



We do it better

Sustainable
Development Report
2010

Contents

SUSTAINABILITY	
1	ABOUT THIS REVIEW OF OUR SUSTAINABILITY PERFORMANCE
2	OVERVIEW OF ARM'S OPERATIONS
3	ARM'S SUSTAINABILITY PERFORMANCE AT A GLANCE
3	Overview of our principal achievements, challenges and strategic focus areas
4	Our sustainability performance year-on-year
5	Chief Executive Officer's Statement
10	SUSTAINABLE DEVELOPMENT AT ARM
10	Our approach to sustainability
11	Managing sustainability
11	Understanding our material issues
11	Improving our approach to managing sustainability
12	ARM's sustainable development reporting framework
13	Guidance from external sector and global frameworks
13	Adhering to the requirements of the ICMM
16	Assurance programme
17	Ensuring sound governance
17	The Board
21	Engaging with our stakeholders
26	RESPONDING TO OUR MATERIAL ISSUES
26	Adding value to the economy
30	Human Resources
36	Safety
38	Benchmarking our safety performance
40	ARM's safety, health and environment (SHE) performance – at a glance
44	Occupational Health and Wellness
48	Transformation
60	HIV & AIDS
66	Corporate Social Investment
73	Environment
84	INDEPENDENT THIRD PARTY ASSURANCE STATEMENT
86	GRI CONTENT INDEX
99	Acronyms

Loose Stakeholder feedback form is available at the back of this report and on the ARM website: www.arm.co.za



The Investment Analyst Society (IAS)/SAMREC Awards are given annually, after an adjudication of JSE listed Mining and Exploration Company Annual Reports by judges selected from the minerals industry.

African Rainbow Minerals (ARM) was awarded the “2009 SAMREC award for the best Exploration Section”.

About this review of our sustainability performance



This report reviews African Rainbow Minerals' (ARM) economic, social and environmental performance for the financial year which covers the period from 1 July 2009 to 30 June 2010. The report highlights a number of positive achievements and developments that we have made, and identifies some of our focus areas and areas for improvement.

The report is targeted at a broad range of stakeholders and aims to present a balanced review of the issues material to these stakeholders.

ARM's sustainability reporting is limited to the Platinum and Ferrous Divisions and excludes those investments in which the Company does not have direct management control, namely Harmony Gold and Xstrata Coal. The management of Goed-gevonden has been outsourced to Xstrata Coal. The report also does not cover projects which are in exploration or development phase, nor does it cover Kalplats, which is at a feasibility phase.

All non-financial parameters are reported on a 100% basis, unless otherwise stated. All monetary amounts in the report are given in South African Rand, unless otherwise stated. To facilitate comparability with our previous reports, we have endeavoured to be consistent in the parameters reported against year-on-year. Data is provided for the last two years, and in some cases, the last three years. We continue to focus on enhancing the reliability and hence comparability of the year-on-year data we report. Significant restatements of data are noted where applicable.

This review has drawn on the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) for general guidance purposes and meets the B-Level reporting requirements. This year we are also reporting against the GRI's mining and metals sector supplement. A response to each of the GRI reporting indicators is provided in a table towards the

end of this report, together with the Independent Third Party Assurance statement and our response to the findings of this engagement. This report also includes a performance review against the principles of the ICMM, and the South African Mining Charter.

In addition to this standalone report on our sustainability performance, a summarised version has been published in our annual report. This more comprehensive version includes a further level of detail and a selection of case studies, compiled by an independent journalist, Peter Delmar, to illustrate some of the Local Economic Development (LED) and Corporate Social Investment (CSI) initiatives in which ARM and its associates are involved, in a frank and objective fashion.

We encourage you to share your thoughts with us on this report. To submit your comments, or to request further information, please contact:

Nerine Botes-Schoeman

Group Manager: Sustainable Development Reporting
African Rainbow Minerals Limited
PO Box 786136, Sandton, 2146, South Africa
Telephone: +27 (0) 11 779 1545; Facsimile: +27 (0) 86 575 9024
E-mail: nerine.botes@arm.co.za



To assist us in our commitment to continuous improvement, please complete our online stakeholder feedback form on our website at the following link: www.arm.co.za.

Overview of ARM's operations

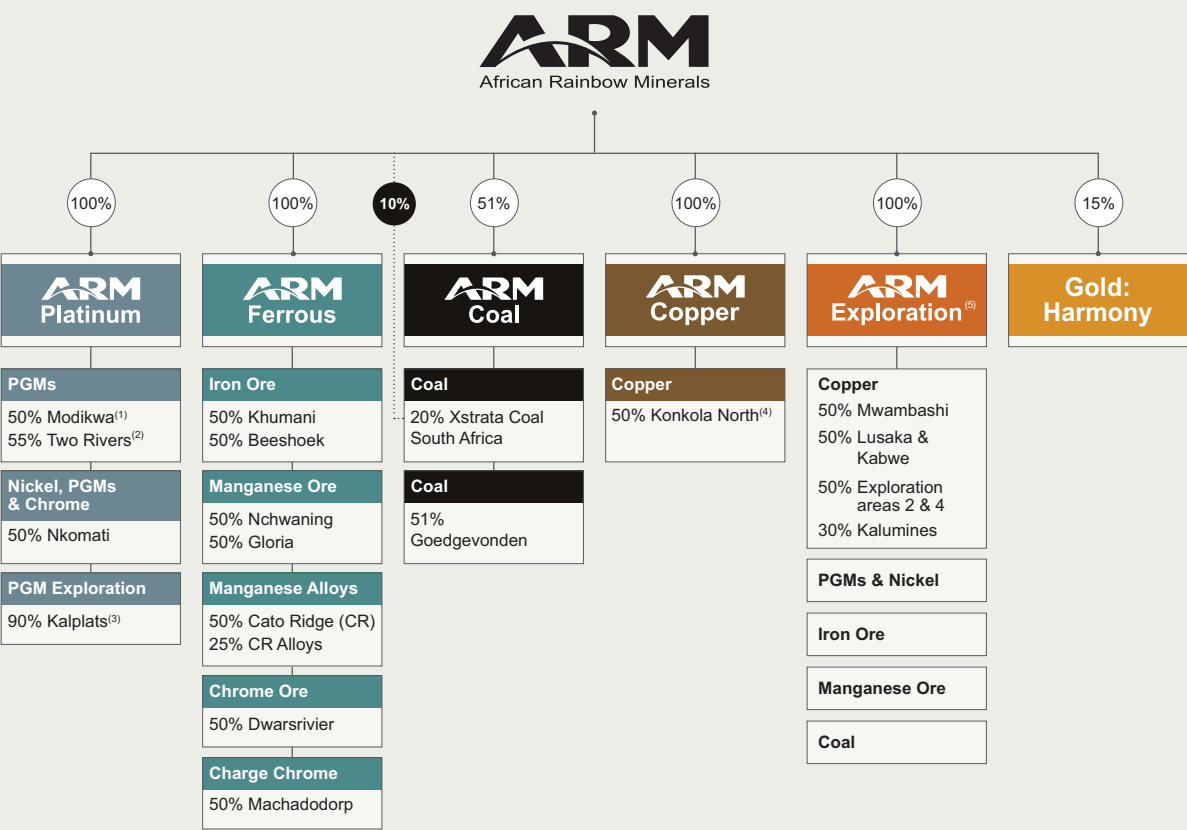
ARM is a leading South African diversified mining and minerals company with world-class long-life, low-cost assets in key commodities. An integral part of ARM's business is the forging of partnerships with major players in the resource sector.

The Company has operations in ferrous and base metals, platinum (with nickel and copper) and coal under the divisions ARM Ferrous, ARM Platinum and ARM Coal. The new ARM Copper Division is developing the Konkola North Copper Project in Zambia through its 50-50 Joint Venture with the Brazilian company Vale S.A.

The Company has a holding in Harmony of 15%, which classifies it as an investment and not as an associate. ARM in its current form was created in May 2004 to operate, develop, explore and hold significant interests in the South African and African mining industry. Despite recent market challenges, ARM continues to

be profitable and grow its assets, while maintaining a strong financial position.

We strive to be a leading mining and minerals company and ensure that we provide value to our shareholders, our employees, our partners and the communities in which we operate. In doing so, we are committed to conduct our business safely and responsibly, as we seek to forge partnerships that increase our access to markets and value-generating growth opportunities. The following diagram illustrates the nature of the partnership ARM has for each of its operations.



ARM's sustainability performance at a glance

Overview of our principal achievements, challenges and strategic focus areas

This section provides an overview of our principal achievements during the financial year under review, and outlines our key challenges and strategic focus areas going forward. It also includes a table of quantitative performance data for the last two years.

Principal achievements

- Continuing strong financial performance, which provides the foundation for our sustainability performance.
- Increased our workforce by 35.76% (to 22 776 employees and contractors) and anticipate a steady increase in employees in line with our ambitious growth objectives. There were no retrenchments this year.
- Our Modikwa operation achieved six million fatality-free shifts.
- Continuous improvement in our management of HIV & AIDS in the workplace, as measured against a performance evaluation scorecard and in alignment with the primary aims of the National Strategic Plan for South Africa (2007 – 2011).
- For the second year, our employment equity and gender diversity levels exceeded the targets set out in the SA Mining Charter.
- Increased our total Corporate Social Investment spend (CSI, LED and ARM BBEE Trust) to R72.9 million (R60 million in 2009).
- Calculated and analysed our corporate carbon footprint, and appointed a Group Electrical Engineer to assist in managing climate change and energy efficiency, with a view to developing a long-term carbon management strategy and implementation plan.

Challenges and strategic focus areas

- Preventing all workplace injuries and ensuring zero fatalities. We regret to report one work-related fatality this year. Our injury frequency rate remained relatively consistent and in line with industry standards. Enhancing our safety management is a primary focus.
- Developing, attracting and retaining an adequate skills pool (internal and external) to meet our ambitious growth objectives.
- Complying with the requirements of the International Council on Mining and Metals (ICMM), and aligning with the Broad-Based Socio-Economic Charter for the Mining Industry (Mining Charter), as recently revised.
- Further integration of sustainability risks into our Enterprise Risk Management system, and improving our systems for measuring and monitoring our sustainability performance and reporting practices.
- Updating our policies and systems to improve data collection and reporting, in order to be able to make more informed decisions relating to sustainability.
- Formalising our stakeholder engagement processes.
- Decentralised management framework presents challenges to embedding sustainability throughout our operations. We continue to establish Group policies for key issues to ensure a congruent approach to developing and managing the business.
- Meeting emission reduction targets at our smelters, and improving our water management.
- Ensuring BBBEE and BEE procurement supplier accreditation.
- Continued implementation of our housing strategy and furthering our transformation strategy in line with the new objectives of the revised Mining Charter.
- Developing a greenhouse gas (GHG) emissions reduction strategy and a climate change strategy, and respective implementation plans.

Production volumes

	F2010	F2009
Platinum Group Metals (ounces)	636 383	621 888
Nickel concentrate (tonnes)	46 416	52 029
Iron ore (tonnes)	9 286 000	9 304 000
Manganese ore (tonnes)	1 973 000	3 138 000
Ferromanganese (tonnes)	252 000	216 000
Charge chrome (tonnes)	200 000	169 000
Chrome ore (tonnes)	587 000	684 000

Our sustainability performance year-on-year

Performance indicator	F2010	F2009
Economic and related core baseline indicators		
Revenue (Rm)	11 425	10 712
Sales (Rm)	11 022	10 094
Duties, levies and taxes paid (Rm)	1 009	1 727
Headline earnings (Rm)	1 714	2 317
EBITDA (Rm)	3 907	4 484
Purchased materials and services (Rm)	5 624	4 201
Value added	5 653	6 968
*Procurement of capital goods, services and consumables from BBBEE suppliers (%)	52.5 (target was 40%)	37.3
Number of environmental administrative penalties/fines	2	None
Employee issues		
Total number of all ARM employees and contractors	22 776	16 777
– Employees (permanent)	10 281	9 643
– Contractors (mainly used in capital projects)	12 495	7 134
New jobs created (direct employment only)	802	896
Employee turnover (excluding contractors) %	5.7	4.5
Investment in employee training and development		
– total expenditure (Rm)	50	57
– % of payroll	3.6	6
Employment equity (% representation of previously disadvantaged groups among permanent employees)		
– Top management	44	44
– Senior management	32	32
– Professionally qualified	45	47
– Technically qualified	67	56
Lost Time Injury Frequency Rate (LTIFR) (/200 000 man hours)	0.770	0.736
Reportable/serious accidents	90	82
Number of lost workdays due to industrial action	2 411	115
Environmental issues		
Total water withdrawn (m³) (municipal, surface and groundwater)	15 060 418	14 314 155
Energy usage		
– electricity (000 kWh)	2 003 918	2 038 751
– oil (000 litres)	3 626	2 788
– diesel (000 litres)	55 732	54 625
Emissions		
Carbon footprint equivalent (equivalent tonnes CO ₂)	In the process of determining	2 664 549
– CO ₂ emissions – direct (tonnes) (Cato Ridge and Machadodorp only)	562 487	748 473
– NO _x (tonnes)	1 113	–
– SO _x (tonnes)	1 559	–
– Particulate matter (tonnes)	350	–
Domestic waste (tonnes)	38 960	37 834
Corporate social investment		
CSI (Rm)	14.5	19.3
LED (Rm)	43.8	28
ARM BBEE Trust (Rm)**	14.6	n/a
Total community upliftment and social investment (Rm)	72.9	60

* Non-financial data is based on 100% (vs attributable to equity), unless otherwise stated.
* EE stats: Reported annually in October of each year, in line with SA Department of Labour.
* LTIFR: Injury rates are measured per 200 000 man hours, in line with general SA practice, and include both ARM employees and contractor incidents.
* Environmental indicators: we continue to improve our systems for measuring and monitoring our performance to ensure comprehensive and reliable data. Accordingly, our figures for F2009 have in certain cases been restated.
* Water usage: 2009 figures exclude Nkomati – consumption at Nkomati was 490 000 cubic metres, but recycling rates are not measured.
* CO₂ kg figure for all mines not available (mines are currently in the process of establishing emissions inventories).
* Energy usage: a nominal amount of petrol is used in transport at select operations and is not deemed material for reporting.
** Dividends paid in F2009 but project spend only from 1 July 2009.

Chief Executive Officer’s statement



André Wilkens Chief Executive Officer

I value the opportunity to introduce and share my reflections on this review of our sustainable development performance over the last financial year. It has been an exciting and challenging period and we have made encouraging progress in many areas of our social, environmental and economic performance. We nonetheless continue to face a number of challenges, as we strive to improve our sustainability performance.

We believe that successfully addressing the social and environmental challenges of sustainability is essential to achieving our longer term strategic growth objectives. It is only by operating in an informed, responsive, and socially responsible manner that we can meet the underlying requirements for our continued business growth, which include ensuring an appropriately skilled and motivated workforce, continued access to natural resources, notably ore, water and energy, and maintaining positive relationships with our principal stakeholders.

As we strive to ensure the continued creation of value for shareholders, we are resolute in managing our operations and developing new projects in a manner that creates long-lasting economic and social benefit for the communities in which we operate, while ensuring that safety standards are maintained at the highest level.

ARM's businesses have delivered commendable operational results in the wake of a very challenging global economic crisis. Our continuing strong financial performance provides significant socio-economic benefits for many stakeholders and serves as an important platform for implementing initiatives and investments aimed at further improving our sustainability performance.

Our continued expansion enabled us to increase our workforce by 35.7% this year and we expect this trend to continue as we realise our ambitious growth plans. We are pleased to report that there were no retrenchments this year, and for the second year, our employment equity and gender diversity levels exceeded the targets set out in the SA Mining Charter. We also significantly increased our procurement from black empowered businesses and investment in Local Economic Development (LED) projects. We consider our LED/CSI activities to be an essential part of our contribution towards sustainable economic development in South Africa and this year commissioned an independent journalist, Peter Delmar, to visit some of our projects and compile objective accounts of the work being undertaken. We are delighted to include a selection of these throughout this report, to communicate some of our activities. Going forward, we will seek to build on the insight gained through Mr Delmar's

Chief Executive Officer's statement *continued*

experience, to enhance the sustainability and impact of our projects.

We are entering another exciting period of growth, which will present opportunities to further contribute to much needed job creation and capacity building, skills and entrepreneurial development, and procurement of capital goods and services from local and black empowered businesses.

Developing, attracting and retaining an adequate skills pool to meet our ambitious growth objectives is an ongoing challenge. This year we have made good progress towards implementing a comprehensive and integrated Human Resource management information system, to assist in achieving these objectives.

Workplace safety and health issues, in particular noise-induced hearing loss (NIHL), HIV & AIDS and tuberculosis, are other material sustainability issues. Reducing the incidence of NIHL is an ongoing challenge and a focus area for improvement. According to our internal assessment, we have made good progress in our management of HIV & AIDS in the workplace. Preventing workplace injuries and ensuring zero fatalities is an ongoing priority and challenge across our operations. We regret to report one work-related fatality this year. While this is a significant reduction on the previous year's five fatalities, no work-related fatality is acceptable. Our injury frequency rate increased slightly and we have duly embarked on a concerted drive to ensure that safety risks at our operations are minimised.

Our business is dependent on access to natural resources and we are committed to conducting our operations in an environmentally responsible manner. Our key environmental risks and challenges include management of natural resources, in particular water and energy, climate change, biodiversity conservation and land management, while rehabilitation and closure planning are essential.

In South Africa we face increasing concern around energy and water constraints. We therefore strive to improve our resource use efficiency by integrating efficiency considerations into our business and planning strategies, improving efficiency at current operations and investigating alternative energy and water sources.

Ensuring that we have adequate systems in place to reliably measure and monitor our performance across all our material issues, is fundamental to advancing our sustainability agenda. Our decentralised management structure presents challenges to ensuring that data reported at a Group level is comprehensive and accurate. This is particularly evident in our environmental performance indicators and improving our data collection, management and reporting systems is an important focus.

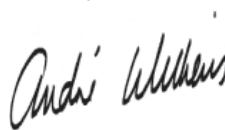
Notwithstanding this challenge, we have made valuable progress in our management and reporting of our sustainability practices and performance, and will ambitiously seek to build on this progress. We place great importance on identifying and managing those risks that have the potential to have a material impact on our business, and on devoting the necessary resources to adequately manage these. To this end, we have appointed a

Group Manager: Sustainable Development Reporting, responsible for managing and driving sustainability, and improving our reporting as part of this process. Focus areas this year have been enhancing the inclusion of our material sustainability issues into our risk management system, and developing a reporting framework based on the Global Reporting Initiative (GRI).

Our commitment to improving our sustainable development performance and reporting is significantly assisted by referring to the guidelines and expectations of a number of frameworks. As last year, our report has been drafted in accordance with the GRI G3 sustainability reporting guidelines. We have embarked on a phased external assurance process and this year, we appointed SustainabilityServices.co.za to provide Independent Third-Party Assurance of the report at the moderate (Type I) level of assurance. We have met the AccountAbility AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness and the GRI G3's requirements for Application Level B+ (please refer to the Independent Assurance Statement later in this report). The assurance process has greatly assisted us in identifying areas for improvement in terms of our reporting and we are committed to continuous improvement in this regard and implementing the recommendations stated in the Independent Assurance Statement.

As a proud member of the International Council for Mining and Metals (ICMM), we are committed to adhering to ICMM requirements in terms of how we operate, and we include a report against their principles. Our performance against the Mining Charter is also included in this report. Our approach to reporting will progressively seek to become more integrated, in line with the recommendations of the King Report on Governance for South Africa – 2009 (King III).

This report forms part of a continuing process of dialogue with our stakeholders and helps us to respond strategically to the risks and opportunities of sustainable development. We thank our stakeholders for their valuable contribution, and will seek to leverage these engagements, to further our positive contribution to society.



André Wilkens
Chief Executive Officer

The inside track on our CSI/LED initiatives

This year we commissioned independent journalist Peter Delmar to visit some of our social projects and compile a frank review of the work being undertaken. We have learned considerably from Mr Delmar's incisive experience and include in this report a selection of his summarised reviews of our projects, as well as his comments on the exercise, below.

Report by independent journalist on ARM's CSI/LED case studies



Peter Delmar is a senior independent freelance journalist, newspaper columnist and author.

The CSI/LED work being carried out by ARM and its associates is of the greatest importance and should, I hope, be communicated to as wide an audience as possible.

In July 2010 I was commissioned by ARM to visit and write case studies on CSI/LED projects being implemented by various operations. During this process, I was accompanied by a photographic team and we were exposed to some 30 projects.

A list of operations and contact details were supplied by the client but the precise projects to be investigated and written about was left largely to my discretion. The brief was to profile the projects, interview those involved and compile objective accounts of the work being carried out. ARM explicitly briefed me that I was not to produce "press-release copy" but to write as objectively about the projects' achievements and sustainability as possible.

The following operations were visited: Machadodorp Works, Nkomati, Dwarsrivier, Two Rivers, Modikwa, Black Rock, Beeshoek, Khumani and Cato Ridge Works. We also travelled to Piet Retief to profile a project of the ARM BBEE Trust.

Site visits had to be planned so as to maximise the photographers' time and budgets and to do shooting in the best possible light, for instance to avoid taking outdoor pictures during the middle of the day. Before visiting the projects I was not made privy to any written reports on the project details and so attempted to get a rough overview of what they entailed while setting up meetings with the various "project owners". During these telephonic conversations I explained to the project owners what we would require in terms of interviews and photographic sessions.

Without exception I was greatly impressed by the willingness of the project owners to co-operate, with their intimate knowledge of the projects and their commitment. In almost all cases, I was pleasantly surprised by the lengths to which these people had gone to in preparing for our visits. If there was any sense that I was an "emissary from head office" sent to check up on projects on the ground I was unaware of such a sentiment.

We were given more than adequate access to beneficiaries, partners and third parties implementing the projects. In all cases, detailed financial information for which I asked was forthcoming. Project owners were all willing to share with me challenges and even shortcomings of their projects.

After writing the case studies these were emailed to the project owners as a courtesy and to ensure accuracy. The feedback from this exercise was in most cases strictly, as requested, to correct incorrect statements of fact.

In evaluating the sustainability or otherwise of individual projects I deliberately abstained from making pointed "findings" or conclusions. I believe that it would have been unfair to make such findings given the limited exposure we had to projects (generally not more than two or three hours). However, I believe that my impressions are conveyed in the text and in my choice of facts. It is hoped that follow-up visits will build on the experience now gained.

I was struck by the number and diversity of ARM's CSI/LED projects that were in either an implementation or pre-implementation phase at the time of our visits. Most of these new projects we did not profile if, for no other reason, than that there were no subjects to photograph. Several of the projects which we did investigate were in the early stages of implementation and it would be particularly interesting to revisit these after a few months.

Getting to grips with an often complex project with very little time at one's disposal was invariably a challenge but a most stimulating exercise. The commitment to transparency displayed by all parties made it possible, I believe, to produce reasonably incisive case studies. This project was both fascinating and rewarding.



CASE STUDY

THE ARM BBEE TRUST underpins the Piet Retief sewing project

In the early 19th century the great Dingiswayo, chief of the Mthethwa people, groomed a young chief called Shaka for the profound role he would play in the history of southern Africa.

Shaka brought many disparate tribes under his sway, creating the mighty Zulu nation in what is today the province of KwaZulu-Natal. These days, Zulu people live in all of South Africa's major cities and a large group of them, the Mthethwa, are to be found across the KwaZulu-Natal border in south-eastern Mpumalanga.

In 2008 the Mthethwa chief, MD Mthethwa, died suddenly, to be succeeded by his then 26-year-old son, TB. Chief Mthethwa's domain, the Madabukela Tribal Authority, includes the town of Piet Retief and covers an area of some 200 km², home to at least 140 000 people.

Chief (Nkosi) TB Mthethwa is a thoroughly modern sort of traditional leader yet proud of the links that bind him all the way back to Dingiswayo. "The chief is only as good as the people around him," said the former banker. "My role is not about just telling people what they must do. My councillors and I must listen to the people and then come up with the best solutions to their needs."

Forestry, paper production and agriculture are the mainstays of the region but the inhabitants of what has traditionally been an economic backwater are mostly desperately poor. Recently, some have been able to find employment in the growing numbers of mines established nearby but they remain a fortunate minority.

Overview:

- Chief (Nkosi) TB Mthethwa, a trustee of the Mpumalanga and Northern Cape leg of the ARM BBEE Trust, and tribal council launched the Imvelo Yamama Sewing Project in Piet Retief in March 2010.
- The ARM BBEE Trust invested over R300 000 in infrastructure and materials for the project, which is on track to go into full production in January 2011 and undertake a proper marketing drive.
- With widespread potential customers, ensuring the highest quality is imperative as the project strives to develop a reputation for excellence.

Most of the land around Piet Retief is still owned by white farmers although almost 30 successful land claims have restored large swathes of the territory to their rightful, traditional owners. Yet the restitution of land had done little to ease chronic poverty in his area, said Nkosi Mthethwa: "The farms are not that viable for the simple reason that people lack the skills to farm them properly."

While various schemes were being developed to teach emerging farmers to farm profitably and to help them with the necessary equipment, infrastructure and inputs, the new chief decided that something had to be done urgently to create sustainable employment.

This wish was realised through the ARM BBEE Trust created by the Executive Chairman of ARM, Mr Patrice Motsepe, in 2006 as a vehicle to develop and empower rural communities. The ARM BBEE Trust in turn created five rural upliftment trusts; Nkosi Mthethwa was identified as one of the traditional leaders who would become a trustee of the Mpumalanga/Northern Cape Rural Upliftment Trust.

In March 2010 Nkosi Mthethwa, his wife Phumzile and the tribal council launched the Imvelo Yamama Sewing Project, which was registered as a not-for-profit company. Thirty-five women aged between 22 and 60 were recruited to undergo training provided by an experienced seamstress, the chief's aunt, Bozelwanbane Nkosi, who has been a sewing trainer for almost two decades.

Only two of the women had ever had any formal kind of employment and, as Nkosi Mthethwa explained, they only earned R500 to R800 a month. As soon as Imvelo Yamama started, the women took to their training with gusto. "They're very, very passionate about this project," said Phumzile Mthethwa. "Now, several months after we started, they are still so excited about the opportunity they have been given. They are determined that this should succeed."

The ARM BBEE Trust investigated Imvelo Yamama's viability and decided that it was worth supporting. A prefabricated room, large enough to accommodate 35 women and sewing machines, was erected at a cost of R143 000 on land belonging to the tribal council 15 km outside Piet Retief. Sewing and embroidery machines worth R65 000 were bought, as well as furniture and material, and an old bakkie reconditioned. The ARM BBEE Trust's total contribution came to some R300 000, plus an amount of R15 000 to electrify the buildings. Finally, a one-hectare vegetable garden was cleared, prepared and planted with spinach.

For the rest of 2010 the women trained and worked without any financial compensation. At any one time, four or five of them were pregnant and unable to work, while transport presented itself as being amongst the project's biggest difficulties. Women living in Piet Retief had to pay R20 for the daily round trip, a small fortune for someone not yet earning a salary, and others had to hitchhike 30 km or more.

In mid-August the women of Imvelo Yamama were waiting for Eskom to connect power to their new building and preparing to move out of the rooms at the chief's house which they had used as their classroom and factory for almost six months. Another 30 women had been recruited to receive similar training on a farm 30 km from the "head office". By August 2010, 15 of the women were able to cut and stitch a school tracksuit "from A to Z", according to Phumzile Mthethwa. By January 2011 it was hoped that this number would have risen to 50, at which time the project would be ready to go into full production and to undertake a proper marketing drive.

Phumzile, who is responsible for most of the administration of Imvelo Yamama and shares marketing responsibilities with the chief, said a business plan would be compiled before the project was ready to go into full production. As of August 2010, the women were able to produce three or four children's tracksuits a day, plus 10 pairs of trousers. Imvelo Yamama had produced some 50 tracksuits for a crèche in Piet Retief and secured an order for a similar number of tracksuits, with embroidered badges, from a nearby primary school.

The project had just received a request from the Mondi factory outside the town to give it a sample overall. If the company was satisfied with the quality, it was likely to order overalls, as well as shirts for its more than 200 employees. Nkosi Mthethwa said he had also heard "rumours" that several schools and pre-schools in Piet Retief were interested in supporting the project. The town had about 10 crèches and the township even more. Although detailed research had not yet been done, Nkosi Mthethwa estimated that there were 20 rural schools in the area, all of whom were potential clients, as were those in Piet Retief.

Once a month, Phumzile and one of the project women travel to Pietermaritzburg to source material. A child's tracksuit required R100 of material and the finished product could be sold for R200. Phumzile said the project was already taking individual commissions for beaded waistcoats, dresses and skirts and it was planned to make wedding and matric-dance gowns.

Nkosi Mthethwa and his wife agreed that the question of transport – ensuring that the women got to and from work every day – was the project's biggest logistical challenge. A minibus would make life much easier for the trainees, and ensure that a reliable number of women would report for work every day.

"Unless we can make quality products all the time this project will never succeed. If we can get a reputation for excellence the sky's the limit."

Nkosi Mthethwa, Founder of Imvelo Yamama Sewing Project



"Most of the local demand for school tracksuits and uniforms, as well as work clothes such as that needed by Mondi is supplied from Johannesburg or KwaZulu-Natal and Imvelo Yamama represented an excellent vehicle to create jobs and practise rural upliftment," Nkosi Mthethwa said. Until such time as enough women had been trained to the required standard, the project was caught in a Catch-22 situation; he and Phumzile were reluctant to do a full sales drive unless they were confident of having enough capacity to execute orders.

"The most important thing," Nkosi Mthethwa said, "will be to make sure that we can meet and exceed our clients' expectations in terms of quality. Unless we can make quality products all the time this project will never succeed. If we can get a reputation for excellence, the sky's the limit."

*— researched and written by independent journalist,
Peter Delmar*

Sustainable development at ARM



Our approach to sustainability

The mining industry has high and direct social, environmental and economic impacts, as it is based on the exploration and development of non-renewable resources and the limited life-span of mines has social implications. ARM takes the view that sustainable minerals development requires a life cycle approach to all aspects, from exploration to minerals extraction, through production, in order to bring about development that is economically viable, financially profitable and environmentally and socially responsible.

ARM believes that as long as environmental, social and governance-related challenges associated with mining are adequately managed through sound risk management-based practices, mining is a promising sector for investment and an important vehicle for development and poverty alleviation. ARM therefore embraces the responsibility that its mining operations present and responds through practising responsible environmental management, creating opportunities for capacity building, promoting skills development, generating employment opportunities, housing provision and driving transformation within its operations. We endeavour to minimise any adverse social and environmental impacts of our activities on the communities in which we operate, and invest in local economic development and improvement of infrastructure, thereby enhancing the socio-economic capacity of these communities to avoid dependence on our operations. ARM's investment in the development of small businesses and our preferential procurement from BEE compliant organisations support capacity building in the communities. While carefully understanding and managing potential negative impacts of our activities, we contribute positively on the social front through consultation with our stakeholders and ensuring that our projects receive broad-based stakeholder support.

In 2006, Mr Patrice Motsepe, Executive Chairman of ARM, established the ARM BBEE Trust, consisting of five provincial Trusts – the National Women's Upliftment Trust, the ZCC Church Trust, the South African Democratic Teachers Union (SADTU) Trust, the National Education, Health and Allied Workers Union (NEHAWU) Trust and individuals. These Trusts together own about 10% equity of the Company (ARM). The five provincial Trusts are made up of:

1. the Eastern Cape Rural Upliftment Trust;
2. the Kwa-Zulu/Natal Rural Upliftment Trust;
3. the Limpopo Rural Upliftment Trust;
4. the Mpumalanga/Northern Cape Rural Upliftment Trust; and
5. the North West/Free State Rural Upliftment Trust.

These Trusts have been created for the purpose of uplifting and benefiting rural communities in various provinces. ARM has to date distributed approximately R41 million to the above-mentioned Trusts. In terms of welfare, these projects are anti-poverty initiatives in nature, with emphasis on continuous development and self-help initiatives, such as training in the community, other community-based projects and agricultural projects. A total of 26 projects have been completed in the various provinces.

To strengthen its sustainable development outlook, ARM became a member of the International Council on Mining & Metals (ICMM) in 2009 because it shares the ICMM's vision of a respected mining and metals industry which is widely recognised as essential for society and as a key contributor to sustainable development. ICMM membership provides ARM with an international platform to share challenges and learnings, and gain insight into best practice.

As a member of the ICMM, ARM subscribes to the Extractive Industries Transparency Initiative (EITI), a global standard that promotes revenue transparency and the management of revenues from natural resources. Its aim is to strengthen governance which prevents the exploitation of natural resources by improving transparency and accountability in the extractives sector.

The EITI as a combined initiative of governments, companies, civil society groups, investors and international organisations, supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining. It has a robust yet flexible methodology for monitoring and reconciling company payments and government revenues at the country level, a process which is overseen by the EITI Board consisting of members from governments, companies and civil society. The EITI Board and the International Secretariat are the guardians of the EITI methodology internationally.

ICMM
International Council
on Mining & Metals

Managing sustainability

ARM intends to continue growing and driving sustainability within a diverse portfolio of mining operations, and has therefore put measures in place to promote sustainability at all its operations.

This report reviews our activities during F2010 aimed at improving our understanding, management and reporting of our sustainability practices and performance. We briefly discuss our approach to identifying our most material sustainability issues, review our approach to managing and reporting on our sustainable development performance, and provide an overview of our stakeholder engagement activities.

The sustainable growth of our business is ultimately dependent upon the maintenance of a stable political environment, the ability to attract and retain appropriately skilled employees, continued access to natural resources, and maintaining good relationships with our principal stakeholders, including governments and the communities where we operate. As we strive to act in a socially responsible manner, it is essential that we remain informed and responsive. In our business, value protection is dependent on risk management, compliance and operational efficiency. An understanding of our material issues is an essential part of this process, and is discussed in the following section.

Understanding our material issues

In line with the recommendations of the new King III Code on Corporate Governance in South Africa, we will progressively seek to demonstrate how social, economic and environmental considerations impact on our strategic growth drivers; and equally, to show how these issues are being effectively integrated within the Company's core strategy and throughout its sphere of influence.

As an owner and operator in the mining sector, ARM is subject to a wide range of risks. Understanding risks associated with our current and future operations will assist us in making sound investment decisions and allow us to implement effective policies and strategies to control and mitigate these.

In order to understand the relationship between sustainable development and our core value drivers, it is essential that we identify and respond to our material issues. We have identified our material sustainability issues through a process of internal evaluation and reflection that is informed in part by the outcomes of discussions with our stakeholders. A summarised review of the nature of our stakeholder engagement activities is provided later in this section.

Among those socio-economic and environmental issues that can have a meaningful impact on ARM's financial performance are the following:

- The potential nationalisation of SA's mines and associated impacts on community well-being.
- Strategy considerations relating to mine closure planning, climate change and increasing resource constraints, particularly energy and water.

- Promoting transformation and skills development to meet business objectives.
- Financial considerations regarding competitiveness, Rand strength and commodity prices.
- Maintaining sound governance and compliance on all accounts to ensure value and reputational protection.

This year we took several steps aimed at gaining a better understanding of our material issues, and improving our management of sustainability and reporting practices. Subsequent to becoming a member of the ICMM in August 2009, we commissioned consultants to perform a gap analysis and assess alignment of ARM's sustainable development practices in relation to the ICMM requirements. This gap analysis was followed by initial assurance assessments at two of our operations, Two Rivers Platinum and Cato Ridge, in March 2010.

Improving our approach to managing sustainability

Key recommendations made in the gap analysis were for ARM to enhance inclusion of sustainability issues in its risk management system, to ensure that this extends beyond legal compliance and encompasses emerging risks, and to strengthen the reporting framework based on the GRI.

In response, we engaged consultants to facilitate a collaborative internal workshop to review our material sustainability-related business exposures and identify the material sustainability risks the business faces in the short- to long-term. The risks identified in this workshop were consistent with our existing understanding of our material risks, providing reassurance that our business is appropriately structured in terms of managing our material issues. In response to the process, we have broadened our "six pillar" approach to reporting on our sustainability performance, to integrate additional material issues. A transitional reporting model illustrated later in this section has been developed, which will inform our approach to managing sustainability going forward.

A principal challenge in our sustainability reporting system is that currently Key Performance Indicators (KPIs) are reported by operations through a number of different management systems, which results in significant time being spent on consolidating data, as well as challenges around ensuring accuracy of data and comparability. We have therefore embarked on a longer term process of implementing uniform reporting systems across our operations. This system is being piloted in the ARM Ferrous Division and will subsequently be rolled out across our operations.

