

CORPORATE
GOVERNANCE

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 good 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 SUSTAINABILITY AND MANAGEMENT SYSTEMS, STANDARDS AND PRINCIPLES

See the Sustainability Review commencing on page 36 and the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



ADDITIONAL EXTERNAL FINANCIAL STANDARDS, POLICIES, REPORTING GUIDELINES AND PRINCIPLES

See the accounting policies in the notes to the financial statements on pages 227 to 240.



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.

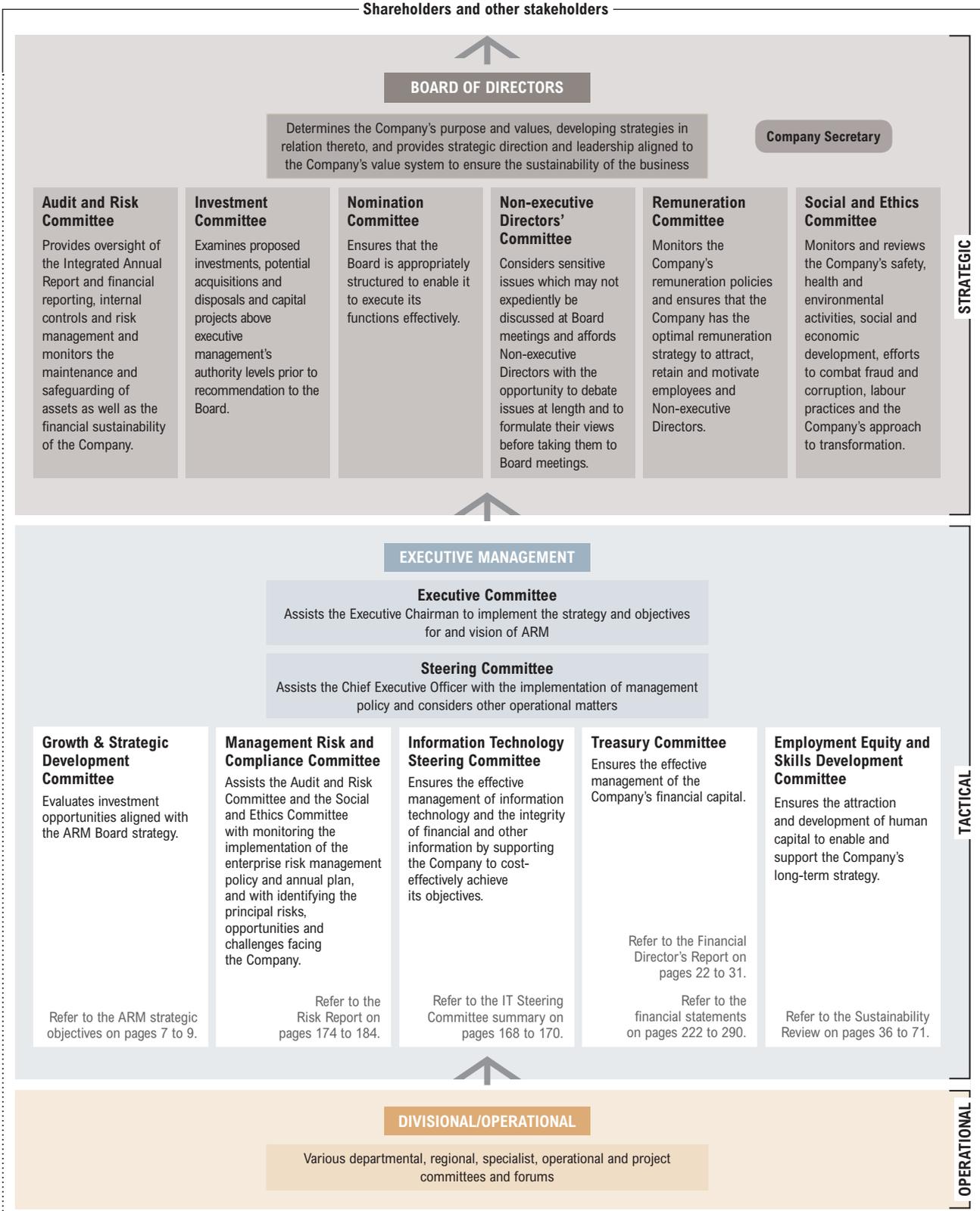
KING III COMPLIANCE

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.

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 system 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. It is expected that the King IV Report, which responds to global and local corporate governance and regulatory developments, will be issued on 1 November 2016.

CORPORATE GOVERNANCE continued

GOVERNANCE FRAMEWORK



Comment from IBIS Consulting "As part of our Independent Third Party Assurance processes, IBIS Environmental Social Governance Consulting South Africa (Pty) Ltd (IBIS Consulting) 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."

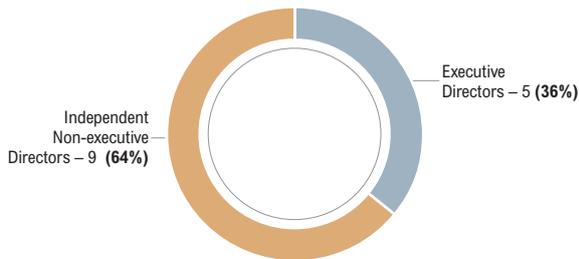
See the complete King III checklist on ARM's corporate website: www.arm.co.za
 IBIS Consulting's comprehensive assurance statement may be found in ARM's 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



BOARD COMPOSITION

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

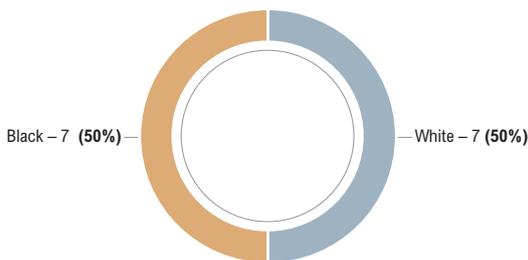
MIX OF DIRECTORS



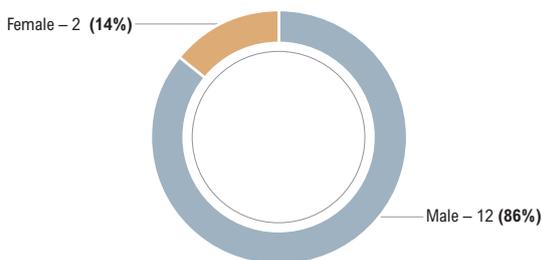
Curricula vitae of the Board members are provided on pages 200 to 203.



DIVERSITY



GENDER OF DIRECTORS



INDEPENDENCE

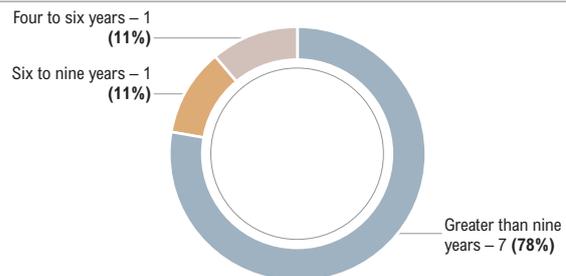
The Board believes that the Independent Non-executive Directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

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 Non-executive Director's character and judgement. The Board concluded that in each circumstance the Independent Non-executive Director's independence of character and judgement 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.

The independence of Mr J A Chissano, who receives consultancy fees, was considered. Given his extensive relationships with various leaders of African countries, Mr Chissano assists in the facilitation of high-level business discussions and introductions, and his specific assignments are determined by the Executive Chairman and the Chief Executive Officer. The fees paid to Mr Chissano for these services are market-related and are not, in the opinion of the Board, material and as such, the Board is satisfied that this aspect does not impair his independence.

The independence of Mr W M Gule, who also receives consultancy fees, was considered. Mr Gule, a former Executive Director of the Company, became a Non-executive Director on 1 July 2013 and on 1 August 2016 became an Independent Non-executive Director. The fees paid to Mr Gule for these services are market-related and are not, in the opinion of the Board, material and as such, the Board is satisfied that this aspect does not impair his independence.

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 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). As at 30 June 2016, Mr Motsepe, ARMI and BBCE held 40.80% of the Company's issued share capital. The shares of ARMI and BBCE are all held indirectly by trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes. ARM is satisfied that the non-independence of the Executive Chairman is properly 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 2016. The Chief Executive Officer is appointed by the Board.

BOARD CHARTER

The Board Charter was most recently amended by the Board in June 2016 to ensure compliance with King III and the Companies Act. 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 include the following:

- > determining the Company's purpose, values and identifying its stakeholders and developing strategies in relation thereto;
- > being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders of the Company and other stakeholders;
- > providing strategic direction and leadership which is aligned to the Company's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring the implementation of such strategic plans and approving the capital funding for such plans;
- > ensuring that ARM's business is conducted ethically and monitoring the ethics performance of ARM;
- > approving business plans, budgets and strategies which are aimed at achieving ARM's long-term strategy and vision;
- > annually reviewing the Board's work plan;
- > monitoring the operational performance of ARM, including financial and non-financial aspects relating to such performance;
- > ensuring the sustainability of ARM's business;
- > reporting in ARM's Integrated Annual Report on the going concern status of ARM and whether ARM will continue to be a going concern in the next financial year;
- > determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect ARM's assets and reputation;
- > identifying and monitoring key performance indicators of ARM's business and evaluating the integrity of the systems used to determine and monitor such performance;
- > monitoring and ensuring compliance with the Company's policies, codes of best business practice, the recommendations of King III and all applicable laws and regulations;
- > adopting and annually reviewing the Information Technology Governance Framework and receiving independent assurance on such framework;
- > considering, through the Audit and Risk Committee, specific limits for the levels of risk tolerance;
- > defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to the management of the Company;
- > ensuring that the Company's annual financial statements are prepared and are presented before a duly convened Annual General Meeting of the Company;
- > ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements that such policy contains accepted principles of accurate and reliable reporting, including being open, transparent, honest, understandable, clear and consistent in ARM's communications with stakeholders;
- > considering recommendations made to the Board by the Nomination Committee in regard to the nomination of new Directors and the re-appointment of retiring Directors, both as Executive Directors and Non-executive Directors;
- > ensuring that the competency and other attributes of the Directors are suitable for their appointment as Directors and the roles which they are intended to perform on the Board and that they are not disqualified in any way from being appointed as Directors;
- > ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
- > ensuring that a succession plan for the Executive Directors and senior management is implemented;

- > selecting and appointing suitable candidates as members of Committees of the Board and the Chairmen of such Committees;
- > ensuring that annual performance evaluations are conducted in respect of the Board, the Executive Chairman, the Chief Executive Officer, other individual Directors and Board Committees and their respective Chairmen; and
- > ensuring that the Board comprises an appropriate balance of Executive and Non-executive Directors, with the majority of Non-executive Directors being independent and ensuring that the Directors are persons who have the relevant knowledge, skills and experience required for governing the Company efficiently.

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.

Messrs F Abbott, T A Boardman and W M Gule are required to retire by rotation. They have made themselves available for re-election at the Annual General Meeting to be held on Friday, 2 December 2016.

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. Mr W M Gule became an Independent Non-executive Director with effect from 1 August 2016. Therefore, Mr Gule is required to stand for re-election at the Annual General Meeting to be held on Friday, 2 December 2016.

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 200 to 203.



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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, updates on the current market were held in F2016. Regular education sessions are held with Directors and in F2016 these included updates on the amendments to the BBBEE Codes and the Company's sponsors provided an update on amendments to the JSE Listings Requirements.

Site visits for Non-executive Directors are typically conducted. No site visits for Non-executive Directors were held in F2016 due to operational considerations.

SUCCESSION

The Company has a succession plan for Executive Directors and senior management, which provides for the key management 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.

The Nomination Committee, together with the Executive Chairman, deals with the succession planning for Non-executive Directors and monitors the succession planning for Executive Directors.

For additional information regarding the succession process, see page 165.



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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.

CORPORATE GOVERNANCE continued

The Board is of the view that the involvement of independent external advisors assists to ensure a rigorous and impartial evaluation process.

Matters considered in the assessments focus on the effectiveness of the Board, including:

- > Board composition
- > Board meetings and content
- > Roles of the Executive Chairman and the Company Secretary
- > Board accountability
- > Appointment, induction and training and succession planning
- > Performance evaluation and remuneration
- > Board Committees
- > Interaction: communication and relationships
- > Board dynamics and leadership
- > Board focus and function: strategy and compliance
- > Risk management and internal controls
- > Information Technology governance
- > Accounting and audit
- > Non-financial (sustainability) performance
- > Balance of power and authority
- > Ethics

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 Part I of the Remuneration Report starting on page 185.



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In the assessment process consideration is also given to the Board's diversity, size and demographics. The findings of the F2016 assessment were considered by the Board in 2016 and copies of the findings were provided to the external auditor in terms of King III.

Disclosure of the Company's sustainability performance in terms of GRI G4 may be found in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



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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. During the financial year ended 30 June 2016, five Board meetings were held. The quorum for Board meetings is the majority of the Directors.

Members of the Board and senior executives of the Company consider the budget and review the Company's three-year financial plan. During the strategy sessions, the Company's future strategy is considered in detail. The Company's annual budget workshop was held in July 2016 as part of the eighth annual Bosberaad (strategy meeting) for Directors and senior management.

Agendas for Board meetings are prepared by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer, the Financial Director and the Executive Director: Growth and Strategic Development. Information provided to the Board is compiled from external sources, such as independent third-party reports, and internally from minutes and plans as well as reports, relating to, for example, safety, health, sustainable development, risk, financial, governance and legal matters likely to affect ARM. Meeting materials are delivered to every Director prior to each meeting.

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 F2016 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	5	7	1	3	4	4	3
P T Motsepe (Executive Chairman)	5	–	–	3 [^]	–	–	–
M P Schmidt (Chief Executive Officer)	5	6 [^]	1 [^]	3 [^]	–	4 [^]	3 [^]
F Abbott	4 ⁺	3 [*]	1	–	3 ⁺	–	3
M Arnold	5	7 [^]	1 [^]	3 [^]	–	–	3 [^]
M M M Bakane-Tuoane, Dr	5	7	–	3	4	4	3
T A Boardman	5	7	–	–	4	–	3
A D Botha	5	7	1	–	4	–	3
J A Chissano	4 ⁺	–	–	1 ⁺	3 ⁺	–	–
W M Gule	5	–	–	–	4	–	–
A K Maditsi	5	7	1	3	4	4	3
H L Mkatshana	5	7 [^]	1 [^]	–	–	4 [^]	–
R V Simelane, Dr	5	7	–	3	4	4	–
Z B Swanepoel	5	7	1	–	3 ⁺	–	–
A J Wilkens	5	4 [^]	–	2 [^]	–	1 [^]	3 [^]

[^] Attended as an invitee.

⁺ Absent with leave of the Board or Committee, as the case may be.

^{*} Mr F Abbott was appointed to the Audit and Risk Committee by the shareholders of the Company on 4 December 2015.

