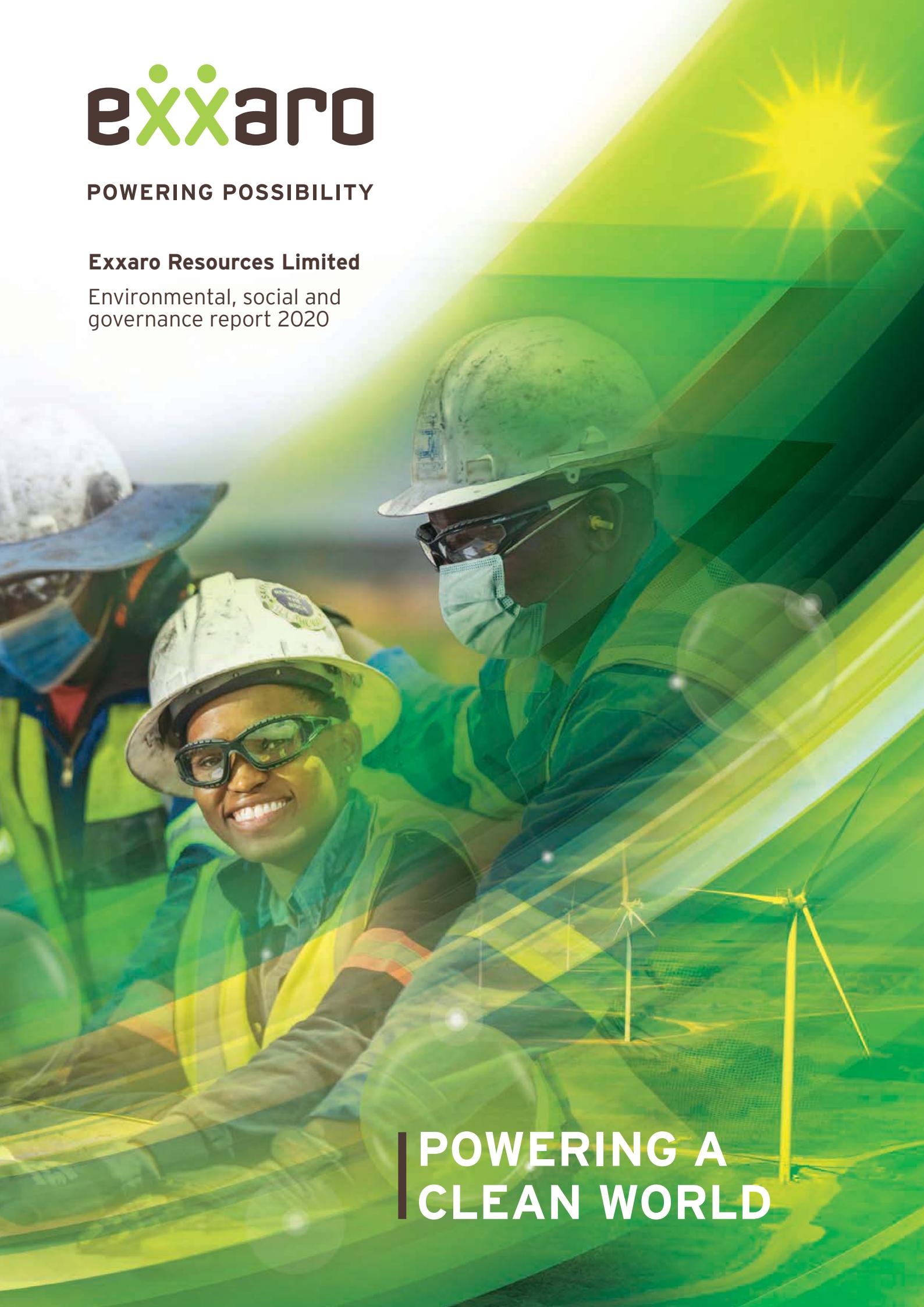




POWERING POSSIBILITY

**Exxaro Resources Limited**

Environmental, social and  
governance report 2020



A composite image serving as the background for the report cover. It features several Exxaro employees wearing hard hats and safety gear, some smiling. Overlaid on this are abstract, glowing green and yellow light streaks. In the bottom right corner, there is a stylized graphic of a wind turbine with a grid pattern behind it, all set against a bright, sunburst-like background.

**POWERING A  
CLEAN WORLD**



## CONNECT WITH EXXARO

We encourage and welcome feedback on our reporting suite from our stakeholders. Please send any comments or suggestions to:

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Follow Exxaro on Facebook, Twitter, Instagram, LinkedIn and YouTube



## Navigating this report

We use the following icons throughout our report:



Read more online  
[www.exxaro.com](http://www.exxaro.com)



Read more in  
this report



COVID-19's impact on  
our organisation

## Material themes



Macro-  
environment



Business  
resilience



Our  
people



Social  
licence to  
operate



Climate  
change



*Disclaimer: Photographs of people without masks were either taken pre-COVID-19 or full health and safety protocols were followed as appropriate. With thanks to Stefanie De Beer, Line of Sight Photography for Cennergi's windfarm photographs used in our integrated and ESG reports.*





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## ABOUT THIS REPORT

Exxaro's 2020 environmental, social and governance (ESG) report communicates our creation and preservation of value for stakeholders over time. We made a concerted effort to be more transparent, clear and concise in discussions about our material matters and strategic response.

 Visit our website for historical information.

### OUR ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS

Exxaro voluntarily endorses the United Nations Sustainable Development Goals (UN SDGs), benchmarking our performance against global best practice, to leave a lasting positive impact. Further, we participate in South Africa's National Business Initiative (NBI) to align the SDGs with the country's National Development Plan (NDP) 2030.

Our intent to power possibilities encourages us to support the SDGs listed below for the following reasons:

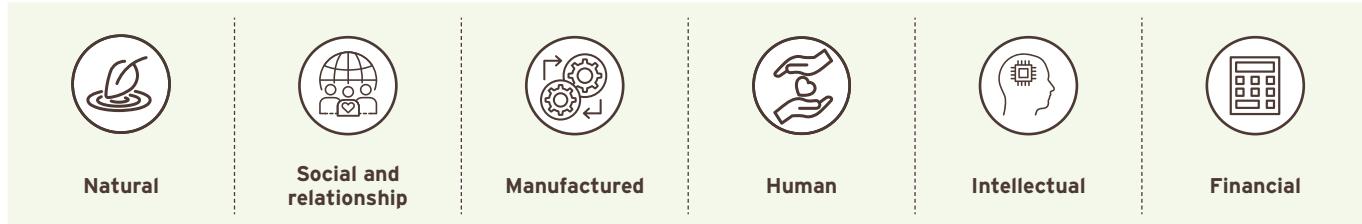
- Our purpose statement, to power better lives in Africa and beyond, acknowledges the challenges that prevail on our continent and the role of Exxaro to overcome these challenges
- Our strategic objectives, within the context of a just transition, aim to support the purpose through our vision of "powering a clean world"

			
<b>Ensure healthy lives</b>	<b>Provide quality education and lifelong learning</b>	<b>Empower girls and women to achieve gender equality</b>	<b>Generate and secure sustainable clean energy</b>
			
<b>Create jobs, sustainable livelihoods and equitable growth</b>	<b>Make our local communities inclusive, safe, resilient and sustainable</b>	<b>Manage natural resource assets sustainably</b>	<b>Combat climate change and mitigate its impacts</b>
			
<b>Protect our environment and minimise biodiversity loss</b>	<b>Ensure good governance, effective institutions, and stable and peaceful societies</b>	<b>Create constructive partnerships between ourselves, governments, the private sector and civil society</b>	

 Our Sustainable Growth and Impact strategy on page 54 of our integrated report details our support of the NDP and the SDGs.

## INTEGRATED THINKING AND OUR SIX CAPITALS

Exxaro believes in holistic and sustainable value creation, enabled through carefully considering the relationship between the capitals we affect. We integrate the six capitals into our business model and strategy, and continuously strive to positively contribute to and negate any adverse impacts on these capitals. We do this to ensure our sustained success and foster a more sustainable operating environment for South Africa, Africa and beyond. We also aim to create and preserve value for our stakeholders and society at large, and to prevent the erosion thereof. In this report, we share our progress in this regard and demonstrate our future prospects. The six capitals we use and affect are:



## OUR ESG FOCUS

Exxaro is a leader in business management with sound ESG principles that deliver sustainable economic returns and tangible benefits for all stakeholders.

