

# ARM

African Rainbow Minerals



## 2019 CORPORATE GOVERNANCE REPORT





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#### OUR 2019 SUITE OF REPORTS

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



2019 INTEGRATED ANNUAL REPORT



2019 ANNUAL FINANCIAL STATEMENTS



2019 SUSTAINABILITY REPORT



2019 CORPORATE GOVERNANCE REPORT



2019 KING IV™ 1 APPLICATION REGISTER



2019 MINERAL RESOURCES AND RESERVES REPORT

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2019 Integrated annual report



2019 Annual financial statements



2019 Sustainability report



2019 Mineral Resources and Mineral Reserves report



2019 Corporate governance report



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



King IV™ application register

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



# CORPORATE GOVERNANCE REPORT

Our strategy is supported by high standards of corporate governance, which we review regularly to ensure robust reporting, strong relationships with our stakeholders and to align 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 regard for the principles of good corporate governance.

The unitary board of directors is the foundation of our corporate governance system and is accountable for our performance. The board retains effective control of the business through a clear governance structure and has established committees to assist it in line 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.

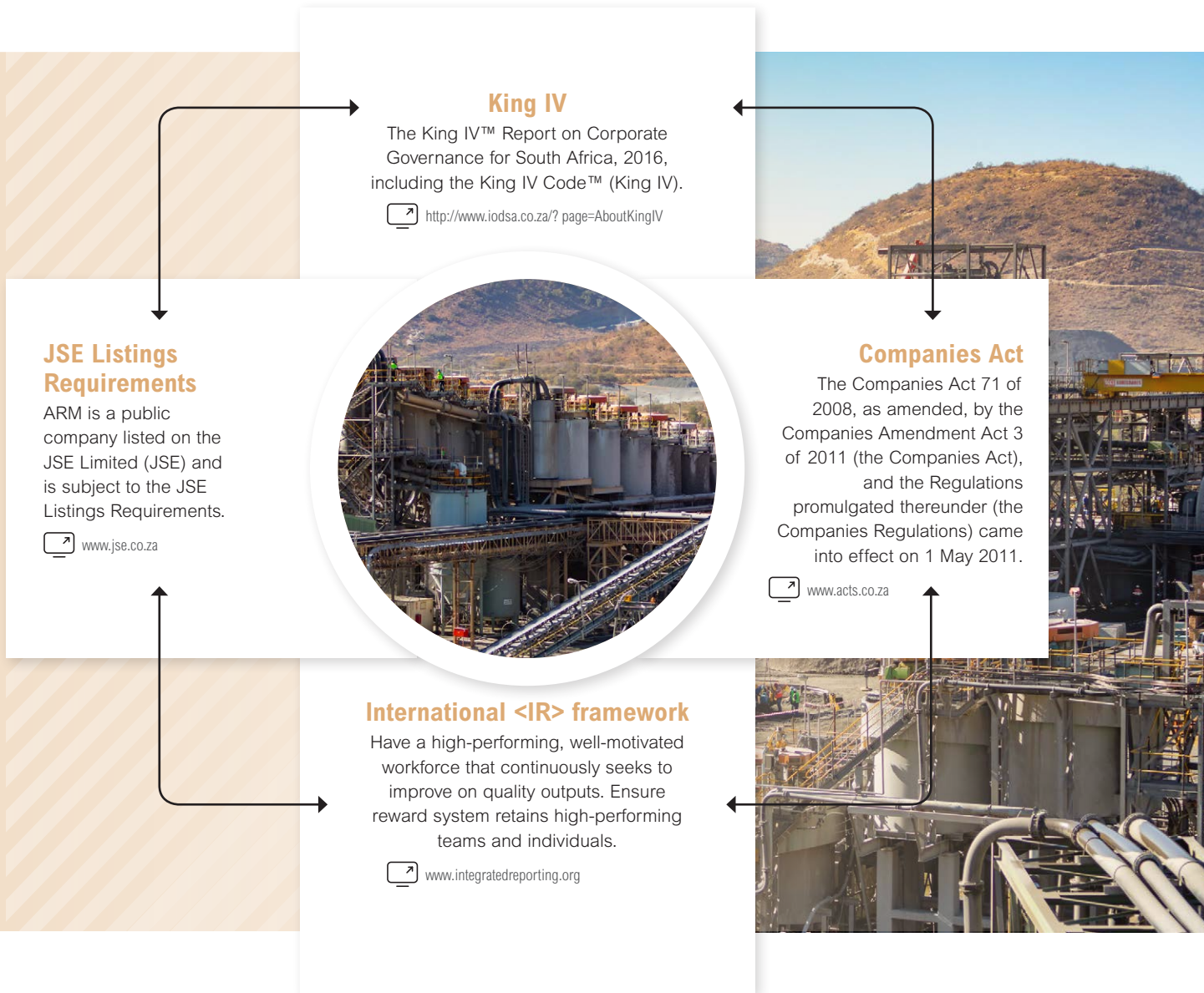
We continue to review our governance structures to ensure they support effective decision-making, establish a corporate culture aligned with ARM's purpose, foster sustainable growth and align to evolving best practice.

## 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 apply all applicable principles. We view developments and governance trends as opportunities to continuously improve and entrench our own standards. Practices affecting our divisions and operations are identified, assessed and addressed through action plans as well as regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports are presented, among others, to the ARM audit and risk committee and divisional audit committees.



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



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

**AFS** See the accounting policies in notes to the financial statements on pages 31 to 51 of the annual financial statements.

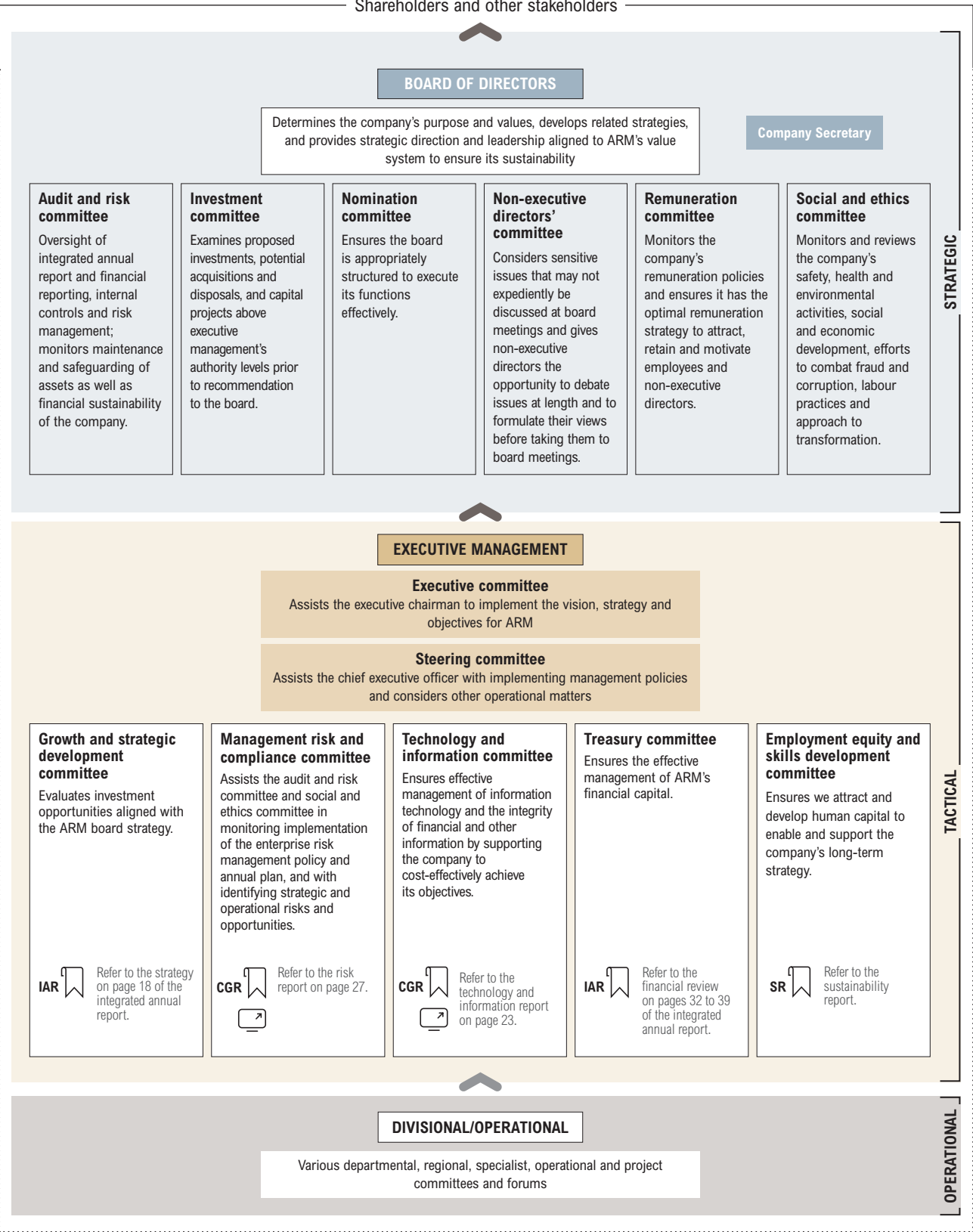
**IAR** See the reporting principles and frameworks on page 1 of the integrated annual report.

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

**IAR** **SR** See approach to sustainability on page 50 of the integrated annual report and the 2019 sustainability report on our corporate website: [www.arm.co.za](http://www.arm.co.za)

# Governance framework

Shareholders and other stakeholders



## BOARD OF DIRECTORS

Determines the company's purpose and values, develops related strategies, and provides strategic direction and leadership aligned to ARM's value system to ensure its sustainability

Company Secretary

**Audit and risk committee**  
Oversight of integrated annual report and financial reporting, internal controls and risk management; monitors maintenance and safeguarding of assets as well as financial sustainability of the company.

**Investment committee**  
Examines proposed investments, potential acquisitions and disposals, and capital projects above executive management's authority levels prior to recommendation to the board.

**Nomination committee**  
Ensures the board is appropriately structured to execute its functions effectively.

**Non-executive directors' committee**  
Considers sensitive issues that may not expediently be discussed at board meetings and gives non-executive directors the opportunity to debate issues at length and to formulate their views before taking them to board meetings.

**Remuneration committee**  
Monitors the company's remuneration policies and ensures it has the optimal remuneration strategy to attract, retain and motivate employees and non-executive directors.

**Social and ethics committee**  
Monitors and reviews the company's safety, health and environmental activities, social and economic development, efforts to combat fraud and corruption, labour practices and approach to transformation.

STRATEGIC

## EXECUTIVE MANAGEMENT

**Executive committee**  
Assists the executive chairman to implement the vision, strategy and objectives for ARM

**Steering committee**  
Assists the chief executive officer with implementing management policies and considers other operational matters

**Growth and strategic development committee**  
Evaluates investment opportunities aligned with the ARM board strategy.  
  
IAR Refer to the strategy on page 18 of the integrated annual report.

**Management risk and compliance committee**  
Assists the audit and risk committee and social and ethics committee in monitoring implementation of the enterprise risk management policy and annual plan, and with identifying strategic and operational risks and opportunities.  
  
CGR Refer to the risk report on page 27.

**Technology and information committee**  
Ensures effective management of information technology and the integrity of financial and other information by supporting the company to cost-effectively achieve its objectives.  
  
CGR Refer to the technology and information report on page 23.

**Treasury committee**  
Ensures the effective management of ARM's financial capital.  
  
IAR Refer to the financial review on pages 32 to 39 of the integrated annual report.

**Employment equity and skills development committee**  
Ensures we attract and develop human capital to enable and support the company's long-term strategy.  
  
SR Refer to the sustainability report.

TACTICAL

## DIVISIONAL/OPERATIONAL

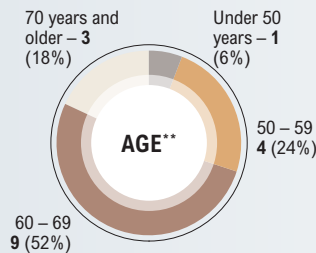
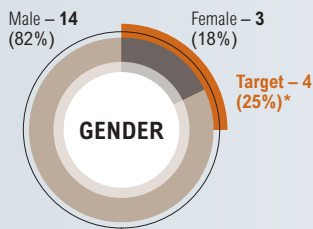
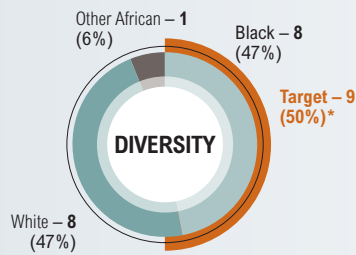
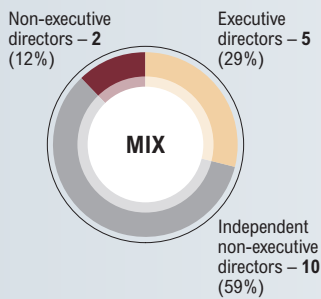
Various departmental, regional, specialist, operational and project committees and forums

OPERATIONAL

The complete King IV application register and IBIS ESG Assurance's comprehensive assurance statement in the 2019 sustainability report are available on the website: [www.arm.co.za](http://www.arm.co.za).

# BOARD OF DIRECTORS

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



\* Target in terms of the board-approved policy.  
 \*\* At the date of the 2019 annual general meeting.



1 **DR PATRICE MOTSEPE** <sup>(57)</sup> ●  
 Executive chairman



2 **MIKE SCHMIDT** <sup>(61)</sup> ●  
 Chief executive officer



3 **ABIGAIL MUKHUBA** <sup>(40)</sup> ●  
 Finance director



4 **ANDRÉ WILKENS** <sup>(70)</sup> ●  
 Executive director: growth and strategic development



5 **THANDO MKATSHANA** <sup>(50)</sup> ●  
 Executive director and chief executive: ARM Platinum

**LEGEND**

- South African
- Mozambican



**6 ALEX MADITSI** <sup>(57)</sup> ●  
Lead independent non-executive director



**7 FRANK ABBOTT** <sup>(64)</sup> ●  
Independent non-executive director



**8 DR MANANA BAKANE-TUOANE** <sup>(71)</sup> ●  
Independent non-executive director



**9 TOM BOARDMAN** <sup>(69)</sup> ●  
Independent non-executive director



**10 ANTON BOTHA** <sup>(66)</sup> ●  
Independent non-executive director



**11 JOAQUIM CHISSANO** <sup>(79)</sup> ●  
Independent non-executive director



**12 MANGISI GULE** <sup>(67)</sup> ●  
Independent non-executive director



**13 DAVID NOKO** <sup>(62)</sup> ●  
Independent non-executive director



**14 DR REJOICE SIMELANE** <sup>(67)</sup> ●  
Independent non-executive director



**15 BERNARD SWANEPOEL** <sup>(58)</sup> ●  
Independent non-executive director



**16 MIKE ARNOLD** <sup>(62)</sup> ●  
Non-executive director



**17 JAN STEENKAMP** <sup>(65)</sup> ●  
Non-executive director



## BOARD OF DIRECTORS continued

**① Dr Patrice Motsepe (57)**

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

**Executive chairman**

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 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.

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 Motsepe as one of the "100 Greatest Living Business Minds" in the world alongside many prominent global business leaders. He is the only person living on the African continent to be recognized and honoured as one of the "100 Greatest Living Business Minds" in the world.

Dr Motsepe is also the founder and Chairman of Ubuntu-Botho Investments, African Rainbow Capital (ARC), African Rainbow Energy and Power (AREP) and UBI General Partner Pty Ltd. 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).

His past business responsibilities include being the President of National African Federated Chamber of Commerce and Industry (NAFCOC) from 2002 to 2006, Founding President of Business Unity South Africa (BUSA) from January 2004 to May 2008, Founding President of Chambers of Commerce and Industry South Africa (CHAMSA), President of the Black Business Council (BBC), and the Founding Chairman of the BRICS (Brazil, Russia, India, China, South Africa) Business Council in March 2013.

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

- » World Economic Forum Global Leader of Tomorrow, 1999;
- » Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003;
- » South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- » African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009;
- » McGuireWoods Outstanding Alumnus Awards, 2009;
- » The Black Management Forum (BMF) Presidential Award for Business Excellence, 2010;
- » BRICS Business Council, Outstanding Leadership Award, 2014;
- » Harvard University Veritas Award for Excellence in Global Business and Philanthropy, 2014; and
- » 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, which is owned by the Motsepe family to the poor and for philanthropic purposes during his lifetime and that of his wife and beyond. In April 2019, Forbes Magazine stated that US\$500 million was donated by the Motsepe family to the poor and for philanthropic purposes.

**② Mike Schmidt (61)**

**Mine manager's certificate, MDP (INSEAD), PrCertEng**

**Chief executive officer**

*Appointed to the board in 2011*

Mike Schmidt joined ARM as executive: platinum operations in July 2007 after 13 years with Lonmin Platinum where he was vice president Limpopo operations when he left the company. Prior to that, he was employed by Hartebeestfontein Gold Mining Company. Mike was appointed chief executive officer designate of ARM and an executive director from 1 September 2011. He has been the chief executive officer of ARM since 1 March 2012.

**③ Abigail Mukhuba (40)**

**BCompt (Unisa), BCom (acc)(hons) (RAU), CA(SA), MCom (South African and international taxation) (RAU), MBA (UCT)**

**Finance director**

*Appointed to the board in 2017*

Abigail has over 17 years' 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 into the mining industry at Exxaro Resources Limited, where she led the group financial reporting team. Abigail joined ARM in 2016 as chief finance officer and, in 2017, she was appointed finance director. She is also a director of African Rainbow Capital.



#### 4 André Wilkens (70)

Mine manager's certificate of competency (South African College of Mining), management development programme (Unisa), risk management qualifications (Insurance Institute of America), mini-MBA (oil and gas executives) (Oil and gas conference, Houston USA)

**Executive director: growth and strategic development**

*Appointed to the board in 2004*

André Wilkens was appointed chief executive officer of ARMgold in 1998, and became chief operating officer of Harmony after its merger with ARMgold in 2003. André subsequently served as chief executive of ARM Platinum, a division of ARM. André was appointed as chief executive officer and a director of ARM in 2004. With the appointment of Mike Schmidt as ARM's chief executive officer in March 2012, André became executive director: growth and strategic development, based in the office of the executive chairman. The balance of his 48 years' mining experience was gained with Anglo American Corporation of South Africa, where he began 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 Proprietary Limited.

#### 5 Thando Mkatshana (50)

National higher diploma (coal mining) (Wits Technikon), BSc Eng (mining) (Wits), MDP and MBA (Stellenbosch University)

**Executive director and chief executive: ARM Platinum**

*Appointed to the board in 2015*

Thando Mkatshana has over 25 years of experience in the mining industry. His career started with Anglo American Coal in 1988, where he gained extensive production experience at various 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 and 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 ArcelorMittal South Africa Limited before joining ARM in 2011 as executive: coal operations. He was appointed chief executive: ARM Coal in 2012 and assumed additional responsibilities as chief executive: ARM Copper in 2015. In February 2017, Thando was appointed chief executive: ARM Platinum.

#### 6 Alex Maditsi (57)

BProc (University of the North), LLB (Wits), HDip company law (Wits), LLM company and labour law (Pennsylvania, USA), LLM international commercial law (Harvard, USA)

**Lead independent non-executive director**

**Chairman of nomination and non-executive directors' committees; member of audit and risk, investment, remuneration and social and ethics committees**

*Appointed to the board in 2004*

Alex Maditsi became lead independent non-executive director in 2015. He is managing director of Copper Moon Trading (Pty) Ltd. Previously he was employed by Coca-Cola South Africa as a franchise director for South Africa, country manager for Kenya, and senior director: operations planning and legal director for Coca-Cola Southern and East Africa. Prior to that company, he 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 member of the Harvard LLM Association. His directorships include African Rainbow Energy and Power (Pty) Ltd, Bidvest Group Limited, Murray & Roberts and Sterling Debt Recoveries (Pty) Ltd.

#### 7 Frank Abbott (64)

BCom (University of Pretoria), CA(SA), MBL (Unisa)

**Independent non-executive director**

**Member of investment and non-executive directors' committees**

*Appointed to the board in 2004*

Frank Abbott joined Rand Mines Group in 1981, gaining broad financial management experience at operational level. He was a director of various listed gold-mining companies and was appointed financial director of 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. He was reappointed as financial director of Harmony in February 2012.

## BOARD OF DIRECTORS continued

**8 Dr Manana Bakane-Tuoane (71)**

**BA (economics and statistics) (University of Botswana, Lesotho and Swaziland), MA (econ, international trade) (University of Oregon, USA), PhD (econ) (University of Saskatchewan, Canada)**

**Independent non-executive director**

**Member of audit and risk, nomination, non-executive directors', remuneration and social and ethics committees**

*Appointed to the board in 2004*

Dr Manana Bakane-Tuoane served as ARM's lead independent non-executive director from 2009 to 2015. She has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho, University of Saskatchewan (sectional lecturer), and University of Fort Hare as head of department and associate professor. During this part of her career, she was seconded to work in the public service, where she has held senior management positions since 1995. At the same time, she has been a member and office bearer of international organisations such as Winrock International and the African Economic Research Consortium. She is also a trustee of certain Sanlam trusts. Manana was special advisor to the ministers of social development, water and environmental affairs as well as environmental affairs from 2009 to 2015.

**9 Tom Boardman (69)**

**BCom (Wits), CA(SA)**

**Independent non-executive director**

**Chairman of audit and risk committee; member of non-executive directors' and remuneration committees**

*Appointed to the board in 2011*

Tom Boardman was chief executive of Nedbank Group Limited from 2003 to 2010. Before that, he was chief executive and executive director of BoE Limited, 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 1986. The Boardmans chain is now owned by Edcon. He was also previously managing director of Sam Newman Limited and worked for the Anglo American Corporation. He served his articles at Deloitte.

He served as a non-executive director of Nedbank Limited from 2010 to 2017, chairing the credit and capital and risk committees. He was a director of listed Swedish investment company, Kinnevik, from 2011 to 2018, and chairman for the last two years.

He is currently a non-executive director of African Rainbow Minerals Limited, Woolworths Holdings and Royal Bafokeng Holdings, Ubuntu-Botho Investments, African Rainbow Capital Proprietary Limited and African Rainbow Energy and Power Proprietary Limited. He is also a non-executive director and chairman of Millicom International Cellular, one of the major mobile and cable network operators in Central and South America and listed on the Swedish stock exchange. He is chairman of Anzor Limited, a private equity holding company based in the United Kingdom, a director of The Peace Parks Foundation and trustee for a number of other charitable foundations.

**10 Anton Botha (66)**

**BCom (marketing) (University of Pretoria), BProc (Unisa), BCom (hons) (University of Johannesburg), SEP (Stanford)**

**Independent non-executive director**

**Chairman of remuneration committee; member of audit and risk, investment, non-executive directors' committees**

*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 is also a non-executive director of the University of Pretoria, Sanlam Limited and certain Sanlam subsidiaries.

**11 Joaquim Chissano (79)**

**PhD Honoris Causa (Stellenbosch University), LLD Honoris Causa (St John's University, USA)**

**Independent non-executive director**

**Member of nomination, non-executive directors' and social and ethics committees**

*Appointed to the board in 2005*

Joaquim Chissano is a former president of Mozambique and has served that country in many capacities, initially as a founding member of the Frelimo movement in the struggle for independence. After independence in 1975, he was appointed foreign minister and became president in 1986. He declined to stand for a further term of office in 2004. His presidency began during a devastating civil war and ended as the economy was being reconstructed. He was chairman of the African Union from 2003 to 2004. Joaquim is also a non-executive director of Harmony Gold Mining Company. In 2006, he was awarded the annual Chatham House Prize for significant contributions to the improvement of international relations. He also received the inaugural Mo Ibrahim Prize for achievement in African leadership in 2007 and has been awarded a number of honorary degrees.

**12 Mangisi Gule (67)**

**BA (hons) (Wits), PDM (Wits Business School)**

**Independent non-executive director**

**Member of non-executive directors' committee**

*Appointed to the board in 2004*

Mangisi Gule was appointed as an executive director in 2004, chief executive of ARM Platinum in 2005 and chief executive of ARM Coal from 2007 to 2012. He served as executive director: corporate affairs until 2013 and has been a non-executive director of the company since 2013. Mangisi has extensive experience in management, training, human resources, communications, corporate affairs and business development. Apart from his academic qualification in business management, he has proven experience in leadership and mentorship. He has been a lecturer, chairman of professional bodies and a member of various executive committees and associations. He has also been an executive director of ARMgold and Harmony.



### 13 David Noko (62)

Higher diploma (mech eng) (Wits Technikon), management development programme (Wits), postgraduate diploma (company directorships) (Graduate Institute of Management & Technology), MBA (Heriot-Watt University), senior executive programme (London Business School)

**Independent non-executive director**

**Member of investment, non-executive directors' and social and ethics committees**

*Appointed to the board in 2017*

David Noko is an internationally-renowned business leader. He worked for South African Breweries, Pepsi Cola International and in senior and executive roles at Air Chefs Proprietary Limited and De Beers Consolidated Mines Limited. Most recently and until his retirement in February 2019, he was an executive at AngloGold Ashanti Limited, responsible for the group sustainable development portfolio. A member of the Institute of Directors, his experience, qualifications and business acumen have seen him serve on the boards of Royal Bafokeng Platinum Limited, Harmony and AstraPak Limited. In August 2019, David was appointed as a member of the Council of the University of the Free State.

