



**CORPORATE
GOVERNANCE
REPORT
2018**

We do it better



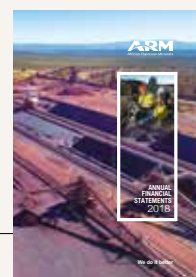
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OUR 2018 SUITE OF REPORTS
and additional material are
available at www.arm.co.za



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REFERENCES TO 2018 SUITE OF REPORTS

-  2018 INTEGRATED ANNUAL REPORT
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-  2018 SUSTAINABILITY REPORT
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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.



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CORPORATE GOVERNANCE REPORT

Our strategy is supported by high standards of corporate governance, which we review to ensure robust reporting, the forging of strong relationships with our stakeholders and the alignment of our businesses with global good practice.

OUR APPROACH TO CORPORATE GOVERNANCE

We understand that adhering to the highest standards of corporate governance is fundamental to the sustainability of our business. Our 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 our corporate governance system and is accountable and responsible for our performance. The Board retains effective control of the business through a clear governance structure and has established committees to assist it in accordance with the provisions of our 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, establish a corporate culture aligned with ARM's purpose, foster sustainable growth and align to evolving best practice.

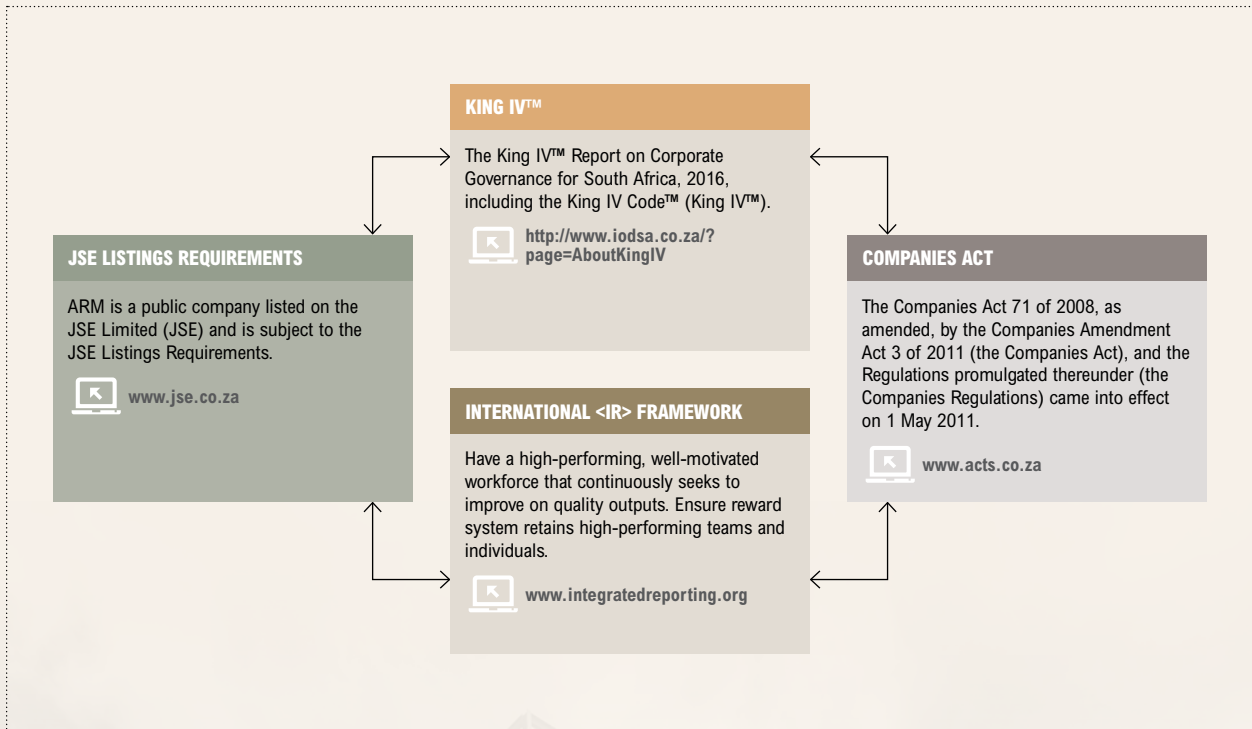
CORPORATE GOVERNANCE continued

KING IV™ AND GOVERNANCE

We support 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™. We view developments and governance trends as opportunities to continuously improve and entrench corporate governance practices. Practices impacting the divisions and operations are identified, assessed and addressed through action plans and regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports are presented, amongst others, to the ARM Audit and Risk Committee and the divisional audit committees.

APPLICABLE GOVERNING FRAMEWORKS

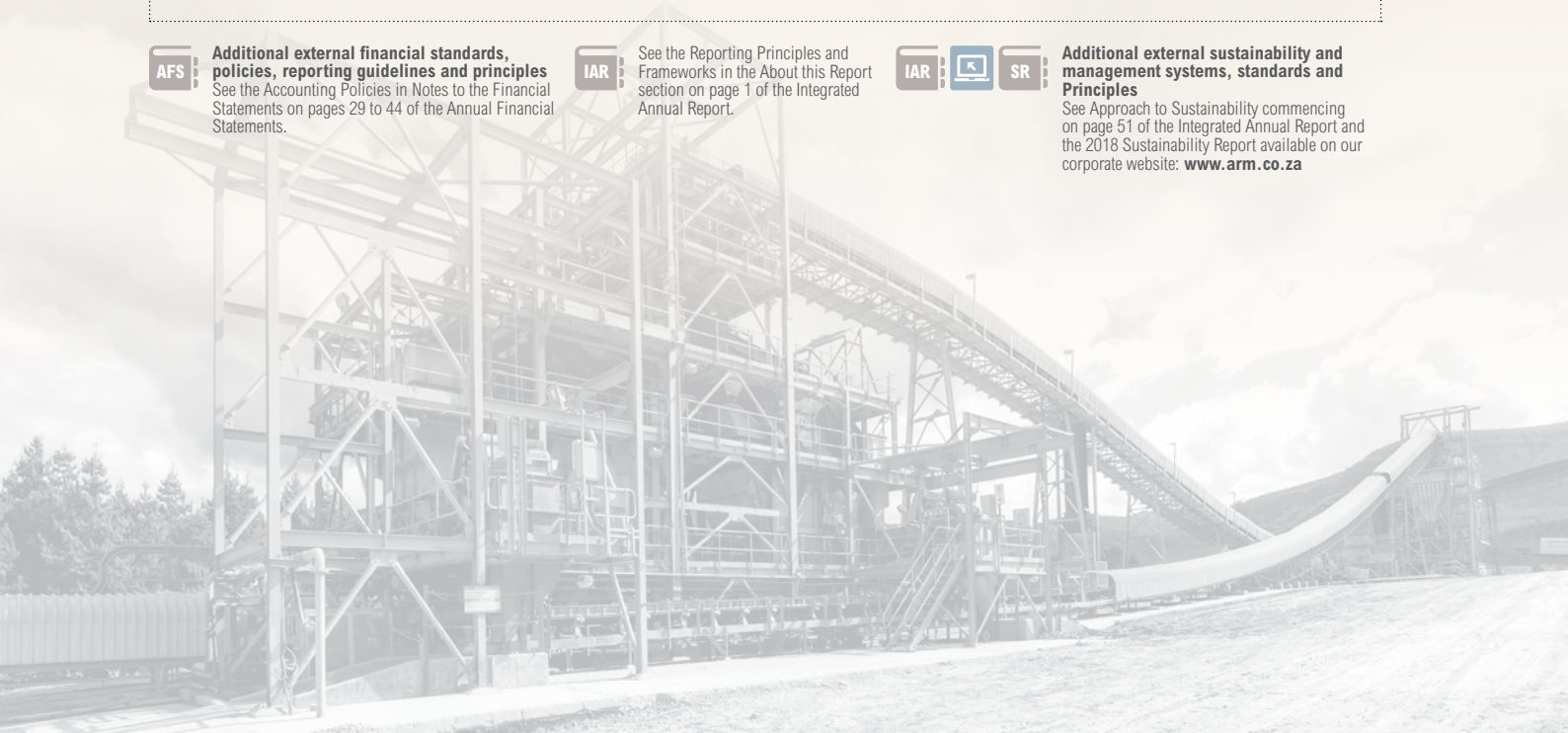
ARM complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks are shown in the diagram below.



AFS **Additional external financial standards, policies, reporting guidelines and principles**
See the Accounting Policies in Notes to the Financial Statements on pages 29 to 44 of the Annual Financial Statements.

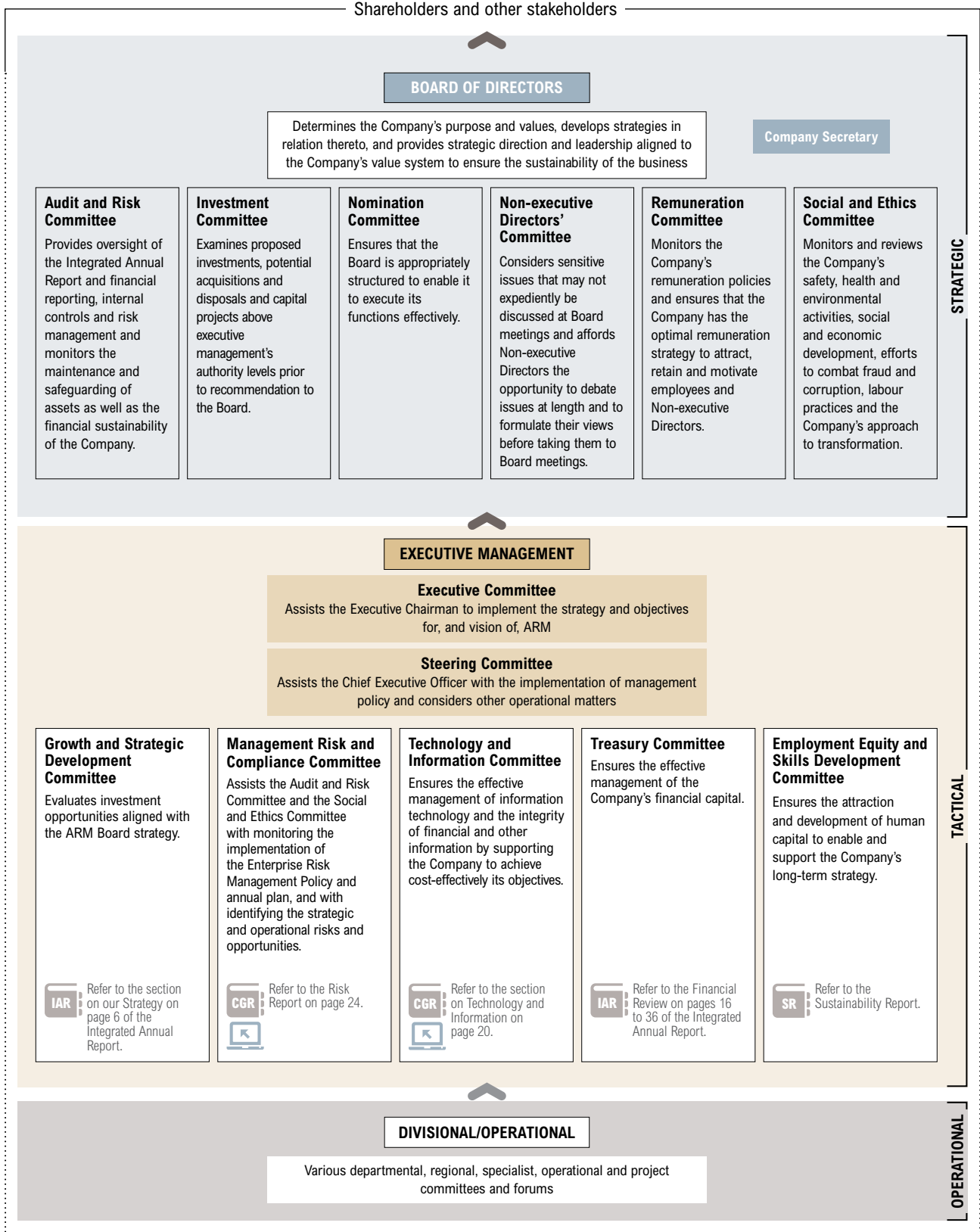
IAR See the Reporting Principles and Frameworks in the About this Report section on page 1 of the Integrated Annual Report.

IAR **SR** **Additional external sustainability and management systems, standards and Principles**
See Approach to Sustainability commencing on page 51 of the Integrated Annual Report and the 2018 Sustainability Report available on our corporate website: www.arm.co.za



CORPORATE GOVERNANCE continued

GOVERNANCE FRAMEWORK



STRATEGIC

TACTICAL

OPERATIONAL

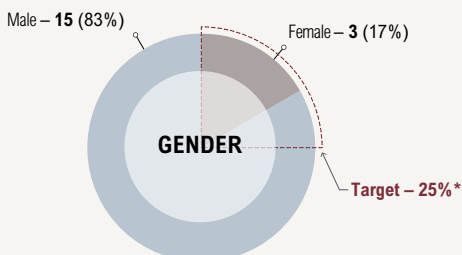
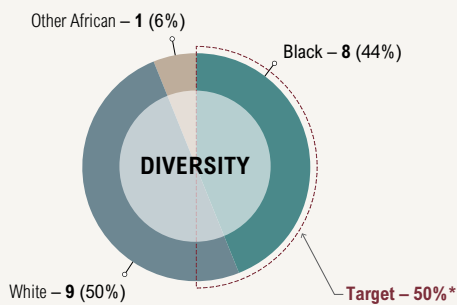
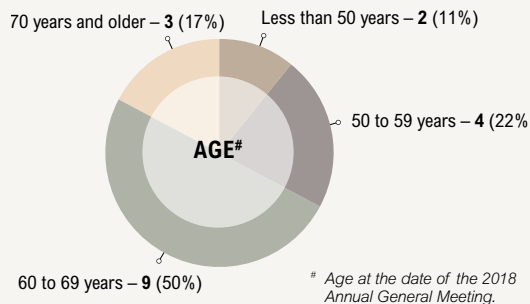
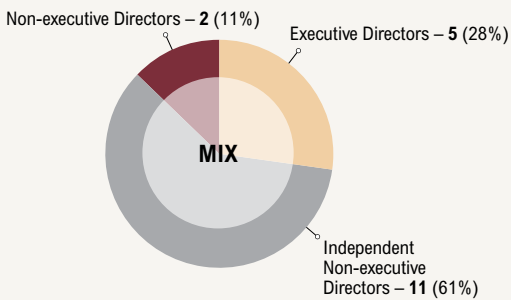
Comment from IBIS ESG Assurance "As part of our Independent Third Party Assurance processes, IBIS ESG Assurance (Pty) Ltd (IBIS ESG Assurance) conducted an assessment of ARM's application of the 16 relevant principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King 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."

SR The complete King IV™ application register and IBIS ESG Assurance's comprehensive assurance statement in the 2018 Sustainability Report are both available on the website: www.arm.co.za

CORPORATE GOVERNANCE continued

OUR 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.



* 31 December 2018 target in terms of the Board-approved policy.



Dr Patrice Motsepe (56)



André Wilkens (69)



Mike Schmidt (60)



Thando Mkatshana (49)



Abigail Mukhuba (39)



Alex Maditsi (56)

LEGEND

Nationalities

- South African
- Mozambican

Mix

- Executive Director
- Independent Non-executive Director
- Non-executive Director

CORPORATE GOVERNANCE continued



○ Frank Abbott (63)



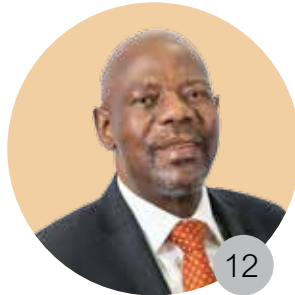
○ Joaquim Chissano (78)



○ Dr Rejoice Simelane (66)



○ Dr Manana Bakane-Tuoane (70)



○ Mangisi Gule (66)



○ Bernard Swanepoel (57)



○ Tom Boardman (68)



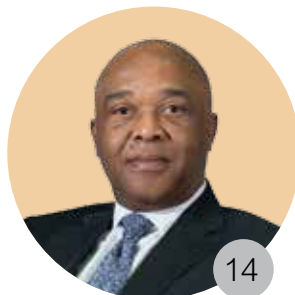
○ Kobus Möller (59)



○ Mike Arnold (61)



○ Anton Botha (65)



○ David Noko (61)



○ Jan Steenkamp (64)

CORPORATE GOVERNANCE continued

1

Dr Patrice Motsepe (56)
Executive Chairman

BA (Law) (University of Eswatini, formerly University of Swaziland), LLB and Doctorate of Commerce Honoris Causa (University of the Witwatersrand), Doctorate of Commerce Honoris Causa (Stellenbosch University), Doctor of Management and Commerce Honoris Causa (University of Fort Hare) and Doctor of Laws Honoris Causa (University of Eswatini)

Dr Patrice Motsepe was a partner in one of the largest law firms in South Africa, Bowmans and was also a visiting attorney in the USA with the law firm, McGuireWoods. He is an expert in governance, law, compliance, as well as general and international business.

In 2002 Dr Motsepe 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.

In 2017 Forbes Magazine commemorated its 100th Anniversary and honoured Dr Patrice Motsepe as one of the "100 Greatest Living Business Minds" in the world.

In 1994 Dr Motsepe 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.

In 2003 Dr Motsepe led ARMgold into a merger with Avmin and Harmony Gold. Following the merger Avmin changed its name to African Rainbow Minerals (ARM) and he became the founder and Executive Chairman of ARM.

Dr Motsepe is also the founder and Chairman of Ubuntu-Botho Investments, African Rainbow Capital (ARC) and African Rainbow Energy and Power (AREP). He is also the Deputy Chairman of Sanlam, Chairman of Harmony Gold and President of Mamelodi Sundowns Football Club.

Dr Motsepe is a member of the International Business Council (IBC) of the World Economic Forum which is made up of 100 of the most highly respected and influential chief executives from all industries. He is also a member of the Harvard Global Advisory Council and the International Council on Mining and Metals (ICMM).

Dr Motsepe is a recipient of numerous other business and leadership awards and recognitions including:

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

In January 2013 Dr Motsepe and his wife, Dr Precious Moloi-Motsepe joined the Giving Pledge which was started by Warren Buffett and Bill and Melinda Gates. Dr Motsepe 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.

2

Mike Schmidt (60)
Chief Executive Officer

Mine Manager's Certificate, MDP, Pr. Cert. Eng.

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.

3

Abigail Mukhuba CA(SA) (39)
Finance Director

BCompt, BCom (Accounting) (Hons), CA(SA), MCom (South African and International Taxation), MBA

Appointed to the Board in 2017. Abigail has over 17 years' working experience in the financial reporting and tax specialist environment in the mining and automotive industries. She started her career at a large South African auditing firm before joining BMW SA Inc. In 2007, she moved onto the mining industry at Exxaro Resources Limited, where she led the Group Financial Reporting team. Abigail joined ARM in 2016 as the Chief Finance Officer and in 2017 she was appointed as ARM's Finance Director. She is also a Director of African Rainbow Capital.

4

André Wilkens (69)
Executive Director: Growth and Strategic Development

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

Appointed to the Board in 2004. 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.

5

Thando Mkatshana (49)
Executive Director and Chief Executive: ARM Platinum and ARM Coal

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

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 appointed CE: ARM Platinum.

CORPORATE GOVERNANCE continued

6

Alex Maditsi (56)

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

BProc, LLB, HDip Co Law, LLM

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 African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power (Pty) Ltd, Bidvest Group Limited and Murray & Roberts Holdings Limited.

7

Frank Abbott (63)

Independent Non-executive Director

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

BCom, CA (SA), MBL

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 Limited 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.

8

Dr Manana Bakane-Tuoane (70)

Independent Non-executive Director

Member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee, the Remuneration Committee and the Social and Ethics Committee

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

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 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). 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.

9

Tom Boardman (68)

Independent Non-executive Director

The Chairman of the Audit and Risk Committee and a Member of the Non-executive Directors' Committee and the Remuneration Committee

BCom, CA(SA)

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 served as a Non-executive Director on the Board of Nedbank Limited from March 2010 to May 2017. He served as Chairman of the Credit and the Capital and Risk Committees. He was a Director of a listed Swedish Investment Company, Kinnevik, from 2011 to 2018, having served as Chairman for the last two years.

He is currently a Non-executive Director of Woolworths Holdings and Royal Bafokeng Holdings, Ubuntu-Botho Investments, African Rainbow Capital and African Rainbow Energy and Power. He is also a Non-executive Director and Chairman of Millicom International Cellular, which is one of the major mobile and cable network operators in Central and South America and is listed on the Swedish stock exchange. He is also a Director and Chairman of Ansof Limited, a private equity holding company based in the United Kingdom.

He is a Director of The Peace Parks Foundation and serves as a trustee on a number of other charitable foundations.

10

Anton Botha (65)

Independent Non-executive Director

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

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

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 University of Pretoria, Sanlam Limited and certain Sanlam subsidiaries.

11

Joaquim Chissano (78)

Independent Non-executive Director

Member of the Nomination Committee and the Non-executive Directors' Committee

PhD

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.

CORPORATE GOVERNANCE continued

12

Mangisi Gule (66)
 Non-executive Director
 Member of the Non-executive Directors' Committee

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

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 of ARMgold as well as an Executive Director and Board member of Harmony.

13

Kobus Möller (59)
 Independent Non-executive Director
 Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and Remuneration Committee

B Com, B Compt (Hons), CA (SA), AMP (Harvard)

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.

14

David Noko (60)
 Independent Non-executive Director
 Member of the Non-executive Directors' Committee

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

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. He holds a Higher National Diploma in Engineering from Witwatersrand Technikon, a Management Development Programme Certificate from the University of Witwatersrand, a Postgraduate Diploma in Company Directorships from the Graduate Institute of Management & Technology and a Masters in Business Administration from the Heriot-Watt University. He also completed the Senior Executive Programme at the London Business School.

15

Dr Rejoice Simelane (66)
 Independent Non-executive Director
 Chairman of the Social and Ethics Committee and a Member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

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

Appointed to the Board in 2004. Rejoice Simelane commenced her career at the University of Swaziland (now University of Eswatini), 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.

16

Bernard Swanepoel (57)
 Independent Non-executive Director
 Chairman of the Investment Committee and a Member of the Social and Ethics Committee and the Non-executive Directors' Committee

BSc (Min Eng), BCom (Hons)

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 Managing Director of the Harmony Mine. He was appointed Chief Executive Officer of Harmony in 1997. 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 and African Rainbow Energy and Power.

17

Mike Arnold (61)
 Non-executive Director
 Member of the Investment Committee

BSc Eng (Mining Geology), B Compt (Hons), CA (SA)

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. He was appointed Executive Finance of ARM in 2004 and as its Chief Financial Officer in 2008 and as Financial Director of ARM in 2009. After eight years as Financial Director, Mike retired 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 remains on the ARM Board as a Non-executive Director with effect from the date of his retirement.

Since retirement he has joined the boards of various companies including African Rainbow Capital and African Rainbow Energy and Power.

18

Jan Steenkamp (64)
 Non-executive Director
 Member of the Investment Committee, the Non-executive Directors' Committee and the Social and Ethics Committee

National Mining Diploma, EDP

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. Jan is a Non-executive Director of African Rainbow Energy and Power.

CORPORATE GOVERNANCE continued**DIVERSITY AND INCLUSION**

We recognise the benefits of a diverse Board. The Board has adopted a policy for the promotion of gender and race diversity and inclusion on the Board 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% will be black women.

During F2017, following an extensive search, the Board announced that Ms Abigail Mukhuba, the Chief Financial Officer, was appointed Finance Director with effect from 11 December 2017.

The Board also appointed Mr D C Noko as an independent non-executive director, with 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 again identified as priority areas and the Nomination Committee will continue to focus on the achievements of these targets.

