IMPLATS
Distinctly Platinum

Sustainable Development Report **2016**

Supplement to the Integrated Annual Report 30 June 2016

Our values

WE RESPECT

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

WE CARE

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

WE STRIVE TO DELIVER

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

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

Strategies

Maintaining operational excellence and safe production

Maintaining our social licence to operate

Maintaining strategic optionality and positioning the Group for the future

Maintaining prudent investment through the cycle

Conserving cash, especially while metal prices remain depressed

www.implats.co.za

Refers readers to information available elsewhere in this report

Feedback

We welcome your feedback to make sure we are covering the things that matter to you. Go to **www.implats.co.za** or email **investor@implats.co.za** for the feedback form, or scan the code on the left with your smart device.

Our approach to reporting

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

Boundary and scope

This report provides information relating to our sustainable development policies, practices, performance and prospects for the financial year 1 July 2015 to 30 June 2016. The report covers the following operations over which we have direct management control and for which we set and implement policies and standards: Impala, Marula, Zimplats and Mimosa. Our last report was published in September 2015 covering the 2015 financial year. No changes to the boundary and scope have been applied in the year under review.

Materiality and target audience

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

- The Mining Charter which governs the mining sector in South Africa and Indigenisation Policy in Zimbabwe
- National developmental priorities – as defined in the South African National Development Plan
- Local sector-specific commitments in South Africa – as provided in the Framework Agreement for a Sustainable Mining Industry, entered into by organised labour, organised business and government

While the report is of interest to all our existing and prospective stakeholders, it is focused primarily on addressing the interests of socially responsible investment (SRI) analysts and investors, as well as sustainability professionals. Our approach to identifying the issues we regard as being most material to Implats in 2016 is described on page 22.

Reporting standards

Our sustainability reporting criteria has been compiled in accordance with the GRI's G4 Guidelines (Core compliance) and their Mining Sector Supplement, as well as Implats' internally developed reporting guidelines. We have provided a separate, more detailed response to the criteria of the GRI G4 Guidelines in a detailed online GRI response table, available at **www.implats.co.za/implats.Annual-reports.asp**. As a signatory to the United Nations Global Compact (UNGC), we have also used the UNGC's Advanced Level reporting criteria in our UNGC Communication on Progress.

Independent assurance

A third-party assurance provider, KPMG, has independently assured selected performance information. The scope of the assurance, the selected performance information and the independent statement of assurance are provided on page 128.

Contacts

Please address any queries or comments on this report to the corporate relations department.
Email: **investor@implats.co.za**
Tel: **+27 11 731 9000**

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

Integrated Report

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

Sustainable Development Report

- Detail on material economic, social and environmental performance
- GRI G4 core compliance
- Internal reporting guidelines in line with the UN Global Compacts
- Independent assurance report

Mineral Resource and Mineral Reserve Statement

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

Online

- Direct access to all our reports
- Our website has detailed investor, sustainability and business information
- Detailed remuneration report on web

Summary performance data

Implats is one of the world's foremost producers of platinum and associated platinum group metals (PGMs).

Production data**		2016	2015****	2014****	Variance %	△▽
Tonnes milled	(000t)	**18 426**	16 024	13 916	15	△
Refined platinum	(000oz)	**1 438**	1 276	1 178	13	△
PGMs	(000oz)	**2 908**	2 618	2 370	11	△
Revenue	(Rm)	**35 932**	32 477	29 028	11	△
Operating cost	(Rm)	**21 691**	19 074***	14 613		
Capital invested***	(Rm)	**3 560**	4 287	4 345	17	▽
Income tax paid	(Rm)	**883**	401	714	120	△
Unit cost* per oz Pt	(Rand)	**21 731**	22 222	19 430	2	▽
People		**2016**	2015	2014	Variance %	
Employees in service						
Own*****	Number	**38 189**	40 019	40 238	5	▽
Contractors*****	Number	**13 221**	14 729	15 602	10	▽
Turnover	%	**8**	5	5	60	△
HDSA in management	%	**53**	51	50	4	△
Safety rates						
FIFR	Pmmhw	**0.091**	0.058	0.043	57	△
RIFR	Pmmhw	**3.83**	2.63	2.68	46	△
LTIFR	Pmmhw	**6.49**	5.27***	6.10	23	△
TIFR	Pmmhw	**12.31**	9.78***	11.90	26	△
Operations and shafts with one million or more fatality-free shifts	Number	**16**	11	4	45	△
Employees' health						
People on wellness programmes	Number	**6 891**	6 140	6 286	12	△
Total people on ART	Number	**4 843**	4 429	4 276	9	△
TB cases	Number	**171**	304	268	44	▽
Medical incapacitation	Number	**377**	505	331	25	▽
The environment		**2016**	2015	2014	Variance %	
Energy intensity	(GJ/tonne milled)	**0.9405**	0.9946	1.0344	5	▽
Total direct CO_2 intensity	(t/tonne milled)	**0.2072**	0.2091	0.2182	5	▽
Total direct SO_2 intensity	(t/tonne milled)	**0.0017**	0.0017	0.0022	0	
Water intensity	(Mℓ consumed/ tonne milled)	**0.0025**	0.0025	0.0025	0	
% water recycled	(total water recycled Mℓ/total water consumed Mℓ)	**41**	36	39	15	△
Social capital		**2016**	2015	2 014	Variance %	
SED expenditure (RSA)	(Rm)	**105**	83	71	27	△
SED expenditure (Zimbabwe)	(US$m)	**4.7**	5.1	8.9	8	▽
Housing and living conditions expenditure (RSA)	(Rm)	**236**	228	261	4	△
Housing and living conditions expenditure (Zimbabwe)	(US$m)	**1**	6	15	83	▽

△▽ Improvement △▽ Deterioration * Excluding share-based payments — Unchanged ** Production costs exclude Mimosa and Two Rivers and hence impact intensity factors *** Restated numbers **** Ramp up and strike impacted ***** Includes Mimosa employees and contractors attributable to Implats
Variance 2016 versus 2015

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

We are committed to promoting sustainable social and economic transformation through constructive collaboration with our stakeholders.

Mpho Nkeli
Chairperson, social, transformation and remuneration committee
BSc Environmental Science (NUL), MAP (Wits), MBA (GIBS)

As chair of Implats' social, transformation and remuneration (STR) committee, it gives me pleasure to present this year's Sustainable Development Report. This is my first full year on the board of Implats, where it has been a privilege to serve as the chairperson of this committee.

Committee responsibility

My primary responsibility is to ensure the committee delivers on its advisory and oversight functions relating to Implats' activities on social and economic development, remuneration, corporate citizenship, environmental management and labour and employment issues. In this report, we review Implats' activities and performance and assess how the Company is delivering on its mission to ensure sustainable value creation for all its stakeholders.

Given the challenging socio-political environment – characterised by high levels of joblessness, persistent income inequality and increasing evidence of community frustration – it is important that businesses play an active role in finding solutions to societal challenges. We need to work with our partners in business, the government, labour and local communities to build an inclusive economy that provides opportunities for social mobility, facilitated by equitable access to jobs, education and health. We equally do not take lightly the duty of care we owe to protecting the natural environment in which we operate. We strive to mitigate our environmental impacts by retaining fauna and flora, rehabilitating land disturbed by our operations, and ensuring responsible waste management and prudent use of water and energy. Ensuring the social, economic and environmental viability of our host communities and the broader economy is critical to safeguard the continuing viability of our business.

Amid growing pressure on companies to demonstrate greater social return, the South African platinum sector continues to face tough operating conditions typified by low commodity prices, increasing costs associated with deep-level mining, the depreciation of the rand on the one hand and a demand for higher wages on the other. In protecting our social licence to trade,

Implats needs to ensure responsible behaviour within the organisation and towards all its stakeholders.

Caring for our employees

One of the areas where the Group has made a particularly impressive contribution is in providing quality housing and improved living conditions for employees and their families. Over the past eight years the Group has invested more than US$100 million to provide more than 1 400 company houses for our employees in Zimbabwe. In South Africa it is heartening to see how far the mining sector as a whole has progressed in this area. The Group has invested more than R3.7 billion in accommodation surrounding its South African operations, providing almost 3 000 housing units, converting mining hostels into 5 243 single units and 308 family units and securing substantial land for future housing development. By providing the opportunity for home ownership to mining employees, which in turn opens access to local schools and health services for community members and their families, the Group is making a real difference in offering a source of dignity with economic opportunity and helping to address some painful legacies.

Employee health and safety is a top priority. The Group's commitment to ensuring a safe and healthy working environment has been evidenced by the visible leadership demonstrated by the Group chief executive officer and the executive team and by the investments made in equipment and infrastructure aimed at providing a safe physical environment across all Group operations. While this has resulted in the notable safety milestones achieved at most operations, these were overshadowed this year by the 11 tragic fatalities at three operations. Our thoughts are with the families, friends and colleagues of each of the deceased.

It was troubling to learn that the root cause of each of these incidents was non-compliance to standards and safe production rules, in some cases at a supervisory level. The Group is taking appropriate disciplinary action and is implementing remedial actions to prevent repeat incidents. The strong safety performance demonstrated by most of the Group's operations this year shows what can be achieved in the quest for zero harm.

Community development

As a new board member, I have been heartened by what I have seen on the ground and what I have heard from stakeholders regarding Implats' approach to engaging with and supporting the socio-economic development of neighbouring communities.

Complementing our emphasis on accommodation and living conditions, the communities in which we operate continue to benefit significantly from the implementation of our operations' social and labour plans, which seek to address identified community needs by focusing on infrastructure, access to clean water, health, education and employment.

Outlined in more detail in this report are the numerous initiatives Implats is taking to stimulate economic opportunities in its neighbouring communities and to ensure responsible management of scarce shared local resources, such as water and energy. The Group's initiatives relating to skills development, local procurement, supplier and enterprise development and its investments in community infrastructure in health and education, are having a measurable impact on individuals and communities in South Africa and Zimbabwe.

However, it is clear that we continue to face challenges in these communities. Increasingly, there is a fine line between the services local authorities should be providing and those that communities are now expecting from companies such as Implats. With these shifting expectations and the blurring of the expected roles of companies and local authorities, businesses may come under added pressure. Managing these expectations requires us to strike a difficult balance between respecting and upholding the roles and responsibilities of local government, while seeking to allay the growing frustrations of increasingly vocal local communities.

Stakeholder collaboration

While companies mining the country's resources have a particular duty of care to their communities and to the environment, it is important to recognise and acknowledge joint responsibility – shared between the government, business and each of us as individuals – in finding solutions to our collective challenges. This has worked well where Implats has partnered with passionate entrepreneurs across communities who have seized opportunities presented to them.

A key imperative facing all South African companies is the need to recognise and address the unique challenges South Africa faces due to its difficult history. Driving socio-economic transformation within the Implats work environment and across its value chain remains a priority and informs much of the Group's engagement with the government, communities and other stakeholders. Implats goes beyond compliance in this area and is committed to engaging actively with the government and regulators to develop frameworks to drive the transformation agenda. I have been encouraged to see the leadership role Implats has played in industry discussions on transformation and how the Group has sought to strengthen its relationships with the government through frank and meaningful engagement, particularly in difficult areas where there may be diverging views on solutions.

Appreciation

I express my thanks to management and my colleagues on the STR committee for their advice throughout the year, which has proved invaluable in ensuring the committee delivers on its oversight and advisory duties. I have witnessed management living and driving the values of "Respect, Care and Deliver", to ensure that Implats develops as a fair, ethical and sustainable organisation.

As an Implats stakeholder, I encourage you to share your views on Implats' activities related to delivering on its strategic commitment to minimise negative social and environmental impacts and to promote meaningful social and economic transformation. Implats is committed to building on its current positive contribution to the communities and people with which it engages and I encourage you to engage with us to ensure mining leaves a lasting positive legacy in the region.

Mpho Nkeli
Chairperson, social, transformation and remuneration committee

Who we are – what we do

Impala Platinum Holdings (Implats), one of the world's foremost producers of platinum and associated platinum group metals (PGMs), is listed on the JSE Limited (JSE) in South Africa and sponsored a level 1 American Depositary Receipt programme in the United States of America. Its head office is in Johannesburg, South Africa.

South Africa

Marula

77 700 ounces
of platinum in concentrate

Contribution to Group Pt production
5.4%

Life of mine **> 30 years**

Average current depth **320m**

SUSTAINABILITY INDICATORS
- 0 fatality
- FIFR 0
- 47% decrease in LTIFR
- 19% decrease in TIFR
- 52% increase in VCT interventions
- 12% increase in ART uptake
- R3 million spent on socio-economic development*

Impala

626 900 ounces
of refined platinum

Contribution to Group Pt production
44%

Life of mine **> 30 years**

Average current depth **850m**

SUSTAINABILITY INDICATORS
- 9 fatalities
- FIFR 0.102
- 33% increase in LTIFR
- TIFR 27% increase
- 10% decrease in VCT interventions
- 9% increase in ART uptake
- R94 million spent on socio-economic development*

Two Rivers

185 900 ounces
of platinum in concentrate

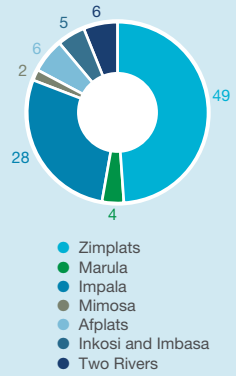
Contribution to Group Pt production
12.9%

Life of mine **> 30 years**

Average current depth **350m**

SUSTAINABILITY INDICATORS
- 0 fatalities
- FIFR 0.000
- 5.5% decrease in LTIFR

Attributable Mineral Resources of 194Moz Pt (%)
as at 30 June 2016



** The R7 million balance in socio-economic development expenditure for South Africa is attributable to Afplats.*

Zimbabwe

Zimplats

289 800 ounces
of platinum in matte

Contribution to Group Pt production
20%

Life of mine **> 30 years**

Average current depth **150m**

SUSTAINABILITY INDICATORS
- 0 fatalities
- FIFR 0.000
- 34% decrease in LTIFR
- 24% decrease in TIFR
- 31% decrease in VCT
- 9% increase in ART
- 14% increase in SO_2
- US$6.1 million spent on socio-economic development

Mimosa

119 700 ounces
of platinum in concentrate

Third-party contribution to Group Pt production
8.2%

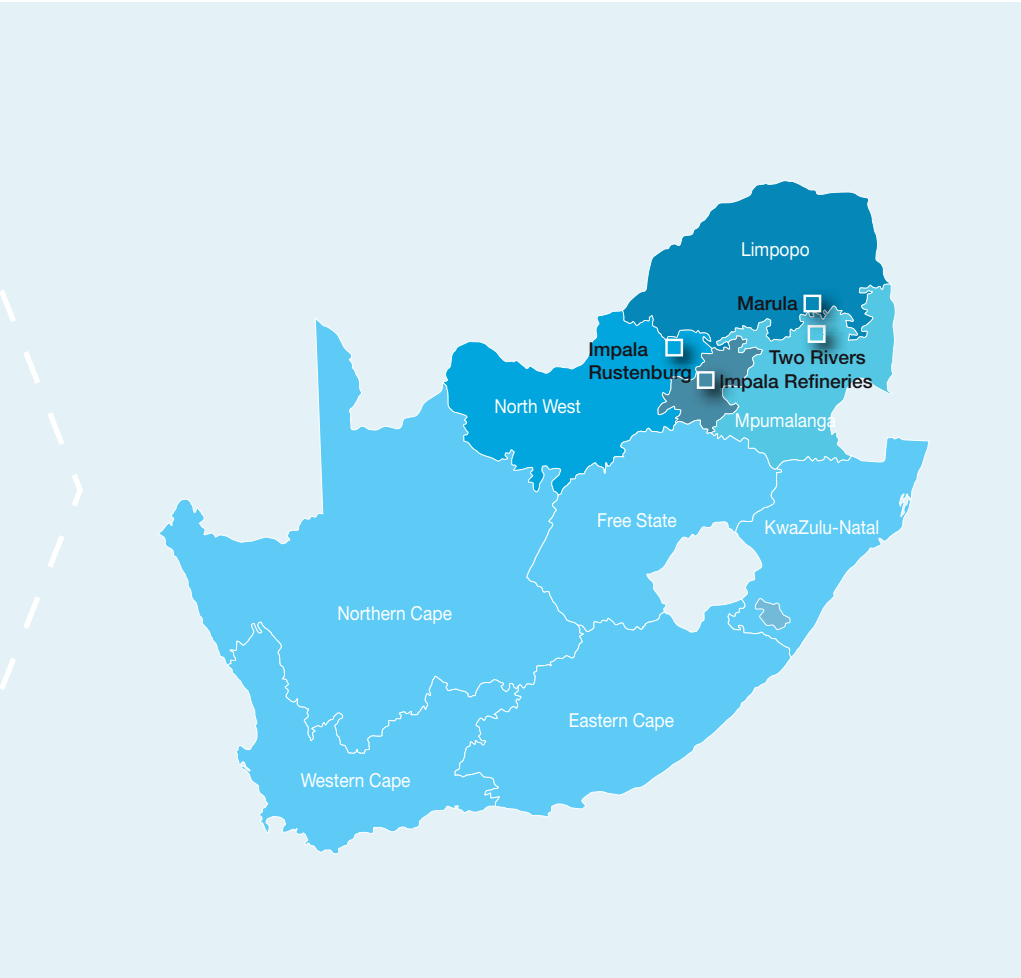
Life of mine **>15 years**

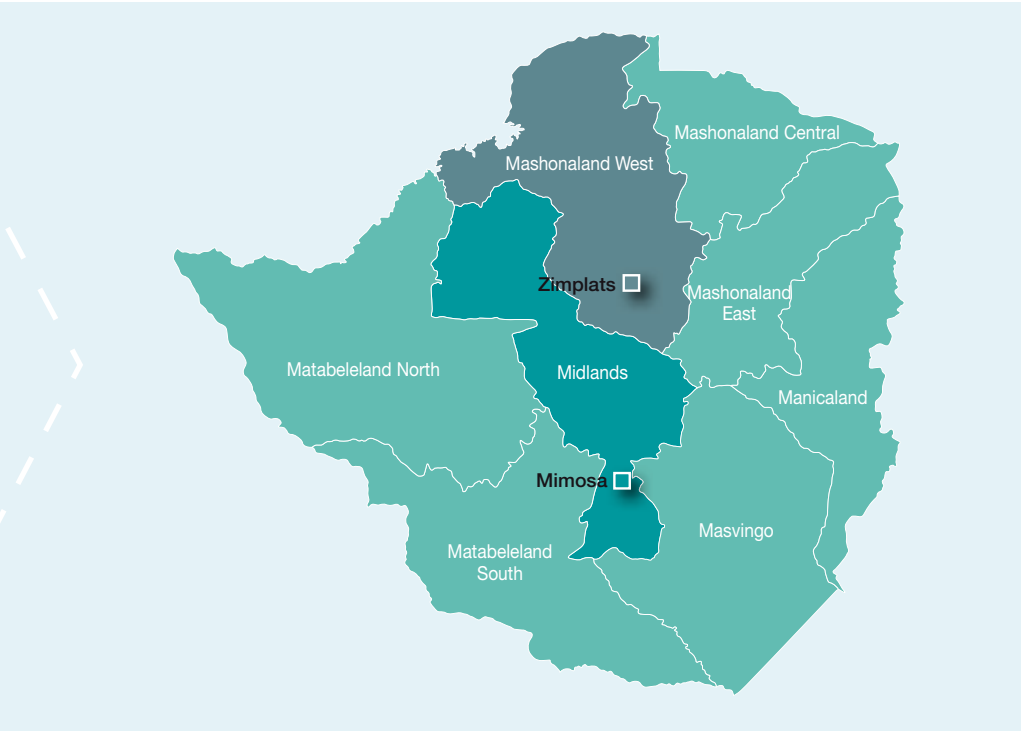
Average current depth **200m**

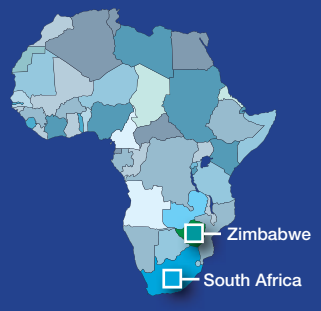
SUSTAINABILITY INDICATORS
- 2 fatalities
- FIFR 0.246
- 327% increase in LTIFR
- 405% increase in TIFR
- 16% decrease in VCT
- 5% increase in ART
- US$2.8 million spent on socio-economic development

We produce around 25% of the world's supply of platinum with a workforce of approximately 51 400, including 13 200 contractors, none of which are legally recognised as self-employed. The organisation does not have seasonal employees. A detailed breakdown of our workforce can be found on page 114 of this report. In the financial year ended 30 June 2016, the Group produced 2.90 million ounces of PGMs (2015: 2.61 million ounces), which included 1.438 million ounces of platinum (2015: 1.276 million ounces). Our markets are in South Africa, Japan, China, the US and Europe.

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







Implats is structured around six main operations: Impala Rustenburg, Zimplats, Marula, Mimosa, Two Rivers and Impala Refineries – with a total of 24 underground operations. Operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, two of the most significant PGM-bearing ore bodies in the world. The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability.

As at 30 June 2016 our major shareholders were Coronation Fund Managers (15.07%), the Public Investment Corporation (PIC) (11.02%), Investec Asset Management (10.01%), Allan Gray (7.94%) and Royal Bafokeng Nation (RBN) at 6.29% with the balance of the shares held by various public and non-public shareholders. (Refer to the annual financial statements.)

Our business model

How we create value

INPUTS

OUR CAPITALS

Human
- Our workforce
- Skills and training
- Social, ethics, transformation and remuneration practices

Financial
- Operating cashflow
- Equity funding
- Debt funding

Manufactured
- Mining rights, reserves infrastructure and resources
- Plant, property and equipment
- Utilities

Social and relationship
- Ethics and human rights
- Employee relations
- Organised labour
- Community relations
- Social licence to operate

Intellectual
- Knowledge and procedures
- Risk and accounting systems
- R&D and IP
- Geological models
- People, HR, governance and safety systems

Natural
- Natural resources (land, air, water and biodiversity)
- Mineral Resources and Mineral Reserves

Improve efficiencies through operational excellence and safe production
(Various business plans on a page)

Investment through the cycle

Impala

MINES

CONCENTRATORS

SMELTERS

BASE METALS REFINERY

PLATINUM METALS REFINERY

SOCIAL LICENCE

Maintain our social licence to operate
(MPRDA compliant)

Strong b

PROCESS

balance sheet (cash exceeds debt)

STRATEGIC RESPONSES

Cash conservation
(ongoing cost reduction opportunities and capital cost controls)

World-class refining assets and capability

IRS

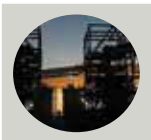
Ability to grow and maintain

Mines

ZIMPLATS

MARULA

MIMOSA



TWO RIVERS

Group components and third party refining through use of Impala's spare capability

Investment through the cycle
(Impala 16 and 20 Shaft complexes)

Maintain optionality and position for the future
(Impala 17 Shaft complex; Afplats Shaft complex and Zimplats new portals)

GROUP STRATEGIC RISKS

- Depressed PGM basket prices
- Non-delivery of production and productivity targets at Impala Rustenburg
- Weak balance sheet and cash flows (liquidity)
- Excessive taxation and levies at Zimbabwean operations
- Revenue impact of Section 54s
- A deterioration in safety performance
- Unavailability of secure and reliable power in South Africa and Zimbabwe
- Employee relations climate
- Maintaining a social licence to operate

OUTPUTS

- Platinum
- Palladium
- Rhodium
- Ruthenium
- Iridium
- Gold and silver
- Nickel powder or briquettes
- Cobalt powder
- Copper cathodes
- Chrome ore

POSITIVE AND NEGATIVE OUTCOMES	FINANCIAL YEAR 2016 OUTCOMES
• Injuries and fatalities • Occupational health (NIHL) • Skilled leaders and employees • Economic empowerment of our people • Equity and transformation	Well trained and skilled workforce **R512m** spent on training and development (Zimbabwe **US$4.9m**) Number of employees including contractors **51 410**** Wage bill of **R10 708m** Group FIFR **0.091** Group LTIFR **6.49**
• Shareholder and investor returns • Reinvestment of profits • Contribution to tax revenues and economic growth for country	Financial health of Company **R2 731m** net cash generated from operating activities Procurement of **R8.1bn** in South Africa from businesses and suppliers (**US$336m** at Zimplats in Zimbabwe) All taxes and royalties paid in South Africa **R2 137.7m** (in Zimbabwe **US$45.9m**) Total liabilities **R26 560m**
• Products that generate revenue and improve the environment • Reinvestment in shafts, side stream beneficiation	PGMs produced **2 908Moz** Maintenance expenditure on property, plant and equipment **R1 825m** Revenue generated **R35 932m**
• In-migration and constraints on infrastructure and social amenities • Informal settlements • Labour and social unrest • Social investments • Education, health and housing	An investment of **R104.6m*** in South Africa in our surrounding communities (**US$4.7m*** in Zimbabwe) Local procurement spent in South Africa **R6.1bn** with companies of >25% BEE ownership Small business **supported** Improved living conditions **R236m** spent on housing in SA (in Zimbabwe **US$1.1m** spent on housing)
• Continuous improvement – safe and efficient operations • Development of IP • Business improvement • R&D innovation	Spend on modernisation **R174m** (safety technical initiatives) Group employee turnover rate **8.2%** Capital expenditure **R3 560m**
• Generation of waste • Pollution (air, water, land) and climate change • Land availability and disturbance • Conservation of natural resources through recycling, rehabilitation	**CO_2** intensity (Scope 1) **0.2072** tonnes/tonne milled Energy intensity **0.9405** GJ/tonne milled Direct **SO_2** intensity **0.0017** tonnes/tonne milled Water intensity **0.0025Mℓ**/tonne milled **41%** of total water consumed is recycled

* *Community investment spend excludes housing.*
** *Includes Mimosa employees and contractors attributable to Implats.*

Summary of the influences to the Group strategy

STRATEGY	SUPPORTED BY
Maintaining operational excellence and safe production	• Safety strategy • Cultural values founded on Respect and Care • Health strategy • People strategy • Operational delivery and performance management
Conserving cash, especially while metal prices remain depressed	• Effective planning and mineral resource management • Rationalisation and prioritisation of capital allocation across the Group • Intensive cost and productivity focus
Maintaining our social licence to operate	• Meaningful and sustainable social investment in our communities • Delivering on Social and Labour Plan (SLP) commitments • Adhering to commitments in the President's Framework Agreement • Aligning and positioning the organisation in terms of the National Development Plan • Respecting human rights and interest of all stakeholders • Abiding by the laws of the countries in which we operate • Adherence to all relevant environmental legislation • Preservation of natural water resources and water quality • Optimisation of energy efficiencies and reduction of carbon
Maintaining prudent investment through the cycle	• Cost optimisation at all operations • Investment in new technology: modernise to improve safety and production • Development of alternative energy sources linked to our metals • Optimising of mining efficiencies through productivity programmes • Ramping up of new shafts; optimisation of mid-life shafts; closure of old, unprofitable shafts
Maintaining strategic optionality and positioning the Group for the future	• Repositioning and modernising Impala Rustenburg into a smaller, more concentrated mining operation with access to new, modern shaft complexes, with new Merensky ore reserves producing at much higher mining efficiency and lower unit cost • Targeted interventions to improve mining efficiencies and reduced embedded fixed costs • Deferring capital intensive projects to conserve cash and protect the balance sheet

CEO's statement

"The difficult operating environment underlines the strategic significance of societal issues on our business and highlights the importance of maintaining a strong focus on our sustainability."

Terence Goodlace
Chief executive officer – NHD in metalliferous mining, BCom, MBA

I am pleased to present Implats' 2016 Sustainable Development Report. This report provides a comprehensive review of the Group's strategy and performance relating to our most material social, economic and environmental impacts. It outlines the key activities we are undertaking to address some of the societal challenges facing the regional mining sector and the broader economy.

In the context of greater volatility in global and regional markets and communities, the responsibility of business to pursue socially-inclusive business models and to mitigate negative societal impacts has become increasingly apparent. To this end, I encourage all our stakeholders to read this report and to give honest feedback on our performance and our disclosure.

This has been another difficult year in which we have been faced with a subdued global PGM market, a continuing rise in unit costs and a challenging socio-political operating context with increased stakeholder expectations across a range of fronts. The difficult operating environment underlines the strategic significance of societal issues on our business and highlights the importance of maintaining a strong focus on our sustainability. Doing so is integral to realising our vision of being the world's best platinum-producing company that delivers superior returns to stakeholders. I will briefly review our performance over the past year on each of our material sustainability focus areas and reflect on how we are delivering on our commitment to the safe and responsible production of PGMs and to making a meaningful contribution to our communities.

Safe and effective people who respect and care

Employee and contractor safety

It is with deep sadness that I report the loss of life of 11 employees this year as a result of seven incidents at three of our operations. This is a tragic loss for all of us and my heartfelt condolences are extended to the families and friends of Erick Mukazi, Oraile John Sethibang, Jerome Nkosiphendule Zweni, Charles Teketai, Vuyani Jackson Kajani, Stephen

Johnny Kgari, Mosala George Moloele, Tshotlego Rantisiripana Moyo, Mosielele Johannes Sesimane, Ohemile Moses Maamogwa and Tanki Samuel Lepitikoe. It is unacceptable that we are still having fatalities at Implats despite the significant expenditure and effort we have put into safety initiatives, technology and training over the past years and the exemplary safety performance at most of our operations. The fatal incidents – which occurred at Impala Rustenburg 1 Shaft and 14 Shaft, and Mimosa – have shown a collective failure to care for ourselves and for our fellow workers. These incidents cause significant harm to individuals and families and to the continuing viability of our business, with negative consequences for all those that depend on us.

Seven of these fatalities occurred in two tragic incidents: a fire in January 2016 at Impala Rustenburg 14 Shaft and a fall of ground incident in May 2016 at Impala Rustenburg 1 Shaft. My personal gratitude and appreciation is extended to the neighbouring mining community, the relevant government departments and the leadership of the respective unions for their support during these incidents. I am also grateful for the many at Impala Rustenburg who worked tirelessly through these difficult times.

It is disappointing to see how these incidents have impacted the Group's lagging performance indicators. This year, the fatal incident frequency rate was 0.091 per million man-hours worked, up from 0.058 in 2015. The total injury frequency rate – a measure of all recorded injuries, including fatalities, lost-time injuries, and medical treatment cases (including first aid cases) – increased to 12.31, up from 9.78.

While acknowledging this disappointing safety performance, it is important to recognise the safety achievements and milestones achieved across most of our other operations. During the course of the year, for example, Zimplats celebrated five million fatality-free shifts, Two Rivers achieved three million fatality-free shifts, Rustenburg's 20 Shaft and 11C Shaft each achieved two million fatality-free shifts, while six other shafts achieved one million fatality-free shifts.

Our refineries won the chemical industry's Responsible Care award, recognising our leading performance on a range of indicators relating to safety, health and the environment.

Our analysis of fatal and lost-time injuries demonstrates that human failure remains a contributing factor. To address this, our priority remains on driving the person and behavioural pillars of our safety strategy, with the aim of creating the right safety culture to achieve and maintain zero harm. We will continue to drive a shift from the prevailing "dependent" safety culture towards an "interdependent" safety culture through effective safety leadership and engagement with employees. We remain resolute to see a further step change in our safety performance and ultimately achieve our goal of zero fatalities.

Health and well-being

We have made further progress in managing the principal health risks facing our employees, namely: pulmonary tuberculosis (TB), the associated human immunodeficiency virus (HIV) co-infection and the occupational health risk of noise induced hearing loss (NIHL). We have also continued to place a strong emphasis on managing chronic medical conditions such as hypertension and diabetes.

This year, 61 cases of NIHL were diagnosed and submitted for assessment for compensation, compared to 49 in 2015. All patients diagnosed with early signs of NIHL on screening audiograms have been counselled and are being monitored. Another potential occupational illness in the mining sector is silicosis. Fortunately the risk of contracting silicosis on our operations is extremely low due to the low levels of alpha quartz in the rock mined at our operations. During the year under review, we diagnosed 11 employees and four contractors at our Rustenburg operations, all of whom endured high risk gold mining exposure prior to working at our mines. No previously unknown occupational illnesses were detected over the year.

In November 2014, at the tripartite Mine Health and Safety Council, we agreed a set of sector-wide health and safety milestones. We are already meeting the sector-wide health milestone of reducing the TB incidence rate on mines to below the national TB incident rate by December 2024 – our incidence rate of 447 per 100 000 employees is well below the national rate of 840/100 000. This year we recorded 171 new cases of TB across our operations, representing a 46% decrease on the 304 cases the previous year. Although we have increased the speed and accuracy of diagnosing TB resistance through PCR laboratory testing, the growth in multiple drug-resistant TB is a concern. Our HIV prevalence rate is estimated at 23% based on available data for the Impala Rustenburg operation. This year, a total of 6 891 employees participated in Company-funded and managed HIV-wellness programmes, of whom 4 843 received antiretroviral therapy. We are committed to delivering on the tripartite targets through our continuing focus on embedding an effective culture in the organisation, supported by our investment in the physical environment.

Investing in employee relations

The importance of maintaining constructive management/employee relations received prominence given the events in the South African platinum sector over the past few years. We have placed a strong focus on fostering a new, dynamic and sustainable partnership with our employees and their representative bodies, with the goal of becoming the best employer in the sector.

In addition to our engagements with union representatives through employee representative structures, we have taken measures to improve the communication directly between management representatives and employees at all levels. We have had good results in implementing a structured, two-way communication model that cascades information from weekly executive management meetings all the way through to half-level shaft-based meetings, with weekly feedback to the executive. This is complemented by periodic employee surveys and engagements through videos, briefings,

CEO's statement

general manager feedback and daily, weekly and monthly meetings at shaft level. We have also been implementing a robust training process to enhance the knowledge, skills and attributes of managers, employees and their representatives.

As an integral part of the voluntary separation and retrenchment process at our Rustenburg operation, we have offered all affected employees the opportunity to receive training in a portable skill aimed at equipping them for work opportunities in different sectors, or to become self-employed entrepreneurs. It has been pleasing to see the uptake by our employees and the undoubted longer-term value that this training has provided.

Promoting diversity and transformation

Our focus on promoting employee diversity and socio-economic transformation is driven by an appreciation that a more diverse organisation is more competitive. We have made further progress in promoting equitable representation, particularly at board and senior management level, where we remain well positioned relative to our competitors.

At our South African operations, at year end we had achieved and in most cases exceeded all Mining Charter targets for levels of historically disadvantaged South Africans (HDSA) in management. Our efforts in driving transformation have been recognised externally – Implats came second out of 131 companies in the Department of Labour's inaugural EE Awards launched by the Commission for Employment Equity (CEE). Awarded in October 2015, the judging process included site visits by a panel of experts from the Department of Labour.

We have continued to encourage female representation at all levels. At our South African operations, by financial year end, we had 137 women in management, representing almost 20% of total management, while overall women representation in the workforce remains at 11%. It is encouraging to see the participation of women in our mining training programmes: this year, 33% of mining graduates were women. At Zimplats, women accounted for 33% of all surface engagements, far surpassing our target of 10%. The number of women in mining is improving year on year, with females currently constituting 7% of the total Zimplats workforce.

In Zimbabwe, despite meeting the recently announced Presidential guidelines which stipulate that mining companies will be deemed indigenised if local spend is at least 75% of annual revenue, we have continued engagements with the government on indigenisation. Discussions include the implementation plan for an employee share ownership scheme and a community share ownership scheme. We will continue to engage with the minister for youth development, indigenisation and economic empowerment to achieve mutually acceptable solutions.

Social capital and licence to operate

A key challenge facing the South African mining sector is the increasing protest action within many of our neighbouring communities. With the slow pace of service delivery, reduced employment opportunities and a rising cost of living, mining companies face a crisis of expectations in terms of jobs, infrastructure, service delivery and procurement opportunities – at a time when the sector has been hit by flat commodity prices and increasing production costs. The resultant community activism in our communities, particularly among the unemployed youth, is compounded by a failure of many of the traditional engagement structures, heightening the pressure on mining companies to ensure effective communication channels with our communities.

In seeking to build and maintain our social licence to operate, we have focused on driving legislated transformation requirements, investing in targeted community interventions and engaging proactively with community representatives and government officials at all levels.

This year, our South African operations invested R105 million in socio-economic development projects, focusing primarily on infrastructure, health, education and community empowerment initiatives, with an additional R236 million spent on improving accommodation and living conditions of our employees. Our social programmes are identified in collaboration with community representatives, the local municipality and traditional authorities and are integrated within the social and labour plans (SLPs) for each of our operations. Our Zimbabwe operations spent US$4.7 million on socio-economic development projects with an additional US$1.1 million on employee housing.

Our investment in accommodation and living conditions of employees is perhaps the most significant contribution to the well-being of our communities and employees and an area where we are recognised as leaders across the sector. Since 2008, we have invested R3.7 billion on improving housing and living conditions in our South African operations and we have committed a further R1 billion, with the goal of having at least 50% of our workforce at the mines residing in formal housing with their family by 2020. Following the successful completion last year of phase one of the Platinum Village housing development, with 503 standalone houses sold and occupied and 54 walk-up apartments for rental, we commenced phase two in October 2015. By year end, 80 houses had been completed, 67 of which were fully allocated, and we are on track to complete the second phase by the end of 2017. We have recently initiated the second phase of our hostel conversion programme, providing 44 new family units from newly converted single occupancy residences.

We have taken further measures to tackle the deeply troubling problem of employee indebtedness and the unscrupulous activities of loan sharks. Last year we approached the courts to protect the rights of employees, as a result of which more than 370 emolument orders were found to be illegal, with almost R3 million of illegal debts being written off. The rule relating to automatic salary deductions

has been changed and we have provided employees with debt counselling, financial literacy training and opportunities for financial security through our contributions to retirement funds, and by providing employees with the opportunity to invest in their own homes.

Our social investment programme and our investment in housing and living conditions is supported by our preferential procurement practices and enterprise and supplier development activities. This year, in South Africa we spent R2.5 billion on procurement from local tiered suppliers, constituting 31% of the total procurement spend. In Zimbabwe, local suppliers accounted for 75% of Zimplats' annual expenditure on goods and services, while Mimosa's indigenous procurement was 40% of total discretionary expenditure.

Conserving natural resources and minimising our impact

Mining companies have unavoidable environmental impacts. It is critical that we demonstrate responsible stewardship of the resources we share with neighbouring communities. Through our policy commitments, we strive to integrate environmental management into all aspects of the business, mitigating the direct environmental impacts of our operations and investing in local community environmental projects.

Our principal environmental risks relate to pollution of soil, surface water, ground water and air quality, with the associated impacts on health and safety. This year we rolled out our five-tier incident classification matrix, enabling standardised classification and reporting of environmental incidents across the Group. Historical incidents have been reclassified according to the new format. Systems are in place to investigate and determine the causes of high-severity incidents and to address and close out all such incidents. During 2016, there were no "major" (Level 5) or "significant" (Level 4) environmental incidents. However, we recorded 51 "limited impact" (Level 3) incidents, none of which resulted in any lasting harm to the environment and related predominantly to effluent and contaminated water management, water wastage, hydrocarbon management and emissions to the atmosphere from the Rustenburg smelter. There were no non-compliance notices, fines or penalties issued to any of our operations during the review period.

