

Application of the KING IV™ principles

For the year ended 30 June 2020

The Northam Platinum Limited (Northam or the company or the group) board of directors (board) endorses the King IV Report on Corporate Governance for South Africa, 2016 (King IV™) as a key input into our corporate governance frameworks and policies.

The JSE Limited (JSE) Listings Requirements applicable for integrated reporting purposes stipulate that a listed company's annual report must, at a minimum, include a narrative statement on its application of the King IV™ principles.

The board applies all sixteen of the relevant King IV™ principles and the application status of each of these principles is outlined in the table enclosed.

Leadership, Ethics and Corporate Citizenship		
	Applied	Our response
<p>Principle 1: The board should lead ethically and effectively.</p> <p>Principle 2: The board should govern the ethics of the company in a way that supports the establishment of an ethical culture.</p>	Yes	<p>The board holds that ethics and integrity are fundamental to an effective governance framework and the foundation for developing a culture that supports employee, customer and investor confidence. Accordingly, it strives to set the highest ethical standards both for itself as well as for the subsidiary boards throughout the group.</p>
	Yes	<p>The board fully acknowledges and accepts the significant responsibility for ensuring that the group continues to operate responsibly, sustainably and in an ethical manner, for the benefit of all our stakeholders for generations to come.</p> <p>Board members are individually and collectively accountable for their ethical and effective leadership of the group.</p> <p>All deliberations, decisions and actions of the board are based on fairness, accountability, responsibility and transparency.</p> <p>The board has implemented and embedded a robust and effective governance environment, including strong protected disclosure and whistleblowing mechanisms, where instances of compromised ethical and integrity standards within the organisation are identified, reported and managed transparently.</p> <p>Code of ethics and conduct</p> <p>The group's code of ethics and conduct has been updated and refreshed during the course of the year under review. It was reviewed and recommended to the board for approval in November 2019 by the social, ethics, human resources and transformation (SEHR&T) committee.</p> <p>The code of ethics and conduct applies to directors, officers, employees (full-time and part-time) and suppliers and it governs the interaction between the group and our suppliers, partners and customers. It furthermore covers the use of group assets and confidential information, the group's approach to gender and racial diversity, freedom of association, bribery and corruption, compliance and insider trading.</p> <p>The board has delegated to management the responsibility for the implementation and execution of the code of ethics and conduct and supporting policies, as well as effective monitoring, control and assurance on same, with oversight provided by the SEHR&T committee.</p> <p>Roadshows explaining the updated code of ethics and conduct were held at each of our operations. All employees are required to attest that they have read and understood the code of ethics and conduct.</p> <p>Monitoring of ethics</p> <p>Ethics is monitored through various means, including an independent ethics and fraud hotline available on our website and in our code of ethics and conduct. Employees are encouraged to report any approach made to them or of which they are aware, by any person or entity, seeking favour or preference in terms of business dealings with the group.</p> <p>The independent ethics and fraud hotline is supported by strong investigative capabilities and rigorous disciplinary processes and sanctions.</p> <p>Ethics and fraud hotline reports are a standard agenda item for the audit and risk committee and management updates the committee members at each meeting of transgressions recorded.</p> <p>Read our audit and risk committee report from page 26 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>A copy of our code of ethics and conduct can be found on our website at: www.northam.co.za/governance/policies-and-procedures</p>

Leadership, Ethics and Corporate Citizenship (continued)		
	Applied	Our response
<p>Principle 3: The board should ensure that the company is and is seen to be a responsible corporate citizen.</p>	Yes	<p>The board and the SEHR&T committee assumes and accepts collective responsibility for ensuring that the group is a responsible corporate citizen, in compliance with the Constitution of South Africa, including the Bill of Rights, and has delegated to management the responsibility for proactive stakeholder engagement, community development and environmental stewardship.</p> <p>The group is committed to making a positive contribution to the communities in which we operate and the environment. Our responsible business efforts are therefore focussed on employee welfare and home ownership, addressing the needs of the communities in which we operate and securing land for nature conservation.</p> <p>The board is furthermore responsible for ensuring that the group's strategic objectives are achieved in a sustainable way.</p> <p>Management updates the board and the SEHR&T committee on a quarterly basis on Northam's performance against the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry (Mining Charter).</p> <p>Read more about the Northam home ownership scheme, the Zondereinde and Booyensdal community trusts, the Toro Employee Empowerment trust and the Buttonslope Conservancy trust from page 80 in our annual integrated report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>Read our SEHR&T committee report from page 18 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p>

