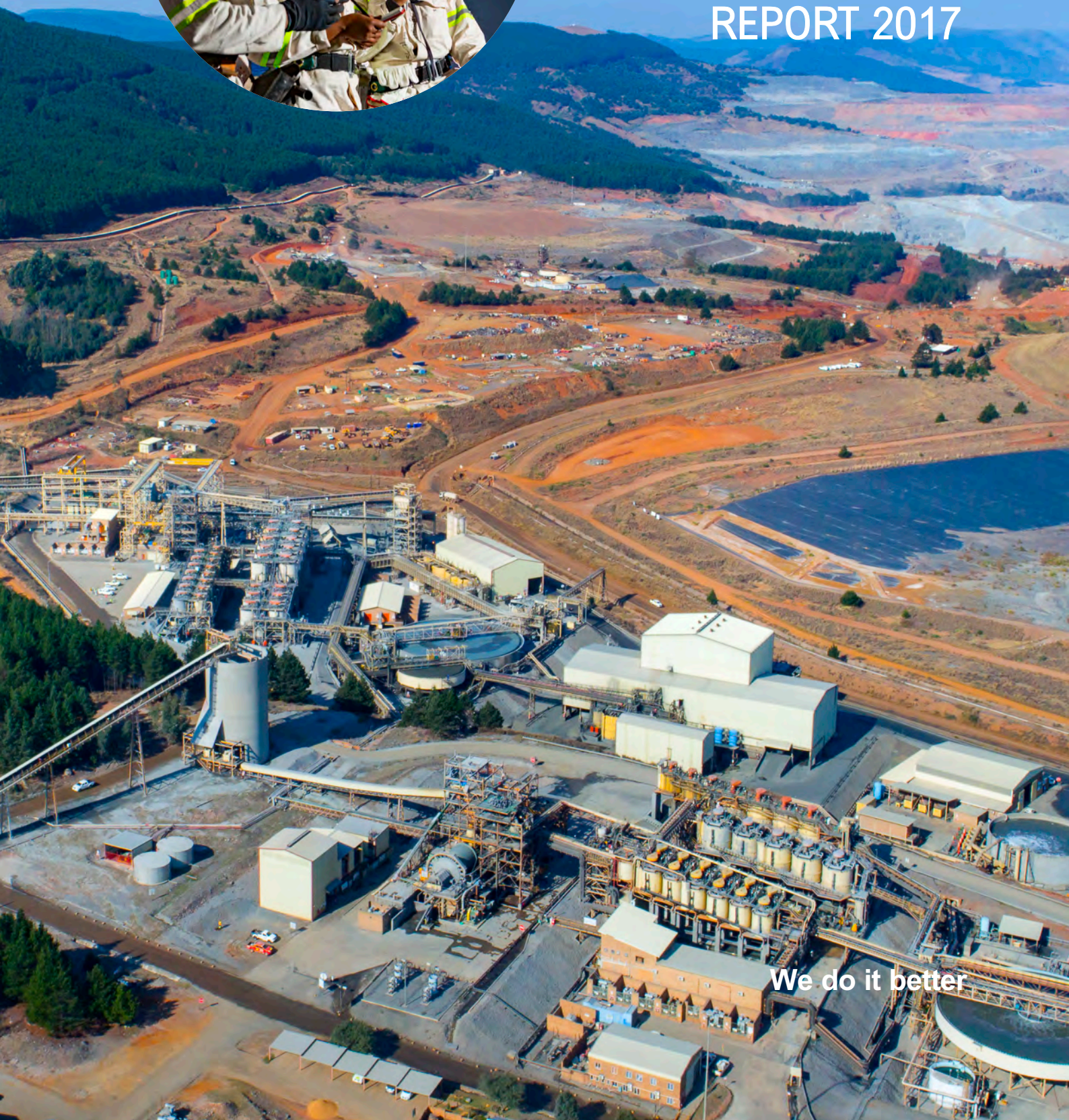




**ARM**  
African Rainbow Minerals

# CORPORATE GOVERNANCE REPORT 2017



We do it better





## OUR SUITE OF REPORTS

and additional material are available at [www.arm.co.za](http://www.arm.co.za)

### Integrated Annual Report



The Integrated Annual Report presents a holistic view of ARM and discusses the Company's operational, financial and sustainability performance as well as its governance structures and operating context. The report focuses on the Company's material matters and strategy.

### Annual Financial Statements



The Annual Financial Statements present the audited financial statements which have been prepared in accordance with the International Financial Reporting Standards (IFRS).

### Sustainability Report



The Sustainability Report provides detailed information about our sustainable development performance and how economic, social and environmental impacts are managed. The report addresses those sustainability issues that are material to ARM and its stakeholders.

### Mineral Resources and Mineral Reserves Report



The Mineral Resources and Mineral Reserves Report is prepared in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC 2016).

### Corporate Governance Report



This report summarises our commitment to the highest standards of corporate governance and how our governance structures and systems support our values and the way in which we conduct our business.

### King IV™ Application Register



The King IV™ application register summarises the King IV™ principles implemented and the progress made towards achieving the practices and, ultimately, the governance outcomes envisaged.

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"The King IV Report on Corporate Governance for South Africa 2016. Copyright and trade marks are owned by the Institute of Directors in Southern Africa" and the IoDSA website link is: <http://www.iodsa.co.za/?page=AboutKingIV>

## REFERENCES



All monetary values in this report are stated in South African Rand unless otherwise stated. Rounding of figures may result in computational discrepancies on management and operational review tabulations.

[www.arm.co.za](http://www.arm.co.za)

# CORPORATE GOVERNANCE

Our strategy is supported by our high standards of corporate governance, which we continue to review to ensure robust controls and alignment of our businesses with global good practice.

## OUR APPROACH TO CORPORATE GOVERNANCE

Adhering to the highest standards of corporate governance is fundamental to the sustainability of ARM's business. ARM's business practices are conducted in good faith, in the interests of the Company and all its stakeholders, with due observance of the principles of good corporate governance. The unitary Board of Directors (the Board) is the foundation of ARM's corporate governance system and is accountable and responsible for ARM's performance. The Board retains effective control of the business of ARM through a clear governance structure and has established committees to assist it in accordance with the provisions of ARM's Board Charter. The Board recognises that delegating authority does not reduce the responsibility of Directors to discharge their statutory and common law fiduciary duties. We continue to review our governance structures to ensure that they support effective decision-making, provide robust controls and are aligned to evolving local and global best practice.

## INTEGRATED REPORTING

ARM supports the implementation of integrated reporting to enhance the assessment and understanding of value creation and the sustainability of global markets through integrated thinking, greater connectivity between risks, opportunities and outcomes, the promotion of accountability and increased transparency. ARM continues to embed integrated thinking into its business practice. ARM continues to strive for excellence in reporting and the further integration of the International <IR> Framework principles remains a priority.

## KING IV

ARM supports the governance outcomes, principles and practices in the King IV Code on Corporate Governance as set out in the King IV Report on Corporate Governance for South Africa, 2016

(King IV) and applies all of the applicable principles of King IV, which was published on 1 November 2016 and came into effect for companies listed on the JSE Limited on 1 October 2017. ARM also uses developments and governance trends as opportunities to continuously improve and entrench corporate governance practices. With this objective, practices impacting the divisions and operations have been and are being identified, assessed and addressed through action plans and regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports in this regard are presented, amongst others, to the Audit and Risk Committee and the divisional audit committees.

## APPLICABLE GOVERNING FRAMEWORKS


The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks are shown in the diagram below.

 See the Reporting Principles and Frameworks in the About this Report section on page 1 of the Integrated Annual Report.

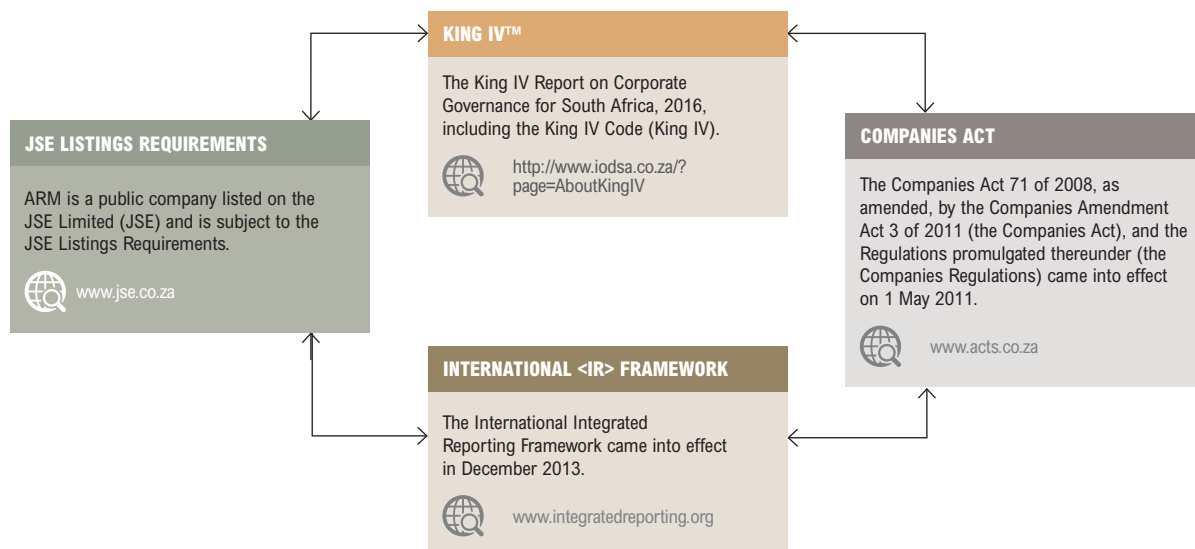
### Additional external sustainability and management systems, standards and principles

   See Our Approach to the Sustainability section commencing on page 18 of the Integrated Annual Report and the 2017 Sustainability Report available on ARM's corporate website: [www.arm.co.za](http://www.arm.co.za)

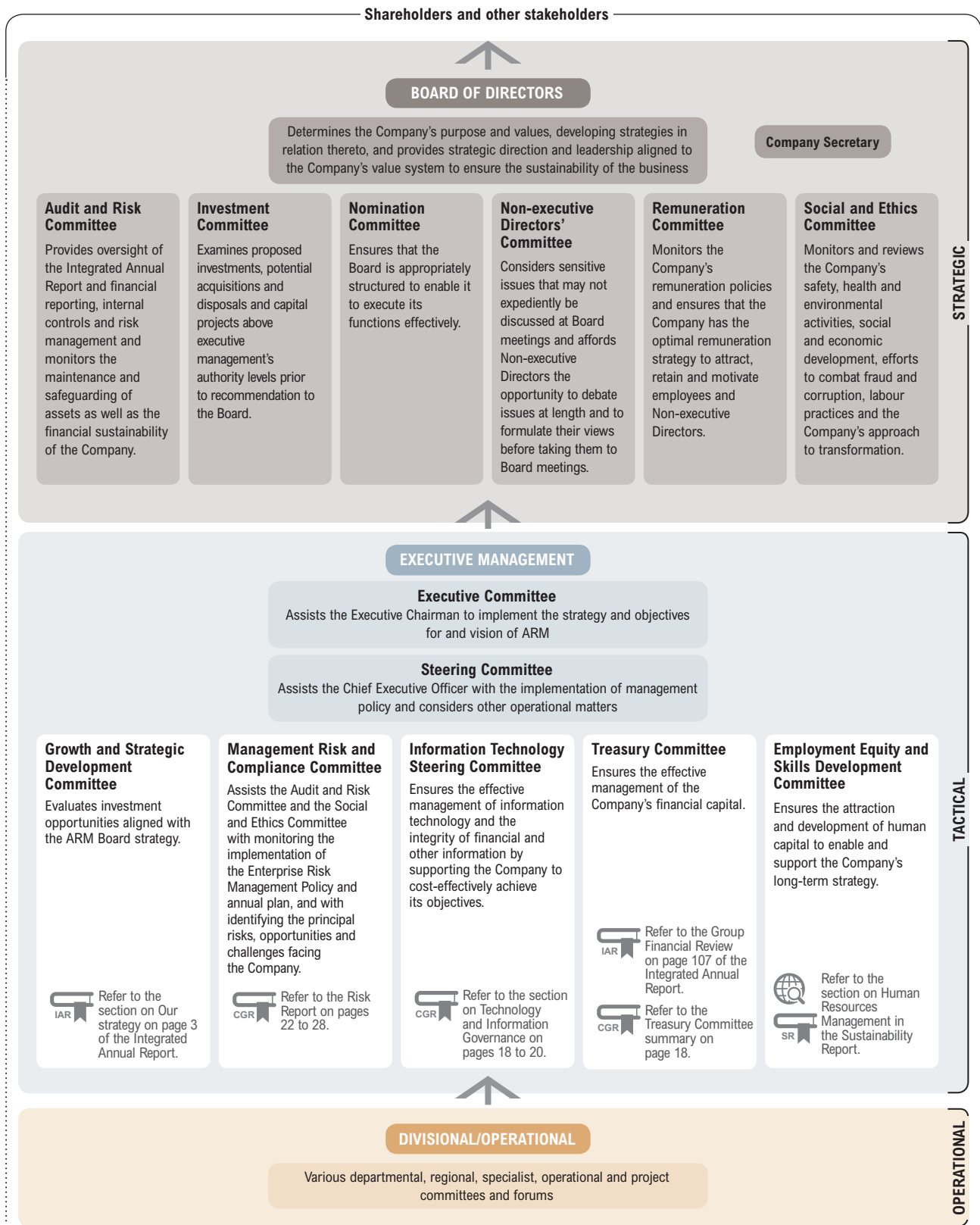
### Additional external financial standards, policies, reporting guidelines and principles

 See the Accounting Policies in the Notes to the Financial Statements on pages 27 to 42 of the Annual Financial Statements.

## GOVERNANCE FRAMEWORKS



## GOVERNANCE FRAMEWORK



**Comment from Ibis ESG Assurance** "As part of our Independent Third Party Assurance processes, Ibis ESG Assurance (Pty) Ltd (Ibis ESG Assurance) conducted an assessment of ARM's application of the 16 relevant principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King IV), and found no concerns relative to ARM's assertions that all of the 16 individual King IV principles have been applied, with reasonable evidence to support each assertion."



### **PATRICE MOTSEPE** <sup>55</sup>

**BA (Legal), LLB, Doctorate of Commerce (Honorius Causa) (Wits),  
Doctor of Management and Commerce (Honorius Causa) (Fort Hare)**

#### **Executive Chairman**

Patrice Motsepe was appointed to the Avmin Board in 2003 as part of the Avmin/ ARMgold/Harmony transaction. When the transaction was concluded in 2004, Avmin changed its name to African Rainbow Minerals (ARM) and he became Executive Chairman of ARM. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the takeover of Avmin.

In 2002 Patrice was voted South Africa's Business Leader of the Year by the chief executive officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award. Patrice is a recipient of numerous other business and leadership awards and recognitions including:

- > World Economic Forum Global Leader of Tomorrow, 1999;
- > Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003;
- > South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- > African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009;
- > McGuire Woods Outstanding Alumnus Awards, 2009;
- > BRICS (Brazil, Russia, India, China, South Africa) Business Council, Outstanding Leadership Award, 2014;
- > Harvard University Veritas Award for Excellence in Global Business and Philanthropy, 2014; and
- > Forbes 100 Greatest Living Business Minds, 2017.

Patrice is the founder and Chairman of Ubuntu-Botho Investments, African Rainbow Capital (ARC) and African Rainbow Energy and Power (AREP) and is also the Chairman of Harmony and the Deputy Chairman of Sanlam.

He is also a member of the:

- > International Business Council of the World Economic Forum, which is made up of 100 of the most highly respected and influential chief executives from all industries;
- > JP Morgan International Council;
- > Harvard Global Advisory Council; and
- > Council of the International Council on Mining and Metals (ICMM).

His past business responsibilities include being the Founding President of Business Unity South Africa (BUSA), which is the representative voice of organised business in South Africa, from January 2004 to May 2008 and the Chairman of the BRICS Business Council for 2013.

He is also President of Mamelodi Sundowns Football Club.

In January 2013 Patrice and his wife, Precious joined the Giving Pledge, which was started by Warren Buffett and Bill and Melinda Gates. Patrice committed to give half of the wealth of the Motsepe family to the poor and for philanthropic purposes during his lifetime and beyond and that of his wife.

## **BOARD OF DIRECTORS**

The Board of Directors provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans to support a sustainable business.



**Nationalities**

- South African
- Mozambican

**Independence**

- Executive Directors (5)
- Independent Non-executive Directors (11)
- Non-executive Director (1)



**MIKE  
SCHMIDT** 59

Mine Managers Certificate,  
MDP, Pr Cert Eng

**Chief Executive Officer**

Appointed to the Board in 2011.

Mike Schmidt joined ARM as Executive: Platinum Operations in July 2007 after 13 years with Lonmin Platinum where he was Vice President Limpopo operations at the time he left the company. Prior to that, he was employed by Hartebeestfontein Gold Mining Company. Mike was appointed as the Chief Executive Officer Designate of ARM and an Executive Director of the Company with effect from 1 September 2011. He has been the Chief Executive Officer of ARM since 1 March 2012.



**MIKE  
ARNOLD** 60\*

BSc Eng (Mining Geology),  
BCompt (Hons), CA(SA)

**Financial Director**

Appointed to the Board in 2009.

Mike Arnold's working career started in the mining industry in 1980 when he was employed as a Geologist at Anglo American Corporation. He qualified as a Chartered Accountant (SA) in 1987 and completed his articles at a large South African auditing firm. Mike joined ARM in 1999 as the Group Financial Manager of Avgold Limited and in 2003 was appointed as its Financial Director. In 2004, he was appointed Executive Finance of ARM and was appointed as the Chief Financial Officer of ARM in 2008.



**ANDRÉ WILKENS** 68

Mine Manager's Certificate of  
Competency, MDPA (Unisa), RMIIA,  
Mini-MBA (Oil and Gas Executives)

**Executive Director: Growth and Strategic Development**

Appointed to the Board in 2003.

André Wilkens was appointed the Chief Executive Officer of ARMgold in 1998. He was then appointed the Chief Operating Officer of Harmony following the merger of ARMgold with Harmony in 2003. André subsequently served as Chief Executive of ARM Platinum, a division of ARM. André was appointed as Chief Executive Officer of ARM in 2004 and appointed to its Board in the same year. With the appointment of Mike Schmidt as ARM's Chief Executive Officer on 1 March 2012, André became the Executive Director: Growth and Strategic Development based in the office of the Executive Chairman. The balance of André's 48 years mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969 and culminated in his appointment as Mine Manager at Vaal Reefs in 1991. André is also a Director of African Rainbow Energy and Power.



**THANDO  
MKATSHANA** 48

NHD (Coal Mining),  
BSc Eng (Mining), MDP and MBA

**Executive Director and Chief Executive: ARM Platinum**

Appointed to the Board in 2015.

Thando Mkatshana has more than 25 years of experience in the mining industry. His career started with Anglo American Coal in 1988, where he gained extensive experience working in production at various Anglo American Collieries. He joined Xstrata Coal South Africa (Pty) Ltd in 2003, where he was responsible for the development from feasibility to implementation of the Goedgevonden Colliery (a flagship greenfield project which is a joint venture between ARM Coal (Pty) Ltd and what is now Glencore Operations South Africa (Pty) Ltd). Thando worked for Kalagadi Manganese (Pty) Ltd and AccelorMittal South Africa Limited before joining ARM in 2011 as Executive: Coal Operations. He was appointed Chief Executive: ARM Coal in 2012 and assumed the additional responsibilities of Chief Executive: ARM Copper in 2015. In February 2017, Thando was subsequently appointed Chief Executive: ARM Platinum.

