



IMPLATS

IMPLATS
Distinctly Platinum



Sustainable Development Report 2018
Supplement to the Annual Integrated Report 30 June 2018

Contents

01	OVERVIEW	
	Our strategy	2
	Our vision, mission and purpose	2
	Our approach to reporting	4
	Performance indicator	5
	Our business at a glance	8
	Statement by the Chairperson of the social, transformation and remuneration committee	10
	CEO statement	11
02	OUR GOVERNANCE AND MANAGEMENT APPROACH	
	Sustainability governance	13
	Upholding business ethics and integrity	16
	Respecting human rights	18
	Engaging our stakeholders	19
	Our material sustainability issues	21
03	SAFE AND EFFECTIVE PEOPLE WHO RESPECT AND CARE	
	Employee and contractor safety	28
	Employee health and wellbeing	33
	Attracting, retaining and developing talent	38
	Investing in employee relations	45
	Promoting diversity and transformation	49
04	SOCIAL CAPITAL AND LICENCE TO OPERATE	
	Building social capital	37
	Investing in community development	38
	Accommodation and living conditions	43
	Procurement, enterprise and supplier development	46
	Social legal compliance	51
05	CONSERVE NATURAL RESOURCES AND MITIGATE IMPACTS	
	Environmental legal compliance	52
	Water stewardship	54
	Energy management and climate change	56
	Air quality management	59
	Managing our waste	61
	Mine closure, rehabilitation and biodiversity	82
	Land management and biodiversity	62
06	APPENDIX	
	Performance data	64
	Independent assurance statement	88
	Glossary	91
	Contact details and administration	IBC

IMPALA PLATINUM HOLDINGS (IMPLATS) IS ONE OF THE WORLD'S FOREMOST PRODUCERS OF PLATINUM AND ASSOCIATED PLATINUM GROUP METALS (PGMs). WE ARE LISTED ON THE JSE AND WE ARE A CONSTITUENT OF THE FTSE 4 GOOD EMERGING INDEX.



FTSE4Good

IMPLATS IS INCLUDED AMONG THE TOP 100 COMPANIES IN THE VIGEO EIRIS BEST EMERGING MARKETS PERFORMERS RANKING FOR CORPORATE ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY.



BEST EM PERFORMERS



Comments or queries related to this report:

investor@implats.co.za

Tel: +27 11 731 9000

Indicates independently assured number

Navigation icon description:

 Refers readers to additional information available online.

2018 sustainability performance snapshot

Implats Sustainable Development Report 2018 | 1

IMPLATS IS A LEADING PRODUCER OF PLATINUM AND ASSOCIATED PLATINUM GROUP METALS (PGMs). IMPLATS IS STRUCTURED AROUND FIVE MINING OPERATIONS AND IRS, A TOLL REFINING BUSINESS.

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

Seven fatalities

11 out of **17**

sites achieved safety millionaire and multimillionaire

fatal free status

Lost-time injury rate

5.55 per million man-hours

15%

Improvement in antiretroviral treatment uptake among our employees

13%

Decrease in Aids-related deaths

57%

historically disadvantaged South Africans and

22% women in management (South African operations)

Each employee in the Group received an average of

93 hours of training through skills development initiatives

60%

B-BBEE recognition level (6) in South Africa

BEE procurement expenditure in South Africa

R6.7 billion;

73% of total discretionary spend

16

small black-owned businesses created or sustained through our enterprise and supplier development programmes in South Africa

US\$112 million

spent with local indigenous suppliers (51% indigenous ownership) in Zimbabwe

Investment in community development:

R137 million

in South Africa,

US\$5.97 million

in Zimbabwe

Expenditure on housing:

R270 million

in South Africa

527

jobs created as a result of our infrastructure projects in South Africa

2 877

learners from our host communities enrolled in schools built and supported by Implats and its social partners

a further **162** community members benefited directly from bursaries and learnerships in South Africa

3

national awards received for Albinism Awareness Campaign in Zimbabwe

Refurbishment of a major hospital in Zimbabwe

45% total water consumed is recycled

6%

improvement in water use intensity

9%

improvement in CO₂ intensity



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

Our strategy

OUR VISION is to be the world's best platinum-producing company, delivering superior value to stakeholders relative to our peers

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

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

OUR STRATEGIC OBJECTIVES

For more information please refer to the 2018 Integrated Report



Improve efficiencies through operational excellence and safe production



Cash conservation



Maintain our social licence to operate



Investment through the cycle



Maintain optionality and position for the future

KEY MATERIAL MATTERS

Addressed in this report

Delivering on commitment to zero harm
(Pages 28 to 32)

Restructuring of Impala Rustenburg
(Page 13)

Workforce reduction and industrial relations climate
(Pages 45 to 48)

Building social capital and addressing community activism
(Pages 54 to 67)

Establishing an organisational culture of performance, delivery and accountability
(Pages 40 to 42)

Legislative and policy environment in South Africa and Zimbabwe
(Pages 68 and 69)

Promoting diversity and transformation
(Pages 50 and 51)

Employee health and wellbeing
(Pages 33 to 37)

Conserving natural resources and mitigating impacts
(Pages 72 to 83)



SUPPORTING GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

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



OUR CONTRIBUTION TOWARDS THE SDGs IS PRIMARILY THROUGH:

- > The valuable resources that we produce (see page 6)
- > Direct and indirect employment created through our workforce and supply chains (see pages 64 and 84)
- > Taxes and royalties paid to our host governments (see page 55)
- > Social investment and preferential procurement in our host communities (see pages 54 to 67)
- > Respecting human rights (see page 19)
- > Ensuring ethical business practices (see page 18)
- > Minimising our environmental footprint (see pages 72 to 83)
- > Supporting transformation in South Africa (see page 68) and indigenisation in Zimbabwe (see page 69)

OUR VALUES

we respect

- > all our stakeholders
- > the principles of the UN Global Compact
- > the laws of the countries within which we operate
- > company policies and procedures
- > our place and way of work
- > open and honest communication
- > diversity of all our stakeholders
- > risk management and continuous improvement philosophies.

we care

- > for the health and safety of all our stakeholders
- > for the preservation of natural resources
- > for the environment in which we operate
- > for the socio-economic wellbeing of the communities where we operate.

we strive to deliver

- > positive returns to our stakeholders through an operational excellence model
- > a safe, productive and conducive working environment
- > on our capital projects
- > a fair working environment through equitable and competitive human capital practices
- > on the development of our employees
- > on our commitments to all our stakeholders
- > quality products that meet or exceed our customers' expectations.

Our approach to reporting

The purpose of this report is to provide our stakeholders, including those who work for us, local communities, non-governmental organisations, investors, customers, businesses and governments, with a frank account of how we addressed the most material sustainability issues our company faced during 2018. The report forms an important part of our annual integrated reporting process, and ideally should be read in conjunction with our Integrated Report 2018.

Boundary and scope

The information in this report relates to the financial year 1 July 2017 to 30 June 2018. The report covers the following operations over which we have direct management control and for which we set and implement policies and standards: Impala, Marula, Zimplats and Mimosa. Our previous Sustainable Development Report was published in September 2017, covering the 2017 financial year. No changes to the boundary and scope have been applied in this year's report. As far as possible, performance data is reported to facilitate comparability with our previous performance and that of our peers.

Materiality

The report focuses on our performance relating to those social, economic and environmental issues that have been identified as having a material impact on the long-term success of the business, the wellbeing of the economy, environment and communities in which we operate, or that are important to our key stakeholders. While the report is of interest to all our existing and prospective stakeholders, it is focused primarily on addressing the interests of socially responsible investment (SRI) analysts and investors, as well as sustainability professionals. Our approach to identifying our material issues is described on pages 24 and 25.

Reporting standards

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

Measurement units

Monetary amounts referred to in this report have been expressed in South African rand (R) and US dollars (US\$). Where appropriate, and to facilitate comparability, we have presented the amount in South African rand (R). During the reporting period, the average cost of US\$1 was R12.85. We have used a total production of 22 157 kilotonnes milled (this includes tonnes of ore milled at Impala, Marula, Zimplats and Mimosa) to calculate intensity or efficiency ratios for water, carbon dioxide and energy consumed. To better assist the Environmental, Social and Governance (ESG) analysts who study our reports and compare our performance to our peers specifically relating to sulphur dioxide emissions, we have reported our intensity or efficiency ratios for direct sulphur dioxide per 6E refined. The 6E refers to the platinum group metals (PGMs) platinum, palladium, rhodium, iridium, ruthenium as well as gold. We have used a 6E production for FY2018 of 2 925 Koz. Performance data is for the respective financial year period unless calendar year data is specified.

Independent assurance

Independent assurance over selected sustainability key performance indicators has been provided through a partnership between PricewaterhouseCoopers (PwC) and Nexia SAB&T (which is a 95% black-owned and 48% black women-owned assurance firm). The scope of the assurance, the selected performance information and the independent statement of assurance are provided on page 88.

Board approval

The board collectively reviewed the content of this report and confirms that it believes this Sustainable Development Report 2018 addresses our material issues and is a balanced and appropriate presentation of the sustainable performance of the group.

Our reporting suite

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



Integrated Report



Annual Financial Statements



Mineral Resource and Mineral Reserve Statement



2018 sustainability performance summary

PERFORMANCE INDICATOR

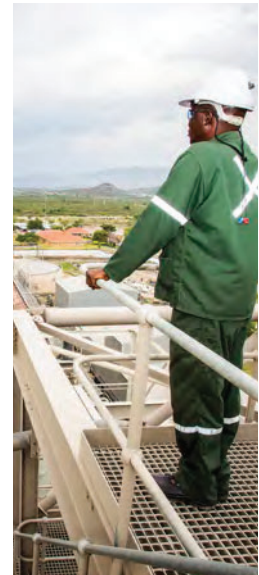


Safety and health

	2018	2017	2016
Work-related fatal injuries	7[#]	9	11
All injury frequency rate	11.93[#]	13.14	12.31
New noise-induced hearing loss (NIHL) cases (+10% shift)	102[#]	88	61
Number of HIV-positive employees known to be receiving antiretroviral treatment	5 942[#]	5 174	4 843
Annualised TB incidence rate per 100 000 population	530	519	447

Environment

	2018	2017	2016
Energy consumption (GJ000)	16 978[#]	18 065	17 328
Energy intensity (GJ/tonne milled) (for detail on measurement units refer to page 4)	0.7663	0.8577	0.8225
GHG emissions (Mt CO ₂ -equivalent) (for detail on measurement units refer to page 4)	3.6	3.7	3.7
Total CO ₂ intensity (t/tonne milled) (for detail on measurement units refer to page 4)	0.1610	0.1761	0.1741
Total direct SO ₂ intensity (t/6E refined oz) (for detail on measurement units refer to page 4)	0.0097	0.0095	0.0108
Water intensity (Mℓ consumed/tonne milled) (for detail on measurement units refer to page 4)	0.0021	0.0023	0.0022
Total water withdrawn (Mℓ)	25 790[#]	25 709	26 703
% water recycled (total water recycled Mℓ/total water consumed Mℓ)	45	46	41
Number of level 3-5 environmental incidents	31 level 3	35 level 3	51 level 3



Social

	2018	2017	2016
Socio-economic development spend in South Africa (Rm)	137[#]	106	105
Socio-economic development spend in Zimbabwe (US\$000)*	4 918	5 274	4 743
Total discretionary procurement spend in South Africa (Rbn)	9.1	8.7	8.1
Procurement: BEE expenditure in South Africa (Rm)	6.7[#]	6.7	6.1
Expenditure with local indigenous suppliers (51% indigenous ownership) in Zimbabwe (US\$m)*	112	80	104

* Excludes Mimosa

People

	2018	2017	2016
Labour turnover (%) (for detail refer to page 42)	10.5[#]	8.6	8.2
Gender diversity: managers who are female in South Africa (%)	22	21	20
Gender diversity: women in workforce in South Africa (%)	11	11	11
Historically disadvantaged South Africans (HDSAs) in management (%)	57	54	53

* Excludes Mimosa.

Indicates independently assured numbers.



Our business at a glance

IMPLATS IS STRUCTURED AROUND SIX MINING OPERATIONS AND IMPALA REFINING SERVICES (IRS), A TOLL REFINING BUSINESS. OUR OPERATIONS ARE LOCATED ON THE BUSHVELD COMPLEX IN SOUTH AFRICA AND THE GREAT DYKE IN ZIMBABWE, THE TWO MOST SIGNIFICANT PGM-BEARING ORE BODIES IN THE WORLD.



South Africa

IMPALA

Impala, Implats 96%-owned primary operational unit, has operations situated on the western limb of the world-renowned Bushveld Complex near Rustenburg in South Africa. This operation comprises a 10 shaft mining complex and concentrating and smelting plants. The base and precious metal refineries are situated in Springs, east of Johannesburg.

580 800oz
Refined Pt production



0.071
FIFR

6
Fatalities

14.04
TIFR

42.8%
Contribution to Group platinum production

6.54
LTIFR

>15 years
Life-of-mine

870m
Average current depth

40 794
Number of employees

TOTAL IMPLATS

IMPLATS IS A LEADING PRODUCER OF PLATINUM AND ASSOCIATED PLATINUM GROUP METALS (PGMS)



1 468 100oz
Refined Pt production

0.060
FIFR

11.93
TIFR

5.55
LTIFR

7#
Fatalities

51 338
Number of employees

Zimbabwe

ZIMPLATS

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

270 800oz
Pt in matte



nil
FIFR

0
Fatalities

0.52
TIFR

18.4%
Contribution to Group platinum production

0.19
LTIFR

>30 years
Life-of-mine

240m
Average current depth

6 493
Number of employees



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 2018 our major shareholders were Allan Gray (18.39%), Investec Asset Management (14.99%), Public Investment Corporation (PIC) (10.74%) 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.)

This year, the Group produced 2.90 million ounces of PGMs (2017: 3.10 million ounces), which included 1.468 million ounces of platinum (2017: 1.529 million ounces). Our markets are in South Africa, Japan, China, the US and Europe. We have a workforce of approximately 51 000, including 15 000 contractors, none of whom are self-employed. We have no seasonal employees.

MARULA

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

85 300oz
Pt in concentrate



0.121

FIFR

1

Fatalities

24.23

TIFR

4.4%

Contribution to Group platinum production

11.63

LTIFR

>15 years

Life-of-mine

300m

Average current depth

3 988

Number of employees

TWO RIVERS*

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

162 500oz
Pt in concentrate



Nil

FIFR

0

Fatalities

4.65

TIFR

11.8%

Contribution to Group platinum production

2.15

LTIFR

>20 years

Life-of-mine

400m

Average current depth

* Non-managed

IRS

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

MIMOSA*

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

125 000oz Pt
Pt in concentrate



nil

FIFR

0

Fatalities

0.98

TIFR

7.9%

Contribution to Group platinum production

0.22

LTIFR

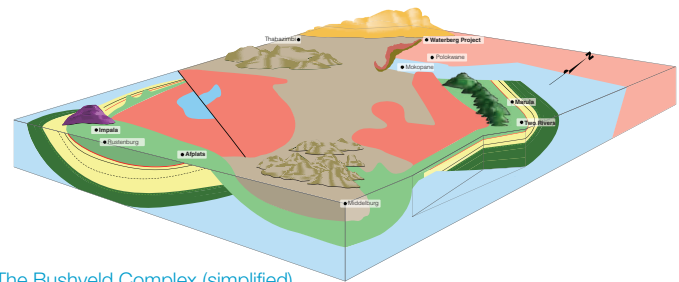
>15 years

Life-of-mine

180m

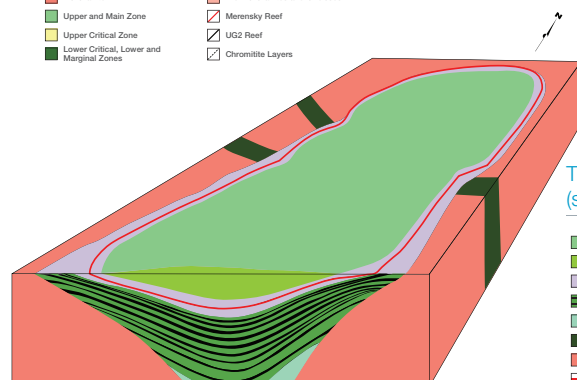
Average current depth

* Non-managed.



The Bushveld Complex (simplified)

- Sediments
- BC Granite
- Upper and Main Zone
- Upper Critical Zone
- Lower Critical, Lower and Marginal Zones
- Transvaal Rocks
- Pre-BC Granites and Gneisses
- Merensky Reef
- UG2 Reef
- Chromitite Layers



The Great Dyke (simplified)

- Mafic, Gabbroanrites
- Websterite
- Bronzite
- Ultramafic, cyclic pyroxenite, harzburgite, with chromitite layers
- Marginal Border Group
- Greenstones
- Granite
- Main Sulphide Zone

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

Implats Sustainable Development Report 2018 | 8

WE REMAIN COMMITTED TO ENSURING IMPLATS CREATES AND SHARES VALUE ACROSS ITS STAKEHOLDER GROUPS. TO DO SO WITHOUT HARM IS OUR ONGOING INTENT.

Mpho Nkeli

Chairperson: social, transformation and remuneration committee



It gives me pleasure to introduce Implats' annual Sustainable Development report and to share some high-level reflections about our sustainability performance over the year. In conjunction with this opening review, I encourage you to refer to the review by my colleague, CEO Nico Muller (page 12), which outlines Implats' corporate strategy to shift the organisation away from a labour-intensive model and towards being a value-focused PGM producer. This strategy, which is underway, informs the strategic transformation of the Impala Rustenburg operations. He outlines the issues critical to Implats' longer-term sustainability, which include:

- > the restructuring of Impala Rustenburg over the next two years
- > delivering on our commitment to zero harm
- > fostering an organisational culture of performance, delivery and accountability
- > addressing growing levels of community activism
- > proactively responding to the legislative and policy environment in South Africa and Zimbabwe.

Further detail on these and other issues contained in the opening reviews are provided in the respective sections of this report, which supplements our Integrated Annual Report, and outlines what Implats has done to deliver on its strategic commitments across its material sustainability focus areas.

I encourage you to share your feedback on this report in terms of our performance and the quality of disclosure. Frank feedback from stakeholders is essential to foster greater accountability and helps us deliver more effectively on our sustainability goals.

Enhancing our oversight

Implats has maintained an impressive ethical culture, supported through our corporate values and visible, ethical leadership.

An important development this year has been the establishment of a social and ethics sub-committee at Impala to strengthen our resources, focus and approach. The transformational restructuring being undertaken at Impala Rustenburg has implications for our sustainability activities and the work of the social, transformation and remuneration (STR) committee. In observing the requirements outlined in King IV™*, the

social and ethics sub-committee will undertake complementary work, examining and addressing social and ethics issues impacting employees and communities with a focus on Impala Rustenburg. The transformation of the Rustenburg complex will result in unavoidable job losses. The group is committed to ensuring due care will be taken to minimise job losses. A phased restructuring approach will ensure the Group mitigates the various implementation risks and socio-economic impacts as far as possible. Community development, in consultation with our partners, will also be prioritised to further mitigate socio-economic impacts.

The STR committee's work during 2018 was substantially supported by the outcomes of a series of deep-dive "bow tie" risk analyses, undertaken as part of the annual work plan. Given the challenges facing the South African mining sector and the organisational change in the Group, the strategic importance of managing human resource-related risks and developing and maintaining positive relationships with employees has taken on renewed significance. As such, the committee focused on gaining a deeper understanding of our people-related risks.

To monitor and improve our sustainability reporting, we engaged external advisory services to provide a critique on our 2017 Sustainable Development report. This evaluation was beneficial in identifying our strengths and areas for improvement. We acted on several recommendations to improve the quality of disclosure in this 2018 report.

Focusing on our people

I am particularly encouraged by developments this year aimed at fostering our desired organisational culture of performance, delivery and accountability. We are implementing a more strategic approach to managing our people, to drive our desired workforce culture and capability. Our approach is to instil organisational discipline, enhance people engagement and people management capabilities, empower line managers to take responsibility for people management, and ensure effective performance management to deliver on objectives. We have already seen positive results, reflected in improved safety performance and productivity, especially at our more challenging mines, Impala Rustenburg and Marula.

An important development this year has been the establishment of a social and ethics sub-committee at Impala to strengthen our resources and approach.

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

Implats Sustainable Development Report 2018 | 10

The sustained good relations the Company enjoys with employees and their union representatives has been evident throughout the restructuring undertaken at Impala Rustenburg during the year. We made every effort to ensure effective consultation and to provide affected employees with the necessary support and assistance. For example, our voluntary separation packages include the opportunity to receive training in a portable skill to use in other occupations/jobs in the future. We have been pleasantly surprised by the understanding shown by many affected stakeholders. Due to the further restructuring expected, the STR committee directed an in-depth review of the employee relations climate, which resulted in focused actions being taken to address areas identified for improvement.

To support the wellbeing of our employees and their families, we initiated a process to review and redefine our accommodation strategy. The outcomes of a comprehensive accommodation and living out allowance survey, across the Impala Rustenburg workforce, will provide valuable input to the strategic review. A key objective is to address those employees at Impala Rustenburg operations who are still living in informal settlements.

Employee over-indebtedness is an ongoing challenge we are tackling at our South African and Zimbabwean operations. We have intensified efforts to encourage more employees to use our financial wellbeing services. We monitor levels of indebtedness and suspected cases of indebtedness through payroll checks and have seen pleasing improvements in debt levels. Recognising the significance of emotional wellbeing on safety and productivity, Zimplats has embarked on an aggressive programme to address key mental health issues, in the workforce and broader community.

Across the Group, the management of TB remains under control due to comprehensive screening, case tracing and effective treatment. At our South African operations, the TB incidence rate of 530 per 100 000 employees remains well below the national average of 1 000 per 100 000. Through proactive monitoring and management, we have maintained a 95% level of adherence to treatment for employees on our HIV and TB programmes. In mitigating the major occupational health risk associated with our mining activities, noise-induced hearing loss (NIHL), we

have decreased the proportion of employees working in higher risk categories. A particular focus going forward is on the silencing or replacement of rock drills at Impala Rustenburg and Marula operations, to ensure noise levels emitted are below 107dB.

Social transformation

Making a meaningful and visible difference to social transformation is central to our ability to create long-term value and contributes to a sense of ownership and enhanced motivation among employees.

Across the Group we made good progress this year, increasing our levels of localised and preferential procurement. In South Africa, we increased our expenditure with black-owned and black women-owned suppliers. We gained momentum in building local supplier capability, supported through incubation programmes and promoting supplier sub-contracting and skills transfer opportunities.

Through our social investment programme, we contributed meaningfully to mitigating ongoing social challenges in neighbouring communities, notably by developing and improving infrastructure and other social services. Our operations focus on low-cost, high-impact investments and seek opportunities to partner with others to deliver greater impact. We face increasing expectations to deliver greater socio-economic benefits, particularly employment and procurement opportunities. Ongoing Company financial constraints impact our spending on social investments and due care is being taken to engage effectively with community representatives and authorities to manage expectations.

In Zimbabwe, Zimplats implemented a highly successful albinism campaign, aimed at promoting levels of awareness and social integration and distributing sun protection materials for people with albinism. The campaign received three national awards and continues to expand its reach across the country. The refurbishment of the Kadoma General Hospital was a major achievement during the year – the facility had not had material maintenance works done in the past 15 years. During the four-month refurbishment, Zimplats worked with seven local enterprises, which used an average labour force of 150, the majority of which were from the surrounding community.

Environmental protection

A good performance across key areas of responsible environmental stewardship was maintained. Impala Springs, Impala Rustenburg, Mimososa and Zimplats are certified against the ISO 14001:2015 standard for their environmental management systems and Marula is on track to be certified against the updated standard in 2019. This year, there were no major non-compliances at our operations. Financial constraints have resulted in limited progress in implementing additional efficiency improvements in our water and energy usage. Water use will remain a critical priority in years to come, along with our focus on driving environmental compliance and ensuring full environmental disclosure on any material incidents.

In appreciation

In closing, I extend my thanks and congratulations to our chief executive, Nico Muller, for his visionary and exemplary leadership, to management, my colleagues on the STR committee, and all employees for their work towards delivering on Implats' sustainability commitments. I convey my particular appreciation to community representatives and government officials for our constructive relationships. We have navigated a difficult year through effective collaboration with our stakeholders. We are better positioned to safely and efficiently mine and produce our metals, ensuring sustainable value creation for all our stakeholders.

Mpho Nkeli

Chairperson: social, transformation and remuneration committee

Making a meaningful and visible difference to social transformation is central to our ability to create long-term value and contributes to a sense of ownership and enhanced motivation among employees.

CEO statement

Implats Sustainable Development Report 2018 | 12

IMPLATS HAS TAKEN THE APPROPRIATE STEPS TO BECOME A MORE AGILE AND RESILIENT BUSINESS AND ENSURE THAT IT CONTINUES TO PLAY ITS ROLE IN SOCIETY BY CREATING REAL AND SUSTAINABLE VALUE.

Nico Muller
CEO



Commitment to sustainability

Sustainability is at the core of our agenda as Implats and its stakeholders adapt to the prevailing environment, which is typified by the lower platinum price. To fulfil this commitment, we maintain trusted and effective relationships with our wide-ranging stakeholder base and seek to reconcile stakeholder interests.

In my review in last year's Sustainability Report, I identified three key issues critical to Implats' longer-term sustainability: addressing community activism; proactively responding to the legislative and policy environment; and delivering on our commitment to zero harm. I also underscored my aspiration for Implats to foster a culture of individual ownership, personal honesty and full accountability, as a critical driver of our continued long-term success. I welcome this opportunity to reflect on our progress and to share some forward-looking perspectives on these focus areas.

Operating context

The platinum market has been in a sustained industrial oversupply for some time, impacted by a recent unrelated but concurrent erosion in diesel passenger car sales and contraction in Chinese jewellery demand. The market is expected to shift into a fundamental industrial deficit in 2022, when demand is again expected to outpace supply. The immediate fundamentals for both palladium and rhodium remain strong.

We have taken the tough decisions needed to enable us to withstand a longer period of lower platinum prices, to ensure we can deliver sustainable value to shareholders and society. At Impala Rustenburg, business optimisation measures implemented over the past few years have delivered improvements and this year we undertook a bold strategic review to optimise and reposition the operation.

To support the future success of the Group we have started a radical transition of Impala Rustenburg into a leaner, more focused and profitable operation. The transformation will be implemented in phases to mitigate implementation risks and socio-economic impacts. Over a two-year period, we will cease operations at five end-of-life and uneconomic shafts, reduce future production from 750 000 platinum ounces per annum to 520 000, and focus on mining profitable, low-cost, high-value and long-life assets. The restructuring will cost R2.7 billion during 2019 and 2020 and will be funded from internal cash resources as well as by selling excess inventory.

We are acutely aware of the impacts on employment, local economic development and our host communities. While employee rationalisation is inevitable in a restructuring process of this nature, we will take the utmost care to ensure that job losses are sensitively managed and minimised as far as possible through a range of measures. These include the transfer of skills to vacant positions at our two growth shafts, reskilling, voluntary separation, business improvement and seeking buyers or contract miners at the shafts we wish to exit. Discussions are ongoing with key stakeholders, including government, relevant trade unions and community representatives, to manage this difficult transition.

Our ability to deliver improved returns to our stakeholders has been enhanced this year through several strategic developments. These include the operational and financial turnaround at our Marula operation, securing a profitable third-party PGM toll treatment business, acquiring a 15% interest in the low-cost, mechanised, palladium-focused Waterberg project, issuing new 2022 convertible bonds to maintain a strong liquidity position, and converting the special mining lease at Zimplats into two new mining leases.

The Group is committed to a value-focused strategy across all operations to improve our competitive position, profitability and financial returns.

We have taken the tough decisions needed to enable us to withstand a longer period of lower platinum prices, to ensure we can deliver sustainable value to shareholders and society.

CEO statement

Implats Sustainable Development Report 2018 | 14

Our communities

We have maintained generally positive community relations across most of our operations. Community engagement is a top priority for us in response to community activism in many of our neighbouring communities. High unemployment and slow service delivery from local government has resulted in increased demands made on mines from neighbouring communities. I am pleased to report that we have continued to make progress on our social and labour plan (SLP) commitments in South Africa, and our targeted corporate social investments in Zimbabwe. We have collaborated with key stakeholders to extend the implementation period of some of our SLP initiatives that were delayed by the 2014 platinum strike and ongoing financial constraints. Work on developing third generation, five-year SLPs for our South African operations is progressing well.

We have made meaningful progress in our community relations at the Marula mine this year. This was underpinned by the great progress made in resolving the frustrations related to the Makgomo chrome project, which was set up to share financial benefits within the community. Administrators were appointed to hold money on behalf of the community company (MCC) while it is being restructured and the processing and selling of chrome recommenced. The community is also benefiting from the operational and financial turnaround at Marula this year, which is a highlight for the Group.