Strategy, Performance and Reporting		
	Applied	Our response
<p>Principle 4: The board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	Yes	<p>Strategy formulation</p> <p>The chief executive officer (CEO) and the management team are tasked with the formulation and development of the group strategy, business plan and four-year forecast, including key performance measures and targets.</p> <p>Key macro trends in our operating environment are identified, as part of the strategy setting process, by analysing political, macroeconomic, social, competitive, technological, regulatory and environmental drivers. The impact of these trends on Northam's strategic objectives is assessed. There is also continued engagement with material internal and external stakeholders and their needs and expectations are considered.</p> <p>This process highlights any applicable material matters, which are ranked according to the greatest relevance and highest likelihood to have a significant impact on the viability of our business and relationships with stakeholders.</p> <p>Risks and opportunities arising from the material matters are identified and their impact on both the short and medium-term strategy is assessed.</p> <p>The outcome of this analysis informs the strategic focus areas for the year, which are adjusted in line with changes in material matters.</p> <p>Strategy approval</p> <p>The board approves the group strategy, ensuring that it is aligned with the purpose of Northam, the value drivers of our business and the interests and expectations of our stakeholders. The board also ensures that the group strategy takes cognisance of inherent risks and opportunities that our business faces and the need to achieve sustainable outcomes.</p> <p>Monitoring strategic execution</p> <p>Quarterly: The board actively monitors strategic performance against the strategic KPIs and targets at quarterly board meetings and challenges the management team accordingly.</p> <p>Annually: The board is updated annually on the group strategy, which is embodied in the group business plan, four-year forecast, KPIs and targets.</p> <p>Read more about our strategy from page 22 in our annual integrated report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>Read more about our material issues and our risks from page 32 in our annual integrated report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>Read more about our business model from page 20 in our annual integrated report 2020 on www.northam.co.za/investors-and-media/publications</p>

Strategy, Performance and Reporting (continued)		
	Applied	Our response
<p>Principle 5: The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance and its short, medium and long-term prospects.</p>	Yes	<p>The board is committed to clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders, in line with the JSE Listings Requirements and the Companies Act No. 71 of 2008 (Companies Act).</p> <p>It oversees and ensures, through an effective control environment, appropriate management structures and a robust assurance framework, that all external communication and reports are issued in compliance with legal requirements and meet the legitimate and reasonable information needs of material stakeholders.</p> <p>The board, through the audit and risk committee, assumes and accepts the responsibility for the group's financial reporting and sets the direction for how it should be approached and conducted.</p> <p>Northam reports to stakeholders on both its financial and non-financial performance twice a year.</p> <p>Information related to the required disclosures, as set out in King IV™, appears in our board approved integrated reporting suite and on our company website. This includes information on our strategy, long-term goals, medium-to-long-term targets, historical performance, outlook and the group's position for value creation.</p> <p>All disclosed information is subject to review by the external audit and assurance providers (see from page 12 of our annual financial statements 2020 and page 132 of our annual integrated report for the external audit reports), whose appointment is delegated to management by the board.</p> <p>See our results presentations and integrated reporting suite on www.northam.co.za/investors-and-media/publications</p>

