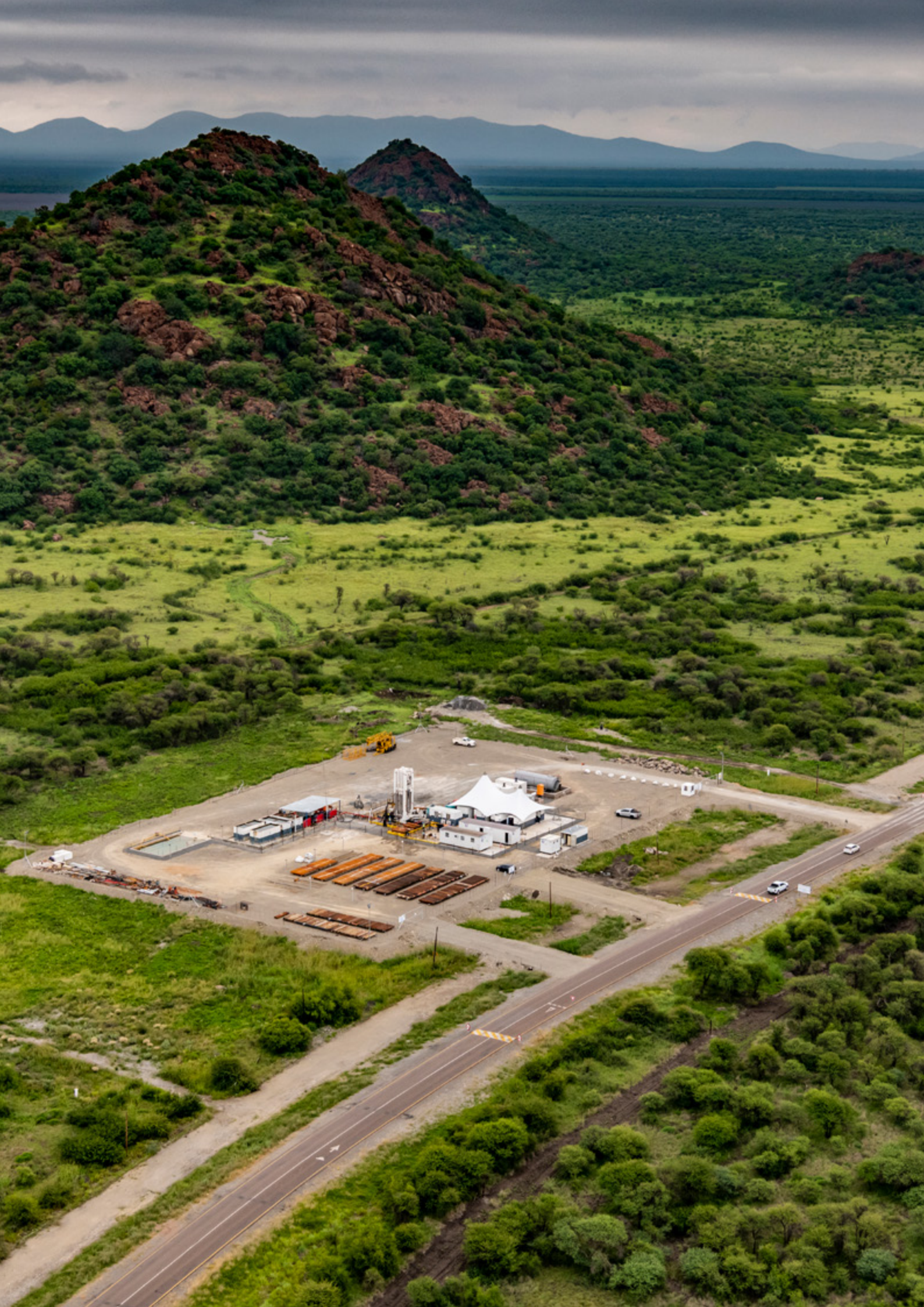


Protecting our people and our company whilst maintaining our growth strategy

Corporate governance report
30 June 2020

smart platinum mining





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Corporate governance

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A message from our lead independent director

The last four months of the 2020 financial year have been tumultuous as the board and management steered the business in difficult macroeconomic conditions, precipitated by the advent of the COVID-19 pandemic.



Despite the challenges, the board has remained focused on the governance task at hand, continuing to build on the work done in the first eight months of the financial year.

Governance review

The board continued to review and update the group's governance structures, policies and procedures in line with KING IV™ during the year under review. Governance areas that were enhanced and updated included the expanded group governance framework (GGF), board and committee charters, the code of ethics and conduct and various internal policies and procedures.

In particular, the board reviewed and updated its charter in November 2019. Consideration was given to how the board chairperson's committee membership affects the overall concentration and balance of power on the board, in line with KING IV™ principle 7, practice note 36.

It was agreed, and the board charter was updated accordingly, that the board chairperson should not be a member of the audit and risk committee and could not be chairperson of the social, ethics, human resources and transformation committee.

It was also agreed that the board chairperson should be a member of the nomination and investment committees.

Board independence

Annual independence evaluations are conducted for all directors. During the year under review Mr Chabedi and Ms Kgosi's designations changed from independent non-executive to non-executive directors, as a result of their shareholdings in Zambezi Platinum (RF) Limited.

Annual General Meeting

We held our annual general meeting (AGM) on 7 November 2019. All of the ordinary and special resolutions were passed by shareholders holding a combined 86.49% of the total issued shares of the company.

Thanks and appreciation

On behalf of the board, I would like to thank our stakeholders, and in particular our employees, who supported us throughout this challenging year.

In these extraordinary times it is imperative that production is restored in a safe and sustainable manner and the operations returned to normality as quickly as possible. Whilst the COVID-19 pandemic is a global concern, every crisis also presents opportunities. These must be leveraged and the departure point is getting operations running at full steam, for the benefit of all our stakeholders, while mitigating the risks associated with the virus effectively.



The board is satisfied that Northam has applied all sixteen relevant principles as per King IV™ across the group.

The full document outlining how we apply the principles of King IV™ can be found at www.northam.co.za



The board is satisfied that it has fulfilled its responsibilities in accordance with its charter.

The Board charter can be found at www.Northam.co.za

R Havenstein

Lead independent director

18 August 2020

Governance overview

Board focus areas in F2020

Strategy

The execution of the group's strategy, as detailed on page 22 in our annual integrated report 2020, was challenged and monitored by the board on a continuous basis during the year.

The strategic focus of the group during the first eight months of the financial year was on returning value to shareholders, through the purchase of Zambezi Platinum (RF) Limited preference shares. Pleasingly, the group now holds 46.7% (33.5% as at 30 June 2020) of the total issued preference shares of Zambezi Platinum, up from 2.6% at 30 June 2019.

The board and management kept a watching brief on the developing impact of the COVID-19 pandemic on our business and agreed on key interventions which we expand on from page [21] of our annual integrated report 2020.

In terms of our short and medium-term strategy, we have adopted a cautious approach with a focus on preserving our financial reserves as far as possible by strengthening our debt facilities and reducing capital outflows.

These strategic interventions will delay the delivery date of our stated "million ounce target" beyond 2025.

Key risks

The board spent considerable time during the year under review analysing and challenging management on existing and newly identified risks.

The group's key risks, as expanded on from page 38 of our annual integrated report 2020, remained similar to the prior financial year. However, the impact of the majority of the risks have increased as a result of the COVID-19 pandemic.

The board, and in particular the audit and risk committee, provided management with input and guidance on proposed measures to mitigate these risks as effectively as possible.

The board is satisfied that the group's risk management frameworks and processes effectively identify, manage and mitigate the risks we are facing.

Director and board visits to operations

There were three visits by board members to our operations during the year under review.

Health and safety

COVID-19

As a member of The Minerals Council South Africa the group contributed to and adopted the developed "The Minerals Council South Africa Standard Operating Procedure (SOP)" in preventing the transmission of COVID-19 in South African mines. Our approach to mitigating the risks associated with COVID-19 is based on scientific and evidence-based data and focusses on detection, prevention and mitigation measures at all our operations.

The health, safety and environmental committee reviewed the COVID-19 protocols, approved and implemented by management, to detect, prevent and mitigate the impact of COVID-19 on our people and operations.

Fatality

The board expressed their sincere condolences to the family and colleagues of Mr Batswana Solomon Kalaote who was fatally injured by a fall of ground at Zondereinde mine on 17 December 2019. Remedial actions are in place and are being monitored.

Prior to Mr Kalaote's passing, Zondereinde had achieved 2 million fatality free shifts and had recently been ISO 45001 certified.

Board focus areas for F2021

Governing through COVID-19

Management, on behalf of the board, is actively engaging with stakeholders through this difficult time and monitoring the potential impact the pandemic could have on the performance of our business and our liquidity levels. A key focus for the board over the coming year will be to ensure that we guide, support and steer the business through the many decisions that it will be required to make in this regard.

Board refreshment and succession planning

We believe that board refreshment and succession planning is imperative and that it should be done in a systematic and gradual manner, in order to maintain a balance of new insight, depth of experience, continuity and diversity of the board.

The board, with the assistance of the nomination committee, will continue to review and enhance the composition of the board committees, specifically the nomination and the social, ethics, human resources and transformation committees, as these committees currently have a majority of non-executive board members, following the change in designations of Ms Kgosi and Mr Chabedi from independent non-executive to non-executive directors.

Our committee charters state that these committees must have a majority of independent non-executive directors. Additional independent non-executive directors will be added to the committees on which these directors currently serve, ensuring that these committees' composition retains a majority of independent non-executive directors.

Furthermore, as part of the board succession planning, a successor for the lead independent director will be considered in F2021.

Board evaluation

An independent evaluation of the board, sub-committees and the company secretary will be performed once again in F2021. The board will monitor and track the implementation of all recommended remedial actions which might arise.

Our governance philosophy and ethics

The board maintains that ethics and integrity are fundamental to an effective governance framework and the foundation for a culture that supports employee, customer and investor confidence.

Our ethics

The board accepts collective responsibility for defining how ethics and ethical behaviour are implemented and monitored throughout the group.

The group's code of ethics and conduct was updated and refreshed during the year under review. It was reviewed and approved by the social, ethics, human resources and transformation (SEHR&T) committee and board in November 2019.

The code of ethics and conduct applies to both directors and employees and governs the interaction between the company and our suppliers and clients. It furthermore covers the use of group assets and confidential information, the group's approach to gender and racial diversity, freedom of association, bribery and corruption, compliance and insider trading.

A copy of our code of ethics and conduct can be found on our website at www.northam.co.za/governance/policies-and-procedures.

Monitoring ethics



Ethics is monitored through various means, including an independent ethics and fraud hotline, available on our website and in our code of ethics and conduct. Reports from the ethics and fraud hotline are a standard agenda item for the audit and risk committee, and management updates the committee members at each meeting of transgressions recorded.



