Corporate Governance

"Our strategy is also supported by the highest standards of corporate governance which we continue to review to ensure robust controls and alignment of our businesses with global best practice."

Patrice Motsepe Executive Chairman's Report

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 systems 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.

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	King III	Companies Act	International <IR> Framework	Mining Charter
ARM is a public company listed on the JSE Limited (JSE) and is subject to the JSE Listings Requirements, which were most recently amended with effect from 30 September 2014.	The King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).	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.	The International Integrated Reporting Framework came into effect in December 2013.	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.jse.co.za	www.iodsa.co.za	www.acts.co.za	www.theiirc.org	www.dmr.gov.za

Additional external sustainability and management systems, standards and principles

See the Sustainability review on page 30 and the 2014 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 page 187.

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 and has taken steps to ensure that it complies with the recommendations and requirements as a consequence thereof. Save for the explanations noted in this report, ARM 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.

Governance framework

Shareholders and other stakeholders

Board governance

Board of Directors
Determines the Company's purpose and values and developing strategies in relation thereto and provides strategic direction and leadership aligned to the Company's value system to ensure the sustainability of the business

Company Secretary

Audit and Risk Committee	Investment Committee	Nomination Committee	Non-executive Directors' Committee	Remuneration Committee	Social and Ethics Committee
Provides oversight of the integrated annual report and financial reporting and monitors the maintenance and safeguarding of assets as well as the financial sustainability of the Company.	Examines proposed investments, potential acquisition and disposals and capital projects above executive management's authority levels prior to recommendation to the Board.	Ensures that the Company has a formal succession plan and assists the Board to identify and source Directors who add value to the Board.	Considers sensitive issues which may not expediently be discussed at Board meetings and affords Non-executive Directors with the opportunity to debate issues at length and to formulate their views before taking them to Board meetings.	Monitors the Company's remuneration policies and ensures that awards are fair and reasonable and that the Company has the optimal remuneration strategy to attract, retain and motivate employees.	Monitors and reviews the Company's safety, health and environmental activities, social and economic development, efforts to combat fraud and corruption, labour practices and the Company's approach to transformation.

Executive management

Executive Committee
Assists the Executive Chairman to implement the strategy and objectives for and vision of ARM

Steering Committee
Assists the Chief Executive Officer with the implementation of approved corporate strategy and other operational matters

Growth & Strategic Development Committee	Management Risk Committee	Information Technology Steering Committee	Treasury Committee	Employment Equity and Skills Development Committee
Evaluates opportunities to actively make progress with the implementation of ARM's growth strategy.	Assists the Audit and Risk Committee and the Social and Ethics Committee with monitoring the implementation of the enterprise risk management policy and annual plan and with identifying the principal risks, opportunities and challenges facing the Company.	Ensures the effective management of information technology and the integrity of financial and other information by supporting the Company to cost effectively achieve its objectives.	Ensures the effective management of the Company's financial capital.	Ensures the attraction and development of human capital to enable and support the Company's long-term strategy.
Refer to the ARM strategy diagram on page 9.	Refer to the Risk report on page 134.	Refer to the IT Steering Committee summary on page 129.	Refer to the Financial Director's report on page 14 and the annual financial statements on page 180.	Refer to the Sustainability Review on pages 30 to 48.

Various departmental, disciplinary, regional, specialist, tactical and project committees and forums.

Divisional/Operational

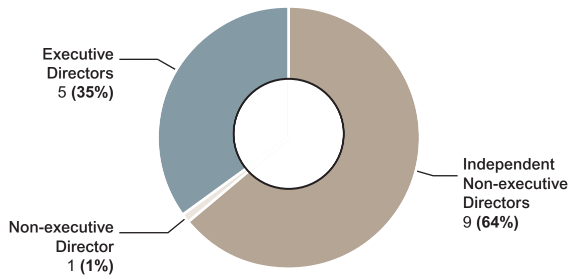
Comment from Integrated Reporting and Assurance Services (IRAS)

"As part of our Independent Third Party Assurance processes, IRAS 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 it has reasonably met the 'Apply' recommendations. ARM has asserted 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.** IRAS's comprehensive assurance statement may be found in ARM's 2014 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Board composition

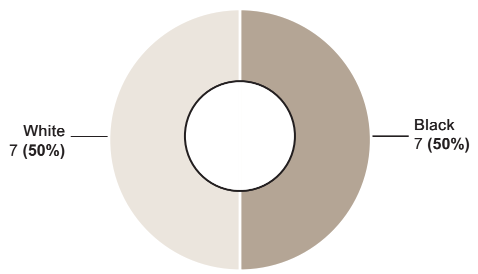
ARM has a unitary Board comprising 14 Directors, the majority of whom are Independent Non-executive Directors.

Mix of directors

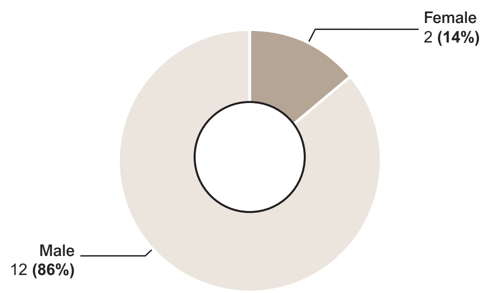


Curricula vitae of the Board members are provided on pages 158 to 161.

Diversity



Gender of directors



Independence

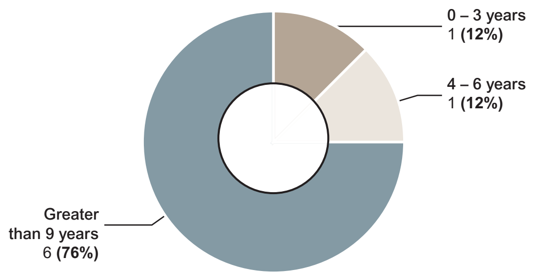
The Board believes that the Independent Non-executive Directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

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 Director's character and judgment. The Board concluded that in each circumstance the Independent Non-executive Director's independence of character and judgment was not impaired by the length of service.

Length of tenure



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 Chissano, who receives consultancy fees, was also considered. Given his extensive relationships with 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.

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.

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 PT 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) which, between them hold 40.86% 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 adequately addressed by the composition of the Board and particularly by the appointment of the Lead Independent Non-executive Director, Dr Manana Bakane-Tuoane, 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 2014. The Chief Executive Officer is appointed by the Board.

Board Charter

The Board Charter, which was approved in May 2009, was most recently amended by the Board in August 2014 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.

Dr R V Simelane and Messrs J A Chissano and Z B Swanepoel are required to retire by rotation. They make themselves available for re-election at the Annual General Meeting to be held on Friday, 5 December 2014.

Mr M W King retired from the Board due to his age, with effect from 6 December 2013. The Board extends its appreciation to Mr King for his immensely valuable contribution over the years.

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.

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 158 to 161.

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 Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business. Site visits are also conducted. In F2014, site visits were conducted to the Black Rock Expansion Project and the Lubambe Copper Mine.

Succession

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

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.

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

In the assessment process consideration is also given to the Board's diversity, size and demographics.

The findings of the 2013 assessment were considered by the Board in F2014 and copies of the findings were provided to the external auditors in terms of King III.

The findings of the 2014 assessment will be considered by the Board during the year.

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 the Remuneration Report starting on page 144.

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 2014, four Board meetings were held. A meeting attendance schedule is set out below. The quorum for Board meetings is the majority of the Directors.

The Company's annual budget workshop was held in July 2014 as part of the sixth annual Bosberaad (strategy meeting) for Directors and senior management. 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.

Agendas for Board meetings are prepared by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer and the Financial Director. 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.

Board of Directors: Meeting attendance

	Aug '13	Dec '13	Feb '14	May '14
P T Motsepe (Executive Chairman)	✓	✓	✓	✓
M P Schmidt (Chief Executive Officer)	✓	✓	✓	✓
F Abbott	✓	✓	✓	✓
M Arnold	✓	✓	✓	✓
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	✓	✓	✓	✓
T A Boardman	a	✓	✓	✓
A D Botha	✓	✓	✓	✓
J A Chissano	✓	✓	✓	✓
W M Gule	✓	✓	✓	✓
M W King	✓	✓	**	**
A K Maditsi	✓	✓	✓	✓
D V Simelane	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓
A J Wilkens	✓	✓	✓	✓

*a = apologies ** = Mr M W King retired from the Board due to his age, with effect from 6 December 2013.*

Company Secretary

All Directors have access to the services and advice of the Company Secretary, Ms Alyson 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 August 2014, 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	– Many years experience as a Barrister and Solicitor – Three years experience as a General Counsel at a listed company – Nine 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 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 F2014, the Terms of Reference were reviewed by the Committees and 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 F2014 are included in each Committee 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:
M W King (Chairman until 6 December 2013 upon retirement from the Board)
T A Boardman (Chairman from 6 December 2013)
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 Audit and Risk Committee comprises five 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.

The Board's amendments to the Audit and Risk Committee Terms of Reference, following the 2014 annual review, meet the requirements of the Companies Act.

Based on the Terms of Reference, a comprehensive agenda framework/workplan 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), 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 auditors of the Company and to re-appoint Mr E A L Botha as the designated individual auditor. EY and Mr Botha 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 auditors 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 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 Committee reports to the Audit and Risk Committee and its report is included on page 128 and pages 134 to 143 of this Corporate Governance Report.

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 F2014.

The Report of the Audit and Risk Committee is available on pages 166 and 167.

Audit and Risk Committee: Meeting attendance

	Aug '13	Sept '13	Oct '13	Dec '13	Feb '14	Mar '14	May '14
M W King[1] (Chairman until 6 December 2013)	✓	✓	✓	✓	**	**	**
T A Boardman (Chairman from 6 December 2013)	✓	✓	✓	✓	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓	✓	✓	✓
Dr R V Simelane	✓	a	✓	✓	✓	✓	✓

a = apology
*** = retired*
[1] Mr M W King retired from the Board due to his age, with effect from 6 December 2013.

Investment Committee

Members:
Z B Swanepoel (Chairman)
F Abbott
A D Botha
M W King[1]
A K Maditsi

[1] Mr M W King retired from the Board due to his age, with effect from 6 December 2013.

