



COMPLIANCE POLICY

Title: Compliance Policy

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1 DEFINITIONS AND INTERPRETATION

Term	Meaning
“approval framework”	The framework developed and updated from time to time in terms of which the limits of authority for various senior officials of the group are determined.
“audit and risk committee”	A sub-committee of the board tasked with assisting the board with audit and risk related issues.
“audit and risk committee charter”	The charter governing the role and responsibilities of the audit and risk committee.
“board”	The board of directors of Northam.
“CFO”	The Chief Financial Officer of Northam.
“code of ethics”	The Northam code of ethics, which is a set of basic rules, principles, and guidelines which direct, limit and guide in matters relating to ethical conduct and values.
“compliance officer”	An employee whose responsibilities include ensuring the group complies with its legal, internal and external regulatory obligations and procedures. All heads of department at Northam (“HOD’s”) are compliance officers as they are responsible for their respective departments or divisions pertaining to internal policy and external regulatory requirements. The HOD’s have a duty to report any known non-compliances to the CFO through the submission of risk management reports. The risk management reports are submitted to the audit and risk committee and board meetings.
“compliance risks”	The present and potential risk of damage to the company's business or its objectives, reputation and financial soundness arising from non-compliance and or a failure to meet compliance standards.
“compliance risk management programme”	The programme detailing the company's approach to the management of compliance risk, including the identification of the regulatory universe, execution and monitoring of corresponding compliance obligations and controls which are applicable to the group, as further detailed in clause 5.
“employee”	Any Northam permanent employee, non-permanent employee, contracting employee, turnkey staff or entity, as well as independent contractors working within the group.
“Exco”	The executive committee of the company.
“generally accepted compliance practice”	An international framework consisting of principles, standards and guidelines that act as a benchmark for compliance best practice that organisations and their compliance officers should apply.
“group compliance principles”	The compliance principles in respect of which the conduct of the company, its directors and its employees must be consistent, as further detailed in clause 4.
“King IV”	King IV Report on Corporate Governance for South Africa 2016, as amended from time to time.
“Northam” or the “company” or the “group”	Northam Platinum Limited and all its subsidiaries, joint arrangements and associates.
“policy”	The set of basic rules, principles and guidelines, which direct, limit and guide the company in matters relating to compliance as envisaged in this document.
“regulatory universe”	The Constitution of South Africa, laws, rules, codes, policies and standards that are applicable to the group or which the group adopts.

“stakeholder”

Any relevant person or group of persons with an interest or concern in the company and which the company should consider in the context of its operations.

1. INTRODUCTION

- 1.1. Northam is committed to:
 - 1.1.1. the highest standards of integrity and fair dealing in the conduct of its business;
 - 1.1.2. complying with both the spirit and the letter of applicable legal and regulatory requirements, and acting in a transparent manner with due care, skill, and diligence; and
 - 1.1.3. conducting its business activities lawfully and in a manner that is consistent with its compliance obligations.
- 1.2. The company recognises that it is obliged to manage and regularly review its compliance and risk management profile at a strategic, operational, and project level, and further recognises that its reputation can be tarnished by the company or its employees failing to adhere to relevant compliance obligations.
- 1.3. Unlawful and unethical behaviour may have far-reaching consequences for the company, including (without limitation):
 - 1.3.1. criminal penalties;
 - 1.3.2. administrative fines;
 - 1.3.3. civil damages;
 - 1.3.4. seizure of profits;
 - 1.3.5. exclusion from contracts;
 - 1.3.6. harm to the image and reputation; and/or
 - 1.3.7. negative perceptions by the investor community.
- 1.4. Accordingly, this policy serves to guide the company and its employees in complying with its legal, regulatory and supervisory requirements. This policy does not, however, cover all conceivable situations or describe all of the particular rules that must be followed.

2. PURPOSE AND OBJECTIVES

- 2.1. This policy establishes the overarching principles and commitment to action with respect to compliance within the group by:
 - 2.1.1. establishing a foundational reference point for the compliance framework within which the company operates;
 - 2.1.2. promoting a consistent, rigorous and comprehensive approach to compliance throughout the group in line with integrated governance, risk and compliance principles;

- 2.1.3. establishing a base for developing and maintaining practices that facilitate and monitor compliance within the group;
- 2.1.4. seeking to ensure that the highest standards of good corporate governance, ethics and community expectations are implemented; and
- 2.1.5. promoting a culture of compliance where every person within the group is held accountable for achieving and maintaining compliance and acts ethically and with integrity.

