NORTHAM
PLATINUM HOLDINGS LIMITED

The new Northam: continuing to create value for all stakeholders

Corporate governance report
30 June 2021

smart platinum mining

Rhodium – the rose

Rhodium is considered the rarest and most valuable precious metal in the world.

In its pure form it is silvery-white and the most reflective of all metals. It was, however, first isolated from a rosey-red coloured chloride salt in 1803 by the English scientist, William Hyde Wollaston. This led to him naming it after the Greek word for rose, “rhodon”.

The photograph on the front cover of this report shows powdered rhodium chloride.

Rhodium has in the past been lesser known in comparison to its sister metals, platinum and palladium. It has become more prominent in recent times as a result of its very special application when it comes to human health – rhodium is used extensively in the automotive sector to control the emissions of nitrous oxides (NOx) which are deleterious to pulmonary health.

Only around 30 tonnes of rhodium are sold each year, but its price over the past year averaged over R9 million per kilogram. This is important for South Africa and particularly for South African Platinum Group Metal (PGM) miners, as over 85% of the world’s rhodium comes from the Bushveld, predominantly from our UG2 orebodies. The remainder is derived from Norilsk in Russia, and from the Sudbury Complex in Canada.

In the past, the world was generally at a loss to find significant uses for rhodium, as it was with all of the PGMs. We had to wait for the disciplines of chemistry and engineering to evolve.

Rhodium’s physical properties were harnessed in its earliest uses. These include a high melting point, extreme hardness, durability, lustre (or reflectivity) and resistance to corrosion. Alloying rhodium with other PGMs also increases their hardness and lustre.

Uses included pen nibs and razor blades, high-temperature laboratory instruments such as crucibles and thermometers (termed thermocouples) and low resistance electrical contacts in motors and electronic circuits. Durability, along with reflectivity led to its application as a thin, electroplated coating to platinum jewellery, giving lustre to what would otherwise be a relatively dull surface. This property is also employed in the reflective surfaces required for powerful searchlights and lighthouse beacons.

Only in the 1950s was it found that rhodium acted as a catalyst in numerous organic reactions. This has had profound positive implications for our modern world. Catalysts are defined as substances that either increase the rate, or lower the activation energy of a chemical reaction without the catalysts themselves being consumed or undergoing any permanent chemical change. This leads to significant energy and cost savings in industrial processes.

One of the earliest catalytic applications for rhodium was in the Monsato process, in which acetic acid is produced from methanol. A second and by far the most important application of the metal, accounting for over 90% of global consumption, is in the reduction of NOx emissions from vehicle exhausts. Developments in modern organic chemistry are leading to the discovery of an ever increasing number of catalytic applications.

Environmental legislation in Europe, China, India and more recently, the United States, is heavily focussed on NOx gases. This is creating significant demand-pull. In addition, since the global financial crisis of 2008, there has been significant under investment in PGM mining assets. This has negatively impacted the ability of South African primary producers to meet the growing demand. This, in turn, led to price appreciation, with a consequent flow-through to the basket price received by miners of UG2 ore. Current weak pricing is related to silicon chip supply constraints restricting automotive manufacturing. This is expected to be a short-term event and the prices should rebound once supplies are restored.

At Northam, rhodium represents only around 8% by mass of all of the precious metals we produce and sell. However, for the past year it contributed on average 50% of our revenue. This contribution will increase as our UG2 dominated production growth strategy plays out and automotive supply normalises.

We believe in the metals that we produce, including rhodium. They are special. Our counter-cyclical investment in various growth projects demonstrates this confidence.

Northam will continue to produce many roses for years to come.

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The statements/information included in this report is as at 30 June 2021, unless otherwise stated.

Navigation icons

We use the capitals concept to convey quantitative and qualitative information. The degree and nature of the impact that our material issues have upon our business and the various capitals have also been considered throughout the report.

Capitals

- Financial
- Manufactured
- Social
- Human
- Natural
- Intellectual

Board and committees

- A — Audit and risk committee
- B — Board of directors
- E — Executive committee
- H — Health, safety and environmental committee
- I — Investment committee
- IT — IT steering committee
- M — Management review committees
- N — Nomination committee
- S — Social, ethics, human resources and transformation committee

Subsequent to year end a Remuneration committee was established

Links

- Refers to other pages in our reporting suite
- Refers to supporting documents on our website: www.northam.co.za
- COVID-19 issue

A message from our independent chairman

The board has remained focussed on the governance of the group, continuing to build on the work already done. I am delighted to report on these activities for the period ended 30 June 2021.

Ongoing impact of COVID-19

The COVID-19 pandemic continues to have a significant impact on business and society in general. A key priority for Northam is, and always will be, the care and well-being of our employees.

During the year under review, the board's focus has been to ensure that our operations were normalised as quickly as possible, within the framework provided by government and industry, whilst maintaining the health and wellness of our employees. The board, through the health, safety and environmental committee, monitored overall compliance to the established COVID-19 related protocols, geared to detect, prevent and reduce the impact of the virus on our people and operations.

The board confirmed that the levels of medical care provided to employees are comprehensive. These have been built on the various health and safety initiatives implemented at our operations to manage a range of other health risks. It also noted targeted initiatives which assist in preventing and managing chronic and lifestyle diseases, support good mental health and prevent drug and alcohol abuse. Tuberculosis and HIV infection control, as well as the management thereof, remains a priority for the group and our positive results in these areas are most satisfying.

As of the end of the year, 1 397 of our 18 288 employees had contracted the COVID-19 virus. Of these, 87% have recovered. Regrettably though, 14 have passed away. The board wishes to extend our condolences to everyone who has been affected by this pandemic.

Despite the impact of COVID-19, all salaries and employee bonuses were paid, with all employees, except the executive directors, receiving inflationary increases in 2021. Non-executive directors donated their increase in fees to our two community trusts during the year.

Management, on behalf of the board, has actively engaged with all our stakeholders during the year under review and the board continues to monitor the ongoing impact of the pandemic on our employees, business performance and liquidity levels.

Annual General Meeting

We held our Annual General Meeting (AGM) on 27 November 2020. All the binding ordinary and special resolutions were approved by the requisite majority of shareholders present, or represented by proxy at the AGM, save for ordinary resolution number 1.2 which related to the re-election of Mr CK Chabedi as a director. Mr Chabedi subsequently retired from the board at the conclusion of the AGM.

Shareholders were also advised that Mr R Havenstein, as lead independent director, retired from the board at the conclusion of the AGM.

The non-binding advisory ordinary resolutions relating to the group's remuneration policy and implementation report received 72.93% and 72.96% respectively. This is below the requisite support of 75% of votes. We have engaged with our shareholders on these resolutions. Accordingly, feedback has been incorporated into our remuneration governance structures, policy and implementation report. This includes the establishment of a separate remuneration committee after year-end 30 June 2021. This role previously formed part of the social, ethics, human resources and transformation committee responsibilities.

Refer to our Remuneration report available on our website at www.northam.co.za

Changes to the board and committees

In anticipation of the successful conclusion of the Composite Transaction, Mr KB Mosehla resigned as non-executive chairman of the board on 21 June 2021. Following shareholder approval of the Composite Transaction on 30 June 2021, Mr Mosehla also resigned as a director of the company.

I was humbled to have been nominated and appointed to succeed Mr Mosehla as the group's independent non-executive chairman, in line with the board's succession plan. The board would like to express their appreciation to Mr Mosehla for his valuable contribution to the company during his tenure as chairman of the board.

With the resignation of Mr Chabedi and Mr Havenstein, the board welcomed Mr GT Lewis as a new, independent non-executive director of the group. Mr Lewis is the former chief executive officer of Northam and prior to that, the general manager of the Zondereinde operation.

Mr Lewis has completed a seven year cooling-off period between his retirement from Northam and his acceptance of a non-executive role.

“

It is the board’s considered opinion that PGM demand will remain generally strong over the coming decade. This will support pricing. Against this backdrop a key consideration for the board remains the allocation of capital, including the return of sustainable value to shareholders.

David Brown
Independent chairman

Mr Lewis brings with him a wealth of mining experience and industry insights, as well as deep technical and commercial competence.

The successor for the role of lead independent director of the group will be considered in the coming year. These changes allow the company to implement a well-planned and well-structured transition in terms of the future composition of the board and its committees.

Board assessment
During the year under review, the Institute of Directors in Southern Africa (IoDSA) was appointed to facilitate a self-appraisal evaluation of the board and its committees.

The assessment indicated that the board committees are effectively run, appropriately supported and have vigorous engagements with the board and management. Board members expressed their continued support and appreciation for the refreshing and engaging culture which exists at board level. Areas identified for improvement will form part of the committee review and assessment process during F2022.

Safety
The safety of all our employees remains of paramount importance and takes precedence over all production objectives.

Tragically, we suffered two fatalities in separate underground incidents at our Zondereinde mine during March 2021. The board wishes to express their sincere condolences to the families, friends and colleagues of the deceased, Mr Motaung and Mr Guambe. A month prior to this, Zondereinde had achieved two million fatality free shifts. During the same period, Booysendal mine surpassed six million fatality free shifts since its inception.

The board, together with the health, safety and environmental committee, commits to increase its monitoring of the group's initiatives to improve its capacity to identify and address high-potential hazards, apply learnings from high-potential incidents, and use technology to reduce safety risks. This commitment includes the close monitoring of the measures implemented by management following the outcomes of the investigations into the two fatalities.

The board notes our overall positive trend in safety, including improving total safety statistics at Eland mine, and that this is reflective of the quality of our safety leadership and operational risk management.

Environmental, Social and Governance
As a miner of "green metals", environmental and social governance remains front of mind for the board.

The board has always considered energy efficiency in the design of our operations with the group having ambitious goals for our water, climate change and biodiversity performance. Management has set energy intensity reduction targets from a base date of 2019. The board will monitor performance against these targets going forward.

The implementation of best practice water-treatment and recovery technologies continues to drive progress in improving the group's water use.

The board has also approved the development of a 10MW photovoltaic (solar) plant to supplement the electricity supply to the Zondereinde smelter facility. The design and implementation phase is currently in progress with construction scheduled to commence in the second half of F2022. The solar plant is expected to be operational in F2023. Initial small scale solar installations are also in progress at Eland and Booysendal with expansion plans being investigated.

The energy efficiency and emission impacts for all new projects will be scrutinised and challenged by the board, ensuring that these contribute to the group's sustainability goals.

Our mines operate in some of the least economically developed areas of the country and as a group, we are conscious of our social responsibility as a responsible corporate citizen. We have good relationships and robust engagements with our host communities.

During the year under review the board together with the social, ethics, human resources and transformation committee spent significant time considering and overseeing the group's societal initiatives, as part of our growth strategy. The growth strategy has resulted in significant local economic stimulation and the creation of new, direct, meaningful and sustainable jobs for thousands of people.

Returning value to shareholders – early maturity of the Zambezi BEE Transaction and implementation of an Extended Empowerment Transaction
During 2020, the board and management resolved that the optimal manner to return value to shareholders, a key strategic imperative, was the acceleration of the maturity of the Zambezi BEE Transaction entered into between Northam and Zambezi Platinum (RF) Limited. This was enabled by the successful preceding Zambezi preference share purchase programme.

The appreciation in the Northam share price provided an opportunity for early wind-up of the transaction. This crystallised value for all shareholders. An Extended Empowerment Transaction will also be implemented in the coming year.

Governance over the various elements of the Composite Transaction was a key focus area for the board and in particular the investment committee.

In terms of the Companies Regulations, 2011 an independent board was also established due to certain directors having a conflict of interest, either through their directorships in Zambezi, or by having personal financial interests in the transaction. As a result, these directors recused themselves from approving the Composite Transaction.

The independent board therefore, played an integral role in providing oversight of the key activities, considerations and decisions taken throughout the process, as well as reviewing all elements of the transaction, through the investment committee. It also ensured that the Extended Empowerment Transaction is truly broad-based, focussing on our communities and our employees which ensures compliance with the Mining Charter.

Furthermore, it was of particular importance to the board that no external funding would be introduced through the transaction, thus eliminating external price risk.

See the Investment committee report on page 26 of this report for detail on the Composite Transaction.

Looking ahead

It is the board's considered opinion that PGM demand will remain generally strong over the coming decade. This, despite some short-term fluctuations, will support pricing. Against this backdrop a key consideration for the board remains the allocation of capital, including the return of sustainable value to shareholders.

In addition, the energy efficiency and emission impacts for all new projects and existing operations will be scrutinised and challenged by the board. This is to ensure that we continue to grow our group sustainably.

The implementation of the Composite Transaction will also be an area of focus for the board in the coming year.

