



We do it better

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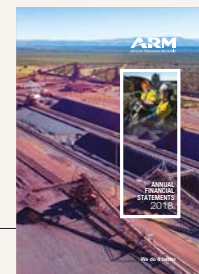
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OUR 2018 SUITE OF REPORTS
and additional material are available at www.arm.co.za



2018 Integrated Annual Report

2018 Annual Financial Statements



2018 Sustainability Report

2018 Corporate Governance Report



2018 Mineral Resources and Reserves Report

2018 King IV™ Application Register



REFERENCES TO 2018 SUITE OF REPORTS



2018 INTEGRATED ANNUAL REPORT



2018 ANNUAL FINANCIAL STATEMENTS



2018 SUSTAINABILITY REPORT



2018 MINERAL RESOURCES AND MINERAL RESERVES REPORT



2018 CORPORATE GOVERNANCE REPORT



www.arm.co.za

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

ABOUT THIS REPORT

This 2018 Sustainability Report complements the 2018 Integrated Annual Report and covers the activities of African Rainbow Minerals Limited (ARM or the Company) for the 12-month period from 1 July 2017 to 30 June 2018 (F2018).

It aims to meet the information needs of stakeholders regarding the Company's environmental, social and governance practices, and sustainable development performance.

REPORTING GUIDELINES

Disclosures in this report are primarily guided by the member requirements of the International Council on Mining and Metals (ICMM), the Global Reporting Initiative (GRI) Standards and the GRI Mining and Metals Sector Disclosures.

SR ARM's sustainability reporting and approach to sustainable development are also guided by a range of legislation, industry initiatives, frameworks and guidelines, which are described on pages 2 and 3 of this report.

This report has been prepared in accordance with the GRI Standards: Core option. ARM's sustainability data tables provide additional detail on various sustainability indicators and are available on ARM's website at www.arm.co.za.

Our integrated reporting process responds to the relevant statutory frameworks, which include, but are not limited to, the Companies Act 71 of 2008 (as amended), the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King IV™), the JSE Listings Requirements, as well as all legislation, regulations and codes of practice applicable to the South African mining sector.

COMBINED ASSURANCE

ARM's focused approach to Enterprise Risk Management (ERM) ensures that a comprehensive integrated combined assurance model and plan are in place. The combined assurance model defines what constitutes appropriate assurance according to the six lines of assurance as per King IV™ and provides a co-ordinated and integrated approach to obviate duplication and gaps in assurance to enable cost-effective, yet comprehensive management assurance.

As part of the combined assurance model, IBIS ESG Assurance (Pty) Ltd was engaged to provide independent assurance over the Sustainability Report. The engagement was performed in accordance with the AccountAbility AA1000AS guidelines (assurance Type II, moderate). It included a review of the reporting process and an assessment of the report against AccountAbility's guiding principles of inclusivity, materiality and responsiveness. Key sustainability information was also assured and data verification was performed at three operations: Nkomati, Two Rivers and Khumani mines.

A combination of content-based and indicator-based assurance was used during the process. Content-based assurance tests assertions in the report for plausibility (the likelihood of being true) and/or supportability (whether there is evidence to support them) to assess the report's completeness in terms of

GRI reporting requirements. Indicator-based assurance reviews data reported for selected sustainability indicators for accuracy, completeness, consistency and reliability.

SR The Independent Assurance Statement is presented on pages 104 to 106 of this report.

BOUNDARY, BASIS FOR INCLUSION AND RESTATEMENTS

This report includes information for those operations over which ARM has direct or joint management control, namely the operations that form part of the ARM Ferrous and ARM Platinum divisions. Information pertaining to ARM Copper has been included up to the date of disposal of Lubambe Mine (22 December 2017), except for environmental data. The report excludes those operations, joint ventures and investments that we do not manage directly (ARM Coal, the Sakura Ferroalloys Smelter and Harmony Gold), as well as projects that are in exploration, development or feasibility phases. This approach is consistent with reporting in prior years.

While most of the information in this report covers ARM's activities for the year to 30 June 2017, pulmonary tuberculosis (PTB) infection and cure rates, and information sourced from the Mining Charter Scorecard reports are disclosed for the calendar year ending 31 December 2017. This aligns reporting with the legislation regulating these disclosures.

Sustainability information is disclosed on a 100% basis (as if ARM owned 100% of all the operations) apart from carbon emissions, which are disclosed on an attributable basis (in the proportion of ARM's shareholding in the operations). This is done to align with the reporting of emissions data in our CDP submission.

The total workforce figure used for occupational health and safety statistics is the average of 21 551 employees and contractors eligible for induction and/or medical surveillance, and contributing to the safety statistics. The total labour figure reported in the Human Resources Management section and the Integrated Annual Report of 21 862 is the headcount recorded as at 30 June 2018 and therefore excludes Lubambe Mine.

DIRECTORS' RESPONSIBILITY

The ARM Board has overall accountability for this Sustainability Report. Responsibility for overseeing the reporting process is delegated to the Social and Ethics Committee. The Board has reviewed the content of this report and believes that, read together with the 2018 Integrated Annual Report, it addresses appropriately the Company's most material issues and offers an accurate and balanced reflection of its activities for the year.

Dr R V Simelane

Chairman of the Social and Ethics Committee

M P Schmidt

Chief Executive Officer

29 October 2018



HOW WE REPORT SUSTAINABLE VALUE CREATION

Our 2018 Sustainability Report is focused around our most material matters, and shaped by the relevant legislation, industry initiatives, guidelines and frameworks that apply to our business. These include:

RELEVANT LEGISLATION INCLUDES

- > The Mining Charter
- > The dti CoGP
- > The National Environmental Management Act and Regulations
- > The National Water Act
- > The Mine Health and Safety Act
- > The Occupational Health and Safety Act
- > The Labour Relations Act
- > The Employment Equity Act
- > The Basic Conditions of Employment Act
- > The Skills Development Act

INDUSTRY INITIATIVES

- > The Minerals Council South Africa (MCSA)
- > The International Council on Mining and Metals (ICMM)
- > The Culture Transformation Framework
- > The Mining Industry Occupational Safety and Health (MOSH) initiative, facilitated by the MCSA
- > The occupational health and safety Milestones set during the Tripartite Summit of the Mine Health and Safety Council (MHSC)

GUIDELINES AND FRAMEWORKS

- > The King IV Code™ *Copyright and trade marks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved*
- > The Extractive Industries Transparency Index (EITI)
- > The FTSE/Russell Responsible Investment Index
- > The Global Reporting Initiative (GRI) Standards
- > The CDP Climate Change and CDP Water Responses
- > The South African National Strategic Plan 2017 – 2022 (NSP)
- > South Africa's National Development Plan (NDP)
- > The United Nations Global Compact (UNGC)
- > The United Nations Sustainable Development Goals (SDGs)
- > The ICMM Sustainable Development Framework
- > The International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework

ABOUT ARM

Provides an overview of the Company and operations – how we are structured, our values and where we operate

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

Introduces how we consider sustainable value creation and integrate it into our strategy, how we create value and how our products and activities add value to society.

CREATING SUSTAINABLE VALUE IN CONTEXT

Discusses how sustainability is integrated into our governance structures and processes to ensure that it is appropriately managed, monitored and assured.

Includes a review from the Chairman of our Social and Ethics Committee and a summary of the context in which we operate.

OUR PERFORMANCE

ARM's 2018 Integrated Annual Report focuses primarily on information regarding financial and operational performance. ARM's social and environmental performance is presented in the chapters from page 36 to page 103 of this Sustainability Report.

Each section starts with a high-level overview of the context relating to the issue, summarises our performance and provides focus areas for the year ahead. The Additional Information sections that follow provide further detail on our activities and performance against our F2018 focus areas during the year.



FTSE4Good
Emerging Index
constituent



- The six capitals defined in the International <IR> Framework;
- the Global Reporting Initiative (GRI) Standards;
- the Principles of the United Nations Global Compact (UNGC);
- the Sustainable Development Principles of the International Council on Mining and Metals (ICMM); and
- the United Nations Sustainable Development Goals (SDGs).
- the FTSE/Russell Responsible Investment Index;



SALIENT FEATURES

Adjusted headline earnings* increased by 20% to R3 843 million. Headline earnings per share (unadjusted) increased by 50% to 2 526 cents compared to 1 684 cents in the previous corresponding financial year.

US Dollar prices improved for most of the commodities ARM produces and management successfully initiated interventions to maximise revenue, contain unit cost increases and address marginal assets.

ARM paid its highest cumulative dividend to date, returning R10.00 to shareholders for the year and reaffirming our commitment to pay competitive dividends as part of our overall focus to create value for shareholders.

We concluded several corporate transactions that added value to ARM, including the restructuring of ARM Coal's debt, the disposal of Lubambe Mine and the increase of ARM's interest in Two Rivers Mine from 51% to 54%.

ARM's B-BBEE score increased by 16.3 points with a strong improvement in the score achieved for enterprise and supplier development being a significant contributor to the increase. ARM's Contributor Level improved from a Level 7 in F2017 to Level 4 in F2018.

Despite ARM's steadfast commitment to maintaining a safe and healthy work environment for all employees, there were fatalities at Modikwa Mine, Sakura Ferroalloys Works and Tweefontein Coal Mine. We deeply regret any injury to our workforce and extend our sincerest condolences to the families, friends and colleagues of those who lost their lives at our operations.



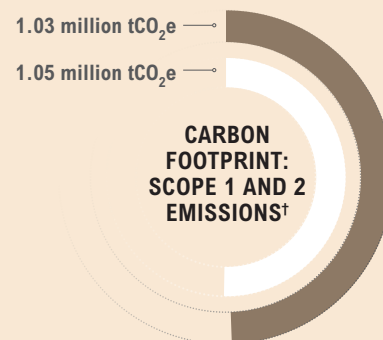
Expenditure on CSR through Social Labour Plans, Local Economic Development, and Corporate Social Investment increased by

36%



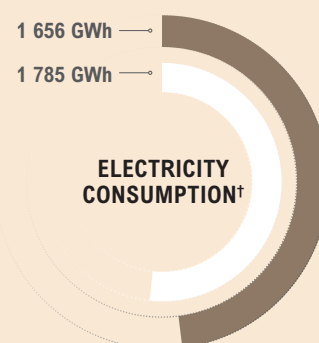
Skills training expenditure increased by

33%
to R239 million



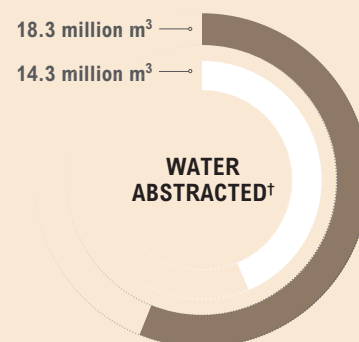
Carbon footprint improved by

2%
to 1.03 million tCO₂e



Electricity consumption reduced by

7%
to 1 656 GWh



Water abstracted increased by

28%
to 18.3 million m³ due to refinements in our water reporting methodology

■ 2018 ■ 2017

* Adjusted for the net fair value gain as a result of the ARM Coal debt restructuring. Including the net fair value gain, the F2018 headline earnings increased by 51% to R4 814 million.

† Excludes Lubambe Mine.

SUSTAINABILITY PERFORMANCE

YEAR-ON-YEAR

| Performance indicator | F2018 | F2017** | F2016** | F2015** | F2014** |
|---|----------------------|------------|------------|------------|------------|
| Economic and related core baseline indicators | | | | | |
| Sales (Rm) | 22 120 | 21 298 | 19 072 | 19 824 | 23 785 |
| Taxes (Rm) | 2 023 | 858 | 478 | 860 | 1 893 |
| Headline earnings (Rm) | 4 814 | 3 196 | 1 051 | 1 744 | 4 108 |
| EBITDA from continuing operations (Rm) | 8 024 | 6 372 | 3 964 | 4 994 | 8 459 |
| Net cost of products and services (Rm) | 9 695 | 10 816 | 10 891 | 10 808 | 11 093 |
| Wealth created (Rm) | 13 571 | 8 622 | 6 276 | 7 217 | 11 797 |
| Number of environmental administrative penalties/fines | 0 | 0 | 0 | 0 | 3 |
| Employee indicators (100% basis) – as at 30 June 2018* | | | | | |
| Total number of ARM employees and contractors | 21 862 | 24 106 | 23 128 | 27 276 | 27 236 |
| – Employees (permanent) | 12 420 | 13 218 | 13 793 | 15 080 | 15 250 |
| – Contractors (mainly used in capital projects) | 9 442 | 10 871 | 9 319 | 12 141 | 11 953 |
| – Expatriates | 0 | 17 | 16 | 55 | 33 |
| Employee turnover (excluding contractors) (%) | 6.9 | 1.1 | 15.0 | 11.5 | 1.6 |
| Investment in employee training and development | | | | | |
| – Total expenditure (Rm) | 239 | 180 | 184 | 232 | 196 |
| – % of payroll | 8.8 | 6 | 6.9 | 8.3 | 8.7 |
| Employment equity (% representation of previously disadvantaged groups among permanent employees) | | | | | |
| – Top management | 56 | 42 | 38 | 38 | 38 |
| – Senior management | 51 [†] | 49 | 49 | 44 | 40 |
| – Professionally qualified | 64 | 60 | 57 | 54 | 51 |
| – Technically qualified | 75 | 71 | 68 | 67 | 65 |
| Lost Time Injury Frequency Rate (LTIFR) [•] (200 000 man-hours) | 0.38 | 0.28 | 0.32 | 0.35 | 0.37 |
| Reportable/serious accidents | 68 | 47 | 60 | 78 | 66 |
| Number of lost man days due to industrial action | 5 904 | 0 | 3 024 | 0 | 172 221 |
| Environmental indicators (100% basis)[†] | | | | | |
| Total water withdrawn (m ³) (municipal, surface and ground water) | 18 296 551 | 14 295 993 | 19 066 300 | 18 334 106 | 19 408 464 |
| Energy usage | | | | | |
| – Electricity (MWh) | 1 656 263 | 1 784 491 | 1 820 802 | 2 102 451 | 2 144 894 |
| – Diesel (000 litres) | 94 234 | 87 494 | 91 974 | 99 812 | 92 013 |
| Emissions (Attributable[‡]) | | | | | |
| Carbon emissions (equivalent tonnes CO ₂) | | | | | |
| – Scope 1 and 2 | 1 026 249 | 1 047 418 | 1 077 746 | 1 246 131 | 1 228 656 |
| – Scope 1 | 235 354 | 226 744 | 226 972 | 322 034 | 307 332 |
| – Scope 2 | 790 895 | 820 674 | 850 774 | 924 097 | 921 325 |
| Direct emissions (smelters): | | | | | |
| – CO ₂ e direct emissions (tonnes) | 207 584 [#] | 311 497 | 292 120 | 431 708 | 476 327 |
| – NOx (tonnes) | 461 [#] | 437 | 405 | 601 | 838 |
| – SOx (tonnes) | 312 [#] | 346 | 316 | 386 | 605 |
| – Particulate matter (tonnes) | 202 [#] | 242 | 216 | 237 | 182 |
| Corporate Social Responsibility (100% basis) | | | | | |
| Total community upliftment and Corporate Social Responsibility (Rm) | 167.0 | 122.8 | 105.9 | 169.3 | 282.5 |
| – CSI (Rm) | 20.5 | 22.1 | 18.0 | 54.0 | 134.6 |
| – LED (Rm) | 135.3 | 92.5 | 80.5 | 103.6 | 141.9 |
| – ARM BBEE Trust Projects (Rm) | 11.2 | 8.2 | 7.4 | 11.7 | 5.9 |

Non-financial data is stated on a 100% basis, unless otherwise indicated.

* Total number of ARM employees, contractors and expatriates as at 30 June 2018.

** Financial data is based on segmental reporting for continuing operations.

• LTIFR: injury rates are measured per 200 000 man-hours and include both ARM employee and contractor incidents.

† F2018 environmental data excludes Lubambe Mine.

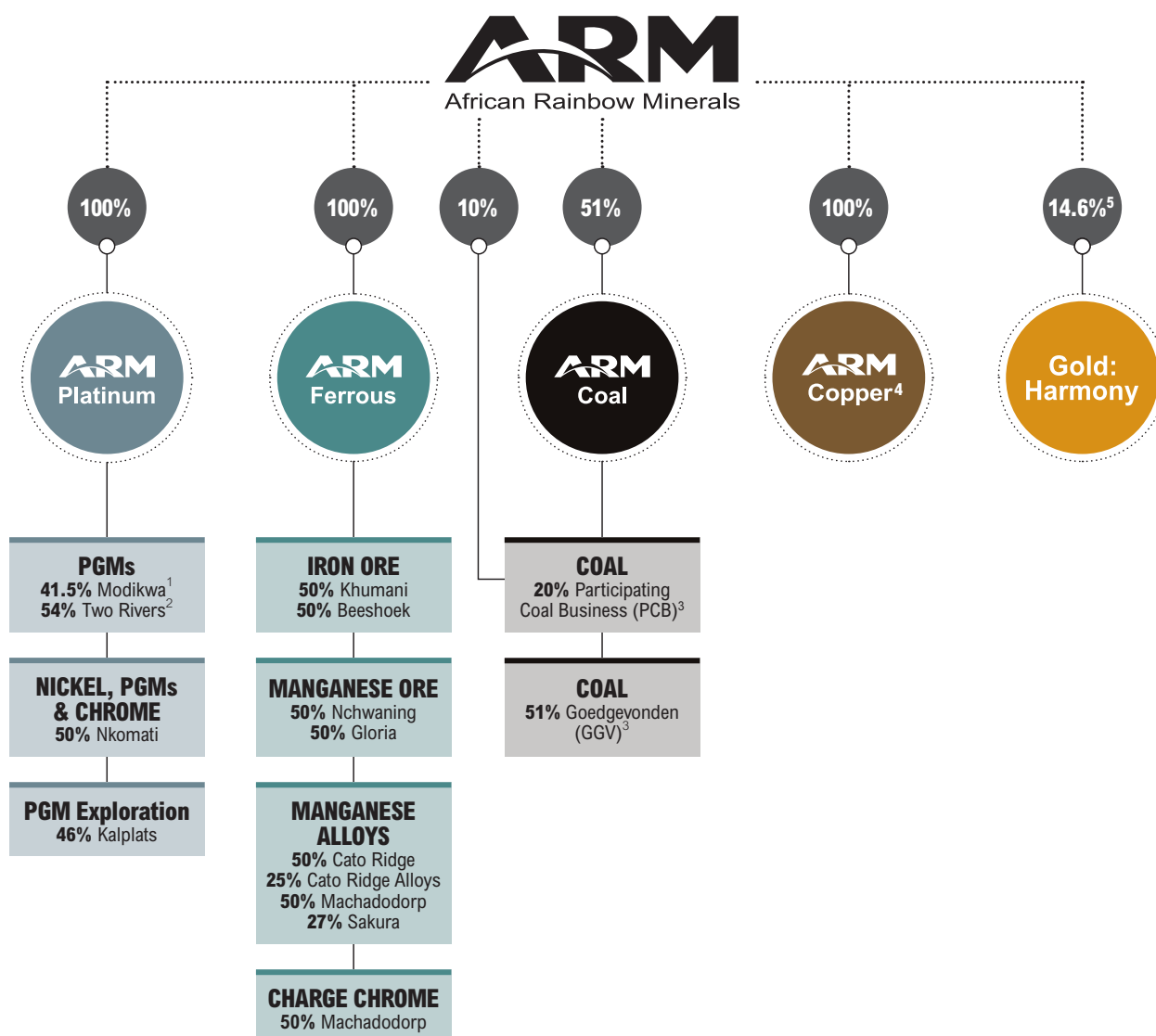
^ Values attributable to shareholding percentages.

Direct emissions as a result of smelting operations at Cato Ridge Works only. No smelting operations were conducted at Machadodorp Works during F2018.

‡ Figure updated from 50% after finalisation of the Integrated Annual Report.

ABOUT ARM

STRUCTURE



¹ ARM's effective interest in Modikwa Mine is 41.5%, local communities hold 8.5%.

² ARM's interest in Two Rivers Mine increased to 54% from 9 November 2017 when the mine's amended mining right was executed by the Department of Mineral Resources.

³ ARM's effective interest in GGV Mine is 26% and 20.2% in PCB.

⁴ The disposal of ARM's 40% effective interest in Lubambe and Lubambe Extension Area was completed on 22 December 2017.

⁵ As at 30 June 2018, ARM's shareholding in Harmony was 12.70%. On 17 July 2018, ARM subscribed to approximately 11 million Harmony shares increasing ARM's shareholding to 14.6%.



VALUES

Our management style is supported by our values, which guide the way we conduct our business.

Aim for operational excellence.

Provide a safe and healthy work environment for all our employees.

Maintain a non-discriminatory workplace.

Improve the lives of those living in the communities where we operate.

Work responsibly to achieve the balance between the economic, social and environmental aspects of our business.

Maintain the highest standards of corporate governance.

We do it better

ABOUT ARM continued

WHERE WE OPERATE



Participating Coal Business (PCB)

Thermal coal

- ☐ Open pit and underground mechanised
- △ 16.6 Mt saleable thermal coal**
- LOM** 21 years
- EMPL** Not reported by ARM
- LTIFR** Not reported by ARM
- ☐ 30th percentile

IAR Refer to pages 88 to 92 of the Integrated Annual Report for the ARM Coal operational review.



Goedgevonden (GGV): Coal Mine

Thermal coal

- ☐ Open pit
- △ 6.0 Mt saleable thermal coal**
- LOM** 22 years
- EMPL** Not reported by ARM
- LTIFR** Not reported by ARM
- ☐ 35th percentile

IAR Refer to pages 88 to 92 of the Integrated Annual Report for the ARM Coal operational review.



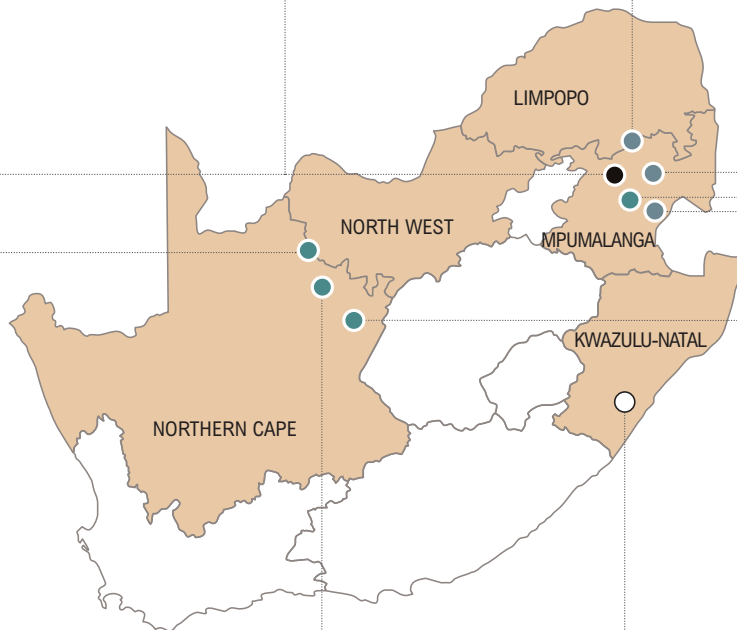
Modikwa: Platinum Mine

6E PGM metals

- ☐ Underground
- △ 333 888 6E PGM oz**
- LOM** More than 30 years
- EMPL** 4 577
- LTIFR** 0.72
- ☐ 70th percentile

IAR Refer to pages 56 to 69 of the Integrated Annual Report for the ARM Platinum operational review.

SOUTH AFRICA



Nchwaning and Gloria: Manganese Ore Mines (collectively Black Rock Mine)

Manganese ore

- ☐ Underground mechanised
- △ 3.7 Mt manganese ore**
- LOM** More than 30 years
- EMPL** 4 623
- LTIFR** 0.20
- ☐ 40th percentile

IAR Refer to pages 70 to 87 of the Integrated Annual Report for the ARM Ferrous operational review.



Khumani Mine: Iron Ore Mine

Iron ore

- ☐ Open pit
- △ 14.7 Mt iron ore**
- LOM** 22 years
- EMPL** 5 066
- LTIFR** 0.10
- ☐ 55th percentile

IAR Refer to pages 70 to 87 of the Integrated Annual Report for the ARM Ferrous operational review.



Cato Ridge: Ferromanganese Works

Ferromanganese

- ☐ Smelter
- △ 138 kt ferromanganese**
- EMPL** 612
- LTIFR** 0
- ☐ 80th percentile

IAR Refer to pages 70 to 87 of the Integrated Annual Report for the ARM Ferrous operational review.



Two Rivers: Platinum Mine

6E PGM metals

- ☐ Underground mechanised

△ **348 405 6E PGM oz**

LOM More than 30 years

EMPL 3 192

LTIFR 0.39

- ☐ 27th percentile

IAR Refer to pages 56 to 69 of the Integrated Annual Report for the ARM Platinum operational review.



Sakura: Ferroalloys Works

Ferromanganese

- ☐ Smelter

△ **129 kt ferromanganese**

LOM More than 30 years

EMPL Not reported by ARM

LTIFR Not reported by ARM

- ☐ 45th percentile

IAR Refer to pages 70 to 87 of the Integrated Annual Report for the ARM Ferrous operational review.

Machadodorp: Ferroalloys Works



Beeshoek: Iron Ore Mine

Iron ore

- ☐ Open pit

△ **3.9 Mt iron ore**

LOM 8 years

EMPL 1 378

LTIFR 0.07

- ☐ 65th percentile

IAR Refer to pages 70 to 87 of the Integrated Annual Report for the ARM Ferrous operational review.



Nkomati: Nickel Mine

Nickel, PGMs, chrome, copper, cobalt

- ☐ Open pit

△ **13.3 kt nickel, 110 koz PGM, 328 kt chrome, 7 kt copper, 1 kt cobalt**

LOM 10 years

EMPL 2 069

LTIFR 0.30

- ☐ 62nd percentile

IAR Refer to pages 56 to 69 of the Integrated Annual Report for the ARM Platinum operational review.

- ☐ Mine/operation type
- △ F2018 production volumes on a 100% basis
- LOM** Approximate life-of-mine
- EMPL** Number of employees as at 30 June 2018 (including full-time employees and contractors)
- LTIFR** F2018 Lost Time Injury Frequency Rate (LTIFR) per 200 000 man-hours
- ☐ Position on the respective global commodity unit cost curve (F2018)

WHAT SUSTAINABLE VALUE CREATION MEANS TO ARM

ARM's values, governance structures and ethical leadership guide our actions to conduct our business activities with integrity and respect for the environmental and societal contexts in which we operate. As a leading mining and minerals company, ARM is cognisant not only of our impacts on the world around us, but also of the opportunities to make a positive contribution to growth and development in the societies in which we operate.

Part of our contribution to society arises directly from our products, which are essential building blocks of physical infrastructure and power generation, and key enablers of industry. We further create value for our employees and host communities and the South African economy through job creation, skills development, enterprise and supplier development, and contributing to infrastructure development through collaboration with local and national government.

ARM's values include the broader concepts of sustainability and we are committed to zero harm – to our employees, our host communities and the environment. The principles set out in our Code of Conduct (available at www.arm.co.za) demonstrate the critical importance of human rights and ethical

business conduct, and emphasise our resolute stance against unfair discrimination, corruption and bribery.

Our strategy prioritises globally competitive performance through our “We do it better” management style. Achieving this goal depends not only on optimising operational and financial metrics, but on ensuring that environmental and social matters are considered and addressed. Driving excellence across all of these areas supports operational efficiency, business resilience and the long-term sustainability of the Company. This ensures that we continue to create sustainable value by delivering economic value for shareholders and social benefit for all of ARM's stakeholders.





HOW WE CREATE VALUE

(BUSINESS MODEL)

INPUTS >>>

FINANCIAL CAPITAL

Financial capital refers to our assets (including cash balances), cash flow from operations and funding from shareholders and other providers of capital.

IAR Refer to the Financial review on pages 16 to 36 of the Integrated Annual Report for further information on financial capital.

PEOPLE

Our people are crucial to achieving our strategic objectives and creating value for all stakeholders. We aim to maintain a safe, healthy and non-discriminatory work environment for all our employees and ensure that our operations are adequately resourced with skilled, engaged and motivated employees. The Board provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans to support a sustainable business.

SR See the section on Ensuring a safe, healthy and appropriately skilled workforce on pages 50 to 83 for further information.

RELATIONSHIPS

Relationships with all our stakeholders are key to the sustainability of our business. In particular, the relationships we have with our employees, host communities, regional and national governments, and regulators allow us our social licence to operate. We continue to engage and partner with these and other stakeholders consistent with our strategy.

SR Refer to the section on Maintaining our social licence to operate on pages 36 to 49 for further information.

NATURAL CAPITAL

The mineral resources and reserves in our portfolio represent the largest part of our natural capital. Other natural resources we use to extract and process the minerals that we mine include energy, water and land.

SR Refer to the section on Ensuring responsible stewardship of natural resources on pages 84 to 103 for further information.

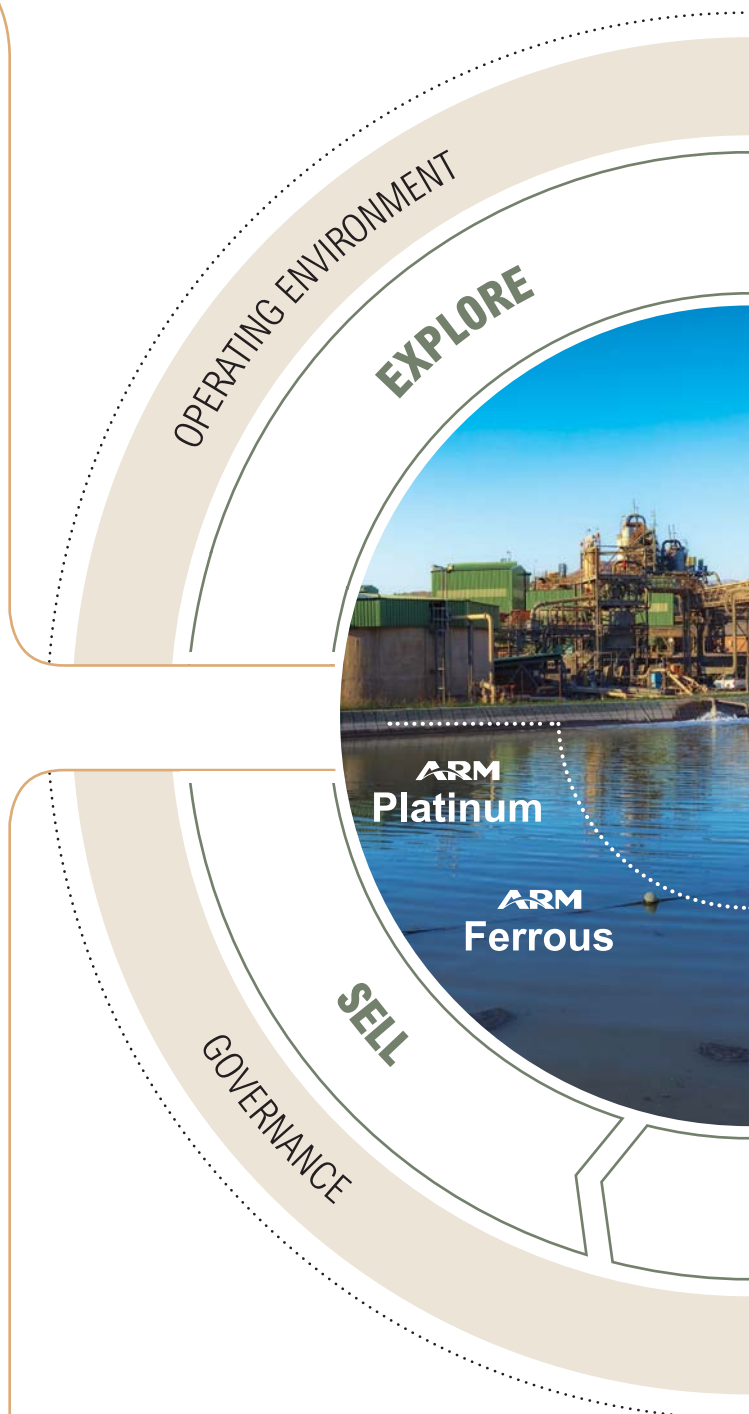
INNOVATION

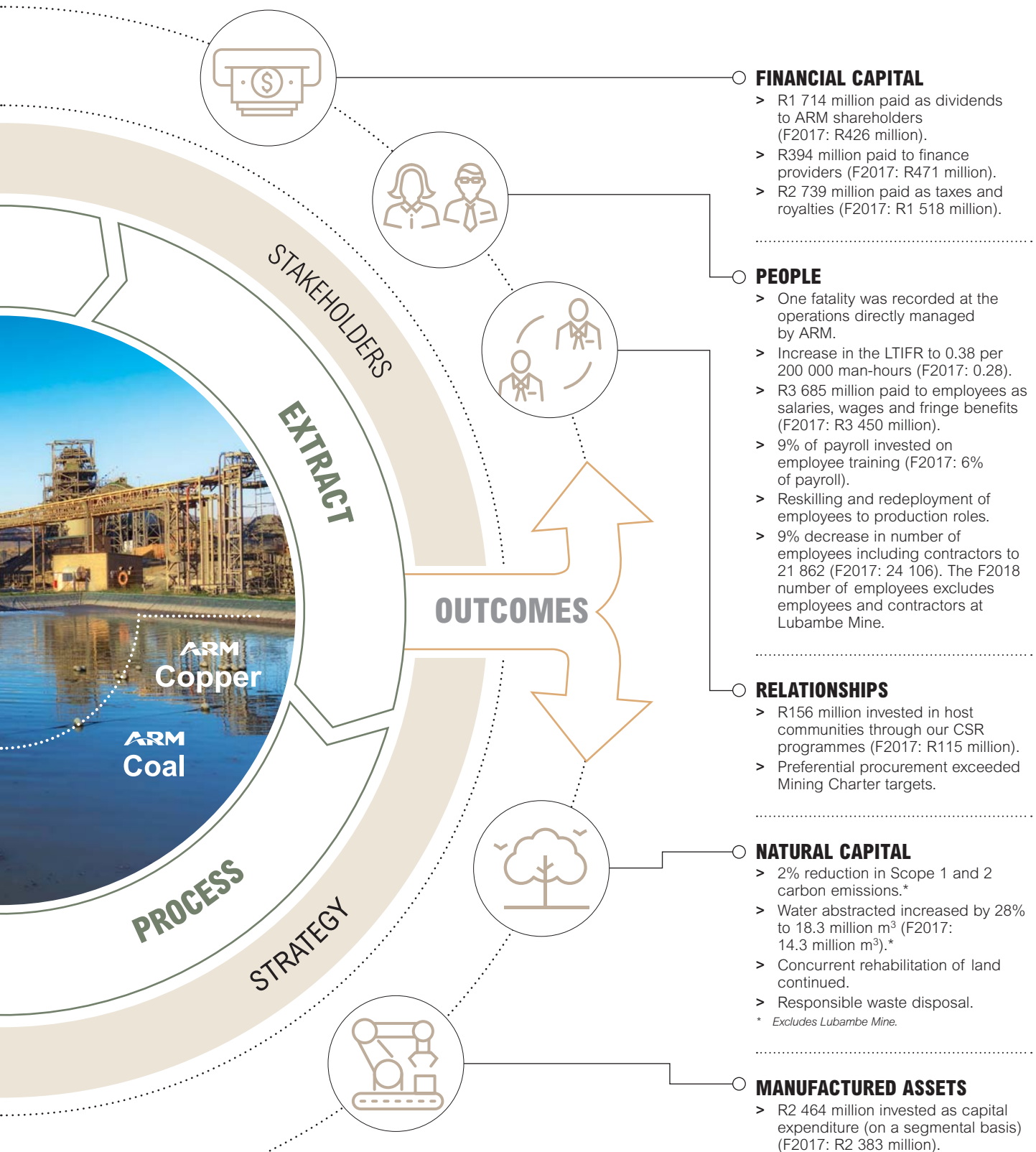
Access to and investment in innovation and technology allows ARM to continuously improve production processes. Mining is a technology intensive industry. The knowledge, experience and expertise that we have among our subject matter experts is key in differentiating ARM. Our innovation also includes information technology systems, risk management processes, research and development and our brand and reputation.

MANUFACTURED ASSETS

Our operations rely on above and below ground infrastructure and specialised equipment to extract and process the minerals that we mine. Efficient use of this infrastructure and equipment is crucial to cost-effective extraction and processing of our minerals.

BUSINESS PROCESS





OUR PRODUCTS

METALS AND MINERALS IN MODERN SOCIETY

While the mining and processing of metals and minerals have an impact on the natural environment and communities, many of the benefits of modern society would not be possible without them. Metals play a key role in the infrastructure and the technologies around us. With increasing population, urbanisation, industrialisation, economic development and the introduction and growth of new technologies, the need for more metals and minerals will continue.

Metals also contribute to reducing environmental impacts through technologies such as catalytic converters, which use platinum group metals (PGMs) to reduce environmentally harmful emissions from motor vehicles. Platinum is also used in hydrogen fuel cells to generate energy from hydrogen and oxygen, with water being the only emission.

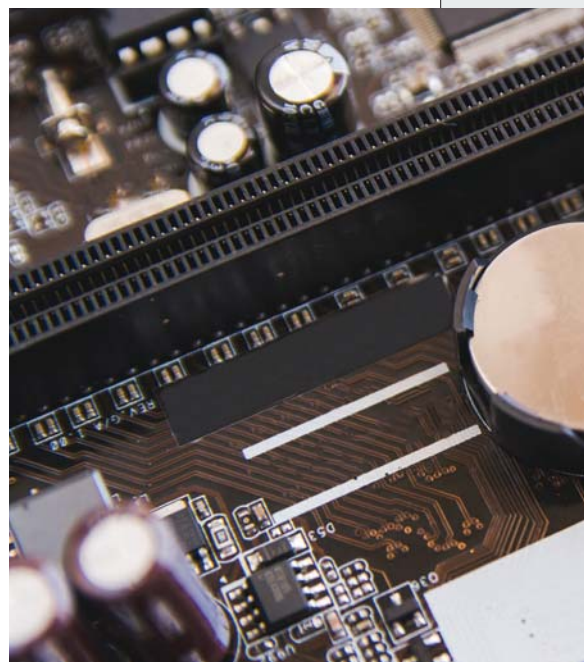
Copper is used in many energy efficiency applications, including motors, transformers and cables. It is also critical in solar thermal technologies, wind power and information and communication technologies.

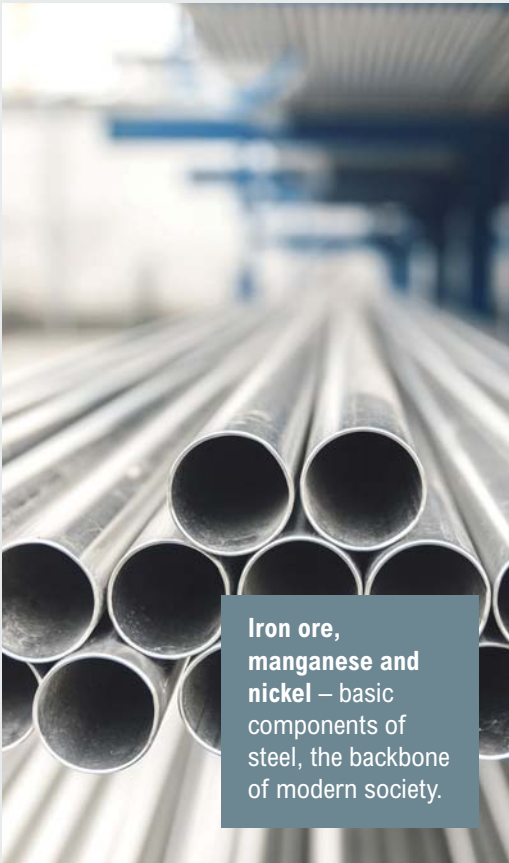
Nickel and manganese are used in certain types of lithium-ion energy storage technologies, which play a role in the growth in renewable energy and electromobility.

Metals play an important role in a circular economy as they can be recycled almost indefinitely without losing their essential properties and performance. Recycled metal can be produced more efficiently, saving water and energy, and produces less waste and fewer greenhouse gas emissions than metal from newly mined ore. The high recyclability of steel makes it a more environmentally responsible option over the full life cycle than alternative structural compounds that cannot be recycled efficiently or that are disposed at landfill sites.

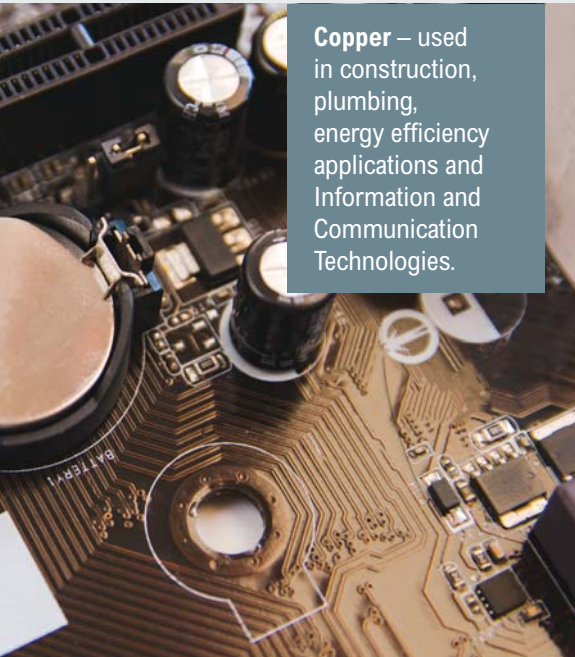
Demand for higher quality ore is increasing, particularly in Asia due to the reduction in greenhouse gas emissions associated with the processing of higher quality ores. The ore from ARM's iron and manganese mines are used to produce a range of products that afford clients the ability to optimise production and reduce emissions by offering greater blending options. Lumpy iron ore, for example, reduces Scope 1 emissions associated with the sintering process.

Energy produced from thermal coal produces far more carbon emissions than renewable energy sources, but coal remains a common energy source in many markets as it is abundant, cheap and widely available.





Iron ore, manganese and nickel – basic components of steel, the backbone of modern society.



Copper – used in construction, plumbing, energy efficiency applications and Information and Communication Technologies.



ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES



Nickel and manganese – used in some types of lithium-ion batteries.

Platinum group metals – used in catalytic converters, hydrogen fuel cells, electronics, electro-chemical processes, and dental and medical applications.



Information on how we manage environmental impacts is available on pages 84 to 103.

PRODUCT STEWARDSHIP

ARM encourages responsible use, re-use, recycling and disposal of our products to minimise the lifecycle impacts they may have on the environment and the people who use them.

Our customers are industrial companies with whom we engage contractually. ARM is not directly involved in the sales and marketing of the products produced at our operations as this function is performed by our joint venture partners.

ARM participates in various industry forums, including the ICMM and the Minerals Council South Africa, to keep informed about insights and developments regarding the properties of metals and minerals and their life-cycle effects on human health and the environment. ARM is a member of the ICMM's Product Stewardship Programme Committee.

Systems and processes are in place to address the most material concerns regarding the immediate downstream use of our products. Most operations have implemented ISO 9001 quality management systems to support product quality and customer complaints are addressed comprehensively at operational level.

Most material downstream concerns include:

- product quality;
- health and safety of the people handling these products during transportation and further beneficiation processes; and
- potential environmental impacts relating to transportation and spillage into the natural environment.

Information regarding the potential health, safety and environmental impacts of our products and operations are provided in Material Safety Data Sheets for our products where appropriate. The data sheets for our Ferrous division's products, for example, meet the requirements of the Globally Harmonised System (GHS) of hazard classification and include information from ongoing research sponsored by both the Group and industry associations. The products of our Ferrous division require more stringent management and monitoring during shipment as a result of the progressive modification of the International Maritime Organisation's Codes. Products may also need to be registered in terms of "REACH type" initiatives being developed and implemented in key markets such as China, Japan, South Korea, India and Brazil.

Ore & Metal is the marketing company for Assore, our joint venture partner in the ARM Ferrous division (the joint venture trading as Assmang). Ore & Metal monitors changes in national and international legislation that could influence the mining, beneficiation, sale or transportation of its products and proactively responds as necessary. ARM and Assore also play an active role in several industry associations that promote the use and sustainability of commodities produced by the division, including:

- The International Manganese Institute;
- The International Chrome Development Association; and
- The Ferro Alloy Producers' Association.



OUR SOCIAL IMPACTS

In F2018, ARM created

R13.6 billion

in financial value
(F2017: R8.6 billion)

ARM creates value for shareholders and stakeholders in various forms. In F2018, ARM created R13.6 billion in financial value (F2017: R8.6 billion) and over the last five years, ARM has created a total of R47.5 billion in value. Of this, R9.3 billion was paid to the government in the form of taxes and royalties.

Our operations provide employment opportunities in some of the poorest and most remote parts of the country. Investments in infrastructure and social projects in local communities in these areas support socio-economic development and improve their resilience and sustainability.

ARM's preferential procurement and enterprise development programmes support economic growth among historically disadvantaged South Africans (HDSAs) and in local communities, create jobs, improve market access for South African capital goods and services, and increase economic activity in the areas around our operations.

| | F2018 (R million) | F2014 – F2018 (R million) |
|----------------------------|----------------------|------------------------------|
| Total value created | 13 571 | 47 483 |
| Distributed to: | | |
| Employees | 3 685 | 17 824 |
| Government | 2 739 | 9 271 |
| Shareholders | 1 714 | 5 305 |
| Funders | 394 | 1 836 |
| Retained | 4 745 | 12 790 |



OUR SOCIAL IMPACTS continued**CONTRIBUTING TO SOCIETY AND THE ECONOMY**

“The mining and metals sector has extraordinary potential to contribute to social and economic development, especially where good policy and governance frameworks are in place. It can transform the lives of employees, their families and communities for the better. Realising mining’s full potential contribution to sustainable economic and social progress requires collaborative action between government, companies, and civil society.”

ICMM
International Council
on Mining & Metals

**MINING WITH
PRINCIPLES**

R9.3 billion paid as taxes and royalties over the last five years (F2014 – F2018).

R847.5 million* invested in community development since F2014.

R53.3 billion* in procurement since F2014. In the year to December 2017, 79% of procurement of services, 85% of procurement of capital equipment and 81% of procurement of consumables were allocated to HDSA suppliers.

Provided employment for **21 862** employees and contractors (as at 30 June 2018).



Paid **R17.8 billion*** to employees as salaries, wages and benefits since F2014.

