



Registration Number: 1933/004580/06

AFRICAN RAINBOW MINERALS LIMITED
(the “Company”)

CODE OF CONDUCT
(the “Code”)

(This Code was approved by the Board of Directors of the Company on 28 June 2011 and most recently updated on 10 June 2016. The Code was prepared by Bowman Gilfillan. It is based on the Code of Ethics, which was approved by the Board of Directors of the Company on 27 August 2008. It was renamed the Code of Conduct.)

1. INTRODUCTION

- 1.1 ARM¹ is committed to a culture of ethical behaviour and integrity in the conduct of its business. [King III, principle 1.1, paragraphs 12 and 13]
- 1.2 This Code is based on the ethical values of responsibility, accountability, fairness and transparency that underpin good corporate governance. [King III, principle 1.1, paragraph 14]

¹ In this Code, the term “ARM” means the group as accounted for in the Company’s annual financial statements which, in terms of the accounting policies according to which those annual financial statements were prepared, includes:

- a) the Company itself;
- b) incorporated and unincorporated joint ventures with third parties in terms of which the Company has direct or indirect control or joint control over the financial and operational decisions in respect of the business of the particular joint venture;
- c) associates, which are entities in which the Company directly or indirectly holds or beneficially owns less than 50% (fifty percent) but more than 20% (twenty percent) of the issued share capital or ownership rights or interests, as the case may be, and over which the Company directly or indirectly exercises significant influence but which it does not control; and
- d) the Company’s subsidiaries as defined in the Companies Act, 2008.

- 1.3 The ethical standards set out in this Code must be integrated into ARM’s business strategies and operations. [King III, principle 1.3, paragraph 44, King III Practice Note: Ethics Management, pages 5 and 6]

2. **APPLICATION OF THE CODE**

- 2.1 This Code applies, unless specifically stated otherwise or if the circumstances or context require otherwise, to all the:

2.1.1 ARM employees;

2.1.2 directors of the Company and its subsidiaries; and

2.1.3 agents of or consultants, advisers and contractors to ARM,

all of whom shall be collectively referred to as the “**Applicable Persons**”.

- 2.2 If any Applicable Person is in doubt about the application of this Code to them, they must discuss this with the person to whom they report or the Chief Executive Officer of the Company or the Chief Executive or the Human Resources Manager of the relevant joint venture, subsidiary or other company or division of ARM.

3. **PURPOSE OF THE CODE**

The purpose of this Code is to promote and encourage ethical behaviour within ARM and to prevent, report on and deal with instances of unethical behaviour. To this end, this Code sets out the ethical standards, rules and guidelines with which the Applicable Persons should comply. [King III, principle 1.3, paragraph 41]

4. **COMPLIANCE WITH LAWS, REGULATIONS AND THE CODE**

- 4.1 It is ARM’s policy to comply with all applicable laws and regulations of all the countries in which it operates. [King III, principle 6.1, paragraph 1]

- 4.2 All Applicable Persons should familiarise themselves and comply with the

Company's Legal and Regulatory Compliance Policy. [King III, principle 6.2, paragraph 12, principle 6.4, paragraph 20]

- 4.3 The Applicable Persons should accordingly endeavour to ensure that their conduct does not constitute or is not perceived to constitute a contravention of any applicable law. Any such contravention will not be tolerated.
- 4.4 To this end, all Applicable Persons should comply with the Code. Accordingly, ARM must:
- 4.4.1 ensure that the provisions of this Code are communicated to all the Applicable Persons; and [King III, principle 1.3, paragraph 48, principle 6.4, paragraph 21]
- 4.4.2 educate and train ARM employees on the ethical standards to which ARM commits itself in terms of this Code. [King III, principle 1.3, paragraph 48, principle 6.4, paragraph 21]
- 4.5 It is the responsibility of the Human Resources Department to ensure that all new ARM employees are made aware of this Code and that the education and training referred to in paragraph 4.4.2 is provided. Further, ARM should ensure that existing ARM employees acknowledge in writing that they have received a copy of this Code. [King III, principle 1.3, second sentence of paragraph 46 (in relation to ARM employees)]
- 4.6 As an example, it is noted that the Company's Competition Law Compliance Handbook (the "**Handbook**") has been prepared to make the Applicable Persons aware of the provisions of the Competition Act, No. 89 of 1998 and to provide the education and training contemplated in paragraph 4.4.2.
- 4.7 In terms of the Handbook:
- 4.7.1 all the Applicable Persons should familiarise themselves with the contents of the Handbook and ensure that they have sufficient knowledge of competition laws in general in order to make informed decisions in regard to their conduct in this regard; [the Company's Competition Law Compliance Handbook]

