We act in the best interests of all our stakeholders.
Corporate governance overview

Good corporate governance supports the achievement of Pan African’s vision to create sustainable value for all our stakeholders.

The implementation of our corporate governance framework enhances our reputation, supports our license to operate and ensures compliance with legislation and industry standards.

For the long-term sustainability of our business, given the long-term capital-intensive nature of mining projects and the often challenging socio-economic and political contexts in which we operate, it is important that we integrate responsible corporate citizenship into the Group’s strategy.

We review our corporate governance practices regularly and have adopted King IV™ as the recognized corporate governance code to ensure that we act in the best interests of our stakeholders, comply with the applicable laws and regulations and adapt to changes in our regulatory environment.

STRATEGIC KEY FOCUS AREAS AND ISSUES DISCUSSED AND ACTIONED

<table>
<thead>
<tr>
<th>Strategic initiative</th>
<th>Issues discussed and actioned</th>
<th>Strategic outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring adequate financial resources for the efficient operation of our mines and disciplined capital allocation for sustainable value creation</td>
<td>Hedging a portion of production to enhance the Group’s ability to service senior debt</td>
<td>Reducing Group senior debt and improving liquidity and funding flexibility</td>
</tr>
<tr>
<td>Investigating options to access international and local funding to increase share liquidity (American Depositary Receipt programme (ADR))</td>
<td>Optimising the Group’s capital structure, debt:equity ratio and appropriate debt tenures</td>
<td></td>
</tr>
<tr>
<td>Effectively develop and complement our Mineral Resources and Mineral Reserves for a sustainable future</td>
<td></td>
<td>Successfully deliver on capital projects for sustainable future gold production</td>
</tr>
<tr>
<td>Progressing the Egoli project to feasibility study phase and commencing project execution planning</td>
<td>Progressing the Royal Sheba project</td>
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<tr>
<td>Progressing Fairview’s sub-vertical project</td>
<td>Commenced the extraction of New Consort’s shaft pillar</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Use technology in a meaningful and relevant way to improve our operational efficiency and sustainability</td>
<td>Upgrading of Barberton Mines’ geological software to Datamine software package</td>
<td>Use of technology to improve mine production, safety and efficiency</td>
</tr>
<tr>
<td>Improving electronic financial reporting efficiency through continued development and integration of reporting software</td>
<td>Implementing new pseudo pillar technology to support the areas being mined around the Evander Mines’ 8 Shaft pillar (8 Shaft)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employ, retain and develop the right people while keeping them safe and healthy</td>
<td>Succession plans</td>
<td></td>
</tr>
<tr>
<td>Retention and remuneration schemes</td>
<td>Identification of future leaders and the development of these individuals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ongoing new health and safety initiatives</td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve our safety performance and continue to improve our levels of environmental, social and governance (ESG) compliance across all operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Succession plans and remuneration schemes that are appropriate and effectively align management and stakeholder objectives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We review our corporate governance practices regularly and have adopted King IV™ as the recognized corporate governance code to ensure that we act in the best interests of our stakeholders, comply with the applicable laws and regulations and adapt to changes in our regulatory environment.
Strategic initiative
Being considerate to the communities within which we operate as a responsible corporate citizen

Issues discussed and actioned
• Employing labour from host communities
• Assisting clinics and schools in host communities
• Supplying potable water to host communities
• Alleviating hardships due to the novel coronavirus disease 2019 (COVID-19) through community relief and assistance programmes such as the provision of food and hygiene hampers
• Closure of shafts and enhancing the security function to combat illegal mining
• Approval has been obtained from the board for the development of phase 1 of the 45ha Barberton Blueberries project
• Investigating agri-business at Barberton Mines using surplus land and water resources and creating sustainable employment outside of mining

Strategic outcome
• Successfully meeting our stakeholders’ expectations

Strategic initiative
Conduct our business operations in a way that results in minimal harm to the environment

Issues discussed and actioned
• Finalised a feasibility study and board approval of a solar photovoltaic power at Evander Mines
• Constructing new tailings storage facilities with improved environmental features as per government regulations
• Limiting our carbon footprint

Strategic outcome
• Cultivating a culture of environmental care and positive behaviour when dealing with environmental issues
• Compliance with our mining licence requirements
### Board of Directors

#### Non-Executive Directors

**Keith Spencer (70)**  
Chairman  
BSc Eng (Mining)  
Date of appointment: 8 October 2007  
Significant directorships: None  
Skills and experience: Keith is a mining engineer with 48 years’ practical experience. Since 1986, Keith has held senior positions in some of the largest gold mines in the world. Including:  
• Managing director of Driefontein Consolidated  
• Chairman and managing director of Deelkraal Gold Mine  
• Director on the boards of gold mines belonging to Gold Fields, South Africa  
• Operations director of Metorex  
Committee membership: Chairman of the safety, health, environment, quality and community (SHEQC) committee

**Hester Hickey (66)**  
Non-executive, lead independent director  
BCompt (Hons), CA(SA)  
Date of appointment: 12 April 2012  
Skills and experience: Hester joined AngloGold Ashanti as group internal audit manager and later became head of risk. Prior to this, she worked at E&Y & Young and Liberty Life and was acting head of internal audit at Transnet. In her early career, she lectured at the University of Witwatersrand, was a partner at Irwin Mitchell (Greenwood) and was the national technical and training manager at BDO Spencer Steward. Hester has also served as chairperson of SAICA  
Committee membership: Chairperson of the audit and risk committee

**Thabo Mosololi (50)**  
Non-executive  
BCom (Hons), CA(SA)  
Date of appointment: 9 December 2013  
Significant directorships: MTI Investment Holdings  
Skills and experience: Thabo brings a wealth of experience in financial management, corporate governance and audit, having qualified as a chartered accountant with KPMG in 1994. Since then, he has served on various boards as a member and chairman of audit committees in the resources and other industries in South Africa  
Committee membership: Chairman of the social and ethics committee

**Yvonne Themba (55)**  
Non-executive  
BA, MBA  
Date of appointment: 17 July 2019  
Skills and experience: Yvonne is the executive director of BoThemba Projects. She was previously responsible for human capital at Enterprise Group and Shanduka Group. She headed the group corporate communications department at African Life Assurance Limited and the corporate social investment and corporate communications department at Santam. Prior to that, she was deputy director of the Life Offices’ Association  
Committee membership: Chairperson of the remuneration committee
NON-EXECUTIVE DIRECTORS continued

CHARLES NEEDHAM (66)
Non-executive

CA(SA), CFA® Charterholder
Date of appointment: 26 August 2009
Significant directorships
None
Skills and experience
Charles is chairman of Kinsenda Mining Company and Alphamin Resource Corporation (listed on the Toronto Stock Exchange), and consults to Metorex, a subsidiary of the Jinchuan Group. His previous experience includes 31 years at Metorex and its mining operations in Namibia, South Africa, Zambia and the Democratic Republic of the Congo. Charles progressively held the positions of group accountant, financial director and ultimately chief executive officer at Metorex.