The group is ranked #1 for ESG performance-selected resources company metrics, in terms of the FTSE Russell index. Everything we do today is geared towards ensuring a safer and more productive tomorrow. Our sustainability is founded on creative, mutually constructive relationships and values we share with our stakeholders. We conduct our business activities in a way that creates success for Exxaro and for society. From how we mine to what we mine, we are stewarding our natural assets and social capital to uplift our communities.

With a proven track record confirming that we deliver solid returns, Exxaro continues to present an outstanding investment opportunity. Our exemplary ESG performance over the past year is evident in our above-target safety performance, our management of COVID-19 risks and our climate change response strategy demonstrating our commitment to the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

Selected key sustainability metrics have been independently assured by PwC (see page 171 for the assurance report). This process confirms our commitment to continuously improve our reporting to our stakeholders.

## REPORTING SUITE

For completeness, this report should be read in conjunction with Exxaro's suite of reports (shown below) for the period from 1 January 2020 to 31 December 2020 (the 2020 financial year) available on our website under the investors tab.



Our reports cover financial and non-financial information about the group's activities in South Africa, Europe, the United States of America (USA) and Australia. We include limited information about operations where we do not have management control but hold a significant interest. On 31 December 2020, these investments mainly include an equity interest in Sishen Iron Ore Company Proprietary Limited (SIOC), an investment in Mafube Coal Proprietary Limited (Mafube) (a 50% joint venture with Anglo South Africa Capital Proprietary Limited), an interest in Black Mountain Proprietary Limited (Black Mountain) as well as an equity interest in Tronox SA (both South African-based operations).

Exxaro also has other business interest in Switzerland (marketing of coal), United Kingdom (equity interest in Insect Technology Group Holdings UK Limited), Israel (LightApp Technologies Limited), Australia (Moranbah joint operation with Anglo Coal (Grosvenor) Proprietary Limited) as well as the United States of America (an equity interest in Tronox Holdings plc).

## Reporting frameworks

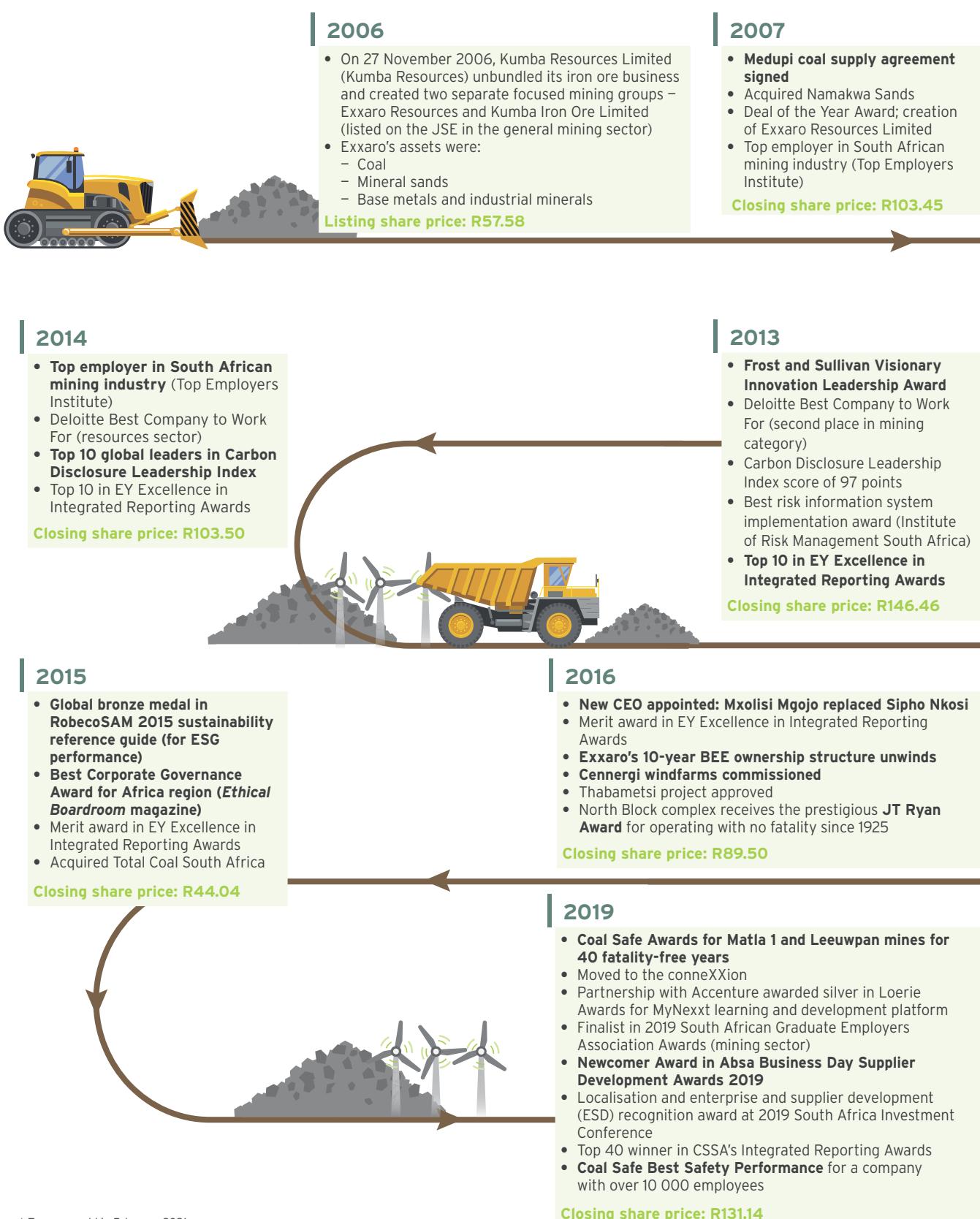
The content of this report is guided by:

- Our materiality determination process ( page 6)
- Companies Act, No 71 of 2008, as amended (Companies Act)
- International Financial Reporting Standards (IFRS)
- JSE Limited (JSE) Listings Requirements
- Department of Trade, Industry and Competition's (dtic) broad-based black economic empowerment (B-BBEE) codes of good practice
- Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018 (Mining Charter III)
- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework (<IR> Framework)
- United Nations Global Compact (UNGC)
- Global Reporting Initiative (GRI) standards (elements of the ESG report are cross-referenced for a broader perspective)
- King IV Report on Corporate Governance for South Africa, 2016 (King IV™)\*

