

## Our scope/approach to reporting

### Our vision

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

### Our mission

To safely mine, process, refine, recycle and market our products at the best possible cost ensuring sustainable value creation for all our stakeholders.

### Our values

#### We respect

- ▷ all our stakeholders, including:
  - shareholders
  - employees and their representative bodies
  - communities within which we operate
  - regulatory bodies
  - suppliers and customers
  - directors and management
  - all other interested and affected parties
- ▷ the principles of the UN Global Compact
- ▷ the laws of the countries within which we operate
- ▷ Company policies and procedures
- ▷ our place and way of work
- ▷ open and honest communication
- ▷ diversity of all our stakeholders
- ▷ risk management and continuous improvement philosophies

#### We care

- ▷ for the health and safety of all our stakeholders
- ▷ for the preservation of natural resources
- ▷ for the environment in which we operate
- ▷ for the socio-economic well-being of the communities within which 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 stakeholders
- ▷ quality products that meet or exceed our customers' expectations

## About our 2013 integrated annual report

This integrated annual report, compiled for Impala Platinum Holdings Limited (Implats) and its subsidiaries, provides information relating to governance practices and performance for the financial year 1 July 2012 to 30 June 2013. In addition information regarding strategy and prospects is provided. The integrated annual report is the responsibility of the Company's directors.

This is Implats' fourth integrated annual report. It has been produced in line with the recommendations of the South African Code of Corporate Practice and Conduct (King III), and draws on the guidance provided in the Discussion Paper, Towards Integrated Reporting, issued by the International Integrated Reporting Council (IIRC).

The report seeks to provide a concise and balanced account of performance over the reporting period, and of the approach taken to address those social, economic, environmental and governance issues and risks that have a material impact on the long-term success of the business and that are important to key stakeholders. The process for identifying the issues that we regard as being most material to Implats in 2013 is described on pages 32 to 33.



#### Feedback

We welcome your feedback to make sure we are covering the things that matter to you. Go to [www.implats.co.za](http://www.implats.co.za) or email [investor@implats.co.za](mailto:investor@implats.co.za) for the feedback form, or scan the code above with your smartphone.



While the report is targeted at existing and prospective stakeholders who wish to make an informed assessment of the Group's ability to create and sustain value, it focuses primarily on meeting the needs of shareholders, analysts and investors. Additional information is provided in separately available annual financial statements, mineral resource and mineral reserve statement, and sustainable development report. This report contains abridged financial information which was compiled in accordance with the JSE Limited's requirements for summary financial statements and the requirements of the Act as applicable to summary financial statements.

In this report production is reported in terms of platinum and platinum group metals (PGMs), which include platinum, palladium, rhodium, ruthenium and iridium as well as gold; when included these are referred to as 6E. Both historical and forward looking data is provided. Unless otherwise stated, information in this report is primarily for the year ended 30 June 2013, except for that relating to physical metals markets, which is provided by calendar year.

There has been no significant change to the organisational structure, nor were there any significant restatements of data during the year. Data restatement has been indicated. Certain statistical information is provided for comparative purposes for up to 10 years (financial years 2004 to 2013). Information in the report covers all subsidiary, joint venture and investment companies over which the Group has direct control and for which it sets and implements policy and standards. For sustainability elements, information relating to managed operations is disclosed, while that for joint ventures and associates is excluded. Where information is attributable to Implats it is highlighted. In all cases, US\$ or dollar refers to the US dollar.

## Board approval

The board acknowledges its responsibility for the integrity of this report. The directors confirm they have collectively assessed the content and believe it addresses the material sustainability topics and is a fair representation of the integrated performance of the Group. The audit committee, which has oversight responsibility for the integrated annual report, recommended the report for approval by the board of directors. The board has therefore approved the 2013 integrated annual report for release to stakeholders.

## Forward looking statements

This integrated annual report contains certain forward looking statements with respect to the financial condition, results, operations and businesses of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

### How to navigate your way through our integrated report:

These icons show you where you can find related information, and in which report you will find it.