Finally, on behalf of the board, I would like to thank our stakeholders, and in particular our employees, who supported us throughout this challenging year. I would also like to thank the board for its continued support and efforts.

David Brown
Independent chairman

23 September 2021

Board focus areas in F2022

COVID-19

The ongoing impact of the COVID-19 pandemic remains a threat to our operations. The board will continue to maintain oversight of the group's efforts to ensure the health, safety and well-being of our employees and host communities.

The board will also ensure that the group assists and fully participates in the vaccination programme under the leadership of government.

Safety

We believe in driving our desired safety culture and achieving the group's goal of zero fatalities.

The board, with the assistance of the health, safety and environmental committee, will continue to monitor the group's safety results across key performance areas. Monitoring the implementation of measures to strengthen accountability at the operations will therefore be an area of particular focus.

Implementation of the Composite Transaction

The Composite Transaction will ensure the group's empowerment credentials for years to come. The board will provide oversight of the implementation of the transaction and in particular its compliance with the Mining Charter.

Board and committee composition and charter review

The board will reassess its composition and that of its committees during the coming 12 months. Important considerations in this process will be maintenance of a balance between new insight, depth of experience, continuity and broad diversity. A successor for the lead independent director will be also be considered during the coming year.

In addition, the board will also perform a detailed review and reassessment of the mandates and charters of the board committees during F2022. This process will be done in a structured manner led by DH Brown, as chairman of the board.

Capital projects

A key strategic imperative for the group is growing production down the cost curve. The execution of our various capital projects underpins this.

The board will continue to monitor this over the next 12 months, focussing on whether these are on time and on budget.

Environmental, Social and Governance

The board will continue to monitor the implementation of initiatives to enhance disclosure on all aspects of the group's environmental and social impacts, as well as governance oversight frameworks.

Return of value to shareholders

We remain committed to continue to return to our shareholders free cash not required in the advancement of the groups ongoing growth programme.

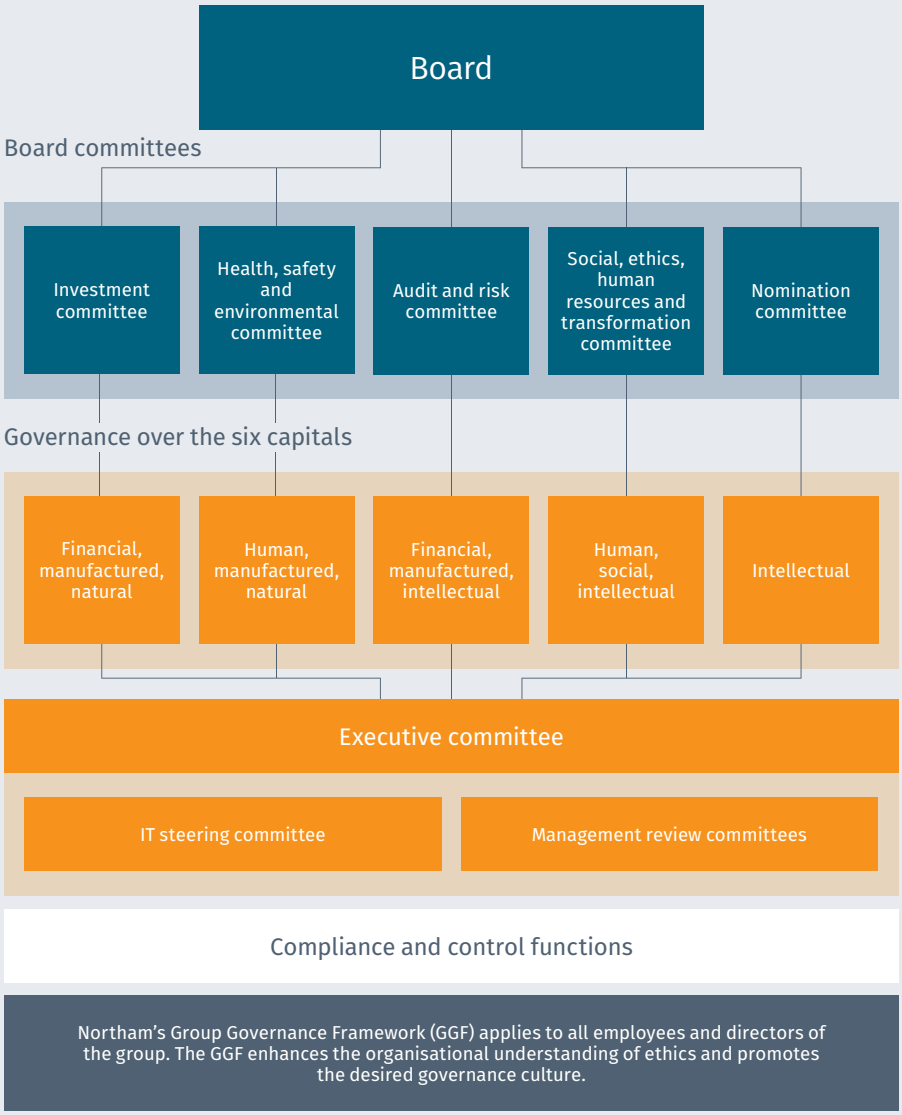
The board will look at implementing a dividend policy in the coming year.

Governance at a glance

Our governance philosophy

At Northam, we believe that good corporate governance is fundamental to the success, sustainability and legitimacy of our group. We understand corporate governance as an organisation wide set of principles, frameworks and risk management practices that ensure we make choices which are aligned with our mission, vision, values and strategic objectives. These hold our directors and employees accountable for their actions and decisions, and ensures orderly devolution of responsibility.

Group governance framework



Foundations of governance at Northam

Group Governance Framework (GGF) drives top down governance, enabling maximum devolution of responsibility and avoidance of duplication, whilst ensuring clarity of relationship between the group and its subsidiaries

Proportionality reduces the administrative burden without impacting the risk, control and governance environment

Four lines of assurance establishes clear accountability and ownership for risk management, the control environment and required mitigating management actions

Risk management philosophy ensures there is a common set of standards for the management of risk and opportunity

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

Our ethics

Ethics and integrity are fundamental to an effective governance framework. They set the foundation for a culture that imbues confidence in employees, customers, suppliers and investors.

The board accepts collective responsibility for defining how ethics and ethical behaviour are embedded within the group. Accordingly, the Northam code of ethics and conduct (our code) seeks to promote continued and strengthening ethical behaviour across the group.

Our code commits the company, its directors, officers and employees to the highest standards of ethical conduct.

Our code includes the group's commitment to conduct its business in accordance with the spirit of all applicable laws, rules and regulations.

It also defines a set of ethical standards and guidelines. These describe the fundamental principles required to maintain ethical dealings with all our stakeholders and peers. These are aligned with the group's values that govern our everyday business conduct.

Our code covers amongst other things; the use of company assets including intellectual property and other information, gender and racial diversity, freedom of association, compliance requirements, fraud, theft and corruption, as well as insider trading.

In order to ensure a progressive ethical culture, regular reviews of our code are undertaken and revisions are made when required.

A copy of our Code of ethics and conduct is available on our website at www.northam.co.za/governance/policies-and-procedures.

Governance of ethics

The board fully acknowledges and accepts the responsibility for ensuring that the group continues to operate responsibly, sustainably and in an ethical manner, for the benefit of all our stakeholders.

Board members are individually and collectively accountable for their ethical and effective leadership of the group. During the year under review board members were individually assessed by their peers with a report in this regard submitted to the Chairman.

All deliberations, decisions and actions of the board are based on fairness, accountability, responsibility and transparency.

Director, prescribed officer and employee interests are managed through formal internal processes. In addition, the director recruitment process includes fit and proper assessments.

We have a variety of internal and external reporting mechanisms. This includes an independent ethics and fraud hotline which is available on our website, referenced in our code and published across our operations and local communities. Reports from the ethics and fraud hotline are a standard agenda item for the audit and risk committee. Management updates the committee members at each meeting of transgressions recorded, actions taken, as well as associated initiatives applied.

Directors, officers and employees are encouraged to report any approach made to them, or which they are aware of, by any person or entity seeking favour or preference in terms of business dealings with the group to the ethics and fraud hotline.

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

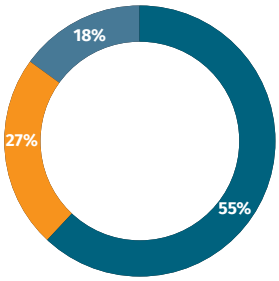
During the year under review the social, ethics, human resources and transformation committee oversaw the proactive roll-out of the refreshed code across the group.

See the Social, ethics, human resources and transformation committee report on page 30 of this report.

Board of directors

The Northam board is diverse, consisting of 11 members. 18% of our board members hold engineering degrees, 36% 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, have extensive exposure and experience as CEOs.

Board demographics



- Historically disadvantaged persons (HDP) (Northam internal target for HDP board representation: 50%)
- Non-South African
- Non-HDP

Gender diversity

4
Female (36%)

7
Male (64%)

Northam target for female board representation: 20%

Age diversity

76
Oldest

42
Youngest

Average age of 59,
45% under the age of 60

Tenure

- 0–3 years
- 3-9 years
- >9 years

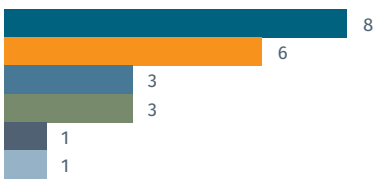
Independence

1
Non-executive (9%)

8
Independent non-executive (73%)

2
Executive (18%)

Board skills*



- Finance
- Mining
- M&A
- Audit and risk management
- Investment management
- Medical

* Based on number of directors with particular skill

Meetings

6
Board meetings held

96%
Board and committee attendance

Independent non-executive

DH Brown CA (SA) (59) I A
Chairman
Board member since November 2017 (3.6 years)

Other directorships: Non-executive director of listed companies; Resilient Reit Limited, Bindura Nickel Company Limited and the lead independent director of Vodacom Group Limited. Non-executive director of the non-listed companies; Great Dyke Investments, Ntsimbintle Holdings Propriety Limited and Revego Africa Energy Limited.

Experience: Former CEO of Kuvimba Mining House Limited and MC Mining Limited and prior to that CEO and CFO at Impala Platinum Holdings Limited (Implats). Previous member of the Accenture South Africa advisory board. Worked in information technology and for the Exxon Mobil Corporation in Europe.

TI Mvusi BA, ELP, MAP, PDP (65)
Board member since January 2016 (5.5 years)

Other directorships: Non-executive director of African Rainbow Capital Limited, Dippenaar and Reinecke Proprietary Limited and non-executive director and chairman of Sanlam Investments Proprietary Limited.

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

HH Hickey CA (SA) (67) A
Board member since January 2016 (5.5 years)

Other directorships: Independent non-executive director of Barloworld Limited and Pepkor Holdings Limited.

Experience: A Chartered Accountant with over 35 years of experience in auditing, risk management and governance and former chairman of the South African Institute of Chartered Accountants.

Committee membership

- A Audit and risk committee
- H Health, safety and environmental committee
- I Investment committee
- N Nomination committee
- S Social, ethics, human resources and transformation committee
- Committee chair

Executive

JG Smithies BSc (Mining Engineering), BSc (Chemistry) (76)

Board member since January 2017 (4.5 years)

Experience: Former CEO and director of operations at Implats.

Dr NY Jekwa MBA (Finance), MBBCh (Bachelor of Medicine and Bachelor of Surgery), MIoDSA (46)

Board member since November 2017 (3.6 years)

Other directorships: CEO of Mergence Investment Managers Proprietary Limited, independent non-executive director of Ascendis Health Ltd and non-executive director of Brait Societas Europaea.

Experience: Former head of capital raising at Coast2Coast Propriety 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.

MH Jonas BA (History and Sociology) (61)

Board member since November 2018 (2.7 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.

JJ Nel CA (SA), CFA (AIMR), AMP (INSEAD) (49)

Board member since November 2018 (2.7 years)

Other directorships: Non-executive director of DRDGOLD Limited, Mimosa Holdings Proprietary Limited and Mimosa Investment Limited. Independent non-executive director of Tongaat Hulett Limited.

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 and a former non-executive director of DRA Global Limited.

GT Lewis BSC (Mining Engineering), MBA (64)

Board member since December 2020 (0.6 years)

Experience: Former CEO of Northam and general manager of Zondereinde. Instrumental in the development of Booysendal mine. Previously served as the former general manager of Gold Fields Ghana establishing the Tarkwa gold mine. Former chairman of the Ghana Chamber of Mines Technical Committee and has held a number of senior positions at various gold, coal and base metal mining operations.

