

APPROACH TO SUSTAINABILITY



Our approach is founded on our values, which explicitly include the broader concepts of sustainability and our commitment to zero harm – to employees, host communities and the environment.

ARM recognises that a responsible, sustainable approach to mining and beneficiation supports value creation and minimises negative impacts. Sustainability is therefore a core aspect of ARM's focus on operational efficiencies, commitment to world-class management and goal to be a partner of choice in the mining industry.

GOVERNANCE OF SUSTAINABILITY

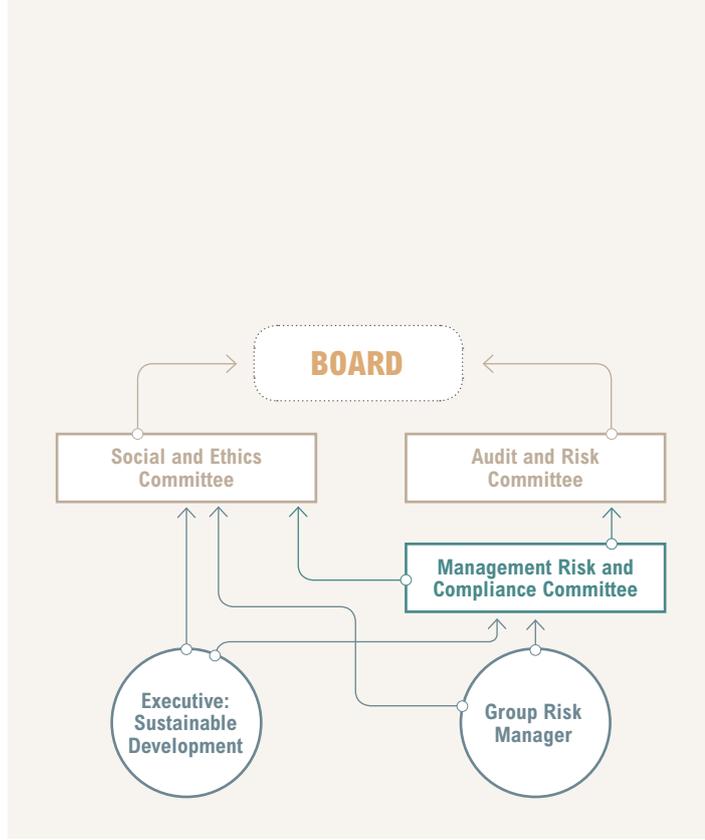


Effectiveness is assessed through monitoring of Key Performance Indicators (KPIs), internal and external audits, internal and external benchmarking, annual external certification audits, certification in terms of management standards (ISO 9001, OHSAS 18001, SANS 16001 and ISO 14001) and external assurance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