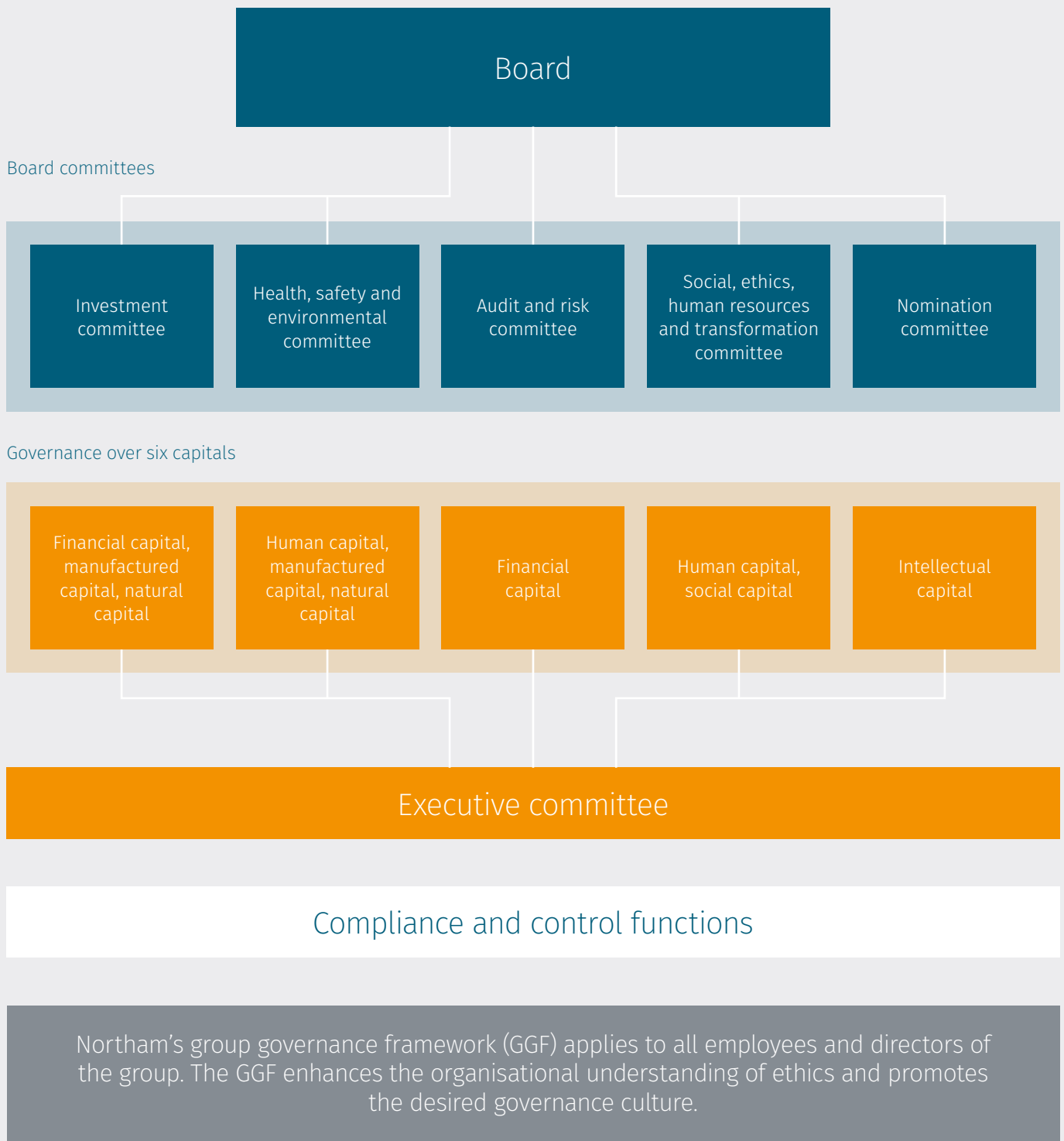
Employees are encouraged to report any approach made to them or of which they are aware, by any person or entity seeking favour or preference in terms of business dealings with the group.



Our independent ethics and fraud hotline is supported by strong investigative capabilities and rigorous disciplinary processes and sanctions.



Group governance framework

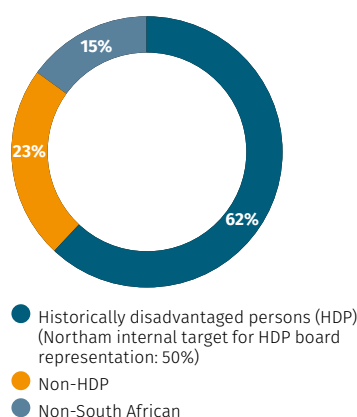


The board is satisfied that the GGF contributed to role clarity and made it possible for it to effectively exercise authority and its responsibilities.

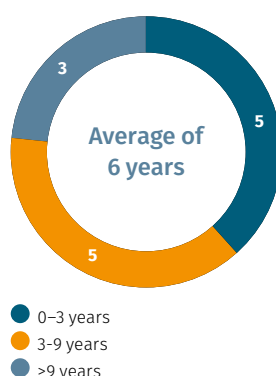
Board of directors

The Northam board is diverse, consisting of thirteen members. A total of 23% of our board members hold engineering degrees, 38% are chartered accountants (SA) and the balance have relevant experience in corporate finance, mergers and acquisitions and other associated and requisite disciplines. Six board members, including our chief executive officer (CEO), have extensive exposure and experience as CEOs.

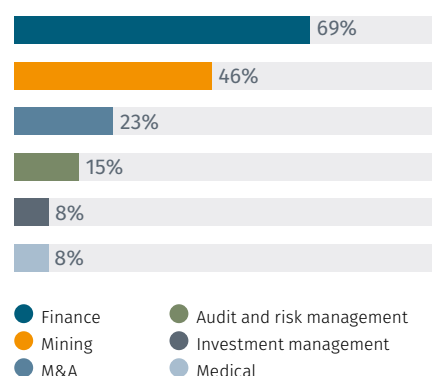
Board demographics



Tenure

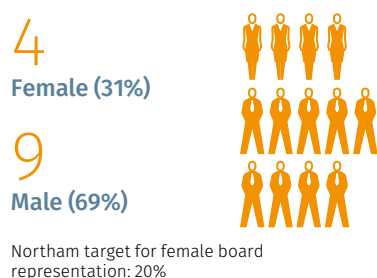


Board skills*

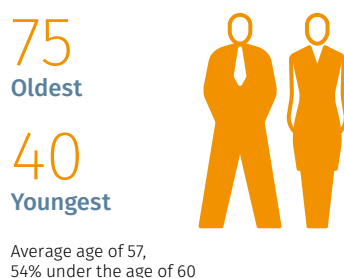


* Percentage based on number of directors with particular skill

Gender diversity



Age diversity



Non-executive

1 KB Mosehla CA (SA) (48) **Chairman**
Board member since August 2015 (4.9 years)
Other directorships: Chief executive of Mosomo Investment Holdings Proprietary Limited, non-executive director of Malundi Resources (RF) Proprietary Limited, MC Mining Limited and Tembisa Provincial Tertiary Hospital. Mr Mosehla is chairman of Zambezi Platinum (RF) Limited (Zambezi Platinum) and chief financial officer of the Housing Development Agency of South Africa.
Experience: Former executive director of Mvelaphanda Holdings Proprietary Limited and Mvelaphanda Resources Limited.

Independence



Meetings



2 CK Chabedi MSc (Mining Engineering), Pr. Eng, MDP, MSAIMM (52) **Board member since June 2009 (11 years)**
Experience: Over 25 years' experience in mining and is currently a senior lecturer at the School of Mining Engineering at the University of the Witwatersrand. Mr Chabedi is a former non-executive director of Mvelaphanda Resources Limited. His mining experience includes over 12 years in both opencast and underground mines. He also has over 13 years' experience in academia.



3 TE Kgosi BCom (Hons) (66)

Board member since November 2004 (15.7 years)

Experience: Former cluster manager – materials management (Gauteng and North West operating units) in supply chain operations, Eskom SOC Limited. Extensive experience in the banking sector (specialising in treasury), having held positions at a number of South Africa's main banking groups as well as Credit Suisse First Boston (NY).

Independent non-executive

4 R Havenstein MSc (Chemical Engineering), BCom (64)

Lead independent non-executive director

Board member since July 2003 (17 years)

Other directorships: Independent non-executive director of Murray and Roberts Holdings Limited and chairman of Omnia Holdings Limited.

Experience: Former CEO of Anglo American Platinum Limited. Former executive director of Sasol Limited, responsible for Sasol Chemical Industries.

5 DH Brown CA (SA) (58)

Board member since November 2017 (2.6 years)

Other directorships: Serves in a non-executive capacity on the boards of listed companies Resilient Reit Limited, Bindura Nickel Company Limited and the Vodacom Group Limited, where he is the lead independent director. He is also chairman and non-executive director of the non-listed Great Dyke Investments and Ntsimbitse Holdings Proprietary Limited respectively.

Experience: Former CEO of MC Mining Limited and prior to that served as CEO and CFO at Impala Platinum Holdings Limited (Implats). He was previously a member of the Accenture South Africa advisory board, worked in information technology and for the Exxon Mobil Corporation in Europe.

6 HH Hickey CA (SA) (66)

Board member since January 2016 (4.5 years)

Other directorships: Independent non-executive director of Barloworld Limited, Cashbuild Limited and Pan African Resources PLC.

Experience: Former chairman of the South African Institute of Chartered Accountants.

7 Dr NY Jekwa MBA (Finance), MBBCh (Bachelor of Medicine and Bachelor of Surgery), MlDSA (45)

Board member since November 2017 (2.6 years)

Other directorships: Joint managing director of Mergence Investment Managers Proprietary Limited and an independent non-executive director of Ascendis Health Ltd. Dr Jekwa is also a non-executive director of Brait Societas Europaea.

Experience: Former head of capital raising at Coast2Coast Proprietary Limited (a private equity firm) and has held senior positions in both structured and leveraging finance at Rand Merchant Bank and Nedbank Corporate and Investment Bank.

8 MH Jonas BA (History and Sociology) (60)

Board member since November 2018 (1.7 years)

Other directorships: Chairman of the MTN Group Limited and independent non-executive director of Sygnia Limited.

Experience: One of four independent presidential investment envoys appointed by President Cyril Ramaphosa to attract investors to South Africa. Former deputy finance minister of the South African Government from 2014 to 2017 and member of the National Assembly until April 2017. Former chairman and non-executive director of the Public Investment Corporation.

9 TI Mvusi BA, ELP, MAP, PDP (64)

Board member since January 2016 (4.5 years)

Other directorships: Executive director of Sanlam Limited (Sanlam) and director of various Sanlam group companies. Also non-executive director of Umso Construction Proprietary Limited.

Experience: Served as chief executive of market development at Sanlam since August 2005 and was appointed acting chief executive of Sanlam Corporate in April 2017. Mr Mvusi was previously a general manager of Gensec Property Services Limited and marketing manager at Franklin and Templeton Asset Management.

10 JJ Nel CA (SA), CFA (AIMR), AMP (INSEAD) (48)

Board member since November 2018 (1.7 years)

Other directorships: Non-executive director of DRDGOLD Limited, Mimosa Holdings Proprietary Limited and Mimosa Investment Limited (owner of Mimosa Platinum mine in Zimbabwe). Independent non-executive director of Tongaat Hulett Limited and non-executive director of DRA Global Limited (an Australian non-listed company).