### 14 Dr Rejoice Simelane (67)

BA (economics and accounting) (University of Botswana, Lesotho and Swaziland), MA (econ) (University of New Brunswick, Canada, and University of Connecticut, USA), PhD (econ) (University of Connecticut), LLB (Unisa)

**Independent non-executive director**

**Chairman of social and ethics committee; member of audit and risk, nomination and non-executive directors' committees**

*Appointed to the board in 2004*

Rejoice Simelane began her career at the University of Swaziland as a lecturer in economics. Between 1998 and 2001, she worked at the Department of Trade and Industry as well as National Treasury. She then served as a special economics advisor to the premier of Mpumalanga until 2004, when she was appointed chief executive of Ubuntu-Botho Investments, a position she held until 2016. While she remains an executive director of Ubuntu-Botho Investments, she is also a non-executive director of its wholly owned subsidiary, African Rainbow Capital Proprietary Limited. Other directorships include Sanlam Limited, Mamelodi Sundowns Football Club, and African Rainbow Energy and Power Proprietary Limited. She is also a member of the Premier Soccer League executive committee. A CIDA scholarship recipient and Fulbright fellow, Rejoice was a member of the presidential economic advisory panel under president Mbeki until 2009 and served on the board of the Council for Medical Schemes from 2008 to 2011.

### 15 Bernard Swanepoel (58)

BSc (min eng) (University of Pretoria), BCom (hons) (Unisa)

**Independent non-executive director**

**Chairman of investment committee; member of social and ethics and non-executive directors' committees**

*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, and was appointed chief executive officer of Harmony in 1997. In 2007, he left Harmony to start To-the-Point Growth Specialists. Bernard is a non-executive director of Zimplats Limited, Impala Platinum Holdings Limited, African Rainbow Energy and Power Proprietary Limited and Omnia Holdings Limited.

### 16 Mike Arnold (62)

BSc eng (mining geology) (Wits), BCompt (hons) (Unisa), CA(SA)

**Non-executive director**

**Member of investment and non-executive directors' committees**

*Appointed to the board in 2009*

Mike Arnold's career started in the mining industry in 1980 as a geologist for Anglo American Corporation. He qualified as a chartered accountant in 1987. Mike joined ARM in 1999 as the group financial manager of Avgold Limited and, in 2003, was appointed financial director. He became executive: finance of ARM in 2004, chief financial officer in 2008 and financial director in 2009. After eight years in that role, Mike retired in 2017, but remains on the ARM board as a non-executive director. Since retiring, he has joined the boards of African Rainbow Capital Proprietary Limited and African Rainbow Energy and Power Proprietary Limited.

### 17 Jan Steenkamp (65)

National mining diploma (Witwatersrand Technical College), executive development programme (Wits Business School)

**Non-executive director**

**Member of investment, non-executive directors' and social and ethics committees**

*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 in the gold, copper, manganese, iron ore and chrome sectors. He was appointed managing director of Avgold Limited in 2002 and served on the board of Assmang Limited. In 2003, he was appointed to the Avmin board and became chief executive officer in July 2003 after serving as chief operating officer. He later served as chief executive of ARM Ferrous and an executive director on the ARM board from 2005 to 2012. He was appointed chief executive of ARM exploration and strategic services in 2012 until retiring in 2017. Jan is also a non-executive director of African Rainbow Energy and Power Proprietary Limited.

BOARD OF DIRECTORS continued

### Diversity and inclusion

We recognise the benefits of a diverse board. The board adopted a policy on promoting gender and racial diversity and inclusion to ensure that, by the end of calendar 2018, it would comprise at least 50% black board members, of which 25% would be black women.

We have balanced black and white representation on the board. We continue our efforts to increase female representation and have found an in depth plan to restructure the board composition.

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 achieving these targets.

### Independence

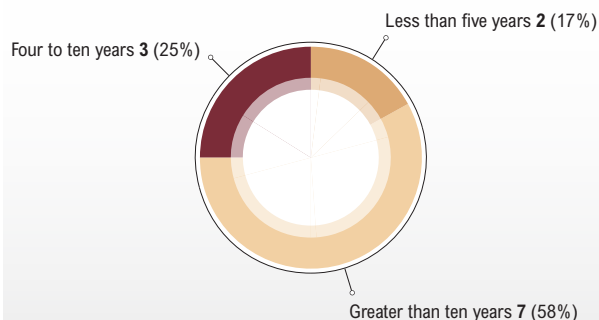
Independent non-executive directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities.

All directors have a duty to act with independence of mind in the best interests of the company. The board believes the independent non-executive directors are of the appropriate calibre, diversity and number for their views to carry significant weight in its 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 these directors, and with due regard to the relevant criteria set out in King IV and the JSE Listings Requirements, character and judgement are considered, along with any relationships or circumstances that are likely to affect, or could appear to affect, their judgement.

Any term in office by an independent non-executive director exceeding nine years is rigorously reviewed by the board. The independence assessment considers relationships or circumstances likely to affect, or appearing to affect, the relevant director's character and judgement. The board concluded that, in each case, the director's independence of character and judgement was not impaired by length of service.

#### TENURE: NON-EXECUTIVE DIRECTORS



### Independence and consultancy

The independence of Mr JA Chissano, who receives consultancy fees, was considered. Given his extensive relationships with various leaders of African countries, Mr Chissano assists in facilitating high-level business discussions and introductions. His specific assignments are determined by the executive chairman and chief executive officer, and fees paid for these services are market-related. As such, the board is satisfied that this aspect does not impair his independence.

In addition, two non-executive directors, Messrs M Arnold and JC Steenkamp, had consultancy agreements with the company in F2019. They are not considered independent as they were executives of ARM in the previous three years and they benefit from ARM's share incentive schemes.

**CGR** For additional information about consultancy agreements, see remuneration report on page 53 of this report.

### Executive chairman, lead non-executive director and chief executive officer

The roles of the executive chairman and chief executive officer are separate and distinct.

Dr PT Motsepe is the executive chairman of the company and not independent. He is also a significant shareholder of ARM. The company is satisfied that his non-independence is properly addressed by the composition of the board and particularly by appointing a lead independent non-executive director, Mr AK Maditsi, as required by King IV.

**AFS** For further information, see shareholder analysis on page 121 of 2019 annual financial statements.

The board charter documents the role and responsibilities of the executive chairman and 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 general requirements for re-electing directors set out in ARM's memorandum of incorporation and discussed below, the executive chairman and lead independent non-executive director must be elected by the board annually. Dr Motsepe and Mr Maditsi were re-elected to their respective roles for one year from 1 January 2019.

The chief executive officer is appointed by the board. He does not hold any external board appointments, although he represents the company at the Minerals Council South Africa.



## Board charter

The board charter was most recently amended in June 2019, guiding directors on the board's responsibilities, authority, composition, meetings and 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 related strategies.
- » Being the focal point for, and custodian of, good corporate governance by managing the board's relationship with management, shareholders of ARM and other stakeholders.
- » Providing strategic direction and leadership aligned to ARM's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring their implementation as well as approving their capital funding, aimed at sustainably achieving ARM's long-term strategy and vision.
- » Ensuring 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 ensure the integrity of risk management and internal controls to protect ARM's assets and reputation.
- » Monitoring and ensuring compliance with the company's policies, codes of best business practice, 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, reserving certain powers for itself and delegating other matters to ARM management.
- » Ensuring the company's annual financial statements are prepared and presented before a duly convened annual general meeting.
- » Ensuring 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 communications with stakeholders.
- » Considering recommendations made by the nomination committee on new directors and reappointing retiring directors, both as executive and non-executive directors.
- » Ensuring that the competency and other attributes of directors are suitable for their appointment in that capacity and for intended roles 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 a succession plan for executive directors and senior management is implemented.
- » Selecting and appointing suitable candidates as chairmen and members of board committees.
- » Ensuring annual performance evaluations of the board, executive chairman, chief executive officer, other individual directors as well as board committees and their chairmen are conducted.
- » Ensuring the board comprises an appropriate balance of executive and non-executive directors, with the majority of non-executive directors being independent and ensuring that directors have the relevant knowledge, skills and experience to govern the company efficiently.

The 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.

BOARD OF DIRECTORS continued

**Board experience**

Our success is founded on a clear strategy, which delivers competitive returns and sustainable value. The board draws on the wealth of knowledge and experience of its members to guide the company in achieving its strategic priorities. With a deep understanding of our values, each director has and makes a valuable contribution to the responsible governance of the company.

The board has members of the appropriate calibre to provide the company with strategic direction. The breadth of specific and complementary skills of directors is illustrated below.

Directors	Commercial and business acumen	Economics	Engineering	Executive leadership	Financial acumen	Financial experience	Financial expert (including CA(SA))	Governance	Government relations experience	Human resources best practice	International experience	Legal and regulatory compliance
<b>Executive</b>												
Dr PT Motsepe (executive chairman)	●			●	●			●	●		●	●
MP Schmidt (CEO)	●		●	●	●			●		●	●	●
AM Mukhuba	●	●		●	●	●	●	●			●	●
AJ Wilkens	●		●	●							●	
HL Mkatshana	●		●	●	●			●	●	●	●	
<b>Non-executive</b>												
AK Maditsi (lead independent)	●			●				●	●	●	●	●
F Abbott (independent)	●			●	●	●	●	●			●	●
M Arnold	●		●	●	●	●	●	●			●	●
Dr MMM Bakane-Tuoane (independent)		●						●	●			
TA Boardman (independent)	●			●	●	●	●	●		●	●	●
AD Botha (independent)	●	●		●	●	●	●	●	●		●	●
JA Chissano (independent)								●	●	●	●	
WM Gule (independent)				●				●		●		
DC Noko (independent)	●		●	●				●	●	●	●	
Dr RV Simelane (independent)		●		●	●	●		●	●		●	●
JC Steenkamp	●		●	●		●		●				
ZB Swanepoel (independent)	●		●	●	●	●		●		●	●	

**Key**

- Top three areas in which a director has more than 10 years' experience
- Other skills and experience



The range and depth of skills and expertise on our board has been invaluable as we navigate the current social, political, economic and environmental challenges and opportunities.

Directors	Mining	Mining and technical expertise	Mining strategy	Occupational health and safety	Operational experience	Risk management	Stakeholder engagement	Strategic leadership	Sustainability best practice	Tax expertise	Technical insight	Technology and information	Transformation best practice
<b>Executive</b>													
Dr PT Motsepe (executive chairman)	●		●			●	●	●	●				●
MP Schmidt (CEO)	●	●	●	●	●	●	●	●	●		●	●	●
AM Mukhuba	●					●		●		●		●	
AJ Wilkens	●	●	●		●			●			●		
HL Mkatshana	●	●	●	●	●	●	●	●			●		
<b>Non-executive</b>													
AK Maditsi (lead independent)	●				●		●	●					
F Abbott (independent)						●		●		●			
M Arnold	●	●	●					●		●	●		
Dr MMM Bakane-Tuoane (independent)	●						●	●	●				●
TA Boardman (independent)			●			●	●	●	●				●
AD Botha (independent)	●		●	●	●	●	●	●	●	●		●	
JA Chissano (independent)								●					
WM Gule (independent)	●		●			●	●	●					●
DC Noko (independent)	●	●	●	●	●	●	●	●	●		●		
Dr RV Simelane (independent)			●	●			●	●	●				●
JC Steenkamp	●	●			●	●	●	●	●		●		●
ZB Swanepoel (independent)	●	●	●	●	●	●	●	●		●	●		

**Key**

- Top three areas in which a director has more than 10 years' experience
- Other skills and experience

For more information on how the company delivers competitive returns and sustainable value, see pages 18 and 19 of the integrated annual report.

## Election, re-election induction, succession and performance assessment

### Election and re-election

The memorandum of incorporation requires that one-third of 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. Messrs F Abbott, M Arnold, DC Noko and JC Steenkamp are required to retire by rotation. They have made themselves available for re-election at the annual general meeting on Friday, 6 December 2019.

### Induction and continuing education

Newly-appointed directors receive a comprehensive information pack, including the memorandum of incorporation, board charter, terms of reference of board committees, board policies and other relevant documents relating. In addition, key legislation and regulations, as well as corporate governance, financial and reporting documents, including minutes and administrative documents, are provided. Directors are encouraged to attend courses providing information and training on 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 succession planning for executive directors.

**CGR**  For more on the nomination committee, see page 19.

The company has a succession plan for executive directors and senior management.

### Performance assessment

The effectiveness of the board and committees is assessed annually. Independent external advisors assisted the nomination committee in evaluating the board, committees, executive chairman and company secretary. We believe that involving external advisors assists in ensuring a rigorous and impartial evaluation process, which improves the board's effectiveness.

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.

In the F2019 assessment process, the board considered its responsibilities in terms of its charter and was satisfied it had fulfilled these.

In addition to finding that the board functioned well, the assessment acknowledged the importance of the refinement of the capital allocation guiding principles, the decisions to improve operational performance and the continued focus on the diversity of the board. The findings of the F2019 assessment were considered by the board in 2019 and a copy of the findings were provided to the external auditor.

## Company secretary

All directors have access to the services and advice of the company secretary, Ms AN D'Oyley (BCom, LLB, LLM). She is not a director of ARM and maintains an arm's-length relationship with the board.

The company secretary supports the board as a whole, and directors individually, by providing guidance on how to fulfil their related responsibilities 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 line with the requirements of the Companies Act. In August 2019, on recommendation of the nomination committee, the board considered details of her competence, qualifications and experience as well as results of the F2019 board assessment. The board remains satisfied with the competency and experience of the company secretary.

### F2019 assessment

The F2019 assessment focused on the effectiveness of the board, and included:

- » Board composition
- » Board meetings and content
- » Roles of the executive chairman and company secretary
- » Board accountability
- » Appointment, induction and training of directors and succession planning
- » Performance evaluation and remuneration
- » Board committees
- » Communication and stakeholder relations
- » 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
- » Ethics.

**CGR**  Performance assessments of all executive directors, including the executive chairman and chief executive officer, are undertaken annually and form the basis of their remuneration as discussed in part II of the remuneration report on page 43.

## Board meetings

The board meets at least four times a year to consider the business and strategy of ARM. It reviews reports of the chief executive officer, finance director, divisional chief executives and other senior executives, chairmen of committees and independent advisors. In F2019, four board meetings, a budget workshop and two-day strategy session were held.

Agendas for board meetings are prepared by the company secretary in consultation with the executive chairman, chief executive officer, finance director and 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 on 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.

Members of the board and senior executives consider the budget and review the company's three-year financial plan at the board's annual budget workshop. ARM's strategy is considered in detail at the annual bosberaad (strategy meeting) for directors and senior management.

## Advice and information

There is no restriction 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 on the affairs of the company.

## F2019 BOARD AND COMMITTEE MEETING ATTENDANCE

	Board	Budget workshop	Bosberaad	Audit and risk committee	Investment committee	Nomination committee	Non-executive directors' committee	Social and ethics committee	Remuneration committee
<b>Number of meetings<sup>1</sup></b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>
PT Motsepe, Dr (executive chairman)	4	1	2	–	–	–	–	–	–
MP Schmidt (chief executive officer)	4	1	2	–	–	–	–	–	–
F Abbott <sup>2</sup>	4	1	2	1	3	–	4	–	1
M Arnold	4	1	2	–	3	–	4	–	–
MMM Bakane-Tuoane, Dr	4	1	2	7	–	5	4	4	5
TA Boardman	4	1	2	7	–	–	4	–	5
AD Botha	4	1	2	7	3	–	4	–	5
JA Chissano <sup>3, 4</sup>	1	–	–	–	–	1	1	–	–
WM Gule	4	1	2	–	–	–	4	–	–
AK Maditsi	4	1	2	7	3	5	4	4	5
HL Mkatshana	4	1	2	–	–	–	–	–	–
JP Möller <sup>4, 5</sup>	3	1	2	7	3	–	3	–	5
AM Mukhuba	4	1	2	–	–	–	–	–	–
DC Noko <sup>6</sup>	4	1	2	–	–	–	4	–	–
RV Simelane, Dr <sup>4</sup>	4	1	2	6	–	5	4	3	–
JC Steenkamp	4	1	2	–	2	–	4	4	–
ZB Swanepoel	4	1	2	–	3	–	4	4	–
AJ Wilkens	4	1	2	–	–	–	–	–	–

<sup>1</sup> Includes attendance at board meetings by directors of the company and attendance at committee meetings by committee members.

<sup>2</sup> Mr F Abbott was a member of the remuneration committee until his resignation from the committee on 10 October 2018. He was also a member of the audit and risk committee and did not stand for re-election to the committee in December 2018.

<sup>3</sup> Mr JA Chissano was appointed as a member of the social and ethics committee in August 2019, subsequent to the reporting period. As a former head of state, Mr Chissano was excused from certain board and committee meetings as he chaired or was a member of a number of initiatives regarding peace and stability, HIV and Aids, and collaboration among African, Asian and European states.

<sup>4</sup> Absent with leave of board or committee. Each director or committee member received meeting materials beforehand and contributed as necessary.

<sup>5</sup> Mr JP Möller resigned from the board effective 30 June 2019 to pursue other interests.

<sup>6</sup> Mr DC Noko was appointed as a member of the investment and social and ethics committees in August 2019, subsequent to the reporting period.



BOARD OF DIRECTORS continued

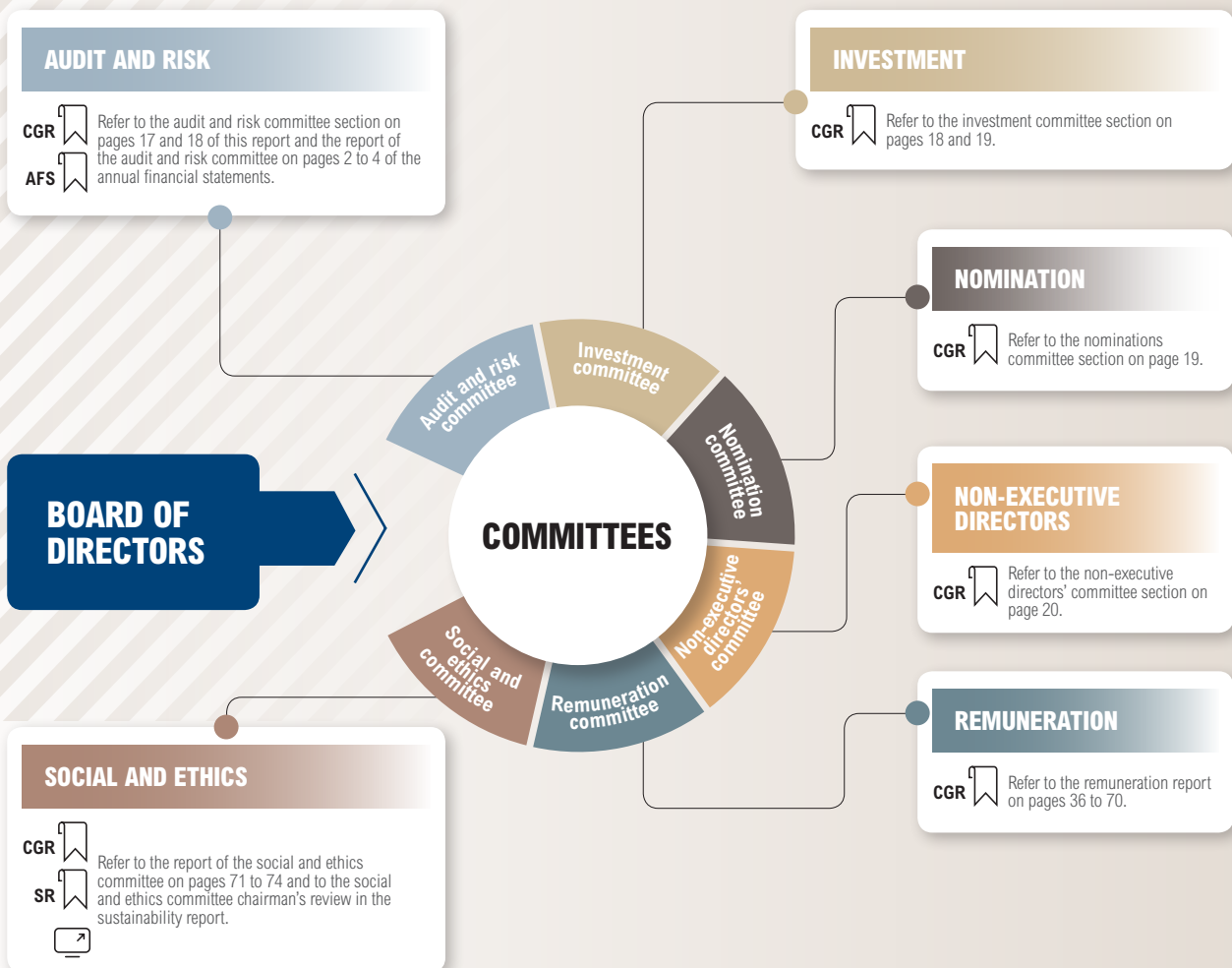
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**FOCUS AND ADDING VALUE**

In the review period the board focused on:

- » Developing the capital allocation guiding principles
- » Finalising the dividend guiding principles
- » Approval of silicosis settlement agreement
- » Optimising our portfolio of assets, including approval of the Modikwa chrome plant and decisions resulting from Nkomati Mine's change in economic life-of-mine
- » Acquisition of Machadodorp Works
- » Proposals to grow the ARM Ferrous division and optimise efficiencies at Sakura
- » Introducing amendments to the remuneration policy, including a new conditional share plan with new performance criteria and a malus and clawback policy.

**Board and committees**



# COMMITTEES

## Our board and committees

The board has established committees to assist with fulfilling its responsibilities in line with the provisions of its charter, promote independent judgement and ensure a balance of power. The board acknowledges that delegating authority to these committees does not detract from its responsibility to discharge its fiduciary duties to the company.

Each committee is chaired by an independent non-executive director, and has its own terms of reference.

The committees' terms of reference are reviewed annually by the board. These set out their roles and responsibilities, functions, scope of authority and composition. In 2019, the board approved amendments to all the committees' terms of reference.

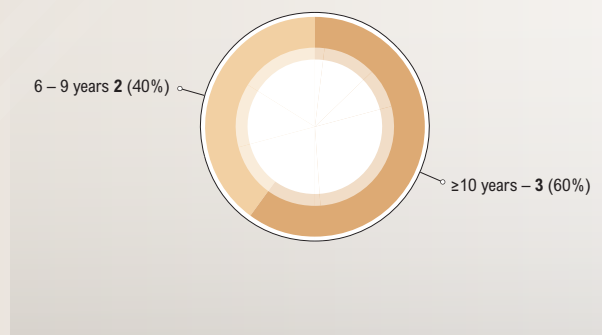
The F2019 assessment process concluded that each committee was satisfied it had fulfilled its responsibilities against its terms of reference.

The qualifications and experience of each committee member are included under board experience on pages 12 and 13.

## Audit and risk committee

Member	Member since
TA Boardman (chairman)	February 2011
Dr MMM Bakane-Tuoane	July 2008
AD Botha	June 2010
AK Maditsi	July 2004
Dr RV Simelane	July 2004

### TENURE: 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 on pages 2 to 4 of the annual financial statements.

## Composition

The audit and risk committee comprises five independent non-executive directors. Mr JP Möller resigned from the board on 30 June 2019 to pursue other interests. Mr F Abbott did not stand for re-election to the committee in December 2018. Committee members have extensive relevant experience. In line with the guidelines in King IV, the committee chairman is an independent non-executive director, a CA(SA) and a financial expert. The chief executive officer, finance director and other senior executives attend meetings at the committee's request.

## Meetings

The 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 in F2019.

**CGR** See meeting attendance summary on page 15.

## Responsibilities

The primary objective of the audit and risk committee is to assist the board in discharging its duties in safeguarding ARM's assets; operating adequate systems, internal controls and control processes; and preparing 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 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 all tasks assigned to the committee are considered at least once a year.

## Focus and adding value

In adding value to the company and its governance in the review period, the audit and risk committee executed its duties and responsibilities, in line with its terms of reference, for oversight of 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
- » 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 that may have an impact on the financial statements
- » Management's action on internal audit findings

COMMITTEES 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 acquisition of Assore's effective 50% interest in Machadodorp Works
- » The accounting for the ARM Coal loan re-measurement gain.

**CGR**  For the committee's risk management activities, see page 27 of this report.

In F2020, the audit and risk committee will consider, *inter alia*:

- » The effective operation of the group and company's financial systems, processes and controls, and their capacity to respond to industry and environment changes
- » Management's implementation of the financial provisioning regulations of the National Environmental Management Act and other pronouncements and standards
- » The impact of developments in the audit industry to ensure continued audit independence and objectivity.

**Financial reporting process**

The audit and risk committee oversees the company's financial reporting process on behalf of the board, which is responsible for preparation of the financial statements and maintaining effective internal control over financial reporting.

It meets with the internal and external auditors regularly 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 scope and plans for the respective audits of ARM's internal and external auditors. These auditors are invited to attend committee meetings.

The committee performs its review function over all ARM's operations. To assist the committee with these reviews, all operational joint ventures have audit committees. The chairmen of the audit committees of subsidiaries and joint ventures report to the ARM audit and risk committee, highlighting areas of concern and remedial action by management. In addition, minutes of audit committee meetings as well as internal and external audit reports of all operations are submitted to the ARM 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 2019 review, the committee is satisfied with the finance director's performance and she 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, believes 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.

On the recommendation of the 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 PD Grobbelaar be appointed as the designated individual auditor for F2020. EY and Mr Grobbelaar are registered with the JSE as per the JSE Listings Requirements.