Governing structures and delegation

Primary role and responsibilities of the board

	Applied	Our response
<p>Principle 6: The board should serve as the focal point and custodian of corporate governance in the company.</p>	Yes	<p>The board is ultimately accountable for the performance and the reputation of the group and ensuring that it continues to operate responsibly, ethically and sustainably.</p> <p>The board operates in terms of a board charter, which defines its functions and responsibilities.</p> <p>Apart from the requirements of statute and common law, the board collectively acknowledges that its key deliverables involve providing the group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, reviewing management's operational performance and facilitating an effective governance environment.</p> <p>The board displays adequate alignment with the King IV™ objective in terms of its oversight functions and monitoring, as well as its roles and responsibilities.</p> <p>Board and board committee charters are reviewed regularly and are aligned with King IV™ and the board and the board committees' areas of responsibility.</p> <p>The audit and risk and SEHR&T committees oversight functions and disclosures have also been specifically reviewed against King IV™ recommended practices and disclosure requirements for audit and social and ethics committees.</p> <div style="background-color: #f4a460; padding: 10px; border: 1px solid #f4a460;">  The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period. </div> <p>Read our board charter on www.northam.co.za/governance/policies-and-procedures</p> <p>Read more about the board's responsibilities from page 10 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>Read our board committee reports from page 18 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>See our board attendance register on page 40 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p>

Composition of the board		
	Applied	Our response
<p>Principle 7: The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	Yes	<p>The board has thirteen members and is specifically constituted in terms of expertise and collective skills required for managing and steering our business into the future.</p> <p>The majority of the board members (62%) are considered independent non-executive directors.</p> <p>We recognise and embrace the benefits of having a diverse board and have approved and implemented a board diversity policy, which includes race and gender diversity targets. The board takes responsibility for its composition and the process of attaining the appropriate diversity as per the targets of its charter.</p> <p>The board currently has Historically Disadvantaged Persons (HDP) representation of 62% and 31% of our board members are women. (Northam's targets for HDP and female representation on the board are 50% and 20% respectively).</p> <p>Six of the thirteen board members, including the CEO and the lead independent director, have extensive exposure and experience as CEOs. Other board members have relevant experience in corporate finance, mergers and acquisitions and other associated disciplines.</p> <p>In order to ensure our directors are not overcommitted, we limit the number of listed directorships our directors may hold to five.</p> <p>We believe that board refreshment and succession planning is imperative and that it should be done in a systematic and gradual manner, in order to maintain a balance of new insight, depth of experience, continuity and diversity of the board.</p> <p>This mix is reflected in the board tenure spread, with three of the directors having tenures in excess of nine years, balanced with five new board appointments in the last three years. We will continue to facilitate the transfer of knowledge from long-serving directors to the newer members on the board, to ensure the board comprises an appropriate balance of institutional knowledge going forward.</p> <p>The board furthermore has an agreed succession pipeline, which identifies immediate and planned successors for directors on the board.</p> <p>The board composition is aligned with the requirements of King IV™ regarding the number of executive versus non-executive directors. Skills, experience and tenure of board members are monitored by the nomination committee.</p> <div style="background-color: #f4a460; padding: 10px; border: 1px solid #f4a460;">  <p>The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.</p> </div> <p>Read more about our board composition and our directors' experience, skills, tenure and other listed board representation from page 8 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p>

Composition of the board (continued)		
	Applied	Our response
<p>Principle 8: The board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	Yes	<p>The board has a coherent and comprehensive committee structure with clear and specific committee charters for each committee. The committee structure and the relevant charters are reviewed regularly to ensure effective decision making, discharge of duties and independent judgement, taking into consideration the changing environment within which the group and the board are operating.</p> <p>The composition of membership of the committees and the allocation of roles across committees are considered and reviewed to ensure effective collaboration, efficient use of board resources and a balanced distribution of power across the committees.</p> <p>The chairperson of each committee reports to the board at each board meeting and the minutes of all committee meetings are circulated in the board packs.</p> <p>The current Northam board committees are:</p> <ul style="list-style-type: none"> ▪ Audit and risk ▪ Nomination ▪ Investment ▪ Social, ethics, human resources and transformation, and ▪ Health, safety and environmental <p>All board committees are free to take independent professional advice, as and when necessary. There is also a protocol in place for directors to gain access to line managers, external auditors and relevant company records through the CEO's office and/or the company secretary.</p> <p>Read our board committee feedback reports from page 18 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>Read about our group governance framework from page 7 in our governance report 2020 on www.northam.co.za/investors-and-media/publications</p> <p>See our board committees' charters on www.northam.co.za/governance/policies-and-procedures</p>

