

Material issues

Our approach

Our materiality determination process is an integral part of our efforts to embed integrated thinking in RBPlat in order to create value for our stakeholders over the short, medium and long term and ensure the long-term sustainability of our business. The material issues we identify form the basis of our internal and external reporting throughout the year.

To assess what value we have added to the business in the year under review and what we need to do to add value in the year ahead, our materiality process is both retrospective and forward looking.

To achieve this it:

- > reviews our progress in terms of the issues we previously identified as being material for the year under review and the targets we set to address them
- > sets out the issues we have identified as being material to our business and its stakeholders in the year ahead and the targets we have established to address them.

While we strive to set clearly defined targets we recognise that we still need to make progress in this regard.

We establish what our most material issues are by:

- > identifying the issues that could have the greatest impact on our ability to achieve our strategy and create value for our stakeholders
- > identifying external local and global factors that could have a negative or positive impact on the sustainability of our business, which also assists with the

identification of our most material stakeholders

- > identifying our internal and external stakeholders and the capitals they affect (see pages 142 and 143 of *social and relationship capital* for information on how we identify our material stakeholders and their issues)
- > engaging with these stakeholders and establishing what is most material to them in relation to RBPlat
- > identifying the positive or negative impacts we could or do have on each other.



2016 material issues

> Actions taken to address the risks and opportunities they present

Financial capital

Global economic and market conditions resulting in continuing soft commodity prices in dollar terms

Possible impact on value:

This issue can affect our ability to grow organically and meet our Mining Charter commitments which is one of the targets under our strategic objective of achieving operational excellence and retaining our social licence to operate

Residual risk ranking: 2

Ability to influence impact: Limited

Strategic pillars affected by this issue: 1 3

Other capitals affected:



- > Focused on containing costs at BRPM and adopting a flexible approach to investing our available cash in Styldrif I, our organic growth project

Political and country risk

Possible impact on value:

Uncertainty regarding the DMR's approach, excessive safety stoppages, and the mining industry's response to the new Mining Charter; together with the threat of a credit rating downgrade for South Africa and the impact of uncertainty on foreign monetary policy on the rand/dollar/euro exchange rate, would have a negative impact on investor sentiment and in particular foreign investor sentiment. This is likely to have a negative impact on the share price. While a depreciation of the rand could be positive for our rand basket price, it could also have a negative impact on our costs (higher CPI)

Ability to influence impact: Very limited

Strategic pillars affected by this issue: 1 2 3 4

Other capitals affected:



- > We addressed our concerns to government through the Chamber of Mines, our advocacy body
- > Mitigated negative investor sentiment through regular transparent communication and roadshows

Legend

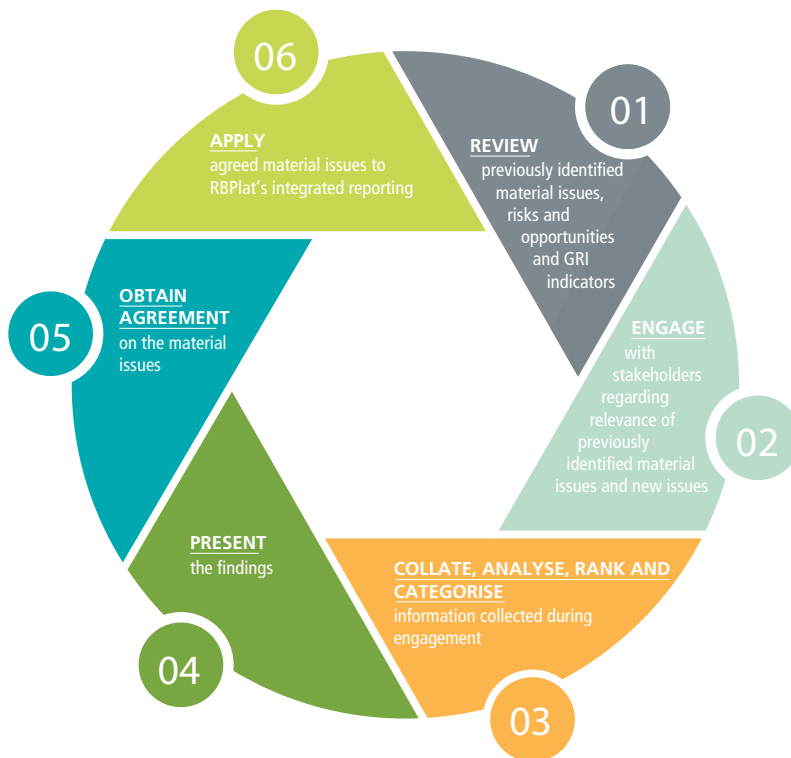
- 1 Towards operational excellence
- 2 Build flexibility