Experience: Former divisional CEO for Sibanye-Stillwater Limited (Sibanye-Stillwater), heading the PGM division of Sibanye-Stillwater following the acquisition of Aquarius Platinum Limited (Aquarius) in 2016. Former CEO of Aquarius from 2012 to 2016.

11 JG Smithies BSc (Mining Engineering), BSc (Chemistry) (75)

Board member since January 2017 (3.5 years)

Experience: Former director of operations and CEO of Implats.

Executive

12 PA Dunne BSc (Hons), MBA (57)

Chief executive officer

Board member since March 2014 (6.3 years)

Other directorships: Non-executive director of Zambezi Platinum and the International Platinum Group Metals Association (IPA).

Experience: Former executive director at Implats, responsible for all mining, concentrating and smelting operations at the group's Rustenburg and Marula mines.

13 AH Coetzee CA (SA) (40)

Chief financial officer

Board member since November 2018 (1.7 years)

Other directorships: Non-executive director of Zambezi Platinum.

Experience: Former associate director at Ernst & Young Inc.

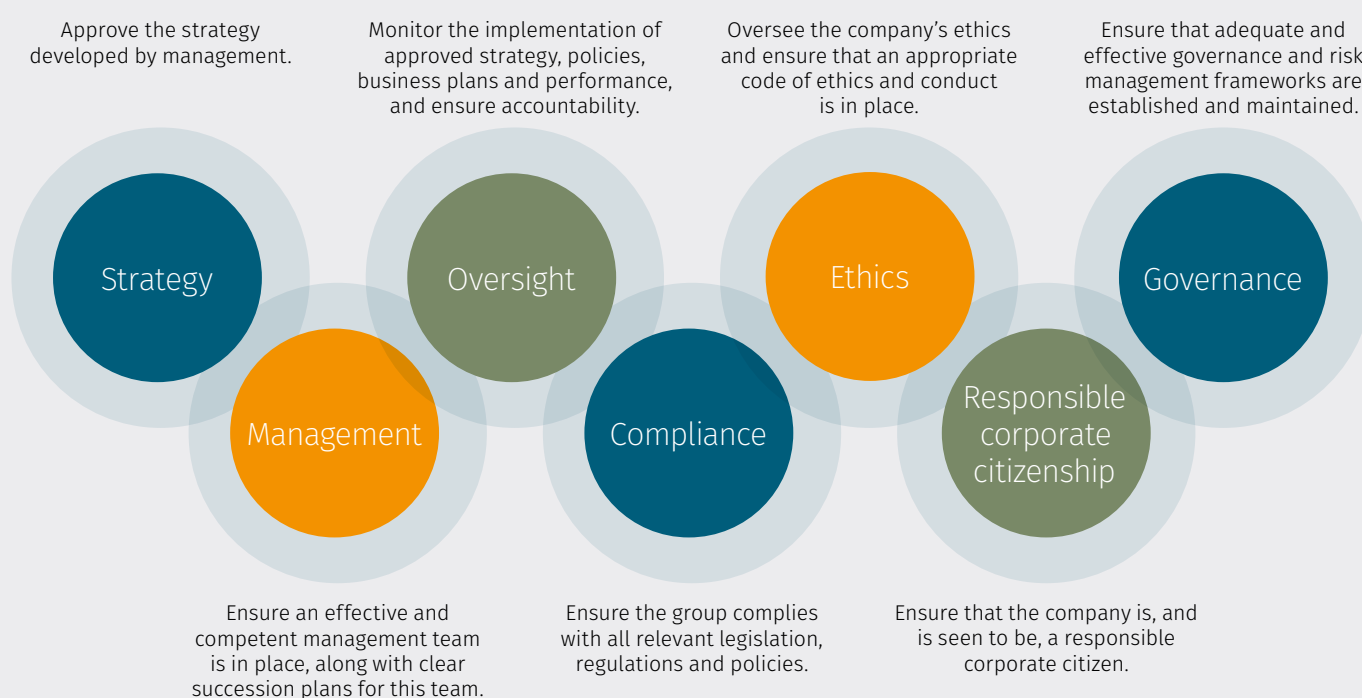
Key:

-  Investment committee
-  Nomination committee
-  Audit and risk committee
-  Social, ethics, human resources and transformation committee
-  Health, safety and environmental committee
-  Committee chair

The board's responsibility

The board is ultimately accountable for the performance and reputation of the group and ensuring that it continues to operate responsibly, ethically and sustainably.

The board operates in terms of a **board charter**, which defines its functions and responsibilities:



The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

How the board is kept informed

Quarterly

The board holds quarterly board meetings, with detailed information packs distributed to directors well in advance. The chairman of the board may call additional meetings as and when required.

The majority of the board committees meet prior to each board meeting. The chairperson of each committee reports to the board on matters discussed and the outcomes of committee meetings.

Board committees do, in certain instances, have overlapping responsibilities. Different committees may consider the same board materials, applying different perspectives as mandated. It is the responsibility of each committee's chairperson to ensure that matters relevant for consideration by another committee are reported to that committee. Overlapping committee membership assists in this regard, as do the formal committee reports to the board.

The investment and nomination committees meet as and when required and report to the board on an ad hoc basis.

Ad hoc

Management and the company secretary are mandated to keep the board informed of all developments relating to the group, our competitors, executive management and the wider operating environment.

Board composition, appointment of directors and board diversity policy

The selection and appointment of directors is effected through a formal and transparent process and is a matter for the consideration of the board as a whole, assisted by recommendations from the nomination committee.

The board currently has HDP representation of

62%

(Northam target: 50%)

The board currently has female representation of

31%

(Northam target: 20%)

62%

of our board are independent non-executive directors

We recognise and embrace the benefits of having a diverse board and have approved and implemented a board diversity policy, which includes race and gender diversity targets.

All new board appointments are considered in terms of our diversity policy. This is also a key consideration in our succession planning.

All board appointments are made on merit, in the context of the skills, relevant business experience, independence and knowledge, which the board as a collective requires to be effective.

The ratification of board appointments is proposed to shareholders at the succeeding AGM following such board appointments. There may be exceptions to this process, as was the case with Mr Brown, Mr Jonas and Mr Nel, who were appointed at AGMs and not beforehand.

Shareholders therefore approved, as opposed to ratified, these appointments.

In order to ensure our directors are not overcommitted, we limit the number of listed directorships that our directors may hold to five.

Directors' independence

Directors' independence is judged from the perspective of a reasonable and informed third party, based on the prevailing circumstances, the definition of independence in terms of the Companies Act, the KING IV™ guidance in terms of the assessment of independence (substance over form), conflicts of interest (whether perceived or actual) and other relevant considerations.

In terms of the above, the board conducts annual independence evaluations of the independent non-executive directors.

During the year under review, Mr Chabedi's and Ms Kgosi's designations changed from independent non-executive to non-executive directors, as a result of their shareholdings in Zambezi Platinum.

[See the nomination committee report on page 38.](#)

Leadership roles

The responsibilities of the chairman and the CEO are clearly defined and separated, as set out in our board charter. Whilst the board may delegate authority to the CEO, the separation of responsibilities is designed to ensure that no single person or group has unrestricted powers and that appropriate balances of power and authority exist on the board.



Chairman

The non-executive chairman, Mr KB Mosehla, represents Zambezi Platinum's 31.4% Black Economic Empowerment (BEE) interest in Northam.

The chairman is responsible for providing leadership to the board, ensuring the board focuses on its key responsibilities and leading the board in assessing and improving its performance.

The chairman is also responsible for leading the board's challenge of senior management, monitoring the performance of the group's businesses, and establishing and maintaining an effective system of governance and controls over the group's activities.



Lead independent director

The lead independent director, Mr R Havenstein, is responsible for ensuring the independence of the board. He guides the board where conflicts of interest arise and chairs the board in the absence of the chairman.

The lead independent director deals with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate. He also leads the performance appraisal of the chairman.



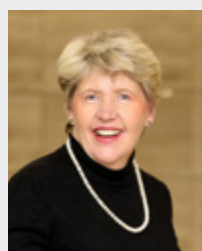
Chief executive officer (CEO)

The CEO, Mr Dunne, is accountable for the formulation and execution of the group's strategy (which is approved by the board) and the management of the group's operations.

The CEO reports to the board and is a member of the health, safety and environmental committee. In terms of best practice, he is not a member of the audit and risk, the investment, the social, ethics, human resources and transformation and the nomination committees. He does however have standing invitations to attend meetings of these committees.

The board charter is very clear on the powers that are reserved for the board and those that are to be delegated to management via the CEO. The CEO has undertaken to hold no other listed company directorships, apart from Zambezi Platinum, Northam's BEE shareholder.

The CEO has an employment contract that can, subject to fair labour practices, be terminated upon 12 months' notice.



Company secretary

Ms PB Beale has more than 30 years' experience in the corporate secretarial field and was appointed as company secretary on 24 October 2011. She provides guidance to board members on the execution of their duties and keeps the board abreast of relevant changes in legislation and corporate governance best practice.

She also supports and coordinates the functioning of the board and its committee meetings. The company secretary has unfettered access to the board, is not a board member and maintains an arm's-length relationship with the board and its members. She reports to the board via the chairman on all statutory duties and functions performed in connection with the board. Regarding other duties and administrative matters, she reports to the CEO.

The annual evaluation of the company secretary was led by the chairman and facilitated by an independent firm. The results of the evaluation confirmed that the company secretary continues to demonstrate the requisite level of competence, knowledge, qualifications and experience to carry out her duties. The board is also comfortable that she maintains an arm's-length relationship with individual directors and confirms that she is not a director of the company or any of its subsidiaries.

Changes in composition of the board and committees during the year

Board member	Date	Nature of change	Impact on committee membership
JJ Nel	1 November 2019	Change in committee membership	Appointed to investment committee
NY Jekwa	1 November 2019	Change in committee membership	Appointed to health, safety and environmental committee
TE Kgosi	31 December 2019	Designation change from independent non-executive due to her interests in Zambezi Platinum	None
CK Chabedi	31 December 2019	Designation change from independent non-executive due to his interests in Zambezi Platinum	None

Rotation, retirement and election of directors

In terms of the group's memorandum of incorporation (MOI), one third of the non-executive directors, being the longest-serving members on the board, shall retire from the board at each AGM. A retiring director who is eligible and available may offer themselves for re-election and appointment.

The following directors are due to retire by rotation in 2020:

- Mr KB Mosehla
- Mr CK Chabedi
- Ms HH Hickey
- Mr TI Mvusi

All of these directors are eligible for re-election and have indicated that they will offer themselves for re-election at the AGM on 27 November 2020. They have been recommended for re-election by the nomination committee.

The full text of the ordinary resolutions is contained in the notice of AGM and abridged annual report 2020. These documents are available on the Northam website at www.northam.co.za or can be obtained from the company's registered office on written request.

Succession planning

We believe that board refreshment and succession planning are imperative and that it should be done in a systematic and gradual manner, in order to maintain a balance of new insight, depth of experience, continuity and diversity of the board.