- 4.7.2 certain ARM employees are also required to undergo competition law compliance training, including but not limited to, online training; [the Company's Competition Law Compliance Handbook]
- 4.7.3 it is the responsibility of the Human Resources Department to ensure that all new ARM employees are made aware of the contents of the Handbook. Senior management of ARM and supervisors within ARM are expected to deliver compliance messages, ensure that regular updates of competition law are provided to ARM employees; and [the Company's Competition Law Compliance Handbook]
- 4.7.4 if any Applicable Person is in doubt about the interpretation and application of the Handbook, they must discuss this matter with the person to whom they report or the appropriate person within ARM, who may in turn refer the matter to ARM's Competition Compliance Officer. [the Company's Competition Law Compliance Handbook]

5. **CONFLICT OF INTEREST**

- 5.1 All the Applicable Persons must perform their duties and functions honestly and in the best interests of the Company and should not place themselves in a position which would result in a conflict or perceived conflict between their personal interests and the interests of the Company, provided that in certain instances, such conflicts of interest may exist or arise, in which event such conflicts must be disclosed and dealt with in accordance with the relevant laws, rules, regulations or policies of the Company, as the case may be. [King III, principle 2.14 (in relation to directors)]

5.2 Outside activities, employment and directorships

- 5.2.1 Although ARM employees are encouraged to participate in religious, charitable, educational and civic activities within their communities, they must avoid participating in any activities which would:

- 5.2.1.1 consume their time, attention and energy to such an extent that their

ability to carry out their responsibilities or perform their functions within ARM is adversely affected; or

5.2.1.2 result in a conflict of interest as contemplated in paragraph 5.1.

5.2.2 No ARM employee may be employed by any person other than ARM without the prior written approval of the Human Resources Manager concerned.

5.2.3 ARM employees may not hold outside directorships without having obtained the prior written approval of the Executive Chairman of the Company in the case of Executive Directors of the Company or the Chief Executive Officer of the Company in the case of all other employees.

5.3 Gifts, hospitality and favours

5.3.1 Conflicts of interest may arise where ARM employees are offered gifts, hospitality or other favours which may, or could be perceived to influence their judgement in relation to business transactions concluded by ARM.

5.3.2 No ARM employee must accept gifts, hospitality or other favours from suppliers of goods or services or from any person with whom ARM has a business relationship in return for any kind of preferential treatment, business, contract or favour offered by such ARM employee acting on behalf of ARM.

5.3.3 However, acceptance of the following will not be considered to be a contravention of this paragraph:

5.3.3.1 advertising items of limited commercial value such as pens, diaries or calendars;

5.3.3.2 occasional business entertainment such as lunches, cocktail parties or dinners;

5.3.3.3 occasional personal hospitality such as tickets for sporting,

entertainment, recreational or other events, provided that the cost of travel and accommodation in relation to such events is borne by the recipient of such hospitality; and

5.3.3.4 minor gifts of limited commercial value. [King III, principle 1.3, paragraph 42]

5.3.4 Gift registers must be kept at ARM's head office and at its divisional offices in accordance with ARM's policies in that regard.

5.4 Solicitation of Sponsorships, donations or gifts

5.4.1 No ARM employee may solicit sponsorships, donations or gifts for any charitable or other similar cause from any supplier or customer of ARM without the prior written approval of the Executive Chairman of the Company in the case of Executive Directors of the Company or the Chief Executive Officer of the Company, the Chief Executive or the Manager of the relevant subsidiary or other company or division of ARM in the case of all other ARM employees. Such approval shall not be granted in circumstances where the ARM employee may be perceived as holding a position in ARM of such a nature that the supplier or customer concerned may feel, in any way, obliged to provide the sponsorship, donation or gift or that the sponsorship, donation or gift would, in any way, benefit the supplier or customer concerned in its business relationship with ARM.

