NORTHAM
PLATINUM HOLDINGS LIMITED

The new Northam: continuing to create value for all stakeholders

Remuneration report
30 June 2021

smart platinum mining

Contents

This remuneration report has been prepared in line with Northam's corporate governance practices, following the prescripts of the King IV Report on Corporate Governance for South Africa, 2016 (KING IV™), the JSE Limited (JSE) Listings Requirements and the Companies Act No. 71 of 2008, as amended (the Companies Act).

Accordingly, this remuneration report is presented in three parts and covers the remuneration activities of the Northam group for the reporting period 1 July 2020 to 30 June 2021.

1

Part 1: Background statement – how Northam has applied the principle of fair, responsible and transparent remuneration practice 2

2

Part 2: Our remuneration philosophy and policy – the main elements of the remuneration policy that will apply for the coming financial year (F2022) 9

3

Part 3: Remuneration policy implementation – how we have implemented our remuneration policy in the F2021 reporting period 20

Assurance
The board and the social, ethics, human resources and transformation committee* (the committee) have approved this report, ensuring the accuracy and completeness of the information provided in this report.

Feedback
We value stakeholder feedback and welcome you to share your feedback on this report by contacting the Company Secretary, Trish Beale at trish.beale@norplats.co.za

*Refer to the Social, ethics, human resources and transformation committee report, included in our Corporate governance report 2021, available on our website at www.northam.co.za for the committee composition, terms of reference and attendance register.

1

Part 1: Background statement

Message from the chairperson of the committee

Dear shareholder,

I am pleased to present the Northam remuneration report for the financial year ended 30 June 2021.

It is the responsibility of the committee to provide independent oversight of Northam's fixed and variable remuneration policies and practices. This includes ensuring that these policies and practices are appropriate to attract, motivate and retain the best talent at all levels of our organisation, and that they provide the right incentives to ensure delivery of Northam's strategic objectives over the short, medium and long-term.

Variable remuneration in particular must be based on clear measures and stretched targets, which if met, will not only enhance shareholder value, but ultimately result in value creation for all stakeholders.

We are furthermore committed to ensure that executive remuneration is fair, responsible and appropriate in the context of general market conditions, company performance, industry pay levels, the economic outlook and overall employee remuneration.

We have also continued to actively seek feedback on our remuneration policy and the implementation thereof through various interactions with shareholders during the F2021 reporting period. Recommendations from our shareholders have been implemented and are detailed on page 5 of this report.

We are committed to ensuring that executive remuneration is fair, responsible and appropriate in the context of general market conditions.

Factors affecting Northam's remuneration

Attracting and retaining talent, as well as succession planning	**Our response** Attracting talent in the Platinum Group Metal (PGM) mining industry is becoming an increasing challenge. This is due to competition within the PGM sector, targeting the same talent from a small pool of experience in South Africa. ▪ The group aims to attract, motivate and retain talent at all levels, particularly those employees with scarce or critical skills, through fixed and variable remuneration. This includes incentivising and rewarding employees ▪ We have clear talent retention and development strategies in place ▪ We invest in experienced talent and leverage their knowledge to upskill new talent, thereby facilitating transfer of knowledge and succession planning
Income inequality in South Africa	**Our response** ▪ We ensure that our lowest paid employees are remunerated well in excess of the minimum wage. On average, this amounts to a total guaranteed package for the lowest remunerated employee in excess of R20 000 per month ▪ We structure annual salary adjustments such that our lowest paid employees receive the highest percentage increases ▪ We benchmark group remuneration policies and practices against listed peers
Variable remuneration must be based on stretched targets	**Our response** Our Key Performance Indicators (KPIs) focus on basic mining principles: ▪ Enhanced safety ▪ Increasing production, and ▪ Focussing on cost control These KPIs are largely under management's control and if met will lead to increased value for shareholders
Gender pay gap	**Our response** We are committed to gender equality and equal pay for equal work.

Ongoing impact of COVID-19 – our response

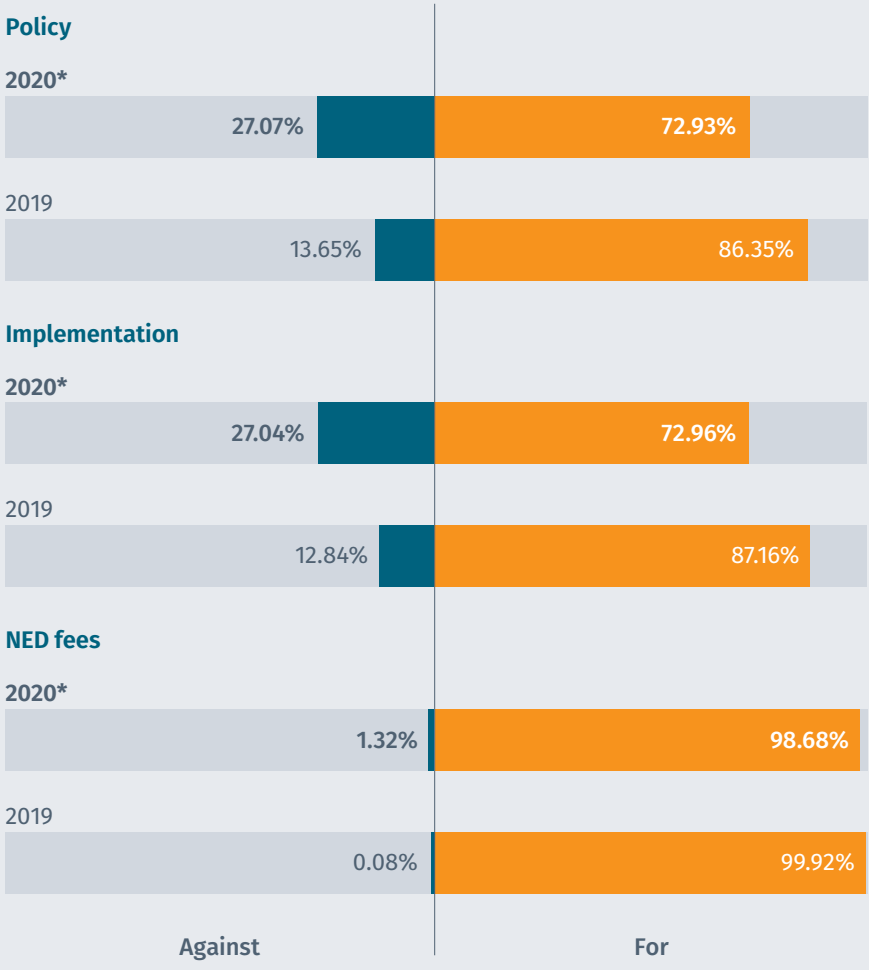
Due to the significant financial uncertainty and disruption caused by the COVID-19 pandemic to our business and society at large:

- The chief executive officer and chief financial officer received no salary increase for the current financial year (F2021)
- All non-executive directors donated their F2021 fee increase of 4% to the group's two community trusts, the Northam Booysendal Community Trust and the Northam Zondereinde Community trust. This was to assist our communities with the necessary COVID-19 relief efforts
- No changes were made to the structure of the KPI targets for variable remuneration. Notwithstanding the negative impact of the COVID-19 pandemic on production and operating costs across the group, original targets were maintained to ensure the continued execution of the group's strategy. This is in accordance with the committee's view that long-term incentive plans should not be altered during a performance period as a result of a short-term market shock

Annual General Meeting and shareholder engagement

We held our Annual General Meeting (AGM) on 27 November 2020. The F2020 remuneration policy and implementation report was tabled for separate non-binding advisory votes by shareholders at the AGM.

The voting outcomes for both the F2020 and F2019 periods are illustrated to the right:



*Vote percentages based on an 86.1% shareholder participation rate

In the event that 25% or more of our shareholders vote against either part 2 or part 3 of the remuneration report, the board and the committee take measures to proactively engage with shareholders to ascertain their reasons for the dissenting votes.

Accordingly, given that the F2020 voting outcomes for both the policy and implementation were below the requisite support of 75%, the board conducted a comprehensive review of the executive remuneration framework. This review included the short-term (STI) and long-term (LTI) performance incentives. The board and the committee also engaged stakeholders throughout the year to seek feedback and consider opportunities to further enhance the effectiveness of the reward structure.

In particular, meetings were held with shareholders representing almost half of the company's share register to discuss concerns regarding the remuneration policy and the implementation thereof. Following these engagements, and having considered the feedback received, the board and the committee believes that, in broad terms, the current compensation framework remains an appropriate mechanism to reward the CEO and CFO.

Notwithstanding the above, and having regard for feedback provided by our shareholders, the board and committee acknowledges that certain enhancements are required to best meet the overall objectives of Northam's remuneration policy. These enhancements are summarised in the table to the right.

It should be noted that some of these enhancements were not fully applied during F2021, due to the timing of receipt and review of shareholder feedback. All will however be fully implemented during the coming year.