This icon tells you where you can find more information online on [www.implats.co.za](http://www.implats.co.za)



**Mineral resource and mineral reserve statement**



**Annual financial statements**



**Sustainable development report**

## Chairman's statement

### Dear Stakeholder

In my letter to you last year, I wrote that “the mining sector finds itself in its most turbulent state since the onset of democracy in 1994.” Given the challenges of last year, I argued that I could think of few times when good leadership was more sought after – for our industry, our country, our region and the world at large. At the time, the events we had been witnessing reaffirmed my belief that our ability to create value for our stakeholders required us to be particularly attuned to the rapidly changing social context, and especially responsive to the aspirations of our stakeholders.

One year later, and each of these sentiments is more relevant now than it was then, with the South African platinum sector facing a combination of market, operational and societal challenges that potentially threaten the future viability of the industry. Responding appropriately to these challenges – many of which are of a structural and systemic nature – will require a collective effort, underpinned by strong leadership from business, government and labour, and informed by a sound appreciation of the underlying causes. The events leading up to and after Marikana have made it very clear that we will not make progress in addressing these challenges unless business, the investment community, government and labour adopt a new idiom of conversation based on mutual trust, with each party acknowledging the valuable role the other parties play in the social dynamic. This will require that each of us be willing to question some of the fundamental assumptions and beliefs that we may have long taken for granted. This won't always be easy, but is an important step forward in realising the common goals we hope to achieve.

### The challenging business context

In many respects the events we have seen in the past 12 months constituted a perfect storm, both for the global mining industry in general and the South African platinum sector in particular. Globally, net profit for the top 40 mining companies was down almost 50% as a result of decreasing commodity prices, and escalating costs and reduced productivity. In the global platinum market, we have seen static platinum group metal (PGM) basket prices due to higher than average stock levels, accompanied by continuing cost pressures and significantly reduced margins.

In South Africa, these tough market conditions were compounded by reduced productivity and the operational and societal challenges facing the platinum sector, characterised in particular by the unprecedented levels of violent strike action that had significant human and financial costs for mining companies, neighbouring communities and the country. As platinum producers, we

are confronted with continuing challenges associated with the changing industrial relations environment, the increasing cost of skills and resources such as energy and water, the declining quality of supporting infrastructure, and the ongoing uncertainty regarding key aspects of the mining regulatory regime. In a country where unemployment and poverty are high, and where service delivery by local government has been slow, the industry has seen heightened expectations from neighbouring communities and host governments to deliver jobs and essential services.

Balancing the expectations of government and communities against the need to provide investors with a return on their investment, presents us with a particular challenge. If we get this balance wrong, then all parties will lose value; if we get it right, then we will benefit collectively. This report, our fourth integrated annual report, describes how Implats seeks to strike this balance by outlining our strategic approach and our performance in terms of creating, sustaining and sharing value.

### Understanding the societal context

Superficially, an immediate cause of the labour unrest permeating the sector last year was a failure in communication – between management and mine employees at mine level, between union members and their leaders at a secondary level, and between union leaders and business leaders at the highest level. This breakdown was itself as a result of the exposed weaknesses in the majoritarian labour system, as well as the impact of the rivalry between the established and emergent trade unions.

The causes, however, run deeper than this. They are rooted in the country's history and in the social problems that are a legacy of the migrant labour system: the poor housing conditions in the mining areas, the persistent illiteracy plaguing migrant labourers, and the high level of indebtedness associated with supporting multiple households. All of these challenges are exacerbated by the inequality between rich and poor, and the increasing costs of food, energy and water. This has given rise to communities and individuals who understandably feel increasingly helpless, frustrated and angry.

As a business we have both a moral obligation, and a fiduciary responsibility to find solutions to these challenges. Given the nature and extent of the challenges, it is clear that we cannot focus narrowly on meeting short-term shareholder interests alone. For our company to survive and prosper, and to deliver sustained returns to our investors, our corporate strategy must seek meaningful

Dr Khotso Mokhele

A portrait of Dr Khotso Mokhele, a middle-aged Black man with a short beard and mustache, wearing a dark suit, a light blue shirt, and a yellow patterned tie. He is standing against a plain white background.

**“The events leading up to and after Marikana have made it very clear that we will not make progress in addressing the challenges facing the mining sector unless business, the investment community, government and labour adopt a new idiom of conversation, based on mutual trust.”**

## Chairman's statement continued

value creation for all our stakeholders. For us to do this, we will need the active engagement and commitment of all our stakeholders – including in particular, government, our employees, representative unions, our business peers and the investment community – to develop a business environment that is conducive to sustainable and long-term value creation.