COMPANY SECRETARY

All Directors have access to the services and advice of the Company Secretary, Ms A 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 September 2016, 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 ➤ Eleven 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

CORPORATE GOVERNANCE continued

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 F2016, 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.

Attendance schedules for Committee meetings held in F2016 are included in the meeting attendance summary on page 163 of this report.



The Committee Chairmen attend Annual General Meetings of shareholders to answer any questions.

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

Members:

T A Boardman (Chairman)

F Abbott (appointed by shareholders of the Company on 4 December 2015)

Dr M M M Bakane-Tuoane

A D Botha

A K Maditsi

Dr R V Simelane

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 208 to 210.



The Audit and Risk Committee comprises six 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.

Minor amendments to the Audit and Risk Committee Terms of Reference were made by the Board in F2016.

Based on the Terms of Reference, a comprehensive agenda framework work plan is prepared to ensure that all tasks assigned to the Audit and Risk Committee are considered at least once a year.

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.

The Audit and Risk Committee has oversight of the Company's financial reporting process on behalf of the Board. Management has primary responsibility for the financial statements and for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control of such reporting.

The Audit and Risk Committee, after due consideration, is of the view that the independent registered audit firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, is independent of the Company and its management.

Upon the recommendation of the Audit and Risk Committee at the Annual General Meeting, shareholders will be requested to re-appoint Ernst & Young Inc. (EY) as external auditor of the Company. Mr L I N Tomlinson was identified through the partner rotation and succession process in 2015 and in December 2015 was appointed as the designated individual auditor by shareholders of the Company. The Audit and Risk Committee will recommend that Mr Tomlinson be re-appointed as the designated individual auditor for the 2017 financial year. EY and Mr Tomlinson are registered with the JSE in accordance with the JSE Listings Requirements.

The Audit and Risk Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. The Committee also discusses the overall scope and plans for the respective audits of the Company's internal and external auditors. The internal and external auditors are invited to attend Audit and Risk Committee meetings.

The principles for the use of external auditors for non-audit services are set out in the formal policy on non-audit services.

The Financial Director is authorised to engage the external auditor for non-audit services for which the fee would not exceed R150 000. Matters for which the fee will exceed R150 000 must be pre-approved by the Audit and Risk Committee. The policy also prescribes permitted non-audit services.

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 2016 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 and Compliance Committee reports to the Audit and Risk Committee and its report is included on page 167 and pages 174 to 184 of this Corporate Governance Report.



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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. It is required to meet at least six times a year. Seven meetings were held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report.



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INVESTMENT COMMITTEE

Members:

Z B Swanepoel (Chairman)
F Abbott
A D Botha
A K Maditsi

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 F2016.

The Investment Committee is required to meet at least once a year. One meeting was held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report.



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NOMINATION COMMITTEE

Members:

A K Maditsi (Chairman)
Dr M M M Bakane-Tuokane
J A Chissano
Dr R V Simelane

The Nomination Committee comprises four Independent Non-executive Directors.

For additional information in this regard, refer to the section entitled "Board Committees" on pages 163 and 164 of this Corporate Governance Report.



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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 deals with succession planning for the Executive Chairman, the Chief Executive Officer and other Directors.

For additional information regarding the succession process, please refer to page 161.



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CORPORATE GOVERNANCE continued

The Terms of Reference of the Nomination Committee were reviewed in 2016 and minor amendments were made by the Board.

In line with JSE Listings Requirements, the Nomination Committee is chaired by the Lead Independent Non-executive Director, Mr A K Maditsi. Mr Motsepe, the Executive Chairman, attends Nomination Committee meetings as an invitee.

In terms of the Terms of Reference of the Nomination Committee at least one meeting must be held per year. During F2016, three meetings were held.

See the meeting attendance summary on page 163 of this Corporate Governance Report.



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NON-EXECUTIVE DIRECTORS' COMMITTEE

Members:

A K Maditsi (Chairman)
 Dr M M M Bakane-Tuoane
 F Abbott
 T A Boardman
 A D Botha
 J A Chissano
 W M Gule
 Dr R V Simelane
 Z B Swanepoel

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, Mr A K Maditsi.

Terms of Reference of the Non-executive Directors' Committee were approved by the Board in F2011 and reviewed without amendment in F2016. 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.

Four meetings were held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report.



IAR

REMUNERATION COMMITTEE

The Remuneration Report, Part I is available on pages 185 to 196. The Remuneration Report, Part II is available in the Directors' Report on pages 215 to 221.



IAR

SOCIAL AND ETHICS COMMITTEE

Members:

Dr R V Simelane (Chairman)
 Dr M M M Bakane-Tuoane
 A K Maditsi

The Company's sustainable development philosophy is underpinned by the realisation that there is a need to turn mineral wealth into sustainable economic growth and development. Through its business endeavours, ARM seeks to act as a catalyst for local, national, regional and international development, to make a lasting and important social, economic and environmental contribution to the developing regions in which ARM operates and to achieve and maintain world-class performance standards in the management of safety, health (occupational), the environment, tuberculosis, HIV & Aids and Corporate Social Responsibility.

Additional information is available in the Report of the Social and Ethics Committee on pages 197 to 198 of this report, in the Sustainability Review on pages 36 to 71 of this report and in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



IAR SR

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 Social and Ethics 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's Terms of Reference were amended by the Board in May 2011 in compliance with King III. The Sustainable Development Committee was renamed the Social and Ethics Committee in August 2011. The Terms of Reference of the Social and Ethics Committee were most recently reviewed by the Board in 2016 and minor amendments were made.

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. Invitees include the Chief Executive Officer of the Company, the divisional chief executives, the Executive: Business Development, the Executive: Sustainable Development, the Group Executive: Human Resources, the Group Executive: Compliance and Stakeholder Relations and the Group Risk Manager.

Four meetings were held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report.



IAR

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.

See page 158 for a summary of how these Committees support the business.



IAR

EXECUTIVE COMMITTEE

The Executive Committee was formed in January 2012 and its members met six times in F2016. 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 AND COMPLIANCE COMMITTEE

Members:

M P Schmidt (Chairman) (Executive Director)

M Arnold (Executive Director)

N Botes-Schoeman

J M Bräsler

P W Coetzee

W H Graham

A Joubert

B R Mashiane

H L Mkatshana (Executive Director)

J M Pistorius

J C Steenkamp

P S Thwala

F A Uys

A J Wilkens (Executive Director)

In F2016, the name and scope of the Management Risk Committee was changed to the Management Risk and Compliance Committee.

The Management Risk and Compliance 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 by implementing, coordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The Management Risk and Compliance Committee's Terms of Reference are reviewed annually and were most recently amended in F2016.

The Management Risk and Compliance Committee is chaired by the Chief Executive Officer and its membership includes the Financial Director, the chief executives of the divisions, the Group Risk Manager, the Executive: Sustainable Development, the Chief Information Officer and the Chief Compliance Officer. The internal auditor is invited to attend one meeting per year. The Chairman of the Management Risk and Compliance Committee and the Group Risk Manager attend Audit and Risk Committee meetings and report on the activities of the sub-committee. The Chief Executive Officer and the Chairman of the Audit and Risk Committee report on risk matters to the Board. The Group Risk Manager and the Executive: Sustainable Development are also invited to attend Board meetings to respond to any risk-related matters raised by the Directors.

The Management Risk and Compliance Committee had four meetings during F2016 as well as the annual Corporate Risk Workshop.

Additional information regarding the risk management programme is available in the Risk Report on pages 174 to 184.



IAR

STEERING COMMITTEE

The Steering Committee implements management policy and considers other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management. It meets quarterly, or more often as required. All Steering Committee members are invited to attend the annual Bosberaad.

The Steering Committee members are listed on pages 204 to 205.



IAR

GROWTH AND STRATEGIC DEVELOPMENT COMMITTEE

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which is chaired by the Executive Director: Growth and Strategic Development, meets fortnightly, or as often as required. Its members include the Chief Executive Officer, the Financial Director, the Executive Director and Chief Executive: ARM Copper and ARM Coal, the Chief Executive: ARM Strategic Services and Exploration, the Executive: Business Development, the Executive: Legal Compliance and Stakeholder Relations and the Executive: Corporate Development. The other divisional chief executives attend meetings by invitation.

CORPORATE GOVERNANCE continued

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT COMMITTEE

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies throughout the Company. The Company took a decision to combine the Employment Equity Committee and the Skills Development Management Committee eight years ago as the Committees had common goals and addressed issues which are interrelated. The Committee is chaired by Mr H L Mkatshana, an Executive Director and the Chief Executive of ARM Copper and ARM Coal. Its members include the Chief Executive Officer, the Financial Director, the Group Executive: Human Resources, the divisional chief executives, the Executive: ARM Platinum Corporate Affairs, the Group Executive: Compliance and Stakeholder Relations, the Leader: Transformation and other senior executives. The Committee meets quarterly, or more often as required. The Committee Chairman and the Group Executive: Human Resources attend and report at Social and Ethics Committee and Board meetings.

TREASURY COMMITTEE

The Treasury Committee meets monthly and, if required, more frequently, under the chairmanship of the Financial Director. The Committee membership includes the ARM Finance Executive: Operations, the ARM Finance Executive: Corporate and the Company Financial Manager. Representatives of Andisa Treasury Solutions (Andisa), to whom the treasury function is outsourced, attend meetings by invitation. The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Company. While not performing an executive or decisive role in the deliberations, Andisa implements decisions taken when required. Advice is also sought from other advisors on an ongoing basis.

INFORMATION TECHNOLOGY STEERING COMMITTEE

The Information Technology (IT) Steering Committee which was formed in November 2007 implements the IT Governance Framework and the IT strategy adopted by the Board in August 2012, and develops IT policies and procedures. The committee is chaired by Mr J C Steenkamp, the Chief Executive: Strategic Services and Exploration. Its members include the Chief Information Officer, the Chief Executive: ARM Ferrous, various senior ARM Ferrous and ARM Strategic Services and Exploration executives, the Executive: Operations Support, senior general managers of the Assmang operations and all senior IT project managers from the divisions. The committee meets quarterly or more often as required. The Committee Chairman and the Chief Information Officer attend and report at Audit and Risk Committee meetings.

INFORMATION MANAGEMENT/ TECHNOLOGY GOVERNANCE WITHIN THE ARM GROUP

INTRODUCTION

Within ARM, the terminology Information Management (IM) is used to describe the management of information as well as the supporting technology and the related applications and data.

IM is one of the cornerstones of ARM's intellectual capital. IM has as its mission 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. ARM does not develop any software but makes use of the principle "to buy, not develop". All software is thus configurable according to business processes and associated rules. Information must be accessible from anywhere at any time with any device. This initiative is known as RIFA (Reliable Information For ARM), throughout the Group.

To this end, the Group has continued with its roll-out of an integrated Enterprise Resource Planning (ERP) system, incorporating 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.

The Board affirms its responsibility for the governance of IM within the Group and has adopted an internationally acknowledged IT Governance Framework. The IM governance model reflects both business and IM requirements, focusing on strategic alignment of IM and business, the value delivered by IM, IM risk management (including information security, IM resilience and legislative and health and safety compliance), resource management and performance management. The business of IM is conducted in accordance with international standards, such as those embodied in the Information Systems Control Association's IT Governance Institute and CoBIT (Control Objectives for Information Technology) frameworks. These are reviewed from time to time to take into account organisational changes, international developments in the field of IM governance, and changing IM-related risk profiles.

GOVERNANCE OF INFORMATION MANAGEMENT

Summarised in the diagram below are the key elements of the ARM IM Governance Framework, and the aspects explained below are measured and monitored by the Chief Information Officer on an ongoing basis and are reported on quarterly to the Audit and Risk Committee. The framework used is based on international standards and has been mapped to the IM governance principles contained in the fifth chapter of King III. The Board is comfortable that through the use of this framework the applicable King III principles are being applied.

The business of IM is conducted in accordance with international standards, such as those embodied in the Information Systems Control Association’s IT Governance Institute and CoBiT (Control Objectives for Information Technology) frameworks. The Chief Information Officer oversees the day-to-day IM operations and the Board has delegated responsibility to the Audit and Risk Committee for overseeing it.

INFORMATION MANAGEMENT



CORPORATE GOVERNANCE continued

REVIEW OF F2016

During F2016, the Information Management department focused on a number of key strategic initiatives within ARM as per the objectives that were set for the period. Due to the economic climate and the pressure on commodity pricing a decision was taken to limit the capital expenditure on projects and to focus on stabilising, enhancing and maturing the current systems and applications, including the users of these systems. The initiatives for the period being:

- > Cybersecurity – awareness sessions and surveys held within the Group regarding various aspects of cybercrime as a priority, due to the worldwide escalation in this regard.
- > Continuation of the Human Resources Systems in the Northern Cape operations, focusing on stabilising and enhancing the current systems, which were recently installed.

- > Supporting and maturing the operations in terms of the JD Edwards environment with internal support resources. The support effectiveness is monitored and reported on a monthly basis.
- > Due to the economic climate redesign of the structure to run, maintain and support all systems within the Group.

A number of the objectives in the table below commenced prior to the 2016 reporting period and can be influenced in terms of planned delivery dates, due to external factors such as the current financial affordability of the business given the commodities market, availability of resources from the business, which might cause objectives to be delayed or to re-appear in future reports.

INFORMATION MANAGEMENT GOVERNANCE DIMENSION	OBJECTIVES AND PERFORMANCE F2016	OBJECTIVES F2017
Risk management	<p>Objective: Development of a Governance framework measurement model.</p> <p>Performance: Enhance and sustain the model and inputs on a continuous basis and align all mines and operations.</p>	The process needs to be implemented and monitored within all ARM operations.
Risk management	<p>Objective: Ensure cybersecurity is a priority to limit the exposure of ARM and all system users.</p> <p>Performance: Awareness, surveys and training of end users.</p>	Ongoing awareness, and training of end users.
Value delivery	<p>Objective: Continuation of the HR initiatives for the Northern Cape operations.</p> <p>Performance: Stabilise, and mature both systems and resources.</p>	Complete all systems configurations, enhance where appropriate, stabilise and mature all systems for the human resources functions in the Northern Cape operations.
Value delivery	<p>Objective: ARM Infrastructure and Applications.</p> <p>Performance: ARM IM has reduced the budgets for 2016/2017 and all expenditure is scrutinised.</p>	<p>Further opportunities to contain costs to be investigated. All systems will remain in a mode of care and maintenance.</p> <p>All licensing and support agreements of applications are being optimised, consolidated and reduced as far as possible.</p>

Abbreviations

CTID Culture, Team and Individual Development
IM Information Management
RIFA Reliable Information For ARM

CoBit Control Objectives for Information Technology
IT Information Technology
WAN Wide Area Network

ERP Enterprise Resource Planning
MAPP Managing ARM's People Potential

The Board affirms its responsibility for the governance of IM within the Group. The IM governance model reflects both business and IM requirements, focusing on strategic alignment of IM and business, the value delivered by IM, IM risk management (including information security, IM resilience and legislative and health and safety compliance), resource management and performance management.

IM within ARM's mission remains, "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".