3. SCOPE AND APPLICATION

- 3.1. This policy applies to Northam and all Northam's directors, officers, employees, operations and subsidiaries, who shall be bound by, observe and implement this policy at all times.
- 3.2. All employees and directors are required to comply with this policy, and where requested, to demonstrate such compliance. Any violations of this policy may result in disciplinary action and will be dealt with under the appropriate Northam disciplinary policy, and/or may result in civil or criminal legal action against an employee, contractor or third party, as applicable. Where such violation constitutes gross misconduct it may result in dismissal.
- 3.3. Northam reserves the right to audit and/or monitor compliance with this policy, and any other related policies, guidelines or standards at any time.
- 3.4. Northam reserves the right to suspend or permanently remove access to its premises, assets or facilities based on non-compliance with this policy.

4. POLICY PRINCIPLES

- 4.1. The company recognises its accountability to its stakeholders under the legal, regulatory and supervisory requirements applicable to its business.
- 4.2. The conduct of the company, its directors and its employees must therefore at all times be consistent with the following underlying principles:
 - 4.2.1. Northam's compliance/regulatory risks must be managed in a proactive, on-going and positive manner;
 - 4.2.2. Northam's compliance standards must be aligned with the most recent applicable generally accepted compliance practices and King IV;
 - 4.2.3. Northam, its directors and employees must understand their compliance duties, not only for the obligations it creates, but also for the rights and protections it affords; and

- 4.2.4. Northam must be governed and its business activities conducted lawfully and in a manner that is consistent with the regulatory universe, in a way that ensures that it remains a good corporate citizen and conducts its business activities in an ethical manner.
- 4.3. The Northam group operates within a highly regulated industry with a regulatory universe that is constantly changing. Its compliance obligations stem from a multitude of legal requirements within that regulatory universe. In particular, without limitation, Northam, its directors and employees must comply with the obligations applicable to it set out in:
 - 4.3.1. the Explosives Act No.15 of 2003;
 - 4.3.2. the Mine Health and Safety Act, No. 29 of 1996, the Occupational Health and Safety Act No. 85 of 1993 and other applicable health and safety laws;
 - 4.3.3. the Labour Relations Act, No. 66 of 1995
 - 4.3.4. the Companies Act No. 71 of 2008;
 - 4.3.5. Hazardous Substances Act No.15 of 1973;
 - 4.3.6. Basic Conditions of Employment Act No.75 of 1997;
 - 4.3.7. the rules and regulations of the securities exchange operated by the JSE Limited;
 - 4.3.8. King IV;
 - 4.3.9. the Mineral and Petroleum Resources Development Act, No. 28 of 2002 and the regulations published in respect thereof;
 - 4.3.10. the National Environmental Management Act, No. 107 of 1998 and the regulations published in respect thereof and other applicable environmental laws;
 - 4.3.11. the code of ethics; and
 - 4.3.12. the approval framework.

5. COMPLIANCE RISK MANAGEMENT PROGRAMME

- 5.1. Given the highly complex and ever-evolving nature of the legal framework within which Northam operates, appropriate key compliance objectives must be updated and incorporated into the company's corporate vision and the company's operations from time to time. It is therefore imperative that the company develop a framework, policy and the necessary tools to facilitate the achievement of compliance within the industry.
- 5.2. A compliance risk management programme has been developed to ensure that each of the company's key functions and departments are aligned with its compliance obligations and corporate strategy. The compliance risk management

programme forms an integral part of the management of Northam's compliance risk and contains the controls, procedures and mitigations necessary to manage such compliance risks.