Invested **R1.03 billion*** in training initiatives to improve the skills of employees since F2014.

Provided adult education and training (AET) to **908** employees and **1 708** community members at ARM facilities since F2014, increasing their confidence and employability.

Improved HDSA representation in management from 48% in F2014 to 61% in F2018.

Provided **1 370** bursaries over the last five years.

HOW WE GOVERN AND MANAGE SUSTAINABLE VALUE CREATION

CONTENTS

- GOVERNANCE OF SUSTAINABILITY
- HOW WE MANAGE SUSTAINABILITY
 - ARM'S SUSTAINABLE DEVELOPMENT MODEL
 - ETHICS
 - HUMAN RIGHTS
- MANAGING RISK AND OPPORTUNITIES
- LEGAL COMPLIANCE
- REWARDING VALUE CREATION
- COMBINED ASSURANCE

“ARM’s Board is the foundation of the Company’s corporate governance system and is ultimately responsible for sustainable development. ARM supports the governance outcomes, principles and practices in the King IV™ Code and its outcomes of ethical culture, good performance, effective control and legitimacy.”

CGR ARM's 2018 Corporate Governance Report (available at: www.arm.co.za) provides more information on the structure, roles and responsibilities of the Board Committees and Management Committees on pages 13 to 20.

GOVERNANCE OF SUSTAINABILITY

ARM BOARD

The ARM Board is ultimately responsible for sustainable development in the Company.

Quarterly reports

BOARD COMMITTEES

The Social and Ethics Committee monitors the effective management of sustainable development.

The ARM Audit and Risk Committee monitors risk and ensures that resources and appropriate management systems are in place.

The Management Risk and Compliance Committee (a sub-committee of the Audit and Risk Committee) coordinates and monitors the Company's ERM process, which includes sustainability risks.

Quarterly reports

GROUP AND DIVISIONAL EXECUTIVES

The Chief Executives of each division, the Divisional SHEQ Managers and other delegated divisional Executives, as well as the Executive: Sustainable Development are responsible for the implementation of Group sustainable development policies and procedures at the operations.

Monthly reports

OPERATIONS

Operational management teams, including General Managers and SHEQ Managers, implement the Group's policies and standards adapting their approach for the specific sustainability matters that are most material to their specific circumstances.

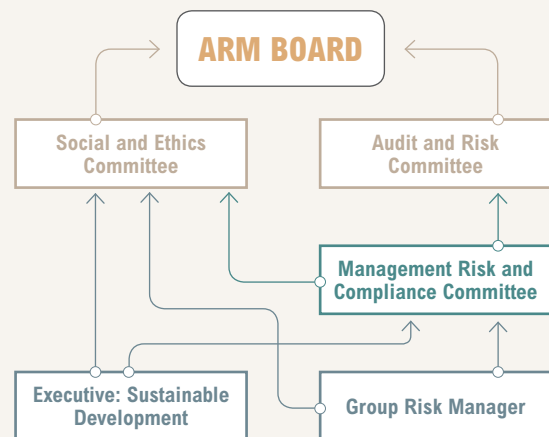
Effectiveness is assessed through monitoring of KPIs, internal and external audits, internal and external benchmarking, annual external certification audits, certification in terms of management standards (ISO 9001, OHSAS 18001/45001, SANS 16001 and ISO 14001) and external assurance of sustainability data.

HOW WE GOVERN AND MANAGE SUSTAINABLE VALUE CREATION continued

The ARM Social and Ethics Committee monitors and reports on the manner and extent to which ARM protects, enhances and invests in the well-being of the economic, social and natural environments in which ARM operates to ensure that its business practices are sustainable. The ARM Social and Ethics Committee, comprising of five non-executive Board members, is chaired by Dr R V Simelane. The Executive: Sustainable Development operates with oversight from the Social and Ethics Committee.

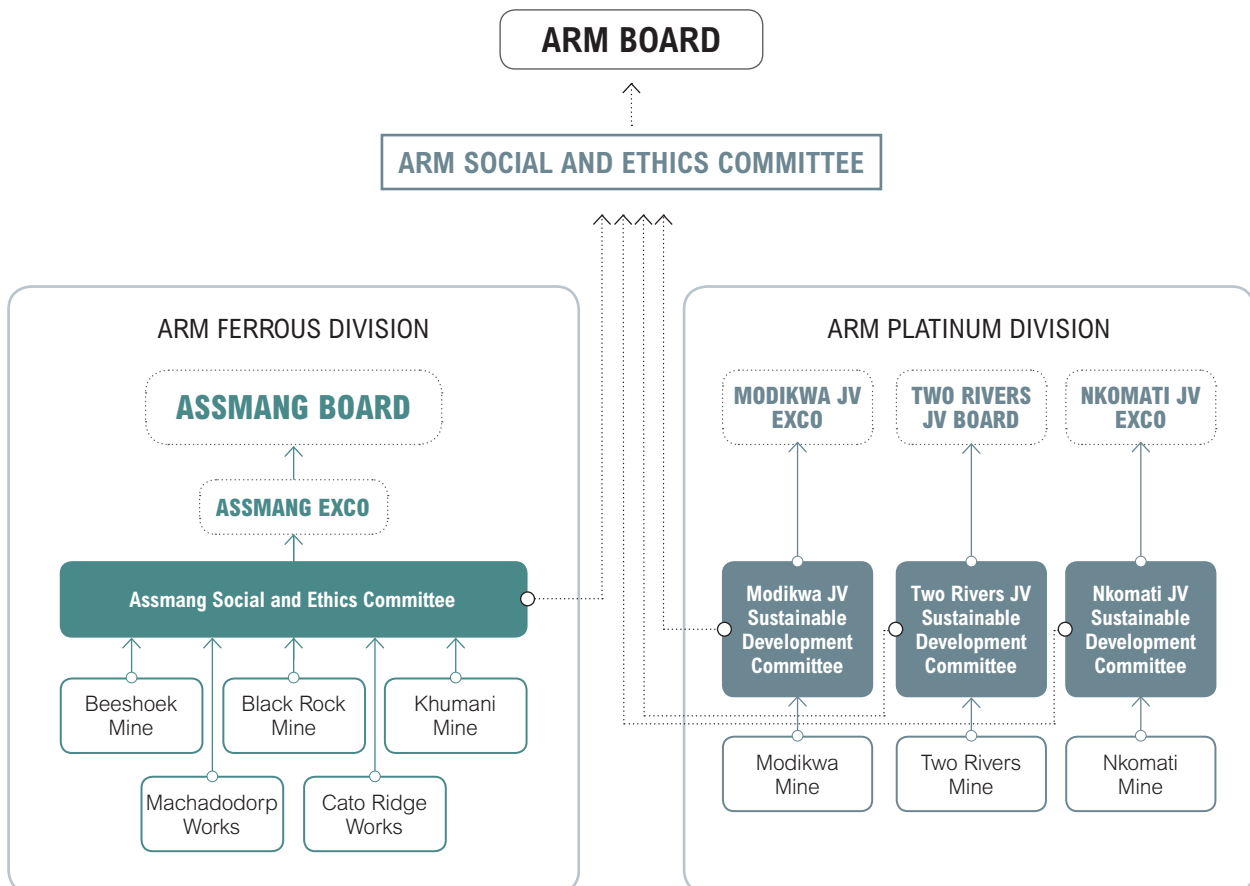
The Group Risk Manager and Executive: Sustainable Development are invitees to all ARM Social and Ethics Committee meetings and are members of the Management Risk and Compliance Committee and the ARM Steering Committee. They also attend Board meetings to respond to any risk and sustainability-related matters raised by the Board. Sustainable development matters and performance form part of the formal agenda of the Management Risk and Compliance Committee.

At the divisional level, the Assmang Social and Ethics Committee monitors sustainability performance in the Ferrous division and is chaired by the Head of Investor Relations. Each operation in the ARM Ferrous division holds quarterly compliance meetings to ensure comprehensive reporting is covered at operational level. Each operation in the ARM Platinum division has a Sustainable Development Committee, chaired by the Executive:



Sustainable Development, which reports to the Exco or Board of the respective joint ventures, as appropriate.

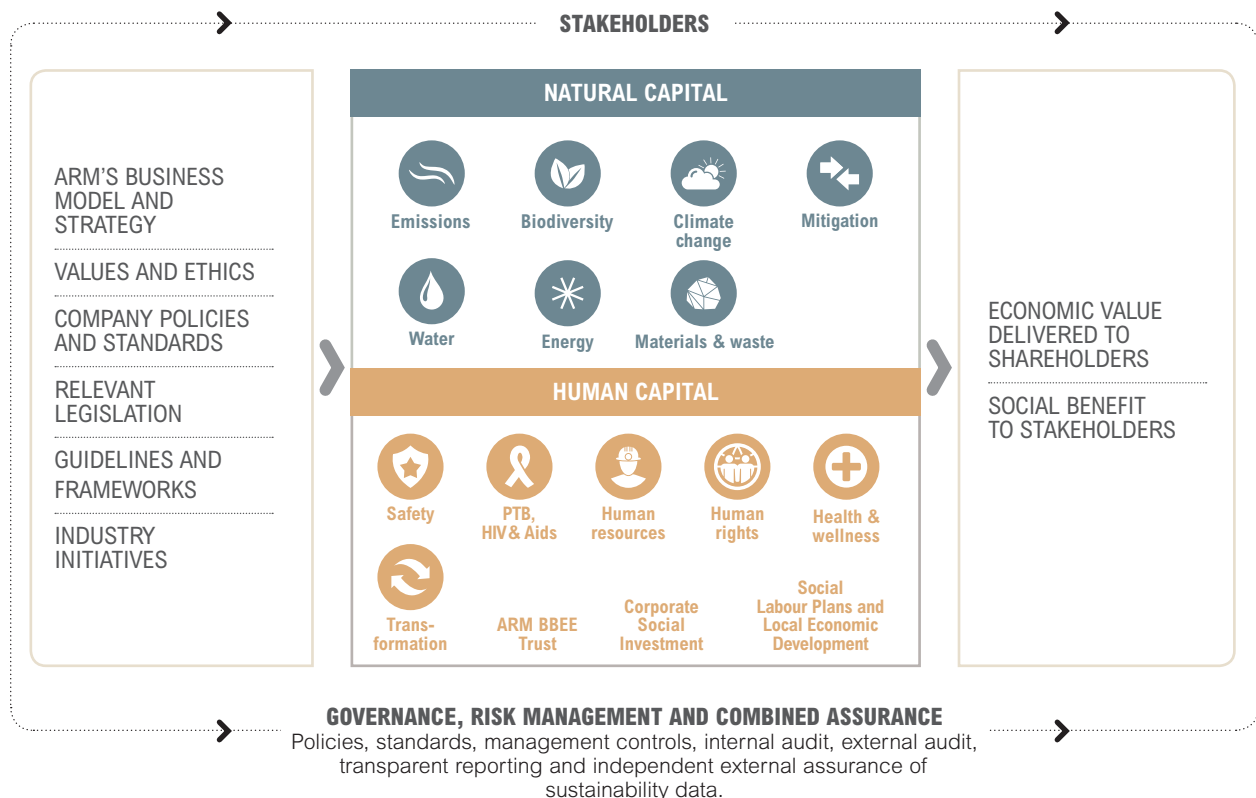
Sustainability performance and compliance are measured against detailed KPIs and benchmarks which are reported on at operational and divisional meetings as described above, and ultimately by the ARM Social and Ethics Committee during quarterly meetings.



HOW WE MANAGE SUSTAINABILITY

ARM's sustainable development model

ARM's sustainable development model represents the inputs into our approach and the environmental, social and governance (ESG) aspects we consider in the creation of value for our stakeholders which take the form of economic value and social benefit. Our approach to sustainable development embeds ARM's values and ethics into our business model and strategy, and formalises our approach at a Group level through sustainable development policies and standards.



The responsibility for implementing ARM's sustainable development policies and procedures rests with the Chief Executive Officer, delegated to the Chief Executives of each division and the Executive: Sustainable Development, who is responsible for reviewing sustainable development-related policies, strategies and targets and ensuring that these are aligned with the Board's commitment to zero harm.

ARM's strategic approach to sustainable development and the relevant policies and standards are set at corporate level. Each operation then adapts its approach for the specific sustainability matters that are most material to their circumstances.

Ethics

We continuously work to deepen trust with key stakeholders by applying our ethical values such as responsibility, accountability, fairness and respect for human rights. Our commitment to conducting business with high moral, ethical and legal standards is formalised in the Code of Conduct (the Code), which provides guidance and directs a culture of ethical

behaviour and integrity. The Code applies at both corporate and operational level, to Directors, management, employees, suppliers, contractors and joint ventures. Employees receive training on the Code at induction and through a compulsory online training programme.

The Code provides guidance regarding ARM's ethical standards and culture and covers a range of issues, including:

- Conflicts of interest – Conflicts of interest, whether real or perceived, are prohibited. The Code recognises that in certain circumstances such conflicts may arise and, where this is the case, mandates that the conflict is disclosed and dealt with in terms of the applicable laws. Gift registers are in place at the Corporate Office and the operations to ensure that gifts, hospitality and favours are declared and authorised within limits. A member of the executive is required to approve the acceptance of any gift. The Code mandates compliance with ARM's Dealings in Securities Policy and relevant insider trading provisions.

HOW WE GOVERN AND MANAGE SUSTAINABLE VALUE CREATION continued

- Unethical and improper conduct, including bribery, corruption and money laundering – ARM's zero tolerance approach to bribery and corruption is emphasised in the training programme on the Code. The training is introduced by the Chief Executive Officer and communicates top management's commitment to ARM's anti-bribery and anti-corruption policies. ARM's codes and policies explicitly prohibit bribery and corruption, including the policies and procedures relating to giving and receiving of gifts, sponsorship, entertainment, hospitality and favours. The Audit and Risk Committee oversees ARM's anti-fraud, bribery and corruption (ABC) prevention strategy.
- Dealing with stakeholders and other parties – the Code encourages complete, accurate and timely communication with the public. The Chief Executive Officer, the Financial Director, the Head of Investor Relations and the Company Secretary oversee compliance with disclosure requirements, including those in the JSE Listings Requirements.
- The duty of all employees to treat each other with dignity and respect.
- ARM's commitment to health, safety and environmental responsibility, and what this requires from employees.
- Political activities – ARM makes donations to political parties to support South Africa's democratic processes, in line with a formal policy. The donations budget is approved by the Board.

ARM's Dealings in Securities and Insider Trading Policy precludes Directors, officers and designated persons from dealing in ARM securities during closed periods, in compliance with the relevant legislation. All Directors and employees are provided with the relevant extracts from applicable legislation and the Company's related procedures. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the law and regulations.

The Ferrous division implemented an online competition law training programme at all operations in the division during F2018. An updated ARM competition law training programme will be launched in F2019.

Whistleblower facility

ARM's whistleblower policy was revised and approved by the Board during F2018. The policy includes ARM's zero tolerance approach to retaliation or occupational detriment to whistleblowers.

ARM has an anonymous whistleblowers' hotline (0800 006792) operated by an independent service provider that has been certified by the Ethics Institute. The hotline number is posted in each of the Company's offices and at the operations, and can be used by employees, contractors, suppliers, communities, and other stakeholders to report unethical behaviour.

A new 'Please Call Me' service was added to the whistleblower facility and a whistleblowing awareness campaign rolled out at the operations.

ARM's Code of Conduct, which is available in the Corporate Governance section of our website at www.arm.co.za, includes information about the whistleblowers' facility.

The focus remains on ensuring formal investigation of all whistleblower reports and obtaining feedback on investigations and actions taken by operations. Feedback is provided to the whistleblower's facility, who in turn provide feedback to the whistleblower to 'close the loop'. Allegations pertaining to human resources improprieties are referred to the Human Resources department for further investigation.

Of the 53 reports received through the whistleblower's facility during F2018, 14 are currently under investigation, eight were substantiated, two were partially substantiated and 29 were unsubstantiated.

Comment from the Sustainability Assurance Provider:

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



IBIS ESG Assurance's comprehensive Assurance Statement is available on pages 104 to 106 of this report.



Human rights

The protection of human rights is integrated into ARM's Code of Conduct, business policies and management systems to ensure that these are appropriately managed and addressed. The Code emphasises the Company's strong stance against unfair discrimination. The Code, our Grievance Procedure Policy, Protected Disclosure Policy and our Sexual Harassment Policy are based on the fundamental principles of human rights.

ARM is committed to the ten principles of the United Nations Global Compact (UNGC) and our human rights practices align with South Africa's human rights legislation, including the Constitution and the Bill of Rights, which safeguard basic human rights. Human rights assessments are conducted and these align with the United Nations' Protect, Respect and Remedy Framework.

The Code, the Employment Equity Policy and ARM's human resources management policies aim to promote equality and eliminate unfair discrimination on the basis of race, ethnicity, colour, gender, sexual orientation, nationality, place of origin, citizenship, creed, political persuasion, age, marital or family status or disability. All employees undergo training on the Code.

Grievance mechanisms are in place should an employee feel that their human rights have been violated, including reporting the matter to supervisors or managers, the Human Resources Department or anonymously to the whistleblowers' hotline.

All security personnel, including contractors, receive human rights training, with regular refresher training provided. Operational community relations strategies uphold and promote human rights and respect cultural considerations and heritage.

ARM does not use forced, compulsory or child labour and expects its suppliers and contractors to take a similar ethical approach to respecting human rights. We are committed to fair, responsible and competitive remuneration and all non-management employees are afforded freedom of association.

MANAGING RISK AND OPPORTUNITIES

The management of risks and opportunities is an increasingly important business driver for ARM and our stakeholders. It is an entrenched discipline and a recognised business management tool, with the aim of enabling sustainable growth.

Outputs from successful risk management include more informed, less uncertain decisions, a learning organisation that does not repeat mistakes, compliance, assurance and enhanced decision-making. These outputs provide benefits by way of improvements in the efficiency of operations, and effectiveness of tactics.

ARM's Enterprise Risk Management (ERM) Policy aligns with the requirements of King IV™ and assesses the risks and opportunities emanating from the triple context in which the Company operates as well as the capitals that we use and affect. The policy explicitly recognises the importance of protecting and improving the health, safety and wellbeing of everyone affected by our operations, as well as the need for responsible environmental management.

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

A key output of this process has been the full alignment of the current risk methodology with ISO 31000, which is the

HOW WE GOVERN AND MANAGE SUSTAINABLE VALUE CREATION continued

International Standards' Organisation (ISO) standard for risk management. ISO 31000 is globally acknowledged as a leading risk management practice and is the most universally adopted risk management standard.

Enhanced risk methodology

Developing an impact rating scale required alignment of ARM strategy to the strategic factors through which the Company drives and measures business performance.

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



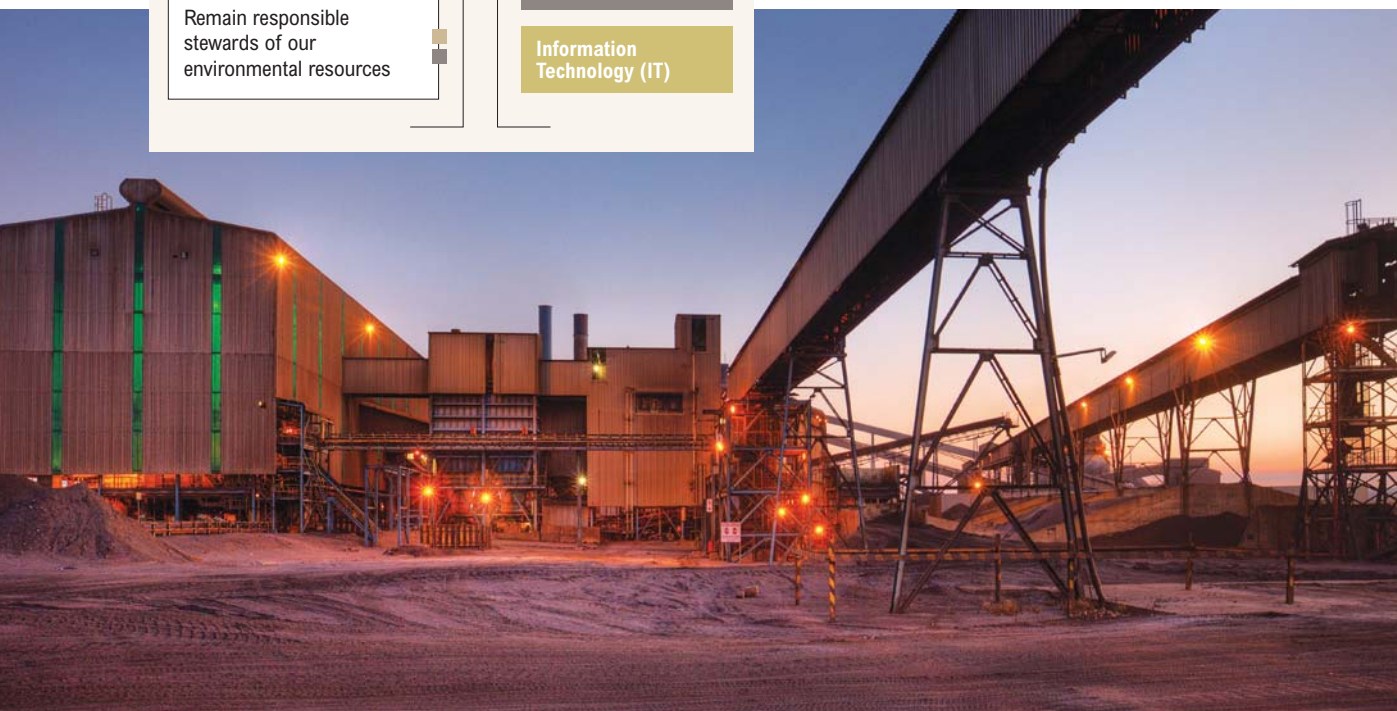
ARM's top ten risks identified through the ERM process include environmental and social risks in recognition of the impact of sustainability concerns on the Company's ability to create value.

| RATING | RISK NAME |
|--------|--|
| 1 | The security and cost of supply of water in the Northern Cape. |
| 2 | Deterioration in safety performance. |
| 3 | Business interruption due to community unrest in the Eastern Limb. |
| 4 | Effectiveness of capital deployment. |
| 5 | Missed opportunities. |
| 6 | Infrastructure constraints. |
| 7 | Exchange rate and commodity price volatility. |
| 8 | Poor employee wellness resulting in a decline in productivity. |
| 9 | Lack of delivery of production and productivity targets. |
| 10 | Uncertainty regarding policy change in South Africa. |

CGR More detail on the composition and activities of the Management Risk and Compliance Committee and ARM's Risk Report are available in the 2018 Corporate Governance Report at www.arm.co.za.

LEGAL COMPLIANCE

The Code and the Legal Compliance Policy specify ARM's commitment to complying with all applicable laws and regulations as a minimum requirement. The Company's compliance is monitored as a focus of the Management Risk and Compliance Committee, the Audit and Risk Committee and the Social and Ethics Committee.



Environmental and social compliance is monitored through a variety of reviews and audits that include:

- regular inspections and reviews by SHEQ officers at the operations to monitor compliance with safety, occupational health and wellness, and environmental regulations;
- annual external legal compliance audits;
- biennial external audits by legal and process experts;
- annual certification audits in terms of ISO 9001 (quality), ISO 14001 (environmental), SANS 16001 (disease and wellness) and OHSAS 18001 (health and safety);
- annual sustainability assurance on certain sustainability indicators and policies; and
- external compliance inspections from regulators such as the DMR, Department of Environmental Affairs and Department of Health.

REWARDING VALUE CREATION

ARM's remuneration philosophy aims to motivate and reward employees to align their efforts to the Company's strategy to deliver consistent and sustainable shareholder value. The mandate of the Remuneration Committee, which oversees remuneration, includes monitoring of incentives to ensure that these do not encourage behaviour contrary to the Company's risk management policy and strategy, which include sustainability factors.

ARM's Remuneration Policy aims to support the business objectives within the larger operating environment and offer a balanced remuneration mix in line with our goals. Performance incentives include sustainability key performance indicators to ensure that non-financial sustainability issues are appropriately prioritised. This includes short-term incentives for operational, divisional and corporate staff, which are linked to leading and

lagging safety indicators. Employees in the relevant functions at operations, such as engineers and production teams, are incentivised against energy targets and KPIs linked to climate change emissions reduction initiatives.

COMBINED ASSURANCE

ARM's focused approach to the integration of risk and assurance and our ERM activities ensure that a comprehensive integrated combined assurance base is established. The combined assurance model is aligned to King IV™ and was reviewed and approved by the ARM Audit and Risk Committee in May 2015. It defines what constitutes management assurance as per the six lines of assurance and provides a coordinated and integrated approach to obviate duplication and gaps in assurance to enable comprehensive management assurance activities.

ARM's overriding policy and philosophy is that the management of risk is the responsibility of management at every level in ARM. Regular internal and external reviews and audits, which are listed in the compliance section above, are conducted to provide assurance regarding environmental and social compliance and performance.



ARM's Combined Assurance Model is discussed in detail in the Risk Report on pages 31 and 32 of the 2018 Corporate Governance Report available at: www.arm.co.za

IBIS ESG Assurance (Pty) Ltd was contracted to provide moderate independent third party assurance over selected non-financial disclosures in the 2018 Sustainability Report. The Independent Assurance Statement by IBIS is included on pages 104 to 106 of this report and includes comments on data collection in ARM.

The table below shows the operations sampled and the indicators assured over the last five years.

| | F2018 | F2017 | F2016 | F2015 | F2014 |
|---|-------|-------|-------|-------|-------|
| MINES VISITED | | | | | |
| Beeshoek Mine | | ● | | ● | |
| Khumani Mine | ● | | ● | | ● |
| Black Rock Mine | | ● | | ● | |
| Cato Ridge Works | | | ● | | ● |
| Machadodorp Works | | | | | |
| Nkomati Mine | ● | | ● | | ● |
| Two Rivers Mine | ● | | | ● | |
| Modikwa Mine | | ● | | | |
| INDICATORS ASSURED | | | | | |
| Fatality Frequency Rate | ● | ● | ● | ● | ● |
| Lost Time Injury Frequency Rate | ● | ● | ● | ● | ● |
| Recordable Injury Frequency Rate | ● | ● | ● | ● | ● |
| PTB cases detected | ● | ● | | | |
| Occupational diseases identified and submitted for compensation | ● | ● | | | |
| Employees and contractors on ART | ● | ● | | | |
| Stakeholder engagement | | | | | ● |
| Social and Labour Plan implementation | | | ● | ● | ● |
| CSR spending | ● | ● | ● | ● | |
| Electricity consumption | ● | ● | ● | ● | ● |
| Fuel consumption | ● | ● | ● | ● | ● |
| Water abstraction | ● | ● | ● | ● | ● |
| Water discharges | ● | ● | ● | ● | ● |



SOCIAL AND ETHICS COMMITTEE CHAIRMAN'S REVIEW

It is with great pleasure that I present ARM's F2018 Sustainability Report, which is structured around the matters that most materially impact the Company's strategy, governance, performance, prospects and stakeholders.

This Social and Ethics Committee Chairman's Review provides an overview of ARM's approach to creating sustainable value for all our stakeholders and covers the main highlights and challenges we faced during the year across our material sustainability matters.

The ARM Board delegates responsibility to the Social and Ethics Committee to monitor the effective management of sustainable development across the Company's activities. The Committee has oversight of the sustainability risks identified by the enterprise risk management programme and is supported

by executive management and relevant Executive Committees and forums, including the Employment Equity and Skills Development Committee.

ARM shares the commitment of the International Council on Mining and Metals, of which it is a member, to '*Mining with Principles*'. Responsible social and environmental practices are critical to achieving our strategic goals and key to driving operational efficiencies, embodying world-class management and being a partner of choice in the mining industry.

We welcome any feedback on ARM's sustainability performance, where we can improve our disclosure in this report and on any other matter of importance to you, our stakeholders. A stakeholder feedback form is provided on page 148 of this report for this purpose.

ARM'S VALUES-DRIVEN AND INCLUSIVE APPROACH

The day-to-day activities of ARM's employees and management are guided by our values, governance structures and ethical leadership to act with integrity and due regard for the societal contexts and natural environment in which we operate. We remain aware of both our impacts and the opportunities that we have to make a positive contribution to growth and development in the societies in which we operate.

Our ability to create value as a Company depends on the value realised for our stakeholders. ARM's values commit us to the highest moral, ethical and legal compliance standards in dealing with our stakeholders, and are formalised through our Code of Conduct.

ZERO HARM

Our employees and contractors are the most important resource we have and enable ARM to execute on its strategy. The safety, health and wellness of our teams is a constant focus, in line with our commitment to zero harm. Despite this, there was a deeply regrettable accident at Modikwa Mine in October 2017 in which Mr Fabian Majoro died. Our sincerest condolences to his family, friends and colleagues.

A strategy was implemented during the last quarter to turn around safety performance and discipline at Modikwa Mine, which accounts for 58% of Lost Time Injuries reported in the Group. Since then, the mine achieved one million fatality-free shifts to 3 June 2018.

The most significant health and wellness challenges we face include hearing conservation, PTB, HIV & Aids, occupational lung diseases and chronic conditions. The operations started to implement the Department of Health's (DoH) Test and Treat Policy for HIV & Aids, and all mining operations held HIV testing campaigns in collaboration with the DoH and medical aid schemes. ARM operations are also implementing the DoH's new 90-90-90 PTB, HIV & Aids principle and the three PTB elements are already above target, with progress on the three HIV elements on track to meet the 2022 target.

We continue to support awareness and outreach initiatives to address PTB, HIV & Aids in communities. Several of the mines in the Group have established, or are finalising, partnerships with the DoH to strengthen the implementation of provincial PTB, HIV & Aids, STIs and chronic disease management strategies, and extend primary healthcare services to contractors and communities.

DEVELOPING OUR HUMAN CAPITAL AND DRIVING TRANSFORMATION

Continued investment in skills development improves the human and intellectual capital available to the Company and supports delivery on our strategy by improving productivity and

efficiency. In F2018, ARM's investment in skills development increased to R239 million, which represents 8.8% of payroll spend. Our leadership development programmes continue to go from strength to strength, building a strong and diverse leadership pipeline across our operations. Since F2015, 128 employees have completed the Future Leadership Development Programme and 41 women have graduated from the Women in Leadership Development Programme.

Gender mainstreaming was an area of significant focus during the year. We launched the ARM Corporate Gender Unit, established a Women in Mining Forum and appointed women representatives in the Employment Equity Committees. Operational initiatives implemented in the workplace during the year to promote gender mainstreaming included gender-based access control at change houses, improved lighting in underground cages as well as awareness campaigns covering sexual harassment in the workplace and women and child abuse. Women in core mining, critical and scarce skills increased to 10% from 8% last year.

Diversity and transformation in our workforce are driven by the Employment Equity and Skills Development Committee. Representation of historically disadvantaged South Africans (HDSAs) increased across all management categories during the year and remains well in excess of the targets set in the Mining Charter. Socio-economic transformation across our value chain is supported by our preferential procurement programme and we continue to exceed the Mining Charter targets for procurement of services, capital goods and consumables.

Workshops were held at all operations in preparation for the BEE verification audit and ARM significantly improved its B-BBEE score in terms of the dti Codes of Good Practice to 87.29 (F2017: 70.99), achieving a Level 4 contributor level (F2017: Level 7). ARM's B-BBEE verification certificate is reproduced on pages 116 and 117 of this report.

COMMUNITY RELATIONS

ARM's goal is to partner with our local communities to address the most pressing socio-economic challenges and strengthen their resilience. Community unrest continues to be a challenge at many South African mines and our operations are no exception. While many demonstrations relate to service delivery protests, our operations also receive demands for increased local procurement opportunities, local jobs and opportunities for youth.

In April 2018 a bus carrying 50 Modikwa Mine employees was attacked and set alight. Six employees were fatally injured in the incident and 44 employees sustained multiple injuries and received medical treatment. We extend our deepest condolences to the families, friends and colleagues of those who lost their lives in this tragic incident.

In addition to the community PTB, HIV & Aids outreach initiatives and health services provided through the clinics mentioned earlier, ARM promotes local job creation and economic development through targeted supplier development and enterprise development initiatives. These programmes aim to accelerate the development of local black-owned and black women-owned companies by offering business development support, mentoring and coaching, and financial support in

SOCIAL AND ETHICS COMMITTEE CHAIRMAN'S REVIEW continued

some cases. During F2018, R20 million was invested into these initiatives.

ARM invested a total of R156 million in Corporate Social Responsibility initiatives during F2018, with 68% of spending allocated to improving infrastructure in local communities to support socio-economic development and improve the quality of life of the people living in these communities.

RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

ARM's values and our strategic goal to maximise efficiencies challenge us to minimise our impact on the natural environment and to ensure responsible consumption of scarce natural resources.

We regard regulatory compliance as the minimum requirement and engage with our regulators on an ongoing basis to ensure that the relevant licences and permit applications are approved and in place, and that we continue to meet all requirements.

There were no major environmental incidents at our operations in F2018.

ARM's F2018 estimated carbon footprint (Scope 1 and 2 attributable emissions) decreased by 1.6% to 1.03 mtCO₂e and electricity consumption reduced by 1.4% to 1 656 GWh (both figures adjusted to compensate for the disposal of Lubambe Mine in December 2017). We achieved our carbon emissions target for the year, set in F2014, and set a more ambitious target to F2020.

Water quality and availability is recognised as a key climate change risk for ARM and we continue to engage with relevant stakeholders to develop catchment-level solutions to meet the needs of all users. A Company-wide water target related to withdrawals of potable water was set for F2020, a target that aims to be ambitious but realistic. ARM's reported water abstraction increased by 31% year-on-year to 18.3 million m³, although most of the increase relates to improved water reporting.

We are pleased to report that ARM was recognised as one of only 73 global companies to achieve an A score in the CDP Water Project.

FOCUS FOR F2019

In the year ahead, we will continue to implement the controls and processes that are currently effective in addressing our material sustainability matters while investigating new opportunities to continuously improve our systems. As always, safety and achieving zero harm remain our first priorities.

Focus areas for F2019 include:

- implementing the Critical Control Management process developed by the ICMM to enhance current risk controls across operations;
- actively participating in new safety initiatives and leading practices;
- making continued progress in achieving the DoH 90-90-90 goals for PTB, HIV & Aids;
- achieving the occupational health and safety Milestones as agreed by the Tripartite partners during the 2014 Occupational Health and Safety Summit, which include elimination of occupational lung diseases, noise-induced hearing loss, PTB and HIV & Aids;
- further diversity training and implementation of the gender mainstreaming plan and policies;
- maturing the HR system and strategy to improve data analytics, data management and reporting, including monitoring and reporting of transformation;
- continuing to deliver on our community development commitments in terms of our Social and Labour Plans, driving community enterprise and supplier development programmes, and supporting community health and wellness initiatives in partnership with the DoH;
- reducing water abstraction and energy consumption in line with the new targets set during the year;
- further improving on our water reporting across operations; and
- continued reduction in carbon emissions and mitigating the risks presented by climate change both to our operations and surrounding communities.

I would like to close by thanking management, my fellow Social and Ethics Committee members and ARM's employees for continuing to deliver on the Company's sustainable development agenda. I would also like to thank my colleagues on the Board and all of ARM's external stakeholders for their support during the year. I look forward to further productive engagements both internally and externally as ARM continues to drive operational excellence while striving to maintain the appropriate balance between the economic, social and environmental aspects of our business.

Dr R V Simelane

Chairman of the Social and Ethics Committee

OPERATING CONTEXT

| | |
|--|---|
| GLOBAL CONTEXT | <p>The global economy appears to be in recovery and China remains a significant consumer of the commodities we produce as infrastructure and consumer demand underpin demand for commodities. However, monetary policy direction in the United States, international trade concerns and other global risks are feeding through into volatility in the Rand/US Dollar exchange rate, which impacts the realised prices we receive for the commodities we produce.</p> <p>US DOLLAR REALISED COMMODITY PRICES AND EXCHANGE RATE CHANGES YEAR-ON-YEAR</p> <p>Other developing global trends such as increasing technology and cyber risks, and the Fourth Industrial Revolution present both emerging risks and opportunities for our business.</p> |
| SOUTH AFRICAN CONTEXT | <p>While investor confidence and sentiment towards South Africa continues to improve, the domestic economy remains weak and business confidence low. Access to capital remains elusive and increasing pressure on consumers increases socio-political risks. Deteriorating infrastructure affects logistics and access to electricity and water for our operations, and also underlies many community service delivery protests. Initiatives to drive the trend to a low carbon economy in South Africa, including carbon taxes and related proposed legislation, could add significant direct and indirect costs to business in the country.</p> |
| MINING INDUSTRY CONTEXT | <p>The South African mining industry remains under pressure with almost 30 000 jobs[†] lost between 2014 and 2017. Policy uncertainty and disagreement between government and the industry affect investment in the industry and increases regulatory risk, while social expectations continue to increase.</p> |

OUR RESPONSE

In this uncertain environment we continue to focus on those elements that are within our control. These include:

- maintaining operating cost increases to levels at or below inflation;
- restructuring loss-making operations and those that require shareholder funding;
- continuing to invest in our business to improve flexibility of product specifications to respond to changing customer needs;
- working with government, labour, our host communities and other stakeholders to ensure that the South African mining industry advances the interests of, and benefits, all stakeholders;
- researching global trends and their potential impacts to ensure that we remain well positioned to maximise opportunities created by these trends but also address the challenges;
- maximising cash generation from our assets, improving profit margins and sustaining our available flexibility through a strong financial position; and
- adhering to our commitment to capital allocation discipline by striking a balance between maintaining our current business, investing in expansionary and value-enhancing growth and improving on the overall shareholder returns through long-term share price appreciation and dividend growth.

[†] www.mineralscouncil.org.za/industry-news/publications/facts-and-figures/send/17-facts-and-figures/532-facts-and-figures-2018



MATERIAL MATTERS

ARM's material matters are determined at the Board, executive and operational level by considering the financial and non-financial risks, opportunities and other factors that affect ARM's strategy, performance, prospects, stakeholders and governance. They represent the matters that have the biggest potential impact on stakeholders and on ARM's ability to create long-term sustainable value.

The material matters are integrated into ARM's strategy, governance frameworks, risk management and operational management processes. Performance against material matters is assessed using relevant Key Performance Indicators (KPIs) that are regularly reported to the Executive Committee and the Board, and closely monitored through the integrated risk management and combined assurance processes.

The material matters affect and are affected by movements in the six capitals defined in the <IR> Framework which consist of financial capital, social and relationship capital, human capital, natural capital, manufactured capital and intellectual capital.

While our material matters are grouped into broad themes that cover ARM as a whole, their potential impact on the different operations in the Group may vary. For example, stakeholder engagement and relationships include positive and constructive relationships with host communities at certain operations and more challenging interactions at others. Securing a consistent supply of water is a risk at our Northern Cape operations, while Modikwa and Nkomati mines in Mpumalanga have to overcome the challenge of excessive water in mining areas.

IAR More information on the specific matters which are relevant for each division is included in the Operational Reviews on pages 56 to 95 of the Integrated Annual Report.

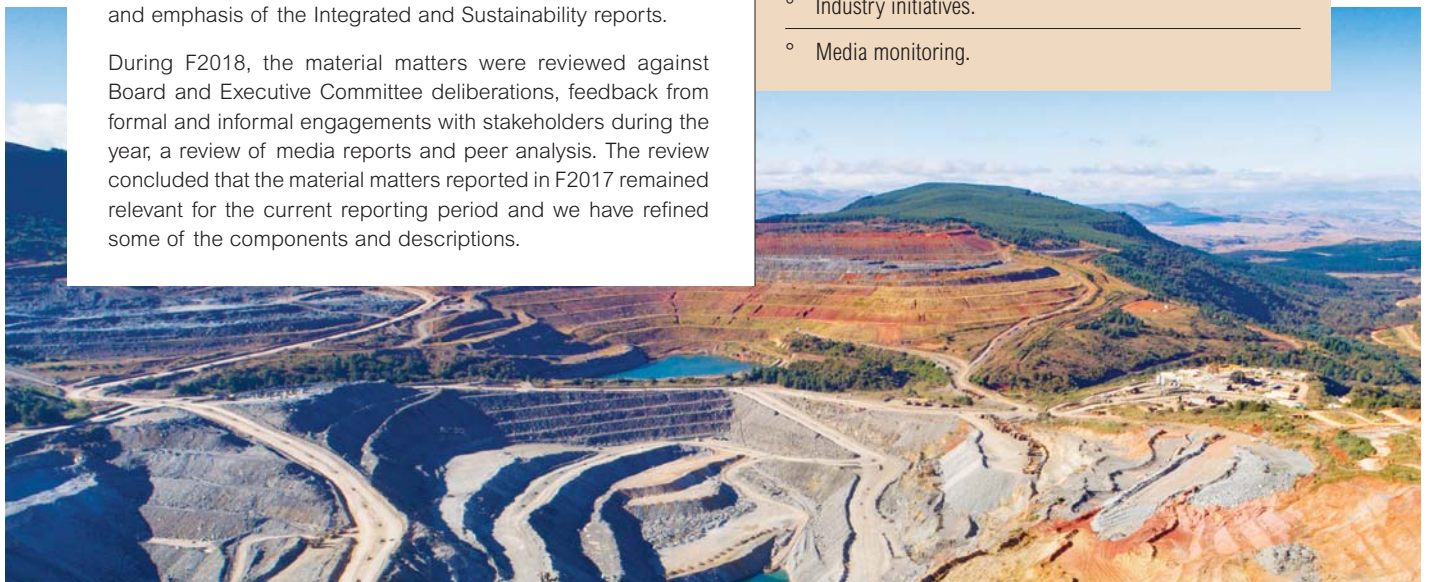
The Board assesses the material matters and approves the bases used in their determination, which guides the contents and emphasis of the Integrated and Sustainability reports.

During F2018, the material matters were reviewed against Board and Executive Committee deliberations, feedback from formal and informal engagements with stakeholders during the year, a review of media reports and peer analysis. The review concluded that the material matters reported in F2017 remained relevant for the current reporting period and we have refined some of the components and descriptions.

DETERMINATION OF MATERIAL MATTERS

We determine and prioritise our most material matters by assessing a range of internal and external influences, including:

- ARM's comprehensive Enterprise Risk Management (ERM) process, which includes detailed identification of risks and opportunities ranging from business unit risk assessments at the individual operations to strategic, tactical and major operational (STMO) risks at operational, divisional and Group level.
- Board, Board Committees and Executive Committee discussions.
- Interviews with the Executive Chairman, Chief Executive Officer, Finance Director and Chief Executives of the divisions.
- The needs, interests and expectations of our key stakeholders.
- Peer reporting.
- Guidelines and frameworks.
- Legislation.
- Industry initiatives.
- Media monitoring.



MATERIAL MATTERS continued

DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS AND OTHER PROVIDERS OF CAPITAL

Components of the material matter:

- Commodity price and exchange rate fluctuations;
- Cost escalations;
- Addressing loss-making operations;
- Long-term business strategy;
- Capital allocation; and
- Political and fiscal risks.

IAR Refer to the Executive Chairman's report, CEO report and Financial review on pages 8 to 36 of the Integrated Annual Report for further information.

F2018 PERFORMANCE

Headline earnings per share
F2018: 2 526 cents per share
 F2017: 1 684 cents per share

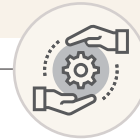


Cumulative dividends per share
F2018: 1 000 cents per share
 F2017: 650 cents per share



F2019 OBJECTIVES

- Maintain positive headline earnings at all operations.



CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

Components of the material matter:

- Operational efficiencies;
- Technological advancements;
- Efficient use of natural resources;
- Access to infrastructure and logistics; and
- Legal compliance and effective governance.

IAR **SR** Refer to the Operational reviews on pages 56 to 94 of the Integrated Annual Report for further discussion on the operational performance of each division.

F2018 PERFORMANCE

Volumes

F2018: Each operation's volume performance against target is included in the scorecards in the Operational reviews on page 56 to 94 of the Integrated Annual Report.

Changes in unit costs

F2018: The iron ore, Sakura and Cato Ridge operations achieved below inflation unit cost increases. Unit costs increased above inflation at the coal, PGM, nickel and manganese ore operations.

F2019 OBJECTIVES

- **Volumes**
Each operation's volume guidance is provided in the outlook section of the Operational reviews on pages 56 to 94 of the Integrated Annual Report.
- **Changes in unit costs**
Achieve below mining inflation unit cost increases at all operations.





MAINTAINING OUR SOCIAL LICENCE TO OPERATE

Components of the material matter:

- Relationships with key stakeholders, particularly host communities and labour;
- Corporate social responsibility;
- Relevant legislation;
- Socio-political stability; and
- Ethical business conduct.



Refer to pages 36 to 49 of this report for further details.

F2018 PERFORMANCE

CSR expenditure
F2018: R156 million
 F2017: R115 million



F2019 OBJECTIVES

- CSR expenditure**
Continue to invest in our host communities.
- Ethics**
Roll out the 2019 edition of the Code of Conduct training for employees.



ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE

Components of the material matter:

- Commitment to zero harm;
- Attracting and retaining key skills;
- Investing in the development and skills of the workforce;
- Fostering diversity in the workplace; and
- Maintaining good relationships with our employees and organised labour.



Refer to pages 50 to 83 of this report for further details.

F2018 PERFORMANCE

Fatalities
F2018: 1
 F2017: 0



LTIFR per 200 000 man-hours
F2018: 0.38
 F2017: 0.28



Historically Disadvantaged South Africans (HDSA) representation in management
F2018: 61%
 F2017: 55%



Number of women in the workforce
F2018: 12%
 F2017: 12%



Training expenditure
F2018: R239 million (9% of payroll)
 F2017: R180 million (6% of payroll)



F2019 OBJECTIVES

- Fatalities**
Zero.
- LTIFR**
Continued reduction in LTIFR towards zero harm.
- HDSA in management**
Improve the HDSA representation in management.
- Number of women in the workforce**
Improve the number of women in the workforce.
- Training expenditure**
Uphold and improve the current level of training expenditure.

MATERIAL MATTERS continued

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES

Components of the material matter:

- Climate change;
- Efficient energy use;
- Water management;
- Reducing and responsible disposal of waste; and
- Biodiversity, closure and rehabilitation.

SR Refer to pages 84 to 103 of this report for more information on how we manage environmental impacts.

F2018 PERFORMANCE*

Scope 1 and 2 carbon footprint

Target: 5% absolute reduction relative to the F2014 baseline.

