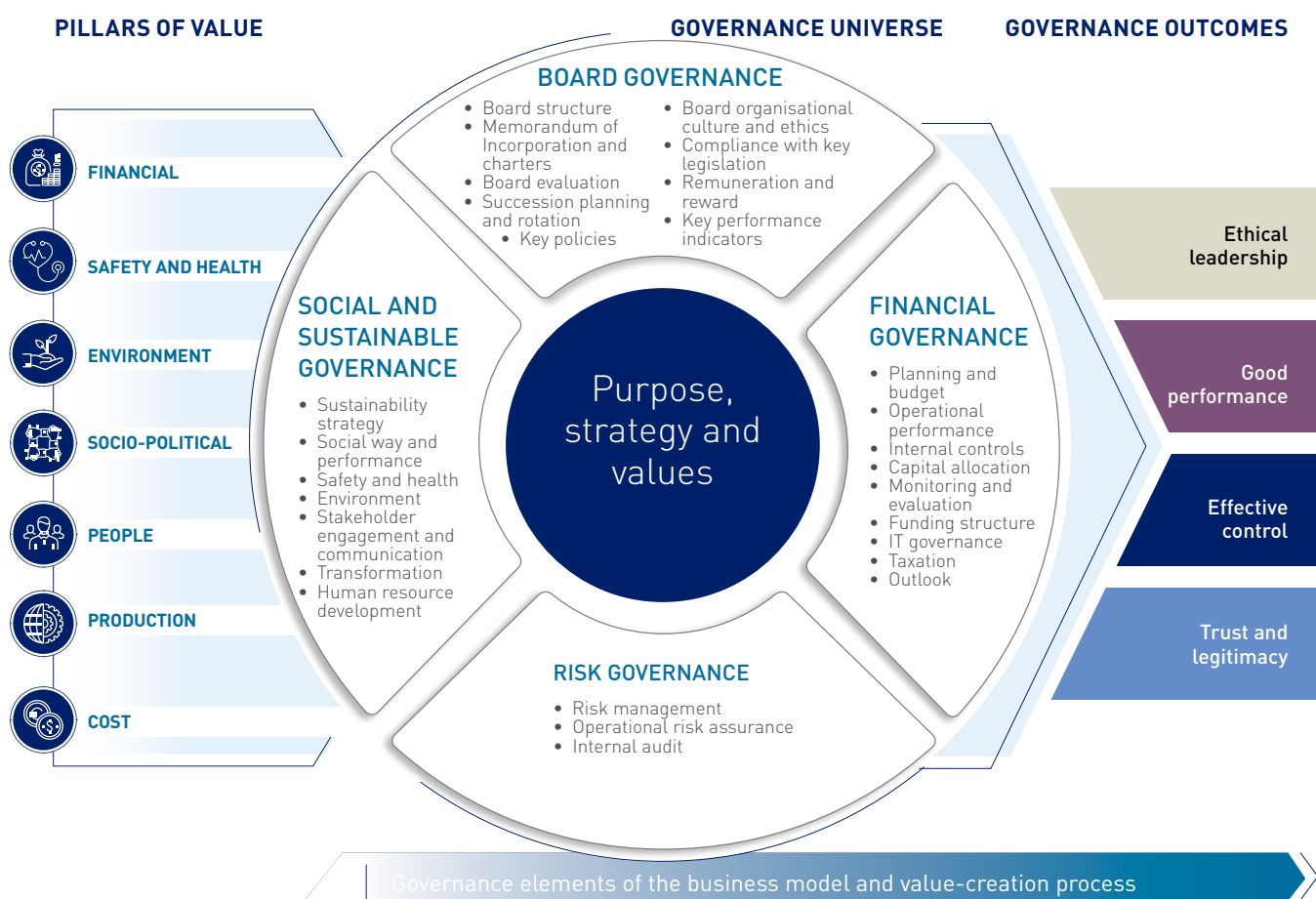


CORPORATE GOVERNANCE

Sound corporate governance is a critical foundation for protecting stakeholder value and achieving the group's strategic growth objectives. Our governance universe (below) illustrates how the pillars of value are governed via the four governance segments – board, finance, risk, and social and sustainable – in support of the Amplats strategy and purpose. The elements in each segment are governed with appropriate processes, systems and resources to ensure we demonstrate the desired governance outcomes.