Experience
- Finance and accounting
- Technical and operational
- Governance and regulation
- Business and strategy
- Leadership

Committee membership
- Independent
- Audit and risk committee
- Remuneration committee
- Nomination committee
- SHEQC committee
- Social and ethics committee
- Nomination committee

COBUS LOOTS (42)
Chief executive officer

CA(SA), CFA® Charterholder
Date of appointment: 26 August 2009
Significant directorships
None
Skills and experience
Cobus has many years of experience in the African mining sector. He qualified as a chartered accountant with Deloitte & Touche in South Africa. Prior to joining Pan African, he was managing director of Sanduka Resources, a mining investment business and part of the Sanduka Group, which was founded by Cyril Ramaphosa. As such, he was involved in the structuring and execution of transactions between 1998 and 2007, serving as financial director from 2003 until his appointment as chief executive officer on 1 March 2015.

Experience
- Finance and accounting
- Technical and operational
- Governance and regulation
- Business and strategy
- Leadership
- Technology
- Taxation

Committee membership
- Independent
- Audit and risk committee
- Remuneration committee
- SHEQC committee
- Social and ethics committee
- Nomination committee

GIDEON (DEON) LOUW (58)
Financial director

CA(SA), CFA® Charterholder
Date of appointment: 1 March 2015
Significant directorships
None
Skills and experience
Deon has extensive finance and business experience, which includes investment banking, advisory and business administration in the finance and mining sectors. As a founding member of Investec Bank’s emerging market finance team, he was involved in financing mining transactions in sub-Saharan Africa for more than a decade. He fulfilled the role of chief financial officer at Sanduka Coal, financial director of Sanduka Mining Limited, director of Resource Finance Advisers and head of resource structured finance at Investec Bank.

Experience
- Finance and accounting
- Technical and operational
- Governance and regulation
- Business and strategy
- Leadership
- Technology
- Taxation

Committee membership
- Independent
- Audit and risk committee
- Remuneration committee
- SHEQC committee
- Social and ethics committee
- Nomination committee

Refer to our website for profiles of the executive and operations committee members
www.panafricanresources.com/about-the-team/
Board of directors continued

THE BOARD AND ITS COMMITTEES (AT JUNE 2020)

The board

KEITH SPENCER
Chairman

The board assumes ultimate responsibility for the Group’s adherence to sound corporate governance standards and integrates responsible corporate citizenship into the Group’s strategy to deliver sustainable stakeholder value. The board is appropriately skilled and comprises a diverse group of individuals who are committed to responsibility, accountability, fairness and transparency. The board is committed to the highest standards of personal and professional ethical behaviour and its leadership endeavours to instil a culture of ethical behaviour that permeates throughout the Group. The board delegates to management the responsibility of managing the Group’s operations, developing strategy and implementing the board’s directives.

The audit and risk committee

HESTER HICKEY
Chairperson

Members: Charles Needham, Thabo Mosololi

The audit and risk committee assists the board to fulfil its corporate governance and oversight responsibilities to ensure the integrity of the Group’s financial and corporate reporting, while ensuring that adequate systems of internal control and risk management processes are in place and are operating effectively.

The safety, health, environment, quality and community committee

KEITH SPENCER
Chairman

Members: Hester Hickey, Cobus Loots

The safety, health, environment, quality and community committee meets at least four times a year.

The committee was established to assist the board in its oversight of the effectiveness of Pan African’s SHEQC policies and programmes and to keep the board informed on Pan African’s objectives and compliance with and maintenance of standards in these areas.

The social and ethics committee

THABO MOSOLOLI
Chairman

Members: Yvonne Thembu, Deon Louw

The social and ethics committee meets at least four times a year.

The social and ethics committee assists the board in ensuring that the Company and the other entities in the Group are and remain committed, socially responsible corporate citizens by creating a sustainable business and having regard to the Company’s economic, social and environmental impact on the communities in which it operates.

EXECUTIVE COMMITTEE

The executive committee (Exco) meets on a regular basis to review the Company’s performance against set objectives and manages the Group’s operations, develops strategy and implements the board’s directives. The Exco is not a sub-committee of the board. Members of the Exco include the chief executive officer, financial director and chief operating officer. Refer to www.panafricanresources.com/about/the-team/ for profiles of the executive and operations committee (Opsco) members.
The role of the nomination committee is to assist the board in ensuring that:
• the composition of the board has an appropriate level of skills, experience, diversity and independence
• directors are appointed through a formal process
• induction and ongoing training and development of directors takes place
• formal succession plans for the board, chief executive officer and senior management appointments are in place.

KEITH SPENCER
Chairman

Members: Hester Hickey, Thabo Mosololi, Yvonne Themba, Charles Needham

The nomination committee meets when required

The remuneration committee assists the board to ensure that:
• both executive and non-executive directors are fairly and responsibly remunerated
• executive directors’ remuneration is structured to incentivize sustainable performance to the benefit of shareholders
• the disclosure of director remuneration is accurate, complete and transparent.

YVONNE THEMBA
Chairperson

Members: Charles Needham, Thabo Mosololi

The remuneration committee meets at least twice a year

To enable the board to discharge its duties and responsibilities effectively, the board considers the benefits of all aspects of diversity in its composition, specifically including, but not limited to, gender and employment equity diversity.

On 17 July 2019, the board was strengthened by the appointment of two new independent non-executive directors. With the appointment of Yvonne Themba, the gender and employment equity representation on the board improved in the 2020 financial year. The board has set the following targets for its director representation:

- 25% female
- 40% historically disadvantaged South Africans (HDSAs)

DIVERSITY OF EXPERIENCE
Our board reflects a considerable amount of experience in mining, business and related activities and collectively has a wealth of industry knowledge.

Finance and accounting 71%
Risk management 57%
Governance and regulation 57%
Business and strategy 100%
Leadership 100%
Technology 29%
Taxation 43%
Environmental and sustainability 29%

DIVERSITY OF AGE
The board is responsible for implementing a retirement age of 73 for its members. In certain cases, the board reserves the right to extend the age limit to 78 years depending on the board members’ fitness to serve as a director.

- 40 – 50 years 14%
- 50 – 60 years 43%
- Above 60 years 43%

DIVERSITY OF TENURE
In terms of the Johannesburg Stock Exchange (JSE) Listings Requirements and the Group’s constitutional documents, one-third of directors, excluding any director appointed since the previous annual general meeting (AGM), must retire from office at each AGM on a rotational basis. Directors who have served more than nine years are subject to an annual re-election and an annual independence assessment.

- Three to six years 43%
- Six to nine years 28%
- Above nine years 29%

GENDER

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>2020</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

HISTORICALLY DISADVANTAGED SOUTH AFRICANS (HDSA)

<table>
<thead>
<tr>
<th>Year</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
Corporate governance

The board assumes ultimate responsibility for the Group’s adherence to sound corporate governance standards and integrates responsible corporate citizenship into the Group’s strategy to deliver sustainable stakeholder value. As a responsible corporate citizen, Pan African considers the legitimate needs, interests and expectations of its stakeholders now and in the future.

CORPORATE GOVERNANCE FRAMEWORK

The board is the focal point and custodian of good corporate governance in the Group in line with King IV™ and is supported by its four committees. The board committees assist the board in discharging its duties and responsibilities, but without abdicating the board’s responsibilities. Each committee has an approved charter to ensure effective delegation of its roles and responsibilities from the board. The corporate governance framework is depicted below.
The standards of disclosure relating to corporate governance are regulated by the Companies Act 2006, the South African Companies Act¹, the JSE Listings Requirements and King IV™. In addition, the board has considered the principles of corporate governance contained in the UK Code and the guidance published by the Financial Reporting Council concerning risk management and internal controls.