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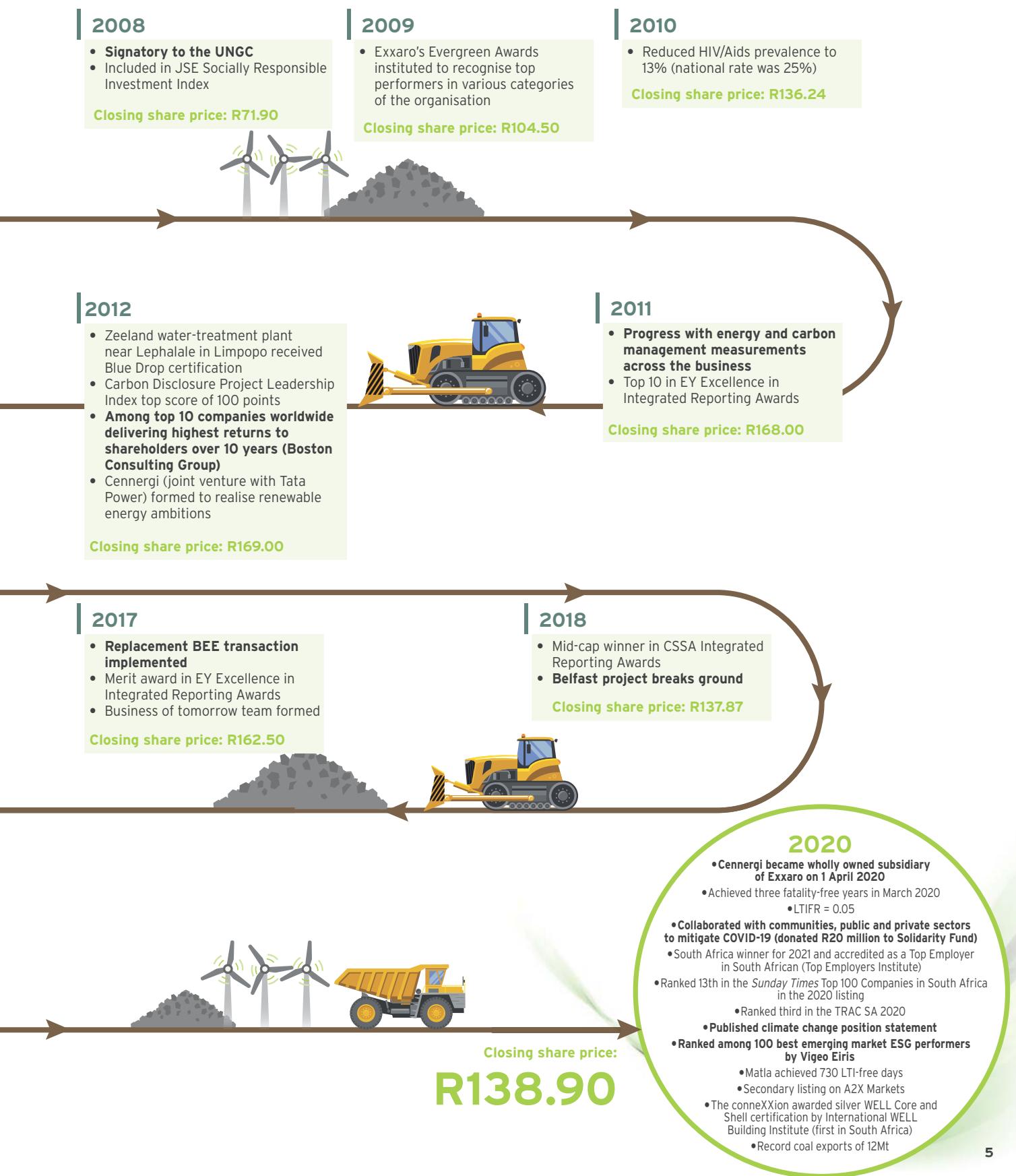
# EVOLUTION OF A 21ST CENTURY COMPANY

Exxaro was created and listed on the JSE in November 2006. Since then, we have grown to become South Africa's foremost black-empowered and diversified commodities company with a global asset portfolio including coal operations and investments in iron ore, pigment manufacturing\*, renewable energy (wind) and residual base metals.



\* Tronox – sold in February 2021.

As a major coal supplier, we understand the importance of a just transition to a low-carbon world (details in our strategy). Our journey includes incorporating small-scale renewable energy solutions into our existing portfolio to reach this milestone by 2050. Details of our strategic performance are on  page 20.



## OUR MATERIAL MATTERS

Our material matters guide our integrated reporting process which is guided in turn by strategic and integrated thinking that enables holistic sustainable value creation and preservation. These matters help us manage our risks and opportunities, and guide our commitment to our stakeholders. We determine these material matters through a detailed materiality determination process.

### DETERMINING MATERIALITY

The purpose of our materiality determination process is to give our stakeholders insight into the matters that may affect our ability to create and preserve value over time.

#### Materiality determination process

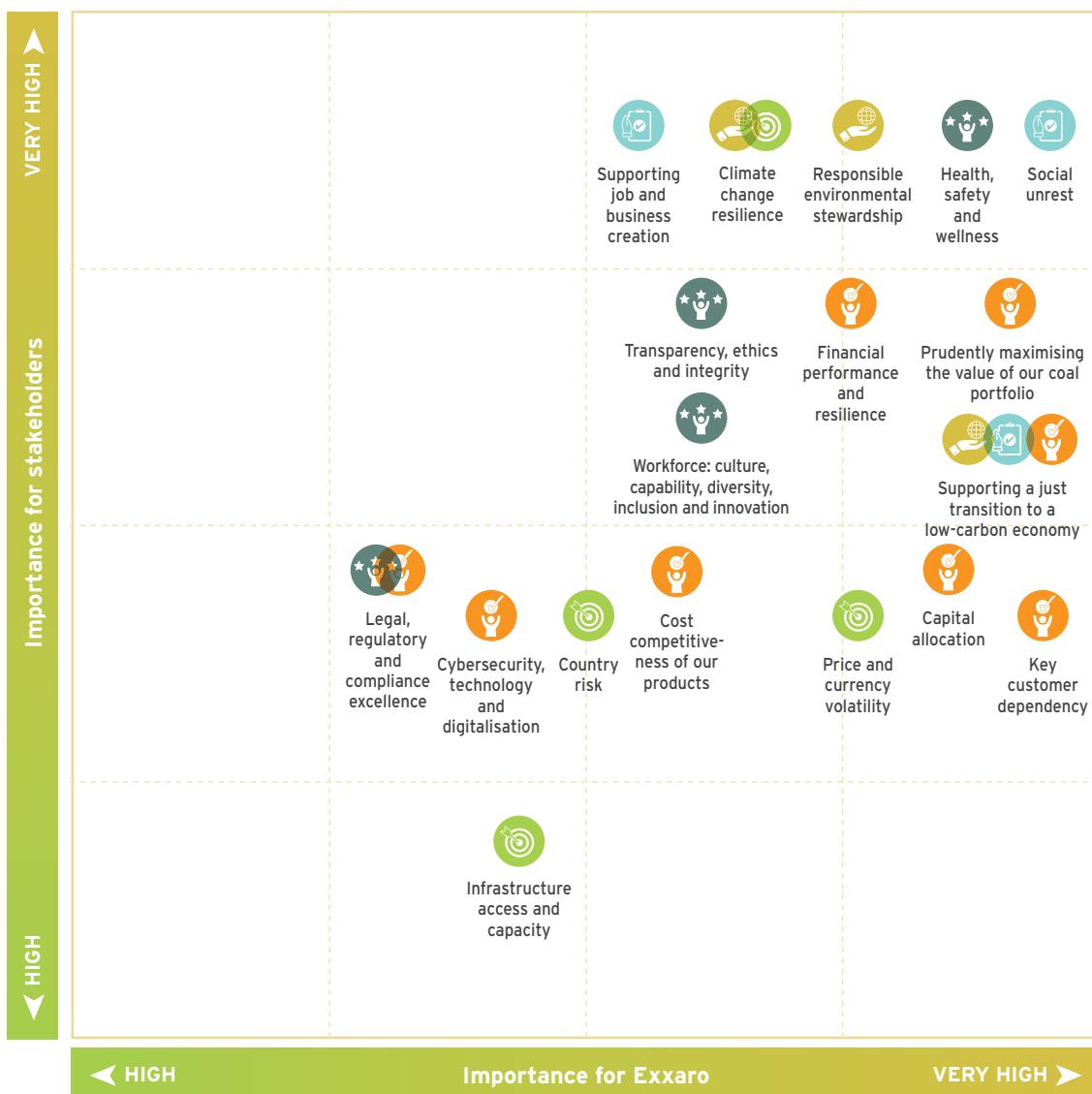


### MATERIALITY MATRIX

Our materiality determination process identified 18 material matters. These are shown in the matrix below, reflecting their importance for Exxaro versus their importance for stakeholders.