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 F2014.

The Investment Committee is required to meet at least once a year. Two meetings were held during F2104.

Investment Committee: Meeting attendance

	Nov '13	Jan '14
Z B Swanepoel (Chairman)	✓	✓
F Abbott	a	✓
A D Botha	✓	a
M W King[1]	✓	**
A K Maditsi	✓	✓

a = apologies
*** = retired*
[1] Mr M W King retired from the Board due to his age, with effect from 6 December 2013.

Nomination Committee

Members:
Dr M M M Bakane-Tuoane (Chairman)
J A Chissano
A K Maditsi
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 page 124 of this Corporate Governance Report.

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 monitors succession planning for the Executive Chairman, the Chief Executive Officer, other Directors and senior management who are not Directors.

The Terms of Reference of the Nomination Committee were most recently updated by the Board in F2013.

In line with JSE guidance, the Nomination Committee is chaired by Dr Bakane-Tuoane, the Lead Independent Non-executive Director. Mr Motsepe, the Executive Chairman, ceased to be a member of the Nomination Committee with effect from 29 August 2012 and now attends 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 F2014, three meetings were held.

For additional information regarding the succession process, please refer to page 122.

Nomination Committee: Meeting attendance

	Dec ’13	Feb ’14	May ’14
A K Maditsi (Chairman)	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓
J A Chissano	a	✓	a
Dr R V Simelane	✓	✓	✓

a = apologies

Non-executive Directors’ Committee

Members:

Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman
A D Botha
J A Chissano
W M Gule
A K Maditsi
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, Dr M M M Bakane-Tuoane.

Terms of Reference of the Non-executive Directors’ Committee were approved by the Board in F2011 and most recently amended in F2014. 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 F2014.

Non-executive Directors’ Committee: Meeting attendance

	Aug ’13	Dec ’13	Feb ’14	May ’14
Dr M M M Bakane-Tuoane (Chairman)	✓	✓	✓	✓
F Abbott	✓	✓	✓	✓
T A Boardman	a	✓	✓	✓
A D Botha	✓	✓	✓	✓
J A Chissano	✓	✓	✓	a
W M Gule	✓	✓	✓	✓
M W King[1]	✓	✓	**	**
A K Maditsi	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓

a = apologies
[1] *Mr M W King retired from the Board due to his age, with effect from 6 December 2013.*

Remuneration Committee

The Remuneration Report is available on pages 144 to 155. Additional information is available in the Directors' report on pages 172 to 179.

Social and Ethics Committee: Meeting attendance

	Aug '13	Dec '13	Feb '14	May '14
Dr R V Simelane (Chairman)	✓	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓

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 investment.

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 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 whilst 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 in May 2014.

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;
- Environment, health and occupational/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 and Investor Relations, 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 F2014.

Additional information is available in the Report of the Social and Ethics Committee on pages 156 and 157 of this report, in the Sustainability review on pages 30 to 48 of this report and in the 2014 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

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 119 for a summary of how these committees add value to the business.

Executive Committee

The Executive Committee was formed in January 2012 and its members meet 10 times per year. The Executive Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer and the Financial Director and divisional reports, including safety, stakeholder and operational issues.

Management Risk Committee

Members:

M P Schmidt (Chairman) (Executive Director)
M Arnold (Executive Director)
C Blakey-Milner
N Botes-Schoeman
J M Bräsler
A Joubert
K S Mashalane
B R Mashiane
H L Mkatshana
J M Pistorius
D V Simelane (Executive Director)
J C Steenkamp
P S Thwala
F A Uys
A J Wilkens (Executive Director)

The Management Risk 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, co-ordinating 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 Committee's Terms of Reference are reviewed annually and were most recently reviewed without amendment in F2014.

The Management Risk 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 and the Chief Information Officer. The internal auditors are invited to attend one meeting per year. The Chairman of the Management Risk 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 invited to attend Board meetings to respond to any risk-related matters raised by the Directors.

The Management Risk Committee met four times during F2014.

Additional information regarding the risk management programme is available in the Risk Report on pages 134 to 143.

Steering Committee

The Steering Committee is charged with the implementation of approved corporate strategy and 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.

The Steering Committee members are listed on pages 162 and 163.

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 more often as required. Its members include the Chief Executive Officer, the Financial Director, the Chief Executive: ARM Copper, the Chief Executive: ARM Strategic Services and Exploration, the Executive: New Business Development and Investor Relations, the Executive: Legal Compliance and Stakeholder Relations and the Executive: Corporate Development.

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 D V Simelane, an Executive Director and the Chief Executive of ARM Copper. Its members include the Chief Executive Officer, the Financial Director, the Chief Human Resources Officer, the Group Executive: Human Resources, the divisional chief executives, the Executive: Corporate Affairs for ARM Platinum, the Group Executive: Compliance and Stakeholder Relations, the Leader: Transformation and other senior executives. The Committee meets monthly, or more often as required. The Committee Chairman and the Group Executive: Human Resources attend and report at Social and Ethics Committee 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, formerly an Executive Director and the Chief Executive of ARM Ferrous and currently 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 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

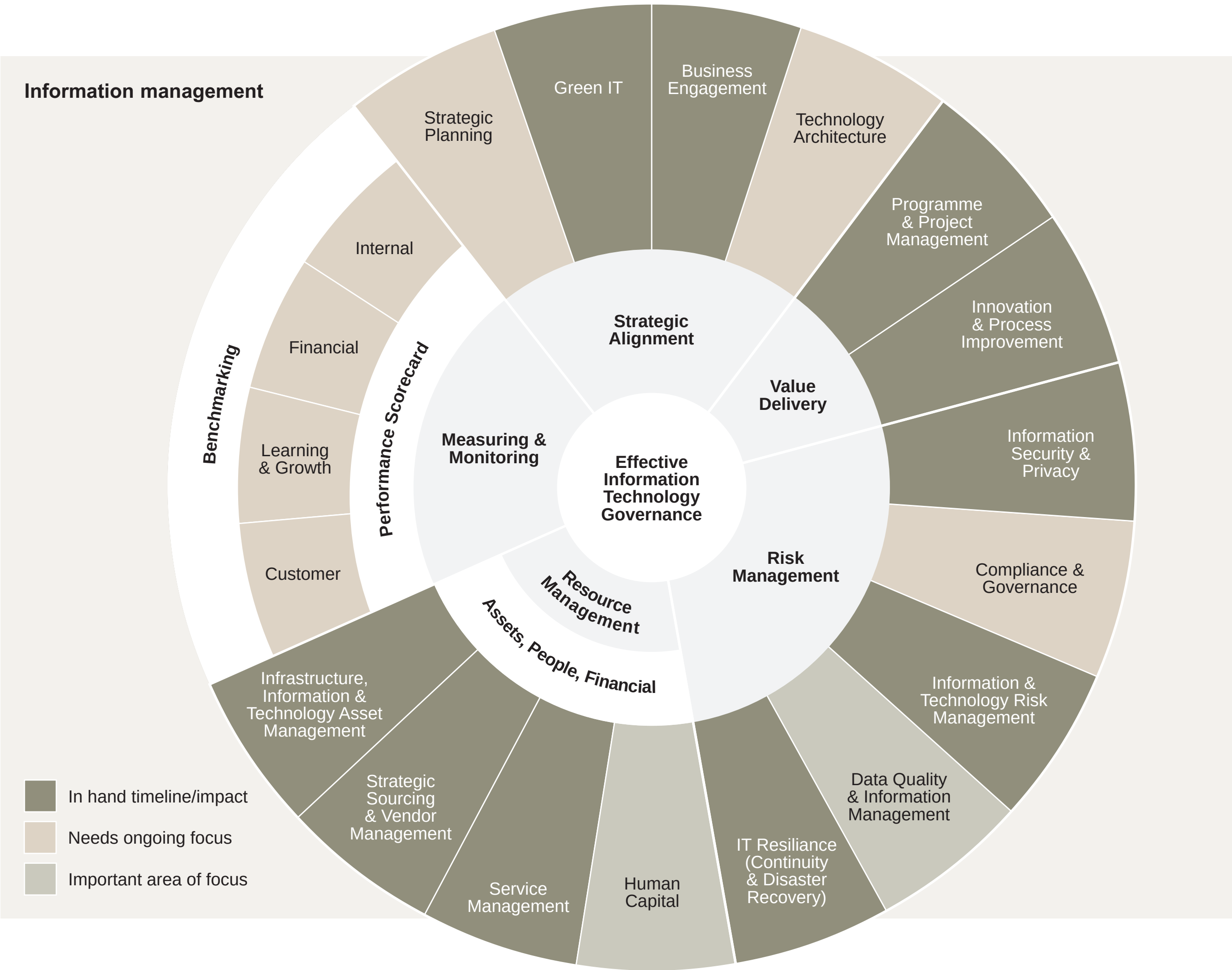
Introduction

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 above 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.

Strategic alignment

Strategic alignment focuses on ensuring the linkage of business and IM plans; defining, maintaining and validating the IM value proposition; and aligning IM operations with enterprise operations.

Value delivery

Value delivery is about executing the value proposition throughout the delivery cycle, ensuring that IM delivers the promised benefits against the strategy, concentrating on optimising costs and proving the intrinsic value of IM.

Risk management

Risk management requires risk awareness by senior corporate officers, a clear understanding of the enterprise's appetite for risk, understanding of compliance requirements, transparency about the significant risks to the enterprise and embedding of risk management responsibilities into the organisation.

Resource management

Resource management is about the optimal investment in, and the proper management of, critical IM resources: applications, information, infrastructure and people.

Key issues relate to the optimisation of knowledge and infrastructure.

Performance management

Performance measurement tracks and monitors strategy implementation, process performance and service delivery, using for example, balanced scorecards that translate strategy into action to achieve goals measurable beyond conventional accounting.

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 Group 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.

