

# **ARM CORPORATE SOCIAL INVESTMENT POLICY**

## **1. PREAMBLE**

ARM associates itself with the growing corporate awareness of the need to invest in sustainable social development. The company approves the annual budget which informs ARM's CSI budget.

Corporate social investment is therefore an integral part of ARM's commitment to sustainable development and a primary terrain for branding and enhancing the company's reputation as a responsible corporate citizen and valued partner amongst communities where it operates.

To give effect to this intent **ARM** commits itself to invest in the development and empowerment projects that embrace the diversity of South African and to become a significant player in the field of community upliftment

## **2. VISION**

To be one of the leading socially responsible organisations involved in the reduction of poverty and social problems, through the development and upliftment of communities surrounding our mines and operations and secondly those communities from which we source our labour

## **3. MISSION STATEMENT**

To actively contribute to the upliftment of historically disadvantaged communities surrounding our mines and operations and those communities from which we source our labour, through integrated, efficient and effective social investment programmes in the identified focus areas

## **4. VALUES**

The following values inform our endeavours:

- Transparency
- Integrity and honesty
- Respect for the communities we serve

## **5. STRATEGIC OBJECTIVES**

To achieve this goal, our policy and programmes are aimed at:

- Focusing on initiatives which enjoy broad-based stakeholders' support while avoiding handout tendencies which prove unsustainable;

- Ensuring that communities and beneficiaries of the programmes are actively consulted in the process of project selection, implementation and evaluation;
- Quantifying the costs and benefits of the programmes selected and evaluating them in terms of their ability to contribute to capacity building, improving the quality of life and ensuring sustainable development;
- Defining the roles and responsibilities of stakeholders and projects/programme beneficiaries, with specific emphasis on financial controls and corporate governance compliance;
- Integrating and co-ordinating Strategic Business Units (SBU's), Business Units (BU's) and the Central ARM Trust and the Chairman's Fund initiatives in a cost-effective and efficient manner;
- Building community awareness and recognition of the role played by ARM in developing their communities through appropriate and transparent outreach initiatives
- Contributing to the socio-economic upliftment of primarily historically disadvantaged communities
- Building open, honest and constructive relationships between the company and its host communities.

## **6. KEY PRIORITY AREAS**

- Health-care promotion, particularly HIV + AIDS programmes
- Education, capacity building and skills development for targeted communities and CBOs and NGOs
- Income generation and job-creation programmes/projects, with the primary focus on youth, women and people with disabilities;
- Infrastructure development including - but not limited to: schools, clinics, orphanages, etc
- The development of sport within communities and the contribution to CBO fund raising initiatives through sporting functions
- Cultural events, especially those in rural communities.
- Support for environmental issues relating to community well being in association with the SHEQ initiative.

These priority areas will provide the cornerstones for the SBU strategies, social plans and interactions with beneficiary communities. Priority areas will be reviewed periodically to ensure that they are relevant to community needs

## **7. GUIDING PRINCIPLES**

The principles guiding ARM's CSI initiatives should be:

- Focused on coherent relationships between our mines and operations and surrounding communities;
- Promoting an equitable balance between ARM's interests and development imperatives;
- Visionary and broad with solid and well-planned funding programmes and agreed entry and exit points;
- Encouraging partnerships with reputable institutions capable of generating mutually beneficial profile and capacity building outcomes;
- Aligned with national imperatives and government's socio-economic framework;
- Reflect values inherent in ARM and encourage employee participation that builds unity and capacity in beneficiary communities;
- Subject to periodic audit, evaluation review by the Trust/ARM Board and
- Compliance with corporate governance principles and guidelines of the King Report.

## **8. FUNDING GUIDELINES**

The funding guidelines regarding ARM's CSI commitment should be:

- Projects funded must have a developmental approach that is intended to build capacity in communities and should eradicate dependency;
- Projects should take an affirmative approach bias, with women, the disabled, youth and the socially destitute prioritized;
- Individuals may not be funded. Funding must benefit a wider community or groups with common objectives and purpose;
- Deliverables and conditions of significant funding must be agreed with the beneficiaries

- Direct periodic contacts must be maintained with the project beneficiaries and the projects to assess their development impact;
- The process of allocating funds and grants must be open and transparent (grant application forms to be made available to all applicants);
- Partnerships with other businesses, government and communities must be encouraged, while promoting ARM's identity for its interventions;
- Funding agreements must outline expectations and deliverables on both sides (ARM will enter into a formal agreement – standard forms to be developed) and
- Project implementation and adherence to stated objectives must be constantly monitored and evaluated (annual audit of projects will be conducted).

## **9. PROJECT PROPOSAL GUIDELINES**

Applications for funding will be initially screened to see that they fall within the specific focus areas. Application forms and guidelines will be sent to those applicants who meet the criteria.

See attached application form.

Submitted application forms must be acknowledged within 10 working days of receipt and a decision taken within 3 months of acknowledgement.

