



MATERIAL ISSUE 4:

ENSURING THAT OUR STAKEHOLDERS BENEFIT, WHERE APPROPRIATE AND POSSIBLE, FROM THE VALUE CREATED BY OUR COMPANY

We create value for stakeholders in many ways, including increasing production and sales; increasing earnings and growth; through taxes and royalties; transformation; salaries and wages; training and development; housing and accommodation; and investing in communities in the form of local economic development, preferential procurement and corporate social investment. We recognise that stakeholders, be they shareholders, employees or communities, have certain expectations of the company, not all of which may be appropriate or possible to meet. We need to understand and manage these expectations through credible and effective stakeholder engagement.

VALUE ADDED STATEMENT

	FY2015		FY2014	
	%	R'000	%	R'000
Sales revenue		6 035 535		5 339 397
Less: Purchase of goods and services in order to operate and produce refined metals		(3 435 581)		(3 294 369)
Value added by operations	199.8	2 599 954	92.8	2 045 028
Add: Share of earnings from associate	2.81	28 769	0.1	2 137
Investment revenue	5.4	72 043	2.7	59 963
Net sundry (expenditure)/income	(107.3)	(1 395 542)	4.4	97 011
Total value added	100.0	1 300 742	100.0	2 204 139
Value distributed				
EMPLOYEES	103.7	1 349 989	58.5	1 288 616
Salaries and wages	108.1	1 405 790	60.9	1 341 254
Contributions to retirement benefit funds	8.7	114 565	4.5	99 275
Contributions to health-care funds	5.1	66 074	2.7	58 615
Pay-as-you-earn deducted	(18.2)	(236 440)	(9.6)	(210 528)
GOVERNMENT	30.0	391 727	11.9	262 992
Mining and non-mining tax, including capital gains tax	13.3	172 613	4.4	96 229
Deferred tax	(4.4)	(57 182)	(3.2)	(70 030)
Dividend withholding tax	0.9	12 447		
Royalties	2.0	27 409	1.1	26 265
Pay-as-you-earn deducted from employees	18.2	236 440	9.6	210 528
PROVIDERS OF CAPITAL				
Dividends	0.5	6 475	0.5	11 066
Finance charges	18.8	245 937	8.0	176 124
BROADER COMMUNITY				
Corporate social responsibility	0.5	6 805	0.2	2 917
Total value distributed	153.8	2 000 933	79.1	1 741 715
RETAINED BY COMPANY	(53.8)	(695 709)	20.9	462 424
Depreciation and write-offs	26.1	339 949	20.2	445 875
Decommissioning provision to meet statutory obligations	0.6	7 540	0.4	9 345
Retained income	(80.5)	(1 047 680)	0.3	7 204
	100.0	1 300 742	100.0	2 204 139

MATERIAL ISSUES CONTINUED

CREATING VALUE FOR SHAREHOLDERS

The empowerment transaction has served as a catalyst for the launch of the group's business strategy. A new group of shareholders now stand to gain from the positive returns we intend to extract from the business, both in terms of share price growth and dividend flow.

CREATING VALUE FOR EMPLOYEES

Employment practices

Northam is committed to fair and progressive employment practices where long term employment opportunities are provided to employees to grow and develop their potential. Remuneration practices take account of the demanding skills required in the mining industry, as well as the difficulty of attracting skilled HDSAs to work in remote locations.

Northam's employment practices and policies are governed by South African legislation and regulations such as the Mine Health and Safety Act, the Employment Equity Act No 55 of 1998, the Skills Development Act No 97 of 1998, the Skills Development Levies Act No 9 of 1999, the Basic Conditions of Employment Act No 75 of 1997, the Labour Relations Act, the MPRDA, collective bargaining and recognition agreements with organised labour.

A formal grievance policy is in place, providing for both individual and group grievances. During F2015, 40 grievances were submitted, all of which were addressed and resolved.

Full-time Northam employees receive the following benefits:

- Membership of pension and provident funds
- Death benefits
- Access to medical care
- Housing and living-out allowances
- Study assistance
- Maternity and paternity leave

Minimum notice periods prior to the implementation of significant operational changes that could substantially affect employees are prescribed by legislation.