ARM has committed to undertake the following steps to improve our sustainable development management and reporting:

- Develop a formal stakeholder engagement process, based on best practice standards, and assign responsibilities to individuals for engaging with specific stakeholder groups.
- Revisit the Company's longer term sustainable development vision, informed by stakeholder engagement and risk management processes. We will allocate specific responsibility for addressing sustainability issues with clear sustainability indicators linked to performance appraisals and remuneration.

Sustainable development at ARM continued

- Establish Group policies for key issues to ensure a congruent approach to developing and managing the business, thereby limiting the risk involved with our decentralised management structure.
- To ensure that data collected is pertinent and relevant, management will identify the KPIs required to be reported and assured in future, and develop comprehensive guidelines for these, benchmarked against peers in the relevant industry.
- Management will review the adequacy of the Company's current policies in light of the recommended risk and strategy workshops and select KPIs to generate information that will enable the assessment of progress towards meeting organisational goals and objectives, and ensure that processes, systems and controls are well designed and implemented for continuously improved reporting.

ARM's sustainable development reporting framework

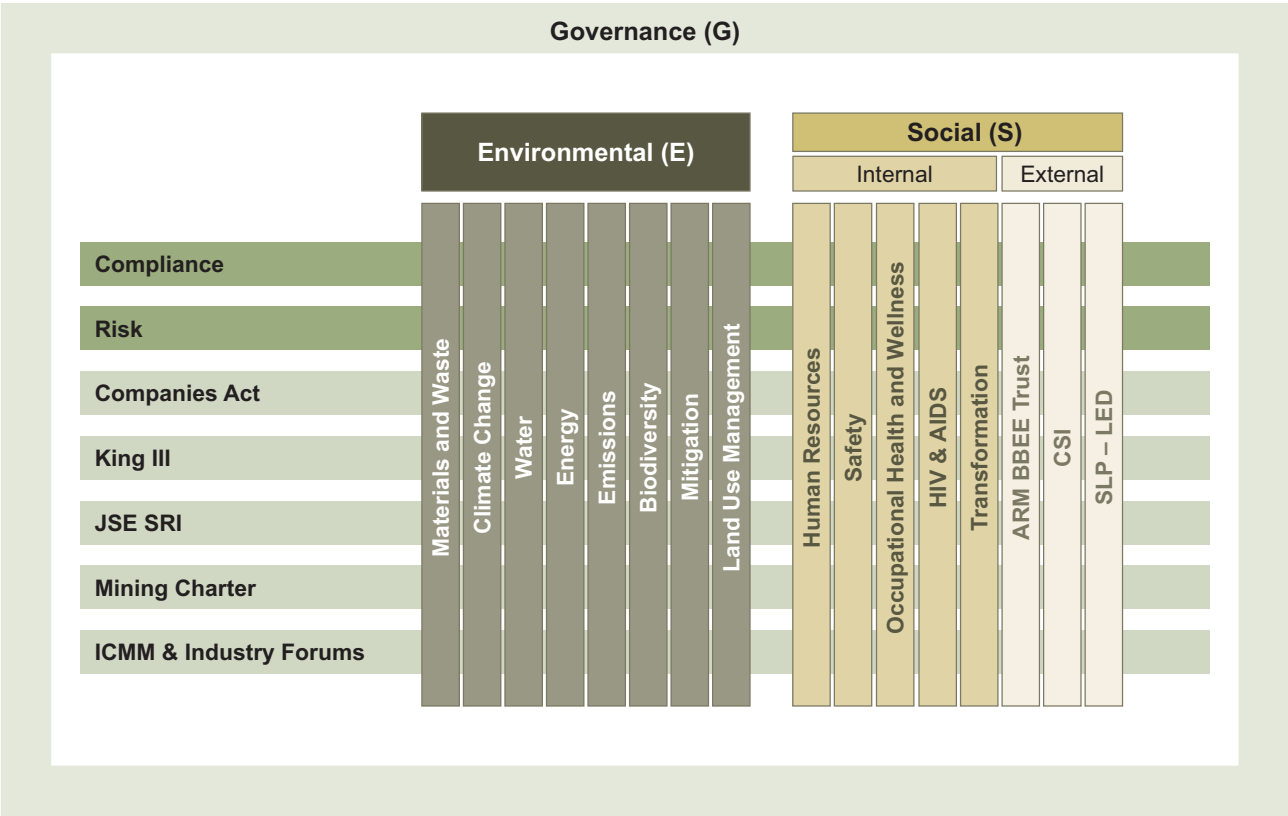
As a JSE listed company, ARM is required to comply with the Companies Act and King III, which includes sustainable development principles that provide the basis for integrated reporting. ARM has sought to adopt these sustainable development

principles by revising its strategic approach to sustainable development reporting. This has led to a change in our approach from "the six pillars of sustainable development at ARM" model to a model that conforms more closely to both King III and the JSE Socially Responsible Investment (SRI) Index requirements. The JSE SRI is based on criteria that identify requirements that companies must meet in order to show that they have integrated Triple Bottom Line (TBL) practices into their activities. The indicators are structured along the three broad categories of Environment, Social and Governance (ESG) and related sustainability concerns.

We consider our interim integrated reporting framework to be a key step in the process of improving our sustainable development management and reporting system. In the next year, ARM plans to further improve its stakeholder engagement process and raise its level of reporting, in line with the GRI sustainability reporting guidelines.

As a committed member of the ICMM, we strive to comply with the requirements of the ICMM sustainable development framework, which comprises three elements – principles, reporting and assurance. A review of our activities in this regard is provided later in this section.

ARM'S SUSTAINABLE DEVELOPMENT REPORTING MODEL





Guidance from external sector and global frameworks

Our commitment to improving our sustainable development performance and reporting is significantly assisted by referring to the guidelines and expectations of a number of frameworks and stakeholders, including:

- Legislative requirements and codes, including financial reporting and JSE Listing Requirements and the Companies Act.
- Safety, health and environmental legislation, the Mining Charter and labour legislation.
- Voluntary standards and disclosure requirements such as King III, the GRI G3 Guidelines and the GRI Mining and Metals Sector Supplement, and the Carbon Disclosure Project (CDP).
- Management systems standards such as ISO 9001, 14001 and OHSAS 18001.
- Industry associations, including the Chamber of Mines and the ICMM.
- JSE SRI requirements.
- Investor and stakeholder requirements.

We realise that sustainability reporting is only part of the process of driving sustainability throughout ARM. As we seek to improve

our management processes, this will assist in improving our reporting. This year ARM appointed a Group Manager: Sustainable Development Reporting responsible for reporting, as well as managing and driving sustainability.

Adhering to the requirements of the ICMM

ARM is proud to be a member of the ICMM, which plays a leading role in promoting good practice and improved performance internationally and across different commodities. The ICMM is a CEO-led organisation representing 19 of the world’s largest mining, minerals and metals companies, as well as regional, national and commodity associations. The ICMM provides a platform for industry and other key stakeholders to share challenges and develop solutions based on sound science and the principles of sustainable development.

We are committed to adhering to the requirements of the ICMM in terms of how we operate. This includes acting in accordance with ICMM position statements, including those relating to mining and indigenous peoples issues; climate change, mineral resources and economic development, mining and protected areas. The following table outlines our key activities and commitments in terms of the ICMM’s Sustainable Development Framework.



Ekujabuleni Bakery loaves of bread for sale

Sustainable development at ARM continued

Management commitments and actions in relation to the 10 ICMM Principles

Principles	Key management commitments and activities
“Implement and maintain ethical business practices and sound systems of corporate governance”	<p>The Board is the foundation of ARM's corporate governance systems and provides effective control through a clear governance structure that has established various Committees to assist it.</p> <p>Our Code of Ethics has recently been revised and provides the platform for enforcement.</p> <p>Continue to implement mechanisms and policies which are aimed at preventing and reporting of unethical behaviour.</p> <p>Continue to comply with or exceed legislative requirements.</p>
“Integrate sustainable development considerations within the corporate decision-making process”	<p>Integrate sustainable development principles into Company policies and practices.</p> <p>Integrate sustainable development into the enterprise risk management system.</p> <p>Apply the principles of sustainability at all stages in an operation: from planning and designing through operation and closure.</p> <p>Engage with all our stakeholder groups and facilitate training in sustainable development issues.</p> <p>Participate in the structures of the ICMM; benchmarking, learning and implementing best practice.</p>
“Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities”	<p>We will continue to ensure fair remuneration and work conditions for all employees and refrain from using forced labour and child labour.</p> <p>Our Code of Ethics has recently been revised and all staff will be provided with training on this, which includes human rights.</p> <p>Constructively engage with our employees and unions on matters of mutual concern.</p> <p>Continuously review and ensure implementation of policies and procedures designed to eliminate harassment and unfair discrimination as well as maintain the anonymous whistleblowing facility.</p> <p>Embrace our cultural diversity and the process of transformation in our business.</p> <p>Respect the culture and heritage of the communities around our operations.</p>
“Implement risk management strategies based on valid data and sound science”	<p>Continue to integrate sustainable development into the enterprise risk management system at both corporate and operational levels.</p> <p>Enhance the risk assessment process in all areas of our business, particularly in terms of the social, health, safety, environmental and economic impacts associated with our activities.</p> <p>Communicate with interested and affected parties in terms of material risks, management systems to mitigate risk and emergency response procedures.</p>
“Seek continual improvement of our health and safety performance”	<p>Ensure entrenchment of hazard identification and risk assessment in terms of the health and safety implications of all activities.</p> <p>Provide all employees and contractors with training on health and safety, risk assessment and the health and safety management systems of the operation.</p> <p>Implement safety and health management systems (OHSAS 18001) which focus on continual improvement and mitigation of risk to the health and safety of our employees, contractors and the communities where we operate.</p> <p>Take practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our employees and contractors.</p> <p>Implement occupational hygiene surveillance and integrate results into risk-based occupational health monitoring and management of employees and contractors.</p>

Management commitments and actions in relation to the 10 ICMM Principles continued

Principles	Key management commitments and activities
"Seek continual improvement of our environmental performance"	<p>Assess, understand and quantify the risks in terms of direct and indirect environmental impacts which may result from our activities.</p> <p>Implement environmental management systems (ISO 14001) which focus on continual improvement.</p> <p>Comply with legislative requirements and changes and ensure that appropriate training is provided to our employees in line with these requirements.</p> <p>Provide adequate resources for rehabilitation of disturbed land in accordance with agreed post-mining land uses.</p>
"Contribute to conservation of biodiversity and integrated approaches to land-use planning"	<p>Consult with all stakeholders to ensure integrated land-use planning.</p> <p>Respect and seek to preserve biodiversity in the areas in which we operate.</p> <p>Provide training to employees, contractors and communities in regard to sensitive and endangered species around our operations.</p> <p>Respect designated protected areas.</p>
"Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products"	<p>Participate in Industry Forums such as the ICMM and Chamber of Mines and keep abreast of insights and developments relating to the properties of metals and minerals and their life-cycle effects on human health and the environment.</p> <p>Develop and provide regulators and other stakeholders (including users) with comprehensive material safety data sheets and information regarding our products and operations.</p> <p>Support the development of policies, regulations, product standards and material choice decisions that encourage the safe use of mineral and metal products, based on scientific information.</p>
"Contribute to the social, economic and institutional development of the communities in which we operate"	<p>Engage with interested and affected parties during planning of new projects or change/expansion to our operations, to communicate regarding concerns, issues or conflicts arising from our activities.</p> <p>Ensure that a formal stakeholder engagement policy and process is implemented to enable consistent interaction with affected parties.</p> <p>Contribute to community development through local economic and social project development and mine closure in collaboration with host communities and their representatives.</p> <p>Encourage partnerships with governments and non-governmental organisations to ensure that programmes (such as community health, education and local economic development) are well designed and effectively delivered.</p> <p>Continue to contribute to development that is aligned with our transformation targets, aiming to further the agenda of previously disadvantaged groups and minority groups.</p>
"Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders"	<p>Identify, understand and report on our material sustainability risks.</p> <p>Report on our economic, social and environmental performance and objectives.</p> <p>Provide information that is timely, accurate and relevant.</p> <p>Regarding inclusivity – engage with and respond to stakeholders about those issues which affect them and that are material to our business through transparent consultation processes.</p>

Sustainable development at ARM continued

Assurance programme

Companies listed on the Johannesburg Stock Exchange (JSE) are required to comply with annual reporting changes prescribed by King III for financial years ending after 1 March 2011. One of the key aspects is to identify and develop a combined assurance plan to provide the Board with appropriate assurance that a company's risks are adequately and effectively managed and mitigated.

ARM is well prepared in regard to the management and control of its various businesses. ARM and its divisions have a number of management and control assurance providing initiatives and processes, which are effected and monitored as follows:

- Monthly performance reviews of operations through Operational Committee meetings.
- Quarterly performance reviews of operations through Executive Committee meetings.
- Quarterly ARM Management Risk Committee meetings.
- Quarterly ARM Sustainable Development Management Committee meetings.
- Quarterly operational Sustainable Development meetings.
- Quarterly ARM Sustainable Development Committee meetings.
- Quarterly ARM Audit Committee meetings.
- Quarterly Board meetings.

The meetings and regular reviews form an important part of the combined assurance process, ensuring appropriate oversight of management processes, and management and mitigation of associated risks to an acceptable level. The combined assurance model adopted by ARM recognises three levels of control: operational management, oversight functions and external assurance providers.

Further to ARM joining the ICMM in 2009 and undertaking an internal assurance gap analysis conducted by external consultants, the Company has committed to take the steps required to meet the proposed external assurance requirements in terms of our sustainable development reporting, which acknowledge King III requirements.

Our commitment to improving our sustainable development performance and reporting is significantly assisted by referring to the guidelines and expectations of a number of frameworks. As last year, our report has been drafted in accordance with the GRI G3 sustainability reporting guidelines. We have embarked on a phased external assurance process and this year, we appointed SustainabilityServices.co.za to provide Independent Third-Party Assurance of the report at the moderate (Type I) level of assurance. We have met the AccountAbility AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness and the GRI G3's requirements for Application Level B+ (please refer to the Independent Assurance Statement later in this



Control room, Cato Ridge Works

report). The assurance process has greatly assisted us in identifying areas for improvement in terms of our reporting and we are committed to continuous improvement in this regard and implementing the recommendations stated in the Independent Assurance Statement.

Ensuring sound governance

ARM's efforts to achieve sustainability are underpinned by a commitment to maintaining the highest standards of good governance. This encompasses the concept of sound business practice, which is inextricably linked to the management systems, structures and policies of the Company.

ARM, a public Company, is listed on the JSE Limited (JSE). The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct, as well as the principles set out in the King Report on Corporate Governance for South Africa 2002 (King II) with certain exceptions (these are noted in our comprehensive review of our Corporate Governance performance, in our annual report). The King Report on Corporate Governance in South Africa 2009 (King III), comes into effect for JSE-listed companies for financial years ending after 1 March 2011. ARM has completed a gap analysis on its compliance with King III and will report more fully on its compliance with King III in F2011.

ARM's Board is the foundation of ARM's corporate governance systems and is accountable and responsible for the Company's performance. The Board retains effective control through a clear governance structure and has established Committees to assist it in fulfilling its responsibilities. A brief review of the Board, its committees, as well as our risk management and internal audit and control procedures, is provided below. All directors and employees are required to maintain high standards of integrity and ethical behaviour and our efforts to motivate and ensure the high standards are also briefly described in this section. To ensure consistent standards of governance and internal controls, the Company's subsidiaries and Joint Ventures have established boards and committees, as required, that report to the Board regarding their activities and performance.

Further information on ARM's governance structures and systems is provided in the Corporate Governance report in our integrated annual report.

The Board

ARM has a unitary Board comprising 16 Directors, of whom eight are Independent Non-executive Directors, one is a Non-executive Director and seven are Executive Directors. Of the Company's 16 Directors, six Directors, or 38%, are Historically Disadvantaged South Africans (HDSAs). Two Directors, or 13%, are black female Directors.

An induction process has been established for all new directors to provide them with guidance on their duties, responsibilities and liability. This includes building an understanding of the implications of King III and making specific provision for broad

sustainability issues. The Board is confident that its members have the requisite knowledge, talent and experience to perform their required functions.

Executive Chairman and Chief Executive Officer

The roles of Executive Chairman and Chief Executive Officer are separate and distinct. ARM's Executive Chairman, Mr Patrice Motsepe, contrary to the independence requirements of King II and King III, is an executive representing the Company's largest shareholder, which held 41.26% of the Company's share capital at 30 June 2010. ARM is satisfied that the non-independence of the Executive Chairman is adequately addressed by the composition of the Board and particularly by the appointment of a Lead Independent Non-executive Director, Dr Manana Bakane-Tuoane in accordance with and as required by King III.

Board Charter

The Board Charter, which was approved in May 2009, provides guidelines to Directors in respect of, inter alia, the Board's responsibilities, authority, composition, meetings and the need for self-assessment.

The roles and responsibilities set out in the Board Charter are as follows:

- Providing strategic direction and leadership which conforms with ARM's value system, by assessing and authorising budgets, plans and strategies submitted by senior management.
- Adopting and implementing strategic plans, including mergers, acquisitions and disposals and the capital funding of such plans.
- Determining, implementing and monitoring policy, procedures, practices and systems to ensure the integrity of risk management and internal controls to protect ARM's assets and reputation.
- Identifying and monitoring key performance indicators of the business and the systems used to determine that performance.
- Ensuring compliance with codes of best business practice, corporate governance regulations and all relevant laws.
- Communication with shareholders and relevant stakeholders (both internal and external), promptly and openly.
- Defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management.
- Monitoring operational performance, including financial and non-financial aspects relevant to ARM.
- Ensuring that the technology and systems employed are adequate and efficient.
- Maintaining full and effective control and monitoring the implementation by management of Board plans and strategies.
- Establishing a communication policy, in addition to its statutory and regulatory reporting requirements, which contains accepted principles of good reporting, including being open, transparent, honest, understandable, clear and consistent in its messages to the media.

Sustainable development at ARM continued

- Establishing policies for the selection of new Directors and Director orientation programmes.
- Ensuring that a succession plan for the Executive Directors and senior management is implemented.
- Ensuring that annual financial statements are prepared and presented to a duly convened Annual General Meeting of shareholders.

The Board Charter was reviewed in 2010 and will be updated during F2011 to ensure compliance with King III and the new Companies Act.

Succession

The Company has a succession plan for Executive Directors and senior management, which provides for the sustainability of the business. ARM continuously strives to improve its talent pool through a comprehensive and focused plan of management and career development and recruitment. The Company adopts an integrated approach to succession planning. For example, the Sustainable Development Committee regularly reviews reports on leadership and employment equity programmes, and reports on developments in these areas to the Board. The Remuneration Committee has developed a remuneration framework, which includes incentives to attract and retain management. As a result, the Board is satisfied that the ongoing efforts to strengthen leadership provide short- and long-term management depth.

Assessment

The Board is committed to transparency in assessing the performance of the Board and individual Directors, as well as the governance processes that support Board activities. The effectiveness of the Board and its committees is assessed regularly. In 2010, the Board conducted self-evaluations of the Board itself, its committees, the Executive Chairman, the Chief Executive Officer and the Company Secretary. On the basis of the findings of this assessment, certain recommendations have been implemented, such as increased reporting to Directors regarding stakeholder engagements.

During 2011, Board evaluations will be conducted by an independent company, to complement Board self-assessments and assist in ensuring a rigorous and impartial evaluation process.

Performance assessments of all of the executive directors, including the Executive Chairman and the Chief Executive Officer are completed annually and form the basis of their remuneration.

Board committees

The Board committees have Terms of Reference which are reviewed annually. Amendments are in progress to reflect the requirements under King III and the new Companies Act.

The membership of the Board committees consists solely of Non-executive Directors with one exception: contrary to King II and King III, ARM's Executive Chairman is currently a member of the Nomination Committee and prior to August 2009, the

Nomination Committee Chairman. King III provides that the chairman of a board may be a member of a nomination committee. Each committee is chaired by an Independent Non-executive Director. The Committee chairmen attend Annual General Meetings to answer any questions from shareholders.

The Board has established the following permanent committees: Audit Committee, Investment Committee, Nomination Committee, Remuneration Committee and Sustainable Development Committee.

Audit Committee

The primary objective of the Audit Committee is to assist the Board in discharging its duties relating to the safeguarding of assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards; as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company. It also oversees financial and other risks in conjunction with the Sustainable Development Committee.

The Audit Committee has oversight of the Company's financial reporting process on behalf of the Board. Management has primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control of such reporting.

The Management Risk Committee reports to the Audit Committee. The Audit Committee acts as a forum for communication between the Board, management and the external and internal auditors.

Investment Committee

The Investment Committee's purpose is to consider investments proposed by management, including projects, acquisitions and disposals of assets, and to make such recommendations to the Board as it considers appropriate. The Investment Committee also reviews the results attained on completion of each project.

Nomination Committee

The Nomination Committee reviews the structure, composition and size of the Board and recommends appointments to the Board and its committees. The Terms of Reference provide for the Committee to monitor succession planning for the Chairman and the Chief Executive Officer as well as the overall personnel needs of ARM's business.

The Nomination Committee is responsible for developing the criteria used to select Directors, and for designing the orientation programme for newly appointed Directors on their role and responsibilities.

Remuneration Committee

The Remuneration Committee's purpose is, inter alia, to determine specific remuneration packages for each of the Executive Directors within the remuneration framework approved by the Board and to determine any criteria necessary to measure the

performance of Executive Directors in performing their roles and discharging their responsibilities. The Remuneration Committee also considers and recommends to the Board the fees to be paid to Non-executive Directors. The fees proposed, as confirmed by the Board, are submitted to shareholders at the Annual General Meeting for approval prior to implementation.

Sustainable Development Committee

The Sustainable Development Committee's objectives, which are set out in its Terms of Reference, revised in May 2008, are to achieve and maintain world-class performance standards in safety, health (occupational), the environment, HIV & AIDS and social investment, as well as to enable Historically Disadvantaged South Africans (HDSAs) to enter the mining industry as prescribed by the Minerals and Petroleum Resources Development Act and to ensure compliance with the Scorecard issued by Government. The attainment of these objectives requires the Sustainable Development Committee to advise the Board on policy issues, the efficacy of ARM's management systems for its sustainable development programmes and progress towards set goals and compliance with statutory, regulatory and charter requirements.

The Sustainable Development Committee Terms of Reference provide that the committee must have four members, the majority of whom shall be Independent Non-executive Directors. Currently, the committee has two Independent Non-executive Directors and the appointment of additional committee members is under consideration by the Board.

Management committees

Management Risk Committee

The Management Risk Committee, a management subcommittee of the Audit Committee, assists the Audit Committee in discharging its duties relating to risk matters by implementing, co-ordinating and monitoring a risk management programme to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance.

The Management Risk Committee is chaired by the Chief Executive Officer and its membership includes the Financial Director, the Chief Executives of the operations, the Leader: Risk Management and the Group Manager: Sustainable Development Reporting.

A table of ARM's principal risks and uncertainties is set out on pages 28 to 29 of the integrated annual report, and additional information on ARM's risk management programme is provided below.

Steering Committee

The Steering Committee is charged with the implementation of approved corporate strategy and other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management.

Treasury Committee

The Treasury Committee meets regularly (at least monthly) under the chairmanship of the Financial Director; membership includes the ARM Finance Executive: Operations, the ARM Finance Executive: Corporate and the Company Financial Manager. The committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within ARM. While not performing an executive or decisive role in the deliberations, Andisa Treasury Solutions (Proprietary) Limited (Andisa), to whom the treasury function is outsourced, implements decisions taken when required. Advice is also sought from other advisors on an ongoing basis.

Ethics

ARM is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of the Company. These principles are set out in ARM's Code of Ethics (the Code), which was amended in 2008. The Code was reviewed in 2010 and amendments are in progress to reflect the Company's obligations under King III and the new Companies Act.

Whistleblowers' facility

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

Internal Control and Internal Audit

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

Risk management programme

ARM has an effective and well-developed risk management process which has been in place for a number of years.

Sustainable development at ARM *continued*

A firm commitment to comprehensive and effective risk management is an imperative at all levels within ARM. The Company recognises that integrating risk management philosophy and practice into the culture of an organisation is an ongoing challenge which, to be effective, must be a continuous, dynamic and developing process that addresses risks across the spectrum, from risks associated with strategy and its implementation, to operational, legal and reputational risks.

The Board tasks the Audit Committee with oversight for risk management. In view of the importance of this function, the Audit Committee has established a management sub-committee, the Management Risk Committee (MRC), to assist it to manage and report on risk management processes and procedures. The MRC is chaired by the Chief Executive Officer and its members include chief executives of divisions, the Financial Director and members of the ARM Steering Committee.

ARM's integrated approach to risk management includes an Enterprise Risk Management (ERM) process and Balanced Scorecard approach. This integrated approach not only assists in ensuring appropriate corporate governance compliance, but also provides a practical and effective tool for the management of risk within ARM.

The risk management process encompasses four main functions, which are overseen and reported on by the MRC:

- ERM process/risk register: ensures that a robust system of identifying, quantifying, monitoring, managing and reporting risks and opportunities is applied consistently throughout the Company.
- Physical risk management: ensures that physical risk grading, risk improvement and other risk controls are appropriate, and maintains and enhances performance against agreed international risk standards.
- Risk financing and insurance: ensures that ARM's risk financing and insurance programmes are comprehensive and adequately protect the Company against catastrophic risk.
- Monitoring new developments: ensures that the risks arising from new developments in ARM's operating environment are considered on an ongoing basis.

Legal compliance

Internal and external audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

Internal audits are undertaken annually and external audits of safety, health and environmental (SHE) performance at all of ARM's operations, are undertaken bi-annually. The most recent external SHE audit, conducted in F2009, identified certain areas requiring attention, which were addressed during F2010. In the first instance, certain rectification applications were submitted to the authorities in terms of section 24G of the National Environmental Management Act (NEMA). This resulted in the Nkomati Mine paying an administrative penalty of R351 000 (the mine having an approved Environmental Management Programme Report, but not environmental authorisations in terms of NEMA for certain specified activities), and the Black Rock Manganese Mine paying an administrative penalty of R161 000 (for not having an environmental authorisation in terms of NEMA for the startup for a housing development). The F2009 audit also identified the need for corporate standards either to be updated or developed. The corporate standards have been revised and compiled and are being implemented and include corporate standards on risk assessment, legal compliance, water management, waste management, contractor management, biodiversity, waste and emissions management.

The Company did not receive any other administrative penalties or fines nor has it been prosecuted for any anti-competitive practices or non-compliance with any governance or legislative obligations.

A draft legal compliance policy for the Company is currently under consideration and will be finalised in F2011.

Donations to political parties

ARM supports South Africa's democratic processes and makes contributions to political parties. A policy relating to making donations to political parties has been adopted by the Company. In the year under review, donations were made to political parties in accordance with the policy and the budget approved by the Board.

Engaging with our stakeholders

Stakeholder engagement is a key strategic issue at ARM, in all spheres of the business. Earning the trust of the communities in which we operate is essential if we are to continue to gain access to vital resources and retain our licence to operate. Building trust is achieved through interactions with various stakeholder groups, as part of a process aimed at understanding those issues of material interest to our priority stakeholders, and seeking to respond to expectations accordingly.

Each ARM operation engages with stakeholders in a unique manner appropriate to specific needs and concerns.

Currently, operations keep engagement reports and minutes. ARM recognises that there is scope for improving on current practice, and that formalising these interactions is a material issue, to ensure that learnings are documented and shared effectively at both operational and corporate level.

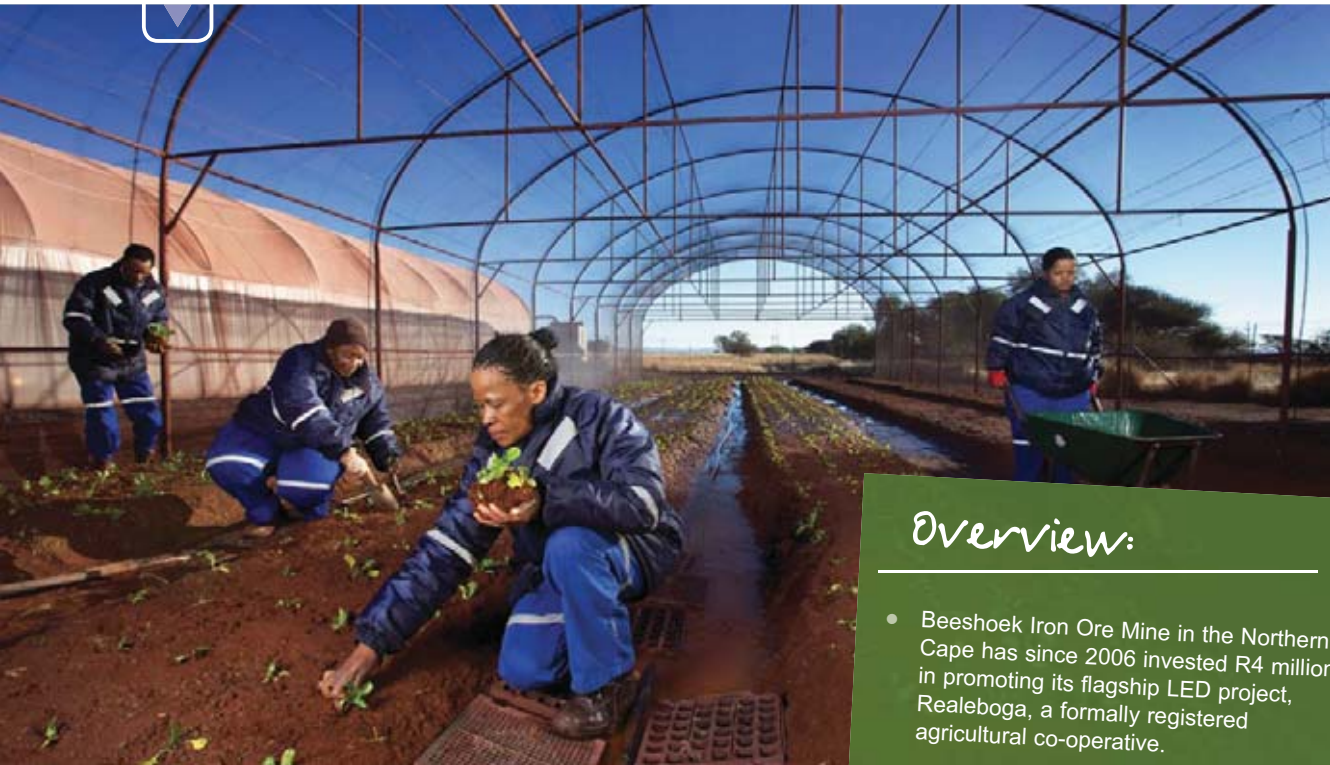
An overview of the nature of current stakeholder interactions, the key issues of concern and interest raised by various stakeholder groups, and ARM’s response to these, are set out in the table below.

Principal methods and frequency of engagement	Points of discussion and concerns raised by the stakeholders	How ARM is responding
STAKEHOLDER GROUP		
Joint Venture partners		
Monthly or quarterly Joint Venture (JV) meetings, Executive and Steering Committee meetings.	Ensuring growth (volumes, earnings); reduction in costs and improvement in cost controls; where appropriate, divestment due to a lack of fit within the Group. Skills attraction, retention and development. Transformation/employment equity, including dealing with issues such as housing and community development. Legal compliance, policies, procedures and external reporting.	This is successfully addressed through good relationships with our Joint Venture partners, ensuring shared goals and regular formal and informal communication, as well as structured Joint Venture meetings where both partners are represented.
Employees		
Monthly, or quarterly Employee Forums. Most of the operations use briefing systems where they communicate management information up/down the line. Each operation has its own newsletter (typically monthly and in some cases quarterly). Weekly news briefs are sent out to provide brief updates on anything of importance, or general site news. Future Forums are deployed on a six-monthly basis (on average) to discuss the way forward at an operational and Group level.	Matters relating to remuneration, health and safety.	Through open communication, fair labour practice and remuneration, and other elements of our Human Resources development plans. ARM has established itself as an employer of choice.

Sustainable development at ARM continued

Principal methods and frequency of engagement	Points of discussion and concerns raised by the stakeholders	How ARM is responding
STAKEHOLDER GROUP		
Shareholders, institutional shareholders, analysts, investor relations		
<p>Regular meetings.</p> <p>ARM maintains a website which provides information regarding the Company's operations, financial performance and other information.</p> <p>Shareholders are encouraged to attend the Annual General Meeting and to use this opportunity to engage with the Board and senior management.</p> <p>The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by ARM senior executives in one-on-one meetings with institutional investors in South Africa, the United Kingdom and North America, as well as investor roadshows and conferences.</p> <p>ARM does two roadshows annually; one each for its annual and interim results.</p>	<p>Ensuring growth (volumes, earnings); reduction in costs and improvement in cost controls; where appropriate, divestment due to a lack of fit within the Group.</p> <p>Skills attraction, retention and development; transformation/ employment equity; dividends and share price.</p> <p>Due to a high percentage shareholding from off-shore, ARM needs to remain globally competitive.</p> <p>Managing HIV & AIDS.</p> <p>Mineral rights conversions and mining licences.</p>	<p>ARM is committed to transparent, comprehensive and objective communications with its stakeholders.</p> <p>ARM, being a series of JVs, where each partner has a different role to play, has discussions formally and informally with its partners and management, raising management awareness of what is expected by analysts and fund managers.</p> <p>Regular meetings, promoting open communication and transparency.</p> <p>Summaries of the results of decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings.</p> <p>ARM's investor relations department is responsible for communication with institutional shareholders, the investment community and the media.</p>
Unions/organised labour		
<p>Monthly shop steward meetings; other meetings as required.</p>	<p>Union employment-related issues, including training, health and safety, and transformation.</p>	<p>ARM strives to establish a good relationship with the unions, which is essential to the process of being a partner of choice; as well as the conclusion of recognition agreements with one or more unions.</p>
Communities		
<p>All our operations have LED/SED/CSI Forums to discuss investments in the communities surrounding operations.</p> <p>In most communities, monthly/quarterly meetings are held to discuss LED/SED/CSI projects.</p> <p>Participation in the Future Forums.</p> <p>Community Open Days (CODs) occur anywhere from six-monthly through to annually.</p> <p>In cases of changes or expansions to our current operations, we consult with communities through prescribed stakeholder consultation processes.</p>	<p>Agenda items include the status, challenges and management of social projects, and the needs of the community. Other issues may include planned changes/ expansions at our operations.</p>	<p>Specialised discussions/meetings are constructed to engage with communities about specific concerns (attendance and minutes are kept).</p> <p>CODs are designed mostly around information sharing and developing relationships with communities.</p>

Principal methods and frequency of engagement	Points of discussion and concerns raised by the stakeholders	How ARM is responding
STAKEHOLDER GROUP		
Government		
Local government is engaged in particular with respect to LEDs as required. National government engaged when required.	Continuous liaison, depending on the purpose of the engagement: varies from social investment to health and safety, environmental management, transformation, etc.	Information is shared about the SED programmes around the operation, as they form part of LED strategies, and must be closely aligned to these strategies. Ensure alignment and use shared experiences – outcomes from community engagement sessions – to guide/inform local government strategies.
Local business		
Depending on the area, regular meetings are held to consider issues that are common within the industry (eg Steelport Producers' Forum which consists of 15 different companies).	Agenda issues.	Meeting notes are summarised on a meeting-by-meeting basis. Reports are submitted by the local operations on SED basis (in some cases monthly, but mostly on a quarterly basis).
Industry bodies		
As a member of the Chamber of Mines (South Africa), ARM is represented on the Executive Committee, various Policy Committees and Work Groups as well as the Mining Industry Occupational Safety and Health (MOSH) task force (established towards meeting the Mine Health and Safety Act (MHSA) targets for 2013 in terms of safety and health through sharing and implementation of best practice in the mining industry). Engagement is mostly in the form of meetings, which take place monthly or as required.	Agenda issues.	ARM participates as required.
As a member of the ICMM, ARM is represented on the Executive body and working groups which meet six-monthly, in addition to regular telephonic meetings and discussions.	Implementation of principles, best practice, agenda items.	ARM participates as required.
Member of the Ferro-Alloys Producers' Association (FAPA) and represented at meetings which take place, on average, quarterly.	Agenda issues, mostly safety, health and environmental related.	ARM participates as required.
Various other industry bodies, including the Association of Mine Managers of South Africa (AMMSA), the Association of Resident Engineers, Business Unity South Africa (BUSA) and Water Users' Associations where participation takes place in meetings and events.	Agenda issues.	ARM participates as required.
Bankers and funders		
Debt funding by term loans and general banking facilities as well as day-to-day banking operations.	No material issues raised.	Ongoing maintenance of banking relationships through meetings and general discussions.