IT Governance Dimension	Objectives and Performance 2014	Objectives 2015
Value delivery	**Objective:** Roll-out and implementation of J D Edwards' ERP (Enterprise Resource Planning) System for the Cato Ridge Smelter facility **Performance:** Project completed by 30 June 2014	Mature and enhance implementation and usage
Risk management Resource management Value delivery	**Objective:** ARM Ferrous – improve performance on internal and external audit and implement all audit findings **Performance:** Completed by June 2014	Continue internal audits to ensure integrity of systems
Resource management	**Objective:** Develop and implement Hyperion Planning for Northern Cape mines **Performance:** Project is 80% complete and remains a work-in-progress	Finalise and sign off the Hyperion Planning implementation by March 2015
Resource management	**Objective:** Continuation of the MAPP Project and module implementation **Performance:** Delivered Employee Self Service solutions in Northern Cape mines and Sandton. Delivered Contingent Worker solutions* to manage contractors Delivered "Org Plus", which is an Organisation Structure design product Delivered "Employee Relations Navigator" software to manage the industrial relations environment	Further develop and implement the following solutions: – Time and Attendance Solution – Learning Management Solution – Performance Management Solution Design the Oracle Fusion Solutions' recruitment, performance management and workforce planning
Resource management	**Objective:** Culture, Team and Individual Development (CTID) process **Performance:** Training completed and developed a Team Charter and Success Model for IM within ARM	Align outcomes into balanced scorecard measurements of employees Manage the outcomes and monitor behaviour due to process
Value delivery	**Objective:** Assisting Lubambe Mine with system requirements **Performance:** Implemented Human Resources Oracle core system and integrated Lubambe into ARM's Wide Area Network connection	Implement Oracle Payroll system Expand Qlikview reporting to management and ARM Executives Further assistance with other systems requirements
Value delivery	**Objective:** Planning of JD Edwards for Nkomati Mine **Performance:** Capital approval process completed and project preparation completed by June 2014	Implementation of JD Edwards at Nkomati Mine in alignment with the template developed for the ARM Group by June 2015
Resource management	**Objective:** Ensure compliance and development of an IM legal compliance register **Performance:** Initiative completed and a legal compliance register has been developed together with EY and KPMG for the IM department	Continuous alignment to applicable legislation and compliance in this regard

Abbreviations:
CTID *Culture, Team and Individual Development*
CoBit *Control Objectives for Information Technology*
ERP *Enterprise Resource Planning*
IM *Information Management*
IT *Information Technology*
MAPP *Managing ARM People Potential*
RIFA *Reliable Information For ARM*
WAN *Wide Area Network*

* *Employee leave management through electronic media.*

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 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 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 new Companies Act, and most recently reviewed in 2014. A Code of Conduct online training programme has been rolled out at the corporate office, the ARM Platinum operations and the ARM Ferrous 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, IRAS 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 manage-ment of ethical compliance throughout its operations."

For more information, go to the IRAS comprehensive assurance statement within ARM's 2014 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. A more detailed communications policy is being prepared in accordance with King III.

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 Committee and the internal auditors (outsourced to KPMG Services (Pty) Ltd), reviews 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 166 and 167.

Risk management programme

The Risk Report is available on pages 134 to 143.

Legal compliance

The Company has a legal and regulatory compliance policy. Internal and external audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

Internal and external operational audits are undertaken annually. In addition, ARM Corporate initiates external audits of safety, health and environmental (SHE) performance at all of ARM's operations, which are undertaken biennially. The most recent external SHE audit, conducted in F2014, identified certain areas requiring attention, which are being addressed.

During the year under review, Modikwa paid an administrative fine of R315 000 in terms of the National Environmental Management Act (NEMA) in respect of the Montrose sewage facility. In the case of the Khumani Housing Company Proprietary Limited, a subsidiary of Assmang Proprietary Limited, an administrative fine of R460 000 was imposed, but this has been taken on appeal. The appeal remained unresolved as at 30 June 2014. Dwarsrivier Mine paid an administrative fine of R1 000 000 for rectification processes in terms of section 24G in terms of NEMA, which it had lodged in 2008, and Two Rivers Platinum also paid a consolidated fine of R1 000 000 for rectification in terms of section 24G of NEMA.

The Company did not receive any other administrative penalties nor was it fined nor has it been prosecuted for any anti-competitive practices or non-compliance with any governance or legislative obligations.

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 resource development, mine community development, housing and living conditions, sustainable development and growth of the mining industry and reporting (monitoring and evaluation).

A section describing the progress ARM has made to comply with the requirements of the revised Mining Charter is provided in the 2014 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. Minor amendments to the policy were made in F2014 following the annual review.

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 communities, the Company has an Executive: Business Development, a Senior Executive: Corporate Affairs for ARM, 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 Company's website following the meetings.

The Company's stakeholder communication policy is included in the Code. The development of a more comprehensive stakeholder communication/engagement policy is in progress.

A management communications policy was finalised in February 2014.

ARM's investor relations department is responsible for communication with institutional shareholders, the investment community and the media. The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by ARM senior executives in one-on-one meetings with institutional investors in South Africa, the United Kingdom, North America and Singapore, through investor roadshows and conferences.

Additional information regarding investor relations and communication with stakeholders is available in the Investor Relations report on pages 258 to 261 and in the 2014 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 264 to 270.

Sponsor

Deutsche Securities (SA) Proprietary Limited is the Company's sponsor, in compliance with the JSE Listings Requirements.

Risk report

Risk management

Internal control and Enterprise Risk Management (ERM) policy

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

Every ARM employee has an important role to play in the implementation of these systems of control.

To implement this policy, ARM:

- strives to protect and improve the health, safety and wellbeing 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 ARM's operations.

ARM expects all subsidiaries, joint ventures, 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 ERM process

ARM's annual Risk Management Plan is approved by the Audit and Risk Committee, executed on an ongoing basis by ARM Risk Management and monitored by the Management Risk Committee and the Audit and Risk Committee and joint venture audit committees on a quarterly basis. This plan ensures the implementation within the Company of the Enterprise Risk Management process.

ARM's Enterprise Risk Management process uses a unitary framework of identification and quantification of 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

Enterprise Risk Management Framework

The objective of ARM's Enterprise Risk Management Framework (the Framework) is to ensure that ARM is proactive and appropriately prepared for potential risk, challenges and opportunities.

The Framework records ARM's risk management philosophy and policy; sets out the management and reporting functions; processes, roles and responsibilities; provides standards and guidelines; and identifies risk tolerance levels (periodically reviewed by the MRC and approved by the Audit and Risk Committee) for operations, divisions and the Company.

The Framework, which incorporates elements of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework and ISO 31 000, places significant emphasis on the integration of risk and assurance; enables competent management assurance of the control environment across risks and processes throughout the enterprise; is interlinked with ARM's management philosophy of ongoing improvement; embodies the underlying premise that every entity exists to provide value for its stakeholders; defines risk as "uncertainties about an enterprise that must be understood and managed to achieve its objectives and add value"; emphasises ARM's overriding policy and philosophy that management of risk is the responsibility of management at every level in ARM; and forms an integral part of the process of managing resources and opportunities within our risk appetite in order to provide reasonable assurance regarding the achievement of our objectives.

As the field of risk management is dynamic, ARM's ERM policy and framework will continually evolve to meet the challenges and changes faced by ARM, its divisions and operations.

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

Focus on the ongoing identification and recording of risks, challenges and opportunities across the spectrum from long-term strategic planning to process level risks

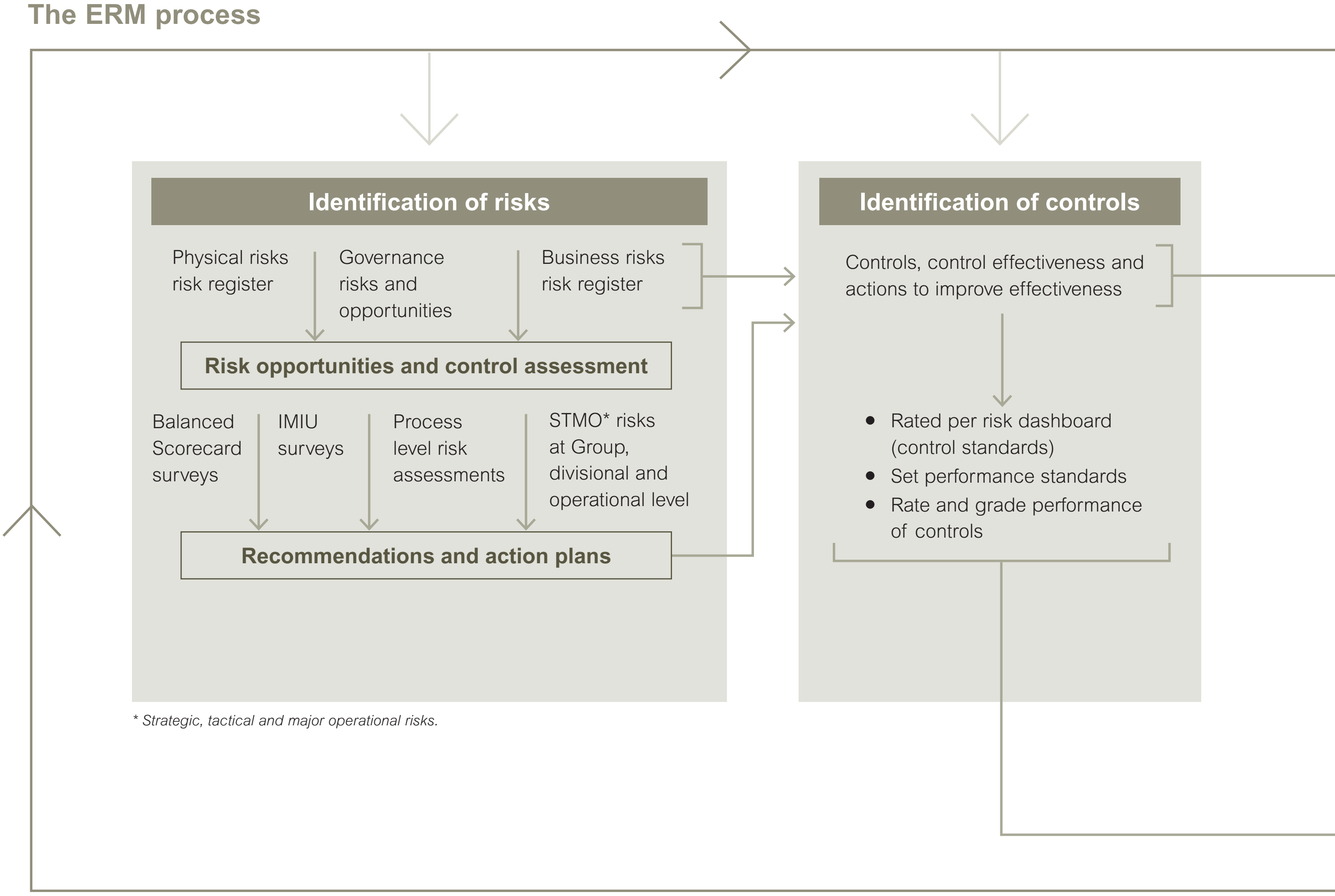
For the specific purpose of ensuring that efficient and effective controls and/or mitigation/elimination strategies are recognised, benchmarked, established and practised