Total employment 2015



Zondereinde

In F2015, Zondereinde employed 6 426 full-time employees and 2 122 contractors (F2014: 6 638 full-time employees and 2 150 contractors) and the operation's total employee turnover was 433 (6.7%).

Given the emphasis on local employment, engagement with the Thabazimbi municipality provides a platform for management to discuss required skills levels and competencies amongst the local populace.

Zondereinde's migrant labour contingent comprises 32.3% of its permanent workforce (including contractors) – meaning that they are sourced from South African provinces other than Limpopo and the North West. The operation's foreign labour workforce, drawn from beyond South Africa's borders, comprises 30.6% of permanent employees.

NUMBER OF EMPLOYEES AND CONTRACTORS – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
8 548	8 788	9 148	9 163	8 927

EMPLOYEE TURNOVER RATE (%) – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
7	4	1	7	7

Booyseendal

In F2015, Booyseendal employed 184 full-time employees and 1 324 contractors (F2014: 174 fulltime employees and 1 247 contractors). The operation's total employee turnover was 10.7%.

Booyseendal's employment policies and those of its contractors give preference to local employees and South African citizens as part of its commitment outlined in its social and labour plan (SLP). Booyseendal has recruited an average of 60% of its workforce from local communities as part of its stated SLP commitment.

All contractors on site are obliged to commit to the company's local recruitment targets, and they are required to submit a monthly report detailing the number of local employees, resignations and terminations. The employment of migrant labourers is discouraged at Booyseendal, particularly in the mine's unskilled categories. The company takes local employment very seriously, given the depressed economic conditions in the area and its potential impact on the company's operations.

NUMBER OF EMPLOYEES AND CONTRACTORS – BOOYSEENDAL

F2015	F2014	F2013	F2012	F2011
1 508	1 421	1 915	2 468	Not reported

Employee remuneration

Employees at the group's operations are remunerated in line with remuneration practice throughout the industry. For a significant period the wages of mineworkers have been under scrutiny.

Northam's remuneration model takes account of the demanding skills required in the industry. Benchmarking studies have demonstrated that entry-level mineworker wages in general, and those of Northam employees in particular, compare favourably with other sectors.

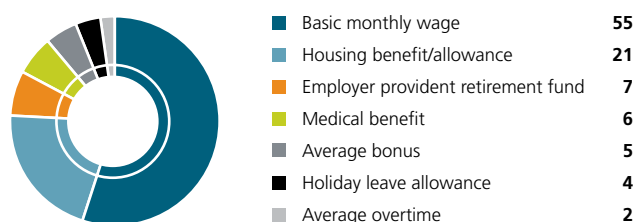
Wages and conditions of service are negotiated through engagement with employee representative bodies (labour unions recognised by the South African Department of Labour) who can prove 33.3% representation among the bargaining unit, to reach agreement on wages and other conditions of service. These negotiations are conducted at the end of the period for which the wage agreement is struck.

On 30 July 2015, Zondereinde management reached a three-year agreement with the National Union of Mineworkers.

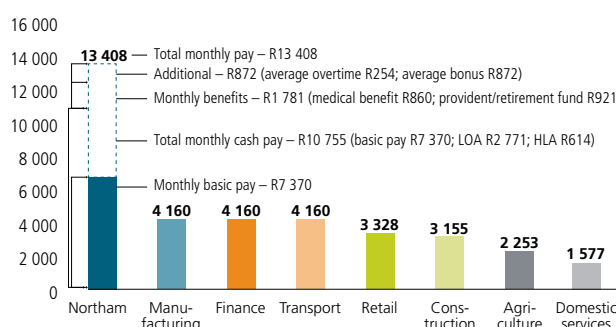
ANALYSIS OF AVERAGE PAY FOR NORTHAM UNDERGROUND EMPLOYEES AS AT 1 JULY 2015

	% of monthly average	Entry level Cat 02-08
Basic monthly wage	55.0	7 370
Employer provident/retirement fund	6.9	921
Medical benefit	6.4	860
Housing benefit/allowance	20.7	2 771
Holiday leave allowance	4.6	614
Average overtime	1.9	254
Average bonus	4.5	618
Total monthly average	100.00	13 408
Per annum (underground employee)		160 894