5.4.2 Where an ARM employee has been given the approval referred to in paragraph 5.4.1, such employee must make it clear to such supplier or customer that the approach for a sponsorship, donation or gift is not on behalf of ARM and that the supplier's or customer's relationship with ARM will not be affected by its response to the ARM employee's approach. [King III, principle 1.3, paragraph 42]

5.5 Relationships with suppliers, customers and contractors

5.5.1 ARM recognises that the ARM employees' relationships with suppliers,

customers and contractors may give rise to actual or perceived conflicts of interest.

5.5.2 In this regard, ARM employees must ensure that they act independently and are seen to be independent from any business entity which has a business relationship with ARM or which provides goods or services to or purchase products from ARM. [King III, principle 1.3, paragraph 42]

5.6 Personal investments

5.6.1 ARM acknowledges that all ARM employees have the right to make personal investment decisions as they see fit, provided that these decisions do not contravene the conflict of interest provisions set out in this Code or any policies or procedures established by ARM or any applicable laws.

5.6.2 The ARM employees may not make investments for their personal gain:

5.6.2.1 in any business entity with which they have a close business relationship by virtue of their office held in or their employment by ARM; or

5.6.2.2 which may adversely influence their judgement or decisions in carrying out their responsibilities to ARM.

5.6.3 ARM employees must comply with the Company's Dealings in Securities Policy and the insider trading provisions of the Financial Markets Act, No. 19 of 2012, the JSE Limited's Listings Requirements and the policies of ARM. [King III, principle 2.14, paragraph 26]

6. UNETHICAL AND IMPROPER CONDUCT

6.1 Anti-bribery and anti-corruption

6.1.1 No Applicable Person shall engage in or tolerate, any corrupt or dishonest practice such as bribery. It is unacceptable to directly or indirectly offer, pay, solicit or accept bribes in any form.

6.1.2 No Applicable Person shall directly or indirectly request, accept, offer or grant a personal advantage in connection with a business transaction or other activity, especially in the negotiation or performance of obligations under a contract, regardless of whether the other party or potential party to the contract is an individual, a company or a government department or government-related or controlled entity.

6.1.3 No Applicable Person shall make or accept any payment or “kickback”, or offer or accept an improper financial advantage to or from, as the case may be, an official of a government department or government-related or controlled entity for the purpose of obtaining a permit, authority, services or any tender, contract or business.

6.1.4 Every Applicable Person must report any suspected commission of an act of bribery or corruption in terms of section 34(1) of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004 in accordance with the procedure set out in paragraph 14 of this Code.

6.1.5 The Applicable Persons should familiarise themselves and comply with the anti-bribery and anti-corruption provisions of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004 and any other applicable law not specifically mentioned in this Code. [King III, principle 6.2, paragraph 13, principle 6.4, paragraph 20]

6.1.6 Applicable Persons must be aware of Red Flags. The presence of Red Flags may not necessarily mean that there is a contravention of this Code, but may serve as an indication of a possible contravention. Once a Red Flag has been noted and contravention of this Code is suspected, an Applicable

Person must refer to paragraph 14 of this Code. A Red Flag is a set of circumstances that is unusual in nature or varies from normal activity. A Red Flag signals that something may be out of the ordinary and may need to be investigated further.

6.2 Anti-money laundering

6.2.1 Any participation in money laundering activities will not be tolerated.

6.2.2 The Applicable Persons should familiarise themselves and comply with the applicable anti-money laundering provisions of the Financial Intelligence Centre Act, No. 38 of 2001, the Prevention of Organised Crime Act No. 121 of 1998 and other applicable laws. [King III, principle 6.2, paragraph 13, principle 6.4, paragraph 20]

6.3 Facilitation payments

6.4 No Applicable Person may receive facilitation payments in relation to the sale, purchase or other transaction to which ARM is a party.

6.5 The Applicable Persons should familiarise themselves and comply with the provisions of the Prevention and Combating of Corrupt Activities Act No. 12 of 2004 and other applicable laws which regulate facilitation payments. [King III, principle 6.2, paragraph 13, principle 6.4, paragraph 20]

7. **EMPLOYMENT EQUITY**

7.1 The objective of ARM's Employment Equity programme is to achieve equity in the workplace through the elimination of all forms of harassment or unfair discrimination and the implementation of affirmative action measures.

