



Registration Number: 1933/004580/06

**AFRICAN RAINBOW MINERALS LIMITED**

## **CODE OF CONDUCT**

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**This Code was approved by the Board of Directors (the Board) of African Rainbow Minerals Limited (the Company) on 28 June 2011 and was most recently updated by the Board with effect from 1 July 2017. The Code was prepared by Bowmans. It is based on the Code of Ethics, which was approved by the Board of Directors of the Company on 27 August 2008. It was renamed the Code of Conduct. This Code of Conduct applies to all Applicable Persons (as defined in paragraph 2.1 below below).**

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### **1. INTRODUCTION**

- 1.1 The Board adopted the following Code of Conduct (**Code**) which is intended to focus on areas that provide guidance to the Board and Applicable Persons to assist them to recognise and deal with ethical issues and to foster a culture of honesty, integrity and sustainability.
- 1.2 ARM<sup>1</sup> is committed to a culture of ethical behaviour and integrity and should lead both ethically and effectively in the conduct of its business. [King IV, principle 1] It is also considered critical to ARM and the sustainability of its business to embrace and embody the foundation stones of King IV, being ethical leadership, organisation in society, corporate citizenship, sustainable development, stakeholder inclusivity, integrated thinking and integrated reporting.
- 1.3 This Code is based on the ethical values of integrity, competence, responsibility, accountability, fairness and transparency that underpin good corporate governance. ARM recognises that exercising business judgement must also duly take into account the impact of ARM's business model, activities

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<sup>1</sup> In this Code, the term "ARM" means the group as accounted for in the Company's annual financial statements which, in terms of the accounting policies according to which those annual financial statements were prepared, includes:

- a) the Company itself;
- b) incorporated and unincorporated joint ventures with third parties in terms of which the Company has direct or indirect control or joint control over the financial and operational decisions in respect of the business of the particular joint venture;
- c) associates, which are entities in which the Company directly or indirectly holds or beneficially owns less than 50% (fifty percent) but more than 20% (twenty percent) of the issued share capital or ownership rights or interests, as the case may be, and over which the Company directly or indirectly exercises significant influence but which it does not control; and
- d) the Company's subsidiaries as defined in the Companies Act, 2008.

and outputs on the broader economy, society and environment, which in turn impact and affect ARM's organisation. [King IV, principle 1, recommended practice ("RP") 1]

- 1.4 ARM should govern its ethics in a way that supports the establishment of an ethical culture and should have codes of conduct and ethics policies that articulate and give effect to its direction on organisational ethics. ARM should ensure that codes of conduct and ethics policies encompass ARM's interaction with both internal and external stakeholders and the broader society, and address the risks of the organisation. [King IV, principal 2, RP 5 and 6]

## 2. APPLICATION OF THE CODE

- 2.1 This Code applies, unless specifically stated otherwise or if the circumstances or context require otherwise, to all the:

- 2.1.1 ARM employees;
- 2.1.2 directors of the Company and its subsidiaries; and
- 2.1.3 agents of or consultants, advisers and contractors to ARM,

(all of whom shall be collectively referred to as the **Applicable Persons**).

- 2.2 If any Applicable Person is in doubt about the application of this Code to them, they must discuss this with the person to whom they report or with the Chief Executive Officer of the Company or the Chief Executive or the Group Human Resources Executive of the relevant joint venture, subsidiary or other company or division of ARM.

## 3. PURPOSE OF THE CODE

The purpose of this Code is to promote and encourage ethical behaviour within ARM and to familiarise employees and other stakeholders with ARM's ethical standards and culture. To this end, this Code sets out the ethical standards, rules and guidelines with which the Applicable Persons should comply. [King IV, principle 2, RP 7]

## 4. COMPLIANCE WITH LAWS, REGULATIONS AND THE CODE

- 4.1 It is ARM's policy to comply with all applicable laws and regulations, including the Constitution of South Africa (including the Bill of Rights), and the King IV Report of Corporate Governance for South Africa 2016. The Board and management are responsible for governing compliance with applicable laws and regulations and all adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen. [King IV, principle 13, RP 18]