PA Dunne BSc (Hons), MBA (58)

Chief executive officer

Board member since March 2014 (7.3 years)

Other directorships: Non-executive director of Zambezi Platinum, the International Platinum Group Metals Association (IPA) and a current vice president of the Minerals Council of South Africa.

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

AH Coetzee CA (SA) (42)

Chief financial officer

Joined Northam in December 2015

Other directorships: Non-executive director of Zambezi Platinum.

Experience: Joined Northam in December 2015 as the group financial controller and was appointed chief financial officer in November 2018. Former associate director at Ernst & Young Incorporated with more than ten years' experience in, and exposure to the mining and manufacturing industries, including the auditing of large, listed and multi-locational organisations.

Non-executive

TE Kgosi BCom (Hons) (67)

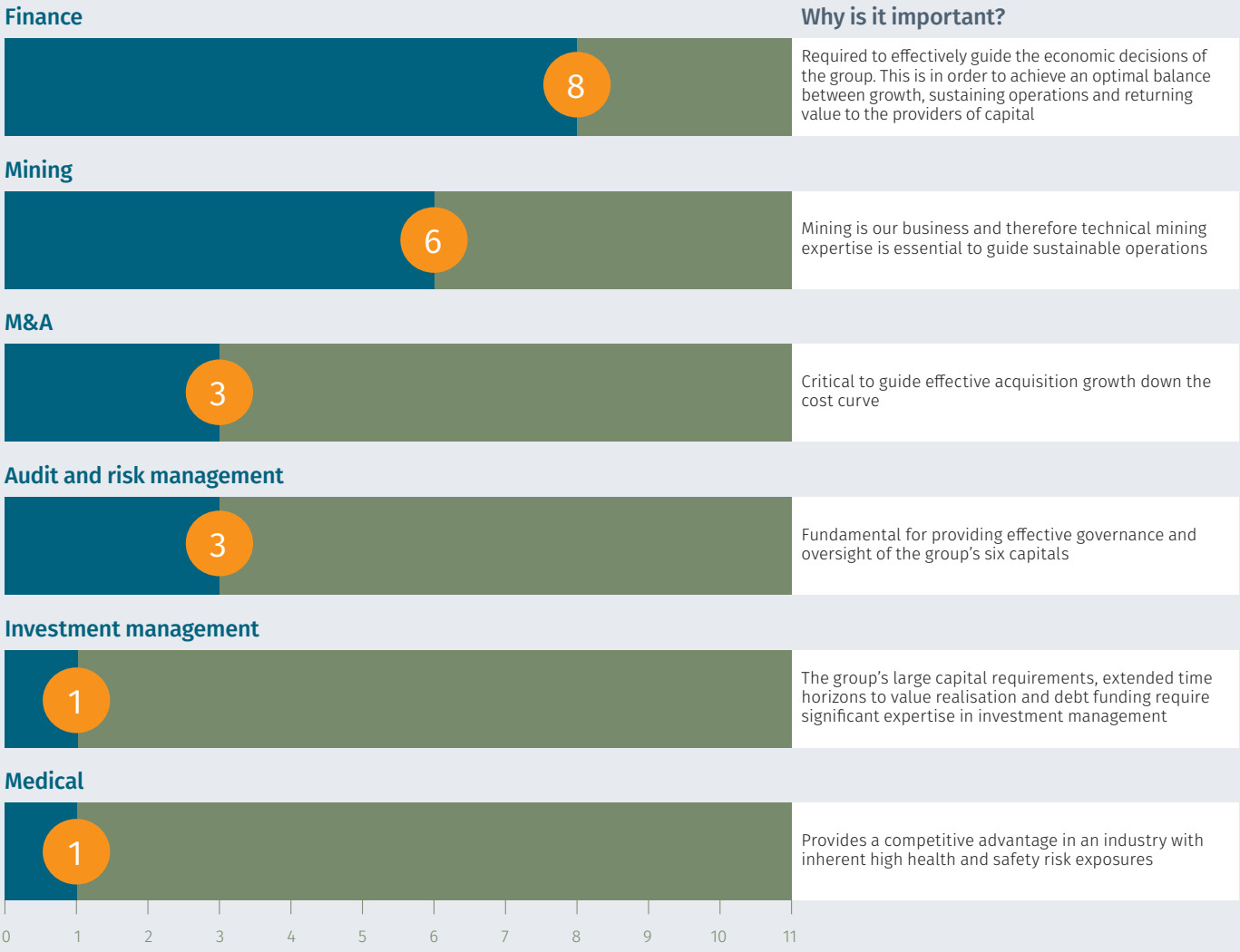
Board member since November 2004 (16.7 years)

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).

Skills and independence

Knowledge, skills and experience

Board members with recognised industry expertise in a particular field



The board is satisfied that our directors have the qualifications, knowledge and understanding necessary to govern the group, taking into account its nature, size and scale of operations and the laws and customs governing its actions.

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 this, the board conducts annual independence evaluations of the independent non-executive directors.

See the Nomination committee report on page 46 of this report.

Changes to the board

Changes in composition of the board and committees during the year

Board member	Date	Nature of change	Impact on committee membership
CK Chabedi	27 November 2020	Not re-elected as a director by shareholders at the November 2020 AGM	Resigned from health, safety and environmental committee Resigned from investment committee Resigned from social, ethics, human resources and transformation committee
R Havenstein	27 November 2020	Retired from board	Resigned from health, safety and environmental committee Resigned from nomination committee Resigned from investment committee
DH Brown	1 November 2020	Designation change from independent non-executive director to lead independent director	–
	22 June 2021	Appointed as independent non-executive chairman of the board	Not available for re-election to the audit and risk committee at the next AGM
GT Lewis	1 December 2020	Appointed as independent non-executive director on the board	–
KB Mosehla	21 June 2021	Resigned as non-executive chairman of the board	–
	30 June 2021	Resigned from board	Resigned from nomination committee Resigned from investment committee

The board currently has HDP representation of

55%

(Northam target: 50%)

The board currently has female representation of

36%

(Northam target: 20%)

73%

of our board are independent non-executive directors

Appointment of directors and our 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.

We recognise and embrace the benefits of having a diverse board, and have approved and implemented a broad 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 skill, relevant business experience, expertise, gender, ethnicity, age and independence, which the board as a collective requires to effectively execute its duties. The nomination committee regularly evaluates the composition of the board, taking into consideration its succession plan and rotation schedule.

External board memberships

We ensure, through quarterly declarations by our board members of their external board memberships that our board members are not overcommitted in terms of their representation on other listed boards.

We limit the number of listed directorships of our directors. In our board appointment protocols, we caution against the over extension of our directors and provide guidance on matters to consider before accepting other directorships outside of the group.

Rotation and retirement of directors

In terms of the company'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 2021:

- **NY Jekwa**
- **MH Jonas**
- **JJ Nel**

All of these directors are eligible for re-election and have indicated that they will offer themselves for re-election at the next AGM.

The full text of the ordinary resolutions is contained in the notice of AGM and abridged annual report 2021.

These documents are available on our 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 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 four of the directors having tenures in excess of five years, balanced with four 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.

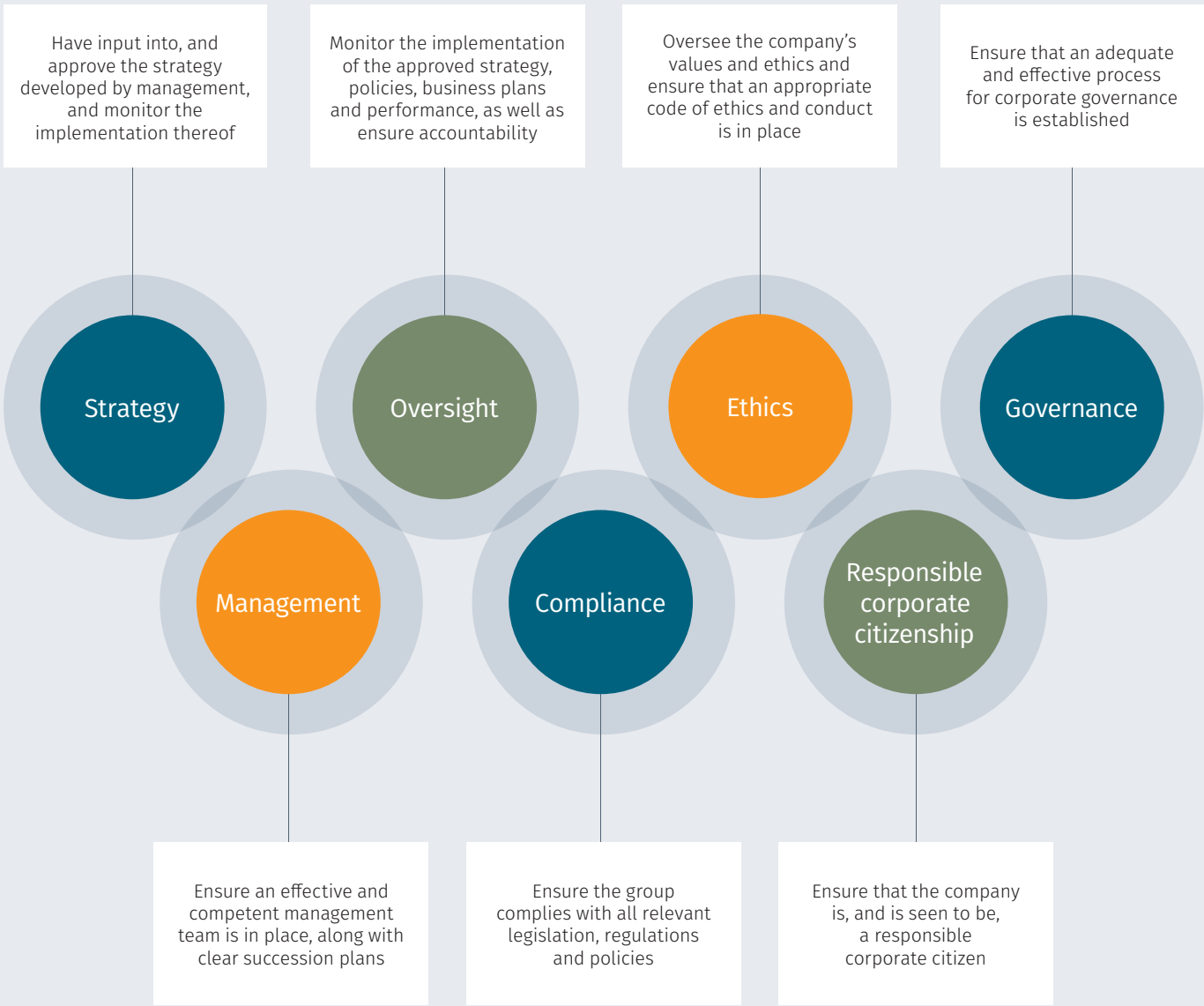
These succession planning measures were borne out through the appointment of DH Brown as the lead independent director and then chairman, following the resignation of KB Mosehla. DH Brown has extensive experience in the sector and has been a director of the company for over three years.

In addition, GT Lewis replaced R Havenstein as an independent non-executive director, with effect from 1 December 2020. This appointment enhances the technical and commercial competence of the Northam board.

The board's responsibility

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

The board operates in terms of a board charter which defines its mandate, functions and responsibilities as illustrated below:



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

Leadership roles

The responsibilities of the chairman and the CEO are clearly defined and separated, as set out in the 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

DH Brown was appointed as the independent non-executive chairman of the board effective 22 June 2021.

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 operations and establishing and maintaining an effective system of governance and controls over the group's activities.

DH Brown as a chartered accountant (SA), former CEO of Kuvimba Mining House Limited and MC Mining Limited, as well as former CEO and CFO at Impala Platinum Holdings Limited has the required skills, experience and knowledge to fulfil the role of chairman.

DH Brown previously replaced R Havenstein as lead independent director for Northam prior to his appointment as chairman. The successor for lead independent director whose responsibilities include; providing guidance to the board where conflicts of interest arise, as well as chairing the board in the absence of the chairman, will be considered in F2022.

Chief executive officer

The CEO, PA Dunne, is accountable for the formulation and execution of the group's strategy, which is approved by the board, as well as 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; investment; and nomination committees. He does however have standing invitations to attend meetings of these committees. During the year, the CEO was appointed as a temporary member of the social, ethics, human resources and transformation committee. This is an interim measure in terms of the Composite Transaction and he will be replaced on the committee in due course.

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, the previous empowerment shareholder.

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

Company secretary

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.