Evaluations of the performance of the board		
	Applied	Our response
<p>Principle 9: The board should ensure that the evaluation of its own performance and that of its committees, its chairman and its individual members, support continued improvement in its performance and effectiveness.</p>	Yes	<p>We hold our board members accountable through formal external board evaluations at least every two years.</p> <p>Every alternate year, the board conducts an assessment of its own performance and of the appropriateness and effectiveness of its procedures and processes. The actions from these assessments are agreed and implementation thereof is tracked.</p> <p>The board further evaluates the independence of its independent directors, particularly in respect of the independent directors who have served on the board for an aggregate term exceeding nine years.</p> <p>An independently facilitated self-assessment process on the performance of the board as a whole, as well as the respective board committees, was conducted during the financial year ended 30 June 2019.</p> <p>Pleasingly, the assessment indicated that the board committees are effectively run, appropriately supported and have robust engagements with the board and management.</p> <p>Areas of improvement, highlighted by the assessment, include the need for technology and information governance to be strengthened at a board level and for continuing professional development programmes to be made available to board members, from time to time.</p> <p>These areas of improvement formed part of the board's work plan for F2020 and were addressed as follows:</p> <ul style="list-style-type: none"> ▪ Technology and information governance was made a standing item on the audit and risk committee agenda and feedback thereon is provided to the board on a quarterly basis. ▪ Directors attended training courses at the JSE and at Northam's corporate office on various topics relevant to their responsibilities. <p>The board also annually evaluates the performance of the company secretary in terms of her competence, qualification, experience and arm's length relationship with the board. (See Principle 10).</p> <p>An independent evaluation of the board, its members, sub-committees and the company secretary will be performed again in F2021.</p> <div style="background-color: #f4a460; padding: 10px; border: 1px solid #f4a460;">  The board is satisfied that the evaluation process is improving its performance and effectiveness. </div>

Appointment and delegation to management		
	Applied	Our response
<p>Principle 10: The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	Yes	<p>Chief Executive Officer (CEO)</p> <p>In terms of the board charter, the board appoints the CEO who is responsible for the implementation and execution of the approved strategy, policies and operational planning, and serves as the primary link between management and the board.</p> <p>The CEO, Mr PA Dunne, is accountable to and reports to the board and in terms of best practice, is not a member of the audit and risk, the investment, the SEHR&T or the nomination committees. Notwithstanding, the CEO does attend meetings of these committees by invitation. The CEO is a member of the health, safety and environmental committee.</p> <p>The CEO and the chief financial officer's (CFO) performance scorecards, with agreed performance measures and targets, are reviewed and recommended for approval by the SEHR&T committee to the board in June of each year.</p> <p>The CEO and CFO's remuneration is benchmarked biennially, by an independent service provider, against a comparative group of companies in the South African mining industry.</p> <p>The board charter is very clear on the powers which are reserved for the board and those that are to be delegated to management via the CEO. The board also defines the level of materiality and approves the approval framework.</p> <p>Through the SEHR&T committee, the board ensures that there is succession planning for the CEO and CFO positions and that it is regularly reviewed.</p> <p>The CEO has undertaken to hold no other listed company directorships, apart from Zambezi Platinum (RF) Limited, Northam's BEE shareholder.</p> <p>The CEO has an employment contract that can, subject to fair labour practices, be terminated upon twelve months' notice.</p> <p>See our CEO's CV on page 9 in our governance report 2020 on www.northam.co.za.com/investors-and-media/publications</p> <div style="background-color: #f4a460; padding: 10px; border: 1px solid #f4a460;">  <p>The board is satisfied that the approval framework and the group operating model contribute to role clarity and effective exercise of authority and responsibilities.</p> </div>

Appointment and delegation to management (continued)		
	Applied	Our response
<p>Principle 10 (continued): The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	Yes	<p>Company secretary</p> <p>The company secretary, Ms PB Beale, provides professional and independent guidance to board members on corporate governance, the execution of their legal duties and keeps the board abreast of relevant changes in legislation and corporate governance best practice.</p> <p>The company secretary further supports and coordinates the functioning of the board and its committee meetings.</p> <p>The company secretary has unfettered access to the board, is not a board member and maintains an arm's length relationship with the board and its members. She reports to the board <i>via</i> the chairman on all statutory duties and functions performed in connection with the board. Regarding other duties and administrative matters, she reports to the CEO.</p> <p>The performance of the company secretary forms part of the board's evaluation process.</p> <p>The board can confirm that it is satisfied that the company secretary:</p> <ul style="list-style-type: none"> ▪ is competent, suitably qualified and experienced ▪ has the requisite skills, knowledge and experience to advise the board on good governance ▪ maintains an arm's length relationship with the board of directors, and ▪ has effectively discharged her responsibilities for the year under review.