- 4.2 All Applicable Persons should accordingly endeavour to ensure that their conduct does not constitute or is not perceived to constitute a contravention of any applicable law or regulations. Any such contravention will not be tolerated.
- 4.3 All Applicable Persons should familiarise themselves and comply with the Code, the Company's Legal Compliance Policy and all other ARM policies (in each case, as may be adopted, amended or restated from time to time). To this end, all Applicable Persons should comply with the Code. Accordingly, ARM must:
- 4.3.1 ensure that the provisions of this Code are communicated to all the Applicable Persons; and
- 4.3.2 educate and train ARM employees on the ethical standards to which ARM commits itself in terms of this Code.
- 4.4 It is the responsibility of the Human Resources Department to ensure that all new ARM employees are made aware of this Code and that the education and training referred to in paragraph 4.3.2 is provided. Further, ARM should ensure that existing ARM employees acknowledge in writing that they have received a copy of this Code.
- 4.5 ARM should ensure that its technology and information management results in and promotes, among other things, (i) integration of people, technologies, information and processes across the organisation, (ii) ethical and responsible use of technology and information, and (iii) confidentiality, security and the protection of privacy of personal information. [King IV, principle 12]
5. **CONFLICT OF INTEREST**
- 5.1 All the Applicable Persons must perform their duties and functions honestly and in the best interests of the Company and should not place themselves in a position which would result in a conflict or perceived conflict between their personal interests and the interests of the Company.
- 5.2 Any conflict of interest of any Applicable Person which may exist or arise must immediately be disclosed and dealt with in accordance with the relevant laws, rules, regulations and policies of ARM. [King IV, principle 7, RP 25]
- 5.3 A member of the Board with a direct or indirect financial, personal or other interest in any matter to be considered by the Board must disclose such interest and recuse his or herself from the meeting, in each case in accordance with all applicable legal requirements. [King IV, principal 7, RP 26]
- 5.4 Members of the Board must not use their positions and knowledge obtained during their term for personal gains, especially if such interest may result in a conflict between the Company and their personal interests. "Personal interest" includes, among other things, commercial, financial and industrial

interests. Board members must declare any financial interest or asset which might create a conflict of interest in the performance of their duties and must not vote upon or take part in the discussion regarding such matter or interest.

#### 5.5 Outside activities, employment and directorships

5.5.1 Although ARM employees are encouraged to participate in religious, charitable, educational and civic activities within their communities, they must avoid participating in any activities which would:

5.5.1.1 consume their time, attention and energy to such an extent that their ability to carry out their responsibilities or perform their functions within ARM is adversely affected; or

5.5.1.2 result in a conflict of interest as contemplated in paragraph 5.1.

5.5.2 No ARM employee may be employed by any person other than ARM without the prior written approval of the Human Resources Manager concerned.

5.5.3 ARM employees may not hold outside directorships without having obtained the prior written approval of the Executive Chairman of the Company (in the case of Executive Directors of the Company) or the Chief Executive Officer of the Company (in the case of all other employees).

#### 5.6 Gifts, hospitality and favours

5.6.1 Conflicts of interest may arise where ARM employees are offered gifts, hospitality or other favours which may, or could be perceived to influence their judgement in relation to business transactions concluded by ARM.

5.6.2 No ARM employee must accept gifts, hospitality or other favours from suppliers of goods or services or from any person with whom ARM has a business relationship in return for any kind of preferential treatment, business, contract or favour offered by such ARM employee acting on behalf of ARM.

5.6.3 However, acceptance of the following will not be considered to be a contravention of this paragraph:

5.6.3.1 advertising items of limited commercial value such as pens, diaries or calendars;

5.6.3.2 occasional business entertainment such as lunches, cocktail parties or dinners;

5.6.3.3 occasional personal hospitality such as tickets for sporting, entertainment, recreational or other events, provided that the cost of travel and accommodation in relation to such events is borne by the recipient of such hospitality; and

5.6.3.4 minor gifts of limited commercial value. [King III, principle 1.3, paragraph 42]

5.6.4 Gift registries must be kept at ARM's head office and at its divisional offices in accordance with ARM's policies in that regard.

5.7 Solicitation of Sponsorships, donations or gifts

5.7.1 No ARM employee may solicit sponsorships, donations or gifts for any charitable or other similar cause from any supplier or customer of ARM without the prior written approval of the Executive Chairman of the Company (in the case of Executive Directors of the Company) or the Chief Executive Officer of the Company, the Chief Executive or the Manager of the relevant subsidiary or other company or division of ARM (in the case of all other ARM employees). Such approval shall not be granted in circumstances where the ARM employee may be perceived as holding a position in ARM of such a nature that the supplier or customer concerned may feel, in any way, obliged to provide the sponsorship, donation or gift or that the sponsorship, donation or gift would, in any way, benefit the supplier or customer concerned in its business relationship with ARM.