This mix is reflected in the board tenure spread, with three of the directors having tenures in excess of nine years, balanced with five new board appointments in the last three years. We will continue to facilitate the transfer of knowledge from long-serving directors to the newer members on the board, to ensure the board comprises an appropriate balance of institutional knowledge going forward.

The board furthermore has an agreed succession pipeline, which identifies immediate and planned successors for directors on the board.

Board training

Induction

All new board members undergo an induction programme where the group's JSE Limited sponsor, together with the company secretary, familiarise new directors with the group's governance structures, operations, senior management, statutory requirements, policies, procedures and the latest JSE Listings Requirements. The new directors also visit the mines to gain insight into the group's operations.

Ongoing training

Ongoing training ensures that our board members are kept abreast of any changes or developments in the regulatory, statutory and broader operating environments. This includes training by internal and external training providers.

Specific training was provided to the board during the year under review to address areas of improvement identified during the 2019 board assessment.

Board evaluations and effectiveness

We hold our board members accountable through formal external board evaluations that take place at least once every two years.

In every alternate year, the board conducts an assessment of its own performance, and the appropriateness and effectiveness of its procedures and processes. The actions from these assessments are agreed, and their implementation is tracked.

The board further evaluates the independence of its independent directors, particularly in respect of the independent directors who have served on the board for an aggregate term exceeding nine years.

An independently facilitated self-assessment process on the performance of the board as a whole, as well as the respective board committees, was conducted during the financial year ended 30 June 2019.

Pleasingly, the assessment indicated that the board committees are effectively run, appropriately supported and have robust engagements with the board and management.

Board of directors – continued

Areas of improvement, highlighted by the assessment, include the need for information and technology governance to be strengthened at a board level and for continuing professional development (CPD) programmes to be made available to board members from time to time.

These areas of improvement formed part of the board's work plan for the 2020 financial year and were addressed as follows:

- Information and technology governance was made a standing item on the audit and risk committee's agenda; feedback on this is provided to the board on a quarterly basis
- Directors attended training courses at the JSE and at Northam's corporate office on various topics relevant to their responsibilities

The board also annually evaluates the performance of the company secretary in terms of her competence, qualifications, experience and arm's-length relationship with the board.

An independent evaluation of the board, the subcommittees and the company secretary will be performed again in F2021.



The board is satisfied that the evaluation process is improving its performance and effectiveness.

Conflicts of interest

The group's code of ethics and conduct sets out key provisions that both directors and employees are required to adhere to. In terms of this code, a director or employee is prohibited from using their position, or confidential or price-sensitive information, to the benefit of themselves or any related party.

Before every board meeting, board members are required to inform the board of any conflicts or potential conflicts of interest they may have in relation to particular items of business, or the company as a whole. The disclosure of personal financial interests in terms of Section 75 of the Companies Act is a standing item on all board and committee agendas. The file containing the disclosures is available at all meetings.

Board members recuse themselves from discussions or decisions on matters in which they have an actual, perceived or potential conflict of interest.

The procedure providing guidance on these matters has been agreed upon by the board and is contained in the company's code of ethics and conduct, available at www.northam.co.za/governance/policies-and-procedures.

Trading in Northam and Zambezi Platinum shares

The group has a defined policy on dealing in Northam and Zambezi Platinum shares, which is in alignment with the JSE Listings Requirements. It sets out provisions as to how trading is to be conducted by the company's directors, the company secretary, selected employees and their associates ("directors' dealings") when dealing in the company's shares, in order to prevent the misuse of inside information.

All directors' dealings require pre-approval from the CEO or the CFO or the company secretary.

Embargo on dealings in Zambezi Platinum (RF) Limited preference shares (ZPLPs)

During the year under review an embargo was placed on all trading in Zambezi Platinum (RF) Limited preference shares (ZPLPs) by all Northam employees. This was done in order to avoid any potential conflicts of interest of the group, as part of its stated strategy is to acquire ZPLPs in the open market.

Access to management

There is a protocol in place for directors to gain access to line managers, external auditors and relevant company records through the CEO's office and/or the company secretary.

Sponsor

We understand the role and responsibilities of our JSE Limited sponsor, as stipulated in the JSE Listings Requirements, and have cultivated a good working relationship with One Capital, which is both our equity and debt sponsor.



The board is satisfied that the JSE Limited sponsor has executed its mandate with due care and diligence for the year under review.

The board and our stakeholders

The board, assisted by the social, ethics, human resources and transformation (SEHR&T) committee, is ultimately responsible for the monitoring of the quality of stakeholder relationships and the effectiveness of our stakeholder engagements.

Northam's board-approved stakeholder policy regulates the process of engaging and communicating with all defined stakeholders who include, amongst others, both shareholders and employees.

Stakeholder risks are incorporated into the group's risk management process and are identified, assessed, mitigated and reported on in the same way as all other risks to the group.

Monitoring the quality of stakeholder relationships

The SEHR&T committee noted that the group's stakeholder engagement activities during the year under review were extensive and responsive to the issues raised.

See Stakeholder engagement on page 24 of our annual integrated report 2020.

See the SEHR&T committee's report on page 18.

Investor roadshows

Over and above our biannual results presentations to the market in February and August of each year, management regularly hosts, briefs and presents to local and international shareholders, buy-and-sell side institutions and other stakeholders during the course of the year. Feedback is a critical element of these engagement processes and it is raised, through the executive committee, for discussion at board level.

During the year under review, management held 32 investor meetings, meeting with institutions from South Africa, the United Kingdom, Europe, the United States and Asia. The issues raised by investors and our response are detailed on page 25 of our annual integrated report 2020.

2019 AGM

The nomination committee reviewed comments received from institutional shareholders prior to the 2019 AGM and noted the following:

Issues raised	Our response
Concerns exist regarding the workload of board members who hold several outside directorships	The number of listed directorships that our directors may hold is five, including Northam
Concerns exist regarding independent non-executive directors who have interests in Northam through their holdings in Zambezi Platinum (RF) Limited	The designations of two directors changed from independent to non-executive directors. See Changes in composition of the board and committees during the year on page 13. See the nomination committee's report on page 38.
Investors will vote against the re-election of directors for non-attendance of board and committee meetings	Overall attendance of board and committee meetings for the year under review was satisfactory at 97%

2019 AGM voting results

86.49%

of votable shares represented at AGM

83–100%

resolution approval rating

100%

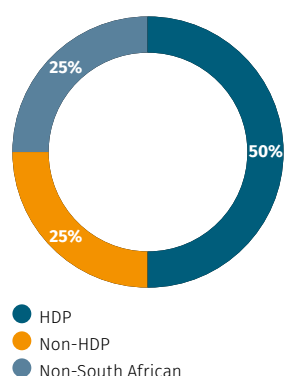
of ordinary and special resolutions approved by majority of shareholders

The executive committee

Our executive committee (exco) is a diverse and experienced management team that comprises eight members of the company's senior executives, broadly representing the disciplines within the company's organisational structure.

Exco meets once a month, or ad hoc as and when required, and the CEO and CFO report directly to the board on all matters deliberated on by this committee.

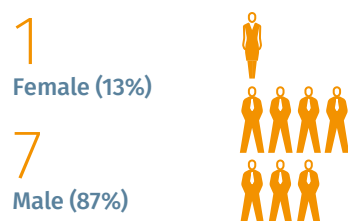
Exco demographics



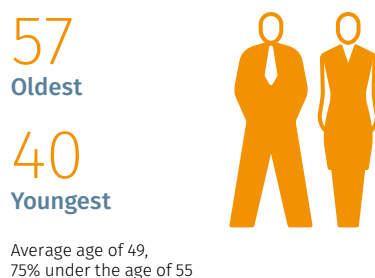
>183 years
Combined mining experience

>63 years
Combined tenure at Northam

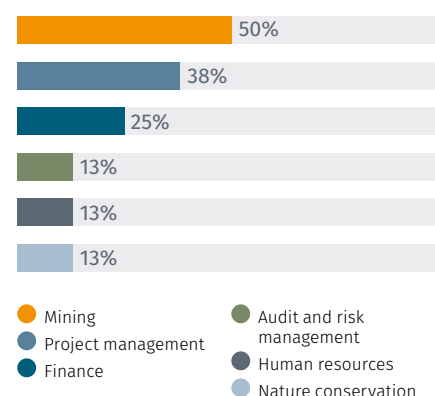
Gender diversity



Age diversity



Exco skills*



* Percentage based on number of committee members with particular skill

The responsibilities of exco include:

- Formulating and executing the group's strategy
- Managing business performance and reporting on this to the board
- Implementing all policies of the group, including those relating to human capital, natural capital, risk management and capital management



1 AH Coetzee CA (SA) (40)

Chief financial officer

Joined Northam in December 2015

Other directorships: Non-executive director of Zambezi Platinum.

Experience: Former associate director at Ernst & Young Inc.

2 PA Dunne BSc (Hons), MBA (57)

Chief executive officer

Chairman of exco, joined Northam in March 2014

Other directorships: A director of the International Platinum Group Metals Association (IPA) and a non-executive director of Zambezi Platinum.

Experience: Former executive director at Implats, responsible for all mining, concentrating and smelting operations at the group's Rustenburg and Marula mines.

3 MN Ndala BTech Mining Engineering, MBL (52)

Mining executive

Joined Northam in July 2018

Other directorships: Director and chairman of the African Exploration Mining and Finance Corporation (SOC) Limited (AEMFC) board.

Experience: Former executive head of operations, responsible for all mining, concentrating and smelting operations at Implats' Rustenburg mines. Former director of Two Rivers Platinum.

4 WJ Theron Pr. (Cert) Eng. (Professional Engineer), BSc (Hons) Mining, MBA (42)

Mining executive

Joined Northam in December 2010

Experience: Extensive experience in projects and operational management. Held various senior managerial roles at Anglo American Platinum Limited. Former general manager at Booyssendal mine.

5 LC van Schalkwyk (FCMA) (55)

Executive commercial

Joined Northam in October 2014

Other directorships: Non-executive director of Zambezi Platinum.

Experience: More than 30 years' experience in the Platinum mining industry. Former executive for strategic finance at Implats.

6 D Smith BSc (Hons) MSc (52)

Executive business development

Joined Northam in November 2017

Other directorships: Independent non-executive director of Bauba Resources Limited.

Experience: Worked in the mining and mineral exploration sector since 1991 and joined Northam as a consultant in 1995. Former principal of Prospect Geoservices at Northam.

7 CA Smith BSocSc (Hons) (45)

Executive: Human resources

Joined Northam in September 2014

Other directorships: Chairman of Platinum Health Medical Scheme.

Experience: Extensive experience in the mining sector, holding senior HR positions at AngloGold Ashanti Limited, Richards Bay Coal Terminal Proprietary Limited and Implats.

8 GD Duma BTech (Quantity Surveying), MBA, Diploma in Project Management, Senior Management Development Programme (51)

Head: Sustainability

Joined Northam in March 2017

Other directorships: Member of the Interim Council for the Social Housing Regulatory Authority (SHRA) of South Africa.

Experience: Held various positions at Implats, including general manager of shared services, project director of housing and socio-economic development projects, and group sustainable development manager. Also worked at the Medical Research Council, Eskom Holdings SOC Limited and South African National Parks.