CASE STUDY

Enterprising co-operative flourishes with Beeshoek Mine’s helping hand

Adam Tities is a quiet, unassuming but determined young man. “Please just let me show you the greenhouse I built,” he almost whispers to a group of visitors.

When the visitors accept his invitation, Tities strides over to the shadecloth structure he built using bits of wood and wire. It’s about the size of a suburban car garage. Tities explains that the shadecloth used in his project’s four other, much larger greenhouses lets in too much light for the cultivation of tomatoes. “His” greenhouse has a cloth that is thicker and admits less light. In it Tities has planted tomatoes, green peppers and chillies.

Mbuso Zama, local economic development/corporate social investment superintendent at Beeshoek Iron Ore Mine in the Northern Cape, casts a critical eye over Tities’ creation, asking questions about the irrigation arrangements and the vegetables planted.

Later Zama explains why he believes that the Realeboga Olives, Fruits and Vegetables project, of which Tities is a member, has an excellent chance of becoming sustainable in

the long term. “These people have learnt real skills here, skills they can use to earn a living and to keep this business going,” says Zama. “And they have the right attitude; like Adam who built that greenhouse completely out of his own initiative.”

Tities is a 24-year-old native of Postmasburg, 10 km from Beeshoek. “I came to this project straight from school,” he says. “I didn’t have any agricultural training but I was always helping my dad in the garden. I just love working with things that grow. And this project is going to grow. You’ll see, soon we’ll be producing our own olive oil and we’ll be exporting products overseas.”

One of the mine’s flagship LED projects, Realeboga has 18 members, seven men and 11 women, all of them previously unemployed, all drawn from local communities. They have formally registered the co-operative that produces citrus fruit, vegetables and, soon olives.

Overview:

- Beeshoek Iron Ore Mine in the Northern Cape has since 2006 invested R4 million in promoting its flagship LED project, Realeboga, a formally registered agricultural co-operative.
- Realeboga has 18 members, previously unemployed and from local communities. Using their initiative, the co-operative has prospered and now produces citrus fruit, vegetables and, soon, olives.
- The members have received practical, three-month training from the Department of Labour, in targeted subjects, with the longer term aim of running the business independently of the mine, feeding themselves and their impoverished communities.

The members are paid a monthly stipend of R1 760. They get slightly more than the going rate for agricultural labourers in the area but not that much more. It's significant, says Zama, that since the project's inception, only one person has left the project. The others all remain firmly committed to their vision of a flourishing agricultural co-operative producing a range of products and feeding themselves and their impoverished communities.

The project has four 95 metre by seven metre greenhouses and it has an orchard with 48 lemon and naartjie trees. In July/August 2010 the project sold citrus worth R11 000, mostly to supermarkets in Postmasburg. It also sells fresh vegetables – pumpkin, carrots, tomatoes, green beans and watermelon – to schools and guest-houses, and in a year can produce 50 tonnes of spinach.

David Ndata, 31, is the project's supervisor. He is paid directly by the mine and is responsible for overseeing the agricultural work and finding markets for the co-operative's produce. Ndata says Realeboga earns R4 000 a month from selling vegetables during the harvesting season. The mine caters for fertilisers, equipment and insecticides.

Since 2006 Beeshoek has supported Realeboga to the tune of R4 million. When the Government decreed that schools should not be located within mine properties, Beeshoek built a new school in the local township and gave the co-operative the use of the perfectly serviceable buildings of the old school. These they use for an office, storage space and conference and tea rooms.

Two of the rooms, including a kitchen, are used by local entrepreneur Emily Maruping for her small bakery cum catering business. Maruping began the E 'n E Bakery with a colleague who soon tired of the work, leaving Maruping on her own. She bakes cakes and dumplings which she serves with beef and chicken stew. Maruping gets to work at the same time as the co-operative members – 6:45 am – Monday to Friday and immediately starts preparing for the orders which come through from about 9 am. She sells stew, shisa nyama and chicken with pap, rice and dumplings, fish and chips, as well as ham, cheese and tomato sandwiches and rolls. Customers, most of whom work at Beeshoek, fetch their orders after phoning them in. Maruping supplements her income by working from home in the Newtown township on weekends and by making party platters.

"On a good day I sell eight meals, for R27 each. There are bad days when I sell nothing. When it goes well I thank God but when there are no orders I still thank God," says the 40-year-old single mother of two. "I have been so blessed. Beeshoek don't charge me rent, they pay for my electricity and water and they paid for all the equipment you see here."

When there are few orders for her to fulfil, Maruping goes outside to chat with the co-operative members. These days, though, the members spend more and more of their time at the nearby olive farm. At the outset Beeshoek paid for the clearing and planting of 5 000 olive trees on four hectares. These numbers were reduced when a road was built across part of the farm. Today there are 3 500 trees.

In late winter 2010, members of the co-operative were anxiously waiting to see signs of how the harvest of summer 2010/11 – the fifth since the trees were planted – would turn out. Zama says it is hoped that this will be the first to produce a saleable crop. Beeshoek, he says, has enlisted experts from the successful Olives SA co-operative at Hartswater in the Northern Cape to advise on the planting and care of the trees. Olives SA made a formal offer to buy Realeboga's full output and it is hoped that the fifth harvest will measure up to their expectations both in terms of quantity and quality.

In the 2010 financial year, Beeshoek spent R787 000 on the olive trees, an amount that is likely to be scaled back as the trees begin to pay for themselves. Stage two of the olive-oil business plan drawn up by Beeshoek envisages the erection of an olive press and the production of value-added products, although this expenditure has yet to be accurately estimated.

Lessons have been learnt from the experts sent to Beeshoek by Olives SA and from other community projects, notably a similar upliftment farm sponsored by Black Rock Mine which, it has now admitted, has proven to be an agricultural and commercial failure.

"These people have learnt real skills here, skills they can use to earn a living and to keep this business going."

Mbuso Zama, local economic development/corporate social investment superintendent at Beeshoek Iron Ore Mine



Zama says the skills gained on the job by the co-operative members are its greatest strength. The Department of Labour has given 15 of the co-operative members practical, three-month training in subjects, including basic finance, marketing, hydroponics and citrus cultivation. However, he says, the necessary skills required to run a business independent of the mine are still lacking and, until such time as the Realeboga members are able to make their own informed financial decisions, Beeshoek and the local authority will continue to control its finances.

*– researched and written by independent journalist,
Peter Delmar*

Responding to our material issues

Adding value to the economy

F2010 Key features – at a glance
<ul style="list-style-type: none">• Successful conclusion of 2 X 2010 growth strategy.• Continuation of aggressive growth in ARM's portfolio of commodities.• Headline earnings of R1.7 billion, down from R2.3 billion in F2009, mainly due to a stronger Rand and lower commodity prices.• Second half of F2010 headline earnings substantially up (178%) to R1.26 billion from the first half-year headline earnings of R454 million.• R1 491 million paid to employees (R1 399 million in F2009).• R1 009 million paid to the state as taxes (R1 727 million in F2009).• R5 624 million paid to providers of products and services (R4 201 million in F2009).

Through its core activities, ARM contributes to the local economy of the countries in which it operates. This includes providing direct and indirect employment, generating business for local

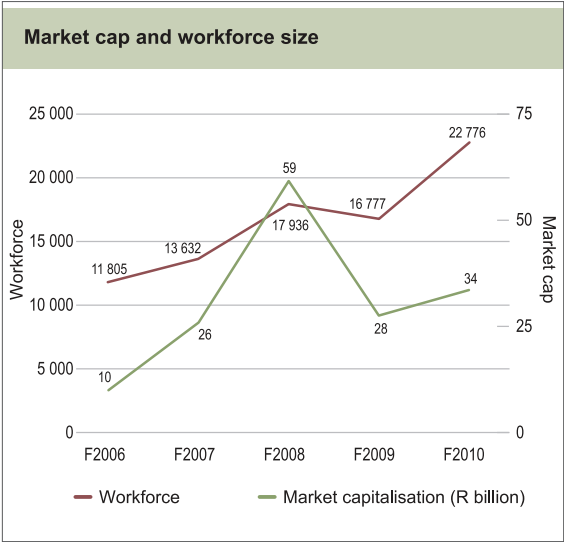
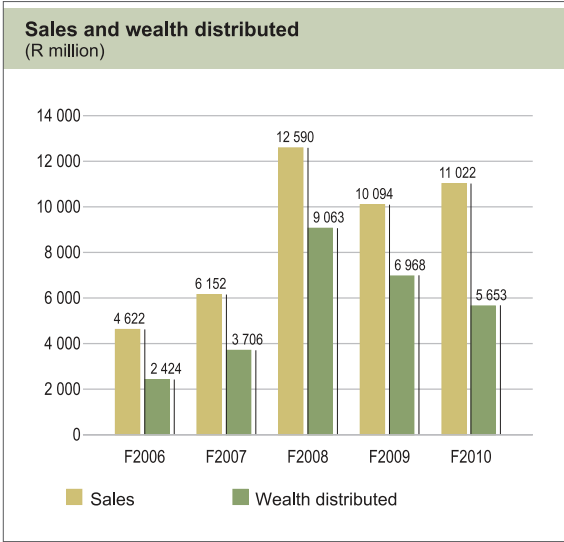
suppliers and service providers, paying corporate and local taxes and promoting the upliftment of communities through corporate social investment activities. From a quantitative financial perspective, a measure of the benefits associated with our activities include the levels of payment to employees and suppliers, and the distribution of value added (the difference between revenues and expenses) to our employees, providers of capital and to the public sector (see value added statement below).

Against the background of a decline in commodity prices and the strengthening of the South African Rand against the US Dollar, ARM achieved good operational results for F2010. Headline earnings for the year were R1 714 million or 807 cents per share and represent a 26% decrease compared to F2009. However, the second half of F2010 headline earnings of R1 260 million are 178% more than the R454 million achieved for the first half of F2010.

ARM's financial position remains robust. The Company successfully completed its 2 x 2010 production growth strategy which commenced in 2005, and will continue with an aggressive growth strategy in its portfolio of commodities. ARM recognises that its long-term viability and profitability depend on the Company's ability to adapt to prevailing market conditions. Looking ahead, ARM's organic growth projects with its partners remain on schedule and within budget.

Our performance

Value added statement	F2010 (Rm)	F2009 (Rm)	F2008 (Rm)	F2007 (Rm)	F2006 (Rm)
Sales	11 022	10 094	12 590	6 152	4 622
Net cost of products and services	5 624	4 201	4 318	2 527	2 361
Value added by operations	5 398	5 893	8 272	3 625	2 261
Income from associations	(51)	147	461	16	–
Exceptional items	97	514	162	14	139
Income from investments	209	414	168	51	24
Wealth created	5 653	6 968	9 063	3 706	2 424
Applied as follows to:					
Employees as salaries, wages and fringe benefits	1 491	1 399	1 053	738	709
The state as taxes	1 009	1 727	2 084	781	377
Providers of capital	725	1 034	1 213	561	297
– Equity – dividend	371	847	315	–	
– Non-controlling interest	162	(198)	460	191	163
– Outside – finance cost	192	385	438	370	134
Total value distributed	3 225	4 160	4 350	1 626	1 041
Re-invested in the Group	2 428	2 808	4 713	2 080	1 383
Amortisation	987	787	541	406	440
Reserves retained	1 441	2 021	4 172	1 220	601
Wealth distributed	5 653	6 968	9 063	3 706	2 424
Market capitalisation at FYE (R billion)	34	28	59	26	10



Through the successful development of the Khumani Iron Ore expansion, ARM has achieved growth in iron ore while two other projects, the Nkomati Mine expansion and ramp-up of the Goedgevonden Coal Mine, will allow ARM to significantly increase its stake in the nickel and coal markets respectively. The approval of the development of Konkola North Copper Project in Zambia with our Joint Venture partner Vale will establish ARM as a leading participant in the copper market.

ARM's approach is to grow through partnerships with key players in various sectors to ensure that the Company is at the forefront of technological development and global practices, and has access to key markets and value-generating growth opportunities. ARM will pursue its growth strategy as a low-cost, profit-focused owner-operator, through striving to be the partner and employer of choice and employing and retaining a world-class management team.

ARM's value added statement shows an overall decrease in wealth created and distributed in 2010 compared with 2009. There were decreases and increases in sales and costs across the divisions but foremost is the negative impact of the significant 16% strengthening in the average Rand/US Dollar exchange rate to R7.59/US\$ from the average in F2009 of R9.03/US\$. The following are other contributing factors:

- Sales were largely impacted by the following variances
 - Improvement in sales volumes across ARM's operations
 - Absolute increase in mining costs to produce the additional sales volumes achieved
 - Commodity price increases (manganese and iron ore)
 - Ferrous sales decreased by 16%
 - Platinum sales increased by 80%
 - Nickel sales increased by 125%
 - Coal sales increased by 75%
 - Lower average Rand manganese and iron ore prices.
- Cost increases had a noteworthy impact
 - Electricity and reductant costs increased at the ferro-manganese and ferrochrome smelters
 - Mining cost inflation 8% – 14%
 - Attributable amortisation increased for new operations at Khumani Iron Ore, GGV Coal and Nkomati Nickel.
- There was a decrease in operating income, but also in operating expenses



Chrome stockpile



CASE STUDY

Overview:

- As part of ARM's commitment to transforming education in the communities surrounding its Cato Ridge Works, it has sponsored a two-phase Schools Leadership Capacity Building Programme in KwaXimba, a poor community in the Valley of a Thousand Hills outside Durban.
- The programme, which aims to transform a largely dysfunctional school system, trains school management teams in different, practical aspects of running a school.
- The programme has generated significantly improved results in schools, with Assmang's interventions to facilitate easier access and better learning making a real difference to the community.

ARM, through Assmang (JV with Assore) sponsors schools leadership training in communities near Cato Ridge Works

Every day, like learners everywhere, the children of KwaXimba go to school and attend classes – but most of them don't really understand what the purpose of their education is.

Roy Gasas, a former headmaster and now an educational consultant, explained that in this poor community in the Valley of a Thousand Hills outside Durban, children had no role models and little or nothing to aspire to. "The only people they can look up to," said Gasas, "are the owners of taxis. The children don't understand how important they are to the community."

In 2010, Gasas began working with hundreds of learners and their educators in KwaXimba, implementing a two-phase Schools Leadership Capacity Building Programme that aims to transform a largely dysfunctional school system. Paid for by the Assmang Works at Cato Ridge, the programme trains school management teams – principals, deputy principals and heads of departments – in different, practical aspects of running a school; creating a learning environment, curriculum management, control of work flows, administration of resources and record-keeping.

Those doing most of the teaching have also been involved, with Gasas going to two local primary and two high schools to coach 85 educators in classroom management and motivating learners.

Gasas knows what he's talking about. A teacher for 28 years, he became principal of Inanda Comprehensive School in 2000, when the school had a 22% matric pass rate. By the time he left almost a decade later, the 1 500-learner school was consistently producing pass rates of over 90%. This he achieved, he said, "by empowering my colleagues". Now, as an educationalist with the Icon Group, Gasas is passing on his practical experience to dozens of educators who were desperate to improve their schools but just didn't know how to.

Working with learners in grades 7, 11 and 12, Gasas motivates them to strive for and achieve "the five Ds: desire, dedication, discipline, drive and determination". Between March and August 2010 he taught learners how to value their time and to discipline themselves. Then, in September, with end-of-year examinations looming, subject specialists – teachers with proven track records – were deployed to train matrics at the two high schools in the four key subjects of Science, Mathematics, English and Accountancy.

"Assmang is making a real difference in this very poor community"

Sizakele Majola, principal of Esiqingi Primary School

Speaking shortly after the completion of the first year of the School Capacity Programme, Lebogang Nong, CSI specialist at Cato Ridge, said all eyes would be on the 2010 matric results because such interventions had to be evaluated (the schools' education training and development cost R1.3 million in its first year). Regardless of the results, though, the Company would continue to support the programme in 2011 when Grade 8s would be included in the project and the work would start earlier in the year.

Sizakele Majola, principal of Esiqhing Primary School, said she had noted a dramatic, almost overnight improvement brought about by the programme. Between the first and second quarters of 2010, she said, her overall Grade 7 results had improved by 70%. Teachers, who have to travel from as far afield as Botha's Hill and Pinetown, were frequently late arriving at school but, since the Icon Group's intervention, this had almost become a thing of the past, with educators organising lift clubs and generally "making a plan".

Without Assmang there would, in fact, be no Esiqhing Primary in which to teach. The Works paid for the school to be built from scratch: four classrooms, toilet facilities and a staff room. The latter often serves as a classroom because, with so few classrooms, the 293 pupils are taught in two shifts, with two grades sharing a room at a time. The school, which opened in 2007, is woefully inadequate to the needs of that part of KwaXimba known as Nconcosi but young learners are now at least able to go to school. Majola explained that there are primary schools on either end of the valley but in summer swollen rivers prevented children from Nconcosi getting to them. Phase Two of Cato Ridge's commitment to the school, the building of additional classrooms, was scheduled to be completed by June 2011 at a cost of R1.5 million.

For 2010/11, Assmang had committed R10 million to building ablution facilities and a school hall and upgrading classrooms at another KwaXimba school, Intukusweni Primary where, Nong said, conditions were "appalling".

The nearby Mdepha High School has also benefited materially from Assmang's commitment to transforming education in the communities surrounding its giant Cato Ridge Works. Alfred Mkhize, principal of the school which has 840 learners, said the authorities had built the school a laboratory but not equipped it. Educators were forced to teach the theory of physical science, describing experiments which learners had to simply imagine. Assmang plans a donation enabling the school to finally put equipment and chemicals into the laboratory and to buy TV equipment with which to show lessons broadcast on DSTV.

Nong said that if management teams were not empowered to run their schools effectively, any money spent on things such as laboratory equipment would be wasted, the resources

underutilised and invariably not properly maintained. The School Capacity Programme, he said, was partly aimed at ensuring that infrastructural investment was money well spent.

Mkhize explained that his school's lack of physical resources became immediately apparent when a new curriculum, which demanded more resources, was introduced in 2008. Where Mdepha had had matric pass rates of 80%, this suddenly dropped to 34%, improving slightly to 41% in 2009.

"It was science and maths that let us down," said Mkhize, "but now we are confident that we can start improving." The University of KwaZulu-Natal has begun a project which lets poor schools such as Mdepha send teachers to Pinetown where they obtain apparatus and chemicals and learn how to use them effectively. These materials are then brought back to Mdepha where they are used by the school and others in the area.

"But the school capacity programme is the most important change," said Mkhize. "Teaching is a journey. On that journey you get challenges and sometimes you get demotivated but now the programme has come as a booster to our teachers; to motivate them again by helping them to be more useful in the classroom and to know why they are doing their jobs."

In an area where there are many child-headed households and where many learners live with grandparents, it made sense for Mdepha to be a "no-fee" school because, Mkhize said, "the parents weren't paying fees anyway". There often wasn't even money for basics such as school shoes so Assmang organised a drive amongst its workers to buy local children decent shoes, with the promise that all pledges made by employees would be equalled by the Company. The result was 400 pairs of shoes, plus socks, for children who often walked to school barefoot. "Assmang is making a real difference in this very poor community."

– researched and written by independent journalist,
Peter Delmar

Responding to our material issues continued

Human Resources

F2010 Key features – at a glance

- Total labour force of 22 776, comprising 10 281 full-time employees and 12 495 contractors, up from 16 777 in F2009 (9 643 full-time employees and 7 134 contractors).
- Labour turnover (net change in permanent employees) was 5.7% (F2009: 4.5%).
- Training spend of R50 million, amounting to 3.6% of payroll (R57 million/6% of payroll in FY2009); decrease in budget due to downturn in economic climate.
- Focus areas of human capital strategy are the development of skills, employment equity and related issues, including stakeholder relations.
- Progress in developing a comprehensive and integrated Human Resource management information system.
- No material non-compliance incidents were reported through our whistleblowing facility during F2010.

This section of the report provides an overview of the composition of our workforce, as well as a brief review of our efforts to ensure an equitable, satisfied and motivated workforce that is adequately skilled as the Company grows. Our management approach and performance relating to Occupational Health and Wellbeing, Safety, HIV & AIDS and Transformation, are reviewed in other sections of the report.

Managing our human capital

Our aim is to create a diverse workplace in terms of culture, gender and generation, in which our employees can contribute to the best of their ability and be empowered to develop rewarding careers.

Key focus areas of ARM's human capital strategy are the development of skills, employment equity and related issues, including stakeholder relations, with specific attention given to unions, employees and the communities surrounding the operations from which the majority of our employees are employed. The underlying aim is to establish the Company as an employer of choice, in line with the vision of the Mining Charter, which is to facilitate sustainable transformation, growth and development of the mining industry. We strive to do so by providing competitive remuneration and career development opportunities so as to retain, train and develop our talent pool and establish a leadership bench aligned with the objectives of the Mining Charter in terms of employment equity and skills development.

Senior responsibility for training and development resides with our Executive: Human Resources. Objectives and targets in regard to training and development are in place internally. We endeavour to meet and exceed requirements by referring to all

compliance, governance and ethical issues related to legislation, the SLP, the Mining Charter, the JSE, King III and the ICMM. Regular benchmarking on Human Resource best practices is conducted and efforts are made to ensure that line management is regularly updated. Going forward, ARM is in the process of developing a comprehensive and integrated Human Resource management information system, comprising integrated employee information, a scorecard/reporting framework and a talent management tool. We will continue to foster an entrepreneurial culture and leadership that reflects ARM's culture and values, with the assistance of executive coaching and mentorship.

Practices and policies

ARM is committed to fair labour practices and freedom of association. Policies are aimed at eliminating unfair discrimination and promoting equality in line with the South African Constitution, the Labour Relations Act and the Employment Equity Act, and taking cognisance of the Universal Declaration on Human Rights and Fundamental Human Rights Conventions of the International Labour Organisation (ILO). ARM does not make use of child labour or forced labour. Comprehensive disciplinary and grievance procedures meet all requirements in terms of fairness as set out in the applicable legislation.

All our Human Resource procedures have been negotiated with, and approved by, organised labour. ARM's Code of Ethics was reviewed in 2010 and amendments are in progress to reflect the Company's obligations under King III and the new Companies Act. Changes to the Code will be communicated to our employees through training.

An independent service provider operates ARM's whistleblowing facility, which is an ethics hotline that serves as an anonymous vehicle for providing a voice to employees and is promoted to employees for their protection. The whistleblowing process is reviewed at each Audit Committee meeting, and each incident reported to the hotline is investigated. No material non-compliance incidents were reported during the year under review. Out of a total of 16 cases reported to whistleblowers this year, nine were human relations-related allegations (including incidents of racism, favouritism, employment irregularities and discrimination). Upon investigation, six cases were deemed to be unfounded, two cases are still under investigation and in one case an employee was found guilty of employment irregularities and received a final written warning.

Employee profile

ARM continues to expand its operations and accordingly increase its employee base, the majority of which is recruited from within the communities surrounding the respective operations. Our total labour force at 30 June 2010 was 22 776 (10 281 full-time employees and 12 495 contractors), compared to a total of 16 777 the previous year (9 643 full-time employees and 7 134 contractors).

From a regional perspective, the workforce operated from the following provinces in F2010: Northern Cape (39.52% of the workforce), Mpumalanga (36.64%), Limpopo (20.1%), KwaZulu-Natal (3.0%) and Gauteng (0.74%). With respect to gender in

the full-time workforce complement, females represented 13% in F2010.

The growth in our workforce numbers was predominantly in contractor positions. In terms of new permanent jobs, 802 were created (2.2 jobs per day) during F2010, compared to 896 in F2009, equating to 2.5 jobs per day. Creating opportunities for permanent employment is a function of the progression and maturing of our projects through different phases: from construction (which is more contractor-intensive) to commissioning, ramp-up and operational phases which entail recruitment of new permanent employees. In terms of ARM's expansion plans going forward, a continued escalation in our workforce numbers is anticipated.

We are pleased to report that there were no retrenchments in the year under review.

Employee turnover

Employee turnover (all turnover in permanent labour, including, for instance, resignations, dismissals, voluntary departure and retirement) was only recorded centrally from 2008. The employee turnover of 5.7% for F2010 (vs 4.5 in F2009) also reflects the 57 employees dismissed from Two Rivers for the illegal sit-in underground. This turnover remains of the lowest in the industry, which averages between 6% and 10%. We believe contributing factors here are that we are successful in being an employer of choice and recruiting local people.

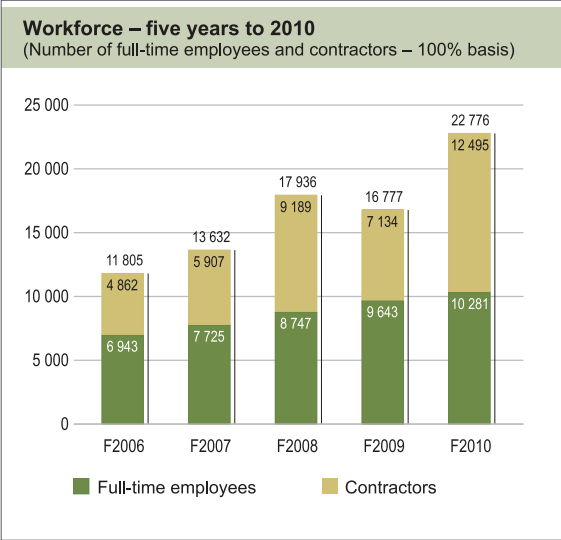
Attracting, developing and retaining talent

ARM's growth and future success depends on our ability to attract, retain and develop highly skilled individuals. Our operations require a wide range of skills, from scientists and engineers, to financial specialists, managers, artisans and skilled operators.

The tremendous rate of growth of ARM's operations creates employment opportunities, which in turn presents a significant challenge with respect to the skills pool (internal and external). In South Africa in particular, there is a large captive audience for limited skills, and a resource pool that is far too limited. This is a material issue for ARM, particularly when developing new mines, where there is a need to develop mine-required skills within the community, thereby reducing the risks associated with migrant labour.

As the Company grows, the need for the right technical and managerial skills to ensure effective delivery of projects becomes increasingly acute. In anticipation of our growth requirements, current and future initiatives aimed at mitigating the strain on available internal and external skills pool include:

- Renewed talent management through talent identification, development plans and succession plans.
- Graduate development programme.
- Shiftboss/Mine Overseer development programme similar to historical and current learner official development programmes, with a strategy of developing talented individuals up to the general management level.

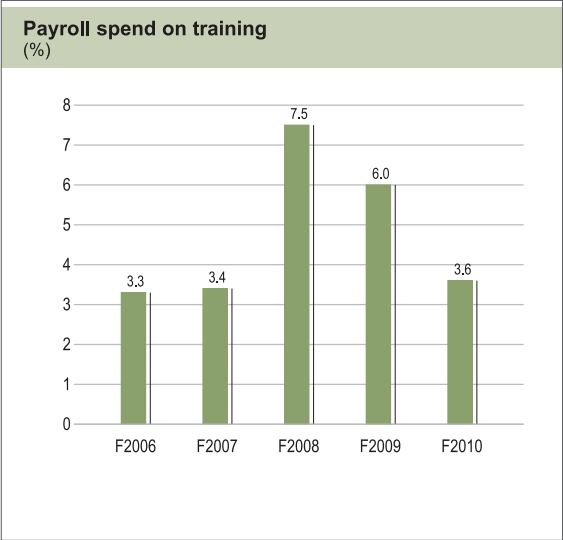


- Foremen development programme, which entails developing supervisory skills and developing artisans to management levels.

Each operation plans its training and development for the year for business plan purposes, submitting the budget required for all the proposed programmes for the financial year. At the end of March each year, each operation submits to the Mining Qualifications Authority (MQA) Sector Education and Training Authority (SETA) for the mining and minerals sector, both a Workplace Skills Plan (WSP) with all the details of the planned training and development for the year, and actual training and development undertaken against the previous submitted WSP. Each operation submits its own report as they are separately registered with the South African Revenue Service (SARS). Centrally, ARM only reports to the MQA on spend, learnerships, Adult Basic Education and Training (ABET) and bursaries.

We have made good progress in regard to our commitment to develop and implement an integrated Human Resource development IT system, including a career management process. The system, of which talent management is an integral part, has been designed and will be fully implemented at Khumani, as the pilot site, by the end of F2011. This system includes a comprehensive policy regarding management, measurement and reporting on Human Resource development. Each job has a role profile indicating requisite skills, competencies and qualifications, and assists in providing an organogram of career paths at the operation. It is anticipated that subsequent implementation of the system across ARM will take four months per operation with a view to achieving standardisation and the capacity to track career management centrally. Additional information regarding our efforts to develop skills within the organisation is provided in our review of our performance against the Mining Charter scorecard, in the Transformation section.

Responding to our material issues *continued*



Training and development spend

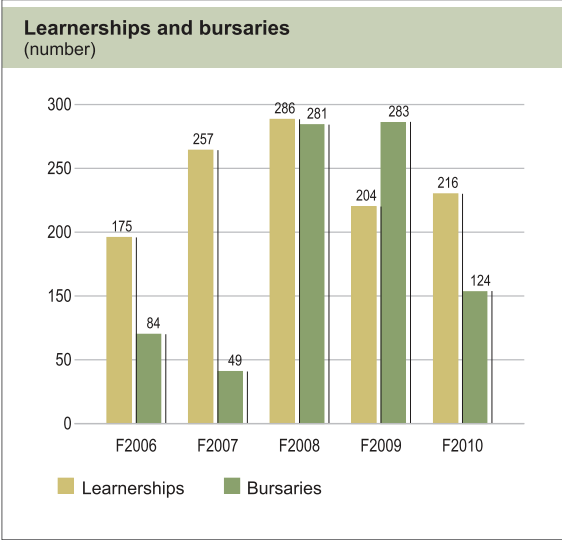
ARM invested a total of R50 million (3.6% of payroll) in training and skills development. The decrease on last year’s investment of R57 million (6% of payroll) was due to training budgets being reduced during the economic downturn. Our investment this year, nonetheless, remains higher than the industry average, which is between 2% and 3%. The suggested new target in the Mining Charter will be 5% of payroll by 2014 and we will accordingly increase our training to meet this target. The majority of our permanent employees (9 254 or 90%) received a training and development review this year (8 747, also 90%, in F2009).

Beeshoek, Khumani, Black Rock, Modikwa and Nkomati are all accredited training centres. Dwarsrivier and Two Rivers are expected to receive accreditation during the next financial year, pending ISO 9001 accreditation of the training centres. Machadodorp and Black Rock have partnered with VT Training, and by agreement they train community members in employable skills, and secure work for them. In addition, they train one employee for every two community members in life skills in order to comply with the SLP requirements regarding life skills training. A cost-effective roll-out to the rest of the Group is being investigated.

Learnerships and bursaries

The number of learnerships this year increased slightly from 204 last year to 216. A main focus of the learnership programme is to develop engineering disciplines (apprentices). Currently, all apprentices that complete their courses are engaged at our operations. We have a few registered learnerships in other disciplines and plan to expand in these areas.

The number of bursaries provided this year was significantly lower than last year – 124 compared to 283 – due to a decrease in the number of applications received. The bursary scheme is an important means of promoting skills development within ARM. In the next financial year, each operation will set its

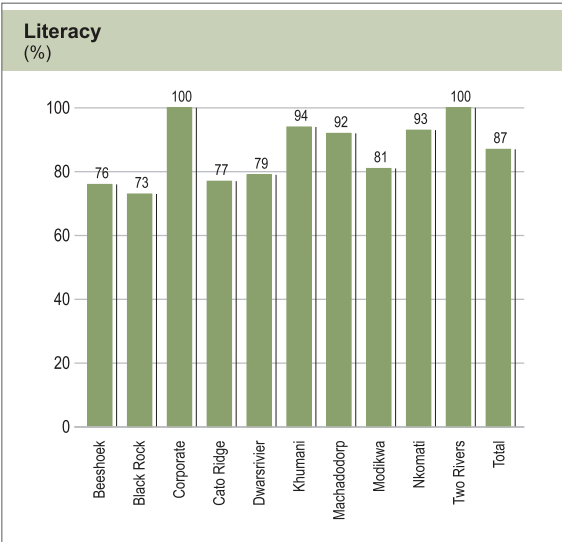


strategic target of identifying key technical skills requirements, and seek to develop these through promotion of the bursary scheme.

Literacy

Literacy across ARM improved to 87% in F2010, from 84% in F2009. The highest levels were recorded at Two Rivers (100%), Khumani (94%) and Nkomati (93%). The lowest literacy levels were recorded at Black Rock (73%), which nonetheless improved by 10% from 63% in F2009.

Access to nationally aligned ABET is available at most of the operations, in some cases outsourced. More than 80% of operations have rolled out e-learning ABET delivery which ARM commits itself to as being essential in the future of learning.



Members of the community also attend ABET workshops, which have shown a steady increase in attendance of internal and external learners. This year, ABET attendance comprised 343 students (including 152 community members), which is a decrease on last year's 573 students (including 180 community members). This decline may be due to successful completion by generation students, as reflected by increased literacy levels. ABET generally attracts older generation participants.

ARM's literacy target remains 100% and we will continue to strive to achieve this within ARM and in the surrounding communities.

Graduate programme

ARM supports its transformation efforts through attracting and developing suitable graduates who are passionate about the minerals and mining sector. Our Graduate Programme involves employing new graduates for two to three years' on-the-job training (technical and middle management), which provides graduates with strong technical, technological and business knowledge to serve at management level. The number of participants enrolled is limited to ensure quality training.

Since inception in 2006, we have employed 30 graduates in total: ten black females, two white males, one Indian male and

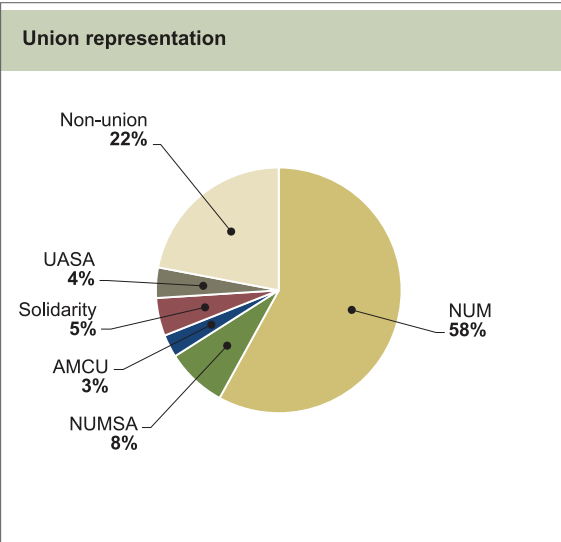
17 black males. To date, 17 out of 30 (57%) graduates are occupying senior positions within ARM. Ten of the 30 (33%) are still in the training programme, while only three out of the 30 have resigned.

Encouraging positive labour relations

A total of 79% (F2009: 77%) of ARM's workforce is unionised and ARM has concluded recognition agreements with five major unions: NUM (National Union of Mineworkers), NUMSA (National Union of Metal Workers of South Africa) (smelter industry), Solidarity, UASA (United Association of South Africa) and AMCU (Association of Mineworkers and Construction Union). Wages and conditions of employment are negotiated at operational level.

Senior responsibility for union negotiations (where applicable) or employee relations/workforce consultation resides with Human Resource managers. Disciplinary and grievance policies/procedures are in place and communicated to all employees, through induction and collective bargaining processes.

This year we experienced 2 411 lost man-days (115 in F2009) due to industrial action at Modikwa and Two Rivers. The disputes involved were duly resolved.



Employees underground at Dwarsrivier mine



Overview:

- Sekhukhune District Municipality in Limpopo identified as one of the community's greatest priorities, the need to tar and upgrade a treacherous 12 km section of dirt road that impeded basic, safe travel between communities as well as between Communities and Modikwa Mine.
- Responding to the overwhelming economic and social need that would be met by improving the relevant roads, Modikwa Mine volunteered to finance the upgrade: a massive contract valued at R64 million.
- Work began in March 2010 and is set for completion early in 2011. The wholly black-owned Joint Venture contractors have set aside R7 million worth of work to local contractors and an extra R4 million for wages for local labourers.

In 1882 Mampuru II fought and killed his brother Sekhukhune I, proclaiming himself king of the Pedi. Several years earlier the Boers, and even the British, had fought Sekhukhune in protracted wars. Eventually, the Pedi's stubborn defence was overwhelmed and Sekhukhune was imprisoned. Released from jail, he lived for some years in relative peace with his conquerors while working quietly to restore his shattered kingdom.

But the ill-feeling between Sekhukhune and his brother and rival claimant to the throne, Mampuru, was never far beneath the surface, and eventually Mampuru had his brother killed.