The identified material matters are mapped in the matrix below under five themes:

Theme	Material matters	Theme	Material matters
<b>Macro-environment</b> The context in which we operate considering material matters. 	<ul style="list-style-type: none"> <li>• Price and currency volatility</li> <li>• Country risk</li> <li>• Infrastructure access and capacity</li> <li>• Climate change resilience</li> <li>• Social unrest</li> </ul>	<b>Our people</b> We refer to the organisation's internal stakeholders and our external stakeholders in our supply and value chains. 	<ul style="list-style-type: none"> <li>• Legal, regulatory and compliance excellence</li> <li>• Transparency, ethics and integrity</li> <li>• Workforce: culture, capability, diversity, inclusion and innovation</li> <li>• Health, safety and wellness</li> </ul>
<b>Business resilience</b> The business's ability to respond to key macro-issues and success in achieving its objectives. 	<ul style="list-style-type: none"> <li>• Key customer dependency</li> <li>• Financial performance and resilience</li> <li>• Prudently maximising the value of our coal portfolio</li> <li>• Supporting a just transition to a low-carbon economy</li> <li>• Cost competitiveness of products</li> <li>• Capital allocation</li> <li>• Legal, regulatory and compliance excellence</li> <li>• Cybersecurity, technology and digitalisation</li> </ul>	<b>Social licence to operate</b> We operate in an environment of stakeholder capitalisations and where our business activities impact our stakeholders who respond to these impacts. This interaction provides for a social licence to operate beyond regulatory licences and permits. 	<ul style="list-style-type: none"> <li>• Social unrest</li> <li>• Supporting job and business creation</li> <li>• Supporting a just transition to a low-carbon economy</li> </ul>
		<b>Climate change</b> Climate change is no longer a refutable event. We are committed to the Pan Agreement and established business objectives to respond to the risks and opportunities presented by climate change. 	<ul style="list-style-type: none"> <li>• Responsible environmental stewardship</li> <li>• Climate change resilience</li> <li>• Supporting a just transition to the low-carbon economy</li> </ul>



Macro-environment



Business resilience



Our people



Social licence to operate



Climate change

# OUR MATERIAL MATTERS continued

## OUR MATERIAL MATTERS IN ACTION

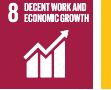
Since 2019, our material matters have broadened in scope and significance, not surprising given the broader macro-trends such as COVID-19, global instability and climate change. Each material matter is explained below and aligns with our strategy (during 2020), business model and selected SDGs.

### PRICE AND CURRENCY VOLATILITY

#### Why this matters

Price volatility refers to fluctuations in the price of our export and some domestic coal products. Currency volatility refers to fluctuations in the exchange rate for exports. As a price taker with product prices denominated in United States (US) dollar, we are exposed to changes in the US dollar to South African rand exchange rate and shifts in coal and iron ore prices (two major contributors to earnings).

Larger macro-economic factors impact price and currency volatility. We have no control over these, which could significantly impact our business. We implement several plans to manage these challenges in our approved risk appetite (limited price hedging) and remain cognisant of the potential impact. Additionally, our revenue is diversified by Eskom's fixed contracts with annual price escalation, providing a degree of stability.

Material theme	2020 strategic objectives*	Related risks	Related SDGs
<b>Macro-environment</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Eskom systemic risk</li> <li>Cost competitiveness of products</li> <li>Country risk (political)</li> <li>Low commodity price</li> </ul>	 

#### Related capitals



#### Affected stakeholders

Customers, investors (returns on investment), employees (employment security) communities and government (taxes and employment)

#### Key stakeholder engagements

Exxaro engages continuously with customers and the market on coal pricing.

- Export volume pricing is based on All Publications Index 4
- Eskom coal pricing for long term supply contracts at Grootgeluk are fixed and adjusted annually based on inflation
- Short-term coal supply contracts to Eskom for Exxaro Coal Central Proprietary Limited (ECC) and Leeuwpan were not concluded by year end

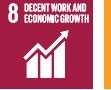
 Refer to the macro-environment section in the integrated report for more information.

### COUNTRY RISK

#### Why this matters

Country risk refers to the inherent risk of conducting business in a country.

We are exposed primarily to risks relating to South Africa – our home base. These risks include high levels of unemployment, downgrades by credit rating agencies, dampened economic growth and lagging policy reform. Country risk remains a critical risk area for us to monitor as deterioration may affect the ease of doing business, operational returns and the attractiveness of South Africa as an investment destination. We continue monitoring these risks and implement appropriate strategies, where possible, to ensure we can create value for our stakeholders and deliver on our purpose.

Material theme	2020 strategic objectives	Related risks	Related SDGs
<b>Macro-environment</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Eskom systemic risk</li> <li>Cost competitiveness of products</li> <li>Country risk (political)</li> <li>Low commodity price</li> <li>Unavailability of rail capacity</li> </ul>	  

#### Related capitals



#### Affected stakeholders

Customers, suppliers, government, communities, employees, contractors, and investors and analysts

#### Key stakeholder engagements

All stakeholders could be affected to varying degrees by a deteriorating operating environment. Ongoing engagements with stakeholders on Exxaro's response to this risk.

 Refer to the macro-environment section in the integrated report for more information.

\* All material matters correlate to our 2020 strategy, but have also informed our new Strategic Growth and Impact strategy.  See page 54 of the integrated report for more information on our strategic evolution.

## KEY CUSTOMER DEPENDENCY

### Why this matters

Our operational sustainability is tied to the success of Eskom, the national power utility in 2020, and ArcelorMittal SA Limited (Arcelor Mittal).

We continue collaborating with our customers to ensure mutual success while looking to broaden our customer base.

Material theme	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>Eskom systemic risk</li> <li>Cost competitiveness of products</li> </ul>	

#### Related capitals



#### Affected stakeholders

Customers, and investors and analysts

#### Key stakeholder engagements

- During South Africa's first COVID-19 lockdown, Eskom declared force majeure at both Matimba and Medupi power stations indicating that the demand would be lower. Our view was and continues to be, that the event did not constitute a force majeure, as stipulated in the coal supply agreements. We continue to engage with Eskom on this and other issues
- Production volumes reduced during the first part of the year as a result of the COVID-19 lockdown. As producers returned to full production, we saw a marked increase in demand. We kept in close contact with our key customers and were able to respond promptly as their coal demands increased
- Some customers were adversely affected by the COVID-19 pandemic and requested more lenient payment terms in the short term
- As these requests were for extended payment terms over a short period, Exxaro responded favourably to these requests; at the same time, managing this closely to ensure that the customers did not default on the agreed terms

 Refer to the business resilience section in the integrated report for more information.

## INFRASTRUCTURE ACCESS AND CAPACITY

### Why this matters

Infrastructure access and capacity relate to ports, railways, mines and power stations.

Outdated, inefficient or poorly functioning infrastructure, as well as a lack of access to infrastructure, can adversely impact our operations' effectiveness and our ability to service our customers and other stakeholders.

Material theme	2020 strategic objectives	Related risks	Related SDGs
<b>Macro-environment</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>Unavailability of rail capacity</li> <li>Cost competitiveness of products</li> <li>Country risk</li> </ul>	

#### Related capitals



#### Affected stakeholders

Customers, suppliers, government, investors and analysts

#### Key stakeholder engagements

Engagements with Transnet Freight Rail take place regularly and at various levels in order to discuss matters of both operational and strategic consequence. Exxaro experienced challenges with the availability of trains.

 Refer to the macro-environment section in the integrated report for more information.

## OUR MATERIAL MATTERS continued

### PRUDENTLY MAXIMISING THE VALUE OF OUR COAL PORTFOLIO

#### Why this matters

Our coal portfolio is a valuable natural resource entrusted to us, and must be selectively and responsibly extracted to ensure we optimise its value, support economic growth and social development while safeguarding the natural environment, managing reputational risks and preparing for the low-carbon future.

Our just transition to a low-carbon future has a foothold on the early value coal strategy, a key pillar of our Sustainable Growth and Impact strategy.

Material theme	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Community unrest</li> <li>Safety and health concerns</li> <li>Cost competitiveness of products</li> <li>Climate change concerns</li> <li>Country risk (political)</li> <li>Inability to achieve financial targets</li> <li>Low commodity price</li> </ul>	 

#### Related capitals



#### Affected stakeholders

Customers, suppliers, government, communities, employees, contractors, unions, non-governmental organisations (NGOs), and investors and analysts

#### Key stakeholder engagements

- We have made good progress in our efforts to divest from the less robust local assets
- We have intensified our engagement with Anglo in order to facilitate processes to get to an investment decision on Moranbah South in as minimal time as possible
- At Leeuppan and ECC, we continued to update employees on the progress of the divestment process and to address their concerns about the change of ownership
- Our early value coal strategy aims to reduce the potential for stranded assets and maximise the value of the coal business in the short to medium term establishing a foundation for transitioning to a low-carbon future

 Refer to the business resilience section in the integrated report for more information.

### SUPPORTING A JUST TRANSITION TO A LOW-CARBON ECONOMY

#### Why this matters

Exxaro is committed to alleviating potential social and relationship and human capital disruption that could lead to further unemployment and poverty.

We consider the social impact on employees and communities who depend on the coal economy and respond by preparing affected people through appropriate skills and social support structures, for example alternative economic activities.