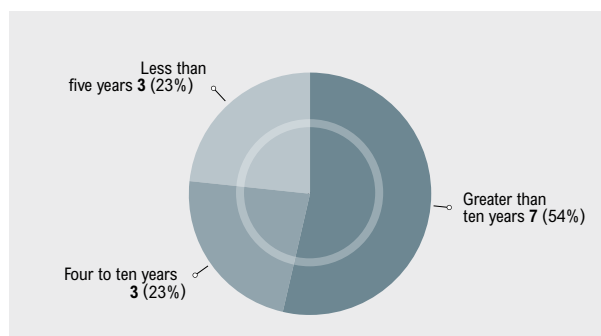
INDEPENDENCE

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

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 are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

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, and with due regard to the criteria for determining independence as set out in King IV™ and the JSE Listings Requirements, 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.

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 length of service.

TENURE: NON-EXECUTIVE DIRECTORS**INDEPENDENCE AND CONSULTANCY**

The independence of Messrs J A Chissano and WM Gule, who receive 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. Mr Gule also assists with matters in respect of ARM. Their specific assignments are determined by the Executive Chairman and the Chief Executive Officer. The fees paid to Messrs Chissano and Gule for these services are market-related. As such, the Board is satisfied that this aspect does not impair their independence.

In addition, two Non-executive Directors, Messrs M Arnold and J C Steenkamp, had consultancy agreements with the Company in F2018. They are not considered independent as they were executives of ARM in the previous three years and they benefit from ARM's share incentive scheme.

CGR For additional information about the consultancy agreements with ARM's Non-Executive Directors, see the Remuneration Report on page 49 of the Corporate Governance Report.

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

The roles of the Executive Chairman and the Chief Executive Officer are separate and distinct.

Dr P T Motsepe is the Executive Chairman of the Company and not independent. He is also a significant shareholder of ARM. 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™.

AFS For further information see the Shareholder Analysis on pages 117 to 118 of the 2018 Annual Financial Statements.

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 ARM'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. Dr Motsepe and Mr Maditsi were re-elected as Executive Chairman and Lead Independent Non-executive Director respectively, for a period of one year commencing on 1 January 2018.

The Chief Executive Officer is appointed by the Board. He does not hold any external board appointments.

CORPORATE GOVERNANCE continued**BOARD CHARTER**

The Board Charter was most recently amended by the Board in August 2018.

The Board Charter provides guidelines to Directors in respect of, among others, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

THE BOARD: ROLE AND RESPONSIBILITIES

The role and responsibilities of the Board include:

- Determining ARM's purpose, and values, 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 ARM and other stakeholders.
- Providing strategic direction and leadership which is aligned to ARM's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring their implementation as well approving their capital funding, aimed at achieving ARM's long-term strategy and vision in a sustainable manner.
- Ensuring that ARM's business is conducted ethically and in a sustainable manner.
- Reviewing the Board's work plan annually.
- Reviewing the going concern status of ARM in the short-to-medium term.
- Determining, implementing and monitoring policies, procedures, practices and systems to monitor performance indicators and to ensure the integrity of risk management and internal controls in order to protect ARM's assets and reputation.
- 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 the Information Technology (IT) Governance Framework.
- Considering specific limits for the levels of ARM's risk tolerance.
- Defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to the management of ARM.
- Ensuring that the Company's annual financial statements are prepared and are presented before a duly convened Annual General Meeting.
- Ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements, that the 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 concerning 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 Executive Directors and senior management is implemented
- Selecting and appointing suitable candidates as Chairmen and members of Committees of the Board.
- Ensuring that annual performance evaluations of the Board, the Executive Chairman, the Chief Executive Officer, other individual Directors and Board Committees and their respective Chairmen are conducted.
- 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 have the relevant knowledge, skills and experience required for governing the Company efficiently.

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 PERFORMANCE 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 T A Boardman, A D Botha, W M Gule and A K Maditsi and Dr M M M Bakane-Tuoane are required to retire by rotation. They have made themselves available for re-election at the Annual General Meeting to be held on Friday, 7 December 2018.

Directors appointed by the Board between Annual General Meetings hold office only until the next Annual General Meeting and are eligible for election. They are however not included in determining the number of Directors who are to retire by rotation. Ms A M Mukhuba was appointed by the Board as Finance Director with effect from 11 December 2017 and, given her appointment was between Annual General Meetings, she will stand for election at the Annual General Meeting to be held on Friday, 7 December 2018.

Induction and continuing education

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. In addition, key legislation and regulations, as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature are provided to them.

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.

Succession

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

 For more on the Nomination Committee, see under Board Committees on page 16.

Following eight years in the role, Mr Mike Arnold retired as Financial Director of ARM on 10 December 2017 after having reached the Company's normal retirement age of 60 in July 2017. Mr Arnold remains on the Board as a Non-Executive Director with effect from the date of his retirement. Ms Abigail Mukhuba, who was the Chief Financial Officer of ARM, was appointed Finance Director with effect from 11 December 2017.

CORPORATE GOVERNANCE continued

The Company has a succession plan for Executive Directors and senior management.

Performance assessment

We are 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 Committees is assessed annually. Independent external advisors assisted the Nomination Committee with the evaluation of the Board, Committees, the Executive Chairman and the Company Secretary.

We are of the view that the involvement of independent external advisors assists in ensuring a rigorous and impartial evaluation process, which improves the Board's effectiveness.

F2018 ASSESSMENT

The assessments conducted during F2018 focused on the effectiveness of the Board, and included:

- 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 F2018 assessment process, the Board considered its responsibilities in terms of the Board Charter during F2018, and was satisfied that it had fulfilled them.



Performance assessments of all Executive Directors, including the Executive Chairman and the Chief Executive Officer are undertaken annually and form the basis of their remuneration as discussed in Part II of the Remuneration Report starting on page 38.

In addition to finding that the Board functioned well, the assessment acknowledge, the benefit of separating the annual budget and strategy meetings and holding the meetings earlier in the cycle as well as the importance of a continued focus on the diversity of the Board. The findings of the F2018 assessment were considered by the Board in 2018 and a copy of the findings were provided to the external auditor.

BOARD MEETINGS

The Board meets at least four times a year to consider the business and strategy of ARM. The Board reviews reports of the Chief Executive Officer, the Finance Director, divisional chief executives and other senior executives, chairpersons of the committees and independent advisors. During the financial year ended 30 June 2018, four Board meetings, a budget workshop and a two-day 2018 strategy session were held. The two-day 2017 strategy session was held in August 2017 before the implementation of a new planning cycle. The quorum for Board meetings is the majority of the Directors.

Agendas for Board meetings are prepared by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer, the Finance 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, finance, governance and legal matters likely to affect ARM.

The first hour of quarterly Board meetings is dedicated to training in areas pertinent to the business.

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, at the Company's expense, independent professional advice concerning the affairs of the Company.



CORPORATE GOVERNANCE continued**F2018 BOARD AND COMMITTEE MEETING ATTENDANCE SUMMARY**

	Board	Budget workshop	Bos-beraad	Audit and Risk Committee	Investment Committee	Nomina-tion Committee	Non-executive Directors' Committee	Social and Ethics Committee	Remunera-tion Committee
Number of meetings*	4	1	4¹	7	1	8²	4	4	3
P T Motsepe, Dr (Executive Chairman)	4	1	4	–	–	–	–	–	–
M P Schmidt (Chief Executive Officer)	4	1	4	–	–	–	–	–	–
F Abbott	4	– ⁴	4	5 ³	1	–	4	–	3
M Arnold ⁸	4	1	4	–	–	–	–	–	–
M M M Bakane-Tuoane, Dr	4	1	4	7	–	8	4	4	3
T A Boardman	4	1	4	7	–	–	4	–	3
A D Botha	4	– ⁴	4	7	1	–	4	–	3
J A Chissano	4	– ⁴	4	–	–	5 ²	4	–	–
W M Gule	4	1	4	–	–	–	4	–	–
A K Maditsi	4	1	4	7	1	8	4	4	3
H L Mkatshana	4	1	4	–	–	–	–	–	–
J P Möller	4	1	4	4 ⁵	– ⁴	–	4	–	1 ⁵
A M Mukhuba	2 ⁶	1	2 ⁶	–	–	–	–	–	–
D C Noko	3 ⁷	1	2 ⁷	–	–	–	3 ⁷	–	–
R V Simelane, Dr	4	1	4	6 ³	–	8	4	3 ³	–
J C Steenkamp	3 ⁷	1	2 ⁷	–	1	–	3 ⁷	1 ⁵	–
Z B Swanepoel	4	– ⁴	4	–	1	–	4	3 ⁵	–
A J Wilkens	4	1	4	–	–	–	–	–	–

* Includes attendance for meetings attended as a Director of the Company or as a Committee member, as the case may be.

1 Includes a two-day Bosberaad in respect of F2017 held in August 2017 and a two-day Bosberaad in respect of F2018 held in June 2018.

2 There were four scheduled meetings and four ad hoc working sessions. Members were absent with the leave of the Committee.

3 Absent with leave of the Board or Committee, as the case may be. Each Director received the meeting materials prior to the meeting and contributed a necessary.

4 Absent with leave of the Board or Committee, as the meeting was rescheduled.

5 Attended all Committee meetings after his appointment to the Committee.

6 Ms A M Mukhuba was appointed to the Board with effect from 11 December 2017.

7 Messrs D C Noko and J C Steenkamp were appointed to the Board on 10 October 2017, after the Board and Non-executive Directors' Committee had held their first meetings of the financial year and subsequent to the two-day Bosberaad in respect of F2017.

8 Mr M Arnold was appointed to the Committee after the reporting period.

CORPORATE GOVERNANCE continued

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 ARM 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 ARM. 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 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. In August 2018, 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 F2018 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 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 ARM.

Each Committee is chaired by an Independent Non-executive Director, and has its own terms of reference. These terms of reference set out the committees' roles and responsibilities, functions, scope of authority and composition. Committees report to the Board at each Board meeting and make recommendations in accordance with their terms of reference.

The F2018 assessment process concluded, among others, that each committee was satisfied that it had fulfilled its responsibilities in respect of its terms of reference.

Attendance schedules for committee meetings held in F2018 are included in the meeting attendance summary on the previous page. The *curricula vitae* on pages 4 to 8 set out the qualifications and experience of each of the committee members.

OUR 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.

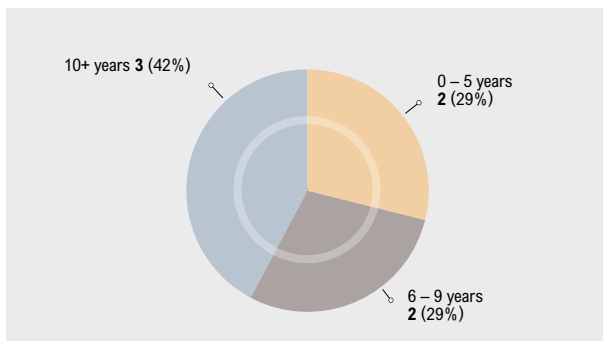
CORPORATE GOVERNANCE continued

AUDIT AND RISK COMMITTEE

Member	Member since
T A Boardman (Chairman)	February 2011
F Abbott [^]	December 2015
Dr M M M Bakane-Tuoane	July 2008
A D Botha	June 2010
A K Maditsi	July 2004
J P Möller	December 2017
Dr R V Simelane	July 2004

[^] Mr F Abbott will not stand for re-election at the forthcoming Annual General Meeting.

AUDIT AND RISK COMMITTEE



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.

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

Composition

The Audit and Risk Committee comprises seven 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, a CA(SA) and a financial expert. The Chief Executive Officer and the Finance Director attend Audit and Risk Committee meetings at the Committee's request.

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 F2018.

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

Responsibilities

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 its 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.

Focus and adding value

In adding value to the Company and its governance during the year under review, the Audit and Risk Committee executed its duties and responsibilities in accordance with its terms of reference as they relate to ARM's accounting, internal auditing, internal control, risk and financial reporting practices, considering:

- external auditor accreditation and rotation;
- approval and monitoring of the external auditor's plan and scope of work and key audit matters;
- the appointment of a new internal auditor;
- reviewing financial statements and the appropriateness of all published results, including discussion and review of the audited annual financial statements and related disclosures with the Finance Director, Chief Executive Officer and internal and external auditors and recommending the annual financial statements to the board for approval;
- legal and regulatory requirements to the extent that they may have an impact on the financial statements;
- management's action on internal audit findings;

CORPORATE GOVERNANCE continued

- compliance with the Companies Act, King IV™, JSE Listings Requirements and other applicable regulatory requirements and governance frameworks;
- risk management, regulatory requirements and reputational matters;
- the effectiveness of ARM's internal controls;
- management's implementation of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers;
- the accounting for the ARM Coal debt restructuring and the sale of the Lubambe Copper Mine;
- systems enabling ARM to comply with extensible business reporting language (iXBRL) reporting from 1 July 2018, as mandated by the Companies and Intellectual Property Commission; and
- a tax policy and a treasury policy.

CGR In respect of the Committee's risk management activities, see page 25 of the Risk Report.

During F2019, the Committee will be considering matters pertaining to:

- the effective operation of ARM's financial systems, processes and controls and their capacity to respond to industry and environment changes;
- management's plans regarding IFRS 16 Leases; and
- the rotation of the designated auditor to ensure continued external audit independence and objectivity.

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.

It meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of ARM'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 ARM'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 action 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 finance function and Finance Director's qualifications and experience. Following the 2018 review, the Committee is satisfied that the Finance Director has experienced finance executives reporting to her, that the finance function is adequately resourced and that she has the necessary experience and expertise to discharge her responsibilities.

External auditor

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 ARM and its management.

Upon the recommendation of the Audit and Risk Committee at the Annual General Meeting, shareholders will be requested to reappoint Ernst & Young Inc. (EY) as external auditor of the Company and that Mr L I N Tomlinson be reappointed as the designated individual auditor for the 2019 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 Finance Director is authorised to engage the external auditor for non-audit services for which the fee would not exceed R200 000, excluding value added tax and disbursements. 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. In F2018, total Group non-audit service fees amounted to R1 million (F2017: R1 million), which represents 5% (F2017: 7%) of the approved Group external audit fees.

AFS See note 26 of the Annual Financial Statements.

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.

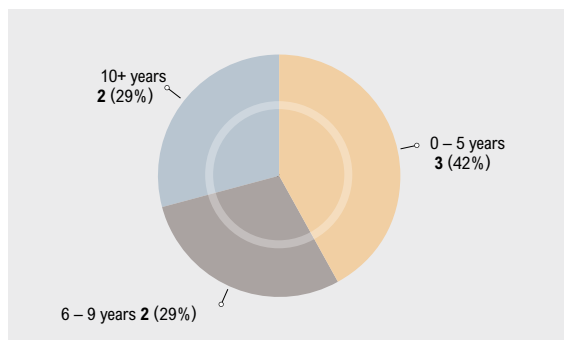
CGR The Management Risk and Compliance Committee reports to the Audit and Risk Committee and its report is included on page 19 and pages 24 to 33 of this Corporate Governance Report.

CORPORATE GOVERNANCE continued

INVESTMENT COMMITTEE

Member	Member since
Z B Swanepoel (Chairman)	July 2004
F Abbott	August 2009
M Arnold	October 2018
A D Botha	August 2009
A K Maditsi	February 2007
J P Möller	August 2017
J C Steenkamp	April 2018

INVESTMENT COMMITTEE



Composition

The Investment Committee comprises seven Independent Non-executive Directors. The appointments of Messrs M Arnold and J C Steenkamp added skills and expertise. Invitees include the Chief Executive Officer, the Finance Director, 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.

Responsibilities

The Investment Committee's purpose includes oversight of the implementation of the capital allocation framework and consideration of 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.

Focus and adding value

In adding value to ARM's governance during the year under review, the focus of the Committee was on:

- o monitoring the restructuring of the loss-making operations, including the disposal of ARM's and Vale's 80% interest in Lubambe; and
- o amending its terms of reference to provide for the oversight of the capital allocation framework.

In F2019, the Committee will continue to monitor the Company's restructuring progress and major proposals to improve operational efficiencies.

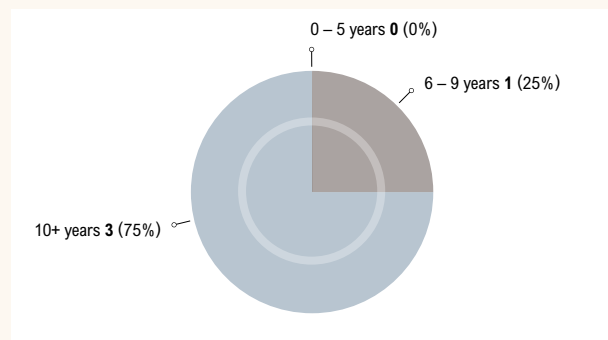
The Investment Committee is required to meet at least once a year. One meeting was held during F2018.

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

NOMINATION COMMITTEE

Member	Member since
A K Maditsi (Chairman)	July 2004
Dr M M M Bakane-Tuoane	July 2004
J A Chissano	August 2012
Dr R V Simelane	July 2004

NOMINATION COMMITTEE



Composition

The Nomination Committee comprises four Independent Non-executive Directors. 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.

CGR For additional information in this regard, refer to Performance Assessment on page 11 of this report.

Responsibilities

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.

CORPORATE GOVERNANCE continued

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 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 more on the succession process, see pages 10 and 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.

Focus and adding value

In the year under review the Committee made recommendations to the Board

- to promote diversity in Board membership and
- to make appointments to augment the knowledge, skills and experience of the Committees.



For more on diversity and inclusion see page 9.

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

As specified in its Terms of Reference, the Nomination Committee must hold at least one meeting per year. During F2018, there were four scheduled meetings and four working sessions.



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
 M Arnold
 T A Boardman
 A D Botha
 J A Chissano
 W M Gule
 J P Möller
 D C Noko
 Dr R V Simelane
 J C Steenkamp
 Z B Swanepoel

* Board members who were Non-executive Directors when the Committee was formed in April 2009 were the initial members of the Committee. Other Board members became members of the Committee when they became Non-executive Directors.

Composition

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.

Responsibilities

The Committee meets formally without management and provides a forum for the Non-executive Directors 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.

Focus and adding value

In adding value during F2018, the Committee considered the improvement in strategic oversight as a result of holding the budget workshop earlier in the planning cycle and holding a two-day bosberaad (strategy meeting) on a separate occasion. The Committee focused on providing feedback to the Board and management in order to enhance the effectiveness of the strategic process.

Four meetings were held during F2018.



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

REMUNERATION COMMITTEE



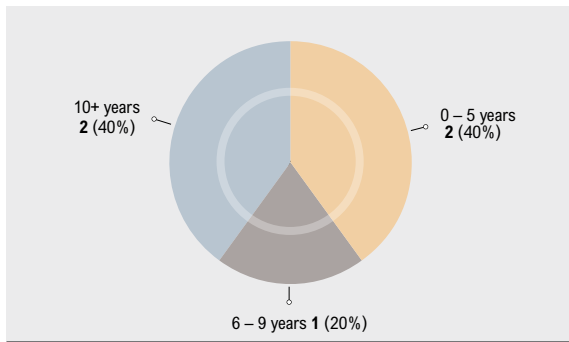
The Remuneration Report is available on pages 34 to 62 of this Corporate Governance Report.

CORPORATE GOVERNANCE continued

SOCIAL AND ETHICS COMMITTEE

Member	Member since
Dr R V Simelane (Chairman)	February 2007
Dr M M M Bakane-Tuoane	July 2004
A K Maditsi	June 2012
J C Steenkamp	April 2018
Z B Swanepoel	August 2017

COMMITTEE TENURE



Philosophy

ARM’s responsible corporate citizenship philosophy is underpinned by our understanding that there is a need to turn mineral wealth into sustainable economic growth and development. Through our business endeavours, we seek 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, occupational health, the environment, tuberculosis, HIV & Aids and Corporate Social Responsibility.

Composition

The Social and Ethics Committee’s Terms of Reference provide for the Committee to have a minimum of three members, the majority of whom must be Independent Non-executive Directors.

Currently, the Social and Ethics Committee comprises five Non-executive Directors, four of whom are independent.

Two appointments were made during the year under review to add additional expertise to the Committee. 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.

Responsibilities

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 is responsible for:

- monitoring the following activities having regard to relevant legislation and other legal requirements and codes of best practice including:
 - Social and economic development
 - Responsible corporate citizenship, including promotion of equality, prevention of unfair discrimination and measures to address unfair discrimination, and contribution to the development of communities in which ARM operates
 - Sustainable development, including environmental management, occupational health and wellness and safety
 - Stakeholder relationships
 - Labour and employment
- drawing relevant matters to the attention of the Board; and
- reporting to the shareholders of the Company at Annual General Meetings.

IAR For more on the Committee’s activities during the year under review and the focus for F2019, see the Report of the Social and Ethics Committee on pages 63 to 64 of this Corporate Governance Report and the Social and Ethics Committee Chairman’s Review on pages 26 to 28 of the Sustainability Report available on our website: www.arm.co.za

The Committee held four meetings during F2018.

CGR See the meeting attendance summary on page 12 of this report.

CORPORATE GOVERNANCE continued

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 which ensure the appropriate control and provision of information to the Board.

CGR See page 3 for a summary of how these committees add value to the business.

Executive Committee

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

Management Risk and Compliance Committee

Composition

The Management Risk and Compliance Committee is chaired by the Chief Executive Officer. Its membership includes the Finance Director, the chief executives of the divisions, the Group Risk Manager, the Executive: Sustainable Development Officer, the Chief Information Officer and the Chief Compliance Officer. The internal auditor is invited to attend the annual corporate risk workshop. 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 sub-committee.

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.

Responsibilities

The Management Risk and Compliance 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 during F2018 by the Audit and Risk Committee to provide more oversight on combined assurance.

The Management Risk and Compliance Committee held four meetings during F2018 and conducted the annual corporate risk workshop.

CGR **SR** For more information regarding the risk management programme and the governance of sustainability, see the Risk Report on pages 24 to 33 and the Sustainability Report on page 19.

Combined Assurance Forum

The Combined Assurance Forum, chaired by the Finance Director, monitors the implementation of combined assurance within the Group. Members include the Chief Executive Officer, the Group Executive Legal, the Group Risk Manager, the divisional chief executives and other senior executives. Meetings are held quarterly.

CGR For more on combined assurance, see the Risk Report on page 35.

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. All Steering Committee members are invited to attend the annual Bosberaad and the Board Budget Workshop.

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 Finance 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, attend meetings by invitation.

IAR For more on strategic development, see our Strategy on page 1 of the Integrated Annual Report.

Employment Equity and Skills Development Committee

Composition

The Committee is chaired by Mr H L Mkatshana, an Executive Director and the Chief Executive of ARM Platinum and ARM Coal. Its members consist of management representatives, representatives by occupational category and representatives of designated and non-designated groups, including the Chief Executive 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. The Committee Chairman and the Group Executive: Human Resources attend and report at Social and Ethics Committee and Board meetings.

Responsibilities

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies across the Company.

SR For more on our human capital, see Human Resources Management pages 72 to 83 in the Sustainability Report.

CORPORATE GOVERNANCE continued**MANAGEMENT COMMITTEES**

continued

Treasury Committee**Composition**

The committee membership includes the Finance Director, 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.

Responsibilities

The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Group. 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.



For more on treasury matters, see the Financial Review on page 16 of the Integrated Annual Report.

Tax Forum

The Tax Forum meets quarterly under the chairmanship of the Senior Executive Finance: Corporate and Tax, who provides feedback to the Audit and Risk Committee at every committee meeting.

TECHNOLOGY AND INFORMATION GOVERNANCE

Information Management (IM) is one of the cornerstones of ARM's intellectual capital and key in driving the partnership between business and technology. 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 ARM's objectives and enhance its business and safe mining strategy.

