



We do it better

**SUSTAINABILITY
REPORT
2015**

ABOUT THIS REPORT

The African Rainbow Minerals Limited (ARM or the Company) 2015 Sustainability Report provides additional context and detail for the sustainability sections included in the ARM Integrated Annual Report 2015. It covers our sustainable development policies, practices and performance for the 12-month period from 1 July 2014 to 30 June 2015 (F2015). However, information regarding the Mining Charter Scorecard reports and TB infection and cure rates is disclosed for the calendar year ending 31 December 2014, in line with the legislation regulating these disclosures.

This report aims to provide relevant disclosures that meet the information needs of existing and prospective stakeholders, as well as socially responsible investment analysts and investors.

REPORTING GUIDELINES

The information in this report has been prepared and presented in accordance with the Global Reporting Initiative's (GRI) G4 Guidelines (CORE) application level and its Mining and Metals Sector Disclosures. It also meets with the member requirements of the International Council on Mining and Metals (ICMM).

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All monetary values in this report are given in South African Rands unless otherwise stated.

Rounding of figures may result in computational discrepancies on management and operational review tabulations.

INDEPENDENT ASSURANCE

Independent third-party assurance on this report and certain sustainability information has been provided by Gilden Assurance according to the AccountAbility AA1000AS guidelines (assurance Type II, moderate). The approach included a combination of content-based and indicator-based assurance.

Content-based assurance assesses the report's completeness in terms of GRI reporting requirements where assertions contained within the report are reviewed for the likelihood of being true (plausibility) and/or whether there is evidence to support them (supportability). Indicator-based assurance reviews the accuracy, completeness, consistency and reliability of data reported for selected sustainability indicators. Data verification was performed

at three operations (Two Rivers Platinum Mine, Beeshoek Mine and Black Rock Mine). The assurance engagement reviewed the reporting process and assessed the report against AccountAbility's guiding principles of inclusivity, materiality and responsiveness.

The full independent assurance statement is presented on pages 114 to 116 of this report.

REPORT BOUNDARY, BASIS FOR INCLUSION AND RESTATEMENTS

This report discloses information only for those operations over which we have direct joint management control. These are the operations that form part of the ARM Ferrous, ARM Platinum and ARM Copper Divisions. It excludes those operations, joint ventures and investments that we do not manage directly (ARM Coal and Harmony Gold) as well as projects that are in exploration, development or feasibility phases. This approach is consistent with the reporting boundary in the prior period.

We disclose sustainability information on a 100% basis (as if ARM owned 100% of all operations) except for carbon emissions and where stated otherwise. Carbon emissions are disclosed on an attributable basis (in the proportion of the Group's shareholding in the operation), which aligns with our reporting of emissions data in our CDP submission.

For occupational health and safety statistics purposes, the average of 23 479 (those employees and contractors eligible for induction and/or medical surveillance and contributing to the safety statistics) is used as the "total workforce". The figure reported as total labour of 25 456 is the year end headcount recorded at 30 June 2015.

Due to changes in carbon footprinting guidelines, Scope 3 emissions disclosure categories have expanded considerably and are no longer comparable with prior disclosures. Scope 3 emissions are, therefore, not disclosed in this report but are available in the ARM CDP Report. Minor restatements of F2014 electricity and diesel consumption, and carbon emissions have been made due to refinements during external assurance of the CDP Report.

The ARM BBEE Trust dividend payment for F2013 was restated from R12 million to R26 million.

Slag produced in F2014 was incorrectly reported in last year's Sustainability Report and has been restated as discussed on page 90.

114 – 116 INDEPENDENT ASSURANCE STATEMENT

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STAKEHOLDER FEEDBACK FORM

CONTACT DETAILS

OUR SUITE OF REPORTS

All the reports are available on the ARM website, www.arm.co.za



The Integrated Annual Report



The Sustainability Report



The Mineral Resources and Mineral Reserves Report

REFERENCES



Integrated Annual Report 2015



Sustainability Report 2015

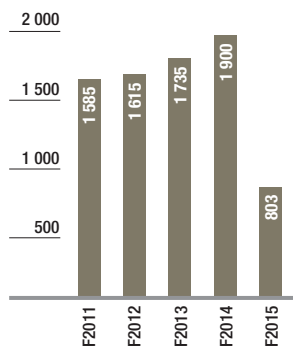


www.arm.co.za

OUR PERFORMANCE

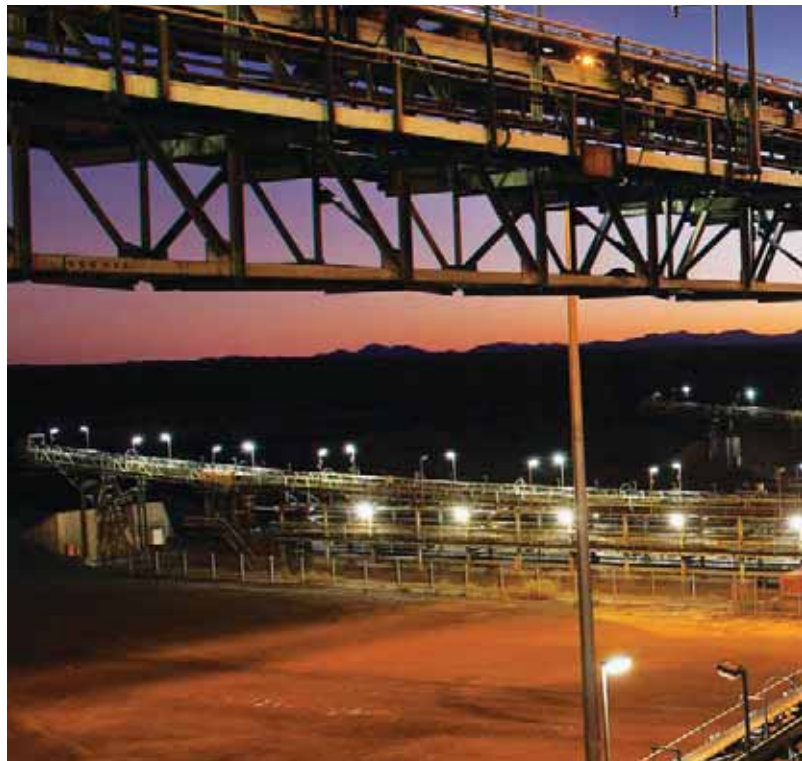
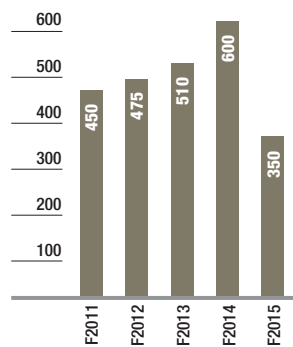
Headline earnings per share (cents)

↓ 58%

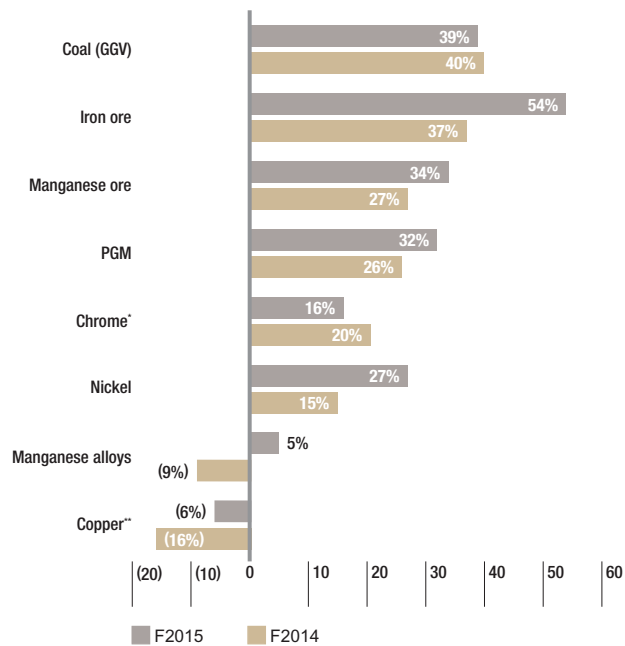


Dividends per share (cents)

↓ 42%

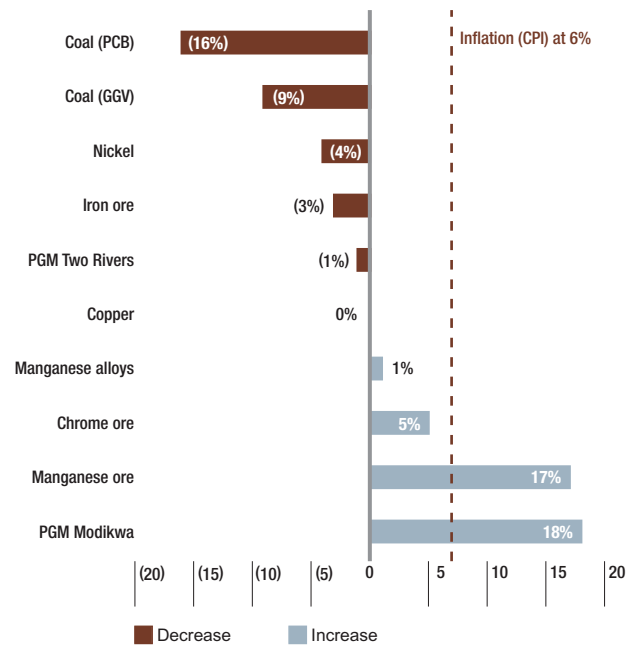


EBITDA margins by commodity



Unit cost performance

F2015 versus F2014 on-mine unit production costs



* The Chrome Division includes Dwarsrivier Chrome Mine which is reflected as a discontinued operation under the ARM Ferrous segmental information.

** At Lubambe Copper Mine a new revised mine plan was implemented from April 2015.



Safety LTIFR

↓ **0.35**
F2014: 0.37 per
200 000 man hours

Carbon footprint

Scope 1 and
2 attributable
emissions

↑ **1.4%**
F2015: 1.25 million tCO₂e
F2014: 1.23 million tCO₂e

Electricity usage

↑ **5%**
F2015: 2.10 million MWh
F2014: 2.05 million MWh

Water abstracted

↓ **6%**
F2015: 18.3 million m³
F2014: 19.4 million m³

Corporate Social Responsibility (CSR)

↓ **40%***
F2015: R169 million
F2014: R283 million

Top Employer

as certified by the CRF
Institute



ARM's financial position remains robust despite a significant decline in US Dollar commodity prices which was partially offset by a weaker Rand/US Dollar exchange rate.

Cash generated from operations increased to **R2 508 million** (F2014: R2 073 million). Dividend from Assmang was **R1 500 million** (F2014: R1 750 million).

Basic earnings were 97% lower at **R104 million** (F2014: R3 289 million) largely as a result of:

- impairments of **R292 million** after tax in ARM Ferrous;
- unrealised mark-to-market loss after tax on the Harmony investment of **R534 million**; and
- an attributable impairment adjustment at the Lubambe Copper Mine of **R784 million**.

Attributable segmental capital expenditure guidance for F2016 was reduced by **R500 million** (from R2 900 million to R2 400 million).

Lubambe Copper Mine plan revised to improve unit costs and mining efficiencies.

Additional uneconomical manganese alloy furnaces were placed on care and maintenance.

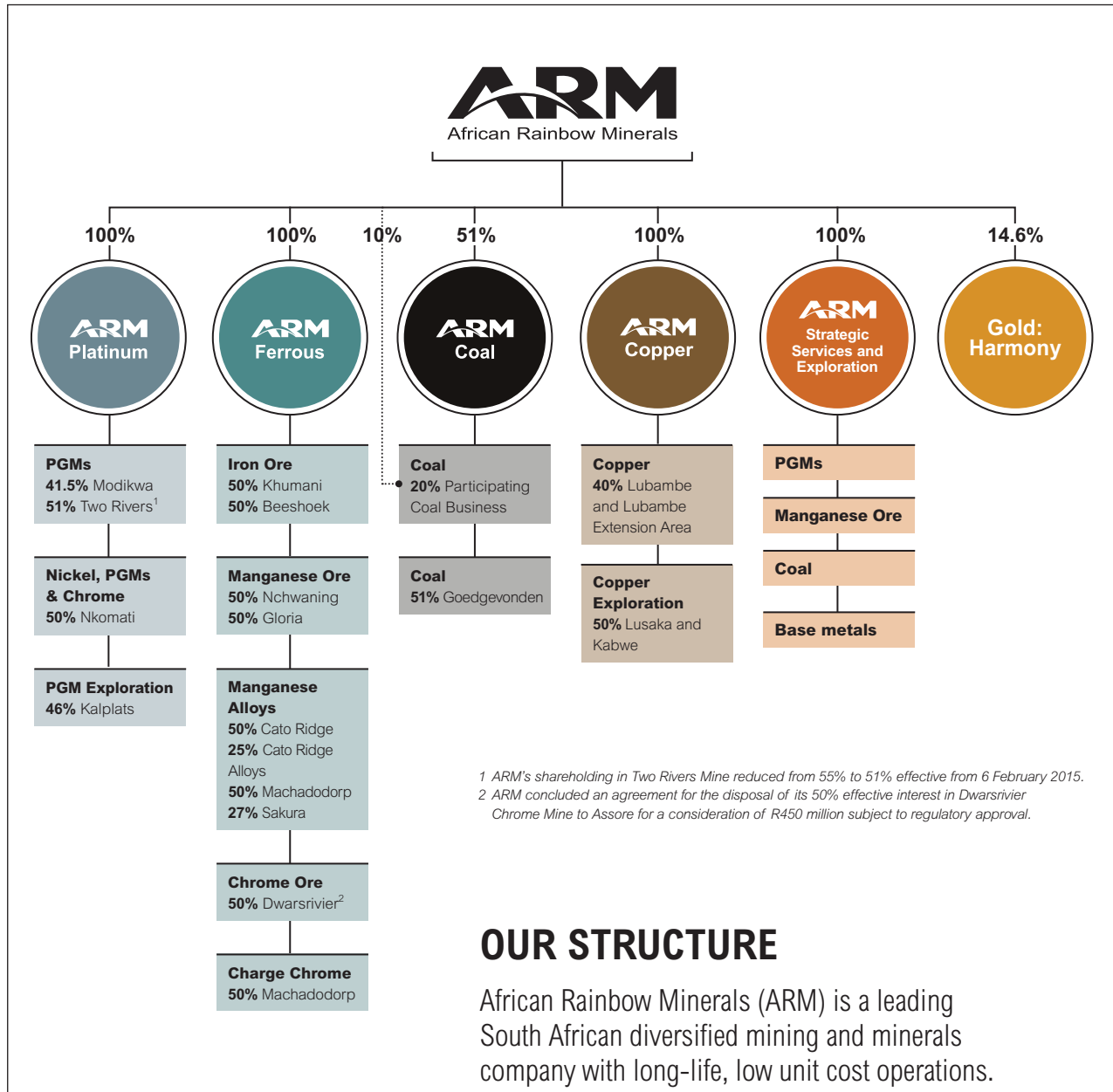
Disposal of ARM's 50% effective interest in Dwarsrivier Chrome Mine for R450 million was concluded subject to regulatory approval.

Continued improvement in the implementation of HIV & Aids and Tuberculosis (TB) management programmes.

Overall employment equity performance is ahead of 2014 Mining Charter targets.

* The F2014 investment in CSR included non-recurring expenditure relating to the Lubambe Mine housing relocation project.

ABOUT ARM



OUR STRUCTURE

African Rainbow Minerals (ARM) is a leading South African diversified mining and minerals company with long-life, low unit cost operations.

ARM mines and beneficiates iron ore, manganese ore, chrome ore, platinum group metals, copper, nickel and coal. ARM also produces manganese and chrome alloys and has an investment in gold through its shareholding in Harmony.

OUR VALUES

Our “We do it better” management style is supported by values which guide the way we conduct business.

WORK RESPONSIBLY TO ACHIEVE THE BALANCE

between the economic, social and environmental aspects of our business, all of which are essential to the sustainability of our business.

AIM FOR OPERATIONAL EXCELLENCE

through continuous improvement and by employing a leading practice sustainable development framework to achieve our environmental and health performance targets and a safe, injury-free workplace.

PROVIDE A SAFE AND HEALTHY WORK ENVIRONMENT FOR ALL OUR EMPLOYEES

and remain an employer of choice by continually investing in our people.

MAINTAIN A NON- DISCRIMINATORY WORKPLACE

based on fairness and employment equity, fair labour practices and freedom of association which empowers our employees to contribute to the best of their ability, offers them rewarding career opportunities and in so doing support transformation in the South African mining industry.

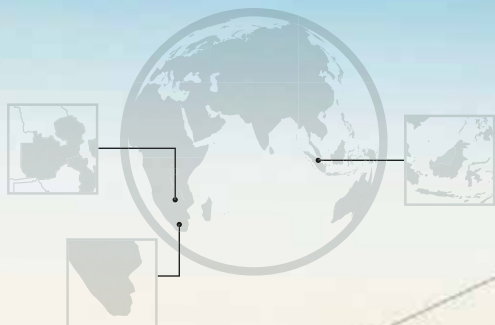
IMPROVE THE LIVES OF THOSE LIVING IN COMMUNITIES WHERE WE OPERATE

by creating jobs, investing in projects that directly benefit them, providing skills training to community members that equip them for employment and supporting enterprise development in these communities.

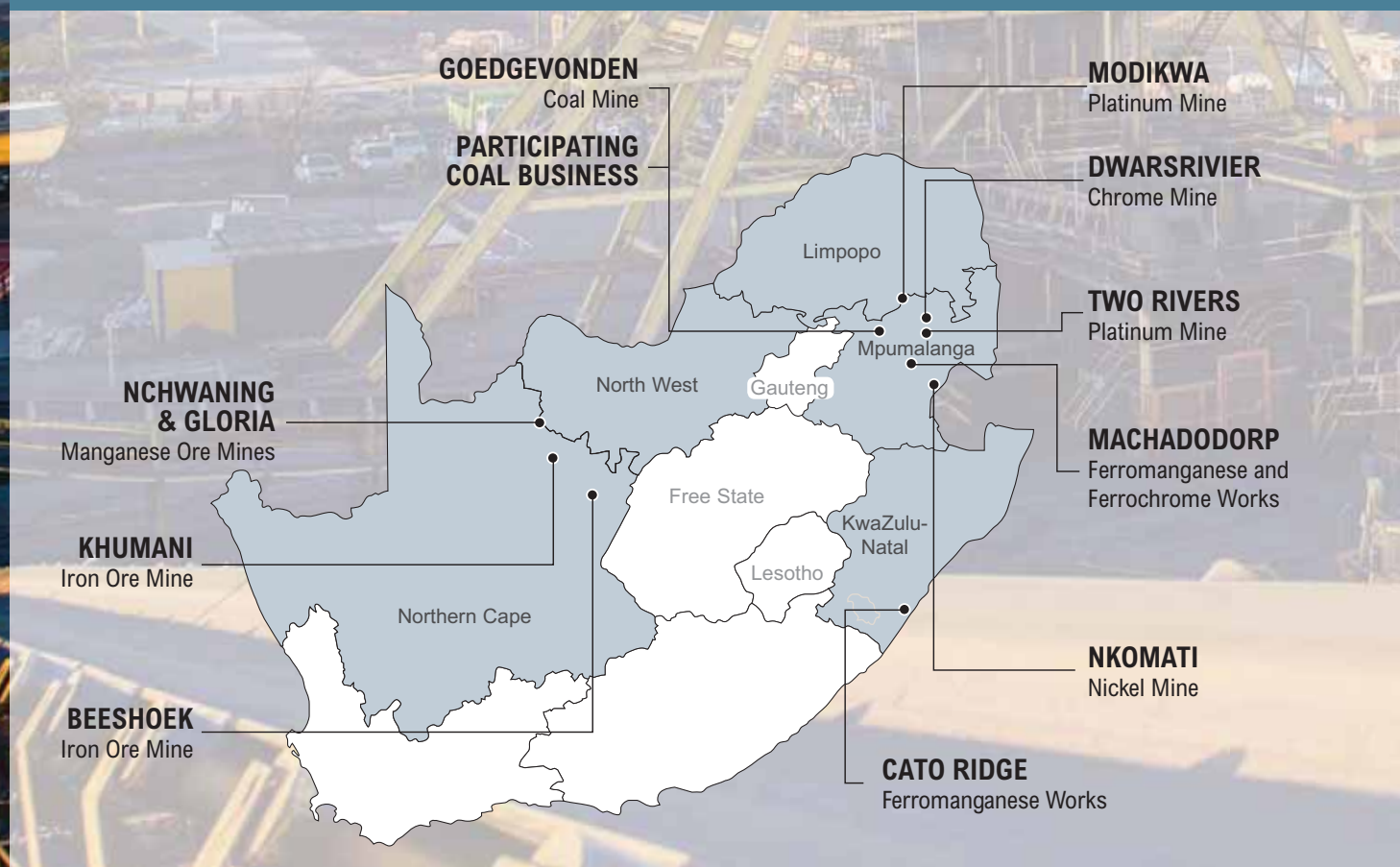
We do it better

Bucket excavator at Khumani Iron Ore Mine

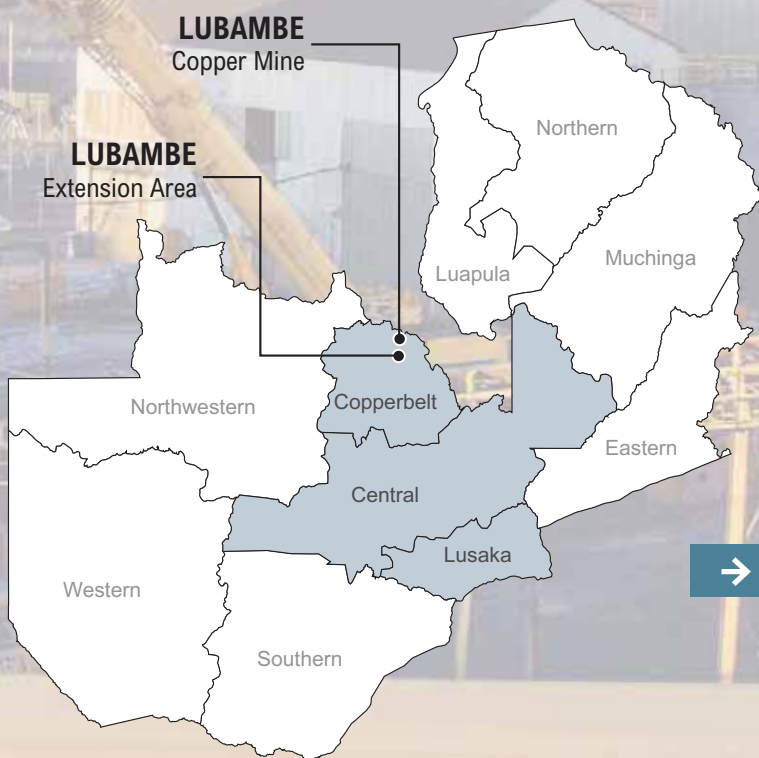
WHERE WE OPERATE



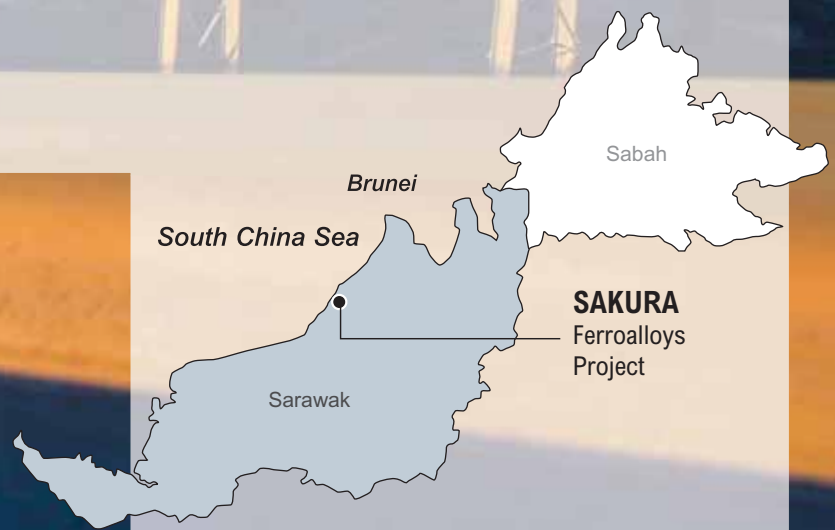
→ SOUTH AFRICA



→ ZAMBIA



→ MALAYSIA



OUR BUSINESS MODEL AND HOW WE CREATE VALUE

INPUTS

FINANCIAL CAPITAL

- Assets
- Cashflow from operations
- Funding, cash balances and liquidity management
- Capital allocation and dividends

HUMAN CAPITAL

- People
- Safety and health
- Workforce planning
- Talent and performance management
- Human resource development
- Investment in people through training and benefits

NATURAL CAPITAL

- Minerals
- Land
- Electricity
- Water
- Biodiversity

SOCIAL AND RELATIONSHIP CAPITAL

- Relationships with host communities
- Relationships with employees and organised labour
- Supplier relationships
- Ethics and values
- Relationship with government and regulators

INTELLECTUAL CAPITAL

- Management and employee experience and expertise
- Mining rights
- Risk management processes
- Information Technology systems
- Research and development
- Brand and reputation

MANUFACTURED CAPITAL

- Above and below ground mining infrastructure
- Mineral resources and reserves
- Mining equipment

BUSINESS MODEL

EXPLORATION



EXTRACTION



PROCESSING



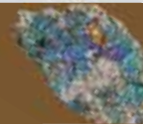
ARM
Platinum



ARM
Ferrous



ARM
Copper

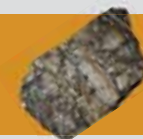


ARM
Coal



ARM
Strategic Services
and Exploration

Gold:
Harmony



CONCENTRATION





Underground mining at Two Rivers Platinum Mine

OUTPUTS



FINANCIAL CAPITAL

Dividends paid to shareholders
F2015: R1.3 billion

Payments to other finance providers
F2015: R0.2 billion

Reinvestment in the operations
F2015: R3.3 billion spent on capital expenditure

Taxes and royalties paid
F2015: R1.3 billion



HUMAN CAPITAL

Salaries and wages paid to employees
F2015: R3.6 billion

Expenditure on employee training
F2015: 8.3% of payroll

Jobs created
F2015: 3% increase in total labour (including contractors)

Safe and healthy work environment
F2015: LTIFR of 0.35



NATURAL CAPITAL

Carbon emissions
F2015: 1.25 million tCO₂e

Improved efficiency in water use
F2015: 6% decrease to 18.3 million m³

Rehabilitation of land

Updated mineral resources and reserves

Responsible waste disposal



SOCIAL AND RELATIONSHIP CAPITAL

Investment in Corporate Social Responsibility
F2015: R0.2 billion

Supplier development F2015
Mining Charter targets on preferential procurement exceeded



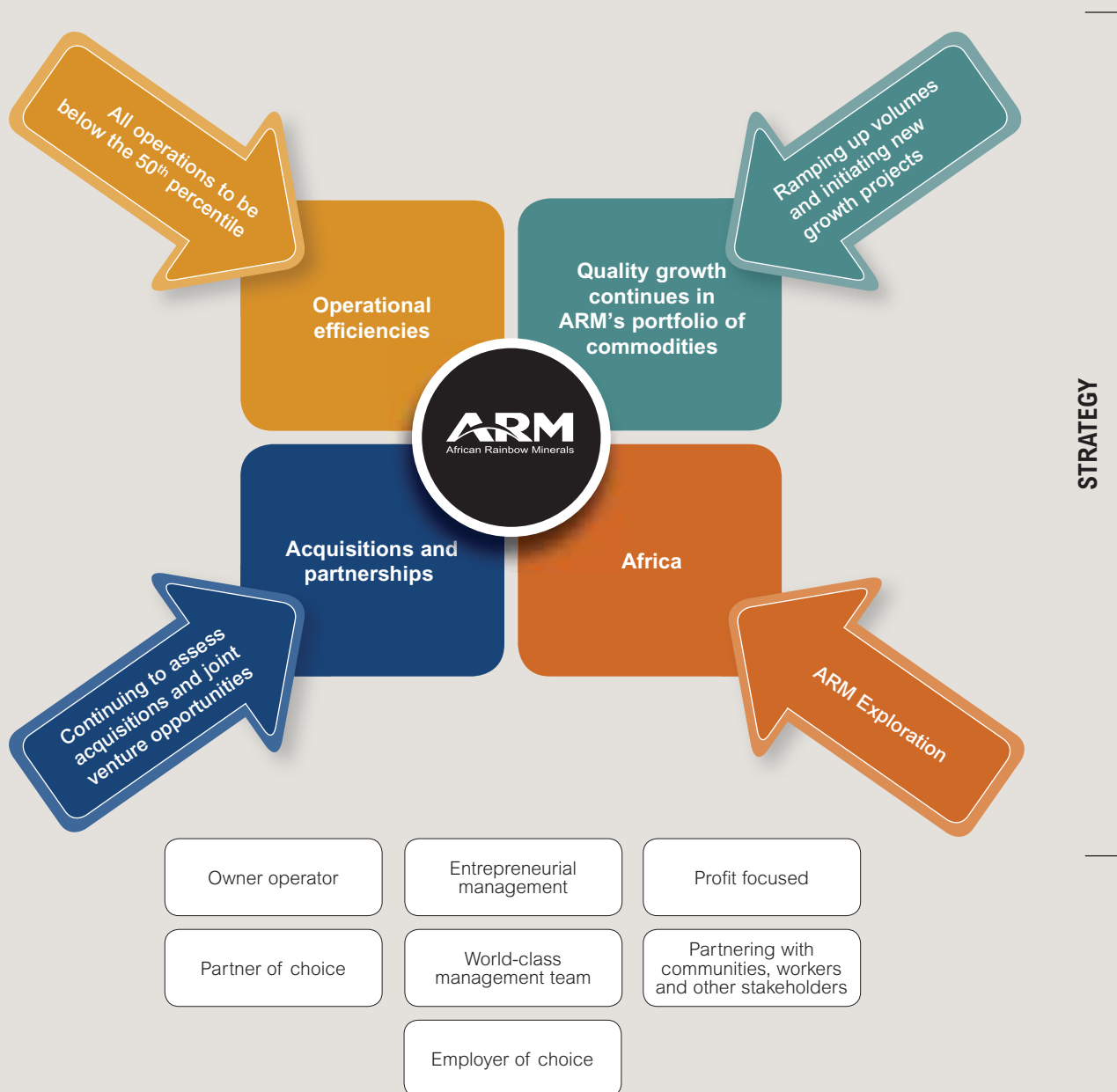
INTELLECTUAL CAPITAL

Mining rights converted to New Order Mining Rights

Experience and skills of employees

OUR STRATEGY

ARM's strategy focuses on quality growth in our existing portfolio of commodities, operational efficiencies, acquisitions and partnerships and exploration. The ARM Board of Directors provides strategic direction and leadership, monitors implementation of business and strategic plans and approves the capital funding for these plans.



OUR STRATEGIC OBJECTIVES AND HOW WE HAVE PERFORMED AGAINST THEM

Operational efficiencies

Objective

ARM's target is that all its operations should be positioned below the 50th percentile of each commodity's respective global cost curve. ARM strives to continuously improve productivity at all its operations through technology, mining and processing efficiencies and continuous training.

Performance in F2015

- Below inflation unit cost increases were achieved at all ARM's operations with the exception of the Modikwa and Black Rock mines.
- All ARM's operations are currently positioned below the 50th percentile of the respective global cost curves with the exception of the Lubambe Copper Mine and Cato Ridge Ferromanganese Works.
- A review of the manganese alloy business was completed and additional manganese alloy furnaces were closed in the financial year under review. Only three furnaces are operating at Cato Ridge Works.
- A revised mine plan was implemented from April 2015 at the Lubambe Copper Mine. The revised plan resulted in an improvement in the unit cost performance in the last quarter of the financial year under review.

Quality growth continues in ARM's portfolio of commodities

Objective

Ramping up volumes and initiating new growth projects.

Performance in F2015

- ARM is currently ramping up production at the Lubambe Copper Mine. As part of the revised plan, steady state production of 45 000 tonnes per annum has been deferred to F2019.
- The Sakura Ferroalloys Project is progressing on schedule and within budget. Steady state production of 170 000 tonnes of manganese alloys is expected in F2017.
- Given challenging global commodity market conditions capital expenditure is currently focused on sustaining production volumes and improving plant and mining efficiencies.

Acquisitions and partnerships

Objective

ARM is committed to being a partner of choice and exploring and assessing acquisitions and joint venture opportunities.

Performance in F2015

- In the financial year under review ARM acquired Tamboti Platinum (Pty) Limited (Tamboti), for a consideration of R400 million. Tamboti is the holder of a mining right over the property adjacent to Two Rivers Mine. ARM is in discussions with Implats to incorporate Tamboti into Two Rivers.
- Portions of the Buffelshoek, Kalkfontein and Tweefontein farms were added to the Two Rivers mining area.
- As a result of the above, the Two Rivers life of mine was extended by approximately 30 years.

Exploration

Objective

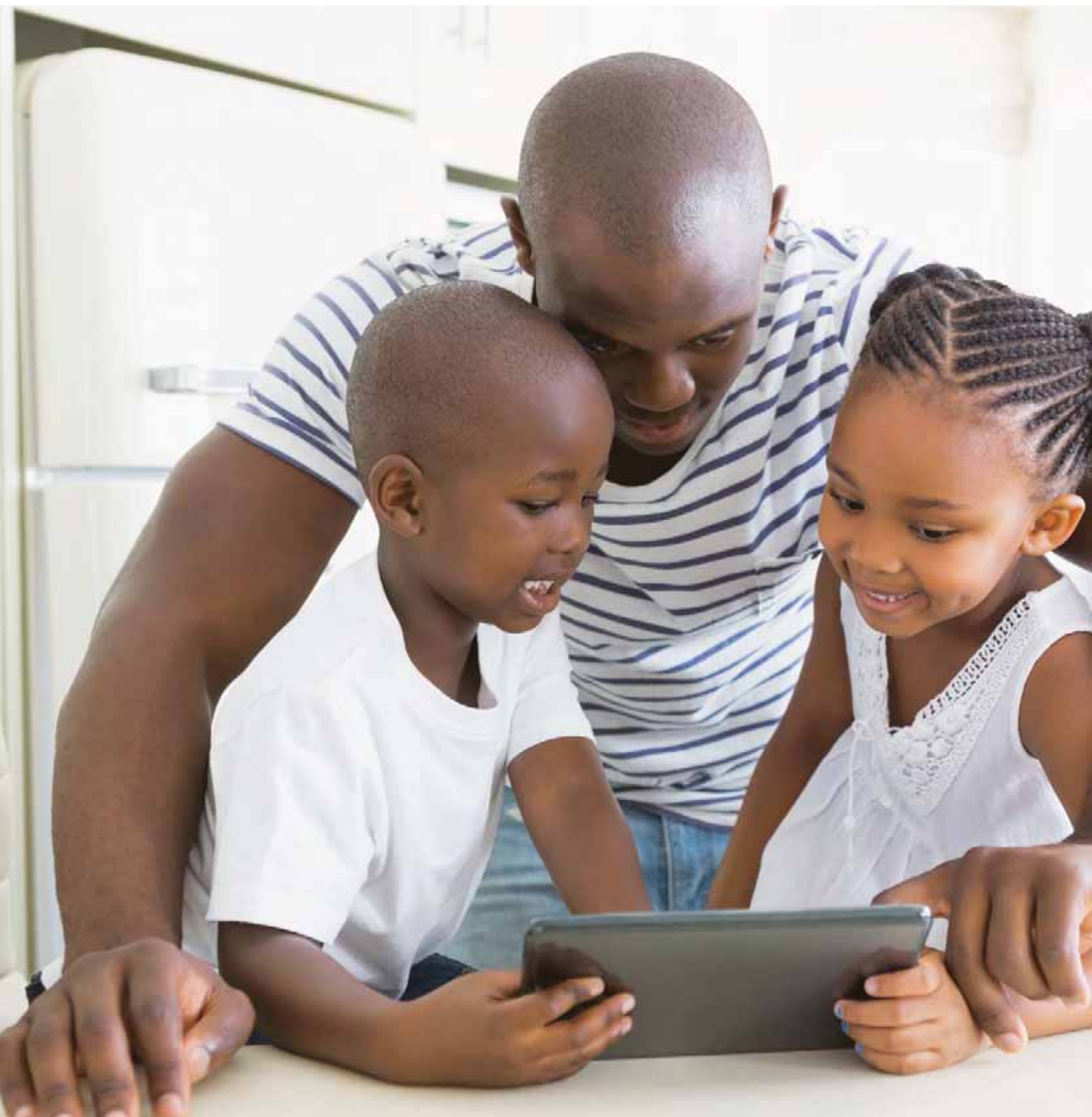
ARM actively pursues new mineral opportunities based on the commodities within ARM's current portfolio focussing on PGMs and base metals (especially copper and nickel sulphides) as well as high-quality manganese and coal opportunities.

Performance in F2015

- ARM continued with exploration work in Northern Mozambique to the end of March 2015 when the agreement with Rovuma Resources Limited expired.
- Exploration expenditure has been curtailed consistent with challenging commodity markets.

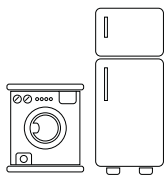
HOW OUR PRODUCTS MAKE A DIFFERENCE

The unique characteristics of metals make them an indispensable part of the foundation of modern civilisation. The strength and durability of metals, combined with the relative ease with which they can be shaped and recycled, makes them ideal for the manufacture of a wide range of products, including appliances, motor vehicles, railways, aircraft, ships and space ships.





METALS, MINERALS AND INDUSTRY



Metals are excellent conductors of heat and are used in refrigerators, air conditioners and heating systems. Their ability to conduct electricity efficiently makes them central to power transmission from power stations to homes and factories, and they carry energy that flows within the electric motors that power our lives.



METALS AND THE FUTURE



Metals play an important role in the advanced technologies that are emerging to create a more environmentally and socially responsible future. Modern steel is produced more efficiently, is stronger and lighter than before and due to its recyclability is more environmentally friendly over the full life cycle than alternative structural compounds that cannot be recycled efficiently or that end up in landfill. Copper is at the heart of the telecommunication networks and devices that connect society. Copper also plays a key role in renewable energy generation from the power of the sun, tides and wind.



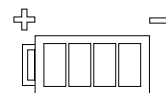
IRON ORE, MANGANESE AND NICKEL



The iron ore, manganese and nickel ARM produces are used to make steel. Steel and copper can be recycled repeatedly and easily repurposed without losing their essential properties and performance. Recycling also reduces waste generation, uses less energy and water, and produces fewer greenhouse gas emissions than producing metals from newly mined ore.



PGMs IN THE AUTOMOTIVE INDUSTRY



The platinum group metals (PGMs) in catalytic converters convert over 90% of hydrocarbons, carbon monoxide and oxides of nitrogen in motor vehicle exhaust fumes into less harmful carbon dioxide, nitrogen and water vapour. PGMs, therefore, play a critical role in reducing environmentally harmful emissions to meet the increasingly stringent global emissions legislation, led by Europe and North America.

PGMs also play a role in other promising green technologies such as fuel cells. Fuel cells convert hydrogen and oxygen into electricity, with water being the only emission from the process. With several of the major car manufacturers releasing fuel cell vehicles for sale in developed markets, fuel cell technology provides an emerging alternative to conventional combustion engines and stationary power systems.



COAL AND THE NEED FOR CONTINUOUS ELECTRICITY SUPPLY



While coal-driven power stations create large amounts of carbon emissions and renewable energy is seen as the way of the future, coal is likely to remain an important source of energy until alternative technologies can meet the needs of developing economies in sufficient quantities and at competitive prices.

EXECUTIVE CHAIRMAN'S REPORT

“ARM’s financial position remains robust despite a significant decline in US Dollar commodity prices. Very good unit cost control was achieved at most operations.”

Patrice Motsepe

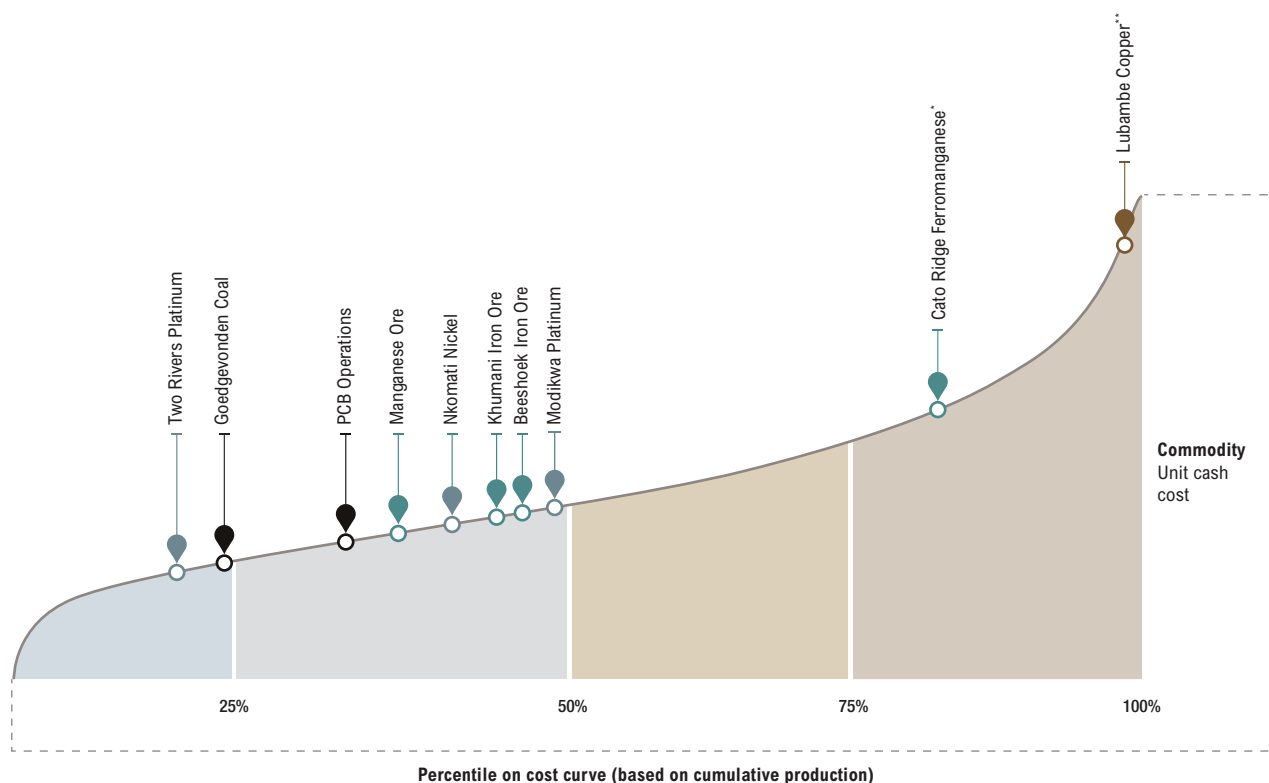
Patrice Motsepe
Executive Chairman

DELIVERING IN CHALLENGING TIMES

The global mining industry faced considerable headwinds in the financial year under review as commodity prices came under pressure mainly due to oversupply of many of the commodities we produce. The lower US Dollar prices for iron ore, manganese ore, thermal coal, platinum, nickel and copper were only partially offset by the 11% weakening of the Rand versus the US Dollar.

It is against this backdrop that ARM’s headline earnings for F2015 decreased by 58% to R1 744 million (F2014: R4 108 million). Despite the decline in headline earnings ARM paid a ninth consecutive annual dividend of 350 cents per share. In the financial year under review we distributed R3.6 billion as salaries and wages to our employees; R1.3 billion was paid as taxes and royalties and R1.3 billion was paid to shareholders as dividends.

ARM'S OBJECTIVE IS THAT ALL OPERATIONS SHOULD BE BELOW THE 50TH PERCENTILE



* At Cato Ridge Works only three of the six furnaces are operating.

** At Lubambe Copper Mine a new revised mine plan was implemented from April 2015.

Commodity prices are expected to remain low in the short to medium term. ARM continues to focus on improving operational efficiencies, reducing unit costs and optimising cash. The company is well positioned to do well when commodity prices recover.

IMPROVING OPERATIONAL EFFICIENCIES AND REDUCING UNIT COSTS

ARM is committed to ensuring that all its operations are positioned below the 50th percentile of each commodity's global cost curve.

Two of ARM's operations, namely, Cato Ridge Ferromanganese Works and Lubambe Copper Mine are currently positioned above the 50th percentile of the global cost curve. The ferromanganese operations have over the years moved up the global cost curve mainly as a result of above inflation cost escalations for electricity and labour. Together with our partners, Assore, we completed an extensive review of the long-term profitability of these operations and a decision was taken to place all the furnaces at the Machadodorp Works and three furnaces at Cato Ridge Works on care and maintenance.

The Lubambe Copper Mine has experienced a number of operational challenges as part of its ramp up. A revised plan was

implemented in the latter part of the financial year to improve unit costs and mining efficiencies. The revised plan places the South Limb mining area on temporary care and maintenance with ramp up to full production of 45 000 tonnes per annum being deferred to F2019.

Our continued focus on cost reduction yielded very good results at all operations during the financial year, with the exception of Modikwa Mine and Black Rock Mine.

Unit production cost increases at the manganese ore operations were above inflation mainly due to lower production volumes, labour cost increases, ageing infrastructure and greater hauling distances. The Black Rock Project, is focused on upgrading the manganese ore operations and will address these challenges and also improve the mine's ability to exploit the high-grade resource in the Nchwaning mining area. Black Rock Mine is also in the process of right-sizing its labour complement and is engaged with employees and trade unions in a Section 189 process under the Labour Relations Act.

At Modikwa Mine unit production costs were 18% higher as a result of lower production volumes. A recovery plan is being implemented at Modikwa which is aimed at improving operational and labour efficiencies.

About ARM: Executive Chairman's report continued

OPTIMISING OUR PORTFOLIO

ARM continues to review its portfolio of assets to ensure that the Company invests in quality assets and in commodities that have attractive long-term fundamentals.

We were therefore pleased to announce a significant extension to the Two Rivers life of mine in March 2015. The Two Rivers life of mine was increased by approximately 30 years by:

- the inclusion of portions of Buffelshoek, Kalkfontein and Tweefontein farms into the Two Rivers mining area as the previously outstanding transfer of the prospecting right from Implats to Two Rivers was finalised. As a result ARM's shareholding in Two Rivers reduced from 55% to 51% with effect from 6 February 2015.
- ARM's acquisition of Tamboti Platinum (Pty) Ltd, the holder of a mining right over a property adjacent to Two Rivers Mine for a consideration of R400 million. Based on previous drilling results available, this acquired property adds approximately 7.45 million ounces to the Two Rivers resource. We are in discussions with Implats to incorporate Tamboti into the Two Rivers mine.

On 25 June 2015 ARM announced the conclusion of an agreement to dispose of its 50% effective interest in Dwarsrivier Mine to Assore for a consideration of R450 million. Competition Commission approval has been obtained for the transaction. The remaining condition precedent for completion of the transaction is the transfer of the Dwarsrivier mining right to Assore in terms of the Mineral and Petroleum Resources Development Act No. 28 of 2002.

The current commodity environment continues to present opportunities for consolidation and ARM is assessing value accretive acquisitions and partnership opportunities on an ongoing basis.

INVESTING PRUDENTLY IN OUR OPERATIONS

The F2015 attributable capital expenditure (on a segmental basis) of R3 326 million was in line with previous guidance and was approximately R400 million higher than F2014, mainly as a result of increased waste stripping costs at Nkomati Mine and expenditure on upgrading infrastructure at the Black Rock and Modikwa operations. All planned capital expenditure has been reviewed to reduce or defer capital expenditure, without compromising the long-term sustainability of operations.

Attributable capital expenditure guidance for F2016 (on a segmental basis), which was previously R2 900 million, has been reduced by R500 million to R2 400 million. The lower guidance for F2016 is approximately R1 billion lower than the expenditure in F2015 in response to the lower commodity price environment.

DIVIDENDS

As a globally competitive company ARM is committed to paying dividends while funding efficiency improvements and sustaining production. The ARM Board declared an annual dividend of 350 cents per share in respect of the year ended 30 June 2015 (F2014: 600 cents per share).

SAFETY

We are committed to pursuing a goal of zero harm. It is pleasing to report that ARM's Lost Time Injury Frequency Rate (LTIFR) improved by 5% from 0.37 in F2014 (per 200 000 man hours) to 0.35 in F2015. The number of Lost Time Injuries (LTIs) decreased from 106 in F2014 to 103 in F2015.

Despite our ongoing efforts to ensure that the highest safety standards are maintained, it is with deep regret that I report that on the 12th of April 2015, two Khumani Mine employees were fatally injured in an accident. The Board and the management extends their sincere condolences to the family, friends and colleagues of the deceased. Any loss of life is unacceptable and we continue to strive for zero harm.

PARTNERING WITH OUR EMPLOYEES

Our employees are at the centre and at the heart of everything we do. ARM continues to strive to be an employer of choice and to create a safe and healthy work environment.