Material theme	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>Climate change concerns</li> </ul>	     

#### Related capitals



#### Affected stakeholders

Customers, suppliers, government, communities, employees, contractors, unions, NGOs, and investors and analysts

#### Key stakeholder engagements

- As we move towards carbon neutrality by 2050, we continue to ensure that our transition contributes to the socio-economic wellbeing of the communities in which we operate. We continue to empower local suppliers and emerging small businesses to grow their businesses beyond the life of our operations
- We have begun establishing strategic relationships to support us in our mineral succession planning, whereby we are evaluating the alternative use of rehabilitated land for economic activities beyond mining

 Refer to the business resilience section in the integrated report for more information.

## FINANCIAL PERFORMANCE AND RESILIENCE

### Why this matters

Over time, our financial performance and resilience directly influence our business's sustainability, success and viability.

Without delivering solid returns to shareholders over time and ensuring we have the financial resources to implement our growth plans and social development objectives, we cannot deliver value to our broader stakeholders.

Material theme	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Eskom systemic risk</li> <li>Cost competitiveness of products</li> <li>Country risk (political)</li> <li>Inability to achieve financial targets</li> <li>Low commodity price</li> </ul>	 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>  <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>

### Related capital



### Affected stakeholders

Investors and analysts, customers, suppliers, government, communities, employees and contractors

### Key stakeholder engagements

We have adopted agility in our day-to-day business operations, by implementing new ways of work, that allowed us to capture opportunities that presented themselves during the pandemic. Our newly implemented short-cycle value chain control, which is part of our new ways of work and response to the challenges brought by the pandemic, helped in ensuring product placement across various markets, even during global lockdown.

- The deteriorating macro-environment and the economic shock from COVID-19 resulted in the reduced financial viability of many contractors
- We engaged extensively with strategic suppliers with the view of tapping into the innovation potential and to delivering further value. Commodities that have been positively impacted by this review include the sourcing of magnetite and fuel

 Refer to the business resilience section in the integrated report for more information.

## COST COMPETITIVENESS OF PRODUCTS

### Why this matters

Cost competitiveness is our ability to sustainably produce quality coal products at the lowest marginal and average total cost, both in the short and long term. We strive to ensure our coal operations are best-in-class and cost competitive through our operational excellence drive, including adopting relevant technology and innovation, as we continue meeting customer expectations in terms of volumes, quality and price. Being cost competitive in an environment of price volatility is a key tenant of our operational excellence strategy.

Material theme	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Eskom systemic risk</li> <li>Unavailability of rail capacity</li> <li>Cost competitiveness of products</li> <li>Country risk (political)</li> <li>Inability to achieve financial targets</li> <li>Low commodity price</li> </ul>	 <b>7 AFFORDABLE AND CLEAN ENERGY</b>  <b>8 DECENT WORK AND ECONOMIC GROWTH</b>  <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>

### Related capitals



### Affected stakeholders

Customers, suppliers, employees, contractors, and investors and analysts

### Key stakeholder engagements

- Exxaro is only competitive if we can sell our products profitably at market-related pricing. To this end Exxaro engages continuously with customers on what product works best in the required application. We also take a value chain approach by following a market to resource optimisation strategy
- Given the impact of COVID-19, we have implemented a cost-saving drive called "closing the gap" across our operations, which has enabled us to preserve cash, thereby ensuring healthy cash flow to mitigate the impact of the pandemic on our business operations

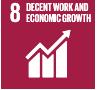
 Refer to the business resilience section in the integrated report for more information.

## OUR MATERIAL MATTERS continued

### CAPITAL ALLOCATION

#### Why this matters

Capital allocation refers to how we invest and distribute our financial resources to support our strategy, increase efficiency, expand operations and maximise value. We carefully consider how we allocate capital to achieve our strategic goals and invest in our current operations and future growth plans.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>Eskom systemic risk</li> <li>Cost competitiveness of products</li> <li>Inability to achieve financial targets</li> <li>Low commodity price</li> </ul>	 

**Related capitals**    

#### Affected stakeholders

Investors and analysts, and debt funders

#### Key stakeholder engagements

- Our capital allocation framework provides a guideline for the use of cash generated, including the dividend policy and reinvestment strategy to enhance the return on capital employed (ROCE). Business of tomorrow investments have ceased and are held for possible future divestment
- A key consideration for proceeds received from the disposal of our Tronox investment was the special dividend and share buy back during Q2 2021

 Refer to the business resilience section in the integrated report for more information.

### LEGAL, REGULATORY AND COMPLIANCE EXCELLENCE

#### Why this matters

Legal, regulatory and compliance excellence is our awareness and understanding of, and compliance with relevant industry and company laws, policies and regulations.

For Exxaro, this means actively monitoring the regulatory environment to identify any changes in compliance requirements and adapting to compliance efforts accordingly, maintaining our licence to operate and going beyond compliance. This includes, among others, codes of good practice, industry charters and other regulations, and best practice such as the UN SDGs and NDP.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> <b>Our people</b>  	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> </ul>	<ul style="list-style-type: none"> <li>Community unrest</li> <li>Safety and health concerns</li> <li>Climate change concerns</li> <li>Country risk (political)</li> </ul>	   

**Related capitals**  

#### Affected stakeholders

Government, employees, contractors, and investors and analysts

#### Key stakeholder engagements

- We regularly engage with the relevant authorities to ensure that our permits and rights are up to date and protected

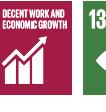
 Refer to the business resilience and our people sections in the integrated report for more information.

## TRANSPARENCY, ETHICS AND INTEGRITY

### Why this matters

Creating and preserving value for our stakeholders is guided by our values and requires effective and efficient governance processes and practices informed by good corporate citizenship pillars, namely transparency, accountability and integrity.

We continuously aim to be a responsible and ethical corporate citizen. Our approach to transparency, ethics and integrity encompasses among others, fraud prevention, anti-bribery and anti-corruption. In addition, we face intense scrutiny by consumers and activists demanding greater visibility and transparency regarding our carbon footprint and emissions reduction strategies, environmental stewardship and achieving social objectives.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Our people</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> </ul>	<ul style="list-style-type: none"> <li>Community unrest</li> <li>Safety and health concerns</li> <li>Climate change concerns</li> </ul>	   

### Related capitals



### Affected stakeholders

Customers, suppliers, employees and contractors

### Key stakeholder engagements

- The procurement fraud and the proliferation of procurement scams present a risk to Exxaro and its suppliers. Above inflation increase in input costs present a risk to Exxaro's financial sustainability. The adoption of best-in-class business processes and technology has enabled us to respond to both financial and fraud risks. During 2020 the board approved a new source to pay and accounts payable policy, we reviewed our supplier code of conduct, which articulates a commitment to the prevention of corrupt practice, anti bribery and corruption laws and we improved our supplier due diligence processes. All suppliers are required to commit to this code of conduct as a condition of tender. In 2020, online training on Exxaro's anti-bribery and anti-corruption policies was carried out with employees and contractors. In 2020 we also completed the roll-out of Coupa, a Software as a Service (SaaS)-based e-procurement platform that will further reduce fraud, increase transactional speed and enable greater value release through savings
- Board governance sessions are held twice a year to update the board and executive leadership on key and leading trends on governance

 Refer to the our people section in the integrated report for more information.

## RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

### Why this matters

Environmental stewardship refers to responsibly using the natural resources we rely on.

It highlights the custodial role we play in terms of how we use, manage and protect the natural environment while delivering on our strategic objectives and ensuring we create value for our stakeholders and the country at large. Key stewardship efforts relate to water, air quality and carbon emission reduction.

Material theme	Strategic objectives	Related risks	Related SDGs
<b>Climate change</b> <b>Social licence to operate</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> </ul>	<ul style="list-style-type: none"> <li>Climate change concerns</li> <li>Water security</li> <li>Air pollution</li> <li>Biodiversity and land use</li> </ul>	    

### Related capitals



### Affected stakeholders

Communities, customers, suppliers, government, employees, contractors, NGOs, and investors and analysts

### Key stakeholder engagements

- Several initiatives are underway aimed at reducing the environmental impact of Exxaro. A pilot study is being conducted with the collaboration of original equipment manufacturers to pilot the use of compressed natural gas on haulage trucks. Similarly, Exxaro has concluded an agreement with a service provider to recycle old off-road tyres

 Refer to the social licence to operate and our environment sections in the integrated report for more information.