To this end, and in line with our drive to enhance efficiency, the Group has continued with its roll-out of an integrated Enterprise Resource Planning (ERP) system, incorporating finance, procurement, inventory, safety and people management, into a single system. 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.

IM Accountability

The Board affirms its responsibility for the governance of technology and information. The governance model reflects both business and IT requirements, while 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 day-to-day technology and information operations and the Board has delegated the responsibility to the Audit and Risk Committee for overseeing its governance. In addition to Board and Audit and Risk Committee meetings, the Chief Information Officer attends Social and Ethics Committee meetings to report on IT matters.

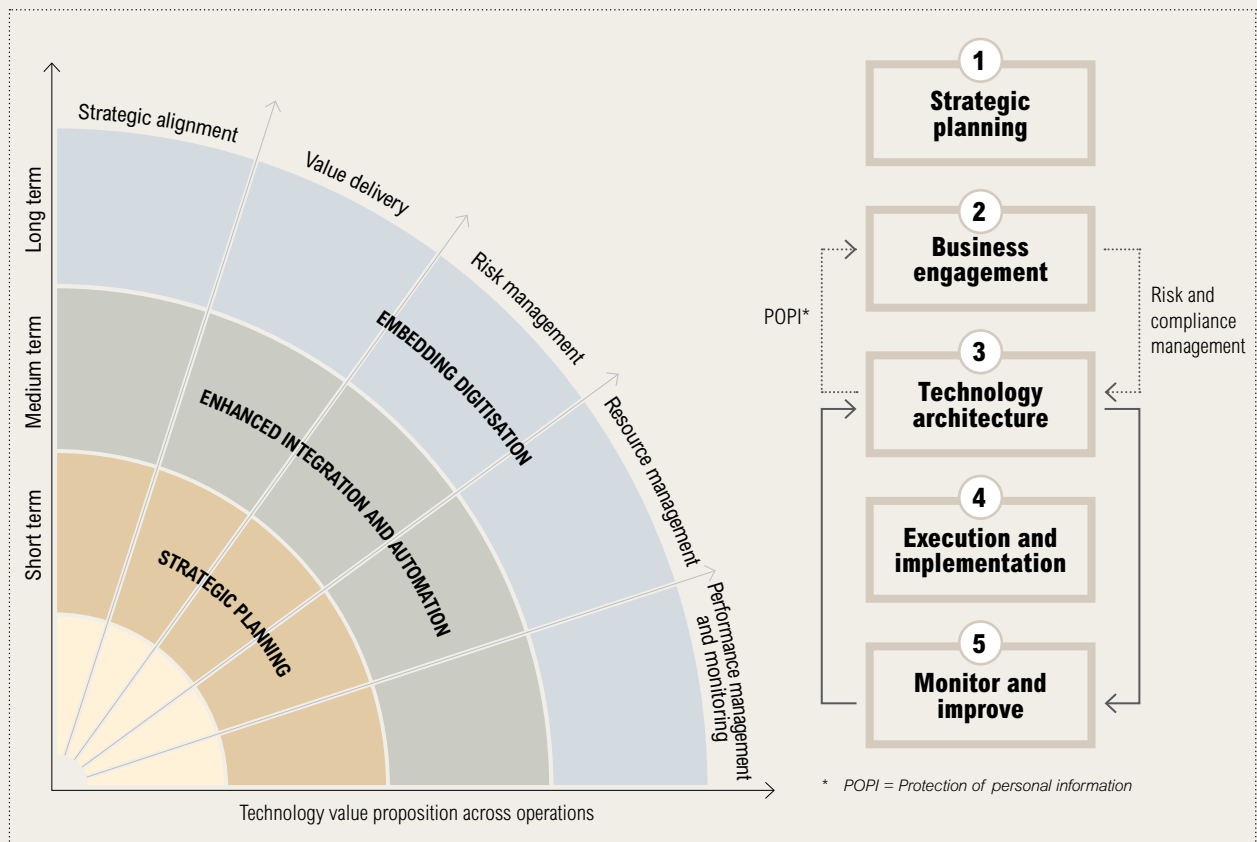
IT Governance Framework

The diagram outlines the key focus areas for governing technology and information. The aspects explained below are measured and monitored by the Chief Information Officer on an ongoing basis and are reported on to the Audit and Risk Committee on a quarterly basis.

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 Control Objectives for Information Technology (CoBIT) frameworks. These are reviewed from time to time in order to take into account organisational changes, international developments in the field, and changing risk profiles.

CORPORATE GOVERNANCE continued

KEY ELEMENTS: TECHNOLOGY AND INFORMATION GOVERNANCE FRAMEWORK



REVIEW OF F2018

The focus during the year under review was to accelerate efforts to transform IT resources, increase the effectiveness and efficiency of systems and address the gaps identified following internal and independent reviews. A number of initiatives were undertaken during the year, including:

- Maintaining an ongoing focus on increased controls over cyber security, including awareness training.
- Upgrading the software on human resources systems to provide increased capabilities in the labour environment.
- Developing a central reporting system for ARM operations to establish higher visibility, shorter reporting cycles and data integrity.
- Commencing work on a two-year ERP upgrade project to replace aging infrastructure, to utilise the new version's functionality to support modern business processes, and to ensure a single standard process template.

FOCUS FOR F2019

- Align IT with our organisational objectives.
- Develop effective and efficient processes for IT.
- Improve reporting and integration between departments.
- Implement and monitor systems to achieve the promised gains including the following
 - Optimise software deployment, including the ongoing optimisation of license usage, and configure software standards to ensure compliance.
 - Continue work to establish a new ARM wide area network (WAN) and a hosted platform, using a modern fibre-optics network.
 - Establishment an integrated unit of human resources (HR) systems to replace individual systems using an enterprise architecture approach to ensure a detailed upfront design, an integrated solution and a continuous improvement environment.
 - Extend the central reporting system to include core information from the HR environment, thereby establishing the same standard of information to provide support for the Social and Ethics Committee.
 - Finalise the Oracle JD Edwards project implementation at the Northern Cape operations.

TECHNOLOGY AND INFORMATION COMMITTEE

Composition







The Committee is chaired by Ms A M Mukhuba, the Finance Director. Its members include the Chief Executive Officer, the divisional chief executives, the Chief Information Officer and the Group Risk Manager. The Committee Chairman and the Chief Information Officer attend and report at Management Risk and Compliance Committee meetings and Audit and Risk Committee meetings.

Responsibilities

The Technology and Information Committee implements the governance framework and strategy and develops information technology (IT) policies and procedures. The Committee meets quarterly.

CORPORATE GOVERNANCE continued

TECHNOLOGY AND INFORMATION PERFORMANCE SCORECARD

GOVERNANCE DIMENSION AND F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
<p>Strategic Alignment</p>		<p>Review and re-align IT strategy with the modern IT environment.</p>
<p>Risk Management IT Governance Enhance and sustain the governance framework model and inputs on a continuous basis</p>	<p>In progress</p> <p> Supported by quarterly reporting to the Technology and Information Committee</p>	<p>ARM IM policy review to align to new risks, laws and available software capabilities.</p>
<p>Management of and compliance with new legislative and regulatory requirements, including King IV™ and POPI</p>	<p>In progress</p> <p> User awareness campaign and further end point management controls</p>	<p>Secure all devices, continue user awareness campaign and enhance controls on devices and software.</p>
<p>Information Security Ongoing awareness and cybersecurity training of end users</p>	<p>Achieved</p> <p> Initial awareness and software installation phase was completed</p>	<p>Completion of full automation and compliances functionality in the EPM and EMM platforms.</p>
<p>Value Delivery Human Resources systems project implementation at the Northern Cape mines (Khumani, Beeshoek and Black Rock)</p>	<p>Achieved</p> <p> Planned software upgrades complete</p>	<p>Extend the existing functionality of systems to meet requirements, and aim to establish one integrated portal to support the various stakeholders.</p>
<p>Oracle JD Edwards upgrade at the Northern Cape mines (Khumani, Beeshoek and Black Rock)</p>	<p>In progress</p> <p> Detailed scoping and planning</p>	<p>Completion of planning phase and implementation of the first operation.</p>
<p>Resource Management Initiated end point management training of IM personnel</p>	<p>In progress</p> <p> Online training enabled</p>	<p>Ensure IM personnel is trained on the automation methods and achieves certification.</p>

Abbreviations: IM Information Management POPI Protection of Personal Information Act EPM End Point Management
 EMM Enterprise Mobility Management ERP Enterprise Resource Planning HR Human Resources

ETHICS

Through the Code of Conduct (the Code), we confirm our commitment to high moral, ethical and legal standards in dealing with all of our stakeholders. All Directors and employees are required to maintain high ethical standards so that the Company's business is conducted honestly, fairly, legally, in a reasonable manner and in good faith. The Code was most recently updated during F2018. An updated Code of Conduct online training programme has been rolled out at the corporate office and the operations.

 The Code of Conduct is available on our website: www.arm.co.za

Conflicts 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 gifts within policy is subject to the approval of a member of the executive. Directors disclose their interests at Board and Board Committee meetings.

Disclosure

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

CORPORATE GOVERNANCE continued**Whistleblower facility**

Our whistleblower policy provides for an independent service provider to operate a 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. We have put formal procedures in place which ensure that each whistle-blowing report is investigated and that policy and procedures are revised, where applicable, with feedback reports being provided to the operators of the facility. No material non-compliance incidents were reported in 2018.

SR For more information on the Code and the Whistleblower facility, see pages 21 and 22 of the Sustainability Report.

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, 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."

SR IBIS ESG Assurance's comprehensive assurance statement may be found on pages 104 to 106 of the Sustainability Report available on our website: www.arm.co.za

LEGAL COMPLIANCE

The Company has a Legal Compliance Policy, which was updated in July 2018. 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.

SR For more information on legal and environmental compliance, see pages 24 to 25 and 87 to 88 of the Sustainability Report.

DEALINGS IN SECURITIES AND INSIDER TRADING POLICY

The Company has an information policy on dealings in securities and insider trading, and enforces closed periods. During these times, directors, officers and designated persons are precluded from dealing in ARM securities. All directors and employees have been 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 laws and regulations.

 The information policy on dealings in securities and insider trading is available on our corporate website: www.arm.co.za

INVESTOR RELATIONS AND COMMUNICATION WITH STAKEHOLDERS

We are committed to transparent, comprehensive and objective communication with our stakeholders. Our stakeholder communication policy is included in the Code.

Shareholders are encouraged to attend Annual General Meetings and to use that forum as an opportunity to engage with the Board and senior management.

Our investor relations department is responsible for communication with institutional shareholders, the investment community and the media.

We have developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by senior executives in one-on-one meetings with institutional investors locally and internationally, and through investor roadshows and conferences.

IAR **SR** Additional information regarding our engagement with key stakeholders is available on pages 44 to 46 of the Integrated Annual Report and pages 108 to 111 of the 2018 Sustainability Report available on our website: www.arm.co.za

ANNUAL GENERAL MEETINGS

Board members and the external audit partner attend Annual General Meetings of the Company to respond to shareholders' questions.

IAR The Notice of Annual General Meeting is available on pages 136 to 150 of the Integrated Annual Report.



RISK REPORT

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 risk management process.

ARM's Enterprise Risk Management process uses a unitary framework aligned with ISO:31000 for the identification, evaluation and monitoring of risks at all levels within the Company.

ARM's risk appetite and tolerance levels 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 appetite and tolerance levels.

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 improve and embed our Enterprise Risk Management and internal control processes in our business systems and processes.

RISK REPORT continued**ENTERPRISE RISK MANAGEMENT PROCEDURE**

The objective of ARM's procedure is to ensure that ARM is proactive and appropriately prepared for potential risks, 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 Audit and Risk Committee to the Board for approval) for operations, divisions and the Company.

The Enterprise Risk Management process which is aligned to International Organisation for Standardisation (ISO) 31 000 and the risk management requirements of King IV™:

- provides an effective and efficient management tool for continuous improvement;
- facilitates the ongoing process of moving from exception reporting to performance of controls;
- identifies risks (from long-term strategic planning to business unit level risks) with the specific objective of reviewing and ensuring that appropriate and relevant mitigation is in place;
- 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.

ENHANCEMENTS TO THE RISK PROCESS

Risk management is an increasingly important business driver for ARM and its stakeholders. It is an entrenched discipline and a recognised business management tool, with the aim of enabling sustainable growth. Outputs from successful risk management include more informed, less uncertain decisions, compliance, assurance and enhanced decision-making. These outputs should provide benefits by way of improvements in the efficiency of operations, effectiveness of tactics and businesses.

To continuously improve the risk management process within ARM, we initiated a review of the company's current risk management methodology, processes, maturity and culture in April 2018.

A key output of this process is the full alignment of the current risk methodology with ISO 31000, which is the International Standards' Organisation (ISO) standard for risk management. ISO 31000 is globally acknowledged as a leading risk management practice and is the most universally adopted risk management standard.

FOCUS AND ADDING VALUE

In respect of risk management, the Audit and Risk Committee, in its oversight role of the Management Risk and Compliance Committee, *inter alia*:

- reviewed the Enterprise Risk Management Framework setting out ARM's policies and processes on risk assessment and risk management throughout the Group and Company;
- ensured that the Group and Company have applied a Combined Assurance Model in support of a coordinated approach to all assurance activities; and
- considered and reviewed the findings and recommendations of the Management Risk and Compliance Committee.



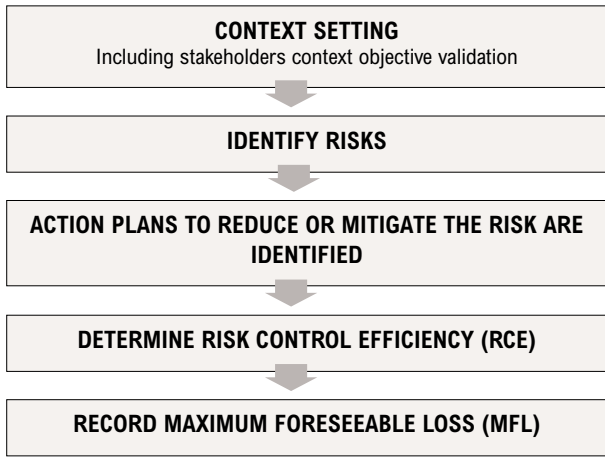
RISK REPORT continued

ENHANCED RISK METHODOLOGY

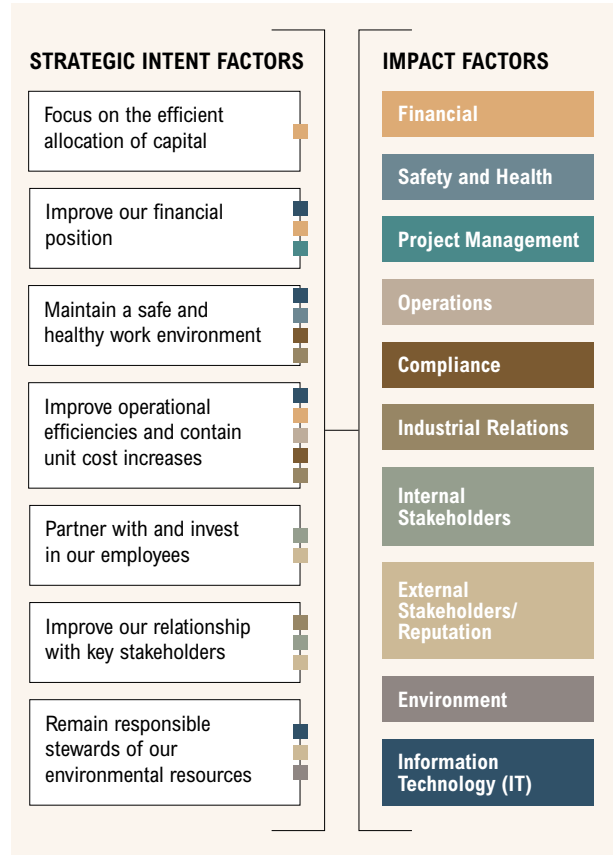
Developing an impact rating scale for ARM requires alignment of these aspects to ARM’s strategy and the strategic factors through which the Company drives and measures business performance.

ARM’s business strategy is focused on quality growth in ARM’s existing portfolio of commodities, operational efficiencies, exploration, acquisitions and partnerships. The Board, along with the joint venture boards of directors and board committees, provides strategic direction and leadership, monitors implementation of business and strategic plans, and approves the capital funding for these plans. ARM further expands these strategic focus areas into the values that guide the way it strives to conduct its business.

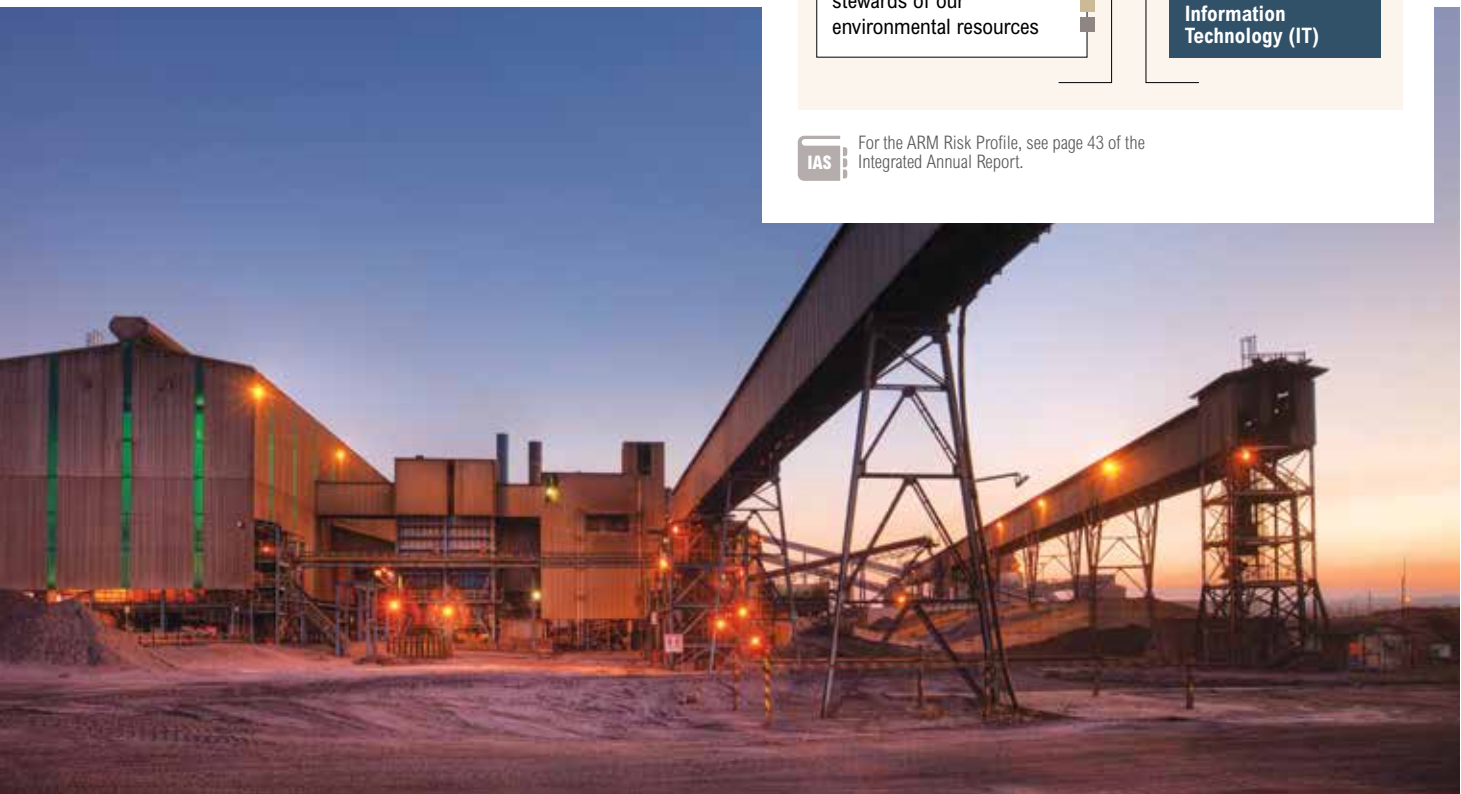
The process to rate each risk is illustrated as follows:



The risk rating methodology links strategic factors to impact factors as follows:

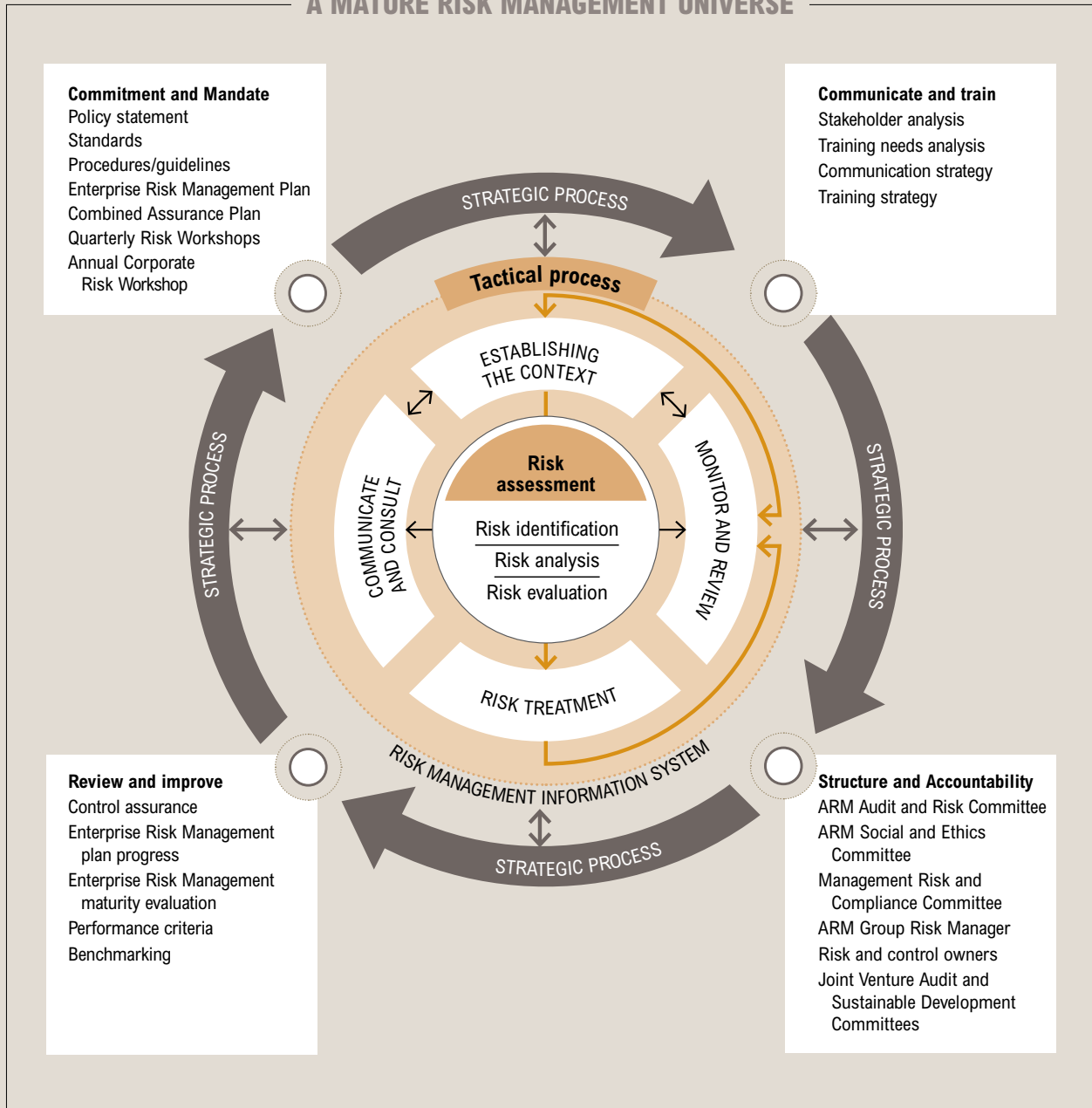


IAS For the ARM Risk Profile, see page 43 of the Integrated Annual Report.