Northam: breakdown of remuneration (%)



Across-sector comparison of entry-level remuneration



Source: National Minimum Wage Research Initiative (Wits) 2014 data

Note: No evidence of benefits/quantum of benefits in other sectors

Employment equity and transformation

South African employment equity legislation is aimed at redressing the imbalances of the past through equal opportunity, non-discrimination and affirmative action. To rectify these imbalances, Northam focuses on the participation of black South Africans and women. The Mining Charter requires 40% of management to comprise HDSA employees by 2014, and for 10% of those to be women. Northam achieved a 51% HDSA level of management in F2015 with 45.01% at Zondereinde (F2014: 39%) and 68% at Booyssendal (F2014: 64%).

Northam's chief executive and executive: human resources are responsible for employment equity, strategic direction and the priorities of equity and transformation. However the implementation of these practices is a line management function, while the SE&HR board committee oversees this aspect.

Northam's employment equity plan is compliant with the requirements of the Mining Charter and the Employment Equity Act. The company submits its employment equity plans and progress reports to the Department of Labour annually.

The employment equity and training committee structure, although equitably and transparently constituted, has had significant challenges in achieving its objectives. The company engaged with recognised organised labour structures and officials from the Department of Labour in order to address these challenges and realise requisite goals and targets.

A Future Forum has been established at Booyssendal and comprises representatives of management, organised labour, the women in mining committee and the health and safety committee to assist with amendments to the workplace skills plan and employment equity plan and the monitoring of their implementation on a quarterly basis.

HDSAS IN MANAGEMENT (%) – GROUP

F2015	F2014	F2013	F2012	F2011
LA 51	45	37	35	45

MATERIAL ISSUES CONTINUED

HDSAS AT BOARD LEVEL (%) - GROUP

F2015	F2014	F2013	F2012	F2011
50	44	56	64	62

HDSAS AND WOMEN IN MANAGEMENT IN F2015

Occupational levels		Total workforce (number)	Target (%)		Actual (%)	
			HDSAs	Women in mining	HDSAs	Women in mining
Zondereinde	Senior management	8	40	10	25	13
	Middle management	68	40	10	44	9
	Junior management	200	40	10	46	9
Booyseindal	Senior management	6	40	10	67	0
	Middle management	25	40	10	44	12
	Junior management	68	40	10	76	32



In F2015, Northam employed a total of 755 women, 70% of whom were working in the core disciplines of mining, metallurgy and engineering.

Women in mining

Northam's engagement and consultation with women is undertaken by the employment equity and training committee at Zondereinde and the Future Forum at Booysendal, and is informed by consultation with local branch structures of the NUM.

The following major barriers and challenges have been identified by these structures:

- Scarcity of skills in the management category
- Perceptions about women in mining
- The suitability of protective equipment for the needs of women
- Underground facilities for women in the workplace

To address these challenges, Northam has implemented the following interventions:

- Women are actively sourced for bursaries and learnerships
- A talent pipeline aimed at developing women for positions in which they are under-represented
- Changing perceptions using training programmes for a diverse workforce
- Sourcing suppliers able to provide suitable protective equipment for female employees
- Identifying and discussing women's requirements and establishing appropriate arrangements and facilities

In F2015, Northam employed a total of 755 women (F2014: 537), 70% of whom were working in the core disciplines of mining, metallurgy and engineering. Women made up  8% of the workforce at Zondereinde (F2014: 7%) and  17% at Booysendal (F2014: 20%).

WOMEN IN MINING (%) – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
 8	7	7	7	7

WOMEN IN MINING (%) – BOOYSENDAL

F2015	F2014	F2013	F2012	F2011
 17	20	Not reported	Not reported	Not reported

Training and development

Northam's training and development programme aims to ensure that employees have the support they need to improve their competence and knowledge in the workplace and to grow as individuals. This programme includes:

- Legislative training (skills, health and safety)
- Learnerships

- External specialised training
- Bursaries and study assistance
- Adult education and training (AET)
- Mentorship
- Succession planning

Northam's training and development policy stipulates that emphasis be placed on the competence and competitiveness of employees as well as their personal development. The impact of training and development interventions is assessed in order to ensure that these interventions positively influence workplace behaviour.