F2018: 1.03m tCO₂e (16% decrease vs F2014 – material reduction due to divestment of Dwarsrivier Mine and reduced production rates at our smelters)

F2017: 1.05m tCO₂e



Electricity consumption

F2018: 1 656 GWh (0.03 MWh per man-hour)

F2017: 1 785 GWh (0.04 MWh per man-hour)



Water abstracted

F2018: 18.3 million m³ (0.38 m³ per man-hour)

F2017: 14.3 million m³ (0.31 m³ per man-hour)



* F2018 environmental data excludes Lubambe Mine.

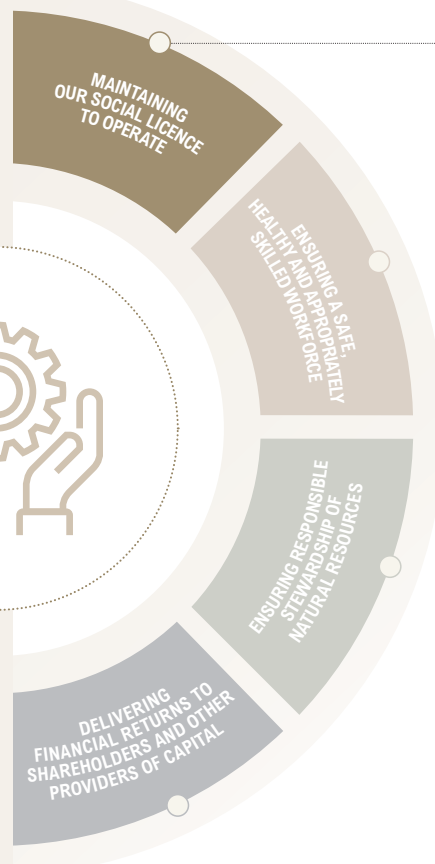
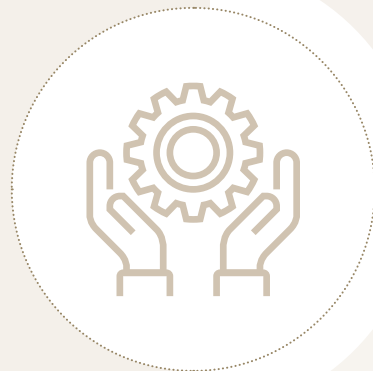
F2019 OBJECTIVES

- **Scope 1 and 2 carbon footprint**
Continued reduction in Scope 1 and 2 emissions.
- **Electricity consumption**
Increase efficiencies.
- **Water abstracted**
Further improve efficient use of water.
Further improve water accounting at operational level.
Strengthen stakeholder engagement at the catchment level.





MAINTAINING OUR SOCIAL LICENCE TO OPERATE



“Our ability to create value as a company depends on our ability to create value for others and this understanding drives our proactive engagements with our stakeholders.”

KEY STAKEHOLDERS

CORPORATE SOCIAL RESPONSIBILITY

TRANSFORMATION



KEY STAKEHOLDERS

We recognise the value of proactively engaging with key stakeholders. We have an interdependent relationship with our stakeholders and appreciate that our ability to create long-term sustainable value depends on our ability to create value for others.

ARM's success and the sustainability of its operations rely on balancing the needs, interests and expectations of its stakeholders with those of the Group in a dynamic and ongoing process. Interactions with our stakeholders provide a broader context, inform our most material matters, risks and opportunities and provide input into the strategy and long-term direction of ARM.

We define stakeholders as those individuals or groups that have a material interest in, or are affected by our operations. The Board is responsible for identifying stakeholders and developing appropriate strategies. The Social and Ethics Committee has the responsibility for monitoring stakeholder relationships.

We engage with stakeholders through both formal and informal interactions, at the corporate, divisional and operational level as appropriate to the stakeholder. The Stakeholder Communication Policy, contained in the Code of Conduct, includes measurable outcomes for all engagements. The content of engagements is recorded in operational engagement reports to ensure that learnings are documented and shared effectively. Stakeholder and community engagement are agenda items at operational, divisional and Board meetings.

Senior executives responsible for stakeholder engagement include the CEO, Executive: Business Development, Executive: Corporate Affairs, Head of Investor Relations, Executive: Stakeholder Relations and Compliance and divisional senior management.

Community relations

ARM's operations take a broad consultative approach to addressing local community concerns and conduct regular formal stakeholder engagement activities. Long-term structures are established in the areas in which we operate through engagements by mine management with traditional leaders and formally recognised community structures.

Social and environmental issues are addressed through regular engagements with interested and affected parties at all operations. Potential socio-economic and environmental impacts and the requisite mitigating actions are assessed as part of the Environmental Impact Assessment (EIA) process conducted prior to new projects and changes/expansions to operations. EIAs include structured engagements with interested and affected parties to communicate concerns, issues or conflicts arising from our activities. Common concerns

2018

During F2018, significant engagements with stakeholders included those with:

- Regulators regarding health, safety, environmental compliance and socio-economic development.
- Employee representatives and labour unions across all operations.
- Communities to understand their needs and concerns so as to assess to what degree we can meet their needs. Regular meetings are held with community representatives regarding infrastructure and socio-economic development through our Local Economic Development (LED) commitments in terms of the Social and Labour Plans (SLPs).
- Non-governmental organisations, primarily around environmental matters.
- Joint venture partners and providers of capital.
- Shareholders and investors at the 84th Annual General Meeting, roadshows and *ad hoc* investor meetings.
- Employees and contractors through Safety and Health/Wellness Committees.

include access to water, dust mitigation, blasting and employment opportunities.

Community concerns or disputes are reported in quarterly sustainability reports, which are discussed at operational, divisional and Board-level Social and Ethics Committees.









Community unrest continues to be a challenge in the areas around our operations and the socio-economic environment around the Steelpoort/Burgersfort community, close to Two Rivers and Modikwa mines, remains sensitive. Demonstrations mainly relate to service delivery protests, but our operations also receive demands for increased local procurement opportunities, local jobs and opportunities for youth. Demands from informal community structures are another challenge. A working group has been established in the area by the CEOs of local mining companies with the Minerals Council South Africa to identify solutions.

A tragic incident occurred on 2 April 2018 when a bus carrying employees of Modikwa Mine suffered an arson attack in which six employees were fatally injured and another 44 sustained multiple injuries and received medical treatment. ARM's Executive Chairman, the Minister of Mineral Resources and ARM executives visited the mine and a day of mourning was observed. A joint service was held for the deceased employees and families have received counselling and support. Family members of the deceased were offered an opportunity for employment as well as multi-skilled training to provide skills required for employment in the mining industry.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE continued

The table below summarises the most material concerns of key stakeholders into three thematic areas which are linked to our material matters and the initiatives we have in place to address these concerns.

A table listing our stakeholders, their key concerns and how we address these is available on pages 108 to 111.

| STAKEHOLDER GROUPS | AREAS OF INTEREST | MATERIAL MATTERS | INITIATIVES IN RESPONSE |
|--|------------------------------------|--|--|
| Being a responsible employer | | | |
| GOVERNMENT CUSTOMERS LABOUR AND UNIONS | Health and safety in the workforce |  | <ul style="list-style-type: none"> Comprehensive wellness programme; Policies and management systems align with OHSAS 18001 (safety and health) and SANS 16001 (wellness and disease management) systems; and Regular internal and external assurance. |
| LABOUR AND UNIONS COMMUNITIES AND NGOs | Skills development |  | <ul style="list-style-type: none"> ARM's Human Resources (HR) strategy prioritises capacity building; Investment in skills development; and Benchmarking against industry good practice. |
| Corporate citizenship | | | |
| GOVERNMENT CUSTOMERS COMMUNITIES AND NGOs INDUSTRY ASSOCIATIONS | Environmental responsibility |  | <ul style="list-style-type: none"> Alignment with the ICMM Sustainable Development Framework; ISO 14001-aligned operational environmental management systems; and Regular internal and external assurance. |
| GOVERNMENT COMMUNITIES AND NGOs INDUSTRY ASSOCIATIONS | Social responsibility |  | <ul style="list-style-type: none"> Significant investments in building capacity in local communities through Corporate Social Investment and Local Economic Development initiatives. |
| GOVERNMENT SUPPLIERS LABOUR AND UNIONS | Transformation |  | <ul style="list-style-type: none"> Transformation is embedded into all business processes and particularly HR, Procurement and Corporate Social Responsibility; and Performance is assessed against the Mining Charter and dti Codes. |
| Financial sustainability | | | |
| JOINT VENTURE PARTNERS PROVIDERS OF CAPITAL INDUSTRY ASSOCIATIONS LABOUR AND UNIONS | Financial performance |  | <ul style="list-style-type: none"> Enterprise Risk Management incorporating elements of the COSO Framework, ISO 31000 and King IV™; Strong internal controls, compliance, governance and combined assurance framework; Various interventions to improve operational efficiencies and contain unit cost increases; and Regular internal and external assurance. |
| LABOUR AND UNIONS COMMUNITIES AND NGOs PROVIDERS OF CAPITAL SUPPLIERS | Fair exchange of value |   | <ul style="list-style-type: none"> Equitable remuneration practices; Significant investment in communities; Returns for shareholders and consistent dividend payer; and Fair payment terms. |

CORPORATE SOCIAL RESPONSIBILITY

“ARM is committed to improving the living conditions of the people in our host communities. We focus on local employment, local business and supplier development, corporate social investment, local economic development and social and labour plan projects.”

CONTENTS

- OPERATING CONTEXT
- REPORTING CONTEXT
- F2018 PERFORMANCE OVERVIEW
- FOCUS FOR F2019
- HOW WE MANAGE CORPORATE SOCIAL RESPONSIBILITY
- ADDITIONAL INFORMATION
 - CSI AND LED
 - ENTERPRISE AND SUPPLIER DEVELOPMENT
 - THE ARM BBEE TRUST

OPERATING CONTEXT

ARM's strategy and values are at the centre of our commitment to partnering with local communities and contributing to improving lives. Most of our operations are located in remote areas and include communities with pressing socio-economic challenges. ARM's investments in infrastructure and social projects in these areas can have a significant positive impact on these communities, improving their resilience and sustainability.

Social and Labour Plans (SLPs) are established through robust engagement with communities, local and national government and through alignment with regional Integrated Development Plans in terms of the MPRDA. The Local Economic Development (LED) projects agreed to by all stakeholders during the SLP process provide the basis for compliance with the social investment aspect of the mining licences at our operations.

REPORTING CONTEXT

REPORTING FRAMEWORKS

GRI 201

GRI 203

GRI 413

ICMM
Principle 9FTSE/Russel
SHRUN SDGs
1, 4, 5, 9, 10

PRINCIPAL LEGISLATION

- The Mineral and Petroleum Resources Development Act (MPRDA)
- The Mining Charter
- The Department of Trade and Industry Revised Codes of Good Practice (dti CoGP)


PRIMARY STAKEHOLDERS CONCERNED

Communities, government, non-governmental organisations

REPORTING BOUNDARY

ARM mines and operations over which we have direct or joint management control

F2018 PERFORMANCE OVERVIEW

| Key Performance Indicators | F2018 Target | Per- formance | F2018 | F2017 | F2016 | F2015 | F2014 |
|--|--------------|---|-------|-------|-------|-------|-------|
| Total Corporate Social Responsibility* | N/A |  | R167m | R123m | R106m | R169m | R283m |

* 100% basis and including the ARM BBEE Trust.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE continued**FOCUS FOR F2019**

- Continue enterprise development in partnership with government, development agencies and communities.
- Supplier development initiatives to incorporate SMMEs into preferential procurement programmes.
- Continue our focus on community health and wellness initiatives in partnership with the Department of Health.

ARM's investment in Corporate Social Responsibility increased by **36%** to R156 million in F2018.

**HOW WE MANAGE CORPORATE SOCIAL RESPONSIBILITY**

LED projects are implemented at our operations as part of ARM's SLPs, which are agreed and regularly revised in close consultation with communities, local government and the Integrated Development Plans. CSI initiatives at the operations support projects outside the SLPs that address specific community needs.

Potential projects are carefully assessed to ensure alignment with ARM's CSR strategy, to ensure that they effectively address community needs and are meaningful and sustainable. CSR initiatives at the ARM Corporate level include the ARM Chairman's Fund, the Educational Trust and the ARM BBEE Trust (upliftment Trusts).

ARM Ferrous participates in a working committee with the other manganese producers and the Minerals Council South Africa to develop sustainable solutions to the various CSR challenges in the Northern Cape.

Assessing performance

Implementation of agreed CSR projects are monitored on an ongoing basis and reported at least quarterly at Social and Ethics Committee and Sustainable Development Committee meetings at corporate, operational and divisional levels.

| CSR expenditure | F2018 (R million) | F2017 (R million) |
|-------------------------------------|----------------------|----------------------|
| CSI | | |
| Health | 1.6 | 0.9 |
| HIV & Aids | 0.5 | 1.0 |
| Education | 6.8 | 6.6 |
| Capacity building | 5.2 | 5.1 |
| Sporting events | 0.5 | 0.7 |
| Arts and culture | 0.3 | 0.6 |
| Other ¹ | 5.5 | 7.2 |
| Total CSI | 20.5 | 22.1 |
| LED | | |
| Infrastructure | 106.3 | 75.4 |
| Enterprise development | 20.3 | 14.1 |
| Community | 3.4 | 2.9 |
| Other | 5.3 | 0.1 |
| Total LED | 135.3 | 92.5 |
| Total CSI and LED investment | 155.7 | 114.6 |
| ARM BBEE Trust projects | 11.3 | 8.2 |
| Total CSR investment | 167.0 | 122.8 |

¹ Enterprise Supplier Development at Beeshoek Mine.

ADDITIONAL INFORMATION ON CORPORATE SOCIAL RESPONSIBILITY**CSI and LED**

The projects we support through our CSR expenditure focus on building capacity in communities and prioritise women, people affected by or vulnerable due to HIV & Aids, the advancement of people living with disabilities, youth and the socially destitute. 68% of our total CSI and LED spending in F2018 was allocated to improving infrastructure in local communities to support socio-economic development and improve quality of life. 13% was allocated to enterprise development initiatives, which are discussed in the focus area section that follows. By supporting socio-economic development and fostering entrepreneurship, we further our strategy and align with our values by improving living conditions in the communities in which many of our employees live, build our relationships with host communities and develop resilience and sustainability in the areas in which we operate.

CSI spending decreased by 7% to R21 million, with 33% of the total spent on education projects and 25% on capacity building. LED expenditure increased by 46% to R135 million in F2018, 79% of which was allocated to infrastructure development and 15% to enterprise development initiatives.

In total, CSR initiatives created 781 jobs in F2018 (F2017: 634).

Employee volunteering is encouraged and is facilitated through the HR function at the Corporate Office and the HR or CSR function at the operations. Employees volunteer their time or make donations through initiatives such as Mandela Day and the Motsepe Foundation Christmas Drive, which delivers toys to schools, orphanages and childcare facilities across the country.

| CSR expenditure (R million) | F2018 | | | | | F2017 | | | | |
|--------------------------------|----------------|-----------------|---------------|------------------|--------------|----------------|-----------------|---------------|------------------|--------------|
| | ARM Ferrous | ARM Platinum | ARM Copper | ARM Corporate | ARM total | ARM Ferrous | ARM Platinum | ARM Copper | ARM Corporate | ARM total |
| CSI | 6.7 | 10.0 | 0.6 | 3.2 | 20.5 | 6.2 | 11.0 | 2.4 | 2.4 | 22.1 |
| LED | 94.5 | 40.8 | – | – | 135.3 | 63.2 | 29.3 | – | – | 92.5 |
| The ARM BBEE Trust | N/A | N/A | N/A | 11.3 | 11.3 | N/A | N/A | N/A | 8.2 | 8.2 |
| Total CSR spending | 101.2 | 50.8 | 0.6 | 14.5 | 167.0 | 69.5 | 40.3 | 2.4 | 10.6 | 122.8 |

LED PROJECTS SUPPORTED IN F2018

Highlights of some of the LED projects supported by ARM operations during the year include:

Black Rock Mine contributed R20 million towards the Kuruman Bulk Water project. This was not part of the current year budget but was requested during the Ga-Segonyana stakeholder update meeting on ongoing projects. Over the past three years Black Rock Mine has contributed R49 million towards the Kuruman Bulk Water project.

Two Rivers Mine contributed **R1.4 million** to Ngwanangwato Secondary School to construct three new classrooms for the benefit of 135 Grades 10, 11 and 12 learners from the Ga-Ranthe and Ngwaabe communities.

Black Rock Mine invested R1 million in the construction of internal reticulation from water tanks and communal pre-paid stand pipes in Gamasepa Village in Joe Morolong Local Municipality. Beneficiaries include the estimated 185 households of Gamasepa community and ten temporary local jobs were created.

Black Rock Mine erected 85 ventilated improved pit toilets in the Magobing West community in Joe Morolong Local Municipality, creating 24 temporary local jobs.

Two Rivers Mine established a water storage facility for 21 households in Buffelshoek creating ten full-time jobs.

Modikwa Mine constructed a village access road to improve access and road safety for the Swale community. The mine also supported the construction and installation of two overhead lights in the Hwashi and Maandagshoek communities, improving security and road safety at a cost of R1.2 million.

Khumani Mine invested R9.7 million in upgrading the access road into Kathu, refurbishing the road base and constructing a new asphalt layer to improve road safety conditions and traffic control.

Khumani Mine contributed R17.9 million in the provision of water and sanitation infrastructure for 325 households in Olifantshoek. 82 temporary jobs were created for local people and five local sub-contractors were appointed.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE continued**Enterprise and supplier development**

ARM is committed to supporting the development of local small, medium and micro enterprises (SMMEs) to foster entrepreneurship, create jobs and build sustainable businesses in mining communities. We see this as an important way to support socio-economic transformation at community, regional and national levels. ARM's operations prioritise preferential procurement that supports local enterprise and supplier development, with a focus on black-owned and black women-owned business. Where appropriate, operations ring-fence opportunities for suppliers that meet these requirements. SMME support includes early payment terms to assist with cash flow management and provision of equipment.

Projects that demonstrate progress in the CSR focus areas set last year are shown in the section that follows.

**F2018
FOCUS
AREA****Continue enterprise development in partnership with government, development agencies and communities.**

- Khumani Mine contributed R11.5 million to the Kuruman SMME Village, which provides improved business facilities for 57 informal traders and reduces trading on pavements and parking areas. The project created 54 temporary jobs for local people and included four local sub-contractors during construction.
- Khumani Mine facilitated web-based and online marketing training for 40 local SMMEs.
- Beeshoek Mine supported five entrepreneurs through its enterprise development programme, creating 68 jobs. An incubation programme was implemented for 22 beneficiaries.
- Black Rock Mine identified and provided compliance training to 97 local SMMEs, providing monetary and non-monetary support for market access. The mine also supported the creation and training of two new black women-owned youth enterprises.
- Modikwa Mine provided training to 20 SMMEs on basic business skills and facilitated workshops for a further 50 SMMEs on a business toolkit to help them manage their enterprises more effectively.
- Khumani Mine provided support to New Era Woodworks, a business owned by three black youth beneficiaries who refurbish school desks and employ five part-time workers. Support includes access to a fully-equipped woodworking factory, provision of a second-hand mine bakkie, technical and business-related training and marketing support. New Era graduated from Khumani's enterprise development programme to become a Khumani supplier.

**F2018
FOCUS
AREA****Supplier development initiatives to incorporate SMMEs into preferential procurement programmes.**

- Beeshoek Mine purchased equipment and vehicles to the value of R2.9 million and donated these to five suppliers, promoting business development and creating 22 jobs. Beeshoek also constructed SMME stalls creating 16 jobs and supported 11 companies through its supplier development project.
- Khumani Mine supported Malgas Holdings, a 100% black-owned supplier that was awarded a three-year screening and crushing contract. As part of its enterprise supplier development programme, Khumani is supporting Malgas with funding for procurement of tools, transportation of machinery and rental of site offices. The project has created 44 jobs.
- Khumani Mine supported a car wash that employs four people and has graduated from the enterprise development project to a supplier. Khumani also supported OD Herstelwerke in a three-year weed and vegetation clearing contract that will create 16 jobs. Support included mentoring and training, site establishment, tools and equipment and an interest-free loan on a truck.
- Black Rock Mine developed and trained two new SMMEs. The mine also engaged a business development practitioner to provide training and support in the day-to-day business administration of the SMMEs.
- Nkomati Mine identified four local suppliers as development suppliers and these have been assisted through the supplier development programme.

F2018 FOCUS AREA

Projects that focus on community health and wellness in partnership with the Department of Health.

- Cato Ridge Works supported the 1 000 Hills Community Centre in KwaXimba with healthcare and early childhood development (ECD) facilities and services for vulnerable children, elderly people, orphans, and people with disabilities. The operation also donated school uniforms to 315 vulnerable children and orphans from KwaXimba.
- Beeshoek Mine supported 36 home-based carers with care kits, bags and uniforms. The refurbishment of ablution facilities and a reservoir are in progress.
- Black Rock Mine donated medical equipment to the Kuruman Hospital, including blood pressure apparatus, patient monitors and spirometers.
- Khumani Mine supported the ex-mining clinic in Kuruman with a screening audiometer machine, facilitated a Christmas party for 77 orphans and vulnerable children and implemented a supplement distribution drive at ECD centres and for the elderly, benefiting more than 700 people.
- Modikwa Mine donated medical equipment to a local hospital to assist with the assessment of occupational diseases.
- Nkomati Mine participated in a community eye care campaign in partnership with the Department of Health and Mpumalanga Lions Club. The mine also provides support to peer educators and home-based carers.

F2018 FOCUS AREA

Embark on a robust strategy throughout the Group for SMME participation in preferential procurement, particularly in developing black as well as women-owned suppliers.

- Modikwa Mine established a Women Business Engagement Forum to promote meaningful female participation in procurement processes.
- Nkomati Mine established a youth women-owned local SMME and funded the purchase of equipment to a value of R100 000.
- Black Rock Mine helped to establish five new black women-owned companies from a pool of 45 unemployed black youth (women and men) who were trained in business management and construction.



MAINTAINING OUR SOCIAL LICENCE TO OPERATE continued**The ARM BBEE Trust**

The ARM Broad-Based Economic Empowerment Trust (BBEE Trust) drives rural development through Rural Upliftment Trusts in each of the provinces. Initiatives include welfare, community development and anti-poverty initiatives with an emphasis on education. The Trusts and individual unit holders are funded by the dividends accruing to their combined equity interest in ARM. ARM also supports the Trust with resources to build administrative and project management capacity to manage the development initiatives.

The ARM BBEE Trust distributed

R11.3 million

for development projects in
F2018 (F2017: R8.2 million).

Highlights of the ARM BBEE Trust projects

| Province | District and name of project | Project description and beneficiaries | Funding |
|---------------------|--|---|------------|
| Limpopo | Mopani Mamithwa Farming Project | Provision of farming equipment, including a tractor, water reticulation system and project start-up seed and fertiliser, for the benefit of the entire village. | R398 700 |
| | Mopani Masalanabo High School | Construction of an ablution block, school building renovations and provision of mobile science equipment and interactive whiteboards for 479 students. | R1 151 800 |
| | Mopani Vhaxadi Xiyaza Primary School | Construction of an administrative block for the benefit of 492 learners. | R863 529 |
| | Mopani/Sekhukhune/Waterberg Libangalele High School, Masalanabo High School, Maope High School, Majeje High School, Jane Furse Comprehensive School, Molepane Secondary School | Ten high schools (two schools per district) provided with mobile science equipment and interactive whiteboards for the benefit of 1 327 matric learners. | R600 000 |
| | Sekhukhune Mohlaletsi Pre-School | Construction of a new pre-school. | R700 000 |
| | Sekhukhune Phokwane Pre-School | Construction of a pre-school with 174 learners. | R700 000 |
| | Waterberg Mapela Old Age Home | Construction and furnishing of an old age home for 27 elderly community members who have no immediate family support. | R500 000 |
| Eastern Cape | Sterkspruit Simo Pre-School | Construction of a creche for 70 children. | R700 000 |
| | Tembani Tembani Primary School | Flooring, construction of ceilings and supply of electricity for 320 learners. | R200 000 |
| | Qhinghana Qhinghana Primary School | Construction of three classrooms and renovations to the school for 300 learners. | R819 000 |
| | Joe Qhab Mlamli Community Hall | Construction of a hall for the community. | R757 000 |
| | Dutjwa Sighubudwini Clinic | Construction of a clinic for the community. | R1 500 000 |
| | Dutjwa Ikhwezi Community Hall | Construction of a hall for the community. | R800 000 |

| Province | District and name of project | Project description and beneficiaries | Funding |
|--|--|---|------------|
| KwaZulu-Natal | Eshowe Entumeni Community | Water reticulation, borehole sinking and equipping for the community. | R100 000 |
| | Eshowe Entumeni Community Hall | Construction of a community hall. | R721 445 |
| | Kosi Bay Emfhlweni Primary School | Multi-purpose sports field construction for 1 000 learners. | R461 700 |
| | Kosi Bay Emfhlweni Primary School | Construction of two classrooms and four toilets for 1 000 learners. | R440 362 |
| | Ladysmith Ncedo Primary School | Construction of two classrooms and four toilets for 450 learners. | R650 000 |
| | Nongoma Nongoma Bakery Project | Construction of a bakery and equipping for production. | R1 500 000 |
| | Port Shepstone Makanda High School | Construction of a kitchen for 650 learners. | R297 000 |
| Mpumalanga/ Northern Cape | Wardburg Mjele Secondary School | Renovation of 21 classrooms for 1 000 learners. | R600 000 |
| | Bushbuck Ridge Quvekani Primary School, Gingirikani Creche, Robert Mayinga Creche, Edinburg Clinic | Sinking and equipping of four boreholes for the immediate village members. | R380 000 |
| | Hazyview Thusanang Village, Mokgoroshi Secondary School, Plaatjie Primary School | Sinking and equipping of three boreholes for the immediate village members. | R320 000 |
| | Kimberley Camden Wheelchair Project | Donation of 25 wheelchairs. | R73 000 |
| | Kwa-Mhlanga Mkhutshwa High School | Classroom refurbishment, borehole equipping and provision of mobile science equipment and interactive whiteboards for 746 learners. | R325 000 |
| | Piet Retief Sakhile Pre-School | Construction and furnishing of a pre-school for 194 children. | R500 000 |
| North West/ Free State | Makapanstad Makhuba High School | Structural renovations, equipping of a borehole and construction of a waterborne ablution block for 1 142 learners. | R1 152 000 |
| | Supingstad Supingstad Bakery | Equipping of a borehole, delivery of a light delivery vehicle and raw baking materials to benefit the local community. | R250 000 |
| | Tlokweneng Tlokweneng Clinic | Borehole drilling, supply of washing and cooking appliances, equipping and building water reticulation and refurbishment of the clinic for the community. | R612 000 |
| | Madikwe Olefile Secondary School | Renovation of the school for 620 learners. | R500 000 |
| | Thaba Nchu Thaba Nchu Garden Project | Provision of a tractor with implements for the community. | R279 883 |
| | Witsieshoek, Qwaqwa Witsieshoek Garden Project | Garden equipment and water reticulation providing irrigation for the community. | R420 000 |

MAINTAINING OUR SOCIAL LICENCE TO OPERATE continued

TRANSFORMATION

CONTENTS

- REPORTING CONTEXT
- OPERATING CONTEXT
- F2018 PERFORMANCE OVERVIEW
- FOCUS FOR F2019
- HOW WE MANAGE TRANSFORMATION
- ADDITIONAL INFORMATION
 - PERFORMANCE AGAINST THE MINING CHARTER SCORECARD
 - PERFORMANCE AGAINST THE REVISED dti CoGP

REPORTING CONTEXT**REPORTING FRAMEWORKS**

GRI 203

GRI 204

GRI 405

GRI 413

GRI 414

UN SDG
10**PRINCIPAL LEGISLATION**

- The Mineral and Petroleum Resources Development Act (MPRDA)
- The Mining Charter
- The Department of Trade and Industry Revised Codes of Good Practice (dti CoGP)
- The Employment Equity Act

PRIMARY STAKEHOLDERS CONCERNED

Communities, government, shareholders

REPORTING BOUNDARY

ARM's South African mines (Mining Charter). ARM's South African smelters and ARM Corporate (dti CoGP)

“ARM supports the principle of transformation as an effective way to redress historical inequality, facilitate broader social development and give all South Africans a stake in the country's mineral wealth. We believe that an inclusive and representative workforce greatly benefits and enriches our company and our country.”

OPERATING CONTEXT

ARM's values commit it to non-discrimination, fairness and employment equity. We unequivocally support transformation in the South African mining industry.

The Mineral and Petroleum Resources Development Act (MPRDA) was enacted to facilitate meaningful participation of historically disadvantaged South Africans (HDSAs) in the mining and minerals industry.

The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter) sets transformation goals for the mining industry across various categories.

ARM's six South African mines operate in terms of the Mining Charter and their continued ability to achieve the Group's goals relies on the Company's ability to retain its legal licence to operate in terms of the mining licences.

F2018 PERFORMANCE OVERVIEW

ARM's mines submitted reports in March 2018 detailing their transformation performance for the 12 months to December 2017 as required by the Mining Charter. Performance is shown in the table on the following page. ARM Corporate's overall score in terms of the dti CoGP improved to 87.29 (F2017: 70.99) and its contributor level improved to Level 4 (F2017: 7).

FOCUS FOR F2019

- Continue enterprise and supplier development improvement plans, in partnership with government, development agencies and communities.
- Further prioritise supplier development initiatives to incorporate more SMMEs into the preferential procurement database.
- Embark on a robust strategy throughout the Group for SMME participation in preferential procurement with a particular focus on developing 100% black-owned as well as women-owned suppliers.



HOW WE MANAGE TRANSFORMATION

Transformation principles are integrated into our business processes and direct how we engage and develop our workforce, focus our procurement spend and distribute the value we create. Compliance with the regulations relating to transformation is managed as part of the relevant business function.

The Group Executive: Stakeholder Relations and Compliance and the Group Executive: Human Resources conduct quarterly workshops at the operations to monitor and evaluate progress in terms of Section 43 of the Employment Equity Act, 55 of 1998, as amended.

Assessing performance

Transformation performance is monitored on an ongoing basis against the Mining Charter and the dti CoGP and reported to the Social and Ethics Committee every quarter.

ADDITIONAL INFORMATION ON TRANSFORMATION

Performance against the Mining Charter Scorecard

The DMR published the draft Mining Charter 2018 in June 2018 and the deadline for public comment closed at the end of August 2018. The Mining Charter 2018 is a material improvement on the 2017 Mining Charter, but it is important that the final version implemented effectively drives transformation while supporting competitiveness, investment and growth in the industry.

Until the Mining Charter 2018 is gazetted, the targets set in Mining Charter II, which relate to the year ending 31 December 2014, remain in place and ARM operations continue to use the 2014 targets to measure and report on their transformation performance.

ARM continues to monitor developments to ensure that we remain well placed to achieve the targets set in the Mining Charter 2018 once it is implemented.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE continued

While the Mining Charter Scorecard is applicable and submitted by each operation as the holder of the Mining Licence, the table below presents an average of the performance of ARM's mines against 9 elements of the Mining Charter.

| | 2014 target | Year to 31 December | |
|--|-------------|-------------------------|-------------------|
| | | 2017 | 2016 |
| 1. Reporting | | Submitted | Submitted |
| 2. HDSA ownership | 26% | 33.8% | 33.1% |
| ARM has an effective 50.97% HDSA ownership base through African Rainbow Minerals & Exploration Investments (42.69%), Botho-Botho Commercial Enterprises (0.54%), the ARM Broad-Based Economic Empowerment (BBEE) Trust (7.72%) and black ARM Directors (0.02%). These percentages are calculated excluding the treasury shares held by the 100% ARM-owned subsidiary, Opilac Proprietary Limited. The performance figure noted in the table is the average across ARM's six mines and uses the flow through principle, which attributes the HDSA ownership of a holding company to a subsidiary in proportion to the percentage held by the holding company. | | | |
| 3. Housing and living conditions | | Achieved | Achieved |
| All operations achieved the 2014 housing and living conditions targets, which related to hostel conversions, occupancy rates and facilitating home ownership. ARM's housing strategy and policy aims to ensure that every employee has decent accommodation in line with the Mining Charter, the Housing and Living Conditions Standards for the Minerals Industry and the relevant municipal and spatial planning legislation. Our housing initiatives are discussed on page 83. | | | |
| 4. Preferential procurement | | | |
| o Capital | 40% | 85.3% | 79.6% |
| o Services | 70% | 79.2% | 65.4% |
| o Consumables | 50% | 80.8% | 90.3% |
| Enterprise development | | | |
| Levy withheld from multinational suppliers allocated to social development | 0.50% | Note 1 | Note 1 |
| Note 1: Modikwa Mine is collecting levies from some multinational suppliers of capital goods and continues to engage with others on implementing the requirements. Beeshoek, Black Rock and Khumani mines are collecting the required levies and contributing them to the Northern Cape Mine Managers' Association Trust Fund for distribution. Two Rivers and Nkomati mines are also collecting the required levies. | | | |
| 5. Employment equity (HDSA representation) | | | |
| o Top management | 40% | 56.3% | 47.8% |
| o Senior management | 40% | 50.3% | 57.3% |
| o Middle management | 40% | 63.8% | 58.1% |
| o Junior management | 40% | 74.5% | 71.9% |
| o Core skills | 40% | 88.8% | 86.5% |
| ARM's initiatives to ensure a diverse and representative workforce are discussed on pages 80 to 83. | | | |
| 6. Human resources development (% of payroll invested) | | | |
| ARM's skills development initiatives are discussed on pages 77 to 79. | 5% | 5.13% | 5.23% |
| 7. Mine community development (% of net profit after tax) | | | |
| | 1% | 0.8%[†] | 4.4% [†] |
| ARM's socio-economic development initiatives in local communities are discussed on pages 39 to 45. | | | |
| [†] Percentage excludes Modikwa Mine, which is an unincorporated joint venture and therefore does not report a standalone net profit after tax figure. Nkomati Mine reported a loss in the year to 31 December 2017 and is therefore excluded from the calculation. | | | |
| 8. Sustainable development and growth Health and safety performance (discussed on pages 51 to 70) | | 87% | 97% |
| 9. Facilitate local beneficiation | | Note 2 | Note 2 |
| Note 2: The Minerals Council South Africa is engaging with the DMR on behalf of its members to better understand the reporting requirements in light of the Mineral Beneficiation Strategy. | | | |

Performance against the Revised Codes of Good Practice (dti CoGP)

ARM's overall Group transformation performance and that of the smelters at Cato Ridge and Machadodorp are measured against the dti CoGP.

The table shows ARM's performance against the categories of the dti CoGP and includes a link to the pages where the initiatives around each of the categories are discussed in this report.

ARM's B-BBEE score and level improved to

87.29
(Level 4) in F2018.

| Category | Reference | Target | F2018 | F2017 | F2016 |
|-------------------------------------|----------------|--------|--------------|-------|-------|
| Ownership | page 48 | 25 | 21.54 | 21.4 | 22.14 |
| Management control | pages 80 to 83 | 15 | 12.86 | 10.52 | 10.17 |
| Skills development | pages 77 to 79 | 20 | 14.46 | 11.50 | 12.70 |
| Enterprise and supplier development | page 42 | 40 | 33.43 | 22.43 | 18.81 |
| Socio-economic development | pages 39 to 45 | 5 | 5.00 | 5.00 | 5.00 |
| Overall score | | | 87.29 | 70.99 | 68.82 |
| Contributor level | | | 4 | 7* | 8 |

* Overall score: Level 6 discounted to Level 7.

SR ARM's Black Economic Empowerment Verification Certificate is available on page 116.

All ARM operations are currently under review by the Director General of the Department of Labour and have submitted their Employment Equity Plans. During F2018, ARM submitted a progress report on the Company's gender mainstreaming workplace programmes to the Commission for Gender Equality.

Workshops were held at all operations to prepare for the B-BBEE verification audits, identify challenges or gaps and establish ways to address these. ARM's procurement department assists divisional Chief Executives to drive the process of improving preferential procurement. Performance in this regard is reported to the ARM Social and Ethics Committee quarterly.

We continue to investigate initiatives to improve ARM's performance by accelerating the development of local black-owned and black women-owned companies, and through targeted preferential procurement and enterprise development

initiatives. ARM encourages its suppliers/service providers to constantly improve their B-BBEE rating. Suppliers are requested to submit a B-BBEE improvement plan as additional documentation when submitting proposals. We also have an ongoing focus on ensuring that suppliers have valid and current B-BBEE certificates.

ARM's enterprise and supplier development (ESD) initiatives aim to grow and sustain SMMEs by providing business development support, through mentoring and coaching and through financial support to some SMMEs. The goal of these initiatives is to provide a business benefit by graduating businesses from our ESD programme into our supply chain.

SR ESD initiatives at ARM operations are discussed on page 42.

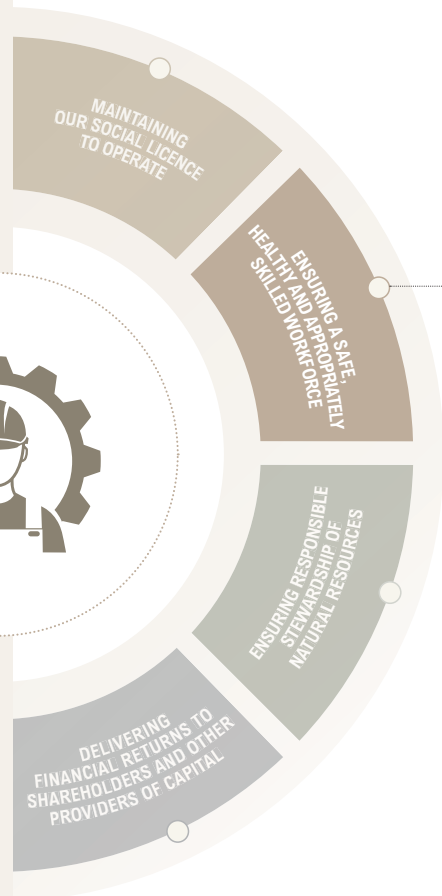
We have revised all master contract clauses to emphasise suppliers' obligations to improve their B-BBEE status, communicate any changes in status and to supply a valid B-BBEE certificate at commencement of the contract.

F2018 FOCUS AREA

To launch and implement the Gender Unit for all ARM operations as a sub-unit of the ARM Employment Equity Committee.

- The ARM Corporate Gender Unit, a substructure to the Employment Equity Forum, was launched in June 2018. Awareness sessions were conducted and gender mainstreaming training was delivered to HR professionals and management.

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE

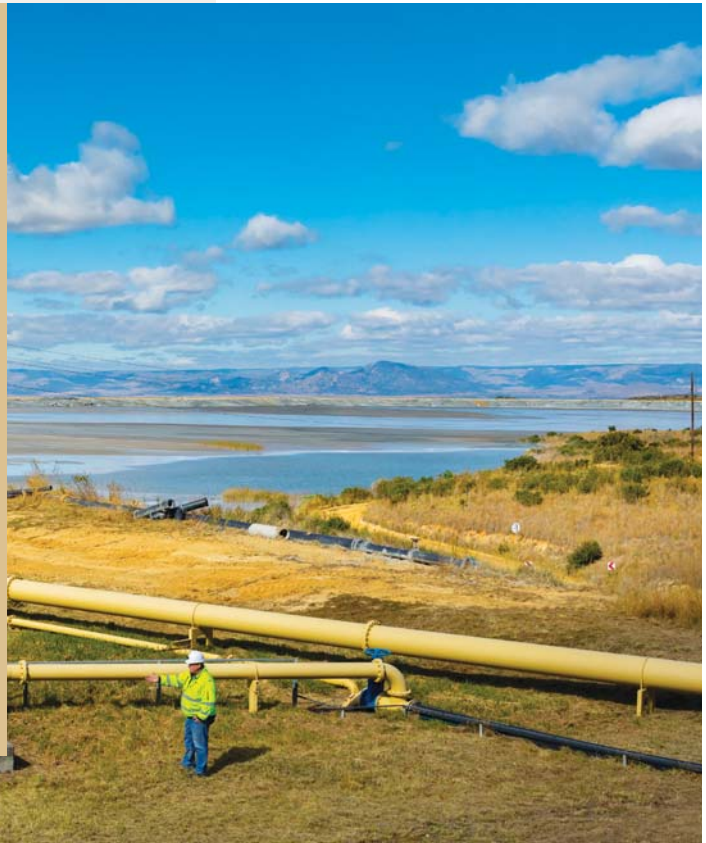


“ARM’s ability to execute on its strategy and create value for all stakeholders starts with our employees and contractors. The health, hygiene and safety of this human capital is a constant focus, in line with our commitment to zero harm.”

SAFETY

OCCUPATIONAL HEALTH AND WELLNESS

HUMAN RESOURCES MANAGEMENT



SAFETY

“ARM remains steadfast in our commitment to maintaining a safe and healthy work environment for all employees.”

CONTENTS

- OPERATING CONTEXT
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- F2018 PERFORMANCE OVERVIEW
- FOCUS FOR F2019
- HOW WE MANAGE SAFETY
- ADDITIONAL INFORMATION

OPERATING CONTEXT

Ensuring the health, hygiene and safety of the workforce is critical to ARM's ability to execute on its strategy and create sustainable value for its stakeholders. We are committed to zero harm and to constantly improving our safety performance. Safety is directly linked to operational performance and our 'We do it better' management style as safety directly affects productivity, efficiency, financial capital and our relationships with many of our stakeholders.

The mining and processing of minerals and metals present challenging working conditions. The most significant safety concerns at our operations include falls of ground, working at heights, fatigue and moving machinery.

Our values and commitment to zero harm drive the implementation of effective controls to support safety.

REPORTING CONTEXT

REPORTING FRAMEWORKS

GRI 403

ICMM
Principle 5

FTSE/Russel
SHS

UN SDGs
3, 6, 8

PRINCIPAL LEGISLATION

- The Mine Health and Safety Act (MHSA)
- The Occupational Health and Safety Act (OHSA)
- The Mining Charter




PRIMARY STAKEHOLDERS CONCERNED

Employees, contractors, unions, government

REPORTING BOUNDARY

ARM mines and operations over which we have direct or joint management control

F2018 PERFORMANCE OVERVIEW

| Key Performance Indicators ¹ | F2018 Target | Performance | F2018 | F2017 | F2016 | F2015 | F2014 |
|---|---------------------|---|-------|-------|-------|-------|-------|
| Fatalities | Nil |  | 1 | 0 | 0 | 2 | 1 |
| Lost Time Injury Frequency Rate* | Continued reduction |  | 0.38 | 0.28 | 0.32 | 0.35 | 0.37 |
| Safety-related stoppages | Nil |  | 31 | 21 | 33 | 29 | 20 |

* Per 200 000 man-hours.

ARM's safety performance deteriorated in F2018, with a fatality at Modikwa Mine in October 2017 and increases in safety-related stoppages and the Lost Time Injury Frequency Rate (LTIFR). A strategy was implemented at Modikwa Mine, which accounted for 58% of LTIs for the year, to turn around safety performance and discipline.

¹ The occupational health and safety statistics recorded 21 551 employees and contractors as the "total workforce", being an average number across our operations of those eligible for induction and/or medical surveillance and contributing to the safety statistics. This figure differs from the total labour figure of 21 862 reported by the Human Resources Department, which is the figure recorded as at 30 June 2018.

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**FOCUS FOR F2019**

- Zero harm to our employees.
- Implementation of the Critical Control Management process developed by the ICMM to enhance current risk controls.
- Improving compliance to regulatory and internal standards, thereby reducing stoppages due to Section 54 and Section 55 Notices.
- Continued focus on monitoring and implementation of existing leading practices. Active participation in new initiatives and leading practices.
- Continued alignment with the occupational health and safety Milestones and targets set for 2024 during the 2014 Tripartite Summit of the Mine Health and Safety Council.

HOW WE MANAGE SAFETY

ARM addresses occupational hygiene, health and safety in a holistic approach to employee wellness. Safety policies are set at Group level. Operational safety policies and strategies follow Group policies and are adapted to the specific safety challenges at each operation identified through operational risk assessments.

Risk assessments are conducted and continuously reviewed to identify and analyse safety and health risks with input from regulators, specialists, our employees and labour representatives. This process seeks to ensure that controls and procedures are appropriate to support the safety and wellbeing of our workforce. Risk assessments are also performed before commencing any new tasks, expansions or changes to current operations as well as in planning and commissioning of projects.

Operational safety and health policies and management systems align with OHSAS 18001, the international health and safety management system standard, and ISO 45001, the revised international standard. All operations except for Black Rock Mine and Lubambe Mine (divested on 22 December 2018) are certified in terms of OHSAS 18001. Black Rock Mine has completed the pre-certification assessment in terms of ISO 45001 and the final certification audit will take place in November 2018.

Safety training is provided at induction while further detailed and specific training is done during on-the-job training and competency training, and on an ongoing basis to entrench safe working procedures and practices. Planned task observations are performed by supervisors to ensure that employees understand and comply with procedures. Safety and health awareness campaigns reinforce the commitment by management and each individual to safe work, which is at the core of our zero harm philosophy.

Performance incentives for operational, divisional and corporate staff incorporate leading and lagging safety indicators.

Contractors are treated as employees, providing them with the same training and including them in our safety reporting in line with legislation and industry standards.

Assessing performance

Safety performance is monitored through leading and lagging indicators at quarterly operational, divisional and corporate SHEQ and related meetings as well as the quarterly meetings of the ARM Social and Ethics Committee.

Internal safety competitions raise awareness and create constructive internal benchmarking between operations.

Safety performance is benchmarked against industry peers.

