

BUSINESS MODEL

IMPACTS OF OPERATING ENVIRONMENT



Macro-economic factors

–

Regulatory environments in South Africa and Zimbabwe

–

Metal pricing, supply and demand

–

Automotive and jewellery markets

–

Environmental stewardship

–

Technology and information

Refer to page 35

INPUTS: OUR CAPITALS

HUMAN

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

FINANCIAL

- Operating cash flow
- Equity funding
- Debt funding

MANUFACTURED

- Mining rights
- Mineral Reserves
- Plant, property and equipment
- Utilities

SOCIAL AND RELATIONSHIP

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

INTELLECTUAL

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

NATURAL

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

The **VALUE CHAIN** element of our Group strategy.



ACTIVITIES

EXPLORATION

MINING

STRATEGIC OBJECTIVES

REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE

OPTIMISE THE VALUE CHAIN

IMPROVE ORGANISATIONAL EFFECTIVENESS

ENHANCE THE COMPETITIVENESS OF THE PORTFOLIO

OPTIMISE THE BALANCE SHEET AND CAPITAL ALLOCATION

PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

FY2019: Refer Remuneration management page 26

FY2020: Refer Target KPIs page 72

1. OPERATING CONTEXT

– Market, SWOT, PESTEL and competitor analysis

Refer to page 35

2. RISK

– Governance

– Management

Refer to page 12

Refer to page 44

What differentiates us:

- Portfolio: favourable opportunity to optimise our ore mix
- Processing capability: IRS toll refining model
- Reduced future capital requirement

PROCESSES



**CONCENTRATING
SMELTING/REFINING**



**SELLING AND
MARKETING**



REHABILITATION

MANAGING KEY RISKS

1. Ability to return Impala Rustenburg to cash neutral/positive position
2. Weak balance sheet
3. Sustained depressed PGM basket prices
4. A significant deterioration in safety performance
5. Zimplats: availability of foreign currency
6. Maintaining our social licence to operate and stakeholder relations
7. Failure to comply with legal and regulatory requirements throughout the value stream
8. Reduced production flexibility and smelting operations at Impala Rustenburg and Zimplats
9. Challenged capacity and efficiencies of management layers at South African operations
10. Security of water supply in South Africa

OUTPUTS

1.5Moz **Platinum**

0.9Moz **Palladium**

0.2Moz **Rhodium**

0.3Moz **Ruthenium**

67.3koz **Iridium**

79.4koz **Gold**

101.2koz **Silver**

16.0kt **Nickel**

10.0kt **Copper**

0.9kt **Cobalt**

**ENVIRONMENTAL
OUTCOMES**

29.0kt **Non-mineral hazardous waste recycled**

411kt **CO₂ direct emissions**

23 146Mℓ **Water withdrawn**

**OUTCOMES
DELIVERING
VALUE**



EMPLOYEES

- R13.7 billion in salaries and benefits
- R485 million invested in training
- TB incidence rate reduced to below 300 per 100 000
- 5 730 employees receive ART treatment

UNIONS

- Stable and constructive relationship enables meaningful discussions on employee matters

COMMUNITIES

- Local to site employment
- Responsible procurement practices

REGULATORS

- Compliance with regulatory requirements
- Focus on developing and maintaining value-enhancing relationships
- No level 4 or 5 environmental incidents
- Unit water consumption decreased to 0.0020Mℓ/milled tonnes
- Integrity of all tailings dams confirmed

**SHAREHOLDERS/DEBT
HOLDERS**

- 244% increase in share price
- Enhance and protect value through the successful restructuring of the Group to return Implats to profitability within the set timeline and the ongoing focus on cost containment and efficiency improvements

