

GAZ					93% Up		
110400							
96800	78					26,80	25
82600	668					32,00	31
						38,60	37
101500							
10400	90500			2350			
96800	78900	63000	50600	38600			
82600	66800	53300	42000	30600			
					34,10	27,70	26,80
					40,50	33,00	32,00
						39,50	38,60
							37
122300	99200	79500	62800	48750			
9900	109200	88100	70300	55200	42600		
300	95200	70300					

# ENTERPRISE DEVELOPMENT FACT SHEET



“Preferential procurement and investments in enterprise and supplier development provide important opportunities for promoting social and economic transformation in South Africa.”





## 3 Promoting transformation through procurement

Supporting local and black-owned businesses through preferential procurement is an important part of Implat's contribution to promoting transformation.

### Implat undertakes the following activities

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

### Achievements

- This year, total South African operations discretionary procurement was R7.6 billion (2014: R7.9 billion), of which 72%, or R5.4 billion, was from companies in which BEE ownership was greater than 25%.
- Included in the overall discretionary procurement spend of R7.6 billion was R1.6 billion for capital goods.
- Included in the cost of sales was total discretionary spend of R6.1 billion, of which 75% was spent with suppliers having BEE ownership of greater than 25%.
- The consumables category recorded 77% and the services category 73% (2014: 72% on consumables and 72% on services).
- Although overall discretionary procurement was slightly (4%) lower than the previous year, the BEE procurement spend was increased by 6% to R5.4 billion.
- Included in the R5.4 billion BEE procurement was R1 billion from 272 black-owned suppliers (>50% black ownership).
- Capital expenditure has reduced year on year in line with the reduction of capital projects. It remains a priority to increase the number of black-owned suppliers into Implat's supply chain. This year 80 suppliers contributing to R0.6 billion of the BEE procurement from companies with black-ownership levels of between 40% and 50%.
- Overall our performance was very good in the key Mining Charter elements of capital goods, consumables and services against the 2015 targets.

## 4 Promoting procurement through local development

Enhancing procurement opportunities, specifically in neighbouring communities, is important in creating sustainable communities, improving community relations and advancing local economic development.

### Achievements

- Implat's efforts in stimulating sustainable local procurement have been enhanced by the positive working relationship enjoyed with Royal Bafokeng Enterprise Development, who have assisted in identifying local community suppliers that are ready to conduct business.
- In 2015, Implats spent R2.6 billion on procurement from local tiered suppliers (all >25% BEE), constituting 34% of the total discretionary procurement spend (2014: R2 billion or 26%).
- Implats has encouraged some of our existing large contractors to support small tier 1 contractors, for example by appointing them as sub-contractors.
- As part of Implat's drive to support local job creation, the company has been successful in encouraging a number of its suppliers to commit to moving part of their manufacturing process closer to the mine lease area.



*Right: Mama Ntsimane,  
a member of Kgolagano  
Primary Agriculture  
Co-operative.*



## Preferential procurement, enterprise and supplier development (ESD) focus for 2016 and beyond

- Implats will align the ESD strategy with the existing preferential procurement policy to address the requirements of the revised codes of good practice, aiming for implementation across the South African operations.
- Increased focus on developing a localised supplier base to positively impact employment and economic activity at various South African operations while satisfying B-BBEE and Mining Charter requirements.
- Make an impact on black-owned and black-women-owned enterprise spend through broadening the supply base and spend shift strategy.

2016

### 2015 localisation initiatives that were concluded

- The establishment of joint venture agreements with local entrepreneurs from the local community areas holding significant amounts of shares in the newly incorporated companies.
- Existing large contractors to support small tier 1 contractors, for example by appointing them as sub-contractors.
- Existing contractors committing to fill vacancies with youth members from the local communities.
- Suppliers committing to moving part of their manufacturing processes closer to the mine lease area.