Once Booysendal has moved from build up to steady state phase, each employee will have a personal development plan with reviews taking place on an annual basis. Zondereinde's personal development plans are being reviewed in F2016.

In F2015, the company spent a total of  R21.8 million on training and development at Zondereinde (F2014: R16.7 million) and  R3.3 million at Booysendal (F2014: R1.8 million). This is equivalent to 1.9% of the total wage bill (F2014: 2.1%).

Given the operations' employee requirements for the medium term, no portable skills training was conducted during F2015.

Zondereinde

Literacy is important to Northam as it improves employees' ability to communicate effectively and clearly.

AET is available to all employees on a part-time basis and the company is accredited to offer AET up to General Education and Training Certificate (GETC) level or National Qualifications Framework (NQF) Level 1. In F2015, 349 employees (F2014: 268) attended the AET programme at Zondereinde.

Northam offers electrical, plater/boilermaker, rigging, underground mining and rock-breaking learnerships to all employees. In F2015, 13 employees (F2014: 16) participated in these learnership programmes.

Zondereinde's bursary programme offers bursaries to second-year students in the fields of mining, electrical, mechanical and metallurgical engineering. Zondereinde also offers in-service training to participating individuals during their vacations. Successful bursars are subsequently entered into a two-year graduate internship programme before they are appointed to the Northam workforce.

In F2015, eight students received support to the value of R916 653 for mining-related engineering degrees (F2014: eight students supported at a cost of R719 875).

MATERIAL ISSUES CONTINUED

The current bursary programme includes eight black females in line with the company's strategy to increase female participation in professional occupations. To date, a total of R455 994 was paid for tuition, accommodation and other costs.

ZONDEREINDE – LEARNING ASSISTANCE BREAKDOWN F2015

	Expenditure (R)	Number of people	HDSAs %	Women %
AET	2 738 275	349	59	6
Learnerships	696 238	13	69	15
Bursaries	916 653	8	100	100
Study grants	–	–	–	–
Study assistance refunds	–	–	–	–
External training and skills development	5 303 453	674	43	7
Internal training and skills development	12 136 748	6 258	55	7
Total	LA 21 791 367	7 302	65	27

Booyseendal

A study of the literacy levels at Booyseendal has revealed that contractors have an average minimum AET level 4 or Grade 9 qualification. AET is, therefore, not considered necessary on the mine. Northam has prioritised the facilitation of AET classes for local community members in order to improve their access to employment opportunities in the future. An independent service provider from the local community provides these classes.

In F2015, 10 community members were enrolled into AET and five completed the course (F2014: 10 and 5). A total of 21

employees participated in learnerships (16 men and 5 women) in the fields of mining, engineering and processing.

Booyseendal's bursary programme offers bursaries to first year students in the fields of mining, electrical, mechanical and rock engineering and mine survey, areas of study that support the company's SLPs. These bursaries place emphasis on assisting students from Booyseendal's surrounding communities. In F2015 six bursaries at a value of R900 000 (F2014: five and R391 612) were planned in terms of the revised SLP, for which approval is still pending.

BOOYSEENDAL – LEARNING ASSISTANCE BREAKDOWN F2015

	Expenditure (R)	Number of people	HDSAs %	Women %
AET	154 000	10	100	80
Learnerships	1 173 697	21	100	28
Bursaries	94 812	5	100	20
Study grants	–	–	–	–
Study assistance refunds	–	–	–	–
External training and skills development	1 421 594	88	58	29
Internal training and skills development	433 378	187	79	24
Total	LA 3 277 481	311	87	36



Adult education and training (AET) is available to all employees on a part-time basis.

MATERIAL ISSUES CONTINUED

ACCOMMODATION AND HOUSING

The living conditions of employees is a key concern for Northam. The MPRDA and the Mining Charter provide the company with direction in respect of the provision of accommodation and housing for employees and contractors.