Shareholder feedback	Our response
Retention payments – shareholders are not in favour of any form of retention payment, either as part of fixed or variable remuneration.	The previous medium-term incentive payment was intended as a bridge between the employee's base pay (guaranteed portion) and the total remuneration package, in order to align remuneration of all employees to market levels. This incentive scheme was positioned to attract and retain skilled and experienced employees within the business. However, due to concerns raised by shareholders, retention payments, both fixed and variable, will no longer form part of the group's remuneration structure. As a result, all variable compensation, short and long-term, will be solely performance based. All previously granted remuneration, which include retention elements will, however, be allowed to run their course.
Retirement age – concerns were raised around executive management reaching retirement age and the impact this could have on the management team's continuity, given that this team has demonstrated their ability to deliver significant shareholder value through the execution of the group's growth strategy.	The retirement age for executive directors was updated from 60 to 65 with immediate effect. As part of the 2016 Zondereinde mine negotiations, the retirement age of Paterson* grade A, B and C employees was changed from 60 to 63. As a result, the employee retirement age across the group was not unified and aligned. Accordingly, the group retirement age was updated to 63, thereby aligning all group operations, across all Paterson grades, as well as matching its industry peers.
Remuneration committee – concerns were raised relating to the group not having a separate remuneration committee.	An independent remuneration committee will be established in F2022 and will be chaired by an independent non-executive director, as prescribed by the principles of King IV™. The independent remuneration committee will continue to ensure that remuneration across the group is in alignment with the group's strategy and facilitates sustainable value creation for all stakeholders.

*See employee bands on page 11 of this report.

Key committee focus areas in F2021

Remuneration policy implementation
The committee:

- Provided oversight of the implementation of the group's remuneration policy and the updates made to address shareholder concerns
- Considered the remuneration of not only executive management, but all levels of employees, ensuring that employees are remunerated fairly for their individual contributions to the group's overall performance
- 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
- Oversaw the alignment of the group's retirement age across all operations and Paterson grades, aligning to industry peers
- Reviewed the group remuneration report for board approval

Remuneration benchmarking

- PricewaterhouseCoopers Incorporated (PwC) performed an independent benchmarking exercise of the non-executive and executive directors' remuneration against comparative companies in the South African mining sector. This mining peer group includes Anglo Platinum Limited, Impala Platinum Limited, Royal Bafokeng Platinum Limited, Kumba Iron Ore Limited, AngloGold Ashanti Limited, Goldfields Limited, African Rainbow Minerals Limited, Exxaro Resources Limited and Harmony Gold Mining Company Limited. The Peer Group was constructed with careful consideration and represents an appropriate comparison pool based on the peer companies' industry, location, size, revenue and maturity stage
- The information provided by PwC relating to the remuneration practices of peer companies aids the decision-making process of the committee and board. Disclosing this peer group also provides shareholders with perspective and context on how the board and committee view the group's relative positioning on remuneration levels
- The recommendations from the independent exercise are used, in conjunction with the assessment of individual performance of executives, when deciding on the appropriateness of the current remuneration levels, as well as any increases to be applied. Based on the benchmarking outcomes, the committee recognised the following:

Non-executive directors

- Northam's non-executive directors' fees are generally positioned below the 25th percentile and below the tolerance band in comparison with its peer group
- Historically up to F2015, Northam was a single operation, small company with a market capitalisation of less than R15.0 billion. At this point in time, metal production of 377 770 oz 4E resulted in revenue of R6.0 million, with the company in a loss making position. The workforce totalled 10 056 employees, working on a conventional deep underground mine. Since then, the Northam group has changed significantly, now comprising three mining operations, encompassing new technologies, as well as a recycling operation in the United States
- Northam is now in the JSE Top 40, with a market capitalisation approximately six times larger than what was the case in F2015 (at the date of publication of this report). The company's production, revenue and profits have also significantly increased due to sound management practices, as well as the prevailing PGM prices. Currently the company employs 18 288 employees, an increase of 81.9% from F2015, with metal production of 690 867 oz 4E in F2021 (82.9% increase from F2015)
- The complexity of the group and the industry in which it operates, requires non-executive directors with the right skills and experience to challenge and address the issues faced by the larger Northam group
- Best practice suggests increasing the non-executive director's fees on a staggered basis. Therefore, 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. The 4% increase in non-executive director fees, approved in the prior year, was donated by the non-executive directors to the two Northam community trusts
- Even with the application of the 10% escalation in fees over the next three years, the overall remuneration level for non-executive directors will still be lower than that of our peer group

Our KPIs are focussed on targets which will enhance shareholder value. These include safety, growing production across the group and cost control.

Executive directors

- Northam's executive directors' remuneration was in the middle to lower band, representing the 25th percentile, compared to the mining peers as per page 6
- Notwithstanding the above, there is remuneration upside for executive directors if performance hurdles are met, or even exceeded. This aligns shareholder and management interests

Succession planning

The committee considered and assessed succession plans for executives, senior and middle management across the group's operations. Particular consideration was given by the committee to the succession plans for Historically Disadvantaged Persons (HDPs) and women.

Performance indicators

The appropriateness of the group's key performance indicators (KPIs) and their relative weightings were assessed by the committee. This included:

- Reviewing the set KPI targets and F2021 performance against these targets, for the STI and LTI
- Assessing group risks considered in setting KPIs for STIs and LTIs. These include:
  - Growth project execution and the development of new operations
  - Health and safety performance
  - Production targets, and
  - Cost control in terms of unit cash cost targets
- Reviewing the share incentive plan (SIP) performance targets, which include safety, production, unit cash costs and absolute shareholder return metrics

Executive management remuneration

The committee:

- Reviewed the performance of the CEO and CFO for the year under review
- Reviewed and approved salaries for the CEO and CFO for the coming financial year (F2022)
- Updated the retirement age of the CEO and CFO (executive directors), from 60 to 65 years of age, based on feedback received from shareholders

Consultants used during the year under review

- The group's auditors, Ernst & Young Incorporated (EY) have not provided advice in terms of any remuneration matters to the committee. However, at the request of the committee, EY conducted certain verification procedures on performance and retention shares granted and vested
- PwC was engaged in June 2021 to perform a review with regards to fair and reasonable remuneration across the group. This included a review on the group's Gini coefficient* and the benchmarking of non-executive and executive directors' remuneration

See Remuneration benchmarking on page 6 of this report for more details.

*The Gini coefficient is a statistic that shows the distribution of income among a nation's residents. It ranges from 0 – 1, where 0 represents total equality (income is distributed equally), and 1 represents extreme inequality (all income is concentrated in the hands of a few individuals).

Northam's Gini coefficient, on an on-target total remuneration basis for F2021, was calculated as 0.338. This is an improvement from F2020's calculation of 0.355. However, both F2021 and F2020's Gini coefficient calculations are lower than the South African National Gini coefficient of 0.447 (based on the REMchannel® database), as well as the mining Gini coefficient of 0.397.

Refer to the Audit & risk committee report included in our Corporate governance report 2021 available on our website at www.northam.co.za for independence considerations of the group's auditors.

Key committee focus areas in F2021 (continued)

Focus areas for F2022

- Establish an independent remuneration committee, chaired by an independent non-executive director
- Shareholder engagement will be a focus for the new remuneration committee chairperson during F2022. The remuneration committee will ensure that the group continues to consider and incorporate shareholder concerns and feedback in the setting of our remuneration policy and in particular our KPIs
- Continue to assess the group's performance against the KPIs underpinning management's remuneration, ensuring that value is created for all stakeholders. There are no proposed remuneration policy changes for the coming financial year. The committee, however, has the discretion to, in consultation with the board, change both the formula and targets of any of the variable remuneration elements as deemed appropriate

Conclusion

We would like to thank all shareholders who have engaged with the company to share their concerns and feedback on the remuneration policy. The insights were invaluable, and as disclosed in this report, expediently implemented. It is however important to note that there are a number of previously granted remuneration legacies, which include retention elements, that will be allowed to run their course. Going forward, the group's remuneration will include no retention elements.

The committee is satisfied that the F2021 remuneration policy achieved its stated objectives for the year and that the committee has considered and discharged its responsibilities in line with its terms of reference, statutory responsibilities, and the King IV™ recommended practices during the year under review. The committee also confirms that all implemented remuneration practices during the year were in line with the group's stated remuneration policy.

We continuously aim to improve our remuneration practices and accordingly, we welcome any comments that shareholders may have on our report, or any concerns regarding the remuneration policy or the implementation thereof. We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at our shareholders AGM on 29 October 2021.

On behalf of the committee.

TE Kgosi
Chairperson

23 September 2021

Part 2: Our remuneration philosophy and policy

Overview of the main provisions of the remuneration policy

Our remuneration policy will be put forward for a non-binding advisory vote at our shareholders AGM on 29 October 2021. The policy is designed to support the group's strategic goals, aligning the interests of employees and executives with those of our shareholders and all other stakeholders. It is not intended to be a 'one-size-fits-all' set of rules and procedures, but rather to serve as the basis for a flexible approach to the variable and changing needs of a dynamic and competitive mining employment environment.