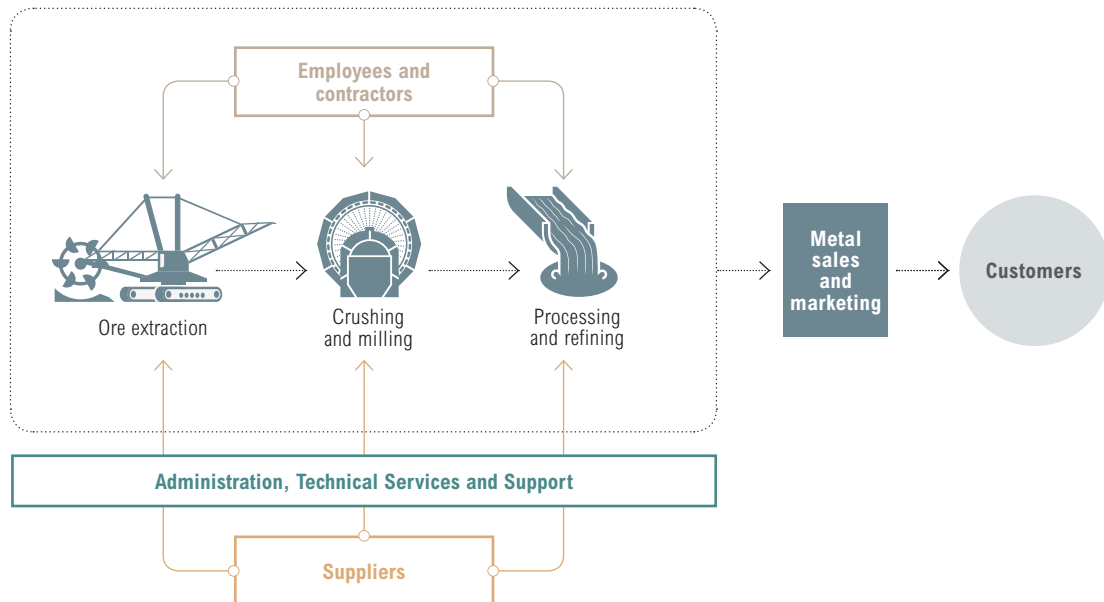
Assuring safety

- Annual external legal compliance audits assess compliance with legislation and Company policies, including safety, health and employee wellness.
- Annual internal and external audits of operating procedures and safety practices monitor compliance and identify areas for improvement.
- OHSAS 18001 and ISO 45001 certification audits.
- External Safety, Health and Environmental (SHE) audits facilitated every second year by the ARM Corporate Office (last performed in F2017).
- Annual external assurance of sustainability data.
- Regulatory audits and inspections.



ADDITIONAL INFORMATION ON SAFETY

THE MINING AND BENEFICIATION PROCESS



The most significant safety hazards we manage are related to employees and contractors involved in the primary activities of mining and metals processing. While our activities could have direct or indirect safety-related impacts on suppliers and customers, ARM's Code of Conduct applies to suppliers and covers health and safety considerations. Customer safety is discussed in the Product Stewardship section on page 16 of this report.

F2018 FOCUS AREA

Zero harm to our employees.

Our goals for F2018 included zero fatalities and a continued reduction in LTIFR, neither of which we achieved. A deeply regrettable fatal accident occurred at Modikwa Mine when two employees were exposed to irrespirable atmosphere underground during the night shift on 9 October 2017. They were discovered by the day shift employees on the morning of 10 October 2017. Mr Fabian Majoro, the team leader, was certified deceased at the scene and the other employee, Mr Daniel Ntlangoe, was treated in hospital and has recovered fully.

We also regret the fatalities at the Sakura and Tweefontein operations during the year. Because ARM does not have direct or joint management control of these operations, we do not collect and report sustainability data from these operations in ARM's reporting suite.

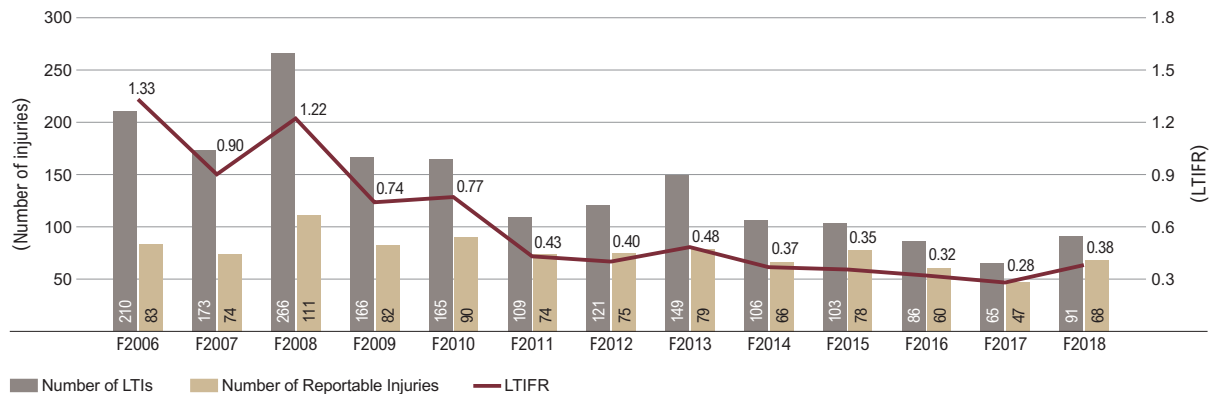
There were 91 Lost Time Injuries*(LTIs) in F2018 (F2017: 65) and 68 Reportable Injuries* (F2017: 47). The ARM Group

Lost Time Injury Frequency Rate (LTIFR) increased to 0.38 per 200 000 man hours in F2018 (F2017: 0.28). Modikwa Mine recorded 53% of the total LTIs. It is the largest operation in the Group, employing around a quarter of the Group's workforce and the only conventional stope/mining operation in the Group, which increases inherent risks in the operation. A strategy was implemented at Modikwa Mine to turn around safety performance and discipline during the last quarter, resulting in one million fatality-free shifts subsequently being recorded on 3 June 2018.

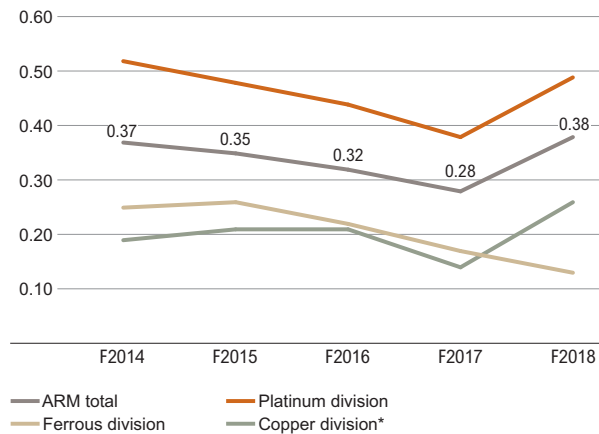
Injuries and action plans to prevent recurrences, are discussed comprehensively in every operational safety meeting, operational sustainability meeting and the ARM Social and Ethics Committee.



* Safety definitions and additional safety statistics are available in the sustainability data tables available at www.arm.co.za

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continuedF2018
FOCUS
AREA**SAFETY PERFORMANCE: LAGGING INDICATORS (LTI AND REPORTABLE INJURIES)**

While the LTIFR increased for ARM Platinum, ARM Copper (for the six months to December 2017) and the Group, ARM Ferrous achieved its best ever LTIFR of 0.13 in F2018, which represents a 27% improvement year-on-year.

DIVISIONAL LOST TIME INJURY FREQUENCY RATE TRENDS (LTIFR)

* Six months to December 2017

Total Recordable Injuries (TRI) are also recorded in terms of the definitions of the ICMM and include Non-Lost Time Injuries (Medical Treatment Cases), Lost Time Injuries and fatalities. The Total Recordable Injury Frequency Rate (TRIFR) per 200 000 man hours for F2018 was 0.81 – showing a steady improvement from 1.21 in F2015, 1.08 in F2016 and 0.90 in F2017.

Safety achievements during the year included:

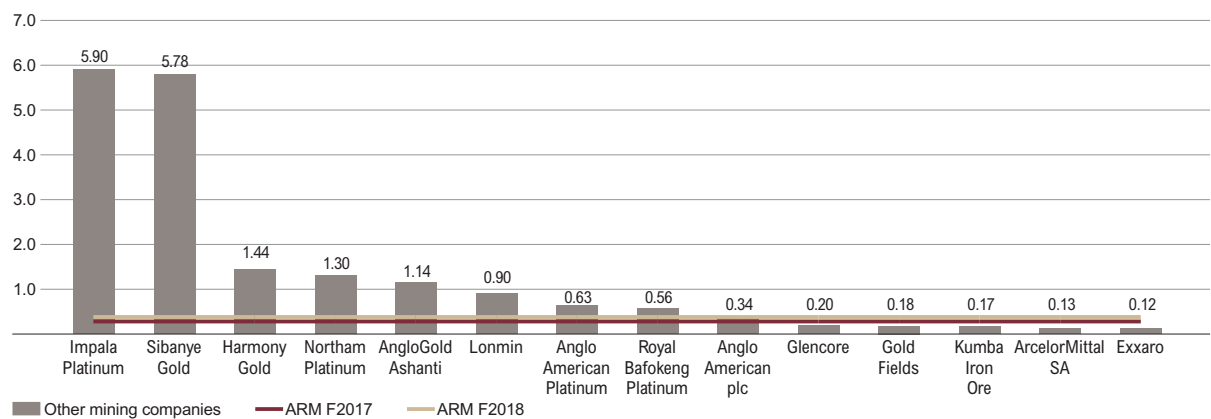
- On 18 October 2017, Beeshoek Mine recorded 16 000 fatality-free production shifts, an accomplishment that took 14 years and 11 months to achieve. The mine also received a certificate from the Department of Mineral Resources for an outstanding safety achievement as the “Most Consistent Surface Mine” in the 2017 Northern Cape Mine Safety Competition;
- Machadodorp Works achieved one million fatality-free shifts on 23 December 2017;
- Black Rock Mine achieved 6 million fatality-free shifts on 17 January 2018, an achievement that took nine years to complete;
- On 7 March 2018, Beeshoek Mine completed 365 consecutive days without a Lost Time Injury;
- Khumani Mine achieved two million fatality-free shifts on 12 April 2018;
- As at 30 June 2018, Cato Ridge Works completed 704 days without a Lost Time Injury;
- As at 30 June 2018, Machadodorp Works completed 875 days without a Lost Time Injury;
- On 18 August 2017, Two Rivers Mine completed 4 million fatality-free shifts;
- On 7 November 2017, Nkomati Mine achieved 6 million fatality-free shifts; and.
- Beeshoek Mine was awarded the first prize for the most improved safety performance and the second prize for the best safety performance in its class during the 2018 Mine Safe Conference.

F2018
FOCUS
AREA

| Operation | Total fatality-free shifts worked as at end June 2017 | Date of last fatality |
|-------------------|---|-----------------------|
| Beeshoek Mine | 3 815 189 | March 2003 |
| Black Rock Mine | 6 345 852 | April 2009 |
| Khumani Mine | 2 123 680 | April 2015 |
| Cato Ridge Works | 2 304 371 | February 2008 |
| Machadodorp Works | 1 062 649 | February 2011 |
| Modikwa Mine | 1 110 368 | October 2017 |
| Two Rivers Mine | 4 585 307 | January 2012 |
| Nkomati Mine | 6 404 854 | September 2008 |

We review our safety performance against industry peers to benchmark our safety performance. While the risks inherent in different mining and extraction processes, equipment and levels of complexity make safety performance difficult to directly compare across mining companies, the review provides valuable context. The graph below shows the ARM LTIFR relative to the LTIFRs of other mining companies, obtained from their latest published reports.

LTIFR INDUSTRY BENCHMARK
(LTIFR)



The table below breaks down the divisional and overall performance across the main lagging safety performance indicators we use to monitor our safety performance.

| | F2018 | | | | F2017 | | | |
|---------------------|-------------|--------------|-------------|-----------|-------------|--------------|------------|-----------|
| | ARM Ferrous | ARM Platinum | ARM Copper* | ARM total | ARM Ferrous | ARM Platinum | ARM Copper | ARM total |
| Lost Time Injuries | 11 | 77 | 3 | 91 | 15 | 47 | 3 | 65 |
| LTIFR ¹ | 0.13 | 0.49 | 0.26 | 0.38 | 0.17 | 0.38 | 0.14 | 0.28 |
| Reportable Injuries | 11 | 55 | 2 | 68 | 11 | 36 | 0 | 47 |
| RIFR ² | 0.13 | 0.39 | 0.17 | 0.28 | 0.13 | 0.29 | — | 0.20 |
| FFR ³ | — | 0.007 | — | 0.004 | — | — | — | — |

¹ LTIFR: Lost Time Injury Frequency Rate

² RIFR: Reportable Injury Frequency Rate

³ FFR: Fatality Frequency Rate

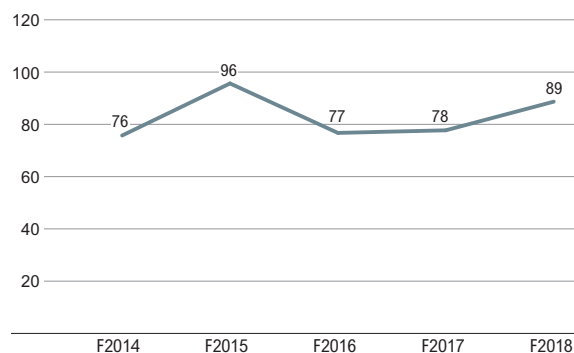
* For the six months to December 2017

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued
**F2018
FOCUS
AREA**
Reduce regulatory stoppages.

We set a goal for F2018 to eliminate safety-related stoppages in terms of Section 54 and Section 55 Notices issued by the DMR. Unfortunately, there were 31 Section 54 Notices issued at ARM mines in F2018 (F2017: 21), with 29 issued in the ARM Platinum division and 2 in the ARM Ferrous division. There were seven Section 55 Notices issued during F2018 (F2017: one) – four at Modikwa Mine and three at Two Rivers Platinum Mine.

Stoppages can apply to a particular activity within an area or to a specific area only, while production continues in the rest of the operation, making it difficult to quantify shifts lost accurately. In total, 89 shifts (or part thereof) were lost due to Section 54 Notices, while the Section 55 Notices did not affect any shifts.

No Compliance or Prohibition Notices in terms of the Occupational Health and Safety Act were served on our smelters during F2018 (F2017: 0).

SHIFTS LOST* TO SECTION 54 NOTICES


* Shifts lost mostly apply only to a specific area and not the total operation.



More detailed safety statistics, including Section 54 and Section 55 Notices by operation, are available in the sustainability data tables on the ARM website www.arm.co.za

| | F2018 | | | F2017 | | |
|-----------------------------------|-------------|--------------|-----------|-------------|--------------|-----------|
| | ARM Ferrous | ARM Platinum | ARM total | ARM Ferrous | ARM Platinum | ARM total |
| Section 54 Notices | 2 | 29 | 31 | 1 | 20 | 21 |
| Shifts lost to Section 54 Notices | 3 | 86 | 89 | 0 | 78 | 78 |
| Section 55 Notices | 1 | 7 | 8 | 0 | 1 | 1 |
| Shifts lost to Section 55 Notices | 0 | 0 | 0 | 0 | 0 | 0 |

**F2018
FOCUS
AREA**

Continued focus on monitoring and implementation of existing leading practices and active participation in new initiatives and leading practices.

ARM participates in a number of industry forums and initiatives related to health and safety to help us improve our health and safety performance by adopting good practice. These initiatives include:

**THE MINING INDUSTRY
OCCUPATIONAL SAFETY
AND HEALTH (MOSH)
INITIATIVES**

Driven by the Minerals Council South Africa (MCSA), the MOSH initiatives facilitate the adoption of leading practices across the mining industry to help meet the Tripartite occupational health and safety Targets and Milestones. The Executive: Sustainable Development and the Group Occupational Health and Wellness Superintendent participate in the MOSH Task Force of the MCSA and the Occupational Health and Safety Policy Committee of the MCSA.

**THE CULTURE
TRANSFORMATION
FRAMEWORK (CTF)**

The CTF aims to eliminate discrimination and create a safe, healthy and productive mining industry in South Africa, with risks controlled at source. It arose from a tripartite process between government, labour and industry with the goal of fostering collaboration between these stakeholders. ARM's culture, systems and programmes align with the goals of the CTF.

**THE INTERNATIONAL
COUNCIL ON MINING
AND METALS (ICMM)**

Membership of the ICMM provides a network for learning from peers and implementing good practice. As part of our commitment to continual improvement and as a member of both the ICMM and the MCSA, ARM has committed to implement the Critical Control Management (CCM) Process. This safety process is acknowledged globally as a process that could significantly help to prevent disabling or fatal accidents. Workshops have been conducted at the operations on implementation of the CCM process. ARM operations are currently implementing CCM.

**F2018
FOCUS
AREA**

Continued alignment with the occupational health and safety Milestones and Targets set for 2024 during the 2014 Tripartite Summit of the MHSC.

The Tripartite Summit convened by the Mine Health and Safety Council (MHSC) in 2014 committed government, employers and employees to achieve the 2024 occupational health and safety Targets, which cover occupational health and safety; PTB, HIV & Aids; and culture transformation.

Internal monitoring and reporting in terms of the Milestones takes place at quarterly operational Sustainable Development Committee/Compliance Review meetings. Progress towards compliance with these targets is monitored through annual reporting in terms of the Mining Charter to the DMR and the Minerals Council South Africa.

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued

OCCUPATIONAL HEALTH AND WELLNESS

CONTENTS

- REPORTING CONTEXT
- OPERATING CONTEXT
- F2018 PERFORMANCE OVERVIEW
- FOCUS FOR F2019
- HOW WE MANAGE OCCUPATIONAL HEALTH AND WELLNESS
- ADDITIONAL INFORMATION
 - HEARING CONSERVATION AND NIHL
 - DUST AND HAZARDOUS SUBSTANCES
- ADDITIONAL PRIMARY HEALTH INFORMATION
 - CHRONIC CONDITIONS
 - PTB, HIV & Aids

“ARM’s values and its ‘We do it better’ management style drive our commitment to ensuring the health, hygiene and safety of our workforce. This is an essential requirement in executing our strategy and creating sustainable value for all stakeholders.”

REPORTING CONTEXT

REPORTING FRAMEWORKS

GRI 403

ICMM
Principle 5FTSE/Russel
SHSUN SDG
3

PRINCIPAL LEGISLATION

- The Mine Health and Safety Act (MHSA)
- The Occupational Health and Safety Act (OHSA)
- The Mining Charter
- The Occupational Diseases in Mines and Works Act
- The Compensation for Occupational Injuries and Diseases Act

PRIMARY STAKEHOLDERS CONCERNED

Employees, contractors, unions, government

REPORTING BOUNDARY

ARM mines and operations over which we have direct or joint management control







OPERATING CONTEXT

Mine workers and peri-mining communities are identified by the Department of Health (DoH) as key populations for certain diseases, including pulmonary tuberculosis (PTB), HIV and sexually transmitted infections (STIs). In seeking to ensure the safety and health of its employees, ARM supports government initiatives to reduce and prevent these and other diseases. Our approach to occupational health and wellness aligns with the requirements of the DoH, Department of Labour (DoL), Department of Mineral Resources (DMR), and the Mine Health and Safety Council (MHSC).

The DoH's National Strategic Plan on HIV, TB and STIs 2017 – 2022 (NSP) outlines the country's master plan for preventing and treating TB, HIV & Aids and STIs. ARM's approach to managing these diseases aligns with the NSP.

Other occupational and primary health concerns include noise-induced hearing loss, chronic diseases and employee wellness.

F2018 PERFORMANCE OVERVIEW[#]

| Key Performance Indicators | F2018 Target | Performance | F2018 | F2017 | F2016 | F2015 | F2014 |
|--|-----------------------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| % of cases of employees and contractors undergoing noise-induced hearing loss (NIHL) screening which were submitted for compensation | decrease year-on-year |  | 0.20% | 0.05% | 0.07% | 0.07% | 0.13% |
| CVT offered as a % of total employees and contractors [‡] | 100% | 100% | 136.8% [‡] | 153.8% [‡] | 120.5% [‡] | 111.4% [‡] | 103.2% [‡] |
| ARM internal Health and Wellness Standard annual audit score | 81% |  | 86% | 86% | 84% | 83% | 77% |
| Employees and contractors screened for PTB as a % of total workforce [†] | 100% | 100% | 272% [†] | 239% [†] | 212% [†] | 437% [†] | 158% [†] |
| New PTB infections detected [†] | decrease year-on-year |  | 94 | 62 | 102 | 121 | 119 |
| PTB cure rate [†] | >90% |  | 55.3% | 125.8% | 82.3% | 97.5% | 99.2% |

[#] The occupational health and wellness statistics reported in this section exclude Lubambe Mine's statistics. Occupational health and wellness at Lubambe Mine (including PTB, HIV & Aids), are managed and reported according to the relevant Zambian legislation and are not included in the statistics in this report.

[†] PTB statistics are reported for the 12 months to 31 December for each year, in line with Department of Health reporting requirements.

[‡] CVT and PBT screening are performed at every clinic visit, which includes repeat visits for regular check-ups. Total CVT contacts and PBT screening numbers are consequently greater than the total workforce.

During F2018, counselling, testing and screening continued for our priority focus areas of hearing conservation, PTB, HIV & Aids, occupational lung diseases and chronic illness. The number of NIHL cases submitted to the Medical Bureau for Occupational Diseases (MBOD) for compensation in terms of NIHL increased mainly due to hearing loss detected in contractors at pre-employment medicals, particularly at Modikwa Mine. The operations' audited score against ARM's Health and Wellness Standard remained at 86%, above our target of 81%. PTB infections increased and the cure rate reduced as a result of an increase in cases of pneumoconiosis detected among contractors, which increases the incidence of PTB infection, and due to fewer contractor patients remaining on ARM DMPs. We expect the PTB cure rate to increase again next year on successful completion of the patient treatment which takes at least six months.

FOCUS FOR F2019

- Continued focus on reaching the 2014 occupational health and safety Milestones, which include elimination of occupational lung diseases and noise-induced hearing loss.
- Continued risk-based monitoring and treatment of chronic conditions.
- Alignment with and implementation of the National Strategic Plan (NSP 2017 – 2022) to ensure reduction and prevention of PTB, HIV & Aids infections and STIs; offer all employees counselling and voluntary testing (CVT); and link all eligible employees to an anti-retroviral (ART) treatment programme.
- Continue passive PTB screening and offering HIV counselling and voluntary testing to all employees visiting our clinics.
- Reinforce our PTB-related community outreach projects to focus on early detection and treatment of PTB for communities around our operations.
- Continue progress towards achieving the DoH Strategic Plan in terms of the 90-90-90 goals for PTB, HIV & Aids.

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**HOW WE MANAGE OCCUPATIONAL HEALTH AND WELLNESS**

ARM's approach to occupational health and wellness integrates occupational hygiene monitoring with comprehensive risk-based occupational medical surveillance programmes that focus on identifying and addressing the specific health risks relevant to each workplace and occupation.

The occupational health and wellness programmes at our operations are managed as part of the SHEQ process and align with SANS 16001 (the South African National Standard on disease and wellness management). All three mines in the Ferrous division are certified under the standard.

Operational Wellness Committees comprising representatives from the employer, employees and unions meet regularly to promote engagement in a partnership approach to managing wellness. Site clinics at the mining operations provide occupational health and wellness services to employees and contractors.

Medical surveillance is conducted at pre-employment stage, at sign-on, at least annually on an ongoing basis and when an employee leaves the employment of the operation. Contractors are treated as employees and are screened at the start of, during and at completion of contracts.

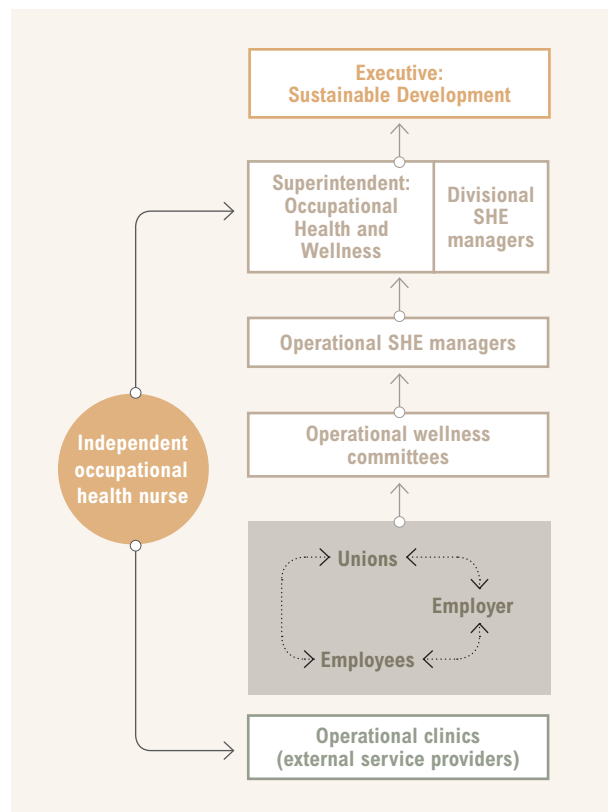
Induction training includes occupational health and hygiene training and ongoing training is provided by Wellness Officers and Peer Educators.

Physical fitness is being integrated into occupational health surveillance systems through the rehabilitation and functional assessment (RFA) process.

We benchmark operational health and wellness performance against ARM's internal Health and Wellness Standard. The Standard is based on the requirements of relevant legislation, reporting frameworks, industry good practice and the SANS 16001:2013 Wellness and Disease Management standard.

Operational performance is measured against the Standard through an annual audit conducted by an external certified wellness auditor. The audit assesses a range of indicators across 16 elements in four categories – good governance; measuring, monitoring and evaluation; workplace conditions and management; and depth/quality/sustainability. The audit helps to identify areas for improvement at operations, measures year-on-year progress and benchmarks performance between operations.

In F2018, the average score across the operations was 86%, in line with the F2017 score and above our current target of 81%.

**Assessing performance**

Key occupational health and wellness performance indicators are tracked and reported at quarterly operational, divisional and corporate SHEQ and related meetings.

Assuring occupational health and wellness

Regular internal and external audits are conducted at the South African operations' occupational health facilities to monitor compliance with legislation and Group policies.

These include:

- Quarterly reviews by an external occupational health expert;
- Annual external audits against ARM's Health and Wellness Standard;
- Annual external audits in terms of the international standards on occupational health and safety (OHSAS 18001 and ISO 45001);
- Certification audits in terms of the South African National Standard (SANS 16001:2013) on disease and wellness management programmes at Khumani, Black Rock and Beeshoek mines;
- External assurance of sustainability data; and
- Biennial external SHE audits as part of our combined assurance and governance model.

ADDITIONAL INFORMATION ON SPECIFIC OCCUPATIONAL HEALTH AND WELLNESS CHALLENGES

Occupational health and wellness concerns mainly apply to the employees and contractors at our operations and primarily to those involved directly in mining and metals processing. Occupational health and wellness impacts in other parts of our value chain include suppliers and customers. ARM aims to contract only with responsible suppliers and these are bound by our Code of Conduct, which includes health and safety considerations.

F2018 FOCUS AREA

Continued focus on reaching the 2014 occupational health and safety Milestones, which include elimination of occupational lung disease and noise-induced hearing loss.

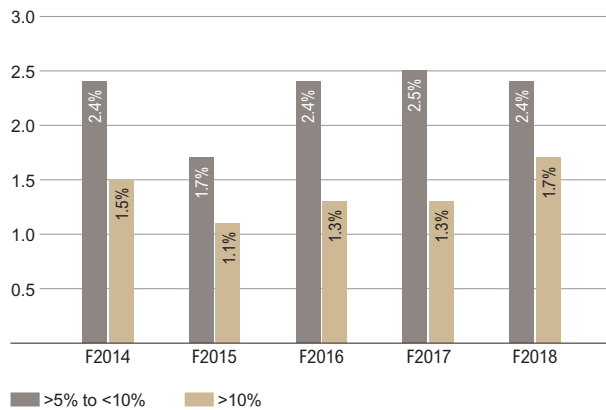
During F2018 a review was conducted to assess ARM's compliance to the ten-year goals set by the Mine Health and Safety Council (MHSC) Occupational Health Milestones in 2014. Our current progress is shown in the table below.

| MILESTONE AND COMPLIANCE METRIC | STATUS OF ARM'S OPERATIONS |
|--|---|
| Eliminate occupational lung disease | Fully compliant |
| Using present diagnostic techniques, no new cases of silicosis will occur in previously unexposed individuals. | No new silicosis infections have been diagnosed arising from exposure at ARM-managed mining operations since 2009. Cases of employees diagnosed with silicosis from exposure during prior employment are submitted for compensation but not included in the Milestone statistics. |
| Eliminate noise-induced hearing loss | Fully compliant |
| By December 2016, no employee's hearing will shift more than 25 dB from the hearing baseline, recorded at employment when averaged at 2 000, 3 000 and 4 000 Hz in one or both ears. | The audiometric testing equipment at the operations' clinics was upgraded in 2017 to monitor standard threshold shifts (STS). |
| Prevention of HIV & AIDS and PTB | Fully compliant |
| The PTB incidence rate to be lower or below the national TB incidence rate of 800/100 000. | ARM operations' PTB incidence rate is 436 per 100 000 employees, which is well below the national rate (800) and the industry rate for 2016 of 834. |

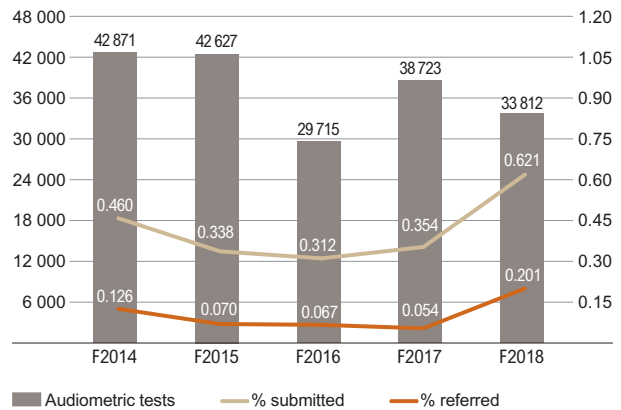
Hearing conservation and noise-induced hearing loss (NIHL)

ARM's occupational health and wellness programme has a strong focus on hearing conservation and aims to achieve the milestones set at the Mine Health and Safety Council (MHSC) 2014 Occupational Health and Safety Summit. We have ongoing programmes in place to improve compliance with the Mining Industry Occupational Safety and Health (MOSH) leading practice on noise.

33 812 audiometric tests were conducted in the Ferrous and Platinum divisions in F2018 (F2017: 38 723). Percentage loss of hearing (PLH) shifts of between 5% and 10% were reported for 2.4% of employees (F2017: 2.5%) and employees experiencing PLH >10% increased to 1.7% (F2017: 1.3%).

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**SHIFTS IN PERCENTAGE LOSS OF HEARING (PLH)**
(%)**AUDIOMETRIC TESTS**

(% referred for specialist opinion and submitted for compensation)

**MANAGING HEARING CONSERVATION**

Hearing tests prior to employment and when transferring between work environments establish hearing baselines.

Workplace hearing conservation initiatives include:

- Reducing equipment noise emissions to below the DMR threshold (107 dB(A));
- A buy-quiet policy for new equipment;
- Training employees in the use of hearing protection devices (HPDs);
- Some operations, for example Modikwa Mine, have introduced personalised HPDs; and
- Hearing safety awareness campaigns in high noise areas.

Regular periodic hearing tests identify Percentage Loss of Hearing (PLH) Shifts from the hearing baseline.

210 cases were referred for specialist diagnostic audiograms (F2017: 137) with the increase primarily due to increased referrals at Modikwa Mine. 68 cases were submitted for compensation (F2017: 21) and 65 cases were compensated by the Medical Bureau for Occupational Diseases (MBOD) by year end (F2017: 0). Most of the increase in referrals and submissions relate to hearing loss detected at initial medical surveillance of new contractor employees arriving at our operations rather than in current employees or contractors tested as can be seen in the relatively stable PLH shifts reported.

Deterioration in hearing is followed up with:

- Counselling;
- Training by clinic personnel;
- Monitoring of exposure to noise both within and outside the workplace; and
- Redeployment to work in areas with low noise levels where possible.

PLH shifts of 5% or more are reported to the DMR and investigated in terms of Section 11.5 of the MHSA.

Where hearing loss suggests NIHL, PLH shifts greater than 10% are referred to an Audiologist and Ear, Nose and Throat Specialist for diagnostic audiograms to establish the cause of the hearing loss.

If the audiograms confirm NIHL due to workplace exposure, a claim for compensation is submitted to either Rand Mutual Assurance (for employees at our mines) or the Medical Bureau for Occupational Diseases (for employees at our two smelters) in terms of the Occupational Diseases in Mines and Works Act.



Hazardous substances at ARM operations include:

- Dust particulates;
- Manganese;
- Chromium;
- Coal, tar, pitch and volatiles (CTPV) at Cato Ridge Works; and
- Asbestos fibres.

Dust and hazardous substances

ARM takes a precautionary approach that aims to limit exposure to hazardous substances at source as far as practical. We manage exposure through:

- occupational hygiene and personal monitoring;
- awareness campaigns;
- personal protective equipment; and
- formalised safe operating procedures.

Lung capacity tests are conducted before employees and contractors start working in risk areas to establish lung function baselines and mandatory medical surveillance programmes include regular lung function monitoring. 53 cases of occupational respiratory disease were reported at our operations during F2018 (F2017: 9), all of which occurred at Modikwa Mine, primarily affecting contractors and all relating to silicosis that arose from exposure before commencing employment with ARM.

Dust

Long-term exposure to high levels of dust can cause respiratory complications, including pneumoconiosis. Pulmonary tuberculosis (PTB) infection rates have been reported to be up to three times greater in people exposed to silica.

- ARM monitors silica content in the ore bodies of our base metals and platinum mines.
- Silica levels are consistently below analytical detection limits and there is therefore minimal risk of exposure to silica at our operations.
- Dust suppression nevertheless remains a core occupational hygiene focus and water sprays and surfactants are used to manage airborne dust levels.
- Employees in affected areas are supplied with respiratory protection equipment (dust masks).
- Extractor fans minimise employees' exposure to dust in the workplace where necessary.

Asbestos

Asbestos fibres are present in the ore body at Nkomati Mine but not at any of the other mines in the Group.

- Extensive dust suppression and exposure mitigation measures are in place at Nkomati Mine.
- Surveillance procedures have been implemented at the mine in consultation with leading experts from the Institute of Medicine (IOM) in Scotland.
- Eight cases of asbestosis were diagnosed at Modikwa Mine and reported to the Medical Bureau for Occupational Diseases (MBOD). All of these cases were investigated and found to relate to exposure to asbestos prior to employment with ARM.

Manganese

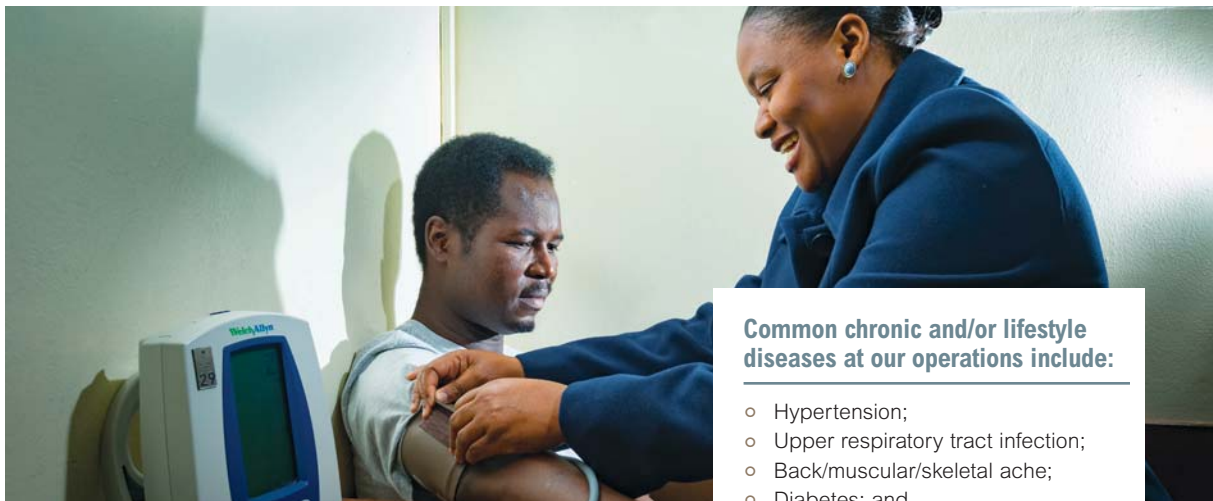
Manganese is processed at Cato Ridge Works. A medical surveillance and biological monitoring programme developed by leading occupational health specialists is in place at the operation.

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**PRIMARY HEALTH**

Chronic conditions

F2018
FOCUS
AREA

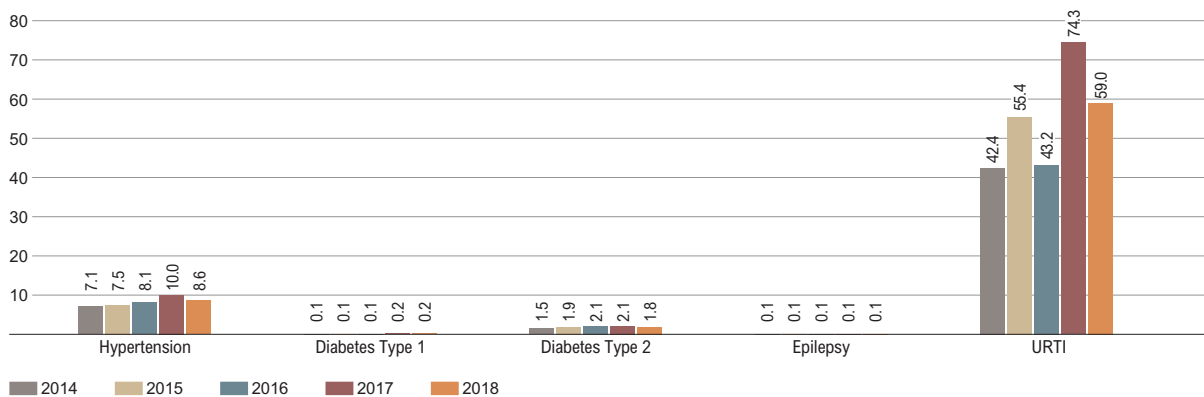
Continued risk-based monitoring and treatment of chronic conditions.

**Common chronic and/or lifestyle diseases at our operations include:**

- Hypertension;
- Upper respiratory tract infection;
- Back/muscular/skeletal ache;
- Diabetes; and
- Epilepsy.

Chronic diseases are monitored as part of the integrated health risk and wellness management programmes at the operations. Employees and contractors can receive treatment and counselling at wellness centres providing full primary healthcare (PHC) facilities at five of the mines, while Nkomati Mine has a full-time PHC nurse to provide daily PHC services. Beeshoek Mine's wellness centre has been approved to dispense HIV & Aids, STI and PTB treatment. Chronic disease registers are maintained at all operations to track chronic conditions. Contractors with chronic diseases are treated in terms of memorandums of understanding with the DoH and, where appropriate, referred to public hospitals and clinics.

Around 9% of our employees suffer from hypertension, although rates are higher at Beeshoek Mine (16.0%) and Two Rivers Mine (16.4%). Type 1 and Type 2 Diabetes Mellitus combined affect 2% of employees. 12 721 upper respiratory tract infections (URTI) were diagnosed and treated during F2018, including repeat cases (F2017: 14 664). Diagnosis of URTIs is based on a medical screening questionnaire rather than on a full diagnostic process. URTIs are more frequent during the cold winter months and the increasing trend in cases reflects primary health conditions and improved access to primary healthcare.

CHRONIC DISEASES
(% of the workforce affected)

PTB, HIV & Aids

F2018 FOCUS AREA

Alignment with and implementation of the National Strategic Plan (NSP 2017 – 2022) to ensure reduction and prevention of PTB, HIV & Aids infections, offering all employees counselling and voluntary testing (CVT) and linking all eligible employees to an anti-retroviral treatment (ART) programme.

Continue passive PTB screening and offering HIV counselling and voluntary testing to all employees and contractors visiting our clinics.

PTB, HIV & Aids at ARM are managed in accordance with the DoH's National Strategic Plan on HIV, PTB and STIs 2017 – 2022 (NSP), which focuses on reducing new infections, facilitating treatment and ensuring the cure of PTB and the suppression of HIV.

ARM's occupational health and wellness program prioritises early identification of PTB, HIV & Aids and integrates management of these diseases and STIs as required by the NSP and the Mining Charter. The programme supports infected employees and aims to limit the spread of PTB, HIV & Aids in our workforce and in labour sending areas.

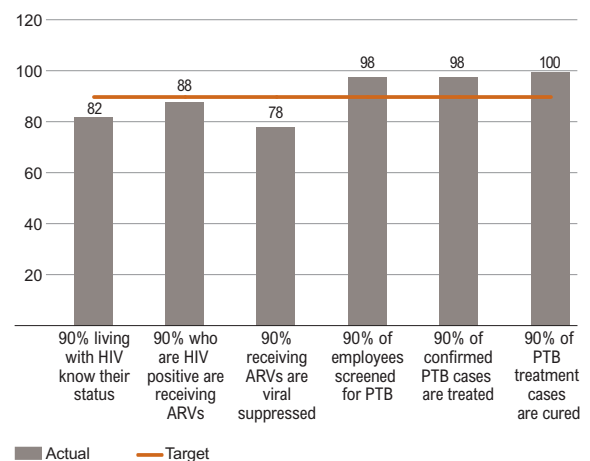
Occupational health and wellness at Lubambe Mine (including PTB, HIV & Aids) are managed according to the relevant Zambian legislation and held by the Zambian authorities. The statistics reported in this section therefore exclude Lubambe Mine.

During F2018, the DoH introduced the 90-90-90 principle relating to PTB, HIV & Aids counselling and testing. This refers to Goal three of the NSP, which requires that operations achieve 90% compliance with the following elements by 2022:

- 90% of employees living with HIV must know their status;
- 90% of employees who are HIV positive must be on treatment with anti-retroviral medication (ARVs);
- 90% of employees on ARVs must achieve viral suppression;
- 90% of employees must be screened for PTB;
- 90% of those diagnosed with PTB must be on treatment; and
- 90% of those on PTB treatment must be cured successfully.

The graph below illustrates ARM operations' progress to date, with the three PTB elements already above target. Progress on the three HIV elements is on track to meet the 90% target by 2022.

ARM PERFORMANCE AGAINST THE DoH 90-90-90 GOALS (%)



ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued
PTB, HIV & Aids and STI awareness and education initiatives include:

- During induction training;
- At wellness days, including World Aids Day on 1 December;
- CVT is offered at initial, periodical and exit medicals, and upon request of employees;
- Peer Educators are active at the operations, receive training from and provide formal feedback to the Wellness Committees;
- Community awareness and testing campaigns;
- Community outreach initiatives that address PTB, HIV & Aids; and
- Engagements with local Aids councils where possible to ensure community projects address the most pressing wellness and health needs.

Managing PTB, HIV & Aids

ARM's HIV & Aids Policy formalises our commitment to addressing the challenges posed by the disease and entrenches employees' rights to confidentiality and non-discrimination. Counselling and testing for PTB and HIV is available through the primary healthcare services offered by the clinics at our operations, which follow a counselling and voluntary testing (CVT)* approach for HIV. Employees are encouraged to know their status and to take responsibility for managing their wellness.

ARM's Integrated Wellness Management Standard includes comprehensive programmes to manage PTB, HIV & Aids, STIs and chronic diseases, and promotes a common approach across Group operations. Trained occupational health and wellness coordinators supervise operational programmes. The wellness coordinators at Two Rivers, Modikwa, Khumani, Beeshoek and Black Rock mines have completed training on

the implementation of the South African National Standard on wellness and disease management (SANS 16001), which includes HIV & Aids management.

All permanent employees belong to medical aid schemes that provide disease management programme benefits, including HIV & Aids treatment.

Our mining operations submit monthly reports to the DMR in terms of screening, diagnosis and treatment, as well as compliance with the DMR Guidelines for PTB, HIV & Aids Management.

All mining operations held HIV testing campaigns during December 2017/January 2018 in collaboration with the DoH and medical schemes.

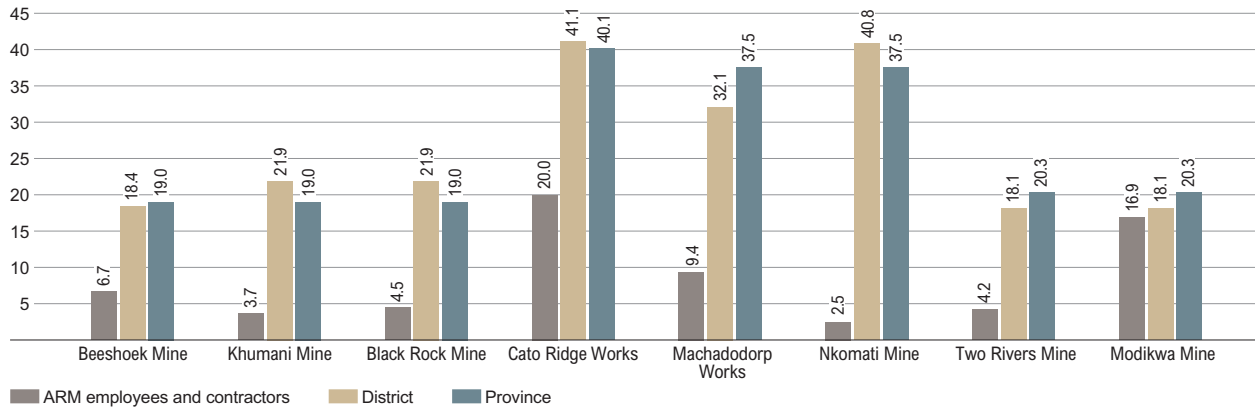
HIV & Aids

Our surveys estimate that prevalence rates at our operations are significantly lower than the district and provincial prevalence, with district prevalence varying from 18% for Two Rivers and Modikwa mines to 41% for Nkomati Mine and Cato Ridge Works. The average estimated HIV prevalence for the Group is 7.7% (F2017: 5.4%).

Regular audits are conducted across operational HIV management programmes to benchmark performance against our internal Integrated Wellness Management Standard, identify areas for improvement and measure year-on-year progress.

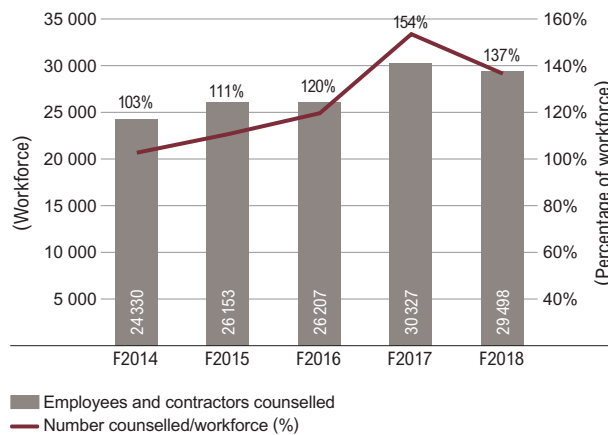
* CVT: HIV counselling is offered and testing is voluntary.