We are paying focused attention to the communities around our Rustenburg operations as we implement the restructuring process. Implats is committed to working with all social partners to mitigate the impact of the necessary transition at the Rustenburg complex.

We continue to invest in focused and prioritised community engagements processes to respond to community concerns as best we can.

Legislative and policy environment

The new leadership structures in Zimbabwe and South Africa have delivered encouraging developments this year and there is a more positive outlook for the mining sector in both countries. Further progress would ensure sustained social cohesion and economic growth.

Addressing legislative and policy uncertainty remains a significant priority in South Africa and Zimbabwe. We engage proactively with both governments, directly and through representative business organisations, to build trusted and cooperative relations, with the aim of contributing to the development of socially progressive and pragmatic legislation.

Positive developments in Zimbabwe this year included the reduction of the proposed 15% export levy on unbeneficiated platinum to 5% (2.5% on matte), deferred until 1 January 2019. We engaged proactively with the government to support developments aimed at growing and diversifying the Zimbabwean PGM industry. This included the amicable resolution concerning the proposed compulsory acquisition of a portion of Zimplats' mining lease area as well as securing Zimplats' mining tenure.

In South Africa, the development of Mining Charter III is progressing positively and we continue to collaborate with the government. We remain steadfast in our commitment to work with national and local government to improve the lives of our citizens.

Commitment to zero harm

Safety is our most critical area of focus and I am deeply saddened to report that we lost seven colleagues in work-related incidents during the year. I am encouraged, though, by the significant improvement in our safety performance in the second half of the year, with no fatalities recorded and good progress in many of our leading and lagging performance indicators. This reflects the expenditure and effort we have put into safety initiatives, technical solutions and training across the Group. We saw strong safety performances at many of our operations, especially Zimplats, and by year-end, 11 of the 17 operations had achieved 'millionaire' and 'multi-millionaire' status in terms of the consecutive number of fatality-free shifts.

With human error being a contributor to many incidents, our priority is to cultivate a culture of operational discipline to ensure full compliance and commitment to safe working practices. Our focus is at Impala Rustenburg and Marula operations. In driving the necessary behavioural change, we place an emphasis on assessing leadership development gaps and addressing shortcomings through training and improved performance management processes.

Shaping our organisational culture

We aspire to create a performance-orientated organisational culture that fosters individual ownership, personal honesty and full accountability. This year we made strategic changes in our approach to managing our people, which is delivering pleasing results. This includes the introduction of a balanced performance scorecard with key performance areas aimed at incentivising behaviour that supports the attainment of business goals. We have also revised our remuneration structure for all managers within the organisation, to align shareholder interests to that of executives in terms of rewards and to support a culture of performance, delivery and accountability.

To assess the organisational climate at Implants, we conducted a survey during the year to deepen our understanding of employees' attitudes towards safety, communication, leadership, teamwork, recognition, empowerment and accountability. The survey results were finalised at year-end and will be used to create a baseline and inform the development of targeted interventions aimed at increasing employee engagement to boost productivity, improve safe behaviour and ensure the delivery of Company goals.

We are aligning our approach and performance to the requirements of King IV™ and continuously review our governance processes to identify and address areas where we might improve.

Positive outlook

I remain optimistic about the sector's longer-term future and the opportunities available to the Company. The strategic change initiatives position the Group's portfolio exceptionally well for future profitability, even at low platinum prices.

I acknowledge the vital role our people play in delivering on our strategic objectives. We are going through a process of considerable change in the Company. I believe it is our people that will allow our great company to evolve and adapt – to become stronger and more sustainable. I thank them for their efforts and look forward to working together to build a more resilient and agile Implants, for the benefit of all stakeholders.

Nico Muller
CEO

We aspire to create a performance-orientated organisational culture that fosters individual ownership, personal honesty and full accountability.

Sustainability governance

Implats Sustainable Development Report 2018 | 16

IMPLATS IS COMMITTED TO MAINTAINING THE HIGHEST STANDARDS OF GOOD GOVERNANCE IN ORDER TO PROMOTE QUALITY DECISION-MAKING AND ENSURE THE EXECUTION OF THESE DECISIONS WITHIN A DISCIPLINED FRAMEWORK OF POLICIES, PROCEDURES AND AUTHORITIES.

Our management approach

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

Board level: At board level, sustainability issues are addressed through the following committees:

- > The social, transformation and remuneration (STR) committee is responsible for the Group's activities relating to: social and economic development; transformation; public safety; consumer relationships; labour and employment issues; and remuneration. The committee has delegated the oversight for health and environment to the health, safety, environment and risk (HSER) committee and the oversight of ethics to the nominations, governance and ethics (NGE) committee.
- > A social and ethics committee (SET) has been established to undertake complementary work examining and addressing social and ethics-related issues impacting employees and communities with a focus on Impala Rustenburg operations. The committee held its inaugural meeting on 25 May 2018.
- > The HSER committee guides strategy, assesses the adequacy and appropriateness of HSE policies, standards and procedures and reviews Group-wide performance and risk management practices quarterly. The committee also investigates and reviews all major incidences within the ambit of its work.
- > The audit committee oversees the appointment of the assurance provider for non-financial performance each year. The results are presented to both the audit and STR committees with the necessary recommendations and action.

The Group's risk function is disseminated throughout all committees, except the NGE committee.

Further details of the composition and activities of these board committees are provided in our Integrated Report.

Executive level: 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 Exco lends support to the board's HSER committee, STR committee, SET committee and audit committee.

Performance evaluation: Sustainability objectives form part of the key performance indicators (KPIs) against which Implats' management and executives are measured.

People management

Focus areas, policies and procedures: Management of our employees is headed up by a dedicated Group executive for human resources reporting to the CEO. The scope of work includes remuneration, human resource development, talent management and employment equity. Group policies and procedures on people management issues are established at corporate level and apply at our operations. Our policies and procedures are aimed at contributing to sound employee relations, attracting and retaining talent and ensuring the continuous development of our employees, while offering opportunities for career progression with a particular emphasis within our South African operations on historically disadvantaged South Africans (HDSAs). All contracting employees are vetted and assessed according to our own internal standards. The human resources function was identified as a strategic priority in the FY2018 business plan and a series of deep-dive risks analyses were undertaken into human resource related risks.

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

Managing health, safety and environmental (HSE) issues

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

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

management systems. The Group's internal auditors and external auditors conduct regular compliance audits. In addition to the ISO 14001 certification, the refineries are signatories to Responsible Care® and retained their certification. We follow the International Council on Mining and Metals (ICMM) guidelines to improve our approach and practices. Key sustainability data are externally assured.

At Impala Rustenburg, Marula and Impala Springs we have identified and are addressing compliance gaps relating to the ISO 45001 standard (which replaced the widely implemented OHSAS 18001), with a view to achieving certification. (The health and safety management systems standards will be rolled out at all non-certified operations during FY2019.)

Various internal and external review and assurance programmes ensure that priority unwanted risks are identified and that adequate controls are in place to manage them. A detailed review of our risk management practices is provided in our Integrated Report.

Managing our social impacts

Our approach to social performance is informed by our values and our business and ethics principles; all our operations apply high social performance standards in line with our sustainable development policy, community policy and legal frameworks of the countries in which we operate. We are investigating the implementation of ISO 26000 to provide guidance on social responsibility. We seek to engage with affected communities to avoid, prevent and mitigate adverse impacts of our activities, and to build development opportunities. We invest in developing and maintaining constructive relationships with the stakeholders and communities around our operations. This is essential to maintain and strengthen our socio-political licence to operate. Inclusive stakeholder engagement underpins our approach to respecting human rights and to responding to legitimate stakeholder aspirations and concerns. Extending the positive benefits of mining, notably by developing infrastructure and creating opportunities for local businesses, also promotes social stability and builds resilience within communities to prosper beyond mine closure.

Managing our investments in socio-economic development

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

Each year an independent verification 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 58.

Supply chain management

We have a large and diverse base of more than 2 200 suppliers from which we procure goods and services including heavy equipment, process chemicals, fuel and lubricating oils, labour, explosives, underground support grinding media, drilling equipment, electrical equipment, safety clothing, tyres and many more.

There is an increasing expectation of business to demonstrate accountability in ensuring responsible business conduct by all parties in corporate supply chains. We have clear principles that guide the selection of reputable contractors with the right skills and values systems to do specific tasks that we are not able to do. All our suppliers are appraised of our policies and business practices and are expected, as a minimum, to abide by these principles in their business conduct and practices at all our operations. To strengthen our approach, we are developing a supplier code of conduct which will detail the mandatory standards that suppliers must achieve, and those that we strongly encourage. We conduct ad hoc supplier audits against our standards on various criteria including health, safety and labour practices. In the year under review, there were no incidents of supplier non-compliance.

We are progressively implementing a SAP Ariba system that will ensure that all our suppliers are legally compliant. We focus on increasing our levels of expenditure with local and black-owned suppliers and on developing existing procurement capacity in the areas close to our operations. We also support initiatives to stimulate local manufacture and technology development, thereby increasing our contribution to empowerment. Increased pressure is being exerted during all interactions with untransformed suppliers to improve the pace of transformation.

VOLUNTARY CODES AND SOCIAL COMPACTS

We follow the International Council on Mining and Metals guidelines

We subscribe to the United Nations Guiding Principles on Business and Human Rights

We are committed to the United Nations Global Compact

We support the Extractive Industries Transparency Initiative (EITI)

We participate in the annual climate change and water disclosures of the CDP

We are a member of the National Business Initiative (NBI)

Our initiatives support the United Nations Sustainable Development Goals

Upholding business ethics and integrity

The Implats board assumes overall responsibility for the effectiveness of internal controls, risk management and governance, and guides management with the aim of achieving business objectives. We are committed to promoting the highest standard of corporate governance, ensuring that our practices comply with the expectations of the King IV™ Code on Corporate Governance for South Africa 2016. Further details are provided in our Integrated Report.

Reinforcing a good corporate culture

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

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

Code of ethics: The Implats code addresses issues relating to conflict of interest, the prevention of unauthorised dissemination of Company information, the acceptance of donations and gifts, and the protection of the Company's intellectual property and patent rights. It also describes the disciplinary action – including dismissal or prosecution – that is taken in the event of any contravention of the code. We implement an electronic system that enables employees to access the code, the training material and to make declarations of financial interests and gifts online. The platform assists with reinforcing a good corporate culture. We have continued to raise awareness around the code and ethics hotline. Employees without access to a computer are trained on the code as part of their induction process and refreshed on it when they return from compulsory leave.

Fraud, corruption and whistleblowing policy:

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

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

Our 2018 performance

- > Ninety-one cases of alleged unethical behaviour were reported across the Group, representing a 47% increase on the 62 cases recorded in 2017. Sixty-four percent of the incidents were from the South African operations, 33% from Zimplats, and the remaining 3% from Mimososa
- > Twenty-nine of the incidents were reported through the whistleblowing hotline, compared to 28 in 2017 (SA operations)
- > The classification of the allegations and outcomes in each category is provided in the table below
- > There was one human rights-related incident reported, an allegation of racism which was unfounded
- > There were 15 founded cases of fraud and theft. The majority were related to fraudulent qualifications or misrepresentations
- > Ten of the 22 total founded cases for the year resulted in 10 employees being processed through internal disciplinary procedures, resulting in four dismissals and six verbal and/or written warnings. Two were referred to a third party, and seven employees in respect of four cases resigned prior to disciplinary action being taken
- > The founded cases increased from 13% of the total cases reported last year to 27% of the total cases this year.

Number of fraud/ethics-related cases reported Group-wide in the 2018 financial year


Nature of allegation	Investigation pending	Allegations unfounded	Allegations founded	Total
BEE fronting	2	0	0	2
Conflict of interest and corruption	9	3	0	12
Fraud and theft	5	7	15	27
Misconduct and other	9	24	7	40
Total	25	34	22	81

Respecting human rights

RELATED TO THE OVERALL WELLBEING OF OUR PEOPLE AND THAT OF OUR WIDER STAKEHOLDERS IS OUR COMMITMENT TO HUMAN RIGHTS.

Our approach

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

We uphold the basic human rights of the International Labour Organisation through the implementation of fair employment practices. We have clear policies and processes in place to ensure observance of human rights, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination. Observance of these rights is required of all our operations and suppliers, irrespective of location. At our operations, we have policies and processes in place to ensure that we do not employ any under-age or forced labour. No incidents of employing under-age or forced labour were reported in 2018. The age profile of employees engaged by the Group in the year is presented in our detailed performance table available online. 

We track implementation of human rights issues through monthly reports. Procedures are in place to ensure channels are available to deal with unfair practices. One human rights-related case (racism) was reported in the year under review. Upon investigation, the allegation was determined to be unfounded. Employees receive human rights training as part of their induction process. We aim to raise awareness around human rights through various communications with employees.

Contractors 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.

Security and human rights

Security personnel: There remains a high risk of civil unrest in the areas around our South African operations. We contract third-party services to provide security at our South African operations. We employ 787 security personnel (own and contractor) in South Africa (2017: 914) and spent R196 million in providing security for our South African operations (2017: R171 million). Enhancing the interface between the South African Police Service (SAPS) and our own security response is critical to avoiding any escalation of conflict. Malicious damage to property for FY2018 at Marula amounted to R286 500 versus R2 million in FY2017, which is a result of our community stakeholder engagement efforts and the high visibility of our security units.

VPSHR: We remain committed to adopting the Voluntary Principles on Security and Human Rights (VPSHR) as defined by the United Nations at Impala Rustenburg, Impala Springs, Marula and Zimplats. We have conducted a gap analysis against the requirements of the VPSHR at all these operations and all material gaps have been identified and addressed, ensuring that we have the necessary controls to mitigate identified risks and ensure compliance. The focus has been on advancing levels of maturity at Impala Rustenburg and Marula operations. Work is in progress to close the remaining gaps, which are mainly administrative. Under the directive of the CEO and with senior management commitment and oversight, we have implemented a high-level plan of action to ensure the organisation's readiness to become a signatory. It is anticipated that all operations will be aligned to the VPSHRs by November 2018.

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.

Engaging our stakeholders

Implats recognises the need for an effective stakeholder engagement function, aimed at building and sustaining value-enhancing relations with all key stakeholders to secure our social licence to operate. Stakeholders are defined as those who are interested in, or are affected by our business, as well as those who have a material influence on our ability to create value.

Implats' stakeholder engagement strategy, approved by the board in June 2017, was developed with particular cognisance to King IV™ and the overarching AA1000 Assurance Standard principles of materiality, completeness and responsiveness. Throughout the business planning process the organisation has developed supporting systems, processes, policies, and targeted engagements to give practical effect to the strategy.

Through our stakeholder review process, we seek to become more proactive and effective in our approach to building relationships.

We currently have six priority stakeholder groups (Zone 1), requiring high-level ongoing care and responsiveness to sustain mutually beneficial relations. The priority level (zoning) of our stakeholder groups is based on the level of influence these stakeholders have on the business, the assessed effectiveness of existing engagement processes, and the level of alignment/change required in the relationship to meet our value-creation goals. Only minor revisions were made in the zoning of the various stakeholder groups during the 2018 review.



The following table outlines the main forms of engagement undertaken with key stakeholder groups this year, and summarises the material issues raised. Details of several stakeholder engagement initiatives undertaken in the year under review are present overleaf.

Stakeholders	Nature of engagement	Material issues raised	Strategic response measures	Reference
Employees and unions	<ul style="list-style-type: none"> > Direct and internal communication > Engagement with unions > Workplace forums > Collective bargaining units > Future forum meetings 	<ul style="list-style-type: none"> > Workforce reductions and job security / further restructuring > Voluntary packages and retrenchments > Human resource development > Conditions of employment > Safety and health initiatives > Production and performance > Progress with transformation > Job grading and career progression > Union recognition > Housing and living conditions > Equity participation (Zimbabwe) > Economic performance of Company 	<ul style="list-style-type: none"> > Regular, transparent engagements to understand employee perceptions and maintain good relations > Conducted workforce climate survey > Implemented job loss mitigation measures including the redeploying skills within the Group, reskilling, voluntary separation > Revised strategic approach to people management to drive a performance orientated culture > Introduced balanced performance scorecard and revised our remuneration structure for all managers > Revising housing strategy > Effective management of occupational health and safety risks within and around our operations 	Pages 28 to 47, 55
Local communities, traditional councils and local land owners	<ul style="list-style-type: none"> > Community leadership engagement meetings > Community trust meetings > One-on-one meetings 	<ul style="list-style-type: none"> > Employment and procurement opportunities > Untransformed suppliers > Environmental impacts and property damage > Social and labour plans (SLPs) > Status of engagement structures > Compensation for land rental > Makgomo chrome project 	<ul style="list-style-type: none"> > Constructive engagement with community representatives to address issues of concern, communicate on progress in meeting SLP commitments and seek to manage expectations relating to our contribution to socio-economic benefits > Strategic focus on partnership and collaboration to deliver greater societal impact > Increasing levels of local and preferential procurement and supplier capacity building > Minimising negative impacts on the environment and preventing irreversible environmental impacts > Included in pilot study to assess quality of relationship and effectiveness of our engagements 	Pages 56 to 63
Government	<ul style="list-style-type: none"> > Meetings with officials from local, provincial and national government > Compliance audits > Minerals Council South Africa Parliamentary Portfolio committee > Mining Industry Growth, Development and Employment Task Team (MIGDETT) > Mining Phakisa 	<ul style="list-style-type: none"> > Job losses and further retrenchments > Revised Mining Charter > Progress with transformation (SA) and indigenisation and beneficiation (Zimbabwe) > Political change, legislative and policy uncertainty in South Africa and Zimbabwe > Release of ground (Zimbabwe) > Labour relations and job creation > Safety (accidents and stoppages) > Progress with SLPs (SA) > Community investments and engagement > Environmental compliance 	<ul style="list-style-type: none"> > We engage constructively with national, provincial and local government and political leaders at all levels, both as a Company and through industry representative bodies (such as the Minerals Council South Africa) on these material issues. > Regular engagement with government on policy developments > Transformation journey to ensure the sustainability of the Company > Officials responsible for SLPs included in pilot study to assess quality of relationship and effectiveness of our engagements 	Page 68
Shareholders and debt holders	<ul style="list-style-type: none"> > Road shows > Results presentations > Investor conferences > One-on-one meetings 	<ul style="list-style-type: none"> > Future metal prices, and PGM supply and demand dynamics > Ability to control costs and production > Political and policy uncertainty in South Africa and Zimbabwe > Industrial relations climate and wage negotiations > Capex programme > HSE and operational performance 	<ul style="list-style-type: none"> > Implementing measures to reduce operational costs and enhance efficiencies through, among others, the restructuring of Impala Rustenburg operations, in order to ensure long-term business viability in the prevailing low-price operating environment > Series of deep-dive risk analyses undertaken into human resource-related risks > Regular investor and debt holder engagements 	Integrated Report
Customers	<ul style="list-style-type: none"> > Tender and contract processes > Supplier forums > One-on-one meetings > Industry forums > One-on-one meetings > Customer feedback > Reputation surveys 	<ul style="list-style-type: none"> > Conditions of contracts > Effective delivery against terms > Long-term pricing > PGM above ground stock 	<ul style="list-style-type: none"> > Track and respond to customer feedback > Keeping customers informed of any possible supply disruptions due to industrial action > To measure our effectiveness, we undertake a customer satisfaction survey every two years 	Pages 16, 17 and 22

Engaging our stakeholders

ASSESSING THE QUALITY OF STAKEHOLDER RELATIONSHIPS AT IMPALA RUSTENBURG

In line with King IV, this year we conducted a pilot stakeholder relationship assessment at Impala Rustenburg operations to objectively measure the quality of the relationship between management and stakeholders. The study was undertaken by Stakeholder Relationship Assessment Services (Pty) Ltd (SRAS – a 100% black-owned company), assisted by Classic Oriental (Pty) Ltd, a company from Impala's host communities.

The study used SRAS's SRC360TM quality scale to measure perceptions of quality of relationship between Impala stakeholder relationship managers and stakeholder group representatives. Stakeholders for the study were drawn from host communities, RBN entities, local government, provincial leaders of organised labour and officials responsible for social and labour plans (SLPs) at the Department of Mineral Resources (DMR).

According to the SRC360TM quality scale, the quality of relationships between Impala and its stakeholders scored an overall Index of 62. This falls in the range in which relationships are deemed to be 'good' by both respondents, suggesting a sufficiently strong foundation for these relationships to function constructively and grow. The regulator (DMR) recorded the highest score in the survey (81%), categorised as 'excellent'. However, significant weaknesses were indicated in some community relationships, in particular the relationships with representatives from Seraleng and Tsitsing. Historically, these communities have not benefited from SLP projects. Various interventions have been planned to strengthen these relationships. Funds permitting, management will consider including infrastructure projects for these communities in future SLPs. This study will serve as a baseline for future stakeholder relationship assessments at Impala Rustenburg. The next assessment is planned for FY2020.

ENGAGING WITH OUR CUSTOMERS – CUSTOMER SATISFACTION SURVEY

Customer custodianship is a multi-faceted issue, governed by many policies, procedures and pieces of legislation. It entails continuous oversight including internal and external assurance. We strive to ensure a competitive advantage by differentiating our product suite in the market on the basis of product quality, reliability of supply, and a willingness to adapt to changing customer needs.

To measure our effectiveness, we undertake a customer satisfaction survey every two years. The results of the 2017 survey reflect an encouraging positive overall outcome, in line with the high performance results of the 2015 survey.

The customer survey response rate was 80% (28 out of 35 active customers), made up of 32% base and 68% precious metals customers, representing more than 90% of Impala's revenue.

The following are high-level conclusions based on the results of the 2017 customer survey, and as compared to the outcomes of the 2015 survey:

- > The Impala brand image rating increased from 94% to 96%
- > Customer complaints have decreased by 11% (16 compared to 18 in 2015), indicating continuous efforts by the team to deliver products and services which meet customer requirements
- > Impala customers appreciate the continuous support they receive from Impala through the provision of quality products and service offerings
- > Customers are generally satisfied with Impala products (91%), with the following aspects considered most important, quality of products and delivery on time and properly packaged and documented shipments
- > The majority of customers regard Impala as key and relevant to the success of their organisations
- > 98% of customers regard Impala as their long-term partner; 79% of customers have conducted business with Impala for more than nine years
- > The next customer satisfaction survey will take place in 2019.

ENGAGING WITH GOVERNMENT AND INDUSTRY PARTNERS – PGM INDUSTRY DISCUSSION

Implats played a significant role in facilitating a Breakfast Indaba and PGMs Industry discussion on 10 April 2018 with the Minister of Mineral Resources, Gwede Mantashe. The Indaba was hosted by Bernard Swanepoel, an independent non-executive director of Implats and brought together the major PGM producers to tackle the challenges and opportunities facing the industry. In his keynote address, Minister Mantashe reiterated his mission to remove regulatory uncertainty in the industry, enforce safety discipline and ensure meaningful transformation. The Minister's vision for South Africa's mining industry is for it to be a world leading sustainable industry that creates value for all stakeholders. The Implats CEO, Zimplats CEO and Implats Group Executive – Refining and Marketing all took part in various panel discussions regarding company responses to the current challenges in the industry and the future for PGMs. Additional information on Implats' strategic response to the challenging PGM environment can be found in the Integrated Report.



Bernard Swanepoel at The Joburg Indaba

Photo credit: Wynand van der Merwe Photography

Our material sustainability issues

WE IDENTIFY OUR STRATEGIC BUSINESS OBJECTIVES, AND OUR MATERIAL SUSTAINABILITY FOCUS AREAS THROUGH OUR STRUCTURED INTERNAL RISK MANAGEMENT PROCESS, AND WITH CONSIDERATION TO THE VIEWS AND INTERESTS OF OUR STAKEHOLDERS. THE IMPLATS RISK MANAGEMENT PROCESS IS ALIGNED WITH ISO 31000, THE INTERNATIONAL RISK MANAGEMENT STANDARD.

Risk management and priorities

Our 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:

- > Identification of operational objectives (linked to Implats strategy)
- > Establishing the context: We consider the nature of the external operating context (reviewed in our Integrated Report) and the views and interests of our stakeholders
- > Identifying the risk: We establish the cause of the risk and evaluate all possible impacts (both positive and negative)
- > Analysing and evaluating the risk: We identify and assess what this means for the achievement of our

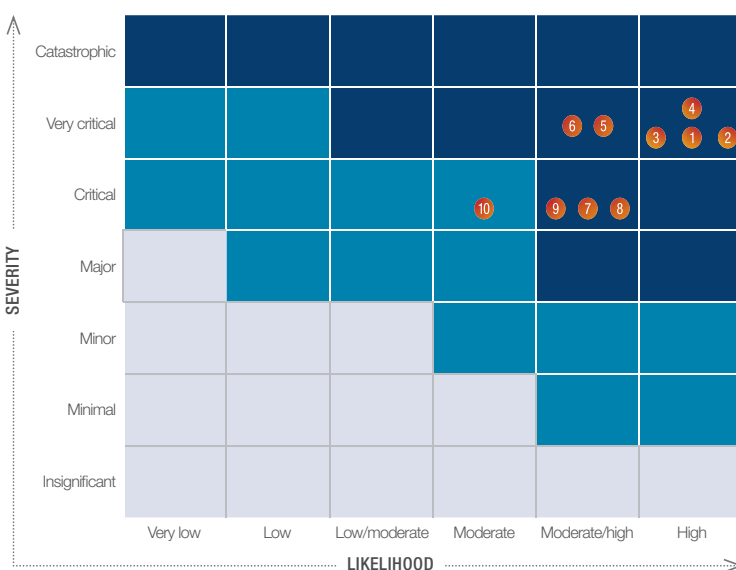
objectives, determine the risk rating (by severity and likelihood), identify and assess the controls (both existing or new)

- > Treating the risk: We consider all options to establish the most appropriate response for each identified risk
- > Monitoring and reviewing the risk: We interrogate both the internal and external environment for material changes, monitor the progress of risk treatment actions to assess their effectiveness in improving the risk rating
- > Reporting the risk: Each board sub-committee takes responsibility for the risks relevant to it, although overall oversight is vested in the HSER. Quarterly committee reports to the board include a formal risk review.

Group risk profile

As at July 2018 the Group risk profile identified the following top 10 key risks (ranking based on residual severity and likelihood, after taking into account the effectiveness of controls currently in place.) A description of each risk, its value impact on the Group and the steps being taken by management to mitigate the risk are detailed in the Integrated Report.

Residual risk matrix



- ### TOP RESIDUAL RISKS
- 1 Ability/capacity to implement outcomes of Rustenburg strategic review and return Impala to cash neutral/positive position by FY2021
 - 2 Weak balance sheet
 - 3 Sustained depressed PGM basket prices
 - 4 Non-delivery of production and productivity targets at Impala Rustenburg
 - 5 Employee relations climate at South African operations
 - 6 A significant deterioration in safety performance at Impala
 - 7 Reduced production flexibility in smelting operations
 - 8 Inability to sustain stay in business and risk mitigation projects due to capital constraints
 - 9 Long-term economic viability of Marula operations
 - 10 Challenged capacity and efficiencies of management layers at South African operations

Our material sustainability focus areas

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

Focus areas and issues

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

> Safe and effective people who respect and care

- Delivering on our commitment to zero harm

- Employee and contractor safety
- Employee health and wellbeing
- Shaping our organisational culture
- Investing in employee relations
- Attracting, retaining and developing talent
- Promoting diversity and transformation
- > **Building social capital**
 - Our economic and social value added
 - Addressing community activism
 - Investing in community development in South Africa and Zimbabwe
 - Accommodation and living conditions
 - Procurement, enterprise and supplier development
 - Social legal compliance
 - Legislative policy environment
- > **Conserving natural resources and mitigating impacts**
 - Environmental legal compliance
 - Water stewardship
 - Climate change and energy management
 - Air quality management
 - Managing our waste
 - Land management and biodiversity

The sections of our Sustainable Development report that follow have been structured to address these focus areas and issues.

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.



Exploration drilling at Impala Rustenburg

Photo credit: Jacques McCarthy



Safe and
effective people
who respect and care





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

Employee and contractor safety

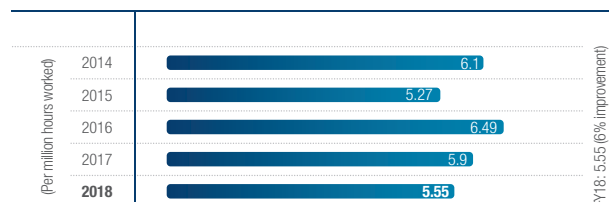
PRIORITISING SAFE PRODUCTION AND ENSURING THE SAFETY OF OUR EMPLOYEES AND CONTRACTORS UNDERPINS ALL THAT WE DO AND REMAINS KEY TO DELIVERING ON OUR COMMITMENT TO ZERO HARM. WE SEEK TO ACHIEVE THIS BY FOCUSING ON PROMOTING THE RIGHT BEHAVIOUR, ENSURING THE RIGHT PRACTICES, AND PROVIDING THE RIGHT WORKING ENVIRONMENT.