CUSTOMERS

Sustainable and reliable delivery of high-quality products

3. STRATEGY AND RESOURCE ALLOCATION

– Business plan

Refer to page 72

– Reserves

Refer to page 92

4. STAKEHOLDER OUTCOMES AND TRADE-OFFS

– Stakeholders

Refer to page 56

– Trade-offs

Refer to page 14

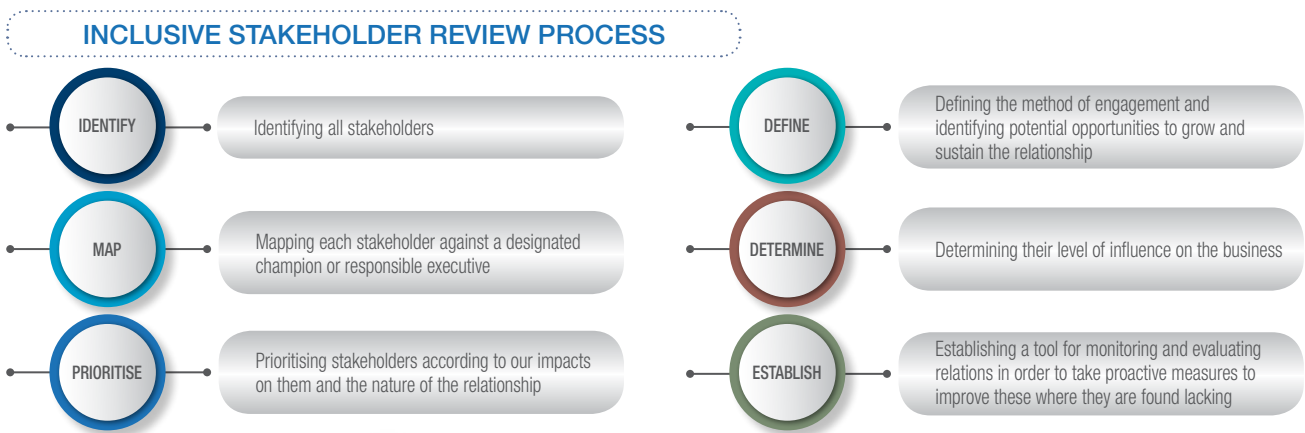
STAKEHOLDER REVIEW AND ENGAGEMENT

Implats recognises the need for an effective stakeholder engagement function, aimed at building and sustaining value-enhancing relations with all key stakeholders to secure and maintain our social licence to operate.

Stakeholders are defined as those people or groups who are interested and affected by our business, as well as those who have a material influence on our ability to create value. Operations are very different. Applicable information has been provided on a per operation basis in the relevant operational review (refer to pages 14 to 128).

Implats' board-approved stakeholder engagement strategy was developed with particular cognisance of 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 and targeted engagements to give practical effect to the strategy.

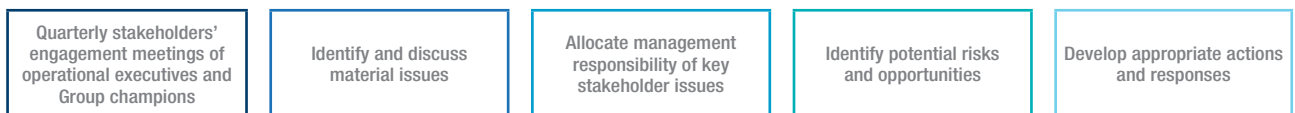
Our inclusive stakeholder review process is depicted as follows:



Implats currently has six priority stakeholder groups (Zone 1), requiring high-level ongoing care and responsiveness to sustain mutually beneficial relations. The priority level (zoning) of the 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 Implats' value-creation goals.

ONGOING ENGAGEMENT	<p>Employees and unions: HR executive, Operations executive</p> <p>Communities: Corporate relations executive, Operations executive</p> <p>Local government: Operations executive</p> <p>Provincial government: Corporate relations executive, Operations executive</p> <p>National government: CEO (assisted by Exco), Chairman of the Implats and Zimplats boards</p> <p>Shareholders/debt holders: CEO (assisted by corporate relations and the CFO), Chairman of the board</p> <p>Customers: Marketing executive</p>
REGULAR ENGAGEMENT	<p>Media: Corporate relations executive</p> <p>Suppliers: CFO</p> <p>Business partners: CFO (assisted by Exco)</p> <p>Industry forums: CEO (assisted by Exco)</p> <p>Financial institutions: CFO</p> <p>Business and financial analysts: Corporate relations executive</p> <p>Board: CEO (assisted by the company secretary)</p>
PERIODIC ENGAGEMENT	<p>Competitors: CEO (assisted by Exco)</p> <p>Emergency services: HSE executives</p> <p>Civil society: Corporate relations executive</p> <p>NGOs: Corporate relations executive</p> <p>Universities and R&D institutions: Technical services executive</p>

Each stakeholder is allocated an executive or champion responsible for managing the relationship with the organisation as outlined below:



The identified material matters and the associated responsibility, risks, as well as consequent actions and responses, are captured in the risk management system to ensure continuous management. The accessible nature of the system enables effective oversight by the executive team.