How the board functions

The committees of the board assist the board in discharging its duties and responsibilities. These committees are also responsible for oversight of the functioning of the group governance framework.

Each committee's mandate is included in its charter and it ensures that the relevant governance responsibilities are effectively reviewed and monitored.

The board reviews the mandate and charter of each committee annually to ensure effective coverage of and control over the operations of the group. The board committees are constituted of a minimum of three members with the necessary combination of knowledge, skills, experience, race, gender, culture, age and capacity. 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 chairperson to ensure that matters relevant for consideration by another committee are reported to that committee. Overlapping committee memberships assist in this regard, as do the formal committee reports to the board, where matters of importance for board members, as well as other board committees are highlighted. The committees report to the board through their respective chairpersons.

All board committees are free to take independent professional advice as and when necessary. They have unrestricted access to all company and group information, records, documents and property and regularly meet with members of the executive committee and senior management.

See the committee reports from page 20 of this report and the committee charters on our website at www.northam.co.za/governance/policies-and-procedures.

Board communication and agenda

The board and its committees set the annual workplan and agree the agenda for each meeting with the relevant chairperson for the ensuing year. In terms of the board and committee charters, committee meetings are held at least four times a year, or as and when required.

Agendas for the board and committee meetings are aligned with the relevant board and committee charters ensuring that, all matters that the board and committees are responsible for are addressed during a financial year. Directors are encouraged to contribute in setting the agenda.

Closed sessions

From time to time non-executive directors meet without management present in closed sessions led by the chairman around matters such as remuneration, succession planning and conflicts of interest. The primary objective of these sessions is to provide non-executive directors with an opportunity to test thoughts and insights among peers.

The chairman as the primary link between the board and executive management provides feedback from the closed sessions to the CEO. The company secretary attends all closed sessions.

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.

> The board reviews the mandate and charter of each committee annually to ensure effective coverage of and control over the operations of the group.

Board training, assessment and conflicts of interest

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, senior management, statutory requirements, policies, procedures and the latest JSE Listings Requirements. The new directors also visit the operations 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.

The non-executive directors have a personal responsibility to comply with the necessary continuous professional development (CPD) requirements as part of their relevant membership and association with international and local bodies. Northam will also assist directors with specific training where required.

Board assessment and effectiveness

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

As part of these evaluations 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 regularly 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. 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.

See Leadership roles on page 14 of this report.

During the year under review the Institute of Directors in Southern Africa (IoDSA) was appointed to conduct a self-appraisal evaluation of the board and its sub committees. The assessment considered progress on the items highlighted in the 2019 assessment, as well as the governance processes of the group in order to establish whether these remain fit for purpose.

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

Areas identified for improvement include, the need to review the current reporting frameworks and protocols, as well as the composition and mandate of the committees. During the course of the next 12 months the composition, mandate and charter of all sub committees of the board will be reviewed and enhanced in a structured manner, led by the chairman of the board.

Remedial actions addressing the areas identified for improvement are ongoing. Disclosure on environmental, social and governance (ESG) has been expanded in the various publications issued by the group.

These publications are available on our website at www.northam.co.za.

The board will also facilitate additional continuing professional development for directors over the course of the next financial year.

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 its directors, officers and employees are required to adhere to. In terms of this code, a director, officer or employee is prohibited from using their position, or use 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, and 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 group's code of ethics and conduct.

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

Trading in Northam shares

The group has a defined policy on dealing in Northam and Zambezi 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 either the chairman, CEO, CFO or the company secretary.

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.

Stakeholder relations policy

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.

Governance of stakeholder relationships

The SEHR&T committee shape our relationship with our stakeholders and how we relate to corporate citizenship.

This committee is responsible for oversight for effective stakeholder engagement on behalf of the board and in line with policy, governance codes and best practice.

Stakeholder engagement in 2021

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

Pleasingly, it was noted that the quality of stakeholder relationships remained at high levels, despite the continued impact of the COVID-19 pandemic.

Read more about our stakeholders and how we engage them from page 28 of our Annual integrated report 2021 available on our website at www.northam.co.za.

See the Social, ethics, human resources and transformation committee's report on page 30 of this report.

Refer to our Annual integrated report 2021 available on our website at www.northam.co.za for key issues raised during the year.

Areas of continued future focus

- Monitor the ongoing impact of the pandemic on our employees, customers and communities
- Regular engagement with regulators
- Regular engagements with investors

Annual General Meeting (AGM)

We held our AGM on 27 November 2020. All of the binding ordinary and special resolutions were approved by the requisite majority of shareholders present or represented by proxy at the AGM, save for ordinary resolution number 1.2 relating to the re-election of Mr CK Chabedi as director. Mr Chabedi was not re-elected as a director by shareholders.

The non-binding advisory ordinary resolutions relating to the group's remuneration policy and implementation report received 72.93% and 72.96% respectively. This is below the requisite support of 75% of votes.

We have engaged with our shareholders on these resolutions. Accordingly, feedback has been incorporated into our remuneration governance structures, policy and implementation report.

This includes the establishment of a separate remuneration committee after the 30 June 2021 year-end. This role previously formed part of the social, ethics, human resources and transformation committee responsibilities.

Investor roadshows

Over and above our bi-annual 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 investor meetings with institutions from South Africa, the United Kingdom, Europe, the United States and Asia.

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.

During the year we appointed Deloitte in the role of independent sponsor in relation to the Composite Transaction to mitigate any potential or perceived conflicts of interest due to One Capital also acting as Northam's corporate advisor for the transaction.

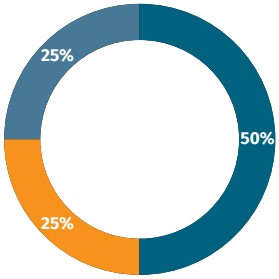
The board is satisfied that the JSE Limited sponsor has executed its mandate with due care and diligence for the year under review

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 as and when required. The CEO and CFO report directly to the board on all matters deliberated on by this committee.

Exco demographics



- HDP
- Non-HDP
- Non-South African

Gender diversity

1
Female (13%)

7
Male (87%)

Northam target for female board representation: 20%

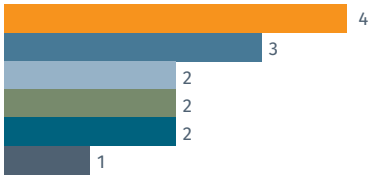
Age diversity

58
Oldest

42
Youngest

Average age of 49,
75% under the age of 55

Exco skills*



- Mining
- Project management
- Nature conservation
- Audit and risk management
- Finance
- Human resources

* Based on number of committee members with particular skill

191 years
Combined mining experience

>74 years
Combined tenure at Northam

Executive directors

PA Dunne BSc (Hons), MBA (58)

Chief executive officer

Chairman of exco, joined Northam in March 2014

Other directorships: Non-executive director of Zambezi Platinum, the International Platinum Group Metals Association (IPA) and a current vice president of the Minerals Council of South Africa.

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

AH Coetzee CA (SA) (42)

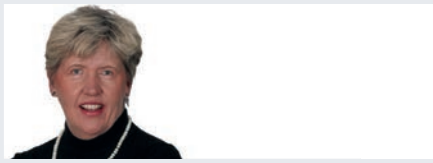
Chief financial officer

Joined Northam in December 2015

Other directorships: Non-executive director of Zambezi Platinum.

Experience: Joined Northam in December 2015 as the group financial controller and was appointed chief financial officer in November 2018. Former associate director at Ernst & Young Incorporated with more than ten years' experience in, and exposure to the mining and manufacturing industries, including the auditing of large, listed and multi-locational organisations.

Corporate secretarial*

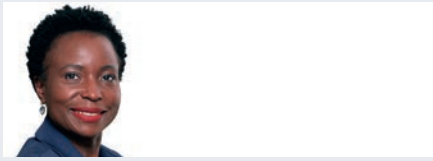


PB Beale (55)

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 (45)

Assistant company secretary

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.

* Not part of the executive committee

Executives

MN Ndlala BTech Mining Engineering, MBL (53)

Executive: Mining

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

D Smith BSc (Hons) MSc (53)

Executive: New business

Joined Northam in October 1995

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.

GD Duma BTech (Quantity Surveying), MBA, Diploma in Project Management, Senior Management Development Programme (52)

Executive: 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.

LC van Schalkwyk (FCMA) (56)

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.

CA Smith BSocSc (Hons) (46)

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.

WJ Theron Pr. (Cert) Eng. (Professional Engineer), BSc (Hons) Mining, MBA (43)

Executive: Mining

Joined Northam in December 2010

Other directorships: Director of Mine Rescue Services Proprietary Limited.

Experience: Extensive experience in projects and operational management. Held various senior managerial roles at Anglo American Platinum Limited. Former general manager at Booysendal mine. Past president of the Association of Mine Managers of South Africa.

Executive committee responsibilities

- Formulate, implement and execute the group strategy. This includes preparation of the annual group business plan, including any revisions to, or updates of the strategy for approval by the board
- Manage business performance and the reporting thereon to the board
- Implement all policies of the group, including those relating to health, safety, environment, human resources, stakeholder engagement, finance and risk management
- Consider succession planning initiatives for senior management in conjunction with the social, ethics, human resources and transformation committee
- Provide ethical leadership and create an ethical working environment that is conducive to attracting, retaining and motivating a diverse group of talented employees
- Ensure the group through management, complies with all relevant laws, regulations and corporate governance principles with oversight from the audit and risk committee
- Lead and direct relevant group communications
- Maintain and ensure adequate and effective systems of internal control, financial reporting and risk management across the group

Executive committee succession planning

Our talent management process is key in supporting our overall succession planning strategy to ensure an adequate future supply of scarce and critical skills.

This is realised by having a consistent flow of talent through the identification of potential successors, as well as the identification of employees' strengths in respect of the core competencies of the executive committee.

During the year under review the social, ethics, human resources and transformation committee continued to make progress with the succession plans for the executive committee. This is to ensure its continuity, whilst maintaining an appropriate balance of knowledge, skills, experience and diversity to effectively discharge the roles and responsibilities of the committee.

These succession plans include appropriate development plans for our CEO and CFO, and also take into account the six month notice period for all executive committee members, other than the CEO having a 12 month notice period.

Health, safety and environmental committee report

"Northam is committed to the health and safety of our employees and applies world-class standards in the management of the environment."

The Booysendal operation has been fatality free since its inception, surpassing six million fatality free shifts in February 2021, while the Zondereinde operation achieved two million fatality free shifts in February 2021. Regrettably, two fatalities were reported at Zondereinde during March 2021. Zero fatalities remain the group's focus, underpinned by adherence to group and industry health, safety and environmental standards and legislation.

JG Smithies
(Chairperson)

Basis of preparation

This health, safety and environmental committee report has been prepared in terms of the Mine Health and Safety Act No. 29 of 1996 and Regulations.

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

Committee composition

The committee currently comprises two independent non-executive directors and the chief executive officer and meets at least four times a year.

The chairperson of the committee, elected by the board, is an independent non-executive director and reports to the board on the committee's activities and all matters discussed, highlighting key issues requiring action and recommendations for resolution.

Changes to the committee during the year

R Havenstein retired as a board director and chairman of this committee at the November 2020 AGM. The remaining committee members elected JG Smithies to chair the committee until a formal appointment is made by the board.

In addition, CK Chabedi was not re-elected as a director of the company by shareholders at the November 2020 AGM.

Committee composition

Name	Date joined committee	Board status	Meeting attendance
JG Smithies (Chairperson)	7 November 2017	Independent non-executive director	4/4
Dr NY Jekwa	1 November 2019	Independent non-executive director	4/4
PA Dunne	10 December 2015	Chief executive officer	4/4
R Havenstein[1]	20 October 2011	Independent non-executive director	2/2[3]
CK Chabedi[2]	22 June 2009	Non-executive director	2/2[3]

[1] Retired as director and chairman of the committee with effect from the conclusion of the November 2020 AGM. JG Smithies was elected by members to chair the meetings as an interim measure
[2] Not re-elected as a director by shareholders at the November 2020 AGM
[3] Attendance of meetings whilst still a director

4
Meetings

100%
Attendance

Role and mandate

The committee assists the board with the oversight of the group's health, safety and environmental matters ensuring the health and safety of all our employees, as well as the management of the environment. As part of its responsibility the committee undertakes to:

- Review the health, safety and environmental strategies, policies and standards of the group
- Assess and monitor compliance to group policies, standards, legal and regulatory requirements, as well as any recommendations from investigations of incidents
- Review and monitor the health, safety and environmental performance across operations
- Consider legal, regulatory and technical developments
- Monitor the administration and associated investment activities of the Northam Restoration Trust Fund

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

The composition, mandate and charter of this committee will be reviewed and reassessed, together with the review of all sub committees of the board in a structured manner, led by the chairman of the board over the course of the next 12 months. The board is satisfied that collectively the committee members have the appropriate mix of qualifications and experience in order to fulfil their duties.