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 so 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 F2016. A Code of Conduct online training programme has been rolled out at the corporate office, the ARM Platinum operations and the ARM Ferrrous 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, IBIS Consulting 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, it appears that ARM 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 IBIS Consulting's comprehensive assurance statement within ARM's 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



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 and Compliance Committee and the internal auditors (outsourced to KPMG Services (Pty) Ltd), review 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 208 to 210.



RISK MANAGEMENT PROGRAMME

The Risk Report is available on pages 174 to 184.



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 audits commenced in June 2016 and are expected to be completed by the end of November 2016.

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.

Refer to the Sustainability Review on pages 46 to 49 for additional information about safety.



CORPORATE GOVERNANCE continued

MINING CHARTER

ARM is committed to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter). The Mining Charter was developed to effect sustainable transformation, growth and development of the mining industry, through a consultative process between government, labour and the mining industry. The Mining Charter was ratified in October 2007 and revised in September 2010. Measures for assessing the contribution of mining companies to the socio-economic goals of the Mining Charter were developed.

These include the mining scorecard and focus on nine key elements: ownership, procurement and enterprise development, beneficiation, employment equity, human resources development, mine community development, housing and living conditions, sustainable development and growth of the mining industry and reporting (monitoring and evaluation).

Amendments were proposed to the Mining Charter in March 2016; however, such amendments have not been finalised.

A section describing the progress ARM has made to comply with the requirements of the revised Mining Charter is provided in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



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 F2016.

The complete policy governing dealings in Company securities and insider trading is available on ARM's corporate website: www.arm.co.za



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 communication, the Company has an Executive: Business Development, an Executive: ARM Platinum Corporate Affairs, 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 Stock Exchange News Service (SENS) and the Company's website following the meetings.

The Company's stakeholder communication policy is included in the Code.

ARM's investor relations department is responsible for communication with institutional investors, the investment community and the media. The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional investors, 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.

Additional information regarding our engagement with key stakeholders is available on pages 32 to 33 and in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



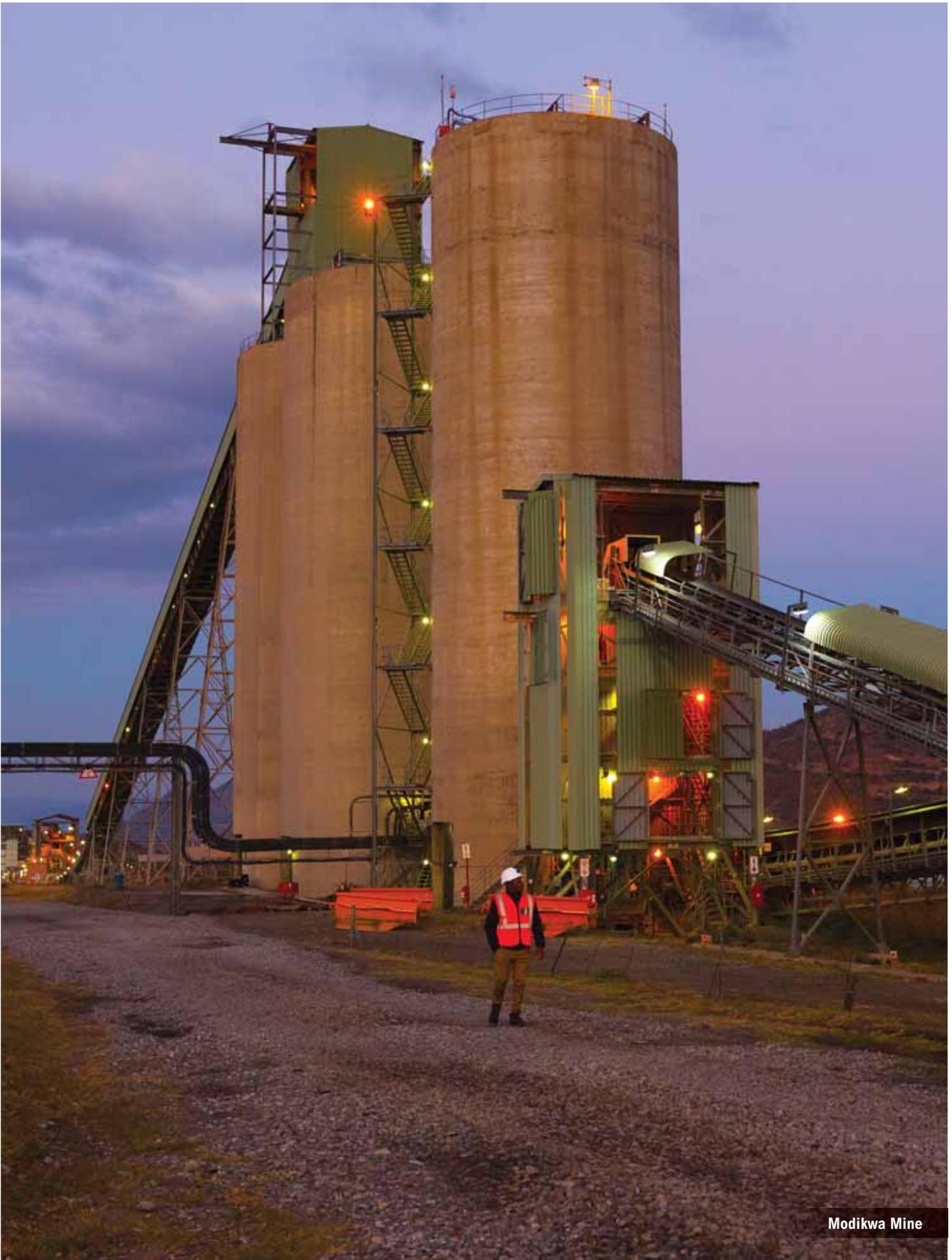
ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is available on pages 305 to 310.



SPONSOR

Deutsche Securities (SA) Proprietary Limited is the Company's sponsor.



Modikwa Mine

RISK REPORT

RISK MANAGEMENT

INTERNAL CONTROL AND ENTERPRISE RISK MANAGEMENT POLICY

ARM's risk management philosophy is committed to developing, embedding, cost-effectively implementing and continually reviewing systems of internal control and Enterprise Risk Management at all levels within the Company.

ARM's overriding policy and philosophy is that management of risk is the responsibility of management at every level in ARM. It forms an integral part of the process of managing resources and opportunities within our risk appetite in order to provide reasonable assurance regarding the achievements of our objectives.

To implement this policy, ARM:

- > strives to protect and improve the health, safety and well-being of everyone affected by its operations;
- > identifies, evaluates and regularly reviews the risks faced in achieving objectives;
- > develops and executes appropriate actions and controls through its formal management framework that supports the achievement of strategic objectives;
- > preserves and enhances ARM's assets and earnings potential to safeguard and optimise the Company assets and our shareholders' investment;
- > implements and maintains effective internal control and risk management programmes;
- > makes environmental management part of all our activities and operates in accordance with the principles and procedures of the Mineral and Petroleum Resources Development Act (MPRDA) and the National Environmental Management Act (NEMA);
- > ensures compliance with all applicable legislation;
- > retains risk to optimal capacity, in line with its conservative approach and commitment to protect shareholders' interests;
- > accepts, reduces or shares risk and ensures that the residual exposure is within its risk appetite or tolerance; and
- > uses secure insurance and re-insurance markets to insure against catastrophic incidents and losses beyond its risk retention capacity.

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 expects all subsidiaries, joint arrangements (including joint ventures and joint operations), strategic alliances, strategic and functional areas, business units, operations, projects and processes to be subject to this Internal Control and Enterprise Risk Management Policy.

THE ENTERPRISE RISK MANAGEMENT PROCESS

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 Management Risk and Compliance Committee, the Audit and Risk Committee and Social and Ethics Committee on a quarterly basis. This Plan ensures the implementation within the Company of the Enterprise Risk Management process.

ARM's Enterprise Risk Management (ERM) process uses a unitary framework of identification and quantification of risks (marginally amended to create focus on physical risks) at all levels within the Company. To meet and exceed the risk management standards, ARM measures, monitors and benchmarks the effectiveness of mitigation and control performance against its own and international best practice.

The ERM process, which is consistent with ARM's "We do it better" management style, is designed to achieve an ongoing improvement of risk preparedness and effective corporate governance.

ARM's risk profile requires that it adopts a prudent approach to corporate risk and ARM's decisions regarding risk tolerance and risk mitigation reflect this.

ARM selects its controls, mitigating actions and risk interventions, based on their potential to increase the likelihood of ARM fulfilling its stakeholder commitments. Sound management of risks provides ARM with the flexibility to anticipate and respond to changes in its business environment and make informed decisions in uncertain times.

To ensure ARM's responses to risk remain current and dynamic, ARM continues to embed ERM and internal control processes in business systems and processes.

Mike Schmidt

Chief Executive Officer

12 October 2016

ENTERPRISE RISK MANAGEMENT (ERM)

ENTERPRISE RISK MANAGEMENT POLICY AND PROCEDURAL GUIDE

During the year, the ARM Risk Management and Compliance Committee developed an Enterprise Risk Management Policy, which codified existing practice, and a separate Enterprise Risk Management Procedural Guide to replace the previous Enterprise Risk Management Framework.

The approved Enterprise Risk Management Policy sets out the governance approach for risk management within ARM and includes the following:

- > Aims to provide a framework within which management can function in order to embed an informed and proactive Enterprise Risk Management culture throughout ARM which places significant emphasis on the integration of risk and assurance;
- > Enables competent management assurance of the control environment across risks/opportunities and processes throughout the Company;
- > Defines risk as “uncertainties that must be identified, understood and proactively managed to achieve its objectives and add value”;
- > Defines the governance structures around risk management from Corporate to Operational level;
- > Defines the roles and responsibilities of the Governance Structures and Management from Corporate to Operational level and emphasises that management of risk is the responsibility of management at every level in ARM;
- > Defines the process and integration of assurance providers with business and reporting processes performed by ARM's external auditors, internal auditors and specialist independent assurance providers to provide comprehensive (but balanced) combined assurance on ARM's preparedness to manage risks and challenges and to exploit opportunities;
- > Strives to provide guidance to inculcate an appropriate Enterprise Risk Management culture across the Company;
- > Promotes the optimisation of the enterprises' risk management efforts; and
- > Ensures that the risk management programme and processes are based on generally accepted risk management practices that enhance value for all stakeholders.

The revised Enterprise Risk Management Policy was approved by the Board of Directors.

ENTERPRISE RISK MANAGEMENT PROCESS

The objective of ARM's ERM process is to ensure that ARM is proactive and appropriately prepared for potential risk, challenges and opportunities.

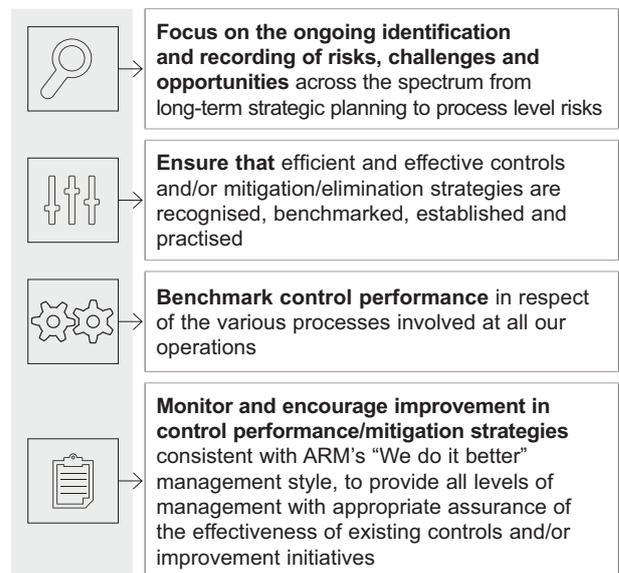
The ERM process (recorded in the diagram on pages 176 and 177) sets out ARM's risk management philosophy and policy; the management and reporting functions; processes, roles and responsibilities; provides standards and guidelines; and identifies risk appetite and risk tolerance levels (periodically reviewed by the Management Risk and Compliance Committee and approved by the Audit and Risk Committee) for operations, divisions and the Company.

The ERM process, which incorporates elements of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework, International Organisation for Standardisation (ISO) 31 000 and risk management requirements of South Africa's King III Code:

- > places significant emphasis on the integration of risk and assurance;
- > provides an effective and efficient management tool for continuous improvement of controls and mitigation strategies;
- > provides evidence of meaningful management assurance that can be relied on by all stakeholders;
- > facilitates the ongoing process of moving from exception reporting to performance of controls;
- > identifies risks (from long-term strategic planning to process level risks) with the specific objective of reviewing and ensuring that appropriate levels of control and mitigation are in place;
- > sets ARM performance standards and grading/rating performance of control and mitigation strategies (refer ARM Dashboard Standards on page 176);
- > constantly reassesses risk management initiatives to ensure that they are relevant and that they anticipate emerging risks and opportunities;
- > adds value to the efficiency and effectiveness of ARM's risk preparedness; and
- > continues to meet and exceed corporate governance requirements.