CASE STUDY

Modikwa Mine
bridges
communities with
an essential
road
upgrade

For almost a century and a half, the place where Sekhukhune fell has been a site of pilgrimage to Pedis and thousands of others who prize the legacy of this, one of the earliest of South Africa's fighters for freedom. Getting to the last resting place of Sekhukhune, however, had always been a taxing, even hazardous business. From the tarred R37 that runs between Polokwane and Burgersfort in Limpopo, a treacherous dirt road snaked through scattered communities that had no choice but to use it to get to school, work, health and government services, shops and the outside world in general. For decades the inhabitants of six villages, a total of 80 000 to 90 000, were forced to use this poor excuse for a road, officially the D4167 and D4170.

Minibus taxis using the road ran up punishing maintenance and repair bills and drivers of sedans used the road at their peril, in places having to drive at less than 10 km/h. Summer rains frequently made the road all but impassable while in winter it generated constant, choking dust.

Identified by the Sekhukhune District Municipality as a key priority for Local Economic Development, tarring and upgrading that 12 km section of the D4167 and D4170 (the D41970) was one of the local community's greatest priorities – but how to finance it? There simply weren't enough funds in the municipal treasury for such a project and there was little to no likelihood that the money would be forthcoming any time soon. Responding to the obvious, even overwhelming, economic and social need that would be met by improving the D4167 and D4170, Modikwa Mine prioritised the construction work in its Social and Labour Plan.

Work began in March 2010 and was set for completion by December 2010 or January 2011 at the latest. Two wholly black-owned contractors, Mivami from Atteridgeville in Pretoria and Polokwane-based Poroma formed a Joint Venture to execute the work. The total contract value was some R64 million. While the mine concentrates on LED – particularly infrastructural development – over CSI projects, and has invested several million in various local projects, the road upgrade is easily its biggest investment to date.

The road is being tarred to the highest standards, with one 3.5 m lane in either direction, a half-metre tar shoulder and a metre-wide gravel shoulder. The contract includes piping, culverts, 11 bus and taxi lay-bys and cement shelters and one traffic-circle intersection. In places, extensive blasting was required. Because much of the route is on "cotton clay", which makes a poor foundation, 37 000 m³ of material was sourced from a nearby borrow pit and 13 000 m³ of crusher run (stones and fine material) went into the road. Dump rock from Modikwa's northern shaft was also used extensively in the road building.

The Joint Venture contractors set aside some R7 million worth of work to local contractors with an extra R4 million being paid in wages to labourers from the surrounding area.

At the end of the new road is a state-of-the-art medical facility, the HC Boshoff Health Centre – built by the government – that will now be easily accessible on a privately-funded road. Upon completion the new road will be handed over to the Roads Agency of Limpopo.

Just beyond the new stretch of road, Modikwa Mine will spend R1 million upgrading a 5 km stretch of dirt road used by the people of Mamphahlana, the D4168. Until Modikwa's intervention, this short bit of road was often so bad that villagers were sometimes completely cut off. Once, according to local lore, a woman struggling to get to the old clinic was forced to simply lie down on the roadside where she went into labour.

Now, thanks to Modikwa Mine, thousands of people in an economically backward rural area will be able to get where they need to go quickly, conveniently and safely – whether it is to do their grocery shopping or to give birth.

– researched and written by independent journalist,
Peter Delmar

"Thanks to Modikwa Mine, thousands of people in an economically backward rural area will be able to get where they need to go quickly, conveniently and safely."



Responding to our material issues continued

Safety

F2010 Key features – at a glance

- One fatality (five in F2009); Fatality Frequency Rate (FFR) at 0.005 (per 200 000 man hours) vs FFR of 0.022 in F2009.
- Slight increase in Lost Time Injury Frequency Rate (LTIFR): 0.770 (per 200 000 man hours) in F2010 compared to 0.736 in F2009.
- Encouraging decrease in the number of fall of ground related Lost Time Injuries (LTIs); reducing LTIs associated with mobile machinery, hand tools and equipment remains a challenge.
- Beeshoek achieves 7 000 fatality-free production shifts in the DMR competition in August 2009.
- Modikwa passes the 6 million fatality-free shifts mark (7 million achieved on 21 September 2010).
- Nkomati achieves 1 million fatality-free shifts.
- Two Rivers surpasses 1.5 million fatality-free shifts this year (the operation achieved 1 million fatality-free shifts last year).

Ensuring the safety, health and wellbeing of all our employees is of paramount importance to ARM. It is imperative that our workforce feels reassured and motivated to promote operational productivity and sustainability. The mining industry is generally labour-intensive and involves exposure to health and safety risks. We strive continually to prevent injuries and ensure zero fatalities. There was one work-related fatality at our operations during the review period, compared to five during the previous year. However, no fatality is acceptable. This year has seen a slight increase in the frequency of injuries sustained at our operations and we have embarked on a significant safety drive as part of our commitment to ensure that safety risks are minimised. Our historical LTIFR and FFR (per 200 000 man hours) are presented below:

	2010	2009	2008	2007	2006
FFR	0.005	0.022	0.039	0.006	0.007
LTIFR	0.77	0.74	1.22	0.90	1.33

Approach to managing safety

The Group Sustainable Development Reporting Manager, reporting to the Chief Executive Officer and with oversight from the Sustainable Development Committee, reviews safety management policy, strategy and targets in alignment with the Board’s commitment to uphold a zero tolerance of harm within all spheres of our business.

Divisional Safety, Health and Environmental (SHE) Management positions have been created by the Ferrous and Platinum Divisions to provide guidance to operations on entrenching

ARM’s corporate goals. Responsibility for safety at our operations lies with line management and line supervision. Each operation, because of its unique challenges and circumstances, has its own safety policy and strategy aligned with ARM’s commitment to strive for zero harm through safe working conditions, risk management and empowerment of the workforce through appropriate training and safety awareness.

As a caring company and through our membership of the South African Chamber of Mines, ARM is committed to meeting national milestones set out for improving health and safety in the mining industry. ARM actively participates in the Occupational Health and Safety Policy Committee of the Chamber of Mines. The implementation of the Mining Industry Occupational Safety and Health (MOSH) Task Force, mandated by the Executive Committee (comprising member CEOs) of the Chamber of Mines, is tasked with facilitating widespread adoption of knowledge, technology and practice that will significantly improve the health and safety performance in South African mines, thereby contributing to meeting the Department of Mineral Resources (DMR) milestones for 2013. ARM has senior representatives on the MOSH Task Force and related Adoption Teams and is especially involved in efforts regarding leadership, reduction and elimination of fall of ground incidents, occupational health and the recently formed moving machinery team. ARM’s membership of the ICMM provides additional access to global health and safety best practices.

Certification in the international occupational health and safety management system, OHSAS 18001, has been completed at the following operations: Dwarsrivier, Nkomati, Beeshoek, Machadodorp Works and Cato Ridge Works. Due to strict cost saving initiatives during the economic downturn, Modikwa has not pursued renewal of its OHSAS 18001 certification during the financial year under review, while Black Rock and Khumani are expected to complete certification of their safety management systems within the next financial year.

Monitoring our performance

Corporate audits in the legal and operational fields of safety, health and environmental management, are undertaken every second year by externally appointed specialists. The audits serve to establish the current status of legal compliance and the related risk profiles of each operation, and to identify opportunities for improvement as part of the safety management systems. Action plans to address findings, risk improvement recommendations and gaps identified during the audits are compiled and addressed by each operation. These are presented at quarterly operational executive level SHE meetings, while learnings and challenges are shared by our SHE practitioners at a quarterly Corporate SHE Forum.

The most recent audit, performed in F2009, focused on safety management and legal compliance at both corporate and operational level. The audit findings concluded that previously identified operational gaps and non-conformances had been addressed at operational level, while at a corporate level, there was a need for corporate standards to be developed and enforced in specific areas. These standards have been compiled and are being implemented; they provide for standards on legal

appointments, exemptions, change management, contractor management, risk assessment and legal compliance management. It was also identified that supervisory and management levels required more regular updates regarding legislative changes and this has been addressed through extensive legal training at all operations. The next round of audits will be performed during F2011 and will include a review of our compliance with corporate standards.

Providing appropriate safety training

In order to ensure that training to promote safety throughout the Company is adequate and appropriate, training requirements are aligned with the safety risks identified and prioritised for each operation through our Enterprise Risk Management System. Health and safety training is provided to everyone performing work at any of our operations. This involves health and safety induction training, training in risk assessment and safe work procedures, as well as prescribed competency training. In addition, job and workplace-specific training is provided.

Mining remains a hazardous industry and is subject to extensive and increasingly more stringent regulations and legislation. To ensure ongoing improvement, risk preparedness and compliance, ARM's officials continually monitor and review procedures, initiate and promote awareness campaigns, regularly engage with government and regulators, and monitor legislative requirements and changes.

Our performance

ARM regrets that this year one employee lost his life in a work-related accident at Machadodorp Works on 10 April 2010. Mr Erick Maluka, employed as a slinger, was severely injured during slinging operations in the crane bay area while attempting to unhook the auxiliary chain from an empty ladle which had been

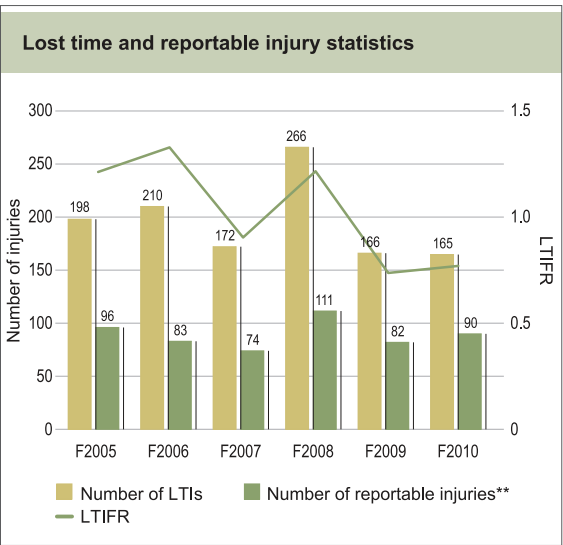
placed by the crane. Mr Maluka passed away in hospital later. ARM and its Board consider any fatality as unacceptable and convey their sincere condolences to Mr Maluka's family, friends and colleagues.

The number of Lost Time Injuries (LTIs) recorded this year was similar to the previous year, totalling 166 compared to 165 in F2009. The Lost Time Injury Frequency Rate (LTIFR) for the year increased slightly to 0.770 (per 200 000 man hours) compared to 0.736 in F2009. Ninety reportable accidents (including the fatality referred to above) were recorded during the year, compared to 82 in the previous year. While we have achieved a general trend of improved LTIFR in recent years, management is focusing on efforts aimed at improving our safety performance. This will entail enhanced risk assessment, reviewing safe work procedures, increasing training on all levels and empowering health and safety representatives.

Last year, we identified fall of ground and moving machinery as particular risks to our workforce and committed to concentrating on mitigating and managing those risks this year. We have implemented leading practice standards and procedures to combat fall of ground at our mines, in collaboration with the Chamber of Mines, and are pleased to report a reduction in the number of fall of ground related LTIs from 37 in F2009 to 15 in F2010. Mobile machinery, hand tools and equipment still constitute the highest risk and related LTIs have increased from 41 in F2009 to 54 in F2010. ARM is actively participating in the recently established MOSH Adoption Team tasked with identifying and implementing leading practice with regard to safe use of mobile machinery. In addition, enhanced risk, assessment, training and review of compliance with safe work procedures are being undertaken, aimed at reducing injuries sustained as a result of using hand tools and equipment.



Underground safety talks

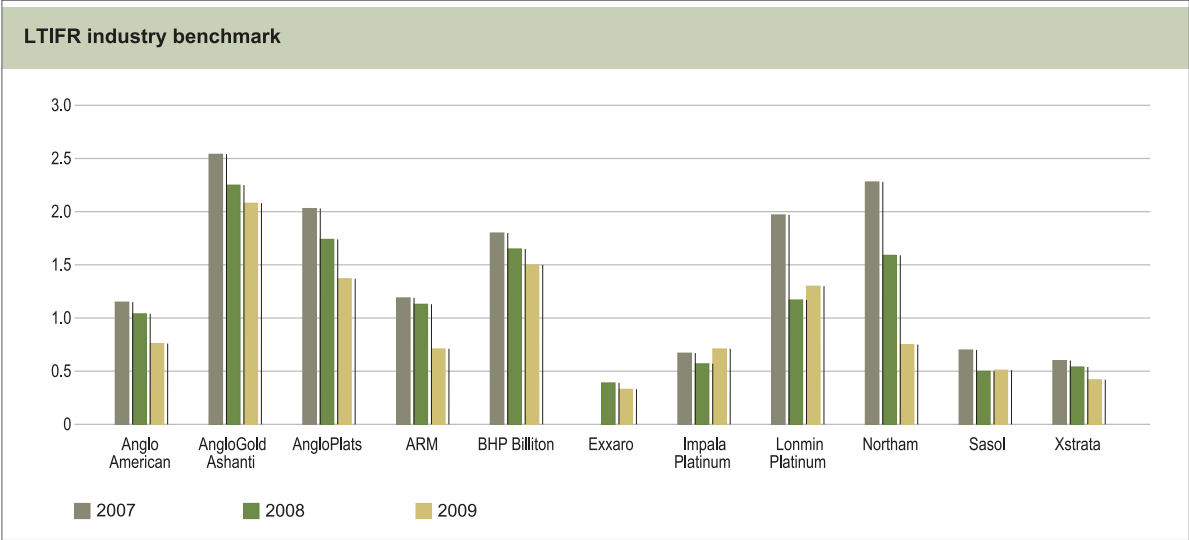


* Safety definitions are provided at the end of this section.
** Reportable injuries are also included in the number of LTIs.

Responding to our material issues continued

Benchmarking our safety performance

To assist in evaluating ARM's safety performance, we have chosen to benchmark our performance figures with some of our peers in South Africa and internationally. In reviewing the figures, it is appreciated that the products, processes, equipment and regulatory reporting requirements in each of the companies may differ significantly. The data provided is therefore not intended to be used as a basis for making direct company-to-company comparisons, but rather is intended to provide a general indication – at a broad level only – of how ARM compares with other companies in the mining industry.



Source: online annual reports.

ARM safety performance statistics for F2010 compared to F2009

Operation	LTIFR per 200 000 man hours		Number of LTIs		Number of lost days		Number of LTIs that are reportable/serious accidents	
	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009
Beeshoek	0.18	0.11	1	1	37	241	0	1
Black Rock	0.52	0.66	12	14	680	737	6	6
Dwarsrivier	1.96	1.00	23	13	807	198	13	12
Khumani	0.28	0.45	9	5	177	144	5	5
Modikwa	1.14	1.07	73	92	823	851	36	35
Nkomati	0.54	0.19	16	6	629	131	8	2
Two Rivers	0.60	0.57	16	17	185	303	13	11
Cato Ridge	0.97	0.66	10	8	264	132	5	4
Machadodorp	0.48	0.92	5	10	214	577	4	6
ARM total*	0.77	0.74	165	166	3 816	3 314	90	82

ARM total* includes the corporate offices.

The inquiry convened by the Department of Labour into the explosion that took place at the Cato Ridge Works on 24 February 2008 in which, regrettably, six employees were fatally injured, continued with its hearings during the course of the reporting period under review. Proceedings have been adjourned until November 2010 and we will comment further on the matter once concluded. ARM has meanwhile established a Trust Fund to provide ex gratia assistance to the affected families.

The DMR served 21 Section 54 notices (11 in F2009) on ARM operations in terms of the Mine Health and Safety Act during the year: three at Dwarsrivier, one at Khumani, six at Beeshoek, seven at Black Rock and four at Modikwa. In terms of Section 55 of the Mine Health and Safety Act, eight notices (five in F2009) were issued: one at Two Rivers, three at Black Rock, three at Beeshoek and one at Modikwa. No prohibition notices were served at either of the two smelter operations by the Department of Labour during the financial year.



Cato Ridge safety awareness entrance sign

Days lost due to Section 54 and Section 55 Notices issued to operations for F2010

Operation	Section 54 Notices	Shifts/days lost	Section 55 Notices	Shifts/days lost
Beeshoek	6	–	3	–
Black Rock	7	–	3	–
Dwarsrivier	3	7 (for 2 of the Notices)	–	–
Khumani	1	–	–	–
Modikwa	4	9 (South shaft only)	1	–
Nkomati	–	–	–	–
Two Rivers	–	–	1	–
Cato Ridge	–	–	–	–
Machadodorp	–	–	–	–

Internal and external safety achievements

Two internal safety competitions within ARM are used to benchmark and recognise good performance among our operations. The Santa Barbara trophy is awarded to any operation that completes one million (or a multiple thereof) fatality-free shifts. This trophy has been awarded to two operations during the year – Modikwa for achieving 6 million fatality-free shifts and Nkomati for achieving 1 million fatality-free shifts. The “Excellence in Safety” competition is based on a weighted average of differential LTIFR data over the previous three financial years, with immediate disqualification of an operation at which a fatality occurred during the year. Khumani won the “Excellence in Safety” trophy for the financial year under review.

Beeshoek achieved 7 000 fatality-free production shifts in the DMR competition in August 2009.

In terms of external safety achievements this year, Modikwa received an award at the Hardrock Safe Conference for significant safety achievement, as well as an award from AMMSA for 6 million fatality-free shifts, at its annual banquet. Modikwa also received a letter of commendation from the DMR for achieving 6 million fatality-free shifts by 2 December 2010, which by 21 September 2010 had been surpassed, with the operation achieving 7 million fatality-free shifts.

Responding to our material issues continued

ARM’s safety, health and environment (SHE) performance – at a glance

The table below presents a consolidated overview of each of our operation’s level of safety, health and environmental certification, and safety achievements and incidents. It also sets out each operation’s approach to managing occupational health and safety in the workplace.

Operation	SHE certification	Safety statistics for F2010	Awards/Achievements in F2010
ARM Platinum			
Modikwa	ISO 9001, 14001 and OHSAS 18001 certificates were put on hold due to financial constraints. Re-certification is expected in 2011/12.	73 Lost Time Injuries, LTIFR = 1.14	Achieved 6 000 000 fatality-free shifts in the Santa Barbara competition in December 2009. Completed 51 months of fatality-free shifts in July 2010.
Two Rivers	Aim to achieve ISO 14001 and OHSAS 18001 certification by 2012.	16 Lost Time Injuries, LTIFR = 0.60	Achieved 1 000 000 fatality-free shifts in the Santa Barbara competition in May 2010.
Nkomati	ISO 9001, ISO 14001 and OHSAS 18001 certified.	16 Lost Time Injuries, LTIFR = 0.54	Ended the year with 1 103 367 fatality-free shifts in the Santa Barbara competition.
ARM Ferrous			
Beeshoek	ISO 9001, ISO 14001 and OHSAS 18001 certified.	1 Lost Time injury, LTIFR = 0.18	Achieved 7 000 fatality-free production shifts in the DMR competition in August 2009. Ended the year with 1 732 461 fatality-free shifts in the Santa Barbara competition. Third place in the ARM “Excellence in Safety” competition.
Khumani	Integrated certification expected in F2011.	9 Lost Time Injuries, LTIFR = 0.28	Winner of the ARM “Excellence in Safety” competition.
Cato Ridge Works	ISO 9001, ISO 14001 and OHSAS 18001 certified.	10 Lost Time Injuries, LTIFR = 0.97	Runner-up in the ARM “Excellence in Safety” competition.
Dwarsrivier	ISO 9001, ISO 14001 and OHSAS 18001 certified.	23 Lost Time Injuries, LTIFR = 1.96	
Machadodorp Works	ISO 9001, ISO 14001 and OHSAS 18001 certified.	1 Fatality, 5 Lost Time Injuries, LTIFR = 0.48	Achieved 1 499 366 fatality-free shifts in the Santa Barbara competition before the fatal accident in April 2010.
Black Rock	ISO 9001, ISO 14001 certified. OHSAS 18001 certification planned for F2011.	12 Lost Time Injuries, LTIFR = 0.52	

Definitions

In line with legislation and industry standards, ARM considers contractors as employees and all statistics include contractor hours worked as well as injuries sustained. Any work-related injury that results in an employee/contractor being unable to perform his/her normal duty or similar work on the calendar day following the day of the injury, is reported as a Lost Time Injury (LTI). If a suitably qualified medical professional advises that the injured person is unable to perform his/her normal duty or similar work on the next calendar day after the injury, regardless of the injured person's next rostered shift, a Lost Time Injury is deemed to have occurred.

Although Restricted Work Injuries (RWIs) are reported separately in some Industry Forums in which ARM participates, all RWIs are included in our measurement of LTIs. (An RWI is defined as a work-related injury which results in the employee/contractor being unable to perform one or more of their routine functions for a full working day, from the day after the injury occurred as certified by advice from a suitably qualified healthcare provider.)

Reportable accident: For the mining operations to which the Mine Health and Safety Act applies; in terms of Chapter 23, reportable accidents refer to any accident that results in:

- a) the death of an employee;
- b) an injury, to any employee, likely to be fatal;
- c) unconsciousness, incapacitation from heatstroke or heat exhaustion, oxygen deficiency, the inhalation of fumes or poisonous gas, or electric shock or electric burn accidents of or by any employee and which is not reportable in terms of paragraph (d);
- d) an injury which either incapacitates the injured employee for performing that employee's normal or similar occupation

for a period totalling 14 days or more, or which causes the injured employee to suffer the loss of a joint, or part of a joint, or sustain a permanent disability;

- e) an injury, other than injuries referred to in paragraph (d), which incapacitates the injured employee from performing that employee's normal or similar occupation on the next calendar day.

For the smelters to which the Occupational Health and Safety Act 85 of 1993 applies, reportable accidents are defined in Sections 24 and 25 of the Act, as follows:

Each incident occurring at work or arising out of or in connection with the activities of persons at work, or in connection with the use of plant or machinery, in which, or in consequence of which:

- a) any person dies, becomes unconscious, suffers the loss of a limb or part of a limb or is otherwise injured or becomes ill to such a degree that he/she is likely either to die or to suffer a permanent physical defect or likely to be unable for a period of at least 14 days either to work or to continue with the activity for which he/she was employed or is usually employed;
- b) a major incident occurred; or
- c) the health or safety of any person was endangered and where:
 - i) a dangerous substance was spilled;
 - ii) the uncontrolled release of any substance under pressure took place;
 - iii) machinery or any part thereof fractured or failed resulting in flying, falling or uncontrolled moving objects; or
 - iv) machinery ran out of control.

Please note: Reportable injuries are also reflected as Lost Time Injuries where appropriate.



Overview:

- Nkomati Mine in F2009 responded to the appeal from the Department of Health for assistance in providing an additional vehicle to its fleet of mobile clinics, to reach villages in a radius of 60 – 80 km around the village of Badplaas, including the community of Nkomati.
- The mobile clinics provide primary healthcare to the poorest of the poor. Nkomati allocated R220 000 to equip the necessary vehicle as a mobile clinic to reach the relevant villages.
- Covering 1 200 km or more a month, the unit provides diverse medical and health assistance. The intervention caters to struggling communities who would have waited five years or more to receive such a service.

CASE STUDY

Nkomati Mine provides
medical
life-line to remote
villages

Maria’s face lights up as the truck comes around the corner and climbs the last dusty rise to her home. A stout unemployed grandmother, Maria has been in pain for days now, a recurrent reminder of the operation she had some years ago. Maria is just 58 years old but she looks older. She needs pain relief but getting to the nearest town, of Badplaas, is an epic journey for a woman in poor health with little or no money.

The tarred road between Badplaas and Carolina is 3.5 km away, along an undulating, rutted dirt road. Maria could not possibly walk to the tarred road to hitch a lift to the clinic in Badplaas. Once she got to the tarred road she would have to find a free lift or, if there was no-one prepared to take her, she would have to fork out R15 for the 20 km round trip to and from the town. Even in the economic backwater of Badplaas, where

unemployment and underdevelopment are the norm, those living well outside of the town are at a particular disadvantage.

To bring primary healthcare to the poorest of the poor, the Department of Health has a fleet of mobile clinics but there simply weren't enough funds to operate one to many of those in a radius of between 60 and 80 km around the village of Badplaas; the communities of Nkomati, Vaalkop, Onverwacht, Engelsdraai, Slaaihoek, Badplaas and Mantjolo village.

Could local businesses help finance such a clinic, the department asked? In 2008/2009, Nkomati answered that burning question by allocating R220 000 to kit out a Toyota Hilux mobile clinic, including flooring and cupboards and medical equipment according to departmental specifications. The mine has also agreed to pay for the vehicle's maintenance. The reality, says Mshoza Malaza, Nkomati LED/CSI superintendent, is that without the mine's intervention, these struggling communities would have waited five years, perhaps longer, to receive such a service.

In its first year of operation, the clinic treated 659 people, in addition to the hundreds who benefited from practical health advice and check-ups. Covering 1 200 km or more a month, the team of three treat minor ailments and – particularly during winter – colds and flu. The team also do blood pressure and antenatal checks, dispense Schedule 1 and 2 medicines, perform pap smears, give family planning advice and one-on-one HIV, TB counselling and testing.

Departmental campaigns, such as measles vaccinations and giving Vitamin A drops to children under five, are also carried out. Infant weighing, health checks and immunisations are done throughout the year. Most of those who consult the clinic are women, with new babies and the elderly finding its services a particular comfort.

Health education is a top priority for the clinic's team. While individuals have their blood pressure tested, the team advise on low-sodium diets. Whenever possible, a regular health programme on radio station, Ligwalagwala FM, is broadcast to groups who gather to meet the clinic and then discuss the health issues raised by the programme.

According to nurse technician Surgeon Maseko (who doubles as the driver), whenever the team encounter an emergency case they do what they can to stabilise the patient while calling for an ambulance. "Recently, we had a patient at Engelsdraai with a combination of infections who was clearly in distress, with a very high temperature and struggling to breathe," relates Maseko. "The ambulance arrived after an hour and took the patient to the health clinic at Badplaas. He made a good recovery."

Maseko shudders to think what would have happened to that particular patient if Nkomati had not sponsored the clinic. "The Nkomati sponsorship came at a time when we were really in need. I don't know how long we would have waited; we'd already been waiting for three years."

Maria lives at the Imanuel Prayer Mountain, a Christian retreat run by a Korean missionary. Some of the other 55 people on the property in the foothills of the Skurweberg work at the retreat while some work for Nkomati contractors and others at a resort in Badplaas. Several of the able-bodied are simply unable to find employment.

Maria is not an emergency patient but, as she sits with other members of her isolated little community and the group consultation begins with prayers and a hymn, it's clear that she is relaxing, comforted by the knowledge that, despite her poverty and isolation, help is at hand. "It is very good that they come every month to help us," she says. "It is very hard for me to get to [the clinic at] Badplaas. The operation causes me a lot of pain but they always come to help me and the other people here."

Helping people is what keeps Maseko (who qualified as a nurse in 1993) going. "These are my people," he says. "The people are learning to know us and to trust us. We see this trust growing in the numbers of people who are willing to be tested for HIV. The attitude of the staff is very important. If people trust you, you can make a real difference to their lives."



"The Mkomati sponsorship came at a time when we were really in need. I don't know how long we would have waited; we'd already been waiting for three years."

Surgeon Maseko, nurse technician

— researched and written by independent journalist,
Peter Delmar

Responding to our material issues *continued*

Occupational Health and Wellness

F2010 Key features – at a glance

- Managing noise-induced hearing loss (NIHL) in the workplace remains a priority focus for most operations to mitigate the impact on employees’ health and meet the DMR milestones for 2013.
- Slight increase in the number of audiometric screening tests resulting in referrals to specialists (0.38% of cases compared to 0.31% in F2009), with 0.15% (F2009: 0.9%) of employees tested submitted for compensable NIHL.
- ARM appointed an external occupational health practitioner to audit and assist operational clinics on a quarterly basis, as part of efforts to enhance the effective management of occupational health.
- Due to the remote location of our operations, attracting and retaining qualified occupational medical staff remains a challenge to the effectiveness of our medical surveillance programmes.
- Focused efforts to mitigate employee exposure to dust, and to manage pulmonary tuberculosis (TB) as part of our integrated wellness and HIV management programmes, have contributed to a reduction in the number of new TB infections being reported, from 138 in F2009 to 104 during F2010.

Our approach to managing occupational health and wellness

The safety and wellbeing of our employees is material to running our operations in a sustainable and efficient manner. The mining methods and degree of mechanisation involved in the various processes and activities in our smelter and mining operations determine the potential hazards in each workplace. In order to ensure that the specific health and safety risks presented in each of our operations are monitored through best practice medical surveillance, specialist external service providers are engaged to assist with implementation and management of medical surveillance programmes in all our operations.

Our medical surveillance contracts are managed by the SHE Manager at each operation. Our operations are generally located in rural areas and this presents an ongoing challenge to our medical surveillance service providers in relation to attracting and retaining qualified and experienced staff.

All operations perform medical surveillance in compliance with applicable legislation. Corporate SHE audits conducted in F2009 identified the need for standardisation in some areas of occupational health management, and ARM duly contracted an independent occupational nurse with extensive practical and auditing experience to monitor and ensure uniform compliance with high standards of medical surveillance, across our operations.

The occupational nurse reports to the Group Manager: Sustainable Development Reporting and visits each operation at least quarterly to perform audits, monitor progress in terms of any corrective action required in response to audit findings, and to provide guidance to medical surveillance staff. A number of occupational health corporate standards have also been developed to improve reporting and case management of noise-induced hearing loss cases, diseases such as TB and chronic diseases, such as high blood pressure and diabetes, which put the wellbeing of our employees at risk.

ARM recognises that the management of safety, occupational health (including HIV and occupational diseases) and hygiene are interlinked and therefore incorporates all these elements into “wellness management” within ARM. All permanent employees have access to medical aid as a condition of employment, and SHE staff, Medical staff and Human Resources staff work closely together to manage the wellness of our employees in an integrated fashion. All operations have appointed Wellness Officers, and most operations have established Wellness Committees to promote engagement between employees and unions in a partnership approach to managing wellness.

All our employees and contractors are trained in occupational health and hygiene as part of their induction programme, and ongoing training is facilitated by Wellness Officers and Peer Educators, in line with the specific risks identified at each operation.

Effective management of our integrated wellness programmes requires us to understand and monitor a range of behavioural indicators, including levels of absenteeism, chronic disease, emotional wellness and substance abuse, and to ensure close communication between clinic staff, line management, and HR and SHE staff. This has been a challenge, especially since we currently rely on decentralised separate information systems to collate information, which can prove difficult to integrate. Consequently, as reported in the Human Resources section of this report, ARM is in the process of developing a comprehensive and integrated HR management system which will also facilitate closer co-ordination between the various departments in terms of input, data analysis and case management.

A second challenge to effective wellness management relates to the fact that continued expansion, improvement and development projects at our operations necessitate the use of contractor labour at certain phases of projects. Since contractors are regarded as ARM employees, they are included in the medical surveillance programmes. This can significantly augment the number of employees that pass through our clinics, under medical surveillance, which at times puts pressure on resources and could affect case management of those individuals who have been identified with occupational or chronic diseases. Note that 37 734 medicals (entry, annual and exit) were performed for the 22 776 employees and contractors during the year. In order to address this challenge, we are working closely with the occupational hygienists and doctors at our operations to improve the management and effectiveness of our risk-based medical surveillance systems.



Hearing conservation is a key occupational health focus through awareness training, provision of personal protective equipment, medical surveillance and monitoring of noise emitted by machinery and equipment.

Principal occupational health issues

The most common illnesses diagnosed among our workforce (including chronic and primary health-related diseases) continue to be upper respiratory tract infections and back/muscular/skeletal ache. Our efforts to mitigate noise-induced hearing loss, which is a key focus, are discussed later in this section. Exposure to high levels of dust can cause complications for employees already infected with TB. South Africa has a high TB incidence rate, and the disease is further complicated by HIV & AIDS. We continue to focus on mitigating exposure to dust and on preventing and managing TB and HIV & AIDS, as discussed elsewhere in this sustainability performance review. A focus of our wellness management is to raise awareness among our employees about chronic diseases, including TB, sexually transmitted diseases and other HIV-related opportunistic infections.

Mitigating noise-induced hearing loss

In terms of direct occupational health management, hearing conservation remains a major focus at all our operations. We strive to achieve the 10-year targets agreed by Tripartite parties at the Mine Health and Safety Summit held in 2003 for elimination of noise-induced hearing loss.

As illustrated in the adjacent table, this year we have seen an increase in the percentage of cases of employees referred for audiometric diagnostic screening, and in the number and percentage of cases submitted for compensation. We will strive to reverse this trend through increased efforts to reduce workplace noise emissions, in line with the objectives of the DMR’s targets. Our hearing conservation programmes involve regular monitoring and measuring of the noise emission levels of equipment in the workplace. The frequency of employee hearing surveillance is informed by the relevant workplace exposure, but takes place at least annually for individuals exposed to high levels of noise. This is why the number of audiometric surveillance tests performed

is significantly greater than the total number of our employees. Any deterioration in the hearing of an individual relative to the level of hearing at the time of employment (the baseline), results in the individual receiving counselling by clinic personnel, and an investigation of the individual’s workplace noise emissions by the occupational hygiene departments, as well as continuous training. It is understood that some deterioration in hearing also results from age, illness or personal care. Any employee with deterioration in hearing of 10% indicative of NIHL is referred to an audiometrist for diagnostic audiograms (recorded as “referrals” in our statistics), and once an employee is confirmed to have suffered NIHL, a compensation claim is submitted to either Rand Mutual Assurance (mining employees) or the Compensation Commissioner. Where possible, employees with noise-induced hearing loss are redeployed to workplaces with low noise levels and monitored on an individual basis.

Noise-induced hearing loss statistics (includes contractors)

	F2010	F2009
Number of audiometric surveillance tests performed	37 734	42 419
Number of cases referred for audiometric diagnostic testing	143 (0.38% of total)	133 (0.31% of total)
Number of cases submitted for compensation	58 (0.15% of total)	36 (0.09% of total)

Number of cases submitted as % of those referred – 40.56% and breakdown by operation, below:

	NIHL	
	Referred for further testing	Submitted for compensation
Beeshoek	0	0
Black Rock	31	9
Dwarsrivier	4	2
Khumani	1	1
Modikwa	54	28
Nkomati	11	7
Two Rivers	21	10
Cato Ridge	20	0
Machadodorp	1	1
Total	143	58

Mitigating dust and associated ailments

Our operations focus on dust mitigation measures in the workplace and suppression of dust in open-pits and on haul roads as part of efforts to reduce any negative impact on the health of our employees and the surrounding communities in which we operate. These measures, together with our continued focus on

Responding to our material issues *continued*

preventing and managing TB as part of our integrated wellness and HIV management programmes, have contributed to a reduction in the number of new TB infections being reported, from 138 in F2009 to 104 this year. TB cases are monitored and managed by our clinic staff in collaboration with the Department of Health. Of the 104 new infections recorded this year, 45 employees remain on treatment programmes.

In order to prevent the incidence of manganism (otherwise known as manganese poisoning – a toxic condition resulting from chronic over-exposure to manganese dust or fumes), ARM is committed to fulfilling all its obligations in terms of preventing exposure as prescribed in the Occupational Health and Safety Act, 1993, and the Hazardous Chemical Substances Regulations. In the past we have experienced select cases of employees at our Assmang plant in Cato Ridge being diagnosed with manganism. We have since taken steps to limit exposure and put control measures in place to prevent future incidents. Where high levels of fumes have been identified,

workers are obligated to wear personal protective equipment in the form of respiratory masks. We also introduced a more technologically advanced option: an Airstream helmet with a fan, powered by a battery pack, that blows air through a filter before it is inhaled. Over the past two years, R140 million has been invested in enhancing our management of dust and fume levels at Cato Ridge Works, and Assmang has contracted occupational health specialists to assist in determining a protocol for dealing with medical surveillance in this regard.

The Department of Labour has completed a report on the alleged cases of manganism at the Cato Ridge Works, following hearings completed in 2008. However, the report has not yet been made available to ARM. Compensation was provided to those employees who had been initially diagnosed with manganism, yet arbitration proceedings were instigated by these employees over claims of unfair dismissal. The arbitrator has concluded that the dismissals of the former employees had not been unfair, and has rejected their applications for reinstatement.



CASE STUDY

Nkomati Mine
fosters Ekujabuleni
Bakery to
independence

Overview:

- The Ekujabuleni Bakery and Eating House in Machadodorp, Mpumalanga – a project created in 2006 by Nkomati Mine in partnership with the Emakhazeni Local Municipality – is now an independently operated sustainable operation.
- Launched to help address unemployment, poverty and underdevelopment in the area, and because there was no local bakery, Nkomati provided financing and the municipality donated the land and the building.
- The project generates an encouraging R46 000 each month. Although independent since June 2010, its sponsors continue to provide support, particularly with building maintenance and monitoring.