7.2 All ARM employees have the right to work in an environment which is free from any form of harassment or unfair discrimination based on race, ethnicity, colour, gender, sexual orientation, nationality, place of origin, citizenship, creed, political persuasion, age, marital or family status or disability. ARM employees must report any cases of actual or suspected harassment or discrimination in accordance with the procedures

set out in paragraph 14 of this Code.

- 7.3 ARM employees suffering illnesses or disabilities may continue to work provided that they are able to continue to perform the essential duties of their jobs satisfactorily and do not present a safety or health hazard to themselves or other ARM employees.

8. HEALTH, SAFETY AND ENVIRONMENTAL RESPONSIBILITY

8.1 Health and safety

- 8.1.1 ARM is committed to ensuring a safe work environment for all Applicable Persons.

- 8.1.2 Applicable Persons who become aware of circumstances relating to ARM's operations or activities which pose an actual or potential health or safety risk should report such risk to ARM to a health and safety representative or in accordance with the procedures set out in paragraph 14 of this Code.

8.2 Use of resources

- 8.2.1 ARM is committed to conserving resources used in its business operations.
- 8.2.2 All Applicable Persons should use their best efforts to make efficient use of ARM's resources and to re-use and recycle supplies and materials, if practicable.

8.3 Environmental management

- 8.3.1 ARM will address the environmental impact of its business activities on an ongoing basis by integrating pollution control, waste management and rehabilitation activities into its operating procedures.
- 8.3.2 All Applicable Persons must pay adequate attention to environmental issues.

9. **POLITICAL ACTIVITIES**

- 9.1 ARM respects the right to privacy with regard to personal political activity of ARM employees and encourages their personal participation in political activity, provided that there is no disruption in the carrying out by ARM employees of their responsibilities to ARM.
- 9.2 Any requests made by political parties or their candidates to ARM for the donation of funds, goods, services or the use of ARM's facilities must be referred to the Executive Chairman. [King III, principle 1.3, paragraph 42]

10. **ADMINISTRATION OF FUNDS AND ASSETS**

- 10.1 ARM has developed and implemented policies and procedures to safeguard its assets and to prevent fraud and dishonesty.
- 10.2 All ARM employees who deal with any funds of ARM must, at all times, follow procedures prescribed by ARM for administering such funds.
- 10.3 ARM employees must, at all times, ensure that ARM's funds and assets are used for legitimate business purposes in accordance with ARM's policies and procedures.
- 10.4 If any Applicable Person becomes aware of any information to the effect that any funds or assets of ARM may have been used in a fraudulent or improper manner, they must immediately report this to ARM in accordance with the procedure set out in paragraph 14 of this Code.

11. **RECORDS**

Books and records of ARM must reflect all business transactions in an accurate and timely manner. Undisclosed or unrecorded revenues, expenses, assets or liabilities are not permitted and, in this regard, those ARM employees that are responsible for accounting and record-keeping functions are expected to be particularly diligent in enforcing proper accounting and record-keeping practices.

12. DEALING WITH STAKEHOLDERS AND OTHER PARTIES

12.1 Prompt communications

12.1.1 ARM strives to achieve complete, accurate and timely communications with all of its stakeholders.

12.1.2 A prompt, courteous and accurate response must be provided to all reasonable requests for information made by stakeholders of ARM. Any complaints should be dealt with in accordance with the procedures established by ARM and any applicable laws.

12.2 Media relations

12.2.1 ARM's policy on dealing with the media and the general public requires that these issues be dealt with by ARM's senior management in consultation with the Chief Executive Officer of the Company, the Executive Chairman and the Chief Executive of the relevant subsidiary or other company or division of ARM.

12.2.2 ARM may be requested, from time to time, to express its views to the media on issues pertaining to its business. The Applicable Persons who are approached by the media must refrain from making any statements and must immediately bring this matter to the attention of the person to whom they report or an appropriate manager of the relevant subsidiary or other company or division of ARM.

12.2.3 All Applicable Persons, when dealing with anyone outside ARM, including public officials, may not compromise the integrity or damage the reputation of any individual, business, or government body, or that of ARM.

13. CONFIDENTIALITY OF INFORMATION

13.1 The Applicable Persons must observe the following principles in regard to

safeguarding and maintaining the confidentiality of information:

13.1.1 Safeguarding Information

Information must be retained for so long as it is required by ARM or by law and such information must be protected and kept confidential.