ETHICAL LEADERSHIP

Pan African is committed to the highest standards of personal and professional ethical behaviour and its leadership endeavours to instil a culture of ethical behaviour that permeates throughout the Group. The Group’s code of conduct sets out the Group’s values and practices over and above requirements of formal governance codes and legal requirements. It is designed to provide guidance on ethical conduct in all areas and across all activities. Pan African has a zero-tolerance approach to bribery and corruption. To ensure compliance with the UK Bribery Act, a formal anti-bribery and anti-corruption policy is in place, which is communicated to all employees and to mine contractors, and to which they are all expected to fully comply. Active steps are taken to ensure that the policy is enforced and is effective in curtailing corruption. Employees working in areas identified as being particularly high-risk will receive additional training and support in identifying and preventing corrupt activities. In the event of a breach by an employee of the code of conduct, policies or practices, the Group’s human resources disciplinary procedures are followed. The board is notified if there are any material ethical breaches. No breaches by any senior Group employees were reported during the financial year.

KING IV™

Since the release of the King IV™ Report in November 2016, we have performed an annual King IV™ gap analysis, which enables the board to continually assess the effectiveness of its processes, practices and structures used to direct and manage the operations of the Group.

The 2020 King IV™ report on corporate governance is included on pages 20 to 23.

BOARD CHARTER

The board approved its amended charter in June 2020, the provisions of which are subject to all statutory and regulatory requirements, including the Companies Act 2006, the South African Companies Act¹, the AIM Rules of the LSE, the JSE Listings Requirements, King IV™ and the Company’s memorandum of incorporation.

The purpose of the board charter is to set out the board’s role and responsibilities as well as the requirements for its composition and meeting procedures to ensure that Pan African applies the principles of good corporate governance in all its dealings.

THE BOARD LEADERSHIP AND COMMITTEES

The board

The board acts as the focal point for, and custodian of, corporate governance. In doing so, it ensures the Group remains a responsible corporate citizen, cognisant of the impact its operations may have on the environment and communities in which the Group operates, while acting in accordance with its own code of conduct. The Group’s committees assist the board in discharging its responsibility regarding corporate governance. All board committees have satisfactorily completed their responsibilities during the year, in compliance with their respective charters, which were independently reviewed in 2019. Copies of these charters are available from the company secretary on request.

At the reporting date, the board comprised of five non-executive directors and two executive directors. The executive directors are the chief executive officer and the financial director. Brief CVs of all directors are provided on pages 6 and 7. King IV™ recommends that the governing body (board) should have the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities effectively. The board is satisfied that the balance of knowledge, skills, experience and diversity on the board is sufficient. The board acknowledges the requirement for race and gender representation in its composition and has an approved diversity policy to promote race and gender diversity at board level.

The board is responsible for strategy development and monitors performance against the strategy. Directors’ responsibilities under the charter include, among others:

- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Group consistent with sound corporate governance principles
- Provide effective leadership based on an ethical foundation
- Ensure that the Group is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Group, but also the impact that business operations have on the environment and the society within which it operates
- Ensure that the Group complies with applicable laws and considers adherence to non-binding rules and standards

The social and ethics committee

At the reporting date, the social and ethics committee comprised of two independent non-executive directors and one executive director. Refer to pages 6 and 7 for the profile of each of the committee members.

The committee is responsible for meeting its statutory duties in accordance with King IV™ and the JSE Listings Requirements. The committee was constituted to, among other things, assist the board in ensuring that the Group is and remains a committed, socially responsible corporate citizen by creating a sustainable business and having regard to the economic, social and environmental impact on the communities in which it operates.

The primary purpose of the committee is to oversee the Group’s activities in sustainable social development, which include, inter alia, public safety, HIV/AIDS, environmental management, corporate social investment (CSI), labour and employment, the promotion of equality and ethics management.

¹ The South African Companies Act is applicable to South African entities.
Corporate governance continued

The committee’s responsibilities include, among others:

- Monitoring the Group’s activities (via other committees of the board), having regard to relevant legislation, other legal requirements or prevailing codes of best practice with regard to matters relating to:
  - social and economic development
  - good corporate citizenship
  - consumer relationships
  - labour and employment
- Reporting, through one of its members, to the shareholders at the Company’s AGM on the matters within its mandate.

The audit and risk committee

The audit and risk committee comprises three independent non-executive directors elected by the shareholders at the AGM – refer to pages 6 and 7.

This committee reports directly to the board and has several responsibilities and duties which have been set out in the audit and risk committee report on pages 133 in the integrated annual report.

The committee meets at least four times a year and makes recommendations to the board, which retains ultimate responsibility regarding risk tolerance levels. It also works closely with the internal audit function and approves and reviews the internal audit plan and its execution. The revised audit and risk committee charter was approved in June 2020.

The remuneration committee

The remuneration committee comprises three independent non-executive directors – refer to pages 6 and 7.

The remuneration review, which includes the remuneration policy and remuneration implementation report, is included in the integrated annual report on pages 112 to 127. The committee’s functions include:

- Monitoring and reviewing the establishment of a remuneration policy
- Ensuring that the remuneration policy is put to a non-binding advisory vote at the AGM
- Reviewing the outcome of the implementation of the remuneration policy to ascertain whether the set objectives are being achieved
- Ensuring a mix of fixed and variable pay, in cash, shares and other elements, to meet the Group’s needs and strategic objectives
- Satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued
- Considering the results of the evaluation of the performance of the executive directors, both as directors and as executives, in determining remuneration
- Selecting appropriate peer groups for remuneration level comparisons
- Regularly reviewing incentive schemes to ensure continued alignment to shareholder value and the administration thereof in terms of the rules
- Considering the appropriateness of early vesting of share-based schemes at the end of an employment term
- Advising on the remuneration of non-executive directors
- Ensuring accurate, transparent and complete remuneration disclosure in the integrated annual report.

The SHEQC committee

The SHEQC committee comprises two independent non-executive directors and one executive director – refer to pages 6 and 7.

The committee was established by the board to assist in its oversight of the effectiveness of its safety, health, environmental, quality and communities’ policies and programmes and to keep the board informed on the Group’s objectives in these areas.

The committee’s responsibilities include, among others:

- Improving occupational health and safety performance, environmental performance and improving community development and investment programmes through monitoring, measuring and managing socio-economic and environmental impacts
- Monitoring compliance of the Group’s operations with regulations, policies and standards related to the environment and occupational health and safety
- Ensuring that appropriate resources, training and personal protective equipment are provided to improve occupational health and safety within the Group
- Minimising the use of consumptive resources and promoting the reuse, reduction and recycling of waste products where possible
- Rehabilitating disturbed land and protecting environmental biodiversity
- Managing development strategy in the workplace and surrounding areas
- Training employees and making them aware of environmental aspects.

