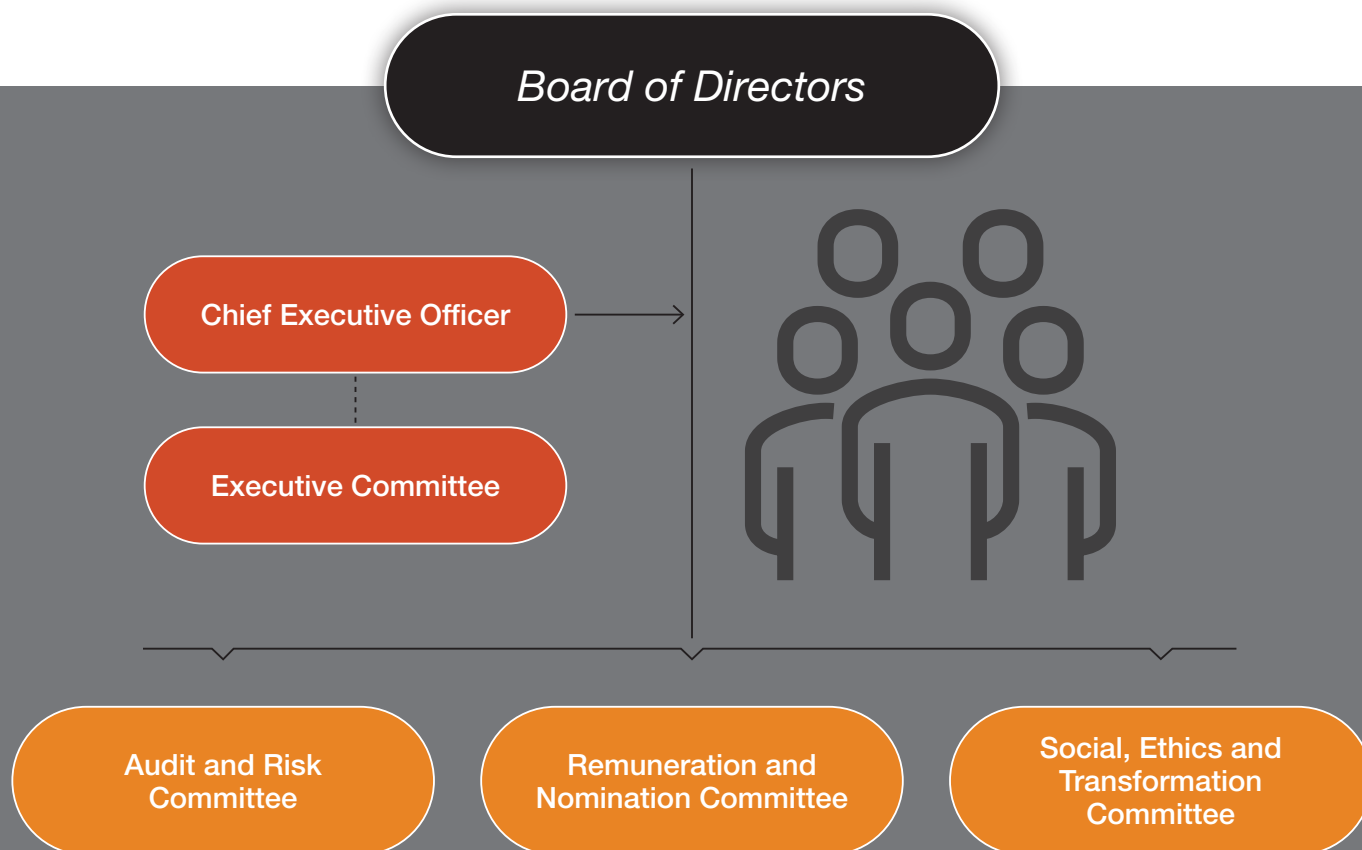
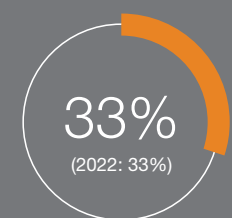


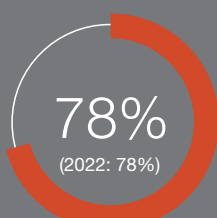
GOVERNANCE STRUCTURE



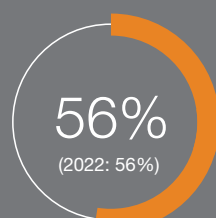
The Board at 31 December 2023 comprised of Abiel Mngomezulu, Matsotso Vuso, Katlego Tlale, Jeff McLaughlan, David McGluwa, Nonhlanhla Mabusela-Aikhuere, Daniel Green, Zanele Matlala and Ditabe Chocho.



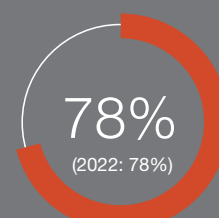
of our Board members are all female, all of whom are black



of our Board members are black



of our Board members are independent



of our Board members are non-executive directors who do not receive share options or incentives

See the stakeholder engagement table on our website www.meraferesources.co.za for details of the Venture's engagement and Merafe's engagement during 2023. See our website www.meraferesources.co.za for further information on governance, social and environmental information of the Venture and Merafe as well as externally developed principles, charters and initiatives to which Merafe and the Venture subscribe.

TRANSPARENCY AND ACCOUNTABILITY

Governance

Directorate as at 15 March 2024

Non-executive directors



Abiel Mngomezulu (70)

Chairperson (Independent)
BSc (Hons), MSc Engineering (Mining)

Abiel joined the Merafe Board as an independent non-executive director in September 2010 and became Chairperson in May 2019. He was previously the President and Chief Executive Officer of Mintek, a state-owned enterprise responsible for mineral extraction technologies and beneficiation. Abiel also served on several boards of state-owned institutions involved in the mining sector. Of late he has been the board Chairperson at the South African Diamond and Precious Metals Regulator (SADPMR) and a director at Tshikululu Social Investment.

Committee memberships:

N A S R

Matsotso Vuso (51)

(Independent)
CA(SA), CD(SA) RA

Matsotso joined the Merafe Board in July 2018. She is the founder of Nyamezela Group of Companies, a multi-disciplinary group of companies with solutions spread across manufacturing of smart electricity meters, energy management, business advisory services, consulting and contracting engineering. She has extensive experience in statutory and IT assurance, financial investments analysis and financial restructurings.

She also serves on other boards as an independent director.

Committee memberships:

A

Katlego Tiale (38)

(Independent)
BCom (Acc), CA(SA)

Katlego joined the Merafe Board in December 2020. He is currently the Group Chief Financial Officer of Letsema Group, a black-owned professional services firm which is part of a diversified investment company.

Prior to joining Letsema, Katlego was employed by Gold One Group Limited where he managed group reporting and treasury. He completed his articles at KPMG Inc. where he was a member of the firm's mining audit practice.

Committee memberships:

A

Jeff McLaughlan (65)

(Independent)
MBA, NDIP Elect, Cert Eng

Jeff joined the Merafe Board in May 2019. He holds a Master's degree in Business Administration and Finance from the Open University, an Advanced Professional Management Programme from the University of South Africa (Unisa) and a National Diploma in Electrical and Instrumentation. He has more than 38 years' experience in the South African mining sector including various roles at Middelburg Steel and Alloys Proprietary Limited, Consolidated Metallurgical Industries Limited, Xstrata South Africa Proprietary Limited and Glencore Operations South Africa Proprietary Limited. Jeff served two terms as President of the International Chrome Development Association and stood down in June 2017. He is a member of the Institute of Electrical and Mechanical Engineers, South Africa.

Committee memberships:

R N

Nonhlanhla Mabusele-Aikhuere (48)

(Independent)
BCompt, CTA and CA(SA)

Nonhlanhla joined the Merafe Board in July 2021. Nonhlanhla is an ex-investment banker with more than ten years' experience in project and structured finance transactions. She completed her accounting articles at KPMG Inc. where she spent a year in the corporate finance department. She spent four years of her career at Nedbank Capital as a senior transactor in the power, oil and gas project finance department. She has also held various Chief Executive Officer positions in the mining and mining services space.

She also serves as an independent member of the IDC Executive Credit and Investment Committee and as a member of the DBSA Infrastructure Fund Advisory Committee, and is also a board member of South African Forestry Company Limited.

Committee memberships:

S A

Company secretary

William Somerville (67)

CorpStat Governance Services

FCIS, ACMA, Dip Corporate Law

Appointed as Company Secretary on 1 October 2014.

Note regarding the Company Secretary

The Company Secretary fulfils no executive management function and is not a director and provides services on an outsourced basis. Accordingly, the Board is satisfied that the Company Secretary maintains an arm's-length relationship with the executive team, the Board and the individual directors.

TRANSPARENCY AND ACCOUNTABILITY

Governance CONTINUED

Non-executive directors CONTINUED



David McGluwa (49)

(Non-Independent)
Executive Development Programme (GIBS), B.Comm, Corporate Credit Analysis (New York Institute of Finance)

David joined the Merafe Board in July 2021. David has held various senior roles at the Industrial Development Corporation (IDC) since 1999, prior to which he worked at First National Bank for four years. David was nominated to be director of the Board by the IDC, which has a 22% shareholding in Merafe.

Committee memberships:

S

Daniel Green (36)

(Non-Independent)
CA(SA)

Daniel joined the Merafe Board as a non-independent non-executive director in November 2021. Daniel is a CA(SA) and has worked in banking, finance, marketing and mining corporate advisory for the past thirteen years, the last eight of which have been in a number of roles within the Glencore Group. Daniel is currently the head of Business Development for Glencore's Ferroalloys and South African Coal divisions.

Committee memberships:

R N

Steve Phiri (67)

(Independent)
B Juris, LLB, LLM

Ditshebo Stephen ("Steve") joined the Merafe Board in February 2024. Steve has more than 20 years of experience in the South African mining sector including, *inter alia*, roles at Royal Bafokeng Platinum Limited (where he served as CEO), Royal Bafokeng Holdings Proprietary Limited (where he served as a non-executive director) and at Merafe (where he was CEO from 2003 to 2010 and a non-executive director of the Board from 2010 to 2015). He is a member of the Council of International Platinum Association and was a board member of the International Platinum Association before becoming its President/Chairman. Steve was also previously the Vice President of the Chamber of Mines (later the Minerals Council of South Africa).

Executive directors



Zanele Matlala (60)

Chief Executive Officer

BCom, BCompt (Hons), CA(SA)

Zanele joined the Merafe Board in 2005 as an independent non-executive director. She was appointed Merafe's Chief Financial Officer on 1 October 2010 and Chief Executive Officer on 1 June 2012. She is a non-executive director of Dipula Income Fund, Stefanutti Stocks Holdings Limited and RAC Limited.

Committee memberships:

S A R N

Ditabe Chocho (53)

Financial Director
CA(SA)

MSc Financial Management

Ditabe joined Merafe in August 2018, having previously been the Company's Chief Financial Officer in 2013 and 2014. Ditabe is a qualified South African Chartered Accountant and he has extensive experience in financial and investment management gained during his tenure at various companies including Uranium One Limited, the Industrial Development Corporation of SA Limited and Zico Capital Proprietary Limited. He also served as Chief Financial Officer of MultiChoice Africa Proprietary Limited (MultiChoice) and subsequently served as Chief Financial Officer and Chief Operating Officer of DSTV Online, a division of MultiChoice in 2012.

Committee memberships:

S A R N

A Audit and Risk Committee
● Chairperson ● Invitee

N Nomination Committee

R Remuneration Committee

S Social, Ethics and Transformation Committee

Age of Directors at 15 March 2024



Tenure of Directors at 15 March 2024



TRANSPARENCY AND ACCOUNTABILITY

Chairperson's report

Overview

Merafe's performance in 2023, was again exceptional. This is manifested in our reported revenue, EBITDA, profit after tax and net cash on hand at the end of the reporting period. I am also pleased to report that the operations of the Venture performed well with regard to production (despite the planned pullback) and its identified sustainability criteria with the exception of two fatalities at our operations which I discuss in more detail below.

Over the past two years, I commented in this overview on the Judicial Commission of Inquiry into State Capture and that this shone a welcome light on corruption and state capture in our country and the undermining of state institutions and enterprises that took place. Unfortunately, due to how intricate most of these corrupt tendencies were, a year after President Cyril Ramaphosa announced government's plans to act on the recommendations of the commission of inquiry into state capture, barring the work of the Special Investigative Unit, very little on the face of it has been achieved by way of legislative reform or convictions. The lack of real progress in combatting crime and corruption is a concern to all South African citizens and continues to impact negatively our access to foreign and local investment which is key to growing the economy that would address the key challenges of unemployment and poverty facing the country.

The continued resilience of South Africans in dealing with the challenges they face will again be tested in 2024. It is only sustained ethical leadership in business and society led by ethical government that can lead to a turnaround in sentiment and create a conducive environment for new investments.

Apart from crime, corruption and unemployment, two issues are of particular concern in order for the business to compete on the international stage:

- ▶ Firstly, loadshedding (both the frequency and intensity) increased during the reporting year, negatively affecting CPI and electricity prices. Despite some companies and citizens moving off the grid and becoming self-sufficient and government funding relief, Eskom's threat to the economy extended beyond loadshedding as capacity constraints remained a major risk to businesses in the country resulting in stagflation; and
- ▶ Secondly, transport infrastructure is increasingly becoming a major risk to the economy. Rail freight infrastructure is collapsing, and road freight can only take up some of the demand. Segments, heavily dependent on infrastructure, struggled to grow in the respective sectors i.e. the primary sector (agriculture and mining), secondary sector (manufacturing and construction) and tertiary sector (trade, transport, communications, financial and business services and personal services).

This is further commented on below in this report.

On the global front, conflicts are unfortunately continuing unabated in the Ukraine and the Middle East with both having no clear end in sight. It is difficult to assess the longer-term impact on global markets and business, but the suffering of ordinary global citizens is a sad state of affairs, and again leadership is needed to end wars and conflict and to find solutions around global issues.

Our Chief Executive Officer mentions in her report, on page 10, the issues that impacted the performance of the Company in 2023. Of specific importance is that, despite excellent performance, the South African ferrochrome market share will continue to be lost to international ferrochrome production because of the rising energy costs in South Africa and on the back of cheap South African un-beneficiated chrome ore exports. The government and industry need to continue working



together to ensure local beneficiation of its resources and efficient use of its existing infrastructure.

