

Value contribution

ARM operations produce commodities that are an integral part of our society and contribute to many aspects of modern life. Our commodities also have important roles in emerging solutions that support a lower-carbon future and contribute to the aspirations set out in the United Nations Sustainable Development Goals (SDGs).

Global contribution

The iron ore, manganese ore and alloys and nickel that we produce is used in steel which is essential in infrastructure development, manufacturing of cars, white goods, wind turbines and many other products and equipment used in industries that drive economic growth and job creation. Steel also plays a critical part in water and energy distribution systems, transport infrastructure, alternative energy systems, information technology and various industrial and medical applications.

Our products contribute to a low-carbon future as follows:

- **Saving energy and reducing emissions**
 - Higher quality iron ore and manganese ore use less energy, optimise production and lower emissions in the steel production process
 - Lumpy iron ore lowers transport emissions
 - PGMs are used in autocatalytic converters which reduce harmful greenhouse gas (GHG) emissions in motor vehicles.
- **Enabling the hydrogen economy**
 - Hydrogen fuel cells use platinum to generate energy from hydrogen and oxygen where water is the only emission
 - Platinum is used to create hydrogen fuel cell electric vehicles, which offer a zero-emissions alternative to the internal combustion engine.
- **Storing energy efficiently**
 - Lithium-ion energy storage is helping renewable energy and electro-mobility to grow. Our nickel and manganese are used in these batteries.

Our portfolio includes coal operations that supply the South African electricity grid which is predominantly driven by coal-fired power stations. While we appreciate the sensitivity around thermal coal and its environmental impact, we believe that responsible stewardship of the country's coal assets is vital for the medium term given the current high dependency on coal to provide energy to industry and the population and a just transition to renewable energy is appropriate.

Mining industry contribution to society

The South African mining industry is a significant employer and contributor to the country's gross domestic product (GDP). Metals and minerals also make up a meaningful proportion (24%*) of exports, bringing significant foreign exchange into the country. The industry also contributes to the fiscus through royalties and taxes paid to government.

Mining operations are often located in the poorest and most remote parts of the country. Mining companies support local communities through employment opportunities, skills development and educational assistance.

Community resilience, sustainability and socio-economic development are also strengthened through infrastructure, education and health-related investments as well as support for other social projects.

The preferential procurement and enterprise development programmes we undertake increase economic activity in areas around our operations by supporting entrepreneurship and economic growth among historically disadvantaged persons (HDPs) and in local communities, creating jobs and improving market access for South African goods and services.

The mining industry has also played a key role in the fight against Covid-19, protecting lives and supporting livelihoods.

