MANAGING RISK AND OPPORTUNITY

Management is responsible for identifying significant risks to and opportunities for the business and for implementing the controls and actions required to improve the management of the identified risks on a regular basis.

RISKS

Management reports on the key risks of the business to the audit and risk committee and to the board in April and November each year. This report is also considered by the board semi-annually.

The risks are assessed and documented for the following divisions of the group:

- Corporate office
- Norplats Properties Proprietary Limited
- Zondereinde mine (including Northam Chrome)
- Booysendal mine

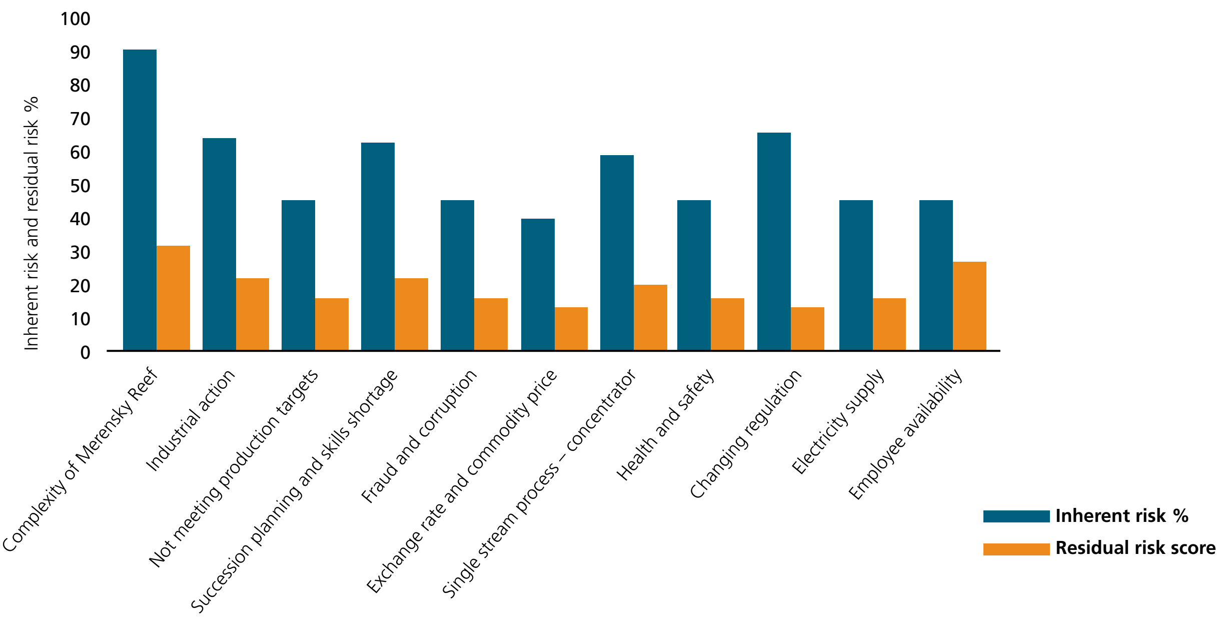
A recent addition to the risk management function has been the generation of a regulatory universe report. The regulatory universe report is a list of all major or material Acts and regulations that apply to Northam as a mining entity in South Africa. Through this dynamic function, management keeps abreast of key legislation applicable to the group and its operations to ensure compliance and/or the institution of remedial actions. Incidents of known non-compliance or potential non-compliance are recorded and summarised in the regulatory universe report, along with the remediation applied.

A further example of the dynamism and flexibility of the risk discipline is its ability to adjust and respond swiftly to issues and risks of the day. An illustration of this was the implementation of internal fire audits at the group operations in January 2016, in response to the incidence of underground fires in ex-group operations. The assessments examined whether any hazards exist in terms of fires and associated risks in the workplace and focused also on the validity and operational effectiveness of existing systems, policies and procedures. The results of these assessments were reviewed personally by the chief executive. No other additional risk factors were identified.

All assurance activities in respect of the control environment are co-ordinated, through a combined assurance approach, including management and independent assurance providers, for example internal and external auditors.

This is an ongoing process managed and monitored by Northam's management to ensure that the assurance received is adequate to address the significant risks faced by the group. Formal assurance is provided by management and the external and internal auditors at each half year. This is known as combined assurance and is monitored by the audit and risk committee.

Group inherent and residual risks



The group risks included in this report have been prepared from the more detailed divisional risk registers maintained by management and indicates the group's combined key risks (risks ranked as priority 1, 2 and 3) as identified by management across all divisions of Northam. Similar risks for various divisions have been combined to summarise the group overall risk rating for each key risk area.

LEGEND FOR THE KEY RISK REPORT

The table below explains the terminology or abbreviations which are applicable to the graph and the report:

Term or abbreviation	Explanation
Key risks (risk with residual risk classifications below)	
Priority 1	Extreme residual risk requiring immediate escalation to the audit and risk committee and the board of directors. Remedial actions to be implemented by management immediately.
Priority 2	High residual risk requiring immediate escalation to management and remedial actions to be implemented.
Priority 3	Moderate residual risk requiring remedial actions to be implemented by management.
Priority 4	Management must consider whether the benefit of further reduction outweighs the cost thereof.
All risk graphs	
Inherent risk	The risk to Northam without taking into account the controls implemented and other mitigating factors.
Control effectiveness	The effectiveness of the controls implemented as assessed by management of Northam.
Residual risk	The risk after taking into account the controls implemented by management and the effectiveness of those controls.

The key risks and any changes to the risk register since the key risks were last presented are reflected in the table below.

Risk	Previous rating	Change in risk rating	Current rating	Mitigating measures and comments
1. Complexity and availability of Merensky Reef	Priority 1	Unchanged	Priority 1	Merensky reef remains difficult to mine in the short term. Management is pursuing the deepening project at Zondereinde mine in order to open more face for Merensky ore. A higher proportion of UG2 ore is now being mined as it is more readily available, with the UG2 to Merensky proportion changed from 1:1 to 60:40. See *Manufactured capital* on page 38, *Natural capital* on page 68. Construction of a new 20MW furnace commenced in February 2016 to cater for a higher volume of UG2. See *Manufactured capital* on page 38. Booysendal mine provides geographic diversification and access to a less complex, shallower UG2 orebody with a higher base metal content that can be mined mechanically and with the possibility of additional Merensky ore. See *Manufactured capital* on page 38.

MANAGING RISK AND OPPORTUNITY CONTINUED

Risk	Previous rating	Change in risk rating	Current rating	Mitigating measures and comments
2. Industrial (or community) action	Priority 2	Unchanged	Priority 2	A three year wage deal was secured at both mines, at Zondereinde with the National Union of Mineworkers (NUM) and at Booysendal through MRC (the main contracting company with various unions, mainly NUM and the Associated Mine and Construction Union (AMCU)). See *Human capital* on page 44. In recognition of employees' freedom of association, Northam's policy is to grant organisational rights to any union with representation of 15% or more of a relevant category of employees. Management maintains open channels of communication with its labour force, both with employees of influence and with representative union structures. For bargaining rights, a union is required to prove 33.3% representation of its relevant constituency. In addition, management consults with any legitimate worker representatives or committees to resolve any concerns which may arise. **Zondereinde:** A verification exercise to assess union representation thresholds was performed by the CCMA earlier in the year. The results indicated that the NUM remains the majority union with bargaining rights. Stakeholder liaison with the local SAPS through security structures in the event of possible industrial action is in place. Management engages with employees of influence and union leadership to understand issues of the day and to deal with any potential problems proactively. Structures are in place to engage with the unions in terms of housing issues, empowerment and other concerns. In addition management communicates directly with employees to keep them informed of developments. This is done via e-mail, sms and notice boards. See *Human capital* on page 44 with regard to the interruption to underground mining at Zondereinde towards the end of the financial year. **Booysendal:** No major difficulties were experienced on the eastern limb regarding labour. However community service delivery protests did disrupt the employees' ability to get to work and may continue to do so. See *Human capital* on page 44.

Risk	Previous rating	Change in risk rating	Current rating	Mitigating measures and comments
3. Not meeting production targets	Priority 3	Unchanged	Priority 3	Production targets may be impacted by a number of factors including work stoppages either owing to labour and/or community disruption or safety stoppages. Northam management is intent on cultivating good relationships with employees and with contracting companies to obviate labour disruption. In order to avoid safety stoppages operational management encourages safe working practices, which inevitably contribute to efficient and effective operations, and management incentivises employees to produce efficiently.
4. Succession planning and skills shortage	Priority 2	Unchanged	Priority 2	The group has developed appropriate remuneration policies and practices to retain its competitive edge in the industry especially for technical skills. Having identified particular areas where transformation is required, management focuses on attracting senior level previously disadvantaged individuals to take up senior level appointments over the next two years. A senior human resources executive has been appointed to focus on succession planning, in collaboration with heads of departments to identify appropriate candidates. In-house training and mentoring have been improved to promote skills enhancement, with external recruitment being applied where necessary. This risk is rapidly turning into an opportunity for Northam as more skilled and trained employees come on to the market, given the difficulties encountered in the resources sector.
5. Fraud and corruption	Priority 3	Unchanged	Priority 3	Continuous audits (internal and external) and review of controls are being conducted. The whistle blowing/ethics hotline has recently been the subject of a revitalisation campaign to heighten awareness at both operations. To address this risk, a security sub-department reports to the financial division.
6. Exchange rate and commodity price	Priority 3	Unchanged	Priority 3	Northam has adequate funding in place to support its operations in the short to medium term. A pricing committee has been established to deal with price forecasts and hedging, if necessary. Given the low PGM prices over an extended period now, management has implemented supplier cost reviews, general cost cutting exercises and deferment of cash outflows, where possible. In addition, management has appointed a consultancy firm to identify additional cost saving opportunities. Furthermore, the group's growth strategy focuses on synergies, lower costs and shallow orebodies where it is possible to mechanise.