The strategic importance of water was highlighted during the reporting period, with rainfall in the Southern African region continuing to be below usual levels. While we saw an increase in total water consumption over the year, we maintained our unit consumption rate of water at 2.5 kilolitres per tonne of ore milled, a positive indication that we are improving our water management practices. Following the BHP Billiton/Vale Samarco collapsed tailings dam disaster in November 2015, we conducted a review of critical control measures used to safely operate and manage the tailings facilities at our operations in Rustenburg, Marula and Zimbabwe. Management will continue to explore opportunities to improve current controls.

Given the challenges of energy security, rising energy prices and climate change policy instruments such as the proposed carbon tax, we have maintained a strong emphasis on energy-efficiency projects and we have invested over R100 million on energy conservation programmes. In South Africa we are working closely with Eskom and continue to participate in various demand-side management (DSM) programmes. In March, we successfully launched our prototype hydrogen fuel-cell powered forklift and hydrogen refuelling station at our Springs refinery. Developed in collaboration with the University of the Western Cape, the Department of Science and Technology and Hydrogen South Africa Systems, this initiative forms part of a larger fuel cell strategy that aims to take the refineries off grid, switch all diesel forklifts and load haul dumpers to fuel-cell units and establish a fuel-cell manufacturing hub in Springs. The development and implementation of this technology provides an important opportunity for South Africa to play a role in reducing global greenhouse gas emissions and has potential to stimulate local job creation, skills development and the longer-term platinum market.

Conclusion

The challenges that the Group, the mining sector and the region have faced over this past year have reaffirmed my belief that socially responsible behaviour and the pursuit of sustainable development are competitive imperatives for companies and should be recognised as fundamental elements of a company's fiduciary responsibility.

We have continued to work with the Chamber of Mines, industry bodies, relevant government departments, political leaders, labour representatives and community organisations to find solutions to some of the collective societal challenges we face. An important objective has been to ensure full strategic alignment with the relevant national imperatives outlined in the President's Framework Agreement for a Sustainable Mining Industry, Operation Phakisa, the Mining Charter review process, and the Leaders' Declaration on the Mining Industry Commitment to Save Jobs. I believe that this review demonstrates valuable progress in meeting both the letter and the spirit of these initiatives and shows our commitment to contributing to the growth and stability of the industry and the countries in which we operate.

I am stepping down as CEO in December 2016, ending more than six years with the Company. Leading Implats has been an incredible privilege, yet also an extremely challenging job, particularly given the difficult economic, political and socio-economic environments during my tenure. I wish to thank all my colleagues for their loyalty and smart hard work and I look forward to watching Implats grow as it takes advantage of the sustainable development building blocks that have been put in place over a number of years. The long-term prospects for the PGM industry remain robust and Implats will continue to play its role of sharing value with society.

Terence Goodlace
Chief executive officer

The challenging business context

"In the context of subdued global PGM prices, platinum miners are facing heightened stakeholder expectations on a range of fronts." An effective response is critical to ensuring our sustainability.

Globally, the mining and minerals sector has faced a challenging few years characterised by socio-political uncertainty, sluggish GDP growth rates across developed and emerging markets – with the exception of China, resulting in depressed commodity prices, high levels of exchange rate volatility and rising production costs. The reduction in economic activity, rising geopolitical tensions and economic uncertainty in many regions, compounded by the recent Brexit vote in the UK, has heightened pressure on governments across the world. There has been increased pressure in particular on resource-dependent middle-income countries, many of which are seeking to extract greater value from resource companies in an effort to deliver on the social expectations of an increasingly frustrated electorate.

These pressures on the global mining sector with impaired profitability and strained balance sheets have been accompanied by market challenges specific to the platinum industry, as well as by the difficult operating conditions in South Africa and Zimbabwe. In the context of subdued global PGM prices, platinum miners are facing heightened stakeholder expectations on a range of fronts: neighbouring communities are making increasingly vocal demands for economic opportunities and improved local service delivery; governments continue to push for rapid transformation, indigenisation and employment creation; labour unions exert pressure for higher wages and jostle for power; while a cautious investment community maintains its call for enhanced cost efficiencies and capital management to ensure survival through the low price environment. Regulatory uncertainty continues in South Africa and Zimbabwe and the region faces ongoing challenges in electricity supply, pressure on water availability following the El Niño drought, rising input costs, depreciating local currencies and a challenging labour relations environment.

These conditions have important implications for our socio-political licence to operate, placing pressure on the Group to balance short-term stakeholder expectations with current financial constraints and longer-term societal value propositions. In South Africa, the importance of being responsive to societal challenges took on added significance in the run up to municipal elections and the context of the 2016 wage negotiations, the first in three years.

Global PGM markets remain flat

PGM prices remained subdued over the year, on the back of negative sentiment towards industrial commodities. At financial year end, platinum was US$999 per ounce, down from US$1 085 at the start of July 2015, while the other PGMs, specifically palladium and rhodium trended downwards over the year. January was especially tough for the PGM complex, with platinum, palladium and rhodium prices all bottoming out at the beginning of the calendar year. Platinum gains since January have been driven largely by trading in line with gold, the weak dollar and some sponge tightness rather than by any fundamentals.

The automotive sector remains a key driver for platinum demand, accounting for almost 40% of total demand since 2010, primarily for use in emissions control catalysts. Demand growth in the sector remains largely dependent on the health of the diesel sector and has been boosted by tightening emissions regulations. Concerns over the sustainability of diesel demand in Western Europe have proven to be largely unfounded and sales remain robust. Diesel is a key part of automakers' strategy in meeting stringent carbon dioxide emissions targets. Issues around the "cheat devices" have served to tighten emissions test protocols, potentially boosting PGM demand in this application.

During the first half of the 2016 calendar year we saw a 1.4% growth in new sales in the US auto industry, driven by low gasoline prices, widespread credit availability and an increase in leasing and employment gains. The sales in Western Europe and China were similarly encouraging at growth rates of 8.4% and 9.2% respectively. However, growing concerns about financial volatility in these markets may result in the second half being flatter, with estimated global light-duty vehicle sales reaching 90 million units in 2016 (88 million in 2015).

Platinum growth in the jewellery sector will be slower in China compared to recent years, partially offset by more rapid growth in the much smaller Indian market. Industrial demand for platinum has grown gradually in the last five years and is expected to climb in line with global GDP in the medium term.

The global macro-economic picture remains uncertain over the short term, with the IMF projecting a modest 3.1% growth in global GDP for 2016. While this is expected to strengthen from 2017, the IMF has stressed that uncertainty has increased and that risks of weaker growth scenarios are

becoming more tangible. US economic growth is projected at 2.5% for 2017, with slower growth levels anticipated for the Eurozone and Japan (at 1.4% and 0.1% respectively). China's growth appears to be strengthening over the short term. This is on the back of policymakers' determination to regulate the pace of slowdown after 25 years of fast expansion.

Given the anticipated levels of global economic growth we expect platinum demand to rise marginally (2% to 3%) over the next five years, driven primarily by tightening emissions regulations. On the supply side, global platinum supply will remain essentially flat over the next five years due to constrained capital investment in growth and replacement projects, tough operating conditions in South Africa and Zimbabwe, low prevailing metal prices and the impact of sustained price weakness over the past six years. The platinum market is expected to remain in a significant deficit over the short to medium term.

Changing community and political expectations

The challenging PGM market has been accompanied by growing frustration and activism across many mining communities. Persistent levels of socio-economic inequality and growing unemployment, the slow pace of service delivery by many municipalities and the in-migration of job seekers to mining towns, has contributed towards increased competition for limited resources and has fuelled calls by some for mining companies to intervene where government has failed to deliver on expectations.

This growing "crisis of expectation" has seen mining companies caught in the crossfire between frustrated communities, local government representatives and traditional leaders whose authority is increasingly being challenged, especially by the youth. There are increasing expectations on mining companies to deliver economic benefits in the form of employment and procurement opportunities, skills and enterprise development, education and health services and local infrastructure. Mining companies are facing significant risks in terms of ensuring business continuity. Finding meaningful opportunities to deliver societal value, without undermining the roles and responsibilities of local government, is becoming a critical business imperative.

Following the labour disruption across the South African platinum sector in 2012 to 2013, business, government and labour have engaged on various fronts with the aim of ensuring the sustainability of the mining sector and its continued contribution to the country's economic growth and development, as outlined in the National Development Plan (NDP). Key initiatives include the President's Framework Agreement for a Sustainable Mining Industry, Operation Phakisa, the Mining Charter review process, and the Leaders' Declaration on the Mining Industry Commitment to Save Jobs and Ameliorate the Impact of Job Losses. While each of these initiatives includes important joint commitments aimed at addressing some of the underlying challenges facing the sector and its communities, delivering on these commitments has been constrained by underlying tensions and mistrust among key representatives from business, government and labour.

Seeking collaborative solutions to the challenging operating environment

The challenging societal context in South Africa and Zimbabwe highlights the importance for the mining sector to partner with government, labour and civil society in ensuring that mineral wealth is generated and shared more responsibly and sustainably. Recognising the need to find collaborative solutions, Implats continues to work actively with the Chamber of Mines, industry bodies, relevant government departments, labour representatives, political representatives and community organisations to find solutions to the collective challenges. We have sought to ensure strategic alignment with the relevant national imperatives outlined, for example, in the NDP and the framework agreement for peace and stability in the mining industry.

We believe that through effective dialogue, collaborative partnerships and agreement on a conducive policy environment, the platinum sector will make a significant positive contribution to the sustainable economic growth and development of the region.

Stakeholder review and mapping

"Each stakeholder is allocated an executive or champion responsible for managing the relationship with the organisation."

Stakeholders are defined as those people who are interested and affected by our business as well as those who have a material influence on our ability to create value.

We have undertaken an inclusive stakeholder review process with the primary objective of improving relationships by becoming proactive in our approach to building relationships. This process involved:

- Identifying all stakeholders
- Prioritising stakeholders according to our impacts on them and the nature of the relationship
- Determining their level of influence on the business
- Mapping each stakeholder against a designated champion or responsible executive
- Defining the method of engagement and identifying potential opportunities to grow and sustain the relationship
- Establishing a tool for monitoring and evaluating relations in order to take proactive measures to improve these where they are found lacking

The process identified six priority stakeholder groups in Zone 1 for immediate intervention, informed by the nature of the current relationship and the effectiveness of existing engagement structures. This remains an area of critical focus and requires due care and responsiveness to build better relationships. Each stakeholder is allocated a responsible executive or champion to manage the relationship with the organisation as outlined in the table alongside.

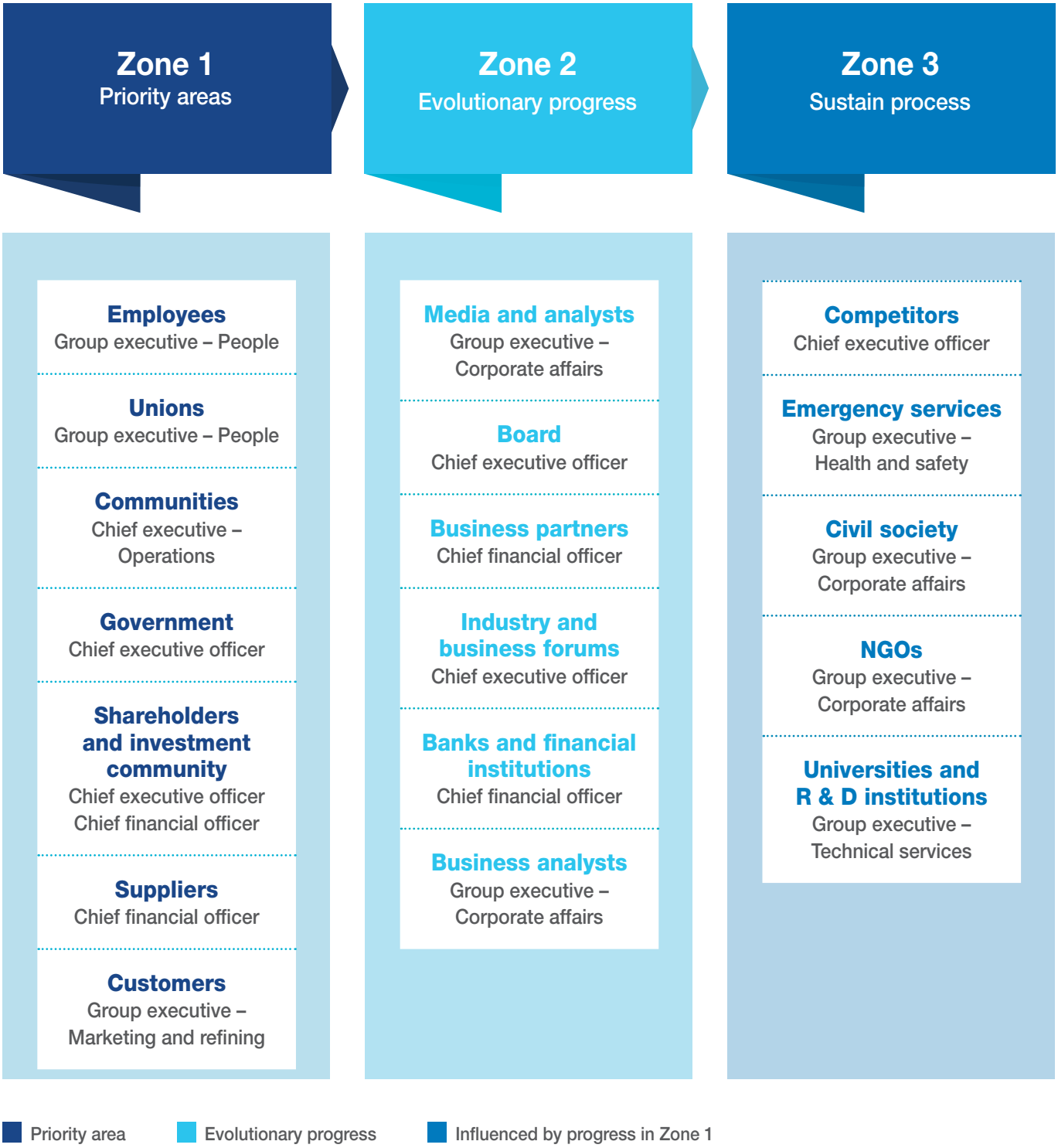
Responsibilities are sub-delegated by each executive to specialist personnel and operational executives depending on the nature of the issues. Quarterly stakeholder engagement meetings where operational executives and group champions meet to discuss and identify material issues were initiated in the previous reporting period. Part of the agenda is to:

- Identify key stakeholder issues;
- Highlight potential risks; and
- Develop appropriate action and responses.

Action items following from this process have been populated into the risk management system and allocated to a responsible person, thus ensuring that stakeholder actions and responses are managed on a continuous basis and are accessible to the entire executive team for oversight.

Zone 2 stakeholders have existing and mature engagement structures with strong influence and impact on our business, as such our objectives are to further build on these relationships. Zone 3 stakeholders have existing and mature engagement structures, but have less influence/impact on our business, as such our objectives are to sustain our relationship.

"Quarterly stakeholder engagement meetings, where operational executives and group champions meet to discuss and identify material issues, were initiated."



Responding to stakeholder interests

Implats has a range of stakeholders, with varying degrees of influence on the Company and on our ability to create value. While we recognise that all stakeholders are important, we have prioritised our strategic relationships with employees and unions, local communities, government, suppliers, customers and shareholders and the investment community, each of whom has a material bearing on the success of our business. Some stakeholders are engaged at various forums and structures, which have been

Stakeholders	Nature of engagement	Material issues raised
Employees	• Direct and internal communication • Engagement with trade unions • Workplace forums • Future forum meetings	• Safety and health performance and initiatives • Conditions of employment • Voluntary packages and retrenchments • Progress with transformation • Production and financial performance • Job grading and career progression • Social and labour plans
Trade unions	• Internal communication • Collective bargaining units • Branch committees • Chamber of Mines	• Living wage • Conditions of employment • Voluntary packages and retrenchments • Union recognition • Safety • Transformation • Housing and living conditions
Traditional council, local land owners and local communities	• Municipal forum • Land owners' forums • External communication • Community engagement meetings • Community trust meetings • One-on-one meetings	• Employment and procurement opportunities • Enterprise development • Infrastructure development • Health and social facilities • Environmental impacts and property damage • Nature of engagement structures
Government	• Presidential framework • Meetings with officials from local, provincial and national government • Compliance visits from government • Chamber of Mines Parliament Portfolio committee • Mining Industry Growth, Development and Employment Task Team (MIGDETT)	• Labour relations • Safety (accidents and stoppages) • Progress with transformation (SA) and indigenisation (Zimbabwe) • Progress and compliance with social and labour plans (SA) • Community investments and engagements • Environmental compliance • Mining Charter review • Operation Phakisa • National Development Plan • Presidential Framework obligations
Suppliers	• Tender and contract processes • Supplier forums • One-on-one meetings	• Conditions of contracts • Review of contractor operating standards in line with Implats policy and standard
Media	• Press releases • One-on-one interviews (radio, TV and print media) • Social media (Twitter and Facebook) • Operational visits • Results presentation	• All of the above issues
Shareholders, analysts and investment community	• Operational visits • Road shows • Results presentations • Investor conferences • One-on-one appointments	• Future metal prices, and PGM supply and demand dynamics • Industrial relations, climate and wage negotiations • Ability to control costs and production • Political and policy uncertainty in South Africa and Zimbabwe • Capex programme • HSE and operational performance
Advocacy groups	• Stakeholder liaison meetings • One-on-one meetings • Surveys, hotlines and publications	• Ensuring greater community benefit • Improved labour relations • Environmental impacts • Greater transparency
Customers	• Industry forums • One-on-one meetings • Customer feedback • Reputation surveys	• Effective delivery against terms • Long-term pricing • PGM above ground stock
Chamber of Mines (CoM)	• Contribute to CoM meetings (at CEO and working group level)	• Contribution to industry positioning and lobbying activities
Producer and industry forums	• Strategy meetings • Industry interest group meetings	• Policy uncertainty • Sector reputational challenges

established on a periodic basis and are supported by a charter, while others are met through ad hoc arrangements as and when necessary. The following table outlines the engagements for the 2016 financial year, and the material issues raised by each stakeholder group

Our response	Reference
• Collaborative engagements to find solutions to issues of concern • Undertaking a culture survey • Reviewing internal incentive systems • Team mobilisation	Page 55
• Continuing focus throughout the year on engaging with union representatives as part of our drive for establishing a new labour and employee relations environment that fosters open, honest and effective communication. A key focus this year has been on the wage negotiations process, the first in three years	Pages 55 to 57
• The responsible executive at each operation seeks to address issues of concern to the community. Information on our performance on material issues is provided at our mine community leadership engagement forums (MCLEFs), particularly on employment, procurement, infrastructure development, environmental issues and health	Pages 64 to 79
• Implats engages constructively with national, provincial and local government and political leaders at all levels, both as a company and through industry representative bodies (such as the Chamber of Mines) on these material issues	Pages 80, 98 to 109
• We have clear principles that guide the selection and use of reputable contractors with the right skills and values systems to do specific tasks that the business is not able to do	Page 33
• Media releases are released throughout the year on our website, updating the public on all material issues affecting the Company	
• Investor concerns and queries are addressed in our regular investor engagements	Pages 16 to 19
• Engage with and respond to various stakeholder groups as appropriate	Pages 16 to 19, page 67
• Track and respond to customer feedback. Keeping customers informed of any possible supply disruptions due to industrial action	Pages 16 to 19
• Joined the Chamber in July 2012 and have contributed actively to various initiatives including in particular the drafting of the framework agreement for a sustainable mining industry	Pages 80, 98 to 109
• Ongoing cost pressures within the PGM sector industry resulted in the formation of a platinum CEOs forum, handled through the CoM	Pages 16 and 17

Identifying our material sustainability focus areas

"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."

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

Our risk assessment and management process

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

Our risk management process comprises the following steps:

- ***Establishing the context:*** We consider the nature of the external operating context (page 16) and the views and interests of our stakeholders (page 20)
- ***Identifying the risk:*** We establish both the source and cause of the risk and evaluate all possible consequences (see Integrated Annual Report)
- ***Analysing and evaluating the risk:*** We identify and assess what this means for the achievement of our objectives, determine the risk rating (by severity, exposure and frequency), identify the controls (both existing or new) and prioritise the risks
- ***Treating the risk:*** We consider all options to establish the most appropriate response for each identified risk

Arising from this process, that is wholly aligned to ISO 31000, we identify a set of objective-based risk assessments (ORAs) that cover approximately 60 of the most important aspects of the Implats business. Each identified risk, as well as its associated controls, has a clearly defined line management owner. This process is repeated and reviewed regularly, ensuring that the information remains relevant. All information is captured into the Group risk repository system that informs the Group risk profile. The Group risk profile is presented on a monthly basis to the Exco. Each business unit takes full ownership for their respective risk profiles, and these are discussed and debated at various operational reviews on a continuous basis. The Group strategic risks are discussed at Exco on a regular basis for relevance, input and update. This approach allows for robust discussion regarding the materiality of the risk, its likely impact on the business in the short, medium and long term, and the necessary risk mitigation measures. While it is fully acknowledged that the board is responsible for risk management at Implats, risk management is seen to be pervasive throughout the organisation. While risk is used to drive the agenda of each of the Board sub-committees, the oversight of the risk management process and system lies with the health, safety, environment and risk committee (HSER), while each board sub-committee takes ownership of the risks relevant to it.

This process culminates in the identification of a prioritised set of Group strategic risks (see page 24). Collectively, these risks, along with the outcomes of our internal and external stakeholder engagement activities, and our assessment of market fundamentals, are used to identify our material sustainability-related issues. These issues are prioritised in terms of their impact both on the organisation and on our key stakeholders. They inform the nature of our Group strategy (page 27), as well as the performance issues for monitoring and reporting.

Identifying our material sustainability focus areas

Classification of Group strategic risks – June 2016

This year the Group risk profile identified the following top 10 priority risks:

Group strategic risk	Context
Depressed PGM basket prices	The current weakness in the PGM basket price remains a concern and is unsustainable in the medium to long term. Factors driving this include: reduced economic growth in China; reduced Japanese car sales following 2014 sales tax hike; investors, who are generally negative commodities, have liquidated EFT holdings to satisfy both platinum and palladium market fundamental deficits.
Non-delivery of production and productivity targets at Impala Rustenburg	Short-term challenges include: • ramping up to full production; • maintaining our ability to achieve completion of the mining cycle; • speeding up the establishment of face length in new mining areas; and • ensuring increased productivity.
A significant deterioration in safety performance	Safety is the primary priority for the Implats leadership. The increase in the number of fatalities is unacceptable. Mine safety is receiving high priority at a national political level and any significant deterioration in performance carries significant risk.
Revenue impact of Section 54 safety stoppages by the DMR	The 80 Section 54 stoppages in 2016 are deemed to have cost Impala Rustenburg and Marula approximately R1 394 million in direct forgone revenue during FY2016. The indirect cost of these stoppages in terms of management time and start-up difficulties are of a similar magnitude.
Weak cash flows and balance sheet constraints (liquidity)	Implats is currently operating in a cash constrained mode, as are our peers.
The security of supply of water in South Africa	As an intensive water user, Implats is exposed to risks relating to: reduced water availability; continuing uncertainty in the existing policy environment; the declining state of existing water infrastructure; and the related socio-economic impacts on neighbouring communities.
Employee relations climate	Our response plan to conserve cash has regrettably resulted in some job losses. A Section 189 notice has been served on the Rustenburg operations. Our aim is to reconnect with our employees – allowing managers and supervisors to retain this space by training/empowering them to resolve problems as fast as possible at every level. We need to sustain the current relationship through the imminent wage negotiation process, local government elections, and election of shop stewards.
Unavailability of secure and reliable power at Zimplats	Unavailability of reliable and secure power from ZESA to meet company operational and growth requirements or alternatively failure to ensure a stable power supply to operations, both on a short-term and long-term basis, compounded by current low water levels and insecurity of Kariba Dam wall.
Excessive taxation and levies at the Zimbabwean operations	There is an exposure to high taxation as a result of the unique Zimplats taxation, particularly the special mining lease (SML). There are multiple and sometimes conflicting interpretations of this piece of taxation legislation, giving rise to taxation risks.
The security of supply of electricity in South Africa	In South Africa, the electricity supply industry is dominated by Eskom, which owns and operates the transmission grid. Eskom has a net installed generation capacity of 42 000MW. Given planned and unplanned outages it is able to bring a maximum of 36 000MW on line at present. Sixty percent of the generating capacity is beyond the 30 years design life.

Our response measures	Strategy	Reference
Understanding the future demand for our products, and corresponding industry supply-side profile. Scanning the environment for technological advances that may affect the demand for Implats' products (substitution). Instituting appropriate responses where possible.	• Maintaining prudent investment through the cycle	Page 10, 11 and 79 – 81 Integrated Annual Report (IAR)
Implementing initiatives relating to: mechanised off-reef development, management of critical spares, detailed work procedures, team mobilisation, training, mine planning protocols, production planning, quality mining and visible felt leadership.	• Improve efficiencies through operational excellence and safe production	Page 10, 11 and 79 – 81 IAR
Strong strategic commitment to develop an appropriate safety culture, driven through initiatives relating to people, practices and the physical environment.	• Improve efficiencies operational excellence and safe production	Page 38
Rigorous interrogation of the impact of Section 54s, along with participation in the initiative by the Chamber of Mines. Strong commitment to training of management, as well as to incentivise safe working conditions.	• Improve efficiencies through operational excellence and safe production	Page 44
Proactive and rigorous review of the short and long-term business planning process and parameters, together with ensuring that appropriate funding is available or in place.	• Maintaining optionality and position for the future • Cash conservation	Page 10, 11 and 79 – 81 IAR
Promoting water stewardship and security through effective implementation of water conservation and management initiatives, in terms of our revised water strategy.	• Improve efficiencies through operational excellence and safe production • Maintain social licence to operate	Page 86
Striving to provide an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives, with an emphasis on developing direct communication with employees, people leadership and team mobilisation, and our respect and care initiative. Engaging with various government departments directly, working with the Chamber of Mines and labour representatives to find sustainable solutions to industrial relations challenges in the country.	• Improve efficiencies through operational excellence and safe production	Page 55
Maintaining regular contact with ZESA. Ensuring appropriate contingency plans in place. Implementing initiatives to reduce energy consumption.	• Improve efficiencies through operational excellence and safe production	Pages 89 – 91
Ensuring compliance through external tax audits and the use of specialist tax advisory services. Strong commitment to tax training and awareness, resolution of historical tax matters and the tax risk management framework. Engagement with tax authorities to discuss prospective transaction and resolution of historic tax matters.	• Cash conservation	Page 10, 11 and 79 – 81 IAR
Maintaining regular contact with Eskom to ensure we are aware of any situation that may affect us. Ensuring appropriate emergency evacuation plans. Implementing initiatives to reduce energy consumption.	• Improve efficiencies through operational excellence and safe production • Cash conservation	Pages 89 – 91

Our material sustainability focus areas

For the purposes of our sustainability disclosure and management approach, we have identified three material sustainability focus areas and an associated set of material issues.

Our materiality process

These focus areas and issues were identified through an externally facilitated materiality process that involved the input of senior management representatives and corporate sustainability practitioners and the subsequent sign off by the social, transformation and remuneration (STR) committee. The structured process of identifying the material focus areas and issues involved a consideration of:

- Implats' approach to creating value (page 8)
- An assessment of our most significant impacts on human, social and natural capital (pages 8 to 15)
- The impacts of the challenging business context (page 16)
- The material interests and concerns of our key stakeholders (page 20)
- The findings of the Group risk process (page 24)
- The GRI's G4 Sustainability Reporting Guidelines (GRI Table available online)

Our material sustainability focus areas and issues

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

- Safe and effective people who respect and care
  - Employee and contractor safety
  - Health and well-being
  - Investing in employee relations
  - Attracting, retaining and developing talent
  - Promoting diversity and transformation
- Social capital and licence to operate
  - Our economic and social value added
  - Investing in community development in South Africa and Zimbabwe
  - Accommodation and living conditions
  - Enterprise development and procurement
  - Respecting human rights
- Conserve natural resources and mitigate impacts
  - Water stewardship
  - Climate change and energy management
  - Air quality management
  - Managing our waste
  - Land management and biodiversity

These material focus areas underpin our Group strategy (page 27). The performance section of our Sustainable Development Report has been structured to reflect these focus areas and issues.

Our business strategy

Despite Implats' long-term positive PGM market view, near-term metal prices continue to be impacted by available metal inventories. In this environment Implats has to be prudent in its strategic assumptions and ensure it retains flexibility to take advantage of longer-term PGM prices. Within this context, the Group has been positioning itself strategically to conserve cash, while at the same time restoring and optimising operational performances and profitability. Our overarching strategic outcome targets five key areas:

- Improving efficiencies/profitability through operational excellence and safe production
- Maintaining our social licence to operate
- Maintaining prudent investment through the cycle
- Maintaining strategic optionality and positioning the Group for the future
- Conserving cash, especially while metal prices remain depressed

Maintaining operational excellence and safe production

Unlocking value at an operational level is a key part of this strategic response. The interventions here are specific to each operation and have targeted measures to improve mining efficiencies and reduce operating costs. Delivering consistent returns through optimised operations is essential to reward our stakeholders and ensure their continued support. Ensuring profitability allows us to reinvest in our human resources, motivate our staff and continue to contribute towards developing sustainable communities in our areas of operation.

A key aspect is safe production and our safety strategy introduces a range of health and safety initiatives, aimed at achieving zero harm. These initiatives specifically target critical safety behaviours and are closely aligned with agreed industry safety responses.

Given the nature of our business, the safety, training and well-being of our workforce is critical to our ability to create value, as it impacts productivity and ultimately affects the long-term sustainability of the business. Our ability to secure an effective employer/employee relationship is vital and we continue to focus on developing our employee value proposition so that employees' personal goals and aspirations are aligned to the objectives and deliverables of the organisation. To this end, we continue with our in-house team mobilisation programme, which aims to inculcate respect among team members and a duty of care to rebuild relationships and ultimately deliver safe production. We also continue to invest in new technology and modernise our operations where possible in a quest to consistently deliver production targets and reach zero harm. This material sustainability focus area is addressed in the safe and effective people who respect and care section of this report (page 38).

Maintaining our social licence to operate

Our business strategy takes cognisance of the shifting socio-political environment facing mining companies today and prioritises targeted employee initiatives to recapture their hearts and minds and community initiatives to build a shared vision and social compact.

The viability of our business is dependent on us making a meaningful contribution to the societies in which we operate, respecting human rights and the interests of our stakeholders and abiding by relevant laws and regulations of the countries in which we operate. Securing the trust and endorsement of our host communities and their traditional representatives is essential to maintaining our licence to operate. Our commitment to improving the living conditions of our employees, through access to housing, provides an opportunity for differentiation and competitive advantage. It represents a strong business/employee linkage and serves as the cornerstone of other pillars of our broader transformation strategy, such as skills development and retention, local procurement and enterprise development. We are committed to meeting the transformational objectives in our countries of operation through the empowerment of historically disadvantaged South Africans and the indigenous people of Zimbabwe. Our approach to maintaining our social capital and licence to operate can be found on page 64 of the report. Implats also recognises that it creates value primarily by extracting and refining natural minerals. To support the extraction and processing of these resources we rely on access to land, water and energy – all of which have a material impact on the environment and the communities in which we operate. We recognise that the supply of these resources is constrained, resulting in increased costs of doing business and greater efforts to address impacts on communities. We continue to address security of supply through recycling,

Our business strategy

reuse and reduction of use initiatives, as well as actively seeking to minimise impacts, mitigate risks, minimise the cost of doing business and address community sustainability in our areas of operation. This is demonstrated on page 84 in the conserving natural resources and mitigating impacts of our operations section of the report.

Maintaining prudent investment through the cycle

Long-term sustainable stakeholder value can be achieved in the platinum industry only with prudent capital investment through the cycle, especially as we are mining an ever-decreasing mineral resource with long project time lines and high capital intensity. The right balance needs to be found between short-term returns and longer-term sustainability and growth. Despite the need to conserve cash while prices remain depressed, significant capital resources will still be deployed to sustain future value creation and maintain strategic optionality. Implats will also continue to explore and remain alert and open to all value-accretive investment opportunities that hold the potential to unlock shareholder value.

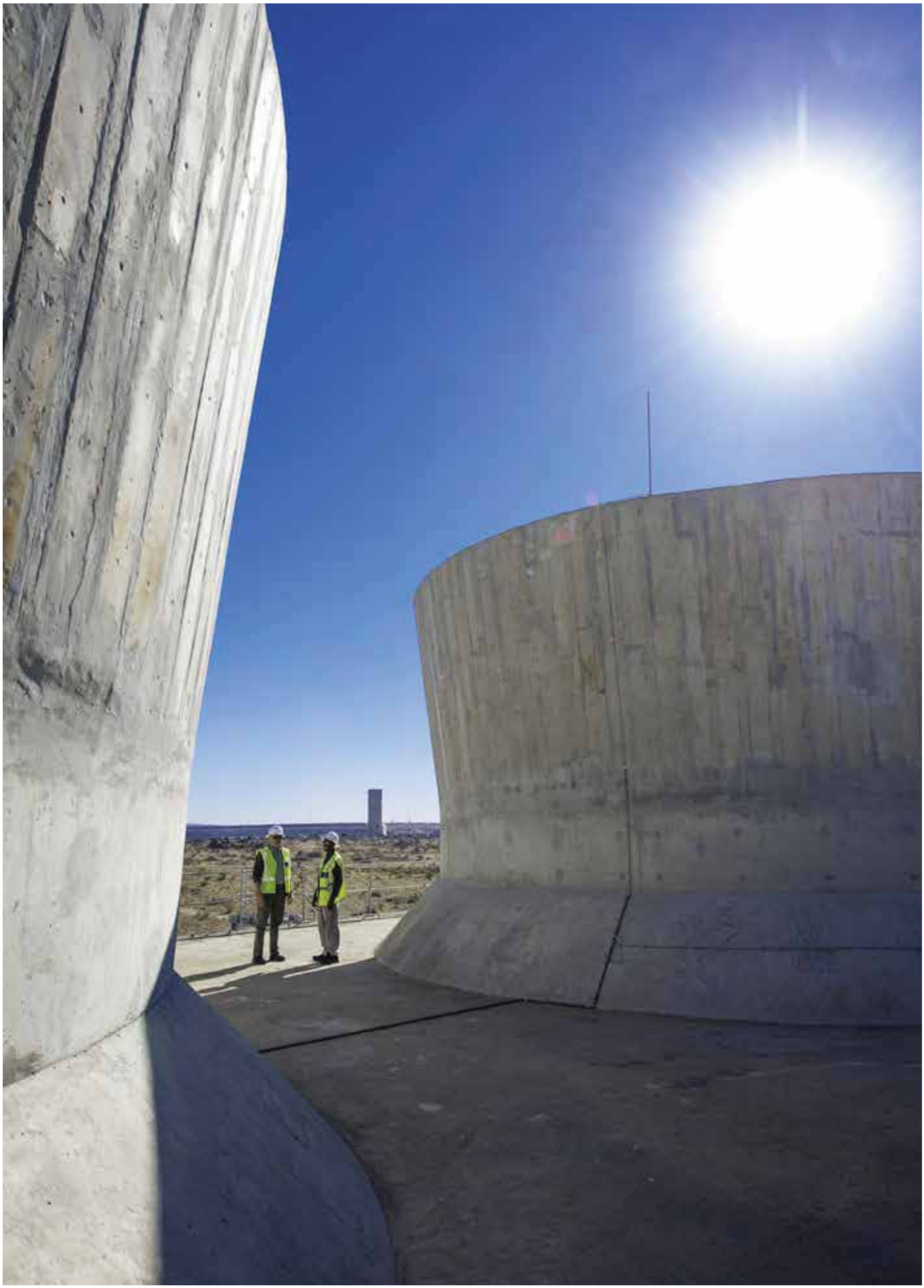
Maintaining strategic optionality and positioning the Group for the future

Implats aims to reposition and modernise Impala Rustenburg into a smaller, more concentrated mining operation with access to new, modern shaft complexes, with new Merensky ore reserves producing at much higher mining efficiency and lower unit cost. The Group also aims to improve the profitability of existing operation through targeted interventions to improve mining efficiencies and reduced embedded fixed costs. Projects requiring significant capital investment have been deferred to conserve cash and protect the balance sheet. Refer to the Implats annual integrated report 2016 for more details.

Conserving cash, especially while metal prices remain depressed

The lower-for-longer risk mitigation price assumptions necessitate a range of strategic responses, aiming to conserve cash in the near term, without impacting long-term value generation needed to sustain the business. The strategic target for 2017 is to contain the Group's planned capital spend to R4.4 billion.

Despite the constrained capital, the Group's ability to fund the business and generate free cash flow is principally determined by operational performance and metal prices. To navigate through a difficult period where US dollar PGM prices could remain depressed in the near term, cognisance has been taken of the strategic imperative to balance shareholder returns, long-term growth and balance sheet flexibility. This is addressed in detail in the integrated report 2016.



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

Our governance and management approach

Our sustainable development management approach

"At board level, sustainable development issues are addressed through the social, transformation and remuneration (STR) committee."

Our management approach

We have a structured and systematic approach to managing our most material societal issues and to address the material sustainability issues of interest to our priority stakeholders.

At board level, sustainability issues are addressed through the social, transformation and remuneration (STR) committee and the health, safety, environment and risk (HSER) committee.

- The STR committee, chaired by Ms Mpho Nkeli, an independent non-executive director, is responsible for the Group's activities relating to: social and economic development; transformation; the environment, health and public safety; consumer relationships; labour and employment issues; and remuneration.
- The HSER committee, chaired by Alastair Macfarlane, an independent non-executive director, guides strategy, assesses the adequacy and appropriateness of HSER policies, standards and procedures and reviews Group-wide performance and risk management practices quarterly. The committee also investigates and reviews all major incidences and fatalities.
- The audit committee, chaired by Hugh Cameron, an independent non-executive director, oversees the appointment of the assurance provider for non-financial performance each year. The results are presented to the committee with the necessary recommendations and action.

A more detailed review of the composition and activities of these board committees is provided in our Integrated Annual Report.

At an executive level, sustainable development falls under the responsibility of the executive committee (Exco), which is responsible for reviewing performance in terms of the Group's non-financial indicators. The Group Sustainable Development Forum assists the Exco on sustainability-related issues. The forum comprises a multi-disciplinary team that meets quarterly with the following principal objectives:

- Identify material sustainability issues that have an impact on the business and devise appropriate strategic responses to these issues;
- Align strategic interventions to the global, national and industry agenda concerning sustainable development such as the NDP and the Framework Agreement for a Sustainable Mining Industry;
- Ensure compliance with relevant regulatory statutes in countries of operation such as South Africa's Mining Charter and Broad-Based Black Economic Empowerment Act, and Zimbabwe's National Indigenisation and Economic Empowerment Plan; and
- Ensure the organisation maintains its social licence to operate in host countries by advancing social transformation and upliftment in affected communities.