Despite an ever-changing world and business environment, we will continuously remain focused on making our business a success whilst providing a positive contribution to our stakeholders and the broader society.

Financial performance

As I mentioned in the introduction, 2023 was an excellent year in terms of all the key financial indicators such as revenue, EBITDA, profit after tax, net cash generated and net cash on hand.

The financial performance of the Company has been addressed in the Chief Executive Officer's report on page 10 and the Financial Capital section of this report on page 13. The Chief Executive Officer has also provided commentary on the strategy of the Company going forward and the benefit the Company has gained from its focus on ferrochrome (and ancillary businesses) and maximising cash flows from the Venture.

Safety

Safety remains the number one priority of Merafe and the Venture. It is thus with great sadness and regret that I have to report that there were two fatalities at our operations. The first fatality was at our Boshhoek operation in September 2023 and the second fatality was at our Rustenburg operation in November 2023. Our condolences are extended to family, friends and loved ones of the deceased. After a number of fatality-free years this is a setback for the Venture and of great concern to the Board. The fatalities remain under investigation.

These unfortunate events occurred despite the considerable efforts made by the Venture in 2023 and improvements in a number of areas.

For further information, see the Safety section on page 32 of this report for further details and safety information, as well as the efforts made by the Venture in respect of safety. Please also see the Manufactured Capital section on page 19. The Venture is continuing to do all it can to ensure that the high standards of safety are maintained.

Key challenges

Despite the excellent performance of the Company in 2023, power costs and continuous failures at Eskom remain a concern for the Company and our industry. Above average tariff increases together with supply challenges remain serious areas of focus for the Venture and the industry. The Venture continues to be impacted by loadshedding and this hinders the ability of the Venture to be a reliable partner to our global customers. There needs to be a long-term and sustainable solution to the country's power supply and pricing. It is in light of this that the approval of the Venture's Negotiated Pricing Agreement application by Eskom and the National Energy Regulator of South Africa is a welcome development. This should help the Venture with price certainty.

TRANSPARENCY AND ACCOUNTABILITY

Chairperson's report CONTINUED

The Venture is continuing the construction of renewable energy facilities and supply of power. For more information, please see the Manufactured Capital section on page 21 of this report.

As reported in 2022, the infrastructure of the railways and the ports has deteriorated even further and this continues to be a challenge to the South African ferrochrome industry. The inability of the railways to transport our product and inefficiencies at the ports has caused an excessive reliance on road transport resulting in backlogs and delays at the harbours. This not only results in delays in shipping our product (and negatively impacting the reputation of South African producers), but also creates opportunities for corruption and theft. The Venture continues to engage proactively with the governmental departments to attempt to find solutions to these critical issues, however frustrating and challenging it is. For more detail on this challenge to our industry please see the Manufactured Capital section (page 21) The Chief Executive's Review (page 10) and the section on Material Issues (page 8 and 9) of this report.

Water, a crucial input in our operations, is becoming a creeping problem in South Africa. Fortunately, the Venture has been proactive in mitigating/managing this risk by ensuring that adequate supply and storage facilities are in place at the operations. For more detail on this challenge to our industry please see the Natural Capital section (page 23).

Strategy

We continue to take a long-term view of our business. In terms of achieving our strategic objectives, our ferrochrome interests will continue to benefit from investments in low-cost production facilities and technology at its operations. This has improved the Venture's sustainability by increasing the Venture's cost efficiency and production capacity in difficult trading conditions, but this also allows the Venture to take advantage of improving global conditions and demand as we saw last year.

We reported last year that we will continue to assess opportunities outside ferrochrome where this makes commercial sense. I am pleased to report that in 2021, we participated and invested in a PGMs plant in our western operations with our Venture partners and the plant performed well in 2023. Further, I am pleased to report that in 2023 we reached a similar agreement with our Venture partners regarding PGMs in the eastern operation with a commencement date of 1 January 2023. The positive performance of our PGM business can be seen in the results. For further information in this regard see the report of the Chief Executive Officer on page 10.

We remain committed to ensuring the long-term sustainability of both Merafe and the Venture and complying with legislation and overcoming any of the challenges we may encounter.

Our approach to sustainability and assurance

The directors have followed the materiality determination processes described in this report and have applied the results of these processes to formulate the material issues in this report. As you will see from the Material Issue section, the COVID risk, after careful consideration, was removed as a material issue. However, COVID-19 and its impact will continue to be closely monitored.

Merafe relies on the Venture and Glencore to obtain quantitative data with regard to sustainability indicators. I refer you to the Sustainability review and summary on page 60 of this report for information on Merafe's and the Venture's review processes.

As we indicated last year, on an annual basis, the Board does a gap analysis of how the Company performed in terms of King IV as well as the steps taken to address issues where the Company was non-compliant. We are pleased to report that, while acknowledging that this is a work in progress, the Company in most material respects is compliant with King IV. Where we have fallen short, we have provided an explanation as well as the areas we will focus on in 2024. For more details on our reporting on King IV, I refer you to the Governance section on pages 45 and 46 for the full report and compliance analysis.

During the year, the Board and the relevant committees took note and assessed the JSE's pro-active financial statement monitoring report, the JSE's guidance papers on sustainability and climate change reporting and assessed changes to the JSE Listings Requirements.

We agree with the assertion in King IV that good governance has its foundation in effective and ethical leadership and transparency and that integrated thinking and reporting on economic, social and environmental dimensions is key to this. Board decisions need to be made in an integrated manner, understanding the impact on these dimensions as well as the impact on value creation in the short-, medium- and longer-term.

Stakeholder inclusivity and responsiveness is key to the process. We are pleased to note that we have been reporting in an integrated manner and in terms of the Capitals – as recommended by King IV – for some years now and the feedback from stakeholders has been positive.

The Board

As Chairperson of our unitary Board, I am responsible for the overall effectiveness of the Board and its committees and for ensuring that we provide Merafe with effective leadership, uphold ethical standards, and are responsible, accountable, fair and transparent. I am also responsible for ensuring that we implement strategies aimed at achieving our economic, social and environmental performance objectives.

There is a clear separation between my responsibilities and those of the Chief Executive Officer, which is documented in our Board Charter. Our Chief Executive Officer is expected to focus on our business and ensure it is run effectively and in accordance with the strategic decisions of the Board.

We interact with our stakeholders at our annual general meetings and at presentations made by our executive management team when our interim and annual results are released. This year we again increased our focus on stakeholder relationships and in particular our relationships with our shareholders and our Venture partner. The Board has delegated the responsibility for engagement with our shareholders and potential investors to the Chief Executive Officer and the Financial Director.

I convey my thanks to our non-executive and executive directors for their valuable contributions to the Merafe Board deliberations and decision-making during 2023.

In February 2024, the Board welcomed Mr. Steve Phiri as an independent non-executive director and he will no doubt make a significant contribution to Board deliberations in the coming years.

The Board is satisfied that it has discharged its responsibilities as set out in the Board Charter. I look forward with enthusiasm to the members' contributions to the Board in the coming year.

Merafe team and Glencore

On behalf of the Board, I would like to thank the Merafe management team and our Venture partner, Glencore, for their hard work in delivering another exceptional financial and operational performance in the year under review.

Future outlook

The performance we had this year again provides confidence for the future and our diversification into PGMs together with our Venture partner is promising. We are also confident that strategy for cash preservation will also bring future benefits to the Company. I thank all stakeholders for their continued support.

ABIEL MNGOMEZULU

Chairperson | 15 March 2024

TRANSPARENCY AND ACCOUNTABILITY

Our approach to governance

Introduction

Merafe is committed to high standards of corporate governance and it endorses the four governance outcomes set out in the King IV Report on Corporate Governance for South Africa, 2016 (King IV), namely an ethical culture, good performance, effective control and legitimacy.

King IV register

The register set out below provides an overview of Merafe's application of the principles contained in King IV. The register should be read in conjunction with the 2023 Integrated Annual Report.

Leadership	
Principle 1 The governing body should lead ethically and effectively.	The Merafe Board (the "Board") leads ethically and effectively. Disclosure of interests is a standard agenda item at Board and committee meetings and there is an annual declaration by all directors. Further, there is a Code of Ethics in place which applies to all directors and all employees. It is displayed on Merafe's website www.meraferesources.co.za . There is also a Director Induction and Training Programme, which is reviewed annually. Further, various aspects of Principle 1 are covered in Merafe's Board Charter and other key documents. The Code of Ethics and the Board Charter are on Merafe's website www.meraferesources.co.za  and form part of the 2023 Integrated Annual Reporting suite. The Company has a policy to guide directors on dealing in Company securities and no director or employee may buy or sell the Company's shares during a closed period.
Organisational ethics	
Principle 2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The ethical tone at Merafe is set by the Board and applies throughout the organisation. Merafe's Code of Ethics applies to all directors, employees and suppliers. There is a Whistle-Blowing Line and reports are provided to the Social, Ethics and Transformation Committee and the Audit and Risk Committee on a confidential basis. In respect of any ethical breaches discovered by staff and the external auditors, the relevant laws and regulations are applied. More information on Merafe and the Venture's Whistle-Blowing Policy is on our website www.meraferesources.co.za .
Responsible corporate citizen	
Principle 3 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board's approach to being a responsible corporate citizen is supported by various policies and the work done by the Social, Ethics and Transformation Committee. Various safety, health, environmental and community aspects are covered by the above committee with inputs from the Venture as set out in this report.
Strategy and performance	
Principle 4 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 recognises that all these elements are inseparable, and Merafe follows the Six Capitals approach as described in this report. This integrated approach is taken by the Board at its meetings, strategy sessions and committee meetings. All budgets and strategic plans (medium- and longer-term) are approved by the Board. Risks and opportunities are covered in strategy sessions and meetings of the Audit and Risk Committee and the Board in an integrated manner.
Reporting	
Principle 5 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments regarding the organisation's performance, and its short-, medium- and long-term prospects.	The Board is responsible for the integrity of the information contained in this report and other reports, including the annual financial statements and interim and year-end results presentations. It is assisted in this regard by the Board committees which review and recommend their respective reports to the Board in accordance with their terms of reference. Reports are provided in printed and online form . The approved reporting framework is set out on the inside front cover  of this report. Matters material to Merafe are reflected in this report on pages 8 and 9 . Please further see page 50  for Merafe's approach to the reporting of material matters and quantitative data set out in the report.
Primary role and responsibilities of the Board	
Principle 6 The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board is the focal point and custodian of corporate governance in the Company. Various key policies supporting the Company's strategy are in place. The Board has an annual strategy session and performance is measured against agreed targets. The Board oversees the implementation and execution of the strategy by management. The Board has a Board Charter, a copy of which is on our website www.meraferesources.co.za , and which is reviewed annually against best practices. The Board is satisfied that in respect of the 2023 financial year, it has discharged its duties as set out in the Board Charter.
Composition of the Board	
Principle 7 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.	Assisted by the Remuneration and Nomination Committee, the Board reviews its knowledge, skills, experience, diversity and independence annually, or as circumstances change as set out on page 49 . The Company has a diversity policy and has set targets in this regard. This policy has been updated to comply with the JSE Listings Requirements, where further diversity criteria, namely race, culture, age, field of knowledge, skills and experience, have been prescribed. The composition of the Board in terms of race and gender is set out on page 40 . The Board comprises a majority of non-executive members, most of whom are independent. The King IV recommendations for director independence, Board composition, chair, induction and training, managing conflicts and nomination and appointments of directors are met. The Chairperson of the Remuneration Committee is the lead independent director of the Company.
Committees of the Board	
Principle 8 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.	Merafe has three standing Board committees (as described in this report on pages 47 and 48 , to which specific duties and responsibilities have been delegated. They operate under written terms of reference which are reviewed annually and are on our website www.meraferesources.co.za . The composition of the Board and committees are in line with King IV, the Companies Act and the JSE Listings Requirements, as applicable.

TRANSPARENCY AND ACCOUNTABILITY

Our approach to governance CONTINUED

Board performance evaluation	
Principle 9 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 performance and effectiveness of the Board and its committees are reviewed at least every two years in line with King IV. This process comprises a self-evaluation questionnaire and is co-ordinated and reported on by the Company Secretary. Areas for improvement are documented and actioned. Performance reviews of individual directors and the Board Chairperson are done every two years. During the first quarter of 2024, an effectiveness evaluation of the committees and the Board had commenced.
Appointment and delegation to management	
Principle 10 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 Board Charter sets out matters reserved for the Board and is reviewed annually. In addition, there is a Corporate Approvals Framework (approved by the Board and reviewed annually) which sets out matters delegated to management and those reserved for the Board. The Board appoints the CEO and the incumbent is accountable to the Board for leading the implementation of strategy, policy and running the day-to-day business of the Company. The King IV recommendations for the CEO in respect of appointment, roles and responsibilities, succession and performance evaluation are complied with. With regards to the Company Secretary, we refer you to our reporting in accordance with 3.84(h) of the JSE Listings Requirements on page 49 of this report.
Risk governance	
Principle 11 The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.	The Board governs and is responsible for risk. It is assisted by the Audit and Risk Committee, which evaluates risk and guides the Board. Merafe has a Risk Management Policy and Framework, a detailed Risk Register and also a Tax Risk Register. Risk matters are a standard agenda item at every Audit and Risk Committee. In this regard we refer you to pages 8 and 9 (Material issues) and page 59 (Approach to Risk management) of this report. Opportunities flowing from risk assessments form part of the overall approach to risk governance. Emerging risk trends are identified and monitored regularly.
Technology and information governance	
Principle 12 The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	IT governance is a standard agenda item at meetings of the Audit and Risk Committee. Merafe has a very small head office but is reliant on technology. Various IT-related policies are in place and due to the small head office, integration of IT and business occurs. Merafe (as opposed to the Venture) has limited investment in technology but is aware of its importance and also the need to protect information. Merafe regularly assesses the vulnerability of its IT environment through expert third parties. All shortcomings arising from these reviews are addressed.
Compliance governance	
Principle 13 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 governs compliance, which is monitored by a combination of management controls, compliance via the Venture, external audit, sponsors and the Company Secretary. There is no dedicated in-house compliance function nor is one required, given Merafe's size and structure. Merafe relies on processes within the Venture. Compliance is a standard agenda item for the Audit and Risk Committee, which reports to the Board. During the year, the Board and the relevant committees took note of the Companies Amendment Bill and also considered the draft changes to the JSE Listings Requirements.
Remuneration governance	
Principle 14 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.	The Board takes responsibility for remuneration governance. It is assisted by the Remuneration and Nomination Committee, which oversees that the organisation remunerates fairly, responsibly and transparently so as to promote the delivery of strategic objectives and the creation of value in a sustainable manner. It makes recommendations to the Board in this regard. The Remuneration Report is set out on pages 51 to 58 of this report.
Assurance	
Principle 15 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.	Merafe follows a combined assurance model, with assurance being provided by management, Merafe's external auditors, the Venture's internal audit function and the external auditors. Oversight on assurance is provided by the Audit and Risk Committee which reports to the Board. For more information, please see page 47 of this report. During the year, Ligwa Advisory Services (LIGWA) continued to act as Merafe's independent internal auditors, reporting functionally to the Audit and Risk Committee. Merafe also receives a statement from an Independent Competent Person on the Mineral Resources and Mineral Reserves as well as other assurance as set out on page 60 of this report.
Stakeholders	
Principle 16 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.	The Board has identified its key stakeholders and material issues and risks that could impact the stakeholders of Merafe and the Venture, as set out on pages 4, 8 and 9 of this report. The methods of engaging with stakeholders and issues arising from these engagements are set out in a table referred to in the 2023 Integrated Report. There is ongoing engagement with shareholders via various mechanisms, including interim and year-end reports, the Integrated Annual Report, presentations, quarterly reports, shareholder meetings and the annual general meeting. A stakeholder framework is in place.