Our 2018 performance

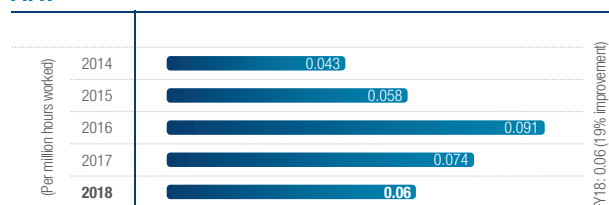
We deeply regret the loss of seven[#] of our people in six separate work-related incidents at our South African operations this year. Details are provided on page 29. Any loss of life is unacceptable and we remain unwavering in our commitment to achieving our vision of zero harm. All fatal incidents are subject to rigorous investigation and management action to prevent repeats. Failure to identify hazards and respect risks, not following standard operating procedures and inadequate supervision and oversight are routinely identified as contributing factors in significant and fatal incidents. This year we have taken decisive additional steps, focusing on safety leadership and operational discipline, aimed at ensuring meaningful and sustained change in the safety culture of our employees, especially at our more challenging Impala Rustenburg and Marula mines.

Ensuring safety at South African mines is an ongoing issue across the industry. Notwithstanding the tragic fatalities at Implats this year, the Group continues to perform favourably relative to the overall industry, which has experienced a significant deterioration in performance compared to projected milestones. The positive outcomes of our sustained expenditure and the effort we have put into safety initiatives, technical solutions and training across the Group, are evident in the continuing progress we have made in some of our leading and lagging performance indicators and the strong safety performance maintained at many of our operations. Eleven of the 17 operations achieved millionaire and multi-millionaire fatal-free status.

LTIFR



FIFR



[#] Indicates independently assured numbers.

Key lagging indicators

- > The Group fatal injury frequency rate was 0.060 per million man-hours worked, a 19% improvement on 0.074 in 2017. We recorded seven[#] fatalities in the year, down from nine in 2017. In each fatal incident the root cause was non-compliance to standards and safe production rules, in some cases at supervisory level. Disciplinary action has been taken where necessary and remedial actions implemented to prevent repeat incidents
- > The reportable injury frequency rate (RIFR) was 3.70 per million man-hours, up from 3.69 in 2017, against a targeted 2.95
- > A total of 650 LTIs (2017: 723) resulted in 47 767 days lost (2017: 49 330), with most of these attributable to fall of ground, equipment handling, scraping and rigging, and slipping and falling. Our lost-time injury frequency rate (LTIFR) improved by 6.1% from 5.92 in 2017 to 5.55[#] in 2018, against a target of 4.74. During this reporting period, 33% of LTIs became reportable injuries compared to 45% the previous year
- > Our medical treatment case frequency rate (MTCFR), which includes any injury that requires more than first-aid treatment, improved from 7.22 in 2017 to 6.37 in 2018
- > The total injury frequency rate (TIFR) – a measure of all recordable injuries, including fatalities, lost-time injuries and medical treatment cases – decreased to 11.93[#], compared to 13.14 in 2017 (9% improvement)
- > In 2018, we experienced 42 dangerous occurrences (though not fatal), of which 90.5% were at Impala Rustenburg operations, compared to 43 dangerous occurrences in 2017
- > The number of regulatory (Section 54) stoppage instructions (excluding Section 55s) issued declined to 39 compared to 92 in 2017. The issuances continue to be restricted to the area where the danger/non-compliance was observed. Twenty-three of the stoppages impacted production with a total of 167 days of lost production. A total of 54 non-compliance (Section 55) notices were issued across our operations, compared to 73 in 2017
- > Analysis of Section 54s and our internal stoppages shows that the majority continue to be issued for non-compliance with winch rigging operating standards and for failure to comply with our support standards

Fatal injury frequency rate per operation

Fatal injury frequency rate (FIFR) per million hours worked	2018	2017	2016	2015	2014
Impala Rustenburg	0.075	0.083	0.107	0.070	0.052
Impala Springs	0.000	0.000	0.000	0.000	0.000
Marula	0.121	0.103	0.000	0.111	0.000
Mimosa	0.000	0.114	0.246	0.000	0.000
Zimplats	0.000	0.000	0.000	0.000	0.068
Group	0.060	0.074	0.091	0.058	0.043

IN MEMORIAM

This year, seven[#] of our colleagues tragically lost their lives in the course of work at our South African operations.

In remembrance, the names of these individuals are:

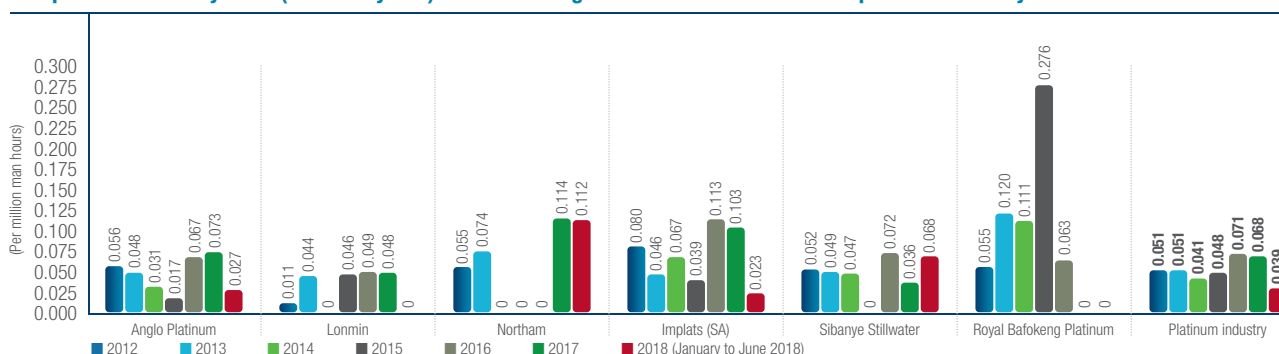
- > **Mr Sinethemba Mtolo (19/09/2017)** – fall of ground incident – Impala Rustenburg No 12 Shaft
- > **Mr Sandile Mathebula (19/09/2017)** – fall of ground incident – Impala Rustenburg No 12 Shaft
- > **Mr Tebogo Rampagane (28/09/2017)** – fall of ground incident – Impala Rustenburg No 20 Shaft
- > **Mr Nobakaxana Mayelana (04/10/2017)** – fall of ground incident – Impala Rustenburg No 10 Shaft
- > **Mr Cladus Lethena (11/10/2017)** – mobile equipment incident – Impala Rustenburg No 16 Shaft
- > **Ms Levina Motene (11/10/2017)** – trackless mobile equipment incident – Marula
- > **Mr Kelebone Molikoe (19/01/2018)** – scraper winch operating incident – Impala Rustenburg No 10 Shaft

We extend our sincere condolences to the families, friends and colleagues of the deceased. Recognising the severe impacts of their loss, we offer family support across our operations in South African and Zimbabwe. Principal areas of assistance include: Group insurance cover provides for funeral expenses and benefits pay-out to the family according to the rules of the respective fund (an additional sum is paid out where a fatality is as a result of an accident); specialised trauma counselling for dependants and counselling for co-workers; employment offered for a family member; ongoing financial assistance for the schooling of children of the deceased (from pre-school to tertiary level). Visits to the families are undertaken at least annually to show ongoing compassion, monitor their wellbeing, and school performance.

Key leading indicators

- > We exceeded all our targeted KPIs for visible-felt-leadership (VFL) engagement, performing 45 807 interactions and interventions (2017: 59 438). Planned task observations totalled 84 495 (2017: 87 107)
- > We achieved 98% compliance in our road behaviour testing on the roads that cross mine property (164 741 checks and 3 693 transgressors), as compared with 96% compliance last year; our target is 100%.
- > We conducted 2 568 641 breathalyser tests (2017: 2 209 318) throughout our operations in line with Company policy of zero alcohol in the workplace. As a result, 324 tested positive, representing a 43% decrease on the 568 individuals who tested positive in 2017. Disciplinary action was taken against all employees testing positive.

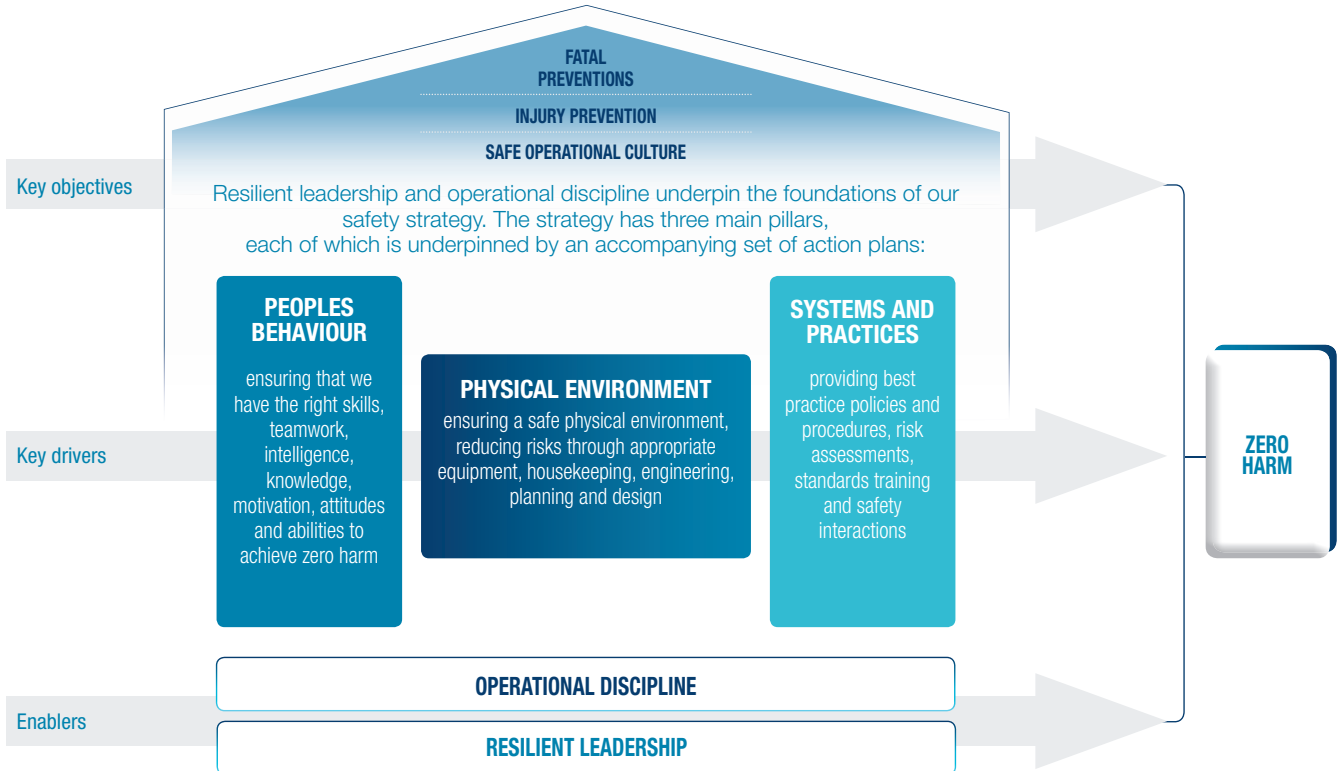
Comparison of fatality rates (calendar years) across the large South African mines in the platinum industry



[#] Indicates independently assured numbers.

Employee and contractor safety

Implats safety strategy model



Our safety strategy strives to foster a safe operational culture 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. The model was revised this year to ensure better alignment of leadership, operational discipline and key objectives across the Group. It is also more accommodating of the different levels of safety maturity present in the different operations.

The principal safety risks facing our employees and contractors relate to falls of ground, moving machinery, transportation, working at heights, electrical or release of stored energy incidents and isolation/lock-out. Fatigue and stress management is another focus area. A review of strategic interventions and developments to mitigate safety risks during 2018 is summarised below. Further details of our safety performance are provided in our performance tables on page 84.

Focus areas and developments during 2018

During 2018 we have maintained a focus on driving behavioural change with an emphasis on developing effective resilient leadership at our South African operations, as we strive to create and entrench an interdependent culture where every employee is committed to safe working practices, taking clear responsibility for their own actions and also helping others to adopt good safety practice.

Strategy implementation and monitoring: This year we held several leadership workshops and engagement sessions with stakeholders at our South African operations, to review our safety performance and management approach. The feedback on our approach was positive and a way forward was agreed aimed at ensuring improvements in our safety performance. Each operation has conducted a safety maturity assessment of their operational teams. Zimplats, Mimosa and Impala Springs are generally more advanced in the safety maturity journey than other operations. We have developed individual operational safety plans aimed at addressing weaknesses identified in their current status. Supporting performance standards have been developed and rolled out, which form the basis for proactive measuring and monitoring of individual and team safety performance.

Resilient leadership: During the FY2018, an in-depth assessment of current leadership skills was conducted across the various levels of the Impala Rustenburg mining leadership (shift supervisor, mine manager and general managers), which identified strengths but also certain gaps in their development to lead at the required level. (See case study on page 40.) The gaps identified during the assessment process will be addressed through formal and informal leadership training and development initiatives. These will include a personal improvement plan and a personal safety plan for general managers with short and medium-term commitments to improve safety. We

have enhanced our initiatives to equip managers with the tools to lead teams safely and effectively and to customise, drive and own their safety plans and programmes. This has included the development of a revised Safety Toolbox that will provide the framework for our systems and practices.

Training: We continued to invest in enhancing our frontline supervision and providing safety coaching in critical areas based on analysis of critical trends. The Impala Rustenburg operations undertook a revised disciplinary training programme for managers and mine overseers. All managers and supervisors have been trained to apply the consequent management process in a consistent way. Training is provided for newly elected health and safety representatives and periodic refresher training is offered to established health and safety representatives.

Technical solutions: We have continued to implement best practice technical initiatives aimed at protecting all those who work in our mines and to assess new technological advances to determine their appropriateness at our operations. Initiatives implemented include fitting roof bolts and netting to protect against falls of ground, rolling out fire retardant conveyor belting, enhanced central electronic blasting system, fire detection systems, electronic scraper winch signalling devices, and proximity detection systems (PDS) on mobile equipment.

Major Unwanted Events (MUE) and critical controls: We are developing fatal risk control protocols that will form the basis for a revised MUE programme. Enhancing our critical controls to mitigate risks relating to major fall of ground collapses and scraper winch operations, is a particular focus.

Critical safe behaviours: We place a significant focus on leadership visibility, interaction and coaching, which are critical to change the behaviour of people. We continue to focus on entrenching critical safe behaviours at Impala Rustenburg operations, for rock drill operators, scraper

winch operators, locomotive operators, panel operators and trackless machine operators. This is driven through safety representative and supervisory monitoring interventions. We are focusing on monitoring, measuring and reporting on performance based on the critical behaviours of people in the workplace.

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

Incident and injury investigations: We are revising our current investigation and reporting practices and processes to ensure that failures and learnings from actual and potential incidents are more effectively recorded and shared across the Group. To improve the quality of our incident investigations and resulting recommendations, in FY2019 we will identify and train selected employees in Incident Cause Analysis Methodology (ICAM), to lead investigations on high potential incidents (HPIs) and non-fatal accidents.

Management systems: At Impala Rustenburg, Marula and Impala Springs we have identified and are addressing compliance gaps relating to the ISO 45001 standard (which replaced the widely implemented OHSAS 18001), with a view to achieving certification. At Impala Rustenburg, legal compliance gaps have been addressed as a priority, with actions implemented and tracked for closure.

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

Operational discipline is achieved when the specific activities necessary for the successful daily operation of Implats operations are running as they should be. These activities include setting objectives, goals, targets, standards and practices, and most importantly the behaviour of people.

Employee and contractor safety

Safety initiative dashboard

Initiative (implementation tracker)		Champion and committee	Planning	Implement and execute	Review			
No	Initiative	Champion and committee	Gap assessment and action plan	Roles and responsibilities assigned	Training and execution	Compliance audit conducted	Total	Priority
1	MOSH TARP system	100%	100%	100%	100%	80%	96%	High
2	Test, trial and implement alternative tendon support system (resin bolts)	100%	100%	75%	20%	–	59%	High
3	Trial and implementation of extended safety nets	100%	100%	75%	20%	–	59%	High
4	MOSH leading practice for ledging	100%	100%	–	–	–	57%	High
5	MOSH PDS system on railbound machinery (compliance to plan) 7% compliance	80%	80%	100%	80%	80%	84%	High
6	Visible-felt leadership monitoring system	100%	100%	100%	100%	60%	92%	High
7	Employee critical safe behaviours	100%	100%	100%	80%	50%	86%	High
8	Fire retardant conveyor belting (roll out)	100%	100%	100%	80%	80%	92%	High
9	Conveyor belt fire prevention system upgrade	100%	80%	50%	10%	50%	58%	High
10	Underground fire prevention management	100%	100%	100%	80%	95%	95%	High
11	Critical controls of major hazards (underground fires)	100%	100%	25%	10%	20%	51%	High
12	2024 milestone equipment noise level reduction to below 107dB	100%	100%	75%	80%	50%	81%	High
13	Improved station safety devices (Techno Grid and Deebar)	100%	100%	100%	100%	90%	98%	High
14	MOSH PDS system on TMM machinery	100%	100%	100%	100%	100%	100%	Medium
15	Enhancing the disciplinary process	100%	100%	100%	80%	80%	92%	Medium
16	Trials to minimise the risk of high-pressure gas pockets	100%	66%	50%	10%	0%	45%	Medium
17	2024 milestone implementation of the CTF	100%	100%	100%	80%	95%	95%	Medium
18	Underground pneumatically operated ventilation door test	100%	66%	100%	80%	50%	79%	Medium
19	Critical underground ventilation door monitoring system	100%	100%	100%	40%	0%	68%	Medium
20	Safety representative training	100%	100%	100%	40%	100%	88%	Low
21	Certification of OHAS 18000 (ISO 45000)	60%	100%	0%	0%	0%	32%	Low

Our safety focus for 2019 and beyond

Our priority is to cultivate a culture of operational discipline to ensure full compliance and commitment to safe working practices. Our focus is at Impala Rustenburg and Marula operations, where we have the greatest number of employees and continue to experience high-risk behaviour.

In driving the necessary behavioural change, a key focus will be on assessing leadership development gaps among mining leadership and addressing any shortcomings in leadership and frontline supervisory development through training and improved performance management processes.

Important factors for success are: leadership visibility through our visible-felt leadership programme; intensifying supervision on critical activities at the work face; the rollout of a revised Safety Toolbox; ownership and accountability; an escalation process for poor performance; rewarding good performance; and behavioural change through consistent consequent management.

Our target is zero fatalities across all operations. Each operation is expected to achieve at least a 10% year-on-year improvement in their LTIFR performance.

Employee health and wellbeing

EFFECTIVE CONTROL OF OCCUPATIONAL HEALTH RISKS AND PROMOTING HEALTH AND WELLBEING IN THE WORKPLACE, PROTECTS OUR EMPLOYEES, ENHANCES PRODUCTIVITY, AND IS ESSENTIAL IN MINIMISING POTENTIAL LONG-TERM LIABILITIES. EXTENDING OUR HEALTH PROMOTION ACTIVITIES TO THE BROADER COMMUNITY COMPLEMENTS OUR INTERNAL HEALTH DRIVE AND SUPPORTS LOCAL SOCIO-ECONOMIC DEVELOPMENT OUTCOMES.

Our strategic approach

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

The occupational health strategy focuses on ensuring that all occupational health risks are identified, mitigation controls are in place to eliminate occupational health hazards at source, and that any ill health is detected and treated early and efficiently. Every employee has an annual medical screening examination. Any detected disability is referred to independent third parties for assessment and possible compensation.

Our strategy on non-occupational health focuses on ensuring that all employees have access to affordable healthcare so that all health stressors can be identified, managed and treated. Implats has extended its shared responsibility to include the non-occupational health of dependants of employees, as well as broader investments in community healthcare projects. The delivery and funding arrangements depend on local facilities and conditions and differ between our operations in South Africa and Zimbabwe. For further information on our investments in community health, please refer to pages 57 and 61.

The principal health risks facing our employees are pulmonary tuberculosis (TB) and the associated human immunodeficiency virus (HIV) co-infection, both of which are of epidemic proportions in southern Africa. The major occupational health risk associated with our mining activities is noise-induced hearing loss (NIHL). Other risks relate to musculoskeletal stress and fatigue. We have ongoing initiatives to educate our employees and reinforce messages around managing health hazards. Our strategy guides our approach to achieving the occupational health milestones set for the South African mining industry, across all our operations, including those in Zimbabwe. The 2024 milestones include targets for HIV, TB, silicosis and NIHL.

Our 2018 health focus areas and performance

Monitoring employee health: This year 71 527 occupational medical screening examinations were conducted, of which 54 054 were periodic, 6 703 exit examinations and 10 770 pre-employment. No previously unknown occupational illnesses were detected. The integration of occupational and clinical care information as well as sick leave records continue to assist with

our management of patients on chronic medication programmes and the identification of high health risk employees.

Chronic illness: We have maintained a focus on identifying and managing patients with chronic conditions (the main conditions being hypertension, HIV/Aids and diabetes) and assessing whether they are still fit to perform their duties safely and productively. Thirty percent of the South African employee base is currently receiving treatment for chronic conditions. The majority of patients are doing well from a treatment perspective, however, this year there was a significant increase in the number of patients who, through more intensive screening and analysis of various data indicators, were found to be unfit for their work. This resulted in an increase in employees applying for and receiving medical incapacitation benefits through their pension funds. Across our South African operations, 848 employee contracts were terminated due to ill health and disability. Going forward, we will focus on early identification of cases for early initiation of appropriate adjustments to treatment and occupational fitness.

Noise-induced hearing loss (NIHL): In line with our sustained progress in mitigating levels of noise exposure, we have decreased the proportion of employees working in higher risk categories. We provide all employees exposed to noise with custom-made hearing protection devices (HPD) and associated training. Ensuring adherence to wearing the HPDs remains a challenge. We conduct annual audiometric screening examinations to detect deterioration of hearing before permanent NIHL develops. Employees with a hearing-loss shift of 2.5% to 5% undergo formal counselling. In 2018 there were 4 993 cases of hearing-loss shift of between 5% and 9.9%, a 1.5% increase compared to 2017. These cases are formally investigated. This year, 102# cases (employees) of NIHL shift of more than 10% were diagnosed and submitted for independent third-party assessment of disability and compensation; (there were an additional 14 cases for contractors) compensation was provided in 65 cases (2017: 88 submissions and 57 cases compensated). The new formula for calculating NIHL for industry health milestone purposes has been implemented at our South African operations using new software. We are on track to reduce noise levels emitted by all equipment to the industry 2024 milestone target of below 107dB. Our focus going forward is on the silencing or replacement of specifically Premfit rock drills at Impala Rustenburg and Marula operations.

Indicates independently assured numbers.

Employee health and wellbeing

Implats Sustainable Development Report 2018 | 34

Pulmonary tuberculosis (TB): Across the Group, the management of TB remains under control as a result of comprehensive screening, case tracing and effective treatment. The number of new cases diagnosed decreased by 23% year-on-year, to 154[#], of which four were found to be multiple drug resistant (MDR) TB and one was extremely drug resistant (XDR), all at Impala Rustenburg. About 70% of known TB cases have HIV co-infection. At our South African operations, our incidence rate of 530 per 100 000 employees remains well below the South African average of 1 000 per 100 000. All cases of pulmonary TB are submitted to the Department of Health's Medical Bureau of Occupational Diseases (MBOD). We provide six-monthly screening and INH (Isoniazid) prophylaxis for all HIV positive employees and other at risk employees and annual screening of all other employees. In the year ahead, contact tracing of all TB patients and the close and strict monitoring of treatment will be a focus. At Zimplats, no cases of pulmonary TB were diagnosed during the year under review. One case of extra pulmonary TB was diagnosed and treatment was commenced in line with the Zimbabwean Ministry of Health and Child Care guidelines.

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 the last three years). We have seen a pleasing increase in levels of participation in counselling and our Company-funded and managed HIV-wellness programmes. We recorded a total of 12 154[#] actual HIV blood tests (27% decrease year-on-year due to more employees knowing their current HIV status). ART treatment uptake increased by 15% to 5 942[#] against a target of 5%; 91% (5 381) were at Impala Rustenburg. The number of employees receiving ART through external medical aids or government health facilities is not known and these figures are therefore underestimated. Since 1 September 2016, the South African government has required all people diagnosed as HIV-positive to start ART treatment immediately. Adherence to treatment for HIV and TB remains level with last year at 95%. Failure to adhere and the associated challenge of drug resistance remains a concern, especially with new ART patients. A 13% decrease in the number of employees passing away due to HIV-related illnesses is encouraging. Further TB and HIV/Aids details are provided in the table/graphs on page 36.

Pneumoconiosis: The risk of contracting pneumoconiosis (silicosis) at our operations is extremely low due to the very low levels of alpha quartz in the rock mined. The average dust concentration trends recorded remain below 10% of the occupational exposure limit (OEL). Real-time dust monitors are installed at high-risk locations underground to detect potential excessive dust volumes. The screening, early detection and referral of occupational lung disease nonetheless remain a priority. This year, two employees and three contractors were diagnosed with silicosis; all of these cases have proven historical gold or copper mine exposure. All cases have been submitted for assessment of disability and compensation. We provide INH prophylaxis to current known silicosis patients to reduce TB infections.

Compensation for occupational diseases: Significant progress has been made in addressing the indirect risk that silicosis caused by gold mine exposure poses to the Group. It has been officially recognised that platinum has a significantly lower risk than gold, which has resulted in a decrease in insurance premiums. These changes were gazetted in April 2018 and will result in a significant reduction in dust levies for Implats SA mining and processing operations as well as a 20% improvement in benefits for any employees who have contracted occupational lung disease.

Musculoskeletal stress: At our Zimplats operations there has been an increase in the reporting of low back pain, notably among machine operators. To address this concern, we strive to mitigate the risk through pre-placement screening, education of employees, engagement with the OEMs on ergonomics, PPE provision and rehabilitation of employees who already have back pathology.

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 in the process of evaluating the market for the commercial development of a prototype fuel cell Load Haul Dumper (LHD) and refuelling infrastructure (see page 77). All underground locomotives are electric and therefore do not emit DPM.

Medical aid and non-occupational medical care: Various medical scheme options exist across the Group. By year-end, 26 000 employees and dependants at Rustenburg, Marula and Springs Refineries were members of the Impala Medical Plan (IMP). The IMP contribution rates remain competitive in the industry.

[#] Indicates independently assured numbers.

Efficiencies in medical services: Southern Africa continues to experience a shortage of healthcare skills and the availability of suitable outsourced providers is expected to remain limited and costly; we therefore continue to target further improvements in efficiencies in company owned and managed medical services for both occupational and non-occupational health care delivery.

Employee indebtedness: Employee indebtedness at our South African operations remains a serious challenge, affecting employee wellbeing and raising stress-related health and safety risks. We seek to assist over-indebted employees to regain and maintain their financial wellbeing. Further information on our approach and progress is provided below.

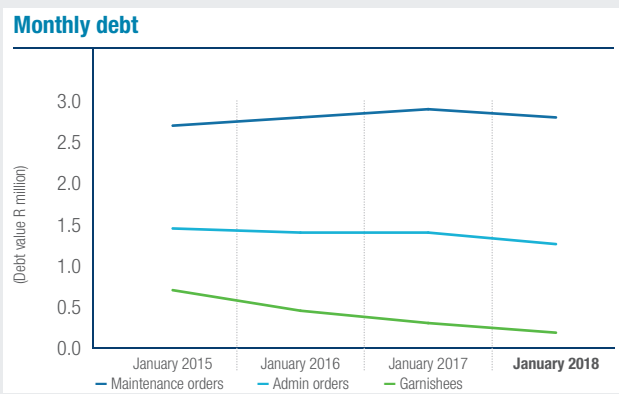
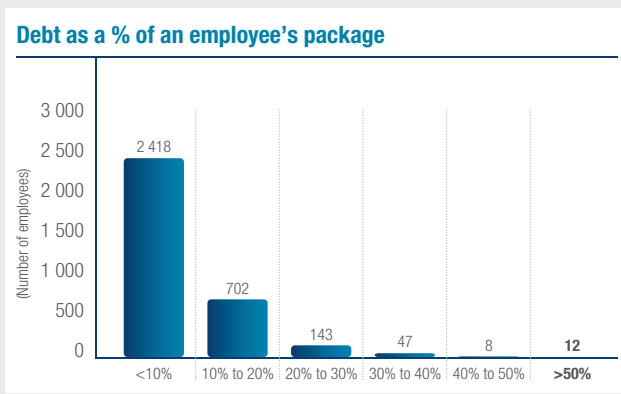
TACKLING EMPLOYEE INDEBTEDNESS

Employee over-indebtedness is a deeply troubling concern in the mining industry in South Africa and Zimbabwe and affects many of our employees across our operations. The associated stresses can have profound effects on employees and their families.

