SUMMARISED REMUNERATION REPORT

PART I – BACKGROUND STATEMENT

PHILOSOPHY

Our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. The Company competes within a small talent pool for a limited set of competencies within the global and South African mining industries.

The Remuneration Committee (Committee) assists the Board by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding and retaining human capital through competitive remuneration practices, while creating shareholder value. The Committee formulated a Remuneration Policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix in line with our goals.

CONNECTING PERFORMANCE AND REMUNERATION

Fair and responsible pay

ARM is committed to fair, responsible and transparent pay. We continue to ensure that ARM's remuneration levels are aligned with the general performance of the economy, and the specific performance of the Company and our people. We give focused attention to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration to ensure that our policies and practices compare well against South African and international practices.

ARM takes steps to address the wage gap between the remuneration of executives and employees at the lower end of the pay scale, and the Committee monitors developments in this regard.

ARM has utilised external consultants to conduct research into the internal Gini coefficient. The survey showed that ARM's Gini Coefficient is better than that of the mining industry in general and that for people employed in the formal sector in South Africa.

Fixed pay

The Board approved a general cost-to-company salary increase of 6% for F2019 (F2018: 5%) for senior executives and employees at the corporate office in the Paterson Grade E and F Bands, and an increase of 7% for employees at the corporate office in the A to C Bands of 7% (F2018: 5%), with effect from 1 July 2018.

FAIR AND RESPONSIBLE

Taking care of our employees:
We aim to maximise our employee value proposition. We are committed to paying a living wage to all employees and operate various wellness programmes.

Monitoring our fair and responsible pay:
We conduct an annual calculation and ongoing monitoring of the Gini coefficient, enhancing of policies supporting gender mainstreaming in the workplace, and developing more robust employment equity plans and targets.

Pay-for-performance: We focus on pay-for-performance in the design of our variable pay structures, particularly at senior levels.

Training and developing our talent:
We invest in the development and skills of our employees to maximise learning potential with study assistance, performance management and career development opportunities based on our talent management strategy.

SR For additional information see the Occupational Health and Wellness and the Human Resources Management sections of the 2018 Sustainability Report available on the Company's website: **www.arm.co.za**.

At the bargaining unit level at our operations, A to C Bands are within multi-year wage agreements, except for the two smelters and Nkomati Mine, which are in the process of wage negotiations. At the operations, a general cost-to-company salary increase of 6% (F2018: 6% to 7%) was approved for management in the D and E Bands.

Short-term incentives

Our short-term incentive outcomes are linked and aligned to the Company's performance, which was the result of management's cost-containment and efficiency improvement initiatives:

- the overall F2018 profit before interest and taxes (PBIT) achieved was 188% of target;
- profit targets were met at all operations;
- ARM Ferrous performed well on cost targets, with below plan costs at most operations except for Machadodorp Works (FeCr);
- costs at ARM Platinum, ARM Copper and ARM Coal were higher than planned; and
- the safety modifier target was achieved at most operations, except ARM Platinum. The overall Group safety modifier was at 5%.

Long-term incentives

Outcomes are linked and aligned to the Company's performance. Long-term incentives settled in F2018 were based on ARM's ranking against the total shareholder return of its peers.

STAKEHOLDER ENGAGEMENT

At the 2017 Annual General Meeting of the Company, the non-binding advisory vote on ARM's Remuneration Policy and the Remuneration Implementation Report were supported by 79.91% and 82.14% of the Company's shareholders who voted, respectively.

Although we were above the 75% voting threshold for both the Remuneration Policy and Implementation Report, we take our shareholder feedback seriously and strive to maintain continuous engagement with our shareholders. Below is a table setting out the main areas of feedback on remuneration which we received during the reporting year, and our responses thereto.

SHAREHOLDER ENGAGEMENT AND VOTING

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
Long-term incentive scheme: Limited disclosure of peer group.	The peer group for each award is based on the 20 largest mining companies on or about the date of the award, which is viewed as best practice and a credible way of setting the peer group. The members of the peer group for settlements in F2017 and F2018 are disclosed in Part II of the Remuneration Report.
Long-term incentive scheme: Limited disclosure about the vesting scale and exact targets governing the vesting in the total shareholder return analysis.	For awards made prior to December 2018, vesting of awards was possible for performance below the median of the peer group, in terms of the graphs included on page 127. In line with emerging global practice, vesting below median is not permitted for awards in terms of the proposed conditional share plan. The proposed vesting scales are disclosed in Part II of the Remuneration Report.
Long-term incentive scheme: Limited disclosure of performance criteria.	New performance criteria, in line with global practice, are proposed in terms of the proposed conditional share plan, as set out in Part II of the Remuneration Report.
Long-term incentive schemes: Share usage limit higher than the preferred limit of 5% and large awards granted in F2016.	We have proposed a new conditional share plan with a new overall share usage limit of 5%, together with a new allocation policy. We anticipate that allocations under the proposed conditional share plan will last for around 5 years.
Short-term incentive (cash bonus): For F2018, the required outperformance to achieve the maximum annual bonus payable is achieved when the performance targets are exceeded by 40% (F2017: 100%).	The differential is a result of a higher indicative profit before interest and tax base compared to that of F2017. The 40% stretch for the F2018 short-term incentive is considered by the Committee, in the context of the prevailing business environment and levels of performance in F2017.
Composition of the Remuneration Committee: Some shareholders questioned the independence of certain Remuneration Committee members.	The Board has assessed that all Committee members have performed their duties in the best interests of the Company. Changes were made to the composition of the Committee in 2018.
Short-term incentives: Only high-level performance conditions were provided for the short-term incentive, without the provision of the specific targets.	The targets are based on the budget, which is considered commercially sensitive information, and is thus not disclosed. However, forward-looking targets have been disclosed on a relative basis in Part II of the Remuneration Report.

PROPOSED 2018 CONDITIONAL SHARE PLAN

ARM proposes that:

- shareholders approve the introduction of a new long-term incentive plan aligned with good practice to be used for the awards of all new long-term incentive awards from the date of the December 2018 Annual General Meeting onwards;
- the new conditional share plan will have the following salient features:
  - conditional rights to ARM shares *i.e.* conditional shares will be awarded to eligible participants (no voting or dividend rights until the conditional shares vest and become unrestricted);
  - performance and employment conditions will apply to all awards;
  - conditional share awards may be matched to cash bonuses used to purchase ARM shares;
  - a usage limit of 5% of the issued share capital of the Company is proposed, which is intended to last for five years of awards under the plan;
  - termination of employment (fault and no-fault terminations) provisions which are aligned to global good practice;
  - malus (pre-vesting forfeiture) and claw-back (post-vesting forfeiture) provisions which will apply to awards, upon the occurrence of certain 'trigger events'; and
  - dividend equivalent shares which will be determined upon the vesting of conditional shares.