MANAGING RISK AND OPPORTUNITY **CONTINUED**

Risk	Previous rating	Change in risk rating	Current rating	Mitigating measures and comments
7. Single stream process-concentrator	Priority 3	Unchanged	Priority 3	This construction of a new 20MW furnace which commenced in February 2016 is part of the smelter expansion and de-risking programme. The project, estimated at R750.0 million, is expected to be completed by the end of the 2017 calendar year. See *Manufactured capital* on page 38.
8. Health and safety	Priority 2	Unchanged	Priority 2	Underground mining is inherently hazardous and requires full compliance with health and safety regulations, compulsory safety training and the compulsory use of PPE. The established health and safety departments have implemented health and safety codes of practice and standard operating procedures are in place. The Chamber of Mines' safety strategy has been approved by the board. The group's growth strategy involves acquiring and/or developing shallow, mechanisable orebodies. Given that mechanised mines are less labour-intensive, they are also safer. At Zondereinde, the use of hydropower largely eliminates the presence of dust thus improving health and safety conditions for employees. HIV/AIDS and TB have been aggressively targeted with a strong focus on prevention.
9. Changing regulations	Priority 3	Unchanged	Priority 3	There is currently uncertainty regarding the applicability of the Department of Trade and Industry's (DTI's) BBBEE codes. The DTI and DMR are working on the harmonisation of codes to be applied to mining companies. A new Mining Charter is also being considered. The new Mining Charter is expected to be released during the second half of calendar year 2016. Management is focused on housing, BEE and transformation in order to comply with the key objectives of mining legislation. Management is also working on operationalising the two community trusts and the employee trust that are part of the Zambezi Platinum transaction. See *Social capital* on page 60.
10. Electricity Supply (Eskom)	Priority 3	Unchanged	Priority 3	The threat of supply disruptions has abated since the electricity crisis first broke in 2008. Contingency mitigation measures are now well established and Booysendal's mechanised mining equipment is largely diesel powered, thereby reducing the load. Operational management has developed constructive relationships with Eskom's staff, and electricity management programmes are well established. Automated emergency generators are in place to allow co-generation. The most important issue about electricity relates to cost. Eskom has embarked on an extensive expansion programme that needs funding and seems to have some spare capacity currently because of slowed economic growth. Both of these factors will undoubtedly lead to higher costs.

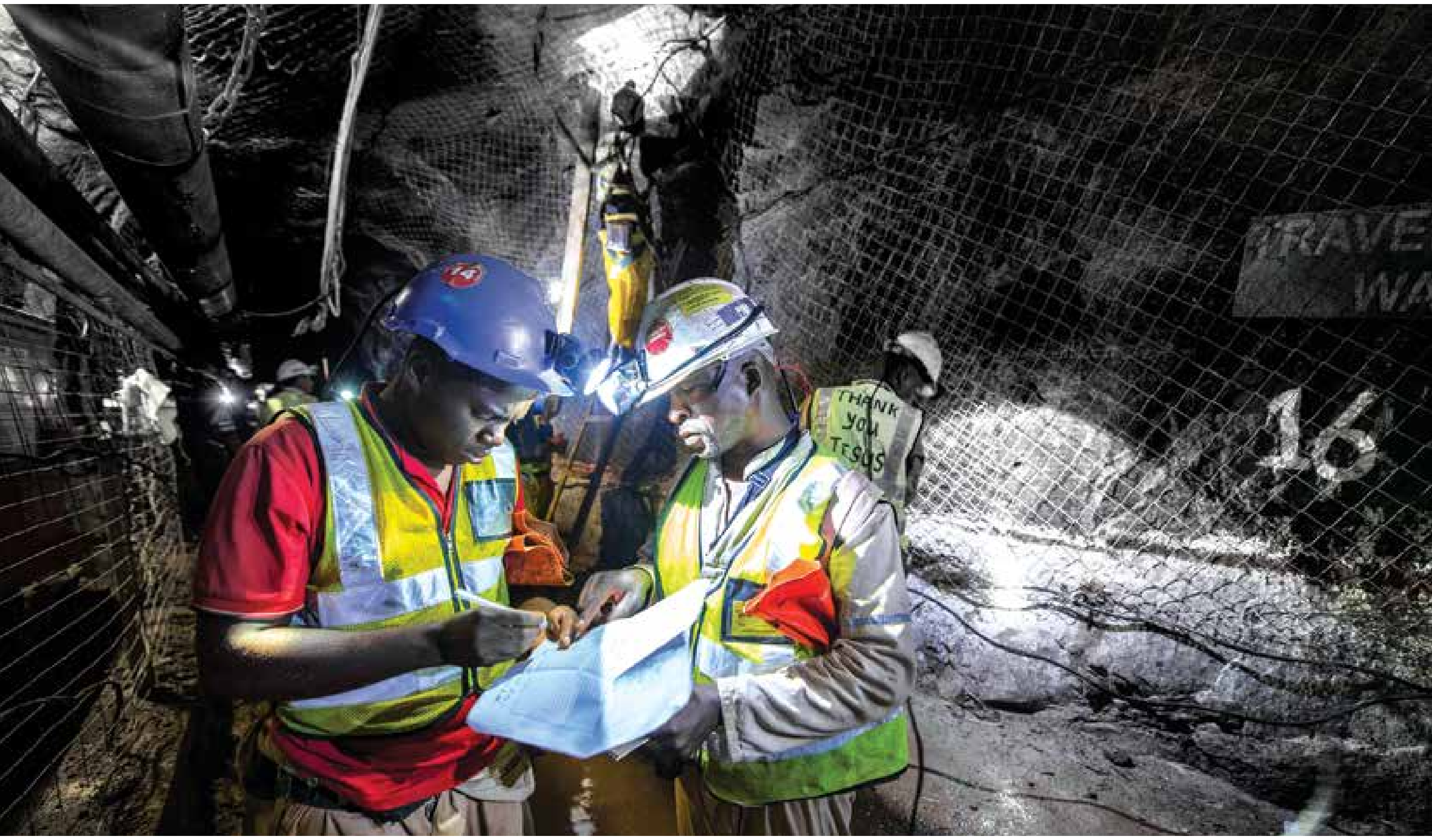
Risk	Previous rating	Change in risk rating	Current rating	Mitigating measures and comments
11. Employee availability – loss of productivity due to staff illness and absenteeism	Priority 3	This risk has increased in significance	Priority 1	People management has gained emphasis, with supervisors responsible for providing greater oversight and managing teams closely. Certain human resource procedures need to be boosted and integrated with IT systems. An upgrade of IT systems is underway and this will assist in the measurement and monitoring of employee movements and behaviour.

OPPORTUNITIES

The company's chief executive officer has outlined Northam's growth strategy which is to grow down the cost curve by mining shallow mechanisable PGM orebodies. The strategy is on track and opportunities for growth are constantly assessed and reviewed. This includes both organic and external opportunities.

All growth and expansion opportunities are assessed in terms of the companies' investment criteria and are required to at least meet the companies cost of capital. Management is focused on growing the business at a rate that is faster than the preference share coupon rate (which is prime interest rate plus 350 basis points, currently 14.0% at 30 June 2016) of Zambezi Platinum, which was introduced by the BEE transaction mentioned above.

The group's organic growth projects, which are epitomised by the expansion projects of Booysendal South, do meet the group's investment criteria and sufficient time has been taken by management to ensure that the risk of project failure is minimised.



At Zondereinde, the use of hydropower largely eliminates the presence of dust thus improving health and safety conditions for employees

CORPORATE GOVERNANCE REPORT

The board and management recognise that good corporate governance is integral to the group's sustainability. Adherence to the standards and recommendations set out in the King III report and other relevant laws and regulations is vital to achieving the group's strategic goals.

APPLICABLE GOVERNING FRAMEWORK

Northam complies with the JSE listing requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks include:

Companies Act	JSE listings requirements	International IR Framework	King III	Mining Charter
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).	Northam is a public company listed on the JSE and is subject to the JSE listings requirements.	The International Integrated Reporting Framework.	The King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).	Northam seeks to comply with the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter), in terms of the Mineral and Petroleum Resources Development Act (MPRDA).
www.acts.co.za	**www.jse.co.za**	**www.theiirc.org**	**www.iodsa.co.za**	**www.dmr.gov.za**

KING III COMPLIANCE

The board is satisfied that every effort has been made in the financial year ended 30 June 2016 to comply with the principles and recommendations of King III. A summary document indicating compliance with the King III principles and recommendations is available on the Northam website at www.northam.co.za

Board of directors

Non-executive	Executive	Independent
PL Zim (chairman) KB Mosehla	PA Dunne – chief executive officer AZ Khumalo – chief financial officer	R Havenstein (lead independent) CK Chabedi HH Hickey TE Kgosi AR Martin TI Mvusi

Board committees

Audit and risk committee	Health, safety and environmental committee (HSE)	Investment committee	Nomination committee	Social, ethics and human resources committee (SE and HR)
AR Martin (chairman)	R Havenstein (chairman)	R Havenstein (chairman)	R Havenstein (chairman)	TE Kgosi (chairperson)
R Havenstein	CK Chabedi	CK Chabedi	TE Kgosi	CK Chabedi
HH Hickey	PA Dunne	AR Martin	AR Martin	KB Mosehla
TE Kgosi		KB Mosehla	PL Zim	
By invitation:	**By invitation:**	**By invitation:**	**By invitation:**	**By invitation:**
• Management	• Management	• Management	• Management	• Management
• Internal audit				
• External audit				

BOARD OF DIRECTORS

As at 30 June 2016, the board comprised 10 directors, the majority of whom are independent, 20% are women and 60% are historically disadvantaged South Africans (HDSA).