In August 2010, Nkomati Mine prepared to cut its formal ties with the Ekujabuleni Bakery and Eating House, a project it had created four years earlier in partnership with the Emakhazeni Local Municipality.

The bakery was launched to help address unemployment, poverty and underdevelopment in the area. It was also started because there was simply no local bakery in Machadodorp, Mpumalanga, and bread was only delivered from towns 100 km away three times a week.

Nkomati bought the fledgling business baking equipment costing R850 000 while the municipality donated the land and the building. More recently the mine paid for a bakkie, which enabled the bakery to do house-to-house deliveries in the Mthonjeni township. Nkomati also supplied finance to pay workers a basic stipend. In June 2010, however, that support came to an end and Ekujabuleni is now running itself, albeit with ongoing support (particularly in terms of building maintenance and monitoring) from Emakhazeni and Nkomati Mine.

Nkomati’s decision to exit a project it had fostered since its inception was in line with the mine’s long-term strategy of helping to get small enterprises up and running and then leaving them to stand on their own feet. At the time of Ekujabuleni’s “independence”, the bakery was producing and selling 500 loaves of bread a day as well as more than 200 packets of assorted products including rolls, scones, mosbolletjies and buns. And it had recently diversified, opening a restaurant/cafeteria in the same building at the bakery.

By the time Nkomati ended its direct funding, “The Eating Place” was serving basic breakfasts of bread, cheese and polony, plus juice and coffee, as well as selling between 30 and 40 lunches a day. For R20, patrons got two starches, sauce, salad and a beef stew or chicken (which costs R18). The shop sells cold drinks, crisps, french fries, cigarettes and sweets.

Turnover from both operations in August 2010 had reached some R46 000 a month and there were encouraging signs for Ekujabuleni. The recently acquired bakkie had proven to be a boon to the business; instead of relying on walk-in customers, more than half of all bakery products were delivered to individual and retail clients. Just a month after it opened, the Eating Place was proving popular with workers and traffic department officials working nearby, and staff were positive about their future.

Zakhele Ntimane, deputy manager of Local Economic Development and infrastructural development planning at Emakhazeni, insisted, though, that the council would stick by Ekujabuleni “until the cows come home”. The question of how much of the power bill would be written off had not yet been addressed but there should be no fear that a still young business would be cast completely adrift, to sink or swim on its own, Ntimane said, adding: “Local economic development is in the very heart of the municipality.”



"Nkomati's decision to exit a project it had fostered since its inception was in line with the mine's long-term strategy of helping to get small enterprises up and running and then leave them to stand on their own feet."

Ella Skosana

Ella Skosana, 40, is one of the people who have poured their hearts and souls into Ekujabuleni. “We have everything we need here to succeed, except that we don’t have all the staff we need,” said Skosana. A mother of four, she learnt to bake at the Milly’s complex on the nearby N4 highway where she worked for five years until her contract ended and she found herself without a job. “Since they bought us the bakkie three months ago, things have been going very well,” Skosana said. “Most importantly, we have a very good team. We are all very determined.”

– researched and written by independent journalist,
Peter Delmar

Responding to our material issues continued

Transformation

F2010 Key features – at a glance

- Overall BEE procurement (as a % of total discretionary procurement spend) for F2010 was 52.5%, representing an increase of 15.2% on F2009's BEE achievement of 37.3%, and exceeding the 2010 target of 40%.
- An independent, SANAS-accredited verification agency performed a BEE audit for the financial year, and ARM's score of 66.36% classifies ARM as a Level 4 BBBEE contributor.
- Exceeded the SA Mining Charter (as provided for until September 2010) standards in terms of employment equity and gender diversity.
- HDSA representation in management remained level with last year, at 43%; HDSA representation within top and senior management was 31% (vs 33% in 2009).
- Increase in female representation at senior management level, from 13% in F2009 to 15% this year.
- ARM has a 55% black ownership base (consistent with F2009).



ARM embraces cultural and gender diversity in the workplace

ARM embraces the South African national imperative to promote broad-based economic transformation. Our commitment to contributing to the transformation and inclusivity of the mining industry is demonstrated by our Broad-Based Black Economic Empowerment (BBBEE) and employment equity initiatives. Together with our stakeholders, we strive to make the mining industry reflective of all South Africans and provide all our people with a stake in South Africa's mineral wealth.

In line with the Broad-Based Socio-Economic Charter for the Mining Industry (Mining Charter) and all other relevant legislation, ARM has positioned itself to be a transformational leader in the industry. We currently exceed the Mining Charter (as provided for until September 2010) standards and targets in regard to employment equity and gender diversity.

Managing transformation at ARM

ARM has established a Transformation Committee to facilitate and promote organisational transformation. The Committee will oversee ARM's various workplace-related transformation initiatives, including promoting women in mining and employment equity, diversity awareness campaigns and the graduate development programme. The Committee comprises the ARM HR Executive as project sponsor, the ARM HR Manager as Chair of the Committee, Operations Representatives employed as organisational development/training specialists and transformation superintendents/managers.

The following documents have been drafted and debated by Committee members, and once finalised and approved, will inform our efforts aimed at promoting transformation within the business:

- Terms of Reference – underpinning the reason for the existence of this Committee.
- Transformation policy – the guideline for ARM's transformation programme and initiatives.
- Strategy document – informing the operational activities as guided by ARM.
- Transformation policy statement – a synopsis of ARM's understanding of transformation in line with our values.
- Transformation risk assessment – conducted in order to assist ARM in understanding its current performance in relation to longer term goals and develop strategic risk mitigation strategies to enable it to realise its transformational vision.

Adhering to the Mining Charter

ARM strives to comply with the Mining Charter elements which are integral to the way we are working to realise transformation within the business. ARM supports the Mining Charter's efforts, which we consider to be central to the future of mining in South Africa. The table overleaf outlines the manner in which ARM is working towards achieving the goals of the Mining Charter scorecard.

ARM's progress achieved in F2010	Going forward
Human Resources Development	
Has the company offered every employee the opportunity to be functionally literate and numerate and are employees being trained?	
<p><i>Literacy:</i> Total literacy across the Group improved to 87% from 84.37% in F2009. The highest levels were recorded at Two Rivers (100%), Khumani (94%) and Nkomati (93%), with the lowest levels at Black Rock (73%), which nonetheless improved by 10% on last year.</p> <p>Access to nationally aligned ABET is available at most of the operations, in some cases outsourced. Most of the operations have rolled out e-learning ABET delivery (> 80%), which ARM believes and commits itself to as the future of learning.</p> <p>Members of the community also attend ABET workshops, with a steady increase shown in the number of internal and external learners attending. ABET attendance in F2010 comprised 343 students, including 152 community members. The decrease on F2009's 573 students (including 180 community members) may be due to successful completion by generation students, as reflected by increased literacy levels. ABET generally attracts older generation participants and learners.</p>	<p>ARM's literacy target remains 100% and we will continue to strive to achieve this within ARM and in the surrounding communities.</p>
<p><i>Internal training:</i> Four operational training centres (Beeshoek, Black Rock, Modikwa and Nkomati) are accredited with the Mining Qualifications Authority (MQA), a Sector Education Training Authority (SETA) for the Mining and Minerals Sector. Dwarsrivier and Two Rivers are expected to receive accreditation during the next financial year, pending ISO 9001 accreditation of the training centres.</p>	<p>Accreditation of the Khumani training centre will be a priority during the next financial year.</p>
<p><i>External training:</i> ARM Human Resources Development professionals contribute significantly to the sectoral transformation process through their direct involvement with various committees and bodies at the Chamber of Mines (COM) and the MQA.</p>	<p>The implementation of our integrated Human Resource management system will take place progressively across the Group over the next few years.</p>
Has the company implemented career paths for HDSA employees, including skills development plans?	
<p>Workplace skills plans covering all HDSA employees are submitted individually by each operation to MQA.</p> <p>Career paths for each discipline/department are prepared by each operation. HDSA employees earmarked for succession have individual development plans.</p> <p>ARM has made good progress on its F2009 target of developing and implementing an integrated HR management system. The system, of which talent management is an integral part, has been designed and will be fully implemented at Khumani (the pilot site). It includes a comprehensive policy regarding management, measurement and reporting on Human Resource Development. Each job has a role profile indicating requisite skills, competencies and qualifications and assists in providing an organogram of career paths at the operation.</p>	<p>The integrated HR management system, designed and developed with the whole Group in mind, will be fully implemented at Khumani by the end of F2011.</p> <p>Implementation across ARM is expected to take four months per operation with a view to achieving standardisation and the capacity to track career management centrally.</p>
Has the company developed systems to mentor empowerment groups?	
<p>Coaching forms part of each supervisor's key performance indicators. Production supervisors are trained to assess on-the-job performance, give structured feedback to subordinates and mentor them.</p> <p>The manager one level up is expected to engage with each team member on a quarterly basis to review organisational progress and the individual's progress and needs.</p> <p>All training and HR development staff are trained in the Education, Training and Development Practices (ETDP) national skills programmes, including facilitation of learning, assessment and moderation processes.</p> <p>ARM provided 216 learnerships in F2010 (204 in F2009). Bursary applications declined from 283 in F2009 to 124 in F2010 due to a decrease in applications.</p>	<p>In keeping with ARM's transformation and skills development priorities, this will remain a key focus area internally going forward.</p> <p>Externally, as part of our social investment projects and preferential BBBEE procurement policy, we continue to identify, develop and coach BBBEE compliant suppliers and provide, where necessary, basic business skills and education.</p> <p>Operations are tasked to focus on identifying their skills shortages and to promote bursaries accordingly.</p>

Responding to our material issues *continued*

ARM's progress achieved in F2010	Going forward
Employment Equity	
Has the company published its Employment Equity plan and reported on annual progress in meeting this plan?	
As part of the transformation process, ARM operations submit their equity plans to the Department of Labour annually, after thorough analyses and consultation with management and unions. EE reports for the operations were submitted in October 2010. An independent BBSEE verification auditor has been appointed to prepare a dti scorecard for each operation. This will be utilised to manage and improve on existing targets in accordance with the Employment Equity Act.	The employment equity plan will continue to be revised and updated to ensure that it is in line with existing legislation and the targets of the new Mining Charter, published in September 2010.
Has the company established a plan to achieve a target for HDSAs?	
<p>A comprehensive manpower plan is used to establish, manage and measure performance in terms of HDSA targets. ARM's integrated HR management system will be used to enhance management of the HDSA talent pool.</p> <p>HDSA representation in management remains level with F2009 at 43%; HDSA representation within top and senior management stands at 31% (vs 33% in 2009).</p>	<p>ARM has achieved its 2009 target of 45% HDSA representation across its operations and will continue to work towards exceeding this target, as well as the target of the revised Mining Charter.</p> <p>Regarding our growth strategy, this remains a challenge. Skills shortage has been identified as a major risk and the mitigation of this risk is a primary focus within ARM.</p>
Has the company identified a talent pool and is this being fast-tracked?	
<p>In addition to the initiatives outlined above, ARM has 12 graduates enrolled in its graduate programme, which seeks to promote transformation through attracting and developing suitable graduates who are passionate about the minerals and mining sector. Since inception in 2006, we have employed a total of 30 graduates.</p> <p>In addition, we are using parallel appointments to fast-track employees.</p>	<p>ARM, over the five-year period from 2005, has created 1.8 permanent jobs per calendar day. In view of our anticipated growth rate, we anticipate an escalation in our employee numbers, which will put strain on the available internal and external skills pool. We aim to address this through various initiatives:</p> <ul style="list-style-type: none">● Renewed talent management through talent identification, development plans and succession plans.● Graduate development programme.● Shiftboss/Mine Overseer development programme with a feeder to General Manager (GM), and Foremen development programme.● Outside succession plan/talent pool.● Increase in effective training spend.● Learnerships and bursaries.● Liaison with Institutes of Higher Learning and students through "direct marketing" and the Minerals Education Trust Fund (METF).● Branding ARM as an employer of choice.
Has the company established a plan to achieve the target for women participating in mining of 10% within the five years and is it implementing the plan?	
ARM has a Women in Mining development programme; five candidates have been earmarked for fast-tracking and 12 for mentorship. These 17 individuals were identified by Human Resources as having the potential to be accelerated into senior management and executive leadership roles. In addition, six candidates are being developed from lower levels.	By the end of F2011, we aim to have assessed each candidate's personal development in terms of strategic leadership and to have significantly addressed our developmental gaps through mentoring and coaching interventions.

ARM's progress achieved in F2010		Going forward
Migrant and Foreign Labour		
Has the company subscribed to Government and industry agreements to ensure non-discrimination against foreign migrant labour?		
No migrant labour is employed by ARM. The complement of foreign labour currently stands at 3.76% of the total workforce. All operations within ARM subscribe to the principles of promoting workplace equity and seek to eliminate all forms of discrimination. No incidents of xenophobia or valid complaints of discrimination were reported in F2010.		This will continue to be our approach going forward, supported by our internal grievance procedures, whistleblowing facility and recently updated Code of Ethics.
Mine Community and Development		
Has the company co-operated in the formulation of Integrated Development Plans (IDPs) and is it co-operating with Government in implementing these plans in communities where mining takes place and in labour-sending areas?		
All mining operations have submitted Mining Licence Conversion applications and associated SLPs. Dwarsrivier and Beeshoek are the only operations still awaiting the DMR's response. At all operations, participation in municipal IDPs has been the vehicle for identification of Local Economic Development (LED) projects (as required by the SLPs). Various stakeholders are consulted and engaged to achieve the LED and community upliftment goals, concluded through consultation with the beneficiaries as well as the municipal leaders. Beneficiaries of the LEDs reside in and around each of the operations' labour-sending areas. Progress at our operations is monitored via a Socio-Economic/Transformation Committee comprising management, unions and community representatives.		We will continue to promote mine community and rural development.
Has the company engaged with local mining communities and those in labour-sending areas?		
Future Forums have been established at all operations, in line with the requirements of the SLPs. Economic Development Forums meet at least quarterly at all operations to identify needs and report on status and progress of implementation. All operations are resourced with competent transformation leadership and staff to ensure delivery of the SLP targets and sound stakeholder relations. Liaison/communication structures are established and functioning in all the operations. LED spend in F2010 was R43.8 million (up from R28.5 million in F2009 and R13 million in F2008).		ARM is committed to enhance the socio-economic capacity of the communities in which we operate, in collaboration with our stakeholders.
Housing and Living Conditions		
For company-provided housing, has the mine in consultation with stakeholders established measures for improving housing, including the upgrading of hostels, conversions of hostels to family units and promotion of home ownership options for mine employees?		
ARM's housing policy seeks to promote home ownership and the facilitation of housing governance structures to provide for effective consultation with relevant stakeholders. By paying our employees between the 50 th and 75 th percentile of the market, our remuneration strategy is geared towards ensuring affordability. Black Rock has to a large extent phased out its hostel, and hostel facilities are being used to accommodate contractors involved with expansion projects. Dwarsriver is investigating the possibility of converting its hostel into family quarters.		ARM continues to make steady progress towards its long-term strategy of implementing the housing delivery model at all existing operations. A specialist has been appointed to drive, oversee and govern the implementation of the housing delivery model across operations. Since 2009, all operations have been engaged and are in various stages of implementation of the housing delivery model.

Responding to our material issues continued

ARM's progress achieved in F2010	Going forward
Housing and Living Conditions	
Have measures been established to improve the nutrition of mine employees? What has been done to improve nutrition? Show plan to progress this over time and demonstrate that plan is being implemented.	
<p>Hostel residents pay for their food and there is ongoing consultation regarding the menus. Menus are upgraded on a regular basis with advice from dieticians.</p> <p>At operational level, fatigue has been identified as a safety risk. Accordingly, all production employees are provided with a meal supplement per shift.</p>	<p>ARM will continue to provide meal supplements to help combat fatigue where necessary.</p>
Procurement	
Has the mining company given HDSAs preferred supplier status?	
<p>ARM is committed to bringing previously disadvantaged South Africans into the mainstream of the economy by identifying, developing, facilitating and availing business opportunities to broad-based BEE suppliers at all its operations. In addition, LED projects comprise a capacity building and mentoring phase for new SMME entrants, as well as relevant portable skills development (on-the-job training). BEE-preferred suppliers are supported and mentored to contribute to transformation.</p>	<p>ARM will continue its focus and provide training and support where practical.</p>
Have current levels of procurement from HDSA companies in terms of capital goods, consumables and services been identified?	
<p>BBBEE procurement (as a percentage of total discretionary procurement) increased to 52.4% (from 37.3% in F2009; 26% in F2008).</p>	<p>Our level of BEE procurement is hindered by the fact that many of our vendors have not achieved formal accreditation status. Focus will be placed on ensuring supplier accreditation.</p>
Has commitment been made to a progression of procurement from HDSA companies over a three- to five-year timeframe in terms of capital goods, consumables and services, and to what extent has this been implemented?	
<p>Our BEE procurement spend has increased steadily over the last four years.</p>	<p>We will continue our focus on HDSA procurement and seek to set standards that influence supplier behaviour.</p>
Ownership and Joint Ventures	
What is being done to ensure the company achieves 15% HDSA participation in terms of ownership of equity or attributable units of production within five years and 26% within 10 years?	
<p>ARM has a 55% black ownership base. African Rainbow Mineral & Exploration Investment (Proprietary) Limited (ARMI) holds 41%. The sole shareholder of ARMI is a company which is owned by trusts established for the benefit of Mr Patrice Motsepe and that of his immediate family. The remaining 14% is held by the ARM BBEE Trust, comprising church groups, union representatives, broad-based provincial and women upliftment trusts, as well as community, business and traditional leaders.</p> <p>At an operational level, communities surrounding the Modikwa operation own a 17% stake in the ARM Mining Consortium Limited, which in turn holds a 50% stake in Modikwa.</p>	<p>ARM is and will continue to be the black empowerment partner in all its JV's. Please refer to the overview of ARM's operations on page 2 of this report.</p>

ARM's progress achieved in F2010		Going forward
Beneficiation		
Has the company identified its current level of beneficiation?		
In identifying its levels of beneficiation, ARM has not taken into account the first two stages of value-addition (mining and concentrating), and has only calculated beneficiation levels in the processing and refining stages of the beneficiation process.	Various initiatives are under way to increase manganese alloy production beneficiation.	
Through its participation in Assmang Limited, ARM has a 50% interest in two smelting operations, namely Cato Ridge Works (which beneficiates manganese ore), and Machadodorp Works (which beneficiates chrome ore).	Uncertainty of power supply is hindering planned beneficiation projects.	
ARM Platinum produces nickel and PGM concentrate which is smelted through our unincorporated Joint Ventures in terms of off-take agreements.	ARM has engaged with the DMR to seek clarity as to the definition of beneficiation in respect of its iron ore. Further development is awaited.	
Has the company established its baseline level of beneficiation and indicated the extent that this will have to be grown?		
The baseline of beneficiation was established at F2004 production levels.* ARM has met and exceeded all of the HDSA ownership levels prescribed by the Mining Charter.	Continue to investigate opportunities and initiatives for increased beneficiation. Seek to understand the requirements in terms of the revised Mining Charter and to review our strategy accordingly.	
Reporting		
Has the company reported on an annual basis its progress towards achieving its commitments in its annual report?		
ARM reports on progress in the Sustainable Development report which forms part of the Integrated Annual Report in terms of the Mining Charter requirements, and is building on the process of reporting in terms of the Global Reporting Initiative (GRI) G3 guidelines.	ARM will continue to use external benchmarks to monitor progress.	

* See table below.

Production volumes (tonnes)

	F2010	F2009	F2008	F2007	F2006	F2005
Manganese Alloys						
HCFeMn	179 054	166 528	184 628	265 338	234 063	226 761
SiMn	–	–	–	–	–	7 075
Metal Recovery Plant	25 893	28 900	32 905	24 376	20 594	–
Refined FeMn	47 280	20 087	43 717	57 294	54 002	46 894
Chrome Alloys						
Chrome (furnaces)	180 225	152 906	224 931	227 506	198 527	225 828
Metal Recovery Plant	19 709	16 376	24 833	14 182	26 956	28 193
Concentrate Production History						
Nickel concentrate (tonnes)	46 416	52 029	57 549	51 182	62 463	59 141
PGM concentrate (tonnes)	108 934	118 760	108 003	95 712	83 036	80 040

Responding to our material issues continued

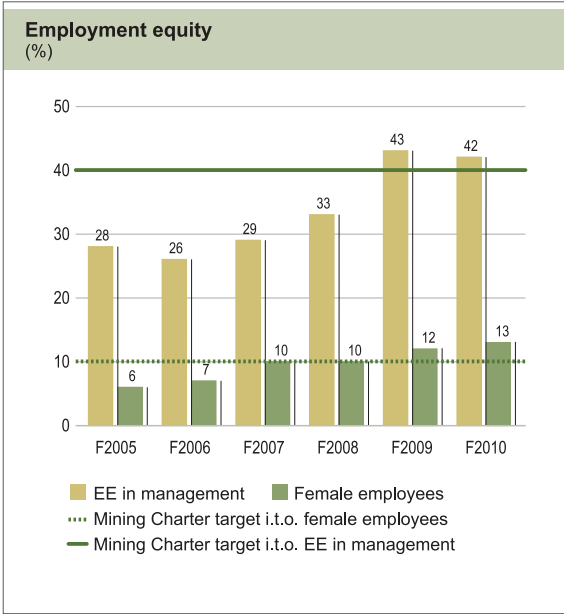
Employment equity

ARM's scorecard for monitoring employment equity (EE) performance against targets is presented below.

ARM's employment equity statistics

	F2010	F2009	F2008	F2007	F2006
Board presentation					
Black Directors on the Board**	44%	53%	50%	50%	53%
Women on the Board	13%	13%	13%	13%	12%
Senior management					
Top management who are black	44%	44%	50%	50%	50%
Top management who are women	—	—	—	—	—
Senior management who are black	32%	32%	30%	19%	19%
Senior management who are women	15%	13%	12%	11%	10%
Steering Committee members who are black*	40%	45%	43%	40%	43%
Steering Committee members who are women*	20%	20%	24%	20%	14%
Skilled employees					
Professionally qualified employees who are black	45%	47%	34%	34%	30%
Professionally qualified employees who are women	18%	18%	14%	15%	12%
Technically qualified employees who are black	67%	56%	54%	49%	43%
Technically qualified employees who are women	13%	10%	9.5%	8%	7%
All employees					
Total employees who are black	84%	85%	84%	84%	83%
Total employees who are women	13%	12%	10.6%	9%	7%

* Corporate members from top and senior management.
** Exceeding Mining Charter requirements.



Our employment equity performance this year was relatively consistent with our performance last year. At top management level the contingent of black employees remained consistent at 44%, and performance at senior management level was also level with last year, at 32%.

Female representation at senior management level increased this year to 15%, from 13% last year. Women account for 13% of our total workforce. Our performance in terms of employment of women in the Company is measured against two separate indicators – namely, total percentage of women employed by the Company (women at the mine), and the total percentage of women employed by the Company in core positions (women in mining). These measurements are integrated into our SLP commitments.

ARM's Women in Mining development programme is aimed at advancing female representation across all occupational levels of the Company, particularly at senior levels. Five candidates have been earmarked for fast-tracking within ARM and 12 for mentorship. These 17 individuals were identified by Human Resources as having the potential to be accelerated into senior management and executive leadership roles. In addition, six candidates are being developed from lower levels to successfully complete administration or equivalent courses.

Preferential procurement

ARM is committed to assisting previously disadvantaged South Africans to become a part of the industry supply chain through identifying, developing, facilitating and availing business opportunities to both BEE and BBBEE compliant suppliers at all of its operations.

ARM's BEE/BBBEE procurement achievements should be viewed in the context of transformation, which includes Corporate Social Investment (CSI), Local Economic Development (LED) – which forms part of our Social and Labour Plans (SLPs), Small to Medium Enterprise (SME) initiatives, and our significant contribution to the ARM BBEE Trust.

ARM and its operations will strive to ensure that suppliers comply with both the Mining Charter scorecard requirements and the Department of Trade and Industry (dti's) reporting requirements (dti scorecard), through F2011. ARM and its operations may in many instances be regarded as being both producer and supplier. ARM is therefore compelled to report on both the Department of Minerals and Resources (BEE) and the dti (BBBEE) formats. In 2009, the DMR issued new requirements in relation to its BEE reporting requirements. Industry-wide consultation continued through 2009 and 2010 aimed at furthering an understanding of the impact of the new reporting requirements. ARM's preferential procurement policy and procedure documents will be reviewed and revised in line with the revised Mining Charter issued in September 2010, and applicable targets will be set accordingly.

Our preferential procurement objectives

ARM's principal preferential procurement objectives include the following:

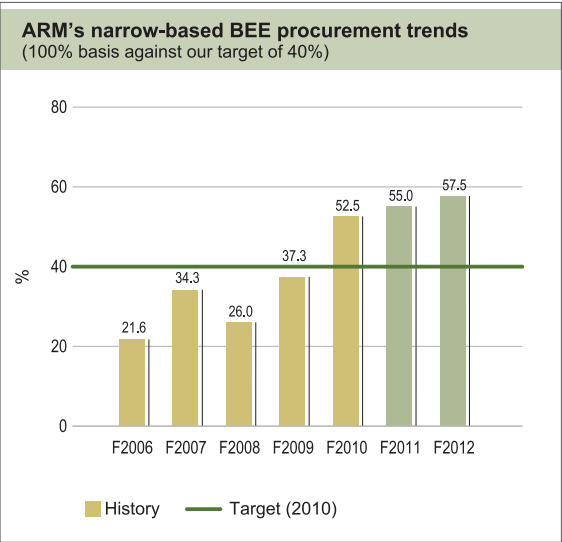
- To source and attract BEE and BBBEE compliant suppliers to provide goods and services to ARM and its operations.
- To set preferential procurement targets for all operations and measure the value of services, consumables and capital purchased from BEE and BBBEE compliant suppliers.
- To preferentially procure capital goods, services and consumables from BEE and BBBEE compliant suppliers, provided that they are competitive in terms of predetermined adjudication criteria.
- Where feasible, to encourage existing principal suppliers to form meaningful partnerships with BEE, BBBEE and SME vendors.
- Where feasible, to divide contracts into smaller components, thereby enabling emerging BEE and BBBEE compliant suppliers to qualify. Some contracts may be exclusively reserved for BEE, BBBEE and SME suppliers.
- To arrange favourable terms of payment for BEE, BBBEE compliant and SME suppliers, and ensure that all procurement processes are transparent and auditable.

Our performance and targets

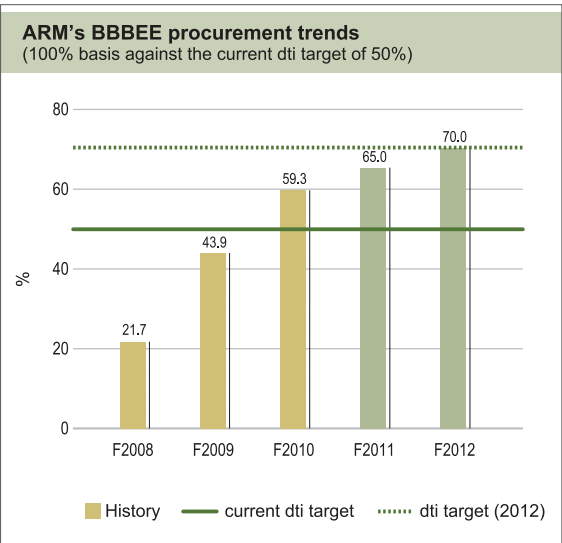
ARM's BEE and BBBEE achievements in F2010 improved considerably on the previous year and exceeded the targets for the year, as indicated in the table alongside.

	F2010	F2010 Targets	F2009
Mining Charter: Narrow-based BEE	52.5%	40% (own)	37.3%
BBBEE	59.3%	50% (dti)	43.9%

Procurement data is generally excluded for those operations in the Group which are managed by other entities. Modikwa's procurement data is separately managed by Anglo Platinum, and ARM Coal/GGV's procurement data is managed by Xstrata Coal. Procurement data for the ARM/Vale partnership is also excluded since these statistics are not yet available.



ARM's BEE procurement targets for F2011 and F2012 are provisionally set to increase at 2.5% over the preceding years.

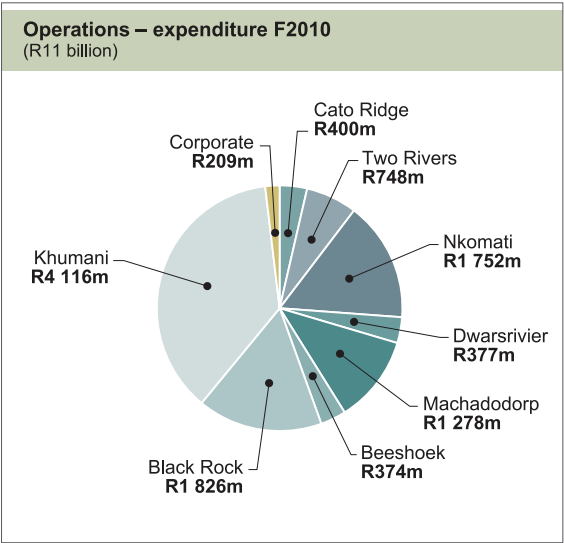


ARM's BBBEE targets for F2011 and F2012 are provisionally set to increase at 5% over the preceding years to meet the dti target of 70% in 2012.

Responding to our material issues *continued*

Procurement expenditure

The chart below provides a breakdown of expenditure at each of our operations during F2010. The most substantive expenditure was at Khumani, Black Rock and Nkomati with a percentage BEE spend of 47.04%; 23.18% and 68.29%, respectively. Expenditure over the period was R11 billion (Modikwa’s expenditure, excluded from this chart, was an additional R662 million during the financial year).



Ensuring supplier accreditation

ARM considers it imperative that all its operations transform their supplier base, and that the award of contracts favour BEE and BBBEE compliant suppliers with valid verified accredited BBBEE certificates. Ensuring valid verified supplier accreditation is an ongoing challenge for ARM’s operations.

There are currently only 35 accredited rating agencies that are members of the Association of BEE Verification Agencies (ABVA). The limited number of accredited rating agencies has in some instances resulted in a slow turnaround time in the re-issuing of new certificates.

Improving our transformation scores – our approach

During the period F2006 through F2010, ARM appointed DECTI, a company of corporate advisors and transformation project managers, to assist in rendering transformation across ARM. In addition to these services, funded by the individual operations, DECTI provided centralised assistance in developing our BEE and BBBEE initiatives. DECTI is an independent third party, and is not itself an accredited verification agency.

During the last quarter of F2010, ARM appointed BEE Verification Agency CC, a SANAS accredited verification agency, to perform an audit on all ARM’s operations, according to the requirements of SANAS R47, in order to measure progress with transformation in terms of the dti’s generic Codes of Good Practice on Black Economic Empowerment. The results of this audit will inform a review and revision of ARM’s BEE strategy, so as to optimise our approach to driving transformation leadership in the Company.

We are pleased to report that the aforementioned audit established ARM’s total BBBEE score to be 66.36%, which classifies the Company as a Level 4 BBBEE contributor. Encouraged by the progress we achieved, we have identified clear objectives aimed at further improving our preferential procurement performance. This includes promoting interventions with our operations’ procurement management, and with key suppliers, to promote BEE and BBBEE performance. Independent third party verification of ARM’s BEE and BBBEE statistics will continue to be conducted on a quarterly and annual basis, on the basis of monthly operational BEE/BBBEE reporting by the individual operations.

The Transformation Committee and line management will be responsible for implementation of the improvement plans, which will be measured by means of a detailed scorecard which is currently being developed.

We are further refining our standardised approach to preferential procurement, to which all operations will be required to comply. In addition, operations must identify opportunities for Black Owned and Black Women Owned suppliers. Our operations are encouraged to put pressure on vendors who do not have narrow-based or broad-based status, to become BBBEE accredited by a SANAS approved agency. Benchmarking and sharing of BEE/BBBEE information and best practices at a regional level between the ARM operations are encouraged.



BEE VERIFICATION AGENCY CC

8 Park Street, Durbanville, 7550 | P O Box 46, Parow 7499

Tel: 021 975 3689 | Fax: 021 979 4096 | Call Centre: 0860 722 222

E-mail: info@bee-verification.com | Website: www.beever.co.za

BEEVER NATIONWIDE

Black Economic Empowerment Consolidated Verification Certificate

A12-01

Measured Entity

Registered Name:	African Rainbow Minerals Limited (Including operations attached)
Reg. Number:	1933/004580/06
Trade Name:	ARM
Location:	ARM House, 29 Impala Road, Chislehurst, Sandton
VAT Number:	4010113662

BEE Status

Certificate Number:	BET 2288
Verification Date:	18 October 2010
Expiry Date:	17 October 2011
Applicable Scorecard:	Generic DTI
Applicable BEE Codes:	Codes 100 to 700
BBBEE Status:	Level 4
Procurement Recognition Level:	100%
Black Ownership:	65%
Black Female Ownership:	1.95%
Value Added Company:	Yes

BEE Score per Element

Ownership	18.78/20
Management Control	5.92/10
Employment Equity	7.39/15
Skills Development	7.35/15
Preferential Procurement	11.91/20
Enterprise Development	11.09/15
Socio-Economic Development	3.92/5
Total	66.36/100

BEE Verification Agency CC 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.

BEE Compliance Manager: _____

BEE Verification Agency CC

www.beever.co.za





Overview:

- Dwarsrivier Mine, recognising the need for better foundation stage schooling in its neighbouring poor communities in Limpopo, has since 2006 sponsored local consultants to run an Early Childhood Development (ECD) programme in five primary schools in the area.
- Dwarsrivier invests R700 000 each year in the intervention, which reaches approximately 850 youngsters in early grades, across the schools. To ensure the sustainability of the ECD initiative, training focuses not only on the learners but also on their teachers.
- The initiative has seen impressive results, is warmly supported by the communities, and is gaining momentum.

Malekane village outside Steelpoort in Limpopo is a desperately poor community; so poor that many of its residents are forced to leave their children alone at home while they go off to far-off mines and cities such as Johannesburg and Pretoria to look for work.

Children as young as six are left to fend for themselves by mothers who believe that unless they can find some kind of employment they and their children will starve. The children will often only see their mothers once a month while neighbours, uncles and aunts and sometimes older cousins keep an eye on small children left largely to their own devices.

In Malekane the phenomenon of grandmothers looking after primary-school children is common place. The grandparents, though, are invariably aged and unable to perform many of the manual tasks of housekeeping, including fetching water and cooking food, tasks that often fall to the youngsters.

CASE STUDY

Dwarsrivier Mine targets Early Childhood Development

At Papong Primary School in Malekane, only 15% to 20% of Grade R pupils come to school every day. Some 5% come just once a week and many parents believe that, because it is not compulsory, they need not enroll their children for Grade R at all.

Management at the nearby Dwarsrivier Mine, however, took the view that the so-called foundation stage of schooling was of the utmost importance. “We believe that for a building to be strong it has to have good foundations,” says the mine’s socio-economic development superintendent Macmillan Motimele. “In this country we tend to focus on the matrics but ignore the young children. Then we wonder why our matric results are so poor.”

Putting this belief, in the importance of a good foundation, into practice, since 2006 Dwarsrivier has sponsored local consultants, Khensani Training, to run an Early Childhood Development (ECD) intervention in five primary schools in the area, of which Papong is one.

The ECD programme implemented by Lenske Buglass, a Khensani facilitator, aims to give Grade R and Grade 1 learners at the schools a solid grounding, without which, she says, they would be at a distinct disadvantage throughout their school careers.

Buglass explains the outcomes expected after the first two years at school: “At the end of Grade 1 children should be able to read simple words, they should be able to write their own names and differentiate between numbers, as well as being able to write numbers out. They should be able to cut out paper and paste, and repeat nursery rhymes from memory.”

The programme developed by Khensani uses five workbooks which contain illustrations and exercises to which the children can relate, images that depict the domestic situations they come from. “In this way,” Buglass explains, “children are encouraged not to feel that school is a strange, different place but that it is part of their lives, a natural place for them to be.”

The ECD programme develops fine and gross motor skills and hand-eye co-ordination while giving under-performing children extra attention. Between the five schools, the Khensani training, which costs Dwarsrivier some R700 000 a year, reaches approximately 850 youngsters in Grades R and 1.

Motimele says that even such a sponsorship has to be sustainable. “After three years, when we exit this programme, it shouldn’t collapse. It should carry on, the lessons and training learnt should be passed on from one year to the next.”

This sustainability is being achieved by focusing not only on the learners but also on their teachers. Five teachers from the community have received SETA-accredited ECD certificates and more are to follow. Hubale Ruth Phakwago, principal of Papong and a Grade R teacher, says that before the Khensani intervention “we were just teaching out of our heads”. Foundation phase teachers at the school are now, she says, “much better equipped to teach, and when our learners go to Grade 2 they are better equipped to learn”.