Corporate secretarial*

PB Beale (54)

Company secretary

Joined Northam in October 2011

Experience: More than 30 years' experience in the corporate secretarial field, previously working for JCI Limited and Gold Fields Limited. Member of IoDSA.

C Msimanga (44)

Company Secretarial Coordinator

Joined Northam in January 2017

Experience: Experience in Travel and Aviation, Human Resource Management and Corporate Governance. Former Human Resource Administrator at Richards bay Coal Terminal and HR Consultant at Bruniquel and Associates. Member of the IoDSA.

* Attend meetings as secretary

Social, ethics, human resources and transformation committee report



The committee is pleased with the progress made in the areas of labour standards, human rights, transformation and the management of ethics throughout the group. Northam’s proactive response to the COVID-19 pandemic is particularly noteworthy and monitoring the efforts to keep our employees safe will be an ongoing area of focus.

4
meetings

100%
Committee meeting attendance

Committee composition

The committee comprises 3 non-executive board members and meets at least 4 times per year. The majority of the members of the committee shall be independent.

The board, through the nomination committee appoint the members, and one of the independent members shall be appointed as chairperson.

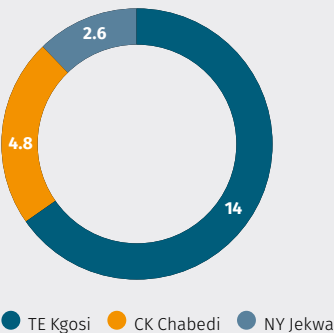
- TE Kgosi (Ms)** (Chairperson)
Non-executive director
Joined committee on 14 June 2006
- NY Jekwa**
Independent non-executive director
Joined committee on 8 November 2017
- CK Chabedi**
Non-executive director
Joined committee on 9 September 2015

Changes to the committee during the year

The chairperson, Ms Kgosi’s board status was changed to non-executive from 31 December 2019 as a result of the Northam share price exceeding the Zambezi Platinum preference share liability. This implies that Ms Kgosi could financially benefit, contingent on the performance of Northam Platinum Limited, through her indirect beneficial interest of 635 000 Northam shares. In terms of the above, Ms Kgosi continues to serve as chairperson of the committee in her capacity as a non-executive director.

Mr Chabedi’s board status was also changed as a result of his indirect beneficial interest of 204 000 Northam shares through the Zambezi Platinum structure. The board is aware of the above and through the nomination committee, will add further independent non-executives to the committee. This is to ensure the composition of the committee retains a majority of independent directors.

Years on committee



Meeting attendance



Invited attendees

CEO, CFO and the executive: human resources (HRE) are not members of the committee, but attended all meetings of the committee during the year under review.

All directors have the right to attend committee meetings.

Mandate

Governance over human and social capital

The social, ethics, human resources and transformation committee is constituted as a statutory committee of the company in respect of those statutory duties assigned to it in terms of section 72(4) of the Companies Act (read in conjunction with Regulation 43 of the Companies Regulations, 2011). This committee also fulfils the role of the group's remuneration committee.

The committee assists the board with the oversight of social, ethics, human resources, stakeholder relationships, sustainable development and transformation matters, ensuring that Northam is and remains a committed socially responsible corporate citizen.

The committee does not provide relief to board members in terms of their joint and individual fiduciary duties.

See the committee's charter at www.northam.co.za/governance/policies-and-procedures.

Related material issues

- Continuing to improve the safety performance and the health and wellness of our employees
- Maintaining our legislative and regulatory compliance, focusing on the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Mining Charter
- Maintaining constructive communication channels with all our stakeholders
- COVID-19

See page 32 of our annual integrated report 2020 for more detail on our material issues.

Related risks and opportunities

- Social licence to operate
- Employee relationships
- Community relations

See page 38 of our annual integrated report 2020 for more detail on our risks and opportunities.

Social, ethics, human resources and transformation committee report – continued

Focus areas in 2020

Human rights

- Updated by the health, safety and environmental (HS&E) committee on Zondereinde mine's ISO 14001 certification for environmental management. The mine also received ISO 45001 accreditation for safety (This provides a framework for improved employee safety, reduced workplace risks and a better working environment)
- Updated by the HS&E committee on the ongoing training initiatives in occupational health and safety rolled out in the group. Noted that all employees are required to comply with training procedures and standards set by the company
- Updated by the HS&E committee on the levels of comprehensive medical care provided for employees
- Reviewed report on potential risks, sub-standard working conditions and incidences of non-compliance and tracked remedial actions

Labour standards

- Provided a mandate in terms of which management could negotiate with organised labour
- Reviewed and considered compliance with the Mining Charter in terms of transformation targets



The committee is satisfied that it has effectively monitored the group's compliance and standing in terms of human rights and labour standards as per the United Nations Global Compact Principles.

Promotion of equality and ethics

- Reviewed and approved the group's updated code of ethics and conduct which was rolled out during the year under review
- Reviewed the transformation targets of the group, ensuring all employees are treated fairly, irrespective of origin, race or gender

- Monitored and reviewed the application of ethics in the organisation through:
 - Disclosures in the gifts registers
 - Disclosure of personal financial interests in contracts



The committee is satisfied that it has discharged its responsibilities during the course of the financial year with regards to monitoring the promotion of equality and ethics management.

Corporate social investment and social and labour plans

- Oversaw compliance with the various approved social and labour plans (SLPs) of the group, ensuring that SLP spend is in line with the various projects as approved
- Reviewed the work done through the Northam Booyssendal Community Trust and the Northam Zondereinde Community Trust (community trusts)
- Reviewed updates from the community trusts and monitored compliance to project commitments to be delivered by elected trustees

- Approved additional COVID-19 donations by the company to the community trusts
- Monitored progress in terms of the group's housing and accommodation strategy and local economic and human resources development in terms of the requirements of the approved SLPs



The committee is satisfied that Northam is in compliance with the requirements of the MPRDA and the Mining Charter with regards to CSI, and that the targets and commitments in terms of the SLPs are on track.

Transformation

- Reviewed and approved the enhanced committee charter which includes the monitoring of the group's transformation targets in terms of the Mining Charter. This includes extending the committee's oversight responsibilities to human resource development, housing and living conditions, procurement, supplier and enterprise development and transformation, in terms of race, unfair discrimination and gender



Impact of COVID-19 on our employees

The committee noted and supports the group's commitment to protecting the jobs of all of our employees as far as possible. All of our operational and financial interventions have been aimed at meeting this commitment.

The committee reviewed and monitored the implementation of safety measures and protocols aimed at reducing the risk, exposure and spread of COVID-19 as far as possible, which were enacted and strictly enforced by Northam as operations were restarted.

[See COVID-19 case study on page 36 of our annual integrated report 2020 for the safety measures, protocols and actions taken by the group.](#)

The committee is satisfied that Northam is taking all practical measures to manage and minimise the impact of the COVID-19 pandemic on our operations and our people.

- Reviewed and reinforced all other transformation objectives, targets and initiatives



The committee is satisfied that transformation objectives, targets and initiatives are on track and well managed within the group against the requirements of the Mining Charter.

Stakeholders

- Reviewed and considered the adequacy and effectiveness of the group's stakeholder management policy
- Reviewed the impact of the community trusts created as part of the Zambezi Platinum transaction in 2015
- Reviewed the group's stakeholder engagement plans and activities noting continuous engagement with host communities, communities in labour-sending areas, unions, employees, investors, the media, government, non-governmental organisations, members of our supply chain and our strategic partners
- Considered the implementation progress of the Employees' Trust

Refer to the Stakeholder section on page 24 in the annual integrated report 2020 detailing how we interact and engage with stakeholders.



The committee is satisfied with the adequacy and effectiveness of the group's stakeholder management policy, the implementation thereof and the code of ethics and conduct.

Mining Charter

- Monitored the implementation of the Mining Charter elements and associated targets

Remuneration

- Monitored the implementation of the malus and clawback policy approved in June 2019

- Ensured that executive remuneration is fair, responsible and appropriate in the context of general market conditions, industry pay levels, the economic outlook and overall employee remuneration
- Reviewed the five-year wage settlement at Booyseindal mine
- Ensured the lowest paid employees are remunerated well in excess of the minimum wage
- Ensured that women receive equal opportunities and equal pay

Refer to the remuneration report for details on the remuneration policy, including the implementation of the malus and clawback policy.

Succession planning

- Reviewed and approved succession plans for executives and senior management across operations. In particular the committee focussed on ensuring that succession plans are in place for women in the company
- Tracked how identified areas of development of our employees were addressed



The committee believes that appropriate succession planning is in place for executives and senior management.

Areas of focus for F2021

- Continued transformation across the group
- Continue to assess the key performance indicators underpinning management's remuneration, in order to ensure that value is created for all stakeholders
- Stakeholder engagements, policy and strategy
- Compliance with SLPs
- Compliance with Mining Charter requirements

Conclusion

The social, ethics, human resources and transformation committee is satisfied that it has considered and discharged its responsibilities in line with its charter and its statutory responsibilities during the year under review.

On behalf of the committee.

TE Kgosi

Chairperson

18 August 2020

Health, safety and environmental committee report



Our group remains committed to the health and safety of all our employees and world-class standards in the management of our environment. Our Booyssendal operation surpassed five million fatality free shifts in December 2019 and has been fatality free since its inception in 2010. The Zondereinde operation regrettably had a fatality this year after two million fatality free shifts. We are committed to zero fatalities and this will remain our focus, underpinned by our adherence to group and industry safety and environmental standards and legislation.

4

meetings

95%

Committee meeting attendance

Committee composition

R Havenstein (Chairman)
Lead independent director
Joined committee on
20 October 2011

JG Smithies
Independent non-executive
Joined committee on
7 November 2017

CK Chabedi
Non-executive director
Joined committee on
22 June 2009

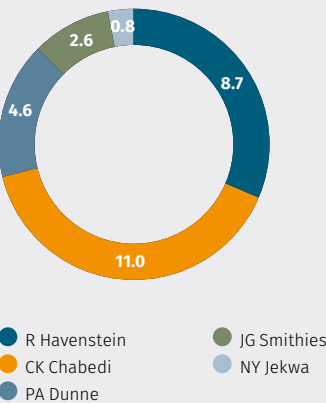
NY Jekwa
Independent non-executive
Joined committee on
01 November 2019

PA Dunne
Chief executive officer
Joined committee on
10 December 2015

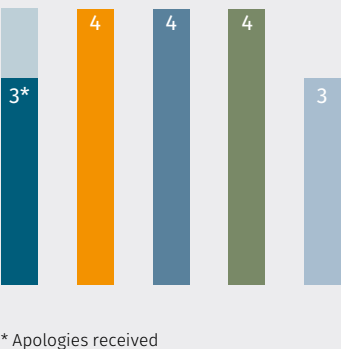
Changes to the committee
during the year

Mr Jekwa was appointed as a member of
the committee on 1 November 2019.