### Transforming the business model

In seeking to adjust to the changing context, we need to recognise that while many things have changed in the last decade or so, there is much that has not yet changed, particularly when it comes to people issues. The industry is still predominantly using labour-intensive manual mining methods relying on poorly educated individuals who perform manual tasks that offer limited opportunities for personal development and career progression. Across the industry, most of these workers still do not reside with their primary families in decent formal accommodation; and many of these workers retain their traditional links with the rural areas from which they originate. If our business is to prosper, we need to move away from an industry mentality where people are largely being seen and treated as units of production.

As we seek to make these changes, it is important however that we do so in a climate where all stakeholders recognise the crucial contribution of the mining sector to its host economies. Factors that constrain our ability to survive – such as an uncertain and inconsistently applied legislative framework, inadequate infrastructure, or pay demands that are out of sync with improved productivity and market realities – will significantly undermine our broader contribution. At the same time, business (and the shareholders who invest in us) must recognise that protecting the profitability of the mining sector cannot come at any cost. While it is true, for example, that without a viable platinum sector there will be very limited economic activity in Rustenburg; it is similarly the case that without a viable local community and a robust social fabric it will not be possible for us to mine platinum. The importance for us as a company to engage with our stakeholders in finding and implementing solutions that create shared value has never been clearer.

### Our performance

In his CEO review, Terence Goodlace provides a detailed overview of our performance for the financial year. Without wishing to duplicate any of this, I would like to reflect very briefly on our performance in four priority areas: our financial performance, our response to the challenging industrial relations climate in South Africa, safety, and our activities relating to indigenisation in Zimbabwe.

The impacts of the challenges I spoke about earlier are clearly reflected in this year's disappointing financial performance. This has been driven primarily by lower production from our Impala operations, as well as increased labour and energy costs. Reflecting a trend that is broadly similar across the sector, our share price ended the financial year at R93, down from R135 per share at the beginning of the reporting period. Headline earnings per share decreased by 52% from 685 to 330 cents per share. While this is obviously disappointing, and while I do not foresee the market trend to change significantly in the year ahead, I believe strongly in the underlying fundamentals for PGMs, and in the valuable role that these metals will play into the future. It is thus important that we continue to make capital investments with the aim of maintaining and increasing volumes over the long-term.

With this in mind, a significant development this year was the launch of a dual offering of US\$500 million (in rand and US dollars) senior unsecured convertible bonds due in 2018. The proceeds from this offering will be used primarily to fund major capital projects at Impala. I am confident that the significant capital investments that we are making in our new shafts are justified given the longer-term fundamentals of the global PGM market and will greatly enhance our long-run competitiveness.

For these capital projects to deliver, however, it is critical that we recapture the hearts and minds of our employees, and that we respond appropriately to the changing industrial relations environment in South Africa. We are committed to institutionalising a new, more open, and more democratic industrial relations dispensation with direct engagement between employees and management. Employees are recognised and respected as equals, based on a culture of trust and respect. I believe that the conclusion in July 2013 of a new recognition agreement with AMCU for our Rustenburg operations provides an important foundation for us to deliver on this commitment, and to foster a much more constructive and collaborative relationship between management and employees.

Underpinning any efforts aimed at recapturing the hearts and minds of our employees is the need to prioritise safety. While we still have some way to go to reach our target of zero harm, it has been encouraging to see the very positive progress that we have made this year under difficult circumstances. Although our strategy remains strongly focused on developing an appropriate safety culture, we have recognised the need to complement this approach with a substantial investment in technical measures aimed at minimising safety risks in our mines. I believe that the returns on this investment and on our training initiatives are

already being realised, with a 25% improvement in our fatal injury frequency rate and a 15% improvement in our lost-time injury frequency rate. There has been particular progress from our focus on preventing fall of ground incidents, with no fatalities resulting from such incidents this year.

I welcome the political certainty that was brought about by the recent elections in Zimbabwe and remain optimistic that, given the Group's commitment to indigenisation, ongoing engagements will result in a solution that will be acceptable to all.

### **Looking to the future: cause for optimism?**

In my statement in last years report I expressed concern that “the optimism that must be one of the major prerequisites for a prosperous future of any nation is being tested in our country”, and I highlighted the critical need for good leadership from the governments in both South Africa and Zimbabwe. It was exactly good leadership that was provided by deputy president of the country, the ministers of finance, mineral resources and labour, the leadership of the mining sector, including the Chamber of Mines and the labour leadership that resulted in the 2013 wage negotiation season being free of the customary violence and destruction of property.