Mr Zim, non-executive chairman, represents Zambezi Platinum on the board, and Mr Havenstein is the lead independent director. Mr Mosehla, a non-executive director, also represents Zambezi Platinum.

The board ensures that its composition is appropriate in terms of skills, knowledge, experience, independence and gender in accordance with the provisions of its board charter and Memorandum of Incorporation (MOI), available on the Northam website at www.northam.co.za. It also takes responsibility for corporate strategy and the management of risk and opportunities of the group which are executed within the confines of its corporate governance structure.

Changes to the board

During the year under review:

- Mr Havenstein replaced Mr Martin as lead independent director on 18 August 2015.
- Mr Mosehla was appointed a non-executive director on 19 August 2015.
- Mr Beckett retired as an independent director on 11 November 2015.
- Ms Hickey and Mr Mvusi were appointed as independent directors on 1 January 2016.

Retirement and re-election of directors

In terms of clause 33.5.1 of the MOI, one third of the non-executive directors, being those longest in office, shall retire from office at each AGM. A retiring director who is eligible and available may offer himself or herself for re-election and appointment.

Messrs Chabedi and Zim both retire from office in terms of clause 33.5.1 and, being eligible and available, have offered themselves for re-election and appointment at the AGM on 9 November 2016.

Mr Martin, who also retires by rotation, has not made himself available for re-election as a director and as such his retirement shall become effective following the conclusion of the AGM in accordance with clause 33.5.8.

In terms of the company's MOI directors appointed to the board during the year shall hold office until the next AGM and shall then retire and be eligible for re-election.

Ms Hickey and Mr Mvusi were appointed as directors on 1 January 2016 and, in accordance with the provisions of clause 33.5.4 of the MOI, retire from office and, being eligible and available, have offered themselves for re-election and appointment at the AGM.

At the forthcoming AGM on 9 November 2016 members will be requested to consider resolutions providing for the election and re-appointment of Messrs Chabedi, Zim, Ms Hickey and Mr Mvusi as directors.

As recommended by the nomination committee, Ms Hickey, subject to her appointment as a director, will replace Mr Martin as chairman of the audit and risk committee.

Brief summaries of their *curricula vitae* appear on pages 18 and 19.

Attendance at board and board sub-committee meetings

The board and its committees meet at least once a quarter and ad hoc meetings may also be called to consider specific issues. The investment committee and the nomination committee meet as and when required.

Booysendal has a life of mine of 25 years

CORPORATE GOVERNANCE REPORT CONTINUED

	Board	Audit and risk committee	HSE committee	Investment committee	Nomination committee	SE and HR committee
Number of meetings	**5**	**5**	**4**	**2**	**3**	**4**
PL Zim (chairman)	5	–	–	–	3	–
PA Dunne (CEO)*	5	–	2	–	–	–
AZ Khumalo (CFO)	5	–	–	–	–	–
ME Beckett**	1	3	2	–	–	1
CK Chabedi	5	–	4	2	–	4
R Havenstein	5	5	4	2	3	–
HH Hickey***	3	2	–	–	–	–
TE Kgosi	5	5	–	–	3	4
AR Martin	5	5	–	2	3	–
BK Mosehla****	4	–	–	2	–	4
TI Mvusi***	3	–	–	–	–	–

Key:
– *Not applicable*
* *Appointed to the HSE committee on 10 December 2015*
** *Retired 11 November 2015*
*** *Appointed 1 January 2016*
**** *Appointed 19 August 2015*

The CEO attends the HSE committee meetings as a member. For all the other sub-committee meetings, the CEO and CFO attend by invitation.

Disclosure of personal financial interests

Disclosure of personal financial interests is a standing board and committee agenda item and a register of all directors' company shareholdings, other directorships and information regarding any potential conflict of interest is updated by directors at each meeting. Directors recuse themselves from discussion on any matters in which they may have a conflict of interest. Furthermore, before dealing in the company's shares, directors are required to obtain approval from the chief executive or the chief financial officer and are to inform the company secretary.

Board charter and committees' terms of reference

The board of directors' charter articulates the objectives and responsibilities of the board. Each of the board committees operates in accordance with written terms of reference, which are reviewed by the executive committee and any changes required, are approved by the board. The board takes ultimate responsibility for the group's adherence to sound corporate governance standards and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence. The board charter and the board committees' terms of reference are available on the Northam website at www.northam.co.za

Executive committee

The group's chief executive, Mr PA Dunne is responsible for the execution of the company's strategy and reports to the board. He chairs the executive committee that comprises six members, namely Messrs AZ Khumalo, chief financial officer; LC van Schalkwyk, chief commercial officer; CA Smith, executive officer HR, FR Rautenbach, manager – projects and strategy; and Ms PB Beale, company secretary.

The members meet on a monthly basis to discuss and deal with operational matters, recommend strategies and monitor implementation of capital programmes.

BOARD COMMITTEES

Audit and risk committee

The committee's members are four independent directors, Messrs Martin - chairman; Havenstein; Ms Hickey and Ms Kgosi. Mr Beckett retired as a member on 11 November 2015 and Ms Hickey was appointed on 1 January 2016.

The members are elected at each AGM in line with the Companies Act and King III. To this end, shareholders will be required, at the forthcoming AGM to approve the necessary resolutions appointing Mr Havenstein, Ms Hickey and Ms Kgosi as members. Mr Martin, chairman of the committee has not made himself available for re-election as a director and as recommended by the nomination committee, Ms Hickey will replace Mr Martin as chairman of the committee. The board is satisfied that the members of the committee have the requisite skills, understanding of corporate law and adequate practical experience relevant to the business of Northam. They also understand the International Financial Reporting Standards framework in terms of which Northam must report as a listed company.

The chief executive and chief financial officer are invitees to these meetings and both external and internal auditors are invited to attend. At least once a year, the external and internal audit plans are reviewed and approved for the year ahead. The internal audit plan is approved after management's input on areas needing special attention. The committee also approves and reviews the risk management report twice yearly, based on management proposals that identify the key risks and appropriate measures in place to mitigate these risks.

For attendance at meetings refer to page 104.

The report of the audit and risk committee may be found on page 153 of this annual integrated report.

HSE committee

The committee comprises three directors, Messrs. Havenstein – chairman; Chabedi and Dunne - chief executive. Mr Beckett retired as a member on 11 November 2015 and Mr Dunne was appointed on 10 December 2015. The chief financial officer is invited to attend committee meetings which are held every quarter.

The committee is charged with ensuring the group's performance on such sustainability issues as safety, health and the environment at the mines, especially as they affect employees and communities in the areas in which the group operates. This committee has oversight of policies, records and reporting systems pertaining to typical occupational safety and other endemic health issues associated with the mining industry. For key features on Northam's health and safety structures and systems, refer to page 55.

For attendance at meetings refer to page 104.

Investment committee

This committee's members are Messrs Havenstein – chairman; Chabedi; Martin and Mosehla. Mr Mosehla was appointed on 19 August 2015. The chief executive and chief financial officer are invited to attend committee meetings.

The committee evaluates and advises the board on all acquisitions and investment-related opportunities. It does not have regular meetings but meets as and when required. The main functions of the committee are to consider the suitability and compatibility of potential investments and their returns, weighted against the interests of stakeholders.

For attendance at meetings refer to page 104.

Nomination committee

The committee comprises four directors, Mr Havenstein – lead independent director as chairman, Ms Kgosi, Messrs Martin and Zim.

Mr Havenstein replaced Mr Martin as lead independent director and chairman of the committee on 18 August 2015. In terms of the JSE listings requirements, the chairman of the board or, if the chairman is not independent, the lead independent director is required to chair the nomination committee.

The main functions of the committee are to recommend director nominees to the board, for approval by Northam shareholders at the AGMs of the company and to ensure that the interests of shareholders are property protected in relation to the leadership and management of the company. The chief executive and chief financial officer are invited to attend committee meetings.

For attendance at meetings refer to page 104.

SE and HR committee

This committee's members are three directors, Ms Kgosi – chairperson; Messrs. Chabedi and Mosehla. Mr Mosehla was appointed on 19 August 2015 and Mr Beckett retired on 11 November 2015.

The key responsibility of the committee is to assist the board with transformation and labour matters in terms of amongst others, the Mining Charter and as set out in the Companies Act, the monitoring of the group's performance with the social and ethics statutory requirements. The committee is also responsible for the group's remuneration matters and the remuneration report may be found on page 107 of this annual integrated report.

The terms of reference of the committee, containing detailed information regarding the committee's responsibilities and mandate, are available on the company's website www.northam.co.za

The committee, together with the board, monitor the group's performance with the elements of the Mining Charter on a quarterly basis. Further details may be found in the *Human capital* section beginning on page 44 of this annual integrated report.

The chief executive, chief financial officer and, Mr C Smith, Northam's executive officer HR are invited to attend committee meetings.

For attendance at meetings refer to page 104.

Performance reviews of the board and sub-committees

The board and sub-committees undertake an annual series of assessments in order to monitor performance and identify areas for improvement. The annual board assessment was led by the chairman and facilitated by the company secretary. The overall consensus was that the board is working well, has a good mix of directors and that there is a high commitment to work in the best interests of Northam.

The sub-committees' annual evaluations were facilitated by the company secretary and led by the chairperson of each committee.

CORPORATE GOVERNANCE REPORT CONTINUED

In compliance with King III, the board chairman and lead independent director were re-elected at the November 2015 board meeting.

Independence test in terms of King III

Annual independence tests for the independent directors Messrs Chabedi, Havenstein, Ms Hickey, Ms Kgosi, Messrs. Martin and Mvusi were conducted in June 2016. The board considered the minority beneficial interests held by Mr Chabedi and Ms Kgosi in Zambezi Platinum, which they had acquired in terms of the BEE transaction in May 2015. They also considered the tenure of Mr Havenstein and Ms Kgosi who have been on the board beyond nine years. The board is satisfied that there are no relationships or circumstances which affect, or appear to affect the independence of the abovementioned directors.