The nomination committee

The nomination committee comprises five independent non-executive directors. The role of the nomination committee is to assist the board in ensuring that:

- The composition of the board has an appropriate level of skills, experience, diversity and independence
- Directors are appointed through a formal process
- Induction and ongoing training and development of directors takes place
- Formal succession plans for the board, chief executive officer and senior management appointments are in place.

The executive committee

The Exco is not a sub-committee of the board. Members of the Exco include the chief executive officer, financial director and chief operating officer. The Exco is responsible for managing the Group’s operations, developing strategy and implementing the board’s directives.

Its responsibilities include:

- Leading executives, management and employees
- Developing the Group’s strategy for approval by the board
- Developing, management and submission of the annual budget for the board’s approval.

ACCOUNTABILITY

The board takes overall responsibility for the success of Pan African. The role of the board is to exercise leadership and sound judgment in directing the Group to achieve sustainable growth and act in the best interests of shareholders and other stakeholders.

The role of the chairman is separate and distinct from that of the chief executive officer. Hester Hickey, an independent non-executive director, has been appointed as the lead independent director.
### Function

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
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<tbody>
<tr>
<td><strong>Chairman</strong></td>
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<tr>
<td><strong>Chief executive officer</strong></td>
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<tr>
<td><strong>Lead independent director</strong></td>
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</table>

The role of the board is to exercise leadership and sound judgement in directing the Group to achieve sustainable growth.
## BOARD ACTIVITIES

The key focus areas and issues discussed during the financial year are tabled below:

<table>
<thead>
<tr>
<th>Focus areas</th>
<th>Key issues discussed in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy and operational execution</strong></td>
<td>• Assessed the merits of the Royal Sheba project and formulated a strategy to progress the project</td>
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<tr>
<td></td>
<td>• Reviewed and considered potential acquisition proposals during the course of the year</td>
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<td></td>
<td>• Monitored rehabilitation initiatives implemented at operations</td>
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<td></td>
<td>• Monitored the development of the 8 Shaft pillar extraction</td>
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<td></td>
<td>• Monitored progress on the Egoli feasibility study and financing initiatives of the Egoli project</td>
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<tr>
<td></td>
<td>• Discussed the New Consort Mine’s strategic development alternatives and approved initiatives to address New Consort Mines’ high cost structure</td>
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<tr>
<td><strong>Risk management</strong></td>
<td>• Considered the impact of the Mining Charter on investment perceptions in South Africa and its potential impact on the Group</td>
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<tr>
<td></td>
<td>• Monitored safety performance and improvement measures implemented at operations</td>
</tr>
<tr>
<td></td>
<td>• Monitored progress on the 8 Shaft pillar extraction</td>
</tr>
<tr>
<td></td>
<td>• Monitored progress on the Royal Sheba project</td>
</tr>
<tr>
<td></td>
<td>• Monitored Group cash flow performance, projections and debt covenant compliance</td>
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<td></td>
<td>• Monitored the Group mining licences and related regulatory compliance</td>
</tr>
<tr>
<td></td>
<td>• Approved the Group’s financial risk mitigation and hedging activities</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>• Considered King IV™ and listings requirements (JSE and AIM)</td>
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<tr>
<td></td>
<td>• Considered other relevant regulations and requirements applicable to the Group</td>
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<td></td>
<td>• Approved the 2019 financial year integrated annual report, annual financial statements and associated Stock Exchange News Service announcements</td>
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<td></td>
<td>• Approved the going concern basis of accounting for the preparation of the June 2019 annual financial statements and December 2019 interim results</td>
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<tr>
<td></td>
<td>• Assessed the performance of the audit and risk committee, the company secretary, the board and the financial director</td>
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<td></td>
<td>• Ratified the audit and risk committee meeting minutes</td>
</tr>
<tr>
<td></td>
<td>• Ratified the remuneration committee meeting minutes</td>
</tr>
<tr>
<td></td>
<td>• Approved the 2020 financial year Group budgets</td>
</tr>
<tr>
<td></td>
<td>• Approved its amended charter in June 2020</td>
</tr>
<tr>
<td></td>
<td>• Approved the amended audit and risk committee charter in June 2020</td>
</tr>
<tr>
<td><strong>Stakeholder engagement</strong></td>
<td>• Monitored engagement with unions, the workforce and community-related matters</td>
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<tr>
<td></td>
<td>• Certain non-executive directors visited both the Barberton Mines and Evander Mines including the Elikhuulu operation</td>
</tr>
<tr>
<td></td>
<td>• Obtained all requisite approvals from the AGM and general meetings held during the financial year</td>
</tr>
</tbody>
</table>

Pan African is committed to the highest standards of personal and professional ethical behaviour and its leadership endeavours to instil a culture of ethical behaviour that permeates throughout the Group.
COMMITTEE ACTIVITIES

The table below details the key issues discussed during the year under review:

### Audit and risk committee

**Members**
- Hester Hickey (chairperson)
- Thabo Mosololi
- Charles Needham

**Invitees**
- Cobus Loots (chief executive officer)
- Deon Louw (financial director)
- External auditor, internal auditors and financial managers

**Key issues discussed in 2020**
- Recommended the Group’s integrated annual report for June 2019 to the board for approval
- Recommended the interim report for 31 December 2019 to the board for approval
- Reviewed the internal and external audit reports
- Monitored the Group’s risk appetite and tolerance levels
- Approved the internal and external audit fees
- Monitored the external auditor’s independence
- Monitored the internal audit programme and reviewed the internal audit findings
- Evaluated the performance of the financial director and the finance department
- Reviewed the revolving credit facility’s debt restructuring process
- Monitored the Group’s ESG strategy and compliance
- Monitored King IV™ compliance
- Monitored the investigation of the JSE’s Proactive Monitoring Process Committee
- Recommended the approval of its amended charter in June 2020 to the board
- Recommended the re-appointment of PwC as the external auditor of the Group to the board for shareholder approval at the AGM

### Remuneration committee

**Members**
- Yvonne Themba (chairperson)
- Thabo Mosololi
- Charles Needham

**Invitees**
- Cobus Loots (chief executive officer)
- Deon Louw (financial director)
- André van den Bergh (chief operating officer)

**Key issues discussed in 2020**
- Ensured that salary adjustments were in line with the Group’s remuneration philosophy and within the industry peer benchmarks provided by the PwC REMchannel® market analysis and other sources
- Regularly reviewed, monitored and ensured compliance in terms of stipulated employment equity targets and other regulatory requirements
- Engaged with key shareholders regarding the Group’s remuneration policy and framework

### Safety, health, environmental, quality and community committee

**Members**
- Keith Spencer (chairman)
- Hester Hickey
- Cobus Loots
- Bert van den Berg
- Mandla Nthozi
- André van den Bergh (chief operating officer)

**Invitees**
- General managers: Barberton Mines and Evander Mines

**Key issues discussed in 2020**
- Monitored safety performance challenges and improvements at all operations
- Reviewed quantification of specific performance measures that are required to be reported in the Group’s sustainable development report
- Monitored environmental management and adherence to relevant legislation
- Monitored health indicators at all operations
- Approved independent safety contractors to review safety controls at the mining operations
- Monitored community and Social and Labour Plan (SLP) activities
- Monitored the progress of CSI and local economic development (LED) projects
- Monitored safety measures implemented to address the COVID-19 pandemic
- Monitored the supply of food and hygiene hampers to our employees and communities during the COVID-19 lockdown