## OUR MATERIAL MATTERS continued

### CLIMATE CHANGE RESILIENCE

#### Why this matters

Climate change resilience refers to our ability to adapt and succeed in the face of direct and indirect climate change impacts. In addition to addressing and managing these risks, it encompasses our ability to capitalise on the strategic opportunities presented by the shift to a lower-carbon and resource-constrained economy.

Guided by our purpose, our Sustainable Growth and Impact strategy is designed to ensure we are able to manage the direct and indirect climate change impacts on our current portfolio while ensuring we are able to contribute to the low-carbon environment of the future.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Macro-environment</b> <b>Climate change</b>  	<ul style="list-style-type: none"> <li>Achieve carbon neutrality by 2050</li> </ul>	<ul style="list-style-type: none"> <li>Climate change concerns</li> </ul>	    

#### Related capitals

#### Affected stakeholders

Customers, suppliers, government, communities, employees, contractors, and investors and analysts

#### Key stakeholder engagements

- We recognise the numerous benefits associated with adopting a value chain approach to climate adaptation and resilience, especially given that the negative impacts of climate change are not only limited to our business's operating space. Therefore, during 2020, engagements with our host communities and other value chain partners were undertaken to enable us to adopt critical elements for the design of a comprehensive climate adaptation and resilience approach which is largely based on sustainably investing in our operations, communities and value chain partners.
- We have completed our TCFD recommendations assessment, with a favourable score of 90%. The outcome of the assessment will provide a framework for the future engagement of shareholders and other capital providers.

 Refer to the macro-environment and our environment sections in the integrated report for more information.

 Detailed disclosure is available in our CCRS report

Cennergi's Amakhala Emoyeni windfarm



## WORKFORCE: CULTURE, CAPABILITY, DIVERSITY, INCLUSION AND INNOVATION

### Why this matters

Our corporate culture is critical in determining our success today and in years to come. We aim to foster a culture that supports adaptability and innovation, leveraging the strength of diversity to enable our success.

We are committed to ensuring we have the right capabilities and values to deliver on our strategy and lead the business into the future to achieve our vision and fulfil our purpose.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Our people</b> 	<ul style="list-style-type: none"><li>Ensuring the sustainability of our business</li><li>Delivering operational excellence</li><li>Creating a culture of inclusivity, agility and adaptability</li><li>Strengthen our capabilities</li><li>Drive performance to support our strategy</li></ul>	<ul style="list-style-type: none"><li>COVID-19 concerns</li><li>Community unrest</li><li>Safety and health concerns</li></ul>	  

### Related capitals



### Affected stakeholders

Customers, suppliers, employees and contractors

### Key stakeholder engagements

- Exxaro is in the second year of a culture shift that is seeking to promote new ways of working across the organisation. After extensive face-to-face launch events with employees in 2019, the focus turned to internal communications in 2020 via email, portal and the SMS/mobile platform, LetsConnect. The culture changes are supported by the launch of a new online learning platform and a new leadership philosophy built around mindsets.
- Exxaro is exploring partnerships with several stakeholders to support the implementation of our diversity and inclusion strategy and to benchmark policies and practices. In 2020, we signed up to the United Nations Women's Empowerment Principles, which offer guidance on how we can further empower women in our workplace and in our communities. We met with the Department of Women, Youth and Persons with Disabilities and the Gender Equality Commission to understand national initiatives to which we could direct our support, and we engaged with the NBI to better understand its transformation and equity programme. We continue to work closely with Women in Mining in South Africa where a key focus in 2020 was gender-based violence (GBV). Internal communication campaigns on GBV received high levels of support from employees. Finally, we participated in the Bloomberg Gender Equality Index for the first time.

 Refer to the our people section in the integrated report for more information.

## OUR MATERIAL MATTERS continued

### HEALTH, SAFETY AND WELLNESS

#### Why this matters

Our employees are the organisation's lifeblood. Exxaro is committed to protecting their health, safety and wellness. We strive to achieve zero harm through collective responsibility, commitment and risk awareness.

Our targeted health, safety and wellness strategies and programmes are in place to help us achieve this. Throughout the COVID-19 pandemic, we continuously leveraged and enhanced our existing health and wellness programmes to protect our employees, contractors and communities.

Material theme	Strategic objectives	Related risks	Related SDGs
<b>Our people</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Delivering operational excellence</li> <li>Human Rights practice</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Community unrest</li> <li>Safety and health concerns</li> </ul>	 

#### Related capitals



#### Affected stakeholders

Employees, contractors, communities and unions

#### Key stakeholder engagements

- The people implications of COVID-19 stirred up a new reality for the human resources discipline, necessitating real-time co-creation of relevant guidelines across multidisciplinary working teams, with employee wellbeing at the forefront of our solutions thinking. Communication during this period focused largely on COVID-19, addressing employee concerns about a potential loss of income, as well as initiatives such as return-to-work protocols, remote work support, a return-to-work survey, an anti-stigmatisation campaign, mental health and wellness, were leveraged to hinge culture messages. The process of aligning diversity and inclusion initiatives to culture also commenced
- COVID-19 placed new health and operational risks to Exxaro and its contractors. Exxaro conducted an impact assessment on suppliers impacted by COVID-19 lockdown regulations. Exxaro took a stance to compensate contractors who were not able to render a service during the lockdown in part or in full for actual proven costs
- The strategy for the sourcing of COVID-19-related personal protective equipment (PPE) sought to minimise supply risks for the business but also increase the participation of local small, medium and micro-enterprises (SMMES):
  - In order to minimise social contact we utilised Exxaro's new digital sourcing platform
  - To mitigate the supply risk among SMMEs, we placed qualifying SMMEs on early payment terms
  - Exxaro further provided nearly R80 million in loan and grant funding to SMMEs through 2020
- The COVID-19 pandemic has had grave implications for our communities, compounding unemployment and poverty. With lockdown regulations being eased, community groups demanded that BUs prioritise skills development, employment and business opportunities. Exxaro has developed a post-lockdown response plan to address the needs of the communities. The plan will be carried out in collaboration with social partners such as World Vision and local non-profit organisations (NPOs). Our stakeholder relationships provided a platform for an effective response to the COVID-19 challenge within our communities, it included extensive collaboration with local and provincial governments on numerous initiatives
- COVID-19 and its impact on employee safety, job security and continued employment conditions took centre stage with labour stakeholders during 2020. We continue to engage with unions at all levels to ensure they understand and have input into Exxaro's approach to COVID-19. We have also developed people management guidelines to address the concerns raised
- Exxaro continues to engage with the Department of Minerals and Energy (DMRE) through the Minerals Council of South Africa (Minerals Council), as well as provincial departments of health in a coordinated and collaborative response to the COVID-19 crisis



Refer to the our people section in the integrated report for more information.

## CYBERSECURITY, TECHNOLOGY AND DIGITALISATION

### Why this matters

Technology is rapidly changing and evolving, impacting organisations around the world through its unprecedented risks and opportunities. To navigate this, Exxaro's resilience and agility will be enabled by leveraging digital tools, as well as progressive methodologies and capabilities that enable us to enhance performance across the value chain.

We continue investing in technology and digitalisation, taking an enterprise-wide approach rather than a point solution. While the business advances its transformation, and relies increasingly on technology, we remain cognisant of managing the risks associated with technology and digitalisation as we strive to secure Exxaro's assets across all information security domains.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Business resilience</b> 	<ul style="list-style-type: none"><li>Ensuring the sustainability of our business</li><li>Optimising our portfolio</li><li>Delivering operational excellence</li><li>Prudently optimising capital</li></ul>	<ul style="list-style-type: none"><li>COVID-19 concerns</li><li>Cybersecurity risk</li></ul>	

### Related capitals



### Affected stakeholders

Customers, suppliers, communities, employees, contractors, and investors and analysts

### Key stakeholder engagements

An industry leading cybersecurity assessment tool has been implemented that automatically measures and monitors all aspects of cybersecurity and provides an overall rating percentage (called a cybersecurity "posture"). This rating is benchmarked against peer companies and Exxaro has already achieved a higher rating than the industry norm which will be improved even further going forward.

 Refer to the business resilience section in the integrated report for more information.

# OUR MATERIAL MATTERS continued

## SOCIAL UNREST

### Why this matters

In our mining communities, our operations are the primary economic activity (other than Eskom) where there is limited economic diversification independent of mining. With few job opportunities elsewhere, due to low economic growth and high levels of unemployment, the local communities require employment and procurement opportunities (please see material matter below as well). Furthermore, there is increasing pressure on private organisations to provide services traditionally supplied by the state. These pressures can result in social unrest affecting our communities, employees and operations.