Company secretary

In compliance with the JSE listings requirements, the board is satisfied that the company secretary is competent, suitably qualified and experienced. Furthermore, since she is not a director, nor is she related to or connected to any of the directors, thereby negating a potential conflict of interest, and she maintains an arm's length relationship with the board.

The company secretary oversees corporate governance matters within the group in line with King III and the Companies Act and new directors undergo an appropriate induction process. The company secretary seeks to ensure compliance with all statutory and listing requirements relating to the group and ensures that minutes of meetings are kept for shareholder, board and committee meetings in terms of the Companies Act.

Approval framework

The approval framework governs the delegation of authority and value limits within the group and is necessary to ensure that all transactions are approved appropriately. This enables management to limit the potential damage that any unauthorised expenditure or corruption could inflict on the group.

Code of ethics

The group's code of ethics is reviewed by the executive committee and any changes required are approved by the board. The code of ethics applies to both directors and employees of the group. It governs the interaction between the group and its suppliers, contracting companies, and customers. It also covers the use of group assets and confidential information. A breach of the code of ethics could result in disciplinary action and/or civil or criminal action being taken against a perpetrator. The code of ethics is available on the Northam website at www.northam.co.za

Donations

The company has a long-standing policy where employees may not accept gifts, hospitality or favours from suppliers or contracting companies of more than a nominal value. All gifts and entertainment details are recorded in a gift register for record purposes.

Ethics 24-hour whistle-blowing hotline

Northam's ethics hotline number 0800 15 25 39 became effective in 2011 and is monitored by an external party (KPMG), 24 hours a day in all the official languages of South Africa. Anyone (whistle-blower) can anonymously report corruption, fraudulent activity or other problems for investigation. All whistle-blowers are protected against any form of victimisation provided disclosures are made in accordance with the provisions of the Protected Disclosures Act, No 26 of 2000.

Insider trading

The company has clear rules and guidelines in place which seek to ensure that employees do not contravene the JSE's rules on insider trading. Neither directors nor employees are allowed to deal in Northam shares or Zambezi Platinum preference shares if they are in possession of non-public information or during closed periods. These rules also extend to close relatives of directors and employees. Directors and employees are required to obtain prior approval for dealing in the company's shares and are routinely advised of the company's closed periods.

JSE listings requirements

As a listed entity Northam is required to comply with the JSE's listings requirements and certification of this is submitted to the JSE. Northam's submissions are currently up to date.

Reporting to stakeholders

The board is aware of the requirements for the group to engage with analysts, shareholders and stakeholders alike about the group's financial performance, operational developments and sustainability indicators.

Along with the print and electronic publication and dissemination of results on a half-yearly basis, the company regularly hosts visits, presentations, briefings and meetings with interested stakeholders, institutions and others. Feedback is a critical element of such engagement processes and is communicated through the executive committee for discussion at board level.

REMUNERATION REPORT

The board, through the SE&HR committee is ultimately responsible for establishing a remuneration policy and for its implementation, to ensure that competent individuals are appointed as senior managers, and to ensure that the group's leadership is adequately rewarded for delivering on the group's strategic targets. In addition, the committee is responsible for mandating management on appropriate wage increase thresholds for union negotiations and advises on the scale of fees to be paid to non-executive directors, which are submitted to shareholders for approval.

EMPLOYEES REPRESENTED IN TERMS OF COLLECTIVE BARGAINING ARRANGEMENTS

There are various unions representing workers at the group's operating mines. The majority of the group's employees, approximately 80% at Zondereinde, are contributing members of the National Union of Mineworkers (NUM) – primarily in the category 2 to 10 bargaining units. Their salary levels, annual increases, allowances and benefit packages are negotiated on a collective basis.

At Booysendal, approximately 90% of the workforce is covered by collective bargaining agreements through the contracting companies used at the operation. Approximately 70% of unionised indirect employees belong to the Amalgamated Mine and Construction Workers Union (AMCU).

Northam also engages with other unions representing smaller groups of employees. The group's labour relations policies provide for organisational rights to any union which meets a 15% representation threshold within a bargaining unit. When a registered union reaches a representative threshold of 33.3% within a bargaining unit, it acquires the right to bargain for that particular unit. Northam's objective is to engage in good faith in order to reach agreement on matters such as wages, substantive conditions of service and other matters of mutual interest. See pages 108 and 109 of this report for further information or go to www.northam.co.za

In addition to their wages, employees also earn various forms of bonuses to incentivise performance.

At Booysendal, approximately 90% of the workforce is covered by collective bargaining agreements though the operation's contracting companies

REMUNERATION REPORT CONTINUED

EXECUTIVE DIRECTORS, MANAGEMENT AND NON-UNION STAFF

Executive directors, including corporate and operational management, are treated in accordance with their contracts of employment and the remuneration and benefit schemes and practices applicable to their job grades. Salaries are reviewed annually, effective 1 July. Salary increases are determined individually, according to individual performance, retention and market-matching criteria.

All non-union staff, managers and executives have detailed job profiles which stipulate the key performance areas of their positions. These serve as the basis for performance management, measurement and performance-linked salary increases and bonuses.

Remuneration takes the form of:

- appropriate salary packages, including those of the executive directors which incorporate basic remuneration pay (BRP) including death, disability, medical aid and pension contribution benefits;
- various allowances;
- various short-term incentive bonus schemes depending on the grade of the employee;
- a long-term incentive scheme launched in 2011 which replaced the prior share option scheme (see page 112); and
- Key person insurance cover is available for the executives and the general managers of the group.

REMUNERATION POLICY

Pay levels are determined in terms of the group's remuneration policy. Through fixed and variable remuneration, the group aims to attract, retain, incentivise and reward top quality staff at all levels, particularly where scarce or critical skills are involved.

The group's remuneration policy is designed to support its strategic goals in a way that aligns the interests of employees, managers, executives and directors with those of stakeholders.

The remuneration policy is not intended to be a 'one size fits all' statement of rules and procedures, but rather to serve as the basis for a flexible approach to the variable and changing needs of a dynamic and competitive mining employment environment. The policy is underpinned by the following key principles:

- harmonising working conditions, salaries and wages throughout the group;
- compliance with all statutory and regulatory requirements and a commitment to applying best practice guidelines in all aspects of remuneration and benefits;
- attracting and retaining core skills, such as artisans, engineers and management; and
- offering remuneration packages that are competitive, fair, and reasonable in all respects and at all levels.

FEATURES OF THE REMUNERATION PRACTICES

Employment contracts are concluded on a permanent basis as a general principle (i.e. for an indefinite period), except where fixed-term or short-term temporary contracts are required for specific projects. The notice period for the termination of employment contracts is typically one month, but for critical positions this can be extended by mutual agreement to a maximum of one year.

Northam's objective is to provide a market-competitive basic salary plus compulsory medical aid and retirement fund membership. Various fixed and variable allowances are paid at certain job/grade levels or to certain job categories. The job grading system is based on the Paterson model. Remuneration experts are consulted from time to time as circumstances dictate.

Salary scales and employee benefits are benchmarked against mining industry standards and reviewed annually. The midpoints of the group's salary scales are compared with industry percentiles and adjusted annually, in line with the changing size, structure, financial performance and general circumstances of the group over time.

The group's salary scales have a range of between 12.5% and 57% which allow an overlap on scales which have steps of 15% between grade ranges to allow for the appropriate positioning of individuals according to qualifications, experience, performance, growth, development and market imperatives. However, in a competitive market where skills are scarce, market comparisons may result in pay amounts above the range being considered and paid.

The committee approves salary increases for all categories of staff in advance each year. Any material changes to allowances, benefits, bonus schemes, or any other aspect of remuneration policy are approved by the committee prior to implementation.

In the case of retrenchment, the group's policy at all job levels is to pay the contractual notice period (if not worked) and severance pay in line with legislation (the Basic Conditions of Employment Act), being one week's remuneration per completed year of service with the group. Severance payments upon termination of service are governed by legislation, agreements with unions, individual contract and/or group policy and practice.

No provision is made for special retirement benefits for group employees other than the standard benefits in terms of two of the group's recognised retirement funds, with the exception of employees in Category 9 and above who were in service with the group on 31 December 1998. In respect of these employees, a contribution is made to a post-retirement healthcare fund. These contributions cease when the employee leaves the service of the group. All components of the group's remuneration system are subject to regular internal and external audits, as well as routine monitoring by the South African Revenue Services. The committee is satisfied that the group is compliant with all pertinent regulations.

Executive directors' service contracts

The chief executive, Mr PA Dunne has a service contract with the company which is subject to a notice period of one year. The chief financial officer, Mr AZ Khumalo has a service contract with the company which is subject to a notice period of three months. Severance pay is governed by employment (labour) legislation and there are no special severance package arrangements in terms of these contracts except that they are governed by legislation. The executive directors' remuneration is determined on an annual basis by the SE&HR committee.

ELEMENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS AND SENIOR OFFICIALS

Fixed remuneration: cost to company

Executive directors are paid market-related salary packages on a cost to company basis which represents their guaranteed pay. Increases are generally offered and determined annually by the committee in July. Increases take account of the group's economic performance, the prevailing inflation rate and may include a merit component of no more than 2% in addition to the inflation rate.

The chief executive's basic remuneration increase of 8% in July 2015 takes account of his forfeiture of an increase in July 2014, given that his contract with the company started in March 2014. The chief financial officer received an 11% increase following a benchmarking exercise.

