

OUR BUSINESS MODEL

AND HOW WE CREATE VALUE

INPUTS

FINANCIAL CAPITAL

Financial capital refers to our assets (including cash balances), cash flow from operations and funding from shareholders and other providers of capital. Allocation of these financial resources to the other capitals allows ARM to create sustainable value for our shareholders and other stakeholders.

See the Financial Director's Report on pages 22 to 31 for further information on Financial capital.



HUMAN CAPITAL

Our people are crucial to achieving our strategic objectives and creating value for all stakeholders. We aim to maintain a safe, healthy and non-discriminatory work environment for all our employees and ensure that our operations are adequately resourced with skilled, engaged and motivated employees.

See pages 41 to 54 for further information on Human capital.



SOCIAL AND RELATIONSHIP CAPITAL

Relationships with all our stakeholders are key to the sustainability of our business. In particular, the relationships we have with our employees, host communities, regional and national governments, and regulators allow us our social licence to operate. We continue to engage and partner with these and other stakeholders consistent with our strategy.

See pages 55 to 59 for further information on our Social and relationship capital.



NATURAL CAPITAL

The mineral resources and reserves in our portfolio represent the largest part of our natural capital. Natural resources including water, electricity and fuel are then required to extract and process the minerals that we mine.

See pages 60 to 65 for further information on our Natural capital.



INTELLECTUAL CAPITAL

Access to and investment in innovation and technology allow ARM to continuously improve our production processes. Mining is a technology intensive industry. The knowledge, experience and expertise that we have among our subject matter experts is key in differentiating ARM. Our intellectual capital also includes information technology systems, risk management processes, research and development, the Strategic Services and Exploration division, as well as our brand and reputation.

See pages 66 to 67 for further information on our Intellectual capital.



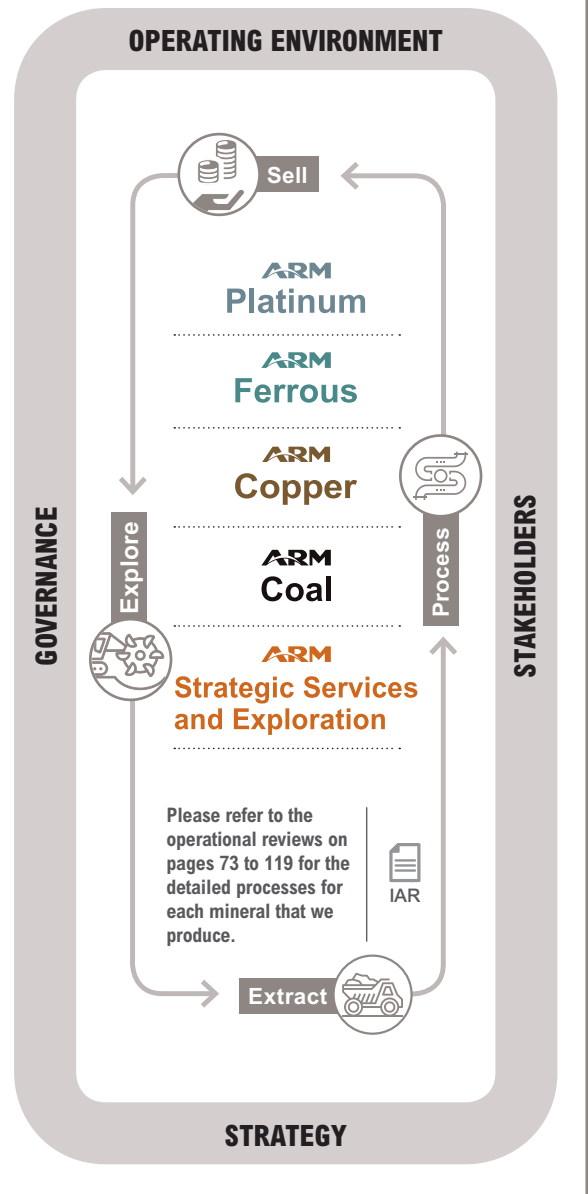
MANUFACTURED CAPITAL

Our operations rely on above and below ground infrastructure and specialised equipment to extract and process the minerals that we mine. Efficient use of this infrastructure and equipment is crucial to cost effective extraction and processing of our minerals.