The principles for using 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 may not exceed R200 000, excluding value-added tax and disbursements. Matters for which the fee will exceed R200 000 must be preapproved by the audit and risk committee. The policy also prescribes permitted non-audit services. In F2019, total group non-audit service fees were nil (F2018: R1 million).

**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, reviews 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 corrective action by management to improve control systems, are reported to the audit and risk committee and board.

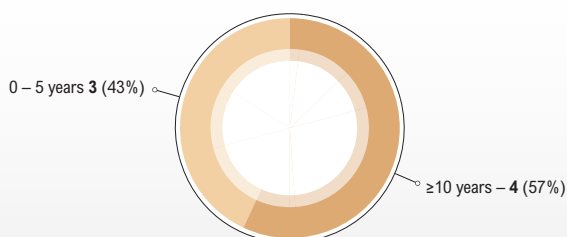
**CGR**  The management risk and compliance committee reports to the audit and risk committee and its report appears on pages 20 to 21 and pages 27 to 36.

**Investment committee**

Member <sup>1</sup>	Member since
ZB Swanepoel (chairman)	July 2004
F Abbott	August 2009
M Arnold	October 2018
AD Botha	August 2009
AK Maditsi	February 2007
DC Noko	August 2019
JC Steenkamp	April 2018

<sup>1</sup> Mr JP Möller resigned from 30 June 2019 to pursue other interests.

**TENURE: INVESTMENT COMMITTEE**





## Composition

The investment committee comprises seven non-executive directors of whom five are independent. Mr JP Möller resigned from the board and investment committee on 30 June 2019 to pursue other interests. The appointments of Messrs M Arnold, DC Noko and JC Steenkamp added skills and expertise. Invitees include the chief executive officer, finance director, executive: growth and strategic development, executive: corporate development, group executive: legal, and divisional chief executives. Other senior executives and external advisors attend as required.

## Responsibilities

The investment committee's purpose is to monitor implementation of the capital allocation model and consider substantial investments proposed by management, including mining projects, asset acquisitions and disposals, and to make appropriate recommendations to the board. It also reviews results after completing each project.

## Meetings

The investment committee is required to meet at least once a year. Three meetings were held in F2019.

**CGR** See meeting attendance summary on page 15.

## Focus and adding value

In adding value to ARM's governance in the review period, the committee focused on:

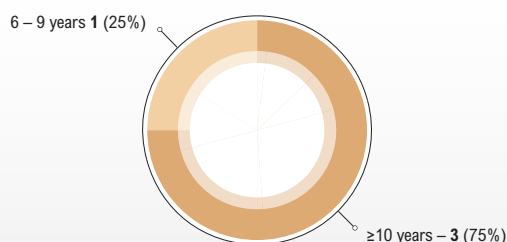
- » Monitoring the restructuring of loss-making operations, including approval of the Modikwa chrome plant and the changes in Nkomati Mine's economic life-of-mine
- » Monitoring proposals to grow the ARM Ferrous division and optimise efficiencies at Sakura.

In F2020, the committee will continue to monitor proposals to optimise our portfolio.

## Nomination committee

Member	Member since
AK Maditsi (chairman)	July 2004
Dr MMM Bakane-Tuoane	August 2009
JA Chissano	August 2012
Dr RV Simelane	August 2009

### TENURE: NOMINATION COMMITTEE



## Composition

The nomination committee comprises four independent non-executive directors. It assists the executive chairman to lead the annual performance evaluation of the chief executive officer and other directors as well as evaluations of the board as a whole and its committees. It assists the lead independent director with the annual performance evaluation of the executive chairman, assisted by the company secretary.

**CGR** For additional information, refer to performance assessment on page 14.

## Responsibilities

The nomination committee is responsible, inter alia, for establishing formal and transparent procedures for appointing directors; recommending to the board suitable candidates for appointment as members and chairs of its committees; ensuring compliance with the provisions of the memorandum of incorporation governing rotation of directors; and making recommendations to the board on the eligibility of retiring directors for re-election.

The committee is also responsible for evaluating the board and its committees; developing a formal induction programme for new directors; and overseeing access by directors to external continuing professional development programmes.

It reviews the structure, composition and size of the board and makes recommendations to the board on any changes considered necessary to enhance the effectiveness of the board, including recommendations on the general composition of the board and balance between executive and non-executive directors. The committee deals with succession planning for the executive chairman, chief executive officer and other directors.

**CGR** For more on the succession process, see page 14.

The committee also considers membership across board committees holistically and makes recommendations to the board, after considering the qualifications, experience and availability of candidates to ensure each committee has the necessary knowledge, skills and experience to carry out its mandate effectively.

## Meetings

In line with JSE Listings Requirements, the nomination committee is chaired by the lead independent non-executive director, Mr AK Maditsi. Dr PT Motsepe, executive chairman, attends committee meetings as an invitee. As specified in its terms of reference, the committee must hold at least one meeting per year. In F2019, there were four scheduled meetings and one ad hoc working session.

**CGR** See meeting attendance summary on page 15.

## Focus and adding value

In F2019, the committee made recommendations to the board to:

- » Promote diversity in board membership
- » Make appointments to augment the knowledge, skills and experience on committees.

**CGR** For more on diversity and inclusion, see page 10.


## COMMITTEES continued

**Non-executive directors' committee**

Member <sup>1</sup>	Member since <sup>2</sup>
AK Maditsi (chairman)	May 2009
M Arnold	December 2017
Dr MMM Bakane-Tuoane	May 2009
F Abbott	May 2009
TA Boardman	February 2011
AD Botha	August 2009
JA Chissano	May 2009
WM Gule	July 2013
DC Noko	October 2017
Dr RV Simelane	May 2009
JC Steenkamp	October 2017
ZB Swanepoel	May 2009

<sup>1</sup> Mr JP Möller resigned effective 30 June 2019 to pursue other interests.

<sup>2</sup> The committee was established in May 2009.

**CGR**  See page 10 for additional information about independence and tenure.

**Composition**

The non-executive directors' committee comprises all non-executive directors and meets formally each quarter without management. Meetings are chaired by the lead independent non-executive director, Mr AK Maditsi.

**Responsibilities**

The committee provides a forum for non-executive directors to consider and discuss issues of importance to ARM, including promoting increased investor confidence, stimulating business growth, encouraging effective business leadership, fostering sustainable long-term growth in both the social and economic arenas, as well as cultivating and promoting an ethical corporate culture in ARM.

**Meetings**

Four meetings were held in F2019.


**CGR**  See meeting attendance summary on page 15.

**Focus and adding value**

In adding value in F2019, the committee considered the improvement in strategic oversight of holding the budget workshop earlier in the planning cycle and holding a separate two-day bosberaad (strategy meeting). The committee provided feedback to the board and management to enhance the effectiveness of the strategic process.




**Remuneration committee**

The remuneration committee ensures the alignment of ARM's remuneration practices with its strategic direction and that the leadership team is rewarded for performance outcomes.

**CGR**  The remuneration report begins on page 36, with a summary in the integrated annual report.

**Social and ethics committee**

The social and ethics committee monitors and reports on the manner and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which it operates to ensure that its business practices are sustainable.

**CGR**   **SR**  Additional information appears in the report of the social and ethics committee on page 71 and in the sustainability report on our website.

**Ad hoc board committees**

The board has the right to appoint and authorise special ad hoc board committees, with the appropriate board members, to perform specific tasks as required.

**Management committees and forums**

ARM has various management committees and forum's comprising executive directors and senior executives. These are considered essential to its functioning and ensure the appropriate control and provision of information to the board.

**Executive committee**

This committee is chaired by the executive chairman. Standard agenda items include strategic matters, reports from the chief executive officer, finance director, divisional chief executives and other senior executives.

**Management risk and compliance committee****Composition**

The committee is chaired by the chief executive officer. Members include the finance director, divisional chief executives, chief risk officer, executive: sustainable development, chief information officer, group executive: legal and other senior executives. The internal auditor is invited to attend the annual corporate risk workshop. The chairman of the committee and chief risk officer attend audit and risk committee and social and ethics committee meetings and report on the activities of this committee.

The chief executive officer and chairman of the audit and risk committee report on risk matters to the board. The chief risk officer and executive: sustainable development are also invited to attend board meetings to respond to any risk-related matters raised by directors.

**Responsibilities**

This committee assists the audit and risk committee in discharging its duties on 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. Its terms of reference are reviewed annually and were amended in F2019 by the audit and risk committee to provide more oversight of combined assurance following the dissolution of the combined assurance forum.




## Meetings

The committee held four meetings in F2019 and conducted the annual corporate risk workshop.

## Focus and adding value

In F2019, the management risk and compliance committee focused on


- » Approval and implementation of enhanced risk appetite and tolerance levels
- » Approval of business continuity management policy
- » Determining cost of external assurance for the combined assurance model
- » Completion and roll out of the enhanced risk platform (CURA).

**CGR**   **SR**  For more information on the risk management programme and our approach to sustainability, see the risk report from page 27 and the sustainability report on our website.

## Combined assurance forum

The combined assurance forum, chaired by the finance director, monitored implementation of combined assurance in the group. Members included the chief executive officer, group executive: legal, chief risk officer, divisional chief executives and other senior executives.

Meetings were held quarterly. The forum was dissolved in May 2019 as its mandate has been fulfilled. The audit and risk committee, with the assistance of the management risk and compliance committee, has ongoing responsibility for combined assurance.


**CGR**  For more on combined assurance, see the risk report on page 27.

## Steering committee

The steering committee implements management policy and considers other operational matters. It is chaired by the chief executive officer and members include executive directors and senior management. It meets quarterly. All steering committee members are invited to attend the annual bosberaad and board budget workshop.

## Growth and strategic development committee

This committee evaluates growth opportunities and plans the content for the two-day strategy session with the board. Chaired by the executive director: growth and strategic development, the committee meets regularly and provides feedback to the executive chairman. Its members include the chief executive officer, finance director, executive director and chief executive: ARM Platinum, group executive: legal and executive: corporate development. Other senior executives, including divisional chief executives, attend meetings by invitation.

**IAR**  For more on strategic development, see the strategy on page 18 of the integrated annual report.

## Employment equity and skills development committee

### Composition

The committee is chaired by Mr HL Mkatshana, an executive director and the chief executive of ARM Platinum. Members include management representatives, representatives by occupational category and representatives of designated and non-designated groups, including the chief executive officer, finance director, group executive: human resources, divisional chief executives, executive: ARM Platinum corporate affairs and group executive: compliance and stakeholder relations. The committee meets quarterly. Its chairman and group executive: human resources attend and report at social and ethics committee and board meetings.

### Responsibilities

The committee considers employment equity, transformation and skills development strategies across the company.

**SR**   For more on our human capital, see the sustainability report on our website.

## Treasury committee


### Composition

Members include the finance director, senior finance executive: operations and divisional finance executives as well as the company financial manager. Representatives of Andisa Treasury Solutions, to which the treasury function is outsourced, attend meetings by invitation.

### Responsibilities

This committee implements treasury policy, and reviews operational cash flows, currency and interest rate exposures, as well as funding issues in the group.

While not performing an executive or decisive role in deliberations, Andisa implements decisions taken when required. Advice is also regularly sought from other advisors.

**IAR**  For more on treasury matters, see the financial review on page 32 of the integrated annual report.

## Tax forum

The forum meets quarterly under the chairmanship of the senior executive finance: corporate and tax, who provides feedback to the audit and risk committee.



## Ethics

Through our code of conduct, we confirm our commitment to high ethical and legal standards in dealing with all our stakeholders. All directors and employees are required to maintain high ethical standards so that the company's business is conducted honestly, fairly, legally, reasonably and in good faith. The code was updated in F2019, and an updated online training programme rolled out at our operations.

The code of conduct is available on the ARM website.

### Conflicts of interest

The code includes a policy that prohibits accepting any gift that may be construed as an attempt to influence an employee, regardless of value. Accepting gifts within policy parameters is subject to the approval of a member of the executive. Directors disclose their interests at board and committee meetings.

### Disclosure



The code includes a policy on communications that encourages complete, accurate and timely communication with the public. The chief executive officer, finance director, head of investor relations and company secretary oversee compliance with disclosure under the JSE Listings Requirements.

### Whistleblower facility

Our whistleblower policy provides for an independent 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 company office.

Initiatives to heighten awareness of this facility are implemented regularly. We have put formal procedures in place to ensure that each whistleblowing report is investigated and that policy and procedures are revised, where applicable, with feedback reports provided to the operators of the facility.

No material non-compliance incidents were reported in 2019.

**SR**   For more information on the code and whistleblower facility, see the sustainability report on our website.

No material non-compliance incidents were reported in 2019.

### 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 (eg 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 appears in the sustainability report on our website.

## Legal compliance

The company has a legal compliance policy. 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 on legal and environmental compliance, see the sustainability report on our website.

## Dealings in securities and insider-trading policy

ARM has a policy on dealing in securities and insider trading, and enforces closed periods as per legislation and regulations. During these times, directors, officers and designated people are precluded from dealing in ARM securities. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening laws and regulations.

The policy is available on the ARM website.

## 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 engage with the board and senior management.

Our investor relations department is responsible for communicating 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 on engaging with key stakeholders is on pages 12 to 15 of the integrated annual report and in the sustainability report.

## Annual general meetings

Board members and the external and internal audit partners attend annual general meetings to respond to shareholders' questions.

**IAR**  The notice of annual general meeting is on page 130 of the integrated annual report.



# TECHNOLOGY AND INFORMATION GOVERNANCE

Information technology and information management (IT) is one of the cornerstones of ARM's intellectual capital and key in driving the business-technology partnership, enabling digital transformation and ensuring that cybersecurity is proactively managed. The IT function aims to create business value through innovation and continuously improving information, communication and technology services cost effectively.

In line with enabling digital transformation and enhancing efficiency, the group has continued with the phased roll-out of an integrated enterprise resource planning (ERP) system which will be completed in F2020, incorporating finance, procurement, inventory, safety and people management.

## IT 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

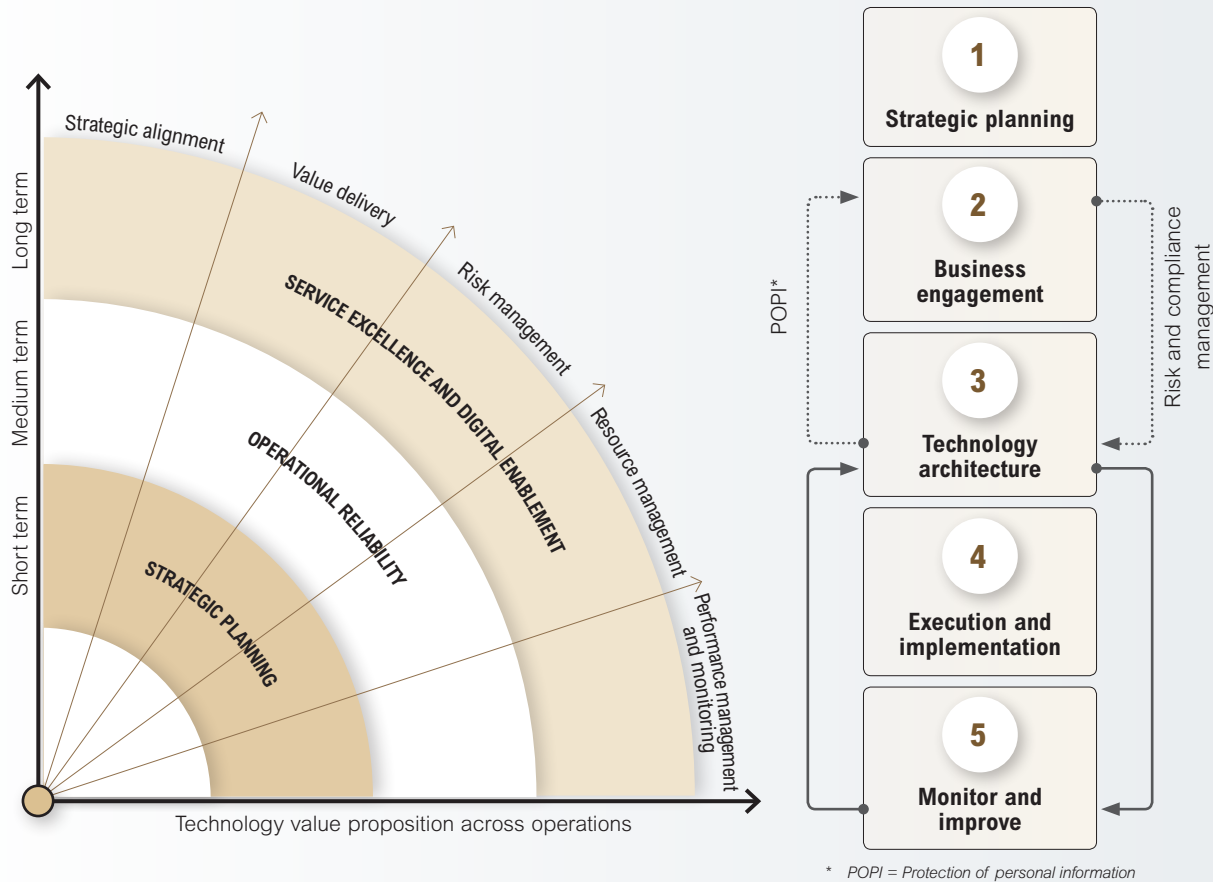
alignment, value delivered, risk management (including information security, resilience, legislative as well as health and safety compliance), resource management and performance management.

The chief information officer oversees day-to-day IT operations and the board has delegated this oversight responsibility to the audit and risk committee. 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

IT governance aligns with international standards, embodied in the CoBIT (control objectives for information technology) framework. These are reviewed periodically to consider organisational changes, international developments and changing risk profiles. These aspects are continually measured and monitored by the chief information officer, with quarterly reports to the appropriate oversight committee.

KEY ELEMENTS: INFORMATION TECHNOLOGY GOVERNANCE FRAMEWORK



REVIEW OF F2019

The focus was to align IT with organisational objectives through more effective and efficient processes, improving inter-departmental integration and reporting, underpinned by more reliable and enhanced network infrastructure. IT also continued to maintain and improve cybersecurity controls and awareness training.

This was achieved through the following initiatives:

- » End-point management and enterprise mobility management software has been further matured, ensuring effective asset and licence management and automated software deployments
- » Data analytics solutions across multiple departments to aid business improvements
- » Upgraded ARM wide area network to higher bandwidth, fibre-optic links to all operations
- » Key enterprise services hosting migrated to a fully redundant data centre
- » Further progress in developing an integrated unit of human resources (HR) systems to replace individual systems, using an enterprise architecture approach
- » Detail design for the Oracle JD Edwards project implementation at our Northern Cape operations completed, with build and go-live planned for F2020.

FOCUS FOR F2020

IT will focus on enhancing integration and automation across IT and operational technology environments, and improving cybersecurity controls. This will be achieved through the following initiatives:

- » Align IT with ARM organisational objectives
- » Enhance wide area network reliability through increased redundancy and automation
- » Continually improve cybersecurity controls for IT and operational technology environments. Enhance cybersecurity capability and user awareness
- » Implement process automation to improve efficiencies
- » Consolidate and modernise business applications
- » Establish improved network communications for mining and processing operations to support process automation and digitisation
- » Drive adoption of infrastructure and application cloud services, together with company-wide user identity management for better collaboration
- » Oracle JD Edwards go-live at Black Rock mining operation, with a defined template that will be implemented at Khumani and Beeshoek operations.



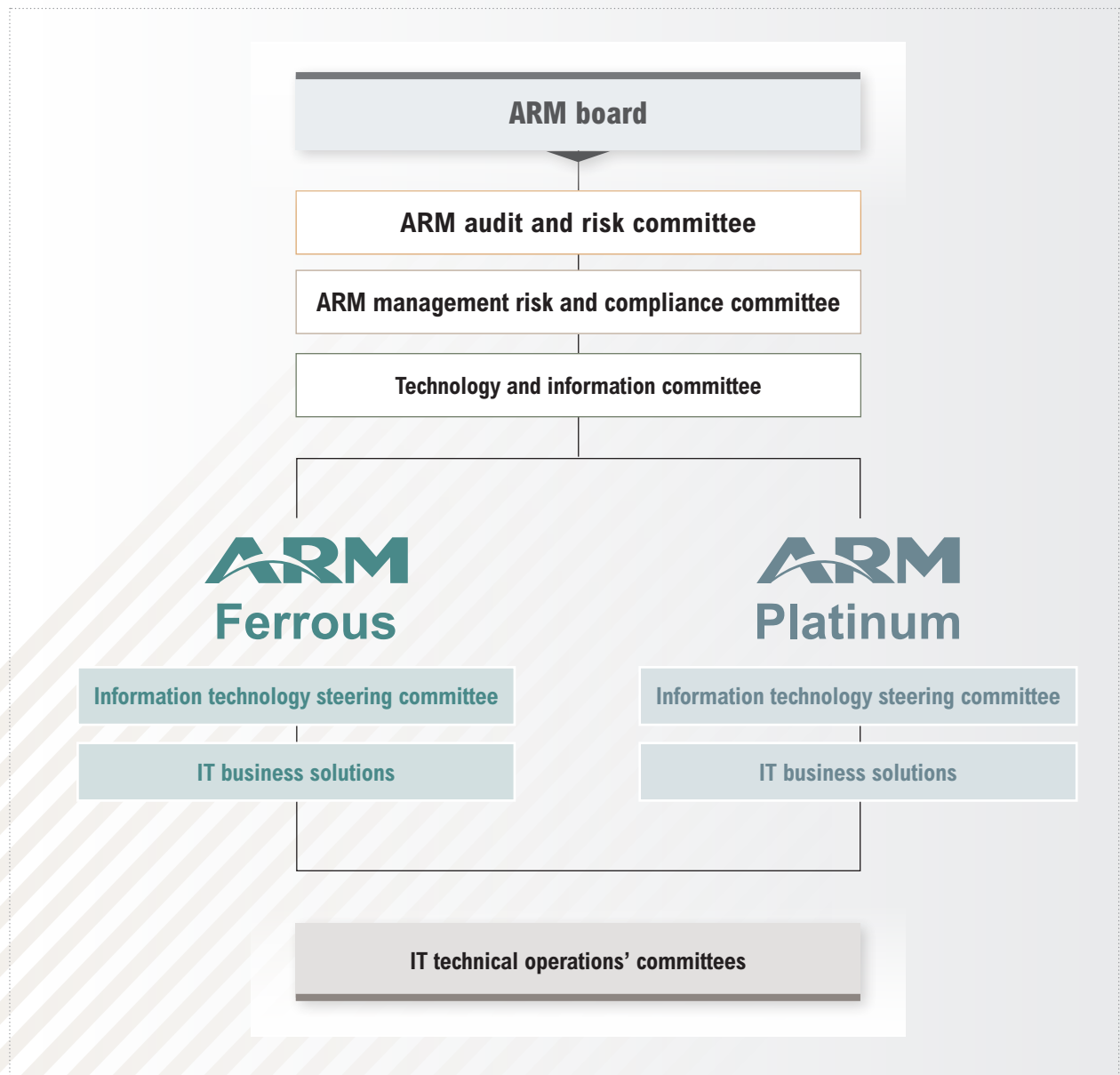
## Technology and information committee

### Composition








The committee is chaired by the chief executive officer, and members include the finance director, divisional chief executives, chief information officer and chief risk officer. The committee chairman and chief information officer attend and report at management risk and compliance committee meetings as well as audit and risk committee meetings.

### Responsibilities

The committee implements the strategy and governance framework and develops IT policies and procedures. It meets quarterly, supported by ARM Ferrous and ARM Platinum IT steering committee meetings, which in turn are supported by monthly IT business solutions and fortnightly IT technical operations' committees, as depicted below.



**TECHNOLOGY AND INFORMATION PERFORMANCE SCORECARD**

Governance dimension and F2019 objectives	Performance against F2019 objectives	F2020 objectives
<b>Strategic alignment</b>		
Review and realign IT strategy with the modern IT environment.	<p><b>IN PROGRESS</b></p>  <p>Management finished the review and work to realign and update the IT strategy</p>	Board approval of revised IT strategy.
<b>Risk management</b>		
<p><b>IT governance</b></p> <p>Continuously enhance and sustain the governance framework model and inputs.</p>	<p><b>ACHIEVED</b></p>  <p>Two-year strategic roadmap developed. Implementation supported by quarterly reporting to technology and information committee</p>	Implement strategic roadmap objectives and continually align to ARM's enterprise risk management policy. Comply to IT governance framework.
Manage and comply with new legislative and regulatory requirements, including King IV and Protection of Personal Information Act (POPI).	<p><b>ONGOING</b></p>  <p>King IV and POPI compliance roadmaps developed</p>	Group IT policy review to align to new risks, laws and actively manage King IV and POPI compliance.
<p><b>Information security</b></p> <p>Ongoing awareness and cybersecurity training for end users</p>	<p><b>ACHIEVED</b></p>  <p>Appropriate solutions successfully deployed, resulting in effective asset and licence management</p>	<p>Ongoing cybersecurity training and campaigns to enhance end-user awareness.</p> <p>Train and certify IT personnel on enhanced cybersecurity threat management.</p>
<b>Value delivery</b>		
HR systems project implementation at Northern Cape operations	<p><b>ACHIEVED</b></p>  <p>Planned software migration complete</p>	Upgrade Oracle HR application. Develop an integrated HR enterprise architecture for disparate systems, leveraging cloud services and enhanced functionality
Oracle JD Edwards upgrade	<p><b>ACHIEVED</b></p>  <p>Detailed scoping and planning completed</p>	Complete implementation of the first operation and use defined template for second and third operations
<b>Resource management</b>		
Initiated end-point management training to IT personnel	<p><b>ACHIEVED</b></p>  <p>Training completed</p>	Train and certify IT personnel on automation and integration methods for integrated end-user collaboration services.