Sustainability objectives form part of the key performance indicators (KPIs) against which Implats' management and executives are measured and remunerated. Details on these KPIs and their implications for the executive are provided in our Integrated Annual Report.

People management

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

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

Managing health, safety and environmental (HSE) issues

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

The Group's environmental team has close links with operational and project management and is involved in due diligence exercises in connection with acquisitions and the development of strategic initiatives. Policy implementation is enhanced by our commitment to maintaining ISO 14001 certification for our environmental management systems. Regular compliance audits are conducted by the Group's internal auditors and the external auditor. All of the Group's operations are now ISO 14001 certified, aside from Marula, which is undergoing the certification process after being declined recertification due to a repeat major non-conformance. Implementation of the revised version of ISO 14001 published in September 2015 is in progress, with recertification at our operations to be undertaken before September 2018.

In addition to the ISO 14001 certification, the refineries are signatories to Responsible Care® and retained their certification. Responsible Care® is the chemical industry's global voluntary initiative under which companies, through national associations such as the Chemical and Allied Industries Association (CAIA) in South Africa, work together to improve and communicate HSE performances.

Managing our investments in socio-economic development

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

Each year an independent audit is conducted on selected social projects, based on the financial, legal and reputational risk as well as to determine impact, progress and potential remedial action where a project faces possible failure. A summary of this can be found on page 68.

Managing contractors and suppliers

We strive as far as possible to source all goods and services within the country of operation, with a particular emphasis on local suppliers defined as tier 1, 2 and 3 based on their proximity to the operations in South Africa. Tier 1 suppliers are those from directly and indirectly affected communities (Bafokeng Villages, Freedom Park, Seraleng and Meriting, in Rustenburg, and the Four-farms area in Burgersfort). Tier 2 suppliers are within the local municipality around the operations while tier 3 suppliers are those within the areas surrounding the local municipality. In Zimbabwe, local suppliers are those within the country of operation. Local procurement is advanced through enterprise development initiatives as described on pages 74 to 76 and page 79.

Our sustainable development management approach

Our contractor strategy defines the principles that guide the engagement of reputable contractor companies with the right skills and value systems to undertake specific tasks we are unable to do ourselves. All contractors and suppliers are appraised of our policies and business practices and are expected, as a minimum, to abide by these principles in their business conduct and practices at all our operations. The strategy has been structured into two phases. The first phase uses our training and recruitment resources to ensure all contracting employees are vetted and assessed according to our own internal standards. The second phase interrogates each contracting company and the work they do for us. We have completed detailed assessments with the assistance of an external specialist and will, over time, effect the required change. In the short term we are planning to in-source all development mining, ventilation construction and sweeping and vamping services.

We will continue to focus our attention on suppliers' B-BBEE certificates and prompting suppliers well in advance of their expiry dates. Penalties on annual increases will continue to be levied on untransformed suppliers. During the year, no services of suppliers were terminated.

Promoting ethics and good governance

"Our fraud, corruption and whistleblowing policy applies to all employees, suppliers and contractors in a business relationship with Implats."

The Implats board assumes overall responsibility for the effectiveness of internal controls, risk management and governance and for ensuring our business objectives are met. We are committed to promoting the highest standard of corporate governance and to ensuring our practices are aligned with the expectations of the King Code of Governance for South Africa 2009 (King III).

We maintain a zero tolerance stance on fraud, corruption, misconduct or dishonesty. We expect all our employees, business partners, contractors and associates to conduct themselves according to the recently revised and board-approved Implats code of ethics and our fraud, corruption and whistleblowing policy.

The code of ethics addresses issues relating to conflict of interest, the prevention of dissemination of Company information, the acceptance of donations and gifts and the protection of the Company's intellectual property and patent rights. It also describes the disciplinary action – including dismissal or prosecution – that is taken in the event of any contravention of the code. A communication plan for the revised code, including training material, is being rolled out to operations.

Our fraud, corruption and whistleblowing policy applies to all employees, suppliers and contractors in a business relationship with Implats. The policy highlights our commitment to creating an environment that encourages an anti-fraud and anti-corruption culture, informed by our organisational core values and our respect for open and honest communication.

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

We have established a toll-free helpline to facilitate the confidential reporting of alleged incidents. This year, 61 cases were reported across the Group, 48% of which were from the South African operation, 48% from the Zimplats operation and the remaining 4% from the Mimosa operation. This reflects a 40% reduction from last year's figure. The founded cases increased from 34% of total cases last year to 39% of total cases this year. Of the 61 cases reported and investigated this year, six were conflict of interest and corruption; 22 were fraud and theft and 23 related to misconduct and other irregularities. There were no BEE fronting cases this year. The status on the 61 cases referred to above is as follows:

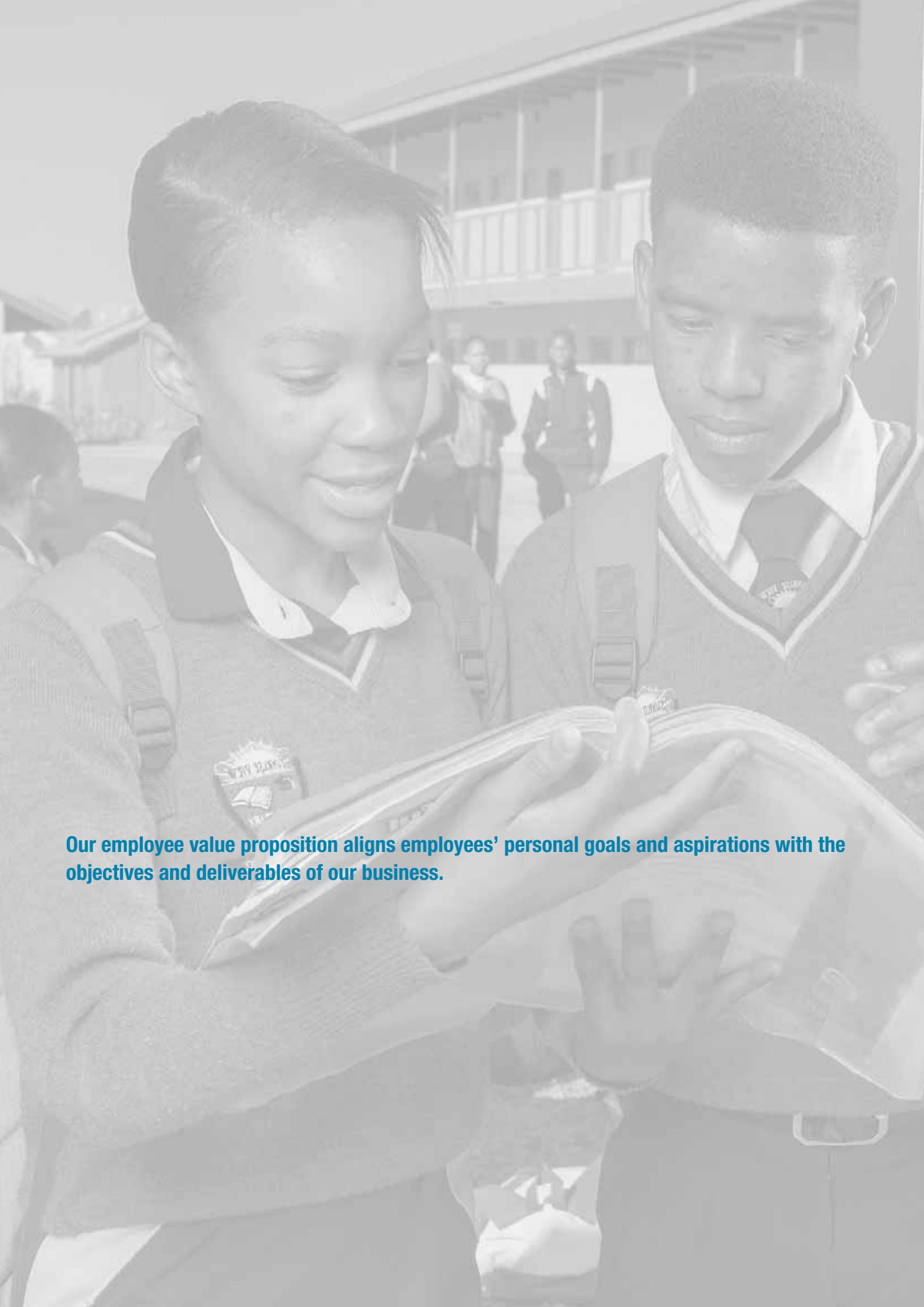
- 16 are still pending;
- 21 were unfounded; and
- 24 were founded.

In keeping with our zero tolerance stance on fraud and corruption, 16 of the 24 founded cases led to appropriate disciplinary action being taken against the parties involved; as a result 14 of these cases receiving a guilty outcome, eight cases did not warrant disciplinary action and the remaining two are still in process.

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

Number of fraud/ethics-related cases reported Group-wide in the 2016 financial year

Nature of allegation	Investigation pending	Allegations unfounded	Allegations founded	Total
BEE fronting	0	0	0	0
Conflict of interest and corruption	5	7	4	16
Fraud and theft	5	6	11	22
Misconduct and other	6	8	9	23
Total	16	21	24	61



Our employee value proposition aligns employees' personal goals and aspirations with the objectives and deliverables of our business.

Safe and effective people who respect and care

Employee and contractor safety

"Ensuring the safety and health of our employees, contractors and suppliers is essential if we are to respect their most fundamental rights."

The Group's sustained efforts to ensure a safe working environment were overshadowed this year by seven tragic incidents at our operations that resulted in 11 fatalities. Fatal incidents remain unacceptable and we continue to strengthen our zero harm resolve. The fatalities are particularly disappointing in view of the expenditure and effort we have put into safety initiatives, technical solutions and training across the Group. The benefits of these investments are evident in the progress the Group has made in its leading safety indicators and in the notable safety milestones achieved this year in most of the operations. However, our analysis of fatal and lost-time injuries has shown that human failure remains a factor. We are therefore placing renewed focus on improving the safety culture of our employees, especially at our Impala Rustenburg and Marula operations.

Our strategic approach to safety

Ensuring the safety and health of our employees, contractors and suppliers is essential if we are to respect their most fundamental rights. Our safety strategy strives to foster a culture of safety and achieve our vision of zero harm. The strategy is informed by external and internal reviews of our safety systems and culture and by a continual analysis of the root causes of all fatal, reportable and lost-time incidents.

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

Person

This pillar is about ensuring that we have the right skills, teamwork, intelligence, knowledge, motivation, attitudes and abilities to achieve zero harm.

Safety culture

Our safety leadership self-assessments have shown that we continue to have a "dependent" safety culture in which effective supervision is needed to ensure compliance with safety rules and procedures at all levels, including management. A core goal of our safety strategy is to create an "interdependent" safety culture where every employee is committed to safe working practices, taking clear responsibility for their own actions and helping others to adopt good safety practices. This is essential if we are to achieve and maintain our desired safety performance and zero harm. The CEO, with the support of the executive team, continues to drive our overarching objective of developing the right safety culture through effective leadership and by demonstrating visible personal commitment. The principal leadership initiatives being implemented to develop the right safety culture are reviewed below.

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

Effective leadership

Implats' executives and all senior management (E level) and professional qualified (D level) production managers have attended the best-practice Zero Incident Process (ZIP) for Leaders training programme. The programme provides managers with insight into the human behavioural aspects of safety and how to influence this to achieve improved safety awareness and performance in their subordinates.

All E and D level managers complete a ZIP safety leadership self-assessment survey every six months, aimed at measuring the perceived safety culture among this group of managers. All E level production managers from our South African operations undertook a 360° health and safety leadership assessment (using the assessment tool proposed by the Mining Charter guideline), which entails assessment by subordinates and colleagues.

Visible felt leadership has been increased, with D and E level leaders now required to make four (previously two) observations per month. In-house training is provided.

A four-day leadership training course aimed at mine overseers and shift supervisor level leaders incorporates ZIP safety principles and is designed to empower supervisors to lead their teams in safe production. This year, 178 leaders participated in the programme. ZIP for Leaders principles will be adopted in all safety plans at shaft level.

Safety reward system

We implement a zero-harm incentive scheme, which divides the incentive equally between safety and production. The safety component comprises the leading requirement that nets and bolts be installed on all panels and development ends, as well as the lagging measure of workforce lost-time injuries. The long-term incentive scheme for D and E levels also includes the lagging FIFR three-year performance compared with industry peers. The short-term incentive scheme for E level management has been increased to 35%, with a component of lead indicators. In addition, all employees receive an equal bonus payment when their teams work for 90 consecutive days without a lost-time injury.

Supervisors' technical training

A five-day ex-leave training programme for mine managers, mine overseers, shift supervisors and miners, that covers managing a half-level production section safely and effectively, with emphasis on the planning processes with the participation of the multi-disciplined technical teams. The training includes information on revised standards and new technology. This year, 3 641 employees participated.

Safety representative training

Every team has an elected part-time safety representative. Over the last three financial years all these safety representatives have been trained through an accredited MQA training course. All newly elected safety representatives will be trained. By June 2016, 5 245 employees across the Group (11.12%) had undergone training, exceeding our target of 8% by 3%.

Team mobilisation

Team-mobilisation training is a five-day course on site, aimed at building trust and enhancing team functionality, committing production teams to action plans and collective accountability for safe production. We plan to adjust the training to more strongly establish the miner's role as leader. To date, 316 active teams (12 people in a team) have completed the training and we will continue to train a further 245 active teams (five teams each week). Once all stoping teams have been trained all redevelopment, on and off-reef teams will be trained.

Employee and contractor safety

Disciplinary process
To ensure disciplinary action is taken when there are breaches in safety conditions or behaviours, our disciplinary process has been automated where possible, removing a manager's discretion on whether to take discipline or not. Disciplinary action is monitored and reported regularly and managers are held accountable.

Managing high-risk employees
An analysis of various data sets (including medical, human resources/ financial, disciplinary, production) has highlighted a number of employees who could be at a significantly higher risk of having or causing a safety incident. Steps are taken to mitigate the level of risk, for example through formal counselling. The data analysis and formal monitoring of identified high-risk individuals is ongoing.

Practices
This pillar of our strategy is about providing best practice policies and procedures, risk assessments, standards training and safety interactions.

Information management
The OHSAS 18001 Occupational Health and Safety Management Standard will be replaced with an ISO 45001 system by the end of 2016. Zimplats and Mimosa are OHSAS 18001 certified. Impala Rustenburg, Marula and Impala Springs are aiming for ISO 45001 certification by 2018. Independent consultants have completed a detailed gap analysis of the OHS systems at these operations to identify potential compliance gaps, which will be addressed.

Systems are in place to capture and report on leading safety indicators and measure the following indicators for trends:

- stop observations performed;
- pre-work alcohol testing;
- road behaviour monitoring; and
- work stoppages on safety audits/ inspections.

We have identified 14 major hazards at Impala Rustenburg and identified control standards for each. All Impala standards and procedures associated with these major hazards have been linked to each hazard and are available electronically on the intranet.

Every lost-time injury is analysed to determine behavioural and control failures and whether breaches of safe production rules were wilful or not. All accident investigations include the human error assessment in the formal accident investigation process. We will be monitoring and enforcing the deemed action required by the "human failure" guide.

Triggered Action Response Plan (TARP)
TARP is a system that requires the formal examination for known hazards in the workplace and then the formal implementation of appropriate and predetermined action and response measures. TARP focuses on recognition and response to hazards associated with ground conditions and ventilation. Regular refresher training is given to ensure TARP is applied as intended and management is required to check and monitor understanding and compliance by every team. The system is fully rolled out at Impala Rustenburg and Marula is finalising its roll out.

Women in mining safety forum
Our "women in mining" safety forum at Impala Rustenburg meets monthly to identify and address safety and health issues specific to women. This year we have improved the availability and quality of specialised personal protective equipment (PPE) for women and have completed a PPE code of practice for the safety of women. We continue to introduce initiatives aimed at improving the safety and security of women working underground.

Fatigue management
A code of practice for employee fatigue management has been developed and communicated to employees.

Critical controls
We have identified our material unwanted events (MUEs) and are following ICMM practice guidelines to develop a critical control management system to ensure line management focuses on the controls aimed at preventing these events.

Critical safe behaviours
We identified a set of "critical safe behaviours" for the five most critical occupations – rock drill operators, scraper winch operators, locomotive operators, panel operators and trackless machine operators – and rolled out a training and awareness programme and measurement system aimed at encouraging the right behaviours needed to ensure safety. We will entrench these behaviours through supervisory and compliance measures. We are developing support documents for the critical safe behaviours for the next five critical occupations.

Section 23 actions
Section 23 of the Mine Health and Safety Act (MHSA) empowers employees to withdraw from their workplace if there is a perceived danger to their health and safety. We need to formalise and systemise the process of Section 23 withdrawals to ensure employees report any danger and that work is stopped until the risk has been mitigated. Safety representatives have been trained and issued with Section 23 withdrawal booklets.

Safety inspection system
A pilot IsoMetrix safety inspection system is being tested at Impala Rustenburg 16 Shaft and safety officers are using the system to capture all

inspections. Reporting templates will be developed. Following the trial at 16 Shaft, we will decide on future roll out to other shafts.

Safety structure

Due to financial constraints and the Company restructuring during 2016, our safety department reduced the central independent team of safety officers that performs a follow-up audit function. At the Impala Rustenburg and Marula operations, line managers will consequently be responsible for following up and closing out issues identified by the safety audits and stop notes. The central safety department will, however, maintain a supportive safety role for all operating areas in the Group.

New explosives regulations

New regulations on the handling of explosives promulgated in terms of the MHSA are more prescriptive and introduce various additions to the previous regulations. We are engaging with the authorities to clarify expectations and work towards ensuring compliance.

Physical environment

This pillar of our strategy is about ensuring a safe physical environment, reducing risks through appropriate equipment, housekeeping, engineering, planning and design.

Roof bolts and nets: All stope panels and all "on reef" and "off reef" development ends at Impala Rustenburg and Marula operations have had roof bolts and netting fitted as protection against falls of ground. This initiative is used as a formal lead indicator component of the production bonus and accounts for 25% of the team's bonus value.

Proximity Detection Systems (PDS) on trackless machinery: All underground trackless mobile machinery (TMM) has been equipped with a vehicle-to-vehicle and vehicle-to-person detection system. Actions are being taken to meet the DMR requirement that PDS systems be rolled out to surface machinery.

PDS on track-bound machinery: A key focus is to improve our locomotive safety initiatives. We aim to have front driven train technology and proximity detection on all track-bound machinery. Following the installation and evaluation of a pilot project at Impala Rustenburg 16 Shaft, the PDS is being rolled out to all locomotives at the shaft and the roll out at 11 Shaft is planned.

Vertical shaft bank and station safety devices: Over the last two years we have equipped all vertical shaft surface bank areas and underground stations with a fail-safe and winder interlocked safety device, which will arrest any rail bound moving stock before it gets to the shaft.

Conveyor belts and underground fire risk: Following the major conveyor fire incident at Impala Rustenburg 14 Shaft, several actions were identified to enhance fire prevention controls. We are replacing all conveyor belts with fire retardant belts. At year end, 62% of the operational belts at Impala Rustenburg and Marula and 70% of all standard belts across the Group had been replaced. We are on track to have all belts replaced by 2017. The code of practice to manage conveyor belts was reviewed and redrafted with new guidelines promulgated by the DMR. Rehabilitation and reconstruction of the No 14 Shaft decline conveyor and services will continue through to March 2017.

Winch-signalling devices: We have standardised an electronic winch-signalling device that gives a 15-second audible and visual warning before it powers the motor. The system also includes a facility to trip the winch from any remote area along the length of the gully. Reliability problems have been resolved and roll out has been completed in all centre gullies. Application standards for the WPD signalling device in stope advanced strike gullies was completed and the roll out is in progress.

Enhanced central electronic blasting system: The SafeBlast® system, or similar modern safe blasting system, is now installed and functional across Marula, Mimosa, Zimplats, E&F, 1, 4, 6, 7A, 14, 16 and 20 Shafts at Impala Rustenburg operations. Implementation at Shaft 11 has been delayed owing to financial constraints. The SafeBlast® system allows stricter control and supervision of blasting operations and is used in conjunction with the SafeStart® IED.

Emergency preparedness and response: Power supply constraints and uncertainty present risks to employee safety. As an energy-intensive user with South Africa's electricity provider Eskom, Implats has specific agreements in place to mitigate risks of interrupted power. This year we undertook a bowtie risk assessment of a major power failure across Implats, updated all the related standards and compiled a major power failure manual, which has been implemented since March 2016.

Flammable gas management: We completed the replacement of GDI Enviro with GDI Sentinels at 11, 11C, 14, 16 and 20 Shaft, and the roll-out of the GDI Enviro dual gas measuring devices to all shift supervisors, the shaft HOD team and full-time health and safety representatives. The monitoring of the underground flammable gas emissions at both 11 and 16 Shafts indicate low emissions with no significant change in flammable gas emissions.

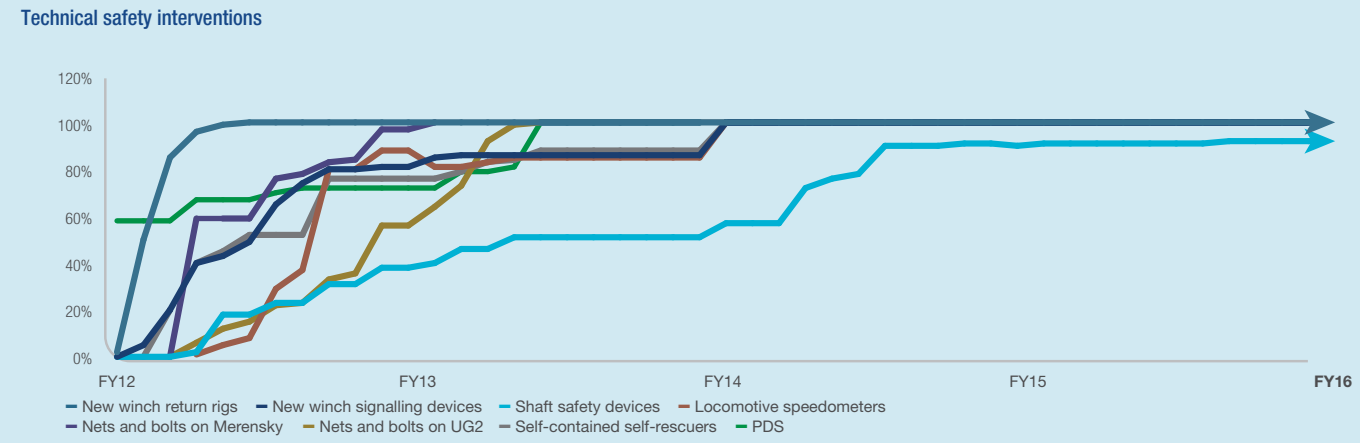
Underground ventilation doors: The installation of ventilation door monitoring at shafts continues. At year end, 56% of all shafts had been fitted with cable installations and 5% with sensor installations.

Employee and contractor safety

Over the year we invested R174 million (2015: R221 million) in various technical solutions aimed at protecting all those who work in our mines. These investments are reflected in the table and graph below:

Safety technical initiatives

Initiative	Expenditure to date R'000	Expenditure for FY16 R'000	Estimated completion date
Roof bolt and netting	345 586	86 570	Ongoing
Fire retardant conveyor belting	93 701	45 395	Ongoing
SafeBlast® system	46 769	5 956	Ongoing
Fire detection system	12 944	5 232	Complete
WPD signalling devices for scraper winches	148 862	29 268	Ongoing
Proximity detection systems on track-bound machinery	1 786	1 786	Complete



Our 2016 safety performance

The nine fatalities in South Africa and two in Zimbabwe this year are deeply upsetting for all of us. These fatalities were as a result of seven tragic incidents at three operations: Impala Rustenburg 14 Shaft (six fatalities) and 1 Shaft (three fatalities), and Mimosa (two fatalities). Four incidents were caused by falls of ground, one involved a major fire, one involved underground moving equipment and another was scraper related. In each incident, the root cause was non-compliance to standards and safe production rules, in some cases at supervisory level. Disciplinary action has been taken and remedial actions implemented to prevent repeat incidents.

Although the deterioration in our safety performance as measured by lagging and leading indicators is disappointing, we have made good progress in safety improvements to the physical safety environment at many business units via implementing new technology and engineering solutions and significant improvements to our practices.

Fatal injury frequency rate (FIFR)
Per million hours worked

	2016	2015	2014	2013	2012
Impala Rustenburg	**0.107**	0.070	0.052	0.092	0.115
Impala Springs	**0.000**	0.000	0.000	0.000	0.000
Marula	**0.000**	0.111	0.000	0.000	0.130
Mimosa	**0.246**	0.000	0.000	0.000	0.000
Zimplats	**0.000**	0.000	0.068	0.000	0.000
Group	**0.091**	0.058	0.043	0.0065	0.0087

IN MEMORIAM

We extend our sincere condolences to the families, friends and colleagues of the 11 permanent employees who died at Impala during the 2016 financial year.

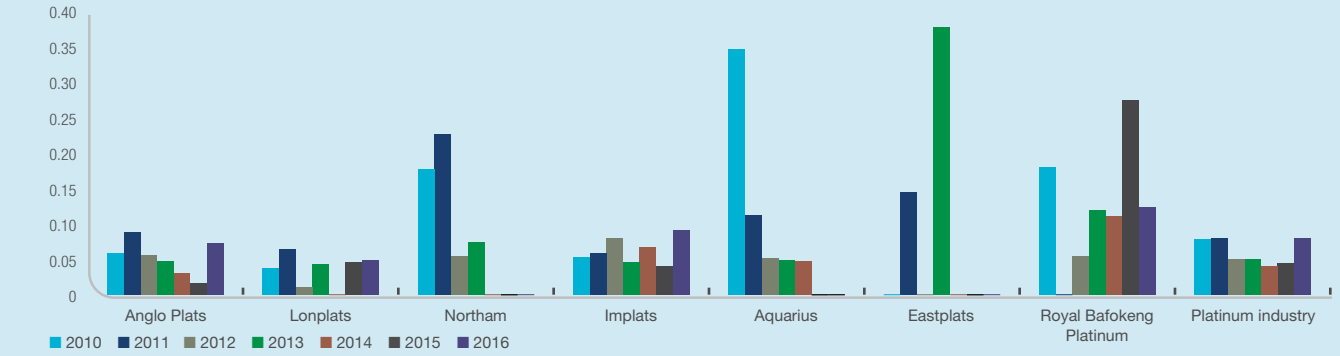
- Mr Erick Mukazi died in a fall of ground incident on 24 August 2015 at Mimosa
- Mr Oraile John Sethibang was fatally injured in a fall of ground on 24 November 2015 at Impala Rustenburg No 14 Shaft
- Mr Jerome Nkosiphendule Zweni was fatally injured in a fall of ground on 12 December 2015 at Impala Rustenburg No 14 Shaft
- Mr Charles Teketai was fatally injured in an incident involving mobile equipment underground on 4 January 2016 at Mimosa
- Mr Vuyani Jackson Kajani was fatally injured in an incident involving a scraper on 7 January 2016 at Impala Rustenburg No 1 Shaft
- Mr Mosala George Moloele, Mr Mosielele Johannes Sesimane, Mr Stephen Johnny Kgari and Mr Tshotlego Rantisiripana Moyo died from smoke inhalation in a fire incident on 22 January 2016 at Impala Rustenburg No 14 Shaft
- Mr Ohemile Moses Maamogwa and Mr Tanki Samuel Lepitikoe were fatally injured in a fall of ground on 17 May 2016 at Impala Rustenburg No 1 Shaft

Key lagging indicators

The 11 fatalities impacted the lagging performance indicators at the respective operations and the Group injury rates.

- The fatal incident frequency rate was 0.091 per million man-hours worked, up from 0.058 in 2015.
- The reported injury frequency rate (RIFR) was 3.83 per million man-hours, up from 2.63 in 2015.
- The lost-time injury frequency rate per million man-hours (LTIFR) increased to 6.49 from 5.27 in 2015.
- The total injury frequency rate (TIFR) – a measure of all recorded injuries, including fatalities, lost-time injuries, and medical treatment cases – increased to 12.31, from 9.78 in 2015. For comparability with industry peers refer to safety data below (fatality rates across the South African platinum industry).

Comparison of fatality rates (calendar years) across the South African platinum industry
(per million man hours)

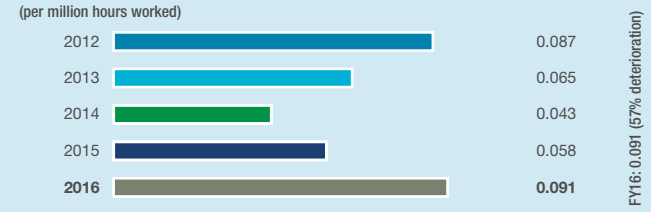


RIFR
(per million hours worked)

LTIFR
(per million hours worked)

TIFR
(per million hours worked)

FIFR
(per million hours worked)



Employee and contractor safety

Key leading indicators

- A total of 80 Section 54 stoppage instructions (excluding Section 55s) were issued in 2016 (2015: 55), resulting in the relevant shaft being closed for a period. As a result, we collectively lost approximately 398 shaft-days of production across the Company, with the resulting 66 000 platinum ounces lost amounting to R1 394 million in lost revenue. We support all safety work stoppages where there is a direct danger to safety. We continue to engage actively with the authorities on these stoppage instructions. We welcome that the stoppage instructions issued at Impala Rustenburg this year have been more focused than in previous years.
- Our internal safety stoppage system recorded a total of 4 856 proactive stoppages made in workings during 2016, compared to 4 016 in 2015.
- The number of visible-felt-leadership (VFL) Stop observations performed totalled 48 888 in 2016, compared to 49 181 in 2015. Prolonged recovery actions and DMR instructions following Impala 1 Shaft and Impala 14 Shaft fatal incidences led to the 0.6% decrease in VFL observations. Planned task observations totalled 81 332, compared to 84 428 in 2015.
- We achieved 96% compliance in our road behaviour testing (120 157 checks and 4 608 transgressors), as compared with 94.4% compliance last year; our target is 100%.
- We conducted 1 639 517 breathalyser tests (2015: 1 191 278) throughout our operations in line with Company policy of zero alcohol in the workplace. As a result, 429 tested positive, representing a 9% decrease on the 472 individuals who tested positive in 2015. Disciplinary action was taken against all employees testing positive.

During the year, several potentially serious safety incidents occurred, during which no injuries were sustained. In each case, an investigation into the root cause and other contributing factors was conducted and disciplinary and remedial actions undertaken.

Notable safety achievements

It is important to recognise the significant safety achievements and milestones we achieved across many of our operations.

Operation	Date	Achievement
Impala Processing	19 July 2015	One million fatality-free shifts (1 year and 6 months)
Impala 1 Shaft	31 July 2015	One million fatality-free shifts (11 months)
Impala 11 Shaft	3 August 2015	One million fatality-free shifts (10 months)
Marula	13 August 2015	One million fatality-free shifts (11 months)
Impala 7 Shaft	4 September 2015	One million fatality-free shifts (3 years and 9 months)
Impala 6 Shaft	9 November 2015	One million fatality-free shifts (2 years and 11 months)
Zimplats	19 November 2015	Four million fatality-free shifts (2 years and 4 months)
Impala 10 Shaft	14 January 2016	One million fatality-free shifts (1 year and 6 months)
Two Rivers	1 March 2016	Three million fatality-free shifts (4 years and 1 month)
Impala 20 Shaft	21 April 2016	Two million fatality-free shifts (3 years)
Impala 16 Shaft	27 April 2016	One million fatality-free shifts (1 year and 7 months)
Impala 11 Shaft	7 May 2016	Two million fatality-free shifts (2 years)
Impala Services	8 May 2016	Eleven million fatality-free shifts (14 years and 11 months)
Impala 4 Shaft	3 June 2016	Two million fatality-free shifts (4 years and 1 month)
Marula	13 June 2016	Two million fatality-free shifts (1 year and 9 months)
Zimplats	17 June 2016	Five million fatality-free shifts (2 years and 10 months)

Implats "We Care" programme

Implats is committed to safeguarding the health and safety of all of its employees and strives to achieve zero harm. If an employee loses their life as a result of a work-related incident, we recognise the severe impact that this has on their family.

We have a We Care programme that provides support and opportunities for the children of the deceased to complete their education. The benefits are in addition to the Rand Mutual and the Pension and Provident fund death benefits received by the spouse and children and have been applied to all fatalities since 1 July 2009. A total of 238 children have been enrolled under the programme. Currently there are 125 children receiving educational benefits: 66 are in primary school, 33 are in high school, six are in tertiary education and there are also 20 pre-school children receiving We Care grants.

Fatal fire at Impala Rustenburg 14 Shaft

Four of our employees tragically died following a fire that occurred in the main underground decline at Impala Rustenburg 14 Shaft during the night shift on 22 January 2016. A search and rescue operation for the four men was initiated after all other employees were safely evacuated. The four employees were overcome by fumes while trying to find their way to safety. Implats has and will continue to provide support and assistance to the families of the employees.

Operations at Shaft 14 were suspended while comprehensive investigations were undertaken into the sequence of events, the cause of the conveyor belt fire and resulting fatalities and the extent of the damage. Forensic and third-party investigations are still under way. It was found that the detection and suppression systems worked according to design since the required warnings were raised and water was sprayed at the heads and the tails of the conveyor belt. The failure was the human element in the chain of events, as employees were lowered into the shaft after the system warnings were activated. Seven people have been suspended pending an investigation and disciplinary action will be taken where necessary.

Following the fire, various actions to enhance current fire prevention control and prevent similar occurrences were identified and a committee was established to implement the actions and monitor progress. The committee meets bi-weekly and progress on the actions are recorded and monitored in the CURA risk management system. Actions include the installation of fire retardant belts, which is being done on a replacement basis. During 2017, a formal warning system will be developed to warn employees to evacuate in the event of an emergency.

Operations resumed at 14 Shaft on 15 February, when crews re-entered the upper conventional section of the mine. Development activities in the upper sections recommenced in February, while the lower trackless and conventional mining sections remained closed and mining crews were redeployed to assist in the clean-up and rehabilitation operation. Extensive damage was caused to the conveyor, monorail, power and air reticulation systems. Underground fire rehabilitation work at 14 Shaft will be completed by March 2017. We will continue to share the lessons from this incident and implement appropriate actions across the Group as we strive for zero harm.

Our safety focus for 2017 and beyond

Our priority is to ensure improvements to the person and behavioural pillar of our safety strategy to create the right safety culture and achieve and maintain zero harm. We will drive the shift from the prevailing dependent culture towards an interdependent culture through effective safety leadership and engagement with employees. This includes a focus on visible felt leadership through Stop observations, safety leadership self-assessments, leadership training that includes the Zero Incident Process (ZIP) principles, safety reward schemes based on leading indicators and systematically enforcing disciplinary action where safe production rules have been breached.

To promote a culture shift and mitigate safety risks in the workplace, the following key interventions are planned for 2017:

- Conduct a further 360 degree safety survey of all E level managers and further ZIP safety leadership self-assessments among D and E level leaders every six months
- Enhance the Section 22/23 withdrawals process with formalised and systematic recording and reporting
- Include in all injury investigations an analysis to determine whether any human failure factors were unintentional or intentional; where applicable, enforce disciplinary action as required by the human failure guide
- Continue to analyse data sets to identify employees at high risk of having a safety incident, monitor and seek to mitigate the level of risk
- Enhance the knowledge and competence of our employees, including: providing special training for users of new equipment and communicating and providing training on a revised set of safe production rules
- Entrench the critical safe behaviours that have been rolled out to the five critical occupations, through safety representative and supervisory monitoring interventions
- Develop critical controls to prevent any of the following unwanted events: conveyor fires; major fall-of-ground collapses; a tailings dam run out; methane explosion; and rolling stock falling down a shaft
- Continue to implement best practice technical initiatives and assess new technological advances to determine their appropriateness at our operations
- Continue to pursue interactions with senior union leadership to gain commitment for safety initiatives

Our target is zero fatalities across all operations. Each operation is expected to achieve at least a 20% year-on-year improvement in their LTIFR performance in support of the MHSC safety milestones. We aim to certify all operations to the OHSAS 18001 (ISO 45 001) standard by 2018.

Health and well-being

"The occupational health strategy ensures that all occupational health risks are identified, mitigation controls are in place and that any ill health is detected and treated early and efficiently."

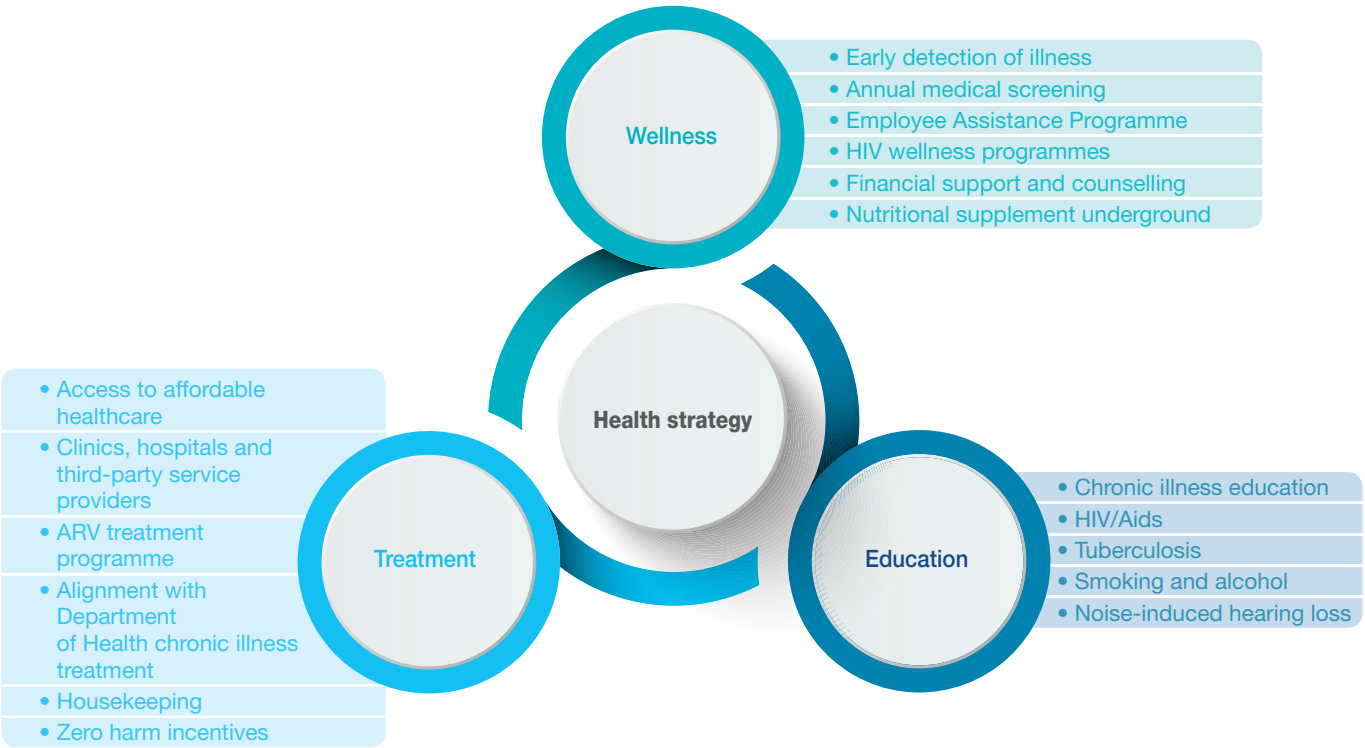
Effective management of occupational health risks, as well as promoting health and well-being in the workplace, protects our employees, enhances productivity and helps maintain our licence to operate. Investing in community healthcare around our operations provides a significant societal benefit and is important for achieving our longer-term business goals. Our community healthcare activities are noted on page 109.