BOARD GOVERNANCE

The board is ultimately accountable for the governance universe and provides independent monitoring, guidance and oversight of the segments.



Amplats has adopted the principles and recommended practices in the King Report on Governance for South Africa 2016 (King IV). The board reviews its governance practices annually and is satisfied that all aspects of King IV were applied in 2018.

Our King IV application register is available on our website.

KEY GOVERNANCE ISSUES

In 2018, the board discussed several key issues in detail:

<p>1</p> <p>Corporate transactions – received updates on corporate transactions aligned to the portfolio repositioning. <i>Refer to chairman's letter, chief executive officer review and financial review</i> 📄</p>	<p>2</p> <p>SO₂ abatement project – approved implementation of the SO₂ abatement facility at Polokwane metallurgical smelter complex totalling R1.5 billion to ensure compliance with South African emission standards by mid-2020. <i>Refer to page 99 of the supplementary report</i> 📄</p>	<p>3</p> <p>Strategic priorities – agreed strategic priorities after the strategy workshop in March 2018 and approved the revised Amplats purpose (refer below).</p>
<p>4</p> <p>Mining charter – reviewed a gap assessment of the company's compliance with the mining charter 2018. <i>Refer to pages 75 and 76 of the supplementary report</i> 📄</p>	<p>5</p> <p>Strategic board renewal – outcome of strategic board renewal process (refer to page 101) 📄</p>	<p>6</p> <p>Bench Marks Foundation – considered and addressed the concerns raised in its critical analysis of Amplats' sustainability reporting <i>Refer to page 6 of the supplementary report</i> 📄</p>

LEADERSHIP STRUCTURE

The board comprises two executive directors and 10 non-executive directors (half of whom are independent non-executive directors). The roles of the chief executive officer and chairman are separate, and governed by the board charter. The company supports the principles of gender and race diversity at board level. At present, female representation is 17% while HDP representation is 42%. Race and gender diversity targets are aligned to the new mining charter (MC18).

As announced on 23 October, Mr Andile Sangqu, executive head of Anglo American South Africa Limited stepped down as non-executive director and Mr Norman Mbazima was appointed as a non-executive director.

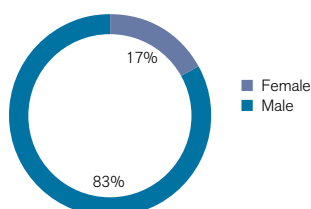
Mr Ian Botha, the finance director has tendered his resignation and will therefore step down from the board on 28 February 2019. Mr Craig Miller, who is currently the Anglo American plc financial controller, will assume the role of finance director on 1 April 2019.

The chairman, Mr Valli Moosa, who has served as a director for the past 10 years, will retire from the board at the AGM to be held on 17 April 2019. Mr Norman Mbazima will assume the role as chairman going forward.

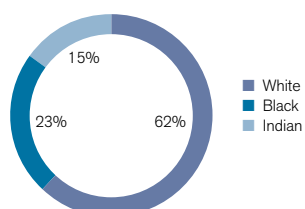
Mr Peter Mageza, who has been a member of the board for the past five years, has been appointed as the lead independent director.

