the business in the short, medium and long term, and the necessary risk mitigation measures.

This process culminates in the identification of a prioritised set of Group strategic risks (see page 30). Collectively, these risks, along with the outcomes of our internal and external stakeholder engagement activities, and our assessment of market fundamentals, are used to identify our material sustainability-related issues. These issues are prioritised in terms of their impact both on the organisation and on our key stakeholders. They inform the nature of our Group strategic objectives (page 35), as well as the performance issues for monitoring and reporting.



IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

OUR MATERIAL SUSTAINABILITY FOCUS AREAS

Informed by the Group risk process, and the material interests and concerns of our key stakeholders, we have identified the following four material sustainability focus areas, and the associated issues, three of which are detailed in this report.



These material focus areas underpin our Group strategy, and are reflected in **our four strategic objectives discussed in our integrated report on pages 30 to 39:**



IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

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This year the Group risk profile includes key risks, the 10 most critical of which are set out below.

Group strategic risk	Context	Our response measure	Strategic objective	Reference
Non-delivery of production and productivity targets at Impala Rustenburg	Short-term challenges include: safe resumption of the Impala Rustenburg operation post-strike; ramping up to full production as per the start-up plan, maintaining our ability to achieve completion of the mining cycle; speeding up the establishment of face length in new mining areas; ensuring increased productivity.	Ensuring the safe return to work for all employees by implementing the detailed start-up plan for the operations. Implement initiatives relating to: mining quality; training; visible felt leadership; mine planning protocols and work procedures.	Excellence: Deliver operational excellence	IR Page 76
Wage negotiations and employee relations climate	On 23 January 2014, around 80 000 members of the Association of Mineworkers and Construction Union (AMCU) commenced strike action at the Rustenburg mines of Impala, Lonmin and Anglo American Platinum (Amplats). The strike lasted until the end of June 2014, resulting in estimated production losses for Impala of 312 000ozs Pt.	Striving to provide an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives. Engaging with various government departments directly, working with the Chamber of Mines and labour representatives to find sustainable solutions to industrial relations challenges in the country.	Behaviour: Safe and effective people Together: Social capital investment	Page 42 Page 68
Platinum group metal (PGM) price fluctuations	Despite the protracted strike, the platinum price did not move significantly over this period, which is an indication of significant above-ground metal stocks.	Understanding the future demand for our products, and the corresponding industry supply-side profile. Scanning the environment for technological advances that may affect the demand for Implats' products (substitution), and instituting appropriate responses where possible.	Excellence: Deliver operational excellence	IR Page 22
Volatility of the rand/US\$ exchange rate	The volatility of the rand/US\$ exchange rate primarily impacts revenues for the basket of PGMs and base metals produced. Fluctuations in the exchange rate have a marked influence on cash flows.	Closely monitoring the rand/dollar exchange rate as a source of significant volatility for our business and where prudent try to mitigate its impact.	Excellence: Deliver operational excellence	IR Page 49
Shear-induced ground instability at Zimplats (Mutambara Shear)	The behaviour of the Mutambara Shear has been erratic and unpredictable. As a result, prediction of the operability and hence production levels in the short to medium term may not be accurate.	Close monitoring and review of the affected areas by industry experts and using the best available technology. Ensuring that the worst affected areas are quarantined. Establishment of a detailed action plan is in progress.	Excellence: Deliver operational excellence Behaviour: safe and effective people	IR Page 44 and 80

IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

Group strategic risk	Context	Our response measure	Strategic objective	Reference
Pressure to provide metal at low prices for local beneficiation – South Africa	The issue of further minerals beneficiation has been on the agenda of the South African Government since 1995, in the belief that beneficiation will help re-industrialise the economy and create hundreds of thousands more jobs in manufacturing. The DMR is pursuing the specific agenda of developmental pricing and forced local sales.	Maintaining regular high-level contact with the DMR as part of the platinum industry group. Engaging in national technological research for further opportunities.	Sustainability: Conserving natural resources	Page 85
Uncertainty regarding indigenisation policy in Zimbabwe	The Zimbabwean Government has advised that the Zimplats indigenisation plan signed in January 2013 needs to be revised.	Maintaining regular contact with government officials. Ensuring full legal and regulatory compliance in a continuously changing environment. Investing in community and social development initiatives.	Together: Social capital investment	IR Page 46 and 121
Weak balance sheet and cash flows	The financial impact of the protracted strike has been far reaching. Implats is currently operating in a cash constrained mode.	Proactive and rigorous review of the short and long-term business planning process and parameters, together with ensuring that appropriate funding is available or in place.	Sustainability	IR Page 49
Excessive taxation at Zimplats	There are multiple and sometimes conflicting interpretations of the unique special mining lease tax law that is applicable to Zimplats.	Maintaining regular contact with government officials. Conducting training and awareness campaigns to internal stakeholders, as well as tax compliance audits.	Together: licence to operate	Page 51
The security of supply of electricity in South Africa	In South Africa, the electricity supply industry is dominated by Eskom, which owns and operates the transmission grid. Eskom has a net installed generation capacity of 42 000 MW. Given planned and unplanned outages it is able to bring a maximum of 36 000 MW on line at present.	Maintaining regular contact with Eskom to ensure we are aware of any situation that may affect us. Ensuring we minimise our consumption of energy and water by promoting efficient processes, and adopting appropriate technologies.	Sustainability: Conserve natural resources	Page 85

IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

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RESPONDING TO OUR STAKEHOLDERS' MATERIAL CONCERNS

Implats has a range of stakeholders, with varying degrees of influence on the Company and on our ability to create value. While we recognise that all stakeholders are important, we have prioritised strategic relationships with employees and unions, government, shareholders, BEE partners, customers and communities, each of whom is critical to the longer-term sustainability of our business. As part of our strategic initiatives, a review process is currently under way to map stakeholder groupings and assess the effectiveness of engagement mechanisms and take corrective measures where necessary.

Stakeholders	Nature of engagement	Material issues raised	Our response	Reference
Employees	Internal communication Engagement with trade unions Workplace forums	Conditions of employment Safety and health initiatives Progress with transformation Production and performance	Collaborative engagements to find solutions to issues of concern Undertaking a culture survey Reviewing internal incentive systems	Page 42
Trade unions	Internal communication Collective bargaining units Branch committees Chamber of Mines	Living wage Conditions of employment Discrimination Union recognition Safety Transformation	Strong focus throughout the year on engaging with union representatives, and establishing a new labour relations environment that fosters open, honest and effective communication	Page 42
Shareholders, analysts and investors	Roadshows Results presentations Investor conferences One-on-one appointments	Industrial relations climate Wage negotiations The situation in Zimbabwe Future metal prices, and PGM supply and demand dynamics Cost control measures Capex programme Progress at Impala Platinum	Investor concerns and queries are addressed in our regular investor engagements	
Government	Meetings with officials from local, provincial and national government Compliance visits from government Chamber of Mines Parliament Portfolio Committee Mining Industry Growth, Development and Employment Task Team (MIGDETT)	Labour relations Safety (accidents and stoppages) Progress with transformation (SA) and indigenisation (Zimbabwe) Progress with social and labour plans (SA) Community investments and engagement Environmental compliance The establishment of a Base Metal Refinery (Zimbabwe)	Implats engages constructively with government at all levels, both as a company and through industry representative bodies (such as the Chamber of Mines) on these material issues In the current year, engagement in South Africa included a particular focus on finding solutions to the industrial dispute Local government was engaged in conducting a social impact assessment in partnership with them in our mine communities	Pages 44 to 46
Traditional council, local land owners and local communities	Community engagement meetings Community trust meetings Future forum meetings One-on-one meetings	Employment and procurement opportunities Enterprise development Infrastructure development Health and social facilities Environmental impacts and property damage Business opportunities Educational planning Unemployment	The responsible executive at each operation addresses issues of concern to the community. Information on our performance on material issues is provided at our community "future forums", particularly on employment, procurement, infrastructure development, environmental issues and health	Page 38 to 39

IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

Stakeholders	Nature of engagement	Material issues raised	Our response	Reference
Suppliers	Supplier forums One-on-one meetings	Conditions of contracts Review of contractor operating standards in line with Implats policy and standard	Modified engagements with contractors, developed clear principles that will guide the selection and use of reputable contractors with the right skills and values systems to do specific tasks that the business is not able to do	Page 39
Customers	Industry forums One-on-one meetings Customer feedback Reputation surveys	Effective delivery against terms	Track and respond to customer feedback. Keeping customers informed of any possible supply disruptions due to industrial action	
Chamber of Mines (CoM)	Contribute to CoM meetings (at CEO and working group level)	Contribution to industry positioning and lobbying activities	Joined the Chamber in July 2012 and have contributed actively to various initiatives including, in particular, the drafting of the Framework Agreement for a Sustainable Mining Industry	Page 15 to 16
BEE or indigenous partners	Operational meetings Board meetings One-on-one meetings	Cost of production Capital delivery Safety Progress with transformation, and labour and social plans Labour relations Community issues	Questions and concerns relating to safety, health and skills development are discussed with partners. Regular updates on progress on employee relations are provided	
Producer and industry forums	Strategy meetings Industry interest group meetings	All of the above	Ongoing cost pressures within the PGM sector industry resulted in the formation of a platinum CEOs forum, handled through the CoM	
Advocacy groups	Stakeholder liaison meetings One-on-one meetings Surveys, hotlines and publications	Ensuring greater community benefit Improved labour relations Environmental impacts Greater transparency	Engage with and respond to various stakeholder groups as appropriate	
Media	Press releases One-on-one interviews (radio, TV and print media)	All of the above	Media releases are distributed throughout the year, updating the public on all material issues affecting the Company	