Years on committee



Meeting attendance



* Apologies received

Invited attendees

MN Ndlala
Mining executive

WJ Theron
Mining executive

Mandate

Governance over human, natural and manufactured capital

The mandate of the health, safety and environmental committee is to oversee the group's health, safety and environmental practices. This includes:

- Reviewing the health, safety and environmental policies applied at Northam
- Monitoring group compliance with recommendations of any investigation of health, safety and environmental incidents
- Monitoring the administration and investment policies of the Northam Restoration Trust Fund, as well as any necessary amendments to the trust deed under which the fund was established

See the health, safety and environmental committee's charter at www.northam.co.za/governance/policies-and-procedures

Related material issues

- Maintaining our legislative and regulatory compliance, focusing on the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Mining Charter, Managing production and performance to ensure the successful execution of our business strategy
- Continuing to improve the safety performance and the health and wellness of our employees
- Managing the environmental impact of our operations and conserving natural resources

See page 32 of our annual integrated report 2020 for more detail on our material issues.

Related risks and opportunities

- Social license to operate
- Health and safety performance
- Employee relationships
- Water supply

Health, safety and environmental committee report – continued

Focus areas in 2020

COVID-19 pandemic

Reviewed COVID-19 protocols implemented by management to detect, prevent and mitigate the impact of COVID-19 on our people and operations, in line with published regulations in terms of the Disaster Management Act No.57 of 2002 and the guiding principles from the Department of Mineral Resources and Energy.

Compliance

Considered reports from operations, and internal and external auditors, on compliance with legal and regulatory requirements.

Systems

Reviewed the enhancement of safety, health and environmental information systems at all operations.

Safety

- Received, reviewed and discussed health and safety performance reports
- Reviewed Zondereinde mine's ISO 14001 certification for environmental management and ISO 45001 accreditation for safety
- Reviewed the investigation outcome of the fatality at Zondereinde mine in December 2019 performed by management, in conjunction with the Department of Mineral Resources and Energy and organised labour, and in line with standard procedures in terms of the Mine Health and Safety Act. Received assurance that learnings from this incident were shared and resulted in enhanced scrutiny at operations to avoid a reoccurrence

- Reviewed the ongoing training initiatives in occupational health and safety rolled out in the group
- Reviewed and considered the levels of comprehensive medical care provided for employees
- Reviewed reports on potential risks, substandard working conditions or incidences of non-compliance reported by employees, and tracked remedial actions
- Implemented a standard annual reporting procedure for the group's tailings dams
- Considered and noted the launch of the Khumbul'ekhaya health and safety strategy, which has been developed by the CEO Zero Harm Forum to drive and sustain the mining industry's pursuit of zero harm

Health

- Received, reviewed and discussed occupational health performance and medical reports
- Monitored the implementation and outcomes of employee wellness programmes and voluntary health screening campaigns

Environment

- Received, reviewed and discussed environmental management performance and reports
- Monitored the environmental authorisation for recent acquisitions
- Monitored the authorisation for the amendment of the IWUL (Integrated Water Use License)
- Monitored the authorisation for an alternative new plant emission limit for sulphur dioxide (SO₂) for the Zondereinde smelter main stack
- Monitored the enhancement of power-saving initiatives and the development of a suitable energy use reduction plan
- Monitored the enhancement of a mine-wide water reticulation management system



The health, safety and environmental committee is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.



The committee is satisfied that it has effectively monitored the group's compliance and standing in terms of human rights as per the United Nations' Global Compact Principles.

Areas of focus for F2021

COVID-19 pandemic

The effectiveness of the measures implemented to detect, prevent and mitigate the impact of COVID-19 on our people and operations.

Systems

Monitor and assess progress in ensuring that all operations are certified against ISO 14001:2015 and ISO 45001 over the next two years.

Health

Continue to assess opportunities to drive best and innovative practices in occupational health performance.

Safety

- Monitor the enhancement of safety, health and environmental information systems at our operations
- Continue to assess opportunities to drive best and innovative practices in safety performance

Environment

- Continue to monitor the implementation of environmental programmes and biodiversity management plans
- Monitor the enhancement of power-saving initiatives and the development of a suitable energy use reduction plan



Audit and risk committee report



This audit and risk committee report has been prepared in terms of section 94(7)(f) of the Companies Act No. 71 of 2008, as amended (the Companies Act), the King IV Report on Governance for South Africa, 2016 (King IV™), the JSE Listings Requirements and other applicable regulatory requirements.

This report sets out how the audit and risk committee (the committee) has satisfied its various statutory obligations during the year, as well as some of the focus areas considered and how these have been addressed by the committee.

4

meetings

94%

Committee meeting attendance

Committee composition

The members of the committee, including the chairperson of the committee, are independent, non-executive directors, elected by shareholders on the recommendation of the nomination committee.

Three out of the four committee members are chartered accountants and have risk management, finance and audit experience.

The board elects the chairperson of the committee and the chairperson of the board is not eligible to be chairperson or a member of the committee. The chairperson of the committee reports to the board on the committee's activities, all matters discussed, highlighting key issues requiring action and recommendations for resolution.

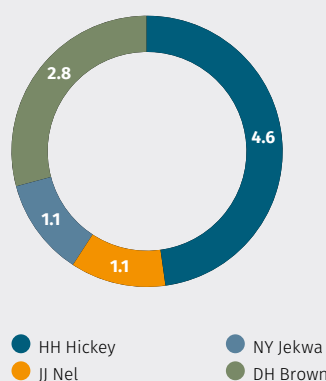
HH Hickey (Ms) (Chairperson)
Independent non-executive director
Joined committee on
1 January 2016

NY Jekwa
Independent non-executive director
Joined committee on
1 June 2019

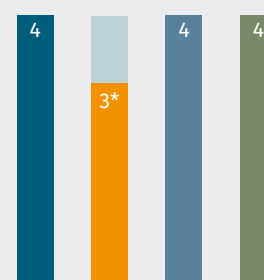
JJ Nel
Independent non-executive director
Joined committee on
1 June 2019

DH Brown
Independent non-executive director
Joined committee on
7 November 2017

Years on committee



Meeting attendance



* Apologies received

Mandate

Governance over financial, manufactured and intellectual capitals

The committee assists the board of directors (board) in fulfilling its oversight responsibilities, relating to the safeguarding of assets, the operation of adequate risk management and internal control processes, compliance with laws and regulations and the preparation of financial statements in compliance with all applicable legislation and regulations.

In addition, the committee is responsible for assessing the effectiveness of the internal audit function, the chief financial

officer (CFO) and the independence and effectiveness of the group's external auditor and the designated individual audit partner.

The committee does not assume the functions of management, which remains the responsibility of the executive directors and senior management.

The committee also does not provide relief to board members in terms of their joint and individual fiduciary duties.

These responsibilities are in terms of the mandate of the committee as defined in section 94(7) of the Companies Act, the JSE Listings Requirements and the audit and risk committee charter, which is available at www.northam.co.za/governance/policies-and-procedures.

Changes to the committee during the year

There were no changes to the committee during the year under review.



The board is satisfied that collectively the committee members have the appropriate mix of qualifications and experience, as required by King IV™, in order to fulfil their duties.

Related material issues

- Maintaining our legislative and regulatory compliance, focusing on the Mineral and Petroleum Resources Development Act (MPRDA) and the Mining Charter
- Maintaining constructive communication channels with all our stakeholders
- COVID-19

See page 32 of our annual integrated report for more detail on our material issues.

Related risks and opportunities

- Exchange rate and commodity price volatility
- Liquidity management
- Fraud including cyber risks

Invited attendees

The engagement partners of the external and internal auditors are standing invitees to the committee meetings, as is the CEO and CFO. Invitations to attend the committee meetings are extended to senior executives and professional advisors as deemed appropriate.

All directors have the right to attend the committee meetings.

The committee meets at least once a year with the internal and external auditors without the presence of management. For the year under review these meetings took place on 16 August 2019 and 19 February 2020.

Audit and risk committee report – continued

Our commitment to independence, transparency and collaboration

The committee encourages continuous improvement of and fosters adherence to Northam's policies, procedures and practices at all levels of the organisation. Application of these policies encourages open communication with assurance providers, including the external

auditors, senior management, internal audit, compliance, the risk functions and the board.

The independence of the committee is key to its effective functioning, whilst ensuring that it does not assume the functions of management. As part of its

mandate, it has the authority to investigate matters within the scope of its defined responsibility and to request information or explanations necessary for the performance of its functions.

Focus areas in F2020

Significant audit matters

Audit matter	Response	Associated risks
Financial reporting with regards to the reviewed interim results and the audited annual financial statements	- Discussed the accounting treatment of significant accounting and auditing matters, including non-routine transactions, with management and the external auditors - Reviewed and assessed any adjusted and unadjusted audit differences reported by the external auditors - Reviewed the key audit matters communicated by the external auditors in their audit report in terms of International Standard on Auditing (ISA) 701 - Reviewed the representation letter signed by management - Considered section 45 of the Companies Act in regard to the provision of financial assistance to subsidiaries	- Liquidity management - Exchange rate and commodity price volatility
Significant accounting judgements and estimates as disclosed in the annual financial statements	The committee considered the following accounting judgements, estimates and assumptions in relation to the annual financial statements for the year ended 30 June 2020: - Assessment of the recoverable values of the various assets in the group in terms of IAS 36 Impairment of assets, ensuring that the recoverable values of cash generating units are higher than the carrying value and therefore no impairments required - Considered and approved management's assessment of the ability of the company to continue as a going concern in the foreseeable future, together with various funding facilities and current utilised debt - Assessment of the measurement of inventory as well as the net realisable value of inventory (NRV), ensuring that inventory is stated at the lower of cost and NRV - Evaluation of the capitalisation of borrowing costs in terms of IAS 23 (Borrowing cost relating to the various qualifying assets of the group) - The investment in Zambezi Platinum (RF) Limited preference shares in Northam company as well as the consolidation of the Zambezi Platinum (RF) Limited preference share liability in the group accounts - Evaluation of the rehabilitation and decommissioning liabilities of the group - Assessment of the valuation of Toro Employee Empowerment Trust in terms of IAS 19 Employee benefits - Assessment of the utilisation of a deferred tax asset relating to various subsidiaries in the group in terms of IAS 12 Income taxes	- Liquidity management - Exchange rate and commodity price volatility - Social license to operate

Audit matter	Response	Associated risks
	■ Disclosure of related party transactions ■ Assessment of the liability raised on terms of an Employee Labour Court Judgment ■ Assessment of the insurance claim at Zondereinde mine and accounting treatment ■ Evaluation of the group's share based payment liability, ensuring that the requirements of IFRS2 have been taken into account in determining the value of the liability ■ Assessment of the contingent asset raised with regards to the group's COVID-19 Temporary Employee Relief Scheme (C-19TERS). ■ Dividend consideration for the year ended 30 June 2020  The committee has deliberated on these matters and is comfortable that they have been correctly accounted for in terms of the requirements of International Financial Reporting Standards (IFRS) and are fairly represented in the annual financial statements.	
New accounting standards	Considered new standards, interpretations and amendments to standards in issue that are not yet adopted, but are likely to affect the financial reporting in future years and disclosure thereof in the annual financial statements. In particular, the impact of the adoption of IFRS 16 Leases was considered and evaluated. Please refer to the annual financial statements for new accounting standards adopted and standards, interpretations and amendments issued, but not yet effective.	■ Social license to operate
Trading statement policy	Approved a trading statement policy detailing the process and sign off requirements for the group before a trading statement can be released.	■ Social license to operate



Impact of COVID-19 on the F2020 audit

The lockdown enacted in South Africa on 26 March 2020 resulted in the suspension of normal operations. Northam restarted operations in a controlled and phased manner from Monday, 20 April 2020, initially at reduced capacity, in line with the amendments to the regulations relating to section 27(2) of the Disaster Management Act, 2002. Ramp up to normal levels commenced from 1 June 2020.