Composition of the board

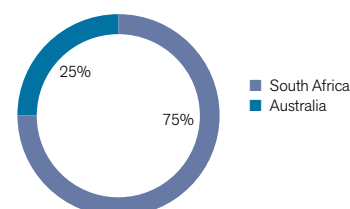
Gender diversity



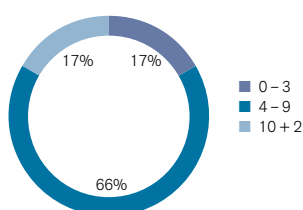
Demographic diversity



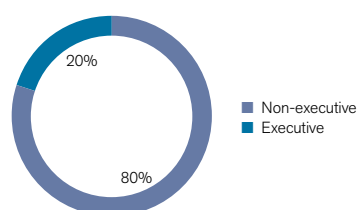
Geographical diversity



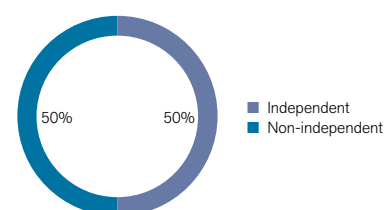
Tenure



Non-executive/executive



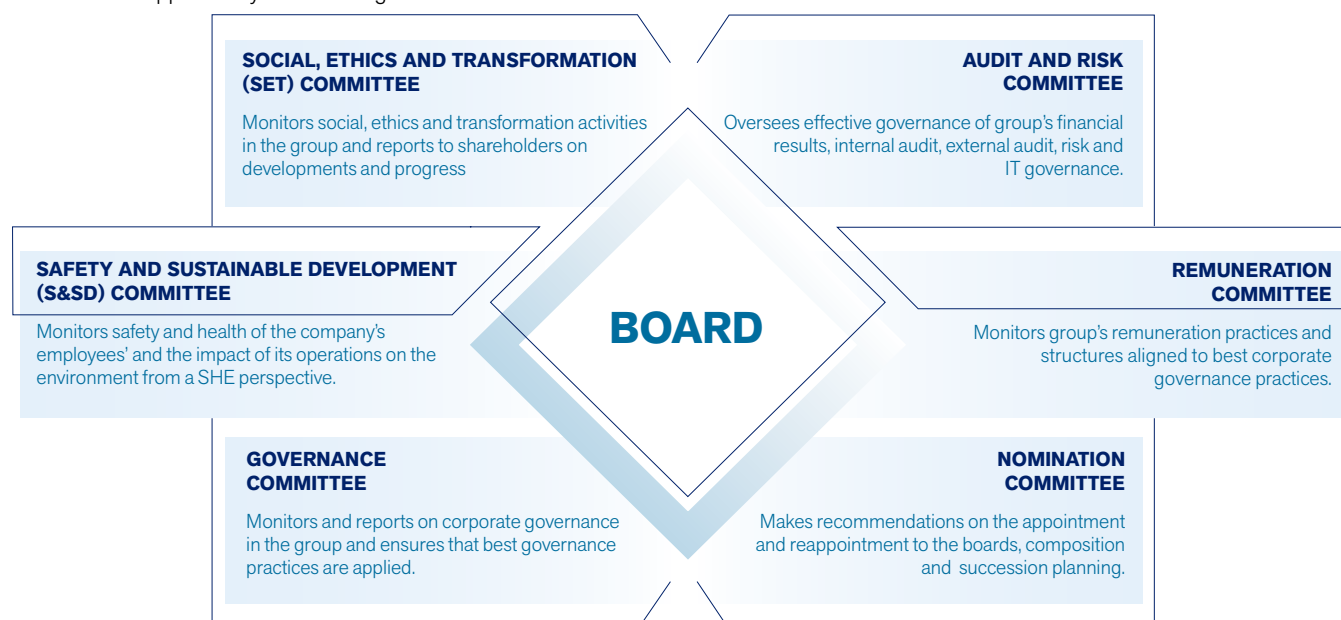
Independence



CORPORATE GOVERNANCE CONTINUED

BOARD GOVERNANCE STRUCTURE

The board is supported by the following committees:



Each committee has terms of reference delegating specific responsibilities and authority on behalf of the board. The chairmen of these committees report on their activities at each quarterly board meeting. The respective terms of reference as well as the board charter were reviewed and updated in October 2018.

The committees are inter-related and provide feedback to each other on salient matters as they apply to the remit of the committee. The S&SD committee monitors the company's endeavours to conduct its operations in a responsible manner and achieves a sustainable balance between economic, social and environmental development in regard to the safety and health of employees and impact of its operations on the environment from a SHE perspective and by referral to the SET committee, the communities surrounding company operations. The S&SD provides a report to the SET committee and the audit and risk committee after each meeting on salient matters discussed as they relate to social, ethics, transformation and risk.

