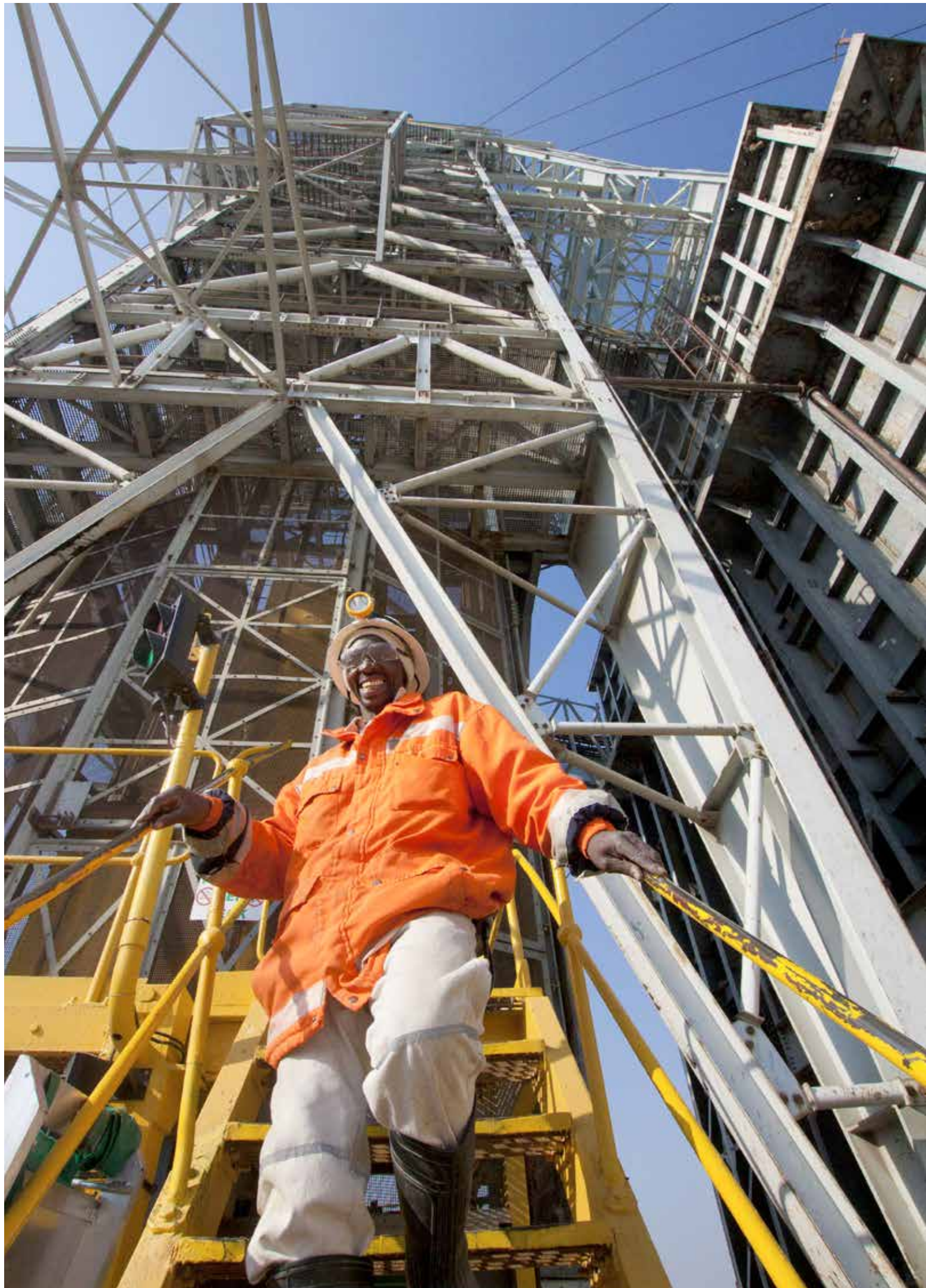




Sustainable Development Report 2012



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To view the Implats Integrated
Annual Report online, please
visit our website at:
www.implats.co.za

Our vision and values

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

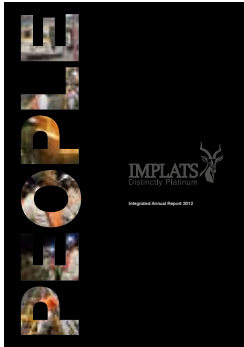
Implats' values

- ➔ Safeguarding the health and safety of our employees, and caring for the environment in which we operate
- ➔ Acting with integrity and openness in all that we do and fostering a workplace in which respectful, honest and open communication thrives
- ➔ Promoting and rewarding teamwork, innovation, continuous improvement and the application of best

practice by being a responsible employer, developing people to the best of their abilities and fostering a culture of mutual respect among employees

- ➔ Being accountable and responsible for our actions as a company and as individuals
- ➔ Being a good corporate citizen in the communities in which we live and work.

Our Sustainable Development Report forms part of a suite of reports that comprise our annual integrated reporting process; all of these reports are available at www.implats.co.za



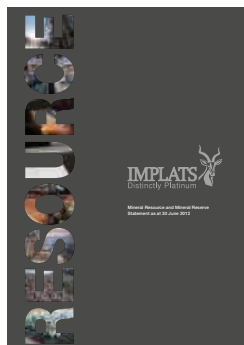
Integrated Annual Report: This has been developed in accordance with the recommendations of the South African Code of Corporate Practice and Conduct (King III), and draws on the guidance provided in the Discussion Paper issued by the International Integrated Reporting Council (IIRC).



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



Notice of Annual General Meeting: This was prepared according to the requirements of the South African Companies Act, the Listings Requirements 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.

Our approach to reporting

Boundary, scope and target audience

This report provides information relating to our sustainable development policies, practices, performance and prospects for the financial year 1 July 2011 to 30 June 2012, for all our operations over which we have direct management control and for which we set and implement policy and standards.

Materiality and target audience

The report reviews our approach to addressing those social, economic and environmental issues that are seen as having a material impact on the long-term success of our business, on the sustainability of the economy, the environment and the communities in which we operate, or that are important to our key stakeholders. While the report is seen to be 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 FY2012 is described on page 34.

Reporting standards

Our sustainability reporting process is informed by the Sustainability Reporting Guidelines (G3.1), Implats internally developed reporting guidelines and the Mining

Sector Supplement of the Global Reporting Initiative (GRI). In addition to this report we have provided a response to each of the criteria of the GRI G3.1 Guidelines. A GRI index is provided on our website www.implats.co.za.

The GRI G3 guidelines have been applied to attain the A+ application level. As a signatory to the United Nations Global Compact (UNGC), we have also used the UNGC's Advanced Level reporting criteria in our communication on progress, and we declare that we meet the 24 advanced criteria.

Independent assurance

Selected performance information has been independently assured by a third party assurance provider, KPMG, as has the A+ GRI application level. The scope of the assurance, the selected performance information and the independent statement of assurance are provided on page 97.

Contacts

Please address any queries or comments on this report to:

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Group Sustainable Development Manager
E-mail: Cindy.Mogotsi@implats.co.za

Implats sustainable development policy statement

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

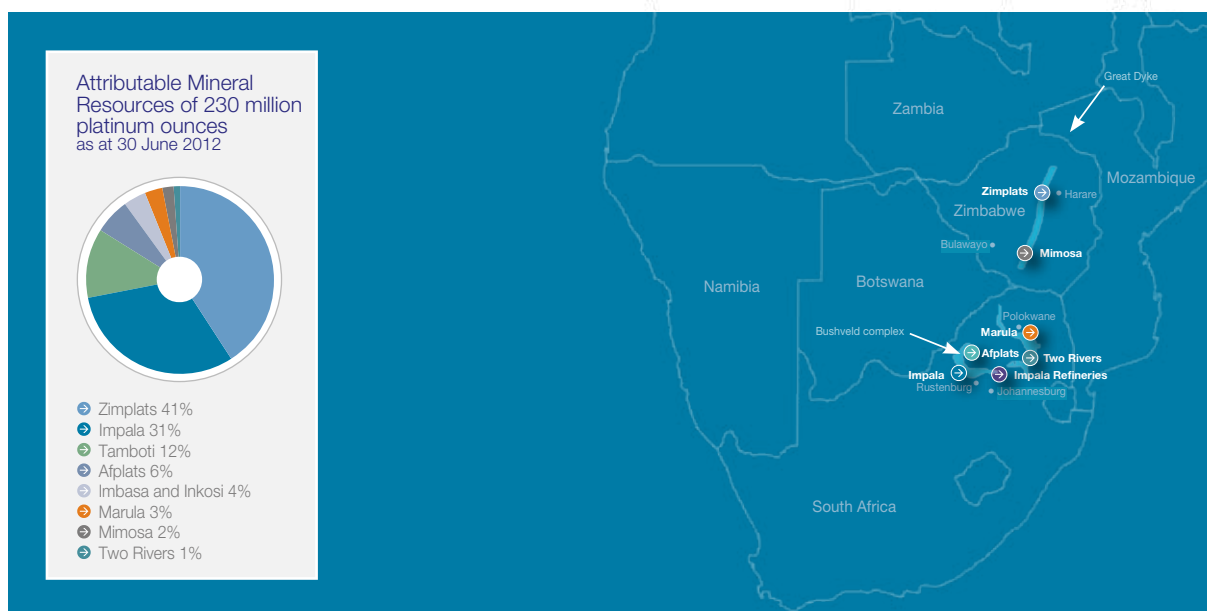
- ➔ Investments are commercially sound and financially profitable;
 - ➔ Practices are technically appropriate and socially responsible; and
 - ➔ Processes and practices are inherently safe and environmentally sound.
- To this end Implats is committed to:
- ➔ Developing policies in line with these principles,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

Who we are

Impala Platinum Holdings (Implats), one of the world's foremost producers of platinum and associated platinum group metals (PGMs), has its primary listing on the JSE Limited (JSE) in South Africa (as IMP), a secondary listing on the London Stock Exchange (LSE) in the United Kingdom (as IPLA) and a level 1 American Depositary Receipt programme (as IMPUY) in the United States of America.

Introduction

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



Our major shareholders are the Royal Bafokeng Nation (RBN) and the Public Investment Corporation (PIC), who own 13.2% and 13% respectively with the balance of the shares being held by various private and public entities. (Refer to page 108 of the Integrated Report (IR)).

What we do

We produce approximately 25% of the world's supply of platinum with a workforce estimated at 63 000, including 23 000 contractors. In the financial year ending 30 June 2012, the Group produced 3.02 million ounces of PGMs, which included 1.45 million ounces of platinum. PGMs are primarily platinum and its associated by-products palladium, rhodium, ruthenium and iridium, which usually occur in association with nickel and copper. While PGMs are a relatively rare commodity (only about 16 million ounces are produced annually, of which less than 6.5 million ounces are platinum), they are playing a progressively important role in everyday life, whether it be in goods we use daily, or in the processes required to produce these goods.

Our performance in 2012: Summary

		2012	2011	2010	Variance %	
Production data						
Tonnes milled	(000t)	17 788	20 974	20 309	15	↓
Refined platinum	(000oz)	1 448	1 836	1 741	21	↓
PGMs	(000oz)	3 016	3 772	3 689	20	↓
Revenue	(Rm)	27 593	33 132	25 446	17	↓
Operating cost	(Rm)	14 234	13 941	12 402	2	↑
Capital invested	(Rm)	8 142	5 540	4 554	47	↑
Taxes	(Rm)	1 951	2 751	2 431	29	↓
Unit cost** per oz Pt	(Rand)	13 450	10 867*	10 089*	24	↑
People						
EMPLOYEES IN SERVICE						
Own	Number	39 621	39 624	38 317	–	–
Contractors	Number	22 725	17 504	15 819	30	↑
Turnover	%	10	8	6	3	↑
HDSA in management	%	48	48	45	–	
SAFETY RATES						
FIFR	Rate	0.09	0.05	0.12	80	↑
LTIFR	Rate	4.96	4.94	4.61	0.4	↑
TIFR	Rate	11.19	13.47	15.21	17	↓
EMPLOYEES HEALTH						
People on wellness programmes	Number	5 179	5 121	4 151	1	↑
People on ART	Number	3 566	2 773	1 905	29	↑
TB cases	Number	389	350	399	11	↑
Medical incapacitation	Number	699	388	281	80	↑
The environment						
Energy consumed	(000Gj)	17 542	18 222	17 013	4	↓
Total CO ₂ emissions	(000t)	3 707	4 022	3 755	8	↓
Total direct SO ₂ emissions	(t)	18 463	18 881	16 926	2	↓
Total water consumed	(000kl)	40 114	41 868	37 060	4	↓
Water withdrawn	(000kl)	25 274	25 721	25 783	2	↓
Total water recycled	(000kl)	14 839	14 823	9 981	–	
Social capital						
SED expenditure (RSA)	(Rm)	90	130	88	31	↓
Housing and living condition expenditure	(Rm)	430	277	552	55	↑

↑ or ↓ Improvement

↑ or ↓ Deterioration

* Figure corrected

** Excluding share-based payments

Progress against our commitments

This table summarises how Implats has performed against the public commitments we made in our 2011 Sustainable Development Report (SDR), and outlines our future commitments; these are presented in terms of the material issues that inform the structure of our 2012 report.

Key sustainability drivers		Our commitments Our objectives for 2012 as stated in our 2011 SDR	Our performance How we delivered on our 2012 objectives	Future commitments Our plans ahead
INVESTING IN EFFECTIVE PEOPLE	Promoting employee and contractor safety	Retain the safety strategy of changing the culture to compliance and improving the supervision across the Group	EXCO reviewed and reaffirmed the Group's position on safety and approved a safety intervention plan of 28 initiatives grouped into seven categories; a key focus remained on improving the safety culture	We will retain a strong strategic focus on changing the safety culture and closing the supervision gap through a new cultural transformation framework and improved hazard identification and risk assessment system; safety performance will have a greater weighting in incentives
		Roll out the DuPont STOP® intervention	While there has been a continuing focus on the rollout of the STOP initiative, there remains scope for further uptake	We will continue to increase STOP observations
		Achieve all safety targets including a 20% year-on-year LTIFR improvement	Disappointingly we did not achieve this target this year; this remains a critical goal for 2013	Our target remains for a 20% year-on-year improvement on the LTIFR
		Increase compliance with Platinum Road Rules to 100%	This year we had 237 Platinum Road rules breaches	Our target remains for a 100% compliance with the Platinum Road Rules or 100% disciplinary action for non-compliance
		Implement technical interventions of roof-bolting in UG2 stopes and personnel detection systems on trackless equipment	Roof-bolting has been implemented at 5, 2A, 12 and 14 Shaft trackless areas. Proximity detection systems are installed at 14 Shaft and Marula Platinum	Roof-bolting and net installation will be rolled out on all shafts at Impala Platinum and 11 and 12 Shaft trackless equipment will be equipped with proximity detection systems in FY2013
	Enhancing employee wellness	Mitigate the risk of occupational and non-occupational illness	Our continuing efforts to manage occupational and key non-occupational illness are showing results across most indicators	We will continue to conduct screening on employees and contractors, and focus efforts on further mitigation of risks relating to NIHL and the maturing AIDS epidemic. A new health and safety plan to be initiated by mid-year
		Increase employees on ART by 10% from the 2011 base	There was a 29% increase in the number of employees on ART	We will strive to ensure a further uptake of at least 10% of known HIV-infected employees onto our wellness and ART programmes
		Ensure 100% compliance with wellness and ART treatment regimes	We achieved an 89% compliance rate with wellness and ART treatment	

Key sustainability drivers		Our commitments Our objectives for 2012 as stated in our 2011 SDR	Our performance How we delivered on our 2012 objectives	Future commitments Our plans ahead
INVESTING IN EFFECTIVE PEOPLE	Enhancing employee wellness	Increase medical aid membership by 5%	Our medical aid membership increased by 7%	Our target is to increase medical aid membership by an additional 5%
		Continue with silencing of underground equipment and machinery across the Group to achieve the 2013 industry milestones	Good progress has been made in the silencing of underground equipment and machinery in order to achieve the 2013 Industry Milestone at Rustenburg operation and Marula is on track	We will complete the silencing of underground equipment and machinery at Marula and continue research and development efforts for the silencing of shaft sinking equipment and machines used for long anchor drilling
		Reduce absenteeism due to sickness by 10%	Our absenteeism-due-to-sickness rate this year was 4.3% (as compared with 4.5% in FY2011)	Our target remains to reduce absenteeism due to sickness by a further 10%
	Attracting, retaining and developing talent	Reduce critical mining skills turnover by 10% year-on-year from previous year's performance	Critical skills turnover increased to 10.71% in FY 2012 (FY 2011: 8.7%)	To optimise our talent retention initiatives, we will be targeting turnover rates below 7.5% per annum, improving to below 5% for critical job categories
		5% of wage bill to be spent on skills development and education	Group skills development expenditure for our South African operations was R354 million equivalent to approximately 6% of wage bill	We will devote an additional 1% of payroll levy towards creating and entrenching critical skills
		800 employees to be educated through Adult Basic Education Training (ABET) programmes in FY2012	This year 907 employees were educated through ABET programmes	We aim to have 610 employees educated through ABET programmes in FY2013
	Promoting employment equity and diversity	Further advancement of our transformation programme with 60% of all new appointments and promotions to be HDSA candidates	This year 58% of all new appointments and promotions were HDSA candidates	We will continue efforts to meet our transformation targets of deploying 45% HDSAs at E-level, 55% at D-level and 75% at C-level by the end of 2014

Progress against our commitments continued

Key sustainability drivers		Our commitments Our objectives for 2012 as stated in our 2011 SDR	Our performance How we delivered on our 2012 objectives	Future commitments Our plans ahead
MAINTAINING ACCESS TO STRATEGIC NATURAL RESOURCES AND MINIMISING OUR ENVIRONMENTAL IMPACTS	Optimising energy usage and promoting climate change mitigation	Complete the implementation of our carbon management strategy, which will include the setting of carbon reduction targets	The Board has signed off our carbon management strategy and there has been some implementation across the Group; we are in the process of finalising carbon reduction targets	We will focus efforts on implementing our carbon management strategy at operational level. Carbon reduction targets to be completed and rolled out to all operations
	Promoting sustainable water use	Complete the implementation of our water conservation management strategy, which will include the setting of water targets	The Board has signed off our water conservation strategy and there has been some operational specific implementation across the Group; we have not yet finalised our water targets	We will focus efforts on implementing our water conservation management strategies at operational level this includes water recycling targets over and above normal performance targets
	Reducing our atmospheric emissions	Obtain atmospheric emission licences at the South African operations	Our Rustenburg operation has received a provisional SO ₂ atmospheric emission licence, valid for two years. The refineries have submitted their applications	We will endeavour to secure an atmospheric emission licence for the refineries and ensure adherence to licence specifications at all operations
		Complete the feasibility project for the implementation of SO ₂ abatement equipment at Zimplats as part of the sulphur dioxide reduction strategy	The feasibility assessment has been completed	The commencement of installation of the scrubber abatement equipment is scheduled for FY2017. Efforts will be made to secure authorisation for expenditure to install an SO ₂ abatement system for the Zimplats operation
	Managing our waste streams	Waste licensing activities at the South African operations to ensure compliance to the National Environmental Management Waste Act (Waste Act)	We have identified all of the waste licensing requirements and are continuing to engage with the regulatory authorities in South Africa to finalise the issuing of these	We will complete our waste licences applications by FY2013
	General environmental management	All operations to retain their respective ISO 14001 certifications and Marula to obtain certification	This has been achieved: at financial year-end all operations had retained their ISO 14001 certificates, and Marula passed the first stage of its ISO certification process	All our ISO 14001 certified operations will strive to retain their respective certifications. Marula is scheduled to conduct its stage 2 certification process in calendar year 2012
		Implement the environmental requirements of the revised Mining Charter and meet government's climate change policy requirements	This is ongoing	We will implement the environmental requirements of the revised Mining Charter

Key sustainability drivers		Our commitments Our objectives for 2012 as stated in our 2011 SDR	Our performance How we delivered on our 2012 objectives	Future commitments Our plans ahead
DEVELOPING SOCIAL CAPITAL	Promoting socio-economic development through our investments	Complete housing project by 2020	The housing project targets for 2012 have been achieved and we are on track to complete the 2020 housing project objectives	Our investments in our housing programme will continue, with the aim of meeting our 2020 targets
		Complete Sunrise View School in FY2012	Construction of the school was slightly delayed due to challenges in securing funding, which have now been addressed and construction school will cater for students	The primary school is planned for completion in February 2013 and the secondary school in September 2013. Collectively the school will cater for 1 880 students
		Complete lower density accommodation for one person per unit by 2014	The project has commenced to convert former hostels into residences is on track and we will achieve the lower density target of one person per room before the 2014 mining charter target	Our investments in our housing programme will continue, with the aim of meeting our 2014 targets
		Implement Housing Task Team Agreement	The task team agreements with regard to home ownership have been implemented	No further action needed
		Implement the Business Support Unit or Incubator project during FY2012	During FY2012 the Enterprise Development Strategy was completely revised	Implementation of our revised strategy started in late FY2012 and will continue into FY2013 and beyond
		Implement the new social and labour plan (SLP) projects during FY2012	All projects submitted in our revised SLP as part of section 102, have been approved by the DMR during the third quarter of FY2012 and planning is in progress	Implement projects listed in the SLP Section 102
		Ensure compliance with revised Mining Charter	The DMR inspected Impala in October 2011 and was satisfied with our progress towards complying with Mining Charter Targets in 2014	We will continue to strive for full compliance with the Charter. Inspections were conducted by the DMR for both Marula and Impala operations with satisfactory outcomes. A new SLP to be submitted in FY2013

Safety, industrial relations, the indigenisation process in Zimbabwe and overall market conditions are key themes addressed in this letter



Dear Stakeholder

Financial year 2012 can, without exaggeration, be described as a year of two sharply contrasting halves.

In the first six months of the year our operations performed commendably. Cost increases were contained while production targets were met and, in some instances, exceeded. After six months of the financial year all indications were that we had turned the corner on delivering on vital capital projects after under-performing in recent years.

Unfortunately our achievements on production, cost-containment and capital-projects until December 2011 were not matched by our safety performance. On safety, our record for the entire year was not acceptable.

Safety, industrial relations, the indigenisation process in Zimbabwe and overall market conditions are key themes addressed in this letter, as well as operational, sustainability and financial issues.

Industrial action

In the second half of the year the Group suffered a costly work stoppage. The unforeseen, illegal strike at Impala Rustenburg had the most profoundly negative impact on production while the implications for industrial relations are likely to be felt for years to come.

It is apparent that the Association of Mineworkers and Construction Union (AMCU) now enjoys a very significant presence at Rustenburg. The exact extent of that presence and support from workers will now be independently verified. It appears clear, however, that, going forward, management will need to adjust to the reality of a multi-union environment. This is a fundamental departure from the past but there is no reason why this reality cannot be accommodated by all parties to ensure the industrial harmony that is so essential for success.

Following the strike, management began a painstaking process of revisiting and revamping their communications with employees. A cardinal lesson to be learnt from recent events is that a more direct, much more inclusive process of dialogue between managers and the workforce is essential.

The effects of the 2012 strike action were of significance not only for our stakeholders but for South Africa as a whole. Contributions to GDP which were forfeited as a result of sharply reduced production volumes, as well as tax revenues that did not accrue to the national Treasury, were significant. To these costs must be added a policing period of intense upheaval and the effect that images and reports of acute violence had on perceptions of the country and our industry at home and abroad.

The violence and intimidation attendant on the strike have to be condemned in the strongest terms. The brutality displayed by a minority was shocking in the extreme. This violence was partially related to grievances over service delivery and perpetrated by elements with other agendas and was linked to workplace issues which underscores the importance of all elements of civil society – employers, employees, communities and government – working hard to prevent a repeat. In this respect we continue to engage honestly and frankly with our host communities while investing millions in social and local economic development. We also need to work much more closely with central government to ensure that the rights and wellbeing of those who seek to do their jobs and raise families in settled, secure communities are not threatened.

Mining safely

Most regrettably, I must record the deaths during the year of seven of our colleagues and five contractor employees. We extend our most heartfelt condolences to the families of those who lost their lives.

These twelve deaths represented a 80% deterioration of our FIFR on the already unacceptable loss of seven employees' lives in the previous year. Other safety indicators were mixed. Our lost-time injury frequency rate was virtually unchanged at 4.96 from the previous year while the total injury frequency rate showed a slight improvement from 13.47 to 11.19.

It should now be clear, however, that we are unlikely to meet the 2013 safety targets agreed with the Department of Mineral Resources (0.03 fatal injuries per million man hours worked) in 2003. This ongoing failure to perform on safety is a source of deep regret and the utmost concern to management and the Board.

Fatal and lost-time injuries continue to bedevil our operations but it is a fact that we are making our operations safer places in which to work. I am satisfied that we have the right strategies in place, that we are working hard to close the supervision gap and that management are showing visible, decisive leadership on safety. But despite our best efforts, including initiatives identified from the DuPont safety intervention, the application of our safety standards and procedures remains patchy and many clearly avoidable, indeed unnecessary, incidences and even fatalities occur. Given this, the Board has good reason to continue asking management searching questions about the application of our safety strategy.

Identifying risks in a hazardous underground mining environment and then taking the appropriate and timely remedial or avoidance decisions requires a certain set and level of skills. If we are to mine safer we have to up-skill our entire workforce but particularly our first line of supervision. That only 40% of our shift supervisors and mine overseers have matric – and that most of our workforce have much poorer levels of education – illustrates the extent of the human resources challenges we face. These challenges are sharpened by the fact that we will have to employ new people every year as we open new, deeper shafts while closing down depleting ones and coping with an ageing workforce. These individuals will have to be identified, recruited and trained appropriately and intensively if they are to mine and operate safely and productively.

I firmly believe that, as with safety, we now have appropriate and effective strategies and systems in place with which to uplift the skills, the health and the overall wellbeing of our workforce.

We continue to provide leading-edge solutions to address the education, training and wellness of our people. These efforts demonstrate the fact that we now accept we are very much a people business and that without a meaningful buy-in to our Group's vision and strategy by all, especially employees, we will be simply unable to achieve our objectives.

Zimbabwe and indigenisation

This year the Zimbabwe indigenisation debate and negotiations around our assets in that country were a key concern for myself and the executive. Our discussions with the Youth Development, Indigenisation and Empowerment Ministry were aimed at preserving short-term value for shareholders while simultaneously preserving Zimplats' growth potential over the medium to long term. We are confident that our proposal – which has now been accepted in principle by the Zimbabwean government – will meet these objectives.

In terms of the accepted proposal, 10% of Zimplats' share equity shall be sold on a non-contributory basis to a community trust and a further 10% sold to an employee equity trust with Zimplats providing an interest-bearing loan to facilitate these purchases. Upon agreement being reached with the Zimbabwean government on compensation in lieu of empowerment credits for ground released in 2004, Zimplats shall make available for sale to broad-based indigenous groups which would include the national Indigenisation

and Economic Empowerment Fund a 31% fully contributory stake in Zimplats.

The agreement reached with the Zimbabwean authorities in March 2012 stipulates that the fair value of the Zimplats assets is to be independently determined. The procedures and parameters for determining this fair value are now the task of a technical committee comprising representatives of both the government and Group. The successful resolution of these discussions will, no doubt, have an extremely positive impact on investor sentiment towards Zimbabwe as what should be an extremely exciting investment destination as well as on our Group.

It is clearly in our interests and those of our shareholders that we do everything within our power to ensure the negotiation process is concluded as expeditiously as possible and that mutually beneficial outcomes are achieved.

Operational, sustainability and financial review

The year under review brought into sharp focus the extent to which our operations and our ability to create sustainable value for shareholders are inseparable from the social and political environments in which we operate. The socioeconomic risks confronting both South Africa and Zimbabwe are substantial and we ignore them and fail to engage with them at our peril, as FY2012 clearly demonstrated.

Gross production of 1.45 million platinum ounces represented a 21% decline on FY2011 with mine-to-market production slumping to 1.24 million ounces. This poor performance could be ascribed almost entirely to industrial action and, to a lesser extent, to Section 54 safety-related stoppages. Largely as a result of the third-quarter strikes, unit costs per ounce were 24% above FY2011. Capital expenditure for the year, including stay-in-business and expansion spend, was R7.28 billion versus R5.29 billion in FY2011.

At R6.95 million, gross profit was 40% below plan and 37.4% down on the year before. Headline earnings per share declined by 38%, impacted to no small degree by market weakness.

The Group's cash position was severely impacted by the six-week strike with a resultant reduction in cash from R4.5 billion to R0.6 billion and net debt at R995 million and a gross debt at R2.2 billion.

Our Zimbabwe operations – Zimplats and Mimosa – both continued to record exemplary performances on all key matrices – safety, production, cost control and delivery of capital projects.

Despite ongoing uncertainties relating to ownership, the predictability of power supply and inflation, Zimplats performed extremely well with a lost-time injury frequency ratio of 0.21. Tonnes milled rose marginally and increases in unit costs per ounce in matte were restricted to 6% in US dollar terms. Mimosa returned a satisfactory performance, increasing production marginally while restricting cost increases to 6%. Excluding royalties, Mimosa remains the Group's lowest cost producer.

Impala production declined significantly this year, to 750 100 ounces, a full 20% below target. Strike action had the effect of hiking the cost per ounce by 29% year on year. At Marula a poor third-quarter performance saw tonnes milled increase by 2% and production decline from 70 000 ounces to 69 000 ounces – slightly below the much-reduced production target set a year earlier. Audits carried out during the year confirmed that much work still needs to be done before Marula can qualify for ISO 14001 environmental quality certification but we remain hopeful that this can be achieved in FY2013. Notably, the chrome operation established at Marula went from strength to strength and remains an outstanding achievement on empowerment.