RISK REPORT continued

A MATURE RISK MANAGEMENT UNIVERSE



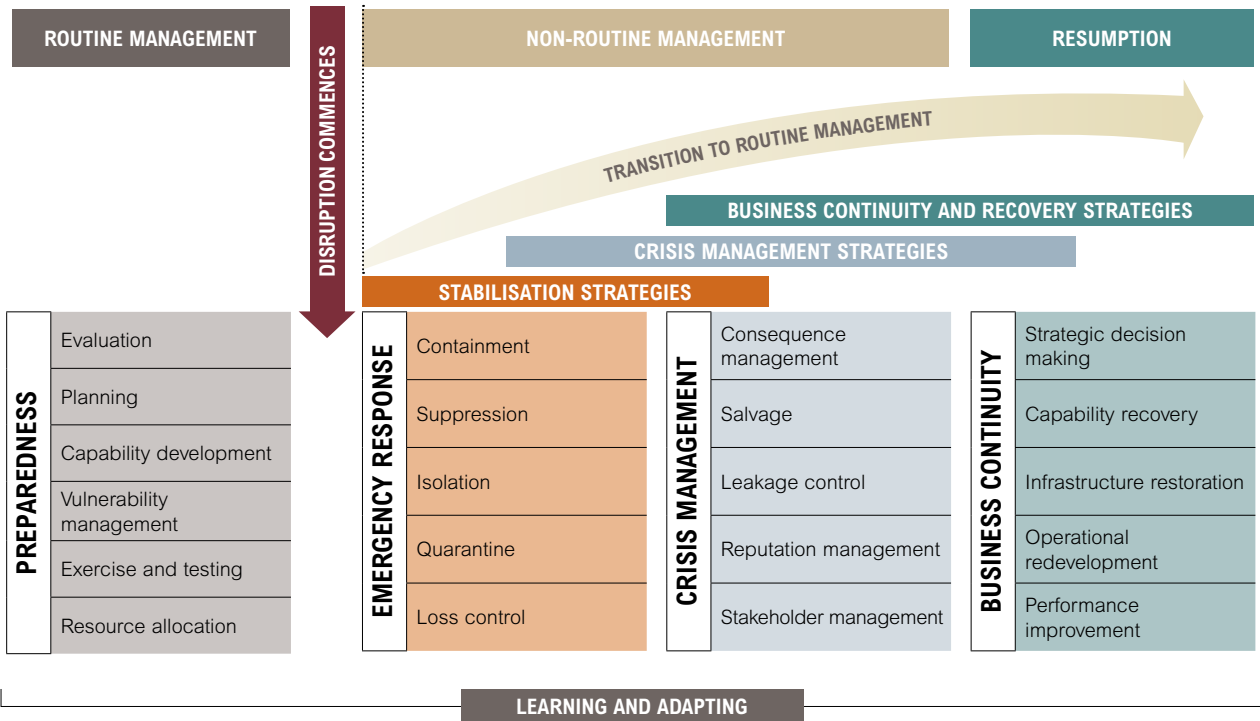
IMPROVED BUSINESS CONTINUITY MANAGEMENT

ARM's Emergency and Crisis Management and Business Continuity Management functions should not be seen as mutually exclusive, but as a continuum and complementary management response to different types of events. Emergency and Crisis Management recovery is primarily focused on being able to contain and manage an emergency

or crisis in order to ensure the safety of people and assets, to halt the situation at its source and to manage the range of impacts that pre-determined events could have. Business Continuity, on the other hand, is for managing business interruption events and getting the business back on track, once the crisis or emergency has been resolved.

RISK REPORT continued

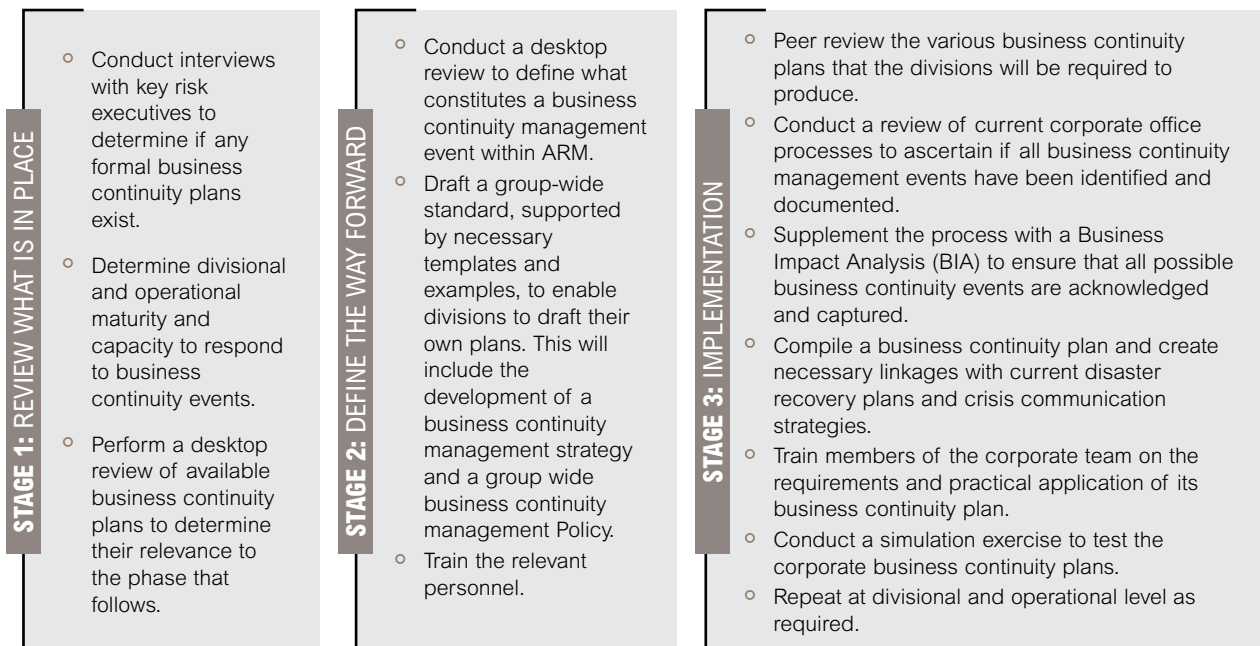
This continuum is illustrated in the following diagram:



Successful recovery from a disaster depends on promptly recognising the emergency or crisis at hand and taking appropriate action in terms of pre-approved disaster preparedness and business continuity plans. When a specific period of downtime occurs, whatever the reason, the appropriate actions must be taken within the time allowed. Avoiding the situation in the first place is the most desirable

outcome, but this may not be achievable in practice. Planning the actions that will need to be taken if the event does actually occur is essential to a sound and comprehensive risk management strategy. Being prepared in times of disasters and business continuity events is also, ultimately about business sustainability.

ARM's risk management enhancement project includes the following stage by stage approach to improve ARM's business continuity maturity:



RISK REPORT continued

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

ARM's risk management philosophy is committed to integrating, embedding and cost effectively implementing and continually reviewing systems of internal control and ERM at all levels within the Company.

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

To implement the ERM Policy we:

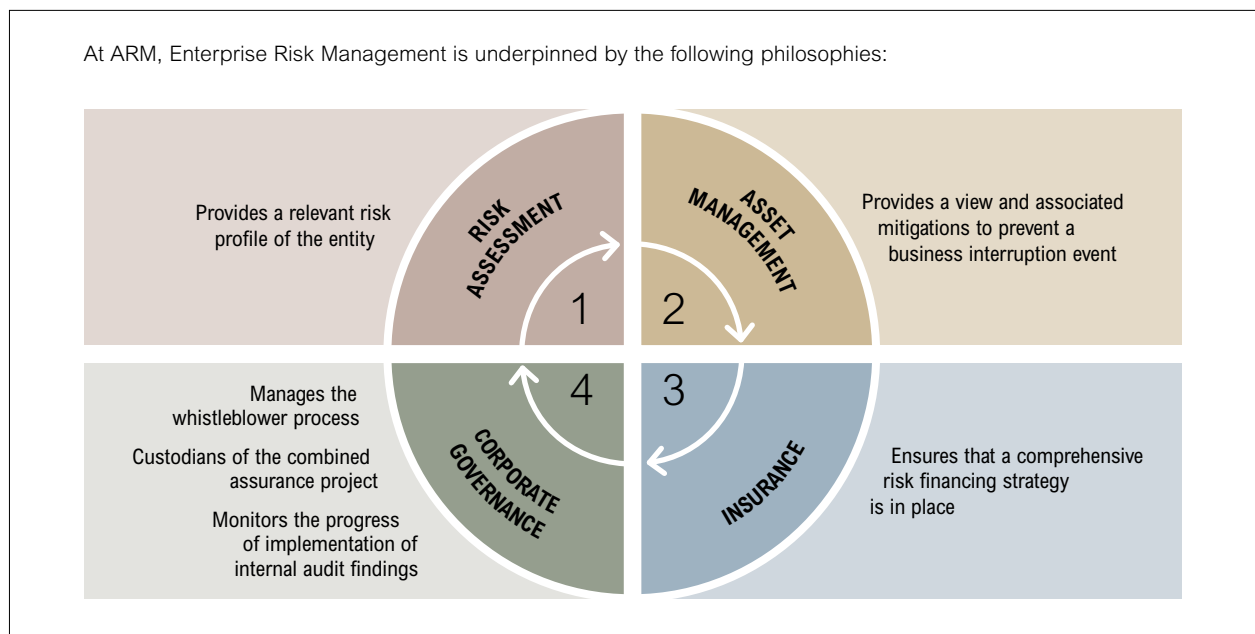
- strive to protect and improve the health, safety and wellbeing of everyone affected by our operations
- assess risks and opportunities emanating from the Triple Context* in which the organisation operates and the Capitals* that the organisation uses and affects
- assess the organisation's dependence 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' investments
- 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
- 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.

* "Triple Context" and "Capitals" have the meaning assigned to it in Part 1 (Glossary of Terms) in King IV™.



RISK REPORT continued**1 RISK ASSESSMENT**

The risk assessment process is aimed at ensuring the identification and recording of relevant risks and opportunities, along with the corresponding mitigating controls.

The risk management process is designed to achieve a balance between minimising the risks associated with a business activity and maximising the potential reward. Effective risk management enables leadership to deal with uncertainty and its associated threats and opportunities, thereby enhancing ARM's capacity to create value.

Uncertainties include events caused by ambiguity or a lack of information. These events include both negative and positive impacts, so that opportunities are considered within a consistent framework.

All ARM managed operations conduct quarterly risk reviews, supported by a Group-level risk workshop held each year.

Each operation takes full ownership of its respective risk profile, within mandated levels

2 ASSET MANAGEMENT

Benchmarking surveys conducted by International Mining Industry Underwriters (IMIU) measure each operation against an internationally recognised benchmark of risk preparedness for major business interruption events. These IMIU surveys are conducted across all operations annually.

ARM has also commissioned an independent consultancy to conduct a balanced scorecard exercise to reliably measure the implementation and maintenance of mitigation strategies against business interruption events.

In line with the ARM philosophy of 'We do it better', the balanced scorecard programme is reviewed from time to time so that it consistently aligns with leadership requirements.

3 RISK FINANCING/INSURANCE FUNCTION

Over the years, ARM's risk financing strategy has remained consistent in deciding to what degree ARM and its various operations will absorb their risks, or insure these with an independent insurance provider.

This aggressive stance requires a mature approach to managing controls and mitigation strategies to limit exposure to potential losses from risks that actualise.

ARM's risk financing strategy is designed to deliver a cost-effective risk financing mechanism that will protect ARM (and its divisions and operating entities) against the financial consequences flowing from risk events that occur. This strategy is aimed at reducing the probability of risk events and thereby ensures that ARM achieves its set objectives.

ARM remains committed to mutually beneficial long-term relationships with risk partners/underwriters, which the Company actively cultivates.

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

- identifying and quantifying each operation's Maximum Foreseeable Loss (MFL)
- ensuring the availability of detailed and reliable risk and loss information
- considering potential increased self-assumption of risk (by operations and ARM) to ensure efficient risk financing at all levels
- providing broad-based insurance protection with appropriate limits, to achieve a consistent approach to risk
- 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.

Structuring and arrangement of the risk financing programme

When structuring risk financing and insurance arrangements, ARM takes care to ensure that:

- each operation or subsidiary can participate voluntarily and without coercion
- the risk financing or insurance cover is made cost competitive for each individual operation or subsidiary
- where appropriate, ARM's existing risk financing vehicles are used, including vehicles such as:
 - ARM's South African cell captive within Guardrisk Insurance Company Limited
 - The Protected Cell Captive (PCC) vehicle domiciled in Guernsey (Mannequin Insurance PCC Limited)
- Group risk retention programmes are structured so that individual operations are not overly impacted by single unforeseen events, nor are they exposed to losses higher than their financial ability to pay
- Group catastrophe insurance is arranged with responsible and financially sound risk carriers to ensure annual premiums are contained.

Effective risk management enhances ARM's ability to build insurance reserves. Having these reserves in place helps contain future insurance costs and enables ARM to utilise risk financing structures that provide broad, industry specific and ARM-centric insurance and risk financing protection.

RISK REPORT continued

4 GOVERNANCE AND ASSURANCE

Risk appetite and tolerance

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

ARM’s combined assurance model

‘A combined assurance model incorporates and optimises all assurance activities and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for decision-making by management, the governing body and its committees, and supports the integrity of the organisation’s external reports.’ – King IV™ Report

The 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 assurance functions and activities are executed effectively.

ARM continues refining its integrated combined management assurance approach and reporting. The objective is a practical and cost-efficient approach that is effectively integrated with ARM’s Enterprise Risk Management function and management assurance processes 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.

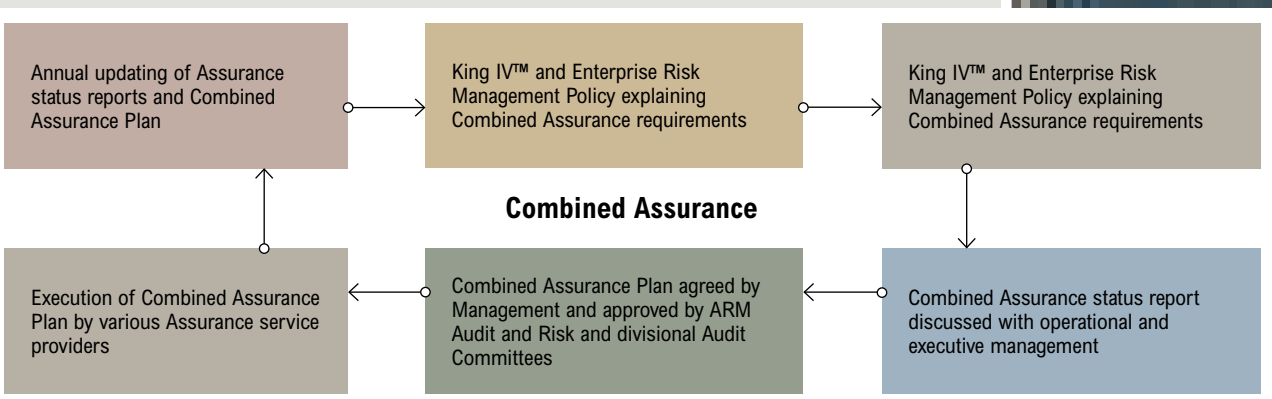
Combined Assurance Forum

A Combined Assurance Forum, chaired by the Finance Director, was formed in F2017 to monitor the implementation of combined assurance within the Group. Members include the Chief Executive Officer, 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.

Combined assurance approach

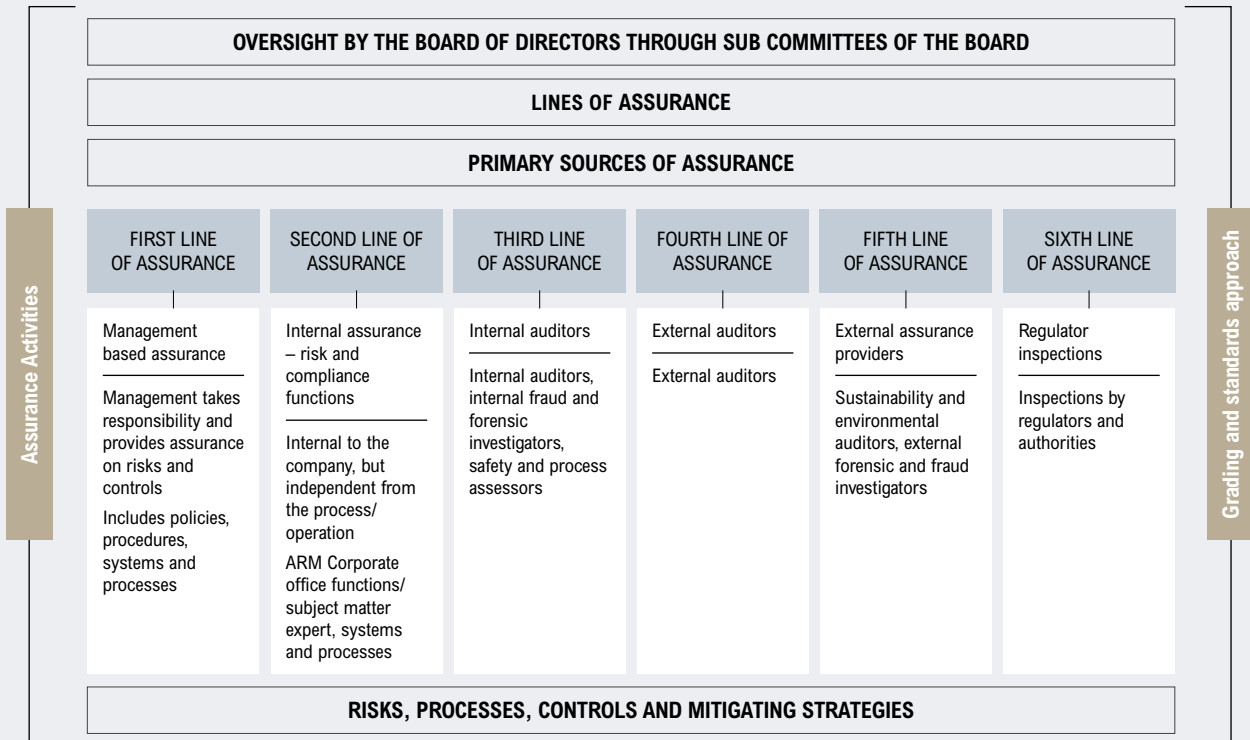
ARM’s Combined Assurance Model ensures a consistent approach, guidelines on implementation and a standardised vocabulary for the concept.

- The Combined Assurance Model sets out the different levels of assurance and assesses the quality of assurance provided by assurance providers and functions in terms of the following criteria:
 - whether assurance was applied to the underlying data used to prepare the report, or the process for preparing and presenting the report;
 - whether the nature, scope and extent of assurance is suited to the intended audience and purpose of a report; and
 - specifications for evaluating the underlying subject matter of the report.



RISK REPORT continued

ARM COMBINED ASSURANCE MODEL

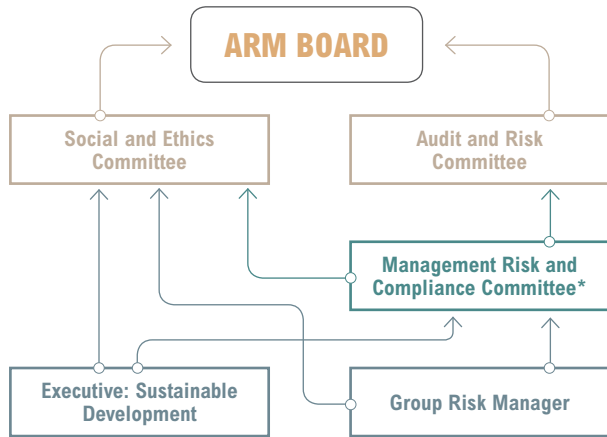


GOVERNANCE, RISK MANAGEMENT AND CONTROL PROCESSES SCORECARD

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Review the Enterprise Risk Management Process and Methodology to identify enhancements	Achieved The Enterprise Risk Management Methodology has been enhanced to wholly align with ISO:31000.	Embedding the enhanced Enterprise Risk Management Methodology
Ongoing review of the Enterprise Risk Management Policy.	Achieved The Enterprise Risk Management Policy was updated and approved by the Board	Ongoing review of the Enterprise Risk Management Policy.
Development of a Business Continuity Policy and Plan	In progress The Business Continuity Policy and Plan will be developed and approved in F2019.	Rollout and implementation of the Business Continuity Policy and Plan.
Independently validate the finding of Anti-bribery, Anti-fraud and Anti-corruption risk self-assessments and follow up on the status of the corrective actions identified.	In progress The finding of the risk self-assessments have been validated. The results will inform the F2019 Internal Audit Plan.	Assess effectiveness of the corrective actions implemented.
Review of the Enterprise Risk Management Procedural Guide.	Achieved The Enterprise Risk Procedural Guide has been reviewed and the update will be submitted for approval in F2019.	Ongoing review of the Enterprise Risk Management Procedural Guide.

RISK REPORT continued

MANAGEMENT OF RISK



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

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 Group Risk Manager reports quarterly to the Management Risk and Compliance Committee, the Combined Assurance Forum, the Audit and Risk Committee and the Social 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 Enterprise Risk Management Policy





REMUNERATION REPORT

PART I – BACKGROUND STATEMENT

PHILOSOPHY

Our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. The Company competes within a small talent pool for a limited set of competencies within the global and South African mining industries.

The Remuneration Committee (Committee) assists the Board by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding and retaining human capital through competitive remuneration practices, while creating shareholder value. The Committee formulated 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

Fair and responsible pay

ARM is committed to fair, responsible and transparent pay. We continue to ensure that ARM's remuneration levels are aligned with the general performance of the economy, and the specific performance of the Company and our people. We give focused attention to elements such as the Company's values, culture, talent management, workforce planning and offer competitive

FAIR AND RESPONSIBLE



Taking care of our employees:

We aim to maximise our employee value proposition. We are committed to paying a living wage to all employees and operate various wellness programmes.



Monitoring our fair and responsible pay:

We conduct an annual calculation and ongoing monitoring of the Gini coefficient, enhancing of policies supporting gender mainstreaming in the workplace, and developing more robust employment equity plans and targets.



Pay-for-performance:

We focus on pay-for-performance in the design of our variable pay structures, particularly at senior levels.



Training and developing our talent:

We invest in the development and skills of our employees to maximise learning potential with study assistance, performance management and career development opportunities based on our talent management strategy.



For additional information see the Occupational Health and Wellness and the Human Resources Management sections of the 2018 Sustainability Report available on the Company's website: www.arm.co.za.

benefits and remuneration to ensure that our policies and practices compare well against South African and international practices.

ARM takes steps to address the wage gap between the remuneration of executives and employees at the lower end of the pay scale, and the Committee monitors developments in this regard.

ARM has utilised external consultants to conduct research into the internal Gini coefficient. The survey showed that ARM's Gini Coefficient is better than that of the mining industry in general and that for people employed in the formal sector in South Africa.

Fixed pay

The Board approved a general cost-to-company salary increase of 6% for F2019 (F2018: 5%) for senior executives and employees at the corporate office in the Paterson Grade E and F Bands, and an increase of 7% for employees at the corporate office in the A to C Bands of 7% (F2018: 5%), with effect from 1 July 2018.