\* After eight years as Financial Director, Mr Mike Arnold will be retiring as Financial Director of ARM on 10 December 2017, having reached the Company's normal retirement age of 60 years in July 2017. Mr Arnold will remain on the ARM Board of Directors as a Non-Executive Director with effect from the date of his retirement. Ms Abigail Mukhuba, the current Chief Financial Officer of ARM, has been appointed Financial Director with effect from 11 December 2017.

## BOARD OF DIRECTORS continued



**FRANK  
ABBOTT** <sup>62</sup>

BCom, CA(SA), MBL

**Independent Non-executive Director**

**Member of the Audit and Risk Committee, Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee**

Appointed to the Board in 2004.

Frank Abbott joined the Rand Mines Group in 1981, where he obtained broad financial management experience at an operational level. He was a Director of various listed gold mining companies and was appointed as Financial Director of the Harmony Gold Mining Company in 1997. Frank was appointed Financial Director of ARM in 2004 and retired in 2009. He is now an Independent Non-executive Director of ARM. Frank was appointed as the Financial Director of Harmony with effect from 7 February 2012.



**DR MANANA  
BAKANE-TUOANE** <sup>69</sup>

BA (Economics and Statistics),  
MA (Econ), PhD (Econ)

**Independent Non-executive Director**

**Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee and the Social and Ethics Committee**

Appointed to the Board in 2004.

Dr Manana Bakane-Tuoane served as ARM's Lead Independent Non-Executive Director from 2009 to 2015. Manana has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at various institutions, including the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer), and the University of Fort Hare, as Head of Department and Associate Professor. During this part of her career she was seconded to work in the public service, where she has held various senior management positions since 1995. Concurrent with the above, Manana has been a member and office bearer of several international organisations, including Winrock International and the African Economic Research Consortium (AERC). She serves as a non-executive director of Sanlam Limited and Sanlam Life Committee membership: Nominations, Human resources and Remuneration, Customer Interest Committee. She is also a trustee of certain Sanlam trusts. Manana was the Special Advisor to the Minister of Social Development, Minister of Water and Environmental Affairs as well as Minister of Environmental Affairs from 2009 until 31 January 2015.



**TOM  
BOARDMAN** <sup>67</sup>

BCom, CA(SA)

**Independent Non-executive Director**

**Chairman of the Audit and Risk Committee and a member of the Non-executive Directors' Committee and the Remuneration Committee**

Appointed to the Board in 2011.

Tom Boardman was Chief Executive of Nedbank Group Limited from December 2003 to February 2010. He was previously Chief Executive and an Executive Director of BoE Limited, one of South Africa's leading private and investment banking companies which was acquired by Nedbank in 2002. He was the founding shareholder and Managing Director of retail housewares chain Boardmans, which he sold to Pick 'n Pay in 2006. The Boardmans chain of stores is now owned by Edcon. Prior to this, he was Managing Director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He served his articles at Deloitte. He is a Non-executive Director of Nedbank Group, Woolworths Holdings and Royal Bafokeng Holdings. Tom has also been appointed as a Non-executive Director of Kinnevik, a listed Swedish investment company. He is a Director of The Peace Parks Foundation and is the Chairman of The David Rattray Foundation and serves as a trustee on a number of other charitable foundations. He is also a Director of African Rainbow Capital and African Rainbow Energy and Power.



**ANTON  
BOTHA** <sup>64</sup>

BCom (Marketing), BProc,  
BCom (Hons), SEP (Stanford)

**Independent Non-executive Director**

**Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee**

Appointed to the Board in 2009.

Anton Botha is a co-founder, Director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners and the Imalivest Flexible Funds. He also serves as a Non-executive Director on the boards of the JSE Limited, the University of Pretoria, Vukile Property Fund Limited (Chairman), Sanlam Limited and certain Sanlam subsidiaries. He is a past president of the AHI (Afrikaanse Handelsinstituut). Anton spent most of his career as Chief Executive Officer of Gensec Limited, building it into a leading South African investment banking group that became a wholly-owned subsidiary of Sanlam Limited in 2000.

#### Nationalities

- South African
- Mozambican

#### Independence

- Executive Directors (5)
- Independent Non-executive Directors (11)
- Non-executive Director (1)



**JOAQUIM  
CHISSANO** 77

PhD

**Independent Non-executive Director**  
**Member of the Nomination Committee and the Non-executive Directors' Committee**

Appointed to the Board in 2005.

Joaquim Chissano is a former President of Mozambique who has served that country in many capacities, initially as a founding member of the Frelimo movement during that country's struggle for independence. Subsequent to independence in 1975, he was appointed foreign minister and on the death of Samora Machel in 1986 assumed the office of President. Frelimo contested and won the multiparty elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as Chairman of the African Union from 2003 to 2004. Joaquim is also a Non-executive Director on Harmony's board. In 2006, Joaquim was awarded the annual Chatham House Prize, which is awarded for significant contributions to the improvement of international relations. He was the recipient of the inaugural Mo Ibrahim Prize for Achievement in African Leadership in 2007.



**MANGISI  
GULE** 65

BA (Hons) (Wits), P & DM  
(Wits Business School)

**Independent Non-executive Director**  
**Member of the Non-executive Directors' Committee**

Appointed to the Board in 2004.

Mangisi Gule was appointed Chief Executive of ARM Platinum on 27 February 2005 and in May 2007 he was appointed Chief Executive of ARM Coal, a role which he held until August 2012. Mangisi was Executive Director: Corporate Affairs until 30 June 2013. He has been a Non-executive Director of the Company since 1 July 2013. Mangisi has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from his qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship. He has been a lecturer, as well as Chairman of various professional bodies and a member of various executive committees and associations. He has also been an Executive Director and Board member for ARMgold as well as an Executive Director and Board member of Harmony.



**ALEX  
MADITSI** 55

BProc, LLB, H Dip Co Law, LLM

**Lead Independent Non-executive Director**

**Chairman of the Nomination Committee and of the Non-executive Directors' Committee, and a member of the Audit and Risk Committee, the Investment Committee, the Remuneration Committee and the Social and Ethics Committee**

Appointed to the Board in 2004.

Alex Maditsi became the Lead Independent Non-executive Director in 2015. Alex is the Managing Director of Copper Moon Trading (Pty) Ltd. Previously he was employed by Coca-Cola South Africa as a Franchise Director for South Africa. He was Country Manager for Kenya, Senior Director: Operations Planning and Legal Director for Coca-Cola Southern and East Africa. Prior to joining Coca-Cola, Alex was the Legal Director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright Scholar and a member of the Harvard LLM Association. Alex's directorships include Bidvest Group Limited, Sterling Debt Recoveries (Pty) Ltd, African Rainbow Capital and African Rainbow Energy and Power.



**KOBUS  
MÖLLER** 58

BCom, BCompt (Hons), CA(SA),  
AMP (Harvard)

**Independent Non-executive Director**  
**Member of the Investment Committee, the Non-executive Directors Committee and Remuneration Committee**

Appointed to the Board in 2017.

Kobus Möller was the Financial Director of Sanlam Limited and Sanlam Life Insurance Limited from November 2006 to September 2016. Between 1998 and October 2006 he held a number of roles within the Sanlam Group. Previously, he was the Financial Director of Impala Platinum Holdings Limited, from 1996 to 1998, and the Group Financial Manager of Gencor Limited, from 1985 to 1996. Kobus is currently a Non-executive Director of a number of Sanlam Group companies.



BOARD OF DIRECTORS continued

**Nationalities**

- South African
- Mozambican

**Independence**

- Executive Directors (5)
- Independent Non-executive Directors (11)
- Non-executive Director (1)



**DAVID NOKO** 60

Dipl (Mech Eng), MDP, MBA, SEP (LBS)

**Independent Non-executive Director**

**Member of the Non-executive Directors' Committee**

Appointed to the Board in 2017.

David Noko is a South African born internationally renowned business leader.

He worked for South African Breweries, Pepsi Cola International and in senior and executive roles at Air Chefs (Pty) Ltd and De Beers Consolidated Mines Ltd. Currently an Executive at AngloGold Ashanti Ltd, Mr Noko is responsible for the Group Sustainable Development portfolio.

A member of the Institute of Directors, Mr Noko's experience, qualifications and business acumen have seen him serve on boards of several prominent companies. He served on the boards of Royal Bafokeng Platinum Limited, Harmony Gold and AstraPak Ltd.



**DR REJOICE SIMELANE** 65

BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

**Independent Non-executive Director**

**Chairman of Social and Ethics Committee and a member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee**

Appointed to the Board in 2004.

Dr Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in Economics. Between 1998 and 2001 she worked at the National Department of Trade and Industry and the National Treasury. After that she served in the capacity of Special Adviser, Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments until 2016. Whilst she remains an Executive Director in Ubuntu-Botho Investments, she also serves as a non-executive director on the board of African Rainbow Capital, a wholly owned subsidiary of Ubuntu-Botho Investments. Rejoice's other board directorships include Sanlam Limited, Mamelodi Sundowns Football Club, and African Rainbow Energy and Power. She is also a member of the Premier Soccer League Executive Committee. A CIDA Scholarship Recipient and a Fulbright Fellow, Rejoice was also a member of the Presidential Economic Advisory Panel under former President Mbeki until 2009 and was also on the Board of the Council for Medical Schemes from 2008 to 2011.



**BERNARD SWANEPOEL** 56

BSc (Min Eng), BCom (Hons)

**Independent Non-executive Director**

**Chairman of the Investment Committee and a member of the Social and Ethics Committee and the Non-executive Directors' Committee**

Appointed to the Board in 2003.

Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Chief Executive Officer of Harmony. In August 2007 he left Harmony to start To-the-Point Growth Specialists. Bernard is a Non-executive Board member of various companies including Zimplats Limited, Impala Platinum Holdings Limited, Alphamin and African Rainbow Energy and Power and he is the Chairman of eXtract and MMC.



**JAN STEENKAMP** 63

National Mining Diploma, EDP

**Non-executive Director**

**Member of the Non-executive Directors' Committee**

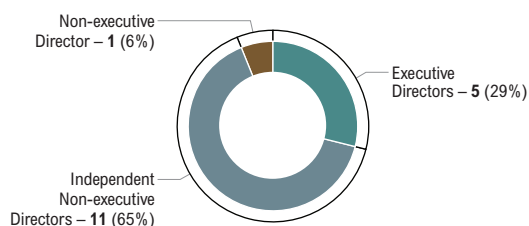
Appointed to the Board in 2017.

Jan Steenkamp started his career with the Anglovaal Group in 1973. Trained as a mining engineer, he has worked at and managed group mining operations within the gold, copper, manganese, iron ore and chrome sectors. He was appointed as Managing Director of Avgold Limited in September 2002 and also served on the board of Assmang Limited. In May 2003, Jan was appointed to the Avmin board and was appointed Chief Executive Officer of Avmin on 1 July 2003 after serving as Chief Operating Officer. He later served as the Chief Executive of ARM Ferrous and the Chief Executive of ARM Exploration and Strategic Services, prior to his retirement from ARM in June 2017.

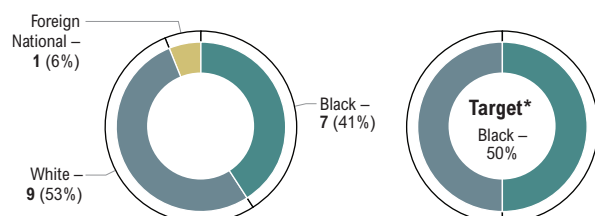
## BOARD COMPOSITION

ARM has a unitary Board comprising 17 Directors, the majority of whom are Independent Non-executive Directors.

### MIX OF DIRECTORS

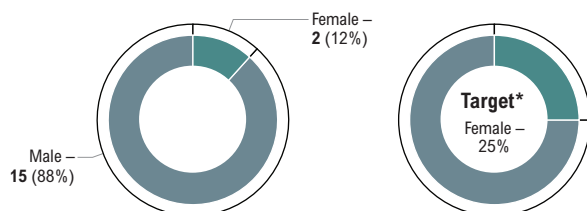


### DIVERSITY



\* Target to be achieved by 31 December 2018 in terms of the Board-approved policy.

### GENDER OF DIRECTORS



\* Target to be achieved by 31 December 2018 in terms of the Board-approved policy.

## DIVERSITY AND INCLUSION

Transformation principles form a key pillar of our strategy and are integrated into our business. ARM recognises the benefits of a diverse Board and to confirm its commitment, the Board has adopted a policy for the promotion of gender and race diversity and inclusion on the Board. The aim is to ensure that by the end of the 2018 calendar year the Board is made up of at least 50% percent black Board members of which 25% is black women.

To achieve these targets, the Nomination Committee considers candidates on merit against objective criteria and with due regard to the benefits of diversity and inclusion. In F2017, following an extensive search, the Board announced that Ms Abigail Mukhuba, the current Chief Financial Officer of ARM, had been appointed Financial Director with effect from 11 December 2017.

The Board also appointed Mr D C Noko as an Independent Non-executive Director, effect from 10 October 2017, after consideration, *inter alia*, of his experience, qualifications and availability.

In the annual performance evaluation of the Board, gender and race diversity were identified as priority areas and the Nomination Committee will continue to focus on the achievements of these targets.

## INDEPENDENCE

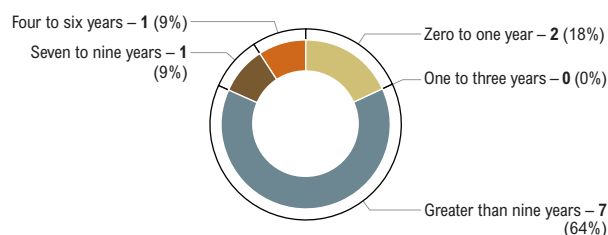
All Directors have a duty to act with independence of mind in the best interests of the Company. The Board believes that the Independent Non-executive Directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

The Independent Non-executive Directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities.

The classification of Independent Non-executive Directors is determined by the Board on the recommendation of the Nomination Committee. In determining the independence of the Independent Non-executive Directors, character and judgement are considered together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement and with due regard to the criteria for determining independence as set out in King IV and the JSE Listings Requirements.

Any term in office by an Independent Non-executive Director exceeding a period of nine years is subject to a rigorous review by the Board. The independence assessment considered relationships or circumstances likely to affect, or appearing to affect, the relevant Independent Non-executive Director's character and judgement. The Board concluded that in each circumstance the Independent Non-executive Director's independence of character and judgement was not impaired by the length of service.

### TENURE: INDEPENDENT NON-EXECUTIVE DIRECTORS



The independence of Mr J A Chissano, who receives consultancy fees, was considered. Given his extensive relationships with various leaders of African countries, Mr Chissano assists in the facilitation of high-level business discussions and introductions, and his specific assignments are determined by the Executive Chairman and the Chief Executive Officer. The fees paid to Mr Chissano for these services are market-related and are not, in the opinion of the Board, material. As such, the Board is satisfied that this aspect does not impair his independence.

The independence of Mr W M Gule, who also receives consultancy fees, was considered. The fees paid to Mr Gule for these services are market-related and are not, in the opinion of the Board, material. The Board is satisfied that this aspect does not impair his independence.

## CORPORATE GOVERNANCE continued

**EXECUTIVE CHAIRMAN, LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

The roles of the Executive Chairman and the Chief Executive Officer are separate and distinct. Mr P T Motsepe is the Executive Chairman of the Company and not independent. He is also a significant shareholder of the Company. ARM is satisfied that the non-independence of the Executive Chairman is properly addressed by the composition of the Board and particularly by the appointment of the Lead Independent Non-executive Director, Mr A K Maditsi, in accordance with and as required by King IV.



See the Shareholder Analysis on pages 114 to 115 of the 2017 Annual Financial Statements for further information.

The Board Charter also documents the role and responsibilities of the Executive Chairman and the Lead Independent Non-executive Director, who leads, *inter alia*, in the absence of the Executive Chairman or when the Executive Chairman has a conflict of interest.

In addition to the general requirements for the re-election of Directors set out in the Company's Memorandum of Incorporation and discussed below, the Executive Chairman and the Lead Independent Non-executive Director are required to be elected by the Board annually. Messrs Motsepe and Maditsi were re-elected as Executive Chairman and Lead Independent Non-executive Director, respectively, for a period of one year commencing on 1 January 2017. The Chief Executive Officer is appointed by the Board.

**THE BOARD: ROLE AND RESPONSIBILITIES**

The role and responsibilities of the Board include the following:

- > determining the Company's purpose, values and identifying its stakeholders and developing strategies in relation thereto;
- > being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders of the Company and other stakeholders;
- > providing strategic direction and leadership which is aligned to the Company's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring the implementation of such strategic plans and approving the capital funding for such plans;
- > ensuring that ARM's business is conducted ethically and monitoring the ethics performance of ARM;
- > approving business plans, budgets and strategies which are aimed at achieving ARM's long-term strategy and vision;
- > annually reviewing the Board's work plan;
- > monitoring the operational performance of ARM, including financial and non-financial aspects relating to such performance;
- > ensuring the sustainability of ARM's business;
- > reporting in ARM's Integrated Annual Report on the going concern status of ARM and whether ARM will continue to be a going concern in the next financial year;
- > determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect ARM's assets and reputation;
- > identifying and monitoring key performance indicators of ARM's business and evaluating the integrity of the systems used to determine and monitor such performance;
- > monitoring and ensuring compliance with the Company's policies, codes of best business practice, the recommendations of King IV and all applicable laws and regulations;
- > adopting and annually reviewing the Information Technology Governance Framework and receiving independent assurance on such framework;
- > considering, through the Audit and Risk Committee, specific limits for the levels of risk tolerance;
- > defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to the management of the Company;
- > ensuring that the Company's annual financial statements are prepared and are presented before a duly convened Annual General Meeting of the Company;
- > ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements that such policy contains accepted principles of accurate and reliable reporting, including being open, transparent, honest, understandable, clear and consistent in ARM's communications with stakeholders;
- > considering recommendations made to the Board by the Nomination Committee in regard to the nomination of new Directors and the re-appointment of retiring Directors, both as Executive Directors and Non-executive Directors;
- > ensuring that the competency and other attributes of the Directors are suitable for their appointment as Directors and the roles which they are intended to perform on the Board and that they are not disqualified in any way from being appointed as Directors;
- > ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
- > ensuring that a succession plan for the Executive Directors and senior management is implemented;
- > selecting and appointing suitable candidates as members of Committees of the Board and the Chairmen of such Committees;
- > ensuring that annual performance evaluations are conducted in respect of the Board, the Executive Chairman, the Chief Executive Officer, other individual Directors and Board Committees and their respective Chairmen; and
- > ensuring that the Board comprises an appropriate balance of Executive and Non-executive Directors, with the majority of Non-executive Directors being independent and ensuring that the Directors are persons who have the relevant knowledge, skills and experience required for governing the Company efficiently.



## BOARD CHARTER

The Board Charter was most recently amended by the Board in August 2017, to ensure alignment with King IV. The Board Charter provides guidelines to Directors in respect of, *inter alia*, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

The Board Charter also provides a clear division of responsibilities to ensure a balance of power and authority so that no one Director has unfettered powers of decision-making.

## ELECTION, RE-ELECTION INDUCTION, SUCCESSION AND ASSESSMENT

### Election and re-election

The Memorandum of Incorporation requires that one-third of those elected Non-executive Directors who have served in office longest since their last election, retire by rotation at each Annual General Meeting. Being eligible, these Non-executive Directors may seek re-election should they so wish.

Messrs J A Chissano and Z B Swanepoel and Dr R V Simelane are required to retire by rotation. They have made themselves available for re-election at the Annual General Meeting to be held on Friday, 1 December 2017.

Directors appointed by the Board between Annual General Meetings hold office only until the next Annual General Meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). Mr J P Möller was appointed as an Independent Non-executive Director with effect from 1 January 2017. On 10 October 2017, Messrs D C Noko and J C Steenkamp were appointed as Independent Non-executive Director and Non-executive Director, respectively. As Messrs Noko, Möller and Steenkamp were appointed between Annual General Meetings, these Directors are required and available to stand for election at the Annual General Meeting to be held on Friday, 1 December 2017.