Benchmark control performance in respect of the various processes involved at all our operations

Monitor and encourage improvement in control performance/mitigation strategies consistent with our "We do it better" management style, to provide all levels of management with appropriate assurance of the effectiveness of existing controls and/or improvement initiatives

Two Rivers Platinum Mine

The ERM process



** Strategic, tactical and major operational risks.*

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

Acceptance or financing of risk

Governance and continuous improvement processes

Review process

- Risk registers
- Combined assurance
- Previous internal audit results and coverage
- Corporate governance requirements

Annual internal audit plan
(Risk-based audit approach)

Annual risk management plan

Internal audits

Actions include:

- Verification of control effectiveness
- Analysis of findings/recommendations
- Closing the loop (follow-up on internal audit findings/recommendations)

Focus on

- Ongoing risk identification
- Controls and effectiveness
- Risk financing/risk acceptance
- Reporting: providing assurance on governance risk and controls

Combined assurance

Reporting, monitoring and assurance on governance, risk and controls

Risk and control reporting

Governance

- Internal audit rated per risk dashboard
- Detailed analysis of audit findings
- Follow-up reviews – closing the loop
- Governance, risk and control reporting

Risk register

- Business risk register – risks, opportunities, controls and effectiveness

Physical risk management

- Balanced Scorecard
- IMIU ratings

Risk financing/Risk acceptance

Quarterly reporting to

- Operational audit committees
- Operations committees
- Management Risk Committee
- ARM Social and Ethics Committee/ operational sustainable development committees
- ARM Audit and Risk Committee (which reports to the ARM Board)

ARM's risk management initiatives must:

- continue to meet and exceed corporate governance requirements;
- provide an effective and efficient management tool for a continuous improvement process;
- provide evidence of meaningful management assurance that can be relied on by all stakeholders;
- facilitate the ongoing process of moving from exception reporting to performance of controls;
- identify 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;
- set ARM performance standards and grading/rating performance of control and mitigation strategies;
- constantly reassess risk management initiatives to ensure they are relevant and that they anticipate emerging risks and opportunities; and
- add value to the efficiency and effectiveness of ARM's risk preparedness.

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 Committee (MRC) 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 MRC 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 Committee, the Audit and Risk Committee and the Social and Ethics Committee, as well as reporting quarterly to all 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.

Integration of risk and assurance

ARM's risk management philosophy and practice champions the integration of risk and assurance. This approach ensures the provision of comprehensive management assurance across financial, business and operational processes; associated risks, challenges and opportunities; and appropriate corporate governance compliance. By providing a practical and effective tool for the management of the specific and overall control environment, it ensures adequate and appropriate risk preparedness.

The enterprise risk management activities of identifying and recording risks (including challenges and opportunities) and corresponding controls and/or mitigation strategies enables focused continuous improvement of the control and mitigation actions and improvement initiatives.

Approach to combined assurance

ARM believes that the focused approach to the integration of risk and assurance, coupled with its ongoing enterprise risk management activities, ensures that a comprehensive 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 ARM's 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 (summarized 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 assurers 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. Combined assurance enables comprehensive and appropriate management assurance reporting to the divisional and operational audit committees and to the MRC and, through the Audit and Risk Committee, to JV partner and Board structures.

ARM continues to refine its combined management assurance approach and reporting. The objective is to provide a comprehensive risk-based and robust assurance process and ensure that it provides a practical, cost-efficient and effective tool integrated with ARM's enterprise risk management and audit and risk processes.

ARM Annual Risk Management Plan

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

The Risk Management 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.

Reporting structure

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

Risk register process	Physical risk management	Risk financing insurance	Governance and risk
Addresses emerging and existing business risks, controls and action plans for improvement.	Addresses physical risks, controls and action plans/ recommendations for improvement set against cost-effective international standards.	Addresses the financing and/ or insurance of risks retained.	Addresses risk issues arising out of corporate governance and code of practice.

The risk register

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

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.

The inclusion and consistent use of value drivers in the identification of risks 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 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.

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 process to integrate risk and assurance and maintain the focus on continuous improvement

The detailed risk register information and the outcome and results of the combined assurance reports are provided and discussed at least annually with ARM's internal auditors, in order to:

- ensure that the information is effectively used in the planning of internal audit coverage so that it is comprehensive and provides focus on identified high risk areas;
- enhance the integration of risk and internal audit functions by incorporating a review of specific targeted process level risk assessments (and corresponding controls/strategies) during their annual audit programme; and
- specifically ensure review of the control environment associated with strategic, tactical and major operational risks.

Using the risk register to embed the ERM process

To embed the ERM process, ARM ensures that the risk register process, including the integration of appropriate management assurance and compliance reporting, plays an integral part in the management of all our operations through:

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

The 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 International Mining Industry Underwriters, measure each operation against an international benchmark of risk preparedness.

The value of the Balanced Scorecard 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 our risk partners/underwriters and to continually developing relationships with responsible and financially sound risk carriers.

Processes and principles in place to achieve our 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 our sustainability and their possible impact on ARM and its stakeholders.

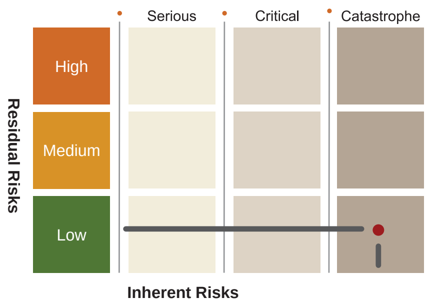
Having determined these material issues, ARM's comprehensive Enterprise Risk Management process includes a detailed identification of risks ranging from process level risk assessments at individual operations, through to strategic, tactical and major operational risks at operational, divisional and Company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

Safety and health

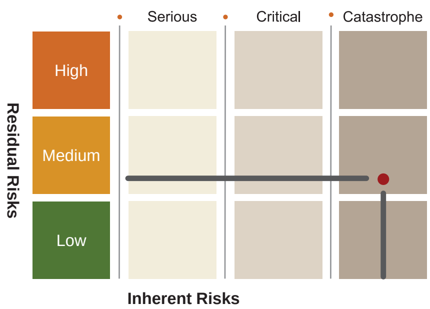
Control effectiveness: Good



Although not significantly exposed to deep level mining operations, 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 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

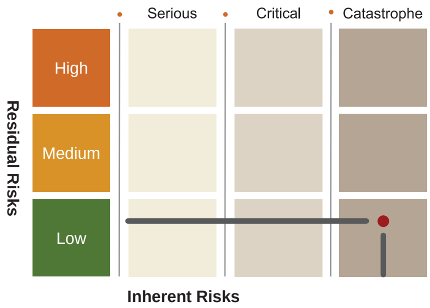
Control effectiveness: Good



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 full-time dedicated Growth and Strategic Development Management team which reports to the 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.

Regulatory and legal compliance

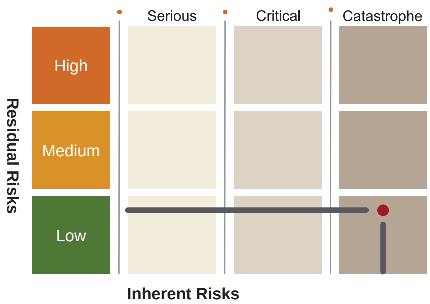
Control effectiveness: Good



ARM recognises that ensuring regulatory and legal compliance requires detailed attention in all areas. We give considerable attention to the measurement of and reporting on compliance and providing appropriate management assurance. While the internal control measures we have in place ensure compliance, ARM seeks to continually improve its monitoring, measurement and assurance processes through its continuous improvement management approach.

Key skills

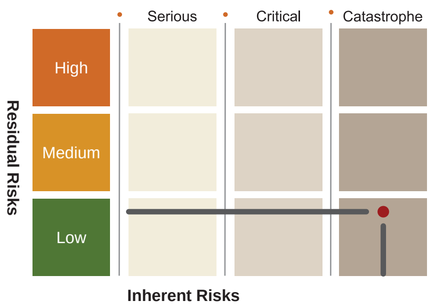
Control effectiveness: Good



ARM recognises that its future 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 (share-based) 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 CRF Institute's "Top Employer" awards for the past four years.

Climate change

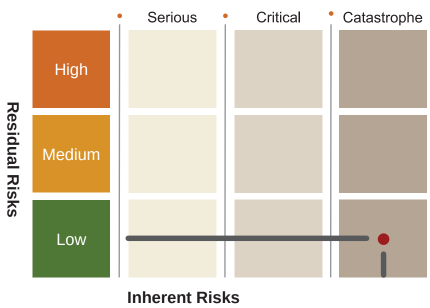
Control effectiveness: Good



The ARM Group safety, health, environment and quality (SHEQ) function 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 ICMM 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. We also continually monitor and improve our sustainable development processes.

Stakeholder relationships

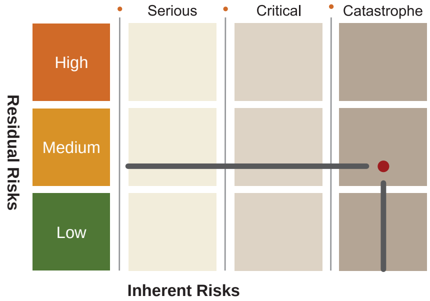
Control effectiveness: Good



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. Key individuals have responsibility for managing our key relationships at operational, divisional and Group levels.