One result of the new focus on the early grades, says Phakwago, has been a greater willingness among parents to send their children to Grade R. “Now they understand that Grade R is part of formal education. Parents are even sending us their under-age children. Although we have no place for them, at least they are in the system, and we refer them to a nearby pre-primary.”

Buglass describes Iris Molomo, a Grade R teacher at nearby Nkokoane Primary School as one of her “stars”, saying she has improved “100%” since undergoing the ECD training. Molomo has taught at Nkokoane for 18 years and in 2010 had no fewer than 65 children in her class. “No, it’s not easy,” she admits. “Until this training I was really struggling, trying to teach each child one by one but now I am able to teach them in groups, to make them understand and to really help many children.”

Further down the dirt road that runs from Papong to Nkokoane is the Imbita International School. This is a somewhat more privileged school than the others; it is privately run, parents contributing some R250 a month for their children to be taught in English, with generally smaller class sizes. The results of the ECD programme at Imbita, says Buglass, have been “spectacular”, a fact probably influenced by the fact that the parents there are able to spend more time and devote more attention to their children’s education.

Helping Motimele to hand out large hampers of educational toys to the delighted Grades R and 1 learners at Imbita (toys which had been specified by teachers and for which Dwarsrivier had budgeted R50 000), Buglass remarks how she considers Dwarsrivier not as clients but as colleagues. “I cannot sing Macmillan’s praises loud enough,” she smiles. “Some people just put the money in but he is the first one to come to the schools, to see what is going on, what the needs are, what we are doing to address those needs and to help us find ways to do it better. If only we had more people like him.”



“In this country we tend to focus on the matrics but ignore the young children. Then we wonder why our matric results are so poor.”

Dwarsrivier Mine’s socio-economic development superintendent, Macmillan Motimele

– researched and written by independent journalist, Peter Delmar

Responding to our material issues continued

HIV & AIDS

F2010 Key features – at a glance

- Decrease in recorded HIV & AIDS prevalence rate within ARM, from 18.2% in F2009 to 17.8% in F2010.
- During F2010, ARM counselled 40% of its total workforce (6 991 permanent employees and 2 088 contractors) and VCT was undertaken by 32% of the workforce (5 830 employees and 1 404 contractors).
- Marked progress achieved across most of our HIV & AIDS performance scorecard indicators.
- Seven of our operations have HIV & AIDS policies that address basic principles in the workplace.
- Five operations have developed well-documented HIV & AIDS management strategic plans and detailed implementation plans with clear time lines and action plans.
- Seven operations have started integrating HIV & AIDS programmes that also address community outreach projects through our CSI programmes.

ARM has made good progress this year in intensifying efforts to manage HIV & AIDS in the workplace. We monitor and measure our performance across a range of indicators and have recorded marked progress against most of these indicators. We are satisfied with the progress we have achieved against most of the targets we set for the year in review. However, further effort is required in certain areas, as described later in this section.

The incidence of HIV & AIDS continues to significantly affect our operations and the communities in which our employees reside. Four of our operations are located in areas of KwaZulu-Natal and Mpumalanga which have the highest infection rate in South Africa. Recognising that HIV & AIDS has far-reaching consequences in terms of loss of life, impact on family life, loss of productivity, skills, education and training, we are committed to developing and advancing our policies, strategies and programmes to monitor and manage the impact of HIV & AIDS at our operations. The aim is to both halt the spread of the disease and care for those who are infected and affected.

Managing HIV & AIDS

The ARM Group HIV & AIDS Co-ordinator advises and co-ordinates management of sustainable HIV & AIDS programmes at all nine of our operations in accordance with national and international best practices. Key corporate functions include the following:

- Providing HIV & AIDS management support in line with the ARM HIV & AIDS management guideline document.
- Assisting in the formulation of policies and strategic plans.

- Liaising with significant stakeholders, both internally and externally.
- Organising and evaluating HIV & AIDS-related training for our operations.
- Co-ordinating operational HIV & AIDS management reporting.
- Assisting operations in HIV & AIDS-specific budget formulations.
- Establishing networks with other external structures such as government departments, local municipalities and non-governmental organisations.
- Conducting HIV & AIDS management audits at all operations.

Management guideline

ARM has developed an HIV & AIDS management guideline document, based on the GRI Guideline on HIV & AIDS, with the objective of providing its operations with a framework that sets out guidelines and standards for the management of HIV & AIDS.

The HIV & AIDS management guideline document describes each performance indicator, detailing the outputs and explaining the relevance and implications of each indicator in relation to overall HIV & AIDS management. All our operations refer to the guideline document for the planning and implementation of their respective programmes. The document is regularly reviewed and updated, in line with internal and external developments.

The framework has been developed into a scorecard which we use to monitor and measure performance in all facets of our comprehensive HIV & AIDS programme. Three internationally recognised HIV & AIDS management guidelines were used as reference in compiling the ARM guideline document, namely the South African National Standard (SANS 16001:2007), the International Finance Corporation HIV & AIDS Guide for the Mining Sector (IFC) and the GRI Guideline on HIV & AIDS. The scorecard has 16 GRI performance indicators which are categorised into the following four areas:

- Good governance: includes elements on policy formulation, strategic planning, effective risk management and stakeholder involvement.
- Measurement, monitoring and evaluation: elements included are prevalence and incidence of HIV & AIDS, and actual and estimated costs and losses.
- Workplace conditions and HIV & AIDS management.
- Depth/quality/sustainability of HIV & AIDS management.

An internal minimum standard, developed by ARM and called the “Sustainable Development Standard”, is applied to all questions relating to the 16 GRI performance indicators to determine a comparative benchmark. Each operation is expected to achieve these targets. As each ARM operation manages HIV & AIDS differently, this index establishes some form of commonality. Applying the Sustainable Development Standard provides each operation with a clear gap analysis and facilitates the development of an action plan. The graph on the next page indicates progress against the scorecard, which is discussed in our performance review overleaf.

Informing and assisting our employees

ARM has developed a customised and standard HIV & AIDS employee induction programme, which focuses on promoting prevention of infection through provision of information and education about HIV & AIDS to employees and contractors, information on important HIV & AIDS services available on-site and within communities, and voluntary counselling and testing (VCT) and peer education.

All permanent employees belong to medical aid schemes which provide treatment benefits, and certain sites offer wellness centres and provision of anti-retroviral drugs (ARVs). VCT services at Khumani and Beeshoek also include the community, families and dependants of employees as from August 2010.

HIV & AIDS community outreach projects

ARM believes in comprehensive HIV & AIDS management for both the workplace and community and accordingly plans to expand its HIV & AIDS management programme in F2011 (with reference to the above-mentioned internationally recognised HIV & AIDS management guidelines) to the communities where our operations are situated.

Our interventions will be based on the primary aims of the National Strategic Plan for South Africa 2007 – 2011 (NSP 2007 – 2011), as follows:

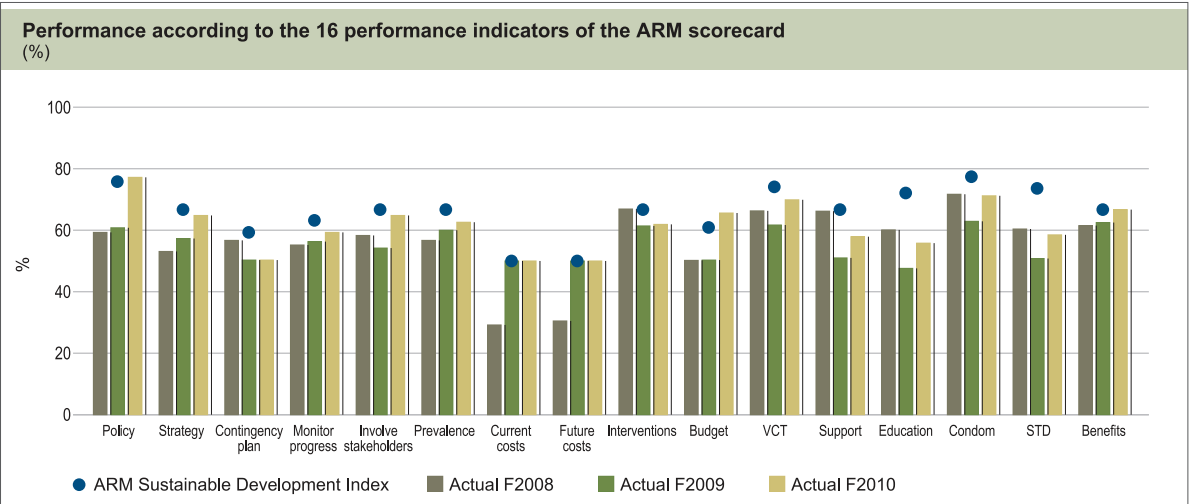
- To reduce the rate of new HIV infections within communities adjacent to our operations.
- To reduce the impact of HIV & AIDS on individuals, families, communities and society by expanding access to appropriate treatment, care and support to HIV-positive individuals and their families.

ARM will manage these programmes by integrating our HIV & AIDS community outreach projects with our current Corporate Social Investment projects in communities where our operations are situated. Our main focus areas will be providing support to community home-based care groups, orphans and vulnerable children, and school health projects for the youth (through programmes in conjunction with the Department of Education).

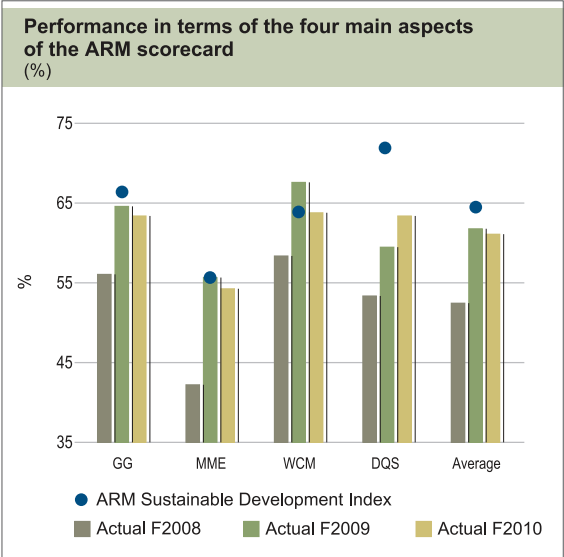
Our performance

The prevalence rate amongst our employees this year was recorded as 17.8%, down from 18.2% in F2009. During F2010, ARM counselled 40% of its total workforce (6 991 permanent employees and 2 088 contractors) and VCT was undertaken by 32% of the workforce (5 830 employees and 1 404 contractors).

As indicated in the overview below of our performance against the 16 indicators of the ARM GRI-based scorecard, improvement was recorded in most areas this year. In terms of our performance against the four categories of indicators in the scorecard, our performance was relatively consistent with last year, with progress achieved in the category of depth, quality and sustainability of HIV & AIDS management.



Responding to our material issues continued



GG: Good governance
MME: Measurement, monitoring and evaluation
WCM: Workplace conditions and HIV & AIDS management
DQS: Depth/Quality/Sustainability of HIV & AIDS management



Nkomati-sponsored mobile clinic, deployed by the Department of Health in the surrounding communities

Progress achieved in our stated target areas for F2010

The following table summarises the progress we made during the review period against target areas for improved HIV & AIDS management, and provides an indication of our planned efforts in these areas going forward.

ARM's HIV & AIDS activities: progress achieved in our stated target areas for F2010
Establish policies at all operations agreed to by all stakeholders
Seven of our operations have HIV & AIDS policies that address basic principles in the workplace, as per the GRI. The policies have been agreed upon with relevant stakeholders, including union leadership. The other two operations are in the process of finalising their agreements. Our HIV & AIDS policy addresses incapacity management, disease management, and employee benefits. It is a condition of employment at ARM to belong to a medical aid scheme.
Establish a basic current and future cost analysis for each site which will involve determining prevalence rates
A basic cost analysis model has been established for use by ARM's operations to assist in understanding and managing the impact of new HIV & AIDS infections on the business.
Gearing up and integrating VCT and encouraging HIV-positive employees to register for disease management programmes
There are comprehensive VCT programmes managed by qualified counsellors at six of our nine operations. However, we still need to work on the process of registration on various disease management programmes as part of these programmes. While the other three operations do not have in-house VCT facilities, they organise and undertake quality VCT campaigns. ARM actively participates in the National HIV counselling and testing (HCT) campaign as proposed by the South African National AIDS Council (SANAC) to significantly scale up HIV testing and facilitate access to wellness and treatment services for our employees, contractors and the communities near our operations. Nkomati is one of our operations that is acting as a counselling and testing site in Mpumalanga. Beeshoek and Khumani have entered into partnership with UGM wellness in Kathu and Postmasburg, where the service will be extended to dependants and families in the community. Although we managed to encourage more than 6 000 of our employees and contractors to test their HIV status, we aim to improve on this as soon as our operations in the Northern Cape launch their VCT services through the UGM wellness.

ARM's HIV & AIDS activities: progress achieved in our stated target areas for F2010
Integrate community outreach programmes with SLPs
Seven operations have started a process to integrate HIV & AIDS programmes that also address community outreach projects through our CSI programmes.
Manage pulmonary tuberculosis (TB) even more aggressively in conjunction with the Department of Health
A TB infection control management protocol has been developed as reference for all operations. Seven operations have implemented comprehensive TB management programmes that address referrals for treatment and infection control, while the other operations are in the process of implementation.
Work with the Department of Health to manage contractor programmes
HIV & AIDS co-ordinators at operations are expected to attend local AIDS council meetings at the local Municipalities, which include the Department of Health. This forms part of our performance indicators as per our GRI scorecard.
Strengthen channels for education, peer educators, and condom distribution
Seven of our nine operations have peer educators, trained by SETA-accredited service providers, as per the required South African Qualifications Authority unit standards. Peer educator training conducted at two of our operations this year did not meet the required standards set out in the ARM GRI-based scorecard guideline and will have to be repeated. Our peer educators are responsible for promoting and providing education and the distribution of condoms at our operations. All our peer educators are registered in the SABCOHA peer educators' database to ensure that they participate in the peer educator support programme, which allows them to network with fellow peer educators from other areas. This also provides a platform for their skills development.
Enhance governance to be more formal and more consistent
Governance Committees at operations include a variety of stakeholder groups and meet regularly to monitor progress. These meetings are formal and minutes are kept.

Focus areas and targets for F2011

We have identified the key areas we need to focus on improving in regard to managing HIV & AIDS and have accordingly set the following targets for the next financial year:

- All operations to conduct prevalence studies through accredited service providers in order to provide comprehensive quality reports and demographics breakdown.
- Human Resource managers to use prevalence and Knowledge Attitude Practice and Behaviour (KAPB) survey reports to enhance contingency planning.
- Monthly operational reports to include review of progress achieved on strategic issues.
- Management of peer educators to be intensified, with evidence of documented monthly activities.
- Well-structured reports on awareness campaigns to include objectives, outcomes and partnerships.
- Development of a statistics database on VCT and registrations on disease management programmes (including ARV registrations and TB referrals) for both employees and contractors.
- Promotion of quality lifestyle awareness interventions, as well as integration of community outreach HIV projects.
- Introduction of TB infection control procedures for all operations.

- Renewed HIV & AIDS management training for co-ordinators and managers.

Working in partnership

ARM partners with community structures and organisations to fight HIV & AIDS and also sponsors organisations which promote HIV & AIDS awareness. We are a member of the South African Business Coalition on HIV & AIDS (SABCOHA) and strongly believe in active participation in the South African National AIDS Council with our counterparts in the private sector, especially within the mining industry. Our participation within SABCOHA activities allows us to share information with our peers within the industry and in the business sector in general about best practices.

This year, we were part of a global coalition of multinational and South African companies that contributed funding towards the trial of the HIV therapeutic vaccine project, VIRAX. The project was an innovative initiative to conduct a clinical trial in South Africa for the development of a therapeutic vaccine to be used for the clinical management of HIV-positive individuals. Preliminary reports indicate that the project did not meet its primary or secondary immunological endpoints and a comprehensive project report is expected by December 2010.



Overview:

- Bosfontein Primary School in southern Limpopo, under the pioneering leadership of one lady, is dependent on individual and corporate sponsorship, to give its 240 children in grades R to 7 the opportunity to compete in a digital world.
- Two Rivers Platinum Mine responded to the appeal for assistance by funding 20 personal computers and software, considered by the school to be “the future of every child”.
- Teachers are also encouraged to learn to use the computers, as part of the process of ensuring that learning is passed on to future generations of Bosfonteiners.

CASE STUDY

Two Rivers plugs
Bosfontein Primary
School into the
digital world

Bosfontein Primary School in southern Limpopo is quite unlike any of the dozens of other junior schools in impoverished Sekhukhuneland.

For a start, the school can trace its roots back much further than any of the others, to the 19th century, and was formally established on its present site as long ago as 1913.

Another factor differentiating Bosfontein is the support it receives from dozens of well-wishers in faraway Johannesburg. It is also fortunate to enjoy ongoing support from businesses in the area.

With the coming of democracy in the mid-1990s, Bosfontein was opened to all races and took over responsibility for another nearby, struggling primary institution. At a time of intense

upheaval Christa Muller, who had taught at Bosfontein since 1991, stuck to her guns and, most importantly, she stuck with her children.

Bosfontein today has some 240 children in grades R to 7. Just one of those children (and two of the nine teachers) are white but the learners' colour matters not a jot to Muller who believes that the only thing holding them back is poverty and a lack of knowledge. She and her staff can do little about the poverty that surrounds the school but they're fighting tooth and nail to give their young charges the best possible education.

Few of the parents whose children go to Bosfontein were schooled beyond Standard 2 or 3 and, as a result, they generally don't place a particularly high value on education. Most of those who have jobs are farmworkers but employment is scarce in an area with a low agricultural potential.

Bosfontein's support base in Johannesburg was unlocked when Muller wrote a letter to a newspaper seeking sponsorship for a needy but promising pupil. A Johannesburg school, Leicester Road Primary, then unofficially adopted Bosfontein and a group of friends (most of whom were not parents at the time) made it their mission to help the little rural school. They donated books, clothing and blankets, organised trips for groups of children to Johannesburg and Durban and arranged a Christmas party at which there were games, water slides, a full Christmas lunch and a Father Christmas handing out gifts.

Muller makes no bones about the fact that she begs and borrows from businesses in the area any support she can get to make the school a top-notch learning facility and to improve the children's learning experience.

Apart from salaries, the school's running expenses amount to some R190 000 a year but the education authorities grant it just R87 000. That shortfall is made up by sponsors both individual and corporate. Among those who have responded to Muller's appeals for help is the Two Rivers Platinum Mine which recently paid for the school to receive 20 personal computers and software.

Grades 4 to 5 are taught, with games-based programs, about using keyboards and mouses, and those in Grades 6 and 7 begin to explore Microsoft Word. "You simply can't keep computers out of the primary school," says Muller. "It's the future of every child. This computer room was a dream which the Lord fulfilled for us; nothing less than a dream."

Teachers are also encouraged to learn to use the computers, if not every day, then at least once a week on Mondays so that the learning pupils receive can become sustainable and be passed on to future generations of Bosfonteiners.

Mentioning, in passing, how employees of Two Rivers had raised funds to buy Bosfontein children school shoes, Muller describes her experience of interacting with the mine: "They're wonderful people. They appreciate what we're trying to do for

these children. When I asked them for help, they said: 'We'll make a plan.' And they did.

Children who wake up as early as 4 am to walk to the bus stop so that they can get to school on time, some of whom have almost no food apart from the one meal they get at school and many of whom are orphans, now have a fighting chance to compete in a digital world.

– researched and written by independent journalist, Peter Delmar

"They (employees of Two Rivers) are wonderful people. They appreciate what we're trying to do for these children. When I asked them for help, they said: 'we'll make a plan. And they did.'"

Christa Muller, head of Bosfontein Primary School



Responding to our material issues continued

Corporate Social Investment

F2010 Key features – at a glance

- Total Corporate Social Investment (through CSI, LED and the ARM BBEE Trust) of R72.9 million.
- LED spend totalled R43.8 million, with 47% of budget spent on local HDI companies.
- A total of 658 jobs were created (407 temporary and 251 long-term) through the LED projects for F2010.
- CSI spend of R14.5 million and the ARM BBEE Trust spend of R14.6 million.

Our approach to CSI

ARM seeks to make a significant contribution towards the national agenda of addressing the challenges facing South Africa, including poverty alleviation, job creation, education, welfare and healthcare. Our Corporate Social Investment (CSI) and Local Economic Development (LED) programmes are focused on actively contributing to the upliftment of communities surrounding ARM's mines and operations, and those communities from which ARM sources labour.

ARM's CSI strategy functions at three levels: at corporate level through the ARM CSI Trust and Chairman's Fund; at an operational level through operations-based participation in and funding of projects; and through the commitments to LED that are undertaken as part of ARM's Social and Labour Plans (SLPs).

ARM's CSI strategy is based on the following priority areas:

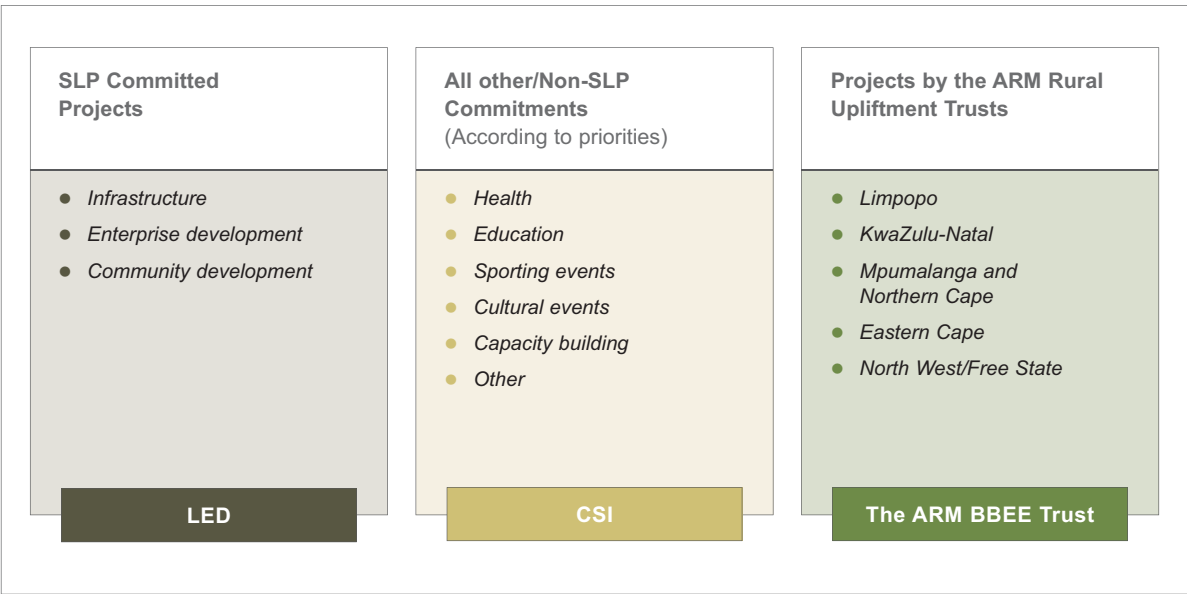
- Education, training and skills development.
- Healthcare promotion, with an emphasis on HIV & AIDS programmes.
- Job creation with a focus on youth and women.
- Infrastructure development.
- Cultural events to unite communities.
- Capacity-building programmes aimed at enabling communities to participate actively in socio-economic processes and projects.
- Sporting events that brand ARM.

Partnering to promote community upliftment

At each operation, specialist CSI personnel are employed to identify projects, ensure they align with local municipality IDPs and our corporate vision, and manage ARM's contribution towards these. CSI personnel are guided and supported by a CSI manager based at the corporate office. Communities and beneficiaries of ARM's programmes and projects are consulted in the process of project selection, implementation and evaluation, as part of the process to ensure that projects are meaningful and sustainable.

The roles and responsibilities of stakeholders and beneficiaries of projects and programmes are clearly defined in advance, with specific emphasis placed on financial controls and compliance with corporate governance protocols. Projects are aimed at building capacity in communities, prioritising women, advancement of the disabled, youth and the socially destitute.

THE DIAGRAM BELOW ILLUSTRATES THE PROGRAMMES WHICH ARE USED BY ARM FOR SOCIAL CONTRIBUTION



ARM ensures accountability and effectiveness by maintaining direct, regular contact with project beneficiaries and monitoring and evaluating adherence to stated objectives on an ongoing basis. In our monitoring and evaluation of Socio-Economic Development (SED) we recognise that there is scope to formalise our approach, in order to determine the return on corporate social investment. Going forward, we aim to conduct a social impact assessment in order to better gauge the extent to which investments are having an impact.

ARM a proud contributor to the Mlalazi/Nkandla Crop Production Project

ARM is proud to partner with other organisations in support of the enterprising Mlalazi/Nkandla Crop Production Project in KwaZulu-Natal

ARM has donated three tractors worth R600 000, through the Jacob Zuma Foundation, to the initiative of Amakhosi and the communities who live in the area, who have collectively made an area of 550 hectares available for crop production. The Project is expected to benefit in the region of 1 100 households. Crops (including maize, beans and sorghum) will be planted in order to feed the community, and numerous employment opportunities will be created for the community members, including trained tractor operators, planters and ploughers, crop vendors and project managers. Planting is due to start when the seasonal rains start to fall in September.

ARM's donation was made at a function in July 2010, attended by various stakeholders, including President Jacob Zuma, on behalf of his Foundation, a keen sponsor of the Project. The Project is also being generously supported and assisted by the Department of Agriculture and Environmental Affairs, the Department of Rural Development and Land Reform, the Department of Water Affairs, the Ingonyama Trust, and private sector companies.



President Jacob Zuma and Inkosi Dube receiving the keys of the three tractors on behalf of the Mlalazi/Nkandla Crop Production Project from ARM's Executive Chairman, Mr Patrice Motsepe

The ARM BBEE Trust

The ARM Broad-Based Economic Empowerment (BBEE) Trust was established in 2005 with the primary objective of facilitating Socio-Economic Development (SED). The trust provides funding to provincial Rural Upliftment Trusts established by ARM to carry out welfare, community development and anti-poverty initiatives. Emphasis is placed on education-focused projects. These trusts and individual unit holders own a 10% equity interest in ARM and are funded, along with their projects, through dividends that ARM declares to shareholders.

	F2010	F2009	F2008
Total dividends paid to ARM BBEEE Trusts	5 354 549	14 703 292	4 588 082
Total money spent on development projects	14 617 935	—	—

Efforts have been made by ARM to ensure that the various Premiers of Provinces are kept abreast of developments on projects in their provinces by having regular meetings with their offices. Some provinces (North West and Eastern Cape) have appointed individuals to attend the Trusts' meetings as invitees.

Our performance

Our total community upliftment and social investment spend in F2010, on a 100% basis, was R72.9 million (CSI: R14.5 million; LED projects: R43.8 million; ARM BBEE Trust Projects: R14.6 million). This year, the extent of our investment in CSI and LED projects was variable across our operations, with the most impressive performances demonstrated by Nkomati, Beeshoek and Two Rivers.

Responding to our material issues continued

ARM's LED & CSI initiatives per operation

Name or operation	Name of project	Type of project	Beneficiaries	Description of project, need addressed	Amount spent F2010	Outcome
ARM Platinum						
Modikwa	Matimatjatji	LED	Mooihoek and Maandagshoek communities, 28 temporary jobs created.	Construction of all-weather gravel access road into village.	R10.5 million	The contractors have worked on almost 10 km of the 12 km of the road.
	Seh laku Tribal Office	LED	Seh laku communities	Building of the tribal office for the Kgoshis of Seh laku who previously did not have a proper office.	R1.18 million	The building is at roof level. Roof installation, drilling of water borehole and electrification of the building have been completed. Skills transfer and training.
	Mamphahlane Tribal Office	LED	Mamphahlane communities	Construction of the building for the Kgoshis of Mamphahlane who needed to have an office/meeting area.	R276 310	Construction is ongoing. Skills transfer and training.
Two Rivers	Bakery	LED	20 participants in bakery trust and their families.	Infrastructural improvements, technical and skills transfer. Provision of bread for the local communities.	R441 998	First phase completed for current year. Next phase to be continued in F2011.
Nkomati	Mobile clinic	CSI	Greater Badplaas community.	Nkomati received a request from the Department of Health to purchase a mobile vehicle for the Greater Badplaas community, as they are situated in deep rural areas where they do not have access to basic health facilities.	R220 000	Mobile vehicle was purchased and handed over to Greater Badplaas community who will be responsible for its maintenance. Nkomati has purchased necessary equipment for mobile clinic.
	Strawberry	LED	Waterval Boven, Emgwenya community and beyond – 25 permanent and 11 temporary jobs created.	Creation of infrastructure, job creation and skills transfer.	R501 814	Completed, project sustainable and only monitored going forward.
	Bakery and Eating Project	LED	Ekujabuleni community	Provision of bakery and eating house, equipment and materials. Creation of jobs.	R864 000	Project complete and sustainable.

ARM's LED & CSI initiatives per operation

Name or operation	Name of project	Type of project	Beneficiaries	Description of project, need addressed	Amount spent F2010	Outcome
ARM Ferrous						
Beeshoek	Realeboga olive trees, fruit and vegetables	LED	Tsantsabane community	The purpose is to train, transfer skills and create jobs.	R783 447	The orchards are well maintained. The project will be transferred to Beeshoek for practicality.
	Road crossing Postmasburg, Kimberly, Kathu and Beeshoek communities	LED	Members of the surrounding communities (31 013). 34 temporary and 14 permanent jobs created.	Creation of a safe road crossing.	R6.64 million	Upgrading of crossing concluded and handed over to the Provincial Roads Department.
	Vukuzenzele car wash	CSI	Tshantshabane community	Beeshoek assisted ex-convicts to start their own car wash business, and has paid all outstanding rentals up to the end of this financial year.	R37 537	Independent and sustainable. Monitoring and closing report being prepared.
Khumani	Gamagara cleaning	LED	100% BEE with 80 employees: Gamagara residents. Eight temporary and 70 permanent jobs created.	Enterprise development	R290 487	Restructuring of the staff component and shareholding – Board functioning. Delivery vehicle purchased. Working on maximising intake in cleaning and increasing manufacturing from the existing three products.
	Dingleton Clinic	CSI	Dingleton community	Renovation of the Dingleton Clinic	R290 974	Construction and handover completed.
	Diatomite	LED	Gamagara community	90% BEE with 18 employees from Gamagara.	R2.29 million	Building is completed and functioning. Budget for the tipper truck in the 2010/2011 financial year. Eskom is installing electricity.
Dwarsrivier	Early Childhood Development	LED	Six different local communities: schools in local community that benefited include Magakantshi Primary, Maelebe Primary, L Shadai Daycare, Madibeng Primary and Mmahlagare Primary School.	Creation of infrastructure development of teachers, 513 learners and six teachers completed the programme during the past financial year.	R552 197	Ongoing project roll-out; project has been running for five years now, and in second year cycle for current schools.

Responding to our material issues continued

ARM's LED & CSI initiatives per operation

Name or operation	Name of project	Type of project	Beneficiaries	Description of project, need addressed	Amount spent F2010	Outcome
Dwarsrivier	Kalkfontein olive farm	LED	Kalkfontein community	Planting of 1 000 additional trees, weed control, skills transfer, liaison with Department of Agriculture.	R2 million	Maintenance of irrigation system, fertilisation programme, continued monitoring and evaluation, and agreement with strategic partners. Employees of Dwarsrivier involved in planting of olive trees.
Black Rock	Northern Moshaweng Bulk Water supply	LED	100% BEE, Majematsho Village	Infrastructure development for the supply of potable water to seven villages.	R1.37 million	All works 30% complete as planned pertaining to Majematsho Water Reticulation Project. The remaining balance is proposed to be used for a bulk water tanker.
	Kuruman to Hotazel (R31) Road Repair 60 km stretch of road	CSI	90% local demographic, mainly the road users.	Repair works carried out as planned.	R1.38 million	Project completed and successfully delivered.
Machadodorp Works	Healthcare and Trauma Centre	CSI	Community of Emkahazeni Local Municipality	Enterprise development, medical practitioner consultation costs.	R952 999 R651 860	Clinic fully functional and self-sustainable.
	Shalome crèche	CSI	Machadodorp community	Machadodorp Works supplies the crèche with mealie meal, milk and sugar on a monthly basis.	R52 710	This is an ongoing project.
Cato Ridge	Corneal machine	CSI	Community utilising facilities of Grey's Hospital	Bought the machine in partnership with another company, budget was R158 480.	R79 240	Over 1 000 patients will be treated instead of undergoing eye operations.
	School training	CSI	Cato Ridge community	Cato Ridge bought training and developmental materials for four local schools.	R210 677	This is an ongoing project.

Enhancing the socio-economic capacity of the communities in which we operate – summarised case studies

Case study: #1

Beeshoek fosters Vukuzenzele Car Wash to independence



In sandy Postmasburg and surrounds, former inmate Dennis Seleke took the initiative to launch a car wash service, Vukuzenzele Car Wash, in 2003. Beeshoek mine provided indispensable machinery for the enterprise and paid its rent over the years, as the business forged its success. Although business is challenging, Vukuzenzele is now a sustainable business, independently managed, without external support.

Case study: #2

Black Rock supports emerging farmers

In 2009, Black Rock Mine in the Northern Cape decided to use a piece of farmland it owns nearby for Local Economic Development. Patricia Thamage, a local entrepreneur, won the tender to rent the farm at a sizeable discount. The mine plans to assist Patricia with small-scale improvements, and to make more of its farms available to other emerging farmers, helping them move from subsistence to commercial farming.



Case study: #3

Cato Ridge Works co-funds machine to help prevent blindness

Cato Ridge Works co-sponsored the purchase of a machine for Grey's Hospital in Pietermaritzburg that has been proven to halt the progress of keratoconus, a debilitating eye disease that damages the cornea, and even partially reverse the deformity. The results so far have been impressive and demand for the procedure has escalated.



Case study: #4

Dwarsrivier's Kalkfontein olive farm bears fruit

Dwarsrivier Chrome Mine has keenly funded and fostered an olive tree project with excellent prospects to generate long-term sustainable wealth for the people of Kalkfontein. The mine's initial R3 million in 2009 paid for bush clearing, planting of trees, an irrigation system and wages. The first trees have already borne small fruit. The project is expected to break even after four years, with turnover rising to R600 000 after 10 years.



Responding to our material issues continued



Case study: #5

Khumani Mine’s enterprising cleaning business

In 2008, Khumani Mine invested almost R2 million in developing Gamagara Integrated Cleaning Enterprise, to keep its operations clean. Two years on, the burgeoning business (owned by its beneficiaries – Khumani’s staff) employs 78 people, and its management is targeting new markets and even more jobs in Olifantshoek. Khumani will maintain formal control of the enterprise until it generates sufficient profits and is able to be independent.



Case study: #6

Khumani Mine revitalises Dingleton health clinic

Khumani Mine responded to an urgent call for funding to renovate a dilapidated health clinic nearby, which caters to as many as 9 000 residents of Dingleton, a poor community in the heart of the Northern Cape. In 2010, the mine undertook a complete makeover of the clinic at a cost of R341 000, with almost all of the work carried out by local, previously disadvantaged contractors.

Case study: #7

Machadodorp Works nurtures Shalom Crèche

In 2007, Assmang Chrome gave new life to an invaluable crèche initiative in the poverty-stricken Emthonjeni township of Machadodorp, Mpumalanga, after its shack structure had been blown down in a storm. Assmang paid for Shalom Crèche to be reconstructed and equipped, and continues to provide much of the nutrition for the 114 youngsters being prepared for formal schooling.



Case study: #8

Modikwa builds tribal offices in Mamphahlane and Sehlaku

The people of Mamphahlane village in Sekhukhuneland, Limpopo, a community of roughly 30 000, had no public facilities and their traditional leader no formal seat or building in which to consult with his people. Modikwa Mine responded by spending R1.9 million on a building to house the traditional authority, and spent another R1.9 million on constructing similar tribal offices at Sehlaku, to serve the surrounding area.

Environment

F2010 Key features – at a glance

- Collected greenhouse gas (GHG) emissions data for F2009 and analysed our partial corporate carbon footprint.
- Targets set to reduce emissions at our smelters; our mines are establishing emission inventories.
- Appointed a Group Electrical Engineer to manage climate change and energy efficiency.
- Increase in our environmental impact across our key environmental performance areas, in line with the continued increase in business growth and production.
- Energy Efficiency Charter developed to guide the development and implementation of energy efficient practices across ARM.
- Ongoing focus on water management and biodiversity conservation.