Attendance at meetings

	Board meeting	Board strategy session	Risk workshop
Valli Moosa (chairman)	5/5	1/1	1/1
Chris Griffith (chief executive officer)	5/5	1/1	1/1
Ian Botha (outgoing finance director)	5/5	1/1	1/1
Mark Cutifani	5/5	1/1	1/1
Richard Dunne	4/5	1/1	1/1
Peter Mageza	5/5	1/1	1/1
Norman Mbazima	1/1	n/a	n/a
Nombulelo Moholi	5/5	1/1	1/1
Daisy Naidoo	5/5	1/1	1/1
Tony O'Neill	4/5	1/1	1/1
Andile Sangqu	4/4	1/1	1/1
John Vice	5/5	1/1	1/1

Please see the committee reports for attendance at those meetings.

BOARD ORGANISATIONAL CULTURE AND ETHICS

The board subscribes to the ethical standards detailed in the Amplats code of conduct and business integrity policy and believes that “the tone is set from the top”. It seeks to lead by example in engaging with all stakeholders, in its deliberations and decisions, and by monitoring the ethical culture and compliance in the group.

Through the SET committee, the board oversees the organisational culture transformation journey that focuses on embedding a new culture at Amplats, one which places significance over success and is shaped as a 'journey' towards an organisation that will be known as an employer of choice fostering high-performance teams and individuals. For more on our organisational culture transformation journey, refer to page 52 in the supplementary report.

The chairman promotes a culture of cohesive support by providing ethical and effective leadership to the board, without limiting the principle of collective responsibility for its decisions. All board members are fully involved and informed of any business issue on which a decision must be taken, and constructively challenge management when appropriate.

The board, through the SET committee, monitors the ethics programme. The business integrity programme manages bribery and corruption risks and the code of conduct sets guidance on standards of behaviour expected of employees.

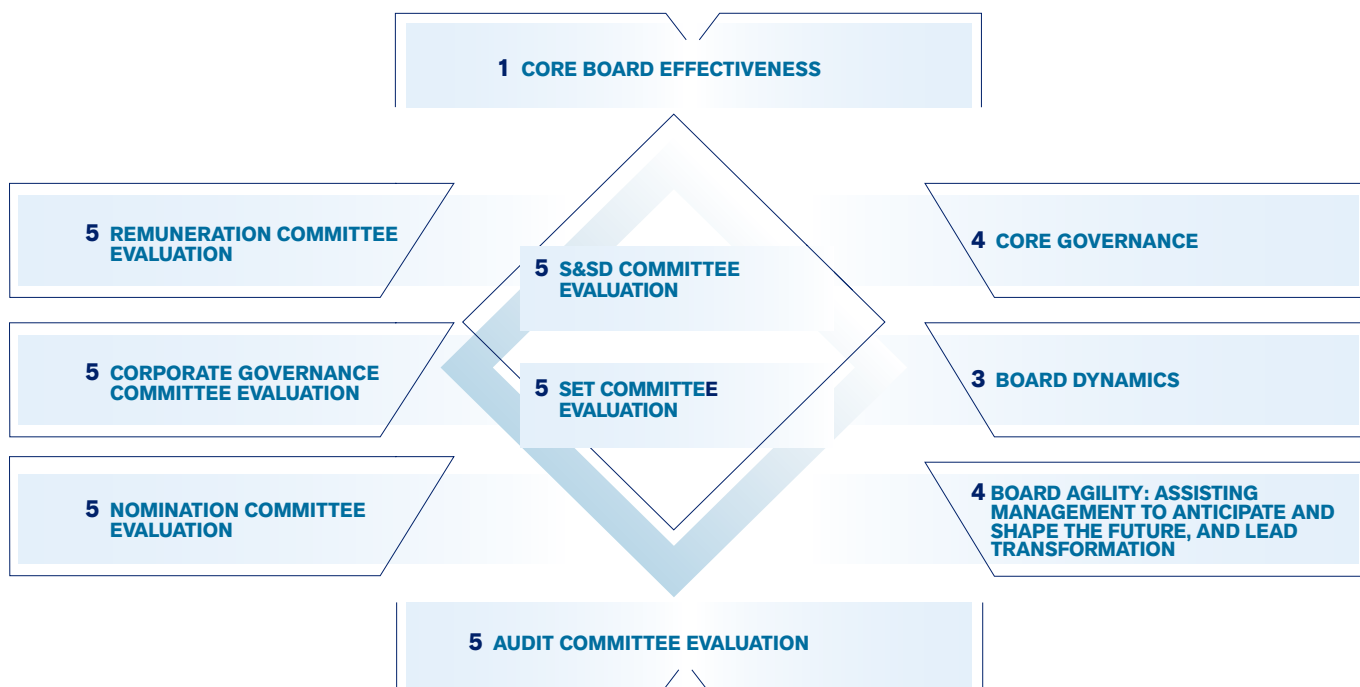
The integrity committee, chaired by the finance director and attended by relevant executives, monitors implementation of the ethics programmes. The governance manager reports on matters pertaining to the ethics programmes, to the executive and SET, committees.