The company complies with King IV principles, save as otherwise noted and explained in this Integrated Annual Report. We recognise that King IV is a journey and the Board will continue to spend time in 2024 analysing our practices to support the various principles and outcomes in terms of King IV as well as assessing and implementing the recommendations of the JSE guidance papers on sustainability and climate change.

TRANSPARENCY AND ACCOUNTABILITY

Our approach to governance CONTINUED

The structure and roles and responsibilities of the Merafe Board and committees

Board and Board committees	Roles and responsibilities	Members/invitees	Member and attendance
			Board meetings 2023
Merafe Board	The Chairperson is responsible for ensuring that: ▶ the Board provides effective leadership; ▶ the Board maintains ethical standards; ▶ Merafe develops and implements strategies aimed at achieving its sustainability; and ▶ the Board and its committees are effective. The Board is responsible for: ▶ governance of the Merafe Group on behalf of its shareholders and stakeholders; ▶ its own governance; ▶ strategy, strategic decision-making and risk tolerance; ▶ assessment of performance; ▶ engagement with stakeholders; ▶ Merafe's approach to its social responsibility, safety, health, the environment, ethics and risk; and ▶ IT governance. Key issues in 2023 included: Safety, Merafe strategy, stakeholder engagement, Merafe sustainability, the Venture performance and sustainability, IT governance and risk management, approval of annual financial statements and Integrated Annual Report, approval of interim results and considering the payment of dividends, impairment considerations, review of Board committee composition, composition review and approval of various charters, policies and mandates and committees' terms of reference, King IV analysis, review of effectiveness of internal controls, review of compliance and consideration of investment and diversification opportunities and conducting new transactions, attending and finalising transactions involving PGMs, considering changes to the JSE Listings Requirements and the Companies Amendment Bill.	Abiel Mngomezulu (c) Matsotso Vuso Katlego Tlale David McGluwa Nonhlanhla Mabusela-Aikhuere Daniel Green Jeff McLaughlan Zanele Matlala (CEO) Ditabe Chocho (FD)	4/4 3/4 4/4 4/4 4/4 4/4 4/4 4/4 4/4
			Committee meetings 2023
Audit and Risk Committee	All members of this committee are independent non-executive directors (as required by the Companies Act). The committee: ▶ monitors the adequacy of financial controls and reporting; reviews the audit plans of the external auditors and adherence to these plans; considers and determines the principles for approving the use of the external auditors for non-audit services; ensures that financial reporting complies with IFRS, the Companies Act and tax legislation; reviews and makes recommendations on all financial matters; ▶ oversees Merafe's integrated reporting as well as the assurance function; and ▶ assists the Board in identifying all material risk and sustainability issues to which the Company is exposed. It ensures that the requisite risk management culture, policies, practices, systems and resources are in place and are functioning effectively. Key issues in 2023 included: Review work of external auditors, assess independence of external auditors, review risk register, monitor compliance with statutory requirements, assess adequacy of internal controls and compliance, monitor and consider all tax returns and matters related to SARS, risk management workshop, oversee forex and interest rate hedging policies, IT governance implementation, assess formal tax strategy and policy document, reviewed and approved Integrated Annual Report and assurance process, recommend annual financial statements and reviewed interim results and impairment considerations, recommended Integrated Annual Report for approval by Board, assessment of Financial Director, review terms of reference, review internal audit function, King IV analysis and compliance as well as the attestation by the CEO/FD in the annual financial statements, review of JSE's pro-active financial statement monitoring report, assessing JSE guidance papers on sustainability and climate change reporting, assessing changes to the JSE Listings Requirements, noting the Companies Amendment Bill and overseeing internal auditors. The committee also reviewed and assessed relevant legislation applicable to Merafe, the Venture and the Committee and assessed the Company's compliance with King IV.	Matsotso Vuso (c) Katlego Tlale Nonhlanhla Mabusela-Aikhuere Abiel Mngomezulu* Zanele Matlala (CEO)* Ditabe Chocho (FD)* <i>* Invitees</i>	3/4 4/4 4/4 4/4 4/4 4/4

TRANSPARENCY AND ACCOUNTABILITY

Our approach to governance CONTINUED

Board and Board committees	Roles and responsibilities	Members/invitees	Member and attendance
			Committee meetings 2023
Remuneration and Nomination Committee	The committee: ▶ makes recommendations to the Board for its consideration and final approval regarding remuneration strategy and policy; ▶ assists the Board in ensuring that directors and executives are remunerated fairly and responsibly; ▶ ensures the disclosure of directors and other executive remuneration is accurate, complete and transparent; ▶ assists the Board with ensuring that remuneration policies are adopted to promote the achievement of strategic business objectives and encourage individual performance, and with monitoring remuneration policies; ▶ makes recommendations on non-executive directors' fees; and ▶ develops policy around the appointment of directors, investigates potential Board members for necessary skills and competence and makes appropriate recommendations to the Board. Key issues in 2023 included: Composition of all committees, attending benchmarking exercise of directors' executive remuneration, recommended approval of remuneration policy to Board, approved CEOs (individual) and business performance KPIs, evaluated Executive Committee's individual and business performance against objectives, reviewed executive contracts, reviewed remuneration policy and approval of the Board diversity policy, and noting the Companies Amendment Bill.	Abiel Mngomezulu¹ Jeff McLaughlan² Daniel Green Zanele Matlala (CEO)* Ditabe Chocho (FD)* * Invitees ¹ Chair Nomination Committee ² Chair Remuneration Committee	3/3 3/3 3/3 3/3 3/3
Social, Ethics and Transformation Committee	The roles and responsibilities of the Social, Ethics and Transformation Committee are set out in the Social, Ethics and Transformation Committee report on page 50 📄. Key issues in 2023 included: The key issues are set out in the Social, Ethics and Transformation Committee report on page 50 📄.	Nonhlanhla Mabusela-Aikhuere (c) Abiel Mngomezulu David McGluwa Zanele Matlala (CEO) Ditabe Chocho (FD)	3/3 3/3 2/3 3/3 3/3

The structure and roles and responsibilities of the Venture's Joint Board

Management structure	Roles and responsibilities	Members
Executive Committee of the Venture	The Executive Committee consists of the heads of all the Venture's divisions and the Managing Director of the Venture. The committee meets at least once a month, recommends policies and strategies and is responsible for the implementation of strategy and carrying out the Board's mandates and directives. It deals with all executive management business and is responsible for all material matters that are not the responsibility of the Board. It also assists with the execution of Merafe's compliance and disclosure obligations.	Merafe is represented by Zanele Matlala and Ditabe Chocho.
The Joint Board of the Venture	The Joint Board meets quarterly with the aim of ensuring proper governance of the activities of the Venture. Members of Merafe's management team also attend and participate in the Venture's monthly Executive Committee and sustainable development meetings and quarterly Audit Committee and Treasury meetings.	The Joint Board consists of two representatives from Glencore and two representatives from Merafe (Zanele Matlala and Ditabe Chocho). Currently, Glencore appoints the Chairperson of the Joint Board.

See our website www.meraferesources.co.za for our Board Charter, Code of Ethics and the Board diversity policy. See the annual financial statements, which form part of our online Integrated Annual Report for 2023 [📄](#) for the Audit and Risk Committee's report as well as page 47 [📄](#) of this report. For a more detailed overview of the responsibilities of the Board and the committees, see the terms of reference of the Board and committees on our website, which form part of our online Integrated Annual Report for 2023 [📄](#).

TRANSPARENCY AND ACCOUNTABILITY

Our approach to governance CONTINUED

Reporting in terms of paragraph 3.84 of the JSE Listings Requirements on Board governance processes

Requirement	Principle	Merafe's approach and compliance
3.84(a)	There must be a policy evidencing a clear balance of power and authority at Board level to ensure that no one director has unfettered powers.	Our Board Charter clearly demonstrates that there is a clear balance of power and authority at Board level and that no one director has unfettered powers. We refer you to pages 41 and 42  of this report.
3.84(b)	Issuers must have a CEO and a Chairperson and these positions must not be held by the same person. The Chairperson must either be an independent director or the issuer must appoint a lead independent director as defined in King IV.	The CEO and Chairperson positions in Merafe are held by different people and Merafe's Chairperson is an independent non-executive director as defined in King IV. We refer you to pages 42 and 43  of this report. Mr Mngomezulu is the Chairperson. In accordance with King IV, the Board conducted an in-depth review of both his performance and independence and concluded that his independence was not affected or impaired by his length of service. Mr Mngomezulu is due to retire at the 2024 annual general meeting and has not offered himself for re-election, having served on the Board since September 2010.
3.84(c)	All issuers must in accordance with King IV appoint an (i) Audit Committee, (ii) a committee responsible for remuneration, and (iii) a Social and Ethics Committee. The composition of such committees must comply with the Companies Act and should be considered in accordance with King IV and each committee must consist of three members. The composition of such committees, a brief description of their mandates, the number of meetings held and any other relevant information must be disclosed in the annual report.	Merafe has combined its Audit and Risk Committee. Its membership is set out on page 47  of this report. The committee currently has three members, all of whom are independent non-executive directors, as required by the Companies Act and set out in King IV. The Chairperson of the Board, Chief Executive Officer and Financial Director are invited to attend committee meetings. As previously indicated, Merafe has appointed a combined Remuneration and Nomination Committee. The committee has three members, two of whom are independent non-executive directors. The Chairperson of the Board is a member of the Remuneration Committee and is Chairperson of the Nomination Committee. Merafe has a Social, Ethics and Transformation Committee. It comprises five members, with the majority being non-executive directors. The composition of the committees, the mandates, activities and number of meetings held are set out on pages 47 to 48  of this report. Our Chief Executive Officer and Financial Director continued to serve as permanent invitees to the Audit and Risk Committee.
3.84(d)	A brief <i>curriculum vitae</i> of each director standing for election or re-election must accompany the relevant notice of meeting.	Brief <i>curricula vitae</i> of our directors can be found on pages 41 and 42  of this report.
3.84(e)	Capacity of directors in relation to executive, non-executive and independent must be categorised and disclosed in the relevant documentation.	The <i>curricula vitae</i> mentioned at 3.84(d) also contain information as to whether a director is independent, non-executive or executive. The composition of the Merafe committees is in accordance with the requirements of the JSE Listings Requirements, the Companies Act and King IV.
3.84(f)	Issuers must have a full-time executive financial director.	Merafe has a full-time Financial Director who does not hold any other position nor does he have any other commitments that could be considered as full or part-time employment.
3.84(g)	The provisions deal with the duties of the Audit Committee which include (i) considering, on an annual basis, and satisfying itself on the appropriateness of the expertise and experience of the financial director; (ii) ensuring that the issuer has appropriate financial reporting procedures which are operating, which includes consideration of all entities included in the group IFRS financial statements and ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on its financial statements; (iii) considering the information detailed in paragraph 3.84(g)(iii) and provided by the audit firm and individual auditor in their assessment of the suitability of the appointment or reappointment of the auditor; and (iv) ensuring that the appointment of the auditor is presented and included as a resolution at the annual general meeting of the issuer pursuant to section 61(8) of the Companies Act.	Our Audit and Risk Committee annually considers and satisfies itself of the appropriateness of the expertise and experience of the Financial Director, and has reported in its Audit and Risk Committee report that it is satisfied with the appropriateness of the expertise and experience of the Financial Director. The Audit and Risk Committee, as contemplated in paragraphs 3.84(g)(ii) to (iv), also ensured that Merafe has established appropriate financial reporting procedures and that those procedures are operating, which included consideration of all entities included in the consolidated group IFRS financial statements; ensured that it has access to all the financial information of Merafe to allow Merafe to effectively prepare and report on the financial statements of Merafe; requested from the audit firm (and if necessary consults with the audit firm on) the information detailed in paragraph 3.84(g)(iii) read with paragraphs 3.86 to 3.87 in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every reappointment and notwithstanding the provisions of section 90(6) of the Companies Act; ensured that the appointment of the auditor is presented and included as a resolution at the annual general meeting of Merafe pursuant to section 61(8) of the Companies Act.
3.84(h)	The provision deals with the competence, qualifications and experience of the Company Secretary and the Board responsibility in relation thereto.	The Remuneration and Nomination Committee as well as the Board assessed the competence, qualifications and experience of the Company Secretary (CorpStat Governance Services, represented by William Somerville) against various criteria and a rating scale, and they have agreed that the firm is sufficiently qualified, competent and experienced to hold the position of Company Secretary. The Board made their assessment in a closed Board meeting with the Company Secretary being recused from the meeting.