As an owner and operator in the mining sector, an energy intensive industry, we are particularly mindful of the impact of our operations on the environment. We strive to mitigate our impact through the implementation of environmental management systems such as ISO 14001 and working closely with regulatory authorities in applying sustainable mining methods.

The environmental challenges facing ARM include climate change; resource management, in particular water and energy; biodiversity conservation and land management; emissions and dust; air quality; waste and tailings management; as well as rehabilitation and mine closure planning.

This section provides a review of our environmental management and performance. We are committed to improving the measuring and monitoring of our environmental performance and to reduce our environmental impacts. In particular, we are developing systems to ensure the accurate measurement of our greenhouse gas (GHG) emissions, which will enable us to set meaningful targets to reduce our carbon footprint.

Environmental management – our approach

ARM's Sustainable Development Committee has been tasked by the Board to oversee implementation of sustainable environmental management. Each operation has its own environmental policy and strategy aligned with ARM's commitment to responsible environmental stewardship, with implementation supported by senior management. Environmental management systems at all operations include identification of impacts of activities, mitigation plans and monitoring of performance, so as to better assess risks.

ARM is ISO 14001 compliant across two-thirds of its operations, namely Nkomati Mine, Dwarsrivier Mine, Machadodorp Works,

Cato Ridge Works, Black Rock Mine and Beeshoek Mine. Operations not certified include Modikwa Mine (which decided to place ISO certification on hold during the economic downturn), Two Rivers Mine and Khumani Mine, the latter planning to be certified before the end of F2011.

Quantified targets and objectives exist for all key environmental parameters such as water management, emissions (currently only at our two smelters) and other environmental impacts such as biodiversity. These are generally contained in the conditions of individual licences and permits of each operation, for instance water use licences, Environmental Management Programme Reports (EMPRs), emission and waste licences. All operations compile quarterly reports in regard to compliance with permit targets.

A review of environmental performance takes place quarterly in executive SHEQ meetings chaired by divisional executives and attended by corporate SHEQ staff.

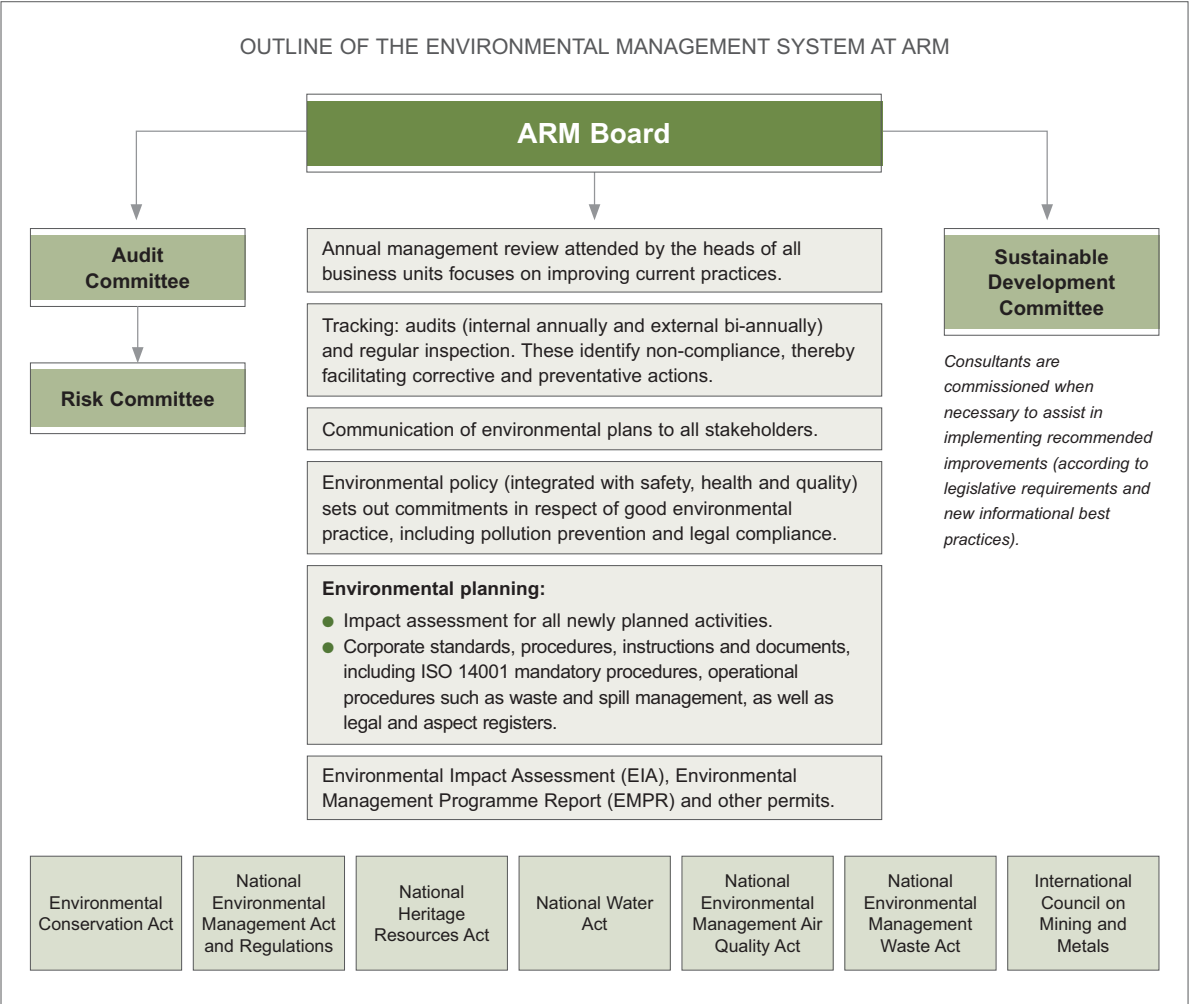
Internal audits are undertaken annually and external audits of SHE performance at all of ARM's operations are undertaken bi-annually. The most recent external audit, conducted in F2009, identified certain areas requiring attention, which were addressed during F2010. In the first instance, certain rectification applications were submitted to the authorities in terms of Section 24G of NEMA. This resulted in Nkomati Mine paying an administrative penalty of R351 000 (the mine having an approved EMPR but not having obtained environmental authorisations in terms of NEMA for certain specified activities), and Black Rock Manganese Mine paying an administrative penalty of R161 000 (for not having an environmental authorisation in terms of NEMA for the start-up for a housing development). The F2009 audit also identified the need for corporate standards either to be updated or developed. These have been revised and compiled and are being implemented, including corporate standards on risk assessment, legal compliance, water management, waste management, contractor management, biodiversity and emissions management.

ARM has committed to exploring viable technological advances to minimise negative environmental impacts and ensure improvements. Progress in this area was limited during the year and there is scope for improvement in this area. Stakeholder dialogue in terms of environmental management takes place at all operations in broadly three forms: i) interested and affected party and community forums (for instance the Gladdespruit Forum at Nkomati Mine, the Monitoring Committee at Cato Ridge, the Machadodorp Community Forum and the Dwarsrivier Mine Community Forum), generally on a quarterly basis; ii) formal public consultation processes in accordance with NEMA Regulations in the event of any listed activity being undertaken which necessitates an EIA; and iii) public/open days at the operations.

Mining rights

ARM has successfully converted its old order mining rights for the Khumani, Goedgevonden and PCB operations, whilst the new order mining right application for the manganese operations has been approved by the Department of Mineral Resources

Responding to our material issues continued



Note: Legislation listed above is not exhaustive.

(DMR) and is in the process of being executed. The conversion of the mining rights of our platinum and nickel operations is in process.

Climate change

As a member of ICMM, ARM strives to adhere to the ICMM position statement with regard to climate change, which we consider to be a principal challenge for the Company. This year, we reviewed our understanding of the risks and opportunities for our business associated with climate change, and conducted a partial carbon footprint analysis.

The main contributors of direct GHG emissions are our two smelter operations, Cato Ridge Works and Machadodorp Works, as a result of carbonaceous reductants in the smelting process. Total emissions for the smelters for F2009 was 748 473 tonnes CO₂ and for F2010, 562 487 tonnes CO₂. The lower emissions in F2010 were proportional to reduced production. Targets have been set to reduce emissions at these operations and our

other mines are in the process of establishing emission inventories.

The six primary GHGs are CO₂, methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocabons (PFCs) and sulphur hexafluorides (SF₆). Except for CO₂, none of these are produced by any of ARM's operations, although naturally occurring methane may be exposed by mining operations. This is an explosion hazard in the mining industry and monitoring for methane occurrence underground takes place on a continuous basis.

Other emissions potentially caused by ARM's operations include, at our smelters, sulphur dioxides, nitrous oxides and total particulate matter (which includes dust) emissions caused by smelting of ore and reduction processes in the arc furnaces and associated pelletising plants. At our mines, potential emissions include total particulate matter emissions as a result of blasting, crushing, transport, conveying, screening and handling of ore as well as H₂O emissions as a result of ventilation.

Measuring our carbon footprint contribution

For the first time this year, we undertook a carbon footprint analysis. Based on the findings of this data collection and an analysis conducted by external consultants, in the next year we will develop a long-term carbon management strategy and implementation plan, including an emissions reduction strategy and implementation plan. We have appointed a Group Electrical Engineer responsible for energy efficiency.

GHG emissions activity data for F2009 was collected by the employees of ARM and its Joint Ventures. Data quality and comprehensiveness screening as well as calculations were undertaken by external consultants.

Our submission to the Carbon Disclosure Project (CDP) for F2009 was the first step in the process of establishing and reporting on GHG emissions and covered Scope 1 and Scope 2 emissions (direct) for all operations, namely the two smelter operations as well as the seven mining operations. We also partly analysed our Scope 3 emissions (indirect) but recognised that we need to improve our reporting systems in order to ensure we collect reliable and comprehensive information. Information collection systems are being improved and we will report more comprehensively on our indirect emissions in the next CDP reporting cycle.

Our performance

The following table provides an overview of key environmental performance areas for the Group. Our environmental impact has increased across these parameters, consistent with our continued growth. A breakdown of these performance areas by operation is provided later in this section. Significant increases in resource usage are often attributed to a dramatic increase in production at the relevant operation.

Performance overview

Indicator	F2010	F2009
Oil (000 litres)	3 626	2 788
Diesel (000 litres)	55 732	54 625
Electricity (000 kWh)	2 003 918	2 038 751
Water consumption (m³)	15 060 418	14 314 155
Water recycled (m³)	**	**
Carbon footprint (CO ₂ equivalent)	In the process of being determined	2 664 549
Domestic waste (tonnes)	38 960	37 834

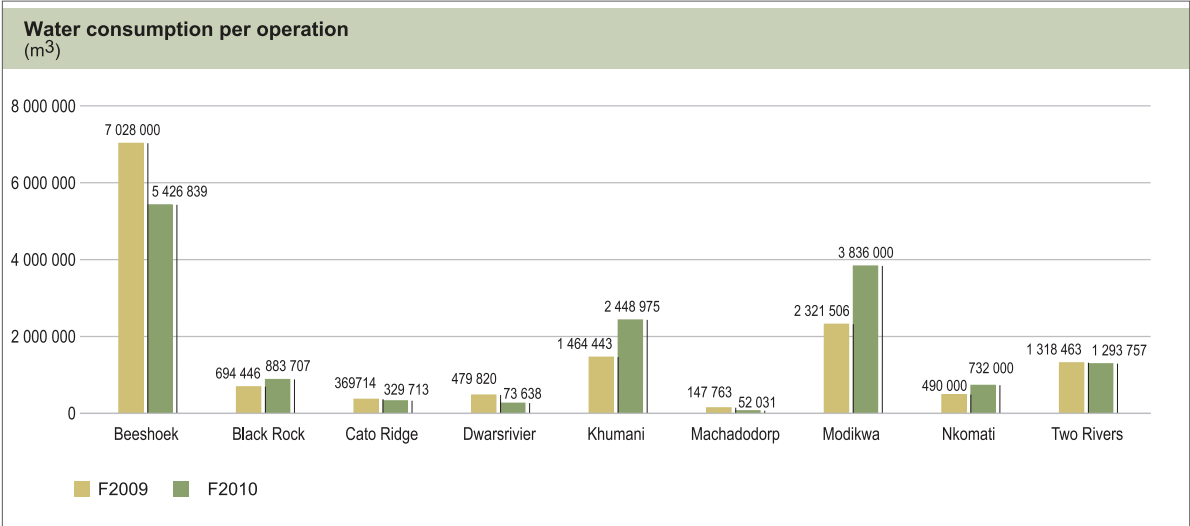
*** Beeshoek and Khumani recycled more than 90% of water, while Black Rock recycled 86.3% of water. At Nkomati, Modikwa and Dwarsrivier Mines as well as Machadodorp Works, calculation of recycling is difficult since storm water (high volumes during high rainfall) as well as water from dewatering of mining operations, where applicable, are included in the water reticulation systems.*



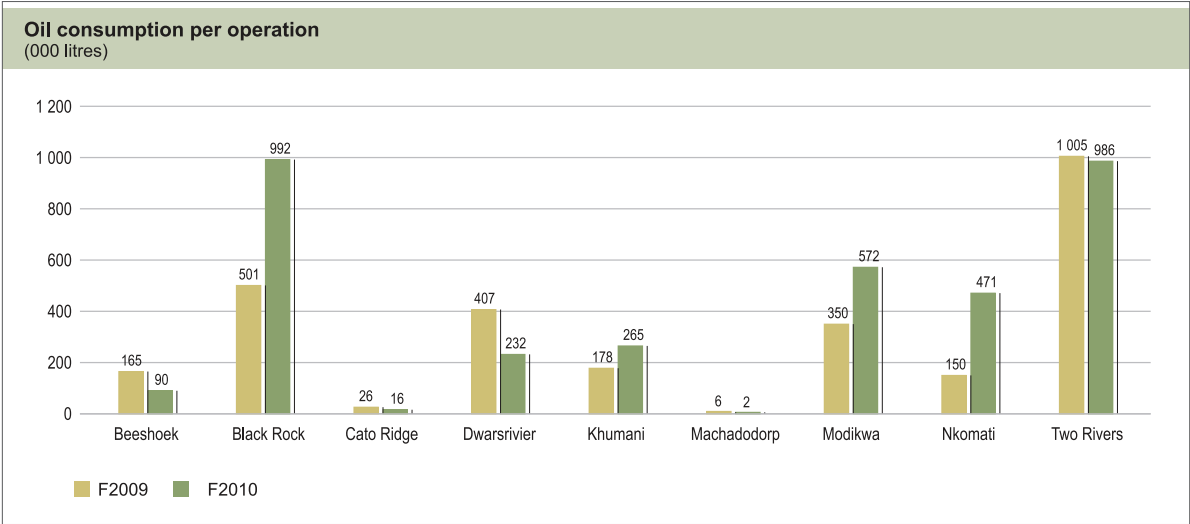
Eradication of invader species at Nkomati

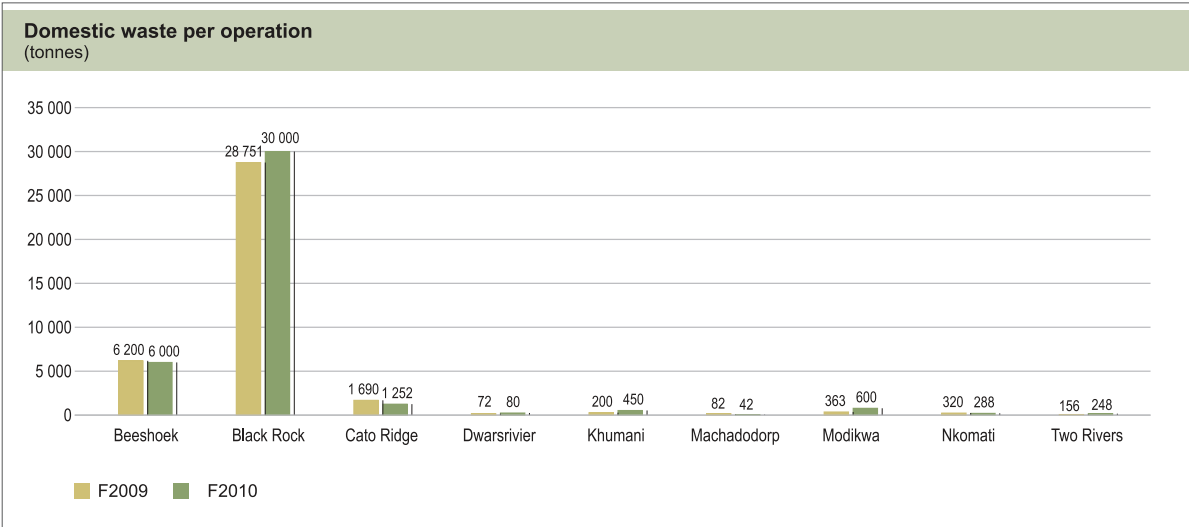
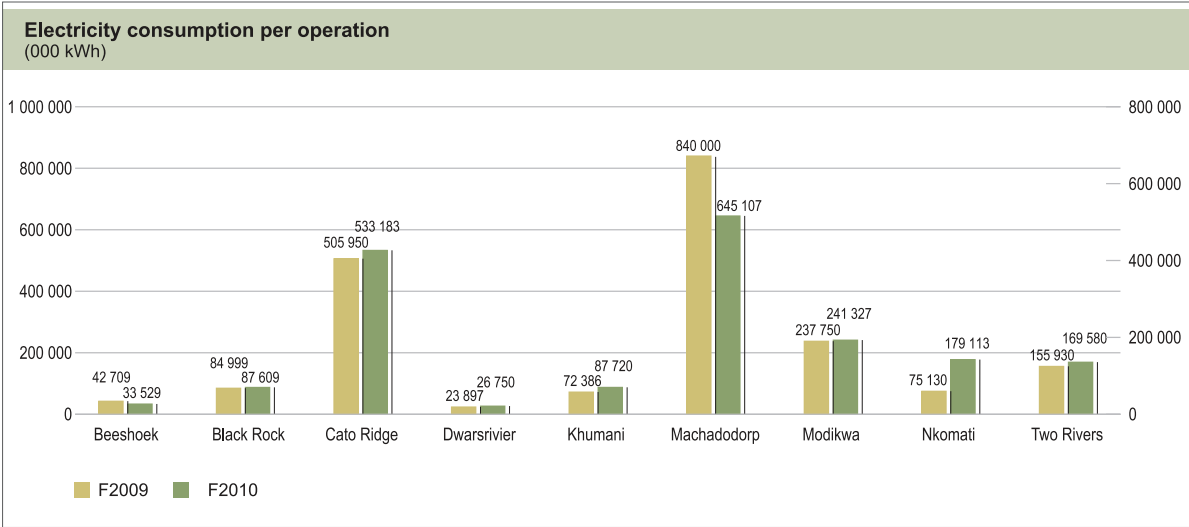
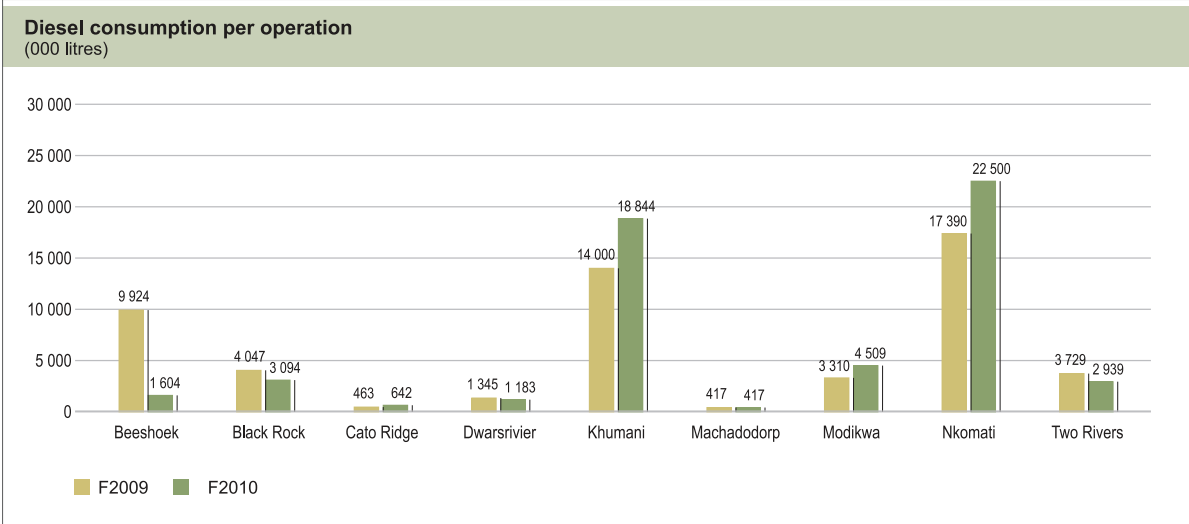
Responding to our material issues continued

The table below sets out water consumption figures for F2009 and F2010. Beeshoek consumption figures include water for the community, taken from the Gamagara pipeline. Mining activities at Beeshoek were reduced during the year, while expansion of activities at Nkomati and Khumani Mines necessitated increased water consumption in accordance with the abstraction volumes allocated to these mines in terms of their Water Use Licences.



Black Rock Mine, with the development of Nchwaning, has increased oil consumption due to an increase in hauling activities. Reduced mining and transport activities at Beeshoek during the year have led to a lower consumption of oil and diesel.





Responding to our material issues *continued*

Energy and emissions

Management of energy use is a key focus area at ARM, since energy utilisation has a significant impact on operational and financial efficiency. It is also imperative to ensure uninterrupted power supply in underground mines, from a safety perspective. Increased energy efficiency also contributes to a reduction in GHGs.

The Ferrous Division of ARM, trading as Assmang Limited (a JV with Assore Limited), is the major consumer of electricity in the Group because of its two smelter operations. Assmang Limited has joined the Energy Intensive Users Association and has developed an Energy Efficiency Charter which maps the development and implementation of energy efficient practices for the organisation.

Electricity usage increased dramatically at our Nkomati operation as a result of production increases during the past 18 months.

All our South African operations are signatories to the National Energy Efficiency Campaign which recognises that improvements in energy efficiency are fundamental to South Africa's sustained economic growth and development, and international competitiveness. Commitments in terms of the initiative include actively monitoring usage to facilitate reductions over time, conducting awareness campaigns, appointing an accountable member of staff to take responsibility for energy efficiency, and co-operating with government and other stakeholders to develop and review interventions to assess national energy challenges.

Generators have been installed at certain sites to address short-term energy shortages for strategic and safety purposes and various energy efficiency initiatives have been explored and implemented, including fitting solar panels for geysers, and optimising ventilation systems and conveyor belt running and sequencing. The use of alternative energy is another area in which we are exploring options, especially in planning new projects and expansions.

Water management

Water is fundamental to our business operations in respect of mining, smelting and beneficiation. Natural resource constraints are a long-term risk for ARM, and water availability, consumption and pollution are key risks throughout the Group. At our smelting operations, water is sourced from municipalities while at the mining operations, it is sourced from rivers and boreholes in line with integrated water use licences (WUL) obtained through the lead authority, the Department of Water and Environmental Affairs (DWEA). These WULs are regulated by DWEA and a formal

process and specification is prescribed by DWEA for compilation of a WUL. This entails consultation with local irrigation boards, water users' associations and catchment management agencies on a local level, and with DWEA on a provincial and national level.

Water balances are prepared for all operations. Aquifer level monitoring, groundwater and surface water sampling, chemical analyses and bio-monitoring form part of operational water management plans. Where necessary, legitimate water trading with downstream users is initiated. Most operations run closed circuit water systems as far as practically possible in order to minimise discharge into the environment. Any incidents of non-compliance are reported to the authorities in accordance with legislation.

Due to the diverse nature of the processes and operations, water recycling rates vary throughout the Group. Beeshoek and Khumani recycled more than 90% of water, while Black Rock recycled 86.3% of water. At Nkomati, Modikwa and Dwarsrivier Mines as well as Machadodorp Works, calculation of recycling is difficult due to storm water flows (high volumes during high rainfall) as well as water from dewatering of mining operations, where applicable, is included in the water reticulation systems. At Dwarsrivier, 100% of dewatered water is recycled, while at Two Rivers, 50% of tailings water and water dewatered underground is recycled. At Cato Ridge Works, 15% of water used is recycled and re-used for gas cleaning purposes.

Evaporation and interstitial retention of water on tailings dams account for substantive water losses at some of our operations.

Some operations have to deal with legacy issues of groundwater contamination. Cato Ridge Works is addressing the situation through the following projects: slag management (existing and expansion), slimes dams and baghouse dust management, polluted storm-water management and treatment, and rehabilitation of historically contaminated land which impacts the surface and groundwater.

Waste management

Integrated waste management plans are implemented at each of our operations. Waste typically comprises industrial waste such as slag, waste rock and tailings, as well as domestic waste and hazardous waste. Domestic waste is disposed of in municipal landfill sites while hazardous waste is disposed of by specialist contractors in approved facilities.

Initiatives undertaken to reduce waste are specific to the prevailing circumstances at each operation. These include recycling materials, for instance oil at Nkomati and Black Rock, and scrap metal at Beeshoek.

Spills

During the review period, no spills occurred at the following operations: Beeshoek, Black Rock, Khumani, or Modikwa. Insignificant spills of oil and fuel (<100 litres) occurred at Two Rivers, Cato Ridge, and Machadodorp. At Dwarsrivier there were three minor spills at bulk storage areas (±400 litres). At Nkomati there were three spills from the Onverwacht pipeline (Gladdespruit catchment area) of ±800 m³.

Land use management and environmental rehabilitation

ARM aims to rehabilitate mined areas concurrently with ongoing operations where practicable and conserve natural resources. Comprehensive mine closure planning and rehabilitation assessments are performed annually at all operations. The process is done by means of external estimation of closure and rehabilitation requirements and provisions raised in the various trust funds. Closure plans are developed in accordance with the requirements of each EMPR and costing is done according to the methodology and standards specified in the EMPR.

Rehabilitation provisions at ARM operations

Operation	Estimated closure cost as at 30 June '10	Contributions				Total, incl guarantees	Anticipated shortfall, excl guarantees	Anticipated shortfall, incl guarantees
		Trust fund 2010 contribution	Est fund balance as at 30 June '10	Guarantees	Cash provisions			
Beeshoek	87 004 696	5 911 740	51 523 988	–	–	51 523 988	35 480 708	35 480 708
Khumani	106 932 480	3 993 047	11 099 352	38 000 000	–	49 099 352	9 237 838	57 633 128
Gloria*	13 274 039	384 910	4 036 201	–	–	4 036 201	9 237 838	9 237 838
Nchwaning*	27 588 326	905 702	5 851 472	–	–	5 851 472	21 736 854	21 736 854
Black Rock*	44 842 457	1 354 088	12 344 357	20 064 845	–	32 409 202	32 498 100	12 433 255
Dwarsrivier	27 288 957	802 305	8 033 629	9 267 341	–	17 300 970	19 255 328	9 987 987
Two Rivers	25 763 000	1 331 875	3 783 918	27 376 211	–	31 160 129	21 979 082	(5 397 129)
Nkomati	67 840 007	–	46 872 068	3 940 000	–	50 812 068	20 967 939	17 027 939
Modikwa	74 084 968	2 184 000	9 079 957	65 013 524	–	74 093 481	65 005 011	(8 513)

* Separate provisions shown for Gloria, Nchwaning and Black Rock shafts, which collectively constitute Black Rock mine.



Responding to our material issues *continued*

Biodiversity management

Biodiversity management is a priority for ARM and each operation has a management plan to address site-specific issues relating to biodiversity and land management. Certain operations have Biodiversity Action Plans (BAP) and monitoring programmes. The following table provides an overview of biodiversity considerations and activities at each of our operations.

Biodiversity at a glance

Mine	Proximity to area of high biodiversity or protected area?	Biodiversity Action Plan	Details of red data or protected species	Strategies for addressing impact	Hectares disturbed, not yet rehabilitated	Communities resettled during F2010
ARM Platinum						
Modikwa	No.	In draft format, being finalised.	None identified.	Detailed once BAP finalised.	341 ha	None.
Two Rivers	Yes. The mine is located within the Sekhukhuneland Centre for Plant Endemism. Certain trees on mine land are protected in terms of legislation.	Completed in 2008 and implemented subsequently.	Due to location in sensitive area, a long list of sensitive species are indicated in BAP.	Areas of ecological significance and sensitivity are demarcated and fenced-off, vegetation from areas demarcated for land uses are relocated to a nursery on site.	70 ha	None.
Nkomati	No. The mine is situated among commercial forestry operations.	Yes. In progress for expansion.	No red data species. Flora: eight protected species, 12 endangered species. Fauna: 30 threatened species including pangolin, serval, and aardvark.	Annual programme for the control and removal of alien vegetation and rehabilitation of impacted areas. Protected flora species have been removed from open-pit areas and an indigenous nursery established on site. Ongoing collaboration between the mine, the forestry industry and the farmers to remove alien vegetation along the river systems. An estimated 700 ha has been cleared on mine property and is now in a maintenance programme.	620 ha	Three households were relocated from the Onverwacht farm to the Badplaas township.
ARM Ferrous						
Beeshoek	No.	Biodiversity will be managed in terms of the revised EMP which has been submitted.	Seven endemic and near-endemic plant species identified.	Plants to be removed and rehabilitated before mining begins.	850 ha	None.
Khumani	No.	Biodiversity is managed in terms of the EMP.	None identified.	Plants to be removed and rehabilitated before mining begins.	700 ha	None.

Mine	Proximity to area of high biodiversity or protected area?	Biodiversity Action Plan	Details of red data or protected species	Strategies for addressing impact	Hectares disturbed, not yet rehabilitated	Communities resettled during F2010
ARM Ferrous						
Black Rock	No.	BAP in progress.	None identified.	Of the total operational area of 3 688 ha, a game farm of 1 700 ha was established in 1991. The main focus and intention of the game farm is education of the community and children. Employees pay a minimal fee to visit the game farm and utilise the facilities. Income generated is used to purchase new bloodlines.	1 441 ha	None.
Cato Ridge Works	Yes. The new access road (still in project phase) will disturb approximately 20 ha of the protected Ngonigoni grasslands which is south, and Southeast of the operation.	Yes.	Protected Ngonigoni grassland.	A Biodiversity Impact Assessment has been performed and confirmed that no significant impact would be caused due to the grassland already being significantly disturbed by activities such as cattle grazing. A memorandum of agreement was signed between Cato Ridge Works, the Wildlands Trust and eThekweni Municipality whereby Cato Ridge will sponsor the Wildlands Trust financially to conserve grasslands in the Inanda dam area.	93 ha	None.
Dwarsrivier	As with Two Rivers, the mine is located within the Sekhukhuneland Centre for Plant Edemism. Certain trees on mine land are protected in terms of legislation.	BAP completed and in the process of implementation.	Marula, Shepherd, Sekhukune Bushmans' Tea and Blue Shieldfruit.	The mine has established a rehabilitation plan involving backfilling of pits, spreading top soil, planting vegetation, continuous monitoring, erosion control, invasive plant eradication and vegetation propagation monitoring.	140 ha	None.
Machadodorp	Yes.	Biodiversity has commenced and is expected to be completed in November 2010.	None identified to date.	Wetland and rocky outcrop were identified and have been designated as sensitive areas and fenced off.	976 ha	None.



CASE STUDY

Assmang Khumani
creates jobs through
funding
diatom
processing plant

Overview:

- In the Northern Cape, an enterprise called SA Diatomite, converts diatoms, a form of algae, for use in controlling internal and external parasites in animals, as a substitute for commercial chemicals.
- The company, in search of an investor to help develop its factory and operations while ensuring that the local diatom deposits would benefit the people in the Northern Cape, chose Assmang Khumani as its sponsor.
- Assmang Khumani has invested R5.4 million in the business while the local municipality supplied the land, free of charge. Set to open in September 2010, the new factory will immediately raise employment from 18 to 71.

Thirty million years ago vast numbers of little one-celled algae thrived in a shallow freshwater lake in the middle of what is now the Northern Cape.

Called diatoms, these creatures were rich in silica and their fossilised exoskeletons have been prized for many years for various uses in filtration devices. It was for this use that, in the early 1990s, the Industrial Development Corporation sponsored the exploration of so-called diatomaceous earth in the province.

Seven commercially promising sites were identified and the extraction of the powdery white/grey substance began. In 2002, however, a Free State farmer, aware of new international research into diatoms, approached Pieter Maritz, who was already mining and selling diatoms from two sites on his farm near Olifantshoek in the Northern Cape, with a novel idea. His proposal was to use diatoms to control internal and external parasites in animals. The farmer reported that by substituting commercial chemicals with

diatoms his livestock were much healthier, gained weight more easily and were more resistant to parasites.

Marais' son, Isak, investigated this promising new use for diatoms, commissioning independent research which soon corroborated what scientists in several countries were already reporting: diatoms were a natural way to combat both internal and external parasites; they helped animals absorb minerals and calcium and put on weight.

As young Isak's company, Diatoms Organic Animal Health (DOAH) spread the word, many hundreds of farmers, of both livestock and game, were convinced that diatoms were not only super-effective but also affordable. Sales of various products packaged for DOAH have more than doubled in recent years and today they are supplied to some 60 agricultural co-operatives. The company's products now include animal feed supplements, game licks, dog food and even a powder packaged into a handy shaker for use on domestic pets.

In 2006, Isak was named the entrepreneur of the year in a national competition and his business's sales chart continued climbing. However, back on his father's farm, even more startling changes were happening.

Pieter Maritz and the owners of the seven diatom deposits organised themselves into a company, SA Diatomite (Pty) Limited. Today a business called Temba Organics supplies the labour to the Olifantshoek mine and diatom factory; some 18 workers who live on the site and were all drawn from the isolated little town where jobs are few and far between.

But Temba is not just a labour pool. Its members own 25% of SA Diatomite and, according to Maritz, will increase this shareholding as the venture progresses and grows and certain milestones are achieved.

The owners of SA Diatomite were all well aware that the rough-and-ready factory erected on Maritz's farm would soon not be able to produce enough processed diatoms to satisfy soaring demand. "We needed investment but we weren't interested in having an investor from Johannesburg or even overseas who would put money in, take his profits and then never be seen again," explains Maritz snr. "Most of all, we wanted these deposits to benefit our own people here in the Northern Cape."

Assmang Khumani supplied the answer to this quandary by investing some R5.4 million in the business; R2.3 million for a new processing plant at Deben, where most of the deposits are located, R750 000 for an administration building and most of the balance on equipping the plant. The local municipality supplied the land, free of charge.

Set to open in September 2010, the new factory will immediately raise employment from 18 to 71, all of whom will work for Temba. Maritz says Khumani's faith in the future of diatoms and in this particular venture has enabled the various shareholders to "achieve something that very few people seem able to get right".

The people of Temba, he says, are his "brothers" and they will benefit as much, if not more, than any of the other partners. "It's unbelievable how much goodwill there is here. We all take joint responsibility for this project and we will all share in the gains."

Sonja Diergaardt, the 29-year-old manager of Temba, recalls how she "sat at home" for three years until the diatom opportunity came her way. "People were eager to work but there were just no opportunities. Now, Assmang has done a wonderful thing; they have helped to give us a wonderful opportunity and we are going to make sure that we make it work."

At the factory, workers shovel the raw diatoms into a furnace where excess moisture is burnt off. Sand is then separated out and the almost 100% pure diatom is packaged. The deposits in the Northern Cape are amongst the purest in the world and there is at least 26 years' supply available. Workers earn R1 750 to R2 500 each per month, a figure that is expected to rise with profits.

Work will be automated at the Deben facility, with six dedicated lines producing individual products. Two people will be employed to work in a vegetable garden fertilised, of course, with diatoms, and organic produce sold at the roadside. There are even plans to package diatoms into a tablet form for human consumption.



"Assmang has done a wonderful thing; they have helped to give us a wonderful opportunity and we are going to make sure that we make it work."

Sonja Diergaardt, manager of Temba Organics

— researched and written by independent journalist,
Peter Delmar

Independent Assurance Statement



SustainabilityServices.co.za

To the Board and stakeholders of African Rainbow Minerals (ARM):

SustainabilityServices.co.za (SS) was commissioned by African Rainbow Minerals (ARM) to provide independent third party assurance (ITPA) over the content of their 2010 Sustainable Development Report (the 'Report', covering the period 1 July 2009 to 30 June 2010). The assurance team comprised primarily of Michael H. Rea, our principal Sustainability Assurance Practitioner, with 11 years' experience in environmental and social performance measurement, including sustainability reporting and assurance.

AccountAbility AA1000S (revised, 2008)

To the best of our ability and significant experience in sustainability report assurance, this engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard, where the format of the engagement was structured to meet the AA1000AS Type I (Moderate) requirements.