HIV PREVALENCE (%)



A total of 29 498 HIV & Aids counselling sessions were provided to employees and contractors in F2018 (F2017: 30 327) and 11 145 employees and contractors were tested (F2017: 7 324). The increase in testing relates to the initiatives conducted in support of the DoH 90-90-90 Goals. CVT is performed at every clinic visit, which includes repeat visits for regular check-ups, and total CVT contacts therefore exceed the total workforce.

HIV & AIDS COUNSELLING SESSIONS (Workforce)



The number of people enrolled on disease management programmes (DMPs) for HIV & Aids increased by 38% to 3 379 in F2018 as the operations started to implement a test and treat policy implemented by the DoH. Employees and contractors receiving anti-retroviral (ARV) treatment at our operations decreased by 24% in F2018 due to a large number of contractor employees transferring to other DMPs as their employers were no longer active at ARM operations. ARM Ferrous has fully implemented the new test and treat policy and all patients receiving ARV treatment in the division have been enrolled on DMPs. ARM Platinum is currently in the process of implementing the policy.

HIV & Aids

| | F2018 | | | F2017 | | |
|--|-------------|--------------|-----------|-------------|--------------|-----------|
| | ARM Ferrous | ARM Platinum | ARM total | ARM Ferrous | ARM Platinum | ARM total |
| Employees and contractors | | | | | | |
| Counselled | 11 199 | 18 299 | 29 498 | 13 725 | 16 602 | 30 327 |
| Tested | 3 438 | 7 707 | 11 145 | 2 250 | 5 074 | 7 324 |
| Enrolled in HIV & Aids disease management programmes | 1 172 | 2 207 | 3 379 | 1 431 | 1 009 | 2 440 |
| Receiving anti-retroviral (ARV) treatment | 1 172 | 5 207 | 6 379 | 2 451 | 5 981 | 8 432 |

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**Pulmonary tuberculosis (PTB)****F2018
FOCUS
AREA**

Continue passive PTB screening and offering HIV counselling and voluntary testing to all employees and contractors visiting our clinics.

Reinforce our PTB-related community outreach projects to focus on early detection and treatment of PTB for communities around our operations.

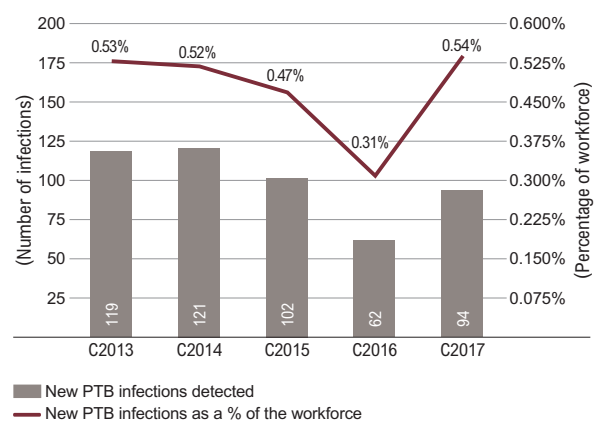
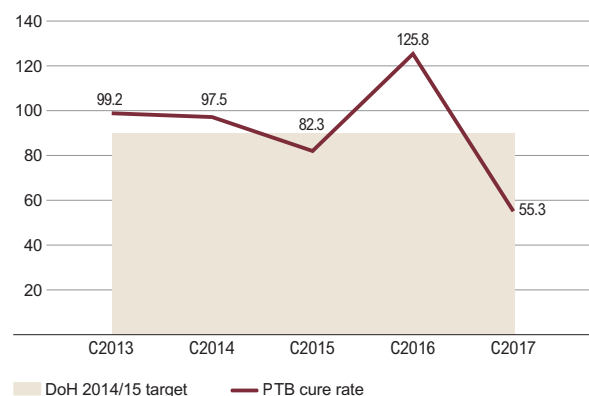
All visits to our occupational health clinics include passive PTB screening using the DoH cough questionnaire. New cases of PTB detected are followed up with screening of all contacts at the workplace and local community clinics are informed to conduct contact screenings in the community, as required by the DMR and the NSP. Employees with PTB are monitored according to the national PTB management protocol.

Interventions are reported according to a standard PTB guideline developed by the DMR and align with the updated requirements of the DMR, the Department of Health and the NSP. PTB-related statistics are reported according to the revised monitoring guideline developed by the Mine Health and Safety Council (MHSC) to improve reporting accuracy. ARM's mining operations perform annual PTB reviews in line with the requirements of the MHSC and the DMR, and submitted reports to the Minerals Council South Africa for the calendar year ending December 2017.

PTB information is collected and reported to the Department of Health on a calendar year basis and is therefore reported in this section for the 12 months ending 31 December 2017 (C2017).

47 087 PTB screening tests were conducted in C2017 on employees and contractors (C2016: 47 155) and 94 new cases were detected (C2016: 62). 52 cases of PTB were cured during C2017, which equates to a cure rate of 55.3%, below the DoH's 2014/2015 target of 90%. 11% of the new cases of PTB detected relate to contractor employees affected by silicosis from exposure prior to commencing work at ARM. Pneumoconiosis arising from exposure to silica weakens the lung tissue and increases the vulnerability of affected employees to PTB infection. The cure rate was also affected by contractor movements out of our operations, which include PTB cases detected that will finish their treatment at other (non-ARM) treatment facilities.

ARM has also implemented Isoniazid Preventative Therapy (IPT), in which Isoniazid is provided to PTB patients for six months. IPT is particularly effective for PTB patients who are HIV positive. Curing PTB requires at least six months of treatment and we expect the PTB cure rate to improve to above the DoH target next year if the patients consistently adhere to the treatment regime.

NEW PTB INFECTIONS DETECTED AND AS A % OF WORKFORCE**PTB CURE RATE (%)**

Nine cases of multi-drug resistant (MDR) PTB were detected during the year (C2016: four) all of which were investigated in terms of Section 11(5) of the Mine Health and Safety Act and the results submitted to the DMR. The patients were admitted to special MDR hospitals for further management as required by the DoH and their progress continues to be monitored at our site clinics during treatment.

PULMONARY TB

| | Jan to Dec 2017 | | | Jan to Dec 2016 | | |
|----------------------------|-----------------|--------------|-----------|-----------------|--------------|-----------|
| | ARM Ferrous | ARM Platinum | ARM total | ARM Ferrous | ARM Platinum | ARM total |
| Employees and contractors: | | | | | | |
| Screened** | 29 650 | 17 437 | 47 087 | 27 213 | 19 942 | 47 155 |
| New cases | 17 | 77 | 94 | 18 | 44 | 62 |
| Cured | 10 | 42 | 52 | 29 | 49 | 78 |
| MDR/XDR* | 0 | 9 | 9 | 1 | 3 | 4 |

* Multi-drug resistant/Extensively drug resistant PTB.

** Passive PTB screening is conducted during all visits (including induction and regular follow-up visits for chronic disease management) and the number of people screened is therefore higher than the total number of employees.

ARM's operations support community awareness and outreach initiatives to address PTB, HIV & Aids among employees and in communities. Examples of these initiatives include:

| Tshela Bophelo community wellness centre in Maruping Village (JTG district) | Masha Gosebo community home-based care group in Kalkfontein | Emngwenya community home-based care group in Waterval Boven |
|--|---|---|
| <p>Black Rock Mine supports the Tshela Bophelo wellness centre and also supports and assists local community home-based care groups to render quality services to the village and the surrounding areas.</p> | <p>Two Rivers Mine contributes monthly stipends and provides training to improve home care to 46 patients in the village.</p> | <p>Nkomati Mine supports the group to provide home care services and identify and support orphans and vulnerable children in the local communities.</p> |

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued

PARTNERSHIPS TO PROMOTE HEALTH AND WELLNESS

Occupational Lung Disease Working Group

ARM participates in the Occupational Lung Disease Working Group of the Minerals Council South Africa. The Working Group engaged various stakeholders during the year, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These engagements have sought a comprehensive solution to address legacy compensation issues and future legal frameworks that are fair to past and current employees and enable companies to continue to be sustainable over the long-term.



Information on ARM's financial provision in terms of these claims is available on page 21 of the Integrated Annual Report.

ARM is also participating through the Working Group in the tripartite process aimed at integrating the two main industry compensation systems under the Occupational Diseases in Mines and Works Act and the Compensation for Occupational Injuries and Diseases Act.

Black Rock Mine donated a lung function test machine to the Kuruman One Stop Health Centre in the Northern Cape. This is one of the medical facilities across the country conducting medical examinations for the Medical Bureau for Occupational Diseases on former miners with occupational lung diseases such as silicosis.

ARM participated in the official opening of the Centre in December 2017.

Partnering with the Department of Health for community and employee health

Beeshoek, Black Rock and Khumani mines in the Northern Cape have partnered with the Northern Cape Department of Health (DoH) to strengthen the implementation of the provincial PTB, HIV & Aids, STIs and chronic disease management strategies. The partnership aims to build capacity of local clinic staff and engage communities and other stakeholders to decrease the morbidity and mortality associated with PTB, HIV & Aids and chronic diseases in the province.

Black Rock Mine also partners with the Northern Cape DoH to provide primary healthcare services to the Black Rock community.

Two Rivers Mine is piloting a similar partnership initiative with the Limpopo DoH to provide primary healthcare services to both employees and contractor employees on behalf of the Department of Health, including treatment for chronic diseases and PTB.

Modikwa Mine is in the process of finalising a memorandum of understanding with the Limpopo DoH to provide quality primary healthcare services to contractor employees, including the provision of chronic disease medication, PTB treatment and provision of ARVs.

Minerals Council South Africa (MCSA)

ARM is a member of the MCSA and has appointed representatives on the Occupational Health & Safety Policy Committee and Health Policy Committee of the MCSA that are reviewing draft regulations such as Emergency Response to Emergencies in Mines under the DMR and Emergency Services Regulations under the DoH.



ENSURING A SAFE. HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued

HUMAN RESOURCES MANAGEMENT

CONTENTS

- REPORTING CONTEXT
- OPERATING CONTEXT
- F2018 PERFORMANCE OVERVIEW
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 - LEARNING AND DEVELOPMENT
 - PERFORMANCE ENHANCEMENT
 - LABOUR RELATIONS
 - DIVERSITY AND INCLUSION
 - HOUSING

REPORTING CONTEXT**REPORTING FRAMEWORKS**

GRI 401

GRI 402

GRI 404

GRI 405

GRI 407

ICMM
Principle 3FTSE/
Russel
SLSUNGC
Principles
3, 6UN SDGs
1, 4, 5, 10**PRINCIPAL LEGISLATION**

- The Mineral and Petroleum Resources Development Act
- The Mining Charter
- The Department of Trade and Industry Revised Codes of Good Practice (dti CoGP)
- The Labour Relations Act
- The Employment Equity Act
- The Basic Conditions of Employment Act
- The Skills Development Act

PRIMARY STAKEHOLDERS CONCERNED INCLUDE

Employees, contractors, unions, government, institutes of higher learning and communities

REPORTING BOUNDARY

ARM mines and operations over which we have direct or joint management control

“ARM’s values drive our commitment to maintaining a non-discriminatory workplace. We empower our employees to contribute to the best of their ability, continually invest in their development, offer them rewarding career opportunities in support of the South African mining industry’s transformation agenda.”

**OPERATING CONTEXT**






ARM’s human capital in the form of our employees and contractors is core to the Group’s ability to create value for its stakeholders by executing on its strategy. Their activities transform the natural capital of mineral and ore reserves into financial capital.

Certain skills in the mining and metals processing industry are in short supply and human resources strategies must be effective in attracting, developing and retaining skills. Our investments in skills development and talent retention support continued improvements in productivity and efficiency that align with our strategy of low-cost production.

ARM supports the principle of transformation as an effective way to redress historical inequality, facilitate broader social development and give all South Africans a stake in the country’s mineral wealth.

The relationship between ARM and organised labour is cordial. ARM recognises organised labour as one of our key stakeholders and is committed to maintaining a mature and constructive relationship.

F2018 PERFORMANCE OVERVIEW

| Key Performance Indicators | Per- formance | F2018 | F2017 | F2016 | F2015 | F2014 |
|-------------------------------------|---|--------|--------|--------|--------|---------|
| Workforce | | 21 862 | 24 106 | 23 128 | 27 276 | 27 236 |
| HDSA in management |  | 61% | 55% | 53% | 51% | 48% |
| Women in the workforce |  | 12% | 12% | 11% | 15% | 14% |
| Training expenditure |  | R239m | R180m | R184m | R232m | R196m |
| Employee turnover |  | 6.9% | 1.1% | 15.0% | 11.5% | 1.6% |
| Man-hours lost to industrial action |  | 5 904 | – | 3 024 | – | 172 221 |

ARM's total headcount decreased by 9% in F2018 mainly due to the disposal of Lubambe Mine in December 2017 and a decrease in the total number of contractors used. HDSA representation in management improved to 61% and the percentage of women in the workforce remained at 12%, in excess of the Mining Charter target of 10%. Training expenditure increased to R239 million, which represents 8.8% of total payroll spend. Employee turnover increased to 6.9% and 5 904 man-hours were lost to industrial action at Modikwa, Nkomati and Khumani mines during the year.



Training expenditure
increased by

33%

to R239 million, which
represents 8.8% of payroll.

FOCUS FOR F2019

- Implement diversity reflective sessions and teambuilding at the ARM Corporate Office.
- Migrate data into the HR system to ensure integration of the four strategic HR pillars for reporting, data analytics and data management.
- Link all transformational targets to the four pillars of the HR strategy for accurate reporting, monitoring and evaluation.
- Ensure all ARM Group policies are aligned to gender mainstreaming.
- Facilitate the gender mainstreaming action plan, as adopted by the Commission for Gender Equality and the ARM Group.
- Gender Units to be established at all operations by the end of F2019.

ENSURING A SAFE. HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**HOW WE MANAGE HUMAN CAPITAL**

The HR strategy cascades down to divisional and operational HR representatives, who facilitate implementation.

ARM's approach to human resources management aligns with our core values and drives the Company's strategy by increasing efficiency, fostering an entrepreneurial culture, providing leadership development opportunities and entrenching ARM as an employer of choice.

ARM maintains a non-discriminatory workplace based on fairness and employment equity, fair labour practice and freedom of association, in which employees can contribute to the best of their ability and are empowered to develop rewarding careers. We respect the rights of our employees and ensure open and effective dialogue with employees, organised labour and all stakeholders. ARM's business culture encourages sound human relations interactions with all stakeholders. We strive to uphold the values of respect, integrity and ethical conduct.

The HR strategy (opposite page) is aligned to ARM's business strategy and values. The HR strategy has been integrated to drive and support ARM's strategy to ensure business continuity and sustainability, through the acquisition, retention, development and management of our human capital.

Human capital policies, procedures and practices are regularly reviewed and updated, and align with South African labour laws and the South African Board for People Practices (SABPP) National Standards.

The management of Human Resources, Human Resources Development and Employee Relations meet quarterly to discuss pertinent issues relating to the development of these disciplines. These discussions aim to drive operational efficiencies in support of HR compliance scorecards to facilitate the implementation of the HR strategy.

Assessing performance

Human capital performance indicators are tracked and reported at quarterly operational, divisional, Steering Committee, Executive Committee and Social and Ethics Committee meetings.

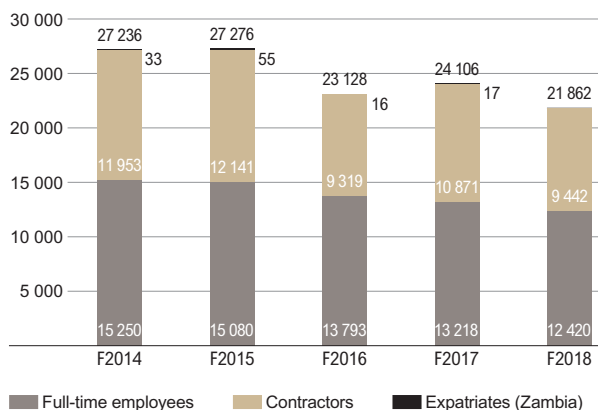
The Group Executive: Human Resources and the Group Executive: Stakeholder Relations and Compliance conduct quarterly compliance roadshows to monitor and evaluate compliance, performance and implementation across the operations.

ARM benchmarks its HR practices against international best practices through participation and contribution to professional bodies, including the SABPP and the Global Top Employer Certification Programme.

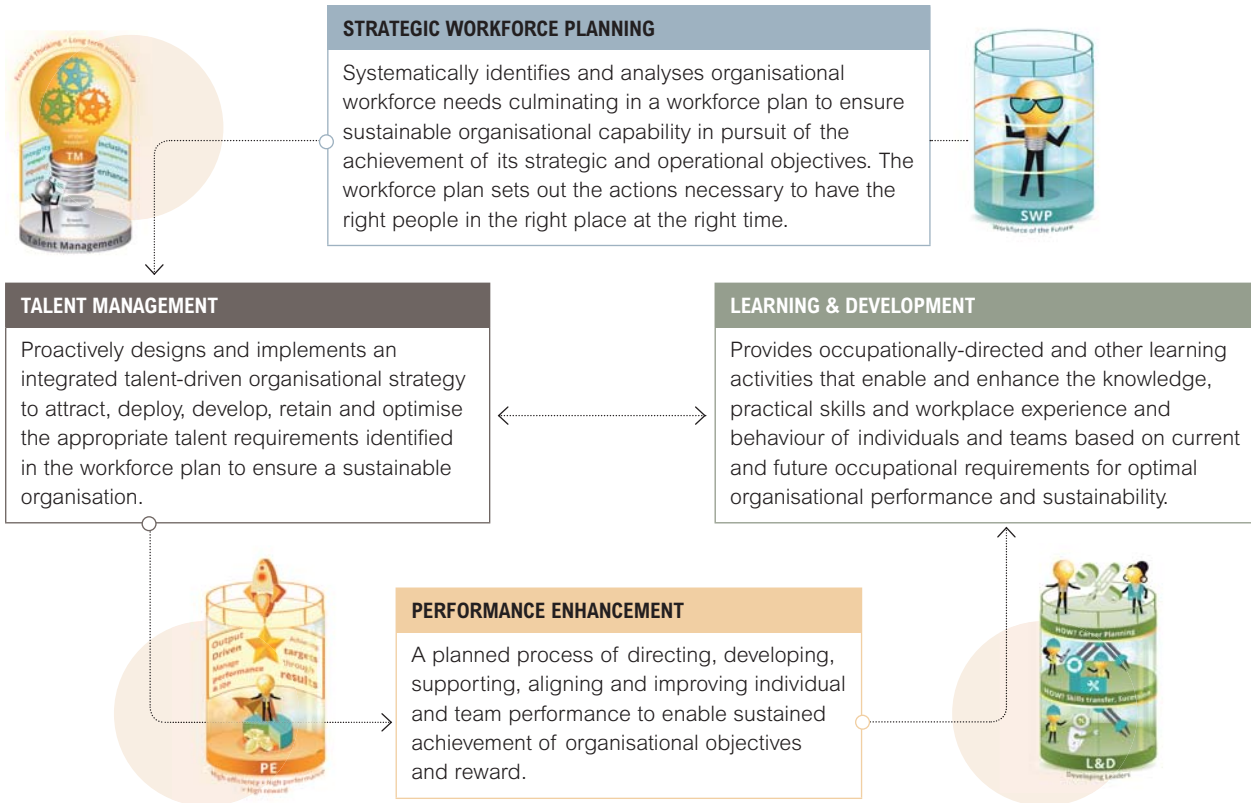
ARM has again obtained certification as a Top Employer in 2018.

ADDITIONAL INFORMATION ON HUMAN CAPITAL

ARM had a total workforce of 21 862 at 30 June 2018 (F2017: 24 106), comprising 12 420 full-time employees (F2017: 13 218) and 9 442 contractors (F2017: 10 871).

TOTAL LABOUR
as at 30 June 2018

THE HR STRATEGIC PILLARS



F2018 FOCUS AREA

Integration of the four pillars of the ARM HR strategy and system reporting.

Continue to integrate the four pillars of the HR strategy through the use of HR analytical and diagnostic tools, to mitigate risk associated with potential talent retention for business continuity.

The HR strategy was further embedded through the development of a Four Pillars storyboard that was presented to management and the Social and Ethics Committee.

An internal HR compliance audit was launched to ensure employee files comply with regulatory requirements and the on-boarding/induction programme was revised.

The storyboard integrates the four pillars with ARM's strategy, values, transformation goals, stakeholder engagement, environmental responsibility and commitment to zero harm. We view these as the key human capital drivers supporting business sustainability.



ENSURING A SAFE. HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**Talent management****Material issue:**

- Attracting and retaining key skills

GRI 401

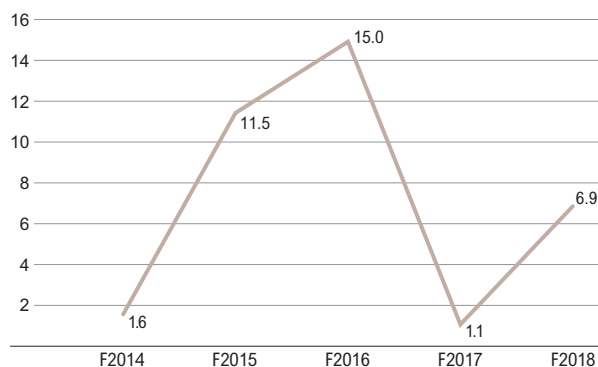
ARM's talent management strategy aims to attract, develop and retain human capital by providing competitive remuneration, study assistance, performance management and career development opportunities. ARM aims to offer a compelling Employee Value Proposition (EVP) that creates an environment that is innovative and encourages an entrepreneurial culture.

We monitor the percentage of job offers made that are accepted as an indication of the attractiveness of our EVP and 97% of job offers in F2018 made were accepted (F2017: 99%).

We regularly review industry benchmarks to ensure that ARM's remuneration practices align with national industry standards

and legislative requirements with regard to minimum wages. ARM recognises the importance of taking steps to address the gap between the remuneration of executives and employees at the lower end of the pay scale and the Remuneration Committee monitors developments in this regard.

Employee turnover* is a measure of retention. The high levels in F2015 and F2016 relate to a restructuring process over this period. In F2018, turnover increased to 6.9% from 1.1% in F2017 due to one-year internships coming to an end at various operations, dismissals due to fraudulent activities on sick notes and a voluntary severance package programme at Modikwa Mine as a result of a skills alignment exercise.

EMPLOYEE TURNOVER*
(%)

The talent management pillar includes a focus on succession planning to create an active talent pipeline to meet the current and future needs of business. The strategic workforce planning process is aligned with ARM's transformational goals. A gap analysis was conducted to identify potential gaps in core and critical skills that may arise due to natural attrition in the medium to long term. These gaps are being addressed in line with the talent management framework and various developmental interventions are provided to these candidates to adequately fill these roles.

ARM's talent management system is integrated with the talent portal and the employment equity system to ensure alignment between talent, succession, career development and transformational goals to monitor and track talent across the Company in relation to our Employment Equity and Gender Transformation plans.

ARM's human capital policies are guided by the Basic Conditions of Employment Act and all other applicable employment legislation which, among others, includes conditions of service, pay, leave regulations as well as the stipulation of limiting excessive working hours.

We ensure adherence to all labour laws, as legislated and gazetted by the South African Government and manage amendments to align our policies.

* Employee turnover is calculated as the number of permanent employees who leave our organisation during the year, including resignations, dismissals, retirements and those that left voluntarily. It excludes contractors.

Learning and development

Material issues:

- Investing in the development and skills of our workforce

GRI 404

The learning and development pillar of the HR strategy aims to develop human and intellectual capital in the organisation to meet current and future skills needs.

ARM's skills development initiatives prioritise the development of core and critical skills for the business in support of the Skills Development Act, with an emphasis on the development of HDSAs. Training and development is planned and budgeted at an operational level and delivered through accredited training centres at each operation. ARM's operations have full SETA accreditation with either the Mining Qualifications Authority (MQA) or the Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA).

ARM is engaging with various institutions of higher learning and the Minerals Education Trust Fund to discuss skills of the future.

Eligible students in relevant fields of study are supported through ARM's bursary programme, which gives preference to qualifying candidates from our local communities. ARM launched the ARM Bursary Ambassador programme in

September 2017 to support our bursars throughout their learning journey, build relationships and create ambassadors at institutions of higher learning across South Africa. The programme is run twice a year to create an opportunity to meet, learn about the organisation and network with ARM leadership. The end goal is to prepare the bursars for the world of work.

| Bursaries | Total | % HDSA | % Women |
|--------------|------------|-----------|-----------|
| F2018 | 101 | 91 | 51 |
| F2017 | 225 | 96 | 51 |

The Graduate Development Programme (GDP) provides work exposure across different operations in the Group to unemployed youth who have completed degrees or diplomas in the scarce skills disciplines identified in the MQA and MERSETA Sector Skills Plan.

| GDP | Total | % HDSA | % Women |
|--------------|-----------|------------|-----------|
| F2018 | 46 | 100 | 42 |
| F2017 | 49 | 100 | 42 |

Eligible candidates from outside the academic streams can develop skills across various disciplines applicable to mining through learnerships. Career development panels (CDPs) are held annually to facilitate learning and development



ENSURING A SAFE. HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued

opportunities and an engagement process for graduates. Career readiness is also determined through CDPs. In F2018 there were 40 new registered learnerships who are living with disabilities.

| Learnerships | Total | % HDSA | % Women |
|--------------|------------|------------|-----------|
| F2018 | 188 | 100 | 35 |
| F2017 | 177 | N/R | N/R |

N/R: Not Reported.

The training centres at ARM's operations offer nationally aligned Adult Education and Training (AET) programmes to support the development of basic skills and these are extended to community members around our operations to improve career prospects and future employability. Functional literacy in the Company improved to 96% in F2018 (F2017: 87%).

| AET | Employees | Community |
|--------------|------------|------------|
| F2018 | 134 | 243 |
| F2017 | 120 | 375 |

ARM recognises the importance of developing the pool of future industry skills and participates in a number of initiatives that support youth development and increase employability in local communities. These programmes support the development of industry-relevant skills and include:

- Educational support through sponsorship of a web-based programme for local school leavers, learners and the broader community to improve performance in maths and science and increase opportunities to obtain learnerships, bursaries and further career development;
- Science, Technology, Engineering and Maths (STEM) in rural communities that supports students to acquire formal qualifications;
- Participation in the Minerals Education Trust Fund, which aims to attract, retain and develop teaching staff in tertiary education across the disciplines of mining, metallurgy/chemical engineering and geology;
- Community cadetship training to increase employability; and
- Support for the development of locally-owned businesses through the Young Entrepreneurs Incubation Programme and Business Skills Development Programme support which accelerates local SMME development, improves access to information and business opportunities, and assists in job creation.

ARM's leadership development initiatives are delivered through a number of programmes, including those shown on the right:

FUTURE LEADERSHIP DEVELOPMENT PROGRAMME

The Future Leadership Development Programme is delivered in partnership with Wits Business School. The programme targets talent pool and potential successors to enhance management competencies through a combination of theoretical and experiential workplace learning. The programme builds candidates' leadership skills through interactive lectures, case studies, mentoring and coaching, self-reflective journals, group projects and action learning projects.

Since implementation in F2015, 128 employees from across all ARM operations have attended and completed the programme, 95% of whom are HDSAs and 43% are women. There were 32 employees on the programme in F2018 (F2017: 32).

WOMEN IN LEADERSHIP DEVELOPMENT PROGRAMME

The Women in Leadership Development Programme is delivered in association with Henley Business School. It targets women from middle management and above to develop leadership skills and competencies. The programme is an NQF Level 8 course providing delegates with an MBA entry requirement.

The curriculum includes formal academic assignments and action learning project assignments with ARM executives and managers as project sponsors to support the delegates in delivering projects that have an impact and improve the business. Candidates are supported with personal coaching, wellness counselling and practical integration to theory activities. ARM Executives support the programme as guest lecturers and panel judges.

41 women have completed the course and graduated.

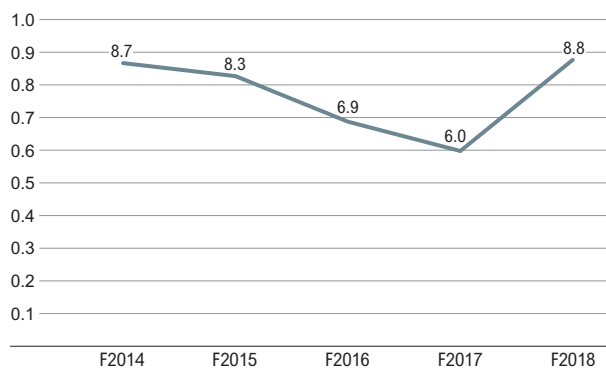
RISING STARS

The Rising Star Programme celebrates the achievements of young talented people, connects them with other young professionals and supports them to develop their leadership skills. Participation in the programme aligns ARM's people development initiatives to a national platform which recognises talent and awards employees for achievement and success.

ARM recognised its Rising Stars at an internal event in November 2017. Five ARM candidates represented the Group at the national event in July 2018 and Lorraine Semanya (Khumani Mine) and Hlengiwe Mngoma (Cato Ridge Works) reached the finals of the 2018 National Rising Stars competition. Both of these finalists are graduates of the Women in Leadership Development Programme.

ARM's total investment in skills development increased to R239 million in F2018 (F2017: R180 million), which represents 8.8% of payroll spent on training, exceeding the current Mining Charter target of 5%. This translates into training spend per person of R10 486, including contractors (F2017: R7 454). Total training hours for the year (excluding Lubambe Mine) were 629 396 in F2018 (F2017: 818 224), which is an average of 6.3 training days per employee (F2017: 8.5).

TRAINING SPEND AS A PERCENTAGE OF PAYROLL (%)



Performance enhancement

Performance and development reviews are conducted for all employees at least twice a year and feedback from these reviews guides training initiatives and skills focus, including performance improvement.

Information sessions were held at the Corporate Office during F2018 to share the Performance Enhancement Group Policy and related templates with employees. Operational level sessions were held with subject matter experts and the Group policy is being cascaded down to translate into Standard Operating Procedures (SOPs). Internal HR training programmes included performance management capacitation programmes.

ARM's remuneration strategy aims to link Company performance and personal reward through short- and long-term incentives that promote a culture that supports enterprise and innovation, and are fair and achievable.



More details about ARM's Remuneration Policy are available in the Remuneration Report in the 2018 Corporate Governance Report available on our website at www.arm.co.za

Labour relations

Material issues:

- Maintaining good relationships with our employees and organised labour

GRI 402

GRI 407

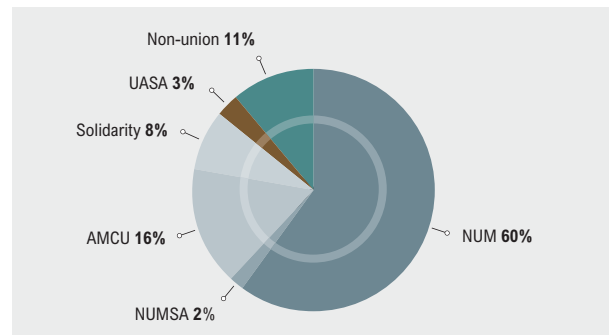
ARM recognises organised labour as a key stakeholder and respects the rights of its employees to bargain collectively to ensure engagement on labour-related matters.

Corporate policies and guidelines for managing employee relations are cascaded to operational level for implementation. HR managers at each operation are primarily responsible for union negotiations and employee relations consultative matters. Wages and conditions of employment are negotiated at operational level in accordance with the collective agreements in place. ARM engages with unions through consultative forums and other structures as required.

Recognition agreements are in place with five unions across our operations, which vary from operation to operation in respect of negotiated thresholds. 89% of the workforce is unionised and 11% is non-unionised.

There were strikes at Modikwa, Nkomati and Khumani mines during F2018, which resulted in a total of 5 904 man days lost (F2017: 0).

TRADE UNION REPRESENTATION (% of workforce)



ENSURING A SAFE. HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued**Diversity and inclusion****Material issues:**

- Fostering diversity in the workplace
- Transformation and the Mining Charter

GRI 405

ARM's diversity management policy reflects our commitment to creating opportunities and employment for all people regardless of their race, religion, gender, age, sexual orientation, nationality or disability. Transformation initiatives promote opportunities for people from disadvantaged backgrounds through training, employment and upskilling within our local communities. ARM's Talent Management Strategy includes talent pool identification and management, including career path programmes that support the rapid development of HDSAs to senior levels in the workforce.

The Employment Equity and Skills Development Committee is responsible for managing and monitoring progress on transformation in the workforce, skills attraction, development and retention, and reports to the Social and Ethics Committee. It reviews recruitment processes, follows up on deviations in employment equity (EE) performance and monitors the technical skills required to meet our transformation goals.

The Group Executive: Human Resources (HR) is the senior executive responsible for the implementation of the four human resources strategic pillars and the legally appointed Employment Equity Senior Manager in terms of the Employment Equity Act (No. 55 of 1998) Section 24, for the Group. EE matters are formally reviewed and discussed at quarterly internal meetings to promote focused decision-making and encourage diversity business cases in relation to racial demographics, gender and people living with disabilities.

F2018
FOCUS
AREA**Diversity management.**

In June 2018, ARM Corporate launched and facilitated a formal diversity and inclusion training programme for all employees that aims to facilitate deep-seated and sustainable change on an individual level, as well as enabling a cultural shift towards inclusivity on a team and organisational level.

F2018 FOCUS AREA

All ARM operations are under Department of Labour Director General Review and have submitted their employment equity plans. The Group Executive: Human Resources and the Group Executive: Stakeholder Relations and Compliance will conduct quarterly roadshows to monitor and evaluate progress in terms of Section 43 of the Employment Equity Act, 55 of 1998, as amended and all other scorecard transformational targets, including the dti, the Commission for Gender Equality and the Mining Charter.

Improving EE performance against the economically active population (EAP) as required by the three scorecards remains challenging as these targets are based on national and provincial targets and are generally higher than ARM's internal targets. The EAP overlay is considered in all planned initiatives, which include training, recruitment and developmental interventions. ARM's legislative compliance monitoring tools aim to ensure that all transformational plans are aligned to achieve these objectives.

EE plans, including numerical and non-numerical goals are monitored and discussed during quarterly EE Committee meetings. The Group Executive: Human Resources reports EE performance and progress in the following structures:

- The ARM Steering Committee;
- The ARM Management Risk and Compliance Committee;
- The ARM Executive Committee;
- The ARM Social and Ethics Committee; and
- The ARM Remuneration Committee.

Employment equity performance is measured in terms of:

- The Mining Charter;
- The Department of Labour; and
- The Department of Trade and Industry (dti) Codes of Good Practice (CoGP).

F2018 FOCUS AREA

Gender mainstreaming.

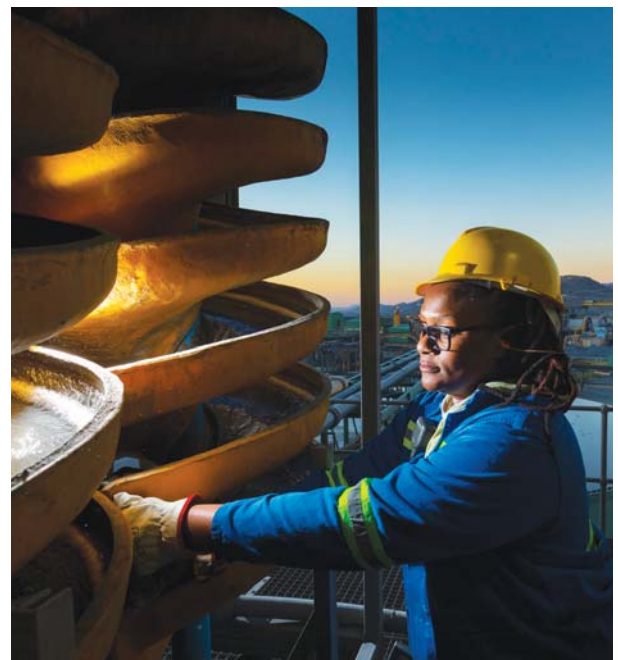
All operations to launch gender units, to address gender mainstreaming objectives as identified by the Commission for Gender Equality.

Operations to develop policies and strategic plans to guide the promotion of gender mainstreaming.

Gender mainstreaming was an area of significant focus in F2018 to improve representation of women across all occupational levels and in particular to Paterson grade level-C band, which is critical to the Group Talent Strategy for pipeline development.

A Gender Mainstreaming Policy and Action Plan (2018 – 2020) has been compiled in consultation with the Commission for Gender Equality and the ARM Corporate Gender Unit was launched as a substructure to the Employment Equity Forum to oversee and monitor gender mainstreaming within ARM. Policies were reviewed to ensure that they are gender sensitive.

Human resources, transformation and compliance personnel from all operations attended a gender mainstreaming training course through the University of Pretoria during the year. Management from various operations and the ARM Steering Committee attended gender awareness sessions and representatives from the Commission for Gender Equality were present for training at ARM's Women's Day Celebration and Women in Leadership graduation held in September 2017.



ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE continued

Women in mining

A Women in Mining Forum was established and women representatives are included in the Employment Equity Committees. ARM representatives participated in the provincial DMR Women in Mining structures looking at issues such as female personal protective equipment (PPE), safety and security for women in mining.

ARM's Girl Child initiative supports girl child learners from Grades 10 to 12 with extra tutoring in maths and science to expand the pool of potential women candidates for the mining industry and contribute towards addressing EE gaps. The programme includes life-skills interventions, a focus on healthy wellbeing and medical fitness, mine site and university visits, a career orientation day and community development. Portable skills are provided by assisting learners to successfully obtain their learner's and driver's licences to improve employability.

Operational initiatives implemented in the workplace during the year to promote gender mainstreaming include:

- Community operator learnerships to support and create community employment pools for women;
- Gender-based access control at change houses;
- Improved lighting in underground cages and a limit placed on the number of people allowed in the cage to prevent overcrowding and harassment;
- A dedicated room established for breastfeeding; and
- Protection of pregnant women through reasonable accommodation and the provision of maternity benefits.

Awareness campaigns focusing on women and child abuse were launched during the year. These included a campaign at various operations to sensitise the workforce, educate and create awareness around sexual harassment in the workplace.

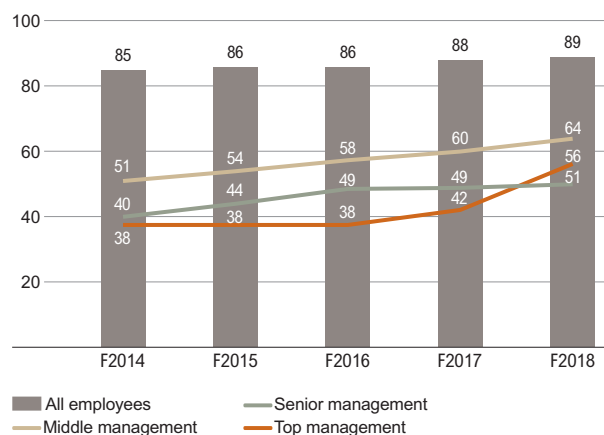
ARM's Sexual Harassment Policy was communicated widely at operations and included in induction training at some operations. Sexual harassment awareness has been included as a topic in morning safety talks across our operations.



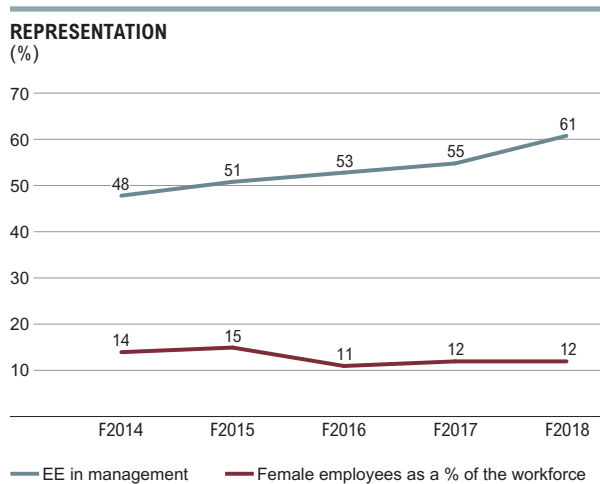
All operations offer PPE that is designed for women, including smaller safety boots and more feminine colours, and these have been positively received.

EE performance

HDSA REPRESENTATION (%)



HDSA representation at top management level increased to 56%, 51% at senior management level, 64% at middle management level and 75% at junior management level. Overall, EE in management increased to 61% (F2017: 55%). 88.8% of ARM's workforce represents core and critical skills, compared to the Mining Charter target of 40%.



The representation of female employees (women in mining) improved at top management level to 18.8% (F2017: 15.8%) and the senior management level remained relatively constant at 12.4% in F2018. Female representation at middle and junior management levels declined to 12.3% (F2017: 14.0%) and to 8.2% (F2017: 8.9%) respectively, while overall representation of women in the workforce remained at 12%. Women in core mining, critical and scarce skills increased to 10% (F2017: 8%).

| Mining Charter Employment Equity scores | HDSA (%) | | | | Women in mining (%) | | | |
|--|--------------|-------|-------|-----------------------------|---------------------|-------|-------|-----------------------------|
| | F2018 | F2017 | F2016 | Mining Charter target | F2018 | F2017 | F2016 | Mining Charter target |
| Top management | 56.3% | 42.1% | 37.5% | 40% | 18.8% | 15.8% | 13.5% | 10% |
| Senior management | 50.6% | 48.9% | 48.6% | 40% | 12.4% | 12.2% | 10.5% | 10% |
| Middle management | 63.8% | 60.0% | 57.4% | 40% | 12.3% | 14.0% | 8.7% | 10% |
| Junior management | 74.5% | 71.4% | 68.5% | 40% | 8.2% | 8.9% | 6.2% | 10% |

ARM's diversity programme aims to raise awareness regarding people living with disabilities (PWD) as well as a focus on increasing sourcing, attracting, developing and retaining talented PWDs. During F2018, ARM engaged with the Department of Education Local Community Forum in a recruitment drive for PWDs with the Local Community Labour Desk. We also established a Disability Policy for the Northern Cape operations in consultation with recognised trade unions and the local Employment Equity Training and Development Forum. In F2018, there were 115 people living with disabilities working at ARM (F2017: 75), 41 of whom are women (F2017: 26).

Housing

ARM's housing strategy aims to promote ownership of affordable housing to employees at our operations to ensure that every employee has decent accommodation. The strategy aligns with the requirements of the Mining Charter, the Housing and Living Conditions Standards for the Minerals Industry and other municipal and spatial planning legislation.

The Northern Cape mines in the Ferrous division facilitates home ownership to qualifying employees through the Khumani Housing Development Company, which also offers houses for rent.

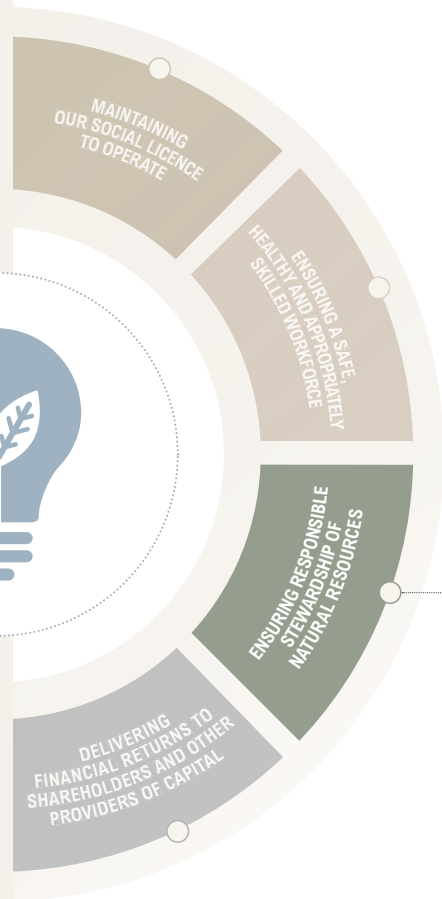
A high-level working committee comprising labour representatives and management was established at the Northern Cape mines to identify long-term sustainable solutions

to address housing requirements as set out by the DMR while addressing the needs indicated by employees. This includes addressing the challenges around facilitating home ownership in tribal areas.

The majority of employees at Modikwa, Two Rivers and Nkomati mines live in local communities and these mines offer a home ownership allowance for qualifying employees.

ARM delivers infrastructure development programmes in local communities through Social and Labour Plans (SLPs) and Local Economic Development (LED) projects that are discussed on page 41. As most of our employees live in communities surrounding our operations, these projects support improved living conditions of employees and the communities.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES



“ARM’s values commit us to environmental stewardship, supported by our commitment to zero harm and our focus on operational efficiencies. Responsible environmental practices are integral to our strategic pillar of operational efficiency.”

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OPERATING CONTEXT

Mining and beneficiation of metals and minerals represents the primary conversion of natural capital into financial capital and the industry is highly regulated. Ensuring that we operate in an environmentally and socially responsible manner builds trust with regulators, local communities and broader society.

We focus on maximising efficiencies, minimising our impact on the natural environment around us and reducing our consumption of scarce natural resources.

Our most material environmental matters are:

- Climate change;
- Resource management, particularly energy use and water availability (with a specific focus on recycling and minimising abstraction of clean water);
- Land management, including biodiversity conservation, rehabilitation and closure planning;
- Managing and minimising our waste streams; and
- Environmental compliance.

REPORTING CONTEXT

FRAMEWORKS

| | | |
|---------------------------------|-------------------------|--------------------------------|
| GRI 301 | GRI 302 | GRI 303 |
| GRI 304 | GRI 305 | GRI 306 |
| GRI 307 | GRI 308 | |
| ICMM Principles 6, 7 | UNGC Principles 7, 8, 9 | FTSE/Russel EBD, ECC, EPR, EWT |
| UN SDGs 2, 6, 7, 12, 13, 14, 15 | | |

PRINCIPAL LEGISLATION

- The National Environmental Management Act (NEMA) and its Regulations
- The National Environmental Management: Air Quality Act
- The National Environmental Management: Biodiversity Act
- The National Environmental Management: Waste Act
- The Mineral and Petroleum Resources Development Act (MPRDA)
- The National Water Act
- The Environmental Conservation Act
- The National Heritage Resources Act

- The National Climate Change Response Policy
- The National Greenhouse Gas Reporting Regulations




PRIMARY STAKEHOLDERS CONCERNED

Government, communities, civil society, NGOs, industry associations, joint venture partners

REPORTING BOUNDARY

ARM mines and operations over which we have direct or joint management control, except for Lubambe Mine which was sold in December 2017. This exclusion is not considered material.