Our strategic approach to employee health and well-being

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

The occupational health strategy ensures that all occupational health risks are identified, mitigation controls are in place and that any ill health is detected and treated early and efficiently. Any resulting disability is referred to independent third parties for assessment and possible compensation. Our strategy on non-occupational health focuses on ensuring that all employees have access to affordable healthcare so all health stressors can be identified, managed and treated. Implats has extended its shared responsibility to include the non-occupational health of dependants of employees. The delivery and funding arrangements depend on local facilities and conditions and differ between our operations in South Africa and Zimbabwe.

Our strategy guides our approach to achieving the occupational health milestones set for the South African mining industry. The milestones include targets for HIV, TB, silicosis and noise induced hearing loss (NIHL), which are deemed strategic risks for Implats.



The Impala Medical Plan (IMP) is a longstanding registered medical scheme formed to provide private care to our South African employees and their dependants through Company-owned and operated facilities at Impala Rustenburg, Marula and Impala Springs. We also provide access to external medical schemes. Company funding of these is based on the cost of the IMP. We assist employees with receiving treatment through their medical aids and managing transfers between schemes.

The South African government's commitment to developing National Health Insurance (NHI) has been considered in our non-occupational health strategy and we continue to support the NHI through partnerships, working closely with the Department of Health (DoH) directly and through the Bojanala Health Forum.

At our Zimbabwean operations, Mimosa institutes a national health and safety environmental campaign dubbed "Let's go Zero". The initiative aims at mobilising stakeholder support on the basis of shared national goals. Drawn from Mimosa's existing company motto, "Zero harm is possible", the private-public partnership campaign seeks to encourage better living by practicing good driving habits to achieve zero carnage on the roads, zero pollution and deforestation, zero new HIV infections and zero accidents at the workplace, on the roads and at home. To ensure the campaign is highly impactful, Mimosa works with sustainable development partners such as the National AIDS Council (NAC), Traffic Safety Council of Zimbabwe (TSCZ), the Environmental Management Agency of Zimbabwe (EMA), the Zimbabwe National Roads Association (ZINARA) and the Zimbabwe Republic Police (ZRP).

Zimplats employees have access to medical insurance, the delivery of which is outsourced to external service providers. Although there have been issues of funding shortfalls when accessing specialist services, general practitioners especially around the operations have been providing full services to members. The cost of any services provided within company managed facilities is recovered from the scheme.

Our 2016 health performance

The principal health risks facing our employees are pulmonary tuberculosis (TB) and the associated human immunodeficiency virus (HIV) co-infection, both of which are of epidemic proportions in southern Africa. The major occupational health risk associated with our mining activities is noise-induced hearing loss (NIHL).

A review of health-related trends and our performance during 2016 is summarised below. A more detailed breakdown of our health performance at an operational level is provided in the table on page 121.

- **General health indicators:** This year, 48 641 occupational medical screening examinations were conducted, of which 44 159 were periodic (as compared to 56 605 last year, of which 52 405 were periodic). No previously unknown occupational illnesses were detected. Analysis of various data has been conducted to determine the health of employees to better manage employee health, productivity and sick leave.
- **Chronic illness:** We have been focusing on identifying and managing patients with chronic conditions and assessing whether they are still fit to perform their duties safely and productively. Over 30% of the South African employee base is receiving treatment for chronic medical conditions, the main conditions being hypertension, HIV/Aids and diabetes. Impala Rustenburg and Marula medical clinics use the Trimed information technology system to manage patient information. The system has been enhanced to focus on chronic disease management and facilitate the cross-referencing of clinical and occupational health information.
- **Medical incapacity:** Across the Group, 377 employees were declared to be permanently or temporarily disabled due to HIV-related medical conditions (2015: 505). The main disability diagnosis remains HIV/Aids. The DMR published a guideline on the medical incapacitation process for the South African mining industry, which required a revision of Impala and Marula procedures. Following discussions with AMCU HSE structures, a revised code of practice has been submitted to the DMR. The main changes include the establishment of an incapacitation committee consisting of medical, human resource and employee representative disciplines.
- **Employee indebtedness:** The high level of employee indebtedness is a growing concern, affecting employee well-being and raising stress-related health and safety risks. We implement various initiatives aimed at assisting employees with financial literacy, planning and mitigating indebtedness (reviewed on page 54).
- **Noise-induced hearing loss (NIHL):** We provide all employees exposed to noise with custom-made hearing-protection devices (HPD) and associated training. Ensuring adherence wearing the HPDs remains a challenge. We conduct annual audiometric screening examinations to detect deterioration of hearing before permanent NIHL develops. Employees with a hearing loss shift of between 2.5% and 4.9% undergo counselling. Cases of hearing loss shift of between 5% and 9.9% are investigated and patients counselled and monitored. In 2016 there were 2 035 such cases, compared to 1 988 in 2015. This year, 120 cases (employees and contractors) of NIHL shift of more than 10% were diagnosed and submitted for assessment of disability and compensation; compensation was provided in 59 cases (2015:

Health and well-being

49 submissions and 36 cases compensated). The industry health milestones require a revised formula for calculating NIHL and that no person develops a hearing loss of greater than 10% using this formula. The rebasing of performance data using the new formula is under way in the South African operations. Good progress has been made in investigating and improving the sound suppression of all equipment that exceeds the industry milestone target of a sound pressure level of 107dB and in providing noise clippers to all employees at risk.

- **Pulmonary tuberculosis (TB):** TB is being driven by the HIV epidemic in southern Africa. Over 60% of our TB patients are HIV-positive and the two infections are considered and managed together. Most of our TB and HIV/Aids performance indicators continue to show a steady improvement. During the year, 171 new cases of pulmonary TB were detected (2015: 304). Our incidence of 447 per 100 000 employees is well below the South African average of 840 per 100 000. Multiple drug-resistant TB continues to be a concern; we have eight new cases diagnosed, with six on treatment, all at Impala Rustenburg, down from 16 in 2015. All cases of pulmonary TB are submitted to the Department of Health's Medical Bureau of Occupational Diseases (MBOD). At Impala Rustenburg, where the majority of cases are diagnosed, all cases are submitted to the MBOD via the Rand Mutual Assurance Company for independent third-party evaluation. This improves the reporting and compensation process for employees. An analysis of unpaid claims at the Compensation Commissioner for Occupational Diseases (CCOD) is being undertaken across the industry. Impala Medical Services has been informed by the CCOD of the unpaid claims of former employees and is resubmitting the information and banking details for payment.
- **HIV/Aids:** Our HIV/Aids policy, which covers activities across all our operations, ensures patient confidentiality, non-discrimination and highlights our commitment to ARV-treatment programmes. All employees and contractors are counselled and offered HIV testing at annual medical examinations. Our HIV prevalence rate is estimated at 23% based on available data for Impala Rustenburg, level with last year. During the year, we undertook 10 867 voluntary counselling and testing (VCT) interventions of employees and contractors (2015: 11 875). A total of 6 891 employees participated in Company-funded and managed HIV-wellness programmes (2015: 6 140). At year end, Group-wide there were 4 843 patients (2015: 4 429) on ART treatment of which 87% (4 234) were at Impala Rustenburg. The number of employees receiving ART through external medical aids or government health facilities is not known and so these figures may be underestimated. Fitness monitoring of patients on ART is ongoing and the adherence rate was 94.5% this year. Patients on external medical aids can only be monitored through the Occupational Health Centre (OHC). Controls have been put in place to conduct OHC testing to determine these patients' fitness. Regrettably, 57 employees passed away due to HIV-related illnesses during the year (compared with 73 in 2015), while 377 patients applied for permanent medical incapacity as a result of HIV-related disorders and left the Group.
- **Pneumoconiosis:** The risk of contracting silicosis at our operations is extremely low due to the very low levels of alpha quartz in the rock mined. Measured dust concentrations are well below 50% of the occupational exposure limit (OEL) and meet the industry milestone level of 1.5 mg/m^3 set for 2024. Real time dust monitors have been installed at high-risk locations underground to detect potential excessive dust volumes and this will assist in selecting appropriate engineering controls where necessary. The average dust concentration trends recorded remain below 10% of the OEL. This year, 11 employees and four contractors were diagnosed with silicosis; all of these cases have proven historical gold mine exposure. All cases have been submitted for assessment and compensation to the Department of Health's Medical Bureau of Occupational Diseases. All new employees are screened for pneumoconiosis at a pre-employment examination. Pre-employment individuals who have x-ray changes suggestive of silicosis are classified as unfit and referred back to their previous employer for assessment and submission to the Bureau of Occupational Diseases.
- **Diesel particulate matter (DPM):** We continue to monitor exposure to DPM. The risk of exposure to DPM is mitigated by adequate ventilation, low sulphur diesel replacement and DPM exhaust filters in underground diesel combustion engines. We are developing a prototype fuel cell-powered load haul dumper which will eliminate DPM underground. All underground locomotives are electric and therefore do not emit DPM.
- **Malaria:** This year, 17 cases of malaria were diagnosed at Impala Rustenburg and five at Zimplats. All of these patients had recently travelled to malaria areas and were successfully treated.
- **Medical aid and non-occupational medical care:** During 2016 the Impala Medical Plan (IMP) received 1 459 new applications (2015: 3 023) and membership of medical aids increased by more than our targeted 5% annual increase. At year end, the IMP had 23 227 members (2015: 22 231), of whom 12 014 are dependants (spouses, children and pensioners). The cost of external medical schemes is becoming prohibitive for many employees and we strive to ensure that the IMP maintains affordable contribution levels.

Medical aid membership

Medical scheme	2016 Principal members	2015 Principal members
Impala Medical Plan	**8 997**	8 568
Commed	**1 729**	1 700
Umvuzo	**802**	805
Discovery Health	**605**	639
Fedsure	**215**	254

Our health focus for 2017 and beyond

In striving to deliver on our strategic priorities, we will focus on the following health-related areas in the year ahead:

Striving for zero harm

- Every employee to be screened annually and any occupational ill health detected will be treated and reported early. We will be further integrating occupational and clinical care information as well as sick leave records. This will assist with our management of patients on chronic medication programmes and the identification of high health risk employees.
- Ensuring further mitigation of risks relating to specific occupational chronic illnesses, TB and HIV/Aids, as well as NIHL

TB and HIV/Aids

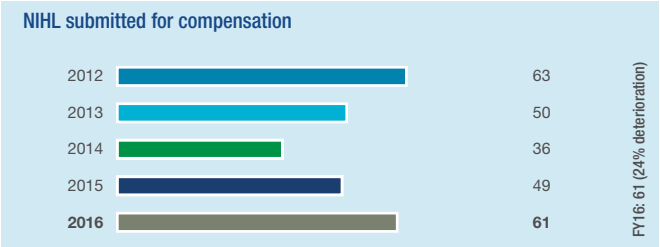
- Provide six-monthly screening of all HIV-positive employees, annual screening of all other employees, improve our assessment of TB risks in contractors, provide contact tracing in communities and Isoniazid preventive therapy. We aim to increase ART uptake by HIV-positive employees by 5% and maintain a 95% compliance rate. Ongoing monitoring of ART compliance is vital as there is a growing risk of rapid viral resistance as a consequence of non-compliance or interruption of therapy.

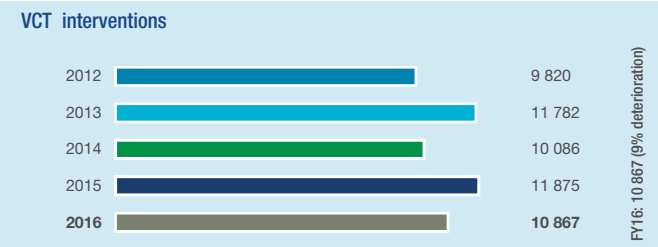
Noise-induced hearing loss

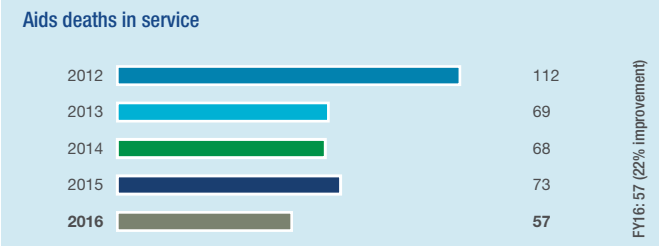
- The rebaselining of employee cases using the industry's revised formula for calculating NIHL will assist us in achieving the new noise milestones. We will roll out noise clippers to all underground and employees at risk who will receive custom made and fitted HPDs and we are on track to ensure that no equipment exceeds 107dB, in 2017.

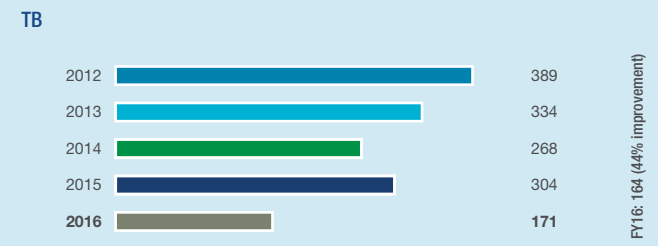
Silicosis will continue to receive political and media attention due to the class action being taken by ex-gold mining employees against their former employers. Implats' direct liability in this regard is limited. However, there is a risk of indirect effects and increased indirect costs due to cross subsidisation through an industry fund, which we will focus on limiting.

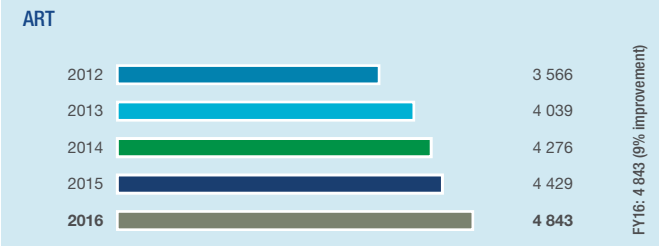
We aim to increase private membership of medical aid schemes by a further 5% during the year.

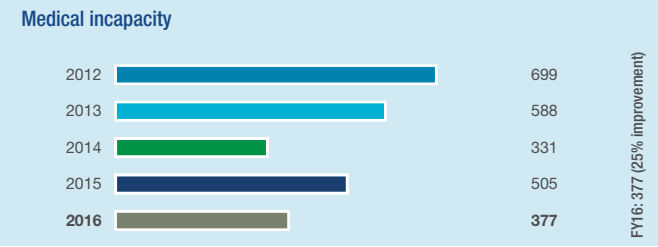












Attracting, retaining and developing talent

Attracting and retaining talent and enhancing the productivity of our workforce remains a significant challenge for the mining industry as a whole. Factors contributing to the challenge of securing talent in our operations include the growing competition for skilled resources, the reduced supply of skilled and semi-skilled mining talent, generally low education levels in our semi-skilled talent pool and the traditionally poor image of the mining industry as a potential employer.

Our strategic approach to people

Our approach to securing talent focuses on ensuring our employees are motivated, have the ability and requisite skills to carry out their duties and operate in a safe, fair and ethical work environment.

Our people strategy aims to support the overall corporate strategy by ensuring that we have the right people, at the right place doing the right things. We have an innovative and tailor-made people strategy that positively impacts employee morale and through talent and skills development initiatives aimed at developing individuals and teams informed by our shared values founded on respect and care.

Our longer-term vision is to progressively mechanise our mining processes, while continuing to improve levels of workforce proficiency, satisfaction and diversity.

Our strategic approach to people

Motivating our people

In return for the skills, capabilities and experience our employees bring to our business, we aim to offer a unique employee value proposition (EVP) and a great place to work. Our EVP outlines the benefits and opportunities of working at Implats, encompassing our programmes and initiatives relating to employee housing, skills development, health and financial reward. We communicate it widely through posters, graphics displayed in the workplace and in shopping malls. The underlying message is: if you work for us, this is what you will enjoy.

A strategic focus area is recognising and rewarding performance with appropriate remuneration. Through our performance management programme we have committed to offering attractive remuneration and employment benefits, together with effective incentives linked to our safety and production efficiencies. We undertake regular benchmarks of pay and conditions to ensure we remain competitive. As with the other companies in the sector, the last two years have put pressure on our fixed-pay elements and employees' disposable income, further highlighting the need for us to find opportunities to increase productivity levels, while seeking to further enhance efficiencies.

Another strategic focus is to provide career advancement opportunities. We conduct career paths for all disciplines. Succession planning is undertaken at semi-skilled and supervisory level positions as well as at professional qualified (D level) and senior management (E level). Discipline-specific talent management forums and area-specific talent identification forums identify, develop and assess talent as a line management function with the support of the talent department. We review and assess our talent pools quarterly to ensure that identified talent is considered for promotional and developmental opportunities and share the outcomes with management and unions at our transformation committees.

Developing people with ability

Our training and skills development activities go beyond compliance to promote a people-focused culture, with programmes aligned to Implats' strategic imperatives and values aimed at instilling excellence in efficiency, productivity and safety.

Our skills development, talent management and team mobilisation activities focus on three main areas:

- optimising team output and productivity;
- developing our talent pipelines; and
- maintaining an inflow of requisite skills (see table below).

These are all critical enablers to increase intellectual capacity within the Group and facilitate succession planning and advancement activities, thus reducing our reliance on the external market for these skills. We emphasise developing strong safety-conscious supervisory leadership, which is essential to individual and team performance. Our targeted leadership interventions focus on developing the technical ability of managers and to ensure they have people leadership skills.

Talent development also supports the attainment of our employment equity targets in our South African operations. We aim to more effectively evaluate the return on investment on training initiatives, for example increased productivity as a result of our team mobilisation initiative, an improved safety culture reflected in our lost-time frequency rates and employee satisfaction as reflected in turnover rates.

Attracting, retaining and developing talent

Our skills development, talent management and team mobilisation activities

Optimising team output and productivity	Developing our talent pipeline	Maintaining an inflow of future requisite skills
Objective To ensure the development and retention of talent with the requisite skills, knowledge and experience, in an environment conducive to maintaining continuity and improving safety and productivity.	**Objective** To minimise avoidable turnover, secure the best available talent in the market, and recognise, develop and reward talent within the organisation.	**Objective** To improve education within our neighbouring communities, identifying and developing skills in local schools, as part of efforts to recruit from our local communities.
Key initiatives • **Team mobilisation:** developing teamwork, mining cycle management and respect among team members, and ensuring that mine overseers and supervisors are equipped to effectively lead and mobilise their teams • **New technology training:** mitigating the human element risk from our activities and promote a safety culture • **Technical mining training:** ensuring that line managers and supervisors are kept informed about evolving standards and regulations, and new technologies	**Key initiatives** • **Supervisory leadership:** developing capacity to effectively lead and mobilise their teams. The programme for mine overseers and shift supervisors has been expanded to include engineers, foremen and artisans • **Mining training:** training centres at Impala Rustenburg to develop mining skills • **Engineering training:** training centre to develop artisan and engineering skills • **Graduate development training:** awarding mine manager and mine overseer certificates, in support of joining the Implats graduate training programme • **ABET:** offers full and part-time classes to ensure career progression and functional literacy and numeracy	**Key initiatives** • **Novice mining training:** training young people (with Grade 12 qualification) from the local community in mining skills • **School adoption programme:** developing management and infrastructure at targeted schools • **School support programme:** mentoring educators, developing school sporting facilities, offering Impala bursaries to top achievers • **Bursary programme:** offering fully paid high-school scholarships, and offering university bursaries to learners in mining, chemical, electrical or mechanical engineering • **Career exhibitions:** sharing information at local schools on mining careers and our bursary programmes

Developing a fair, ethical and sustainable organisation

We are committed to providing a work environment informed by mutual trust, respect and care. We do so through our Respect, Care and Deliver programme (see page 57), by maintaining high standards of corporate governance and ethical behaviour throughout our activities (page 35), and by driving diversity and transformation in our South African operations (page 58).

Our 2016 performance on people management

A summary of our performance on key human resource issues for the 2016 financial year is presented below. Additional detail at an operational level over the past four years is presented in the performance tables on page 122.

- **Skills turnover:** Total employee turnover increased to 8.2% in 2016 (2015: 5.1%); of this, 1.7% is due to headcount reduction initiatives in certain categories. Adjusting for the rationalisation, Implats' turnover rate has remained low. Turnover of miners at our South African operations was 10.2% for the year, compared with 10.7% last year. Turnover of rock drill operators was 7.8%, compared with 5.1% last year. Turnover at our Zimplats operations was 6.3% (2015: 4.3%).
- **Absenteeism:** Improving productivity is a critical focus and important in view of the reduced headcount.
- **Skills development at our South African operations:** Our skills development activities focus on three main areas: technical skills, general education and people management skills. During the year, we continued to implement the following targeted initiatives:
  - ***Team mobilisation:*** Over the past three years we have been rolling out this in-house people leadership training initiative to all our production teams. The five-day onsite course aims to promote a shift in attitude and behaviour to improve safety and production performance while enhancing teamwork and relationships.

The programme is revisited as operational requirements change. To date we have trained 316 teams and a further 245 active teams are still to be trained. We aim to train five teams per week.

- ***Supervisory leadership:*** Aimed at enhancing the capacity of mine overseers and shift supervisors to lead and mobilise their teams effectively, the programme has been expanded to include engineers, foremen and artisans. This year, 25 employees participated in the four-day programme, which includes one day of ZIP training. Miner, shift supervisors and mine overseer forums have been established at all the shafts to engage and deal with line supervision issues.
- ***Technical mining training:*** This five-day training programme for supervisors, including mine managers, mine overseers, shift supervisors and miners, covers aspects of managing a half-level production section safely and effectively, with emphasis on planning with the participation of the multi-disciplined technical teams. This year, 1 609 supervisors were trained.
- ***Zero Incident Process for Leaders (ZIP):*** The best-practice ZIP initiative is designed to empower people to take control of their personal safety by becoming more effective within the systems they work in. Last year all D and E level management attended the three-day ZIP training. To further embed the ZIP concepts throughout the Group, this year ZIP training was provided to 25 supervisors as part of the supervisory leadership course.
- ***Occupational health and safety skills training for safety representatives:*** All health and safety representatives at our South African operations undertake the 10-day accredited MQA skills programme. This year, 437 representatives were trained.
- ***School adoption programme:*** Implats works closely with the South African Department of Education to adopt a selection of community schools that we have built or that are in our mining lease area but that do not benefit from existing support programmes. In 2016 we adopted three schools and now have 10 schools in the scheme, which we aim to develop into schools of excellence though academic and sport initiatives.

- **Skills development expenditure:** The current focus on cost containment and cash preservation resulted in reduced spending on developmental training this year. Our South African operations invested R512 million, compared with R523 million in 2015. Expenditure was 5.2% of payroll for Impala and 7.1% of payroll for Marula, against our targeted level of 5%. At our Zimbabwean operations, we spent US$4.9 million on skills development, compared to US$5.3 in 2015.
- **Bursaries and learnership programmes:** Over the course of 2016, our South African operations had 33 full-time bursary holders (of which 82% are HDSA) at university, studying primarily in the engineering and mining-related disciplines. In addition, 175 engineering and 98 mining learners from Impala Rustenburg benefited from our artisan and non-artisan learnership programmes (96% HDSA).
- **Adult basic education and training (ABET) and Foundational Learning Competence (FLC):** The average level of basic literacy across the Group's workforce is 94%. At Impala Rustenburg the level is the lowest at 82%. The total enrolment for ABET across South African operations was 494 people (2015: 421). However, due to drop outs, unsuccessful completions and exam completions, the net total enrolment at year end was 173 (2015: 292).
- **Promoting local employment:** Open days are held at various shopping malls in neighbouring communities to present the opportunities available at Implats. Despite efforts to hire more local people, migrant workers continue to play an important role in the industry, particularly for rock drill operators and winch operators, who come principally from the Eastern Cape, North West, Northern Cape and Lesotho. We continue to invest in various skills development initiatives in our local communities and seek to promote local employment through our local procurement practices (see page 74).

Attracting, retaining and developing talent

Total HRD expenditure at our South African operations
(excluding mandatory skills development levy) in FY2016

Training area	Rustenburg R million	Marula R million	Springs R million	Total R million
Non-artisan learnerships L2&3 rockbreaker	12.6	3.2	0	**15.8**
Artisan learnerships	30.9	5.6	4.7	**41.2**
ABET training	10.7	1.9	0	**12.6**
Other training initiatives	363.8	55.2	13.4	**432.4**
Bursaries and scholarships	2.5	0.7	0.3	**3.5**
Transfer of skills and capacity building of mine communities	3.6	1.7	0	**5.3**
Other school support and post-matric programmes	0	0	0.9	**0.9**
Total	**424.1**	**68.3**	**19.3**	**511.7**

Our focus on people management for 2017 and beyond

To implement an effective people strategy that promotes a people-focused, safety conscious culture and meets our business requirements, our key objectives are to:

- Retain key talent (mine overseers, shift supervisors, miners, engineers, foremen and artisans); this is vital to maintain continuity and improve safety and productivity
- Increase supervision and leadership skills and introduce best practice technical initiatives
- Continually evaluate the current miner training system and improve on it
- Redeploying employees at Impala Rustenburg as we restructure the operations and seek to resource them for optimal delivery. We intend to increase the proportion of production employees from the current 74% to 81% by 2021
- Address potential skills shortages through in-house technical trainee programmes, capacity-building at supervisory and managerial level, and enhanced people-leadership initiatives
- Promote our employee value proposition and develop a pipeline of talent in schools, to support our efforts to recruit from communities around our operations

Promoting financial well-being

At our South African operations, we focus on providing opportunities to assist employees with financial literacy, planning and assistance. Many of our employees are struggling with a level of personal debt that is difficult to manage and this is a major concern. Following are key interventions:

- **Financial literacy:** Financial literacy training is part of our team mobilisation process and ex-leave training. We offer a one-day financial life skills course to explain employee payslips, focusing on providing employees with an understanding of the pay structure, benefits and deductions, overall impact on net pay and managing their budget and debt.
- **Debt monitoring and consolidation:** Payroll officials record and monitor the indebtedness status of employees and monitor trends for discussion and corrective interventions. Employees with excessive debt are referred to financial advisers (Careways), who provide debt counselling and debt consolidation services. Management and union leadership are working closely to appoint a second service provider before end 2017.
- **Debt auditing:** Implats employs an experienced former sheriff of the court to identify and curb fraudulent garnishee orders. All court orders served on employees at our Impala Rustenburg operations are audited. Where breaches of the rules relating to judgments and emolument attachments are identified, court proceedings are instituted. Employees with excessive debt and/or with an emolument attachment are identified and offered assistance as soon as possible.
- **Unscrupulous lenders:** Implats participates in efforts to tackle unscrupulous lenders, all of whom are removed from hostels and mine property. Legal action is taken where necessary.

Investing in employee relations

Maintaining stable and constructive labour relations is critical to enable our people to consistently deliver on business plan targets. The incidents before, during and after the five-month strike across the Rustenburg platinum belt in 2014 brought to the fore the need to rebuild trust between business, labour and government. Over the last two years, collaborative efforts have stabilised the industrial relations climate and union dynamics have improved. The potential for volatility remains and is heightened by the difficult market conditions increasing labour tension. We remain mindful of the lessons learnt from the strike and are encouraged by many positive developments in our relations with employees and unions.

Our approach to employee relations

Our employee relations (ER) vision is to foster a dynamic and sustainable partnership with our employees and their representative bodies, with the aim of becoming the best employer in the platinum industry. Our ER mission is to ensure our people are treated with respect and care, fairly rewarded for their contribution, empowered to raise their concerns, safely engaged in their daily duties and able to deliver on their organisational goals.

To achieve this we have maintained a focus on the following strategic goals:

- Ensuring high levels of employee engagement, based on the shared values of respect and care
- Establishing collaborative relationships with all unions in a multi-union environment
- Empowering frontline management to engage effectively with employees

Our labour relations policy deals with freedom of association, recognition of trade unions, discrimination and the rights of employees and contractors. We constantly monitor the state of labour relations in our operations, with reports regularly submitted from the operations to Exco. An independent third party conducts biannual surveys on the effectiveness of our labour relations. We respect the independent status of unions and the right of our employees to associate and we strive to ensure full compliance with local labour legislation, which is in alignment with the provisions of the International Labour Organisation (ILO). We work closely with unions to resolve all internal disputes through dispute resolution mechanisms and (in South Africa) within the auspices of the Commission for Conciliation Mediation and Arbitration (CCMA). We prohibit any attempt to differentiate between people on the basis of colour, religion, gender or creed, other than as part of conscious efforts to promote diversity and transformation.

Currently 84% of permanent employees in South Africa, and 92% of employees in Zimbabwe are covered by collective bargaining agreements. These agreements address salary and benefit reviews, the participation of unions in decision-making at different forums and consultation and notice periods regarding any significant organisational changes. The minimum notice period for any organisational change at Implats is 30 days.

In South Africa, of the unionised workforce, the Association of Mineworkers and Construction Union (AMCU) has the following representation: Impala Rustenburg 75.17%, Impala Springs 0%, Marula 81.57%. The National Union of Mineworkers (NUM) has the following representation: Impala Rustenburg 3.31%, Impala Springs 51.13%, Marula 6.38%, and United Association of South Africa (UASA) as representivity at Rustenburg and Marula at 5.73% and 1.57% respectively. In Zimbabwe, the Associated Mine Workers Union of Zimbabwe (AMWUZ) comprises 76% of the unionised workforce, with the remaining 24% being members of the National Mine Workers Union of Zimbabwe (NMWUZ).

We carefully monitor the mining sector-wide state of industrial relations and the wage negotiations environment. Our monitoring activities include holding round table discussions with labour analysts, tracking developments on social media, participating in the forums hosted by the Chamber of Mines, and through our Impala future forum, a body that includes representatives from the Rustenburg local municipality (RLM), the Royal Bafokeng Nation/Administration (RBN/A) and representatives from unions and Impala management.

Prior to wage negotiations we hold business planning meetings with union representatives. We provide externally-run negotiation training and bargaining courses for shop stewards. This year saw the opening of a new wage negotiation period and our preparations for this are discussed below.

Our 2016 performance on employee relations

Following is a review of our progress in striving to deliver on our strategic goals for employee relations and our approach to mitigating key risks in the year ahead:

Strengthening relations with trade unions

We have continued to strengthen our relationships with the AMCU national leadership and its elected representatives at Impala Rustenburg and have good relations with its representatives at Marula and at Impala Springs, as well as with the NUM representatives at these operations. Throughout the Impala Rustenburg operations, we have undertaken relationship-building sessions, working within the structures outlined in the recognition agreement. We follow a structured approach, conducting regular dialogue with employees and union officials regarding workplace issues.

Investing in employee relations

We have continued to implement a capacity-building training process for shop stewards, undertaken by an external service provider.

As part of the agreement that ended the strike in 2014, we committed, with all other parties, to continue talks on various outstanding labour challenges. The relevant task teams have worked throughout the year and gained traction in addressing the following key issues: indebtedness; retrenchment and severance; retirement benefits and funeral cover; medical separation and incapacitation; and housing and living conditions. Changes to the employee share ownership scheme (discussed below) and a new agreement for the severance package of two weeks for each year (double basic conditions), have been well received. Other challenges remain and will continue to be addressed.

This year, the strong collaboration with AMCU underpinned our ability to reach agreement on rationalising the workforce at Impala Rustenburg and negotiating a positive outcome with no industrial action taken. The relationship was also crucial in the search and rescue operation and redeployment of half of the workforce following the fatal fire at Rustenburg 14 Shaft.

Engaging directly with employees

We have seen encouraging results from measures introduced last year to ensure effective communication directly between management representatives and employees at all levels. This includes a structured two-way communication model that cascades information and feedback from weekly executive management meetings all the way to half-level meetings. We complement this with periodic surveys of employee opinions, as well as engagements through briefings, CEO addresses and general manager feedback from daily, weekly and monthly meetings at shaft level. The increasing use of technologies, including social media and sms, is very effective in bridging physical constraints to up and downward communications. These interventions are progressing well. We also have interventions aimed at empowering supervisors and managers to effectively engage their workers on important issues and build trust.

Labour reduction at Impala Rustenburg

Due to the challenging market and to support competitiveness and sustainability, we have had to close shafts and reduce headcount at our Impala Rustenburg operations. At the end of last year we issued Section 189 notices in terms of the Labour Relations Act to retrench workers and held negotiations with AMCU on the processes. This included agreeing to reduce the number of proposed retrenchments and providing retrenched employees with the opportunity to acquire a portable skill. Following conclusion of the Section 189 process, of the 1 609 employees affected at the operations, 1 048 employees (65.2%) were redeployed, or were retrained and reclassed to unaffected occupations. Voluntary severance packages were granted to 349 employees (21.6%), and 208 (12.9%) were retrenched. A total of 258 completed portable skills training and this training opportunity is ongoing for those who left the Company. Overall, 1 700 permanent employees left Impala Rustenburg operations since July 2015 due to a combination of natural attrition and the Section 189 process. In addition, 3 319 contractors have also left Impala.

Wage negotiations

Implats has developed a wage negotiation strategy and implementation plan aimed at mitigating the risks associated with this process. Preparations for wage negotiations have been ongoing throughout the year. Items outstanding from the 2014 settlement have been given attention by an AMCU-management plenary. Preparations have included education programmes for the union officials and information sharing with all employees. The union and employees are kept informed about the Company's performance and operating context and of the implications for meeting union demands and employee expectations for a wage settlement. This year our shop stewards received training in terms of disciplinary cases and wage negotiations.

Elections and appointment of new shop stewards

The current AMCU part-time and full-time shop stewards were elected during July 2013 for a period of three years. The election and appointment of new shop stewards will be in terms of the union constitution and the recognition and procedural agreement entered into between the Company and AMCU. Implats will seek to manage the challenges that often arise prior to and after the election of new leadership. We will be implementing capacity-building initiatives aimed at empowering the newly elected shop stewards with the skills and knowledge required to fulfil their roles and responsibilities as union leadership.

New employee share ownership schemes

The Group launched a new employee share ownership plan (ESOP) which now holds 4% of the issued shares in Impala Rustenburg. This was by establishing a trust to hold the shares on behalf of the employees. The trust is consolidated and any future dividend from Impala Rustenburg paid to the trust will be expensed as a salary cost on the Group. The pre-existing ESOP, which is managed through the Morokotso Trust, will terminate in July 2016. In November 2015, the NUM signed an agreement with our JV, Two Rivers Mine, to introduce a short-term employee empowerment scheme in the form of a cash benefit. The scheme will benefit employees permanently employed in grades A to C.

Promoting our respect and care initiative

To embed our values into our key activities we are advancing our cultural change management programme premised on Respect and Care principles, which focus on respecting one another and caring for the Company, its people and the environment. The intervention was informed by the outcome of targeted engagements with our employees in 2013 and 2014, which highlighted the need for a culture change in the organisation through greater transformation and leadership development.

Each operation is implementing a plan to drive the Respect, Care and Deliver programme. These include holding employee wellness and social events, engaging on specific work issues and hosting activities to encourage responsible living. This is supported by our team mobilisation initiative, which aims to inculcate respect among team members and a duty of care to rebuild relationships and ultimately deliver safe production. This year we completed a diversity survey at our operations to understand perceptions on issues relating to the implementation of our values, our approach to managing diversity and women in mining, and our human resource processes, among others.

Maintaining sound labour relations at Zimplats

We have continued to maintain constructive relationships at our Zimbabwe operations, with no labour action experienced throughout the year. The workforce at Zimplats has responded well to Company initiatives, including the home ownership scheme.

Our focus on employee relations for 2017 and beyond

To maintain a stable employee relations environment our priorities are to:

- Continue to focus on securing effective and positive relations with employees and unions, to mitigate the risk of industrial action
- Develop effective relations with communities to manage risks associated with local municipal elections
- Ensure constructive wage negotiations and subsequent implementation of the wage agreement
- Carefully manage the election of new shop stewards in 2017
- Work actively with our industry partners, government, union leaders and other stakeholders to address the challenges raised by employees during the strike in 2014

We continue to participate in relevant forums at the Chamber of Mines, including those relating to: the migratory labour system; the nature of the majoritarian system; labour hire and employment agencies; the secondment of shop stewards to the regional and national institutions of the union; the establishment of life skills centres; and mining housing initiatives.

Promoting diversity and transformation

Our commitment to employee diversity is driven by the belief that a more diverse organisation is ultimately more competitive. Encouraging diversity is an important part of our efforts at promoting broader socio-economic transformation in the communities in which we operate.

Our approach to diversity

Implats is committed to continuous transformation on employment equity. Our diversity and employment equity strategy at our South African operations focuses on addressing the following issues:

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

The Group transformation committee and Implats' operational employment equity (EE) structures follow a common framework aimed at driving the strategy throughout the Group. All our operations have appointed EE managers and functional representative transformation committees. We are into the second year of our five-year employment equity plan (2015 to 2019).

Implats came second out of 131 companies in the Department of Labour's inaugural EE Awards launched by the Commission for Employment Equity (CEE). Awarded in October 2015, the judging process included site visits from the department. The award was for "excellence in recognising overall achievement in implementing employment equity" and considered our performance in the following areas:

- **Sustainability:** The representative transformation forums and assigned EE managers have assisted in achieving significant progress at the skilled level, ensuring a healthy talent pool and providing opportunities for upward mobility and career advancement.
- **Diversity:** Diversity management is embedded in and aligned with the business strategy, succession planning, and talent management and employee engagement.
- **Integrity:** EE forms part of our senior management balance scorecard and performance management system and is coupled with an effective tracking and measurement process integral to the business strategy. We view EE as a business imperative, rather than a compliance issue.
- **Innovation:** We promote the integration of transformation and EE considerations within our talent-management activities, by accelerating the recruitment, development and promotion of designated groups into occupational levels that are underrepresented.
- **Consistency:** Regular transformation meetings take place and reporting formats are aligned for all operating units. All committee members have been trained on EE requirements to empower them with a better understanding of the legislative requirements. All annual reports have been submitted to the Department of Labour timeously.