### Induction and continuing education

In addition to an induction meeting, newly-appointed Directors receive a comprehensive information pack, including the Memorandum of Incorporation, the Board Charter, Terms of Reference of the Committees of the Board, Board policies and other documents relating to the Company; key legislation and regulations; as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature.

Directors are encouraged to attend courses providing information and training relating to their duties, responsibilities, powers and potential liabilities. Regulatory and legislative updates are provided regularly. The Company holds an annual budget planning workshop and a strategy Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business.

### Succession

The Nomination Committee, together with the Executive Chairman, deal with succession planning for Non-executive Directors and monitor the succession planning for Executive Directors.

In F2017, the Nomination Committee considered the succession of the Financial Director. Following eight years in the role, Mr Mike Arnold will be retiring as Financial Director of ARM on 10 December 2017 after having reached the Company's normal retirement age of 60 years in July 2017. Mr Arnold will remain on the ARM Board of Directors as a Non-executive Director with effect from the date of his retirement. Ms Abigail Mukhuba, the current Chief Financial Officer of ARM, has been appointed Financial Director with effect from 11 December 2017.

The Company has a succession plan for Executive Directors and senior management, which provides for the key management of the Company. The Company continuously strives to improve its talent pool through a comprehensive and focused plan for the management of human capital, including career development and recruitment. The Company adopts an integrated approach to succession planning. As a result, the Board is satisfied that the ongoing efforts to strengthen leadership provide short- and long-term management depth.

### Assessment

The Board is committed to transparency in assessing the performance of the Board, its Committees and individual Directors as well as the governance processes that support Board activities. The effectiveness of the Board and its Committees is assessed annually. Independent external advisors assisted the Nomination Committee with the evaluation of the Board, its Committees, the Executive Chairman and the Company Secretary.

The Board is of the view that the involvement of independent external advisors assists to ensure a rigorous and impartial evaluation process, which improves the Board's effectiveness.

#### F2017 ASSESSMENT

Matters considered in the F2017 assessments focused on the effectiveness of the Board, including:

- > Board composition;
- > Board meetings and content;
- > roles of the Executive Chairman and the Company Secretary;
- > Board accountability;
- > appointment, induction and training of Directors and succession planning;
- > performance evaluation and remuneration;
- > Board Committees;
- > communication and relationships;
- > Board dynamics and leadership;
- > strategic compliance and Group performance;
- > risk management and internal controls;
- > technology and information governance;
- > combined assurance;
- > non-financial (sustainability) performance;
- > integrated reporting;
- > balance of power and authority; and
- > ethics.

During the F2017 assessment process, the Board considered and was satisfied that it had fulfilled its responsibilities in terms of the Board Charter during F2017.

## CORPORATE GOVERNANCE continued

In addition to finding that the Board functioned well, the assessment identified the value of separating the annual budget and strategy meetings and the importance of a continued focus on the diversity of the Board. The findings of the F2017 assessment were considered by the Board in 2017 and a copy of the findings were provided to the external auditor.



Performance assessments of all Executive Directors, including the Executive Chairman and the Chief Executive Officer are undertaken annually and perform the basis of their remuneration as discussed in Part II of the Remuneration Report starting on page 32.

## BOARD MEETINGS

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Financial Director, divisional chief executives and other senior executives, chairmen of the Committees and independent advisors. During the financial year ended 30 June 2017, four Board meetings were held. The quorum for Board meetings is the majority of the Directors.

Members of the Board and senior executives of the Company consider the budget and review the Company's three-year financial plan. During the strategy sessions, the Company's

future strategy is considered in detail. The Company's annual budget workshop was held in August 2017 as part of the ninth annual Bosberaad (strategy meeting) for Directors and senior management.

Agendas for Board meetings are prepared by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer, the Financial Director and the Executive Director: Growth and Strategic Development. Information provided to the Board is compiled from external sources, such as independent third-party reports, and internally from minutes and plans as well as reports, relating to, for example, safety, health, sustainable development, risk, financial, governance and legal matters likely to affect ARM.

## ADVICE AND INFORMATION

No restriction is placed on a Director's access to Company information, records, documents and property. Non-executive Directors have access to management and regular interaction is encouraged. All Directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense.

## F2017 BOARD AND COMMITTEE MEETING ATTENDANCE SUMMARY

	BOARD	AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	NON-EXECUTIVE DIRECTORS' COMMITTEE	SOCIAL AND ETHICS COMMITTEE	REMUNERATION COMMITTEE
<b>Number of meetings in F2017<sup>1</sup></b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>3</b>
P T Motsepe (Executive Chairman)	4	–	–	3 <sup>^</sup>	–	–	–
M P Schmidt (Chief Executive Officer)	4	7 <sup>^</sup>	1 <sup>^</sup>	3 <sup>^</sup>	–	3 <sup>^</sup>	3 <sup>^</sup>
F Abbott	4	6 <sup>+</sup>	2	–	4	–	3
M Arnold	4	7 <sup>^</sup>	2 <sup>^</sup>	3 <sup>^</sup>	–	–	3 <sup>^</sup>
M M M Bakane-Tuoane, Dr	4	7	–	3	4	4	3
T A Boardman	4	7	–	–	4	–	3
A D Botha	4	6 <sup>+</sup>	2	–	4	–	3
J A Chissano	3 <sup>+</sup>	–	–	1 <sup>+</sup>	3 <sup>+</sup>	–	–
W M Gule	4	–	–	–	4	–	–
A K Maditsi	4	7	2	3	4	4	3
H L Mkatshana	4	7 <sup>^</sup>	2 <sup>^</sup>	–	–	4 <sup>^</sup>	–
J P Möller*	2 <sup>*</sup>	–	– <sup>**</sup>	–	2 <sup>*</sup>	–	– <sup>**</sup>
R V Simelane, Dr	4	7	–	3	4	4	–
Z B Swanepoel**	4	–	2	–	4	– <sup>**</sup>	–
A J Wilkens	4	6 <sup>^</sup>	2 <sup>^</sup>	3 <sup>^</sup>	–	–	3 <sup>^</sup>

<sup>^</sup> Attended as an invitee.

<sup>+</sup> Absent with leave of the Board or Committee, as the case may be.

<sup>\*</sup> Mr J P Möller was appointed to the Board on 1 January 2017.

<sup>\*\*</sup> Messrs J P Möller and Z B Swanepoel were appointed to these committees on 29 August 2017, after the reporting period.

<sup>1</sup> Messrs D C Noko and J C Steenkamp were appointed to the Board on 10 October 2017, after the reporting period.

## COMPANY SECRETARY

All Directors have access to the services and advice of the Company Secretary, Ms A N D'Oyley (BCom, LLB, LLM). The Company Secretary is not a Director of the Company and she maintains an arm's-length relationship with the Board.

The Company Secretary supports the Board as a whole, and Directors individually, by providing guidance as to how to fulfil their responsibilities as Directors in the best interests of the Company. To achieve these objectives, independent advisory services are retained by the Company Secretary at the request of the Board or its Committees. The Company Secretary also oversees the induction of new Directors, as well as the ongoing training of Directors. She maintains her knowledge of developments in corporate governance best practice and regulation.

The Board appointed the Company Secretary in accordance with the requirements of the Companies Act. The JSE Listings Requirements provide that boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the company secretary. Therefore, in August

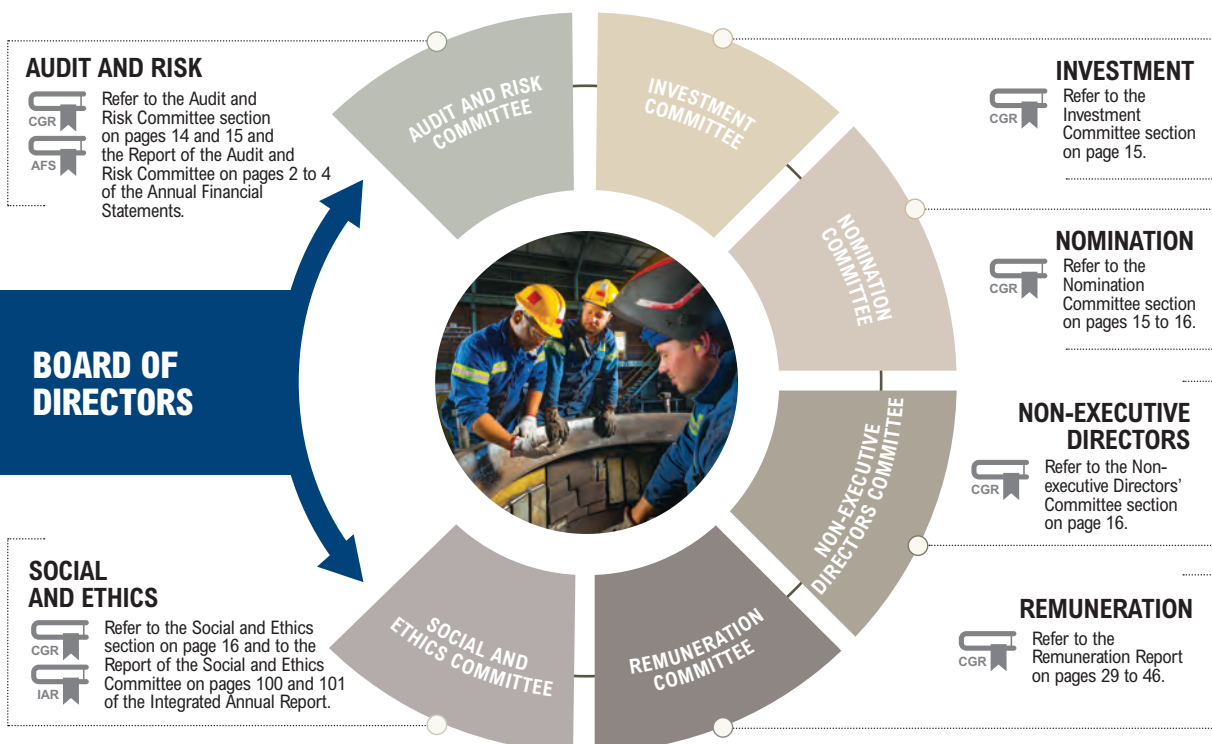
2017, upon the recommendation of the Nomination Committee, the Board considered details regarding the Company Secretary's competence, qualifications and experience as well as the results of the F2017 Board assessment. The Board remains satisfied with the competency and experience of the Company Secretary.

## BOARD COMMITTEES

The Board has established the standing Committees set out in the diagram below to promote independent judgement, to assist with the balance of power and to assist it with effectively fulfilling its responsibilities in accordance with the provisions of the Company's Board Charter. Nonetheless, the Board acknowledges that the delegation of authority to its Committees does not detract from the Board's responsibility to discharge its fiduciary duties to the Company.

The Committees have Terms of Reference, which are reviewed annually by the Board. They set out the Committees' roles and responsibilities, functions, scope of authority and composition. The annual review takes into account amendments to applicable legislation and developments in international best practices. Committees report to the Board at each Board meeting and

## BOARD COMMITTEES



## AD HOC BOARD COMMITTEES

The Board has the right to appoint and authorise special *ad hoc* Board Committees, comprising the appropriate Board members, to perform specific tasks as required.



## CORPORATE GOVERNANCE continued

make recommendations in accordance with their Terms of Reference. In 2017, the Board approved King IV amendments to all of the Committees' Terms of Reference.

The F2017 assessment process concluded, *inter alia*, that each Committee was satisfied that it had fulfilled its responsibilities terms of their Terms of Reference.

Each Committee is chaired by an Independent Non-executive Director.



Attendance schedules for Committee meetings held in F2017 are included in the meeting attendance summary on page 12 of this report.

The *curricula vitae* on pages 6 to 8 set out the qualifications and experience of each of the Committee members.

## AUDIT AND RISK COMMITTEE

### Members:

T A Boardman (Chairman)  
 F Abbott  
 Dr M M M Bakane-Tuoane  
 A D Botha  
 A K Maditsi  
 Dr R V Simelane

The Audit and Risk Committee is constituted as a statutory committee of the Board in terms of Section 94 of the Companies Act and its composition complies with the provisions of that section.



The Report of the Audit and Risk Committee is available on pages 2 to 4 of the Annual Financial Statements.

The Audit and Risk Committee comprises six Independent Non-executive Directors, each of whom has extensive relevant experience. In accordance with the guidelines in King IV, the Audit and Risk Committee Chairman is an Independent Non-executive Director. The Chief Executive Officer, the Financial Director and the Chief Financial Officer attend Audit and Risk Committee meetings at the Committee's request.

The primary objective of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of ARM's assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company. It also oversees financial and other risks in conjunction with the Social and Ethics Committee. In fulfilling its oversight responsibilities, the Audit and Risk Committee reviews and discusses the audited financial statements with management and the external and internal auditors of the Company.

Based on the Terms of Reference, a comprehensive agenda framework and work plan is prepared to ensure that all tasks assigned to the Audit and Risk Committee are considered at least once a year.

## Financial reporting process

The Audit and Risk Committee has oversight of the Company's financial reporting process on behalf of the Board, which is responsible for the preparation of the financial statements and for maintaining effective internal control over financial reporting.

The Audit and Risk Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. The Committee also discusses the overall scope and plans for the respective audits of the Company's internal and external auditors. The internal and external auditors are invited to attend Audit and Risk Committee meetings.

The Audit and Risk Committee performs its review function over all of ARM's operations. To assist the Audit and Risk Committee with its reviews, all operational joint ventures have audit committees. The chairmen of the audit committees of the subsidiaries and joint ventures report to the Audit and Risk Committee, highlighting areas of concern and remedial actions taken by management. In addition, the minutes of audit committee meetings as well as internal and external audit reports of all operations are submitted to the Audit and Risk Committee.

In assessing the appropriateness of financial reporting processes, the Committee reviews the Financial Director's qualifications and experience. Following the 2017 review, the Committee is satisfied that the Financial Director has experienced finance executives reporting to him, that the finance function is adequately resourced and that he has the necessary experience and expertise to discharge his responsibilities.

## External auditors


The Audit and Risk Committee, after due consideration, is of the view that the independent registered audit firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, is independent of the Company and its management.

Upon the recommendation of the Audit and Risk Committee at the Annual General Meeting, shareholders will be requested to re-appoint Ernst & Young Inc. (EY) as external auditor of the Company and that Mr Tomlinson be re-appointed as the designated individual auditor for the 2018 financial year. EY and Mr Tomlinson are registered with the JSE in accordance with the JSE Listings Requirements.

The principles for the use of external auditors for non-audit services are set out in the formal policy on non-audit services. The Financial Director is authorised to engage the external auditor for non-audit services for which the fee would not


exceed R200 000. Matters for which the fee will exceed R200 000 must be pre-approved by the Audit and Risk Committee. The policy also prescribes permitted non-audit services.

The Audit and Risk Committee acts as a forum for communication between the Board, management and the external and internal auditors. It is required to meet at least six times a year. Seven meetings were held during F2017.

 See the meeting attendance summary on page 12 of this Corporate Governance Report.


In F2017, the focus was on monitoring the restructuring of the loss-making operations, including the disposal of ARM and Vale's 80% interest in Lubambe. In F2018, the Committee will continue to monitor the Company's restructuring progress and major proposals to improve operational efficiencies.

The Investment Committee is required to meet at least once a year. Two meetings were held during F2017.

 See the meeting attendance summary on page 12 of this Corporate Governance Report.

### Internal control and internal audit

The Board, with the assistance of the Audit and Risk Committee, the Management Risk and Compliance Committee and the outsourced internal auditors, review the Company's risk profile annually. In terms of the risk-based internal audit programme approved annually by the Audit and Risk Committee, the internal auditors perform a number of reviews to assess the adequacy and effectiveness of systems of internal control and risk management. The results of these reviews, together with updates on the corrective action taken by management to improve control systems, are reported to the Audit and Risk Committee and the Board.

 The Management Risk and Compliance Committee reports to the Audit and Risk Committee and its report is included on page 17 of this Corporate Governance Report.

During the year under review, the Audit and Risk Committee's performance and effectiveness were evaluated. As a result of that evaluation, the Board is satisfied that the Audit and Risk Committee has complied with its Terms of Reference.

### INVESTMENT COMMITTEE

#### Members:

Z B Swanepoel (Chairman)  
F Abbott  
A D Botha  
A K Maditsi  
J P Möller (appointed with effect from 29 August 2017)

The Investment Committee comprises five Independent Non-executive Directors. Invitees include the Chief Executive Officer, the Financial Director, the Chief Financial Officer, the Executive: Business Development, the Executive: Corporate Development, the Group Executive: Legal, the divisional chief executives. Other senior executives and external advisors also attend, as required. The Investment Committee's purpose is to consider substantial investments proposed by management, including mining projects, acquisitions and disposals of assets, and to make such recommendations to the Board as it considers appropriate. The Investment Committee also reviews the results attained on completion of each project.

### NOMINATION COMMITTEE

#### Members:

A K Maditsi (Chairman)  
Dr M M M Bakane-Tuoane  
J A Chissano  
Dr R V Simelane

The Nomination Committee comprises four Independent Non-executive Directors.

 For additional information in this regard, refer to the section entitled "Board Committees" on page 13 of this Corporate Governance Report.


The Nomination Committee is responsible, *inter alia*, for establishing formal and transparent procedures for the appointment of Directors; recommending to the Board suitable candidates for appointment as members of its Committees and the Chairmen of such Committees; ensuring compliance with those provisions of the Memorandum of Incorporation governing the rotation of Directors and making recommendations to the Board with regard to the eligibility of retiring Directors of the Company for re-election.

The Nomination Committee is also responsible for developing a formal induction programme for new Directors of the Company, overseeing access by Directors to external continuing professional development programmes for Directors so as to ensure that new Directors are developed through mentorship and training programmes; and ensuring that Directors receive regular briefings on changes in risks, laws and the environment in which ARM operates.

The Nomination Committee assists the Executive Chairman to lead the overall performance evaluation, at least once a year, of the Chief Executive Officer and the other Directors in respect of their roles as Directors as well as evaluations of the Board as a whole and its Committees. The Nomination Committee assists the Lead Independent Non-executive Director to lead the annual performance evaluation of the Executive Chairman, with the assistance of the Company Secretary.

## CORPORATE GOVERNANCE continued

The Nomination Committee reviews, from time to time, the structure, composition and size of the Board and makes recommendations to the Board regarding any changes that are considered necessary to enhance the effectiveness of the Board, including recommendations on the general composition of the Board and the balance between Executive and Non-executive Directors appointed to the Board. The Nomination Committee deals with succession planning for the Executive Chairman, the Chief Executive Officer and other Directors.

 For additional information regarding the succession process, please refer to page 11.


The Nomination Committee also considers the membership across Board Committees holistically and makes recommendations to the Board taking into consideration the qualifications, experience and availability of candidates to ensure that each Committee has the necessary knowledge, skills, experience to carry out its mandate effectively.

During the year under review the Committee made recommendations to the Board to promote diversity in Board membership and to make Committee appointments to augment the knowledge, skills and experience of the Committees.

 See the section on Diversity and Inclusion on page 9.

In line with JSE Listings Requirements, the Nomination Committee is chaired by the Lead Independent Non-executive Director, Mr A K Maditsi. Mr Motsepe, the Executive Chairman, attends Nomination Committee meetings as an invitee.

In terms of the Terms of Reference of the Nomination Committee at least one meeting must be held per year. During F2017, four meetings were held.

 See the meeting attendance summary on page 12 of this Corporate Governance Report.

## NON-EXECUTIVE DIRECTORS' COMMITTEE

### Members:


A K Maditsi (Chairman)  
 Dr M M M Bakane-Tuoane  
 F Abbott  
 T A Boardman  
 A D Botha  
 J A Chissano  
 W M Gule  
 J P Möller (with effect from 1 January 2017)  
 D C Noko (with effect from 10 October 2017)  
 Dr R V Simelane  
 J C Steenkamp (with effect from 10 October 2017)  
 Z B Swanepoel

The Non-executive Directors' Committee comprises all of the Non-executive Directors and meets formally on a quarterly basis without management. The meetings are chaired by the Lead Independent Non-executive Director, Mr A K Maditsi.