F2018 PERFORMANCE OVERVIEW

| Key Performance Indicators | F2018 target | Performance | F2018 | F2017 | F2016 | F2015 | F2014 |
|---|--|---|------------|------------|------------|------------|------------|
| Scope 1 and 2 carbon footprint (tCO ₂ e) | 5% reduction against 2014 baseline |  | 1 026 249 | 1 047 418 | 1 077 746 | 1 246 131 | 1 228 656 |
| Electricity consumption (MWh) | Increase efficiencies |  | 1 656 263 | 1 784 491 | 1 820 802 | 2 102 451 | 2 144 894 |
| Water abstracted (m ³) | Further improve efficient use of water |  | 18 296 551 | 14 295 993 | 19 066 300 | 18 334 106 | 19 408 464 |

ARM's Scope 1 and 2 footprint decreased by 2% year-on-year to 1.03 mtCO₂e (on an attributable basis) and electricity consumption decreased by 7.2% to 1 656 GWh (on a 100% basis). Excluding Lubambe Mine (divested in December 2017) in last year's figures, carbon footprint decreased by 1.6% and electricity consumption decreased by 1.4%. Water abstracted by the Group increased by 28.0% to 18.3 million m³, or 30.9% excluding the impact of the Lubambe Mine divestment.

During F2018, Two Rivers Mine was certified in terms of ISO 14001:2015, the international standard on environmental management, and all operations are now certified in terms of the standard. ARM submitted responses in terms of climate change and water to the CDP in 2017 and was recognised as one of only 73 companies globally to achieve an A score in the CDP Water Project. There has not been any feedback on the 2018 submissions to the CDP yet.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued**FOCUS FOR F2019**

- Further improvement in water accounting at operational level.
- Continued reduction in carbon emissions.
- Finalising our corporate environmental reporting database.
- Working with operations to set long-term water and carbon targets.

HOW WE MANAGE NATURAL RESOURCES

ARM takes a precautionary approach to managing environmental impacts across business processes and align with the ICMM Sustainable Development Framework.

Material environmental matters and risks are identified at operational level during quarterly risk workshops and consolidated at the corporate level for the Group. SHEQ managers ensure that operational environmental policies and strategies address the specific environmental challenges and opportunities in their areas.

Corporate standards governing environmental management are in place and include environmental monitoring, rehabilitation, waste management, biodiversity and the reporting of environmental incidents. These are regularly reviewed and updated.

Environmental Impact Assessments (EIAs), which include stakeholder consultation, are conducted and Environmental Management Programmes (EMPs) established during the planning phase of new projects or changes to existing operations, as required by the National Environmental Manager Act (NEMA) and Regulations.

Environmental management systems (EMSs) at the operations align with ISO 14001, the international standard on EMS. Following the recent certification of Two Rivers Mine, all operations are now certified in terms of this standard. ARM's EMSs are based on the "plan-do-check-act" principle to identify potential environmental impacts and guide the implementation of our environmental management plans and performance monitoring to mitigate environmental impact.

Environmental training is included in induction training for employees and contractors, as well as in regular refresher courses and job-specific training, which cover appropriate policies, standards and procedures.

Assessing performance

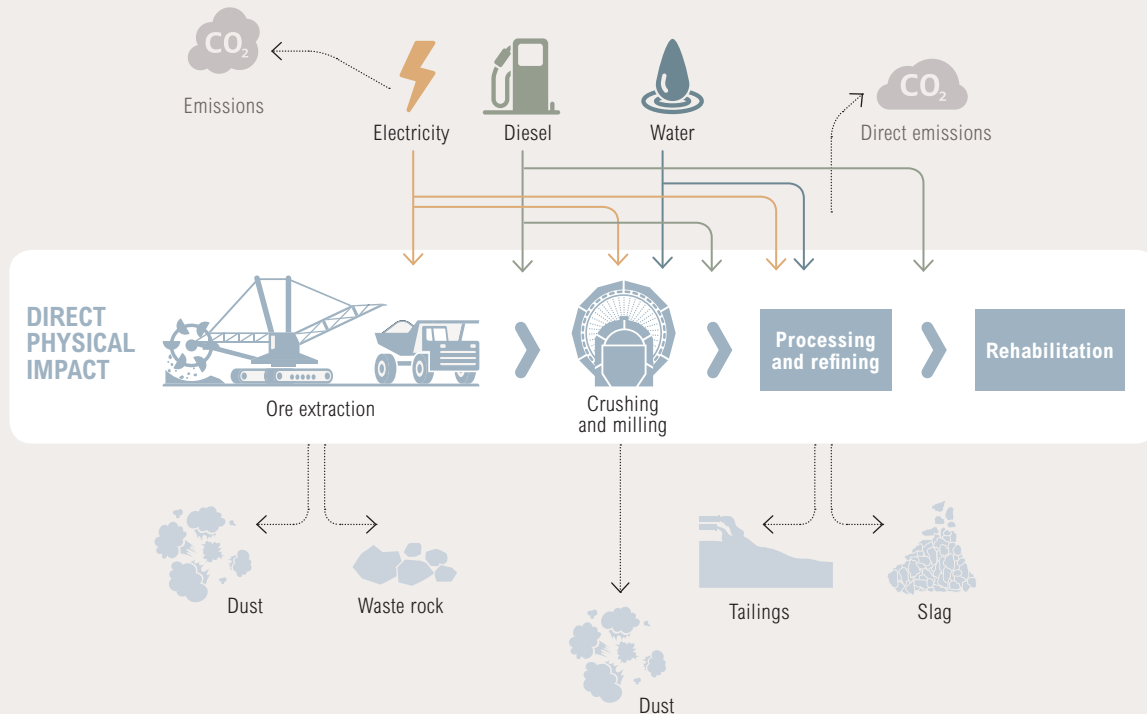
Environmental performance is measured against relevant KPIs and benchmarks, and these are regularly reviewed at the operational and corporate level.

Risks identified at quarterly risk workshops are included in operational and corporate risk registers through the Enterprise Risk Management process. Risks are reported to the ARM Management Risk and Compliance Committee, the ARM Social and Ethics Committee and the ARM Audit and Risk Committee.

Assuring environmental performance and compliance

- External legal compliance audits;
- ISO 14001 certification audits;
- Biennial legal and process audits facilitated by the corporate office;
- Compliance audits on EMPs and water use licences; and
- External assurance of sustainability data for sustainability and CDP reporting.

ADDITIONAL INFORMATION ON MANAGING NATURAL RESOURCES



ENVIRONMENTAL COMPLIANCE

The mining and beneficiation industries are highly regulated and environmental regulations continue to evolve rapidly. ARM monitors the changing environmental regulatory framework on an ongoing basis to ensure that our operations remain legally compliant with current and new legislation.

Environmental compliance and performance are tracked continuously and on a number of agendas as a high priority.

A Legal Compliance Policy is in place and regularly updated. Regular internal and external legal compliance and operational audits are conducted and any instances of non-compliance with regulatory requirements are reported to management for corrective action. No environmental fines or penalties were received during F2018.

ARM participates in business and industry initiatives to collectively engage with regulators and stakeholders and to benchmark and share good environmental practice. These include:

The Minerals Council South Africa
(formerly the Chamber of Mines),
including the Environmental
Policy Committee

Business Unity
South Africa
(BUSA)

The Ferro Alloy
Producers' Association

The International Council
on Mining and Metals

Through ARM's joint venture partnership in the ARM Ferrous division with Assore, we participate in valuable initiatives, including the Life Cycle Assessment and Life Cycle Inventory studies, waste management initiatives and energy efficiency initiatives of the International Manganese Institute and the International Chrome Development Institute.

Operational and divisional compliance certificates are reported to the ARM Management Risk and Compliance Committee, the ARM Social and Ethics Committee and the ARM Audit and Risk Committee on a quarterly basis.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued**F2018
FOCUS
AREA**

Engaging proactively in the process of implementing various policy measures and environmental instruments, including carbon budgets and carbon tax.

ARM supports the trend towards a low carbon economy and is committed to constructive engagement with government on the measures aiming to achieve this outcome. We remain concerned about the potential impact on local industry resilience and international competitiveness, as well as the significant direct and indirect costs of ensuring compliance with these new initiatives.

Recent developments in environmental policy relevant to our South African operations include:

CARBON TAX

The Carbon Tax Bill and Explanatory Memorandum was released by Treasury in December 2017 and reference was made to Carbon Tax in the Budget Speech in February 2018. A summary of how the tax will be levied and the expected financial implications was communicated throughout ARM and to the Social and Ethics Committee of the Board. The tax poses a low residual impact for ARM in the first phase up to 2020 but costs will increase once free allowances are removed beyond 2021. It is important that the final policy enacted considers partial ring-fencing and other options to support targeted mitigation actions, and it needs to align with other mechanisms such as the Sectoral Emission Targets and the company-level carbon budgets that will become legislated from 2021.

GREENHOUSE GAS (GHG) REPORTING REGULATIONS

GHG Reporting Regulations published in the last quarter of 2017 require corporates to submit annual GHG reports. We initiated a project to create awareness and build capacity at each operation to ensure accurate reporting of data, as well as an understanding of reduction initiatives which could be undertaken. ARM submitted its GHG Emissions Report in March 2018.

THE NATIONAL CLIMATE CHANGE ACT AND RESPONSE POLICY

The National Climate Change Response Policy is in place and the draft Climate Change Bill (2018) has been published. The Bill includes requirements for mandatory reporting and the establishment of Sectoral Emission Targets, Sectoral Emissions Reduction Plans and the associated budgets that will be allocated to companies. ARM's carbon budget has been allocated for 2016 to 2020 under the policy and we are monitoring and reporting on our compliance with the budget.

POLLUTION PREVENTION PLANS

Regulations on pollution prevention plans published by the Department of Environmental Affairs (DEA) apply to entities conducting production processes listed under the National Environmental Management: Air Quality Act that involve direct emission of GHGs in excess of 0.1 megatons CO₂e annually. These entities must compile and submit a pollution prevention plan to the DEA describing mitigation interventions to reduce GHG emissions over the next five years and projected GHG emissions over this period. These requirements have been incorporated into ARM's ongoing carbon emissions monitoring and management programme and we submitted our pollution prevention plan in December 2017 as required by legislation.

ENERGY MANAGEMENT PLANS

The Department of Energy (DoE) is developing regulations that will require companies to measure and report energy as well as develop and submit Energy Management Plans. ARM's operations exceed the threshold of 400 TJ energy consumption per year and will therefore have to measure and report energy. They will also be required to develop Energy Management Plans and report on progress with respect to those plans. The Regulations remain in draft and therefore significant uncertainty exists. It is possible that the DEA's carbon budget and reporting processes will be aligned with the DoE's reporting and energy management plan processes given the significant overlap.

We continue to engage around these issues through meetings with government officials, attendance at stakeholder engagement events and direct comments on documents. We actively participate in collective industry engagement processes with regulators through the Minerals Council South Africa, BUSA and the National Business Initiative (NBI), to comment and seek clarity on potential impacts on business activities, in order to prepare for these.



CLIMATE CHANGE

Climate change is a critical global challenge. The scale of the challenge requires leadership from all parts of society. In alignment with our values and by industry collaboration towards a low carbon future, ARM is committed to being part of the solution.

We continue to build awareness in the Company of evolving climate change risks, associated opportunities and adaptation measures that may be required, and to further integrate these

considerations into our business strategy. We are expanding our assessments to include risks and opportunities across our value chain and to meet the increasing expectations of investors communicated, for example, through the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) and the Transitions Pathways Initiative (TPI).

ARM conducts annual climate change and water workshops at each operation to explore evolving climate change and water risks and opportunities, and these include an explicit assessment of upstream (supply chain) and downstream (customer) risks which have the potential to impact operations directly and our stakeholders. This information feeds into ARM's ERM process and informs our strategic planning processes.

| PRIMARY CLIMATE CHANGE RISKS | OPPORTUNITIES ARISING FROM CLIMATE CHANGE |
|---|--|
| <ul style="list-style-type: none"> Changes to water quality and availability; Weather-related production disruptions; Weather-related impacts on our value chain; Climate change impacts on communities and the requirement to accelerate adaptation programmes; Impact of changes in consumer preferences on demand for products and services; Increased energy prices; and Increased compliance costs. | <ul style="list-style-type: none"> ARM's ability to produce higher-quality products that are favoured in terms of their lower impact on the environment, e.g. high quality manganese ore; Reputational benefits of an environmentally responsible approach; New production technologies to reduce electrical energy consumption and carbon emissions; and Financial energy and climate change incentives, including tax incentives, research and development incentives and government grants. |



The most significant medium- to long-term impacts of climate change risks and opportunities at our operations include:

- Water availability, which is particularly relevant at our operations in water-stressed regions such as the Northern Cape.
- Extreme weather, such as storms, flooding and higher temperatures, could cause shutdowns and lost production at our operations. Storms and floods could affect delivery of our products to customers and raw materials to our smelters as these are transported over long distances by rail and road. During September 2017, storms at the port delayed loading which affected financial performance reported for the first quarter.
- Water shortages and electricity supply concerns have been identified as significant risks at operational level and these may be exacerbated by the physical effects of climate change.
- Changing weather patterns leading to reduced food security and changed distribution of diseases such as malaria, resulting in negative health implications, increasing costs and impacts on our workforce and the communities around us.
- Reputational damage from failure to demonstrate responsible environmental stewardship that could affect our relationships with customers, investors, business partners, regulators and broader society.
- Increased compliance and energy costs arising from regulation.
- The cost of carbon tax in the form of direct tax as well as pass-throughs from electricity producers after 2020.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued**CARBON EMISSIONS**

Emissions from mining and beneficiation of metals and minerals primarily arise at operations from the combustion of fossil fuels (as part of mining, load and haul and materials handling) and during processing.

Emissions data is reported internally every quarter, discussed at the individual operational sustainability meetings and assessed in terms of the risk it poses to the business as part of quarterly risk management workshops.

We estimate our annual carbon footprint by calculating greenhouse gas (GHG) emissions*.

| | |
|----------------|---|
| SCOPE 1 | Direct GHG emissions from sources owned or controlled by the Company. |
| SCOPE 2 | Indirect GHG emissions related to purchased energy. |
| SCOPE 3 | All indirect emissions not included in Scope 2 that occur in the upstream and downstream value chain. |

The main contributors of Scope 1 emissions for ARM's operations are diesel consumption (for load and haul activities) and reductants (Cato Ridge Works). Scope 2 emissions from energy consumption, particularly electricity produced by coal-fired power stations, comprise 77% of ARM's carbon footprint and energy is consequently a key focus in managing our carbon emissions. We have established a climate change and energy working group to ensure that we align our processes with the evolving climate change mitigation and energy regulatory environment. Site workshops were conducted during F2018 to identify reduction opportunities and a new GHG emissions reduction target has been set based on a bottom-up assessment of site-specific mitigation potential.

We continue to refine our systems to identify and report emission reduction initiatives in a more structured way and to support the submission of pollution prevention plans.

**F2018
FOCUS
AREA**
Carbon emissions

- Continue to implement carbon emission reduction initiatives and monitor our performance against our emission targets.
- Improving the carbon intensity of our production by identifying and implementing appropriate emission reduction initiatives.

HOW WE MANAGE CARBON EMISSIONS

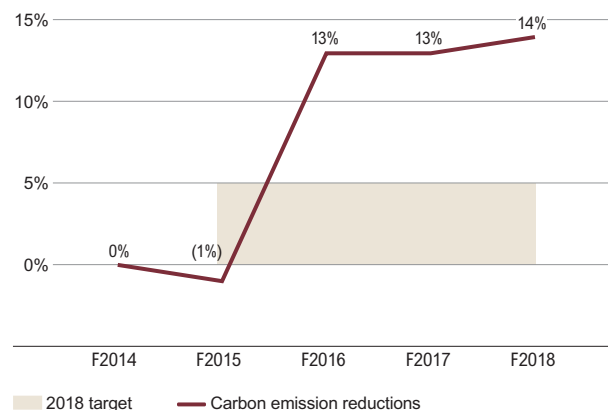
ARM's energy and climate change strategy identifies and develops opportunities for long-term achievable emission reduction with a focus on energy efficiency initiatives, investigating alternative energy sources, investigating new technology and diversification into less energy-intensive products. ARM has a strategic focus on cost efficiencies and operational cost reduction projects emphasise the importance of reducing emissions and energy consumption.

Operational and capital budgets are allocated at operations for energy efficiency projects as appropriate, energy targets are set and engineers and production staff are incentivised on energy efficiency per tonne of ore milled, time of energy use and the use of alternative energy sources. The remuneration and incentive packages of production teams and other appropriate positions at the smelters include KPIs linked to emissions reduction initiatives.

Carbon emission reduction targets

We set a quantitative emission reduction target of reducing 5% of absolute emissions based on the F2014 figure by 2018. Adjusting for the impact of the disposals of Dwarsrivier Mine (July 2016) and Lubambe Mine (December 2017),

absolute carbon emissions reduced by 14.3% in F2018 against F2014 emissions. However, this decrease is primarily due to the cessation of production at Machadodorp Works and decreased production at Cato Ridge Works rather than through emission reduction initiatives.

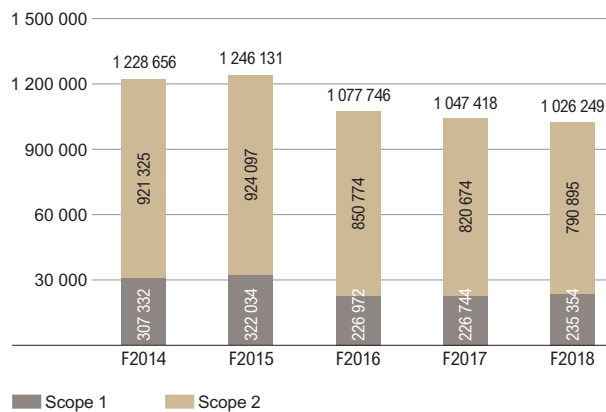
CARBON EMISSIONS REDUCTIONS ACHIEVED*
(F2014 baseline)

* Excludes divestments.

* ARM's GHG calculations are based on the Greenhouse Gas Protocol – Corporate Standard (GHG Protocol), published by the World Resources Institute and World Business Council for Sustainable Development in March 2004. The data collection process complies with the data quality requirements set out in ISO 14044, as well as the GRI G4 guidelines, and is verified externally on an annual basis.

During F2018, we set a more ambitious target to F2020 of achieving a 5% absolute reduction of Scope 1 and 2 emissions against F2014 due to emission reduction initiatives (excluding divestments). This target was set based on in-depth engagements with ARM's operations during F2018 to understand, from the bottom-up, opportunities to reduce GHG emissions, coupled with a top-down assessment that included benchmarking of peer company targets and stakeholder expectations. We plan to set science-based targets in the future, as part of a phased approach.

CARBON FOOTPRINT (Scope 1 and 2 – attributable basis) (tCO₂e)



ARM's F2018 estimated carbon footprint (Scope 1 and 2 attributable emissions) decreased by 2% to 1.03 mtCO₂e (F2017: 1.05 mtCO₂e). Excluding the impact of the divestment of Lubambe Mine in December 2017, the estimated carbon footprint decreased by 1.6% year-on-year.

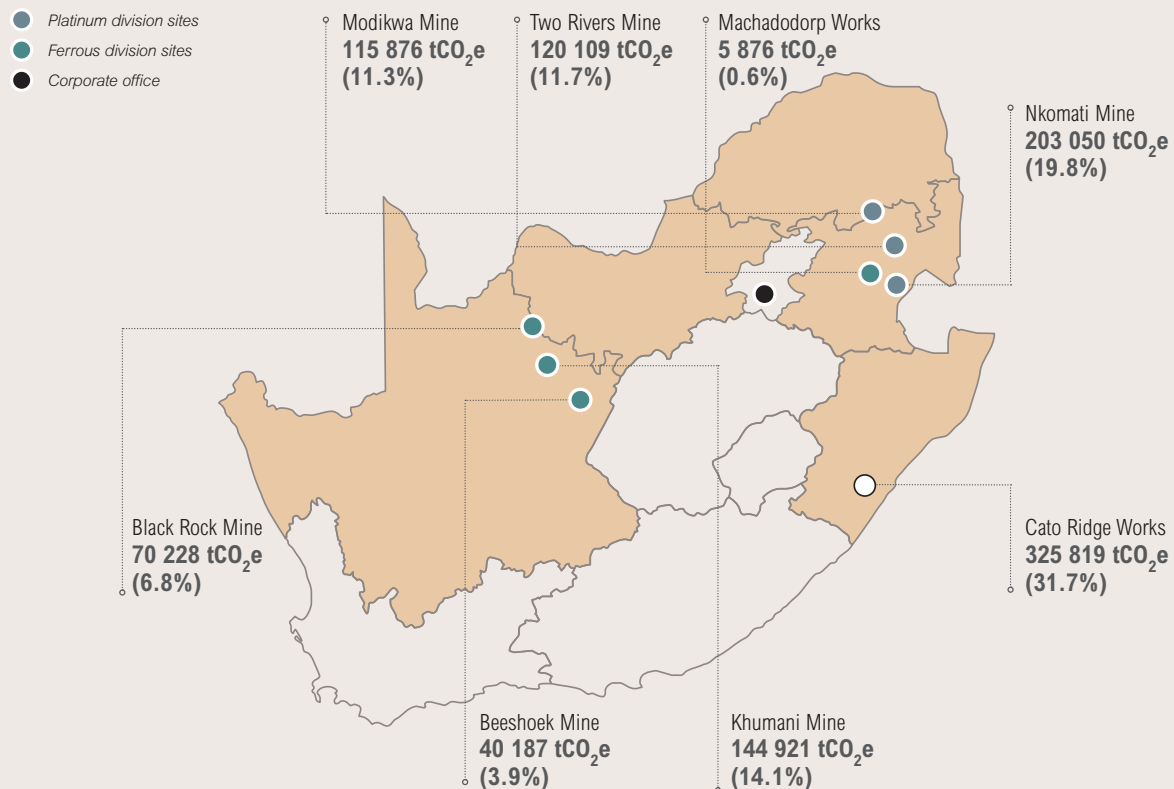
Smelting is an energy-intensive process and Cato Ridge Works contributed 32% of the Group's total Scope 1 and 2 emissions in F2018. Other significant contributors include Khumani Mine (14%) and Nkomati Mine (20%), mainly as a result of diesel consumption during mining, load and haul activities in the open pits.

The diagram below shows F2018 Scope 1 and 2 emissions on an attributable basis for each operation expressed in equivalent tonnes of CO₂ (tCO₂e).

We consider Scope 3 activities, upstream and downstream of our operations, to assess and mitigate greenhouse gas-related risks in our value chain. During the year, we reviewed our material Scope 3 categories and revised our systems accordingly. The review also informs more targeted climate change-related engagement with partners in our value chain. ARM sources of Scope 3 emissions are purchased goods and services, fuel and energy-related activities not included in Scope 1 or 2, upstream transportation and distribution,

F2018: RELATIVE EMISSIONS PER OPERATION AND CONTRIBUTION TO TOTAL EMISSIONS

(Scope 1 and 2 attributable tonnes CO₂e)



ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued

employee commuting, business travel, waste generated in our operations, downstream transportation and distribution, generated in operations, processing of sold products, and investments.

Our most material sources of Scope 3 emissions arise from processing of our sold products (particularly iron ore), transport and distribution (both upstream and downstream) and our investments, and we work closely with our joint venture partners to ensure risks are mitigated.

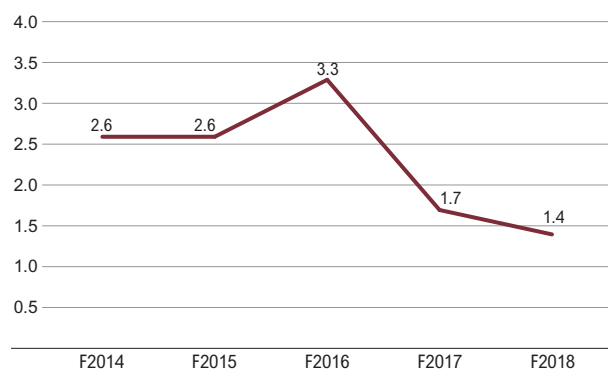
ARM's 2018 CDP response was submitted in August 2018 and reports F2017 energy consumption and GHG emission figures, which were reviewed and externally verified. Scope 3 GHG emissions totalled 43 632 631 tCO₂e in F2017. Upstream and downstream data for the calculation of F2018 Scope 3 emissions are currently in the process of being collected.

The response, which includes all material Scope 3 categories, is available at www.edp.net.

Scope 1 and 2 emission intensity

To adjust for changes in emissions due to production activity we calculate efficiency ratios of carbon emissions per full-time employee and per unit of production or processing. Scope 1 and 2 carbon emissions per tonne of manganese alloy produced, decreased to 1.4 tCO₂e/tonne (F2017: 1.7 tCO₂e/tonne) as Cato Ridge Works limited operations to its three most efficient furnaces.

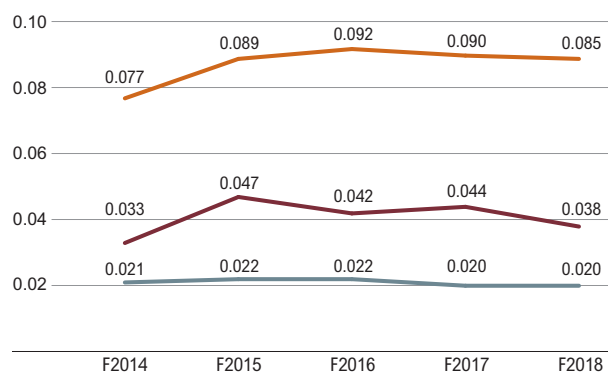
SCOPE 1 AND 2 CARBON EMISSIONS PER TONNE PRODUCED – SMELTERS (tCO₂e)



— tCO₂ per tonne of manganese alloy

Scope 1 and 2 emissions per tonne of iron produced, was 0.020 tCO₂e/tonne, in line with F2017. Scope 1 and 2 emissions per tonne of manganese ore produced reduced marginally to 0.038 tCO₂e/tonne from 0.044 tCO₂e/tonne in F2017.

SCOPE 1 AND 2 CARBON EMISSIONS PER TONNE PRODUCED – MINES (tCO₂e)



— PGMs (tonnes milled)*
— Manganese ore
— Iron ore

* Two Rivers and Modikwa mines only.

Carbon emissions per tonne of ore milled at our two primary platinum mines, Modikwa and Two Rivers mines, decreased marginally to 0.085 tCO₂e/tonne (F2017: 0.090 tCO₂e/tonne).

Scope 1 and 2 emissions per full-time employee (FTE) increased by 5.6% to 169.4 tonnes CO₂e (F2017: 160.4 tCO₂e). Scope 1 and 2 emissions per man-hour decreased to 43 kg CO₂e (F2017: 45 kg CO₂e).

DIRECT EMISSIONS

The smelting process produces direct emissions, including carbon dioxide, nitrous oxide, sulphurous oxide and particulates, which are disclosed in the table on page 5 of this report. Cato Ridge Works has an approved Air Emission Licence, issued in terms of the National Environmental Management: Air Quality Act. Availability of the air cleaning system that manages emissions is continuously monitored and regularly reported to local and provincial authorities as required by their licence conditions.



ENERGY

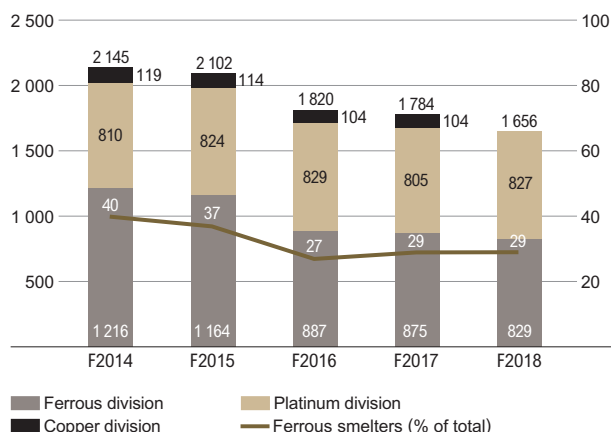
Electricity is a key input in mining activities to power the crushers and mills that process ore, to provide power for ventilation fans and pumps for processing and dewatering, and for the motors that drive conveyor belts. The smelting processes at Cato Ridge Works require significant energy for heating.

Electricity is a significant contributor to production costs and increasing tariffs and the potential for pass-through of carbon tax to consumers by Eskom could impact on the ability of the South African industry to remain globally cost competitive.

The condition of off-mine electrical infrastructure is a risk as electricity supply interruptions have a significant impact on workplace safety and production efficiencies. Increased use of backup generators that support critical functions, such as ventilation fans, increase diesel consumption and resulting emissions. The long lead time for electrical infrastructure repairs and for the installation of new transmission lines (up to eight years) could affect potential expansion projects.

The Ferrous division, which includes the smelters, and the Platinum division each contributed 50% to total Group electricity consumption.

ELECTRICITY CONSUMPTION (100% basis)
(GWh)



Energy efficiency initiatives

With Eskom proposing above-inflation increases in electricity tariffs, energy efficiency initiatives are a key focus area in improving operational efficiencies through our strategic focus on cost competitiveness. Managing energy consumption also reduces GHG emissions which will reduce the likely cost of carbon taxes.

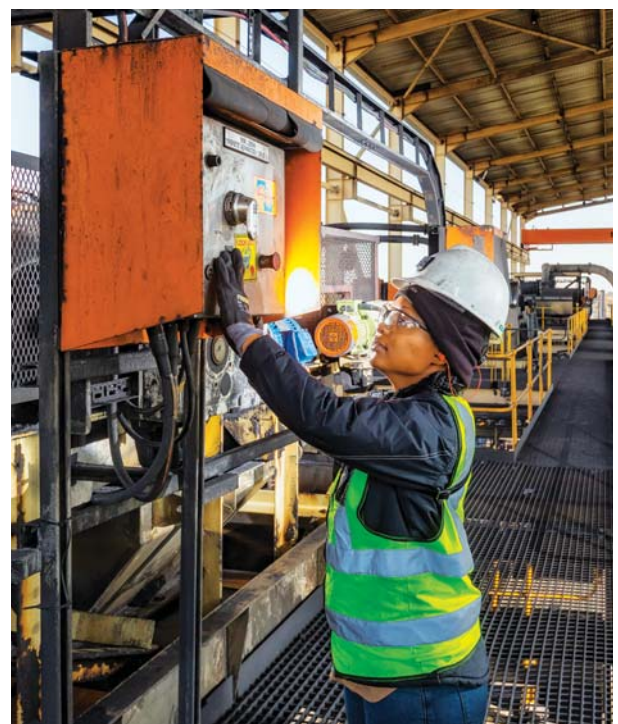
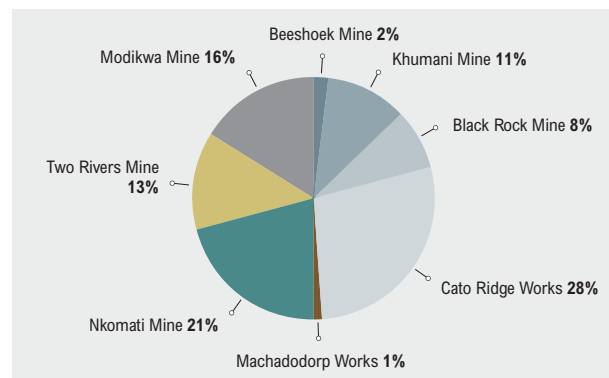
Various energy saving and carbon emission reduction initiatives were implemented in F2018, including the continued rollout of energy efficient lighting and behaviour change awareness campaigns in mine plants and offices across the Group. A solar PV plant was installed at Khumani Mine resulting in approximately 120 000 kWh harvested and Cato Ridge Works installed

variable speed drives on the suction fans serving the furnaces. A project is currently underway to secure 12I tax benefits on the latter initiative. Energy efficiency initiatives implemented at Modikwa Mine related to compressed air, ventilation fans and mills, and the mine also removed haulage fans by properly sealing off areas.

ARM Ferrous, trading as Assmang (Pty) Ltd (a joint venture with Assore Limited), is part of the Energy Intensive User Group and has an Energy Efficiency Charter, which includes targets for energy efficient practices. Energy reduction plans are also in place at the operations in the Platinum division.

ARM operations consumed 1 656 GWh (reported on a 100% basis), a 7% decrease (F2017: 1 784 GWh). Adjusting for the disposal of Lubambe Mine, electricity consumption reduced by 1.4%. Electricity consumed by the Ferrous division decreased by 5.3% to 829 GWh (F2017: 875 GWh) and the Platinum division's electricity consumption increased by 2.7% to 827 GWh (F2017: 805 GWh).

ELECTRICITY CONSUMPTION BY OPERATION FOR F2018
(%)



ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued**Fuel consumption**

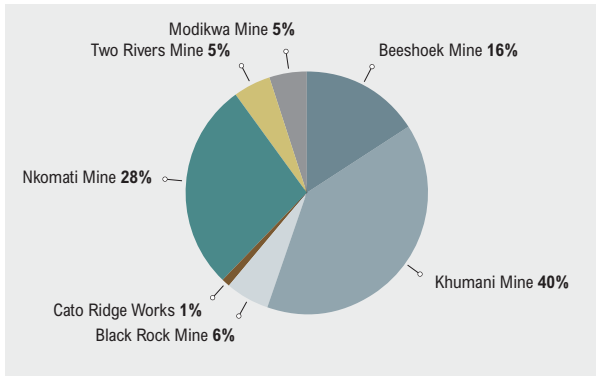
Diesel consumption contributed 12% to total Group carbon emissions. Diesel is consumed in mobile equipment such as trackless machines and vehicles used for mining, loading, hauling and logistics while stationary emissions arise from standby electricity generators.

Khumani, Nkomati and Beeshoek are large open pit mines that together account for 84% of total Group diesel consumption, mainly during hauling of run-of-mine material to the concentrator plants.

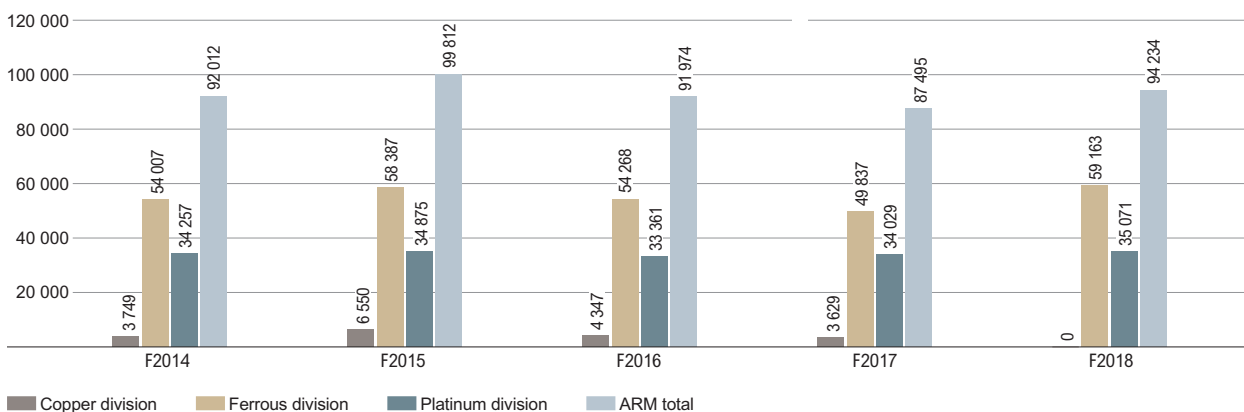
Beeshoek Mine introduced synthetic fuel stabilisers to improve diesel efficiency during F2018. A vehicle tracking system that optimises fleet usage was introduced at Khumani Mine and fuel monitoring increased.

On a like-for-like basis (excluding Lubambe Mine in F2017), total Group diesel consumption increased by 12.4% to 94.2 million litres in F2018 (F2017: 87.5 million litres including Lubambe Mine).

DIESEL CONSUMPTION BY OPERATION FOR F2018
(%)



DIESEL CONSUMPTION BY DIVISION (100% BASIS)
(000 litres)

**WATER MANAGEMENT**

Water is a basic human right, a fundamental ecosystem requirement and a shared and finite resource with high social, cultural, environmental and economic value. It is a critical resource for agriculture, other industries and the communities around our operations. Water availability is likely to be negatively impacted by climate change.

Mining and metals operations use water for milling, beneficiation, cooling and for dust suppression during blasting, on haul roads and at ore transfer points. Employees need access to sufficient potable water for drinking and water, sanitation and hygiene (WASH) services. Water is consequently a material operational and strategic concern, and water stewardship is fundamental to achieving our strategic objectives.



Water scarcity, the reliability of current water infrastructure and the long lead time in rolling out new infrastructure pose potential constraints on current production and future expansion, particularly for Beeshoek, Black Rock and Khumani mines, which are located in the water-stressed Northern Cape. Rainfall is significantly higher in Mpumalanga and Modikwa and Nkomati mines incur significant costs to remove excess water from mining areas. Significantly reduced production at Machadodorp Works, which is also located in Mpumalanga, has decreased the amount of water used in the production process, increasing the risk of process water discharges particularly during high rainfall periods.

Drought due to climate change is a material long-term physical risk where water is a critical resource for operations. Water availability, consumption and pollution are regarded as key risks to the Group and are included in both the operational and the corporate risk registers.

Khumani and Black Rock mines are exposed to limitations in the water supply from the Vaal/Gamagara/Sedibeng scheme to the Central Cape. In December 2017, interruptions to the water supply meant that potable water had to be trucked to Black Rock Mine from Kuruman. Khumani Mine is in the process of implementing a project to supplement water supply with groundwater and has presented a detailed ground water flow model to the DWS and interested parties for approval.

Engagements around water

Increasing pressure on global water resources requires a holistic approach to water management to achieve resource sustainability and secure future access for all water users. There is a growing awareness of the need for collective action to reduce water usage, fix leaks, restore ecosystem health, and to identify and manage water risks through stakeholder engagement. Investors and other stakeholders are increasingly calling for greater insight into catchment-level water balances, including projected demand and supply as well as water quality elements.

F2018 FOCUS AREA

Water

- Continue collaborating with other stakeholders to ensure equitable access to water and mitigation of catchment-based risks.
- Proactive engagement with other users around our operations to understand their needs and priorities and to ensure management of water risks.

Certain of our operations face significant catchment-level water risks that arise from poor existing water infrastructure, a lack of funding and capacity to deliver new infrastructure, and the impacts of climate change on supply of water to adequately meet the growing need. ARM's commitment to water stewardship drives our engagements with various stakeholders to find solutions appropriate to all water users' needs.

We engage with a broad range of water-related stakeholders to ensure the sustainability of water resources and that all operations have the necessary controls in place to ensure that the quality of water around them is not negatively affected. These stakeholders include the Department of Water and Sanitation, local communities, authorities at the local, provincial and national levels, water forums, irrigation boards, catchment management agencies, farmers and other industry users.

Engagements with communities help us to understand and mitigate their concerns, identify how ARM can contribute to community water security and increase transparency regarding our operations. We partner with local and regional government structures where appropriate to mitigate water risks that arise outside mine boundaries.

ARM participates in forums that discuss issues relating to sustainable water supply in the region. These include climate change and the potential influence changing climate and potential regulation could have on the supply and cost of water. Where Catchment Management Forums (CMFs) are functional we engage with stakeholders in these Forums to identify catchment-level water risks.

ARM and its joint venture partners, through its operations, invest in local water infrastructure through their SLPs to improve community access to sufficient potable water and increase community resilience. The ARM BBEE Trust funds water provision projects included the sinking and equipping

Water-related forums in which ARM participates or interacts with include:

- The Gladdespruit Forum;
- The Tubatse Environmental Forum;
- The Lebalelo Water User Association;
- The Olifants River Water Resources Development Project;
- The Tshiping Water User Association; and
- The Manganese Leadership Forum (engaging around the appropriate design of the Vaal Gamagara Water Supply Scheme).

of boreholes for various schools and communities around South Africa.

How we manage water use

Water availability is considered as part of each operation's five-year business plan and these assess the availability and use of appropriate technology to address water requirements or manage impacts. ARM's focus on operational efficiencies emphasises the value of water and the need to use it efficiently. Water balances at operations manage and optimise water use and, where water is material, relevant KPIs are in place to incentivise increased water efficiency.

Annual workshops identify, evaluate, and respond to catchment-level water-related risks and opportunities, and prioritise relevant stakeholder engagement and collaborations. They also explore ways to promote better water use, drive effective catchment management and contribute to improved water security and sanitation.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued**F2018
FOCUS
AREA**

Continue to increase water efficiencies by maximising water recycling and re-use.

Our strategy for managing water use focuses on water balances, a hierarchy of water use and minimising abstraction of clean/potable/municipal water. Our goal is to recycle 100% of water and to have no discharges.

All operations run closed circuit water systems to the extent possible to maximise recycling and minimise discharge into the environment. Dirty and clean water are separated and operations implement a hierarchy of water use to ensure that “dirty” or process water is recycled for re-use before clean water is abstracted from the natural environment. Where appropriate, technologies such as reverse osmosis have been implemented to clean process water and we continue to investigate natural, sustainable alternatives such as wetland formation, particularly for mine closure plans and objectives.

Surface water and groundwater quality is monitored to measure compliance with water use licence (WUL) conditions, assess our impact on the receiving environment and flag the need for mitigation. Biomonitoring of aquatic/riverine environments is performed as appropriate and as stipulated in each operation’s WUL conditions.

ARM operations abstracted 18.3 million m³ of water in F2018, a 28% increase (F2017: 14.3 million m³). Excluding Lubambe Mine from F2017, the increase is 31%. The significant increase in water abstracted arises from the implementation of an improved water accounting methodology.

CONTINUED IMPROVEMENT IN OUR WATER ACCOUNTING METHODOLOGY

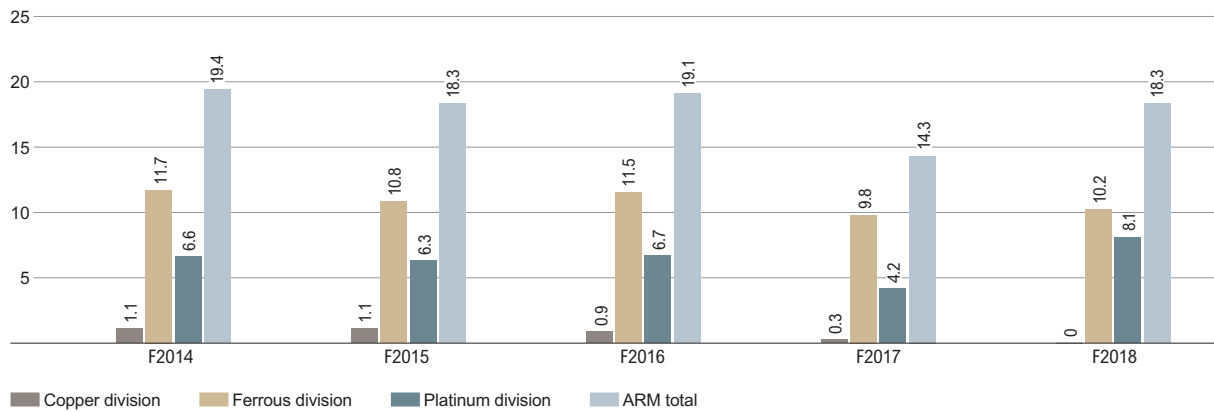
The ICMM released a Position Statement on Water Stewardship in January 2017, followed by the “Practical guide to consistent water reporting” in March 2017. The comprehensive guideline, based on the Water Accounting Framework for the Minerals Industry of the Minerals Council of Australia, is at the core of Water Accounting Principles referred to in the Position Statement. During May 2017, ARM commissioned a project, which will consist of two phases, to ensure that our water management and reporting methodology aligns fully with the commitments of the ICMM. One of the key commitments is for members to report consistently and transparently on water management and accounting.

Phase 1 of the project (which was completed in F2018), focused on the quantitative water accounting process which included aligning the detailed water balances and classification of sources of water abstraction at each operation. While each operation has an approved water balance which is used to report to the Department of Water and Sanitation, there is more detail in the Guidance from the ICMM and hence additional sources such as storm water, were included in the water balances.

This led to the identification of water abstraction sources not previously included in the operational water balances, specifically in the Platinum division. The most material volume, being 2.2 million m³, was not previously included in Nkomati Mine’s water balance as it related to groundwater and storm water being collected in Pit 3, which was pumped to a process water reservoir to ensure safe mining conditions. This water was not previously classified and included in the water balance as “abstraction” since it did not refer to drawing water physically from either groundwater or a river. A further 0.98 million m³ (additional) groundwater abstraction, part of dewatering for safe mining operations, was recorded at Nkomati Mine during development of the open pit. At Two Rivers Mine, 0.6 m³ of fissure water that was not previously considered to be “abstracted” water and hence not accounted for, was also included.

Phase 2 of the project is underway and focuses mainly on the qualitative aspects of reporting, while further refining the water balances and ensuring consistent application of the methodology. Any further changes or adjustments that may arise during this process will be reported on at the end of F2019, when ARM will report in full alignment with the ICMM guideline.

WATER ABSTRACTION BY DIVISION (100% BASIS) (m³ million)



Operations abstract water from a range of sources defined in the terms of their water use licences, which include rivers, boreholes and municipal supplies.

Khumani Mine accounted for 24% of total Group water abstracted, Beeshoek Mine 23% and Nkomati Mine 20%.

Water abstracted by the Ferrous division increased by 4% to 10.2 million m³ (F2017: 9.8 million m³) and 95% in the Platinum division to 8.1 million m³ (F2017: 4.2 million m³) as discussed in detail on page 96.

F2018 FOCUS AREA

Continue working with the operations to develop water targets.

The annual climate change and water workshops in F2018 included a focus on developing a new water target related to withdrawals. The new Company-wide target was set to be realistic but ambitious and is based on site-specific considerations. The target aims to achieve a 10% reduction in withdrawals of potable water (surface and municipal sources) by F2020 relative to F2011. The target excludes divested operations since F2011 and Machadodorp Works, which is on care and maintenance.

This target represents the first phase of ARM's water target setting journey. Lessons learned in setting this target, in measuring performance against the target and emerging new developments and best practice will inform more ambitious targets set in the future.