Our remuneration principles are based on the following:

Attract, motivate and retain talent

- We aim to attract, motivate and retain experienced and committed individuals to implement and drive the short, medium and long-term strategy of the group, thereby creating value for all stakeholders

Fair and reasonable reward

- We offer remuneration packages that are competitive, fair and reasonable in all respects for all employees, regardless of job title and grading, in the context of company performance
- Employee working conditions, salaries and wages throughout the group are regularly reviewed, including benchmarking total guaranteed packages (fixed remuneration component) against mining sector peers
- We effectively and transparently disclose reward policies and outcomes

Applying best practice

- We continue our compliance with all statutory and regulatory requirements, as well as our commitment to applying best practice guidelines in all aspects of remuneration and benefits

Alignment of interest

- We provide an appropriate mix of short-term versus long-term remuneration, as well as fixed versus variable remuneration
- Remuneration is set taking into consideration the interests of all stakeholders, in particular, our shareholders

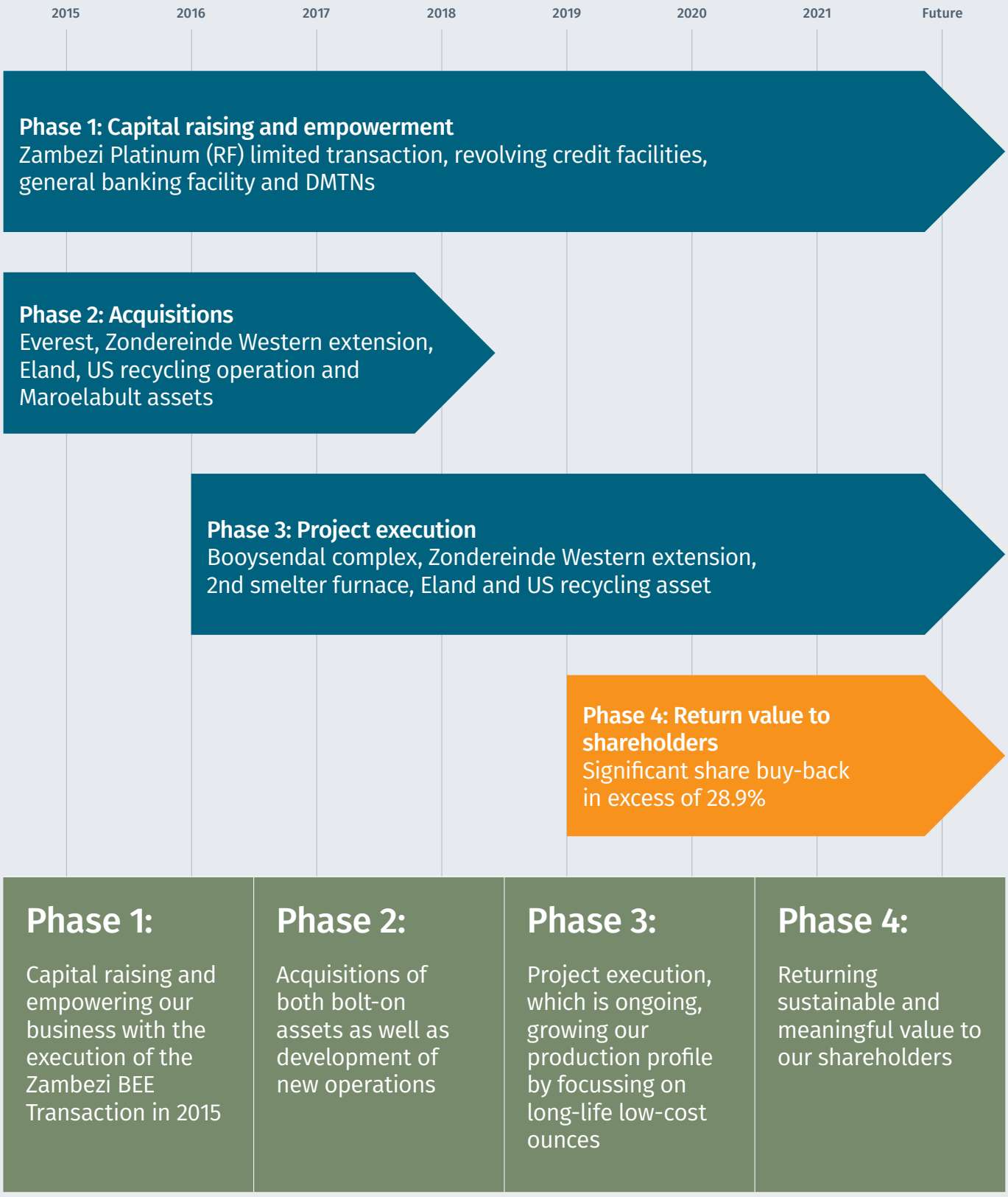
Reward for substantial performance

- Remuneration is linked to performance, with appropriate and stretched performance targets, designed to facilitate the achievement of the group's strategic goals and objectives
- This approach rewards substantial performance and motivates our people

Consistency of reward package elements

- We ensure consistency and provide all our stakeholders with clarity and certainty with regards to our KPIs and remuneration policies

Our strategy remains unchanged and is based on our belief in the metals we produce. We are delivering on what we said we would do, and our strategy is being executed in four phases:



Our measurement of performance is linked to our strategy and focuses on the following elements:

The safety of our employees is our first and foremost priority

Our group's safety performance makes up a large component of the measurement of variable performance for remuneration purposes.

- Significant penalties are attached to safety elements which affect variable remuneration across the group

Grow our annual production to 1 Moz 4E per annum

Our group strategy aims to grow the production profile down the cost curve by focussing on long-life, low-cost ounces. Increasing production targets across all operations therefore remains critical in achieving the group's growth strategy.

- Performance elements measuring variable performance have a large component attached to stretched growth production targets at all operations

Cost control

Effective cost control ensuring that all operations are within the lower end of the cost curve is critical to our strategy.

- Performance elements measuring variable performance have a large component attached to unit cash cost. This is to ensure we sustainably grow our production profile and maintain or improve our competitive position on the industry cost curve

Variable remuneration, which includes short and long-term incentives, is based on these elements, thereby facilitating the achievement our strategic goals and ultimately the creation of sustainable shareholder value

Governance over remuneration

The board and the committee, as well as our shareholders, provide the necessary oversight on the various elements of the groups remuneration policy.

The board

- Review and approve remuneration of the CEO and CFO
- Annually review, together with management and the social, ethics, human resources and transformation committee, the succession plans for senior management, across all operations

Social, ethics, human resources and transformation committee (going forward the Remuneration committee)

- Provide oversight of the development and implementation of the company's remuneration policy
- Review management remuneration, ensuring it is fair and reasonable in the context of overall remuneration and the performance of the group
- Recommend and propose changes to non-executive directors' fees for shareholder approval

Shareholders and other stakeholders

- Provide feedback on executive remuneration and the governance thereof, during periodic engagements with management
- Feedback is reviewed and discussed by the social, ethics, human resources and transformation committee, and changes are made to the remuneration policy or implementation thereof, as required

See page 5 for shareholder feedback obtained during F2021.

Employee bands

The group remuneration structure employs the Paterson grading system, which is widely used in the mining and manufacturing industries across South Africa. This system grades roles according to the number and type of decisions an employee is required to make in the execution of his or her duties.

Paterson band	Type of decision	Organisational level
A	Defined	Unskilled employees
B	Automatic	Semi-skilled employees
C	Routine	Skilled employees
D	Interpretive	Middle management
E	Programming	Senior management
F	Policymaking	Top management

Remuneration elements at a glance

Fixed

	Annual salary	Short-term incentive
Who	All employees	All employees
Format	Basic rate of pay (BRP) including a 12.5%* pension contribution benefit, which is referred to as the total guaranteed package (TGP)	Annual bonus based on operational performance targets within the control of management
What	Cash	Cash
When	Annually	Annually
How Measures, weightings and payouts	Market rate, individual performance, internal pay equity, experience and critical skills	Targets set per operation by the committee and board. These include safety performance, linear metres achieved, square metres mined, total tonnes milled, metal produced and unit cash costs Corporate office (including executive directors) and group services bonuses are based on the combined performance of the operating mines If less than 90% of a target is achieved, no bonus is paid. From 90% achievement, 5% of the guaranteed salary is paid, with a maximum of 125% of the guaranteed salary paid for an achievement of 110% or more of target
Why	Competitive levels of fixed remuneration attract and retain talent	To retain and motivate employees
Proposed changes for F2022	None	None

*Unionised employees' pension contributions is 13.95% in line with agreements with unions

Variable

Variable long-term incentive (LTI) awarded under the share incentive plan (SIP)	Lock-in and incentive mechanism (LIM) relating to Zambezi Platinum (RF) Limited	
Performance shares	Long-term BEE transaction incentive (BIP)	
All employees in Paterson D band and above	Specific key individuals within management	Who
Annual performance shares with both operational and market performance targets	Aggregate of 5 million Northam shares conditionally awarded through the creation and awarding of 5 million BEE conditional shares under the SIP	Format
Northam share price used to determine cash payout	Upon vesting, BEE conditional shares may be settled through cash or shares at the election of the committee	What
Granted annually, vesting after three years	Vesting in May 2025	When
Targets set per operation by the committee and board. These include safety performance, linear metres achieved, square metres mined, total tonnes milled, metal produced and unit cash costs Corporate office (including executive directors) and group services bonuses based on the combined performance of operating mines Maximum award largely depends on the operational performance of the group If targets are met, the award can be up to 135% of BRP. If performance targets are not met, no performance shares will vest	Vesting on 18 May 2025, using the 60-day VWAP on the settlement date	How Measures, weightings and payouts
Creates alignment between management and shareholder interests by linking long-term remuneration to operational KPIs and the share price A malus and clawback provision has been implemented in June 2019 for executive directors	Retention of key individuals in the group Aligns participants' long-term interests with those of shareholders	Why
None	None	Proposed changes for F2022

Elements of our fixed remuneration

Guaranteed salary

Non-union affiliated employees

Executive directors (executives) and members of management are employed in terms of their contracts of employment, and the remuneration and benefit schemes, as well as practices applicable to their job grades.