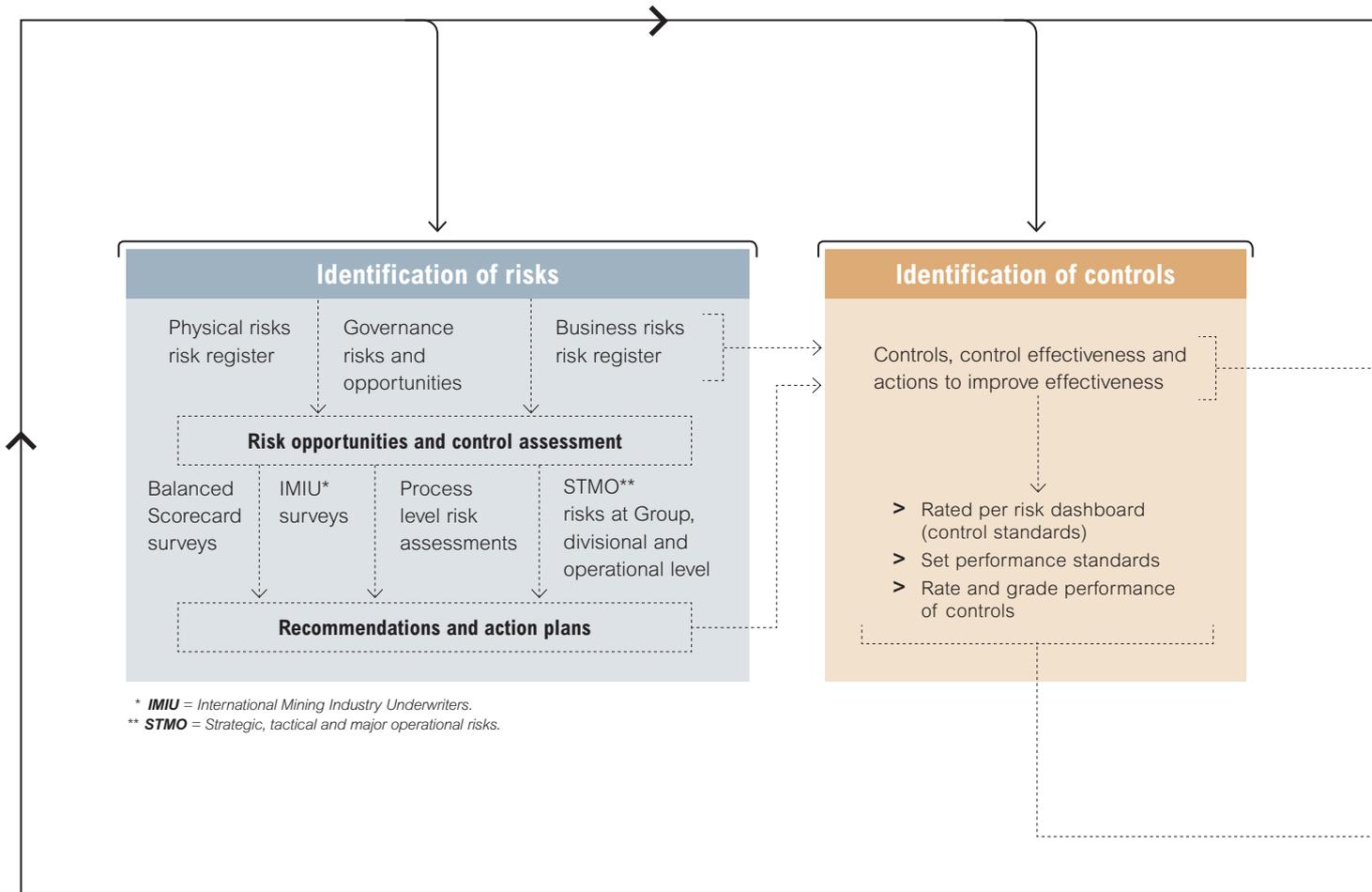
ARM recognises that the field of risk management is dynamic and thus ARM's Enterprise Risk Management Policy will continue to evolve to meet the challenges and changes faced by ARM, its divisions and operations.

The ERM process, guided by the Internal Control and Enterprise Risk Management Policy, executed in terms of the annual Risk Management Plan and reported in terms of the formalised reporting structure, seeks to:



CORPORATE GOVERNANCE continued

THE ERM PROCESS

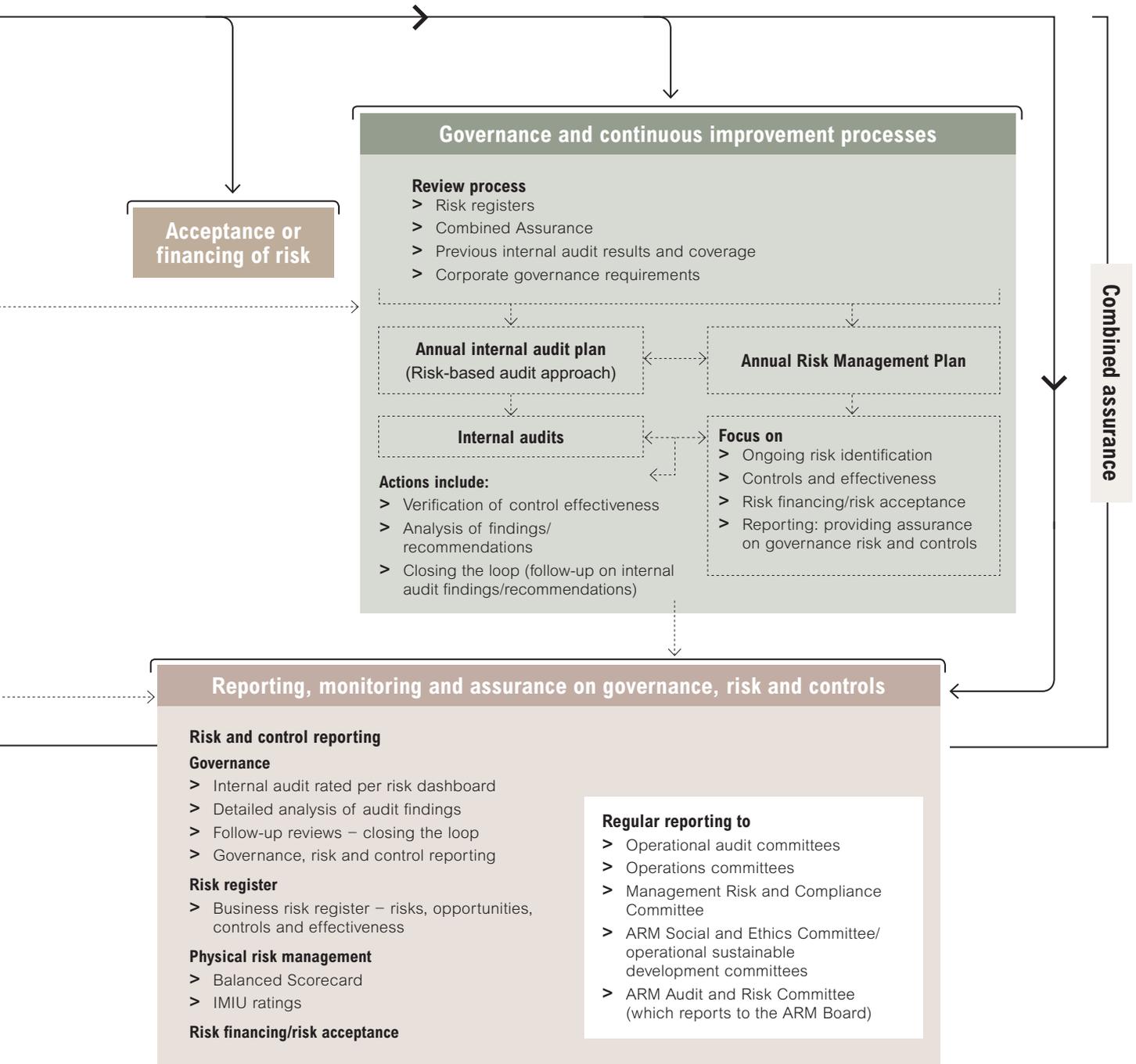


ARM DASHBOARD STANDARDS

USE OF RISK AND CONTROL DASHBOARD AND OTHER METRICS IN THE ERM PROCESS

ARM makes extensive use of risk and control dashboards and metrics with consistent rating criteria. These provide an appropriate and consistent approach to the presentation of performance of specific controls and the overall control environment.

ARM RATING %	CONTROL EFFECTIVENESS	DESCRIPTIONS
90 – 100	OPTIMAL	Adequate control framework, minor control effectiveness deficiencies, regarded as housekeeping
80 – 89	GOOD	Adequate control framework, controls regarded as effective, but improvements were identified (Group standard)
70 – 79	SATISFACTORY	Adequate control framework, but improvements required in the effectiveness of certain key control areas
60 – 69	INADEQUATE	Inadequate control framework, improvements required in the effectiveness of key control areas. If not addressed, may cause an exposure
BELOW 59	POOR/WEAK	Inadequate control framework, controls ineffective. If not addressed, may cause a material exposure. Urgent executive management attention



CORPORATE GOVERNANCE continued

MANAGEMENT OF RISK IN ARM

ACCOUNTABILITY STRUCTURE

The ARM Board tasks the Audit and Risk Committee with the oversight of risk management. In terms of the Board Charter, the Management Risk and Compliance Committee 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.

The Chief Executive Officer chairs the Management Risk and Compliance Committee and its members include the divisional chief executives, the Financial Director, the Executive: Sustainable Development, the Chief Information Officer, the Group Risk Manager and members of the ARM Steering Committee.

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

ARM ANNUAL RISK MANAGEMENT PLAN

The Risk Management Plan, approved annually by the Audit and Risk Committee, provides emphasis for ARM's ERM initiatives for that financial year and ensures implementation of the Internal Control and Enterprise Risk Management Policy.

The Plan's initiatives and emphases are determined through an integrated combined assurance review. This review encompasses risk and assurance processes; discussions with internal audit, external audit and independent assurance providers; and is guided by any business imperatives and changes in governance and compliance requirements.

APPROACH TO INTEGRATED COMBINED ASSURANCE

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.

In order to enhance the integration and alignment of management assurance, ARM developed its Combined Assurance Model providing clarity to its "three lines of defence" defining that which constitutes management assurance relative to these three lines of defence.

The "three lines of defence" model (summarised here) defines formal assurance into that provided by:

Management

Policies, procedures, systems, processes, strategies

Internal assurance

Assurance processes internal to ARM but external to the individual operation

External assurance

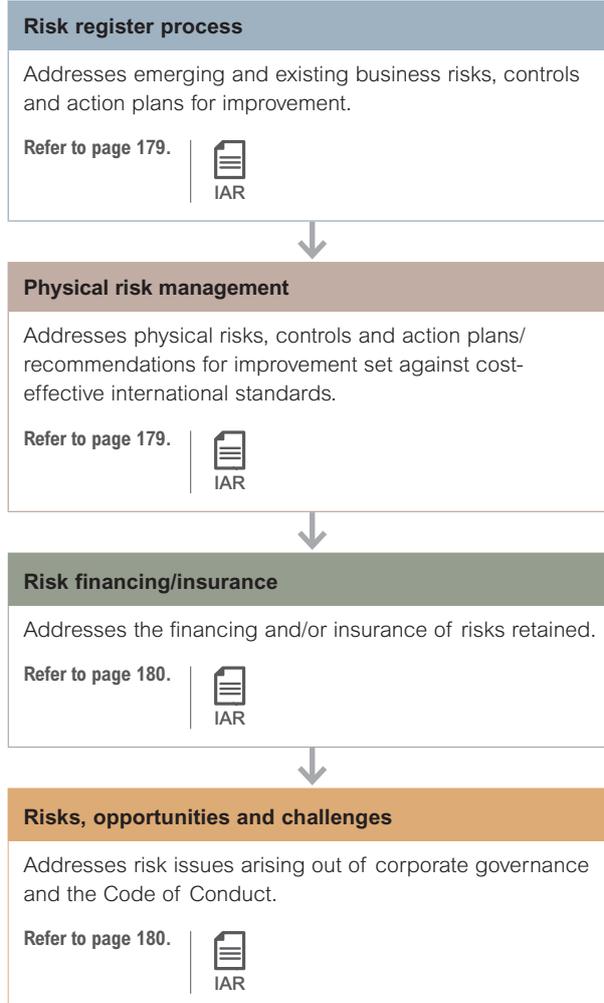
Assurance provided by external assurance providers, including specialists and subject matter experts

This combined assurance process assists in identifying potential gaps and duplication in assurance, providing further input into establishing a control environment that is appropriately related to ARM's risk appetite. The continuing development of integrated combined assurance enables comprehensive and appropriate management assurance reporting to the divisional and operational audit committees and to the Management Risk and Compliance Committee and, through the Audit and Risk Committee, to joint venture partners and Board structures.

ARM continues to refine its integrated combined management assurance approach and reporting to ensure that the approach is practical, cost-efficient and is effectively integrated with ARM's ERM and management assurance processes in order to provide a comprehensive risk-based and robust assurance process.

REPORTING STRUCTURE

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



RISK REGISTER PROCESS

The scope of ARM's risk register function extends from addressing strategic, tactical and major operational risks, challenges and opportunities to detailed risk assessments at a process level (including specialised functions) across ARM, its divisions, operations and individual processes.

The aim of the risk register process is to ensure the identification and recording of relevant risks, challenges and opportunities and in respect of each risk/opportunity to identify and record corresponding controls and mitigation strategies. The efficacy of these controls is considered and rated against ARM's Control Standards during the process.

The inclusion and consistent use of value drivers in the identification of risks, challenges and opportunities and their corresponding controls assists in ensuring focus and alignment with the independent assurance provided by ARM's internal audit function (outsourced to KPMG).

The Enterprise Risk Management specific software captures detailed risk information in a consistent manner and provides a powerful database to enable interrogation of risks, controls and actions captured through the risk register process.

ACTION PLANS TO REDUCE RISK

Where improvement in the control environment is considered necessary, the risk register process requires that appropriate action plans or mitigation strategies be identified and implemented to reduce the risk profile and improve the control environment.

This approach to risk ties in with ARM's "We do it better" management approach, which incorporates the principle of continuous improvement.

RATING OF CONTROL EFFECTIVENESS

ARM's focus on rating the effectiveness of controls and ensuring the implementation of appropriate mitigating actions and strategies corresponds with the move towards reporting on the performance of controls (measured in terms of risk and control dashboards) and the move away from exception reporting.

USING THE RISK REGISTER AND DASHBOARD PROCESS TO ENSURE A FOCUSED ANNUAL INTERNAL AUDIT PLAN AND MAINTAIN THE FOCUS ON CONTINUOUS IMPROVEMENT

The detailed information in the risk registers, assurance results in the dashboard and assurance detail available in the Combined Assurance status reports are provided to and discussed at least annually with ARM's internal auditors to:

- > plan internal audit coverage to ensure that it is comprehensive and provides focus on considering identified high-risk areas for particular attention;
- > enhance the integration of the risk and internal audit functions by reviewing the process level risk assessments during the annual audit programme as well as the effectiveness of the controls and mitigation strategies associated with the identified risks; and

- > review the strategic, tactical and major operational (STMO) risks and their appropriate controls' relevancy and accuracy.

Inclusion and use of value drivers in the identification of risks and their appropriate controls is intended to further integrate and align the independent assurance by KPMG (ARM's outsourced internal auditors) on controls to the benefit of the control environment within ARM.

USING THE RISK REGISTER TO EMBED ERM PROCESS

The consistent approach to the completion and updating of risk registers and the integration of appropriate management assurance and compliance reporting plays an integral part in the embedding of the ERM process. This process of embedding ERM includes:

- > quarterly risk workshops and reviews;
- > quarterly updates of risk registers;
- > quarterly presentations of risks and controls;
- > annual internal audit planning process;
- > use of external consultants' reports on risk, control and control effectiveness;
- > reviews by internal audit of the Enterprise Risk Management process and the Internal Control and Enterprise Risk Management Policy; and
- > incorporation of combined assurance processes into the ERM process.

PHYSICAL RISK MANAGEMENT

ARM addresses and reports on physical risk, control and mitigation strategies separately from business risks to ensure specific and focused attention. These risks and controls are also captured in the risk register process.

It is through independent focused Balanced Scorecard and benchmarking processes implemented by ARM that the necessary emphasis is encouraged to ensure that physical risk and control initiatives are progressed, monitored and reported.

While ARM's risk management approach (recorded in the Internal Control and Enterprise Risk Management Policy) emphasises that ARM's general managers are directly accountable for the management of risk in the area under their individual control, ARM recognises that independent specialist expertise is necessary to guide and assist management in this area.

Appointed external consultants assist ARM's operations with objective independent reports which identify risks, rate and benchmark risk performance and provide appropriate risk improvement recommendations as follows:

BALANCED SCORECARD PROGRAMME

The physical risk scorecard, developed from a strategic planning and general management application, grades operations against international best practice standards for risks associated with fire and explosion, flooding, mechanical engineering, electrical engineering, planned maintenance, security and risk management organisation.

