



BOARD OF DIRECTORS CHARTER

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**CHAIRMAN OF THE BOARD OF
DIRECTORS**

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1. DEFINITIONS AND INTERPRETATION

Term	Meaning
“agm”	Annual General Meeting, being a yearly meeting of the shareholders of Northam, especially for holding elections and reporting on the year's events.
“annual integrated report”	A concise communication about how an organisation's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.
“board”	The board of directors of Northam Platinum Limited.
“board charter” or “charter”	The board of directors charter herein governing the role and responsibilities of the board.
“business days”	Every official workday of the week.
“Chief Executive Officer” or “CEO”	A Chief Executive Officer is the highest-ranking executive in a company. This director's primary responsibilities include making major corporate decisions, managing the overall operations and resources of a company, and acting as the main point of communication between the board and corporate operations.
“Chief Financial Officer” or “CFO”	A Chief Financial Officer is an executive director primarily responsible for managing the financial risks of a company. This director is also responsible for financial planning and record keeping, as well as financial reporting to the board.
“code of ethics”	Northam code of ethics outlining the mission and values of the company, how employees can seek advice, the ethical principles based on the company's core values and the standards to which employees are held.
“combined assurance model”	Ensuring that a co-ordinated (combined) approach is applied in receiving assurance on whether key risks are being managed appropriately within an organisation.
“Companies Act”	Companies Act No 71 of 2008, as amended.
“group”	Northam Platinum Limited and all its subsidiaries.
“JSE”	JSE Limited stock exchange.
“King IV”	King IV Code on Corporate Governance of South Africa, 2016.
“memorandum”	Northam Platinum Limited memorandum of incorporation.
“nomination committee”	The nomination committee considers succession planning, reviews the structure, size and composition of the board, the appointment of members to board committees and also makes recommendations to the board as appropriate.
“non-executive director”	A member of the board of directors who is not part of the executive team. A non-executive director typically does not engage in the day-to-day management of the organization, but is involved in policy making and planning exercises.
“Northam” or the “company”	Northam Platinum Limited.
“responsible corporate citizen”	Corporate citizenship involves the social responsibility of businesses and the extent to which they meet legal, ethical and economic responsibilities, as established by shareholders.
“shareholder”	An owner of shares in Northam Platinum Limited.

2. INTRODUCTION

- 2.1. The company and its subsidiaries aim to be good corporate citizens and are committed to upholding good corporate governance in all business transactions in respect of its shareholders and relevant stakeholders.
- 2.2. All board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities and in accordance with the company's code of ethics and the Companies Act.
- 2.3. This charter is subject to the provisions of the Companies Act, the memorandum and any other applicable law or regulatory provision. Its intention is to set out the general objectives, roles and responsibilities of the board. Where the charter transgresses legislation and/or rules of the Act, that legislation and/or regulation takes precedence over these terms of reference.

3. PURPOSE AND OBJECTIVES

- 3.1. The purpose of this charter is to set out the board's role and responsibilities as well as the requirements for its composition and meeting procedures.
- 3.2. The objective of this charter is to ensure that the board's role and responsibilities are incorporated into the key governance and business processes of the company.

4. SCOPE AND APPLICABILITY

This charter is applicable to all Northam Platinum board members.

5. COMPOSITION OF THE BOARD

- 5.1. The company shall maintain a unitary board which shall be composed of a majority of non-executive directors, the majority of which shall be independent.
- 5.2. The chairperson of the board, who shall be elected by the board annually, shall be a non-executive director and shall preferably be an independent director.
- 5.3. The company shall appoint a lead independent director who shall be elected annually.
- 5.4. The board shall decide on any appointments to the board, assisted by the nomination committee, subject to shareholder approval. The process shall be formal and transparent.
- 5.5. The size of the board shall be sufficient to ensure the presence of a wide range of skills, knowledge, experience and shall be sufficient to address the company's diversity targets.
- 5.6. The position of the CEO and chairperson shall be separate. There shall be at all times a clearly defined division of responsibilities in both offices to ensure a balance of authority and power.
- 5.7. On appointment to the board, non-executive directors shall receive a formal letter of appointment, code of ethics, time commitment, roles and responsibilities, remuneration for holding office and the terms of liability insurance.

- 5.8. The board shall establish an induction program for all newly appointed directors. The induction program will familiarise newly appointed members with the company's operations and executive management.
- 5.9. The board shall be responsible for performance assessments of the chairperson, CEO, non-executive directors, the board as a whole and board committees. The results thereof will be considered for re-appointments of members.
- 5.10. The board shall ensure succession plans are in place for the chairperson of the board, CEO and other members of executive management and officers.
- 5.11. The term of office of directors shall be determined by the memorandum.
- 5.12. One third of the non-executive board members are subject to retirement by rotation and re-election by shareholders in accordance with the company's memorandum or its successor, subject to performance or resignation.
- 5.13. Any board member appointed during the year will only hold office until the next AGM, at which time their appointment must be confirmed by shareholders.
- 5.14. Every year non-executive directors classified as 'independent' shall undergo an evaluation of their independence by the chairperson of the board.
- 5.15. Standards for determining the independence of a director must be in accordance with the JSE listings requirements and recommendations of King IV.
- 5.16. Directors are required to disclose to the board all relevant information which may affect their independence.