I believe that every nation gets the future it deserves, but I believe also that it is within its control to craft its own future. We have it within our power to create the future we want. It is imperative that we as business leaders do not become spectators, watching as the countries in which we operate struggle to deal with the profound challenges that they are facing. As business, we constantly need to ask ourselves what we can do – in partnership with others – to craft this future.

### **Appreciation**

In closing, I express my sincere appreciation to my fellow board members for their advice and support during the challenging times that the board and the Company have faced during the year under review. Their diversity of experience and views has proved exceptionally valuable.

During the year there have been various changes to the composition of the board. Mr AS Macfarlane joined the board as an independent non-executive director on 1 December 2012 and Mr PW Davey joined us in the same capacity with effect from 1 July 2013. Both Mr Macfarlane and Mr Davey bring to the board strong technical expertise and I look forward to their contribution going forward.

In August 2013, Mr OM Poe and Mr TV Mokgatla both resigned as non-executive directors representing Royal Bafokeng Holdings (RBH). It is my pleasure to welcome, in their stead, Ms A Kekana (CEO, RBH) and Mr B Nagle (Head of Investments: South Africa, RBH). Mr Poe had been appointed as alternate director to Ms Kekana, but resigned from this position on 19 September 2013. Mr Mokgatla has accepted the board's invitation to join the Company as an independent non-executive director. Ms Kekana and Mr Nagle bring valuable experience in their new positions, and I look forward to working with them in the years ahead. I wish to place on record my sincere appreciation to Mr Mokgatla and Mr Poe for their contribution during their tenure as non-executive directors.

It is a particular pleasure to work with Mr Terence Goodlace, who took over as chief executive officer on 1 July 2012. During his year at the helm we have benefited significantly from his deep knowledge and experience in the mining sector, and from his strong commitment to safety and the promotion of a culture of trust, respect and care in the Company. I am confident that under his leadership, the Company will continue to generate value for all our stakeholders.

Finally, I wish to thank all our employees who continue to contribute to the success of the Company during these difficult times.

**Dr Khotso Mokhele**  
*Chairman*

# The year in perspective – salient events

## October 2012

### A wage adjustment

Implats implements a market adjustment for its South African employees adding 4.8% to its wage bill. This followed a commitment to conduct a full wage benchmarking exercise. The adjustment succeeded in stabilising the then volatile labour environment.

### Calls for peace, order, and stability in union/worker relationships

Implats urges all role-players to focus on reducing tensions in the industry. By ensuring peace, order and stability, mines and mining communities create an environment for safe production.

# 2012

## 1 July 2012

**Implats appoints a new chief executive officer to improve safety and operational performance**



## December 2012/January 2013

### Mimosa commits to indigenisation

Implats announces that its 50% held subsidiary, Mimosa, had concluded a non-binding termsheet for a proposed indigenisation implementation plan (“IIP”) with the Government of Zimbabwe.

### Zimplats reiterates commitment

In January 2013, Implats signs a non-binding termsheet with the Government of Zimbabwe to similarly sell 51% of Zimplats to specified indigenous groupings demonstrating its commitment to meeting the government’s indigenisation objectives.

## 9 November 2012

**Refineries achieves 9 million fatality-free shifts**



## 13 December 2012

**Impala number 1 Shaft achieves 6 million fatality-free shifts**

## January 2013

**Implats delivers new Rustenburg school**

Implats together with the North West Department of Education and the Impala Bafokeng Trust, funded and built the Sunrise View Primary and Secondary School in Rustenburg.

The project, which included the design and construction of a combination primary and secondary school, has a budget of R86 million of which a total of R58 million has been spent to date. The primary school opened its doors on 9 January 2013 and has already enrolled 800 pupils at the new facilities. The secondary school has been constructed and will open in January 2014.



## February 2013

### Implats successfully launches convertible bond

Implats issues rand and dollar bonds equivalent to US\$500 million to ensure that it has the ability to continue funding its critical capital projects.



## June 2013

### Implats continues to invest in housing

The second development in Implats' housing programme, Platinum Village, was initiated in Rustenburg in 2012. A total of R166 million was spent on this project in 2013 and the first proud homeowner, an electrical artisan working at 9 Shaft, took ownership of his home on 7 June.