At Impala Rustenburg, we constantly monitor the level of indebtedness of our employees through our payroll office by measuring the number and value of garnishee, maintenance and administration orders instituted against our employees. The current level of indebtedness and rand value of employee debt over the last three years is shown in the graph below.

We implement various initiatives aimed at assisting employees with financial literacy, planning and mitigating indebtedness. This year, 190 employees received financial life skills training. Issues covered include: understanding pay slips; making disposable income grow; managing expenses; compiling a monthly budget; home loans; and escaping debt. Notwithstanding the improved debt position of our employees (reduction in garnishee and administrative orders at Impala Rustenburg since 2015), there remains a concern around the level of debt of those employees whose debt commitments cannot be traced through our payroll system. As part of the wage negotiation agreement, Impala Rustenburg and its principal union AMCU agreed to work together to identify further employees who are in need of debt counselling. We will continue to intensify efforts to encourage more employees to use our financial wellbeing services.

Among our Zimplats workforce, we have seen an increase in the number of employee indebtedness cases identified. There has been an influx of banks, credit stores, loan sharks and other business players in the main areas where employees reside, with lenders perceiving our employees to have high levels of disposable income. This has prompted increasing levels of employee debt. The operation monitors garnishees received and through payroll checks identifies suspected cases of over indebtedness. In response to the growing challenge, we have increased financial management literacy awareness and training, which is extended to spouses. The impact of training is monitored through garnishee trends. Employee indebtedness is also included in the induction process for new employees and re-induction of employees returning from long-term leave. Zimplats has a dedicated mental health programme (reviewed on page 36) which assists in addressing the impacts of employee indebtedness. Heavily indebted employees are referred for additional counselling.



Employee health and wellbeing

Emotional wellbeing: Zimplats has embarked on an aggressive mental health programme in recognition of the significance of emotional wellbeing on safety and productivity. The programme is implemented by an external service provider and offers comprehensive ongoing support for employees experiencing mental

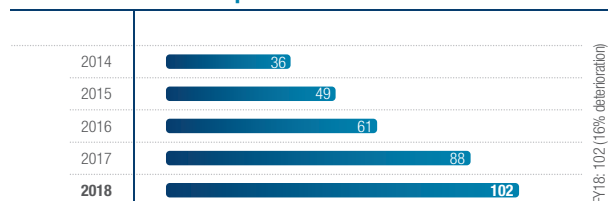
health challenges. Zimplats has contracted mental health experts to conduct a baseline survey and provide recommendations on key areas of intervention. The table below summarises the initiatives that have been embarked on to address key mental health issues both in the workforce and broader community.

Zimplats mental health support initiatives

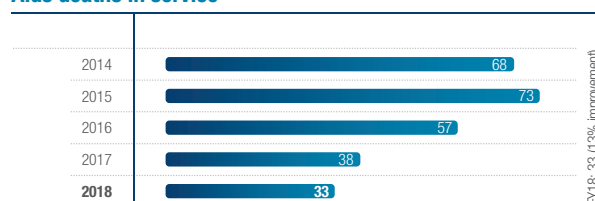
Focus areas	Interventions
Family strife including infidelity, indebtedness, work/life balance	Talk show involving more than a thousand participants from the community, culminating in the signing of a community pact to guide behaviour. Sexual and reproductive health training for employees and spouses covering diverse issues including infidelity, STIs and HIV and Aids. Training of trainers on financial management and debt management.
Drug and alcohol abuse	Formation of support groups. Access to specialist services for employees needing follow-up support.
Workplace stress and depression	One-on-one sessions with affected individuals and follow-up sessions. Training of supervisors, SHEQ reps, and wellness champions in lay counselling, training of identified employees in basic peer counselling. Access to specialist services for employees needing additional support.

Stoppages: During 2018, there were no regulatory or voluntary work stoppages and no non-compliance notices issued for medical or health-related matters.

NIHL submitted for compensation



Aids deaths in service



	2018	2017	2016	2015	2014
New pulmonary TB cases	154 [#]	199	171	304	268
Number of new HIV cases	650	1 077	823	952	830
Number of voluntary counselling and testing (VCT) cases	12 154 [#]	16 733	10 867	11 875	10 086
Number of HIV+ employees on antiretroviral therapy (ART) (net enrolment at year-end)	5 942 [#]	5 174	4 843	4 429	4 276
Medical incapacity	836	265	377	505	331

[#] Indicates independently assured numbers.

Our health focus for 2019 and beyond

In striving to further mitigate the health risks facing our employees, the following are specific focus areas for the year ahead:

- > Close management of patients with chronic conditions, with a particular focus on early identification of cases requiring adjustments to treatment and occupational fitness
- > Replacing the Premfit rock drills in use at Impala Rustenburg (200) and at Marula (1000) to ensure that noise levels emitted are below 107dB
- > Contact tracing of all TB patients and the close and strict monitoring of treatment
- > Developing additional initiatives at our South African operations aimed at promoting emotional wellbeing, and to support employees with early symptoms and signs of emotional stress
- > To mitigate levels of absenteeism, medical and human resource personnel will communicate closely to timeously identify sick employees and seek to manage their recovery

REFURBISHMENT OF KADOMA GENERAL HOSPITAL

This year, Zimplats invested \$2.5 million in refurbishing Kadoma General Hospital, a major hospital in the Mashonaland West district in need of significant repairs. The refurbishment work was completed to high quality standards by local enterprise development companies supported by Zimplats. The work included building construction and supplying equipment including laundry facilities, solar geysers, an incinerator, a service vehicle and an ambulance. The revamped hospital was officially opened by Zimbabwean President Emmerson Mnangagwa on 19 July 2018 and received a warm reception from all stakeholders, including the government.



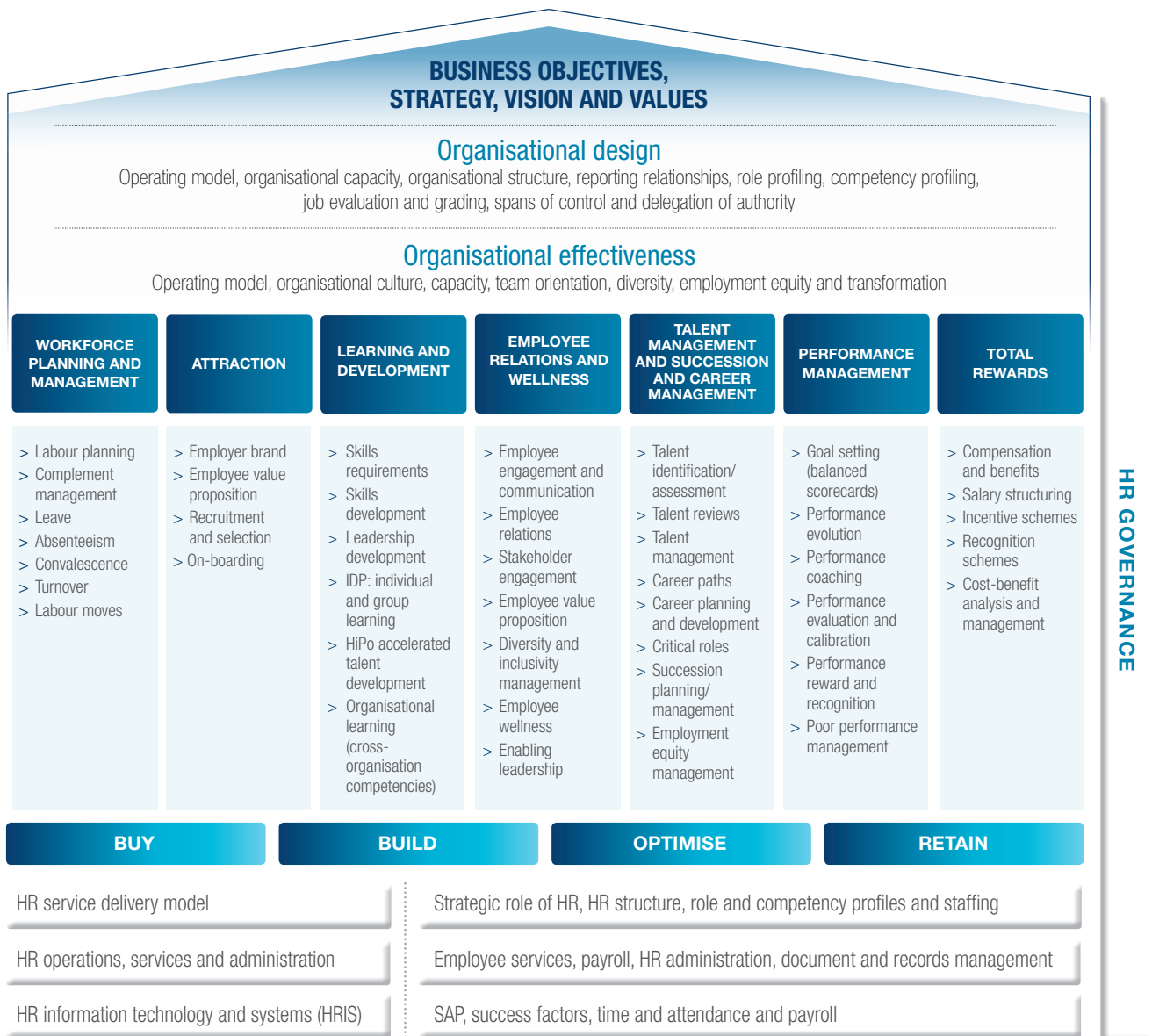
Opening of the laundry facility at Kadoma Hospital. In attendance from left to right is Zimbabwean President Emmerson Mnangagwa, Hospital Superintendent Dr Moyise, Implats Group CEO Nico Muller and Zimplats CEO Alex Mhembere

Attracting, retaining and developing talent

WE STRIVE TO CREATE A SUSTAINABLE COMPETITIVE ADVANTAGE BY RESOURCING THE GROUP WITH A CAPABLE AND ENGAGED WORKFORCE THAT IS ALIGNED WITH IMPLATS' VALUES AND CODE OF ETHICS. WE AIM TO FOSTER A CULTURE OF PERFORMANCE, DELIVERY AND ACCOUNTABILITY, THROUGH AN ORGANISATION STRUCTURE THAT IS FIT FOR PURPOSE, RESOURCING THIS STRUCTURE WITH THE BEST CAPABILITY AND EMPOWERING OUR PEOPLE TO DELIVER RESULTS.

Our strategic approach

Implats human resources framework



The HR framework depicts a set of integrated organisational human resources processes that cover the entire employee life-cycle from acquisition, performance management, development and succession planning. Following is a review of key elements:

Workplace planning and organisational effectiveness:

- Our approach to identifying the workforce skills needed to ensure that the organisation is maximally effective in delivering on its strategic objectives includes:
- > High level identification of the people that will be required to fill the organisational structure, including the critical roles
 - > Skills assessments to determine what skills are currently housed in the Company, to highlight any skills gaps that may exist
 - > Talent review, focusing on high-potential employees and those with specialist/business critical skills, to develop a comprehensive picture of our key talent and identify any potential talent gaps
 - > Talent planning to fill any talent gaps

- Performance management:** Through our performance management programme we have committed to offering attractive remuneration and employment benefits, together with effective incentives. We undertake regular benchmarks of pay and conditions of employment to ensure that we remain competitive. To ensure our people contribute effectively to the achievement of our strategic objectives, the revised performance management process aims to align people's individual goals with the business goals, with effective systems in place to measure and manage their performance. This is achieved through:
- > Goal alignment and target setting (through the balanced scorecard)
 - > Performance evaluation and calibration
 - > Performance reward and recognition (carried out through incentive and recognition schemes)
 - > Performance coaching
 - > Management of poor performance

Succession and career management: We strive to minimise future leadership and technical skills gaps by growing an internal pipeline of potential successors, and allowing high performers to develop the skills necessary for future roles. The key activities in this area include:

- > Career paths for management and employees with specialist skills
- > Segmenting the talent pool
- > Career planning and development
- > Talent mobility and deployment

Learning and development: We invest in ensuring that our employees, including contractors, continue to have the skills required by the organisation as it evolves. Particular focus is given to high potential and high performing employees. This is achieved through:

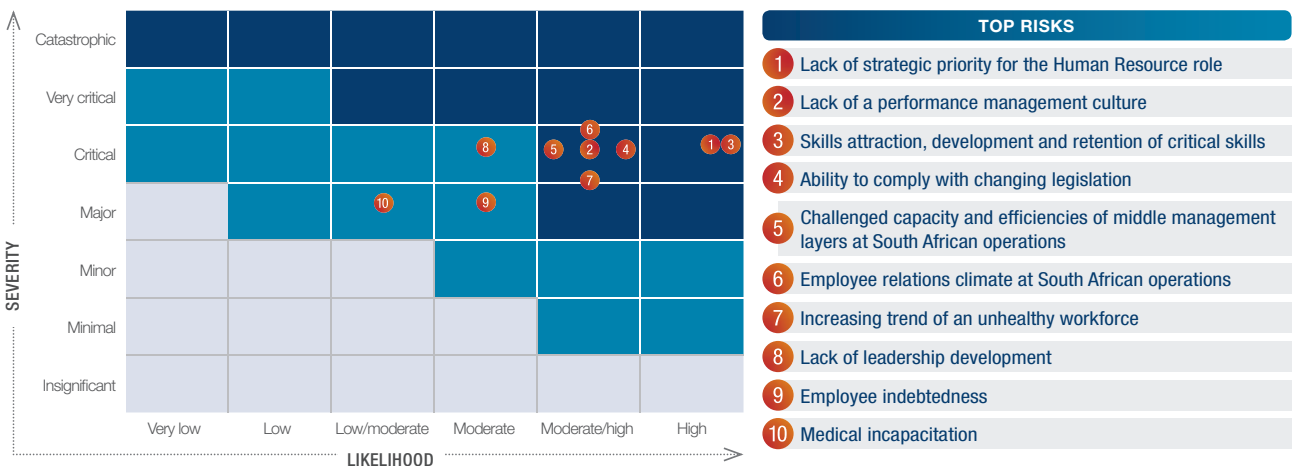
- > Individual development plans
- > General training programmes
- > Accelerated talent development for high potential employees and those with specialist/business-critical skills
- > Leadership development
- > Organisational learning programmes for competencies that are required across the organisation

Strategic developments and focus areas in 2018

Developing people with ability

The recent and ongoing organisational change and uncertainty in the Company has impacted on employee morale and heightened the importance of our talent retention and skills development activities. Recognising the significance of increasing people-related risks, we undertook a series of 'deep-dive bowtie' risk analyses quarterly throughout the 2018 calendar year, to gain a deeper understanding of the risks for the human resources function. Below are the top 10 people risks which have been/will be examined in deep-dive bowtie risk analysis.

People risk dashboard



Attracting, retaining and developing talent

Implats Sustainable Development Report 2018 | 40

Strategic HR framework

This year we have made significant developments in our approach to managing our people, seeking to optimise and build on existing structures, systems and practices, to strengthen our strategic direction and delivery. While Implats has well-established operational human resources (HR) structures in place, we have developed a more strategic HR framework that will ensure that we have the necessary building blocks and tools in place to drive our desired workforce culture and capability. Our approach centres around instilling organisational discipline, enhancing people engagement and people management capabilities, empowering our line managers to take responsibility for people management, and ensuring effective performance management to deliver on objectives.

The following are key developments in this process:

- > Conducted an extensive organisational review with the executive team aimed at ensuring an effective and efficient organisation design
- > Developed a performance management framework for the Group, which provides for a greater focus on people
- > Revised our approach to remuneration, and aligned this with our performance management framework
- > Aligned our approach to talent management and succession planning with our organisational design and performance and reward processes
- > Expanded our HR interventions to account for the interdependencies across the HR value chain in an integrated manner (see infographic on page 38).

We recognise that organisational effectiveness is dependent on each element/sub-system of the HR value chain functioning efficiently both independently and interdependently. While our approach is top down in terms

of our leadership team providing strategic direction, we strive to make sure we have the right leaders in place who understand our vision, path and strategic objectives, and develop the teams around them to deliver in their respective roles.

Additional HR resources

In October 2017, we appointed a new Group head of HR with extensive technical experience and expertise to provide strategic direction for the HR discipline across the Group, including developing human resource policies in support of Group strategy and effectively managing external trends and other impacts on the HR function. Additional appointments this year include recruiting a head of talent and transformation, a head of performance and organisational effectiveness, as well as a head of remuneration and employee benefits.

Strengthening management capability

Having identified weaknesses in middle management capability at our operations, we concluded a successful pilot exercise at Impala Rustenburg aimed at building leadership capacity (reviewed below) which will be rolled out to all managers across the Group in FY2019. To support our efforts, we will set up talent management forums within each discipline, creating job families, career paths and identifying the required skills set for each job. We have a psychometric department and talent management department in place to facilitate this process. The performance management balanced scorecard (reviewed below) for each line manager will have a high rating on managing people, aimed at ensuring their direct accountability for improving the organisational climate for their areas of work. Once we have established a baseline, we will include targets in the respective manager's scorecard.

FACILITATING LEADERSHIP AND FRONTLINE SUPERVISORY DEVELOPMENT

At Impala Rustenburg operations we identified weaknesses in management capacity as a prevailing risk and embarked on a deep dive bowtie risk analysis at the operations.

The first step in the capability building process was a capability assessment programme. The supervisory development assessment programme has provided management with a clear view of the skill deficiencies within the supervisory teams.

We engaged external management consultants (Deloitte) to review the competencies that mining staff – shift boss, mine overseer, mine manager and general manager – require, aside from technical competencies, to function effectively in their role. We did a benchmark for each of the positions to determine what the ideal position would look like. We then mapped each shift boss against those competencies and undertook detailed psychometric assessments and interviews.

In building resilient leaders, we need to have people in management positions who can communicate effectively, who are good problem solvers, understand what accountability means and understand consequence management. After the assessments, employees, with their direct managers, received feedback on their assessment results to formulate a development plan. Mine overseers and shift supervisors were made aware of their strengths and their developmental areas and what actions are required to start closing the gap between their current and targeted performance levels. Workshops were held with HR, the HRD, and shaft management to develop action plans in order to close gaps over time.

To close the gaps identified through this comprehensive assessment process, we have developed customised individual development plans – based on the role played in the organisation and potential to progress into other positions – which encompass focused training, coaching and mentoring. The individuals receive regular feedback as to how they are doing in terms of the interventions/areas identified.

We have already seen an improvement in production or the ability to meet production targets and a reduction in safety incidents in these areas. Through this process we have identified where there are succession gaps and what we need to do to fill those gaps. We have identified successors for next level up positions and what they need to be exposed to in order to move them up. The exercise also highlighted the critical importance of ensuring new incumbents meet the recruitment and promotion criteria.

The development programme will be implemented at Marula, Zimplats and at our corporate head office.

Enhanced performance management process

The implementation of a revised performance management system will continue to support further performance improvements. A key element is the introduction of a balanced performance scorecard, consisting of four key performance areas and elements against which we measure our performance:

- > Financial – converted into safe operational delivery
- > Business optimisation
- > People
- > Social licence to operate

The new performance management process and KPIs have been designed to incentivise behaviour that supports the attainment of business goals. The scorecard will be cascaded from top level down to junior management. We have also developed a Group scorecard with bonus parameters, which was finalised by year end. The Group scorecard, will be used to measure our performance against our strategy and the matters we consider to be most material to the sustainability of our Group. We aim to use the Group scorecard and balanced scorecard principles to align people at all levels of the organisation.

Scorecard assessments will include informal quarterly assessments, with two formal performance assessments, mid-year and at year-end. Once all performance ratings are determined, we will do a calibration at operational and Group level to ensure the performance outcomes are aligned to business outcomes. The final performance assessment reflects business performance against objectives.

In June 2018, we conducted roadshows to introduce the balanced scorecard methodology and explain why we have adopted it and what we hope to achieve by implementing it. By year-end we had provided training on the scorecard to all line managers ahead of setting the strategic objectives across the four pillars of the scorecard for the year ahead.

The performance management system has migrated from manual input to automated data integration and updates, to increase practicality and decrease subjectivity in the process.

Targets in the production bonus scheme for employees in our bargaining unit relate to safety, cost and production.

Remuneration policy review

The restructuring and cost cutting exercises at Implats over the last two years have resulted in strategic HR expertise leaving the Company. To address the loss of critical skills, the remuneration committee commissioned

the HR department to review the overall remuneration structure for all managers within the organisation. Following a process that included engagement with shareholders, a new remuneration structure has been designed, to align shareholder interests to that of executives in terms of rewards and to support a culture of performance, delivery and accountability. A review of the key metrics associated with the short-term incentive (STI) as well as the long-term incentive (LTI) schemes identified the need to incorporate a number of key fundamental principles associated with creating a culture of performance in terms of performance management and goal/setting, target setting and standardising across the Group. For details of our remuneration practices, please refer to our Notice to Shareholders Report.

Succession planning

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). The focus of our talent management forums is to provide career advancement opportunities and to ensure that the organisation has a healthy internal pool of qualified candidates that may be considered for advancement. In 2018, we conducted a thorough succession planning review and process to address gaps identified within the organisation. This included assessing whether we have internal people that could be developed for certain roles, and over what time periods. We also revised our approach to executive recruitment in terms of building the bench strength and succession pipelines. Succession planning and identification of high potential employees is an on-going responsibility of senior managers with support from the HR department in order to ensure sustainability and retention of skills at Implats.

Training and development

We are placing an emphasis on ensuring that the training interventions we implement are focused on the right areas and the right people to enable us to deliver on our business strategy and goals, with high impact and return on investment. Our approach to developing talent takes into account an understanding of the positions we have and require and the competencies required for those positions. There follows a process of psychometric assessments for those individuals identified as potential successors and a talent assessment in terms of potential performance and readiness to move to the next role. Once gaps are identified, we conduct one-on-one engagements with the individuals to develop individual development plans, involving coaching, mentoring, technical training and rotation across the respective function in order to gain exposure in preparation for moving into new roles.

Attracting, retaining and developing talent

Workforce culture

We aspire to win the hearts and minds of our employees in order to create a 'one team' ethos and culture, with each member being a proud brand ambassador who understands their role in contributing towards the strategic objectives of the organisation. In delivering on this ambition, we recognise the need to empower our managers to communicate more directly and effectively with their workforce and teams, to build greater levels of trust and respond to diverse HR-related issues, including health, wellness and financial wellbeing. This requires the implementation of sound and consistent practices in order to ensure that Implats is perceived as a fair, equitable and

transparent employer, with a compelling employee value proposition.

This year we conducted a workforce climate survey process (reviewed below), which was concluded by year-end. The results will be used to direct targeted cultural transformation activities aimed at improving organisational effectiveness. This year's results will provide a baseline and the survey will be repeated annually to track our progress. Our progress will also be reflected in performance indicators such as productivity, labour turnover, safety performance, and levels of absenteeism.

WORKFORCE CLIMATE SURVEY

An organisational culture is essentially 'the way things are done around here'. The culture of a company relates to the values, beliefs, attitudes, and behaviours that employees share and use on a daily basis in their work. In promoting our desired culture of performance, delivery and accountability, we seek to instil a sense of shared purpose across the organisation, with everyone working together toward the attainment of common goals that drive performance and value creation for all stakeholders.

To assess the current organisational climate at Implats, this year we conducted an initial in-depth survey to deepen our understanding of our employees' perceptions and attitudes in relation to safety, communication, leadership, teamwork, recognition, empowerment, accountability, and understanding of our business objectives. The survey provided the opportunity for employees to give input into the culture they desire and to gain an insight into the extent to which their legitimate needs are met.

The survey was undertaken at Impala Rustenburg, Marula and Impala Springs. It was conducted anonymously, by means of questionnaires on a voluntary basis to ensure the outcome of the survey reflects the true feelings of the employees. Implats has already conducted a climate survey and the results have been used to create a baseline.

The survey results were finalised at year-end and will be used to create a baseline to inform the development of targeted cultural transformation activities aimed at improving organisational effectiveness and fostering our desired culture. The survey will be repeated annually to track our progress.

Performance measures

Workforce movement: Due to ongoing challenging market conditions, our response plan to ensure sustainability of the business has necessitated further workforce reductions. The restructuring at Impala Rustenburg this year resulted in 1 032 retrenchments and four voluntary separations. At our South African operations, a total of 3 637 employees left the Company (of which 93% were at Impala Rustenburg) and 1 035 new employees were recruited. At our Zimbabwe operations, a total of 156 employees left the Company and 339 new employees were recruited. The increase in headcount was largely to cater for the Bimha fleet build up to full production and the Mupani Mine development.

Skills turnover: In FY2018, total employee turnover (the number of permanent employee resignations as a percentage of total permanent employees, including voluntary separation packages) increased to 10.5%# from 8.6% in 2017. The increase was primarily as a result of the restructuring process at Impala Rustenburg.

We aim for a total employee turnover below 7.5% per annum. Turnover of miners at our South African operations was 16.3% for the year (2017: 15.9%). Turnover of rock drill operators was 8.2% (2017: 7.7%). Turnover of shift supervisors was 26% (2017: 13%). Turnover at our Zimplats operations was 4.2% (2017: 3.2%).

Employee separations in 2018 (permanent positions) – South African operations

Reason for leaving the company	Number of employees
Resignations (excluding ill health)	490
Retrenchments	1 047
Retirements	275
Departures due to end of contract	151
Dismissals	683
Deaths (work and non-work related)	179
Terminations due to ill health and disability (work and non-work related)	848
Total number of separations	3 673

Indicates independently assured numbers.

Promoting local employment: Implats has a policy of employing people from communities close to our operations where possible. 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. **At year end, 90% of employees in South Africa were local.** The organisational restructuring process has impacted levels of employment and recruitment. We continue to invest in skills development initiatives in our local communities, and promote local employment through our local procurement practices (see page 65).

Skills development expenditure: This year, despite continued cash constraints, our South African operations invested R486 million (2017: R548 million) on skills development; this was 4.5% of annual payroll, against our target of 5%. Eighty-nine percent of employees received training. At our Zimbabwean operations, we spent US\$5 million on skills development (2017: US\$4.8 million). The Group average number of hours of training per employee was 93; each contractor received an average of 79.7 hours of training.

We analyse retention of female employees post-maternity leave over a calendar year. For the calendar year 2017, 372 female employees were on post-maternity leave (94% retention rate).

Human resource development expenditure at our South African operations (excluding mandatory skills development levy) in 2018

Training area	Number of participants	% HDSA representation	% women representation	Total R million
Non-artisan learnerships (Level 2 and 3 rock breaker qualification obtained)	113	99	15.8	24.8
Artisan learnerships	182	100	28	23.7
Adult education and training (AET)	244	100	4	13.3
Bursaries and scholarships	85	95	50	6.4
Internships and experiential trainees	75	100	64	6
Portable skills training (skills outside of mining industry) for Section 189 employees	659	97	7.2	7.3
Other school support and post-matric programmes	5 075	95	57	3.7
Total	6 443	96	49	85.2

Note: The remainder of the training spend (R400 million) in South Africa was for other training initiatives such as novice mining training, ex-leave, licencing and safety and skills programmes and includes man-day cost of attendees.

Attracting, retaining and developing talent

Implats Sustainable Development Report 2018 | 44

Adult education and training: The average level of basic literacy across the Group's workforce is 81.4%. The total enrolment for AET across South African operations was 244 people (2017: 355). However, due to drop outs, unsuccessful completions and exam completions, the net enrolment at year-end was 117[#] (2017: 161).

Wage ratio: A wage gap analysis was undertaken which showed that Implats had a Gini coefficient of 0.27 which is considerably below the national and mining industry coefficient of 0.43 and 0.42 respectively. The Implats minimum wage for permanent full-time employees is approximately 3.4 times higher than the recently announced national prescribed minimum wage.

EMPLOYEE SHARE OWNERSHIP

The Group's current employee share ownership trust (ESOT), introduced in 2016, holds 4% of the issued shares in Impala Platinum Limited in a trust on behalf of the employees of Impala. Zimplats implements an ESOT that received its first dividend during FY2018 and continues to be favourably received by employees.

Zimplats: Zimplats has focused on craft level skills training and leadership development. A total of 2 014 participants attended a customised programme for the different levels (up to E level management) of leadership aimed at building high performance teams. The Company

also continued to implement various management programmes which include executive development; general management; coaching and mentorship; supervisor and management development; graduate trainees and internship programmes. Zimplats has self-directed work teams whose training needs are identified with the team and are customised to resolve situations at hand. A total of 2 048 employees across all levels (65% of the workforce) attended various training programmes run at the operation's skills development centres. Zimplats aims to have all employees attend at least one development programme annually.