An improved production and cost performance at Two Rivers, our joint venture with African Rainbow Minerals, was marred by the deaths of two employees this year.

Curtailed production by third parties saw Implats register a gross unit cost increase of over 20% and a 21% contraction in gross output.

Capital project development

Aside from disruptions related to the strike, work on Impala's 20, 16 and 17 shafts progressed well during the year. These shafts are critical to providing Impala with the base level of its production over the next 20 years.

Production build-up at No 20 shaft will commence in FY2013 with a planned production for the new year of 26 000 ounces. Final commissioning of the No 16 main shaft is on target late in FY2013. No 17 main shaft reached a depth of approximately 1 580 metres and the refrigeration shaft was completed to a depth of 1 574 metres.

Work continues on the Afplats Leeuwkop development. By the end of the year the main shaft pre-sinking had been carried out to 65 metres below the collar, main shaft terracing was largely completed and the main shaft stage and sinking headgear were installed. The Board has further approved the first phase of the Leeuwkop Capital project. The total capital required in real terms is R9.8 billion of which R261 million has been approved for the sinking of the 10 metre diameter main shaft to a depth of 330 metres below surface during FY2013.

Zimplats' Phase 2 expansion continued to record most satisfactory progress. The two-million ton Mupfuti Mine and concentrator project is well on track to commence production in FY2013.

Group capital spend of R7.3 billion in FY2012 represents a peak investment with total capital spend over the five-year period to 2017 estimated at R35 billion, representing a gradual decline as production from these investments ramps up.

Outlook and prospects

The ongoing hangover from the 2008 worldwide financial crisis continues to depress commodity prices, particularly PGMs. Prevailing pessimism about the state of the world's economy and fears of a double-dip recession combined this year with strike-related declines in output to reduce the Group's ability to generate cash and profits. The Group profile lost in FY2012 to strikes and Section 54 stoppages is likely to be made up if these once-off events are not repeated.

While in the past a regular weakening of the Rand versus the US Dollar helped to offset above-inflation cost increases, the recent relative strength of the Rand has put pressure on margins. Indications now are that this pressure will ease somewhat as the Rand tests slightly lower levels.

While demand fundamentals are unlikely to reassert themselves within the next twelve months, the elimination of higher-cost production, coupled with solid underlying demand drivers, will doubtless, in the medium term, see more buoyant pricing. Thanks to its consistent capital investments and ongoing cost leadership, Implats is better placed than most of its peers to exploit an inevitable upturn in PGM prices.

Retrospective and thanks

At the end of FY2012 I took my leave from a Group I have been privileged to serve for 14 years. In that time Implats has cemented its position as the lowest cost producer of PGMs and the second largest

producer in the world. We are well on track, I believe, to realise our strategic aim of becoming the world's best platinum-producing company and have consistently (often under very trying circumstances) delivered superior value to our shareholders.

We have delivered on our strategic objectives of growing access to resources and, thanks to astute and sustained investment, will continue to replace and grow production. An unswerving focus on disciplined operational efficiency, high productivity and judicious capital investment mean that our low-cost ethos is an integral part of our business and will remain so in future.

Only on safety have we fallen well short of the ideals for which we strive. Low points in my time with the Group include the deaths of nine colleagues in one incident at Impala's No 14 shaft in 2009. In truth, every fatality has come as a bitter, personally felt blow made no less palatable by the fact that most of the deaths at our workplaces were avoidable.

More recently the violence and intimidation associated with the work stoppages at Rustenburg came as a rude shock to all of us associated with our company. It is to be hoped that these events will spur the Group to work closer and more energetically with all stakeholders, including labour and all levels of government and civil society, to ensure that these events are not repeated.

While there have been disappointments along the way, there have, undeniably, been many highlights to celebrate and to look back upon with satisfaction. Growing the business and securing greater access to mineral resources have been among the key achievements of our management team over the past decade. A particularly important landmark was buying into a strategic stake in the Zimbabwean assets, the world's second largest PGM deposits, while in South Africa the successful conversion of major South African licences to full 30-year new-order licences was of the utmost importance.

Our ability to make the considerable investments required to ensure our continued access to resources and to steadfastly carry out these extremely costly and complicated projects means that we are assured of supply for the next thirty years, supplies that will enter production as soon as FY2013. These very significant capital investments would be worth little, however, without the development of the human capital required to bring them to the surface, to process and market them to a world that values their importance as green minerals. In this area we should acknowledge that our

Group's great investment in training and skills development has resulted in the creation of a sizeable body of knowledge and expertise that adds unmeasurable value to the societies and economies of both South Africa and Zimbabwe.

Relations have been built and cemented with many significant stakeholders. In the past our relationship with the Department of Mineral Resources was less than optimal while today we have, I believe, a deep and well-informed understanding. Similarly, our Social and Labour Plan and the many material interventions it entails, has provided the basis for a constructive dialogue with communities affected by our operations. Our progress on meeting the objectives of the Mining Charter demonstrates our commitment to making a meaningful contribution to transformation while, in Zimbabwe, we have committed ourselves to an investment that is set to empower thousands of citizens.

Our achievements on the provision of family housing and in converting our hostels into one-person-per-room accommodation have involved significant investment and will translate into lasting benefits both

for our employees and for the creation of a more stable, more productive workforce. We still have much to do but we have made great strides in this most important area. The recently launched Platinum Village will provide 2 500 decent homes for colleagues.

Throughout my tenure as CEO, I have been privileged to enjoy the support of a world-class body of employees, a top-rate management team and Board members. My sincere thanks and respect are extended to all who have given so unstintingly of their time, knowledge and skills to make our company the undoubtedly enormous success it has become.

Finally, I extend very best wishes for continued success to incoming CEO Terence Goodlace. I pass on the baton to Terence secure in the knowledge that he inherits a team of the highest calibre, one that will help him take this company to even greater heights.

David Brown

Outgoing Chief Executive Officer

Chief Executive Officer's review – incoming

Terrance Goodlace

Sustainability today informs all elements of our corporate strategy and, increasingly, guides our everyday actions.



Dear Stakeholder

Introduction

Implats strives to be a responsible corporate citizen. We are determined to do everything within our power to create lasting value while working to inflict zero harm – on our employees, our physical environment and society.

Sustainability today informs all elements of our corporate strategy and, increasingly, guides our everyday actions. We remain committed to upholding and promoting the principles of the United Nations Global Compact, to which we are a member.

We appreciate that our long-term success is largely determined by how we manage and interact with the physical and social environments in which we operate and how we respond to the many non-financial challenges, risks and opportunities facing our company.

Sustainability and zero harm are competitive imperatives. We are striving to be not only the best, most competitive, platinum-producing company but one that is esteemed by shareholders, employees and all stakeholders with a material interest in our business. We will only achieve the regard we seek if we translate our policies and aspirations into fact.

Our markets

World markets, in particular those of the Eurozone, are experiencing profound economic turmoil at present, a state of affairs that has inevitably impacted negatively on commodity prices including those of the platinum group metals (PGMs). Metal prices maintained a downward trajectory for most of the year, a trajectory that continued after the Implats year end. Yet PGM fundamentals remain strong, a strength that is being reinforced by tightening emission standards, emerging market demand and a growing replacement requirement in more mature markets. Persistently weak PGM prices have had a significant impact on the continued viability of the platinum industry, requiring Implats to adopt a cash-preservation strategy that includes an ongoing assessment of operational viability. At the time of writing, capital spend had been reduced to around R6 billion as opposed to the R7.3 billion spent in FY2012.

Recently the South African mining industry has witnessed outbreaks of deep-rooted community discontent and the emergence of a robust new labour union, developments that have had profound effects on workplace dynamics and, in turn, operational performance. The six-week illegal strike at our Impala operations had a significant impact on the production of PGMs and the financial performance of the Implats

Group in FY2012. The tragic events at Lonmin in August 2012 further underscored the tenuous position in which the industry currently finds itself.

Employee relations

Implats does not condone violence and seeks a responsible, principled and respectful relationship with all stakeholders, our employees in particular. We have intensified engagement with our employees through forums such as the newly established interim workers' committees at Impala. In the wake of the Lonmin discord numerous interactions have taken place with government, organised labour and industry in an effort to normalise the situation in the platinum industry. Our company has and will continue to engage expert third-party assistance in the development of strategies for a new employee-engagement dispensation and to consider strategies for differing scenarios or outcomes.

Wage demands are going to be at the forefront of all industrial relations interactions with stakeholders.

ANC policy and industry response

Implats recognises the important resolutions adopted by the ANC at its policy conference in June 2012 and is seeking, with the Chamber of Mines of South Africa, to establish a process of engagement with the ANC that will help give effect to those resolutions and help to achieve the key objectives of reducing unemployment, poverty and inequality, while at the same time allowing the mining sector to achieve its investment and growth objectives. The South African mining industry and the platinum industry in particular are facing a range of macro- and socio-economic challenges which affect investment decisions and employment. We remain convinced that the industry and government can work together in creating win-win partnerships. Such mutually beneficial collaboration must include the current Platinum Task Team Mining Industry Growth Development and Employment Task Team (MIGDETT) process.

Zimbabwe

The year was particularly demanding for our Board and management as they grappled with issues regarding the implementation of Zimbabwe's indigenisation and economic empowerment legislation. While this remains a work in progress and we remain and are committed to ensuring that we comply with national laws, we have sought throughout to safeguard the interests of shareholders. In a notice dated 14 March 2012 shareholders were advised that Zimplats had reached agreement with the Government of Zimbabwe in terms of which 51% of the shareholding in the operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, would be disposed of at fair value to a Community Share Ownership Trust, an Employee Share Ownership Trust and broad-based indigenous participants. A Joint Technical Committee comprising Government of Zimbabwe representatives and management has been set up to work through material issues pertaining to the agreement. Shareholders will be briefed on major developments.

Safety and wellbeing

We are determined to improve our safety performance and to protect the health and wellbeing of our people, both employees and the contractors who work on our sites. It is important to note that mining industry leaders, myself among them, have recognised that significant changes are required if we are to improve health and safety. Implats has now joined the Chamber of Mines of South Africa as a full member with a view to participating in and contributing to tripartite industry health and safety initiatives. In addition, I have now become actively involved in the CEO's "Elimination of Fatalities" team.

Although the South Africa mining sector and Implats have come a long way on the safety journey to zero harm, we are struggling to reach the 2013 milestone of world-class safety performance. Fatal accidents have reduced by more than 62% since 2003 but it is

important to recognise that a step change is required if the industry is to deliver on the 2013 milestones and thus enhance its credibility as a caring industry. We acknowledge that Implats' leadership, strategy, management style and systems have contributed to current performance. We also acknowledge that we have not actively participated in industry initiatives to work towards zero harm. Various mining industry stakeholders have worked together for some time to effect the culture changes needed to achieve better safety results. The Mine Health and Safety Council undertook the project, "Changing Minds, Changing Mines", to develop a framework that will guide the sector towards attaining zero harm, an initiative which we now wholeheartedly support: The key themes of the action plan are:

- ➔ Strengthening a culture of health and safety;
- ➔ Promoting a learning industry and building capacity; and
- ➔ Making workplaces safer and healthier.

As part of implementing the Leadership Summit Action Plan, it was agreed that a culture transformation framework should be developed with a view to significantly improving the culture of health and safety across the mining sector. The approved Culture Transformation Framework was signed off by the Minister of Mineral Resources and other stakeholder principals on 18 November 2011. The Culture Transformation Implementation Model consists of five pillars (leadership, risk management, bonuses and performance incentives, leading practices and the elimination of discrimination) and Implats will, much more actively, measure our performance against the detail of these pillars and their subsets. A commitment to a culture of health and safety is the single most important factor and is central to the future of mine health and safety within the Group.

In summary, a number of very significant, potentially very beneficial, new safety initiatives are being implemented at a sector level (now with Implats' active involvement) and within our organisation. They include the introduction of new policies, the development and

implementation of the new cultural transformation framework, increased training for middle managers, fully accredited training for 3 200 safety representatives by 2014 and further institutionalising the DuPont STOP process. In addition, our South African operations have committed to installing safety nets and hanging wall bolts on both the Merensky and UG2 stoping horizons while equipping mobile trackless mining equipment with proximity warning devices. Shaft safety devices are being completely overhauled to ensure shaft safety.

Going forward, the market should expect less production rather than more as we grapple with being safe first. On my watch we will stop unsafe operations; I shall not countenance the high lost-time injury rates nor the fatalities we have experienced in some areas of the Group.

Mining Charter

Achieving targets as set out in the Mining Charter are extremely important for Implats and its stakeholders. Detailed features of our performance against targets are highlighted in this report. In summary:

Ownership

Implats has met the 26% ownership criteria for all of its operations in South Africa.

Housing and living conditions

Implats has a progressive housing strategy that has been in place since 2007. To date this strategy has delivered in advance of SLP targets. In South Africa over R1.3 billion has been spent on housing-related initiatives in the last three years, with over 1 500 bonded houses built and over 5 000 legacy units converted into family and single accommodation units. It should be noted that our Zimbabwe operations, as part of the phase II expansion are also implementing housing strategies; Zimplats has committed US\$85 million for housing at its operations as part of the phase 2 expansion. Critically, the company will review what else can be done to accelerate current initiatives, bearing in mind the depressed state of PGM prices.

Procurement

Overall Group procurement expenditure currently stands at 51% BEE. Over 50% of services and consumables are procured from BEE suppliers. BEE capital expenditure stands at 41% and remains a key area for improvement. As at June 2012, R4.8 billion had been spent with BEE suppliers.

Employment equity

Historically disadvantaged South Africans (HDSAs) represent 48% of all management, with women representing 18% of total management; a 3% improvement over the last three years. However, it is recognised that further transformation is required. This is being planned for within the Group.

Human resource development

A total of approximately 6% of payroll has been spent on training and 90% of our core and critical skills are represented by HDSA people. Skills shortages remain a critical issue for the Group and further initiatives are being planned to bridge the skills and supervision gap.

Mine community development

In the year to June 2012 Implats spent R90 million on community-related projects. This year approximately 110 full-time jobs were created through these community projects. Over 68 000 individuals benefited directly and indirectly from various other social projects undertaken by the Group in the year, more than 90% of them black. These projects varied from health to education and infrastructure-related projects. Over R300 million was spent on socioeconomic development in the last three years.

Health

The Group has achieved the target of zero new cases of noise-induced hearing loss (NIHL) since 2008 when new baselines were created. However, hearing loss from prior years continues to manifest among employees exposed to underground workings. The fitting of personalised hearing protection devices in the Rustenburg area forms a major part of our strategy, as does the retrofitting of mufflers and the replacement of

compressed air rock drills with muffled rock drills for use in the underground environment. To date some R34 million has been spent on hearing devices and R18 million on the silencing of rock drills.

HIV/Aids is the most significant health risk facing our employees and 5 179 employees are enrolled on the Company's wellness programme, representing a 110% increase since 2007. This includes more than 3 500 employees on antiretroviral therapy. HIV voluntary counselling and testing is offered to all employees and all employees continue to be encouraged to know their HIV status. Some 9 800 employees participated in our Company VCT testing programmes.

National contributions

During 2012 our Company invested R7.3 billion in developing productive assets as well as adding to the infrastructure of South Africa and Zimbabwe. This, coupled with past investment, has created direct permanent employment for 39 600 thousand employees in the two countries. The multiplier effect of these investments is considerable and should not be ignored. As our company has grown, so has its contribution to the fiscus. In the past year, payments in respect of corporate tax, royalties and payroll taxes amounted to R1 951 million (previous year – R2 751 million).

In conclusion

FY2013 will be an extremely challenging year with low commodity prices, a volatile community and industrial relations climate in Rustenburg, the Zimbabwe situation and a high-cost, low productivity environment. The Group strategies, as detailed and included in this report and not repeated here, currently form the basis of our actions, but it is appropriate to add some detail on what we are planning at an operational level. This detail includes:

- ➔ Continuously improving our safety, health, environment and community performance and risk management – especially through leadership commitment, managing the physical environment,

people initiatives and practices, procedures and systems improvement. Measures will focus on leading and lagging indicators. Zero harm is the goal and a new Health and Safety Plan, which includes industry initiatives, will be presented to the Implats Board in November 2012;

- ➔ Increasing productivity through integrated, all-inclusive productivity plans which focus on mine and plant design and set-up, simulations and benchmarking, continuous improvement in delivering volume, value, quality, costs, capital and cash flow ("VVQ3C"). A comprehensive Productivity Plan will be presented to the Board in November 2012 as will a comprehensive Human Resources (Organisational Behaviour and Transformation) Plan;
- ➔ Development and equipping of underground workings at Impala has become a key strategic driver to create ore reserve flexibility. To this end a programme is being set up to monitor development, ledging and equipping rates;
- ➔ Increasing real profits by focusing on revenues and real costs with the cash margin being the ultimate measurable. We need to execute rigorous cost control and operational efficiency to maintain the Group's position as a best cost producer. We need

to secure the future through a strong balance sheet and, while maintaining a philosophy of "growing within the Implats means", our balance sheet is the weakest it has been for many years. This is not appropriate in the current economic environment; and

- ➔ Delivering on organic and other growth initiatives such that we safely optimise on our current installed infrastructure and resource bases.

I thank our partners, our employees, shareholders, contractors, business partners and suppliers for the substantial contributions they are making to support our journey to a future in which we create lasting, and growing, value. I look forward to communicating further updates on our sustainability performance in the coming year and have no doubt that we will then be in a position to provide details of meaningful advances.

Terence Goodlace
Incoming Chief Executive Officer

Our approach to creating value

In the last twelve months recessionary fears continued to dampen PGM prices more than most commodities while, at the same time, the underlying automotive and industrial demand for PGM actually strengthened.

Zimplats Ngezi operations



The changing business context

Our markets

Events influencing the PGM markets over the last twelve to eighteen months centered more on macro-economic events than the fundamentals for the metals themselves. The recovery seen in world markets post the 2008/9 global financial crisis has been impacted by the financial woes currently being experienced in Europe.

Concerns about a double-dip recession deepened as Europe grappled with fiscal austerity measures and a slowing Chinese economy, partially the result of reduced exports to Europe, signalled to some that the European contagion could spread worldwide. This concern raised the possibility that the relative immunity of emerging markets – notably China, Brazil and India – to international economic shocks might be wearing thin.

More positively, however, towards the latter part of this reporting period, the US economy continued to show resilience with its ravaged housing and employment sectors showing sustained, albeit slow, signs of recovery. If the double-dip recession is to be avoided, the US will have to continue on its growth and recovery trajectory while the world becomes accustomed to lower growth rates out of China.

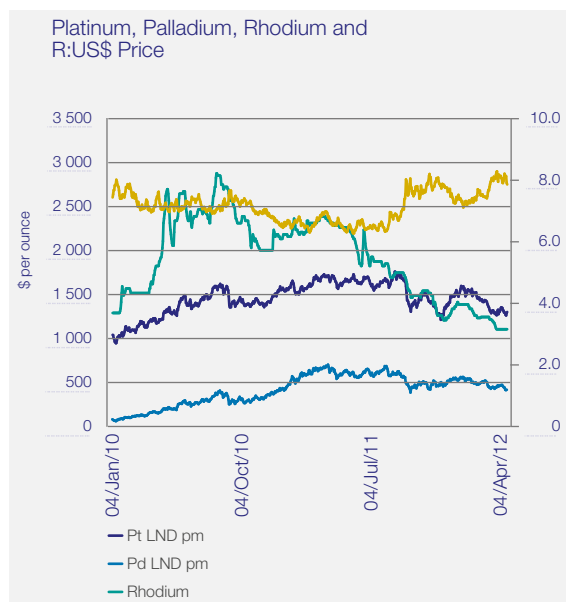
China's economic performance post-2008 was achieved largely by compressing seven years infrastructural development into three years. This in turn resulted in exponential increases in commodity prices – a development from which many commodity producers benefited. Now that the Chinese are reorienting their macro-economic model towards one in which domestic consumption is the primary engine of sustained growth – this change of policy will result in an interim slowdown in economic growth. Implats believes that the Chinese central bank's easing of monetary policy in mid-2012 was a response to the slowdown as a result of this change, from infrastructure to consumption-led growth, a development that should have positive implications for PGMs.

Steadily rising oil prices have stoked fears that inflation poses the greatest single threat to continued growth in the US and China. While there is no doubt that fuel-related inflation could inhibit overall growth, rising oil prices augur well for the medium- to long-term price outlook for PGMs as motorists turn to more modern, cleaner and more fuel-efficient vehicles, including hybrids, which in many cases carry greater metal loadings.

Against a backdrop of widespread and varied fears for the worst, investor sentiment towards platinum has been overwhelmingly coloured by a negative outlook on the world economy, with the result that PGM markets have remained extremely fragile. Metal remained freely available and prices accordingly trended downwards.

Market performance

Supply-side disruptions such as those endured at Implats, and more latterly at Lonmin, together with the closure of smaller operations at Aquarius Platinum, have tightened the PGM market. Without a meaningful increase in demand, however, further supply discipline may be required to drive the platinum price beyond the US\$1 800 level.



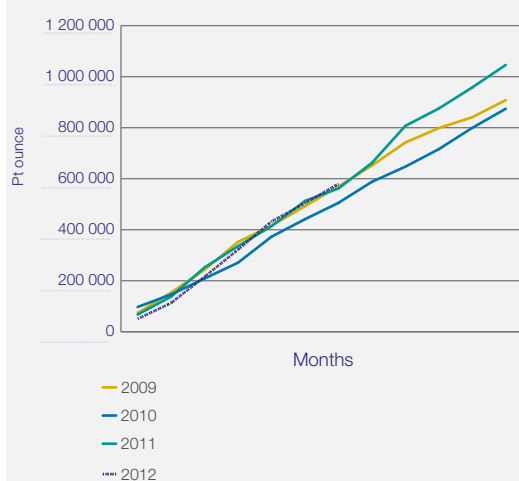
Helping to underpin the market is the fact that global vehicle sales had, by June 2012, exceeded the equivalent period for 2011 by approximately 7%, notwithstanding a reduction in Europe of a similar percentage. Driving worldwide vehicle sales are emerging markets where urbanising, richer populations seek the trappings of their new wealth, including their own cars. Nowhere is this as pronounced as in China where, despite a slowing in the rate of growth in the overall economy, vehicle sales were still well ahead of the comparable period for 2011.

Light-duty vehicle sales

Units: Millions	2010	2011	(Fore- cast) 2012
North America	11.8	13.1	14.9
Western Europe	13.4	14.0	12.5
China	16.8	17.1	18.5
Japan	9.3	8.1	9.5
Rest of the world	22.8	24.3	25.8
	74.1	76.6	81.2

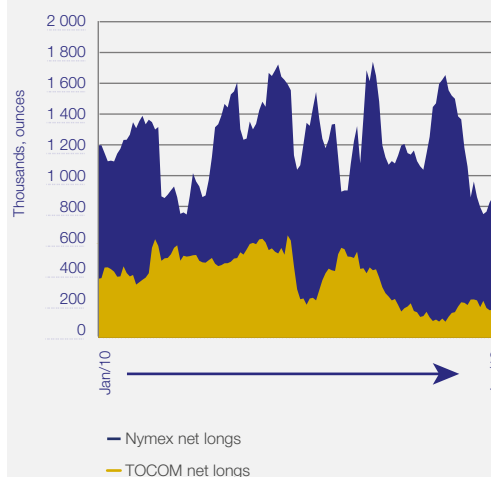
Jewellery demand, as reflected by Shanghai Gold Exchange (SGE) indices, reached record levels in calendar year 2011 with platinum prices dropping below those of gold for the first time in more than a decade. In the first half of 2012 Chinese jewellery demand remained consistent with the levels of 2011.

SGE annual cumulative oz

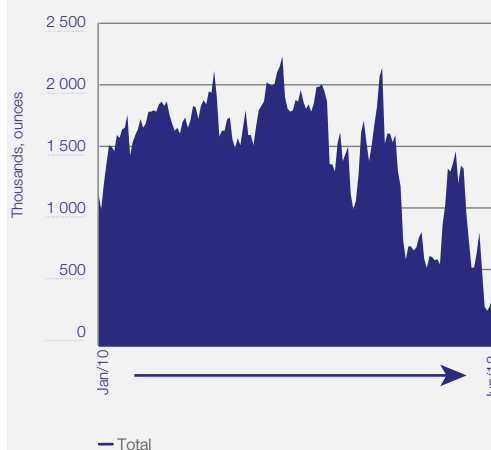


Developments over the past year demonstrated the extent to which the investment community's sentiment prevails over fundamentals in determining the direction of PGM markets. Despite modest but continuing improvements in automotive and industrial demand, platinum prices sagged from a high of US\$1 900 per ounce in August 2011 to test the mid-US\$1 300s per ounce, ending the year trading at well under US\$1 500 per ounce. This was entirely as a result of investors taking flight from commodities as concerns rose about the economic outlook, particularly in the eurozone.

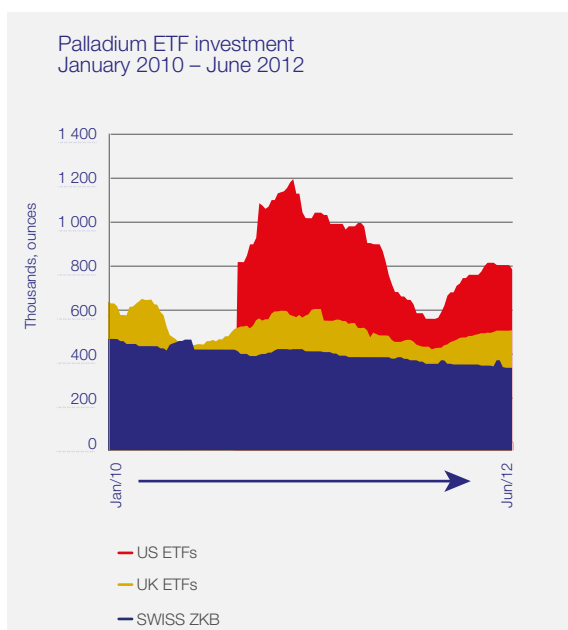
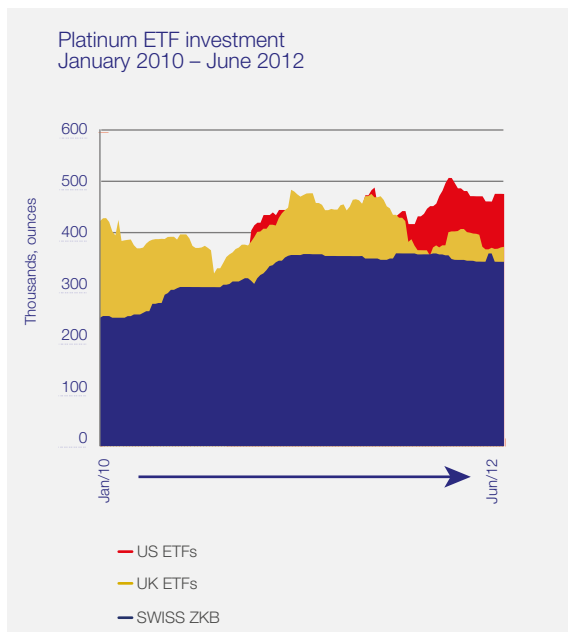
Platinum future exchange investment
January 2010 – June 2012



Palladium future exchange investment
January 2010 – June 2012



While investors liquidated almost one million platinum ounces in the year under review, Exchange Traded Funds (ETF) inflows were positive as industry supply woes worsened, contributing to a tightening of the platinum market positioning. Palladium surprisingly witnessed slightly more aggressive liquidation in the forward markets with over one million ounces sold. This was compounded by physical sales in the ETF market. As a result, prices succumbed from a high of just under US\$800 per ounce to end the year below US\$600 per ounce.



Outlook

The challenges facing the South African PGM industry are many and varied, and range from inflationary pressures, lack of skills, inter-union rivalry as well as socio-political issues. These challenges will result in output from South Africa struggling to regain the PGM production levels witnessed in 2006/7. Consequently, a lower supply base, coupled with increases in

demand for our products, could see the markets move into deficits in the foreseeable future and help to restore pricing levels required for further capital investments into the sector.

One generally anticipated response to the envisaged supply constraints is an uptake in re-cycling internationally. This is expected to gain impetus as demand increasingly outstrips supply and re-cycled metals acquire a growing cachet as being “greener” than those sourced ex-mine. By 2016 recycled available platinum could likely reach some 1.65 million ounces. This would represent a significant source of PGMs.

While the market reflected a small oversupply for most of the year under review, there are persuasive reasons for believing that this situation will not pertain for long. These reasons include increasing vehicle ownership in emerging markets, especially in China, higher demand for diesel vehicles in Europe, generally much tighter emissions control (including the introduction of Euro 6, and LEVIII/Tier III in the US tailpipe emissions legislation and new non-road emissions legislation), improved industrial demand and the emerging requirement to fit emission control devices to heavy-duty diesel vehicles.

The development of alternatives to the internal combustion engine as it has powered vehicles since the late 1800s is gathering pace and will soon impact our industry. By 2020 there is evidence that hybrid vehicles could account for more than 25% of new vehicle sales worldwide. In the same year battery-powered vehicles are predicted to become economically significant, although they still face a multitude of challenges. The rollout of fuel-cell vehicles is expected to start in 2015, with commercially relevant sales commencing, at the earliest, by 2025. Not to be underestimated, however, are the continual improvements in the internal combustion engine, in terms of power, efficiency, economy and reduced emissions.

Whether battery-powered or fuel-cell vehicles achieve early-adopter popularity and traction in the market will be determined by technological advances and the rollout of infrastructure such as hydrogen re-fuelling stations coupled with both the price and availability of oil. It is our belief that the combustion engine will remain a formidable competitor to these competing technologies and should be around for many years to come.