Labour relations

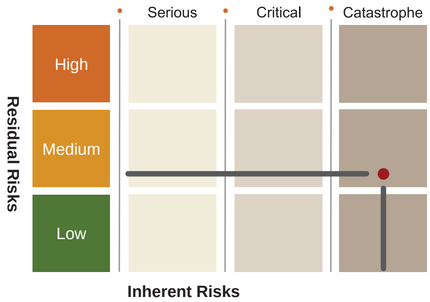
Control effectiveness: Satisfactory



Stakeholder engagement processes associated with labour relations enjoy focused attention and this, together with our approach of regularly engaging with trade unions at 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; employing members of local communities; and providing well-structured competitive remuneration packages. See key skills regarding ARM's Top Employer status.

Pressure on margins/continued cost escalation

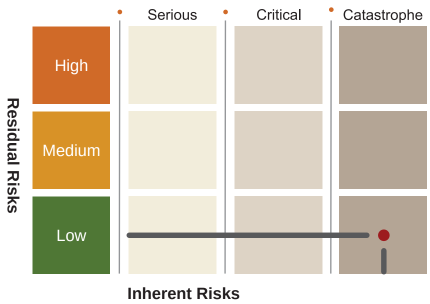
Control effectiveness: Satisfactory



The softening/volatility of commodity prices and continued cost escalation places 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 strives to 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.

Capital allocation

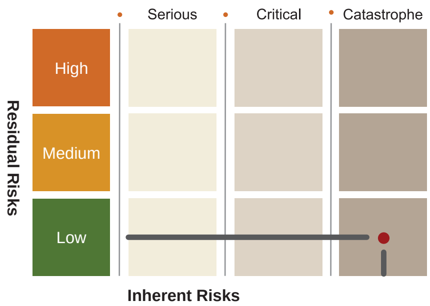
Control effectiveness: Good



In the rigorous Business Planning process the requirement for capital is assessed, prioritised and planned based on criticality assessments to ensure appropriate capital allocation which is best suited to ARM's financial profile.

Effective transformation

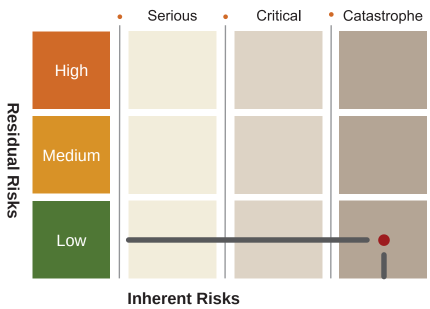
Control effectiveness: Good



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 (SLP), 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 licence applications.

Ethics and reputation

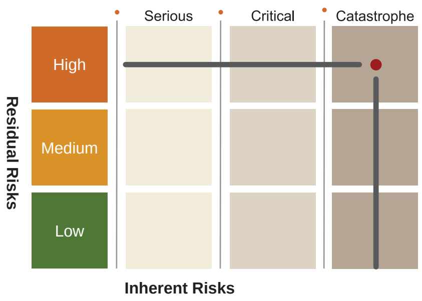
Control effectiveness: Good



ARM's strong commitment to ethical behaviour and the steps we take to encourage and monitor ethical behaviour throughout our operations is detailed on page 132 of this report.

Commodity prices and global demand

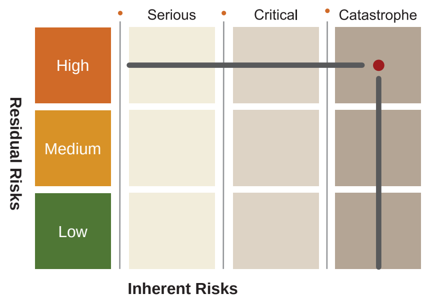
Control effectiveness: Lower control



The volatility of commodity pricing driven by short- and long-term inequalities in global demand/supply relationships continues to be a significant exposure and opportunity for ARM. We mitigate this risk by maintaining a diversified portfolio of commodities and constantly monitoring commodity markets in close collaboration with our joint venture partners to ensure our planning and mitigation processes assist in reducing the impact of these risks.

Exchange rate fluctuation

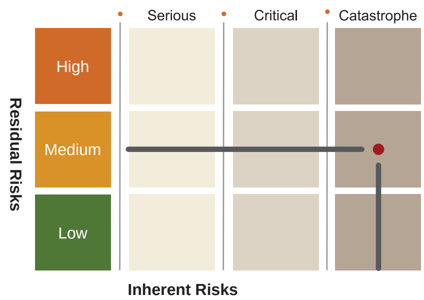
Control effectiveness: Lower control



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.

Resource nationalism, political and fiscal risks

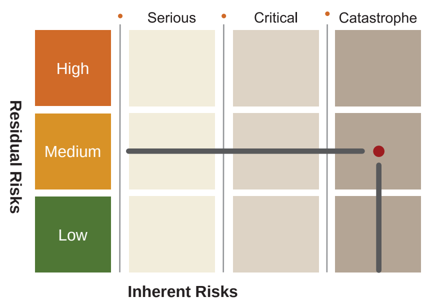
Control effectiveness: Lower control



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. We also have regular communication with investors and analysts on major changes affecting the mining industry generally and ARM in particular. Our approach to our relationship with stakeholders associated with these risks is explained under stakeholder relationships.

Infrastructure access and capacity: rail and port logistics

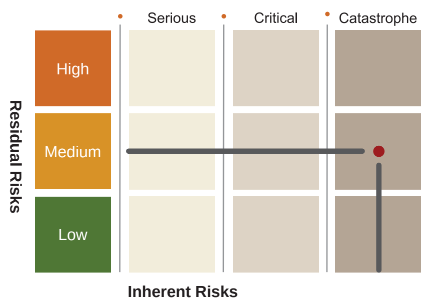
Control effectiveness: Lower control



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.

Security of energy supply

Control effectiveness: Lower control



The security of supply of electricity (both in respect of cost and current and future capacity) presents a significant challenge particularly in relation to our ferromanganese smelters which are intensive users of electricity. The considerable increase in electricity costs in South Africa also affects our ability to contain costs. 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. We have put plans in place to manage and mitigate the risk to and impact on our production of load shedding in the short term and the possibility of reduced baseline allocations in the longer term.

Remuneration report

The Remuneration Committee acknowledges its responsibility to apply the remuneration strategy to ensure a fine 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 manpower planning processes, which aim to ensure the appointment of competent and experienced individuals to realise the Company's growth expectations and growth strategy. This forms a critical component of the total Employee Value Proposition and ARM's objective to be an Employer of Choice. We endeavour 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 2014 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

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.

During F2014, ARM was certified as a "Top Employer South Africa 2014/2015" by the CRF Institute in the Netherlands. ARM was audited in the following categories, using international benchmarks to measure against:

- Talent strategy;
- Workforce planning;
- On-boarding;
- Learning and development;
- Performance management;
- Leadership development;
- Career and succession management;
- Compensation and benefits; and
- Culture management.

The categories for each of the above were:

- Policy;
- Strategy;
- Ownership;
- Practices;
- Measurement; and
- Technology and process support.

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

During the F2014 reporting period the Remuneration Committee reviewed detailed benchmarking studies prepared by EOH Human Capital and PwC, which covered the mining industry as well as mid- and large-tier companies listed on the JSE, focusing on Total Guaranteed Package, Short-Term Incentives and Long-Term Incentives.

The studies indicated that for the most part, ARM's Executive remuneration was in line with market levels and competitively benchmarked in all three categories. A few issues which were identified, which are summarised below, together with the action taken or proposed:

Issue identified – The Executive Chairman, Chief Executive Officer and Financial Director's total remuneration was below market median benchmarks.

Action taken or proposed action

The Executive Chairman's 2014 base salary was below the market median, nonetheless, the Board agreed that the Executive Chairman's base salary would not be adjusted to market levels in F2015, nor would the Executive Chairman receive a CPI increase. The Chief Executive Officer's salary was below the market median. The Board agreed that the Chief Executive Officer's base salary would not be adjusted upwards to the market median level, however, he would receive a 6% CPI increase in F2015. The Financial Director's base salary was increased by 5.1% to the market median level and a 6% CPI increase was applied for F2015.

Issue identified – It was best practice for separate safety modifiers to be applied to Executive key performance indicators (KPIs) in the mining industry.

Action taken or proposed action

As a result of the review, commencing in F2015, a safety modifier would be applied to Executive KPIs applicable to the short-term bonus incentive scheme. The safety modifier will be based on LTIFR. The method of calculating the safety modifier is still under consideration and will be recommended to the Board for approval.

Issue identified – **Long-term incentive ratio covers and vesting periods for awards made to executive management required review.**

Action taken or proposed action

The Remuneration Committee will review the long-term incentive cover ratios in F2015 as well as the share vesting periods for awards made to Executive Directors and other senior executives in terms of the Share Plan.

In order to address the total remuneration benchmarking findings, the Remuneration Committee made recommendations to the Board which has implemented certain changes as indicated above, but will also conduct further investigations on how best to address these issues during F2015.

In order to acknowledge the sensitivity of executive remuneration, the Board has approved a below Consumer Price Index (CPI) increase of 6% for senior executives, with effect from 1 July 2014. The CPI increases for employees other than senior executives ranged from 6% in the corporate office to 8% to 10% at the operations.

The Remuneration Committee also considered and addressed feedback received from investors during the financial year.

The Remuneration Committee report includes two parts: Part I, which is set out on pages 146 to 155, explains the Remuneration policy; and Part II, which explains the implementation of the Remuneration policy in F2014 and is reviewed by the external auditors, is included in the Directors' report on pages 172 to 179. This approach has been adopted in line with emerging best remuneration disclosure practices.

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

Alexander K Maditsi
Chairman of the Remuneration Committee

14 October 2014

Part I: Remuneration policy

Remuneration Governance Framework

Composition of the Remuneration Committee

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

In accordance with King III, the Remuneration Committee consists entirely of Independent Non-executive Directors. The Board considers the composition of the committee to be an appropriate blend of knowledge, skills and experience, and is confident that the 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 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 Committee considers and recommends remuneration policies for all levels in the Company.