CORPORATE GOVERNANCE continued

The Balanced Scorecard is designed to meet ARM's risk management requirements, ensures alignment and consistency with the risk dashboard rating process and makes possible consistent monitoring and reporting of management assurance to all relevant internal and external stakeholders.

BENCHMARKING PROGRAMME

The benchmarking surveys, conducted by the International Mining Industry Underwriters, measure each operation against an international benchmark of risk preparedness.

The value of the Balanced Scorecard surveys and benchmarking surveys to ARM's continuous improvement programme includes:

- > providing a reliable measurement of control performance, mitigation strategies and risk protection standards against which ARM can compare risk management performance;
- > allowing ARM and its operations to focus on high-risk areas;
- > helping to continually develop physical risk standards to international norms and ensures that ARM operations continue to meet and exceed international risk standards; and
- > focusing attention on risk protection systems – both automatic and manual – to promote consistency with recognised internationally accredited fire standards.

RISK FINANCING/INSURANCE

ARM's risk financing strategy has remained constant over many years and continues to be aggressive in considering the extent of risk self-retained by both the operations and the Company as a whole.

This requires a mature approach to the management of controls and mitigation strategies in order to limit exposure to loss-producing events. This approach is both required and expected of management at all levels and is consistent with ARM's risk management philosophy.

The risk financing strategy focuses on delivering a cost-effective risk financing mechanism that will protect ARM (and its divisions and operating entities) against the financial consequences flowing from chance risk events.

Its aim is to increase the likelihood of ARM succeeding in reducing both the probability of failure and/or uncertainty around achieving its overall objectives.

ARM remains committed to mutually beneficial long-term relationships with its risk partners/underwriters and to continually developing relationships with responsible and financially sound risk carriers.

Processes and principles in place to achieve ARM's strategy:

- > identify and quantify each operation's Maximum Potential Loss (MPL) exposures and risk profiles (frequency and severity exposures);
- > ensure the availability of detailed and reliable risk and loss information;
- > use appropriate forecasting techniques to determine levels of predictability and optimal structure;
- > consider potential increased self-assumption of risk (by operations and ARM) to ensure efficient risk financing at all levels;
- > remove non-Group risk carriers from all but catastrophe exposures;
- > provide broad-based insurance protection with appropriate limits, to achieve a consistent approach to risk; and
- > use accumulated reserves (within captive and risk financing structures) with innovative structuring, to finance self-retained exposures and, where appropriate, to carry risks of a non-traditional nature.

RISKS, OPPORTUNITIES AND CHALLENGES

In order to make informed decisions and take appropriate action, ARM and its stakeholders identify the issues material to the sustainability of the business. ARM determines these issues at board, executive and operational levels by considering financial and non-financial information, the issues driving the Company's sustainability and their possible impact on ARM and its stakeholders.

Having determined these material issues, ARM's comprehensive ERM process includes a detailed identification of risks ranging from process level risk assessments at individual operations, through to strategic, tactical and major operational risks at operational, divisional and Company level.

Quarterly reviews of strategic, tactical and major operational risks include a specific focus on the efficacy of controls (and mitigating strategies) relating to the identified risks; actions that may be required to improve the control effectiveness; record of any change to risk profiles; recognising new and emerging risks and any increased risk velocity (risks that require immediate management focus).

A graphical representation of risks regarded as principal risks, opportunities and challenges is presented on pages 181 to 184 providing ARM's view of Inherent Risk (before the application of controls), control effectiveness and the resultant Residual Risk profile (after application of controls/mitigation strategies).

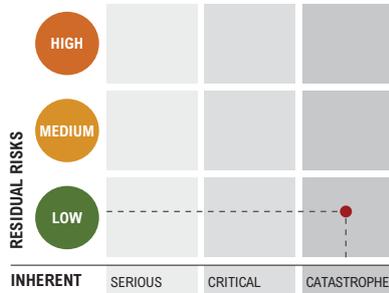
Also see Our Most Material Matters which are summarised on pages 10 to 13.



IAR

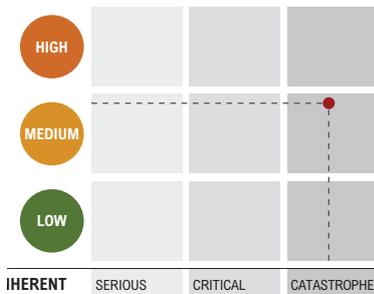
PRINCIPAL RISKS FOR ARM

SAFETY AND HEALTH CONTROL EFFECTIVENESS: GOOD



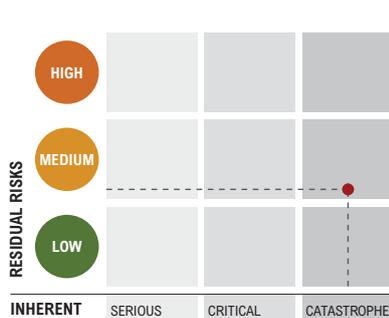
ARM is acutely aware of the risks associated with our mining and smelting operations. We value the health and wellbeing of all our employees, and the effectiveness of our safety and health management and reporting structures is paramount. Each divisional chief executive is tasked with ensuring the safety and health of all of our employees and that our contractors are appropriately managed. Leading the effectiveness of this function is our Executive: Sustainable Development, who reports directly to our Chief Executive Officer.

LONG-TERM BUSINESS STRATEGY CONTROL EFFECTIVENESS: GOOD



To mitigate any risk that our long-term strategic planning may present, ARM has robust but flexible strategy and growth management processes in place. These include a Growth and Strategic Development Committee, whose members are all senior executives of ARM. Specialist consultants are periodically involved, where appropriate, to provide input, focus and assurance. The ARM Board reviews strategy at an annual Bosberaad and budget workshop and also reviews actual results against plans at each Board meeting.

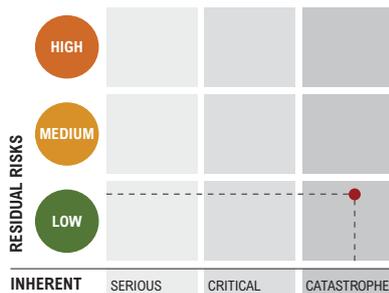
REGULATORY AND LEGAL COMPLIANCE CONTROL EFFECTIVENESS: GOOD



ARM recognises that ensuring regulatory and legal compliance requires ongoing detailed attention in all areas. To formalise and improve monitoring and reporting of legal compliance, a legal compliance function is in place and is monitored by the Management Risk and Compliance Committee and the relevant areas of responsibility reported to the Audit and Risk Committee and Social and Ethics Committee. The Code of Conduct sets out the requirement of legal compliance for all employees and provides for the implementation of the Legal and Regulatory Compliance Policy.

A Combined Assurance Model is in place and various assurance providers are engaged to provide assurance on legal compliance.

KEY SKILLS/EXPERIENCE CONTROL EFFECTIVENESS: GOOD



ARM recognises that its success depends on our ability to attract, retain and develop suitably skilled and qualified employees. To achieve this, we have attractive short-term and long-term incentive schemes which we regularly review and improve. We also have appropriate retention policies, graduate professional programmes and the focused training of artisans for the development of key technical skills we require. ARM continues to strive to be an employer of choice and has been acknowledged as a leading employer in the Global "Top Employer" awards. See pages 42 to 45 of the Sustainability Review.

CORPORATE GOVERNANCE continued

CLIMATE CHANGE				CONTROL EFFECTIVENESS: GOOD
RESIDUAL RISKS	HIGH			<p>The Executive: Sustainable Development monitors and provides guidance on SHEQ issues. Action plans include a strategic review of the Group's climate change risks, initiatives and approach. We are aligning our climate change policy with International Council on Mining and Metals climate change developments. In developing our climate change policy we are also considering the possible impact of climate change on ARM with the aim of developing a policy that will address its potential long-term impacts.</p> <p>The risk has reduced substantially due to the reduction in the number of furnaces operating at our smelting operations.</p>
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

STAKEHOLDER RELATIONSHIPS				CONTROL EFFECTIVENESS: SATISFACTORY
RESIDUAL RISKS	HIGH			<p>ARM recognises the risk to its business environment of having ineffective relationships with our various stakeholders. We identify, develop and maintain multiple relationships with various stakeholders at all levels within ARM. See Our Key Stakeholders on pages 32 to 33.</p>
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

LABOUR RELATIONS				CONTROL EFFECTIVENESS: SATISFACTORY
RESIDUAL RISKS	HIGH			<p>Stakeholder engagement processes associated with labour relations enjoy focused attention and this, together with our approach of regularly engaging with trade unions from national to branch level, has helped us foster positive labour relations. Specific actions we have taken that have contributed to sound labour relations include ensuring resolution of grievances and concerns; having employment practices that recognise and deliver on transformation imperatives; and providing well-structured competitive remuneration packages. ARM has multi-year wage agreements in place at most operations. See additional information regarding ARM's "Top Employer" status, on page 44 of the Sustainability Review.</p>
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

PRESSURE ON MARGINS/CONTINUED COST ESCALATION				CONTROL EFFECTIVENESS: SATISFACTORY
RESIDUAL RISKS	HIGH			<p>Continued cost escalation pressures place considerable pressure on margins. ARM counters this with productivity improvements, various cost reduction and efficiency initiatives and increased oversight by operational and executive management through ongoing review of production, costs and control initiatives. ARM's objective is that all operations should be below the 50th percentile of the global cost curve (based on steady-state production) and we benchmark our operations against the global cost curve. See pages 11 and 15 for additional information about the position of ARM's commodities on the cost curve.</p>
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

CAPITAL ALLOCATION				CONTROL EFFECTIVENESS: GOOD
RESIDUAL RISKS	HIGH			
	MEDIUM			
	LOW			
	INHERENT	SERIOUS	CRITICAL	CATASTROPHE

Capital expenditure across all operations continues to be reviewed with the aim of reducing or deferring capital expenditure. Due consideration is given to ensure that capital expenditure deferrals or reductions do not adversely affect operations or negatively impact value in the long term. ARM's Investment Committee considers substantial investments, including mining projects, acquisitions and disposals of assets and makes recommendations to the ARM Board.

EFFECTIVE TRANSFORMATION				CONTROL EFFECTIVENESS: GOOD
RESIDUAL RISKS	HIGH			
	MEDIUM			
	LOW			
	INHERENT	SERIOUS	CRITICAL	CATASTROPHE

Transformation is one of ARM's core values and we actively strive to make a meaningful contribution to transformation in the South African mining industry. We have Social and Labour Plans (SLPs), Corporate Social Investment (CSI), Local Economic Development (LED) and enterprise development budgets in place as well as transformation plans and projects. We have introduced improved compliance monitoring of our SLPs. Our smelter operations have approved transformation plans and our mining operations have defined and submitted their SLPs as part of their mining licences. See Corporate Social Responsibility on pages 58 and 59 of the Sustainability Review.

ETHICS AND REPUTATION				CONTROL EFFECTIVENESS: GOOD
RESIDUAL RISKS	HIGH			
	MEDIUM			
	LOW			
	INHERENT	SERIOUS	CRITICAL	CATASTROPHE

ARM's strong commitment to ethical behaviour and the steps we take to encourage and monitor ethical behaviour throughout our operations are summarised on page 171 of the Corporate Governance Report.

COMMODITY PRICES AND GLOBAL DEMAND				CONTROL EFFECTIVENESS: LESS CONTROL
RESIDUAL RISKS	HIGH			
	MEDIUM			
	LOW			
	INHERENT	SERIOUS	CRITICAL	CATASTROPHE

Global commodity markets continue to be challenging as evidenced by low commodity prices which have persisted over the past couple of years. In recent months US Dollar prices for most commodities have been increasing, the benefit of which has been offset by the strengthening of the Rand versus the US Dollar. The recovery in commodity prices is expected to be relatively slow.

ARM manages the impact of lower commodity prices by proactively focusing on the areas within management's control. These include improving operational efficiencies and reducing unit costs, prudently deferring or reducing capital expenditure without negatively impacting the long-term value of operations, optimising working capital and restructuring loss-making operations.

CORPORATE GOVERNANCE continued

EXCHANGE RATE FLUCTUATION				CONTROL EFFECTIVENESS: LESS CONTROL
RESIDUAL RISKS	HIGH			Changes in the Rand/US\$ exchange rate are a risk/opportunity affecting revenue. ARM does not engage in currency hedging other than for the purchase of long lead-time capital equipment and where necessary for project funding.
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

RESOURCE NATIONALISM, POLITICAL AND FISCAL RISKS				CONTROL EFFECTIVENESS: LESS CONTROL
RESIDUAL RISKS	HIGH			The risk/opportunity associated with potential changes in legislation, regulations, taxes or royalties affecting the mining industry continue to be considered and monitored by ARM. We maintain relationships with key stakeholders, and are involved in initiatives and represented by the Chamber of Mines on issues associated with the mining industry. Our approach to our relationship with stakeholders associated with these risks is explained under Our Key Stakeholders on pages 32 and 33.
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

INFRASTRUCTURE ACCESS AND CAPACITY: RAIL AND PORT LOGISTICS				CONTROL EFFECTIVENESS: LESS CONTROL
RESIDUAL RISKS	HIGH			Logistics constraints and access to rail and port capacity are challenges/opportunities which can affect our ability to meet demand for our commodities and may have a material impact on the timing of strategic export growth initiatives planned for our manganese, iron ore and coal operations. ARM is actively involved in commodity and logistics industry initiatives, including being an active member of a commodity-specific steering committee which regularly meets with Transnet on these issues.
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

SECURITY OF ENERGY SUPPLY				CONTROL EFFECTIVENESS: LESS CONTROL
RESIDUAL RISKS	HIGH			The security of supply of electricity (both in respect of cost and current and future capacity) presents a challenge particularly in relation to our ferromanganese smelters which are intensive users of electricity albeit that many smelters have been placed on care and maintenance. Our operations continue to implement energy-efficiency plans and to explore co-generation opportunities and other alternative energy sources. The ARM Ferrous Division (Assmang) is a member of the Energy Intensive User Group.
	MEDIUM			
	LOW			
INHERENT	SERIOUS	CRITICAL	CATASTROPHE	

REMUNERATION REPORT

The Remuneration Committee acknowledges its responsibility to apply remuneration strategy to ensure a balance in attracting and retaining human capital through competitive remuneration practices, while creating shareholder value. The Remuneration Committee does so by formulating 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 within the Company's financial constraints. In so doing, the Remuneration Committee actively engages with best practice corporate governance principles, with specific reference to the principles contained in the King III Report on Corporate Governance for South Africa and the King Code of Governance Principles (collectively, King III). Supporting a progressive Remuneration Policy are ARM's talent management, succession planning, human resources development and workforce planning processes, which aim to ensure the appointment of competent and experienced individuals to realise the Company's expectations and strategy. This forms a critical component of the total Employee Value Proposition and ARM's objective to be an employer of choice. ARM endeavours to achieve commitment and engagement with all employees. Remuneration and benefits significantly contribute towards this proposition.