Governance functional areas

Risk governance		
	Applied	Our response
<p>Principle 11: The board should govern risk in a way that supports the company in setting and achieving its strategic objectives.</p>	Yes	<p>The board's responsibility for risk governance is expressed in the board charter, the terms of the risk policies and plans of the group.</p> <p>The board is aware of the importance of risk management as linked to the strategy, performance and sustainability of the group. It sets the group's risk appetite and tolerance levels annually as part of its review of the group's risk strategy.</p> <p>The board furthermore oversees the risk management process, which is aligned with the principles of KING IV™. Each of the board committees, in particular the audit and risk committee, is responsible for evaluating all material risks in terms of its mandate.</p> <p>Risks to the sustainability of the company's business are identified and managed within acceptable parameters and an approved and defined risk appetite.</p> <p>The duty to identify, assess, mitigate and manage risks within the existing and ever changing risk profile of our operating environment is delegated to management. Mitigating controls are formulated to address the risks and the board is kept up to date on progress on the risk management plan.</p> <p>The board and the board committees also continuously monitor and challenge risk management exposures and responses through the regular submission and review of executive management risk reports.</p> <p>Read our audit and risk committee report from page 26 in our governance report 2020 on www.northam.co.za.com/investors-and-media/publications</p>

Risk governance (continued)		
	Applied	Our response
<p>Principle 11 (continued): The board should govern risk in a way that supports the company in setting and achieving its strategic objectives.</p>	Yes	<p>Enterprise risk management</p> <p>Northam's well-defined enterprise risk management policy is a systematic approach to decision-making, based on the principles of cooperation, participation, mitigation and sustainability, adopted to achieve more effective risk management and support good governance practices.</p> <p>Our risk management system includes:</p> <ul style="list-style-type: none"> ▪ A clearly defined and documented risk strategy ▪ A risk governance model based on the three lines of assurance ▪ Defined accountabilities, roles and responsibilities for boards, management and employees ▪ Defined risk policies that set the requirements for managing material risks ▪ Standard processes, procedures and methodologies for identifying, assessing, monitoring, managing and reporting on material risks, including processes for risk- based decision-making ▪ A common risk categorisation model and metrics ▪ Stress testing, and contingency and crisis planning ▪ A system of internal controls including risk, compliance and internal audit control functions <p>The group internal audit function performs periodic assessments of the effectiveness of the group's risk management function and highlights any deficiencies in formal audit reports.</p> <p>See our risks and opportunities from page 38 in our annual integrated report 2020 on www.northam.co.za.com/investors-and-media/publications</p>

Technology and information governance		
	Applied	Our response
<p>Principle 12: The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives.</p>	Yes	<p>The board and the audit and risk committee are responsible for the oversight of the group's information and technology (IT) strategy and policy and ensuring that supporting governance structures and processes are robust. This includes setting the direction of the policy, challenging IT risk assessments and evaluating the effectiveness of the IT function.</p> <p>The audit and risk committee established the group information systems steering committee (ISSC), which is chaired by the chief financial officer (CFO).</p> <p>The ISSC is responsible for the oversight, maintenance and protection of the group's technology and information resources. It meets at least four times per year and the CFO reports to the audit and risk committee on the ISSC's deliberations.</p> <p>Measures have been implemented to ensure that various aspects of the group's IT infrastructure and information management are enhanced from a security perspective and incorporated into the overarching Northam IT security strategy.</p> <p>The ISSC exercises oversight of the management of information to ensure the following:</p> <ul style="list-style-type: none"> ▪ Information is leveraged groupwide to sustain and enhance the group's intellectual capital ▪ An information architecture that supports confidentiality, integrity and availability of information remains in place ▪ Integration of information risks into organisation-wide risk management ▪ Proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events ▪ Protection of privacy of personal information ▪ Continuous monitoring of information security ▪ Compliance with relevant laws ▪ Ethical and responsible use of information and technology