EXECUTIVE DIRECTORS – TOTAL REMUNERATION OUTCOMES AND REMUNERATION MIX FY2016

Executive director	Basic remuneration	Benefits	Bonus	Gain on shares	*Total
	%	%	%	%	%
PA Dunne	54.3	7.3	38.4	–	100.0
AZ Khumalo	31.4	4.6	25.4	38.6	100.0

** Refer to directors' report on page 144 for directors' remuneration in rand terms.*

Mr Dunne did not have any retention or performance shares vesting as his tenure at the company remains below the three-year vesting period.

At Northam, salary scales and employee benefits are reviewed annually

REMUNERATION REPORT CONTINUED

VARIABLE REMUNERATION: SHORT-TERM

Employee bonuses

The group has a variety of bonus schemes for employees. Bonuses are not guaranteed and are based on agreed formulae. Executive directors and senior management may earn a bonus based on the extent to which they have achieved the targets and objectives set for them by the committee and/or the board of directors. Bonuses are payable half-yearly.

Short term incentive – executive directors, senior officials' bonus scheme

The board of directors, through the committee, determines the performance targets and objectives of the chief executive and the chief financial officer, conducts their performance assessments and decides the quantum of their performance bonuses. The chief executive also has input into the evaluation of the chief financial officer.

The chief executive and the committee determine the performance targets and objectives of senior managers, conduct their performance assessments and determine the quantum of performance bonuses for approval by the board of directors.

Bonuses are paid subject to the achievement of targets, and an individual performance rating. Variability of the bonus amounts per grade is based on the relative BRPs of executive directors and senior officials.

Annual bonuses actually paid as a percentage of basic remuneration plus benefits in FY2016 were as follows:

Executive director	*2016 bonus as % of basic pay plus benefits
PA Dunne	62.2
AZ Khumalo	70.7

** Refer to the directors' report on page 144 for directors' remuneration in rand terms.*

Typically, the bonus scheme is based on a weighted combination of targets which are largely under the control of management. Through the provision of bonuses, the committee intends to incentivise management in areas/targets that they are able to influence. In this way, management is encouraged to manage the group to achieve best performance for the benefit of stakeholders. These targets are usually a weighted combination of safety performance, linear metres achieved, square metres achieved, total tonnes milled, recoverable metals produced, cash or total operating costs, personal performance which includes transformation (referring to social employment quotas/criteria that must be met in terms of employment legislation in South Africa).

SHORT-TERM INCENTIVES – DETAILS OF THE EXECUTIVE DIRECTORS' AND SENIOR OFFICIALS' BONUS SCHEME

Committee approved formula	Achievement (excess or shortfall of actual over target), rated in terms of achievement factors (i.e. below 90% achievement = zero achievement factor and above 110% = 125% achievement factor) by (x) weighting of key performance area (scoring) x BRP x weighting of the two mines (on production) – this is calculated half yearly and per annum – all annualised = bonus of executive directors and senior management.
Payment frequency	Bonuses are paid twice annually based on the actual results achieved for each of six months ending December and June. 75% of the calculated bonus is paid for each six-month period with the final 25% being calculated on the results for the full year.
Performance conditions	Set during the financial year by the commitee and the board. Corporate office bonuses are paid on a weighted basis based on the performance of the two operating mines, Zondereinde and Booysendal. Performance criteria and weightings for FY2016 and FY2017.
Minimum and maximum possible bonus opportunity	Minimum can be zero and maximum 125% of BRP.
Proposed changes for FY2017	Only for the Booysendal mine-weighting of targets as indicated in the table below. This change in certain targets reflects the anticipated steady-state production levels in FY2017.
SE&HR committee discretion	In consultation with chief executive, the committee may vary both the formula, targets and or the amounts payable.

EXECUTIVE DIRECTORS' AND SENIOR OFFICIALS' BONUS SCHEME – ELEMENTS OF BONUS – PAYABLE FOR YEAR END JUNE 2016:

Zondereinde

Key performance area	Unit	Weighting	Achievement actual vs target	Scoring of achievement	Weighted score
		%	%	%	%
Safety	TIIR	30	96.0	60.0	18.0
Linear metres	m	10	85.0	–	–
Square metres	m^2	10	92.0	20.0	2.0
Total tonnes milled	tonnes	10	93.0	30.0	3.0
Recoverable metals	kg	15	96.0	60.0	9.0
Total cash cost	R'000s	15	111.0	125.0	18.8
Personal performance	Rating	10	–	–	–
Net weighting – percentage of BRP for period and for mine payable					**50.8**

Booysendal

Key performance area	Unit	Weighting	Achievement actual vs target	Scoring of achievement	Weighted score
		%	%	%	%
Safety	LTIIR	25	136.0	125.0	31.3
Capital development metres	m	20	98.0	80.0	16.0
Square metres	m^2	10	92.0	20.0	2.0
ROM milled	tonnes	10	99.0	90.0	9.0
Sweeping and vamping	tonnes	5	94.0	40.0	2.0
ROM estimated recoverable metal	kg	5	97.0	70.0	3.5
Total cash cost	R'000s	15	99.0	90.0	13.5
Personal performance	Rating	10	–	–	–
Net weighting – percentage of BRP for period and for mine payable					**77.3**

Applicable formula: see table above.

CORPORATE OFFICE AND SHARED SERVICES STAFF

Net weighting – percentage of BRP for period and for corporate office and shared services payable	**59.0**

The table below indicates the performance targets or criteria set for the FY2016 and FY2017 bonuses:

		Weighting % Zondereinde		Weighting % Booysendal	
Performance criteria	**Unit**	**FY2017**	**FY2016**	**FY2017**	**FY2016**
Safety (LTIIR/RIIR or TIIR)	TIIR	30	30	20	25
Linear metres/capital development decline metres	m	10	10	–	20
Square metres	m^2	10	10	30	10
Total tonnes milled	tonnes	10	10	15	10
Sweepings and vampings	tonnes	–	–	–	5
Recoverable metals	kg	15	15	15	5
Total cash cost	R'000s	15	15	10	15
Personal performance	rating	10	10	10	10
		100	100	100	100

REMUNERATION REPORT CONTINUED

Based on the cost to company, being the basic remuneration package plus pension contribution, the average group bonus paid under this scheme was 58.4% of group remuneration cost in FY2016 (FY2015: 50.4%).

In FY2016, executive directors and corporate office staff bonuses were paid for the first time (originally corporate offices staff were paid on the Zondereinde mine), on a weighted basis relative to the performance of the two operating mines Zondereinde and Booysendal.

Short-term incentives: retention bonus scheme – including executive directors

The bonus is designed to retain skills within the company. Accordingly, any employee who is discharged or resigns before such bonus becomes payable forfeits the total amount accumulated.

An amount equal to 20% of the annual BRP is accumulated monthly over 24 months and paid after two years' service in terms of this scheme. On retirement or retrenchment all accumulated bonuses are payable to employees. Employees taking early retirement will receive this bonus on a proportional basis in line with the same percentages as the share incentive plan rules.

All officials within the D3 Patterson grading and higher, including executive directors, are eligible to participate in the scheme. In FY2016 the average group retention bonus paid was 11.1% (FY2015: 10.5%) of the group cost to company remuneration.

Long-term incentives: details of share incentive plan and share option scheme for executive directors and senior management

The group currently operates the Northam share incentive plan (SIP or plan). The Northam share option scheme has been discontinued owing to its dilutive nature. The share options issued before its discontinuance will be allowed to run their course until October 2017. Details of the options issued under the scheme are more fully disclosed in the annual financial statements.

Remuneration of executive directors in terms of both basic pay and the Northam SIP payouts are disclosed on page 109 of this remuneration report.

The SIP was introduced in 2011 in order to attract, incentivise and retain skilled senior managers. The target group for the SIP includes all senior officials and executives in job grades D1 and above. The committee approves the annual allocation of shares based on an approved formula, as well as any changes to the SIP rules.

LONG-TERM INCENTIVE – DETAILS OF THE SHARE INCENTIVE PLAN

Instruments used	• Conditional shares with a three-year vesting period • Retention shares (without performance conditions) – no more than 25% of the total award; and • Conditional shares with performance conditions – at least 75% of the total award • Forfeitable shares Participants do not have to pay for any awards received under the SIP.
Eligibility levels	Executive directors and all senior officials in Patterson D grade and above
Performance conditions and performance measurement	See table below for typical combination of performance conditions, each factor weighted accordingly. From FY2015 onwards these include a rate of return performance target/factors with a weighting of at least 30%.
Vesting period	Three years for all shares
Company and individual limits	Total company limit of approximately 19.9 million shares and approximately 2.0 million shares per cycle for individuals. See the proposed lock-in and incentive mechanism (PLIM) on page 113 of this remuneration report.
Minimum and maximum possible share payout	Minimum is the value of retention shares (as they have no performance conditions attached) and maximum largely depends on operational performance of the company when targets are measured against actual performance for conditional shares. This determines the shares eventually allocated, (which are normally lower than those awarded because of the performance conditions test) as well as the share price when shares vest. On measurement of the achievement of these targets/factors, each factor's achievement rank depends on the extent of achievement for each factor over the three-year period, ranging from a ranking of 1 (which represents a 90 to 100% achievement of target). This could mean, for example, a 100% award of conditional shares. This rises up to a ranking of 4, which, for example might be an achievement of over 105%, which may equate to a share number allocation of up to 135% of the original award.

Executive directors: November 2012 allocation, vesting November 2015

Factor and weighting and year		Safety 30%	Recoverable metals 40%	Unit cash cost 30%	Total
FY2013	Score	110	96	100	
FY2014	Score	87	79	93	
FY2015	Score	111	88	94	
Achievement per factor FY2016		135	–	100	
Weighted		41%	–	30%	71%
Percentage shares to be paid					71%
Executive directors – number of shares	98 000#				69 580*

 # The initial/original number of shares awarded or granted to directors. The initial award is largely based on the share price at the time of award.