Invited attendees

The committee has two permanent invitees at meetings, MN Ndlala and WJ Theron, Northam's mining executives, who provide feedback on the group's health, safety and environmental activities and performance.

GT Lewis has also been invited to attend the committee meetings since June 2021. No formal appointments will be made to this committee until the board refreshment process as announced on 27 November 2020 has been completed.

Associated capitals addressed by the committee

- Human
- Natural
- Manufactured

Related material issues addressed by the committee

- Continuing to improve the safety performance and the health and wellness of our employees
- Maintaining our legislative and regulatory compliance, focussing 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
- Managing the environmental impact of our operations and conserving natural resources
- Ongoing impact of COVID-19

See page 48 of our Annual integrated report 2021 for more detail on our material issues.

Risks and opportunities addressed by the committee

- Social licence to operate
- Health and safety
- Environment
- Employee relationships
- Energy supply
- Water supply
- Tailings storage facilities (TSFs)
- Regulatory, political and legal environment

See page 50 of our Annual integrated report 2021 for more detail on our risks and opportunities.

Areas of focus during the year

Focus Area	Response
Safety	▪ Reviewed all health, safety and environment related incidents during the year in particular, the investigation outcomes of the two fatalities at the Zondereinde mine during March 2021 ▪ Noted the recommendations from the Department of Mineral Resources and Energy, organised labour and management for increased scrutiny and monitoring ▪ Received assurance that learnings from these incidents were shared across operations ▪ Monitored key performance statistics and trends, focussing on safety management objectives and initiatives in response to challenges ▪ Reviewed ongoing training initiatives and campaigns related to occupational health and safety implemented across the group including COVID-19 safety measures and protocols ▪ Reviewed reports on potential risks, substandard working conditions or incidences of non-compliance reported by employees and tracked remedial actions
Strategy	▪ Reviewed and approved the health, safety and environmental targets incorporated as part of the group's strategy and associated business plans
Governance and compliance	▪ Reviewed the group's enhanced disclosure on environmental, social and governance (ESG) initiatives in line with previous recommendations ▪ Assessed and monitored the group's compliance to its health, safety and environmental policies and standards ▪ Monitored updates to applicable legislation and the group's compliance to regulatory reporting requirements ▪ Considered feedback from internal and external assurance advisors on reviews performed ▪ Reviewed independent reports conducted on all tailing storage facilities in the group and noted facilities are operated as designed ▪ Considered reports and close out actions on recommendations issued by the Department of Mineral Resources and Energy following inspections conducted at operations ▪ Reviewed Northam's current carbon footprint and recommended the adoption of the energy policy, strategy and action plan developed for the group
Health	▪ Monitored the implementation and outcomes of employee wellness programmes and voluntary health screening campaigns ▪ Reviewed occupational health performance statistics and medical reports from the operations on the following: – COVID-19 infections, recoveries and deaths – Monitoring of Tuberculosis disease management – Voluntary HIV counselling and testing (HCT) – Updates on overall medical surveillance ▪ Continued to monitor the effectiveness of the measures implemented to detect, prevent and mitigate the impact of COVID-19 across the group ▪ Reviewed and considered the levels of comprehensive medical care provided for employees

Focus Area	Response
Environment	▪ Considered key value levers of the environmental strategy and environmental goals of the group ▪ Reviewed environmental management performance and management reports, noting that the group is on track in meeting its environmental and biodiversity goals ▪ Monitored progress of power-saving initiatives, energy use reduction plans and mine-wide water reticulation management system ▪ Reviewed the Rehabilitation Trust Fund performance, noting the investment made and returns generated during the year under review ▪ Considered emerging legislative environmental trends and developments including carbon tax and financial provisions regulations ▪ Noted progress on the required publication of environmental authorisation (EA) compliance audits with monitoring of the authorisations for: – Recent acquisitions – Amendment of the Integrated Water Use Licence (IWUL) – Alternative new plant emission limit for sulphur dioxide (SO_2) for the Zondereinde smelter main stack
Systems and risk management	▪ Considered major hazards identified and noted the effective functioning of critical controls in place across operations ▪ Monitored the improvement of safety, health and environmental information and management systems at all operations ▪ Monitored the ongoing progress of the ISO 14001 and ISO 45001 certifications across operations ▪ Reviewed progress of both the fire and tailings storage facility risk improvement programmes implemented across the group

We are committed to maintain the health and safety of our employees.

Ongoing impact of COVID-19

The committee notes the continued impact of the COVID-19 pandemic on the group's workforce.

The committee reviewed and monitored the implementation of safety measures and protocols aimed to reduce the risk, exposure and spread of COVID-19 as far as possible. It was ensured that these measures and protocols followed the prescripts of the amended disaster management regulations developed for the mining industry through the Minerals Council in consultation with the Department of Mineral Resources and Energy. Regrettably, the group reported 14 COVID-19 related fatalities for the period, whilst recognising the current recovery rate of 87% within 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 the operations and its people

> Despite the ongoing challenges of the COVID-19 pandemic the group has displayed operational resilience.

Institute of Directors in Southern Africa review

During the year under review, the Institute of Directors in Southern Africa (IoDSA) was appointed to facilitate a self-appraisal evaluation of the board and each sub committee of the board.

Areas for improvement considered by the committee included the induction process, continuing professional development (CPD) and reporting protocols for the committee members.

These areas will be considered as part of the overall review of the board sub committees, which will be led by the chairman of the board over the course of the next 12 months.

Areas of focus for F2022

Safety
- Continue to focus on zero fatalities and oversee the group's collaborative stakeholder engagement efforts with regards to safety across the PGM sector

Governance
- Review applicable health, safety and environmental strategies, policies and standards of the group

Legal and compliance
- Monitor and advise on legislative developments in the mining sector
- Ongoing monitoring of compliance to regulatory reporting requirements

Strategy
- Oversee the implementation of the group's sustainable mining plan process

Systems and risk management
- Continue to review and monitor progress on the ISO 14001 and 45001 certification initiatives for the group
- Oversee the group-wide implementation of a common integrated health, safety and environmental risk management software solution

Health
- Review and monitor progress of initiatives against best practice to improve the group's occupational health performance

Environment
- Continue assessing and monitoring the group's environmental programmes, biodiversity plans, power saving initiatives, as well as progress towards alternate energy sources and efficient water usage and management

Conclusion

The health, safety and environmental committee is satisfied that it has considered and discharged its responsibilities in line with its charter, terms of reference and statutory responsibilities as set out in the Mine Health and Safety Act No. 29 of 1996 and Regulations during the year under review.

On behalf of the committee.

JG Smithies
Chairperson

23 September 2021

Investment committee report

"The investment committee has played an integral part in providing oversight of the accelerated maturity of the Zambezi BEE Transaction, in particular the key activities, considerations and decisions taken throughout the process."

The committee has also provided governance oversight over the inter-related transaction extending the group's BEE ownership for another 15 years through its employees and communities.

DH Brown
Chairman

Basis of preparation

This investment committee report has been prepared in line with Northam's corporate governance practices following prescripts of the King IV Report on Governance for South Africa, 2016 (King IV™).

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

Committee composition

The committee currently comprises two independent non-executive directors, elected by the board on the recommendation of the nomination committee and meets as and when required.

The board elects the chairperson of the committee, who is an independent non-executive director and reports to the board on the committee's activities and all matters discussed, highlighting key issues requiring action and recommendations for resolution.

The board acknowledges that the investment committee does not have the required number of members at year end. The composition, mandate and charter of this committee will be reviewed and reassessed together with the review of all sub committees of the board in a structured manner led by the chairman of the board over the course of the next 12 months

Committee composition

Name	Date joined committee	Board status	Meeting attendance
DH Brown (Chairman)	7 November 2017	Independent non-executive chairman	6/6
JJ Nel	1 November 2019	Independent non-executive director	6/6
CK Chabedi*	20 February 2013	Non-executive director	0^
R Havenstein**	2 April 2012	Independent non-executive director	3/3
KB Mosehla***	9 September 2015	Non-executive chairman	0^

* Not re-elected as a director by shareholders at the November 2020 AGM
** Retired as a director and from the committee with effect from the conclusion of the November 2020 AGM
*** Resigned as a director of the board and from the committee on 30 June 2021
^ Due to personal financial interests in Zambezi Platinum (RF) Limited, KB Mosehla and CK Chabedi recused themselves from all meetings held during the year

6
Meetings

100%
Attendance

Role and mandate

The committee assists the board in discharging its responsibilities in respect of proposals for the acquisition of new assets, businesses and/or companies by Northam, as well as mergers of Northam with other companies.

It provides recommendations to the board to consider any potential investment, merger and acquisition opportunities which have been analysed and evaluated by the committee.

Refer to the Investment committee charter at www.northam.co.za/governance/policies-and-procedures.

Invited attendees

Invitations to attend the committee meetings are extended to senior executives and professional advisors as deemed appropriate. All directors have the right to attend committee meetings.

The chief executive officer, chief financial officer and Northam's corporate advisor, One Capital attended all committee meetings held during the year.

Changes to the committee during the year

The following changes to the committee occurred during the year:

- CK Chabedi was not re-elected as a director of the company by shareholders at the November 2020 AGM
- R Havenstein retired as a board director and chairman of this committee at the November 2020 AGM
- KB Mosehla resigned as a director of the board and the committee on 30 June 2021

Associated capitals addressed by the committee

- Manufactured
- Financial
- Natural

Related material issues addressed by the committee

- Effective project execution
- Maintaining our legislative and regulatory compliance, focussing on the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) and the Mining Charter
- Ongoing impact of COVID-19

See page 48 of our Annual integrated report 2021 for more detail on our material issues.

Risks and opportunities addressed by the committee

- Capital allocation
- Execution of growth strategy
- Empowerment transaction

See page 50 of our Annual integrated report 2021 for more detail on our risks and opportunities.

Areas of focus during the year

The Composite Transaction
The key focus area of the committee during the year was the review and monitoring of the implementation of the transaction to accelerate the maturity of the empowerment transaction entered into between Northam and Zambezi Platinum (RF) Limited (Zambezi), in May 2015 (Zambezi BEE Transaction). It also provided governance oversight over the inter-related transaction extending the group's BEE ownership for another 15 years.

The committee:

- Considered and deliberated on the risks associated with the original maturity date of the Zambezi BEE Transaction
- Interrogated and discussed with management preliminary modelling and financial assessment presentations supporting the proposed Composite Transaction
- Authorised a mandate for the independent directors to progress the proposed transaction, procure the relevant independent specialist advice and approach key stakeholders to test the potential support for the Composite Transaction
- Oversaw the appointment of Deloitte as the independent sponsor for the Composite Transaction
- Reviewed and recommended to the board for approval, the increase in the acquisition limit for the buy back of ZPLPs. This enabled the acceleration of the maturity of the Zambezi BEE Transaction
- Supported the increase of the Domestic Medium Term Note (DMTN) Programme from R10.0 billion to R15.0 billion. In addition, a R2.4 billion aggregate note switch was concluded to provide additional funding to finance the proposed Composite Transaction
- Reviewed feedback received from Northam ordinary shareholders following extensive roadshows and investor engagements, noting responses and general support for the Composite Transaction
- Recommended for approval to the board the inter-conditional implementation of the proposed Composite Transaction as a single transaction, subsequent to due consideration of all elements including the level of support received from shareholders

Due to PA Dunne, AH Coetzee and KB Mosehla being directors of Zambezi and CK Chabedi, TE Kgosi and KB Mosehla having personal financial interests in the transaction, they were all recused from approving the Composite Transaction.

Accordingly, in terms of the Companies Regulations 2011, the board, for purposes of discharging all duties and responsibilities required by it in regard to the Composite Transaction appointed an independent board of directors. The independent board consisted of DH Brown as chairman, HH Hickey, NY Jekwa, MH Jonas, TI Mvusi, JJ Nel, JG Smithies and GT Lewis.

The independent board in particular, DH Brown, HH Hickey and JJ Nel were authorised to, on behalf of the company, undertake the relevant actions pertaining to the Composite Transaction. This included the publishing of the firm intention announcement (FIA) and expressing the opinions on the Composite Transaction.

Similarly with Zambezi being a related party to Northam, independent experts and a reporting accountant were appointed to appraise certain components of the Composite Transaction.