BOARD EVALUATION

An external effectiveness review involving the full board was undertaken. This full review process, with external assistance included software provision, analysis and report-writing provided by an independent international provider:

- The aim was to review the overall performance of the board, identify strengths and improvement needs for future board work through an online questionnaire
- Review strengths and weaknesses of the board, with identified areas for improvement.

The areas of evaluation are shown below:



The results were presented in report format at a subsequent board meeting:

- Overall effectiveness of the board and its committees
- Strengths and development areas of the board
- Identified areas for improvement.

The board drafted a blueprint for implementing recommendations, allowing it and its committees to further improve their overall effectiveness.

CORPORATE GOVERNANCE CONTINUED

Areas of focus for the future include:

- CEO, CFO and senior executive succession
- Board succession
- Further improving discussions on longer-term strategy.

DIRECTOR APPOINTMENT AND ROTATION

The board follows a formal and transparent process in appointing new directors. Any appointments are considered by the full board, on the recommendations of the nomination committee. This committee evaluates the skills, knowledge and experience required to implement group strategy, which are assessed against defined competencies in the skills matrix to address any gaps, together with race and gender diversity targets.

In terms of the company's memorandum of incorporation (Mol), a third of directors retire by rotation each year and are eligible for re-election by shareholders at the annual general meeting (AGM).

In addition, any director who has served for more than nine years is obliged to retire at each AGM, as per the Mol, and offer themselves for re-election.

The nomination committee has reviewed the directors up for re-election. The assessment considers:

- Independence
- Tenure
- Knowledge, skills and experience
- Performance.

Richard Dunne has served as a director for over nine years since his first appointment and will retire at the next AGM. After assessing his independence (below), he has offered himself for re-election.

Assessment of independence

The nomination committee assesses the independence of directors annually and considers the independence criteria proposed by King IV.

For Richard Dunne, the committee made special consideration and concluded that he was independent as he had no interest, position, association or relationship with the company or management which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making. A number of factors influenced this decision, particularly board, management and structural company changes during his tenure.

GOVERNANCE IN ACTION

Strategic board renewal

Following its evaluation process in April 2018, the board prioritised succession and initiated a strategic board-renewal process. Often the drivers for board renewal relate to imminent departures, rather than a long-term view of the composition requirements of the board.

The strategic board-renewal process included building a blueprint of the future, using strategic indicators and the current composition profile. The steps followed in building the blueprint can be summarised as:

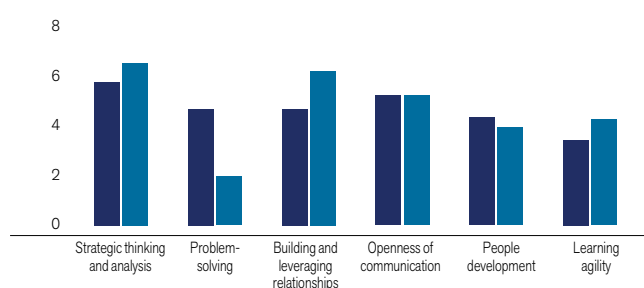
- Developing a picture of the company in five years based on successful strategic implementation
- Obtaining input from board members on the renewal process and imperatives through an online questionnaire
- Considering the strategy and strategic outcomes to describe the ideal board for the company in future which included size, skills set, committee structures, leadership profiles and diversity balance
- Determining the skills set and competencies of the current board through competence-based interviews with each director, detailed individual CVs, peer review and self-indication from each director, and then
- Together with the chairman, build a competence matrix for the board with all critical skills and the ideal board coverage for the future company.