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

This year, we self-assessed the quality of our relationship with the various stakeholder groups, using a spectrum ranging from weak, cordial and strong. In 2020 and beyond, we aim to build on the objective, quantifiable relationship assessment pilot project for select stakeholders, which we introduced last year.

W – weak **C** – cordial **S** – strong

1 – **10** – Refer top residual Group risks on page 45

M – matter **R** – response

EMPLOYEES AND UNIONS

Nature of engagement

Employee and union material matters are identified through direct and internal communication, workplace forums and regular engagement with union representatives.

JOB SECURITY AMID IMPALA RUSTENBURG RESTRUCTURING **C** **1** **6**

- M** Workforce reductions and job security concerns due to restructuring and potential shaft closures at Impala
- R** A cordial industrial relations climate was maintained, including throughout the s189 process for Phase 1 of the Impala Rustenburg restructuring, concluded in January 2019. A total of 1 329 people exited the organisation and forced retrenchments were limited to 117
- R** Our proactive communications strategy and targeted engagement process to mitigate risk, included:
 - Advancing engagements with union leadership at all levels, with focus on maintaining trust
 - Job-loss avoidance measures including redeployment of employees to vacant positions at the 16 and 20 growth shafts, natural attrition, reskilling, voluntary separation, and business improvement initiatives

Effect on capitals (human; social; financial) **H** **S** **F**

Reducing jobs at Impala Rustenburg will allow us to execute our strategy to restructure Impala Rustenburg, increase financial capital, and create a sustainable business which supports social and human capitals at the expense of human capital employed through job losses and social capital in the communities where we operate.

Outlook

The roll-out of phases 2 and 3 (closing 1 and 9 Shafts and associated overheads) is in progress and we continue to engage with our employees and unions, the government and community leadership.

NEGOTIATION OF WAGE AGREEMENT **C** **1**

- M** Given the wage negotiations with unions at Impala Rustenburg and Marula, which started in July 2019, and recognising the potential for labour unrest, we identified the likely forms of industrial action employees may take and developed mitigating actions in each scenario
- R** We conducted a detailed analysis of internal and external factors that might impact the wage negotiations, to identify key risks to mitigate and monitor. The analysis involved close communication with relevant stakeholders and intensive engagements at all levels with union leadership, particularly with the Association of Mineworkers and Construction Union (AMCU)

Effect on capitals (human; financial) **H** **F**

Constructive negotiation of a new wage agreement will support both Impala Rustenburg and Marula's financial capital-enhancing objective to achieve their FY2020 future operating cost of R25 500 to R26 500 per Pt oz (stock adjusted) of the operational excellence strategy on page 72.

Outlook

We remain optimistic of a constructive wage negotiation process and the implementation of a new wage agreement that benefits employees and secures the financial sustainability of the Group.

EMPLOYEE SAFETY **C** **4** **H** **S**

- M** Despite the renewed focus on safety leadership and mining discipline driving significant improvements in our safety performance and metrics, five work-related fatalities occurred this year
- R** Each of the tragic incidents were subjected to rigorous independent investigation, and learnings shared across the Group, with management actions taken to improve controls and prevent recurrence

Effect on capitals (human; financial) **H** **F**

Safe production and reaching our goal of zero harm will decrease the negative effects of the loss of life and lost-time injuries on human capital, supporting us in the execution of our operational excellence strategy by reducing the s54 and s55 stoppages and improving on production volumes, and therefore financial capital.

Outlook

The failure to identify hazards and a low appreciation for risk are routinely identified as contributing factors in significant and fatal incidents. Our culture change initiatives will assist in building resilient safety leadership and enforcing operational discipline.