Light-duty vehicle emission standards, 2006 through 2017

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
US	National	phase-in	Tier II									Tier III?	
	California States	LEVII Phase-in			LEVII						LEVIII Phase-in		
EU	gasoline	Euro 4			Euro 5					Euro 6			
	diesel				Euro 5a		Euro 5b						
Japan		Japan 2005			Japan 2009								
China*	gasoline	China 2	China 3					China 4					
	diesel												
	Beijing	China 3	China 4						China 5				
Brazil	gasoline		Proconve L4		Proconve L5						Proconve L6		
	diesel												
India*		Bharat Stage II			Bharat Stage III								

* Cities in China and India adopt emission standards in advance of national legislation.

This chart shows the timeline of emission standards adopted in the major mature and emerging markets. The height of the rows is proportional to the country's 2012 sales. The transition from orange to blue represents a tightening of emission standards with orange signifying more relaxed standards which require less PGMs, and blue signifying tighter emission standards, which require more PGMs. The current year is demarcated by the white line.

Platinum

Prices during the past twelve months were volatile, with a sustained decline setting in from February 2012. This was driven much more by negative investor sentiment than by underlying demand.

Given the uncertainty of how the eurozone dilemma will play itself out, platinum prices are expected to resume a moderate upward trend in FY2013. We have every confidence that in the medium term, fundamental supply and demand dictates will reassert themselves, to the extent that prices over and above the US\$2 000 per ounce mark are possible.

Palladium

Despite generally positive fundamentals for this metal, negative investor sentiment, combined with substantial Russian destocking and ETF redemptions, overshadowed a 7% growth in automotive demand. We anticipate growing deficits developing in this market which should see a fairly rapid depletion of above-ground stocks and in turn exert upward pressure on prices. We believe a return to prices above the US\$1 000 per ounce level is possible in the next three to four years.

Rhodium

In the short term, rhodium prices are expected to remain subdued as the market continues to be adequately supplied. In the last year relatively small increases in automotive requirements were met by raised UG2 output and heightened recycling. From 2013, however, lower South African production will move the market closer to balance, with prices recovering slowly, possibly reaching US\$1 800 per ounce by 2016.

The changing business context continued

Market review

					Forecast	
(000 oz)	2008	2009	2010	2011	2012	2013
Platinum supply/demand balances						
Demand						
Automobile	3 830	2 950	3 270	3 400	3 470	3 900
Jewellery	1 355	2 410	2 160	2 415	2 420	2 550
Industrial	1 755	1 230	1 695	1 730	1 730	1 820
Investment	425	650	650	150	100	100
Total demand	7 365	7 240	7 775	7 695	7 720	8 370
Supply						
South Africa	4 485	4 580	4 735	4 735	4 360	4 550
North America	330	260	230	375	380	385
Other	745	665	1 015	1 020	975	1 040
Recycle	970	850	1 020	1 110	1 180	1 230
Russian sales	800	775	800	800	795	775
Total supply	7 330	7 130	7 800	8 040	7 690	7 980
Balance	(35)	(110)	25	345	(30)	(390)
Palladium supply/demand balances						
Demand						
Automobile	4 940	4 170	5 200	5 600	5 900	6 400
Industrial	3 620	3 365	3 155	3 160	3 100	3 135
Investment			1 055	(520)	400	300
Total demand	8 560	7 535	9 410	8 240	9 400	9 835
Supply						
South Africa	2 355	2 472	2 530	2 580	2 425	2 461
North America	870	655	665	860	930	960
Other	310	1 287	1 360	1 464	975	944
Recycle	1 085	986	1 370	1 500	1 700	1 950
Russian sales	3 750	2 805	2 850	2 750	2 750	2 700
Total supply	8 370	8 205	8 775	9 155	8 780	9 015
Balance	(190)	670	(635)	(915)	(620)	(820)

					Forecast	
(000 oz)	2008	2009	2010	2011	2012	2013
Rhodium supply/demand balances						
Demand						
Automobile	759	682	750	760	790	860
Industrial	136	113	150	178	190	190
Total demand	895	795	900	938	980	1 050
Supply						
South Africa	580	640	650	635	610	630
North America	20	10	15	18	19	20
Other	15	25	25	30	31	35
Recycle	220	185	230	265	275	295
Russian sales	70	65	70	70	65	65
Total supply	905	925	990	1 018	1 000	1 045
Balance	10	130	90	80	20	(5)

Our business strategy

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

To achieve this vision, the Group will remain focused on a strategy to:



Strategic objective 1 – Developing safe and effective people

We aim to achieve this by:

- ➔ Promoting employee safety and health
- ➔ Creating and sustaining mutually beneficial relations with employees
- ➔ Attracting, retaining and developing talent and skills.

Why this is material

- ➔ Ensuring the safety and health of our employees, contractors and suppliers is essential if we are to respect their most fundamental human rights; without a meaningful commitment to respecting the rights of those with whom we interact, we will have no social or political licence to operate.
- ➔ If we are to create sustainable value for shareholders and society we need our people to be healthy, safe, motivated and equipped with the requisite skills; this requires a work environment informed by mutual trust and respect.

How we manage this objective

- ➔ People management is headed up by a dedicated Group executive reporting to the CEO; his scope of work includes remuneration, human resource development, talent management, employment equity, stakeholder engagement and sustainable development. A Group Health, Safety and Environment (HSE) executive sits on the EXCO and is responsible for guiding the Group strategy on HSE issues
- ➔ Policies and procedures on people management issues are established at corporate level and apply at our operations. These seek to ensure the continuous development of our employees, in line with business demands, while at the same time offering career progression opportunities with particular emphasis on historically disadvantaged South Africans within our South African operations
- ➔ Each operation has a Transformation Committee made up of representatives drawn from management, employee unions, women and people with disabilities, as well as other stakeholder groupings that we engage with to advance transformation at each operation
- ➔ Group- and site-specific HSE policies, procedures and standards have been set, with the aim of ensuring that our activities comply with legislative requirements. Responsibility for implementing Group-wide HSE policies and procedures rests at an operational level with line management. The operations submit quarterly performance reports to the HSE Committee. HSE specialists, at a Group and operational level, support line management in implementing this strategy, and in monitoring and managing performance.

Our 2012 performance

- ➔ Twelve work-related fatalities (FY2011: seven)
- ➔ Fatal injury frequency rate (FIFR) deteriorated to 0.09 (FY2011: 0.05)

- ➔ No improvement in lost-time injury frequency rate (LTIFR) of 4.96 (FY2011: 4.94)
- ➔ 131 section 54 instructions or stoppages were issued, resulting in 288 days of lost production at Rustenburg, four days at Marula
- ➔ Impala's opencast and Zimplat's Ngwarati and Processing achieved zero lost-time injuries for 12 months
- ➔ 63 new cases of noise-induced hearing loss (FY2011: 57), and 387 new cases of pulmonary TB (FY2011: 350)
- ➔ 92 900 occupational health-screening examinations; no previously unknown occupational risks detected
- ➔ 110 655 man-days and 150 000 platinum ounces lost to strike action, which was accompanied by violence and intimidation
- ➔ Staff turnover in the total workforce was 10% (FY2011: 8.3%)
- ➔ 29% increase of people on ART
- ➔ R354 million spent on skills development.

Our commitments for achieving this objective in future

- ➔ Retain strong focus on cultural transformation for safety and closing the supervision gap
- ➔ Develop leading indicators and ensure safety enjoys greater weighting in manager and supervisor incentives
- ➔ Meet safety targets: 20% improvement in LTIFR and TIFR at each operation; 100% compliance with road behaviour; and 100% compliance with Platinum Rules or 100% disciplinary action for non-compliance
- ➔ Focus efforts on ensuring further mitigation of risks relating to NIHL and AIDS
- ➔ Increase membership of the Impala Medical Plan by a further 5%
- ➔ Ensure alignment with the SA government's NHI strategy, including providing healthcare facilities around our lease areas
- ➔ Develop a new employee engagement model, with greater focus on the role of line managers
- ➔ Address potential skills shortages through in-house technical trainee programmes, capacity-building at supervisory and managerial level, and enhanced people-leadership initiatives
- ➔ Devote an additional 1% of payroll levy towards creating and entrenching critical skills
- ➔ Continue efforts to meet transformation targets: 45% HDSAs at E-level, 55% at D-level and 75% at C-level by 2014
- ➔ Focus strongly on local employment from communities where our operations are based.

Strategic objective 2 – Consistently deliver superior returns

We will achieve this by:

- ➔ Focusing on capital cost controls and operational efficiencies
- ➔ Optimising production levels.

Why this is material

- ➔ Delivering consistent returns is essential to rewarding those who invest their capital in our business and to secure their continued support. Superior returns ensure that we have access to capital and to borrowings with which we finance future growth and expansion
- ➔ Profits enable us to invest in our human resources, to motivate our staff and to keep contributing to the development of well-functioning sustainable communities and to the economic growth of South Africa and Zimbabwe.

How we manage this objective

- ➔ Superior returns relative to peers are mainly realised through achieving competitive and safe production
- ➔ A robust annual budgeting process is undertaken with a high focus on safety, cost containment and production levels
- ➔ Performance against this budget is monitored continually and reported in detail on a monthly basis to EXCO and on a quarterly basis to the Board.

Our 2012 performance

- ➔ As a consequence of the strike revenue declined by R2.8 billion
- ➔ A stock build-up in the current year, compared to a release in the previous year, resulted in lower revenue or R2.2 billion
- ➔ Capital investment amounted to R7.3 billion mainly for shaft numbers 20, 16 and 17
- ➔ R90 million was spent on socioeconomic development in our communities of operation
- ➔ A total of R430 million was invested towards improving the living conditions of our employees in South Africa and approximately US\$66 million at our Zimbabwean operations
- ➔ R354 million was invested in developing our skills based with major literacy improvements at the Rustenburg operations at 74.3% (FY2011: 57%). This is mainly due to our literacy programmes, the continuous skills audit and improved recruitment processes.

Our commitments for achieving this objective in future

- ➔ A key focus for the next year will be on restoring Impala to its full production potential. To this end an annual production target of 950 000 ounces has been set for FY2016
- ➔ Zimplats' expansion will see it achieve production of 270 000 ounces per year
- ➔ Marula management will be tasked with raising production and reducing unit costs. Impala's commissioning of capital projects is well in hand and will be accelerated in the new year. These projects include the Impala shaft numbers 16, 17 and 20. Through the commissioning of the new shafts team efficiency will return to 380 centares per team by 2020. Phase 1 of Leeuwkop has been approved by the Board at a cost of R1.4 billion out of a total capital budget of R9.8 billion
- ➔ Cost leadership will be achieved through improved productivity and stoping efficiencies and better utilisation of infrastructure. Negotiations with suppliers of commodity inputs for improved rates will be ongoing
- ➔ Cementing a new, more sustainable labour compact with our employees will be fundamental to achieving the growth in returns that we believe we are capable of achieving and that stakeholders expect of us. We will be focusing efforts on developing a new employee engagement model in which management at all operations will liaise more closely with workers. We will redouble our efforts to defuse antagonistic inter-union rivalry, facilitating, wherever possible, dialogue between the competing unions
- ➔ Dialogue with representatives of the Department of Mineral Resources (DMR) will be stepped up in an effort to address concerns related to the application of section 54 stoppages. We will cooperate fully with the DMR to ensure that our operations comply with and ideally exceed agreed safety standards.

Strategic objective 3 – Maintain access to strategic natural resources

We will achieve this by:

- ➔ Pursuing organic growth through exploration and capital development
- ➔ Adopting value-adding positions and entering strategic alliances/joint ventures
- ➔ Ensuring sustainable access to water and energy
- ➔ Cementing positive relations with authorities.

Why this is material

- ➔ The Group creates value primarily by extracting and refining platinum group metals. Without access to these minerals we have no business. To support our extraction and processing of these resources we require additional mineral resources as well as access to reliable supplies of water and energy (mainly in the form of electricity). We recognise that the supply of some of these resources is constrained and likely to become more so in future, leading to anticipated increases in costs as well as growing competition with other potential users including local communities
- ➔ It is important that we demonstrate responsible stewardship of the resources we share with the societies in which we operate, particularly as our underground operations become deeper and consume greater amounts of energy and water. This involves taking measures not only to address security of supply (for example through efficiency, recycling and fuel-switching), but also to actively minimise our impacts on natural resources. This has direct benefits in terms of reduced costs and liabilities, enhanced resource security and improved licence to operate.

How we manage this objective

- ➔ Implats embraces an Integrated Mineral Resources Management (MRM) function. To this end, systems, procedures and practices are aligned and are continuously being improved to achieve this objective. MRM includes exploration, geology, geostatistical modelling, mine-survey, sampling, mine planning and the MRM information systems. The MRM function is the custodian of the mineral assets of the Group and specifically strives to grow these assets in terms of both Resources and Reserves, and to unlock value through a constant search for optimal extraction plans, which yield returns in line with the corporate and business objectives
- ➔ The Group has established environmental specialist teams that work closely with operations and are involved in due diligence exercises undertaken in connection with acquisitions, and the development of strategic resources.

Our 2012 performance

- ➔ Commenced implementation of Board-approved carbon and water conservation strategies
- ➔ Obtained water-use licences for SA operations and provisional atmospheric emission licences for Rustenburg operations

- ➔ Reduced total direct emissions of SO₂ and CO₂ at Group level
- ➔ Completed prefeasibility project for SO₂ abatement at Zimplats operations
- ➔ Made progress with our coal-to-biomass fuel-switching project
- ➔ Total Group water consumption of 40 114 megalitres, representing a decrease of 4% on FY2011 – 41 868 megalitres
- ➔ Recycled 14 840 megalitres of water, equating to 37% of all water consumed (FY2011: 35%)
- ➔ All South African operations, with the exception of Marula Platinum, are now certified in terms of ISO 14001
- ➔ Commenced final phase of a biodiversity management plan for our Rustenburg operations.

Our commitments for achieving this objective in future

- ➔ Focus on implementing carbon and water conservation strategies, and seek to finalise carbon and water targets
- ➔ Engage with local, regional and national authorities in SA regarding water-use licences and complete waste licensing
- ➔ Implement the new air quality reporting requirements for our Rustenburg operations
- ➔ Complete study into the feasibility of coal-to-biomass fuel-switching project at Rustenburg smelter
- ➔ Continue our work with government and academia on fuel-cell technologies utilising PGMs in alternative energy sources
- ➔ Continuously improving the management of Mineral Resources and related processes, while addressing skills development and retention
- ➔ Optimal exploitation of current assets, together with growth of the Mineral Resource base by leveraging and optimising existing Implats properties, exploration and acquisitions, including alliances and equity interests with third parties
- ➔ Comply with the legislative regime that governs mineral rights ownership
- ➔ The transparent, responsible and compliant disclosure of Mineral Resources and Mineral Reserves in line with the prescribed codes, SAMREC and JORC, giving due cognisance to materiality and competency.

Strategic objective 4 – Develop social and environmental capital

We will achieve this by:

- ➔ Making a meaningful and sustainable contribution to the societies in which we operate
- ➔ Implementing projects that impact positively on our communities
- ➔ Respecting the human rights and interests of all stakeholders

Why this is material

- ➔ Our strategic approach to investing in socioeconomic development initiatives is informed by our belief that the long-term success of a business is closely linked to the success and wellbeing of the communities in which it operates and from which it draws its employees. Ensuring the trust and endorsement of these communities and their political representatives is essential to our licence to operate and to our ability to operate effectively and efficiently
- ➔ We believe that our commitment to housing provides a clear opportunity for differentiation and to build a sustainable competitive advantage among current and prospective employees and other stakeholders. It presents a strong business/employee linkage and serves as a cornerstone of the other pillars of our broader transformation strategy: it supports skills retention, procurement and enterprise development initiatives, as well as making a meaningful contribution to community development.
- R3 364 million in dividends paid to shareholders
- R3 731 million in payments to providers of capital
- R9 449 million in payments to suppliers and contractors
- ➔ In Zimbabwe
 - R726 million in employee wages and benefits
 - R485 million in taxation and royalties to government
 - R174 million in payments to providers of capital
- ➔ This value-added was supplemented with additional investments of R90 million in socioeconomic development initiatives and R430 million in the upgrading of employee housing, home ownership facilitation and the conversion of single-sex residences
- ➔ Met all our housing objectives for 2012 and on track to deliver on 2020 objectives
- ➔ 51% of our total discretionary spend of R9.4 billion was spent with vendors with HDSA/BEE ownership of greater than 25% (2011: R4,8 billion or 55%)
- ➔ 52% of procurement expenditure spent with companies in the North West province, and 6% with companies owned by local communities close to the operations.

How we manage this objective

- ➔ Our Sustainable Development Department based at our Rustenburg operations manages our socioeconomic development initiatives in our South African operations. The Stakeholder Engagement Department assists with community relations
- ➔ Community projects are identified at quarterly forums attended by community representatives, local government and employees. Mine operational committees approve projects and submit them to the executive-level Group Sustainable Development Forum for final approval. The Social, Ethics and Transformation Committee (reconstituted in FY2012) oversees social and economic development issues.

Our 2012 performance

- ➔ Although significantly affected by the strike, we nevertheless continued to contribute important economic value-added for stakeholders, and in the region more broadly, through our core activities including:
 - ➔ At a group level
 - R6 940 million in employee wages and benefits
 - R1 871 million in taxation and royalties

Our commitments for achieving this objective in future

- ➔ Our revised enterprise development strategy envisages the Group allocating greater resources to developing local SMME and HDSA suppliers as well as assisting those small suppliers that are in distress. We will work closely with the Royal Bafokeng Enterprise Development Unit in Rustenburg and the Marula Community Development Agency in Burgersfort to effect greater local procurement by identifying and mentoring black-owned smaller suppliers.
- ➔ Our investments in improving the accommodation of employees will continue. The housing project is scheduled to be completed, as projected by 2020, and the conversion of all hostels to one-person-per-room accommodation will be achieved, as stipulated by the Mining Charter, before 2014. Implementation of our Social and Labour Plan is on track for completion in FY2013.

Our sustainability strategy: Contributing to value creation

Globally economic, social, environmental and governance issues remain a significant challenge to business and society. Population growth is expected to reach nine billion by 2050, with 98% of this growth anticipated in emerging and developing countries. As many people begin to enjoy a middle-class standard of living for the first time, this will place growing pressure on already limited natural resources.

Despite the anticipated improvement in the standard of living of many of the world's poor, it is likely that this will be accompanied by a persistent increase in levels of inequality. This context of growing inequality, increasing resource pressure and ongoing financial uncertainty, places a significant burden on business, government and society at large to contribute to sustainable growth.

Our capacity to deliver on our business strategy depends on our ability to anticipate the changing social, political and environmental context and to be responsive to the shifting expectations of our stakeholders. At the same time we need to be cognisant of the impacts of our operations on:

- ➔ **The environment** – By its nature, mining inherently has a high impact on the environment: in addition to depleting non-renewable resources, there are environmental impacts in terms of energy and water use, waste generation, land disturbance, and atmospheric and water pollution. These impacts are mitigated through effective internal environmental management practices. It's important also to recognise the positive contribution of platinum group metals in terms of their application as part of lower-pollutant technologies
- ➔ **Society** – While mining has had a recognised negative impact on communities, it can also play a profoundly positive role in terms of providing employment, investing in the health and wellbeing of employees and their communities, and generating significant local economic activity. As outlined throughout this report, Implats endeavours to achieve a significant positive social contribution; we recognise this is critical to our licence to operate and to our ability to generate value over the medium and long term

- ➔ **The economy** – By accessing and benefiting minerals we make a significant positive contribution to the local, regional and national economies in which we operate. The positive value added through our core business activities is further enhanced through our strategic social investment activities.

As a large mining company we need to be particularly attuned and sensitive, for example, to the underlying drivers behind calls for nationalisation and indigenisation, to the growing demands for youth employment and service delivery, and to the increasing pressures for greater corporate responsibility and accountability. We recognise that our ability to consistently provide value is dependent upon our capacity to attract, retain and develop safe, skilled and committed employees, on the reliability and cost of access to energy and water, and on the nature of our relationships with government and our local communities.

For these reasons, we see sustainability as being integral to the pursuit of our vision and our business strategy. If our sustainability strategy is to contribute meaningfully to the delivery of our vision of superior returns to our stakeholders, it is essential that the strategy focuses on and responds to those sustainability-related risks and opportunities that have a material impact on our business. The process of identifying these material sustainability issues – and determining our strategic sustainability objectives – is informed by the outcomes of our internal risk management process, as well as by the views and interests of our key stakeholders.

Our sustainability strategy:

Identifying our material sustainability issues

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. The aim of the process is to enhance our understanding of the uncertainties that we face by providing a structured and consistent approach that aligns our strategy, processes, people, technology and knowledge, with the goal of improving our ability to create stakeholder value. It enables the Board and senior managers to take decisions regarding the possible trade-off between risk and reward, and assists them to identify and pursue appropriate strategic growth opportunities informed by the Group's risk appetite and risk tolerance levels.

The structured risk management process encompasses the following steps:

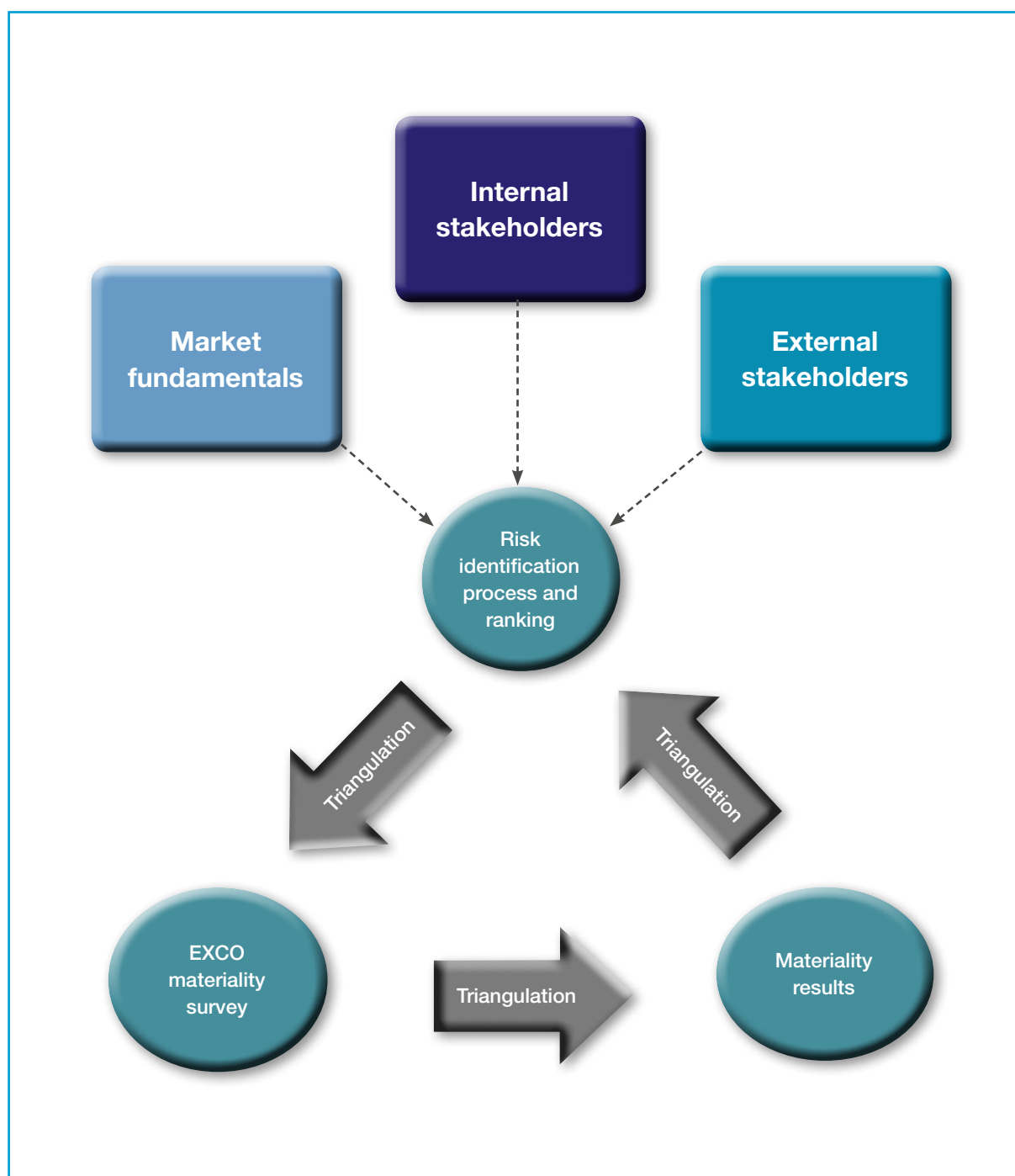
- ➔ **Establishing the context** – considering all internal and external factors, including the views and interests of our stakeholders (see 36 to 37)
- ➔ **Identifying the risk** – establishing both the source and cause of the risk, and evaluating all possible consequences
- ➔ **Analysing the risk** – identifying and assessing what this means for the achievement of our objectives
- ➔ **Evaluating the risk** – determining the risk rating (by severity, exposure and frequency), identifying the controls (both existing or new), and prioritising the risks
- ➔ **Managing the risk** – considering all options to establish the most appropriate response for each identified risk.

Arising from this process is a set of objective-based risk assessments (ORAs) that cover approximately 60 of the most important aspects of the Implats

business. Each identified risk, and 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 and risk watch report is presented on a monthly basis to the Executive Committee (EXCOM) and quarterly to the newly established Board Risk Committee.

This process culminates in the identification of a prioritised set of Group strategic risks (see page 38). From these risks, we have identified the material sustainability-related issues that in turn have been used to inform our strategic sustainability objectives that are fully aligned with our business strategic objectives.

Our stakeholder engagement process at various levels within the organisation, as well as externally and supported by market fundamentals inform our most material issues. These issues feed into our risk process and are assessed based on their impact for both the organisation and the affected parties. These impacts inform the risk mitigating measures and responses, as well as the identification of the material issues for monitoring and reporting. In determining materiality, the EXCO participates in a survey drawn from the risk profile where they are requested to rank each material issue based on various criteria. These findings are compared to the risk watch to further validate our understanding of the most material issues to the business and their potential impact on its long-term sustainability.



Our sustainability strategy:

Identifying our material sustainability issues continued

Identifying and responding to our stakeholders' interests

Implats has a range of stakeholders – both internally and externally – who have an interest in the organisation and who may have a material influence on our ability to create value. As outlined in the table below, various structures are in place to facilitate dialogue with these stakeholders, and to identify and respond to their views and interests. The frequency of these engagements is dynamic and is dependent on the nature of the issues raised. During FY2011 a process was put in place to identify and prioritise those stakeholders that are significantly impacted by our business activities, as well as those who have influence over the long-term viability of the Group. This process was undertaken by the Sustainable Development department with final approval and endorsement of the findings by EXCO. While the Group recognises that all stakeholders are important, the outcome of the review process prioritised strategic relationships with the following stakeholder groups: employees, government, shareholders, BEE partners, customers and communities. These stakeholders remain integral in the long-term sustainability of our business.

Our stakeholders	Nature of engagement	Material issues raised	How we have responded
Employees and trade unions	Operation forums Internal communication Collective bargaining units	Organisational rights Safety Conditions of employment Wages Progress with transformation	Following the recent strike action, working committees were established to better engage with the workforce. A review of salaries for certain critical skills necessitated an adjustment of these.
Shareholders, analysts and investors	Road-shows Results representations Investor conference One-on-one appointments	PGM market, safety, production Cost of production Capital delivery Nationalisation and indigenisation	The current turmoil with markets has been addressed as well as its potential impact on revenue going forward. An update on capital investment for replacement shaft 20, 16 and 17 has been conveyed.
Government	Meetings with officials from local, provincial and national government Compliance visits from government	Safety (accidents and stoppages) Progress with transformation Social and Labour plan progress Labour relations Environmental authorisation	Implats has joined industry partners together with government stakeholders in order to address current safety issues. Through the Chamber of Mines (COM) various issues impacting the industry are being addressed including cultural transformation of the industry, social development and skills.
Advocacy groups	Stakeholder liaison meetings One-on-one meetings Surveys, hotlines and publications	Nationalisation, section 54s and safety ANC's policy proposals	Implats is in the process of responding to some of the issues raised by the Benchmarks foundation regarding mining activities in the Rustenburg area. This report was produced in July 2012 after the Company's financial year-end.

Our stakeholders	Nature of engagement	Material issues raised	How we have responded
BEE or indigenous partners	Operational meetings Board meetings One-on-one meetings	Cost of production Capital delivery Safety (accidents and stoppages) Progress with transformation Social and labour plan progress Labour relations	Current constraints relating to safety performance, skills, and health have been discussed with partners. A continuous update regarding employee relations is continuously being reported as well as initiatives to remedy the situation. Engagement through the COM have also taken place to discuss and engage on the recent ANC policy proposals on the State's Intervention in the Mining Sector (SIMS).
Producers and Industry forums	Strategy meetings Industry interest group meeting	All of the above	The current cost pressures felt by the PGM industry has resulted in the formation of a Platinum Task Team, driven by the DMR and stakeholders from labour, and the PGM producers. This is being handled through the COM which Implats has recently become part of.
Media	Press releases One-on-one interviews (radio, TV and print media)	All of the above	Media releases have been consistently released throughout the year, updating the public on all material issues affecting the organisation.
Traditional councils, land owners and communities	Community liaison meetings Community trust meetings Future forum meetings One-on-one meetings	Employment opportunities Procurement opportunities HIV/AIDS in communities	Relevant issues are addressed by the responsible executive at each operation. Information on Company performance on material issues is provided at community forums, particularly regarding employment, procurement, environmental issues and health.
Suppliers	Suppliers forums One-on-one meetings	Conditions of contract	In the current year the Group reviewed its policies to include specific contractor obligations. This is to further advance the Group's standards and policies through the value chain.
Customers	Industry forums One-on-one meetings	Delivery against terms	With the recent strike action, customers have been kept informed about the supply of material as per delivery agreements.