# RISK REPORT

Managing risks and opportunities is an important business driver for us and our stakeholders. It is an entrenched discipline and recognised business management tool to enable sustainable value creation.

Outputs from successful risk management include more informed decisions, a learning organisation that does not repeat mistakes, full compliance and effective assurance. These in turn provide benefits from improved efficiency of operations and effective tactics.

## 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 quarterly by the management risk and compliance committee, the audit and risk committee and joint venture audit committees. This plan ensures implementation within the company of our enterprise risk management (ERM) process.

Our ERM process uses a unitary framework aligned with ISO 31000 to identify, evaluate and monitor risks at all levels in the company.

ARM's risk appetite and tolerance levels and its propensity to take appropriate levels of risk as well as the limit of the potential loss the company has the capacity to tolerate are continuously assessed.

Consistent with our 'We do it better' management style, the ERM process is designed to continually improve ARM's risk preparedness and effective corporate governance.

The group risk profile requires that we evaluate and agree the nature and extent of risks ARM is willing to pursue to achieve strategic objectives, based on approved risk appetite and tolerance levels.

Sound management of our risks gives us 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 ERM and internal control processes across business systems and processes.

## ERM procedure

The objective of this procedure is to ensure that ARM is proactive and appropriately prepared for potential risks, challenges and opportunities. The ERM process sets out ARM's risk management philosophy and policy, 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.

Aligned to ISO 31000 and the risk management requirements of King IV, the ERM process:

- » 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) to review and ensure appropriate and relevant mitigation is in place
- » Constantly reassesses risk management initiatives to ensure they are relevant and anticipate emerging risks and opportunities
- » Adds value to the efficiency and effectiveness of ARM's risk preparedness
- » Meets corporate governance requirements.

We recognise that the field of risk management is dynamic and thus our ERM policy will continue to evolve to meet the challenges and changes faced by ARM, its divisions and operations.

### FOCUS AND ADDING VALUE

As part of its oversight role of the management risk and compliance committee, the audit and risk committee:

- » Reviewed the ERM framework setting out ARM's policies and processes on risk assessment and risk management throughout the group
- » Ensured the group has applied a combined assurance model for a coordinated approach to all assurance activities
- » Considered and reviewed the findings and recommendations of the management risk and compliance committee.





## ERM policy statement

ARM is committed to developing, embedding, implementing and continually reviewing its ERM processes at all levels. ARM's overriding policy is that risk and opportunity is the responsibility of management at every level. It forms an integral part of the process of managing risks and opportunities within the board's stated risk appetite and tolerance to provide reasonable assurance on achieving strategic objectives. To embed this ERM policy, the company will:

- » Strive to protect and improve the health, safety and wellbeing of everyone affected by operations managed by ARM, including departments and specialist or core functions
- » Identify, evaluate and regularly review risks and opportunities that influence achieving ARM's strategic objectives
- » Develop and execute appropriate actions and controls through ARM's formal management processes that support achieving its strategic objectives
- » Preserve and enhance assets and earnings potential to safeguard and optimise company assets and shareholders' investment
- » Maintain effective internal control and risk management programmes
- » Continually improve risk management practices and assurance processes
- » Incorporate ERM principles when all acquisitions or capital projects are considered
- » Create an appropriate risk financing programme, based on developed risk profiles and risk appetite and tolerance levels in the business.

By understanding and managing all risks consistently, ARM will be able to provide greater certainty to different stakeholders including employees, customers, shareholders, suppliers and the community in which it operates. ARM commits to remaining a 'risk-aware' and 'opportunity-seeking' organisation and ERM processes will give stakeholders additional certainty on business sustainability as ARM will be making risk-informed decisions wherever possible.

## ERM process

Our ERM policy statement clearly demonstrates the intent and commitment to practising effective risk management in all aspects of the business. This implicitly includes all operational, investment and project considerations.

In view of this the generally accepted definition of risk in ISO 31000<sup>1</sup> is as follows:

### “Risk is the effect of uncertainty on objectives”

- » An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats
- » Objectives can have different aspects and categories, and can be applied at different levels
- » Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.

It follows that the context, identification and management of risk can only be derived from a sufficient understanding of what is to be achieved and by following a standard process of risk assessment to identify and evaluate risks facing ARM.

This process establishes mandatory steps to context setting, risk identification, risk analysis, risk evaluation, risk treatment, communication and consultation, monitoring and review processes throughout ARM.

The timing of the risk management process in ARM is aligned with its assurance and corporate governance requirements. Risk management is, however, not an activity that takes place only at stated intervals but continually through all phases of the business and with every major change in the business and operations. All risk activities must be timed to facilitate risk input into the ARM strategic planning process as committed to in the board ERM policy.

<sup>1</sup> ISO 31000 is the International Organisation for Standardisation's international standard Risk Management – Guidelines.





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

### STRATEGIC INTENT FACTORS

Focus on the efficient allocation of capital

1 10

Improve our financial position

1 3 10

Maintain a safe and healthy work environment

10 2 5 6

Improve operational efficiencies and contain unit cost increases

10 1 4 5 6

Partner with and invest in our employees

7 8

Improve our relationships with key stakeholders

6 7 8

Remain responsible stewards of our environmental resources

8 9

### IMPACT FACTORS

- |                      |                                    |
|----------------------|------------------------------------|
| 1 Financial          | 6 Industrial relations             |
| 2 Safety and health  | 7 Internal stakeholders            |
| 3 Project management | 8 External stakeholders/reputation |
| 4 Operations         | 9 Environment                      |
| 5 Compliance         | 10 Information technology (IT)     |

### THE PROCESS TO RATE EACH RISK/ OPPORTUNITY IS ILLUSTRATED AS FOLLOWS:

#### Context setting

Including stakeholders' context objective validation

#### Identify risk/opportunity

#### Identify causes, impacts, current controls

#### Determine risk control efficiency (RCE)

#### Determine impact

#### Determine likelihood

#### Calculate residual risk rating

#### Record maximum foreseeable loss (MFL)



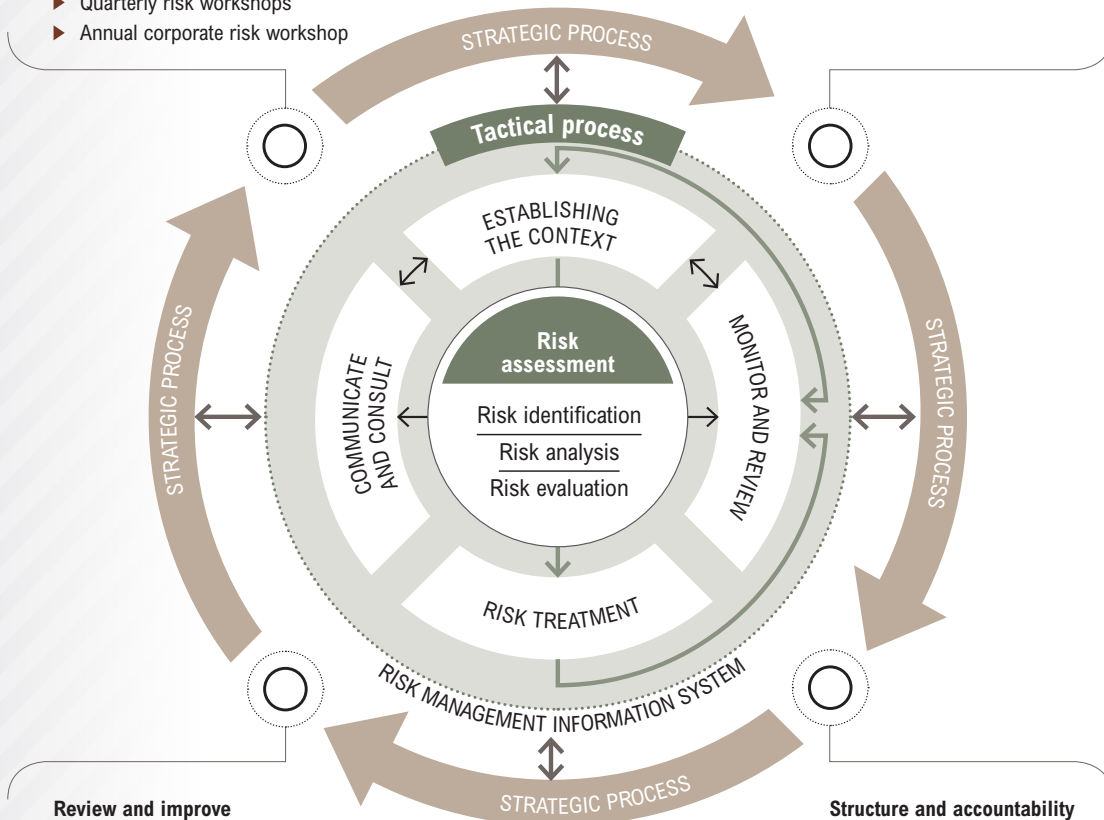
### A MATURE RISK MANAGEMENT UNIVERSE

**Commitment and mandate**

- ▶ Policy statement
- ▶ Standards
- ▶ Procedures/guidelines
- ▶ Enterprise Risk Management (ERM) plan
- ▶ Combined assurance plan
- ▶ Quarterly risk workshops
- ▶ Annual corporate risk workshop

**Communicate and train**

- ▶ Stakeholder analysis
- ▶ Training needs analysis
- ▶ Communication strategy
- ▶ Training strategy



**Review and improve**

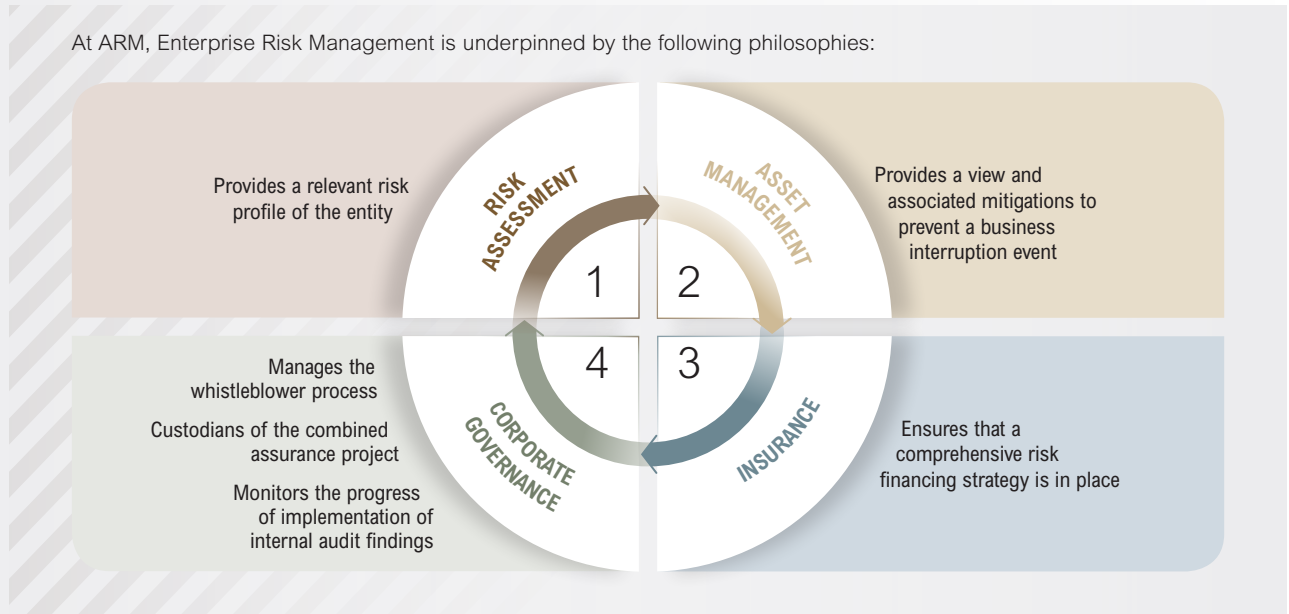
- ▶ Control assurance
- ▶ ERM plan progress
- ▶ ERM maturity evaluation
- ▶ Performance criteria
- ▶ Benchmarking

**Structure and accountability**

- ▶ ARM audit and risk committee
- ▶ ARM social and ethics committee
- ▶ Management risk and compliance committee
- ▶ ARM chief risk officer
- ▶ Combined assurance plan
- ▶ Joint venture audit and sustainable development committees

**ERM IS UNDERPINNED BY SPECIFIC PHILOSOPHIES:**

At ARM, Enterprise Risk Management is underpinned by the following philosophies:



**1 RISK ASSESSMENT**

The risk assessment process is aimed at ensuring the identification and recording of relevant risks and opportunities, along with 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, 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 and divisions conduct quarterly risk reviews, supported by six-monthly corporate risk reviews and an annual group-level risk workshop. Each operation takes full ownership of its risk profile.

**2 ASSET MANAGEMENT**

The risk assessment process is aimed at ensuring the identification and recording of relevant risks and opportunities, along with 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, 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 and divisions conduct quarterly risk reviews, supported by six-monthly corporate risk reviews and an annual group-level risk workshop. Each operation takes full ownership of its risk profile.

**3 RISK FINANCE**

Over the years, ARM's risk financing strategy has remained consistent in deciding to what degree ARM-managed operations will accept their risks, or insure these through insurance providers.

ARM's risk financing strategy is designed to deliver a cost-effective mechanism that will protect the group and its managed operations against the financial consequences of risk events that occur.

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

- » Identifying and quantifying each operation's maximum foreseeable loss
- » Ensuring the availability of detailed and reliable risk and loss information
- » Considering potentially higher self-assumption of risk (by operations and ARM) to ensure efficient risk financing at all levels
- » Providing broad-based insurance protection with appropriate limits for a consistent approach to risk
- » Using accumulated reserves (in captive and risk-financing structures) and structuring to finance self-retained exposures and, where appropriate, to carry risks of a non-traditional nature.

RISK REPORT continued

4 GOVERNANCE AND ASSURANCE

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**Risk appetite and tolerance**

An agreed risk appetite and tolerance standard should consider all ARM's strategic objectives, key stakeholders' expectations and all the significant or material risks faced by the business, as well as its current delegation of authority with a view of formally linking the two. In line with good practice recommendations, the board will delegate the responsibility to determine, implement and monitor risk appetite and tolerance to its audit committee, while retaining accountability.

Setting risk appetite and risk tolerance will assist in improving the board's risk oversight and communicates its risk-taking expectations to management for business decisions. This should encourage conscious risk-taking by management and improve the allocation of resources to realise the best-possible rewards commensurate with risk.

This would be true for both the potential upside and downside outcome of any risk.

The ISO 31000 standard for risk management includes definitions from a guide for risk management terminology, the ISO Guide 73<sup>2</sup>. Both documents define **risk appetite** as: *the amount and type of risk that an organisation is prepared to pursue, retain or take.*

Risk appetite relates to both the kinds of risk (before treatment) the organisation prefers to take, as well as the level of risk to which it wants to expose itself. For many organisations, some of the largest risks relate directly to their major sources of income and taking these risks underpins their business model.

**Risk tolerance**, on the other hand, although sometimes incorrectly used interchangeably with risk appetite, is defined in ISO 31000 as:

*an organisation's or stakeholder's readiness to bear the risk after risk treatment in order to achieve its objectives.*

Risk tolerance relates to an organisation's willingness or capability to tolerate or retain risk after risk treatment has taken place.

All risks are evaluated at the residual risk level in risk assessments.

**Combined assurance**

Combined assurance is a co-ordinated approach that ensures all assurance activities provided by management, internal and external assurance providers offer adequate assurance on the controls that mitigate the material risks facing the company.

The objectives of ARM's combined assurance model are to:

- » Provide an effective and practical process to enable appropriate management and optimal assurance of the efficacy of identified controls to mitigate pertinent risks to the business
- » Provide evidence of the formal process, adequacy and quality of assurance provided by internal and external sources
- » Identify areas where there is a shortfall or duplication in assurance.

The ARM combined assurance model sets out to:

- » Define management assurance relative to respective lines of assurance (enhanced to recognise specific lines of assurance recorded in King IV)
- » Provide a coordinated and integrated approach to obviate duplication and gaps, enabling cost-effective management assurance activities
- » Enable detailed analysis of assurance functions and processes
- » Assist management in integrating risk and assurance activities and improve coordination of assurance functions
- » Give management a meaningful tool to assess assurance; and provide further input into establishing a control environment appropriate to ARM's approved risk appetite and tolerance levels.

2 ISO Guide 73 is the International Organisation for Standardisation's international guide Risk Management – Vocabulary.

**Combined assurance process**

King IV and combined assurance model explaining combined assurance requirements

Collation of assurance activities

Collation of associated external costs and determining the adequacy and quality of assurance

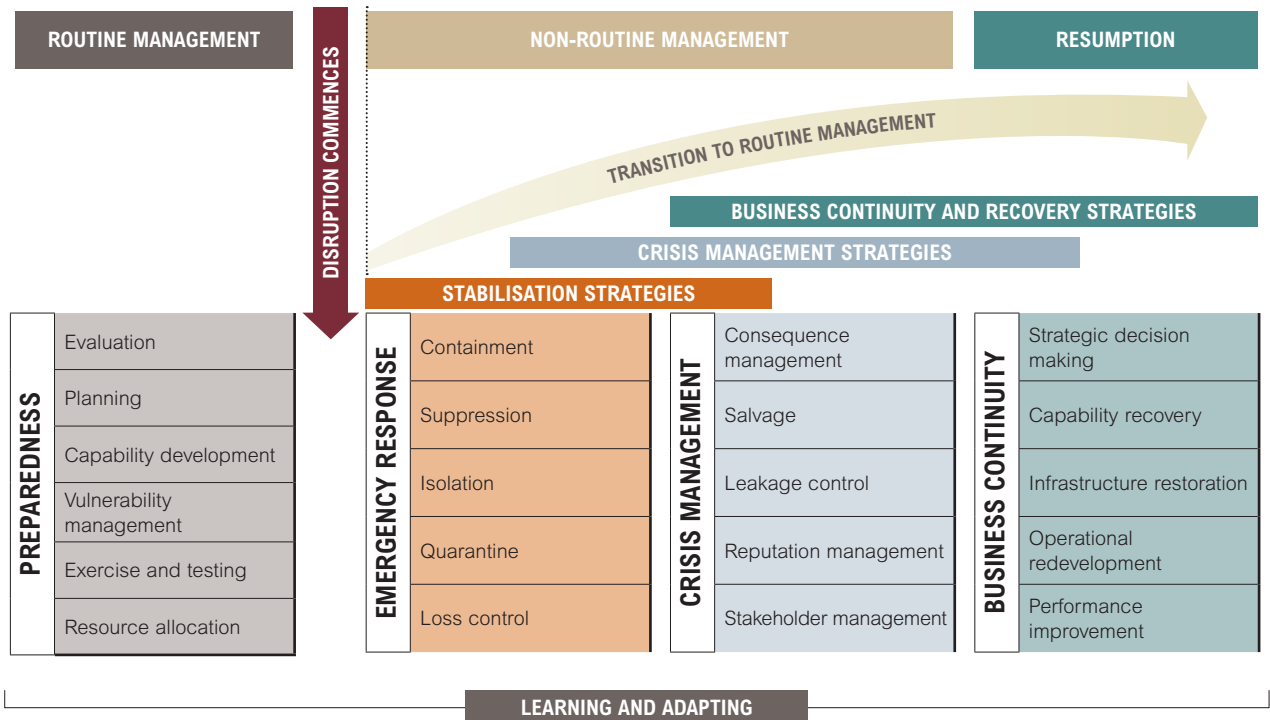
Combined assurance plans communicated/ reported to management risk and compliance committee, ARM audit and risk and divisional audit committees

Continuous updating of combined assurance plans



## Business continuity management (BCM)

ARM's emergency and crisis management and BCM functions are not mutually exclusive, but rather 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 event to ensure the safety of people and assets, to halt the situation at its source and to manage the range of impacts that predetermined 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.



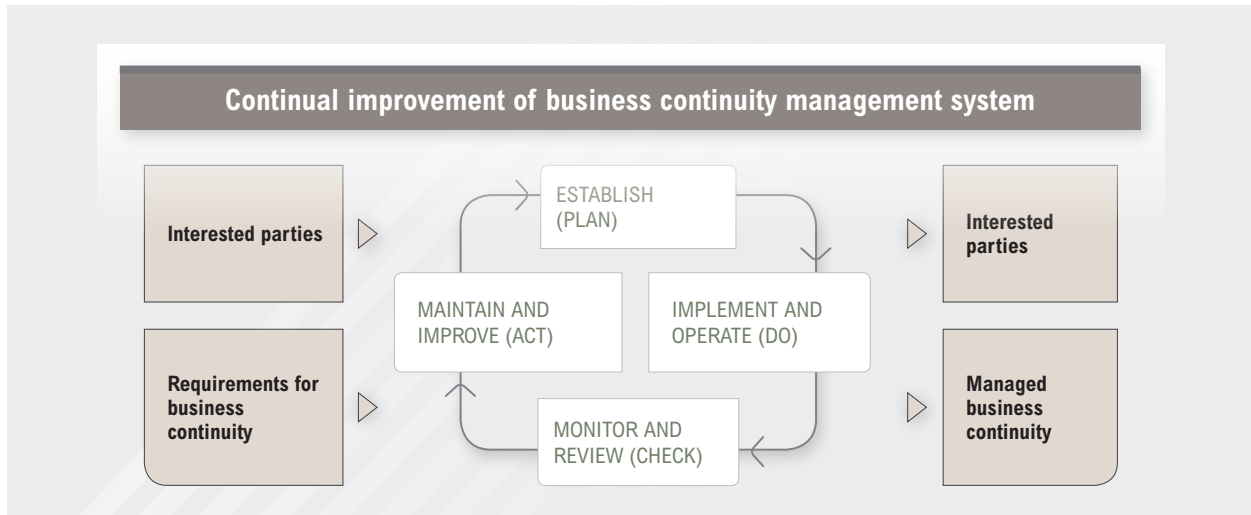
RISK REPORT continued

**BCM methodology**

Our BCM methodology is aligned to the UK’s Business Continuity Institute (BCI) Good Practice Guidelines (2013)<sup>1</sup> and the ISO 22301:2012 (societal security – business continuity management systems – requirements) shown below.

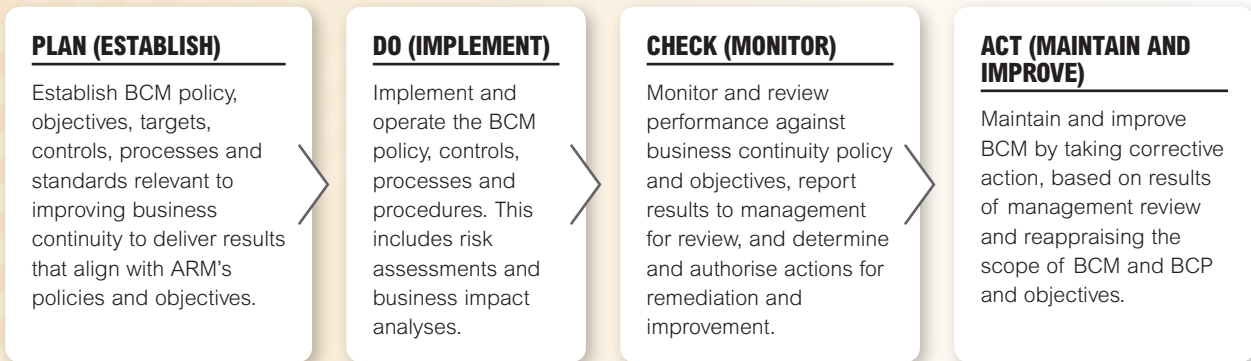
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**ISO 22301 MODEL APPLIED TO BCM PROCESSES**



<sup>1</sup> The BCM policy and methodology is aligned to the UK BCI good practice guidelines in the absence of a South African equivalent.

**EXPLANATION OF THE PLAN, DO, CHECK, ACT MODEL**



**BCM policy statement**

ARM is committed to its customers, employees and stakeholders to ensure that all its operations, functions, business entities and its corporate office have practical and robust business continuity plans (BCPs), aligned to its vision, strategy and objectives, to timeously respond to any major threat or incident to safeguard key stakeholders, its reputation and value-creating activities.

Our priority in a disruptive event is the immediate and ongoing safety of customers and employees. Operation/site- specific crisis and emergency management arrangements assist in being prepared for, and responding to, emergency situations.

Our business continuity process identifies and evaluates all risks and business vulnerabilities, maintains prevention and protection procedures and mitigates the effects of unforeseen losses through established processes for business continuity and recovery that are regularly tested, audited and updated.

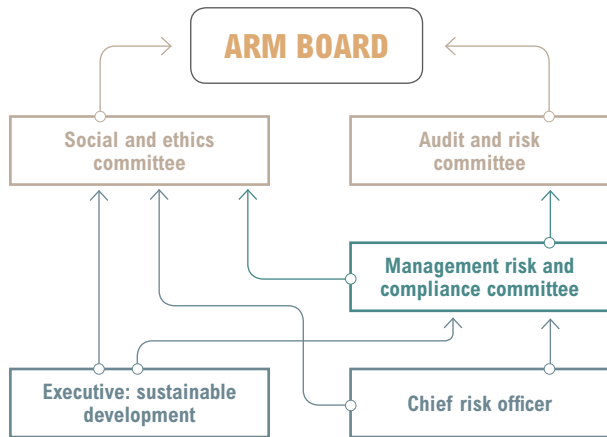
Standard templates, approaches and response-capacity requirements will be encouraged throughout the company to

ensure consistency and recognise interdependencies and vulnerabilities.