TRANSPARENCY AND ACCOUNTABILITY

Our approach to governance CONTINUED

Requirement	Principle	Merafe's approach and compliance
3.84(i)	The provision deals with a broader diversity policy.	Merafe's diversity policy prescribes that at least 30% of the Board shall be female. At 31 December 2023, three of the nine directors were female (33%). Merafe's diversity policy prescribes targets for the racial composition of the Company, namely that the majority of the Board should be black. Seven of the nine directors are black (78%). Please see pages 41 and 42  depicting the Merafe board of directors and which covers the broader diversity information as contemplated by the JSE Listings Requirements. Merafe has a Board diversity policy which includes additional diversity criteria, namely culture, age, field of knowledge, skills and experience (in addition to gender and race). The Remuneration and Nomination Committee undertakes, when nominating and recommending directors to the Board, to take into account the principles and aims of the diversity policy of the Company.
3.84(j)	The provision deals with the remuneration policy and implementation report.	The remuneration policy and implementation report are set out on pages 51 to 58  of this report.
3.84(k)	The provision deals with the Chief Executive Officer and Financial Director's responsibility statements in respect of the annual financial statements.	See Chief Executive and Financial Director's responsibility statement on page 3  of the annual financial statements and on page 63  of this report.

Compliance with Companies Act and memorandum of incorporation

Merafe is in compliance with the provisions of the Companies Act, No. 71 of 2008, or relevant laws of establishment, specifically relating to its incorporation and is operating in conformity with its memorandum of incorporation.

Social, Ethics and Transformation Committee Report

The Social, Ethics and Transformation Committee (the Committee) was established by the board of directors on 21 February 2012, in accordance with the requirements of the Companies Act, No. 71 of 2008 (the Act), section 72(4) and Regulation 43(2).

The Committee has an independent role. Its members include three non-executive directors, two of whom are independent and two executive directors.

The Committee assists the Board in monitoring the Group's activities in terms of legislation, regulation and codes of best practice relating to:

- ▶ ethics;
- ▶ stakeholder engagement, including employees, customers, communities and the environment; and
- ▶ strategic empowerment and compliance with transformation codes and is responsible for:
 - monitoring the Company's activities relating to social and economic development, good corporate citizenship, the environment and health and public safety;
 - ensuring appropriate short- and long-term targets are set by management;
 - monitoring progress on strategic empowerment and performance against targets;
 - monitoring changes in the application and interpretation of empowerment charters and codes; and
 - monitoring functions required in terms of the Act and its regulations.

To meet its responsibilities, the Committee receives reports on the progress that both Merafe and the Venture have made in terms of the issues covered by its terms of reference. A senior representative of the Venture attends specific committee meetings where the focus is on the Venture.

In addition to the above, the Committee:

- ▶ reviewed the Company's Code of Ethics, the Board Charter, the Committee's terms of reference, and CSI policy;
- ▶ assessed Merafe's and the Venture's transformation performance with specific reference to the Mining Charter and the B-BBEE Codes of Good Practice;
- ▶ noted the Companies Amendment Bill;
- ▶ continually assessed Merafe's corporate social investment; in this regard, the Committee continued to oversee and support the projects as set out on page 38  of this report; and
- ▶ assessed the Venture's corporate social investments which Merafe contributes to as set out on pages 38 and 39  of this report.

The focus of the Committee in 2024 will continue to be in the fields of education and health in schools identified in areas within the vicinity of our operations. The Committee will also focus on King IV compliance aiming at continual improvement, as well as the JSE guidance papers on sustainability and climate change reporting, Merafe's transformation performance with reference to the Mining Charter and the B-BBEE Codes of Good Practice will also be assessed.

The members of the Committee believe that Merafe is substantively addressing the issues it is required to monitor in terms of the Act and that it has discharged its responsibilities as set out in its terms of reference.

MS MABUSELA-AIKHUERE

Chairperson | 15 March 2024

See our website www.meraferesources.co.za for our Board Charter, Code of Ethics and the Board diversity policy. See the annual financial statements, which form part of our online Integrated Annual Report for 2023  for the Audit and Risk Committee's report as well as page 47  of this report. For a more detailed overview of the responsibilities of the Board and the committees, see the terms of reference of the Board and committees on our website, which form part of our online Integrated Annual Report for 2023 .

TRANSPARENCY AND ACCOUNTABILITY

Remuneration report

This Remuneration Report is in accordance with King IV. A glossary of terms used in this report is contained in our online Integrated Annual Report of 2023  which is on our website. If unable to access the online report please note the following key references used: "Policy" means the remuneration policy of the Company; the "Company" or "Merafe" means Merafe Resources Limited and its subsidiaries; the "Committee" means the Remuneration and Nomination Committee of the Company; the "Board" means the board of directors of the Company; "executive directors" and "non-executive directors" means executive and/or non-executive directors of the Company; the "CEO" means the Chief Executive Officer of the Company; and "FD" means the Financial Director of the Company.

Statement of voting at annual general meeting

The annual general meeting of the Company for the financial year ended 31 December 2022 was held on 17 May 2023 and the requisite ordinary resolutions of a non-binding advisory nature endorsing the Policy and the remuneration implementation report were passed by the requisite majority of shareholders, as a result no engagement with dissenting shareholders was required. The Policy resolution (Ordinary Resolution 6.1) was passed by a 98.41% majority, with 76.40% of the Company's shares being voted. The implementation report resolution (Ordinary Resolution 6.2) was passed by a 98.41% majority, with 76.40% of the Company's shares being voted. The special resolutions to approve the non-executive remuneration was passed by the required majority (all above 99% and includes remuneration for the Board Committees).

The Company continues to engage on the Remuneration Report and the Policy with its stakeholders.

Background statement

Remuneration philosophy, strategy and policy

Remuneration philosophy

The Company's guiding philosophy is to employ high-calibre, high-performing employees who subscribe to the values and culture of our Company. We recognise that our employees are integral to the achievement of our corporate objectives and they are accordingly remunerated for their contribution and the value they deliver.

Our Company is committed to fair, responsible and transparent remuneration across the business in respect of all employees on all levels. Both the fixed and variable elements of remuneration aim to support Company performance and value creation in the short-, medium- and long-term, as well as to support the achievement of strategic objectives within the Company's risk appetite.

This Policy is applicable to all employees of the Company.

Our remuneration strategy and policy are reviewed at least annually by the Committee to ensure that they are appropriate and relevant in the support of sustainable business performance and in promoting an ethical culture and responsible corporate citizenship.

Remuneration strategy

Our remuneration strategy is designed to be aligned with our business strategy and the execution thereof to promote positive outcomes. Since we strive to attract, retain, motivate and reward employees for executing our business strategy, their remuneration must clearly be market-related and independent third parties are used by the Committee for the purpose of benchmarking to the appropriate segment. The general principle of our remuneration strategy is to structure executive and employee remuneration to include:

- ▶ a guaranteed annual package and benefits;
- ▶ an annual variable performance incentive; and
- ▶ ownership of shares through the long-term incentive scheme, which is based on performance with the aim of creating a strong alignment to shareholder goals.

The remuneration strategy and policy are communicated to all employees during the year, together with our expectations around their contribution to the success of our organisation.

Remuneration policy

The key principles of the policy are that:

- ▶ the policies are governed by the Committee which are reviewed at least annually to ensure that they are relevant and support Company strategy;
- ▶ guaranteed remuneration is targeted at the median to 25th percentile of the relevant market against which pay is benchmarked, in order to attract and retain high-calibre and high-performing employees;
- ▶ it is Company policy that all employees are members of medical and retirement funds and have Group life and disability cover;
- ▶ annual salary adjustments are governed by factors such as the consumer price index (CPI), retention strategies, the producer price index (PPI), industry performance, projected growth, contractual arrangements, affordability, and industry average increase surveys, which will be taken into consideration in setting the recommended increase. The Committee will approve or set the overall increase percentage that will be applied on a Company-wide basis. Salary adjustments are at the discretion of the Board;
- ▶ variable pay is an important component of remuneration at Merafe and both annual and long-term performance-based schemes which support our business strategy are in place;
- ▶ the short-term incentive scheme performance measures are assessed by the Committee and these measures are determined by taking into account corporate, individual, financial and non-financial criteria. The measures are applicable to the time period to which the scheme relates;
- ▶ the long-term incentive scheme measures are based on total shareholder return and growth in headline earnings per share;
- ▶ executive remuneration is aligned to shareholder value creation through the long-term incentive scheme;
- ▶ where necessary, both short-term and long-term incentive schemes are benchmarked against the appropriate comparator group by the Committee; and
- ▶ the over-riding principle governing payments for non-executive directors is that they will be made in the context of good governance and aligned to the relevant market.

Remuneration and Nomination Committee

Responsibility for the reward strategy rests with the Board who in turn appoint the Committee. The Committee comprises at least three members, the majority of whom are independent non-executive directors and is governed by formal terms of reference.

The terms of reference clearly deal with, *inter alia*, matters such as:

- ▶ composition of the Committee;
- ▶ roles and responsibilities of the Committee;
- ▶ delegated authority;
- ▶ tenure and rotation of the Committee members;
- ▶ reporting requirements and compliance;
- ▶ access to information and resources;
- ▶ meeting procedures to be followed; and
- ▶ arrangements for the evaluation of the Committee's performance.

The primary role of the Committee is to ensure that the Company's directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance. The Committee also aims to ensure that remuneration is appropriate to attract, retain and motivate the right calibre of directors and senior executives who will strive to achieve the overall goals of the Company. The Committee must demonstrate to all stakeholders that the remuneration of senior executives is set by a committee of Board members who:

- ▶ have no personal interest in the outcome of their decisions;
- ▶ give due regard to the interest of the shareholders and the financial and commercial health of the Company;
- ▶ take cognisance of market-related remuneration, incentive bonuses and share incentive schemes as well as market trends; and
- ▶ play an active role in succession planning activities, notably for the CEO and executive management.

See our online Integrated Annual Report for 2023 , under Remuneration Report for our remuneration policy which is also attached as Appendix 2 to this report.

TRANSPARENCY AND ACCOUNTABILITY

Remuneration report CONTINUED

The Committee is responsible for making recommendations to the Board on the remuneration policy for directors and, to the extent that it deems necessary, makes comparisons between remuneration packages currently available to the Company's own executive directors and those available to directors of other companies of a similar size in the comparable industry. Comparisons are also made with other companies in South Africa and, if relevant, internationally.

The Committee also takes into account a number of principles, being, *inter alia*:

- ▶ industry standards and comparisons with businesses in the same industry;
- ▶ expertise and qualifications of individuals;
- ▶ the risks associated with companies in the mining sector;
- ▶ the importance of the individual to the Company and his/her contribution;
- ▶ retention measures and motivation for the executive not to leave the Company;
- ▶ restraint of trade provisions; and
- ▶ nature of the position (role expectations, workload, etc.).

Remuneration policy

Statement of fair, responsible and transparent remuneration

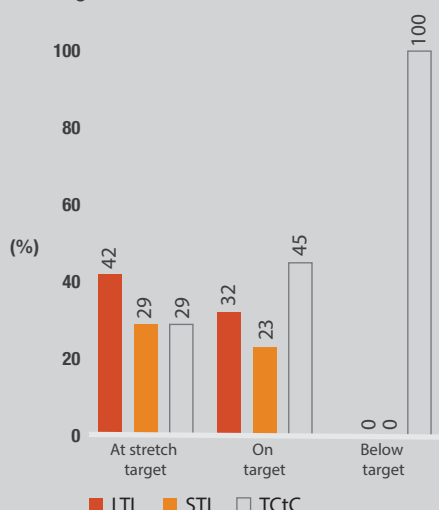
The Board approves a policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration.

The Policy for the remuneration of executive directors and other senior management is set by taking appropriate account of remuneration and employment conditions of the industry, the Venture and the Company's specific circumstances.

Key principles

The Policy is governed by the Committee which regularly reviews the Policy to ensure that it is relevant and supports the Company strategy. To this end, see key principles under remuneration policy on page 51 of this report.

Target reward mix for Chief Executive Officer



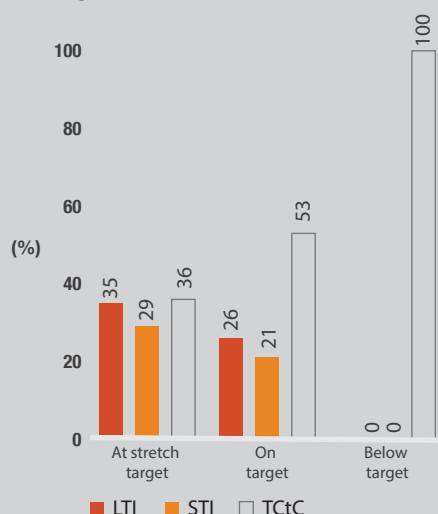
Executive pay mix

Executive pay mix is defined as the balance targeted between the major components of executive remuneration, namely:

- ▶ Guaranteed pay – based on Total Guaranteed Cost of Employment (TCtC);
- ▶ Variable pay for performance which consists of the following:
 - Short-term incentives (STI) in the form of annual cash incentives; and
 - The expected value from long-term incentives (LTI).

Note: Expected value is defined as the present value of the future reward outcome of an offer, given the targeted future performance of the Company and of its share price. It should not be confused with the term "fair value" which is used when establishing the accounting cost for reflection in a Company's financial statements. Neither should it be confused with the term "face value" which is used to define the current value of the underlying share at the time of an offer.

Target reward mix for Financial Director



The Company's targeted pay mix aims to align the incentives of employees with the interests of shareholders. It is recognised that, through acquisitions and business combinations over time, there will always be some deviation from the targeted pay mix structure across the Company. However, the balance between TCtC, STI and LTI for executive directors is shown for illustrative purposes in the schematic above, at various performance levels.

Guaranteed pay

Merafe aims to establish and maintain an integrated pay line with pay levels that ensure that it is able to remain competitive, while managing costs.

Executive remuneration in respect of guaranteed pay is expressed in terms of TCtC.

An employee's TCtC consists of the following elements:

- ▶ basic salary;
- ▶ car and other cash allowances and/or perquisites;
- ▶ employer contributions to the medical aid;
- ▶ employer contributions to the retirement fund; and
- ▶ employer contributions to risk benefits.