REVIEW OF ACCOMMODATION STRATEGY

Northam began a review of its accommodation strategy in F2014. In F2015, the company began laying the foundation for a comprehensive roll out of enduring accommodation solutions. To this end, in February 2015 the board of directors approved a comprehensive strategy to provide further accommodation opportunities to employees of the Zondereinde and Booyssendal mines. The strategy will focus the group's efforts for the next five years.

ACCOMMODATION STRATEGY 2020

- The strategy promotes home ownership as the preferred sustainable tenure option while acknowledging that rental, residence units and company accommodation will also be required. Northam cannot provide any one accommodation type in isolation, something that is further necessitated by the geographic diversity of our mines.
- The role of Northam is that of a facilitator, creating an opportunity for employees and using its financial and other resources to secure best prices and quality. It is up to employees to choose to take up these opportunities.

- Accommodation provided to staff must be secure, decent and affordable. An employee must be confident that his or her tenure is legally secure, that it is affordable on his/her salary and that it is well designed and of quality construction.

The strategy recognises the economic conditions prevailing in the industry and has thus adopted a prudent five-year implementation roll out. Building programmes will be demand driven within the constraints of the company's financial position. The strategy represents a commercially and financially prudent use of group resources.

ELEMENTS OF THE STRATEGY

Elements of the strategy include:

- the continued refurbishment of existing residences at Zondereinde into single rooms, upgrade of the visiting quarters and the improvement of social amenities around the residences
- the building at Zondereinde and Booyssendal of
 - freehold home ownership units for Northam employees
 - freehold home ownership units for public participation
 - freehold rental units for Northam employees
- various loan options.



PROGRESS TO DATE

Zondereinde

The majority of Zondereinde's workforce comes from labour-sending areas – other countries, provinces and regions where they have their primary homes and families – and most employees have indicated that they would not like to be permanently housed in the area. A total of 2 568 employees are provided with a living-out allowance while another 3 016 live in residences provided by Northam. The living-out allowance for each category forms part of the annual wage negotiations between Northam and organised labour.

Residences

Our residence improvements will be the highlight of our accommodation efforts for the forthcoming financial year. We have prioritised the completion of our residence apartment upgrades and the density target of one man per room will be met by the end of 2016.

Some 1 828 single units have been created in terms of the residence conversion programme. During F2015 alone, the company spent R11.7 million on upgrading residences. A further 1 040 rooms are to be completed by December 2016.

Employees in residence accommodation are provided with meals, which are overseen by a dietician who draws up meal plans and monitors energy, macro and micro nutrient content. An average of 7 500 meals were offered to employees every day during F2015.

Housing

In 2005 Northam introduced the Mojuteng Home Ownership Scheme to promote home ownership among its Zondereinde employees. Employees are offered a home loan, a debt consolidation facility and a structured housing subsidy, which helps employees to increase disposable income levels and results in higher home loan approval rates.

A total of 375 housing units have been sold to employees in the Mojuteng suburb of Northam, 22 kilometres from Zondereinde. An additional 37 stands are currently being prepared for the construction of houses for the benefit of employees. In F2015, Northam paid R261 315 to the Thabazimbi Municipality for services in the Mojuteng township. The project is managed by Norplats Properties Proprietary Limited (Norplats) and costs incurred are debited to the cost of sales. Norplats has a loan account with Northam, which is repaid based on the number of houses sold to employees. We will also meet short term demand by purchasing, for resale, 24 free-standing units in Mogwase.

Booysendal

Booysendal employees and contractors live predominantly in the towns and villages surrounding the operation, including

Mashishing (formerly Lydenburg), Steelpoort, Burgersfort, Ngwaabe and Jane Furse. The mine only provides single unit accommodation for employees and core contractors at Tshufi residence where a total of 154 employees and contractors currently live (F2014: 185). The remaining employees and contractors opt to receive living-out allowances.

Home ownership solutions as part of the new housing strategy will be directed at permanent staff and contractors and take into account that the Booysendal South operations will ramp up towards the end of the decade requiring additional labour.