The independent board through the committee:

- Considered the formal tax opinion received from Northam's attorney's on the pro-forma financial effects of the Composite Transaction
- Reviewed and considered an independent expert's, BDO Corporate Finance, opinion that the terms and conditions of the Extended Empowerment Transaction are fair and reasonable to shareholders
- Oversaw and monitored market communication in relation to the transaction ensuring that these were in compliance with the JSE Listings Requirements. The SENS announcement, released on 23 March 2021, posting of the circular and prospectus to shareholders on 31 May 2021, as well as the SENS announcement, released on 11 June 2021 indicating shareholder support for the transaction at 65.8% received particular oversight

Refer to the detailed explanation of the Composite Transaction included in the Annual integrated report 2021 titled "The Composite Transaction: Empowering Northam for the future".

Institute of Directors in Southern Africa review

During the year under review, the Institute of Directors in Southern Africa (IoDSA) was appointed to facilitate a self-appraisal evaluation of the board and each sub committee of the board.

Areas for improvement considered by the committee included its mandate, future role and composition given the committee's critical purview.

These areas will be considered as part of the overall review of the board sub committees which will be led by the chairman of the board during the course of the next 12 months.

Areas of focus for F2022

The committee will oversee, review and monitor, where necessary potential value accretive projects and acquisition opportunities as part of the group's overall investment opportunities. In addition, the committee will ensure that the maturity and wind-up of the Zambezi BEE Transaction and the subsequent empowerment transaction are completed.

Conclusion

The investment committee is satisfied that it has considered and discharged its responsibilities in line with its charter, as well as good corporate governance practices.

On behalf of the committee.

DH Brown
Chairman

23 September 2021

Social, ethics, human resources and transformation committee report

TE Kgosi
(Chairperson)

"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 continued management of the impact of the COVID-19 pandemic is noteworthy and overseeing the efforts to keep our employees safe will be an area of ongoing focus.

Basis of preparation

This social, ethics, human resources and transformation committee report has been prepared in terms of section 72(4) of the Companies Act (read in conjunction with Regulation 43 of the Companies Regulations, 2011), 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 social, ethics, human resources and transformation committee (the committee) has satisfied its various statutory obligations during the year, as well as some of the focus areas and projects considered and how these have been addressed by the committee.

Committee composition

The committee currently comprises two non-executive directors and temporarily the chief executive officer. The committee meets at least four times a year.

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

Invited attendees

Invitations to attend the committee meetings are extended to senior executives and professional advisors as deemed appropriate. All directors have the right to attend committee meetings.

Changes to the committee during the year

CK Chabedi was not re-elected as a director of the company by shareholders at the November 2020 AGM. As a result, the February 2021 committee meeting was only attended by the remaining two members. However, it still satisfied the simple majority required for a quorum.

As an interim measure for the purpose of the Composite Transaction, Northam's CEO, PA Dunne was appointed as a temporary member of the committee. A new member will be appointed in due course.

Committee composition

Name	Date joined committee	Board status	Meeting attendance
TE Kgosi (Chairperson)	14 June 2006	Non-executive director	4/4
CK Chabedi*	9 September 2015	Non-executive director	2/2
Dr NY Jekwa	8 November 2017	Independent non-executive director	4/4
PA Dunne	18 May 2021	Executive director	1/1

*Not re-elected as a director by shareholders at the November 2020 AGM. As an interim measure, PA Dunne, Northam's CEO, was appointed as a temporary and stand in member of the committee. He will be replaced in due course

4
Meetings

100%
Attendance

Role and mandate

The committee assists the board with the oversight of the group's social, ethics, human resources, stakeholder relations, sustainable development and transformation matters ensuring that Northam is and remains a committed socially responsible corporate citizen. This includes monitoring the group's standing in terms of the 10 United Nations Global Compact Principles and its performance against the prevailing Mining Charter targets.

Its primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of these matters. As part of its mandate, the committee also fulfils the role of the remuneration committee.

The committee does not assume the functions of management, as these functions remain the responsibility of the executive directors and senior management.

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

These responsibilities are in terms of the mandate of the committee as defined in section 72(4) of the Companies Act (read in conjunction with Regulation 43 of the Companies Regulations, 2011) and the Social, ethics, human resources and transformation committee charter.

Refer to the Social, ethics, human resources and transformation committee charter at www.northam.co.za/governance/policies-and-procedures.

In accordance with shareholder feedback, the board has also decided to establish a separate remuneration committee that will be tasked with the oversight responsibility of the group's remuneration.

The composition, mandate and charter of this committee will be reviewed and reassessed together with the review of all sub committees of the board in a structured manner led by the chairman of the board over the course of the next 12 months. 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

Our commitment to independence, transparency and collaboration

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

The committee encourages continuous and open communication with all assurance providers including the external and internal auditors, risk and compliance functions, senior management, as well as the board.

Associated capitals addressed by the committee

- Human
- Social
- Intellectual

Related material issues addressed by the committee

- Continuing to improve the safety performance and the health and wellness of our employees
- Maintaining our legislative and regulatory compliance, focussing 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
- Ongoing impact of COVID-19

See page 48 of our Annual integrated report 2021 for more detail on our material issues.

Risks and opportunities addressed by the committee

- Social licence to operate
- Employee relationships
- Critical skills and key personnel
- Environment
- Disclosure of non-financial information
- Regulatory, political and legal environment
- Community relations
- Empowerment transaction

See page 50 of our Annual integrated report 2021 for more detail on our risks and opportunities.

Areas of focus during the year

Focus Area	Response
Attraction and retention of critical and scarce skills	▪ Considered the group's position in the context of the prevailing platinum group metals (PGM) sector, noting the following: – Increased investment in PGM mining resulting in a demand for critical, scarce skills and talent – Geographic location of operations and availability of amenities and facilities deterring potential candidates ▪ Considered management's remuneration principles and structures to attract, retain and incentivise employees ▪ Oversaw the alignment of the group's retirement age across all operations, Paterson grades, as well as matching its industry peers. ▪ Considered and assessed succession plans for executives, senior and middle management across operations. In particular, the committee focussed on succession plans for historically disadvantaged persons (HDPs) and women ▪ Monitored ongoing progress of the group's skills and talent management programmes, including learning and development initiatives The committee is of the opinion that appropriate succession planning is in place for executives and senior management
Booysendal wage negotiations	▪ Reviewed and considered progress of the key principles of the five year wage agreement which commenced in December 2019 between Booysendal and the Association of Mineworkers and Construction Union (AMCU) as the representative trade union, noting the key principles of the agreement: – Increase in all major components of remuneration – Agreement to introduce a second medical aid scheme ▪ Noted that this was the first wage agreement since the owner-operator model was introduced at Booysendal in F2018 which secured five years of stability to support the build-up phase, achieved through a collaborative process of mutual respect and consideration
Remuneration	▪ Provided oversight of the implementation of the group's remuneration policy and the updates made to address shareholder concerns ▪ 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 ▪ Assessed the key performance indicators underpinning, not only executive management's remuneration, but all levels of employees ensuring that these lead to value creation for all stakeholders ▪ Noted the assessment undertaken by the CEO in respect of ensuring management remuneration is fair and aligned across business operations ▪ Reviewed and approved the basic remuneration package ranges for all employees, graded Paterson D band and above ▪ Ensured the lowest paid employees are remunerated well in excess of the minimum wage ▪ Ensured that women receive equal opportunities and equal pay ▪ Non-executive director fees were benchmarked during the year under review against a group of peers of similar size and complexity. It was noted that our non-executive directors are paid less that those of peers in the industry. An increase of fees of 10% per annum over the next three years has been proposed and will be voted on at the upcoming 2021 AGM ▪ Reviewed the group's remuneration report for board approval Refer to the Remuneration report 2021 for details on the remuneration policy.
Human rights in relation to health, safety and environment	▪ Monitored Zondereinde's adherence to its ISO 14001 and 45001 certification framework for improved employee safety, reduced workplace risks and a better working environment ▪ Received updates on the levels of comprehensive medical care provided for all employees at all operations by the group's elected medical care service providers ▪ Reviewed and considered the report on potential risks, sub-standard working conditions and incidences of non-compliance reported by employees and monitored remedial actions

Focus Area	Response
Compliance to laws and regulations including labour standards	▪ Considered overall compliance to relevant legislation and regulations including those governing working conditions, workers representation, minimum wages, as well as health and safety in the workplace The committee is satisfied that no instances of non-compliance were noted in terms of Northam's compliance to the relevant legislation and regulations
Mining Charter	▪ Monitored compliance to the overall Mining Charter elements and associated targets
SLPs including Corporate Social Investment (CSI)	▪ Monitored ongoing compliance with the various SLPs across the group in terms of: – SLP projects and associated spend – Progress in terms of the group's housing and accommodation strategy – Local economic development (Small, Medium and Micro-enterprises) – Human resources development ▪ Continued to monitor work done through the Northam Booysendal Community Trust and the Northam Zondereinde Community Trusts, noting reports from the Zambezi Platinum RF Limited social and ethics committee ▪ Considered donations made to qualifying organisations as part of Section 18A of the Income Tax Act ▪ Reviewed the establishment of the Northam Employee Trust 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 targets and commitments in terms of the SLPs are on track
Stakeholders	▪ Considered the adequacy and effectiveness of the group's stakeholder management policy ▪ Considered 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 Refer to Our key stakeholder relationships included in our Annual integrated report 2021 for more details on how we interact and engage with stakeholders. The committee is satisfied with the group's response to its stakeholder engagement plans and initiatives
Diversity and inclusion, including transformation	▪ Monitored compliance to the group's transformation targets in line with the Mining Charter in terms of race, unfair discrimination and gender ▪ Reviewed and reinforced compliance to key transformation targets, noting that the group was exceeding 75% of its transformation targets at year end

Mining Charter Element	Average Mining Charter Target	Actual Percentage Achieved
Total HDP* workforce representation	74.4%	78.9%
HDP* Management Representation	60.0%	62.0%
Women in management	25.0%	17.5%
Women at mining	10.0%	16.8%

*Historically Disadvantaged Persons

The committee is satisfied that it has effectively discharged its responsibilities during the course of the financial year with regards to monitoring the promotion of equality, prevention of unfair discrimination and measures to comply with its transformation objectives and targets

Key projects overseen by the committee

Code of ethics and conduct

- Oversaw the proactive roll-out of the refreshed Northam code of ethics and conduct document across the group, noting the availability of the code in five languages to promote common understanding across the diverse employee base
- Closely monitored the roll-out of the code which included:
  - Improved visibility of, and accessibility to the code on the company's website and group operations
  - Interactive ethics training and awareness sessions
  - The printing and distribution of flyers, posters and 25 000 copies of the code to employees, suppliers and contractors

Job selling awareness

- Noted the increase in job selling scam alerts across the industry and oversaw the active awareness campaign launched by the group which included the distribution of scam alert posters and flyers
- Noted that all job selling scam cases were registered with the South African Police Services (SAPS) and that the group along with industry were actively engaging with telecommunication and IT providers to "block" mobile numbers and social media accounts identified as perpetrator channels of job selling

Zondereinde wage negotiations

- The previous three year wage agreement with The National Union of Mineworkers (NUM) lapsed 30 June 2021. The committee noted that negotiations were successful and a five year wage agreement was agreed shortly after year end

Eland wage negotiations

- This is the first wage negotiation for Eland with current conditions of employment having been aligned to group practices. The committee noted that negotiations were successful and a five year agreement was concluded shortly after year end

Institute of Directors in Southern Africa review

During the year under review, the Institute of Directors in Southern Africa (IoDSA) was appointed to facilitate a self-appraisal evaluation of the board and each sub committee of the board.

Areas for improvement considered by the committee included its composition and mandate with the view to increase the number of members, as well as to bolster the skills and expertise of the committee.

These areas will be considered as part of the overall review of the board sub committees which will be led by the chairman of the board over the course of the next 12 months.

Ongoing impact of COVID-19

As part of the committee's oversight responsibility of the group's commitment to being a socially responsible corporate citizen, the committee supports the group's safety and health priorities.

The committee therefore continued monitoring the safety measures and protocols implemented to reduce the risk, exposure and spread of COVID-19. The committee has also been reassured that these followed the prescripts of the amended disaster management regulations developed for the Mining Industry.

The committee is satisfied with the activities and protocols implemented by the group in response to the ongoing impact of COVID-19 on the operations and its people.

Areas of focus for F2022

Extended Empowerment Transaction

- Ensure the Extended Empowerment Transaction complies with the current and future Mining Charter requirements

Environmental, social and governance

- The energy efficiency and emission impacts for all new projects will be scrutinised and challenged by the committee ensuring that these contribute to the group's sustainability goals in response to climate change

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 statutory responsibilities as set out in section 72(4) of the Companies Act (read in conjunction with Regulation 43 of the Companies Regulations, 2011) during the year under review.