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

DEFICIT IN LEADERSHIP COMPETENCIES S 1 9 6

- M** The Group identified deficiencies in leadership competencies, especially in middle and supervisory management, which affected their ability to function effectively in their roles
- R** We defined the leadership competencies we aspire to create and embed across the organisation and developed the “Leading the Implats Way” programme based on the care and growth model, which focuses on people and their development. This has been rolled out across all management

ADDRESSING BARRIERS TO GENDER EQUALITY S 6 6 4

- M** Implats also voluntarily participated in a study by the Commissioner of Gender Equality, which resulted in a report that highlighted areas that posed as barriers to gender equality at Impala Rustenburg
- R** In response to these findings, we took steps to improve our approach to creating an environment conducive to gender equality and address obstacles to the employment, retention and advancement of women which included introducing a gender mainstreaming policy, designing campaigns on sexual harassment, revising graduate programmes for the advancement of women and improved female facilities on our mines

Effect on capitals (human; intellectual) 6 4

Improving leadership capacity and competencies will assist us in repositioning Impala Rustenburg to the lower half of the cost curve and improve operational effectiveness.

Outlook

By empowering our people to “Leading the Implats Way”, we are supporting the transformation towards our desired organisational culture of care and performance, driving organisational success through our people.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH EMPLOYEES AND UNIONS

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Work-related fatalities (own employees and contractors)	Number	The lives and well-being of our employees are of critical importance to Implats.	improved	5	7	8	<ul style="list-style-type: none"> • Eliminate fatalities and reduce levels of injuries; each operation is expected to achieve at least a 10% year-on-year improvement in their LTIFR performance • Build resilient safety leadership and enforce operational discipline • Intensifying supervision on critical activities at the work face
FIFR	Pmmhw	We have a zero tolerance objective	improved	0.047	0.065	0.071	
Skills development spend	Rm US\$m	Investment in development of workforce	reduced reduced	465 1.4	485 1.8	548 1.7	
Women in total workforce in South Africa	%	Promotes diversity in the workplace and enhances female representation in leadership	unchanged	11	11	11	Focus on: <ul style="list-style-type: none"> • Promoting women representation especially at junior management level • Recruiting and retaining HDSAs with critical skills • Reinforcing an environment conducive to gender equality
Managers who are female	%		unchanged	22	22	21	

STRATEGIC OBJECTIVES



REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE



OPTIMISE THE VALUE CHAIN



IMPROVE ORGANISATIONAL EFFECTIVENESS



ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO



OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION



PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

GOVERNMENT

Nature of engagement

Meetings with officials from local, provincial and national government. Compliance audits, Minerals Council South Africa Parliamentary Portfolio committee, Mining Phakisa and Mining Industry Growth, Development and Employment Task Team.

South Africa

ECONOMIC AND SOCIAL IMPACTS OF IMPALA RUSTENBURG RESTRUCTURING    

- M** There are concerns regarding the socio-economic impacts of job losses from retrenchments
- R** We continue to proactively manage the engagement process with government to demonstrate our willingness to work collaboratively with all social partners to mitigate the socio-economic impacts of the restructuring process as far as possible

Effect on capitals (social and relationship) 

Job losses associated with the restructuring of Impala Rustenburg will have an adverse impact on the socio-economic environment of the communities where we operate in the short term and reduce our financial capacity to meet our SLP commitments. The successful delivery of a restructured Rustenburg operation, however, will result in sustainable jobs and SLP contributions in the longer term.

Outlook

We aspire to sustain good relations and engagement processes.

COMPLETION OF SECOND GENERATION SLP COMMITMENTS WITHIN SET TIMELINES    

- M** Impala Rustenburg and Marula will not be able to complete all its SLP commitments within the set deadline on December 2018 due to delays in implementation of certain SLP II infrastructure projects; initially due to late approval of the SLP following community unrest related to the 2014 platinum strike, and in recent years hampered by the Company's financial constraints
- R** To counter this, a s102 application was submitted to extend the SLP implementation period by two years to December 2020

Effect on capitals (social and relationship) 

Job losses associated with the restructuring of Impala Rustenburg will have an adverse impact on the socio-economic environment of the communities where we operate in the short term and reduce our financial capacity to meet our SLP commitments. The successful delivery of a restructured Rustenburg operation, however, will result in sustainable jobs and SLP contributions in the longer term.

Outlook

We await a response to the requested time frame extension.