Our sustainability strategy:

Identifying our material sustainability issues continued

Classification of group strategic risks – June 2012

The Group risk profile identified the following key risks:

High potential impact issues	Strategic Objective Impacted by the Issue	What is Implats' response?
Country risk: Zimbabwe and SA (Social and Community Issues)	Strategic Objective Number 4 – Develop social and environmental capital	Addressing relevant issues regarding sustainability, corporate responsibility, and being recognised as a good corporate citizen in the countries and communities where the Company operates, and maintaining sound and mutually beneficial relationships with them and the general public. Striving to retain permission to operate, and ensuring full legal and regulatory compliance in a continuously changing environment.
Safety and Section 54 notices	Strategic Objective Number 1 – Developing safe and effective people	Aiming to achieve continuous improvement in safety performance towards the vision of 'zero harm'.
Employee relations	Strategic Objective Number 1 – Developing safe and effective people	Aiming to achieve organisational diversity and improved employee engagement and participation in all business activities.
Employee health	Strategic Objective Number 1 – Developing safe and effective people	Aiming to achieve continuous improvement in health management performance towards the vision of 'zero harm'.
Cash preservation	Strategic Objective Number 2 – Consistently deliver superior returns	Focusing on cash management as a key to preserving the financial value of the business.
Supply and demand (and considering metal prices)	Strategic Objective Number 2 – Consistently deliver superior returns	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.
Infrastructure: including energy and water access	Strategic Objective Number 3 – Maintain Access to Strategic Natural Resources	Ensuring we minimise our consumption of energy and water by promoting efficient processes, and adopting appropriate technologies.
Environmental regulatory requirements	Strategic Objective Number 3 – Maintain Access to Strategic Natural Resources	Aiming to achieve continuous improvement in environmental performance towards the vision of a net positive impact.
Rand/Dollar exchange rate	Strategic Objective Number 2 – Consistently deliver superior returns	Closely monitoring the Rand/Dollar exchange rate as a source of significant volatility for our business.
Productivity	Strategic Objective Number 2 – Consistently deliver superior returns	Maintaining reliable and effective production processes and delivering product on time and to specification.
Skills availability	Strategic Objective Number 1 – Developing safe and effective people	Attracting, developing, retaining and motivating the requisite management, operational, technical and business skills and pool of talent.
Project delivery	Strategic Objective Number 2 – Consistently deliver superior returns	Maintaining effective project management processes and skills to ensure successful project implementation and delivery.
Unit costs	Strategic Objective Number 2 – Consistently deliver superior returns	Implementing a best cost programme that supports safe production.

Our material sustainability issues

On the basis of our internal risk assessment process, and the outcomes of feedback from our stakeholders, we have identified the following strategic sustainability-related issues that have a direct impact on our ability to deliver on our business strategy and growth objectives:

- ➔ **Ensuring the safety and health of our employees and contractors** – Respecting the fundamental rights of all who work with us is critical to our licence to operate, and ensuring a safe and healthy workforce has obvious implications for productivity and efficiency
- ➔ **Effective people** – Attracting, retaining and developing skilled employees is critical. As a mining company we are facing increasing competition for certain critical scarce skills; this is compounded by a relatively high employee turnover rate due to an ageing and ailing workforce, and inadequate education in our semi-skilled talent pool. Our ability to retain scarce talent and maintain productivity is dependent on the quality of the relations between management and employees. The 2012 strike action has reminded us how strategically important this issue is; the lessons learnt from the strike will be informing our response going forward
- ➔ **Promoting transformation and diversity** – Not only is this an important legislative imperative, but we believe strongly that a transformed and more diverse organisation is more resilient and better positioned to be competitive in the country and region
- ➔ **Retaining the support of our host communities** – Our licence to operate is critically dependent on the level of support we enjoy from our local communities and their representatives, which in turn is informed by how we manage our social and environmental impacts, and how responsive

we are to their concerns. Social development programmes, community engagement initiatives and positive government relations are critical to maintaining our competitiveness

- ➔ **Providing for declining infrastructure** – The outlook for future infrastructure is that it will lag economic growth and therefore hamper development. Transport, telecommunications, power and water are and will remain issues. Contingencies are required to minimise the impact. From a sustainability perspective, critical focus areas include maintaining cost-effective access to energy and water resources
- ➔ **Compliance with legislation and governance requirements** – Underpinning all that we do is the need to ensure compliance with government legislation, as well as (increasingly) with some of the changing societal expectations reflected in various “soft law” and governance initiatives. There has been a significant increase recently in environmentally related requirements and we are anticipating further developments that may have a material impact on our operations, including in particular climate change mitigation.
- ➔ **Maintaining access to strategic natural resource and managing our impacts** – Our ability to sustain our business over the long term requires us to be responsible in the way in which we extract our ore paying due regard to our natural environment and mitigating our impacts on land, water and air.

These material sustainability issues have informed the identification of our four strategic objectives. (See page 28.)

Our governance and management approach

A man wearing a white long-sleeved shirt, a white hard hat with a blue and green stripe, and an orange safety vest is standing in a tunnel. He is pointing with both hands towards a board of charts and photographs pinned to the rock wall. The board includes sections for 'LATEST MAJOR', 'PRODUCTION', and 'QUALITY', along with several small photographs of workers in hard hats. The tunnel walls are rough and grey, and the floor is dirt.

Our commitment to the underlying objectives of sustainable development, and to the promotion of sound safety, health and environmental performance, is reflected in the structures and support functions that we have in place at an executive and operational level.

Promoting safety underground



Our management approach

Introduction

Our commitment to the underlying objectives of sustainable development, and to the promotion of sound safety, health and environmental performance, is reflected in the structures and support functions that we have in place at an executive and operational level.

At the Board level, sustainability issues are addressed through the Social, Ethics and Transformation Committee (reconstituted in 2012), and the Health, Safety and Environmental (HSE) Committee (in place since 1988). The Social, Ethics and Transformation Committee is responsible for monitoring the Group's activities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment issues. The HSE Committee, chaired by an independent non-executive director, guides strategy, assesses the adequacy and appropriateness of HSE policies, standards and procedures, and reviews Group-wide performance on a quarterly basis.

Sustainability objectives form part of the key performance indicators against which the performance of Implats' management and executives is measured and remunerated. Refer to the Integrated Report (IRP) page 112 for details on these KPIs and executive remuneration. The Sustainable Development Forum is responsible for ensuring the implementation of strategies relating to sustainability, overseeing the overall performance of the Group's non-financial indicators and lending support to the Board's HSE Committee, the Social, Ethics and Transformation Committee, and the Audit and Risk Committees through the EXCO. The Forum consists of Group executives from each discipline who provide input and review performance on a quarterly basis.

People management

Given the importance of this function – both to the continued democratisation of South Africa and the success of our business – people management is headed up by a dedicated Group executive reporting to the CEO. His scope of work includes remuneration, human resource development, talent management, employment equity, stakeholder engagement and sustainable development.

Group policies and procedures on people management issues are established at corporate level and apply at our operations. Our policies and procedures are aimed at ensuring the continuous development of our employees, in line with business demands, while at the same time offering career progression opportunities, with particular emphasis on historically disadvantaged South Africans (HDSAs) within our South African operations. Each operation has a Transformation Committee made up of representatives drawn from management, employee unions, women and people with disabilities, as well as a number of other stakeholder groupings that are represented or engaged with to oversee and advance transformation at each operation. The operational committees report to the Social, Ethics and Transformation Committee. Our operations also have community future forums, at which issues of concern to local communities – including employment, procurement, health, safety and the environment – are discussed. Key issues arising from community forums are relayed to the Operational Committee and, ultimately, to the EXCO and Board, when required.

Managing health, safety and environmental (HSE) issues

Group and site specific HSE policies, procedures and standards have been set with the aim of ensuring that all of our activities comply with legislative requirements and support our vision of zero harm. The responsibility for implementing safety, health and environmental policies and procedures lies with line management. All operations submit quarterly performance reports to the Board appointed HSE Committee. Group and operational level health, safety and environmental specialists support line management in implementing the strategy and in monitoring and managing performance. A Group HSE executive is a member of the Implats Executive Committee.

The Group's environmental team has close links with operational and project management and is involved in due diligence exercises undertaken in connection with acquisitions and the development of strategic initiatives. Implementation of our policies is enhanced by our commitment to maintaining certification to ISO 14001-aligned environmental management systems.

Regular compliance audits are conducted at our operations, both internally by the Group's internal auditors, and externally by ISO 14001 auditors. All of the Group's certified operations retained their certifications in FY2012 and Marula Platinum initiated its ISO 14001 certification process in June 2012 with a verification audit scheduled for September 2012. In addition to the ISO 14001 certification, the Refineries are also signatories to Responsible Care and retained their certification after an audit in December 2011.

Responsible Care is the chemical industry's global voluntary initiative under which companies, through national associations such as the Chemical and Allied Industries Association (CAIA), work together to continuously improve their health, safety and environmental performance and communicate to their stakeholders about their products and processes. The Responsible Care ethic helps our industry to operate safely, profitably and with due care for future generations, and at the World Summit on Sustainable Development in 2002, was commended by UNEP for making a significant contribution to sustainable development.

Managing our investments in socio-economic development

Our Sustainable Development Department based at our Rustenburg operations manages our socio-economic development initiatives in our South African operations. A technical team is responsible for implementing the projects, working together with the Stakeholder Engagement Department who assist with managing community relations. The identification of community projects is an ongoing process based on a needs analysis, in consultation with stakeholder representatives from communities, local government and employees. The Sustainable Development project steering committee is responsible for reviewing the proposed projects after due diligence. Once approved by the project steering committee, the projects are recommended to the Group Sustainable Development Forum, a multi-disciplinary executive-level management team that evaluates the merits of investing in each project.

In Zimbabwe Sustainable Development initiatives are implemented and managed by the stakeholder engagement executive supported by technical personnel from the operations.



Marula School project.

Promoting good governance

Introduction

We are committed to promoting the highest standard of corporate governance, and to ensuring that our practices are materially aligned with the expectations of the King Code of Governance for South Africa 2009 (King III). We strive to promote and ensure a strong ethical environment in which all employees are expected to act with integrity, honesty and fairness. The Implats Board assumes overall responsibility for managing the system of internal control and for ensuring that controls are effective in providing reasonable assurance that governance, risk management and controls are in place and that our defined business objectives will be achieved.

Corruption and fraud

Implats has a zero tolerance stance on fraud and corruption throughout the Group. Our expectation therefore is that our employees, business partners, contractors and associates conduct themselves with the highest level of integrity and in line with the Implats code of ethics and fraud statement. A detailed code of ethics underpins the Group's fraud policy, in line with the organisational culture which promotes a strong and healthy ethical fibre. Both policies are fully compliant with the Prevention and Combating of Corrupt Activities Act of 2004.

Executives and line management are responsible and accountable for the implementation of the fraud policy, code of ethics and resultant procedures.

Our fraud policy prescribes that all reported allegations will be investigated. A total of 58 allegations were reported Group-wide, 32 of these were received by the South African operation and the remaining 26 were reported in Zimbabwe. In accordance with our zero tolerance policy statement, all the reported allegations were investigated.

Twenty-eight allegations were founded and were dealt with in the following manner:

- ➔ In the South African operation, 28 allegations were founded resulting in 24 disciplinary hearings with the following outcomes:
 - One hearing, regarding negligence, is still pending;
 - In 20 hearings, regarding fraud, theft and gross negligence, the employees were found guilty and were dismissed;
 - five hearings, irregularities (regarding financial misconduct) and gross negligence, resulted in a final written warning;
 - One hearing, regarding financial misconduct, resulted in a not guilty; and
 - In one of the remaining cases, regarding negligence, no disciplinary hearing could be conducted, due to the employee resigning.
- ➔ In the South African operation, four criminal cases were opened, emanating from investigations and the cases taken through the disciplinary processes carried out; the other cases did not necessitate criminal action.

Fraudulent irregular activity and theft reported Group-wide by internal audit in FY2012

Nature of allegation	Pending	Unfounded	Founded	Total
Fraud	3	1	8	12
Corruption	6	0	1	7
Theft	0	3	7	10
Irregularities	2	6	5	13
Misappropriation not material in nature	0	7	3	10
Breach of code of ethics	0	2	4	6
Total	11	19	28	58

Human rights

Respect for human rights is an integral part of the Company's Code of Ethics and values. In addition to striving for full compliance with applicable legislation in the regions in which we operate, we have also committed to the ten principles of the United Nations Global Compact. These seek to give effect to the fundamental expectations of behaviour that are outlined in authoritative international instruments including the Universal Declaration of Human Rights.

All policies and procedures at an operational level are supported by formal agreements with employee union representatives. These agreements cover the following human-rights related aspects:

- ➔ Minimum employment age
- ➔ Rights to freedom of association and collective bargaining
- ➔ Prevention of forced or compulsory labour
- ➔ Equality and fair treatment of all individuals free from discrimination, irrespective of race, gender, creed or place of origin
- ➔ The need for security personnel to uphold these rights.

We track implementation of human rights issues through monthly reports submitted to the EXCO. In addition, surveys are conducted twice a year by an independent third party. Procedures are in place to ensure that channels are available to deal with unfair practices.

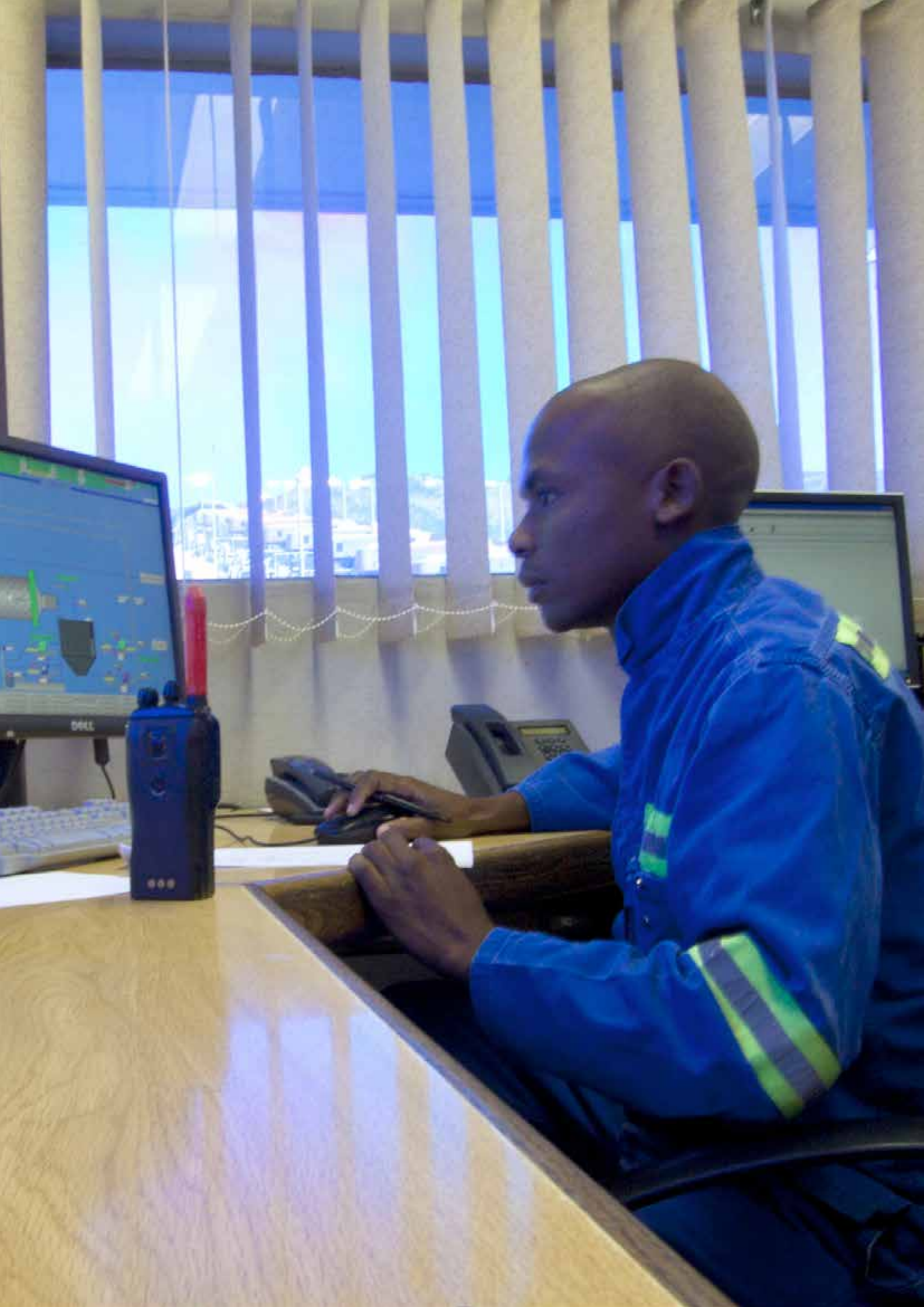
While contractor agreements do not specifically contain human rights clauses, contractors are expected to abide by our Company policies, practices, standards and the constitution of the countries in which they are operating. During the year under review, our policies were amended to include the obligation by contractors to respect and abide by our human rights principles as stipulated in the UN Global Compact. We have undertaken to improve our monitoring of contracted labour on human rights issues and are continuing to focus on this area. Through stakeholder engagement processes, material community issues pertaining to human rights are addressed in community forums. No claims of human rights abuse were made against the Company in the year under review.



Mimosa Wendza Shaft.

Our performance and prospects

The key imperatives of our corporate strategy are zero harm and to be the lowest cost producer, set against our vision of being the best platinum mining company in the world, delivering superior returns to our stakeholders. We recognise that effective people are central to the achievement of these goals and that delivery rests largely on the shoulders of the Implats leadership team.



Investing in effective people

Introduction

The key imperatives of our corporate strategy are zero harm and to be the lowest cost producer, set against our vision of being the best platinum mining company in the world, delivering superior returns to our stakeholders. We recognise that effective people are central to the achievement of these goals and that delivery rests largely on the shoulders of the Implats leadership team.

Our goal is to strengthen our organisational capacity by providing a safe, healthy and sufficiently rewarding work environment that enables us to attract and retain the best possible talent, supported by an organisational culture that values diversity and the people we employ. Our strategy specifically aims to improve the socio-economic environment of our workers, allowing us to build competitive advantage by affirming a people compact that is built on humanising our business and capacitating our people.

Our commitment to investing in effective people involves the following focus areas:

- ➔ Promoting employee and contractor safety
- ➔ Enhancing employee wellness
- ➔ Fostering positive employee relations
- ➔ Attracting, retaining and developing talent
- ➔ Promoting employment equity and diversity.

Promoting employee and contractor safety

Our management approach to safety

Our safety strategy seeks to develop a culture of safety within the organisation such that we can achieve our vision of zero harm. Implats believes that zero harm is possible and to this end we continuously plan for an improvement in performance to reach this goal.

Our strategy was developed following external (DuPont) and internal reviews of our safety systems and culture, as well as an analysis of the root causes of fatal, reportable and lost time incidents. The strategy seeks to change the safety culture through the Group from the current measured culture of dependence to independence. In our dependent culture, although there is an acceptance of the need for safe practices, these are only followed when effective supervision is present and demands it. In an independent culture, every employee is committed to safety and safe working practices.

In support of the strategy, the Group's position on discipline and safety was reaffirmed during the year. In October, a safety summit was held for all Impala and Marula mining HSE elected and appointed personnel in which the need for increased enforcement, improved training and continued communication were identified. A seven-point plan consisting of 28 specific initiatives aimed at re-enforcing the overall strategy was approved by EXCO and rolled out at Impala Rustenburg and Marula Platinum.

While there have been successes with these initiatives, it is evident from our Group performance (reviewed below) that we are still some way from meeting our targets. An important contributing factor is that we have not been able to achieve the level of operational discipline and compliance required to meet the targets in all of the operational areas.

The recent violent industrial action and the overall industrial relationship climate has had a negative impact on the implementation of our strategy, however, we recognise that this alone does not account for the lack of progress and the unsatisfactory safety performance in certain areas.

Our 2012 safety performance

It is with deep regret that we report that seven of our employees and five contractors died in our underground operations during FY2012. Eleven fatalities occurred at Impala's Rustenburg operation. Seven of these fatalities were caused by falls of ground, two were caused by truck and tramming incidents, one was from a winch moving incident and one involved explosives. At Marula Platinum one of our employees drowned in shallow water whilst at work underground. We have undertaken investigations into the root causes of these fatal incidents and have implemented remedial actions.

The increase in the fatalities (12) and the fatality rate to 0,09 this year from last year's best ever performance for Implats of 0,053 reflects our concern that there has been insufficient progress in changing our safety culture.

- ➔ The average fatality rate for the past five years has remained at 0.09 per million man hours worked
- ➔ The Lost Time Injury Frequency Rate (LTIFR) has remained almost constant at 5.0 across the Group, other than at our processing and Zimplats operations who demonstrated improvements in their LTIFR

- ➔ By contrast, the Total Injury Frequency Rate – a measure of all recorded injuries, including fatalities, lost time injuries, restricted work cases and medical treatment cases – has improved by 17%.

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

- ➔ A total of 131 Section 55 instructions or stoppages were issued in FY2012, resulting in approximately 288 days of lost production at our Rustenburg operations and 4 days at Marula (compared with 158 and 17 days respectively in FY2011) and none at Zimplats; we have engaged actively with the authorities on these instructions (see box on A tri-partite approach to safety)
- ➔ We achieved 98% compliance in our road behaviour testing, up from 35% compliance two years ago

- ➔ We conducted 62 492 breathalyser tests throughout our operations, with 243 testing positive; disciplinary action has been taken against employees testing positive.

During the strike and the industrial unrest that took place from January 2012 to May 2012, 86 employees were injured and four employees were killed as a result of violence associated with the strike. These strike related deaths and injuries are not included in the at work safety statistics. Our sincere condolences and deepest sympathies go out to all of the families affected by these tragedies.

During the period under review we have also conducted a self-assessment of previous mining and industry disasters. These included the 1986 Kinross disaster, the 1995 Vaal Reefs disaster, previous dam disasters at Merriespruit in 1994 and at Bafokeng Platinum 4 shaft in 1974, second means of egress incidents and the 2007/2008 Eskom power crisis. The review of these disasters, taking into account the causes and eventual impacts, have helped further inform our risk mitigation processes.



Zimplats operations.

In memoriam

The following employees died during the course of work during FY2012. We extend our sincere condolences to their families, friends and colleagues.

Our employees

- ➔ Mr Phakani Joseph Tshabangu died in a fall of ground accident on 16 August 2011 at Impala Rustenburg's 10 Shaft
- ➔ Mr Christian Sinikiwe Dweba died in an accident dealing with explosives, on 26 September 2011 at Impala Rustenburg's 9 Shaft
- ➔ Mr Samuel Rapelang Montshioa died in a fall of ground accident on 18 November at Impala Rustenburg's 7 Shaft
- ➔ Mr Thobekile Zendane died in a fall of ground incident on 18 November 2011 at Impala Rustenburg's 7 Shaft
- ➔ Mr Malefetsane Michael Likotsi died from drowning in shallow water on 5 March 2012 at Implats' Marula Mine
- ➔ Mr Dumisani Neewell Choqha died in a fall of ground accident on 16 March 2012 at Impala Rustenburg's 14 Shaft
- ➔ Mr Matholandile Qhakaza died in an accident during an underground ore tramming process on 16 April 2012 at Impala Rustenburg's 4 Shaft

Contractor employees

- ➔ Mr Rui Wamba Tila died in a fall of ground accident on 25 June 2011 at Impala Rustenburg's 5 Shaft
- ➔ Mr Monyamane Molotha died in a fall of ground accident on 30 August 2011 at Impala Rustenburg's 20 Shaft
- ➔ Mr Sizakela Xabela died in an accident involving a falling winch on 16 November 2011 at Impala Rustenburg's 4 Shaft
- ➔ Mr Matona Koenyama died in an incident involving a locomotive on 9 March 2012 at Impala Rustenburg's 2 Shaft
- ➔ Mr Salomao Chunguane died in a fall of ground accident on 7 June 2012 at Impala Rustenburg's 17 Shaft

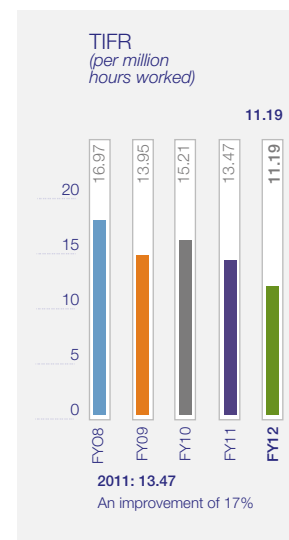
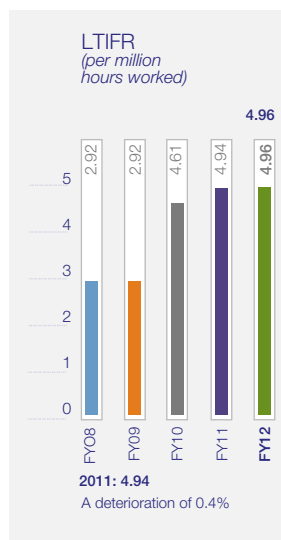
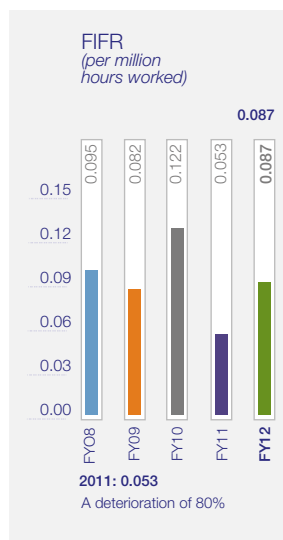
Strike deaths

We extend our condolences also to the families of the following exemployees who were killed as a result of the strike action:

- ➔ Mr Mziwakhe Nogemone, an equipping helper at 7A Shaft
- ➔ Mr Roberto Andre Chume, a rigger helper at 20 Shaft
- ➔ Mr Bandile Deyi, a scraper winch operator at 7a Shaft
- ➔ Mr Moeletsi Johan Sehlahla, a rock drill operator at 1 Shaft

Fatal injury frequency rate (FIFR)

Per million hours worked	2012	2011	2010	2009	2008
Impala Rustenburg	0.12	0.06	0.17	0.11	0.06
Impala Springs	0.00	0.00	0.00	0.00	0.00
Marula	0.13	0.00	0.00	0.13	0.37
Mimosa	0.00	0.10	0.00	0.00	0.19
Zimplats	0.00	0.00	0.00	0.00	0.13
Group	0.09	0.05	0.12	0.08	0.10



A tri-partite approach to safety

Achieving a sustained improvement in safety performance throughout our operations, and the mining sector as a whole, will require a collaborative effort involving industry, government and labour unions.

Government has placed a very high priority on improving safety performance on South African mines. At a national level the Department of Mineral Resources (DMR) is using Section 54 stoppage instructions frequently and with a wide scope. We fully support the government's intent and completely agree that work should be stopped when a condition or behaviour has been identified that poses a direct danger to employees' safety. This is the same instruction that we have applied internally, and we welcome any assistance from the government in identifying and effectively addressing the root cause of any fatality.

We are concerned, however, that some of these Section 54 stoppages are being extended beyond the source of the risk or the scope of the Act and that as a result they are having unforeseen negative consequences, including in some instances of reduced safety performance. We are committed to developing and maintaining a positive and professional relationship with the DMR with the aim of meeting our shared objective of identifying the most appropriate and effective solutions to improving safety. Where we believe that inspectors have been in breach of the Act, or have issued instructions that we believe would result in inappropriate outcomes, we have been willing to challenge these instructions with the authorities with the aim of finding the most appropriate outcome. While these challenges may initially have caused concern with the authorities, we believe that ultimately this is contributing to a more professional relationship and to outcomes that are more jointly beneficial.

In addition to engaging with government on safety issues we work in close association with employees' unions. Our operations-based safety and health committees play a critical role in the management of safety and health. In FY2012, there were a total of 41 full-time union-elected safety stewards and 4 507 part-time safety representatives across the Group. In addition, we have 66 trained safety officers appointed to ensure on-the-ground supervision. We have safety and health agreements at all our operations, dealing with standards and procedures, discipline, accident investigations and safety and health planning, ensuring that all employees can and do play a role in safety and health management.

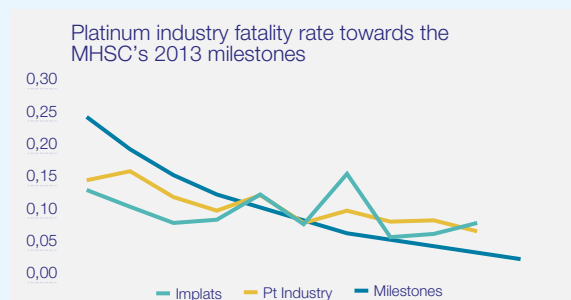


Zimplats Ngezi mine.

In 2003, the South African mining industry, government and unions agreed to meet certain sector-wide safety and occupational health milestones by 2013. These included:

- ➔ The platinum sector achieving constant improvement in safety performance to at least equalling an international benchmark of an FIFR of 0.03 per million man hours
- ➔ After December 2013, no new cases of silicosis among previously unexposed individuals
- ➔ After December 2008, no deterioration in hearing greater than 10% amongst occupationally exposed individuals
- ➔ By December 2013, the silencing of all underground equipment to below 110 dB.