- 3 Grow organically
- 4 Pursue value enhancing opportunities

We then establish targets to address these issues in the year ahead. We also have certain key targets assured independently. This icon **A** indicates when a key performance indicator has been assured.

Performance

More detailed information including our performance is available on these issues in the Performance section of this report under the various capitals (financial capital pages 86 to 95, manufactured capital pages 96 to 111, human capital pages 112 to 127, intellectual capital pages 128 to 133, social and relationship capital pages 134 to 143, natural capital pages 144 to 161).



Performance > Actions we will take to address the risks and opportunities these issues may present in 2017


<p>✓</p> <p>MI 86</p>	<ul style="list-style-type: none"> > Increase focus on containing and improving costs at BRPM > Maintain a flexible approach to investing available cash in Styldrift I, transitioning to the next phase of the ramp-up to a 150ktpm operation by end of 2018, which will secure the optimal level of Merensky production without incurring significant expenditure on processing in the current PGM environment
<p>✓</p> <p>✓</p> <p>MI 86</p>	<ul style="list-style-type: none"> > We will continue to address our concerns through the Chamber of Mines > Adapt business plans to address all possible scenarios regarding the rand/dollar/euro exchange rate

Legend: ✓ Achieved ✓ Partially achieved ✗ Not achieved

Material issues continued

2016 material issues	> Actions taken to address the risks and opportunities they present
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Financial capital continued


Prudent financial management to deal with the impact of weak PGM prices
Possible impact on value:
 Prudent financial management is essential to the long-term sustainability of the business and value creation
Residual risk ranking: 1
Ability to influence impact: Significant
Strategic pillars affected by this issue: 1 2 3 4
Other capitals affected: 

- > Effective cash flow management to ensure we can fund our business and achieve our strategic objectives
- > Prudent capital management
- > Managed our supply chain to reduce the costs over which we have control, assist with containing costs overall and increase our operational efficiency
- > Managed our inventory to optimise cash flow and minimise stock on hand
- > Identified critical spares requirement and ensured they are maintained at optimal level

The funding of the outstanding capital requirement for the ramp-up of the Styldrift I project
Possible impact on value:
 Without the necessary funding we will not be able to continue with the next phase of the ramping up of Styldrift I
Residual risk ranking: 3
Ability to influence impact: Limited
Strategic pillars affected by this issue: 1 2 3
Other capitals affected: 

- > Implemented a robust funding solution to secure the next phase of ramping up Styldrift I to 150ktpm

Manufactured capital

Deliver Styldrift I as a growth project
Possible impact on value:
 Our ability to deliver on our strategic objective of growing organically is dependent on our ability to complete the Styldrift I project
Residual risk ranking: 3
Ability to influence impact: Significant
Strategic pillars affected by this issue: 1 2 3
Other capitals affected: 

- Continued with construction activities at Styldrift I:
 - > 600 level development
 - > 642 footwall development
 - > Water and ore handling conveyor infrastructure
 - > 250kt upgrade of BRPM concentrator

Operating costs
Possible impact on value:
 It is essential that we contain operating costs as they affect the profitability of our business and our ability to implement our strategy, ensure our business is sustainable and create value for our stakeholders
Residual risk ranking: 1
Ability to influence impact: Significant
Strategic pillars affected by this issue: 1 2 3
Other capitals affected: 