On behalf of the committee.

TE Kgosi
Chairperson

23 September 2021

Audit and risk committee report

HH Hickey
(Chairperson)

"The committee has fulfilled all its oversight responsibilities in terms of its mandate as defined in section 94(7) of the Companies Act, JSE Listing Requirements and the Audit and Risk committee charter."

The committee is also pleased with the continuous and open communication with all assurance providers including the external and internal auditors, risk and compliance functions, senior management, as well as the board.

Basis of preparation

This audit and risk committee report has been prepared in terms of section 94(7) 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.

Committee composition

The committee comprises four independent, non-executive directors, elected by shareholders on the recommendation of the nomination committee and who all satisfy the requirements to serve as members of an audit committee as defined by section 94(4) of the Companies Act. The committee meets at least four times a year.

Collectively, all members of the committee have finance, risk management, corporate governance, integrated reporting, information technology, legal and audit experience. Three of the four committee members are chartered accountants with the other having a Master of Business Administration (MBA) in finance.

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

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. The composition, mandate and charter of this committee will be reviewed and reassessed together with the review of all sub committees of the board in a structured manner led by the chairman of the board over the course of the next 12 months.

Changes to the committee during the year

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

DH Brown was appointed as independent chairman of the board on 22 June 2021 and therefore will not be available for re-election as a member of this committee at the next AGM.

Committee composition

Name	Date joined committee	Board status	Meeting attendance
HH Hickey (Chairperson)	1 January 2016	Independent non-executive director	4/4
DH Brown	7 November 2017	Independent non-executive director	4/4
JJ Nel	1 June 2019	Independent non-executive director	4/4
Dr NY Jekwa	1 June 2019	Independent non-executive director	4/4

4
Meetings

100%
Attendance

Role and mandate

The committee's main role is to assist 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, as well as the preparation of financial statements in compliance with all applicable legislation and regulations.

In addition, the committee has oversight of the external and internal audit appointments and is responsible for assessing the effectiveness of the internal audit function, the CFO, as well as the independence and effectiveness of the group's external auditor and the designated individual audit partner.

As part of its mandate, the committee 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.

The committee does not assume the functions of management, as these functions remain the responsibility of the executive directors and senior management.

The committee also does not provide relief to board members in terms of their collective 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, JSE Listings Requirements and the Audit and risk committee charter.

Refer to the Audit and risk committee charter at www.northam.co.za/governance/policies-and-procedures.

Invited attendees

The engagement partners of the external and internal auditors are standing invitees to the committee meetings, as is the chief executive officer and chief financial officer.

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 external and internal auditors without the presence of management. For the year under review these meetings took place on 14 August 2020 and 8 March 2021.

Our commitment to independence, transparency and collaboration

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

The committee encourages continuous and open communication with all assurance providers including the external and internal auditors, risk and compliance functions, senior management, as well as the board.

Associated capitals addressed by the committee

- Financial
- Manufactured
- Intellectual

Related material issues addressed by the committee

- Maintaining our legislative and regulatory compliance, focussing on the Mineral and Petroleum Resources Development Act (MPRDA) and the Mining Charter
- Maintaining constructive communication channels with all our stakeholders
- Liquidity management to mitigate market volatility
- Ongoing impact of COVID-19

See page 48 of our Annual integrated report 2021 for more detail on our material issues.

Risks and opportunities addressed by the committee

- Exchange rate and commodity price volatility
- Liquidity
- Fraud and theft
- Information Technology and cyber security
- Empowerment transaction
- Capital allocation

See page 50 of our Annual integrated report 2021 for more detail on our risks and opportunities.

Areas of focus during the year – significant audit matters

Audit matter	Response	Associated risks
Inventory valuation	The committee noted the valuation of metal inventory as a key audit matter set out in the independent auditor's report. It deliberated on this matter and reviewed a detailed report from management on the process implemented to verify the quantity and valuation of inventory ensuring that inventory is stated at the lower of cost and net realisable value (NRV).	▪ Fraud and theft
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 2021: ▪ 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, therefore no impairments are required ▪ Mineral Reserve and Mineral Resource estimates ▪ Evaluation of the capitalisation of borrowing costs in terms of IAS 23 Borrowing costs relating to the qualifying assets of the group ▪ The consolidation of the Zambezi Platinum (RF) Limited preference share liability ▪ Evaluation of both the long-term and trade receivable balances for expected credit losses in terms of IFRS 9 Financial instruments ▪ Evaluation of the tax deductibility of interest on certain borrowings ▪ 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 ▪ Disclosure of related party transactions ▪ Assessment of the liability raised in terms of an Employee Labour Court judgement ▪ Assessment of contingent assets or liabilities disclosed in the notes to the annual financial statements The committee deliberated on these matters and is comfortable that they have been appropriately accounted for in terms of the requirements of IFRS and are fairly represented in the annual financial statements	▪ Liquidity ▪ Exchange rate and commodity price volatility ▪ Social licence to operate ▪ Environment
New accounting standards	Considered new accounting standards, interpretations and amendments to standards in issue, not yet adopted, but are likely to affect the financial reporting in future years and the disclosure thereof in the annual financial statements. Refer to the Annual financial statements 2021 for new accounting standards adopted and standards, interpretations and amendments issued, but not yet effective.	▪ Social licence to operate

Audit matter	Response	Associated risks
Free cash flow forecast	Deliberated and reviewed the cash generation profile of the group. This was done in the context of the group's intention to maintain a prudent level of standby credit in light of its significantly enlarged operational footprint and working capital requirements.	▪ Liquidity
Transaction to accelerate the maturity of the Zambezi BEE Transaction and the extension of HDP ownership for a further 15 years	The committee considered the pro-forma financial information provided in the Northam circular together with the work that was done by the reporting accountants, Ernst & Young Incorporated (EY) on the pro-forma financial effects. In addition, the committee reviewed the disclosures made in the annual financial statements with regards to the transaction to accelerate the maturity of the Zambezi BEE Transaction and the extension of HDP ownership for a further 15 years. The committee is comfortable that the disclosures in the annual financial statements are reasonable taking into account the terms and conditions of the Composite Transaction	▪ Empowerment transaction

Ongoing impact of COVID-19 on the current year audit and committee focus areas

The continued impact of the COVID-19 pandemic resulted in the majority of the audit being performed off site with the audit team given full access to Northam's Enterprise Resources Planning (ERP) system, SAP S4/Hana.

Continuous communication between external audit, management and those charged with governance ensured that the audit was appropriately planned and executed in the most effective way possible under the circumstances. Below are specific considerations given to the financial reporting as a result of the ongoing impact of the COVID-19 pandemic:

Specific consideration	Response
Going concern assessment	The committee reviewed and considered various cash generating units (CGUs) impairment assessments, which included consideration of the CGUs ability to respond to changing circumstances, as well as the financial reserves required to sustain operations through adverse conditions, such as commodity price down-cycles, or periods of reduced production or sales demand. It was confirmed that the financial results have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The committee will continue to monitor factors impacting price forecasts which inform detailed cash flow estimates. Based on the latest available information, the committee assessed and confirmed the appropriateness of the going concern assumption used in the interim and annual financial statements. It also confirms that the group will continue to have adequate financial resources and access to capital to settle its liabilities, as and when they fall due, continuing to operate on a going concern basis for the foreseeable future

Specific consideration	Response
Impairment considerations	The committee considered the group's impairment assessments for its interim and annual reporting periods based on the requirements of IAS 36 Impairment of assets. It was noted that appropriate sensitivity assessments have been performed to ensure that the carrying value of all assets are lower than their recoverable value.
Available borrowing facilities	The committee performed a detailed review of the borrowing facilities available to the group which include a R4 billion revolving credit facility (RCF) and a R1 billion general banking facility (GBF), both provided by Nedbank Limited. The RCF matures on 5 September 2024 while the GBF has a 90-day notice period. Both these facilities are available in full. Further financing is available through the Domestic Medium-Term Note (DMTN) Programme established in 2012. During the year under review the committee reviewed updates to this programme and recommended for approval to the board, an increase in this programme from R10.0 billion to R15.0 billion. It was confirmed that the group has adequate borrowing facilities available.

Financial statements and integrated reporting process

- Monitored the continued impact of the COVID-19 pandemic and noted that the finance function continued to operate effectively throughout the year under review
- Reviewed and considered the trading statements issued
- Reviewed and debated the accounting treatment of significant accounting and auditing matters including non-routine transactions
- Reviewed and assessed 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 and monitored the appropriateness of the management actions taken in addressing these matters
- Analysed financial information included in the interim and annual results announcements to ensure the accuracy and integrity of financial data disclosed externally
- Reviewed the representation letter signed by management
- Considered section 45 of the Companies Act in regard to the provision of financial assistance to subsidiaries
- Reviewed the CEO and the CFO responsibility statement in terms of paragraph 3.84(k) of the JSE Listings Requirements confirming that:
  - the annual financial statements, fairly represent in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS
  - no facts have been omitted or untrue statements have been made that would make the annual financial statements false or misleading
  - internal financial controls are in place to ensure that material information relating to the group and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the group
  - the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled the CEO and CFO role and function within the combined assurance model pursuant to principle 15 of King IV™. Where the CEO and CFO have not been satisfied, they have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and or any fraud that involves directors, and have taken the necessary remedial action. The committee notes that no such disclosures have been received
- Reviewed and assessed the audited annual financial statements and found the controls and financial reporting processes underpinning its compilation to be appropriate and effective

The committee evaluated the consolidated and separate annual financial statements for the year ended 30 June 2021 and has 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 to the board the approval of the annual financial statements, interim and annual results, as well as the financial information included in the 2021 Annual Integrated Report

Internal controls and risk management

The committee is responsible for reviewing the adequacy and effectiveness of systems of internal control, financial reporting and risk management, as well as for considering the findings of any major internal investigations related to control weaknesses, fraud or misconduct together with management's response thereto.

The committee delegates to management the duty to continuously identify, assess, mitigate and manage risks within the existing and changing risk profile of the group's operating

environment. Mitigating controls are formulated to address the risks identified and the board is kept abreast of progress on the group's risk management plan.

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

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, standards and processes and received reports incorporating the group's 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, risk management and internal control 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 may not 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 Refer to the Annual financial statements 2021 for disclosure regarding the employee labour court judgment. ▪ Noted the work done by management to strengthen the internal control environment ensuring that the necessary controls and processes are established taking into account findings identified by both the external and internal auditors	▪ Fraud and theft ▪ Information Technology and cyber security
Compliance with laws and regulations pertaining to the financial reporting	Considered and reviewed the group's compliance with all applicable 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 licence to operate
Cyber security	Considered and reviewed the findings of a cyber vulnerability and penetration assessment, as well as a cyber-security review on the group's IT systems. The assessment and review were performed by an external consultant and internal audit. The committee will continue to assess the mitigating actions and responses implemented by management to address the findings identified from the assessment and review.	▪ Information Technology and cyber security

Having considered, analysed, reviewed and discussed information provided by management, and other board committees, as well as the external and internal auditors, the committee is of the opinion that the internal controls of the group have 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 report on the financial statements of the company

Internal audit

Internal audit features as part of the third line of assurance in the combined assurance model and provides independent assurance over the first and second lines of assurance from operations and relevant oversight functions.

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 Thomas Gouws, as the partner 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 fulfil these duties. He also has unrestricted access to the chairperson of the committee.

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

The internal audit function meets with the audit committee at least once a year without management being present.

The following functions are performed by internal audit:

- Assessment of compliance with laws and regulations
- Evaluation of the adequacy and effectiveness of internal controls over financial reporting, risk management and internal controls in general
- Reporting findings to management and the committee and monitor the remediation of all significant deficiencies reported
- Assessing the adequacy of assurance coverage in respect of the combined assurance model

The committee approves the internal audit plan encompassing the activities to be audited by internal audit. The internal audit function remains independent from the activities it audits and from the day-to-day management of the group. This maintains the functional and financial independence of the internal audit function.

During the year under review the committee:

- Evaluated the independence, effectiveness and performance of the internal audit function and compliance with its terms of reference
- Reviewed and approved the annual internal audit plan in consultation with the CAE ensuring that material risk areas were included and that the coverage of risks and business processes were acceptable
- Reviewed and discussed with the CAE the scope of work of the internal audit function, the issues identified as a result of its work, management's responsiveness to issues raised and agreed action plans
- Ensured coordination and cooperation between the internal audit, risk management and compliance functions

The committee has ensured that internal audit operated independently and monitored its effectiveness on an ongoing basis.