In terms of FIFR, while Implats had an industry-leading performance in 2011 (see graph) given the recent fatalities, there is concern that Implats and the platinum industry as a whole is in danger of not achieving this milestone in 2013, nor potentially some of the other agreed milestones. This is a key concern to us and highlights the urgent need for a continued further focus on safety issues, as part of a collaborative approach involving business, government and labour; while all sharing the end-objective of improved safety, where necessary we must not shy away from robust discussion on the best means of meeting that objective.



Our safety focus for 2013 and beyond

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

- ➔ **Leadership:** We will strive to ensure that all operations have behaviour-based safety programmes in place, that the DuPont STOP process is fully implemented at Rustenburg and Marula, and that all D and E levels are conducting at least two STOP interactions per month
- ➔ **Supervision:** In the belief that inadequate supervision remains a major safety issue in our South African mining operations, we will focus on

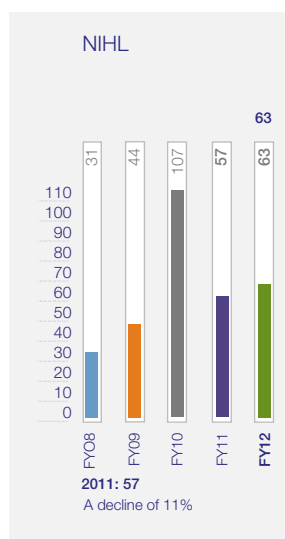
providing technical and managerial training for miners and mine overseers

- ➔ **Communication:** Implats-branded safety communication messages will be extended into our immediate communities using external agencies
- ➔ **Safety reward systems:** Recognising that international best safety practice does not recommend paying for the achievement of lag indicators alone, we will be reviewing our incentive schemes for safety performance and applying different schemes for different operations in the Group. Any recommended changes will be made through the HSE and Remuneration committees
- ➔ **Risk management review:** We intend to develop a fully integrated health, safety and risk management plan to increase risk awareness and mitigation at all levels in the organisation; the introduction of major hazard standards will be assessed and online hazard identification and rectification systems will be implemented across the Group
- ➔ **Targets:** Each operation is expected to achieve at least a 20% improvement in their LTIFR and TIFR performance. In addition we will strive to achieve: 100% compliance with road behaviour; 100% compliance with Platinum Rules or 100% disciplinary action for non-compliance
- ➔ The implementation of a new cultural transformation framework
- ➔ The training and accreditation of 3 200 safety representatives by 2014
- ➔ Installing safety nets in addition to roof bolts in both Merensky and UG2
- ➔ Installing proximity warning devices on trackless mobile mining equipment.

Enhancing employee wellness

Our management approach to health

The process of mining, which is typically undertaken in extreme heat conditions, requires strong physical fitness and mental alertness, both of which are compromised by poor employee health. Employee illness impacts the broader social wellbeing of the workforce and their extended families and communities, and has severe consequences across a range of interrelated issues including staffing practices, absenteeism, safety, efficiencies and skills retention. Promoting the health and wellbeing of our employees, and contributing to the broader health of their family members and communities, is critical to Implats' ability to create value.



In terms of occupational health, our strategy is to ensure that no ill health is caused to employees as a result of their work activity or through exposure in their workplace. We strive to ensure that all occupational health risks are identified, that mitigation controls are in place and that any ill health is detected and treated early and efficiently. Any possible resulting disability is referred to independent third parties for assessment and possible compensation.

Recognising that there is an overlap between occupational and non-occupational health stressors, our strategy on non-occupational health is to ensure that all employees have access to affordable healthcare. The delivery and funding arrangements depend on local facilities and conditions, and differ between our operations in South Africa and Zimbabwe. Impala Medical Plan (IMP) is a registered medical scheme that was formed to provide private care to employees and their dependants through Company owned and operated facilities at Rustenburg, Marula and Refineries. In addition, we provided a menu of external schemes to employees who preferred alternative private arrangements. The IMP currently has a membership of over 19 000 and reserves in excess of the requirements.

Non-occupational health has received increased focus in South Africa mainly due to the government's commitment to National Health Insurance (NHI). This will impact our non-occupational health strategy, and we are monitoring developments closely. NHI will afford an opportunity to provide access to care for families in more remote areas and to contain certain increases in private healthcare expenditure. Although none of our operations currently fall within the first districts chosen to pilot NHI, indications are that our Rustenburg operations will be included in the next district lists due in 2013. We have entered into a Memorandum of Understanding (MoU) with the Department of Health for a neonatal ICU unit in the Rustenburg region (Bojanala), whereby Impala will provide the

infrastructure for the unit and in return gain access to neonatal and adult ICU beds.

Nutrition forms an important element of our health strategy. To ensure nutritional quality, we use the advice of dieticians in the choice of all food provided in Company accommodation. Subsidised nutritional packs are made available to all underground employees at our Rustenburg operations. A trial to establish effective methods of distribution, control and formal mid-shift feeding has not adequately addressed the risk of abuse in the event of a 100% subsidy. We are conducting further work in this area.

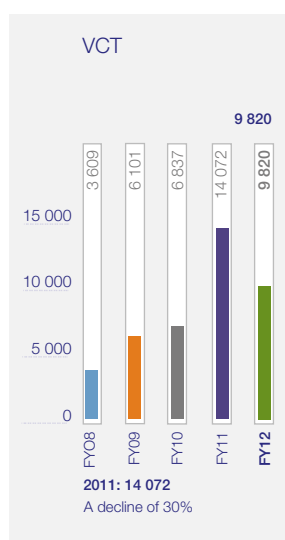
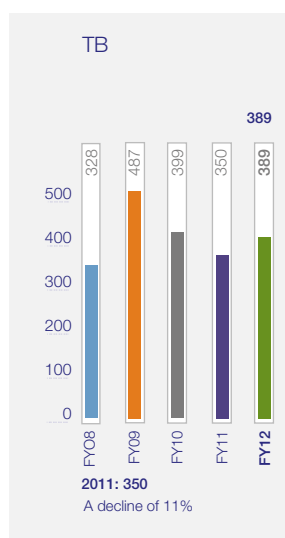
Our 2012 health performance

The Human Immune Deficiency Virus (HIV) and infection with pulmonary tuberculosis (TB) are the primary health risks facing our employees, both of which are of epidemic proportions in southern Africa. The major occupational health risk associated with our activities is noise induced hearing loss (NIHL). Key health trends and performance during FY2012 are summarised below; a more detailed breakdown of our health performance at an operational level is provided in the table on page 91.

➔ **General health indicators:** During the course of the year we lost the equivalent of 4.3% of man shifts each day through illness at our mining operations; while this is a decrease on 2011 levels (4.5%), it represents a worrying increase on 2008 levels (3.4%)

➔ Noise induced hearing loss (NIHL):

In FY2012, 63 cases of NIHL were submitted for assessment for compensation, as compared with 57 in FY2011; this is a rate of 101 per 100 000 employees. Although there has been no significant increase in compensable NIHL (hearing loss above 10% as a result of occupational exposure), NIHL remains a major occupational health risk. While we have made very good progress in the silencing of individual machines to below 110dB, total prevention of hearing loss still requires exposed individuals to wear hearing protection devices



➔ Pulmonary tuberculosis (TB):

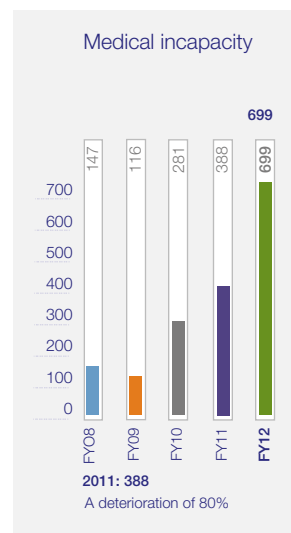
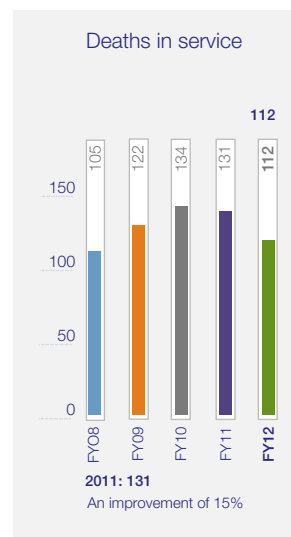
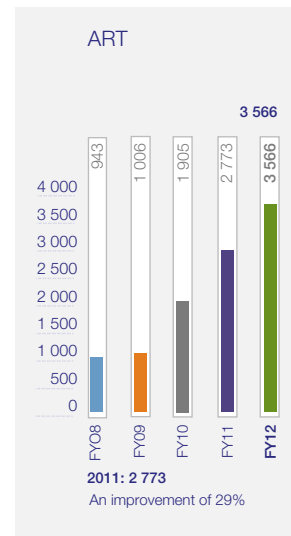
TB remains a significant health risk for our employees, and is exacerbated by the high level of HIV/AIDS. 75% of newly diagnosed TB patients in FY2012 are HIV-positive. During the year, 389 new cases of pulmonary TB were detected (FY2011: 350), equating to a rate of 981 per 100 000 employees.

- ➔ **HIV/AIDS:** During the year, we undertook 9 820 HIV tests on employees (FY2011: 14 072). Employees who tested negative were counselled to remain so, while those who tested positive were encouraged to join our wellness programme. Over the year a total of 5 179 employees participated in the wellness programme (FY2011: 5 121), of whom 3 566 (FY2011: 2 773) received antiretroviral therapy (ART). 1 220 of those on ART joined the ART programme during the year. The number of employees receiving ART through external medical aids or government health facilities is not known and so these figures may be underestimated. Regrettably 112 employees passed

away due to HIV-related illness during the year (compared with 131 in FY2011), while an additional 699 patients applied for medical incapacity and left the Group

- ➔ **Pneumoconiosis:** 35 new cases of silicosis were diagnosed at our Rustenburg operations; all of these cases have proven historic gold mine exposure. One new case of asbestosis was also diagnosed in the Group; this case also has previous asbestos mine exposure. All cases have been submitted for assessment and compensation to the Department of Health's Medical Bureau of Occupational Diseases

- ➔ **Malaria:** In FY2012 35 cases of malaria were diagnosed at Impala Rustenburg, all of which were as a result of travel to Mozambique. These cases were all successfully treated at Impala's Rustenburg hospital. Nine new cases were diagnosed at Zimplats, relating to employees who had travelled to malaria areas. It appears that the local malaria risk at Ngezi Mine has been controlled by the education and spraying programme.



Impala Rustenburg Hospital.

Our health focus for 2013 and beyond

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

- ➔ **Noise induced hearing loss (NIHL):** We will continue to focus on the prevention of any occupation related NIHL. Although good progress has been made and we are in keeping with the Industry noise milestones, the number of employees who are showing early signs of NIHL appears to be increasing. The silencing of underground machines will be completed in 2013 and all employees who are exposed to noise will be required to wear their approved hearing PPE at all times in the operations. To date the Group has spent approximately R34 million on hearing devices and R18 million on silencing of equipment and machinery since inception in 2003. Employees will continue to have annual audiometric screening examinations in order to detect deterioration of hearing early and before permanent NIHL develops. Any employee who shows signs of early hearing loss of between 5% and 10% will undergo a formal evaluation and safety investigation. Employees showing an early hearing loss shift of between 2.5% and 5% will undergo formal counselling on the risks of noise, the importance of wearing PPE and the implications of NIHL.
- ➔ **Diesel particulate matter (DPM):** DPM is a by-product of diesel combustion. The monitoring of personal exposures to DPMs will continue during BP2013. The risk of exposure to DPMs will be mitigated by adequate ventilation, low sulphur diesel replacement and exhaust filters in underground diesel combustion engines.
- ➔ **Pulmonary tuberculosis (TB):** We will strive to ensure that there is no further increase in our current incident rate (which is currently 981 per 100 000 employees), and that we at least maintain our in-house cure rate of above 90%.
- ➔ **HIV/AIDS:** We will strive to ensure a further uptake of at least 10% of known HIV-infected employees onto our wellness and ART programmes, as well as carefully monitoring and driving compliance of the existing 3 566 patients on ART treatment.
- ➔ **Employee wellness:** Our wellness programme extends care and guidance to approximately 5 000 employees, we anticipate that the programme will continue to grow by 10% per year. We will be placing stronger emphasis on monitoring and promoting employee fitness throughout the Group, and we will undertake further work during the year to identify the most effective means for the

distribution of subsidised nutritional packs to underground employees

- ➔ **Medical aid and non-occupational medical care:** The Impala Medical Plan currently has a membership of over 19 000; our aim for next year is to increase membership by a further 5% while maintaining costs.
- ➔ **National Health Insurance:** Ensuring that our health strategy is fully aligned with the NHI will be a key focus for FY2013. In accordance with our MoU with the Department of Health, this year we will build and commission an intensive care unit in the Rustenburg area, and we intend to enter into a further MoU regarding the establishment of primary care clinics in and around the lease areas.

Our management approach to employee relations

The Group is committed to providing an enabling environment that fosters open, honest and effective relations between management, employees and elected union representatives. Our labour relations policy deals with freedom of association, recognition of trade unions, discrimination, and the constitutional rights of individuals and employees. We monitor labour relations in our operations, with monthly labour relations reports submitted from the operations to the EXCO. An independent third party conducts biannual surveys of labour relations. Currently approximately 56% of employees in South Africa are covered by collective bargaining agreements with labour unions subject to the completion of a verification process. Issues addressed within these agreements include salaries and salary reviews, the participation of unions in decision-making at different forums, and consultation and notice periods regarding any significant organisational changes. The minimum notice period for any organisational change or activity at Implats' operations is 30 days.

Following the unforeseen strike action that occurred this year, we have recognised the need to significantly revise our strategic approach to employee relations. From our analysis of the strike (see 59), it is clear that we had over-invested in the institution of the union to identify and resolve people-related problems, both within the industry generally, as well as more specifically at Impala. Historically our line managers were delegated principally with overseeing the production and safety processes, with the union and human resources overseeing people issues.

Fostering positive employee relations

“The capacity of our managers and frontline supervisors to effectively deal with people issues and re-capture the hearts and minds of our workforce is perhaps our most pressing business challenge.”

Johan Theron

Recognising the weaknesses of this approach, our current strategy on employee relations focuses firstly on the short-term need to normalise the operating environment as quickly as possible, and secondly on the longer-term goal of recapturing the hearts and minds of our employees. Our aim is to create a new employee engagement model driven by line management, and to establish an industrial relations dispensation in which all stakeholders commit to a common set of values that extend the current boundaries of what constitutes the ‘common interest’.

Zimplats observes the right of employees to fair labour standards as enshrined in the country’s Labour Relations Act. The right to union membership is observed and consequently 52% of the Company’s employees that are covered by the Collective Bargaining Agreement for the Mining Industry are members of the trade union. At plant level, workers’ committees are in place to facilitate employee representation. Monthly site Works Council meetings take place between management and the workers’ committee. Matters of industrial relations are reported on monthly at the PeopleCo and OpCo meetings and details are fed into the monthly EXCO meeting.

A brief strike action took place at Zimplats in January 2012. The strike action lasted 2.5 shifts and the estimated net loss caused by the strike was about \$840 000 and 684 man-days lost. The strike action was caused by a dispute relating to an interpretation of the industry Collective Bargaining Agreement provision relating to the payment of utility bills for Company houses.

A post-strike assessment resulted in a new strategy to better engage the employees and their representatives. Communication structures have been strengthened and the works’ councils have also been given

prominence. In addition, quarterly engagement sessions between senior managers and the combined workers’ committees are taking place. The main objective of these sessions is to engage on matters of mutual interest so as to build trust and respect

Our 2012 performance on employee relations

Our performance this year on almost all measures has been dominated by the violent labour unrest that took place at Impala Rustenburg and Marula during the third quarter of FY2012. The illegal six-week strike by more than 17 000 workers had a significant impact not only on Implats, but also on our neighbouring communities and the country as a whole. The strike resulted in 110 655 man-days lost and R2.8 billion in lost production, undermined our efforts to enhance employee safety and skills development, and prompted the collapse of our existing collective bargaining structures. It caused significant disruption within our local communities, with a small minority of strikers engaging in unacceptable levels of intimidation and violence that resulted in four deaths and 69 injuries. In addition, it resulted in lost government revenue, reduced international investor confidence, and potentially will have profound implications for industrial relations throughout the country more broadly.

In Zimbabwe apart from the brief work stoppage at Zimplats operations (and events leading up to it) in January 2012, the industrial relations climate was generally sound. Currently, the main area of concern is the anxiety among staff caused by the noise around the government’s indigenisation programme. Employees at the Zimplats operations are concerned about job security as well as the likely impact of indigenisation on growth plans.

Our focus on fostering positive employee relations for 2013 and beyond

In seeking to develop a revised approach to industrial and employee relations, we will be focusing our efforts over the short and medium term on implementing the following building blocks:

- ➔ We will implement an inclusive and credible externally facilitated process aimed at maximising the quality of the outcomes and the buy-in of all stakeholders. This new approach will be driven within a rights-based framework, with the focus on creating opportunities for participation that should exclude winner-take-all options and that sets lower thresholds to gain recognition and negotiating rights
- ➔ We will be investigating new means of ensuring appropriate representation for all employees, including considering how non-unionised employees are appropriately catered for and represented
- ➔ The conversation will be extended to frontline managers, who are at the forefront of the process of business and people optimisation. The process will examine whether stakeholders, including managers, have the competencies necessary to implement the new approach; and put initiatives in place to develop those skills. We recognise the importance of providing training in effective people leadership skills, communication skills and dialogue with problem solving as the major way to resolve disputes and differences
- ➔ The strategy will include mechanisms through which the Company can communicate more directly with employees and not rely solely on union communication channels. Whilst we believe that we have strong structured communication channels in place, direct face-to-face communication with employees needs to be strengthened as a key component of the new way and our visible felt leadership intervention
- ➔ An important part of our strategy is to strengthen our employee interaction; it is imperative that we do not separate industrial relations (which focuses on engagement with employee representatives through a collective or union) from employee relations (which deals with the day-to-day engagements with employees directly through line managers). While we need to retain industrial relations expertise and functionality, we believe that we can't have a separate team or function of industrial relations "fire fighters"; all our efforts at every level in the organisation should be to resolve people issues at the lowest possible level as quickly as possible
- ➔ A new approach to collective bargaining will be crafted to take account of a multi-union environment. It is recognised that processes are underway within the Chamber of Mines to centralise bargaining. Nevertheless, management believes that the following principles should be considered to guide thinking about collective bargaining for as long as it is conducted at Company level: lower thresholds should be in place to gain recognition rights table, thus allowing more inclusive participation in collective bargaining; and the principle of a 50% +1 threshold for collective bargaining rights may prevail but allow for unions to join together in reaching that threshold
- ➔ For the Zimbabwean operation focus will be on minimising external interference by striving to resolve industrial relations issues swiftly in-house, strengthening internal communication structures enhancing the effectiveness of the Company's works councils and building trust at all levels of the organisation.

FOCUS TOPIC: The strike action in South African operations

The unforeseen labour unrest that disrupted our Impala operation during the third quarter of FY2012 had a profound impact not only on our operations but also on our surrounding communities and potentially also on the future nature of labour relations throughout South Africa. An important effect of the strike was to forcefully bring home to the Company the strategic importance of maintaining effective communications between management and employees.

Given the issues identified during the strike we are determined to develop a sustainable industrial/employee relations strategy that will create the conditions for robust and meaningful employee engagement and constructive engagement with unions in a multi-union environment. The capacity of our managers and frontline supervisors to deal effectively with people issues and to re-capture the hearts and minds of our workforce is perhaps our most pressing business challenge and will be energetically tackled through training and dialogue. Where previously the Human Resources function operated through written communication, the emphasis going forward will be on oral discussion. The stakeholder forums will be overhauled so that they become meaningful vehicles for two-way communication. In doing so, we will give these forums greater capacity and their members increased authority.

The road to meaningful employer-employee dialogue will be a long and difficult one but we are confident of creating a new environment that is sensitive towards our people's concerns. We are working hard to create an interim, mutually-agreed structure that is truly inclusive. Events in Rustenburg this year clearly indicated a failure by operational and Group management to engage with our employees as well as a significant failure of our risk-management protocols and systems. The lessons of this failure must be turned into successes, to the benefit of all stakeholders.

Attracting, retaining and developing talent**Our management approach to people management**

Attracting and retaining talent is an increasingly significant challenge, not only for Implats but also for the mining industry as a whole, both locally and globally. There are various factors that are contributing to this challenge for us including: a depleted supply of skilled and semi-skilled mining skills; poor education levels in our semi-skilled talent pool; increased employee turnover as a result of an ageing workforce; and growing competition for skilled resources.

To address these challenges our strategy aims to:

- ➔ Secure the best available talent in the market through appropriate selection and competitive remuneration
- ➔ Develop internal talent through talent identification, career progression and skills development initiatives
- ➔ Retain critical mining skills and minimise avoidable turnover with a compelling employee value proposition
- ➔ Reward good performers through our performance management programme.

With this in mind, we have commenced the following strategic initiatives:

- ➔ **Remuneration:** A key part of our talent strategy is to offer a fair remuneration consisting of a base salary, employment benefits and performance incentives that incentivise efficiencies without compromising safety. Our remuneration is benchmarked against the 50th percentile of the market for the broad talent pool, with the 75th percentile used for critical jobs, talented individuals, important employment equity candidates and/or exceptional performers. The introduction of performance incentives through variable pay remains a continuing source of debate between the Group and the unions. Despite many attempts at reaching agreement on this issue it remains unresolved and places additional pressure on our fixed-pay elements and cost base, and potentially impacts our ability to meet future production targets. We are continuing to engage the unions as we seek to develop an acceptable, effective and efficient remuneration system. At our Zimbabwean operations the philosophy is to pay rewards that fall into the upper quartile of the Zimbabwean market rate and to reference this against the southern African benchmark. This has placed these

operations in a position where they are able to attract good talent. The last three years has seen an increase in mining activities within the country, particularly within the diamond mining industry, consequently placing a greater demand for critical skills and talent. This has not had a significant impact on our operations

- ➔ **Skills development:** An analysis of current skills acquisition practices reveals that approximately 95% of critical skills (particularly amongst rock drill operators) are drawn from the external labour market, while only 5% are acquired from within the organisation. This phenomenon is exacerbated by the low literacy levels at the lower levels, which creates a bottleneck for potential career advancement. The main objective is to reverse the current practice and move towards developing skills internally such that 70% of critical/technical skills are obtained from within the organisation and improve the literacy levels of the workforce
- ➔ **Succession plans:** We have annually reviewed succession plans in place for all our critical positions. Succession candidates are placed in talent pools and assessed against internal and external talent benchmarks; these assessments are used to compile individual development plans
- ➔ **Leadership development:** Our Leadership Development Programme, in partnership with the Gordon Institute of Business Science (GIBS), will continue to provide targeted leadership interventions and develop leadership capacity throughout the Group. This programme is supplemented with targeted executive management development initiatives from Harvard University. The programme will be further leveraged to include in-house supervisory programmes at our new mining training facility. We will also continue with people management training and mentoring from Colin Hall, aimed specifically at improving the people leadership capacity of our line managers and supervisors.

Our 2012 performance on people management

Our performance on almost all employee-related issues this year was dominated by the impact of the strike. A summary of our performance on key issues over the year is presented below; additional detail at an operational level over the past five years is presented in the performance table on page 90.

- ➔ **Skills turnover:** Total workforce turnover for FY2012 was 9.8%, up from 8.5% in 2011. The turnover this year was negatively impacted by the six-week strike at Rustenburg, as well as by the restructuring at Rustenburg and Marula. The turnover of our miners was 20% for the year, changing from 38% in the six months before the salary increase to 10% after the increase. This excluded employees who were discharged and re-employed during the strike action. Turnover of rock drill operators was 12%, up from 7.5% last year, with many of the resignations occurring during the six-week strike. At the Zimplats operations turnover remained stable at 4.2% (FY2011: 4.4%)
- ➔ **Skills development:** During the year we implemented various initiatives aimed at promoting skills development.
 - We have recently introduced a new training programme, in partnership with TEBA and the Royal Bafokeng Nation, to train young people with a grade 12 qualification as winch operators and rock drill operators. We intend to register this programme with the Government Jobs Fund, with the goal of training more than 1 000 people per year (or approximately 60% of our indicated requirement)
 - We have recently established a new mining training facility at the old 9 Shaft hostel complex to support mining supervisors and managers with supplementary technical training and instruction. We hope to grow this into one of the top Mining Academies in the industry, and to support all our mining initiatives and training interventions at this facility
 - Group skills development expenditure for our South African operations was R354 million, a 0.8% decline year-on-year (FY2011: R357 million). Of the approximately 3% (R11 million) went towards ABET training. We have maintained our skills development expenditure at approximately 6% of payroll. Approximately 90% of the skills development expenditure is compliance training, mostly as a consequence of safety incidences and subsequent retraining. To meet the required critical skills for the business in the short to medium term, we will be investing an additional 1% of payroll towards skills development. For the

Zimplats operations \$2.76 million was spent on skills development, up 25% from the previous year.

- Over the year we provided an average of 113 hours of training per employee for all our employees, while our contractors received an average of 35 hours each of training at our South African operations
- During FY2012, our South African operations had approximately 85 full-time bursary holders at university studying primarily in the engineering and mining-related disciplines, while we had eight full-time bursaries from our Zimbabwe (Zimplats) operations. In addition, a total of 548 individuals benefited from our apprenticeship and learnership programmes at the South African operations and 73 at Zimplats

➔ **Adult basic education and training**

(ABET): The level of basic literacy (ABET3) at our mining operations has improved significantly over the past five years, up from 30% in FY2008 to 74.3% in FY2012, as a result of both the ABET programmes that we have in place, as well as our recruitment drive focusing on hiring employees who have completed high school education. Despite our efforts to improve education, high school equivalency still remains low for our mining discipline. In FY2012, 907 employees were enrolled for ABET, in both full-time and part-time classes. On average 56% of those who wrote exams successfully completed their programmes, while 53% dropped out or were unsuccessful in their examinations

- ➔ **Leadership development:** 37 members of our management team at the South African operations participated in our senior management and executive development programmes, presented by GIBS; 11% of those who participated in the programme were women and 57% were HDSAs. At our Zimplats operation, six core leadership development

programmes took place during the year and 160 managerial and supervisory employees participated in the programme

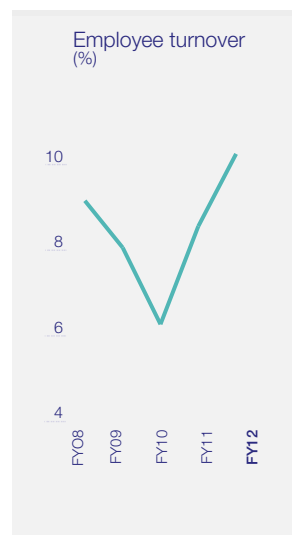
- ➔ **Promoting local employment:** Despite efforts to hire more local people, migrant workers continue to play an important role in the industry, particularly for rock drill operators and winch operators, who come principally from the Eastern Cape, Northern Cape and Lesotho. These two job categories constitute more than 50% of our workforce.

Our focus on people management for 2013 and beyond

Retention of key talent (mine overseers, shift supervisors, miners, engineers, foremen and artisans) remains vital to maintain continuity and improve safety and productivity. To this end, we will review all aspects of our selection, retention and reward processes to ensure we improve our turnover rate by 15% every year to achieve the targeted rate of below 7.5%.

- ➔ **Resourcing our operations:** Effective planning and management of employees will be critical to our ability to sustain and grow the business. As we open new and deeper shafts, while closing down older shafts with lower extraction rates, staffing our Impala operations will be one of our most pressing resource challenges. Taking account of our new shaft requirements, our annual staff turnover rate, and the fact that we have an ageing workforce, it is anticipated that approximately 3 000 new hires will be required every year over at least the next five years. Significantly, we will also need to increase our stopping teams at Rustenburg from approximately 600 teams in FY2013 to 700 teams in FY2017. Increasing this talent pool, while ensuring that safety performance and labour efficiencies are not compromised, highlights the importance of holding on to our existing talent while bringing in young, healthy and well-educated new employees

- ➔ **Skills development:** We will further develop the new mining training facility at the old No 9 Shaft Hostel with the assistance of the Mining Best Practices



Department, with the aim of not only developing our own future mining talent, but also providing a critical resource for the broader industry. We plan also to commission the new integrated engineering training facility in Rustenburg in FY2013, and the enhanced capacity will be utilised to support our engineering talent development initiatives. We plan to grow this into one of the top institutions in the country, and with third-party assistance to train artisans beyond our immediate needs

- ➔ **Talent management:** Various initiatives are planned for FY2013: we will review our total reward composition and relative market position for lower level employees (A, B and C band) as part of a comprehensive strategic analysis for consideration by the Board; we will communicate and implement the revised Share Based Incentive Scheme; and will review the nature of the Executive Bonus Scheme
- ➔ **Career progression:** We will review all aspects of our talent identification, succession and talent development processes to ensure we achieve the targeted rate of above 60% internal talent acquisition
- ➔ **Promoting local employment:** An important part of our people strategy over the next ten years will be to seek to bring more unemployed young people from the neighbouring communities surrounding our South African operations into the industry, providing them with the necessary training and support. In Zimbabwe, given the context of the indigenisation policy, and with new mining operations competing for the same depleted skills base, (particularly in gold and diamond mining), there will be a heightened focus on skills retention.

Promoting employment equity and diversity

Our management approach to employment equity

In seeking to meet and go beyond the expectations of the revised Mining Charter, our employment equity strategy focuses on the following two strategic areas: integrating transformation and employment equity considerations within our talent management and people processes; and accelerating the recruitment, development and promotion of designated groups into occupational levels where they are under-represented. To assist in driving this strategy throughout the Group, during the year we put in place a common framework for the Group Transformation Committee and Implats' Operational Employment Equity structures. At Zimplats there is commitment to create gender equity at all levels of the organisation and in particular at managerial level. While no legislation is in place to enforce gender equity, the operation aligns itself to the overall Group policy on diversity management.