### Social and ethics committee

**Members**
- Thabo Mosololi (chairman)
- Charles Needham (financial director)
- Yvonne Themba

**Key issues discussed in 2020**
- Monitored compliance of SLP submissions
- Reviewed the progress of the corporate policy review plan
- Monitored the progress of the preparation of the integrated annual report
- Monitored compliance with regulations/codes applicable to ESG matters
- Monitored compliance with carbon tax regulations
- Monitored community and SLP activities
Corporate governance continued

BOARD AND COMMITTEE MEETINGS
The board meets quarterly, with additional meetings as and when required. In addition, ad hoc meetings and calls are held regularly, however, not all of these interactions are recorded. Attendance at board and committee meetings is set out below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Keith Spencer</th>
<th>Hester Hickey</th>
<th>Thabo Mosoli</th>
<th>Charles Needham</th>
<th>Yvonne Themba</th>
<th>Cobus Loots</th>
<th>Deon Louw</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 September 2019</td>
<td>✔</td>
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<td>✔</td>
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<tr>
<td>17 September 2019</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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</tr>
<tr>
<td>26 November 2019</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
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<tr>
<td>12 February 2020</td>
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<td>✔</td>
<td>✔</td>
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<tr>
<td>25 March 2020</td>
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<tr>
<td>5 June 2020</td>
<td>✔</td>
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<td>✔</td>
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<tr>
<td>25 June 2020</td>
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</tr>
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</table>

Audit and risk committee meetings¹

<table>
<thead>
<tr>
<th>Date</th>
<th>Keith Spencer</th>
<th>Hester Hickey</th>
<th>Thabo Mosoli</th>
<th>Charles Needham</th>
<th>Yvonne Themba</th>
<th>Cobus Loots</th>
<th>Deon Louw</th>
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</thead>
<tbody>
<tr>
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<tr>
<td>17 September 2019</td>
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<td>26 November 2019</td>
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<td>11 February 2020</td>
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<td>✔</td>
<td></td>
<td>✔</td>
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<tr>
<td>24 June 2020</td>
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<td></td>
<td>✔</td>
<td>✔</td>
<td></td>
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</tr>
</tbody>
</table>

Remuneration committee meetings²

<table>
<thead>
<tr>
<th>Date</th>
<th>Keith Spencer</th>
<th>Hester Hickey</th>
<th>Thabo Mosoli</th>
<th>Charles Needham</th>
<th>Yvonne Themba</th>
<th>Cobus Loots</th>
<th>Deon Louw</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 July 2019</td>
<td></td>
<td></td>
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<tr>
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</tbody>
</table>

SHEQC committee meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Keith Spencer</th>
<th>Hester Hickey</th>
<th>Thabo Mosoli</th>
<th>Charles Needham</th>
<th>Yvonne Themba</th>
<th>Cobus Loots</th>
<th>Deon Louw</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 September 2019</td>
<td>✔</td>
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<td>✔</td>
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<td>4 December 2019</td>
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<td>16 March 2020</td>
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<td>✔</td>
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<tr>
<td>26 June 2020</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

Social and ethics committee meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Keith Spencer</th>
<th>Hester Hickey</th>
<th>Thabo Mosoli</th>
<th>Charles Needham</th>
<th>Yvonne Themba</th>
<th>Cobus Loots</th>
<th>Deon Louw</th>
</tr>
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<tbody>
<tr>
<td>26 July 2019</td>
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<td>✔</td>
<td>✔</td>
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<tr>
<td>2 April 2020</td>
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<td>✔</td>
</tr>
</tbody>
</table>

¹ Keith Spencer, Yvonne Themba, Cobus Loots and Deon Louw attended as invitees.
² Cobus Loots and Deon Louw attended as invitees.

敏感信息期间，员工被限制不得在 PacAF 黄金股份期间买卖股票。

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敏感信息期间，员工被限制不得在 PacAF 黄金股份期间买卖股票。
advises the board of any relevant regulatory changes and updates. The company secretary keeps records of shareholder registers, meeting attendance registers, directors’ declarations of personal interests, notices and circulars issued by the Company, guidance on directors’ duties and good governance. The company secretary is well versed in all relevant updates to current legislation and regulation and is responsible for advising the board in this regard. Furthermore, the company secretary reviews the rules and procedures applicable to the conduct of the board. Wherever necessary, the JSE sponsor, UK Nomad and other relevant experts are involved in ensuring that the directors have adequate information to sufficiently discharge their responsibilities in the best interests of the Company. The appointment and removal of the company secretary is the responsibility of the board. The audit and risk committee reviews the company secretary’s qualifications and competence and provides recommendations to the board. The board is comfortable that the company secretary, St James's Corporate Services Limited, always maintains an arm’s-length relationship with the board and is sufficiently qualified and skilled to update directors on the UK and international regulations and legislation and act in accordance with the said regulations and legislation.

ADVISERS
The Group’s advisers comprise Questco Corporate Advisory Proprietary Limited, Peel Hunt LLP and BMO Capital Markets Limited, who provide advice regarding legislative requirements and specialised matters. Questco Corporate Advisory Proprietary Limited is the Group’s South African appointed sponsor in accordance with the JSE Listings Requirements and is responsible for ensuring that the Company is advised on the application of the JSE Listings Requirements. The other advisers are UK-based and provide guidance on UK-related legislative requirements.

COMPLIANCE
The Group complies with all legislation and regulations. Compliance management and monitoring takes place at various levels within the Group, including at an operational level where safety officers ensure health and safety compliance and external audits are conducted by the Department of Mineral Resources and Energy. At a corporate office level, the company secretary and external advisers provide updates on any new legislation that may impact the Group. The internal audit function provides a further layer of compliance. Management regularly updates the board and its committees through its governance processes.

In accordance with the Payments to Governments Regulations 2014, the Group is obliged to disclose payments to government during the year under review. The table below is a record of these payments:

The table below is a record of these payments:

<table>
<thead>
<tr>
<th>Payments to the South African government</th>
<th>Barberton Mines</th>
<th>Evander Mines</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ thousand</td>
<td>US$ thousand</td>
<td>US$ thousand</td>
<td>US$ thousand</td>
</tr>
<tr>
<td>2020 Royalties payments</td>
<td>690.0</td>
<td>238.9</td>
<td>–</td>
<td>926.9</td>
</tr>
<tr>
<td>Income taxation payments</td>
<td>4,704.1</td>
<td>16.9</td>
<td>155.7</td>
<td>4,876.7</td>
</tr>
<tr>
<td>Value added taxation (VAT) payment/(refunds)1</td>
<td>(9,274.7)</td>
<td>(12,880.8)</td>
<td>401.1</td>
<td>(21,754.4)</td>
</tr>
<tr>
<td>Withholding taxation</td>
<td>–</td>
<td>–</td>
<td>168.8</td>
<td>168.8</td>
</tr>
<tr>
<td>Pay as you earn income tax (PAYE)</td>
<td>6,840.9</td>
<td>1,475.9</td>
<td>972.0</td>
<td>9,288.8</td>
</tr>
<tr>
<td>Skills development levy (SDL)</td>
<td>321.8</td>
<td>49.9</td>
<td>37.5</td>
<td>409.2</td>
</tr>
<tr>
<td>Unemployment Insurance Fund (UIF)</td>
<td>421.5</td>
<td>43.8</td>
<td>4.3</td>
<td>469.6</td>
</tr>
<tr>
<td></td>
<td>3,703.6</td>
<td>(11,057.4)</td>
<td>1,739.4</td>
<td>(5,614.4)</td>
</tr>
<tr>
<td>2019 Royalties payments</td>
<td>476.6</td>
<td>173.3</td>
<td>–</td>
<td>649.9</td>
</tr>
<tr>
<td>Income taxation payments</td>
<td>3,774.5</td>
<td>–</td>
<td>72.5</td>
<td>3,847.0</td>
</tr>
<tr>
<td>VAT payment/(refunds)</td>
<td>(11,226.2)</td>
<td>(15,962.9)</td>
<td>645.4</td>
<td>(26,533.7)</td>
</tr>
<tr>
<td>Withholding taxation</td>
<td>31.9</td>
<td>–</td>
<td>–</td>
<td>31.9</td>
</tr>
<tr>
<td>PAYE</td>
<td>6,504.9</td>
<td>1,204.8</td>
<td>831.9</td>
<td>8,541.6</td>
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<tr>
<td>SDL</td>
<td>392.5</td>
<td>51.6</td>
<td>37.4</td>
<td>481.5</td>
</tr>
<tr>
<td>UIF</td>
<td>470.9</td>
<td>46.1</td>
<td>4.3</td>
<td>520.3</td>
</tr>
<tr>
<td></td>
<td>425.1</td>
<td>(14,478.1)</td>
<td>1,591.5</td>
<td>(12,461.0)</td>
</tr>
</tbody>
</table>

1 The Group received VAT refunds as a result of the large capital expenditure during the year under review and the output of gold mining operations being zero-rated.

RISK GOVERNANCE
The board is responsible for the management of risk and a formal risk governance process is in place, ensuring the board adequately discharges its responsibility. The board regularly reviews the risk reports from operations, ensuring that the appropriate risk management programmes and monitoring of progress against key risk indicators are being effectively implemented and managed. The Group’s management approach and key risks are set out on pages 16 to 22.
Key stakeholder concerns and board oversight

Understanding and considering the legitimate needs, interests and expectations of the Group’s key stakeholders through effective engagement supports our vision of creating long-term sustainable value for all our stakeholders.

The board ensures that the legitimate interests and views of stakeholders are considered as part of its decision-making process.

Directors of the Company must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172 of the Companies Act 2006. The board used board meetings as a mechanism to discharge its duties under section 172 of the Companies Act 2006.

Stakeholder engagement plays a vital role throughout the Group. Our directors are aware of their responsibilities to act in a way that they consider, in good faith, would most likely promote the short-, medium- and long-term success of the Company for the benefit of its members as a whole. A summary of our stakeholder engagement activity is provided below.

OUR PURPOSE
To safely extract gold from mineral deposits in a manner that creates sustainable value for all our stakeholders.

Building an ethical culture

<table>
<thead>
<tr>
<th>Stakeholders affected</th>
<th>Governance responsibility</th>
<th>Governance activity in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providers of capital</td>
<td>Board</td>
<td>The audit and risk committee reviewed ongoing compliance with King IV™</td>
</tr>
<tr>
<td>Security exchanges</td>
<td>Audit and risk committee</td>
<td>Board review and approval of the board and audit and risk committee charters</td>
</tr>
<tr>
<td>Customer</td>
<td>Social and ethics committee</td>
<td>The board of directors’ conflict of interest policy was approved by the board in September 2019</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td>Directors were appointed after assessing their skills and competence and performing a thorough background check</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td>Looking ahead</td>
</tr>
<tr>
<td>Unions</td>
<td></td>
<td>Review of the Group’s code of ethics which was approved in November 2015</td>
</tr>
<tr>
<td>Communities</td>
<td></td>
<td>Improved oversight by our ESG department to ensure sustainable and ethical practices across the Group</td>
</tr>
<tr>
<td>Government and regulatory bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The environment</td>
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</table>

Fair remuneration

<table>
<thead>
<tr>
<th>Stakeholders affected</th>
<th>Governance responsibility</th>
<th>Governance activity in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providers of capital</td>
<td>Board</td>
<td>Transparent reporting of the remuneration of the executive directors</td>
</tr>
<tr>
<td>Employees</td>
<td>Remuneration committee</td>
<td>This board ensured that remuneration of the executive directors was fair and equitable and informed by the achievement of strategic objectives</td>
</tr>
</tbody>
</table>

Looking ahead

- Continuous engagement with stakeholders to ensure fair remuneration across the Group
**Stakeholder relationships and engagement**

**Stakeholders affected**
- Providers of capital
- Security exchanges
- Customers
- Suppliers
- Employees
- Unions
- Communities
- Government and regulatory bodies
- The environment

**Governance responsibility**
- Board
- Social and ethics committee
- SHEQC committee

**Governance activity in 2020**
- Stakeholder relationships were managed by the executive directors
- The chairperson of the audit and risk committee attended the AGM
- At an operational level, stakeholder engagement was the responsibility of the general and human resources managers
- Supplied aid in the form of food and hygiene hampers to employees and communities during the COVID-19 outbreak and subsequent lockdown period

**Looking ahead**
- Formalise a stakeholder engagement and relationship policy
- Develop a Group CSI/community engagement and development policy

**Safe working environment**

**Stakeholders affected**
- Providers of capital
- Customers
- Suppliers
- Employees
- Unions
- Government and regulatory bodies
- The environment

**Governance responsibility**
- Board
- SHEQC committee
- Exco
- Opsco

**Governance activity in 2020**
- The board, assisted by the SHEQC committee, had oversight of the Group's compliance to health and safety standards and monitored health and safety performance and improvement measures implemented at operations
- Monitored safety precautions in relation to the COVID-19 outbreak and all measures implemented to ensure the safety of our employees

**Looking ahead**
- Continue to drive improvement in safety performance year on year
- Implement new safety initiatives at all operations
- Continued implementation and monitoring of COVID-19 safety measures

**Minimise the impact of our operations on the environment**

**Stakeholders affected**
- Communities
- The environment

**Governance responsibility**
- Board
- SHEQC committee

**Governance activity in 2020**
- The board, assisted by the SHEQC committee, continually assessed and responded to any negative impacts the Group’s operations may have had on communities and the environment

**Looking ahead**
- Continue to grow a culture of environmental care and positive behaviour
- Commission independent audits on environmental compliance of the Group
- Investigate the implementation of sustainable projects such as agri-businesses
- Investigate the feasibility of solar photovoltaic plants to reduce our carbon footprint

**Regulatory environment**

**Stakeholders affected**
- Providers of capital
- Security exchanges
- Customers
- Government and regulatory bodies

**Governance responsibility**
- Board
- Audit and risk committee
- SHEQC committee

**Governance activity in 2020**
- The board, assisted by the audit and risk committee, approved the following policies and procedures in September 2019:
  - Protection of personal information policy
  - Diversity policy
  - Slavery and human trafficking policy
  - Human rights policy
  - Legal action policy
  - Board of directors’ conflict of interest policy
- The board assisted by the SHEQC committee approved the following:
  - Submission of mining right renewal applications
  - Submission of new SLPs, SLP annual reports and implementation plans
  - Independent environmental audits
  - External audits to ensure compliance with water-use licence requirements
- Fully funded rehabilitation guarantees

**Looking ahead**
- Implement a compliance management policy and continue to monitor performance
2020 King IV™ report on corporate governance

Since the release of the King IV™ Report in November 2016, an annual King IV™ gap analysis is performed which enables the board to assess the effectiveness of its current processes, practices and structures which it uses to direct and manage the Group’s operations.