Employment contracts are concluded on a permanent basis as a general principle (i.e. for an indefinite period), except where fixed-term or short-term temporary contracts are required for specific projects.

Guaranteed salaries are reviewed annually, with annual increases effective 1 July of every year, except on promotion of individuals, in which case they may be implemented during the year.

Annual increases are based on group performance, affordability and individual performance. They also take account of general inflation.

Non-union affiliated employees have job profiles which stipulate the key performance areas of their positions, which serve as the basis for performance assessment and measurement of performance linked to salary increases and bonuses.

Executive directors and all employees on a Paterson E band and above receive death and disability cover insurance, with specific conditions attached.

Union affiliated employees

For union affiliated employees, guaranteed salary levels depend on the outcome of wage negotiations with the representative union.

Various allowances and benefits are paid to union affiliated employees depending on their position.

Specific consideration is given to lower paid workers.

Refer to our Sustainability report 2021 available on our website at www.northam.co.za for details of the wage agreements.

Retirement benefits other than the standard defined contribution plans

No provision is made for special retirement benefits for group employees other than the standard benefits in terms of the group's recognised retirement funds, with the exception of certain employees who were in service with the group on 31 December 1998.

In respect of these employees, a contribution is made to a post-retirement provident fund to cover post-retirement health care. These contributions cease when the employee leaves the service of the group.

All components of the group's remuneration system are subject to regular internal and external audits, as well as routine monitoring by the South African Revenue Service.

Employee participation schemes

Toro Employee Empowerment Trust

The Toro Employee Empowerment Trust is an employee profit scheme at the Zondereinde mine for eligible employees (Paterson C band employees and below). 4% of after-tax profits of the Zondereinde mine is contributed to the Toro Employee Empowerment Trust. Eligible employees receive payment at the end of each five year cycle, the first and second of which were made in 2013 and 2018 respectively.

Contributions to the Toro Employee Empowerment Trust will be made for the life of mine and a minimum cycle pay out of R15 000 per eligible employee has been guaranteed by the company, with the next payment due in 2023.

A constructive commitment has been made by management to match the payments, made by the Toro Employee Empowerment Trust to the employees at Zondereinde, for Booysendal and Eland employees also.

This ensures that all employees across the group are treated fairly and equally.

BEE shareholding in the Northam group

Previously eligible Northam employees (Paterson C band employees and below) owned 3% of the issued share capital of Northam Platinum Limited via the shareholding in Zambezi Platinum (RF) Limited.

A constructive commitment has been made by management to match the payments, made by the Toro Employee Empowerment Trust to the employees at Zondereinde, for Booysendal and Eland employees also.

This ensures that all employees across the group are treated fairly and equally.

Northam shareholders approved the early maturity of the Zambezi BEE Transaction, initially concluded between Northam and Zambezi in May 2015, and the implementation of an Extended Empowerment Transaction for a further 15 years, with an emphasis on Northam's employees and host and affected communities.

With the increase in the Northam share price, there was an opportunity to crystalise value through an early wind up of the Zambezi BEE Transaction for the benefit of all shareholders, including our employees. Accordingly, the Zambezi BEE Transaction was accelerated.

To ensure continued compliance with the Mining Charter, we will secure HDP ownership in the Northam group for a further 15 years.

Unlocking substantial value for the Northam Employee Trust

- Permanently secure, unlock and transfer unencumbered value created within Zambezi to the Northam Employee Trust

The Extended Empowerment Transaction will focus on employees and host and affected communities

- Employees and host and affected communities, through their respective vehicles, will collectively hold up to 23% in the Northam group

Guaranteed annual payment to ensure value is transferred

- To ensure value transfer through the Extended Empowerment Transaction, Northam will advance up to R150.0 million in aggregate to employees and communities on an annual basis by way of an appropriate funding structure

Lock-in and incentive mechanism (LIM) detail

The implementation of the Zambezi BEE Transaction resulted in a number of significant benefits for the group, including compliance with the required empowerment criteria in terms of the Mineral Petroleum Resources Development Act and the Mining Charter, as well as a significant injection of cash to fund both acquisitions and organic growth.

However, the Guarantee provided by Northam to the holders of the preferences shares issued by Zambezi Platinum (RF) Limited, could result in dilution for Northam shareholders at the end of the ten year Lock-in period. This in turn, could erode shareholder value.

A number of our shareholders expressed concerns regarding this dilution risk and recommended that the group appropriately incentivise management to mitigate the specific risks associated with the aforementioned Guarantee. The objective of the LIM was therefore to align the interests of Northam management and shareholders to May 2025.

Accordingly, the LIM appropriately addresses both the long and short-term concerns of shareholders by incentivising management to consistently maintain the Northam share price above the related preference share liability over the ten year Lock-in period. In addition, the LIM aligns the interest of management to those of the Northam shareholders and comprises of a long and short-term element as is explained below.

With the changes in the LIM during the current year, the short-term element has fallen away and the last payment in terms of the short-term element of the LIM was made during F2021.

Voluntary extension of the management share incentive plan to retain key individuals

The maturity of the Zambezi BEE Transaction, as approved by shareholders on 30 June 2021, would have accelerated vesting under the share incentive plan. At the request of shareholders, Northam proposed an extension of the share incentive plan to May 2025.

This avoids a cliff vesting and ensures continued alignment of the interests of Northam management and Northam shareholders. 91% of Northam shareholders voted in favour of the changes to the LIM to ensure alignment of management and shareholders' interests.

Elements of our fixed remuneration (continued)

Long-term BEE transaction incentive plan (BIP)

Management position	Total number of awards granted to each participant 2021	Total number of awards granted to each participant 2020
CEO	1 500 000	1 500 000
CFO	350 000	–
Chief Commercial Officer	500 000	500 000
Chief Geologist	500 000	500 000
Executive Human Resources	500 000	500 000
Executive mining East	200 000	200 000
Executive mining West	100 000	–
General manager Booysendal North	100 000	–
General manager Booysendal South	100 000	–
General manager Zondereinde	200 000	200 000
General manager Eland	100 000	–
Executive Sustainability	100 000	–
Head Group Metallurgy	100 000	–
Total number of shares issued	4 350 000	3 400 000

The BIP addresses the long-term incentivisation and retention of its participants by aligning their interest with that of Northam shareholders through equity participation. It forms part of the share incentive plan (SIP) and will reward management for the successful delivery and implementation of the group's empowerment transaction.

Participation in the BIP is limited to key members of the current and future executive management team. In terms of the BIP, an aggregate of a maximum of five million BEE conditional shares could be awarded. The number of shares awarded to individual members of the management team is listed in the table above.

The aggregate number of shares issued may be settled in cash or shares at the election of committee, or the committee responsible for administering the SIP at that time, which will, going forward, be the remuneration committee.

Vesting

Previously, vesting was subject to the satisfaction of the performance condition of Zambezi Platinum (RF) Limited. This was on the basis that no guarantee liability will arise and hence no dilution will occur for Northam Ordinary Shareholders.

With the early maturity of the Zambezi BEE Transaction, which would have resulted in the pro rata vesting of these shares, shareholders requested an extension of the share incentive plan to May 2025. This avoids a cliff vesting with the implementation of the accelerated maturity of the Zambezi BEE Transaction, and ensures continued alignment of the interests of Northam management and Northam shareholders.

These shares will therefore vest in full in May 2025.

Short-term cash incentive bonus in respect of the Zambezi Platinum (RF) Limited transaction (CIBB)

The CIBB comprised an incentive and a retention mechanism in the short to medium term, and further aligned management's interests with those of Northam's shareholders.

Participants in the CIBB included the participants of the aforementioned BIP, and may have included, from time to time, other employees of the group deemed to be critical to the group's operations and strategy. Participants in the CIBB, other than BIP participants, had to be recommended for participation to the scheme by management, subject to approval by the committee.

Payments under the CIBB were made annually, subject to the fulfilment of the CIBB performance conditions, as set out below, on the 31st trading day following the publication of the company's financial results for each financial year (condition date).

Participants would have received, on an annual basis, 15% of their cost to company remuneration excluding performance bonuses, if the value of a share (calculated as the 60-day volume weighted average price (VWAP)) at the condition date is equal to or greater than the redemption amount per preference share.

Furthermore, participants would have received, on an annual basis, an additional 15% of their cost to company remuneration excluding performance bonuses, if the aggregate value of the shares held by Zambezi Platinum (RF) Limited at the condition date (using the 60 day VWAP) was sufficient to, in addition to fully settle the redemption amount, fully settle or make adequate provision for all of Zambezi Platinum (RF) Limited's tax liabilities arising from settlement of the redemption amount,

The CIBB benefit falls away with the maturity of the Zambezi BEE Transaction, and the last payment relating to the CIBB was made during the F2021 year.

on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purposes of, or in connection with, the settlement of the redemption amount.