Our focus on people management for 2018 and beyond

As the business evolves to where it needs to be, we strive to implement an effective people strategy that promotes a people focused, safety conscious culture and supports the business in developing, acquiring and retaining the right skills to meet current and future business needs. In doing so, key deliverables include:

- > Implementing a holistic approach to managing our people
- > Aligning our business plans to individual performance objectives and talent management, strengthening our succession pipeline for key positions within the Group
- > Optimising the use of the revised performance management system
- > Developing more decisive and effective middle management capability and employee engagement
- > Instilling a learning culture, with training interventions focused on meeting business needs and delivering in terms of return on investment

[#] Indicates independently assured numbers.

Investing in employee relations

THROUGH COLLABORATIVE EFFORTS, WE HAVE MAINTAINED STABLE AND CONSTRUCTIVE LABOUR RELATIONS AND PARTNERSHIPS WITH UNIONS AT ALL OUR SOUTH AFRICAN OPERATIONS, AND A STRONG WORKFORCE CULTURE AT OUR ZIMBABWE OPERATIONS.

IMPALA RUSTENBURG RESTRUCTURING PROCESS

The decision to restructure Impala Rustenburg was made after careful consideration of stakeholder concerns and our strategic options. In response to challenging market conditions, it is imperative that we take measures to improve productivity, lower costs and ensure the sustainability of the business.

Following intensive consultation with the DMR and AMCU leadership, a formal Section 189 consultative process commenced at Impala Rustenburg in September 2017 and was concluded in May 2018. The process was protracted to accommodate voluntary separations from subsequent labour reviews and the closure of 4 Shaft. At year end, the net labour reduction (own employees) since 1 July 2017, was approximately 2 300. The majority of employees affected opted for a voluntary separation arrangement and understood the unfortunate necessity of the restructuring.

We made concerted efforts to support our employees in understanding and managing the challenges associated with the change process. For example, we offer financial and psychological counselling to help employees cope with the stresses associated with job loss. Employees who are on chronic medication are afforded three months of treatment and referred to hospitals/clinics near their area of residence to continue treatment. We also offer housing assistance for three months. The voluntary separation packages included the opportunity to receive training to the value of R10 000 in a chosen 'portable skill' aimed at providing the individual with skills to utilise in other occupations/jobs in the future. Courses are offered in: basic electrical and home appliances; welding and cutting; poultry farming; bricklaying and plastering; plumbing and pipe laying; basic sewing; and business skills (entrepreneurial or computers). During FY2018, 614 employees completed the week-long training session and received certificates, as well as start-up equipment for their chosen field. Total expenditure on the portable skills training programme was R7.3 million.

While the initial restructuring process has assisted in reducing the cost base, a strategic review undertaken this year to optimise and reposition the operation concluded that a fundamental business restructuring was the only viable option to secure the long-term sustainability and profitability of the operation. Please refer to the CEO statement on pages 12 to 15 for details of the restructuring measures going forward and our approach to mitigating the negative social impacts. Successfully transforming Impala Rustenburg over the next two years will result in a profitable operation by FY2021 and the sustainable delivery of benefits to all its key stakeholders, including securing 27 000 jobs for the long term.



Mine workers celebrating successful completion of portable skills training at Impala Rustenburg

Investing in employee relations

Our strategic approach

Maintaining stable and constructive labour relations is critical in ensuring that our people deliver consistently on business plan targets. To this end, we aim to foster a dynamic and sustainable partnership with our employees and their representative bodies. This is necessary to make certain that our employees are treated with respect and care, fairly rewarded for their contribution, empowered to raise concerns, safely engaged in their daily duties, and able to deliver on their organisational goals. Our labour relations policy deals with freedom of association, recognition of unions, discrimination and the rights of employees and contractors. We strive to achieve full compliance with labour legislation and work 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).

Key issues

Material risk: The employee relations climate at our South African operations, while having markedly improved since the violent strikes in 2012 and 2014, presents a material risk in relation to delivering on the Group's strategic objectives. The potential for volatility remains and has been intensified by the difficult market conditions, which necessitated a labour restructuring process this year as part of our drive to align costs with the mine's production profile. The recently completed strategic organisational review is expected to result in further restructuring processes being required, heightening stakeholder concerns about job losses. The employee relations climate has consequently been the subject of an in-depth review by the STR committee which resulted in focused actions being taken to address key areas identified for improvement (see pages 8 to 11).

Trade union representatives: The election of new AMCU shop stewards in Rustenburg was managed smoothly, and without incident during FY2018. We have been implementing developmental programmes for the new leadership, with a focus on people skills.

Marula: Relations with the communities and employees continued to improve, supported by our ongoing engagement initiatives and improved operational and financial performance at the operation. However, relations with the DMR remain strained as a result of the restructuring process and associated job losses. The appointment of a senior stakeholder relationship manager at Marula, and a senior human resources manager, will assist in supporting ongoing relationship initiatives at the operation, including engagement with the DMR at all levels.

Ongoing risks: We remain mindful of historic issues that have negatively affected inter/intra-union relationships and the relationship between the union, employees and management. These include: tribal factionalism; conflict between union structures; corruption; low literacy levels among the union leadership; fear of job losses; ineffective engagement between management and employees; resource constraints; holdover issues from the 2014 strike (loss of leave days for non-striking employees); and lack of discipline.

Unionisation: Currently 83% of permanent employees in South Africa, and 92% of employees in Zimbabwe are covered by collective bargaining agreements (excluding management). These agreements address salary and benefit reviews, the participation of unions in decision-making at different forums and consultation and notice periods regarding any significant organisational changes. The minimum notice period for any organisational change at Implats is 30 days.

Workforce indicators (at year end)

Operation	Total employees ¹	Year-on-year headcount variation (%)	Dominant union representation
Impala Rustenburg	38 791	(5)	AMCU ²
Impala Springs	2 003	4	NUM ³
Marula	3 966	20	AMCU
Zimplats	6 493	9	AMWUZ ⁴
Mimosa	672	(1)	AMWUZ

¹ Permanent employees and contractors.

² Association of Mineworkers and Construction Union.

³ The National Union of Mineworkers.

⁴ Associated Mine Workers Union of Zimbabwe.

Internal communication: Internal communication initiatives are an ongoing priority. We are committed to developing strong, direct communications strategies and sharing all relevant information timely, openly and honestly with employees and unions. We have innovative and modern communication tools in use. At Impala Rustenburg, approximately a third of the workforce are now members of the Let's Talk e-communication platform which we continue to roll out, enabling direct communication with employees through mobile technology. The Team Spirit employee newsletter is issued every quarter, providing an internal medium to communicate developments and testimonials and input from employees. Each edition includes a section called 'QUEST', which is an anonymous hotline, intended as a feedback channel for employees where they may ask questions about the Company. All questions are sent to senior management for responses. Subjects relate typically to remuneration and benefits; suggestions and complaints; recruitment and appointments; health and safety; procedures and general questions; human resources, HRD and employee relations. As part of the Marula communication initiative, an employee newsletter is distributed to the workforce every month.

Mine modernisation: We are mindful that while the progressive shift towards mechanisation and automation of mines will bring substantial economic, operational and safety benefits, it will have social consequences, notably concerns around job losses. We believe that if the concept of modernisation is implemented correctly, it will be able to achieve the real objective of a sustainable mining industry in South Africa that is mutually beneficial for all stakeholders. For example, automation presents the opportunity for mines to employ a more diverse workforce, notably women and older people, by removing the need for physical strength working underground. Automation will also bring different forms of job creation as it allows mining to go into areas that were previously regarded as unsafe and/or uneconomic. We nonetheless recognise that in planning our progress with automation it is imperative to engage with employees and the unions and to address their valid concerns.

Zimbabwe: Implats continues to prioritise employee engagement. A 2017 employee engagement study conducted by external consultants indicated that 64% of the workforce rated the extent of their engagement with the Company as 'favourable'. The global average for 2017 was 63%. The respondents rated the Company's commitment and display of core value as 73%, indicating a satisfactory level in terms of the desired work culture.

Our focus on employee relations for 2019 and beyond

Ongoing priorities include internal communication initiatives and targeted training and developmental interventions to capacitate management and new union leaders, as well as the ability of middle and senior managers to effectively support and empower frontline managers to build effective and quality relationships with their teams.

We aim to further inculcate the message that jobs can only be saved/guaranteed through safe and profitable performance and increased productivity. This will require high levels of employee engagement based on shared values of respect and care, collaborative relationships with unions, and effective communication with employees.

We will continue to offer various forms of assistance to support all employees impacted by the restructuring process at Impala Rustenburg, including offering portable skills training.

ASSESSING AND ADDRESSING MATERIAL PEOPLE RISKS

At our South African operations, two material risks identified last year as having increasing potential to affect the delivery of our strategic objectives relate to the employee relations climate and challenged capacity and efficiencies of the middle management layers. In response, this year we conducted a deep-dive bowtie evaluation of both risks, with participation from all key internal stakeholders.

An analysis of the common factors affecting the relationship with employees in general, middle management capacity challenges, as well as a more detailed analysis of the causal factors, identified the following key areas for focused improvement: levels of trust between employees and management; consistency in the implementation of the structures, rules, roles and responsibilities; accountability of line management roles and responsibilities; consequence management; the nature and quality of training initiatives; and investing in people and relationships.

The exercise highlighted a number of actions or initiatives that require ongoing focus. These have received management attention and the majority of treatment actions identified were effected by year end. A key theme between the risks was relationships, stakeholder management and communication.

Our approach to improving capacity and efficiencies of middle management is reviewed on page 40.

Investing in employee relations



Promoting diversity and transformation

OUR COMMITMENT TO EMPLOYEE DIVERSITY IS DRIVEN NOT ONLY BY STRONG COMPLIANCE REQUIREMENTS, BUT ALSO BY THE BELIEF THAT A MORE DIVERSE ORGANISATION IS ULTIMATELY MORE COMPETITIVE.

Our strategic approach

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

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

Our operational transformation steering committees will play a key role in driving the strategic plans. We are reviewing our strategy and performance with the aim to progress transformation beyond any societal requirements. We will continue to measure and report on our performance according to the Mining Charter II targets, until the Charter is superseded.

Key issues

Developing HDSAs: Employees participating in our training and development programmes during 2018 were 98% HDSA and 22% women. The total number of employees who are classified as HDSA employed at management positions, above the supervisory level – excluding non-executive directors was 366# at year-end (2017: 365).

Succession pool: Our succession pool is comprised of 74% HDSA candidates. Significant progress has been made on increasing female representation, with eight black females being promoted this year at management level. When vacancies arise, preference is given to internal candidates. This year, 72% of all opportunities were filled through promotions of internal candidates.

Equitable representation: We made good progress this year in promoting equitable representation at all levels at our South African operations and remain well positioned relative to our competitors. We achieved and in most cases exceeded the charter's targets (see table below). Advancing the representation of women remains a challenge and focus area. Reasonable progress has been made with African female representation at skilled level (C-level Patterson grade) mainly due to promotions into this level. Going forward, the focus will be on identifying more opportunities for black women at this level in order to create a greater pool of potential successors to promote into the management level (D Level).

We made good progress this year in promoting equitable representation at all levels at our South African operations and remain well positioned relative to our competitors.

Indicates independently assured numbers.

Promoting diversity and transformation

We continue to implement 'women in mining' initiatives and to ensure a good representation of women in mining training programmes (see table on page 43). The number of women employees in management positions was 143# (22%) at year-end (2017: 21%, 139) and made up 11% of our workforce (2017: 11%), with 10% in the core disciplines of mining, engineering, projects and metallurgy (2017: 9%).

We employ 2 335 people with disabilities, representing 7% of the workforce.

Gender wage ratio: Gender does not play a role in determining salary levels for our employees. Qualifications and experience are the key determinants. The female to male pay ratio for our South African Operations is 1.06:1.

The reason for this is that the majority of our male employees are lower level (relative to female employees), skewing the male pay downwards. In Zimbabwe it is 0.97:1.

Zimplats: Indigenous people representation is 99.9%. At Zimplats, women accounted for 33% of all surface engagements this year, consistent with the previous three years. The number of women in mining remained stable at 7% of the total Zimplats workforce (2017: 7%). Zimplats respects and cares for the disadvantaged members of society and promotes inclusive participation in socio-economic activity. The operation places a focus on promoting greater levels of compassion for people with albinism (see page 51).

HDSA in management (South Africa)

	2018				2017			
	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	50	10	5	40	58	12	7
Exco	40	25	8	2	40	44	9	4
Senior management	40	51	85	43	40	43	83	36
Middle management	40	50	198	100	40	50	189	94
Junior management	40	63	351	221	40	59	394	231
Total management		57	652	371		54	687	372

Note: HDSA excluding non-executives is 366#, which represents 54% of management. Senior management representation is E levels (excluding Exco), middle management is D upper and junior management is D lower.

Employment equity at our South African operations (as at end of FY2018)

Level	Total in service	Total HDSA employees	% HDSA
F – Top management	4	1	25
E – Senior management	89	44	49
D – Professional qualified	549	321	58
C – Skilled technical	4 746	3 852	81
B/A – Semi-skilled and discretionary decision making/unskilled	27 285	24 153	89
Total permanent	32 673	28 371	87
Non-permanent employees	94	90	96
Total	32 767	28 461	87

Indicates independently assured numbers.

INSPIRING WOMEN – NONKULULEKO MABUZA, MINE OVERSEER

Nonkululeko was awarded an Impala bursary in 2005 to study towards Mining Engineering at the University of Witwatersrand and conducted vacation work at Impala Platinum. She obtained her Honours degree in 2009. In 2010 Nonkululeko was offered employment at Implats as a Mining Engineer in Training Graduate (C5) and was promoted to Mining Engineer in Training Graduate (D1) in September 2014. She was placed in the practical training programme for Graduate Mining Officials, which also included exposure to the technical services departments. Nonkululeko obtained her National Rock Breakers certificate in 2012 and was then appointed as a miner. In 2013 she shadowed as a shift supervisor and in 2014 she was an acting shift supervisor. She has also obtained her Mine Manager's Certificate of Competency (Metalliferous Mines). Nonkululeko continues to progress impressively, having been appointed as mine overseer in September 2017.



From bursary student to mine overseer – Nonkululeko Mabuzza

ZIMPLATS RAISING AWARENESS ON ALBINISM

Zimplats has implemented a campaign in partnership with the Ministry of Labour and Social Welfare, the Ministry of Health and Child Care and Friends with albinism. This campaign, themed 'Beyond the Skin', touches on pertinent issues related to people with albinism and demonstrates the Company's commitment to supporting government efforts in providing access to goods and services to the less privileged members of the community. The campaign is guided by two key objectives:

- > To educate people on what albinism is and address issues of stigma and discrimination, and to drive acceptance of the integration of people with albinism in all spheres of life
- > To facilitate annual distribution of sun protection materials in the form of skin creams, hats, lip balm and, where required, spectacles for people with albinism across the country.

To date, Zimplats has distributed more than 2 000 sun protection creams and lip balms to communities in Harare, Mashonaland West and Mashonaland East provinces. The company that provides the products specialises in manufacturing personal care products for people living with albinism, and is one of the participants in Zimplats' enterprise development programme. Zimplats has also started a hat-raiser campaign to encourage members of the community to donate hats.



Albinism communication campaign advertisement

The campaign has been very effective and continues to expand into more remote parts of Zimbabwe. It generated high levels of activity and response on social media and has received three national awards. Zimplats has also reserved a vacancy in its finance department which will only be filled by a suitable qualified person with albinism.

Our focus on diversity for 2019 and beyond

To continuously improve and to achieve transformation at all levels, we will continue to focus on:

- > Recruiting and retaining HDSAs with critical skills
- > Using our graduate development programme to advance transformation
- > Promoting black talent from within the organisation, with specific initiatives focused on women; key initiatives include accelerated training within career paths, skills transfer and experiential training
- > Eliminating transformational barriers and empowering operational transformational forums to advance equity.



Building social capital



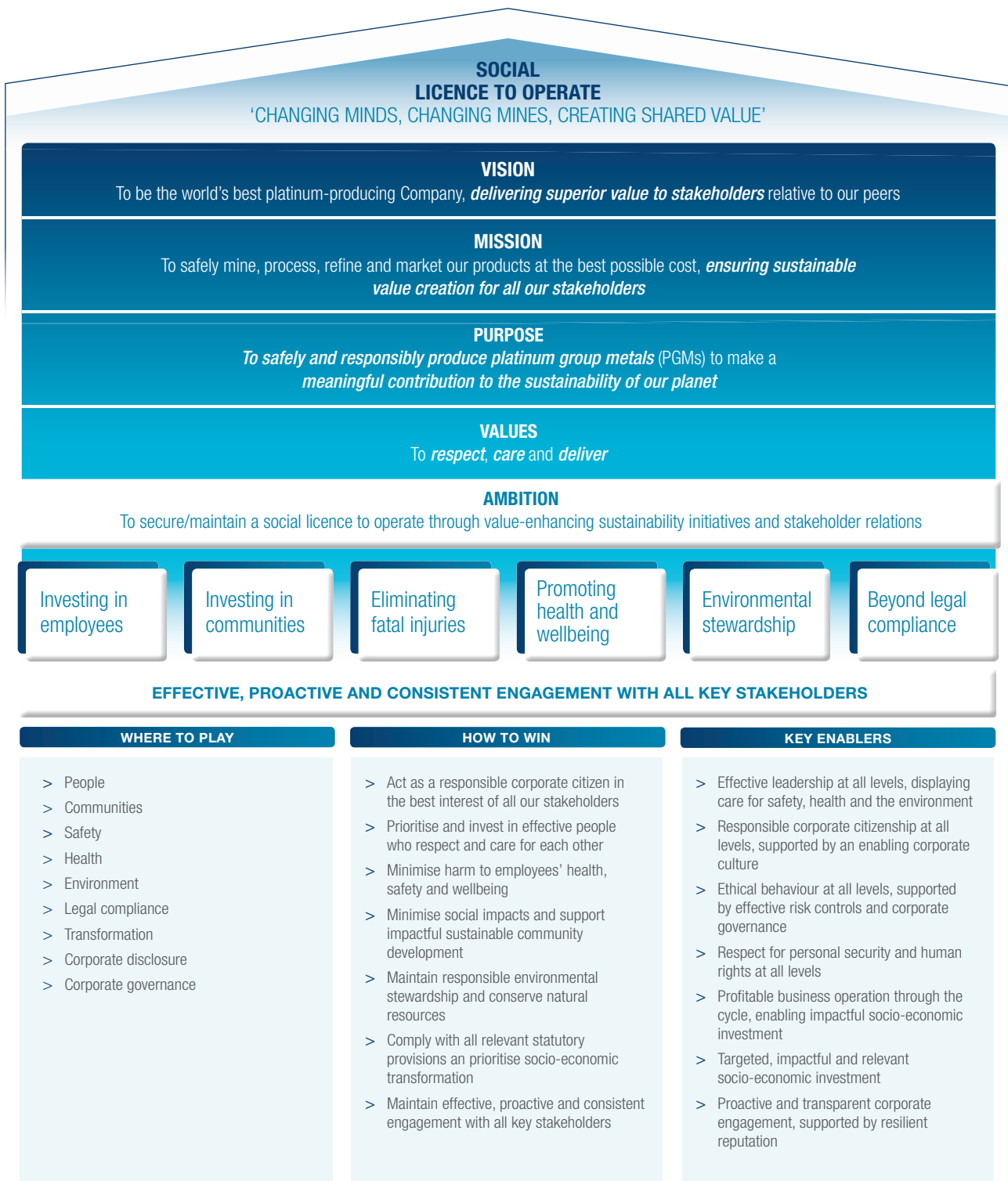


The sustainability of our mining activities depends ultimately on the wellbeing and prosperity of our mine communities. In seeking to build and maintain our social licence to operate, we invest in socio-economic development initiatives drive our legislated transformation requirements and engage proactively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

Building social capital

MAINTAINING OUR SOCIAL LICENCE TO OPERATE: CHANGING MINDS, CHANGING MINES, CREATING SHARED VALUE

In 2018, we compiled the following definition and framework to illustrate our understanding and approach to maintaining our social licence to operate. This will evolve in line with our business strategy, in response to the diverse and complex nature of what needs to be prioritised to secure and maintain a social licence to operate over time.



Our economic and social value added

It is through our core activities – employing people, paying taxes and procuring from host communities and countries – that we make our most significant contribution to socio-economic development in both South Africa and Zimbabwe. This year, the value distributed directly by Implats to various shareholders amounted to R32.7 billion (R34.7 billion in FY2017) but there was a diminution of value of R1 114 million to shareholders (R983 million in FY2017).

	2018 (R million)
Total value added	32 712
Distribution of value:	
Procurement of consumables and services	(8 495)
Metals purchased	(9 651)
Labour and other	(12 981)
Payment of direct state taxes	(1 442)
Finance costs	(1 006)
Royalty recipients	(350)
Non-controlling interest	114
Dividends	(15)
Diminution in shareholders' value	1 114

Taxation

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

The government of Zimbabwe's proposed 15% export levy on unbeneficiated platinum has been reduced to 5% (2.5% on matte) and deferred until 1 January 2019. Mimosa has continued to assess the viability of beneficiation alternatives.

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

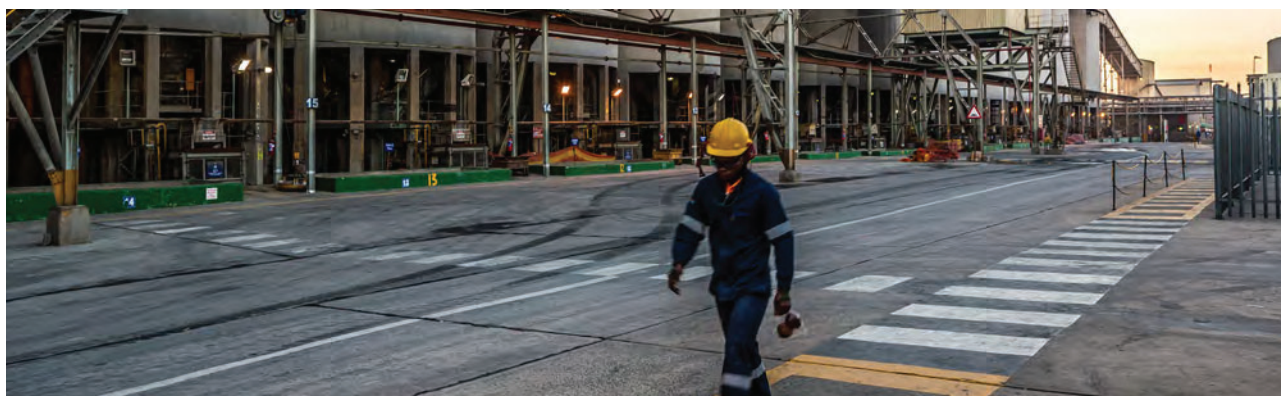
Implats' taxes paid directly to government by category and country*

	South Africa (Rm)**	Zimbabwe (US\$m)***
Profit taxes	606	56
Employee PAYE	1 566	30
Royalties taxes	52	12
Other		33
– Unemployment Insurance Fund	110	
– Skills Development Levy	94	
Total	2 428	131

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

** Excludes Two Rivers and net VAT refund of R1 705 million.

*** Excludes Mimosa.



Mineral processing, Impala Rustenburg

Photo credit: Jacques McCarthy

Investing in community development

Our community development investments comprise specific projects that are defined in our social and labour plans (SLPs), and our corporate social investment (CSI) projects.

THE CHALLENGING SOCIAL CONTEXT AND ONGOING COMMUNITY ACTIVISM IN SOUTH AFRICA HIGHLIGHTS THE NEED FOR SUSTAINABLE COMMUNITY DEVELOPMENT AS BOTH A COMMERCIAL AND SOCIAL IMPERATIVE.

IN SOUTH AFRICA

Challenging context

There is ongoing frustration and community activism in many of our neighbouring communities, particularly among the unemployed youth. With the slow pace of service delivery, reduced employment opportunities, and a rising cost of living, we continue to face high expectations in terms of providing jobs, infrastructure, service delivery and procurement opportunities. The challenging market conditions continue to impact our budget for social investments, increasing the importance of managing stakeholder expectations and seeking innovative ways to deliver further social return with substantially less funding.

This year we experienced low levels of community unrest at Impala Rustenburg and Marula. We have continued to engage with relevant stakeholders to restore and maintain peace and stability within the communities and communicate effectively about our SLPs and other social commitments. These are discussed in this section of the report.

In Rustenburg, due care will be taken to mitigate the negative socio-economic impacts associated with the downsizing of the operation, which is likely to increase the risk of community discontent. Marula has made meaningful progress in stabilising community relations at the mine. Last year community frustrations related mainly to the governance and distribution of the community-managed dividends from the Makgomo chrome project that we contributed towards setting up as a means of sharing financial benefits within the community. Significant progress has been made this year in resolving the chrome dispute; administrators have been appointed to hold money on behalf of the community company (MCC) while it is being restructured, and processing and selling of chrome recommenced. At Impala Rustenburg, community leadership contestation, notably in Luka village, has hindered progress on some SLP projects and community engagement processes.

Social investment

Our approach: Our social economic development (SED) investments comprise specific initiatives that are defined in our SLPs and our corporate social investment (CSI) projects. Many of these projects are delivered in partnership with government,

development agencies, communities and non-governmental organisations.

SLPs: Each of our operations is implementing a second generation SLP, as required under the Mineral and Petroleum Resource Development Act (MPRDA). The five-year plans focus on infrastructure, education and skills development, healthcare, community empowerment, and partnerships in local municipalities. The DMR granted an extension of some of our 2014 to 2018 plans, where implementation was delayed by the 2014 platinum strike, community unrest and/or financial constraints. The SLPs are developed through a consultative process with the respective municipalities' Integrated Development Plans (IDPs), Traditional Authority Plans and host communities. Impala Rustenburg engages through the Mine Community Leadership Engagement Forum (MCLEF), which includes representatives from municipalities, traditional authorities and management. The plans are reviewed and revised where necessary, including prioritisation of projects.

The third generation SLP for Marula (2018 to 2022), was submitted to the DMR in December 2017, while the third generation SLP for Afplats (2019 to 2023) was submitted in April 2018. In light of the downsizing and cost containment measures at our Rustenburg operations, targets for the third generation SLP for Impala Rustenburg will be relatively conservative. Impala's third generation SLP will be submitted to the DMR in December 2018.

Community engagement: In implementing SLP projects, we communicate closely with community representatives and authorities. Impala Rustenburg holds quarterly meetings with separate forums established with the Royal Bafokeng Nation (RBN) and the Rustenburg Local Municipality, and continues to implement various communication initiatives aimed at educating the community about the SLPs and their benefits to the community. The RBN elected new councillors to the MCLEF in October 2017 and has been mentoring them. At Marula, a forum comprising representatives of all six communities affected by the mine operation engages effectively with the mine's stakeholder engagement department. The Magoshi, however, are engaged separately. This year, Marula launched a quarterly

community newsletter aimed at developing a greater understanding of the long-term economic viability of the mine.

Expenditure: Ongoing Company financial challenges and cost cutting initiatives have impacted our levels of expenditure over the last few years as well as our budget going forward. This year, our South African operations invested R137 million[#] in SED initiatives, of which 84% was on SLP projects. This increased spend year-on-year was necessary to fulfil various outstanding obligations in our current SLPs and to implement several CSI projects at Marula. Inclusive in the SED spend was Impala's R10 million contribution to the Impala Bafokeng Trust (IBT). Established in 2007 as part of Impala's restated framework agreement for its mining rights, the IBT mostly supports women beneficiaries in the Bojanala district. Due to financial difficulties, the founders of the Trust (Impala and the Royal Bafokeng Nation Development Trust (RBNDT)) are currently in discussions to dissolve the Trust. Impala and the RBNDT will continue to make contributions towards social development of the Bojanala district through more cost-effective means.

Delivering on commitments: We have continued to make progress on our commitments in terms of our SLP obligations at our South African operations. Certain SLP education and infrastructure-related commitments had been reviewed and reduced in recognition of the economic pressure on the Company. At Marula, protracted community unrest delayed the implementation of a major road development project in collaboration with the Road Agency Limpopo. This resulted in a notice of non-compliance in terms of the MPRDA, which was subsequently lifted. The project is underway with more than 100 local community members employed through main and sub-contractors and is expected to be completed by the end of April 2019. This notwithstanding, we completed eight infrastructure projects in line with our second generation SLPs in FY2018 (three road infrastructure projects, two related to school infrastructure, one each providing water, electricity and a community multi-purpose centre). We also invested R53 million in various education-related initiatives which provided bursaries, learnerships for our community members and employees and much needed support (facilities and training for teachers) for schools in our areas of operation.

We spent R9.7 million to develop host community-based entrepreneurs in an effort to equip them with the necessary skills to grow and sustain their businesses and incurred a further R8.4 million in social discretionary spend, the bulk of which was spent on the construction of two early childhood centres and a block of four classrooms in our host communities at Marula. A breakdown of our community investments is presented in the table below. Project highlights are reviewed overleaf. Our efforts to improve the accommodation and living conditions of our employees are detailed on page 62.