Salaries are reviewed annually and are targeted at the median to 25th percentile of the relevant market. The Company conducts benchmarking exercises at least every second year against the top management reward surveys conducted by the large consultancies. The benchmark used is the median to 25th percentile of the total guaranteed cost of employment for similar positions in similarly-sized listed companies.

The Committee has regard principally to companies in the South African market, which are of similar size, complexity and scope to the Company. The Committee also takes into account business performance, salary practices prevailing for other employees in the Company and, when setting individual salaries, the individual's performance and experience in the role.

Although salaries are reviewed annually, the Board reserves the right not to grant increases should circumstances so dictate. In addition, benefits offered are also reviewed on an annual basis to ensure that employees' needs are addressed fairly, and that schemes are cost effective, well governed and competitive.

TRANSPARENCY AND ACCOUNTABILITY

Remuneration report CONTINUED

Short-term incentives

Merafe's annual incentives are aimed at rewarding a combination of both business and individual performance in order to support a Company-wide performance culture. The incentive pool is determined as a percentage of net profit after tax and the scheme is therefore self-funding. Financial and non-financial criteria as well as individual performance determine the distribution of the pool to individuals.

Incentive awards are at the discretion of the Board after due consideration of Company and individual performance.

The Committee follows a less mechanistic approach in determining the bonus awards in order to reward outstanding performance more appropriately and to ensure that undue windfalls are mediated.

As indicated above, the incentive scheme performance measures are assessed by the Committee and these measures are determined by taking into account the Company's financial and non-financial criteria as well as individual performance.

All STI awards are based on performance against, *inter alia*, the following measures:

- ▶ Company measures: These include but are not limited to profitability, growth of business, cost management, sustainability and safety.
- ▶ Individual measures: For the CEO and FD, these are over and above the Company measures and include but are not limited to stakeholder engagement, talent management, leadership and reporting.

Targets are set by the Board on an annual basis as determined by Company strategy, business plan and operating conditions. Targets are set to ensure that performance is measured appropriately in accordance with a five-point rating scale. In addition, the Board will apply appropriate weights to measures in order to focus behaviour and performance, related to the strategic focus for the performance period.

Although measures and targets are determined at the start of the performance period, the Board may revise these measures and targets should prevailing business conditions indicate this to be necessary or in response to any other changes in the operating environment. All such changes, which represent the discretionary aspect of the policy, will be disclosed on an annual basis.

As indicated above, individual performance is primarily assessed from a predetermined criteria of key performance areas or value drivers.

The selection of these is informed by the Company's business plan. These metrics are assessed against a five-point scale as follows:

Rating	Description	Definition
1	Poor	Indicates poor performance. All or most threshold targets not met.
2	Needs improvement	Performance against target is fair, however, performance against key measures is below threshold or target.
3	Satisfactory	Performance on target in respect of most or all measures.
4	Good	Performance exceeds target on most or all measures. Has reached stretched target on a number of key measures.
5	Outstanding/excellent	Significant outperformance. All stretched targets met or exceeded.

The total STI pool available is capped at 3% of net profit after tax. No incentives are payable where the net profit after tax in any financial year is less than R139 million. These parameters are reviewed by the Board on an annual basis for relevance and appropriateness.

In addition, the percentage for STI is capped for the various categories of employees as set out below:

Position	Maximum % of TCtC
Chief Executive Officer	100
Financial Director	80
Senior management	60
Management	50
Administrative staff	30

The total pool for incentives that become available for distribution will not be exceeded at any time.

STI potential is benchmarked between the median and 75th percentile of the relevant market, which is deemed appropriate when considered along with the guaranteed pay benchmarked at between the median and 25th percentile of the market.

The final incentive calculation is undertaken by aggregating the incentive claims of all participants and comparing this to the pool derived from Company performance.

Long-term incentives

Background

The purpose of the share incentive scheme is to serve as an incentive and reward to employees of the Company and its subsidiaries for services rendered and to be rendered, aimed at promoting the continued growth of the Company by giving employees an opportunity to acquire shares in the Company and serve as a retention mechanism for employees whose services are regarded by the Company to be crucial to the future growth and sustainability of the Company's business.

The share incentive scheme further seeks to align employee interests with those of shareholders and to support a culture of ownership, with a focus on Company performance and sustainable growth.

Long-term incentives, in the form of a share incentive scheme, have been in existence in the Company since 1999. The current share scheme was approved by the Company shareholders on 13 April 2010, under which both share options and share grants may be issued.

Eligibility and participation

All employees of the Company are eligible for share allocations in respect of the share incentive scheme rules, subject to Board approval and the prevailing implementation policy.

Shares to be allocated

Under the rules of the share incentive plan, the following shares may be offered:

- ▶ Share options which will be granted at the offer price.
- ▶ Share grants being full value shares.

Vesting rules and settlement

Generally, share options vest one-third per year on the third, fourth and fifth anniversaries and are settled by physical delivery of shares against receipt of payment of the option price. The options lapse after seven years if not exercised, while employed within the Group.

Share grants are granted by the Board on the recommendation of the Committee. They vest one-third per year on the third, fourth and fifth anniversaries and are settled by physical delivery of shares. Alternatively, the Company has the right to settle in cash the value of shares granted.

Equity settlement will take the form of repurchasing of shares on the open market for the benefit of the employee whose shares have vested. The Company reserves the right to issue new shares for purposes of settlement.

TRANSPARENCY AND ACCOUNTABILITY

Remuneration report CONTINUED

Participation and termination rules

In the event of an employee leaving the Group for a reason approved by the directors, such as retirement or disability (no fault terminations), all performance shares granted will vest, subject to the application of performance conditions. No pro-rating of shares will apply. All approved terminations will be disclosed on an annual basis.

In the event of the death of an employee, all performance shares allocated will vest with no performance conditions or pro-rating applied.

In the event of either a no-fault termination or an employee's death, the employee or his/her estate has 12 and 24 months respectively to exercise share options granted to that employee. In the event of retirement at the earliest date allowed by the retirement fund, the employee will have one year to exercise their share options allocated.

In the event of voluntary termination (i.e. resignation) or a fault termination (i.e. those who leave as a result of resignation, dismissal or poor performance), any right to any shares and all allocations will lapse immediately upon termination. No further claims may be laid to such lapsed shares, whether full value or shares options.

In the event of a change in contract of employment, e.g. lateral moves or promotions, the participant will remain entitled to previous share allocations, subject to vesting periods, vesting schedules and prevailing performance conditions and criteria as set out during the initial share allocation.

In the event of a reconstruction or takeover, share allocations will vest on a *pro-rata* basis subject to the Committee evaluating the applicable performance conditions and determining the number of shares per participant.

Performance vs retention shares

In 2018, the Committee revised the allocation policy for more share grants to be subject to performance conditions as opposed to retention shares as illustrated below:

Revised LTI allocation policy

	Targeted offer value % of TCtC	Balance performance/ retention
Chief Executive Officer	60	100/0
Financial Director	45	100/0
Senior management	40	100/0
Management	35	100/0
Administration	25	100/0

Since 2018, all share allocations are performance-based. In order to balance back to the reward mix and expected outcomes, the targeted value of the share allocation as a percentage of TCtC was increased as per the table above.

Performance conditions

The performance conditions for all existing performance-oriented share grants will remain in place, but future grants will be governed by two metrics:

- (1) comparison of Merafe's Total Shareholder Return (TSR) over a three-year period with that of a selection of JSE-listed, small cap mining and resources companies; and
- (2) growth in headline earnings per share (CPI + a specified percentage as determined by the Board) over a three-year period. The two measures will weigh 50/50 or as determined by the Board from time to time. Measures will be applied per performance share allocation and will remain in force for the duration of the performance period. Performance measures and targets are approved for and applicable to a specific performance period. No retesting of performance conditions is allowed.

The Committee will assess performance against target once the applicable performance period is completed and approve the vesting of performance shares to the extent that targets are met.

Performance measure I: Total Shareholder Return

The comparator group for TSR is made up as follows:

TSR comparator group

Company	Ticker
Thungela Resources Limited	TGA
Harmony Gold Mining Limited	HAR
Pan African Resources plc	PAN
Merafe Resources Limited	MRF
Tharisa plc	THA
MC Mining Limited	MCZ
DRDGOLD Limited	DRD
Wesizwe Platinum Limited	WEZ
Hulamin Limited	HLM
ArcelorMittal Limited	ACL
Northam Platinum Holdings Limited	NPH
Salungano Group	SLG

Assuming that a group of 12 (11 + Merafe) companies are adopted as the comparator group of companies, vesting of the performance-based share grants will be in accordance with the following policy:

- ▶ 50% of performance shares allocated will be subject to performance against the TSR measure;
- ▶ If Merafe's TSR over the three-year period places it in one of the top four positions, then the full number of performance shares granted subject to this measure will vest in equal proportions on the third, fourth and fifth anniversaries of their grant;
- ▶ If Merafe's performance over the three-year period places it in fifth position, then two-thirds of the number of performance shares granted will vest in equal proportions on the third, fourth and fifth anniversaries of their grant;
- ▶ If Merafe's TSR over the three-year period places it in sixth position, then one-third of the number of performance shares granted will vest in equal proportions on the third, fourth and fifth anniversaries of their grant; and
- ▶ If Merafe's TSR over the three-year period places it below sixth position, then none of the performance shares will vest.

The table below provides details of the revised vesting schedule for performance shares subject to the TSR measure:

Revised vesting schedule TSR

Vesting schedule over three years – TSR

Merafe TSR position/ranking relative to peers	Vesting quantity % of allocation*
Position 1–4	100
Position 5	66.6
Position 6	33.3
Position 7 and lower	0

* Vesting over three years in equal portion.

Performance measure II: Growth in headline earnings per share

Assuming that the performance targets below are set by the Board as illustrated in the table below, vesting of the performance-based share grants will be in accordance with the following policy:

- ▶ 50% of performance shares allocated will be subject to performance against the growth in headline earnings per share (HEPS) measure.
- ▶ If performance meets or exceeds target, i.e. CPI + 2% over the performance period, 100% of shares will vest.
- ▶ If performance is at threshold, i.e. CPI + 1% over the performance period, 50% of shares subject to this measure will vest.
- ▶ For performance below threshold, 0% of shares subject to this measure will vest.
- ▶ Linear vesting will take place between different performance milestones.

Vesting schedule for growth in HEPS measure

Vesting schedule over three years – growth in HEPS

HEPS target	Vesting quantity % of allocation* proposed
On target CPI + 2%	100%
Threshold CPI + 1%	50%
Below threshold	0%

* Vesting over three years in equal portion.

LTI offer policy

The following principles will govern the LTI offer policy:

- ▶ Share options will only be given at the discretion of the Board as and when circumstances dictate and only to executive management that have direct line of sight in terms of Company performance.
- ▶ Full value shares, with performance conditions, will be granted to all employees on an annual basis subject to ongoing satisfactory individual performance, the expected value of which will be in accordance with the Company's reward strategy–pay mix.
- ▶ Full value shares may be offered to new appointees as an attraction measure, the value of which will be determined and approved by the Committee, and will be subject to a minimum three-year vesting period.
- ▶ Share grants will be in favour of performance-based shares, with all shares granted subject to performance measures over a three-year period.
- ▶ Share grants will be offered to employees with only performance-based shares and no retention shares.
- ▶ The value of the share grant will be calculated as a percentage of the current TCtC guaranteed package.
- ▶ No offer shall be made which together with any other scheme shares would exceed 5% of total issued share capital of the Company.
- ▶ The maximum aggregate number of shares granted or options allocated to a single participant shall be limited to 1% of the total issued share capital of the Company.
- ▶ Prior to vesting, no participant will qualify to receive any dividends declared.
- ▶ The Company will communicate to participants, at least on an annual basis, in terms of shares granted, vesting and/or any changes in rules or conditions of participation.
- ▶ All share grants and options will be disclosed over its lifetime in the annual Remuneration Report.

Contracts of employment

Senior and executive management are subject to the Company's standard terms and conditions of employment where notice periods are between three and six months. In line with the recommendations set out in King IV, Company policy prevents any senior or executive manager from being compensated for loss of office.

In the event of a change of control of the Company (as defined in the Companies Act) where the Company no longer requires an executive to fulfil their specific role post the change of control, the Company shall pay to the executive 12 months' remuneration on the last day of the notice period and after completion of handover of duties, for existing executives as at 2019. From 2020 onwards, all newly appointed executives will have their termination payments aligned to their contractual notice period.

Retention measures

The Committee reserves the right to apply retention measures should circumstances indicate. Retention measures may include cash or equity awards and will be appropriately disclosed on an annual basis.

Malus and clawback

Any remuneration previously paid to executive directors, that is subsequently found to have been as a result of criminal or otherwise illegal activities, must be repaid to the Company.

In the event of a restatement of the Company's results (other than a restatement caused by a change in accounting policy, standards or interpretation), which results in lower performance-based remuneration had it been calculated on the restated results, the Committee shall review such performance-based remuneration, determine the amount to be recovered from the executive and take steps to recover the amount.

The Board reserves the right to cancel any share allocation for all or individual participants if during the vesting period there is evidence of serious underperformance or misrepresentation of information, e.g. gross negligence, overstatement of performance, unnecessary risk taking, poor governance or non-compliance.

Non-executive directors' fees

The remuneration of non-executive directors is provided in the context of good governance, and is primarily based upon a methodology which takes into account expertise, contribution by the director and meeting attendance.

Standard duties of non-executive directors include preparation for and attendance at Board meetings, annual general meetings and results presentations. If required, the directors may be requested to perform work outside of their standard duties and for this they will be remunerated based upon the time spent and their level of expertise. Non-executive directors' pay is aimed at aligning with remuneration principles applicable to executive pay.

Independent benchmarks are conducted at least every second year to inform the levels of remuneration for non-executive directors and the intent is to target remuneration between the lower quartile (25th percentile) to the median quartile (50th percentile) of listed companies of similar size (comparator or peer group), in order to ensure that appropriately qualified and experienced directors are appointed.