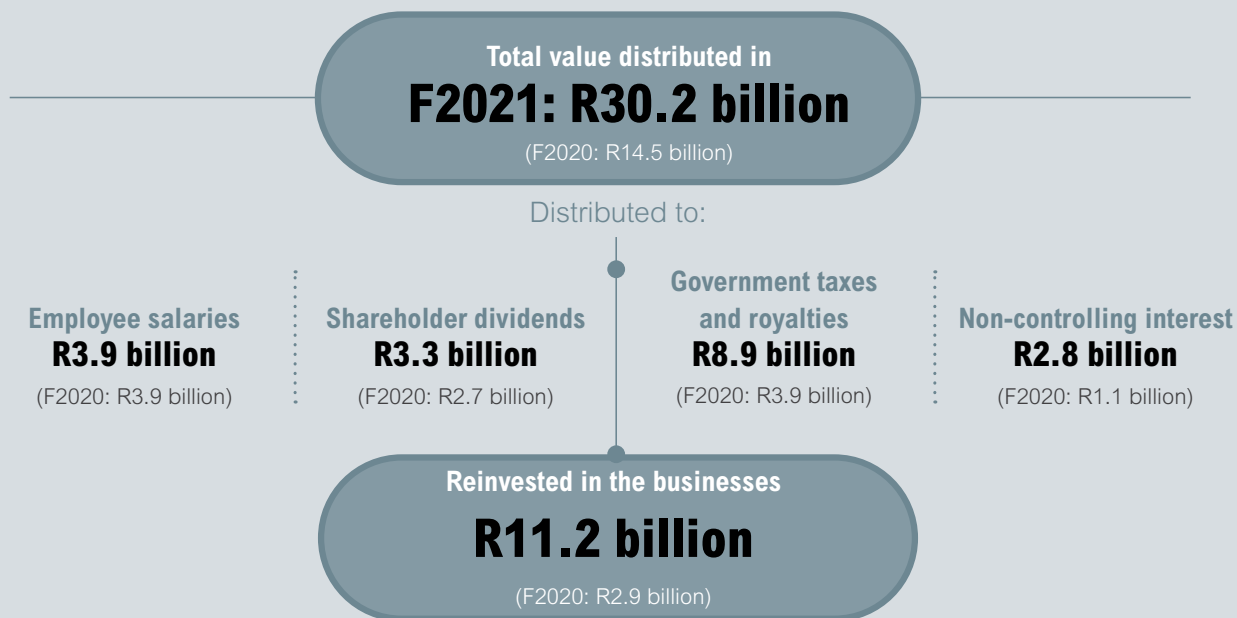
The industry proactively facilitated the rollout of Covid-19 vaccinations among employees and communities neighbouring its operations. ARM has established vaccination sites at five of its operations.

* Statistics for 2020 calendar year as per the Minerals Council of South Africa.

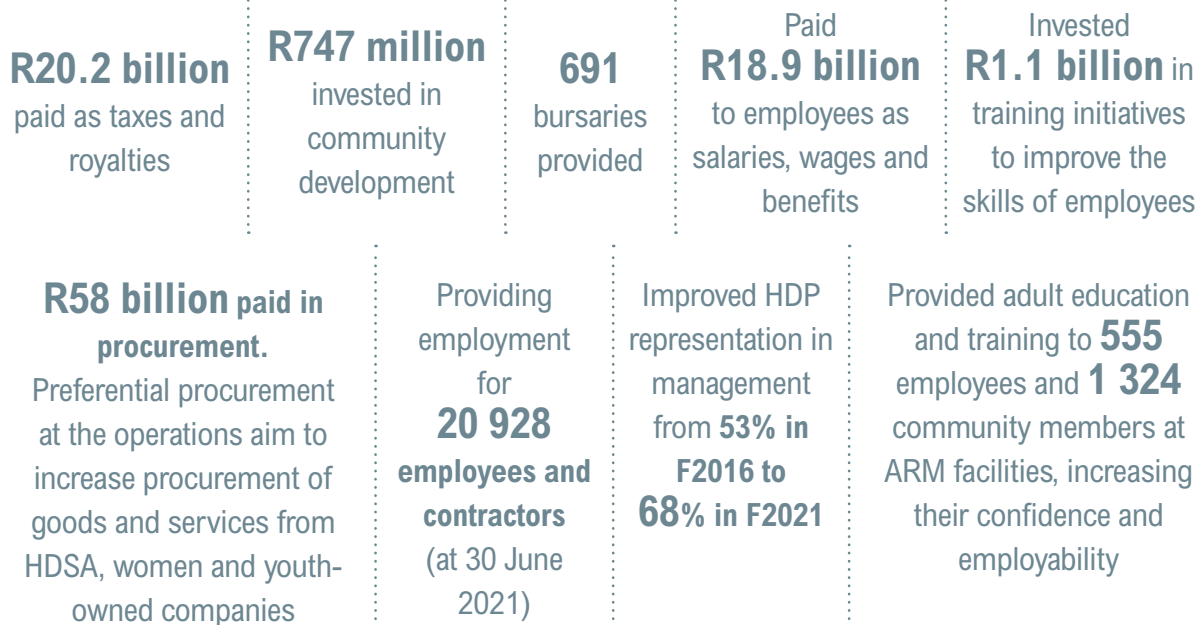


Value created and distributed

The value created by our activities is distributed to a range of stakeholders. In F2021, ARM distributed R30.2 billion in financial value (F2020: R14.5 billion) as illustrated below.