The diverse, multi-racial and multi-ethnic nature of our workforce benefits and enriches our Company. With this understanding, it is encouraging to note that during the year our employment equity in management increased to 51%, exceeding the Mining Charter target of 40%.

ARM has introduced several initiatives focussed on securing future skills. These include a graduate development programme and several socio-economic development programmes, which aim to improve Maths and Science in the communities in which we operate. ARM's skills development programmes include training courses, learnerships, internal and external bursaries and study assistance. Total investment in skills development during F2015 increased to R232 million from R196 million in F2014.

OUR COMMITMENT TO OUR STAKEHOLDERS

ARM's commitment to being a responsible corporate citizen drives our support of the development of the communities in which we operate through social investment and local economic development projects. These initiatives aim to build capacity in communities and prioritise women, HIV and Aids projects, the upliftment of people living with disabilities, youth and the socially destitute. During the year, R169 million was invested through our Corporate Social Investment (CSI), Local Economic Development (LED) and Social Labour Plan (SLP) projects.

In addition, as part of our commitment to the broader South African communities, the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust) has distributed R120 million since inception to a broad base of poor and historically disadvantaged beneficiaries, including rural and women's upliftment trusts, church groups and trade unions. The ARM BBEE Trust works in close collaboration with traditional and local community leaders to ensure that initiatives undertaken by the rural upliftment trusts are those that have been identified by the local communities as being the most beneficial developmental and upliftment projects.

PURSUING ENVIRONMENTAL GOOD PRACTICES

We consistently seek to minimise the impact of our operations on the environment. As a member of the International Council on Mining and Metals (ICMM), ARM is committed to implementing good practice in relation to protecting and conserving the environment and rehabilitating the land where we operate our mines.

Our principal focus areas include responsible water management, climate change, biodiversity and the efficient utilisation of energy to reduce our carbon emissions.

THE SOUTH AFRICAN MINING INDUSTRY

The current challenges in the global mining environment together with local pressures, including but not limited to labour unrest create a challenging environment for South African mining companies. South Africa however remains an important part of the global mining industry and a significant and strategically important sector of the South African economy. The South African mining industry currently contributes approximately 7.6% to the country's GDP, 21% to exports and directly employs approximately 500 000 people. A further 800 000 people are employed in indirect jobs by the industry. It is, therefore, imperative that the legislative, regulatory, tax and the overall governing dispensation of the mining industry continues to be globally competitive.

Government's commitment to creating a globally competitive mining and investment dispensation in South Africa has been consistently emphasised. On 31 August 2015, the South Africa's government, mining companies and labour unions adopted a 10-point plan to attempt to curb job losses in an industry where more than 11 700 people are at risk of losing their employment. The plan includes proposals to improve productivity, the re-skilling of workers and the transfer of employees between companies. This agreement, we believe, demonstrates the commitment of government, business and labour in securing the country's mining operations as attractive for local and foreign investment, whilst still doing the best for the country's broader socioeconomic development.

The differences in interpretation relating to the "once empowered, always empowered" principle should be resolved in a manner that will ensure the long-term global competitiveness and attractiveness of the South African mining industry.

At ARM, we are committed to continue working with government, labour and all stakeholders to ensure that the mining industry remains a competitive and attractive global investment destination.

GROWTH AND OUTLOOK

We expect commodity prices to continue being negatively impacted by the state of the global economy and by an oversupply of commodities in the short to medium term. Notwithstanding the continued absolute growth in China, concerns are that as the Chinese economy moves to becoming more consumer-led, demand for commodities in China could decline. The current oversupply of certain commodities is still, however, expected to be addressed by normal market supply/demand responses over the next two to three years. Until such time, the business environment for mining will remain challenging and US Dollar prices are expected to be low for longer in certain commodities.

We are confident that ARM's strategy of focussing on quality growth within our diversified portfolio and ensuring that all our operations are positioned below the 50th percentile of the global cost curve will continue to make ARM competitive and create value for its shareholders well into the future.

Our strategy is supported by our high standards of corporate governance, which we continue to review to ensure robust controls and alignment of our businesses with global best practice.

CHANGES TO THE BOARD

Earlier in the year we announced the resignation of Mr Dan Simelane as Chief Executive of ARM Copper and as an Executive Director of the Company, to pursue other interests. We would like to express our gratitude to Dan for his many years of service to ARM. Thando Mkatshana was appointed as the Chief Executive of ARM Copper and as an Executive Director of the Company with effect from 7 February 2015. Thando also retains his current role as Chief Executive of ARM Coal.

With effect from 2 March 2015, Dr Manana Bakane-Tuoane ceased to be the Lead Independent Non-executive Director of the Board and Chairman of the Nomination Committee and Chairman of the Non-executive Directors' Committee. The Board subsequently appointed her as Chairman of the Remuneration Committee. The Board conveys its appreciation to Dr Bakane-Tuoane for her leadership in these roles.

Mr Alex Maditsi, an Independent Non-executive Director of the Company was appointed as the Lead Independent Non-executive Director of the Board as well as the Chairman of the Nomination Committee and the Chairman of the Non-executive Directors' Committee. Applying the principles of King III, Mr Maditsi ceased to be the Chairman of the Remuneration Committee with effect from 2 March 2015.

CONCLUSION

I wish to extend my gratitude to our shareholders and all our other stakeholders for their continued support. We are extremely proud of the partnerships we have formed with our host communities, worker organisations, national and international governments, suppliers and joint venture partners. I am confident that through our continuous engagement we will navigate these challenging times successfully.

The ARM management team, under the leadership of Mike Schmidt, has continued to lead our organisation with insight and excellence. I wish to thank each and every employee for their hard work and sacrifices. I also wish to acknowledge the support and wise counsel of my fellow Board members. Their guidance and advice has been invaluable.

Mike Schmidt and the ARM management team have done a great job under a very challenging global environment.

Patrice Motsepe
Executive Chairman

15 October 2015



Mike Schmidt
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REPORT

“The ARM operations delivered strong operational results against a backdrop of challenging commodity markets.”

Mike Schmidt

The challenging operating environment for mining companies continued in F2015 and ARM responded by proactively reducing costs, improving operational efficiencies, curtailing capital expenditure and addressing uneconomic operations. Despite the necessary increased focus on operational performance and financial sustainability, ARM remains committed to continuing its strong environmental and social performance. We believe these aspects are integral to the Company's long-term sustainability and critical for ARM to be able to continue to create value for our broader stakeholders.

ARM's fundamental goal is to generate financial returns for shareholders, investors and other providers of capital. This economic imperative is balanced with a responsible approach to the environmental and social aspects of our business to ensure that all our stakeholders benefit from the value created by the business.

OPERATIONAL PERFORMANCE

The focus on improving efficiencies delivered strong operational results in the financial year under review with unit production cost increases below inflation at most of our operations. We continue to critically review operational plans and evaluate opportunities to reduce costs, particularly at the manganese operations, Modikwa Mine and Lubambe Copper Mine. Initiatives underway include right-sizing the labour complement, improving equipment utilisation, enhancing labour productivity and increasing mining and processing efficiencies. All four furnaces at Machadodorp Works are now under care and maintenance and only three furnaces are operating at the Cato Ridge Works.

Our absolute focus remains on maintaining a competitive cost position for each of our operations and all divisions are encouraged and incentivised to continually strive to improve operational efficiencies to mitigate above-inflation cost increases.

FINANCIAL PERFORMANCE

The significant decline in US Dollar commodity prices, although partially offset by a weaker Rand/US Dollar exchange rate and a solid operational performance at most operations, led to a 39% decrease in wealth created for ARM's stakeholders to R7.2 billion (F2014: R11.8 billion). Cash generated by operations increased 21% to R2.5 billion (F2014: R2.1 billion). R3.6 billion of value created was distributed to employees as remuneration, R1.3 billion to the State as taxes and R1.3 billion to providers of capital as dividends.

The Group allocated R3.3 billion to capital expenditure in F2015. Planned capital expenditure has been reviewed to reduce capital without compromising the long-term sustainability of our operations. Our F2016 capital expenditure guidance has been reduced from R2.9 billion to R2.4 billion, most of which will be spent on maintaining current production volumes and improving operational efficiencies.

ARM's financial position remains robust, with cash and cash equivalents at year end amounting to R2.3 billion (F2014: R2.2 billion), with a further attributable R2.5 billion (F2014: R3.0 billion) held at ARM Ferrous (50% of Assmang).

HUMAN CAPITAL

ARM's ability to execute on its strategy depends on the Group's ability to attract, develop and retain the necessary skills in the workforce. Ensuring the safety and health of our employees safeguards a critical asset of the Company and builds trust with one of our most important stakeholder groups.

ARM is committed to operating in a safe and responsible manner and is constantly working towards zero harm for our employees. Within the deeply regrettable context of the two tragic fatalities at Khumani Mine on 12 April 2015, there were nevertheless numerous commendable safety achievements in the Group during F2015:

- ARM's number of Lost Time Injuries decreased from 106 in F2014 to 103 in F2015 and the Group's Lost Time Injury Frequency Rate decreased to 0.35, the lowest rate ever for the Group (F2014: 0.37).
- On 22 August 2014, Beeshoek Mine was recognised for an outstanding achievement in safety at the annual Mine Safe Conference. This conference aims to bring various mining stakeholders together to share leading practices and successful strategies towards achieving "Zero Harm".
- On 31 August 2014, Nkomati Mine completed four million fatality-free shifts.
- On 5 September 2014, Two Rivers Mine completed two million fatality-free shifts and has been identified as an operation demonstrating leading practice in terms of the Chamber of Mines Mining Industry Occupational Safety and Health (MOSH) Hearing Conservation Programme.
- On 19 February 2015, Modikwa Mine achieved one million fatality-free shifts.
- Black Rock Mine received the safety award for the "Best Improved Mine" from the Department of Mineral Resources in the Northern Cape.
- Prior to the accident on 12 April 2015, Khumani Mine had achieved 4.8 million fatality-free shifts.

ARM invested 8.3% of payroll in skills development initiatives during F2015, with a particular focus on historically disadvantaged South Africans and women.

SOCIAL LICENCE TO OPERATE

ARM's legal licence to operate resides in its mining licences and these require the Group to demonstrate its commitment to transformation as defined in the requirements of the Mining Charter. Our social licence to operate requires a commitment to responsible and ethical business practices and positive relationships with stakeholders, particularly our host communities and government.

About ARM: Chief Executive Officer's report continued

With the exception of Beeshoek Mine, all of the mines met the requirements to be classified in the "Excellent Performance" category in terms of the Mining Charter. An administrative error in submission of the data led to Beeshoek achieving a lower score and this could not be rectified during the current reporting cycle.

ARM is committed to supporting the host communities around our operations through projects focused on infrastructure development, health and education, which are agreed with stakeholders in finalising and reviewing our Social and Labour Plans. Job creation and transformation are supported through our preferential procurement and enterprise development initiatives. ABET courses, bursaries, educational initiatives and youth skills development programmes extend skills development into local communities.

Community health initiatives supported by the Company include awareness and testing drives, health-focused corporate social investment initiatives and in the communities around our Northern Cape operations, improved access to treatment for HIV, TB and Sexually Transmitted Infections.

ENVIRONMENTAL STEWARDSHIP

Our "We do it better" management style and our pursuit of Zero Harm commit us to manage our impact on the environment in a responsible way. We recognise climate change as a key risk through a broad range of likely outcomes that have the potential to affect our operations.

Ensuring sustainable access to water for our mines in the Northern Cape and the communities around them is a material challenge and our operations continue to work closely with local municipalities and our industry peers to find a solution.

ARM's estimated Scope 1 and 2 attributable carbon footprint increased 1.4% to 1.25 million tCO₂e in F2015 and water abstracted decreased 6% to 18.3 million m³.

Our focus on improving operational efficiency includes identifying potential opportunities to increase energy efficiency, reduce water use and improve waste savings at site level.

OUTLOOK

While the short- to medium-term macro-economic outlook remains challenging, ARM continues to focus on improving the efficiency of its operations and the resilience of the business. Our operational focus remains on enhancing efficiencies and sustaining quality production, supported by our ethical and responsible business practices. We are committed to steering the Company through these trying times and remain focused on creating sustainable value for all our stakeholders.

I would like to take this opportunity to thank all ARM employees for their hard work and effort; it is this dedication that forms the basis of our long-term success. I also extend my heartfelt appreciation to our Executive Chairman and the Board for their guidance and support in the year gone by.

Mike Schmidt

Chief Executive Officer

15 October 2015



Milling section at Two Rivers Platinum Mine

OUR MOST MATERIAL MATTERS

Our most material matters are those risks, opportunities and other factors that could significantly impact our ability to create long-term sustainable value. These matters are continually monitored and evaluated to ensure that our strategy and day-to-day actions address each of them to achieve our strategic goals.

Our “We do it better” management style includes demonstrating our commitment to our goal of zero harm as it applies to our employees, our operations, and the communities and environment around us. Doing it better also means that the highest standards of ethical behaviour and corporate governance are entrenched in our structures and processes, and we are committed to ensuring that we comply with all legislation that applies to our activities.

HOW WE IDENTIFY AND PRIORITISE OUR MOST MATERIAL MATTERS

We identify our most material matters through our risk management processes, continuous review of internal performance and the external environment, and our stakeholder engagement initiatives, both formal and informal. The process is informed by good practice guidelines, internal performance monitoring and reviews, media monitoring, peer reporting, regulatory trends and the information shared in industry associations.

These matters are analysed and prioritised according to the significance of their potential impact on the Company and our key stakeholders, and are built into our strategy, governance frameworks, risk management system and operational management processes. This ranking also informs the information we report to stakeholders in our Integrated Annual Report, this Sustainability Report and through other channels.

We measure how well we are addressing or mitigating these challenges, and expanding the opportunities they may provide, through relevant key performance indicators. These are regularly reported to the Executive Committee, Board sub-committees and the ARM Board, and closely monitored through our risk management and integrated assurance processes.

This Sustainability Report categorises ARM's non-financial risks, opportunities and challenges according to the capitals that are chiefly affected by them – social and relationship capital, human capital and natural capital. In practice, each of these issues impacts the others and all of them critically affect our ability to generate a sustainable financial return over the long term.

Frameworks, reporting guidelines and good practice guidelines that inform our approach to sustainability and material matters include:

- The Johannesburg Stock Exchange (JSE) Socially Responsible Investment (SRI) Index;
- The Global Reporting Initiative (GRI);
- The ICMM Sustainable Development Framework;
- The Millennium Development Goals;
- The Chamber of Mines;
- The United Nations Declaration of Human Rights;
- The United Nations Global Compact (UNGC);
- The International Labour Organisation (ILO) Declaration Principles;
- The King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III);
- The Carbon Disclosure Project (CDP); and
- The International Integrated Reporting Council (IIRC) Integrated Reporting Framework.

OUR MOST MATERIAL MATTERS, RISKS AND OPPORTUNITIES

The table that follows shows ARM's most material matters, why these are important, to which stakeholders they relate, our performance this year and the strategy pillar to which they most closely relate. Failure to adequately address these matters could result in interruptions to business continuity. These could take the form of inadequate financial returns affecting the Company's ability to reinvest in future growth opportunities, regulatory stoppages due to compliance failures, reputational damage, interruptions to operations from extreme weather conditions, labour or social unrest.

We manage the risks associated with these material matters through our Enterprise Risk Management Process as described in the Risk Report on pages 166 to 176 of the 2015 Integrated Annual Report.



Operational performance

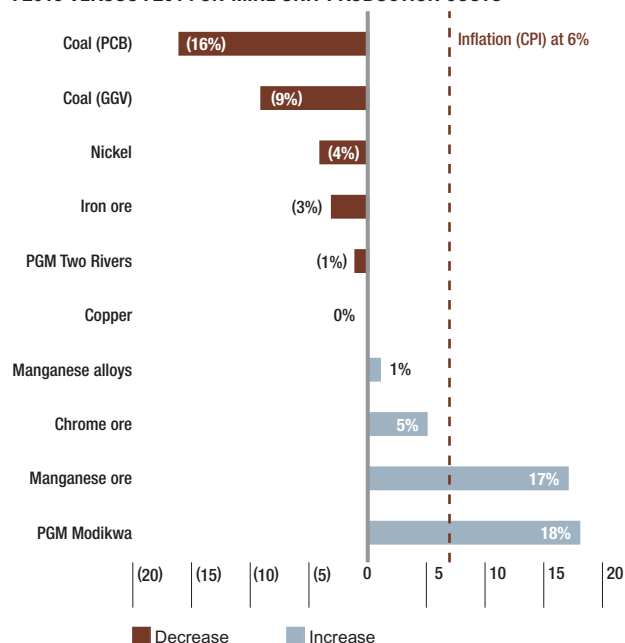
- Production
- Operational efficiencies
- Regulatory and legal compliance

Operational performance reflects how efficiently ARM's operations are able to mine and beneficiate metals and minerals. Strong operational performance relates not just to efficient production, but also to the safety and health of the workforce, managing environmental impact and complying with the applicable regulatory frameworks.

Controlling and reducing unit production costs is key in the current commodity price environment.

Stakeholders: Investors, JV partners, employees, trade unions and government.

F2015 VERSUS F2014 ON-MINE UNIT PRODUCTION COSTS



ARM operations delivered very good cost control with unit cost increases below inflation at all operations except Modikwa and Black Rock.

STRATEGY PILLAR: OPERATIONAL EFFICIENCIES

GRI MATERIAL ASPECTS: ECONOMIC PERFORMANCE, COMPLIANCE, OCCUPATIONAL HEALTH AND SAFETY

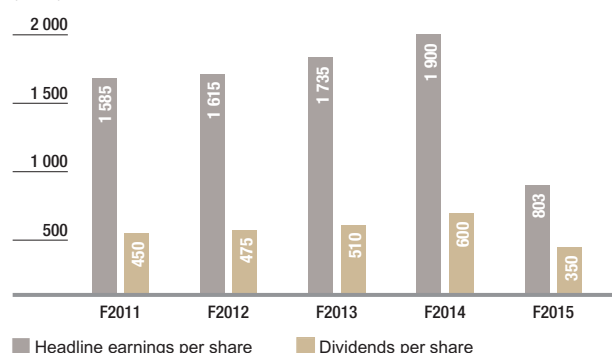
Financial performance

- Commodities – pricing and demand
- Rand/US\$ exchange rate
- Business and growth strategy
- Tax regime
- Continued cost escalations
- Infrastructure/logistics
- Capital allocation

ARM's primary imperative is to generate returns for providers of capital. In doing so, the Company has to negotiate a range of non-operational factors that are out of its ability to control.

Stakeholders: Investors, JV partners, suppliers, employees, trade unions, government, bankers, insurers and funders.

HEADLINE EARNINGS PER SHARE AND DIVIDENDS PER SHARE (cents)



Headline earnings per share decreased to 803 cents per share mainly as a result of lower US Dollar commodity prices. ARM paid a dividend of 350 cents per share.

STRATEGY PILLAR: OPERATIONAL EFFICIENCIES, PROFIT FOCUSED, ENTREPRENEURIAL MANAGEMENT

GRI MATERIAL ASPECTS: ECONOMIC PERFORMANCE

Our most material matters continued

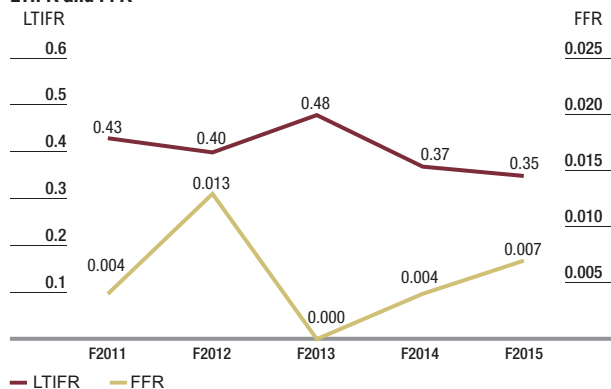
Human capital

- Safety and health
- Attraction and retention of key skills
- Skills development
- Employment equity
- Labour relations

ARM's more than 25 000 employees and contractors are critical to the success of the business in all areas. Their safety and health remain top priority. ARM needs to ensure that it can attract, retain and develop the critical skills necessary to execute its strategy. Maintaining good relationships with employees and trade unions is essential.

Stakeholders: Investors, JV partners, employees, trade unions and government.

LTIFR and FFR



Regrettably, there were two fatalities at Khumani Mine in April 2015 and the Group's Fatality Frequency Rate (FFR) rose to 0.007 per 200 000 man hours. The Lost Time Injury Frequency Rate (LTIFR) improved to 0.35.

STRATEGY PILLAR: EMPLOYER OF CHOICE

GRI MATERIAL ASPECTS: EMPLOYMENT, LABOUR/MANAGEMENT RELATIONS, OCCUPATIONAL HEALTH AND SAFETY, TRAINING AND EDUCATION, DIVERSITY AND EQUAL OPPORTUNITY, FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

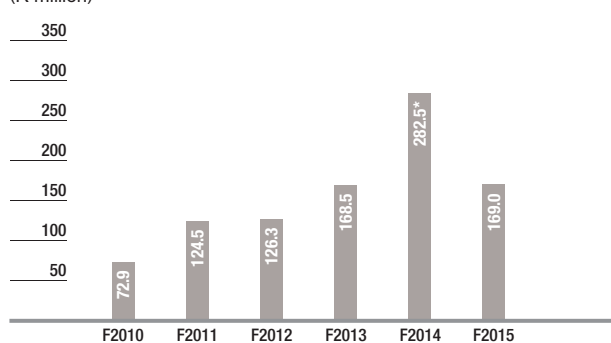
Social licence to operate

- Stakeholder engagement and relationships
- Transformation and the Mining Charter
- Corporate Social Responsibility
- Ethics and reputation
- Resource nationalism
- Socio-political instability

ARM is committed to respectful two-way engagement with stakeholders, investing to improve the living conditions in communities and contributing to the transformation of the South African mining industry.

Stakeholders: Investors, JV partners, employees, trade unions, government, communities, civil society, non-governmental organisations and customers.

CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE (R million)



* The F2014 CSR expenditure included non-recurring expenditure relating to the Lubambe Mine housing relocation project.

Corporate Social Responsibility spending, including Local Economic Development projects, decreased by 40% to R169 million.

Six of our seven mines scored over 80% against the Mining Charter targets.

STRATEGY PILLAR: PARTNERING WITH COMMUNITIES, WORKERS AND OTHER STAKEHOLDERS

GRI MATERIAL ASPECTS: INDIRECT ECONOMIC IMPACTS, PROCUREMENT PRACTICES, DIVERSITY AND EQUAL OPPORTUNITY, NON-DISCRIMINATION, LOCAL COMMUNITIES, ANTI-CORRUPTION, COMPLIANCE, FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

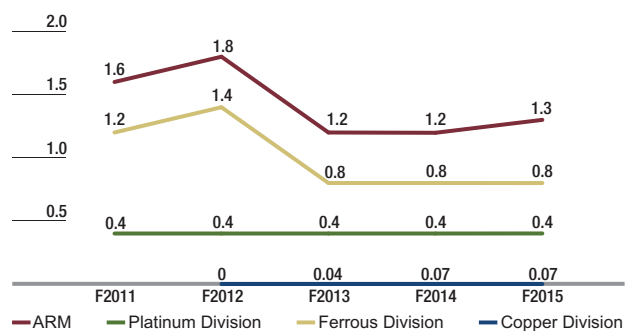
Environmental stewardship

- Climate change
- Energy
- Water
- Biodiversity

Climate change could have a significant impact on our operations and the local communities, particularly those in water-scarce areas. ARM is committed to improving its use of scarce resources, and to minimise its environmental impact.

Stakeholders: Investors, JV partners, government, communities, civil society, non-governmental organisations and customers.

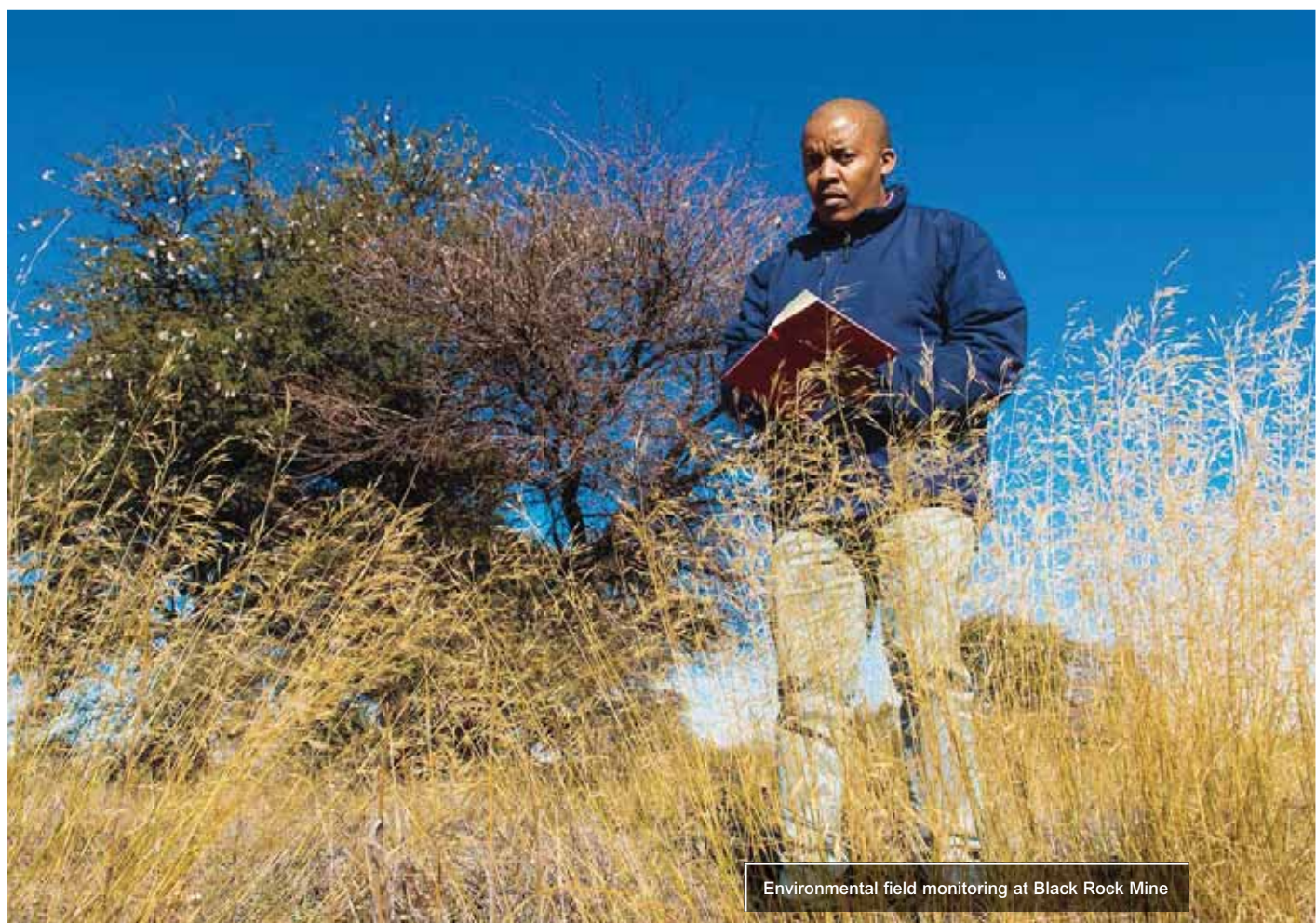
CARBON FOOTPRINT – ATTRIBUTABLE SCOPE 1 AND 2 (mtCO₂e)



ARM's attributable Scope 1 and 2 carbon footprint increased by 1.4% to 1.3 million tCO₂e.

STRATEGY PILLAR: OPERATIONAL EFFICIENCIES

GRI MATERIAL ASPECTS: COMPLIANCE, ENERGY, WATER, BIODIVERSITY, EMISSIONS, EFFLUENTS AND WASTE



Environmental field monitoring at Black Rock Mine

OUR KEY STAKEHOLDERS

Our ongoing interactions with our key stakeholders provide the broader context for the way we do business, shaping the long-term direction of the Group as our strategy is refined to take into account their legitimate concerns and expectations. We define stakeholders as any individual or group that has a material interest in or is affected by ARM.

We have formal and informal stakeholder engagement processes that help us to understand the key concerns of our stakeholders, address them appropriately and communicate our response and progress. The relevant functions within the Company engage with stakeholders at the corporate, divisional or operational level as appropriate to the stakeholder.

This section lists ARM's key stakeholders, their main concerns, how we address these and the channels through which we engage with particular stakeholder groups.

Shareholders, institutional shareholders and analysts

Issues raised: Growth, Cost reductions, Resource nationalism, Labour relations, Skills attraction, retention and development, Transformation, Dividends, Share price performance, Mineral rights conversions and mining licences

- ARM communicates with its stakeholders in a transparent, comprehensive and objective manner.
- ARM's Investor Relations Department communicates with institutional shareholders, the investment community and the media.
- ARM holds discussions with JV partners and management to raise awareness of the concerns and expectations of analysts and fund managers.
- Regular meetings, promoting open communication and transparency.
- Summaries of the decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings.

HOW WE ENGAGE

- Annual General Meeting.
- A comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts.
- One-on-one meetings with institutional investors in South Africa and internationally.
- Roadshows after interim and provisional results.
- Conferences.
- ARM's website provides updates on the Company's operations, financial performance and other information.

Bankers, insurers and funders

Issues raised: Liquidity, Solvency, Funding and Insurance management

- ARM ensures that its financial position is managed responsibly to meet its financial needs.
- Operations are protected by a comprehensive insurance programme.

HOW WE ENGAGE

- Ongoing maintenance of relationships through meetings and general discussions with bankers and insurance managers.

Joint venture partners

Issues raised: Sustainable development, Financial performance, Equitable treatment

- ARM's strategy is to position itself as a partner of choice. ARM holds itself to the highest ethical and governance standards in dealings with all stakeholders, including joint venture partners.

HOW WE ENGAGE

- Ongoing management interaction during the ordinary course of business.
- Monthly executive management meetings.

Employees and organised labour

Issues raised: Remuneration, Training, Health and safety, Transformation

- ARM's Human Resources strategies aim to position ARM as an employer of choice, including maintaining good relationships with unions.
- ARM is committed to fair treatment and remuneration of its employees.
- ARM invests in skills development. Career-planning programmes are in place to help employees to develop to their full potential.
- ARM concludes recognition agreements with one or more unions where the required representation levels are reached.

HOW WE ENGAGE

- Annual performance reviews.
- Annual internal results presentation.
- Regular internal roadshows.
- Annual employee surveys.
- Company intranet and website.
- Monthly shop steward meetings.
- Other meetings with unions as required.

Communities, civil society, Non-governmental organisations

Issues raised: *Community needs, including socio-economic development, infrastructure development and employment, Status of social projects, Operational changes and expansions, Environmental issues affecting communities*

- ARM sets up specialised discussions/meetings to engage with communities about their specific concerns.
- Attendance registers and minutes of these meetings are kept.
- Sharing information and building relationships with communities during community open days.
- The ARM BBEE Trust partners with traditional and other community leaders to invest in the upliftment of rural communities throughout South Africa.
- Changes or expansions to our current operations require engagement with interested and affected parties through stakeholder consultation processes as prescribed by the Regulations of the National Environmental Management Act (NEMA).

HOW WE ENGAGE

- Social investment forums discuss investment in communities surrounding the operations.
- Monthly/quarterly meetings are held to discuss Local Economic Development (LED) and Corporate Social Investment (CSI) projects.
- Future Forums.
- Specialised discussions/meetings.
- The ARM BBEE Trust.

Government

Issues raised: *Social investment, Health and safety, Environmental management, Transformation, Compliance with the dti CoGP and Mining Charter, Regular progress reports and updates*

- ARM engages local and provincial government with respect to LED projects, licences and compliance with the relevant safety and environmental legislation. ARM also engages with national government on matters of policy-making as required.
- Regular reports are submitted by the operations on socio-economic development (SED) projects.
- Annual Mining Charter Scorecard reports are submitted to the Department of Mineral Resources (DMR) by each mine.

HOW WE ENGAGE

- Engagements at the appropriate level as required.
- Representation on various industry bodies which engage with government.
- Continuous liaison, depending on the purpose of the engagement.

Industry associations

Includes the Chamber of Mines, the International Council on Mining and Metals, Ferroalloy Producers' Association, Association of Mine Managers of South Africa, Association of Resident Engineers, Business Unity of South Africa, Water User Associations and the Energy Intensive User Group

Issues raised: *Sustainable development, Labour issues, Financial sustainability, Implementation of best practice, Industry-specific issues*

- ARM is represented in various executive and other roles within industry associations, to engage and give input on various industry issues and communicate with industry and government stakeholders.

HOW WE ENGAGE

- Regular scheduled association meetings.

Customers

Issues raised: *Product quality, Timing of product delivery*

- Processes are in place to ensure consistency of product quality.
- ARM contracts with logistics and freight service providers including Transnet.

HOW WE ENGAGE

- Continual interactions in the ordinary course of business.
- Annual contractual negotiations.
- Regular service level agreement renewals.

Suppliers and local business

Issues raised: *Local Economic Development, Industry issues, Fair payment terms, Fair treatment, Valid BEE certification, Ethics, Sustainability issues*

- ARM ensures that its financial position is managed responsibly to meet its financial obligations.

HOW WE ENGAGE

- Continual interactions in the ordinary course of business.
- Annual and other contractual negotiations.
- Regular service level agreement renewals.
- Scheduled meetings with local business.

Media

Issues raised: *Topical issues as they arise*

- The Investor Relations Department communicates with the investment community and the media, and facilitates access to information and management where possible.

HOW WE ENGAGE

- One-on-one interviews.
- Press releases.
- SENS announcements.
- Media contact function on the Company website.
- Publications on the ARM website.

HOW WE MANAGE SUSTAINABILITY

The mining industry in South Africa and globally is being increasingly challenged by civil society. Now, more than ever, companies in the industry need to clearly demonstrate their ethical, sustainable business practices and care for their wider stakeholder groups.



Companies that take a responsible, sustainable approach to mining and beneficiation have the opportunity to not only minimise their potentially negative impacts, but also to make a positive contribution to the country and its development. Examples of this include job creation, focused Local Economic Development and infrastructure development in communities, and creating opportunities for economic advancement through enterprise development and preferential procurement initiatives. Successful businesses that generate good economic returns also contribute to the fiscus through the payment of taxes and royalties while meeting the expectations of their shareholders.

ARM's business is built on the principles of responsible investment, broad social benefit and good corporate governance. While we aim to ensure that we comply with all relevant legislation, our approach to sustainable development arises out of our values and our commitment to zero harm – to our employees, to our host communities and to the environment. This ensures that ARM retains its social licence to operate and can continue to create value for all its stakeholders over the long term.

We recognise the importance of integrating the highest standards of corporate governance into our business to ensure its long-term sustainability. ARM aligns its governance principles with the recommendations of the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).

INPUTS INTO OUR APPROACH TO SUSTAINABLE DEVELOPMENT

ARM's approach to sustainable development is based on Company policies, procedures and standards, the relevant interests of our stakeholders and our commitment to the corporate governance principles of King III. It is guided by a range of inputs and we continually review and refine our approach to align with relevant developments in legislation and regulations, industry good practice, reporting requirements and other guidelines. The most significant of these inputs are described on the next page.

LEGISLATION	The Mining Charter, the dti Codes of Good Practice and other relevant legislation	ARM's mining licences, the environmental regulations that apply to our operations and the associated industry guidelines largely define our social and environmental responsibilities. We pay particular attention to the Mining Charter and the dti Codes of Good Practice, and commit to transformation in our business and our country.
INDUSTRY INITIATIVES	The ICMM	ARM shares the International Council on Mining and Metals' (ICMM) vision of a respected mining and metals industry widely recognised as essential for society and a key contributor to sustainable development. ARM is a member and an active participant at Council, Executive and Programme Committee level within the ICMM. The Group's sustainable development initiatives align with the elements of the ICMM Sustainable Development Framework and its 10 sustainability principles.
	Industry initiatives	Mining industry initiatives include the Culture Transformation Framework arising out of the Tripartite process between business, labour and Government. The Mining Industry Occupational Safety and Health (MOSH) initiative driven by the Chamber of Mines, shares leading practices and promotes their widespread adoption to help the industry meet the Tripartite health and safety targets and milestones.
GUIDELINES AND FRAMEWORKS	The EITI	As a member of the ICMM, ARM subscribes to the Extractive Industries Transparency Initiative (EITI) – a global standard promoting transparency and the management of revenues from natural resources.
	The GRI	ARM's Sustainability Report was prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines (CORE), including the Mining and Metals Sector Disclosures. The Sustainability Report has been externally assured.
	CDP	The Carbon Disclosure Project (CDP) is an international not-for-profit organisation that works with market forces to motivate companies to disclose their impacts on the environment and natural resources and take action to reduce them. ARM submitted a CDP Report for the sixth time in 2015.

The International Council on Mining and Metals (ICMM)

The ICMM is a CEO-led organisation that is committed to driving social, economic and environmental progress. Its members include many of the world's largest mining, minerals and metals companies as well as national and commodity associations. ARM has been a member of the ICMM since 2009 and is an active participant at Council, Executive and Programme Committee level.

Our sustainable development initiatives align with the ICMM's position statements, the Sustainable Development Framework and the 10 principles of the ICMM. The table on page 118 of this report provides a summary of how we implement the principles,

where further detail can be found in this report and includes a comment from our independent assurance provider.

As a member of the ICMM, ARM also subscribes to the Extractive Industries Transparency Initiative (EITI). The EITI is a combined initiative of governments, companies, civil society, investors and international organisations that aims to strengthen governance in the extractive industries. It provides a global standard that promotes revenue transparency and the management of revenues from natural resources. The EITI supports the verification and full disclosure of company payments and government revenues from oil, gas and mining in resource-rich countries.



How we manage sustainability continued

The Mining Charter

The Mineral and Petroleum Resources Development Act (MPRDA) was enacted in 2002 with the intention to facilitate meaningful participation of historically disadvantaged South Africans (HDSAs) in the mining and minerals industry. In the same year, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter) was developed through a consultative process between government, labour and mining companies to achieve the goals of the MPRDA.

The Mining Charter sets transformation goals for the mining industry across various categories. Achieving these goals is an important consideration in retaining the Company's legal licence to operate in terms of its mining licence, as well as strengthening its social licence to operate. The goals cover a range of elements, including HDSA ownership, employment equity, preferential procurement and enterprise development, housing and living conditions, human resource development and mine community development. ARM's progress against these goals is discussed in detail in the Transformation section of this report, which starts on page 93.

The United Nations (UN) Global Compact

The South African Companies Act requires the Company's Social and Ethics Committee to monitor its activities against the 10 principles of the UN Global Compact (UNGC). The UNGC is a strategic policy initiative for businesses that are committed to

aligning their operations and strategies with principles in the areas of human rights, labour, environment and anti-corruption. ARM recognises the importance of the 10 principles of the UNGC and is committed to upholding them as they apply to its business. The table on page 119 provides information on these principles and references where in this report ARM addresses them.

The dti Codes of Good Practice

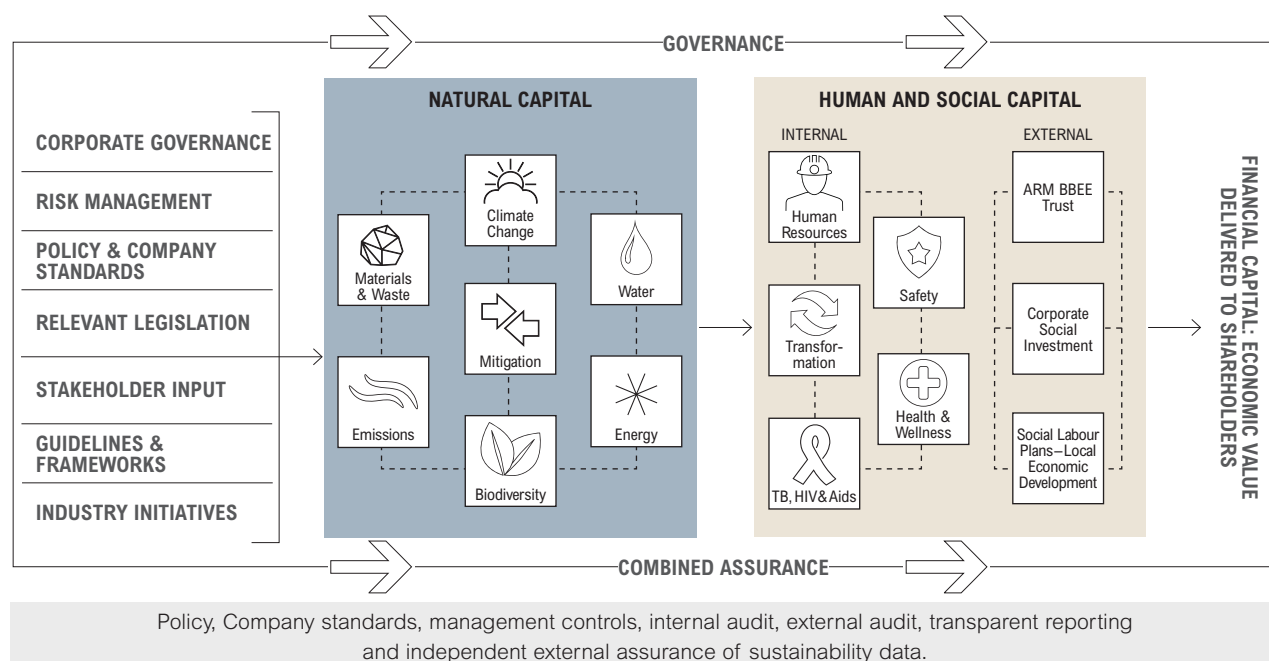
The Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003 was enacted to advance economic transformation and enhance the economic participation of black people in the South African economy. The Minister of Trade and Industry issued Codes of Good Practice (CoGP) in February 2007 as an implementation framework for B-BBEE policy and legislation. The 2007 Department of Trade and Industry (dti) CoGP applies to all government entities and, therefore, to all companies that do business with these entities, setting targets across seven categories that support economic transformation. Performance against the CoGP is an important consideration for many stakeholders, including analysts, investors, customers and government, and demonstrating ARM's commitment to transformation strengthens our social licence to operate.

The CoGP were revised in 2013 setting more stringent targets for reporting entities, which came into effect from May 2015. These changes and how they are likely to impact on ARM's performance against the dti CoGP are discussed in the transformation section which starts on page 93.

ARM'S SUSTAINABLE DEVELOPMENT MODEL

ARM's sustainable development model was developed to help us to integrate sustainability into our business. The model aligns with King III and the JSE Socially Responsible Investment (SRI) Index requirements and aims to reflect the interrelatedness of economic, environmental and social considerations in generating economic value for shareholders.

Our business operates within an enabling framework of good corporate governance that is supported by our Combined Assurance Model, which helps to improve the integrity of the management, monitoring and reporting of our sustainable development data. This process plays a key role in the continual improvement in our sustainability reporting and the deeper integration of sustainability into our risk management system and operational processes by identifying areas for improvement.

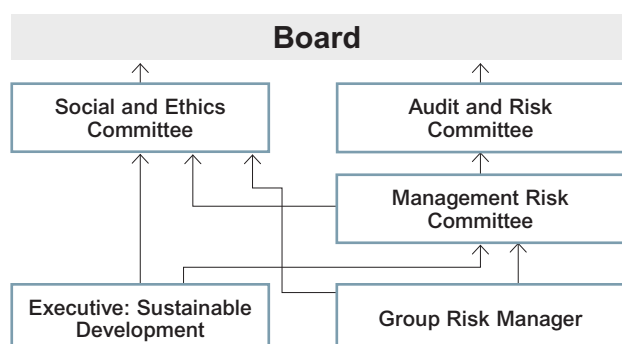


HOW WE MANAGE SUSTAINABILITY IN OUR BUSINESS

Ultimate responsibility for sustainable development lies with the ARM Board. Specific aspects of this responsibility have been delegated to the Social and Ethics Committee and the Audit and Risk Committee.

While the broad strategic approach to sustainable development is set at corporate level, along with sustainable development policies and standards, each operation adapts the approach to address the specific sustainability matters that are most material to their specific circumstances.

Sustainability progress is monitored and reported through both operational and corporate sustainability governance structures. The Executive: Sustainable Development is responsible for reviewing sustainability policies, strategies and targets and ensuring these align with the Board's commitment to zero tolerance to harm throughout ARM. The Executive: Sustainable Development operates with oversight from the Social and Ethics Committee and reports to the CEO of ARM. She is responsible, along with the Chief Executives of each division, for the implementation of sustainable development policies and procedures.



Sustainability concerns also form part of the Company's risk management processes and sustainability aspects are included in the operational and Group risk registers. The Executive: Sustainable Development provides input to the Management Risk Committee, a sub-committee of the Audit and Risk Committee, on matters related to sustainable development as a standard agenda item.

The most material matters that affect ARM's ability to create long-term sustainable value and the process we follow to identify these are discussed in the section starting on page 22. Our most material matters are grouped into five categories – operational, financial, human capital, social licence to operate and environmental stewardship. However, we recognise that matters in each of these categories can have an impact across other categories and ultimately all have a financial impact.

Sustainability performance against benchmarks is reviewed at operational and corporate levels at regular meetings. The Executive: Sustainable Development works closely with the Group Risk Manager to ensure sustainable development considerations are appropriately integrated into ARM's processes and progress is accurately reported to the Board.

Social and Ethics Committee

The Social and Ethics Committee is a sub-committee of the ARM Board that meets at least quarterly to monitor the effectiveness with which sustainable development is managed in the Group. As part of this role, the Committee reviews policies, ensures their implementation and monitors the Company's Local Economic Development initiatives. The report of the Social and Ethics Committee, which discusses its purpose, functions and activities during F2015 appears on page 44.

Sustainability and Risk Management

The Management Risk Committee assists the Audit and Risk Committee with oversight of risk management in the Company. The Management Risk Committee reviews the major strategic, tactical and operational risks facing the Company, which include sustainability risks. The Committee implements, coordinates and monitors the Company's Enterprise Risk Management (ERM) process, guided by Internal Control and the Enterprise Risk Management Policy in terms of the annual risk management plan. The ERM process aims to identify risks, challenges and opportunities, ensure efficient and effective controls, benchmark control performance, and monitor and encourage improvement in control strategies. In line with ARM's "We do it better" management style, the ERM process is designed to achieve an ongoing improvement of ARM's risk preparedness and effective corporate governance.

Operational management, including Safety, Health, Environmental and Quality (SHEQ) managers, review and update the risk registers and risk and control dashboards on a quarterly basis, with input from operational production and engineering functions. Performance against guidelines is reviewed at both operational and corporate level through regular meetings, providing appropriate oversight of management processes. These reviews form an important part of the combined assurance process and provide operations with a tool to manage and mitigate associated risks to an acceptable level.

The Group Risk Manager and Executive: Sustainable Development attend Social and Ethics Committee meetings and are members of the Management Risk Committee and Steering Committee. They also attend Board meetings to respond to any risk- and sustainability-related matters raised by the Board.

Pages 158 to 159 and 190 to 191 of the Corporate Governance Report in the 2015 Integrated Annual Report provide more information on the composition and activities of the Social and Ethics Committee and the Management Risk Committee.

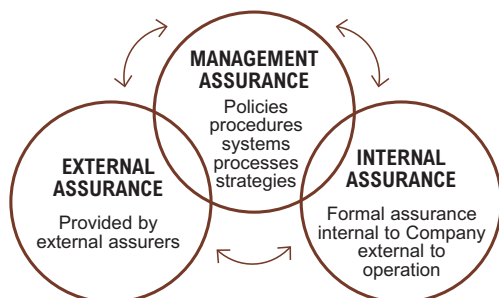


How we manage sustainability continued

Combined assurance

ARM's risk management philosophy integrates risk and three tiers of assurance through a Combined Assurance Model to ensure comprehensive risk management. The Combined Assurance Model defines what constitutes appropriate assurance relative to the three lines of defence.

COMBINED ASSURANCE MODEL



A Combined Assurance Report assists in identifying potential gaps and duplication in assurance, strengthening the control environment. The inter-relationship between ARM's ERM processes, internal audit initiatives, external audit activities and various management assurance interventions by specialists and subject matter experts further reinforces a comprehensive risk-based and robust assurance process and reporting.

Gilden Assurance was contracted to provide high-level independent third-party assurance over the content of the 2015 Sustainability Report. The assurance statement is included on page 114 and includes comments on data collection in ARM.



CORPORATE GOVERNANCE SUMMARY

“Our strategy is supported by our high standards of corporate governance, which we continue to review to ensure robust controls and alignment of our businesses with global best practice.” **Patrice Motsepe** – Executive Chairman’s report

Adhering to the highest standards of corporate governance is fundamental to the sustainability of ARM’s business. ARM’s business practices are conducted in good faith, in the interests of the Company and all its stakeholders, with due observance of the principles of good corporate governance. The unitary Board of Directors (the Board) is the foundation of ARM’s corporate governance systems and is accountable and responsible for ARM’s performance. The Board retains effective control of the business of ARM through a clear governance structure and has established Committees to assist it in accordance with the provisions of ARM’s Board Charter. The Board recognises that delegating authority does not reduce the responsibility of Directors to discharge their statutory and common law fiduciary duties. We continue to review our governance structures to ensure that they support effective decision-making, provide robust controls and are aligned to evolving local and global best practice.