Non-executive directors' fees are tabled for approval by the shareholders of the Company on an annual basis. The fees paid to non-executive directors for different roles such as chairperson may vary from the fees paid to other non-executive directors. Fees are split between a retainer (60%) and per meeting fee (40%), which is aligned with industry practice.

Non-executive directors do not participate in any share-based incentive scheme or any other incentive scheme that the Company may implement to avoid any potential conflict of interest.

TRANSPARENCY AND ACCOUNTABILITY

Remuneration report CONTINUED

Review

This policy was approved by the Company in March 2023 and will be reviewed annually against current legislation and practice for approval by shareholders during the annual general meeting.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the annual general meeting, Merafe undertakes to engage with dissenting shareholders to understand their concerns.

Implementation Report for 2023

The implementation of the Policy approved by shareholders at the annual general meeting in May 2023 is set out below:

Executive pay

	2023 R'000	2022 R'000
ZJ Matlala		
Salary	5 730	5 573
Bonus	5 899	5 231
Fringe benefits	289	267
Provident contributions	851	761
Share grants vested	6 169	1 473
Total	18 938	13 305

	2023 R'000	2022 R'000
D Chocho		
Salary	3 537	3 369
Bonus	3 192	2 550
Fringe benefits	289	269
Provident contributions	399	389
Share grants vested	2 642	462
Total	10 059	7 039

Short-term incentives

The executive directors were assessed by the Committee according to the table set out below which was then used as a basis for awarding bonuses for 2023:

Key factors	Key measurement items
Profitability	EBITDA compared to budget and previous year
Growth of business	Grow assets and revenue
Cost management	Effective cost management at Venture's and Merafe level
Sustainability	B-BBEE rating to amended scorecard, corporate social investment, environmental incidents
Safety	Total recordable injury frequency rate, fatalities
Stakeholder engagement	Stakeholder engagement programme including interactions with SARS, partners, shareholders, employees, etc.
Talent management	Succession planning, managing employees, training, mentoring
Reporting	Interim and annual reporting

As per the Policy, the Committee applied a less mechanistic and more holistic approach, which has resulted in the following bonus allocation:

	2023 % allocation of cost to Company	2022 % allocation of cost to Company
Chief Executive Officer	81	81
Financial Director	65	65

Directors' interests in Merafe Resources Limited

As at 31 December 2023, the directors of the Company are beneficially interested (directly and indirectly) in 3 553 565 (31 December 2022: 3 553 565) shares in the Company. During the financial year no material contracts were entered into in which directors and prescribed officers of the Company had an interest and which significantly affected the Group.

Executive directors of the Company and their immediate families control 0.14% (31 December 2022: 0.14%) of the voting shares of the Company. In addition to their salaries, the Company also contributes to a provident fund (defined contribution plan) and medical aid fund on their behalf. Executive directors also participate in the Company's share incentive schemes.

	2023 Number of Shares Direct	2023 Number of Shares Indirect	2022 Number of Shares Direct	2022 Number of Shares Indirect
Z Matlala	2 945 000	–	2 945 000	–
D Chocho	608 565	–	608 565	–
Total	3 553 565	–	3 553 565	–

No additional directors' interests have been noted post 31 December 2023 until the date of approval of this report, being 15 March 2024.

Long-term incentives – 2023

The award of long-term incentives for 2023 under the Company's share option and grant schemes are set out below:

Cash-settled share-based payment arrangements

The following share grants relating to executive directors were outstanding at 31 December 2023:

Vesting date	Z Matlala: Number of Shares	D Chocho: Number of Shares
1 April 2024	781 971	337 500
1 April 2024	3 904 903	1 685 363
1 April 2024	1 618 480	698 538
1 April 2025	3 904 903	1 685 363
1 April 2025	1 618 480	698 538
1 April 2025	709 641	324 299
1 April 2026	1 618 480	698 538
1 April 2026	709 641	324 299
1 April 2026	1 006 647	460 027
1 April 2027	709 641	324 299
1 April 2027	1 006 647	460 027
1 April 2028	1 006 647	460 027
	18 596 081	8 156 818

TRANSPARENCY AND ACCOUNTABILITY

Remuneration report CONTINUED

Performance conditions

The performance conditions are set out on pages 54 and 55 of this report.

Share allocations

Share grant allocations were implemented based on the VWAP of the previous day's trading as follows:

	2023			2022		
	% allocation of cost to Company	Number of shares	Vesting period	% allocation of cost to Company	Number of shares	Vesting period
Chief Executive Officer	60	3 019 940	1 April 2026 1 April 2027 1 April 2028	60	2 128 923	1 April 2025 1 April 2026 1 April 2027
Financial Director	45	1 380 082	1 April 2026 1 April 2027 1 April 2028	45	972 896	1 April 2025 1 April 2026 1 April 2027

Note: As per the Policy, from 2019, 100% of the grants are subject to performance conditions for the CEO and FD, respectively.

Approved non-executive directors' fees for 2023

The special resolutions to approve the non-executive fees for 2023 at the annual general meeting which were passed by the requisite 75% majority are set out below:

	2023				Fees per attendance 40% R	Fees per attendance per meeting R
	Total fees per annum R	Retainer 60% R	Monthly retainer fees R	Retainer per quarter R		
Board Chairperson	735 528	441 317	36 776	110 329	294 211	73 553
Board Member	333 719	200 231	16 686	50 058	133 488	33 372
Audit and Risk Committee Chairperson	240 840	144 504	12 042	36 126	96 336	24 084
Audit and Risk Committee Member	151 025	90 615	7 551	22 654	60 410	15 103
Remuneration and Nomination Committee Chairperson	140 601	84 360	7 030	21 090	56 241	14 060
Remuneration and Nomination Committee Member	85 823	51 494	4 291	12 874	34 329	8 582
Social, Ethics and Transformation Committee Chairperson	130 186	78 113	6 509	19 528	52 075	13 019
Social, Ethics and Transformation Committee Member	85 823	51 494	4 291	12 874	34 329	8 582

Non-executive directors' fees paid for 2023

	Directors' fees 2023 R'000	Total 2023 R'000	Retainer 2023 R'000	Attendance 2023 R'000	Total 2023 R'000
Mr A Mngomezulu (Chairperson)	872	872	553	319	872
Ms M Vuso	517	517	345	172	517
Mr J McLaughlan	460	460	285	176	460
Mr K Tlale	485	485	291	194	485
Ms N Mabusela-Aikhuere	571	571	369	202	571
Mr D McGluwa*	394	394	252	142	394
Mr D Green**	411	411	252	159	411
Total	3 710	3 710	2 346	1 365	3 710

* Paid to IDC

** Paid to GOSA

See the online 2023 Integrated Annual Report and the annual financial statements for additional and supporting information.

TRANSPARENCY AND ACCOUNTABILITY

Remuneration report CONTINUED

Non-executive directors' fees proposed for 2024

The 2024 proposed fees, exclusive of VAT, in accordance with the policy are set out below and result in an overall increase of 6.1% from the previous year. This increase and the allocation take into account the previous benchmarking exercise and inflation.

	2024					
	Total fees per annum R	Retainer 60% R	Monthly retainer fees R	Retainer per quarter R	Fees per attendance 40% R	Fees per attendance per meeting R
Board Chairperson	860 568	516 341	43 028	129 085	344 227	86 057
Board Member	333 718	200 231	16 686	50 058	133 487	33 372
Audit and Risk Committee Chairperson	244 453	146 672	12 223	36 668	97 781	24 445
Audit and Risk Committee Member	153 290	91 974	7 665	22 994	61 316	15 329
Remuneration and Nomination Committee Chairperson	160 504	98 703	8 225	24 676	65 802	16 450
Remuneration and Nomination Committee Member	100 413	60 248	5 021	15 062	40 165	10 041
Social, Ethics and Transformation Committee Chairperson	152 319	91 391	7 616	22 848	60 928	15 232
Social, Ethics and Transformation Committee Member	100 413	60 248	5 021	15 062	40 165	10 041

Areas of focus for 2024

Key activities for the Committee in 2024 will be, *inter alia*, the approval of the remuneration and bonuses for executive directors and senior management.

The Committee will also assess fees to be paid to non-executive directors. Focus will be placed on the key principles of King IV and the Company's commitment to these principles and reviewing the remuneration policy. In addition, the Company will, if required, engage with shareholders to discuss issues of mutual concern.

Compliance statement

The Board and the Committee are committed to maintaining high standards of corporate governance and to support and apply the principles of good governance advocated by the Institute of Directors South Africa (IoDSA) and King IV.

The Board and the Committee are of the view that the objectives stated in the Policy have been achieved for the period under review. The Board and the Committee are also satisfied that they have fulfilled their responsibilities in accordance with their terms of reference with regard to remuneration within the Company.

JEFF MCLAUGHLAN

Chairperson – Remuneration Committee | 15 March 2024

TRANSPARENCY AND ACCOUNTABILITY

Approach to risk management

The Merafe Board is responsible for our governance of risk and for setting levels of risk tolerance. It has tasked the Audit and Risk Committee with assisting the Board in carrying out its risk responsibilities. The process of risk management has been delegated to management and the Audit and Risk Committee, acting on behalf of the Board, ensures that there is ongoing assessment and monitoring of our risks. The Merafe Executive Committee is accountable to the Board for designing, implementing and monitoring Merafe's risk management processes and senior managers are responsible for effectively managing risks within their respective areas of responsibility.

Merafe's risk management policy and framework (available on our website [🌐](#)) describes our risk management philosophy, approach and process and guides the implementation of our risk management process in a uniform manner across the Company.

Certain risks are inherent in a mining business and these need to be managed effectively. The Venture's risk management system allows it to pursue business opportunities and grow shareholder value, while at the same time developing and protecting its people, assets, environment and reputation. Its processes are defined within a risk framework that is well understood across its operations.

Both Merafe and the Venture undertake comprehensive quarterly risk reviews, the results of which are included in their annual business plans and regularly reviewed.

The Board will continue in 2024 to focus on the principal risks set out hereunder and also attempt to identify any further emerging risks in a fast-changing environment.

This summary should be read in conjunction with Material Issues set out on pages 8 and 9 [📄](#) of this report.

Principal risks

Our principal risks, which include risks related to the Venture, are the following:

- ▶ The possible negative impact on our earnings of commodity price volatility, currency exchange rate fluctuations and the health of the global economy. Controlling costs is the most effective manner to weather such volatility and the Venture prides itself on being a low-cost producer and cost control is a key management performance measurement.
The Venture's development of cost-efficient proprietary technology plays a significant part in its cost reduction. We are also engaging with government regarding carbon taxes and electricity costs. The preventative actions the Venture takes to reduce the impact of such volatility, which include managing production levels, scaling down mining and smelting activities during downturns in global demand and maintaining its position as the lowest cost ferrochrome producer in South Africa, are described in the principal risks and uncertainties table.
- ▶ Lack of reliable and competitively priced energy supply could impact the Venture's ability to operate. The Venture has an ongoing programme, and is engaged with various governmental departments, to assess and monitor energy-related risks, including scenario analyses. We also manage the risk by implementing energy-efficiency plans and assessing the risks associated with energy supply at the design phase of our projects.
- ▶ The Venture operates in a high-risk safety environment, with potential injuries, illnesses and fatalities being inherent to the Venture's operations. As such, the company is subject to extensive health, safety and environmental regulations and legislation as well as community expectations. The Venture has invested heavily in workplace safety training, programmes and initiatives to promote and reward safe behaviour at all of our operations by all of our employees and adopting a zero-tolerance policy to non-adherence of these requirements. HIV and Aids and other diseases (such as the current COVID-19 pandemic) remain major healthcare challenges for our industry, and if the Venture's employees suffer from symptoms associated with any of these diseases it could have a negative impact on its production levels and our profitability. The Venture gives these issues priority and significant resources are committed to providing a safe and healthy workplace, keeping our impact on the environment to a minimum and addressing the impact of HIV and Aids and other diseases on our employees and the communities in the vicinity of our operations.

- ▶ A possible tailings facility/dam failure as well as any insufficient capacity at any of the facilities represent significant risks to the operations and reputation of the Venture. Our tailings dams are regularly monitored by competent engineers to ensure that any risks of failure are detected promptly to allow corrective measures to be implemented. Capacity monitoring technologies are also employed to ensure that sufficient capacity is available as and when required.
- ▶ The Department of Water and Sanitation are planning on the implementation of substantial increases in water tariffs over the next three to ten years with increased requests from governmental institutions for mining houses to invest in water infrastructure to assist in providing a secure water supply. This could increase production costs and limit expansion potential of the Venture's operations. Actions to mitigate this risk are the implementation of contracts undertaken with water providers, as well as the increase of reservoir facilities to ensure constant supply when water is scarce. The Venture has also successfully reduced its water consumption per tonne of product produced.
- ▶ A breach in the Venture's Information Technology (IT) system by fraudsters in an attempt to gain confidential information or to sabotage the operation of the company could result in external parties having access to confidential and sensitive information that can be used against the Company. Furthermore, systems could become unavailable or not function correctly. The Venture makes significant investments in IT security measures to minimise the risk of potential breaches wherever possible.
- ▶ The socio-political and economic climate in South Africa (especially in light of the COVID-19 pandemic and the current electricity/energy crisis) has seen a significant increase in unemployment in the country. This scenario creates opportunities for increased crime and industrial unrest, causing the risk of the Venture not winning broad support for its activities from local communities.
Both of these possibilities could result in disruptions affecting our profitability. To reduce these risks, the Venture's stakeholder engagement and responsiveness efforts play a critical role. In addition, Merafe and the Venture invest in social and labour plan commitments, which include local economic development, healthcare and education projects. We also invest in corporate social responsibility initiatives.
- ▶ Delays or non-delivery of final product to customers could occur should any breakdowns in the supply chain be experienced. The COVID-19 pandemic and the current electricity/energy crisis has highlighted this uncertainty. Additional storage facilities have been secured at various ports to ensure that stock holdings are available when and as required to meet contractual deliveries.
- ▶ Any disruption in the supply of raw materials to the production process could have detrimental consequences on the Venture's ability to operate. Supply contracts are entered into as far as possible to secure delivery and raw material stock holdings have been increased to ensure that enough is available should an industry shortage be experienced.
- ▶ A lack of key and skilled employees within the business to support the transformation strategy of the Venture could result in financial loss and reputational damage. The Venture continues to implement management retention strategies and staff training programmes to enhance the transformation of the group. Investors' negative perceptions of the South African mining industry impact on investors' appetite for investment in South African mining stocks. Merafe focuses on maintaining relationships with our existing investors and building new relationships. To achieve this our team regularly makes presentations and has discussions with investors and potential investors. We also keep investors informed through our reporting and our website www.meraferesources.co.za [🌐](#).
- ▶ Inability to obtain debt finance due to a downgrading of Merafe's credit status could adversely affect our financial position. To counteract this risk we maintain a strong balance sheet, low gearing, a good reputation and relationship with our bankers and have tangible assets to secure financing.
- ▶ Empowerment credentials: In this regard see our commentary in the Material issues section on page 9 [📄](#) of this report and the Chairperson's report on page 43 [📄](#) of this report.