** Final numbers of shares vested paid out in December 2015.*

The first three-year cycle post the launch of the SIP in 2011 was completed in November 2014. The performance conditions were measured with the result determining the allocations of shares that vested and which determined the payout. The retention awards of FY2011 however vested in 2013. For Zondereinde mine, corporate office and shared services (including executive directors) 70% of the awards were allocated and paid. For Booysendal this amounted to 78%. In the next cycle paid out in December 2015, 71% of the awards were allocated for Zondereinde, corporate office and shared services and 51% for Booysendal.

The awarding of shares is determined by means of a share option formula, approved by the SE&HR committee, which was provided to Northam by external experts after a review of industry share schemes in 2011. The formula takes into account factors such as the share price on award or grant date and the vesting period of the shares to be awarded. Both retention shares (without performance conditions) and performance shares (with performance conditions) are awarded. However retention shares are limited to a maximum of 25% of the total number of awarded shares for all grades of staff including executive directors. Usually the awarded shares are not the number of shares that eventually vest, but the allocated shares (that is, the awarded shares after measurement against the performance conditions, three years later) are the number that vest and are paid out.

The FY2016 three-year award performance targets/factors set in November 2015 are as follows:

- an improvement of 10% over the previous financial year's safety record, with a weighting of 25%;
- estimated recoverable metals meeting production volumes, weighted at 25%;
- unit cash costs – achieving the budgeted unit costs for the current year or less with a weighting of 20%;
- a rate of return measure (each with a weighting of 15%);
  - absolute total shareholder return (group) in excess of 14.7% (weighted average cost of capital) +1.3% and
  - relative total shareholder return (group) – Northam share price performance exceeding the platinum index return on the JSE.

All with the sum of the weightings totaling 100%.

An achievement of less than 90% of target results in no shares being allocated at all. Every year the committee, with the assistance of management, assesses the allocation of both retention and conditional performance shares per employee.

Full details of the shares granted to the executive directors during the year are set out in the annual financial statements on page 244.

PROPOSED LOCK-IN AND INCENTIVE MECHANISM (PLIM)

The implementation of the BEE transaction has resulted in a variety of benefits for the group, however, the guarantee provided by Northam (guarantee) to the holders of preference shares issued by Zambezi Platinum (preference shares) may result in the deterioration of shareholder value. Certain of Northam's shareholders expressed concerns in this regard and recommended that the company appropriately incentivise management to mitigate this specific risk.

In this regard, the SE&HR committee considered the implementation of the PLIM which appropriately addresses the long term and short term incentivisation of key management to consistently maintain the Northam share price above the related preference share liability value over the term of the BEE transaction. The performance conditions attached to benefits under the PLIM are directly related to the terms of the BEE transaction and are intended to align the interest of the PLIM participants directly with those of the company's shareholders.

REMUNERATION REPORT CONTINUED

Reward under the PLIM is contingent on success, with failure of the performance conditions resulting in complete loss of potential benefits, if the performance condition is not met within the relevant performance measurement period. Given the long term nature of the BEE transaction (10 years, subject to early closure in certain instances), the PLIM is designed to cater for continued incentivisation of management during the term with the majority of benefits only being realised upon the successful conclusion of the BEE transaction in 10 years.

In addition to being an incentive, the PLIM has also been designed to act as a retention tool for purposes of assisting the group in retaining the skills and expertise of its key management team throughout the duration of the PLIM. The PLIM comprises two parts: the BEE transaction incentive plan (BIP) and the cash incentive bonus in respect of the BEE transaction (CIBB).

Salient features of the BIP

The BIP considers the creation and award of BEE conditional performance shares (BEE CPS) under the group's existing share incentive plan (SIP). The number of BEE CPS to be issued is limited to 5 million and these will be classified and treated as conditional shares under the SIP and are treated as such, save for certain additional terms and conditions attached to them. The BEE CPS represent less than 1% of Northam's shares currently in issue and no individual participant will be allowed to hold in excess of 1.5 million BEE CPS.

The BEE CPS primary performance criteria will be that Zambezi Platinum:

- fully settles all the preference dividends accumulated in respect of all the outstanding preference shares and;
- redeems all the outstanding preference shares in accordance with the preference share terms (collectively, the redemption amount); and
- fully settles or makes adequate provision for all its tax liabilities arising from settlement of the redemption amount,

on the basis that no member of the group is required to settle a guarantee liability or give any direct or indirect financial assistance for the purposes of or in connection with the settlement of the redemption amount.

The Northam group operates an employee profit share scheme for eligible employees at the Zondereinde mine

Salient features of the CIBB

CIBB participants, for a given financial year, will receive an additional cash incentive bonus, in the event Zambezi Platinum meets certain performance conditions by the annual measurement date (i.e. on or about the 31st trading day following publication of the group's results).

CIBB participants will receive, on an annual basis, 15% of their cost to company remuneration excluding performance bonuses, if the value of a Northam share at the measurement date is equal to or greater than the redemption amount per preference share.

Furthermore, CIBB participants will receive, on an annual basis, an additional 15% of their cost to company remuneration excluding performance bonuses, if the aggregate value of the Northam shares held by Zambezi Platinum at the measurement date is sufficient to, in addition to fully settle the redemption amount, fully settle or make adequate provision for all of Zambezi Platinum's tax liabilities arising from settlement of the redemption amount, on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purposes of or in connection with the settlement of the redemption amount

CIBB participants will include certain key employees of the group, as approved by the committee.

The fulfilment of the performance conditions will be based on the volume weighted average price at which Northam shares traded for the 60 trading days preceding the measurement date and the accrued liability under the preference shares as at the measurement date.

Certain employees may receive a CIBB on an ad-hoc, temporary basis according to the recommendations of the CEO and subject to the approval of the committee.

Amendments to the SIP

Due to the implementation of the PLIM, certain amendments to the rules of the group's SIP are proposed. These proposed amendments also clarify certain previously ambiguous rules of the SIP and aim to facilitate more effective administration of the SIP on a continuing basis.

In the event that the resolution regarding the proposed amendments to the SIP is not passed, the SIP shall continue to operate in its current form save for adjustments to the SIP rules unrelated to the BIP that do not require the approval of shareholders.

The salient features of the PLIM (including its two parts, the BIP and the CIBB) and the proposed amendments to the SIP are provided in annexure 5 attached to the notice of the AGM and abridged annual report 2016 available on the company's website at www.northam.co.za and available at the company's registered office.

EMPLOYEE PARTICIPATION SCHEMES

Toro Employee Empowerment Trust

The group operates an employee profit share scheme for eligible employees at the Zondereinde mine in terms of which 4% of the Zondereinde after-tax profits are contributed to a registered trust fund (The Toro Employee Empowerment Fund). Eligible employees receive payment at the end of each five-year cycle, with the first payments having been made in FY2013.

BEE shareholding in Northam

Employees and communities are participants in the BEE transaction approved in FY2015 in terms of which communities hold 5% of Northam shares and eligible group employees (excluding management) own 3% of Northam (this is in addition to the 4% share of Zondereinde after-tax profits through the Toro Trust).

Ms TE Kgosi
Chairperson

23 September 2016

INDEPENDENT ASSURANCE REPORT

Independent limited assurance report in relation to selected sustainability disclosures and key performance indicators presented in Northam Platinum Limited's annual integrated report for the year ended 30 June 2016

TO THE DIRECTORS OF NORTHAM PLATINUM LIMITED

Report on selected key performance indicators

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the selected key performance indicators (KPIs) described below and Northam's self-declared GRI "in accordance" assertion, as presented by management in the 2016 annual integrated report of Northam Platinum Limited (Northam) for the year ended 30 June 2016 ("the report"), are not prepared, in all material respects, in accordance with the Global Reporting Initiative (GRI) G4 guidelines and management's internally developed criteria ("the criteria") for reporting the selected KPIs, as set out below. This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter

The subject matter of our limited assurance engagement is:

a) the selected KPIs set out in the table below, which are marked with an 'LA' on the relevant pages of the report. The selected sustainability disclosures and KPIs have been prepared by Northam applying the criteria, which information accompanies the performance information set out on the relevant pages of the report.

Area	Key performance indicator	Reporting criteria
Maintain legislative and regulatory compliance	Percentage of historically disadvantaged South Africans (HDSAs) in management Percentage of women in core mining jobs	G4-LA12 and internally developed criteria
Creating and maintaining safe workplaces	Reportable injury incident rate (RIIR) and lost-time injury incident rate (LTIIR)	G4-LA6 and internally developed criteria
Establishing and maintaining constructive communication channels with employees and representative bodies	Percentage of employees covered by collective bargaining agreements Number of strikes and lock-outs exceeding one week's duration, by operation	G4-LA4 and internally developed criteria G4-MM4 and internally developed criteria
Environmental stewardship and resource conservation	Energy usage (direct and indirect) and GHG emissions (Scope 1 and 2) Percentage of water recycled at operations	G4-EN3, EN4, EN15 and EN16 and internally developed criteria G4-EN10 and internally developed criteria
	Significant environmental incidents SO_2 emissions Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	G4-EN24 and internally developed criteria G4-EN29 and internally developed criteria
Ensuring stakeholders benefit from the value generated by the company	SLP expenditure Housing project	G4-EC1 and internally developed criteria

and, in addition, whether anything has come to our attention that would cause us to believe that:

b) Northam's self-declared GRI "in accordance" assertion does not comply in all material respects with the relevant GRI G4 guideline requirements for making that assertion.

Our scope excludes all other disclosures or KPIs in the report not included in the table above.