The Department of Mineral Resources released the reviewed Broad-Based Black Economic Empowerment (B-BBEE) Charter for the South African mining and minerals industry on 16 April 2016 for public comment. The targets for the EE element have been amended to reflect the B-BBEE EE targets. The Chamber of Mines and Implats drafted position papers on the draft Mining Charter and proposed an amended scorecard and EE targets.

Driving the advancement of women

We strive to empower women working in the mining industry and ensure that mining becomes a profession that is attractive to women. Our transformation committees and talent management forums have placed increased emphasis on identifying high-potential female candidates for placement and promotion opportunities.

There has been good participation this year within our mining training programmes. Women represented 33% of mining graduates for the 2016 financial year, including 67% of mining diplomas.

The women in mining safety forum at our Impala Rustenburg operations convenes monthly and is functioning well, with a focus on improving working conditions for women. The forum comprises management, safety department representatives and women representatives from each shaft, with the agreement of the three HSE branch committees.

This year, the Impala Rustenburg transformation steering committee established a women in mining task team that focuses on analysing women representation and movement per department and level. The team's objective is to implement and monitor strategies to assist advancing women, monitor unfair discrimination and make recommendations on the acceleration of recruitment, development and promotion of women in mining.

Our 2016 performance on diversity

We made good progress this year in promoting equitable representation at all levels and remain well positioned relative to our competitors. At year end, we had achieved and in most cases exceeded the Charter's targets (see table below).

At our South African operations, the aggregate level of HDSA representation at management levels was 53%, up from 51% the previous year. We had 137 women represented in management, representing 19.9% of total management, up from 17% the previous year. Our overall representation of women remained at 11%. Representation of women in mining development programmes continues to improve in all mining training streams.

At Zimplats, women accounted for 33% of all surface engagements this year, far surpassing our target of 10%. The number of women in mining is improving year on year, currently constituting 7% of the total Zimplats workforce.

HDSA in management (South Africa)

	2016				2015			
	Mining Charter target %	**HDSA %**	**Total number of employees/ members**	**HDSA employees/ members**	Mining Charter target %	HDSA %	Total number of employees/ members	HDSA employees/ members
Board	**40**	**58**	**12**	**7**	40	63	16	10
Exco	**40**	**44**	**9**	**4**	40	44	9	4
Senior management	**40**	**47**	**88**	**41**	40	40	99	40
Middle management	**40**	**47**	**196**	**92**	40	46	211	98
Junior management	**40**	**57**	**397**	**226**	40	56	425	239
Total management		**53**	**702**	**370**		51	760	391

HDSA excluding non-executives is 363, which represents 52% of management. Senior management representation is E levels (excluding Exco), middle management is D upper and junior management is D lower.

Employment equity at our South African operations

Level	Total in service	Total HDSA employees	% HDSA
F – Top management	4	2	50
E – Senior management	92	42	46
D – Professionally qualified	593	318	54
C – Skilled technical	4 875	3 801	78
B/A – Semi-skilled and discretionary decision making/unskilled	28 862	25 449	88
Total permanent	34 426	29 612	86
Non-permanent employees	35	32	91
Total	**34 461**	**29 644**	**86**

Promoting diversity and transformation

The tables below summarise the representation of indigenous people at our Zimbabwean operations.

Indigenous people representation at our Zimbabwe operations

Mimosa

Level	% indigenous people	Number in-service	Number of indigenous employees
F – Top management	100	7	7
E – Senior management	100	12	12
D – Professionally qualified and experienced specialists and mid-management	100	72	72
C – Skilled technical and academically qualified junior management	100	104	104
B – Semi-skilled and discretionary decision making	100	125	125
A – Unskilled and defined decision making	100	359	359
Total	**100**	**681**	**681**

Zimplats

Level	% indigenous people	Number in-service	Number of indigenous employees
F – Top management	0	0	0
E – Senior management	100	21	21
D – Professionally qualified and experienced specialists and mid-management	100	76	76
C – Skilled technical and academically qualified junior management	99.8	912	909
B – Semi-skilled and discretionary decision making	99.9	1 490	1 489
A – Unskilled and defined decision making	100	548	548
Total	**99.9**	**3 047**	**3 043**

Mining training programmes in South Africa 2016

	Total number of participants	Female participants	% female
Mining training streams	51	17	33
Mining diplomats	3	2	67
Mining trainees	17	1	5
Bursary students	40	12	30
Learnerships (Level 2 and 3)	102	11	11
Rock breaker qualification obtained	41	6	15

Our focus on diversity for 2017 and beyond

Our key objectives for the year ahead are to:

- Focus on promoting diversity in the organisation and the advancement of historically disadvantaged HDSAs and women across all our South African operations
- Eliminate transformational barriers and empower operational transformational forums to advance equity
- Focus on retaining talent and promoting from within the organisation
- Address amendments in the new Mining Charter and ensure provision for women representation
- Continue to focus on representation of HDSAs at senior management level

The sustainability of our mining activities depends on our ability to contribute to the well-being and prosperity of our mine communities.

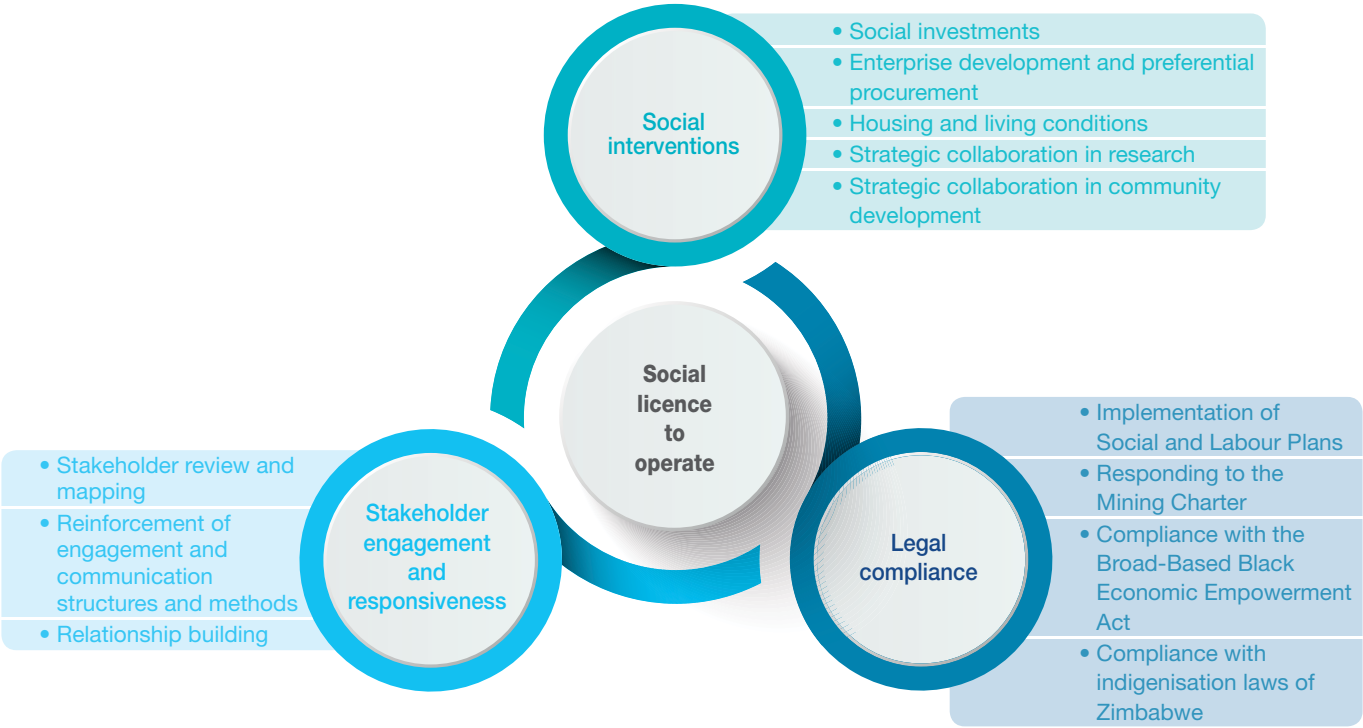
Social capital and licence to operate

Our strategic approach to maintaining our social licence to operate

We are committed to driving legislated transformation requirements, investing in socio-economic development and engaging with community representatives and government officials at all levels.

The sustainability of our mining activities depends on our ability to contribute to the well-being and prosperity of our mine communities. To build and maintain our social licence to operate, we have prioritised our focus on driving legislated transformation requirements, investing in socio-economic development and engaging with community representatives and government officials at all levels. We are committed to meeting the transformational objectives of the countries in which we operate through the empowerment of historically disadvantaged South Africans and indigenous Zimbabweans.

Our strategic approach to social capital and licence to operate



Our social and economic value added

Implats' operations make a positive contribution to socio-economic development in South Africa and Zimbabwe.

We provide employment, skills and training for our employees, 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.

A detailed breakdown of the economic value added in FY2016 is provided in the following table:

Value added statement for the year ended 30 June	**2016 Rm**	2015 Rm	2014 Rm	2013 Rm	2012 Rm
Revenue	**35 932**	32 477	29 028	29 844	27 393
Net cost of products and services	**(16 031)**	(18 855)	(17 091)	(14 542)	(13 463)
Value added by operations	**19 901**	13 622	11 937	15 302	13 930
Other net (expenditure)/income	**396**	903	153	(185)	1 152
Depreciation	**(3 626)**	(8 877)	(3 341)	(3 332)	(1 629)
Total value added	**16 671**	5 648	8 749	11 784	13 453
Applied as follows to:					
Employee benefits	**16 089**	10 224	7 609	8 276	6 521
Labour and other	**16 068**	10 414	7 378	8 374	6 894
Share-based payments	**21**	(190)	231	(98)	(373)
The state as direct taxes	**284**	1 459	706	1 080	1 109
Deferred tax	**(841)**	(1 676)	(562)	312	698
Royalty recipients	**516**	(575)	693	674	598
Providers of capital	**693**	(121)	666	1 008	3 731
Financing costs	**620**	355	432	375	248
Non-controlling interest	**27**	(476)	(137)	53	119
Dividends	**46**	0	371	580	3 364
Total value distributed	**16 741**	9 311	9 112	11 350	12 657
Reinvested in the Group	**(70)**	(3 663)	(363)	435	796
	16 671	5 648	8 749	11 785	13 453

Our social and economic value added

During 2016, we created value for our various stakeholders in the form of:

Skills and training spend in South Africa
R512 million

Taxation and royalties paid to government excluding PAYE in South Africa
R639.8 million in Zimbabwe **US$31.3 million**

Investments in socio-economic development initiatives in our communities
In South Africa
R104.6 million
In Zimbabwe
US$4.7 million

Employee wages and benefits
R16 089 million

Skills development in Zimbabwe
US$4.9 million

Payments to suppliers and contractors
In South Africa
R6 100 million
In Zimbabwe
US$252 million

Payment to providers of capital
R693 million

Taxation

Our tax contributions are a critical element of the overall economic contribution we make to host governments and communities. We ensure good tax governance and our operations are required to comply with legal obligations and responsibilities in relation to tax affairs. Our approach to tax supports the principles of transparency and proactive engagement with tax authorities, governments and other relevant stakeholders.

Implats has supported the principles of the Extractive Industries Transparency Initiative on the disclosure of payments since 2012. Our tax practitioners act in accordance with sound business principles, supporting commercial decision makers and ensuring the business is compliant in the collection and payment of taxes to governments. Tax matters are governed through the finance department and oversight is provided by the audit committee of the board.

We recognise government efforts to become more efficient in the collection and distribution of taxes and to ensure the tax regime is applied consistently. In August 2015, the Government of Zimbabwe introduced a 15% export tax levy on unbeneficiated PGMs, earlier than expected. Our Mimosa operations, with the Chamber of Mines, has engaged authorities to have the levy deferred to 1 January 2017. Mimosa is assessing the viability of a number of in-country smelting and beneficiation alternatives. In 2015, the Davis Tax Committee reviewed South Africa's tax policy framework and its role in a wider social and economic framework. The committee's first interim report came out broadly in favour of retaining the status quo and taxing mining companies at the same rate as other corporate taxpayers. Implats has provided feedback through the Chamber of Mines.

Implats taxes paid directly to government by category and country*

	South Africa (Rm)**	Zimbabwe (US$m)***
Profit taxes	**560.8**	24.8
Employee PAYE	**1 497.9**	14.6
Royalties taxes	**79**	6.5
Total	**2 137.7**	45.9

* *Reporting in line with the Extractive Industries Transparency Initiative (EITI)*
** *Excludes Two Rivers*
*** *Excludes Mimosa*

Investing in community development – South Africa

The challenging social context in South Africa highlights the need for sustainable community development as a commercial and social imperative. Many of our operations are in rural areas characterised by limited formal economic activity, high levels of poverty and unemployment, inadequate provision of infrastructure and poor service delivery. Our mines represent a centre of socio-economic activity and an important source of welfare. There is growing frustration and community activism in many of our communities, particularly among the unemployed youth.

Social interventions

Social investment

Our management approach to social investment

Investing in developing the communities around our operations is formalised in our obligations in terms of the Social and Labour Plans (SLPs), which focus primarily on infrastructure, health, education and community empowerment. This complements our emphasis on accommodation and living conditions and our enterprise and supplier development initiatives, through the provision of schools, clinics and other amenities. Our goal is to establish infrastructure to address urgent needs in mine communities with a focus on addressing longer-term impacts.

We are in the second year of our second generation five-year SLPs for the period 2014 to 2018. These plans were developed through engagement with the Mine Communities Leadership Engagement Forum (MCLEF) involving representatives from municipalities, communities, traditional authority, and management. The plans are aligned with the municipalities' Integrated Development Plans (IDP). The SLP aims to address the developmental needs of these communities. The plans are reviewed and revised where necessary, including prioritisation of projects.

During the year, a high-level strategic forum was established with the Royal Bafokeng Administration (RBA) and the Rustenburg Mayor's office with quarterly meetings in place. These are proving highly effective in strengthening relations and delivering on objectives.

Performance is monitored and reported quarterly to the social, transformation and remuneration committee of the board. Every year we commission an independent review and assessment of the socio-economic impacts of most of our investments and undertake collaborative research studies to better understand the social challenges affecting the communities around our operations.

Our 2016 performance and social investment developments

This year we invested R105 million in socio-economic development projects for our South African operations, inclusive of our SLP commitments, up from R83 million in 2014. An additional R236 million was spent on improving accommodation and living conditions of our employees (see pages 71 to 73). A breakdown of our community investments is presented in the table overleaf. A review of our progress in providing affordable and decent accommodation is provided later in this section.

Impala Rustenburg has made progress with the projects prioritised last year in consultation with the MCLEF. These relate to the infrastructure development for schools, community centres, sporting facilities, offices, roads and storm water reticulation.

Implementation of our Marula SLP has continued to face challenges and delays due to fragmentation and escalating unrest in neighbouring communities. At the core of the communities' demands are employment, skills development, procurement opportunities and enterprise and infrastructure development. This has exposed the mine to unauthorised protest marches and vandalism. Various spheres of government have been approached to intervene and are on board to assist with the re-establishment of the community engagement structures. Marula has appointed a stakeholder engagement manager to reinforce its stakeholder engagement department. Marula will explore alternatives in terms of its SLP commitments to avoid non-compliance. A key SLP project initiated during the year is a collaboration with the Roads Agency Limpopo to construct a 17 kilometre stretch of road.

During the year, we implemented a community communication strategy, with flyers, posters and booklets distributed to the community through MCLEF. The RBA offered the use of village boards to communicate on community development projects. The feedback is that the communication material has assisted greatly in educating the community about the SLPs and their benefits to the community.

Investing in community development – South Africa

Assessing the impact of our social investments

Each year an external consultant (Trialogue) undertakes an independent review and assessment of the socio-economic impacts of a selection of our social investments. During the year under review, Trialogue visited 13 socio-economic development (SED) projects – 11 in South Africa and two in Zimbabwe – as well as one housing project in South Africa. The following is a brief summary of the identified contribution associated with the investments:

The 11 projects in South Africa benefited around 7 000 people, while almost 4 000 people benefited from the two projects in Zimbabwe.

In the 2016 financial year we contributed R10 million towards the Impala Bafokeng Trust (IBT), which was established in 2007 by the Royal Bafokeng Nation and ourselves to augment the corporate social investment commitments of both organisations. Programmes funded by the IBT this year benefited more than 8 500 vulnerable children, people with HIV/Aids, early childhood development (ECD) practitioners, educators and learners in the Bafokeng area.

The demographic of beneficiaries shows that 100% of the beneficiaries of the reviewed socio-economic development projects were black.

The development of houses for our Rustenburg employees through the Platinum Village accommodation project continued to progress well. Phase one was completed last year, with 557 new houses sold and over 80% of those who benefited became homeowners for the first time. A survey to determine perceptions of the project among a sample of the home owners is reviewed on page 73.

The two Zimplats projects reviewed were a livestock commercialisation project and a community resettlement project. The livestock commercialisation project aims to empower more than 2 500 households in the Mhondoro-Ngezi district by making livestock production a viable business for them. The relocation project aims to resettle 10 families that currently reside in the zone of influence around one of the operations' tailings storage facilities. The objective is to relocate the families to safe areas and to offer them appropriate compensation and restoration of their livelihoods (page 78).

Our funding of Raizcorp provides business incubator services to a number of small local organisations that are not part of our supply chain. Mpho Tshukudu, owner of a dietician business, participated in the programme and has experienced great success as a result. Her experience is reviewed in the case study on page 70.

In line with the National Development Plan priorities and our own skills requirements, we continue to fund a number of education projects, including the Implats' school support mentorship and sports programmes, which benefits over 5 400 learners at eight schools in and around Rustenburg.

Project assessment

Each of the 13 projects was reviewed in the following categories: use of Implats funds, project design, implementation, results, sustainability and risk.

Of the 13 projects reviewed, 11 were rated as good, with scores of over 60%, while one project fell just below the 60% mark. The Zimplats community resettlement project was not fully scored on the grounds that it was still being implemented.

The categories in which projects scored best were use of funds and project design. Those with weaker scores included results (often because the results are not adequately measured) and sustainability of projects. No projects were rated exemplary or poor. Recommendations for all the projects will be taken into account to improve performance in the coming years.

2016 highlights

We continued to fund the Godisanang programme, through the IBT. This programme provides assistance to 602 orphans and vulnerable children from the Bafokeng villages through after-school care, nutrition, general health care, education, vocational training and psychosocial and spiritual support.

We refurbished the Ramotse Community Centre, a facility in Luka Ward 4, to create additional office space and built two workshops to accommodate small black-owned local community businesses, some of which are in manufacturing (carpentry and upholstery).

We built three Makgotla offices and ablution facilities to support Luka headmen to carry out their traditional duties and hold sheltered community meetings. These upgrades have enabled the community members to hold discussions in a comfortable, dignified manner with proper seating and shelter. Phase two of this project is planned for 2017, which will provide a further 12 Makgotla offices for the remaining regional headmen.

We continue to support the children of Implats employees who have died in work-related incidents at our operations by paying their school fees and providing school uniforms and supplies. This initiative is reviewed on page 43. In 2016, 239 such children were supported.

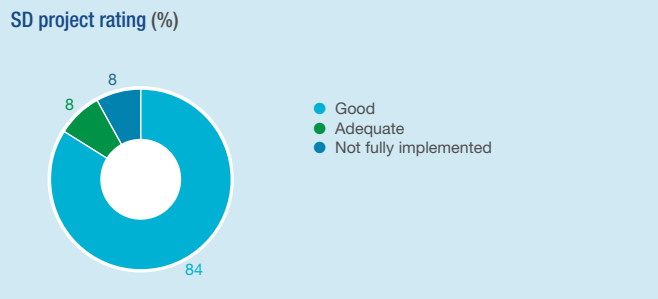
2016 challenges

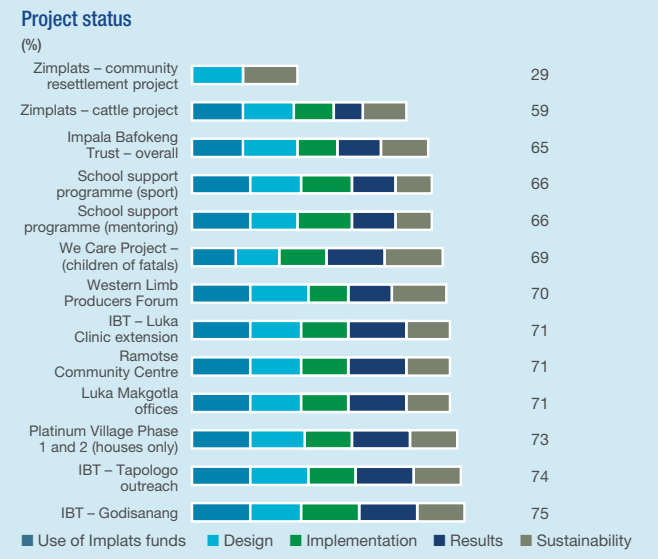
The low platinum price has affected our profitability and as a result, we were unable to scale-up a number of successful programmes, including our school support programmes for teacher mentoring and sports.

The Western Limb Producers Forum (WLPF) is a voluntary association which aims to ensure a common and coherent approach towards infrastructure development. Budget constraints have resulted in declines and uncertainty in the membership contributions to the WLPF, of which we are an active participant.

The Tapologo programme, which we fund through the IBT, provides a holistic response to the HIV/Aids-related health needs of communities in the Rustenburg area through outreach and home-based care. There is a risk of increased turnover of experienced nursing staff due to remuneration levels falling below public sector wages, due to the current budget constraints.

Implementation of our Marula SLP has been negatively affected by community unrest. We will continue to work with all stakeholders to ensure compliance to our SLP commitments.





Investing in community development – South Africa

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

Programme	2016	2015	2014	2013	2012
Empowerment of community structures	**16**	19	20	13	17
Health, safety and environment	**1**	1	1	2	2
Education	**43**	49	21	18	15
Government and municipality support infrastructure	**38**	7	17	45	34
Sport development	**3**	3	7	10	10
Enterprise development	**3**	2	3	5	9
Community welfare, arts and culture	**1**	2	2	9	3
Total socio-economic development expenditure	**105**	83	71	102	90
Housing and living conditions	**236**	228	261	445	430
Total sustainable development investment	**341**	311	332	547	520

Our focus on social investment for 2017 and beyond

Looking to the years ahead, we plan to:

- Engage effectively with communities to understand and manage expectations
- Target social investment spend of R197 million for FY2017
- Ensure implementation of approved SLP projects, communicating closely with community representatives and authorities
- Promote the rebuilding and reinstatement of community structures at Marula Mine communities
- Manage SLP implementation challenges at Marula, exploring alternatives to ensure compliance
- Identify additional collaborative enterprise development initiatives that bolster economic activity in our areas of operation

Mpho Tshukudu, the enterprising dietician

Mpho Tshukudu qualified as a dietician and initially worked for government and pharmaceutical companies. She then started her own business so that she could move back to Rustenburg and help the local communities by providing health services and creating awareness of obesity and lifestyle diseases caused by poor eating habits.

At first, Mpho struggled to manage the financial aspects of her practice because her university training had equipped her to be a dietician – but not to run a business and be business savvy. She learnt the ropes quickly after being accepted onto Raizcorp's business growth programme, which is sponsored by Implats. "I've been on the business growth programme for over two years now and have a much better understanding of how to run a successful business." says Mpho. "The entrepreneurial classes have been extremely insightful and have taught me how to market my business properly, differentiate myself from my competitors and position myself. I am now able to read my financial statements, understand my books and evaluate whether I am going in the right direction." Mpho is currently on a nationwide tour to launch and promote her new, co-authored book 'Eat Ting', a recipe book that addresses the need for South African-specific nutritional guidance. "I am thankful to Implats for investing in me. I have benefited greatly from what I have learnt on the programme and look forward to building my business further and reaching the targets I have set myself."

Accommodation and living conditions

We are proud to have been recognised by government and other stakeholders for our progressive stance and leading example in programmes improving the housing and living conditions of mineworkers. 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 and within commuting distance of their workplace in line with the goals of the NDP.

Our strategic approach to accommodation and living conditions

Our vision is that all Company employees should live in decent accommodation within a reasonable distance from work by 2020. Our mission is to be a pioneer in facilitating and promoting decent housing and living conditions for employees by creating sustainable partnerships with organised labour, government and third parties.

Our housing strategy was revised in 2014 to address the findings of a baseline social impact study within the communities in which we operate. The study highlighted the need to provide different types of tenures and dwellings and to reconsider the conditions of contractor employees and major contractors with the aim of providing decent living conditions.

The housing projects extend into other community projects, including roads, lighting, water, health, sewerage and schools as we collaborate with local government to eradicate informal settlements surrounding our operations. This investment is the most significant of our contributions to the well-being of our communities and employees. In our SLP we have committed R1 billion to improving housing and living conditions over 2014 to 2018.

Our home ownership initiative is based on a cost recovery model to ensure that all related costs are recovered from sales. Portions of land were secured in Burgersfort and Rustenburg for future development. Houses built are sold to Impala employees at cost and 10% of the housing development is sold to the open market at market value. The uptake of units by employees is underpinned by a 30% soft loan from the Company. There is a high demand from employees to own homes within a commutable distance to and from their place of work. Some employees struggle to qualify for a loan and our sales department seek to overcome these challenges.

We continue to explore opportunities for third-party funding and other creative ways of ensuring employees are moved out of backyard dwellings and shacks into decent living conditions. This requires a focus on entry-level units at lower prices with specifications closer to government's free housing units. The current property portfolio is in line with business requirements in terms of providing employees with decent accommodation. The Platinum Village project is planned to deliver 400 rental units to cater for the need for rental stock close to operations and at affordable rental prices.

Our South African operations endeavour to capitalise on government initiatives developed to improve the living conditions of mineworkers. The main challenge remains the bulk infrastructure services in municipalities such as Tubatse local municipality in Limpopo and Rustenburg's scarcity of serviced land, including uncertainty of bulk supply.

Our 2016 performance and achievements on accommodation and living conditions

Over the last eight years the Company has invested more than R3.7 billion in accommodation around its South African operations, providing almost 3 000 housing units, converting mining hostels into more than 5 243 single units and 308 family units, and securing land for future housing development.

Currently 24% of our employees in South Africa use Company accommodation and 12% are on the Company's home ownership scheme. The balance of employees use private accommodation.

This year, we invested R236 million on employee housing (2015: R228 million). Following are principal developments this year:

- Impala Rustenburg's second home ownership flagship project, Platinum Village in Rustenburg, has progressed well. Following the completion last year of phase 1 (557 units comprising 503 housing units sold to employees and 54 apartment units rented), the construction of phase two (a further 555 units), commenced in October 2015. By year end, 80 houses had been completed, 67 of which were fully allocated. The construction of a Platinum Village school is under way, which will provide for 1 700 primary and secondary school learners in the area. The R120 million project, in partnership with the North West Department of Education and the Impala Bafokeng Trust (IBT), is due to be completed by December 2016
- The Woodridge development project in Rustenburg commenced in 2014 and was completed in March 2016. Funded by the developer, Impala was allocated 318 housing units for sale to employees and community members, all of which were bought off-plan. To date, all 318 units have been built and 308 units have been sold, with 32 units built in the current financial year. The remaining 10 are in the registration process (197 to Impala employees at cost and 111 to the public at market price)
- Marula completed its Motaganeng housing project in December 2015, with 30 units built in the 2016 financial year. The project has delivered 150 sectional title units for employee home ownership
- Single rooms in mine hostel residences are being converted to family units. During 2016, we converted numerous single rooms into 44 additional family units

Investing in community development – South Africa

Housing – South African operations, cumulative totals 2011 to 2016

	2016	2015	2014	2013	2012	2011
Houses built	2 959	2 788	2 376	2 049	1 803	1 640
Houses sold	2 956	2 878	2 210	1 883	1 622	1 057
Single units (through hostel conversions)	5 243*	5 375	5 375	5 375	5 375	4 858
Family units (through hostel conversions)	308*	264	264	264	264	198

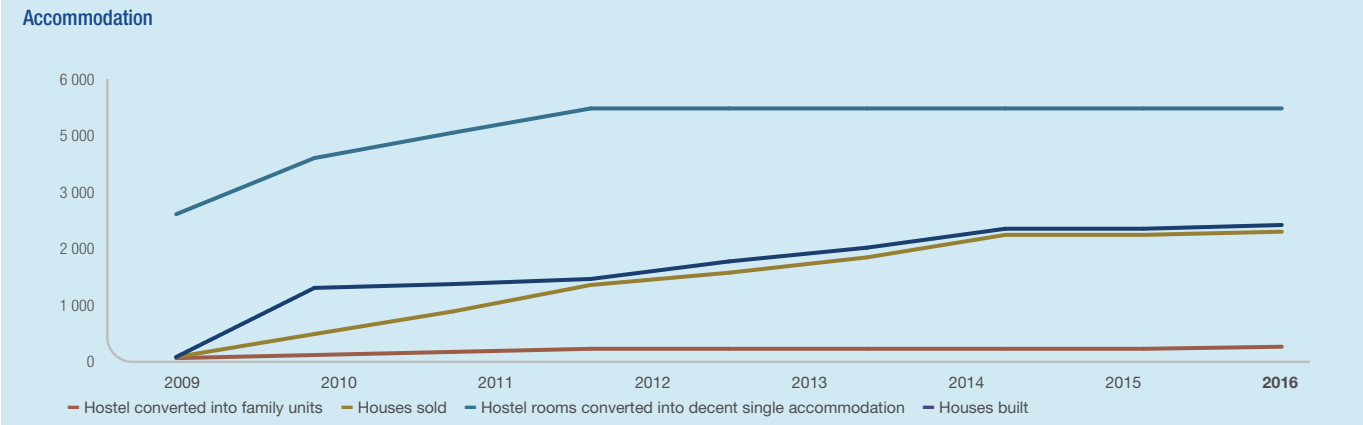
** 144 single rooms converted into 44 family units*

Our accommodation and living conditions focus for 2017 and beyond

We have set ourselves the following commitments for our South African operations over the next few years:

- Complete the second phase of the Platinum Village by December 2017 and acquire the land adjacent to Platinum Village for the next phase, ultimately completing 2 420 units over four phases
- Build a further 300 houses by June 2017. Increase the number of houses built to over 3 300 by 2018
- Upgrade basic infrastructure in the informal settlement, Freedom Park
- Investigate the use of different types of tenures and dwellings to replace informal settlements at Freedom Park and to provide decent accommodation for backyard dwellers
- Develop a convenience shopping centre in Platinum Village and provide opportunities for SMME development
- Ensure the availability of social amenities
- Promote home ownership at Marula

We will continue to partner with government to ensure our housing projects contribute to fully functional communities with all the required amenities and that they are constructed within a broader integrated spatial development framework. We will partner with government and the Bafokeng Nation to provide bulk infrastructure and services to mine communities in line with our developmental needs.



Platinum Village housing development survey

Our home ownership programme aims to provide employees with access to affordable and decent accommodation. Building on the successful Sunrise View home ownership programme, phase one of the new flagship housing development Platinum Village in Rustenburg was completed early in 2016, with 100% of the 557 units sold and occupied. We are now in the process of construction and sales for phase two of the project.

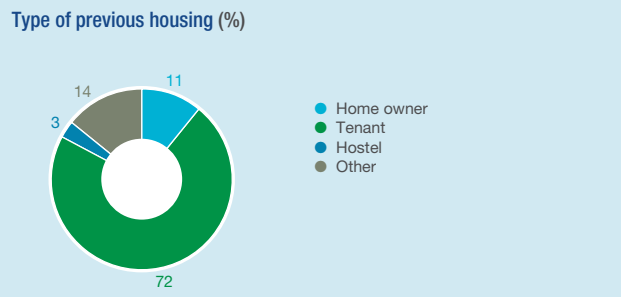
A small sample of 36 home owners was surveyed in 2016 on the quality, pricing and amenities of the housing development. The majority of the respondents (over 80%) were happy with the various aspects of their bond agreements.

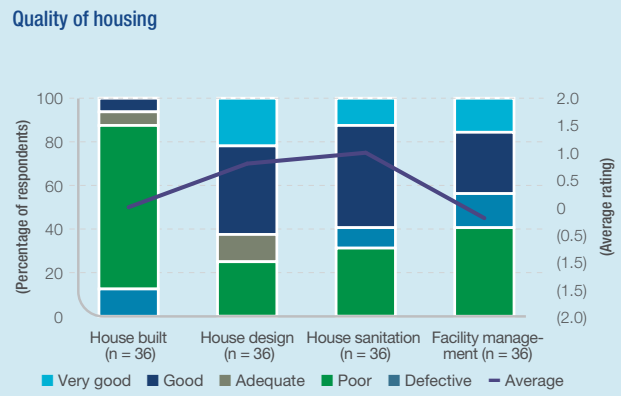
More than 72% were previously renting properties and more than 80% were first time home owners. Only 11% moved to Platinum Village from an owned home. More than 80% of the owners are employed by or contracted to Implats and more than half have monthly household incomes of more than R10 000.

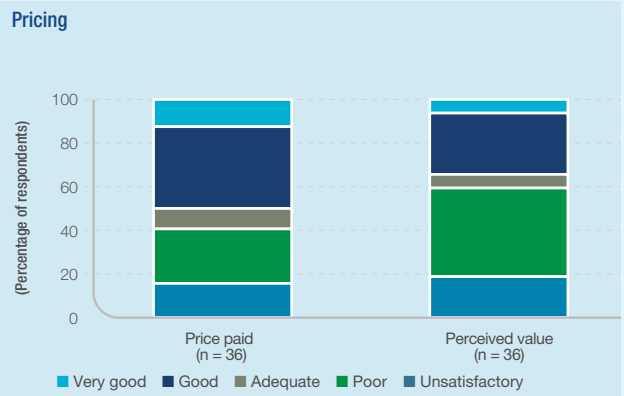
In general, the respondents were pleased with the price paid for the houses – 58% rated the price paid for the house as very good, good, or adequate. The percentage of those that were generally happy with the perceived value of their house was lower (44%). This can be linked to the current state of the housing market and the economy. A previous study conducted by the University of Potchefstroom in 2013 showed overwhelming support and satisfaction for our housing project offerings.

The survey identified a limited understanding of the boundaries of Implats' responsibility as opposed to that of the home owner, the municipality and power utility Eskom. The respondents raised complaints about storm damage to the house roofs and gutters, lack of power to street lights and water leaks. Implats works closely with the home owners to assist them with various issues even though these may fall outside of their contractual obligation. Implats also leverages its relationships with the municipality and Eskom to address the services that fall under their remit.

Despite some minor issues relating to construction, more than 60% of the respondents were happy with the quality of the housing. The vast majority (97%) do not regret buying houses in Platinum Village. House design and facility management received the highest ratings and more than three quarters of the respondents are happy with the safety and security at the housing development.







Investing in community development – South Africa

Enterprise development and procurement

Preferential procurement and investments in enterprise and supplier development (ESD) provide important opportunities for social and economic transformation in South Africa. The potential has been recognised in the revised Broad-Based Codes, where they are allocated 40 out of 105 points in the overall scorecard. It will be challenging to meet the more stringent requirements and we are placing greater emphasis on promoting preferential procurement and ESD. We are implementing the revised codes and aim to be well positioned to conform to the DMR Mining Charter alignment with the revised codes.

Investing to support small and medium-sized businesses

Our ESD activities are an enabler for preferential procurement. In line with the revised codes, we will increase our investment in supporting local, black-owned and black women-owned businesses. Our initiatives are designed to ensure compliance with regulatory expectations, contribute to socio-economic development in neighbouring communities, and build a more robust and competitive supply chain for the Group. We work closely with the Royal Bafokeng Enterprise Development unit in Rustenburg and the Marula community structures in Burgersfort.

We have been providing support to various small to medium local black businesses through two principal initiatives, initiated in 2013.

Supplier development programme: This aims to enhance the competitiveness of local small, medium and micro enterprises (SMMEs) and ≥ 51% black-owned businesses that were already part of the Implats supply chain. Ten companies (the initial intake) have completed the programme and six companies are enrolled and due to complete the course in December 2016. The development programme has been revised to align with Implats' requirements and includes business-specific training and mentoring and scheduled meetings with the owner/manager. The results have been encouraging; 70% of the initial intake increased their turnover, with an average turnover growth rate of more than 400%; 33 jobs have been created equating to a 13% job creation rate. The second intake will complete the revised programme in December 2016.

Business development: This programme helps local black entrepreneurs to grow and sustain their businesses and become part of the Implats supply chain. The aim is to develop business skills that will lead to increased efficiencies, turnover and profit. To date, 10 suppliers have completed our supplier development programme. Collectively, the 10 businesses have experienced turnover growth of 20% and employment growth of 61%. Five companies have been identified for the second intake in July 2016. Additional benefits offered to SMMEs include access to office infrastructure, bookkeepers, a receptionist, business guides and a "business incubator" manager.

Our enterprise development (ED) office within the supply chain department maintains a business assistance programme that provides support to any local and black-owned businesses experiencing difficulties in meeting their contractual obligations. The department conducts a diagnostic analysis to determine the needs. We then assist these companies to implement corrective action and provide mentoring where required. External expertise or specialised services are sourced when the need arises, under the guidance of the ED team. The ED office functions as a walk-in centre to give guidance on business registration, preparing business plans, funding and complying with regulatory and Impala procurement requirements.

A review of our compliance with the enterprise and supplier developments requirements of the B-BBEE Charter is provided on page 80.

Promoting transformation through procurement

Preferential procurement is an important part of our contribution to promoting transformation. Increasing the number of black-owned and black women-owned businesses in our supply chain is a priority. Our preferential procurement strategy focuses on addressing the following issues:

- Identifying, supporting and promoting appropriate historically disadvantaged suppliers through sustainable procurement practices;
- Leveraging our existing supplier base to unlock opportunities for local employment, mentorship and investment in the greater value chain of Implats;
- Nurturing partnerships and joint ventures between our existing supplier base and local entrepreneurs; and
- Striving to improve our year-on-year BEE spend performance relative to the requirements of the Mining Charter and reporting in parallel on B-BBEE performance as per the dti Codes of Good Practice.

Implats engages with suppliers to help them understand black ownership structures and transform. To mitigate fronting risks, an independent audit firm conducts annual compliance assessments on selected transformed suppliers. Compliance to BEE legislation is not negotiable.

This year, total South African operations' discretionary procurement was

R8.1 billion of which 75%, or R6.1 billion, was from companies in which BEE ownership was greater than 25% (2015: R7.6 billion or 72%). The total discretionary procurement spend included R1.3 billion for capital goods. On the operational costs and included in the cost of sales was total discretionary spend of R6.9 billion, of which 75% was spent with suppliers having BEE ownership of more than 25%. The consumables category recorded 76%, services 74% and capital goods 74% (2015: R5.4 billion, 77% on consumables, 73% on services, and 60% on capital goods). Included in the R6.1 billion BEE procurement expenditure in 2016 was R1.5 billion from 336 black-owned suppliers (>50% ownership). During the year, 60 black-owned suppliers (>50% ownership) were added to the approved vendor list, of which 16 are black-women owned.