AFPLATS CONTINUES TO DELIVER ON ITS SLP COMMITMENTS

Our Afplats operation, while remaining under care and maintenance, continues to meet its SLP commitments and deliver on CSI projects in consultation with local communities through elected local leadership. The flagship community project completed this year was the refurbishment, renovation and infrastructure upgrade of Berseba Primary, a local school 9 km north of the Leeuwkop project site. The project was undertaken by a local company, creating 29 jobs, and had a budget of R6 million. Other project highlights to be undertaken in the new financial year include investing R10 million in constructing a paved road of 1.6 km in Makolokwe and R1 million for renovation of ablution facilities at Dimapo Primary School in Bethanie. This is in line with the call from the Government (Department of Basic Education) to restore dignity through sanitation services across the country.

Community employment: Recruitment efforts continued to focus on critical skills, which are scarce in our communities. Impala Rustenburg appointed 106 people from local communities, representing 17% of new appointments. Marula recruited 369 people from its communities (including 93 novice mining trainees), representing 92% of new appointments. Impala Rustenburg and Marula recruit youth from their communities through novice mining training, novice recruitment and learnerships.

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

Programme	Impala Rm	Marula Rm	Afplats Rm	Total		
				Total 2018 Rm	Total 2017 Rm	Total 2016 Rm
Empowerment of community structures	10	0	0	10	5	16
Health, Safety and Environment	1	0	0	1	1	1
Education	48	0	4	53	38	43
Infrastructure	24	23	6	53	47	38
Sport Development	2	0	0	2	3	3
Enterprise Development	10	0	0	10	11	3
Community Welfare, Arts and Culture	0	8	0	8	1	1
Total Socio-economic Development	95	31	10	137[#]	106	105
Housing and Living Conditions	252	18	0	270	265	236
Total Sustainable Development	347	50	10	407	371	341

[#] Indicates independently assured numbers.

Investing in community development

SOCIAL INVESTMENTS: ASSESSMENT AND HIGHLIGHTS

Each year Trialogue conducts an independent review and assessment of the socio-economic impacts of a selection of our social investment projects and programmes. This year, 19 of these initiatives were reviewed, comprising 13 infrastructure projects, two education programmes, two discretionary donation projects and two enterprise development (ED) projects. Sixteen of the initiatives were in South Africa, accounting for R98.7 million (72%) of the total R137 million social investment expenditure in FY2018. Three initiatives were in Zimbabwe, accounting for US\$2.3 million (39%) of the total US\$5.97 million social investment spend at Implats in FY2018.

The following is a summary of the identified beneficiaries associated with the reviewed investments:

In 2018, our social investment expenditure on the reviewed initiatives directly benefited approximately 21 000 people in South Africa and 73 000 people in Zimbabwe. The beneficiaries were 99.9% black. The largest proportion of the South African beneficiaries (67%) benefited from three community road projects in Marula, Luka and Kanana. In Zimbabwe, the Kadoma district hospital project supported the majority (74%) of the identified beneficiaries.

Learnerships accounted for 20% (R26.7 million) of our FY2018 social investment spend in South Africa, the largest programme in terms of spend, and the bursary programme accounted for 3% (R3.7 million). 162 students benefited directly from the learnership (119) and bursary (43) programmes in FY2018. Since 2008 Implats has supported a total of 259 learnership students. Just over a quarter of the learners (68) have been employed by Implats after graduating from the programme. To date, 72 of our bursary students have graduated, of which 62 are employed by Implats.

Our education-related infrastructure projects included the construction of two combined schools (primary and secondary) in Platinum Village (see case study) and Sunrise View in the North West. The schools form an integral part of Impala's Platinum Village and Sunrise View homeownership schemes. The Sunrise View schools opened in 2013 and currently have 1 825 learners in grades R to 12. The secondary school produced its first group of matriculants at the end of 2017 and achieved a 95.6% pass rate. Both Platinum Village and Sunrise View schools were officially launched in April 2018.

Our enterprise development interventions helped create or sustain 221 jobs in 16 small black-owned companies. These companies were either supported as part of our supplier development programme, through which local SMMEs that are part of our supply chain are trained and mentored by Aurik, or through our business incubator programme, run by Raizcorp. An additional 527 construction jobs were created as a result of our infrastructure projects.

The two Zimplats infrastructure projects reviewed provided much-needed support to the public sector through the renovation of Kadoma district hospital and the construction of Turf police station, both located in Zimplats' area of operation. Kadoma hospital is a major referral hospital with average admissions of 150 patients per day. The new police station aims to ensure the preservation of law and order and protection of the community, including Zimplats employees who form the bulk of Turf residents.

Overall rating of projects reviewed



* SLP project completed in FY2018.

Project review

Of the 19 initiatives reviewed, 16 were rated as good, with scores of over 60% while three projects fell below the 60% mark and were rated as adequate. The projects that scored lowest did not yet have systems in place to monitor their outcomes and/or were in areas where significant risks such as community unrest exist.

2018 highlights

- > Overall, we have seen a reduction in community unrest and protest action at Marula and attribute this to ongoing engagement with the communities. A major road project that suffered significant delays due to the unrest is now back underway. Barring any further disruptions, the project is expected to be completed in April 2019.
- > We completed eight infrastructure projects in South Africa including the construction of the Luka Makgotla Offices, Luka and Kanana roads and storm-water drainage systems, the Kanana multi-purpose centre, and an upgrade of Berseba School. Anecdotal accounts from beneficiaries indicate improved sentiment towards Implats as a result of these projects.

2018 challenges

- > The Platinum Village and Sunrise View schools have faced threats of disruption from parents that want to forcibly enrol their children at the schools. We continue to engage the community and the Department of Education to ensure that a satisfactory outcome is reached.

PLATINUM VILLAGE PRIMARY AND SECONDARY SCHOOLS

To date, we have constructed 967 homes for our employees in the Platinum Village housing development. We are in the process of building the remaining two phases of the development, which will provide an additional 1 453 houses. This is a part of our home ownership programme, through which we endeavour to enable our workforce to reside with their families in housing that is stable, healthy, of adequate size, serviced with water, sanitation and electricity, and within easy commuting distance of work. Our aim is to have all our employees living in these conditions by 2020. Once completed, this development will have cost R1.3 billion.

We believe that building sustainable communities also means improving people's access to education facilities. As such, we partnered with the North West Department of Education and Sport Development and the IBT to construct the Platinum Village Combined Primary and Secondary School which was completed in 2016 and became operational in 2017. Implats contributed R50 million to the R110 million cost of constructing the school. The construction of the school provided jobs for over 130 skilled and unskilled people and the schools currently employ a total of 44 people (34 educators and ten support staff). Both schools opened with a limited learner intake and a three-year strategy to increase the enrolment to a total capacity of 1 700. In 2018, 1 049 learners were enrolled in the school.

Implats remains committed to the Platinum Village community and to the school that we have built. We believe that our contribution should go beyond infrastructure and as such, the schools are included in Implats' School Support Programme (SSP) which provides mentorship for educators, management support for the principals, sports coaching for the learners, and sports coaching skills for the educators.



Platinum Village School in Rustenburg constructed in partnership with the North West Department of Education and the Impala Bafokeng Trust

Investing in community development

LUKA ROADS

During the 2017 and 2018 financial years, we upgraded two gravel roads in Luka (a village to the north of Rustenburg) to paved roads with water channels. This project is included in our Social and Labour Plan (SLP) and was identified through our engagements with MCLEF (the Mining Community Leadership Engagement Forum which includes the Royal Bafokeng Administration (RBA), DiKgosa, Rustenburg Local Community Councillors and Implats). The project, which entailed upgrading a combined 3.4 kilometre stretch in Luka's ward 4, was selected as the roads were narrow and slippery during the rainy season, making them dangerous for vehicles and pedestrians. Furthermore, the roads provide the residents of Luka with access to surrounding areas and main transport routes.

The project cost Implats R16 million and was done by two locally based contractors: Kaselgo Maintenance Services and Magnavolt Trading. Implats also appointed a civil engineering company to provide independent expertise and to monitor the quality of the road construction. Construction took place over eight months (January 2017 to August 2017), and provided temporary employment for over 110 people.

The completed roads have been handed over to the Royal Bafokeng Administration (RBA), which will be responsible for ongoing maintenance. The new roads benefit the 5 500 people that reside in Luka ward 4, as well as community members from surrounding areas who use the road to access main transport routes.

IN ZIMBABWE

Challenging context

The Zimbabwean economy continues to face significant challenges. The economic turnaround programme announced by the new government places agriculture and mining at the centre of the economic revival agenda.

As the biggest player in the country's mining industry, Zimplats continues to be viewed as a critical contributor to the future of Zimbabwe, and a responsible host community tenant. This places increasing expectations and responsibility on the Company to address service delivery and community development deficiencies within the broader community and country. The greatest challenge facing the community remains the issue of youth employment in the mine communities, which is estimated

at more than 80%. More than 60% of Zimplats' mining employees come from the local community.

Quarterly engagement forums at Zimplats continue to provide an effective channel of communication with community leaders, resulting in cordial community relations. The forums provide an opportunity to develop levels of understanding of the business, its successes and challenges, while also allowing the community an opportunity to register specific concerns.

Social investment

Zimplats and Mimosa seek to identify and implement socio-economic development projects in line with the needs and priorities of the communities around their operations. Zimplats' projects are aimed at supporting the Company's business strategy, which emphasises the importance of engagement, forging partnerships in the development process and in managing stakeholder expectations, with particular emphasis on those areas that affect the social licence to operate. The operation's community development activities fall into the broad categories of education, health, income generation (for example agricultural projects) or local enterprise development.

Community spend at both operations has been constrained as a result of cost management strategies in response to the challenging operating environment. The operations focus on low-cost, high-impact investments and explore partnerships with development partners that result in shared costs. At Zimplats, the albinism project (reviewed on page 51) is an example of such partnerships, with four corporate partners participating in the campaign. This approach has also worked well in implementing the herd genetic improvement programme, which involves two technical partners (see page 61). Looking ahead, there are opportunities for partnering communities in capacity development, which falls in line with government expectations for partnerships that promote poverty eradication, local enterprise development and local employment creation.

A breakdown of our community investments is presented in the tables on page 61. The increased spend year-on-year is mainly due to our contribution to the much needed refurbishment of Kadoma General Hospital (see page 37), our community project on albinism (see page 51) and construction of the Turf Police station.

ZIMPLATS' CSOT DELIVERS INCREASING VALUE

At Zimplats, the Mhondoro Ngezi Community Share Ownership Trust (CSOT) continues to function effectively and remains involved in a number of infrastructural development projects which have contributed to the improvement of local livelihoods. To date, the trust has implemented 162 projects in health, education and drilled more than 20 boreholes enhancing community access to potable water. The CSOT has also purchased road maintenance equipment to assist the districts, and this year purchased a significant shareholding in a poultry company.

Zimbabwe socio-economic development expenditure

	Zimplats US\$(000)	Mimosa US\$(000)	2018 Total US\$(000)	2017 US\$(000)	2016 US\$(000)
Empowerment of community structures	0	625	625	365	13
Health, safety and environment	1 936	887	2 823	459	1 243
Education	233	197	430	364	641
Government and municipality support infrastructure	0	246	246	335	51
Sport development	1 929	102	2 031	54	187
Income generating project	515	0	515	41	67
Community welfare	461	942	1 403	2 677	2 451
Other	890		890	592	91
Total Socio-economic Development	5 967	3 000	8 967	5 274	4 743
Housing & Living Conditions	0	0	0	0	1 085
Total Sustainable Development	5 967	3 000	8 967	5 274	5 828

ZIMPLATS' COMMERCIAL LIVESTOCK PROJECT GAINS MOMENTUM

Zimplats introduced a commercial livestock project in Ngezi in 2016 aimed at improving the herd quality and reducing the livestock mortality rate in the area. The introduction of Bonsmara and Tuli bulls, as well as breeding bucks, has enabled the local communities to expand their herds and improve livestock management. Project highlights to date include: 96 offspring (47 heifers and 49 bulls); the Bonsmara breed delivering greater value; improved animal health and nutrition; improved cattle and goat handling facilities thereby reducing mortality rate; 33% increase in beef cattle since project inception.

Following the success of this community intervention, Zimplats invested in a national herd improvement programme based on artificial insemination of cattle with the Zimbabwe Agricultural Society as a technical partner. The national project was launched this year in the southern part of the country in Insiza, Matabeleland South by the Vice President retired General Chiwenga. The event was attended by key stakeholders including the Ministers of Lands, Agriculture and Rural Resettlement and Local Government. The investment was well received and demonstrated Zimplats' commitment to caring for communities at a national level.



Bulls establishing the pecking order

MITIGATING COMMUNITY SAFETY RISKS AT ZIMPLATS' TAILINGS DAM

Zimplats has actively sought a solution to the risk of people drowning in the event of a failure of its tailings dam at Selous Metallurgical Complex (SMC). There are 37 families who live in the tailings dam zone of influence. The dam is fenced off and patrolled, thereby restricting access to community members. Every precaution has been taken to ensure that the dam is managed properly and it is continuously monitored to ensure its structural integrity. There is an emergency evacuation plan in place, which is known by employees and community members. Mock evacuation drills are undertaken frequently and at random times. Zimplats is engaging the Ministry of Agriculture, Lands and Resettlement to relocate families from the risk zone.

Our focus on social investment for 2019 and beyond

Looking to the years ahead, we plan to:

- > Engage effectively with communities to understand and manage expectations
- > Ensure implementation of approved SLP projects at our South African operations, managing implementation challenges and communicating closely with community representatives and authorities
- > Focus on low-cost, high-impact investments and explore partnerships with development partners that result in shared costs
- > Explore opportunities for partnering communities in capacity development
- > Zimplats will continue to engage the CSOT and the government on processing 10% of its equity for the community

Accommodation and living conditions

IN SOUTH AFRICA

The Company's investment in the accommodation and living conditions of employees is a pillar of our contribution to the wellbeing of our host communities, and an area where we are recognised as leaders across the sector. Implats complies with all legislation in terms of housing and living conditions. Our vision is that all Company employees should live with their families in decent accommodation within a reasonable distance from work by 2020. Implats defines decent accommodation as 'a formal habitual structure with running water, electricity and proper sewer system'.

Over the last 10 years the Company has invested more than R4 billion in accommodation around its South African operations, of which R270 million was invested this year.

To date we have built 3 366 houses (136 houses built in FY2018). We continue to work with government, developers and the Royal Bafokeng Nation on housing projects, which extend into other community projects, including roads, electricity, water, health, sewerage and schools.

Revised accommodation strategy: A key focus in 2018 has been the review and redefining of our accommodation strategy. The revised strategy will be presented to the board in November 2018. A key objective is to address the employees at Impala Rustenburg operations who are still living in informal settlements. Additional considerations and inputs informing the redefined strategy include:

- > The outcomes of a comprehensive accommodation and living out allowance survey conducted across the Impala Rustenburg workforce in 2018
- > The outcome of the Impala Rustenburg organisational review
- > The containment of rising building costs whilst ensuring quality
- > Partnerships with third parties to deliver housing
- > Consideration of the needs of employees and to provide a choice in terms of housing

Accommodation census: A comprehensive accommodation census undertaken across the Impala Rustenburg workforce in 2018 will provide detailed insight into where employees are residing, the levels of homeownership, the types of dwellings in use, and the amount of money being used for accommodation. The Company provides a living out allowance (LOA) benefit (R2 450 per month) to enable employees who do not participate in the homeownership scheme or rent company housing to access decent accommodation for themselves.

Previous surveys were completed in 2013, 2014 and 2017 and included Impala employees as well as long-term contractor employees who receive LOAs. The findings of the 2017 survey indicated that 87% of employees live in

decent accommodation; 13% of employees are thought to live in informal settlements; and 69% of employees are recipients of a living out allowance. For the relatively larger 2018 census, the North West University was selected as the service provider, with assistance provided by our human resources function and union structures. Field workers were selected from communities around the operations. The survey commenced in May 2018 and the final results will be available in November 2018. A follow up survey will be undertaken in 2020.

Homeownership: We continue to assist employees to become homeowners through our homeownership initiatives across our operations. Implats offers its employees opportunities for homeownership at cost and assists with an interest free loan of between 20% and 30% of house value over a 20-year period. There is an encouraging trend of people investing in housing in Rustenburg, with a high demand from employees to own homes within a commutable distance to work. Some employees struggle to qualify for a loan from a financial institution and our sales department seek to overcome these challenges. We provide financial literacy training and assistance with debt rehabilitation to ensure that all interested employees can qualify for homeownership.

Impala Rustenburg's current homeownership flagship project Platinum Village in Rustenburg is on track to deliver 2 420 housing units (including 400 rental units) in four phases. Construction of phase one was completed in 2015 with 557 housing units built. Construction of phase two (516 housing units) was completed by year-end, with 395 housing units already sold. The positive sales can be attributed to the success of the Platinum Village Primary and Secondary Schools, which opened for the 2017 academic year. Owing to the high demand from employees wishing to purchase units, we are proceeding with the bulk infrastructure for phase 3 and 4. We expect the construction of a five-hectare business park to be completed by 2022.

Marula has recruited employees primarily from the mine lease area (four farms) and continues to face challenges regarding homeownership. Homeownership options are available in proclaimed municipal areas but there is a low appetite for homeownership were as most employees are happy to live in decent accommodation within their villages close to Marula mine. Marula seeks to assist those who wish and can afford to improve their homes in the villages to get access to funding. Financial institutions do not provide finance for housing on tribal land where registration cannot be made in the employee's name.

Family units: Only Impala Rustenburg operations have residences. The conversion of all hostel buildings into single person per room units was completed in 2013 and we have subsequently been converting a number of units into family units to enable employees to live with their

families. There has been a good uptake of converted units. To date there are 308 units occupied by employees and their families.

IN ZIMBABWE

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

Approximately 70% of our workforce lives in Company housing and 30% receive a living out allowance, which is equivalent to 20% of the basic salary. There are no informal settlements around the mines. Zimplats provides housing to its employees through company houses, and a homeownership scheme. Progress with encouraging homeownership has, however, been hampered by financial challenges. Due to funding challenges, the Company has not undertaken any employee housing projects during the last three years. The country’s risk profile has significantly limited new investment into Zimbabwe thereby affecting potential funding for any new national housing projects. The cost of imported building materials has increased due to shortages of foreign currency.

At Ngezi, the employee housing stock totals 2 087 units, comprising 1 410 Company-owned houses and 677 core houses which are on the employee homeownership scheme. In addition, there is a combined housing stock of 141 houses in Norton and Chegutu where the SMC staff reside.

Zimplats conducts an annual housing gap assessment. Based on current staffing number, the projected housing gap is 991 across Ngezi and SMC. In order to mitigate against the housing deficit, employees who do not have company accommodation at Ngezi Mine have the option of staying in company-provided camp accommodation. At SMC, we continue to explore options for a low-cost housing delivery model.

Our accommodation and living conditions focus for 2019 and beyond

Our strategic objective remains to provide decent affordable accommodation to every employee in a financially responsible manner. The housing strategy will be reviewed in November 2018 and will seek as a priority to reduce the number of Impala Rustenburg employees living in informal settlements.

We will continue to focus on our company-provided rental accommodation (single quarters, houses and apartments) and facilitated homeownership scheme. We will also be exploring opportunities for third-party funding and other creative ways to ensure that houses remain affordable to employees.



Platinum Village housing at Impala Rustenburg

Procurement, enterprise and supplier development

IN SOUTH AFRICA

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

Our 2018 performance

- > Total South African operations' discretionary procurement was R9.1 billion, up from R8.7 billion in 2017, of which 73%, or R6.7 billion[#], was from companies in which BEE ownership was greater than 25% (2017: R6.7 billion, representing 76%)
- > Direct economic flow to black-owned companies from procurement spend increased year-on-year by 4% to 44% of the R9.1 billion BEE procurement (calculations are based on actual black ownership percentage multiplied by the total actual spend)
- > We spent R2.9[#] billion on procurement from local tiered suppliers (all >25% BEE), constituting 32% of the total discretionary procurement spend (2017: R2.5 billion or 29%)
- > We achieved a 42% increase in total procurement from tier 1 suppliers (suppliers where community entrepreneurs hold ownership), spending R1 386 million with 117 suppliers in 2018 compared to R1 051 million from 101 suppliers in 2017
- > 100 black-owned suppliers (>50% ownership) were added to the approved vendor list (2017: 38), of which 31 are black women-owned
- > Implats as a whole exceeded the Mining Charter targets for all three categories (see table below). A review of our compliance with the ESD requirements of the Charter is provided on our website [f](#).

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

Category	Mining Charter Target (%)	2018		2017		2016		2015*		2014	
		R billion	%	R billion	%	R billion	%	R billion	%	R billion	%
Capital	40	0.7	57	0.7	65	0.9	74	0.9	60	1.1	48
Consumables	50	2.9	82	2.8	83	2.3	76	2.1	77	1.8	72
Services	70	3.1	71	3.2	74	2.9	74	2.4	73	2.2	72
Total operations		6.7[#]	73	6.7	76	6.1	75	5.4	65	5.1	65

[#] Indicates independently assured numbers.

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.

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

Category	2018		2017		2016		2015	
	R million	%	R million	%	R million	%	R million	%
Impala Rustenburg	2 789	30	2 510	29	2 387	37	2 424	42
Marula Platinum	101	1	72	8	96	11	129	18
Total	2 890[#]	16	2 582	19	2 483	24	2 553	30

[#] Indicates independently assured numbers.

Impala Rustenburg: Tier 1: Mine lease area (Bafokeng Villages, Freedom Park, Seraleng and Meriting); Tier 2: Rustenburg municipality; Tier 3: Bojanala district
Marula: Tier 1: Mine lease area (four farms); Tier 2: Greater Tubatse municipality; Tier 3: Greater Sekhukhune district.

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

Enhancing supply chain management

A cloud-based vendor portal on the Ariba system (a member of the SAP family) has been introduced since FY2017 that will ultimately enhance the management of the supplier life cycle, standardise and enhance our sourcing to contracting processes. All our existing suppliers' profiles have transitioned to the system and we are engaging them to update their information. The responses have been slower than anticipated owing to technical challenges which have mainly been resolved during the latter part of FY2018. Our policy requires all suppliers to register onto the Ariba portal to be able to conduct future business transactions with Implats. Assistance with registering online is provided through a third-party service provider on an ongoing basis. To date, 700 suppliers have registered onto the portal and Implats will continue to proactively project manage a targeted group of suppliers in FY2019.

Local and preferential procurement

Local suppliers: Our South African operations strive, as far as possible, to source all goods and services within South Africa, with a particular emphasis on local businesses defined as tier 1, 2 and 3 based on their proximity to our operations. Tier 1 suppliers (also referred to as "local-to-site" suppliers) are those that have ownership from directly and indirectly impacted community members and are not necessarily situated within the mine lease area. Continuous efforts from the Daily buying and Contract teams to increase local spend resulted in a 39% increase in the average spend per vendor from R6.2 million to R8.6 million while the number of active vendors increased by 17% from 93 to 109. Marula is in the process of revising its procurement activities to ensure greater local tier 1 participation.

Opportunities for HDSA suppliers: Through our incubation programmes and our engagement with prospective new suppliers, community leadership and Royal Bafokeng Enterprise Development (RBED) we continuously and successfully link new and existing black entrepreneurs to sourcing events. The following initiatives (reviewed below) are key in developing meaningful opportunities for HDSA suppliers.

- > Incubation programmes for entrepreneurs
- > Collaboration with Royal Bafokeng Enterprise Development (RBED) to increase the number of local suppliers and advisory service to local entrepreneurs
- > Equity investment benefiting black entrepreneurs for a trial period
- > Engagements with existing suppliers
- > Sourcing events
- > The Ariba system that will improve communication procurement opportunities

Sourcing events: Sourcing events are issued on an ongoing basis and provide opportunities for new black entrants to participate in tendering processes.

Engagements with existing suppliers: Targeted engagements and negotiations prior and throughout FY2018 with 46 pre-selected key strategic suppliers to increase their black shareholding and create further opportunities for black entrepreneurs, employees or other

beneficiaries. To date, 10 suppliers have indicated an increase in black shareholding by the end of calendar year 2018.

Transforming suppliers: We have appointed a service provider to fast track the obtaining of BBBEE certificates from all suppliers. Currently we have 2 270 actively paid suppliers, of whom 647 do not have a certificate in place. Supplier engagements were held throughout 2018 and 50 high-spend suppliers are being targeted to increase their levels of ownership to greater than 51%.

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

Supplier support: Our enterprise development (ED) office within the procurement department maintains a business assistance programme that provides support to an average of 25 local and black-owned suppliers per month (walk-ins) who are interested in doing business or seek assistance in increasing or sustaining their current business with Impala.

'High potential' suppliers: We work closely with local communities, in collaboration with the RBED unit in Rustenburg, and the Marula community structures in Burgersfort, to identify, develop and add new capable Tier 1 companies to our vendor list. In Rustenburg, since August 2014 we have added 55 active vendors and placed orders to the value of R380 million with the vendors added through this initiative.

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

Enterprise and supplier development

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

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

Procurement, enterprise and supplier development

Incubation programme for entrepreneurs: Since 2013, we have provided formal development to 40 local black-owned businesses through two principal initiatives, which we will continue to implement. Our business development programme is designed to help local black entrepreneurs to grow and sustain their businesses and become part of the Implats supply chain. Currently we have seven beneficiaries receiving development. Our supplier development programme 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. To date 15 entrepreneurs completed the programme and currently five entrepreneurs are enrolled. These programmes have assisted the participating entrepreneurs to significantly grow and increase their monthly turnover. In FY2013, 10 of the above companies actively traded with Impala with a collective turnover of R22 million per annum. In 2018 Impala traded with 19 of the developed companies to the value of R63 million per annum (average 51% increase in spend per developed company from FY2013).

Equity investment benefiting black entrepreneurs:

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

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

Marula: In 2017, Marula supported the launch of a local brick-making project. In FY2018, the operation procured R1.4 million worth of bricks and other building material from the brick plant, and assisted the company by collecting and delivering 220 truckloads of bricks on their

behalf to our various shafts. All contractors doing ad hoc work at the mine are encouraged to support the brick plant when building-related work is required at Marula.

DEVELOPING SUPPLIER CAPACITY

At Impala Rustenburg, a local black-owned company was sub-contracted with a multinational company for three years and received intensive training on mill re-lining. In parallel to their technical development, they received business development support through our supply chain development programme. Following an assessment of their technical capability and performance the company successfully took over the mill relining contract at Mineral Processing (in excess of R8 million per annum) in October 2017.

IN ZIMBABWE

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

Developing local supplier capacity

Zimplats once again delivered pleasing results through its local procurement and local enterprise development (LED) activities and continues to explore opportunities to form joint ventures with local companies in selected areas. Since 2013, the Company has focused on providing technical, financial and skills development support to several small and medium enterprises in Mashonaland West Province where its operations are located, with the aim of growing their capacity to be able to supply and offer their services at national level. This year, the LED programme was expanded from a provincial level to a national focus, increasing the number of enterprises supported from 11 to 20. Expenditure with LED companies increased by 48% to US\$43 million (2017: US\$29 million), accounting for 13% of Zimplats' total procurement spend. Zimplats' efforts in buying local continue to be recognised by lobby groups.

Zimplats procurement

Payments	2018 (US\$'000)	2017 (US\$'000)	2016 (US\$'000)
Local other	122 294	172 714	122 294
Local indigenous	111 894	80 368	111 894
Imports	107 087	96 435	107 087
Total	341 274	349 516	341 274
Percentage split			
Local other ¹	36	49	36
Local Indigenous ²	33	23	33
Imports	31	28	31
Total	100	100	100

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

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

Local procurement

In 2018, Implats spent US\$234 million on local suppliers (including indigenous suppliers), representing 69% of the total annual procurement spend (2017: US\$253 million; 72%). The decrease in local indigenous expenditure over the last two years has been due to local companies having difficulty in accessing foreign currency to purchase inputs. The Company has set a target to increase local procurement expenditure to at least 80% of total spend in the short to medium term.

The Company tracks its local spend on a monthly basis to measure performance against the 2016 Presidential guidelines, which stipulated that mining companies will be deemed to be indigenised if local spend is at least 75% of annual revenue. The expenditure is inclusive of all taxes and payments to government-owned entities and local authorities. It should be noted that this guideline has not yet been promulgated into law. In 2018, Implats locally spent 82% of its revenue for the year (2017: 82%).

For a second consecutive year, Implats received the Buy Zimbabwe Top Brand award from the local lobby group, in recognition of the company's efforts to buy locally.