Directors' responsibilities

The directors, being the responsible party, are responsible for the selection, preparation and presentation of the sustainability information subject to assurance in accordance with the GRI G4 guidelines and management's internally developed criteria, for selection of reporting criteria that are appropriate for the purpose of reporting the sustainability information in the report, and for ensuring that those criteria are available/made available (as applicable) to the users of the report. This responsibility includes ensuring that:

- stakeholders and stakeholder requirements, material issues, and commitments with respect to sustainability and carbon footprint performance are identified;
- Northam' sustainability context responds to the principles of materiality, stakeholder inclusivity and completeness; and
- the sustainability information subject to assurance is prepared in accordance with the GRI G4 "core" guidelines, including appropriate disclosure(s) in the report stating whether the sustainability information has been prepared in accordance with the GRI G4 "core" reporting guidelines.

The directors are also responsible for determining Northam's objectives in respect of reporting sustainability information and for establishing and maintaining appropriate information systems and related internal controls to enable preparation and presentation of the sustainability information subject to assurance free from material misstatement, whether due to fraud or error.

The directors are also responsible for the preparation of the information pertaining to specified greenhouse gas emissions in accordance with the *Greenhouse Gas Protocol: A corporate accounting and reporting standard* (GHG Protocol).

In addition, the directors' responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the information on specified greenhouse gas emissions, and the preparation and presentation of the selected KPIs in the report, free from material misstatement whether due to fraud or error.

Inherent limitations

Non-financial performance information is subject to inherent limitations given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality control

We have complied with the independence and all other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Ernst & Young Inc. applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to perform the assurance engagement and to express our limited assurance conclusion based on the work performed, stating whether anything has come to our attention that causes us to believe that the selected KPIs as presented in the report are not prepared, in all material respects, in accordance with the GRI G4 guidelines and the criteria for reporting the selected KPIs.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than the Audits or Reviews of Historical Financial Information* and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. These standards require us to comply with ethical requirements and to plan and perform our engagement to obtain limited assurance about whether the selected sustainability disclosures and KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with these standards involves assessing the suitability in the circumstances of Northam's use of the GRI G4 guidelines and management's internally developed reporting criteria as the basis of preparation of the sustainability information subject to assurance, assessing the risks of material misstatement of the selected sustainability disclosures and KPIs, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances,

INDEPENDENT ASSURANCE REPORT CONTINUED

and evaluating the overall presentation of the selected sustainability disclosures and KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures that will be performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to reporting the sustainability information subject to assurance;
- Obtained an understanding of, and assessing the materiality determination process;
- Tested the processes and systems used to generate, collate, aggregate, monitor and report the sustainability information subject to assurance;
- Inspected supporting documentation on a sample basis;
- Performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in preparing the sustainability information subject to assurance;
- Compared Northam's GRI index, referenced in the report to the GRI G4 guidelines' "in accordance" with criteria for a core report
- Evaluated whether the sustainability information subject to assurance presented in the report is consistent with our overall knowledge and experience of sustainability management and performance at Northam, and that Northam's presentation of the information is appropriate for management to assert that the information is prepared and presented in accordance with the GRI G4 guidelines

Our procedures did not include testing controls or performing procedures in relation to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the sustainability information subject to assurance has been presented, in all material respects, in accordance with the criteria.

We are not responsible for reporting on any transactions or events related to the sustainability information subject to assurance beyond the period covered by our limited assurance engagement.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

a) the selected KPIs identified above in the subject matter paragraph, as presented in the report are not prepared, in all material respects, in accordance with the criteria; and

b) Northam's self-declared GRI "in accordance" assertion does not comply in all material respects with the relevant GRI G4 guideline requirements for making that assertion.

Other matters

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the report.

The maintenance and integrity of Northam Platinum Limited's website is the responsibility of management of Northam. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes either to the selected sustainability disclosures and KPI information as presented in the report or to our report for our independent limited assurance engagement that may have occurred since the initial date of presentation on the Northam website.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs and Northam's self-declared GRI "in accordance" assertion, to the directors of Northam in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Northam Platinum Limited, for our work, for this report, or for the conclusion we have reached.

Ernst & Young Inc.

Director – Mike Herbst
Registered Auditor
Chartered Accountant (SA)

102 Rivonia Road
Sandton
2196

30 September 2016

2016 KPIs IDENTIFIED FOR LIMITED ASSURANCE

Area of materiality	Key performance indicator	Relevant capital input, definition and page reference	Reporting criteria
Maintain legislative and regulatory compliance	Percentage of HDSAs in management	**H HUMAN CAPITAL – page 44** *HDSAs in management:* The total number of HDSA employees in management, including women (from junior management to top management), expressed as a percentage of total number of employees (including contractors)	G4-LA12 and internally developed criteria
	Percentage of women in core mining jobs	**H HUMAN CAPITAL – page 44** The total number of women in mining as a percentage relative to the total number of employees	G4-LA12 and internally developed criteria
	Lost-time and reportable injury incident rates (RIIR and LTIIR)	**H HUMAN CAPITAL – page 44** *Lost time injury or LTI:* An injury that prevents an employee from performing normal duties on the next scheduled shift. This includes reportable injuries. LTIIR: The number of LTIs multiplied by 200,000 and divided by the total number of hours worked. *Reportable injury or RI:* An injury which incapacitates the injured employee for a 14-day period, or an injury which results in the loss of a limb or part thereof or in a permanent disability. *RIIR:* The number of injuries multiplied by 200,000 and divided by the total number of hours worked.	
Establishing and maintaining constructive communication channels with employees and their representative bodies	Percentage of employees covered by collective bargaining agreements	**H HUMAN CAPITAL – page 44** Proportion of employees at the various operations covered by collective bargaining agreements as at the end of the reporting period, expressed as a percentage of the entire workforce.	GA4 – LA4 and internally developed criteria
	Number of strikes and lock-outs exceeding one week's duration, by operation	**H HUMAN CAPITAL – page 44**	G4 – MM4 and internally developed criteria

Area of materiality	Key performance indicator	Relevant capital input, definition wand page reference	Reporting criteria
Environmental stewardship and resource conservation	Energy usage (direct and indirect) and GHG emissions (scope 1 and 2)	**N NATURAL CAPITAL – page 68** The sum of all energy inputs, self-generated and purchased. GHG emissions are the main cause of climate change and include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), CFCs, HFCs and sulphur hexaflouride (SF_6). GHG emissions are broken into direct and indirect emissions: • **Direct emissions** Emissions from sources that are owned or controlled by Northam • **Indirect emissions** Emissions that result from the activities of Northam but are generated at sources owned or controlled by another organisation. In the context of this indicator, indirect emissions refer to GHG emissions from the generation of electricity, imported and consumed by Northam.	G4-EN3, EN4, EN15, EN16 and internally developed criteria
	Percentage of water recycled at operations	**N NATURAL CAPITAL – page 68** The amount of water that is used for a second or more time in an operation, process or activity.	G4-EN24 and internally developed criteria
	Significant environmental incidents	**N NATURAL CAPITAL – page 68** An incident which is a breach in legislation and causes serious medium-term environmental effects and adverse media attention.	G4-EN29 and internally developed criteria
	SO_2 emissions	**N NATURAL CAPITAL – page 68**	G4-EN29 and internally developed criteria
	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	**N NATURAL CAPITAL – page 68**	G4-EN29 and internally developed criteria
Ensuring stakeholders benefit from the value generated by the company	SLP expenditure Housing and accommodation	Expenditure associated with projects identified in the mines' social and labour plans	G4-EC1 and internally developed criteria

REPORTING IN LINE WITH GRI

This report has been prepared in accordance with the GRI's G4 guidelines which were launched in 2013. The company reports in line with the core format.

G4 places greater emphasis on the importance of materiality and improves the level of harmonisation with other reporting standards.

External assurance of sustainability reporting was provided by Ernst & Young Inc. Data indicators were selected for assurance on the basis of the company's assessment of the issues and indicators that are most significant to the sustainability performance of the business.

Ernst & Young Inc's sustainability assurance statement can be found on page 116 of this report.

The following table presents the GRI content index in line with the G4 guidelines, including GRI's G4 Mining and Metals Sector Supplement (MMSS). Data which has been externally assured is indicated in the GRI content index.

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level
Strategy and analysis			
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Chairman's statement: 20 – 21 Chief executive's review: 22 – 23	Fully
G4-2	Provide a description of key impacts, risks and opportunities	Managing risk and opportunity: 96 – 101	Fully
Organisational profile			
G4-3	Report the name of the organisation	Scope: IFC – 1 Throughout the report	Fully
G4-4	Report the primary brands, products and services	Focus on the Northam group: 2 – 4	Fully
G4-5	Report the location of the organisation's headquarters	Administration and contact information: IBC	Fully
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Focus on the Northam group: 2 – 4	Fully
G4-7	Report the nature of ownership and legal form	Focus on the Northam group: 5	Fully
G4-8	Report the markets served (including geographic breakdown, sectors served, and the types of customers and beneficiaries)	Focus on the Northam group: 2 – 5	Fully
G4-9	Report the scale of the organisation, including: • Total number of employees • Total number of operations • Net sales (for private sector organisations) or net revenues (for public sector organisations) • Total capitalisation broken down in terms of debt and equity (for private sector organisations) • Quantity of products or services provided	Our business model: 8 – 9 Focus on delivery: 11 – 17	Fully

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level
G4-10	Report the composition of the workforce, including: • Total number of employees by employment contract and gender • Total number of permanent employees by employment type and gender • Total workforce by employees and supervised workers and by gender • Total workforce by region and gender • Whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors • Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	Five-year sustainability review: 16 – 17 Human capital: 45 – 47	Fully
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Human capital: 53 Remuneration report: 107	Fully
G4-12	Describe the organisation's supply chain	Focus on the Northam group: 4 Social capital: 62 and 67	Partially
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	Focus on the Northam group: 2 – 5	Fully
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Natural capital: 88 Managing risk and opportunity: 96 – 101	Partially
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Scope: IFC – 1 Human capital: 54 Social capital: 61 Natural capital: 93 Corporate governance: 102	Fully