More specifically, the business continuity process will cover:

- » Descriptions of emergency response, crisis management and business recovery protocols, dealing with notification procedures and internal/ external interfaces
- » Roles and responsibilities of specific internal and external stakeholders after an unforeseen or unplanned event
- » Training and exercise requirements
- » Biannual rehearsals and auditing of business continuity plans and procedures once developed
- » Learning from previous experiences of disruptive events using a structured process to minimise (where possible) their likelihood and impacts in future
- » To ensure an integrated process, we will continue to test, audit and benchmark our performance against global best practice. Any acquisitions or new capital projects over which we have management control will be required to include business continuity management in their procedures.






## Management of risk



The ARM board tasks the audit and risk committee with the oversight of risk management. In terms of the board charter, the management risk and compliance committee has been established as a sub-committee of the audit and risk committee to assist it with the management of and reporting on risk management processes and procedures. The audit and risk committee chairman reports to the ARM board.

The chief risk officer reports quarterly to the management risk and compliance committee, the audit and risk committee and the social and ethics committee, as well as reporting quarterly to divisional and joint venture operational committees, divisional audit committees, and divisional social and ethics/sustainable development committees, with the exception of the ARM Coal audit committee.

## ENTERPRISE RISK MANAGEMENT SCORECARD

F2019 objectives	Performance against F2019 objectives	F2020 objectives
Embedding enhanced ERM methodology	<p><b>ACHIEVED</b></p>  <p>ERM methodology rolled out to all operations</p>	Roll out and training on risk management platform (CURA)
Review of ERM policy	<p><b>ACHIEVED</b></p>  <p>ERM policy updated and approved by the board</p>	Roll out of risk appetite and tolerance levels
Roll out and implementation of business continuity policy and plan	<p><b>ACHIEVED</b></p>  <p>Business continuity policy and plan approved in F2019</p>	Roll out of business continuity plan
Assess effectiveness of corrective actions	<p><b>ONGOING</b></p>  <p>Findings of risk self-assessments validated and informed F2019 internal audit plan</p>	Follow up on implementation of recommendations identified
Review of ERM methodology and standard	<p><b>ACHIEVED</b></p>  <p>ERM standard reviewed and approved</p>	Review and update ERM framework

# 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 in a small talent pool for a limited set of skills within the global and South African mining industries.

The remuneration 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 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 our remuneration levels

are aligned with the 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 competitive benefits and remuneration to ensure our policies and practices compare well against South African and international practices.

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

According to PwC, the South African Gini coefficient of the employed for 2019 is at 0.436, an increase of 0.011 on the number for 2018. In 2018, ARM used external consultants to conduct research into its internal Gini coefficient. The survey showed that ARM's Gini coefficient is better than that of the mining industry and 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 F2020 (F2019: 6%) 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-D bands (F2019: 7%), from 1 July 2019.

At the bargaining-unit level for our managed operations, all wage agreements expired on 30 June 2019 and negotiations are underway, except for Two Rivers employees in the A-C bands and the Northern Cape mines' labour forces, which fall under multi-year wage agreements. The increases for these employees will be reported in 2020.

#### Short-term incentives

Our short-term incentive outcomes are linked to the company's performance, which reflects management's cost-containment and efficiency-improvement initiatives:

- » Group F2019 profit before interest and taxes (PBIT) was more than 300% of target

### 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 annually calculate and regularly monitor the Gini coefficient,\* enhance policies supporting gender mainstreaming in the workplace, and develop more robust employment equity plans and targets.

**Pay-for-performance:** We focus on pay-for-performance in designing 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 more information, see the occupational health and wellness and human resources management sections of the 2019 sustainability report on our website.

\* The Gini coefficient represents the income distribution of a nation's residents. It ranges from 0 to 1, where 0 is a completely egalitarian income distribution, and 1 is extreme inequality. One of the ways in which the remuneration committee can assess the internal level of pay equity is by using the internal Gini of the company.



- » Profit targets were met at all operations (ie ARM Ferrous, ARM Platinum and ARM Coal)
- » ARM Ferrous performed well on cost targets, with below-plan costs at Khumani and Beeshoek; however, costs at Black Rock Mine and Machadodorp Works were above plan
- » Costs at ARM Platinum and ARM Coal were higher than planned
- » The maximum safety modifier target of 10% was achieved at ARM Ferrous and ARM Coal. The overall group safety modifier was below target at 3.33%.

### Benchmark

A benchmarking study by the remuneration consultants showed that the total remuneration package for the executive chairman was in the upper quartile and for the chief executive officer was between the median and upper quartile (towards the upper end of the range), although the report also showed that the guaranteed pay for both senior executives was below median.

### Long-term incentives

Outcomes are linked to the company's performance.

## 2018 CONDITIONAL SHARE PLAN

- » Shareholders approved the introduction of a new long-term incentive plan aligned with good practice to be used for all new long-term incentive awards to senior executives from the date of the 2018 annual general meeting
- » Salient features of the 2018 conditional share plan include:
  - Conditional rights to ARM shares, ie conditional shares will be awarded to eligible participants (with no voting or dividend rights until the conditional shares vest and become unrestricted)
  - Performance and employment conditions apply to the vesting of all awards
  - A usage limit of 5% of the issued share capital of the company, which is intended to cover awards made over five to ten years under the plan
  - Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
  - Malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions apply to awards on certain 'trigger events'. In terms of clawback, the pre-tax cash value of the award will be recouped
  - Dividend-equivalent shares will be determined when conditional shares vest.
- » New features of the 2018 conditional share plan approved by the board and included in the company's 2019 remuneration policy:
  - Details of carbon emission targets relating to:
    - › Emissions from direct production activities (scope 1 emissions) and
    - › Emissions from electricity consumption (scope 2 emissions).

## 2018 CASH-SETTLED CONDITIONAL SHARE PLAN

- » In December 2018, the board approved the introduction of a new long-term incentive plan for awards to management other than senior executives
- » Salient features of the 2018 cash-settled conditional share plan include:
  - Conditional awards are awarded to eligible participants
  - Performance and employment conditions are the same as those applicable to conditional shares under the 2018 conditional share plan and apply to the vesting of all awards, which will be cash settled
  - Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
  - Dividend-equivalent awards will be determined when conditional awards vest.

Long-term incentives settled in F2019 under The African Rainbow Minerals Limited 2008 share plan (2008 share plan) were based on ARM's ranking against the total shareholder return of its peers. The company will not make any further awards under the 2008 share plan.

### Stakeholder engagement

At the 2018 annual general meeting, the non-binding advisory vote on ARM's remuneration policy and implementation report were supported by 89.58% and 92.15% of shareholders who voted at the meeting, respectively.

Although we were above the 75% voting threshold for both the remuneration policy and implementation report, we take shareholder feedback seriously and strive to continuously engage with our shareholders. As such, in November 2018, the remuneration committee chairman held one-on-one meetings with institutional investors. Below we set out the main areas of feedback on remuneration received in the reporting year, and our responses.

## REMUNERATION REPORT: PART I continued

## SHAREHOLDER ENGAGEMENT AND VOTING

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
<p><b>Long-term incentive schemes – capital allocation:</b> The inclusion of capital allocation as a prominent and material aspect of long-term incentive allocations.</p>	<p>Given that commodity price cycles and capital expenditure timeframes in the mining industry are longer than the performance measurement period for market-competitive long-term incentives, a capital allocation metric will not be introduced at this time.</p>
<p><b>Long-term incentive schemes – aggregate limits:</b> Share-use limit higher than the preferred level of 5%.</p>	<p>The aggregate number of shares that may be allocated under the 2018 conditional share plan to all participants will not exceed 10 985 514 shares, which represents around 5% of issued ordinary shares at the date the plan was adopted by shareholders. The aggregate share-use limit was benchmarked in the 2018 conditional share plan and is in line with market best practice. We anticipate that allocations under the 2018 conditional share plan will last around five to ten years. The share-usage limit is only for the 2018 conditional share plan and does not take into account the 2008 share plan.</p>
<p><b>Long-term incentive schemes – individual limits:</b> Share-use limit of 1% per participant higher than the preferred level of 0.5%.</p>	<p>The maximum number of shares that may be allocated to an individual for all awards under the CSP will not exceed 2 197 103, or around 1% of issued ordinary shares at the date the CSP was adopted by shareholders. The individual share-use limit was benchmarked prior to inclusion in the CSP. We anticipate that allocations under the CSP will last for around five to ten years.</p>
<p><b>Long-term incentives:</b> Consider increasing safety and environmental targets by 5% each.</p>	<p>The company acknowledges the importance of safety and environmental targets. Equally, ARM remains committed to the importance of transformation and this value is reflected in the empowerment target. The inclusion of these three performance criteria was approved by shareholders in December 2018 and no change to the ratios in these targets is recommended at this time.</p>
<p><b>Long-term incentives – cash flow to equity goals:</b> Some investors were critical about the cash flow to equity goals included as a 25% weighting (ie a free call option on commodity prices) and others asked for relative total shareholder return to be increased to 50%, thus removing this aspect.</p>	<p>Given the significant influence that short-term commodity prices have on profitability and cash flows, any financial measure is affected by cash flow to equity goals, so this element cannot be totally excluded. The company emphasises cost containment, a metric that is more under the control of management. However, when the price and demand for a commodity are high, it may be more profitable for the business to deliver more product, despite increased unit costs. Thus, the board will continue to set targets and measure management against these targets, in the best interests of the company.</p>
<p><b>Long-term incentives – impairments:</b> Certain investors wanted the company to add back impairments when calculating returns for incentive purposes.</p>	<p>Project expenditure impacted returns in the year that the expenditure was made. Adding impairments back into capital in the year of performance measurement would create a misalignment when calculating returns for incentive purposes. Therefore the board believes no adjustment should be made for impairments.</p>
<p><b>Long-term incentives – deferrals:</b> Some investors wanted the company to discontinue the allocation of bonus deferred shares.</p>	<p>Minimum shareholding requirements have been in place since 2015 to align management's interests with those of shareholders. The deferred bonus/co-incentive scheme in place until December 2018, was used to assist senior management in meeting minimum shareholding requirements. Total allocations, including deferred allocations, ensured that ARM's long-term incentive schemes were within industry norms and remained competitive.</p>
<p><b>Long-term incentives – vesting below median:</b> Limited disclosure about the vesting scale and exact targets governing vesting in the total shareholder return analysis.</p>	<p>For awards made prior to December 2018, vesting was possible for performance below the median of the peer group, in terms of the graphs on pages 57 and 58. However, for F2019 settlements, no vesting occurred below median. In line with global practice, vesting below median has not been permitted since shareholders adopted the 2018 conditional share plan in December 2018.</p>

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
<b>Short-term incentives – targets:</b> Only high-level performance conditions were provided for the short-term incentive, without disclosing specific targets.	Performance targets are not disclosed as this is viewed as commercially sensitive information for various reasons, including the targets are based on budget and the company is required to adhere to confidentiality restrictions imposed by some of its contractual agreements.
<b>Short-term incentives – budget:</b> Performance targets measured against budget are not considered transparent.	The committee monitors the short-term incentive scheme to ensure its implementation is aligned with the strategic objectives of the company. As discussed above, this information is considered commercially sensitive.
<b>Short-term incentives – performance indicators:</b> Disclosure of split between financial and personal performance indicators is too vague.	Following the review by Korn Ferry, the financial performance indicators account for 100% of the bonus. The personal performance modifier provides that an employee may achieve an additional 10% of the calculated bonus or forfeit up to 30% of the calculated bonus.
<b>Benefits – executive directors:</b> Information about benefits accruing to executive directors is insufficient.	Benefits accruing to executive directors are disclosed in the single-figure remuneration tables on pages 60 and 61.
<b>Total remuneration – executive director:</b> Some shareholders questioned the total remuneration of the executive director: growth and strategic development.	The company believes the executive director: growth and strategic development (former CEO) adds considerable value to the business. Nonetheless, the 6% annual increase for executive directors in July 2019 was not applied to his cost-to-company salary and his remuneration decreased by 30% from 1 August 2019.
<b>Committee fees – non-executive directors:</b> Some shareholders did not support chairmen's fees that were more than 150% of fees paid to ordinary committee members.	The board considers the proposed fees to be appropriate given the additional workload of committee chairmen.
<b>Composition of remuneration committee:</b> Some shareholders questioned the independence of certain committee members, citing tenure as one of the concerns.	The board has assessed the independence of committee members and concluded they have exercised their judgement objectively and that all committee members have performed their duties in the best interests of the company. The composition of the committee was changed in 2018.

## Commitment

We continuously monitor the effectiveness and implementation of the remuneration policy, strategy and practices. Should we receive a vote of 25% or more against the remuneration policy or implementation report at the 2019 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
- » Appropriately address legitimate and reasonable objections and concerns.

## Changes in remuneration policy

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

Accordingly, on the committee's recommendation, changes to the remuneration policy have been approved. These include:

- » Introduction of the 2018 cash-settled conditional share plan for conditional awards to management other than senior executives
- » New environmental compliance targets aligned with good practice, as outlined in part II
- » The final award in terms of the deferred bonus/co-investment scheme under the 2008 share plan was made in November 2018. The committee considered, but did not recommend the implementation of a co-investment plan under the 2018 conditional share plan.
- » For the F2020 bonus:
  - Participants will qualify for the maximum bonus payable when performance targets are exceeded by 30% (F2019: 50%). The differential reflects a higher indicative profit base before interest and tax compared to F2019
  - A personal performance modifier will be introduced.

The remuneration policy achieved its stated objectives in F2019 and will continue to lead to performance outcomes that generate real long-term value for our shareholders.

### AD Botha

Chairman of the remuneration committee

REMUNERATION REPORT – PART I continued

### About the remuneration report

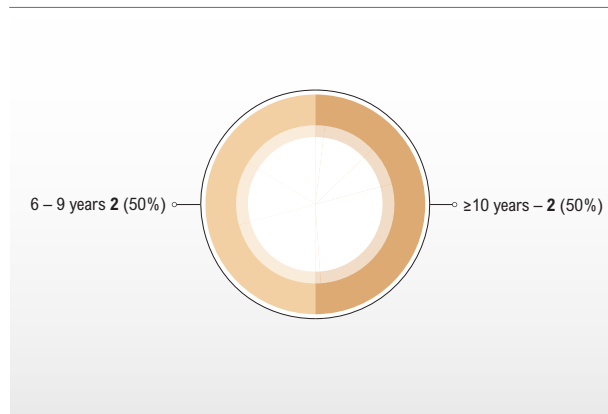
To align with emerging best remuneration disclosure practices and the King IV™ Report on Corporate Governance for South Africa 2016 (King IV), the remuneration report is presented in three parts: a background statement from the committee chairman, an overview of the remuneration policy for senior executives and, at a high level, other employees, and an implementation report describing how payments were made in the year under review.

## Remuneration governance framework

### Composition

Member	Member since
AD Botha (chairman)	August 2009
Dr MMM Bakane-Tuoane	August 2004
TA Boardman	August 2011
AK Maditsi	July 2011

### TENURE: REMUNERATION COMMITTEE



The remuneration committee comprises only independent non-executive directors. Mr JP Möller resigned from the board on 30 June 2019 to pursue other interests and Mr F Abbott resigned from the committee in October 2018. The board is confident that the remaining committee members have a strong blend of expertise and experience in the financial, business, mining and human capital fields.

### Meetings

Five committee meetings were held in F2019.

**CGR** See meeting attendance summary on page 15.

The chairman of the committee attends annual general meetings to answer questions from shareholders on the remuneration policy and its implementation.

### Invitees

The chief executive officer, finance director, executive director: growth and strategic development and group executive: human resources attend committee meetings by invitation and assist the committee in its deliberations, except when their own remuneration is discussed. Invitees do not vote at meetings. No directors were involved in approving their own remuneration.

### Advisors to the committee

In F2019, the committee was advised by remuneration consultants, PwC, which provided advice on and assistance with the design, implementation and verification of calculations for offers and awards under the long-term incentive schemes. Bowmans advised the committee on the remuneration of the executive chairman and chief executive officer as well as the co-investment plan. PwC and Bowmans communicated directly with the committee. Korn Ferry provided advice on principles of performance management and calibrating performance scores. The committee is satisfied that PwC, Bowmans and Korn Ferry were 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 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. Amendments to its terms of reference were approved by the board in 2019. 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, with an appropriate balance between short-term and long-term incentives
- » Ensuring that performance targets in all occupational categories in 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 base salaries
- » Recommending to the board cash performance bonuses to be awarded to executive directors, senior executives and the company secretary, taking cognisance of job descriptions and the performance of ARM against 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 on any proposed cash bonus schemes or long-term (share-based) incentive schemes or amendments to any existing schemes for 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 under ARM's long-term share-based incentive schemes
- » Satisfying itself on the accuracy of recorded performance measures that govern the vesting of long-term (share-based) incentives
- » Ensuring management develops appropriate employee benefit policies for the company.

## Remuneration committee activities

### Focus and adding value in F2019

The scheduled work plan was followed, with a normal cycle of activities that included:

- » Overseeing the adoption and implementation of a new conditional share plan with new performance criteria
- » Recommending to the board the adoption of a malus and clawback policy
- » Recommending to the board annual increases in the base salaries of executive directors and other senior executives
- » Recommending to the board short-term incentives (ie bonuses) payable to senior executives
- » Recommending the board retainer and board and committee meeting attendance fees for non-executive directors, for submission to shareholders
- » Reviewing the final deferred bonus/co-investment awards under the 2008 share plan
- » Oversight of preparation of the remuneration implementation report.

### Focus areas for F2020

The committee will focus on:

- » Recommending corporate bonus parameters for F2020 to the board
- » Recommending to the board annual increases in the base salaries of executive directors and other senior executives
- » Recommending to the board short-term incentives (ie bonuses) payable to senior executives
- » Recommending the board retainer and board and committee meeting attendance fees for non-executive directors, for submission to shareholders
- » Oversight of preparation of the remuneration implementation report.



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

### Remuneration philosophy and policy: executive remuneration

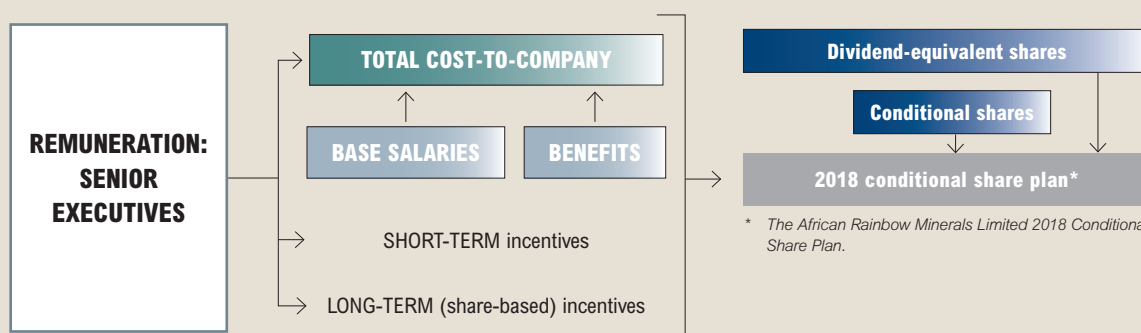
#### Principles of executive remuneration

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 in decisions on pay.

The remuneration policy conforms to international best practice and is based on the following principles:

- » **Total cost-to-company** of base salary plus benefits
- » **Incentive-based** rewards in the form of competitive incentives compared to other employers in the mining and mineral resources sector, earned by achieving performance targets consistent with shareholder expectations over the short-term and long-term:
  - **Short-term incentives**, ie cash bonuses based on performance measures and targets, and structured to reward effective operational performance
  - **Long-term (share-based) incentives** used to align the long-term interests of management with those of shareholders and responsibly implemented to avoid exposing shareholders to unreasonable or unexpected financial impact.

### Elements of total executive remuneration design



TOTAL COST-TO-COMPANY	
BASE SALARY	
<p><b>POLICY</b></p> <ul style="list-style-type: none"> <li>» Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope</li> <li>» Generally reflects market median levels based on the role and individual skills and experience.</li> </ul>	<p><b>IMPLEMENTATION</b></p> <ul style="list-style-type: none"> <li>» Paid monthly in cash</li> <li>» Reviewed annually, with changes taking effect on 1 July, where applicable</li> <li>» Increases are determined by market conditions, company performance, individual performance and changes in responsibilities, among others</li> <li>» Salary increases of 6% approved for F2020 from 1 July 2019 (F2019: 6%)</li> <li>» Key component of a total cost-to-company (CTC) package, which includes benefits. The company participates in industry-wide surveys from time to time. Participation in short-term and long-term incentive schemes is determined on the basis of, and in addition to, the CTC package.</li> </ul>

**TOTAL COST-TO-COMPANY** continued**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 that fund.

**IMPLEMENTATION**

» Contributions are made by senior executives from base salary. Total contribution to the fund, including risk benefits such as life and disability cover, ranges from 22.5% to 27.5% of pensionable salary

» The ARM Pension Fund is:

- Managed by six trustees – 50% appointed by ARM and 50% elected by members
- Administered by Alexander Forbes
- 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 companies in the mining and mineral resources sector. No special or extraordinary conditions apply to senior executives.

**SHORT-TERM INCENTIVES****POLICY**

Short-term incentives (cash bonuses) are determined under a bonus scheme that rewards senior executives for sustained outperformance of cost and profitability targets set annually for the company's business and safety performance in terms of its strategy (page 18 of the integrated annual report).

**INSTRUMENT**

Cash under the outperformance bonus scheme.

**BONUS PERCENTAGES**

For F2020 bonuses, the short-term incentive on-target cash bonus percentages and required outperformance to achieve the maximum cash bonus as a percentage of the total are shown below:

Position	Paterson grade	F2020 % on-target bonus of CTC	F2020 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 and ARM Platinum	FL	45%	135%

\* The maximum bonus may only be achieved when the annual profit before interest and taxes is 30% more than the performance target in F2020.

REMUNERATION REPORT – PART II continued

**SHORT-TERM INCENTIVES** continued

**PERFORMANCE MEASUREMENT**

**For the executive chairman, chief executive officer, finance director and other senior executives (excluding those from ARM Ferrous, ARM Platinum and ARM Coal), financial performance indicators are calculated as:**

- » 50% – profit from operations
- » 50% – unit cost of sales (a weighted scorecard).

**For operational senior executives, financial performance indicators are calculated for each division as:**

- » 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
- » 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 (Goedgevonden)
- » Coal (Participative Coal Business).

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

**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. If the safety target is met, participants will receive an additional 5% of their cash bonus.

There is a sliding scale for outperformance or underperformance for each division or operation:

- » If participants outperform their targets by 10% or more, they will 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.

**SHORT-TERM INCENTIVES** continued

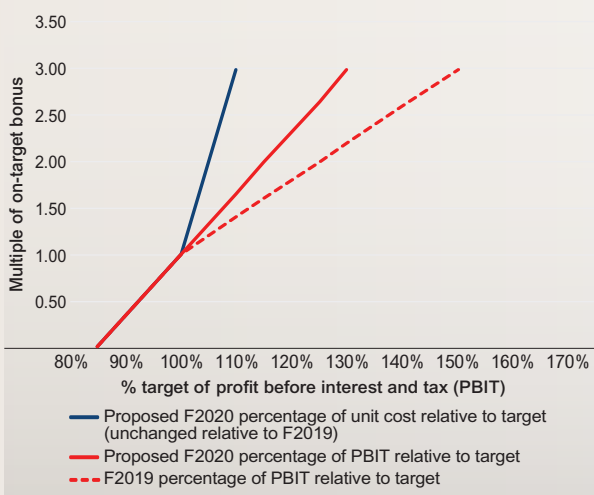
**PERFORMANCE TARGETS**

The targets for each metric are in line with the board-approved one-year business plan, and measures are reviewed annually to ensure they are appropriate, given the economic climate and performance expectations for the company. As targets are related to the budget and considered commercially sensitive information, they are not disclosed. F2020 PBIT targets relative to F2019 PBIT targets are set out below. F2020 cost targets remain unchanged.

%	F2020 PBIT targets*
ARM group	+ 71%
ARM Ferrous	+ 86%
ARM Platinum	+ 93%
ARM Coal	(96%)

\* Relative to F2019 targets.

**F2020 bonus structure**



**PERSONAL PERFORMANCE MODIFIER**

From F2020, a personal performance modifier will be applied after a cash bonus has been calculated for each senior executive. If the key performance indicators are met, up to an additional 10% of their bonus may be achieved. If the KPIs are not met, up to 30% of their bonus will be forfeited.



## LONG-TERM INCENTIVES

The new long-term incentive plan, namely the 2018 conditional share plan, is aligned, with global practice and has been used for all new long-term incentive awards since the 2018 annual general meeting.

## 2018 CONDITIONAL SHARE PLAN (F2020)

### COMPANY AND INDIVIDUAL LIMITS

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

### POLICY

This plan closely aligns the interests of shareholders and senior executives by recognising their contributions to the group, giving them the opportunity to share in its success, and reward superior performance. This plan is used as a tool to incentivise performance and create shareholder value.

### ELIGIBILITY

Employees in the corporate office on Paterson grade D-F bands are eligible to participate in the 2018 conditional share plan. The primary intent is to make awards to executive and senior management, although awards may be made to other employees with the consent of the committee.

## 2018 CONDITIONAL SHARE PLAN (F2020) continued

### INSTRUMENT

Conditional shares (subject to performance and employment conditions) for annual or interim awards of long-term incentives.