## July 2013

### New recognition agreement with AMCU

Impala signs a new recognition agreement with AMCU laying the foundation to advance the election of shop stewards for wage negotiations and to progress the health, safety and environment agreement.

# 2013



## 21 June 2013

### Impala commissions a new shaft in South Africa

The new 16 Shaft complex ensures that Implats remains in an excellent position to benefit from the long-term PGM market fundamentals, specifically in an industry in which the supply side is being constrained by a lack of investment. This will also secure jobs for 6 500 people that are currently employed at the older generation Rustenburg shafts.

## 26 March 2013

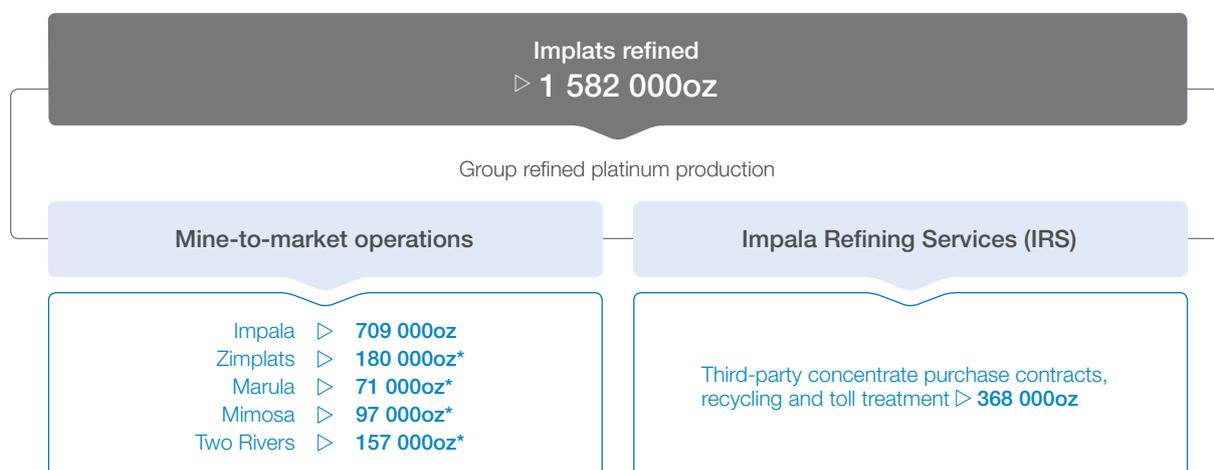
### Zimplats achieves 10 million fatality-free shifts

## April 2013

### Zimplats commissions its Phase 2 concentrator plant and begins its ramp-up from 4mtpa to 6mtpa

## Our performance

			2013	2012	2011	2010	2009
<b>Operating statistics</b>							
<b>Gross refined production</b>							
Platinum	(000oz)	△	<b>1 582</b>	1 448	1 836	1 741	1 704
Palladium	(000oz)	△	<b>1 020</b>	950	1 192	1 238	1 008
Rhodium	(000oz)	△	<b>220</b>	210	262	252	248
Nickel	(000t)	△	<b>16.0</b>	15.4	16.3	15.2	14.5
<b>IRS metal returned (toll refined)</b>							
Platinum	(000oz)	△	<b>189</b>	121	220	233	194
Palladium	(000oz)	△	<b>190</b>	148	210	259	181
Rhodium	(000oz)	△	<b>36</b>	25	42	49	38
Nickel	(000t)	△	<b>3.2</b>	3.1	3.4	2.8	2.5
<b>Sales volumes</b>							
Platinum	(000oz)	▽	<b>1 333</b>	1 368	1 665	1 435	1 503
Palladium	(000oz)	△	<b>859</b>	765	1 011	945	781
Rhodium	(000oz)	▽	<b>176</b>	183	221	228	180
Nickel	(000t)	△	<b>14.7</b>	13.9	15.5	12.8	13.5
<b>Prices achieved</b>							
Platinum	(US\$/oz)	▽	<b>1 551</b>	1 614	1 691	1 433	1 219
Palladium	(US\$/oz)	▽	<b>676</b>	687	670	376	263
Rhodium	(US\$/oz)	▽	<b>1 143</b>	1 601	2 275	2 149	3 517
Nickel	(US\$/t)	▽	<b>16 437</b>	19 513	23 965	18 981	12 995
<b>Consolidated statistics</b>							
Average exchange rate achieved	(R/US\$)	△	<b>8.80</b>	7.71	7.03	7.58	8.63
Closing exchange rate for period	(R/US\$)	△	<b>9.88</b>	8.17	6.77	7.67	7.76
Revenue per platinum ounce sold	(US\$/oz)	▽	<b>2 528</b>	2 601	2 799	2 316	1 995
	(R/oz)	△	<b>22 246</b>	20 054	19 677	17 555	17 217
Tonnes milled ex mine	(000t)	△	<b>18 399</b>	17 788	20 974	20 309	20 083
PGM refined production	(000oz)	△	<b>3 233</b>	3 016	3 772	3 689	3 428
Group unit cost per platinum ounce	(R/oz)	△	<b>16 570</b>	13 450	10 867	10 089	9 129
	(US\$/oz)	△	<b>1 879</b>	1 737	1 545	1 335	1 005