5.7.2 Where an ARM employee has been given the approval referred to in paragraph 5.7.1, such employee must make it clear to such supplier or customer that the approach for a sponsorship, donation or gift is not on behalf of ARM and that the supplier's or customer's relationship with ARM will not be affected by its response to the ARM employee's approach.

5.8 Relationships with suppliers, customers and contractors

5.8.1 ARM recognises that the ARM employees' relationships with suppliers, customers and contractors may give rise to actual or perceived conflicts of interest.

5.8.2 In this regard, ARM employees must ensure that they act independently and are seen to be independent from any business entity which has a business relationship with ARM or which provides goods or services to or purchase products from ARM. Independence will turn on various factors, including ensuring that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in ARM's best interests. [King IV, principle 7, RP 27]

5.9 Personal investments

5.9.1 ARM acknowledges that all ARM employees have the right to make personal investment decisions as they see fit, provided that these decisions do not contravene the conflict of interest provisions set out in this Code, any policies or procedures established by ARM, or any applicable laws.

5.9.2 The ARM employees may not make investments for their personal gain:

- 5.9.2.1 in any business entity with which they have a close business relationship by virtue of their office held in or their employment by ARM; or
- 5.9.2.2 which may adversely influence their judgement or decisions in carrying out their responsibilities to ARM.
- 5.9.3 ARM employees must comply with the Company's Dealings in Securities Policy and the insider trading provisions of the Financial Markets Act, No. 19 of 2012, the JSE Limited's Listings Requirements and the policies of ARM.

## 6. UNETHICAL AND IMPROPER CONDUCT

### 6.1 Anti-bribery and anti-corruption

- 6.1.1 No Applicable Person shall engage in or tolerate any corrupt or dishonest practice such as bribery. It is unacceptable to directly or indirectly offer, pay, solicit or accept bribes in any form.
- 6.1.2 No Applicable Person shall directly or indirectly request, accept, offer or grant a personal advantage in connection with a business transaction or other activity, especially in the negotiation or performance of obligations under a contract, regardless of whether the other party or potential party to the contract is an individual, a company or a government department or government-related or controlled entity.
- 6.1.3 No Applicable Person shall make or accept any payment or “kickback”, or offer or accept an improper financial advantage to or from, as the case may be, an official of a government department or government-related or controlled entity for the purpose of obtaining a permit, authority, services or any tender, contract or business.
- 6.1.4 Every Applicable Person must report any suspected commission of an act of bribery or corruption in terms of section 34(1) of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004 (**Anti-Corruption Act**) in accordance with the procedure set out in paragraph 15 of this Code.
- 6.1.5 All Applicable Persons should familiarise themselves and comply with the anti-bribery and anti-corruption provisions of the Anti-Corruption Act and any other applicable law not specifically mentioned in this Code.
- 6.1.6 Applicable Persons must be aware of Red Flags (as defined below). The presence of Red Flags may not necessarily mean that there is a contravention of this Code, but may serve as an indication of a possible contravention. Once a Red Flag has been noted and contravention of this Code is suspected, an Applicable Person must refer to paragraph 15 of this Code. A Red Flag is a set of

circumstances that is unusual in nature or varies from normal activity. A Red Flag signals that something may be out of the ordinary and may need to be investigated further.

## 6.2 Anti-money laundering

6.2.1 Any participation in money laundering activities will not be tolerated.

6.2.2 All Applicable Persons should familiarise themselves and comply with the applicable anti-money laundering provisions of the Financial Intelligence Centre Act, No. 38 of 2001, the Prevention of Organised Crime Act No. 121 of 1998 and other applicable laws.

## 6.3 Facilitation payments

6.3.1 No Applicable Person may receive facilitation payments in relation to the sale, purchase or other transaction to which ARM is a party.

6.3.2 All Applicable Persons should familiarise themselves and comply with the provisions of the Anti-Corruption Act and other applicable laws which regulate facilitation payments.

## 7. **EMPLOYMENT EQUITY**

7.1 The objective of ARM's Employment Equity programme is to achieve equity in the workplace through the elimination of all forms of harassment or unfair discrimination and the implementation of affirmative action measures.

7.2 All ARM employees have the right to work in an environment which is free from any form of harassment or unfair discrimination based on race, ethnicity, colour, gender, sexual orientation, nationality, place of origin, citizenship, creed, political persuasion, age, marital or family status or disability. ARM employees must report any cases of actual or suspected harassment or discrimination in accordance with the procedures set out in paragraph 15 of this Code.

7.3 ARM employees suffering illnesses or disabilities may continue to work provided that they are able to continue to perform the essential duties of their jobs satisfactorily and do not present a safety or health hazard to themselves or other ARM employees.