COMMITMENT

ARM continuously monitors the effectiveness and implementation of the Remuneration Policy, strategy and practices. In the event that we receive a vote of 25% or more against the Remuneration Policy or the Implementation Report at the 2018 Annual General Meeting, the Board commits to:

- an engagement process in line with the JSE Listings Requirements to ascertain the reasons for the dissenting votes; and
- appropriately address legitimate and reasonable objections and concerns raised.

CHANGES IN REMUNERATION POLICY

Stakeholder engagement on remuneration matters and proactively maintaining regular, transparent and informative dialogue with our stakeholders is important. Therefore, the Committee considered developments in global best practice as well as feedback received from shareholders during the financial year.

Accordingly, upon the Committee's recommendation, changes to the Remuneration Policy have been approved by the Board. These include:

- a proposed conditional share plan, the details of which are outlined below in Part II of the Remuneration Report;
- following the review of a benchmarking study by the remuneration consultants, the Committee proposed the resolution of anomalies in Non-executive Directors' fees. As a result, it is proposed that Board retainer and attendance fees for Non-executive Directors be increased to the same level as Independent Non-executive Directors' fees and that Committee Chairmen fees be increased, the details of which are outlined in Part II of the Remuneration Report; and
- in respect of the F2019 bonus, the required outperformance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 50% (F2018: 40%). The differential is as a result of a higher indicative profit before interest and tax base compared to that of F2018.

The Remuneration Policy achieved its stated objectives in F2018 and will continue to lead to performance outcomes that generate real long-term value for our shareholders going forward.

A D Botha
Chairman of the Remuneration Committee

29 October 2018

ABOUT THE REMUNERATION REPORT

In order to align with emerging best remuneration disclosure practices and the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™), the Remuneration Report is presented in three parts, namely a Background statement from the Committee Chairman, an overview of the Remuneration Policy for senior executives and, at a high level, other employees, and an Implementation Report describing how payments were made in the year under review.

REMUNERATION GOVERNANCE FRAMEWORK

COMPOSITION OF THE REMUNERATION COMMITTEE^

A D Botha*	Dr M M M Bakane-Tuoane**	T A Boardman	A K Maditsi	J P Möller
Member since August 2009	Member since August 2004	Member since August 2011	Member since July 2011	Member since August 2017

^ Committee attendance may be found on page 108.
** Committee Chairman with effect from 9 May 2018.*
*** Committee Chairman until 9 May 2018.*

The Remuneration Committee consists entirely of Independent Non-executive Directors. After having served as the Committee Chairman for all but three years since the Committee's inception, Dr M M M Bakane-Tuoane relinquished chairmanship of the Committee in May 2018, but she remains a member of the Committee. Mr J P Möller was appointed to the Committee in 2017 to provide additional knowledge, skills and experience. Mr Abbott resigned from the Committee in October 2018. The Board is confident that the Committee's members have a strong blend of expertise and experience in the financial, business and human capital fields.

The Chairman of the Committee attends Annual General Meetings to answer any questions from shareholders regarding the Remuneration Policy and the implementation thereof.

Invitees

The Chief Executive Officer, the Finance Director, the Executive Director: Growth and Strategic Development and the Group Executive: Human Resources attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. Invitees do not vote at the meetings. No Director was involved in approving his or her own remuneration.

Advisors to the Remuneration Committee

In F2018, the Committee was advised by remuneration consultants, namely PricewaterhouseCoopers Incorporated (PwC), which provided, *inter alia,* advice on and assistance with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the long-term incentive schemes. The Committee is satisfied that PwC was independent and objective.

FUNCTIONS

In terms of the annual review, amendments to the Committee's Terms of Reference were approved by the Board in August 2018.

CGR The functions of the Remuneration Committee and Terms of Reference may be found in the full Remuneration Report in the Corporate Governance Report at **www.arm.co.za**.

PART II – OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

Principles of executive remuneration

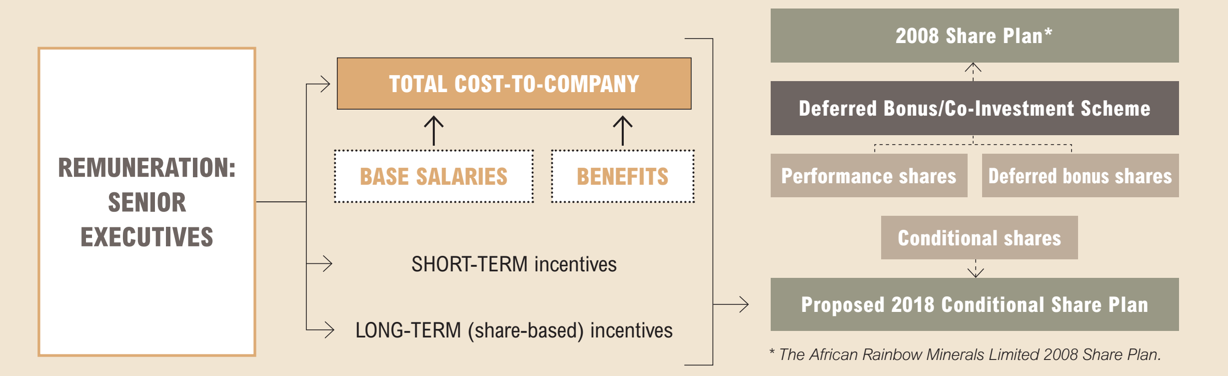
ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company's strategy of delivering consistent and sustainable shareholder value. In addition, ARM to promotes positive outcomes, an ethical culture and corporate citizenship through decisions relating to pay.

The Remuneration Policy conforms to international best practice and is based on the following principles:

- **Total cost-to-company**, which is base salary plus benefits
- **Incentive-based rewards** in the form of competitive incentives compared to those offered by other employers in the mining and mineral resources sector, earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term:
  - **short-term incentives**, *i.e.* cash bonuses, together with performance measures and targets, which are structured to reward effective operational performance; and
  - **long-term (share-based) incentives** that are used to align the long-term interests of management with those of shareholders and that are responsibly implemented so as not to expose shareholders to unreasonable or unexpected financial impact.