The Committee provides a forum for the Non-executive Directors of the Company to consider and discuss issues of importance to ARM, including the promotion of increased investor confidence, stimulating business growth, encouraging effective business leadership, fostering sustainable long-term growth in both the social and economic arenas and cultivating and promoting an ethical corporate culture within ARM.

During F2017, the Committee considered the improvement in the Bosberaad (strategy and budget meeting) and focused on providing feedback to the Board and management to enhance the effectiveness of the strategic process.

Four meetings were held during F2017.

 See the meeting attendance summary on page 12 of this Corporate Governance Report.

## REMUNERATION COMMITTEE

 The Remuneration Report is available on page 29 to 46 of this Corporate Governance Report.

## SOCIAL AND ETHICS COMMITTEE

### Members:

Dr R V Simelane (Chairman)  
 Dr M M M Bakane-Tuoane  
 A K Maditsi  
 Z B Swanepoel (appointed with effect from 29 August 2017)

The Company's sustainable development philosophy is underpinned by the realisation that there is a need to turn mineral wealth into sustainable economic growth and development. Through our business endeavours, ARM seeks to act as a catalyst for local, national, regional and international development, to make a lasting and important social, economic and environmental contribution to the developing regions in which ARM operates and to achieve and maintain world-class performance standards in the management of safety, health (occupational), the environment, tuberculosis, HIV and Aids and Corporate Social Responsibility.

The purpose of the Social and Ethics Committee, which is constituted in terms of Regulation 43(5)(c) of the Companies Regulations promulgated in terms of the Companies Act, is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which ARM operates in order to ensure that its business practices are sustainable. The Social and Ethics Committee also reviews and considers the efficacy of ARM's systems to promote Local Economic Development opportunities to enable Historically Disadvantaged South Africans to develop economically while meeting the requirements of Mineral Rights conversions and other requirements detailed in the Mineral and Petroleum Resources Development Act 28 of 2002, as amended, and other applicable legislation.



The Social and Ethics Committee is responsible for:

- > Monitoring activities having regard to relevant legislation and other legal requirements and codes of best practice;
- > Drawing relevant matters to the attention of the Board; and
- > Reporting to the shareholders of the Company at Annual General Meetings.

In particular, the Social and Ethics Committee is responsible for monitoring Ethics, as set out in the Code of Conduct:

- > Social and economic development;
- > Responsible corporate citizenship;
- > Sustainable development, including environmental management, occupational health and wellness and employee safety;
- > Stakeholder relationships; and
- > Labour and employment.

The key focus areas for the Committee for F2018 are to monitor the focus areas set out in the Sustainability Report.



The key focus areas for F2017 and additional information about the Committee's activities during the year is available in the Report of the Social and Ethics Committee on pages 100 to 101 of the Integrated Annual Report and in the 2017 Sustainability Report available on ARM's corporate website: [www.arm.co.za](http://www.arm.co.za)

The Social and Ethics Committee's Terms of Reference provide that the Committee must have a minimum of three members, the majority of whom must be Independent Non-executive Directors. Currently, the Social and Ethics Committee comprises four Non-executive Directors, all of whom are independent. Invitees include the Chief Executive Officer of the Company, the divisional chief executives, the Executive: Business Development, the Executive: Sustainable Development, the Group Executive: Human Resources, the Group Executive: Legal, the Group Executive: Compliance, Stakeholder Relations and the Group Risk Manager.

Four meetings were held during F2017.



See the meeting attendance summary on page 12 of this Corporate Governance Report.

## MANAGEMENT COMMITTEES

The Company has various Management Committees comprising Executive Directors and senior executives who are considered essential to the functioning of the Company and ensuring the appropriate control and provision of information to the Board.



See page 3 for a summary of how these Committees support the business.

### Executive Committee

The Executive Committee met nine times in F2017. The Executive Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer, the Financial Director, the divisional chief executives and other senior executives.

## Management Risk and Compliance Committee

The Management Risk and Compliance Committee, a management sub-committee of the Audit and Risk Committee, assists the Audit and Risk Committee in discharging its duties relating to risk matters by implementing, coordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The Management Risk and Compliance Committee's Terms of Reference are reviewed annually and were most recently amended by the Audit and Risk Committee in F2017 for King IV.

The Management Risk and Compliance Committee is chaired by the Chief Executive Officer and its membership includes the Financial Director, the Chief Financial Officer, the chief executives of the divisions, the Group Risk Manager, the Executive: Sustainable Development, the Chief Information Officer and the Chief Compliance Officer. The internal auditor is invited to attend one meeting per year. The Chairman of the Management Risk and Compliance Committee and the Group Risk Manager attend Audit and Risk Committee meetings and report on the activities of the subcommittee. The Chief Executive Officer and the Chairman of the Audit and Risk Committee report on risk matters to the Board. The Group Risk Manager and the Executive: Sustainable Development are also invited to attend Board meetings to respond to any risk-related matters raised by the Directors.

The Management Risk and Compliance Committee had four meetings during F2017 as well as the annual Corporate Risk Workshop.



Additional information regarding the risk management programme is available in the Risk Report on pages 22 to 28 of this Corporate Governance Report.

### Steering Committee

The Steering Committee implements management policy and considers other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management. It meets quarterly, or more often if required. All Steering Committee members are invited to attend the annual Bosberaad (budget and strategy meeting).

### Growth and Strategic Development Committee

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which is chaired by the Executive Director: Growth and Strategic Development, meets fortnightly, or as often as required. Its members include the Chief Executive Officer, the Financial Director, the Executive Director and Chief Executive: ARM Platinum, the Executive: Business Development, the Group Executive: Legal and the Executive: Corporate Development. Other senior executives, including the other divisional chief executives and the Chief Financial Officer, attend meetings by invitation.



Refer to the section on Our Strategy on page 3 of the Integrated Annual Report.

## CORPORATE GOVERNANCE continued

## Employment Equity and Skills Development committee

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies throughout the Company. The Committee is chaired by Mr H L Mkatshana, an Executive Director and the Chief Executive of ARM Platinum. Its members consist of management representatives, representatives by occupational category and representatives of designated and non-designated groups, including the Chief Executive Officer, the Chief Financial Officer, the Group Executive: Human Resources, the divisional chief executives, the Executive: ARM Platinum Corporate Affairs and the Group Executive: Compliance and Stakeholder Relations. The Committee meets quarterly, or more often if required. The Committee Chairman and the Group Executive: Human Resources attend and report at Social and Ethics Committee and Board meetings.



Refer to the section on Human Resources Management in the Sustainability Report.

## Treasury Committee

The Treasury Committee meets monthly and, if required, more frequently, under the chairmanship of the Financial Director. The Committee membership includes the Chief Financial Officer, the ARM Finance Senior Executive: Operations, the ARM Senior Finance Executive: Corporate and the Company Financial Manager. Representatives of Andisa Treasury Solutions (Andisa), to whom the treasury function is outsourced, attend meetings by invitation. The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Company. While not performing an executive or decisive role in the deliberations, Andisa implements decisions taken when required. Advice is also sought from other advisors on an ongoing basis.



Refer to the Group Financial Review on page 107 of the Integrated Annual Report.

## Tax Forum

The Tax Forum meets quarterly under the chairmanship of the ARM Finance Senior Executive: Corporate, who reports to the Audit and Risk Committee on a quarterly basis.

## Information Technology Steering Committee

The Information Technology Steering Committee implements the governance framework and strategy adopted by the Board, and develops information technology (IT) policies and procedures. The committee is chaired by Mr A Joubert, the Chief Executive: ARM Ferrous. Its members include the Chief Information Officer, various senior ARM Ferrous and ARM Strategic Services and Exploration executives, the Executive: Operations Support, senior general managers of the Assmang operations and all senior IT project managers from the divisions. The committee meets quarterly. The Committee Chairman and the Chief Information Officer attend and report at Audit and Risk Committee meetings.

## TECHNOLOGY AND INFORMATION GOVERNANCE

### Introduction

At ARM, the terminology Information Management (IM) is used to describe the management of information as well as the supporting technology and the related applications and data.

IM is one of the cornerstones of ARM's intellectual capital. IM has as its mission the implementation and continuous improvement of appropriate, standardised, proven and integrated information technology and software applications, which provide user-specific information to support all ARM's objectives and enhance its business and safe mining strategy.

To this end, the Group has continued with its roll-out of an integrated Enterprise Resource Planning (ERP) system, incorporating finance, procurement, inventory, safety and people management, to one system in line with ARM's drive to enhance efficiency. In addition, the Group continues with the roll-out of a system that allows for advanced analytics to show trends, enhance planning, forecasting and emerging patterns.

### Accountability

The Board affirms its responsibility for the governance of technology and information. The governance model reflects both business and information technology requirements, focusing on strategic alignment, the value delivered, risk management (including information security, resilience and legislative and health and safety compliance), resource management and performance management.

The Chief Information Officer oversees the day-to-day operations and the Board has delegated the responsibility to the Audit and Risk Committee for overseeing the governance of technology and information. The Chief Information Officer also attends Combined Assurance Forum, Management Risk and Compliance Committee and Social and Ethics Committee meetings as well as Steering Committee and Executive Committee meetings.

### Governance Framework

Summarised in the diagram below are the key elements of the framework for governing technology and information, including information management (IM), which is being updated for King IV, and the aspects explained below are measured and monitored by the Chief Information Officer on an ongoing basis and are reported on a quarterly basis to the Audit and Risk Committee.

The governance of technology and information is conducted in accordance with international standards, such as those embodied in the Information Systems Control Association's IT Governance Institute and CoBIT (Control Objectives for Information Technology) frameworks. These are reviewed from time to time to take into account organisational changes, international developments in the field, and changing risk profiles.

### Key elements: Technology and Information Governance Framework



CORPORATE GOVERNANCE continued

**Review of F2017**

During F2017, the IM department focused on a number of key strategic initiatives in ARM as per the objectives that were set for the period. There was a specific focus to assist with optimising the cost of technology and information within ARM, starting with the Northern Cape mines (Beeshoek, Khumani and Black Rock). The focus was on standardising the systems and business processes and, where appropriate, to centralise technology and information infrastructure. The other focus area was to optimise software licensing costs and the associated software assurance/maintenance costs of all applications used. There remains ongoing work in the areas of cybersecurity and extended efforts in the relevant end user awareness and behaviour in terms of threats, both external and internal, to the business.

**Focus for F2018**

The focus remains:

- > Cybersecurity
  - (a) Awareness sessions and surveys to be held within the Group regarding various aspects of cybercrime as a priority, due to the worldwide escalation in this regard; and
  - (b) end point security to manage all devices, such as mobile phones, tablets, and all computer equipment connected to the ARM-wide networks.
- > Continuation of the Human Resources systems project in the Northern Cape operations, focusing on stabilising and enhancing the current systems, which were recently installed.
- > Upgrade of the JD Edwards ERP in the Northern Cape, including standardising the way in which the three operations execute business and reporting.

The table below indicates the focus for F2018, with many initiatives continuing from F2017.

**SCORECARD**

GOVERNANCE DIMENSION AND F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
<p><b>Risk management</b> Development of a governance framework measurement model.</p>	<p><b>Achieved</b> The development of a governance framework has been completed for all the ARM Ferrous operations.</p>	<p>Enhance and sustain the governance framework model and inputs on a continuous basis. Implement and align at ARM Platinum.</p>
<p>Ensure cybersecurity is a priority to limit the exposure of ARM and all system users.</p>	<p><b>Achieved</b> Awareness and training of end users. Cybersecurity awareness sessions were held during F2017.</p>	<p>Ongoing awareness and cybersecurity training of end users remains a priority.</p>
<p>Management of and compliance with existing and new legislative and regulatory requirements, rules and standards. Monitor introduction of King IV and the Protection of Personal Information Act (POPI).</p>	<p><b>In Progress</b> Ongoing preparations for the introduction of POPI and the adoption of King IV.</p>	<p>Management of and compliance with new legislative and regulatory requirements, including King IV and POPI.</p>
<p><b>Value delivery</b> Continuation of the Human Resources initiatives for the Northern Cape operations.</p>	<p><b>In Progress</b> Human Resources systems projects in the Northern Cape operations are still ongoing.</p>	<p>Human Resource systems project implementation at the Northern Cape operations.</p>
<p>Infrastructure and applications.</p>	<p><b>In Progress</b> Investigate opportunities to contain costs.</p>	<p>Project to standardise all JD Edwards Enterprise Resource Planning system functions for the Northern Cape operations. As a parallel process, JD Edwards will be commissioned in F2018 for a single instance and the system will be upgraded to the latest version.</p>
<p><b>Resource management</b> Redesign the Information Management structure to minimise amount of resources required.</p>	<p><b>Achieved</b> Agreements with contract personnel have come to an end, except for those on the JD Edwards project. The vacancies will not be filled.</p>	

**Abbreviations**

**CoBit** Control Objectives for Information Technology  
**ERP** Enterprise Resource Planning

**IM** Information Management  
**IT** Information Technology

**MAPP** Managing ARM's People Potential  
**POPI** Protection of Personal Information Act



## ETHICS

Through its Code of Conduct (the Code), the Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All Directors and employees are required to maintain high ethical standards so that the Company's business is conducted honestly, fairly, legally and in a reasonable manner, in good faith and in the best interests of the Company. The Code was previously known as the Code of Ethics. The Code was most recently updated in F2017 for King IV. An updated Code of Conduct online training programme has been rolled out at the corporate office.



The Code of Conduct is available on ARM's website: [www.arm.co.za](http://www.arm.co.za)

## Whistleblower facility

Through its whistleblower policy and procedure, an independent service provider operates ARM's whistleblowers' facility to enable employees and other stakeholders to report, confidentially and anonymously, any unethical or risky behaviour. Information about the facility is included in the Code and contact information is posted in each of the Company's offices. Initiatives to heighten awareness of the whistleblower facility are implemented on an ongoing basis. Formal procedures in place result in each whistleblowing report being investigated and policy and procedures revised, where applicable, with feedback reports being provided to the operators of the ARM whistleblower facility. No material non-compliance incidents were reported during the year under review.

### Comment from Sustainability Assurance Provider:

"As part of the scope of work to provide Independent Third Party Assurance over ARM's sustainability reporting, Ibis ESG Assurance (Pty) Ltd conducted an assessment of ARM's ethics policies and procedures, in line with King IV recommendations. Based on our review, including observations and interviews during visits to selected sites, it appears that ARM employs a comprehensive set of policies (e.g. the Code of Conduct), procedures, systems and controls to meet reasonable expectations for the monitoring and management of ethical compliance throughout its operations."



Ibis ESG Assurance's comprehensive assurance statement may be found in ARM's Sustainability Report available on ARM's website: [www.arm.co.za](http://www.arm.co.za)

## Conflict of interest

The Code includes a policy prohibiting the acceptance of any gift which may be construed as an attempt to influence an employee, regardless of value. The acceptance of any gift is subject to the approval of a member of the executive.

## Disclosure

The Code includes a policy regarding communications which encourages complete, accurate and timely communications with the public. The Chief Executive Officer, the Financial Director, the Chief Financial Officer, the Head of Investor Relations and the Company Secretary oversee compliance with the disclosure requirements contained, *inter alia*, in the JSE Listings Requirements.

## LEGAL COMPLIANCE

The Company has a Legal Compliance Policy, which was updated in July 2017. Internal and external legal compliance and operational audits are regularly conducted at all operations, and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

## DEALINGS IN SECURITIES AND INSIDER TRADING POLICY

The Company has a Dealings in Securities and Insider Trading Policy. ARM enforces closed periods in compliance with legislation and regulations. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees were provided with relevant extracts from applicable legislation and the Company's procedures in this regard. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations.



Dealings in Securities and Insider Trading policy is available on ARM's website: [www.arm.co.za](http://www.arm.co.za)

## INVESTOR RELATIONS AND COMMUNICATION WITH STAKEHOLDERS

ARM is committed to transparent, comprehensive and objective communication with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information.

Shareholders are encouraged to attend the Annual General Meeting and to use it as an opportunity to engage with the Board and senior management.

The Company's stakeholder communication policy is included in the Code.

ARM's investor relations department is responsible for communication with institutional shareholders, the investment community and the media. The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by ARM senior executives in one-on-one meetings with institutional investors locally and internationally, through investor roadshows and conferences.



Additional information regarding our engagement with key stakeholders is available on pages 22 to 25 of the Integrated Annual Report and in the 2017 Sustainability Report available on the Company's website: [www.arm.co.za](http://www.arm.co.za)

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The complete policy governing dealings in Company securities and insider trading is available on ARM's corporate website: [www.arm.co.za](http://www.arm.co.za)

## ANNUAL GENERAL MEETING

Directors and the external audit partner attend Annual General Meetings of the Company to answer shareholders' questions.



The Notice of Annual General Meeting is available on pages 127 to 136 of the 2017 Integrated Annual Report.

# RISK REPORT

## ENTERPRISE RISK MANAGEMENT POLICY

ARM's risk management philosophy commits us to integrating, embedding and cost-effectively implementing and continually reviewing our systems of internal control and Enterprise Risk Management at all levels within the Company.

ARM's overriding policy and philosophy is that the management of risk is the responsibility of management at every level in ARM. It forms an integral part of the process of managing resources and opportunities within our risk appetite in order to provide reasonable assurance of the achievement of our objectives.

### Enterprise Risk Management Policy

To implement the Enterprise Risk Management Policy we:

- > strive to protect and improve the health, safety and wellbeing of everyone affected by our operations;
- > assess risks and opportunities emanating from the Triple Context\* in which the ARM Group operates and the Capitals\*\* that the organisation uses and affects;
- > assess the ARM Group's dependence on resources and relationships as represented by the various forms of capital;
- > identify, evaluate and regularly review the risks and potential upside, or opportunity, presented by risks with potentially negative effects on achieving our organisational objectives;
- > design and implement appropriate risk responses and controls through our formal management framework that support the achievement of our strategic objectives;
- > preserve and enhance our assets and earnings potential to safeguard and optimise our Company assets and our shareholders' investment;
- > implement and maintain effective internal control and risk management programmes;
- > identify, evaluate and regularly review the risks we face in achieving our strategic value drivers;
- > make environmental management part of all our activities and operate in accordance with the principles and procedures of key environmental legislation;
- > ensure compliance with all applicable legislation;
- > retain risk/self-insure to our optimal capacity, in line with our conservative approach and our commitment to protect our shareholders' interests;
- > accept, reduce or share risk and ensure that the residual exposure we accept is within our risk appetite or tolerance; and
- > use secure insurance and re-insurance markets to finance against catastrophic incidents and losses beyond our risk retention capacity.

ARM's Board delegates the responsibility to implement and execute effective risk management to executive management with oversight through the Audit and Risk Committee. The Board has further committed ARM to a process of risk management and to sound and effective systems of internal control. These are aligned with the principles of King IV and comply with the Companies Act and all relevant codes, legislation and regulations. The objective of these systems and processes is managing, optimising and/or minimising short, medium- and long-term risk and opportunities at all ARM operations.

ARM expects all subsidiaries, joint ventures, strategic alliances, strategic and functional areas, business units, operations, projects and processes to be subject to the Enterprise Risk Management Policy.

### The Enterprise Risk Management process

Our annual Risk Management Plan is approved by the Audit and Risk Committee, executed by the ARM Risk Management Department in collaboration with management and monitored by the Management Risk and Compliance Committee, the Audit and Risk Committee and joint venture audit committees on a quarterly basis. This plan ensures the implementation within the Company of our enterprise-wide risk management process.

ARM's Enterprise Risk Management process uses a unitary framework of identification and quantification of risks (marginally amended to create focus on physical risks) at all levels within the Company. To meet and exceed ARM's Enterprise Risk Management standards, we measure, monitor and benchmark the effectiveness of our mitigation and control performance against our own and international best practice.