Overall our performance continued to be very good in the key Mining Charter elements of capital goods, consumables and services against the Revised Mining Charter's 2014 targets (see table below). These targets remain in place until a third iteration of the Charter is launched.

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

Category	Mining Charter target 2015 (%)	2016 R billion	2016 %	2015* R billion	2015* %	2014 R billion	2014 %	2013 R billion	2013 %	2012 R billion	2012 %
Capital	**40**	**0.9**	**74**	0.9	60	1.1	48	1.5	42	1.6	41
Consumables	**50**	**2.3**	**76**	2.1	77	1.8	72	2.0	64	1.5	55
Services	**70**	**2.9**	**74**	2.4	73	2.2	72	2.0	60	1.7	61
Total operations		**6.1**	**75**	5.4	65	5.1	65	5.5	55	4.8	51

Note: Capital goods have been reported based on IFRS and Implats' accounting policies recognition criteria for capital expenditure. Suppliers with a valid broad-based black economic empowerment (B-BBEE) certificate in the financial year under review contributed to HDSA spend. The Implats policy stops recognising HDSA spend from a supplier if their B-BBEE certificate expired and was not replaced within a two-month period.

** Strike affected*

Investing in community development – South Africa

Promoting development through local procurement

We continue to increase the number of procurement opportunities awarded to companies in neighbouring communities. This is an important contribution towards creating sustainable communities, improving community relations and advancing local economic development.

This year, we spent R2.5 billion on procurement from local tiered suppliers (all >25% BEE), constituting 31% of the total discretionary procurement spend (2015: R2.6 billion or 34%). Local suppliers are classified as tier 1, 2 or 3 based on their proximity to operations (see table below). Tier 1 suppliers are defined by proximity and the nature of their shareholding, and exclude companies where local community individuals have shareholding in companies outside of the tier 1 geographic area. In 2016 we procured R608 million from 122 tier 1 suppliers, compared to R498 million from 107 tier 1 suppliers in 2015.

Our progress in stimulating sustainable local procurement is enhanced by Royal Bafokeng Enterprise Development, which assists in identifying local community suppliers ready to conduct business. Our localisation initiatives have also continued to deliver positive results. These include encouraging some of our existing large contractors to support small tier 1 contractors, for example by appointing them as sub-contractors. We encourage them to fill any vacancies with youth members from the local community. We also encourage certain suppliers to move part of their manufacturing process closer to the mine lease area.

Local tiered areas classified as tiers 1, 2 and 3

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

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

	2016		2015		2014		2013		2012	
Category	**R million**	**%**	R million	%	R million	%	R million	%	R million	%
Impala Rustenburg	**2 387**	**37**	2 424	42	1 816	30	2 197	27	1 911	25
Marula Platinum	**96**	**11**	129	18	199	26	156	22	130	21

Our preferential procurement, enterprise and supplier development focus for 2017 and beyond

Our objective is to address the requirements of the new codes in anticipation of the alignment of the mining sector to the broader transformational objectives of government. In support of this, we will focus on:

- Implementing the revised B-BBEE codes of good practice
- Implementing a structured approach to identifying and developing local suppliers, with an emphasis on black-owned and black-women owned
- Developing an integrated ESD and preferential procurement policy and five-year strategy
- Broadening the supply base and spend shift strategy, to impact black-owned and black-women owned spend
- Enhancing controls and measures to mitigate the risk of fronting.

Investing in community development – Zimbabwe

Social investment

Zimplats and Mimosa

Our management approach to social investment

Our Zimbabwean operations invest in socio-economic development aimed at contributing to the prosperity and well-being of surrounding communities as well as the country's stability and economic progress. At our Zimplats operations, we are implementing a community development plan to address some of our neighbouring communities' expectations and developmental priorities. These have been identified through baseline studies and quarterly stakeholder meetings with community representatives, leaders and local chiefs.

The development plan focuses on education, health and income-generating projects, with the aim of narrowing the gap of community expectations relating to development needs such as clinics, agricultural activity, employment, construction of secondary and primary schools, clean water and sanitation and food security. Through the effective implementation of the plan, we seek to improve communication and neighbourliness between Zimplats and its surrounding communities. Our Mimosa operations implement a corporate social responsibility policy and programme, which includes investing in national and local projects, some of which are in response to local community requests, while others are initiated by the mine.

Our 2016 performance and achievements for social investment

The Zimbabwe operations' total social investment decreased from US$5.1 million in 2015 to US$4.7 million this year. Community spend was somewhat constrained as a result of cost management strategies applied across the business on the back of declining metal prices and the impact of the collapse of Bimha Mine on volumes and ultimately revenues. A breakdown of our community investments is presented in the tables on this page and on page 78.

Zimplats' community initiatives are funded directly or through its Community Share Ownership Trust, which was established in 2011 with a donation of US$10 million as part of the company's indigenisation implementation plan. To date, the trust has implemented projects valued at more than US$4.5 million. More than 100 projects have been implemented through the trust in the three districts. These include projects relating to road construction and maintenance, rehabilitation of schools, construction of classroom blocks at more than 30 schools, sinking of boreholes to access potable water, funding income-generating projects for the communities and providing business opportunities.

Zimplats socio-economic development expenditure (US$000)

Programme	2016	2015	2014	2013	2012
Empowerment of communities	**0**	0	4 200	2 500	3 300
Health, safety and environment	**119**	23	91	668	873
Education	**162**	300	207	3 062	3 283
Government and municipality support infrastructure	**0**	19	0	0	0
Sport development	**1 492**	52	94	54	35
Enterprise development	**0**	413	0	0	0
Income-generating projects	**67**	117	88	80	47
Community welfare, arts and culture	**91**	50	578	340	1 071
Total socio-economic development expenditure	**1 931**	974*	5 258	6 704	8 609
Housing and living conditions	**1 085**	5 474	15 000	20 548	49 000
Total sustainable development investment	**3 016**	6 448	20 258	27 252	57 609

** Community spend affected by depressed metal prices and the impact of the collapse of Bimha Mine on volumes and ultimately revenues.*

Investing in community development – Zimbabwe

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

Programme	2016	2015	2014	2013	2012
Empowerment of communities	**13**	396	1 065	411	127
Health, safety and environment	**1 124**	69	0	0	39
Education	**479**	163	53	45	1 507
Government and municipality support infrastructure	**51**	2 006	1 086	3 878	987
Sport development	**49**	0	0	0	0
Enterprise development	**0**	0	0	0	0
Community welfare, arts and culture	**1 096**	1 497	1 453	336	489
Total socio-economic development expenditure	**2 812**	4 131	3 657	4 669	3 149
Housing and living conditions	**0**	67	146	3 031	16 560
Total sustainable development investment	**2 812**	4 198	3 803	7 700	19 709

Zimplats – Community resettlement project

One of the significant risks on the Zimplats risk register relates to members of the community residing within the zone of influence of the company's tailings dam at Selous Metallurgical Complex (SMC).

The families concerned were settled within that area by government in 2000 as part of the land resettlement programme and former farm workers who worked on the land prior to the country's land redistribution programme. While Zimplats has stringent control measures in place – including third-party reviews and control of freeboard – to ensure safe operation and management of its tailings facilities, we immediately filed a complaint with government registering concerns for the safety of the newly settled families. Government response was that they would move the families concerned when suitable land had been found for their relocation. Despite dialogue and persistent requests from Zimplats, there was no traction on this matter until this year when government officials visited the site to confirm that indeed there were people residing in the zone of influence of the dam. Government has since pegged the area and carried out a census to confirm the number of families affected and has committed to step up its efforts to find land so that the families concerned can be moved to a safer area. Meanwhile Zimplats has developed a relocation plan for the 20 families affected that will see the company meeting the costs of relocation, housing and assistance with compensation relating to livelihoods.

Zimplats community liaison meeting

Accommodation and living conditions

Our Zimbabwean operations' commitment to improving the living conditions of employees is in line with the company's philosophy that all employees should live in decent accommodation. Providing decent accommodation provides a competitive advantage in attracting future skills and can be used to support procurement from local enterprises and enterprise development in host communities through the value chain.

During the year, we invested US$1.1 million on employee housing (2015: US$5.5 million). Employee housing projects at Ngezi were deferred due to the depressed metal prices. The total number of company houses remained at 1 410 units during the year under review. A proposed housing project in Chegutu for Selous-based employees in grades A3 to C2 is being pursued and a best cost housing model has been identified. Three demonstration houses have been completed and a preferred house will be selected following various tests by the Standards Association of Zimbabwe (SAZ) on the quality of the houses and consultations with the worker representatives.

Enterprise development and procurement

Our operations have maintained high levels of procurement with local, Zimbabwean-based suppliers and, more specifically, with those classified as indigenous (at least 51% owned by black Zimbabwean or other previously disadvantaged groups). Zimplats continued to implement its local procurement and supplier development strategy. The company has a preferential policy and initiatives aimed at increasing opportunities for local suppliers. These include providing assistance with meeting vendor requirements and standards and loans and advance payments to assist with working capital. The company plans to assist selected local suppliers with business and financial plans to improve their supply capacity. During the 2016 year, Zimplats spent US$252 million on local suppliers (including indigenous suppliers), representing 75% of the total annual procurement spend, up from 73% in 2015. The company has set a target of at least 80% local procurement expenditure by 2018.

Zimplats' supplier development activities focus on supporting several small and medium enterprises in Mashonaland West Province where its operations are located. The company provides technical, financial and skills development support. The enterprises supply Zimplats with goods and services such as work suits and overalls, construction materials, housing maintenance services and ore transportation. This initiative has a positive impact on the beneficiaries, creates local employment and enhances community relations. Approximately 180 permanent people are employed by these enterprises.

Mimosa continued to implement a robust procurement policy aimed at empowering and supporting local and indigenous companies. In 2016, 40% of Mimosa's goods and services were procured from local suppliers, consistent with levels in 2015. Mimosa's preferred supplier programme has a strong bias towards competent local entrepreneurs and is implemented on a cost and quality competitiveness basis. As part of the company's skills transfer and job creation initiatives, local companies supply and maintain key mining equipment at the operations and contracted companies are required to employ non-skilled employees from the local, surrounding communities.

Our social investment focus for 2017 and beyond

In our Zimbabwe operations, our focus areas are to:

- Identify and implement projects in line with community needs and priorities
- Invest at least US$4 million (US$1 million at Zimplats and US$3 million at Mimosa) in socio-economic development projects in Zimbabwe for FY2017
- Implement the Employee Share Option Trust (ESOT) at Zimplats and engage with government on the remaining elements of the IIP
- Assist selected local suppliers with business and financial plans to improve their supply capacity
- Increase purchases from local companies to at least 80% of total spend

Legal compliance

Ensuring full compliance with government policy and legislative requirements is a cornerstone of our commitment to delivering social value and promoting socio-economic transformation. We engage actively with government, directly as a company and indirectly through representative business organisations, with the aim of contributing to the development of socially progressive and pragmatic legislation. We also subscribe to various voluntary codes and social compacts.

Following are some of the most important socially oriented legislative areas of focus for this year and beyond:

- Implementation of our Mining Charter and SLP commitments in South Africa
- Participating in the review of the draft Mining Charter and seeking alignment with the B-BBEE Act and Codes of Good Practice
- Working towards compliance with the new B-BBEE Codes
- Meeting the objectives of the President's Framework Agreement for a Sustainable Mining Industry (page 104 to page 107)
- Aligning and positioning ourselves in terms of the National Development Plan (NDP) (page 108 to page 109)
- Engaging in government initiatives relating to Operation Phakisa
- Delivering on our commitments in terms of the Leaders' Declaration on the Mining Industry Commitment to Save Jobs and Ameliorate the Impact of Job Losses
- Advancing the implementation of the Community Share Ownership Trust and Employees Share Ownership Trust at our Zimbabwe operations as part of the indigenisation plan
- Continue to play a leading role in the Chamber of Mines, helping to lobby on key issues and for a consistent and stable regulatory environment

Transformation in South Africa

As part of South Africa's transformation, we are committed to complying with the requirements of the Mineral and Petroleum Resources Development Act (MPRDA), which includes delivering on our SLP commitments and meeting the targets set out in the B-BBEE Charter for the South African Mining and Minerals Industry (Mining Charter). The 2010 Mining Charter expired in December 2014 and is due to be replaced by a new charter being negotiated between industry and stakeholders. The DMR released a draft third iteration of the charter on 16 April 2016. Implats has appointed executive champions for each element of the charter and experts attended workshops at the Chamber of Mines aimed at developing a position paper for the industry. This will be used in a consultation process with the DMR before the charter is finalised. In the interim, the targets contained in the expired Mining Charter continue to apply.

We have continued to deliver on our commitments made in the SLPs for each of our operations. Last year we were assessed by the DMR as compliant in terms of the Charter targets set out for 2014. In many areas we exceeded requirements. This year we have sustained and in some areas improved our performance. A review of our performance is provided on pages 98 to 103.

Last year we obtained our first B-BBEE verification certificate for the Group and its subsidiaries. The Group was granted level 3 and our subsidiaries Impala Platinum and Marula Platinum were given levels 2 and 4 respectively. Details of Implats' B-BBEE scorecard can be found at www.implats.co.za. The verification process identified where we need to improve our performance. The priority areas are procurement and supplier development, skills development and socio-economic development. We will conduct a B-BBEE reverification under the revised codes.

Indigenisation in Zimbabwe

Zimplats remains committed to the aspirations of the government and people of Zimbabwe to grow and diversify the PGM industry. A recent Presidential Statement, that is yet to be translated into law, defining new significantly changed parameters for compliance for the mining sector states the following: "For existing businesses where government does not have 51% ownership, compliance with the indigenisation and economic empowerment policy should be through ensuring that the local content retained in Zimbabwe by such businesses is not less than 75% of gross value of the exploited resources. Local content refers to the value retained in Zimbabwe in the form of wages, salaries, taxation, community ownership schemes and other activities such as procurement and linkage programmes." Despite meeting this target – in the year under review Zimplats local spend was 83% of revenue generated – the development has necessitated further dialogue with the government. Ongoing discussions on compliance include the ESOT and the Community Share Ownership Trust (CSOT). We will continue to engage the government on mutually acceptable solutions.

Release of ground (Zimplats)

Zimplats agreed to release approximately 36% of its ground in 2006 to the Government of Zimbabwe in return for cash and indigenisation credits. In March 2013, Zimplats received a preliminary notice of the Government of Zimbabwe's intention to compulsorily acquire additional land measuring 27 948 hectares within its special mining lease area. A formal objection was lodged at the time, but this demand was reiterated at the end of December 2015 and legal action was instigated in July 2016. Zimplats continues to engage with the Government of Zimbabwe in this regard.

Respecting human rights

Respecting and upholding human rights lays the foundation for effective socio-economic development.

Our approach and performance

Respect for human rights is an integral part of the Company's code of ethics and values. Our human rights policy commits us to full compliance with applicable legislation in the regions in which we operate, as well as implementing the human rights principles in the United Nations Global Compact. Employees are trained on the code as part of their induction process.

We have clear policies and processes in place to ensure observance of human rights, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination. We track implementation of human rights issues through monthly reports. Procedures are in place to ensure channels are available to deal with unfair practices. No cases of discrimination were reported in the year under review.

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

Managing security

To support growth and stability in the mining sector, managing security-related issues, especially at our South African operations, is key. The President's Framework Agreement includes a commitment to promote the safety and security of workers and communities and our contribution is reviewed on pages 104 to 107. There remains a high risk of civil unrest, including xenophobic violence, in the areas around our South African operations. This year we experienced growing levels of discontent in our Marula Mine communities, with unauthorised protest action and acts of violence and vandalism disrupting operations. The security detail has been increased to curtail these actions. We are engaging with relevant stakeholders to restore peace and stability within the communities.

Third-party services are contracted to provide security at our South African operations. We employ 844 security personnel (own and contractor) in South Africa and spent R173 million in providing security for our South African operations. Enhancing the interface between the South African Police Service (SAPS) and our own security response is critical to avoiding any escalation of conflict. To mitigate this risk, we have committed to adopting the Voluntary Principles on Security and Human Rights (VPSHR) as defined by the United Nations. The VPSHR are non-prescriptive and provide guidelines on how companies should assess risks and implement public and private security measures in a way that respects human rights. The VPSHR framework provides useful guidance on: assessing the human rights risks associated with public and private security; engaging public security providers in a structured manner; establishing a clear set of rules when contracting private security providers; and creating opportunities for input by affected stakeholders.

We introduced the VPSHR at Impala Springs and Zimplats in 2015 and this year at Impala Rustenburg. An assessment and roll out at our Marula operations is scheduled for next year. The process entails an initial gap analysis against the requirements of the VPSHR and the subsequent introduction of controls to mitigate identified risks and ensure compliance. The assessment at our Impala Springs and Impala Rustenburg operations indicated that personnel had good levels of awareness of human rights issues. However, this was not explicitly stated in any procedure. We are developing systems to address this need and to ensure standardisation and continuity. To formulate appropriate security responses, early identification of the potential for violence is critical, which requires regularly updated and credible information on security threats. The risk gap analysis has also assisted in determining training requirements. The requirements for the adoption of the VPSHR have been included in the service contract with the private security service provider.

We are committed to demonstrating responsible stewardship of our natural resources and to mitigating the unavoidable environmental impacts of our mining activities.

Conserve natural resources and mitigate impacts

Our strategic approach to managing impacts and conserving natural resources

Our environmental mitigation activities focus on:

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

Our environmental policy commits the Group to running our exploration, mining, processing and refining operations in an environmentally responsible manner and to ensuring the well-being of our stakeholders. We integrate environmental management into all aspects of the business with the aim of achieving world-class environmental performance in a sustainable manner.

We are committed to attaining and retaining ISO 14001-certified environmental management systems (EMS) at all our operations. Regular compliance audits are conducted by the Group's internal auditors and external auditors. This year all the Group's operations retained ISO 14001 certification, aside from Marula, which was not approved for recertification owing to the repeat of a major non-conformance raised during the previous audit relating to hydrocarbon contamination around the workshop and mining portal areas. Marula's new certification process is in progress. We have started implementing the revised version of ISO 14001 published in September 2015 and aim to undertake recertification at our operations before September 2018. Our Refineries won the Responsible Care award in 2015 based on improved SHE performance. At our South African operations we use the IsoMetrix software to track legal compliance to licence conditions and progress remedial actions. Mining rights environmental authorisations for South African operations are managed with the FlexiCadastre software system.

Environmental legislation continues to evolve and become stricter. We align our environmental standards and practices accordingly and participate in governmental forums to keep abreast of future changes. We engage with authorities to ensure all applicable licences and permit applications are approved and in place and requirements met. Our Mimosa operation successfully regularised its 1996 Environmental Impact Assessment (EIA), as per Zimbabwean legal requirements, and has been issued with an EIA certificate.

We align environmental communication with relevant stakeholders and communicate effectively on environmental issues at all operations. All new employees receive environmental awareness training and where applicable, environmental competency training is integrated into training manuals and within unit standards training.

Environmental incidents

The principal potential impacts of our activities on communities relate to pollution of soils, surface water, ground water and air quality. In accordance with ISO 14001 requirements, all our operations identify and report on all environmental incidents. This year we rolled out the Implats five-tier incident classification matrix (see definitions of incidents in glossary on page 136), enabling standardised classification and reporting of incidents across the Group. Historical incidents have been re-classified according to the new format. Systems are in place to investigate and determine the root causes of high-severity incidents and to address and close out all such incidents.

During 2016, there were no major (Level 5) or significant (Level 4) environmental incidents at any of our operations. However, we recorded a total of 51 limited impact (Level 3) environmental incidents, 45 of which occurred at Impala Rustenburg. None of these limited impact incidents resulted in any lasting harm to the environment. The incidents related predominantly to effluent and contaminated water management and emissions to atmosphere from the Rustenburg smelter (these were within the required conditions of the air emissions licence). There were no non-compliance notices, fines or penalties issued to any of our operations during the review period.

DISTRIBUTION OF LEVEL 3 INCIDENTS BY OPERATION

- Forty-five incidents at Impala Rustenburg: predominantly related to emissions from the smelter and discharges of contaminated water.
- Four incidents at Mimosa: related to tailings spillages
- Three incidents at Impala Springs: a system non-compliance and a fugitive emission
- Three incident at Marula: a tailings spillage into the Moopetsi River as a result of vandalism of pipelines by the communities

Our strategic approach to mitigating impacts and conserving natural resources

Water stewardship

Our management approach to water stewardship

Water stress poses a high socio-economic risk to mining companies operating in South Africa and the risk is likely to increase. Water is a critical input into our mining, processing and refining operations and we recognise our obligations in terms of maintaining water quality and not compromising the access rights of other users. The principal risks we face include increased water stress leading to operational disruptions, uncontrolled dirty water discharges into the environment, increasing costs associated with water supply and management, local community discontent and reputational risks.

A consecutive year of low rainfall, especially around our Impala Rustenburg operations in the water-stressed Limpopo Basin of South Africa, has underscored the strategic importance of optimising our water management strategies.

Our strategy focuses on water consumption and quality management and proposes a framework for operation-specific water conservation strategies, in line with our strategic commitment to reduce the use of potable water and increase recycled water usage. This year we reviewed and updated our strategy and are driving its implementation at an operational level. Operation-specific water conservation and water demand management plans are being developed. At Impala Rustenburg, we are following a phased approach, which includes: identifying opportunities, developing water balance models and water use efficiency benefits, identifying best options and developing action plans with measurable targets to ensure further progress.

The Group's recycled water target is 40%. We continue to implement projects to reduce potable water consumption, optimise industrial use and increase water recycling. Surface and groundwater monitoring programmes are in place and we review our water risk assessments annually. We work closely with different stakeholders to ensure security of supply for our operations and the surrounding communities. We have once again participated in the Water Disclosure Project initiated by the CDP.

We engage regularly with the South African and Zimbabwean regulatory authorities to ensure all appropriate water use licences (WUL) and permits are in place and that due consideration is given to our proposals for water use amendments, to ensure the operations are not affected. Impala Rustenburg has a WUL in place and this year re-submitted its application for licence amendments. Impala Springs continues to experience delays in receiving an amended licence. Internal and external compliance audits are undertaken annually. Mimosa evaluates compliance audits every two years. The last audit was conducted in April 2016 and plans are being implemented to address opportunities for improvements. Integrated Water and Waste Management Plans and Rehabilitation Strategy and Implementation Plans are reviewed and submitted to the Department of Water and Sanitation (DWS) annually. This year we engaged extensively with the authorities, notably on WUL amendment applications, audits and community engagement.

The Zimbabwean operations have renewed their environmental licences and effluent permits. The government introduced new raw water tariff regulations in 2016, which have increased our Zimplats operations' raw water cost by 280%. Strategies are being implemented aimed to mitigate the increased costs, including exploring further water recycling opportunities to reduce raw water consumption.

Water management continues to receive particular focus at Impala Rustenburg, which accounts for 49% of the Group's total water consumption. Although rainfall was better this year than last year, the dry conditions are expected to continue over the next few years. While there is sufficient water from various sources, including boreholes, management has engaged consultants to audit water use across the complex to identify potential new sources of supply, improve recycling efficiencies and reduce water loss and wastage.

Developments at Impala Rustenburg during the year included:

- Further implementation of a passive water treatment project, involving scavenger boreholes being drilled close to the operating tailings dam. The boreholes capture water from the tailings dam, remediating the plume around the tailings dam while collecting more water for reuse and recycling in the operations
- Developed clean and dirty water separation and storm water conceptual designs for 1, 4, 9, 10, 11, 12 and 14 Shafts. The recommendations from the study are being reviewed

Developments at other operations:

- Marula conducted a groundwater assessment for its tailings storage facility plume scavenging
- Impala Springs has commenced with the relining of the old BMR pond to provide double lining with leak detection. Rainwater captured in the runoff pond is used for dust suppression. The operation continues to maintain good control on its effluent pond levels and high recycling figures with the efficient operation of two crystallisers and a reverse osmosis (RO) plant
- Mimosa conducted internal water audits to ensure efficient use of resources and all employees received awareness training on water conservation
- Zimplats constructed Chitsuwa cha Mandizadza dam gauging stations to monitor normal water flow in and out of the dam, in compliance with water permits regulations

Following the BHP Billiton/Vale Samarco collapsed tailings dam disaster in

November 2015, we conducted a review and documentation of critical control measures used to safely operate and manage the tailings facilities at Impala Rustenburg and Marula. Audit findings and risk assessments provided confidence that the tailings dams are currently at a low risk. Management will nonetheless continue to explore opportunities to improve current controls.

Our 2016 performance on water

The supply and use of water throughout the Group continues to be closely managed. Total water consumption this year, including water withdrawn and water recycled, was 45 528 megalitres. The year-on-year 14.7% increase in water consumption (2015: 39 701 megalitres), is predominantly attributed to hot and dry conditions. The successful commissioning of scavenging boreholes at Impala Rustenburg in and around the tailings storage facility, which collectively supplies an average of 1.6Ml/day, has assisted in mitigating the impact.

The decrease in our unit consumption rate of water to 2.09 kilolitres per tonne of ore milled, from 2.11 kl/tonne in 2015, is a positive indication that we are improving our water management practices. This year, 18 825 megalitres of water was recycled, equating to 41% of all water consumed. Marula and Mimosa achieved 50% and 65% respectively, while Impala Springs (39%), Impala Rustenburg (37%) and Zimplats (34.8%) were below target.

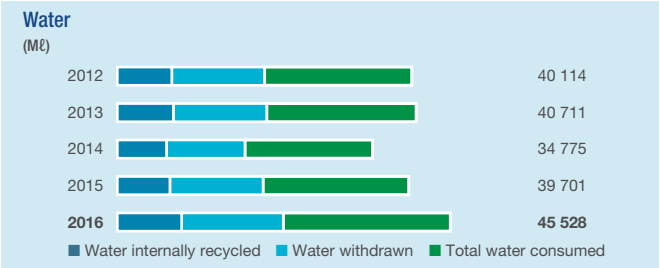
Further details on the total water withdrawn, consumed and recycled at each of our operations are provided in the performance table on page 123.

Tailings spillage incidents are managed regularly. A written request was submitted to the DWS requesting permission for Implats to only report those incidents that are not manageable and have a direct impact on a surface water stream. Risk assessments regarding the severity of incidents were created and included in the submission. We subsequently reported a seepage incident at Impala Rustenburg 1 Shaft in which water was required to be pumped from underground to the surface. This filled the earth dams and seeped towards the community area. However, the seepage remained within the operational shaft area.

The Impala Rustenburg WUL audit this financial year reported a 2% level of non-compliances, down from 8% the previous year. At our Zimbabwe operations, water extracted from dams and rivers was all within the set allocation limits. From 2017, Zimplats will have additional water available from the Chitsuwa cha Mandizadza dam, which was completed and issued with a water storage permit from the Zimbabwe National Water Authority (ZINWA) this year.

Water consumption (Ml)	**2016**	2015	2014	2013	2012
(1) Water from water service providers or municipalities	**10 160**	9 576	7 515	8 851	10 722
(2) Waste water from other organisations	**3 762**	3 104	2 313	2 598	2 767
(3) Water from rivers	**2 318**	2 164	2 175	2 344	2 124
(4) Water from dams	**6 580**	6 897	6 696	8 777	7 891
(5) Water from ground water	**3 883**	3 634	2 667	2 870	1 770
Water withdrawn (1 + 2 + 3 + 4 + 5)	**26 703**	25 376	21 365	25 440	25 274
Water internally recycled	**18 825**	14 325	13 409	15 271	14 840
Total water consumption	**45 528**	39 701	34 775	40 711	40 114

Note: *Our Zimplats operation uses a potentially significant amount of fissure water in one of its mining operations that has not as yet been quantified.*



Our strategic approach to mitigating impacts and conserving natural resources

Our water focus for 2017 and beyond

We have prioritised the following water management activities for the year ahead.

In South Africa we aim to:

- Progress towards statutory compliance with amended water use licences
- Continue the phased development and implementation of operation-specific water conservation and water demand management plans at all operations, in line with continued efforts to increase the percentage of water recycled and reduce the volume of water withdrawn
- Continue to engage with local authorities and communities on water-related issues to meet regulatory and social expectations

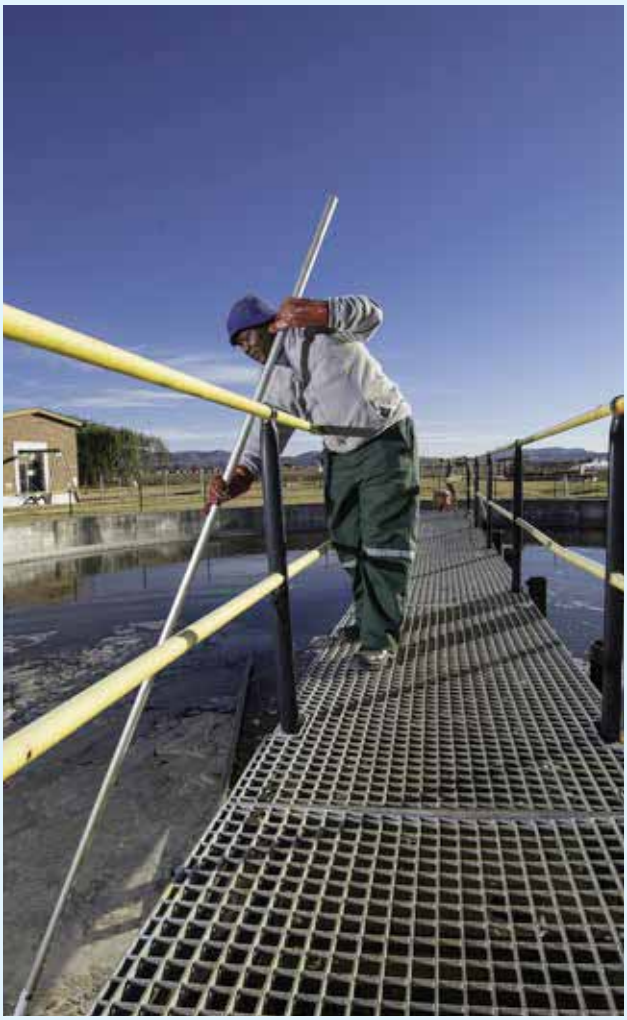
In Zimbabwe we aim to:

- Ensure effluent permits are available and renewed annually
- Achieve 40% recycling of water at Zimplats and maintain greater than 50% recycling of water at Mimosa
- Explore the opportunity at Zimplats for recycling turf treated effluent
- Finalise and implement a climate change strategy and policy for the Mimosa operations

Engaging with communities on water issues

We actively engage with our host communities to manage concerns regarding water security. At all operations we serve on regional water management and governance boards.

Through participation in the Rustenburg local municipality water crisis committee, we augment our own off-take when required to increase water pressure/flow to surrounding communities. We have donated tools and in-house expertise to the local municipality to reduce water wastage and improve supply to communities. We receive grey water from the municipality to reduce our own fresh water requirements and ensure this does not contaminate water resources. Impala Rustenburg does not supply potable water directly to surrounding communities. However, cattle and livestock do source water from our Rockwall dam. Any issues raised pertaining to this water are discussed at our bi-monthly mine and community leadership engagement forum (MCLEF) meetings. Our Marula operations have established boreholes to serve the local community. One of our SLP projects is water reticulation to the community and we also supply water from tankers when required in emergency situations. Marula participates in the Lebelelo water scheme and governance structure. Our Zimplats operations have established a water purification and distribution network and continue to assist in this regard. Our Mimosa operations are represented in district water management issues through membership of the sub-catchment council. Community raw water off-take points are provided for livestock and domestic use to surrounding communities, in addition to drilled boreholes for drinking water.



Climate change and energy management

Our management approach to climate change and energy

Our operations are exposed to the physical and policy implications of a changing climate, as well as to the more immediate impacts associated with regional electricity capacity constraints. We are acutely aware of the environmental and socio-economic risks associated with climate change. We are progressively integrating climate change mitigation into core business and aligning processes with anticipated climate change and GHG emission reduction policies and legislation. South Africa is finalising the carbon tax policy scheduled to come into effect on 1 January 2017 through the National Treasury Department and we continue to assess our liability.

The possible impact of climate change on water supply has meant that we need to review this risk and implement mitigating measures for the organisation and communities. Security of energy supply and rising energy prices remain material risks for our operations in South Africa and Zimbabwe.

In South Africa we work closely with the electricity provider Eskom and continue to participate in various demand-side management (DSM) programmes. As an energy-intensive user, we have specific agreements in place with Eskom. In terms of a signed load curtailment document, Impala Rustenburg is given timely caution to implement load curtailment whenever the power system becomes severely constrained. Energy reduction plans have been developed and modelled for a range of Eskom scenarios, designed to minimise risks to employee safety and minimise production loss.

In Zimbabwe, low water levels in Zambia's Kariba hydro-electric dam have affected the country's power supply. As a result, Zimbabwean authorities have awarded tenders for solar projects with a projected combined output of 300MW.

Our expansion into deeper mining operations that are more energy intensive, coupled with the introduction of a carbon tax in South Africa, highlights the imperative of reducing and optimising our energy use. Over the last few years, we have invested in energy conservation programmes and are pursuing opportunities to use fuel cell technology as an alternative energy source (See below and box on page 94). Impala Springs is working towards taking its refineries off-grid through a phased approach. The new applications are an exciting example of our participation in collaborative efforts to develop fuel cell technologies and a vibrant, sustainable local fuel cell sector. This includes the planned fast-tracking of a local special economic zone to produce fuel cells in the Springs area. In the longer term, we plan to use fuel cells as the main source of energy for material handling and underground mining equipment. Fuel cells provide electricity cleanly and quietly, will improve ventilation in underground mines and reduce heat, noise levels and emissions.

A more detailed review and assessment of the climate change risks and opportunities for Implats can be found in our annual submission to the CDP's Climate Change Programme, available at www.cdproject.net.

Platinum fuel cells to drive underground mine vehicles

Implats is in the process of finalising a project for the development of a prototype fuel cell (FC) driven Load Haul Dumper (LHD).

Currently, diesel fuelled LHDs are used underground. This releases diesel particulate matter in confined spaces and has an exhaust temperature of approximately 350° C. This necessitates significant mine ventilation and cooling for the removal of pollutant emissions and for sustaining legislated operating temperatures.

A fuel cell driven LHD has zero DPMs, no CO and a minimum 40% reduction in CO_2 with negligible SO_x and NO_x formation. In addition the exhaust temperature of the fuel cell vehicle is less than half of its diesel counterpart. This will decrease emissions underground and reduce ventilation requirements and mine operational costs. The fuel cell/battery combination is a superior fit to the duty cycle of the LHD and results in the improved use of available power.

The FC has no moving parts and an initial desktop study has indicated a potential 22% to 25% decrease in total cost of ownership of a FC driven LHD.

An operational prototype vehicle for testing is expected underground by Q4 of 2017.

Our strategic approach to mitigating impacts and conserving natural resources

Implats' absolute Scope GHG emissions reduction targets

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

Our 2016 carbon and energy management performance

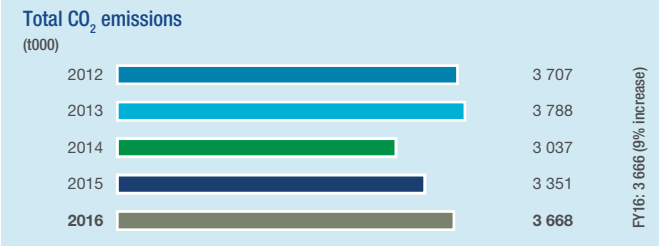
Total CO_2 emissions for 2016 amounted to 3.7 million tonnes, up from 3.4 million tonnes in 2015. The increase in emission levels is attributed to increased production at Impala Rustenburg and Zimplats, which respectively contributed 46% and 13% of total emissions. Most of the Group's GHG emissions (3.3 million tonnes) are associated with Eskom electricity usage, with the balance (0.4 million tonnes) associated with the direct use of coal, diesel, petrol and industrial burning oil. In 2016 our emissions intensity (tonnes of CO_2 per tonne of ore milled) was 0.2072, down from 0.209 in 2015. This improvement reflects positively on energy efficiency initiatives.

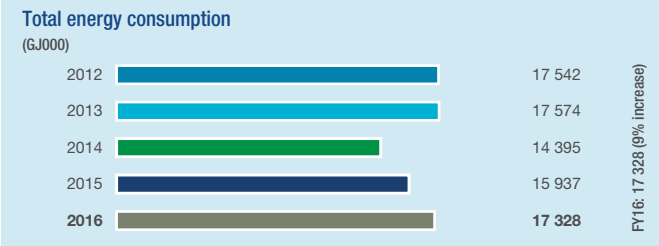
Electricity consumption accounts for around 70% of our total energy consumption (of which 50% is consumed at Impala Rustenburg), and almost 10% of our overall cash cost base this year. Additional data on our direct and indirect greenhouse gas emissions and our energy use, by operation for each of the past five years, are provided in the performance table on page 124.

Each year we conduct a GHG emissions assessment to identify areas for mitigation and efficiencies. To date, more than R100 million has been invested in energy conservation programmes. A number of energy efficiency initiatives and projects have been undertaken at operational level. Although we improved the quality of our reporting of Scope 2 and 3 emissions across operations this year, the availability of auditable data on energy savings from all operations remains challenging.

Principal energy efficiency initiatives implemented across the Group include underground energy efficient lighting, the optimised use of underground compressed air systems, the installation of power factor correction equipment at Impala Rustenburg and Mimosa and diesel performance management. Current initiatives focus on improving efficiencies in the shafts, notably energy efficient lighting installations and energy efficient motors. At Impala Rustenburg, energy efficiency initiatives are targeted mainly at our mining operations as there is limited scope for further energy efficiency at our concentrators and smelter.

Climate change indicators	2016	2015	2014	2013	2012	2011
Direct CO_2 emissions (t000)	**382**	349	323	401	418	436
Indirect CO_2 emissions (t000)	**3 286**	3 002	2 714	3 387	3 289	3 587
Electricity purchased (MWh 000)	**3 425**	3 129	2 780	3 395	3 322	3 469
Direct energy (GJ 000)	**4 998**	4 671	4 386	5 350	5 584	5 661
Indirect energy (GJ 000)	**12 330**	11 266	10 008	12 224	11 958	12 561
Total energy (GJ 000)	**17 328**	15 937	14 395	17 574	17 542	18 222





Development of zero carbon material handling equipment

In March 2016 we launched a hydrogen fuel cell (FC) powered forklift and hydrogen refuelling station at the Impala Springs base-metal refinery. The prototypes are the fruit of a three-year collaborative effort with the Department of Science and Technology, the University of the Western Cape and Hydrogen South Africa (HySA) Systems, aimed at building local skills in the development of platinum-using fuel cells. Implats contributed R6 million to HySA.