SUMMARISED REMUNERATION REPORT continued

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION DESIGN



** The African Rainbow Minerals Limited 2008 Share Plan.*

TOTAL COST-TO-COMPANY

BASE SALARY

POLICY

- Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope.
- Generally reflects market median levels based on the role and individual skills and experience.

IMPLEMENTATION

- Paid monthly in cash.
- Reviewed annually, with changes taking effect on 1 July, where applicable.
- Increases are determined by, *inter alia*, market conditions, Company performance, individual performance and changes in responsibilities.
- Salary increases of 6% approved for F2019 with effect from 1 July 2018 (F2018: 5%).
- Forms part of, and is the key component of, a total cost-to-company (CTC) package, which also includes benefits. The Company participates in industry-wide surveys from time to time. Participation in short-term and long-term incentive schemes is determined on the basis of and in addition to the CTC package.

PENSION FUND

POLICY

- Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members of such fund, if they so elect.

IMPLEMENTATION

- Contributions are made by senior executives from the base salary. Total contribution to the fund, including risk benefits such as life and disability cover, is 22.5% of pensionable salary.
- The ARM Pension Fund is:
  - managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members;
  - administered by Alexander Forbes; and
  - a defined contribution fund.

MEDICAL SCHEME

POLICY

- It is compulsory to belong to a medical scheme.

IMPLEMENTATION

- Executives may participate in any managed medical aid plan of their choice.
- Contributions are made by senior executives from their base salary.

OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT

- All other conditions of employment are comparable to those of companies in the mining and mineral resources sector. No special or extraordinary conditions are applicable to senior executives.

SHORT-TERM INCENTIVES

POLICY

Short-term incentives (*i.e.* cash bonuses) are determined in terms of an outperformance bonus scheme, which rewards senior executives for sustained outperformance of cost and profitability targets set annually for the Company's business and safety performance in terms of the Company's strategy, as set out on page 6. In terms of bonuses in respect of F2019 or later financial years, senior executives are provided the opportunity to defer all or part of their bonus on purchasing ARM shares in the market and to be allocated the equivalent value of conditional shares in terms of the proposed 2018 Conditional Share Plan (see the 2018 Bonus Co-investment Scheme on the following page).

INSTRUMENT

Cash in terms of the Outperformance Bonus Scheme.

BONUS PERCENTAGES

In respect of the F2019 bonuses, the short-term incentive on-target cash bonus percentages and the required outperformance to achieve the maximum cash bonus as a percentage of the total is reflected in the table below:

Position	Paterson grade	F2019 % on-target bonus of CTC	F2019 maximum bonus as % of CTC*
Executive Chairman	FU	**62%**	**186%**
Chief Executive Officer	FU	**50%**	**150%**
Finance Director and Senior Executives	FL	**45%**	**135%**
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	FL	**45%**	**135%**

* *The maximum bonus may only be achieved when the annual profit before interest and taxes is 50% more than the performance target in F2019.*

PERFORMANCE MEASUREMENT*

For the Executive Chairman, the Chief Executive Officer, the Finance Director and other senior executives (excluding those from ARM Ferrous, ARM Platinum, and ARM Coal) financial performance indicators are calculated as follows:

- 50% – Profit from Operations; and
- 50% – Unit Cost of Sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated as follows, in respect of each division:

- 25% – ARM overall Profit from Operations against Target;
- 25% – ARM overall Unit Cost of Sales against Target (a weighted scorecard);
- 25% – Divisional Profit from Operations against Target; and
- 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard).

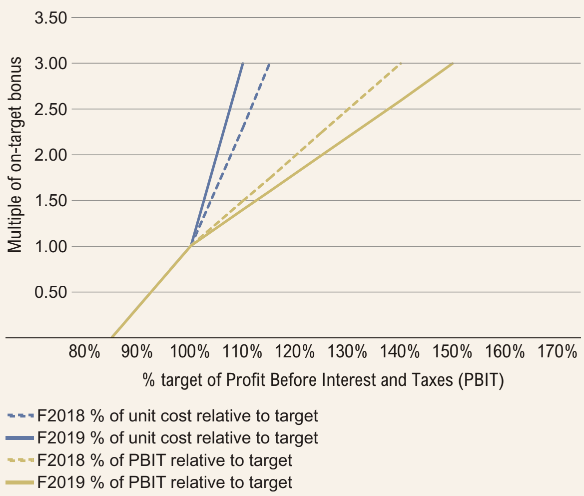
The following divisional unit cost of sales will be measured:

- Manganese
- Iron Ore (Beeshoek and Khumani separately)
- Ferromanganese (Machadodorp)
- Ferromanganese (Cato Ridge)
- Nickel
- Platinum (Modikwa)
- Platinum (Two Rivers)
- Coal – GGV
- Coal – PCB

The combined percentage (achieved by each senior executive) is applied to the senior executive's CTC to determine the potential cash bonus.

* *ARM Copper is discontinued.*

PERFORMANCE MEASUREMENT



SUMMARISED REMUNERATION REPORT continued

SHORT-TERM INCENTIVES (CONTINUED)

SAFETY MODIFIER

A safety modifier is applied after a cash bonus has been calculated for each senior executive. This is based on the Lost Time Injury Frequency rate for each division or operation, as the case may be.

If the safety target is met, the participants will receive an additional 5% of their cash bonus.

There is a sliding scale for outperformance or under-performance:

- If participants outperform their targets by 10% or more, the participants would receive an additional 10% of their cash bonus.
- If safety targets are not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.

PERFORMANCE TARGETS

The targets for each metric are in accordance with the Board-approved one-year business plan, and the measures are reviewed annually to ensure that they are appropriate, given the economic climate and the performance expectations for the Company. The targets are related to the budget and considered to be commercially sensitive information and for this reason are not disclosed.

	F2019 PBIT targets*
ARM Group	89%
ARM Ferrous	85%
ARM Platinum	89%
ARM Coal	125%

* *Relative to F2018 targets.*

LONG-TERM INCENTIVES

The Company proposes that shareholders approve the introduction of a new long-term incentive plan aligned with global practice to be used for the awarding of all new long-term incentive awards from the 7 December 2018 Annual General Meeting onwards.

PROPOSED 2018 CONDITIONAL SHARE PLAN (F2019)

COMPANY AND INDIVIDUAL LIMITS

The proposed overall Company limit and the individual limit for the new conditional share plan are 10 985 514 shares and 2 197 103 shares, respectively.