At the bargaining unit level at our operations, A to C Bands are within multi-year wage agreements, except for the two smelters and Nkomati Mine, which are in the process of wage negotiations. At the operations, a general cost-to-company

REMUNERATION REPORT continued

salary increase of 6% (F2018: 6% to 7%) was approved for management in the D and E Bands.

Short-term incentives

Our short-term incentive outcomes are linked and aligned to the Company's performance, which was the result of management's cost-containment and efficiency improvement initiatives:

- the overall F2018 profit before interest and taxes (PBIT) achieved was 188% of target;
- profit targets were met at all operations;
- ARM Ferrous performed well on cost targets, with below plan costs at most operations except for Machadodorp Works (FeCr);
- costs at ARM Platinum, ARM Copper and ARM Coal were higher than planned; and
- the safety modifier target was achieved at most operations, except ARM Platinum. The overall Group safety modifier was at 5%.

Long-term incentives

Outcomes are linked and aligned to the Company's performance. Long-term incentives settled in F2018 were based on ARM's ranking against the total shareholder return of its peers.

STAKEHOLDER ENGAGEMENT

At the 2017 Annual General Meeting of the Company, the non-binding advisory vote on ARM's Remuneration Policy and the Remuneration Implementation Report were supported by 79.91% and 82.14% of the Company's shareholders who voted, respectively.

Although we were above the 75% voting threshold for both the Remuneration Policy and Implementation Report, we take our shareholder feedback seriously and strive to maintain continuous engagement with our shareholders. Below is a table setting out the main areas of feedback on remuneration which we received during the reporting year, and our responses thereto.

SHAREHOLDER ENGAGEMENT AND VOTING

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
Long-term incentive scheme: Limited disclosure of peer group.	The peer group for each award is based on the 20 largest mining companies on or about the date of the award, which is viewed as best practice and a credible way of setting the peer group. The members of the peer group for settlements in F2017 and F2018 are disclosed in Part II of the Remuneration Report.
Long-term incentive scheme: Limited disclosure about the vesting scale and exact targets governing the vesting in the total shareholder return analysis.	For awards made prior to December 2018, vesting of awards was possible for performance below the median of the peer group, in terms of the graphs included on page 127. In line with emerging global practice, vesting below median is not permitted for awards in terms of the proposed conditional share plan. The proposed vesting scales are disclosed in Part II of the Remuneration Report.
Long-term incentive scheme: Limited disclosure of performance criteria.	New performance criteria, in line with global practice, are proposed in terms of the proposed conditional share plan, as set out in Part II of the Remuneration Report.
Long-term incentive schemes: Share usage limit higher than the preferred limit of 5% and large awards granted in F2016.	We have proposed a new conditional share plan with a new overall share usage limit of 5%, together with a new allocation policy. We anticipate that allocations under the proposed conditional share plan will last for around 5 years.
Short-term incentive (cash bonus): For F2018, the required outperformance to achieve the maximum annual bonus payable is achieved when the performance targets are exceeded by 40% (F2017: 100%).	The differential is a result of a higher indicative profit before interest and tax base compared to that of F2017. The 40% stretch for the F2018 short-term incentive is considered by the Committee, in the context of the prevailing business environment and levels of performance in F2017.
Composition of the Remuneration Committee: Some shareholders questioned the independence of certain Remuneration Committee members.	The Board has assessed that all Committee members have performed their duties in the best interests of the Company. Changes were made to the composition of the Committee in 2018.
Short-term incentives: Only high-level performance conditions were provided for the short-term incentive, without the provision of the specific targets.	The targets are based on the budget, which is considered commercially sensitive information, and is thus not disclosed. However, forward-looking targets have been disclosed on a relative basis in Part II of the Remuneration Report.

REMUNERATION REPORT continued**PROPOSED 2018 CONDITIONAL SHARE PLAN**

ARM proposes that:

- shareholders approve the introduction of a new long-term incentive plan aligned with good practice to be used for the awards of all new long-term incentive awards from the date of the December 2018 Annual General Meeting onwards;
- the new conditional share plan will have the following salient features:
 - conditional rights to ARM shares *i.e.* conditional shares will be awarded to eligible participants (no voting or dividend rights until the conditional shares vest and become unrestricted);
 - performance and employment conditions will apply to all awards;
 - conditional share awards may be matched to cash bonuses used to purchase ARM shares;
 - a usage limit of 5% of the issued share capital of the Company is proposed, which is intended to last for five years of awards under the plan;
 - termination of employment (fault and no-fault terminations) provisions which are aligned to global good practice;
 - malus (pre-vesting forfeiture) and claw-back (post-vesting forfeiture) provisions which will apply to awards, upon the occurrence of certain 'trigger events'; and
 - dividend equivalent shares which will be determined upon the vesting of conditional shares.

COMMITMENT

ARM continuously monitors 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 2018 Annual General Meeting, the Board commits to:

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

CHANGES IN REMUNERATION POLICY

Stakeholder engagement on remuneration matters and proactively maintaining regular, transparent and informative dialogue with our stakeholders is important. Therefore, the Committee considered developments in global best practice as well as feedback received from shareholders during the financial year.

Accordingly, upon the Committee's recommendation, changes to the Remuneration Policy have been approved by the Board. These include:

- a proposed conditional share plan, the details of which are outlined below in Part II of the Remuneration Report;
- following the review of a benchmarking study by the remuneration consultants, the Committee proposed the resolution of anomalies in Non-executive Directors' fees. As a result, it is proposed that Board retainer and attendance fees for Non-executive Directors be increased to the same level as Independent Non-executive Directors' fees and that Committee Chairmen fees be increased, the details of which are outlined in Part II of the Remuneration Report; and
- in respect of the F2019 bonus, the required outperformance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 50% (F2018: 40%). The differential is as a result of a higher indicative profit before interest and tax base compared to that of F2018.

The Remuneration Policy achieved its stated objectives in F2018 and will continue to lead to performance outcomes that generate real long-term value for our shareholders going forward.

A D Botha

Chairman of the Remuneration Committee

29 October 2018

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, at a high level, other employees, 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^A**

A D Botha*	Dr M M M Bakane- Tuoane**	T A Boardman	A K Maditsi	J P Möller
Member since August 2009	Member since August 2004	Member since August 2011	Member since July 2011	Member since August 2017

^A Committee attendance may be found on page 108.

* Committee Chairman with effect from 9 May 2018.

** Committee Chairman until 9 May 2018.

The Committee consists entirely of Independent Non-executive Directors. After having served as the Committee Chairman for all but three years since the Committee's inception, Dr M M M Bakane-Tuoane relinquished chairmanship of the Committee in May 2018, but she remains a member of the Committee. Mr J P Möller was appointed to the Committee in 2017 to provide additional knowledge, skills and experience. Mr Abbott resigned from the Committee in October 2018. 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.

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

Invitees

The Chief Executive Officer, the Finance Director, the Executive Director: Growth and Strategic Development and the Group Executive: Human Resources attend Committee meetings by invitation and assist the Remuneration 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 approving his or her own remuneration.

Advisors to the Remuneration Committee

In F2018, the Committee was advised by remuneration consultants, namely PricewaterhouseCoopers Incorporated (PwC), which provided, *inter alia*, advice on and assistance with benchmarking Executive and Non-executive Directors' remuneration and with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the long-term incentive schemes. The Committee is satisfied that PwC was independent and objective.

FUNCTIONS**Purpose**

The purpose of the 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 IVTM 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 and recommending changes to ARM's long-term (share-based) incentive schemes to ensure the continued contribution of Executive Directors and other senior executives to shareholder value;
- 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;
- 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 REPORT continued**REMUNERATION COMMITTEE ACTIVITIES****Focus and Adding Value in F2018**

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

- recommending the annual increases in the base salaries of Executive Directors and other senior executives to the Board;
- recommending the short-term incentives (*i.e.* bonuses) payable to senior executives to the Board;
- recommending the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors to the Board, for submission to shareholders;
- reviewing the deferred bonus/co-investment awards in terms of the 2008 Share Plan;
- recommending amendments to the Remuneration Policy, including clarification of the comparator group; and;
- oversight of the preparation of the Remuneration Implementation Report.

Focus areas for 2019

The Committee will focus on:

- reviewing the final deferred bonus/co-investment awards in terms of the 2008 Share Plan;
- recommending the corporate bonus parameters for F2019 to the Board;
- overseeing the adoption and implementation of a new conditional share plan with new performance criteria; and
- recommending the adoption of a malus and clawback policy to the Board.

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 of delivering consistent and sustainable shareholder value. In addition, ARM promotes positive outcomes, an ethical culture and corporate citizenship through decisions relating to pay.

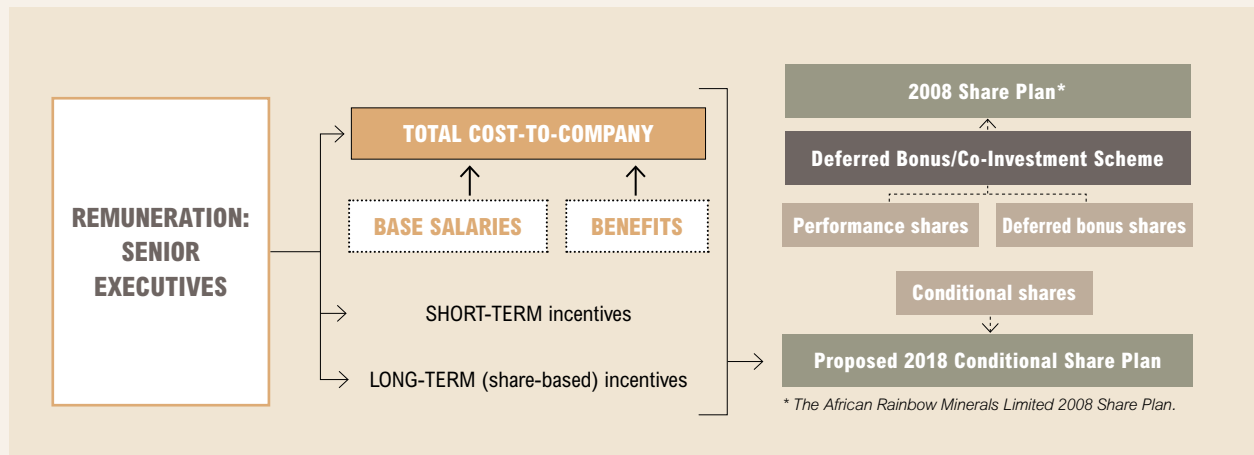
The Remuneration Policy conforms to international best practice and is based on the following principles:

- **Total cost-to-company**, which is base salary plus benefits
- **Incentive-based rewards** in the form of competitive incentives compared to those offered by other employers in the mining and mineral resources sector, earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term:
 - **short-term incentives**, *i.e.* bonuses 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.



REMUNERATION REPORT continued

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION DESIGN



TOTAL COST-TO-COMPANY

BASE SALARY

POLICY

- Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope.
- Generally reflects market median levels based on the role and individual skills and experience.

IMPLEMENTATION

- Paid monthly in cash.
- Reviewed annually, with changes taking effect on 1 July, where applicable.
- Increases are determined by, *inter alia*, market conditions, Company performance, individual performance and changes in responsibilities.
- Salary increases of 6% approved for F2019 with effect from 1 July 2018 (F2018: 5%).
- 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.

PENSION FUND

POLICY

- 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.

IMPLEMENTATION

- 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.
- The ARM Pension Fund is:
 - managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members;
 - administered by Alexander Forbes; and
 - a defined contribution fund.

MEDICAL SCHEME

POLICY

- It is compulsory to belong to a medical scheme.

IMPLEMENTATION

- Executives may participate in any managed medical aid plan of their choice.
- Contributions are made by senior executives from their base salary.

OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT

- 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.

REMUNERATION REPORT continued

SHORT-TERM INCENTIVES			
POLICY			
<p>Short-term incentives (i.e. 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 in terms of the Company's strategy, as set out on page 6. In terms of bonuses in respect of F2019 or later financial years, senior executives are provided the opportunity to defer all or part of their bonus on purchasing ARM shares in the market and to be allocated the equivalent value of conditional shares in terms of the proposed 2018 Conditional Share Plan (see the 2018 Bonus Co-investment Scheme on the following page).</p>			
INSTRUMENT			
Cash in terms of the Outperformance Bonus Scheme.			
BONUS PERCENTAGES			
<p>In respect of the F2019 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:</p>			
Position	Paterson grade	F2019 % on-target bonus of CTC	F2019 maximum bonus as % of CTC*
Executive Chairman	FU	62%	186%
Chief Executive Officer	FU	50%	150%
Finance Director and Senior Executives	FL	45%	135%
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	FL	45%	135%
<p>* The maximum bonus may only be achieved when the annual profit before interest and taxes is 50% more than the performance target in F2019.</p>			

PERFORMANCE MEASUREMENT*

For the Executive Chairman, the Chief Executive Officer, the Finance Director and other senior executives (excluding those from ARM Ferrous, ARM Platinum, and ARM Coal) financial performance indicators are calculated as follows:

- 50% – Profit from Operations; and
- 50% – Unit Cost of Sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated as follows, in respect of each division:

- 25% – ARM overall Profit from Operations against Target;
- 25% – ARM overall Unit Cost of Sales against Target (a weighted scorecard);
- 25% – Divisional Profit from Operations against Target; and
- 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard).

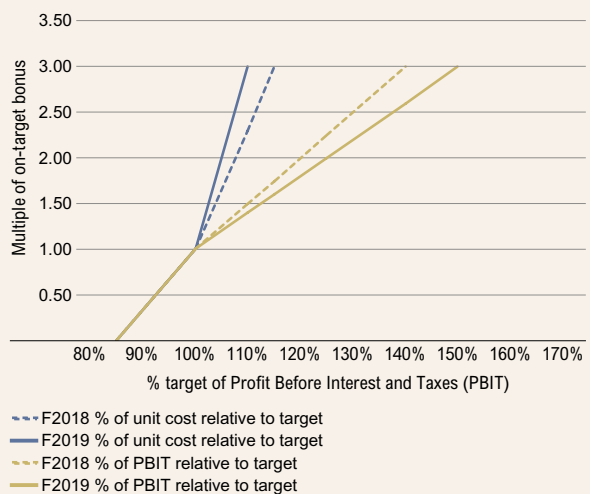
The following divisional unit cost of sales will be measured:

- Manganese
- Iron Ore (Beeshoek and Khumani separately)
- Ferromanganese (Machadodorp)
- Ferromanganese (Cato Ridge)
- Nickel
- Platinum (Modikwa)
- Platinum (Two Rivers)
- Coal – GGv
- Coal – PCB

The combined percentage (achieved by each senior executive) is applied to the senior executive's CTC to determine the potential cash bonus.

* ARM Copper is discontinued.

PERFORMANCE MEASUREMENT



REMUNERATION REPORT continued

SHORT-TERM INCENTIVES (CONTINUED)**SAFETY MODIFIER**

A safety modifier is applied after a cash bonus has been calculated for each senior executive. This is based on the Lost Time Injury Frequency rate 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:

- If participants outperform their targets by 10% or more, the participants would receive an additional 10% of their cash bonus.
- If safety targets are not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.

PERFORMANCE TARGETS

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, 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.

	F2019 PBIT targets*
ARM Group	89%
ARM Ferrous	85%
ARM Platinum	89%
ARM Coal	125%

* Relative to F2018 targets.

LONG-TERM INCENTIVES

The Company proposes that shareholders approve the introduction of a new long-term incentive plan aligned with global practice to be used for awarding all new long-term incentive awards from the 7 December 2018 Annual General Meeting onwards.

PROPOSED 2018 CONDITIONAL SHARE PLAN (F2019)**COMPANY AND INDIVIDUAL LIMITS**

The proposed overall Company limit and the individual limit for the new conditional share plan are 10 985 514 shares and 2 197 103 shares, respectively.

PROPOSED CONDITIONAL SHARE PLAN (F2019) (CONTINUED)**POLICY**

This plan will be implemented to closely align the interests of shareholders and senior executives by recognising their contributions to the Group, providing them with the opportunity to share in the success of the Group, and to reward superior performance. This plan will be used as a tool to incentivise performance and create shareholder value.

ELIGIBILITY

It is proposed that employees in the corporate office at the Paterson Grade D to F Bands will be eligible to participate in the 2018 Conditional Share Plan. The primary intent is to make awards to executive and senior management, however, awards may be made to other employees with the consent of the Committee.

INSTRUMENT

Conditional shares (subject to performance and employment conditions) for annual or interim awards of long-term incentives, and for matching up to 100% of bonuses invested in ARM shares purchased on the market.

SETTLEMENT

Conditional share awards may be made on an annual or interim basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. The conditional shares will vest after three years subject to pre-determined performance criteria being met. They will be settled in equity or cash.

ALLOCATION LEVELS

Executive Chairman – 2.0 x total cost-to-company (CTC)

Chief Executive Officer – 1.67 x total CTC

Finance Director and other Executive Directors – 1.33 x total CTC

Senior Executives – 1.0 x total CTC

2018 BONUS CO-INVESTMENT PLAN

In terms of bonuses accruing in respect of F2019 and subsequent financial years, awards of Conditional Shares will be made to match any portion of a participant's bonus which is voluntarily deferred or used to purchase shares in the market in accordance with Company policy.

DIVIDEND EQUIVALENT SHARES

Dividend Equivalent Shares, in respect of conditional shares, are awarded at the discretion of the Board. They are the number of ARM shares equal in value to the dividends that a participant would have earned if he or she was the owner of the vested number of ARM shares from the award date to the vesting date of the Conditional Shares with reference to the dividend record dates occurring in that period.

REMUNERATION REPORT continued**PROPOSED CONDITIONAL SHARE PLAN (F2019) (CONTINUED)****PERFORMANCE CONDITIONS AND VESTING**

Performance Conditions	Weight	Threshold	Target	Stretch
Relative Total Shareholder Return (TSR) against a comparator group of 20 mining companies (excluding gold and diamond mining companies).	25%	The Threshold and Target is set at the Median of the Comparator Group (100% vesting)		The Upper Quartile of the Comparator Group (200% vesting)
Average Free Cash Flow Return on Equity USD Operating Free Cash Flow/USD Equity over the three-year Performance Period, where: Operating Free Cash Flow (for the year) is defined as follows: Net increase/decrease in cash and cash equivalents Plus dividends paid to shareholders and non-controlling interest Plus expansion capital expenditure Plus repayments of debt	25%	The USD Cost of Equity of the Company (50% vesting)	The USD Cost of Equity of the Company +3% (100% vesting)	The USD Cost of Equity of the Company +6% (200% vesting)
Consistent and sustainable cost performance as measured against the Mining Producer Price Index ("PPI"). The compound annual growth rate of the Unit Costs of the Company over the three year Performance Period compared to Mining PPI.	25%	Increase equal to Mining PPI (50% vesting)	90% of the increase equal to Mining PPI (100% vesting)	80% of the increase equal to Mining PPI (200% vesting)
Sustainable business Improved safety performance as measured by the lost time injury frequency rate ("LTIFR")	10%	Improvement of 3% over the period (50% vesting)	Improvement of 4% over the period (100% vesting)	Improvement of 5% over the period (200% vesting)
Improvement in the BBBEE Score	10%	Maintain current level (50% vesting)	Improvement of 2% (100% vesting)	Improvement of 5% (200% vesting)
Environmental compliance	5%	No Material Incidents (100%)	No Material Incidents (100%)	No Material Incidents (100%)

VESTING

There will be 0% vesting for the applicable performance measure in the case that performance for that measure is below Threshold. Linear interpolation will be applied for the performance between Threshold and Target, and Target Stretch. Vesting is capped at 200% for performance at and above Stretch.

MALUS AND CLAWBACK

At the discretion of the Board, malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions will be applied to awards to senior executives, upon the occurrence of certain "trigger events", including action or conduct of a senior executive which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

REMUNERATION REPORT continued

LONG-TERM INCENTIVES (CONTINUED)
DEFERRED BONUS/CO-INVESTMENT SCHEME
POLICY
This scheme will be replaced by the 2018 Bonus Co-investment Plan in terms of the 2018 Conditional Share Plan (see page 41), however, a final award of bonus shares and matching performance shares in terms of this scheme will be made by December 2018 as the 2018 Conditional Share Plan will not yet have been approved.
INSTRUMENT
Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the 2008 Share Plan.
OPERATION
Senior executives can invest in bonus shares which are matched by the Company with the equivalent number of performance shares under the terms and conditions of the 2008 Share Plan.
AWARD POLICY
Senior executives were 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 were matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, accrued to senior executives and was paid out in cash F2018: Senior executives could defer 25%, 33%, 50%, 75% or 100%.
PERFORMANCE CRITERIA
See performance criteria under Performance Shares on page 43.
VESTING PERIOD
The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.

LONG-TERM INCENTIVES (LEGACY SCHEMES)
PERFORMANCE SHARES (F2015, F2016, F2017, F2018)
POLICY
Was designed to 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 incentivised the creation of shareholder value.
INSTRUMENT
Performance shares in terms of The African Rainbow Minerals Limited 2008 Share Plan (the 2008 Share Plan).
AWARD POLICY AND VESTING PERIOD
Performance shares in terms of the 2008 Share Plan were conditional rights to shares that were typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. New awards of conditional rights to shares will be made in terms of the 2018 Conditional Share Plan, if approved.
PERFORMANCE CRITERIA
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). 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 and diamond 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. The comparator groups for the benchmarking were selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration. For the relevant comparator groups, see Part III of the Remuneration Report.
PERFORMANCE MEASUREMENT
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. See Part III of the Remuneration Report for ARM's TSR ranking against its listed comparator companies which was used to determine the number of performance shares settled.

REMUNERATION REPORT continued

LONG-TERM INCENTIVES (LEGACY SCHEMES) (CONTINUED)
PERFORMANCE SHARES (F2015, F2016, F2017, F2018)
VESTING PERIOD
<p>Awards of performance shares in terms of the 2008 Share Plan have a vesting period of three or four years.</p> <p>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.</p> <p>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.</p>
BONUS SHARES (F2015, F2016, F2017, F2018)
POLICY
<p>Was designed to 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 bonus performance criteria incentivised the creation of shareholder value.</p>
INSTRUMENT
Bonus shares in terms of the 2008 Share Plan.
AWARD POLICY AND VESTING PERIOD
<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 Deferred Bonus Share/ Co-Investment Scheme and the Waived Bonus Method (F2015 and F2016), no bonus shares have been granted since 2015.</p>
VESTING PERIOD
<p>Bonus shares granted to senior executives after 1 November 2011 and before 1 November 2014: Bonus shares vest and are settled after four years.</p> <p>Bonus shares granted to senior executives after 1 November 2014: Bonus shares vest and are settled after three years.</p>

DEFERRED BONUS/CO-INVESTMENT SCHEME (F2015, F2016, F2017, F2018)
POLICY
<p>The purpose of this scheme in terms of the 2008 Share Plan was to align the interests of shareholders and senior executives by rewarding superior performance, encouraging senior executives to build up a shareholding in the Company and enhancing the retention potential of senior executives.</p> <p>This scheme will be replaced by the 2018 Bonus Co-Investment Plan in terms of the proposed 2018 Conditional Share Plan; however, a final award of bonus shares and a matching number of performance shares in terms of the 2008 Share Plan will be made prior to December 2018 as the proposed 2018 Conditional Share Plan will not yet have been approved by shareholders of the Company.</p>
INSTRUMENT
Bonus shares (for the deferred bonus) and performance shares (for matching performance shares) in terms of the 2008 Share Plan.
OPERATION
Senior executives could invest in additional bonus shares which were matched by the Company with the equivalent number of performance shares under the terms and conditions of the 2008 Share Plan.
AWARD POLICY
<p>Scheme prior to F2017: Senior executives could defer 25%, 33% or 50%</p> <p>Scheme with effect from F2017: Senior executives could defer 25%, 33%, 50%, 75% or 100%.</p>
PERFORMANCE CRITERIA
See performance criteria under Performance Shares (on page 43) in terms of the 2008 Share Plan.
PERFORMANCE MEASUREMENT
<p>See performance measurement under Performance Shares (on page 43) in terms of the 2008 Share Plan.</p> <p>See Part III of the Remuneration Report for ARM's TSR ranking against its listed comparator companies which was used to determine the number of performance shares settled.</p>
VESTING PERIOD
The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.