The impact of the COVID-19 pandemic influenced the way in which the external audit had to be executed. Due to social distancing the majority of the audit was done off site with the audit team given full access to Northam's Enterprise Resources Planning (ERP) system, SAP S4/Hana.

Continuous communication between Ernst & Young Incorporated (EY), management and those charged with governance ensured that the audit was appropriately planned and executed in the most effective way possible under the current circumstances.

On the following page are a number of specific focus areas which have been impacted by the COVID-19 pandemic:

Audit and risk committee report – continued



COVID-19 impact consideration

Going concern assessment	The real and potential impacts of the COVID-19 pandemic have been specifically considered in business planning and the going concern assessment. These impacts include: ■ Reduced production due to work stoppages. (lower production negatively impacts unit production costs given large fixed cost component of underground mining and in addition, lower units of production results in lower total revenue.) ■ Reduced sales demand leading to ■ Potentially lower sales volumes and ■ Poorer commodity prices as well as ■ Lower liquidity in the debt market, which reduces the availability, as well as increases the cost, of debt These factors reduce operational cash flow, as well the availability of debt funding and can ultimately deplete available financial reserves. The committee considered the group's multi-pronged approach to mitigating the economic impacts of the pandemic as far as possible. This includes: ■ Reducing planned capital expenditure through the suspension or slowing of a number of the group's expansion projects over the coming 24 months. The group has adopted a modular approach to the development of these projects and this has allowed us to timeously adapt without significantly compromising current cost benefits or future optionality ■ Reducing group operational unit costs by growing production at the lower cost, mechanised, Booyseindal mine ■ Substantially slowing US recycling operations as this significantly reduces associated working capital requirements. The group will however review this position at every reporting period going forward ■ Increasing the Domestic Medium-Term Note (DMTN) program from R5.0 billion to R10.0 billion; ■ Maintaining the revolving credit facility (RCF) through Nedbank at R3.5 billion and general banking facility (GBF) of R500.0 million. Both these facilities were available at year end. The RFC is subject to financial covenant compliance, which is monitored on an ongoing basis The committee also noted the following additional risk mitigating factor: ■ The company derives revenue from sales to a limited number of large customers with whom we have long-standing relationships. In respect of PGMs, the group's buyers are predominantly industrial companies. This reduces exposure to demand in the automotive sector. The group's chrome product is sold through a single third party via a guaranteed offtake and security of supply contributions agreement. This decreases down-side risk to sales and sales revenue, even during depressed market conditions  Based on the latest available information the board believes that the group will continue to have adequate financial resources and access to capital to settle its liabilities as and when they fall due, to continue operating for the foreseeable future and, accordingly, the condensed financial results have been prepared on a going concern basis.
Impairment considerations	IAS 36 specifies when an entity needs to perform an impairment assessment, how to perform it, the recognition of any impairment losses and the related disclosures. The committee considered the group's impairment assessments at every reporting period based on the requirements of IAS 36. It was noted that: ■ Due to the impact of the COVID-19 pandemic, the budgeted production profile, capital expenditure, unit cash cost and commodity prices as well as the budgeted US dollar exchange rates have been adjusted to take into account the potential impact of the pandemic ■ Appropriate sensitivity assessments have been performed to ensure that the carrying value of all assets are lower than their recoverable value

Inventory valuation	The committee considered the valuation of inventory and noted that all inventory was valued at the lower of cost and net realisable value (NRV).
Borrowings	The committee considered the initiative undertaken to restructure the maturities of the DMTN debt. The aim of the restructuring was to preserve liquidity in the near to medium term, raise additional debt funding to further strengthen Northam's balance sheet and to provide positive signalling to the market in respect of Northam's cost of borrowings and credit risk. The following outcomes of the restructuring of the DMTN debt was noted: ▪ R2.24 billion of notes were moved out to longer maturity dates ▪ Additional liquidity of R940.6 million was created for the current calendar year ▪ An additional R410.7 million was raised ▪ Favourable interest rates were negotiated in the current COVID-19 environment ▪ The restructured maturity profile of the DMTNs create a smoother maturity profile over the next five years
Deferred tax	The utilisation of a deferred tax asset is dependent on future taxable profits in excess of profits arising from the reversal of taxable temporary difference. The committee noted that prudently no deferred tax asset relating to temporary difference has been raised relating to Eland Platinum Proprietary Limited or the US recycling operations.



The committee evaluated the consolidated and separate annual financial statements for the year ended 30 June 2020 and concluded that these comply, in all material respects, with the requirements of the Companies Act, IFRS, and the JSE Listings Requirements. The committee therefore recommended the approval of the annual financial statements to the board.

Internal controls and risk management

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations into control weaknesses, fraud or misconduct, and management's response thereto. The committee delegates the duty to management to continuously identify, assess, mitigate and manage risks within the existing and changing risk profile of the company's operating environment. Mitigating controls are formulated to address the risks and the board is kept abreast of progress on the group's risk management plan.

During the year under review, the committee considered control issues identified from the various reports reviewed by the committee, in the context of the overall effectiveness of internal controls. This included internal and external audit reports, as well as specific internal control reports from management relating to internal attestation of financial and other controls.

Audit and risk committee report – continued

Internal controls and risk management

Internal control and risk management matters considered	Response	Associated risks
Corporate governance (including the maturity of the risk management process and continuous improvement of the internal control environment)	- Reviewed and approved risk management policies and processes and received reports incorporating the key strategic and operational risks - Monitored the progress of assessing the recommended practices underpinning the 16 Principles of King IV™, ensuring that an ethical culture is fostered that supports the effective control of the company at all levels - Mandated the internal audit function to conduct a review of the group's combined assurance model, internal controls and risk management processes. Reviewed the written assurance statement provided by the internal auditor, which confirmed that nothing has come to the internal auditor's attention indicating that the group's system of internal financial controls is not effective and does not provide reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements - Considered feedback received regarding any significant litigation and assessed the possible impact thereof on the financial results - Noted that management has strengthened the internal control environment by appointing a dedicated resource to supplement the work performed by internal audit, ensuring that the necessary controls and processes are put in place, taking into account findings identified by both the external and internal auditors	Fraud including cyber risk
Compliance with laws and regulations	Considered and reviewed the group's compliance with laws and regulations.  There were no material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations during the year under review.	Social license to operate
Cyber risk	Considered and reviewed the findings by the external consultant engaged to perform a vulnerability and penetration assessment on the group's IT systems. The committee will continue to assess the mitigating actions and responses put in place by management to address the findings identified from the assessment.	Fraud including cyber risk



Having considered, analysed, reviewed and discussed information provided by management, other board committees, the internal and external auditors, the committee is of the opinion that the internal controls of the group had been effective in all material respects, and that appropriate financial reporting procedures are in place and that these procedures and controls operated throughout the year under review.

This included consideration of all entities within the group's IFRS financial statements, in order to ensure that the committee had access to all the financial information of the company to enable it to effectively prepare and report on the financial statements of the company.

Assessment of the independence and quality of the external auditor, Ernst & Young Incorporated (EY) and the designated individual audit partner

The committee is responsible for the appointment, compensation and oversight of the external auditor for the group.

EY has been the group's external auditor for 36 years. The designated individual audit partner rotates every five years, with Ebrahim Dhorat being appointed as the current audit partner from the financial year ended 30 June 2018.

EY has a number of safeguards to ensure that all members of the audit team are independent. EY has also provided the committee with the information as detailed in paragraph 3.84(g)(iii), as read with section 22.15(h) of the JSE Listings Requirements.

During the year under review, *inter alia*, the following information was considered and reviewed by the committee:

- The Independent Regulatory Board for Auditors (IRBA) inspection report for EY's most recent International Statement on Quality Control (ISQC 1) review, which included the decision letter from the IRBA, the detailed findings and a copy of the remedial action plan sent to the IRBA by EY
- The most recent IRBA inspection report for the designated individual audit partner, Ebrahim Dhorat, which includes the decision letter from the IRBA, the detailed findings report and a copy of the proposed remedial action to address the said findings
- The decision letter from the IRBA for all engagement file reviews on Ebrahim Dhorat for the past audit
- A summary document which provides context and explanations of the findings for EY and engagement level reports of the IRBA
- A copy of the 2019 Transparency Report, which EY South Africa prepares in line with the European Union's 8th Company Law Directive.

This included the ISQC 1 information the JSE requires EY to communicate to clients. The Transparency Report is also published on EY's website

- A summary of EY's results of the monitoring of its system of quality control, in terms of paragraph 53 of ISQC 1
- A summary, including the outcome, of any legal or disciplinary proceedings concluded within the past 7 years, which were instituted in terms of any legislation or by any professional body of which EY and/or the designated individual audit partner, are a member or regulator to whom they are accountable, including where the matter is settled by consent order or payment of a fine



The committee has considered the information provided, and after due assessment, is satisfied that the external auditor, in terms of paragraph 3.84(g)(iv) of the JSE Listings Requirements, EY, and the designated individual partner, Ebrahim Dhorat, are appropriately accredited and are suitable for reappointment by way of a resolution pursuant to section 61(8) of the Companies Act 2008, at the upcoming annual general meeting of the company for the 2021 financial year.

Rotating audit firms

The board is committed to mandatory audit firm rotation, which will become effective from 1 April 2023.

As a listed entity, we believe that the auditing services of an international 'Big 4' auditing firm, with the necessary experience and expertise, should ensure that the company's financial results are reasonable and comply with IFRS. Furthermore, our growing business and ever changing accounting standards make it imperative to appoint an auditing firm which has exposure to international best practice and knowledge.

It is acknowledged that EY has been the auditor of Northam Platinum Limited for

an extended period of time. However, the other Big 4 auditing firms have provided a range of services to the group over the last number of years, and therefore do not qualify to take up the audit of the group due to the stipulated five-year cooling off period, currently prescribed by IRBA.

Should the cooling-off period be reduced from the current five-year period, the audit will be rotated at the earliest date possible to a suitable Big 4 firm.

Non-audit services

A formal policy regarding the approval of all non-audit services is in place. The committee reviews all non-audit services to ensure that the various related fees are within the approved limits and that the external auditor's independence is not jeopardised as a result of non-audit services provided.

The committee has received the necessary representation from the external auditors confirming the following:

- No other remuneration was received for work performed other than what has been disclosed;
- EY's independence was not impaired by any consultancy, advisory or other work performed during the year under review;
- EY's independence was not prejudiced by any previous appointment as auditor; and
- The criteria specified for independence by the IRBA and international regulatory bodies has been met



The committee, based on their assessment of the independence and effectiveness of the external auditor, EY, did not note any significant findings or considerations to indicate that the external auditor is not independent or that the services provided by them have not been effective and robust.