Functions and responsibilities

The Remuneration Committee must perform the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph. Its Terms of Reference have been approved by the Board and were updated in F2014 in terms of the annual review. The terms of its mandate include the following:

- ensuring that policies for the remuneration payable to all employees 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 and its joint ventures 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 senior executives;
- reviewing the results of benchmarking surveys of the remuneration packages of Executive Directors and senior executives;
- recommending basic 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, basic salaries;
- ensuring that remuneration levels accurately reflect the contribution of Executive Directors and 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 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 share-based incentive schemes to ensure the continued contribution of Executive Directors and 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 awards to be made to Executive Directors and senior executives 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;
- reviewing the results of benchmarking surveys of the fees payable to Non-executive Directors;
- making recommendations to the Board for submission to an Annual General Meeting of shareholders of the Company regarding Board and committee fees payable to Non-executive Directors;
- making recommendations to the Board for submission to an Annual General Meeting of shareholders of the Company regarding the fee payable to the Lead Independent Non-executive Director;
- 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 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 F2014 as set out below.

Remuneration Committee: Meeting attendance

Committee Member	July 2013	Aug 2013	Oct 2013
A K Maditsi (Chairman)	✓	✓	✓
F Abbott	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓
T A Boardman	✓	✓	✓
A D Botha	a	✓	✓

a = apology

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

- The recommendation to the Board of the annual increases in the base salaries of Executive Directors and senior executives;
- The recommendation to the Board of the annual bonuses paid to Executive Directors and senior executives in terms of the Out Performance Bonus Scheme;
- The recommendation to the Board of the annual offers to Executive Directors and senior executives of share-based instruments in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) and The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan);
- 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 Remuneration policy; and
- The review of the conditions of employment and benefits to ensure that they are reasonable.

A review of the long-term incentive schemes and recommendations to the Board of proposed amendments for submission to shareholders of the Company is more fully described on page 152.

The Chief Executive Officer, Financial Director, Executive Director: Growth and Strategy and the Chief Human Resources Officer 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.

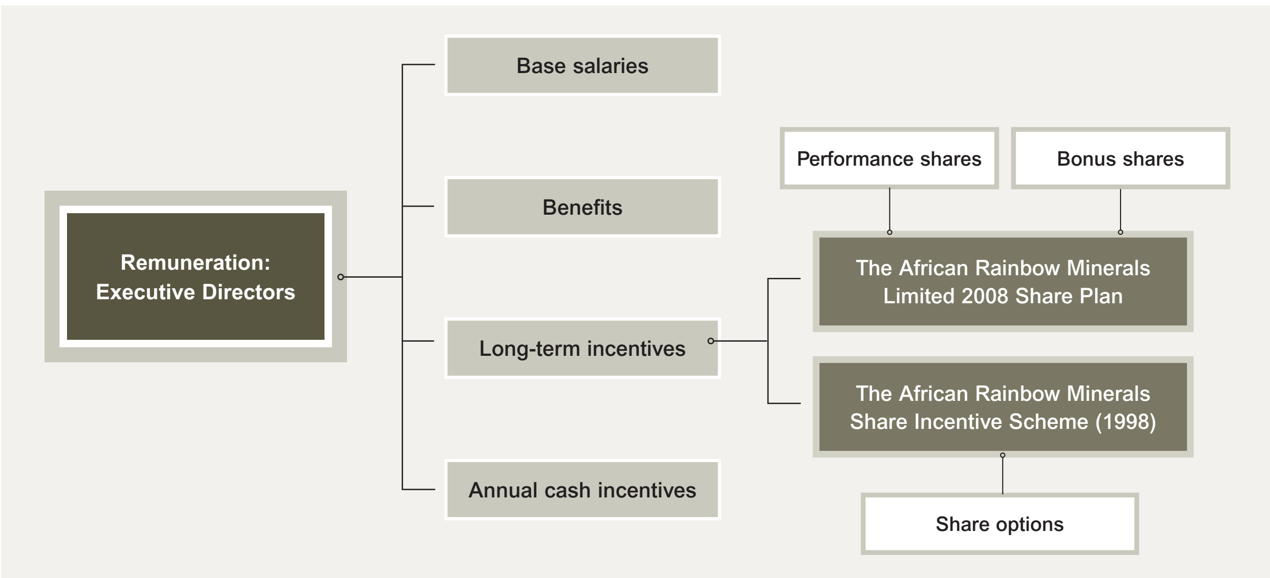
No Director was involved in deciding his or her remuneration. The Chairman of the Remuneration Committee attends annual general meetings to answer any questions from shareholders regarding ARM's Remuneration policy and the implementation thereof.

Advisors to the Remuneration Committee

In F2014, the Remuneration Committee was advised by EOH, PwC and Deloitte, 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- and long-term incentive schemes. All short- and long-term incentive calculations are audited by either the Company's internal auditors (KPMG) or at financial year-end by the external auditors, Ernst & Young Inc.

Benchmarking

The advisors also conducted surveys regarding Non-executive Director fees, conditions of employment and benchmarking for other management and employee categories. The comparator group for the benchmarking was selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration.



In determining the base salary increases for senior executives, the Committee considered the relevant market data in respect of an industry comparator group.

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.

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 discussion by shareholders of the company, who 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 and 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 2013 Annual General Meeting of the Company, the non-binding advistory vote on the Company's Remuneration policy was passed by the Company's shareholders. However, the Board and the Remuneration Committee have taken due cognisance of the concerns raised at the 2013 Annual General Meeting and have endeavoured to address them in the 2014 financial year. The Remuneration Committee will also continue to engage with stakeholders on a regular basis and endeavour to address any concerns in this regard.

Additional information is available in the Notice of Annual General Meeting on pages 264 to 270.

Remuneration philosophy and policy: Executive remuneration

Principles of executive remuneration

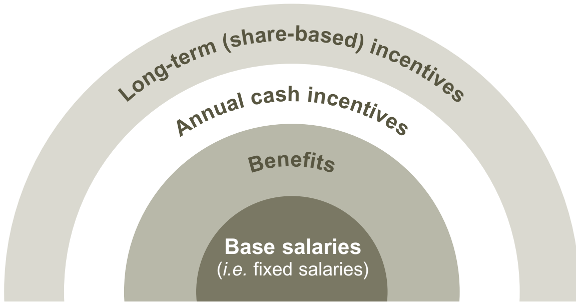
ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value. The Company demonstrates:

- the ability to attract top talent throughout the Group, as 96.36% of all job offers made were accepted;
- the ability to retain that top talent, as the annual turnover is only 1.56% with no turnover in top management;
- a management team that realises the ARM slogan of "We do it better" and consistently achieves and exceeds business targets, meets project budgets and timelines and thereby creates sustainable shareholder value; and
- a management team that has delivered on the Company's strategy since 2005 and achieved its strategic objectives.

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

- **total rewards** are competitive with those offered by other employers in the mining and resources sector;
- **incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short and long term;
- **annual cash incentives**, 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 the executive total remuneration package are:



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 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 F2014, please refer to Part II of the Remuneration report included in the Directors' report on pages 172 to 178.

The policies relating to the four components of executive remuneration are summarised in the table below.

Policies relating to the four components of executive remuneration

Policy	Basis of delivery
Base salaries:	**Base salaries:**
• Are benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope. • Generally reflect market median levels based on the role and individual skills and experience. • For key individuals, are aligned with the upper quartile of the resource market.	• Are paid monthly in cash. • Are reviewed annually, with changes taking effect on 1 July. • Increases are also determined by Company performance, individual performance and changes in responsibilities. • Form part of and are the major component of a total cost-to-company (TCTC) package, which also include benefits. Participation in short- and long-term incentive schemes is calculated on the basis of and in addition to the TCTC package.
Benefits:	**Benefits:**
Retirement/Pension Fund: • Membership in the ARM Pension Fund is compulsory. Executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members if they so elect.	*Retirement/Pension Fund:* • Contributions are made by executives from the TCTC base salary. Total contribution to the fund, including risk benefits such as life and disability cover is 22.5% of pensionable salary. • The ARM Pension Fund is: – Managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members. – Administered by Alexander Forbes. – A defined contribution fund.
Medical scheme: • It is compulsory to belong to a medical scheme.	*Medical scheme:* • Contributions are made by executives from their TCTC. • Executives may participate in any managed medical aid plan of their choice.
Other benefits and conditions of employment:	**Other benefits and conditions of employment:**
• All other conditions of employment are comparable to those of the mining and resources sector and conditions do not differ from the rest of the employees in the Company. No special or extraordinary conditions are applicable to executives.	• Adjustments are made to the TCTC depending on the benefits selected by employees, e.g. car allowances.
Annual cash incentives:	**Annual cash incentives:**
• Incentivised achievement against annual cost and profitability objectives are rewarded. • Executive Directors and senior executives are allowed, prior to March, the voluntary deferral of either 25%, 33% or 50% of the annual bonus into "co-investment" shares. See page 152 of this Remuneration report for details.	• On-target bonus percentages are established by the Remuneration Committee in terms of ARM's overall reward strategy; however, the Out Performance Bonus payable at year-end depends upon actual Company performance against a weighting of: – targeted profit from operations in each of the operational clusters; and – targeted unit cost of sales in each of the operational clusters. • With effect from 2015, safety will be an additional measure, resulting in an additional bonus or a penalty. • The weighting of the metrics in the bullet points above applied to each executive is in relation to his or her sphere of influence. • The Remuneration Committee establishes thresholds and targets for each metric in accordance with the Board-approved business plan, and reviews the measures annually to ensure that they are appropriate, given the economic climate and the performance expectations for the Company. • Non-executive Directors are not incentivised.