See pages 68 to 69 for further information on our Manufactured capital.



BUSINESS PROCESS



OUTCOMES

FINANCIAL CAPITAL

- > R761 million paid as dividends to shareholders (F2015: R1 302 million)
- > R406 million paid to finance providers (F2015: R279 million)
- > R901 million paid as taxes and royalties

HUMAN CAPITAL

- > No fatalities in F2016
- > LTIFR of 0.32 per 200 000 man-hours, the lowest in ARM's history
- > R3 793 million paid to employees as salaries, wages and fringe benefits (F2015: R3 563 million)
- > 6.9% of payroll invested on employee training (F2015: 8.3% of payroll)
- > Reskilling and redeployment of employees to production roles
- > ARM was certified as a Top Employer by the Top Employers Institute
- > 15% decrease in number of employees, including contractors to 23 128 (F2015: 27 276 employees)

SOCIAL AND RELATIONSHIP CAPITAL

- > R106 million in our host communities through our CSI, LED and SLP programmes (F2015: R169 million)
- > The F2016 preferential procurement exceeded Mining Charter targets

NATURAL CAPITAL

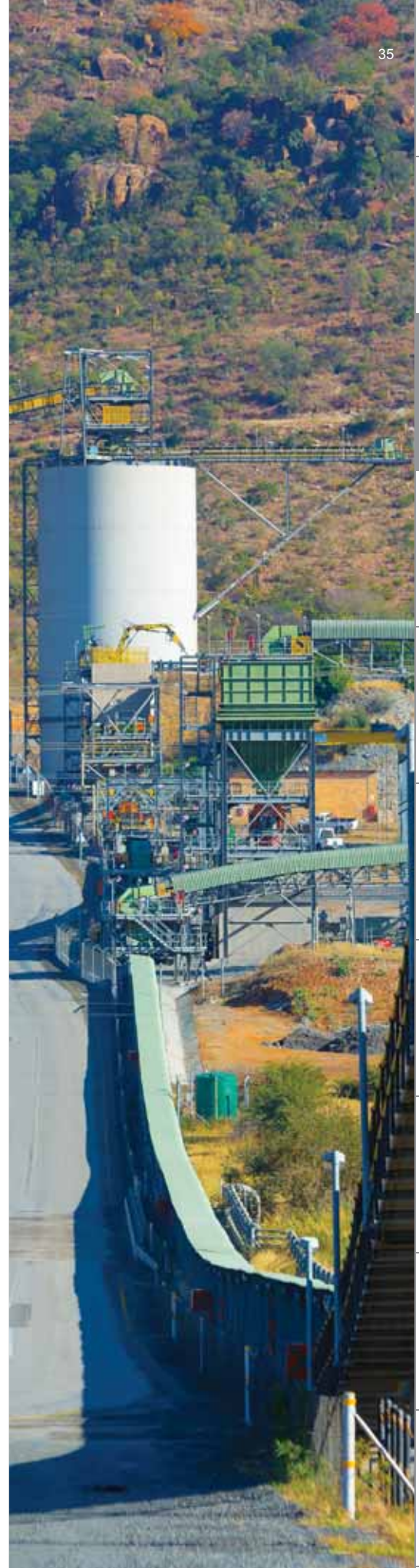
- > 13.5% reduction in carbon emissions (F2016: 1.1 million tCO₂e)
- > Water abstracted increased by 4.1% to 19.1 million m³ (F2015: 18.3 million m³)
- > Increase in mineral resources and reserves
- > Concurrent rehabilitation of land continued
- > Responsible waste disposal

INTELLECTUAL CAPITAL

- > Investment into Research and Development

MANUFACTURED CAPITAL

- > R2 352 million invested as capital expenditure (on a segmental basis) at the operations (F2015: R3 326 million)



Two Rivers Mine conveyor belt