**PRINCIPLE 1: ETHICAL LEADERSHIP**

The governing body should lead ethically and effectively

- The following charters were independently reviewed for compliance with the King IV™ principles in 2019:
  - Remuneration committee charter
  - Nomination committee charter
  - Social and ethics committee charter
  - Safety, health, environment, quality and community committee charter
  - Internal audit charter

The review recommendations were incorporated and approved in 2020

- The board and committee meetings are set in advance to ensure the attendance of all members
- Board packs and minutes of previous meetings are distributed approximately a week in advance to afford all members sufficient time to prepare

**PRINCIPLE 2: ORGANISATION VALUES, ETHICS AND CULTURE**

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

- The code of ethics, approved on 25 November 2015, provides guidance on ethical conduct across all activities of the Group
- The board approved the conflict of interest policy in September 2019 and distributed it to the appropriate levels of staff throughout the organisation

**PRINCIPLE 3: RESPONSIBLE CORPORATE CITIZENSHIP**

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

- The board’s SHEQC committee assists the board in discharging its responsibility to ensure that the Group’s conduct is congruent with it being a responsible corporate citizen
- The SHEQC committee monitors the progress of CSI and LED programmes
- Sustainability key performance indicators (KPIs) are used to track the achievement of the Group’s sustainability objectives and are monitored by the SHEQC committee
- Sustainability KPIs include health, safety, environmental, social and compliance elements
PRINCIPLE 4: STRATEGY, IMPLEMENTATION AND PERFORMANCE
The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

- The board oversees the Group’s strategy and its execution.
- The board considers sustainability to be a business opportunity and guides the strategy to ensure sustainable outcomes.
- Material matters are reviewed and approved annually by the board to ensure that they are aligned with the strategy and used to measure performance.
- KPIs are reviewed and approved annually by the board.
- Strategic risks are assessed annually by the board.
- The board oversees the risk management process and is guided therein by the audit and risk committee.
- The board takes account of the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the Company.

PRINCIPLE 5: REPORTS AND DISCLOSURE
The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance and its short-, medium- and long-term prospects.

- Integrated thinking is fundamental in developing the Group’s strategy, managing the business and is a cornerstone of the integrated reporting process which underpins the integrated annual report.
- The integrated annual report sets out the Group’s strategic initiatives, business model, material matters and its risks and opportunities.
- Pan African engages in an annual externally facilitated materiality assessment to determine the Group’s material matters.
- Material matters are reviewed annually by the board.
- The integrity of the integrated annual report is reviewed by the audit and risk committee.
- The integrated annual report, including the annual financial statements, is approved annually by the board after applying its collective mind.

Governance outcome: Performance and value creation

Governance outcome: Adequate and effective control

PRINCIPLE 6: ROLE OF THE GOVERNING BODY
The governing body should serve as the focal point and custodian of corporate governance in the organisation.

- Corporate governance remains the responsibility of the board as a whole.
- The Group’s corporate policy plan was reviewed by the audit and risk committee in February 2020.
- An internal King IV™ gap analysis is conducted annually and reviewed by the audit and risk committee.
- The board charter was independently reviewed in 2019.
- All directors have the right to independent professional services at the Group’s expense to ensure that they fulfil their roles in terms of the governance principles.

PRINCIPLE 7: COMPOSITION OF THE GOVERNING BODY
The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

- Non-executive directors on the board perform the function and responsibility of the nomination committee.
- The nomination committee ensures that the board comprises an appropriate level of skills, experience, diversity and independence.
- The nomination committee charter was independently reviewed in 2019 and amended to ensure compliance with good corporate governance.
- The board comprises five non-executive directors (all independent) and two executive directors (not independent).
- The executive directors are the chief executive officer and the financial director.
- Race and gender targets are set and approved by the board.
- Pursuant to the articles of association of the Company, one-third of directors, excluding any director appointed since the previous AGM, must retire from office at each AGM on a rotational basis.
The directors to retire are those who have been longest in office since their last election or re-election. Retiring directors may make themselves available for re-election if they remain eligible, as required by the constitutional documents and in compliance with the AIM Rules and the JSE Listings Requirements.

- In the event of a non-executive director having served more than nine continuous years, he/she is subject to an annual re-election and an annual independence assessment.
- A formal letter of appointment is provided to newly appointed directors.
- Before nominating a candidate for election, the board takes into account the following aspects of the board as a whole:
  - Knowledge, skills and experience
  - Ratio of executive and non-executive directors
  - Sufficient number of directors to serve on committees
  - Sufficient number of directors to secure a quorum
  - Regulatory requirements
  - Diversity targets
- A formal induction programme is established for new directors.
- Inexperienced directors are assisted by a mentorship programme.
- A declaration of all financial, economic and other interests is made by each director annually.
- Declarations are also made at inception of board meetings.
- A board of directors’ conflict of interest policy was approved in 2020.
- The board has considered the independence of its non-executive members who hold securities in the Company, and has concluded that they are independent as the value of their shares is considered immaterial to their personal wealth.
- A lead independent director is appointed by the board.
- The role and responsibilities of the chairman of the board and the chief executive officer are separate.

**PRINCIPLE 8: COMMITTEES OF THE GOVERNING BODY**

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

- The board has delegated certain powers to the audit and risk committee, IR/EOC committee, remuneration committee, nomination committee and to the social and ethics committee.
- The Group’s committees assist the board in discharging its corporate governance responsibilities and report to the board on a regular basis.
- All board committees have formal charters which were independently reviewed in 2019 to ensure that they comply with good corporate governance principles.
- The composition of the board’s committees (which are assessed annually) comply with the South African Companies Act, Pan African’s memorandum of incorporation and each committee’s charter.

**PRINCIPLE 9: PERFORMANCE EVALUATIONS**

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

- The board chairman’s performance evaluation is performed annually and is led by the lead independent director.
- An annual effectiveness self-evaluation is undertaken by the board and its sub-committees and, for the year under review, the board is satisfied that it and its sub-committees operated effectively.
- The board is satisfied that the evaluation process is improving its performance and effectiveness.

**PRINCIPLE 10: DELEGATION TO MANAGEMENT**

The governing body should ensure that the appointment of and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.

- The role and responsibilities of the chairman of the board and the chief executive officer are separate.
- The chief executive officer is not a member of the audit and risk committee or the nomination committee.
- The performance of the chief executive officer is monitored by the board.
- The company secretary is appointed by the board.
- The audit and risk committee reviews the company secretary’s qualifications, competence and performance and provides recommendations to the board.
- All responsibilities delegated to management are reviewed and reported on to the relevant committees.