### AWARD AND SETTLEMENT

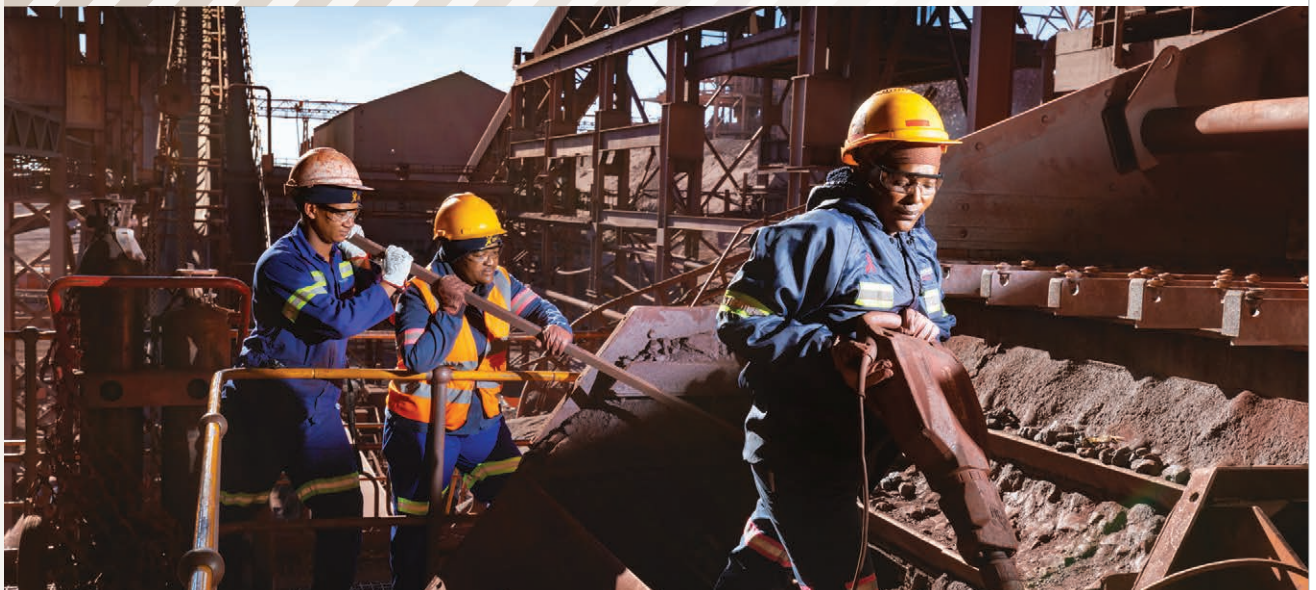
Conditional share awards may be made on an annual or interim basis to reduce the risk of unanticipated outcomes due to share-price volatility and cyclical factors. Conditional shares will vest after three years, subject to predetermined performance criteria being met, and settled in equity or cash should it not be practical or possible to settle in ARM shares.

### ALLOCATION LEVELS

Executive chairman – 2.0 x total 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

## 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 dividends a participant would have earned if they owned the vested number of ARM shares from award date to vesting date of the conditional shares with reference to the dividend record dates in that period.



REMUNERATION REPORT – PART II continued

2018 CONDITIONAL SHARE PLAN (F2020) continued				
PERFORMANCE CONDITIONS AND VESTING				
Performance conditions	Weight	Threshold	Target	Stretch
<b>Relative total shareholder return</b> (TSR) against a comparator group of 20 mining companies (excluding gold and diamond companies).*	25%	Threshold and target is set at the median of the comparator group (100% vesting)		Upper quartile of the comparator group (200% vesting)
<b>Average free cash flow return on equity</b> US\$ operating free cash flow/US\$ equity over the three-year performance period, where: operating free cash flow (for the year) is defined as: Net increase/decrease in cash and cash equivalents <b>Plus</b> dividends paid to shareholders and non-controlling interest <b>Plus</b> expansion capital expenditure <b>Plus</b> repayments of debt.	25%	US\$ cost of equity of the company (50% vesting)	US\$ cost of equity of the company + 3% (100% vesting)	US\$ cost of equity of the company + 6% (200% vesting)
<b>Consistent and sustainable cost performance</b> as measured against the mining producer price index (PPI). Compound annual growth rate of the company's unit costs 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)
<b>Sustainable business</b> Improved safety performance as measured by the lost-time injury frequency rate (LTIFR) Improvement in the B-BBEE score Environmental compliance (see climate change performance targets below)	10% 10% 5%	Improvement of 3% over the period (50% vesting) Maintain current level (50% vesting)	Improvement of 4% over the period (100% vesting) Improvement of 2% (100% vesting)	Improvement of 5% over the period (200% vesting) Improvement of 5% (200% vesting)

\* Top 20 JSE-listed mining companies (excluding gold and diamond companies) determined at the date of allocation.

### Climate change performance targets

**Description of targets:** absolute savings in carbon emissions consisting of:

- » Emissions from direct production activities (ie scope 1 emissions) and
- » Emissions from electricity consumption (ie scope 2 emissions) due to emission-reduction initiatives determined at the end of the three-year performance period, relative to the baseline on 1 July of that period.

*NOTE: The calculation may be adjusted for any material acquisitions and divestments based on emissions at the time of the transaction.*

**Threshold:** maintain the baseline, ie keep carbon emissions below the aggregate of scope 1 and scope 2 emission levels at the start of the three-year performance period (50% vesting).

**Target:** 1.8% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (100% vesting).

**Stretch:** equal to or greater than 2.0% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (200% vesting).

## 2018 CONDITIONAL SHARE PLAN (F2020) continued

### VESTING

There will be 0% vesting for the applicable performance measure if performance is below threshold. Linear interpolation will be applied for performance between threshold and target, and target stretch. Vesting is capped at 200% for performance at and above stretch.

### TERMINATION OF EMPLOYMENT

If a senior executive leaves due to a fault termination eg resignation or dismissal, all unvested awards will be forfeited.

If a senior executive leaves due to a no-fault termination eg retirement, retrenchment or death, the number of conditional shares that will vest will be pro-rated against performance and time served.

### 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 on certain 'trigger events', including action or conduct of a senior executive which, in the reasonable opinion of the board, amounts to misbehaviour, fraud or gross misconduct. In terms of clawback, the pre-tax cash value of the award would be recouped.

## LONG-TERM INCENTIVES (LEGACY SCHEMES)

The Company no longer makes allocations under the legacy schemes set out below.

### PERFORMANCE SHARES (LAST ALLOCATION IN F2019)

#### Policy

Was designed to align the interests of shareholders and senior executives by rewarding superior performance and encouraging them to build 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 annually to reduce the risk of unanticipated outcomes from share price volatility and cyclical factors.

#### Performance criteria

For awards made from May 2015, total shareholder return (TSR) in terms of the JSE Limited Resources 10 Index (RESI 10) and the 20-day volume weighted average price (VWAP) were used to determine the number of performance shares that vest. The RESI 10 was discontinued from December 2015, after which the number of companies in the peer group was increased to 20 (excluding gold and diamond companies). 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 benchmarking were selected through a rigorous process to ensure the overall competitiveness of ARM's remuneration.

#### Performance measurement

Vesting is based on a sliding scale of achieving the performance criteria as determined by an independent third party, the company's remuneration consultants.

## REMUNERATION REPORT – PART II continued

**LONG-TERM INCENTIVES (LEGACY SCHEMES)** continued**Vesting period**

*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 achieving predetermined performance criteria.

*Performance shares conditionally awarded to senior executives after 1 November 2014:* performance shares vest and are settled after a performance period of three years, subject to achieving predetermined performance criteria.

**BONUS SHARES (LAST ALLOCATION IN F2019)****Policy**

Designed to align the interests of shareholders and senior executives by rewarding superior performance and encouraging them to build a shareholding in the company. The bonus performance criteria incentivised the creation of shareholder value.

**Instrument**

Bonus shares in terms of the 2008 share plan.

**Award policy**

Bonus shares are conditional rights to shares that were allocated annually. Allocations were determined by a specified ratio of the annual cash incentive accruing to senior executives.

Other than bonus shares granted under the deferred bonus share/co-investment scheme and the waived bonus method (F2015 and F2016), no bonus shares have been granted since 2015.

**Vesting period**

*Bonus shares granted to senior executives after 1 November 2011 and before 1 November 2014:* bonus shares vested and were settled after four years.

*Bonus shares granted to senior executives after 1 November 2014:* bonus shares vest and are settled after three years.

**DEFERRED BONUS/CO-INVESTMENT SCHEME (LAST ALLOCATION IN F2019)****Policy**

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 a shareholding in the company and enhancing the retention potential of senior executives.

A final award of bonus shares and a matching number of performance shares under the 2008 share plan was made in November 2018 prior to the adoption of the 2018 conditional share plan by shareholders in December 2018.

**Instrument**

Bonus shares (for 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 that were matched by the company with the equivalent number of performance shares under the terms and conditions of the 2008 share plan.

**Award policy**

Scheme prior to F2017: senior executives could defer 25%, 33% or 50%.

Scheme from F2017: senior executives could defer 25%, 33%, 50%, 75% or 100%.

**Vesting period**

The vesting periods of deferred bonus shares and matching equivalent number of performance shares are three years.



## 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 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, executive directors and prescribed officers elected to waive and receive delivery of 100% of the value of any cash bonus that might accrue to them for the F2015 performance year, pre-tax, in the form of 100% of the value of the waived F2015 bonus in bonus shares and 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 that might accrue to him for the F2016 performance year, pre-tax, in the form of 100% of the value of the waived F2016 bonus in bonus shares and matching equivalent number of performance shares.

There have been no awards using this method since F2016.

### Vesting period

The vesting periods of waived bonus shares and 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 a shareholding in the company.

### Instrument

Share options under The African Rainbow Minerals Share Incentive Scheme (the scheme).

### 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 these.

### 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 – PART II continued

**Termination policy**

Executive directors and prescribed officers have one month's notice period in their employment contracts. Executive agreements do not include restraint provisions applicable upon termination. The termination policy is set out below.

**TERMINATION POLICY**

FORM OF REMUNERATION	RESIGNATION	RETIREMENT	DISMISSAL	RETRENCHMENT/ TRANSFER	DEATH
Basic salary	One month's notice pay	Paid until last day of employment	Paid until last day of employment	Paid until last day of employment	Paid until last day of employment
Benefits including medical/pension	Paid until employment ceases	Pension pay out under rules of pension fund scheme	Paid until employment ceases	Paid until employment ceases	Paid until last day of employment
<b>Outperformance Bonus Scheme</b>					
Short-term Incentive (cash bonus)	No entitlement to bonus	Entitled to pro-rata bonus, paid at the end of the financial year	No entitlement to bonus	Entitled to pro-rata bonus, paid at the end of the financial year	Entitled to pro-rata bonus, paid at the end of the financial year
<b>2008 Share Plan</b>					
Performance shares (awards)	Considered a fault termination: all unvested awards are cancelled**	Considered a no-fault termination: awards are settled on vesting if performance criteria are met	Considered a fault termination: all unvested awards are cancelled**	Considered a no-fault termination: all awards are settled pro rata for the period until vested	Considered a no-fault termination: all awards are settled pro rata for the period until vested
Bonus shares (grants)	Considered a fault termination: all unvested grants will be deemed to have been cancelled*	Considered a no-fault termination: all grants will be deemed to have vested on the date of terminating employment, and settled as soon as possible	Considered a fault termination: all unvested grants will be deemed to have been cancelled*	Considered a no-fault termination: all grants will be deemed to have vested on the date of terminating employment and settled as soon as possible	Considered a no-fault termination: all grants will be deemed to have vested on the date of terminating employment and settled as soon as possible
<b>Share Scheme</b>					
Share options	Within 45 days of terminating 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 terminating employment	Vested share options may be exercised within one year of date of death, and the board may grant a further one-year period

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

\* Unless the board determines otherwise.



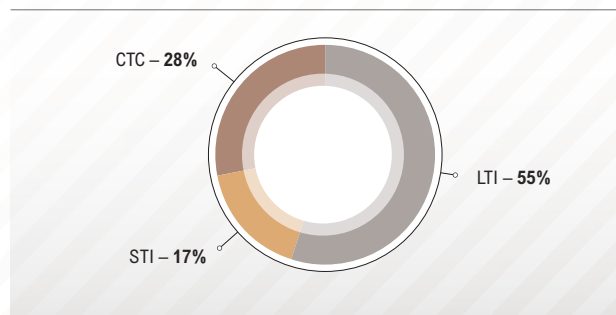
### Total remuneration design: F2020

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

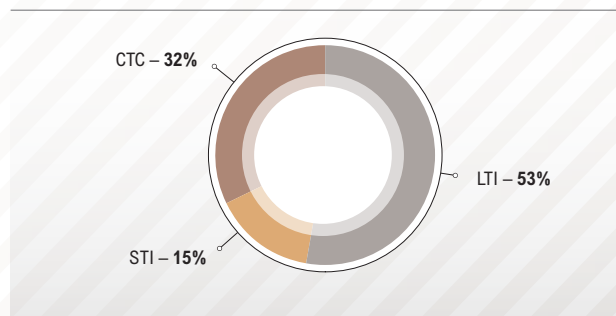
The scenario graphs alongside represent the on-target total remuneration packages of senior executives, where the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the committee to ensure it supports the company's remuneration policy and strategic objectives.

REMUNERATION REPORT – PART II continued

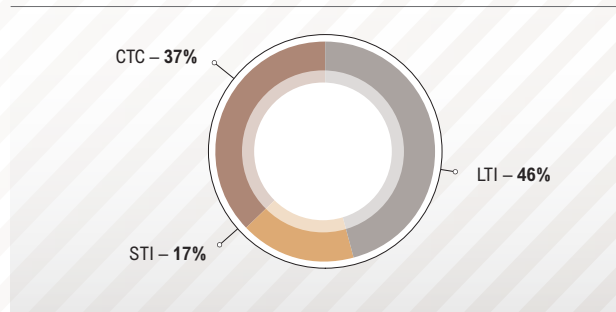
**EXECUTIVE CHAIRMAN<sup>1</sup>**



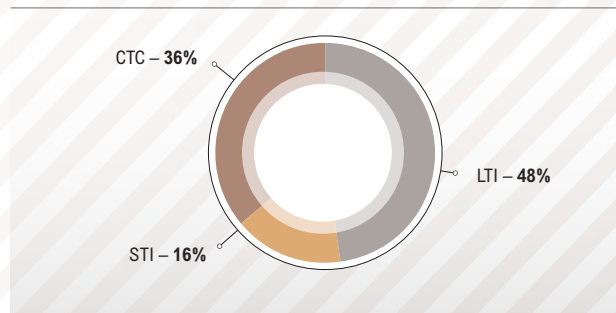
**CHIEF EXECUTIVE OFFICER**



**FINANCE DIRECTOR**



**EXECUTIVE DIRECTOR AND PRESCRIBED OFFICER<sup>2</sup>**



CTC = total annual package before incentives (ie cost-to-company)  
 STI = short-term incentive  
 LTI = long-term incentive

<sup>1</sup> Total annual package before incentives, excludes non-cash benefits.  
<sup>2</sup> Average remuneration for Messrs AJ Wilkens, HL Mkatshana and A Joubert. For Messrs Wilkens and Joubert, the total annual package before incentives, excludes non-cash benefits. Mr Wilkens' salary decreased by 30% on 1 August 2019 and he did not receive an annual increase on 1 July 2019.

**Shareholding targets for senior executives**

To further align management's interests with those of shareholders and to encourage long-term commitment to the company, senior executives are expected to accumulate a holding of shares in ARM. They have been required to build a minimum shareholding in ARM shares from October 2015, or three years after the first allocation on becoming a senior executive, equivalent to 1 x pensionable salary determined at the date of allocation. This is followed by another period of three years to build a further shareholding of 1x pensionable salary for a total of 2x pensionable salary. Senior executives are required to maintain the number of shares while employed by ARM.

**CGR** Minimum shareholding target outcomes are set out in part III.

**Employment agreements**

There are employment agreements between the company and executive directors, namely Dr PT Motsepe (executive chairman), Messrs MP Schmidt (chief executive officer), HL Mkatshana (executive director and chief executive: ARM Platinum, also responsible for ARM Coal) and AJ Wilkens (executive director: growth and strategic development) and Ms AM Mukhuba (finance director).

The company also has an employment agreement with the prescribed officer, Mr A Joubert (chief executive: ARM Ferrous).

None of these 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 the prescribed officer are subject to the performance criteria that apply to all participants in the 2018 conditional share plan, 2008 share plan and the scheme. There are no other service agreements between the company and its executive directors and prescribed officers.

**Remuneration policy: non-executive directors**

**Non-executive directors' fees**

On the advice of the remuneration committee, which engages specialist consultants to assist with benchmarking non-executive directors' fees against comparable companies, the board considers and makes recommendations to shareholders on fees payable.

As a comprehensive benchmarking study was conducted in 2018, after which changes to non-executive directors' fees were approved by shareholders, no benchmarking study was conducted in 2019. The committee agreed to recommend to shareholders that non-executive directors' fees be increased by 6% in F2020 (rounded to the nearest R50) in line with the increase for executives in the E and F bands.



Board retainers and board and committee meeting attendance fees are paid quarterly in arrears. 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-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve the payment of fees to non-executive directors for services rendered (including attendance at any committee meeting, at the direction of the board, where the non-executive director is not a member), and to ensure that these fees attract and retain non-executive directors of the required calibre. Annual retainer fees would be paid quarterly or as determined by the board, and would be pro-rated for periods of less than a full year. The per-meeting attendance fee would be as set out below.

	Proposed fees from 1 July 2019 (excluding VAT) (Rand)*		Fees effective 1 July 2018 (excluding VAT) (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead independent non-executive director	565 700	21 600	533 700	20 400
Independent non-executive directors	451 350	21 600	425 800	20 400
Non-executive directors	451 350	21 600	425 800	20 400

\* Effective 1 July 2019, should fees be approved by shareholders at the 2019 annual general meeting.

Attendance fees are paid for ad hoc board meetings, budget workshops, strategy meetings, site visits and other meetings on board matters as well as for attending committee meetings (as a non-member and at the direction of board). The company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings. Office costs, including telecommunication costs, are deemed to be included in board retainers.

### Committee per-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve the payment of fees to non-executive directors for services rendered as committee members and to ensure that committee meeting attendance fees attract and retain suitable non-executive directors. Attendance fees are paid for ad hoc committee meetings. The proposed fees are set out below:

	Proposed from 1 July 2019 (excluding VAT) (Rand)*	Fees effective 1 July 2018 (excluding VAT) (Rand)
<b>Audit and risk committee</b>		
Chairman	112 800	106 400
Member	45 150	42 600
<b>Investment committee, nomination committee, social and ethics committee and remuneration committee</b>		
Chairman	55 900	52 750
Member	29 500	27 850

\* Effective 1 July 2019, should the fees be approved by shareholders at the 2019 annual general meeting.

### Service agreements: non-executive directors

In addition to directors' fees, non-executive directors may receive consultancy fees under agreements concluded at market rates for defined and pre-approved services.

In F2019, the company had:

- » A renewable two-year consultancy agreement with Mr M Arnold from 11 December 2017 when he became a non-executive director
- » A renewable consultancy agreement with Mr JA Chissano, which was renewed for one year from 1 May 2018
- » A renewable one-year consultancy agreement with Mr WM Gule from 1 August 2018, which was not renewed on 31 July 2019
- » A renewable two-year consultancy agreement with Mr JC Steenkamp from 11 December 2018.

The agreement with Mr Chissano, which was renewed with effect from 1 May 2019, may be renewed annually, subject to one calendar month's termination notice by either party.

There are no other service agreements between the company and its non-executive directors.

Details on amounts paid in F2019 under consultancy agreements with non-executive directors are provided in part III on page 70.

### Non-binding advisory vote

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration policy set out in part II.

IAR  See the notice of annual general meeting on page 130 of the integrated report.





## PART III – IMPLEMENTATION REPORT: F2019

### Directors' remuneration: executive directors and prescribed officers

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

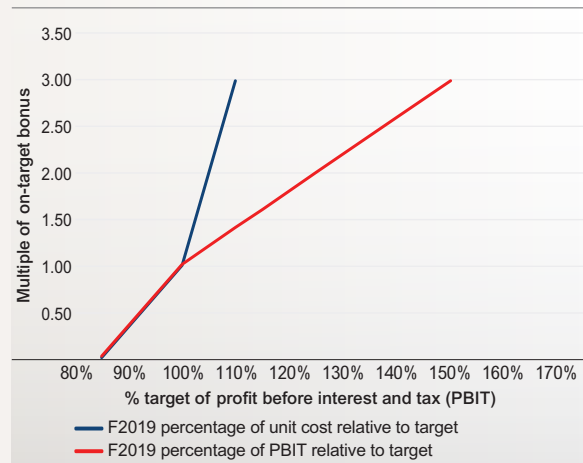
#### Salary adjustments

The board approved a cost-to-company increase of 6% for senior executives for F2019 (F2018: 5%).

#### F2019 short-term incentive performance targets

The F2019 targets for profit before interest and taxes (PBIT) and costs are shown alongside.

F2019 BONUS STRUCTURE



Performance against bonus targets for F2019 was as follows:

PROFITABILITY*	COST TARGETS	SAFETY MODIFIER
<b>ABOVE TARGET</b> » ARM Ferrous, ARM Platinum and ARM Coal.	<b>BETTER THAN PLAN</b> » Achieved at Khumani and Beeshoek.	<b>SAFETY MODIFIER ACHIEVED</b> » ARM Ferrous and ARM Coal – 10% » ARM group – 3.33%.
	<b>WORSE THAN PLAN</b> » Black Rock Mine, Machadodorp Works, ARM Platinum and ARM Coal.	<b>SAFETY MODIFIER NOT ACHIEVED</b> » ARM Platinum.

\* Based on profit before interest and taxes.

#### F2019 actual short-term incentive outcomes

The performance measures and targets based on budget are recommended by the remuneration committee to the board for approval on an annual basis. The targets are set to take into account the current market condition faced by the company or division. The percentage of basic salary paid as a bonus is based on the relative achievement against targets.

The tables on page 56 set out how senior executives performed against targets for performance measures and the relative weighting of each measure.

REMUNERATION REPORT – PART III continued

56

**F2019 SHORT-TERM INCENTIVE PERFORMANCE SCORECARD: EXECUTIVE DIRECTORS**

Performance measure	Performance level achieved						Commentary on key performance outcome and link to reward
	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	
Group performance	100%						
» Profit from operations		50%				●	Exceeded stretch target (OTB = 3)
» Unit cost of sales (weighted)		50%	●				Below target (OTB = 0.87)
<b>Group safety modifier</b>			●				Below target modifier achieved (3.33%)

OTB = on-target bonus

The prescribed officer, the chief executive: ARM Ferrous, was measured against a combination of group and divisional financial targets.

**F2019 SHORT-TERM INCENTIVE PERFORMANCE SCORECARD: PRESCRIBED OFFICER**

Performance measure	Performance level achieved						Commentary on key performance outcome and link to reward
	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	
Group performance	50%						
» Profit from operations		50%				●	Exceeded stretch target (OTB = 3)
» Unit cost of sales (weighted)		50%	●				Below target (OTB = 0.87)
Divisional performance	50%						
ARM Ferrous							
» Profit from operations		50%				●	Exceeded stretch target (OTB = 3)
ARM Ferrous							
» Unit cost of sales (weighted)		50%			●		Between target and stretch (OTB = 1.95)
<b>Divisional safety modifier</b>						●	Maximum modifier achieved (10%)

OTB = on-target bonus

The F2019 remuneration outcomes are summarised below. The total F2019 bonus was payable in cash and no portion was deferred.

**F2019 SHORT-TERM INCENTIVE PERFORMANCE OUTCOMES: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICER**

	F2019 % on-target bonus	F2019 % maximum bonus	F2019 performance rating (after applying safety modifier)	F2019 actual short-term incentive (cash bonus) (after applying safety modifier) (R000)	Short-term incentive as a % of total annual package before incentives*
<b>Executive directors</b>					
Dr PT Motsepe	62%	186%	124%	9 719	76%
MP Schmidt	50%	150%	100%	8 185	100%
AM Mukhuba	45%	135%	90%	4 261	90%
HL Mkatshana	45%	135%	90%	3 953	90%
AJ Wilkens	45%	135%	90%	7 096	88%
<b>Prescribed officer</b>					
A Joubert	45%	135%	109%	5 480	109%

\* Per single figure remuneration table on pages 60 and 61.



## F2019 long-term incentive awards

### Conditional shares under the 2018 conditional share plan

Awards of conditional shares were made to eligible participants in the Paterson grade F-band under the 2018 conditional share plan. Conditional shares are settled after three years, subject to the company achieving prescribed performance criteria over this period. The 20-day volume weighted average price is used to determine the price. Settlements for one senior executive who retired in F2019 will be made in F2020, subject to the company achieving the prescribed performance criteria.

### Performance shares under the 2008 share plan

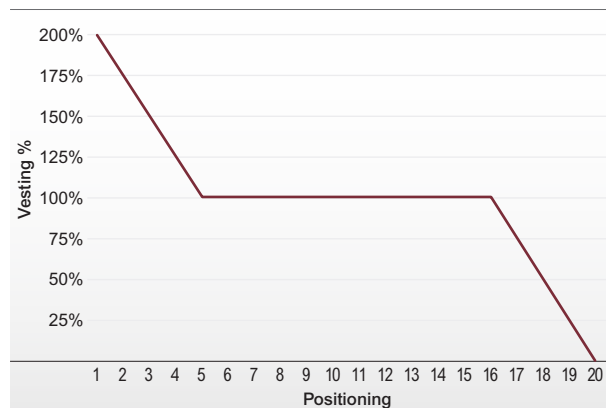
Conditional awards of performance shares were made to eligible participants under the 2008 share plan until November 2018. Performance shares are settled after three years, subject to the company achieving prescribed performance criteria over this period. The 20-day volume weighted average price is used to determine the price.