This effectively incentivised achievement of the CIBB performance conditions on an annual basis.

For the avoidance of doubt, no CIBB payment was made unless the CIBB performance conditions were achieved in the respective year.

In the event that a CIBB recipient leaves the employ of the group within 12 months of receiving a CIBB (restraint period) for reason of a fault termination, that person will be required to repay to the company, before the deduction of Pay As You Earn (PAYE), the pro rata amount of the CIBB received (calculated according to the number of months remaining in the restraint period) (CIBB refund). The CIBB refund penalty dissuade CIBB participants from leaving the employ of the group by financially penalising them if they leave. Therefore, the CIBB acts as a robust employee retention mechanism.

The CIBB would have terminated upon settlement or lapse of the BIP.

Refer to Part 3 of this report for details on the payments made with regards to the above.

Service contracts of executive directors

Position	Notice period
CEO	12 months
CFO	6 months

External appointments and directorships

Executive directors are not permitted to hold external directorships or office without the approval of the chairman of the board.

The CEO and CFO currently hold no other listed company directorships, apart from Zambezi Platinum (RF) Limited, Northam's BEE shareholder.

Change of control and termination conditions

The conditions summarised in the table below serves to satisfy shareholders' expressed views on maintaining continuity in terms of the current management team

Remuneration policy component	Change of control (as defined in the Companies Act 71 of 2008 and the Companies Regulations and any amendments thereto)	Fault termination (resignation and dismissal)	No fault termination
Total guaranteed package (TGP) – includes the basic remuneration package (BRP) and 12.5% pension contribution	Lump sum compensating payment equal to twice the then TGP	All amounts due and payable with regards to the employee's BRP will be paid to them	All amounts due and payable with regards to the employee's BRP will be paid to them at the discretion of the committee
STI – annual bonus	The average of the short-term incentive bonuses paid by the group during the previous two years (i.e. two years of STI bonuses paid divided by two)	No amount will be paid to an employee on a fault termination	Generally, no payment is made with regards to STI, but the committee may review this on a case-by-case basis
LTI – SIP performance shares	Full vesting, irrespective of whether the performance conditions have been met or not	No amount will be paid to an employee on a fault termination	Vesting in terms of the rules of the SIP, at the discretion of the committee
LTI – SIP BIP shares (BEE conditional shares)	Full vesting, irrespective of whether the BIP performance condition has been met or not	No amount will be paid to an employee on a fault termination	Vesting in terms of the rules of the SIP, at the discretion of the committee

Elements of our fixed remuneration (continued)

Malus and clawback

Northam has a malus and clawback policy.

In the event of certain trigger events or conditions, the board of directors, on advice from the committee, can cancel or adjust any unvested LTI awards. Under these circumstances, the committee, at their discretion, may also apply a clawback, taking necessary steps to recover a variable pay award that has vested to a participant.

This policy may be implemented when one or more of the following trigger events or conditions exist:

- Materially misleading or misstated financial results
- Failure to adhere to risk management policies
- Actions or conduct which, amount to misbehaviour, dishonesty, fraud or gross misconduct
- Actions or conduct leading to reputational damage

Executive directors shareholding

Northam does not have a minimum shareholding requirement for executive directors, however a significant portion of the total remuneration package for the CEO and CFO is related to the share incentive schemes.

In addition, the BIP addresses the long-term incentivisation and retention of executive directors by aligning their interest with that of Northam shareholders through equity participation. This rewards management for the successful delivery and implementation of the group's BEE Transaction. This vesting of the BIP shares, based on the current share price, equates to well in excess of the global market norm of 200% of base salaries of the CEO and CFO.

The committee has evaluated the possibility of implementing a minimum shareholding requirement, but believe that the current shareholdings through the long-term incentive scheme are sufficient. This will be monitored continuously and a minimum shareholding requirement will be implemented should the need arise.

An illustrative total reward composition for executive directors for the F2022 year encompassing the following is shown below:

- Guaranteed payment – at a minimum
- Guaranteed payment – at threshold (meeting all KPIs and targets)
- Guaranteed payment – maximum payment

These illustrative examples are based on the single figure remuneration basis as prescribed in King IV™.

Guaranteed payment – at a minimum

	Basic salary (BRP) plus 12.5% pension contribution classified as the total guaranteed package (TGP)				
	Basic salary (BRP)	Benefits and allowance	STI performance bonus	LTI reflected	Total 30 June 2022
	R000	R000	R000	R000	R000
CEO	10 545	1 318	–	–	11 863
CFO	5 155	644	–	–	5 799

Guaranteed payment – at threshold

	Basic salary (BRP) plus 12.5% pension contribution classified as the total guaranteed package (TGP)				
	Basic salary (BRP)	Benefits and allowance	STI performance bonus	LTI reflected	Total 30 June 2022
	R000	R000	R000	R000	R000
CEO	10 545	1 318	10 545	8 225	30 633
CFO	5 155	644	5 155	4 021	14 975

Guaranteed payment – maximum payment

	Basic salary (BRP) plus 12.5% pension contribution classified as the total guaranteed package (TGP)				
	Basic salary (BRP)	Benefits and allowance	STI performance bonus	LTI reflected	Total 30 June 2022
	R000	R000	R000	R000	R000
CEO	10 545	1 318	13 181	11 104	36 148
CFO	5 155	644	6 444	5 428	17 671

The maximum opportunities (caps) for the respective variable plans are, LTI at a maximum of 135% of BRP (LTI reflected does not incorporate management's LIM shares) and STI at a maximum of 125% BRP. These limits apply to both executive directors.

The CEO and CFO received no annual salary increase for the current financial year (F2021), due to the significant financial uncertainty and disruption caused by the COVID-19 pandemic to our business and society at large.

Non-executive directors' remuneration
Non-executive directors are appointed in terms of the company's Memorandum of Incorporation (MOI) and confirmed at the first AGM of shareholders after their appointment, and then at three-year intervals.

Non-executive directors are paid on a quarterly basis, based on fees as approved by the shareholders at the AGM.

Fees paid relate to the directors' roles and committee membership. A fee applies for any additional meetings over and above the set number of meetings. Fees are reviewed by the committee annually.

Consideration is given to industry remuneration levels of non-executive directors, as well as the need to retain the experience and expertise that the current non-executive directors contribute to the Northam board.

Shareholders are referred to the notice of the AGM for details of the proposed non-executive directors' fees for F2022, which will be submitted for approval by shareholders at the 29 October 2021 AGM.

Non-executive directors do not participate in any other company benefits, whether short, medium or long-term and they are not employees of the company.

Non-executive director's fees paid during F2021 are disclosed in part 3 of this report.

Refer to the Notice of the 2021 Annual General Meeting available on our website at www.northam.co.za for the summary of non-executive director fees per role.

Refer to the Notice of the 2021 Annual General Meeting available on our website at www.northam.co.za for the summary of non-executive director fees per role.

Part 3: Remuneration policy implementation

Implementation of remuneration policy for the financial year ended 30 June 2021

The Northam group has had a ground-breaking year in F2021. Despite the disruptions caused by the COVID-19 pandemic, the group has delivered solid operational performance and financial results. It remains on track to meet its key medium target of producing 1 million ounces by 2026. Notably, the group's market capitalisation has also increased by 86.8% over the period from R59.2 billion to R110.6 billion.

Accordingly, the majority of management's variable remuneration as reflected below, is commensurate with the exceptional operational performance, as well as the increase in the group's share price, which impacts the LTI reflected for F2021.

The executive directors' remuneration for the year ended 30 June 2021, on a single figure basis (income statement impact) as recommended by King IV™, is as follows:

The implementation report will be put forward for a non-binding advisory vote at the shareholders AGM on 29 October 2021.

	Basic salary (BRP) plus 12.5% pension contribution classified as the total guaranteed package (TGP)							
	Basic salary (BRP)[1]	Benefits and allowance[3]	STI performance bonus[4]	MTI retention bonus[5]	LTI reflected	STI CIBB	Total 30 June 2021[2]	30 June 2020
	R000	R000	R000	R000	R000	R000	R000	R000
CEO	8 290	1 036	7 786	1 658	18 798	2 487	40 055	31 740
CFO	3 905	488	3 668	781	4 638	1 172	14 652	11 464

[1] No increase granted in F2021 due to the COVID-19 impact
[2] Total remuneration higher than F2020 due to the COVID-19 impact on business performance in F2020 and higher share price in F2021
[3] Mainly consists of pension contributions calculated at 12.5% of basic salary
[4] STI Performance bonus, based on F2021 performance against set targets, of which only a part was paid during F2021
[5] MTI retention bonus representing 20% of the basic salary accrued during the current year, only paid out after two years if the employee is still in service

Refer to the Directors' report included in the Annual financial statements 2021 available on our website at www.northam.co.za for actual remuneration paid (cash) in terms of the Companies Act 71 of 2008.