Our 2012 performance on employment equity

Over the last five years we have made valuable progress in promoting diversity across most levels of management throughout the Group. Our biggest challenge, and one that is shared throughout the industry, is in ensuring greater diversity at the EXCO level. Our performance in this area is attributable in part to the departure of some of our HDSA members in the last few years.

Implats continues to focus on increasing women representation in management and in FY2012 had 141 in this category (18% representation).

HDSA in management (South Africa)

	Mining Charter target 2012	2012			2011		
		HDSA %	Total number of employees/ members	HDSA employees/ members	HDSA %	Total number of employees/ members	HDSA employees/ members
Board	25	58	12	7	62	13	8
EXCO	25	20	10	2	20	10	2
Senior management	25	39	108	42	36	115	41
Middle management	35	43	202	86	41	213	87
Junior management	40	53	433	231	55	465	255
Total management		48	763	368	48	816	393

* Excluding non-executive directors. HDSA in management is 48% (361 employees).

** One executive director is representative on both EXCO and Board.

The table below summarises the Historically Disadvantaged South Africans (HDSA) performance per level of Implats against the performance of Anglo Platinum and Lonmin as per the 2011 Employment Equity Reports submitted to the National Department of Labour.

Employment equity benchmark

Occupational level	Implats (SA)		Lonmin		Anglo Platinum	
	In service	HDSA %	In service	HDSA %	In service	HDSA %
Top management	4	25	15	20	9	33
Senior management	111	36	183	34	311	38
Professionally qualified and experienced specialists and mid-management	678	49	409	53	2 071	53
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5 049	71	3 502	64	6 706	69
Semi-skilled and discretionary decision making/unskilled	30 207	86	23 650	80	39 891	87
Total permanent	36 049	83	27 759	78	48 988	82

From the above it is clear that we are well positioned relative to our competitors. It is important to note the differentiation of the "In-Service" per level due to the different structures within the respective companies.

Notwithstanding the fact that the new Mining Charter does not address the role of women and their representation within mining, we have continued to encourage female representation at all levels of the organisation. The Rustenburg Transformation Steercom has initiated a Woman in Mining project aimed at raising awareness amongst women of the career-progression opportunities available to them. We have made useful progress in employing women in core positions throughout the Group, and we are well positioned relative to our competitors at management level, with the exception of the skilled level (see table below).

The table below summarises the Women in Mining performance per level of Implats against the performance of Anglo Platinum and Lonmin as per the 2011 Employment Equity Reports submitted to the National Department of Labour.

Women in mining benchmark

Occupational level	Implats (SA)		Lonmin		Anglo Platinum	
	In service	Women in Mining	In service	Women in Mining	In service	Women in Mining
Top management	4	25	15	7	9	11
Senior management	111	11	183	14	311	10
Professionally qualified and experienced specialists and mid-management	678	20	409	26	2 071	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5 049	10	3 502	16	6 706	17
Semi-skilled and discretionary decision making/unskilled	30 207	9	23 650	6	39 891	10
Total permanent	36 049	10	27 759	7	48 988	11

From the above it is clear that we are well positioned relative to our competitors at management level with the exception of Skilled level.

At the Zimplats operations 5.4% of the workforces is constituted by females. While it is acknowledged that this is low, plans are in place to reach an above 10% target in the medium term.

Our focus on employment equity for 2013 and beyond

Overall we aim to achieve 55% and 45% HDSA representation at D and E level respectively by the year 2014. To achieve these goals, our employment equity strategy focuses mainly on:

- ➔ Retaining key talent as far as possible: aiming for turnover below 7.5% per annum
- ➔ Promoting talent from within: aiming for 80% HDSAs at D level and 70% at E level
- ➔ Recruiting scarce skills where necessary: aiming to recruit 80% HDSAs at D level and 70% at E level
- ➔ Using graduate and skills development programmes to advance transformation in targeted occupations (80% HDSAs and 40% women)
- ➔ Promoting women into occupations where they are under-represented (differentiated for each occupation) with a greater focus in operations where the representation of women can be expanded
- ➔ Identifying and eliminating transformation barriers in poor performing departments, functions and occupations
- ➔ Empowering operational transformation forums and assisting them to advance employment equity and eliminate transformation barriers
- ➔ Inculcating the right corporate culture and value system to advance and sustain transformation initiatives.



Maintaining access to strategic natural resources and minimising our environmental impacts

As a company involved in the exploration, extraction and processing of mineral resources, we inevitably have an impact on the natural environment. We believe, however, that through our responsible environmental management practices, and through the nature of our investments in social and human capital, we have a net positive impact on society. This contribution is further enhanced by the role that PGM metals play in the move to a greener economy.

Our commitment to protecting natural resources involves the following key focus areas:

- ➔ Optimising energy usage and promoting security of supply
- ➔ Promoting sustainable water use and reducing pollution
- ➔ Reducing our atmospheric emissions
- ➔ Responding to risks and opportunities brought about by climate change
- ➔ Ensuring effective land management and promoting biodiversity
- ➔ Managing our waste streams
- ➔ Striving to reduce environmental incidents.

Optimising energy usage and promoting security of supply Our management approach to energy

Energy security and pricing remains a significant material risk, in terms of both our existing and planned operations. As we expand into deep-level mining and extend our underground footprint, our mining operations will become more energy-intensive, making us more exposed to increased costs and potential supply disruptions. In terms of our broader environmental policy and strategy, we are committed to identifying opportunities to optimise energy efficiency with associated monitoring and reporting on relevant energy-related data.

As part of Eskom's power conservation programme (PCP) introduced in 2008, the South African mining industry has been encouraged to voluntarily reduce total energy consumption by 10%. We have continued to work closely with Eskom and have participated in their demand-side management (DSM) programmes with the aim of reducing their load requirements, particularly during peak demand periods. We have a similar energy challenge in

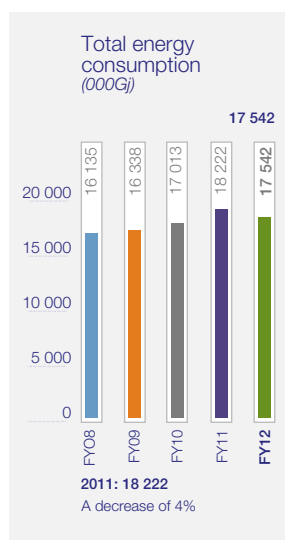
Zimbabwe, where power outages and high tariffs have become significant financial incentives for power-conservation strategies.

As there are limited opportunities to reduce the electrical energy usage at our smelters and refineries, our strategic focus is primarily on promoting energy efficiency within our mining operations. Our new shafts have been designed with high-level specifications for energy efficiency and power management in the main fan stations, refrigeration systems, underground pumping systems, underground lighting, air compressor and reticulation systems and hot water control systems for change houses. To minimise exposure to energy insecurity, and to reduce our greenhouse gas emissions, we are also exploring opportunities for alternative energy sources.

Our 2012 energy performance

In FY2012, approximately 68% of our total energy consumption was electrical energy, comprising almost 10% of our overall cash cost base; this compares with 9% in FY2011 and 8% in FY2010, reflecting the continuing rise in electricity costs year-on-year. Further details on the total energy consumed at each of our operations are provided in the performance table on page 93.

We made progress during the year in exploring alternative renewable energy sources. The coal-to-biomass fuel-switching project where we are assessing the feasibility of using biomass as an energy source at our Rustenburg smelter is in progress. We have commenced the process of registering this as a potential Clean Development Mechanism (CDM) project under the UNFCCC Kyoto Protocol. The feasibility into the establishment of biomass plantations is progressing well; three sites have successfully been planted,



and monitoring of the growth and soil characteristics is underway. If this fuel switch is realised, this will have a valuable impact in terms of reduced direct greenhouse gas emissions.

Our energy focus for 2013 and beyond

We have prioritised the following energy-related focus areas in the year ahead:

- ➔ We will ensure that we have the internal systems in place to meet the regulations in terms of the National Energy Act, 2008, requiring the mandatory reporting of energy data to the Department of Energy; while all our operations currently report fossil fuel consumption figures and electricity usage, and we annually calculate and report our greenhouse gas emissions via the Carbon Disclosure Project, there is scope to improve our data on our energy efficiency initiatives
- ➔ We plan to complete our feasibility studies relating to our coal-to-biomass fuel-switching project.

Promoting sustainable water use and reducing pollution

Our management approach to water use and pollution

Implats is highly reliant on water for our mining, processing and refining operations and for human consumption. An important focus this year has been on implementing our recently approved water conservation strategy, which was developed to

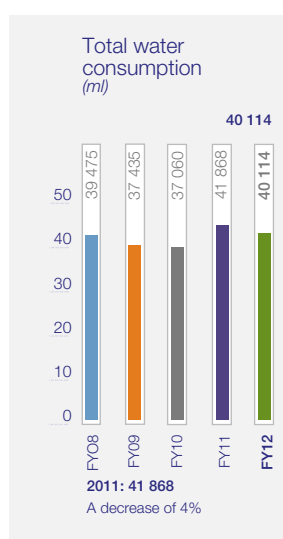
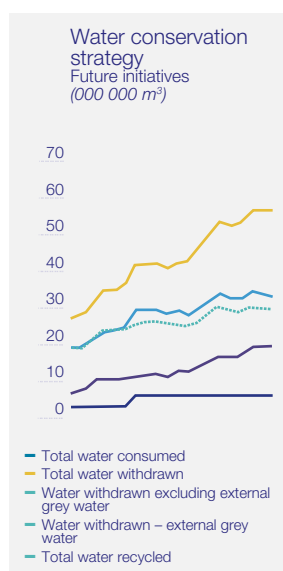
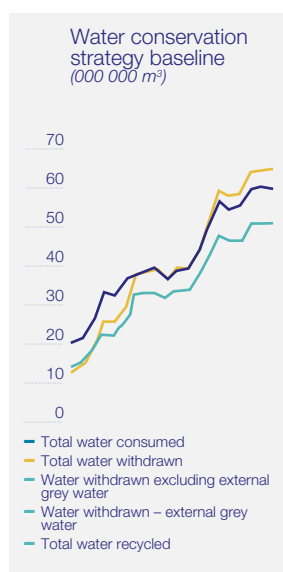
integrate the responsible management of water into our core business operations. The strategy covers resource consumption and water quality management, and proposes a framework for operation-specific water conservation strategies. It also defines a water consumption baseline for the period 2001 to 2020, to be extended to 2030 in the near future.

Various projects are in progress aimed at reducing potable water consumption, optimising industrial water use and increasing water recycling. We have reviewed our definitions to ensure a consistent approach for the monitoring and reporting of water management indicators across the Group but still need to further the application of these across all operations. We have once again taken part in the Water Disclosure Project administered by the Carbon Disclosure Project (CDP).

During the year we finally received our water-use licences for our South African operations; we are continuing to engage actively with the regional and national authorities to resolve issues and concerns relating to some of the requirements in these licences. Pending finalisation of amendments to these licences we maintain detailed records of all our communications with regulatory officials as evidence of the continuing agreements. At the Zimbabwe operations, the required permit process was followed for all activities including water use. Water abstracted from dams and rivers was all within the set allocation limits.



Maintaining access to strategic natural resources and minimising our environmental impacts continued



Our 2012 performance on water issues

Total Group water consumption in FY2012, consisting both of water withdrawn and water recycled, was 40 114 megalitres, representing a decrease of 4% on water consumption in FY2011. This decrease is largely attributable to the reduced production during the year associated with the industrial action. Our unit consumption rate of water (kilolitres per tonne ore milled)

has increased on 2011 levels. Over the year, 14 840 megalitres of water was recycled, which equates to 37% of all the water consumed in our operations; this compares with 35% in FY 2011 and 27% in FY2010.

Further details on the total water withdrawn, consumed and recycled at each of our operations are provided in the performance table on page 93.

Consumption in (kl) (000)	2012	2011	2010	2009	2008
Water from water service providers or municipalities ⁽¹⁾	10 722	12 636	11 970	13 151	**
Waste water from other organisations ⁽²⁾	2 767	3 769	3 668	3 829	–
Water from rivers ⁽³⁾	2 124	2 337	2 659	2 328	–
Water from dams ⁽⁴⁾	7 891	7 016	7 506	5 816	–
Water from ground water ⁽⁵⁾	1 770	1 287	1 276	658	–
Water withdrawn (1 + 2 + 3 + 4 + 5)	25 274	27 045	27 079	25 783	25 970
Water internally recycled	14 840	14 823	9 981	11 652	13 505
Total water consumption	40 114	41 868	37 060	37 435	39 475

Notes:

¹ From FY2011 the Zimplats and Mimosa water withdrawn from rivers and dams excludes water provided to communities in line with South African operations.

² At Marula and Zimplats, fissure water is included as ground water from FY2011.

³ From FY2011 the refineries water withdrawn include domestic water (offices). This is in line with Group reporting.

** Figures were not available in this format.

Maintaining security of water supply becomes a more pressing issue during the planning of new projects and in accessing new water supplies. While we have secured an initial allocation of water for our Aplats project, we recognise that in the longer term we will have to consider more innovative solutions, including the possibility of participating in the feasibility study investigating a long-distance water pipeline into the Rustenburg area from the Witwatersrand Basin deep level decant. Both of our operations in Zimbabwe have acceptable water allocations, but as they withdraw water from local water sources, any threat to these sources would have an impact on the water resources at their disposal. We work very closely with other water users, and in addition to continually increasing our recycling of water, we are always looking for other alternative sources, albeit on a small scale.

In terms of managing water pollution, our primary concern relates to the possible release of process water containing sulphates, chlorides and nitrates into receiving water bodies. None of our operations are associated with acid mine drainage or the use of cyanide. We undertake regular surface and groundwater sampling at all our operations; at our Rustenburg operations, groundwater data is fed into a regional model, which is used as a management tool for identifying and addressing groundwater problems.

Our water focus for 2013 and beyond

We have prioritised various activities in the year ahead:

- ➔ We will formalise the proposed water-use licence amendments for our South African operations
- ➔ We will drive the implementation of our recently approved water management strategy, with a particular emphasis on

increasing the amount of recycled water that can be used as a substitute for potable water

- ➔ The cost and feasibility of water treatment alternatives will be investigated.

Reducing our atmospheric emissions

Our management approach to air quality

The most significant air quality risk for the Group relates to the sulphur dioxide (SO₂) emissions from our smelting and refining operations in Rustenburg, Springs and Zimplats. Our management of our operational impact involves the monitoring, measuring and reporting of emissions, and the identification and implementation of emissions-reduction activities. Our underlying objective is to ensure that, as a minimum, we comply with all legislative requirements. During the year we obtained the required atmospheric emission licences (AEL) for our Rustenburg operations. The application for an AEL for Refineries has been submitted and finalisation is awaited.

Ambient air quality is monitored at our operations via a network of ambient monitoring stations. These monitoring stations are indicative of ambient levels and trends. In most instances it is difficult to accurately attribute the source of any pollution as various factors can influence the ambient data; no source apportionment analysis is done concurrently or at any of the sites. The ambient monitoring network at Impala Rustenburg comprises six monitoring stations, three of which measure selected meteorological conditions, SO₂ and PM10 (particulate matter smaller than 10 microns) levels. A further five ambient monitoring stations in total are in operation at our other operations. In addition to ambient stations, a comprehensive total dust fallout network is maintained at our various mining operations.

Our 2012 performance on air quality

In FY2012, total direct emissions of SO₂ were 18 464 tonnes, down by 2% on levels in FY2011. Our Zimplats operations contributed 73% of total emissions while Rustenburg and Refineries operations contributed 26% and 1%, respectively.

Further details on the direct SO₂ emissions at each of our operations over the past five years are provided in the performance table on page 94. The reduction in SO₂ is as a result of lower sulphur grades and reduced production in Rustenburg. Total indirect sulphur oxides emissions (SO₂) equated to 26 243 tonnes while total indirect nitrogen oxides for the Group were 13 953 tonnes, both associated with electricity usage.

At Impala Rustenburg and Zimplats, average daily SO₂ emissions are calculated through a mass balance approach while at the Impala Springs operations specialist sampling is conducted. As part of our sulphur dioxide reduction strategy, we have completed the prefeasibility project to evaluate the installation of SO₂ abatement equipment at our Zimplats operations currently planned for 2016/2017.

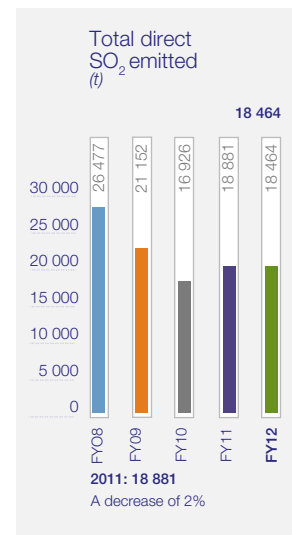
Our air quality focus for 2013 and beyond

We have prioritised the following activities relating to air quality management in the year ahead:

- ➔ We will implement the new air quality reporting requirements for our Rustenburg operations as stipulated by the provisional atmospheric emission licence
- ➔ We will continue with the preparatory work relating to the implementation of an SO₂ abatement scrubber at our Zimplats operations.

Responding to climate change Our management approach to climate change

We recognise that climate change has potentially significant implications for our activities, resulting from both governmental policy requirements as well as the physical impacts of a changing climate. A detailed review and assessment of the company-specific risks and opportunities of climate change is provided in our public response to the Carbon Disclosure Project (CDP), available at www.cdproject.net. These risks and opportunities informed the development of our carbon management strategy. In implementing the strategy, we are undertaking various electricity conservation projects and a fuel-switch initiative, and we update the Group carbon footprint annually. Although we have



Maintaining access to strategic natural resources and minimising our environmental impacts continued

determined an emissions baseline up to 2020, we have not yet defined a Group emissions reduction target.

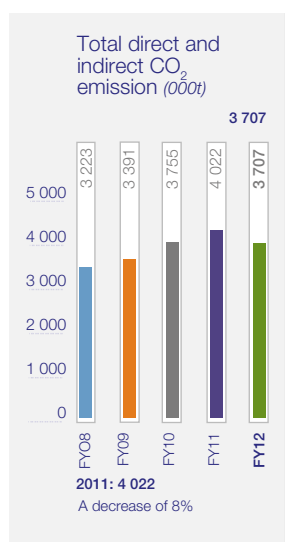
Our 2012 climate change performance

Our total CO₂ emissions for FY2012 amounted to 3.7 million tonnes, as compared with 4.0 million tonnes in FY2011. This decrease is attributable largely to the reduced production associated with the industrial action in early 2012. The bulk of our emissions (3.3 million tonnes) are associated with our Eskom electricity usage, with the balance (0.4 million tonnes) arising from burning fossil fuels such as coal, diesel, petrol and industrial burning oil. Our emissions intensity (tonnes of CO₂ per tonne of ore milled) in FY2012 was 0.196,

as compared with 0.192 in FY2011.

Additional details on our direct and indirect greenhouse gas emissions by operation for each of the past three years are provided in the performance table on page 94. The decrease in CO₂ emission was as a result of the reduction of production leading to less electricity purchased. This was further influenced by the change in Eskom emission factor applied from sold to generated.

To reduce our GHG emissions we are focusing on reducing and optimising our energy use, as well as exploring opportunities for using alternative energy sources. Our activities and progress on these issues are briefly reviewed in the discussion on energy use (page 66).



Climate change indicators

	2012	2011	2010
Direct CO ₂ emissions (t)* (000)	418	436	395
Indirect CO ₂ emissions (t)** (000)	3 289	3 587	3 359
Electricity purchased (MWh) (000)	3 322	3 469	3 267
Direct energy (GJ) (000)	5 584	5 661	5 250
Indirect energy (GJ) (000)	11 958	12 561	11 763
Total energy (GJ) (000)	17 542	18 222	17 013

* Direct CO₂ emissions as a result of burning fuel (coal, diesel, petrol, IBO and natural gas).

** Indirect CO₂ emissions from energy purchased.

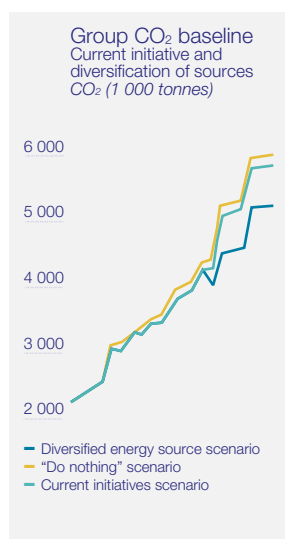
Our climate change focus for 2013 and beyond

We have prioritised the following activities relating to climate change mitigation in the year ahead:

- ➔ We plan to complete our feasibility studies relating to our coal-to-biomass fuel-switching project
- ➔ We will update the Group carbon footprint and will set realistic reduction targets, however small, for each operation in line with our carbon management strategy
- ➔ The Group is working with government and academic institutions on the development of fuel-cell technologies that will utilise PGMs in alternative energy sources, which can be used for local technology transfer and that can reduce the business's reliance on energy derived from fossil fuels.

Ensuring effective land management and promoting biodiversity

Closure plans have been developed for all our mining operations. Closure liability of our South African mining operations, as is required by the Department of Mineral Resources, is calculated annually by an independent specialist. The 2012 unscheduled closure cost for our Rustenburg and Marula operations amounted to R948 million. A financial provision for this amount is in place. We regard concurrent rehabilitation as a key component of our overall land management approach. During FY2013 we will formulate an action plan to rehabilitate identified non-operational and semi-rehabilitated sites across the Rustenburg property. This will not only free up land for other land uses but will reduce our overall closure liability.



During the year the South African Department of Environmental Affairs published draft norms and standards for the remediation of contaminated land in terms of the Waste Act. Although the implications for the mining industry remain unclear, it is expected that these norms and standards will form the basis of future soil remediation projects. Pending finalisation of these norms and standards, our rehabilitation projects at our South African operations will continue as planned. The ongoing rehabilitation at our Rustenburg operations is being undertaken concurrently with our opencast mining activities with a total of 31.1ha rehabilitated during FY2012. The re-vegetation of the tailings side slopes are nearing completion with a total of 22.1ha composted and re-grassed during the year. In future, rehabilitation will be focused mainly on maintaining previously rehabilitated side slopes as well as grassing new arisings. We have continued with the phytoremediation (vegetation) project on the enhanced evaporation spray system (EESS) at our Refineries. Following the cessation of all opencast mining at Zimplats towards the end of 2008, a rehabilitation programme was subsequently developed and formally implemented in January 2011. The programme is aimed at backfilling the voids with waste rock, sloping to a maximum of 18° and re-establishing indigenous grass and tree species. This project is expected to be completed in 2016 at an estimated cost of US\$7.9 million.

Although extensive biodiversity studies were conducted for both the Rustenburg and Marula operations, implementation of formal biodiversity management plans is only scheduled for FY2013. All operations do however have site specific procedures and standards to manage impacts associated with their activities. Only Zimplats and the Refineries operate within close proximity to an area of high biodiversity. A total of 276ha of the Zimplats mining operation is located within the Ngezi National Park. This area, which was associated with historic opencast mining, has subsequently been rehabilitated. Our refining operation is situated next to the Blesbokspruit which is deemed an ecosystem under threat and appears on the Montreux record. Although our Refineries is deemed to have no direct impact on this ecosystem, they are represented on the Blesbokspruit forum and is involved with environmental education and conservation at the Blesbokspruit Grootvaly Trust.

Significant additional activities during the year relating to land management and bio-diversity include:

- ➔ Compiling a Group guideline document to standardise closure liability determination;
- ➔ Finalising a Group guideline relating to the design, construction, operation and closure of tailings dams;

- ➔ Completing the Heritage Resources Inventory for our Rustenburg operations;
- ➔ Commencing the final phase of a biodiversity management plan for our Rustenburg operations, which will be aligned with the framework of the South African National Biodiversity Institute (SANBI); and
- ➔ Submitting the consolidated Environmental Management Programme (EMP) for the Rustenburg operations.

Managing our waste streams

Our approach to waste management across the Group is aimed at maintaining full compliance with the new South African legislative requirements relating to waste. A key focus this year has been on finalising the licensing of waste management activities at our South African operations, as required by the new Waste Act. Unfortunately this was delayed at some of our operations for a variety of reasons. Submitting these applications and ensuring that the licences are issued will be an important focus for FY2013. Ad hoc waste audits of current waste contractors are conducted to ensure that waste is handled in an environmentally acceptable manner and this will continue in the forthcoming year.

In accordance with the new Act we have updated our waste inventories at Rustenburg, Springs and Marula, and ensured alignment with the new waste categorisation proposed by government. These inventories will form the basis of our long-term waste management plans that we will be implementing at our operations over the next few years, with a particular focus on reducing waste and increasing recycling activities. At our Zimplats operations we have submitted the Waste Management Plan in compliance with the provisions laid out in the Environmental Management (Hazardous Waste Management) Regulations of 2007 and the Environmental Management (Effluent and Solid Waste Disposal) Regulations of 2007.

A significant development this year was the establishment of a new central salvage yard at our Rustenburg operations which will provide a central facility from which we can manage our waste streams. This centralised salvage facility provides the platform from which implementation of our waste management objectives can be performed.

Striving to reduce environmental incidents

In line with our ISO14001 EMS expectations, all operations are required to identify and report on environmental incidents. Systems are in place to investigate and determine the direct and root causes of high-severity incidents, and to address and close out these incidents.

Developing social capital

Our approach to socio-economic development is based on the understanding that a business cannot be successful in the longer term if its surrounding communities are not economically viable, socially uplifted and environmentally sound. In addition to the significant socio-economic value added resulting from our core activities, we make further specific social investments into the communities that are home to our employees and their families through our extensive corporate social investment programme. Collectively we believe that our various activities contribute to the establishment of communities that are viable – economically, socially and environmentally – beyond the life of our mines.

Introduction

Our commitment to developing social capital involves the following key focus areas:

- ➔ Continually building our economic value add
- ➔ Promoting socio-economic development through investing in communities
- ➔ Continuing our strong focus on the provision of housing
- ➔ Promoting development and transformation through our procurement practices.

Continually building our economic value add

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

During FY2012, we created significant value for our various stakeholders in the form of:

- ➔ Employee wages and benefits – R6 940 million
- ➔ Skills and training – R354 million at the South African operations
- ➔ Taxation and royalties amounted to R1 871 million
- ➔ Dividends paid to shareholders – R3 364 million
- ➔ Payments to providers of capital – R3 731 million
- ➔ Investments in socio-economic development initiatives in our communities – R90 million in South Africa and US\$9 million at our Zimbabwean operations
- ➔ Payments to suppliers and contractors – R9 449 million.

A detailed breakdown of the economic value added throughout FY2012 is provided in the following table.

Direct economic value added from Group operations

For the year ended 30 June

	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm
Revenue	27 593	33 132	25 446	26 121	37 619
Net cost of products and services	(12 689)	(14 031)	(10 681)	(11 745)	(14 067)
Value added by operations	14 904	18 174	14 765	14 376	23 552
Other net (expenditure)/income	907	581	416	1 004	6 198
Total value added	15 811	18 755	15 181	15 380	29 750
Applied as follows to:					
Employee benefits	6 940	6 732	6 158	4 426	5 137
Labour and other	7 313	6 783	5 773	5 143	4 077
Share-based payments	(373)	(51)	385	(717)	1 060
The state as direct taxes	1 207	1 897	1 584	1 733	5 112
Royalty recipients	664	901	536	442	648
Providers of capital	3 731	2 881	2 178	7 946	6 299
Financing costs	248	190	179	140	135
Non-controlling interest	119	172	79	(16)	109
Dividends	3 364	2 519	1 920	7 822	6 055
Total value distributed	12 542	12 411	10 456	14 547	17 196
Re-invested in the group	3 268	6 344	4 725	833	12 554
Depreciation	1 708	1 372	1 083	979	1 013
Reserves retained*	1 560	4 972	3 642	(146)	11 541
	15 811	18 755	15 181	15 380	29 750

* Deferred tax included.

Promoting socio-economic development through investing in communities

Our management approach to social investment

Our strategic approach to investing in socio-economic development initiatives is informed by our belief that the long-term success of a business is closely linked to the success and wellbeing of the communities in which it operates.

A technical team is responsible for implementing the projects, working together with the Stakeholder Engagement Department who assist with managing community relations. The identification of community projects is an ongoing process based on need analysis, in consultation with stakeholder representatives from communities, local government and employees. The Sustainable Development project steering committee is responsible for reviewing the proposed projects after due diligence. Once approved by the project steering committee, the projects are recommended to the Group Sustainable Development Forum, a multi-disciplinary executive-level management team that evaluates the merits of investing in each project.

Over the past five years our expenditure in this area has grown by more than 180% to R90 million in FY2012 (FY2007: R32 million), reaffirming our commitment to investing in our labour sending areas. The investment strategy focuses primarily on infrastructure, health, education, community empowerment and income-generating projects. The strategy also aims to complement our housing initiatives, through the provision of schools, clinics and other amenities.

During the reporting period we adapted our strategy towards local economic development. Our focus will move away from income-generating projects. We will continue to contribute towards basic infrastructure, education and healthcare. Through these projects we plan to establish infrastructure that will address urgent needs in mine communities with the focus on longer-term impacts. Typical projects will include:

- ➔ School upgrades and maintenance
- ➔ Educational support systems
- ➔ Basic infrastructure
- ➔ Upgrading of clinics and investments in healthcare support infrastructure and systems.