Policy	Basis of delivery
Long-term (share-based) incentives:	**Long-term (share-based) incentives:**
• ARM share-based incentives are based on two schemes: – The African Rainbow Minerals Share Incentive Scheme; and – The African Rainbow Minerals Limited 2008 Share Plan.	• ARM's long-term (share-based) incentives consist of: – performance shares; – bonus shares; and – share options. Performance shares are awarded and bonus shares are granted pursuant to the Share Plan. Share options were offered under the Scheme until the end of F2014. The resulting compound, share-based incentive programme aligns ARM with best international practice; provides for the inclusion of a number of performance conditions, designed to align the interests of executives with those of the Company's shareholders; acts as a retention tool; and rewards executives for Company performance above that of the performance of the economy or the mining and resources sector. All ARM corporate employees at managerial levels are eligible participants.

Annual cash incentives – short-term incentives

ARM's short-term incentives are based on an out-performance bonus scheme, which seeks to reward key employees for sustained out-performance, in terms of absolute targets set for the Company's business performance. Selected executives participate in the out performance bonus scheme, and Non-executive Directors are not eligible for participation in the scheme.

The on-target bonus for a participant is calculated by applying an on-target bonus percentage, set by the Board in ARM's reward strategy, to participants' total cost-to-company package.

ARM's overall financial performance indicators for the Executive Chairman, the Chief Executive Officer and other F-band employees (excluding those from the ARM Ferrous, ARM Platinum and ARM Coal divisions) are weighted as follows:

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

The Threshold for each performance indicator is currently 15% of Target, and the Target is in accordance with the approved business plan; and the Stretch performance percentage is +15% for each performance indicator. Vesting is linear, and thus in the event that the participant achieves -15% of the Target, the participant will receive no bonus; if the Target is achieved, the participant will receive the target percentage for that performance indicator indicated below. Vesting is linear so the vesting will be commensurate to the percentage of the Target achieved, provided that it is above the threshold amount. This percentage will be applied to the participant's total cost-to-company guaranteed package, and will be paid as a cash bonus.

The bonus weighting for financial performance indicators for participants whose role is focused with one of ARM's divisions are calculated as follows:

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

The performance criteria are subject to revision by the Remuneration Committee, but only under exceptional circumstances. The combined percentage (achieved by participants) will be applied to the participant's total cost-to-company guaranteed package to calculate the cash incentive bonus.

The table below indicates the details of the thresholds, targets and stretch bonus earning potential that a senior executive may receive as a percentage of his or her Total Cost-to-Company (TCTC) as well as the applicable vesting formula:

The short-term incentive on target bonus percentages and the related cap's to bonuses are reflected in the table below:

Position	Paterson Grade	% on target bonus of TCTC	Maximum % bonus of TCTC
Executive Chairman	FU	62%	186%
Chief Executive Officer	FU	50%	150%
Senior executive	FL	45%	135%
Operational Senior Executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	FL	45%	135%

To encourage sustainability a safety modifier will be introduced in the 2015 financial year, which could affect bonus earning potential. After a bonus has been calculated for each individual, a safety modifier is applied, which is Lost Time Injury Frequency Rate (LTIFR) for each Division or operation, as the case may be. If this target has been met or exceeded, participants will receive an additional 10% of their bonus. If the target has not been met, participants will lose 10% of their bonus.

Long-term incentives

The policy and (share-based) plan rules for share-based incentives are described below:

Performance share method

The performance share method aligns the interests of shareholders and executives by rewarding superior shareholder return in the future and by encouraging executives to build a shareholding in ARM.

In terms of the Share Plan, conditional awards of full value performance shares have been made to executives annually since 2008. These awards vest after a performance period of three years or four years in the case of executives, subject to the Company's achievement of pre-determined performance criteria set by the Remuneration Committee at the time that awards are made.

The Remuneration Committee, in its recommendations to the Board, ensures that the Company awards a combination of performance shares and bonus shares to provide a balanced portfolio approach and to avoid unjustified windfalls.

Performance criteria

Since F2011, as a result of the reduction in the number of constituent members of the FTSE/JSE Index from 20 (RESI 20) to 10 (RESI 10) the performance criteria for the vesting of the performance shares, both prior awards and subsequent awards, are now defined in terms of the achievement of Market Price Appreciation (MPA) performance, in terms of the RESI 10. The performance criteria for the vesting of the performance shares were defined in terms of the achievement of an MPA performance, in comparison to the 10 companies then comprising the constituent members of the FTSE/JSE Resources Index (RESI 10). This approach to performance vesting was selected on the basis that it incentivises the creation of shareholder value. In line with King III, factors such as fluctuations in commodities prices are not used as performance criteria due to the limited control that executives have over such events. Such fluctuations would only be considered to the extent that they impact the affordability of variable pay.

The MPA for this purpose is defined to be the increase in value of a portfolio of shares purchased on a specified date, holding the shares until the third or fourth anniversary of the purchase date, as the case may be, and then selling the portfolio on that day.

Vesting

Conditional performance shares awarded to participants prior to 1 November 2011 and conditional performance shares awarded to participants other than senior executives after 1 November 2011 vest and are settled after a performance period of three years, subject to the achievement of predetermined criteria.

In 2011, the Board, upon the recommendation of the Remuneration Committee, resolved to extend the vesting period of awards made after 1 November 2011 to senior executives from three years to four years and to assess the performance criteria annually commencing after two years. Although the number of performance shares to be settled as a result of the annual performance assessments would have been calculated, they will remain restricted and will only be settled at the end of the four-year period.

Vesting is based on a sliding scale of the meeting of performance conditions. There is no automatic waiving of performance conditions in the event of a change of control, roll over of options or awards for capital reconstruction and early termination of a participant's employment, but it may be appropriate to pro-rate the award made subject to the rules of the relevant Share Incentive Scheme.

Since F2011, additional awards of performance shares may be made in terms of the deferred bonus/co-investment scheme, described below.

Share-based awards 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.

For additional information regarding the implementation of performance share awards, please refer to Part II of this report in the Directors' report on pages 173 to 174 and 177.

Bonus share method

The bonus share method is an additional share-based incentive for those executives who, through their performance on an annual basis, have demonstrated their value to the Company. It also encourages executives to build a shareholding in ARM.

In terms of the Share Plan, annually since 2008, participants have received a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. All bonus shares granted to participants prior to

1 November 2011 and bonus shares subsequently granted to participants other than senior executives vest and are settled after three years, subject to continued employment with the Company.

However, the purpose of the bonus share method is to retain senior executives for the long term and in order to achieve this objective, the Board, upon the recommendation of the Remuneration Committee, resolved in 2011 to extend the vesting period for bonus share grants made to senior executives on or after 1 November 2011. Such bonus shares will vest and be settled after four years, subject to continued employment with the Company.

Since F2011, additional grants of bonus shares may be made in terms of the deferred bonus/co-investment scheme, described below.

For additional information regarding the implementation of bonus share grants, please refer to Part II of this report in the Directors' report on pages 175 and 178.

Share option scheme

Annual allocations of share options in terms of the Scheme were made to executives until the end of F2014, but at a much reduced scale following the adoption of the Share Plan in F2008.

Share options vest in total on the third or fourth anniversary of their allocation. Executives may elect to defer exercising any share option until the eighth anniversary of its allocation after which it lapses.

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.

For additional information regarding the implementation of share option allocations, please refer to Part II of this report in the Directors' report on pages 176 to 178.

Deferred bonus/co-investment scheme

In February 2011, the Remuneration Committee approved a deferred bonus/co-investment scheme, in terms of which senior executives may invest in additional bonus shares which are matched by the Company with performance shares under the existing terms and conditions of the Share Plan.

Senior executives are offered the opportunity, before the end of March each year, to elect that a portion (25%, 33% or a maximum of 50%) of any bonus calculated at the end of the performance year, is deferred and converted into an equivalent number of bonus shares.

Additionally, any portion of the calculated bonus above a certain threshold (Rand) level is to be deferred on a compulsory basis and converted into an equivalent number of bonus shares.

The remainder of the bonus, after any elective or compulsory deferral, will accrue to senior executives and be paid out in cash.

To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with performance shares according to prescribed ratios.

The vesting period(s) of both deferred bonus shares and matching performance shares will be three years. The performance criteria for the matching performance shares will be identical to that adopted for the Share Plan, but the performance period will remain at three years and there is only one performance assessment.

The deferred bonus share element will be utilised to enhance the retention characteristics of the current reward of Executive Directors and 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.

Although the deferred bonus shares will still be at risk to share price volatility, a high level of reward certainty exists for the grantees, as the only performance criteria associated with the vesting of the bonus shares is a grantee's continued employment. Performance and shareholder alignment will be enhanced by the matching of the deferred bonus shares with additional performance shares in specific ratios that reflect the risk/reward characteristics the Company wishes to operate under.

Proposed amendments to the long-term incentive schemes

In F2015, the Board will recommend that shareholders approve amendments to the Scheme and the Share Plan to increase both the overall limits and the individual limits to allow for the continuing implementation of both the Scheme and the Share Plan for the period up to 31 December 2019, to make certain amendments in relation to the treatment of retiring participants in respect of all future grants in terms of the Share Plan, as well as to update the Scheme and the Plan by replacing references to outdated legislation no longer in force with correct references to current legislation. The current Scheme and Share Plan limits were set in December 2008 and at that time included vested and unvested share options amounting to 5 042 027 options. This effectively meant that the limit available for grants of share options and awards of bonus and performance shares from December 2008 was 5 539 267. This limit is now close to being reached, after seven years of allocations, and needs to be extended. The proposed amendments to the treatment of retiring participants are to provide that retirement does not accelerate the relevant vesting periods in respect of scheme shares or share options.

In particular the amendments propose an increase in the aggregate number of shares that may be acquired by all eligible participants through the Scheme and 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.

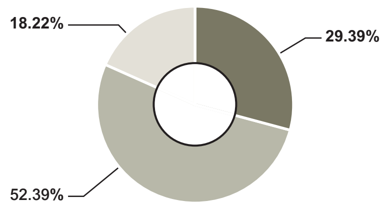
The number of performance shares, bonus shares and share options offered to and accepted by participants, along with an analysis of share-based payments accruing to Executive Directors and to Prescribed Officers, is provided in Part II of this Remuneration report found in the Directors' report on pages 172 to 179.