COMPLIANCE WITH PROVISIONS OF NEW MINING CHARTER   

- M** The new Mining Charter 2018 contains a number of provisions that are cause for concern
- R** We are confident that with the right engagement through the Minerals Council South Africa, notable uncertainties including local content and empowerment requirements and incentives for reindustrialisation will be resolved

Effect on capitals (natural; manufactured; financial; human) 

The new Mining Charter presents positive provisions for human and social capital, and secures our access to natural capital. However, the high cost of compliance with the regulation will have the effect of significantly reducing our ability to generate/acquire the financial capital required to implement our strategic objectives resulting in the long-term depletion of our other capitals.

Outlook

We await the outcomes of the judicial review process and finalisation of the charter.

Zimbabwe

ECONOMIC CHALLENGES IN ZIMBABWE   

- M** Supporting the Zimbabwean government's efforts to revive the economy amid increasing tensions provoked by cash and foreign currency shortages that have impacted the availability of fuel, basic commodities and pharmaceuticals
- R** Following a three-day nationwide strike after the government increased fuel prices, Zimplats put measures in place to ensure the safety of its employees, the protection of assets and the continuation of uninterrupted business operations
 - Our priority has been to address the economic and fiscal policy constraints of the country. Positive developments for the sector include the deferment of the export levy on unbeneficiated PGIMs for a further two years, and the relaxation of the contentious indigenisation policy
 - Zimplats created several opportunities to share the Company's narrative on operations and business initiatives with key stakeholders whose support we require. This included a presentation by the chairman of Zimplats to the President of Zimbabwe on Zimplats' growth trajectory, its contribution to the economy and the community

Effect on capitals (social and relationship; human; financial) 

The economic challenges in Zimbabwe have a direct impact on the social and financial well-being of our employees and the communities in which we operate. It strains access to financial capital and the ability to produce while also pressuring operating costs and access to state-supplied resources such as electricity.

Outlook

We will maintain ongoing targeted engagements with the leadership of the Zimbabwean government to promote value-enhancing relations.

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH GOVERNMENTS

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Environmental incidents							
• Level 3**	Number	Indicators of efficient use of our scarce natural resources, which are shared with the other stakeholders	deteriorated	23	22	32	Principal focus areas for 2020: Environmental management <ul style="list-style-type: none"> Implement remediation plans to address environmental non-compliances Maintain environmental authorisations with all relevant regulatory authorities Water management <ul style="list-style-type: none"> Progress towards statutory compliance with amended water-use licences Develop dynamic water balance models Continue engagement with authorities to meet regulatory expectations Increase percentage of water recycled and reduce volume of water withdrawn Air quality management <ul style="list-style-type: none"> Minimise emissions and meet permit conditions Targeted emissions implemented at Impala Rustenburg and Impala Springs are implementing to comply with 2020 air emissions standards Drive reductions in SO₂ ground level concentrations at Zimplats by redirecting emissions through stack during furnace improvements
• Level 4 or 5	Number		unchanged	0	0	0	
Unit water consumption	K/tonne milled		improved	2.05	2.10	2.30	
Total direct SO ₂ emissions	Tonnes		increased	29 635	28 266	23 067	
Total CO ₂ intensity	tCO ₂ /t milled		deteriorated	0.20	0.18	0.2	

** Levels 3, 4 and 5 represent limited, significant and major impact environmental non-compliances respectively.

STRATEGIC OBJECTIVES



REPOSITION IMPALA TO THE LOWER HALF OF THE COST CURVE



OPTIMISE THE VALUE CHAIN



IMPROVE ORGANISATIONAL EFFECTIVENESS



ENHANCE THE COMPETITIVENESS OF OUR PORTFOLIO



OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION



PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

COMMUNITIES

Nature of engagement

Community leadership engagement meetings, community trust meetings, one-on-one meetings

EMPLOYMENT, PROCUREMENT, SOCIAL INVESTMENT AND SUPPLIER OPPORTUNITIES C 6 🏠

M There is an increasingly disproportionate community reliance on the organisation for employment, procurement and social investment opportunities. Restructuring at Impala Rustenburg has also impacted employment levels and recruitment (20 people recruited from local community – a 14% decrease year-on-year). This is exacerbated by the shortage of critical skills in the mine communities

R To address this, the organisation invests in skills development initiatives that make members of local communities employable and promotes employment through local procurement practices and social projects (627 jobs created). In 2019, we increased local host community procurement (Tier 1) spend by 23% to R1.6 billion at Impala Rustenburg and by 82% to R70 million at Marula

Effect on capitals (social and relationship; financial) 🏠 🏠

The broader economic challenges facing South Africa coupled with Implats' immediate priority to restructure its Impala Rustenburg operations have reduced our short-term capacity to financially invest in our social and relationship capital.