Clear roles and responsibilities have been defined to support achievement of the target. The highest priority in the short term relates to measuring and reporting accurately in terms of each operation's water balance to monitor status and progress against the target.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued

Two Rivers Mine introduced a dust suppression product which reduced water used for dust suppression on the haul road by 60%.

Nkomati Mine operates with a net positive water balance and siltation of dams at the mine remains a challenge due to high rainfall. As part of a continuous focus on de-silting, a dredger has been procured and is being operated by a local community team as part of a Local Enterprise Development initiative. Evaporator fans and tight operational controls are in place to prevent discharge from the mine's tailings storage facility return water dam.

CDP WATER REPORTING

ARM submitted its third CDP Water response during F2018 and was one of 73 global companies to be awarded an A score in recognition of its leadership in taking action on water security.

**LAND USE MANAGEMENT**

ARM considers the impact of its operations on local landscapes at each stage from exploration to construction, operation and eventual decommissioning and closure. Operations undertake rehabilitation activities concurrently with ongoing mining activities wherever possible.

Rehabilitation

Conservation Trust Funds are in place at each operation to provide for the estimated cost to close the mines and restore the sites to an agreed land end use or state as per the conditions in the environmental management programmes. These estimates are assessed annually by independent specialists against the requirements of relevant legislation, EMPR closure commitments and applicable good practice. Financial provision is made to ensure liabilities are adequately funded.

At the end of June 2018, the total estimated closure cost across the Ferrous and Platinum divisions on a 100% basis (as if ARM owned 100% of the joint ventures) was R1.05 billion (F2017: R1.01 billion). The operational Trust Funds' total was R404.8 million at June 2018 and guaranteed facilities are in place for a further R771.8 million, representing a total closure cost provision of R1.2 billion.

Estimated closure costs are highest in the early stages of a mine or during expansion phases when most of the disturbance occurs. Shortfalls in provisions at certain operations represent a relatively small value compared to the assets at the operations and the annual cash flows they generate.

| Operation | Estimated closure cost as at 30 June 2018 (Rm) | Contributions | | | Total provision including guarantees (Rm) | Anticipated shortfall excluding guarantees (Rm) | Anticipated excess/ (shortfall) including guarantees (Rm) |
|-------------|--|------------------------|--|-----------------|---|---|---|
| | | Trust Fund | | Guarantees (Rm) | | | |
| | | 2018 contribution (Rm) | Estimated Fund balance as at 30 June 2018 (Rm) | | | | |
| Beeshoek | 136.3 | 6.8 | 88.1 | 51.4 | 139.5 | 48.1 | 3.2 |
| Khumani | 324.8 | 7.2 | 94.0 | 254.6 | 348.5 | 230.8 | 23.8 |
| Gloria* | 41.0 | 1.7 | 22.4 | 76.1 | 98.5 | 18.6 | 57.5 |
| Nchwaning* | 82.3 | 1.4 | 18.2 | – | 18.2 | 64.2 | (64.2) |
| Black Rock* | 81.1 | 2.8 | 36.7 | 81.9 | 118.6 | 44.4 | 37.5 |
| Two Rivers | 61.1 | 1.0 | 23.1 | 67.6 | 90.7 | 37.9 | 29.6 |
| Nkomati | 198.8 | – | 91.7 | 99.3 | 191.0 | 107.1 | (7.9) |
| Modikwa | 124.4 | – | 30.6 | 141.0 | 171.6 | 93.7 | 47.2 |
| Total | 1 049.7 | 20.9 | 404.8 | 771.8 | 1 176.6 | 645.0 | 126.8 |

* Part of Black Rock Mine.

FINANCIAL PROVISIONS FOR REHABILITATION AND CLOSURE

In November 2017, the Department of Environmental Affairs (DEA) published amendments to regulations in terms of the National Environmental Management Act pertaining to financial provision for rehabilitation and closure. These regulations have significant financial implications for the mining industry as they require mines to provide for ongoing expenses after mine closure and effectively freeze the existing provisions for rehabilitation and closure, requiring further provisions to be made from operating expenses. The implementation date for the regulations is February 2019 and the Minerals Council South Africa continues to engage with the DMR and the DEA around the implications of the regulations and certain of the concerns.

Waste management

ARM's waste management processes aim to minimise our impact on the natural environment and surrounding communities, and to ensure compliance with relevant waste legislation. Our focus on operational efficiencies includes reducing waste production and recycling wherever possible. Where disposal is necessary, waste is safely disposed at appropriate waste facilities and safe disposal certificates obtained.

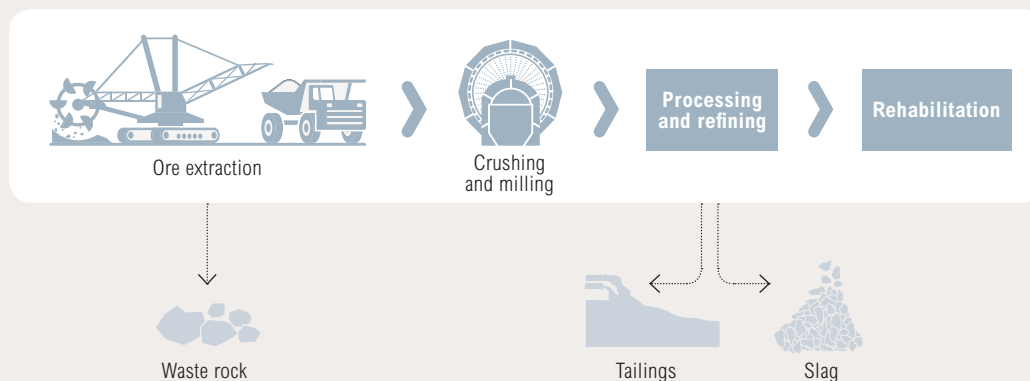
Our objective is to effectively sort and minimise waste and to recycle as far as is practical. ARM's material waste streams (slag, waste rock and tailings) are by-products of the mining, beneficiation and smelting processes. Beyond setting mining and process efficiency commitments, it is therefore not possible to set targets to reduce these waste streams because they are a function of the mining, beneficiation and smelting volumes.

Other waste, including domestic waste and oil, arise from activities around our offices and trackless mobile mining and production machinery. These are strictly managed and recorded

according to the waste inventories at each operation and disclosed for the Group. While there are no absolute targets in place, there is a minimisation strategy through recycling of all waste.

Tailings dams and slag disposal sites are fully lined to prevent soil and water pollution as well as surface water runoff. Ground water around these sites and waste rock dumps is closely monitored to alert operations to any negative impacts. Ground water modelling predicts the potential impact of tailings disposal on aquifers.

Operational waste inventories describe the source, volume and type of waste generated by each process, as well as the disposal method. Waste rock, tailings and slag are included in waste inventories. Operations are registered on the National Waste Inventory Reporting (SAWIS) system and the volume and type of waste generated and disposed is reported on a monthly basis.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued**WASTE STREAMS**

| Waste stream | Source | Disposal sites |
|------------------------|---|---|
| Waste rock | Non-ore bearing rock removed in the ore extraction process. | Waste rock dumps or used to backfill and rehabilitate open pit workings. |
| Tailings | Finely milled waste material suspended in water produced during processing of metals and minerals. | Lined tailings dams. |
| Slag | The main industrial waste product from the smelting process. Recycling of slag and recovery of residual metal is prioritised to minimise the volume of slag produced. | Designated, licensed fully-lined slag disposal sites within the boundaries of the smelters. |
| Domestic waste | Produced by the administrative and support functions. | Licensed municipal landfill sites. |
| Hazardous waste | Includes used oil, oil-contaminated material and used oil filters from vehicle maintenance as well as medical waste from the clinics. | Registered waste-disposal facilities. Safe disposal certificates are obtained for each hazardous waste stream. Used oil is recycled through specialist service providers. |

The table below provides more information relating to ARM's primary waste streams.

| Waste produced | F2018 | F2017 | F2016 |
|---|----------------|--------|--------|
| Waste rock (million tonnes) | 88.8 | 78.5 | 73.8 |
| Tailings (million tonnes) | 20.9 | 18.6* | 15.4 |
| Slag (tonnes) | 180 479 | 90 748 | 93 953 |
| Domestic waste (000 tonnes) | 2.0 | 2.9 | 12.3 |
| Hazardous waste (used oil) (million litres) | 1.2 | 1.2 | 1.2 |
| Hazardous waste (other) (tonnes) | 2 140 | 723 | 12 |

* Restated from 17.0 million tonnes in F2017 due to a refinement in the specific density used in calculations.

Waste controls

Several incidences of water discharges at operations that were below the quality specified in their WULs occurred during F2018. These incidents are listed in the table below and were reported to the relevant authorities and clean-up and mitigation action undertaken.

| Operation | Incident |
|------------------------|--|
| Nkomati Mine | <p>Approximately 686 000 m³ of storm water and surface water was discharged from Pit 2. The mine has a positive water balance due to the high intensity of rainfall in the mine's large catchment area of 600 hectares and the mine has implemented a strict priority of water use to limit discharges. Discharge from Pit 2 reports to the Gladdespruit river and the incident was reported to the Department of Water and Sanitation (DWS) .</p> <p>The plant storm water dam discharged into the veld reaching the Gladdespruit River after a high rainfall event. This incident was also reported to the DWS.</p> <p>The tailings pipeline failed on two occasions, resulting in slurry being discharged, impacting the Gladdespruit river. Silt traps were cleaned and clean-up was done along the river, and the tailings pipeline has subsequently been replaced. A team from the local community has been contracted to monitor the pipeline for any leaks or failures in addition to electronic monitoring in the mine's control room.</p> |
| Black Rock mine | An uncontrolled spill occurred at the sewage plant at Black Rock Mine during F2018. the incident was reported to the DWS and spillage has been cleaned and rehabilitated. |

There were no incidents of hydrocarbon spillage of a scale reportable to the authorities, but there were a number of minor (Level 1) hydrocarbon spillage incidents recorded at Modikwa Mine. These spillages were mostly contained within the mine's pollution prevention measures and the engineering team is investigating ways to better control leaks from trackless mobile machinery.

Contaminated land surveys have been completed for Machadodorp Works and Cato Ridge Works in line with the requirements of the amendments to the National Environmental Management: Waste Act regarding remediation of contaminated

land. The other operations will conduct surveys as appropriate. The assessments of closure and rehabilitation costs and related financial provisions include the outcomes from these completed studies.

Tailings storage facilities

The management controls in place at ARM's tailings storage facilities (TSFs) are reviewed annually by an internal multi-disciplinary team to ensure that risks relating to these facilities are identified, understood and appropriately managed. The outcome of this review is reported to the ARM Audit and Risk Committee and the ARM Social and Ethics Committee.



ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES continued

The F2018 review of management controls at ARM's operational TSFs was undertaken to:

- Review management controls and governance systems in place to ensure that TSFs are legally compliant and appropriately managed; and
- Review alignment of the TSF management systems with the Position Statement on Tailings Management, published by the International Council on Mining and Metals (ICMM), of which ARM is a member.

Alignment with the ICMM Position Statement on Tailings Storage Facilities

The ICMM published a Position Statement on "Preventing Catastrophic Failure of Tailings Storage Facilities" in December 2016. The foundation for the Position Statement is a TSF governance framework, the ICMM TSF Governance Framework, which enhances focus on those key elements of management and governance necessary to maintain integrity of TSFs and minimise the risk of catastrophic failures.

ICMM members are expected to implement the commitments (based on six elements) in this Position Statement by November 2018. The ARM process and checklist for the review of management controls and governance systems related to TSF management were developed in consultation with an independent geotechnical engineer who is an expert in tailings management. The main elements in the ARM review checklist have historically been based on compliance with the requirements of the Mine Health and Safety Act, 29 of 1996: Guideline for the compilation of a Mandatory Code of Practice on Mine Residue Deposits, which provides very specific and detailed standards comparable to elements 1 to 5 of the ICMM Framework. In addition, compliance with the requirements of the Mine's Water Use Licence, Environmental Management Plan (EMP) and the National Environmental Management Act, Waste Act and relevant Regulations, were considered.

It was found that the requirements of the ICMM TSF Governance Framework were similar to the elements which were already included in the annual ARM review process and therefore the ARM governance processes are well aligned with the ICMM Framework.

Focus areas for the next two years to further strengthen ARM's TSF governance processes, include:

- *Competency/skills development and regular refresher training related to TSF management*
A basic technical training course to ensure that all resources responsible for TSF management and operation at mines have the requisite understanding of the basic elements.
- *Change management*
All operations have change management processes in place, and change management as it relates specifically to tailings management, is effectively managed through action lists generated at each quarterly TSF meeting. However, where there is a turnover of key human resources, institutional knowledge may be lost. A corporate standard on the management of TSFs (in alignment with the requirements of the ICMM TSF Governance Framework) will be developed.

The annual risk surveys conducted by the International Mining Industry Underwriters (IMIUI) further included a review of tailings storage facilities.

At Khumani Mine, sink holes have been identified as a potential risk to the safe operation of the mine's TSF. This is a paste disposal facility, as opposed to a conventional tailings disposal facility, and minimises water use in the arid Northern Cape. The presence of sink holes in the area is related to dolomitic geological structures underlying the mine and dewatering activities related to mining in the area. The mine is implementing an action plan which includes drilling of additional core samples, refining of the geotechnical report as well as continuous satellite monitoring of the entire property, which provides both historic and current trends associated with subsidence. The continuous monitoring will enable timeous identification of areas where subsidence may occur, prior to sink hole development.

The Minerals Council South Africa (MCSA) continues to engage with the DEA and DWS to provide comment on the new regulations promulgated in terms of the National Environmental Management: Waste Act that affect tailings. The MCSA is also engaging the DEA through the Presidential Regulatory Working Group to propose solutions to the concerns raised by the mining industry regarding the NEMA Waste Act and Financial Provision Regulations.

Biodiversity

Mining and associated activities have a significant impact on the physical environment and the industry is under increasing scrutiny for its biodiversity conservation in the context of the declining estate of global biodiversity. Mines often operate in remote and environmentally sensitive areas, and it is essential that effective processes and controls are in place to safeguard the biodiversity in the biomes around our operations.

Two Rivers Mine, Cato Ridge Works and Machadodorp Works are located in close proximity to sensitive areas.

ARM's approach to biodiversity conservation aligns with the ICMM guidelines for mining and biodiversity. We are committed to net positive biodiversity impact, or to compensation for negative impact, as appropriate. Khumani Mine has established a biodiversity offset area in collaboration with the Department of Environmental Affairs and the Department of Nature Conservation in the Northern Cape. The area has been registered as a conservancy.

Biodiversity baseline studies to identify the potential risks to biodiversity and landscape are conducted during the early stages of new and expansion projects. Biodiversity Action Plans (BAPs) are in place at all operations and operations are at different stages of implementation of their biodiversity management programmes. Operational biodiversity performance audits are conducted biennially as part of external EMP audits.

Structured engagements with community forums, local municipalities and other affected stakeholders take place as part of the land use planning aspect of EIA and/or EMP processes. Training is provided to employees, contractors and



communities to raise awareness of sensitive and endangered species around our operations.

BAPs include commitments to conserve protected areas such as wetlands, zones of endemism, archaeological and heritage sites, protected and endangered species identified by the International Union for Conservation of Nature (IUCN).

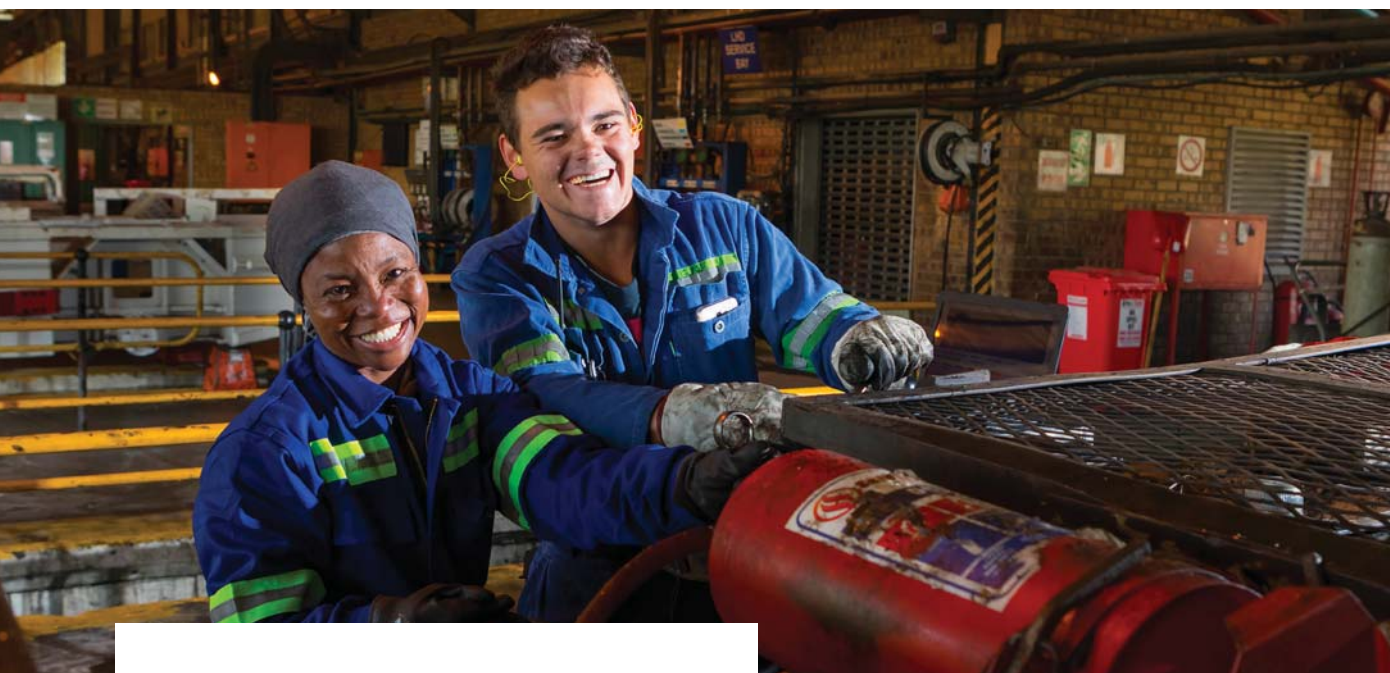
Collaboration is an essential aspect of biodiversity conservation, and ARM provides access to sites for scientific research purposes if required and often works in concert with government and/or academic institutions to promote biodiversity protection. This includes relocations of protected species and removal of alien vegetation. An example of collaboration with government is the memorandum of agreement signed between Cato Ridge

Works, the Wildlands Trust and the eThekweni Municipality through which Cato Ridge Works will financially sponsor the Wildlands Trust to conserve grasslands in the Inanda Dam area.

Nkomati Mine has a full-time team that continuously manages alien invasive plant species within the mine boundaries, as part of a stream flow reduction activity programme. During F2018, biodiversity assessments were concluded for the Beeshoek expansion project and the implementation of the management plan is in progress. Two Rivers Mine completed the baseline assessment plan for the new tailings storage facility.



More information regarding ARM's biodiversity impact and management is available in the online biodiversity management table available at www.arm.co.za



INDEPENDENT ASSURANCE STATEMENT

To the management and stakeholders of African Rainbow Minerals Limited (“ARM”)

INTRODUCTION

As a JSE-listed company and a member of the International Council on Mining & Metals (“ICMM”), ARM is committed to obtaining assurance over specified assertions related to its Sustainability Report in accordance with the ICMM’s Sustainable Development (SD) Framework: Assurance Procedure.

RESPECTIVE RESPONSIBILITIES AND IBIS’S INDEPENDENCE

ARM

ARM was responsible for preparing the Report and for the collection and presentation of sustainability information within the Report. ARM was also responsible for maintaining adequate records and internal controls that supported the reporting process during the reporting period.

IBIS

IBIS’ responsibility was to the management of ARM alone and in accordance with the scope of work and terms of reference agreed with ARM.

IBIS applies a stringent independence policy and confirms its impartiality to ARM in delivering the assurance engagement.

IBIS ESG Assurance (Pty) Ltd (“IBIS”) was engaged to provide moderate assurance on selected subject matters included in ARM’s Sustainability Report for the year ended 30 June 2018 (“the Report”).

IBIS ESG Assurance is an independent and licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Adam Sutton-Pryce. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with 20 years’ experience in sustainability performance measurement involving both advisory and assurance work. Adam Sutton-Pryce is a sustainability assurance and reporting specialist with 5 years of experience in climate change, sustainability advisory and assurance work.

This assurance engagement is the third consecutive sustainability assurance engagement conducted for ARM by IBIS.

ASSURANCE STANDARD APPLIED

This assurance engagement was performed in accordance with the ICMM SD Framework: Assurance Procedure and the AA1000AS (2008) standard Type II moderate level requirements.

ASSURANCE SCOPE

The scope of the subject matter for moderate assurance in accordance with the AA1000AS assurance standard, as captured in the agreement with ARM, is set out below:

SUBJECT MATTERS IN THE ASSURANCE SCOPE

ICMM Subject Matter 1:

ARM's alignment with the 10 ICMM Sustainable Development ("SD") Principles and associated mandatory requirements set out in the six ICMM Position Statements

ICMM Subject Matter 2:

ARM's approach to identify, prioritize and respond to its material SD risks and opportunities based on the AA1000 Accountability Principles Standard (2008) ("AA1000APS (2008)"), which include the Principles of Inclusivity, Materiality and Responsiveness

ICMM Subject Matter 3:

The existence and status of ARM's implementation of systems and approaches used to manage its identified material SD risks and opportunities

ICMM Subject Matter 4:

The following selected indicators relating to its material SD risks and opportunities:

ICMM Subject Matter 5:

ARM's application of the GRI Standards in accordance "core" reporting requirements (inside front cover)

King IV™ alignment:

ARM's compliance with the principles contained within the 4th version of the King Report on Governance for South Africa 2016 and the King Code of Governance Principles (collectively, King IV™) (<http://www.arm.co.za/>)

| | |
|---|------------|
| Fatality Frequency Rate (FFR) | ► Page 55 |
| Total number of work related fatalities | ► Page 53 |
| Lost Time Injury Frequency Rate (LTIFR) | ► Page 51 |
| Total Recordable Injury Frequency Rate (TRIFR) | ► Page 54 |
| Electricity consumption in MWh | ► Page 85 |
| Total fuels consumed | ► Page 94 |
| Total volume of water abstracted from all sources | ► Page 85 |
| Total volume of water discharged from sites | ► Page 101 |
| Amount of CSI and LED spend | ► Page 40 |
| Total number of new PTB cases (2017 calendar year) | ► Page 68 |
| Total number of occupational diseases identified and submitted for compensation | ► Page 62 |
| Total number of employees and contractors on ART | ► Page 67 |

ASSESSMENT CRITERIA

ICMM Subject Matter 1

ICMM's 10 SD principles' mandatory Requirements and the six ICMM Position Statements

ICMM Subject Matter 2

AA1000APS (2008) Principles of Inclusiveness, Materiality and Responsiveness criteria

ICMM Subject Matter 3

ARM's description of systems and approaches used to manage its material SD risks and opportunities and the implementation of these systems and approaches

ICMM Subject Matter 4

Accuracy, validity and completeness of information reported to ARM definitions

ICMM Subject Matter 5

GRI Standards and GRI Mining and Metals Sector Disclosure guidelines

King IV™

King Report on Governance for South Africa and the King Code of Governance Principles

ENGAGEMENT LIMITATIONS

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained with moderate assurance than for high assurance as per AA1000AS (2008).

The scope of work did not extend to any subject matters other than specified in this assurance statement.

IBIS experienced no limitations to the agreed extent of work required for the engagement.

ASSURANCE PROCEDURES PERFORMED

Our moderate assurance procedures included:

SITE VISITS

Site visits to the ARM Corporate Office, Nkomati, Khumani and Two Rivers mines involving testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place

INTERVIEWS

Interviews with relevant functional managers at head office and operations to understand and test the processes in place for maintaining information in relation with the subject matters in the assurance scope

INSPECTION

Inspection and corroboration of evidence in support of satisfying the assurance criteria at ARM's head office and the operations as mentioned above

ASSESSING

Assessing the presentation of information relevant to the scope of work in the Report for consistency with the assurance observations

REPORTING

GRI Standards and GRI Mining and Metals Sector Disclosure guidelines



ASSURANCE CONCLUSION

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusion for a moderate assurance level in accordance with AA1000AS (2008).

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined criteria and are free from material misstatement.

KEY OBSERVATIONS AND RECOMMENDATIONS FOR IMPROVEMENT

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are as follows:

In relation to ICMM Subject Matter 1

Group level policies, management standards and procedures observed adequately demonstrate ARM's corporate commitment to the ICMM SD principles and the position statements.

In relation to ICMM Subject Matter 2

Inclusivity: ARM's Code of Conduct and stakeholder engagement policy provide for inclusive stakeholder engagement and monitoring. Stakeholder engagement was observed to be an agenda item at operational, divisional and Board meetings. Responsibilities were found to be appropriately assigned. Documented evidence assessed at site level as well as Board minutes inspected pointed to a high level of inclusivity in ARM's stakeholder engagement and collective decision-making performed.

Materiality: In our view, ARM has applied due process in mapping and disclosing its material stakeholder issues in a transparent and balanced manner. A materiality determination process was re-performed and integrated with ARM's strategy, governance frameworks, the internal risk management and operational management processes. Material issues for the reporting period have been revised, considered at Board level and are reflected in the reported sustainability themes and strategic objectives of the business.

Responsiveness: ARM's responses to stakeholder issues observed across different stakeholder groups, at both corporate and operational levels, indicate a high level of maturity and accountability to issues raised. A sample of responses to stakeholders observed were found to be directly related to the stakeholder concerns and were conducted in a timely, fair and appropriate manner without prejudice to any one stakeholder group.

In relation to ICMM Subject Matter 3

The process observed to identify the group's material risks and opportunities are mature and ARM's reporting continued to demonstrate the year-on-year shift in issues compared to the previous year.

In relation to ICMM Subject Matter 4

It was observed that sufficient measures are in place to provide reliable source-data related to material issues for the selected disclosures assessed. The general control environment for sustainability information could be further improved with the introduction of a corporate-level data reporting procedure to ensure the consistent interpretation of definitions across the group, and to provide guidance on key internal controls required.

In relation to ICMM Subject Matter 5

A review of the Report against the GRI Standards indicated that ARM effectively reports in accordance with the GRI Standards - "core" disclosure requirements

In relation to ARM's alignment with King IV™

Evidence observed during interviews with the Company Secretary as well as inspections of Board minutes, policy and other related documents, confirmed due application of King IV™ as reported.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to ARM management for consideration.



Petrus Gildenhuys
Director

IBIS ESG Assurance (Pty) Ltd



AA1000
Licensed Assurance Provider
000-156

Johannesburg
22 October 2018

The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of ARM.



STAKEHOLDER ENGAGEMENT

| SHAREHOLDERS, POTENTIAL SHAREHOLDERS, ANALYSTS AND OTHER INVESTORS | | | |
|---|---|--|--|
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> Annual General Meeting. Decisions taken at shareholder meetings are disclosed on the Company's website following the meetings. A comprehensive investor relations programme to communicate with domestic and international shareholders, fund managers and investment analysts. This includes one-on-one meetings with institutional investors in South Africa and internationally through roadshows after interim and provisional results. Conferences. ARM's website provides updates on the Company's operations, financial performance and other information. Integrated Annual Report and accompanying suite of reports. | <ul style="list-style-type: none"> Strategy growth Unit cost reductions Capital allocation Labour relations Skills attraction, retention and development Dividends Share price performance Mining licences Environmental, social and governance (ESG) issues | <ul style="list-style-type: none"> Transparent, comprehensive and objective communications. ARM's Investor Relations Department communicates with institutional shareholders, the investment community and the media. Discussions with JV partners and management to raise awareness of the concerns and expectations of analysts and fund managers. Regular meetings, promoting open communication and transparency. Summaries of the decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings. | Pages 16 to 36 of the Integrated Annual Report |
| BANKERS, INSURERS AND FUNDERS | | | |
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> Ongoing maintenance of relationships through meetings and general discussions with bankers and insurance underwriters. Annual ARM insurance market visit to international and local markets. | <ul style="list-style-type: none"> Liquidity Solvency Funding Insurance management | <ul style="list-style-type: none"> Responsible management of ARM's financial position to ensure that it continues to meet its financial needs. A comprehensive risk financing and transfer programme is in place. | Pages 16 to 36 of the Integrated Annual Report |
| JOINT VENTURE PARTNERS | | | |
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> Ongoing management interaction during the ordinary course of business. Monthly executive management and quarterly Board meetings. | <ul style="list-style-type: none"> Sustainable development Financial performance Operational performance Equitable treatment Operational strategy | <ul style="list-style-type: none"> Strategic position as a partner of choice. ARM holds itself to the highest ethical and governance standards in dealings with all stakeholders, including joint venture partners. | Pages 22 and 23 of the Corporate Governance Report Pages 19 to 28 |

| EMPLOYEES AND ORGANISED LABOUR | | | |
|---|--|--|----------------|
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> Regular performance reviews and feedback. Annual internal results presentation. Regular internal roadshows. Annual employee surveys. Company intranet and website. Monthly shop steward meetings. Wage negotiations. Other meetings with unions as required. | <ul style="list-style-type: none"> Remuneration Training and development Health and safety Transformation | <ul style="list-style-type: none"> Human resources strategies aim to make ARM an employer of choice, including maintaining good relationships with unions. Commitment to fair treatment and remuneration of employees. Focus on skills development. Career-planning programmes assist employees to develop to their full potential. Recognition agreements with one or more unions where the required representation levels are reached. | Pages 50 to 83 |
| COMMUNITIES, CIVIL SOCIETY AND NON-GOVERNMENTAL ORGANISATIONS | | | |
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> Specialised community discussions/meetings to understand their specific concerns. Social investment forums discuss investment in communities surrounding the operations. Monthly/quarterly meetings are held to discuss LED and CSI projects. Future Forums. Attendance registers and minutes of these meetings are kept. The ARM BBEE Trust. Changes or expansions to our current operations require engagement with interested and affected parties through stakeholder consultation processes as prescribed by the Regulations of the National Environmental Management Act (NEMA) and other relevant legislation. Community open days support information sharing and relationship building. | <ul style="list-style-type: none"> Community needs, including socio-economic development, infrastructure development and employment Status of social projects Operational changes and expansions Environmental issues affecting communities Employment from local communities Service delivery challenges, Transformation | <ul style="list-style-type: none"> Engagement with communities at specialised discussions/meetings to understand their specific concerns. Attendance registers and minutes of engagement meetings. Community open days support information sharing and relationship building. ARM's BBEE Trust invests in the upliftment of rural communities throughout South Africa by partnering with traditional and other community leaders. Changes or expansions to our current operations require engagement with interested and affected parties through stakeholder consultation processes as prescribed by the Regulations of the National Environmental Management Act (NEMA) and other relevant legislation. | Page 36 to 49 |

STAKEHOLDER ENGAGEMENT continued

| GOVERNMENT | | | |
|---|---|--|-----------------|
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> ARM engages local and provincial government with respect to LED projects, licences and compliance with the relevant safety and environmental legislation. ARM also engages with national government on matters of policy-making as required. Regular reports are submitted by the operations on socio-economic development (SED) projects. Annual Mining Charter Scorecard reports are submitted to the DMR by each mine. dti annual audit for BEE verification. A workplace skills plan is submitted to the Mining Qualifications Authority (MQA) annually. Representation on various industry bodies that engage with government. | <ul style="list-style-type: none"> Social investment Health and safety Environmental management Transformation Compliance with the dti's Codes of Good Practice and Mining Charter Regular progress reports and updates | <ul style="list-style-type: none"> Engagements with local and provincial government with respect to LED projects, licences and compliance with relevant safety and environmental legislation. Engagements with national government on matters of policy-making as required. Regular reports submitted by the operations on socio-economic development (SED) projects. Annual Mining Charter Scorecard reports are submitted to the Department of Mineral Resources (DMR) by each mine. | Pages 36 to 103 |
| INDUSTRY ASSOCIATIONS* | | | |
| How we engage | Matters raised | Our response | Reference |
| Regular scheduled association meetings. | <ul style="list-style-type: none"> Sustainable development Labour issues Financial sustainability Implementation of good practice Industry-specific issues Changes in legislation | <ul style="list-style-type: none"> Representation in various executive and other roles within industry associations to engage and give input on various industry issues and communicate with industry and government stakeholders. | Pages 36 to 103 |
| CUSTOMERS | | | |
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> Continual interactions in the ordinary course of business. Annual contractual negotiations. Regular service level agreement renewals. | <ul style="list-style-type: none"> Product quality Timing of product delivery Sustainability issues | <ul style="list-style-type: none"> Processes are in place to ensure consistency of product quality. ARM contracts with logistics and freight service providers, including Transnet. | Pages 36 to 103 |

* Includes the Minerals Council South Africa, the International Council on Mining and Metals, Ferro Alloy Producers' Association, Association of Mine Managers of South Africa, Association of Resident Engineers, Business Unity of South Africa, Water User Associations and the Energy Intensive Users Group.

| SUPPLIERS AND LOCAL BUSINESS | | | |
|--|---|--|---------------------------|
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> Continual interactions in the ordinary course of business. Annual contractual negotiations. Regular service level agreement renewals. Scheduled meetings with local business. | <ul style="list-style-type: none"> Local economic development Industry issues Fair payment terms Fair treatment Valid BEE certification Ethics Sustainability issues | <ul style="list-style-type: none"> Support for local enterprise development through CSR initiatives. Payment terms aligned with industry standards. ARM operates on an ethical basis and does not tolerate unfair discrimination. ARM requires valid BEE certificates to support transformation in its supply chain. | Page 42 Pages 46 to 49 |
| MEDIA | | | |
| How we engage | Matters raised | Our response | Reference |
| <ul style="list-style-type: none"> One-on-one interviews. Press releases. Stock Exchange News Service (SENS) announcements. Media contact function on the Company website. Publications on the ARM website. | <ul style="list-style-type: none"> Topical issues as they arise | <ul style="list-style-type: none"> ARM's Investor Relations Department communicates with the investment community and the media, and facilitates access to information and management where possible. | |

ARM'S REPORTING IN TERMS OF THE UN GLOBAL COMPACT AND THE ICMM SUSTAINABLE DEVELOPMENT PRINCIPLES

ARM's approach to sustainability reporting is guided by a range of environmental, social and governance (ESG) frameworks and guidelines.






These are listed on pages 2 and 3. ARM's GRI table is available on page 118 and the UN Sustainable Development Goals are linked diagrammatically throughout this report and referenced in the table on pages 114 and 115.






The South African Companies Act requires Social and Ethics Committees to monitor the application of the ten principles of


the United Nations Global Compact (UNGC). ARM recognises the importance of the ten principles of the UNGC and is committed to upholding them as they apply to its business.

ARM is a member and active participant at Council, Executive and Programme Committee levels in the International Council on Mining and Metals (ICMM). We share the Council's vision of a respected mining and metals industry widely recognised as essential for society and a key contributor to sustainable development.

The table below provides a reference to where this report provides guidance regarding reporting in terms of the UNGC and the ICMM Sustainable Development Principles. The principles of both guidelines are listed at the end of the table for reference.

| ESG area | Principles | Reference |
|----------------------------------|--|--|
| ENVIRONMENTAL | | |
| Environmental stewardship | UNGC 7 UNGC 8 UNGC 9   | <ul style="list-style-type: none"> Ensuring responsible stewardship of natural resources (pages 84 to 103) Our products (pages 14 and 15) Biodiversity tables available on the ARM website www.arm.co.za |
| SOCIAL | | |
| Social responsibility |  | <ul style="list-style-type: none"> Our social impacts (pages 17 and 18) Transformation (pages 46 to 49) Corporate Social Responsibility (pages 39 to 45) |
| Product responsibility |  | <ul style="list-style-type: none"> Product stewardship (page 16) |
| Health and safety |  | <ul style="list-style-type: none"> Executive Chairman's report (IAR) (pages 8 to 11) Social and Ethics Committee Chairman's review (pages 26 to 28) Safety, occupational health and wellness (pages 51 to 70) |
| Fair labour practices | UNGC 3 UNGC 4 UNGC 5 UNGC 6 | <ul style="list-style-type: none"> Human resources management (page 72 to 83) Human rights (page 23) Report of the Social and Ethics Committee (IAR) (pages 132 to 133) |

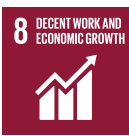









| GOVERNANCE | | |
|--|---|--|
| Ethics and human rights | UNGC 1 UNGC 2 UNGC 10   | <ul style="list-style-type: none"> Report of the Social and Ethics Committee (IAR) (pages 132 to 133) How we govern and manage sustainable value creation (pages 21 to 23) Comment from the Sustainability Assurance Provider (page 22) Corporate Governance Report (pages 22 to 23) available at www.arm.co.za |
| Risk management |  | <ul style="list-style-type: none"> Material matters (pages 31 to 34) How we govern and manage sustainable value creation (pages 23 to 25) Corporate Governance Report (pages 24 to 33) available at www.arm.co.za |
| Stakeholder inclusivity |  | <ul style="list-style-type: none"> Key stakeholders (pages 37 and 38) |
| Strategic integration of sustainability |  | <ul style="list-style-type: none"> Material matters (pages 31 to 34) Executive Chairman's report (IAR) (pages 8 to 11) Social and Ethics Committee Chairman's review (pages 26 to 28) How we govern and manage sustainable value creation (pages 19 to 25) Report of the Social and Ethics Committee (IAR) (pages 132 to 133) |

| United Nations Global Compact Principles |  |
|---|---|
| 1. Businesses should support and respect the protection of internationally proclaimed human rights. | |
| 2. Businesses should make sure that they are not complicit in human rights abuses. | |
| 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | |
| 4. Businesses should uphold the elimination of all forms of forced and compulsory labour. | |
| 5. Businesses should uphold the effective abolition of child labour. | |
| 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation. | |
| 7. Businesses should support a precautionary approach to environmental challenges. | |
| 8. Businesses should undertake initiatives to promote greater environmental responsibility. | |
| 9. Businesses should encourage the development and diffusion of environmentally friendly technologies. | |
| 10. Businesses should work against corruption in all its forms, including extortion and bribery. | |

| ICMM Sustainable Development Principles |  |
|---|--|
|  | Implement and maintain ethical business practices and sound systems of corporate governance. |
|  | Integrate sustainable development considerations within the corporate decision-making process. |
|  | Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities. |
|  | Implement risk management strategies based on valid data and sound science. |
|  | Seek continual improvement of our health and safety performance. |
|  | Seek continual improvement of our environmental performance. |
|  | Contribute to conservation of biodiversity and integrated approaches to land use planning. |
|  | Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products. |
|  | Contribute to the social, economic and institutional development of the communities in which we operate. |
|  | Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders. |

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

| SDG | How ARM makes a difference | Reference |
|--|--|---|
|  1 NO POVERTY | <p>Payment of taxes and royalties, direct employment, sourcing goods and services locally, enterprise and supplier development, building capacity in communities and investing in Corporate Social Investment (CSI) and Local Economic Development (LED).</p> | <p>Our social impacts (pages 17 and 18) Human resources development (pages 72 to 83) Corporate Social Responsibility (pages 39 to 45) Transformation (pages 46 to 49)</p> |
|  2 ZERO HUNGER | <p>In traditionally agricultural areas, the impact of mining on water, land and biodiversity resources can be a concern to farmers and local communities and can become a potential source of social conflict. ARM manages its impacts on natural resources through a precautionary approach to environmental stewardship, engaging about water at the catchment level, consultative land management including biodiversity conservation, and rehabilitation and closure planning.</p> | <p>Ensuring responsible stewardship of natural resources (pages 84 to 103)</p> |
|  3 GOOD HEALTH AND WELL-BEING | <p>Our employees' health, hygiene and safety are critical to ARM's long-term sustainability. Our wellness programme integrates safety, occupational hygiene and health, PTB, HIV & Aids and chronic disease management. Our three operations in the Northern Cape have partnered with the Department of Health to provide primary health services among employees and local communities. Similar initiatives are being implemented at Two Rivers and Modikwa mines.</p> <p>ARM's CSI and LED projects focus on building capacity in local communities and prioritise women, HIV & Aids projects, the advancement of people living with disabilities, youth and the socially destitute.</p> | <p>Occupational health and wellness (pages 58 to 70) Corporate Social Responsibility (pages 39 to 45)</p> |
|  4 QUALITY EDUCATION | <p>ARM contributes to quality education by working with local government to increase local capacity and through technical, vocational and educational training programmes for the current and future workforce. We also invest in infrastructure to build/upgrade or furnish schools through the CSI and LED projects, as well as the ARM BBEE Trust. Investments in education through our CSI programme strengthen relationships with our communities.</p> | <p>Human resources development (pages 72 to 83) Corporate Social Responsibility (pages 39 to 45) Our social impacts (pages 17 and 18)</p> |
|  5 GENDER EQUALITY | <p>ARM promotes gender equality. 41 women have graduated from our Women in Leadership Development Programme, in association with Henley Business School. We actively recognise women's rights to property and resources, include women as stakeholders in consultation processes, and build inclusive access to jobs and economic opportunities. ARM's CSI and LED projects focus on building capacity in local communities and prioritise women. All our operations are launching gender units to address gender mainstreaming objectives.</p> | <p>Human resources development (pages 72 to 83) Corporate Social Responsibility (pages 39 to 45)</p> |
|  6 CLEAN WATER AND SANITATION | <p>Water is a critical resource for our mining and metals operations. It is essential for production, as well as the health and wellbeing of employees and the surrounding communities at every stage in a mine's life cycle. It is therefore essential to consider availability and quality of water in our project planning, operational and closure considerations and to consult with regulators and communities to ensure responsible stewardship and sharing of this essential natural resource. Our CSR programme and the ARM BBEE Trust have contributed to providing water infrastructure to schools and communities.</p> | <p>Ensuring responsible stewardship of natural resources (pages 84 to 103) Corporate Social Responsibility (pages 39 to 45)</p> |
|  7 AFFORDABLE AND CLEAN ENERGY | <p>As a major energy user, we reduce carbon emissions through accelerating energy efficiency measures and investigating renewable technologies where appropriate.</p> <p>The metals ARM produces are used in clean energy solutions.</p> | <p>Ensuring responsible stewardship of natural resources (pages 84 to 103) Our products (pages 14 and 15)</p> |

| SDG | How ARM makes a difference | Reference |
|---|---|--|
|  | Direct and indirect employment, enterprise and supplier development, and local procurement create large economic multipliers. For growth to be fully inclusive, we require government to effectively manage revenues from mining and encourage linkages to the broader economy. | Our social impacts (pages 17 and 18) Human resources management (pages 72 to 83) Corporate Social Responsibility (pages 39 to 45) Transformation (pages 46 to 49) |
|  | Mining requires significant infrastructure investments in order to develop, operate and mine products in remote areas. We make significant investments in infrastructure. ARM conducts research and development to identify innovative applications in mining technology. | Corporate Social Responsibility (pages 39 to 45) |
|  | We embrace an inclusive approach to community consultation and participation in decision-making. | Key stakeholders (pages 37 and 38) Corporate Social Responsibility (pages 39 to 45) Transformation (pages 46 to 49) |
|  | The products of our mining and smelting operations such as steel and copper play a vital role in infrastructure and the construction of cities. | Our products (pages 14 and 15) |
|  | While mining produces the materials essential for modern society and contained in the products we use every day, it also generates large quantities of waste. We manage our waste and recycle where possible. Hazardous waste is disposed at appropriate facilities. | Our products (pages 14 and 15) Ensuring responsible stewardship of natural resources (pages 84 to 103) |
|  | We address climate change by reducing our carbon footprint and by engaging in dialogue with stakeholders to enhance adaptive capacities and integrate climate change measures into policies and strategies. We report our carbon emissions in this Sustainability Report and in our annual CDP response. | Ensuring responsible stewardship of natural resources (pages 84 to 103) www.cdp.net |
|  | All operations run closed circuit water systems to the extent possible to maximise recycling and minimise discharge into the environment. We work closely with our partners to ensure safe and responsible shipping with minimal risk to marine ecology. | Product stewardship (page 16) Ensuring responsible stewardship of natural resources (pages 84 to 103) |
|  | As a manager of large areas of land, we play an important role in biodiversity and conservation management. | Ensuring responsible stewardship of natural resources (pages 84 to 103) |
|  | We respect human rights, providing access to information, supporting representative decision-making, working to avoid company-community conflict and carefully manage our security approaches to ensure they decrease rather than increase the likelihood of conflict. We commit to transparency across the scope of our activities that impact society, from transparency of mineral revenues and payments to transparency in commitments made to local communities. | Key stakeholders (pages 37 and 38) Report of the Social and Ethics Committee (IAR) (pages 132 to 133) How we govern and manage sustainable value creation (pages 19 to 25) Ethics (pages 21 and 22) Human Rights (page 23) |
|  | We believe in partnering and working collaboratively towards achievement of the SDG goals at the local, national and global levels and with all our stakeholders. | Key stakeholders (pages 37 and 38) How we govern and manage sustainable value creation (pages 19 to 25) |

B-BEE CERTIFICATE



BEE VERIFICATION AGENCY CC

Black Economic Empowerment Verification Certificate

A12-05

Measured Entity

| | |
|---------------------|--|
| Registered Name | African Rainbow Minerals Limited |
| Trade Name | African Rainbow Minerals Limited (including Subsidiaries as per Annexure "A") |
| Registration Number | 1933/004580/06 |
| VAT Number | 4010113662 |
| Location | 29 Impala Road Chislehurst, Sandton 2196 |

BEE Status

| | | | |
|-------------------------------|-----------------------------|--|-----------------------|
| Certificate Number | VER377 | Black Ownership % | 52.72% |
| Issue Date | 11 October 2018 | Black Woman Ownership % | 1.36% |
| Expiry Date | 10 October 2019 | Qualifies as being 51% Black Owned | Yes |
| Re-issue Date | N/A | Qualifies as being 30% Black Women Owned | No |
| Applicable Scorecard | Generic: DTI | Empowering Supplier | Yes |
| Applicable BEE Codes | Government Gazette No.36928 | Designated Group Supplier | No |
| BEE Status Level | Level Four Contributor | Modified Flow Trough Principal Applied | No |
| Procurement Recognition Level | 100% | Financial Period | 01 Jul 17 – 30 Jun 18 |

BEE Score per Element

| Element | Actual Score | Target Score |
|-------------------------------------|--------------|--------------|
| Ownership | 21.54 | 25 |
| Management Control | 12.86 | 15 |
| Skills Development | 14.46 | 20 |
| Enterprise and Supplier Development | 33.43 | 40 |
| Socio-Economic Development | 5.00 | 5 |
| Total: | 87.29 | 105 |

BEE Verification Agency CC (BVA214) has assessed the BEE credentials of the above verified entity and certifies hereby that the BEE status, as certified above, is a true and impartial reflection of the BEE status of the enterprise.