The system has been in operation at the nickel dispatch section in the refinery since October 2015. The forklift has successfully demonstrated elimination of diesel particulate matter, carbon, NO_x and SO_x production as well as a reduction in operational noise levels (the FC forklift operates at between 66 and 73dB while the diesel unit operates at between 69 and 83dB). It contains a novel on-board metal hydride storage system. This allows the operation of the fuel cell and refuelling system at a pressure of 180 bar rather than the 350 bar required for the international system, creating huge opportunities and improvements in safety and cost. The cost of the prototype refuelling station was R2 million, a fraction of the €500 000 cost of an off-the-shelf 350 bar European system.

Building on the lessons learnt and the skills developed through this process, the plan is to roll out a fuel cell solution to underground load haul dumpers at the Impala Rustenburg 14 Shaft. Detailed design has also been completed for a 1.2MW stationary hydrogen-fed fuel cell system. We have developed a prototype system, which will use natural gas as a fuel source, produce 8MW of power, and off-set 8MW of heat. The system will be installed next year adjacent to the Impala Springs refinery, for performance testing and to demonstrate the different fuels that can be used.

Our strategic approach to mitigating impacts and conserving natural resources

Air quality management

Our management approach to air quality

The most significant air quality issue for the Group relates to the sulphur dioxide (SO_2) emissions from our smelting and refining operations at Zimplats, Impala Rustenburg and Impala Springs. Both Impala Rustenburg and Impala Springs are located in priority areas as promulgated by the National Environmental Management Air Quality Act and have the required air emission licences (AEL). In line with the new requirements of the Act, our South African operations will be legally required to report on all air emissions (listed activities, mining activities and GHG emissions) on the National Air Emissions Inventory System by March 2017. Certain emission factors are not included in our licences and we are engaging, through the Chamber of Mines, on the development of measuring and monitoring tools.

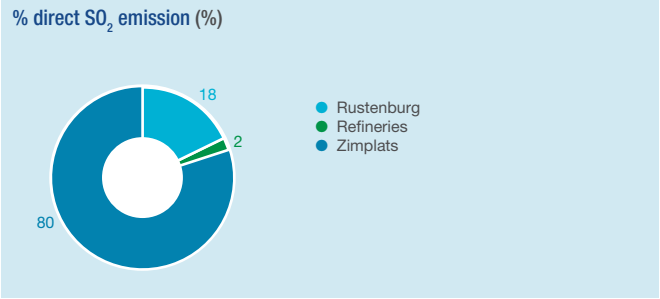
Zimplats is operating on a red permit (issued for a discharge considered to present a high risk to the environment) from the Environmental Management Agency (EMA). The current legislative SO_2 emission point source limit of 50mg/Nm^3 is considered virtually unattainable even with best practice abatement technologies. Existing Zimbabwe legislation does not provide for ground level or ambient air quality standards. Zimbabwe is formulating a new air quality standard based on South African legislation. Zimplats is represented in the drafting of air pollution standards.

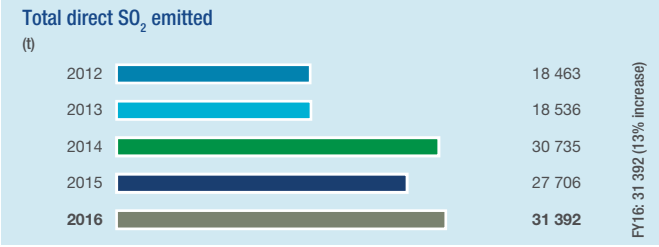
Extensive ambient air quality monitoring networks as well as fall-out dust monitoring networks are in place at Impala Springs, Impala Rustenburg and Zimplats operations via a network of ambient monitoring stations, which are managed through site-specific procedures. These monitoring stations measure SO_2, NO_x and particulate matter and provide an indication of ambient air quality levels and associated trends. The ambient monitoring results reflect the quality of ambient air in the region and not just around the operations. Source apportionment analysis is not currently undertaken at Impala Rustenburg as it is much more difficult to accurately attribute the source of pollution due to the extent of the mine lease area. Various factors can influence the ambient measured data. We report the results of the ambient monitoring to the relevant authority each quarter and as and when requested. All SO_2 exceedances are investigated to determine if the wind direction suggests it could be originating from the smelter operation.

This year Zimplats developed a detailed action plan to improve the reliability of its air quality monitoring system. Dust fall-out monitoring is conducted at Marula and Mimosa. During 2016, Marula conducted air dispersion modelling for its operations and Mimosa undertook an air emissions monitoring survey for its emitting facilities, which were all within specified permits conditions. Persistent dry conditions in the Rustenburg area have resulted in more dust. We are actively managing our dust sources to stay below the national standard. Dust suppressant trials were undertaken on the haulage roads around the tailings dam and side stopes of the tailings dam and have proved successful. The dust suppressant is being used to minimise dust emission from these sources when necessary.

We have installed improved pollution prevention technology. Impala Springs has made good progress with implementing its R250 million project to address airborne emissions from the coal-fired boilers, due for completion in 2017. In a phased approach, this will ensure sustained compliance to NO_x, SO_x and particulates emissions as prescribed by current and future limits in our air emissions licence.

Zimplats has continued to implement its sulphur abatement programme. A proposed new furnace installation project at Zimplats will incorporate a converter fugitive emissions capturing system which will improve ground level SO_2 concentrations around the Selous Metallurgical Complex (SMC) community. Recent air dispersion modelling studies have shown that smelter fugitive emissions contribute significantly to current SO_2 ground level concentrations. The new furnace will operate on its own with the existing furnace as a standby unit. Extension of the smelter chimney stack will come in future when the two furnaces, inclusive of furnace matte casting, are required to operate simultaneously. In the longer term, the installation of an acid plant is planned to ensure smelter stack point source and ground level concentrations around the SMC communities fall within the South African legislative limits.





Our 2016 performance on air quality

In terms of managing our direct impacts, we are operating within the conditions of the air emissions licence for our Impala Springs and Impala Rustenburg operations, valid until 2018 and 2019 respectively. Our Zimplats operation continues to exceed the severe legislated emissions specifications, emitting an average 65 tonnes per day of SO_2 against a limit of 200 tonnes per quarter. An annual fine is paid for exceeding the emissions specifications.

This year, total direct Group emissions of SO_2 were 31 392 tonnes, compared to 27 706 tonnes in 2015. Our Zimplats operations contributed 80% of total direct SO_2 emissions, while Impala Rustenburg and Impala Springs operations contributed 18% and 2% respectively. At Zimplats, SO_2 emissions were above plan, representing a 14% increase from the previous year, due to high sulphur content in the furnace feed.

Indirect SO_2 amounted to 27 355 tonnes (2015: 26 513 tonnes) and direct NO_x amounted to 14 435 tonnes (2015: 13 459 tonnes). Further details on the SO_2 and NO_x emissions at each of our operations over the past five years are provided in the performance table on page 124.

Our air quality focus for 2017 and beyond

Principal focus areas for 2017 are to:

- Maintain ongoing operational improvement and monitoring to ensure emissions are minimised and permit conditions realised
- Ensure adherence with the National Air Emissions Inventory System reporting regulations for the South African operations
- Maintain SO_2 emissions at Impala Rustenburg at less than 16 tonnes per day
- Complete the waste classification of the Impala Rustenburg tailings dam and thereafter a health study of the tailings material
- Ensure the successful implementation of the Impala Springs boiler abatement project and continue to reduce the ammonia emissions at the cobalt plant
- Continue the sulphur emissions reduction programme feasibility studies at Zimplats

Our strategic approach to mitigating impacts and conserving natural resources

Managing our waste

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

At Impala Springs and Impala Rustenburg, we focus on retaining our waste licences by ensuring compliance with statutory requirements and site-specific conditions. A priority is to meet the National Environmental Management: Waste Act statutory obligation on our South African operations to reclassify waste streams by September 2016. We have reclassified the bulk of the waste streams and assessed the implications in terms of necessary design modifications to tailings dams and waste rock dumps. Marula is upgrading its salvage yard and will submit its waste licence application in 2017.

Zimplats monitors leachate collection for its Ngezi and SMC landfills as per waste and effluent regulations and is investigating alternative ways to dispose of used tyres. The hazardous waste situation remains challenging in Zimbabwe, with no best practice facilities being available. The Mimosa operations are designing a lead extraction facility, to enable a sustainable solution for the disposal of lead laden cupels, and exploring disposal solutions for fluorescent tube drums and polychlorinated biphenyl (PCB) contaminated transformer oil. Zimplats is investigating the disposal of scrap trackless mining equipment and old base-metal refinery chemicals and continues to investigate a vermiculture project at SMC for all biodegradable waste. Impala Springs continues to investigate alternative methods for the disposal of crystalliser salts and jarosite. All legal requirements in terms of the Basel Convention are being assessed.

This year the Group's recycling was 68%, up from 67.1% in 2015. A large portion of the waste from Impala Rustenburg and Impala Springs is treated. Although treatment is regarded as a better waste management solution than disposal, technically it is not considered a recycling method.

Data on the Group's non-mineral waste (hazardous and non-hazardous) and mineral waste is provided in the performance table on page 126.

Our focus on waste in 2017 and beyond

At the South African operations focus areas are to:

- Ensure all listed waste management activities are licensed
- Conduct external legal compliance audits as specified by all waste licences (landfill site and salvage yard) at Impala Rustenburg
- Ensure all listed waste streams are reclassified as per SANS 10234 at all South African operations
- Compile and report all required waste figures onto the South African Waste Information System

At the Zimbabwean operations focus areas are to:

- Set up waste segregation systems at the Zimplats landfill sites to enable recycling and engage community-based organisations through the EMA to augment waste recycling efforts
- Continue to investigate alternative disposal solutions for various waste streams
- Finalise the design of a lead extraction facility at Mimosa for the disposal of lead laden cupels and implement the initiative once approved

Land management and biodiversity

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

Rehabilitation

A principal focus of our land stewardship is on ensuring effective rehabilitation. This is an important regulatory, financial and reputational risk for the Company and is linked to our closure liabilities, which are reviewed and updated annually in line with regulations.

The Group seeks to entrench the concept of design for closure throughout operations by ensuring that all aspects of rehabilitation are defined at the project planning phase. Determining the closure cost liability and the associated financial provisions and security, if applicable, remains a priority. A current focus is on aligning the closure liability assessment protocols and methodology for the South African mining operations with regulations pertaining to the financial provision for prospecting, exploration, mining or production operations, published in November 2015. The new regulations represent a significant change to the MPRDA's financial provision requirements, addressing concurrent rehabilitation and contingent liabilities in a more specific and structured manner. The regulation introduced a specific transitional period and will thus impact our FY2017 closure liability updates. The Chamber of Mines has been engaging with the Department of Mineral Resources regarding the implications, both operationally and financially, of the new regulation.

The implication of the new waste licensing requirement for mine residue deposits and stockpiles is being investigated for the slimes dam at Impala Springs and a contaminated land assessment for this area is planned.

Our rehabilitation activities are focused on ecosystem functionality, which is essential for sustainability beyond mine closure. We have maintained an active rehabilitation monitoring programme (using Landscape Function Analysis) at Impala Rustenburg's rehabilitated opencast pits as well as the grassed side slopes at the tailings dam. We plan to provide operations with a rehabilitation approach and methodology for the decommissioning and closure of identified non-operational areas.

At Zimplats, we have continued with open pit rehabilitation at Ngezi and revegetation of all new surfaces at the two tailings dams, rehabilitating 16.0ha during the year. Across the Group this year a total of 27.5ha of disturbed land was rehabilitated (2015: 9.4ha). Additional data on our land management, by operation, is provided in the performance table on page 125. The Mimosa operations do not have any opencast mining operations and rehabilitation is limited to tailings storage facilities. Annual revegetation of the tailings slopes is ongoing.

Biodiversity

Given the potential of mining activities to affect habitats through land disturbance and pollution, biodiversity monitoring and management is a requirement. The biodiversity impacts of our mining operations are determined through the environmental impact assessments (EIAs). All our operations have site-specific procedures and standards to manage the impacts associated with their activities. A formal biodiversity management plan, which incorporates the published mining biodiversity guidelines from the South African National Biodiversity Institute (SANBI), was implemented at Impala Rustenburg. This will assist in managing and mitigating potential environmental impacts from our mining activities. Our Marula operation has implemented a site-specific biodiversity management plan. We plan to develop and implement strategic biodiversity management plans at all our operations.

At Impala Rustenburg, we have initiated a medium to long-term programme to systematically replace alien invasive trees identified along our main road network with indigenous species. We continue to implement rehabilitation interventions at the historic opencast sites. However, the extreme drought experienced across the country has necessitated a slight postponement in these interventions. Extensive alien and invasive weed control is performed at the sites. Additional alien and invasive species assessments at all the operational units at Impala Rustenburg and Impala Springs are planned for 2017.

Zimplats and Impala Springs both operate close to areas of recognised high biodiversity. The Impala Springs refining operation is near the Cowles Dam that feeds into the Blesbokspruit, an ecosystem deemed under threat and that appears on the Montreux record. Although Impala Springs is not seen to have any direct impact on this ecosystem, it is represented on the Blesbokspruit forum and is involved with environmental education and conservation initiatives at the Blesbokspruit Grootvlei Trust. This year, Zimplats renewed a memorandum of agreement on lease of the Zimplats claims (276ha of rehabilitated, non-operational land), which are within the Ngezi National Parks boundary.

Zimplats is implementing a lantana camera eradication project around the SMC complex, which will aid in complying with the regulations pertaining to alien invasive species. The operation also plans to conduct archaeological excavations of the identified Middle Stone Age sites in line with the recommendations made in an archaeological survey report.

Our Mimosa operations are not located in a sensitive area with fauna and flora of high significance. A resource conservation procedure is in place that prohibits tree felling and animal hunting and trapping. Mimosa will continue to include tailings line monitoring as part of plant shutdown maintenance schedules to minimise tailings spillages, which may have a negative impact on the environment.

Our focus on land and biodiversity in 2017 and beyond

In the year ahead we plan to:

- Maintain rehabilitation monitoring and management programmes at the opencast pit sites and tailings dams
- Provide operations with a rehabilitation approach and methodology for the decommissioning and closure of identified non-operational areas
- Conduct biodiversity monitoring and continue with the alien invasive tree replacement project
- Align the closure liability assessment protocols and methodology for the South African mining operations with the newly published regulations on financial provisions
- Align the annual closure liability assessment at Zimplats with the South African assessment methodology and review the closure and rehabilitation plans

We encourage all stakeholders to share their views on Implats' activities related to delivering on its strategic commitment to minimise negative social and environmental impacts and to promote meaningful social and economic transformation.

Appendix

Responding to the Mining Charter

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

IMPALA PLATINUM

Element	Description	Measure	Compliance target by 2015	Progress (calendar year 2015)	Weighting	Achieved score
Reporting	Has the company reported a level of compliance for the calendar year	Documentary proof of receipt from Department of Mineral Resources (DMR)	Annually	Yes	Yes/No	Yes
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation			Yes/No	Yes
		Full shareholder rights	26%	30.4%		Yes
Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	Occupancy of one person per room	Yes/No	Yes
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	Family units established		Yes
Procurement and enterprise development	Procurement spent from BEE entities	Capital goods	40%	58%	5%	5.0%
		Services	70%	74%	5%	5.0%
		Consumables	50%	76%	2%	2.0%
	Multinational suppliers' contribution to social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	0.5%	3%	1.6%
Employment equity	Diversification of the workforce to reflect the country's demographics to attain competitiveness	Top management (board)	40%	63%	3%	3%
		Senior management (Exco)	40%	44%	4%	4%
		Middle management	40%	40%	3%	3%
		Junior management	40%	52%	1%	1%
		Core skills	40%	76%	5%	5%

IMPALA PLATINUM

Element	Description	Measure	Compliance target by 2015	Progress (calendar year 2015)	Weighting	Achieved score
Human resources development	Development of requisite skills, including support for South African-based R&D initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation	HRD spend as percentage of total annual payroll (excluding mandatory skills development levy)	5%	6%	25%	25%
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	Up-to-date project implementation	15%	15%
Sustainable development and growth	Improvement of the industry's environmental management	Implementation of approved EMPs	100%	Annual progress achieved against approved EMPs	12%	12%
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	Action plan implemented. Lower score (95%) achieved for a sub-category under implementation of culture transforming framework	12%	11.9%
	Utilisation of South African-based research facilities for analysis of samples across the mining value	Percentage of samples in South African facilities	100%	100%	5%	5%
Beneficiation	Contribution of mining company towards beneficiation (this measure is effective from 2012)	Additional volume contributory to local value addition beyond the baseline	Section 26 of the MPRDA (percentage above baseline)			
Total score					**100%**	**98.5%**

Responding to the Mining Charter

MARULA PLATINUM

Element	Description	Measure	Compliance target by 2015	Progress (calendar year 2015)	Weighting	Achieved score
Reporting	Has the Company reported a level of compliance for the calendar year	Documentary proof of receipt from Department of Mineral Resources (DMR)	Annually	Yes	Yes/No	Yes
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation			Yes/No	Yes
		Full shareholder rights	26%	27%		Yes
Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	Occupancy of one person per room	Yes/No	N/A
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	Family units established		N/A
Procurement and enterprise development	Procurement spent from BEE entities	Capital goods	40%	68%	5%	5%
		Services	70%	69%	5%	4.9%
		Consumables	50%	86%	2%	2%
	Multinational suppliers' contribution to social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	0%	3%	0%
Employment equity	Diversification of the workforce to reflect the country's demographics to attain competitiveness	Top management (board)	40%	100%	3%	3%
		Senior management (Exco)	40%	50%	4%	4%
		Middle management	40%	69%	3%	3%
		Junior management	40%	59%	1%	1%
		Core skills	40%	70%	5%	5%

MARULA PLATINUM

Element	Description	Measure	Compliance target by 2015	Progress (calendar year 2015)	Weighting	Achieved score
Human resources development	Development of requisite skills, including support for South African-based R&D initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation	HRD spend as percentage of total annual payroll (excluding mandatory skills development levy)	5%	7.3%	25%	25%
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	Up-to-date project implementation	15%	15%
Sustainable development and growth	Improvement of the industry's environmental management	Implementation of approved EMPs	100%	Lower score (2 out of 4) on period assessment of financial provisions sub-category	12%	10%
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	Action plan implemented. Lower score (89%) achieved for a sub-category under implementation of culture transforming framework	12%	11.8%
	Utilisation of South African-based research facilities for analysis of samples across the mining value	Percentage of samples in South African facilities	100%	100%	5%	5%
Beneficiation	Contribution of mining company towards beneficiation (this measure is effective from 2012)	Additional volume contributory to local value addition beyond the baseline				
Total score					**100%**	**94.7%**

Responding to the Mining Charter

AFPLATS (PTY) LIMITED

Element	Description	Measure	Compliance target by 2015	Progress (calendar year 2015)	Weighting	Achieved score
Reporting	Has the Company reported a level of compliance for the calendar year	Documentary proof of receipt from Department of Mineral Resources (DMR)	Annually	Yes	Yes/No	Yes
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation			Yes/No	Yes
		Full shareholder rights	26%	26%		Yes
Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	N/A	Yes/No	Yes
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	N/A		Yes
Procurement and enterprise development	Procurement spent from BEE entities	Capital goods	40%	82%	6%	6%
		Services	70%	77%	6%	6%
		Consumables	50%	N/A		N/A
	Multinational suppliers' contribution to social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	N/A		N/A
Employment equity	Diversification of the workforce to reflect the country's demographics to attain competitiveness	Top management (board)	40%	N/A		N/A
		Senior management (Exco)	40%	N/A		N/A
		Middle management	40%	N/A		N/A
		Junior management	40%	N/A		N/A
		Core skills	40%	N/A		N/A
Human resources development	Development of requisite skills, including support for South African-based R&D initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation	HRD spend as percentage of total annual payroll (excluding mandatory skills development levy)	5%	N/A		N/A

AFPLATS (PTY) LIMITED

Element	Description	Measure	Compliance target by 2015	Progress (calendar year 2015)	Weighting	Achieved score
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	Up-to-date project implementation	15%	15%
Sustainable development and growth	Improvement of the industry's environmental management	Implementation of approved EMPs	100%	Annual progress achieved against EMPs	12%	12%
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	N/A		N/A
	Utilisation of South African-based research facilities for analysis of samples across the mining value	Percentage of samples in South African facilities	100%	100%	5%	5%
Beneficiation	Contribution of mining company towards beneficiation (this measure is effective from 2012)	Additional volume contributory to local value addition beyond the baseline	Section 26 of the MPRDA (percentage above baseline)			
Total score					**44%***	**44%**

** Afplats is rated according to an adjusted total of 44 as it is in a care and maintenance phase.*

Responding to the President's Framework Agreement

The Framework Agreement	Context and commitments In signing the PFA, Implats commits to:	Our contribution in 2016
Building a relationship among stakeholders based on trust and respect	• Acting in a fair and impartial manner in dealing with trade unions and acting swiftly where these principles are violated • Working with government and labour to identify and address factors behind workplace conflict • Improve internal security measures and consistently implement them at the workplace • Negotiate in the workplace and industry in ways that support long-term development and constructive peaceful labour relations	Throughout our operations we have undertaken relationship-building sessions, working within the envisioned structures outlined in the recognition agreement, which includes a code of conduct. Implats interdicts against any unapproved mass meetings or picketing areas. Future forums, as well as employee relations structures and regular meetings, assist in resolving issues in order to prevent marches. All parties are constantly reminded that the correct and legal procedure needs to be followed before a march can be approved. Operations work closely with security to prevent intimidation, and to ensure ethical behaviour. We continued to engage with various government departments directly, working with the Chamber of Mines (the Chamber) and labour representatives to find sustainable solutions to industrial relations challenges in the country. Improved community engagement structures ensure broader stakeholder representation, as well as engagement at different levels between the community and operations. We have successfully rolled out a community communication plan. Task teams in respect of wage negotiations are progressing well.
Strengthening labour relations	• Respect the rule of law and the legal framework in labour relations matters • When taking decisions, to take account of both the broader context in South Africa (in particular the need to reduce poverty, inequality and unemployment), as well as the interests of investors • Respect agreements and legal obligations • Contribute to creating cordial relations between unions in the sector • Follow proper labour relations procedures • Work with labour to fast-track resolution of disputes • The development of a pre-negotiations framework • Recognise and respect cultural diversity in the workplace	We have continued to strengthen our relationships with the AMCU national leadership and its elected representatives at Impala Rustenburg, and have good relations with its union representatives at Marula, as well as with the NUM representatives at all our operations. The envisioned structures required in terms of the recognition agreements with unions are in place and functioning: the stabilised industrial relations climate has been maintained. Union membership verification and processing of union membership stop orders against the Company's payroll is conducted in accordance with the Labour Relations Act and continuously reviewed. Strong collaboration with unions underpinned our ability to reach agreement on rationalising the workforce at Impala Rustenburg and negotiating a positive outcome with no industrial action taken. We implement initiatives aimed at ensuring more effective solutions for working in a multi-union environment, and a more open system where all employees are recognised and respected as equals, based on a culture of trust, respect and care. This year we completed a diversity survey at all our operations to gather perceptions on issues including the implementation of our values, diversity management, and women in mining.

The Framework Agreement	Context and commitments In signing the PFA, Implats commits to:	Our contribution in 2016
Ensure the rule of law, peace and stability	• Properly adhere to laws, regulations and charters governing the sector and consistently apply their policies and respect agreements • Take measures to protect staff members from violence and intimidation and to ensure that security personnel act in accordance with the law at all times • Avoid acting in a manner that provokes or raises tensions in the workplace • Participate in the Mine Crime Combating Forum (MCCF) • Take all legal steps against unprotected labour actions • Work with government and labour in developing protocols for security and law enforcement • Where possible, inform police of all planned and unplanned strikes and protests	The Chamber continues to engage actively with the security, crime prevention and criminal justice cluster through the national joint operations command (NATJOC). Companies participate through the provincial joint operations command (PROVJOCs) and NATJOC (including information sharing). Implats has committed to adopting the voluntary principles on security and human rights (VPSHR) at its operations. We introduced the VPSHR at Impala Springs in 2015 and this year at Impala Rustenburg. The process will be conducted at our Marula operations next year, where the security detail has been increased in response to growing levels of discontent in the mine's communities. There were no reports of weapons carrying, or serious violence and intimidation in the period under review. Implats' security teams have maintained a good visibility in traditional safety hotspots, and reaction units remain on high alert to quell any unrest that may erupt. Security management at the mines work closely with the SAPS. Security plans were developed jointly with the mine and SAPS and are reviewed regularly to manage possible incidences of unrest. Operations play an integral part in the mine MCCFs established in lease areas to gain intelligence on any potential security-related issues. Strategic relationships have been maintained with the Phokeng, Boitekong and public order policing forum. Swift discipline is enforced through a disciplinary code.
Improve living conditions	• Accelerating the implementation of human settlement interventions • Assisting with resources and technical support for upgrading human settlements around mining towns within the context of regulatory requirements and additional voluntary contributions	A total of R236 million was expended on employee housing (2015: R228 million). Implats continues to participate in the Chamber's task teams, and to work through SLPs and the Mining Charter to improve living conditions and address housing issues. Implats is implementing a housing strategy that was informed by the findings of a baseline social impact study in 2014 within the communities in which we operate. Focus areas include providing rental stock and house ownership, investigating decent housing solutions for backroom dwellers, and upgrading communal facilities. Consultation is ongoing with social partners, the Royal Bafokeng Administration (RBA) and Rustenburg local municipality. We held a follow-up meeting with the RBA regarding prospective portions of land for rental stock. RBA is conducting due diligence on a portion of land north of Impala operations. The development of our second home ownership flagship project, the Platinum Village in Rustenburg, has progressed well. Phase two (the construction of a further 555 units) commenced in October 2015, and a Platinum Village school is being built. Our Marula operation completed its housing project, delivering 150 sectional title units for employee home ownership.

Responding to the President's Framework Agreement

The Framework Agreement	Context and commitments In signing the PFA, Implats commits to:	Our contribution in 2016
Assist workers with financial literacy and financial planning	• Empower employees to be able to adequately manage their financial affairs • Find sustainable solutions to employee indebtedness and guard against unscrupulous micro lenders • Inform individual employees upon receipt of emolument garnishee orders	Financial literacy is addressed as part of the Implats team mobilisation and ex leave induction training. In 2016, 494 employees were enrolled for ABET, which provides for basic numeracy skills. We offer employees a one-day financial life skills course to explain payslips. Implats employs an experienced former sheriff of the court to assist in identifying and curbing fraudulent garnishee orders. Auditing of garnishee orders is ongoing. In instances where breaches of the rules relating to judgments and emoluments attachment are identified, court proceedings are instituted. The number of garnishee orders has reduced and maintenance orders and administration orders have stabilised. Payroll officials record and monitor the indebtedness status of employees and trends; employees with excessive debt are referred to financial advisers (Careways), who also provide debt counselling and debt consolidation services. Management and union leadership are working closely to appoint a second service provider before end 2017. Implats continues to participate in efforts to tackle unscrupulous lenders. All unscrupulous lenders are removed from hostels and mine property. Legal action is taken where necessary. Last year we approached the courts to protect the rights of employees, as a result of which more than 370 emolument orders were found to be illegal, with almost R3 million of illegal debts being written off. The Chamber has an internal task team on employee indebtedness and promoting financial literacy training in which we participate.
Reaching optimal levels of transformation	• Accelerate progress in transformation, including the areas of ownership, procurement, employment, beneficiation, human resource development, as well as health and safety in line with the targets set out in the Mining Charter • Review its long-term strategy and support initiatives for restructuring, reskilling to achieve competitiveness, sustainable growth and transformation	Implats has continued to focus on advancing transformation. Our performance against the Mining Charter is outlined on pages 98 to 103 in this report.

The Framework Agreement	Context and commitments In signing the PFA, Implats commits to:	Our contribution in 2016
Transform the migrant labour system	• Improve socio-economic conditions in labour sending areas • Enforce and implement all elements and commitments of the Mining Charter • Ensure integration and implementation of SLPs and IDPs in labour sending areas and mining areas	Implats has participated in government's Project Phakisa, a multi-stakeholder-led initiative designed to fast-track the implementation of solutions to critical development issues, including migrant labour, housing and skills shortages, and stimulating growth in the mining sector. Implats participates in the task team spearheaded by the Department of Performance, Monitoring and Evaluation (DPME) – a multi-stakeholder committee consisting of labour, industry and government – established in 2014 to participate in the government driven policy review around migrant labour. SLP plans were developed through an engagement process with the Mine Communities Leadership Engagement Forum (MCLEF) and are aligned with the municipalities' IDPs. We have continued to deliver on our commitments and engage regularly with key stakeholders in areas of operation. Implats has continued to meet the requirements of the Revised (2010) Mining Charter and in many areas exceeded targets. (pages 98 to 103).
Resolve labour disputes as speedily as possible in the best interest of members and South Africa	• Negotiate in the workplace and industry in ways that support long-term development and constructive peaceful labour relations	Impala works closely with unions to resolve all internal disputes through dispute resolution mechanisms and within the auspices of the Commission for Conciliation Mediation and Arbitration (CCMA). Seven task teams, including HR managers and union representatives, have continued to address issues raised in the 2014 wage agreement. Good progress was made in the following key areas: employee share ownership plans; employee indebtedness; retrenchment and severance; retirement benefits and funeral cover; medical separation and incapacitation; and housing and living conditions. Preparations for wage negotiations included providing negotiation training for shop stewards and sharing information regularly with union representatives and all employees.

Responding to the National Development Plan

The NDP objective	Context and commitments	Our contribution in 2016
Transforming the society and uniting the country	• Reducing poverty and inequality by broadening opportunity through economic inclusion, education and skills development • Promoting mutual respect • Deepening appreciation of our mutual responsibilities	• Our investment in employment opportunities, education, health and infrastructure contribute to building social cohesion. • We are committed to promoting broad-based transformation, mutual respect and mutual responsibility as evidenced by the nature of our initiatives presented in this report, for example employment equity, skills development, respect and care, preferential procurement and housing. • This year we invested R105 million in socio-economic development projects for our South Africa operations, inclusive of our social and labour plan (SLP) commitments. An additional R236 million was spent on improving accommodation and living conditions of our employees (see pages 71 to 73). • A breakdown of our community development expenditure by focus areas is presented in the table on page 70.
An economy that creates more jobs, is more inclusive and that shares the fruits of growth more equitably	• In 2030, the economy should be close to full employment • It should equip people with the necessary skills • It should ensure that ownership of production is more diverse • The functioning of the labour market should be improved through reforms on dispute resolution • Small business should be supported	• We participated in government's Project Phakisa process, aimed at accelerating progress in the NDP priority areas. • We provided more than 34 000 direct jobs in South Africa. • Our procurement spend of R8.1 billion to suppliers and contractors in South Africa stimulated significant employment opportunities throughout our value chain. • We invested R4 million in our enterprise and supplier development programmes, as part of a R20 million allocation to enterprise development over the SLP five-year period. • With our training spend of R512 million in South Africa we invested significantly in our people skills. • We paid taxation and royalties of R2 137.7 million in South Africa. • A breakdown of the economic value added throughout 2016 is provided in the table on page 65.
Building safer communities	• People living in South Africa should feel safe and have no fear of crime • People should have confidence in the criminal justice system and police service • There should be greater provision for community participation in community safety	• Implats continues to participate in various mine crime combating forums (MCCF), established through the President's Framework Agreement. These include one in Phokeng (Rustenburg), one in Gauteng (West Rand) and one in Limpopo. Mining house security heads are active participants. The agenda points include but are not limited to: – crimes against mine and mine employees – public violence – planned marches – intelligence regarding crime – identification of hotspots – profiling of individuals causing violence/destabilisers • Further details on our initiatives to ensure the rule of law, peace and stability in our communities are detailed on page 105.
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	• Our strategic approach to investing in socio-economic development initiatives continues to focus primarily on infrastructure, health, education, community empowerment and poverty alleviation projects. The strategy aims to complement our accommodation and living conditions initiatives, through the provision of schools, clinics and other amenities. Our goal is to establish infrastructure that will address urgent needs in mine communities with the focus on longer-term impacts. • Our 2016 achievements for social investments are reviewed on page 67. We also contribute to modernising and optimising of our mining infrastructure through our significant spend on capital projects. In 2016 we invested R3 560 million on these mining projects.

The NDP objective	Context and commitments	Our contribution in 2016
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	• Our flagship investment in the well-being of our local communities remains our commitment to the provision of accommodation and improved living conditions for our people. To this end, we expended R236 million on employee housing in South Africa. Since 2008 we have built nearly 3 000 houses for employees. • With our housing and community development projects in our areas of operation we endeavour to create viable local communities in which employees are able to reside with their families in stable, healthy and secure environments.
Improving education, training and innovation and providing quality healthcare	• Measures taken to address poor education and health that significantly reduce opportunities for a productive life and undermines the dynamism of the South African economy	• We invested R105 million in skills development programmes in South Africa, including R43 million on education through our social investment initiatives. • 494 employees took part in our ABET programme to ensure functional literacy and numeracy. • In addition to our occupational health measures we continue to address non-occupational health risks such as TB and HIV through our wellness programmes. • We collaborate with The Employment Bureau of Africa (TEBA) to address community health issues. • We continue to support the National Health Insurance initiative through partnerships, working closely with the DoH and through the Bojanala Health Forum. • Through the Impala Bafokeng Trust we continue to support the community clinic in Luka.
Fighting corruption	• Measures taken to address high corruption levels that frustrate the state's ability to deliver on its development mandate	• We promote high standards of ethical behaviour throughout our activities. • We have a zero-tolerance stance on fraud and corruption, with all employees, business partners, contractors and associates required to conduct themselves in accordance with the Implats code of ethics and our fraud policy. • Adherence to the code of ethics is facilitated by a toll-free ethics helpline, for confidential reporting (whistle-blowing) of alleged incidents.
An inclusive and integral 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	• Our social investment projects benefited 7 000 people in South Africa through investments in infrastructure, health and housing. • Our enterprise development initiatives supported more than 10 local businesses (tier 1) and helped create jobs.
Transitioning to a low-carbon resource efficient economy	• The country needs a coherent plan to emit less carbon, use water more sustainably, and protect the oceans, soil and wildlife	• We have continued to implement energy conservation programmes at our operations and pursue opportunities to use fuel cell technology as an alternative energy source. We work closely with national power utility Eskom, and continue to participate in various demand-side management (DSM) programmes. This year we launched a fuel cell operated forklift and refuelling station at Impala Springs refineries. In the longer term, we plan to use fuel cell technology as the main source of energy for material handling and underground mining equipment, and collaborate in developing a vibrant, sustainable local fuel cell sector. • We continue to work with industry bodies and government in seeking an appropriate policy response to climate change that does not compromise the competitiveness of our sector noting both our important development contribution as well as the role of platinum group metals in the transition to a lower carbon economy. • Our 2016 carbon and energy management performance is reviewed on page 90.