Outlook

Impala has a policy of employing individuals from communities close to its operations where possible and will continuously develop community members and identify opportunities for entrepreneurs in the mine lease area.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH COMMUNITIES

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Community development spend:							Looking to the years ahead, we plan to: <ul style="list-style-type: none"> • Commit to working with social partners to address community concerns to the extent possible within our financial means • Implement Impala Rustenburg and Marula third generation SLPs • Develop high-impact commercial livestock development project at Zimplats • Zimplats continues engagement with CSOT and the Zimbabwean government on processing 10% of Zimplats equity for the community
• South Africa	Rm	Maintaining our social licence to operate and contributing to the development of our host societies	reduced	86	137	106	
• Zimbabwe	US\$m		reduced	3.8	5.9	2.2	
Total local procurement:							
• South Africa*	Rbn		improved	1.7	1.4	1.1	
• Zimbabwe	US\$m		reduced	329	341	350	

* Tier 1, local to site spend.

STAKEHOLDER MATERIAL MATTERS AND THEIR EFFECT ON CAPITALS

CUSTOMERS

Nature of engagement

Tender and contract processes, supplier forums, one-on-one meetings, industry forums, customer feedback and reputation surveys

BEING A REPUTABLE AND RESPONSIBLE SUPPLIER OF HIGH-QUALITY PGM PRODUCTS THROUGH INNOVATION



M Customer custodianship is a multi-faceted issue, governed by several policies, procedures and 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 based on product quality, reliability of supply, and a willingness to adapt to changing customer needs

R Strategic review meetings held for both the World Platinum Investment Council (WPIC) and the Platinum Jewellery Development Association (PJDA, holding company for PGI) during February 2019. The meetings were to identify gaps in the current strategies and to formulate a way forward

- Meetings were also held with several customers to maintain positive relations. This included hosting the CEOs and presidents of our major Japanese customers

Effect on capitals (financial; social; intellectual; manufactured)

Remaining a reputable and responsible supplier means that we retain the ability to deliver our products by successfully executing on the Impala Rustenburg restructure and optimising our value chain strategies.

We employ financial capital to contribute to the development of platinum demand by supporting the Platinum Guild International (PGI), World Platinum Investment Council (WPIC), Platinum Jewellery Development Association (PJDA) and International Platinum Association (IPA) through marketing spend and the development of intellectual capital needed to grow new markets and formulate a way forward for the platinum industry.

Outlook

The demand for our metal remains strong.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH CUSTOMERS

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2018		2017	Relationship enhancing actions
				2019	2018		
Implats brand image rating	percentage	The quality of our relationships with our customers is a key driver of revenue	unchanged	n/a	96	n/a	Continue to: <ul style="list-style-type: none"> • Track and respond to customer feedback • Keep customers informed of any possible supply disruptions due to industrial action • Track measure of our effectiveness – undertake a customer satisfaction survey every two years • Retain our certificate of quality (ISO 9000)
Customer complaints	number		unchanged	n/a	16	n/a	
ISO 9001 certification			unchanged	retained	retained	retained	

^ Based on bi-annual customer satisfaction survey that was last performed in 2018.

STRATEGIC OBJECTIVES



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OPTIMISE BALANCE SHEET AND CAPITAL ALLOCATION



PROTECT AND STRENGTHEN OUR LICENCE TO OPERATE

SHAREHOLDERS AND INVESTOR COMMUNITY

Nature of engagement

Roadshows, results presentations, investor conferences one-on-one meetings

FINANCIAL PERFORMANCE AND IMPLEMENTATION OF STRATEGIC REVIEW S 1 2 3 4 5 6 7

- M** Ability to generate positive returns on investment in a sustainable manner – with specific interest in:
 - Our balance sheet strength
 - The Group’s ability to implement the Impala Rustenburg turnaround strategy
 - Cost containment to achieve operational efficiencies
 - Compliance with regulatory requirements and maintaining our social licence to operate
- R** The responsive measures and consequent outcomes include:
 - Finalisation of the Implats capital allocation framework
 - Securing facilities and flexibility to manage liquidity over the short to medium term
 - Rigour and conservatism around monthly forecasting and over budgeting process
 - Ongoing monitoring of covenants and headroom to ensure availability of facilities over the strategic review implementation period
 - Ongoing review of actual and forecast cash prioritisation of spend including optimisation of Group cash balances and debt
 - Ongoing cost control