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

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

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, Alet Coetzee.

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

External auditors

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 more than 37 years. The designated individual audit partner

> Northam focusses on ongoing improvement to its systems of internal control, as well as enhancement to the overall control environment.

rotates every five years with Ebrahim Dhorat being appointed as the current audit partner from the financial year ended 30 June 2018.

The audit for the year ended 30 June 2022 will be the last year that EY will perform the audit of the group after which another audit firm will be appointed, in line with mandatory audit firm rotation requirements.

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 section 3.84(g)(iii), as read with section 22.15(h) of the JSE Listings Requirements and section 7.3(e)(iii) of the JSE Debt Listings Requirements.

During the year under review the following information was considered and reviewed by the committee:

- The most recent 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 2020 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 seven 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

During the year under review the committee also:

- Monitored the effectiveness of the external auditor in terms of their independence, audit quality and expertise, as well as the execution of the audit plan
- Approved the external auditor's annual audit plan and ensured that all statutory and financial reporting requirements were met and material risks were identified and appropriately addressed
- Reviewed the external auditor's findings and recommendations and ensured that matters raised were resolved appropriately
- Ensured coordination and cooperation between the external and internal auditors
- Convened with the external audit team without management being present and was assured that there were no unresolved areas of disagreement with management. Satisfaction was expressed with the skills and expertise in group finance and it was confirmed that throughout the audit there was good support from the management team
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005

The committee has considered the information provided and after due assessment, is satisfied that the external auditor, EY and the designated individual partner, Ebrahim Dhorat are appropriately accredited and are suitable for reappointment at the upcoming AGM of the company for the 2022 financial year

Therefore, pursuant to paragraph 3.84(g)(iv) of the JSE Listings Requirements, the committee has ensured that the appointment of the auditor, EY, and the designated individual partner, Ebrahim Dhorat, has been presented and included as a resolution at the upcoming 2021 AGM pursuant to section 61(8) of the Companies Act

Audit and non-audit fees

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

	30 June 2021 R000	30 June 2020 R000
Audit services | Northam Platinum Limited and group companies including over-runs	**7 696**	6 392
Audit services | Zambezi Platinum (RF) Limited	**640**	590
Assurance: Sustainable development report	**1 140**	1 095
Audit services: ISRE 2410 review | Northam Platinum Limited	**985**	929
Audit services: ISRE 2410 review | Zambezi Platinum (RF) Limited	**84**	79
Non-audit fees	**160**	630
Assurance reports relating to the issue of commercial paper (Domestic Medium Term Notes)	**3 500**	2 500
Reporting accountants report relating to the various circulars and prospectus issued as part of the transaction to accelerate the maturity of the Zambezi BEE Transaction and extension of HDP ownership for a further 15 years	**6 830**	–
Total	**21 035**	12 215

Rotating audit firms

The board is committed to mandatory audit firm rotation which becomes 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 consolidated and separate financial statements of the company as a whole are free from material misstatement, whether due to fraud or error and comply with IFRS. Furthermore, our growing business and the ever changing accounting standards make it an 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 the IRBA.

Management together with the committee will commence a process of appointing a new auditing firm to shadow EY during the upcoming financial year to ensure a smooth audit transition.

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 have 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

Combined assurance

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

The group's combined assurance model establishes integrated and coordinated assurance activities across all levels of the group. It avoids duplication of efforts, promotes coverage and rationalises collaboration amongst assurance providers.

The group has developed a combined assurance model integrating the following:

- Financial statement captions – income statement and balance sheet
- Operational management activities – traditional practices
- Shared/centralised management activities – incorporating

organisational changes and responsibilities
- Risk management – group strategic risks
- Internal control validation and assurance – encompassing financial and non-financial controls

These activities form the basis of Northam's combined assurance model.

Furthermore, the Northam combined assurance model features four lines of assurance used to distinguish the level of assurance, as well as the extent of assurance that is associated to the various aspects comprising the model. The four lines of assurance consist of:

- Operations – management reviews incorporating group services
- Corporate – mining executives, CFO and executive committee reviews
- Third party – independent providers of confirmation and/or assurance
- Board and board sub committees

The committee reviewed and approved the combined assurance model for the group and is of the opinion that adequate assurance is provided across the four lines of assurance.

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 results in an adequate, effective control environment and the integrity of reports relied upon for decision making

Institute of Directors in Southern Africa review

During the year under review, the Institute of Directors in Southern Africa (IoDSA) was appointed to facilitate a self-appraisal evaluation of the board and each sub committee of the board.

The evaluation report noted that while the committee members were particularly impressed with the manner in which the committee was operating, there was a reflection that continuing professional development (CPD) should be considered for future.

In order for the members of the audit and risk committee to comply with the SAICA requirements for CPD points, Northam has committed to assist in facilitating the training that may be required.

Areas of focus for F2022

Internal control environment – monitor the continuous improvement of internal controls

Enterprise risk management – oversee the maturity of the risk management process within the group

Auditor rotation – oversee the process of changing the group's auditors

Conclusion

The committee is satisfied that it has considered and discharged its responsibilities in line with its terms of reference, 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

23 September 2021

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 in an orderly manner to maintain and preserve institutional knowledge, experience, skill, continuity and diversity.

TE Kgosi
(Member)

Basis of preparation

This nomination committee report has been prepared in line with Northam's good corporate governance practices following the King IV Report on Governance for South Africa, 2016 (King IV™).

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

Committee composition

During the year the committee comprised three non-executive directors, elected by the board. The committee meets as and when required.

The board elects the chairperson of the committee, who is an independent non-executive director and reports to the board on the committee's activities and all matters discussed.

Invited attendees

Invitations to attend the committee meetings are extended to senior executives and professional advisors as deemed appropriate. All directors have the right to attend committee meetings.

The chief executive officer and chief financial officer both attended the committee meeting that was held for the year.

Changes to the committee during the year

The following changes to the committee occurred during the year:

- Northam and Zambezi Platinum (RF) Limited (Zambezi) concluded a transaction to accelerate the maturity of the empowerment transaction entered into between Northam and Zambezi in May 2015, whilst maintaining Northam's broad-based black economic empowerment ownership.

  KB Mosehla therefore resigned as chairman of the board and subsequently as a director of Northam on 30 June 2021

Committee composition

Name	Date joined committee	Board status	Meeting attendance
R Havenstein* (Chairperson)	18 February 2015	Independent non-executive director	1/1
KB Mosehla**	7 November 2017	Non-executive chairman	1/1
TE Kgosi	18 February 2015	Non-executive director	1/1

* Retired as director and from the committee with effect from the conclusion of the November 2020 AGM
** Resigned as director and from the committee on 30 June 2021

1
Meeting

100%
Attendance

Role and mandate

The committee assists the board in recommending non-executive director nominees to the board for approval by the company's shareholders at the AGM.

This is to ensure that the interests of shareholders are properly protected in relation to the leadership and management of the company.

The committee is also responsible for overseeing the size and composition of the board and its sub committees with particular reference to the balance of skills, knowledge, experience and diversity of the directors.

Refer to the Nomination committee charter at www.northam.co.za/governance/policies-and-procedures.

This allowed Northam to implement a well-planned and well-structured transition insofar as the future composition of the board is concerned to be accompanied by an orderly hand over of the duties of the chairperson to his successor.

DH Brown was appointed as chairman of the board effective 22 June 2021

- R Havenstein retired as a member of the board with effect from 27 November 2020, after 17 years as a director of Northam

The board acknowledges that the nomination committee currently does not have the required number of members as at year end 30 June 2021. The composition, mandate and charter of this committee will be reviewed and reassessed together with the review of all sub committees of the board in a structured manner led by the chairman of the board over the course of the next 12 months.

Associated capitals addressed by the committee

Intellectual

Related material issues addressed by the committee

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

See page 48 of our Annual integrated report 2021 for more detail on our material issues.

Risks and opportunities addressed by the committee

- Critical skills and key personnel

See page 50 of our Annual integrated report 2021 for more detail on our risks and opportunities.

Areas of focus during the year

Focus Area	Response
Remuneration committee	▪ Recommended to the board for approval the constitution of a separate remuneration committee, subsequent to considering shareholder feedback post the November 2020 AGM. This will be done as part of the review and reassessment of the composition, mandate and charter of all committees led by the chairman, DH Brown
Board appointments and committee composition	▪ Considered the current composition of the board and committees and commissioned a review of the composition, mandate and charter of all board sub committees, led by the chairman within the next 12 months ▪ Recommended to the board for approval the appointment of GT Lewis as an independent non-executive director of the board The committee is satisfied that the recent appointment to the board will enhance the overall mix of knowledge, skills and experience of the board in order to execute its duty
Board performance	▪ Considered and reviewed the areas identified for improvement by the independently facilitated board and committee self-assessments performed during the year ▪ Noted each committee's work plan to implement the required remedial actions
Board succession planning	▪ Oversaw succession planning to maintain and preserve institutional knowledge, experience, skill, continuity and diversity of directors ▪ Proposed the appointment of DH Brown as lead independent director from 1 November 2020 replacing RH Havenstein
Directors' independence	▪ Monitored and reviewed the independence of the independent non-executive directors, noting no change in designations required
Board rotation	▪ Reviewed and considered eligibility for re-election of directors retiring at the upcoming 2021 AGM, noting all directors in question are eligible for re-election

Areas of focus for F2022

Board and committee composition and charter review
Oversee the review and reassessment of the composition, charters and mandates of the board and sub committees

Conclusion

The nomination committee is satisfied that it has considered and discharged its responsibilities in line with its charter and good corporate governance practices.

For and on behalf of the committee.

TE Kgosi
Member

23 September 2021

Attendance of members at board and committee meetings

Attendance 1 July 2020 to 30 June 2021:

	Board	Audit & risk committee	Health, safety and environmental committee	Investment committee	Nomination committee	Social, ethics, human resources and transformation committee	Total	Total %	Board changes
Meetings held	**6**	**4**	**4**	**6**	**1**	**4**	**25**		
KB Mosehla[1, 2, 3]	**4/4**	–	–	–	1/1	–	5/5	100%	Retired 30 June 2021
PA Dunne (CEO)[4]	**6/6**	–	4/4	–	–	1/1	11/11	100%	
AH Coetzee (CFO)[4]	**6/6**	–	–	–	–	–	6/6	100%	
DH Brown	**6/6**	4/4	–	6/6	–	–	16/16	100%	Appointed lead independent director 1 November 2020 and chairman of the board 22 June 2021
HH Hickey	**5/6***	4/4	–	–	–	–	9/10	90%	
NY Jekwa	**6/6**	4/4	4/4	–	–	4/4	18/18	100%	
TE Kgosi[1, 3]	**4/4**	–	–	–	1/1	4/4	9/9	100%	
TI Mvusi	**6/6**	–	–	–	–	–	6/6	100%	
JG Smithies	**6/6**	–	4/4	–	–	–	10/10	100%	
MH Jonas	**6/6**	–	–	–	–	–	6/6	100%	
JJ Nel	**4/6***	4/4	–	6/6	–	–	14/16	88%	
GT Lewis	**3/3**	–	–	–	–	–	3/3	100%	Appointed 1 December 2020
R Havenstein	**3/3**	–	2/2	3/3	1/1	–	9/9	100%	Retired 27 November 2020
CK Chabedi	**2/2**	–	2/2	–	–	2/2	6/6	86%	Retired 27 November 2020
Overall attendance %[5]	**96%**	100%	100%	100%	100%	100%	98%	98%	

– Not applicable
* Apologies received
[1] Due to personal financial interests in Zambezi Platinum, KB Mosehla and TE Kgosi recused themselves from attending the special board meeting held on 29 October 2020. This special board meeting authorised management to purchase Zambezi Platinum preference shares on behalf of the company, returning value to Northam shareholders
[2] Due to personal financial interests in Zambezi Platinum, KB Mosehla recused himself from attending all the investment committee meetings
[3] Due to personal financial interests in Zambezi Platinum, KB Mosehla and TE Kgosi recused themselves from attending the independent board meeting held on 16 March 2021
[4] As executive directors, PA Dunne and AH Coetzee attended the independent board meeting by invitation only
[5] Total meetings attended by directors out of total applicable meetings

KING IV™ status

The board is satisfied that during the 2021 financial year every effort was made to apply and explain all aspects of KING IV™ as appropriate.

The audit and risk committee; health, safety and environmental committee; investment committee; nomination committee and social, ethics, human resources and transformation committee are all satisfied that Northam has complied with the KING IV™ principles during the 2021 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.

On behalf of the board.

DH Brown
Independent chairman

23 September 2021

Notes

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