REPORTING IN LINE WITH GRI CONTINUED

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	Corporate governance: 102 Natural capital: 93 The South African mining industry, including Northam, is governed by various laws, codes and guidance initiatives. These include: • MPRDA • NEMA • Employment Equity Act • National Water Act • Mining Charter • ILO • Samrec Voluntary codes Northam subscribes to include: • GRI • CDP • SRI • MOSH targets • Framework agreement on a sustainable mining industry • Framework for peace and stability in the mining industry	Fully
Identified material aspects and boundaries			
G4-17	• List all entities included in the organisation's consolidated financial statements or equivalent documents • Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	Focus on the Northam group: 2 – 5 Approval of annual financial statements and company secretary's confirmation: 145	Fully
G4-18	• Explain the process for defining the report content and the aspect boundaries • Explain how the organisation has implemented the reporting principles for defining report content	Scope: IFC – 1	Fully
G4-19	List all the material aspects identified in the process for defining report content	Our material issues: 6	Fully
G4-20	For each material aspect, report the aspect boundary within the organisation, as follows: • Report whether the aspect is material within the organisation. • If the aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: • The list of entities or groups of entities included in G4-17 for which the aspect is not material, or • The list of entities or groups of entities included in G4-17 for which the aspects is material. • Report any specific limitation regarding the aspect boundary within the organisation	Our material issues: 6 Financial capital: 30 Manufactured and intellectual capital: 38 Human capital: 44 Social capital: 60 Natural capital: 68	Partially

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level
G4-21	For each material aspect, report the aspect boundary outside the organisation, as follows: • Report whether the aspect is material outside of the organisation • If the aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the aspect is material • In addition, describe the geographical location where the aspect is material for the entities identified • Report any specific limitation regarding the aspect boundary outside the organisation	Our material issues: 6 Financial capital: 30 Manufactured and intellectual capital: 38 Human capital: 44 Social capital: 60 Natural capital: 68	Partially
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Not applicable	–
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	Scope: IFC – 1	Fully
Stakeholder engagement			
G4-24	Provide a list of stakeholder groups engaged by the organisation	Social capital: 61 – 63	Fully
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Social capital: 61	Fully
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and give an indication as to whether any of the engagement was undertaken specifically as part of the report preparation process	Social capital: 61 – 63, 65 Natural capital: 94	Fully
G4-27	• Report key topics and concerns raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting • Report the stakeholder groups that raised each of the key topics and concerns	Human capital: 52 – 54 Social capital: 61 – 63	Fully
Report profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Scope: IFC – 1	Fully
G4-29	Date of most recent previous report (if any)	Scope: IFC – 1	Fully
G4-30	Reporting cycle (such as annual, biennial)	Scope: IFC – 1	Fully
G4-31	Provide the contact point for questions regarding the report or its contents	Administration and contact information: IBC	Fully
G4–32	'In accordance' option: • Report the 'in accordance' option the organisation has chosen • Report the GRI content index for the chosen option • Report the reference to the external assurance report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the guidelines	Reporting in line with GRI: 122 Independent assurance report: 116 – 119	Fully

REPORTING IN LINE WITH GRI CONTINUED

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level
G4-33	Assurance: • Report the organisation's policy and current practice with regard to seeking external assurance for the report • If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided • Report the relationship between the organisation and the assurance providers • Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	Scope: IFC – 1 Reporting in line with GRI: 122 Independent assurance report: 116 – 119	Fully
Governance			
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Corporate governance report: 102 – 106	Fully
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post-holders report directly to the highest governance body	Directorate: 18 – 19	Fully
G4-38	Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	Directorate: 18 – 19	Fully
G4-39	Report whether the chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	Directorate: 18 – 19 Corporate governance report: 102 - 106	Fully
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures	Corporate governance report: 102 – 106	Fully
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Corporate governance report: 102 – 106	Fully
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	Independent assurance report: 116 – 119	Fully

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level
Remuneration and incentives			
G4-51	Report the remuneration policies for the highest governance body and senior executives for the types of remuneration below: • Fixed pay and variable pay • Performance-based pay • Equity-based pay • Bonuses • Deferred or vested shares • Sign-on bonuses or recruitment • Incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Remuneration report: 107 – 115	Fully
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation	Remuneration report: 107 – 115	Fully
Ethics and integrity			
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Human capital: 54 – 55 Corporate governance report: 106	Fully
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	Human capital: 54 – 55 Corporate governance report: 106	Fully
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Human capital: 54 – 55 Corporate governance report: 106	Fully

REPORTING IN LINE WITH GRI CONTINUED

SPECIFIC STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
CATEGORY: ECONOMIC				
Material aspect: economic performance				
G4-EC1	Direct economic value generated and distributed	Our business model: 8 – 9 Focus on delivery: 10 – 15 How we distribute value – 35 Human capital: 44 – 59 Housing project: 50 – 51 Social capital: 60 – 67 SLP expenditure: 64 – 66	Partially – SLP expenditure and housing project	Yes
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Natural capital: 93	Partially	No
G4-EC4	Financial assistance received from government	Not applicable	–	–
Material aspect: indirect economic impacts				
G4-EC7	Development and impact of infrastructure investments and services supported	Our business model: 8 – 9 Manufactured and Intellectual capital: 38 – 43	Partially	No
CATEGORY: ENVIRONMENTAL				
Material aspect: materials				
G4-EN1	Materials used by weight or volume	Natural capital: 89 – 90	Fully	No
G4-EN2	Percentage of materials used that are recycled input materials	Natural capital: 90	Fully	No
Material aspect: energy				
G4-EN3	Direct energy consumption	Our business model: 9 Five-year sustainability review: 16 – 17 Natural capital: 92	Fully	Yes
G4-EN4	Indirect energy consumption	Our business model: 9 Five-year sustainability review: 16 – 17 Natural capital: 92	Fully	Yes
G4-EN6	Reduction of energy consumption	Natural capital: 92	Partially	No
Material aspect: water				
G4-EN8	Total water withdrawal by source	Five-year sustainability review: 16 – 17 Natural capital: 90	Fully	No
G4-EN10	Percentage and total volume of water recycled and reused	Five-year sustainability review: 16 – 17 Natural capital: 90	Fully	Yes

SPECIFIC STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Material aspect: biodiversity				
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Natural capital: 94	Fully	No
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Natural capital: 94	Fully	No
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Natural capital: 94	Fully	No
Material aspect: emissions				
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Five-year sustainability review: 16 – 17 Natural capital 93	Fully	Yes
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Five-year sustainability review: 16 – 17 Natural capital 93	Fully	Yes
G4-EN17	Other indirect greenhouse gas (GHG) Emissions (Scope 3)	Five-year sustainability review: 16 – 17 Natural capital 93	Fully	No
G4-EN20	Emissions of ozone depleting substances	Our business model: 9 Five-year sustainability review: 16 – 17 Natural capital: 93	Fully	No
Material aspect: effluents and waste				
G4-EN22	Total water discharge by quality and destination	Natural capital: 91	Fully	No
G4-EN24	Significant environmental incidents	Natural capital: 89	Fully	Yes
Material aspect: compliance				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Natural capital: 88	Fully	Yes
Material aspect: environmental grievance mechanisms				
G4-EN34	Number of grievances about environmental impacts filed addressed and resolved through formal grievance mechanisms	Natural capital: 88	Fully	No

REPORTING IN LINE WITH GRI **CONTINUED**

SPECIFIC STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Material aspect: employment				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Five-year sustainability review: 16 – 17 Human capital: 45	Partially, turnover by age group or gender is not collated and therefore not available	No
Material aspect: labour/management relations				
G4-LA4	Percentage of employees covered by collective bargaining agreements	Human capital: 53 Remuneration report: 107	Fully	Yes
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	Human capital: 54	Fully	Yes
Material aspect: occupational health and safety				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Human capital: 53 and 55	Partially, the figure is not reported as a percentage	No
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	Our business model: 9 Five-year sustainability review: 16 – 17 Human capital: 56 and 59	Partially – RIIR and LTIIR	Yes
Material aspect: diversity and equal opportunity				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Five-year sustainability review: 16 – 17 Human capital: 46 - 47	Partially, a breakdown of employees by age group is not available. A more critical measure in South Africa specifically, is the percentage of historically disadvantaged South Africans (HDSAs) in management roles and women in mining, which is reported	No

SPECIFIC STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Material aspect: labour practices grievance mechanisms				
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Not reported	–	–
Material aspect: freedom of association and collective bargaining				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Human capital: 52	Partially, no violations reported	No
Material aspect: child labour				
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Human capital: 54	Partially, no incidents occurred. Northam upholds the basic labour rights of the Fundamental Rights Convention of the ILO and in legislation, regulations and practices of South Africa. The company does not employ child labour, nor does it employ workers younger than 18 years of age as all prospective employees are screened in terms of Northam's employment policies and procedures	No

REPORTING IN LINE WITH GRI CONTINUED

SPECIFIC STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Material aspect: forced or compulsory labour				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Human capital: 54	Partially, no incidents occurred. Northam upholds the basic labour rights of the Fundamental Rights Convention of the ILO and in legislation, regulations and practices of South Africa.	No
Material aspect: anti-corruption				
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Managing risk and opportunity: 99 Corporate governance report: 106	Fully, 100% of operations assessed for risks related to corruption and risks were identified	No
G4-SO5	Confirmed incidents of corruption and actions taken	Managing risk and opportunity: 99 Corporate governance report: 106	Fully - whistle blowers are protected in accordance with the provisions of the Protected Disclosures Act, No 26 of 2000 and these incidents cannot be disclosed	No