Mimosa continued to implement a robust procurement policy aimed at empowering and supporting indigenous companies. As a result of the reported foreign currency shortages, Mimosa spent US\$42 million on indigenous suppliers in FY2018, representing 44% of the total annual procurement spend, down from US\$53 million and 63% in FY2017. 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 procurement and supplier development focus for 2019 and beyond

In South Africa, we aim to further improve on our 2018 achievements in terms of the 2010 Mining Charter requirements. We will strive to exceed any societal requirements and simultaneously continue to improve our BEE procurement performance.

Specific objectives include:

- > Full implementation and optimisation of our cloud-based supplier portal, with focused assistance to small and local companies to register on the platform
- > Targeted efforts to increase participation of EMEs, black owned QSEs, >30% black women-owned and local tier 1 companies
- > Actively remove unnecessary barriers of entry currently preventing new participants from entering the supply chain
- > Build awareness and visibility of supply chain opportunities while building local supplier capability, supported through incubation programmes and loan funding
- > Identify new mining contract opportunities for new black-owned mining contractors to exclusively participate in
- > Supplier engagements aimed at increasing the ownership of high-spend suppliers to greater than 55%.

In Zimbabwe, Implats will continue to explore opportunities for joint ventures with targeted local companies in strategic areas including the manufacture of cables and engineering spares. A focus on increasing the capacity of local companies is central to achieving a targeted procurement of at least 80% of all our requirements from local companies.

PROMOTING INDUSTRIALISATION THROUGH LOCAL MANUFACTURING AND LINKAGES

Implats is partnering with AEL, a South African-based explosives manufacturing company, and local company Trends Industrial, to set up a bulk emulsion manufacturing plant in Ngezi in early 2019 to service the Zimbabwean mining industry. Implats has also partnered with Aveng of South Africa and Grindale Engineering to develop a mine roof support element manufacturing plant in Ngezi. A memorandum of understanding is in place and work is under way to prepare the plant for commissioning in February 2019.

Implats continues to proactively explore opportunities to partner with others on ventures that will contribute to reviving identified mining consumables companies in Zimbabwe, thereby reducing dependency on imported goods. This will assist in preserving the scarce foreign currency available for both Implats and the country. In addition, this strategy will facilitate job creation and an increase in economic activity.

Social legal compliance

Implats Sustainable Development Report 2018 | 68

Amid ongoing policy uncertainty, we engage proactively with government, both directly as a Company, as well as indirectly through industry representative bodies.

Legislative and policy environment

Ensuring full compliance with government policy and legislative requirements in South Africa and in Zimbabwe is a cornerstone of our commitment to delivering social value and promoting socio-economic transformation. The new leadership in South Africa and Zimbabwe has delivered encouraging developments and a more positive outlook for the mining sector in both countries. Amid ongoing policy uncertainty, we engage proactively with government, both directly as a Company, as well as indirectly through industry representative business organisations to build trusted and cooperative relations, with the aim of contributing to the development of socially progressive and pragmatic legislation.

Transformation in South Africa

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

Mining Charter: The 2010 Mining Charter expired in December 2014 and Implats has remained committed to its principles and continued to report against it. This year we have sustained and in some areas improved our performance (see mining charter scorecards on our website). A long-awaited redraft of Mining Charter III was published for comment on 15 June 2018. The draft charter was welcomed as much improved compared to the charter gazetted one year earlier. However, there remain aspects that require further engagement with government. Implats, as an entity and as a member of the Minerals Council South Africa (formerly known as the Chamber of Mines), will submit written representations on the draft Mining Charter to the Department of Mineral Resources. The Charter is expected to be finalised by October or November 2018.

B-BBEE codes: We also seek to align with the B-BBEE Act and work towards compliance with the new B-BBEE Codes of Good Practice. This year we obtained our third B-BBEE verification certificate for the Group and its subsidiaries (see BEE certificates on our website). The reverification was under the more demanding revised codes, which came into effect in 2015. Both Impala Platinum and Marula obtained a Level 6 status (60% B-BBEE recognition level); Implats achieved a Level 6 verification certificate (60% B-BBEE recognition level) after consolidation of the scorecards of its subsidiaries. In line with section 13G(2) of the B-BBEE Act, a report on our compliance was submitted to the newly formed B-BBEE Commission.

Other focus areas: We have maintained a commitment to: meeting the objectives of the President's Framework Agreement for a Sustainable Mining Industry; aligning and positioning ourselves in terms of the National Development Plan (NDP); 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; and continuing to play a leading role in the Minerals Council South Africa, helping to lobby on key issues and for a consistent and stable regulatory environment.

Indigenisation in Zimbabwe

Zimbabwe's mining sector has suffered from significant regulatory uncertainty in the past. This uncertainty included frequent changes in how indigenisation requirements were implemented. Zimplats has engaged proactively with the new government of President Emmerson Mnangagwa to support developments aimed at growing and diversifying the PGM industry. Although developments in the mining sector demonstrate the broadly pro-business stance adopted by the administration of President Mnangagwa, it remains unclear how the country intends to adapt its indigenisation policy to suit new or continued investment, and with what variance across different sectors.

Legislative developments: The new cabinet in Zimbabwe has initially retained the controversial 51% indigenisation thresholds for foreign diamond and platinum miners. We have welcomed the decision taken to reduce a proposed 15% export levy on unprocessed and semi-processed platinum exports to 5% (2.5% on matte) and defer the levy from January 2018 to January 2019. Since entering office in December 2017, Mines and Mining Development Minister Winston Chitando has clarified indigenisation requirements and attempted to fast track the passage of the Mines and Minerals Amendment Bill, which has been under discussion since 2015, promising greater regulatory certainty. In June 2018, Zimbabwe's parliament passed amendments to the mining bill after removing clauses that required foreign mining companies to list locally. This is a positive sign that government is pursuing an equivalent economic development provision as an alternative to the 51% local equity requirement. The focus is now on job creation and to preserve foreign exchange loss through re-industrialisation of the economy and import substitution.

Implats' performance: Zimplats continues to engage government on the Indigenisation Implementation Plan (IIP) in order to ensure compliance with the indigenisation framework articulated by government. As a mining company in which government does not have 51% ownership, compliance with the current indigenisation and economic empowerment policy has been achieved

through ensuring that the local content retained in Zimbabwe by our business is not less than 75% of gross value of the exploited resources. Local content refers to the value retained in Zimbabwe in the form of wages, salaries, taxation, community ownership schemes and other activities such as procurement and linkage programmes. In the year under review, Zimplats' local spend was 83% of revenue generated.

We implement a CSOT and Employees Share Ownership Trust (ESOT) at our Zimbabwe operations as part of the indigenisation plan. The CSOT continues to make a positive difference in the community. Zimplats is making progress through its engagement with the CSOT and government, towards an agreement that will facilitate processing of 10% equity for the community. Management is lobbying government for a framework that considers the ESOT, the CSOT, and the strides made in growing local spend and the creation of SMEs through the local enterprise development programme towards indigenisation.

Land dispute resolution: In June 2018, Zimplats and the government amicably resolved a long-standing legal dispute concerning the proposed compulsory acquisition of a portion of Zimplats' mining lease area, as well as the issue of securing Zimplats' mining tenure, to the mutual benefit of the parties. Zimplats released 23 903 hectares of land to the government to support the participation by other investors in the platinum mining industry in Zimbabwe.

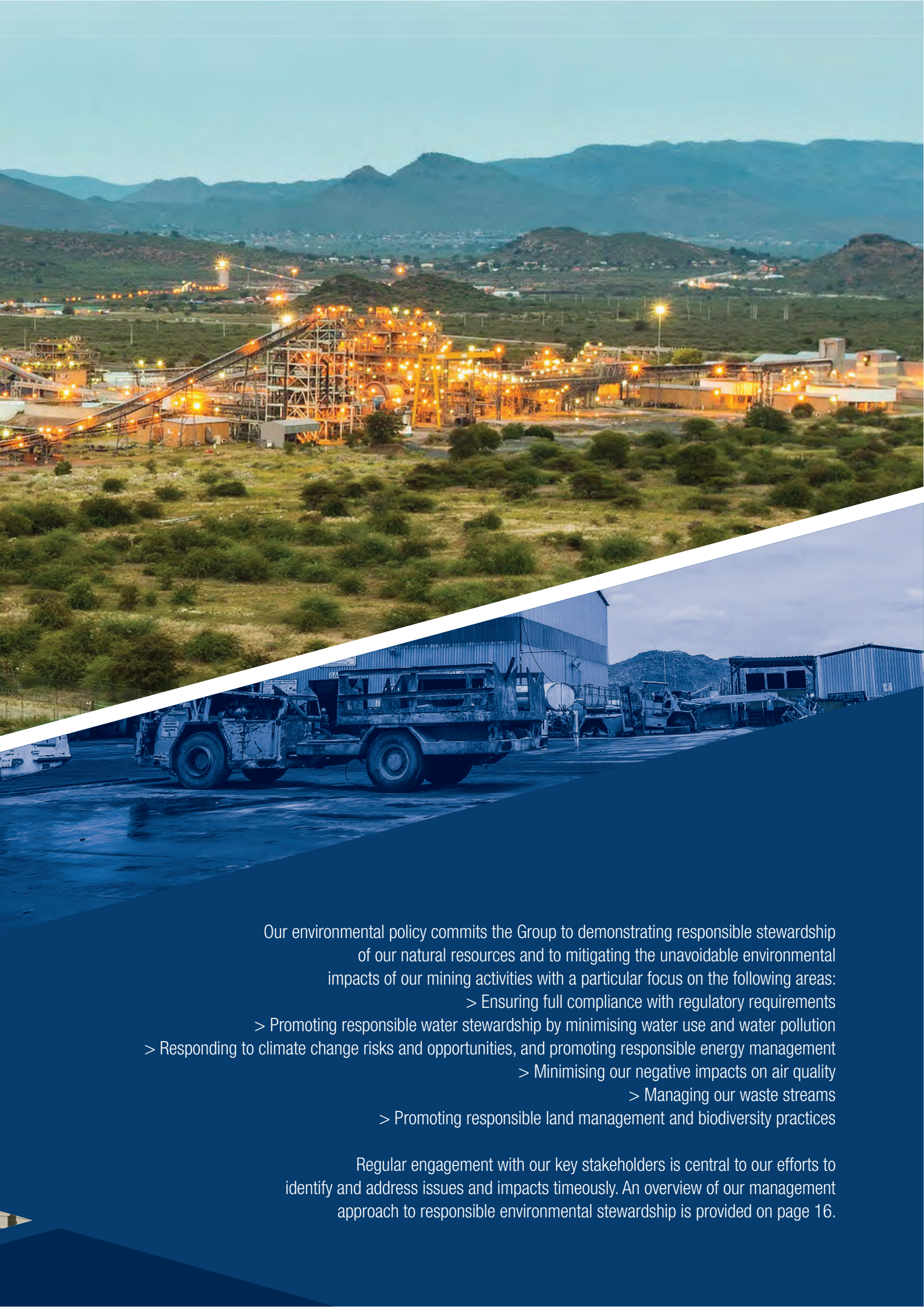


Hildah Chikwanda, utility vehicle operator at Bimha mine



Conserve
natural resources
and mitigate impacts





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

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

Regular engagement with our key stakeholders is central to our efforts to identify and address issues and impacts timeously. An overview of our management approach to responsible environmental stewardship is provided on page 16.

Environmental legal compliance

We report any deviances from regulatory conditions and limits in our authorisations, and we collaborate in a transparent manner with the authorities to address any compliance challenges that may arise.

We engage with the South African and Zimbabwean regulatory authorities to ensure all applicable licences and permit applications are approved and in place, and that wherever possible all requirements are met. Regulatory changes and uncertainty continue to present challenges, including delays to authorisations and financial costs associated with managing legal developments.

Environmental legal compliance

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

The internal audit report on environmental compliance at Impala Rustenburg showed an improvement to 'good'. Areas requiring improvement include some water use licence compliance issues, and certain legal non-compliances. Independent assessments of the environmental management plan (EMP) at Impala Rustenburg and at Marula will be conducted in FY2019. Environmental audit findings from the previous review at Marula have all been closed out.

The Zimbabwean operations have renewed their environmental licences and effluent discharge permits. Mimosa Mining had two external surveillance audits conducted for ISO 14001:2015 and OHSAS 18001:2007. A third party compliance obligations audit was also conducted and eight opportunities for improvement were raised. The compliance audit is done every two years.

Compliance exposure at Marula

During FY2018, Marula has effectively addressed the potential issuing of a compliance notice by the DMR, for contraventions identified during a compliance inspection in June 2017. Oil spillages, inadequate clean/dirty water separation and ineffective waste

management were highlighted as key shortfalls. It was identified that various remediation efforts had been compromised owing to budget constraints. Benchmarking exercises were performed at neighbouring mines to identify best practices for ensuring effective and sustainable solutions. The process identified the lack of concreted roadways to and from the portals and workshops as the root cause for the lack of control with regard to contamination of the environment. Marula submitted a more substantial remediation plan to resolve repeat non-compliance findings.

Environmental incidents

We have an established incident and non-conformity procedure to manage reporting, reviewing and remediating environmental impacts from incidents or substandard acts and conditions. We use a five-tiered scale to report on the impact of an environmental incident (an unplanned/unwanted event that affects the environment). The principal potential impacts of our activities on communities relate to the pollution of soil, surface water, ground water and air quality.

We have not recorded a 'major' (Level 5) or 'significant' (Level 4) environmental incident at any of our operations since 2013. The number of limited impact (Level 3) incidents continues to decrease, with 31 recorded (2017: 35), of which 61% were at Impala Rustenburg. This number remains high and we continue to strive for no Level 3 incidents. None of the reported incidents resulted in any lasting harm to the environment. At Impala Rustenburg, an incident involving the death of cattle after drinking high nitrate content water was reported to the Department of Water and Sanitation (DWS). The matter was resolved from an environmental impact perspective and engagement with the farmers concerned has continued.

Mimosa Mining experienced nine level 3 environmental incidents during the year. All the incidents were tailings disposal lines failures on flanges. An objective and target to install HDPE lined steel pipes is already being implemented, as a long-term intervention to reduce tailings lines-related incidents.

Level 3 incidents in 2018



We continue to drive improvements through certified environmental management systems.

Management systems

We continue to drive improvements through certified environmental management systems. Our Impala Rustenburg, Springs, Mimosa and Zimplats operations have been certified against the new ISO 14001:2015 standard for their environmental management systems (EMS). Marula has conducted an ISO 14001 2015 gap assessment and certification will be conducted in FY2019.

All operations have environmental authorisations with the associated environmental management plans in place. The aspect registers and all environmental practices have been updated to reflect the new standard requirements. These include increasing levels of leadership accountability for environmental performance, ensuring continuous improvement in actual environmental performance, and integrating the EMS into the overall business strategy taking into account the organisation's context, policy commitments, compliance obligations, stakeholder expectations and risks to the sustainability of the business.



Impala Rustenburg #20 Shaft reef silos and waste dump

Photo credit: Jacques McCarthy

Water stewardship

Implats Sustainable Development Report 2018 | 74

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

Water use licences and permits

The South African operations maintain a focus on improving levels of compliance to water use licences (WUL) in terms of the National Water Act with an emphasis on the regulation to manage the prevention of clean water being contaminated by dirty water. In FY2018, external WUL audits conducted at Impala Rustenburg and Impala Springs indicate continual improvement. It is worth noting that several of the non-compliances relate to the specific wording of conditions of the WUL which require amending, and/or do not compromise the protection of water resources.

The Marula operations aim to receive an amended licence or a new licence which will cater for the new tailings dam project which will be implemented in 2020. At Zimplats, the focus is on ensuring that effluent discharge permits are available and renewed by the Environmental Management Agency (EMA). Zimplats has valid water use permits and agreements issued by the Zimbabwe National Water Authority (ZINWA). We regularly engage ZINWA through participation in sub-catchment council meetings and specific water meetings to ensure security of water supply for our operations. All our water discharge points are licensed by the EMA. Mimosa has a water agreement abstraction permit which is renewed annually.

We review and submit our Integrated Water and Waste Management Plans, and our Rehabilitation Strategy and Implementation Plans, to the DWS annually.

Water conservation and demand management

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. We are developing formal water conservation and water demand management plans for all operations which will provide operational guidance in relation to water conservation and quality management.

All our operations have demonstrated their commitment to water conservation and to improving water use efficiencies. We have not set targets for water withdrawal reductions. South Africa continues to face a water crisis, however, levels of rainfall have been adequate at Impala Rustenburg and Marula operations over the last two years. Water management continues to receive particular focus at Impala Rustenburg, which accounts for 51% of the Group's total water consumption. The operation has scavenging boreholes that collectively supplied an average

of 1.15MI/day. The development of a water balance model with simulation capabilities to plan for wet and dry seasons will assist in identifying options to improve and plan for future water storage and decrease any losses experienced. Impala Rustenburg continues to research alternative water sources for usage and storage capacity with the potential to minimise losses. Zimplats continues to explore the opportunity for recycling effluent as a source of water to operations. Impala Springs is in the process of implementing a project for lining the old Base Metal Refinery pond to provide a double lining with leak detection.

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

IMPALA EDUCATES LEARNERS ABOUT WATER AWARENESS

In support of the Department of Water and Sanitation and the regional Elands/Hex river forum, Impala partnered with Magalies Water to host 50 learners from two host community schools – Luka Primary School and Platinum Village Primary School – for the annual National Water Awareness Day at Vaalkop Dam on 20 March 2018. The learners were accompanied by two educators from each school and an Impala environmental superintendent. The learners were taught about water saving measures and encouraged to practice these on a daily basis. A tour was undertaken to the dam to learn how the dam water is stored, cleaned, and directed from the dam to the different sources it feeds. The learners provided feedback to the organisers and educators, acknowledging the importance of conserving water as a national resource and sharing their water saving knowledge with others. At our operations, through various internal communications we inform our employees about how they can save water at home and encourage them to share the knowledge with their friends and families.




Learners and educators embarking on a trip to Vaalkop Dam
Photo credit: Annah Kgaswane

Surface and groundwater monitoring

Surface and groundwater monitoring networks are being managed at each operation and we review our water risk assessments annually. The impact on aquatic biodiversity is also being monitored. Monitoring is ongoing at all predetermined points. Zimplats is exploring options to improve effluent quality through constructing wetlands at discharge points and achieving improvements in the quality.

Our 2018 performance

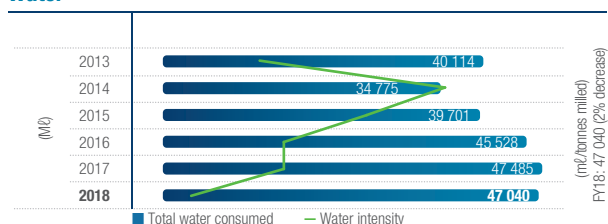
- > Total water consumption, including water withdrawn and water recycled, decreased by 0.9% year-on-year (see table below)
- > Unit consumption rate of water decreased to 0.0021 MI/tonne of ore milled, from 0.0023 MI/tonne in 2017
- > **Total water recycling was 45% of total water consumed, against a Group target of 40%**
- > 17 limited impact water-related incidents were recorded (2017:16)

Details of the total water withdrawn, consumed and recycled at each of our operations, as well as our annual submission to the CDP Water Disclosure Project (2017 financial year review), are available on our website. 

Water consumption (MI)	2018	2017	2016	2015	2014
1) Water from water service providers or municipalities	9 601	8 901	10 160	9 576	7 515
2) Waste water from other organisations	3 935	3 301	3 762	3 104	2 313
3) Water from rivers	2 260	2 180	2 318	2 164	2 175
4) Water from dams	6 800	7 947	6 580	6 897	6 696
5) Water from ground water	3 194	3 380	3 883	3 634	2 667
Water withdrawn (1 + 2 + 3 + 4 + 5)	25 790[#]	25 709	26 703	25 376	21 365
Water internally recycled	21 250	21 776	18 825	14 325	13 409
Total water consumption	47 040[#]	47 485	45 528	39 701	34 775

[#] Indicates independently assured numbers.

Water



Our water focus for 2019 and beyond

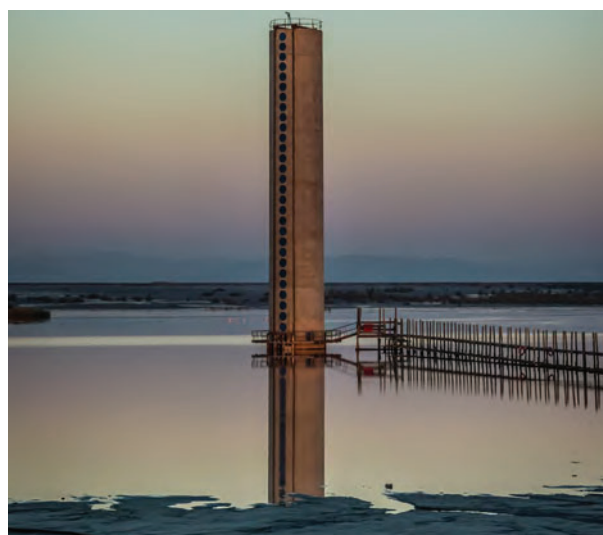
We have prioritised the following water management activities for the year ahead.

In South Africa we aim to:

- > Progress towards statutory compliance with amended water use licences
- > Promote water management through improved water accounting and improved water balance models
- > 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



Penstock tower on Tailings storage facility – Impala Rustenburg
Photo credit: Jacques McCarthy

Energy management and climate change

Over the last six years, we have implemented various energy conservation initiatives.

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

In South Africa, the introduction of a carbon tax has been postponed several times and the tax is anticipated to be implemented in January 2019. We continue to assess our potential carbon tax liability. Should the carbon tax legislation be enacted, Impala could be liable for approximately R14 million additional tax at current direct carbon emissions, excluding any pass-on costs from suppliers. It is expected that entities such as Eskom will pass on their levied tax to their customers in proportion to consumption.

Details of the climate change risks and opportunities for Implats can be found in our annual submission to the CDP Climate Change Programme, available at www.cdproject.net.

Responsible energy management

Electricity consumption continues to account for around 74% of our total energy consumption (of which 53% is consumed at Impala Rustenburg), and almost 10% of our overall cash cost base. Our expansion into deeper mining operations that are more energy intensive, coupled with the

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

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

We have conservative Group emissions reduction targets in place (see table below) and will develop specific targets once regulatory expectations are clarified. Our Mimosa operation introduced a climate change strategy and policy in January 2017, setting a target of reducing its carbon footprint by 3% annually up to 2020. In FY2018, while emissions increased as a result of increased production, as compared to the baseline year FY2016, the intensity per unit of production has remained constant for electricity and diesel, which is encouraging. The operation is in the process of implementing an initiative aimed at improving its management of explosives, which has already resulted in an improvement in emissions intensity per tonne blasted.

Implats absolute Scope GHG emissions reduction targets

Type of emissions	% of emissions in scope	% reduction from base year	Base year	Target year
Scope 1	100	2	2017	2020
Scope 2	100	5	2008	2020
Scope 2	100	35	2015	2030
Scope 2	100	63	2015	2040

Fuel cell technology

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

In developing applications for mobile mining equipment, we are currently evaluating the market for the commercial development of a prototype fuel-cell (FC) driven LHD and bus that will be tested at Impala Rustenburg. Some of the advantages over a diesel fuelled LHD include zero diesel particulate matter, no carbon monoxide and at least a 40% reduction in CO₂ with negligible SO_x and NO_x formation. Impala Springs has an operating FC forklift in its base metals refinery; the prototype with hydrogen refuelling station has been in operation since October 2015 and continues to perform beyond expectation. Additional optimisation on the prototype is ongoing to develop a local power module and improve efficiencies on the novel metal hydride storage and compression units. In the longer term, we plan to use fuel cells as the main source of energy for material handling and underground mining equipment.

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

Implats continues to work with academia on local mineral beneficiation through fuel cell catalyst and stack developments. These new applications are stepping stones in the implementation of our fuel cell development roadmap. This is a

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

Data management

Implats annually compiles and reports on the annual Group carbon footprint for all operational areas, and participates in the CDP, an independent not-for-profit organisation working to drive greenhouse gas emissions reduction. Impala Platinum has been voluntarily calculating its group GHG inventory since FY2008. The South African operations have complied with the GHG emissions reporting regulations that require registered facilities to report their greenhouse gas emissions annually.

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

GHG emissions were reported for the first time to the Department of Environmental Affairs by the due date of 31 March 2018.


Each year we conduct a GHG emissions assessment to identify areas for mitigation and efficiencies.

Energy management and climate change

Our 2018 performance

- > Total CO₂ emissions decreased year-on-year, due to reduced production at Impala Rustenburg and Zimplats, which respectively contributed 71% and 11% of total emissions
- > Most of the Group's GHG emissions (3.175 million tonnes) are associated with Eskom electricity usage, with the balance (393 000 tonnes) associated with the direct use of coal, diesel, petrol and industrial burning oil

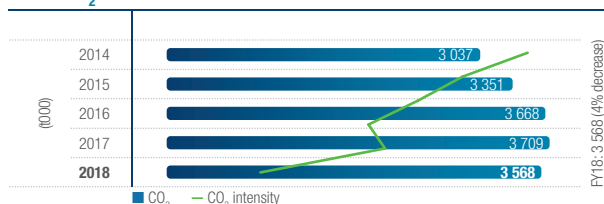
- > Our emissions intensity (total tonnes of CO₂ per tonne of ore milled) was 0.1610, down from 0.1761 in 2017
- > Our total energy consumption was 16 978 GJ (000)[#], down from 18 065 GJ (000) in 2017.

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

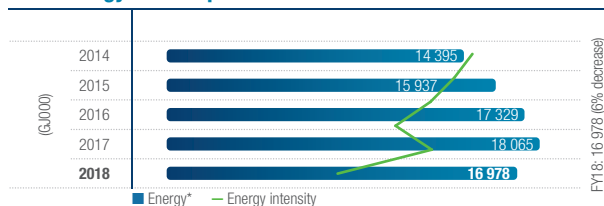
Climate change indicators	2018	2017	2016	2015
Scope 1 CO ₂ emissions (direct – fossil fuels) (t000)	393 [#]	410	382	349
Scope 2 CO ₂ emissions (indirect – electricity purchased) (t000)	3 175 [#]	3 299	3 286	3 002
Electricity purchased (MWh 000)	3 486	3 555	3 425	3 129
Direct energy (GJ 000)	4 429	5 269	4 998	4 671
Indirect energy (GJ 000)	12 549	12 797	12 330	11 266

[#] Indicates independently assured number.

Total CO₂ emissions



Total energy consumption



Our energy management focus for 2019 and beyond

Principal focus areas for 2019 are to:

- > Progressively integrate climate change mitigation into our core business
- > Align our processes with anticipated climate change and GHG emission reduction policies and legislation
- > Reduce and optimise our energy use
- > Develop more accurate and auditable data on energy savings from all operations
- > Continue to work with government and academic institutions on the development of fuel-cell technologies as alternative energy sources

Air quality management

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

Licences and permits

Both Impala Springs and Impala Rustenburg are located in priority areas as promulgated by the National Environmental Management Air Quality Act (NEMAQA) and have the required air emission licences (AEL), maintaining adherence to all licence conditions. The Impala Rustenburg AEL will expire in July 2019 and the renewal application process commenced in July 2018. This includes close engagements with the authorities with regard to the challenge of adhering to the 2020 minimum emissions standards for one of the tertiary abatement equipment within the smelter operation. Impala Springs will commence a renewal application process in FY2019. The operation is committed to installing equipment that will reduce ammonia and particulate matter at the two stacks within the base metal refinery. The majority of particulate matter is generated in the refinery's coal fired boilers. Coal is used to generate steam and heat for various refining processes.

Zimplats continues to operate in the red air emission licence category, which is considered to present a high risk to the environment. The organisation developed a sulphur dioxide emission reduction roadmap which continues to guide efforts to reduce both point source and fugitive SO₂ emissions from smelting operations. The air emission reduction environmental and social impact assessment certificate has been renewed in line with the national EIA regulations. Industry lobbying for the air emission legislation to be less stringent has continued in FY2018. The current air quality regulations prescribe limits for point source emissions and do not include ambient air or ground level concentration limits.

Data management

Impala Rustenburg, Impala Springs and Marula operations report on all air emissions for listed activities (smelter and refineries) and mining activities, on the national atmospheric emissions inventory system (NAEIS) each year.

Air quality monitoring and management

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

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

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

This year Zimplats re-commissioned its two ambient monitoring stations and the measurements are well within the applicable ambient air quality standards. At the Ngezi concentrator, the introduction of a dust extraction system at the concentrator crushers has mitigated levels of dust emissions, which had previously been high.

We work towards managing our SO₂ emissions to the lowest possible levels and as a minimum to ensure that we are compliant with the limits set out in our AELs.