REMUNERATION REPORT continued

LONG-TERM INCENTIVES (LEGACY SCHEMES) (CONTINUED)
WAIVED BONUS METHOD (F2015 AND F2016)
POLICY
This method was designed to align the interests of shareholders and senior executives by rewarding superior performance, encouraging senior executives to build up a shareholding in the Company, and enhancing the retention characteristics of the bonus reward of senior executives.
INSTRUMENT
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 2008 Share Plan.
AWARD POLICY
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 pre-tax 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. There have been no awards in terms of this method since F2016.
PERFORMANCE CRITERIA
See performance criteria under Performance Shares (on page 43) in terms of the 2008 Share Plan.
PERFORMANCE MEASUREMENT
See performance measurement under Performance Shares (on page 43) in terms of the 2008 Share Plan.
VESTING PERIOD
The vesting periods of the waived bonus shares and the matching equivalent number of performance shares are three years.

SHARE OPTIONS (LAST ALLOCATION IN F2014)
POLICY
Was designed to align the interests of shareholders and senior executives by encouraging senior executives to build up a shareholding in the Company.
INSTRUMENT
Share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme).
AWARD POLICY
No share options have been allocated since the end of F2014.
NET SETTLEMENT
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.
VESTING PERIOD
Share options vested in total on the third or fourth anniversary of their allocation. The final allocation in terms of the Scheme vested in F2018. Senior executives may elect to defer exercising any share option until the eighth anniversary of its allocation, after which it lapses.

REMUNERATION REPORT continued**TERMINATION POLICY**

Executive agreements do not include restraint provisions applicable upon termination. The termination policy is set out in the table below.

FORM OF REMUNERATION	RESIGNATION	RETIREMENT	DISMISSAL	RETRENCHMENT/ TRANSFER	DEATH
Basic Salary	One month's notice pay.	Paid until the last day of employment.	Paid until the last day of employment.	Paid until the last day of employment.	Paid until the last day of employment.
Benefits including Medical/Pension	Paid until employment ceases.	Pension pay out in terms of the rules of the pension fund scheme.	Paid until employment ceases.	Paid until employment ceases.	Paid until the last day of employment.
Outperformance Bonus Scheme					
Short-term Incentive (cash bonus)	No entitlement to a bonus.	Entitled to bonus on a <i>pro rata</i> basis, which is paid at the end of the financial year.	No entitlement to a bonus.	Entitled to a bonus on a <i>pro rata</i> basis, which is paid at the end of the financial year.	Entitled to a bonus on a <i>pro rata</i> basis, which is paid at the end of the financial year.
2008 Share Plan					
Performance shares (Awards)	This is considered a fault termination. All unvested Awards are cancelled.**	This is considered a no-fault termination. Awards are settled upon vesting if performance criteria are met.	This is considered a fault termination. All unvested Awards are cancelled.**	This is considered a no-fault termination. All Awards are settled <i>pro rata</i> for the period until vested.	This is considered a no-fault termination. All Awards are settled <i>pro rata</i> for the period until vested.
Bonus shares (Grants)	This is considered a fault termination. All unvested Grants shall be deemed to have been cancelled.**	This is considered a no-fault termination. All Grants shall be deemed to have vested on the date of termination of employment, and settled as soon as possible.	This is considered a fault termination. All unvested Grants shall be deemed to have been cancelled.**	This is considered a no-fault termination. All Grants shall be deemed to have vested on the date of termination of employment and settled as soon as possible.	This is considered a no-fault termination. All Grants shall be deemed to have vested on the date of termination of employment and settled as soon as possible.
Share Scheme					
Share options	45 days within the date of termination of employment to exercise vested share options.	Retirement does not accelerate vesting and share options may not be exercised later than the eighth anniversary of the issue date.	All share options lapse.**	Vested share options may be exercised within one year of the termination of employment.	Vested share options may be exercised within one year of the date of death, and the Board may grant a further one year period.

REMUNERATION REPORT continued

FORM OF REMUNERATION	RESIGNATION	RETIREMENT	DISMISSAL	RETRENCHMENT/ TRANSFER	DEATH
2018 Conditional Share Plan*					
Conditional shares	This is considered a fault termination, subject to the Board's discretion. All unvested awards are forfeited.	As a general rule, awards will vest on a <i>pro rata</i> basis, according to time served and the extent to which the performance conditions have been met, and vested awards will be settled as soon as possible. However, some exceptions apply: <ul style="list-style-type: none"> ○ Where retirement is elected as the cause of termination of employment in instances which would be deemed a 'fault termination', retirement will be treated as a fault termination' and awards will be forfeited. ○ Early retirement by default is considered to be a fault termination, and all unvested awards will be forfeited. However, the Board retains the discretion to designate an early retirement to be a normal retirement, and thus a no-fault termination. 	This is considered a fault termination. All unvested awards are forfeited.	This is considered a no-fault termination. Awards will vest on a <i>pro rata</i> basis, according to time served and the extent to which the performance conditions have been met, and vested awards will be settled as soon as possible.	This is considered a no-fault termination. Awards will vest on a <i>pro rata</i> basis, according to time served and the extent to which the performance conditions have been met, and vested awards will be settled as soon as possible.

* If the 2018 Conditional Share Plan is approved by shareholders of the Company.

** Unless the Board determines otherwise.

REMUNERATION REPORT continued

TOTAL REMUNERATION DESIGN: F2019

The 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 scenario graphs alongside 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.

Shareholding targets for senior executives

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, senior executives are 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, 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 100% 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, namely Messrs P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), H L Mkatshana (Chief Executive: ARM Platinum, who is also responsible for ARM Copper and ARM Coal) and A J Wilkens (Executive Director: Growth and Strategic Development) and Ms A M Mukhuba (Finance Director).

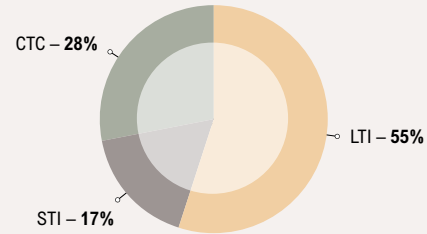
The Company had employment agreements with the F2018 Prescribed Officers, namely Messrs A Joubert and F A Uys. Mr Joubert remains the Chief Executive: ARM Ferrous. Mr Uys took early retirement from the Company on 8 January 2018.

None of these employment contracts is a fixed-term contract. Executive Directors and Prescribed Officers only receive remuneration in terms of their employment relationship with the Company and do not earn Directors' fees.

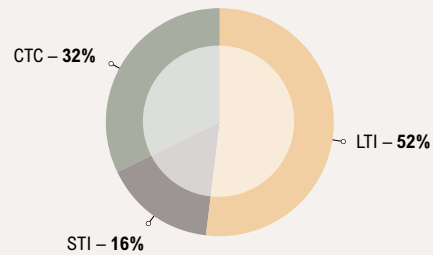
Executive Directors and Prescribed Officers are subject to the performance criteria that apply to all participants in the 2008 Share Plan and the Scheme. There are no other service agreements between the Company and its Executive Directors and Prescribed Officers.

TOTAL REMUNERATION DESIGN: F2019

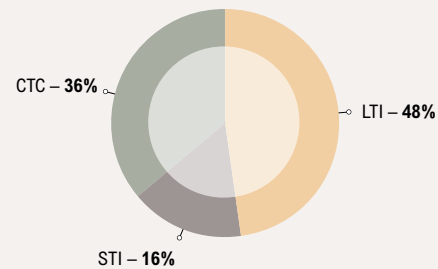
EXECUTIVE CHAIRMAN



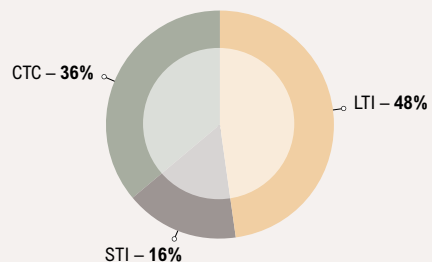
CHIEF EXECUTIVE OFFICER



FINANCE DIRECTOR¹



EXECUTIVE DIRECTORS AND OTHER PRESCRIBED OFFICERS²



¹ Following a benchmarking study by the remuneration consultants, includes 12% increase in the cost-to-company for Ms A M Mukhuba with effect from 1 July 2018, in addition to the annual increase.
² Following a benchmarking study by the remuneration consultants, includes 4% increases in the cost-to-company for Messrs H L Mkatshana and A Joubert with effect from 1 July 2018, in addition to the annual increase.

REMUNERATION REPORT continued

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' fees

On the advice of the Committee, which engages remuneration consultants 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.

Following the 2018 benchmarking study, the Remuneration Committee agreed to recommend to shareholders that the Non-executive Directors' annual retainer fees be increased to the same level as Independent Non-executive Directors' fees and that the separate categories be discontinued. Noting that the Audit and Risk Committee fees were in the upper quartile no increase was proposed for F2019. In terms of fees for the other committees, an increase of 26% was proposed to Committee Chairmen fees, with committee members fees remaining unchanged.

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.

Annual Board retainer fees and per Board meeting attendance fees

On the advice of the Committee, the Board recommends to shareholders of the Company the annual retainer fees and per Board meeting attendance fees for Non-executive Directors will be pro-rated for periods of less than a full year.

	Proposed fees with effect from 1 July 2018 (excluding VAT) (Rand)*		Fees effective 1 July 2017 (Rand) (excluding VAT) (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	533 700	20 400	533 700	20 400
Independent Non-executive Director	425 800	20 400	425 800	20 400
Non-executive Director	425 800	20 400	340 750	20 400

* Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting.

Board attendance fees are paid for *ad hoc* Board meetings, site visits, and other *ad hoc* meetings in respect of Board matters as well as for attendance, at the direction of Board, at Board Committee meetings (as a non-member of the Committee). The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meeting. Office costs, including telecommunication costs, are however 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 the Committee meeting attendance fees payable to Non-executive Directors, as set out in the table below, which fees exclude value-added tax, where applicable.

	Per meeting attendance fees proposed with effect from 1 July 2018 (excluding VAT) (Rand)*	Per meeting attendance fees effective 1 July 2017 (excluding VAT) (Rand)*
Audit and Risk Committee		
Chairman	106 400	106 400
Member	42 600	42 600
Investment Committee, Nomination Committee, Social and Ethics Committee and Remuneration Committee		
Chairman	52 750	41 800
Member	27 850	27 850

* Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting.

Service agreements: Non-executive Directors

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

In F2018, the Company had:

- a renewable two-year consultancy agreement with Mr M Arnold with effect from 11 December 2017 when he became a Non-executive Director;
- a consultancy agreement with Mr J A Chissano, which was renewed for one year with effect from 1 May 2018 on the same terms and conditions as the 2017 renewal;
- a consultancy agreement with Mr W M Gule, which was renewed for one year with effect from 1 July 2017;
- a consultancy agreement with Mr J C Steenkamp, which terminated on 31 December 2017, and has not been renewed.

The agreements with Messrs Chissano and Gule may be renewed annually, subject to one calendar month's termination notice period by either party. Subsequent to the reporting period, the agreement with Mr Gule was renewed for one year with effect from 1 July 2018.

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 F2018 in terms of consultancy agreements with Non-executive Directors are provided in Part III of the Remuneration Report on page 62.

NON-BINDING ADVISORY VOTE

Annually, shareholders are requested to cast a non-binding advisory vote on the Remuneration Policy. The 2018 Remuneration Policy is set out in Part II of this report.

 See the Notice of Annual General Meeting on page 136 of the Integrated Annual Report.

REMUNERATION REPORT continuedPART III – IMPLEMENTATION
REPORT: F2018**DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS**

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

Salary adjustments

The Board approved a cost-to-company increase of 5% for senior executives and other employees at the corporate office, for F2018, in line with the May 2017 Consumer Price Index (CPI) of 5%.

F2018 short-term incentive performance outcomes

As discussed in greater detail in Part II of the Remuneration Report on page 43, prior to the Board approving accrued bonuses for senior executives for F2018, upon the recommendation of the Committee, the Executive Chairman deferred 100% of his F2018 bonus.

The table below sets out how senior executives performed against targets set for the performance measures and the relative weighting of each measure.

Performance against bonus targets for F2018 was as follows:



* On a profit before interest and taxes basis.

Executive Chairman, Chief Executive Officer and Finance Director*	Weighting	Below Threshold	Threshold	F2018 Target	Stretch/Above Target	Maximum
Profit from operations (50%)	50%			•	•	
Unit cost of sales (50%)	50%			•		
Safety (modifier)				•		

* Finance Director with effect from 11 December 2017.

Short-term incentive (i.e., bonuses), in terms of the formulae, were as follows:

	F2018 short-term incentive (bonus) (R000)	Short-term incentive as a % of total annual package before incentives*
Executive Directors and Prescribed Officers		
Executive Directors		
Dr P T Motsepe ¹	9 609	94%
M P Schmidt	8 092	105%
M Arnold ²	2 392	95%
A M Mukhuba ³	3 776	104%
H L Mkatshana	3 758	94%
A J Wilkens	7 016	92%
Prescribed Officers		
A Joubert	4 938	108%
F A Uys ⁴	1 960	94%

* Per single figure remuneration table on pages 52 and 53.

1 100% of the bonus was deferred. In F2019, the equivalent value of bonus shares and matching performance shares will be allocated by the Company.

2 Mr M Arnold retired as Financial Director with effect from 10 December 2017 and became a Non-executive Director of the Company.

3 Ms A M Mukhuba became the Finance Director of the Company with effect from 11 December 2017.

4 Mr F A Uys took early retirement with effect from 8 January 2018.

	F2018 PBIT targets*
ARM Group	105%
ARM Ferrous	176%
ARM Platinum	(42%)
ARM Coal	310%
ARM Copper	77%

* Relative to F2017 targets.

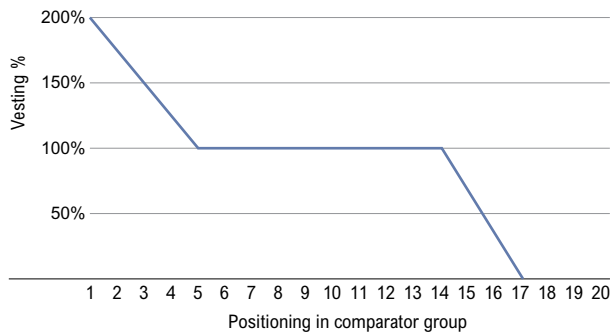
F2018 long-term incentive performance outcomes**Performance shares**

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. The 20-day volume weighted average price is used to determine the price.

REMUNERATION REPORT continued

The 29 October 2013 performance shares awarded in terms of the four-year annual allocation to senior executives in the F-Band vested on 30 October 2017. The interim performance measurement for the award resulted in 0% vested in year 2 (due to a two-year lock-in) and, based on ARM's TSR ranking of 12th against the 17 listed comparator companies, 100% of the awarded number of performance shares vested in years 3 and 4 were settled. Overall, 50% of the total number of awarded performance shares vested.

VESTING SCHEDULE



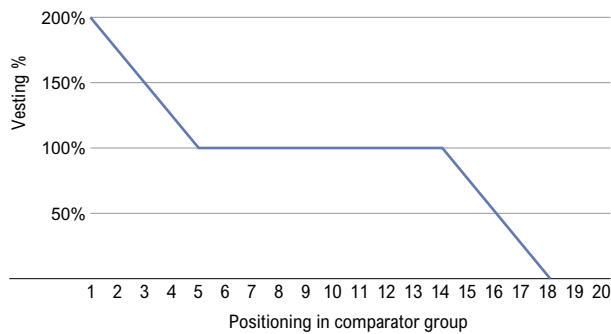
The comparator group of companies for the October 2013 performance share awards was as follows:

African Rainbow Minerals Ltd	Impala Platinum Ltd
Anglo American Platinum Ltd	Kumba Iron Ore Ltd
Anglo American Plc	Lonmin Plc
Aquarius Platinum Ltd ¹	Merafe Resources Ltd
Arcelormittal Ltd	Northam Platinum Ltd
Assore Ltd	Palaborwa Mining Company Ltd ¹
BHP Billiton Plc	Pan African Resources Plc
Coal of Africa Ltd	Petmin Ltd ¹
Exxaro Resources Ltd	Resources Generation Ltd
Glencore Plc	Royal Bafokeng Platinum Ltd
Hulamin Ltd	Wesizwe Platinum Ltd

¹ These companies delisted during the vesting period and have therefore been excluded from the comparator group.

The 17 November 2014 awards (in terms of the three-year annual allocation) and the 20 November 2014 awards (in terms of the Deferred Bonus/Co-Investment Scheme) vested on 20 November 2017 and 22 November 2017, respectively. Based on ARM's TSR ranking of 12th against the 18 listed comparator companies as set out in the graph below, 100% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE



The comparator group of companies for the November 2014 performance share awards was as follows:

African Rainbow Minerals Ltd	Hulamin Ltd
Anglo American Platinum Ltd	Impala Platinum Ltd
Anglo American Plc	Kumba Iron Ore Ltd
Aquarius Platinum Ltd ¹	Lonmin Plc
Arcelormittal Ltd	Merafe Resources Ltd
Assore Ltd	Northam Platinum Ltd
BHP Billiton Plc	Petmin Ltd ¹
Eastern Platinum Ltd	Royal Bafokeng Platinum Ltd
Exxaro Resources Ltd	Resources Generation Ltd
Glencore Plc	Tharisa Plc

¹ These companies delisted during the vesting period and have therefore been excluded from the comparator group.

CGR See the single figure remuneration table on page 52 for the actual value of the performance shares settled in F2017 and F2018 and pages 54 to 57 for unvested awards.

Bonus shares

In terms of the 2008 Share Plan, eligible participants received grants of full value ARM shares that matched, 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 Board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus shares in terms of the 2008 Share Plan will be granted until December 2018 and waived bonus shares in terms of the 2008 Share Plan were granted in F2015 and F2016.

AFS **CGR** See the Directors' Report in the Annual Financial Statements for the number of bonus shares settled in F2017 and F2018. For the value of unvested awards see page 58 and 59 of this report.

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 2008 Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013.

AFS **CGR** See the Directors' Report in the Annual Financial Statements for the number of bonus shares settled in F2017 and F2018. For the value of unvested awards see pages 60 and 61.

Termination of office payments

In F2018, no payments were made to executive management as a result of termination of employment.

REMUNERATION REPORT continued**SINGLE FIGURE REMUNERATION**

All figures in R'000	2018									
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Other benefits and allowances ¹	Total annual package before Incentives	Short-term incentives		Total annual package after short-term incentives, before long-term incentives	Long term incentives ⁴ Performance Shares	Total single figure remuneration
						Cash bonus ²	Bonus deferred ³			
Executive Directors										
Dr P T Motsepe	10 237	–	–	2	10 239	–	9 609	19 848	11 578	31 426
M P Schmidt	7 086	478	–	153	7 717	8 092	–	15 809	7 706	23 515
M Arnold ⁵	2 266	185	31	30	2 512	2 392	–	4 904	4 036	8 940
H L Mkatshana	3 594	296	–	93	3 983	3 758	–	7 741	2 325	10 066
A M Mukhuba ⁶	3 276	353	–	18	3 647	3 776	–	7 423	–	7 423
A J Wilkens	7 448	–	64	73	7 585	7 016	–	14 601	6 083	20 684
Total for Executive Directors	33 907	1 312	95	369	35 683	25 034	9 609	70 326	31 728	102 054
Prescribed Officers⁷										
A Joubert	3 933	440	–	192	4 565	4 938	–	9 503	4 073	13 576
J C Steenkamp ⁸	–	–	–	–	–	–	–	–	4 016	4 016
F A Uys ⁹	1 858	185	–	41	2 084	1 960	–	4 044	2 441	6 485
Total for Prescribed Officers	5 791	625	–	233	6 649	6 898	–	13 547	10 530	24 077
Total for Executive Directors and Prescribed Officers	39 698	1 937	95	602	42 332	31 932	9 609	83 873	42 258	126 131

1 Includes travel, UIF and risk benefits.

2 See page 40 for additional information about accrued cash bonuses.

3 Cash value equivalent of the short-term incentive bonus. In F2019, 100% of the F2018 cash bonus will be awarded as deferred bonus shares and matching performance shares in terms of the Deferred Bonus/Co-Investment Scheme. See the schedule of unvested bonus share awards on pages 58 and 59 of this report.

4 Includes the pre-tax settlement value of (i) matching performance shares in terms of the Deferred Bonus/Co-Investment Scheme, (ii) annual allocation of performance shares (4-year vesting) and (iii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2018 as performance was measured at the vesting date which falls within F2018. For additional information about performance shares, see pages 43 and 44 of this report and the schedule of unvested performance share awards on pages 54 to 57 of this report.

5 Mr M Arnold retired as the Financial Director with effect from 10 December 2017. He became a Non-executive Director with effect 11 December 2017.

6 Ms A M Mukhuba was the Chief Financial Officer of ARM until 10 December 2017. She was appointed as the Finance Director with effect from 11 December 2017.

7 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).

8 Mr J C Steenkamp retired as the Chief Executive: Exploration and Strategic Services with effect from 30 June 2017. He became a Non-executive Director with effect from 10 October 2017.

9 Mr F A Uys retired from the Company with effect from 8 January 2018.

REMUNERATION REPORT continued

All figures in R'000	2017									
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Other benefits and allowances ¹	Total Annual Package before Incentives	Short-term incentives		Total annual package after short-term incentives, before long-term incentives	Long term incentives ⁴	Total single figure remuneration
						Cash bonus ²	Bonus deferred ³			
								Performance Shares		
Executive Directors										
Dr P T Motsepe	9 181	–	–	2	9 183	–	9 535	18 718	4 503	23 221
M P Schmidt	6 741	456	–	153	7 350	6 022	2 007	15 379	3 633	19 012
M Arnold ⁵	4 917	405	60	60	5 442	5 350	–	10 792	1 108	11 900
H L Mkatshana	3 409	310	–	75	3 794	2 401	800	6 995	1 040	8 035
A M Mukhuba ⁶	–	–	–	–	–	–	–	–	–	–
A J Wilkens	7 101	–	60	70	7 231	6 962	–	14 193	2 892	17 085
Total for Executive Directors	31 349	1 171	120	360	33 000	20 735	12 342	66 077	13 176	79 253
Prescribed Officers⁷										
A Joubert	3 786	420	–	173	4 379	4 478	–	8 857	1 765	10 622
J C Steenkamp ⁸	5 766	575	–	739	7 080	6 962	–	14 042	1 515	15 557
F A Uys ⁹	3 387	339	–	68	3 794	2 560	–	6 354	1 467	7 821
Total for Prescribed Officers	12 939	1 334	–	980	15 253	14 000	–	29 253	4 747	34 000
Total for Executive Directors and Prescribed Officers	44 288	2 505	120	1 340	48 253	34 735	12 342	95 330	17 923	113 253

¹ Includes travel, UIF and risk benefits.

² See page 40 for additional information about accrued cash bonuses.

³ Cash value equivalent of the short-term incentive bonus. In F2018, 100% or a portion of the F2017 cash bonus was awarded as deferred bonus shares and matching performance shares in terms of the Deferred Bonus/Co-Investment Scheme. See the schedule of unvested bonus share awards on pages 58 and 59 of this report.