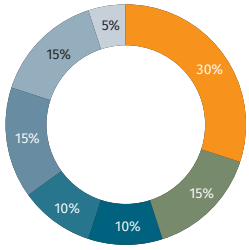
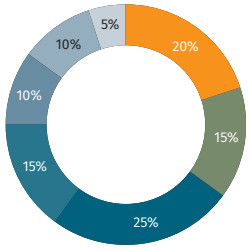
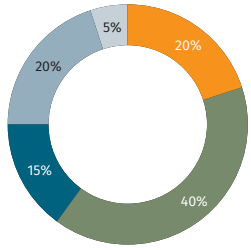
STI performance bonus (F2021)
The short-term bonus scheme is based on a weighted combination of KPIs with stretched targets, which are largely under the control of management. By offering bonuses, the committee intends to incentivise management in areas that they are able to influence.

The targets set are a weighted combination of safety performance, linear metres achieved, square metres mined, total tonnes milled, metal produced and unit cash costs. A personal performance rating is also incorporated. The personal performance rating incorporates transformation targets as per the Mining Charter.

The following KPIs have been set for the STI bonus scheme for F2021 and F2022.

Key performance indicators

- Safety
- Linear metres
- Square metres
- Tonnes milled
- Production
- Unit cash cost
- Personal performance

KPI's	Zondereinde	Booysendal	Eland
			
Achieved	85.5%	114.3%	70.1%
Weighting	40%	40%	20%
Safety	▲23.3% Notwithstanding improvement in the LTIIR, Zondereinde suffered two fatalities during the year under review. This led to a penalty being imposed on the safety component.	▲3.4% Surpassed 6 million fatality free shifts during the year.	▲41.5%
Decline development	+7.9% Above plan development of the Western extension is setting the mine up for solid future production.	+35.2% This is positively impacting the Booysendal South ramp-up where eleven of a planned fourteen stopping crews are now active.	+35.2% Current development has to date accessed six of the eleven strike drives required for steady state production.
Square metres	+11.7% 33.4% increase on prior year	+10.1% 41.9% improvement on prior year	109.3% Increase on the prior year despite capital being suspended during the period
Tonnes milled	+9.0% 27.0% increase on prior year	+9.8% 49.2% increase on prior year	+10.2% 43.0% increase on prior year
Production	+7.7% 25.7% increase on prior year	+14.0% 49.0% increase on prior year	-30.4% Reduction of 7.0% on prior year
Unit cash cost	+3.2% 4.5% improvement on prior year	+2.8% 2.9% improvement on prior year	+6.5% 46.0% improvement on prior year Eland mines production is currently being derived from surface sources and purchased at prevailing metal prices.

▲ Improvement
+ Increase above budget
− Decrease below budget

Implementation of remuneration policy for the financial year ended 30 June 2021 (continued)

The board and the committee assess the individual performance of the CEO and CFO in determining their related performance bonusses. This includes STI, LTI and other associated bonusses, as well as any inflationary increases on an annual basis.

The committee also reviews all safety incidents, considering the facts and circumstances. The committee, at their discretion, may impose a penalty up to 100% of the safety component, based on their assessment.

Corporate office and group service staff (including executive directors) STI calculation is based on a weighted score between Zondereinde (40%), Booysendal (40%) and Eland (20%).

The annual STI bonuses accrued as a percentage of the basic salary (BRP) to executive directors for 30 June 2021 were as follows:

STI performance bonusses are capped at 125% of BRP and are linked to the performance and the strategy of the group to ensure employees focus their efforts on creating shareholder value.

	STI performance bonus	Basic salary (BRP)	STI performance bonus as a percentage of basic salary (BRP)
	R000	R000	R000
CEO	7 786	8 290	93.92
CFO	3 668	3 905	93.92

MTI retention bonus (F2021)

This component will fall away on shareholders' request

The medium-term incentive retention bonus had a vesting period of two years and was offered annually. On joining, the first retention bonus paid to an employee was after two years of service and was calculated pro-rata, depending on which month of the year the employee joined the group.

The MTI retention bonus paid, as disclosed in the directors' report included in the annual financial statements, relates to the BRP of the executives awarded during the F2019 year. Guaranteed MTI retention bonusses were awarded to employees and were then retained for a period of two years, in order to ensure employees stayed in the employment of the company.

At the request of shareholders, no further MTI retention bonusses will be awarded to employees. All legacy MTI retention bonusses will be allowed to settle, as per the original agreement with employees.

The annual MTI retention bonuses accrued to executive directors were as follows for the year ending 30 June 2021:

	MTI performance bonus	Basic salary (BRP)	MTI retention bonus as a percentage of basic salary (BRP)
	R000	R000	%
CEO	1 658	8 290	20.0
CFO	781	3 905	20.0

LTI

The LTI reflected as part of the single figure remuneration in the table below has been calculated as follows:

- The F2018 SIP Performance share awards with a performance period which ended on 2 November 2020 have been calculated by taking the VWAP at 2 November 2020 (R169.57) multiplied by the actual vesting percentage (73.69%). Therefore, the LTI calculated for performance shares is the actual number of performance shares vested in November 2020 multiplied by the 30-day VWAP at the vesting date
- The F2021 SIP Retention share awards granted during the year have been calculated as the number of retention shares, multiplied by the 30-day VWAP as at 31 October 2020 (R169.57)

CEO

	Award year	Number of awards	Value per award	Vesting %	LTI reflected
SIP: performance shares	F2018	137 000	R169.57	73.7%	17 119
SIP: retention shares	F2021	9 900	R169.57	100.0%	1 679
LTI reflected					18 798

CFO

	Award year	Number of awards	Value per award	Vesting %	LTI reflected
SIP: performance shares	F2018	30 900	R169.57	73.7%	3 861
SIP: retention shares	F2021	4 580	R169.57	100.0%	777
LTI reflected					4 638

The LTI annual share awards for the financial year ending 30 June 2021, and the performance outcomes for the F2018 share awards (which performance period ended on 2 November 2020) are set out on the following pages.

Performance and retention shares awarded in October 2020 (F2021), which will vest on 31 October 2023:

	Performance awards	Retention awards	Total awards	Value on award date[1]	% of BRP
	Number of shares	Number of shares	Number of shares	R000	%
CEO	29 700	9 900	39 600	6 715	81.0%
CFO	13 750	4 580	18 330	3 108	79.6%

[1] 30-day VWAP as at 31 October 2020 (including that date) multiplied by the number of shares awarded, determined as R169.57 per share

Implementation of remuneration policy for the financial year ended 30 June 2021 (continued)

The following performance criteria and targets have been approved to apply to the October 2020 awards, for the three-year rolling period F2021, F2022 and F2023:

Zondereinde

Factor	Target/criteria	% weighting
Safety – LTIIR	An improvement of 10% on the previous financial year's safety record	30%
Equivalent refined metal from own operations (4E oz)	Achieving the budgeted equivalent refined production over the 3-year vesting period ending F2023	30%
Unit cash cost per equivalent refined 4E oz (R/oz)	Achieving the budgeted unit cash cost over the 3-year vesting period ending F2023	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital determined as 17.9%	10%
Relative total shareholder returns (group)	Exceeding the JSE Platinum index return on an absolute basis	10%
		100%

Booysendal

Factor	Target/criteria	% weighting
Safety – LTIIR	An improvement of 10% on the previous financial year's safety record	25%
Equivalent refined metal from own operations (4E oz)	Achieving the budgeted concentrate production over the 3-year vesting period ending F2023	35%
Unit cash cost per equivalent refined 4E oz (R/oz)	Achieving the budgeted unit cash cost over the 3-year vesting period ending F2023	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital determined as 17.9%	10%
Relative total shareholder returns (group)	Exceeding the JSE Platinum index return on an absolute basis	10%
		100%

Eland

Factor	Target/criteria	% weighting
Safety – LTIIR	An improvement of 10% on the previous financial year's safety record	30%
Development	Target development metres achieved over the 3-year vesting period ending F2023	50%
Absolute total shareholder returns (group)	Exceed the weighted average cost of capital determined as 17.9%	10%
Relative total shareholder returns (group)	Exceeding the JSE Platinum index return on an absolute basis	10%
		100%

Exceeding the proposed performance criteria and targets requires considerable effort and will have a direct impact on the group's profitability.

Due to the nature of the industry and the focus on enhanced safety practices and standards, a 10% improvement in the LTIR and other safety related metrics would represent exceptional performance by the business.

Corporate office and group service staff (including executive directors) will be measured based on a 40% allocation relating to Zondereinde and Booysendal respectively and a 20% allocation from Eland.

Measurement of performance criteria will be calculated at the end of each three year financial rolling period over which the shares vest, by applying the achievement percentages below in respect of the individual criteria against which the performance shares are awarded:

Achievement	% shares to vest
Achieve an aggregate score of less than 90%	Nil
Achieve between 90% – 100% of target	100%
Achieve between 100% – 105%	125%
Achieve in excess of 105%	135%

An achievement of less than 90% of target results in no shares being allocated (vested) at all. The LTI incentive is further capped at 135% of BRP.

The group is currently in a growth phase, in a market where peers' production is declining. It has stretched targets in place for all performance measures and meeting these targets will require considerable effort by our management team. Shareholders' and management's interest are aligned and achievement of these targets will result in value creation for all stakeholders.