13.1.2 Access to Information

Information in respect of:

13.1.2.1 any confidential product, plan or business transaction of ARM; or

13.1.2.2 personal information of any Applicable Person,

must not be disclosed by any Applicable Person unless written approval for such disclosure has been obtained from ARM.

14. **CONTRAVENTION OF THE CODE**

14.1 Any contravention of this Code is a serious matter and in the case of ARM Employees, may result in disciplinary action, which could result in the termination of employment and in the case of the Applicable Persons, may, in certain circumstances, result in civil or criminal proceedings being brought against the individual concerned.

14.2 Any suspected or alleged contravention of this Code that is under investigation must be treated with the utmost confidentiality.

14.3 If an Applicable Person becomes aware that their actions have, may have contravened or may contravene this Code, they must report this to the Human Resources Manager of the relevant subsidiary or other company or division of ARM.

14.4 If an Applicable Person is aware of or suspects that another Applicable Person has contravened this Code, they must not confront the individual concerned but must

utilise either one of the procedures below:

- 14.4.1 promptly and confidentially report such contravention or suspected contravention to the person to whom they report or to a Human Resources Manager of the relevant subsidiary or other company or division of ARM; or
- 14.4.2 if the Applicable Person does not feel comfortable in reporting such contravention or suspected contravention of this Code as set out in paragraph 14.4.1, such Applicable Person should utilise ARM’s “whistleblowers” facility which can be accessed on telephone number 0800 006792 or log a complaint on the Company’s website – www.arm.co.za. All Applicable Persons should familiarise themselves with ARM’s Whistleblowers’ Policy (Protected Disclosures Policy) and comply with its procedural provisions for raising concerns and making disclosures in respect of contraventions or suspected contraventions of this Code.

15. THE IMPLEMENTATION OF THIS CODE

- 15.1 Each subsidiary or other company or division of ARM must:
 - 15.1.1 monitor and enforce this Code; [King III, principle 6.1, paragraph 7]
 - 15.1.2 communicate and consult with ARM employees in the relevant division of ARM regarding standards of ethical behaviour and compliance procedures; and [King III, principle 6.4, paragraph 21]
 - 15.1.3 enforce discipline in regard to breaches of guidelines relating to unethical behaviour.

16. REPORTING AND EXTERNAL ASSURANCE

- 16.1 ARM’s management must prepare a written report on the ethics performance of ARM and submit such report to ARM’s Management Risk Committee which will in turn submit such report to the Audit and Risk Committee for its consideration. The Audit and Risk Committee will report on the ethics performance of ARM to the board

Code of Conduct – Approved by the Board on 28 June 2011 and most recently updated on 10 June 2016

of directors of the Company. Such report must include, but not be limited to, the following information: [King III, principle 1.3, paragraphs 49 to 51]

- 16.1.1 a summary of ARM's ethics risk identification and assessment process; [King III Practice Note: Ethics Management, page 8]
- 16.1.2 the extent to which the provisions of this Code have been integrated into ARM's business strategies and day-to-day operations, including the steps which ARM has taken to familiarise the Applicable Persons with the provisions of this Code and other applicable policies; [King III, principle 1.3, paragraph 44]
- 16.1.3 the steps which ARM has taken to implement the Code; [King III Practice Note: Ethics Management, page 8]
- 16.1.4 an evaluation of the adequacy and the effectiveness of ARM's policies referred to in this Code; and [King III Practice Note: Ethics Management, page 8]
- 16.1.5 any recommendations regarding the improvement of ARM's ethical culture. [King III Practice Note: Ethics Management, page 8]
- 16.2 As part of its integrated reporting, the Board must report to the shareholders of the Company in ARM's Integrated Annual Report on the ethics performance of ARM in terms of material non-compliance with this Code. [King III, principle 6.1, paragraph 6 and paragraph 10 and principle 6.4, paragraph 22]
- 16.3 The effectiveness of the systems and processes underpinning ARM's ethics performance and the information provided in ARM's Integrated Annual Report must be verified by an independent external assessor. [King III, principle 1.3, paragraphs 52 and 53, King III Practice Note: Ethics Management, pages 7, 8 and 9]

17. **GENERAL**

This Code must be reviewed annually and amended in order to take account of changes in

Code of Conduct – Approved by the Board on 28 June 2011 and most recently updated on 10 June 2016
applicable laws and regulations and changes in the business of ARM.