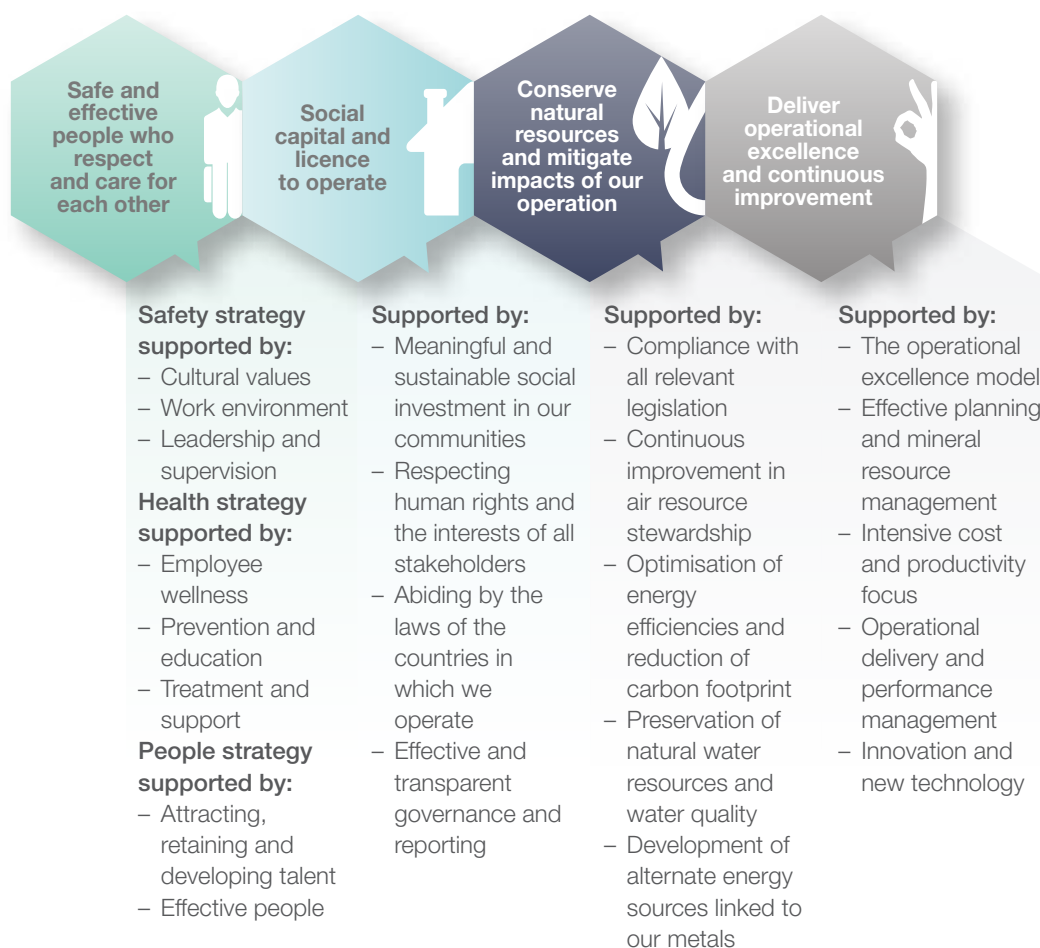
OUR BUSINESS STRATEGY



A critical focus for our business is people

Our vision is to be the world's best platinum producing company, delivering superior returns to stakeholders relative to our peers. To achieve this vision, the Group focuses on four strategic pillars: Behaviour, Excellence, Sustainability, Together. These have been determined in response to the material risks that impact our ability to create value. In this report we address our strategic objectives relating to Behaviour, Sustainability and Together, while Excellence is detailed in the integrated report. The following focus areas underpin our Group strategy, and are reflected in our strategic objectives.

The four pillars



Strategic objective 1:**BEHAVIOUR – SAFE AND EFFECTIVE PEOPLE**

Our ability to secure an effective employer/employee relationship is vital in the present labour climate and going forward. We will focus on developing our employee value proposition so that employees' personal goals and aspirations are aligned to the objectives and deliverables of the organisation. We will ensure that our employee housing, skills development, health and reward programmes contribute to these goals.

We will strive to institutionalise a more open, democratic and transparent industrial relations climate through our cultural change management process introduced in 2013. We aspire to achieve a common vision and value system advanced and owned by our people together with the executive and the board.

Given the nature of our business, ensuring the safety and well-being of our workforce is critical to our ability to create value as it impacts productivity, and ultimately affects the long-term sustainability of the business. Our strategy focuses on promoting the right behaviour, ensuring the right practices, and providing the right working environment.

Key material issues will cover employee relations, health, safety, skills development and diversity.

Strategic objective 2:**EXCELLENCE – DELIVERING OPERATIONAL EXCELLENCE AND CONTINUOUS IMPROVEMENT**

To sustain our business we need to ensure an effective mineral resources management system, coupled with a strong drive to manage costs and enhance productivity. Delivering consistent returns through optimised operations, focused on increased mine volumes and grade quality, is essential to reward our stakeholders and ensure their continued support. Ensuring profitability allows us to reinvest in our human resources, motivate our staff and continue to contribute towards developing sustainable communities in our areas of operation.

Strategic objective 3:**SUSTAINABILITY – CONSERVING NATURAL RESOURCES AND MITIGATING IMPACTS OF OUR OPERATIONS**

The Group creates value primarily by extracting and refining PGMs. Without access to these natural minerals we have no business. To support our extraction and processing of these resources we rely on access to land, water and energy – all of which have a material impact on the environment and the communities in which we operate. We recognise that the supply of these resources is likely to be constrained going into the future, resulting in increased costs of doing business, and greater efforts required to address impacts on communities.

We continue to address security of supply through recycling, reuse and reduction of use initiatives, as well as actively seeking to minimise impacts, mitigate risks, minimise the cost of doing business and address community sustainability in our areas of operation.

Key indicators that will be covered are water, energy, emissions, waste and land management.

Strategic objective 4:**TOGETHER – SOCIAL CAPITAL AND LICENCE TO OPERATE**

The viability of our business is dependent on us making a meaningful contribution to the societies in which we operate, by implementing projects that have a positive impact on our communities. Respect for human rights and the interests of our stakeholders and abiding by relevant laws and regulations, are critically important. Our strategic approach in investing in socio-economic development is premised on the belief that the long-term viability of our business is closely linked to the success and well-being of the communities in which we operate and the areas from which a significant portion of our employees emanate. Securing the trust and endorsement of these communities and their political representatives is essential to maintaining our licence to operate. Our commitment to improving the living conditions of our employees through access to housing, provides an opportunity for differentiation and competitive advantage. It represents a strong business/employee linkage and serves as the cornerstone of other pillars of our broader transformation strategy such as skills development and retention, local procurement and enterprise development. We are committed to meeting the transformational objectives of the countries of operation through the empowerment of historically disadvantaged South Africans and the indigenous people of Zimbabwe.

Key aspects covered are socio-economic development, housing, procurement, enterprise development and community development.

These four pillars of our strategy are addressed in this report and in our 2014 integrated report. This report covers those sites in which we have a majority stake, and excludes Two Rivers. The operational specific performance for each of the material indicators is outlined in the operational review of each site in the integrated report.

All material aspects identified above are material to all sites with the exception of the South African mining charter indicators.