⁴ Includes the pre-tax settlement value of (i) matching performance shares in terms of the Deferred Bonus/Co-Investment Scheme, (ii) annual allocation of performance shares (4-year vesting) and (iii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2018 as performance was measured at the vesting date which falls within F2018. For additional information about performance shares, see pages 43 and 44 of this report and the schedule of unvested performance share awards on pages 54 to 57 of this report.

⁵ Mr M Arnold retired as the Financial Director with effect from 10 December 2017. He became a Non-executive Director with effect 11 December 2017.

⁶ Ms A M Mukhuba was the Chief Financial Officer of ARM until 10 December 2017. She was appointed as the Finance Director with effect from 11 December 2017.

⁷ 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).

⁸ Mr J C Steenkamp retired as the Chief Executive: Exploration and Strategic Services with effect from 30 June 2017. He became a Non-executive Director with effect from 10 October 2017.

⁹ Mr F A Uys retired from the Company with effect from 8 January 2018.

REMUNERATION REPORT continued**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. (For additional information about the performance criteria, see Part II of the Remuneration Report on page 43).

Unvested performance shares awarded to Directors and Prescribed Officers are summarised below.

UNVESTED PERFORMANCE SHARE AWARDS

Director/ Prescribed Officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R'000)	F2017				
						Opening balance	Awarded during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R'000)
Dr P T Motsepe	28 106	PS4	15-Oct-12	16-Oct-16	4 704	28 106	–	(28 106)	–	2 424
	21 431	DB	28-Oct-13	29-Oct-16	4 200	21 431	–	(21 431)	–	2 079
	40 314	PS4	29-Oct-13	30-Oct-17	7 914	40 314	–	–	40 314	–
	58 600	PS3	17-Nov-14	18-Nov-17	8 115	58 600	–	–	58 600	–
	18 908	DB	21-Nov-14	22-Nov-17	2 574	18 908	–	–	18 908	–
	165 373	PS3	22-May-15	15-Oct-18	17 771	165 373	–	–	165 373	–
	71 570	WB	25-Nov-15	26-Nov-18	3 555	71 570	–	–	71 570	–
	47 218	WB	14-Nov-16	15-Nov-19	4 573	–	47 218	–	47 218	–
	244 653	PS3	09-Dec-16	10-Dec-19	25 875	–	244 653	–	244 653	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	–	–	–	–	–
	159 378	PS3	16-Nov-17	17-Nov-20	19 406	–	–	–	–	–
M P Schmidt	23 706	PS4	15-Oct-12	16-Oct-16	3 968	23 706	–	(23 706)	–	2 045
	16 371	DB	28-Oct-13	29-Oct-16	3 208	16 371	–	(16 371)	–	1 588
	33 344	PS4	29-Oct-13	30-Oct-17	6 545	33 344	–	–	33 344	–
	48 776	PS3	17-Nov-14	18-Nov-17	6 755	48 776	–	–	48 776	–
	130 764	PS3	22-May-15	15-Oct-18	14 052	130 764	–	–	130 764	–
	57 953	WB	25-Nov-15	26-Nov-18	2 879	57 953	–	–	57 953	–
	193 452	PS3	09-Dec-16	10-Dec-19	20 459	–	193 452	–	193 452	–
	16 486	DB	16-Nov-17	17-Nov-20	2 007	–	–	–	–	–
	126 023	PS3	16-Nov-17	17-Nov-20	15 345	–	–	–	–	–

PS3 : Annual award (3-year)

PS4 : Annual award (4-year)

DB : Deferred Bonus/Co-Investment Scheme matching award

WB : Waived Bonus Method

PSA : Additional award

PSI : Interim award

REMUNERATION REPORT continued

UNVESTED PERFORMANCE SHARE AWARDS continued

Director/ Prescribed Officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R'000)	F2017				
						Opening balance	Awarded during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R'000)
M Arnold	12 846	PS4	15-Oct-12	16-Oct-16	2 150	12 846	–	(12 846)	–	1108
	21 096	PS4	29-Oct-13	30-Oct-17	4 141	21 096	–	–	21 096	–
	23 709	PS3	17-Nov-14	18-Nov-17	3 283	23 709	–	–	23 709	–
	78 169	PS3	22-May-15	15-Oct-18	8 400	78 169	–	–	78 169	–
	38 617	WB	25-Nov-15	26-Nov-18	1 918	38 617	–	–	38 617	–
	120 270	PS3	09-Dec-16	10-Dec-19	12 720	–	120 270	–	120 270	–
	78 349	PS3	16-Nov-17	17-Nov-20	9 540	–	–	–	–	–
H L Mkatshana	8 215	PS4	15-Oct-12	16-Oct-16	1 375	8 215	–	(8 215)	–	709
	3 410	DB	28-Oct-13	29-Oct-16	668	3 410	–	(3 410)	–	331
	8 023	PS4	29-Oct-13	30-Oct-17	1 575	8 023	–	–	8 023	–
	15 739	PS3	17-Nov-14	18-Nov-17	2 180	15 739	–	–	15 739	–
	43 392	PS3	22-May-15	15-Oct-18	4 663	43 392	–	–	43 392	–
	31 814	WB	25-Nov-15	26-Nov-18	1 580	31 814	–	–	31 814	–
	66 762	PS3	09-Dec-16	10-Dec-19	7 061	–	66 762	–	66 762	–
	6 572	DB	16-Nov-17	17-Nov-20	800	–	–	–	–	–
43 492	PS3	16-Nov-17	17-Nov-20	5 296	–	–	–	–	–	
A M Mukhuba	35 063	PSI	15-May-17	16-May-20	3 000	35 063	–	–	35 063	–
	8 077	DB	16-Nov-17	17-Nov-20	983	–	–	–	–	–
	25 871	PS3	16-Nov-17	17-Nov-20	3 150	–	–	–	–	–
	18 644	PSA	11-Dec-17	12-Dec-20	2 228	–	–	–	–	–
A J Wilkens	17 567	PS4	15-Oct-12	16-Oct-16	2 940	17 567	–	(17 567)	–	1 515
	14 194	DB	28-Oct-13	29-Oct-16	2 781	14 194	–	(14 194)	–	1 377
	15 727	PS4	29-Oct-13	30-Oct-17	3 087	15 727	–	–	15 727	–
	30 850	PS3	17-Nov-14	18-Nov-17	4 272	30 850	–	–	30 850	–
	12 523	DB	21-Nov-14	22-Nov-17	1 705	12 523	–	–	12 523	–
	81 003	PS3	22-May-15	15-Oct-18	8 705	81 003	–	–	81 003	–
	50 247	WB	25-Nov-15	26-Nov-18	2 496	50 247	–	–	50 247	–
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	–	124 630	–	124 630	–
	81 190	PS3	16-Nov-17	17-Nov-20	9 886	–	–	–	–	–
A Joubert	10 755	PS4	15-Oct-12	16-Oct-16	1 800	10 755	–	(10 755)	–	928
	8 633	DB	28-Oct-13	29-Oct-16	1 692	8 633	–	(8 633)	–	837
	9 628	PS4	29-Oct-13	30-Oct-17	1 890	9 628	–	–	9 628	–
	18 886	PS3	17-Nov-14	18-Nov-17	2 615	18 886	–	–	18 886	–
	10 524	DB	21-Nov-14	22-Nov-17	1 433	10 524	–	–	10 524	–
	49 591	PS3	22-May-15	15-Oct-18	5 329	49 591	–	–	49 591	–
	37 319	WB	25-Nov-15	26-Nov-18	1 854	37 319	–	–	37 319	–
	76 300	PS3	09-Dec-16	10-Dec-19	8 069	–	76 300	–	76 300	–
49 705	PS3	16-Nov-17	17-Nov-20	6 052	–	–	–	–	–	
J C Steenkamp	17 567	PS4	15-Oct-12	16-Oct-16	2 940	17 567	–	(17 567)	–	1 515
	15 727	PS4	29-Oct-13	30-Oct-17	3 087	15 727	–	–	15 727	–
	30 850	PS3	17-Nov-14	18-Nov-17	4 272	30 850	–	–	30 850	–
	81 003	PS3	22-May-15	15-Oct-18	8 705	81 003	–	–	81 003	–
	60 958	WB	25-Nov-15	26-Nov-18	3 027	60 958	–	–	60 958	–
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	–	124 630	–	124 630	–
F A Uys	17 028	PS4	15-Oct-12	16-Oct-16	2 850	17 028	–	(17 028)	–	1 469
	8 425	PS4	29-Oct-13	30-Oct-17	1 654	8 425	–	–	8 425	–
	16 526	PS3	17-Nov-14	18-Nov-17	2 289	16 526	–	–	16 526	–
	43 392	PS3	22-May-15	15-Oct-18	4 663	43 392	–	–	43 392	–
	19 360	WB	25-Nov-15	26-Nov-18	962	19 360	–	–	19 360	–
	66 762	PS3	09-Dec-16	10-Dec-19	7 061	–	66 762	–	66 762	–
	43 492	PS3	16-Nov-17	17-Nov-20	5 296	–	–	–	–	–

PS3 : Annual award (3-year)

PS4 : Annual award (4-year)

DB : Deferred Bonus/Co-Investment Scheme matching award

WB : Waived Bonus Method

PSA : Additional award

PSI : Interim award

REMUNERATION REPORT continued**UNVESTED PERFORMANCE SHARE AWARDS** continued

Director/ Prescribed Officer	Number of shares	Award date	Award date	Vesting date	Value on award date (R'000)	F2018					Pre-tax cash value on settlement (R'000)
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	
Dr P T Motsepe	28 106	PS4	15-Oct-12	16-Oct-16	4 704	–	–	–	–	–	–
	21 431	DB	28-Oct-13	29-Oct-16	4 200	–	–	–	–	–	–
	40 314	PS4	29-Oct-13	30-Oct-17	7 914	40 314	–	(20 157)	(20 157)	–	2 386
	58 600	PS3	17-Nov-14	18-Nov-17	8 115	58 600	–	–	(58 600)	–	6 887
	18 908	DB	21-Nov-14	22-Nov-17	2 574	18 908	–	–	(18 908)	–	2 305
	165 373	PS3	22-May-15	15-Oct-18	17 771	165 373	–	–	–	165 373	–
	71 570	WB	25-Nov-15	26-Nov-18	3 555	71 570	–	–	–	71 570	–
	47 218	WB	14-Nov-16	15-Nov-19	4 573	47 218	–	–	–	47 218	–
	244 653	PS3	09-Dec-16	10-Dec-19	25 875	244 653	–	–	–	244 653	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	–	78 307	–	–	78 307	–
159 378	PS3	16-Nov-17	17-Nov-20	19 406	–	159 378	–	–	159 378	–	
M P Schmidt	23 706	PS4	15-Oct-12	16-Oct-16	3 968	–	–	–	–	–	–
	16 371	DB	28-Oct-13	29-Oct-16	3 208	–	–	–	–	–	–
	33 344	PS4	29-Oct-13	30-Oct-17	6 545	33 344	–	(16 672)	(16 672)	–	1 973
	48 776	PS3	17-Nov-14	18-Nov-17	6 755	48 776	–	–	(48 776)	–	5 733
	130 764	PS3	22-May-15	15-Oct-18	14 052	130 764	–	–	–	130 764	–
	57 953	WB	25-Nov-15	26-Nov-18	2 879	57 953	–	–	–	57 953	–
	193 452	PS3	09-Dec-16	10-Dec-19	20 459	193 452	–	–	–	193 452	–
	16 486	DB	16-Nov-17	17-Nov-20	2 007	–	16 486	–	–	16 486	–
126 023	PS3	16-Nov-17	17-Nov-20	15 345	–	126 023	–	–	126 023	–	
M Arnold	12 846	PS4	15-Oct-12	16-Oct-16	2 150	–	–	–	–	–	–
	21 096	PS4	29-Oct-13	30-Oct-17	4 141	21 096	–	(10 548)	(10 548)	–	1 249
	23 709	PS3	17-Nov-14	18-Nov-17	3 283	23 709	–	–	(23 709)	–	2 787
	78 169	PS3	22-May-15	15-Oct-18	8 400	78 169	–	–	–	78 169	–
	38 617	WB	25-Nov-15	26-Nov-18	1 918	38 617	–	–	–	38 617	–
	120 270	PS3	09-Dec-16	10-Dec-19	12 720	120 270	–	–	–	120 270	–
	78 349	PS3	16-Nov-17	17-Nov-20	9 540	–	78 349	–	–	78 349	–
H L Mkatshana	8 215	PS4	15-Oct-12	16-Oct-16	1 375	–	–	–	–	–	–
	3 410	DB	28-Oct-13	29-Oct-16	668	–	–	–	–	–	–
	8 023	PS4	29-Oct-13	30-Oct-17	1 575	8 023	–	(4 011)	(4 012)	–	475
	15 739	PS3	17-Nov-14	18-Nov-17	2 180	15 739	–	–	(15 739)	–	1 850
	43 392	PS3	22-May-15	15-Oct-18	4 663	43 392	–	–	–	43 392	–
	31 814	WB	25-Nov-15	26-Nov-18	1 580	31 814	–	–	–	31 814	–
	66 762	PS3	09-Dec-16	10-Dec-19	7 061	66 762	–	–	–	66 762	–
	6 572	DB	16-Nov-17	17-Nov-20	800	–	6 572	–	–	6 572	–
43 492	PS3	16-Nov-17	17-Nov-20	5 296	–	43 492	–	–	43 492	–	
A M Mukhuba	35 063	PSI	15-May-17	16-May-20	3 000	35 063	–	–	–	35 063	–
	8 077	DB	16-Nov-17	17-Nov-20	983	–	8 077	–	–	8 077	–
	25 871	PS3	16-Nov-17	17-Nov-20	3 150	–	25 871	–	–	25 871	–
	18 644	PSA	11-Dec-17	12-Dec-20	2 228	–	18 644	–	–	18 644	–

PS3 : Annual award (3-year)

PS4 : Annual award (4-year)

DB : Deferred Bonus/Co-Investment Scheme matching award

WB : Waived Bonus Method

PSA : Additional award

PSI : Interim award

REMUNERATION REPORT continued

PERFORMANCE SHARES continued

UNVESTED PERFORMANCE SHARE AWARDS continued

Director/ Prescribed Officer	Number of shares	Award date	Award date	Vesting date	Value on award date (R'000)	F2018					Pre-tax cash value on settlement (R'000)
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	
A J Wilkens	17 567	PS4	15-Oct-12	16-Oct-16	2 940	–	–	–	–	–	–
	14 194	DB	28-Oct-13	29-Oct-16	2 781	–	–	–	–	–	–
	15 727	PS4	29-Oct-13	30-Oct-17	3 087	15 727	–	(7 863)	(7 864)	–	931
	30 850	PS3	17-Nov-14	18-Nov-17	4 272	30 850	–	–	(30 850)	–	3 626
	12 523	DB	21-Nov-14	22-Nov-17	1 705	12 523	–	–	(12 523)	–	1 526
	81 003	PS3	22-May-15	15-Oct-18	8 705	81 003	–	–	–	81 003	–
	50 247	WB	25-Nov-15	26-Nov-18	2 496	50 247	–	–	–	50 247	–
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	124 630	–	–	–	124 630	–
81 190	PS3	16-Nov-17	17-Nov-20	9 886	–	81 190	–	–	81 190	–	
A Joubert	10 755	PS4	15-Oct-12	16-Oct-16	1 800	–	–	–	–	–	–
	8 633	DB	28-Oct-13	29-Oct-16	1 692	–	–	–	–	–	–
	9 628	PS4	29-Oct-13	30-Oct-17	1 890	9 628	–	(4 814)	(4 814)	–	570
	18 886	PS3	17-Nov-14	18-Nov-17	2 615	18 886	–	–	(18 886)	–	2 220
	10 524	DB	21-Nov-14	22-Nov-17	1 433	10 524	–	–	(10 524)	–	1 283
	49 591	PS3	22-May-15	15-Oct-18	5 329	49 591	–	–	–	49 591	–
	37 319	WB	25-Nov-15	26-Nov-18	1 854	37 319	–	–	–	37 319	–
	76 300	PS3	09-Dec-16	10-Dec-19	8 069	76 300	–	–	–	76 300	–
49 705	PS3	16-Nov-17	17-Nov-20	6 052	–	49 705	–	–	49 705	–	
J C Steenkamp	17 567	PS4	15-Oct-12	16-Oct-16	2 940	–	–	–	–	–	–
	15 727	PS4	29-Oct-13	30-Oct-17	3 087	15 727	–	(8 378)	(7 349)	–	813
	30 850	PS3	17-Nov-14	18-Nov-17	4 272	30 850	–	(1 885)	(28 965)	–	3 203
	81 003	PS3	22-May-15	15-Oct-18	8 705	81 003	–	–	–	81 003	–
	60 958	WB	25-Nov-15	26-Nov-18	3 027	60 958	–	–	–	60 958	–
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	124 630	–	–	–	124 630	–
F A Uys	17 028	PS4	15-Oct-12	16-Oct-16	2 850	–	–	–	–	–	–
	8 425	PS4	29-Oct-13	30-Oct-17	1 654	8 425	–	(4 212)	(4 213)	–	499
	16 526	PS3	17-Nov-14	18-Nov-17	2 289	16 526	–	–	(16 526)	–	1 942
	43 392	PS3	22-May-15	15-Oct-18	4 663	43 392	–	–	–	43 392	–
	19 360	WB	25-Nov-15	26-Nov-18	962	19 360	–	–	–	19 360	–
	66 762	PS3	09-Dec-16	10-Dec-19	7 061	66 762	–	–	–	66 762	–
	43 492	PS3	16-Nov-17	17-Nov-20	5 296	–	43 492	–	–	43 492	–

PS3 : Annual award (3-year)

PS4 : Annual award (4-year)

DB : Deferred Bonus/Co-Investment Scheme matching award

WB : Waived Bonus Method

PSA : Additional award

PSI : Interim award

REMUNERATION REPORT continued**BONUS SHARES**

Pursuant to the 2008 Share Plan, eligible participants receive grants of full value ARM shares that match, according to a specified ratio, a portion of the annual cash bonus 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. Since 2015, bonus shares have only been granted in terms of the Deferred Bonus/Co-investment Scheme and the Waived Bonus Scheme. See Part II of the Remuneration Report for additional information.

Unvested bonus shares granted to Executive Directors and Prescribed Officers are summarised below.

UNVESTED BONUS SHARE AWARDS

Director/ Prescribed Officer	Number of shares	Award type	Grant date	Vesting date	Value on grant date (R'000)	F2017				
						Opening balance	Granted during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R'000)
Dr P T Motsepe	23 319	BS4	15-Oct-12	16-Oct-16	3 903	23 319	–	(23 319)	–	2 011
	21 431	DB	28-Oct-13	29-Oct-16	4 200	21 431	–	(21 431)	–	2 079
	31 235	BS4	29-Oct-13	30-Oct-17	6 131	31 235	–	–	31 235	–
	27 141	BS3	17-Nov-14	18-Nov-17	3 758	27 141	–	–	27 141	–
	18 908	DB	21-Nov-14	22-Nov-17	2 574	18 908	–	–	18 908	–
	71 570	WB	25-Nov-15	26-Nov-18	3 555	71 570	–	–	71 570	–
	47 218	WB	14-Nov-16	15-Nov-19	4 573	–	47 218	–	47 218	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	–	–	–	–	–
M P Schmidt	14 475	BS4	15-Oct-12	16-Oct-16	2 423	14 475	–	(14 475)	–	1 248
	16 371	DB	28-Oct-13	29-Oct-16	3 208	16 371	–	(16 371)	–	1 588
	21 245	BS4	29-Oct-13	30-Oct-17	4 170	21 245	–	–	21 245	–
	18 461	BS3	17-Nov-14	18-Nov-17	2 556	18 461	–	–	18 461	–
	57 953	WB	25-Nov-15	26-Nov-18	2 879	57 953	–	–	57 953	–
	16 486	DB	16-Nov-17	17-Nov-20	2 007	–	–	–	–	–
M Arnold	7 656	BS4	15-Oct-12	16-Oct-16	1 281	7 656	–	(7 656)	–	660
	10 361	BS4	29-Oct-13	30-Oct-17	2 034	10 361	–	–	10 361	–
	9 003	BS3	17-Nov-14	18-Nov-17	1 247	9 003	–	–	9 003	–
	38 617	WB	25-Nov-15	26-Nov-18	1 918	38 617	–	–	38 617	–
H L Mkatshana	2 454	BS4	15-Oct-12	16-Oct-16	411	2 454	–	(2 454)	–	212
	3 410	DB	28-Oct-13	29-Oct-16	668	3 410	–	(3 410)	–	331
	5 158	BS4	29-Oct-13	30-Oct-17	1 013	5 158	–	–	5 158	–
	3 261	BS3	17-Nov-14	18-Nov-17	452	3 261	–	–	3 261	–
	31 814	WB	25-Nov-15	26-Nov-18	1 580	31 814	–	–	31 814	–
	6 572	DB	16-Nov-17	17-Nov-20	800	–	–	–	–	–
A M Mukhuba	8 077	DB	16-Nov-17	17-Nov-20	983	–	–	–	–	–
A J Wilkens	13 628	BS4	15-Oct-12	16-Oct-16	2 281	13 628	–	(13 628)	–	1 175
	14 194	DB	28-Oct-13	29-Oct-16	2 781	14 194	–	(14 194)	–	1 377
	14 170	BS4	29-Oct-13	30-Oct-17	2 782	14 170	–	–	14 170	–
	12 312	BS3	17-Nov-14	18-Nov-17	1 705	12 312	–	–	12 312	–
	12 523	DB	21-Nov-14	22-Nov-17	1 705	12 523	–	–	12 523	–
	50 247	WB	25-Nov-15	26-Nov-18	2 496	50 247	–	–	50 247	–
A Joubert	7 632	BS4	15-Oct-12	16-Oct-16	1 277	7 632	–	(7 632)	–	658
	8 633	DB	28-Oct-13	29-Oct-16	1 692	8 633	–	(8 633)	–	837
	8 618	BS4	29-Oct-13	30-Oct-17	1 692	8 618	–	–	8 618	–
	10 347	BS3	17-Nov-14	18-Nov-17	1 433	10 347	–	–	10 347	–
	10 524	DB	21-Nov-14	22-Nov-17	1 433	10 524	–	–	10 524	–
	37 319	WB	25-Nov-15	26-Nov-18	1 854	37 319	–	–	37 319	–
J C Steenkamp	14 224	BS4	15-Oct-12	16-Oct-16	2 381	14 224	–	(14 224)	–	1 227
	14 170	BS4	29-Oct-13	30-Oct-17	2 782	14 170	–	–	14 170	–
	12 312	BS3	17-Nov-14	18-Nov-17	1 705	12 312	–	–	12 312	–
	60 958	WB	25-Nov-15	26-Nov-18	3 028	60 958	–	–	60 958	–
F A Uys	6 954	BS4	29-Oct-13	30-Oct-17	1 365	6 954	–	–	6 954	–
	8 585	BS3	17-Nov-14	18-Nov-17	1 189	8 585	–	–	8 585	–
	19 360	WB	25-Nov-15	26-Nov-18	962	19 360	–	–	19 360	–

BS3 : Annual award (3-year)

BS4 : Annual award (4-year)