APPROACH TO SUSTAINABILITY continued

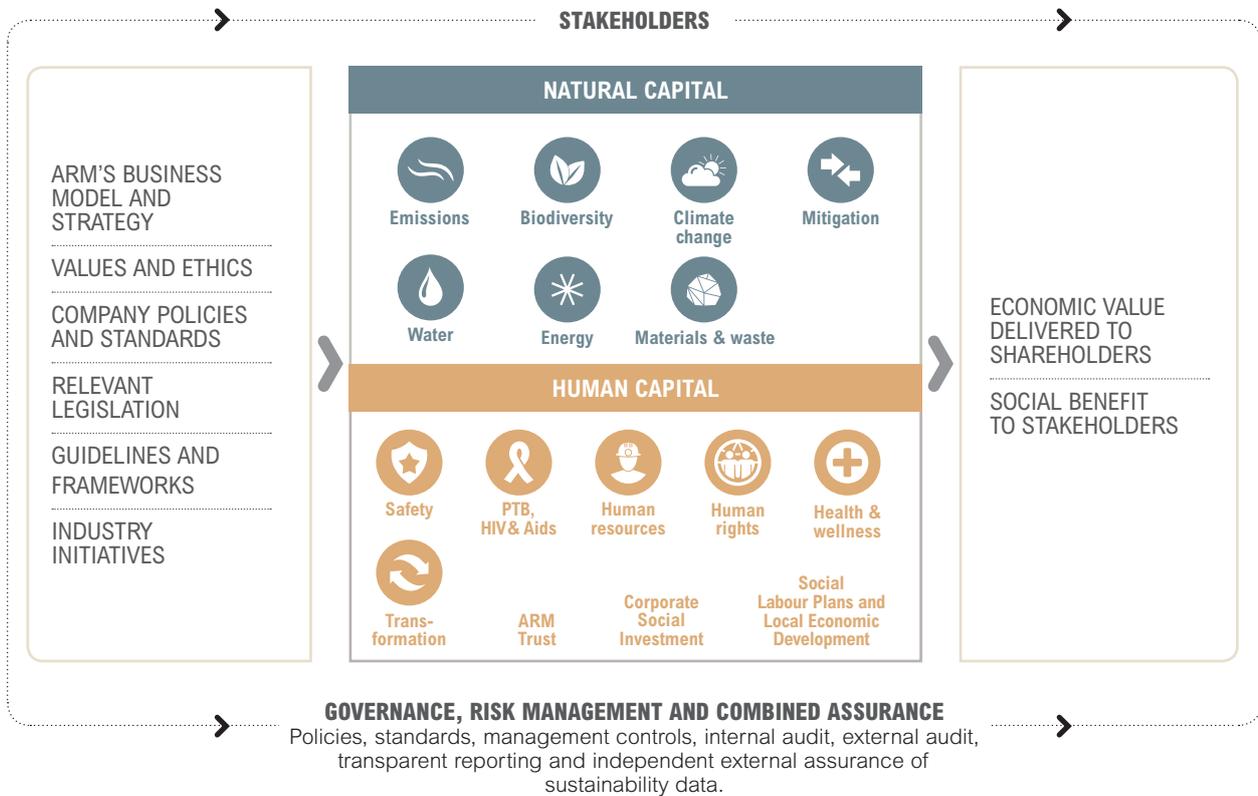
The Executive: Sustainable Development reviews sustainability policies, standards, strategies and targets and ensures these align with the Board's commitment to zero tolerance for harm. She operates with oversight from the Social and Ethics Committee, and provides input into the Management Risk and Compliance Committee on matters related to sustainable development as a standard agenda item.

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



ARM'S SUSTAINABLE DEVELOPMENT MODEL

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





The 2018 Sustainability Report also includes ARM's BEE Annual Compliance Report and is available on the ARM website at www.arm.co.za.

Implementation of this approach also takes into account additional inputs including:

- Ongoing review of current and proposed legislation and regulations. We view regulatory compliance as the minimum requirement for sustainable development, rather than the end goal.
- We monitor and participate in developments in industry good practice, reporting requirements and guidelines that apply to sustainable development at our operations. These include the King IV™ Code on Corporate Governance and the Global Reporting Initiative (GRI).
- ARM engages in international and national industry initiatives to support continuous improvement and shape our approach to sustainable development. We are a member and active participant in both the International Council on Mining and Metals (ICMM) and the Minerals Council South Africa.

Engagements with our key stakeholders ensure that we understand their needs, interests and expectations, which are critical inputs into our approach to sustainable development and the way we conduct our business. The concept of sustainability is integrated into our governance and risk management frameworks, as well as our combined assurance model, to support effective management and implementation.

COMBINED ASSURANCE

ARM's combined assurance model enhances the integration and alignment of management assurance, internal and external assurance, and provides further input into establishing a control environment that is appropriately related to our risk

appetite. This integration of risk and assurance, together with ARM's 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.

The combined assurance model is discussed further in the Risk Report in the Corporate Governance Report.

Ibis ESG Assurance (Pty) Ltd provided high-level independent third-party assurance over the content of the 2018 Sustainability Report. Their assurance statement is included in the Sustainability Report and includes comment on data collection in ARM.