APPLICABLE GOVERNING FRAMEWORKS

The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks include:

JSE Listings Requirements

ARM is a public company listed on the JSE Limited (JSE) and is subject to the JSE Listings Requirements.

www.jse.co.za



King III

The King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).

www.iodsa.co.za



Companies Act

The Companies Act 71 of 2008, as amended, by the Companies Amendment Act 3 of 2011 (the Companies Act), and the Regulations promulgated thereunder (the Companies Regulations) came into effect on 1 May 2011.

www.acts.co.za



International <IR> Framework

The International Integrated Reporting Framework came into effect in December 2013.

www.theiirc.org



Mining Charter

ARM is committed to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter), revised in September 2010.

www.dmr.gov.za



Additional external financial standards, policies, reporting guidelines and principles

See the accounting policies in the notes to the financial statements on pages 223 to 238 of the 2015 Integrated Annual Report available on ARM’s corporate website: www.arm.co.za



ARM supports the implementation of integrated reporting to enhance the assessment and understanding of value creation and the sustainability of global markets through integrated thinking, greater connectivity between risks and outcomes, the promotion of accountability and increased transparency. ARM has been on a journey of integrated reporting since it published its first integrated report in 2010 and continues to embed integrated thinking into its business practice. ARM continues to strive for excellence in reporting and the further integration of the International <IR> Framework principles remains a priority.

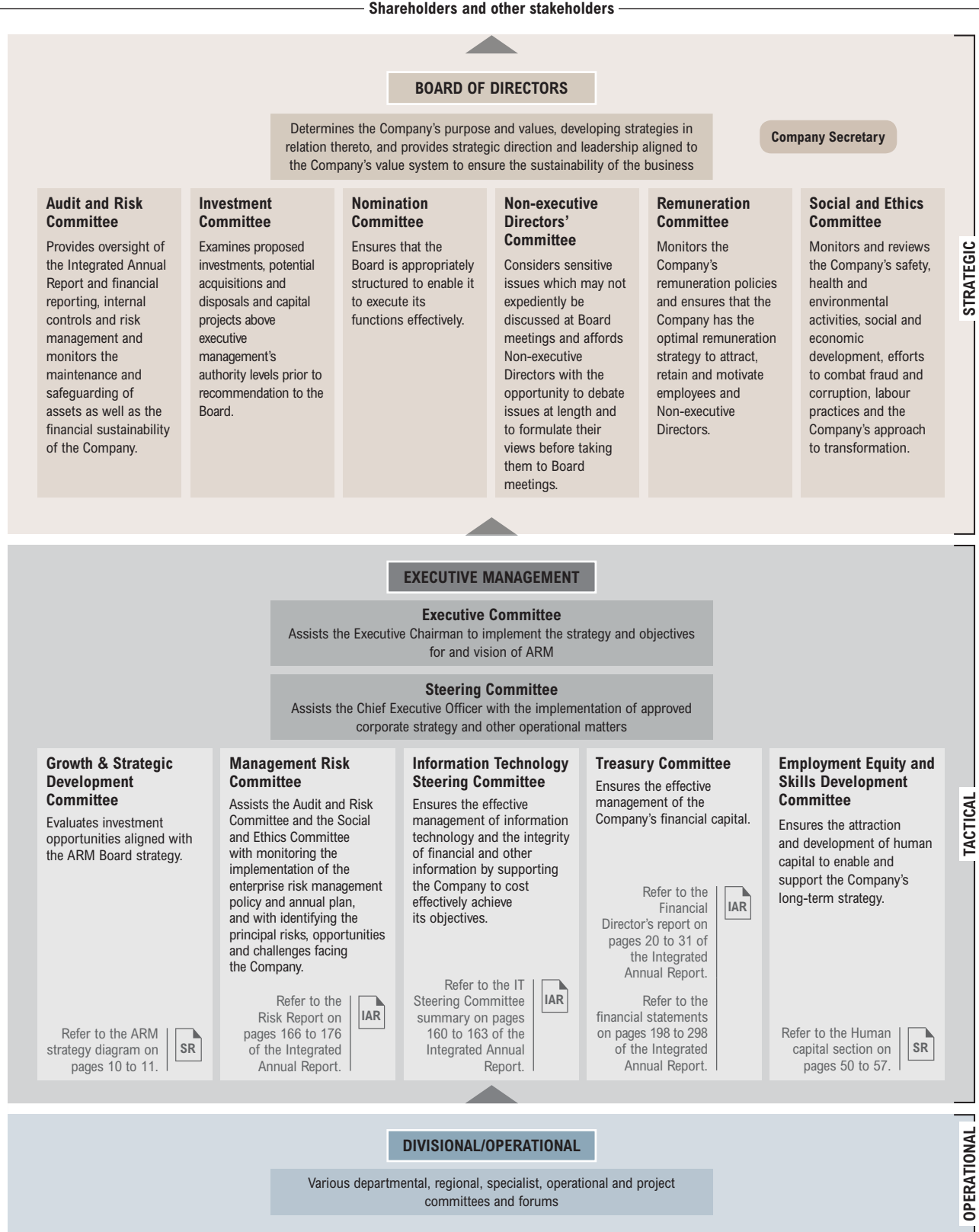
KING III COMPLIANCE

ARM supports the principles and practices set out in King III. ARM has taken steps to ensure that it applies the principles set out in King III. The Company conducts gap analyses on an ongoing basis to assess its compliance level in respect of King III and to identify areas that require improvement. ARM also uses developments and governance trends as opportunities to review its governance structures. With this objective, provisions impacting the divisions and operations have been and are being identified, assessed and addressed. Gaps, if any, are addressed through action plans and regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports in this regard are presented to the Audit and Risk Committee and the divisional audit committees.

Corporate Governance summary continued

GOVERNANCE FRAMEWORK

Shareholders and other stakeholders



Comment from Gilden Assurance "As part of our Independent Third-Party Assurance processes, Gilden Assurance conducted an assessment of ARM's compliance with the 75 principles contained within the 3rd version of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III), and found no concerns relative to ARM's assertions that all of the 75 individual King III principles have been deemed 'Apply' with reasonable evidence to support each assertion, including progress over prior year performance."

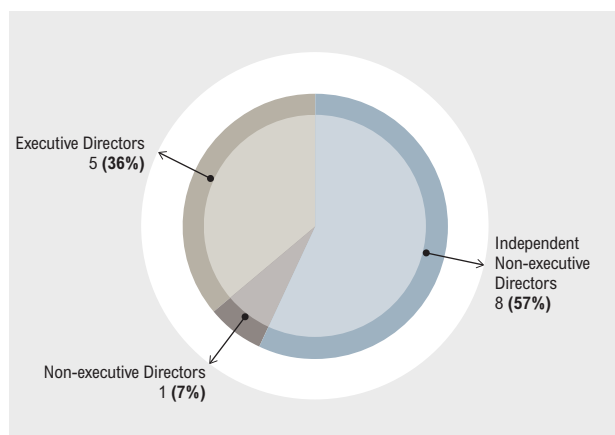
See the complete King III checklist on ARM's corporate website: www.arm.co.za.
Gilden Assurance's comprehensive assurance statement may be found on pages 114 to 116.



BOARD COMPOSITION

ARM has a unitary Board comprising 14 Directors, the majority of whom are Independent Non-executive Directors.

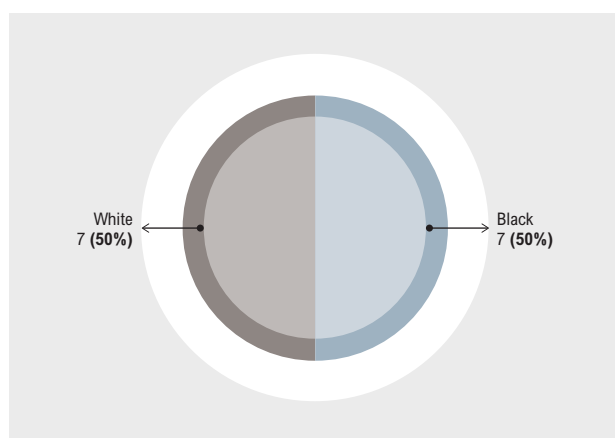
MIX OF DIRECTORS



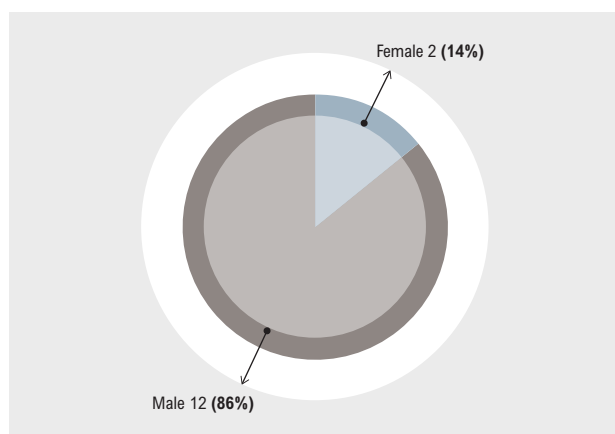
Curricula vitae of the Board members are provided on pages 192 to 195 of the 2015 Integrated Annual Report.



DIVERSITY



GENDER OF DIRECTORS



INDEPENDENCE

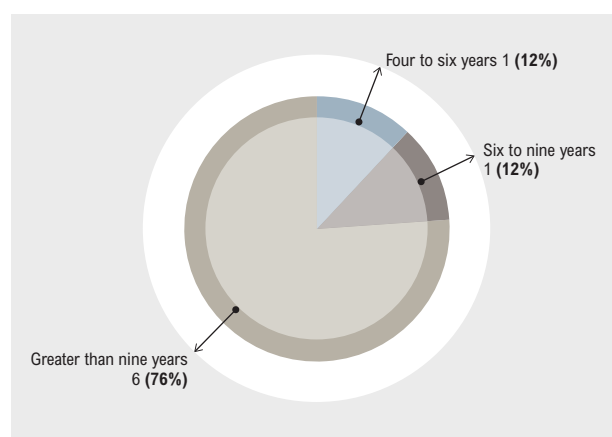
The Board believes that the Independent Non-executive Directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

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

The classification of Independent Non-executive Directors is determined by the Board on the recommendation of the Nomination Committee in accordance with the guidelines set out in King III. In determining the independence of the Independent Non-executive Directors, character and judgement are considered together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement and with due regard to the criteria for determining independence as set out in King III and the JSE Listings Requirements.

Any term in office exceeding a period of nine years by an Independent Non-executive Director is subject to a rigorous review by the Board. The independence assessment considered relationships or circumstances likely to affect, or appearing to affect, the relevant Independent Director's character and judgment. The Board concluded that in each circumstance the Independent Non-executive Director's independence of character and judgment was not impaired by the length of service.

LENGTH OF TENURE: INDEPENDENT NON-EXECUTIVE DIRECTORS



Non-executive Directors are not considered independent if they were executives of the Company or a subsidiary within the preceding three financial years.

In accordance with the independence requirements of the JSE Listings Requirements, none of the Independent Non-executive Directors participate in any share incentive scheme of the Company.

Corporate Governance summary continued

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Executive Chairman and the Chief Executive Officer are separate and distinct. Contrary to the independence requirements of King III, Mr P T Motsepe is the Executive Chairman of the Company and a director of African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) and Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE). 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 the Lead Independent Non-executive Director, Mr A K Maditsi, in accordance with and as required by King III.

In addition to the general requirements for the re-election of Directors set out in the Company's Memorandum of Incorporation (the MOI) and discussed below, the Executive Chairman is required to be elected by the Board annually. Mr Motsepe was re-elected as Executive Chairman for a period of one year commencing on 1 January 2015. The Chief Executive Officer is appointed by the Board.

BOARD CHARTER

The Board Charter, which was most recently amended by the Board in August 2014 to ensure compliance with King III and the Companies Act. No amendments were made in 2015. The Board Charter provides guidelines to Directors in respect of, *inter alia*, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

The roles and responsibilities of the Board as set out in the Board Charter are available in the full Corporate Governance report in the 2015 Integrated Annual Report.

The Board Charter also provides for a clear division of responsibilities to ensure a balance of power and authority so that no one Director has unfettered powers of decision-making.

ELECTION, INDUCTION, SUCCESSION AND ASSESSMENT

Election and re-election

The Memorandum of Incorporation requires that one-third of elected Non-executive Directors, who have been in office longest since their last election, retire by rotation at each Annual General Meeting. Being eligible, these Non-executive Directors may seek re-election should they so wish.

Directors appointed by the Board between Annual General Meetings, either to fill a casual vacancy or as an addition to the existing Board, hold office only until the next Annual General Meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). When appointing Directors upon the recommendation of the Nomination Committee, the Board considers, *inter alia*, whether the candidates have the necessary skills and experience.

The Nomination Committee evaluates nominees and, taking into account their past performance and their contribution made to the Company, recommends such nominees to the Board for

recommendation to shareholders for election and re-election at Annual General Meetings of shareholders, as the case may be.

The Directors' *curricula vitae* are available on pages 192 to 195 of the 2015 Integrated Annual Report.



Induction and continuing education

All newly-appointed Directors receive a comprehensive information pack, including the Memorandum of Incorporation, the Board Charter, Terms of Reference of the Committees of the Board, Board policies and other documents relating to the Company; key legislation and regulations; as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature.

Directors are encouraged to attend courses providing information and training relating to their duties, responsibilities, powers and potential liabilities. Regulatory and legislative updates are provided regularly. The Company holds an annual budget planning workshop and a strategy Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business.

Given the dynamics of the current market, two education sessions on the current market were held in F2015. Regular education sessions are held with Directors.

Site visits for Non-executive Directors are typically conducted. As all of the Non-executive Directors have previously visited all the operations, no site visits for Non-executive Directors were held in F2015 due to operational considerations.

Succession

The Company has a succession plan for Executive Directors and senior management, which provides for the sustainability of the business of the Company. The Company continuously strives to improve its talent pool through a comprehensive and focused plan for the management of human capital, including career development and recruitment. The Company adopts an integrated approach to succession planning. For example, the Social and Ethics Committee regularly reviews reports on leadership and employment equity programmes, and reports on developments in these areas to the Board. The Remuneration Committee monitors the 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, its Committees and individual Directors as well as the governance processes that support Board activities. The effectiveness of the Board and its Committees is assessed annually. Independent external advisors assisted the Nomination Committee with the evaluation of the Board, its Committees, the Executive Chairman and the Company Secretary. The Board is of the view that the involvement of independent external advisors assists to ensure a rigorous and impartial evaluation process.

The findings of the F2014 and F2015 assessments were considered by the Board in 2015 and copies of the findings were provided to the external auditors in terms of King III.

One of the outcomes of the F2014 assessment was that the Board held a longer and more in-depth strategy session at the 2015 Bosberaad.

Between F2014 and F2015 the number of areas requiring improvement decreased from 16 to 5.

Performance assessments of all of the Executive Directors, including the Executive Chairman and the Chief Executive Officer are undertaken annually and form the basis of their remuneration as discussed in the Remuneration Report starting on page 181 of the 2015 Integrated Annual Report available on ARIM's corporate website: www.arm.co.za



BOARD MEETINGS

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Financial Director, divisional chief executives and other senior executives, chairmen of the committees and independent advisors. The quorum for Board meetings is the majority of the Directors.

ADVICE AND INFORMATION

No restriction is placed on a Director's access to Company information, records, documents and property. Non-executive Directors have access to management and regular interaction is encouraged. All Directors are entitled to seek independent professional advice concerning the affairs of the Company at its expense.

Meeting attendance

An F2015 meeting attendance summary is shown below:

	Board	Audit and Risk Committee	Investment Committee	Nomination Committee	Non-executive Directors' Committee	Social and Ethics Committee	Remuneration Committee
Number of meetings per year	4	7	2	4	4	4	4
P T Motsepe (Executive Chairman)	4	–	–	4 [^]	–	–	–
M P Schmidt (Chief Executive Officer)	4	7 [^]	2 [^]	4 [^]	–	4	4
F Abbott	3 ⁺	–	1	–	3	–	4
M Arnold	4	7 [^]	2 [^]	4 [^]	–	–	4 [^]
M M M Bakane-Tuoane, Dr	4	7	2 [^]	4	4	4	4
T A Boardman	4	7	1 [^]	–	4	–	4
A D Botha	4	7	2	–	4	–	4
J A Chissano	3 ⁺	–	–	1	3	–	–
W M Gule	4	–	2 [^]	–	4	–	–
A K Maditsi	4	7	2	4	4	4	4
H L Mkatshana*	2	3 [^]	1 [^]	–	–	2 [^]	–
D V Simelane**	2	4 [^]	–	–	–	2 [^]	–
R V Simelane, Dr	4	7	2 [^]	4	4	4	–
Z B Swanepoel	4	–	2	–	4	–	–
A J Wilkens	4	7 [^]	2 [^]	3 [^]	–	–	4 [^]

* Appointed as an Executive Director on 7 February 2015 in the stead of Mr D V Simelane. Attended two Board meetings.

** Resigned as an Executive Director on 6 February 2015. Attended two Board meetings.

[^] Attendee as an invitee.

⁺ Absent with leave of the Board.

Corporate Governance summary continued

COMPANY SECRETARY

All Directors have access to the services and advice of the Company Secretary, Ms Alyson N D'Oyley.

The Company Secretary is responsible for developing and maintaining the procedures and processes required for the proper administration of Board proceedings, and supports the Board as a whole and Directors individually by providing guidance as to how to fulfil their responsibilities as Directors in the best interests of the Company. The Company Secretary also guides and advises the Board and is a resource within the Company on, *inter alia*, governance and ethics matters and changes in legislation. To achieve these objectives, independent advisory services are retained by the Company Secretary at the request of the Board or its committees. The Company Secretary oversees the induction of new Directors, as well as the ongoing training of Directors.

The Board appointed the Company Secretary in accordance with the requirements of the Companies Act. The JSE Listings Requirements provide that boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the Company Secretary. Therefore, in August 2015, upon the recommendation of the Nomination Committee, the Board considered details regarding the Company Secretary's competence, qualifications and experience, the salient details of which are set out below as required by the JSE Listings Requirements:

Competence	Qualifications	Experience
Competence evaluation by the Nomination Committee and by the Board	BCom, LLB and LLM	<ul style="list-style-type: none">• Ten years' experience as a Barrister and Solicitor• Three years' experience as a General Counsel at a listed company• Ten years' experience as a Company Secretary

The Board also confirmed that the Company Secretary is not a Director of the Company and maintains an arm's-length relationship with the Board.

BOARD COMMITTEES

The Board has established Committees to assist it with fulfilling its responsibilities in accordance with the provisions of the Company's Board Charter. Nonetheless, the Board acknowledges that the delegation of authority to its Committees does not detract from the Board's responsibility to discharge its fiduciary duties to the Company.

The Committees have Terms of Reference, which are reviewed annually. They set out the Committees' roles and responsibilities, functions, scope of authority and composition. The annual review takes into account amendments to applicable legislation and developments in international best practices. Committees report to the Board at each Board meeting and make recommendations in accordance with their Terms of Reference.

In F2015, the Terms of Reference were reviewed by the Committees and, in some instances, minor housekeeping amendments to the Terms of Reference were approved by the Board.

The membership of the Board Committees currently consists solely of Independent Non-executive Directors. Each Committee is chaired by an Independent Non-executive Director. The Committee Chairmen attend Annual General Meetings of shareholders to answer any questions.

Attendance schedules for Committee meetings held in F2015 are included in the meeting attendance summary on page 37 of this report .



The Board has established the following permanent Committees: Audit and Risk Committee, Investment Committee, Nomination Committee, Non-executive Directors' Committee, Remuneration Committee and Social and Ethics Committee.

Audit and Risk Committee

The Audit and Risk Committee is constituted as a statutory committee of the Board in terms of Section 94 of the Companies Act and its composition complies with the provisions of that section.

The Report of the Audit and Risk Committee is available on pages 200 to 202 of the 2015 Integrated Annual Report available on ARM's corporate website: www.arm.co.za



The Audit and Risk Committee comprises five Independent Non-executive Directors, each of whom has extensive relevant experience. In accordance with the guidelines in King III, the Audit and Risk Committee Chairman is an Independent Non-executive Director and the Chief Executive Officer attends Audit and Risk Committee meetings at the Committee's request. The Financial Director is also an invitee at each meeting.

The Audit and Risk Committee performs its review function over all of ARM's operations. To assist the Audit and Risk Committee with its reviews, all operational joint ventures have audit committees. The chairmen of the audit committees of the subsidiaries and joint ventures report to the Audit and Risk Committee, highlighting areas of concern and remedial actions taken by management. In addition, the minutes of audit committee meetings as well as internal and external audit reports of all operations are submitted to the Audit and Risk Committee.

The primary objective of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of ARM's assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company. It also oversees financial and other risks in conjunction with the Social and Ethics Committee. In fulfilling its oversight responsibilities, the Audit and Risk Committee reviews and discusses the audited financial statements with management and the external and internal auditors of the Company.

In accordance with the JSE Listings Requirements, the Company has a Financial Director, Mr Michael (Mike) Arnold, who was appointed to the Board with effect from 1 August 2009. The Audit and Risk Committee reviews the Financial Director's qualifications and experience annually and, following the 2015 review, is satisfied that the Financial Director has experienced finance executives reporting to him, that the finance function is adequately resourced and that Mr Arnold has the necessary experience and expertise to discharge his responsibilities.

The Management Risk Committee reports to the Audit and Risk Committee and its report is included on page 159 and pages 166 to 176 of the 2015 Integrated Annual Report available on ARM's corporate website: www.arm.co.za



During the year under review, the Audit and Risk Committee's performance and effectiveness were evaluated. As a result of that evaluation, the Board is satisfied that the Audit and Risk Committee has complied with its Terms of Reference.

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

Investment Committee

The Investment Committee comprises four Independent Non-executive Directors.

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

The Terms of Reference of the Investment Committee were reviewed without amendment in F2015.

Nomination Committee

The Nomination Committee comprises four Independent Non-executive Directors.

The Nomination Committee is responsible, *inter alia*, for establishing formal and transparent procedures for the appointment of Directors; recommending to the Board suitable candidates for appointment as members of its Committees and the Chairmen of such Committees; ensuring compliance with those provisions of the MOI governing the rotation of Directors and making recommendations to the Board with regard to the eligibility of retiring Directors of the Company for re-election.

The Nomination Committee is also responsible for developing a formal induction programme for new Directors of the Company, overseeing access by Directors to external continuing professional development programmes for Directors so as to ensure that new Directors are developed through mentorship and training programmes; and ensuring that Directors receive regular briefings on changes in risks, laws and the environment in which ARM operates.

The Nomination Committee assists the Executive Chairman to lead the overall performance evaluation, at least once a year, of the Chief Executive Officer and the other Directors in respect of their roles as Directors as well as evaluations of the Board as a whole and its Committees. The Nomination Committee assists the Lead Independent Non-executive Director to lead the annual performance evaluation of the Executive Chairman, with the assistance of the Company Secretary.

The Nomination Committee reviews, from time to time, the structure, composition and size of the Board and makes recommendations to the Board regarding any changes that are considered necessary to enhance the effectiveness of the Board, including recommendations on the general composition of the Board and the balance between Executive and Non-executive Directors appointed to the Board. The Nomination Committee monitors succession planning for the Executive Chairman, the Chief Executive Officer, other Directors and senior management who are not Directors.

Non-executive Directors' Committee

The Non-executive Directors' Committee comprises all of the Non-executive Directors and meets formally on a quarterly basis without management. The meetings are chaired by the Lead Independent Non-executive Director. Terms of Reference of the Non-executive Directors' Committee were approved by the Board in F2011 and reviewed without amendment in F2015.

The Committee provides a forum for the Non-executive Directors of the Company to consider and discuss issues of importance to ARM, including the promotion of increased investor confidence, stimulating business growth, reducing fraudulent practices through effective business leadership, fostering sustainable long-term growth in both the social and economic arenas and cultivating and promoting an ethical corporate culture within ARM.

Remuneration Committee

In accordance with King III, the Remuneration Committee consists entirely of Independent Non-executive Directors. The Board considers the composition of the Remuneration Committee to be an appropriate blend of knowledge, skills and experience, and is confident that the Remuneration Committee's members have a strong blend of expertise and experience in the financial, business and human capital fields.

The purpose of the Remuneration Committee is to assist the Board with its responsibility for setting the Company's remuneration policies to ensure that these policies are aligned with ARM's business strategy and create value for ARM over the long term.

The Remuneration Committee also assists the Board in promoting a culture that supports enterprise and innovation with appropriate short-term and long-term performance-related rewards that are fair and achievable. The Remuneration Committee considers and recommends remuneration policies for senior executives.

Corporate Governance summary continued

It is also the responsibility of the Remuneration Committee to ensure alignment with the remuneration guidelines of King III. After reviewing the remuneration strategy and policy as well as the implementation thereof, the Remuneration Committee is satisfied that the Company is indeed so aligned.

ARM's Remuneration Report is available on pages 177 to 188 of the 2015 Integrated Annual Report available on ARM's corporate website: www.arm.co.za



Social and Ethics Committee

The purpose of the Social and Ethics Committee is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which ARM operates in order to ensure that its business practices are sustainable. The Committee also reviews and considers the efficacy of ARM's systems to promote Local Economic Development opportunities to enable Historically Disadvantaged South Africans to develop economically while meeting the requirements of mineral rights conversions and other requirements detailed in the Mineral and Petroleum Resources Development Act 28 of 2002, as amended, and other applicable legislation.

The Social and Ethics Committee is responsible for:

- Monitoring activities having regard to relevant legislation and other legal requirements and codes of best practice;
- Drawing relevant matters to the attention of the Board; and
- Reporting to the shareholders of the Company at Annual General Meetings.

In particular, the Social and Ethics Committee is responsible for monitoring:

- Social and economic development;
- Good corporate citizenship;
- Environmental management, occupational health and wellness and employee safety;
- Consumer relationships, as applicable; and
- Labour and employment.

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

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

Additional information is available in the Report of the Social and Ethics Committee on pages 44 and 45.



Other Committees

Ad hoc Board Committees

The Board has the right to appoint and authorise special *ad hoc* Board Committees, comprising the appropriate Board members, to perform specific tasks as required.

Management committees

The Company has various management committees comprising Executive Directors and senior executives who are considered essential to the functioning of the Company and ensuring the appropriate control and provision of information to the Board.

Executive Committee	The Executive Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer, the Financial Director, the divisional chief executives and other senior executives.
Management Risk Committee	The Management Risk Committee, a management sub-committee of the Audit and Risk Committee, assists the Audit and Risk Committee in discharging its duties relating to risk matters.
Steering Committee	The Steering Committee is charged with the implementation of approved corporate strategy and other operational matters.
Growth and Strategic Development Committee	The Growth and Strategic Development Committee evaluates growth opportunities.
Employment Equity and Skills Development Committee	The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies throughout the Company.
Treasury Committee	The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Company.
Information Technology Steering Committee	The Information Technology (IT) Steering Committee implements the IT Governance Framework and the IT strategy adopted by the Board, and develops IT policies and procedures.

More information on the composition and activities of these Committees is available in the 2015 Integrated Annual Report available on ARM's corporate website: www.arm.co.za



ETHICS

The Company 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 ethical 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 Conduct (the Code), which was previously known as the Code of Ethics. The Code was amended in F2011 to reflect the Company's obligations under King III and the Companies Act, and most recently updated in 2015. A Code of Conduct online training programme has been rolled out at the corporate office, the ARM Platinum operations and the ARM Ferrous operations.

The Code of Conduct is available on ARM's corporate website: www.arm.co.za



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 of the Company's offices. 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.

Comment from Sustainability Assurance Provider:

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

For more information, go to Gilden Assurance's comprehensive assurance statement on page 114 of this report.

Conflicts of interest

The Code includes a policy prohibiting the acceptance of any gift which may be construed as an attempt to influence an employee, regardless of value. The acceptance of any gift is subject to the approval of a member of the executive.

Disclosure

The Code includes a policy regarding communications which encourages complete, accurate and timely communications with the public.

The Chief Executive Officer, the Financial Director, the Head of Investor Relations and the Company Secretary oversee compliance

with the disclosure requirements contained, *inter alia*, in the JSE Listings Requirements.

INTERNAL CONTROL AND INTERNAL AUDIT

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

GOING CONCERN

On the recommendation of the Audit and Risk Committee, the Board annually considers the appropriateness of the going concern basis in the preparation of the year end financial statements.

The Report of the Audit and Risk Committee is available on pages 200 to 202 of the 2015 Integrated Annual Report available on ARM's corporate website: www.arm.co.za



RISK MANAGEMENT PROGRAMME

The ARM Board tasks the Audit and Risk Committee with the oversight of risk management. In terms of the Board Charter, the Management Risk Committee (MRC) has been established as a sub-committee of the Audit and Risk Committee to assist it with the management of and reporting on risk management processes and procedures. The Audit and Risk Committee Chairman reports to the ARM Board.

ARM's risk management philosophy commits to developing, embedding, cost-effectively implementing and continually reviewing systems of internal control and enterprise risk management (ERM) at all levels within the Company.

ARM's Board of Directors has committed ARM to a process of risk management and to sound and effective systems of internal control. These are aligned with the principles of King III and comply with the Companies Act and all relevant codes and regulations. The objective of these systems and processes is the management and minimising of short-, medium- and long-term risk at all of ARM's operations.

ARM's annual Risk Management Plan is approved by the Audit and Risk Committee, on behalf of the Board, executed by management in collaboration with ARM Risk Management and monitored by the MRC and the Audit and Risk Committee and Social and Ethics Committee on a quarterly basis. This plan ensures the implementation within the Company of the ERM process.

The Group Risk Manager reports quarterly to the MRC, the Audit and Risk Committee and Social and Ethics Committee, as well as

Corporate Governance summary continued

reporting quarterly to divisional and joint venture operational committees, divisional audit committees, and divisional social and ethics/sustainable development committees, with the exception of the ARM Coal audit committee.

The Risk Management Plan provides emphasis for ARM's ERM initiatives for that financial year and ensures implementation of the Internal Control and ERM Policy.

The Plan's initiatives and emphases are determined through an integrated combined assurance review. ARM believes that the focused approach to the integration of risk and assurance, coupled with its ongoing ERM activities, ensures that a comprehensive integrated combined assurance base is established upon which relevant and appropriate analysis of the overall control environment can be assessed and reported.

Risk management initiatives and emphases are incorporated into the annual Risk Management Plan and reported on within the structured reporting areas of the:



Further information on ARM's risk management policies and procedures is available in the Risk Report on pages 166 to 176 of the 2015 Integrated Annual Report available on ARM's corporate website: www.arm.co.za



LEGAL COMPLIANCE

The Company has a legal and regulatory compliance policy. Internal and external legal compliance and operational audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

In addition, ARM Corporate initiates external biennial audits of Safety, Health and Environmental (SHE) performance at those operations over which ARM has joint management control. The most recent external SHE audit was conducted in F2014.

During January 2014, Modikwa received a pre-directive in terms of Section 53 of the National Water Act relating to the encroachment of waste rock on the river. A rehabilitation plan approved by the Department of Water and Sanitation (DWS), was implemented and the DWS has subsequently stated that no directive will be issued.

At the end of 2014, Two Rivers Platinum received a notification of intent to issue a pre-directive in terms of Section 53 of the National Water Act from the DWS for unlawful water use pertaining to the construction of a lapa with associated ablution facilities on the wall of the Inyoni Dam. A comprehensive geohydrological investigation and risk assessment report was presented to the DWS in April 2015 and the matter is still under consideration.

In the case of the Khumani Housing Development Company Proprietary Limited, a subsidiary of Assmang Proprietary Limited, its appeal against the administrative fine in terms of section 24G of the National Environmental Management Act, which was lodged in the 2014 financial year, remains unresolved.

HUMAN RIGHTS

ARM does not tolerate any form of discrimination and this is clearly stated in our Code of Conduct and policies. These require all employees and stakeholders to be treated with dignity and in a manner that is culturally appropriate, irrespective of gender, background or race.

ARM complies with South Africa's human rights legislation, including the Constitution and the Bill of Rights, which safeguard the basic human rights of employees in South Africa. Our business policies and management systems integrate these human rights considerations to ensure that these are appropriately managed and addressed.

While ARM's policies do not necessarily use the term human rights, it is implied and articulated in the Code of Conduct, our Grievance Procedure policy, Protected Disclosure policy and our Sexual Harassment policy. The Company's Human Resources Performance Management System and Safety, Health, Environment and Quality systems monitor compliance and performance.

We conduct human rights assessments as per the United Nations Protect, Respect and Remedy Framework. Grievance mechanisms are in place should an employee feel that their human rights have been violated. Employees can report the matter to their supervisor or manager, the Human Resources Department or report it anonymously to the whistleblowers' line.

Security personnel, including contractors, undergo training and refresher training every second week on how they should conduct themselves in relation to human rights. Our operations maintain community relations strategies that uphold and promote human rights and respect cultural considerations and heritage.

ARM's Code bans any use of forced, compulsory and child labour by the Company, its suppliers or contractors. We value the benefits of our richly diverse workforce, respect the culture and heritage of the communities around our operations and support cultural initiatives in these communities.

Fair and competitive remuneration is an ongoing discussion point and all non-management employees are afforded freedom of association. Our human capital policies aim to promote equality and eliminate unfair discrimination on the basis of gender, race, religion, age, disability and sexual orientation.

BRIBERY AND CORRUPTION

ARM has a zero-tolerance stance on bribery and corruption that is clearly described in our codes and policies. These include the Code and the policies and procedures relating to giving and receiving of gifts, sponsorship, entertainment, hospitality and favours.

The Company's Code of Conduct training programme contains an introduction letter from ARM's Chief Executive Officer that communicates top management's commitment to ARM's anti-corruption policies.

DEALINGS IN SECURITIES AND INSIDER TRADING POLICY

ARM enforces closed periods in compliance with legislation and regulations. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees were provided with relevant extracts from applicable legislation and the Company's procedures in this regard. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations. No amendments to the policy were made in F2015.

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 donations budget approved by the Board.

INVESTOR RELATIONS AND COMMUNICATION WITH STAKEHOLDERS

ARM is committed to transparent, comprehensive and objective communication with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information. Further to the commitment to transparent stakeholder communities, the Company has an Executive: Business Development, a Senior Executive: Corporate Affairs for ARM, a Group Executive: Compliance and Stakeholder Relations and an Executive: Legal Compliance and Stakeholder Relations.

Shareholders are encouraged to attend the Annual General Meeting and to use it as an opportunity to engage with the Board and senior management. Summaries of the results of decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings.

The Company's stakeholder communication policy is included in the Code. The development of a more comprehensive stakeholder communication/engagement policy is in progress.

ARM's Investor Relations department is responsible for communication with institutional shareholders, the investment community and the media. 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 locally and internationally, through investor roadshows and conferences.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

This report is provided by the Social and Ethics Committee (the Committee) in terms of Regulation 43(5)(c) of the Companies Regulations promulgated in terms of the Companies Act 71 of 2008, as amended (the Companies Act).

COMPOSITION AND TERMS OF REFERENCE

This statutory Committee was established on 23 August 2011. It was previously called the Sustainable Development Committee. With effect from 1 May 2012, the Committee's Terms of Reference were amended by the Board of Directors (the Board) to elaborate on the Committee's role and responsibilities in terms of the Companies Act. Pursuant to the 2015 annual review, no amendments were made to the Committee's Terms of Reference. The Committee adds value by monitoring and overseeing those functions set out in the Companies Act, as well as assuming responsibility for those matters assigned to it by the Board.

Information on the composition of the Social and Ethics Committee, its Terms of Reference and its procedures are set out more fully in the Corporate Governance Report on page 158 of the 2015 Integrated Annual Report.



At the Annual General Meeting, the Committee Chairman will report to shareholders on the Company's performance with respect to relevant legislation and codes of best practice, social and economic development, labour, and safety, health and the environment.

PURPOSE AND FUNCTIONS

Legislation and Codes of Best Practice

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

- discharged those regulatory obligations of a social and ethics committee as prescribed by Regulation 43(5) of the Companies Regulations;
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters;
- considered reports provided by management regarding compliance with legal and regulatory requirements in terms of the Company's Legal and Regulatory Compliance Policy;
- received reports regarding the ongoing Competition Act compliance training programme and annual compliance certification;
- participated in training provided by independent parties in respect of the amendments to the B-BBEE Codes of Good Practice;
- received reports regarding compliance with the National Environmental Management Act, the National Water Act and other safety, health and environmental legislation; and
- monitored compliance with the Mining Charter and the Department of Trade and Industry targets as well as the Company's status in respect of standards of best practice, including International Council on Mining and Metals Guidelines and membership requirements.

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All the Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of ARM. These principles are set out in ARM's Code of Conduct. The Committee received and considered reports regarding the Code of Conduct online training programme, which was introduced at the Company's corporate office and ARM Platinum during F2012 and at ARM Ferrous during F2013.

The Company reviewed its initiatives to counteract risks of fraud, bribery and corruption. As more fully described on page 41, the Company has a whistleblowers' policy and the Committee received reports regarding the results of investigations of calls made to the independent whistleblowers' hotline facility.

Social and Economic Development

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

- Corporate Social Responsibility;
- Local Economic Development, including infrastructure, enterprise development, and community development projects committed to under the Social and Labour Plans; and
- the ARM Broad-Based Economic Empowerment Trust projects.

The Committee specifically focused on commitments in the priority areas identified by the Committee, *i.e.* (i) health, (ii) education, (iii) sporting events, (iv) community capacity building, (v) arts and culture, (vi) job creation, and (vii) infrastructure.

Human Capital

ARM is committed to fair labour practices and freedom of association. The Company's policies are aimed at eliminating unfair discrimination and promoting equality in line with, *inter alia*, the South African Constitution, the Labour Relations Act, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, and all other applicable legislation and the industry charter that governs employment relationships taking cognisance of the Universal Declaration on Human Rights, United Nations Global Compact, the Fundamental Human Rights Conventions of the International Labour Organisation and the International Labour Organisation Protocol on decent work and working conditions. The Committee monitored and reviewed the implementation of labour policies, including:

- attraction, retention and development of skills to support the Company's growth plan;
- employment equity;
- employee turnover;
- learnerships and bursaries; and
- educational training and development of its employees; and literacy.

Safety, Health and Environment

ARM is committed to providing its employees with a safe and healthy work environment. The Committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- safety performance;
- occupational health and wellness; and
- tuberculosis and HIV & Aids.

The most significant environmental issues confronting ARM are climate change and the management of natural resources. The Committee monitored and reviewed the management of, among others:

- environmental management;
- water management;
- land use management (rehabilitation and biodiversity management);
- climate change effects; and
- the status of ARM's participation in the Carbon Disclosure Project.

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

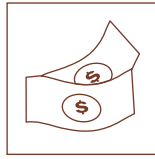
On behalf of the Social and Ethics Committee.

Dr Rejoice V Simelane

Chairman of the Social and Ethics Committee

15 October 2015

FINANCIAL CAPITAL



ARM's primary imperative is to generate returns for shareholders, investors and other providers of capital. Our "We do it better" management style is supported by values that guide the way we conduct business to balance this economic imperative with a responsible approach to our environmental and social impacts. This approach ensures that all of our stakeholders benefit from the value created by the business and supports ARM's sustainability and long-term growth.

The main focus in ARM's 2015 Integrated Annual Report is on how the activities and outputs of the Group affect financial capital, while this Sustainability Report adds detail about the other five capitals as defined in our business model on pages 8 and 9. However, the six capitals are interdependent and issues considered to relate to non-financial sustainability have a definite impact on financial sustainability.

Ensuring a sustainable supply of water has been identified as a potential constraint on our ability to increase processing capacity at Khumani Mine. Production at Modikwa Mine was negatively impacted by an increase in the number and duration of Section 54 safety stoppages during F2015.

At an industry level, investment in mining brings financial capital into mineral rich countries and mineral exports are a valuable source of foreign exchange. Mineral tax flows to the government also contribute significantly to a country's finances.

Mining supports human capital development, providing jobs for thousands of people in areas where employment is often scarce. Preferential procurement and enterprise development programmes support entrepreneurs and local job creation, and socio-economic development initiatives facilitate infrastructure improvements and social upliftment in remote and under-resourced communities.

ARM's investment in manufactured capital includes mining equipment, mining infrastructure and smelters, all of which help the Group to convert the natural capital of mineral resources into financial capital.

ARM's operational cash flows, net of tax, together with cash and cash equivalent balances and external funding sources constitute its primary financial capital. This capital is used to:

- maintain existing operations;
- expand new and existing operations;
- fund working capital; and
- make new investments.

This use of financial capital is balanced by the Board against its commitment that ARM as a globally competitive company return capital to shareholders as dividends.

Just as the mineral resources and reserves of ARM's operations are valuable assets so too is its financial capital. Financial capital needs to be responsibly managed to ensure that the funding of the Company is not unduly stressed thereby ensuring a sound financial basis for its continued operation and future plans.

OUR PERFORMANCE IN F2015

ARM's financial position remains robust despite a significant decline in US Dollar commodity prices which was partially offset by a weaker Rand/US Dollar exchange rate

Cash generated from operations

↑21%

to R2.5 billion
(F2014: R2.1 billion)

Headline earnings

↓58%

to R1 744 million

Headline earnings per share of 803 cents

↓58%

R3 565 million paid to employees

↑7%

(F2014: R3 330 million)

R1 317 million paid to the State as taxes

↓53%

(F2014: R2 796 million)

R10 808 million paid to providers of products and services

↓3%

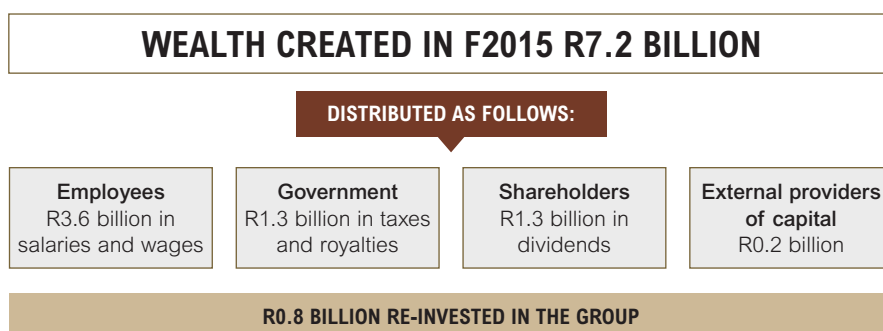
(F2014: R11 093 million)

Financial capital continued

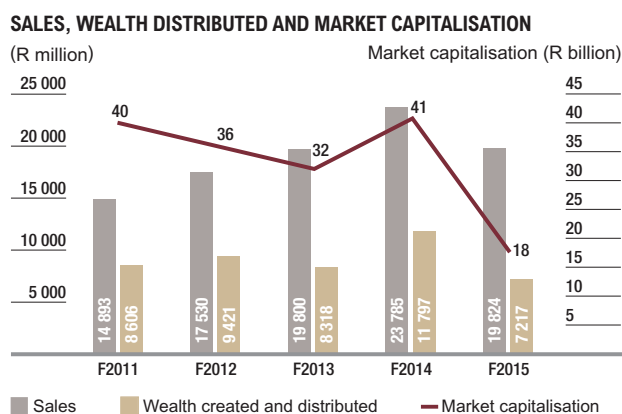
The global mining industry faced considerable headwinds in the financial year under review as commodity prices came under pressure mainly due to oversupply of many of the commodities ARM produces. The lower US Dollar prices for iron ore, manganese ore, thermal coal, platinum, nickel and copper were only partially offset by the 11% weakening of the Rand versus the US Dollar.

Sales decreased 17% to R19.8 billion in F2015 (F2014: R23.8 billion) and wealth created for ARM's stakeholders was R7.2 billion (F2014: R11.8 billion), a decrease of 39% consistent with the currently challenging commodity price environment. The average gross profit margin decreased to 15% from 25% in F2014. ARM declared a dividend of 350 cents per share for the financial year ending 30 June 2015, representing R761 million in value for shareholders. Dividends paid out during F2015 that were declared on F2014 totalled R1.3 billion.

ARM's full value added statement is shown on page 27 of the 2015 Integrated Annual Report available on ARM's corporate website: www.arm.co.za



Sales grew strongly from the trough in F2009 after the global financial crisis in 2008, declining in F2015 due to challenging commodity market conditions. The trend in wealth created and distributed and ARM's market capitalisation broadly followed each other over the five years shown in the graph below. After creating jobs at a compound annual growth rate of 9% a year from F2006 to F2014, full-time employees decreased 2% in F2015.



Cost efficiencies

ARM is responding proactively to the low commodity price environment by focusing on reducing costs, improving operational efficiencies, curtailing capital expenditure and addressing uneconomic operations. Our absolute focus remains maintaining a competitive cost position for each of our operations and all divisions are encouraged and incentivised to continually strive to improve operational efficiencies to mitigate above-inflation cost increases.

The ability of the Company to achieve its unit cost goals faces a number of challenges, including:

Rising energy costs

Energy is a critical input in mining and beneficiation. It is required to power the crushers and mills that process ore, ventilation fans, pumps for dewatering and the motors that drive conveyor belts and elevator cages. Diesel is used in mining, loading, hauling and logistics as well as emergency power generation. The rising cost of electricity and fuel not only affects the positioning of our operations on the global cost curve, it also adds further financial pressure to society.

The processing of metals is particularly energy intensive and even though activity at the smelters has been significantly curtailed, they still account for 37% of the Group's total electricity consumption. The decision to build the Sakura smelter in Sarawak, Malaysia was supported by a 15-year green power supply contract. The use of hydro-electric power was a key strategic advantage to manage cost pressures and contribute positively to efforts to reduce greenhouse gas emissions.

At an industry level, there is concern regarding the future viability of the South African ferrochrome smelting industry due in particular to the increases in the cost of electricity. One of Assmang's local customers is currently in "business rescue" and another was forced to curtail production substantially.

Continued above-inflation energy cost increases will affect the competitiveness and profitability of all business, ultimately undermining job creation, social development and the flow of revenue to government.

Carbon tax

The pending carbon tax will affect our South African operations, especially the energy-intensive operations in the ARM Ferrous Division. The carbon tax as currently structured will increase compliance and energy costs at a time when global growth is slow and mining industry margins are already under intense pressure. ARM supports initiatives that drive a global transition to a lower carbon economy and result in a more resilient society that is more competitive in the long term. The final policy needs to adequately manage the short-term and long-term developmental impacts of the planned carbon tax.

Other environmental regulations

Increasing environmental regulation in South Africa and in key customer countries may increase compliance costs and affect the selling price of commodities in regulated regions. The implementation of the National Climate Change Response Policy includes mandatory reporting and the establishment of Desired Emission Reduction Outcomes (DEROs) that will affect our South African operations. Overly stringent reduction requirements could impact our ability to conduct our business.

Labour costs and efficiency

South Africans at the lower end of the socio-economic spectrum have been disproportionately affected by the country's weak economic growth, rising costs, high unemployment and numerous other socio-economic challenges. This extreme financial pressure and the increased politicisation of social issues, particularly in the lead up to local elections in the second half of 2016, are likely to test relationships between business and labour, particularly across the mining and metals industries.

ARM values the positive relationship it has with its employees and their representatives in organised labour. Achieving our cost and production efficiency targets is reliant on labour productivity and wage increases that consistently run ahead of productivity improvements that could undermine the long-term sustainability of the business.

Tax regime

Changes in legislation, regulations, taxes or royalties that affect the mining industry have the potential to decrease the value that is available for distribution to other stakeholders, including providers of capital and employees. Such changes could reduce the attractiveness of South African mines in the eyes of global providers of capital and undermine the competitiveness of the local industry.

Infrastructure access and capacity

Efficient production and the expansion of our operations depend on securing a reliable supply of key inputs, including water and electricity, which are delivered through distributed infrastructure systems. Our ability to supply our products to customers depends on the capacity and reliability of rail, road and port infrastructure to transport products from our operations to their final destinations.

Security of energy supply

Unscheduled electricity supply interruptions directly affect our ability to maximise efficiencies and achieve our production targets, as was evident in the decreased production at Cato Ridge Works due to load shedding in F2015. ARM's ability to execute its

expansion and growth plans depends on the effective maintenance and extension of electricity infrastructure. Our South African operations work closely with Eskom to help to manage pressure on the national grid by reducing load where necessary. However, already reduced activity at our smelting operations affects the Group's ability to further reduce consumption to ensure our mining operations can continue during load shedding.

Water supply

Water is a critical input for our mining and smelting operations, particularly in the water-scarce Northern Cape. Access to water of an acceptable quality is essential to maintain our processing activities and to make future expansions and developments viable. We work closely with local municipalities to support continued access to reliable water infrastructure for both our operations and for the benefit of local communities.

Rail and port logistics

Iron ore produced by ARM's Ferrous Division is exported through the Sishen Saldanha Iron Ore Export Channel (SIOEC), a single channel rail and port facility. Capacity constraints on the SIOEC limit ARM's ability to increase its exports.