Audit and risk committee report – continued

Audit and non-audit fees

For the year under review, the external auditors, EY, charged the following fees:

	30 June 2020 R000	30 June 2019 R000
Audit services Northam Platinum Limited and group companies	6 392	5 620
Audit services Zambezi Platinum (RF) Limited	590	554
Assurance: Sustainable development report	1 095	1 215
Audit services: ISRE 2410 review	929	869
Audit services: ISRE 2410 review Zambezi Platinum (RF) Limited	79	74
Non-audit fees	630	174
Assurance reports relating to the issue of commercial paper (Domestic medium term notes)	2 500	1 000
Total	12 215	9 506

Internal audit

The internal audit function has been outsourced to KPMG Services Proprietary Limited (KPMG).

The responsibilities normally associated with that of a Chief Audit Executive (CAE) has been allocated to the director in charge of the internal audit function.

The committee believes that Thomas Gouws, being a director of KPMG, has the necessary competence, gravitas and objectivity to fulfill these duties. He also has unrestricted access to the chairperson of the committee.

The internal auditor reports to the chair of the committee, with regards to the performance of its duties and functions. On other administrative matters, the internal auditor reports to the CFO.

The following functions are performed by internal audit:

- Assessment of compliance with laws and regulations
- Evaluate the effectiveness of internal controls over financial reporting and internal controls in general
- Report findings to management and the committee and monitor the remediation of all significant deficiencies reported
- Assist with the implementation of the Combined Assurance Framework

The committee has ensured that internal audit performed an independent assurance function and monitored its effectiveness in terms of the agreed upon assurance scope, audit plans and the overall performance of the function.

The committee also monitored the audit findings, risk areas and, where appropriate, challenged management on actions taken.



The committee is satisfied with the appropriateness of the expertise, experience and resources of the internal audit function.

Combined assurance

The committee is responsible for overseeing combined assurance activities and ensuring that these are effective in achieving its objectives.

The group's combined assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the group. It avoids duplication of efforts and rationalises collaboration amongst assurance providers.



The committee is satisfied that the combined assurance model adequately addresses the risks and material matters through the aggregated efforts of the various assurance providers and result in an adequate, effective control environment and the integrity of reports relied upon for decision making.

Effectiveness of the CFO and the finance function

The committee annually reviews an internal assessment of the skills, expertise and resourcing of the finance function as well as the expertise and experience of the CFO, Mrs AH Coetzee.



The committee is satisfied with the appropriateness of the expertise and experience of the CFO, Mrs AH Coetzee, the effectiveness of the finance function overall as well as the adequacy of resources.



Focus areas for F2021

- Continuous improvement of the internal control environment
- Maturity of the risk management process within the group
- Continue to monitor the potential impact of the COVID-19 pandemic on the group's going concern

Conclusion

The committee is satisfied that it has considered and discharged its responsibilities in line with its charter, statutory responsibilities as set out in section 94(7) of the Companies Act, the JSE Listings Requirements and King IV™ during the year under review.

On behalf of the committee.

HH Hickey
Chairperson

Johannesburg
14 August 2020

Investment committee report



The investment committee's activities follow the group's strategy as we expand and streamline our operations. Activity levels will vary from time to time as investment opportunities arise.

Committee composition

DH Brown (Chairman)
Independent non-executive director
Joined committee on
7 November 2017

R Havenstein
Lead independent director
Joined committee on
2 April 2012

CK Chabedi
Non-executive director
Joined committee on
20 February 2013

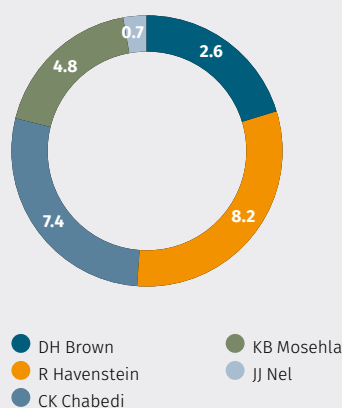
KB Mosehla
Non-executive chairman
Joined committee on
9 September 2015

JJ Nel
Independent non-executive director
Joined committee on
1 November 2019

Changes to the committee during the year

Mr JJ Nel was appointed as a member of the committee on 1 November 2019

Years on committee



Invited attendees

PA Dunne
CEO

AH Coetzee
CFO

Mandate

Governance over the investment in financial, manufactured and natural capitals

The mandate of the investment committee is to:

- Oversee the analysis and evaluation of investment opportunities, governed by our internal approval framework
- Retain external specialists to assist management with the analysis and evaluation of investment opportunities
- Make recommendations to the board on acceptance (subject to regulatory and legislative requirements) of specific investment opportunities that have been analysed and evaluated under the supervision of the committee
- Provide oversight on the implementation and execution of specific investment opportunities that have been approved by the board

See the investment committee's charter at www.northam.co.za/governance/policies-and-procedures

Related material issues

- Maintaining our legislative and regulatory compliance, focusing on the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Mining Charter
- Effective project execution

See our annual integrated report 2020 for more detail on material issues on page 32.

Related risks and opportunities

- Exchange rate and commodity price volatility
- Growth project execution and the development of new operations

Focus areas in 2020

Brownfields and recent acquisitions

The committee meets as and when required and there were no meetings held during F2020. During the year under review, the members monitored the project execution of brownfield projects and recent acquisitions.



The investment committee is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

Areas of focus for F2021

Investment opportunities

Evaluate any potential acquisition opportunities as they arise.

Nomination committee report



At Northam we believe that the composition of the board and its committees underpins effective governance. Board refreshment and succession planning are ongoing initiatives and will be done gradually and in an orderly manner to maintain and preserve institutional knowledge, continuity and diversity.

1
meeting

100%
Committee meeting attendance

Committee composition

R Havenstein (Chairman)
Lead independent director
Joined committee on
18 February 2015

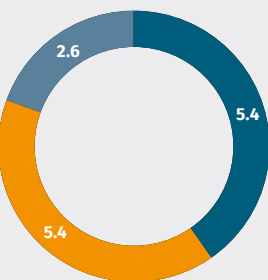
TE Kgosi
Non-executive director
Joined committee on
18 February 2015

KB Mosehla
Non-executive chairman
Joined committee on
7 November 2017

Changes to the committee during the year

There were no changes to the committee during the year under review.

Years on committee



- R Havenstein
- TE Kgosi
- KB Mosehla

Meeting attendance



Invited attendees

PA Dunne
CEO

AH Coetzee
CFO

Mandate

Governance over intellectual capital

The mandate of the nomination committee includes:

- Providing oversight and making recommendations to the board in terms of board and board committee composition
- Facilitating the rotation of directors
- Succession planning
- Directors' training and induction
- Corporate governance and compliance matters

See the nomination committee's charter at www.northam.co.za/governance/policies-and-procedures

Related material issues

Maintaining our legislative and regulatory compliance, focusing on the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Mining Charter

See our annual integrated report 2020 for more detail on material issues on page 32.

Related risks and opportunities

- Social license to operate

Focus areas in 2020

Shareholders' feedback

Reviewed and considered comments received from institutional shareholders prior to the 2019 AGM. This feedback informed the decision to change certain directors' designations as detailed under directors' independence, below.

Directors' independence

- Monitored and reviewed the independence of the independent non-executive directors
- Ms Kgosi's board status was changed to non-executive from 31 December 2019 as a result of her indirect beneficial interest of 635 000 Northam shares through the Zambezi Platinum structure
- Mr Chabedi's board status was changed as a result of his indirect beneficial interest of 204 000 Northam shares through the Zambezi Platinum structure

Board composition

Reviewed the composition of the board to ensure it comprises the appropriate balance of knowledge, skills, experience,

diversity and independence to fulfil its governance role.

Board refreshment

Reviewed and considered eligibility for re-election of directors retiring, noting all directors in question are eligible for re-election.

Committee appointments

Mr Nel and Dr Jekwa were appointed as members of the investment committee and the health, safety and environmental committees respectively, with effect from 1 November 2019.

Board performance

Considered, reviewed and implemented the suggested actions from the independent board and the self-assessments of the board committee conducted in F2019.



The nomination committee is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

Areas of focus for F2021

Board committee composition

Additional independent directors will be added to the committees on which Ms Kgosi and Mr Chabedi currently serve, including the nomination committee, ensuring that these committees' composition retains a majority of independent non-executive directors as prescribed by the committee charters.

Board performance

The committee will oversee an independently facilitated self-review of the board and its committees.

Board succession planning

The committee will propose a successor for the lead independent non-executive director and ensure that board succession plans are updated.

Attendance of members at board and committee meetings

Attendance 1 July 2019 to 30 June 2020

	Board	Audit & risk committee	HS&E committee	Investment committee	Nomination committee	SEHR&T committee	Total	Total %
Number of meetings held	5	4	4	0	1	4	18	
KB Mosehla (chairman) ¹	4/4	–	–	–	1/1	–	5/5	100%
R Havenstein (lead independent)	5/5	–	3/4*	–	1/1	–	9/10	90%
PA Dunne (CEO)	5/5	–	4/4	–	–	–	9/9	100%
AH Coetzee(CFO)	5/5	–	–	–	–	–	5/5	100%
DH Brown	5/5	4/4	–	–	–	–	9/9	100%
CK Chabedi ¹	4/4	–	4/4	–	–	4/4	12/12	100%
HH Hickey	5/5	4/4	–	–	–	–	9/9	100%
NY Jekwa ²	5/5	4/4	3/3	–	–	4/4	16/16	100%
TE Kgosi ¹	4/4	–	–	–	1/1	4/4	9/9	100%
TI Mvusi	5/5	–	–	–	–	–	5/5	100%
JG Smithies	5/5	–	4/4	–	–	–	9/9	100%
MH Jonas	4/5*	–	–	–	–	–	4/5	80%
JJ Nel ²	5/5	3/4*	–	–	–	–	8/9	89%
Overall attendance %³	98%	94%	95%	–	100%	100%	97%	89%

– Not applicable

* Apologies received

¹ In terms of good corporate governance, Mr KB Mosehla, in his capacity as chairman of the board, Mr CK Chabedi and Ms TE Kgosi recused themselves from attending the special board meeting held on 30 August 2019, due to their personal financial interests in Zambezi Platinum. This special board meeting authorised management to purchase Zambezi Platinum preference shares on behalf of the company, returning value to Northam shareholders.

² Dr NY Jekwa was appointed to the health, safety and environmental committee meeting on 1 November 2019 and Mr JJ Nel was appointed to the investment committee on the same date.

³ Total meetings attended by directors out of total applicable meetings

KING IV™ status

The board is satisfied that, during the 2020 financial year, every effort was made to apply and explain all aspects of KING IV™, as appropriate.

The audit and risk committee, the health, safety and environmental committee, the investment committee, the nomination committee and the social, ethics, human resources and transformation committee are all satisfied that Northam has complied with the KING IV™ principles during the 2020 financial year and is taking steps to ensure continued adherence to the obligations placed upon the group in this regard.

Our KING IV™ apply and explain statement is available on our website at www.northam.co.za/governance

On behalf of the board.

KB Mosehla

Chairman

R Havenstein

Lead independent director

18 August 2020

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