Technology and information governance (continued)		
	Applied	Our response
<p>Principle 12 (continued): The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives.</p>	Yes	<p>The ISSC exercises oversight of the management of technology to ensure the following:</p> <ul style="list-style-type: none"> ▪ Integration of technology risks into organisation-wide risk management ▪ Integration of people, technologies, information and processes across the group ▪ Arrangements are in place to provide for business resilience ▪ Technology architecture enables the achievement of our strategic and operational goals ▪ Management of the performance of, and the risks pertaining to, third-party and outsourced service providers ▪ Appropriate responses to developments in technology, including the leveraging of potential opportunities and the management of disruptive effects on the organisation and our business model, are identified and implemented ▪ The responsible disposal of obsolete technology and information in a way that has regard for the environmental impact and information security ▪ The assessment of value delivered to the organisation through investments in technology and information <p>The ISSC receives periodic independent assurance on the effectiveness of the group's technology and information arrangements, including outsourced services.</p> <p>See the ISSC's terms of reference at: www.northam.co.za/governance/policies-and-procedures</p>

Compliance governance		
	Applied	Our response
<p>Principle 13: The board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen.</p>	Yes	<p>The board is accountable for compliance and continually provides guidance on and oversight of the management of compliance risk.</p> <p>The Northam compliance policy together with the risk management policy and framework assist the board and executive management in meeting legal, regulatory and supervisory obligations and to promote and sustain a sound compliance culture. This includes ensuring legal and regulatory compliance implications are integrated into material strategic, financial and operational decisions.</p> <p>The audit and risk, SEHR&T and the health, safety and environmental committees are responsible for overseeing compliance with laws, regulations, rules, codes and standards, including those relating to broad-based black economic empowerment, employment equity, environmental management, health and safety, HIV/Aids, the United Nations Global Compact Principles and the relevant Organisation for Economic Co-operation and Development (OECD) recommendations.</p> <p>Compliance with all material laws, legislation and regulations applicable to the group is monitored by management and reported to the board and the relevant board committees responsible for oversight.</p> <p>Ethics is monitored through various means, including an independent ethics and fraud hotline available on our website and in our code of ethics and conduct. Ethics and fraud hotline reports are a standard agenda item for the audit and risk committee, and management updates the committee at each meeting of transgressions recorded.</p> <p>The board receives assurance on the effectiveness of the group compliance function by way of group internal audit reporting.</p> <div style="background-color: #f4a460; padding: 10px; border: 1px solid #f4a460;">  <p>There were no material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations during the year under review.</p> </div> <p>See the board committees' reports from page 18 in our governance report 2020 on www.northam.co.za.com/investors-and-media/publications</p>

Remuneration governance		
	Applied	Our response
<p>Principle 14: The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	Yes	<p>Responsible remuneration</p> <p>Northam manages remuneration on a total remuneration basis, which incorporates a combination of remuneration elements (both financial and non-financial) to allow the group to attract, motivate and retain appropriately skilled and experienced individuals who will enable the business to meet its strategic objectives.</p> <p>We have developed organisation wide remuneration guiding principles and the board is committed to ensuring that remuneration of executive management is fair and responsible in the context of overall employee remuneration.</p> <p>The board established and approved the group remuneration policy in line with applicable laws and regulations and oversees the implementation thereof.</p> <p>This policy is reviewed annually, which includes benchmarking remuneration levels against industry peers and organisations of similar complexity.</p> <p>The SEHR&T committee assists the board in overseeing all aspects of the group's remuneration practices. It sets the requirements for policies, relating to remuneration, and oversees the operational implementation of the applicable requirements by the Executive: HR.</p> <p>The CEO and CFO's remuneration is benchmarked annually by an independent service provider against a comparative group of companies in the South African mining industry.</p> <p>Other than as provided for in the relevant legislation and the company's policies related specifically to redundancy or retrenchment, there is no automatic entitlement to termination payments.</p> <p>The group also has a malus and clawback policy in place.</p>