We believe that Exxaro is a tenant in our host communities. A successful relationship with communities is key to our business success and growth. In addition to our social and labour plans (SLPs), we invest in areas such as environmental conservation and health and welfare through our corporate social investment (CSI) programmes. Exxaro will continue addressing these issues of concern through current and future "impact at scale" initiatives to reach a long-term resolution on future opportunities to benefit communities.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Macro-environment</b> <b>Social licence to operate</b>  	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Optimising our portfolio</li> <li>Delivering operational excellence</li> <li>Prudently optimising capital</li> <li>Human Rights practices</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Eskom systemic risk</li> <li>Community unrest</li> <li>Climate change concerns</li> <li>Country risk (political)</li> </ul>	    

### Related capitals



### Affected stakeholders

Government, communities, employees, contractors and unions

### Key stakeholder engagements

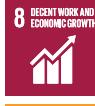
- We are striving to increase the participation of black-owned suppliers and those from host communities. Exxaro has adopted source to pay and supply chain sustainability policies that support the increased participation of black-owned, black women-owned, youth and people with disabilities. Exxaro is fully compliant with the B-BBEE codes with regards to preferential procurement and is on track to achieve full compliance with respect to the Mining Charter III by 2021. In 2020, Exxaro awarded over R500 million in direct contracts to black-owned SMMEs
- Pervading health conditions, low literacy and low skills levels within the community, are a barrier to community members accessing employment and procurement opportunities, which continues to drive community protests. The emergence of "splinter groups" within recognised community representative structures is a threat to constructive engagement and the effective implementation of social initiatives as it creates inconsistencies in representation, unproductive engagement, occasionally violent community engagement events, individual agendas and non-compliance with engagement processes
- Local taxi associations are key stakeholders in Exxaro's business units (BUs) as they are relied upon for the transportation of staff members and contractors. However, there are challenges associated with local taxi associations as they expect and demand opportunities to transport employees and contractors while imposing exorbitant transportation rates which affect workers' ability to travel to and from work
- Pervading misalignment and tension between local government structures, community members and community representation exacerbated by service delivery challenges has introduced complexity in the local stakeholder landscape and challenges Exxaro's ability to implement SLP initiatives
- Exxaro's community benefit scheme was officially registered as "Exxaro Matla Setshabeng Development NPC" during 2020. The community investment vehicle also received circa R60 million in dividends from Exxaro. The community benefit scheme is pitched at the district level, aligning with the DMRE definition of community, to enable regional development and partnership with industry peers and the government through the district development model
- We are exploring a pilot project with the NBI and Municipal Infrastructure Support Agent (MISA), a project management unit of the Department of Cooperative Governance and Traditional Affairs (COGTA) to implement a municipal capacity-building programme
- Cooperation from Exxaro contractors is being pursued to address the concerns and expectations of communities and ensure local consideration in skills development, employment and subcontracting
- We have embarked on a process to enhance our Human Rights practice to ensure safe conduct of security personnel to avoid conflict during social unrest events/activities

 Refer to the macro-environment and social licence to operate sections in the integrated report for more information.

## SUPPORTING JOB AND BUSINESS CREATION

### Why this matters

Given the high levels of unemployment and poverty in South Africa, particularly among the youth and women, Exxaro is committed to supporting job and business creation by investing in community upliftment and youth development. We focus on investments beyond mere CSI to create solutions that leave a legacy for our communities. We aim to empower, upskill and develop South Africans from a young age to ensure a sustainable future for generations to come.

Material themes	2020 strategic objectives	Related risks	Related SDGs
<b>Social licence to operate</b> 	<ul style="list-style-type: none"> <li>Ensuring the sustainability of our business</li> <li>Delivering operational excellence</li> <li>Become catalyst for economic development</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 concerns</li> <li>Eskom systemic risk</li> <li>Community unrest</li> <li>Cost competitiveness of products</li> </ul>	   

### Related capitals



### Affected stakeholders

Suppliers, government, communities, employees, contractors and unions

### Key stakeholder engagements



- The focus of other government engagements in the second half of the year has been in support of Exxaro's minerals succession plan – focusing on building relationships with departments and agencies that might help Exxaro to improve its understanding of best practices on communal land usage and the organisation's role as an investor and supporter of South Africa's growth aspirations
- Engagement with community stakeholders typically revolves around demands for access to employment and procurement opportunities at Exxaro's operations, as well as skills development that enables access to employment or procurement opportunities. Since the launch of Exxaro's ESD programme in 2019, engagements have also taken place to promote access to ESD opportunities that in particular, lead to participation in the Exxaro value chain
- The gradual easing of COVID-19 lockdown regulations has seen most ESD beneficiaries return to normal operations. The ESD programme is achieving its objectives of both legislative compliance and social impact. Efforts with non-financial support programmes are gaining momentum and a progress report will be provided in the next reporting cycle
- A survey conducted at the beginning of the COVID-19 lockdown amongst the Exxaro ESD programme beneficiaries, revealed that, of the 20 beneficiaries responding to the survey, 55% indicated that their operations would be reduced, 35% would stop operations and 10% would remain unchanged. Eleven ESD programme beneficiaries were issued with force majeure letters by the various BUs and this had an impact on their cash flows. Consequently, the ESD programme gave priority to existing ESD beneficiaries for support through loan repayment holidays and information webinars. A total of 13 ESD beneficiaries successfully applied for loan repayment holidays of between three to six months, totalling R10.9 million
- The maintenance of healthy relationships with organised labour remains crucial for Exxaro and was particularly important within the context of COVID-19 in 2020. Our union engagements structures at BUs and employer level continue to function constructively in support of a stable employee relations climate. In addition to these normal engagements, a special session with the executive and national union leadership was held to provide an update on business context and seek their insights. We plan to hold similar sessions in future

 Refer to the social licence to operate section in the integrated report for more information.

# STRATEGIC PERFORMANCE DASHBOARD

Our key performance indicators (KPIs) are reflected in this strategic performance dashboard.

Exxaro's board and executive committee monitors the dashboard quarterly to ensure we remain within our sustainability risk appetite and realise our strategic objectives.

Our approach ensures that strategy management is integrated with:

- A sustainability framework
- An integrated risk management framework including clearly defined material matters
- KPIs aligned with material matters, risks and our sustainability framework (each measured against our board-approved tolerance level)
- Connected combined assurance, risks, material matters and KPIs

The most critical information is available for the board and executive committee to measure and manage Exxaro's strategy and performance. Our stakeholders also have a transparent and consolidated view of value creation and sustainability drivers.

The dashboard has built-in risk appetite thresholds to ensure appropriate strategic decisions.

## HOW TO INTERPRET THE DASHBOARD

The dashboard links KPIs that are reported in terms of the six capitals and our material matters, reflecting our belief that sustainable value creation is enabled through carefully considering the relationship between the capitals we affect. Performance indicators (negative, positive, unchanged or new) show whether or not KPIs are within our risk appetite thresholds.

We aim to be on target. If we reach the "worst tolerable" threshold, we are not within our defined risk appetite. We must then implement controls or improve existing controls.

### Example of KPI measure

One of our strategic objectives is to improve operational performance. A relevant KPI is core operating margin. If it is below best realistic, we have underperformed. When it is above target, we have wasted resources and may have overlooked opportunities.

KPI performance	Current performance	Indicator
Core operating margin	25%	

KPI threshold	Out of appetite	Worst tolerable	Best realistic	Target	Possible waste or opportunity
Core operating margin	<15%	15%	Between 15% and 20%	20%	>20%
Indicator					

## HUMAN CAPITAL

KPI	2020			2019			Trend based on actual data
	Target	Actual	Indicator	Target	Actual	Indicator	
<strong>Safety</strong>							
Number of fatalities	0	0		0	0		
Lost-time injury frequency rate (LTIFR)	0.11	0.05		0.11	0.12		
Lost-time injuries (LTIs)	21	9		21	26		
<strong>Health</strong>							
Occupational health incident frequency rate (OHIFR) reported <sup>1</sup>	0.31	0.19		0.31	0.25		
People who received HIV/Aids awareness training	Between 90% and 100%	84.1		Between 90% and 100%	130		
Employees who received awareness training and voluntarily tested for HIV/Aids (%)	68% and above	47.6		68% and above	54		
HIV/Aids prevalence rate compared to country prevalence rate (%)	0	8.8		0	10.70		
<strong>Skills</strong>							
Skills provision (% of internal appointments for critical skills) <sup>2</sup>	60	76.16		60	47.90		
Retention of scarce skills (% turnover)	5	3.6		5	3.80		
<strong>Security</strong>							
Fraud and corruption/asset destruction (%) <sup>3</sup>	0	0		0	0		
Successful civil and criminal liability claims against Exxaro or other non-compliance penalties (% of revenue)	Legal fines of R500 000 to R1m	0		Legal fines of R500 000 to R1m	0		

<sup>1</sup> Chronic obstructive airways disease (COAD), noise-induced hearing loss (NIHL), pneumoconiosis, silicosis and occupational tuberculosis (TB).