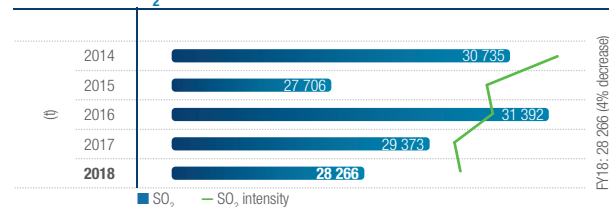
Air quality management

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

Our 2018 performance

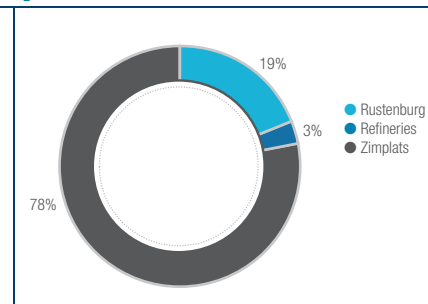
- > Direct SO₂ emissions were within the conditions of the AEL for our Impala Springs and Impala Rustenburg operations
- > Zimplats emitted an average 60 tonnes per day of SO₂, compared to 69 tonnes in FY2017; while within the planned emission level per day, levels remain higher than those emitted at our South African operations
- > Direct Group emissions of SO₂ were 28 266 tonnes (2017: 29 373 tonnes). The reduced levels are mainly owing to a furnace reline shutdown at our Zimplats operations, which contributed 78% of total direct SO₂ emissions, while Impala Rustenburg and Impala Springs operations contributed 19% and 3% respectively
- > The ambient air monitoring at Martindale Primary School (a sensitive receptor located about 3 km from the smelter) recorded zero annual average SO₂ exceedances
- > Indirect SO₂ amounted to 29 579 tonnes (2017: 29 504 tonnes) and indirect NO_x amounted to 14 156# tonnes (2017: 14 574 tonnes)
- > Total Group SO₂ emissions amounted to 57 844# tonnes (2017: 58 877 tonnes).

Total direct SO₂ emitted



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

Direct SO₂ emission (%)



Our air quality focus for 2019 and beyond

Principal focus areas for 2019 are to:

- > Maintain ongoing operational improvement and monitoring to ensure emissions are minimised and permit conditions realised
- > Ensure the successful installation at Impala Springs of equipment that will reduce ammonia and particulate matter at the two stacks with the base metal refinery
- > Continue the sulphur dioxide emissions reduction programme feasibility studies at Zimplats



Impala Rustenburg 11 Shaft at sunset

Managing our waste

Our waste management activities across the Group seek, as a minimum, to ensure compliance with evolving legislative requirements relating to waste. The short to medium term waste strategy continues to focus on the implementation of all statutory requirements, improving on our waste recycling initiatives, and entrenching a 'cradle to grave' responsibility throughout the business. We have not yet formulated waste reduction targets. As the generation of waste is closely correlated with varying levels of production output.

Ensuring compliance

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

Management and reporting

The management and reporting of waste is strongly influenced by legislation and the current opportunities available in the market, which continue to evolve. Developments in turn impact our management options and the subsequent reporting of waste practices and performance. For instance, a change in terminology or the re-classification of a waste stream may result in the same waste stream being reported differently year-on-year. An example of this is the fly ash generated coal fired boilers at our Impala Springs refineries. Previously it was deemed acceptable as an input material at a brickmaking facility, thereby classified as recycled; however, following the new waste classification methodology, the waste stream can only be utilised as a blending material at a hazardous landfill facility. As a result, this waste stream is now reported as hazardous waste that is diverted to landfill. Furthermore, levels of hazardous waste recycling this year have been negatively impacted by minor challenges experienced with the collection of our dryer ash at the Impala Rustenburg operations. This has subsequently been resolved and collection has returned to normal.


Focus on waste recycling

In this context the term 'recycling' is a generic term for waste streams that are re-used, recycled and recovered. Although predominately demand driven, we have maintained a strong focus on our levels of non-mineral waste (hazardous and non-hazardous) recycling. We continue to investigate reuse and recycling opportunities as well as alternative disposal solutions for various waste streams. Our Zimplats operations have introduced a vermiculture project for all biodegradable waste.

In South Africa, new waste tyre regulations were gazetted in September 2017. At Impala Rustenburg, the management and disposal of waste tyres forms part of our tyre supply contract. The tyre dealer contracted for the supply and fitment of new tyres currently stockpiles the waste tyres from our operations off-site, owing to the termination of collection from REDISA for recycling, until alternative recycling processes are in place. Implats continues to engage in industry efforts in this regard.

Our 2018 performance

- > We recycled 62% of non-hazardous waste generated, down from 69% in 2017, against a targeted 60%
- > Mineral tailings deposited totalled 22 166 kilotonnes
- > Waste rock deposited on land totalled 776 kilotonnes
- > Hazardous waste disposed of to landfill totalled 13 573 tonnes

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

Our focus on waste in 2019 and beyond

At the South African operations focus areas are to:

- > Ensure all waste management activities remain compliant
- > Retain the waste licences by ensuring compliance with its statutory requirements and site specific obligations
- > Maintain 60% recycling of non-mineral waste.

At the Zimbabwean operations focus areas are to:

- > Zimplats will review and seek to improve its hazardous waste management practices and hazardous waste incinerators, to promote destruction and removal efficiency

TAILINGS DAM MANAGEMENT

The integrity of tailings dams is under increasing scrutiny following a number of serious tailings dam breaches in the mining industry in recent years. This year we conducted a historical performance review and deep dive risk analysis of tailings storage facility management practices across our operations. We are satisfied that we have sufficient controls in place to mitigate the risk of a tailings dam failure at all our operations. At Zimplats, the operation's two tailings facilities are managed by the same service provider as Impala Rustenburg and reviewed by the same third-party professionals. During the year, Zimplats developed a code of practice focusing on tailings storage facilities which requires regular auditing of tailings dam management strategies. Both Marula and Two Rivers have equally good tailings dam management systems. While there is a very low risk of a dam failure, we are mindful that the severity could be high. We are modelling the sphere of influence should there be a failure, even though there is a very low risk given the safeguards in place. To enhance our practices, work is underway to comply with world-class Canadian standards for tailings dam management.

PROMOTING ENVIRONMENTAL CONSCIOUSNESS IN NEIGHBOURING COMMUNITIES

Zimplats continues to partner with its host communities, Selous and Turf, and environment regulatory authorities to promote a clean environment around operations. This includes implementing clean-up campaigns and providing training and awareness on pertinent environmental aspects. The main aim of the clean-up campaigns is to inculcate an anti-littering culture among community members.

Mine closure, rehabilitation and biodiversity

All our mining operations have closure plans in place. Every year, these plans are reviewed and the closure liabilities and applicable financial provisions are updated accordingly.

Our approach to ensuring responsible mine closure emphasises the importance of designing, planning and operating a mine with closure in mind. In doing so, we aim to reduce long-term risks and liabilities to our business from an environmental and socio-economic perspective, and ensure that we leave a positive legacy when our mines conclude their operational lives. Our approach to land stewardship focuses on rehabilitation, while ensuring the protection of our water and biodiversity resources through the responsible management of mineral waste and hazardous substances.

Closure liability and financial provision

All our mining operations have closure plans in place. Every year, these plans are reviewed and the closure liabilities and applicable financial provisions are updated accordingly. This year we have focused on aligning the closure liability assessment methodology for the South African mining operations to comply with the newly published regulations pertaining to the financial provision for prospecting, exploration, mining or production operations, which need to be implemented by February 2019. The new protocol follows a strict risk-based approach and we have worked extensively to ensure alignment across all aspects of the business. This methodology has for example directly influenced our approach to concurrent rehabilitation at Impala Rustenburg and as such has advanced into a progressive shaft decommissioning and rehabilitation programme. A mine closure and decommissioning report, annual rehabilitation plan (which identify potential areas for current and future rehabilitation) and a post-mining impact assessment form part of the documents to be submitted to the DMR.

The Zimplats operations have fully aligned their annual closure liability assessments with the South African assessment methodology and protocols. Applicable training was provided to entrench the newly adopted mine closure and rehabilitation methodology and ensure full integration with the Group approach. As part of a structured approach to the closure planning process, in FY2018 Zimplats completed a conceptual closure and rehabilitation plan, covering all aspects of the operations, which will be submitted to the regulator in FY2019.

Rehabilitation

Ensuring effective rehabilitation is an important regulatory, financial and reputational issue for the Company. The Group strategy for land rehabilitation is to entrench the concept of 'design for closure' throughout the operations by ensuring that all aspects of rehabilitation are defined at the project planning phase. We use innovative mine design and concurrent rehabilitation to reduce closure liabilities and improve rehabilitation outcomes. All tailings storage facilities have concurrent rehabilitation plans that include revegetation, dust management and water management. Impala Rustenburg operations are currently finalising their shaft closure methodology to assist in the decommissioning and rehabilitation of non-operational units. Once a shaft or portions of a shaft have been rehabilitated the closure liability associated with that infrastructure will be reduced or completely removed.


Rehabilitation monitoring and progress

Our rehabilitation activities are focused on ecosystem functionality, which is essential for sustainability beyond life of mine. We have maintained an active rehabilitation monitoring programme, using Landscape Function Analysis, at Impala Rustenburg's rehabilitated opencast pits and at Marula's rehabilitated tailings side slopes. The extent of surface rehabilitation achieved this year is fully aligned with project scope budget allocations.

At Zimplats, we have continued with open pit rehabilitation at Ngezi, as well as the revegetation of all new side slope surfaces at the two tailings dams. Rehabilitation targets are set on an annual basis as part of the business planning process. Progressive rehabilitation is key in achieving significant efficiencies in equipment use, earthmoving, topsoil management and a reduction in closure liability. The Mimosa operations do not have any opencast mining operations and rehabilitation is limited to the ongoing revegetation at the tailings dam.

Our 2018 performance

- > A total of 19.5ha of disturbed land was rehabilitated
- > Estimated rehabilitation liability for our operations totalled R2.378 billion
- > Group rehabilitation provisions totalled R1.225 billion.

Additional data on our land management, by operation, is provided online. 

Biodiversity

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

Biodiversity management

Impala Rustenburg has continued to monitor and measure its performance against the formal biodiversity management plan it has implemented. The plan was informed by the Mining and Biodiversity Guideline developed by the South African National Biodiversity Institute (SANBI). Marula and Impala Springs have implemented site-specific biodiversity management plans. We plan to develop and implement strategic biodiversity management plans at all our operations.

In addition to the annual monitoring programme, dedicated projects to improve biodiversity and compliance with legislation are executed on an ongoing basis. This includes alien and invasive species identification and eradication projects at our various operations. Zimplats operations will continue with the lantana camera eradication project around the SMC complex which will aid in complying with the regulations pertaining to alien invasive species.

Biodiversity sensitive areas

Zimplats and Impala Springs both operate close to biodiversity-rich areas. Impala Springs is near the Cowles

Dam that feeds into the Blesbokspruit, a designated Ramsar Convention wetland of international importance that is deemed under threat. Although Impala Springs is not seen to have any direct impact on this ecosystem, it continues to partner in environmental education and conservation initiatives in the area. The Zimplats operation includes a leased 276ha section of rehabilitated, non-operational land within the Ngezi National Park's boundary. Although Mimosa mine is not located in a sensitive area where fauna and flora are of high significance, the operation follows a strict Resource Conservation Procedure which prohibits the cutting down of trees as well as hunting and trapping of animals within the mine's boundaries.

Our focus on land and biodiversity for 2019 and beyond

Priorities for the year ahead:

- > Careful planning at the South African mining operations for annual rehabilitation including the mitigation and remediation of pollution and sources of pollution, with post-mining impacts identified (using sound scientific methodologies), costed and financially provided for
- > Reviewing formal rehabilitation plans for several non-operational shafts at Impala Rustenburg
- > Maintaining formal rehabilitation monitoring and management programmes at the opencast pit sites and tailings dams
- > Continue with our annual terrestrial and aquatic biodiversity monitoring programmes at Impala Rustenburg.



Bimha Mine back at full production

Performance data

Implats Sustainable Development Report 2018 | 84

Human resources

Measurement		2018	2017	2016	2015	2014
Own (permanent) employees**	Number	36 002	38 334	38 189	40 019	40 238
Contractors**	Number	15 336	14 334	13 221	14 729	15 602
Turnover	Percentage	10.5[#]	8.6	8.2	5.1	4.5
Women turnover	Percentage	0.7	1.0	0.5	0.3	0.6
Women in total workforce in SA	Percentage	11	11	11	11	10
Managers who are female	Percentage	22	21	20	20	19
Unionised workforce in South Africa	Percentage	81	76	75	82	79
Female to male pay ratio in South Africa		1.06:1	1.07:1	1.07:1	0.9:1	1.05:1
Female to male pay ratio in Zimbabwe		1.09:1	1.02:1	1:1	1:1	
Skills development expenditure in South Africa	Rm	485	548	512	523*	331*
Skills development expenditure in Zimbabwe	US\$ 000	4 991	4 838	4 905	5 304	5 909

* Strike impacted.

** Includes Mimosa employees and contractors attributable to Implats.

Safety

Measurement		2018	2017	2016	2015	2014	2013
Work-related fatal injuries (own employees and contractors)	Number	7[#]	9	11	7	4	9
Reportable injuries ¹	Number	433	450	461	318	252	421
Medical treatment cases*	Number	747	881	702	546	545	702
Lost time injuries	Number	650	723	782	559	369	579
Employee hours worked	Number	177 021 537	122 070 071	120 520 676	121 034 823	94 056 773	137 598 336
Fatal injury frequency rate	Pmmhw**	0.060	0.074	0.019	0.058	0.043	0.065
Lost time injury frequency rate (including restricted work cases)	Pmmhw	5.55[#]	5.95	6.49	5.27	6.10	5.80
Total injury frequency rate	Pmmhw	11.93[#]	13.14	12.31	9.78	11.9	10.91
Medical treatment case frequency rate	Pmmhw	6.37	7.22	5.82	4.51	5.79	5.11
Total injuries	Number	1 396	1 604	1 484	1 183	1 119	1 501
Section 54 stoppages (excluding Section 55s)	Number	39	92	80	55	52	65

[#] Indicates independently assured numbers.

Health

Measurement		2018	2017	2016	2015	2014
Employees on wellness programme	Number	7 087	7 278	6 891	6 140	6 286
Voluntary counseling and testing interventions	Number	12 154[#]	16 733	10 867	11 875	10 086
Employees known to be receiving antiretroviral treatment	Number	5 942[#]	5 174	4 843	4 429	4 276
Total new cases of pulmonary tuberculosis (TB)	Number	154[#]	199	171	304	268
Total new HIV cases	Number	650	1,077	823	952	830
Total new noise-induced hearing loss (NIHL) cases submitted (+10% shift)	Number	102[#]	88	120	49	36
Total NIHL cases compensated	Number	65	57	59	36	19
TB incidence rate	Per 100 000 employees	530	519	447	755	841
HIV total medical incapacitation	Number	836	265	377	505	331

Production

Measurement		2018	2017	2016	2015	2014
Tonnes milled (excluding Mimosa)	000t	19 355	18 332	18 426	16 024	13 916
Tonnes milled (including Mimosa)	000t	22 157	21 061	21 067	18 610	16 369
Refined platinum	000oz	1 468	1 530	1 438	1 276	1 178
PGMs (6E)	000oz	2 925	3 099	2 908	2 618	2 370
Revenue	Rm	35 854	36 841	35 932	32 477	29 028
Capital invested	Rm	4 606	3 432	3 560	4 287	4 345
Income tax paid	Rm	1 336	1 312	883	401	144
Unit cost ¹ per oz Pt	Rand	25 230	22 691	21 731	22 222	19 430

¹ Excluding share-based payments.

[#] Indicates independently assured number.

Performance data

Implats Sustainable Development Report 2018 | 86

Environment

Measurement		2018	2017	2016	2015	2014
Group material consumption						
Diesel	000 litres	23 921	23 072	22 523	21 748	21 776
Petrol	000 litres	397	453	476	602	830
Coal	Tonnes	138 079	161 446	153 309	138 653	127 883
Industrial burning of oil	000 litres	1 884	1 316	1 222	1 633	1 264
Energy						
Energy consumed	GJ000	16 978[#]	18 065	17 328	15 937	14 395
Energy intensity	GJ/tonne milled	0.7663	0.8577	0.8225	0.8564	0.8794
Water						
Total water withdrawn	MI	25 790[#]	25 709	26 703	25 376	21 365
Water re-used/recycled in processes	MI	21 245	21 776	18 825	14 325	13 409
Total water consumed	MI	47 040[#]	47 485	45 528	39 701	34 775
Total water consumed which is re-used/ recycled	Percentage	45	46	41	36	39
Unit water consumption	MI/tonne milled	2.12	2.25	2.16	2.13	2.12
Emissions						
Direct CO ₂ e emissions	Tonnes	393 480[#]	409 785	381 780	349 000	323 997
Indirect CO ₂ e emissions	Tonnes	3 174 975[#]	3 298 899	3 286 098	3 001 522	2 714 157
Total CO ₂ intensity	t000/t milled	0.1610	0.1761	0.1741	0.1801	0.1855
Direct SO ₂ emissions	Tonnes	28 266	29 373	31 392	27 706	30 735
Total direct SO ₂ intensity	Tonnes/6E refined Oz	0.0097	0.0095	0.0108	0.0106	0.0130
Total NOx	Tonnes	14 156[#]	14 574	14 435	13 459	12 107
Land management						
Company-managed land	Hectares					
Disturbed areas rehabilitated	Hectares	19.5	71.2	27.5	9.4	46.6
Rehabilitation liabilities/current costs	Rm	2 378	1 932	1 770	1 434	1 199
Rehabilitation provisions	Rm	1 225	1 099	1 081	848	675
Waste management						
General waste to landfill	Tonnes	5 323	4 467	4 457	6 884	3 001
Hazardous waste disposed of to landfill	Tonnes	13 573	10 918	8 997	7 131	8 251
Tailings disposed to tailings facilities	000 tonnes	22 166	21 258	20 936	17 891	16 004
Waste rock disposed to rock dumps	000 tonnes	776	869	911	824	778
Environmental incidents						
Level 3	Number	31	35	99	94	40
Level 4 or 5	Number	0	0	0	0	0

[#] Indicates independently assured numbers.

Socio-economic

Measurement		2018	2017	2016	2015	2014
		Community development expenditure (South Africa) Rm	137[#]	106	105	83
Community development expenditure (Zimbabwe) US\$000	8 967	4 918	4 743	5 105	8 915	
Total discretionary procurement in South Africa Rbn	9.1	8.7	8.1	7.6	7.9	
Procurement: BEE expenditure in South Africa Rbn	6.7[#]	6.7	6.1	7.6	5.1	
Procurement: localised expenditure in South Africa Rbn	2.9[#]	2.6	2.5	2.4	2.0	
Procurement: localised expenditure in South Africa Percentage of total	31	29	31	32	26	
Total supplier expenditure in Zimbabwe US\$m	436	429	416	295*	326*	
Procurement: localised expenditure in Zimbabwe* Percentage of total	75	71	73	73	66	

* Excluding Mimosa.

Indicates independently assured number.

Workforce diversity profile¹ for our South African operations (as at 30 June 2018)

Combined (South Africa)	Male				Female				Foreign nationals ³		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	0	0	0	3	0	0	1	0	0	0	3	1	4
Senior management	25	2	3	42	7	0	1	6	3	0	75	14	89
Professionally qualified and experienced specialists and mid-management	169	8	17	218	54	1	11	61	9	1	421	128	549
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3 141	21	6	618	590	7	3	84	273	3	4 059	687	4 746
Semi-skilled and discretionary decision making	8 493	13	4	82	987	6	1	24	1 593	4	10 185	1 022	11 207
Unskilled and defined decision making	12 824	10	0	9	1 790	1	0	0	1 408	36	14 251	1 827	16 078
Total permanent employees²	24 652	54	30	972	3 428	15	17	175	3 286	44	28 994	3 679	32 673
Non-permanent employees	48	2	0	4	38	0	0	2	0	0	54	40	94
Grand total	24 700	56	30	976	3 466	15	17	177	3 286	44	29 048	3 719	32 767

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

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

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

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

South Africa combined – People with disability (PWD)	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	5	0	0	0	0	0	0	7	0	7
Professionally qualified and experienced specialists and mid-management	17	0	1	14	0	0	0	0	0	0	32	0	32
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	228	1	0	69	14	0	1	1	31	0	329	16	345
Semi-skilled and discretionary decision making	647	1	0	12	13	1	0	1	222	0	882	15	879
Unskilled and defined decision making	831	0	0	0	37	0	0	0	185	1	1 016	38	1 054
Total permanent	1 725	2	1	100	64	1	1	2	438	1	2 266	69	2 335
Non-permanent employees	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand total	1 725	2	1	100	64	1	1	2	438	1	2 266	69	2 335

Independent assurance report on selected sustainability information

Implats Sustainable Development Report 2018 | 88

We have been engaged by the directors of Impala Platinum Holdings Limited (the Company) to perform an independent assurance engagement in respect of Selected Sustainability Information reported in the Impala Platinum Holdings Limited Sustainable Development Report for the year ended 30 June 2018 (the Report). This report is produced in accordance with the terms of our contract with the Company dated 13 June 2018.

Independence, quality control and expertise

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies 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 engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

Scope and subject matter

The subject matter of our engagement and the related levels of assurance that we are required to provide are as follows.

Reasonable assurance

The following Selected Sustainability Information in the Report was selected for an expression of reasonable assurance:

1. Contractor and employee fatalities (page 84)
2. Contractor and employee lost-time injury frequency rate (LTIFR) (page 84)
3. Total injury frequency rate (TIFR) (page 84)
4. New cases of noise-induced hearing loss submitted for compensation (NIHL) (page 85)
5. New cases of pulmonary tuberculosis diagnosed and treated (page 85)
6. Employees on antiretroviral treatment (ARV/ART) – net enrolment at year-end (page 85)
7. Employee voluntary counselling and testing programme uptake (VCT) (page 85)
8. Energy consumption in GJ (page 86)
9. Water withdrawn in megalitres (page 86)
10. Water consumption in megalitres (page 86)
11. Total indirect carbon dioxide (CO₂) emissions in tonnes (page 86)
12. Total nitrogen oxide (NO_x) emissions in tonnes (page 86)

Limited assurance

The following Selected Sustainability Information in the Report was selected for an expression of limited assurance:

1. Total direct carbon dioxide (CO₂) emissions in tonnes (page 86)
2. Total sulphur dioxide (SO₂) emissions in tonnes (page 80)
3. 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 (page 49)
4. Number of women employees in management positions, above the supervisor level – excluding non-executive directors (page 50)
5. Number of people trained through adult basic education (AET) (page 44)
6. HDSA procurement (>25%) (in line with the Mining Charter categories of capital goods, services and consumable goods) in rand (page 87)
7. Local procurement in rand (page 87)
8. Total socio-economic development (SED) expenditure in rand (page 87)
9. Total employee turnover (page 84)

We refer to this information as the ‘Selected Sustainability Information for Reasonable Assurance’ and ‘Selected Sustainability Information for Limited Assurance’, respectively, and collectively as the ‘Selected Sustainability Information’.

We have carried out work on the data reported for 30 June 2018 only and have not performed any procedures with respect to earlier periods or any other elements included in the report and, therefore, do not express any conclusion thereon. We have not performed work in respect of future projections and targets.

Respective responsibilities of the directors and PricewaterhouseCoopers Inc and Nexia SAB&T Inc.

The directors are responsible for selection, preparation and presentation of the selected sustainability information in accordance with the criteria set out on the corporate website (<http://www.implats.co.za/sustainability-key-documents.php>) referred to as the “Reporting Criteria”. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the selected sustainability information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our reasonable assurance procedures, on whether the Selected Sustainability Information for Reasonable Assurance has been prepared, in all material respects, in accordance with the Reporting Criteria.

We further have a responsibility to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Selected Sustainability Information for Limited Assurance has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including the conclusion, has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company's sustainable development performance and activities. We permit the disclosure of this report within the Report for the year ended 30 June 2018, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report, save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information, and in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain either reasonable or limited assurance on the Selected Sustainability Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Sustainability Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Selected Sustainability Information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Sustainability Information.

Our work in respect of the selected sustainability information included the following procedures:

- > Reviewing the processes that the Company has in place for determining the Selected Sustainability Information included in the Report
- > Obtaining an understanding of the systems used to generate, aggregate and report the Selected Sustainability Information
- > Conducting interviews with management at head office and selected operations
- > Evaluating the data generation and reporting processes against the Reporting Criteria
- > Performing key controls testing and testing of accuracy of data report on a sample basis at head office and the selected operations for the Selected Sustainability Information
- > Reviewing the consolidation of data at head office to obtain an understanding of the consistency of the reporting process compared with prior years and to obtain explanations for deviations in performance trends
- > Reviewing the consistency between the Selected Sustainability Information and related disclosures in the Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the selected sustainability information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Selected Sustainability Information in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independent assurance report on selected sustainability information

Implats Sustainable Development Report 2018 | 90

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Report in the context of the Company's reporting definitions set out on their website at <http://www.implats.co.za/sustainability-key-documents.php>.

In particular, where the information relies on carbon and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work has not included examination of the derivation of those factors and other third-party or laboratory information.

Conclusions

Reasonable assurance

Based on the results of our reasonable assurance procedures, in our opinion, the Selected Sustainability Information for the year ended 30 June 2018, has been prepared, in all material respects, in accordance with the Reporting Criteria.

Limited assurance

Based on the results of our limited assurance procedures, nothing has come to our attention that causes us to believe that the Selected Sustainability Information for the year ended 30 June 2018 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Other matters

The maintenance and integrity of the Company's corporate website is the responsibility of the Company's directors. 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 Company's website.



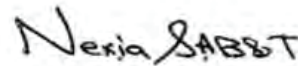
PricewaterhouseCoopers Inc.

Director: Jayne Mammatt

Registered Auditor

Johannesburg

17 September 2018



Nexia SAB&T Inc.

Director: Nondumiso Medupe

Registered Auditor

Centurion

17 September 2018

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
CO₂	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
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
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

Glossary

HSE	Health, safety and environment
HSRC	Human Science Research Council
IBC	Inside back cover
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
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
JSE	Johannesburg stock exchange
LCA	Life cycle assessment
LCMs	Loose cubic metres
LED	Local Economic Development
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 and includes restricted work cases
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
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	<ul style="list-style-type: none"> (a) A reportable injury is an injury which results in: <ul style="list-style-type: none"> 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

Glossary

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
SD	Sustainable development
SED	Socio-economic development
SET	Social, ethics and transformation
SHEQ	Safety, health and environment quality
SLP	Social and labour plan
SMC	Selous Metallurgical Complex
SMMEs	Small, medium and micro enterprises
SO₂	Sulphur dioxide
SRI	Socially responsible investment
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	Woman in mining
WPIC	World Platinum Investment Council
WUL	Water use licence
ZCSOT	Zvishavane Community Share Ownership Trust
ZINARA	Zimbabwe National Roads Association
ZIP	Zero incident process
ZRP	Zimbabwe Republic Police

Contact details and administration

Implats Sustainable Development Report 2018 | 95

Registered office

2 Fricker Road
 Illovo, 2196
 Private Bag X18
 Northlands, 2116
 Telephone: +27 (11) 731 9000
 Telefax: +27 (11) 731 9254
 Email: investor@implats.co.za
 Registration number: 1957/001979/06
 Share codes:
 JSE: IMP
 ADRs: IMPUY
 ISIN: ZAE000083648
 ISIN: ZAE000247458
 Website: <http://www.implats.co.za>

Impala Platinum Limited and Impala Refining Services

Head office

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

Impala Platinum (Rustenburg)

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

Marula Platinum

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

Zimplats

1st Floor
 South Block Borrowdale Office Park
 Borrowdale Road
 Harare, Zimbabwe
 PO Box 6380
 Harare
 Zimbabwe
 Telephone: +263 (242) 886 878/85/87
 Fax: +262 (242) 886 876/7
 Email: info@zimplats.com

Sponsor

Deutsche Securities (SA) (Pty) Ltd

Impala Platinum Japan Limited

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

Company Secretary

Tebogo Llale
 Email: tebogo.llale@implats.co.za

United Kingdom secretaries

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

Public Officer

Ben Jager
 Email: ben.jager@implats.co.za

Transfer secretaries

South Africa

Computershare Investor Services (Pty) Ltd
 Rosebank Towers
 15 Biermann Avenue, Rosebank
 PO Box 61051, Marshalltown, 2107
 Telephone: +27 (11) 370 5000
 Telefax: +27 (11) 688 5200

United Kingdom

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

SD Report Auditors

PwC and Nexia SAB and T

Auditors

PricewaterhouseCoopers Inc.
 4 Lisbon Lane
 Waterfall City
 Jukskei View
 Johannesburg
 2090

Corporate relations

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



Impala Platinum Holdings Limited

Tel: +27 11 731-9000

Fax: +27 11 731-9254

investor@implats.co.za

2 Fricker Road, Illovo, 2196

Private Bag X18, Northlands, 2116

www.implats.co.za