Remuneration governance (continued)		
	Applied	Our response
<p>Principle 14 (continued): The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	Yes	<p>Shareholder engagement and voting on the remuneration policy and implementation report</p> <p>The group is committed to maintaining regular, transparent and informative dialogue with our shareholders, aimed at building relationships based on trust and mutual understanding.</p> <p>At the Northam Annual General Meeting (AGM) held on 7 November 2019, the group's remuneration policy was approved by a majority of 86.35% of votes cast in favour of said resolution. The group's remuneration implementation report was approved by a majority of 87.16% of votes cast in favour of said resolution. Both votes were based on a 86.49% shareholder participation rate.</p> <p>In line with best practice and the JSE Listings Requirements, the group will table our remuneration policy, as well as the remuneration report for approval by shareholders as a non-binding resolution at our AGM on Friday, 27 November 2020.</p> <p>In the event that 25% or more of the shareholders vote against the remuneration policy, or the implementation report (or both), the board will take measures to engage proactively with shareholders and ascertain their reasons for the dissenting votes.</p> <p>See our remuneration report 2020 on www.northam.co.za.com/investors-and-media/publications</p> <p>Details of the executive directors' service contracts can be found on page 12 in our remuneration report 2020 on www.northam.co.za.com/investors-and-media/publications</p>

Assurance		
	Applied	Our response
<p>Principle 15: The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the company's external reports.</p>		<p>Assurance</p> <p>The board is accountable for combined assurance and sets the direction for the group assurance services and functions by means of the combined assurance policy and framework. The board delegates to the audit and risk committee the responsibility of overseeing that our combined assurance activities are effective in achieving its objectives.</p> <p>Our combined assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation. There is continued and on-going focus on increased collaboration and sharing of information as well as reducing duplication of activities.</p> <p>The internal audit function has been outsourced to KPMG Services Proprietary Limited (KPMG). The responsibilities normally associated with that of a chief audit executive have been allocated to the director in charge of the internal audit function.</p> <p>We provide granularity on the internal and external audit functions, as well as the key areas of focus for the year under review, in our audit and risk committee report.</p> <p>Read the audit and risk committee report from page 26 in our governance report at www.northam.co.za</p> <div style="background-color: #f4a460; padding: 10px; border: 1px solid #f4a460;">  <p>The board is satisfied that our assurance activities result in an adequate, effective control environment and the integrity of reports relied upon for decision-making.</p> </div>

Stakeholder relationships		
	Applied	Our response
<p>Principle 16: In the execution of its governance role and responsibilities, the board should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time.</p>	Yes	<p>The board, assisted by the SEHR&T committee, is ultimately responsible for the monitoring of the quality of stakeholder relationships and the effectiveness of our stakeholder engagements.</p> <p>The board approved stakeholder policy regulates the process of engaging and communicating with all defined stakeholders who include, amongst others, both shareholders and employees.</p> <p>The board has delegated to management the responsibility for implementation and execution of stakeholder relations policy. Management has developed a strategy and formulated policies for the management of relationships within each defined stakeholder grouping.</p> <p>Along with the publication and dissemination of results on a half-yearly basis, the company regularly hosts visits, presentations, briefings and meetings with interested shareholders, institutions and other stakeholders. Feedback is a critical element of such engagement processes and is communicated through the executive committee for discussion at board level.</p> <p>Stakeholder risks are incorporated into the risk management process and are identified, assessed, mitigated and reported on in the same way as all other risks to the group.</p> <p>Read more about our stakeholders and how we engage with them from page 24 in our annual integrated report 2020 on www.northam.co.za.com/investors-and-media/publications</p> <p>See the SEHR&T committee report from page 18 in our governance report on 2020 on www.northam.co.za.com/investors-and-media/publications</p>

Conclusion

Northam Platinum Limited's corporate governance philosophy, frameworks, standards, policies and practices support the achievement of each of the King IV™ principles and enable the board and management to conclude that the group is currently achieving the desired King IV™ governance outcomes in all material respects.

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