- > Commissioned water treatment plant to reduce consumption and cost of using potable water from Magalies Water
- > Cost management efforts to keep stores and consumable cost increases below CPI
- > Improved stoping efficiencies

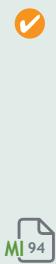
Performance



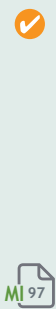
Actions we will take to address the risks and opportunities these issues may present in 2017



- > Effective cash flow management to ensure we can fund our business and achieve our strategic objectives
- > Prudent capital management
- > Managing our supply chain to reduce the costs over which we have control, assist with containing costs overall, increase our operational efficiency
- > Managing our inventory to optimise cash flow and minimise stock on hand



- > Prudent capital management
- > Implementing project support office (PSO) to assist the existing project management office (PMO) (see page 132 for details)



- > Meet project plan commitments that will ensure delivery of the Styldrift I 150ktpm plan
- > Strengthen project management support through the newly implemented PSO
- > Improve management oversight and control by separating production and capital development/ construction responsibilities
- > Improve earned value management (EVM) system




- > Our focus in 2017 will remain on achieving the targets we have set for measuring operational and extracted efficiency. We plan to do so by focusing on our absolute, fixed and variable costs and achieving improved efficiencies


Material issues continued

2016 material issues	> Actions taken to address the risks and opportunities they present
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Manufactured capital continued

Impact of safety stoppages on production and costs
Possible impact on value:
 Safety stoppages can have a major impact on production, which in turn can negatively affect costs and profitability
Residual risk ranking: 4
Ability to influence impact: Significant
Strategic pillars affected by this issue: 1 2 3 4
Other capitals affected: 

> Safety initiatives (see below under human capital and detailed on pages 114 to 116 of human capital) were implemented during 2016 to address our safety performance and support our revised safety turnaround strategy

Profitability of South shaft UG2
Possible impact on value:
 The closure of South shaft will reduce the size of the business
Residual risk ranking: 6
Ability to influence impact: Significant
Strategic pillars affected: 1 2 3 4
Other capitals affected: 

> We revisited our strategy regarding the South shaft UG2 in view of the impact of the platinum price on the feasibility of mining this ore



Human capital

Improve our safety performance
Possible impact on value:
 Poor safety performance puts our employees' lives at risk, affects employee morale, reduces productivity, increases our costs, and affects our reputation
Residual risk ranking: 4
Ability to influence impact: Significant
Strategic pillars affected by this issue: 1 2 3 4
Other capitals affected: 

- > Implemented our safety turnaround strategy
- > Internal audit teams made up of subject matter specialists introduced at both BRPM and Styldrift I to audit systems effectiveness against the focus areas of our turnaround strategy. These are in addition to cross audits that have been in place for some time at BRPM where teams from one shaft assess teams from the other shaft
- > Safety leadership training to achieve effective, enabling safety leadership by line supervisors
- > Coaching and mentoring of mine overseers by experienced mine overseers in technical and leadership skills
- > Development of planned task observations (PTOs)
- > SILO risk management database system rolled out
- > Reviewed and aligned volume contractor management safety strategies with RBPlat requirements
- > Improved contractor safety culture through 4th Wave culture intervention

Performance



Actions we will take to address the risks and opportunities these issues may present in 2017



- > We will continue to focus on the key safety initiatives identified in our safety turnaround strategy to avoid the major impact safety stoppages can have on production, costs and profitability
- > Address any safety stoppages that we deem unfair through the Chamber of Mines



- > Secure toll treatment agreements beyond 2018
- > Quarterly review of South shaft UG2 performance






Processing flexibility and capacity (a new issue identified for 2017)
Strategic pillars affected by this issue: 1 2 3 4
Residual risk: 6
Ability to influence impact: Significant
 > Renegotiate toll treating arrangements for our UG2 ore at the Waterval Smelter Complex