ARM's risk appetite and its propensity to take appropriate levels of risk and the limit of the potential loss that the Company has the capacity to tolerate, is assessed on a continuous basis.

The Enterprise Risk Management process, which is consistent with our "We do it better" management style, is designed to achieve an ongoing improvement of ARM's risk preparedness and effective corporate governance.

ARM's risk profile requires that we adopt a prudent approach to corporate risk. We evaluate and agree the nature and extent of the risks that ARM is willing to pursue to achieve strategic objectives based on the approved risk tolerance and risk mitigation criteria.

We select our controls, mitigating actions and risk interventions, based on their potential to increase the likelihood of ARM fulfilling its stakeholder commitments. Sound management of our risks provides us with the flexibility to anticipate and respond to changes in our business environment and make informed decisions in uncertain times.

To ensure ARM's responses to risk remain current and dynamic we continue to embed our Enterprise Risk Management and internal control processes in our business systems and processes.

#### Mike Schmidt

Chief Executive Officer  
10 October 2017

\* "Triple Context" has the meaning assigned to it in Part 1 (Glossary of Terms) in King IV.

\*\* "Capitals" has the meaning assigned to it in Part 1 (Glossary of Terms) in King IV.

## ENTERPRISE RISK MANAGEMENT PROCEDURE

The objective of ARM's procedure is to ensure that ARM is proactive and appropriately prepared for potential risk, challenges and opportunities.

The Enterprise Risk Management process sets out ARM's risk management philosophy and policy; the management and reporting functions; processes, roles and responsibilities; provides standards and guidelines; and identifies risk appetite and risk tolerance levels (periodically reviewed by the Management Risk and Compliance Committee and recommended by the Audit and Risk Committee to the Board for approval) for operations, divisions and the Company.

The Enterprise Risk Management process, which incorporates elements of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework, International Organisation for Standardisation (ISO) 31 000 and risk management requirements of King IV:

- > places significant emphasis on the integration of risk and assurance;
- > provides an effective and efficient management tool for continuous improvement of controls and mitigation strategies;
- > provides evidence of meaningful management assurance that can be relied on by all stakeholders;
- > facilitates the ongoing process of moving from exception reporting to performance of controls;
- > identifies risks (from long-term strategic planning to process level risks) with the specific objective of reviewing and ensuring that appropriate levels of control and mitigation are in place;
- > sets ARM performance standards and grading/rating performance of control and mitigation strategies;
- > constantly reassesses risk management initiatives to ensure that they are relevant and that they anticipate emerging risks and opportunities;
- > adds value to the efficiency and effectiveness of ARM's risk preparedness; and
- > meets corporate governance requirements.

ARM recognises that the field of risk management is dynamic and thus ARM's Enterprise Risk Management Policy will continue to evolve to meet the challenges and changes faced by ARM, its divisions and operations.

## MANAGEMENT OF RISK

### ACCOUNTABILITY STRUCTURE



\* The Combined Assurance Forum provides input on assurance in terms of the Combined Assurance Model to the Management Risk and Compliance Committee.

The ARM Board tasks the Audit and Risk Committee with the oversight of risk management. In terms of the Board Charter, the Management Risk and Compliance Committee has been established as a sub-committee of the Audit and Risk Committee to assist it with the management of and reporting on risk management processes and procedures. The Audit and Risk Committee Chairman reports to the ARM Board.

The Chief Executive Officer chairs the Management Risk and Compliance Committee and its members include the divisional chief executives, the Financial Director, the Executive: Sustainable Development, the Group Executive: Legal, the Chief Information Officer, the Group Risk Manager and other senior executives.

The Group Risk Manager reports quarterly to the Management Risk and Compliance Committee, the Combined Assurance Forum, the Audit and Risk Committee and the Social and Ethics Committee, as well as reporting quarterly to divisional and joint venture operational committees, divisional audit committees, and divisional social and ethics/sustainable development committees, with the exception of the ARM Coal audit committee.

## ANNUAL RISK MANAGEMENT PLAN

The Risk Management Plan, approved annually by the Audit and Risk Committee, provides emphasis for ARM's Enterprise Risk Management initiatives for that financial year and ensures implementation of the Internal Control and Enterprise Risk Management Policy.

The Plan's initiatives and emphases are determined through an integrated combined assurance review. This review encompasses risk and assurance processes; discussions with internal audit, external audit and independent assurance providers; and is guided by any business imperatives and changes in governance and compliance requirements.

## RISK REPORT continued

**REPORTING STRUCTURE**

ARM's Enterprise Risk Management process consists of four focus areas which is set out in the annual risk management plan and used as the reporting structure as well.

The four areas consist of 1) risk register process, 2) physical risk management, 3) risk finance/insurance and 4) governance, risk and risk reporting.

Each area is explained in more detail below and contributes to ARM's integrated approach to risk management.

Risk management initiatives and emphases are incorporated into the annual Risk Management Plan and reported on four main areas described below:

**1 Risk register process**

*Addresses emerging and existing business risks, controls and action plans for improvement.*

The scope of ARM's risk register function extends from addressing strategic, tactical and major operational risks, challenges and opportunities to detailed risk assessments at a process level (including specialised functions) across ARM, its divisions, operations and individual processes.

The aim of the risk register process is to ensure the identification and recording of relevant risks, challenges and opportunities and in respect of each risk/opportunity to identify and record corresponding controls and mitigation strategies. The efficacy of these controls is considered and rated against ARM's Control Standards during the process.

The inclusion and consistent use of value drivers in the identification of risks, challenges and opportunities and their corresponding controls assists in ensuring focus and alignment with the independent assurance provided by ARM's outsourced internal audit function.

The Enterprise Risk Management specific software captures detailed risk information in a consistent manner and provides a powerful database to enable interrogation of risks, controls and actions captured through the risk register process.

**Action plans to reduce risk**

Where improvement in the control environment is considered necessary, the risk register process requires that appropriate action plans or mitigation strategies be identified and implemented to reduce the risk profile and improve the control environment.

This approach to risk ties in with ARM's "We do it better" management approach, which incorporates the principle of continuous improvement.

**Rating of control effectiveness**

ARM's focus on rating the effectiveness of controls and ensuring the implementation of appropriate mitigating actions and strategies corresponds with the move towards reporting on the performance of controls (measured in terms of risk and control dashboards) and the move away from exception reporting.

**Using the risk register and dashboard process to ensure a focused annual internal audit plan and maintain the focus on continuous improvement**

The detailed information in the risk registers, assurance results in the dashboard and assurance detail available in the Combined Assurance status reports are provided to and discussed at least annually with ARM's internal auditors to:

- > plan internal audit coverage to ensure that it is comprehensive and provides focus on considering identified high-risk areas for particular attention;
- > enhance the integration of the risk and internal audit functions by reviewing the process level risk assessments during the annual audit programme as well as the effectiveness of the controls and mitigation strategies associated with the identified risks; and review the strategic, tactical and major operational (STMO) risks and their appropriate controls' relevancy and accuracy. Inclusion and use of value drivers in the identification of risks and their appropriate controls is intended to further integrate and align the independent assurance by ARM's outsourced internal auditors on controls to the benefit of the control environment within ARM.

**Using the risk register to embed the Enterprise Risk Management process**

The consistent approach to the completion and updating of risk registers and the integration of appropriate management assurance and compliance reporting plays an integral part in the embedding of the Enterprise Risk Management process. This process of embedding Enterprise Risk Management includes:

- > quarterly risk workshops and reviews;
- > quarterly updates of risk registers;
- > quarterly presentations of risks and controls;
- > annual internal audit planning processes;
- > use of external consultants' reports on risk, control and control effectiveness;
- > reviews by internal audit of the Enterprise Risk Management process and the Enterprise Risk Management Policy; and
- > implementation of combined assurance processes.

**2 Physical risk management**

*Addresses physical risks, controls and action plans/recommendations for improvement set against cost-effective international standards.*

ARM addresses and reports on physical risk, control and mitigation strategies separately from business risks to ensure specific and focused attention. These risks and controls are also captured in the risk register process.

It is through independent focused Balanced Scorecard and benchmarking processes implemented by ARM that the necessary emphasis is encouraged to ensure that physical risk and control initiatives are progressed, monitored and reported.

While ARM's risk management approach (recorded in the Enterprise Risk Management Policy) emphasises that ARM's general managers are directly accountable for the management



of risk in the area under their individual control, ARM recognises that independent specialist expertise is necessary to guide and assist management in this area.

Appointed external consultants assist ARM's operations with objective independent reports which identify risks, rate and benchmark risk performance and provide appropriate risk improvement recommendations as follows:

## Balanced scorecard programme

The physical risk scorecard, developed from a strategic planning and general management application, grades operations against international best practice standards for risks associated with fire and explosion, flooding, mechanical engineering, electrical engineering, planned maintenance, security and risk management organisation.

The Balanced Scorecard is designed to meet ARM's risk management requirements, ensures alignment and consistency with the risk dashboard rating process and makes possible consistent monitoring and reporting of management assurance to all relevant internal and external stakeholders.

## GOVERNANCE, RISK MANAGEMENT AND CONTROL PROCESSES SCORECARD

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Update the Combined Assurance Model for alignment with King IV principles.	<p><b>Completed</b></p> <p>Updated Combined Assurance Model approved by the Board.</p> <p>Combined Assurance Forum was established to monitor and co-ordinate assurance functions and services across the business</p>	Embedding the functions of the Combined Assurance Forum to improve the co-ordination and monitoring of assurance functions and services.
Develop Combined Assurance Plans.	<p><b>Completed</b></p> <p>Information about combined assurance functions and services across business processes and operations were recorded and assessed.</p> <p>Combined Assurance Plans were developed.</p>	Monitor the performance of combined assurance functions and services against the Combined Assurance Plans.
Perform anti-bribery, anti-fraud and anti-corruption risk self assessments.	<p><b>Completed</b></p> <p>Anti-bribery, anti-fraud and anti-corruption risk self assessments in high risk areas were developed and performed at the operations and corporate office.</p>	Independently validate the findings of the risk self assessments and follow-up on the status of corrective action.
Review the Enterprise Risk Management Policy and Procedural Guide to address recommendations from the F2017 Internal Audit report.	<p><b>In Progress</b></p> <p>Certain of the recommendations from the F2017 Internal Audit report to further improve and enhance Enterprise Risk Management processes had not been implemented as the Risk Management department focussed on the Combined Assurance Plans.</p>	The F2017 Internal Audit recommendations in respect of the Enterprise Risk Management Policy and Procedural Guide will be implemented during F2018.
Review the Enterprise Risk Management Policy and Procedural Guide to align the documents with King IV principles.	<p><b>Completed</b></p> <p>The Enterprise Risk Management Policy and Procedural Guide were updated for King IV.</p>	Ongoing review of the Enterprise Risk Management Policy and Procedural Guide to ensure alignment with governance developments.

## RISK REPORT continued

**Benchmarking programme**

The benchmarking surveys, conducted by the International Mining Industry Underwriters, measure each operation against an international benchmark of risk preparedness. The value of the Balanced Scorecard surveys and benchmarking surveys to ARM's continuous improvement programme includes:

- > providing a reliable measurement of control performance, mitigation strategies and risk protection standards against which ARM can compare risk management performance;
- > allowing ARM and its operations to focus on high-risk areas;
- > helping to continually develop physical risk standards to international norms and ensures that ARM operations continue to meet and exceed international risk standards; and
- > focusing attention on risk protection systems – both automatic and manual – to promote consistency with recognised internationally accredited fire standards.

**3 Risk financing/insurance**

*Addresses the financing and/or insurance of risks retained.*

ARM's risk financing strategy has remained constant over many years and continues to be aggressive in considering the extent of risk self-retained by both the operations and the Company as a whole.

This requires a mature approach to the management of controls and mitigation strategies in order to limit exposure to loss-producing events. This approach is both required and expected of management at all levels and is consistent with ARM's risk management philosophy.

The risk financing strategy focuses on delivering a cost-effective risk financing mechanism that will protect ARM (and its divisions and operating entities) against the financial consequences flowing from chance risk events.

Its aim is to increase the likelihood of ARM succeeding in reducing both the probability of failure and/or uncertainty around achieving its overall objectives.

ARM remains committed to mutually beneficial long-term relationships with its risk partners/underwriters and to continually developing relationships with responsible and financially sound risk carriers.

The processes and principles in place to achieve ARM's strategy include:

- > identifying and quantifying each operation's Maximum Potential Loss exposures and risk profiles (frequency and severity exposures);
- > ensuring the availability of detailed and reliable risk and loss information;
- > using appropriate forecasting techniques to determine levels of predictability and optimal structure;
- > considering potential increased self-assumption of risk (by operations and ARM) to ensure efficient risk financing at all levels;
- > removing non-Group risk carriers from all but catastrophe exposures;

- > providing broad-based insurance protection with appropriate limits, to achieve a consistent approach to risk; and
- > using accumulated reserves (within captive and risk financing structures) with innovative structuring, to finance self-retained exposures and, where appropriate, to carry risks of a non-traditional nature.

**4 Governance, risk and risk reporting**

*Addresses governance, risk management and control processes and the reporting thereof.*

ARM ensures that risk and reporting issues arising out of changes and developments in corporate governance are identified, addressed and appropriately presented; and that the process and manner of overall risk reporting serves to enhance management assurance and reporting.

**Risk and control dashboards**

ARM makes extensive use of risk and control dashboards and metrics with consistent rating criteria. These provide ARM and its various stakeholders (Audit and Risk, divisional/Joint Venture partners, etc.) with a robust platform to enable critical analysis of risk and control performance with the defined focus of improving and/or maintaining control performance across all disciplines and processes. This process corresponds with the move away from 'exception' reporting towards 'performance of controls'. Significantly it is also consistent with ARM's "We do it better" management style with its focus on continuous improvement.

The use of risk and control dashboards and performance against ARM and international benchmarking standards affords the ability to measure and report on control performance in a consistent manner.

**Managing risks in terms of risk appetite and risk tolerance**

ARM approaches the management of risk in terms of risk appetite and agreed risk tolerance by defining risk appetite and determining appropriate risk tolerance levels against which risks can be managed.

In setting risk tolerance levels (based on residual risk) against which the relative importance of the risk/opportunity/challenge and its control effectiveness is considered, risk tolerances are aligned with risk appetite.

*Risk appetite is defined as:*

"The extent of willingness to take risks in the pursuit of business objectives. In ARM risk appetite is measured in terms of residual risk."

*Risk tolerance is defined as:*

"The level of residual risk which if exceeded must be subject to 'Transfer' or 'Avoid' considerations, the results of which must be approved by management at the next level."

*Residual risk is defined as:*

"The level of risk remaining after the application of controls and mitigation actions,"

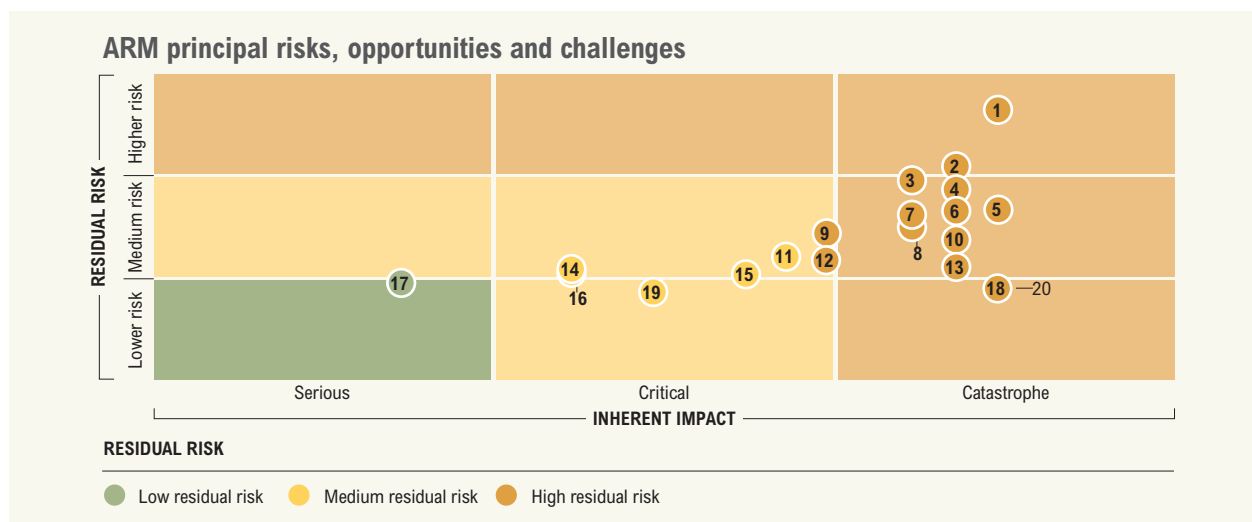
## RISKS, OPPORTUNITIES AND CHALLENGES

In order to make informed decisions and take appropriate action, ARM and its stakeholders identify the issues material to the sustainability of the business. ARM determines these issues at Board, executive and operational levels by considering financial and non-financial information, the issues driving the Company’s sustainability and their possible impact on ARM and its stakeholders.

Having determined these material issues, ARM’s comprehensive Enterprise Risk Management process includes a detailed identification of risks ranging from process level risk assessments at individual operations, through to strategic, tactical and major operational risks at operational, divisional and Company level.

Quarterly reviews of strategic, tactical and major operational risks include a specific focus on the efficacy of controls (and mitigating strategies) relating to the identified risks; actions that may be required to improve the control effectiveness; record of any change to risk profiles; recognising new and emerging risks and any increased risk velocity (risks that require immediate management focus).

A graph of principal risks, opportunities and challenges below, provides ARM’s view of Inherent Risk (before the application of controls) and the resultant Residual Risk profile (after application of controls/mitigation strategies).



The table of control effectiveness ratings below represents management’s assessment of the control effectiveness relating to the principal risks, opportunities and challenges above.

### Control effectiveness ratings

Rating	Risk Name	Rating	Risk Name
1	Commodity price volatility	11	Occupational disease liability
2	Resource nationalism, political and fiscal risks	12	Lack of key skills
3	Employee and industrial relations	13	Mining Charter and Social and Labour Plan compliance
4	Infrastructure access and capacity: rail and port logistics	14	Water management/stewardship
5	Long-term business strategy	15	Electricity infrastructure
6	Pressure on margins and continued cost escalation	16	Catastrophic operational event
7	Relationships with stakeholders	17	Climate change
8	Exchange rate volatility	18	Environmental liability
9	Effective transformation	19	Ethical behaviour
10	Regulatory compliance	20	Safety management

**RISK CONTROL EFFECTIVENESS**

- Less control
- Satisfactory
- Good

RISK REPORT continued

**COMBINED ASSURANCE**

**Our approach to integrated combined assurance**

ARM believes that the focused approach to the integration of risk and assurance, coupled with its ongoing Enterprise Risk Management activities, ensures that a comprehensive integrated combined assurance base is established upon which relevant and appropriate analysis of the overall control environment can be assessed and reported.

Our Combined Assurance Model enhances the integration and alignment of management assurance and provides further input into the control environment that is appropriately related to ARM's risk appetite.

**Combined assurance model**

The ARM Board is responsible for combined assurance and is assisted by the various Board Committees to ensure that a combined assurance plan is in place and that the assurance functions and activities are executed effectively as planned.

ARM continues to refine its combined assurance approach and reporting with the aim of ensuring that the approach is practical, cost-efficient, and effectively integrated with ARM's Enterprise Risk Management and management assurance processes in order to provide a comprehensive risk-based and robust assurance process.