Capital impact: All capitals

The financial result and increase in financial capital for shareholders is the result of the combined use of all capital inputs in a responsible manner, resulting outcomes from our processes, applying our strategies towards managing risk, exploiting opportunities and producing outputs.

Outlook

- Despite improved market outlook, Implats remains committed to its long-term strategic intent to favour value over volume, embed operational improvements and build sustainability by consistently producing in a safe, productive, responsible and profitable way
- Focus in FY2020 will be on advancing the phased restructuring of Impala Rustenburg while taking advantage of the operational improvements realised over the past year and maintaining delivery from all other Group operations
- Project focus will be centred on 20 Shaft, ensuring that the continued commitment to invest and operate is matched with improved project delivery and accountability
- Organisational effectiveness and stakeholder engagement remains key to navigating the successful conclusion of wage agreements and the planned reduction in Implats’ workforce in a socially responsible way, while limiting the potential for operational interruptions
- In Zimbabwe, efforts to maintain open and constructive engagement with the government will continue amid a changeable economic and political environment

GOVERNANCE, DISCLOSURE AND CONTRIBUTIONS TOWARD ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

RELATED MATTERS S 6 7 10

- M** In recent years, the sustainable development agenda has been gaining ground, with investors and other stakeholders increasing their focus on environmental, social and governance issues
- R** Implats is highly rated among its peers in demonstrating socially and environmentally responsible practices and good governance (ESG indicators), and is committed to making lasting positive contributions to the communities around our operations by:
 - Developing our understanding of how we can optimise our contribution towards the attainment of the United Nations Sustainable Development Goals (SDGs) (refer page 66)

This work builds on our ongoing commitment to the UN Global Compact and its 10 principles.

PERFORMANCE AFFECTING RELATIONSHIP QUALITY WITH SHAREHOLDERS AND INVESTOR COMMUNITY

Key performance indicator	Measurement	How it affects our ability to create value	Year-on-year change	2019	2018	2017	Relationship enhancing actions
Shareholders and bondholders							
• Dividends per share	(cents)	Returns to shareholders	unchanged	0	0	0	To enhance and protect value for our providers of financial capital we aim to: <ul style="list-style-type: none"> • Successfully implement the strategic restructuring of the Group to return Implats to profitability within set timelines • Continue to implement cost containment and other operational efficiencies
• Market capitalisation	Rbn		improved	50	14	27	
Basic headline earnings/(loss) per share	(cents)	Indicator of performance	improved	423	(171)	(137)	

OUR OUTCOMES

IMPACT ON CAPITALS

RESPONSIBLE INVESTMENT – IMPLATS HIGHLY RATED AMONG ITS PEERS

The sustainable development agenda has gained ground, with an increasing number of investors and asset managers focusing on responsible investment. Disclosure concerning environmental protection, social responsibility and corporate governance (ESG) assists investors in making a more holistic assessment of the sustainability and impact of investee companies on society and the environment. Periodically, Implats has its performance reviewed by ESG analysts and is an ongoing constituent of the FTSE/JSE Responsible Investment Index Series, designed to identify South African companies that demonstrate socially and environmentally responsible practices and good governance. In the 2018 Index, Implats scored an overall ESG rating of 4.2 out of 5, versus the platinum and precious metals subsector average of 3.3 out of 5. In striving to improve our rating beyond that of subsector peers, we remain committed to improving our safety performance and meeting targets set for a reduction in greenhouse gas emissions. The next assessment will be in December 2019.

FTSE INDEX 2018
Impala Platinum versus subsector and industry averages



Source: FTSE Responsible Investment Index.