- 5.3. The Northam compliance risk management programme, is based on the following 4 elements :
 - 5.3.1. undertaking – the compliance officers shall design a clearly defined, robust compliance risk management programme in respect of their respective departments which is tailored for their department's specific risk requirements, and report to the CFO and in respect of such establishment;
 - 5.3.2. implementation – the compliance officers shall implement the compliance risk management programme in an efficient and effective manner which includes the provision of clear policies based on the group compliance principles, the provision of ongoing training and education of directors and employees and a clear reporting mechanism;
 - 5.3.3. monitoring and reporting – the compliance officers shall continually monitor and report on their department's compliance risk management programme; and
 - 5.3.4. continual improvement – the compliance officers shall regularly review and continually improve upon their department's compliance risk management programme in order to maintain a compliance risk management programme that is up to date with the most recent applicable regulatory changes and governance principles.
- 5.4. In the implementation of the company's compliance risk management programme, compliance officers shall maintain, in respect of their departments, the following, as a minimum:
 - 5.4.1. a record of the compliance risk management programme and the steps taken to implement it;
 - 5.4.2. a compliance database that is easily accessible by all employees, detailing the applicable regulatory universe; and
 - 5.4.3. a record of the monitoring and reporting steps taken, including the risk management reports, detailing breaches of key compliance obligations and recommending the appropriate risk mitigation.

6. COMPLIANCE RESOURCES

Adequate resources shall be provided to assist the company and the compliance officers in meeting the company's compliance obligations and these resources include, as a minimum, the CFO providing guidance on compliance, risk management and legislative and or regulatory matters, to ensure that the company's compliance policies and the compliance risk management programme

is consistent with the most recent applicable regulatory changes and governance principles.

7. ROLES AND RESPONSIBILITIES

7.1. Specific roles and responsibilities for compliance risk management in the company are as follows:

7.1.1. Every employee is responsible for complying with this policy and must notify line managers or a compliance officer if he/she suspects any violation of this policy.

7.1.2. Employees have a responsibility to ensure that their activities on behalf of the group comply with all applicable legal, internal and external obligations and procedures.

7.1.3. The board shall retain the ultimate responsibility for ensuring that the company fulfils its legal obligations and effectively manages any potential risks relating to compliance failures and shall discharge its responsibilities as per the board charter governing the role and responsibilities of the board.

7.1.4. The audit and risk committee shall review and oversee the implementation of the compliance risk management programme and make recommendations as per the audit and risk committee charter.

7.1.5. Exco shall ensure adherence to this policy, manage the compliance obligations of the company and report on compliance issues.

7.1.6. The compliance officers shall be accountable for:

7.1.6.1. implementation, review and management of the company's compliance risk management programme, including associated reporting to the CFO and the board;

7.1.6.2. ensuring that awareness of compliance is promoted within the company;

7.1.6.3. ensuring that the company has appropriate systems to identify, record and communicate its compliance obligations;

7.1.6.4. ensuring that identified compliance obligations contained within regulatory universe are accurate and current;

7.1.6.5. the active management of those compliance obligations agreed to by the board, including ongoing monitoring of the controls that have been implemented;

7.1.6.6. delivering training and presentations in relation to compliance issues;

- 7.1.6.7. providing effective advice on compliance matters; and
- 7.1.6.8. providing all relevant documentation to the external auditor or internal auditor, as may be requested from time to time.

8. WHISTLE- BLOWING

- 8.1. The company appreciates that reporting on alleged non-compliance may be a sensitive issue. In the circumstances, the company has a whistle-blowing system to address complaints. The fraud hotline available on the website at www.northam.co.za should be used by any person to report any compliance violations.
- 8.2. All reports made *via* the fraud hotline shall be treated with utmost sensitivity and all matters shall be addressed with the consent of the affected party.
- 8.3. Whistle-blowing reports are provided/reported to the audit and risk committee.
- 8.4. General complaints and breaches under this policy should be referred directly to the relevant compliance officer for further attention.

9. MONITORING AND REPORTING

- 9.1. The CFO, with the assistance of the compliance officers, shall trend the nature and frequency of any compliance issues, determine the probability and mitigate against the risk of such compliance failures.
- 9.2. Reporting will be done bi-annually to the audit and risk committee and to the Northam board through the risk management reports.

10. GOVERNANCE

This policy should be reviewed by the board at least once every 3 (three) years to ensure compliance with the latest generally acceptable compliance practices.