FUTURE PLANS

Northam has acquired well situated land parcels in Mashishing and Northam and the land use rights process will commence shortly. This will place the company in a position, subject to timeous local government approvals, to commence construction of home ownership and rental units towards the end of F2016. These units are intended for the employees who receive the living out allowance. We will actively engage with the local municipalities to ensure adequate bulk services are made available for the various developments.

The company will continue to review the level of funds locked up in company owned housing to determine whether such housing can be made available to staff for home ownership.

END GOALS

The successful conclusion of the accommodation strategy, combined with Northam's efforts to date, means that the majority of the workforce will have access to decent accommodation opportunities by the close of F2020. The provision of this tenure will promote our employees' interest and workplace contribution to Northam. The strategy will ensure that the group exceeds its Mining Charter obligations, create significant social capital and should enhance Northam's standing as an employer of preference.



MATERIAL ISSUES CONTINUED

CREATING VALUE FOR COMMUNITIES

Approach and structure

Northam recognises its responsibility to contribute to local communities, providing project and infrastructural support in pursuit of socio-economic upliftment. The company seeks to mitigate any negative impacts on local communities. We maintain open and proactive communication channels with community structures and other stakeholders in order to deal with community concerns, expectations and developments.

In compliance with the requirements of the MPRDA and the Mining Charter, Northam's operations focus on contributing to mine, community and rural development. The company, therefore, pays significant attention to the establishment of LED projects identified in SLPs.

Northam's SLPs are aligned with the integrated development plans (IDPs) of local municipalities to address community needs effectively. In addition to local economic development, the company also supports several projects that are not necessarily in the ambit of its SLPs but are considered worthy causes.

Compliance with aspects of the Mining Charter relating to local economic development and related issues is the responsibility of the executive: human resources under the guidance of the SE&HR committee, which also oversees compliance at board level.

Our corporate social investment (CSI) committee comprises three members of management and one representative from each of the organised employee representative bodies. It meets on a monthly basis to identify, prioritise and allocate resources to sustainable projects. Key interventions are planned with local municipalities.

A community and rural development strategy is applied in identifying and implementing community projects. The strategy includes stakeholder mapping, an analysis of expectations and

immediate risks, as well as protocol for constructive engagement with government and related stakeholders to ensure a co-ordinated approach to community development.

F2015 performance

Northam's community development programme focuses on contributing to the social upliftment of communities surrounding its operations and those within major labour-sending areas. The programme aims to empower these groups economically in a sustainable manner.

In F2015, a total of R10.5 million was spent on CSI and LED (F2014: R2.9 million). Expenditure at Zondereinde was R6.8 million during the year. (F2014: a total of R1.5 million). At Booyssendal, expenditure amounted to R3.7 million (F2014: R1.4 million).

Zondereinde

Zondereinde engages with three municipalities:

- Thabazimbi Local Municipality in Limpopo
- Moses Kotane Local Municipality in North West Province, a labour-sending municipality
- OR Tambo District Municipality in the Eastern Cape, also a labour-sending municipality

The identification of suitable local economic development projects and CSI activities in the areas surrounding the mine is guided by the Zondereinde SLP and the operation's CSI committee.

In addition a mining forum has been established in order to improve communication and coordination between the mines and municipal representatives on large-scale projects to improve infrastructure and delivery in the area. The lack of service delivery and poor follow-up and support from local municipalities remains a significant challenge, with the company having to contribute to service delivery instead of focusing on economic growth.

ZONDEREINDE CORPORATE SOCIAL INVESTMENT AND LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN F2015

Project	Objectives	Location	Spend
Thabang feeding scheme	To feed destitute children	Thabazimbi municipality	R67 493
Computer centre services	Maintenance and updating of software for computers donated to schools	Thabazimbi and Moses Kotane municipalities	R337 837
Koedoeskop Laerskool and Girls and Boys Town	Donations towards upkeep	Thabazimbi municipality	R125 000
Deo Gloria Primary School	Building new classrooms	Thabazimbi municipality	R1 248 971

Booyseendal

Booyseendal mine is located in a remote region of the Limpopo province where there are limited economic opportunities. Agriculture, forestry, mining and tourism are the region's primary activities. A major challenge is the low level of literacy and education in the area, which is rated among the lowest in South Africa.