The viability of the Company's expansion plans at Black Rock Mine is dependent on clarity on Transnet's allocation of manganese export volumes. ARM Ferrous continues to engage with Transnet regarding the manganese ore export capacity as per the interim manganese export capacity allocation (MECA2) process and the longer term (MECA3) process. Clarity on these allocations had not been received by the end of the financial year.

Transnet has received approval from the Department of Public Enterprise to expand the manganese ore export channel through the new terminal at the Port of Ngqura to 16 million tonnes, which is planned to be operational by the first quarter of 2019.

Transportation of ore by road is more costly, increases our carbon footprint and has a significant impact on road infrastructure, but may be necessary where rail capacity is constrained.

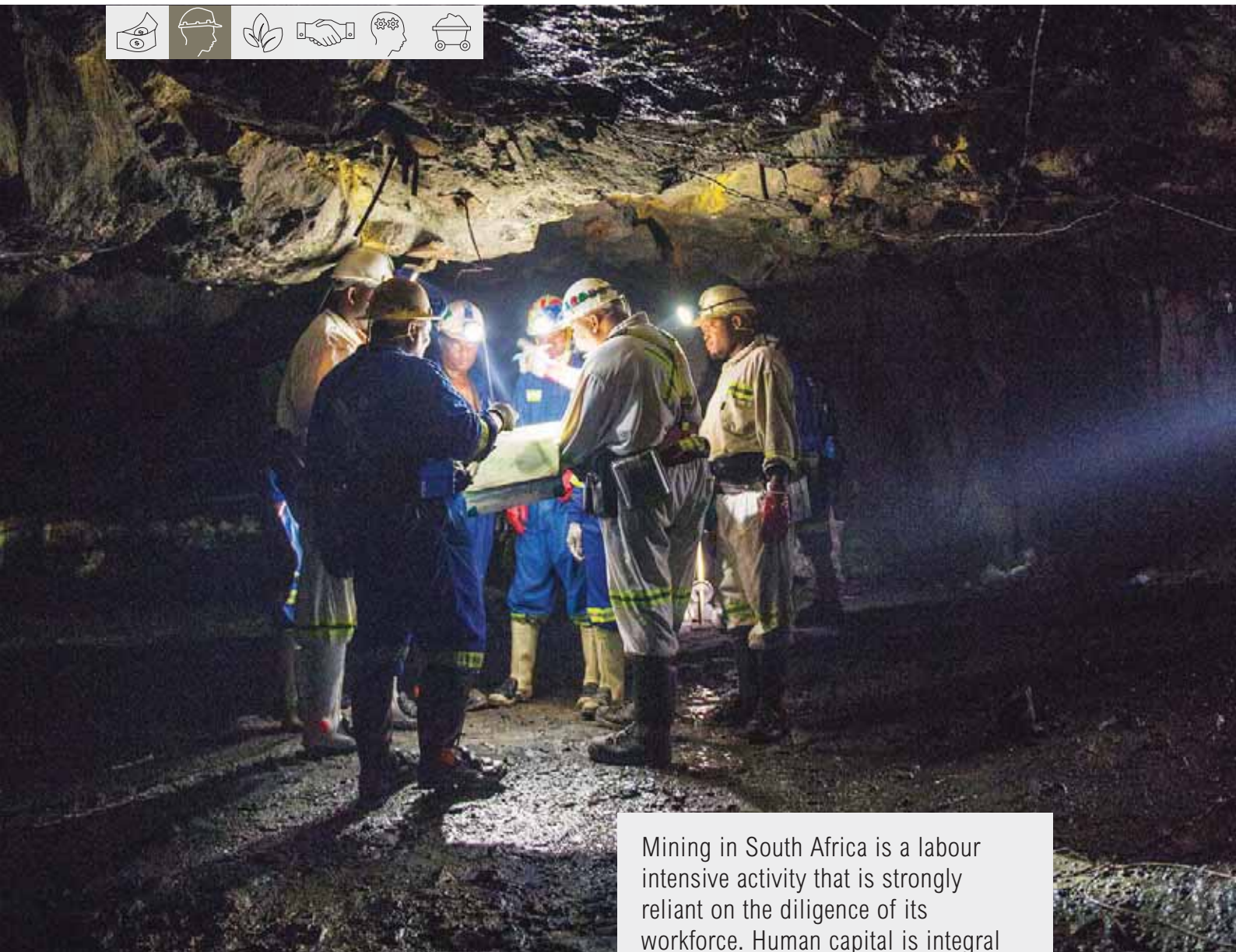
Market conditions

The price of the commodities produced by ARM's operations is driven by short- and long-term inequalities in global demand/supply relationships. Movements in these prices directly impact the Company's revenues, earnings and cash flows and are outside our control.

Our costs are largely priced in Rands, while commodities are mostly priced in US Dollars, so the Company is also exposed to the effects of exchange rate fluctuations.

ARM's structure includes a diversified portfolio of assets and products that results in returns that are more stable than those of single product producers. We continuously monitor commodity markets in close collaboration with our joint venture partners to ensure our planning and mitigation processes manage these risks as far as possible. While our commodity spread provides a hedge against Rand/US Dollar exchange rate fluctuations, we do not engage in currency hedging, other than for the purchase of long lead capital equipment and project funding.

HUMAN CAPITAL



Mining in South Africa is a labour intensive activity that is strongly reliant on the diligence of its workforce. Human capital is integral to mining and beneficiation processes, which transforms the natural capital of mineral and ore reserves into financial capital for the benefit of all stakeholders.

Maximising the potential of ARM's human capital is essential for the Company to reach its production and operational efficiency goals. At the same time, staff costs comprise a significant proportion of total costs, and managing cost growth while ensuring that productivity continues to improve is important to ensure the sustainability of the Company and secure the majority of jobs.

The policies, processes and controls that implement our zero harm approach to occupational health and safety aim to safeguard this essential asset while supporting productivity and efficiency.

ARM's human resources strategy aims to maximise the human capital in the Company by attracting and retaining key skills while ensuring employee development through training and career path initiatives. We maintain a non-discriminatory workplace based on fairness and employment equity, fair labour practice and freedom of association, in which employees can contribute to the best of their ability and are empowered to develop rewarding careers.

We respect the rights of our employees and ensure open and effective dialogue with their representatives, including trade unions, as important stakeholders in the Company. The principles of transformation are integrated into our human resources strategy to ensure that it continues to effectively support the representation of historically disadvantaged South Africans in our workforce.

Our human capital strategy aims to keep the Company competitive and ensure sustainability by maximising our employment value proposition and aligning with our entrepreneurial culture. Entrenching the Company's position as an employer of choice is an integral part of this approach, as is facilitating the sustainable transformation, growth and development of the mining industry in line with the vision of the Mining Charter.

Our most material human capital matters are:

- Human resources management;
- Safety;
- Occupational health and wellness; and
- TB, HIV & Aids.

How we manage human capital

Our approach to managing our human resources is described in the human resources management section that follows this introduction.

HUMAN RESOURCES MANAGEMENT

The pillars of our human resources strategy translate into intellectual capital and human capital growth that improves productivity, safety and efficiency. Skills upliftment, performance enhancement, career development panels and succession planning are key focus areas to retain talent and intellectual capital developed over time in the form of experience, innovation and entrepreneurial leadership. This is particularly true for the scarce, critical and technical skills needed by the Company to run its operations.

ARM's human resources strategy is driven by four pillars that underpin the focus of all human resources interventions:

- **Workforce planning:** To conduct workforce assessments for future business needs and respond to changes in industry requirements in relation to skills gaps.
- **Talent management:** To recruit, develop and retain high-quality people to meet the current and future needs of the business, ensure advancement of equal opportunity in employment through career mobility, succession and fast-tracking programmes.
- **Human Resources Development:** To have a highly skilled workforce that continues to learn and is able to respond to changes in working practices. To create platforms for learning and development in support of the skills development plan.
- **Performance enhancement:** To have a high-performing, well-motivated workforce that continuously seeks to improve on quality outputs. To ensure retention of high-performing teams and individuals.

The Group Executive: Human Resources (HR) and Chief Human Resources Officer are the senior executives responsible for the delivery of the four human resources strategic pillars. The HR function is represented at operational, divisional and corporate level. Human resources, employment equity and skills development strategies form an integral part of Group interventions. Progress on transformation in the workforce, skills attraction and development are managed and monitored by the Employment Equity and Skills Development Committee at an executive level and is reported to the Social and Ethics Committee.

Occupational health and safety is managed through ARM's Safety, Health, Environment and Quality (SHEQ) function, which is described in detail in the Safety and occupational health section starting on page 58. More information on the key challenges we face regarding occupational and primary health in our workforce and how these are managed is provided in the Occupational health and wellness, and the TB, HIV & Aids sections on pages 66 to 77.

SR

Human capital: Human resources management continued

The human resources strategy aims to foster an entrepreneurial culture and leadership among employees, ensuring HR practices are benchmarked against best practices, positioning ARM as an employer of choice. Integral to the human resources strategies and initiatives is ensuring compliance with relevant labour legislation, managing potential risks and promoting a strong and mature relationship with unions and all key stakeholders. We positively impact the lives of people in our communities through delivery on Social and Labour Plans and community projects. This is a key part of the HR role and close synergies are identified through integration of the functions headed by the Group Executive: HR and the Group Executive: Compliance and Stakeholder Relations.

Regulations and guiding frameworks

ARM's approach to managing its human capital is driven by the principles entrenched in its core values. Other frameworks and regulations that guide our approach to human capital include those shown below:

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

HIGHLIGHTS AND CHALLENGES

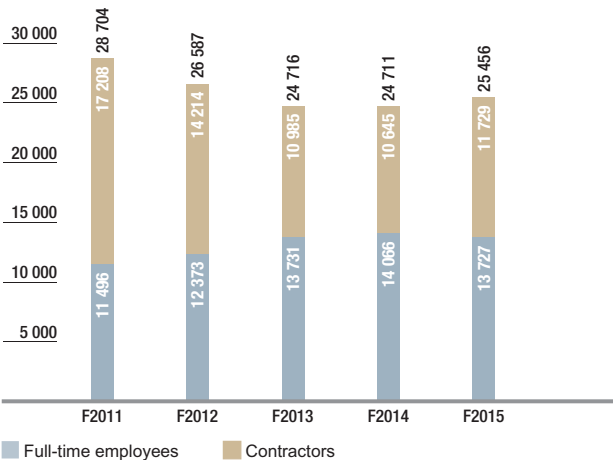
Historically disadvantaged South African (HDSA) representation increased at both the professionally qualified level as well as the technically qualified level, increasing to 54% (F2014: 51%) and 67% (F2014: 65%) respectively. The improvement on the above mentioned levels reflects a positive outlook in relation to future succession planning as the feeder to senior management.

Female employees make up 15% of the workforce, exceeding the Mining Charter target of 10%. Women in core mining and critical and scarce skills comprise 10% of the workforce.

Securing suitable housing around our remote operations remains a significant challenge for the group.

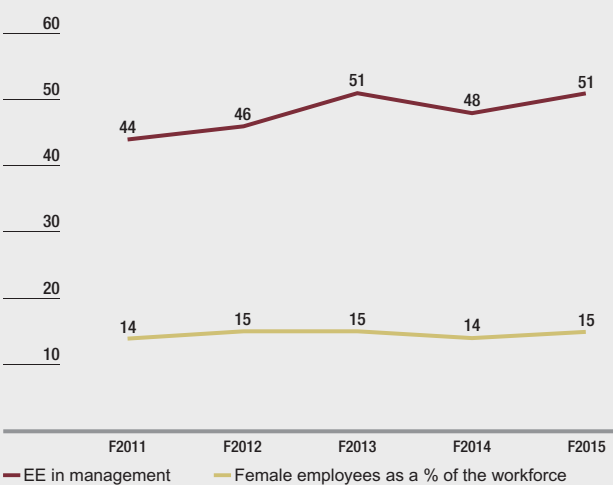
The Company continues to keep abreast of the latest legislative amendments and developments such as amendments to the Basic Conditions of Employment Act, Employment Equity Act and the dti's revised Codes of Good Practice. In light of this, the necessary changes to our human capital policies, procedures and practices are made to ensure alignment for compliance purposes. Compliance roadshows are conducted quarterly across all operations to monitor and evaluate the operations' performance and implementation. Total full-time employees decreased by 2% to 13 727 at year end due to changing operational requirements. Contractors increased to 11 729 as project work continued in support of business sustainability.

TOTAL LABOUR AS AT 30 JUNE 2015



Assisting women with obtaining careers in mining is also a challenge and operations continue to develop innovative ways to assist women in this regard.

REPRESENTATION (%)



1



Operationalise the strategic pillars through implementation

- **Workforce planning** – a workforce needs assessment was conducted which focused on critical and scarce skills. The workforce planning model is aligned to the Group's transformation and diversity plans for the Group, and is informed by the South African Board for People Practice (SABPP) standards and Top Employer requirements.
- **Talent management** – a talent management strategy was developed that ensures alignment with employment equity targets in line with the future workforce requirement. The Bright Spark Talent Framework was developed to address the different needs in nine career stages from in school youth until retirement (Centre of Excellence).
- **Human Resources Development** – a Human Resources Development (HRD) audit was completed across the Group and HRD initiatives were aligned with SABPP standards to meet national goals and objectives.
- **Performance enhancement** – developed a standardised performance enhancement practice which aims to facilitate business strategy implementation. High-performance team culture building sessions were conducted to align business plans to strategy.

2



Promote the learning hub Centre of Excellence by ensuring operational implementation and ownership

The learning hub Centre of Excellence has added much value in the area of tailored ARM Supervisory Development as a total portal of learning excellence, and further added in the delivery of various leadership development programmes.

Labour relations

Maintaining strong and constructive relationships with employees and unions is essential to ARM, especially given current low commodity prices. We respect our employees' rights to collective bargaining and all human resource procedures are negotiated with and approved by organised labour. We believe that it is critical that all stakeholders – from investors to employees and labour unions – appreciate each other's legitimate needs within the context of long-term value creation.

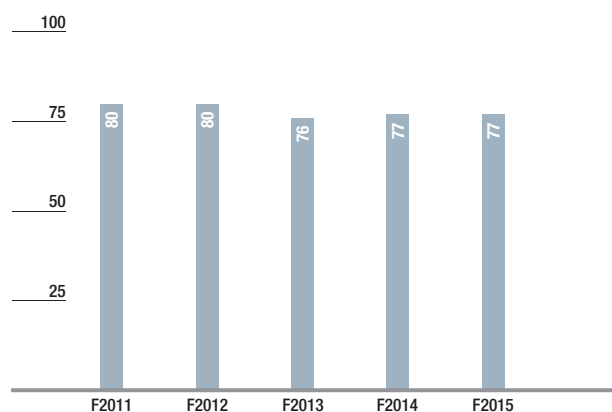
Operational human resource managers are primarily responsible for union negotiations or employee relations/workforce consultation. Wages and conditions of employment are negotiated at operational level in accordance with Group guidelines and policies. The Company engages with unions at monthly shop steward meetings and through other structures as required.

ARM has recognition agreements with five major unions: the National Union of Mineworkers (NUM), the National Union of Metal Workers of South Africa (NUMSA), the United Association of South Africa (UASA), Solidarity and the Association of Mineworkers and Construction Union (AMCU).

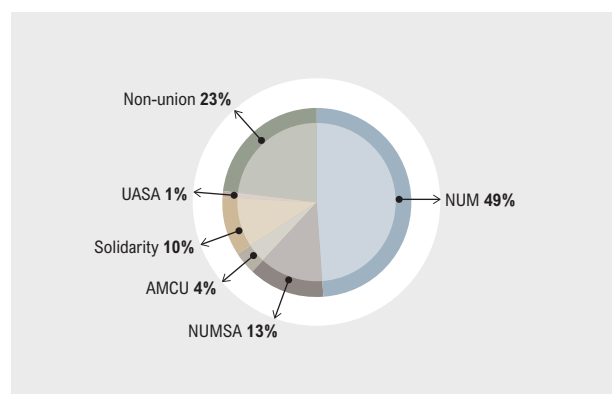
Overall union representation in the workforce remained level at 77% (F2014: 77%), with NUM accounting for 49% of representation, NUMSA 13%, Solidarity 10% and AMCU 4%, while 23% of the workforce does not affiliate to any of the five unions.

There were no strikes that impacted on production at any of ARM's operations and all wage negotiations were successfully concluded within the mandate and without work stoppages. In F2014, 17 221 man days were lost due to industrial action.

UNION REPRESENTATION IN THE WORKFORCE (%)



TRADE UNION REPRESENTATION FOR F2015 (% of workforce)



Human capital: Human resources management continued

Attraction, retention and development of skills

ARM's ability to achieve its strategic goals depends on ensuring access to skills and the technical expertise required for mining and beneficiation. These include geologists, scientists, engineers, financial specialists, managers, artisans and skilled operators. Our workforce planning initiatives identify the future skills needs of the business as well as any potential gaps. The skills needs of the Company are addressed internally through our skills development initiatives, or recruited externally.

In the competitive global mining industry, it is also important that we retain the talent that we already have. ARM's leadership embraces creativity, innovation and entrepreneurship, which helps to ensure retention of talent. We aim to remain an employer of choice in the mining industry by demonstrating a compelling employee value proposition. This includes career development opportunities, competitive remuneration, study assistance and performance management.

Talent is managed and supported by the ARM talent portal and a talent management reporting system that links to the employment equity system. This ensures alignment between talent, succession plans and career development plans to monitor and track talent across the Company.

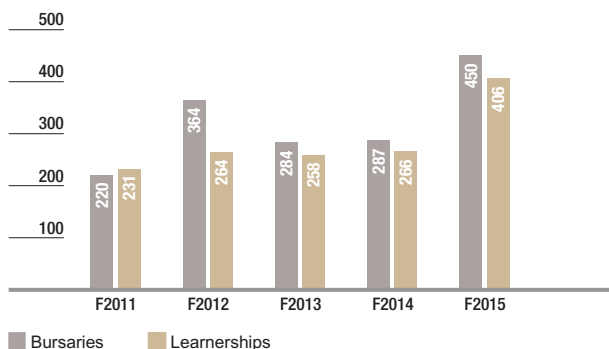
ARM participates in the Global Top Employer Certification programme to rank our employee standards against international benchmarks. ARM was among 77 South African companies which were awarded Top Employer certification.

We also assess the percentage of job offers made each year that are accepted as another measure of ARM's status as an employer of choice. In F2015, 96.7% of job offers made were accepted (F2014: 98.4%).

ARM has several initiatives in place focused on securing future skills, including:

- Learnerships (406 in F2015) focusing on skills development across various disciplines applicable to mining, 98% of which are HDSA and 19% are HDSA women. The significant increase in learnerships from F2014 (266) is attributable to community upliftment initiatives that included unemployed youth development skills programmes.
- Bursaries for 450 students in F2015, of which 373 were allocated to HDSA students. Wherever possible, we give preference to deserving candidates from our local communities when granting bursaries to assist ARM in developing a local talent pipeline. ARM bursars and students with bursaries from the Motsepe Foundation are incorporated into the talent management framework to ensure that where opportunities arise they can be matched to high-potential candidates.
- Several socio-economic development programmes that support improvement in Maths and Science in the communities in which we operate. These programmes aim to create a pool of learners with the necessary skills to partake in our business as part of our future talent and facilitate access to career opportunities, study material and grades improvement.

BURSARIES AND LEARNERSHIPS

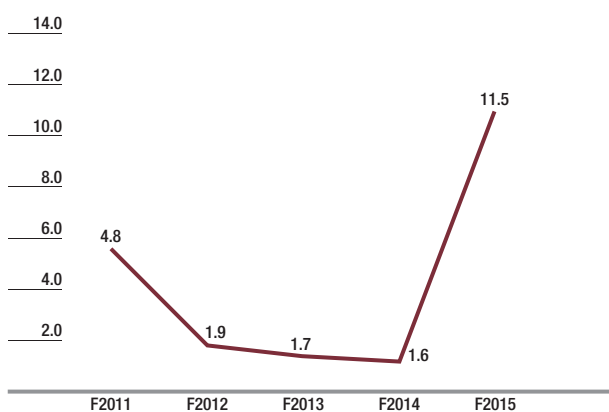


During F2015, we also finalised our Young Talent strategy and initiated the Rising Star Programme, which aims to celebrate, reward and connect young talent within the Company.

Another area of focus in F2015 was improving the number of people with disability working at ARM. We conducted a work-place disability management feasibility study in support of the four strategic pillars that focused on sourcing, attracting, developing and retaining talented people living with disability across our operations. Operations, including corporate have concluded facility inspections for reasonable accommodation and are now in various phases of conducting diversity-related sensitisation workshops.

We measure skills retention through employee turnover – the number of permanent employees who leave our organisation during the year. This includes resignations, dismissals, retirements and those that left voluntarily. During F2015, employee turnover increased to 11.5% (F2014: 1.6%) as a result of restructuring due to operational requirements.

EMPLOYEE TURNOVER* (%)



* Excludes contractors.

In the current difficult economic climate there is an intense focus across the mining industry on financial sustainability through cost management, increased labour productivity and safeguarding the majority of jobs. Despite much effort, the current environment led to Section 189a processes in terms of the Labour Relations Act.

Affected employees were redeployed to available positions where these existed. All operations are actively engaging with organised labour to find ways to further manage costs to avoid any further job losses.

Human resources development

ARM's skills development programmes include training courses, learnerships, internal and external bursaries and study assistance. We view our investment in these programmes as essential to building the Company's human capital and intellectual capital, and as an important facilitator for continuous improvement in productivity and safety performance.

Training and development is planned and budgeted at an operational level. Operations report annual training and workplace skills development plans to the Mining Qualifications Authority (MQA) and the Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA). ARM also reports to the MQA centrally on training spend, learnerships, Adult Basic Education and Training (ABET) and bursaries. Human capital development is an important consideration in our Social and Labour Plans (SLPs) and to meet the requirements of the Mining Charter.

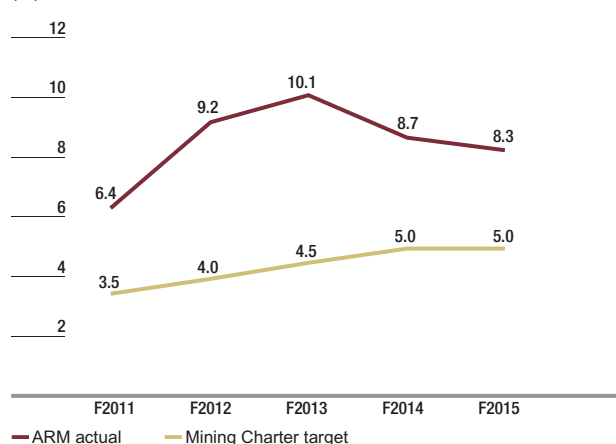
Our skills development initiatives focus mainly on the development of core and critical skills for the business in support of the Skills Development Act, with an emphasis on supporting the development of HDSAs.

Technical skills training is delivered through accredited training centres at each operation.

All employees undergo performance and development reviews at least twice a year and feedback from these reviews inform our training development expenditure and skills focus. ARM works closely with stakeholders, including tertiary educational institutions, the MQA and MERSETA to enhance skills development through initiatives such as work experience placements and national vocational work.

The Company's total investment in skills development in F2015 increased to R232 million (F2014: R196 million), which represents 8.3% of total payroll, exceeding the current Mining Charter target of 5%. This represents a training spend of R9 114 per person working at ARM, including contractors (F2014: R7 940).

TRAINING SPEND AS A % OF PAYROLL (%)



Other human resource development initiatives include:

- ARM's supervisor development rollout is aligned with the appropriate national qualification registered with the South African Qualifications Authority (SAQA);
- Implementation of a learning management system in the Northern Cape operations;
- The Group capacity building strategy with its key focus areas was approved for implementation;
- Operational development programmes, including shift boss/mine overseer and foreman development programmes to develop high-potential individuals to supervisory and management levels; and
- A future leaders development programme in partnership with Wits Business School.

Youth development initiatives include:

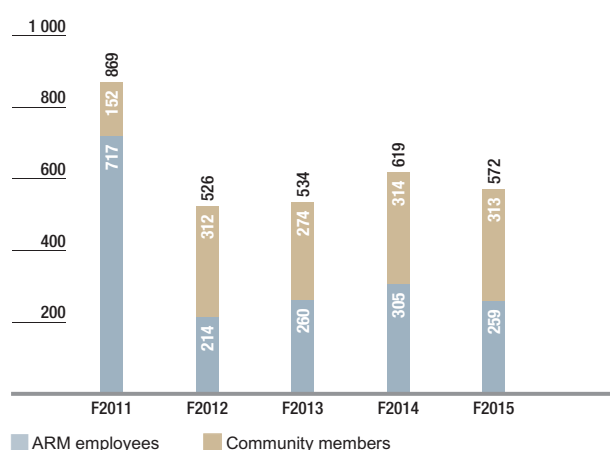
- A graduate development programme that targets unemployed HDSA youth who have completed degrees or diplomas in the scarce skills disciplines as identified in the MQA Sector Skills Plan. There are 32 graduates currently on the programme, all of which are HDSA, and 47% are HDSA women;
- Community cadetship training to develop skills in local communities to help members find employment;
- Funding the TEACHSA programme, which places Engineering and Science graduates in teaching positions within communities to accelerate local skills development;
- Supporting the Young Entrepreneurs Incubation Programme and Business Skills Development Programme to encourage entrepreneurship; and
- Supporting the National Union of Mineworkers' bursaries and the Mineral Education Trust Fund to develop industry skills.

Literacy

ARM operations' Adult Basic Education and Training (ABET) programmes support the development of basic skills through nationally aligned ABET courses offered at all of our training centres. These initiatives are extended to members of surrounding communities to improve career prospects, self-esteem and future employability.

572 students attended ABET courses during F2015, including 313 community members.

ABET students



Human capital: Human resources management continued

Functional literacy in the Company increased to 94% (F2014: 93%) supported by continued ABET initiatives and literacy assessments to improve foundational learning.

Employment equity

ARM is committed to transformation in its South African operations and our human capital strategy prioritises the development of historically disadvantaged South Africans (HDSAs) to senior levels in the workforce. We track our employment equity (EE) progress in terms of the Mining Charter, the Department of Labour and the Department of Trade and Industry (dti) Codes of Good Practice (CoGP).

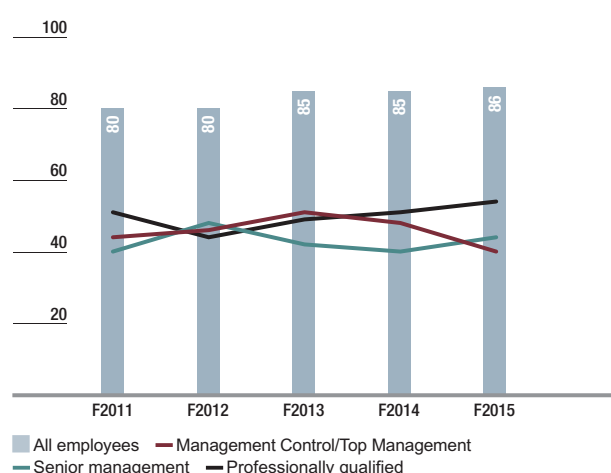
The Group Executive: Human Resources is the legally appointed Employment Equity Senior Manager in terms of the Employment Equity Act, (No. 55 of 1998) Section 24, for the Group. Recruitment processes are reviewed by the Employment Equity Committee, which follows up on deviations in EE performance and monitors the technical skills required to meet our transformation objectives. Our succession plans and talent management framework consider EE to ensure that our leadership pipeline supports our transformation objectives. Monitoring and evaluation of EE is done on a quarterly basis using various reports to facilitate discussions and promote focused decision making. This encourages and promotes diversity business cases in relation to racial demographics, gender and people living with disability.

The ARM Corporate EE Plan ended in June 2015 and ARM is in the process of submitting the new EE Plan for the next three years to the Department of Labour. A reporting system was implemented

to ensure alignment in EE reporting across the varying requirements of the dti, the DMR and Department of Labour.

Rapid transformation at senior levels is particularly challenging in the mining industry due to the shortage of these skills and the extensive experience and training required to acquire them. Mine managers usually take over 20 years to qualify through a practical programme or 12 years after completing a university degree. Our operations, therefore, implement talent pool identification and management and career path programmes that identify and support the rapid development of HDSA employees into management, in line with the requirements of the Mining Charter.

HDSA REPRESENTATION
(%)



Mining Charter employment equity scores	HDSA (%)			Women in mining (%)		
	F2015	F2014	Mining Charter target	F2015	F2014	Mining Charter target
Top management	37.5%	37.5%	40%	13.0%	6.3%	10%
Senior management	44.1%	40.0%	40%	11.0%	12.1%	10%
Middle management	54.4%	50.9%	40%	8.0%	7.6%	10%
Junior management	67.1%	65.0%	40%	6.0%	6.3%	10%

Junior, middle and senior management HDSA representation have improved in F2015, illustrating ARM's commitment and progression towards employment equity. Our EE strategy prioritises HDSA development at senior and middle management levels, which increased to 44% and 54% respectively in F2015. HDSA representation in the junior management band increased to 67%, further expanding the pool of potential future leaders of the Company.

During F2015, one of our black male executive directors resigned and was replaced by an internal candidate from top management, who is a black male. Despite the internal staff movement in this category, the Company still meets the Mining Charter target of 40%.

The overall percentage of women across the Group increased to 15% of which 10% constitutes women in core mining as well as the critical and scarce skills categories.

Housing

ARM seeks to facilitate processes that promote the ownership of affordable housing by employees at its operations. Through our housing strategy and policy, we support initiatives to provide quality housing for people residing and working in mining towns, as referenced to by the Mining Charter. ARM strategy is to ensure that mining towns with great potential for future mining in line with the life of mine will be prioritised in this regard while the practice is to ensure that every employee has decent accommodation in line with the relevant legislation.

ARM's Ferrous Division has a property development and housing finance unit that assists the provision of housing for our employees in the Northern Cape in identified local communities. Accommodation is supported through a combination of mine rented accommodation and housing subsidies. In F2015, a housing survey was held of more than 3 000 employees at Beeshoek, Black Rock and Khumani mines to better understand employees' living conditions and preferences, and to ensure that the current housing scheme/ subsidy has a positive impact.

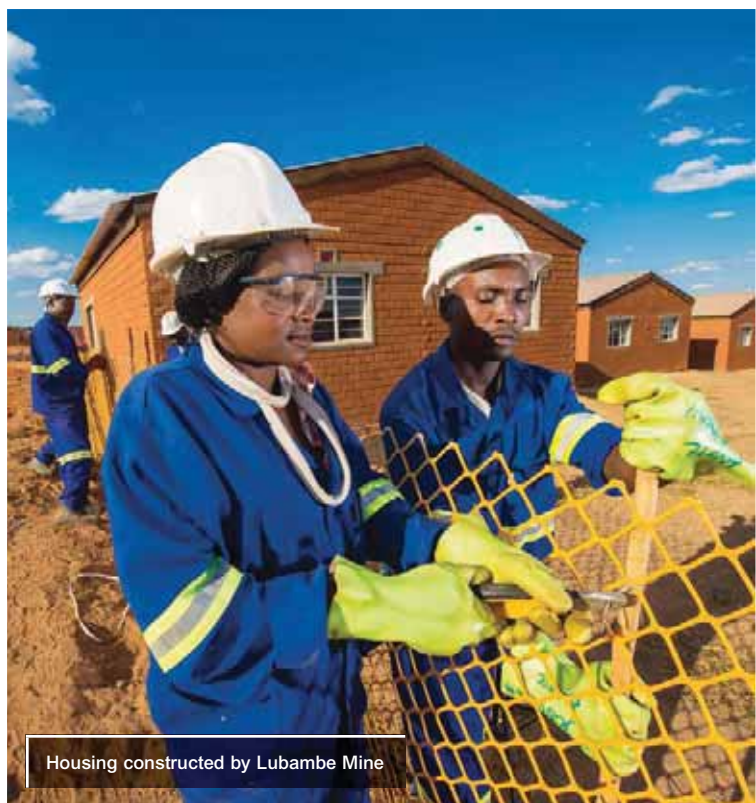
In the Platinum Division, Modikwa Mine provides company housing to employees, if requested. Modikwa has also introduced a home ownership allowance for employees in the A to C band to promote home ownership. Nkomati and Two Rivers mines both have living out/housing allowances as part of their remuneration packages. Both mines continue to engage with employees to determine the best way to promote home ownership for employees in the lower categories.

Since 2009, ARM has completed the following housing initiatives:

- Converted all hostels into single accommodation or family units;
- Constructed 205 houses at the Konkola Village in Zambia to resettle informal households which were previously located on affected mine land;
- Built 220 rental units in Kathu, Kuruman and Postmasburg in the Northern Cape;

- Constructed 1 695 houses/home ownership units in Kathu, Kuruman, Postmasburg, Burgersfort, Badplaas and Machadodorp;
- Sold 22 company-owned units to employees in Kuruman in the Northern Cape; and
- Acquired 759 vacant stands for future provision of housing in Kathu, Kuruman, Postmasburg and Machadodorp.

ARM contributed to the national debate by providing valuable insight into the housing strategies and interventions put in place in the mining industry.



Housing constructed by Lubambe Mine

**HUMAN
CAPITAL**
focus for
F2016



Ferrous Division

The Ferrous Division will continue to implement the housing policies as agreed and will continue to promote home ownership.

Platinum Division

All the operations provide employees with assistance towards home ownership through either a living out allowance or a housing/home ownership allowance. In F2016, Modikwa Mine will finalise the development of a housing strategy, while Two Rivers and Nkomati mines will explore additional measures to facilitate home ownership for their employees.

Human capital: Safety and occupational health

Safety and occupational health

Mining and beneficiation include activities that by their nature pose a potential risk of physical injury to people working underground or in open pits, performing activities associated with drilling, blasting, operating heavy machinery, moving ore and rock and smelting of metal.

In this challenging operating environment, ensuring our employees' health, hygiene and safety are critical to ARM's long-term sustainability. Our commitment to the safety and health of all our employees lies at the heart of our values and culture.

Ensuring that the procedures and controls are in place to support safety and wellbeing strengthens our relationship with our employees and regulators and improves production efficiency.

Safety concerns include operational risks such as falls of ground, working at heights, fatigue and moving machinery. Occupational health concerns include issues such as noise, HIV & Aids, TB, chronic diseases and employee wellness.

Occupational health and wellness is integrated in safety management to ensure entrenchment of hazard identification and risk assessment in terms of the hygiene and health implications of all activities.

How we manage safety and occupational health

The ARM Board is ultimately responsible for ensuring that the Company's commitment to zero harm is demonstrated across the operations. Safety and health are managed through the Safety, Health, Environmental and Quality (SHEQ) function. SHEQ Managers at the divisions are responsible for setting operational safety policies and strategies, and for monitoring safety performance. Performance is reviewed at quarterly SHEQ meetings and reported to the Social and Ethics Committee.

Our wellness programme covers safety, occupational hygiene and health, TB, HIV & Aids and chronic disease management. The programme integrates information from the SHEQ departments, employee wellness forums, medical staff and Human Resources function into the programme to ensure a holistic and informed approach to recruitment, wellness management, and ill health and incapacity management.

Operational safety and health policies and management systems align with OHSAS 18001, the international health and safety management system, and all operations except for Modikwa, Two Rivers, Black Rock and Lubambe mines are certified in terms of OHSAS 18001. Black Rock's OHSAS certification is planned for February 2016.

All employees and contractors receive health and safety training as part of their initial induction training, as well as regular refresher courses and job-specific training. They also undergo medical fitness surveillance prior to commencing work and regularly thereafter, based on the occupational risks they are exposed to.

Compliance with legislation and Company safety and health policies and standards is monitored through annual external operational legal compliance audits, which include safety and health. Every second year, as a directive from the Board, external

Barring down of loose rock underground



legal and process experts audit each operation to ensure that policies, procedures and systems are appropriate and adequately mitigate risks. These biennial audits were conducted last year and the focus in F2015 was on addressing and closing out findings from the last audits. The next audits will be held in F2016.

Regulations, guiding frameworks and industry initiatives

Health and safety is regulated by the Mine Health and Safety Act (MHSA) for our mining operations and the Occupational Health and Safety Act (OHSA) for our non-mining operations, which are enforced by the Department of Mineral Resources (DMR) and the Department of Labour (DoL) respectively. The Mining Charter sets targets for health and safety through the implementation of the Tripartite Action Plan on Health and Safety.

We participate in industry forums and work closely with our peers to ensure that we learn from industry good practice and benchmark through local and international initiatives that address health and safety concerns at an industry level. These initiatives include:

- **The Mining Industry Occupational Safety and Health (MOSH) initiative driven by the Chamber of Mines (COM):** These programmes seek to facilitate the adoption of good practice across the mining industry and to meet the Tripartite Health and Safety Targets and Milestones. The Executive: Sustainable Development and the Group Occupational Health and Wellness Superintendent participate in the MOSH Task Force of the COM and the Occupational Health and Safety Policy Committee of the COM.
- **The Culture Transformation Framework (CTF):** The CTF arose from a tripartite process between government, labour and industry. It aims to eliminate discrimination and to create a safe, healthy and productive mining industry in South Africa, with risks controlled at source through collaborative action from all tripartite stakeholders. Our culture, systems and programmes are aligned with the goals of the CTF.
- **The International Council on Mining and Metals (ICMM):** Membership of the ICMM and active participation in its structures provide ARM with a network for learning from peers and implementing good practice.
- **The Tripartite Health and Safety Targets:** At the Mine Health and Safety Summit in 2003, 10-year goals were agreed by government, employers and employees (the Tripartite parties). During 2014, the Mine Health and Safety Council, mandated through the Mine Health and Safety Act, arranged a summit to review the occupational health and safety milestones set in 2003. In support of zero harm and aligned with the National Development Plan of South Africa, commitments and action plans were developed to focus on occupational health and safety; TB, HIV & Aids; and culture transformation.
- Benchmarking our safety performance against the metrics reported by our peers.

For occupational health and safety statistics purposes, an average of 23 479 employees and contractors (eligible for induction and/or medical surveillance and contributing to the safety statistics) is used as the "total workforce". This figure differs from the total labour figure of 25 456 reported by the Human Resources Department, which is the figure recorded as at 30 June 2015.

SAFETY

We are committed to strive for zero harm to our employees. Our operations are all joint ventures with other reputable mining houses who share this commitment. Risk assessment is at the core of our safety management systems, controls and training. We prioritise safety through constantly refining our operational safety systems and controls, and continuously training our employees. Performance incentives for senior operational, divisional and corporate staff include safety as part of their performance targets.

Safety performance has a direct impact on productivity, efficiency and financial capital as is well illustrated in the value lost due to production stoppages. We estimate that the shifts lost to Section 54 and Section 55 Notices reduced revenue by R539 million, based on average daily revenue for the Group.

How we manage safety

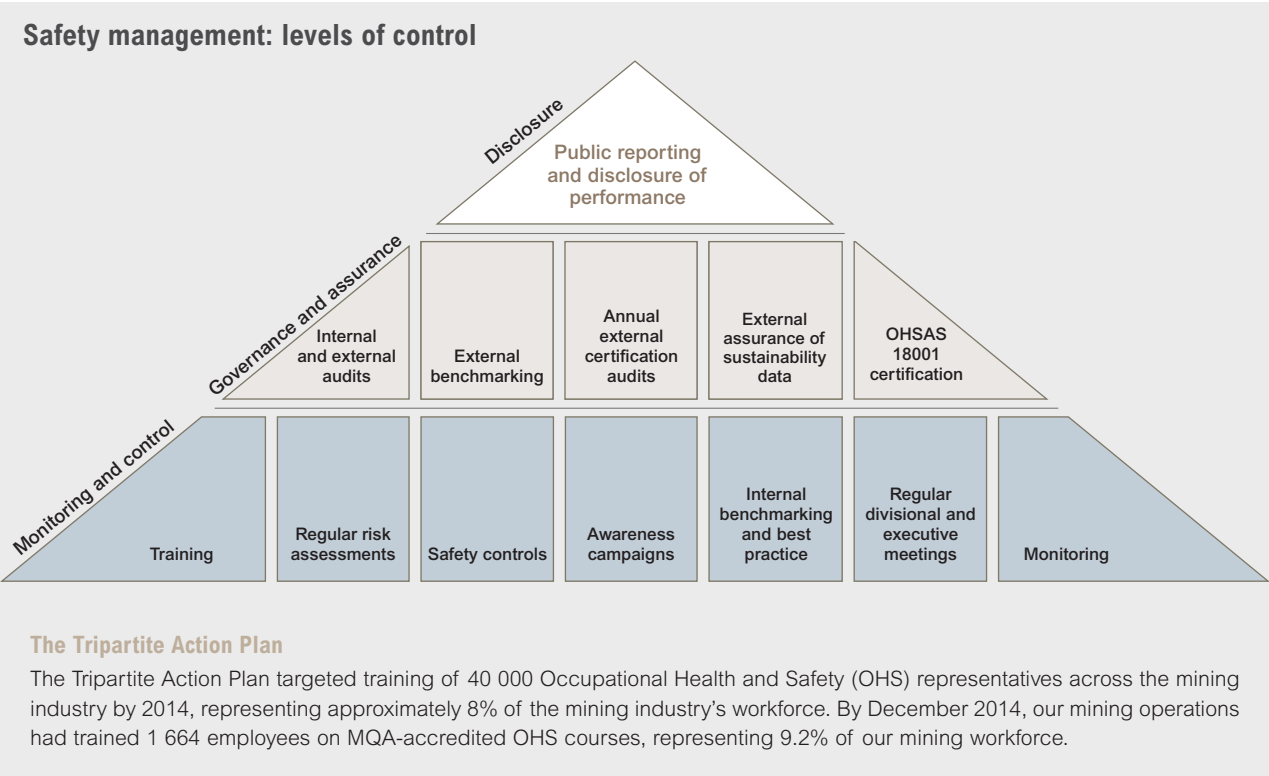
Safety is the responsibility of every individual employee in the Company. The divisional chief executives and appointed managers are tasked with ensuring the safety and health of all our employees and that our contractors are appropriately managed. Safety is managed through the SHEQ function, as detailed in the introduction to this section. Contractors are treated as employees as regulated by the MHSA and OHSA for the purposes of safety reporting and receive the same training as employees.

Safety policies and strategies at the operations align with the Group's policies and are implemented to address the specific challenges identified through operational risk assessments. These are embedded in our working practices through continual training and re-training of the workforce as well as through continuous safety and health awareness campaigns that reinforce ARM's zero harm philosophy. Internal safety competitions between our operations raise awareness and create constructive internal benchmarking between operations. Safety performance is also benchmarked against industry peers.

SHEQ personnel conduct regular inspections, planned task observations and regular review of operating procedures to monitor compliance to safety practices and management regularly visits the workplace to observe and coach the workforce in safe working practices (visible felt leadership).

Compliance is assessed and areas for improvement identified through annual internal and external audits of operating procedures and safety practices, external legal compliance and certification audits (OHSAS 18001) and external Safety, Health and Environment (SHE) audits facilitated every second year by the corporate office.

Human capital: Safety continued



FOCUS AREAS FOR F2015

1

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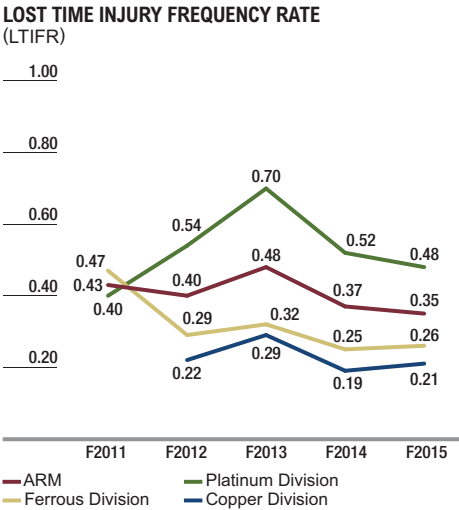
Zero harm to our employees.

In April 2015, two employees – Messers Asher Seth Mkhonto and Joseph Mess, were fatally injured in an incident at Khumani Mine when a dump truck collided with a mobile shovel. The ARM Board and management express their sincere condolences to the families, friends and colleagues of the deceased.

Our primary lagging indicator used for monitoring safety performance is the Lost Time Injury Frequency Rate (LTIFR). LTIFR for the ARM Group improved to 0.35 in F2015 (F2014: 0.37), the best performance reported to date. The Platinum Division's LTIFR improved to 0.48 (F2014: 0.52), the Ferrous Division stayed at a similar level of 0.26 (F2014: 0.25) and the Copper Division rose marginally to 0.21 (F2014: 0.19).

Beeshoek Mine had only one Lost Time Injury for the year and ended the year with a 12-month rolling average LTIFR of 0.07 – a world-class

performance. Machadodorp Works completed 18 months without a Lost Time Injury and Modikwa Mine completed 1.5 million fatality-free shifts.



2



Reduce safety stoppages due to Section 54 and Section 55 Notices*

* Notices issued in terms of Section 54 and Section 55 of the Mine Health and Safety Act (only applicable to South African mining operations).

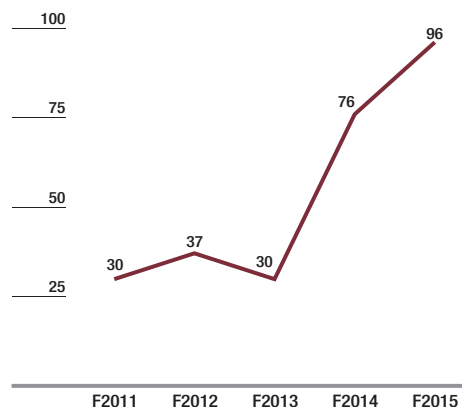
While we are pleased with the safety milestones achieved during the year as well as the overall improvement in the Group LTIFR, the tragic loss of life at Khumani Mine is deeply regretted.

There were 29 Section 54 Notices issued to the Group in F2015 (F2014: 20) and three Section 55 Notices (F2015: 19). In total, the Group lost 96 shifts to stoppages from Section 54 and Section 55 Notices (F2014: 76).

A significant number of the Section 54 Notices (20 of 29) and shifts lost (62 of 96) can be attributed to Modikwa Mine, where contributing factors included a relatively high turnover in management as well as the safety management system needing revision. In the past few quarters there has been better continuity in management and supervisory levels. The mine has also revised its safety strategy, which included restructuring of the safety function and re-training of safety personnel to create a strong internal safety audit function that focuses on ensuring compliance with internal and legislative

standards. This has already led to a 16% reduction in lost time injuries and the team is confident that this will reflect in a reduced number of Section 54 Notices going forward.

SHIFTS LOST TO SECTION 54 AND SECTION 55 NOTICES



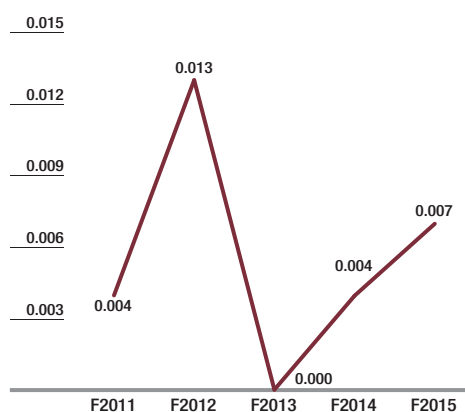
3



Continued focus and monitoring of existing leading practices. Active participation in new initiatives and leading practices.

ARM continues to participate in initiatives such as the Chamber of Mines MOSH initiatives to adopt and share leading practices. During F2015, Two Rivers Mine was identified as an operation demonstrating leading practice in hearing conservation in terms of the MOSH initiative and a detailed case study will be documented to share the successes of the adoption strategy with industry.

FATALITY FREQUENCY RATE



ARM's Fatality Frequency Rate (FFR) increased to 0.007 in F2015 (F2014: 0.004). We measure and report our safety performance statistics per 200 000 hours worked – the estimated number of hours that 100 employees work in a year. A FFR of 0.01 implies one fatality per 10 000 workers over the course of a year.

ARM operations achieved a number of safety milestones and recognitions during F2015. Black Rock Mine received an award from the DMR in the Northern Cape for the most improved mine and Beeshoek Mine achieved first place in the base metals category at the Mine Safe awards in August 2014. Early in 2015, the Ferrous Division received a letter of recognition from the Chief Inspector of Mines for achieving five years without a fatality. In August 2014, the Zambian Minister of Mines visited Lubambe Copper Mine and commended the operation on its excellent safety performance.