Our 2012 performance on socio-economic development

During FY2012 overall Group expenditure on socio-economic development projects amounted to R90 million, down from R130 million in FY2011. An additional R430 million was spent on housing development initiatives for the upgrading of employee housing, home ownership facilitation and conversion of legacy residences to single and family units (our housing programme is reviewed in more detail on page 82) at our South African operations. A detailed breakdown of our community investments is presented in the tables on pages 77 and 78.

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

- ➔ Our socio-economic development expenditure for FY2012 benefited more than 68 000 people in South Africa and 800 in Zimbabwe; of these, more than 16 000 were community members that benefited from improved infrastructure arising from Implats' investments. These include: the establishment of libraries, and the electrification of houses in the South African areas of operation; reconstruction of a primary school in Zimbabwe; extensions to a clinic in Zimbabwe; construction of a police station in Zimbabwe; and electricity connections to 2 900 houses in the villages around our Marula operations. Our flagship infrastructure project, the development of houses for our Rustenburg employees, benefited a further 10 000 people, many of whom became homeowners for the first time.
- ➔ Infrastructure projects created 1 600 temporary construction jobs during the review period. Commissioning of Marula electricity project in Ward 8 and 10 employed 27 temporary jobs and 14 of the 27 went to local labourers. The Zimbabwean school construction project employed 31 labourers, 26 of them from the local area.

FOCUS TOPIC: Our response to indigenisation in Zimbabwe

In March 2012 Implats management submitted a proposal to the Government of Zimbabwe in terms of which 51% of Zimplats will be transferred to Zimbabwean ownership. The proposal was accepted in principle by the government and a bilateral team is now working on the detail involved in arriving at a fair and independent valuation of the stake.

In 2011 we had submitted an earlier proposal to the Zimbabwean authorities in which we suggested that 25% of “true” equity (financed by the vendor) would be allocated, and that this be shared between the Government of Zimbabwe (10%), communities (5%) and employees (a further 10%). In addition we proposed that credits be granted for the ground we had previously released to the state (19.5%) and for the significant social spend since Zimplats’ inception (6.5%), thus amounting to a total of 51%. Unfortunately our proposal was rejected by the government. Subsequently, various pronouncements were made to the effect that mining investors not submitting acceptable proposals would be deemed to have forfeited their majority stakes.

It was against this backdrop that we submitted a revised proposal. Submission of the revised proposal followed regular meetings with the Government of Zimbabwe to establish perceptions and expectations and common ground. At all times Implats approached these meetings with a sincere intent to establish the parameters for negotiation and to achieve an outcome that, as far as possible, would benefit all interested stakeholders.

Throughout these discussions we were regularly briefed by experts on the evolving political situation in Zimbabwe, on the domestic expectations ahead of national elections (due no later than October 2013), and on the Company’s rights and obligations in terms of international, South African and Zimbabwean law. We are confident that all the decisions taken with regard to the Zimbabwean indigenisation process were well informed and well considered. We were at all times guided by the need to safeguard short-term shareholder value, while at the same time ensuring the Company’s ongoing participation in the socially responsible extraction and beneficiation of an outstanding platinum resource.

In terms of the proposal that has now been accepted, 10% of Zimplats will be issued to a trust representing communities bordering and directly affected by Zimplats operations, and a further 10% will be sold to an employee share ownership trust. Implats will receive fair value compensation in lieu of empowerment credits for previously released ground, and the government, through the National Indigenisation Economic and Empowerment Board, will buy a 31% stake in Zimplats. In the same month that the Zimplats proposal was accepted, the Zimbabwean government approved a similar proposal relating to 51% ownership of Mimosa, our joint venture with Aquarius Platinum. This followed the rejection of an earlier proposal. In terms of the accepted agreement, communities and employees will enjoy similar ownership in Mimosa, with 6% being owned by the Public Service Commission and 25% by the Indigenisation Board.

Where previously Implats owned 87% of Zimplats, this will be reduced to some 42.6%. This is not considered an ideal outcome as the asset was developed entirely through expertise and effort funded by shareholders. However, such is the nature of the negotiation process that compromise is inevitable and such compromise has been accepted by all parties.

We believe the upshot of the now-accepted indigenisation proposal will be that investors will be fairly compensated for their investment in Zimplats and Mimosa and that we will continue to grow and expand these businesses to the benefit of new and existing shareholders.

There has been much speculation in recent months around official statements that the government is entitled to a shareholding in mining companies other than that negotiated, based upon the value of resources being mined. Implats management and Board endorse the view that the citizens of Zimbabwe are entitled to enjoy the benefit of these resources, in the same way that our South African operations benefit South Africans. These benefits accrue through royalties, taxes, salaries and the payment of local suppliers, as well as through our significant social and environmental investments. With communities, employees and the state now directly invested in our Zimbabwean operations, these benefits will be magnified. In the context of the ongoing rhetoric around indigenisation, we recognise however that our providers of capital will not countenance commitments to capital expenditure beyond the already committed Phase 2 expansion until such time as suitable guarantees are forthcoming. With the planned implementation of the Phase 2 expansion at a cost of approximately US\$460 million, production is geared to increase by 50%, resulting the potential creation of 1 100 new jobs by our operation. In addition to this a 35 000 megalitre dam is being constructed on the Minyuti River at an estimated cost of US\$20 million as part of Phase 2 and will benefit both the operations and local communities.

Given such guarantees, we look forward to an expanded involvement with Zimplats and Mimosa for decades to come.

- ➔ A further 110 permanent jobs were created or sustained through our enterprise development initiatives. This included funding for a business support unit in Marula that facilitated the employment of 145 people in mining and construction, as well as Implats' support of six enterprises: two farms, a brick-making organisation, a composting operation, supporting local SMMEs that do business with Implats, and a chrome plant. During July 2012 the essential oils farm that we had supported since 2009 was handed over to the Eastern Cape Department of Agriculture

- ➔ We are particularly proud of Makgomo Chrome, which is 50% owned by the local community and that employs 31 people, 15 of them from the communities surrounding the Marula operation. The community has received R15 million in dividends from the chrome plant to date and on the back of this project Implats was awarded the 2011 Sunday Times Corporate Social Investment Leadership Award

- ➔ More than 68 000 people benefited from our social projects in the areas of education, health, sports development and general community welfare. Beneficiaries in this category include bursary recipients, home-based care patients, and learners involved in literacy and sports programmes. In many of these programmes Implats is not the sole funder and therefore the total benefit may not be attributable to Implats, even though all the beneficiaries are counted

- ➔ The demographic of beneficiaries shows that over 96% of the beneficiaries of our socio-economic development projects were black. Over 57% of these were youth (35 years of age and under), making them the greatest pool of beneficiaries

- ➔ Geographically, most of the beneficiaries (39%) were in and around our Rustenburg operations. In addition, 431 people in the Eastern Cape benefited from projects in the region in line with our SLP commitments, while a further 22 000 in Limpopo benefited from projects around Marula Platinum.

Project ratings

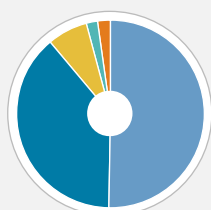
A total of 56 socio-economic development projects were externally reviewed during the year, covering most projects funded in South Africa during the year as well as five in Zimbabwe. Projects were reviewed using one of three templates: infrastructure, enterprise development or social development. The templates cover 22 criteria against which the projects are reviewed in the following categories: use of Implats funds, project design, implementation, results, sustainability and risk.

The review templates were modified this year to include the achievement of Implats' objectives. Over 64% of project objectives were fully achieved, with 35% partially achieved and 1% not achieved. The categories in which projects scored best included use of project funding, risks and sustainability.

Overall 67% of the reviewed projects were rated good or exemplary, 31% rated adequate and the remaining 2% were found to be poor or defective. Recommendations for all the projects rated adequate will be taken into account so that the performance and rating can improve in the coming years.

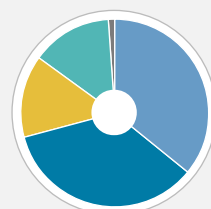
The review process has assisted in collecting information, improving our project design and impact as well as refining our socio-economic development strategy.

Project ratings



➔ Good 30
 ➔ Adequate 23
 ➔ Poor 4
 ➔ Defective 1
 ➔ Exemplary 1

Beneficiaries by demographic



➔ Black males youth 32 648
 ➔ Black females youth 32 008
 ➔ Black males adult 12 645
 ➔ Black females adult 12 618
 ➔ Disabled
 ➔ Other 421

South African operations socio-economic development expenditure

Programme	2012 Rm	2011 Rm	2010 Rm	2009 Rm
Empowerment of community structures	17	31	21	18
Health, safety and environment	2	2	1	2
Education	15	17	16	14
Government and municipality support infrastructure	34	38	12	4
Sport development	10	11	15	11
Enterprise development	9	28	19	10
Community welfare, arts and culture	3	3	4	1
Total socio-economic development	90	130	88	60
Housing and living conditions	430	277	552	917
Total sustainable development	520	407	640	977

Socio-economic development projects – South Africa FY2012

Name of project	Location	Programme
Impala Sports Academy	North West	Sport development
Home Ownership	North West	Housing
Divine Inspirations Garden Services	North West	Enterprise development
Donation of shoes	North West	Community welfare
KwaNyathi Library	Eastern Cape	Infrastructure
Springs External Sport	Gauteng	Sport development
Mathematics Science Schools Incubator Program	Gauteng	Education
Marula Community Chrome	Limpopo	Enterprise development
Electricity connections	Limpopo	Infrastructure

Refer to our website www.implats.co.za for project details.

Zimbabwean operations socio-economic development expenditure

Programme	2012 US\$000	2011 US\$000
Zimplats' socio-economic development expenditure		
Education	3 283	755
Health	873	223
Infrastructure	942	41
Government and municipality support infrastructure	469	–
Enterprise development	47	303
Sport development	35	27
Community welfare arts and culture	60	–
Total socio-economic development	5 709	1 349
Housing and living condition	49 000	–
Total sustainable development	54 709	1 349*

* Figures corrected

Socio-economic development projects – Zimplats FY2012

Name of project	Location	Programme
Msengezi High School poultry project	Zimbabwe	Education
Nyangwene Primary School	Zimbabwe	Infrastructure
Gum tree plantation	Zimbabwe	Enterprise development

Refer to our website www.implats.co.za for project details.

Programme	2012 US\$000	2011 US\$000
Mimosa's socio-economic development expenditure		
Empowerment of community structures	698	213
Health, safety and environment	16	65
Education	1 120	2 049
Government and municipality support infrastructure	450	40
Sport development	1 125	32
Enterprise development	2	12
Community welfare arts and culture	10	401
Total socio-economic development	3 421	2 812
Housing and living conditions	16 560	15 500
Total sustainable development	19 981	18 312

FOCUS TOPIC: Promoting broad-based transformation – implementing the Mining Charter

Our transformation strategy rests upon the seven key pillars of the Mining Charter, with housing and living conditions playing a pivotal role in five of these elements. Our approach to transformation is to strategically leverage each element of the Mining Charter in terms of our business performance and our potential to maximise value creation. Depending on the value proposition that each offers, our strategic response to each element varies between “cost focused”, “excellence” or “industry trend setting”.

A brief review of our approach to each of the seven pillars is presented below.

- ➔ **Ownership:** Our ownership strategy has evolved over the years and is acknowledged as one of the best in the mining sector. Our focus has been to empower each of our underlying South African operations directly, rather than empowering the Group at the JSE-listed level. The exception has been the empowerment at Impala where the Royal Bafokeng Nation and ESOP were initially deemed shareholders at Impala in the amount of 26%, but at the request of the Royal Bafokeng Nation were ‘flipped’ to the Implats level. The entire shareholding of the Royal Bafokeng Nation and ESOP is attributed only to Implats. In addition to providing empowerment through our core activities in the PGM metals, we also have a strategy of empowering certain non-core activities around the various operations, by linking empowerment to downstream activities of the value chain, notably through the chrome processing operation at Marula and the chrome beneficiation project at our Rustenburg operations
- ➔ **Management control and employment equity:** Our employment equity strategy is focused on transforming from within, building the necessary skills and leadership capacity internally by leveraging our skills development initiatives and using our housing strategy as a means for better retention. A review of our progress and prospects on employment equity is provided on page 63
- ➔ **Skills development:** Skills development speaks to our ability to enhance the inherent capacity of our human capital and develop new talent in hard-to-fill occupations where the external market cannot readily support the business needs. From a transformation perspective, skills development fundamentally supports the attainment of the Company’s employment equity targets/initiatives. Our recent skills development activities are reviewed on pages 60 and 61
- ➔ **Preferential procurement and enterprise development:** This element has critical investment areas with stretched targets in the Mining Charter for +25% HDSA-owned companies. Enterprise development (ED) is the problematic area in this pillar, with no clear targets or provisions in the Charter. The current strategy for enterprise development has been limited to providing assistance to tender, loans, cashflow, mentoring and coaching where possible, with a very cost focused approach, ensuring that short-term wins are obtained. The long-term strategy approach was adopted during the last quarter of FY2012 and the implementation has commenced already. This is reviewed in more detail on pages 83 and 84

FOCUS TOPIC: Promoting broad-based transformation – implementing the Mining Charter continued

- ➔ **Housing and living conditions:** The provision of housing forms the cornerstone of our strategic response to the Charter, as we believe it offers a clear opportunity to differentiate robustly and to build a sustainable competitive advantage. Housing supports skills attraction and retention, procurement and enterprise development initiatives, enhances community development in the areas of operation, presents strong business/employee linkages, and provides important support for the other pillars of the transformation strategy. The nature of our significant investments in the provision of housing is reviewed on page 82
- ➔ **Community development:** Community development initiatives offer critical investment opportunities with the potential to support enterprise development and basic infrastructure. An important challenge is to balance stakeholder expectations against viable projects and not to invest in unsustainable projects that might only benefit a few. The community investment initiatives throughout the Group are reviewed on pages 77 and 78
- ➔ **Sustainable development and growth:** The Mining Charter also outlines certain expectations relating to mining companies' environmental, health and safety performance. Noting our performance on these issues described in more detail on page 81 in this report, we believe that we are meeting the Charter's expectations in these areas.



FOCUS TOPIC: Promoting broad-based transformation – implementing the Mining Charter continued

Our transformational scorecard is shown below.

Mining Charter Score Card

Parameter	Performance measure	Mining Charter target 2014 calendar year (%)	Mining Charter target March 2012 calendar year (%)	Actual as at FY June 2012 (%)	Comments
Ownership	Equity	26	Show progress	>26	Push down on RBH's and ESOP shareholdings in Implats to Impala as agreed by the DMR in granting Impala its converted mining right: Impala 26.4%, Marula 27%, Afplats 26% and Two Rivers 55%
Housing and living condition	One person per room	100	50	79	Hostel conversion has been completed and the allocation process of one person per room will be finalised in December 2012
Procurement and enterprise development	Capital goods	40	20	41	
	Services	70	50	61	
	Consumables	50	25	55	
Employment equity	Board	40	30	58	Board representation includes executive and non-executive directors
	EXCO	40	30	20	
	Senior management	40	40	39	
	Middle management	40	40	43	
	Junior management	40	40	53	
	Core skills	40	30	90	
Human resources development	Human resources development expenditure (% of wage bill)	5	4	6	
Sustainable development and growth	Implementation of Tripartite Action Plan on Safety and Health	Fatalities 100% Compliance: Target 0.03 per million man-hours	Show progress	0	South African Operations FIFR 0.11 target 0.03
		Silicosis 100% Compliance: No new cases of silicosis among previously unexposed individuals	Show progress	100	No OEL exceedance within mining environment due to very low levels of Alpha Quartz
		NIHL 100% Compliance: No deterioration in hearing greater than 10% among occupationally exposed individuals after December 2008	Show progress	100	No new cases of noise induced hearing loss since December 2008, but early deterioration of hearing (less than 10% deterioration) is evident
Mine community development	Up to date implementation of approved projects	100	100	86	Internally assessed and based on Social and Labour Plans expiry dates
Beneficiation	Estimated baseline	10	% above baseline	22	Baseline not stipulated but was agreed upon with DMR during licensing process

Continuing our strong focus on housing and living conditions

Our management approach to housing

Our flagship investment in the wellbeing of our local communities is our significant commitment to the provision of housing for our employees and their families. Through our investment in housing we aim to create viable local communities in which employees are able to reside with their families in a stable, healthy and secure environment within commuting distance of their place of work.

We believe that our commitment to housing provides a clear opportunity for differentiation and to build a sustainable competitive advantage amongst current and prospective employees and other stakeholders. It presents a strong business/employee linkage and serves as a cornerstone of the other pillars of our broader transformation strategy: it supports skills retention, procurement and enterprise development initiatives, as well as making a meaningful contribution to community development. The housing strategy embraces the organisation's human capital vision that employees should be able to reside in decent accommodation with their families, and it encourages home ownership and aims to build sustainable communities. For those employees who cannot access funding for home ownership, or who do not wish to purchase a home, decent mine accommodation is provided as part of the strategy to improve their living conditions and retain skills.

Our 2012 performance and achievements on housing

We are pleased to report that our housing project targets for 2012 have been achieved and that we are on track to deliver on our objectives for 2020.

- ➔ The construction of 162 units for A, B and C category employees in addition to the 1 555 bonded houses at Sunrise View reported last year will be completed in FY2013
- ➔ The Company has commenced a R40 million home ownership project for A, B and C category employees at our Refining Operations in Springs and is planned for completion in FY2013
- ➔ We have provided category C and D employees who are residing in Rustenburg company accommodation with the option of becoming owners of these units at market prices. An additional project of 212 units for home ownership for C and D category employees has commenced, with the completion date planned for the end of 2014

- ➔ We assist all home ownership beneficiaries by providing financial assistance in the form of interest-free loans for a portion of the purchase price.
- ➔ Implats received the Govan Mbeki Award – 2012 Best Project utilising Financial Link Individual Subsidy Programme (FLISP) subsidy.
- ➔ Lowered the room density in residences to one person per room

At Zimplats 512 houses were built at a total cost of US\$49 million. 395 of these were for the employee homeownership scheme. This included infrastructure costs.

At Mimosa 128 housing units have been built at a cost of US\$17 million in FY2012, including infrastructure development of roads, sewer systems and power.

In addition to the above housing initiatives, we invested a further R96 million in upgrading and converting the hostels in our Rustenburg operations to single accommodation. We have converted 100% of the other hostels to a one person-per-room. Our plan is to ensure full occupancy on this basis in three residences at Impala Platinum ahead of the 2014 target. The three hostels that were converted into single occupancy residences in FY2012 were officially opened by the Deputy Minister of Department of Mineral Resources and North West Provincial government officials.

Our housing focus for 2013 and beyond

Our long-term goal is to have at least 50% of our workforce at the mines residing with family by 2020. In realising this goal we have set ourselves the following commitments for 2013:

In our South African operations:

- ➔ Reaching an agreement with the Rustenburg Local Municipality to develop the Seraleng complex
- ➔ Complete a new primary and secondary school at Sunrise View
- ➔ Close Marlotti Camp at Marula and building of 152 new units at Motaganeng is planned
- ➔ Complete the Rustenburg North and East upgrade projects
- ➔ Improve asset management by implementing the SAP real estate module
- ➔ Supply housing to critical staff, especially at the new shafts
- ➔ Commence with the development of Platinum Village
- ➔ Channel spends from our local economic development investments to Platinum Village.

These immediate objectives form part of our longer-term goals for our housing strategy, namely to:

- ➔ Promote home ownership by developing further integrated residential suburbs
- ➔ Provide quality single-person and family accommodation in line with the expectations of the Mining Charter
- ➔ Encourage skills retention by ensuring housing allocation to critical C and D level employees;
- ➔ Enhance home ownership opportunities particularly for A, B and C levels
- ➔ Continue to build 2 400 units at Platinum Village.

In our Zimbabwean operations:

- ➔ Constructing approximately 2 000 houses at the Zimplats operations at a cost of US\$85 million
- ➔ Promoting home ownership through our housing scheme
- ➔ Providing decent accommodation for our employees.

Promoting enterprise development

Promoting enterprise development provides a key mechanism for encouraging entrepreneurship and contributing to the longer-term viability of local communities. During FY2012 we revised our enterprise development strategy. It was decided to postpone the implementation of a physical business support unit and the incubator project to a later stage. Implementation of our strategy started in late FY2012 and it will continue into FY2013.

Through this revised strategy we will focus on:

- ➔ **Establishing and maintaining a “supplier development programme”:** The main objective of this programme will be to assist current suppliers to become more competitive. Participants in the programme will be selected from our current vendor list or companies awarded tenders, with a specific focus on local SMMEs and black-owned businesses already part of the system
- ➔ **Developing a “business assistance programme”:** This initiative will assist local and black-owned businesses that are experiencing difficulties to meet their contractual obligations; there are currently five local businesses in this programme and this initiative will be expanded significantly in FY2013
- ➔ **Utilising new preferential procurement opportunities:** The main objective will be to link local SMMEs and black-owned businesses with our business procurement opportunities. The Procurement Department will issue a preferential procurement yearly work-plan based on forecasted business requirements

➔ Business advisory services/development

services: Through this service we will seek to assist selected screened entrepreneurs to become active in the mining industry. These services will mainly focus on two levels: a first level of focus will be to develop, upskill, train and assist local entrepreneurs with existing businesses to become Implats suppliers; secondly we will develop a service that will navigate start-up entrepreneurs by identifying where they can be given guidance on registering a business, preparing a business plan, obtaining funding and complying with regulatory requirements. Once these start-up businesses have been capacitated the Enterprise Development Department will refer these companies to the vendor registration process.

Promoting development and transformation through our procurement practices

Our procurement contracts with suppliers stipulate adherence to company policy, safety standards, compliance with South African labour legislation and conditions of employment. Suppliers who are found to contravene these conditions, or who are guilty of any unethical behaviour, face the risk of their services being terminated by Implats. During the year under review we terminated the services of suppliers who had contravened the terms and conditions of our contracts; these contraventions included poor performance and substandard workmanship, unethical conduct and fraud.

Encouraging transformation through procurement

In the interests of good business practice and in line with the requirements of the South African Mining Charter, our procurement policy grants preferential status to suppliers accredited as being historically disadvantaged South Africans (HDSA). Included in the cost of sales is total discretionary spend of R5.3 billion, of which 55% was spent with suppliers having HDSA ownership of greater than 25% in the consumables category, and 61% on services (2011: R5.0 billion, 48% on consumables and 59% on services).

The total South African operations’ discretionary procurement for FY2012 was R9.4 billion of which 51%, or R4.8 billion, was from companies in which HDSA ownership was greater than 25% (FY 2011: also R4.8 billion or 55%). HDSA spend remained flat with a slight deterioration in the percentage (51% vs 55% in FY2011). HDSA procurement has grown by 71% since 2008, from R2.8 billion to R4.8 billion.

Table 1: Percentage HDSA procurement (>25%) of category's discretionary procurement (SA operations)

Category	Mining Charter target 2012 %	2012		2011		2010		2009		2008	
		Rm	%	Rm	%	Rm	%	Rm	%	Rm	%
Capital	20	1.6	41	2.2	57	1.6	46	2.0	42	1.3*	42
Consumables	25	1.5	55	1.3	48	1.1	45	0.9	41	0.6	35
Services	50	1.7	61	1.4	59	1.1	59	1.2	54	0.9	45
Total operations	33	4.8	51	4.9	55	3.8	50	4.1	45	2.8	41

Note: Capital goods have been reported based on IFRS and Implats' accounting policies recognition criteria for capital expenditure. Suppliers with a valid broad-based black economic empowerment (BBBEE) certificate at one point in the financial year under review, contributed to HDSA spend.

Promoting development through local procurement

We have recognised that there is scope for us to increase our local procurement spend as a means of supporting businesses in our surrounding communities. This approach is viewed as a business imperative in order to create sustainable communities, improve community relations, and to advance local economic development. In the year under review, R7.4 billion (FY2011: also R7.4 billion) was spent procuring from local suppliers within the province of operation, which constitutes 50% of the total procurement (FY2011: 53%). The number of local HDSA suppliers from which Implats procured remained the same at 473, while the number of national HDSA vendors grew by 2% to 988. For standardisation of future local reporting, spend has been categorised into three tiers indicated in table 3, below. Therefore, table 2 will be discontinued from next year as table 4 provides more meaningful information to measure local procurement performance.

Table 2: Local procurement from all suppliers (all local procurement as % of total procurement: SA operations)

Category	2012		2011		2010		2009		2008	
	Rbn	%	Rbn	%	%	Rbn	%	Rbn	%	
Impala Rustenburg	5.8	52	5.1	51	4.2	48	3.9	42	3.0	42
Impala Refineries	1.2	51	1.9	79	1.1	74	1.2	82	0.9	66
Marula Platinum	0.4	29	0.4	28	0.2	16	0.2	16	0.0	8
Total SA operations	7.4	50	7.4	53	5.5	48	5.3	43	4.0	42

Note: Local suppliers are all suppliers situated within the province in which the operation is situated. For Impala Rustenburg: North West province; Impala Springs: Gauteng province and Marula: Limpopo province.

Table 3: Local areas classified as tiers 1, 2 and 3

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

Table 4: Local (tier 1, 2 and 3) HDSA procurement (>25%) as a percentage of total discretionary procurement

Category	2012		2011		2010		2009		2008	
	Rm	%	Rm	%	Rm	%	Rm	%	Rm	%
Impala Rustenburg	1 911	25	1 557	22	1 067	17	n/a	n/a	n/a	n/a
Marula Platinum	130	21	103	13	103	13	n/a	n/a	n/a	n/a

FOCUS TOPIC: Assessing our contribution to addressing national developmental priorities

“By 2030, we seek to eliminate poverty and reduce inequality. We seek a country wherein all citizens have the capabilities to grasp the ever-broadening opportunities available. Our plan is to change the life of millions of our people, especially the youth; life chances that remain stunted by our apartheid history.”

National Planning Commission: National Development Plan (November 2011)

In November 2011 the South African National Planning Commission (NPC), a Presidential advisory body, published its National Development Plan. The plan presents the Commission’s response to nine key challenges identified in their earlier Diagnostic Report, and outlines their development priorities aimed at “charting a new path for the country”.

These development priorities provide a useful yardstick against which to assess the nature of Implats’ contribution to the growth, development and wellbeing of South Africa and the region. While we recognise that mining has some significant social and environmental challenges, we believe that when managed responsibly mining can make a profound positive contribution to national and regional developmental priorities. Underpinning any such contribution is the need for a willingness to be transparent and accountable, to acknowledge and learn from mistakes, and to work collaboratively in identifying solutions to some of the complex systemic challenges that face the region and that have a direct bearing on the success of our business.

Following is our brief assessment of how Implats is playing its role in addressing some of the principal developmental priorities identified in the NPC’s National Development Plan.

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

- ➔ As a labour-intensive industry we have made an important contribution to this critical objective through the provision of more than 54 000 direct jobs in South Africa and more than 7 000 in Zimbabwe (page 90). In addition we have stimulated significant employment opportunities throughout our value chain, including through our procurement practices targeted at encouraging transformation and local economic development (pages 83 and 84)
- ➔ We have invested significant resources in enhancing employment opportunities through our skills development and training initiatives that include investments in primary education, adult literacy, technical skills and leadership development (page 60). These investments have been complemented through substantial tax revenues (page 73) facilitating public investment in the development of human capital.
- ➔ We have been starkly reminded this year of the fundamental importance of a well-functioning labour market and of the need for efficient and effective dispute resolution mechanisms (page 59). We remain particularly committed to finding an approach to collective bargaining that takes account of a multi-union environment, and to exploring opportunities for linking wages to productivity (an issue the NPC identifies as a priority). We hope that the lessons learned from our strike, and any resulting collaboratively developed solutions, will help to more broadly inform the functioning of the South African labour market.

FOCUS TOPIC: Assessing our contribution to addressing national developmental priorities continued

Improving infrastructure: *To grow in a more inclusive manner the country needs higher levels of investment in economic infrastructure, as well as infrastructure that supports human settlements*

- ➔ We have contributed to infrastructure development through our significant capital investments, as well as through our social investment initiatives in the communities that are home to our employees. Our capital investments have enhanced export opportunities, while our investments in health, education, basic infrastructure and community empowerment (pages 77 and 78) and in housing (page 82) have contributed directly to the development of human settlements
- ➔ We have recently shifted our social investment strategy to move gradually away from income-generating projects towards establishing infrastructure that will address urgent needs in mine communities with the focus on longer-term impacts. Typical projects will include: multipurpose information centres; school upgrades and maintenance; educational support systems; the provision of roads, water, electricity and renewable energy projects; and upgrading of clinics and investments in healthcare support infrastructure and systems
- ➔ Marula Platinum is currently implementing a R16 million investment in water infrastructure within its host communities, thereby contributing to the provision of affordable access to sufficient safe water and hygienic sanitation. In addition they have recently completed a R14 million electrification project within the host communities helping to meet the energy needs of poor households.

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

- ➔ We recognise that mining is an inherently energy- and water-intensive activity. Addressing the carbon intensity of the resource-dependent South African economy, while meeting other development priorities, will be a significant challenge. We are committed to working with government, through industry bodies, in identifying a policy approach 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
- ➔ We share the government's objective of reducing energy and water usage, as these are both rising cost areas for us in a sector that has been facing significantly declining margins. In addition to being fully transparent in our energy and water usage, we have implemented various efficiency initiatives (page 66), and are assessing the feasibility of using biomass as an energy source at our Rustenburg smelter.

An inclusive and integrated rural economy: *South Africa's rural communities should have greater opportunities to participate fully in the economic, social and political life of the country through access to good quality education, healthcare, transport and other basic services*

- ➔ In addition to the beneficial economic value-added arising from our core activities (page 73), our independently evaluated social investment activities have consistently made an important contribution to improving the wellbeing of communities in the rural and peri-urban areas around our mines, and in those rural regions of the Eastern Cape that are home to some of our employees (page 90). This year alone our socio-economic development expenditure benefited more than 68 000 people in South Africa and 800 in Zimbabwe through investments in infrastructure, education, health, housing, and enterprise and sports development (pages 77 and 78). The demographic of beneficiaries shows that over 95% of these beneficiaries were black, while more than 57% were youth (35 years of age and under).

