








MANAGING OUR TRADE-OFFS FOR LONG-TERM VALUE

To achieve our purpose, our underlying business model focuses on effectively converting one capital stock (ore reserves and mineral resources in the ground) into value across all six capitals.

For over seven decades, Amplats has invested its financial and human resources into mining metals and minerals, to convert these into global products that create value for our owners, employees, local communities, customers, suppliers and host governments, while minimising our impact on the environment.

The challenge is to understand how the continued availability, quality and affordability of significant capitals affect our ability to achieve our strategic objectives and continue creating value. In other words, we need to balance short-term loss for long-term gain. Managing this process to enhance value inevitably involves trade-offs – how and when value is shared between different stakeholders, and how that value is created, transformed or depleted across the capitals. Below, we summarise trade-offs across the capitals, and detail the key trade-off in FY19.

Capital*	Pillar of value	Trade-off	Capital depleted ▼ Capital increased ▲
Financial	FINANCIAL RETURNS 	Our future depends on modern, mechanised mines and efficient smelting and refining processes. We therefore need to invest in technology to improve operational efficiencies and reskill people. In FY19, capital expenditure of R6.0 billion was allocated to maintaining assets and growth projects, while our various training and development programmes focuses on reskilling our people. Our biggest challenge is the shortage of technical and specialist skills, although currency depreciation also has cost implications.	Financial ▼
	COST 		Manufactured ▲
Manufactured	PRODUCTION 		People ▲
Human	PEOPLE 		Our intense focus on eliminating fatal risks has ensured our managed operations have been fatality-free since 18 October 2018. We have intensified the proactive management of tuberculosis (TB) and roll-out of isoniazid prophylaxis. The combined HIV and TB initiatives contributed to the TB incidence declining from 1,020 per 100,000 people in 2014 to 328 in 2019, significantly below the South African national average of 567. Our greatest challenge in both safety and health is human behaviour: we are using our intellectual capital to develop innovative solutions that encourage people to change their behaviour.
	SAFETY AND HEALTH 	Financial ▼ People ▲ Manufactured ▲	
Social and relationship	SOCIO-POLITICAL 	As sentiment on mining has turned sharply negative in recent years, we need to restore trust, based on a common understanding of our challenges and purposes. We invested R251 million in legislated and voluntary initiatives that benefit our communities. We also supported the economies of South Africa and Zimbabwe by paying taxes of R67,7 billion.	Financial ▼ Social and relationship ▲
Natural	ENVIRONMENTAL 	Amplats is a mining group, and our activities significantly affect the natural environment. In addition to rehabilitating 27 hectares of land we provide water to 70,000 affected community members around Mogalakwena. We also invested R800 million in 2019 in reducing our emissions via SO ₂ abatement.	Natural (short term) ▼, (long term) ▲ Financial ▼ Social and relationship ▲
Intellectual	ALL PILLARS	Our intellectual capital is applied to almost all our initiatives. Our challenge is to maintain the level of expertise that underpins our competitive advantage. In FY19, we invested R24,754 million per FTE on training and development in attracting and retaining talent.	Financial ▼ People ▲ Intellectual ▲

* Stocks of value on which we depend for our success as inputs to our business model, and which are increased, decreased or transformed through our activities and outputs (IIRC definition).