Human capital: Safety continued

FOCUS AREAS FOR F2015

3	✓	Operation	Total fatality-free shifts worked as at end June 2015 (million)	Date of last fatality
Continued focus and monitoring of existing leading practices. Active participation in new initiatives and leading practices. <i>continued</i>		Beeshoek Mine	2.9	March 2003
		Black Rock Mine	3.9	April 2009
		Dwarsrivier Mine	2.9	January 2009
		Khumani Mine	0.1	April 2015
		Cato Ridge Works	1.9	February 2008
		Machadodorp Works	0.9	February 2011
		Lubambe Copper Mine	2.7	None since start of project
		Modikwa Mine	1.5	June 2014
		Two Rivers Platinum Mine	2.6	January 2012
		Nkomati Mine	4.6	September 2008

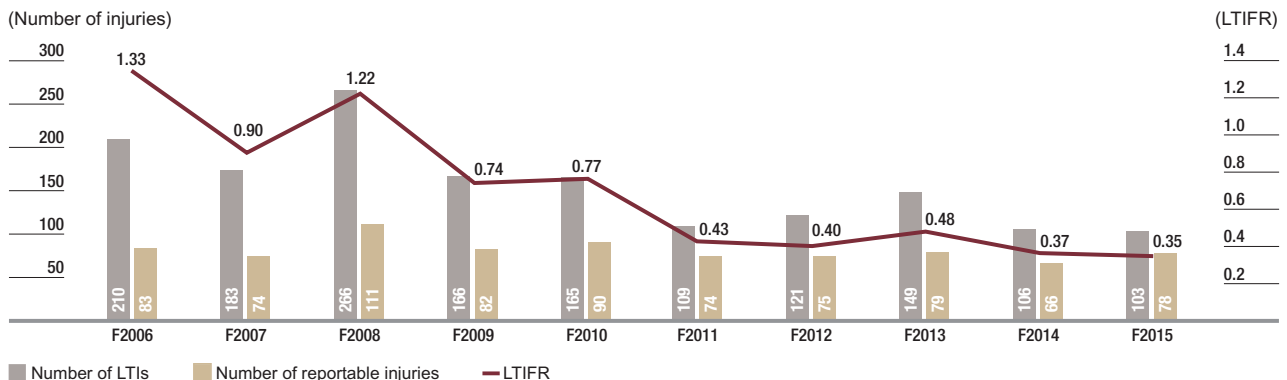
While we are pleased with these achievements, the tragic loss of life at Khumani Mine in April 2015 is deeply regretted.

Lost time injuries

We monitor lost time injuries (LTIs) and reportable injuries (RIs) as lagging indicators of our safety performance. LTIs are any work-related injuries that result in a worker being unable to perform their normal duty or similar work on the calendar day following the day of the injury. RIs are included in LTIs and are those injuries that must be reported to the DMR or the Department of Labour in terms of the MHSA or the OHSA for our mining and non-mining operations respectively.

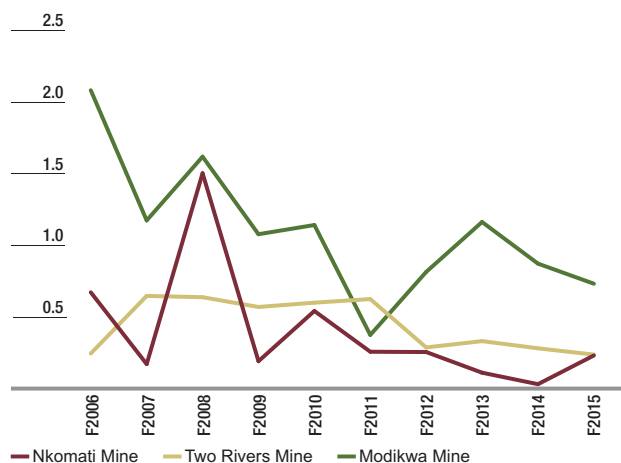
These metrics are expressed in the Lost Time Injury Frequency Rate (LTIFR) and Reportable Injury Frequency Rate (RIFR) per 200 000 man hours.

LOST TIME AND REPORTABLE INJURY STATISTICS

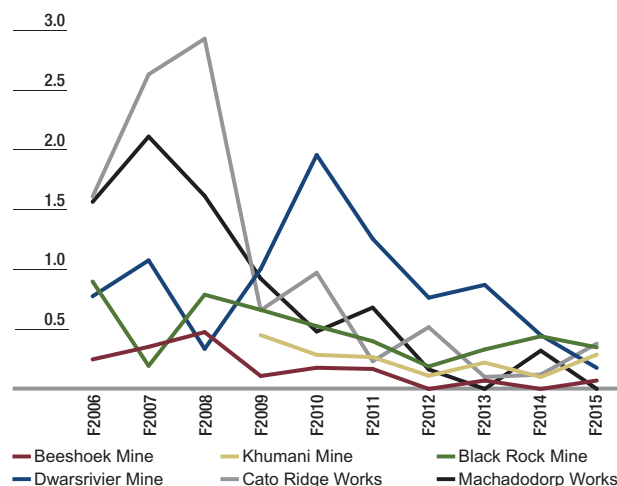


LTIs decreased to 103 in F2015 (F2014: 106) and the Lost Time Injury Frequency Rate (LTIFR) for the ARM Group improved to 0.35 (F2014: 0.37). An LTIFR of 0.4 implies that one worker in 250 suffers an LTI in a year's work. Total reportable injuries increased to 78 (F2014: 66).

PLATINUM OPERATIONS (LTIFR)



FERROUS OPERATIONS (LTIFR)



The improvement in the Platinum Division's LTIFR reflects the improvements in safety performance at Modikwa Mine, offsetting a slight increase at Nkomati Mine. Modikwa is our largest operation, employing around a quarter of the Group's workforce. It is also the only conventional stope/mining operation in the Group and therefore has a higher inherent risk in its operations.

In the Ferrous Division, Black Rock Mine, Dwarsrivier Mine and Machadodorp Works all showed improved LTIFRs, while Beeshoek Mine, Khumani Mine and Cato Ridge Works showed slight deteriorations.

Lubambe Copper Mine achieved an LTIFR of 0.21 in F2015, in line with F2014 (0.19).

	F2015				F2014			
	Ferrous Division	Platinum Division	Copper Division	ARM	Ferrous Division	Platinum Division	Copper Division	ARM
Lost time injuries	32	65	6	103	31	69	6	106
LTIFR	0.26	0.48	0.21	0.35	0.25	0.52	0.19	0.37
Reportable injuries	27	46	5	78	16	46	4	66
RIFR ¹	0.19	0.34	0.17	0.27	0.13	0.35	0.13	0.23
FFR ²	0.02	0	0	0.01	0	0.01	0	0.004

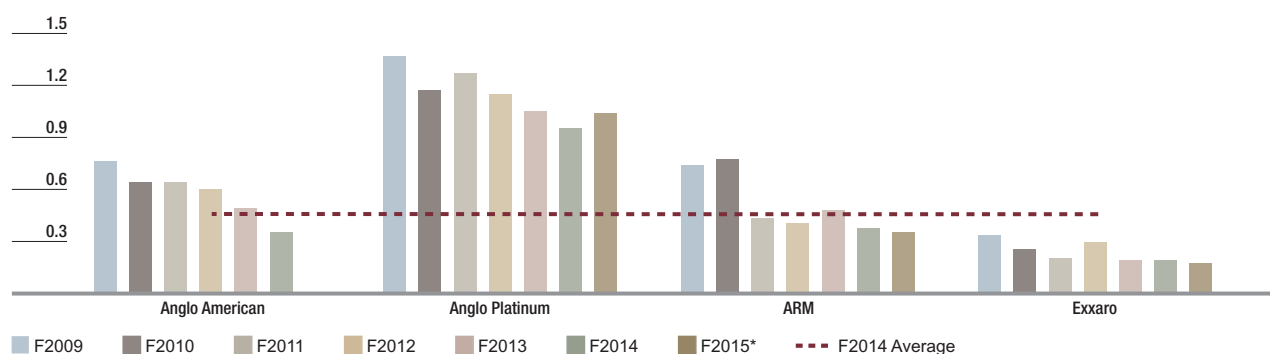
¹ RIFR: Reportable Injury Frequency Rate.

² FFR: Fatality Frequency Rate.

External benchmarking

LTIFRs are not exactly comparable across different companies, even in the mining industry, due to the different products, mining and extraction processes, equipment and levels of complexity. Despite this limitation, we benchmark ourselves against local and international peers to provide context for our safety performance. ARM's LTIFR compares favourably to the latest LTIFRs disclosed by the diversified mining companies shown in the graph below.

LTIFR INDUSTRY BENCHMARK



* F2015 figures show interim LTIFRs for peers.

Human capital: Safety continued

Safety stoppages

Under the MHSA, a mine inspector from the DMR can issue a Section 55 Notice to rectify what they believe to be an instance of regulatory non-compliance, usually giving a time period in which it must be rectified. Section 54 Notices are issued should an inspector encounter what they believe to be a dangerous occurrence, practice or condition. A Section 54 Notice requires immediate remedy and may include stopping operations.

Similar provisions in the OHSA, which regulates our smelting operations, can result in a Compliance Notice (for non-compliance) or a Prohibition Notice, which is equivalent to a Section 54 Notice.

One Prohibition Notice was served on Machadodorp Works in F2015 (F2014: one) under the OHSA. No shifts were lost as a result.

The DMR served 29 Section 54 Notices at ARM operations in F2015 (F2014: 20), 20 of which were served on Modikwa Mine.

Modikwa Mine accounted for 62 of the 96 shifts lost as a result (F2014: 75), with the remainder lost at Dwarsrivier, Khumani, Two Rivers Platinum and Nkomati Mine. Three Section 55 Notices were issued during the year (F2014: 19), with two of those issued at Dwarsrivier Mine and the other at Modikwa Mine. No shifts were lost to Section 55 Notices in F2015 (F2014: 1).

For more information on initiatives being implemented to improve safety performance at Modikwa Mine, please refer to Focus Area 2 on page 61.



Further detail of safety statistics, including Section 54 and Section 55 Notices by operation is available in the supplementary data tables to this report, on ARM's corporate website: www.arm.co.za



	F2015			F2014		
	Ferrous Division	Platinum Division	ARM	Ferrous Division	Platinum Division	ARM
Section 54 Notices	6	23	29	5	15	20
Shifts lost to Section 54 Notices	23	73	96	18	57	75
Section 55 Notices	2	1	3	10	9	19
Shifts lost to Section 55 Notices	0	0	0	1	0	1

SAFETY
focus for
F2016



- Zero harm to our employees.
- Reduce stoppages due to Section 54 and Section 55 Notices.
- Continued focus and monitoring of existing leading practices. Active participation in new initiatives and leading practices.

Safety definitions

Employees	ARM considers contractors as employees from a health and safety point of view and statistics include contractor hours worked as well as injuries sustained, in line with legislation and industry standards.
Lost time injuries (LTIs)	Any work-related injury that results in a worker being unable to perform their 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 their normal duties 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.
Restricted work injuries (RWIs)	An RWI is defined as a work-related injury which results in the worker being able to work, but 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. Although RWIs are reported separately in some industry forums in which ARM participates, all RWIs are classified as LTIs and included in our reporting of LTIs.
Reportable accident (Mine Health and Safety Act)	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: <ul style="list-style-type: none"> 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.
Reportable accident (Occupational Health and Safety Act)	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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> (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.
Section 54 of the Mine Health and Safety Act	Provides for an Inspector of Mines, who has reason to believe that any occurrence, practice or condition at a mine endangers or may endanger the health or safety of any person at the mine, to give any instruction necessary to protect the health or safety of persons at the mine, including an instruction that operations at the mine or a part of the mine be halted.
Section 55 of the Mine Health and Safety Act	Allows for an Inspector of Mines, who has reason to believe that an employer has failed to comply with any provision of the Mine Health and Safety Act, to instruct that employer in writing to take any steps that the inspector considers necessary to comply with the provision.

Please note: Reportable injuries are also reflected as lost time injuries where appropriate.

Further safety statistics and information are available on our website at www.arm.co.za | 

Human capital continued

OCCUPATIONAL HEALTH AND WELLNESS

The health and wellness of our workforce is an important investment in building our human capital, who are the executors of our “We do it better” strategy. A motivated and healthy workforce works more safely and is more productive and efficient, helping ARM to meet its strategic goals.

Our primary occupational health and wellness focus areas are hearing conservation and managing exposure to dust and hazardous substances, which at our operations include manganese, chromium, and coal, tar, pitch and volatiles (CTPV) in our smelting operations. Asbestos has been detected in the ore body at Nkomati Mine.

The most common illnesses diagnosed in our workforce (including chronic and primary health-related conditions) are hypertension, upper respiratory tract infection (URTI) and back/muscular/skeletal ache. Malaria is a significant health risk in the Zambian Copper Belt, where Lubambe Copper Mine is located.

The management and treatment of TB, HIV & Aids are significant concerns for the mining industry and South Africa as a whole. These are discussed in a separate section that follows.

The occupational health and wellness statistics reported in this section exclude Lubambe Copper Mine. Occupational health and wellness at Lubambe (including TB, HIV & Aids) is managed according to the relevant Zambian legislation, which does not include access to the statistics reported under South African legislation.

How we manage occupational health and wellness

Occupational health and wellness at the South African operations is managed as part of the SHEQ process through occupational hygiene and health monitoring and management programmes. Our approach integrates occupational hygiene monitoring with comprehensive risk-based occupational medical surveillance programmes and is aligned with SANS 16001 (the South African National Standard on disease and wellness management). These programmes identify and address the specific health risks relevant to each workplace and occupation, and ensure compliance with applicable legislation.

Reporting is aligned with the requirements of the DMR, Department of Labour and Mine Health and Safety Council (MHSC) and include the DMR requirements regarding reporting of all accidents, occupational diseases and life-threatening situations (Section 11 incidents) and shifts in the Percentage Loss of Hearing (PLH) greater than 5%.

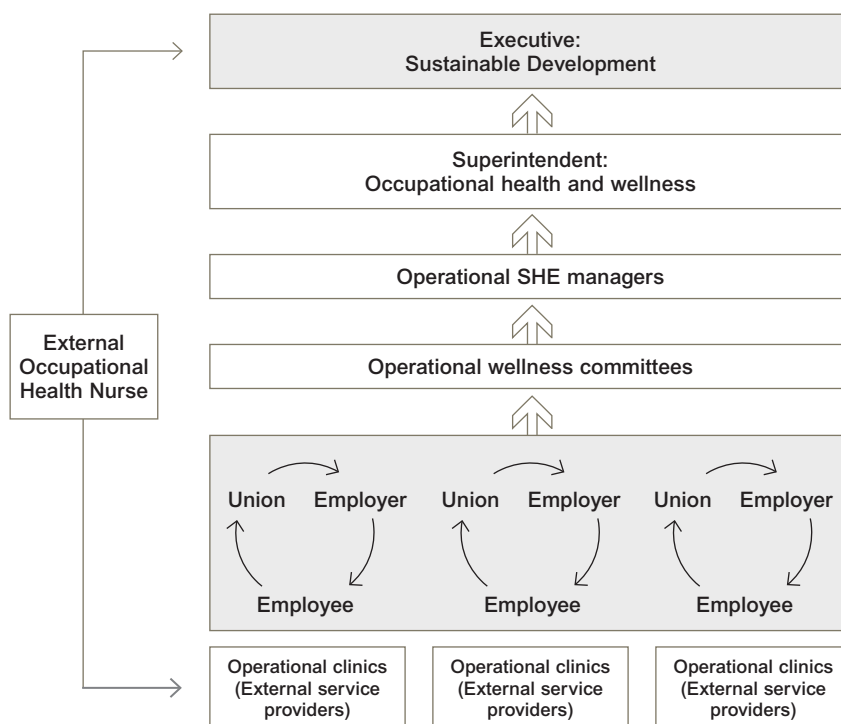
ARM takes a partnership approach to managing wellness, facilitated by regular meetings of operational wellness committees to promote engagement between employers, employees and unions. We aim to keep our employees aware of their responsibility to manage their health and wellness through targeted awareness campaigns and wellness days, which include screening for the specific health challenges our employees face. Awareness campaigns during the year were run in conjunction with healthcare providers and medical aids, and in several instances included the local Departments of Health and involved surrounding communities.

Medical surveillance (initial, periodical and exit), is conducted by qualified occupational health personnel. More than 40 000 medical tests were conducted during F2015. Occupational health and hygiene training is provided to every employee as part of their induction, which is supported by ongoing training from Wellness Officers and Peer Educators.

Each operation in the Ferrous and Platinum Divisions has a site clinic that offers primary healthcare services to employees and contractors, while Lubambe Copper Mine manages and uses the local community clinic. Clinics monitor and manage employees with chronic conditions such as hypertension, diabetes mellitus



Employee wellness monitoring

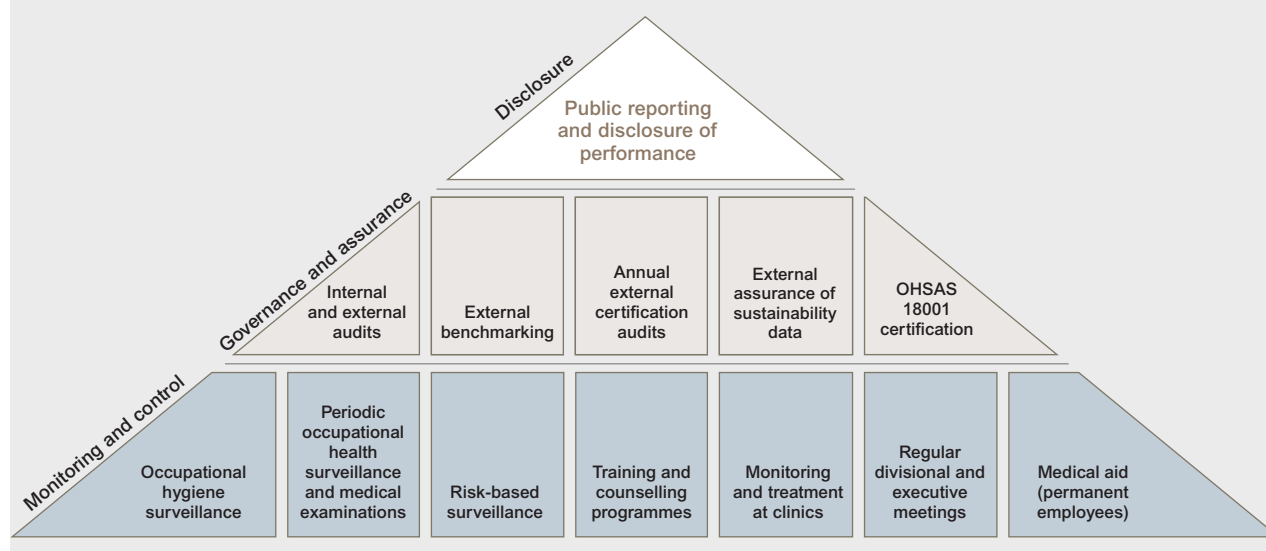


and epilepsy, by keeping updated chronic diseases registers, particularly focusing on employees in high risk areas.

Compliance with legislation and Group policies is monitored at the Ferrous and Platinum Divisions' occupational health facilities through benchmarking and internal and external audits. These include:

- Reviews by an external occupational health expert at least every quarter;
- Annual internal audits against ARM's internal standards and SANS 16001. These audits were completed in November 2014 and areas for improvement were communicated to each facility. Follow-up audits were held in the second half of the financial year to ensure these areas had been addressed;
- External SHE audits every second year as part of our combined assurance and governance model; and
- Khumani and Beeshoek mines are certified in terms of the South African National Standard (SANS 16001: 2013) on their disease and wellness management programme.

Occupational health and wellness: levels of control



Human capital: Occupational health and wellness continued

FOCUS AREAS FOR F2015

1



Ongoing focus on reducing noise from existing and new equipment, as well as awareness raising to improve compliance with the use of PPE.

Continued implementation and monitoring of compliance with MOSH Leading Practices on Noise.

Equipment at our mining operations emits noise levels below the 110 dB(A) maximum specified by the DMR. We continue to implement programmes to improve compliance with the use of Personal Protective Equipment and the MOSH Leading Practices on Noise.

2



Continued focus on hearing conservation and education.

A total of 42 627 audiometric tests were conducted in the Ferrous and Platinum Divisions during F2015 (F2014: 42 871). Where test results show Percentage Loss of Hearing (PLH) shifts >5%, investigations in terms of Section 11 of the Mine Health and Safety Act (MHSA) are conducted and all such cases are reported to the DMR.

HIGHLIGHTS AND CHALLENGES

Beeshoek Mine was successfully certified in terms of the South African National Standard (SANS 16001: 2013) on its disease and wellness management programme, joining Khumani Mine, which received certification in F2014.

Khumani Mine won the Mine Safe award in the Occupational Health and Wellness category as one of the first mines in South Africa to be certified in terms of SANS 16001. The Khumani Mine wellness centre successfully underwent quality assurance inspections to be recognised as an official health facility by the Northern Cape Provincial Health Department.

One of the key challenges faced by operations is difficulty in attracting and retaining the qualified occupational medical staff necessary to uphold the high quality of our medical surveillance programmes in remote areas where the operations are located.

Total malaria cases at Lubambe Mine decreased from F2014, despite an increase in prevalence in the area, reduced residual indoor spraying at neighbouring mines and a suspected slight increase in resistance of mosquitos to the chemicals used in the spraying.

Wellness audits have broadened to include screening for cancer. Cancer awareness campaigns were conducted at several of the operations during F2015.

Uptake of occupational health and wellness programmes by employees has continued to improve, as reflected in an increase in voluntary screenings and referrals.

Case Study

Modikwa Mine declared September 2014 Health & Wellness Month for employees and surrounding communities. A health and wellness programme was rolled out in partnership with healthcare service providers, medical aids and the local Department of Health. More than 1 000 employees were screened, including counselling and voluntary testing for HIV & Aids, as well as screening for TB, cholesterol and high blood pressure. The programme was extended to the community of Sehlaku Village at Molongwane to encourage community members to check their health status regularly. Employees that live in surrounding communities and trained Peer Educators also promote positive behavioural change in the area.



Noise-induced hearing loss (NIHL)

Our approach to managing NIHL aligns with the Tripartite Health and Safety Targets and Milestones. These targets focused on monitoring hearing in employees, providing preventative mechanisms and coaching to prevent deterioration in hearing and ensuring that noise emitted by equipment does not exceed 110 decibels (dB(A)) by December 2013.

We are now focusing on the new targets from the Mine Health and Safety Council 2014 Occupational Health and Safety Summit Milestones as follows:

- By December 2014 the total operational or process noise emitted by any equipment must not exceed a milestone sound pressure level of 107 db(A). *(The milestone sound pressure levels will be verified by initiatives under the Centre of Excellence and Mine Occupational Safety and Health (MOSH), and reviewed in 2016); and*
- By December 2015 no employee's Standard Threshold Shift (STS) will exceed 26 dB from the baseline when averaged at 2 000, 3 000 and 4 000 Hertz in one or both ears.

The MOSH Leading Practice on Noise has been adopted by all ARM mines which have not implemented personalised hearing protection devices. During F2015, Two Rivers Mine was identified as an operation demonstrating leading practice in terms of NIHL prevention aligned with the MOSH initiative.

Monitoring NIHL

Baseline hearing tests are conducted on all new employees and contractors, and on transfer between work environments. Repeat testing occurs periodically and deterioration from the baseline is followed up. This includes counselling, training by clinic personnel and follow-up checks on the individual's exposure to noise both within and outside the workplace.

Loss of hearing compared to the baseline tests are measured as Percentage Loss of Hearing (PLH) shifts. PLH shifts of 5% or more must be reported to the DMR and investigated in terms of Section 11.5 of the Mine Health and Safety Act (MHSA).

Hearing can deteriorate as a result of a number of factors, including age, illness and personal care. Where hearing loss suggests NIHL, an employee with a PLH shift of greater than 10% is referred to an Audiologist and Ear, Nose and Throat Specialist for diagnostic audiograms to establish the cause of the hearing loss.

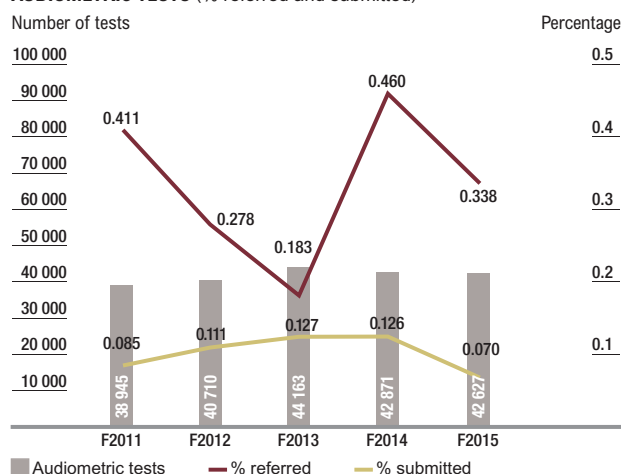
If the specialist confirms that the employee has suffered NIHL due to exposure in the workplace, a claim is submitted to either Rand Mutual Assurance (for employees employed at our mines) or the Compensation Commissioner (for employees at our two smelters). Where possible, employees with NIHL are redeployed to workplaces with low noise levels and monitored on an individual basis.

42 627 audiometric tests were conducted in the Ferrous and Platinum Divisions during F2015 (F2014: 42 871).

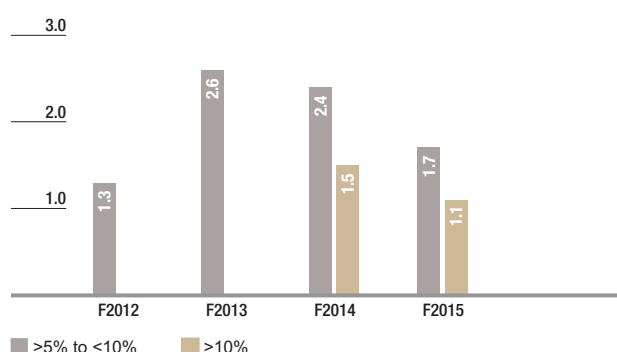
144 employees were referred to Audiologists for further investigation, with the majority of these occurring at Modikwa Mine (58), Beeshoek Mine (51) and Khumani Mine (17). The corresponding figure for the previous year was 197. A total of 30 employees were submitted for compensation in F2015 (F2014: 54) and 12 were accepted (F2014: 20). The percentage of employees tested showing PLH shifts of between 5% and 10% decreased to 1.7% (F2014: 2.4%) and those showing PLH over 10% fell to 1.1% (F2014: 1.5%).

Human capital: Occupational health and wellness continued

AUDIOMETRIC TESTS (% referred and submitted)



SHIFTS IN PERCENTAGE LOSS OF HEARING (%)



Monitoring noise emissions

ARM has a buy-quiet policy and implements engineering controls to address existing equipment emitting noise above the threshold. Underground measures include installation of automatic silencer fans and stringent noise standards for new equipment. We monitor and measure noise emission levels of equipment in the workplace and our operational equipment meets the DMR threshold of 110 dB(A).

Employees are trained in the use of hearing protection devices and this is supported in high noise areas by hearing safety awareness campaigns.

Dust and hazardous substances

Dust suppression

Prolonged exposure to high levels of dust can cause respiratory complications, including silicosis, a debilitating lung disease. Pulmonary tuberculosis (TB) rates are approximately three times greater in people exposed to silica. TB is an opportunistic infection and is often associated with HIV infection.

There is minimal risk of exposure to silica in our base metals and platinum mines, but given the link between dust, TB and HIV

infection, we view dust suppression as an important occupational hygiene consideration.

We manage airborne dust levels to minimise exposure for our employees and the communities around our mines through the use of water sprays and surfactants, and by using extractor fans where appropriate.

Lung function tests are conducted on all employees. Where respiratory function decreases beyond a set limit, these cases are reported to the DMR. If it is determined that the condition resulted from occupational exposure to dust, cases are submitted for compensation. There were two cases of occupational respiratory diseases submitted for compensation during F2015 (F2014: 3) of which one case was certified for compensation.

Three cases of asbestosis from exposure prior to employment at ARM were diagnosed, one each at Khumani Mine, Beeshoek Mine and Machadodorp Works. One case of silicosis was diagnosed at Beeshoek Mine from exposure prior to employment at Beeshoek Mine. In addition, 31 possible TB cases were submitted for possible compensation to the Medical Bureau of Occupational Diseases (MBOD) and are still under consideration.

Hazardous substances

Exposure to hazardous substances is managed through occupational hygiene and personal monitoring, awareness campaigns, personal protective equipment and formalised safe operating procedures to limit exposure.

We take a precautionary approach and as far as practical, limit exposure to hazardous substances and have control measures in place to prevent exposure to dust and fumes. Employees undergo baseline lung capacity tests before they start working in high-risk areas. Manganese is processed at Cato Ridge Works and Machadodorp Works, and a medical surveillance and biological monitoring programme developed by leading occupational health specialists is in place at these operations.

The findings of the inquiry convened by the Department of Labour into the alleged cases of manganism at the Cato Ridge Works, which inquiry was completed during 2008 and which matter has been reported on in previous reporting periods, have still not been made available to the Company. Thus, the final outcome in this matter is still awaited. ARM remains committed to fulfilling all its obligations in regard to preventing exposure, as prescribed in the Occupational Health and Safety Act and the Hazardous Chemical Substances Regulations.

Asbestos fibres

The ore body at Nkomati Mine contains asbestos fibres. Exposure to asbestos can cause asbestosis, a debilitating respiratory disease. We mitigate dust liberation and manage exposure through a combination of water suppression to prevent fibres from becoming airborne, use of Respiratory Protective Equipment, training and awareness programmes.

Medical surveillance programmes monitor exposure to asbestos and this is reported to all relevant authorities, including the DMR.

During F2014, ARM engaged with the Institute of Occupational Medicine (IOM) in Edinburgh in a peer review programme to ensure that we continue to manage exposure to asbestos at Nkomati Mine according to the latest international best practice. The IOM visited Nkomati Mine again in F2015 to report on controls of health risks.

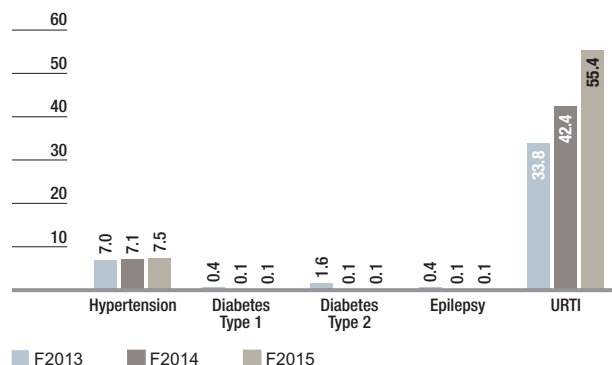
Primary health

Chronic and/or lifestyle diseases

All operations offer primary healthcare services to employees and contractors. Chronic disease monitoring forms part of the total health risk and wellness management programmes at the operations. Operations keep chronic conditions registers to monitor and manage employees with chronic conditions. This monitoring includes managing risks for employees doing high risk jobs by restricting access to the work area when their condition is not well managed.

Hypertension affects 7.5% of our employees and Type 1 and Type 2 Diabetes Mellitus together affect less than half a percent. Upper respiratory tract infections (URTI) are frequent, especially in the colder months of the year. During F2015, 13 001 cases of URTI were diagnosed and treated, including repeat cases (F2014: 9 998). Diagnosis is based on a medical screening questionnaire rather than on a full diagnostic process. The high number of cases reflects mostly primary health conditions as well as an increase in access to primary healthcare, for example through the Village clinic in Burgersfort for Modikwa employees.

CHRONIC DISEASES (% of the workforce affected)



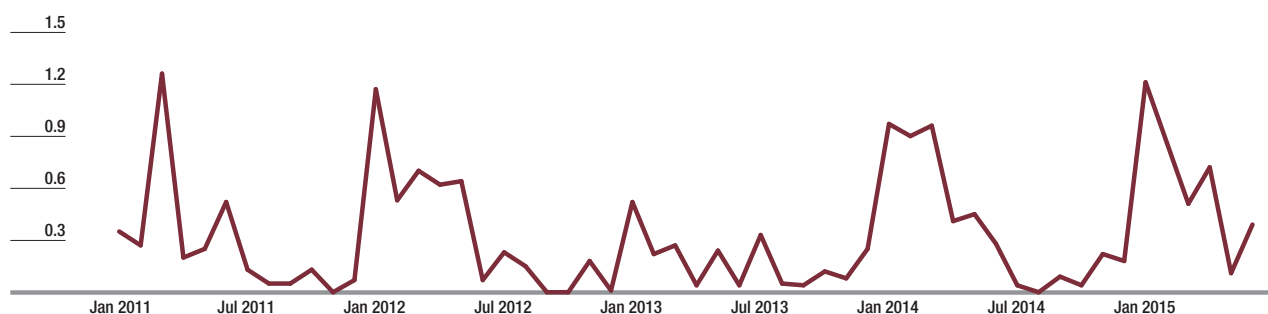
Malaria

Malaria is endemic in the Zambian Copperbelt where Lubambe Mine is located and prevalence rates in the region reach nearly 26%. Malaria prevalence at Lubambe Mine averages less than 1% of the workforce, but increases to around 20 cases of malaria per month during the rainy season in the first quarter of the calendar year.

While the number of malaria cases increased significantly in the Chililabombwe district in which Lubambe Mine operates, cases at the mine declined from F2014, despite reduced spraying at other mines in the area and a suspected increase in resistance of mosquitos to the chemicals used in spraying.

The mine's ongoing malaria prevention programmes and awareness activities to counter malaria include residual indoor spraying of houses in nearby villages and buildings on site, treatment of stagnant water ponds surrounding the mine, regular safety talks and awareness campaigns regarding malaria prevention.

MALARIA PREVALENCE AT LUBAMBE MINE (% of employees)



OCCUPATIONAL HEALTH AND WELLNESS focus for F2016



- Implement mandatory Risk Based Fatigue Management Codes of Practice (COPs) at all operations, as required by the DMR.
- Ensure regular updates to noise level inventories for all machinery at mining operations to ensure that noise levels are below 107 dB.
- Review and standardise emergency preparedness procedures at operations.

Human capital: TB, HIV & Aids

TB, HIV & Aids

Pulmonary tuberculosis (TB), HIV & Aids represent critical challenges for South Africa and the mining industry, where prevalence rates of TB have historically been significantly higher than in the general population. The risk of developing TB increases with HIV infection and exposure to silica dust. An increased risk of TB and HIV infection is also linked to several socio-economic factors often associated with the mining industry, including migrant labour and crowded living conditions.

Both Pulmonary Tuberculosis (TB) and HIV & Aids severely affect the quality of life of those infected, their families and the communities in which they live. Most deaths from TB are preventable and early identification and management of TB and HIV & Aids greatly improves outcomes. Managing TB, HIV & Aids is an important goal of our occupational health and wellness programme.

Estimated HIV prevalence rates in the areas around our operations range from 2.6% (Beeshoek) to 20% (Cato Ridge). The prevalence rates at our operations are, however, estimated to be lower than the district and provincial prevalence. The dust at our base metals and platinum mines contains very low levels of silica, but we nevertheless view dust suppression as an important occupational hygiene consideration.

TB, HIV & Aids-related statistics are not reported for Lubambe Mine as explained in the introduction to the occupational health and wellness section on page 66.

How we manage TB, HIV & Aids

ARM's occupational health and wellness programme focuses on integrated management of TB, HIV & Aids and Sexually Transmitted Infections (STIs), which aligns with the National Strategic Plan of 2012 – 2016 and the requirements of the Mining Charter.

Operations offer primary healthcare services, including TB and HIV & Aids counselling and testing on site. Our approach to managing occupational health and wellness is discussed on pages 66 and 67 of this report.

SR

A standard TB reporting tool is in place that includes workplace investigations and compulsory TB screening for those in contact with TB infected employees at the workplace, as required by the DMR and the Department of Health.

SR



ARM's HIV & Aids policy formalises our commitment to addressing the challenges posed by the disease and entrenches employees' rights to confidentiality and non-discrimination. We encourage people to know their status and to take responsibility for managing their wellness. Our mining operations report to the DMR annually on the progress and implementation of our HIV, STI and TB programmes.

Our approach to managing TB, HIV & Aids is driven by our values and informed by the following regulations, organisations and guidelines:

- The Mine Health and Safety Act;
- The Occupational Health and Safety Act;
- The National Strategic Plan (NSP) of 2012 – 2016;
- The Mining Charter;
- The Department of Labour Requirements;
- The HIV/Aids National Guidelines;
- The DMR TB Guidance Note;
- The National TB Control Centre;
- The South African Business Coalition on Health and Aids (SABCOHA); and
- The ICMM Principles of Sustainable Development.

HIV counselling is offered to all employees who visit the site clinics for initial, periodical and exit medicals, and upon request of employees. In this Counselling and Voluntary Testing (CVT) approach, HIV testing remains voluntary.

ARM's Integrated Wellness Management Standard

Our Integrated Wellness Management Standard supports operations to implement comprehensive programmes to manage TB, HIV & Aids, STIs and chronic diseases, and ensures that this approach

is consistent across the Group. Occupational health and wellness coordinators supervise the operational programmes. Apart from Nkomati and Modikwa, co-ordinators at all the South African mines and smelters have completed South African National Standard (SANS) 16001, 2007 HIV & Aids Management implementation training.

Awareness and education about TB, HIV & Aids and STIs is provided to employees and contractors at induction and through awareness campaigns. This is supported by the activities of peer educators at the operations, who receive training and provide formal feedback to the Wellness Committees.

Seven of our operations have wellness centres where employees can receive treatment and counselling. Nkomati Mine has appointed a full-time Primary Health Care (PHC) nurse to provide daily PHC services. Nkomati Mine's wellness strategy includes a nutritional programme with an additional focus on energy supplements, hydration and fatigue management.

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

Khumani, Beeshoek and Black Rock mines signed a Memorandum of Understanding with the Department of Health in the Northern Cape in F2014 to improve access to treatment for HIV, TB and STIs. Beeshoek Mine's wellness centre has been assessed and passed fit to dispense HIV & Aids, STI and TB treatment by the Northern Cape Department of Health.

FOCUS AREAS FOR F2015

1



Continue to conduct SANS 16001-based wellness and disease management gap analyses to align all operations with the standard.

Gap analyses were conducted at all site clinics against SANS 16001. Areas for improvement were communicated to all sites visited and detailed action plans drawn up to align operations to the standard.

2



Continue annual internal audits on ARM's management guideline requirements and SANS 16001 and increase audit scores for all operations to our increased internal target of 80%.

The operations improved the overall HIV & Aids internal compliance score to 83% from 77% in F2014, exceeding our revised target of 80%.

Human capital: TB, HIV & Aids continued

FOCUS AREAS FOR F2015

3



Continued compulsory Counselling and Voluntary Testing (CVT) at all operations and occasional Knowledge, Attitudes, Perceptions and Behaviour surveys to increase the level of knowledge and understanding to motivate employees to know their status.

All site clinics use a CVT approach and various awareness raising initiatives were implemented during F2015, including Wellness days with voluntary testing and the observation of World Aids Day on 1 December.

The number of HIV & Aids counselling sessions with employees and contractors

↑7.5%

to 26 153 in F2015 (F2014: 24 330) and 8 331 employees and contractors were tested (F2014: 12 295).

4



Continue to engage local Aids councils where our operations are located to identify wellness and health-related projects.

ARM's TB, HIV & Aids awareness and testing campaigns regularly extend to include communities around the mines and operations engage with local Aids councils to ensure that community projects address the most pressing wellness and health needs. A list of community projects supported in F2015 is presented on the following page.

Some of the significant challenges we face in community initiatives include ensuring the optimal functioning of local Aids councils, supporting local Wellness Committees to continue working with medical aid schemes and encouraging trained peer educators to remain active.

5



Continued alignment with the National Strategic Plan and passive TB screening of contacts at the workplace and in communities as per Department of Mineral Resources requirements.

ARM's TB management programme was expanded in line with the National Strategic Plan 2012 – 2016 to incorporate the new forms and guidelines distributed by the DMR and the broader requirements for monitoring TB, multi drug resistant TB (MDR TB) and extreme drug resistant TB (XDR TB).

102 656
employees and contractors were screened for TB in calendar 2014
(C2013: 35 746).

* Note: TB statistics are recorded and reported on a calendar year basis as required by the Department of Health.

HIGHLIGHTS AND CHALLENGES

The wellness programmes at Nkomati and Modikwa mines were areas of particular focus during F2015 and showed a marked improvement. Both mines have been successful in revitalising their wellness programmes, increasing the frequency of reporting and coordinating the sharing of information between the medical aid schemes active at their operations.

One of the challenges faced is the sharing of HIV Counselling and Testing (HCT) data with some medical aid schemes, making it difficult to monitor employee access and compliance with disease management programmes.

The Northern Cape operations of the Ferrous Division participated in a TB and MDR TB Management seminar organised by SABCOHA and the Northern Cape Provincial Health Department to strengthen community outreach projects aimed at eradicating TB in surrounding communities. TB will be part of the future agenda of the Mine Managers' Association Forum meetings.

Modikwa Mine jointly hosted a Provincial TB Day at the Ga-Mamphahlane Community with the Limpopo Provincial Health Department.

Community TB, HIV & Aids initiatives

Our operations support various TB, HIV & Aids related community outreach and awareness programmes. In F2015, these included:

- Black Rock Mine supports the Tshela Bophelo Community wellness centre in partnership with the Northern Cape Department of Social Development. The centre is based in Maruping Village (JTG district) and it assists the local community home-based care groups to render quality services to the village and the surrounding areas.
- Beeshoek Mine supported the TB campaign in Newtown Township in partnership with SANTA and the Northern Cape Provincial Health Department. A total of 3 565 TB screenings were done, 106 of those screened were referred to the local clinic for further tests; one was found to be TB positive and started on TB treatment.
- Dwarsrivier Mine supports the Ngwaabe community home-based care group in the Sekhukhune district.
- Two Rivers Mine supports the Masha Gosebo community home-based care group in Kalkfontein to provide home care to 46 patients in the village. The operation provides monthly stipends and training to the home-based care group.

- Nkomati Mine supports the Emngwenya community home-based care group in Waterval Boven to provide home care services and to identify and support orphans and vulnerable children in the local communities.
- Cato Ridge Works' wellness campaign for employees included an HCT campaign with community helpers from the Thousand Hills Community.

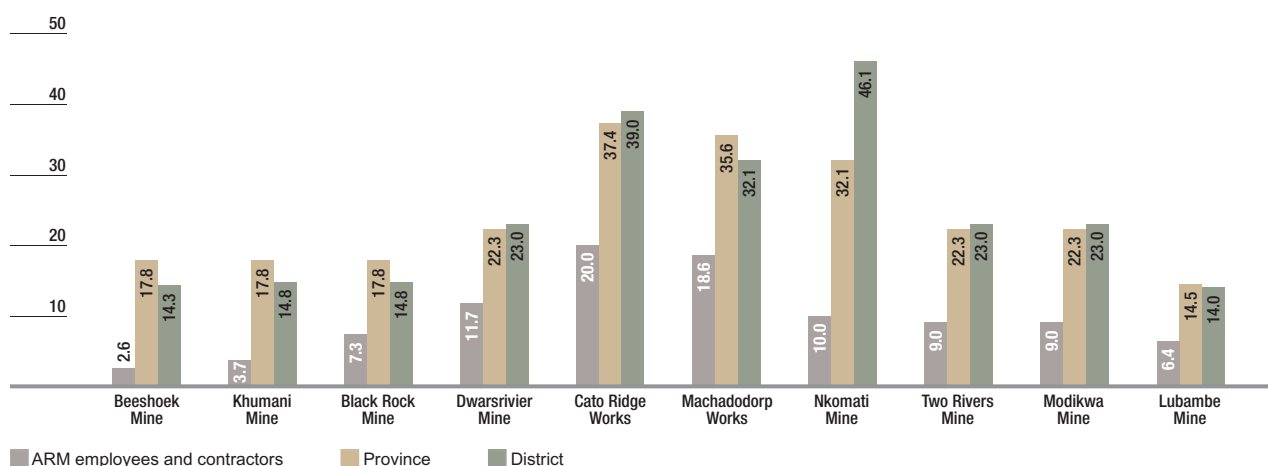
During F2015, ARM's South African operations continued to focus on various community awareness and outreach initiatives to address TB, HIV & Aids among our employees and communities in addition to site clinic medical services. ARM also spent R1 million on HIV & Aids and TB-related community investment projects.

HIV & Aids

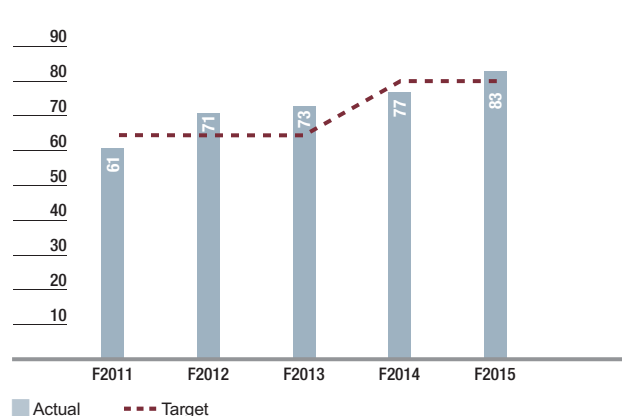
Prevalence

The ARM Group's overall estimated HIV prevalence rate in F2015 was 8.5% (F2014: 8.9%). The graph below compares estimated prevalence at our operations to those in the districts and provinces in which they operate. While prevalence rates tend to follow the district prevalence, prevalence at our operations is lower than district prevalence in all regions.

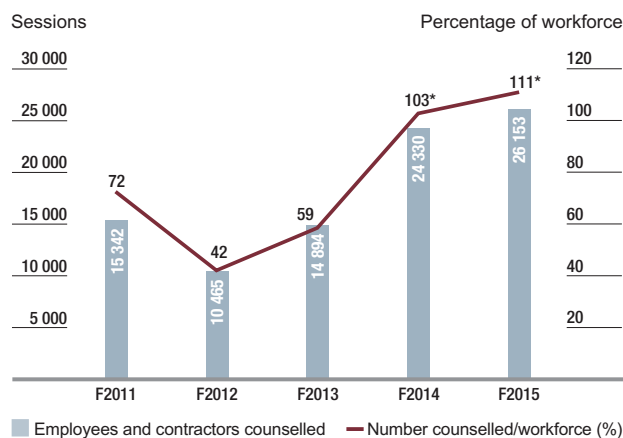
HIV PREVALENCE (%)



HIV MANAGEMENT PROGRAMME: INTERNAL AUDIT SCORE (%)



HIV AND AIDS COUNSELLING SESSIONS



* Exceeds 100% because counselling is performed during all clinic visits, including repeat visits.

Human capital: TB, HIV & Aids continued

Managing and monitoring our HIV & Aids programme

Operational HIV & Aids management programmes are regularly audited to identify areas for improvement at operations, measure year-on-year progress and benchmark performance between operations. The average audit score increased to 83% in F2015, exceeding our target of 80%.

Employees and contractors have access to HIV counselling and voluntary testing (CVT) at all operations during initial, periodical and exit medicals and at their request. There were 26 153 HIV & Aids counselling contacts with employees and contractors during 2015 (F2014: 24 339). This figure exceeds the total

workforce because CVT is performed every time an employee visits the clinic and some of these visits are repeat visits for regular check-ups.

The number of employees and contractors reported as receiving Anti-Retrovirals decreased due to a change in medical aid schemes at Modikwa Mine and the reporting not being aligned with ARM's systems yet. This resulted in statistics not being supplied for inclusion by the new medical aid, which also affected the number of employees and contractors reported as on disease management programmes.

TB, HIV & Aids

	F2015			F2014		
	Ferrous Division	Platinum* Division	ARM	Ferrous Division	Platinum Division	ARM
Employees and contractors:						
– Counselling	10 184	15 969	26 153	9 711	14 619	24 330
– Tested	2 454	5 877	8 331	4 699	7 596	12 295
– On Disease Management Programmes	983	NR*	NR*	849	353	1 202
– Receiving Anti-Retrovirals (ARVs)	1 203	NR*	NR*	847	2 283	3 130

* NR refers to figures not reported. There was a change in the medical aid schemes at Modikwa Mine. The process of aligning their reporting system with ARM's system is still in progress and resulted in health statistics not being fully reported, including numbers of employees and contractors on disease management programmes and receiving ARVs.

Pulmonary Tuberculosis (TB)

Passive screening for TB is conducted at all visits to our occupational health clinics through the Department of Health's (DoH) cough questionnaire. All clinic visits have to include this screening from 2015. Employees with TB are monitored according to the Group's TB management protocol and reporting standard.

New cases are followed up by contact screenings at the workplace and local community clinics are informed to conduct contact screenings in the community, as required by the DMR and the NSP.

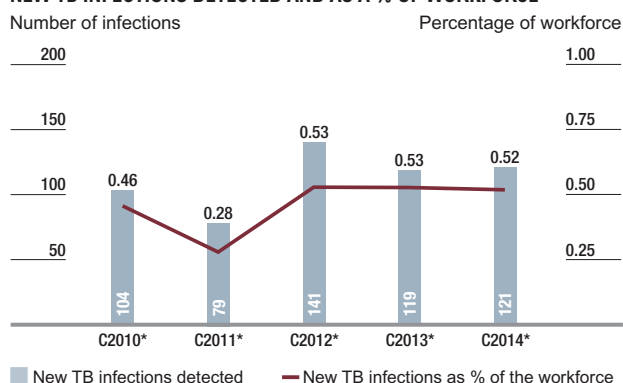
While ARM's financial year runs to June, TB information is collected and reported to the Department of Health on a calendar year, so the information below relates to the 12 months ending 31 December 2014.