6. RESPONSIBILITIES OF THE BOARD

Directors' responsibilities, rights, obligations and duties are set out in the memorandum, the Companies Act, King IV and common law will apply. The board shall ensure that each director adheres to the duties of a director.

The role and responsibilities of the board shall be to:

- 6.1. Assume ultimate accountability and responsibility for the performance and affairs of the company and in so doing effectively represent and promote the best interests of the company and its stakeholders in a manner that is legal, ethical and sustainable;
- 6.2. Exercise leadership, integrity and judgement in directing the company's affairs to achieve continuing sustainability within the context of transparency and accountability;
- 6.3. Ensure compliance with all relevant legislation, regulations and policies and maintain strict confidentiality of all information pertaining to the business of the company;
- 6.4. Appreciate that strategy, risk, performance and sustainability are inseparable;
- 6.5. Have input into and approve the strategy and budgets developed by management;
- 6.6. Monitor the implementation of approved strategy, policies, business plans and performance and ensuring accountability;

- 6.7. Oversee the company's values and ethics and ensure that an appropriate code of ethics is in place;
- 6.8. Ensure that the company's ethical standards are integrated into the company's strategies and operations and that the company's ethics performance is assessed, monitored, reported and disclosed;
- 6.9. Develop and manage a process for periodic assurance of the company's ethical culture and ensure that the company's ethical culture is periodically monitored through formal mechanisms;
- 6.10. Ensure that the company is and is seen to be, a responsible corporate citizen and that the company's core purpose and values, strategy and conduct are congruent with it being a responsible corporate citizen. It should delegate to management responsibility for proactive stakeholder relationship management;
- 6.11. Oversee and monitor, in terms of agreed measures and targets, the consequences of company activities and outputs and how these affect the company's status as a responsible corporate citizen;
- 6.12. Ensure disclosures relating to management of corporate citizenship and related issues;
- 6.13. Manage potential conflicts of interest of board members, management, the shareholders and wider stakeholders;
- 6.14. Ensure that disputes are resolved as effectively and efficiently as possible;
- 6.15. Be responsible for ensuring that an adequate and effective process for corporate governance is established;
- 6.16. Define levels of materiality reserving specific powers to itself and delegating other matters by written authority to management;
- 6.17. Recommend the remuneration policy for non-executive director's fees and recommend to the shareholders for advanced approval. The board shall determine remuneration of the executives in line with the policy;
- 6.18. Delegate certain functions to well-structured committees without abdicating its duties;
- 6.19. Be responsible for the governance of risk, risk management, assurance and disclosure thereof;
- 6.20. Ensure the establishment of a system of internal control and shall report on the adequacy and effectiveness of the internal financial control framework;
- 6.21. Be responsible for information technology (IT) governance;
- 6.22. Ensure there is an effective risk-based internal audit function;
- 6.23. Ensure the integrity of the company's annual integrated report, annual financial statements and interim report;
- 6.24. Ensure that the material information to be included in the company's annual integrated report is determined, taking into consideration the challenges and opportunities that significantly affect value creation, the priority of matters and the specific information to be disclosed;

- 6.25. Ensure that consistently updated versions of important company information is made available to the public, including disclosures in terms of King IV, governance and management structures, the annual integrated report and financial statements, JSE and other public announcements and notices of shareholder meetings;
- 6.26. The board may obtain independent outside advice to assist with the execution of its duties.
- 6.27. Approve the appointment and removal of the company secretary; and
- 6.28. Ensure business rescue proceedings commence should the company become financially distressed.
- 6.29. Ensure the appointment of an independent non-executive member as the lead independent director to fulfill the following functions:
 - 6.29.1. To lead in the absence of the chairperson;
 - 6.29.2. To serve as a sounding board for the chairperson;
 - 6.29.3. To act as an intermediary between the chairperson and other board members, if necessary;
 - 6.29.4. To deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate;
 - 6.29.5. To strengthen independence on the board if the chairperson is not an independent non-executive;
 - 6.29.6. To chair discussions and decision-making by the board on matters where the chairperson has a conflict of interest; and
 - 6.29.7. To lead the performance appraisal of the chairperson.
- 6.30. When determining which of the board committees the chairperson of the board should serve on, either as member or chairperson, the board should consider how this affects the overall concentration and balance of power on the board. Generally, the following should apply:
 - 6.30.1. The chairperson should not be a member of the audit committee;
 - 6.30.2. The chairperson may be a member of the committee responsible for remuneration but should not be its chair;
 - 6.30.3. The chairperson should be a member of the committee responsible for nominations of members of the board and may also be its chair;
 - 6.30.4. The chairperson may be a member of the committee responsible for risk governance and may also be its chair; and
 - 6.30.5. The chairperson may be a member of the social and ethics committee but should not be its chair.

7. BOARD MEETINGS

The holding of board meetings must comply with section 71 and section 74 (written consent and electronic communication) of the Companies Act and with the memorandum or its successor.