## F2019 long-term incentive performance outcomes

### F2015 performance share awards

The 22 May 2015 performance shares awarded in terms of the three-year annual allocation to senior executives in the F band vested on 15 October 2018. The performance measurement for the award resulted in, based on ARM's TSR ranking of 7th against 20 listed comparator companies, the vesting and settlement of 100% of the awarded number of performance shares.

#### VESTING SCHEDULE: 22 MAY 2015 AWARDS



The comparator group for the May 2015 performance share awards is shown below:

Rank	Company name
1	Assore Limited
2	Tharisa plc
3	South32 Limited <sup>1</sup>
4	Merafe Resources Limited
5	Exxaro Resources Limited
6	Anglo American plc
<b>7</b>	<b>African Rainbow Minerals Limited</b>
8	Anglo American Platinum Limited
9	BHP Billiton plc
10	Wescoal Holdings Limited
11	Glencore plc
12	Northam Platinum Limited
13	Wesizwe Platinum Limited
14	Royal Bafokeng Platinum Limited
15	Impala Platinum Holdings Limited
16	MC Mining Limited
17	Atlatsa Resources Corp
18	Resources Generation Limited
19	Eastern Platinum Limited
20	Lonmin plc

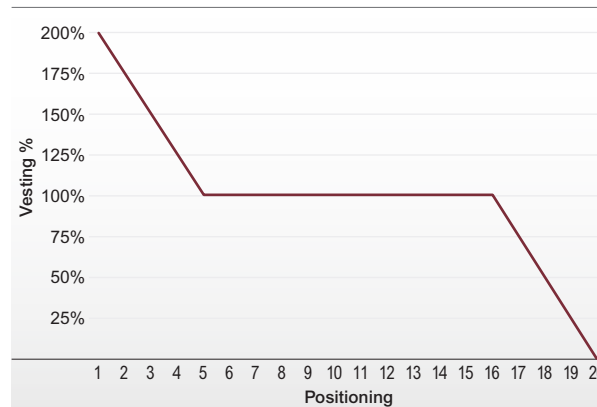
Source: PwC

<sup>1</sup> As South32 Limited listed three days prior to the start date, there is not sufficient history to determine the TSR for 20 days preceding the start date. Accordingly the first 20 days from the listing date were used as a proxy.

## Settlement of F2016 waived bonus and deferred bonus/co-investment scheme awards

The 25 November 2015 awards (in terms of the waived bonus and deferred bonus/co-investment schemes) vested on 26 November 2018. Based on ARM's TSR ranking of 5th against 20 listed comparator companies shown below, 100% of the awarded number of performance shares vested and were settled.

#### VESTING SCHEDULE: 25 NOVEMBER 2015 AWARDS



REMUNERATION REPORT – PART III continued

The comparator group for the November 2015 performance share awards is shown below:

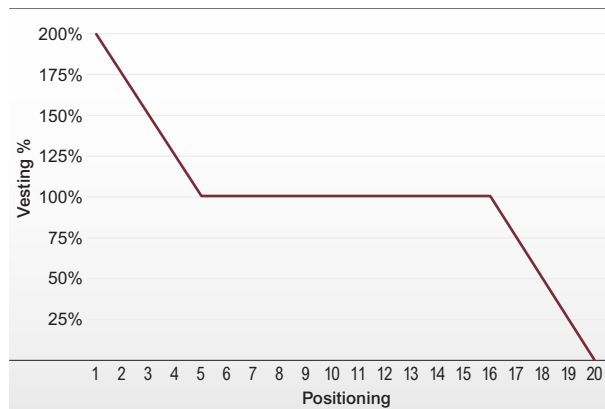
Rank	Company name
1	Assore Limited
2	Tharisa plc
3	Exxaro Resources Limited
4	Anglo American plc
<b>5</b>	<b>African Rainbow Minerals Limited</b>
6	South32 Limited
7	Glencore plc
8	Merafe Resources Limited
9	Anglo American Platinum Limited
10	BHP Billiton plc
11	Northam Platinum Limited
12	Royal Bafokeng Platinum Limited
13	Impala Platinum Holdings Limited
14	Atlatsa Resources Corp
15	Wesizwe Platinum Limited
16	Hulamin Limited
17	Resource Generation Limited
18	MC Mining Limited
19	Lonmin plc
20	Eastern Platinum Limited

Source: PwC

**Settlement of F2016 performance share awards**

The 18 May 2016 interim performance share awards vested on 20 May 2019. Based on ARM’s TSR ranking of 8th against 20 listed comparator companies (excluding gold and diamond companies) shown below, 100% of the awarded number of performance shares vested and were settled.

**VESTING SCHEDULE: 18 MAY 2016 AWARDS**



The comparator group for the May 2016 performance share awards is shown below:

Rank	Company name
1	Kumba Iron Ore Limited
2	Tharisa plc
3	Anglo American plc
4	Exxaro Resources Limited
5	Assore Limited
6	South32 Limited
7	BHP Billiton plc
<b>8</b>	<b>African Rainbow Minerals Limited</b>
9	Glencore plc
10	Anglo American Platinum Limited
11	Merafe Resources Limited
12	Northam Platinum Limited
13	Atlatsa Resources Corp
14	Impala Platinum Holdings Limited
15	Royal Bafokeng Platinum Limited
16	Hulamin Limited
17	Wesizwe Platinum Limited
18	Lonmin plc
19	ArcelorMittal SA Limited
20	Eastern Platinum Limited

Source: PwC

**CGR** See single-figure remuneration table on pages 60 and 61 for actual value of performance shares settled in F2018 and F2019 and pages 63 to 65 for more on unvested performance shares.

**Bonus shares under the 2008 share plan**

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 under the 2008 share plan were granted until November 2018 and waived bonus shares under the 2008 share plan were granted in F2015 and F2016.

**CGR** For bonus shares settled in F2018 and F2019 and more on unvested bonus share awards, see pages 65 and 66.

**Share option scheme**

Between 2008 and 2013, annual allocations of share options under The African Rainbow Minerals share incentive scheme (the scheme) were made to eligible participants, but at a much-reduced scale after adopting the 2008 share plan. Share options have not been allocated to executive directors and prescribed officers since October 2013.

**CGR** For share options settled in F2018 and F2019 and more on unexercised share options, see pages 67 and 68.



### Termination-of-office payments

In F2019, no payments were made to executive management as a result of terminating employment.

### Malus and clawback

In F2019, there were no actions or conduct by senior executives that triggered either the malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture) provisions applicable to their long-term share-based incentive awards.

### Minimum shareholding requirements

At 30 June 2019, the executive directors and the prescribed officer set out below had exceeded targets for the first tranche of their minimum shareholding requirements:

Executive directors and prescribed officer	Shareholding at 30 June 2019 (direct or indirect)	Minimum shareholding target (first tranche)
<b>Executive directors*</b>		
Dr PT Motsepe <sup>1</sup>	89 526 698	62 965
MP Schmidt	326 533	41 094
HL Mkatshana	70 003	21 207
AJ Wilkens <sup>2</sup>	616 725	36 543
<b>Prescribed officer</b>		
A Joubert	27 470	24 236

\* Ms AM Mukhuba will reach the first tranche in December 2019.

<sup>1</sup> Includes shares held by African Rainbow Minerals & Exploration Investments (Pty) Ltd and Botho-Botho Commercial Enterprises (Pty) Ltd.

<sup>2</sup> Includes shares held by Jeandre Inv Trust.

## REMUNERATION REPORT – PART III continued

## Single-figure remuneration: executive directors and prescribed officers

The schedules of single-figure remuneration for executive directors and prescribed officers for the years ended 30 June 2019 and 30 June 2018 are set out on the following pages.

## SINGLE FIGURE REMUNERATION (AUDITED)

R000	2019										
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Allowances		Total annual package before incentives	Short-term incentives		Total annual package after short-term incentives, before long-term incentives	Long-term incentives	Total single figure remuneration
				Non-cash benefit <sup>8</sup>	Other benefits <sup>9</sup>		Cash bonus <sup>10</sup>	Bonus deferred <sup>11</sup>			
<b>Executive directors</b>											
Dr PT Motsepe <sup>1</sup>	7 832	–	–	4 994	2	12 828	9 719	–	22 547	30 468	53 015
MP Schmidt	7 515	511	–	–	154	8 180	8 185	–	16 365	24 275	40 640
M Arnold <sup>2</sup>	–	–	–	–	–	–	–	–	–	15 044	15 044
HL Mkatshana <sup>3</sup>	3 951	325	–	–	114	4 390	3 953	–	8 343	9 741	18 084
AM Mukhuba <sup>4</sup>	4 220	445	–	–	68	4 733	4 261	–	8 994	–	8 994
AJ Wilkens	7 735	–	68	162	78	8 043	7 096	–	15 139	16 960	32 099
<b>Total for executive directors</b>	31 253	1 281	68	5 156	416	38 174	33 214	–	71 388	96 488	167 876
<b>Prescribed officers<sup>5</sup></b>											
A Joubert <sup>6</sup>	4 321	483	–	3	214	5 021	5 480	–	10 501	11 262	21 763
FA Uys <sup>7</sup>	–	–	–	–	–	–	–	–	–	8 072	8 072
<b>Total for prescribed officers</b>	4 321	483	–	3	214	5 021	5 480	–	10 501	19 334	29 835
<b>Total for executive directors and prescribed officers</b>	35 574	1 764	68	5 159	630	43 195	38 694	–	81 889	115 822	197 711

Total annual package before incentives = cost-to-company

1 The calculated F2018 bonus was R9,609 million. Prior to this amount accruing, Dr. PT Motsepe elected to defer 100% of any bonus for F2018 and the equivalent value of deferred bonus shares (ie 75 115 bonus shares) and performance shares (ie 75 115 performance shares) were allocated by the company and the cash value equivalent is shown as "Bonus deferred". Also see the schedule of unvested awards on pages 65 and 66.

2 Mr M Arnold retired as financial director with effect from 10 December 2017. He became a non-executive director on 11 December 2017. For additional information about his remuneration, see the schedule of non-executive directors' remuneration on page 70 and for awards settled in F2019 and F2018, see the schedules on pages 63 to 68.

3 Following a benchmarking study by the remuneration consultants in F2019, Mr HL Mkatshana received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.

4 Ms AM Mukhuba was the chief financial officer of the company until 10 December 2017 and was appointed as finance director from 11 December 2017. Following a benchmarking study by the remuneration consultants in F2019, Ms Mukhuba received a 12% increase in cost to company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.

5 Prescribed officers of the company were determined under section 66(10) of the Companies Act 71 2008, as amended, and as further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).

6 Following a benchmarking study by the remuneration consultants in F2019, Mr Joubert received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost to company increase of 6%.

7 Mr FA Uys retired from the company from 8 January 2018.

8 Includes protection services.

9 Includes travel, UIF and risk benefits.

10 See pages 55 to 56 for additional information about accrued cash bonuses.

11 Cash value equivalent of the deferred bonus.

12 Includes 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 F2019 and F2018, respectively, as performance was measured at the vesting date which falls within F2019 or F2018, as the case may be. For additional information about performance shares, see pages 57 and 58 and the schedules of unvested awards on pages 63 to 68.



R000	2018										
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Allowances		Total annual package before incentives	Short-term incentives		Total annual package after short-term incentives, before long-term incentives	Long-term incentives	Total single figure remuneration
				Non-cash benefit <sup>8</sup>	Other benefits <sup>9</sup>		Cash bonus <sup>10</sup>	Bonus deferred <sup>11</sup>			
<b>Executive directors</b>											
Dr PT Motsepe <sup>1</sup>	7 389	–	–	2 848	2	10 239	–	9 609	19 848	<b>11 578</b>	31 426
MP Schmidt	7 086	478	–	–	153	7 717	<b>8 092</b>	–	15 809	<b>7 706</b>	23 515
M Arnold <sup>2</sup>	2 266	185	31	–	30	2 512	<b>2 392</b>	–	4 904	<b>4 036</b>	8 940
HL Mkatshana <sup>3</sup>	3 594	296	–	–	93	3 983	<b>3 758</b>	–	7 741	<b>2 325</b>	10 066
AM Mukhuba <sup>4</sup>	3 276	353	–	–	18	3 647	<b>3 776</b>	–	7 423	–	7 423
AJ Wilkens	7 297	–	64	73	151	7 585	<b>7 016</b>	–	14 601	<b>6 083</b>	20 684
<b>Total for executive directors</b>	<b>30 908</b>	<b>1 312</b>	<b>95</b>	<b>2 921</b>	<b>447</b>	<b>35 683</b>	<b>25 034</b>	<b>9 609</b>	<b>70 326</b>	<b>31 728</b>	<b>102 054</b>
<b>Prescribed officers<sup>5</sup></b>											
A Joubert <sup>6</sup>	3 920	440	–	13	192	4 565	<b>4 938</b>	–	9 503	<b>4 073</b>	13 576
FA Uys <sup>7</sup>	1 858	185	–	–	41	2 084	<b>1 960</b>	–	4 044	<b>2 441</b>	6 485
<b>Total for prescribed officers</b>	<b>5 778</b>	<b>625</b>	<b>–</b>	<b>13</b>	<b>233</b>	<b>6 649</b>	<b>6 898</b>	<b>–</b>	<b>13 547</b>	<b>6 514</b>	<b>20 061</b>
<b>Total for executive directors and prescribed officers</b>	<b>36 686</b>	<b>1 937</b>	<b>95</b>	<b>2 934</b>	<b>680</b>	<b>42 332</b>	<b>31 932</b>	<b>9 609</b>	<b>83 873</b>	<b>38 242</b>	<b>122 115</b>

Total annual package before incentives = cost-to-company

- The calculated F2018 bonus was R9.609 million. Prior to this amount accruing, Dr. PT Motsepe elected to defer 100% of any bonus for F2018 and the equivalent value of deferred bonus shares (ie 75 115 bonus shares) and performance shares (ie 75 115 performance shares) were allocated by the company and the cash value equivalent is shown as "Bonus deferred". Also see the schedule of unvested awards on pages 65 and 66.
- Mr M Arnold retired as financial director with effect from 10 December 2017. He became a non-executive director on 11 December 2017. For additional information about his remuneration, see the schedule of non-executive directors' remuneration on page 70 and for awards settled in F2019 and F2018, see the schedules on pages 63 to 68.
- Following a benchmarking study by the remuneration consultants in F2019, Mr HL Mkatshana received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.
- Ms AM Mukhuba was the chief financial officer of the company until 10 December 2017 and was appointed as finance director from 11 December 2017. Following a benchmarking study by the remuneration consultants in F2019, Ms Mukhuba received a 12% increase in cost to company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.
- Prescribed officers of the company were determined under section 66(10) of the Companies Act 71 2008, as amended, and as further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).
- Following a benchmarking study by the remuneration consultants in F2019, Mr Joubert received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost to company increase of 6%.
- Mr FA Uys retired from the company from 8 January 2018.
- Includes protection services.
- Includes travel, UIF and risk benefits.
- See pages 55 to 56 for additional information about accrued cash bonuses.
- Cash value equivalent of the deferred bonus.
- Includes 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 F2019 and F2018, respectively, as performance was measured at the vesting date which falls within F2019 or F2018, as the case may be. For additional information about performance shares, see pages 57 and 58 and the schedules of unvested awards on pages 63 to 68.

REMUNERATION REPORT – PART III continued

**Conditional shares**

Conditional awards of conditional shares are made to eligible participants under the 2018 conditional share plan. Awards are settled after three years, subject to the company achieving prescribed performance criteria over this period. For additional information about the performance criteria, see part II on page 46.

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Unvested conditional shares awarded to directors and the prescribed officer are summarised below.

**UNVESTED CONDITIONAL SHARE AWARDS**

Director/ prescribed officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2019					Pre-tax cash value on settle- ment (R000)
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	
Dr PT Motsepe	159 694	CSA	07-Dec-18	08-Dec-21	20 570	–	159 694	–	–	159 694	–
MP Schmidt	126 274	CSA	07-Dec-18	08-Dec-21	16 265	–	126 274	–	–	126 274	–
HL Mkatshana	45 313	CSA	07-Dec-18	08-Dec-21	5 837	–	45 313	–	–	45 313	–
AM Mukhuba	48 849	CSA	07-Dec-18	08-Dec-21	6 292	–	48 849	–	–	48 849	–
AJ Wilkens	81 351	CSA	07-Dec-18	08-Dec-21	10 479	–	81 351	–	–	81 351	–
A Joubert	51 796	CSA	07-Dec-18	08-Dec-21	6 672	–	51 796	–	–	51 796	–

CSA: conditional share award



## Performance shares

Conditional awards of performance shares are made to eligible participants under the 2008 share plan. Performance shares are settled after three or four years, subject to the company achieving prescribed performance criteria over this period. For additional information about performance criteria, see part II on page 47.

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 (R000)	F2019					Pre-tax cash value on settle- ment (R000)
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	
Dr PT Motsepe	165 373	PS3	22-May-15	15-Oct-18	17 771	<b>165 373</b>	–	–	<b>(165 373)</b>	–	<b>20 878</b>
	71 570	WB	25-Nov-15	26-Nov-18	3 555	<b>71 570</b>	–	–	<b>(71 570)</b>	–	<b>9 590</b>
	47 218	WB	14-Nov-16	15-Nov-19	4 573	<b>47 218</b>	–	–	–	<b>47 218</b>	–
	244 653	PS3	09-Dec-16	10-Dec-19	25 875	<b>244 653</b>	–	–	–	<b>244 653</b>	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	<b>78 307</b>	–	–	–	<b>78 307</b>	–
	159 378	PS3	16-Nov-17	17-Nov-20	19 406	<b>159 378</b>	–	–	–	<b>159 378</b>	–
	75 115	DB	06-Nov-18	07-Nov-21	9 609	–	<b>75 115</b>	–	–	<b>75 115</b>	–
MP Schmidt	130 764	PS3	22-May-15	15-Oct-18	14 052	<b>130 764</b>	–	–	<b>(130 764)</b>	–	<b>16 508</b>
	57 953	WB	25-Nov-15	26-Nov-18	2 879	<b>57 953</b>	–	–	<b>(57 953)</b>	–	<b>7 766</b>
	193 452	PS3	09-Dec-16	10-Dec-19	20 459	<b>193 452</b>	–	–	–	<b>193 452</b>	–
	16 486	DB	16-Nov-17	17-Nov-20	2 007	<b>16 486</b>	–	–	–	<b>16 486</b>	–
	126 023	PS3	16-Nov-17	17-Nov-20	15 345	<b>126 023</b>	–	–	–	<b>126 023</b>	–
M Arnold <sup>1</sup>	78 169	PS3	22-May-15	15-Oct-18	8 400	<b>78 169</b>	–	–	<b>(78 169)</b>	–	<b>9 868</b>
	38 617	WB	25-Nov-15	26-Nov-18	1 918	<b>38 617</b>	–	–	<b>(38 617)</b>	–	<b>5 174</b>
	120 270	PS3	09-Dec-16	10-Dec-19	12 720	<b>120 270</b>	–	–	–	<b>120 270</b>	–
	78 349	PS3	16-Nov-17	17-Nov-20	9 540	<b>78 349</b>	–	–	–	<b>78 349</b>	–
HL Mkatshana	43 392	PS3	22-May-15	15-Oct-18	4 663	<b>43 392</b>	–	–	<b>(43 392)</b>	–	<b>5 478</b>
	31 814	WB	25-Nov-15	26-Nov-18	1 580	<b>31 814</b>	–	–	<b>(31 814)</b>	–	<b>4 263</b>
	66 762	PS3	09-Dec-16	10-Dec-19	7 061	<b>66 762</b>	–	–	–	<b>66 762</b>	–
	6 572	DB	16-Nov-17	17-Nov-20	800	<b>6 572</b>	–	–	–	<b>6 572</b>	–
	43 492	PS3	16-Nov-17	17-Nov-20	5 296	<b>43 492</b>	–	–	–	<b>43 492</b>	–
AM Mukhuba	35 063	PSI	15-May-17	16-May-20	3 000	<b>35 063</b>	–	–	–	<b>35 063</b>	–
	8 077	DB	16-Nov-17	17-Nov-20	983	<b>8 077</b>	–	–	–	<b>8 077</b>	–
	25 871	PS3	16-Nov-17	17-Nov-20	3 150	<b>25 871</b>	–	–	–	<b>25 871</b>	–
	18 644	PSA	11-Dec-17	12-Dec-20	2 228	<b>18 644</b>	–	–	–	<b>18 644</b>	–
AJ Wilkens	81 003	PS3	22-May-15	15-Oct-18	8 705	<b>81 003</b>	–	–	<b>(81 003)</b>	–	<b>10 226</b>
	50 247	WB	25-Nov-15	26-Nov-18	2 496	<b>50 247</b>	–	–	<b>(50 247)</b>	–	<b>6 733</b>
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	<b>124 630</b>	–	–	–	<b>124 630</b>	–
	81 190	PS3	16-Nov-17	17-Nov-20	9 886	<b>81 190</b>	–	–	–	<b>81 190</b>	–
A Joubert	49 591	PS3	22-May-15	15-Oct-18	5 329	<b>49 591</b>	–	–	<b>(49 591)</b>	–	<b>6 260</b>
	37 319	WB	25-Nov-15	26-Nov-18	1 854	<b>37 319</b>	–	–	<b>(37 319)</b>	–	<b>5 000</b>
	76 300	PS3	09-Dec-16	10-Dec-19	8 069	<b>76 300</b>	–	–	–	<b>76 300</b>	–
	49 705	PS3	16-Nov-17	17-Nov-20	6 052	<b>49 705</b>	–	–	–	<b>49 705</b>	–
JC Steenkamp <sup>2</sup>	81 003	PS3	22-May-15	15-Oct-18	8 705	<b>81 003</b>	–	–	<b>(81 003)</b>	–	<b>10 226</b>
	60 958	WB	25-Nov-15	26-Nov-18	3 027	<b>60 958</b>	–	–	<b>(60 958)</b>	–	<b>8 168</b>
	124 630	PS3	09-Dec-16	10-Dec-19	13 181	<b>124 630</b>	–	–	–	<b>124 630</b>	–
FA Uys <sup>3</sup>	43 392	PS3	22-May-15	15-Oct-18	4 663	<b>43 392</b>	–	–	<b>(43 392)</b>	–	<b>5 478</b>
	19 360	WB	25-Nov-15	26-Nov-18	962	<b>19 360</b>	–	–	<b>(19 360)</b>	–	<b>2 594</b>
	66 762	PS3	09-Dec-16	10-Dec-19	7 061	<b>66 762</b>	–	–	–	<b>66 762</b>	–
	43 492	PS3	16-Nov-17	17-Nov-20	5 296	<b>43 492</b>	–	–	–	<b>43 492</b>	–

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

<sup>1</sup> Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

<sup>2</sup> Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

<sup>3</sup> Mr FA Uys retired from the company on 8 January 2018.

## REMUNERATION REPORT – PART III continued

## UNVESTED PERFORMANCE SHARE AWARDS (CONTINUED)

Director/ prescribed officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2018					Pre-tax cash value on settle- ment (R000)
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	
Dr PT Motsepe	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	–	
MP Schmidt	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 <sup>1</sup>	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	–
HL Mkatshana	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	–
AM 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	–
AJ Wilkens	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	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	–
JC Steenkamp <sup>2</sup>	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	–



## UNVESTED PERFORMANCE SHARE AWARDS (CONTINUED)

Director/ prescribed officer	Number of shares	Award type	Award date	Vesting date	Value on award date (R000)	F2018					Pre-tax cash value on settle- ment (R000)
						Opening balance	Awarded during the year	Forfeited during the year	Vested/ settled during the year	Closing balance	
FA Uys <sup>3</sup>	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

1 Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director on 11 December 2017.