Booyseendal's local economic development and CSI activities are co-ordinated by the divisional human resources manager, who is also responsible for oversight of community engagement in the area.

Stakeholder identification and engagement at Booyseendal has been ongoing since the mine's inception, but this is complicated by the scale, proximity and needs of local communities, and by historic interests in landholdings. Booyseendal has sound working relationships with its stakeholders and engages with them mainly through the following structures:

- Sekhukhune District Municipality (SDM)
 - Executive mayor's office
 - ArcelorMittal South Africa Socio-Economic Development Managers Forum
- Greater Tubatse Local Municipality
 - LED Forum
 - Greater Tubatse Mining Forum
 - Southern Cluster Mining Community Development Committee
- Thaba Chweu Local Municipality
 - Executive mayor's office

A stakeholder engagement policy is in place and several forums have been set up in the area where Booyseendal operates. The forums provide structures and channels for Booyseendal to facilitate the flow of meaningful benefits to communities,

help the mine to keep abreast of concerns among community members and to address any issues raised.

The forums include the following:

- The **Booyseendal Community Forum** comprises 15 identified families, who traditionally lived within the footprint of the mine. The forum has a constitution, meets monthly with management representatives and strives to:
 - Promote economic growth, employment and advancing the socio-economic welfare of the identified core communities.
 - Substantially and meaningfully expand social development opportunities for HDSAs and women.
 - Provide for the facilitation of consultation within the spirit of the MPRDA and the Broad-Based Black Economic Empowerment Amendment Act No 53 of 2003 to promote sound relations.
- The **Stakeholder Engagement Forum** for all interested and affected stakeholders, including, but not limited to local municipalities, the DMR, provincial government and other community forums meets bi-monthly. This forum's constitution is in line with the group's sustainable development policy which focuses strongly on social and economic upliftment of local communities through positive engagement and contributions in support of sustainable projects and programmes.
- The **Local Chiefs Forum** provides an engagement platform for communities within a 50km radius of the mine, and meets quarterly.
 - These meetings generally deal with matters such as local recruitment; supply chain business opportunities and supporting local entrepreneurs; training opportunities including bursaries and learnerships and infrastructure development. Booyseendal management has contributed towards establishing a skills and supplier database in the area.

MATERIAL ISSUES CONTINUED

BOOYSENDAL CORPORATE SOCIAL INVESTMENT AND LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN F2015

Project	Objectives	Location	Spend
Environmental and HIV/AIDS community awareness project.	To bring awareness to our local communities about environmental issues and health matters related to HIV/AIDS	Greater Tubatse Municipality	R6 732
Rusoord golf day	To raise funds for an old age home in Lydenburg	Thaba Chweu Municipality	R5 803
SDM Executive Mayor marathon.	To encourage communities to participate in sport activities for health purposes	Greater Tubatse Municipality	R20 000
Mandela Day	Care for people living with disabilities	Greater Tubatse Municipality	R9 774
R577 road maintenance.	To repair and maintain the road which is in a bad state	Thaba Chweu Municipality.	R1 065 668
Rooidraai substation.	To minimise the impact of load shedding	Thaba Chweu Municipality	R15 137
Ngwaabe Secondary Schools soccer tournament.	Sports development for local secondary schools	Greater Tubatse Municipality	R33 816
Dinalane early childhood development centre.	Provide infrastructure for children	Greater Tubatse Municipality	R1 063 479
Ngwaabe community multipurpose centre.	Infrastructure facilities to provide health services, social development services and educational services	Greater Tubatse Municipality	R1 498 509

LOCAL EMPLOYMENT

A major challenge faced by mines in remote and underdeveloped areas where the level of education and skills is frequently low, is the community's unrealistic expectations in terms of employment opportunities and the availability of resources. Northam works closely with municipal officials to manage these expectations and has assisted in identifying economic targets which could be developed by way of SMEs or SMMs in collaboration with local entrepreneurs.

Zondereinde

In F2015 20% of permanent employees came from the Limpopo province, with 37% originating from the Limpopo and North West provinces.