In C2014, 102 656 TB screening tests were performed on employees and contractors (C2013: 35 746) and 121 new cases were detected (C2013: 119). 118 of these cases were cured, representing a cure rate of 97.5% (C2013: 99.2%) and ARM's TB cure rate remains well above the national medium-term target cure rate of 90% for 2014/2015.

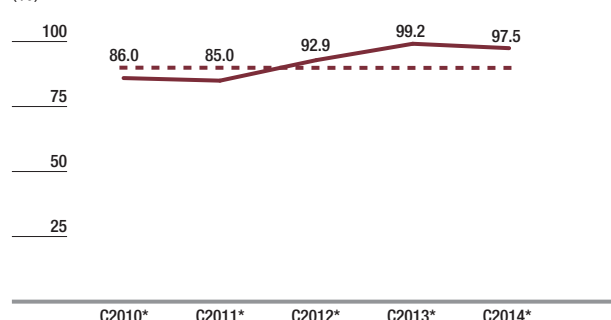
178 employees (including those newly diagnosed this year) remain on treatment programmes (F2014: 805).

Four cases of Multi-Drug Resistant (MDR) TB were detected at Khumani Mine, one at Black Rock Mine and one at Modikwa Mine. For all six cases, health investigations were done in terms of Section 11(2) of the Mine Health and Safety Act and submitted to the DMR, and the patients were admitted to special MDR hospitals for further management as required by the Department of Health.

NEW TB INFECTIONS DETECTED AND AS A % OF WORKFORCE



TB CURE RATE (%)



* Calendar year.

Pulmonary TB

	Jan to Dec 2014			Jan to Dec 2013		
	Ferrous Division	Platinum Division	ARM	Ferrous Division	Platinum Division	ARM
Employees and contractors:						
– Screened	56 908	45 748	102 656	21 026	14 720	35 746
– New cases	41	80	121	50	69	119
– Cured	41	77	118	45	73	118
– MDR/XDR*	5	1	6	14	0	14

* Multi-Drug Resistant/Extreme Drug Resistant TB.

TB, HIV
& AIDS
focus for
F2016



- Continue passive TB screening and offering HIV counselling and voluntary testing to all employees visiting our clinics.
- Reinforce our TB-related community outreach projects to focus on early detection and treatment of TB for communities around our operations.



NATURAL CAPITAL



As part of our commitment to zero harm, sustainability and the principles of responsible mining, ARM aims to minimise its environmental impact and reduce our consumption of scarce natural resources. By entrenching ARM as a leader in environmentally aware mining and smelting we can achieve our strategic goals as well as create a sustainable competitive advantage.

Just as ARM's business model converts natural capital into financial capital through extraction and beneficiation of ore, responsibly managing our environmental impact builds social and relationship capital in the form of trust with local communities and broader society. We report to government on our commitments in terms of our mining licences and it is important that our actions demonstrate responsible and ethical behaviour to build trust with the regulators.

Our most material environmental matters are:

- Climate change;
- Resource management, particularly energy use and water availability;
- Land management, including biodiversity conservation, rehabilitation and closure planning;
- Environmental compliance – ensuring that our operations remain legally compliant with new and changing legislation; and
- Managing and minimising our waste streams.

Taking a precautionary approach and ensuring compliance with environmental regulations support our relationship with government and reduces the risk of negatively affecting the people living in the communities around us, including a large proportion of our workers.

The financial cost of production stoppages due to interruptions in electricity and water supply, the rising cost of electricity, and pending environmental legislation such as the carbon tax,



demonstrate the direct link between environmental capital, financial capital and social and relationship capital.

Climate change is one of our principal risks, uncertainties and opportunities and is a key input into our sustainable business strategy and risk management systems. Mining and beneficiation are energy-intensive undertakings and electricity supply interruptions affect our ability to produce and process metals and minerals efficiently as well as having a potential impact on the safety of our workforce. Our cost-efficiency goals are negatively affected by continued above-inflation increases in energy prices, which also add further socio-economic stress on the communities around us.

Evolving environmental regulations, including the proposed carbon tax and the National Climate Change Response Policy in South Africa, impose additional direct, indirect and compliance costs that may affect the industry's international competitiveness and ability to operate profitably.

How we manage natural capital

The Board has ultimate responsibility for sustainable development and delegates the management and monitoring of this area to the Social and Ethics Committee. The Executive: Sustainable Development operates with oversight from the Social and Ethics Committee and reports to the Management Risk Committee on matters and activities related to climate change and carbon emissions. Climate change is also included in the agenda of the Audit and Risk Committee through the enterprise risk management system.

New projects and/or changes within operations include Environmental Impact Assessments (EIAs) and Environmental Management Plans (EMPs). Corporate standards are in place and regularly updated. These include environmental monitoring, rehabilitation, waste management, biodiversity and the reporting of environmental incidents. Operational environmental policies and strategies address the specific environmental challenges and opportunities the operations face.



All of our operations have implemented environmental management systems aligned with ISO 14001 that identify our environmental impacts and assist in the implementation of our environmental plans and performance monitoring. Modikwa Mine was successfully re-certified in terms of ISO 14001 as from 1 October 2015. The environmental management systems at all operations apart from Lubambe and Two Rivers mines are certified in terms of ISO 14001, which focuses specifically on continual improvement in terms of environmental management.

Natural capital continued

The Group environmental strategy is executed by divisional and operational SHEQ managers as part of the SHEQ process described on page 58. Employees and contractors undergo environmental training as part of their initial induction training, as well as regular refresher courses and job-specific training.

The integrity of our environmental management systems are assured at various levels, including through:

- Annual operational external legal compliance audits, which include environmental management;
- Annual external certification against ISO 14001 where applicable;
- Independent audits regarding operational compliance to the conditions of Environmental Management Programmes (EMPs) and Water Use Licences (WULs) that are submitted to the DMR and the Department of Water Affairs (DWA) as required;
- External legal and process audits every second year that ensure environmental policies, procedures and systems adequately mitigate risks; and
- External assurance of certain sustainability indicators and policies as part of our sustainability and CDP (Carbon Disclosure Project) reporting process.

ARM, through its relationship with Assore, is represented in the International Manganese Institute, the International Chrome Development Institute and the Ferroalloys Producers' Association. Through this representation, ARM gains valuable insights into initiatives including Life Cycle Assessment and Life Cycle

Inventory studies, waste management initiatives and energy efficiency initiatives.

Regulations, guiding frameworks and industry initiatives

Our approach to managing our environmental impacts is guided by our values, our commitment to a precautionary approach and the ICMM Sustainable Development Framework. There are many laws governing environmental compliance in South Africa, including:

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

Other considerations that guide our environmental management include the CDP (formerly the Carbon Disclosure Project) and the Environment, Social and Governance (ESG) framework which is core to the JSE Socially Responsible Investment (SRI) Index.

Amendments to the NEMA came into effect in August and September 2014 as well as new EIA regulations and listing notices. These amendments include new requirements for air emissions and waste management which are discussed in the relevant sections that follow.



FOCUS AREAS FOR F2015

1



Continue implementation and monitoring of efficiency targets in terms of water and energy.

Efficiency targets have been set at all operations and are monitored as part of the sustainable development framework. Details of our energy and water consumption, including our energy efficiency initiatives for the year, are provided in the sections that follow.

2



Monitoring of performance against objectives and emissions targets.

The Group's estimated carbon footprint (Scope 1 and 2 attributable emissions) for F2015 increased slightly by 1.4% to 1.25 million tonnes carbon dioxide equivalent (F2014: 1.23 mtCO₂e). This was due to increased production and expansion projects at some of our operations (for example, the development of the Village Pit at Beeshoek Mine and increased production at Nkomati Mine). An additional contributing factor was increased diesel consumption at Black Rock Mine for electricity generation during load shedding.

3



Continued improvement through further refining and improvement in our data collection systems. Commitment to identify and implement performance improvement projects.

Our data collection systems continue to mature as policies and procedures became more entrenched in the organisation. Internal and external reviews help to highlight areas for improvement which are incorporated to improve the systems.

ARM continues to identify potential performance improvement projects. However, the current economic climate has constrained capital expenditure so not all projects could be pursued.

During the F2015 external sustainability data verification process which was undertaken at three of our operations (Beeshoek, Black Rock and Two Rivers mines), the need was identified for an improved environmental data reporting procedure to guide operations in terms of definitions and controls to ensure that consistent quality data is reported to Corporate. This is already being addressed in the quarterly reporting procedure.

HIGHLIGHTS AND CHALLENGES

Continuing to improve our energy efficiency and reduce our carbon emissions in an economic climate where capital expenditure is constrained is a challenge. The pending carbon tax threatens to add another layer of costs to an industry that is in many instances barely profitable and already shedding jobs.

Society has an increasing expectation for supply chain transparency and this is reflected in the actions of various NGOs and the guidance in international reporting standards. Expanding environmental monitoring and reporting to include the supply chain is costly and time-consuming.

Water is a major concern across the Group, although for different reasons at different operations. At the Lubambe and Nkomati mines an excess of water could be a serious impediment to mining operations. At our operations in the Northern Cape, issues around water scarcity can not only impede our growth plans but are also a core concern for local communities.

Our 2014 CDP Report was our sixth consecutive report and again included independent verification of our emissions data.

Construction of a satellite workshop underground at Dwarsrivier Mine resulted in reduced travelling time and reduced diesel consumption of trackless mobile machinery.

Replacement of 100 Watt lights with 20 Watt compact globes on surface conveyors at Nkomati Mine reduced electricity consumption.

Natural capital continued



Climate change

ARM's approach to climate change incorporates the ICMM's principles for climate change policy design. We recognise climate change as one of our principal risks, uncertainties and opportunities and it is a key input into our sustainable business strategy and risk management systems.

The broad scope of potential impacts from climate change make the issue an environmental, economic and social issue. Climate change risks and opportunities influence our business strategy, specifically through reinforcing our long-term strategy to grow and diversify. The strategic decision to build the Sakura smelter in Sarawak, Malaysia included carbon emissions and carbon tax considerations. The investment prioritises access to a 15-year green hydro-electricity contract, a key strategic advantage to manage cost pressures into the future.

The most significant climate change risks and opportunities we believe will affect ARM's operations in the medium to long term include the following:

- Increased regulation that will lead to an increase in energy costs in particular, in geographies that rely on fossil fuels.
- The implementation of carbon tax in South Africa, which has been extended to January 2016. This will have a significant impact on our cost base, both as a result of a direct tax as well as through the pass-through effect from electricity producers. While ARM supports the underlying intention of the carbon tax, promoting the efficient use of energy needs to happen in a way that manages short-term and long-term developmental impacts. These include balancing the objectives of the tax against its likely negative impact on international competitiveness.
- Other environmental regulation that may impact on selling prices of commodities in regulated countries.
- Water availability, which is a particular concern for our operations located in the water stressed regions of the Northern Cape.

- Extreme weather events such as storms could cause shutdowns and lost production. ARM is also reliant on long distance rail and road transport to get its products to market and its ore to its smelters, which could be disrupted by floods and storms.
- Droughts, flooding, higher temperatures and changes in the distribution of diseases such as malaria will have a negative effect on our workforce and the communities around us through reduced food security, negative health implications, higher costs and the destruction of assets.
- Reputational damage with customers, investors, business partners, regulators and broader society if we fail to demonstrate a positive attitude towards environmental awareness.
- Financial incentives, including tax incentives, research and development incentives and government grants in the area of energy and climate change which ARM could take advantage of.

Many of these impacts also offer opportunities. For example, demonstrating ARM's environmentally and socially responsible approach to resource extraction and beneficiation, or providing more environmentally friendly products, can create a competitive advantage.

The National Climate Change Response Policy

The implementation of the Department of Environmental Affairs' (DEA) National Climate Change Response Policy will affect our South African operations. The policy includes mandatory reporting and the establishment of Desired Emission Reduction Outcomes (DEROs). While the details of the process are still being developed, carbon budgets will be allocated to selected companies and a set of emission reduction metrics assigned. Should the reduction requirements be overly stringent, our ability to conduct our business could be impacted. ARM is proactively participating in the engagement process through the Chamber of Mines, Business Unity South Africa (BUSA) and the National Business Initiative (NBI) in order to understand the potential impacts of the policy on business activities and to prepare for the potential impacts.

Carbon emissions

We determine our estimated carbon footprint by calculating emissions in the form of greenhouse gases (GHGs) arising from our business activities. This is disclosed on an attributable basis, which weights the operational carbon footprints in the proportion of our shareholding in the joint ventures.

The carbon footprint analysis is prepared according to the Greenhouse Gas Protocol – Corporate Standard (GHG Protocol), published by the World Resources Institute and World Business Council for Sustainable Development in March 2004. The data collection process complies with the data quality requirements set out in ISO 14044 as well as the GRI G4 Guidelines set by the Global Reporting Initiative (GRI).

GHG emissions are categorised into Scope 1 (direct), Scope 2 (energy-related indirect) and Scope 3 (other indirect) GHG emissions. Scope 1 emissions arise from sources owned or controlled by the company and at ARM include combustion of reductants in the smelting processes and emissions produced as part of the production process.

Scope 2 emissions are GHGs attributable to the electricity the Company consumes in its activities, which is generated from coal-fired power stations. They also include heat or steam brought into the organisation.

Scope 3 emissions are those that occur due to a company's activities, but come from sources not owned or controlled by the company. These include employee travel in company vehicles, transport of materials by road, rail or ocean, and business air travel.

Reducing our carbon emissions

Scope 2 emissions contribute 74% of the Group's total estimated carbon emissions, so our initiatives to reduce our carbon footprint focus mainly on improving energy efficiency. Other contributors include diesel used in mining operations and materials movement, and carbon-based reductants in the smelters, such as coke and coal.

Cato Ridge Works accounts for a third of the Company's total carbon footprint due to the energy-intensive nature of the smelting process. Reduced activity has resulted in a decrease in GHG emissions attributable to Machadodorp Works.

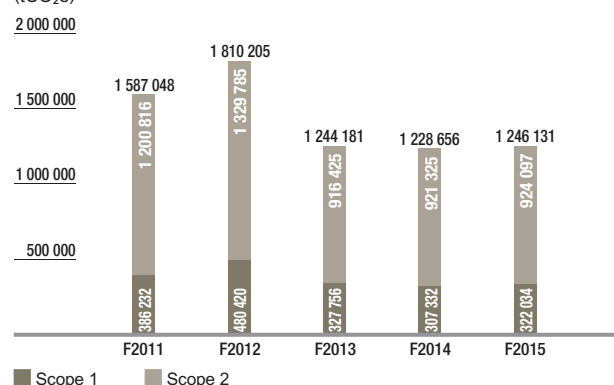
An energy and climate change strategy is in place to identify and develop long-term achievable emission reduction activities. Initiatives include alternative energy projects, investigating new technology and diversification into less energy-intensive products.

We currently do not have quantitative emission reduction targets in place. Targets will be established that are achievable, backed

up by feasible reduction opportunities and that align with the mitigation targets set by the DERO process once this is finalised.

The Department of Environmental Affairs published the National Atmospheric Emissions Information System (NAEIS) reporting regulations in terms of the National Environmental Management: Air Quality Act. These affect ARM's smelters and mining operations, requiring each operation to submit annual online atmospheric emission reports that include dust and GHGs. All ARM operations have registered on NAEIS and will report in March 2016 as required.

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



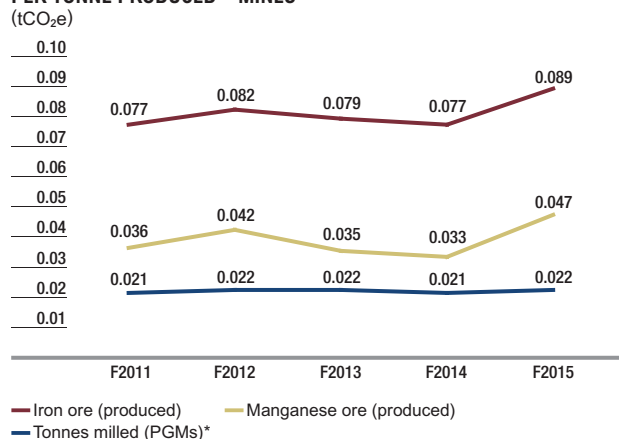
ARM's estimated F2015 Scope 1 and 2 carbon emissions increased 1.4% to 1.25 million tCO₂e compared to 1.23 million tCO₂e for F2014. Scope 2 emissions contributed 74% to the total Scope 1 and 2 carbon emissions, the same proportions as for F2014. From F2013, ARM reduced activity at the energy-intensive smelters at Machadodorp Works and Cato Ridge Works, which has reduced total electricity consumption and carbon emissions.

ARM's F2014 electricity consumption and emission figures were reviewed and externally verified for inclusion in ARM's 2015 CDP Report, which was submitted in June 2015. This verification led to a 3.1% restatement of F2014 Scope 1 and 2 carbon emissions to 1.23 million tCO₂e (previously disclosed as 1.27 million tCO₂e). This restatement also affects the F2014 comparatives of the efficiency ratios shown in the section that follows.

In previous years, ARM reported estimated Scope 3 carbon emissions. Due to changes in carbon footprinting guidelines, Scope 3 emissions disclosure categories have expanded considerably and are no longer comparable with prior disclosures. Scope 3 emissions are, therefore, not disclosed in this report. Detailed reporting of Scope 3 emissions under the appropriate categories can be found in ARM's CDP Report which is available at www.cdp.net.

Natural capital continued

SCOPE 1 AND 2 CARBON EMISSIONS PER TONNE PRODUCED – MINES



* Two Rivers and Modikwa mines only.

We measure carbon emissions as an efficiency ratio against full-time employees and per tonne produced or processed in order to assess our progress in reducing emissions adjusted for changes in activity year-to-year. Please note that the historic data in the graph of Scope 1 and 2 carbon emissions per tonne of alloy produced at the smelters has been restated to correct a calculation error in last year's report.

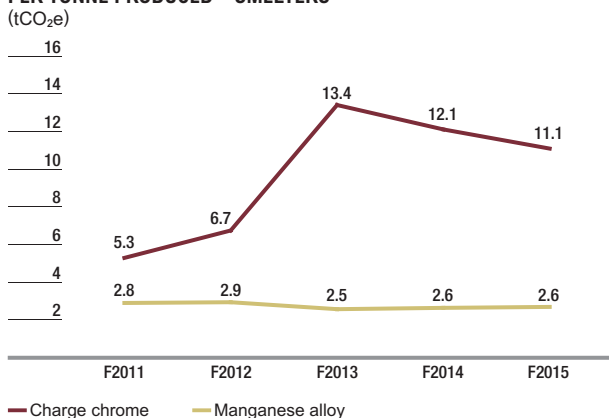
The F2015 Scope 1 and 2 carbon emissions per tonne of manganese alloy produced remained level at 2.6 tCO₂e/tonne.

Scope 1 and 2 carbon emissions per tonne of charge chrome produced decreased to 11.1 tCO₂e/tonne (F2014: 12.1 tCO₂e/tonne restated).

Scope 1 and 2 carbon emissions per tonne of iron produced were level at 0.022 tCO₂e/tonne (F2014: 0.021 tCO₂e/tonne) and per tonne of manganese ore produced increased to 0.047 tCO₂e/tonne (F2014: 0.033 tCO₂e/tonne).

Carbon emissions per tonne milled at our two primary platinum mines, Modikwa and Two Rivers, increased to 0.089 tCO₂e/tonne (F2014: 0.077 tCO₂e/tonne restated).

SCOPE 1 and 2 CARBON EMISSIONS PER TONNE PRODUCED – SMELTERS



Scope 1 and 2 emissions per full-time employee (FTE) increased to 183 tonnes CO₂e (F2014: 176 tCO₂e restated). Scope 1 and 2 emissions per man hour decreased to 43 kg CO₂e (F2014: 44 kg CO₂e).

The diagram on page 85 shows the Group's regional F2014 carbon footprint including Scope 1 and Scope 2 emissions on an attributable basis. Bubble size indicates the relative emissions and the figures show actual emissions in equivalent tonnes of CO₂ (tCO₂e).

Energy

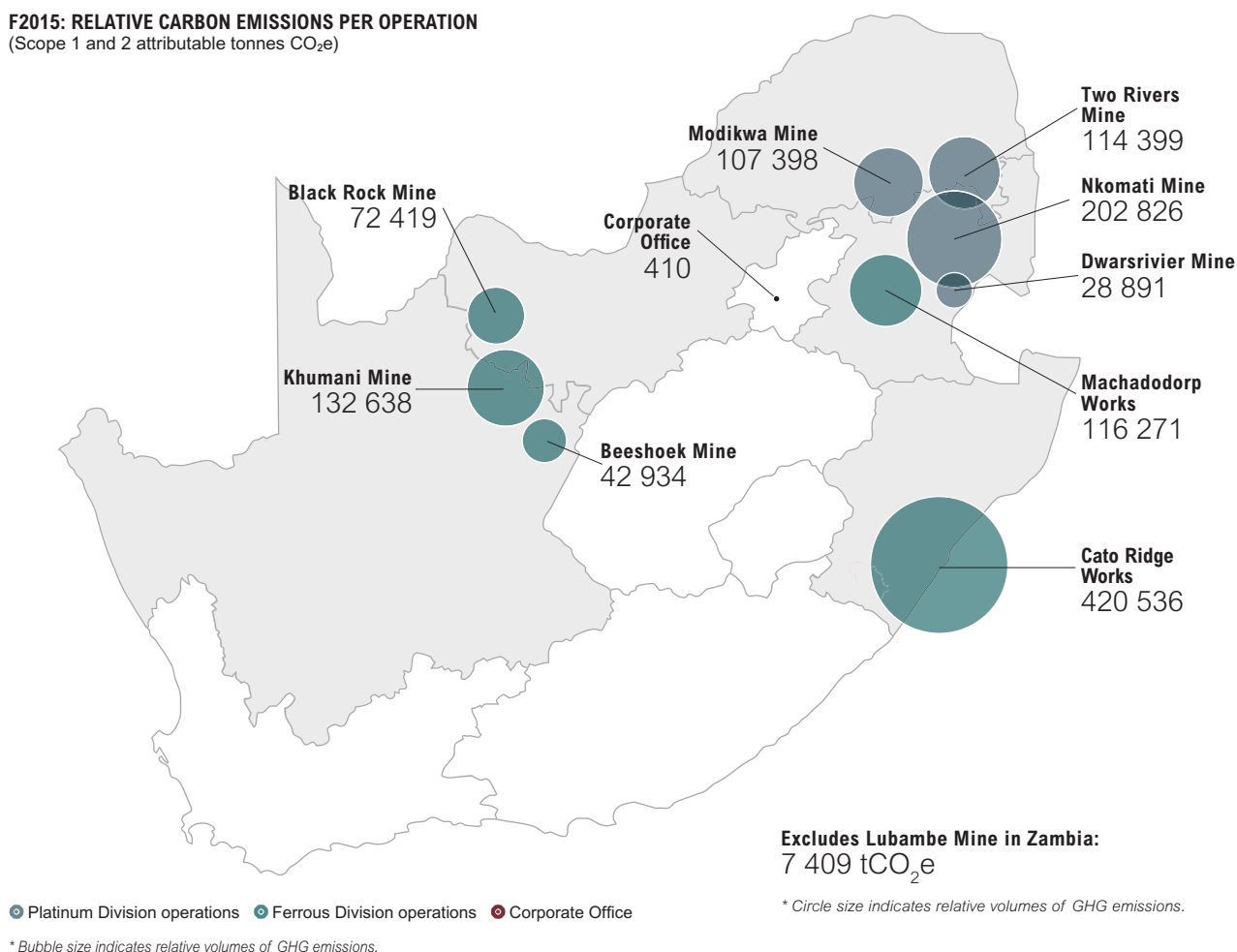
Electricity is a key input in mining and processing. The processing of metals is particularly energy intensive and the smelters in the Ferrous Division account for one third of the Group's total electricity consumption. On the mines, electricity is required to power the crushers and mills that process ore, ventilation fans, pumps for dewatering and the motors that drive conveyor belts and elevator cages.

Security of energy supply is a key risk to our ability to produce ore, metals and alloys at competitive costs, affecting our ability



F2015: RELATIVE CARBON EMISSIONS PER OPERATION

(Scope 1 and 2 attributable tonnes CO₂e)



to achieve our production and efficiency targets. Production at Cato Ridge Works was negatively affected by supply interruptions during F2015. Continued above inflation increases in electricity tariffs and the potential for pass through of carbon tax to consumers by Eskom will increase the costs of production. Uncertain supply and poorly maintained infrastructure will negatively affect our ability to maintain and expand our operations.

Our strategic focus on cost competitiveness drives us to improve operational efficiencies, which increase energy efficiency and can create a competitive advantage for the Group. Increasing energy efficiency reduces our carbon emissions and minimises the likely cost of carbon taxes.

ARM operations continue to work with Eskom to ease pressure on the national grid by switching off furnaces at Machadodorp and Cato Ridge Works, and through diesel generators at Black Rock Mine that are synchronised to the electricity grid. Lower production at Machadodorp Works reduces the Group's ability to quickly cut electricity consumption and may increase the impact of supply disruptions on the mining operations in future.

Poor rainfall in Zambia during the 2014/2015 rainfall season led to very low water levels at Zambia's hydro-electric power stations and resulted in that country's national electricity provider Zesco implementing scheduled load shedding on a country-wide basis.

It is expected that it may take two to three years of normal rainfall to re-establish dam water levels and Lubambe has committed to reduce electricity consumption levels.

Energy consumed indirectly contributes to GHG emissions as the electricity we use for our South African operations is generated mainly from fossil fuels. Electricity is included in Scope 2 emissions and accounted for 74% of total Scope 1 and 2 emissions in F2015.

The two smelters historically consumed more than 60% of the Group's electricity. Reduced production and the placement of furnaces on care and maintenance at Machadodorp Works has decreased the smelters' consumption, which accounted for 37% in F2015. Electricity consumed by the Ferrous Division comprised 55% of Group electricity consumption in F2015, while the Platinum Division consumed 39% of the Group total.

The emissions conversion factor for calculating emissions from electricity produced by coal-fired power stations, in kWh is 940 gCO₂e/kWh. The published conversion factor for Zambian electricity generation is 3 gCO₂/kWh due to the high contribution of hydro-electricity to their national electricity grid, hence the relatively low Scope 2 emissions generated by Lubambe Mine.

Natural capital continued

Energy efficiency initiatives

The Ferrous Division historically accounted for the majority of energy consumed in the Group and energy efficiency initiatives have mainly been managed through their emissions reduction plan. ARM Ferrous, trading as Assmang Limited (a joint venture with Assore Limited), is part of the Energy Intensive Users' Association and developed an Energy Efficiency Charter which set targets for energy efficient practices.

Energy reduction plans for the Platinum Division were developed as phase II of the climate change programme that was rolled out during the year.

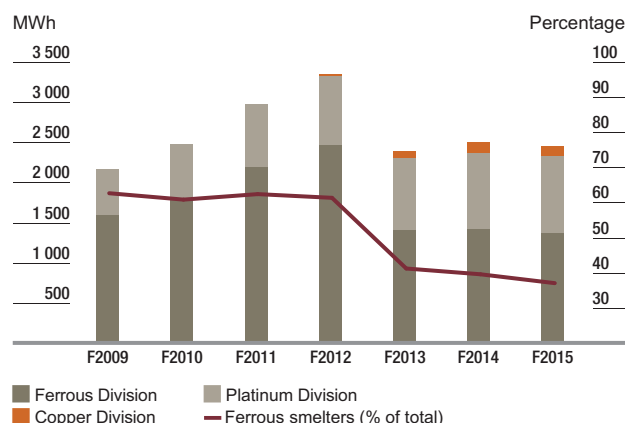
The need to reduce emissions and energy consumption at operations is emphasised as part of efficiency improvement initiatives that drive cost reduction projects. Capital allowances have been set up at operations for energy efficiency projects and emission reduction activities are included on internal KPIs and scorecards for teams and divisions. Divisional carbon strategy workshops are run to raise awareness about emission reduction programmes.

Energy saving and carbon emission reduction initiatives implemented by operations during F2015 include:

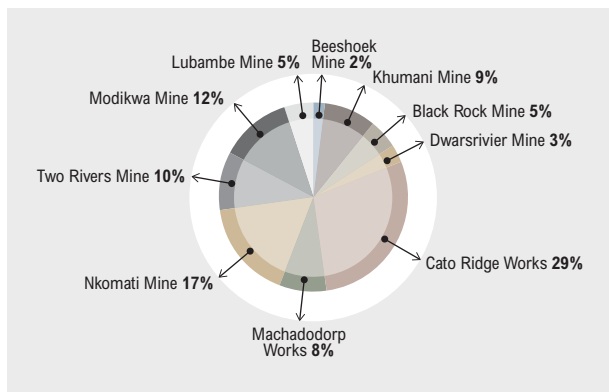
- A two megawatt variable speed drive was installed on a fugitive fume extraction system upgrade at Cato Ridge. The project was implemented by a third party in an energy saving share model (risk basis) so that no capital was required.
- Installation of LED lights in various areas at Nkomati, Beeshoek and Black Rock mines.
- Installation of inverter type air conditioners at Nkomati Mine resulting in a saving of 60% of the power consumption of conventional air conditioners.
- Removal of redundant transformers at Nkomati Mine eliminated the unnecessary use of no-load energy by the transformer.
- My Greenhome video clips are shown on how to save to educate the employees on saving energy at Nkomati Mine.

ARM's electricity consumption (reported on a 100% basis) decreased 2% to 2 102 451 megawatt hours in F2015 (F2014: 2 144 895 MWh). The Ferrous Division's electricity consumption decreased 4% to 1 164 218 MWh (F2014: 1 215 622 MWh) and the Platinum Division's electricity consumption increased 2% to 824 432 MWh (F2014: 810 310 MWh).

ELECTRICITY CONSUMPTION (100% basis)



ELECTRICITY CONSUMPTION BY OPERATIONS FOR F2015 (100% basis) (% of total)



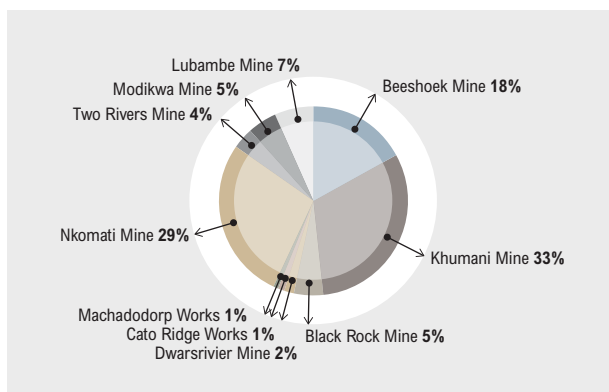
Fuel consumption

Diesel is used for mining, loading, hauling and logistics, and accounts for 42% of Group Scope 1 emissions.

Both Khumani and Nkomati mines are large open pit mines in expansion phases and transporting of run-of-mine material requires hauling over several kilometres. These two mines are the biggest users of diesel in the Group and accounted for 33% and 29% of total diesel consumption respectively.

The Group's total diesel consumption increased 9% to 99.8 million litres in F2015 (F2014: 92.0 million litres) due to increased production at Nkomati and Khumani mines and the expansion of the Village Pit at Beeshoek Mine.

DIESEL CONSUMPTION BY OPERATION FOR F2015 (100% basis) (% of total)



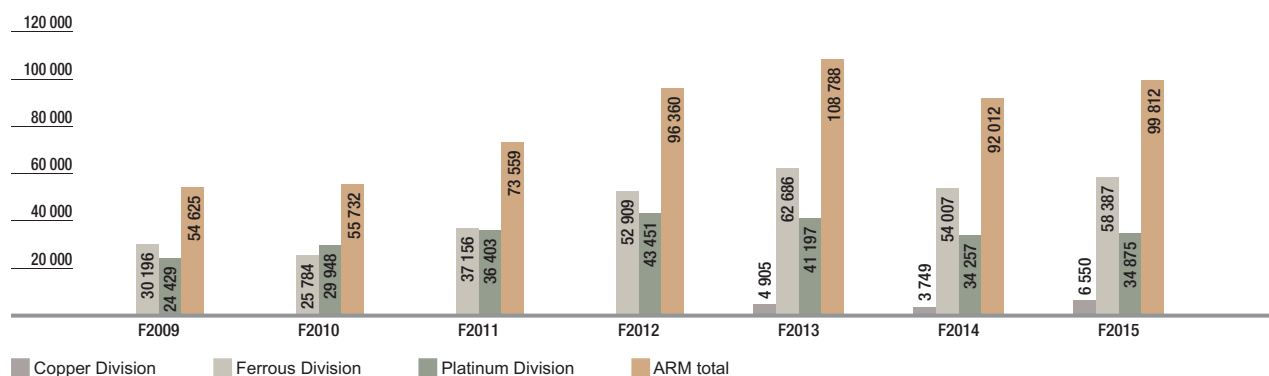
Water management

Mining and mineral processing require large quantities of water for milling, beneficiation and cooling as well as for dust suppression during blasting, on haul roads and at ore transfer points. Water availability, consumption and pollution are recognised as key risks for the Company. The future impacts of climate change on water can seriously impact the way we execute our strategy through changing patterns of water availability. Water quality and availability will have a significant influence on our ability to continue and expand our mining and smelting operations sustainably.

ARM's operations face a diverse set of water challenges. The main water-related risks faced by operations in the Northern Cape and Limpopo are limited water resources, deteriorating water quality and declining infrastructure. The Vaal/Gamagara/Sedibeng water supply to the Central Cape is a strategic concern to both Khumani Mine (regarding current supply limitations) and to Black Rock Mine (at the end of the supply line and in regard to the ongoing expansion).

In contrast, Nkomati Mine in Mpumalanga has a net positive water balance because it has to de-water the area around the open pit mine to keep it safe. Nkomati's priority is therefore to minimise abstraction from other sources by recycling water and using underground water from the de-watering process. Access development at Lubambe Copper Mine in Zambia has been slower than expected due to water intersection related to a flooded mine in the Democratic Republic of Congo.

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



Other initiatives to support improvements to water infrastructure include participation in the Northern Cape Water Forum and funding of upgrades to the Olifantshoek bulk water infrastructure by Khumani Mine and the Postmasburg Waste Water Treatment Plant by Beeshoek Mine.

Access to sufficient potable water is an important community concern that will become more pressing as climate change affects water availability and demand continues to grow. ARM's investments in local water infrastructure benefit local communities and increase their resilience.

Various processes have been put in place to address water quality concerns at Machadodorp Works, Cato Ridge Works and Dwarsrivier Mine.

Managing water use

ARM sources water from rivers, boreholes and municipal sources according to the terms of our integrated water use licence at each operation. Our operations engage with the Department of Water Affairs, local communities, local, provincial and national authorities, irrigation boards, catchment management agencies and other industry users to ensure the sustainability of water resources for all stakeholders.

Water balances are used to manage and optimise water use at our operations. Water quality monitoring includes aquifer level monitoring, groundwater and surface water sampling, and biomonitoring of riverine environments. This monitoring helps

Water supply and distribution are particular challenges at Khumani Mine, which have been exacerbated by low rainfall and increased consumption due to new small mines in the Northern Cape. Supply interruptions resulted in a loss in revenue at Khumani Mine during F2015. ARM continues to engage with the Department of Water Affairs, Sedibeng Water Board and other mines to come to a sustainable solution to the area's water challenges.

Dedicated resources have been appointed to investigate and implement suitable and sustainable water supply solutions for Khumani Mine and an action plan has been formulated. Short-term water needs have improved markedly, mainly from improving the pumping capacity at the Postmasburg pump station, with further upgrades planned. The underground water potential is being tested to assess the viability of a permanent borehole/pump system solution on Khumani Mine to supplement the water supply from Sedibeng Water Board.

us assess our impact on the receiving environment, measure compliance with licence conditions and as a warning indicator for immediate mitigating action. Operations run closed circuit water systems as far as possible in order to minimise discharge into the environment.

Water is a precious and scarce commodity and our operations separate dirty and clean water and implement a hierarchy of water use. This ensures that "dirty" or process water is recycled for reuse before clean water is abstracted from the natural environment. Recycling is maximised through closed-circuit water systems that also reduce the potential for discharge of polluted water into the natural environment.

Total water abstracted in F2015 decreased 6% to 18.3 million m³ (F2014: 19.4 million m³).

Beeshoek Mine accounts for 29% of the total abstracted by ARM operations, and Khumani Mine and Nkomati Mine account for 20% each. Most of the water Beeshoek Mine abstracts is supplied to local communities and the mine's employee village.

Water abstracted at the Ferrous Division decreased 7% to 10.8 million m³ (F2014: 11.7 million m³) and decreased 4.3% in the Platinum Division to 6.3 million m³ (F2014: 6.6 million m³).

Incidents where process/polluted water (below the quality specified for discharge as specified in the Water Use Licences of the operations), occurred at Dwarsrivier Mine (approximately 1 642 m³) and Machadodorp Works (10 000 m³) during the year.

Natural capital continued

The discharge at Machadodorp was an emergency release of storm water contained in the storm water dam. The area received heavy rainfall during January 2015 and this filled the storm water dam to capacity. In order to prevent the dam from cracking and to avoid any possible safety risk to the nearby community, a controlled release was undertaken. The discharge at Dwarsrivier Mine was caused by a pipe burst. These incidents, including details such as the volume as well as the quality of the discharged water, were reported to the Department of Water Affairs as required by the conditions of the operations' Water Use Licences.

Air emissions

Direct emissions, including carbon dioxide, nitrous oxide, sulphurous oxide and particulate emissions are emitted during mineral processing at our smelters at Cato Ridge and Machadodorp. The smelters have approved Air Emission Licences issued in terms of the National Environmental Management: Air Quality Act which stipulate emission limits.

Air cleaning equipment availability is monitored and the operations regularly report to local and provincial authorities as required by their licence conditions. Both operations comply with the more stringent air quality standards that came into effect in 2015.

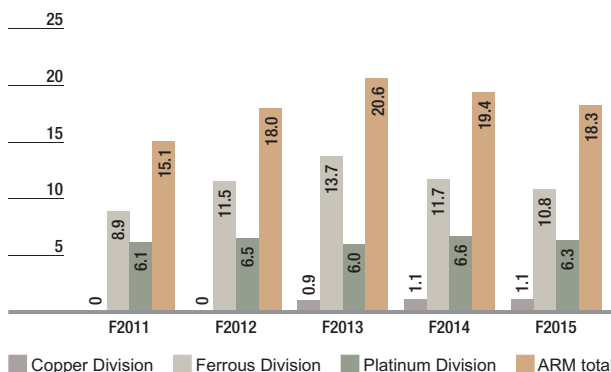
Environmental compliance

Environmental management activities include monitoring the status of Environmental Management Programme Reports (EMPRs), Water Use Licence (WUL) applications and Environmental Impact Assessments (EIAs).

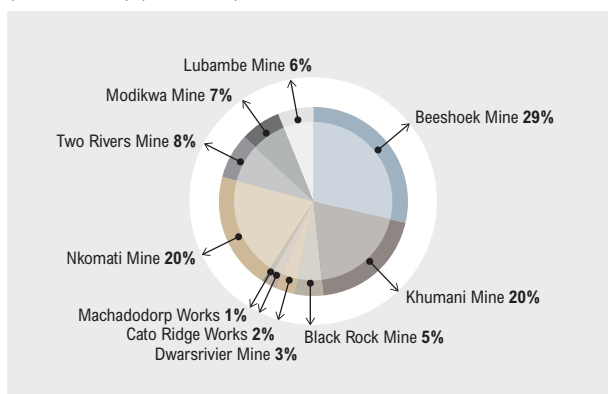
Black Rock Mine is continuing with the process of amending its initial Environmental Management Programme Report (EMPR) to reflect the current realities of the operation. The prescribed amendment process involves extensive stakeholder consultation.

Planned dewatering at Beeshoek Mine to open the Village open pit will affect underground water reserves and this impact will be carefully monitored and managed.

WATER CONSUMPTION BY DIVISION
(100% basis) (m³ million)



WATER CONSUMPTION BY OPERATION FOR F2015
(100% basis) (% of total)



During F2015, Modikwa received a pre-directive in terms of Section 53 of the National Water Act which was resolved by year end. Two Rivers Platinum also received a pre-directive in terms of Section 53 of the National Water Act which was still under consideration at the time of finalisation of this report. The appeal lodged in F2014 by Khumani Housing Development Company Proprietary Limited, a subsidiary of Assmang Proprietary Limited,



ARM BBEE Trust Water Provision Projects

- Water provision has become a priority in most remote rural areas.
- Borehole sinking and equipping has been done in all provincial trusts represented.
- Hazyview Mpumalanga – six boreholes sunk supporting around 80 000 local community members.
- Bushbuckridge Mpumalanga – three boreholes supporting 35 000 local community members.
- Sekhukhune Limpopo – a borehole at Mampuru Thulare Primary School for 700 learners and 1 500 local community members.



against the administrative fine in terms of Section 24G of NEMA remains unresolved. These issues are discussed in more detail in the Corporate Governance summary on page 42.

Contaminated land surveys were completed at Machadodorp Works and Cato Ridge Works in terms of the National Environmental Management: Waste Act (NEMWA). The outcomes of these studies have been included in the assessment of closure and rehabilitation costs and reflect in their financial provision towards closure and rehabilitation.

The six potential non-compliance issues identified in the Green Scorpions compliance inspection and investigation at Machadodorp Works in F2014 have been resolved to the satisfaction of the relevant authorities.

Land use management: Rehabilitation

We consider the impact of our operations on local landscapes at each stage from initial exploration to construction, operation and eventual decommissioning and closure. We rehabilitate concurrently with ongoing operations wherever possible.

Independent specialists are contracted to assess and report on the current status of each operation and estimate the cost of rehabilitation and closure on an annual basis. These reports are

submitted to the Trustees of the Conservation Trust at each operation and to the Department of Mineral Resources. Once approved, annual contributions are made to the operational Trust Funds to provide for the estimated future rehabilitation and closure costs. These requirements are determined by the individual EMPR closure commitments and any other applicable legislation.

The total estimated closure cost across the Ferrous and Platinum Divisions on a 100% basis (as if ARM owned 100% of the joint ventures) at the end of June 2015 is R950 million. This represents the estimated cost of closing the mines and restoring the sites to an agreed land end use or state as per the conditions in the environmental management programmes.

The balance in the various Trust Funds at the end of the financial year totalled R318 million and the operations have guaranteed facilities available of R667 million. This represents a total closure cost provision of R985 million.

Shortfalls at individual operations represent a relatively small value compared to the assets at the operations and the annual cash flows they generate. Closure costs tend to be highest in the early stages of a mine or during expansion phases when most of the disturbance occurs.

Operation	Estimated closure cost as at 30 June 2015 (Rands)	2015 Trust Fund contribution (Rands)	Estimated Trust Fund balance as at 30 June 2015 (Rands)	Guarantees (Rands)	Total provision, including guarantees (Rands)	Anticipated shortfall excluding guarantees (Rands)	Anticipated shortfall including guarantees (Rands)
Beeshoek	119 272 548	4 149 608	70 326 560	51 008 589	121 335 149	(48 945 988)	2 062 600
Khumani	320 784 259	3 928 056	66 518 409	254 265 851	320 784 260	(254 265 850)	1
Gloria*	36 428 494	1 056 379	17 888 907	76 133 455	94 022 362	(18 539 587)	57 593 868
Nchwaning*	58 161 561	738 406	12 504 308	–	12 504 308	(45 657 253)	(45 657 253)
Black Rock*	114 915 663	1 728 488	29 270 537	73 708 511	102 979 048	(85 645 126)	(11 936 615)
Dwarsrivier	48 532 800	541 473	9 169 401	39 363 399	48 532 800	(39 363 399)	(0)
Two Rivers	63 124 000	2 562 412	18 537 857	42 472 942	61 010 799	(44 586 143)	(2 113 201)
Nkomati	119 495 378	–	70 538 815	3 940 000	74 478 815	(48 956 563)	(45 016 563)
Modikwa	69 174 324	1 693 634	22 815 924	126 416 622	149 232 546	(46 358 400)	80 058 222
Total	949 889 027	16 398 456	317 570 718	667 309 369	984 880 087	(632 318 309)	34 991 060

* Part of Black Rock Mine.

Waste management

ARM manages its activities to ensure that waste does not have a negative impact on the natural environment and surrounding communities, and in line with the relevant legislation.

Waste controls

There were no significant hydrocarbon spills during the year. Minor hydrocarbon spills were reported by Dwarsrivier, Modikwa and Two Rivers mines. Rehabilitation of affected areas was undertaken and contaminated soil was disposed at licenced hazardous waste landfill sites.

Slag

Slag is the main industrial waste product generated by our smelters. Slag management plans at each smelter aim to minimise the volume and footprint of disposed slag through recycling and recovery of residual metal. Slag is disposed of at designated, licenced slag disposal sites within the boundaries of the smelters. These dumps are fully lined in accordance with the type of waste disposed in order to prevent soil and water pollution. Water management and drainage control is in place around slag disposal areas as part of the internal and external environmental monitoring programmes.

Natural capital continued

Our smelters produced 152 800 tonnes of slag in F2015 (F2014: 159 087 restated). Slag produced was erroneously reported as 439 331 tonnes in the F2014 Sustainability Report and is restated here to the correct tonnage.

Waste rock and tailings

Waste rock and tailings are by-products of mining and beneficiation activities. Tailings generally consist of finely milled waste material suspended in water and are disposed in tailings dams, which are lined appropriately to prevent pollution of groundwater. Operations monitor groundwater around tailings disposal facilities and use groundwater modelling to predict the potential impact of tailings disposal on aquifers.

Changes to the National Environmental Management: Waste Act published in 2014 affect the planning and management of residue stockpiles and residue deposits, which are pre-classified as hazardous waste. These changes impose more stringent liner requirements on new stockpiles and tailings facilities which will increase the cost of waste management significantly.

Waste rock is disposed of on waste rock dumps or used to backfill open pit workings to rehabilitate and minimise aesthetic impact. Surface water runoff and groundwater are monitored to identify any negative impact from waste rock disposal.

Wherever possible we recycle waste material, including paper, oil and scrap metal. Domestic waste is disposed of in licenced municipal landfill sites. Hazardous waste is disposed of by specialist service providers at appropriate facilities and operations receive safe disposal certificates to this effect.

ARM's mines produced 16.8 million tonnes of tailings in F2015 (F2014: 17.4 million tonnes) and 75.3 million m³ of waste rock was mined during F2015, a 20% decrease on F2014 (94.4 million m³).

Waste produced	F2015	F2014
Slag (tonnes)	152 800	159 087
Waste rock (million m ³)	75.3	94.4
Tailings (tonnes)	16.8	17.4
Domestic waste (tonnes)	14.0	not reported
Hazardous waste (used oil) (L)	1 219 835	not reported
Medical waste (kg)	1 552	not reported

Biodiversity

Mining and beneficiation have a potentially significant impact on the physical landscape around these operations. ARM respects the biodiversity in the biomes in which we operate. Four of our operations: Two Rivers Platinum Mine, Dwarsrivier Mine, Machadodorp Works and Cato Ridge Works are in close proximity to sensitive areas.

All operations have Biodiversity Action Plans (BAPs) in place that are drafted as part of the environmental impact assessment process and the operations are at different stages of implementing their biodiversity management programmes. The BAPs include commitments to conserve protected areas such as wetlands, zones of endemism, archaeological and heritage sites, protected and endangered species (as per the IUCN).

Baseline biodiversity and landscape function studies are conducted during the feasibility or exploration phase of a project. Environmental risk assessments are performed for new operations and for major changes to existing operations, informed by the baseline studies to identify the potential impacts of any proposed activities that could be a risk to biodiversity and landscape functions. Compliance with the relevant corporate standards is assured through biennial external audits and through annual legal compliance audits as part of the environmental management systems.

Where applicable, ARM provides access to sites for scientific research purposes and often works in concert with government and/or academic institutions to promote biodiversity protection, including relocations of protected species and removal of alien vegetation.

Land use planning is a function of EIA and/or EMP processes, and is addressed within community forums and meetings with local municipalities and other affected stakeholders.

We provide awareness training to employees, contractors and communities about sensitive and endangered species around our operations.

Khumani Mine completed a biodiversity assessment in March 2015 and Beeshoek Mine completed a project for control and eradication of invader plants during F2015.

**NATURAL
CAPITAL**
focus for
F2016



- Continue to implement carbon emission reduction initiatives and monitor our performance against our emission targets.
- Improving the carbon intensity of our production by identifying and implementing appropriate emission reduction initiatives.
- Engaging proactively in the process of implementing various policy measures and environmental instruments such as DEROs, carbon budgets, and carbon tax.



Eradication of invader species at Nkomati Mine

SOCIAL & RELATIONSHIP CAPITAL



Companies in the extractive industry are seen as high impact. It is important that as a company operating in this industry, ARM's actions show the Company's real commitment to its values. These include a commitment to working responsibly, engaging respectfully with its stakeholders and improving the living conditions of the communities in which we operate.

Social and relationship capital relies on the trust built through behaviour that consistently demonstrates ethical values such as responsibility, accountability and fairness. It is easily destroyed through careless or irresponsible actions. Where this happens, trust is eroded with government and broader society, and an organisation may lose its social licence to operate.