- > We will continue with the medium- and long-term initiatives of our safety turnaround strategy that have proved helpful in improving our safety performance during 2016 and build on our efforts in 2017

Material issues continued

2016 material issues	> Actions taken to address the risks and opportunities they present
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<p>Human capital <small>continued</small></p> <p>Health and wellness of our employees</p> <p>Possible impact on value: A healthy workforce is important to our business because it means that our employees are fit to work at their full potential and absences due to sickness are reduced</p> <p>Residual risk ranking: 8</p> <p>Ability to influence impact: Significant</p> <p>Strategic pillars affected by this issue: 1 2 3 4</p> <p>Other capitals affected: </p>	<ul style="list-style-type: none"> > All our volume contractors and enrolled employees are on the Platinum Health medical aid > Apply simple non-negotiable health and safety standards across our organisation to prevent occupation-related illnesses > Addressed causes of fatigue, particularly in contractors, by ensuring they take stipulated time off to rest > Measured and monitored key health indicators
<p>Remuneration and reward structures that encourage safe behaviour and are acceptable to our employees and other stakeholders</p> <p>Possible impact on value: To retain skilled employees we need to ensure they are fairly rewarded. To encourage excellence we need to ensure these rewards are linked to clearly defined performance measures. We also need to ensure that our remuneration and rewards encourage safe behaviour. Transparency around executive remuneration is important to our stakeholders</p> <p>Residual risk ranking: 8</p> <p>Ability to influence impact: Significant</p> <p>Strategic pillars affected by this issue: 1</p> <p>Other capitals affected: </p>	<ul style="list-style-type: none"> > Monitored the effectiveness of our incentive programmes > Reviewed our remuneration to ensure it is encouraging desired behaviours > Attempted to meet shareholders' transparency requirements regarding reporting on executive remuneration
<p>Ensure we have the appropriate skills available</p> <p>Possible impact on value: If we do not have these skills we will not be able to deliver against our strategy or achieve our production targets</p> <p>Residual risk ranking: 9</p> <p>Ability to influence impact: Significant</p> <p>Strategic pillars affected by this issue: 1 2 3 4</p> <p>Other capitals affected: </p>	<ul style="list-style-type: none"> > Monitored skilled employee turnover as a measure of our retention of skills, as well as an indication of the health of our relationship with our employees > Invested in employee skills development over and above our requirements in mandatory skills training

<p>Social and relationship capital</p> <p>Meeting our commitments both in terms of our wage agreement and our SLPs without putting the sustainability of our business at risk</p> <p>Possible impact on value: It is our aim to create economic value for our stakeholders, which includes providing our employees with the opportunity for home ownership and contributing to the sustainability of our communities through meeting our SLP commitments. It is also important that we retain our social licence to operate, however, this all requires a substantial financial commitment</p> <p>Residual risk ranking: 5</p> <p>Ability to influence impact: Significant</p> <p>Strategic pillars affected by this issue: 1 2 3 4</p> <p>Other capitals affected: </p>	<ul style="list-style-type: none"> > Proceeded with Phase II of the employee home ownership scheme based on the number of homes required by employees > Depressed market conditions meant we needed to cut all our budgets for 2016, including our SLP budget, but we continued with our investment in education and SLP training and development. We also provided assistance to local farmers to cope with drought conditions
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Performance



Actions we will take to address the risks and opportunities these issues may present in 2017



- > Apply simple non-negotiable health and safety standards across our organisation to prevent occupation-related illnesses
- > Address causes of fatigue in our workforce
- > Measure and monitor key health indicators



- > Monitor the effectiveness of our incentive programmes
- > Review our remuneration to ensure it is encouraging desired behaviours
- > Meet shareholders' transparency requirements regarding reporting on executive remuneration



- > Monitor skilled employee turnover as a measure of our retention of skills, as well as an indication of the health of our relationship with our employees
- > Monitor safety performance
- > Invest in employee skills development over and above our requirements in mandatory skills training