In order to limit the dependence of communities on the mining industry for jobs, Zondereinde has prioritised key economic areas to be developed through the contributions of small businesses and local entrepreneurs. These areas include:

- Environment and waste management
- Agriculture
- Construction

Ongoing engagements are held with local community structures, with representation of municipal councillors wherein specific issues of sustainable small business development and establishment of local economies are considered.

Booyseendal

As a single, shallow and mechanised operation, Booyseendal is not labour-intensive, and it is unlikely that the mine will ever be able to meet the expectations and needs of everyone in the surrounding communities. As at the end of June 2015 an average of 60% of the total workforce of Booyseendal mine came from the local community.

In collaboration with the local municipalities around Booyseendal, a dynamic database was established for the recruitment of local employees with the necessary skills and experience, particularly in the fields of engineering, trackless mining and plant operations. This database continues to provide a sound base for the recruitment of local labour.

Booyseendal is committed to hire people from the host communities at all levels of the workforce and encourages contractors to do the same in support of local development.

The key economic areas to be developed in the Booyseendal area as articulated in the Greater Tubatse and Sekhukhune District Municipalities IDPs are:

- Water and sanitation
- Electricity
- Roads
- Education, especially mathematics and science
- Income generation and job-creation projects, with the primary focus on women and people with disabilities

The mine strives to provide meaningful support to small and medium-sized businesses in nearby communities as well as those who are already providing services to the mine so that they can contribute to the development of the local economic base.

Booyssendal supports some 13 SMMEs who provide a range of services including transport, change house maintenance, landscaping, and printing.

Preferential procurement

Northam accords preferred-supplier status to HDSA suppliers subject to commercial competitiveness. Northam spent R3.4 billion in F2015 (F2014: R3.1 billion) on procurement, of which 61.7% or R2.1 billion was allocated to BEE suppliers.

In compliance with the Mining Charter, Northam is committed to giving preference to local businesses in the communities surrounding its operations. Northam's procurement policy accordingly gives local BEE companies preferred supplier status.

In pursuit of developing a local supplier base, a supplier forum has been established at Zondereinde, with mining

companies and municipal officials represented on the steering committee.

LOCAL COMMUNITIES

Northam enjoys a reasonably healthy and professional working relationship with all its stakeholders. However, these relationships should be seen in the context of very low education and economic activity levels. Post the year end Booyssendal employees were adversely affected by civic unrest in the area, where roads were blocked and were sometimes too dangerous to travel on.

Booyssendal did not incur any significant fines or other non-monetary sanctions. Furthermore there were no cases referred for dispute resolution in F2015.

At Zondereinde, the company engages local municipalities as conduits towards ensuring that priority areas are targeted with key interventions. However, councillors and traditional leaders do collaborate with the mine in respect of key interventions such as local recruitment, CSI and LED projects. Engagements with communities are on a needs basis and relationships to date can be reported as constructive and fruitful.

HDSA EXPENDITURE – F2015

	BEE equity %	Capital R	Services and contractors R	Consumables R	Total R	% spend R
Actual spend		70.83%	74.43%	59.76%	68.87%	
HDSA owned	Greater than 50%	34 159 894	85 663 276	106 279 983	226 103 153	8.08
HDSA empowered	25% to 50%	342 459 948	909 691 953	449 698 587	1 701 850 488	60.79
HDSA influenced	5% to 25%	0	0	0	0	0.00
		376 619 841	995 355 229	555 978 571	1 927 953 641	68.87
Exempt micro enterprise	Exempt micro enterprise	6 123 631	60 761 544	16 155 599	83 040 774	
Multinational enterprises	Multinational company	58 017 847	1 763 444	41 095 510	100 876 801	3.60
Measured HDSA spend		440 761 319	1 057 880 217	613 229 679	2 111 871 216	72.47
Without HDSA	No BEE shareholding	96 381 911	337 943 601	264 963 744	699 289 256	24.98
Black influenced	Less than 25% shareholding	709 486	2 200 794	68 334 738	71 245 018	2.55
Total discretionary spend		537 852 717	1 398 024 612	946 528 161	2 882 405 490	100.00
Non-discretionary spend						
Electricity					510 490 162	
Water					27 020 795	
Municipal services					2 915 879	
Total spend					3 422 832 326	