1. *Project name*
2. *Project background and executive summary*
3. *Project overall goals*
4. *Strategic fit into ARM's CSI key focus areas*
5. *Stakeholders involved and extent of participation*
6. *Beneficiaries*
7. *Key Performance Indicators*  
*Describe how the intervention will affect the ultimate desired output and also measure the results against the progress envisaged*
8. *Sustainability*  
*Indicate how the project will sustain itself beyond ARM's intervention*
9. *Impact of ARM intervention*  
*Describe the multiplier effects through jobs to be created, skills to be developed, local resources utilization etc*
10. *Timeframe*  
*How long is the project going to last from inception to implementation*
11. *Detailed costing*
12. *Evaluation*  
*Financial statement "Report back" – with same form of feed-back/evaluation*
13. *Recommendation*  
*This should be endorsed by ARM's CSI unit*

## **CRITERIA FOR ARM'S FUNDING OF PROGRAMMES AND PROJECTS**

- Projects must have the potential to be sustainable;
  - Projects/programmes must be driven by local, national and societal needs and strategies
  - Projects should build goodwill and unity amongst affected stakeholders;
  - Must increase or maintain ARM brand identity;
  - Should profile ARM as a caring corporate citizen;
  - Must foster local and /or international partnerships;
  - Must add to the acknowledgement that a successful South Africa provides a home for a successful ARM;
  - Must have broad impact from grassroots to higher echelons of society and
  - Should strengthen society in the long term.
- **GRANTOR OBLIGATIONS AND RESPONSIBILITIES**
  - **GRANTEE OBLIGATIONS AND RESPONSIBILITIES**
  - **TIME FRAMES RELATING TO RECEIVING AND EVALUATING PROGRAMME**
  - **MONITOR AND EVALUATION**
  - **INSTITUTIONAL FRAMEWORK**

### Staffing

A CSI Forum will be established comprising CSI representatives of all ARM mines and operation SBUs

- mandate of the forum

### COMMUNICATION STRATEGY

## **10. SMME DEVELOPMENT**

Small and medium-size enterprises (SME's) play a pivotal role in stimulating growth and development in economies globally. SME's provide a platform for job-creation and black economic empowerment in our emerging economy.

- ARM supports the development and growth of SME's across the spectrum and in all sectors. Small scale mining input and/or output supply projects will inevitably be prioritized;
- ARM's preferential procurement programme enhances mutually beneficial business partnerships, while workshops, training and development seminars provide information and practical advice on starting small businesses, preparing business plans, facilitating access to finance and enabling participation in the mainstream economy;
- ARM perceives itself as part of catalyst stakeholders in empowering SME's to reach higher levels of development.

## **11. OTHER JOB-CREATION INITIATIVES**

Focusing on those most disadvantaged by unemployment, namely women and the youth, ARM will support programmes that provide:

- Direct job-related training under accredited programmes;
- Bridging initiatives that prepare people better for the world of work and
- Specific job-creation programmes in the public and private sector.

## **12. HIV/AIDS**

ARM's HIV/AIDS campaign is a focused, collaborative localized and customized programme aimed at preventing further infections while caring and supporting people living with the disease.

This ARM achieves by working collectively with employees, labour unions, local communities and health-care and social institutions.

Implementation of a detailed "Scorecard" providing guidelines and incentives to management in all phases of dealing with the infection including:

- HIV/AIDS awareness and education;
- Counselling and support in a caring environment;
- Home-based care for families affected and infected;
- Anonymous HIV testing on a voluntary basis
- Income-generating projects for the indigent communities around ARM operations.

## **13. EDUCATION, TRAINING AND SKILLS DEVELOPMENT**

The ARM Trust is a major vehicle for the funding of the company's education and training programmes. Initiatives in the fields of science, commerce,

mathematics, engineering and technology get preference as they enhance skills development in the mining industry.

Technical training and skills development programmes also enjoy priority especially in the fields of carpentry, plumbing, bricklaying and welding.

## **14. ENVIRONMENT**

“Caring for the environment is an imperative for ARM considering that mining can be devastating to the environment if not well managed.” ARM subscribes to responsible mining.

Working with national and local authorities and following the principles of sustainable development, we do our utmost to limit the impact of our mining operations on the environment and ensure that our footprints are covered with extensive rehabilitation and conservation programmes.

## **15. COMMUNITY RELATIONS**

In the main, we attempt to ensure that the communities where we operate are self-sustainable, vibrant and prosperous long beyond the mining operations. Our host communities are engaged as partners. Together, we build schools, houses, clinics, recreation and cultural facilities. We join hands together in the fight against HIV/AIDS and other diseases.

We take care of the natural and social environment. We create jobs, support local business and economic development programmes to alleviate poverty.

**ARM commits itself to start to make the difference that makes a difference.**

**Compiled by:**

**CSI FORUM**