DB : Deferred Bonus/Co-Investment Scheme

WB : Waived Bonus Method

REMUNERATION REPORT continued

UNVESTED BONUS SHARE AWARDS continued

Director/ Prescribed Officer	Number of shares	Award type	Grant date	Vesting date	Value on grant date (R'000)	F2018				
						Opening balance	Granted during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R'000)
Dr P T Motsepe	23 319	BS4	15-Oct-12	16-Oct-16	3 903	–	–	–	–	–
	21 431	DB	28-Oct-13	29-Oct-16	4 200	–	–	–	–	–
	31 235	BS4	29-Oct-13	30-Oct-17	6 131	31 235	–	(31 235)	–	3 698
	27 141	BS3	17-Nov-14	18-Nov-17	3 758	27 141	–	(27 141)	–	3 190
	18 908	DB	21-Nov-14	22-Nov-17	2 574	18 908	–	(18 908)	–	2 305
	71 570	WB	25-Nov-15	26-Nov-18	3 555	71 570	–	–	71 570	–
	47 218	WB	14-Nov-16	15-Nov-19	4 573	47 218	–	–	47 218	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	–	78 307	–	78 307	–
M P Schmidt	14 475	BS4	15-Oct-12	16-Oct-16	2 423	–	–	–	–	–
	16 371	DB	28-Oct-13	29-Oct-16	3 208	–	–	–	–	–
	21 245	BS4	29-Oct-13	30-Oct-17	4 170	21 245	–	(21 245)	–	2 515
	18 461	BS3	17-Nov-14	18-Nov-17	2 556	18 461	–	(18 461)	–	2 170
	57 953	WB	25-Nov-15	26-Nov-18	2 879	57 953	–	–	57 953	–
	16 486	DB	16-Nov-17	17-Nov-20	2 007	–	16 486	–	16 486	–
M Arnold	7 656	BS4	15-Oct-12	16-Oct-16	1 281	–	–	–	–	–
	10 361	BS4	29-Oct-13	30-Oct-17	2 034	10 361	–	(10 361)	–	1 226
	9 003	BS3	17-Nov-14	18-Nov-17	1 247	9 003	–	(9 003)	–	1 058
	38 617	WB	25-Nov-15	26-Nov-18	1 918	38 617	–	–	38 617	–
H L Mkatshana	2 454	BS4	15-Oct-12	16-Oct-16	411	–	–	–	–	–
	3 410	DB	28-Oct-13	29-Oct-16	668	–	–	–	–	–
	5 158	BS4	29-Oct-13	30-Oct-17	1 013	5 158	–	(5 158)	–	611
	3 261	BS3	17-Nov-14	18-Nov-17	452	3 261	–	(3 261)	–	383
	31 814	WB	25-Nov-15	26-Nov-18	1 580	31 814	–	–	31 814	–
	6 572	DB	16-Nov-17	17-Nov-20	800	–	6 572	–	6 572	–
A M Mukhuba	8 077	DB	16-Nov-17	17-Nov-20	983	–	8 077	–	8 077	–
A J Wilkens	13 628	BS4	15-Oct-12	16-Oct-16	2 281	–	–	–	–	–
	14 194	DB	28-Oct-13	29-Oct-16	2 781	–	–	–	–	–
	14 170	BS4	29-Oct-13	30-Oct-17	2 782	14 170	–	(14 170)	–	1 677
	12 312	BS3	17-Nov-14	18-Nov-17	1 705	12 312	–	(12 312)	–	1 447
	12 523	DB	21-Nov-14	22-Nov-17	1 705	12 523	–	(12 523)	–	1 526
	50 247	WB	25-Nov-15	26-Nov-18	2 496	50 247	–	–	50 247	–
A Joubert	7 632	BS4	15-Oct-12	16-Oct-16	1 277	–	–	–	–	–
	8 633	DB	28-Oct-13	29-Oct-16	1 692	–	–	–	–	–
	8 618	BS4	29-Oct-13	30-Oct-17	1 692	8 618	–	(8 618)	–	1 020
	10 347	BS3	17-Nov-14	18-Nov-17	1 433	10 347	–	(10 347)	–	1 216
	10 524	DB	21-Nov-14	22-Nov-17	1 433	10 524	–	(10 524)	–	1 283
	37 319	WB	25-Nov-15	26-Nov-18	1 854	37 319	–	–	37 319	–
J C Steenkamp	14 224	BS4	15-Oct-12	16-Oct-16	2 381	–	–	–	–	–
	14 170	BS4	29-Oct-13	30-Oct-17	2 782	14 170	–	(14 170)	–	1 567
	12 312	BS3	17-Nov-14	18-Nov-17	1 705	12 312	–	(12 312)	–	1 361
	60 958	WB	25-Nov-15	26-Nov-18	3 028	60 958	–	–	60 958	–
F A Uys	6 954	BS4	29-Oct-13	30-Oct-17	1 365	6 954	–	(6 954)	–	823
	8 585	BS3	17-Nov-14	18-Nov-17	1 189	8 585	–	(8 585)	–	1 009
	19 360	WB	25-Nov-15	26-Nov-18	962	19 360	–	–	19 360	–

BS3 : Annual award (3-year)

BS4 : Annual award (4-year)

DB : Deferred Bonus/Co-Investment Scheme

WB : Waived Bonus Method

REMUNERATION REPORT continued**SHARE OPTIONS**

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.

SHARE OPTIONS

Director/ Prescribed Officer	Number of options	Grant date	Vesting date	Date options lapse	Strike price (cps)	F2017				
						Opening balance	Cancelled during the year	Exercised during the year	Closing balance	Pre-tax cash value on settlement (R'000)
Dr P T Motsepe	16 068	05-Dec-08	06-Dec-11	05-Dec-16	9 620	16 068	(14 519)	(1 549)	–	165
	10 707	15-Oct-09	16-Oct-12	15-Oct-17	15 520	10 707	–	–	10 707	–
	19 396	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 396	–	–	19 396	–
	22 964	15-Oct-12	16-Oct-16	15-Oct-20	16 837	22 964	–	–	22 964	–
	20 223	29-Oct-13	30-Oct-17	29-Oct-21	20 075	20 223	–	–	20 223	–
M P Schmidt	6 397	05-Dec-08	06-Dec-11	05-Dec-16	9 620	6 397	(5 780)	(617)	–	59
	4 262	15-Oct-09	16-Oct-12	15-Oct-17	15 520	4 262	–	–	4 262	–
	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	4 863	–	–	4 863	–
	15 328	09-Nov-11	10-Nov-15	09-Nov-19	18 267	15 328	–	–	15 328	–
	18 127	15-Oct-12	16-Oct-16	15-Oct-20	16 837	18 127	–	–	18 127	–
15 963	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 963	–	–	15 963	–	
M Arnold	6 397	05-Dec-08	06-Dec-11	05-Dec-16	9 620	6 397	(5 780)	(617)	–	66
	5 316	15-Oct-09	16-Oct-12	15-Oct-17	15 520	5 316	–	–	5 316	–
	6 287	15-Oct-10	16-Oct-13	15-Oct-18	17 849	6 287	–	–	6 287	–
	9 959	09-Nov-11	10-Nov-15	09-Nov-19	18 267	9 959	–	–	9 959	–
	12 769	15-Oct-12	16-Oct-16	15-Oct-20	16 837	12 769	–	–	12 769	–
11 245	29-Oct-13	30-Oct-17	29-Oct-21	20 075	11 245	–	–	11 245	–	
H L Mkatshana	6 861	03-Apr-12	04-Apr-16	03-Apr-20	18 219	6 861	–	–	6 861	–
	8 167	15-Oct-12	16-Oct-16	15-Oct-20	16 837	8 167	–	–	8 167	–
	7 846	29-Oct-13	30-Oct-17	29-Oct-21	20 075	7 846	–	–	7 846	–
A J Wilkens	19 011	05-Dec-08	06-Dec-11	05-Dec-16	9 620	19 011	(17 179)	(1 832)	–	195
	12 668	15-Oct-09	16-Oct-12	15-Oct-17	15 520	12 668	–	–	12 668	–
	12 072	15-Oct-10	16-Oct-13	15-Oct-18	17 849	12 072	–	–	12 072	–
	19 124	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 124	–	–	19 124	–
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	17 463	–	–	17 463	–
15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 378	–	–	15 378	–	
A Joubert	5 103	15-Oct-09	16-Oct-12	15-Oct-17	15 520	5 103	–	–	5 103	–
	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	4 863	–	–	4 863	–
	7 997	09-Nov-11	10-Nov-15	09-Nov-19	18 267	7 997	–	–	7 997	–
	10 691	15-Oct-12	16-Oct-16	15-Oct-20	16 837	10 691	–	–	10 691	–
	9 415	29-Oct-13	30-Oct-17	29-Oct-21	20 075	9 415	–	–	9 415	–
J C Steenkamp	12 006	05-Dec-08	06-Dec-11	05-Dec-16	9 620	12 006	(10 849)	(1 157)	–	118
	8 000	15-Oct-09	16-Oct-12	15-Oct-17	15 520	8 000	–	–	8 000	–
	9 408	15-Oct-10	16-Oct-13	15-Oct-18	17 849	9 408	–	–	9 408	–
	14 903	09-Nov-11	10-Nov-15	09-Nov-19	18 267	14 903	–	–	14 903	–
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	17 463	–	–	17 463	–
15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 378	–	–	15 378	–	
F A Uys	8 464	15-Oct-12	16-Oct-16	15-Oct-20	16 837	8 464	–	–	8 464	–
	8 238	29-Oct-13	30-Oct-17	29-Oct-21	20 075	8 238	–	–	8 238	–

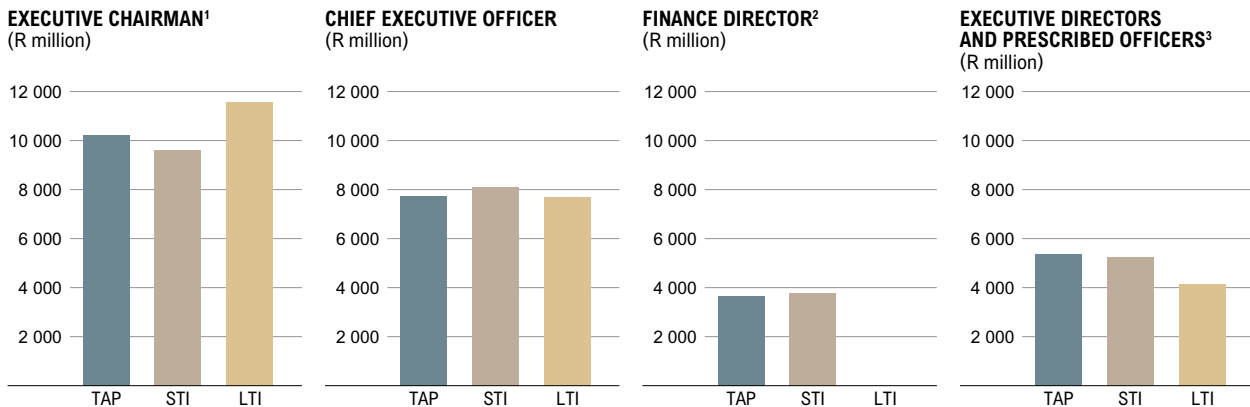
REMUNERATION REPORT continued

SHARE OPTIONS continued

Director/ Prescribed Officer	Number of options	Grant date	Vesting date	Date options lapse	Strike price (cps)	F2018		
						Opening balance	Lapsed during the year	Closing balance
Dr P T Motsepe	16 068	05-Dec-08	06-Dec-11	05-Dec-16	9 620	–	–	–
	10 707	15-Oct-09	16-Oct-12	15-Oct-17	15 520	10 707	(10 707)	–
	19 396	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 396	–	19 396
	22 964	15-Oct-12	16-Oct-16	15-Oct-20	16 837	22 964	–	22 964
	20 223	29-Oct-13	30-Oct-17	29-Oct-21	20 075	20 223	–	20 223
M P Schmidt	6 397	05-Dec-08	06-Dec-11	05-Dec-16	9 620	–	–	–
	4 262	15-Oct-09	16-Oct-12	15-Oct-17	15 520	4 262	(4 262)	–
	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	4 863	–	4 863
	15 328	09-Nov-11	10-Nov-15	09-Nov-19	18 267	15 328	–	15 328
	18 127	15-Oct-12	16-Oct-16	15-Oct-20	16 837	18 127	–	18 127
	15 963	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 963	–	15 963
M Arnold	6 397	05-Dec-08	06-Dec-11	05-Dec-16	9 620	–	–	–
	5 316	15-Oct-09	16-Oct-12	15-Oct-17	15 520	5 316	(5 316)	–
	6 287	15-Oct-10	16-Oct-13	15-Oct-18	17 849	6 287	–	6 287
	9 959	09-Nov-11	10-Nov-15	09-Nov-19	18 267	9 959	–	9 959
	12 769	15-Oct-12	16-Oct-16	15-Oct-20	16 837	12 769	–	12 769
	11 245	29-Oct-13	30-Oct-17	29-Oct-21	20 075	11 245	–	11 245
H L Mkatshana	6 861	03-Apr-12	04-Apr-16	03-Apr-20	18 219	6 861	–	6 861
	8 167	15-Oct-12	16-Oct-16	15-Oct-20	16 837	8 167	–	8 167
	7 846	29-Oct-13	30-Oct-17	29-Oct-21	20 075	7 846	–	7 846
A J Wilkens	19 011	05-Dec-08	06-Dec-11	05-Dec-16	9 620	–	–	–
	12 668	15-Oct-09	16-Oct-12	15-Oct-17	15 520	12 668	(12 668)	–
	12 072	15-Oct-10	16-Oct-13	15-Oct-18	17 849	12 072	–	12 072
	19 124	09-Nov-11	10-Nov-15	09-Nov-19	18 267	19 124	–	19 124
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	17 463	–	17 463
	15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 378	–	15 378
A Joubert	5 103	15-Oct-09	16-Oct-12	15-Oct-17	15 520	5 103	(5 103)	–
	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	4 863	–	4 863
	7 997	09-Nov-11	10-Nov-15	09-Nov-19	18 267	7 997	–	7 997
	10 691	15-Oct-12	16-Oct-16	15-Oct-20	16 837	10 691	–	10 691
	9 415	29-Oct-13	30-Oct-17	29-Oct-21	20 075	9 415	–	9 415
J C Steenkamp	12 006	05-Dec-08	06-Dec-11	05-Dec-16	9 620	–	–	–
	8 000	15-Oct-09	16-Oct-12	15-Oct-17	15 520	8 000	(8 000)	–
	9 408	15-Oct-10	16-Oct-13	15-Oct-18	17 849	9 408	–	9 408
	14 903	09-Nov-11	10-Nov-15	09-Nov-19	18 267	14 903	–	14 903
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	17 463	–	17 463
	15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	15 378	–	15 378
F A Uys	8 464	15-Oct-12	16-Oct-16	15-Oct-20	16 837	8 464	–	8 464
	8 238	29-Oct-13	30-Oct-17	29-Oct-21	20 075	8 238	–	8 238

REMUNERATION REPORT continued**REMUNERATION OUTCOMES**

The remuneration outcomes in 2018 for the Executive Chairman, the Chief Executive Officer, the Finance Director and Other Executive Directors plus Prescribed Officers are shown in the graphs below. The emoluments are detailed in the single figure remuneration table on pages 52 and 53.

TOTAL REMUNERATION OUTCOMES: F2018

TAP: Total annual package before incentives
STI: Short-term incentives
LTI: Long-term incentives

1 Dr P T Mosepe elected to defer 100% of any bonus for F2018. In F2019, the equivalent value of deferred bonus shares and performance shares will be allocated by the Company.

2 Ms A M Mukhuba became Finance Director with effect from 11 December 2017. Excludes the remuneration of Mr M Arnold, the former Financial Director who became a Non-executive Director of ARM with effect from 11 December 2017.

3 Excludes remuneration of Mr F A Uys who retired with effect from 8 January 2018.

DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS (AUDITED)

The remuneration of Non-executive Directors consists of Directors' fees, Board retainers, board attendance fees and committee 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 2018 and 30 June 2017.

All figures in R000	F2018					F2017				
	Board fees	Committee fees	Consultancy fees excl VAT ¹	VAT	Total including VAT	Board fees	Committee fees	Consultancy fees excl VAT ¹	VAT	Total including VAT
Non-executive Directors²										
Dr M M M Bakane-Tuoane	662	715	–	196	1 573	516	691	–	10	1 217
F Abbott	618	347	–	138	1 103	516	372	–	10	898
M Arnold ³	292	–	196	–	488	–	–	–	–	–
T A Boardman	663	782	–	205	1 650	476	790	–	6	1 272
A D Botha	623	385	–	144	1 152	516	372	–	10	898
J A Chissano	602	164	634	110	1 510	493	53	604	10	1 160
W M Gule	609	–	723	–	1 332	477	–	170	–	647
A K Maditsi	775	827	–	229	1 831	617	793	–	16	1 426
J P Möller ⁴	583	229	–	116	928	236	–	–	6	242
D C Noko ⁵	431	–	–	–	431	–	–	–	–	–
Dr R V Simelane	649	617	–	180	1 446	516	625	–	10	1 151
J C Steenkamp ⁶	370	56	413	–	839	–	–	–	–	–
Z B Swanepoel ⁷	600	125	–	104	829	516	75	–	11	602
Total for Non-executive Directors	7 477	4 247	1 966	1 422	15 112	4 879	3 771	774	89	9 513

1 Additional information may be found under the heading "Service Agreements: Non-executive Directors" on page 49 of the Remuneration Report.

2 Payments for the reimbursement of out-of-pocket expenses have been excluded.

3 Mr M Arnold, the former Financial Director, became a Non-executive Director of ARM with effect from 11 December 2017.

4 Mr J P Möller was appointed to the Audit and Risk Committee by the shareholders of ARM with effect from 1 December 2017.

5 Mr D C Noko became an Independent Non-executive Director of ARM with effect from 10 October 2017.

6 Mr J C Steenkamp became a Non-executive Director of ARM with effect from 10 October 2017 and was appointed to the Investment Committee and the Social and Ethics Committee with effect from 6 April 2018.


7 Mr Z B Swanepoel was appointed to the Social and Ethics Committee with effect from 29 August 2017.

NON-BINDING ADVISORY VOTE

Annually, shareholders are requested to cast a non-binding advisory vote on the Remuneration Implementation Report. The 2018 Remuneration Implementation Report is set out in Part III of this report. See the Notice of Annual General Meeting on pages 136 of the Integrated Annual Report.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

We are pleased to present the 2018 Sustainability Report which outlines how ARM creates sustainable value. We are responsible for governing ARM's social and ethics performance and ensuring that we conduct business with integrity and respect for the societal and environmental contexts in which we operate. Our governance structures are designed to embed our values, allowing ARM to deliver competitive outcomes in a 'We do it better' style.

 Additional information is available in the 2018 Sustainability Report available on our corporate website: www.arm.co.za.

COMPOSITION AND TERMS OF REFERENCE

The Committee's Terms of Reference were updated for King IV™ in F2018. The Committee monitors and oversees those functions set out in the Companies Act, as well as assumes responsibility for those matters assigned to it by the Board.

 Information on the composition of the Social and Ethics Committee, its Terms of Reference and its procedures is set out more fully in the Corporate Governance Report available at: www.arm.co.za.

PURPOSE AND FUNCTIONS

Legislation and Codes of Good Practice

The Committee is responsible for monitoring the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of good practice in the areas set out in the Companies Act. In respect of legal and regulatory requirements, during the year under review, the Committee, including:

- Discharged those regulatory obligations of a social and ethics committee as prescribed by Regulation 43(5) of the Companies Regulations
- Monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters
- Considered reports provided by management regarding compliance with legal requirements in terms of the Company's Legal Compliance Policy
- Received reports regarding the ongoing Competition Act, compliance online training programme and annual compliance certification
- Participated in training provided by independent parties in respect of the amendments to the B-BBEE Codes of Good Practice
- Received reports regarding compliance with the National Environmental Management Act, the National Water Act and other safety, health and environmental legislation
- Monitored risk areas affecting the sustainability of the business, together with the Audit and Risk Committee, and received a report about the findings of the annual Corporate Risk Workshop
- Monitored compliance with the Mining Charter and the Department of Trade and Industry targets as well as the Company's adoption of standards of good practice, in terms of its membership of the International Council on Mining and Metals and the Minerals Council South Africa
- Received training on the proposed amendments to the Mining Charter.



OPERATIONAL PERFORMANCE

Ethics and risk management

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All the Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of ARM. These principles are set out in our Code of Conduct.

The Committee received and considered reports regarding compliance with the Code of Conduct, including the online training programme. The Company followed up on an assessment to counteract risks of fraud, bribery and corruption. The Company has a whistleblowers' policy and the Committee received reports regarding the results of investigations of calls made to the independent whistleblowers' facility.



FINANCIAL RETURNS AND SOCIAL LICENCE TO OPERATE

ARM seeks to make a significant contribution towards addressing challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The Committee monitored and reviewed the implementation of policies regarding adding value to and giving to the communities in which ARM operates, including:

- Corporate Social Responsibility
- Local Economic Development, including infrastructure, enterprise development, and community development projects committed to under the Social and Labour Plans
- The projects of the ARM Broad-Based Economic Empowerment (BBEE) upliftment trusts

The Committee specifically focused on commitments in the priority areas:

- Health
- Education
- Sporting events
- Community capacity-building
- Arts and culture
- Job creation
- Infrastructure



A SAFE, HEALTHY AND SKILLED WORKFORCE

Human Resources

We are committed to fair labour practices and freedom of association. Our policies are aimed at eliminating unfair discrimination and promoting equality in line with, among others, the South African Constitution, the Labour Relations Act, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act. In addition, our policies are aligned with all other applicable legislation and the industry charter that governs employment relationships taking cognisance of the Universal Declaration on Human Rights, United Nations Global Compact, the Fundamental Human Rights Conventions of the International Labour Organisation and the International Labour Organisation Protocol on decent work and working conditions.

The Committee monitored and reviewed the implementation of labour policies, including:

- o Attraction, retention and development of skills to support the Company's growth plan
- o Transformation
- o Gender mainstreaming
- o Employment equity
- o Employee turnover
- o Learnerships and bursaries
- o Educational training and development of its employees
- o Literacy.

Safety and Health

We are committed to providing our employees with a safe and healthy work environment. During the year under review the Committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- o Safety performance
- o Occupational health and wellness
- o Pulmonary tuberculosis and HIV & Aids.



ENVIRONMENTAL STEWARDSHIP

The most material environmental matters considered by ARM are climate change and the responsible management of natural resources. The Committee monitored and reviewed the management of:

- o Climate change
- o Resource management, particularly energy and water use
- o Land management, including biodiversity, rehabilitation and closure planning.

Focus for F2019

- o Monitoring the improvement of safety and rollout of a critical control management system to enhance risk controls;
- o Oversight of transformation, gender mainstreaming and talent management initiatives;
- o Monitoring the continued implementation of enterprise development programmes, including supplier development initiatives; and
- o Continuing efforts to reduce carbon emissions and further improve our corporate water and climate change reporting process.

ASSURANCE

In terms of its Terms of Reference, the Committee, had oversight of the Company's appointment of an independent external sustainability assurance provider to provide assurance in respect of material elements of the 2018 Sustainability Report and of the sustainability section of the 2018 Integrated Annual Report, and reported to ARM's Audit and Risk Committee that the appointment was made.

Based on the foregoing, we are of the opinion that the Social and Ethics Committee has executed its duties and responsibilities during the financial year in accordance with the Companies Regulations and the Committee's terms of reference.

Dr Rejoice V Simelane

Chairman of the Social and Ethics Committee

29 October 2018

At the Annual General Meeting, the Committee Chairman will table the 2018 Sustainability Report which is the Committee's report to shareholders on the Company's performance with respect to relevant legislation and codes of good practice, social and economic development, labour, as well as safety, health and the environment.



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

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Sandton
2196

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Company Secretary

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Corporate Development and Head of Investor Relations
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Auditors

External auditor: Ernst & Young Inc.
Internal auditor: Deloitte & Touche Inc.

Bankers

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

Sponsors

Investec Bank Limited

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
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Website: www.computershare.co.za

Directors

Dr 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
A M Mukhuba
J P Möller*

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

* Independent Non-executive
** Non-executive

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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