Pay Mix

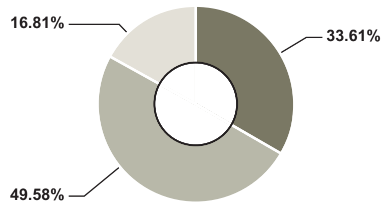
The graphs below represents the total remunerative packages of the senior executives, wherein the total guaranteed package, short-term incentives and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the Remuneration Committee to ensure it supports the Company's Remuneration policy and the Company's strategic objectives.

ARM Theoretical Pay Mix 2014[1]

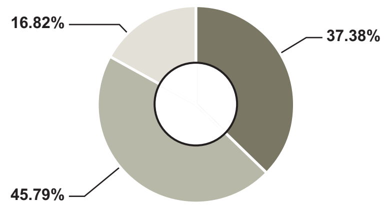
Executive Chairman



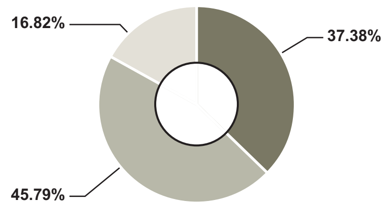
Chief Executive Officer



Financial Director



Prescribed Officers



Short-term incentives (bonus) | Long-term (share-based) incentives | Total guaranteed package

[1] *Actual earnings and bonuses may differ from year to year.*

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), D V Simelane (Chief Executive: ARM Copper) 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, L A Shiels, J C Steenkamp and F A Uys. These contracts are subject to a 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 this Remuneration Report on page 172 of the Directors' report.

Executive Directors and Prescribed Officers are not paid by the Company for their services and duties as Directors of the Company and therefore do not receive Non-executive Directors' fees. They only receive remuneration in terms of their employment relationship with the Company.

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 bonuses or share-based payments in the event of resignation or dismissal for good cause. In the event that contracts are terminated because of a disciplinary procedure, the notice period and terms of payment may be shorter.

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. Board attendance fees are paid for *ad hoc* meetings, site visits and seminars. 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 remuneration for Independent Non-executive Directors does not include remuneration from performance-based shares, nor do Independent Non-executive Directors participate in the share incentive schemes. Although Mr Gule received remuneration for share options which he exercised in 2013 upon retirement, Non-executive Directors do not receive awards or grants of share incentives.

Full details regarding the fees paid to Non-executive Directors in F2014 are provided in Part II of this Remuneration report included in the Directors' report on page 173.

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, 5 December 2014. Only once these shareholders' resolutions have been passed, will the proposed fees be paid. The CPI increase is in line with the market and 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 264 to 270 for the shareholders' resolutions.

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.

The meeting attendance fees would also be paid for attendance at *ad hoc* Board meetings, site visits and other *ad hoc* meetings in respect of Board matters.

The Board recommends a proposed 6% 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 2014.

Annual Board retainers and meeting attendance fees

	2014/15 Fees (Rand)*		2013/14 Fees (Rand)**	
Retainer and committee	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	**469 950**	**18 000**	443 350	17 000
Independent Non-executive Director	**374 900**	**18 000**	353 700	17 000
Non-executive Director	**300 000**	**18 000**	283 000	17 000

* *Effective 1 July 2014 should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2013.*

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 6% 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 2014. The fees provide remuneration for preparation for and attendance at committee meetings as well as *ad hoc* committee and committee planning meetings.

Committee meeting attendance fees

		2014/15 per meeting fees (Rand)*	2013/14 per meeting fees (Rand)**
Audit and Risk Committee			
	Chairman	**93 700**	88 400
	Member	**37 500**	35 400
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee			
	Chairman	**36 800**	34 700
	Member	**24 500**	23 100

* *Effective 1 July 2014, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2013.*

Fee for the Lead Independent Non-executive Director

On the advice of the Remuneration Committee, the Board recommends that the shareholders approve a 6% per annum increase to R469 950 (rounded to the nearest R50) in the annual retainer to be paid to the Lead independent Non-executive Director, with effect from 1 July 2014.

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 Chissano and Gule to perform services on behalf of the Company. The renewable contracts are 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 F2014 in terms of service contracts with Non-executive Directors are provided in Part II of this Remuneration report included in the Directors' report on page 173.

Report of the Social and Ethics Committee

This report is provided by the Social and Ethics Committee (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 2014 annual review, minor amendments were made to the Committee's Terms of Reference. The Committee adds value by monitoring and overseeing those functions set out in the Companies Act as well as assuming 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 page 127 of the 2014 Integrated Annual Report, of which this report forms a part.

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

Purpose and functions

Legislation and Codes of Best Practice

The Committee is responsible for monitoring the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best 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 on going Competition Act compliance training programme and annual compliance certification;
- participated in training provided by independent parties in respect of (i) the amendments to the B-BBEE Codes of Good Practice; and (ii) the role of social and ethics committees and global best practices in monitoring corporate social investment;
- received a report regarding the biennial safety, health and environmental internal audits, including compliance with the National Environmental Management Act and the National Water Act; and
- 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.

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, which was introduced at the Company's corporate office and ARM Platinum during F2012 and at ARM Ferrous during F2013.

The Company reviewed its initiatives to counteract risks of fraud, bribery and corruption. As more fully described on page 132 of the Corporate Governance report, the Company has a whistle-blowers' 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. The Committee monitored and reviewed the implementation of labour policies, including:

- attraction, retention and development of skills to support the Company's growth plan;
- employment equity;
- employee turnover;
- learnerships and bursaries;
- 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, 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 amongst others:

- environmental management;
- water management;
- land use management (rehabilitation and biodiversity management);
- climate change effects; and
- the status of ARM's participation in the Carbon Disclosure Project.

Additional information is available in the Sustainability review on pages 30 to 48 of this report and in the 2014 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

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

14 October 2014

Board of Directors

Patrice Motsepe (52) Executive Chairman
BA (Legal), LLB

Appointed to the Board in 2003. Patrice Motsepe became Executive Chairman 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 subsequently took over Anglovaal Mining (Avmin). In 2002 he was voted South Africa's Business Leader of the Year by the CEOs 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. He is also the Non-executive Chairman of Harmony and the Deputy Chairman of Sanlam. He is also President of Mamelodi Sundowns Football Club.

Mike Schmidt (56) 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 (57) Financial Director
BSc Eng (Mining Geology), BCompt (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, Mike was appointed Executive Finance of ARM. Most recently, he was appointed as the Chief Financial Officer of ARM in 2008.

Dan Simelane (52) Executive Director and Chief Executive: ARM Copper
BA (Law), LLB, LLM (International Business Law), Higher Tax Diploma

Appointed to the Board on 1 July 2013. Dan Simelane has over 15 years of experience in the mining industry. He has served in the following companies as a Senior Tax Consultant, Legal Advisor, Executive or Director: Arthur Andersen, Swaziland Electricity Board, Anglovaal Mining Limited, TEAL Exploration & Mining Limited, African Rainbow Minerals Limited and Harmony Gold Mining Company Limited.

He is currently the Chief Executive of ARM Copper, a division of ARM. He sits on a number of boards, including the Premier Soccer League and Mamelodi Sundowns Football Club.

André Wilkens (65) 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 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 45 years' mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969 and culminated in his appointment as Mine Manager at Vaal Reefs in 1991.

Dr Manana Bakane-Tuoane (66) Lead Independent Non-executive Director, Chairman of the Nomination Committee and of the Non-executive Directors' Committee and Member of the Remuneration 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 became the Lead Independent Non-executive Director in 2009. 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 certain Sanlam trusts. Manana is also a Special Advisor (Economics) to the South African Minister of Environmental Affairs.

Frank Abbott (59) Independent Non-executive Director and Member of the Investment Committee, Non-executive Directors' Committee and the Remuneration Committee

BCom, CA(SA), MBL

Appointed to the Board in 2004. Frank Abbott joined the Rand Mines Group 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 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.

Tom Boardman (64) Independent Non-executive Director, Chairman of the Audit and Risk Committee and 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.

Board of Directors *continued*

Anton Botha (61) **Independent Non-executive Director and 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, the Imalivest Flexible Funds and a private hedge fund. 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.

Alex Maditsi (52) **Independent Non-executive Director, Chairman of the Remuneration Committee and Member of the Audit and Risk Committee, the Investment Committee, the Nomination Committee, the Non-executive Directors' Committee and the Social and Ethics Committee**

BProc, LLB, H Dip Co Law, LLM

Appointed to the Board in 2004. Alex Maditsi 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 and Sterling Debt Recovery.

Joaquim Chissano (74) **Independent Non-executive Director and 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.

Dr Rejoice Simelane (62) Independent Non-executive Director, Chairman of the Social and Ethics Committee and Member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

BA (Econ and Acc), MA, PhD (Econ), LLB (UNISA)

Appointed to the Board in 2004. 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 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. In addition, she was a member of the Advisory Board of the Bureau for Economic Policy Analysis (BEPA) of the University of Pretoria.

Mangisi Gule (62) 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. 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 (53) Independent Non-executive Director and Chairman of the Investment Committee and 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 Sanlam Limited. He is the Non-executive Chairman of Village Main Reef.

Steering Committee

Mike Schmidt
Chief Executive Officer

Mike Arnold
Financial Director

Dan Simelane
Executive Director and Chief Executive: ARM Copper

Alyson D'Oyley
Company Secretary

André Joubert
Chief Executive: ARM Ferrous

Benny Boshielo
Executive: ARM Platinum Corporate Affairs

Busi Mashiane
Group Executive: Human Resources

Chris Blakey-Milner
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

Mandla Tobela
Executive Legal: ARM Ferrous

Mark Bräsler
Executive: Operations Support

Nerine Botes-Schoeman
Executive: Sustainable Development

Pierre Joubert
Executive: ARM Copper Operations

Princess Thwala
Group Executive: Compliance and Stakeholder Relations

Rilette Avenant-Buys
Executive: Logistics

Sandile Langa
Executive Legal: Compliance and Stakeholder Relations

Steve Mashalane
Senior Executive: ARM Corporate Affairs

Stompie Shiels
Executive: Business Development

Thando Mkatshana
Chief Executive: ARM Coal

Zandile Moseke
Human Resources Manager: Corporate