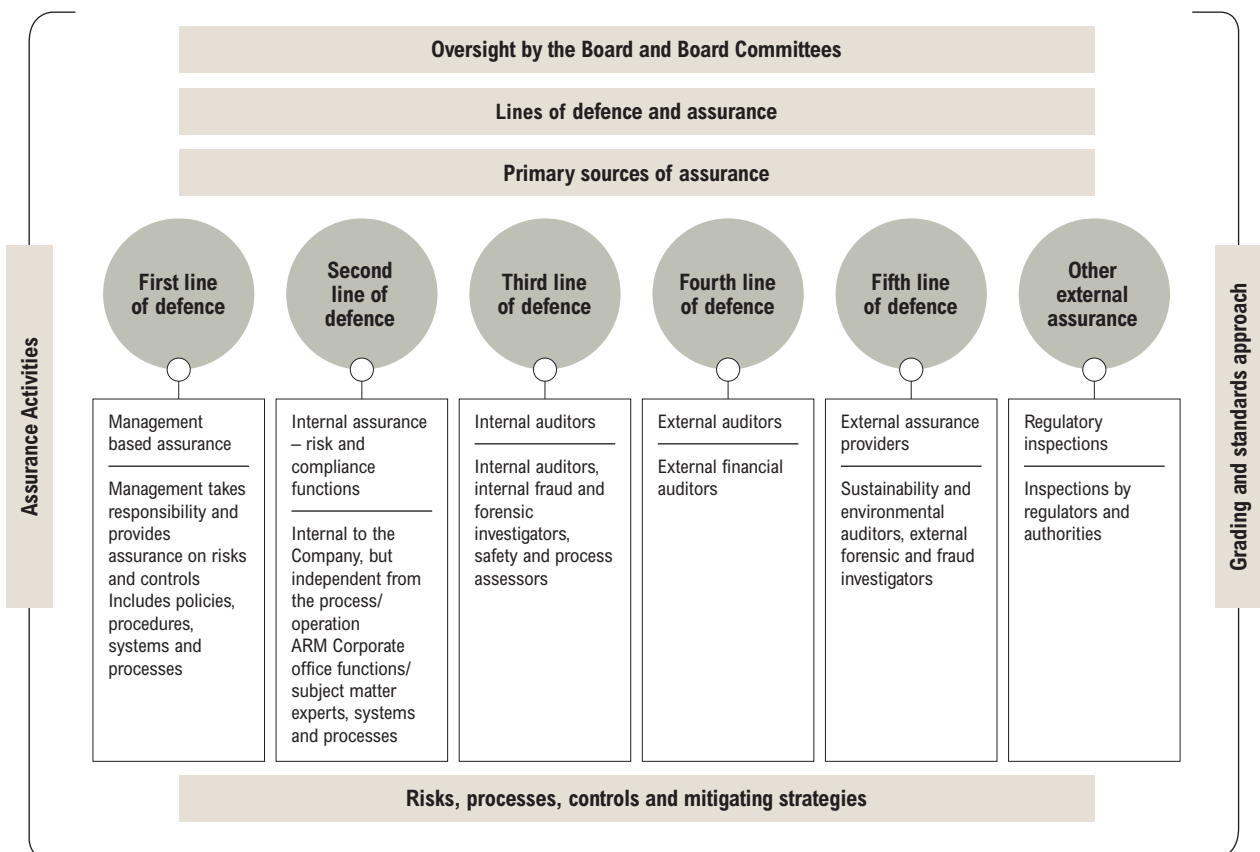
ARM's combined assurance model:

- > defines what constitutes management assurance relative to various/respective lines of assurance (enhanced to recognise specified lines of assurance recorded in King IV);
- > provides a co-ordinated and integrated approach to obviate duplication and gaps in assurance thus enabling cost-effective management assurance activities;
- > enables detailed analysis of assurance functions and processes;
- > assists management in integrating risk and assurance activities and improving the co-ordination of various assurance functions;
- > provides management with a meaningful management tool to assess assurance;
- > provides further input into establishing a control environment appropriate to ARM's risk appetite; and
- > was updated by the ARM Board in June 2017 with effect from July 2017.

**Combined assurance forum**

A Combined Assurance Forum was formed in F2017, under the chairmanship of the Chief Financial Officer, to monitor the implementation of combined assurance within the Group. Members include the Chief Executive Officer, the Financial Director, the Group Executive: Legal, the Group Risk Manager, the divisional chief executives and other senior executives. Meetings are held quarterly. The Combined Assurance Forum provides input on the Combined Assurance Model to the Management Risk and Compliance Committee.

**ARM COMBINED ASSURANCE MODEL**





# REMUNERATION REPORT

## REMUNERATION REPORT PART I – BACKGROUND STATEMENT

### PHILOSOPHY

ARM recognises that our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. We also recognise that the Company competes in a small talent pool for a limited set of competencies within the global and South African mining industries.

The Remuneration Committee acknowledges its responsibility to assist the Board by applying a remuneration strategy that ensures a balance in attracting and retaining human capital through competitive remuneration practices, while creating shareholder value. We have done so by formulating a Remuneration Policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix in line with our goals.

### CONNECTING PERFORMANCE AND REMUNERATION

ARM is committed to fair and responsible pay. We continue to ensure that ARM's remuneration levels are aligned with the general performance of the economy, the specific performance of the Company and our people. ARM gives focused attention to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration to ensure that our policies and practices compare well against South African and international practices. Moreover, ARM recognises the importance of taking steps to address the gap between the remuneration of executives and employees at the lower end of the pay scale and the Committee monitors developments in this regard.

### Fixed pay

Taking cognisance of the current economic climate and the improved commodity price environment, the Board approved a cost-to-company increase of 5% (F2017: 4%) for senior executives and other employees at the corporate office, with effect from 1 July 2017, in line with the May 2017 Consumer Price Index (CPI) of 5%.

### Short-term incentives

We are satisfied that our short-term incentive outcomes are linked and aligned to the Company's strong performance throughout the year which was the result of management's control of operational effectiveness of our cost containment and efficiency improvement initiatives.

- > the Company performed well on the cost targets, with below plan costs at all operations except for Nkomati, Two Rivers and Goedgevonden;
- > profit targets were met at ARM Ferrous, ARM Coal and ARM Copper; and
- > the safety modifier target was achieved at all operations.

Short-term incentives were paid to senior executives as a result of these achievements.

### Long-term incentives

ARM's long-term-incentive outcomes are also linked and aligned to the Company's performance. Our F2017 solid financial results

had a direct impact on ARM's ranking against its peers above the median Total Shareholder Return and the long-term incentives vesting this year were paid to senior executives.

### STAKEHOLDER ENGAGEMENT

At the 2016 Annual General Meeting of the Company, the non-binding advisory vote on the Company's Remuneration Policy was supported by 90.03% of the Company's shareholders who voted.

The Committee recognises the importance of stakeholder engagement on remuneration matters and proactively maintains regular, transparent and informative dialogue with ARM's stakeholders. The Committee considered developments in global best practice and feedback received from shareholders during the financial year.

### CHANGES IN REMUNERATION POLICY

Changes to the Remuneration Policy approved by the Board upon the Committee's recommendation included the following:

- > the criteria for the settlement of performance shares when there are fewer than 20 comparator companies, were clarified to ensure the outcome is fair to the participants and to shareholders; and
- > in respect of the F2018 bonus, the required outperformance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 40% (F2017: 100%). The differential is as a result of a higher indicative profit before interest and tax base compared to that of F2017.

### COMMITMENT

ARM remains committed to continuously monitor the effectiveness and implementation of the Remuneration Policy, strategy and practices. In the event that we receive a vote of 25% or more against the Remuneration Policy or the Implementation Report at the 2017 Annual General Meeting, the Board commits to:

- > an engagement process in line with the recently promulgated amendments to the JSE Listings Requirements to ascertain the reasons for the dissenting votes; and
- > appropriately address legitimate and reasonable objections and concerns raised.

The Committee is confident that the Remuneration Policy achieved its stated objectives in F2017 and will continue to generate real long-term value for our shareholders going forward.

On behalf of the Remuneration Committee

**Dr M M M Bakane-Tuoane**

Chairman of the Remuneration Committee

10 October 2017

### ABOUT THE REMUNERATION REPORT

In order to align with emerging best remuneration disclosure practices and the King IV Report on Corporate Governance for South Africa, 2016 (King IV), the Remuneration Report is presented in three parts, namely a Background statement from the Committee Chairman, an overview of the Remuneration Policy for senior executives and an Implementation Report describing how payments were made in the year under review.

## REMUNERATION REPORT continued

## REMUNERATION GOVERNANCE FRAMEWORK

### Composition of the Remuneration Committee

#### Members

Dr M M M Bakane-Tuoane (Chairman)  
 F Abbott  
 T A Boardman  
 A D Botha  
 A K Maditsi  
 J P Möller (appointed with effect from 29 August 2017)

The Remuneration Committee consists entirely of Independent Non-executive Directors. Mr J P Möller was appointed to the Committee in 2017 to provide additional knowledge, skills and experience. The Board is confident that the Committee's members have a strong blend of expertise and experience in the financial, business and human capital fields.

#### Meeting attendance

Three Committee meetings were held in F2017 and all Committee members were in attendance.

The Chairman of the Committee attends Annual General Meetings to answer any questions from shareholders regarding ARM's Remuneration Policy and the implementation thereof.

#### Invitees

The Chief Executive Officer, the Financial Director, the Executive Director: Growth and Strategic Development, the Chief Financial Officer and the Group Executive: Human Resources attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. Invitees do not vote at the meetings. No Director was involved in determining his or her own remuneration.

## FUNCTIONS

### Purpose

The purpose of the Remuneration Committee is to assist the Board with its responsibility for setting the Company's remuneration policies to ensure that these policies are aligned with ARM's business strategy and create value for ARM over the long term. The Committee also assists the Board in promoting a culture that supports enterprise and innovation with appropriate short-term and long-term performance-related rewards that are fair and achievable. The Committee considers and recommends remuneration policies for senior executives.

### FUNCTIONS AND RESPONSIBILITIES

The Committee performs the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph. King IV amendments to its Terms of Reference were approved by the Board in 2017. The Committee's mandate includes the following:

- > ensuring that, in developing the Company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and promotes its strategic objectives, and that there is an appropriate balance between short-term and long-term incentives;
- > ensuring that performance targets in all occupational categories within ARM are set and monitored;
- > reviewing the results of independent third-party benchmarking surveys of the remuneration packages of Executive Directors, other senior executives and the Company Secretary as well as Non-executive Directors' fees;
- > reviewing and recommending specific remuneration packages for Executive Directors, senior executives and the Company Secretary to the Board for approval, including, but not limited to, base salaries;
- > recommending to the Board cash performance bonuses to be awarded to any of the Executive Directors, senior executives and the Company taking cognisance of the respective job descriptions and the performance of ARM against the budgetary and strategic objectives as approved by the Board;
- > regularly reviewing ARM's long-term (share-based) incentive schemes to ensure the continued contribution of Executive Directors and other senior executives to shareholder value, and guarding against unjustified windfalls and inappropriate gains from the operation of ARM's share-based incentives;
- > considering and making recommendations to the Board regarding any proposed cash bonus schemes or long-term (share-based) incentive schemes or amendments to any such existing schemes relating to the Executive Directors, senior executives and Company Secretary;
- > recommending to the Board grants or awards to be made to Executive Directors, other senior executives and the Company Secretary pursuant to ARM's long-term share-based incentive schemes;
- > monitoring long-term (share-based) incentives to ensure that remuneration policies do not encourage behaviour contrary to the Company's risk management policy and strategy;
- > satisfying itself as to the accuracy of recorded performance measures that govern the vesting of long-term (share-based) incentives; and
- > ensuring that management develops appropriate employee benefit policies for employees of the Company.

## REMUNERATION COMMITTEE ACTIVITIES

### Overview of activities and decisions

The scheduled workplan was followed with the normal cycle of activities that included, but was not limited to, the following:

#### In F2017:

- > recommended the annual increases in the base salaries of Executive Directors and other senior executives to the Board;
- > recommended the short-term incentives (i.e. cash bonuses) payable to Senior Executives to the Board;
- > recommended the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors to the Board, for submission to shareholders;
- > reviewed the deferred bonus/co-investment awards in terms of the Share Plan;
- > reviewed the Remuneration Policy;
- > had oversight of the preparation of the Remuneration Report; and
- > clarified the criteria to be used to ascertain the constituent members of the JSE Limited mining sector index to be used in the measurement of performance criteria.

#### In F2018 to date:

- > recommended the annual increases of base salaries of Executive Directors and other senior executives to the Board;
- > recommended the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, to the Board for submission to shareholders;
- > reviewed the deferred bonus/co-investment awards in terms of the Share Plan;
- > recommended the corporate bonus parameters for F2018 to the Board;
- > reviewed the Remuneration Policy; and
- > had oversight of the preparation of the Remuneration Report.

### Advisors to the Remuneration Committee

In F2017, the Committee was advised by remuneration consultants, namely PricewaterhouseCoopers (PwC), which provided, *inter alia*, advice on and assistance with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the long-term incentive schemes. The comparator group for the benchmarking was selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration. The Committee is satisfied that PwC was independent and objective.

## ATTRACTING AND RETAINING THE BEST EMPLOYEES

ARM recognises that its strategic objectives can only be delivered with the dedication and hard work of management and employees. It also recognises that the Company competes in a small talent pool and for a limited set of competencies within the global and South African mining industries.

ARM's goal to attract, motivate, reward and retain the best employees is only possible with an attractive Employee Value Proposition with focused attention given to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration. This can only be achieved with a solid employer brand within the market.

In 2017, ARM participated in the Global "Top Employer" Certification programme ranking its employee standards against international benchmarks and was again certified as a "Top Employer". The performance score included a rating for compensation and benefits.

The certificate indicates that ARM's remuneration and benefits policies and practices compare well against South African and international practices.



For more information about our approach to managing human capital at the operations, see the Human Resources Management section of the Sustainability Report available on the Company's website [www.arm.co.za](http://www.arm.co.za)

REMUNERATION REPORT continued

# REMUNERATION REPORT: PART II – OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

## REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

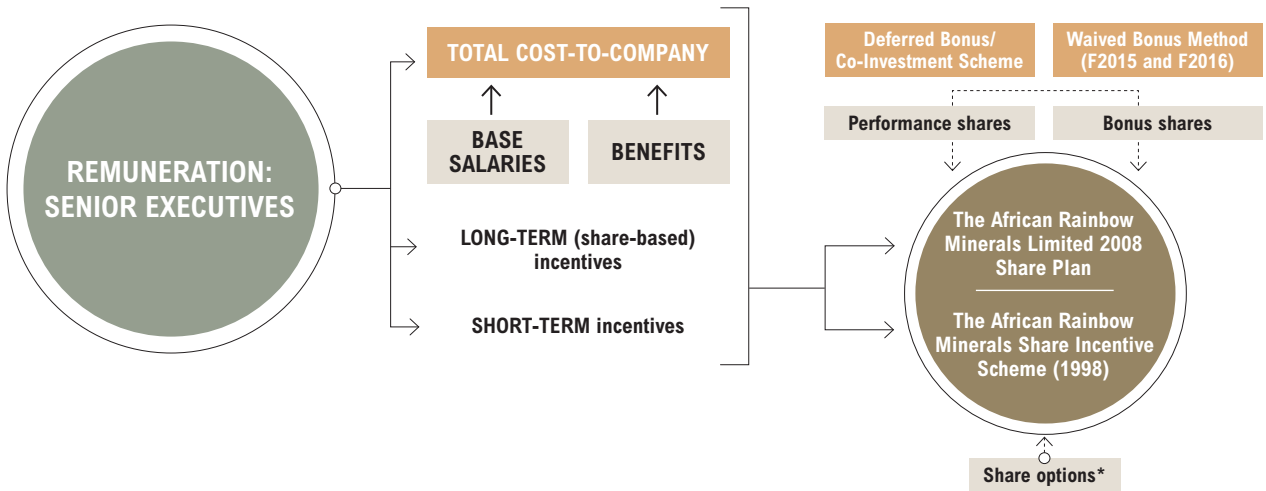
### Principles of executive remuneration

ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value.

The Remuneration Policy conforms to international best practice and is based on the following principles:

- > **Total cost-to-company**, which is base salary plus benefits;
- > **Total rewards**, which are competitive with those offered by other employers in the mining and mineral resources sector;
- > **Incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term:
  - **short-term incentives**, *i.e.* cash bonuses, together with performance measures and targets, which are structured to reward effective operational performance; and
  - **long-term (share-based) incentives** that are used to align the long-term interests of management with those of shareholders and that are responsibly implemented so as not to expose shareholders to unreasonable or unexpected financial impact.

### ELEMENTS OF TOTAL EXECUTIVE REMUNERATION



\* No share options have been allocated since F2014.



## POLICIES RELATING TO THE FOUR COMPONENTS OF SENIOR EXECUTIVE REMUNERATION

The policies relating to the four elements of total executive remuneration are summarised in the table below:

TOTAL COST-TO-COMPANY			
BASE SALARY	POLICY	<ul style="list-style-type: none"> <li>&gt; Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope.</li> <li>&gt; Generally reflects market median levels based on the role and individual skills and experience.</li> </ul>	
	IMPLEMENTATION	<ul style="list-style-type: none"> <li>&gt; Paid monthly in cash.</li> <li>&gt; Reviewed annually, with changes taking effect on 1 July, where applicable.</li> <li>&gt; Increases are determined by, <i>inter alia</i>, market conditions, Company performance, individual performance and changes in responsibilities.</li> <li>&gt; Salary increases of 5% approved for F2018 with effect from 1 July 2017 (F2017: 4%).</li> <li>&gt; Forms part of and is the key component of a total cost-to-company (CTC) package, which also includes benefits. The Company participates in industry-wide surveys from time to time. Participation in short-term and long-term incentive schemes is determined on the basis of and in addition to the CTC package.</li> </ul>	
PENSION FUND	POLICY	<ul style="list-style-type: none"> <li>&gt; Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members of such fund, if they so elect.</li> </ul>	
	IMPLEMENTATION	<ul style="list-style-type: none"> <li>&gt; Contributions are made by senior executives from the base salary. Total contribution to the fund, including risk benefits such as life and disability cover, is 22.5% of pensionable salary.</li> <li>&gt; The ARM Pension Fund is:                             <ul style="list-style-type: none"> <li>– managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members;</li> <li>– administered by Alexander Forbes; and</li> <li>– a defined contribution fund.</li> </ul> </li> </ul>	
MEDICAL SCHEME	POLICY	<ul style="list-style-type: none"> <li>&gt; It is compulsory to belong to a medical scheme.</li> </ul>	
	IMPLEMENTATION	<ul style="list-style-type: none"> <li>&gt; Executives may participate in any managed medical aid plan of their choice.</li> <li>&gt; Contributions are made by senior executives from their base salary.</li> </ul>	
OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT		<ul style="list-style-type: none"> <li>&gt; All other conditions of employment are comparable to those of companies in the mining and mineral resources sector. No special or extraordinary conditions are applicable to senior executives.</li> </ul>	
SHORT-TERM INCENTIVES			
POLICY		Short-term incentives ( <i>i.e.</i> cash bonuses) are determined in terms of an outperformance bonus scheme, which rewards senior executives for sustained outperformance of cost and profitability targets set annually for the Company's business and safety performance. Senior executives are provided the opportunity to (i) defer all or part of their bonus and (ii) in respect of F2015 and F2016 bonuses, elect to waive their bonus, and to be allocated the equivalent value in bonus shares matched with the same number of performance shares (see the Deferred Bonus/Co-investment Scheme and the Waived Bonus Method (F2015 and F2016) below).	
INSTRUMENT		Cash in terms of the Outperformance Bonus Scheme.	
BONUS PERCENTAGES		In respect of the F2017 and F2018 bonuses, the short-term incentive on-target cash bonus percentages and the required outperformance to achieve the maximum cash bonus as a percentage of the total is reflected in the table below:	
Position		Paterson grade	F2017 and F2018 % on-target bonus of CTC
Executive Chairman		FU	62%
Chief Executive Officer		FU	50%
Senior Executives		FL	45%
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum		FL	45%
			F2017 and F2018 Maximum bonus as % of CTC*
Executive Chairman			186%
Chief Executive Officer			150%
Senior Executives			135%
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum			135%
* The maximum bonus may only be achieved when the annual Profit from Operations is 100% more than the performance target in F2017 and 40% more than the performance target in F2018.			