2 Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

3 Mr FA Uys retired from the company on 8 January 2018.

## Bonus shares

Under the 2008 share plan, eligible participants received grants of bonus shares that matched, 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. Between 2015 and November 2018, bonus shares were only granted in terms of the deferred bonus/co-investment scheme and the waived bonus scheme. See part II 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 (R000)	F2019				
						Opening balance	Granted during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Dr PT Motsepe	71 570	WB	25-Nov-15	26-Nov-18	3 555	<b>71 570</b>	–	<b>(71 570)</b>	–	<b>9 590</b>
	47 218	WB	14-Nov-16	15-Nov-19	4 573	<b>47 218</b>	–	–	<b>47 218</b>	–
	78 307	DB	16-Nov-17	17-Nov-20	9 535	<b>78 307</b>	–	–	<b>78 307</b>	–
	75 115	DB	06-Nov-18	07-Nov-21	9 609	–	<b>75 115</b>	–	<b>75 115</b>	–
MP Schmidt	57 953	WB	25-Nov-15	26-Nov-18	2 879	<b>57 953</b>	–	<b>(57 953)</b>	–	<b>7 765</b>
	16 486	DB	16-Nov-17	17-Nov-20	2 007	<b>16 486</b>	–	–	<b>16 486</b>	–
M Arnold <sup>1</sup>	38 617	WB	25-Nov-15	26-Nov-18	1 918	<b>38 617</b>	–	<b>(38 617)</b>	–	–
HL Mkatshana	31 814	WB	25-Nov-15	26-Nov-18	1 580	<b>31 814</b>	–	<b>(31 814)</b>	–	<b>4 263</b>
	6 572	DB	16-Nov-17	17-Nov-20	800	<b>6 572</b>	–	–	<b>6 572</b>	–
AM Mukhuba	8 077	DB	16-Nov-17	17-Nov-20	983	<b>8 077</b>	–	–	<b>8 077</b>	–
AJ Wilkens	50 247	WB	25-Nov-15	26-Nov-18	2 496	<b>50 247</b>	–	<b>(50 247)</b>	–	<b>6 733</b>
A Joubert	37 319	WB	25-Nov-15	26-Nov-18	1 854	<b>37 319</b>	–	<b>(37 319)</b>	–	–
JC Steenkamp <sup>2</sup>	60 958	WB	25-Nov-15	26-Nov-18	3 028	<b>60 958</b>	–	<b>(60 958)</b>	–	<b>8 168</b>
FA Uys <sup>3</sup>	19 360	WB	25-Nov-15	26-Nov-18	962	<b>19 360</b>	–	<b>(19 360)</b>	–	<b>2 594</b>

BS3: Annual award (3-year)

BS4: Annual award (4-year)

DB: Deferred bonus/co-investment scheme

WB: Waived bonus method

1 Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

2 Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

3 Mr FA Uys retired from the company from 8 January 2018.

REMUNERATION REPORT – PART III continued

UNVESTED BONUS SHARE AWARDS (CONTINUED)

Director/ prescribed officer	Number of shares	Award type	Grant date	Vesting date	F2018					
					Value on grant date (R000)	Opening balance	Granted during the year	Vested/ settled during the year	Closing balance	Pre-tax cash value on settlement (R000)
Dr PT Motsepe	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	–
MP Schmidt	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 <sup>1</sup>	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	–
HL Mkatshana	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	–
AM Mukhuba	8 077	DB	16-Nov-17	17-Nov-20	983	–	8 077	–	8 077	–
AJ Wilkens	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	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	–
JC Steenkamp <sup>2</sup>	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	–
FA Uys <sup>3</sup>	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

1 Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.  
 2 Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.  
 3 Mr FA Uys retired from the company from 8 January 2018.

## Share options

Between 2008 and 2013, annual allocations of share options under the African Rainbow Minerals Share Incentive Scheme (the scheme) were made to eligible participants, but at a much-reduced scale after adopting the 2008 share plan. Share options have not been allocated to executive directors and prescribed officers since October 2013.

All share options have vested. Unexercised share options held by executive directors and prescribed officers are shown below.

### SHARE OPTIONS

Director/ prescribed officer	Number of options	Grant date	Vesting date	Date options lapse	Strike price (cps)	F2019				Pre-tax cash value on set- tlement (R000)
						Opening balance	Lapsed or cancelled during the year	Exer- cised during the year	Closing balance	
Dr PT Motsepe	19 396	09-Nov-11	10-Nov-15	09-Nov-19	18 267	<b>19 396</b>	–	–	<b>19 396</b>	–
	22 964	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>22 964</b>	–	–	<b>22 964</b>	–
	20 223	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>20 223</b>	–	–	<b>20 223</b>	–
MP Schmidt	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	<b>4 863</b>	<b>(4 863)</b>	–	–	–
	15 328	09-Nov-11	10-Nov-15	09-Nov-19	18 267	<b>15 328</b>	–	–	<b>15 328</b>	–
	18 127	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>18 127</b>	<b>(17 263)</b>	<b>(864)</b>	–	<b>69</b>
	15 963	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>15 963</b>	–	–	<b>15 963</b>	–
M Arnold <sup>1</sup>	6 287	15-Oct-10	16-Oct-13	15-Oct-18	17 849	<b>6 287</b>	<b>(6 287)</b>	–	–	–
	9 959	09-Nov-11	10-Nov-15	09-Nov-19	18 267	<b>9 959</b>	–	–	<b>9 959</b>	–
	12 769	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>12 769</b>	<b>(12 215)</b>	<b>(554)</b>	–	<b>96</b>
	11 245	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>11 245</b>	–	–	<b>11 245</b>	–
HL Mkatshana	6 861	03-Apr-12	04-Apr-16	03-Apr-20	18 219	<b>6 861</b>	–	–	<b>6 861</b>	–
	8 167	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>8 167</b>	–	–	<b>8 167</b>	–
	7 846	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>7 846</b>	–	–	<b>7 846</b>	–
AJ Wilkens	12 072	15-Oct-10	16-Oct-13	15-Oct-18	17 849	<b>12 072</b>	<b>(12 072)</b>	–	–	–
	19 124	09-Nov-11	10-Nov-15	09-Nov-19	18 267	<b>19 124</b>	–	–	<b>19 124</b>	–
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>17 463</b>	<b>(16 712)</b>	<b>(751)</b>	–	<b>60</b>
	15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>15 378</b>	–	–	<b>15 378</b>	–
A Joubert	4 863	15-Oct-10	16-Oct-13	15-Oct-18	17 849	<b>4 863</b>	<b>(4 863)</b>	–	–	–
	7 997	09-Nov-11	10-Nov-15	09-Nov-19	18 267	<b>7 997</b>	–	–	<b>7 997</b>	–
	10 691	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>10 691</b>	–	–	<b>10 691</b>	–
	9 415	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>9 415</b>	–	–	<b>9 415</b>	–
JC Steenkamp <sup>2</sup>	9 408	15-Oct-10	16-Oct-13	15-Oct-18	17 849	<b>9 408</b>	<b>(9 408)</b>	–	–	–
	14 903	09-Nov-11	10-Nov-15	09-Nov-19	18 267	<b>14 903</b>	<b>(14 903)</b>	–	–	–
	17 463	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>17 463</b>	<b>(16 649)</b>	<b>(814)</b>	–	<b>65</b>
	15 378	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>15 378</b>	<b>(15 378)</b>	–	–	–
FA Uys <sup>3</sup>	8 464	15-Oct-12	16-Oct-16	15-Oct-20	16 837	<b>8 464</b>	–	–	<b>8 464</b>	–
	8 238	29-Oct-13	30-Oct-17	29-Oct-21	20 075	<b>8 238</b>	–	–	<b>8 238</b>	–

<sup>1</sup> Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

<sup>2</sup> Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

<sup>3</sup> Mr FA Uys retired from the company from 8 January 2018.

## REMUNERATION REPORT – PART III continued

## SHARE OPTIONS (CONTINUED)

Director/ prescribed officer	Number of options	Grant date	Vesting date	Date options lapse	Strike price (cps)	F2018				
						Opening balance	Lapsed or cancelled during the year	Exercised during the year	Closing balance	Pre-tax cash value on settle- ment (R000)
Dr PT Motsepe	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	–
MP Schmidt	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 <sup>1</sup>	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	–
HL 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	–
AJ Wilkens	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	–
JC Steenkamp <sup>2</sup>	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	–
FA Uys <sup>3</sup>	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	–

<sup>1</sup> Mr M Arnold retired as financial director from 10 December 2017, and became a non-executive director from 11 December 2017.

<sup>2</sup> Mr JC Steenkamp retired as chief executive: exploration and strategic services from 30 June 2017. He became a non-executive director from 10 October 2017.

<sup>3</sup> Mr FA Uys retired from the company from 8 January 2018.

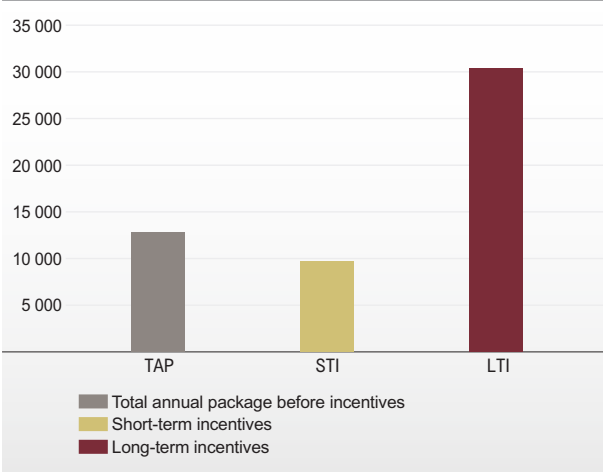


# Remuneration outcomes

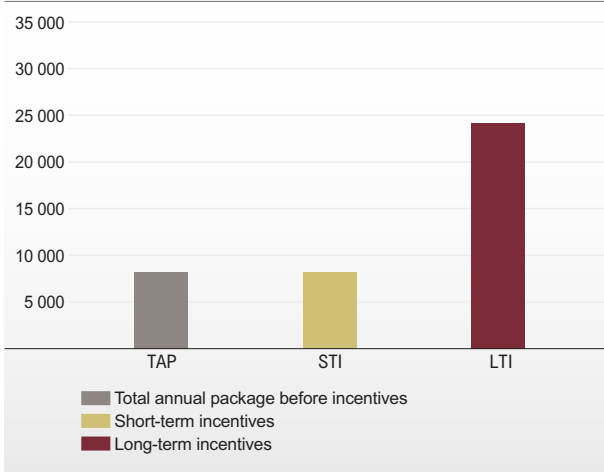
Remuneration outcomes in 2019 for the executive chairman, chief executive officer, finance director and other executive directors plus the prescribed officer are shown below. Emoluments are detailed in the single-figure remuneration table on page 60.

## TOTAL REMUNERATION OUTCOMES: F2019

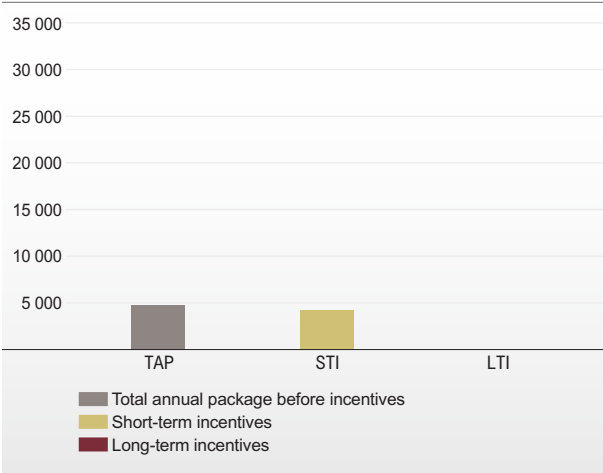
### EXECUTIVE CHAIRMAN (R000)



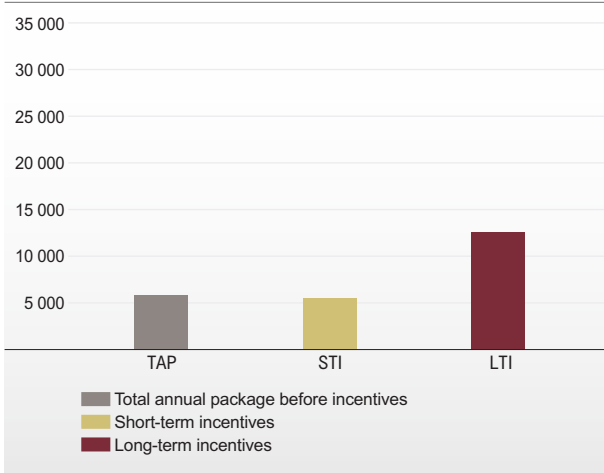
### CHIEF EXECUTIVE OFFICER (R000)



### FINANCE DIRECTOR (R000)



### EXECUTIVE DIRECTORS AND PRESCRIBED OFFICER<sup>1</sup> (R000)



<sup>1</sup> Average remuneration for Messrs AJ Wilkens, HL Mkatshana and A Joubert.

## Directors' remuneration: non-executive directors (audited)

The remuneration of non-executive directors comprises directors' fees. Board retainers, board attendance fees and committee attendance fees are paid quarterly in arrears. The table below sets out emoluments paid to non-executive directors in the years ended 30 June 2019 and 30 June 2018.

### DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS

R000	2019					2018				
	Board fees	Commit-tee fees	Consul-tancy fees excl VAT <sup>1</sup>	VAT	Total including VAT	Board fees	Commit-tee fees	Consul-tancy fees excl VAT <sup>1</sup>	VAT	Total incl VAT
<b>Non-executive directors<sup>2</sup></b>										
Dr MMM Bakane-Tuoane <sup>3</sup>	589	688	—	192	1 469	662	715	—	196	1 573
F Abbott	569	132	—	105	806	618	347	—	138	1 103
M Arnold <sup>4</sup>	589	84	243	108	1 024	292	—	196	—	488
TA Boardman	569	884	—	218	1 671	663	782	—	205	1 650
AD Botha <sup>5</sup>	569	646	—	182	1 397	623	385	—	144	1 152
JA Chissano <sup>6</sup>	467	28	634	74	1 203	602	164	634	110	1 510
WM Gule	589	—	375	—	964	609	—	723	—	1 332
AK Maditsi	697	1 238	—	290	2 225	775	827	—	229	1 831
JP Möller <sup>7</sup>	548	521	—	160	1 229	583	229	—	116	928
DC Noko <sup>8</sup>	569	—	—	—	569	431	—	—	—	431
Dr RV Simelane	589	510	—	165	1 264	649	617	—	180	1 446
JC Steenkamp <sup>9</sup>	569	167	62	—	798	370	56	413	—	839
ZB Swanepoel <sup>10</sup>	569	242	—	121	932	600	125	—	104	829
<b>Total for non-executive directors</b>	<b>7 482</b>	<b>5 140</b>	<b>1 314</b>	<b>1 615</b>	<b>1 551</b>	<b>7 477</b>	<b>4 247</b>	<b>1 966</b>	<b>1 422</b>	<b>15 112</b>

<sup>1</sup> Additional information appears under Service agreements: non-executive directors on page 53.

<sup>2</sup> Payments to reimburse out-of-pocket expenses have been excluded.

<sup>3</sup> Stepped down as chairman of the remuneration committee from 9 May 2018, but remains a member.

<sup>4</sup> Mr Arnold, former financial director, became a non-executive director from 11 December 2017. He was appointed to the investment committee from 10 October 2018.

<sup>5</sup> Became chairman of the remuneration committee from 9 May 2018.

<sup>6</sup> Appointed to the social and ethics committee, subsequent to the reporting period, from 30 August 2019.

<sup>7</sup> Mr Möller was appointed to the audit and risk committee by shareholders from 1 December 2017 and the investment and remuneration committees from 29 August 2017. He resigned from the board on 30 June 2019 to pursue other interests.

<sup>8</sup> Became an independent non-executive director from 10 October 2017 and was appointed to the investment and social and ethics committees after the reporting period, from 30 August 2019.

<sup>9</sup> Became a non-executive director from 10 October 2017 and was appointed to the investment and social and ethics committees from 6 April 2018.

<sup>10</sup> Appointed to the social and ethics committee from 29 August 2017.

## Non-binding advisory vote

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report set out in part III of this report. See the notice of annual general meeting on page 130 of the integrated annual report.



# REPORT OF THE SOCIAL AND ETHICS COMMITTEE

We are pleased to present the 2019 sustainability report outlining how ARM creates sustainable value. We are responsible for governing ARM's social and ethics performance and ensuring the group conducts 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 appears in the 2019 sustainability report on our corporate website: [www.arm.co.za](http://www.arm.co.za).



REPORT OF THE SOCIAL AND ETHICS COMMITTEE continued

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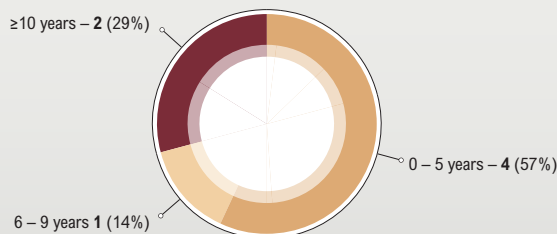
### Philosophy

ARM's responsible corporate citizenship philosophy is underpinned by our understanding of the need to turn mineral wealth into sustainable economic growth and development. Through our business endeavours, we aim to act as a catalyst for local, national, regional and international development; make a lasting and important social, economic and environmental contribution to the developing regions in which we operate; and to achieve and maintain world-class performance standards in managing safety, occupational health, the environment, tuberculosis, HIV and Aids, and corporate social responsibility.

### Composition

Member	Member since
Dr RV Simelane (chairman)	February 2007
Dr MMM Bakane-Tuoane	July 2004
J A Chissano	August 2019
AK Maditsi	June 2012
DC Noko	August 2019
JC Steenkamp	April 2018
ZB Swanepoel	August 2017

#### TENURE: SOCIAL AND ETHICS COMMITTEE



The committee's terms of reference provide for a minimum of three members, with a majority of independent non-executive directors. Currently, the committee has seven non-executive directors, six of whom are independent. Two appointments were made in August 2019 to further strengthen the relevant expertise of the committee. Members have strong experience in mining operations, human capital, sustainable development and stakeholder relations.

Invitees include the chief executive officer, divisional chief executives, executive: sustainable development, group executive: human resources, group executive: legal, group executive: compliance and stakeholder relations and chief risk officer.

### Purpose and functions

The committee's terms of reference were updated in F2019. It monitors and oversees specific functions set out in the Companies Act, and assumes responsibility for matters assigned to it by the board.

### Responsibilities

The purpose of the committee, which is constituted under regulation 43(5)(c) of the Companies Regulations promulgated under 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 natural environment in which it operates to ensure its business practices are sustainable.

The committee is responsible for:

- » Monitoring specific activities in terms of relevant legislation, other legal requirements and codes of best practice including:
- » Social and economic development
- » Responsible corporate citizenship, including promoting equality, preventing unfair discrimination and measures to address any incidents, and contributing 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
- » Reporting to shareholders of the company at annual general meetings.

**SR** For more on the committee's activities in the review period and the focus for F2019, see the committee chairman's review in the sustainability report on our website.

### Meetings

The committee held four meetings in F2019.

**CGR** See meeting attendance summary on page 15.

### Focus and adding value

In the review period, the committee:

- » Received reports on the company's tailings storage facilities
- » Monitored allegations received via ARM's whistleblower hotline, including complaints or concerns on sustainable development matters
- » Considered management reports on compliance with legal requirements in terms of the company's legal compliance policy
- » Received reports on the Competition Act, ongoing online compliance training programme and annual compliance certification
- » Received reports on the company's performance against the B-BBEE codes of good practice
- » Received reports on compliance with the National Environmental Management Act, 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 on the findings of the annual corporate risk workshop
- » Monitored compliance with the mining charter and 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 Minerals Council South Africa.



## Operational performance

### Ethics and risk management

The company is committed to high ethical and legal standards in dealing with all its stakeholders. All directors and employees are required to maintain high standards to ensure the company's business is conducted honestly, fairly, legally, reasonably, 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 on compliance with the code of conduct, including the online training programme. The company followed up on assessments to counteract risks of fraud, bribery and corruption. ARM has a whistleblowers' policy and the committee received reports on the results of investigations into calls made to the independent whistleblowers' facility.



## Financial returns and social licence to operate

ARM seeks to make a significant contribution to address challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The committee monitored and reviewed the implementation of policies on adding value 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 our social and labour plans
- » The projects of the ARM rural and national women's upliftment trusts

The committee specifically focused on commitments in priority areas:

- » Health
- » Arts and culture
- » Education
- » Enterprise and supplier development
- » Job creation
- » Sporting events
- » Infrastructure
- » Community development
- » Capacity building



## 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 the South African constitution, Labour Relations Act, Employment Equity Act and 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 Organization and the International Labour Organization protocol on decent work and working conditions.

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

- » Attracting, retaining and developing skills to support the company's growth plan
- » Transformation
- » Gender mainstreaming
- » Employment equity
- » Employee turnover
- » Learnerships and bursaries
- » Educational training and development of its employees
- » Literacy.

### Safety and health

We are committed to providing a safe and healthy work environment for our employees. In the review period, the committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- » Safety performance
- » Occupational health and wellness
- » Pulmonary tuberculosis, and HIV and 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:

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

## FOCUS FOR F2020

- » Monitoring tailings storage facilities at ARM's managed operations
- » Monitoring safety improvement and roll-out of a critical control management system to enhance risk controls
- » Oversight of transformation, gender mainstreaming and talent management initiatives
- » Monitoring continued implementation of enterprise development programmes, including supplier development initiatives
- » Ongoing oversight of continuous efforts to reduce carbon emissions and further improve our corporate water and climate change-reporting process.

SR Additional information appears in the 2019 sustainability report.

**At the annual general meeting, the committee chairman will table the 2019 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.**

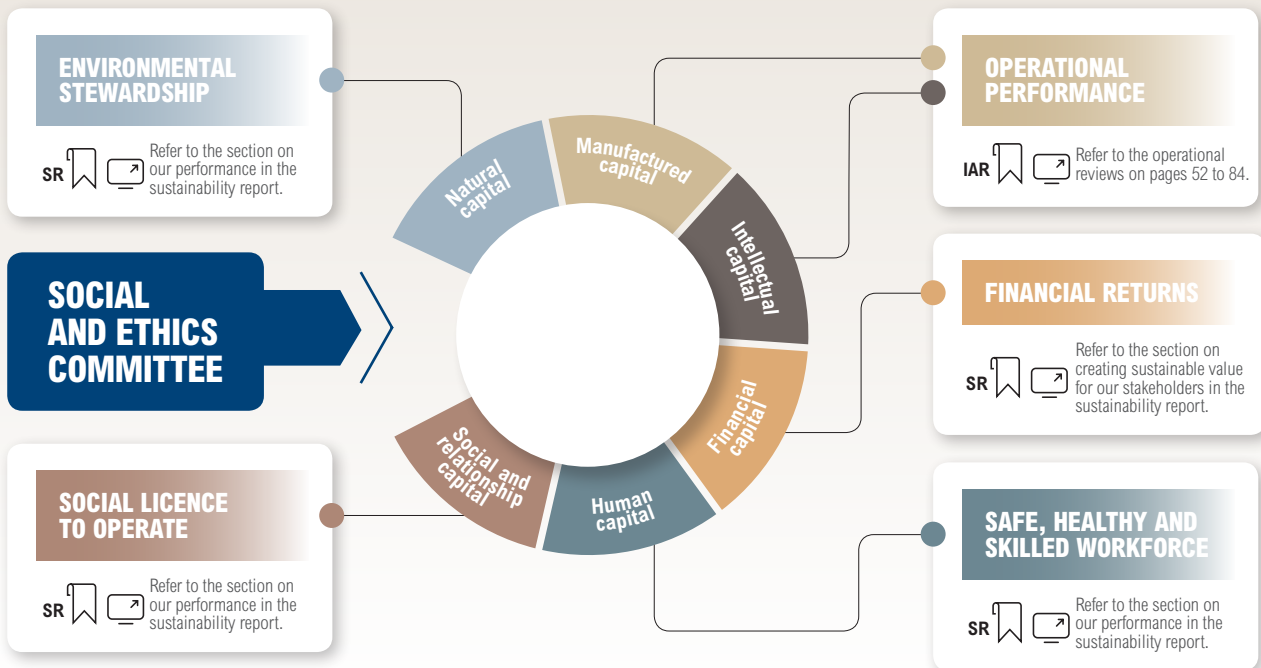
## Assurance

In line with its terms of reference, the committee had oversight of ARM's appointment of an independent external sustainability assurance provider for material elements of the 2019 sustainability report and the sustainability section of the 2019 integrated annual report, and reported to ARM's audit and risk committee that the appointment was made.

Based on these activities, we believe the social and ethics committee has executed its duties and responsibilities during the financial year in line with the Companies Regulations and its terms of reference.

### Dr Rejoice V Simelane

Chairman of the social and ethics committee



# CONTACT DETAILS

## African Rainbow Minerals Limited

Registration number: 1933/004580/06  
Incorporated in the Republic of South Africa  
JSE share code: ARI  
A2X share code: ARI  
ISIN: ZAE000054045

## Registered and corporate office

ARM House  
29 Impala Road  
Chislehurst  
Sandton  
2196

PO Box 786136, Sandton, 2146  
Telephone: +27 11 779 1300  
Fax: +27 11 779 1312  
E-mail: ir.admin@arm.co.za  
Website: [www.arm.co.za](http://www.arm.co.za)

## Company secretary

Alyson D'Oyley BCom, LLB, LLM  
Telephone: +27 11 779 1300  
Fax: +27 11 779 1312  
E-mail: cosec@arm.co.za

## Investor relations

Jongisa Magagula  
Corporate development and head of investor relations  
Telephone: +27 11 779 1507  
Fax: +27 11 779 1312  
E-mail: jongisa.magagula@arm.co.za

## Auditors

External auditor: Ernst & Young Inc.  
Internal auditors: Deloitte & Touche and  
BDO South Africa

## 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  
15 Biermann Avenue  
Rosebank, 2196  
PO Box 61051, Marshalltown, 2107  
Telephone: +27 11 370 5000  
Fax: +27 11 688 5222  
E-mail: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)  
Website: [www.computershare.co.za](http://www.computershare.co.za) Website: [www.computershare.co.za](http://www.computershare.co.za)

## Directors

Dr PT Motsepe (executive chairman)  
MP Schmidt (chief executive officer)  
F Abbott\*  
M Arnold\*\*  
Dr MMM Bakane-Tuoane\*  
TA Boardman\*  
AD Botha\*  
JA Chissano (Mozambican)\*  
WM Gule\*  
AK Maditsi\*  
HL Mkatshana  
AM Mukhuba (finance director)  
DC Noko\*  
Dr RV Simelane\*  
JC Steenkamp\*\*  
ZB Swanepoel\*  
AJ 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 statements that predict 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 actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include: 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 and Aids epidemic in South Africa. The 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 any unanticipated events.



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