ARM's governance structures and ethical leadership support the Company and its employees to act with integrity and respect for the social and environmental context in which we operate. We are committed to respectful two-way engagement with stakeholders, investing to improve the living conditions in communities and contributing to the transformation of the South African mining industry.

Our most material social and relationship matters are:

- Stakeholder engagement;
- Transformation; and
- Corporate social responsibility.

STAKEHOLDER ENGAGEMENT

The principle of stakeholder inclusivity and stakeholder engagement lie at the centre of ARM's approach to sustainable growth. Our ongoing interactions with our key stakeholders provide the broader context for the way we do business, shaping the long-term direction of the Group as our strategy is refined to take into account their legitimate concerns and expectations. We define stakeholders as any individual or group that has a material interest in or is affected by ARM.

Stakeholder engagement is listed in our risk register as one of the top risks facing ARM. Failure to ensure good relationships and effective engagements with key stakeholders such as government, labour and communities can have a financial impact through disruptions to operations in the form of demonstrations, stoppages and labour unrest.

Mining investments can run over several generations of community members and employees from exploration to the end of the life of mine. Building and maintaining strong relationships with stakeholders and justifying their trust in the Company are essential if we are to continue to access resources, labour from local communities and retain our licence to operate.

While there were no strikes at ARM's operations in F2015, certain areas experienced increased community unrest, primarily linked to service delivery protests, but also to increased local procurement, local jobs and opportunities for youth.

How we manage stakeholder engagement

We have formal and informal stakeholder engagement processes that help us to understand the key concerns of our stakeholders, address them appropriately and communicate our response and progress. The relevant functions within the Company engage with stakeholders at the corporate, divisional or operational level as appropriate to the stakeholder.

The Company's Code of Conduct includes a stakeholder communication policy and during F2015 a more comprehensive stakeholder communications/engagement policy was developed that includes measurable outcomes for all engagements.

Stakeholder engagement is managed by senior executives, including the Executive Director: Business Development and Investor Relations, the Senior Executive: Corporate Affairs, the Group Executive: Compliance and Stakeholder Relations and Divisional Senior Management. Stakeholder and community engagement is part of the agenda of operational, divisional and Board meetings. Operations keep engagement reports and minutes to ensure learnings are documented and shared effectively at both operational and corporate levels.

Our stakeholder engagement process incorporates guidance from relevant sources, including:

- The ICMM Sustainable Development Framework;
- King III;
- The National Environmental Management Act (NEMA);
- The Minerals and Petroleum Resources Development Act (MPRDA); and
- Other relevant legislation.

The new stakeholder engagement approach piloted at Black Rock Mine aligns stakeholder engagement and priority areas with the operation's vision, strategic priorities, values and leadership philosophy.

TRANSFORMATION

ARM is committed to non-discrimination. Transformation is a critical challenge for South Africa and South African business. We support the principles of transformation as a means to redress historical inequality, facilitate broader social development and to give all South Africans a stake in the country's mineral wealth. Our goal is for continuous improvement in transformation that surpasses the requirements of the transformation guidelines and regulations that apply to our operations.

Social & relationship capital continued

Transformation is integrated into our strategy and business processes, how we engage and develop our workforce, our responsible approach to the natural capital around us, how we direct our procurement spend and the way the value we create is distributed. In the communities around us, we aspire to uplift lives, create opportunities for local youth, and address squalid living conditions and unemployment.

Our ability to effectively implement the principles of transformation into our business directly impacts our ability to build financial capital in the long term. Failure to address transformation in our workforce and to contribute to improving the lives in the communities around us could lead to labour and social unrest, and production disruptions. Not demonstrating our commitment to transformation would damage the Company's reputation, reduce the social and relationship capital we have built up with government, our customers and suppliers, and ultimately result in the Group being marginalised in the industry.

How we manage transformation

We manage transformation and measure our progress against the Broad-Based Socio-Economic Charter of the Department of Trade and Industry (dti) and the Mining Charter. The Social and Ethics Committee monitors and reviews the Company's approach to transformation while the Employment Equity and Skills Development Committee is responsible for transformation in the workforce.

Compliance with the requirements of the Mining Charter and dti Codes of Good Practice (CoGP) are managed as part of the relevant business function to which they most closely relate.

Preferential procurement, for example, is managed as a central concern of the procurement function, while transformation in human capital terms, such as employment equity and skills development, is managed as part of the Human Resources strategy. Transformation action plans are in place that deliver on the commitments made in our Social and Labour Plans.

During the year, the Human Resources Department implemented a system that tracks and coordinates the varying employment equity requirements of the dti CoGP, the Mining Charter and the Employment Equity Act. This will help operations to track their performance against regulations and put in place plans to address areas for improvement.

Regulations, guiding frameworks and industry initiatives

Our approach to managing transformation is influenced by guidelines and regulations, including those in the following list:

- The ICMM Sustainable Development Framework;
- The Mining Charter;
- The Labour Relations Act;
- The Department of Trade and Industry Codes of Good Practice;
- The Mineral and Petroleum Resources Development Act; and
- The Employment Equity Act.

Note: The dti CoGP and Mining Charter do not apply to ARM's non-South African operations and Lubambe Copper Mine is therefore not included in this section.

1

Continue to aim for and exceed the DMR's 2014 calendar year preferential procurement targets.

Our mines submitted Mining Charter reports in December 2014 as required by the DMR. All of our mines exceeded the Mining Charter preferential procurement targets of 40% capital goods, 50% consumables and 70% services procured from BEE suppliers.

2

Continue to direct procurement to qualifying suppliers with valid B-BBEE certificates.

Ensuring that suppliers have valid and current B-BBEE certificates is an ongoing challenge in maintaining our preferential procurement score under the dti Codes of Good Practice. In order to improve our B-BBEE preferential procurement score, more focus will need to be given to qualifying exempt micro-enterprises, qualifying small enterprises, black-owned and black women-owned enterprises.

Performance against the Mining Charter Scorecard and dti CoGP

Transformation at ARM's seven South African mines is measured against the Mining Charter, which applies to all holders of mining licences in terms of the MPRDA. Our smelters at Cato Ridge and Machadodorp, as well as the overall Group performance, are measured against the dti CoGP.

The most recent targets set in the Mining Charter relate to the year ending 31 December 2014. The DMR has indicated that those targets will remain in place until replaced in the first quarter of 2016 and ARM operations continue to use the 2014 targets to measure transformation performance.

Revisions to the dti Codes of Good Practice came into effect in May 2015. These contain a number of fundamental changes that are likely to significantly reduce the score of companies reporting against the revised codes. The sliding scale of recognitions levels has been adjusted so that the hurdle score for each level has increased substantially. For example, while ARM's F2014 B-BBEE score of 73.19 equated to Level 4 and 100% procurement recognition under the 2007 Codes, the same score equates to Level 6 and 60% procurement recognition under the revised Codes.

The revised Codes also introduce a new supplier development category, raise the targets within each category, and add further requirements, various exclusions and capping provisions, all of which are likely to lead to decreased scores for reporting entities.



ARM's B-BBEE performance for F2015 is currently being assessed in line with the revised dti Codes.

The table below compares the two transformation guidelines. Transformation in terms of the Mining Charter includes broader aspects of sustainable development that are not measured in the dti CoGP. This section indicates where each of the Mining Charter's transformation considerations is addressed in this report and discusses them where they are not dealt with elsewhere. Where there is overlap between the two, these issues are discussed together in this section.

HIGHLIGHTS AND CHALLENGES

One of the most significant transformation challenges we face is achieving employment equity targets in the professionally qualified employees and senior management categories. Our Human Resources strategy aims to improve employment equity at senior levels through succession planning, graduate development and by ensuring that open positions are offered to equity candidates whenever possible.

Continuing to exceed the 2014 Mining Charter BEE targets for preferential procurement is challenging, as is meeting the targets of the more stringent dti B-BBEE Codes introduced in May 2015.

	 Mining Charter (year to December 2014)	 dti CoGP (year to June 2015)
Application	Applies to all holders of mining licences in terms of the MPRDA	Applies to all government entities and therefore to all companies that do business with these entities. ARM sells coal to Eskom and buys services from Transnet
Relevance	Mining industry only	Generic
Time period covered	Calendar year (to 31 December 2014)	Financial year (to 30 June 2015)
Entities covered	Seven ARM mines in South Africa only	ARM Group
Nature	Black Economic Empowerment (BEE)	Broad-Based Black Economic Empowerment (B-BBEE)
External verification	Third-party verification of procurement data by DECTI	BEE Verification Agency CC

Social & relationship capital continued

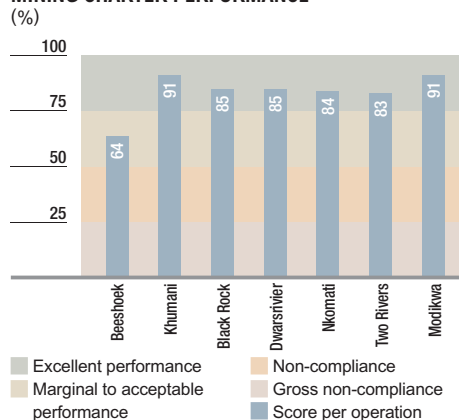
→ Overall performance



Mining Charter (year to December 2014)

The seven South African mines in the Group submitted Mining Charter reports for the 2014 calendar year in March 2015. Six of the seven mines achieved more than 80% on their overall score against the DMR targets, placing them in the "Excellent" category. Beeshoek Mine's actual performance continues to be strong, but its official performance fell to 64% due to an error in entering the required information onto the DMR's new electronic submissions which cannot be rectified during this current period. Khumani, Black Rock, Dwarsrivier and Two Rivers mines all saw slight decreases in their overall scores, mainly due to issues with the electronic data submission. Each mine has action plans in place to address areas for improvement.

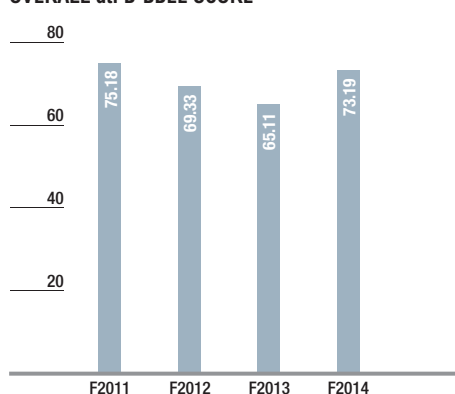
MINING CHARTER PERFORMANCE



dti CoGP (year to June 2015)

The Company's B-BBEE performance for F2015 is currently being assessed in line with the revised dti B-BBEE Codes.

OVERALL dti B-BBEE SCORE



→ Ownership

The aim of the ownership category of the Mining Charter is to increase economic participation of historically disadvantaged South Africans (HDSAs) in the mining and minerals industry, with a 2014 target of 26% ownership. The Mining Charter uses the

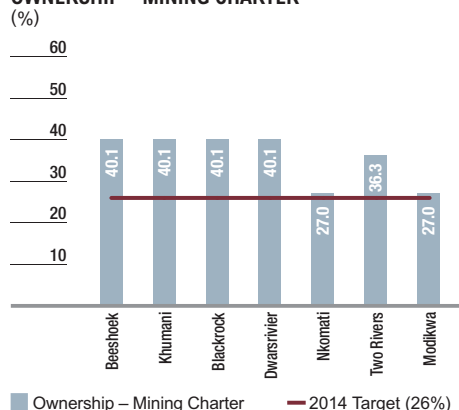
flow through principle, attributing the HDSA ownership of a holding company to a subsidiary in proportion to the percentage held by the holding company.



Mining Charter (year to December 2014)

ARM's ownership structures achieve meaningful economic participation by HDSAs in all operations. These structures have clearly identifiable beneficiaries, full shareholding voting rights and full participation in cash flow from investments (dividends). All operations already exceed the 2014 ownership target of 26%.

OWNERSHIP – MINING CHARTER



→ Housing and living conditions



Mining Charter
(year to December 2014)

The Mining Charter requires mines to improve housing standards and living conditions for mineworkers. Mining companies were required to meet the following targets by 2014:

- converting or upgrading hostels into family units; and/or
- attaining an occupancy rate of one person per room; or
- facilitating home ownership options for all mine employees in consultation with organised labour.

The Group has a Housing Policy and Housing Development Plan that includes a comprehensive property acquisition and development programme. All operations have met the 2014 housing and living conditions targets and our housing initiatives are discussed in the human capital section on page 57 of this report.

→ Preferential procurement and enterprise development

By supporting businesses owned by historically disadvantaged South Africans (HDSAs) significant value can be created for owners and these businesses can grow, formalise and become part of industry supply chains. ARM's preferential procurement and enterprise development initiatives support economic growth among HDSAs, and in local communities, increase job creation and widen the scope of market access for South African capital goods and services. In the long term, it also supports the creation of a broader supplier base for the industry.

Preferential procurement

The Mining Charter sets preferential procurement targets for expenditure on capital goods, consumables and services. Our operational procurement information is independently consolidated and verified by an external rating agency against the Mining Charter categories. This information primarily consists of stores procurement data and excludes procurement through service level agreements such as reagent and ore supply contracts. If these service level agreements were included in the preferential procurement calculations our scores would likely decrease.

Total procurement spend at ARM's South African operations was R18 billion in F2015 (F2014: R18.6 billion).

Black Rock, Khumani and Nkomati mines together account for 64% of total F2015 Group procurement.

In addition, capital expenditure at Lubambe Copper Mine in Zambia during F2015 was in excess of US\$ 30 million, with 60% procured through Zambian-registered companies.

ARM relies on valid B-BBEE certificates from accredited agencies or accredited auditors to identify qualifying vendors, aligned with the Preferential Procurement Framework Act. Ensuring that these vendors can produce valid certificates as proof of their status continues to be challenging and we engage with suppliers to emphasise the importance of supplying valid certificates on an ongoing basis.

Further improvement in our preferential procurement performance will require an increased focus on emerging micro-enterprises, qualifying small enterprises and black women-owned suppliers. Initiatives to support transformation in our supply chain and to improve our preferential procurement scores include:

- where feasible, encouraging existing principal suppliers to form meaningful partnerships with BEE, B-BBEE and SME vendors;
- where feasible, dividing contracts into smaller components to enable emerging BEE and B-BBEE compliant suppliers to qualify. Some contracts may be exclusively reserved for BEE, B-BBEE and SME suppliers; and
- arranging favourable terms of payment for BEE/B-BBEE compliant and SME suppliers, and ensuring that all procurement processes are transparent and auditable.

ARM's Procurement Department is assisting divisional chief executives to drive improved supplier compliance. Two Rivers Platinum Mine piloted a two-day supplier workshop to inform suppliers about the revised dti CoGP. All operations continue to identify promising enterprise development candidates with good corporate governance in the local communities around them to grow the potential BEE supplier base.

Note: The procurement information discussed in this section is reported on a 100% basis and excludes procurement data for those operations where this function is managed by our joint venture partner:

- Modikwa Mine – procurement is managed by Anglo Platinum.
- ARM Coal/GGV – procurement is managed by Xstrata Coal.
- The ARM/Vale partnership in Lubambe Mine is also excluded as this data needs to meet current Zambian legislative requirements.

Social & relationship capital continued

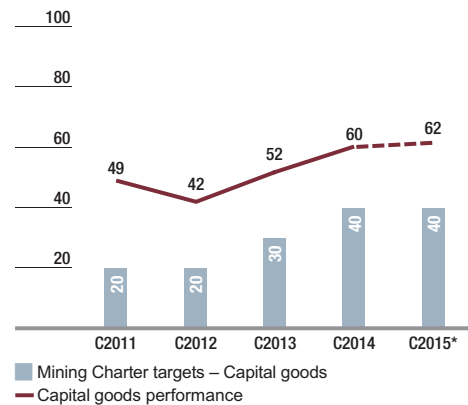
→ Preferential procurement and enterprise development continued



Mining Charter
(year to December 2014)

60% of capital goods procurement was directed to BEE companies in calendar 2014 (C2013: 52%). Provisional capital goods preferential procurement to June 2015 was 62%. All of ARM's mining operations have exceeded the Mining Charter capital goods targets for the last five years.

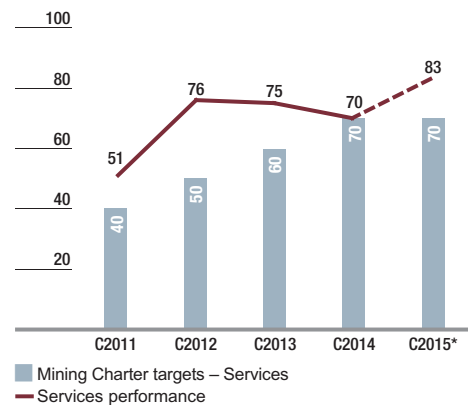
CAPITAL GOODS PREFERENTIAL PROCUREMENT (%)



* Provisional procurement figure to June 2015.

Services preferential procurement was 69.6% of discretionary services procurement in C2014 (C2013: 75%). All of our mining operations exceed the C2014 Mining Charter target of 70%. For the six months to June 2015, service preferential procurement was 83%.

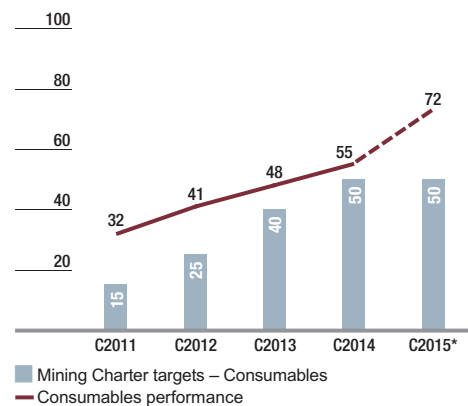
SERVICES PREFERENTIAL PROCUREMENT (%)



* Provisional procurement figure to June 2015.

While the provisional consumables preferential procurement for C2014 disclosed in the F2014 ARM Sustainability Report was 53%, the finalised figure was 55% (C2013: 48%). All mines achieved the C2014 target of 50% and at June 2015, provisional consumables preferential procurement was 72%.

CONSUMABLES PREFERENTIAL PROCUREMENT (%)



* Provisional procurement figure to June 2015.

→ Preferential procurement and enterprise development *continued*



dti CoGP
(year to June 2015)

The dti CoGP preferential procurement category focuses on BEE suppliers, small and emerging BEE enterprises and black women-owned suppliers. The Group's B-BBEE procurement in F2015 represented 96% of total measured procurement spend (F2014: 122%), exceeding the 2015 dti target of 70%. The dti target increases to 80% from F2016 and ARM will continue to implement its preferential procurement initiatives at all operations to ensure that we exceed the revised target.

ARM's B-BBEE performance is currently being assessed in line with the revised dti B-BBEE Codes.

Enterprise development

ARM manages Group enterprise development initiatives through the Local Economic Development (LED) and Small to Medium Enterprise (SME) projects included in the Corporate Social Responsibility (CSR) function. These initiatives are briefly

discussed under Mine Community Development below and reported in more detail in the Corporate Social Responsibility section of this report.



Mining Charter
(year to December 2014)

The Mining Charter requires mines to withhold a 0.5% levy from multinational suppliers of capital goods to allocate to a social fund to contribute to social development initiatives.

Black Rock, Khumani and Two Rivers Platinum mines are collecting levies from multinational suppliers of capital goods. The other mines are engaging with the DMR to clarify requirements, establishing separate social fund structures to administer this funding and engaging with multinational suppliers on how to implement the requirements.

→ Employment equity

The employment equity (EE) categories of the Mining Charter and dti CoGP aim to increase the representation of HDSAs in management. The Mining Charter targets 40% HDSA representation in the core and critical skills employee categories up to executive level by 2014. The dti CoGP Scorecard focuses on HDSA representation at executive and management levels as well as representation of black employees living with disabilities.

Note that when ARM calculates EE representation, we limit recognition of white women to 5.62% (the current approximate representation in the national demographic) according to our interpretation of the intention of the Mining Charter.

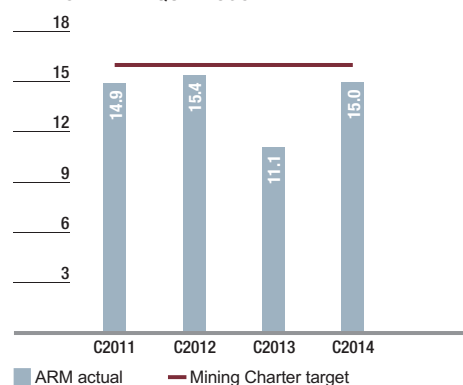
Our approach to EE and performance for F2015 is discussed in detail on page 56 of this report.



Mining Charter
(year to December 2014)

ARM's mines substantially achieved the Mining Charter targets for calendar 2014. Achieving the 40% HDSA target at top management level remains challenging although Two Rivers and Modikwa mines exceeded the Mining Charter target at all employee levels. The average Mining Charter EE score across the seven mines improved to 15.0 for calendar 2014 (C2013: 11.1). Six of the seven mines achieved the 40% target at senior management and middle management levels and all mines achieved the target at junior management and core skills levels.

EMPLOYMENT EQUITY SCORE



dti CoGP
(year to June 2015)

ARM's approach to EE and its performance for F2015 is discussed on page 56. The Company's EE score under the revised dti Codes is currently being assessed.

Social & relationship capital continued

→ Human resource development

Human resource development (Mining Charter) and skills development (dti CoGP) provisions aim to ensure the continued development of HDSA employees by targeting investment in essential skills development activities. The Mining Charter targets 5% of payroll on training initiatives focused on HDSAs and includes support for South African-based research and development initiatives. The dti CoGP targets an investment of 3% of net profit after tax in HDSA, 0.3% spend on HDSA people living with disabilities and 5% on learnerships.

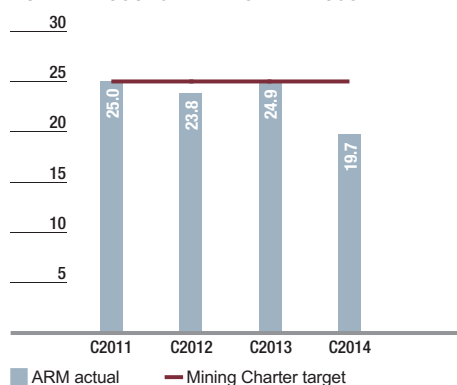
ARM's training initiatives include learnerships, artisan training, apprenticeships, ABET training, other external training initiatives, bursaries and scholarships, school support, post-matric programmes, a graduate development initiative and training centre costs. More information on our approach to human capital and skills development is available in the Human capital section on pages 51 to 57 of this report.



Mining Charter
(year to December 2014)

Five of ARM's seven mines achieved or exceeded the 2014 target of 5% of payroll and achieved the full possible score of 25. Two Rivers Platinum Mine and Nkomati Mine spent less than the target due to a cost containment focus in F2015. Beeshoek's official score is below the target due to the data entry error discussed in the commentary on overall performance at the start of this section.

HUMAN RESOURCE DEVELOPMENT SCORE



dti CoGP
(year to June 2015)

ARM's skills development performance is discussed in the human resources development section on pages 54 to 55. ARM's performance under the revised dti Codes is currently being assessed.

➔ Mine community development


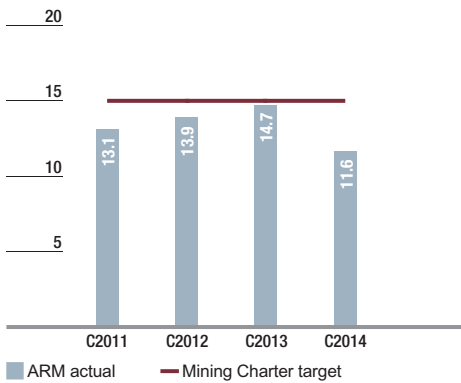

The Mining Charter requires mines to invest in community development, skills and capacity building initiatives in the communities where mining takes place and in labour sending areas. ARM's projects focus on enterprise development, community development and infrastructural development projects in line with the MPRDA regulation on Social and Labour Plans (SLPs). These projects are identified, approved and implemented in line with the communities' Integrated Development Plans (IDPs), and in consultation and collaboration with the community, as required by the Mining Charter.

High-level meetings are held with municipalities every quarter to assess project progress and understand community expectations

and concerns. Several operations participate in IDP representative forums.

In addition to the SLP community development projects reported under the Mining Charter, a number of other projects take place, including projects undertaken by the Group's Cato Ridge Works and Machadodorp Works as well as a number of Corporate Social Investment initiatives. These are discussed in the Corporate Social Responsibility section of this report.

The dti CoGP socio-economic development indicator measures the investment in community development projects against net profit after tax with a target of 1%.

 <p>Mining Charter (year to December 2014)</p>	<p>The new DMR reporting templates include a weighting for percentage completion on projects. ARM's seven South African mines averaged 11.6 out of a possible score of 15 in calendar 2014 (2013: 14.7), as a result of this new requirement, as well as delays in finalising SLPs at three of the mines.</p>	<p>MINE COMMUNITY DEVELOPMENT SCORE</p>  <table><thead><tr><th>Year</th><th>ARM actual</th><th>Mining Charter target</th></tr></thead><tbody><tr><td>C2011</td><td>13.1</td><td>15</td></tr><tr><td>C2012</td><td>13.9</td><td>15</td></tr><tr><td>C2013</td><td>14.7</td><td>15</td></tr><tr><td>C2014</td><td>11.6</td><td>15</td></tr></tbody></table> <p>■ ARM actual — Mining Charter target</p>	Year	ARM actual	Mining Charter target	C2011	13.1	15	C2012	13.9	15	C2013	14.7	15	C2014	11.6	15
Year	ARM actual	Mining Charter target															
C2011	13.1	15															
C2012	13.9	15															
C2013	14.7	15															
C2014	11.6	15															
 <p>dti CoGP (year to June 2015)</p>	<p>The Group's socio-economic development initiatives are discussed in the Corporate Social Responsibility section starting on page 103. The Group's performance under the revised dti Codes is currently being assessed.</p>																

Social & relationship capital continued

→ Sustainable development and growth

The Mining Charter requires companies in the industry to implement the elements of sustainable development commitments included in the "Stakeholder declaration on strategy for the sustainable growth and meaningful transformation of the South African mining industry of 30 June 2010" (Chamber of Mines).

These elements cover environmental management compliance, improved health and safety performance and enhanced research and development capacity and skills.

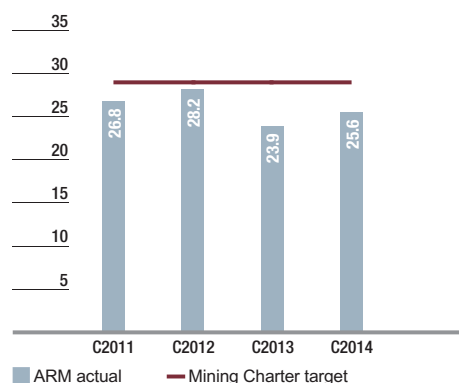


Mining Charter
(year to December 2014)

The average sustainable development and growth score across the Group improved to 25.6 in C2014 (C2013: 23.9).

Our approach to environmental management and health and safety are discussed in the Natural capital and Human capital sections of this report respectively.

SUSTAINABLE DEVELOPMENT AND GROWTH SCORE



→ Beneficiation

Section 26 of the MPRDA and the Mineral Beneficiation Strategy requires mining companies to facilitate local beneficiation in support of the State's developmental priority by enhancing industrialisation through local beneficiation of mineral commodities.

The beneficiation requirement became effective in 2012, but the Department of Mineral Resources did not have a Beneficiation Strategy until July 2012. The Chamber of Mines is engaging with the DMR on behalf of its members to better understand the reporting requirements in light of the Beneficiation Strategy.

**TRANSFOR-
MATION**
focus for F2016



- Compliance in terms of DMR commitments as outlined in the Mining Charter.
- Aligning compliance efforts with the new dti Codes.

Corporate social responsibility

ARM's commitment to being a responsible corporate citizen drives our support of the development of the communities in which we operate through corporate social investment (CSI) and local economic development (LED) projects. These aim to build capacity in communities and prioritise women, HIV & Aids projects, advancement of people living with disabilities, youth and the socially destitute.

Our aim is to improve the lives of the host communities where we operate, to create jobs and develop skills that help community members to find employment and support enterprise development. ARM's investments in infrastructure and social projects support socio-economic development in some of the poorest parts of the country and deepen our relationships with a range of important stakeholders, including our employees, most of whom live in these communities. We view these commitments as investments in the lives of our workers, suppliers, partners and customers, which benefit the future of the Company, our host communities and countries.

How we manage Corporate Social Responsibility (CSR)

ARM's Social and Ethics Committee is responsible for monitoring and implementing the Group's CSR strategy. Initiatives are centrally coordinated and supported by corporate executives responsible for CSR who report to the divisional Chief Executives.

At operational level, there are various projects supporting the communities around the operations as part of the commitment to LED undertaken as part of ARM's Social and Labour Plans (SLPs). SLPs are established and regularly revised in close consultation with communities, local government and the Integrated Development Plans. The reporting system is fully implemented and continuously improved to ensure auditable

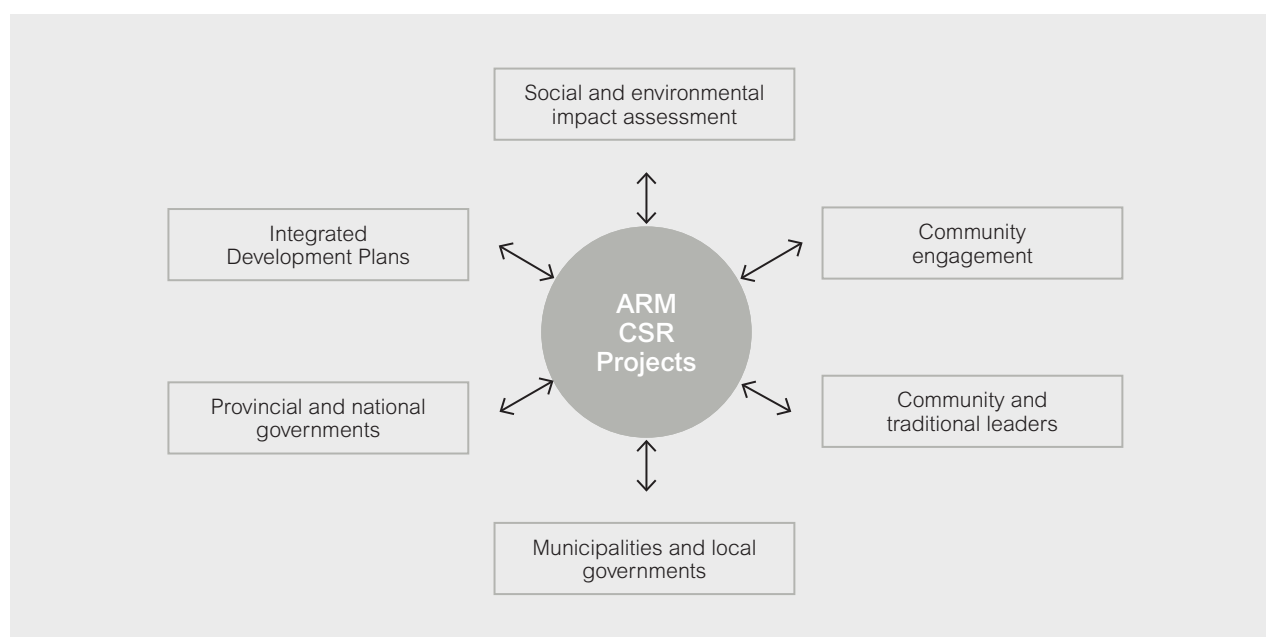
SLP reports. There are also CSI initiatives run by the operations to address the particular needs of their host communities.

At the corporate level, CSR initiatives are run through the CSI function and include ARM's Chairman's Fund, the Education Trust Fund and the ARM BBEE Trust.

Our approach to CSR is built on our values, informed by the ICMM principles and aligns with the requirements of the Mining Charter, the MPRDA and the dti CoGP.

Socio-economic impact identification and mitigation form part of the environmental impact assessment process for all new projects, as well as for changes to operations. These involve engagement 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.

ARM actively engages as and when appropriate with government and non-governmental organisations for the purpose of developing partnerships (or to link strategies) to ensure that community health, education, local business development and infrastructure development programmes are well designed and effectively delivered. We carefully assess each project before adopting it to ensure that it aligns with our CSR strategy, addresses community needs, and is meaningful and sustainable.



Social & relationship capital: Corporate social responsibility continued

FOCUS AREAS FOR F2015

1



Continuous monitoring and evaluation of SLP projects to ensure maximum benefit is received by beneficiaries.

The updated reporting systems implemented in the previous year ensure that projects are regularly reviewed and reported on.

ARM's investment in CSR

↓40% *

to R169 million in F2015.

* The F2014 investment in CSR included non-recurring expenditure for the Lubambe Mine relocation project.

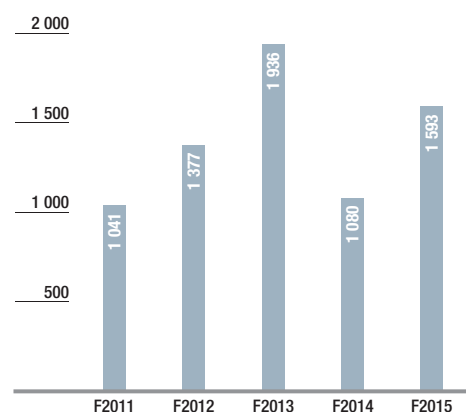
2



Continued improvement of economic empowerment of communities through economic development and job creation.

1 593 jobs were created through ARM's CSR initiatives in F2015 (F2014: 1 080). 1 315 jobs were created through LED projects (F2014: 741) and 278 through CSI projects (F2014: 339).

JOBS CREATED THROUGH CSI AND LED PROJECTS



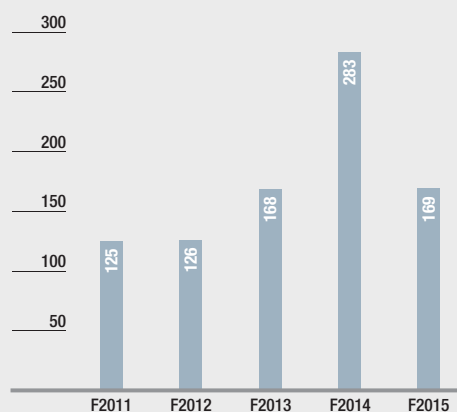
HIGHLIGHTS AND CHALLENGES

The main challenges our CSR initiatives face are finding projects that create sustainable jobs and effectively alleviate poverty, quantifying the positive social impact that arise from these projects and finding the right skills to implement them. Other challenges include:

- Successfully coordinating the many parties involved in implementation of community projects, resulting in delays to get all stakeholders to agree on projects;
- Identifying the right community representatives and ensuring that they actively engage the community they represent;
- Measuring social return on investment in terms of impact on the community and improvement of lives;
- Ensuring sustainability of completed projects, creating achievable plans and strategies on supplier development initiatives; and

- Political pressure on which projects to invest in, influenced by community unrest relating to service delivery.

CORPORATE SOCIAL RESPONSIBILITY SPEND (R million)



CSR INITIATIVES

ARM's investment in CSR decreased 40% to R169 million in F2015 on a 100% basis. Lubambe Copper Mine's R95 million housing project was completed in F2014 and spending on the remaining projects remained broadly in line with the prior year.

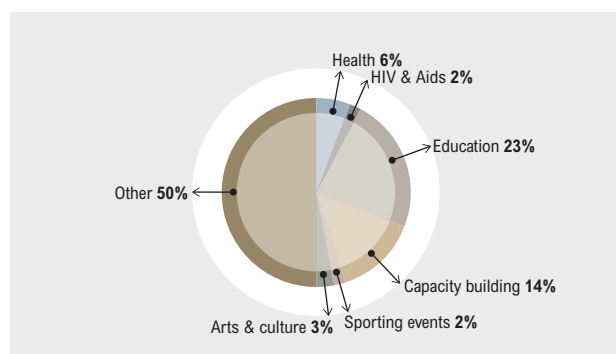
50% of the R54 million spent on CSI (F2014: R135 million) related to spending in the "Other" category which includes:

- construction and furnishing of three houses for Mandela Day;
- the Sedibeng Water bypass project;
- operational maintenance of the Postmasburg Waste Water Treatment Plant;

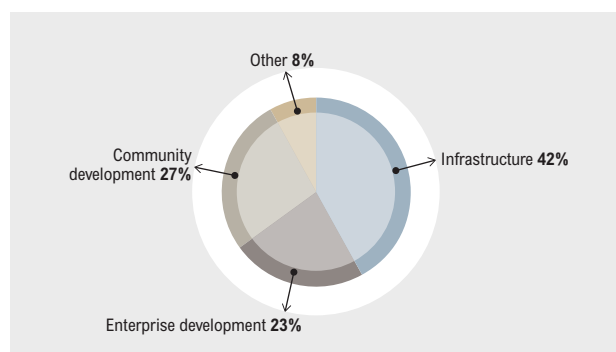
- installation of internal audit and performance management systems for the Mier municipality;
- supply of a sanitation truck for the benefit of local communities;
- community health and advocacy training;
- donations to vulnerable community members, including treated mosquito nets in malaria areas; and
- agricultural training, growth monitoring for vegetable and fish farms and training in pest and disease control.

Other priority areas include education (23%), capacity building (14%) and health (6%).

CSI EXPENDITURE PER PRIORITY AREA FOR F2015



LED EXPENDITURE PER PRIORITY AREA FOR F2015



	F2015 Expenditure (R million)	F2014 Expenditure (R million)
CSI		
Health	3	4
HIV & Aids	1	2
Education	12	15
Capacity building	8	7
Sporting events	2	1
Arts & culture	1	1
Other	27	105
Total CSI	54	135
LED		
Infrastructure	44	93
Enterprise	23	21
Community	28	20
Other	9	8
Total LED	104	142
ARM BBEE Trust projects	12	6
Total CSR	169	283

CSR	F2015 Expenditure (R million)					F2014 Expenditure (R million)				
	Ferrous	Platinum	Copper	Corporate	ARM	Ferrous	Platinum	Copper	Corporate	ARM
CSI	28	11	2	13	54	25	9	95	5	135
LED	79	25	N/A	N/A	104	111	31	N/A	N/A	142
ARM BBEE Trust	N/A	N/A	N/A	12	12	N/A	N/A	N/A	6	6
Total CSR	107	35	2	25	169	136	40	95	11	283

Social & relationship capital: Corporate social responsibility continued

Khumani Mine



Funded the construction and furnishing of three houses for Mandela Day at the request of the local municipality at a cost of R2.3 million. Contractors and sub-contractors from the contractor development programme were used, creating 75 jobs.

Supports a contractor development plan that includes skills development initiatives, on-site mentoring and supplier development. The project has to date been funded with R1.5 million and benefited 13 companies and 22 individuals.



Funded several training initiatives, including training for 76 students with disabilities in eight skills focus areas, accredited ABET training for 17 health workers in Olifantshoek and a five-day entrepreneur training programme for 74 SMME suppliers and upcoming community SMMEs.



Continued to invest in upgrading infrastructure at Khai Appel.

The project has been funded with R6.7 million to date and includes repair and improvement of sewerage infrastructure, water supply and on-site water repairs and renovations and essential electrical work. 18 local jobs were created by the project.



Black Rock Mine

Built a house for a recipient in Gasese Village as part of Mandela Day at a cost of **R328 000**.

Funded an Enterprise Supplier Development Programme with R1.05 million for suppliers in March 2015. **Four new enterprise supplier development opportunities** have been created through the programme to date.



Funded an event to commemorate the International Day of Action for Women's Health in Kuruman, which was attended by the Department of Health, the Medical Women Association of South Africa, Assmang representatives, NGOs, local community members and local government leadership.

Two Rivers Platinum Mine



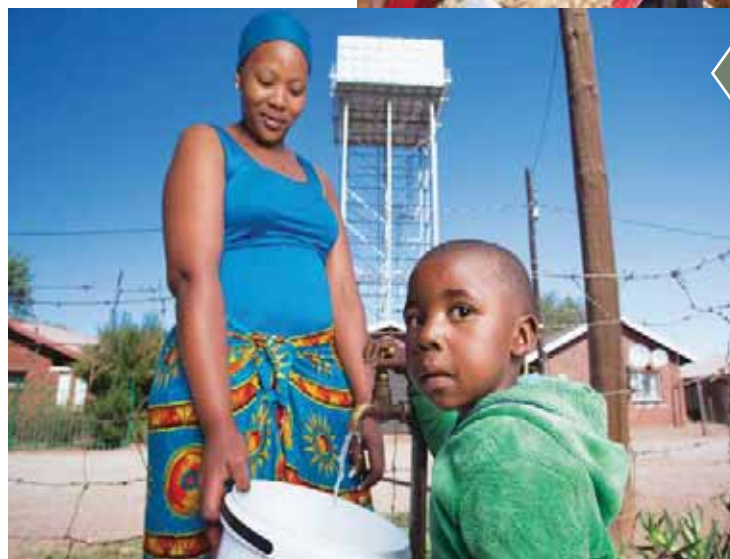
Financed the construction of **three classrooms and furniture** at Mareleme Primary School at a cost of **R1.2 million**.

Social & relationship capital: Corporate social responsibility continued

Funded the renovation of the Groenwater Early Childhood Development centre and ablution facilities, which will benefit 30 pre-school children at a cost of **R413 000**.



Beeshoek Mine



Invested **R7.5 million** in upgrading the pressure tower in Boichoko township in Postmasburg to alleviate water problems for the **5 525 residents**.

Provided **R228 000** to fund laboratory equipment and supplies for the Ratang Thuto Library, which will benefit **900 Grade 10 Life Science learners**.

THE ARM BBEE TRUST

The ARM Broad-Based Economic Empowerment Trust (BBEE Trust) was established in 2005 to support welfare, community development and anti-poverty initiatives with an emphasis on education. The BBEE Trust supports provincial Rural Upliftment Trusts across South Africa. The Trusts and individual unit holders own a 10% equity interest in ARM and they and their projects are funded through the dividends that ARM declares to shareholders.

ARM supports the ARM BBEE Trust with resources to build capacity for administering and project managing the many small projects involved. The Trust distributed R12 million to beneficiaries in F2015 (F2014: R6 million).

	F2015 Rm	F2014 Rm	F2013 Rm	F2012 Rm	F2011 Rm
Dividends paid	*	10	26 [^]	10	23
Development projects	12	6	7	5	6

* Dividends will be disclosed during November 2015.

[^] Restated.

HIGHLIGHTS OF THE ARM BEE TRUST PROJECTS

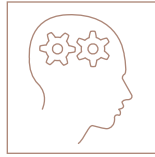
PROVINCE	DISTRICT AND NAME OF PROJECT	PROJECT DESCRIPTION AND BENEFICIARIES	FUNDING (Rands)
KwaZulu-Natal	Ladysmith Waihoek Primary School	Building of two classrooms with 450 learners as beneficiaries.	310 000
	Kosi Bay Manzengwenya Primary School	Construction of the Manzengwenya Primary School building and two classrooms, including all furnishings; 700 learners as beneficiaries.	420 000
	Pietermaritzburg Ubuhlebesizwe Secondary School	Building and construction of four classrooms and renovation of two old classroom blocks; 800 learners as beneficiaries.	553 500
Limpopo	Vhembe Risongeta Special Day Care	Construction of a new ablution block for the disabled and four classrooms, including electrification, paving, 10 wheelchairs, a computer and printer and renovating the kitchen. The provision of these facilities provides a conducive rehabilitation environment benefiting 120 disabled learners.	1 600 000
	Mohlaletse Village, Sekhukhune Mampuru Thulare Primary School	Construction of 10 classrooms, a library and fully equipped ablution block, guardrails and ramps, paving as well as drilling and equipping of a borehole. Beneficiaries include 745 learners and the immediate community members who now have access to water.	2 300 000
Northwest/ Free State	Supingstad Supingstad Bakery	Bakery erected and brought into production. There was no bakery within a radius of 100 kilometres and prior to project initiation, bread delivery would be done once per day. The project is a cooperative comprising of nine local women that supplies its products to Supingstad village with a population of 2 500 and immediate villages within a radius of 100 kilometres.	1 800 000
Eastern Cape	Adelaide Vulindlela Primary School	Construction of two classrooms benefiting 800 learners.	610 950
	Port St. Johns Abasuki Cooperative	Capacity and skills development for 100 women in a cooperative to enhance their sewing and needlework.	300 000
Mpumalanga/ Northern Cape	Bushbuckridge and Enhlanzeni Boreholes	Six boreholes were provided in six villages covering Bushbuckridge and Enhlanzeni municipalities with 445 000 households as beneficiaries.	542 000
	Mamethake Madikole Primary School	Construction of two classrooms and renovation of two classrooms with 779 pupils as beneficiaries.	208 081
	Kwa-Mhanga Leather and Bead Project	Renovation of a factory building, supply of ablution facilities, bead work, leather products and upholstery machines. Seven males and 11 females as direct beneficiaries through a registered cooperative.	600 000

CORPORATE SOCIAL RESPONSIBILITY focus for F2016



- Education, with a particular focus on technical subjects and bursaries for engineers.
- Supplier development and aligning with ARM's sustainable development targets.
- Improvement projects.

INTELLECTUAL CAPITAL



ARM's intellectual capital comprises the experience and expertise developed in the business as well as its New Order Mining Rights over the mines we operate, without which we cannot operate. Intellectual capital within the Company is built up through training initiatives and the collective learning of employees through successful execution of projects, sharing best practices and developing innovative solutions across our businesses.

The Strategic Services and Exploration Division is a corporate-level department that applies its intellectual capital, experience and insight across our operations to identify new mineral opportunities, partner with operations to support the successful execution of major capital projects and provide technical support.

The Strategic Services and Exploration Division focuses on the following:

- Information Technology, which manages, provides and develops business intelligence systems, provides hardware and software applications, and assures continuous improvement, compliance and IT security.
- Technical Support comprises an experienced, multi-disciplinary team that provides technical services to all existing operations and new business opportunities.
- The Projects team partners with the divisions to project manage major capital investments. The team manages the design, construction and commissioning of major projects to the required specifications, timing and budgets, and assures that the new operation is provided with the required skills and services. The current major projects in progress are the Black Rock Project and the Sakura Ferroalloys Project.

- Exploration & New Business includes Mineral Resources Management and Hyperion Strategic Finance. Mineral Resources Management undertakes resource database management, advanced modelling of resources pertaining to the operations and undertakes resources estimation and classification. Mineral Resources Management is also the competent person for the Resources and Reserves declaration in the Integrated Annual Report.
- Hyperion Strategic Finance undertakes 'Life of Mine' evaluations of the existing ARM operations culminating in an ARM Enterprise valuation. The unit undertakes financial modelling and economic evaluations of expansions and/or organic growth projects, potential divestments and new investment opportunities.

INFORMATION MANAGEMENT

ARM's Information Management (IM) is one of the cornerstones of ARM's intellectual capital. IM initiatives provide user-specific information to support ARM's strategic objectives, improve efficiencies, and enhance its safe mining strategy. The goal of IM is the implementation and continuous improvement of appropriate, standardised, proven and integrated information technology and software applications, which provide user-specific information to support all ARM's objectives and enhance its business and safe mining strategy.

The Group continued the roll-out of an integrated Enterprise Resource Planning (ERP) system in F2015, which incorporates finance, procurement, inventory, safety and people management, to one system in line with ARM's drive to enhance efficiency. In addition, the Group has commenced with the roll-out of a system that allows for advanced analytics to show trends, enhance planning, forecasting and emerging patterns.

MINING RIGHTS STATUS

ARM Platinum

Nkomati Mine was granted Mining Rights 146 MRC and 147 MRC respectively on 6 June 2012 over the area, and for the minerals, as previously held under its Old Order Mining Licences.

Two Rivers was granted Mining Right LP 178 MRC on 20 March 2013 over the area, and for the minerals, as previously held under its Old Order Mining Licence. The areas (portions of the farms Kalkfontein, Tweefontein and Buffelshoek) and associated minerals under the prospecting right purchased from Impala Platinum have been incorporated into the Mining Right of Two Rivers.

Modikwa was granted Mining Right LP 129 MRC on 13 November 2013 over the area, and for the minerals, as previously held under its Old Order Mining Licence.

ARM acquired Tamboti Platinum (Pty) Ltd, the holder of a mining right over a property adjacent to Two Rivers Mine during F2015. The mining right was executed on 14 July 2014 and is in the process of being lodged for registration.

In September 2006, ARM Platinum was granted a prospecting right (PR 492 of 2006) over the Kalplats Project area covering

portions of the farms Groot Gewaagd 270, Gemsbok Pan 309, Koodoos Rand 321 and Papiessvlakte 323 (approximately 3 810 hectares). The prospecting right was renewed until 26 July 2012 when it lapsed. ARM Platinum has applied for a Retention Permit of the Kalplats Project area since market conditions are not conducive for the company to exploit the area. In April 2007, a new order prospecting right (DME1056) (approximately 62 985 hectares) was granted to ARM Platinum over the Extended Project area which covers an additional 20 kilometres of strike to the north and 18 kilometres to the south of the Kalplats Project area.