The blueprint of current and future critical competencies will be used to map incumbent competencies and develop a board-renewal plan over the next five years.

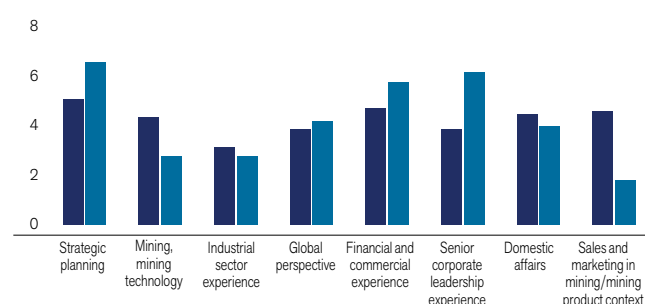
Amplats has evolved from a pure mining player to a more diverse company with impact and demands from other areas, such as industrial processes, markets, products and applications. This requires a broader scope of attention and technical competence by the board, as well as a growing range of softer skills that are becoming increasingly important at board level, namely innovation, problem-solving, strategic thinking and relationship building. These leadership skills, combined with the message from board members, indicated that future board appointments should focus more on profiles with these leadership skills, and strong technical skills in mining and mining technology, industrial processes and sales and marketing/market development.

The current versus ideal skills representation on the board is shown below for both leadership and technical skills. The ideal representation is the board's view of the ideal percentage of each identified skill that should be represented on the board. The strategic renewal programme is therefore focused on achieving the ideal representation.

Leadership skills: Current representation on the board versus ideal



Technical skills: Current representation on the board versus ideal



■ Current representation ■ Ideal

CORPORATE GOVERNANCE CONTINUED

STRATEGY AND RISK

The strategic process

The tough economic environment in which the company has operated over recent years has demanded much attention of both the board and management, at the cost of longer-term strategy. On operational aspects, the focus of the board has become oversight of balancing the portfolio, ensuring optimal capital allocation, dealing with the complexities of the portfolio, and the roll-out of new technologies.

On social, ethics and sustainability, the focus of the board has become zero tolerance in terms of safety, managing the development and introduction of MC18, societal impact and transformation.

The strategic debate has shifted from primarily cost optimisation and applying savings to safeguarding Amplats against future disruption. This is being achieved by executing the three strategic priorities agreed at the annual two-day strategic workshop:

- Developing the market for PGMs to increase demand and ensure long-term sustainability of the business
- Extracting the full potential from operations through our people and innovation
- Investing in our core portfolio to deliver industry-leading cash flow and returns, and growing the demand we create.

Regular feedback on progress in implementing these strategic priorities is provided through the CEO report at quarterly board meetings and a focused feedback session at an appropriate board meeting.

The board will continue the structured approach to balancing long-term strategy while taking care of short-term performance through restructuring discussions to focus on the future, while taking care of accountabilities.

Risk management

A board risk workshop is held annually. At this session, the risk process, company's top risks against external views on risks facing the business, risk appetite and tolerance status for top risks are considered. For a summary of the top 10 risks, refer to page 25.

The audit and risk committee oversees the risk management process and regularly reviews significant risks and mitigating strategies, and reports to the board on material changes in the group's risk profile each quarter.

COMPLIANCE WITH KEY LEGISLATION

The board, through the governance committee, receives regular updates on the status of compliance with key legislation.

In terms of the compliance programme, 1,500 pieces of legislation have been assessed and 593 deemed applicable to the group. Business-critical legislation has been prioritised based on the impact on the company's licence to operate. During the year, 18 pieces of business-critical legislation were assessed, and no significant issues of non-compliance identified.

The compliance programme will assess further pieces of legislation in the coming year as prioritised. In 2019, we will continue to build on the programme to identify gaps in regulatory compliance and implement action plans, monitor safety, health and environment compliance activities, consider compliance to regulations such as the JSE Listings Requirements and consider any new legislation impacting the company.