Refined platinum ounces indicated above have been rounded for illustrative purposes

\*Ex-IRS

			2013	2012	2011	2010	2009
<b>Key financial performance</b>							
Revenue	(Rm)	△	<b>30 032</b>	27 593	33 132	25 446	26 121
Gross profit	(Rm)	▽	<b>5 052</b>	6 256	10 997	7 567	9 265
Profit from operations	(Rm)	▽	<b>2 376</b>	5 703	10 193	7 031	8 823
Profit for the year	(Rm)	▽	<b>1 075</b>	4 299	6 810	4 794	6 004
Headline earnings	(Rm)	▽	<b>2 001</b>	4 151	6 639	4 718	6 015
Dividends	(cps)	▽	<b>95</b>	195	570	390	320
Gross profit margin	(%)	▽	<b>16.8</b>	22.7	33.2	29.7	35.5
Capital expenditure	(Rm)	▽	<b>6 391</b>	8 142	5 540	4 554	6 923
Cash net of debt	(Rm)	▽	<b>(3 014)</b>	(2 416)	2 700	1 730	1 363
Cash generated from operations	(Rm)	△	<b>5 938</b>	4 978	8 269	5 918	6 507

			2013	2012	2011	2010	2009
<b>Key non-financial performance</b>							
Fatality injury frequency rate	(pmmhw*)	▽	<b>0.065</b>	0.087	0.053	0.122	0.082
Lost-time injury frequency rate	(pmmhw*)	▽	<b>4.21</b>	4.96	4.94	4.61	2.92
Total injury frequency rate	(pmmhw*)	▽	<b>10.91</b>	11.19	13.47	15.21	13.95
Employees (including contractors)	(no)	▽	<b>57 000</b>	63 000	57 000	54 000	53 000
Employee turnover	(%)	▽	<b>6.0</b>	10.0	8.3	6.0	7.8
Energy consumption	(000GJ)	△	<b>17 574</b>	17 542	18 222	17 013	16 388
Energy intensity	(GJ/tonnes milled)	▽	<b>0.955</b>	0.986	0.869	0.837	0.816
Water consumption	(MI)	△	<b>40 711</b>	40 114	41 868	37 060	37 434
Water intensity	(MI/tonnes milled)	▽	<b>0.0022</b>	0.0023	0.0020	0.0018	0.0019
Total direct SO <sub>2</sub> emissions	(tpa)	△	<b>18 536</b>	18 463	18 881	16 926	21 152
Total CO <sub>2</sub> emissions	(000tpa)	△	<b>3 788</b>	3 707	4 022	3 755	3 391
Voluntary counselling and testing	(no)	△	<b>11 782</b>	9 820	14 072	6 837	6 263

			2013	2012	2011	2010	2009
<b>Share performance</b>							
Headline earnings per share	(cents)	▽	<b>330</b>	685	1 105	786	1 001
Closing share price	(R)	▽	<b>93</b>	135	182	180	170
Market capitalisation	(R billion)	▽	<b>59</b>	85	115	114	108

\*pmmhw – per million man-hours worked.

△▽ Improvement.

△▽ Deterioration.

△▽ Similar performance.

**1.58m**  
gross production  
of platinum ounces  
9% up on 2012

**0.065**  
reduced fatality  
injury frequency rate  
2012: 0.087