- > We will continue to hold discussions with the Department: Mineral Resources as well as participating in discussions through our membership of the Chamber of Mines
- > We will use our own targets until such time as the Mining Charter targets are finalised
- > While RBPlat substantially complies with a number of the proposed new conditions of the Mining Charter, certain of the investments proposed could impact the sustainability of our business. To address these we will continue to make representations through the Chamber of Mines

Material issues continued

2016 material issues

> Actions taken to address the risks and opportunities they present

Social and relationship capital continued

Stakeholder engagement and responsiveness

Possible impact on value:

Our ability to build a stock of relationship capital depends on how effectively we can engage, listen and respond to our stakeholders and build effective relationships with them. Each capital consists of resources and relationships and it is difficult to always get these relationships right. Stakeholder engagement can affect every aspect of our business, positively or negatively, including our social licence to operate and our ability to achieve long-term sustainability

Residual risk ranking: 5

Ability to influence impact: Significant

Strategic pillars affected by this issue: 1 2 3 4

Other capitals affected:



- > Continued to strengthen our relationships with employees, unions and communities to reduce the likelihood of operational disruptions through our ongoing employee communication programme and our regular interaction with the union and the communities
- > Engaged with the investor community through our integrated report, results and other presentations and one-on-one meetings, to ensure open and transparent communication with them
- > Ongoing engagement with government and regulators, suppliers, customers, industry bodies and business and joint venture partners

Labour stability

Possible impact on value:

Strikes impact business negatively in a number of ways, which include financial losses and unhealthy employee-employer relationships

Residual risk ranking: 5

Ability to influence impact: Significant

Strategic pillars affected by this issue: 1 2 3 4

Other capitals affected:



- > We continued to focus on maintaining labour stability

Natural capital

Addressing environmental and climate change impacts

Possible impact on value:

It's important that we manage the significant environmental impacts of our operations, continually improve our environmental performance and comply with all relevant environmental legislation. It is also important that we assess the possible impacts of climate change on our organisation and the communities in which we operate and our organisation's possible impact on climate change so we can take steps to minimise this impact

Residual risk ranking: 8

Ability to influence impact: Limited

Strategic pillars affected by this issue: 1 2 3 4

Other capitals affected:



- > Implemented our climate change strategy
- > Conducted external legal compliance audit
- > Reduced the intensity of our greenhouse gas (GHG) emissions
- > Maintained ISO 14001 certification at BRPM and obtaining ISO 14001 certification at Styldrift I
- > Obtained authorisations for environmental impact assessments, water use licences and environmental management programme amendments submitted to the authorities
- > Obtained Board approval of our revised sustainability framework

Addressing the availability of utilities (water and electricity)

Possible impact on value:

Assess the impacts of climate change on the availability of water and make every effort to ensure there is sufficient water for all in the water scarce region in which we operate. We need to continue reducing our electricity use intensity. We have secured an electricity supply for Styldrift I

Residual risk ranking: 10

Ability to influence impact: Limited

Strategic pillars affected by this issue: 1 2 3 4

Other capitals affected:



- > Implemented our energy management strategy
- > Formalised and obtained Board approval of our water management strategy
- > Reduced water and electricity use intensity
- > Using our new water treatment plant to reduce our use of Magalies Water at BRPM

Performance



Actions we will take to address the risks and opportunities these issues may present in 2017



> RBPlat will be conducting a further survey into the quality of our relationships with a range of stakeholders during 2017. While the previous survey we conducted in 2015 indicated that the quality of our relationships with the community, organised labour, the DMR and providers of debt are good, the survey also provided useful feedback for improving our relationships



> The closed shop agreement in place in our operations will assist with maintaining labour stability



- > Implement our climate change strategy
- > Comply with applicable environmental legislation and best practice
- > Reduce the intensity of our GHG emissions
- > Maintain ISO 14001 certification for both BRPM and Styldrift I
- > Implement the sustainability framework



> We will continue to have the same focus as in 2016, but in addition we will implement our formalised water management strategy approved by the Board