A compliance plan is compiled annually and presented to the executive committee for consideration and the governance committee each February for approval.

Regular progress reports will be provided to the executive committee in 2019, with a full compliance report presented to the governance committee in October 2019.

GOVERNANCE IN ACTION

Mining charter (MC18)

On 27 September 2018, the minister published in the *Government Gazette* the final version of the mining charter for implementation. A detailed gap assessment was conducted and then considered by the board. This measured the company's current position against MC18 targets, using a binary scoring system.

The assessment indicated that Amplats is currently compliant with a score of 54%, equivalent to the Department of Trade and Industry (dti) code's level 5. Refer to detailed disclosure on page 76 of the supplementary report.

Mining charter elements

	Weighting as per MC18	Current score
Ownership	Y/N (ringfenced element)	Y
Mine community development	Y/N (ringfenced element)	Y
Housing and living conditions	Y/N (ringfenced element)	Y
Employment equity	30%	16%
Procurement supplier and enterprise development	40%	15%
Human resources development	30%	23%
Total	100%	54%

The board also considered the impact of procurement targets on Amplats and recognised the risk of non-compliance in 2023 on achieving 70% of locally procured goods and manufactured mining goods with a 60% local content within five years. It noted that compliance would require extensive effort and additional cost. (Reference to integrated supply chain strategy in the supplementary report.)

REMUNERATION AND REWARD

Through its remuneration committee, the board ensures group strategy translates to measurable key performance areas and targets are clearly articulated. See remuneration report for further detail. Refer to page 118.

KEY PERFORMANCE INDICATORS

Key performance indicators are derived from strategic objectives annually. The remuneration committee considers and approves short and long-term incentives and key performance contracts and performance outcomes for the chief executive officer, finance director and prescribed officers. See remuneration report as well as group performance, strategy – how we reward success.

KEY POLICIES

Delegation of authority

Amplats has a detailed authority manual, which is reviewed annually. The objective is to delegate transactional and contractual authority from the board to designated staff members at various levels. This provides effective and practical directives and guidelines for minimising or eliminating the company's possible exposure to risk. It also ensures staff members fully understand demarcated authorisation limits and strictly adhere to these. The governance committee provides oversight to this document and recommends its approval to the board annually.

Code of conduct and business integrity policy

Amplats has adopted the group-wide Anglo American plc code of conduct and business integrity policy. The code of conduct covers 23 areas such as bribery, competition, compliance, money laundering, alcohol and drug abuse, and data privacy.

Incidents of alleged fraud and corruption are reported through various channels, monitored continually and reported to the SET committee. In 2018, 36 cases of alleged fraud, corruption and dishonesty were investigated, involving 15 employees and 14 contractors. To date, 18 cases have been finalised, resulting in four dismissals and the services of seven contractors terminated.

Conflicts of interest

Each quarter, the company obtains details from directors on external shareholdings and directorships that may create conflicts of interest while serving as directors on our board. The declarations are closely scrutinised by the chairman and company secretary, and tabled at each quarterly board meeting. Where a conflict arises, directors must recuse themselves from discussions. As far as possible, the company requires that directors avoid potential conflicts of interest.

Share dealings

The company has a policy regulating dealings in its shares by directors and relevant employees. No group director or employee may deal, directly or indirectly, in the company's shares based on unpublished, price-sensitive information and in closed periods. These include the periods between the company's interim and financial year ends and the dates on which those results are published, and any time when the company is trading under a cautionary announcement. Directors and employees classified as insiders are also prohibited from trading during the closed period of the holding company.

Race and gender diversity policy

The company commitment to race and gender diversity is outlined in this policy. Female representation on the board is currently 17% while HDP representation is 42%. The gender diversity target is aligned to MC18.

COMPANY SECRETARY

The board is supported by the company secretary, Elizna Viljoen. The board conducted its annual review of her performance as per paragraph 3.84(h) of the JSE Listings Requirements.

In its assessment, the board considered the recommended practices of King IV and satisfied itself that Elizna is competent, qualified and has the necessary expertise and experience to fulfil the role.