PROPOSED CONDITIONAL SHARE PLAN (F2019) (CONTINUED)

POLICY

This plan will be implemented to closely align the interests of shareholders and senior executives by recognising their contributions to the Group, providing them with the opportunity to share in the success of the Group, and reward superior performance. This plan will be used as a tool to incentivise performance and create shareholder value.

ELIGIBILITY

It is proposed that employees in the corporate office at the Paterson Grade D to F Bands will be eligible to participate in the 2018 Conditional Share Plan.

INSTRUMENT

Conditional shares (subject to performance and employment conditions) for annual or interim awards of long-term incentives, and for matching up to 100% of bonuses invested in ARM shares purchased on the market.

SETTLEMENT

Conditional share awards may be made on an annual or interim basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. The conditional shares will vest after three years subject to pre-determined performance criteria being met. They will be settled in equity or cash.

ALLOCATION LEVELS

Executive Chairman – 2.0 x total cost-to-company (CTC)

Chief Executive Officer – 1.67 x total CTC

Finance Director and other Executive Directors – 1.33 x total CTC

Senior Executives – 1.0 x total CTC

2018 BONUS CO-INVESTMENT PLAN

In terms of bonuses accruing in respect of F2019 and subsequent financial years, awards of Conditional Shares will be made to match any portion of a participant's bonus which is voluntarily deferred or used to purchase shares in the market in accordance with Company policy.

DIVIDEND EQUIVALENT SHARES

Dividend Equivalent Shares, in respect of conditional shares, are awarded at the discretion of the board. They are the number of ARM shares equal in value to the dividends that a participant would have earned if he or she was the owner of the vested number of ARM shares from the award date to the vesting date of the Conditional Shares with reference to the dividend record dates occurring in that period.

PROPOSED CONDITIONAL SHARE PLAN (F2019) (CONTINUED)

PERFORMANCE CONDITIONS AND VESTING

Performance Conditions	Weight	Threshold	Target	Stretch
Relative Total Shareholder Return (TSR) against a comparator group of 20 mining companies (excluding gold and diamond mining companies).	25%	The Threshold and Target is set at the Median of the Comparator Group (100% vesting)		The Upper Quartile of the Comparator Group (200% vesting)
Average Free Cash Flow Return on Equity USD Operating Free Cash Flow/USD Equity over the three-year Performance Period, where: Operating Free Cash Flow (for the year) is defined as follows: Net increase/decrease in cash and cash equivalents **Plus** dividends paid to shareholders and non-controlling interest **Plus** expansion capital expenditure **Plus** repayments of debt	25%	The USD Cost of Equity of the Company (50% vesting)	The USD Cost of Equity of the Company +3% (100% vesting)	The USD Cost of Equity of the Company +6% (200% vesting)
Consistent and sustainable cost performance as measured against the Mining Producer Price Index ("PPI"). The compound annual growth rate of the Unit Costs of the Company over the three year Performance Period compared to Mining PPI.	25%	Increase equal to Mining PPI (50% vesting)	90% of the increase equal to Mining PPI (100% vesting)	80% of the increase equal to Mining PPI (200% vesting)
Sustainable business				
Improved safety performance as measured by the lost time injury frequency rate ("LTIFR")	10%	Improvement of 3% over the period (50% vesting)	Improvement of 4% over the period (100% vesting)	Improvement of 5% over the period (200% vesting)
Improvement in the BBBEE Score	10%	Maintain current level (50% vesting)	Improvement of 2% (100% vesting)	Improvement of 5% (200% vesting)
Environmental compliance	5%	No Material Incidents (100%)	No Material Incidents (100%)	No Material Incidents (100%)

VESTING

There will be 0% vesting for the applicable performance measure in the case that performance for that measure is below Threshold. Linear interpolation will be applied for the performance between Threshold and Target, and Target Stretch. Vesting is capped at 200% for performance at and above Stretch.

TERMINATION OF EMPLOYMENT

If a senior executive leaves due to a fault termination (*e.g.* resignation or dismissal), all unvested awards will be forfeited.
If a senior executive leaves due to a no-fault termination (*e.g.* retrenchment or death) the number of conditional shares which will vest will be pro-rated against performance and time served.

Retirement will not accelerate the vesting of the conditional shares. The number of conditional shares that will vest is conditional upon the extent the performance conditions have been met on the date of termination of employment pro-rated to the number of months served over the total number of months in the employment period.

MALUS AND CLAWBACK

Malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions will be applied to awards, upon the occurrence of certain 'trigger events', including action or conduct of a senior executive which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

SUMMARISED REMUNERATION REPORT continued

LONG-TERM INCENTIVES (CONTINUED)

DEFERRED BONUS/CO-INVESTMENT SCHEME

POLICY

This scheme will be replaced by the 2018 Bonus Co-investment Plan in terms of the 2018 Conditional Share Plan (see page 120), however, a final award of bonus shares and matching performance shares in terms of this scheme will be made by December 2018 as the 2018 Conditional Share Plan will not yet have been approved.

INSTRUMENT

Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the 2008 Share Plan.

OPERATION

Senior executives can invest in bonus shares which are matched by the Company with the equivalent number of performance shares under the terms and conditions of the 2008 Share Plan.

LONG-TERM INCENTIVES (CONTINUED)

AWARD POLICY

Senior executives were offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares.

To encourage senior executives to take up the deferral(s), the deferred bonus shares were matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, accrued to senior executives and was paid out in cash

F2018: Senior executives could defer 25%, 33%, 50%, 75% or 100%.

PERFORMANCE CRITERIA

Retirement does not accelerate the vesting period.

VESTING PERIOD

The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.

CGR See the Remuneration Report in the 2018 Corporate Governance Report available at **www.arm.co.za** for information about the Performance Shares and Bonus Shares in terms of the 2008 Share Plan, the Deferred Bonus/Co-investment Scheme, the Waived Bonus Method (F2015 and F2016) and Share Options in terms of The African Rainbow Minerals Share Incentive Scheme.

TOTAL REMUNERATION DESIGN: F2019

The Remuneration Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between those aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. The Committee considers each element of the total remuneration package relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

The scenario graphs alongside represent the on-target total remuneration packages of the senior executives, wherein the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the Committee to ensure it supports the Company's Remuneration Policy and strategic objectives.