Our performance data

People
South Africa
Occupational levels

Rustenburg	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals Male	Foreign nationals Female	Total Male	Total Female	Total
Top management	1	0	0	0	0	0	0	0	0	0	1	0	**1**
Senior management	16	0	2	33	5	0	0	2	2	0	53	7	**60**
Professionally qualified and experienced specialists and mid-management	132	7	13	205	27	0	5	41	8	0	365	73	**438**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2 572	23	0	601	466	6	4	71	253	4	3 449	551	**4 000**
Semi-skilled and discretionary decision making	7 157	8	0	69	735	2	0	7	1 503	3	8 737	747	**9 484**
Unskilled and defined decision making	12 614	20	0	9	1 545	3	0	0	1 701	33	14 344	1 581	**15 925**
Total permanent	22 492	58	15	917	2 778	11	9	121	3 467	40	26 949	2 959	**29 908**
Non-permanent employees	6	0	0	1	6	1	0	1	0	0	6	8	**15**
Grand total	22 498	58	15	917	2 784	12	9	122	3 467	40	26 955	2 967	**29 923**

Marula	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals Male	Foreign nationals Female	Total Male	Total Female	Total
Top management	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Senior management	5	0	0	3	0	0	0	0	0	0	0	0	**8**
Professionally qualified and experienced specialists and mid-management	23	0	0	19	8	0	0	4	2	0	44	12	**56**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	353	2	0	36	54	0	1	7	85	0	476	62	**538**
Semi-skilled and discretionary decision making	1 048	0	0	0	93	0	0	0	40	0	1 088	93	**1 181**
Unskilled and defined decision making	1 299	0	0	2	428	0	0	0	22	3	1 323	431	**1 754**
Total permanent	2 728	2	0	60	583	0	1	11	149	3	2 939	598	**3 537**
Non-permanent employees	2	0	0	0	1	0	0	0	0	0	2	1	**3**
Grand total	2 730	2	0	60	584	0	1	11	149	3	2 941	599	**3 540**

Impala Springs	Male				Female				Foreign nationals		Total		
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	**Total**
Top management	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Senior management	1	0	1	2	1	0	0	1	2	0	6	2	**8**
Professionally qualified and experienced specialists and mid-management	15	0	5	29	10	1	4	9	5	1	54	25	**79**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	169	3	5	92	40	1	1	16	3	0	272	58	**330**
Semi-skilled and discretionary decision making	366	4	2	21	98	0	1	13	6	0	399	112	**511**
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total permanent	551	7	13	144	149	2	6	39	16	1	731	197	**928**
Non-permanent employees	6	0	0	3	6	0	0	0	0	0	9	6	**15**
Grand total	557	7	13	147	155	0	6	39	16	1	740	203	**943**

Head office	Male				Female				Foreign nationals		Total		
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	**Total**
Top management	0	0	0	2	0	0	0	1	0	0	2	1	**3**
Senior management	4	0	0	7	1	0	1	2	1	0	12	4	**16**
Professionally qualified and experienced specialists and mid-management	1	0	0	5	5	0	1	7	1	0	7	13	**20**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	4	0	0	3	0	0	0	7	**7**
Semi-skilled and discretionary decision making	0	0	0	1	1	0	0	4	0	0	1	5	**6**
Unskilled and defined decision making	0	0	0	0	1	0	0	0	0	0	0	1	**1**
Total permanent	5	0	0	15	12	0	2	17	2	0	22	31	**53**
Non-permanent employees	0	0	0	0	2	0	0	0	0	0	0	2	**2**
Grand total	5	0	0	15	14	0	2	18	2	0	22	34	**55**

Our performance data

People
South Africa
Occupational levels

Combined (South Africa)	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals Male	Foreign nationals Female	Total Male	Total Female	Total
Top management	1	0	0	2	0	0	0	1	0	0	3	1	**4**
Senior management	26	0	3	45	7	0	1	5	5	0	79	13	**92**
Professionally qualified and experienced specialists and mid-management	171	7	18	258	50	1	10	61	16	1	470	123	**593**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3 094	28	5	729	564	7	6	97	341	4	4 197	678	**4 875**
Semi-skilled and discretionary decision making	8 571	12	2	91	927	2	1	24	1 549	3	10 225	957	**11 182**
Unskilled and defined decision making	13 913	20	0	11	1 974	3	0	0	1 723	36	15 667	2 013	**17 680**
Total permanent	25 776	67	28	1 136	3 522	13	18	188	3 634	44	30 641	3 785	**34 426**
Non-permanent employees	14	0	0	4	15	1	0	1	0	0	18	17	**35**
Grand total	25 790	67	28	1 139	3 537	14	18	190	3 634	44	30 658	3 803	**34 461**

South Africa combined People with disability (PWD)	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals Male	Foreign nationals Female	Total Male	Total Female	Total
Top management	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Senior management	2	0	0	1	0	0	0	0	0	0	3	0	**3**
Professionally qualified and experienced specialists and mid-management	16	0	1	20	0	0	0	0	1	0	38	0	**38**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	187	2	0	63	8	1	0	3	22	0	274	12	**286**
Semi-skilled and discretionary decision making	476	0	0	8	19	1	0	1	89	0	573	21	**594**
Unskilled and defined decision making	599	0	0	0	41	0	0	0	123	1	722	42	**764**
Total permanent	1 280	2	1	92	68	2	0	4	235	1	1 610	75	**1 685**
Non-permanent employees	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Grand total	1 280	2	1	92	68	2	0	4	235	1	1 610	75	**1 685**

People
Zimbabwe
Occupational levels

Mimosa	Females	Males	Total
F – Top management	1	6	**7**
E – Senior management	2	10	**12**
D – Professionally qualified and experienced specialist	17	55	**72**
C – Skilled technical and academically qualified	16	89	**104**
B – Semi-skilled and discretionary decision making	3	123	**125**
A – Unskilled and defined decision making	8	351	**359**
Grand total	47	634	**681**

Zimplats	Females	Males	Total
F – Top management			
E – Senior management	1	20	**21**
D – Professionally qualified and experienced specialist	6	70	**76**
C – Skilled technical and academically qualified	79	833	**912**
B – Semi-skilled and discretionary decision making	91	1 399	**1 490**
A – Unskilled and defined decision making	34	514	**548**
Grand total	211	2 836	**3 047**

Our performance data

In-service	2016	2015	2014	2013	2012
Impala Rustenburg own employees	29 923	31 519	31 804	32 226	31 865
Contractor employees	8 735	10 288	11 201	12 624	14 436
Impala Springs own employees	943	957	942	991	1 021
Contractor employees	915	1 021	679	899	1 138
Marula own employees	3 540	3 568	3 395	3 165	2 965
Contractor employees	1 170	811	909	853	743
Zimplats own employees	3 047	3 214	3 325	2 929	2 791
Contractor employees	2 397	2 605	2 749	2 775	6 412
Mimosa own employees	681	701	711	776	786
Contractor employees	4	4	64	65	100
Corporate own employees	55	60	61	64	89
Contractor employees	0	0	0	0	0
Total own	38 189	40 019	40 238	40 151	39 517
Total contractors	13 221	14 729	15 602	17 216	22 829
Group total	51 410	54 748	55 783	57 367	62 346
% own employees relative to total workforce	74%				

Labour sending areas

South Africa	Number	Impala Rustenburg 2016	Marula 2016
Eastern Cape		4 459	156
Free State		852	38
Gauteng		794	49
KwaZulu-Natal		560	19
Mpumalanga		174	118
North West		18 061	48
Northern Cape		1 007	3
Limpopo		478	2 954
Western Cape		16	1
Total		26 401	3 386
Foreigners		3 507	151
Grand total		29 908	3 537

Zimbabwe (Zimplats)	Number	2016
Bulawayo		29
Foreigner		4
Harare		88
Manicaland		303
Mashonaland Central		305
Mashonaland East		245
Mashonaland West		1 122
Masvingo province		448
Matabeleland North		34
Matabeleland South		46
Midlands		423
Grand total		3 047

Zimbabwe (Mimosa)	Number	2016
Bulawayo		47
Foreigner		0
Harare		38
Manicaland		44
Mashonaland Central		35
Mashonaland East		23
Mashonaland West		27
Masvingo province		80
Matabeleland North		35
Matabeleland South		30
Midlands		322
Grand total		**681**

	Unit (%)	2016	2015	2014	2013	2012
Turnover						
Impala Rustenburg		9.0	5.1	4.4	6.0	10.1
Impala Springs		4.1	6.2	4.5	7.5	5.3
Marula		5.6	6.3	5.6	4.2	11.0
Zimplats		6.5	4.4	3.6	3.9	4.2
Mimosa		2.9	3.4	9.0	3.5	4.2
Corporate		14.3	18.2	10	9.4	7.7
Group		8.2	5.1	4.5	5.7	10.0
Women turnover						
Impala Rustenburg		0.5	0.3	0.2	4	0.3
Impala Springs		0.4	1.5	1.4	2	1.7
Marula		0.5	0.4	0.3	5	0.7
Zimplats		0.1	0.3	0.2	6	6
Mimosa		0.1	0.3	5.0	4	0
Corporate		5.4	7.3	1.6	50	2.2
Group		0.5	0.3	0.6	5	0.8

Our performance data

Engagements per age group	Number	Male	Female	Total
Impala Rustenburg		941	52	**992**
15 – 25		121	4	**125**
26 – 35		455	27	**482**
36 – 45		243	18	**261**
46 – 55		119	3	**122**
56 – 63		2	0	**2**
Impala Springs		16	7	**23**
15 – 25		6	3	**9**
26 – 35		9	3	**12**
36 – 45		1	0	**1**
46 – 55		0	1	**1**
56 – 63		0	0	**0**
Marula		148	80	**228**
15 – 25		42	22	**64**
26 – 35		68	34	**102**
36 – 45		20	24	**44**
46 – 55		14	0	**14**
56 – 63		4	0	**4**
Zimplats		20	2	**22**
15 – 25		9	0	**9**
26 – 35		8	2	**10**
36 – 45		2	0	**2**
46 – 55		1	0	**1**
56 – 63		0	0	**0**
Mimosa		1	1	**2**
15 – 25		0	0	**0**
26 – 35		0	1	**1**
36 – 45		1	0	**0**
46 – 55		0	0	**0**
56 – 63		0	0	**0**
Corporate		0	1	**1**
15 – 25		0	0	**0**
26 – 35		0	0	**0**
36 – 45		0	1	**1**
46 – 55		0	0	**0**
56 – 63		0	0	**0**

Terminations per age group	Number	Male	Female	Total
Impala Rustenburg		2 531	155	**2 686**
15 – 25		113	11	**124**
26 – 35		533	68	**601**
36 – 45		582	29	**611**
46 – 55		642	12	**654**
56 – 63		661	35	**696**
Impala Springs		35	4	**39**
15 – 25		6	0	**6**
26 – 35		10	1	**11**
36 – 45		1	0	**1**
46 – 55		4	2	**6**
56 – 63		14	1	**15**
Marula		181	18	**199**
15 – 25		8	3	**11**
26 – 35		42	5	**47**
36 – 45		61	9	**70**
46 – 55		43	1	**44**
56 – 63		27	0	**27**
Zimplats		193	4	**197**
15 – 25		16	0	**16**
26 – 35		97	1	**98**
36 – 45		41	1	**42**
46 – 55		25	2	**27**
56 – 63		14	0	**14**
Mimosa		19	1	**20**
15 – 25		0	0	**0**
26 – 35		0	1	**1**
36 – 45		7	0	**7**
46 – 55		7	0	**7**
56 – 63		5	0	**5**
Corporate		5	3	**8**
15 – 25		0	0	**0**
26 – 35		0	0	**0**
36 – 45		1	3	**4**
46 – 55		3	0	**3**
56 – 63		1	0	**1**

Unionised workforce	Percentage	2016	2015	2014	2013	2012
Impala Rustenburg		**84**	81	78	73	58
Impala Springs		**51***	75	71	70	70
Marula		**90**	91	87	75	65
Zimplats		**34**	37	40	46	52
Mimosa		**25**	26	25	24	24

**The notable reduction in 2016 compared to 2015 in Impala Springs statistics was caused by derecognition of AMCU*

Our performance data

Female to male pay ratio		Female	Male
Impala Rustenburg	Top management	0	1
	Senior management	0.81	1
	Professionally qualified and experienced specialists and mid-management	0.85	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0.89	1
	Semi-skilled and discretionary decision making	1.08	1
	Unskilled and defined decision making	1.02	1
Total		**1.07**	**1**
Impala Springs	Top management	0	0
	Senior management	0.79	1
	Professionally qualified and experienced specialists and mid-management	0.77	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0.84	1
	Semi-skilled and discretionary decision making	1.01	1
Total		**0.96**	**1**
Marula	Senior management	0	1
	Professionally qualified and experienced specialists and mid-management	0.81	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0.86	1
	Semi-skilled and discretionary decision making	1.04	1
	Unskilled and defined decision making	0.97	1
Total		**0.83**	**1**
Grand total		**1.07**	**1**

Female to male pay ratio		Female	Male
Zimplats	Top management		
	Senior management	1	1
	Professionally qualified and experienced specialists and mid-management	0.91	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1.18	1
	Semi-skilled and discretionary decision making	0.93	1
	Unskilled and defined decision making	1	1
Total		**1**	**1**
Mimosa	Senior management	1	1
	Professionally qualified and experienced specialists and mid-management	1	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	1
	Semi-skilled and discretionary decision making	1	1
	Unskilled and defined decision making	1	1
Total		**1**	**1**
Grand total		**1**	**1**

Safety	Unit	2016	2015	2014	2013	2012
Fatalities (employees)	Number					
Impala Rustenburg		**9**	4	3	8	7
Impala Springs		**0**	0	0	0	0
Marula		**0**	1	0	0	1
Zimplats		**0**	0	1	0	0
Mimosa		**2**	0	0	0	0
Total		**11**	5	4	8	7
Fatalities (contractors)	Number					
Impala Rustenburg		**0**	2	0	1	5
Impala Springs		**0**	0	0	0	0
Marula		**0**	0	0	0	0
Zimplats		**0**	0	0	0	0
Mimosa		**0**	0	0	0	0
Total		**0**	2	0	1	5
Group total		**11**	7	4	9	12
Reportable injuries	Number					
Impala Rustenburg		**401**	281	209	358	360
Impala Springs		**2**	2	1	2	1
Marula		**45**	24	33	36	60
Zimplats		**7**	8	6	12	4
Mimosa		**9**	1	1	0	2
Afplats and head office		**0**	2	2	13	3
Group total		**461**	318	252	421	430
Medical treatment cases	Number					
Impala Rustenburg		**519**	393	341	454	441
Impala Springs		**61**	84	75	78	82
Marula		**109**	61	86	90	131
Zimplats		**6**	6	27	19	33
Mimosa		**7**	1	10	17	26
Afplats and head office		**0**	1	6	44	11
Group total		**702**	546	545	702	724
Lost-time injuries	Number					
Impala Rustenburg		**665**	456	311	503	573
Impala Springs		**3**	2	1	2	1
Marula		**97**	90	47	45	88
Zimplats		**8**	8	6	12	4
Mimosa		**7**	1	3	2	11
Afplats and head office		**0**	2	1	15	4
Group total		**782**	559	369	579	681

Our performance data

Safety	Unit	2016	2015	2014	2013	2012
Employee hours worked	Hours					
Impala Rustenburg		**84 043 377**	86 231 570	57 954 414	98 131 748	95 598 107
Impala Springs		**4 141 659**	3 972 573	3 913 170	4 746 833	4 453 614
Marula		**10 148 375**	9 013 210	8 885 363	8 303 702	7 678 134
Zimplats		**13 837 573**	13 560 069	14 646 272	17 257 526	19 361 847
Mimosa		**8 116 972**	7 643 876	7 803 469	7 762 842	9 250 991
Afplats and head office		**232 719**	498 262	854 084	1 395 686	831 411
Group total		**120 520 676**	121 034 823	94 056 773	137 598 336	137 174 104
FIFR	Pmmhw					
Impala Rustenburg		**0.107**	0.070	0.052	0.091	0.115
Impala Springs		**0**	0	0	0	0
Marula		**0**	0.111	0	0	0.130
Zimplats		**0**	0	0.068	0	0
Mimosa		**0.246**	0	0	0	0
Group		**0.091**	0.058	0.043	0.065	0.087
LTIFR (including RWC)	Pmmhw					
Impala Rustenburg		**7.91**	5.29	6.69	6.50	6.61
Impala Springs		**0.72**	0.50	0.51	0.42	0.45
Marula		**9.56**	18.20	18.91	13.97	19.02
Zimplats		**0.58**	0.88	0.75	1.10	0.52
Mimosa		**1.11**	0.26	0.51	0.64	1.84
Group		**6.49**	5.27	6.10	5.80	5.91
TIFR	Pmmhw					
Impala Rustenburg		**14.09**	9.85	12.58	11.13	11.22
Impala Springs		**15.45**	21.65	19.68	16.85	18.86
Marula		**20.3**	24.96	28.59	24.81	36.08
Zimplats		**1.01**	1.33	2.59	2.20	2.22
Mimosa		**1.97**	0.39	1.79	2.83	4.65
Group		**12.31**	9.78	11.9	10.91	11.19
MTCFR	Pmmhw					
Impala Rustenburg		**6.18**	4.56	5.88	4.63	4.61
Impala Springs		**14.73**	21.14	19.17	16.43	18.41
Marula		**10.74**	6.77	9.68	10.84	17.06
Zimplats		**0.43**	0.44	1.84	1.10	1.70
Mimosa		**0.86**	0.13	1.28	2.19	2.59
Group		**5.82**	4.51	5.79	5.11	5.28
Total injuries	Number					
Impala Rustenburg		**1 184**	849	729	1 092	1 073
Impala Springs		**64**	86	77	80	84
Marula		**206**	225	254	206	277
Zimplats		**14**	18	38	38	43
Mimosa		**16**	3	14	22	43
Afplats		**0**	2	7	63	15
Group total		**1 484**	1 183	1 119	1 501	1 535

Health	Unit	2016	2015	2014	2013	2012
VCT interventions	Number					
Impala Rustenburg		**8 831**	9 851	7 626	10 470	7 792
Impala Springs		**14**	4	10	9	14
Marula		**1 058**	698	566	540	292
Zimplats		**695**	1 002	1 563	714	1 424
Mimosa		**269**	320	321	203	298
Group		**10 867**	11 875	10 086	11 936	9 820
Employees on ART	Number					
Impala Rustenburg		**4 299**	3 929	3 822	3 639	3 222
Impala Springs		**0**	0	27	28	26
Marula		**224**	200	138	101	65
Zimplats		**160**	147	137	120	114
Mimosa		**160**	153	152	151	139
Group		**4 843**	4 429	4 276	4 039	3 566
Pulmonary TB cases	Number					
Impala Rustenburg		**149**	274	213	311	352
Impala Springs		**1**	1	1	1	—
Marula		**11**	20	41	15	21
Zimplats		**4**	5	7	1	6
Mimosa		**6**	4	6	6	10
Group		**171**	304	268	334	389
NIHL	Number					
Impala Rustenburg		**49**	32	16	36	53
Impala Springs		**0**	0	0	0	0
Marula		**12**	7	14	12	10
Zimplats		**0**	6	6	2	0
Mimosa		**0**	4	0	0	0
Group		**61**	49	36	50	63

SKILLS DEVELOPMENT

(Zimbabwe)	Unit	2016	2015	2014	2013	2012
Expenditure	(US$ 000)					
Zimplats*		**1 586**	1 784	2 568	2 350	2 763
Mimosa*		**3 319**	3 522	3 341	2 935	2 617
Total		**4 905**	5 304	5 909	5 285	5 380

**Zimplats' skills development expenditure impacted by Bimha collapse and subsequent cost containment initiatives, hence the large difference when compared with Mimosa.*

Our performance data

Skills development	Unit	2016	2015	2014	2013	2012
Expenditure	(R million)					
Impala Rustenburg		**424**	456	280	387	313
Impala Springs		**19**	19	14	16	21
Marula		**68**	48	37	24	19
SA operations total (6% of wage bill)		**512**	523*	331*	428	353
Employee literacy (ABET III and above)	Percentage					
Impala Rustenburg		**82**	82	82	80	74
Impala Springs		**96**	92	94	94	93
Marula		**92**	91	91	90	92
Zimplats		**99**	99	99	99	99
Mimosa		**99**	99	99	99	99
Average Group literacy		**94**	93	93	92	86
ABET training employees	Number					
Impala Rustenburg		**478**	410	686	794	900
Impala Springs		**0**	0*	0*	5	7
Marula		**16**	11	21	6	0**
SA operations total		**494**	421	707	805	907
Total number of employees trained (including ABET)	Number					
Impala Rustenburg		**29 526**	30 031	20 338	29 299	23 477
Impala Springs		**2 381**	2 661	963	1 053	1 091
Marula		**3 516**	3 074	2 660	1 874	1 117
SA operations total		**35 423**	35 766*	23 961*	32 226	25 685
Cost of ABET training	(R000)					
Impala Rustenburg		**10 738**	10 664	8 577	12 769	10 220
Impala Springs		**0****	0	0	486	578
Marula		**1 896**	8	19	2	0*
SA operations total		**12 634**	10 672	8 596	13 257	10 798
Hours of ABET training	Hours					
Impala Rustenburg		**70 304**	89 736	69 672	148 728	134 842
Impala Springs		**0**	0*	0*	11 064	13 433
Marula		**15 640**	26 028	20 160	4 032	0*
SA operations total		**85 944**	115 764*	89 832*	163 824	148 257
Functional literacy	Percentage					
Zimplats			99	99	99	99
Mimosa			99	99	99	99
Average Zimbabwean operations functional literacy			99	99	99	99

* *Strike impacted, thus comparability impacted year on year*
** *No ABET intake*

Environment	Unit	2016	2015*	2014*	2013	2012
Key production figures						
Ore milled (excluding Mimosa)	(000 tonnes)	**18 426**	16 024	13 916	17 209	16 626
Tailings disposed on tailing dam	(000 tonnes)	**20 936**	17 891	16 004	20 770	20 619
Dump slag reprocessed/re-used	(000 tonnes)	**201**	16	90	172	175
Furnace and converter slag generated and reprocessed	(000 tonnes)	**755**	469	382	783	772
Total slag reprocessed/re-used	(000 tonnes)	**956**	485	472	955	947
Platinum produced	(000oz)	**1 438**	1 276	1 178	1 581	1 448
Group material consumption						
Diesel	(000 litres)	**22 523**	21 748	21 776	25 247	27 875
Petrol	(000 litres)	**476**	602	830	1 137	1 237
Coal	(tonnes)	**153 309**	138 653	127 883	158 732	161 563
Industrial burning oil	(000 litres)	**1 222**	1 633	1 264	1 730	2 660
Key production figures – Energy	(GJ000)					
Impala Rustenburg		**10 902**	9 766	7 945	11 453	11 360
Impala Springs		**2 511**	2 523	2 549	2 727	2 688
Marula		**771**	743	792	729	713
Zimplats		**2 425**	2 199	2 390	1 940	2 100
Mimosa		**719**	706	719	725	701
Group total		**17 328**	15 937	14 395	17 574	17 542
Key production figures – Water (Ml)	(Ml)					
Total water withdrawn						
Impala Rustenburg		**14 201**	14 491	10 353	14 514	15 961
Impala Springs		**810**	750	758	838	792
Marula		**1 471**	1 523	1 690	1 969	1 989
Zimplats		**7 903**	6 447	6 389	5 775	4 408
Mimosa		**2 318**	2 165	2 175	2 344	2 214
Group total		**26 703**	25 376	21 365	25 440	25 274
Total water consumed**	(Ml)					
Impala Rustenburg		**22 494**	21 140	16 247	24 735	26 012
Impala Springs		**1 333**	1 261	1 255	1 244	1 251
Marula		**2 929**	3 311	3 573	3 544	3 585
Zimplats		**12 121**	10 725	10 386	7 852	6 003
Mimosa		**6 651**	3 264	3 314	3 336	3 263
Group total		**45 528**	39 701	34 775	40 711	40 114
Total water recycled	(Ml)					
Impala Rustenburg		**8 293**	6 649	5 894	10 220	10 051
Impala Springs		**523**	511	497	406	459
Marula		**1 458**	1 787	1 883	1 574	1 596
Zimplats		**4 218**	4 278	3 997	2 078	1 595
Mimosa		**4 333**	1 100	1 138	993	1 139
Group total		**18 825**	14 325	13 409	15 271	14 840
Unit water consumption	(kl/tonne milled)					
Impala Rustenburg		**2.15**	2.29	2.62	2.06	2.1
Impala Springs		**47.45**	49.44	51.59	44.93	52.96
Marula		**1.74**	1.99	1.99	2.18	2.28
Zimplats		**1.80**	2.02	1.75	1.68	1.37
Mimosa		**2.52**	1.25	1.35	1.4	1.4
Group total		**2.09**	2.11	2.12	1.97	1.94

** Comparability of year-on-year figures impacted by five-month strike in the 2014 financial year*
*** Total water consumed = total water withdrawn and total water recycled*

Our performance data

Key production figures

Emissions	Unit	2016	2015	2014	2013	2012
Total direct CO_2	(tonnes)					
Impala Rustenburg		**170 301**	143 523**	114 432*	182 406	193 317
Impala Springs		**145 018**	143 687	141 372	158 553	154 077
Marula		**6 247**	6 437	7 102	6 331	6 450
Zimplats		**50 269**	45 547	51 257	43 864	53 697
Mimosa		**9 945**	9 806	9 834	9 815	10 362
Group total		**381 780**	349 000	323 997	400 969	417 902
Total indirect CO_2	(tonnes)					
Impala Rustenburg		**2 449 626**	2 267 832**	1 928 823*	2 534 307	2 444 347
Impala Springs		**152 390**	150 711	159 445	149 223	147 166
Marula		**192 984**	187 298	206 412	175 914	170 958
Zimplats*		**326 665**	290 863	312 357	366 492	249 345
Mimosa*		**164 433**	104 818	107 120	106 506	101 391
Group total		**3 286 098**	3 001 522	2 714 157	3 332 442	3 113 207
Total direct NO_x	(tonnes)					
Impala Rustenburg		**10 187**	9 468**	7 932*	10 644	10 370
Impala Springs		**634**	629	656	633	625
Marula		**802**	782	850	746	725
Zimplats		**2 128**	1 896	1 988	1 555	1 587
Mimosa		**684**	684	682	678	645
Group total		**14 435**	13 459	12 107	14 257	13 952
Total direct SO_2	(tonnes)					
Impala Rustenburg		**5 641**	4 865**	3 729*	5 832	4 736
Impala Springs		**677**	824	1 006	687	256
Marula		**0**	—	—	—	—
Zimplats		**25 074**	22 017	26 000***	12 017	13 470
Mimosa		**0**	—	—	—	—
Group total		**31 392**	27 706	30 735	18 536	18 462

* *Strike impacted, thus comparability impacted year on year*
** *Post strike ramp up*
*** *Start up of phase II*

Key production figures
Land management

	Unit	2016	2015	2014	2013	2012
Disturbed areas rehabilitated	(ha)					
Impala Rustenburg		**4.7**	2.4	39.7	18.4	23.4
Impala Springs		**—**	—	—	—	—
Marula		**0.6**	1.8	3.0	3.3	—
Zimplats		**16.0**	2.5	3.2	2.5	—
Mimosa		**6.2**	2.7	0.7	4	—
Group total		**27.5**	9.4	46.6	28.2	23.4
Rehabilitation liabilities/current costs	(Rm)					
Impala Rustenburg		**858**	767	729	761	712
Impala Springs		**229**	137	67	63	60
Marula		**109**	101	102	94	82
Zimplats		**557**	413	285	247	216
Mimosa		**0**	0	0	98	77
Afplats		**17**	16	16		
Group total		**1 770**	1 434	1 199	1 263	1 147
Rehabilitation provisions	(Rm)					
Impala Rustenburg		**522**	459	436	523	520
Impala Springs		**180**	96	34	37	38
Marula		**52**	49	52	54	57
Zimplats		**318**	236	145	154	117
Mimosa		**0**	0	0	47	52
Afplats		**9**	8	8		
Group total		**1 081**	848	675	815	784

Our performance data

Key production figures
Land leased and managed

	Implats interest	Mining right (ha)	Prospecting right (ha)
South Africa			
Impala	100%	29 773	
Impala RBR JV*	49%		3 789
Afplats	74%	4 602	1 065
Imbasa	60%		1 673
Inkosi	49%		2 583
Marula	73%	5 494	223
Two Rivers	49%	10 675	

	Implats interest	Mining leases (ha)
Zimbabwe		
Zimplats	87%	48 535
Mimosa	50%	6 591

** Prospecting joint venture with Royal Bafokeng Resources*

Key production figures
Waste management

	Unit	**Total Group 2016**	Total Group 2015	Total Group 2014
Non-mineral/non-hazardous waste				
Reused	tonnes	**367**	811	1 014
Recycled	tonnes	**11 515**	10 498	7 582
Recovered	tonnes	**0**	0	0
Treatment	tonnes	**0**	0	0
Disposal	tonnes	**4 457**	6 884	3 001
On-site storage	tonnes	**0**	0	0
Non-mineral/hazardous waste				
Reused	tonnes	**2.5**	2.5	3.0
Recycled	tonnes	**30 892**	27 704	23 960
Recovered	tonnes	**0**	0	0
Treatment	tonnes	**5 675**	5 127	3 294
Disposal	tonnes	**8 997**	7 131	8 251
On-site storage	tonnes	**8.6**	6.1	9.5

Mineral waste	Unit	**2016**	2015	2014	2013	2012
Accumulated tailings	(000 tonnes)	**20 936**	17 891	16 004	20 770	20 619
Accumulated waste rock (on surface)	(000 tonnes)	**911**	824	778	1 484	1 323

GRI and UN Global Compact

Implats has followed the guidance provided by principles and criteria provided in the GRI's G4 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 23 to 25 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.
- **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.
- **Completeness:** The Group's approach to sustainability management has been disclosed under management approach on page 34 as well as key sections of the 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 2015 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 and where there are differences with industry norms, indicated.
- **Timeliness:** This Sustainable Development Report is published annually, combining financial and non-financial performance.
- **Clarity:** The Group has adopted a reporting style that is concise, but comprehensive enough to be understandable to the lay person.
- **Reliability:** In 2009, Implats implemented a sustainability toolkit to collate and verify data, and to ensure greater accuracy and reliability. Certain performance indicators have been verified by the external assurance provider.

Principles relating to the boundaries of this report

- This report includes operations that are wholly owned or managed by the Group, as well as Mimosa Mine, in which Implats has a 50% interest. The Two Rivers operation, in which the Group has a 49% interest and does not directly manage, is not directly covered.
- **Mass balance:** Mass balance accounting is used to calculate all sulphur emissions at our smelters. In this case, sulphur mass balance is a systematic manner in which the mass of inputs containing sulphur with the mass of outputs containing sulphur as products, waste, change in material stocks and emissions.
- **Particulate matter:** Particulate matter is tiny pieces of solid or liquid matter released to the atmosphere. At Implats, particulate matter refers to the mass of particulates measured at ambient monitoring stations. Particulate matter smaller than 2.5 microns (µm) in size is called PM2.5 and particulate matter bigger than 2.5 microns (µm) and smaller than 10 microns (µm) in size is called PM10.
- **Isokinetic sampling:** Isokinetic sampling is a sampling method which is used for monitoring pollution from the stacks. The samples are taken in a duct or stack. The sampling collects particles at a rate where the velocity and the direction of the gas entering the sampling nozzle is the same as that of the gas in the duct or stack and elsewhere in the stream. The results are therefore more accurate and reliable.

Independent assurance report on selected sustainability information

To the directors of Impala Platinum Holdings Limited

We have undertaken an assurance engagement on selected sustainability information as described below and presented in the 2016 sustainability report of Impala Platinum Holdings Limited (Implats) for the year ended 30 June 2016 (the report). This engagement was conducted by a multidisciplinary team of health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter and related assurance

We are required to provide:

1. Reasonable assurance on the following key performance indicators:

	KPIs prepared in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines (GRI G4 Guidelines), supported by Implats' internal guidelines	Assured value	Page	Boundary
1	Contractor and employee fatalities	11 fatalities	43, 119	Implats Group
2	Contractor and employee lost time injury frequency rate (LTIFR)	6.49	3, 10, 43, 120	Implats Group
3	Total injury frequency rate (TIFR)	12.31	3, 43, 120	Implats Group
4	New cases of noise-induced hearing loss (NIHL) submitted for compensation	61 cases	13, 49, 121	Implats Group
5	New cases of pulmonary tuberculosis diagnosed and treated	171 cases	4, 13, 48, 49, 121	Implats Group
6	Employees on antiretroviral treatment (ARV/ART) – net enrolment at year end	4 843 employees	3, 13, 48, 49, 121	Implats Group
7	Employee voluntary counselling and testing programme uptake (VCT)	10 867 tested cases	48, 49, 121	Implats Group
8	Energy consumption	17 328 GJ000	90, 123	Implats Group
9	Water withdrawn	26 703 Ml	87, 123	Implats Group
10	Water consumption	45 528 Ml	87, 123	Implats Group
11	Total indirect carbon dioxide (CO_2) emissions	3 286 098 Tonnes	124	Implats Group
12	Total nitrogen oxide (NO_x) emissions	14 435 Tonnes	93, 124	Implats Group

2. Limited assurance on the following key performance indicators:

(a)	KPIs prepared in compliance with the Amendment to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (BBSEEC) (2010) and related scorecard (2010)	Assured value	Page	Boundary
13	Number of employees who are classified as historically disadvantaged South Africans (HDSA) and who are employed at management positions, above the supervisor level – excluding non-executive directors	363 employees	59	South African operations only
14	Number of women employees in management positions, above the supervisor level – excluding non-executive directors	137 employees	14, 59	South African operations only
15	Number of people trained through adult basic education (ABET) – net enrolment at year end	173 people	53	South African operations only
16	HDSA procurement (>25%) (in line with the Mining Charter categories of capital goods, services and consumable goods)	R6.1 billion	75	South African operations only
17	Local procurement	R608 million spent on Tier 1 procurement	76	South African operations only

(b)	KPIs prepared in accordance with the GRI G4 guidelines, supported by Implats' internal guidelines	Assured value	Page	Boundary
18	Total socio-economic development (SED) expenditure	R104.6 million	10, 66	South African operations only
19	Total direct carbon dioxide (CO_2) emissions	381 780 tonnes	124	Implats Group
20	Total sulphur dioxide (SO_2) emissions	58 747 tonnes	93	Implats Group

Independent assurance report on selected sustainability information

Directors' responsibilities

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

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

This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.

Our independence and quality control

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

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

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

An assurance engagement in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Implats' use of its reporting criteria and performing procedures to obtain evidence about the quantification of the selected sustainability information and related disclosures. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments we considered internal control relevant to Implats' preparation of the selected sustainability information. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the selected sustainability information set out in section 1 of the subject matter and related assurance paragraph above.
A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Given the circumstances of our limited assurance engagement on the selected sustainability information set out in section 2 of the subject matter and related assurance paragraph above, in performing the procedures listed above we:

- Interviewed management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information, which included the following;
  - Inspected supporting documentation and performed analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria;
  - Undertook site visits to the Rustenburg (mining, concentration and smelting), Springs (refineries), Marula (mining and concentrating) and Zimplats (mining and concentration, where we also met with Mimosa personnel) operations; and

- Evaluated whether the selected sustainability information presented in the report is consistent with our overall knowledge and experience of sustainability management and performance at Implats.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on the matters described in section 2 of the subject matter and related assurance paragraph above.

Reasonable assurance opinion and limited assurance conclusions

1. On the selected key performance indicators on which we are required to express reasonable assurance
   In our opinion, the selected sustainability information set out in 1 of the subject matter and related assurance paragraph above for the year ended 30 June 2016 is prepared, in all material respects, in accordance with the GRI G4 guidelines, supported by Implats' internal guidelines.
2. On the selected key performance indicators on which we are required to express limited assurance
   a. Based on our work performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information set out in 2(a) of the subject matter and related assurance paragraph above for the year ended 30 June 2016 is not prepared, in all material respects, in compliance with the amendment to the BBSEEC (2010) and related scorecard (2010).
   b. Based on our work performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information set out in 2(b) of the subject matter and related assurance paragraph above for the year ended 30 June 2016 is not prepared, in all material respects, in accordance with the GRI G4 Guidelines, supported by Implats' internal guidelines.

Other matters

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

Restriction of liability

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

KPMG Services Proprietary Limited

Per PD Naidoo
Director

Johannesburg
1 September 2016

Glossary

ABET	Adult Basic Education and Training
Aids	Acquired immune deficiency syndrome
AMCU	Association of Mineworkers and Construction Union
AMWUZ	Associated Mine Workers Union of Zimbabwe
ART	Antiretroviral therapy, provided for the treatment of HIV and Aids (excluding state and private medical aid)
B-BBEE	Broad-based black economic empowerment
CEE	Commission for Employment Equity
CO_2	Carbon dioxide
CoM	Chamber of Mines
CSOT	Community Share Ownership Trust
CTF	Cultural transformation framework
dB	Decibels. Unit of measurement for sound
DEROs	Desired Emissions Reduction Objectives
DOH	Department of Health
DMR	Department of Mineral Resources, South Africa
DPM	Diesel Particulate Matter
DPME	Department of Performance, Monitoring and Evaluation
DSM	Demand-side management
DWS	Department of Water and Sanitation
EAO	Emolument attachment orders
ECD	Early childhood development
EFF	Economic Freedom Fighters
EIA	Environmental impact assessment
EITI	Extractive Industries Transparency Initiative
EMA	Environmental Management Agency of Zimbabwe
EMP	Environmental management programme
ESOP	Employee Share Ownership Programme
ESOT	Employee Share Ownership Trust
Executive director	Is employed by the Company and is involved in the day-to-day running of the organisation
EVP	Employee value proposition
FC	Fuel cell
FIFR	A rate expressed per million man-hours of any Impala 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
FLC	Foundational Learning Competence
FY	Financial year (to 30 June)

GJ	Gigajoules. Unit of measure for energy
GHG	Greenhouse gases
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIV	Human immunodeficiency virus
HPD	Hearing Protection Devices
HSE	Health, safety and environment
HSRC	Human Sciences Research Council
IBC	Inside back cover
IDP	Integrated Development Plans
IFC	Inside front cover
IFRS	International Financial Reporting Standards
IBT	Impala Bafokeng Trust, socio-economic development vehicle jointly funded by Implats and RBH
ILO	International Labour Organisation
IMF	International Monetary Fund
IMP	Impala Medical Plan
Impala Platinum	Impala Platinum Limited, comprising Impala Rustenburg and Impala 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
IPA	International Platinum Group Metals Association
ISO	International Organisation for Standardisation
IWWMP	Integrated waste and water management plan
IIP	Indigenisation Implementation Plan
JORC	Australasian Code for the Reporting of Mineral Resources and Ore Reserves
JSE	JSE Securities Exchange
LCA	Life cycle assessment
LCMs	Loose cubic metres
LED	Local Economic Development
LHD	Load Haul Dumper
Local community	Communities that are directly impacted by our mining operations and are on or near the mine lease area
Lost-time injury	A work-related injury resulting in the employee being unable to attend work at his/her place of work, performing his/her assigned duties, on the next calendar day (whether a scheduled 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

Glossary

Marula	Marula Platinum (Pty) Ltd
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
MCDA	Marula Community Development Agency
MCLEF	Mine Communities Leadership Engagement forum
MCSOT	Mberengwa Community Share Ownership Trust
MCT	Marula Community Trust
MHSC	Mine, Health and Safety Council
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
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
MW	Megawatt, a measure of electric power
NAC	National Aids Council
NASCA	National Senior Certificate for Adults
NATJOC	National Joint Operations Command
NCPC	National Cleaner Production Centre
NCR	National Credit Regulator
NGO	Non-governmental organisation
NBI	National Business Institute
NDP	National Development Plan
NIHL	Noise-induced hearing loss
NMWVZ	National Mine Workers Union of Zimbabwe
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
NO_x	Nitrous oxide
NRF	National Research Foundation
NUM	National Union of Mineworkers, South Africa
OEM	Original Equipment Manufacturer
OHSAS	Occupational Health and Safety Assessment Series
ORAs	Objective-based risk assessments

PBC	PGM beneficiation committee
PDS	Proximity detective systems
PFA	President's Framework Agreement
PGI	Platinum Guild International
PGMs	Platinum group metals being the metals derived from PGE
PIC	Public Investment Corporation
PPC	Platinum producer's committee
PPE	Personal protective equipment
PPM	Parts per million
RBED	Royal Bafokeng Enterprise Development
RBH	Royal Bafokeng Holdings
RBN	Royal Bafokeng Nation/Administration
Reportable injury	(a) A reportable injury is an injury which results in: 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
RDP	Reconstruction and Development Programme
RFA	Rehabilitation and Fitness Assessment
RLM	Rustenburg Local Municipality
RO	Reverse osmosis
RSIP	Rehabilitation strategy and implantation plan
SAMREC	South African Code for Reporting of Mineral Resources and Mineral Reserves
SANBI	South African National Biodiversity Institute
SAZ	Standards Association of Zimbabwe
SD	Sustainable development
SED	Socio-economic development
SHEQ	Safety, Health and Environment Quality
SLP	Social and labour plan
SMC	Selous Metallurgical Complex
SMMEs	Small, medium and micro enterprises
SO_2	Sulphur dioxide
SRI	Socially responsible investment

Glossary

STR	Social, transformation and remuneration committee
TARP	Triggered action response plan
TB	Pulmonary tuberculosis, which in South Africa is considered an occupational illness when it is associated with the presence of dust in the workplace
TEBA	The Employment Bureau of Africa
TMM	Trackless mobile machinery
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
TSCZ	Traffic Safety Council of Zimbabwe
UASA	United Association of South Africa
UNGC	United Nations Global Compact
VCT	Voluntary counselling and testing, in respect of HIV and Aids
VPSHR	Voluntary principles on security and human rights
WBCSD	World Business Council on Sustainable Development
WC/WDM	Water Conservation/Water Demand Management
WiM	Women in mining
WLPF	Western Limb Producers Forum
WPIC	World Platinum Investment Council
WUL	Water use licence
ZCSOT	Zvishavane Community Share Ownership Trust
ZINARA	Zimbabwe National Roads Association
ZINWA	Zimbabwe National Water Authority
ZIP	Zero incident process
ZRP	Zimbabwe Republic Police

Environmental incident reporting levels

Level of severity	Definition of levels
Level 5	Incident that contains **major** non-conformances or non-compliances. These non-compliances are those that result in **long-term environmental impact**. *Company or operation-threatening implications.*
Level 4	Incident that contains **significant** non-conformances or non-compliances. These non-compliances are those that result in **medium-term environmental impact**. *Serious environmental impact, but not operation-threatening events.*
Level 3	Incident that contains **limited** non-conformances or non-compliances. These non-compliances are those that result in **ongoing, but limited environmental impact**.
Level 2	Incident that involves **minor** non-conformances that result in **short-term, limited and non-ongoing adverse environmental impact**.
Level 1	Incident that involves **minor** non-conformances that result in **negligible adverse environmental impact.**

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