See our online Integrated Annual Report for 2023 [🌐](#) for more information on Merafe's and the Venture's risks and stakeholder engagement.

TRANSPARENCY AND ACCOUNTABILITY

Sustainability: Internal and external reviews, audits and processes

Merafe and the Venture

Merafe relies on the Venture and Glencore to obtain quantitative data with regard to sustainability indicators of the Venture as set out in this report.

Merafe's attributable portion of the data of the Venture reported from page 23 to page 39 is 20.5%.

The Venture, via the Glencore Sustainability Database, undergoes a process of internal and independent reviews and processes of their key sustainability indicators.

The sustainability data and information falls under the Sustainability and Human Resources Development departments of both the Venture and Glencore. The information set out in this report is signed off by the Venture and Glencore.

The Venture's sustainability data and information was subjected to various internal and external reviews and processes during 2023.

See our online Integrated Annual Report for 2023 under Sustainability review and assurance for a schedule detailing the Venture's internal and external reviews and audits.

With regard to the above internal and external reviews and processes, the Venture and Glencore have confirmed to the Board of Merafe that there are no material issues arising therefrom which would impact on

the reliability, accuracy and completeness of the Venture's information and data set out in this report.

As a result of the internal and external reviews and processes as outlined (together with the signing off of the data by the Venture and Glencore), the Merafe Board is satisfied that the information set out in this report in respect of the Venture's data is reliable, accurate and complete.

The Venture's Mineral Resources and Mineral Reserves Statement to 31 December 2023 is signed off by a Competent Person as defined by The SAMREC Code, a summary of which is on pages 28 to 30 of this report. The full report is on our website www.meraferesources.co.za and attached as Appendix 1 to this report.

The Board follows the materiality determination process as set out on page 9 of this report to determine its material matters.

In respect of the Remuneration Policy of the Company and remuneration of the Company's Board and executives, the Remuneration Committee appoints independent advisors to assist the Committee in ensuring that the policy was in line with best practice and that remuneration was properly benchmarked. For more details in this regard see the Remuneration Report on pages 51 to 58 of this report.



TRANSPARENCY AND ACCOUNTABILITY

Directors' report for the year ended 31 December 2023

The Directors Report for the year ended 31 December 2023 is set out on pages 9 to 13 of the annual financial statements and an abridged version is set out below.

Nature of business

Merafe was incorporated in South Africa with interests in the ferrochrome and chrome industry. The activities of the Group are undertaken through the Company and its principal subsidiaries and joint arrangements. The Group operates in South Africa. Merafe holds 100% of the issued share capital in Merafe Ferrochrome and Mining Proprietary Limited (Merafe Ferrochrome) which through a pooling and sharing venture with Glencore Operations South Africa Proprietary Limited (GOSA), participates in chrome mining and the beneficiation of chrome ore into ferrochrome. The Glencore-Merafe Chrome Venture

(Venture) operates five ferrochrome smelters (including pelletising and sintering plants), twenty-two ferrochrome furnaces, PGM processing plants in the Western and Eastern limbs of the Bushveld Complex, six chrome ore mines and five UG2 plants, situated in the North West, Limpopo and Mpumalanga Provinces of South Africa. The Venture is one of the largest ferrochrome producers in the world with an installed capacity of 2.3 million tonnes per annum. Merafe Ferrochrome's share of the earnings before interest, taxation, depreciation and amortisation (EBITDA) is 20.5%. Merafe Ferrochrome shares in the revenue, expenses and liabilities at 20.5%. The Venture comprises assets that both GOSA and Merafe Ferrochrome have granted the right of use but own in different proportions. Merafe Ferrochrome through the Venture agreement, has a 20.5% interest in Unicorn Chrome Proprietary Limited (Unicorn Chrome). Listed below are the operations to which Merafe Ferrochrome has granted the right-of-use to the Venture:

Ferrochrome smelters		Chrome mines		UG2 plants and pelletisers		PGM plant	
Asset	Merafe Ferrochrome's interest	Asset	Merafe Ferrochrome's interest	Asset	Merafe Ferrochrome's interest	Asset	Merafe Ferrochrome's interest
Wonderkop smelter (furnaces 5 and 6)	50%	Boshhoek Mine	100%	2 Impala Kanana UG2 plants	100%	Western PGM plant	20.5%
Boshhoek smelter	100%	Kroondal and Wonderkop Mine	50%	3 Lonmin UG2 plants	20.5%	Eastern PGM X plant	50.0%
Lion I smelter	20.5%	Helena Mine	20.5%	Bokamoso pelletising plant	20.5%		
Lion II smelter	20.5%	Magareng Mine	20.5%	Motswedi pelletising plant	100%		
		Marikana	26%	Tswelopele pelletising plant	20.5%		
				Unicorn Chrome	20.5%		

Effective 6 September 2023, Merafe acquired 0% ownership and 20.5% participation rights in the Eastern PGM plant and 50% ownership and 20.5% participation rights in the second PGM X plant located in the eastern chrome mine operations. The new joint operation relates to all PGM-bearing material produced pursuant to Eastern Mining Right included in the Venture.

Group financial results

The financial statements set out the financial results of the Group and Company and have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards and the requirements of the Companies Act of South Africa, supported by reasonable and prudent judgements where required.

Revenue was R9 244m (2022: R7 939m) supported by high chrome ore prices and a weaker ZAR:USD exchange rate. Although ferrochrome volumes sold were lower than in 2022, chrome ore volumes sold were much higher. Merafe's portion of the Venture's EBITDA for the year ended 31 December 2023 is R2 358m (2022: R2 228m). The EBITDA includes Merafe's attributable share of standing charges of R346m (2022: R108m) and a foreign exchange gain of R99m (2022: R68m). The Company wrote down inventory by R2m during the year (2022: R1m).

After accounting for corporate costs of R76m (2022: R65m), which include a cash-settled share-based payment expense of R11m (2022: R13m), Merafe achieved EBITDA of R2 545m (2020: R2 141m). Corporate costs also include corporate social investment expenses of R2m (2022: R3m) and a bonus provision of R11m (2022: R12m).

Waterval Mine and Lydenburg smelter are still under care and maintenance. Boshhoek Mine, also under care and maintenance, is being sold conditional upon final regulatory approvals. Boshhoek Mine continues to be classified as held for sale in terms of IFRS 5.

When we thought that 2022 was the worst load-shedding year to date, 2023 proved beyond doubt that it deserved that honour. In November 2023, Martin Creamer's *Engineering News* reported that "just shy of 16 000 GWh of energy had been shed in 2023, which is double the 8 000 GWh of 2022 and eight times the 2 000 GWh of 2021". The impact on the economy has been dire as evidenced by, South Africa's low growth rate, amongst other things. Once again,

although affected by the resultant load curtailments, the Venture has been sufficiently nimble in its approach and used the downtime as efficiently as possible. Downtime, including the period of planned shutdown in winter, was used to attend to plant maintenance. Costs remain a concern for the Venture, and these remain tightly managed by the business. Mainly due to high chrome ore prices, increased reductant costs and a higher fixed costs absorption rate, unit production costs increased by 28% compared to the prior year. Logistics were yet again a challenge, not only for the Venture, but for the country in general. Our team has had to be alert and sharp-witted to ensure that products reach our customers despite these challenges.

Two highlights for the year were the contribution of the Eastern PGM operations to the Venture and the approval of our application for a Negotiated Pricing Agreement (NPA) with Eskom. The contributed PGM operations add to the existing Western operations and increase the scale of the PGM business, thereby further cementing our economies of scope. The NPA, once finalised, will give us pricing certainty for the term of the agreement.

The high chrome ore prices and improvements in operations have led to our investment in Unicorn Chrome rendering its best performance to date. The Venture will continue to work with our co-investors in the ultimate asset to optimise its value.

That the business was able to produce a great set of results despite the challenges is a testament to the resilience of our business and the quality of our management team. Indications are that 2024 will see a slowdown in pricing and a narrowing of margins, thereby putting the Venture under pressure. With the foundation laid, Merafe plans to build and solidify the 2023 gains.

Full details of the financial position and cash flows of the Group and Company are set out in the consolidated and separate annual financial statements.

Loans and borrowings

The Group had a cash balance of R1 656m on 31 December 2023 (2022: R1 269m). Although R200m thereof was used to pay the 2023 interim dividend, the Group's Revolving Credit Facility (RCF) of R300m was unutilised at year-end. Refer to note 27 for the disclosure of the Group's facilities and for covenants associated to these facilities, including the Venture's facilities.

TRANSPARENCY AND ACCOUNTABILITY

Directors' report for the year ended 31 December 2023 CONTINUED

Going concern

As stated above, the Group has a cash balance amounting to R1 656m and no debt at the reporting date and a cash balance of R2 228m and no debt as of 29 February 2024.

The Group benefits from unutilised debt facilities through its 20.5% share of the Venture, which the Board considers sufficient to sustain the business for at least the next 12 months in the event that need arose. The Group's forecasts and projections of its short- to medium-term profitability, taking account of likely changes in production and performance, show that the Group will be able to operate within the level of its cash resources and facilities for at least 12 months from the approval date of the annual financial statements.

The Group generated EBITDA of R2 545m and made a profit after tax of R1 753m in the current year. Merafe Group and the Company maintain healthy cash.

Dividend policy and ordinary cash dividend

The Company has a hybrid dividend policy with features of a stable and residual dividend policy. The Company intends to pay a dividend of at least 30% of headline earnings at least once a year taking into account, amongst other things, the annual financial performance, expansionary projects and economic circumstances prevailing at the time. In addition, in any given year, the directors may consider an additional distribution in the form of special dividends and share buy-backs dependent on the Company's financial position, future cash requirements, future earnings prospects, availability of distributable reserves and other factors. Dividends are recognised when they are declared by the Board of the Company.

On 15 March 2024, the Board declared a final dividend of 22 cents (2022: 13 cents) per ordinary share. This follows an interim dividend of 20 cents (2022: 12 cents) per share, thus bringing the total dividend for the year ended 31 December 2023 to 42 cents (2022: 25 cents) per share and amounts to 70% of headline earnings.

Share capital

The full details of the authorised and issued share capital of the Company are set out in note 14 to the annual financial statements. No shares were issued in 2023.

Directorate

Details of transactions with directors and key management are detailed in note 33 of the annual financial statements. The Board composition during the year under review is set out on pages 9 to 13 of the annual financial statements and on pages 41 and 42 of this report. There have been no changes to the directorate for the year under review.

Major shareholders

The following shareholders were the registered holders of 5% or more of the issued ordinary shares in the Company at 31 December 2023:

- ▶ Glencore Netherlands B.V. – 28.82%;
- ▶ Industrial Development Corporation of South Africa Limited – 21.88%; and
- ▶ Ninety One – 6.21%.

The analysis of the ordinary shareholding is given on page 79 of the annual financial statements and page 65 of this report.

Directors' interests in Merafe Resources Limited

Refer to note 34 of the annual financial statements and page 56 of this report for the beneficial interests of directors in shares of the Company as well as note 33 of the annual financial statements for transactions with key management personnel and non-executive directors.

Details of investments in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the annual financial statements in notes 5 and 6. The interests of the Group in the profits and losses of

its subsidiaries, associates and joint arrangements for the year ended 31 December 2023 are as follows:

	2023 R'000	2022 R'000
Subsidiaries		
Total profits after income tax	1 769 307	1 422 541
Associates		
Total share of income from equity accounted investments	19 083	3 944
Total	1 788 390	1 426 485

Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use during the year. During the current year, there was no impairment loss recognised by the Group (2022: R0.24m) against the assets, refer to note 3 and note 37 to the annual financial statements.

Independent external auditor

Deloitte and Touche were re-elected as the Company's independent external auditor on 17 May 2023 in accordance with section 90 of the Companies Act and will again be proposed for re-election in respect of the 2024 financial year at the forthcoming annual general meeting (AGM) of shareholders.

Audit and Risk Committee

The Audit and Risk Committee's report is presented on pages 4 to 7 of the annual financial statements and pages 64 and 65 of this report.

Related party transactions

Details of related party transactions are set out in note 32 to the annual financial statements.

Electricity challenges

Electricity supply and pricing have been concerns for several years now. This is why developments on the NPA front have been welcomed by our business, particularly on the pricing front. While various national stakeholders are exploring ways of addressing the electricity supply challenges, the Venture also continues to explore other sources of power – in particular, green energy. The Venture has made significant progress in this regard and we expect to conclude the first of our green energy projects in the first half of 2024.

Contingent liability

The Group is subject to direct and indirect tax in the South African jurisdiction. The Group's subsidiary undertakes various cross-border transactions within the Venture, subject to the Group's transfer pricing policies. As a result, significant judgment is required in determining the Group's provisions for income taxes. The income tax and annual assessments are subject to examination within prescribed periods by the South African Revenue Service (SARS).

On 31 December 2023, the previously reported transfer pricing matter with SARS was ongoing. The Group has a deadline of 30 April 2024 by which to respond to SARS' letter of audit findings for the 2016 and 2017 years of assessment, which the Group is contesting with SARS. Management still relies on opinions obtained from external legal and tax advisers to inform and support the significant judgement required in interpreting relevant tax legislation. The matter has been disclosed as a contingent liability as its outcome remains uncertain and any potential tax exposure cannot be reliably estimated. Accordingly, the consolidated financial statements have made no adjustment for any effects on the Group.