LTI awards granted November 2017 vested on 2 November 2020 (F2021)
The performance conditions used to determine performance conditions with regards to the LTI awards, granted November 2017 were as follows:

Factor	Target/criteria	Zondereinde % weighting	Booysendal % weighting
Safety – LTIIR	An improvement of 10% on the previous financial year's safety record	30%	25%
Production	Achieving the budgeted metal production	30%	35%
Unit cash costs	Achieving the budgeted unit cash cost	20%	20%
Absolute total shareholder returns (group)	Weighted average cost of capital determined as 18.4%	10%	10%
Relative total shareholder returns (group)	Exceeding the JSE Platinum Index return on an absolute basis	10%	10%
		100%	100%

The health and safety of our employees are critical to the sustainability of our business. Safety performance targets will therefore always be included in our KPIs.

Zondereinde

Factor	% weighting	F2018 achievement %	F2019 achievement %	F2020 achievement %	Total %	Vesting %	Weighted vesting %
Safety – LTIIR	30%			112.5%	112.5%	135%	40.5%
Fatality impact[1]							(10.1%)
Production	30%	104%	101%	78%	93.6%	100%	30%
Unit cash costs	20%	97%	98%	80%	90.4%	100%	20%
Absolute total shareholder returns (group)	10%				110.3%	135%	13.5%
Relative total shareholder returns (group)	10%				93.1%	100%	10.0%
	100%						103.9%

[1] Based on the fatality recorded in F2020, with its penalty impact determined by the committee. The fatalities suffered in F2021 will be reviewed and assessed by the committee and will impact the coming years' LTI award

Booysendal

Factor	% weighting	F2018 achievement %	F2019 achievement %	F2020 achievement %	Total %	Vesting %	Weighted vesting %
Safety – LTIIR	25%			55.9%	55.9%	0%	0%
Production	35%	84%	93%	86%	87.8%	0%	0%
Unit cash costs	20%	90%	95%	86%	90.1%	100%	20%
Absolute total shareholder returns (group)	10%				110.3%	135%	13.5%
Relative total shareholder returns (group)	10%				93.1%	100%	10.0%
	100%						43.5%

Performance LTI payments are linked to company performance, as well as share price performance, ensuring that the employees focus their efforts on creating shareholder value.

No changes were made to the structure of the KPI targets for variable remuneration to take into account the negative impact of the COVID-19 pandemic on production and costs. Original targets were maintained to ensure the strategy of the group was preserved and continues to create stakeholder value.

Corporate office and group service staff (including executive directors) share 50/50 in the weighted score of Zondereinde and Booysendal and therefore achieved an allocation of 73.7% [(103.9% + 43.5%)/2].

The following amounts were paid out to executive directors relating to the November 2017 performance and retention shares that vested November 2020:

	Performance awards	Performance awards	Performance awards	Retention awards	Total awards	Value of award[1]
	Number of shares	% performance shares vesting	Total number of shares	Number of shares	Number of shares	R000
CEO	137 000	73.7	100 952	46 200	147 152	24 953
CFO	30 900	73.7	22 769	10 400	33 169	5 625

[1] 30-day VWAP as at 31 October 2020 (including that date) multiplied by the number of shares awarded, determined as R169.57 per share

Lock-in and incentive mechanism (LIM) – short-term annual incentive (CIBB)

This benefit will fall away with the maturity of the Zambezi BEE Transaction

Payments in terms of the CIBB were subject to the fulfilment of the CIBB performance conditions, as set out in the table below, as of the 31st trading day following the publication of the company's financial results for each financial year (for the applicable financial year, the financial statements were released on 28 August 2020 and 31 trading days following publication was 13 October 2020).

Participants will receive, measured on an annual basis, 15% of their cost to company (defined as the basic remuneration package (BRP)) remuneration excluding performance bonuses, if the value of a Northam share at the condition date (calculated as the 60-day VWAP of a share) is equal to or greater than the redemption amount per preference share.

Furthermore, participants will receive, on an annual basis, an additional 15% of their BRP, if the aggregate value of the shares held by Zambezi at the condition date (using the 60-day VWAP of a share) is sufficient to:

- fully settle the redemption amount; and
- fully settle or make adequate provision for all Zambezi's tax liabilities arising from settlement of the redemption amount, on the basis that no guarantee liability will arise and no member of the group will be required to provide any direct or indirect financial assistance for the purposes of or in connection with the settlement of the redemption amount

This will effectively incentivise achievement of the CIBB performance conditions on an annual basis.

For the avoidance of doubt, no CIBB payment will be made unless the CIBB performance conditions are achieved in a specific year.

The CIBB has been terminated with effect from 23 August 2021.

Settlement of the CIBB (if the performance conditions are met) will be made in cash.

Below is a summary of the results of the CIBB calculation/measurement for the current year, as at the condition date 13 October 2020:

	Condition date 13 October 2020
	R per share
60-day Volume Weighted Average Price (VWAP)	R158.47
Preference share liability (per share)	R81.00
Preference share liability including the tax liability (per share)	R104.15

From the table above, it is evident that the 60 day VWAP, as at the condition date, was sufficient to cover the preference share liability. Participants of the CIBB were therefore entitled to 30% of their BRP.

CIBB accrued as a percentage of the basic salary (BRP) to executive directors as at 30 June 2021:

	CIBB bonus	Basic salary (BRP)	CIBB as a percentage of basic salary (BRP)
	R000	R000	%
CEO	2 487	8 290	30.0%
CFO	1 172	3 905	30.0%

Comprehensive table of LTI – outstanding and unvested awards

Calculation of the value of the MTI and estimated closing fair value of the LTI and LIM

- The **MTI** is calculated using the annual BRP for a particular year multiplied by 20%. It is only paid two years subsequent to the date when it accrues, with no performance conditions attached. The MTI has been cancelled and previous awards will be allowed to run their course
- **LTI** retention shares' estimated fair value is determined using 100% of the number of retention shares outstanding multiplied by the 30 day VWAP of the share price at year end, which amounted to R220.33 per share at 30 June 2021 (F2020: R108.17 per share). Retention shares will no longer be awarded and all previously awarded shares will be allowed to run their course
- If the **LTI** performance shares vest within the next 12 months, an estimation is made of the percentage at which the performance shares will vest multiplied by the 30 day VWAP closing share price at year end. If the LTI performance shares vest after a period of 12 month, the full number of performance shares will be multiplied by the 30 day VWAP closing share price at year end
- The fair value of the **LIM** shares is calculated using the closing share price at year end, which amounted to R216.93, multiplied by the full number of BIP shares outstanding. The mechanics of these 10 year BEE transaction incentive BIP shares are set out on page 16 of this report.

Implementation of remuneration policy for the financial year ended 30 June 2021 (continued)

In line with the requirements of King IV™ an analysis of all long-term incentives held as at 30 June 2021 are set out below:

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/ exercised during the year	Closing number of shares	Value of receipts	Value of MTI/ estimated closing fair value
			1 July 2020				30 June 2021	R000	R000
CEO									
MTI retention bonus	F2020	June 2022							1 658
MTI retention bonus	F2021	June 2023							1 658
LTI retention shares	F2018	November 2020	46 200	–	–	(46 200)	–	7 834	–
LTI retention shares	F2019	November 2021	46 100	–	–	–	46 100	–	10 157
LTI retention shares	F2020	November 2022	17 900	–	–	–	17 900	–	3 944
LTI retention shares	F2021	November 2023	–	9 900	–	–	9 900	–	2 181
LTI performance shares	F2018	November 2020	137 000	–	(36 048)	(100 952)	–	17 119	–
LTI performance shares	F2019	November 2021	138 400	–	–	–	138 400	–	30 494
LTI performance shares	F2020	November 2022	53 700	–	–	–	53 700	–	11 832
LTI performance shares	F2021	November 2023	–	29 700	–	–	29 700	–	6 544
LIM shares	F2017	May 2025	1 500 000	–	–	–	1 500 000	–	325 395
Total			**1 939 300**	**39 600**	**(36 048)**	**(147 152)**	**1 795 700**	**24 953**	**390 547**

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/ exercised during the year	Closing number of shares	Value of receipts	Value of MTI/ estimated closing fair value
			1 July 2020				30 June 2021	R000	R000
CFO									
MTI retention bonus	F2020	June 2022							781
MTI retention bonus	F2021	June 2023							781
LTI retention shares	F2018	November 2020	10 400	–	–	(10 400)	–	1 764	–
LTI retention shares	F2019	November 2021	19 800	–	–	–	19 800	–	4 363
LTI retention shares	F2020	November 2022	8 065	–	–	–	8 065	–	1 777
LTI retention shares	F2021	November 2023	–	4 580	–	–	4 580	–	1 009
LTI performance shares	F2018	November 2020	30 900	–	(8 131)	(22 769)	–	3 861	–
LTI performance shares	F2019	November 2021	59 300	–	–	–	59 300	–	13 066
LTI performance shares	F2020	November 2022	24 215	–	–	–	24 215	–	5 335
LTI performance shares	F2021	November 2023	–	13 750	–	–	13 750	–	3 030
LIM shares	F2021	May 2025	–	350 000	–	–	350 000	–	75 926
Total			**152 680**	**368 330**	**(8 131)**	**(33 169)**	**479 710**	**5 625**	**104 506**