Shareholding targets for senior executives

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, senior executives are expected to accumulate a holding of shares in the Company. Senior executives are required to build a minimum shareholding in ARM shares from October 2018, or three years after becoming a senior executive, equivalent to one times his or her pensionable salary determined at the date of allocation. This will be followed immediately by another period of three years to build a further shareholding of 100% pensionable salary. Senior executives will be required to maintain the number of shares during employment.

Employment agreements

Employment agreements have been entered into between the Company and Executive Directors and Prescribed Officers, namely Messrs P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), H L Mkatshana (Chief Executive: ARM Platinum, who is also responsible for ARM Copper and ARM Coal) and A J Wilkens (Executive Director: Growth and Strategic Development) and Ms A M Mukhuba (Finance Director).

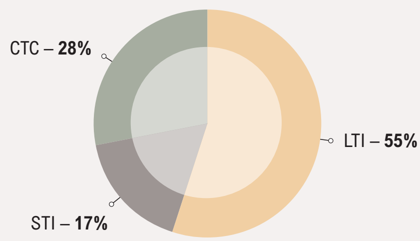
The Company had employment agreements with the F2018 Prescribed Officers, namely Messrs A Joubert and F A Uys. Mr Joubert remains the Chief Executive: ARM Ferrous. Mr Uys took early retirement from the Company on 8 January 2018.

None of these employment contracts is a fixed-term contract. Executive Directors and Prescribed Officers only receive remuneration in terms of their employment relationship with the Company and do not earn Directors' fees.

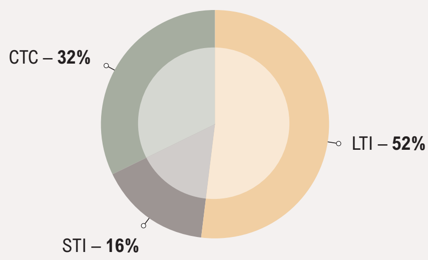
Executive Directors and Prescribed Officers are subject to the performance criteria that apply to all participants in the 2008 Share Plan and the Scheme. There are no other service agreements between the Company and its Executive Directors and Prescribed Officers.

TOTAL REMUNERATION DESIGN: F2019

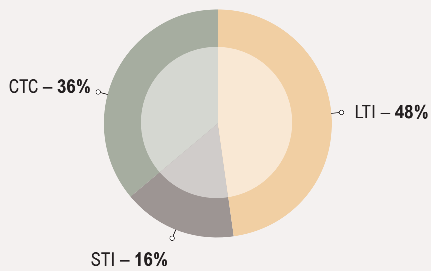
EXECUTIVE CHAIRMAN



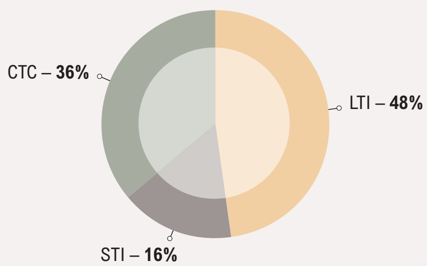
CHIEF EXECUTIVE OFFICER



FINANCE DIRECTOR[1]



EXECUTIVE DIRECTORS AND OTHER PRESCRIBED OFFICERS[2]



1 *Following a benchmarking study by the remuneration consultants, includes 12% increase in the cost-to-company for Ms A M Mukhuba with effect from 1 July 2018, in addition to the annual increase.*

2 *Following a benchmarking study by the remuneration consultants, includes 4% increases in the cost-to-company for Messrs H L Mkatshana and A Joubert with effect from 1 July 2018, in addition to the annual increase.*

SUMMARISED REMUNERATION REPORT continued

Termination policy

Senior executives have a one month's notice period in their employment contracts. The short-term and long-term incentive rules set out the termination policy depending upon the reasons for termination. There is no automatic entitlement to short-term or long-term incentives in the event of resignation or termination which results from a disciplinary procedure or terminations due to other reasons. Executive agreements do not include restraint provisions applicable upon termination.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' fees

On the advice of the Remuneration Committee, which engages remuneration consultants to assist with the benchmarking of Non-executive Directors' fees against those paid by comparable companies, the Board considers and makes recommendations to shareholders regarding Non-executive Directors' fees payable.

Following the 2018 benchmarking study, the Remuneration Committee agreed to recommend to shareholders that the Non-executive Directors' annual retainer fees be increased to the same level as Independent Non-executive Directors' fees and that the separate categories be discontinued. Noting that the Audit and Risk Committee fees were in the upper quartile no increase was proposed for F2019. In terms of fees for the other committees, an increase of 26% was proposed to Committee Chairmen fees, with committee members fees remaining unchanged.

Board retainers and Board and Committee meeting attendance fees are paid quarterly and in arrears. The remuneration for Independent Non-executive Directors does not include remuneration from the short-term or long-term (share-based) incentive schemes.

Annual Board retainer fees and per Board meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends to shareholders of the Company the annual retainer fees and per Board meeting attendance fees for Non-executive Directors will be pro-rated for periods of less than a full year.

	Proposed fees with effect from 1 July 2018 (excluding VAT) (Rand)*		Fees effective 1 July 2017 (Rand) (excluding VAT) (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	**533 700**	**20 400**	533 700	20 400
Independent Non-executive Director	**425 800**	**20 400**	425 800	20 400
Non-executive Director	**425 800**	**20 400**	340 750	20 400

* *Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting.*

Board attendance fees are paid for *ad hoc* Board meetings, site visits, and other *ad hoc* meetings in respect of Board matters as well as for attendance, at the direction of Board, at Board Committee meetings (as a non-member of the Committee). The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meeting. Office costs, including telecommunication costs, are however deemed to be included in the Board retainers.

Committee attendance fees

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders the Committee meeting attendance fees payable to Non-executive Directors, as set out in the table below, which fees exclude value-added tax, where applicable.

	Per meeting attendance fees proposed with effect from 1 July 2018 (excluding VAT) (Rand)*	Per meeting attendance fees effective 1 July 2017 (excluding VAT) (Rand)*
Audit and Risk Committee		
Chairman	**106 400**	106 400
Member	**42 600**	42 600
Investment Committee, Nomination Committee, Social and Ethics Committee and Remuneration Committee		
Chairman	**52 750**	41 800
Member	**27 850**	27 850

* *Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting.*

Service agreements: Non-executive Directors

In addition to Directors' fees, Non-executive Directors may receive consultancy fees in terms of agreements, concluded at market rates, for defined and pre-approved services.