Events after the reporting period

On 15 March 2024, the Board resolved to declare a final dividend of 22 cents (2022: 13 cents) per share for the 2023 financial year. The total gross cash dividend for the year amounted to 42 cents per share. The dividend will be paid out of income reserves. On 18 January 2024, the Group announced the appointment of Mr Ditshebo Stephen

TRANSPARENCY AND ACCOUNTABILITY

Directors' report for the year ended 31 December 2023 CONTINUED

Phiri as an independent non-executive director of the Board effective 1 February 2024.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report is authorised that may require adjustment or disclosure in these annual financial statements.

Special resolutions

All special resolutions were passed by the shareholders at the 2023 AGM held on 17 May 2023.

The next AGM of the shareholders of the Company will be held (subject to any adjournment or postponement) on Wednesday, 15 May 2024.

Environmental and decommissioning provision

The Group's environmental rehabilitation costs are in accordance with the National Environmental Management Act (NEMA) No. 107 of 1998, and Regulation No. 1147 of 20 November 2015. There are proposed amendments to the 2015 financial provisioning regulations of the same Act, which were gazetted on 27 August 2022. These had not yet come into effect at the reporting date.

Mining rights and mining operations

The directors are satisfied that there are no foreseeable material risks relating to the Resources and Reserves of the Venture and the ability of the Venture to conduct its mining operations. The abridged Mineral Resources and Reserves statement and the detailed Resources and Reserves statement have been signed off by a competent person in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code) 2016 Edition.

CEO's and FD's responsibility statement

Each of the directors, whose names are stated below hereby confirm that:

- (a) the annual financial statements set out on pages 17 and 18 , fairly present in all material respects the financial position, financial performance and cash flows of Merafe Resources Limited in terms of IFRS;

- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to Merafe Resources Limited and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of Merafe Resources Limited;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.

ZANELE MATLALA
Chief Executive Officer

15 March 2024

DITABE CHOCHO
Financial Director

15 March 2024

Approval of the consolidated and separate annual financial statements of Merafe Resources Limited

The consolidated and separate financial statements of Merafe Resources Limited were approved by the Board on 15 March 2024 and signed by:

ABIEL MNGOMEZULU
Chairperson

15 March 2024

ZANELE MATLALA
Chief Executive Officer

15 March 2024

The CEO's and FD's responsibility statement as required by paragraph 3.84(k) of the JSE Listings Requirements is set out in full and on page 3  in the annual financial statements which forms part of our online Integrated Annual Report for 2023 .

See page 22  of this report for a table on the Venture's plants, technology and mines and page 28  for further information on the reserves and resources of the Venture.

See our online Integrated Annual Report for 2023  for our annual financial statements.

TRANSPARENCY AND ACCOUNTABILITY

Report of the Audit and Risk Committee

This report by the Audit and Risk Committee (the Committee) in respect of the 2023 financial year is set out in full in the annual financial statements on pages 4 to 7 and an abridged version is set out below.

Introduction

The Committee is pleased to present its report for the financial year ended 31 December 2023. The Committee confirms that it has adopted formal terms of reference as its Audit and Risk Committee Charter (the Charter) and has discharged all of its responsibilities for the current financial year, in compliance with the Charter. The report has been prepared based on the requirements of the Companies Act, King IV Report on Corporate Governance for South Africa, 2016 (King IV Code/King IV), the JSE Listings Requirements and other applicable regulatory requirements. The report provides an overview of the work done by the Committee during the year under review.

Objectives

The overall objectives of the Committee are to ensure that appropriate financial reporting procedures exist and are operating, which include consideration of all entities included in the consolidated and separate IFRS financial statements, to ensure that it has access to all the financial information of Merafe to allow Merafe to effectively prepare and report on the financial position of the Group and Company; assess the adequacy of the internal financial controls and the accounting systems, including the Company's authority framework; oversee a process by which internal audit performs an assessment of the effectiveness of the Company's system of internal control and risk management, including internal financial controls; review the summarised financial statements, interim financial statements and annual financial statements and recommend these to the Board for approval; assess and evaluate the Group's and Company's combined assurance and provide independent oversight of the effectiveness thereof; nominate the external auditor who in the opinion of the Committee is considered independent for appointment, determine and approve external audit fees, set the Company and its subsidiaries (the Group) policy on non-audit services provided by the external auditor and ensure that the appointment complies with legislation; ensure that the appointment of the external auditor is presented and included as a resolution at the forthcoming annual general meeting of Merafe shareholders pursuant to section 61(8) of the Companies Act; monitor compliance with legal requirements and debt covenants; recommend budgets and plans to the Board; consider and recommend to the Board any dividend; conduct periodic reviews and assessments of the business risks the Group faces by considering Merafe's and the Glencore-Merafe Chrome Venture (Venture) risk reports; receive and deal with any concerns from within, outside the Company or on its own initiative in relation to accounting practices, internal audit of the Company or any related matter and ensure that all issues are addressed; make submissions to the Board on any matter concerning the Group's and Company's accounting policies, financial control, records and reporting. This includes a review of key matters requiring judgement such as impairment; review the Company's related party transactions; receive and deal with any concern or complaints from the whistleblowing line, whether from within or outside the company; perform duties that are attributed to it by the Act, the Johannesburg Stock Exchange (JSE) and King IV Code; and consider the JSE's proactive monitoring reports. The objectives of the Committee were adequately met during the year under review.

Composition of the Committee

The Committee consists of three independent non-executive directors, all with the necessary qualifications and experience to execute their responsibilities, with two members forming a quorum. Details of the members, the appointments and attendances is set out on page 5 of the annual financial statements and set out on page 47 of this report.

The Committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

In addition, Ms Z Matlala, Mr D Chocho, Mr A Mngomezulu and Deloitte and Touche are also permanent invitees to the meeting. Internal auditors are invitees to all meetings. At the date of this report there have been no changes to the composition of the Committee. Members of the Committee

are independent and are nominated annually by the Board for re-election at the annual general meeting. Independence of the long-standing Committee members is assessed annually by the Remuneration and Nomination Committee of the Board. Additionally, every second year, the Committee performs a self-evaluation on their competence and performance via a structured checklist. At least once a year, a session is held with the independent external auditor where management is not present as a way to strengthen the independent oversight role of the Committee. The session facilitates an exchange of views and concerns about the scope of the audit.

Meetings held by the Committee

The Committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors. The Committee held four meetings during the year and the quorum was met at all the meetings. Refer to the composition of the Committee for meeting attendance.

2023 overview

The Chief Executive Officer and Financial Director have outlined the controls over financial reporting and presented these to the Committee. The Committee believes that Merafe's internal controls can be relied upon as a reasonable basis for the preparation of the consolidated and separate financial statements. The Committee has considered the key audit matters set out in the independent auditor's report and is satisfied that it is correctly presented. The key audit matters assessed relate to the impairment of the Group's net assets in accordance with the requirements of IAS 36: *Impairment of Assets*. The Committee reviewed the approach to the impairment assessment and the assumptions and sensitivities underlying the model. The Committee is satisfied with the conclusion reached.

The Committee considered work done and progress made by management and their advisors on the SARS' letter of audit findings for the 2016 and 2017 years of assessment. The Committee considered any risks this matter presented and put mitigating measures in place. It also considered the Company's accounting treatment and disclosure of the matter. The Committee considered the contribution of the Eastern PGMs operations to the Venture. The Committee satisfied itself with this transaction's accounting treatment and disclosure in the 2023 results.

The Committee reviewed Merafe's Risk Policy and Framework to ensure continued relevance and assessed performance against the risk appetite statements.

The Committee considered the nature of the operations, risks and internal control environment at the Merafe head office and continued to rely on the internal audit function at the Venture, which provides reports to the Merafe head office on a quarterly basis. The Committee has satisfied itself with the internal audit function at the Venture through the review of their scope of work, quarterly review of their reports and evaluation of their findings and are satisfied that there were no material areas of concern that would render the function ineffective.

The Committee reviewed the 2024 budgets and 2025/6 plans, which were recommended to the Board.

The Committee retained the appointment of an independent internal auditor from an external firm to focus on assignments specific to Merafe head office. The audit scope for 2023, which was risk-based, was considered and agreed upon. The Committee has also satisfied itself with the scope of work relating to and the findings and remediations arising from the internal audit assignments specific to Merafe head office, which were carried out.

The Committee reviewed the independence, effectiveness and overall performance of the internal audit function. The Committee is of the opinion that nothing has come to the attention of the Committee that caused it to believe that the Group's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Committee is satisfied with the effectiveness of the internal audit function.

The Committee also reviewed all legal and regulatory matters that

TRANSPARENCY AND ACCOUNTABILITY

Report of the Audit and Risk Committee CONTINUED

could have a significant impact on the Group and is satisfied with the compliance thereof.

The Committee reviewed the summarised financial statements, interim financial statements and consolidated and separate financial statements and recommended these to the Board for approval.

The Committee is satisfied that it has discharged its duties as set out in its terms of reference for the year under review.

External auditor

The Committee, having considered all relevant matters, satisfied itself through enquiry that auditor independence, objectivity and effectiveness were maintained in 2023. The Committee has satisfied itself that the external auditor and lead partner, Ms Tumellano Lavhengwa, are not included in the JSE's list of disqualified auditors and has considered the external auditor suitability assessment in terms of paragraph 3.84(g)(iii) read with paragraph 3.86 to 3.87 of the JSE Listings Requirements.

The Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved, considering factors such as the timing of the audit, the extent of the work required and the scope. In line with a documented policy on the nature and extent of non-audit services that the external auditor can provide to the Company, the Committee pre-approves all audit and permitted non-audit services by the external auditor. This is to further ensure the independence of the external auditor is maintained. For the year, these services comprise of income and royalty tax reviews. Deloitte and Touche have served as the Company's external auditor since 4 May 2017. The performance of the external auditor is reviewed by the Committee annually. The Committee also considered and is satisfied with the quality of the audit for the year under review.

JSE proactive monitoring

The Committee is committed to quality financial reporting. Accordingly, the Committee regularly reviews and considers the JSE

proactive monitoring reports to ensure that, where applicable, the recommendations are implemented in the preparation of the annual financial statements.

Financial reporting

The review of the consolidated and separate financial statements is also the responsibility of the Committee. The Committee has evaluated the consolidated and separate financial statements of the Company for the year ended 31 December 2023 and based on the information provided to the Committee, considers that they comply, in all material respects, with the requirements of the various statutes and regulations governing disclosure and reporting.

Financial Director and finance function

The Committee reviewed the performance, experience and expertise of the Financial Director, Ditabe Chocho, and continues to be satisfied of his suitability to hold office as the Financial Director in terms of the Listing Requirements. The Committee also considered the appropriateness of the expertise, continued improvement and adequacy of the finance function. The Committee is satisfied that there were no material areas of concern that would render the internal financial controls ineffective.

Consolidated and separate annual financial statements

Having taken all of the above assessments into account, the Committee recommended the approval of the consolidated and separate financial statements for the year ended 31 December 2023 by the Board.

MATSOTSO VUSO CA(SA); CD(SA); RA
Chairperson – Audit and Risk Committee

15 March 2024

Shareholder information as at 31 December 2023:

1. Distribution of shareholders

	Number of shareholders	% of shareholders	Number of shares	% of issued shares
Ordinary shares				
Public shareholders	14 449	99.99	2 495 573 305	99.86
Non-public shareholders	2	0.01	3 553 565	0.14
	14 451	100.00	2 499 126 870	100
Where non-public shareholders consist of:				
Directors and Associates of the Company	2	0.01	3 553 565	0.14
	Number of shareholders	% of shareholders	Number of shares	% of issued shares
Shareholder spread				
1 – 1000 shares	7 526	52.08	1 541 658	0.06
1 001 – 10 000 shares	3 571	24.71	15 476 215	0.63
10 001 – 100 000 shares	2 517	17.42	92 545 443	3.70
100 001 – 1 000 000 shares	700	4.84	199 780 641	7.99
1 000 001 – 10 000 000 shares	137	0.95	2 189 782 913	87.62
Totals	14 451	100	2 499 126 870	100

TRANSPARENCY AND ACCOUNTABILITY

Shareholder information CONTINUED

	Number of shareholders	% of shareholders	Number of shares	% of issued shares
Category				
Banks/Brokers	56	0.39	227 084 821	9.09
Close Corporations	85	0.59	31 372 153	1.26
Endowment Funds	8	0.06	3 187 041	0.13
Government	1	0.01	546 830 100	21.88
Individuals	13 531	93.63	285 826 497	11.44
Insurance Companies	15	0.10	4 669 583	0.19
Medical Schemes	2	0.01	2 025 157	0.08
Mutual Funds	52	0.36	454 011 023	18.17
Other Corporations	76	0.53	1 585 229	0.06
Private Companies	234	1.62	98 791 439	3.95
Private Equity	1	0.01	3 682 280	0.15
Public Companies	4	0.03	4 109 028	0.16
Retirement Funds	83	0.57	81 570 213	3.26
Strategic Investor	1	0.01	720 163 887	28.82
Trusts	302	2.09	34 218 419	1.37
Totals	14 451	100	2 499 126 870	100

2. Major shareholders

The following shareholders have a holding of greater than 5% of the issued shares of the company:

	Number of shares	% of shares held
Glencore Netherlands B.V.	720 163 887	28.82
Industrial Development Corporation of South Africa Limited	546 830 100	21.88
Ninety One	188 176 769	6.21

3. JSE share performance

	2023	2022
Market capitalisation as at 31 December	3 248 864 931	3 298 847 468
Share Price (cents)		
High	145	192
Low	104	108
Closing	130	132
Shares traded		
Volume of shares traded	327 834 705	716 172 359
Value of shares (ZAR)	417 726 619	1 073 308 064
Volume of shares traded as a percentage of weighted average of shares in issue (%)	13	29
Shares in issue as at 31 December	2 499 126 870	2 499 126 870
Distribution of local and foreign beneficial shareholding (%)		
South African	62	63
Foreign	38	37

Shareholders' diary

Meetings

Annual General Meeting for the 2023 financial year will be held on 15 May 2024.

Reports

Interim results for the six months to 30 June 2024 to be released in August 2024.

Annual results for the 12 months to 31 December 2024 to be released and published in March 2025.