Contributions from ARM operations over the last five years (100% basis) included:




Refer to the ESG report for further discussion on how ARM contributes to the SDGs.



Business model

Impacts of operating environment

- Macro-economic factors
- Regulatory environment
- Commodity pricing, supply and demand
- Environmental stewardship
- Technology and information
- Stakeholders

 See pages 12 to 15.

What differentiates ARM

Diversified portfolio of key commodities

Strategic pillars

- Operate our portfolio of assets safely, responsibly and efficiently
- Allocate capital to value-creating investments
- Focus on value-enhancing and integrated growth

 See page 32.

Inputs – our capitals

People (human)

- Experienced leadership
- Skilled workforce
- Training and development
- Employee relations
- Ethical, equitable practices and fair pay



Financial

- Operating cash flow
- Debt funding
- Equity funding



Manufactured

- Mining rights and exploration
- Mineral Reserves
- Plant, property and equipment
- Utilities



Social and relationship

- Social licence to operate
- Human rights and ethics
- Organised labour
- Community relations
- Regulatory relations



Natural

- Natural resources (energy, water, land and biodiversity)
- Mineral Resources and Mineral Reserves



Innovation (intellectual)

- Knowledge, experience and expertise
- IT systems
- Risk management processes
- Research and development

Operating environment

 See pages 12 to 15.

Risk

 See pages 34 to 37.

Outputs

Sales volumes

- 619 071 6E** PGM ounces
- 16.4Mt** iron ore
- 4.0Mt** manganese ore
- 363 000t** manganese alloys
- 17.4Mt** thermal coal
- 359 243t** chrome concentrate
- 8 016t** nickel
- 4 409t** copper
- 500t** cobalt

Environmental outputs

- 5 227t** waste recycled
- 995 901t CO₂** scope 1 and scope 2 emissions
- 20.0 million m³** water withdrawn

Safety outcomes

- LTIFR down **9%** to **0.41**
- Two fatalities at Modikwa Mine
- Safety turnaround plan implemented**

Strategy and resource allocation

 See page 32.

Outcomes – stakeholder value

People (human)

- R3.9 billion in salaries and wages
- R240 million on skills development training
- Safety turnaround plan completed
- 20 928 people employed
- Stable and constructive relationship with employees and representative unions

Financial

- Segmental EBITDA of R24.3 billion
- Dividends of R6 733 billion declared
- Return on capital employed 42%

Manufactured

- Segmental capital expenditure of R4 105 million

Social and relationship

- R170 million in CSI and LED spend
- R8.9 billion taxes and royalties paid
- Good partnerships with host communities

Natural

- 1.83% decrease in scope 1 and 2 emissions relative to F2018 from emission-reduction initiatives
- Water withdrawn down 1% to 20.0 million m³
- Water reuse efficiency improved to 78%

Innovation (intellectual)

- Progress on research into developing energy-efficient smelting technology

Trade offs

Financial capital is prudently allocated to maintain the appropriate balance between sustainability and stakeholder benefit. Prudent capital allocation ensures our continued growth and supports our ability to add value to all our other capitals.

Health, safety and skills development underpin productivity, so while our key priority is to keep our people safe, healthy and reaching their full potential, ARM benefits from higher productivity.

Our **communities** grant our social licence to operate. We invest significantly to address community needs and contribute to improving the lives of those living in the communities neighbouring our operations.

Innovation and efficiency underpin the profitability/financial viability of modern mining operations and attract investment that, in turn, ensures sustainability.

Financial capital is invested in natural capital which is essential to the sustainability of our business and protection of resources for future generations.

Commitment to good governance

 See pages 16 to 21.