In F2018, the Company had:

- a renewable two-year consultancy agreement with Mr M Arnold with effect from 11 December 2017 when he became a Non-executive Director;
- a consultancy agreement with Mr J A Chissano, which was renewed for one year with effect from 1 May 2018 on the same terms and conditions as the 2017 renewal;
- a consultancy agreement with Mr W M Gule, which was renewed for one year with effect from 1 July 2017;
- a consultancy agreement with Mr J C Steenkamp, which terminated on 31 December 2017, and has not been renewed.

The agreements with Messrs Chissano and Gule may be renewed annually, subject to one calendar month's termination notice period by either party. Subsequent to the reporting period, the agreement with Mr Gule was renewed for one year with effect from 1 July 2018.

There are no other service agreements between the Company and its Non-executive Directors.

No provisions to pay a fixed sum of money on the termination of any service agreements have been agreed between the Company and any of its Non-executive Directors.

IAR Details regarding amounts paid in F2018 in terms of consultancy agreements with Non-executive Directors are provided in Part III of the Remuneration Report on page 130.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the Remuneration Policy set out in Part II of this report.

IAR See the Notice of Annual General Meeting on page 136 of the Integrated Annual Report.

SUMMARISED REMUNERATION REPORT continued

PART III – IMPLEMENTATION REPORT: F2018

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors and Prescribed Officers consists of base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees.

Salary adjustments

The Board approved a cost-to-company increase of 5% for senior executives and other employees at the corporate office, for F2018, in line with the May 2017 Consumer Price Index (CPI) of 5%.

F2018 short-term incentive performance outcomes

As discussed in greater detail in Part II of the Remuneration Report on page 117, prior to the Board approving accrued bonuses for senior executives for F2018, upon the recommendation of the Remuneration Committee, the Executive Chairman deferred 100% of his F2018 bonus.

The table below sets out how senior executives performed against targets set for the performance measures and the relative weighting of each measure.

Performance against bonus targets for F2018 was as follows:

PROFITABILITY TARGETS*

ABOVE TARGET
Achieved at ARM Ferrous, ARM Platinum, ARM Coal and ARM Copper

COST TARGETS

BETTER THAN PLAN
Achieved at all ARM Ferrous operations except for Machadodorp Works (FeCr)

WORSE THAN PLAN
ARM Platinum, ARM Coal and ARM Copper

SAFETY MODIFIER

SAFETY MODIFIER ACHIEVED
- ARM Ferrous, ARM Coal and ARM Copper – 10%
- ARM Group – 5%

SAFETY MODIFIER NOT ACHIEVED
- ARM Platinum

* *On a profit before interest and taxes basis.*

Executive Chairman, Chief Executive Officer and Finance Director*	Weighting	Below Threshold	Threshold	On Target	Stretch/ Above Target	Maximum
Profit from operations (50%)	50%				•	
Unit cost of sales (50%)	50%			•		
Safety (modifier)				•		

* *Finance Director with effect from 11 December 2017.*

Short-term incentive (*i.e.*, cash bonuses), in terms of the formulae, were as follows:

Executive Directors and Prescribed Officers	F2018 short-term incentive (bonus) (R000)	Short-term incentive as a % of total annual package before incentives*
Executive Directors		
Dr P T Motsepe[1]	9 609	94%
M P Schmidt	8 092	105%
M Arnold[2]	2 392	95%
A M Mukhuba[3]	3 776	104%
H L Mkatshana	3 758	94%
A J Wilkens	7 016	92%
Prescribed Officers		
A Joubert	4 938	108%
F A Uys[4]	1 960	94%

* *Per single figure remuneration table on page 128.*
1 *100% of the bonus was deferred. In F2019, the equivalent value of bonus shares and matching performance shares will be allocated by the Company.*
2 *Mr M Arnold retired as Financial Director with effect from 10 December 2017 and became a Non-executive Director of the Company.*
3 *Ms A M Mukhuba became the Finance Director of the Company with effect from 11 December 2017.*
4 *Mr F A Uys took early retirement with effect from 8 January 2018.*

	F2018 PBIT targets*
ARM Group	105%
ARM Ferrous	176%
ARM Platinum	(42%)
ARM Coal	310%
ARM Copper	77%

* *Relative to F2017 targets.*

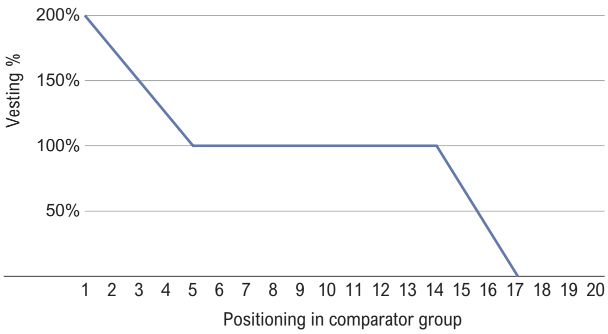
F2018 long-term incentive performance outcomes

Performance shares

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period. The 20-day volume weighted average price is used to determine the price.

The 29 October 2013 performance shares awarded in terms of the four-year annual allocation to senior executives in the F-Band vested on 30 October 2017. The interim performance measurement for the award resulted in 0% vested in year 2 (due to a two-year lock-in) and, based on ARM's TSR ranking of 12th against the 17 listed comparator companies, 100% of the awarded number of performance shares vested in years 3 and 4 were settled. Overall, 50% of the total number of awarded performance shares vested.