7.1. Attendance:

- 7.1.1. Board members will use their best endeavours to attend all board meetings (including meetings called at short notice for special matters) and to prepare thoroughly. Board members are expected to participate fully, transparently and constructively in board discussions and other activities and add value by applying their particular expertise, knowledge, skills and abilities to the board;
- 7.1.2. The company secretary is the secretary to the board;
- 7.1.3. Board members who are unable to attend shall submit an apology to the company secretary;
- 7.1.4. If the nominated chairperson of the board or lead independent director is absent from a meeting, the members present must elect one of the members present to act as chairperson; and
- 7.1.5. Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only (they may not vote).

7.2. Frequency and quorum:

- 7.2.1. Meetings of the board will be held at such time and at such venue as the board deems appropriate, but it will normally meet at least 4 (four) times a year or at the call of the chairperson of the board;
- 7.2.2. Meetings, in addition to those scheduled, may be held at the instance of a board member;
- 7.2.3. The quorum necessary for the transaction of business is a majority of directors in office as determined by the company's memorandum.
- 7.2.4. Decisions will be made by a simple majority of votes.

7.3. Agenda and meeting documents:

- 7.3.1. An annual calendar of meetings, with an outline of the business to be considered at each meeting, shall be drawn by the company secretary, in conjunction with the chairperson and CEO. It shall be presented for advance agreement by the board.
- 7.3.2. The agenda shall be prepared by the company secretary, in conjunction with the appropriate board members and approved by the chairperson.
- 7.3.3. Unless under exceptional circumstances, at least 4 (four) business days' notice shall be given of a meeting of the board.
- 7.3.4. The company secretary must circulate the agenda and other meeting documents or reports to the board members at least 4 (four) business days before the date of the meeting to the members of the board and other invitees.
- 7.3.5. The board members must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.

- 7.3.6. Each director is responsible for being satisfied that adequate information has been furnished, to enable the director to make objective decisions at board meetings.
- 7.3.7. A record of board submissions and papers, and of material presented to the board, shall be maintained and held by the company secretary together with the minutes of meetings and will be accessible to directors.
- 7.3.8. The minutes of the meetings should be circulated in good time for members to review and must be formally approved.

7.4. Conflicts of interest:

- 7.4.1. Board members are required to inform the board of any conflicts or potential conflicts of interest they may have in relation to particular items of business or the company as a whole before every meeting.
- 7.4.2. Board members should absent themselves from discussion or decisions on matters in which they have an actual, perceived or potential conflict of interest.
- 7.4.3. The procedure providing guidance on these matters has been agreed by the board and is contained in the company's code of ethics, which is available to board members and on Northam's website (www.northam.co.za/governance/policies-and-procedures).

8. BOARD COMMITTEES

- 8.1. The board is authorised to form well-structured committees.
- 8.2. Each such committee shall be established with approved formal charters which shall be reviewed at least once every 3 (three) years to ensure compliance with the latest corporate governance best practice and approved by the board.
- 8.3. The board must establish a framework for the delegation of authority to management.
- 8.4. Delegating authority to board committees or management does not in any way mitigate or dissipate the discharge by the board and its members of its duties and responsibilities.
- 8.5. The board currently has five standing committees, namely the;
 - 8.5.1. audit and risk committee;
 - 8.5.2. health, safety and environmental committee;
 - 8.5.3. investment committee;
 - 8.5.4. nomination committee; and
 - 8.5.5. social, ethics, human resources and transformation committee;which the board may change from time to time.
- 8.6. The board will ensure that the committees are appropriately constituted with due regard to the skills required by each committee.
- 8.7. Minutes of the committees meetings shall be circulated to the board.
- 8.8. The chairperson of each committee shall report back to the board at each board meeting on a general principle of transparency and full disclosure.

- 8.9. Board committees and members are authorised to obtain independent professional advice at the company's expense, as and when considered necessary and after following a board approved process.

9. BOARD EVALUATION

- 9.1. The board, its committees and individual directors including the chairperson may undertake a formal external evaluation at least every 2 (two) years of its own performance and that of each board committee and individual director.
- 9.2. The board should appoint an independent non-executive member to lead the evaluation of the chairperson's performance if a lead independent is not in place.
- 9.3. Consideration, reflection and discussion of the board's performance and that of its committee's and the chairperson may be scheduled in the work plan every alternate year.
- 9.4. The board should disclose the description of the performance evaluations, an overview of the results and remedial actions and whether the board is satisfied that the evaluation process is improving its performance and effectiveness.

10. GENERAL

- 10.1. Board members should contact the CEO's office and/or the company secretary as and when they require access to line management.
- 10.2. The company shall ensure that an insurance policy is in place to indemnify the directors against any loss arising out of a claim for wrongful acts and for which the company is permitted to grant indemnification to the directors.
- 10.3. If any part of this charter conflicts with anything contained in the memorandum, the memorandum shall take precedence.

11. GOVERNANCE

This charter must be approved by the board and should be reviewed at least once every 3 (three) years to ensure effective functioning of the board, compliance with the latest corporate governance best practice and alignment with the company's responsibilities with respect to being and being seen as a responsible corporate citizen.