REMUNERATION REPORT continued

SHORT-TERM INCENTIVES continued																																	
<b>PERFORMANCE MEASUREMENT</b>	<p><b>For the Executive Chairman, the Chief Executive Officer and other senior executives (excluding those from ARM Ferrous, ARM Platinum, ARM Copper and ARM Coal)</b> financial performance indicators are calculated as follows:</p> <ul style="list-style-type: none"> <li>&gt; 50% – Profit from Operations; and</li> <li>&gt; 50% – Unit Cost of Sales (a weighted scorecard).</li> </ul> <p><b>For operational senior executives,</b> financial performance indicators are calculated as follows, in respect of each division:</p> <ul style="list-style-type: none"> <li>&gt; 25% – ARM overall Profit from Operations against Target;</li> <li>&gt; 25% – ARM overall Unit Cost of Sales against Target (a weighted scorecard);</li> <li>&gt; 25% – Divisional Profit from Operations against Target; and</li> <li>&gt; 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard).</li> </ul> <p>The combined percentage (achieved by each senior executive) is applied to the senior executives' CTC to determine the potential cash bonus.</p> <div style="text-align: center; background-color: #d3d3d3; padding: 5px;"><b>PERFORMANCE MEASUREMENT</b></div> <table border="1" style="margin-left: auto; margin-right: auto; font-size: small;"> <caption>Data for Performance Measurement Graph</caption> <thead> <tr> <th>% target of PBIT</th> <th>% of unit cost achieved (unchanged)</th> <th>% of PBIT (F2018)</th> <th>% of PBIT (F2017)</th> </tr> </thead> <tbody> <tr> <td>100%</td> <td>1.00</td> <td>1.00</td> <td>1.00</td> </tr> <tr> <td>110%</td> <td>1.75</td> <td>1.30</td> <td>1.30</td> </tr> <tr> <td>120%</td> <td>3.00</td> <td>1.75</td> <td>1.50</td> </tr> <tr> <td>140%</td> <td>3.00</td> <td>3.00</td> <td>1.80</td> </tr> <tr> <td>160%</td> <td>-</td> <td>-</td> <td>2.20</td> </tr> <tr> <td>180%</td> <td>-</td> <td>-</td> <td>2.50</td> </tr> <tr> <td>200%</td> <td>-</td> <td>-</td> <td>3.00</td> </tr> </tbody> </table>	% target of PBIT	% of unit cost achieved (unchanged)	% of PBIT (F2018)	% of PBIT (F2017)	100%	1.00	1.00	1.00	110%	1.75	1.30	1.30	120%	3.00	1.75	1.50	140%	3.00	3.00	1.80	160%	-	-	2.20	180%	-	-	2.50	200%	-	-	3.00
% target of PBIT	% of unit cost achieved (unchanged)	% of PBIT (F2018)	% of PBIT (F2017)																														
100%	1.00	1.00	1.00																														
110%	1.75	1.30	1.30																														
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160%	-	-	2.20																														
180%	-	-	2.50																														
200%	-	-	3.00																														
<b>SAFETY MODIFIER</b>	<p>To encourage sustainability, after a cash bonus has been calculated for each senior executive, a safety modifier is applied, which is the LTIFR for each division or operation, as the case may be. If the safety target is met, the participants will receive an additional 5% of their cash bonus. There is a sliding scale for outperformance or under performance:</p> <ul style="list-style-type: none"> <li>&gt; If participants outperformed their targets by 10% or more, the participants would receive an additional 10% of their cash bonus.</li> <li>&gt; If safety targets were not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.</li> </ul>																																
<b>TARGETS</b>	<p>The targets for each metric are in accordance with the Board-approved one-year business plan, and the measures are reviewed annually to ensure that they are appropriate, and given the economic climate and the performance expectations for the Company. The targets are related to the budget and considered to be commercially sensitive information and for this reason are not disclosed.</p>																																
LONG-TERM INCENTIVES																																	
<b>COMPANY AND INDIVIDUAL LIMITS</b>	<p>The current overall Company limit for the Scheme together with the Share Plan is 15 581 294 shares (at 30 June 2017: 7.1%). The individual limit for the Scheme together with the Share Plan is 1 558 129 shares (at 30 June 2017: 0.71%).</p>																																

<b>LONG-TERM INCENTIVES continued</b>	
<b>PERFORMANCE SHARES</b>	
<b>POLICY</b>	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
<b>INSTRUMENT</b>	Performance shares in terms of The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan).
<b>AWARD POLICY AND VESTING PERIOD</b>	Performance shares are conditional rights to shares that are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.
<b>PERFORMANCE CRITERIA</b>	<p>For outstanding awards made prior to May 2015, the performance criteria used to determine the number of performance shares which had vested was Market Price Appreciation (MPA) in terms of the JSE Limited Resources 10 Index (RESI 10) and the 20-day volume weighted average price (VWAP).</p> <p>For awards made with effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015, following which the number of companies in the peer group was increased to 20 (excluding gold companies). With effect from May 2017, the performance measurement graph was clarified to provide for situations where there were fewer than 20 mining companies in a peer group.</p> <p>If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all performance shares awarded prior to December 2014 are settled <i>pro rata</i>. From 2015, retirement does not accelerate the vesting period in respect of new performance share awards.</p>
<b>PERFORMANCE MEASUREMENT</b>	<p>Vesting is based on a sliding scale of the achievement of the performance criteria as determined by an independent third party, the Company's remuneration consultants.</p> <p>In respect of the F2017 settlements, which vested on 16 October 2016, 29 October 2016 and 30 October 2016, ARM ranked 8<sup>th</sup> against its peer companies in terms of TSR and therefore one times (1x) the awarded number of performance shares were settled.</p>
<b>VESTING PERIOD</b>	Any new awards of performance shares have a vesting period of three years.
<b>AMENDMENTS</b>	The clarification to the performance criteria in 2017, upon the advice of the Company's remuneration consultants, is in line with current practice within the South African context.
<b>BONUS SHARES</b>	
<b>POLICY</b>	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
<b>INSTRUMENT</b>	Bonus shares in terms of the Share Plan.
<b>AWARD POLICY AND VESTING PERIOD</b>	<p>Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives.</p> <p>Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares granted in terms of the Bonus Share/Co-Investment Scheme Method and the Waived Bonus Method, no bonus shares have been granted since 2015.</p>
<b>PERFORMANCE CRITERIA</b>	If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all bonus shares granted prior to December 2014 are settled in full. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.
<b>VESTING PERIOD</b>	Any new grants of bonus shares have a vesting period of three years. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period.

## REMUNERATION REPORT continued

<b>LONG-TERM INCENTIVES continued</b>	
<b>DEFERRED BONUS/CO-INVESTMENT SCHEME</b>	
<b>POLICY</b>	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company and to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.
<b>INSTRUMENT</b>	Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the Share Plan.
<b>OPERATION</b>	Senior executives may invest in additional bonus shares which are matched by the Company with the equivalent number of performance shares under the existing terms and conditions of the Share Plan.
<b>AWARD POLICY</b>	Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares.  To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash.  Scheme with effect from F2017: Senior executives could defer 25%, 33%, 50%, 75% or 100%.
<b>PERFORMANCE CRITERIA</b>	See Performance Shares and Bonus Shares above.
<b>PERFORMANCE MEASUREMENT</b>	See Performance Shares and Bonus Shares above.
<b>VESTING PERIOD</b>	The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.
<b>WAIVED BONUS METHOD (F2015 and F2016)</b>	
<b>POLICY</b>	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, and to enhance the retention characteristics of the current reward of senior executives.
<b>INSTRUMENT</b>	Bonus Shares (for 100% of the value of the waived F2015 and F2016 bonuses) and Performance Shares (for matching equivalent number of shares) in terms of the Share Plan.
<b>AWARD POLICY</b>	In advance of the F2015 bonus being quantified or declared, and before any such bonus accrued, the Executive Directors and Prescribed Officers elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to them in respect of the F2015 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2015 bonus in bonus shares and the matching equivalent number of performance shares.  In advance of the F2016 bonus being quantified or declared, and before any such bonus accrued, the Executive Chairman elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to him in respect of the F2016 performance year, on a pretax basis, in the form of 100% of the value of the waived F2016 bonus in bonus shares and the matching equivalent number of performance shares.
<b>SHARE OPTIONS (Last allocation in F2014)</b>	
<b>POLICY</b>	To align the interests of shareholders and senior executives by encouraging senior executives to build up a shareholding in the Company.
<b>INSTRUMENT</b>	Share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme).
<b>AWARD POLICY</b>	No share options have been allocated since the end of F2014.
<b>NET SETTLEMENT</b>	The Scheme was amended in December 2010 to allow the Company to offer participants the opportunity to net settle share options when they exercise such options.
<b>VESTING PERIOD</b>	Share options vest in total on the third or fourth anniversary of their allocation. Senior executives may elect to defer exercising any share option until the eighth anniversary of its allocation after which it lapses.



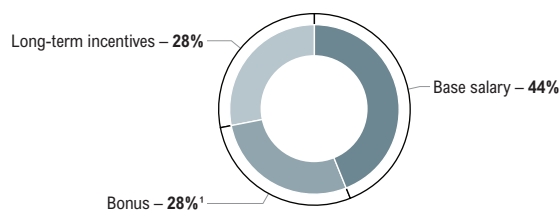
## Total remuneration design

The Remuneration Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between those aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. The Committee considers each element of the total remuneration package relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

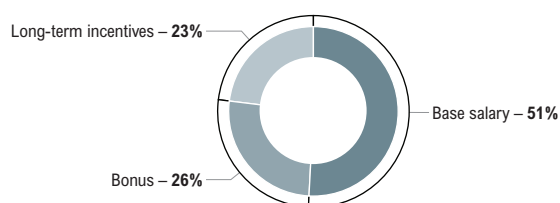
The pie graphs below represent the on-target total remuneration packages of the senior executives, wherein the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the Committee to ensure it supports the Company's Remuneration Policy and strategic objectives.

### TOTAL REMUNERATION DESIGN: 2017

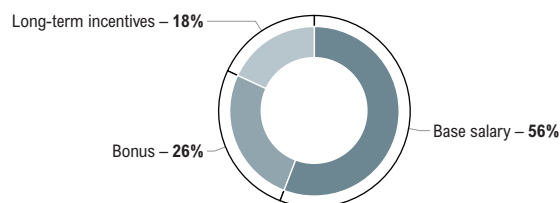
#### Executive Chairman



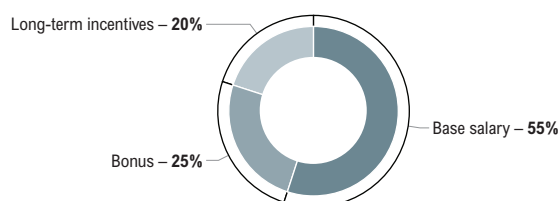
#### Chief Executive Officer



#### Financial Director



#### Executive Directors and Other Prescribed Officers



1 Bonus in 2017 was nil. 100% of deferred bonus from F2013.

## Shareholding targets for Executive Directors and Prescribed Officers

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, Executive Directors and Prescribed Officers will be expected to accumulate a holding of shares in the Company. Senior executives are required to build a minimum shareholding in ARM shares from October 2018, or three years after becoming a senior executive.

Senior executives will be required to build a minimum shareholding in ARM shares over three years, equivalent to one times his or her pensionable salary determined at the date of allocation. This will be followed immediately by another period of three years to build a further shareholding of one times pensionable salary. Senior executives will be required to maintain the number of shares during employment.

## Employment agreements

Employment agreements have been entered into between the Company and Executive Directors and Prescribed Officers.

Employment agreements have been entered into between the Company and Executive Directors, namely Messrs P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), M Arnold (Financial Director), H L Mkatshana (Chief Executive: ARM Platinum, who was previously responsible for ARM Copper and ARM Coal) and A J Wilkens (Executive Director: Growth and Strategic Development). Employment agreements have been entered into between the Company and the F2017 Prescribed Officers, namely Messrs A Joubert, J C Steenkamp and F A Uys. Mr Steenkamp retired from the Company on 30 June 2017. These agreements are subject to one calendar month's termination notice period by either party. None of these employment contracts is a fixed-term contract. Executive agreements do not include restraint provisions applicable upon termination.

Executive Directors and Prescribed Officers only receive remuneration in terms of their employment relationship with the Company and do not earn fees for services.

There is also no automatic entitlement to short-term or long-term incentives in the event of resignation or termination because of a disciplinary procedure for terminations due to other reasons. Executive Directors and Prescribed Officers are subject to the same rules that apply to all participants in the Share Plan and the Scheme. There are no other service agreements between the Company and its Executive Directors and Prescribed Officers.

## REMUNERATION REPORT continued

**REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION****Non-executive Directors' fees**

The Board appoints high-calibre Non-executive Directors who contribute significantly to the Company's strategic direction. On the advice of the Remuneration Committee, which engages independent third-party advisors to assist with the benchmarking of Non-executive Directors' fees against those paid by comparable companies, the Board considers and makes recommendations to shareholders regarding Non-executive Directors' fees payable.

In determining the level of fees, consideration is given, *inter alia*, to the importance of attracting and retaining experienced Non-executive Directors, market dynamics and the increasingly demanding responsibilities of Directors throughout the year as well as the contributions of each Director and their participation in the activities of the Board and its Committees.

Board retainers and Board and Committee meeting attendance fees are paid quarterly and in arrears. The remuneration for Independent Non-executive Directors does not include remuneration from the short-term or long-term (share-based) incentive schemes.



Full details regarding the fees paid to Non-executive Directors in F2017 are provided in Part III of the Remuneration Report on page 46.

**Increase in Non-executive Directors' fees****Authorising payment of an additional amount for value-added tax ("VAT") on Non-executive Directors' fees.**

In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40, read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Directors' fees paid to a Non-executive Director for services rendered in that capacity on a company's board.

The Board recommends to shareholders of the Company that the Company be authorised to make payment of an additional amount for VAT on Non-executive Directors' fees, in addition to the remuneration for Non-executive Directors authorised by shareholders by special resolution at the Annual General Meeting held on 2 December 2016.

**Annual Board retainer fees and per Board meeting attendance fees**

On the advice of the Remuneration Committee, the Board recommends to shareholders of the Company that the annual retainer fees and per Board meeting attendance fees for Non-executive Directors as set out in the table below, which fees (i) are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016; and (ii) shall be pro-rated for periods of less than a full year.

	Proposed Fees with effect from 1 July 2017 (excluding VAT)* (Rand)**		Fees effective 1 July 2016 (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	533 700	20 400	508 300	19 450
Independent Non-executive Director	425 800	20 400	405 500	19 450
Non-executive Director	340 750	20 400	324 500	19 450

\* In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Director's fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.

\*\* Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting.

Board attendance fees are paid for *ad hoc* Board meetings, site visits and seminars, and other *ad hoc* meetings in respect of Board matters. The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings; however, office costs, including telecommunication costs, are deemed to be included in the Board retainers.

## Committee attendance fees

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase in the Committee meeting attendance fees payable to Non-executive Directors, as set out in the table below, which fees are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016.

	Proposed with effect from 1 July 2017 per meeting attendance fees (excluding VAT)* (Rand)**	Effective 1 July 2016 per meeting attendance fees (Rand)
<b>Audit and Risk Committee</b>		
Chairman	106 400	101 350
Member	42 600	40 550
<b>Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee</b>		
Chairman	41 800	39 800
Member	27 850	26 500

\* In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Director's fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.

\*\* Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting.

## Service agreements: Non-executive Directors

In addition to Directors' fees, Non-executive Directors may receive advisory fees in terms of agreements, concluded at market rates, for defined and pre-approved services.

Agreements have been entered into between the Company and Messrs J A Chissano and W M Gule to perform services on behalf of the Company. The agreements may be renewed annually, subject to one calendar month's termination notice period by either party.

There are no other service agreements between the Company and its Non-executive Directors.

No provisions to pay a fixed sum of money on the termination of any service agreements have been agreed between the Company and any of its Non-executive Directors.



Details regarding amounts paid in F2017 in terms of service agreements with Non-executive Directors are provided in Part III of the Remuneration Report on page 46.

## NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the Remuneration Policy set out in Part II of this report.



See the Notice of Annual General Meeting on pages 127 to 136 of the Integrated Annual Report.

## REMUNERATION REPORT continued

## REMUNERATION REPORT: PART III – IMPLEMENTATION REPORT

### DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors consists of base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees.

#### EMOLUMENTS PAID TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

All figures in R000	Salary F2017	Pension scheme contrib- utions F2017	Allow- ances F2017	Total gross annual package F2017 <sup>2</sup>	Accrued bonus F2017 <sup>3</sup>	Total F2017	Total gross annual package F2016 <sup>2</sup>	Accrued bonus F2016 <sup>3</sup>	Total F2016
<b>Executive Directors</b>									
P T Motsepe	9 181	–	2	9 183	–	9 183	8 560	–	8 560
M P Schmidt	6 741	456	153	7 350	6 022	13 372	7 067	3 851	10 918
M Arnold	4 917	405	120	5 442	5 350	10 793	5 233	2 566	7 799
H L Mkatshana	3 409	310	75	3 794	2 401	6 195	3 648	1 788	5 436
A J Wilkens	7 101	–	130	7 231	6 962	14 193	6 957	3 339	10 296
<b>Total for Executive Directors</b>	<b>31 349</b>	<b>1 171</b>	<b>480</b>	<b>33 000</b>	<b>20 735</b>	<b>53 735</b>	31 465	11 544	43 009
<b>Prescribed Officers<sup>1</sup></b>									
A Joubert	3 786	420	173	4 379	4 478	8 857	4 173	2 063	6 236
J C Steenkamp	5 766	575	739	7 080	6 962	14 042	6 809	3 369	10 178
F A Uys	3 387	339	68	3 794	2 560	6 354	3 648	1 739	5 387
<b>Total for Prescribed Officers</b>	<b>12 939</b>	<b>1 334</b>	<b>980</b>	<b>15 253</b>	<b>14 000</b>	<b>29 253</b>	14 630	7 171	21 801
<b>Total for Executive Directors and Prescribed Officers</b>	<b>44 288</b>	<b>2 505</b>	<b>1 460</b>	<b>48 253</b>	<b>34 735</b>	<b>82 988</b>	46 095	18 715	64 810

<sup>1</sup> Prescribed Officers of the Company were determined in terms of Section 66(10) of the Companies Act 71 of 2008, as amended, and as further described in Section 38 of the Regulations thereto. Their remuneration is disclosed in terms of the Companies Act, Section 30(4)(a).

<sup>2</sup> Total gross annual package before bonus.

<sup>3</sup> See pages 33 and 34 for additional information about cash bonuses payable in respect of F2017.

The Company enters into employment agreements with Executive Directors and senior executives on a total cost-to-company basis. Executive Directors and senior executives structure their total salary packages to allow for pension contributions, medical aid contributions, travel allowances and other benefits in accordance with their individual requirements.

As discussed in greater detail in Part II of the Remuneration Report on page 36, prior to the Board, upon the recommendation of the Remuneration Committee, approving accrued bonuses for senior executives for F2017, the Executive Chairman deferred 100% of his F2017 bonus and two other Executive Directors deferred a portion of their bonuses.

Performance against bonus targets for F2017 was as follows:

 PROFITABILITY TARGETS*	 COST TARGETS	 SAFETY MODIFIER
<b>ABOVE TARGET</b> > ARM Ferrous, ARM Coal and ARM Copper  <b>BELOW TARGET</b> > ARM Platinum	> <b>BELOW PLAN COSTS</b> – Achieved at all operations except for Nkomati, Two Rivers and Goedgevonden.	> <b>SAFETY TARGETS</b> – Achieved at all operations: – ARM Ferrous, ARM Platinum and ARM Copper – 10% – ARM Coal – Above 6% – ARM Group – 9.2%

\* On a profit before interest and taxes basis.