VESTING SCHEDULE



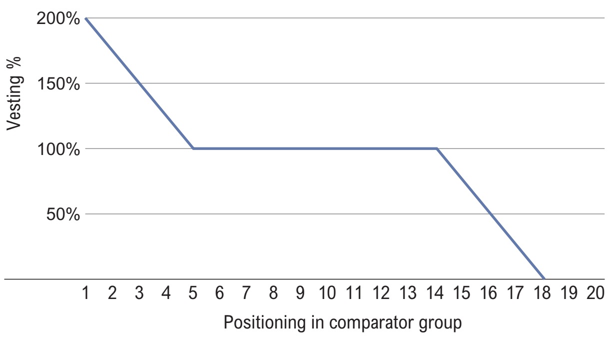
The comparator group of companies for the October 2013 performance share awards was as follows:

African Rainbow Minerals Ltd	Impala Platinum Ltd
Anglo American Platinum Ltd	Kumba Iron Ore Ltd
Anglo American Plc	Lonmin Plc
Aquarius Platinum Ltd[1]	Merafe Resources Ltd
Arcelormittal Ltd	Northam Platinum Ltd
Assore Ltd	Palaborwa Mining Company Ltd[1]
BHP Billiton Plc	Pan African Resources Plc
Coal of Africa Ltd	Petmin Ltd[1]
Exxaro Resources Ltd	Resources Generation Ltd
Glencore Plc	Royal Bafokeng Platinum Ltd
Hulamin Ltd	Wesizwe Platinum Ltd

1 *These companies delisted during the vesting period and have therefore been excluded from the comparator group.*

The 17 November 2014 awards (in terms of the three-year annual allocation) and the 20 November 2014 awards (in terms of the Deferred Bonus/Co-Investment Scheme) vested on 20 November 2017 and 22 November 2017, respectively. Based on ARM's TSR ranking of 12th against the 18 listed comparator companies as set out in the graph below, 100% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE



The comparator group of companies for the November 2014 performance share awards was as follows:

African Rainbow Minerals Ltd	Hulamin Ltd
Anglo American Platinum Ltd	Impala Platinum Ltd
Anglo American Plc	Kumba Iron Ore Ltd
Aquarius Platinum Ltd[1]	Lonmin Plc
Arcelormittal Ltd	Merafe Resources Ltd
Assore Ltd	Northam Platinum Ltd
BHP Billiton Plc	Petmin Ltd[1]
Eastern Platinum Ltd	Royal Bafokeng Platinum Ltd
Exxaro Resources Ltd	Resources Generation Ltd
Glencore Plc	Tharisa Plc

1 *These companies delisted during the vesting period and have therefore been excluded from the comparator group.*

IAR See the single figure remuneration table on page 128 for the actual value of the performance shares settled in F2017 and F2018.

Bonus shares

In terms of the 2008 Share Plan, eligible participants received grants of full value ARM shares that matched, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The Board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus shares in terms of the 2008 Share Plan will be granted until December 2018 and waived bonus shares in terms of the 2008 Share Plan were granted in F2015 and F2016.

AFS CGR See the Directors' Report in the Annual Financial Statements for the number of bonus shares settled in F2017 and F2018. For the value of unvested awards see the Corporate Governance Report **www.arm.co.za**.

Share option scheme

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the 2008 Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013.

AFS CGR See the Directors' Report in the Annual Financial Statements for the number of bonus shares settled in F2017 and F2018. For the value of unvested awards see the Corporate Governance Report **www.arm.co.za**.

Termination of office payments

In F2018, no payments were made to executive management as a result of termination of employment.

SUMMARISED REMUNERATION REPORT continued

SINGLE FIGURE REMUNERATION

	2018									
						Short-term incentives			Long term incentives[4]	
All figures in R'000	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Other benefits and allowances[1]	**Total annual package before Incentives**	Cash bonus[2]	Bonus deferred[3]	**Total annual package after short-term incentives, before long-term incentives**	Performance Shares	**Total single figure remuneration**
Executive Directors										
Dr P T Motsepe	10 237	–	–	2	**10 239**	–	9 609	**19 848**	11 578	**31 426**
M P Schmidt	7 086	478	–	153	**7 717**	8 092	–	**15 809**	7 706	**23 515**
M Arnold[5]	2 266	185	31	30	**2 512**	2 392	–	**4 904**	4 036	**8 940**
H L Mkatshana	3 594	296	–	93	**3 983**	3 758	–	**7 741**	2 325	**10 066**
A M Mukhuba[6]	3 276	353	–	18	**3 647**	3 776	–	**7 423**	–	**7 423**
A J Wilkens	7 448	–	64	73	**7 585**	7 016	–	**14 601**	6 083	**20 684**
Total for Executive Directors	33 907	1 312	95	369	**35 683**	25 034	9 609	**70 326**	31 728	**102 054**
Prescribed Officers[7]										
A Joubert	3 933	440	–	192	**4 565**	4 938	–	**9 503**	4 073	**13 576**
J C Steenkamp[8]	–	–	–	–	**–**	–	–		4 016	**4 016**
F A Uys[9]	1 858	185	–	41	**2 084**	1 960	–	**4 044**	2 441	**6 485**
Total for Prescribed Officers	5 791	625	–	233	**6 649**	6 898	–	**13 547**	10 530	**24 077**
Total for Executive Directors and Prescribed Officers	39 698	1 937	95	602	**42 332**	31 932	9 609	**83 873**	42 258	**126 131**

1 *Includes travel, UIF and risk benefits.*
2 *See page 119 for additional information about accrued cash bonuses.*
3 *Cash value equivalent of the short-term incentive bonus. In F2019, 100% will be awarded as deferred bonus shares and matching performance shares in terms of the Deferred Bonus/Co-investment Scheme.*
4 *Includes the pre-tax settlement value of (i) matching performance shares in terms of the Deferred Bonus/Co-investment Scheme, (ii) annual allocation of performance shares. (4-year vesting) and (iii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2018 as performance was measured at the vesting date which falls within F2018. For additional information about performance shares, see pages 126 and 127 of this report and the schedule of unvested awards in the Remuneration Report in the 2018 Corporate Governance Report available on the Company's website:* ***www.arm.co.za****.*
5 *Mr M Arnold retired as the Financial Director with effect from 10 December 2017. He became a Non-executive Director with effect 11 December 2017.*
6 *Ms A M Mukhuba was the Chief Financial Officer of ARM until 10 December 2017. She was appointed as the Finance Director with effect from 11 December 2017.*
7 *Prescribed Officers of the Company were determined in terms of section 66 (10) of the Companies Act 71 of 2008, as amended, and as further described in section 38 of the Regulations thereto. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).*
8 *Mr J C Steenkamp retired as the Chief Executive: Exploration and Strategic Services with effect from 30 June 2017. He became a Non-executive Director with effect from 10 October 2017.*
9 *Mr F A Uys retired from the Company with effect from 8 January 2018.*

