

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.



IAR

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 a 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