## 8. **DIGNITY**

All Applicable Persons and all ARM employees must treat each other with dignity and respect. ARM values and strives to uphold each person's self-worth and all employees undertake to respect and not interfere with each other's cultural, political, religious and other beliefs.

## 9. **HEALTH, SAFETY AND ENVIRONMENTAL RESPONSIBILITY**

### 9.1 Health and safety

9.1.1 ARM is committed to ensuring a safe work environment for all Applicable Persons. ARM is committed to seeking out new and innovative ways to prevent injury and illness in the business and to ensure that the workplace is free of occupational injury and illness.

9.1.2 Applicable Persons who become aware of circumstances relating to ARM's operations or activities which pose an actual or potential health or safety risk should report such risk to an ARM health and safety representative or in accordance with the procedures set out in paragraph 15 of this Code.

### 9.2 Use of resources

9.2.1 ARM is committed to conserving resources used in its business operations.

9.2.2 All Applicable Persons should use their best efforts to make efficient use of ARM's resources and to re-use and recycle supplies and materials, if practicable.

### 9.3 Environmental management

9.3.1 ARM will address the environmental impact of its business activities on an ongoing basis by integrating pollution control, waste management and rehabilitation activities into its operating procedures.

9.3.2 The Company is committed to continually improving processes in order to prevent pollution, minimise waste and make effective use of natural resources while developing innovative solutions to mitigate environmental risks.

9.3.3 All Applicable Persons must pay adequate attention to environmental issues.

## 10. **POLITICAL ACTIVITIES**

10.1 ARM respects the right to privacy with regard to personal political activity of ARM employees, provided that there is no disruption in the carrying out by ARM employees of their responsibilities to ARM.

10.2 Any requests made by political parties or their candidates to ARM for the donation of funds, goods, services or the use of ARM's facilities must be referred to the Executive Chairman.

## 11. **ADMINISTRATION OF FUNDS AND ASSETS**

11.1 ARM has developed and implemented policies and procedures to safeguard its assets and to prevent fraud and dishonesty.

- 11.2 All ARM employees who deal with any funds of ARM must, at all times, follow procedures prescribed by ARM for administering such funds.
- 11.3 ARM employees must, at all times, ensure that ARM's funds and assets are used for legitimate business purposes in accordance with ARM's policies and procedures.
- 11.4 If any Applicable Person becomes aware of any information to the effect that any funds or assets of ARM may have been used in a fraudulent or improper manner, they must immediately report this to ARM in accordance with the procedure set out in paragraph 15 of this Code.

## 12. **RECORDS**

Books and records of ARM must reflect all business transactions in an accurate and timely manner. Undisclosed or unrecorded revenues, expenses, assets or liabilities are not permitted and, in this regard, those ARM employees that are responsible for accounting and record-keeping functions are expected to be particularly diligent in enforcing proper accounting and record-keeping practices.

## 13. **DEALING WITH STAKEHOLDERS AND OTHER PARTIES**

- 13.1 ARM recognises the interdependent relationship between ARM and its stakeholders, and that ARM's ability to create value for itself depends on its ability to create value for others. Balancing such needs, interests and expectations is a dynamic and ongoing process and ARM recognises that a stakeholder-inclusive approach to decision making is required for ARM's success and the sustainability of its operations.
- 13.2 ARM must adopt and implement effective measures and systems to (i) identify individual stakeholders and stakeholder groupings, and determine their respective materiality and (ii) oversee and monitor, on an ongoing basis, how the consequences of ARM's activities and outputs affect its status as a responsible corporate citizen, and to respond responsibly to any negative consequences of its activities and outputs. [King IV, principles 3 and 4]
- 13.3 Prompt communications
  - 13.3.1 ARM strives to achieve complete, accurate and timely communications with all of its stakeholders.
  - 13.3.2 A prompt, courteous and accurate response must be provided to all reasonable requests for information made by stakeholders of ARM. Any complaints should be dealt with in accordance with the procedures established by ARM and any applicable laws.
- 13.4 Applicable Persons are responsible for implementing formal mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes. [King IV, principle 16, RP 4]

13.5 Media relations

13.5.1 ARM's policy on dealing with the media and the general public requires that these issues be dealt with by ARM's senior management in consultation with the Executive Chairman, the Chief Executive Officer of the Company, and the Chief Executive of the relevant subsidiary or other company or division of ARM.

13.5.2 ARM may be requested, from time to time, to express its views to the media on issues pertaining to its business. The Applicable Persons who are approached by the media must refrain from making any statements and must immediately bring this matter to the attention of the person to whom they report or an appropriate manager of the relevant subsidiary or other company or division of ARM.