In line with the requirements of King IV™, and analysis of all long-term incentives held as at 30 June 2020 are set out below:

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/ exercised during the year	Closing number of shares	Value of receipts	Value of MTI/ estimated closing fair value
			1 July 2019				30 June 2020	R000	R000
CEO									
MTI retention bonus	F2019	June 2021							1 542
MTI retention bonus	F2020	June 2022							1 658
LTI retention shares	F2017	November 2019	42 900	–	–	(42 900)	–	4 192	–
LTI retention shares	F2018	November 2020	46 200	–	–	–	46 200	–	4 997
LTI retention shares	F2019	November 2021	46 100	–	–	–	46 100	–	4 987
LTI retention shares	F2020	November 2022	–	17 900	–	–	17 900	–	1 936
LTI performance shares	F2017	November 2019	127 200	–	–	(127 200)	–	13 379	–
LTI performance shares	F2018	November 2020	137 000	–	–	–	137 000	–	14 819
LTI performance shares	F2019	November 2021	138 400	–	–	–	138 400	–	14 971
LTI performance shares	F2020	November 2022	–	53 700	–	–	53 700	–	5 809
LIM shares	F2017	May 2025	1 500 000	–	–	–	1 500 000	–	174 300
Total			**2 037 800**	**71 600**	**–**	**(170 100)**	**1 939 300**	**17 571**	**225 019**

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/ exercised during the year	Closing number of shares	Value of receipts	Value of MTI/ estimated closing fair value
			1 July 2019				30 June 2020	R000	R000
CFO									
MTI retention bonus	F2019	June 2021							496
MTI retention bonus	F2020	June 2022							781
LTI retention shares	F2017	November 2019	9 200	–	–	(9 200)	–	899	–
LTI retention shares	F2018	November 2020	10 400	–	–	–	10 400	–	1 125
LTI retention shares	F2019	November 2021	19 800	–	–	–	19 800	–	2 142
LTI retention shares	F2020	November 2022	–	8 065	–	–	8 065	–	872
LTI performance shares	F2017	November 2019	27 100	–	–	(27 100)	–	2 850	–
LTI performance shares	F2018	November 2020	30 900	–	–	–	30 900	–	3 342
LTI performance shares	F2019	November 2021	59 300	–	–	–	59 300	–	6 414
LTI performance shares	F2020	November 2022	–	24 215	–	–	24 215	–	2 619
Total			**156 700**	**32 280**	**–**	**(36 300)**	**152 680**	**3 749**	**17 791**

Implementation of remuneration policy for the financial year ended 30 June 2021 (continued)

Non-executive directors' fees

Below is an analysis of non-executive fees in respect of board and board committee services for the 2021 financial year.

	Board	Audit and risk committee	Health, safety and environ-mental committee	Investment committee	Social, ethics, human resources and transformation committee	Nomination committee	Ad hoc fees	Total
	R000	R000	R000	R000	R000	R000	R000	R000
KB Mosehla[1]	489	–	–	98	–	57	–	**644**
R Havenstein[2]	174	–	66	41	–	38	–	**319**
DH Brown[3]	461	177	–	199	–	–	–	**837**
CK Chabedi[4]	152	–	50	41	50	–	–	**293**
HH Hickey	366	225	–	–	–	–	–	**591**
NY Jekwa	421	177	120	–	120	–	–	**838**
MH Jonas	421	–	–	–	–	–	–	**421**
TE Kgosi	366	–	–	–	160	57	92	**675**
TI Mvusi	421	–	–	–	–	–	–	**421**
JJ Nel[5]	366	177	–	163	–	–	–	**706**
JG Smithies	421	–	120	–	–	–	–	**541**
GT Lewis[6]	269	–	–	–	–	–	–	**269**
	4 327	**756**	**356**	**542**	**330**	**152**	**92**	**6 555**

[1] Mr KB Mosehla retired as the independent non-executive chairman of the board with effect from 22 June 2021 and as a director from 30 June 2021
[2] Mr R Havenstein retired as director with effect from the conclusion of the November 2020 AGM
[3] Mr DH Brown was designated lead independent director with effect from 1 November 2020 and subsequently appointed as the independent non-executive chairman of the board with effect from 22 June 2021
[4] Mr CK Chabedi was not re-elected as a director by shareholders at the November 2020 AGM
[5] Mr JJ Nel was appointed as a member of the investment committee with effect from 1 November 2019
[6] Mr GT Lewis was appointed as an independent non-executive director with effect from 1 December 2020

Remuneration payable in terms of non-executive director fees will be in proportion to the period during which the office of the non-executive director, or such director's relevant role on the board or a committee thereof, has been held during the financial year.

In terms of section 66(8) and (9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders and if not prohibited in the company's Memorandum of Incorporation (MOI). Northam's MOI does not prohibit the payment of such remuneration.

At the forthcoming AGM, shareholders will accordingly be requested to consider a special resolution providing for the increase in the non-executive directors' fees for the year ending 30 June 2022 as set out in the notice of the AGM.

All non-executive directors donated their F2021 fee increase of 4% to the group's two community trusts, the Northam Booysendal Community Trust and Northam Zondereinde Community trust, to assist with COVID-19 relieve efforts.

Shareholder engagement
We value our continued engagement with all of our various stakeholders and we endeavour to maintain our relationships in order to continue to receive constructive feedback and input.

We will therefore conduct a roadshow to engage with our institutional shareholders to ensure we address appropriate shareholders concerns and questions.

The remuneration report was approvedby the board of directors of Northam Platinum Limited on 23 September 2021.

On behalf of the social, ethics, human resources and transformation committee.

TE Kgosi
Chairperson

23 September 2021

Administration and contact information

Northam Platinum Holdings Limited
Incorporated in the Republic of South Africa
Registration number 2020/905346/06
Share code: NPH ISIN code: ZAE 000298253

Northam Platinum Limited
Incorporated in the Republic of South Africa
Registration number 1977/003282/06
Debt issuer code: NHMI

Bond code: NHM007
Bond ISIN: ZAG000158593
Bond code: NHM009
Bond ISIN: ZAG000158866
Bond code: NHM011
Bond ISIN: ZAG000159237
Bond code: NHM012
Bond ISIN: ZAG000160136
Bond code: NHM014
Bond ISIN: ZAG000163650
Bond code: NHM015
Bond ISIN: ZAG000164922
Bond code: NHM016
Bond ISIN: ZAG000167750
Bond code: NHM018
Bond ISIN: ZAG000168097
Bond code: NHM019
Bond ISIN: ZAG000168105
Bond code: NHM020
Bond SIN: ZAG000172594

Registered office
Building 4, 1st Floor,
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

PO Box 412694
Craighall, 2024, South Africa

Telephone +27 11 759 6000
www.northam.co.za

Debt officer
AH Coetzee
Building 4, 1st Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

PO Box 412694
Craighall, 2024, South Africa

e-mail: alet.coetzee@norplats.co.za

Company secretary
PB Beale
Building 4, 1st Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090, South Africa

PO Box 412694
Craighall, 2024, South Africa

e-mail: trish.beale@norplats.co.za

Investor relations
LC van Schalkwyk
Building 4, 1st Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090, South Africa

PO Box 412694
Craighall, 2024, South Africa

Telephone: +27 11 759 6000
e-mail:
leon.vanschalkwyk@norplats.co.za

R&A Strategic Communications
PO Box 1457
Parklands, 2121, South Africa

Telephone +27 11 880 3924
e-mail: marion@rasc.co.za

Lead Competent Person
DS Smith
Building 4, 1st Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090, South Africa

PO Box 412694
Craighall, 2024, South Africa

e-mail: damian.smith@norplats.co.za

Bankers
Standard Bank of South Africa Limited
9th Floor, Standard Bank Centre
5 Simmonds Street
Johannesburg, 2001, South Africa

PO Box 7725
Johannesburg, 2001, South Africa

Nedbank Group Limited
135 Rivonia Road
Sandton, 2196, South Africa

PO Box 1144
Johannesburg, 2000, South Africa

Auditors
Ernst & Young Inc.
102 Rivonia Road
Sandton, 2146
Johannesburg
South Africa

Private Bag X14
Sandton, 2146, South Africa

Sponsor and debt sponsor
One Capital Sponsor Services
Proprietary Limited
17 Fricker Road
Illovo, 2196
Johannesburg, South Africa

PO Box 784573
Sandton, 2146, South Africa

Transfer secretaries
Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196, South Africa

Private Bag X9000
Saxonwold, 2132, South Africa

Telephone +27 11 370 5000
Facsimile +27 11 688 5216

Independent ethics and fraud hotline
Anonymous whistleblower facility
0800 15 25 39 (South Africa)

invicomm
Designed and produced by Invicomm
www.invicomm.com

NORTHAM
PLATINUM HOLDINGS LIMITED

Northam Platinum Holdings Limited
(Northam Holdings) including
Northam Platinum Limited (Northam)

Building 4, 1st Floor, Maxwell Office Park
Magwa Crescent West, Waterfall City
Jukskei View 2090, South Africa

PO Box 412694, Craighall 2024
South Africa

northam.co.za

smart platinum mining