Safety and health

	2019	2018	2017
Work-related fatal injuries (number)	5	7	8
All injury frequency rate (Pmmhw)	12.73	12.86	14.11
New noise-induced hearing loss (NIHL) cases (+10% shift) (number)	64	102	88
Number of HIV-positive employees known to be receiving antiretroviral treatment	5 730	5 771	5 002
Annualised TB incidence rate per 100 000 population	323	530	519

A zero harm environment and healthy workforce safeguards our human capital, enables us to achieve the target KPIs within our strategy for operational excellence, strengthen our social licence to operate, and contributes to the attainment of SDG 3 (see page 66).

People

	2019	2018	2017
Gini coefficient	0.25	0.27	n/a
Gender diversity: managers who are female in South Africa (%)	22	22	21
Gender diversity: women in workforce in South Africa (%)	11	11	11
Historically disadvantaged South Africans (HDSAs) in management (%)	59	57	54

A diverse and inclusive workforce enhances our social, human and intellectual capitals and drives our organisational effectiveness and contributes to SDG 4.

Social

	2019	2018	2017
Socio-economic development spend in South Africa (Rm)	86	137	106
Socio-economic development spend by Zimplats (US\$000)	3 800	5 967	2 235
Total discretionary procurement spend in South Africa (Rbn)	9.2	9.1	8.7
Procurement: BEE expenditure in South Africa (Rm)	6.8	6.7	6.7
Expenditure with local indigenous suppliers (51% indigenous ownership) by Zimplats (US\$m)	124	112	80

Investing in our communities is critical to maintaining our social licence to operate and social and relationship capital, which serves an enabler for the effective employment of our other capitals. Current market conditions have, however, limited our capacity financially to invest in this capital in the short term.

IMPACT ON CAPITALS

Implats spent R41.8 billion on cost of sales and R223 million on cash taxes to stakeholders in the Company.

The impact of our operating spend on our social capital is depicted below.

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

Category	Mining Charter target (%)	2019	
		R billion	%
Capital	40	0.7	67
Consumables	50	3.1	80
Services	70	3.0	70
Total operations		6.8	74

Environment

	2019	2018	2017
Energy consumption (GJ000)*	16 863	16 201	17 316
Energy intensity (GJ/tonne milled)	0.87	0.84	0.94
GHG emissions (Mt CO ₂ -equivalent)*	3.42	3.06	3.19
Total direct CO ₂ intensity (t/tonne milled)*	0.1966	0.1779	0.1761
Total water withdrawn (Mℓ)*	23 146	23 530	23 530
Percentage water recycled (total water recycled Mℓ/total water consumed Mℓ)	42	45	46
Number of level 3 to 5 environmental incidents	23 level 3	22 level 3	32 level 3

* For details on measurement, refer to pages 113 to 116 of the SD report.

Our operations have the unintended outcome of water and air pollution which have a negative impact on our natural capital, impairs our social licence to operate and compromises the sustainability of our operations and shared natural resources. Efforts to reduce these impacts will work to achieving the KPIs for ESG excellence.

Stakeholder value creation refers to the creation of value over the short, medium and long term for all stakeholders. Efforts relating to stakeholders on a targeted or individual basis results from stakeholder management strategies, however, delivering on **Group strategy**, importantly, increases the overall value of all the available outcomes measured on a value per stakeholder basis by growing the total wealth in which stakeholders share and increasing the size of the proverbial "pie" from which value is derived.

As can be seen from the Group value added statement depicted below, in the current environment, R43.4 billion value has been distributed to various stakeholders and R3.2 billion of shareholder value was retained in the business.

Distribution of financial capital

	2019 Rm	2018 Rm	2017 Rm
Value distributed	43 444	32 712	34 726
Consumables, services and metal purchased	(25 015)	(18 146)	(20 258)
Labour and other*	(13 695)	(12 981)	(12 495)
Finance cost	(1 041)	(1 006)	(713)
Value retained for shareholders/(diminution in shareholders' value)	(3 222)	1 114	983
Other	(471)	(1 693)	(277)

* Including labour cost capitalised.

Implats taxes paid directly to government by category and country#

	South Africa Rm	Zimbabwe Rm
Corporate income tax	288	202
PAYE	1 711	274
Royalties	128	283
Other:		
– UIF	111	–
– SDL	97	–
Total	2 336	1 165

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

The outcomes of our financial capital is the result of the use of our capitals within our operating context and through our chosen strategies.