Signature: Technical Signatory
Trish van Zyl

BEE Verification Agency CC
2008/062532/23
Tel: 021 975 3689
info@bee-verification.com

sanas
BEE Verification Agency
BVA214



BEE VERIFICATION AGENCY CC

Annexure A – Subsidiary List

This letter serves to confirm that the BEE rating received by African Rainbow Minerals Limited (VER377) is equally applicable to the following operations as listed below:

Assmang (Pty) Ltd operating the following operations:

- Beeshoek Iron Ore Mine
- Khumani Iron Ore Mine
- Black Rock Manganese Operations
- Cato Ridge Manganese Works
- Cato Ridge Alloys
- Machadodorp Works

Two Rivers Platinum Mine
 Modikwa Platinum Mine
 Nkomati Nickel Mine
 Venture Building Trust (Pty) Ltd



Signature: Technical Signatory
 Trish van Zyl
 11 October 2018

BEE Verification Agency CC
 2008/062532/23
 Tel: 021 975 3689
info@bee-verification.com

sanas
 BEE Verification Agency
 BVA214

GRI CONTENT INDEX

ARM's F2018 Sustainability Report has been prepared and is presented in accordance with the Global Reporting Initiative's (GRI) Standards "CORE" application level and its Mining and Metals Sector Disclosures. The GRI's General Disclosures, Management Approach Disclosures and topic-specific disclosures for the relevant material topics are linked in the GRI Content Index below.

The contents of the report were defined using the GRI Reporting Principles, which are:

- **Stakeholder inclusiveness** – The information we gather from engagements with our key stakeholders provides the context for the way we do business and shapes our strategy. Our approach to stakeholder engagement and key engagements during the year are discussed on pages 37 and 38 of this report. A table of ARM's key stakeholders, engagement channels, key concerns and how we address these is available on pages 108 to 111 of this report.
- **Sustainability context** – The start of each section of this Sustainability Report includes a discussion of the sustainability context for the matters reported in that section.
- **Materiality** – Our material matters inform our strategy, governance structures, risk management, operational management and reporting. More detail is available on pages 31 to 35.
- **Completeness** – We believe that this report covers all matters material to ARM during F2018 in appropriate detail.

GRI 102: GENERAL DISCLOSURES

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|---|---|--|
| 102-1 | Name of the organisation | Name of the organisation | About this report (page 1) |
| 102-2 | Activities, brands, products and services | a. A description of the organisation's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets. | Structure (page 6) Business model (pages 12 and 13) Our products (pages 14 and 15) |
| 102-3 | Location of headquarters | Location of the organisation's headquarters. | Contact details (Inside back cover) |
| 102-4 | Location of operations | Number of countries where the organisation operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report. | Where we operate (pages 8 and 9) |
| 102-5 | Ownership and legal form | Nature of ownership and legal form. | ARM is a public company listed on the JSE Limited (JSE) and is subject to the JSE Listings Requirements. |
| 102-6 | Markets served | Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries. | Where we operate (pages 8 and 9) Our products (pages 14 and 15) |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|--|
| 102-7 | Scale of the organisation | Scale of the organisation, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organisations) or net revenues (for public sector organisations); iv. total capitalisation (for private sector organisations) broken down in terms of debt and equity; v. quantity of products or services provided. | Sustainability performance year-on-year (page 5) Where we operate (pages 8 and 9) Financial Review (IAR) (pages 16 to 36) Operational reviews (IAR) (pages 56 to 95) |
| 102-8 | Information on employees and other workers | a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organisation's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made. | Human resources management (pages 72 to 83) 16.5% of our workforce is female and women in mining represent 12% of the workforce Most employees are full-time or contractors More information on ARM's workforce breakdown is available in the 2018 Sustainability Data Tables on the ARM website www.arm.co.za There is no significant seasonal variation in employment numbers Workforce data is compiled through the operational HR processes and systems, and discloses the total workforce as at 30 June 2018 <i>Note that occupational health and safety statistics use average annual employees and contractors as discussed on page 51</i> |
| 102-9 | Supply chain | a. A description of the organisation's supply chain, including its main elements as they relate to the organisation's activities, primary brands, products, and services. | Our products (pages 14 and 15) |
| 102-10 | Significant changes to the organisation and its supply chain | Significant changes to the organisation's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination. | About this report (page 1) Lubambe Mine was disposed of effective 22 December 2017. Apart from this, there were no significant changes during the reporting period in ARM's size, structure, ownership or supply chain |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|---|--|--|
| 102-11 | Precautionary Principle or approach | Whether and how the organisation applies the Precautionary Principle or approach. | Occupational health and safety (page 63) Ensuring responsible stewardship of natural resources (page 86) |
| 102-12 | External initiatives | A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses. | How we report sustainable value creation (pages 2 and 3) UNGC and ICMM (pages 112 and 113) UN Sustainable Development Goals (pages 114 and 115) |
| 102-13 | Membership of associations | a. A list of the main memberships of industry or other associations, and national or international advocacy organisations. | Executive Chairman's report (IAR) (page 11) Social and Ethics Committee Chairman's review (pages 26 to 28) Stakeholder engagement (pages 108 to 111) Product stewardship (page 16) How we report sustainable value creation (pages 2 and 3) Ensuring responsible stewardship of natural resources (page 87) |
| 102-14 | Statement from senior decision-maker | a. A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy for addressing sustainability. | Executive Chairman's report (IAR) (pages 8 to 11) Social and Ethics Committee Chairman's review (pages 26 to 28) |
| 102-15 | Key impacts, risks, and opportunities | a. A description of key impacts, risks, and opportunities. | Material matters (pages 31 to 34) How we govern and manage sustainable value creation (pages 23 and 24) Risk report (pages 24 to 33) of the Corporate Governance Report available at www.arm.co.za |
| 102-16 | Values, principles, standards, and norms of behaviour | A description of the organisation's values, principles, standards, and norms of behaviour. | Values (page 7) Maintaining our social licence to operate (page 37) Social and Ethics Committee Chairman's review (pages 26 to 28) How we govern and manage sustainable value creation (pages 21 to 23) |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|---|--|--|
| 102-17 | Mechanisms for advice and concerns about ethics | A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behaviour, and organisational integrity; ii. reporting concerns about unethical or unlawful behaviour, and organisational integrity. | How we govern and manage sustainable value creation (pages 21 to 23) |
| 102-18 | Governance structure | a. Governance structure of the organisation, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics. | How we govern and manage sustainable value creation (pages 19 to 21) Summarised Corporate Governance Report (IAR) (page 103) Corporate Governance Report available at www.arm.co.za |
| 102-19 | Delegating authority | Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees. | How we govern and manage sustainable value creation (pages 19 to 21) Corporate Governance (IAR) (pages 102 to 133) Corporate Governance Report available at www.arm.co.za |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | a. Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body. | How we govern and manage sustainable value creation (pages 19 to 21) |
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body. | Key stakeholders (pages 37 and 38) Stakeholder engagement (pages 108 to 111) |
| 102-22 | Composition of the highest governance body and its committees | Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation. | Summarised Corporate Governance Report (IAR) (pages 102 to 113) Corporate Governance Report available at www.arm.co.za |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|--|
| 102-23 | Chair of the highest governance body | a. Whether the chair of the highest governance body is also an executive officer in the organisation. b. If the chair is also an executive officer, describe his or her function within the organisation's management and the reasons for this arrangement. | Summarised Corporate Governance Report (IAR) (page 106) Corporate Governance Report available at www.arm.co.za |
| 102-24 | Nominating and selecting the highest governance body | a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: <ul style="list-style-type: none"> i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered. | Corporate Governance (IAR) (page 107) Corporate Governance Report available at www.arm.co.za |
| 102-25 | Conflicts of interest | a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures. | Ethics (pages 21 and 22) Summarised Corporate Governance Report (IAR) (page 113) Corporate Governance Report available at www.arm.co.za |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics. | Summarised Corporate Governance Report (IAR) (pages 112 and 113) Corporate Governance Report available at www.arm.co.za |
| 102-27 | Collective knowledge of highest governance body | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics. | Summarised Corporate Governance Report (IAR) (page 107) Corporate Governance Report available at www.arm.co.za |
| 102-28 | Evaluating the highest governance body's performance | a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organisational practice. | Summarised Corporate Governance Report (IAR) (page 107) Corporate Governance Report available at www.arm.co.za |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|---|
| 102-29 | Identifying and managing economic, environmental, and social impacts | <p>a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.</p> <p>b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.</p> | <p>How we govern and manage sustainable value creation (pages 19 to 25)</p> <p>Material matters (pages 31 to 34)</p> <p>Risk report (pages 24 to 33) of the Corporate Governance Report available at www.arm.co.za</p> |
| 102-30 | Effectiveness of risk management processes | Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental, and social topics. | <p>How we govern and manage sustainable value creation (pages 23 and 24)</p> <p>Risk report (pages 24 to 33) of the Corporate Governance Report available at www.arm.co.za</p> |
| 102-31 | Review of economic, environmental, and social topics | Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities. | <p>How we govern and manage sustainable value creation (pages 19 to 25)</p> <p>Report of the Social and Ethics Committee (IAR) (pages 132 and 133)</p> |
| 102-32 | Highest governance body's role in sustainability reporting | The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material topics are covered. | The ARM Board has overall responsibility. Responsibility for overseeing the reporting process is delegated to the ARM Social and Ethics Committee (page 1) |
| 102-33 | Communicating critical concerns | Process for communicating critical concerns to the highest governance body. | <p>Summarised Corporate Governance Report (IAR) (page 113)</p> <p>Corporate Governance Report available at www.arm.co.za</p> |
| 102-35 | Remuneration policies | <p>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. <p>b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.</p> | <p>Summarised Remuneration Report (IAR) (pages 114 to 131)</p> <p>The full Remuneration Report is available on pages 34 to 62 of the Corporate Governance Report available at www.arm.co.za</p> |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|---|
| 102-36 | Process for determining remuneration | a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organisation. | Summarised Remuneration Report (IAR) (pages 114 to 131) The full Remuneration Report is available on pages 34 to 62 of the Corporate Governance Report available at www.arm.co.za |
| 102-37 | Stakeholders' involvement in remuneration | a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals. | Summarised Remuneration Report (IAR) (pages 114 to 131) The full Remuneration Report is available on pages 34 to 62 of the Corporate Governance Report available at www.arm.co.za |
| 102-38 | Annual total compensation ratio | a. Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country. | Summarised Remuneration Report (IAR) (pages 114 to 131) The full Remuneration Report is available on pages 34 to 62 of the Corporate Governance Report available at www.arm.co.za |
| 102-40 | List of stakeholder groups | a. A list of stakeholder groups engaged by the organisation. | Stakeholder engagement (pages 108 to 111) |
| 102-41 | Collective bargaining agreements | a. Percentage of total employees covered by collective bargaining agreements. | Labour relations (page 79) |
| 102-42 | Identifying and selecting stakeholders | a. The basis for identifying and selecting stakeholders with whom to engage. | Key stakeholders (pages 37 and 38) |
| 102-43 | Approach to stakeholder engagement | a. The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | Key stakeholders (pages 37 and 38) There was no stakeholder engagement undertaken specifically as part of the report preparation process |
| 102-44 | Key topics and concerns raised | a. Key topics and concerns that have been raised through stakeholder engagement, including: <ul style="list-style-type: none"> i. how the organisation has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns. | Key stakeholders (pages 37 and 38) Stakeholder engagement (pages 108 to 111) |
| 102-45 | Entities included in the consolidated financial statements | a. A list of all entities included in the organisation's consolidated financial statements or equivalent documents. b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report. | About this report (page 1) All ARM's operations are joint ventures (JVs). We report only on those JVs over which we have direct or joint management control. All sustainability data is reported on a 100% basis, except for carbon emissions and where stated otherwise. Environmental data is not reported for Lubambe Mine, which was sold in December 2017 |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|--|
| 102-46 | Defining report content and topic Boundaries | a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organisation has implemented the Reporting Principles for defining report content. | About this report (page 1) Introduction to this table (page 118) Material matters (pages 31 to 34) How we govern and manage sustainable value creation (pages 19 to 25) |
| 102-47 | List of material topics | a. A list of the material topics identified in the process for defining report content. | Material matters (pages 31 to 34) |
| 102-48 | Restatements of information | a. The effect of any restatements of information given in previous reports, and the reasons for such restatements. | About this report (page 1) |
| 102-49 | Changes in reporting | a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries. | About this report (page 1) There were no significant changes in the scope, boundary or measurement methods applied |
| 102-50 | Reporting period | a. Reporting period for the information provided. | About this report (page 1) |
| 102-51 | Date of most recent report | a. If applicable, the date of the most recent previous report. | The previous report was released in October 2017 and covered the 12-month period ending 30 June 2017 |
| 102-52 | Reporting cycle | a. Reporting cycle. | Annual |
| 102-53 | Contact point for questions regarding the report | a. The contact point for questions regarding the report or its contents. | Contact details (Inside back cover) |
| 102-54 | Claims of reporting in accordance with the GRI Standards | a. The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards. | About this report (page 1) Introduction to this table (page 118) |
| 102-55 | GRI content index | a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: <ul style="list-style-type: none"> i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made. | This table (pages 118 to 144) |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--------------------|---|---|
| 102-56 | External assurance | <p>a. A description of the organisation's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <ol style="list-style-type: none"> A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; The relationship between the organisation and the assurance provider; Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report. | <p>About this report (page 1)</p> <p>Independent Assurance Statement (pages 104 to 106)</p> |

GRI 200: ECONOMIC

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|---|
| 201 | Management approach disclosures – Economic performance | <p>103-1 Explanation of the material topic and its Boundary</p> <p>103-2 The management approach and its components</p> <p>103-3 Evaluation of the management approach</p> | <p>About this report (page 1)</p> <p>Summarised Corporate Governance Report (IAR) (pages 102 to 113)</p> <p>Financial Review (IAR) (pages 16 to 36)</p> |
| 201-1 | Direct economic value generated and distributed | <p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organisation's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <ol style="list-style-type: none"> Direct economic value generated: revenues; Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; Economic value retained: 'direct economic value generated' less 'economic value distributed'. <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p> | <p>Our social impacts (pages 17 and 18)</p> <p>Group value add statement (IAR) (page 50)</p> |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|--|
| 201-2 | Financial implications and other risks and opportunities due to climate change | <p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <ul style="list-style-type: none"> i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity. | <p>Ensuring responsible stewardship of our natural resources (pages 88 and 89)</p> <p>Our products (pages 14 and 15)</p> <p>The ARM CDP Report available at www.cdp.net</p> |
| 201-3 | Defined benefit plan obligations and other retirement plans | <p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organisation's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p> | Note 41 to the Annual Financial Statements (AFS) |
| 201-4 | Financial assistance received from government | <p>a. Total monetary value of financial assistance received by the organisation from any government during the reporting period, including:</p> <ul style="list-style-type: none"> i. tax relief and tax credits; ii. subsidies; iii. investment grants, research and development grants, and other relevant types of grant; iv. awards; v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives; viii. other financial benefits received or receivable from any government for any operation. <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p> | ARM did not receive financial assistance from government during F2018 in any of its countries of operation |
| | | MMSD: Report countries of operation that are either candidate to or compliant with the Extractive Industries Transparency Initiative (EITI). | <p>South Africa and Malaysia are not candidate to or compliant with the EITI.</p> <p>Modikwa Mine has one annual land use payment.</p> <p>Two Rivers Mine has two lease agreements with local communities on which it makes monthly payments</p> |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|--|
| 202 | Management approach disclosures – Market presence | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Our social impacts (pages 17 and 18) Human resources development (pages 77 to 83) |
| 202-2 | Proportion of senior management hired from the local community | a. Percentage of senior management at significant locations of operation that are hired from the local community. b. The definition used for 'senior management'. c. The organisation's geographical definition of 'local'. d. The definition used for 'significant locations of operation'. | 9% of full-time employees in the senior management category are from communities local to the operations. MMSD: 33% of Group employees are from local communities |
| 203 | Management approach disclosures – Indirect economic impacts | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Corporate Social Responsibility (pages 39 to 45) |
| 203-1 | Infrastructure investments and services supported | a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements. | Corporate Social Responsibility (pages 39 to 45) Corporate Social Responsibility initiatives are delivered through Corporate Social Investment projects and Local Economic Development projects. ARM tracks the capital invested as well as the number of jobs created through the projects |
| 204 | Management approach disclosures – Procurement practices | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Transformation (pages 46 to 49) |
| 204-1 | Proportion of spending on local suppliers | a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally). b. The organisation's geographical definition of 'local'. c. The definition used for 'significant locations of operation'. | Our social impacts (pages 17 and 18) Transformation (pages 46 to 49) ARM's preferential procurement and enterprise development initiatives benefit Historically Disadvantaged South Africans in line with the applicable legislation. At operational level, ARM includes suppliers and businesses from the communities around our operations in these programmes wherever possible |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|---|
| 205 | Management approach disclosures – Anti-corruption | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | How we report sustainable value creation (pages 2 and 3) How we govern and manage sustainability (pages 19 to 25) Report of the Social and Ethics Committee (IAR) (pages 132 and 133) |
| 205-1 | Operations assessed for risks related to corruption | a. Total number and percentage of operations assessed for risks related to corruption. b. Significant risks related to corruption identified through the risk assessment. | Analysing for risk of corruption is inherent to the risk management process which is applied to all our operations and at a corporate level. An anti-fraud, anti-bribery and anti-corruption self-assessment was conducted at all our operations. The implementation of identified improvement initiatives is monitored by the Risk Management Department |
| 205-2 | Communication and training about anti-corruption policies and procedures | a. Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organisation's anti-corruption policies and procedures have been communicated to any other persons or organisations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region. | The Code of Conduct is available to employees on the intranet and on the Company website. All new employees receive training in the Code of Conduct. Online training of existing employees on the Code of Conduct has been carried out at the ARM corporate office and the operations. The Code was most recently amended with effect 1 July 2017 |
| 205-3 | Confirmed incidents of corruption and actions taken | a. Total number and nature of confirmed incidents of corruption. b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases. | Page 23 of the full Corporate Governance Report, available at www.arm.co.za There were no confirmed incidents of corruption reported in F2018 |

GRI CONTENT INDEX continued**GRI 300: ENVIRONMENTAL**

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|---|
| 302 | Management approach disclosures – Energy | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Ensuring responsible stewardship of natural resources (pages 84 to 86 and 93) |
| 302-1 | Energy consumption within the organisation | <p>a. Total fuel consumption within the organisation from non-renewable sources, in joules or multiples, and including fuel types used.</p> <p>b. Total fuel consumption within the organisation from renewable sources, in joules or multiples, and including fuel types used.</p> <p>c. In joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption <p>d. In joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> i. electricity sold ii. heating sold iii. cooling sold iv. steam sold <p>e. Total energy consumption within the organisation, in joules or multiples.</p> <p>f. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>g. Source of the conversion factors used.</p> | <p>Fuels consumed in our operations include diesel, petrol, aviation fuel, paraffin, acetylene, natural gas and LPG</p> <p>Diesel is the most used fuel and accounts for 99.6% of carbon emissions from fuel use</p> <p>Diesel use in F2018 totalled 94.2 million litres, which equates to 3.4 million gigajoules (F2017: 3.2 million GJ)</p> <p>A solar PV plant was installed at Khumani Mine resulting in approximately 120 000 kWh harvested</p> <p>Total electricity consumption in F2018 of 1.7 million megawatt hours equates to 6.0 million gigajoules (F2017: 6.4 million GJ)</p> <p>No electricity or other forms of energy were sold during F2018</p> <p>Total energy consumed (including electricity and diesel) in F2018 was 9.4 million gigajoules (F2017: 9.6 million GJ)</p> <p>Fuel and electricity consumption is collected directly from supplier notes and by monitoring electricity meters and metering on fuel tanks. Diesel is converted to GJ using the conversion factor supplied in the GRI G3.1 indicator protocol set</p> |
| 302-3 | Energy intensity | <p>a. Energy intensity ratio for the organisation.</p> <p>b. Organisation-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Whether the ratio uses energy consumption within the organisation, outside of it, or both.</p> | Gigajoules of energy used per full-time employee increased to 841 GJ/FTE in F2018 (F2017: 798). This calculation includes diesel and electricity consumed within the organisation and excludes Lubambe Mine from the F2017 figure |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|---|---|---|
| 303 | Management approach disclosures - Water | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Ensuring responsible stewardship of natural resources (pages 94 to 98) |
| 303-1 | Water withdrawal by source | a. Total volume of water withdrawn, with a breakdown by the following sources: i. Surface water, including water from wetlands, rivers, lakes, and oceans; ii. Ground water; iii. Rainwater collected directly and stored by the organisation; iv. Waste water from another organisation; v. Municipal water supplies or other public or private water utilities. b. Standards, methodologies, and assumptions used. | Ensuring responsible stewardship of natural resources (page 97) Surface water: 10.5 million m ³ Ground water: 7.7 million m ³ Municipal water: 0 million m ³ Total water abstracted: 18.3 million m ³ Water abstraction is measured directly in litres through flow meters installed in the water system |
| 304 | Management approach disclosures – Biodiversity | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Ensuring responsible stewardship of natural resources (pages 102 and 103) |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following: i. Construction or use of manufacturing plants, mines, and transport infrastructure; ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources); iii. Introduction of invasive species, pests, and pathogens; iv. Reduction of species; v. Habitat conversion; vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level). b. Significant direct and indirect positive and negative impacts with reference to the following: i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts. | Ensuring responsible stewardship of natural resources (pages 102 and 103) Online biodiversity table available on the ARM website www.arm.co.za |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|---|
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | <p>a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organisation, by level of extinction risk:</p> <ul style="list-style-type: none"> i. Critically endangered ii. Endangered iii. Vulnerable iv. Near threatened v. Least concern | <p>Ensuring responsible stewardship of natural resources (pages 102 and 103)</p> <p>Online biodiversity table available on the ARM website www.arm.co.za</p> |
| | | <p>MMSD: Include impacts identified as a consequence of any resettlement and closure activities reported under indicators MM9 and MM10 respectively.</p> | <p>There were no resettlements during F2018.</p> <p>Ensuring responsible stewardship of natural resources (pages 102 and 103)</p> <p>Online biodiversity table available on the ARM website www.arm.co.za</p> |
| 305 | Management approach disclosures – Emissions | <p>103-1 Explanation of the material topic and its Boundary</p> <p>103-2 The management approach and its components</p> <p>103-3 Evaluation of the management approach</p> | <p>Ensuring responsible stewardship of natural resources (pages 84 to 86 and 90 to 92)</p> |
| 305-1 | Direct (Scope 1) GHG emissions | <ul style="list-style-type: none"> a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent. b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used. | <p>Ensuring responsible stewardship of natural resources (pages 90 to 92)</p> <p>The ARM CDP response available at www.cdp.net provides additional information regarding base years, standards, methodologies, assumptions, sources of emission factors and global warming potential rates used. While the 2018 CDP response reflects emissions data for F2017, the additional information remains relevant year-to-year</p> |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|---|---|---|
| 305-2 | Energy indirect (Scope 2) GHG emissions | <ul style="list-style-type: none"> a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used. | <p>Ensuring responsible stewardship of natural resources (pages 90 to 92)</p> <p>The ARM CDP response available at www.cdp.net provides additional information regarding base years, standards, methodologies, assumptions, sources of emission factors and global warming potential rates used. While the 2018 CDP response reflects emissions data for F2017, the additional information remains relevant year-to-year</p> |
| 305-3 | Other indirect (Scope 3) GHG emissions | <ul style="list-style-type: none"> a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent. b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used. | <p>Ensuring responsible stewardship of natural resources (pages 90 to 92)</p> <p>The ARM CDP response available at www.cdp.net provides additional information regarding base years, standards, methodologies, assumptions, sources of emission factors and global warming potential rates used. While the 2018 CDP response reflects emissions data for F2017, the additional information remains relevant year-to-year</p> |
| 305-4 | GHG emissions intensity | <ul style="list-style-type: none"> a. GHG emissions intensity ratio for the organisation. b. Organisation-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. | <p>Ensuring responsible stewardship of natural resources (page 92)</p> |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|---|
| 305-6 | Emissions of ozone-depleting substances (ODS) | a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used. | We do not have ozone-depleting substances at our operations, no Persistent Organic Pollutants (POPs) and no volatile organics |
| 305-7 | Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions | a. Significant air emissions in kilograms or multiples, for each of the following: <ol style="list-style-type: none"> NO_x SO_x Persistent organic pollutants (POP) Volatile organic compounds (VOC) Hazardous air pollutants (HAP) Particulate matter (PM) Other standard categories of air emissions identified in relevant regulations b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used. | Sustainability performance year-on-year (page 5) We do not have ozone-depleting substances at our operations, no Persistent Organic Pollutants (POPs) and no volatile organics |
| | | MMSD: Include emissions from both major mobile sources and on-site stationary sources. | Scope 1 emissions include emissions resulting from both trackless mobile machinery used for production and loading and hauling activities on site; as well as emissions from stationary combustion of fuel by power generators used in the event of power failure. Cato Ridge Works is a stationary source of emissions through combustion of reductants for smelting processes Sustainability performance year-on-year (page 5) Ensuring responsible stewardship of natural resources (pages 87 and 90 to 92) The ARM CDP response available at www.cdp.net |
| 306 | Management approach disclosures – Effluents and waste | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Ensuring responsible stewardship of natural resources (pages 99 to 102) |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|--|
| 306-1 | Water discharge by quality and destination | <p>The reporting organisation shall report the following information:</p> <ul style="list-style-type: none"> a. Total volume of planned and unplanned water discharges by: <ul style="list-style-type: none"> i. destination; ii. quality of the water, including treatment method; iii. whether the water was reused by another organisation. b. Standards, methodologies, and assumptions used. | <p>Ensuring responsible stewardship of natural resources (page 101)</p> <p>The ARM CDP water response available at www.cdp.net</p> |
| 306-2 | Waste by type and disposal method | <ul style="list-style-type: none"> a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable: <ul style="list-style-type: none"> i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organisation) b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: <ul style="list-style-type: none"> i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organisation) c. How the waste disposal method has been determined: <ul style="list-style-type: none"> i. Disposed of directly by the organisation, or otherwise directly confirmed ii. Information provided by the waste disposal contractor iii. organisational defaults of the waste disposal contractor | <p>Ensuring responsible stewardship of natural resources (page 100)</p> |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|---|
| 306-3 | Significant spills | a. Total number and total volume of recorded significant spills . b. The following additional information for each spill that was reported in the organisation's financial statements: i. Location of spill; ii. Volume of spill; iii. Material of spill, categorised by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organisation). c. Impacts of significant spills. | Ensuring responsible stewardship of natural resources (page 101) The ARM CDP water response available at www.cdp.net |
| | | MMSD: Include spillage of tailings, slimes or other significant process materials. | Ensuring responsible stewardship of natural resources (page 101) |
| 306-4 | Transport of hazardous waste | a. Total weight for each of the following: i. Hazardous waste transported ii. Hazardous waste imported iii. Hazardous waste exported iv. Hazardous waste treated b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used. | ARM does not transport, import or export any waste categorised as hazardous under the terms of the Basel Convention |
| 307 | Management approach disclosures – Environmental compliance | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | How we govern and manage sustainable value creation (pages 24 and 25) Ensuring responsible stewardship of natural resources (pages 87 and 88) |
| 307-1 | Non-compliance with environmental laws and regulations | a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organisation has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient. | Legal compliance (page 23 of the Corporate Governance Report available at www.arm.co.za) There were no fines or non-monetary sanctions for non-compliance with environmental laws in F2018 |

GRI 400: SOCIAL

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|---|
| 401 | Management approach disclosures – Employment | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Human resources management (pages 72 to 74) |
| 401-1 | New employee hires and employee turnover | a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region. | Human resources management (page 76) More information on new employee hires and turnover is available in the Sustainability Data Tables available on the ARM website www.arm.co.za |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | a. Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. b. The definition used for 'significant locations of operation'. | Occupational health and wellness (pages 58 to 70) Benefits we offer to full-time employees include standard benefits such as pension fund, medical aid and group life insurance. In addition, the Company offers study assistance and bursaries for employees and their children. The Company sponsors year-end events, team building interventions, community sports and fun days and wellness days. Employees also have access to comprehensive employee assistance programmes |
| 401-3 | Parental leave | The reporting organisation shall report the following information: a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender. | All full-time employees are entitled to three days of family responsibility leave per year and all female full-time employees (2 050) are entitled to four months of maternity leave in terms of the Basic Conditions of Employment Act. The Labour Laws Amendment Bill proposes the introduction of parental leave. We continue to monitor developments to ensure that our practices align with any changes to legal requirements when those are gazetted. In F2018, 398 female employees took maternity leave, 392 (98%) of these had returned to work in the reporting period after maternity leave ended and 342 (86%) were still employed at year end |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|---|--|--|
| 402 | Management approach disclosures – Labour/management relations | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Labour relations (page 79) |
| 402-1 | Minimum notice periods regarding operational changes | a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them. b. For organisations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements. | Labour relations (page 79) The minimum notice period regarding operational changes is specified in collective agreements, and varies between one month and three months, on average |
| 403 | Management approach disclosures – Occupational health and safety | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Safety (pages 51 to 57) Occupational health and wellness (pages 58 to 70) |
| 403-1 | Workers representation in formal joint management-worker health and safety committees | a. The level at which each formal joint management-worker health and safety committee typically operates within the organisation. b. Percentage of workers whose work, or workplace, is controlled by the organisation, that are represented by formal joint management-worker health and safety committees. | Occupational health and wellness (pages 58 to 70) Health and safety agreements are concluded at every operation and are agreements between employees (including organised labour) and the employer |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by: i. region; ii. gender. b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organisation, with a breakdown by: i. region; ii. gender. c. The system of rules applied in recording and reporting accident statistics. | Safety (pages 51 to 57) Occupational health and wellness (pages 58 to 70) ARM tracks fatalities, Lost Time Injuries, Reportable Injuries and various occupational and other disease rates that are material to our operations. These are not disclosed by gender. More information on absenteeism, injuries and lost days is available in the Sustainability Data Tables available on the ARM website www.arm.co.za |
| | | MMSD: Provide a description of each accident resulting in a fatality and actions taken following the accident. | Safety (page 53) |
| 403-3 | Workers with high incidence or high risk of diseases related to their occupation | a. Whether there are workers whose work, or workplace, is controlled by the organisation, involved in occupational activities who have a high incidence or high risk of specific diseases. | Occupational health and wellness (pages 58 to 70) |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|--|
| 403-4 | Health and safety topics covered in formal agreements with trade unions | <p>a. Whether formal agreements (either local or global) with trade unions cover health and safety.</p> <p>b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.</p> | <p>Operational management consults regularly with trade unions on a range of issues, including wages, conditions of employment, health and safety, training and development, community care and PTB, HIV & Aids</p> <p>Each operation also has a health and safety and/or wellness committee where health and safety issues are discussed.</p> <p>Representation is recorded in minutes of these meetings and records kept at the operations. Percentage representation is not centrally recorded</p> |
| 404 | Management approach disclosures – Training and education | <p>103-1 Explanation of the material topic and its Boundary</p> <p>103-2 The management approach and its components</p> <p>103-3 Evaluation of the management approach</p> | Human resources management (pages 72 to 74 and 77 to 79) |
| 404-1 | Average hours of training per year per employee | <p>a. Average hours of training that the organisation's employees have undertaken during the reporting period, by:</p> <p>i. gender;</p> <p>ii. employee category.</p> | <p>We measure the effectiveness and investment in learning, retraining and development activities by monitoring measures such as training spend as a percentage of total payroll, rather than hours of training</p> <p>Our training is linked to the MQA for national recognition of learning, which prescribes the minimum hours required per specific training intervention. Average training hours per employee were 50.7 in F2018</p> <p>More information on training hours is available in the Sustainability Data Tables available on the ARM website www.arm.co.za</p> |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | <p>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p> | Human resources management (pages 77 to 79) |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | <p>a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.</p> | All full-time employees receive various levels of regular performance and career development reviews as part of the ARM remuneration and incentive system |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|--|
| 405 | Management approach disclosures – Diversity and equal opportunity | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Human resources management (pages 80 to 83) Transformation (pages 46 to 49) Summarised Corporate Governance Report (IAR) (pages 104 and 105) |
| 405-1 | Diversity of governance bodies and employees | a. Percentage of individuals within the organisation's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). | Human resources management (pages 80 to 83) Transformation (pages 48 and 49) Summarised Corporate Governance Report (IAR) (pages 104 to 106) More information on the workforce breakdown is available in the Sustainability Data Tables available on the ARM website www.arm.co.za |
| 406 | Management approach disclosures – Non-discrimination | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Human resources management (pages 80 to 83) Transformation (pages 46 to 49) Human rights (page 23) |
| 406-1 | Incidents of discrimination and corrective actions taken | a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organisation; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action. | Ethics (page 22) No material non-compliance incidents relating to discrimination were reported during F2018 |
| 407 | Management approach disclosures – Freedom of association and collective bargaining | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Human resources management (page 74) Human rights (page 23) |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|--|--|
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | <p>a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:</p> <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. <p>b. Measures taken by the organisation in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p> | <p>No operations or suppliers have been identified in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk</p> <p>We respect our employees' rights to collective bargaining</p> |
| 408 | Management approach disclosures – Child labour | <p>103-1 Explanation of the material topic and its Boundary</p> <p>103-2 The management approach and its components</p> <p>103-3 Evaluation of the management approach</p> | Human rights (page 23) |
| 408-1 | Operations and suppliers at significant risk for incidents of child labour | <p>a. Operations and suppliers considered to have significant risk for incidents of:</p> <ul style="list-style-type: none"> i. child labour; ii. young workers exposed to hazardous work. <p>b. Operations and suppliers considered to have significant risk for incidents of child labour either in terms of:</p> <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. <p>c. Measures taken by the organisation in the reporting period intended to contribute to the effective abolition of child labour.</p> | <p>We do not use child labour and all operations monitor the ages of employees and contractors. We conduct risk assessments/screening in terms of human rights practices in respect of prospective transactions, contracting parties and business partners and have not detected such significant risk</p> |
| 409 | Management approach disclosures – Forced or compulsory labour | <p>103-1 Explanation of the material topic and its Boundary</p> <p>103-2 The management approach and its components</p> <p>103-3 Evaluation of the management approach</p> | Human rights (page 23) |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | <p>a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour either in terms of:</p> <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. <p>b. Measures taken by the organisation in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour.</p> | <p>ARM's operations do not pose such risk. Our policies are compatible with international human rights standards and with the South African Constitution. Through the implementation of our supplier engagement plan we review the practices of suppliers and contractors and have not detected significant risk</p> |

GRI CONTENT INDEX continued

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|---|
| 410 | Management approach disclosures – Security practices | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Human rights (page 23) |
| 410-1 | Security personnel trained in human rights policies or procedures | a. Percentage of security personnel who have received formal training in the organisation's human rights policies or specific procedures and their application to security. b. Whether training requirements also apply to third-party organisations providing security personnel. | Human rights training is provided to all security personnel, including contractors, and includes regular refresher training |
| 411 | Management approach disclosures – Rights of indigenous peoples | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Human rights (page 23) |
| 411-1 | Incidents of violations involving rights of indigenous peoples | a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organisation; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action. | Ethics (pages 21 and 22) There have been no recorded incidents of human rights violations of indigenous peoples. ARM believes that its operations do not pose such risk, but should any such violations occur, there are mechanisms in place for their detection, reporting and resolution |
| 413 | Management approach disclosures – Local communities | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Corporate Social Responsibility (pages 39 to 45) |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes. | Corporate Social Responsibility (pages 39 to 45) |

| Disclosure number | Disclosure title | Description | Reference |
|-------------------|--|---|--|
| 413-2 | Operations with significant actual and potential negative impacts on local communities | a. Operations with significant actual and potential negative impacts on local communities , including: <ul style="list-style-type: none"> i. the location of the operations; ii. the significant actual and potential negative impacts of operations. | ARM's operations comply with the environmental and social legal requirements and thereby manage and minimise as far as practically possible significant actual or potential negative impacts on local communities |
| 419 | Management approach disclosures – Socio-economic compliance | 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach | Report of the Social and Ethics Committee (IAR) (pages 132 and 133) Ensuring responsible stewardship of our natural resources (pages 87 and 88) |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: <ul style="list-style-type: none"> i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organisation has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient. c. The context against which significant fines and non-monetary sanctions were incurred. | Refer to the Section 54 Notices discussed on page 56 of the Safety section Apart from the Section 54 Notices, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in F2018 |
| | | MMSD: Report a summary of judgements made against the organisation in the areas related to health and safety and labour laws. | No judgements were made against ARM in terms of health and safety, and labour laws in F2018 |

GRI SECTOR SUPPLEMENT: METALS AND MINING

| Disclosure number | Description | Reference |
|-------------------|--|---|
| MM1 | Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated. | Land use management (pages 102 and 103) Online biodiversity table available on the ARM website www.arm.co.za |
| MM2 | The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place. | Biodiversity (pages 102 and 103) Online biodiversity table available on the ARM website www.arm.co.za |
| MM3 | Total amounts of overburden, rock, tailings, and sludges presenting potential hazards. | Material waste streams, while not necessarily presenting hazards, are discussed on pages 99 and 100 of this report. Overburden forms part of the renewal reserves record of each operation and is recorded and reported at operational level as appropriate |

GRI CONTENT INDEX continued

| Disclosure number | Description | Reference |
|-------------------|--|---|
| MM4 | Number of strikes and lockouts exceeding one week's duration, by country. | Human resources management (page 79) |
| MM5 | Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities. | Two Rivers Platinum Mine, Nkomati Mine and Modikwa Mine operate adjacent to local communities |
| MM6 | Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples. | No disputes have been raised relating to land use or customary rights specifically |
| MM7 | The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and their outcomes. | No grievances have been raised regarding land use, customary rights of local communities and indigenous peoples |
| MM8 | Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks. | Illegal chrome mining activity at Modikwa Mine |
| MM9 | Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process. | No resettlements took place in F2018 |
| MM10 | Number and percentage of operations with closure plans. | Ensuring responsible stewardship of natural resources (pages 98 and 99) All operations have closure plans in accordance with Environmental Management Programme Reports (EMPRs) (in the case of the mines) and as part of Environmental Impact Assessments (EIAs), as well as Water Use Licences (all operations). All operations have estimated closure costs and made provision towards closure and rehabilitation |

GLOSSARY

| | |
|------------------|---|
| AA1000APS | Accountability Principles Standard 2008 |
| ABC | Anti-Fraud Bribery and Corruption |
| AET | Adult Education and Training |
| AFS | Annual Financial Statements |
| Aids | Acquired Immune Deficiency Syndrome |
| AMCU | Association of Mineworkers and Construction Union |
| AR | Absentee Rate |
| ARM | African Rainbow Minerals Limited |
| ART | Anti-Retroviral Treatment |
| ASM | Artisanal and Small-scale Mining |
| BAP | Biodiversity Action Plan |
| BBAP | Biodiversity Baseline Assessment Plan |
| BEE | Black Economic Empowerment |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BUSA | Business Unity South Africa |
| CCM | Critical Control Management |
| CDP | Carbon Disclosure Project |
| CEO | Chief Executive Officer |
| CGR | Corporate Governance Report |
| CoGP | Codes of Good Practice |
| COM | Chamber of Mines |
| CSI | Corporate Social Investment |
| CSR | Corporate Social Responsibility |
| CTF | Culture Transformation Framework |
| CTPV | Coat Tar Pitch Volatiles |
| Cu | Copper |
| CVT | Counselling and Voluntary Testing |
| dB | Decibels |
| DEA | Department of Environmental Affairs |
| DMR | Department of Mineral Resources |
| DoH | Department of Health |
| DoL | Department of Labour |

| | |
|------------------|--|
| dti | Department of Trade and Industry |
| DWS | Department of Water and Sanitation (previously DWA: Department of Water Affairs) |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| ECA | Export Credit Agency |
| ECD | Early Childhood Development |
| ED | Enterprise Development |
| EE | Employment Equity |
| EIA | Environmental Impact Assessment |
| EITI | Extractive Industries Transport Initiative |
| EMP | Environmental Management Plan |
| EMPR | Environmental Management Programme Report |
| EMS | Environmental Management System |
| ESG | Environmental, Social and Governance |
| ERM | Enterprise Risk Management |
| EVG&D | Economic Value Generated & Distributed |
| EVP | Employee Value Proposition |
| FAPA | Ferro Alloy Producers' Association |
| FFR | Fatality Frequency Rate |
| FTE | Full-Time Employees |
| GJ/FTE | Gigajoules of energy per full-time employee |
| GHG | Greenhouse Gas |
| GHS | Globally Harmonised System |
| GRI | Global Reporting Initiative |
| GWP | Global Warming Potential |
| HAP | Hazardous Air Pollutants |
| HDSAs | Historically Disadvantaged South Africans |
| HIV | Human Immunodeficiency Virus |
| HR | Human Resources |
| IAR | Integrated Annual Report |

GLOSSARY continued

| | |
|-----------------|--|
| ICDA | International Chrome Development Association |
| ICMM | International Council on Mining and Metals |
| IFRS | International Financial Reporting Standards |
| IIRC | International Integrated Reporting Council |
| IMIU | International Mining Industry Underwriters |
| IMnI | International Manganese Institute |
| IOM | Institute of Medicine |
| IPT | Isoniazid Preventative Therapy |
| IR | Injury Rate |
| Iron Ore | Fe |
| IUCMA | Inkomati Usuthu Catchment Management Agency |
| IUCN | International Union for Conservation of Nature |
| JSE | JSE Limited |
| JV | Joint Venture |
| King IV | King Report on Governance for South Africa 2016 and the King Code of Governance Principles |
| KPI | Key Performance Indicator |
| LCSAP | Lead Certified Sustainability Assurance Practitioner |
| LDR | Lost Day Rate |
| LED | Local Economic Development |
| LOM | Life of Mine |
| LTI | Lost Time Injury |
| LTIFR | Lost Time Injury Frequency Rate |
| MBOD | Medical Bureau for Occupational Diseases |
| MCSA | Minerals Council South Africa |
| MDR PTB | Multi-Drug Resistant Pulmonary Tuberculosis |
| MERSETA | Manufacturing, Engineering and Related Services Sector Education and Training Authority |
| METF | Minerals Education Trust Fund |
| MHSA | Mine Health and Safety Act |
| MHSC | Mine Health and Safety Council |

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| MMSD | (GRI) Mining and Metals Sector Disclosures |
| Mn | Manganese |
| MOSH | Mining Industry Occupational Safety and Health |
| MPRDA | The Mineral and Petroleum Resources Development Act |
| MQA | Mining Qualifications Authority |
| NAEIS | National Atmospheric Emissions Information System |
| NBI | National Business Initiative |
| NDP | National Development Plan |
| NEMA | National Environmental Management Act |
| NGO | Non-Governmental Organisation |
| NIHL | Noise-Induced Hearing Loss |
| NOx | Nitrogen Oxides |
| NSP | National Strategic Plan (for South Africa) |
| NUM | National Union of Mineworkers |
| NUMSA | National Union of Metalworkers of South Africa |
| PCB | Participating Coal Business |
| PGMs | Platinum Group Metals |
| PHC | Primary Health Care |
| PLH | Percentage Loss of Hearing |
| PM | Particulate Matter |
| POP | Persistent Organic Pollutants |
| PTB | Pulmonary Tuberculosis |
| ODR | Occupational Disease Rate |
| ODS | Ozone-Depleting Substances |
| OHSA | Occupational Health and Safety Act |
| OHSAS 18001 | Occupational Health and Safety Assessment Series |
| RIFR | Reportable Injury Frequency Rate |
| RWI | Restricted Work Injury |
| SABCOHA | South African Business Coalition on HIV & Aids |
| SABPP | South African Board for People Practices |

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|---------------|---|
| SAMREC | South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves |
| SANS | South African National Standard |
| SAWIS | South African Waste Information Centre |
| SD | Sustainable Development |
| SDG | Sustainable Development Goals |
| SED | Socio-Economic Development |
| SENS | Stock Exchange News Service |
| SETA | Sector Education and Training Authority |
| SHE | Safety, Health and Environment |
| SHEQ | Safety, Health, Environment and Quality |
| SLP | Social and Labour Plan |
| SMME | Small, Medium and Micro Enterprise |
| SOx | Sulphur Oxides |

| | |
|----------------|---|
| STEM | Science, Technology, Engineering and Maths |
| STI | Sexually Transmitted Infections |
| STMO | Strategic, Tactical and Major Operational |
| STS | Standard Threshold Shift |
| PTB | Pulmonary Tuberculosis |
| TRI | Total Recordable Injuries |
| TRIFR | Total Recordable Injury Frequency Rate |
| UASA | United Association of South Africa |
| UNGC | United Nations Global Compact |
| URTI | Upper Respiratory Tract Infections |
| VGGWSS | Vaal Gamagara Water Supply Scheme |
| VOC | Volatile Organic Compounds |
| WASH | Water, Sanitation and Hygiene |
| WUL | Water Use Licence |
| XDR PTB | Extensively Drug Resistant Pulmonary Tuberculosis |

GRI CONTENT INDEX continued

STAKEHOLDER FEEDBACK FORM

ARM F2018 SUSTAINABILITY REPORT**Feedback Form**

Your opinion matters. Please share your views with us.

Which stakeholder group do you belong to? (You may tick more than one)

- | | | | | |
|-----------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| <input type="checkbox"/> Employee | <input type="checkbox"/> Shareholder | <input type="checkbox"/> Investor | <input type="checkbox"/> Customer | <input type="checkbox"/> Analyst |
| <input type="checkbox"/> Supplier | <input type="checkbox"/> Community | <input type="checkbox"/> NGO | <input type="checkbox"/> Other | |

Does the report address issues of greatest interest to you?

- | | | |
|--|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Comprehensively | <input type="checkbox"/> Partially | <input type="checkbox"/> Not at all |
|--|------------------------------------|-------------------------------------|

Please identify any additional matters that you think should be reported on:

What was your overall impression of the report in terms of:

| | Excellent | Good | Fair | Poor |
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| 1. Content and scope | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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Do you have any additional comments on the report – or on ARM's performance in general?

Your name, email address and/or other contact details

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