ARM Ferrous

The Beeshoek Mine converted Mining Rights were executed on 16 March 2012 and registered on 29 May 2013. Another company has been granted a prospecting right over an area that overlaps with parts of the Beeshoek mining area. Assmang has instituted review proceedings against the Department of Mineral Resources (DMR) and the other company, requesting the court to review and set aside the DMR's decision to grant the prospecting right over an area that overlaps with the Beeshoek mining area. The review hearing was postponed from the first quarter of 2015 and will now be heard in December 2015.

The Black Rock Mine converted Mining Rights (for manganese ore) was executed on 13 July 2011 and now awaits registration. Assmang filed an appeal against the granting of a mining right to Main Street to mine manganese and iron ore in an area that overlaps with Assmang's Black Rock Manganese Mine mining right area. Main Street's lodged an application in terms of Section 102 of the Mineral and Petroleum Resources Development Act 28 of 2002 to amend its mining right to exclude the overlapping portion, which consent was given by the Department of Mineral Resources on 1 July 2015. Registration of Assmang's mining right, which was executed on 11 July 2013, was deferred pending resolution of this matter. Such resolution having been achieved, Assmang re-applied for registration of its mining right, and were verbally informed on 22 September 2015 that the right has now been registered. Written confirmation of such registration is now awaited.

The Khumani Mine Mining Right was executed on 25 January 2007 and registered on 5 March 2007.

The Dwarsrivier Mine Mining Rights (for chrome ore) was executed on 15 May 2013 and has been lodged for registration. Abandonment documents have been submitted for the abandonment of the seam sold to Samancor.

ARM Coal

ARM Coal's mining rights are held under the Glencore Operations South Africa (GOSA). As at 30 June 2014 all conversions from old mining rights to new mining rights have been granted and registered by the mining titles office. With the exception of five new order mining rights that were applied during F2015, all new order mining rights have been granted, executed and registered in the mining titles office.

MANUFACTURED CAPITAL



ARM relies on manufactured capital in the form of mining infrastructure, the machinery used to extract and process the metals we mine, the furnaces we use to process ore, the facilities from which we run our business and the vehicles used to transport our output.

Continued capital spending to sustain and enhance the quality of our manufactured capital improves the efficiency of our operations and our ability to create financial capital. Mining vehicle replacement and refurbishment took place at Two Rivers Mine and Beeshoek Mine. Capital investment at Khumani Mine included a railway line diversion and construction of a new third-party load-out facility. Dwarsrivier Mine invested in equipping the North Shaft and installed new equipment in its beneficiation plant. Where capital expenditure is allocated to more efficient equipment, manufactured capital can also help to minimise the Group's impact on natural capital. Mechanised equipment deployed at Dwarsrivier Mine helped to improve productivity during F2015.

Investments in manufactured capital in the form of mining facilities included deepening of the Main and North declines, together with its electrical and mechanical installations at Two Rivers Mine, deepening of the North Shaft and the sinking of South 2 Shaft at Modikwa Mine.

The Machadodorp Works smelter completed the restructuring processes and the remaining furnace was stopped. Additional furnaces were closed at Cato Ridge Works, leaving only three furnaces operating. We aim to complete the restructuring processes at Cato Ridge Works in F2016 and operate only Furnaces 5 and 6 to convert the smelter to a refined alloy business only.

A project was initiated last year to evaluate alternative smelting technology options to further improve the sustainability of the manganese smelters and is now in the prefeasibility and pilot testing phase.

Progress continues on the construction of the Sakura furnace complex in Eastern Malaysia. Operational readiness activities are well underway with commissioning of the first furnace expected to take place according to the planned schedule at the end of the 2015 calendar year and the second furnace in the first quarter of the 2016 calendar year.

Continued investment in our manufactured capital through capital expenditure is critical to ensure the Group's continued growth. ARM's attributable capital expenditure for F2015 was R3.3 billion. Planned attributable segmental capital expenditure for F2016 has been reduced to R2.4 billion.

The role of our products in manufacturing

As discussed in more detail on pages 12 to 13, the commodities we produce are key inputs for a broad range of businesses and applications. Iron, manganese, nickel and chrome is used to make steel, a critical component in the manufactured capital available to other businesses, specifically through construction, infrastructure and manufacturing applications. Copper is used extensively in plumbing, building and construction, industrial machinery, consumer and general products.

Platinum and palladium help to reduce greenhouse gas emissions from motor vehicles through their use in auto catalysts and platinum is an essential component of fuel cells, which show great potential as alternative energy sources.

Product Stewardship

ARM acknowledges its responsibility for the future impacts our products may have on the environment and the people who use them. ARM's core activities are exploration, mining and processing, and our major products are ore and alloys that are used in the manufacture of metals and alloy metals. These are recyclable and re-usable and we encourage responsible use, re-use, recycling and disposal of our products.

ARM does not directly sell or market products, this is done through agreements with our respective joint venture partners. Our products are purchased by industrial customers with whom we engage contractually. The concentrates produced by the ARM Platinum Division are toll-treated as per specific toll-treatment contracts.

The most important considerations for the immediate downstream use of our products are:

- quality;
- health and safety of people handling the products during transportation and secondary manufacturing processes; and
- potential environmental impacts associated with transportation and spillage into the natural environment.

Quality management systems (ISO 9001) are implemented at most operations and customer complaints are addressed comprehensively at operational level. We develop and provide regulators and other stakeholders (including users) with information regarding our products and operations. Material Safety Data Sheets are provided

for our products to ensure downstream users have the necessary health and safety and environmental information. These data sheets align with the requirements of the Globally Harmonised System (GHS) of hazard classification and incorporate information from ongoing research sponsored by both the Group and industry associations. ARM participates in industry forums, including the ICMM and Chamber of Mines, and is a member of the ICMM's Materials Stewardship Task Force. This enables the Company to keep informed of insights and developments relating to the properties of metals and minerals and their life-cycle effects on human health and the environment.

The marketing company for our joint venture partner Assore, Ore & Metal, plays an active role in industry associations that promote the use and sustainability of commodities produced by Assmang, and fosters cooperation between peer companies to address issues of common concern. These associations include:

- The International Manganese Institute (IMnI) – An Ore & Metal representative currently serves on the International Occupational Health, Environment & Sustainability Committee of the IMnI. Ore & Metal also chairs IMnI's Regulatory Affairs Committee, which monitors manganese-related national and international legislation and lobbies on regulatory issues of importance to the sector.
- The International Chrome Development Association (ICDA) – Ore & Metal is also represented on the South African Committee of the ICDA, which facilitates the sharing of learning experiences between peer companies, particularly with regard to safety and occupational health performance.
- The Ferroalloys Producers' Association (FAPA) – In South Africa, Assmang continues to hold the deputy chairmanship of FAPA and representatives from both smelting operations participate in FAPA's Environmental, Technical and Logistics Committee.

The IMnI completed a three-year Life Cycle Assessment study for manganese products in 2014, which included a detailed review of the sustainability performance of 17 manganese facilities worldwide, including Assmang's Cato Ridge Works. This study enabled benchmarking of Assmang's operations as well as the sharing of best practice

Ore & Metal continues to monitor and proactively respond to changes in national and international legislation that could influence the mining, beneficiation, sale or transportation of its products. An important area of focus in recent years has been the progressive modification of the International Maritime Organisation's Codes that could potentially change the categorisation of Assmang's products, resulting in more stringent requirements for management and monitoring during shipment.

Ore & Metal also continues to track the implementation of "REACH type" initiatives in key markets such as China, Japan, South Korea, India and Brazil, which may require registration of its products.

SUPPLEMENTARY INFORMATION

Independent assurance statement

To the Management of African Rainbow Minerals Limited (“ARM”)

INTRODUCTION

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

Gilden Assurance was engaged to provide *moderate* assurance on selected subject matters included in ARM’s Sustainability Report for the year ended 30 June 2015 (“the Report”).

Gilden Assurance is an independent and licensed provider of sustainability assurance services. More details are available at <http://www.gildenassurance.co.za>. The assurance team was led by Petrus Gildenhuys with support from a team of associates. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with 17 years’ experience in sustainability performance measurement involving both advisory and assurance work.

ASSURANCE STANDARD APPLIED

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

RESPECTIVE RESPONSIBILITIES AND GILDEN ASSURANCE’S INDEPENDENCE

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

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

Gilden Assurance applies a stringent independence policy and confirms its impartiality to ARM in delivering the assurance engagement. This assurance engagement is the first sustainability assurance engagement conducted for ARM by Gilden Assurance.

SUBJECT MATTERS IN THE ASSURANCE SCOPE

- **ICMM Subject Matter 1:** ARM’s alignment with the 10 ICMM Sustainable Development (“SD”) Principles and associated mandatory requirements set out in the six ICMM Position Statements (page 118)
- **ICMM Subject Matter 2:** ARM’s approach to identify, prioritize and respond to its material SD risks and opportunities based on the AA1000 Accountability Principles Standard (2008) (“AA1000APS (2008)”), which include the Principles of Inclusivity, Materiality and Responsiveness
- **ICMM Subject Matter 3:** The existence and status of ARM’s implementation of systems and approaches used to manage its identified material SD risks and opportunities
- **ICMM Subject Matter 4:** The following selected indicators relating to its material SD risks and opportunities:
 - Fatality Frequency Rate (FFR) (page 61)
 - Lost Time Injury Frequency Rate (LTIFR) (page 60)
 - Reportable Injury Frequency Rate (RIFR) (page 63)
 - Electricity consumption in MWh (page 86)
 - Diesel fuel consumed (pages 86 and 87)
 - Total volume of water consumed for mining and processing from all sources (pages 87 and 88)
 - Volumes of water discharged from sites (pages 87 and 88)
 - Social & Labour Plan presence and management of monitoring and evaluation programmes for socio-economic development (page 103)
 - Impact versus spend of CSR projects supported (pages 105 – 109)
- **ICMM Subject Matter 5:** ARM’s application of the GRI G4 in accordance “core” reporting requirements (inside front cover)
- **King III alignment:** ARM’s compliance with the 75 principles contained within the 3rd version of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III) (page 150 IAR)

ASSESSMENT CRITERIA

- **ICMM Subject Matter 1:** ICMM's 10 SD principles' mandatory Requirements and the six ICMM Position Statements
- **ICMM Subject Matter 2:** AA1000APS (2008) Principles of Inclusiveness, Materiality and Responsiveness criteria
- **ICMM Subject Matter 3:** The Company's description of systems and approaches used to manage its material SD risks and opportunities and the implementation of these systems and approaches
- **ICMM Subject Matter 4:** Accuracy, validity and completeness of reported information
- **ICMM Subject Matter 5:** GRI G4 Guidelines, GRI Mining and Metals Sector Disclosure guidelines
- **King III:** King Report on Governance for South Africa 2009 and the King Code of Governance Principles

ENGAGEMENT LIMITATIONS

The evidence gathering procedures for *moderate* assurance are more restricted than for high assurance and therefore less assurance is obtained with *moderate* assurance than for high assurance as per AA1000AS (2008).

The scope of work did not extend to any subject matters other than specified in this assurance statement.

ASSURANCE PROCEDURES PERFORMED

Our moderate assurance procedures included:

- Interviews with relevant functional managers at head office and operations mentioned below to understand and test the processes in place for maintaining information in relation with the subject matters in the assurance scope
- Site visits to ARM Head Office, Black Rock, Beeshoek and Two Rivers operations involving testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place
- Inspection and corroboration of evidence in support of satisfying the assurance criteria at ARM's head office and the operations as mentioned above
- Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process
- Assessing the presentation of information relevant to the scope of work in the Report for consistency with the assurance observations

ASSURANCE CONCLUSION

Gilden Assurance planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusion for a *moderate* assurance level in accordance with AA1000AS (2008).

In our opinion, based on the work undertaken for *moderate* assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined criteria and are free from material misstatement.

KEY OBSERVATIONS AND RECOMMENDATIONS FOR IMPROVEMENT

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are as follows:

In relation to ICMM Subject Matter 1

Group level policies, management standards and procedures observed adequately demonstrate ARM's corporate commitment to the ICMM SD principles and the position statements.

In relation to ICMM Subject Matter 2

Inclusivity: ARM has a comprehensive stakeholder engagement policy in place. Documented evidence assessed pointed to inclusive stakeholder engagement and collective decision-making performed, the results of which were reported regularly to the Social and Ethics Committee and the Board.

Materiality: In our view, ARM has applied due process in mapping and disclosing its material stakeholder issues in a transparent and balanced manner. A materiality determination process was followed and integrated with the internal risk management process. Material issues for the reporting period have been revised, considered at Board level and are reflected in the reported sustainability themes and strategic objectives of the business.

Responsiveness: ARM's responses to stakeholder issues observed across different stakeholder groups, at both group and operational levels, indicate a high level of maturity and accountability to issues raised. Responses to stakeholders observed were found to be directly related to the stakeholder concerns and were conducted in a timely, fair and appropriate manner without prejudice to any one stakeholder group.

Supplementary information continued

In support of ARM's existing stakeholder engagement policy, it is recommended that ARM further formalise a group level stakeholder engagement procedure, e.g. in accordance with the AA1000SES (Stakeholder Engagement Standard) to execute a more structured and consistent approach towards stakeholder engagement.

In relation to ICMM Subject Matter 3

The process observed to identify the group's material risks and opportunities are mature and ARM's reporting demonstrates the year-on-year shift in issues compared to the previous year. The systems and approaches to manage the identified material issues are reported as "DMA" (disclosure on management approach) relevant to the material aspect reporting in accordance with the GRI G4 guidelines.

In relation to ICMM Subject Matter 4

It was observed that comprehensive systems are in place to provide source-data for the selected KPIs assessed. However, it is recommended that a group level data reporting procedure or guideline are formalised to ensure the consistent interpretation of definitions across the group and to provide guidance on key internal controls required for reliable data reporting throughout the year.

In relation to ICMM Subject Matter 5

ARM has effectively transitioned to the new GRI G4 in accordance – "core" disclosure requirements. However, some aspects that are indicated as material in the Report and related GRI index merit more comprehensive disclosure moving forward.

In relation to ARM's alignment with King III

Evidence observed during interviews with the Company Secretary as well as inspections of board pack documents and other meeting minutes, demonstrated a high level of compliance with King III.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to ARM management for consideration.



Petrus Gildenhuys

Director, Gilden Assurance (Pty) Ltd



AA1000

Licensed Assurance Provider
000-156

Johannesburg, 29 October 2015

The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of ARM.

OUR SUSTAINABILITY PERFORMANCE YEAR-ON-YEAR

Performance indicator	F2015**	F2014**	F2013**	F2012	F2011
ECONOMIC AND RELATED CORE BASELINE INDICATORS					
Revenue (Rm)	20 479	24 497	20 475	18 142	15 357
Sales (Rm)	19 824	23 785	19 800	17 530	14 893
Taxes (Rm)	860	1 893	1 145	1 633	1 693
Headline earnings (Rm)	1 744	4 108	3 737	3 451	3 374
EBITDA (Rm)	4 994	8 459	7 227	6 531	6 517
Purchased materials and services (Rm)	10 808	11 093	9 100	8 329	6 357
Wealth created (Rm)	7 217	11 797	8 318	9 421	8 606
Number of environmental administrative penalties/fines	0	3	1	None	None
EMPLOYEE INDICATORS (100% BASIS) – AS AT 30 JUNE 2015*					
Total number of ARM employees and contractors	25 456	24 711	24 716	26 587	28 704
– Employees (permanent)	13 727	14 066	13 731	12 373	11 496
– Contractors (mainly used in capital projects)	11 729	10 645	10 985	12 214	17 208
New jobs created (direct employment only)	0	335	1 358	877	1 215
Employee turnover (excluding contractors) (%)	8.7	1.6	1.7	1.9	4.8
Investment in employee training and development					
– Total expenditure (Rm)	232	196	180	137	96
– % of payroll	8.3	8.7	10.1	9.2	6.4
Employment equity† (% representation of previously disadvantaged groups among permanent employees)					
– Top management	38	38	50	50	38
– Senior management	44	40	42	48	40
– Professionally qualified	54	51	49	44	50
– Technically qualified	67	65	64	66	69
Lost Time Injury Frequency Rate (LTIFR)* (200 000 man hours)	0.35	0.37	0.48	0.40	0.43
Reportable/serious accidents	78	66	79	75	74
Number of lost man days due to industrial action	0	172 221	0	102 600	14 816
ENVIRONMENTAL INDICATORS (100% BASIS)					
Total water withdrawn (m³) (municipal, surface and groundwater)	18 334 106	19 408 464	20 551 374	17 991 948	15 091 358
Energy usage					
– Electricity (MWh)	2 102 451	2 144 894	2 045 499	2 866 033	2 549 783
– Diesel (000 litres)	99 812	92 013	108 788	96 360	73 559
EMISSIONS (ATTRIBUTABLE^)#					
Carbon emissions (equivalent tonnes CO₂)					
– Scope 1 and 2	1 246 131	1 228 656	1 244 181	1 810 205	1 587 049
– Scope 1	322 034	307 332	327 757	480 420	386 232
– Scope 2	924 097	921 325	916 424	1 329 785	1 200 816
Direct emissions: (Cato Ridge and Machadodorp Works only)					
– CO₂e emissions – direct (tonnes)	431 708	476 327	237 392	276 117	280 530
– NOx (tonnes)	601	838	637	715	560
– SOx (tonnes)	386	605	506	658	408
Particulate matter (tonnes)	237	182	122	192	230
CORPORATE SOCIAL RESPONSIBILITY (100% BASIS)					
Total community upliftment and Corporate Social Responsibility Investment (Rm)	169.3	282.5	168.5	126.3	124.5
– CSI (Rm)	54.0	134.6	62.0	36.3	18
– LED (Rm)	103.6	141.9	99.6	84.9	100.4
– ARM BBEE Trust (Rm) (Projects)	11.7	5.9	6.8	5.1	6.0

* Total number of ARM employees and contractors as at 30 June 2015.

** Financial data is based on segmental reporting.

Non-financial data is based on 100% (vs attributable to equity) unless otherwise stated, e.g. emissions data.

† The Employment Equity Report was submitted to the Department of Labour and complies with Section 21 of the Act.

• LTIFR: injury rates are measured per 200 000 man hours, in line with general South African practice and include both ARM employees and contractor incidents.

^ Values attributable to shareholding percentages.

The Scope 1 and 2 carbon emissions published in the F2014 Sustainability Report had been provisionally calculated at the time. These have subsequently been verified as part of the CDP submission in May 2015 and resulted in minor adjustments and review of figures published in F2015. For CDP purposes, ARM submits data for the preceding financial year, i.e. the March 2015 CDP submission will contain results for 1 July 2013 to 30 June 2014.

THE ICMM SUSTAINABLE DEVELOPMENT PRINCIPLES

Our sustainable development initiatives align with the ICMM position statements, the elements of the ICMM Sustainable Development Framework and the ten principles of the ICMM. The table below references where further detail on how we implement the principles can be found in this report.

ICMM Sustainable Development Principles	Section
1. Implement and maintain ethical business practices and sound systems of corporate governance.	<ul style="list-style-type: none"> • Report of the Social and Ethics Committee (pages 44 – 45) • Corporate Governance summary (pages 33 – 43) and the full Corporate Governance Report (pages 149 – 165) in the Integrated Annual Report • Comment from the Sustainability Assurance Provider (page 41)
2. Integrate sustainable development considerations within the corporate decision-making process.	<ul style="list-style-type: none"> • Our most material matters (pages 22 – 25) • Executive Chairman's report (pages 14 – 17) • Chief Executive Officer's report (pages 18 – 20) • How we manage sustainability (pages 28 – 32) • Report of the Social and Ethics Committee (pages 44 – 45)
3. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.	<ul style="list-style-type: none"> • United Nations Global Compact (page 119) • Corporate Governance summary (pages 33 – 43)
4. Implement risk management strategies based on valid data and sound science.	<ul style="list-style-type: none"> • Our most material matters (pages 22 – 25) • Sustainability and Risk Management (page 31) • Corporate Governance summary (pages 33 – 43) • the full Corporate Governance Report and the Risk Report (pages 149 – 176) of the Integrated Annual Report
5. Seek continual improvement of our health and safety performance.	<ul style="list-style-type: none"> • Executive Chairman's report (page 16) • How we manage safety and occupational health (pages 58 – 59) • Safety (pages 59 – 65) • Occupational health and wellness (pages 66 – 71) • TB, HIV & Aids (pages 72 – 77)
6. Seek continual improvement of our environmental performance.	<ul style="list-style-type: none"> • Natural capital (pages 78 – 90)
7. Contribute to conservation of biodiversity and integrated approaches to land-use planning.	<ul style="list-style-type: none"> • Natural capital (pages 78 – 90) • Biodiversity tables available on ARM's corporate website: www.arm.co.za
8. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.	<ul style="list-style-type: none"> • Product stewardship (page 113)
9. Contribute to the social, economic and institutional development of the communities in which we operate.	<ul style="list-style-type: none"> • Transformation (pages 93 – 102) • Corporate social responsibility (pages 103 – 107)
10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.	<ul style="list-style-type: none"> • Stakeholder engagement (page 93) • Our key stakeholders (pages 26 – 27)

THE UNITED NATIONS GLOBAL COMPACT (UNGC)

ARM is committed to upholding the ten principles of the UNGC. The table below references where further detail is provided on how we implement these principles.

United Nations Global Compact Principles		Section
Human rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> • Corporate Governance summary (pages 42 – 43) • How we manage sustainability (pages 28 – 32)
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> • Corporate Governance summary (pages 42 – 43)
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> • Human capital (pages 51 – 53) • Report of the Social and Ethics Committee (page 44)
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	<ul style="list-style-type: none"> • Corporate Governance summary (page 43)
Principle 5	Businesses should uphold the effective abolition of child labour.	<ul style="list-style-type: none"> • Corporate Governance summary (page 43)
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> • Corporate Governance summary (page 42) • Report of the Social and Ethics Committee (page 44)
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> • Natural capital (pages 78 – 90)
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> • Natural capital (pages 78 – 90)
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> • How our products make a difference (page 12) • Manufactured capital (page 113)
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> • Corporate Governance summary (page 43)
<p><i>We do not specifically report against the Millennium Development Goals (MDGs), which will be replaced by the Sustainable Development Goals (SDGs) at the end of 2015. We will be doing so as we prepare our next UNGC communication on progress.</i></p>		

GRI CONTENT INDEX

This Sustainability Report has been prepared and presented in accordance with the Global Reporting Initiative's (GRI) G4 Guidelines "CORE" application level and its Mining and Metals Sector Disclosures. The table below lists the Standard and Specific Standard Disclosures and references where more information on these and the Disclosures on Management Approaches (DMAs) can be found in the report.

REPORTING PRINCIPLES FOR DEFINING REPORT CONTENT

- **Materiality** – Our most material matters inform our strategy, governance structures, risk management, operational management and reporting. More detail is available on pages 22 to 25.
- **Stakeholder inclusiveness** – Our engagements with our key stakeholders provide the context for the way we do business and shape our strategy. Our approach to stakeholder engagement is described on page 93 and an overview of our key stakeholders is shown on pages 26 and 27.
- **Sustainability context** – The sustainability context is described at the start of each section of this Sustainability Report, which are grouped according to the six capitals described in the IIRC <IR> Framework.
- **Completeness** – We believe that this report covers all matters material to ARM during F2015 in appropriate detail.

General standard disclosures

Standard disclosure	Description	Reference
Strategy and analysis		
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	Executive Chairman's report (pages 14 – 17)
G4-2	Provide a description of key impacts, risks, and opportunities.	Our most material matters (pages 22 – 25) Risk report (IAR) (pages 172 – 176)
Organisational profile		
G4-3	Report the name of the organisation.	About this report (IBC)
G4-4	Report the primary brands, products, and services.	About ARM (page 41) Our business model and how we add value (page 8) How our products make a difference (pages 12 – 13)
G4-5	Report the location of the organisation's headquarters.	Contact details (IBC)
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Where we operate (pages 6 – 7)
G4-7	Report the nature of ownership and legal form.	Corporate Governance summary (page 33) Contact details (IBC) Directors' report (IAR) (page 215)
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Where we operate (pages 6 – 7) How our products make a difference (pages 12 – 13) Manufactured capital (page 113)
G4-9	Report the scale of the organisation	Our sustainability performance year-on-year (page 117) Throughout IAR
G4-10	Total workforce by employment type, employment contract, and region.	Human resources management (page 52) 15% of workforce is female Most employees are full-time or contractors Further breakdown of workforce by region and gender will be disclosed in future reports. No significant variation in employment numbers

Standard disclosure	Description	Reference
Organisational profile continued		
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Labour relations (page 53)
G4-12	Describe the organisation's supply chain.	Preferential procurement and enterprise development (pages 97 – 99) Manufactured capital (page 113)
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	About this report (IFC) There were no significant changes during the reporting period in ARM's size, structure, ownership or supply chain
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	Natural capital (pages 78 – 80)
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	Our most material matters (page 22) How we manage sustainability (pages 28 – 30) UN Global Compact (page 119)
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations.	Executive Chairman's report (pages 14 – 17) How we manage sustainability (pages 28 – 32) The International Council on Mining and Metals (ICMM) (page 118) Our key stakeholders (pages 26 – 27)
Identified material aspects and boundaries		
G4-17	List all entities included in the organisation's consolidated financial statements or equivalent documents. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	About this report (IFC) All ARM's operations are Joint Ventures (JVs). We report only on those JVs over which we have joint management control. All sustainability data is reported on a 100% basis, except for carbon emissions and where stated otherwise.
G4-18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	Our most material matters (page 22) How we manage sustainability (pages 28 – 32) About this report (IFC) The introduction to this table.
G4-19	List all the material Aspects identified in the process for defining report content.	Our most material matters (pages 22 – 25)
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	About this report (IFC) The introduction to each section of this report discloses if certain entities are not included in the reporting in that section and the reason for their exclusion.
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	The table of most material matters on pages 23 to 25 describes which stakeholder groups are chiefly impacted by each material aspect. ARM operates mainly in South Africa, but also in Zambia and Malaysia, and each of these aspects are material in these geographies, although to different degrees.

GRI Content Index continued

Standard disclosure	Description	Reference
Identified material aspects and boundaries <small>continued</small>		
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About this report (IFC) We continue to improve our systems for measuring and monitoring our performance to ensure comprehensive and reliable data. Carbon emissions have been revised as indicated by the note at the bottom of the table on page 117. The restatements reflect more accurate data, and do not cause material changes to interpretation of our environmental performance as stated in previous periods.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this report (IFC) There were no significant changes in the scope, boundary or measurement methods applied.
Stakeholder engagement		
G4-24	Provide a list of stakeholder groups engaged by the organisation.	Our key stakeholders (pages 26 – 27)
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Our key stakeholders (pages 26 – 27) Stakeholder engagement (page 93)
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Our key stakeholders (pages 26 – 27) Stakeholder engagement (page 93) Engagements with stakeholders happen as part of normal business operations and there were no engagements undertaken specifically as part of the preparation of this report.
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Our key stakeholders (pages 26 – 27)
Report profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About this report (IFC)
G4-29	Date of most recent previous report.	The previous report was released in October 2014 and covered the 12-month period ending 30 June 2014.
G4-30	Reporting cycle.	Annual
G4-31	Provide the contact point for questions regarding the report or its contents.	Contact details (IBC)
	Report the 'in accordance' option the organisation has chosen.	Core About this report (IFC)
	Report the GRI Content Index for the chosen option.	This table
G4-32	Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	Independent assurance statement (pages 114 – 116)
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the report.	About this report (IFC) How we manage sustainability (page 32) Independent assurance statement (pages 114 – 116)

Standard disclosure	Description	Reference
Governance		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Corporate Governance summary (pages 33 – 40) Report of the Social and Ethics Committee (pages 44 – 45) Corporate Governance (IAR) (pages 149 – 160)
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Corporate Governance summary (pages 33 – 40) How we manage sustainability (pages 28 – 32) Corporate Governance (IAR) (pages 149 – 160)
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	How we manage sustainability (page 31)
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Our key stakeholders (pages 26 – 27) Stakeholder engagement (page 93)
G4-38	Report the composition of the highest governance body and its committees.	Corporate Governance summary (pages 33 – 40) Corporate Governance (IAR) (pages 149 – 160)
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement).	Corporate Governance summary (pages 33 – 40) Corporate Governance (IAR) (pages 149 – 160)
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Corporate Governance summary (pages 33 – 40) Corporate Governance (IAR) (pages 149 – 160)
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	Corporate Governance summary (pages 33 – 40) Corporate Governance (IAR) (pages 149 – 160)
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Corporate Governance summary (pages 33 – 40) Corporate Governance (IAR) (pages 149 – 160)
	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.	Corporate Governance summary (pages 33 – 40) Corporate Governance (IAR) (pages 149 – 160)

GRI Content Index continued

Standard disclosure	Description	Reference
Governance continued		
G4-44	Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice.	Corporate Governance (IAR) (pages 149 – 160)
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	How we manage sustainability (page 28) Corporate Governance summary (page 33) Report of the Social and Ethics Committee (page 44) Corporate Governance (IAR) (page 149)
	Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Our most material matters (page 22) Our key stakeholders (page 26) Stakeholder engagement (page 95)
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	How we manage sustainability (page 28) Risk report (IAR) (page 116)
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	How we manage sustainability (page 28) Report of the Social and Ethics Committee (page 44)
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.	Social and Ethics Committee
G4-49	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance (IAR) (page 149)
G4-51	Report the remuneration policies for the highest governance body and senior executives.	Remuneration report (IAR) (page 177)
	Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	Remuneration report (IAR) (page 177) The risk portion (incentive bonus) of senior and executive management is measured on company performance in terms of profit and cost. Individual performances are measured in terms of specific key performance indicators (including social, safety and environmental indicators).

Standard disclosure	Description	Reference
Governance continued		
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation.	Remuneration report (IAR) (page 177)
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Remuneration report (IAR) (page 177)
Ethics and integrity		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Our values (page 5) Corporate Governance summary (page 33) Report of the Social and Ethics Committee (page 44) Corporate Governance (IAR) (page 149)
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Corporate Governance summary (page 33) Corporate Governance (IAR) p149

GRI Content Index continued

Specific standard disclosures

Specific standard disclosure	Description	Reference
Economic		
Aspect: Economic performance		
G4-DMA	Generic Disclosures on Management Approach.	Our most material matters (pages 22 – 25) Financial capital (pages 46 – 49)
G4-EC1	Direct economic value generated and distributed.	Financial capital (pages 46 – 49) Value add (IAR) (page 27)
	MMSD: Report countries of operation that are either candidate to or compliant with the Extractive Industries Transparency Initiative (EITI).	Zambia is compliant with the EITI. South Africa and Malaysia are not candidate to or compliant with the EITI. There were no land use payments made during F2015.
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Natural capital (page 82)
G4-EC3	Coverage of the organisation's defined benefit plan obligations.	Note 43 to the Financial Statements (IAR) (page 284)
G4-EC4	Financial assistance received from government.	ARM did not receive financial assistance from Government during F2015 in any of its countries of operation. Investor relations report (IAR) (pages 299 – 302)
Aspect: Indirect economic impacts		
G4-DMA	Generic Disclosures on Management Approach.	Corporate social responsibility (pages 103 – 109)
G4-EC7	Development and impact of infrastructure investments and services supported.	Corporate social responsibility (pages 103 – 109) Corporate social responsibility initiatives are delivered through corporate social investment projects and local economic development projects. ARM tracks the capital invested as well as the number of jobs created through the projects
Aspect: Procurement practices		
G4-DMA	Generic Disclosures on Management Approach.	Transformation (pages 93 – 102)
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Transformation (pages 93 – 102) ARM's preferential procurement and enterprise initiatives benefit historically disadvantaged South Africans in line with the applicable legislation. Where possible, ARM includes suppliers and businesses from the communities around our operations in these programmes.

Specific standard disclosure	Description	Reference
Environmental		
Aspect: Energy		
G4-DMA	Generic Disclosures on Management Approach.	Natural capital (pages 78 – 86)
G4-EN3	Energy consumption within the organisation.	<p>Fuels consumed in our operations include diesel, petrol, aviation fuel, paraffin, acetylene, natural gas and LPG. Diesel is the most used fuel and accounts for 99.5% of carbon emissions from fuel use. Diesel use in F2015 totalled 99.8 million litres, which equates to 3.6 million gigajoules (F2014: 3.4 million GJ).</p> <p>There are currently no fuels from renewable resources used at ARM.</p> <p>Total electricity consumption in F2015 of 2.1 million megawatt hours equates to 7.6 million gigajoules (F2014: 7.7 million GJ).</p> <p>No electricity or others forms of energy were sold during F2015.</p> <p>Total energy consumed (including electricity and diesel) in F2015 was 11.1 million gigajoules (F2014: 11.2 million GJ).</p> <p>Fuel and electricity consumption is collected directly from supplier notes and by monitoring electricity metres and metering on fuel tanks. Diesel is converted to GJ using the conversion factor supplied in the GRI G3.1 indicator protocol set.</p>
Aspect: Water		
G4-DMA	Generic Disclosures on Management Approach.	Natural capital (pages 79 – 80 and 87 –88)
G4-EN8	Total water withdrawal by source.	<p>Natural capital (page 87)</p> <p>Surface water: 4.7 million m³</p> <p>Groundwater: 5.2 million m³</p> <p>Municipal water: 8.4 million m³</p> <p>Total water abstracted: 18.3 million m³</p> <p>Water abstraction is measured directly in litres through flow meters installed in the water system.</p>
Aspect: Biodiversity		
G4-DMA	Generic Disclosures on Management Approach.	Natural capital (pages 79 – 80 and 90)
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	<p>Natural capital (pages 79 – 80 and 90)</p> <p>Online biodiversity table available at www.arm.co.za</p>
	MMSD: Include impacts identified as a consequence of any resettlement and closure activities reported under indicators MM9 and MM10 respectively.	<p>Natural capital (pages 79 – 80 and 90)</p> <p>Online biodiversity table available at www.arm.co.za</p>
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Online biodiversity table available at www.arm.co.za

GRI Content Index continued

Specific standard disclosure	Description	Reference
Environmental <small>continued</small>		
Aspect: Emissions		
G4-DMA	Generic Disclosures on Management Approach.	Natural capital (pages 79 – 80, 83 – 84 and 88)
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	Natural capital (pages 83 – 84) The ARM CDP Report available at www.cdp.net provides additional information regarding base years, standards, methodologies, assumptions, sources of emission factors and global warming potential rates used. While the 2015 CDP Report reflects emissions data for F2014, the additional information remains relevant year to year.
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Natural capital (pages 83 – 84) The ARM CDP Report available at www.cdp.net provides additional information regarding base years, standards, methodologies, assumptions, sources of emission factors and global warming potential rates used. While the 2015 CDP Report reflects emissions data for F2014, the additional information remains relevant year to year.
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	About this report (IFC) Natural capital (pages 83 – 84) The ARM CDP Report available at www.cdp.net provides additional information regarding base years, standards, methodologies, assumptions, sources of emission factors and global warming potential rates used. While the 2015 CDP Report reflects emissions data for F2014, the additional information remains relevant year to year.
G4-EN18	Greenhouse gas (GHG) emissions intensity.	Natural capital (page 84)
G4-EN20	Emissions of ozone-depleting substances (ODS).	We do not have ozone depleting substances at our operations, no Persistent Organic Pollutants (POPs) and no volatile organics.
G4-EN21	NO _x , SO _x , and other significant air emissions.	Our sustainability performance year-on-year (page 117) We do not have ozone depleting substances at our operations, no Persistent Organic Pollutants (POPs) and no volatile organics.
	MMSD: Include emissions from both major mobile sources and on-site stationary sources.	The two smelters are the significant sources of air emissions and are stationary sources.
Aspect: Effluents and waste		
G4-DMA	Generic Disclosures on Management Approach.	Natural capital (pages 79 – 80 and 89 – 90)
G4-EN22	Total water discharge by quality and destination.	Natural capital (pages 87 – 88)
G4-EN23	Total weight of waste by type and disposal method.	Natural capital (pages 89 – 90)
G4-EN24	Total number and volume of significant spills.	Natural capital (page 89)
	MMSD: Include spillage of tailings, slimes or other significant process materials.	There were no spillages of tailings, slimes or other process materials during F2015.
G4-EN25	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.	ARM does not transport, import or export any waste categorised as hazardous under the terms of the Basel Convention.

Specific standard disclosure	Description	Reference
Environmental continued		
Aspect: Compliance		
G4-DMA	Generic Disclosures on Management Approach.	Natural capital (pages 79 – 80 and 88 – 89)
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Natural capital: Environmental compliance (page 88)
Social		
Labour practices and decent work		
Aspect: Employment		
G4-DMA	Generic Disclosures on Management Approach.	Human capital (pages 51 – 52)
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Human capital (page 55) Total employee turnover rate is reported. Further detail regarding employee turnover and new hires is not available for the full reporting period and will be reported in future reports.
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Occupational health and wellness (pages 66 – 71) TB, HIV & Aids (pages 72 – 78) Benefits we offer to full-time employees include standard benefits such as pension fund, medical aid and group life insurance. In addition, the Company offers study assistance and bursaries for employees and their children. The Company sponsors year end events, team building interventions, community sports and fun days and wellness days. Employees also have access to comprehensive Employee Assistance Programmes.
Aspect: Labour/management relations		
G4-DMA	Generic Disclosures on Management Approach.	Human capital (pages 51 – 53)
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	The minimum notice period regarding operational changes is specified in collective agreements, and varies between one month and three months, on average.
Aspect: Occupational health and safety		
G4-DMA	Generic Disclosures on Management Approach.	Human capital: Safety and occupational health (pages 58 – 60 and 66 – 67)
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Human capital: Occupational health and wellness (pages 66 – 67) Health and safety agreements are concluded at every operation and are agreements between employees (including organised labour) and the employer.

GRI Content Index continued

Specific standard disclosure	Description	Reference
Social <small>continued</small>		
Labour practices and decent work <small>continued</small>		
Aspect: Occupational health and safety <small>continued</small>		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Safety (pages 60 – 64) Occupational health and wellness (pages 69 – 71) TB, HIV & Aids (pages 74 – 77) ARM tracks fatalities, lost time injuries, reportable injuries and various occupational and other disease rates that are material to our operations. These are not disclosed by region or by gender. Consideration will be given to providing further breakdown of these statistics in future reports.
	MMSD: Provide a description of each accident resulting in a fatality and actions taken following the accident.	Safety (page 60)
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	Occupational health and wellness (pages 68 – 71)
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	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 TB, HIV & Aids Representation is recorded in minutes of these meetings and records kept at the operations. Percentage representation is not centrally recorded.
Aspect: Training and education		
G4-DMA	Generic Disclosures on Management Approach.	Human capital: Human resources management (pages 51 – 52 and 55)
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	We measure the effectiveness and investment in learning, retraining and development activities by monitoring measures such as training spend as a percentage of total payroll, rather than hours of training. 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. Detailed breakdown of training hours by gender and employee category were not easily available for the full period and will be reported in future periods.
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Human capital: Human resources management (page 55)
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	All full-time employees receive various levels of regular performance and career development reviews as part of the ARM remuneration and incentive system.

Specific standard disclosure	Description	Reference
Social continued		
Labour practices and decent work continued		
Aspect: Diversity and equal opportunity		
G4-DMA	Generic Disclosures on Management Approach.	Human capital: Human resources management (pages 51 – 52 and 56) Transformation (pages 93 – 94 and 99) Corporate Governance summary (page 35)
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Human capital: Human resources management (pages 52 and 56) Transformation (page 99) Details on age groupings in the workforce were not easily available at the time of reporting and will be reported in future periods.
Human rights		
Aspect: Non-discrimination		
G4-DMA	Generic Disclosures on Management Approach.	Corporate Governance summary: Human rights (pages 42 – 43) Human capital (page 51) Transformation (pages 93 – 94)
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	No material non-compliance incidents relating to discrimination were reported during F2015.
Aspect: Freedom of association and collective bargaining		
G4-DMA	Generic Disclosures on Management Approach.	Corporate Governance summary: Human rights (pages 42 – 43) Human capital (page 51) Transformation (pages 93 – 94)
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	No operations or suppliers have been identified in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk. We respect our employees' rights to collective bargaining.
Aspect: Child labour		
G4-DMA	Generic Disclosures on Management Approach.	Corporate Governance summary: Human rights (pages 42 – 43)
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	We do not use child labour. We conduct risk assessments/ screening in terms of human rights practices in respect of prospective transactions, contracting parties and business partners and have not detected such significant risk.
Aspect: Forced or compulsory labour		
G4-DMA	Generic Disclosures on Management Approach.	Corporate Governance summary: Human rights (pages 42 – 43)
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	ARM's operations do not pose such risk. Our policies are compatible with international human rights standards and with the South African Constitution. Through the implementation of our supplier engagement plan we review the practices of suppliers and contractors and have not detected significant risk.

GRI Content Index continued

Specific standard disclosure	Description	Reference
Social <small>continued</small>		
Human rights <small>continued</small>		
Aspect: Indigenous rights		
G4-DMA	Generic Disclosures on Management Approach.	Corporate Governance summary: Human rights (pages 42 – 43)
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	There have been no recorded incidents of human rights violations of indigenous people. ARM believes that its operations do not pose such risk, but should any such violations occur, there are mechanisms in place for their detection, reporting and resolution.
Society		
Aspect: Local communities		
G4-DMA	Generic Disclosures on Management Approach.	Corporate social responsibility (page 103)
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Corporate social responsibility (pages 103 – 109)
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	ARM's operations comply with the environmental and social legal requirements and as such do not have significant actual or potential negative impacts on local communities.
Aspect: Anti-corruption		
G4-DMA	Generic Disclosures on Management Approach.	Corporate Governance summary (page 43)
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Analysing for risk of corruption is inherent to the risk management process which is applied to all our operations and on corporate level. Process level risk assessment in relation to Human Resources includes potential corruption risks, risk assessments relating to external supply and services include corruption risk and the internal and external auditors cover corruption risk.
G4-SO4	Communication and training on anti-corruption policies and procedures.	Existing employees have been trained in the Code of Conduct which is available to employees on the intranet. All new employees receive training in the Code of Conduct. Online training on the Code of Conduct has been carried out at the Company's corporate office, the ARM Platinum and the ARM Ferrous operations.
G4-SO5	Confirmed incidents of corruption and actions taken.	There were no confirmed incidents of corruption reported in F2015.
Aspect: Compliance		
G4-DMA	Generic Disclosures on Management Approach.	Corporate governance summary (pages 33 – 43) Report of the Social and Ethics Committee (pages 44 – 45) Natural capital (pages 88 – 89)
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations in F2015.
	MMSD: Report a summary of judgements made against the organisation in the areas related to health and safety and labour laws.	No judgements were made against ARM in terms of health and safety, and labour laws in F2015.

Standard disclosure	Description	Reference
Mining and metals sector disclosures (MMSD)		
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	Natural capital (pages 89 – 90) Online biodiversity table available at www.arm.co.za
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	Natural capital (page 90) Online biodiversity table available at www.arm.co.za
MM3	Total amounts of overburden, rock, tailings, and sludges presenting potential hazards.	Natural capital (page 90) ARM does not collect data centrally on this parameter. This is managed regularly and inspected by qualified engineers and if a risk is identified, it is included in the risk register of the operation.
MM4	Number of strikes and lockouts exceeding one week's duration, by country.	Human capital: Human resources management (page 53)
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.	Dwarsrivier Mine, Two Rivers Platinum Mine, Nkomati Mine, Modikwa Mine and Lubambe Mine.
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	No disputes have been raised relating to land use or customary rights specifically.
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and their outcomes.	No grievances have been raised regarding land use.
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.	No ASM at or adjacent to ARM's operations.
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	No resettlements took place in F2015.
MM10	Number and percentage of operations with closure plans.	All operations have closure plans in accordance with Environmental Management Programme Reports (EMPRs) (in the case of the mines) and as part of Environmental Impact Assessments (EIAs) as well as Water Use Licences (all operations). All operations have estimated closure costs and made provision towards closure and rehabilitation.

GLOSSARY

AA1000APS	Accountability Principles Standard 2008
ABET	Adult Basic Education and Training
Aids	Acquired Immune Deficiency Syndrome
AMCU	Association of Mineworkers and Construction Union
ARM	African Rainbow Minerals Limited
ASM	Artisanal and Small-scale Mining
ARV	Anti-Retroviral
BAP	Biodiversity Action Plan
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
BUSA	Business Unity South Africa
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
COM	Chamber of Mines
CRF	Corporate Research Foundation
CSI	Corporate Social Investment
CTF	Culture Transformation Framework
CTPV	Coat Tar Pitch Volatiles
CVT	Counselling and Voluntary Testing
dB	Decibels
DERO	Desired Emission Reduction Outcomes
DMP	Disease Management Programme
DMR	Department of Mineral Resources
DoL	Department of Labour
dti CoGP	Department of Trade and Industry Codes of Good Practice
dti	Department of Trade and Industry
DWS	Department of Water and Sanitation (previously DWA: Department of Water Affairs)
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECD	Early Childhood Development
ED	Enterprise Development
EEA	Employment Equity Act
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transport Initiative
EMP	Environmental Management Plan
EMPR	Environmental Management Programme Report
ESG	Environmental, Social and Governance
ERM	Enterprise Risk Management
FAPA	Ferroalloy Producers' Association
FFR	Fatality Frequency Rate
FIFR	Fatal Injury Frequency Rate

FTE	Full-Time Employees
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HDSAs	Historically Disadvantaged South Africans
HCT	HIV Counselling and Testing
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRD	Human Resources Development
ICMM	International Council on Mining & Metals
IDP	Integrated Development Plan/Industrial Development Programme
IIRC	International Integrated Reporting Council
ILO	International Labour Organisation
IUCN	International Union for Conservation of Nature
IWUL	Integrated Water Use Licence
JSE	JSE Limited
JV	Joint Venture
King III	King Report on Governance for South Africa 2009 and the King Code of Governance Principles
KPI	Key Performance Indicator
LED	Local Economic Development
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MDR TB	Multi-Drug Resistant Tuberculosis
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MHSA	Mine Health & Safety Act
MOSH	Mining Industry Occupational Safety and Health
MQA	Mining Qualifications Authority
MPRDA	The Mineral and Petroleum Resources Development Act
MRC	Management Risk Committee
MMSD	(GRI) Mining and Metals Sector Disclosures
NAEIS	National Atmospheric Emissions Information System
NEMA	National Environmental Management Act
NGO	Non-Governmental Organisation
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
PCB	Participating Coal Business
PHC	Primary Health Care
PLH	Percentage Loss of Hearing

Glossary continued

POP	Persistent Organic Pollutants
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act
RIFR	Reportable Injury Frequency Rate
RWI	Restricted Work Injury
SABCOHA	South African Business Coalition on HIV & Aids
SAQA	South African Qualifications Authority
SANS	South African National Standard
SD	Sustainable Development
SED	Socio-Economic Development
SETA	Sector Education and Training Authority
SHE	Safety, Health and Environment
SHEQ	Safety, Health, Environment and Quality
SHERQ	Safety, Health, Environmental, Risk and Quality
SIOEC	Sishen-Saldanha Iron Ore Export Channel
SLP	Social and Labour Plan
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro Enterprise
SRI	Socially Responsible Investment
STI	Sexually Transmitted Infections
TB	Pulmonary Tuberculosis
TOR	Terms of Reference
TRIFR	Total Recordable Injury Frequency Rate
UASA	United Association of South Africa
UNGC	UN Global Compact
URTI	Upper Respiratory Tract Infections
VCT	Voluntary Counselling and Testing
WUL	Water Use Licence

STAKEHOLDER FEEDBACK FORM

ARM F2015 SUSTAINABILITY REPORT

Feedback Form

Your opinion matters. Please share your views with us.

Which stakeholder group do you belong to? (You may tick more than one)

- | | | | | |
|-----------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| <input type="checkbox"/> Employee | <input type="checkbox"/> Shareholder | <input type="checkbox"/> Investor | <input type="checkbox"/> Customer | <input type="checkbox"/> Analyst |
| <input type="checkbox"/> Supplier | <input type="checkbox"/> Community | <input type="checkbox"/> NGO | <input type="checkbox"/> Other | |

Does the report address issues of greatest interest to you?

- | | | |
|--|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Comprehensively | <input type="checkbox"/> Partially | <input type="checkbox"/> Not at all |
|--|------------------------------------|-------------------------------------|

Please identify any additional matters that you think should be reported on:

What was your overall impression of the report in terms of:

	Excellent	Good	Fair	Poor
1. Content and scope	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Design and layout	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you have any additional comments on the report – or on ARM's performance in general?

Your name, email address and/or other contact details

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Directors

P T Motsepe (Executive Chairman)
M P Schmidt (Chief Executive Officer)
F Abbott*
M Arnold
Dr M M M Bakane-Tuoane*
T A Boardman*

A D Botha*
J A Chissano (Mozambican)*
W M Gule**
A K Maditsi*
H L Mkatshana

Dr R V Simelane*
Z B Swanepoel*
A J Wilkens

* Independent Non-executive
** Non-executive

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Auditors

External auditors: Ernst & Young Inc.
Internal auditors: KPMG

Bankers

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

Sponsors

Deutsche Securities (SA) Proprietary Limited

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FORWARD LOOKING STATEMENTS

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