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

- ➔ The spatial impact of apartheid is one of its most visible legacies. Recognising the mining sector's involvement in the migrant labour system, this is an issue for which the sector has particular responsibility and where it can play a valuable role. Our flagship investment in the wellbeing of our local communities is our commitment to the provision of housing for our employees and their families. Through this investment we are creating viable local communities in which employees are able to reside with their families in a stable, healthy and secure environment within commuting distance of their place of work. These projects are reducing employee travel time and costs, and increasing access to education opportunities and social amenities.

FOCUS TOPIC: Assessing our contribution to addressing national developmental priorities continued

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

- ➔ Our contribution to building education is demonstrated by our investment, working jointly with the North West Department of Education in the construction of the Sunrise View School state-of-the art combined primary and secondary school at a cost of R80 million
- ➔ In addition to implementing measures aimed at reducing employee exposure to occupational illness, we have been active in addressing non-occupational health risks, most notably HIV and PTB (page 55). In addition we have partnered with the Department of Health in addressing community health issues; as part of an MoU with the Department this year we will refurbish and increase the capacity of the maternity ward at Job Shimankane Tabane Hospital in the Rustenburg area.

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

- ➔ By ensuring high standards of ethical behaviour throughout our activities we believe that this will contribute to combating corruption more broadly. Implats has a zero tolerance stance on fraud and corruption; all our employees, business partners, contractors and associates 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 incidents (page 44).

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

- ➔ Our investments in employment opportunities, education, health, housing and infrastructure collectively provide a significant contribution to building social cohesion. These are supplemented by our commitment to promoting broad-based transformation (page 81) evidenced, for example, by the nature of our initiatives relating to ownership (where we are acknowledged as a leader), employment equity, skills development, procurement, and housing.

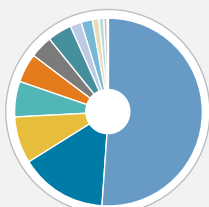


Appendix





Employee origin
2012 RSA
operations



North West	51%
Eastern Cape	15%
Limpopo	8%
Lesotho	6%
Mozambique	5%
Northern Cape	4%
Gauteng	4%
KwaZulu-Natal	2%
Free State	2%
Botswana	1%
Mpumalanga	1%
Swaziland	0,4%
Western Cape	0,1%
Zimbabwe	0,1%
Zambia	0,0%

Our performance data

Investing in effective people

People	2012	2011	2010	2009	2008
Total in service					
Impala Rustenburg Own employees	31 920	31 681	30 791	29 462	28 453
Contractor employees	14 381	13 541	13 443	11 862	14 206
Impala Springs Own employees	1 053	1 053	1 004	1 006	1 007
Contractor employees	1 106	282	260	904	1 172
Marula Own employees	2 982	3 272	3 241	2 512	2 493
Contractor employees	726	937	727	998	1 098
Zimplats Own employees	2 791	2 757	2 418	2 136	1 584
Contractor employees	6 412	2 610	1 262	3 323	3 998
Mimosa Own employees	786	784	788	812	771
Contractor employees	100	115	113	20	126
Corporate Own employees	89	77	75	72	73
Contractor employees	–	19	14	20	10
Group employees	39 621	39 624	38 317	36 000	34 381
Group contractor employees	22 725	17 504	15 819	17 127	20 610
Turnover (%)					
Impala Rustenburg	10.1	8.4	6.1	7.3	8.0
Impala Springs	5.3	5.4	6.7	8.6	9.0
Marula	11.0	21.7	4.8	10.0	13.0
Zimplats	4.2	4.4	5.3	10.7	11.0
Mimosa	4.2	3.4	6.2	6.2	12.0
Corporate	7.7	11.3	18.7	11.1	5.0
Group	10.0	8.3	6.0	7.8	8.9
Women turnover (%)					
Impala Rustenburg	0.3	0.4	0.2	0.3	–
Impala Springs	1.7	0.7	2.0	1.4	–
Marula	0.7	0.9	0.3	0.4	–
Zimplats	6	–	5.2	–	–
Mimosa	0	0.4	–	–	–
Corporate	2.2	5.2	12.0	16.9	–
Group	0.8	0.4	0.6	0.4	–
Unionised workforce (%)					
Impala Rustenburg	58.3*	72.9	73.1	70.3	–
Impala Springs	69.5	61.8	84.3	59.9	–
Marula	65	70.0	65.0	70.0	–
Zimplats	52	37.0	26.5	25.3	–
Mimosa	24	24.8	25.5	25.4	–

*These figures are subject to verification following the resignation of members from the National Union of Mineworkers and the emergence of AMCU as the preferred union.

Safety	2012	2011	2010	2009	2008
FIFR					
Impala Rustenburg	0.12	0.06	0.17	0.11	0.06
Impala Springs	0.00	0.00	0.00	0.00	0.00
Marula	0.13	0.00	0.00	0.13	0.37
Zimplats	0.00	0.00	0.00	0.00	0.13
Mimosa	0.00	0.10	0.00	0.00	0.19
Group	0.09	0.05	0.12	0.08	0.10
LTIFR					
Impala Rustenburg	5.99	5.68	5.35	3.63	3.80
Impala Springs	0.22	0.60	0.00	0.40	0.21
Marula	11.46	9.19	9.39	5.35	1.24
Zimplats	0.21	0.75	0.69	0.45	0.69
Mimosa	1.19	0.20	0.35	0.52	0.88
Group	4.96	4.94	4.61	2.92	2.92
TIFR					
Impala Rustenburg	11.22	12.60	15.41	15.16	16.09
Impala Springs	18.86	26.92	20.60	20.01	24.31
Marula	36.08	34.15	41.25	28.88	45.09
Zimplats	2.22	3.39	3.61	5.49	9.69
Mimosa	4.65	5.70	3.74	5.45	7.51
Group	11.19	13.47	15.21	13.95	16.97
MTCFR					
Impala Rustenburg	4.61	6.03	8.32	9.92	12.30
Impala Springs	18.41	26.12	20.38	19.00	24.10
Marula	17.06	17.99	20.15	17.25	43.85
Zimplats	1.70	1.79	1.98	4.20	9.00
Mimosa	2.59	4.15	2.92	4.40	6.64
Group	5.28	7.10	8.49	9.41	14.08
Health					
VCT					
Impala Rustenburg	7 792	12 647	6 236	5 595	2 808
Impala Springs	14	19	24	34	74
Marula	292	275	130	119	291
Zimplats	1 424	889	204	401	344
Mimosa	298	242	243	114	92
Group	9 820	14 072	6 837	6 263	3 609
People on ART					
Impala Rustenburg	3 222	2 488	1 709	872	632
Impala Springs	26	19	14	10	6
Marula	65	51	29	19	277
Zimplats	114	92	63	51	34
Mimosa	139	123	90	54	25
Group	3 566	2 773	1 905	1 006	974

Appendix continued

<i>Health continued</i>	2012	2011	2010	2009	2008
TB cases					
Impala Rustenburg	352	318	352	380	286
Impala Springs	0	0	0	5	3
Marula	21	19	25	12	12
Zimplats	6	5	11	14	6
Mimosa	10	8	11	15	22
Group	389	350	399	426	329
NIHL Cases					
Impala Rustenburg	53	52	92	44	31
Impala Springs	0	0	0	0	0
Marula	10	4	14	1	0
Zimplats	0	0	0	0	0
Mimosa	0	1	1	0	0
Group	63	57	107	45	31
Skills development					
Expenditure (R million)					
Impala Rustenburg	313	312	233	229	164
Impala Springs	21	21	20	39	34
Marula	19	24	19	12	17
SA operations total (6% of wagebill)	353	357	272	280	215
Employee literacy (%) (ABET III and above)					
Impala Rustenburg	74	57	55	51	32
Impala Springs	93	92	90	90	89
Marula	92	88	88	88	87
Zimplats	99	99	99	99	99
Mimosa	99	96	96	95	96
Average group literacy	86	86	85	85	81
ABET training employees					
Impala Rustenburg	900	804	851	939	1 220
Impala Springs	7	13	58	61	89
Marula	0	25	32	42	23
SA operations total	907	842	941	1 042	1 332
Total number of employees trained (including ABET)					
Impala Rustenburg	23 477	24 178	24 751	22 042	23 040
Impala Springs	1 091	1 127	1 039	1 063	992
Marula	1 117	1 421	1 210	533	442
SA operations total	25 685	26 726	27 000	23 638	24 474
Value of ABET training (R000)					
Impala Rustenburg	10 220	11 157	10 002	11 315	–
Impala Springs	578	1 600	4 161	5 862	–
Marula	0	1 260	1 012	900	–
SA operations total	10 798	14 017	15 175	18 077	–
Hours of ABET training					
Impala Rustenburg	134 842	190 525	165 840	194 184	–
Impala Springs	13 433	15 136	27 808	39 088	–
Marula	0	14 450	24 422	13 920	–
SA operations total	148 257	220 111	218 070	247 192	–

Our performance data

Our environmental performance

Key production figures	2012	2011	2010	2009	2008
Ore milled (tonnes)	17 788	20 974	20 309	20 083	21 247
Tailings disposed on tailing dam (000 tonnes)	20 619	23 163	21 809	20 333	19 162
Dump slag treated (000 tonnes)	175	250	179	235	365
Furnace and converter slag generated and treated (000 tonnes)	772	880	844	842	903
Total slag treated (000 tonnes)	947	1 130	1 023	1 027	1 268
Platinum produced (000 oz)	–	–	1 741	1 704	1 865
Group material consumption					
Diesel (000 litres)	27 875	26 000	23 466	29 262	29 349
Petrol (000 litres)	1 237	1 666	1 250	1 621	1 206
Coal (tonnes)	161 563	170 000	159 240	164 378	160 947
Industrial burning oil (000 litres)	2 660	2 453	2 034	1 728	2 393
Energy (000GJ)					
Impala Rustenburg	11 360	12 220	11 295	11 138	10 875
Impala Springs	2 668	2 695	2 530	2 554	2 520
Marula	713	694	674	637	613
Zimplats	2 100	1 865	1 826	1 413	1 587
Mimosa	701	747	688	646	540
Group	17 542	18 222	17 013	16 388	16 135
Water (000kl)					
Total water withdrawn					
Impala Rustenburg	15 961	18 115	17 482	18 843	19 812
Impala Springs	792	769	715	758	752
Marula	1 989	1 817	1 494	1 169	1 001
Zimplats	4 408	4 007	4 729	2 685	2 386
Mimosa	2 124	2 337	2 659	2 328	2 019
Group	25 274	27 045	27 079	25 783	25 970
Total water consumed*					
Impala Rustenburg	26 012	28 044	22 859	26 401	29 530
Impala Springs	1 251	1 244	1 125	1 195	1 186
Marula	3 585	3 355	2 841	2 160	2 031
Zimplats	6 003	5 528	6 172	3 793	3 442
Mimosa	3 263	3 697	4 063	3 885	3 286
Group	40 114	41 868	37 060	37 434	39 475
Total water recycled					
Impala Rustenburg	10 051	9 928	5 376	7 557	9 719
Impala Springs	459	474	411	438	433
Marula	1 596	1 541	1 347	991	1 030
Zimplats	1 595	1 521	1 443	1 109	1 056
Mimosa	1 139	1 359	1 404	1 557	1 267
Group	14 840	14 823	9 981	11 652	13 505

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

Our performance data

Our environmental performance

Emissions	2012	2011	2010	2009	2008
Total direct CO₂ (tonnes)					
Impala Rustenburg	193 317	208 463	186 193	203 541	187 538
Impala Springs	154 077	166 267	149 707	150 992	149 359
Marula	6 450	7 157	6 959	6 571	6 993
Zimplats	53 697	41 190	42 371	48 272	61 658
Mimosa	10 362	12 528	9 673	11 034	8 778
Group	417 903	435 605	394 903	420 410	414 326
Total indirect CO₂ (tonnes)					
Impala Rustenburg	2 444 347	2 725 366	2 532 798	2 347 267	2 235 447
Impala Springs	147 166	155 388	150 433	138 343	139 022
Marula	170 958	168 970	163 747	149 570	139 378
Zimplats	374 016	375 408	355 287	201 849	188 299
Mimosa	152 087	161 491	156 493	133 757	109 469
Group	3 288 574	3 586 623	3 358 758	2 970 786	2 811 616
Total direct SO₂ (tonnes)					
Impala Rustenburg	4 736	6 319	3 638	14 223	18 184
Impala Springs	256	462	839	455	342
Marula	0	0	0	0	0
Zimplats	13 471	12 100	12 449	6 474	7 951
Mimosa	0	0	0	0	0
Group	18 463	18 881	16 926	21 152	26 477
Land management					
Disturbed areas rehabilitated (ha)					
Impala Rustenburg	23.4	40.2	56	51	–
Impala Springs	0	0	0	0	–
Marula	0	0	61	0	–
Zimplats	0	0	0	305	–
Mimosa	0	0	0	0	–
Group	23.4	40.2	117	356	–
Rehabilitation liabilities/current costs (R000)					
Impala Rustenburg	716	708	768	520	540
Impala Springs	60	–	–	–	–
Marula	82	70	80	66	70
Zimplats	216	164	166	122	122
Mimosa	77	62	67	64	14
Group	1 147	1 004	1 081	772	746
Rehabilitation provisions (R000)					
Impala Rustenburg	520	455	432	289	227
Impala Springs	38	–	–	–	–
Marula	57	41	35	33	36
Zimplats	117	99	111	99	51
Mimosa	52	40	42	17	10
Group	784	635	620	438	324

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

Waste management

	Unit of measure	Total Group FY2012
Non-mineral/non-hazardous waste		
Re-used	Tonnes	7 051
Recycled	Tonnes	11 864
Recovered	Tonnes	0
Treatment	Tonnes	0
Disposal	Tonnes	8 044
On-site storage	Tonnes	0

	Unit of measure	Total Group FY2012
Non-mineral/hazardous waste		
Re-used	Tonnes	0
Recycled	Tonnes	40 756
Recovered	Tonnes	0
Treatment	Tonnes	7 703
Disposal	Tonnes	11 413
On-site storage	Tonnes	28

Mineral waste (000 tonnes)	2012	2011	2010	2009
Accumulated tailings	20 619	22 878	21 809	20 333
Accumulated waste rock (on surface)	1 323	1 388	1 202	6 405

The GRI Guidelines and UNGC Communication on Progress

Implats has followed the guidance provided by principles and criteria provided in the GRI's G3 guidelines. A brief review of our application of the GRI reporting principles is provided below. A detailed response to each of the GRI reporting criteria (with hyperlinks to the corresponding sections of the report) is provided on our website, along with our Communication on Progress in terms of the UN Global Compact.

Principles relating to the quality of this report

- ➔ **Materiality:** As outlined on pages 34 to 39 the issues covered in this report have been guided by a combination of feedback from stakeholders, the identification of material issues by the Sustainable Development Forum, and matters identified through the Group's risk management process
- ➔ **Stakeholder inclusiveness:** The views and concerns of stakeholders have been considered in this report.
- ➔ Following the appointment of a stakeholder engagement manager in FY2009, this process has been formalised
- ➔ **Sustainability context:** The content of the report is informed by the nature of our products and markets, and with consideration to the social, economic and environmental context in which we operate. See for example page 85 where we provide a detailed review of our contribution to addressing national developmental priorities of South Africa
- ➔ **Completeness:** The Group's revised approach to sustainability management was reported extensively in FY2009; only material changes from that basis were covered in this report
- ➔ **Balance:** The Group has endeavoured to report in a balanced manner, reflecting both achievements and challenges during the year
- ➔ **Comparability:** In almost all performance areas, comparisons with FY2011 have been made. Where possible and where the information is available, data has been provided over a period of five years
- ➔ **Accuracy:** Implats believes data has been provided in a format that is broadly acceptable and comparable against industry norms – where necessary definitions have been provided
- ➔ **Timeliness:** This integrated report is published annually, combining financial and non-financial performance
- ➔ **Clarity:** The Group has adopted a reporting style that is concise, but comprehensive enough to be understandable to the lay person
- ➔ **Reliability:** In FY2009, Implats implemented a sustainability toolkit to collate and verify data, and to ensure greater accuracy and reliability. Certain performance indicators have been verified by the external assurance provider.

Principles relating to the boundaries of this report

- ➔ This report includes operations that are wholly owned or managed by the Group, as well as Mimosa mine, in which Implats has a 50% interest. The Two Rivers operation, in which the Group has a 40% interest and does not directly manage, is not directly covered.

GRI application level

GRI requires that the Company self-declares an application level ranging C B to A. The requirements for these levels are indicated below. The + symbol indicates external assurance. For 2012, Implats has declared an A+ level of reporting and this has been verified by a third party assurance provider (see statement on page 97).

	C		C+	B	B+	A	A+
Standard disclosures	G3 profile disclosures	Report on 1.1 2.1 – 2.10 3.1 – 3.8 3.10 – 3.12 4.1 – 4.4 4.14 – 4.15	Report externally assured	Report on all listed	Report externally assured	Same as requirement for Level B	Report externally assured
	G3 management approach disclosures	Not required		Management approach disclosures for each indicator category		Management approach disclosed for each indicator category	
	G3 performance indicators and sector supplement performance indicators	Report on a minimum of 10 performance indicators including at least one from each of the social, economic and environment		Report on a minimum of 20 performance indicators at least one from each of the social, economic and environment, human rights, labour society, product responsibility		Respond on each core G3 and sector supplement indicator with due regard on the materiality principle by either a) reporting on the indicator or b) explaining the reason for its omission	

Independent Assurance Report on Selected Sustainability Information

To the Directors of Impala Platinum Holdings Limited

We have undertaken an assurance engagement on selected sustainability information as described below and presented in the 2012 Sustainable Development Report of Impala Platinum Holdings Limited (Implats) for the year ended 30 June 2012 (the Report).

Independence and expertise

We have complied with the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter and related assurance

We are required to provide assurance as follows:

1(a). Reasonable assurance on the following key performance indicators:

Health and Safety Indicators

Description	Assured value	Pg
Contractor and employee fatalities	12 fatalities	29
Contractor and employee Lost-Time Injury Frequency Rate (LTIFR)	4.96	51, 91
Total Injury Frequency Rate	11.19	51, 91
New cases of noise-induced hearing loss (NIHL)	63 cases	54, 92
New cases of pulmonary tuberculosis diagnosed and treated	389 cases	55, 92
Employees on Antiretroviral Treatment (ART) – net enrolment at year-end	3 566 employees on ART	55, 91
Employee Voluntary Counselling and Testing Program Uptake (VCT) – tested cases	9 820 VCT tested cases	55, 91

Environmental Indicators

Description	Assured value	Pg
Total energy consumed	17 542 (000 GJ)	70, 93
Total water withdrawn	25 274 (000 kilolitres)	68, 93
Total water consumed	40 114 (000 kilolitres)	68, 93
Total indirect carbon dioxide emissions (CO ₂)	3 288 574 tonnes	70, 94
Total indirect nitrogen oxide(s) emissions (NO _x)	13 953 tonnes	69
Total indirect sulphur oxide(s) emissions (SO _x)	26 243 tonnes	69

Independent Assurance Report on Selected Sustainability Information

continued

1(b). Limited assurance on the following key performance indicators:

Social and Labour Indicators (only applicable to the South African-based Implats' operations)

Description	Assured value	Pg
Number of employees who are classified as historically disadvantaged South Africans (HDSA) and who are employed at management levels (excluding non-executive directors)	361 employees	63
Number of women employees in management	141 employees	62
Total socio-economic development (SED) expenditure	R90 million	77
HDSA procurement (>25%) as a percentage of total discretionary procurement	Total – 51%	84
HDSA procurement (>25%) as a percentage per category	Capital – 41%	
	Consumable – 55%	
	Services – 61%	

Environmental Indicators

Description	Assured value	Pg
Total direct carbon dioxide emissions (CO ₂)	417 904 tonnes	70, 94
Total direct sulphur dioxide emissions (SO ₂) (only Zimplats, Springs and Rustenburg operations)	18 463 tonnes	69, 94

2. Limited assurance on Implats' self-declaration of the GRI A+ Application Level (page 3)

Directors' responsibilities

The Directors are responsible for the selection, preparation and presentation of the sustainability information, the identification of stakeholder requirements and material issues, for commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived, and for such internal control as the Directors determine is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the selection and application of the criteria detailed below:

- ➔ The GRI G3.1 Guidelines applied to the selected key performance indicators
- ➔ The GRI G3.1 Guidelines on Implats' self declaration of the GRI A+ Application Level.

Our responsibility

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

Our procedures and the extent of our procedures depend on our judgement including the risks of material misstatement of the selected sustainability information. In a limited assurance engagement, the evidence gathering procedures are less than where reasonable assurance is expressed. In making our risk assessments, we considered internal control relevant to Implats' preparation of the Report. We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Summary of work performed

Our work included the following evidence gathering procedures:

- ➔ Interviewing management and senior executives at Group level to assess the application of the GRI G3.1 principles and to obtain an understanding of the general control environment relative to the reported sustainability information
- ➔ Obtaining an understanding of the processes and systems which generate, aggregate and monitor the selected sustainability information
- ➔ Inspecting supporting documentation and performing analytical procedures
- ➔ Visiting a risk based selection of four operation sites, including Rustenburg (mining, concentrating and smelting), Springs (refineries), Marula (mining and concentrating) and Zimplats (mining and concentrating)
- ➔ Conducting an application level check on the Report to ensure all disclosure requirements of the GRI A+ application level have been adhered to
- ➔ Evaluating whether the information presented in the Report is consistent with our findings, overall knowledge and experience of sustainability management and performance at Implats.

Conclusions

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

In our opinion, the selected key performance indicators set out in 1(a) above for the year ended 30 June 2012 are fairly stated, in all material respects, in accordance with the GRI G3.1 Guidelines.

1(b). *On the selected key performance indicators on which we are required to express limited assurance*

Based on our work performed, nothing has come to our attention that causes us to believe that the selected sustainability indicators set out in 1(b) above for the year ended 30 June 2012 are not fairly stated, in all material respects, in accordance with the GRI G3.1 Guidelines.

2. *On Implats' self-declaration on the GRI G3.1 A+ Application Level on which we are required to express limited assurance*

Based on our work performed, nothing has come to our attention that causes us to believe that Implats' self-declaration of a A+ Application Level is not fairly stated, in all material respects, in accordance with the GRI G3.1 Guidelines.

Other matters

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

Restriction of liability

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

KPMG Services (Pty) Limited



Per PD Naidoo

Director

Johannesburg
19 September 2012

Glossary of terms and acronyms

ABET	Adult Basic Education and Training
AIDS	Acquired immune deficiency syndrome
ANCYL	African National Congress Youth League
ART	Anti-retroviral therapy, provided for the treatment of HIV and AIDS (excluding state and private medical aid)
BEE	Black economic empowerment
CAIA	Chemical and Industries Association
CBO	Community-based organisation
CO₂	Carbon dioxide
dB	Decibels. Unit of measurement for sound
DMR	Department of Mineral Resources, South Africa
DSM	Demand-side management
DWAF	Department of Water Affairs and Forestry
EIA	Environmental Impact Assessment
EMP	Environmental Management Programme
EMS	Environmental Management System
ESOP	Employee Share Ownership Programme
EXCO	Executive Committee
Executive director	Is employed by the Company and is involved in the day-to-day running of the organisation
FIFR	A rate expressed per million man hours of any Implats employee, contractor or contractor employee or visitor who is involved in an incident while performing his duties at work and who sustains terminal injuries shall constitute a fatal accident. Any road-related fatal incident where the Company is in full control of the vehicle, the driver and conditions related to the road injury of an employee shall constitute a fatal incident. A fatal injury may occur when an employee is incapacitated for a period of time prior to expiration, thus requiring a revision of injury status from LTI to a fatality
FLISP	Financial Link Individual Subsidy programme
FOG	Fall of ground
FY	Financial year (to 30 June)
GDP	Gross Domestic Production
GHG	Greenhouse gases
GJ	Gigajoules. Unit of measure for energy
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIV	Human immuno-deficiency virus
HSE	Health, Safety and Environment
IBT	Impala Bafokeng Trust, socio-economic development vehicle jointly funded by Implats and RBH
ICDT	Impala Community Development Trust, vehicle for socio-economic development, now dissolved
IDP	Integrated Development Plan
ILO	International Labour Organisation
Impala Platinum	Impala Platinum Limited, comprising the Rustenburg operations and the Refineries in Springs
Implats	Impala Platinum Holdings Limited
Independent directors	Directors who apart from receiving directors' remuneration do not have any other material pecuniary relationship or transactions with the Company, its management or its subsidiaries, which in the judgement of the Board may affect their independence.

ISO	International Organisation for Standardisation
JORG	Australasian Code of Reporting of Mineral Resources and Ore Reserves
LED	Local Economic Development
Local community	Communities that are directly impacted on by our mining operations and are on or near the mine lease area
Lost time	A work-related injury resulting in the employee being unable to attend work at his/her place of work, performing his/her assigned duties, on the next calendar day (whether a scheduled work day or not) after the day of the injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next roster shift, a lost-time injury is deemed to have occurred
LSE	London Stock Exchange
LTIFR	Number of lost-time injuries expressed as a rate per million hours worked and excludes Restricted Work Cases
Marula	Marula Platinum (Pty) Limited
Materiality and material issues	Issues of materiality are those aspects that may have a significant impact on the organisation's reputation and may carry a financial and/or legal cost. These aspects are identified internally through the risk process and externally through ad hoc or routine engagements with a range of stakeholders
Medical Incapacitation	Employees who have applied to be boarded based on a medical condition approved by the company's most senior medical person on site
MRM	Mineral Resources Management
Medical Treatment Cases (MTCs)	A Medical Treatment Case is defined as a one-time treatment and subsequent observation of minor injuries by an appointed medical professional. Such minor injuries may include treatment by the application of bandages, antiseptic, ointment, irrigation of the eye to remove non-embedded foreign objects or the removal of foreign objects from the wound. MTCs never involve a loss of one or more calendar days after the injury, regardless of the injured person's next rostered shift or where the injured is unable to perform one or more of their routine functions normally connected with their work due to a restriction applied by an appointed medical professional
MIGDETT	Mining Industry Growth Development and Employment Task team
Mimosa	Mimosa Platinum (Private) Limited
Mining Charter	Broad-based Socio-Economic Empowerment Charter for the South African Mining Industry
MPRDA	Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect in South Africa on 11 May 2004
MW	Megawatt, a measure of electric power
NBI	National Business Institute
NGO	Non-governmental organisation
NHI	National Health Insurance
NIHL	Noise-induced hearing loss
Non-executive director	A director who is not involved in the day-to-day running of the organisation but is a nominee director of a material shareholder.
NOx	Nitrous oxide
NUM	National Union of Mineworkers, South Africa
ORAs	Objective-based risk assessments
PBC	PGM Beneficiation Committee
PGI	Platinum Guild International
PGMs	Platinum group metals being the metals derived from PGE
PPM	Parts per million
RBH	Royal Bafokeng Holdings

Glossary of terms and acronyms continued

RBN	Royal Bafokeng Nation
Reportable	A reportable injury is an injury which results in: <ul style="list-style-type: none"> a) the death of the employee b) an injury, to any employee, likely to be fatal c) unconsciousness, incapacitation from heatstroke or heat exhaustion, oxygen deficiency, the inhalation of fumes or poisonous gas, or electric short or electric burning accidents of or by any employee and which is not reportable in terms of paragraph (d), or as required by the OHS Act where applicable d) an injury which either incapacitates the injured employee from performing that employee's normal occupation for a period totalling 14 days or more, or which causes the injured employee to suffer the loss of a joint, or a part of a joint, or sustain a permanent disability
Restricted Work Injuries (RWI)	A Restricted Work Injury is a work-related injury which results in the employee being able to return to his or her permanently assigned workplace, to perform his or her permanently assigned work on the next calendar day, but where the injured is unable to perform one or more of their routine functions normally connected with their work due to a restriction applied by an appointed medical professional
RLM	Rustenburg Local Municipality
SAMREC	South African Code for Reporting Mineral Reserves and Resources
SED	Socio-economic Development
SLP	Social and Labour Plan
SMMEs	Small, medium and micro enterprises
SO₂	Sulphur dioxide
TB	Pulmonary tuberculosis, which in South Africa is considered an occupational illness when it is associated with the presence of dust in the workplace
Total Injury Frequency Rate	All injuries expressed as a rate per million man-hours worked
Total water consumed	Recycled water and withdrawn
Traditional council leadership	Elected/appointed members of a community according to customs and practices. The tenure of these leaders differ among communities. The chief King/Kgoshi/Kgosi or inKhosi is the head of the Traditional council leadership and the Chairman of the council
UNGC	United Nations Global Compact
UNEP	United Nation Environmental Programme
VCT	Voluntary counselling and testing, in respect of HIV and AIDS

Basis of calculating both direct and indirect energy and resulting CO₂ emissions

Indicator	Basis of calculation
Indirect energy	2012 DEFRA Guidelines
Indirect CO ₂	Eskom Integrated Report FY2012 (generated factor)
Direct energy from diesel, petrol and IBO	2012 DEFRA Guidelines
Direct CO ₂ from diesel, petrol and IBO	2012 DEFRA Guidelines
Direct energy from Sasol Gas	From Sasol Gas (supplier)
Direct CO ₂ from Sasol Gas	From Sasol Gas (supplier)
Direct energy from coal consumption	Supplier analysis
Direct CO ₂ from coal consumption	Supplier analysis



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