## 2017 SHORT-TERM INCENTIVE PERFORMANCE OUTCOMES

Executive Chairman, Chief Executive Officer and Financial Director	Below Threshold	Threshold	On Target	Stretch/Above Target	Maximum
Profit from Operations (50%)				●	
Unit Cost of Sales (50%)				●	
Safety (modifier)			●		

## Performance shares

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period.

In respect of the F2017 settlements, which vested on 16 October 2016, 29 October 2016 and 30 October 2016, respectively, ARM ranked 8<sup>th</sup> against its peer companies in terms of Total Shareholder Return on each occasion and therefore one times (1x) the targeted number of performance shares were settled. The 20-day volume weighted average price was used to determine price.



Refer to Part II of the Remuneration Report on page 35 for additional information about the performance criteria.

The total number of performance shares awarded in November and December 2016, and May 2017 was 1 907 006. During the year under review, 344 626 performance shares vested and were settled, including 43 028 performance shares, held by employees who retired, were retrenched or deceased during the year; and 125 467 performance shares were forfeited. The total number of performance shares as at 30 June 2017 was 4 499 333.

Between 30 June 2017 and the date of this report, 64 534 performance shares were settled and 43 005 forfeited.

The number of performance shares awarded to Executive Directors and Prescribed Officers is summarised below.

## PERFORMANCE SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana
	Number of shares		
Opening balance as at 1 July 2016	404 302	174 437	110 593
Performance shares awarded			
14 November 2016 <sup>1</sup>	47 218	–	–
9 December 2016	244 653	120 270	66 762
Performance shares settled <sup>2</sup>	(49 357)	(12 846)	(11 625)
<b>Closing balance as at 30 June 2017<sup>3</sup></b>	<b>646 816</b>	<b>281 861</b>	<b>165 730</b>

<sup>1</sup> Performance shares awarded in terms of the Company's waived bonus method.

<sup>2</sup> Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Remuneration Report on page 35 for additional information.

<sup>3</sup> No performance shares were awarded or settled between 30 June 2017 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2016	310 914	222 111
Performance shares awarded		
9 December 2016	193 452	124 630
Performance shares settled <sup>1</sup>	(40 077)	(31 761)
<b>Closing balance as at 30 June 2017<sup>2</sup></b>	<b>464 289</b>	<b>314 980</b>

<sup>1</sup> Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Remuneration Report on page 35 for additional information.

<sup>2</sup> No performance shares were awarded or settled between 30 June 2017 and the date of this report.

## REMUNERATION REPORT continued

	Prescribed Officers		
	A Joubert	J C Steenkamp <sup>3</sup>	F A Uys
	Number of shares		
Opening balance as at 1 July 2016	145 336	206 105	104 731
Performance shares awarded 9 December 2016	76 300	124 630	66 762
Performance shares settled <sup>1</sup>	(19 388)	(17 567)	(17 028)
<b>Closing balance as at 30 June 2017<sup>2</sup></b>	<b>202 248</b>	<b>313 168</b>	<b>154 465</b>

<sup>1</sup> Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Remuneration Report on page 38 for additional information.

<sup>2</sup> No performance shares were awarded or between 30 June 2017 and the date of this report and 36 314 performance shares were settled and 10 263 performance shares were forfeited between 30 June 2017 and the date of this report.

<sup>3</sup> Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.

## Bonus shares

Pursuant to the Share Plan, eligible participants receive grants of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The total number of bonus shares granted in November 2016 was 57 584. During the year under review, 282 944 bonus shares vested and were settled, including 28 255 bonus shares held by employees who retired, were retrenched or deceased during the year, and 4 431 bonus shares were forfeited. The total number of bonus shares as at 30 June 2017 was 843 415.

Following a 2015 benchmarking study by PwC, the Company's remuneration consultants, which recommended that in accordance with international good practice shares be awarded in terms of established performance criteria, the Board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus and waived bonus shares would, however, be still granted.

Between 30 June 2017 and the date of this report, 38 885 bonus shares were settled and 1 775 were forfeited. The number of bonus shares granted to Executive Directors and Prescribed Officers is summarised below.

## BONUS SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana
	Number of shares		
Opening balance as at 1 July 2016	193 604	65 637	46 097
Bonus shares granted 14 November 2016 <sup>1</sup>	47 218	–	–
Bonus shares settled	(44 750)	(7 656)	(5 864)
<b>Closing balance as at 30 June 2017<sup>2</sup></b>	<b>196 072</b>	<b>57 981</b>	<b>40 233</b>

<sup>1</sup> Bonus shares granted in terms of the Company's waived bonus method.

<sup>2</sup> No bonus shares were granted or settled between 30 June 2017 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2016	128 505	117 074
Bonus shares settled	(30 846)	(27 822)
<b>Closing balance as at 30 June 2017<sup>1</sup></b>	<b>97 659</b>	<b>89 252</b>

<sup>1</sup> No bonus shares were granted or settled between 30 June 2017 and the date of this report.

	Prescribed Officers		
	A Joubert	J C Steenkamp <sup>2</sup>	F A Uys
	Number of shares		
Opening balance as at 1 July 2016	83 073	101 664	34 899
Bonus shares settled	(16 265)	(14 224)	–
<b>Closing balance as at 30 June 2017<sup>1</sup></b>	<b>66 808</b>	<b>87 440</b>	<b>34 899</b>

<sup>1</sup> No bonus shares were granted or settled between 30 June 2017 and the date of this report and 26 482 performance shares were settled between 30 June 2017 and the date of this report.

<sup>2</sup> Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.

## Share option scheme

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013. Schedules of share option awards accruing to Executive Directors and Prescribed Officers, and the transactions that occurred during the year to 30 June 2017 are set out below.

### SCHEDULE OF SHARE OPTION AWARDS

	Executive Directors					
	P T Motsepe		M Arnold		H L Mkatshana	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	89 358	164.25	51 973	169.11	22 874	183.62
Options exercised	(1 549)	96.20	(617)	96.20	–	–
Options cancelled <sup>1</sup>	(14 519)	96.20	(5 780)	96.20	–	–
<b>Closing balance as at 30 June 2017</b>	<b>73 290</b>	<b>179.17</b>	<b>45 576</b>	<b>179.34</b>	<b>22 874</b>	<b>183.62</b>
<b>Grant date of options</b>						
15 October 2009	10 707	155.20	5 316	155.20	–	–
15 October 2010	–	–	6 287	178.49	–	–
9 November 2011	19 396	182.67	9 959	182.67	–	–
3 April 2012	–	–	–	–	6 861	182.19
15 October 2012	22 964	168.37	12 769	168.37	8 167	168.37
29 October 2013	20 223	200.75	11 245	200.75	7 846	200.75

<sup>1</sup> Share options cancelled using the net settlement process.

	Executive Directors			
	M P Schmidt		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	64 940	172.49	95 716	161.63
Options exercised	(617)	96.20	(1 832)	96.20
Options cancelled <sup>1</sup>	(5 780)	96.20	(17 179)	96.20
<b>Closing balance as at 30 June 2017</b>	<b>58 543</b>	<b>180.83</b>	<b>76 705</b>	<b>177.84</b>
<b>Grant date of options</b>				
15 October 2009	4 262	155.20	12 668	155.20
15 October 2010	4 863	178.49	12 072	178.49
9 November 2011	15 328	182.67	19 124	182.67
15 October 2012	18 127	168.37	17 463	168.37
29 October 2013	15 963	200.75	15 378	200.75

<sup>1</sup> Share options cancelled using the net settlement process.

## REMUNERATION REPORT continued

	Prescribed Officers					
	A Joubert		J C Steenkamp <sup>2</sup>		F A Uys	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	38 069	178.91	77 158	166.22	16 702	184.34
Options exercised	–		(1 157)	96.20	–	
Options lapsed/forfeited <sup>1</sup>	–		(10 849)	96.20	–	
<b>Closing balance as at 30 June 2017</b>	<b>38 069</b>	<b>178.91</b>	<b>65 152</b>	<b>179.13</b>	<b>16 702</b>	<b>184.34</b>
<b>Grant date of options</b>						
15 October 2009	5 103	155.20	8 000	155.20	–	–
15 October 2010	4 863	178.49	9 408	178.49	–	–
9 November 2011	7 997	182.67	14 903	182.67	–	–
15 October 2012	10 691	168.37	17 463	168.37	8 464	168.37
29 October 2013	9 415	200.75	15 378	200.75	8 238	200.75

<sup>1</sup> Share options cancelled using the net settlement process.

<sup>2</sup> Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.

## VESTING DATES

### Performance shares

#### Annual Allocations

#### Performance shares conditionally awarded to participants other than senior executives after 1 November 2011:

Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

#### Performance shares conditionally awarded to senior executives after 1 November 2011 and before 1 November 2014:

Performance shares vest and are settled after a performance period of four years, subject to the achievement of predetermined performance criteria.

#### Performance shares conditionally awarded to senior executives after 1 November 2014:

Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

### Deferred Bonus/Co-Investment Scheme

Matching performance shares conditionally awarded in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

### Waived Bonus Method

Matching performance shares conditionally awarded in terms of the Waived Bonus Method vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

## SCHEDULE OF PERFORMANCE SHARE VESTING DATES

	Number of shares
<b>Performance shares outstanding at 30 June 2017</b>	<b>4 499 333</b>
Vesting on	
22 May 2017	7 985
30 October 2017	179 668
18 November 2017	460 110
22 November 2017	56 997
25 April 2018	14 489
15 October 2018	820 989
26 November 2018	1 036 695
19 May 2019	30 354
15 November 2019	57 584
10 December 2019	1 795 729
16 May 2020	38 733

## Bonus shares

### Annual Allocations

#### Bonus shares granted to participants other than senior executives after 1 November 2011:

Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

#### Bonus shares granted to senior executives after 1 November 2011 and before 1 November 2014:

Bonus shares vest and are settled after four years, subject to continued employment.

#### Bonus shares granted to senior executives after 1 November 2014:

Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period. Annual allocations are no longer made.



## Deferred Bonus/Co-Investment Scheme

Bonus shares granted in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after three years.

## Waived Bonus Method

Bonus shares granted in terms of the Waived Bonus Method vest and are settled after three years.

## SCHEDULE OF BONUS SHARE VESTING DATES

	Number of shares
<b>Bonus shares outstanding at 30 June 2017</b>	<b>843 415</b>
Vesting on	
30 October 2017	136 446
18 November 2017	198 865
22 November 2017	60 351
26 November 2018	390 169
15 November 2019	57 584

## Share options

**Options granted after 1 December 2008:** No options may be exercised prior to the third anniversary of the issue date relative to such options.

**Options granted to senior executives between 1 November 2011 and 30 June 2014:** No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

## SCHEDULE OF OPTION VESTING DATES

	Number of options	Average issue price per option
<b>Options outstanding at 30 June 2017</b>	<b>1 068 757</b>	<b>R180.82</b>
Vested		
16 October 2012	92 198	R155.20
27 April 2013	4 808	R195.60
16 October 2013	130 329	R178.49
2 April 2014	6 857	R223.00
10 November 2014	105 034	R182.67
3 April 2015	11 951	R182.19
16 October 2015	141 909	R168.37
10 November 2015	121 787	R182.67
3 April 2016	6 861	R182.19
27 April 2016	4 615	R181.00
16 October 2016	156 847	R168.37
30 October 2016	133 785	R200.75
22 May 2017 <sup>1</sup>	10 661	R191.14
Vesting on		
30 October 2017	141 115	R200.75

<sup>1</sup> Share options granted to management other than senior executives.

## SHARE INCENTIVE MOVEMENTS

	Share options		Performance shares <sup>1</sup>		Bonus shares <sup>1</sup>	
	F2017	F2016	F2017	F2016	F2017	F2016
Opening balance as at 1 July 2016	<b>1 268 254</b>	1 736 232	<b>3 062 420</b>	2 312 550	<b>1 073 206</b>	933 066
Exercised	<b>(51 764)</b>	–	–	–	–	–
Settled	–	–	<b>(344 626)</b>	(299 694)	<b>(282 944)</b>	(232 017)
Granted/awarded	–	–	<b>1 907 006</b>	1 150 506	<b>57 584</b>	390 169
Forfeited/cancelled/lapsed	<b>(147 733)</b>	(467 978)	<b>(125 467)</b>	(100 942)	<b>(4 431)</b>	(18 012)
<b>Closing balance as at 30 June 2017</b>	<b>1 068 757</b>	1 268 254	<b>4 499 333</b>	3 062 420	<b>843 415</b>	1 073 206
Subsequent to year-end:						
Exercised/settled	–	–	<b>(64 534)</b>	(32 648)	<b>(38 885)</b>	(26 693)
Forfeited/cancelled/lapsed	<b>(14 276)</b>	(42 717)	<b>(43 005)</b>	(67 500)	<b>(1 775)</b>	(3 642)
Balance as at the date of this report	<b>1 054 481</b>	1 225 537	<b>4 391 794</b>	2 962 272	<b>802 755</b>	1 042 871

<sup>1</sup> Conditional.

## NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the Remuneration Implementation Report set out in Part III of this report.



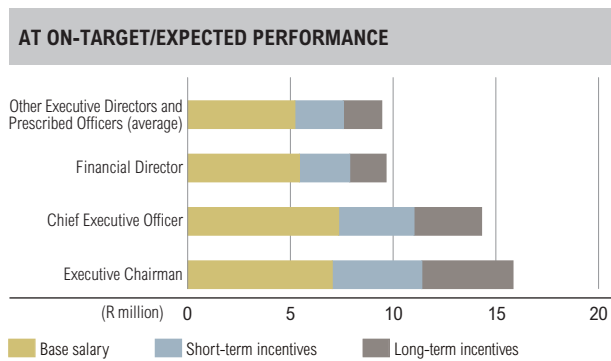
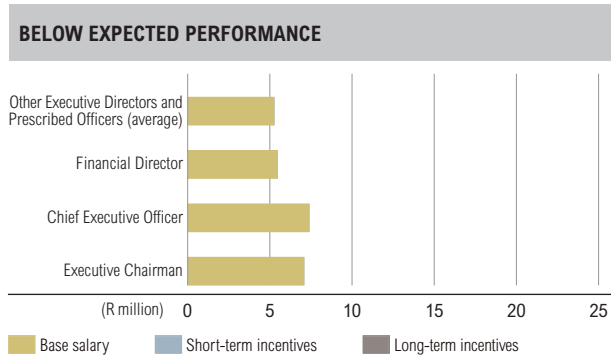
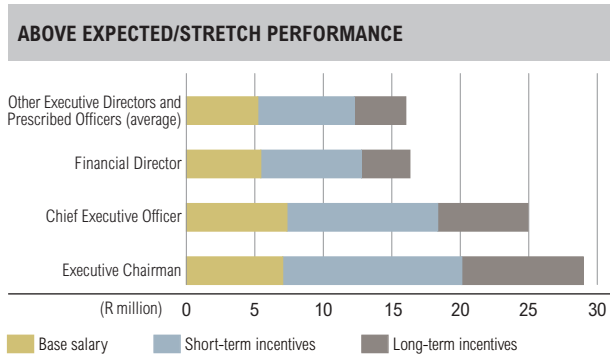
See the Notice of Annual General Meeting on pages 127 to 136 of the Integrated Annual Report.

REMUNERATION REPORT continued

**REMUNERATION OUTCOMES**

The remuneration outcomes in 2017 for the Executive Chairman, the Chief Executive Officer, the Financial Director and Other Executive Directors plus Prescribed Officers are shown on the graphs below. The emoluments are detailed in the remuneration table on page 40.

**TOTAL REMUNERATION OUTCOMES: 2017**



**DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS**

The remuneration of Non-executive Directors consists of Directors' fees. Board and Committee retainers and attendance fees are paid quarterly and in arrears.

The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2017 and 30 June 2016.

All figures in R000	Board and Committee fees <sup>3</sup>	Value-added tax at 14% <sup>4</sup>	Other <sup>5</sup>	Total F2017	Total F2016
<b>Non-executive Directors<sup>1</sup></b>					
F Abbott	888	10	–	<b>898</b>	740
Dr M M M Bakane-Tuoane	1 207	10	–	<b>1 217</b>	1 108
T A Boardman	1 266	6	–	<b>1 272</b>	1 298
A D Botha	888	10	–	<b>898</b>	916
J A Chissano	546	10	604	<b>1 160</b>	1 071
W M Gule	477	–	170	<b>647</b>	582
A K Maditsi	1 410	16	–	<b>1 426</b>	1 232
J P Möller <sup>2</sup>	236	6	–	<b>242</b>	–
Dr R V Simelane	1 141	10	–	<b>1 151</b>	1 044
Z B Swanepoel	591	11	–	<b>602</b>	578
<b>Total for Non-executive Directors<sup>6</sup></b>	<b>8 650</b>	<b>89</b>	<b>774</b>	<b>9 513</b>	<b>8 569</b>

1 Payments for the reimbursement of out-of-pocket expenses have been excluded.  
 2 Mr J P Möller was appointed on 1 January 2017.  
 3 Fees paid or payable.  
 4 Value-added tax applicable to Non-Executive Directors' fees between 1 June 2017 and 30 June 2017.  
 5 Fees in terms of service contracts. See Part II of the Remuneration Report on pages 38 to 39 for more information.  
 6 Messrs D C Noko and J C Steenkamp were appointed to Board after the reporting period, with effect from 10 October 2017.

# CONTACT DETAILS

## African Rainbow Minerals Limited

Registration number: 1933/004580/06  
Incorporated in the Republic of South Africa  
JSE share code: ARI  
ADR ticker symbol: AFRBY  
ISIN: ZAE000054045

## Registered and Corporate Office

ARM House  
29 Impala Road  
Chislehurst  
Sandton  
2196

PO Box 786136, Sandton, 2146

Telephone: +27 11 779 1300  
Fax: +27 11 779 1312  
E-mail: [ir.admin@arm.co.za](mailto:ir.admin@arm.co.za)  
Website: [www.arm.co.za](http://www.arm.co.za)

## Company Secretary

Alyson D'Oyley, BCom, LLB, LLM  
Telephone: +27 11 779 1300  
Fax: +27 11 779 1312  
E-mail: [alyson.doyley@arm.co.za](mailto:alyson.doyley@arm.co.za)

## Business Development

Stompie Shiels  
Executive: Business Development  
Telephone: +27 11 779 1476  
Fax: +27 11 779 1312  
E-mail: [stompie.shiels@arm.co.za](mailto:stompie.shiels@arm.co.za)

## Investor Relations

Jongisa Magagula  
Corporate Development and Head of Investor Relations  
Telephone: +27 11 779 1507  
Fax: +27 11 779 1312  
E-mail: [jongisa.magagula@arm.co.za](mailto:jongisa.magagula@arm.co.za)

## Auditors

External auditor: Ernst & Young Inc.  
Internal auditor: KPMG

## Bankers

ABSA Bank Limited  
FirstRand Bank Limited  
The Standard Bank of South Africa Limited  
Nedbank Limited

## Sponsors

Deutsche Securities (SA) Proprietary Limited

## Transfer Secretaries

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000  
Fax: +27 11 688 5222  
E-mail: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)  
Website: [www.computershare.co.za](http://www.computershare.co.za)

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## Directors

P T Motsepe (Executive Chairman)  
M P Schmidt (Chief Executive Officer)  
F Abbott\*  
M Arnold  
Dr M M M Bakane-Tuoane\*  
T A Boardman\*

A D Botha\*  
J A Chissano (Mozambican)\*  
W M Gule\*  
A K Maditsi\*  
H L Mkatshana  
J P Möller\*

D C Noko\*  
Dr R V Simelane\*  
J C Steenkamp\*\*  
Z B Swanepoel\*  
A J Wilkens

\* Independent Non-executive  
\*\* Non-executive

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## FORWARD LOOKING STATEMENTS

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV & Aids epidemic in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.



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