Independence

SS was not responsible for the preparation of any part of the Report and has not undertaken any prior commissions for ARM. Responsibility for producing the Report was the responsibility of ARM and its advisors. Thus SS is, and remains, an independent assurer over the content and processes pertaining to this report.

Assurance objectives

The objective of the assurance process was to provide ARM's stakeholders an independent 'moderate level assurance' opinion on whether the sustainability content of the Report, in its printed and .pdf formats, meets the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness, as well as to assess the degree to which the Report has met the Global Reporting Initiative (GRI) G3 guidelines Application Level B reporting requirements.

Assurance approach and limitations

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, the GRI's G3 Application Level requirements, as well as other best practices in sustainability reporting assurance. Our approach to assurance included the following:

- A review of sustainability measurement and reporting procedures at ARM's head offices to determine the context and content of sustainability management by the company;
- A review of the information and/or data collection, collation and reporting procedures undertaken by ARM to define the content of the Report by looking at materiality of issues included in the Report, determination of sustainability context and coverage of material issues;
- A review of the approach of management to addressing topics discussed in the Report;

- A review of drafts of the Report for any significant errors and/or anomalies; and,
- A confirmation that the requisite number of GRI G3 performance indicators had been adequately discussed within the Report.

The process was limited to the content and assertions made within the printed Report, and the subsequent .pdf version made available via the internet, for the period under review, and did not extend to a comprehensive analysis of the accuracy, reliability, completeness and/or consistency of any of the data presented by ARM. Rather, sustainability data presented within the Report was subjected to a series of reasonability tests during final proof editing. The process was further limited to reviewing policies and procedures for stakeholder engagement, and did not extend to the physical engagement of any stakeholders to arrive at our assurance opinion.

Findings

Based on our review of the Report, as well as the processes employed to collect and collate information reported herein, it is our assertion that:

- ARM adequately adheres to the Accountability AA1000APS principles of Inclusivity, Materiality and Responsiveness, although room for improvement exists with respect to both proactive stakeholder engagement (ie, 'Inclusivity') and feedback on stakeholder-specific concerns (ie, 'Responsiveness')
- The Report adequately meets the GRI G3's requirements for Application Level B (responses to all required indicators, as well as no fewer than 20 Core indicators, with at least one from each of Economic, Environment, Human Rights, Labour, Society and Product Responsibility). However, it was found that the reporting of performance against some GRI G3 indicators continues to require either data quality improvements, or further detail in disclosure.

Conclusions and recommendations

Based on the information reviewed, SustainabilityServices.co.za is confident that this report provides a comprehensive and balanced account of ARM's environmental, safety and social performance for the period under review. The data presented is based on a systematic process and we are satisfied that the reported performance data accurately represents ARM's current environmental, safety and social performance, while meeting the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness. Moreover, and although the quality or quantity of data of some GRI G3 indicators can be improved, this Report appears to meet the GRI G3's requirements for Application Level B (B+ with this assurance engagement).

However, the following recommendations have been identified:

- With respect to adherence to AccountAbility's AA1000APS principle of Inclusivity, ARM should ensure that stakeholder engagement continues to progress towards the active inclusion of all significant stakeholders, and that a regular review of stakeholders tests for completeness and relevance. A formal stakeholder engagement plan should be developed at both the head office and mine/operational levels, and should be managed to ensure that stakeholder engagement continues to inform risk management and operational strategies towards ongoing sustainable development.
- With respect to adherence to AccountAbility's AA1000APS principle of Responsiveness, ARM should ensure that feedback to stakeholders on sustainability matters occurs in line with King III's recommendations for 'Integrated Reporting', such that all presentations of results – including interim results – include a reasonable discourse regarding ARM's most material sustainability issues.
- Reporting on social performance, particularly with respect to Corporate Social Investment (CSI) and/or Socio-Economic Development (SED) expenditures, should be structured to improve the quality of data regarding actual developmental impacts. While the current case studies, in most cases, provide interesting commentary on ARM's contributions to the communities in which the company operates, there is little data to support an assertion that the investments are having a material impact on intended developmental objectives.
- Based on the potential for possible data inconsistencies at the mine/operational level, ARM should consider extending its reporting cycle to accommodate for assurance over interim (ie, quarters 1 through 3) and year-end data, in line with the expectations of AccountAbility's AA1000AS (Type II) assurance model, ultimately seeking Type 2 (High) levels of assurance in future Reports.

- Having addressed the requirements of GRI G3 Application Level B, it is our recommendation that ARM review the process followed in compiling the Report and, while making further improvements on the quality of data required for Application Level B, begin addressing the requirements of Application Level A.

For more information about the assurance process employed to assess the ARM's 2010 Sustainable Development Report, email michael@sustainabilityservices.co.za



SustainabilityServices.co.za

29 November 2010

Johannesburg

GRI content index

The Global Reporting Initiative (GRI) G3 Guidelines provide a recommended framework for reporting sustainability initiatives to stakeholders. The following table has been developed to comply with the “in accordance” expectations of the GRI reporting guidelines. It provides a summary of ARM’s reporting against each of the G3 reporting criteria, and where applicable, provides page references to sections in either our Sustainable Development report (SD) or our Integrated Annual Report (IAR) where relevant information on our sustainable development performance is discussed.

1. STRATEGY AND ANALYSIS			Page
1.1	CEO statement about the relevance of sustainability to the organisations and its strategy.	This is addressed in the CEO’s statement.	5, 6 (SD)
1.2	Description of key impacts, risks and opportunities.	Key impacts, risks and opportunities are identified in relevant sections of the report. An overview of principal risks and uncertainties is provided in our IAR, and additional information can be found in the Divisional reviews in the IAR.	3 – 4 and throughout (SD) Overview of risks: 28 – 29 (IAR) Divisional reviews: 31 – 96 (IAR)
2. ORGANISATIONAL PROFILE			Page
2.1	Name of the organisation.	African Rainbow Minerals (ARM).	Front cover, 2 (SD)
2.2	Primary brands, products and/or services.	This is covered in the Overview of ARM’s operations. Additional information is provided in the Divisional reviews in the IAR.	2 (SD) 91 – 96 (IAR)
2.3	Operational structure of the organisation.	Overview of ARM’s operations.	2 (SD)
2.4	Location of the organisation’s headquarters.	Johannesburg, South Africa.	
2.5	Number of countries where the organisation operates.	ARM operated only in South Africa in the year under review. The project in Zambia was released after the end of F2010, until then ARM had exploration projects in Zambia, DRC and Namibia.	2 (SD)
2.6	Nature of ownership and legal form.	Provided in the Overview of ARM’s operations.	2 (SD)
2.7	Markets served.	Provided in the Overview of ARM’s operations, and in Divisional reviews in our IAR.	2 (SD) 31 – 96 (IAR)
2.8	Scale of the reporting organisation.	ARM operates predominantly in South Africa, with one operation in Zambia. Our workforce totals 22 776 individuals. Revenue for the year under review totalled R11 425 million.	2, 4 (SD) 8 – 9 (IAR)
2.9	Significant changes during the reporting period.	There were no significant changes during the reporting period.	
2.10	Awards received in the reporting period.	ARM received the IAS/SAMREC award for the best Exploration Section on 6 August 2010 (also covered on our website).	
3. REPORT PARAMETERS			Page
3.1	Reporting period.	The report profile is addressed in the section About this review of our sustainability performance.	1 (SD)
3.2	Date of most recent previous report.	ARM Sustainable Development Report F2009 covering the period from 1 July 2008 to 30 June 2009.	
3.3	Reporting cycle.	Annual: 1 July to 30 June.	
3.4	Contact point.	Provided in section About this review of our sustainability performance.	1 (SD)

3.5	Process for defining report content.	Our general approach is outlined in the section About this review of our sustainability performance, and our approach to identifying our material sustainability issues is reviewed in the section Sustainable Development at ARM.	1, 10 – 23 (SD)
3.6	Boundary of the report.	The report covers only those operations over which ARM has management control; it also does not cover projects which are in exploration or feasibility phase.	1 (SD)
3.7	Limitations.	Issues that are currently not being measured or reported on, or for which only partial performance measures are available, are identified in relevant sections of this GRI table.	1, 86 – 98 (SD)
3.8	Basis for reporting on JVs.	All ARM's operations are JVs. We report on those JVs in which we have management control.	
3.9	Data measurement techniques.	These are explained in certain cases where data is provided. We recognise that this is an area where we could provide greater disclosure and we are committed to doing so in future.	1, throughout (SD)
3.10	Explanation of effect of restatements.	This is reported in our IAR. We continue to improve our systems for measuring and monitoring our social and environmental performance to ensure comprehensive and reliable data.	
3.11	Significant changes in scope, boundary or measurement method.	No changes of significance during this reporting period. This year, in addition to reporting against the GRI G3 guidelines, we are reporting against the GRI's Mining and Metals Sector Supplement. This year's stand-alone SD report also includes a more insightful review of our LED/CSI activities.	
3.12	GRI content index.	GRI content index provided here.	86 – 98 (SD)
3.13	Policy and current practice with regard to seeking external assurance for the report.	This is addressed in the CEO's statement and under Assurance programme in the Sustainable development at ARM section	6, 16 (SD)
4.	GOVERNANCE, COMMITMENTS AND ENGAGEMENT		Page
4.1	Governance structure.	Addressed in the Ensuring sound governance section.	17 – 20 (SD)
4.2	Nature of role of the Chair.	Addressed in the Ensuring sound governance section.	17 – 20 (SD)
4.3	No of non-executive members.	Addressed in the Ensuring sound governance section.	17 – 20 (SD)
4.4	Mechanisms for shareholder direction and employee input.	Addressed in the Ensuring sound governance and Engaging with our stakeholders sections.	17 – 23 (SD)
4.5	Linkage between compensation and performance.	Addressed in the Ensuring sound governance section.	17 – 18 (SD)
4.6	Processes for managing conflicts of interest.	Addressed in the Ensuring sound governance section.	19 (SD)
4.7	Process for determining expertise.	Addressed in the Ensuring sound governance section.	17 (SD)
4.8	Internally developed statements of mission or values, codes of conduct relevant to economic, social and environmental performance.	Examples of relevant statements, codes of conduct, standards and procedures are referred to throughout the report in the context of the respective issue being reviewed.	2, 10, 19, throughout (SD)
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	ARM has a Sustainable Development Committee charged with ensuring that ARM is, and remains, a committed socially responsible corporate citizen. The Committee advises the Board on policy issues, the efficacy of ARM's management systems for its sustainable development programmes and progress towards set goals, and compliance with statutory, regulatory and charter requirements. This is further discussed in the section Ensuring sound governance.	17 – 23 (SD)

GRI content index continued

4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Addressed in the paragraph regarding Assessment in the Ensuring sound governance section.	18 (SD)
4.11	Explanation of how precautionary approach/principle is addressed by organisation.	The principles that underlie the precautionary approach are inherent in our approach to risk management, particularly as regards our management of occupational safety and health, and our impacts on the environment. Risks are assessed, prioritised, managed and regularly monitored, as part of our Enterprise Risk Management system, and presented to the Board for consideration. Our activities in implementing these principles are described throughout the report, and especially in the sections Responding to our material issues, and Sustainable Development at ARM.	
4.12 – 4.13	Commitment to external charters and principles, and membership in associations	An overview of ARM's commitment to external charters and initiatives is provided in the Sustainable development at ARM section. These include legislative requirements and codes including financial reporting and JSE listing requirements, the Companies Act, safety, health and environmental legislation, the Mining Charter, and labour legislation; Voluntary standards and disclosure requirements such as King III, the GRI G3 Guidelines and the GRI Mining and Metals Sector Supplement and the Carbon Disclosure Project (CDP); Management systems standards such as ISO 9001, 14001 and OHSAS 18001 as well as industry associations which include the Chamber of Mines and the ICMM.	1, 10 – 13 (SD)
4.14 – 4.17	Stakeholder engagement practices.	We identify our stakeholders as those groups or individuals whose behaviour has an impact on the performance of the Company, and for whom ARM's behaviour or decisions have consequences. Each Division of ARM determines which stakeholders to engage with uniquely as they have different needs and concerns. The section on Engaging with our stakeholders outlines our key stakeholder groups, the main forms of engagement, the key issues and concerns addressed by each group, and ARM's response to these.	21 – 23 (SD)

MANAGEMENT APPROACH AND PERFORMANCE INDICATORS			Page
ECONOMIC – including policies, management systems, management approach and performance relating to the following indicators			
Economic Performance			
DMA EC	Disclosure on management approach.	Reference to organisation-wide goals, policy and performance relating to the traditionally “financial” elements of these economic performance indicators is provided in some detail in our annual financial report. Reference to policies and performance relating to socially-minded procurement activities, human resource activities and to ARM's corporate social investment programme is provided in relevant sections of this sustainable development report, as indicated below.	IAR
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	A summary of value-added information is provided in the section Adding value to the economy. Full details are in our annual financial review.	26 – 27 (SD) 20 – 27 (IAR)

EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	We consider climate change to be a key material issue and challenge for our business. Particular risks and potential financial implications relate to shifting rainfall patterns and consequent water shortages, and energy resource constraints. Employing efficient energy management practices, and investigating in the potential for implementation of new technology, investigating alternatives and renewable energy sources, are opportunities we can explore to help mitigate risks. Our first assessment was detailed in our 2009 Carbon Disclosure Project submission.	74 – 75 (SD)
EC3	Coverage of the organisation's defined benefit plan obligations.	Provided in notes to the Financial Statements.	204, 226, 245 (IAR)
EC4	Significant financial assistance received from government.	No government assistance received during F2010.	
Market Presence			
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.	We do not provide a comprehensive range of ratios of entry-level wage compared to local minimum wages, but are committed to providing competitive and fair wages and believe that we do so at all our operations. ARM's wage agreements are between the 50th and 75th percentile.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	ARM is committed to assisting previously disadvantaged South Africans to become a part of the industry supply chain through identifying, developing, facilitating and availing business opportunities to both BEE and BBBEE suppliers at all of its operations, with an emphasis on supporting local suppliers. This year our preferential procurement performance exceeded our targets for the year. A review of our procurement activities is provided in our Transformation review.	48 – 57 (SD)
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	The majority of our workforce is recruited from within the communities surrounding the respective operations. Our BEE policies and procedures ensure that we employ locally, including hiring for senior management positions, where possible.	48 – 57 (SD)
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Our corporate social investment (CSI) and local economic development (LED) programmes are focused on actively contributing to the upliftment of communities surrounding ARM's operations and those communities from which ARM sources labour. Our activities are reviewed in the Corporate Social Investment section.	26 – 27, 66 – 70 (SD)
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Through our core activities, ARM contributes to the local economy by providing direct and indirect employment, generating business opportunities for local suppliers and service providers, paying corporate and local taxes, and promoting the upliftment of communities through CSI activities. Detail of our contribution is provided in our Adding value to the economy, Transformation and CSI sections.	4, 26, 27, 48 – 57, 66 – 70 (SD)
ENVIRONMENTAL – including policies, management systems, management approach and performance relating to the following indicators			
DMA EN	Disclosure on management approach.	Our organisation-wide goals, policy and performance relating to environmental performance are outlined in the section on Sustainable development at ARM, and management structures are reviewed in the Environment section.	10 – 20, 74, 75 (SD)
Material Use			
EN1	Materials used by weight or volume.	A quantitative account of ARM's material use is provided in the Environment section. Usage of water, electricity, oil and diesel is reported for each operation.	76 – 78 (SD)

GRI content index *continued*

EN2	Percentage of materials used that are recycled input materials.	Water is recycled at our operations and reported in the Environment section. Initiatives for recycling materials are undertaken at some of our operations, in response to opportunities identified. However, these are relatively modest amounts and we do not deem it material to account for the percentage of recycled materials used.	78 (SD)
Energy Use			
EN3	Direct energy consumption by primary energy source.	A quantitative account of direct energy consumption is provided in the Environment section.	4, 75, 77, 78 (SD)
EN4	Indirect energy consumption by primary energy source.	Oil, diesel and direct energy consumption are presented in the Environment section. Indirect energy consumption has been identified as an area for improvement.	75 – 78 (SD)
EN5	Energy saved due to conservation and efficiency improvements.	Measurement of energy saved as a result of efficiency improvements is not currently undertaken. We are committed to developing systems to enable us to reliably assess and report on energy savings. This year, Assmang used the reduced market demand for alloys as an opportunity to rebuild some of its furnaces to achieve better energy efficiency. Co-generation of power through utilisation of off-gas from the smelters, present additional opportunities, which are being investigated.	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	ARM Ferrous (through Assmang Limited) has joined the Energy Intensive User's Association and developed an Energy Efficiency Charter to guide the development and implementation of energy efficient practices for the organisation. Energy efficiency targets have been set for the ARM Ferrous division. Efficiency targets for the Platinum division will be developed during F2011. Renewable energy opportunities being explored include: installation of solar water heaters for an entire mine village and budgeting for installation of solar panels as alternative energy source at one of our mining operations.	78 (SD)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	All operations are signatories to the National Energy Efficiency Campaign and strive to monitor and reduce energy usage. ARM has appointed a Group Electrical Engineer tasked to investigate opportunities for reduction of energy use and GHG emissions, and oversee development of systems to enable reliable measurement of reductions achieved.	78 (SD)
Total Water Use			
EN8	Total water withdrawal by source.	A quantitative account of total water usage by operation is provided in the Environment section of this report. At our smelting operations, water is sourced from municipalities while at our mining operations, it is sourced from rivers and boreholes.	75 – 78 (SD)
EN9	Water sources significantly affected by withdrawal of water.	Not covered in this report, an area for improvement in F2011.	
EN10	Percentage and total volume of water recycled and reused.	At Beeshoek and Khumani, more than 90% of water used was recycled, while Black Rock recycled 86.3% of water used. At Nkomati, Modikwa and Dwarsrivier mine as well as Machadodorp Works, accurate calculation of recycled water is difficult since storm water (high volumes during high rainfall) as well as water from dewatering of mining operations, where applicable, are included in the water reticulation systems.	75 – 78 (SD)
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas.	An overview of ARM's operations' proximity to areas of high biodiversity or protected areas, is provided in the Environment section.	80, 81 (SD)

EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	An overview of ARM's operations' impacts on biodiversity are provided in the Environment section.	80, 81 (SD)
EN13	Habitats protected or restored.	ARM does not currently report specifically on this parameter. Rehabilitation provisions are made and initiatives are undertaken where practicable at our operations.	79 – 81 (SD)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	An overview of our activities to manage impacts of biodiversity at each of our operations is provided in the Environment section.	80, 81 (SD)
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Data on this parameter for each operation is provided in the overview of our management of biodiversity, in the Environment section.	80, 81 (SD)
MM1	Total amount of land owned, leased, and managed for production activities or extractive use.	Not currently reported.	
MM2	The number/percentage of sites identified as requiring biodiversity management plans, and the number/percentage of sites with plans in place.	The status of biodiversity management plans at each of our operations is outlined in our review of biodiversity, in the Environment section.	80, 81 (SD)
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	ARM's submission to the Carbon Disclosure Project (CDP) for F2009 was the first step in the process of establishing and reporting on the Group's GHG emissions and covered Scope 1 and Scope 2 emissions (direct) for all operations, namely the two smelter operations as well as the seven mining operations. Total emissions for F2009 were estimated at 2 664 549 equivalent tonnes CO ₂ . We also partly analysed our Scope 3 emissions (indirect) but recognised that we need to improve our reporting systems in order to ensure we collect reliable and comprehensive information.	4, 74 – 75 (SD)
EN17	Other relevant indirect greenhouse gas emissions by weight.	Except for CO ₂ , none of the primary GHG are produced by any of ARM's operations, although naturally occurring methane may be exposed by mining operations.	74 (SD)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	ARM Ferrous has developed an Energy Efficiency Charter to guide the development and implementation of energy efficient practices across ARM, which will assist in reducing our GHG. Targets have been set to reduce emissions at our smelters, and our mines are in the process of establishing emission inventories.	78 (SD)
EN19	Emissions of ozone depleting substances by weight.	We do not have ozone depleting substances at our operations, no POPs and no volatile organics.	
EN20	NO, SO, and other significant air emissions by type and weight	Generated at our smelters: NO _x – 1 113 tonnes; SO _x – 1 559 tonnes; Particulate matter – 350 tonnes. At our mines, potential emissions include total particulate matter emissions.	4, 74 – 75 (SD)
EN21	Total water discharge by quality and destination.	Most of our operations run closed circuit water systems as far as practically possible in order to minimise discharge into the environment. Water discharge is monitored to ensure compliance with legislative requirements, and any incidents of non-compliance are reported to authorities. Data on quality and destination is not currently reported. We recognise that this is an area where we could adopt a more structured and systematic approach.	

GRI content index continued

EN22	Total weight of waste by type and disposal method.	ARM partially reports on this indicator: ARM's weight of domestic waste generated at each operation is provided in the Environment section. Domestic waste is disposed of in municipal landfill sites while hazardous waste is disposed of by specialist contractors in approved facilities. We are improving our systems for reporting at Group level on hazardous waste in future.	77 (SD)
EN23	Total number and volume of significant spills.	No spills occurred at the following operations: Beeshoek, Black Rock, Khumani, and Modikwa. Insignificant spills of oil and fuel (<100 litres) occurred at Two Rivers, Cato Ridge and Machadodorp. At Dwarsrivier there were three minor spills at bulk storage areas (± 400 litres). At Nkomati there were three spills from the Onverwacht pipeline (Gladdespruit catchment area) of ±800 cubic metres.	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	We do not transport, import or export any waste categorised as hazardous in the Basel Convention.	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	ARM does not currently report specifically on this parameter. We are nevertheless confident that our environmental standards of performance ensure that biodiversity issues are effectively addressed in all sensitive areas. Measures are in place to ensure that we discharge in line with our water use licenses and that we comply with the reporting requirements.	
MM3	Total amounts of overburden, rock, tailings and sludges presenting potential hazards.	ARM does not currently collect data centrally on this parameter. This is managed at each operation and currently amounts are not deemed sufficiently material, to be reported.	
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Initiatives include: ensuring compliance - licenses from authorities reflect approval that our facility designs will result in the reduction of pollution risk. Operations seek to identify and pursue opportunities to reduce waste, and to recycle.	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	ARM does not report on this parameter at a quantitative level. Due to the nature of the company's core business and its primary product type, which does not use much packaging, ARM does not deem this a sufficiently material issue.	
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	We received two administrative penalties in terms of environmental authorisations for listed activities in terms of NEMA Regulations – one at Nkomati (R351 000) and one at Black Rock (R161 000).	73 (SD)
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	ARM reports publicly on the number of significant logistics-related incidents experienced. We are in the process of establishing the CO ₂ emissions generated as a result of transporting products and employees, and air travel, and anticipate this to contribute marginally to our total carbon footprint.	

Overall			
EN30	Total environmental protection expenditures and investments by type.	It is difficult to quantify expenditure that relates specifically to environmental protection (particularly when this forms part of other project requirements) since it is included in operational expenditure.	
SOCIAL – including policies, management systems, management approach and performance relating to thefollowing indicators			
Labour Practices and Decent Work			
DMA LA	Disclosure on management approach.	Reference to organisation-wide goals, policy and performance relating to labour practices is provided in the review of Human Resources management, and in our progress report on the Mining Charter in the Transformation section.	30, 31, 49 – 53 (SD)
LA1	Total workforce by employment type, employment contract and region.	Total labour turnover (net change in permanent employees) was 5.7%	4, 30, 31 (SD)
LA2	Total number and rate of employee turnover by age group, gender and region.	Employee turnover levels are reported at a general Group level. More detailed information at a regional level and by gender is available from the operationson request.	30, 31 (SD)
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Occupational health surveillance is provided to contractors; in cases where primary or chronic disease is diagnosed, contractors are referred to local public healthcare and monitoring is done by the occupational health service provider. Benefits provided only to permanently employed staff include: life insurance, disability insurance, retirement provisions, share incentive programmes (above a certain level operational only), and maternity and family responsibility leave.	
LA4	Percentage of employees covered by collective bargaining agreements.	A total of 79% of ARM's workforce is unionised and covered by collective bargaining agreements.	33 (SD)
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	ARM does not currently report specifically on this issue, but ensures full compliance with the requirements of the Basic Conditions of Employment Act, the Labour Relations Act, and collective agreements with organised labour.	
MM4	Number of strikes and lockouts exceeding one week's duration, by country.	Not currently reported in detail, the number of lost man-days are covered in the Encouraging positive labour relations section.	33 (SD)
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes.	ARM's 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 HIV & AIDS. Percentage representation at these meetings is not centrally recorded.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Details on ARM's occupational health and safety performance and the measures being taken to improve the Company's performance is provided in our review of Safety and Occupational health and wellness. Our LTIFR was 0.770 (per 200 000 man hours). There was one work-related fatality at our operations. Our rates of occupational disease and absenteeism are available per operation on request.	36 – 39, 44 – 46 (SD)
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Information on ARM's wellness programme (including HIV & AIDS and occupational health) is provided in our OHS and HIV & AIDS reviews. This includes general information on ARM's efforts to assist employees, their families and local communities, including awareness raising and counseling relating to diseases.	44, 45, 60 – 63 (SD)

GRI content index continued

LA9	Health and safety topics covered in formal agreements with trade unions.	Regular consultation and engagement is undertaken with unions on health and safety (H&S) issues and we will report in more details on H&S agreements with labour in F2011.	22, 33 (SD)
LA10	Average hours of training per year per employee by employee category.	ARM's operations do not typically measure the effectiveness and investment of learning, retraining and development activities by monitoring the number of training hours per employee, but rather monitor training, learning and development through measures such as training costs as a percentage of total payroll. Our training is linked to the MQA for national recognition of learning, which prescribes the minimum hours required per specific training intervention. We therefore do keep a record of training in hours/days, at each operation and on the MQA database. This information is available on request.	32 (SD)
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	ARM implements various skills development and staff training initiatives aimed at ensuring the personal growth and skills development of employees, and consequently their ability to manage their longer-term personal and professional prospects. Further information on our initiatives is provided in our Human Resources review and report on the Mining Charter in the Transformation section.	30 – 33, 48 – 52 (SD)
LA12	Percentage of employees receiving regular performance and career development reviews.	The majority of our permanent employees (9 254 or 90%) received a training and development review this year.	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	A review of ARM's employment equity performance and our initiatives on this issue is provided in our Transformation review. The composition of governance bodies is reviewed in the Ensuring sound governance section.	17 – 20, 30 – 33, 48 – 56 (SD)
LA14	Ratio of basic salary of men to women by employee category.	There is no internal differentiation made between salary rates specifically on the basis of gender.	
Human Rights			
DMA HR	Disclosure on management approach.	ARM is committed to fair labour practices and freedom of association. Policies are aimed at eliminating unfair discrimination and promoting equality, in line with the South African Constitution, the Labour Relations Act and the Employment Equity Act and taking cognisance of the Universal Declaration on Human Rights and Fundamental Human Rights Conventions of the International Labour Organisation (ILO). Risks associated with human rights violations are assessed through our formal risk assessments.	30 (SD)
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	The human rights and social impacts of all our investment projects are considered during the prefeasibility stage of these projects, as part of our risk assessment processes. We do not currently report quantitatively on this issue.	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	This is reported only in terms of ARM's general policy relating to human rights issues, and not on a quantitative basis. Suppliers are informed about our ethics hotline and all violations that are reported via this whistleblowing facility are recorded and resolved.	30, 17 – 20 (SD)

HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	All employees are provided with ethics awareness training, which includes awareness on human rights. Relevant training is also integrated into leadership development programmes, and human resources policies.	30 (SD)
HR4	Total number of incidents of discrimination and actions taken.	No material non-compliance incidents relating to discrimination were reported during the year under review. Out of a total of 16 cases reported to whistleblowers this year, nine were human relations related allegations (including alleged incidents of racism, favouritism, employment irregularities and discrimination). Upon investigation, six cases were deemed unfounded, two cases are still under investigation and in one case an employee was found guilty of employment irregularities and received a final written warning.	30 (SD)
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	ARM does not believe that the right to exercise freedom of association and collective bargaining is at risk at any of its operations.	30 (SD)
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	ARM does not make use of child labour. We conduct risk assessments, which include a consideration of human rights issues, including child labour, in respect of prospective transactions, contracting parties and business partners, and have not detected such significant risks.	30 (SD)
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	ARM's own operations do not pose such risk. ARM's 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. We also conduct due diligence investigations in respect of prospective transactions, contracting parties and business partners. We have not detected such significant risks.	30 (SD)
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	ARM does not currently report quantitatively on this issue.	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	There have been no recorded incidents of human rights violations or of discrimination. ARM believes that its operations do not pose such risk. Should there be any violations of this nature, there are mechanisms in place for their detection, internal reporting and resolutions.	30 (SD)
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.	No ARM operations take place next to such areas.	
Society			
DMA SO	Disclosure on management approach.	A broad overview of our management approach to addressing our societal impacts is provided in the CSI section, as well as the Ensuring sound governance, and Human Resources sections. We recognise that there is scope to formalise our approach to assessing and determining the impact of our SED investments and aim to pursue this in the future.	10 – 20 (SD)

GRI content index continued

SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	ARM recognises that this is an area where we could adopt a more structured and systematic approach, and duly plans to do so, so as to be able to provide greater disclosure in the future.	26, 27, 66 – 70 (SD)
SO2	Percentage and total number of business units analysed for risks related to corruption.	Not reported.	
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	None. Three households have been moved, but there have been no disputes.	80, 81 (SD)
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 the outcomes.	There have been no related disputes.	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Not reported.	
SO4	Actions taken in response to incidents of corruption.	As reviewed in our Human Resources section, all cases reported via our ethics line and HR disciplinary processes are resolved and reported to governance committees. Actions taken in consequence of investigations and enquiries include termination of employment in respect of employees, and cancellation of contracts in the case of suppliers and contractors. We have not been prosecuted for any anti-competitive practices to date.	30 (SD)
SO5	Public policy positions and participation in public policy development and lobbying.	ARM engages regularly with the DMR, both directly and via the Chamber of Mines. As a member of the Chamber of Mines, ARM is represented on the Executive Committee, various Policy Committees and Work Groups as well as the Mining Industry Occupational Safety and Health (MOSH) task force. As a member of the ICMM, we will seek to participate in influencing policy frameworks, and as a signatory to the National Energy Efficiency Campaign, to cooperate with government on influencing policy and interventions to address national energy challenges.	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	ARM supports South Africa's democratic processes and makes contributions to political parties. A policy relating to making donations to political parties has been adopted by the Company. In the year under review, donations were made to political parties in accordance with the policy and the budget approved by the Board.	
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	ARM did not receive any fines nor has it been prosecuted in this respect.	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	ARM did not receive any fines nor has it been prosecuted for any anti-competitive practices. Two environmental related fines have been received and are discussed in detail in the Legal compliance section.	20 (SD)

MM8	List sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	Three households were relocated from the farm Onverwacht to the Badplaas township.	80 (SD)
MM9	Number and percentage of operations with closure plans.	All our operations have approved environmental management programmes which address closure and decommissioning of the operations. Additional information is available in our Environment section.	73 (SD)
MM10	Significant incidents involving communities in which grievance mechanisms have been invoked to address them, together with their outcomes.	Not addressed in this report.	
MM11	Number and description of incidents affecting employees, communities, or the environment in which emergency preparedness procedures were activated.	Not addressed in this report.	
Product Responsibility			
DMA PR	Disclosure on management approach.	As a member of the ICMM, ARM is committed to facilitating and encouraging responsible product design, use, recycling and disposal of our products. Our risk management systems oversee our product-related activities. We recognise that this is an area where we could focus further and adopt a more structured and systematic approach.	10 – 20 (SD)
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	We do not believe that there are any material health and safety issues associated with marketing and use of our product. We regularly review and address any health and safety concerns that may arise as a result of our operations. It has not been deemed necessary to conduct formal assessments of the post-production life cycle health and safety impacts of our products.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	There were no incidents of non-compliance.	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not addressed in this report.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	There were no incidents of non-compliance.	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	ARM does not consider this parameter to be material, as it does not sell to the general consumer market, but rather to select industrial customers with whom we engage contractually in terms of quality specifications.	

GRI content index *continued*

PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	ARM does not consider this parameter to be material, as it does not sell to the general consumer market, but rather to select industrial customers with whom we engage.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	There were no incidents of non-compliance.	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	ARM does not consider this parameter to be material, as it does not sell to the general consumer market, but rather to select industrial customers with whom we engage.	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No fines were incurred for non-compliance in the provision and use of our products.	
MM12	Programmes and progress relating to materials stewardship.	ARM participates in the ICMM and Chamber of Mines committees and working groups dealing with materials stewardship.	

Acronyms

ABET	Adult Basic Education and Training
AIDS	Acquired Immune Deficiency Syndrome
AMCU	Association of Mineworkers and Construction Union
AMMSA	Association of Mine Managers of South Africa
ARM	African Rainbow Minerals
ARV	Antiretroviral
ATR	Annual Training Report
BA	Biodiversity Assessment
BAP	Biodiversity Action Plan
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
CDP	Carbon Disclosure Project
COD	Community Open Day
CSI	Corporate Social Investment
DMR	Department of Mineral Resources
DQS	Depth/Quality/Sustainability (of HIV & AIDS Management)
DWEA	Department of Water and Environmental Affairs
dti	Department of Trade and Industry
ECD	Early Childhood Development
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
ESG	Environment, Society, Governance
ETDP	Education, Training and Development Practice
FFR	Fatality Frequency Rate
FYE	Financial Year End
GG	Good Governance
GHG	Green House Gas
GRI	Global Reporting Initiative
HCT	National HIV and Counseling Campaign
HIV	Human Immunodeficiency Virus
HR	Human Resources
ICMM	International Council on Mining & Metals
IFC	International Finance Corporation
JSE	Johannesburg Stock Exchange
JV	Joint Venture
KAPB	Knowledge, Attitude Practice and Behaviour
KING III	King Report on Governance for South Africa – 2009
KPI	Key Performance Indicator
LED	Local Economic Development
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MHSA	Mine Health & Safety Act

Acronyms continued

MME	Measurement, Monitoring and Evaluation
MOSH	Mining Industry Occupational Safety and Health
MQA	Mining Qualifications Authority
NIHL	Noise-Induced Hearing Loss
NSP	National Strategic Plan for South Africa
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act
RWI	Restricted Work Injury
SABCOHA	South African Business Coalition on HIV & AIDS
SANAC	South African National AIDS Council
SANS	South African National Standard
SARS	South African Revenue Service
SD	Sustainable Development
SED	Socio-Economic Development
SETA	Sector Education and Training Authority
SHE	Safety, Health and Environment
SLP	Social and Labour Plan
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro Enterprise
SRI	Social Responsible Investment
TB	Pulmonary Tuberculosis
TBL	Triple Bottom Line
TRP	Two Rivers Platinum
UASA	United Association of South Africa
VCT	Voluntary Counseling and Testing
VIRAX	HIV Therapeutic Vaccine Project
WCM	Workplace Conditions and HIV & AIDS Management
WSP	Workplace Skills Plan
WUL	Water Use Licence

Contact details

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
ISIN: ZAE 000054045

Registered and corporate office

ARM House
29 Impala Road
Chislehurst
Sandton
2196

PO Box 786136, Sandton, 2146

Telephone: +27 11 779 1300

Fax: +27 11 779 1312

Website: <http://www.arm.co.za>

Company secretary

Alyson D'Oyley
Telephone: +27 11 779 1300
Fax: +27 11 779 1318
E-mail: alyson.doyley@arm.co.za

Group Manager: Sustainable Development Reporting

Nerine Botes-Schoeman

Physical address:

Office block 1
29 Impala Road
Chislehurst
Sandton, 2146

Postal address:

PO Box 786136
Sandton, 2146
Johannesburg

Telephone: +27 11 779 1545

Fax: +27 86 575 9024

E-mail: nerine.botes@arm.co.za

Cheryl Munitich

Sustainable Development

Telephone: +27 11 779 1540

Fax: +27 11 779 1341

E-mail: cheryl.munitich@arm.co.za

Auditors

External auditors
Ernst & Young Incorporated
Internal auditors
KPMG

Bankers

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

Sponsors

Deutsche Securities SA (Proprietary) Limited

Transfer secretaries

Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg 2001

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000

Fax: +27 11 688 5222

E-mail: web.queries@computershare.co.za

Website: <http://www.computershare.co.za>

Directors

P T Motsepe (Executive Chairman)
A J Wilkens (Chief Executive Officer)
F Abbott*
M Arnold

Dr M M M Bakane-Tuoane**
A D Botha**
J A Chissano (Mozambican)**
W M Gule

M W King**
A K Maditsi**
K S Mashalane
J R McAlpine**

L A Shiels
Dr R V Simelane**
J C Steenkamp
Z B Swanepoel**

* Non-executive ** Independent Non-executive



www.arm.co.za