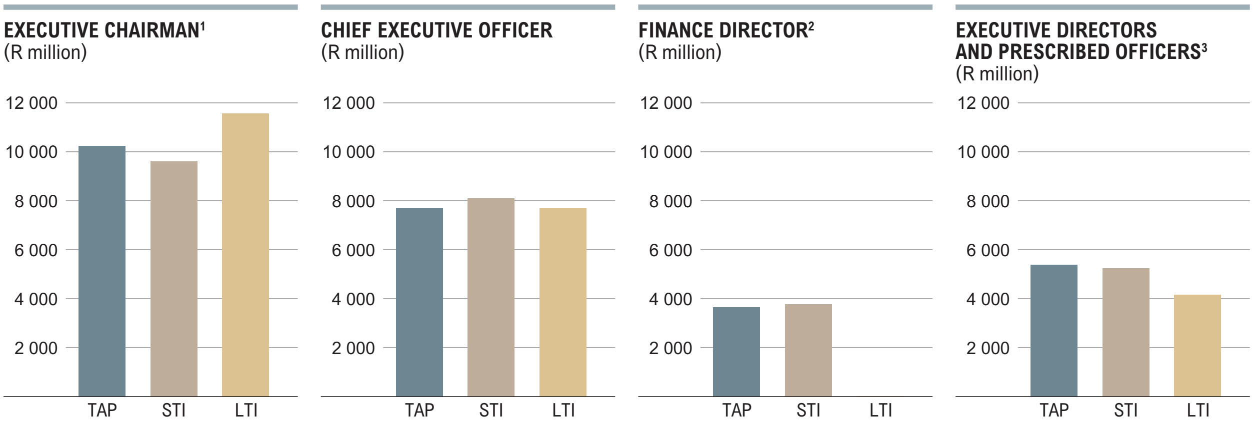
	2017									
						Short-term incentives			Long term incentives[4]	
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Other benefits and allowances[1]	**Total Annual Package before Incentives**	Cash bonus[2]	Bonus deferred[3]	**Total annual package after short-term incentives, before long-term incentives**	Performance Shares	**Total single figure remunera-tion**
	9 181	–	–	2	**9 183**	–	9 535	**18 718**	4 503	**23 221**
	6 741	456	–	153	**7 350**	6 022	2 007	**15 379**	3 633	**19 012**
	4 917	405	60	60	**5 442**	5 350	–	**10 792**	1 108	**11 900**
	3 409	310	–	75	**3 794**	2 401	800	**6 995**	1 040	**8 035**
	–	–	–	–	**–**	–	–	**–**	–	**–**
	7 101	–	60	70	**7 231**	6 962	–	**14 193**	2 892	**17 085**
	31 349	1 171	120	360	**33 000**	20 735	12 342	**66 077**	13 176	**79 253**
	3 786	420	–	173	**4 379**	4 478	–	**8 857**	1 765	**10 622**
	5 766	575	–	739	**7 080**	6 962	–	**14 042**	1 515	**15 557**
	3 387	339	–	68	**3 794**	2 560	–	**6 354**	1 467	**7 821**
	12 939	1 334	–	980	**15 253**	14 000	–	**29 253**	4 747	**34 000**
	44 288	2 505	120	1 340	**48 253**	34 735	12 342	**95 330**	17 923	**113 253**

SUMMARISED REMUNERATION REPORT continued

REMUNERATION OUTCOMES

The remuneration outcomes in 2018 for the Executive Chairman, the Chief Executive Officer, the Finance Director and Other Executive Directors plus Prescribed Officers are shown in the graphs below. The emoluments are detailed in the single figure remuneration table on page 128.

TOTAL REMUNERATION OUTCOMES: F2018



TAP: Total annual package before incentives
STI: Short-term incentives
LTI: Long-term incentives

1 Dr P T Motsepe elected to defer 100% of any bonus for F2018. In F2019, the equivalent value of deferred bonus shares and performance shares will be allocated by the Company.
2 Ms A M Mukhuba became Finance Director with effect from 11 December 2017. Excludes the remuneration of Mr M Arnold, the former Financial Director who became a Non-executive Director of ARM with effect from 11 December 2017.
3 Excludes remuneration of Mr F A Uys who retired with effect from 8 January 2018.

DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS (AUDITED)

The remuneration of Non-executive Directors consists of Directors' fees. Board retainers, board attendance fees and committee attendance fees are paid quarterly and in arrears. The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2018 and 30 June 2017.

	F2018					F2017				
All figures in R000	Board fees	Committee fees	Consultancy fees excl VAT[1]	VAT	**Total including VAT**	Board fees	Committee fees	Consultancy fees excl VAT[1]	VAT	Total including VAT
Non-executive Directors[2]										
Dr M M M Bakane-Tuoane	662	715	–	196	**1 573**	516	691	–	10	1 217
F Abbott	618	347	–	138	**1 103**	516	372	–	10	898
M Arnold[3]	292	–	196	–	**488**	–	–	–	–	–
T A Boardman	663	782	–	205	**1 650**	476	790	–	6	1 272
A D Botha	623	385	–	144	**1 152**	516	372	–	10	898
J A Chissano	602	164	634	110	**1 510**	493	53	604	10	1 160
W M Gule	609	–	723	–	**1 332**	477	–	170	–	647
A K Maditsi	775	827	–	229	**1 831**	617	793	–	16	1 426
J P Möller[4]	583	229	–	116	**928**	236	–	–	6	242
D C Noko[5]	431	–	–	–	**431**	–	–	–	–	–
Dr R V Simelane	649	617	–	180	**1 446**	516	625	–	10	1 151
J C Steenkamp[6]	370	56	413	–	**839**	–	–	–	–	–
Z B Swanepoel[7]	600	125	–	104	**829**	516	75	–	11	602
Total for Non-executive Directors	7 477	4 247	1 966	1 422	**15 112**	4 879	3 771	774	89	9 513

1 Additional information may be found under the heading "Service Agreements: Non-executive Directors" on page 125 of the Summarised Remuneration Report.
2 Payments for the reimbursement of out-of-pocket expenses have been excluded.
3 Mr M Arnold, the former Financial Director, became a Non-executive Director of ARM with effect from 11 December 2017.
4 Mr J P Möller was appointed to the Audit and Risk Committee by the shareholders of ARM with effect from 1 December 2017.
5 Mr D C Noko became an Independent Non-executive Director of ARM with effect from 10 October 2017.
6 Mr J C Steenkamp became a Non-executive Director of ARM with effect from 10 October 2017 and was appointed to the Investment Committee and the Social and Ethics Committee with effect from 6 April 2018.
7 Mr Z B Swanepoel was appointed to the Social and Ethics Committee with effect from 29 August 2017.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the Remuneration Implementation Report set out in Part III of this report. See the Notice of Annual General Meeting on pages 136 of the Integrated Annual Report.