The elements are discussed in more detail in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



OBJECTIVES

ARM recognises that its strategic objectives can only be delivered with the foresight, dedication and hard work of management and employees. It also recognises that the Company competes in a small talent pool and for a limited set of competencies within the global and South African mining industries.

ARM's goal to retain and attract the best employees is only possible with an attractive Employee Value Proposition with focused attention given to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration. This can only be achieved with a solid employer brand within the market.

In 2016, ARM participated in the Global "Top Employer" Certification programme ranking its employee standards against international benchmarks. ARM was again certified as a "Top Employer" South Africa 2016. The performance score included a rating for compensation and benefits.

This indicates that ARM's remuneration and benefits policies and practices compare well against South African and international practices.

COMPANY PERFORMANCE

The financial results are presented in detail elsewhere in the Integrated Annual Report. In summary, the ARM financial position remains sound despite a 40% decrease in headline earnings to R1 051 million (F2015: R1 744 million). Very good unit cost control was achieved at most operations. The fall in headline earnings is primarily due to the decrease in US Dollar commodity prices partially offset by the weaker Rand/US\$ exchange rate.

With the exception of ARM Ferrous, divisional profit targets were not met. Nonetheless, the increased focus on cost reduction yielded very good results at all operations.

Safety targets were met by each division. Therefore, a safety modifier of 10% was applicable to ARM Ferrous, ARM Copper and ARM Coal, and a safety modifier of 6% was applicable to ARM Platinum. The net overall result was that bonuses were payable based on the achievement of the applicable profit, cost and safety targets.

Bonuses are discussed in greater detail on pages 190 and 191 of Part I of the Remuneration Report and on page 215 of Part II of the Remuneration Report.



The Board acknowledges the current economic climate and has approved a below Consumer Price Index (CPI) increase of 4% for senior executives and other employees at the corporate office, with effect from 1 July 2016.

STAKEHOLDER ENGAGEMENT

The Remuneration Committee recognises the importance of stakeholder engagement with regard to the Remuneration Policy and implementation thereof. Therefore, the Remuneration Committee remains committed to proactively maintaining regular, transparent and informative dialogue with ARM's stakeholders. As a result, the Remuneration Committee also considered and addressed feedback received from investors during the financial year.

In response to developments in global best practice and queries raised by investors, the Remuneration Committee reviewed the use and application of performance criteria in the long-term incentive schemes. Five recommendations were made to and adopted by the Board:

- (1) The Company Total Shareholder Return (TSR), instead of Market Price Appreciation (MPA), and the 20-day volume weighted average price (VWAP) as performance vesting conditions for the settlement of any performance shares which have not vested.

See pages 191 and 192 of the Remuneration Report for additional detail.



- (2) Determination of the criteria to be used to ascertain the constituent members of the JSE Limited Mining Resources Sector Index to be used in the measurement of performance criteria for the performance shares, given the termination of the RESI 10 in December 2015.

See page 191 of the Remuneration Report for additional detail.



- (3) Shareholders also requested greater clarity regarding the disclosure of specific performance targets for performance shares. In response to shareholders' concerns and upon the advice of the Company's remuneration consultants, this Remuneration Report has been restructured to include more detailed disclosure to provide greater transparency in this area.

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

See pages 191 and 192 of the Remuneration Report for additional detail.



- (4) To increase the alignment of the actions of senior executives with the interests of shareholders, the Board has agreed that an Executive Director, who waived his bonus in respect of the F2016 Company performance, will be granted 100% bonus shares of equivalent value and the matching number of performance shares.

See page 193 of the Remuneration Report for additional detail.



- (5) Senior executives are 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 and the matching equivalent number of performance shares. With effect from F2017, senior executives may defer 25%, 33%, 50%, 75% or 100% of their cash bonus.

See pages 192 and 193 of the Remuneration Report for additional detail.



OTHER DECISIONS

Other decisions and changes to Remuneration Policy included the following:

- > In respect of the F2017 bonus, the Board approved the removal of the caps on cash bonuses; however, the required out-performance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 200%.

See page 190 of the Remuneration Report for additional detail.



ABOUT THE REMUNERATION REPORT

The Remuneration Committee Report includes two parts: Part I, which is set out on pages 187 to 196, explains the Remuneration

Policy; and Part II explains the implementation of the Remuneration Policy in F2016. Part II is reviewed by the external auditors and is included in the Directors' Report on pages 215 to 221. This approach has been adopted in line with emerging best remuneration disclosure practices.

NON-BINDING ADVISORY VOTE

Chapter 2 of King III, which deals with "Boards and directors", requires that a company tables at its annual general meetings its remuneration policy for shareholders of the company, to voice their confidence in it through a non-binding advisory vote. This vote enables shareholders to express their views on a company's remuneration policy and on its implementation.

Ordinary resolution number 6, which pertains to Part I of this Remuneration Report, including the Company's Remuneration Policy, included in the Notice of Annual General Meeting, is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. At the 2015 Annual General Meeting of the Company, the non-binding advisory vote on the Company's Remuneration Policy was passed by the Company's shareholders by 86.90% of the ordinary shares in issue at the voting record date.

COMMITMENT

The Remuneration Committee and ARM remain committed to continuously monitoring the effectiveness and implementation of the Remuneration Policy, strategy and practices, and are confident that the Remuneration Policy will generate real long-term value for ARM's shareholders.

On behalf of the Remuneration Committee

Dr M M M Bakane-Tuoane

Chairman of the Remuneration Committee

12 October 2016

REMUNERATION REPORT: PART I – REMUNERATION POLICY

REMUNERATION GOVERNANCE FRAMEWORK

COMPOSITION OF THE REMUNERATION COMMITTEE

Members:

Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman
A D Botha
A K Maditsi

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.

FUNCTIONS OF THE REMUNERATION COMMITTEE AND TERMS OF REFERENCE

Purpose

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.

FUNCTIONS AND RESPONSIBILITIES

The Remuneration Committee performs the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph. Amendments to its Terms of Reference were approved by the Board in F2016. The Remuneration Committee's mandate includes the following:

- > ensuring that policies for the remuneration payable to senior executives of ARM have been developed and monitoring the implementation of such policies;
- > ensuring that, in developing the Company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and promotes its strategic objectives, and that there is an appropriate balance between short-term and long-term incentives;
- > ensuring that performance targets in all occupational categories within ARM are set and monitored;

- > ensuring that the Company's remuneration policies are put to a non-binding advisory vote of shareholders at the Annual General Meeting of the Company;
- > ensuring that independent third-party advisors are engaged in order to conduct benchmarking of the remuneration of Executive Directors and other senior executives;
- > reviewing the results of benchmarking surveys of the remuneration packages of Executive Directors and other senior executives;
- > recommending base salaries for Executive Directors to the Board for approval;
- > reviewing and recommending specific remuneration packages for senior management to the Board for approval, including, but not limited to, base salaries;
- > ensuring that remuneration levels accurately reflect the contribution of Executive Directors and other senior executives;
- > considering and making recommendations to the Board regarding any proposed cash bonus schemes or amendments to any existing cash bonus schemes in respect of the Executive Directors and other senior executives;
- > ensuring that annual bonuses clearly relate to performance against annual objectives which are consistent with long-term value creation for shareholders and that individual and corporate performance targets, both financial and sustainability-related, are tailored to the needs of ARM's business;
- > recommending to the Board cash performance bonuses to be awarded to any of the Executive Directors and senior executives taking cognisance of the respective job descriptions and the performance of ARM against the budgetary and strategic objectives as approved by the Board;
- > regularly reviewing ARM's long-term (share-based) incentive schemes to ensure the continued contribution of Executive Directors and other senior executives to shareholder value, and guarding against unjustified windfalls and inappropriate gains from the operation of ARM's share-based incentives;
- > considering and making recommendations to the Board regarding any proposed long-term (shared-based) incentive schemes or amendments to any such existing schemes relating to the Executive Directors and senior executives;
- > recommending to the Board grants or awards to be made to Executive Directors, other senior executives and the Company Secretary pursuant to ARM's long-term share-based incentive schemes;
- > monitoring long-term (share-based) incentives to ensure that remuneration policies do not encourage behaviour contrary to the Company's risk management policy and strategy;
- > satisfying itself as to the accuracy of recorded performance measures that govern the vesting of long-term (shared-based) incentives;
- > ensuring that management develops appropriate retirement and pension scheme arrangements for employees of the Company;
- > receiving reports from management in regard to all employee benefits, including benefits in kind and other financial arrangements to ensure that they are justified, correctly valued and suitably disclosed;
- > ensuring that independent third-party advisors are engaged with regard to the benchmarking and recommendation of Non-executive Directors' fees;

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

- > reviewing the results of benchmarking surveys of the fees payable to Non-executive Directors; ensuring that Non-executive Directors do not receive remuneration contingent upon the performance of ARM; and
- > upon being notified by management of the terms of any consulting agreement with any Non-executive Director, making recommendations, if required, to senior executives or to the Board regarding such agreement. 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.

REMUNERATION COMMITTEE ACTIVITIES

The Remuneration Committee met three times during F2016.

See the meeting attendance summary on page 163 of the Corporate Governance Report.



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Overview of activities and decisions:

The scheduled work plan was followed with the normal cycle of activities that included, but was not limited to, the following:

In F2016:

- > the recommendation to the Board of the annual increases in the base salaries of Executive Directors and other senior executives;
- > the recommendation to the Board of the short-term incentives (i.e. cash bonuses) payable to Senior Executives;
- > the recommendation to the Board of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, for submission to shareholders;
- > the review of the deferred bonus/co-investment awards in terms of the Share Plan;
- > the review of the waived bonus elections and requests in respect of the F2015 bonuses;
- > the review of the Remuneration Policy; and
- > preparation of the Remuneration Report.

In F2017 to date:

- > the determination of the criteria to be used to ascertain the constituent members of the JSE Limited mining sector index to be used in the measurement of performance criteria given the termination of the RESI 10 in December 2015;
- > the recommendation to the Board of the annual increases in the base salaries of Executive Directors and other senior executives;
- > the recommendation to the Board of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, for submission to shareholders;
- > the review of deferred bonus/co-investment awards in terms of the Share Plan;
- > the recommendation of the new deferred bonus/co-investment thresholds to be applicable from F2017;
- > the recommendation to the Board of the corporate bonus parameters for F2017;
- > the review of the Remuneration Policy; and
- > preparation of the Remuneration Report.

The Chief Executive Officer, Financial Director and Executive Director: Growth and Strategic Development attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. No invitees vote at the meetings.

No Director was involved in deciding his or her remuneration. The Chairman of the Remuneration Committee attends Annual General Meetings to answer any questions from shareholders regarding ARM's Remuneration Policy and the implementation thereof.

ADVISORS TO THE REMUNERATION COMMITTEE

In F2016, the Remuneration Committee was advised by remuneration consultants, namely 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 short-term and long-term incentive schemes. The comparator group for the benchmarking was selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration.

All short-term and long-term incentive calculations are audited by either the Company's internal auditor (KPMG) or at financial year-end by the external auditor, Ernst & Young Inc.

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

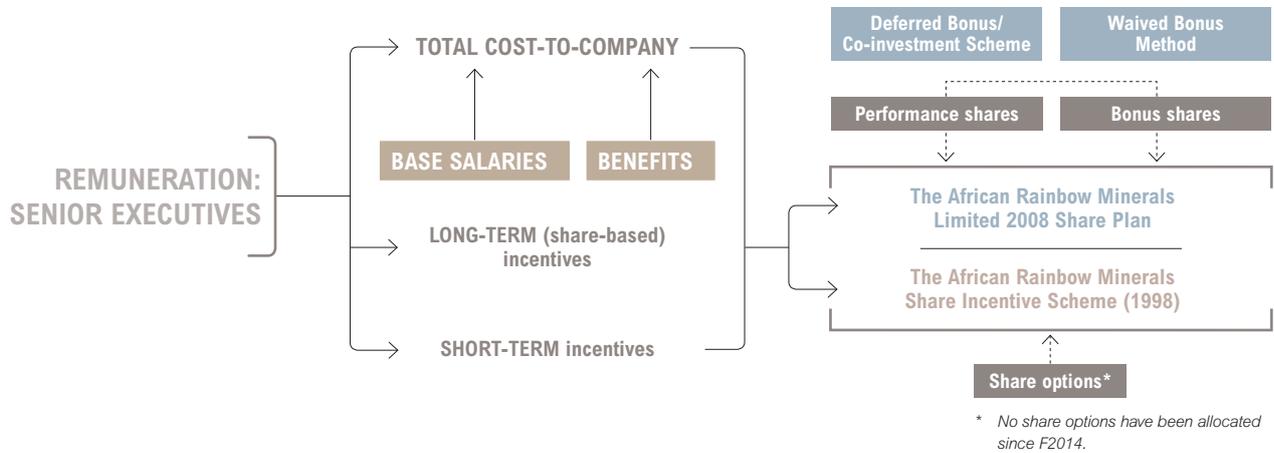
Principles of executive remuneration

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 to deliver consistent and sustainable shareholder value.

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;
- > **total rewards** are competitive with those offered by other employers in the mining and mineral resources sector; incentive-based rewards are 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.

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION



The policies relating to the four elements of total executive remuneration are summarised in the table below:

POLICIES RELATING TO THE FOUR COMPONENTS OF SENIOR EXECUTIVE REMUNERATION

TOTAL COST-TO-COMPANY		
BASE SALARY	POLICY	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > Paid monthly in cash. > Reviewed annually, with changes taking effect on 1 July. > Increases are determined by, <i>inter alia</i>, market conditions, Company performance, individual performance and changes in responsibilities. > Salary increases of 4% approved for F2017. > Forms part of and is the key component of a total cost-to-company (TCTC) 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 TCTC package.
PENSION FUND	POLICY	<ul style="list-style-type: none"> > 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, if they so elect.
	IMPLEMENTATION	<ul style="list-style-type: none"> > 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: <ul style="list-style-type: none"> – Managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members. – Administered by Alexander Forbes. – A defined contribution fund.
MEDICAL SCHEME	POLICY	<ul style="list-style-type: none"> > It is compulsory to belong to a medical scheme.
	IMPLEMENTATION	<ul style="list-style-type: none"> > 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		<ul style="list-style-type: none"> > 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.