**PRINCIPLE 11: RISK AND OPPORTUNITY GOVERNANCE**

The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

- The board oversees the Group’s risk management process and is guided by the audit and risk committee.
- The risk management policy was reviewed in 2018 and again in 2020.
- The board monitors that operational and financial risks are consistent with the Group’s risk philosophy and are within the Group’s risk appetite.

**PRINCIPLE 12: INFORMATION AND TECHNOLOGY (IT) GOVERNANCE**

The governing body should govern technology and information in a way that supports the organisation setting and achieving strategic objectives.

- IT governance is formally delegated to the IT steering committee and is governed by the IT governance charter, which was independently reviewed in 2019.
- The IT steering committee is responsible for directing, controlling and measuring the IT activities and processes of the Group and keeps the board appraised of the Group’s technology and information performance and requirements.
- The risk management process considers risks associated to IT.
PRINCIPLE 13: COMPLIANCE GOVERNANCE
The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen
- The board has delegated compliance governance to the audit and risk committee
- The board approves policies that give direction on compliance and ensures that adopted non-binding rules, codes and standards are aligned to applicable laws and regulations
- The chief executive officer and financial director oversee the implementation and execution of compliance management

PRINCIPLE 14: REMUNERATION GOVERNANCE
The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term
- In 2019, the board and remuneration committee mandated an independent remuneration firm to review the Group’s remuneration framework and policies
- Formal engagement with shareholders on remuneration policies is undertaken
- The remuneration policy and implementation report is reviewed annually by the remuneration committee
- The remuneration policy and implementation report are disclosed in the integrated annual report and approved annually by the shareholders at the AGM

PRINCIPLE 15: ASSURANCE
The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports
- The internal audit charter was independently reviewed in 2019
- The external and internal audit plans are approved annually by the audit and risk committee and both follow a risk-based approach
- The external and internal audit findings are monitored by the audit and risk committee
- The external and internal audit functions contribute to combined assurance, thereby giving comfort of the Group’s ability to achieve the objectives of an effective control environment and the integrity of its information and reports
- The chief audit executive function is performed by the audit and risk committee under the leadership of the audit and risk committee chairperson, with this function’s independence defined in the audit and risk committee charter
- The internal audit function is currently outsourced to professional services firm BDO South Africa Inc.

Governance outcome: Trust, good reputation and legitimacy

PRINCIPLE 16: STAKEHOLDERS
In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time
- Stakeholder relations are managed by the chief executive officer, the financial director and chief operations officer to ensure that an inclusive approach is followed in achieving the best outcomes for all stakeholders in the execution of the Group’s strategy
- The chairperson of the audit and risk committee and the designated partner of the external audit firm attend the AGM
- At an operational level, stakeholder engagement is the responsibility of the general and human resources managers
# Glossary

## DEFINITIONS OF TERMS AND ABBREVIATIONS USED IN THIS REPORT

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADR</td>
<td>American Depository Receipt programme through the Bank of New York Mellon</td>
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<td>AGM</td>
<td>Annual general meeting</td>
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<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<td>AIM</td>
<td>Alternative Investment Market, the LSE’s international market for smaller growing companies</td>
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<tr>
<td>AIMPL</td>
<td>Barberton Mines Proprietary Limited</td>
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<tr>
<td>board</td>
<td>The board of directors of Pan African Resources PLC</td>
</tr>
<tr>
<td>Companies Act 2006</td>
<td>An act of the Parliament of the UK which forms the primary source of UK company law</td>
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<td>COVID-19</td>
<td>Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)</td>
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<tr>
<td>CSR</td>
<td>Corporate social investment</td>
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<td>DMRE</td>
<td>Department of Mineral Resources and Energy</td>
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<tr>
<td>ESG</td>
<td>Environmental, social and governance</td>
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<tr>
<td>Evander Mines</td>
<td>Evander Gold Mining Proprietary Limited</td>
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<tr>
<td>EXCO</td>
<td>Executive committee of Pan African Resources PLC</td>
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<tr>
<td>FRC</td>
<td>Financial Reporting Council</td>
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<tr>
<td>HDISA</td>
<td>Historically disadvantaged South African</td>
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<tr>
<td>HIV</td>
<td>Human immunodeficiency virus</td>
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<tr>
<td>IT</td>
<td>Information technology</td>
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<tr>
<td>JSE</td>
<td>Johannesburg Securities Exchange, the main bourse in South Africa</td>
</tr>
<tr>
<td>King IV™</td>
<td>King IV™ Report on Corporate Governance for South Africa, 2016</td>
</tr>
<tr>
<td>KPIs</td>
<td>Key performance indicators – a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals</td>
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<td>LED</td>
<td>Local economic development</td>
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<td>LSE</td>
<td>London Stock Exchange</td>
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<tr>
<td>Mancor</td>
<td>Management committee on operations</td>
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<tr>
<td>Mining Charter II</td>
<td>Revised charter to facilitate the sustainable transformation and development of the South African mining industry, came into effect in March 2019</td>
</tr>
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<td>MPMDA</td>
<td>Mineral and Petroleum Resources Development Act 28 of 2002</td>
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<tr>
<td>Orica</td>
<td>Operations committee of Pan African Resources PLC</td>
</tr>
<tr>
<td>PAN</td>
<td>Pan African Resources PLC</td>
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<tr>
<td>PwC</td>
<td>PricewaterhouseCoopers LLP</td>
</tr>
<tr>
<td>REMchannel®</td>
<td>Internet-based remuneration survey providing data across a wide variety of industries in South Africa</td>
</tr>
<tr>
<td>SA</td>
<td>South African</td>
</tr>
<tr>
<td>SHERC</td>
<td>Safety, health, environment, quality and community</td>
</tr>
<tr>
<td>SLP</td>
<td>Social and Labour Plan, required in terms of Regulation 46 of the MPRDA</td>
</tr>
<tr>
<td>the Group or the Company</td>
<td>Pan African Resources PLC, listed on the LSE’s AIM and on the JSE in the Gold Mining sector</td>
</tr>
<tr>
<td>the UK Code</td>
<td>UK Corporate Governance Code, which sets out standards of good practice in relation to board leadership</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>US$</td>
<td>United States dollar</td>
</tr>
<tr>
<td>VAT</td>
<td>15% value-added tax in South Africa</td>
</tr>
</tbody>
</table>
Corporate information

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OUR REPORTING SUITE

Our integrated annual report. A limited number of hard copies are available on request from the company secretary, whose details appear on the inside back cover.

Our integrated annual report is available on our website at https://www.panafricanresources.com/investors/financial-reports/

Our sustainable development report, which contains additional non-financial disclosures referencing GRI.

It is available on our website at https://www.panafricanresources.com/investors/sustainability/

Our Mineral Resources and Mineral Reserves report, which provides technical information in line with the SAMREC Code.

It is available on our website at https://www.panafricanresources.com/investors/resource-internal-resource-

Our governance report, which contains more information about our governance structures and execution, including a comprehensive King IV compliance checklist.

It is available on our website at https://www.panafricanresources.com/about/corporate-governance/

FEEDBACK
We welcome any feedback stakeholders may have on our reports. Please contact info@paf.co.za.