13.5.3 All Applicable Persons, when dealing with anyone outside ARM, including public officials, may not compromise the integrity or damage the reputation of any individual, business, or government body, or that of ARM.

13.6 Integrated reporting

ARM shall ensure that reports such as annual financial statements, sustainability reports, social and ethics committee reports, or other online or printed information or reports are issued as is necessary, to comply with legal requirements and to meet the legitimate and reasonable information needs of material stakeholders. [King IV, principle 5, RP 11]

14. **CONFIDENTIALITY OF INFORMATION**

14.1 The Applicable Persons must observe the following principles in regard to safeguarding and maintaining the confidentiality of information:

14.1.1 Safeguarding Information

Information must be retained for so long as it is required by ARM or by law and such information must be protected and kept confidential.

14.1.2 Access to Information

Information in respect of:

14.1.2.1 any confidential product, plan or business transaction of ARM; or

14.1.2.2 personal information of any Applicable Person,

must not be disclosed by any Applicable Person unless written approval for such disclosure has been obtained from ARM.

## 15. **CONTRAVENTION OF THE CODE**

- 15.1 Any contravention of this Code is a serious matter and in the case of ARM employees, may result in disciplinary action, which could result in the termination of employment and in the case of the Applicable Persons, may, in certain circumstances, result in civil or criminal proceedings being brought against the individual concerned.
- 15.2 Any suspected or alleged contravention of this Code that is under investigation must be treated with the utmost confidentiality.
- 15.3 If an Applicable Person becomes aware that their actions have or may have contravened this Code, they must report this to the Human Resources Manager of the relevant subsidiary or other company or division of ARM.
- 15.4 If an Applicable Person is aware of or suspects that another Applicable Person has contravened this Code, they must not confront the individual concerned but must utilise either one of the procedures below:
- 15.4.1 promptly and confidentially report such contravention or suspected contravention to the person to whom they report or to a Human Resources Manager of the relevant subsidiary or other company or division of ARM; or
- 15.4.2 if the Applicable Person does not feel comfortable in reporting such contravention or suspected contravention of this Code as set out in paragraph 15.4.1, such Applicable Person should utilise ARM's "whistleblowers'" facility which can be accessed on telephone number 0800 006792 or log a complaint on the Company's website – [www.arm.co.za](http://www.arm.co.za). All Applicable Persons should familiarise themselves with ARM's Whistleblowers' Policy (Protected Disclosures Policy) and comply with its procedural provisions for raising concerns and making disclosures in respect of contraventions or suspected contraventions of this Code. [King IV, principle 2, paragraph 9]

## 16. **THE IMPLEMENTATION OF THIS CODE**

Each subsidiary or other company or division of ARM must:

- 16.1 monitor and enforce this Code;
- 16.2 communicate and consult with ARM employees in the relevant division of ARM regarding standards of ethical behaviour and compliance procedures; and
- 16.3 enforce discipline in regard to breaches of guidelines relating to unethical behaviour.

## 17. **REPORTING AND EXTERNAL ASSURANCE**

- 17.1 ARM's management must prepare a written report on the governance of ethics and ethics performance of ARM and submit such report to ARM's Management Risk and Compliance Committee which will in turn submit such report to the Audit and Risk Committee for its consideration. The Audit and Risk Committee will report on the governance of ethics and ethics performance of ARM to the Board. Such report must include, but not be limited to, the following information:
- 17.1.1 a summary of ARM's governance of ethics, risk identification and assessment processes;
  - 17.1.2 the extent to which the provisions of this Code have been integrated into ARM's business strategies and day-to-day operations, including the steps which ARM has taken to familiarise the Applicable Persons with the provisions of this Code and other applicable policies;
  - 17.1.3 the steps which ARM has taken to implement the Code;
  - 17.1.4 an evaluation of the adequacy and the effectiveness of ARM's policies referred to in this Code; and
  - 17.1.5 any recommendations regarding the improvement of ARM's ethical culture.
- 17.2 As part of its integrated reporting, the Board must report to the shareholders of the Company in ARM's Integrated Annual Report on the ethics performance of ARM in terms of non-compliance with this Code and King IV.
- 17.3 The effectiveness of the systems and processes underpinning ARM's ethics performance and the information provided in ARM's Integrated Annual Report must be verified by an independent external assessor.

## 18. **GENERAL**

This Code must be reviewed annually and amended in order to take account of changes in applicable laws and regulations and changes in the business of ARM.