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

SHORT-TERM INCENTIVES					
POLICY	Short-term incentives (<i>i.e.</i> cash bonuses) are determined in terms of an out-performance bonus scheme, which rewards senior executives for sustained out-performance of cost and profitability targets set annually for the Company's business and safety performance. Senior executives are provided the opportunity to defer part of their bonus or may elect to waive all of their bonus, and to be allocated the equivalent value in bonus shares matched with the same number of performance shares (see the Deferred Bonus/Co-investment Scheme and the Waived Bonus Method below).				
INSTRUMENT	Cash in terms of the Out-performance Bonus Scheme.				
BONUS PERCENTAGES	The short-term incentive on-target cash bonus percentages and the related maximum bonus potential due to a cap on cash bonuses payable are shown below:				
Position	Paterson grade	F2015 % on-target bonus of TCTC	F2015 Maximum bonus as % of TCTC	F2016 % on-target bonus of TCTC	F2016 Maximum bonus as % of TCTC
Executive Chairman	FU	62%	186%	62%	62%
Chief Executive Officer	FU	50%	150%	50%	50%
Senior executives	FL	45%	135%	45%	45%
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	FL	45%	135%	45%	45%
In respect of the F2016 bonus, the Board introduced caps to the maximum bonuses payable, before any adjustments for the safety modifier, as reflected in the table above. The cap was introduced as profit targets are much smaller in a low commodity price environment and are extremely sensitive to small changes revenue. In such circumstances the normal limits on bonuses could lead to unfair and costly results.					
In respect of the F2017 bonus, the Board agreed to remove the caps; however, the required out-performance to achieve the maximum bonus as a percentage of the total is reflected in the table below:					
Position	Paterson grade	F2017 % on-target bonus of TCTC	F2017 Maximum bonus as % of TCTC*		
Executive Chairman	FU	62%	186%		
Chief Executive Officer	FU	50%	150%		
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 from Operations is 200% more than the performance target.					

SHORT-TERM INCENTIVES <i>continued</i>	
PERFORMANCE MEASURES	<p>For the Executive Chairman, the Chief Executive Officer and other senior executives (excluding those from ARM Ferrous, ARM Platinum, ARM Copper and ARM Coal) financial performance indicators are calculated as follows:</p> <ul style="list-style-type: none"> > 50% – Profit from Operations; and > 50% – Unit Cost of Sales (a weighted scorecard). <p>For operational senior executives, financial performance indicators are calculated as follows, in respect of each division:</p> <ul style="list-style-type: none"> > 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). <p>The combined percentage (achieved by each senior executive) is applied to the senior executives' TCTC to determine the potential cash bonus.</p>
SAFETY MODIFIER	To encourage sustainability, a safety modifier was introduced in F2015, which can impact the potential cash bonus. After a cash bonus has been calculated for each senior executive, a safety modifier is applied, which is the Lost-Time Injury Frequency Rate (LTIFR) for each division or operation, as the case may be. In F2016, the Board amended the methodology of applying the safety modifier. If the safety target is met, the participants will receive an additional 5% of their cash bonus. There was a sliding scale for out-performance or under performance. If participants outperformed their targets by 10% or more, the participants would receive an additional 10% of their cash bonus. If safety targets were not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.
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.
PERFORMANCE THRESHOLDS	See Bonus Percentages above.
LONG-TERM INCENTIVES	
PERFORMANCE SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Performance shares in terms of The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan).
AWARD POLICY AND VESTING PERIOD	Performance shares are conditional rights to shares which are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.
PERFORMANCE CRITERIA	<p>Prior to May 2015, the performance criteria used to determine the number of performance shares which had vested was Market Price Appreciation (MPA) in terms of the RESI 10 and the 20-day volume weighted average price (VWAP).</p> <p>With effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015. Therefore, the Board, upon the recommendation of the Remuneration Committee, agreed that with effect from December 2015, the TSR in terms of the top 10 companies in the JSE Mining Resources Sector Index be used to determine the number of performance shares which vest and the 20-day VWAP would be used to determine the price.</p> <p>If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all performance shares awarded prior to December 2014 are settled <i>pro rata</i>. From 2015, retirement does not accelerate the vesting period in respect of new performance share awards.</p>

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

LONG-TERM INCENTIVES continued	
PERFORMANCE SHARES continued	
PERFORMANCE MEASUREMENT	<p>Vesting is based on a sliding scale of the achievement of the performance criteria as determined by an independent third party, the Company's remuneration consultants.</p> <p>In respect of the F2016 settlements, which vested on 11 October 2015, 10 November 2015 and 4 April 2016, ARM ranked 6th, 7th and 6th respectively, against its peer companies in terms of market price appreciation and therefore one times (1x) the targeted number of performance shares were settled.</p>
VESTING PERIOD	Refer to pages 219 and 220 of the Directors' Report.
AMENDMENTS	The amendments made to the performance criteria in F2016 upon the advice of the Company's remuneration consultants are in line with current practice within the South African context.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.
BONUS SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Bonus shares in terms of the Share Plan.
AWARD POLICY AND VESTING PERIOD	Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares awarded in terms of the Bonus Share/Co-Investment Scheme Method and the Waived Bonus Method, no bonus shares have been awarded since 2015.
PERFORMANCE CRITERIA	If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all bonus shares awarded prior to December 2014 are settled in full.
VESTING PERIOD	Refer to pages 219 and 220 of the Directors' Report.
AMENDMENTS	There have been no annual allocations of bonus shares since the October 2014 annual grant. Bonus shares are still awarded to senior executives in terms of the Deferred Bonus/Co-Investment Scheme. From 2015, retirement does not accelerate the vesting period in respect of new bonus share awards.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.
DEFERRED BONUS/CO-INVESTMENT SCHEME	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company and to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.
INSTRUMENT	Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the Share Plan.
OPERATION	Commencing in February 2011, senior executives may invest in additional bonus shares which are matched by the Company with the equivalent number of performance shares under the existing terms and conditions of the Share Plan.

LONG-TERM INCENTIVES continued	
DEFERRED BONUS/CO-INVESTMENT SCHEME continued	
AWARD POLICY	<p>Senior executives are 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.</p> <p>To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash.</p> <p>Scheme to F2016: Senior executives could defer 25%, 33% or a maximum of 50%.</p> <p>Scheme with effect from F2017: Senior executives may defer 25%, 33%, 50%, 75% or 100%.</p>
PERFORMANCE CRITERIA	See Performance Shares and Bonus Shares above.
PERFORMANCE MEASUREMENT	See Performance Shares and Bonus Shares above.
VESTING PERIOD	The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.
WAIVED BONUS METHOD	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, and to enhance the retention characteristics of the current reward of senior executives.
INSTRUMENT	Bonus shares (for 100% of the value of the waived F2015 bonus) and performance shares (for matching equivalent number of shares) in terms of the Share Plan.
AWARD POLICY	<p>In advance of the F2015 bonus being quantified or declared, and before any such bonus accrued, the Executive Directors and Prescribed Officers elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to them in respect of F2015 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2015 bonus in bonus shares and the matching equivalent number of performance shares.</p> <p>In advance of the F2016 bonus being quantified or declared, and before any such bonus accrued, the Executive Chairman elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to him in respect of the F2016 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2016 bonus in bonus shares and the matching equivalent number of performance shares.</p>
SHARE OPTIONS	
POLICY	To align the interests of shareholders and senior executives by encouraging senior executives to build up a shareholding in the Company.
INSTRUMENT	Share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme).
AWARD POLICY	Between F2008 and F2014, annual allocations of share options were made on a much reduced scale due to the adoption of the Share Plan. No share options have been allocated since the end of F2014.
NET SETTLEMENT	The Scheme was amended in December 2010 to allow the Company to offer participants the opportunity to net settle share options when they exercise such options.
VESTING PERIOD	Share options vest in total on the third or fourth anniversary of their allocation. Senior executives may elect to defer exercising any share option until the eighth anniversary of its allocation after which it lapses.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.

For additional information regarding the implementation of the above policies, please refer to Part II of the Remuneration Report in the Directors' Report on pages 215 to 220.



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CORPORATE GOVERNANCE: REMUNERATION REPORT continued

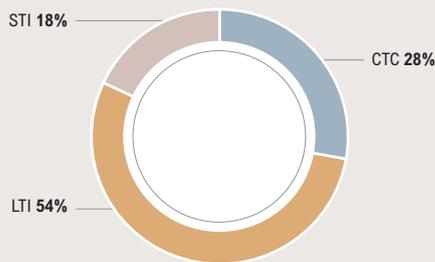
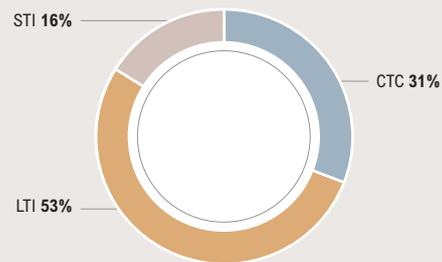
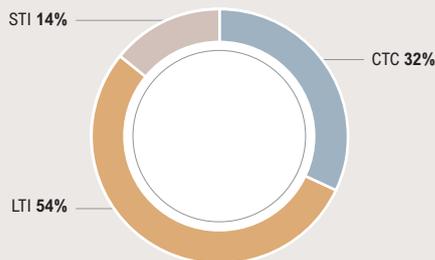
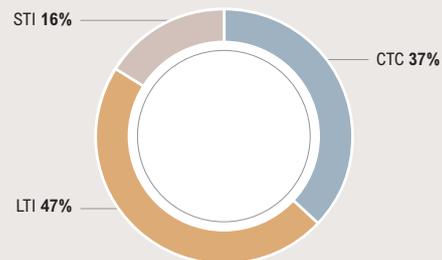
Total remuneration design

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 Remuneration 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.

For additional information regarding Executive Directors' emoluments for F2016, please refer to Part II of the Remuneration Report included in the Directors' Report on pages 215 to 220.

**Pay mix**

The graphs below represent the on-target total remuneration packages of the senior executives, wherein the total cost-to-company, 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 Remuneration Committee to ensure it supports the Company's Remuneration Policy and the Company's strategic objectives.

EXECUTIVE CHAIRMAN**CHIEF EXECUTIVE OFFICER****FINANCIAL DIRECTOR****DIVISIONAL CHIEF EXECUTIVES (AVERAGE)**

STI = Short-term incentives. LTI = Long-term incentives. CTC = Cost-to-company.

Shareholding targets for Executive Directors and Prescribed Officers

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, Executive Directors and Prescribed Officers will be expected to accumulate a holding of shares in the Company.

Therefore, senior executives will be required to build a minimum shareholding in ARM shares over three years to October 2018, 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 October 2021 to build a further shareholding of one time pensionable salary. Senior executives will be required to maintain the number of shares during employment.

Company and individual limits

At the 2014 Annual General Meeting, shareholders of the Company approved an increase to the aggregate number of shares that may be acquired by all eligible participants through the Scheme together with the Share Plan for the period up to 31 December 2019 from 10 581 294 to 15 581 294, and to increase the aggregate number of shares that may be acquired by each eligible participant for the period up to 31 December 2019 from 1 058 129 shares to 1 558 129 shares.

Employment contracts

Employment agreements have been entered into between the Company and Executive Directors, namely Messrs P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), M Arnold (Financial Director), H L Mkatshana (Chief Executive: ARM Copper and ARM Coal) and A J Wilkens (Executive Director: Growth and Strategic Development). Employment agreements have also been entered into between the Company and the Prescribed Officers, namely Messrs A Joubert, J C Steenkamp and F A Uys. These contracts are subject to one calendar month's termination notice period by either party. None of these employment contracts is a fixed-term contract. Executive agreements do not include restraint provisions applicable upon termination.

The remuneration paid in terms of the executive employment agreements with the Executive Directors and Prescribed Officers is set out in detail in Part II of the Remuneration Report on page 215 of the Directors' Report.



Executive Directors and Prescribed Officers only receive remuneration in terms of their employment relationship with the Company and do not earn fees for services. As recommended in King III, the Company has not concluded any agreements with its Executive Directors and Prescribed Officers to pay a fixed sum of money on termination of employment, or to make "balloon payments" in recognition of service to the Company without any performance conditions attached. There is also no

automatic entitlement to short-term or long-term incentives in the event of resignation or termination because of a disciplinary procedure for terminations due to other reasons. Executive Directors and Prescribed Officers are subject to the same rules that apply to all participants in the Share Plan and the Scheme. There are no other service contracts between the Company and its Executive Directors and Prescribed Officers.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' fees

The Board appoints high-calibre Non-executive Directors who contribute significantly to the Company's strategic direction. On the advice of the Remuneration Committee, which engages independent third-party advisors 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.

In determining the level of fees, consideration is given, *inter alia*, to the importance of attracting and retaining experienced Non-executive Directors, market dynamics and the increasingly demanding responsibilities of Directors throughout the year as well as the contributions of each Director and their participation in the activities of the Board and its Committees.

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.

Full details regarding the fees paid to Non-executive Directors in F2016 are provided in Part II of the Remuneration Report included in the Directors' Report on page 221.



Increase in Non-executive Directors' fees

Board retainers and per meeting attendance fees

On the advice of the Remuneration Committee and, in line with King III, the Board recommends an annual retainer and meeting fees for attendance at Board meetings payable to Non-executive Directors for approval by shareholders.

Board attendance fees are paid for *ad hoc* Board meetings, site visits and seminars, and other *ad hoc* meetings in respect of Board matters. The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings; however, office costs, including telecommunication costs, are deemed to be included in the Board retainers.

The Board recommends a proposed 4% per annum increase (rounded to the nearest R50) in retainer fees and Board meeting attendance fees to be paid to Non-executive Directors. The proposed increase would be effective 1 July 2016.

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

ANNUAL BOARD RETAINERS AND MEETING ATTENDANCE FEES

	Proposed 2016/2017 fees (Rand)*		2015/2016 fees (Rand)^	
	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	508 300	19 450	488 750	18 700
Independent Non-executive Director	405 500	19 450	389 900	18 700
Non-executive Director	324 500	19 450	312 000	18 700

* Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.

^ Effective 1 July 2015.

Committee meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase in the Committee meeting attendance fees payable to Non-executive Directors of 4% per annum (rounded to the nearest R50) for all Committees, as set out in the table below. The proposed increases would be effective 1 July 2016. The fees provide remuneration for preparation for and attendance at Committee meetings as well as *ad hoc* Committee and Committee planning meetings.

	Proposed 2016/2017 per meeting attendance fees (Rand)*	2015/2016 per meeting attendance fees (Rand)^
Audit and Risk Committee		
Chairman	101 350	97 450
Member	40 550	39 000
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	39 800	38 250
Member	26 500	25 500

* Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.

^ Effective 1 July 2015.

The proposed increases in Non-executive Directors' fees will be put to a vote by shareholders in special resolutions at the Annual General Meeting scheduled to be held on Friday, 2 December 2016. Only once these shareholders' resolutions have been passed, will the proposed fees be paid. The below CPI increase will ensure that ARM retains the skills and experience of its Non-executive Directors.

Please refer to the Notice of Annual General Meeting on pages 306 to 307 for the shareholders' resolutions in respect of the remuneration of Non-executive Directors.



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Service contracts: Non-executive Directors

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

Agreements have been entered into between the Company and Messrs J A Chissano and W M Gule to perform services on behalf of the Company. The contracts may be renewed annually, subject to one calendar month's termination notice period by either party.

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

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

Details regarding amounts paid in F2016 in terms of service contracts with Non-executive Directors are provided in Part II of the Remuneration Report included in the Directors' Report on page 221.



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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 2016 annual review, minor amendments were made to the Committee's Terms of Reference. The Committee monitors and oversees those functions set out in the Companies Act, as well as assumes 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 pages 166 and 167 of the 2016 Integrated Annual Report, of which this report forms a part.



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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 good practice, social and economic development, labour, and safety, health and the environment.

PURPOSE AND FUNCTIONS

LEGISLATION AND CODES OF GOOD PRACTICE

The Committee is responsible for monitoring the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of good 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 online training programme and annual compliance certification as well as the Competition Act Compliance Workshop for the Steering Committee;
- > 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;
- > monitored risk areas affecting the sustainability of the business, together with the Audit and Risk Committee, and

received a report about the findings of the annual Corporate Risk Workshop.

- > 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; and
- > received training on the proposed amendments to the Mining Charter.

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.

The Company reviewed its initiatives to counteract risks of fraud, bribery and corruption. As more fully described on page 171 of the Corporate Governance Report, 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.

CORPORATE GOVERNANCE: REPORT OF THE SOCIAL AND ETHICS COMMITTEE continued

The Committee monitored and reviewed the implementation of labour policies, including:

- > attraction, retention and development of skills to support the Company's growth plan;
- > transformation;
- > 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;
- > tailings storage facilities;
- > water management;
- > land use management (rehabilitation and biodiversity management);

- > climate change effects; and
- > the status of ARM's participation in the Carbon Disclosure Project and the Water Disclosure Project.

Additional information is available in the Sustainability Review on pages 36 to 71 of this report and in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za



ASSURANCE

In terms of the Committee's Terms of Reference and King III, the Committee (on behalf of the Audit and Risk Committee), had oversight of the Company's appointment of an independent external sustainability assurance provider to provide assurance in respect of material elements of the 2016 Sustainability Report and of the sustainability section of the 2016 Integrated Annual Report, and reported to ARM's Audit and Risk Committee that the appointment was made.

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

12 October 2016



Two Rivers crushing plant and conveyor to concentrator

BOARD OF DIRECTORS



PATRICE MOTSEPE

(54) Executive Chairman
BA (Legal), LLB

Appointed to the Board in 2003. Patrice Motsepe became Executive Chairman of ARM during 2004. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the merger with Anglovaal Mining Limited.

In 2002 Patrice was voted South Africa's Business Leader of the Year by the chief executive officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award. Patrice is a recipient of numerous other business and leadership awards including:

- > World Economic Forum Global Leader of Tomorrow, 1999;
- > Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003;
- > South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- > African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009;
- > McGuire Woods Outstanding Alumnus Awards, 2009; and
- > BRICS (Brazil, Russia, India, China, South Africa) Business Council, Outstanding Leadership Award, 2014.

Patrice is also the Non-executive Chairman of Harmony and the Deputy Chairman of Sanlam Life Insurance Limited. He is also a member of the International Business Council of the World Economic Forum, which is made up of 100 of the most highly respected and influential chief executives from all industries. He is a member of the JP Morgan International Council and the Harvard Global Advisory Council. His past business responsibilities include being the chairman of the BRICS Business Council for 2013 and founding president of Business Unity South Africa, the representative voice of organised business in South Africa, from January 2004 to May 2008. He is also President of Mamelodi Sundowns Football Club.

In January 2013, Patrice and his wife, Precious, joined the Giving Pledge, which was initiated by Warren Buffett and Bill and Melinda Gates. Patrice committed to give half of the wealth of the Motsepe family to the poor during his lifetime and beyond and that of his wife.



MIKE SCHMIDT

(58) Chief Executive Officer
Mine Managers Certificate,
MDP, Pr. Cert. Eng

Appointed to the Board in 2011. Mike Schmidt joined ARM as Executive: Platinum Operations in July 2007 after 13 years with Lonmin Platinum where he was Vice President Limpopo Operations at the time he left the company. Prior to that, he was employed by Hartebeestfontein Gold Mining Company. Mike was appointed as the Chief Executive Officer Designate of ARM and an Executive Director of the Company with effect from 1 September 2011. He has been the Chief Executive Officer of ARM since 1 March 2012.



MIKE ARNOLD

(59) Financial Director
BSc Eng (Mining Geology),
B Compt (Hons), CA(SA)

Appointed to the Board in 2009. Mike Arnold's working career started in the mining industry in 1980 when he was employed as a Geologist at Anglo American Corporation. He qualified as a Chartered Accountant (SA) in 1987 and completed his articles at a large South African auditing firm. Mike joined ARM in 1999 as the Group Financial Manager of Avgold Limited and in 2003 was appointed as its Financial Director. In 2004, he was appointed Executive Finance of ARM and was appointed as the Chief Financial Officer of ARM in 2008.



THANDO MKATSHANA

(47) Executive Director
and Chief Executive:
ARM Copper and ARM Coal
NHD (Coal Mining), BSc Eng
(Mining), MDP and MBA

Appointed to the Board in 2015. Thando Mkatshana has more than 25 years of experience in the mining industry. His career started with Anglo American Coal in 1988, where he gained extensive experience working in production at various Anglo American collieries. He joined Xstrata Coal South Africa (Pty) Ltd in 2003, where he was responsible for the development from feasibility to implementation of the Goedgevonden Colliery (a flagship greenfields project which is a joint venture between ARM Coal (Pty) Ltd and what is now Glencore Operations South Africa (Pty) Ltd). Thando worked for Kalagadi Manganese (Pty) Ltd and AccelorMittal South Africa Limited before joining ARM in 2011 as Executive: Coal Operations. He was appointed Chief Executive: ARM Coal in 2012 and assumed the additional responsibilities of Chief Executive: ARM Copper in 2015.



ANDRÉ WILKENS

(67) Executive Director:
Growth and Strategic
Development

Mine Managers Certificate of
Competency, MDPA (Unisa),
RMIIA, Mini-MBA (Oil and Gas
Executives)

Appointed to the Board in 2004. André Wilkens was appointed the Chief Executive Officer of ARMgold in 1998. He was then appointed the Chief Operating Officer of Harmony following the merger of ARMgold with Harmony in 2003. André subsequently served as Chief Executive of ARM Platinum, a division of ARM. André was appointed as Chief Executive Officer of ARM in 2004 and appointed to its Board in the same year. With the appointment of Mike Schmidt as ARM's Chief Executive Officer on 1 March 2012, André became the Executive Director: Growth and Strategic Development based in the office of the Executive Chairman. The balance of André's 44 years' mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969, culminating in his appointment as Mine Manager at Vaal Reefs in 1991. André is also a director of African Rainbow Energy & Power (Pty) Ltd.



FRANK ABBOTT

(61) Independent
Non-executive Director and
a Member of the Audit and
Risk Committee,
Investment Committee, the
Non-executive Directors'
Committee and the
Remuneration Committee
BCom, CA(SA), MBL

Appointed to the Board in 2004. Frank Abbott joined Rand Mines in 1981, where he obtained broad financial management experience at an operational level. He was a Director of various listed gold mining companies and was appointed as Financial Director of the Harmony Gold Mining Company in 1997. Frank was appointed Financial Director of ARM in 2004 and retired in 2009. He is now an Independent Non-executive Director of ARM. Frank was appointed as the Financial Director of Harmony with effect from 7 February 2012.



DR MANANA BAKANE-TUOANE

(68) Independent
Non-executive Director,
Chairman of the
Remuneration Committee
and a Member of the Audit
and Risk Committee, the
Nomination Committee,
the Non-executive
Directors' Committee and
the Social and Ethics
Committee

BA (Economics and Statistics),
MA (Econ), PhD (Econ)

Appointed to the Board in 2004. Dr Manana Bakane-Tuoane served as ARM's Lead Independent Non-executive Director from 2009 to 2015. Manana has extensive experience in the Economics field. Her 20-year career in the academic field included lecturing at various institutions, including the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer), and the University of Fort Hare, as Head of Department and Associate Professor. During this part of her career, she was seconded to work in the public service, where she has held various senior management positions since 1995. Concurrent with the above, Manana has been a member and office bearer of several international organisations, including Winrock International and the African Economic Research Consortium (AERC). She serves as a Non-executive Director of Sanlam Limited and a trustee of certain Sanlam trusts. Manana was the Special Advisor to the Minister of Social Development, Minister of Water and Environmental Affairs as well as Minister of Environmental Affairs from 2009 until 31 January 2015.

BOARD OF DIRECTORS continued

**TOM BOARDMAN**

(66) Independent Non-executive Director, Chairman of the Audit and Risk Committee and a Member of the Non-executive Directors' Committee and the Remuneration Committee
BCom, CA(SA)

Appointed to the Board in 2011. Tom Boardman was Chief Executive of Nedbank Group Limited from December 2003 to February 2010. He was previously Chief Executive and an Executive Director of BoE Limited, one of South Africa's leading private and investment banking companies which was acquired by Nedbank in 2002. He was the founding shareholder and Managing Director of retail housewares chain Boardmans, which he sold to Pick 'n Pay in 2006. The Boardmans chain of stores is now owned by Edcon. Prior to this, he was Managing Director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He served his articles at Deloitte. He is a Non-executive Director of Nedbank Group, Woolworths Holdings and Royal Bafokeng Holdings. Tom has also been appointed as a Non-executive Director of Kinnevik, a listed Swedish investment company. He is a Director of The Peace Parks Foundation and is the Chairman of The David Rattray Foundation and serves as a trustee on a number of other charitable foundations.

**ANTON BOTHA**

(63) Independent Non-executive Director and a Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee
BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

Appointed to the Board in 2009. Anton Botha is a co-founder, Director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners and the Imalivest Flexible Funds. He also serves as a Non-executive Director on the boards of the JSE Limited, the University of Pretoria, Vukile Property Fund Limited (Chairman), Sanlam Limited and certain Sanlam subsidiaries. He is a past president of the AHI (Afrikaanse Handelsinstituut). Anton spent most of his career as Chief Executive Officer of Gensec Limited, building it into a leading South African investment banking group that became a wholly-owned subsidiary of Sanlam Limited in 2000.

**JOAQUIM CHISSANO**

(76) Independent Non-executive Director and a Member of the Nomination Committee and the Non-executive Directors' Committee
PhD

Appointed to the Board in 2005. Joaquim Chissano is a former President of Mozambique who has served that country in many capacities, initially as a founding member of the Frelimo movement during that country's struggle for independence. Subsequent to independence in 1975, he was appointed foreign minister and on the death of Samora Machel in 1986 assumed the office of President. Frelimo contested and won the multiparty elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as Chairman of the African Union from 2003 to 2004. Joaquim is also a Non-executive Director on Harmony's board. In 2006, Joaquim was awarded the annual Chatham House Prize, which is awarded for significant contributions to the improvement of international relations. He was the recipient of the inaugural Mo Ibrahim Prize for Achievement in African Leadership in 2007.

**ALEX MADITSI**

(54) Lead Independent Non-executive Director, Chairman of the Nomination Committee and of the Non-executive Directors' Committee, and a Member of the Audit and Risk Committee, the Investment Committee, Remuneration Committee and the Social and Ethics Committee
BProc, LLB, H Dip Co Law, LLM

Appointed to the Board in 2004. Alex Maditsi became the Lead Independent Non-executive Director in 2015. Alex is the Managing Director of Copper Moon Trading (Pty) Ltd. Previously, he was employed by Coca-Cola South Africa as a Franchise Director for South Africa. He was Country Manager for Kenya, Senior Director: Operations Planning and Legal Director for Coca-Cola Southern and East Africa. Prior to joining Coca-Cola, Alex was the Legal Director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright Scholar and a member of the Harvard LLM Association. Alex's directorships include Bidvest Group Limited and Sterling Debt Recoveries (Pty) Ltd.



DR REJOICE SIMELANE

(64) Independent Non-executive Director, Chairman of Social and Ethics Committee and a Member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

Appointed to the Board in 2004. Dr Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in Economics. Between 1998 and 2001, she worked at the National Department of Trade and Industry and at the National Treasury. She later served in the capacity of Special Adviser, Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments. Rejoice's current board directorships include Sanlam Limited and Mamelodi Sundowns Football Club. A recipient of a CIDA Scholarship and a Fulbright Fellow, she also served as a member of the Presidential Economic Advisory Panel (PEAP) under former President Mbeki until 2009 and also served on the Board of the Council for Medical Schemes from 2008 to 2011.



MANGISI GULE

(64) Independent Non-executive Director and Member of the Non-executive Directors' Committee

BA (Hons)(Wits), P & DM (Wits Business School)

Appointed to the Board in 2004. Mangisi Gule was appointed Chief Executive of ARM Platinum on 27 February 2005 and in May 2007 he was appointed Chief Executive of ARM Coal, a role which he held until August 2012. Mangisi was Executive Director: Corporate Affairs until 30 June 2013. He has been a Non-executive Director of the Company since 1 July 2013. He is now an Independent Non-executive Director of ARM. Mangisi has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from his qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship. He has been a lecturer, as well as Chairman of various professional bodies and a member of various executive committees and associations. He has also been an Executive Director and Board member for ARMgold as well as an Executive Director and Board member of Harmony.



BERNARD SWANEPOEL

(55) Independent Non-executive Director, the Chairman of the Investment Committee and a Member of the Non-executive Directors' Committee

BSc (Min Eng), BCom (Hons)

Appointed to the Board in 2003. Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony Mine. He was appointed Chief Executive Officer of Harmony in 1997. In August 2007, he left Harmony to start To-the-Point Growth Specialists. Bernard is a Non-executive Board member of Eqstra Limited. He is a Director of various companies, including Zimplats Limited and Impala Platinum Holdings Limited.

STEERING COMMITTEE



MIKE SCHMIDT
Chief Executive Officer



MIKE ARNOLD
Financial Director



THANDO MKATSHANA
Executive Director and
Chief Executive: ARM Copper
and ARM Coal



ALYSON D'OYLEY
Company Secretary



ANDRÉ JOUBERT
Chief Executive:
ARM Ferrous



BENNY BOSHILO
Executive: ARM Platinum
Corporate Affairs



BUSI MASHIANE
Group Executive:
Human Resources



HENRY GRAHAM
Group Risk Manager



CLAUS SCHLEGEL
Executive: Exploration
and New Business, ARM
Exploration



DIRECTOR MATLALA
Leader: Transformation



FRANCOIS UYS
Chief Executive:
ARM Platinum



IMRHAN PARUK
Executive: Corporate
Development



JAN STEENKAMP

Chief Executive:
ARM Strategic Services
and Exploration



JOHAN PISTORIUS

Chief Information Officer



JONGISA MAGAGULA

Corporate Development and
Head of Investor Relations



MARK BRÄSLER

Executive: Operations
Support



NERINE BOTES-SCHOEMAN

Executive: Sustainable
Development



PIERRE JOUBERT

Executive: Technology –
Mining



PRINCESS THWALA

Group Executive: Compliance
and Stakeholder Relations



RILETTE AVENANT-BUYS

Executive: Logistics



SANDILE LANGA

Executive Legal: Compliance
and Stakeholder Relations



VUSI KHUMALO

Executive Operations:
ARM Platinum



STOMPIE SHIELS

Executive: Business
Development



ZANDILE MOSEKE

Human Resources Manager:
Corporate