<sup>2</sup> Please note that the definition for skills provision was updated in 2020 from that used in prior years.

<sup>3</sup> PPE inventory, debtors and cash.

### Trend

 Deteriorated

 Improved

 Unchanged

 New KPI this period

KPI threshold	Out of appetite	Worst tolerable	Best realistic	Target	Possible waste or opportunity
Core operating margin	<15%	15%	Between 15% and 20%	20%	>20%
Indicator					

# STRATEGIC PERFORMANCE DASHBOARD continued

**R51 million**

Value created from earnings and development investments shared with employees

**R3 034 million**

Shareholders' return on investments as dividends

## NATURAL CAPITAL

KPI	2020			2019			Trend based on actual data
	Target	Actual	Indicator	Target	Actual	Indicator	
<b>Incidents</b>							
Reportable environmental incidents (level 2 and level 3)	6 level 2s 0 level 3s	0 level 2s 0 level 3s		6 level 2s 0 level 3s	0 level 2s 0 level 3s		
<b>Compliance</b>							
Stoppage directives (includes section 54 in terms of MHSA) <sup>1</sup>	0	3		0	7		
Stoppage directives (includes directives in terms of NWA, +NEMA and MPRDA) <sup>2</sup>	0	0		0	0		
<b>Valid authorisations in place (EA, IWUL, WML, AEL, EIA ROD, Reporting)</b>							
Current operations (%)	100	100		100	100		
Projects (%)	100	100		100	100		
<b>Compliance to valid licences/authorisations in place (EA, IWUL, WML, AEL, EIA ROD, Reporting)</b>							
Current operations (%)	100	96.47		100	97		
Projects (%)	100	99.33		100	100		
<b>Environmental liability provisions in place<sup>4</sup></b>							
Commercial operations (%)	Between 80 and 100	69		Between 80 and 100	68		
Captive operations (%)	Between 60 and 100	116		Between 60 and 100	51		
<b>Environmental management</b>							
Carbon Intensity scope 1 emissions (ktCO <sub>2</sub> e)	Actual for previous year less 5%	1.82		Actual for previous year less 5%	7		
Carbon Intensity scope 2 emissions (ktCO <sub>2</sub> e)	Actual for previous year less 5%	3.06		Actual for previous year less 5%	2		
Water intensity (kilolitres/run of mine (RoM))	0.2kl/tonne	0.137		0.2kl/tonne	0.10		

<sup>1</sup> Including section 54 of the Mine Health and Safety Act, 1996 (Act 29 of 1996), section 93 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) (MPRDA) and directives in terms of the National Water Act, 1998 (Act 36 of 1998) and the National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA).

<sup>2</sup> Mine works plan and SLP.

<sup>3</sup> Environmental authorisation, integrated water use licence (IWUL), atmospheric emissions licence, environmental impact assessment and record of decision.

<sup>4</sup> Gap between immediate closure cost and rehabilitation funds available excluding guarantees.

### Trend

 Deteriorated

 Improved

 Unchanged

 New KPI this period

KPI threshold	Out of appetite	Worst tolerable	Best realistic	Target	Possible waste or opportunity
Core operating margin	<15%	15%	Between 15% and 20%	20%	>20%
Indicator					

# R50 million

Suppliers and contractors supported by procurement of consumables, services and capital goods

# R1 947 million

Governments where we operate and invest receive taxes and royalty payments

## SOCIAL AND RELATIONSHIP CAPITAL

KPI	2020			2019			Trend based on actual data
	Target	Actual	Indicator	Target	Actual	Indicator	
<b>Employment equity</b>							
Black ownership at group level <sup>1</sup> (%)	30.1	38.22		30	30		
People living with disabilities <sup>1</sup>	1.5	1.44		1.5	1.34		
Human resource development <sup>1</sup> spend for designated group (as a percentage (%) of skills levy tax-based payroll excluding levies, including internal and external training) Mining Charter III	5	4.92		5	5.27		
Employment equity in top management bands <sup>2</sup> (%)	50	66.67		50	66.67		
Employment equity in senior management bands <sup>2</sup> (%)	60	57.95		60	45.83		
Employment equity in middle management bands <sup>2</sup> (%)	60	74.49		60	56		
Employment equity in junior management bands <sup>2</sup> (%)	70	78.15		70	68.44		
Women in top management bands <sup>2</sup> (%)	20	33.33		20	33.33		
Women in senior management bands (%)	25	19.32		25	9.38		
Women in middle management bands (%)	25	36.16		25	20.46		
Women in junior management bands (%)	30	26.12		30	18.27		
<b>Business sustainability</b>							
B-BBEE	Level 1	Level 2		Level 1	Level 2		
Enterprise development (% of NPAT)	1	0.45		1	0.80		
Supplier development (% of NPAT)	2	0.86		2	1.03		
Socio-economic development (% of NPAT)	1	1.35 <sup>4</sup>		1	1.23		
Skills development expenditure on learning programmes specified in the learning programme matrix for black people with disabilities (as a percentage of leviable amount)	0.03	0.0048 <sup>4</sup>		0.03	3.92		
<b>SLPs</b>							
Project delivery measure – local economic development projects per SLP time variance from plan <sup>1</sup> (%)	0	(11)		0	11		
Cost variance from plan (%)	0	59		0	58		

<sup>1</sup> Mining Charter III.<sup>2</sup> Five-year plan (2022).<sup>3</sup> B-BBEE codes.<sup>4</sup> Unaudited figure.

## STRATEGIC PERFORMANCE DASHBOARD continued

**25% ROCE**

Providers of finance receive a return on investment

**R79.8 million**

24 enterprises awarded loans and grant funding

### MANUFACTURED AND INTELLECTUAL CAPITAL

KPI	2020			2019			Trend based on actual data
	Target	Actual	Indicator	Target	Actual	Indicator	
<b>Capital project delivery measure</b>							
Capital projects time overrun	0	11.1		0	5		
Capital projects cost overrun	0	6.3		0	3.10		
<b>Operational performance</b>							
System availability (Core P1 and ERP Solutions)	97	98		97	99.75		
Digitalisation programmes (cost overrun)	0	0		0	(6.00)		
Digitalisation programmes (time overrun)	0	9		0	(6.00)		

**R3.2 billion**

Reinvestments in coal business growth: R2.2 billion sustaining capital and R1 billion expansion capital

### FINANCIAL CAPITAL

KPI	2020			2019			Trend based on actual data
	Target	Actual	Indicator	Target	Actual	Indicator	
Core operating margin (%)	20	17		20	15.24		
Core ROCE (%)	>20	27		20	27.51		

#### Trend

 Deteriorated

 Improved

 Unchanged

 New KPI this period

KPI threshold	Out of appetite	Worst tolerable	Best realistic	Target	Possible waste or opportunity
Core operating margin	<15%	15%	Between 15% and 20%	20%	>20%
Indicator					

## MEASURING OUR PERFORMANCE

ESG performance criteria are a set of standards for a company's operations that a growing number of "conscious investors" use to screen potential investments.

We benchmark our ESG progress against our industry subsector peers who exemplify global best practice.

### ESG PERFORMANCE RATINGS

Our ESG performance score is based on publicly disclosed information (annual reports, websites and various media) evaluated by some of the top ratings agencies globally as part of the JSE Listings Requirements. Investors are thus informed to make responsible investment decisions.

Our 2020 ratings by FTSE Russell, Vigeo Eiris, Sustainalytics and the assessment of Transition Pathway Initiative (TPI) are described below.

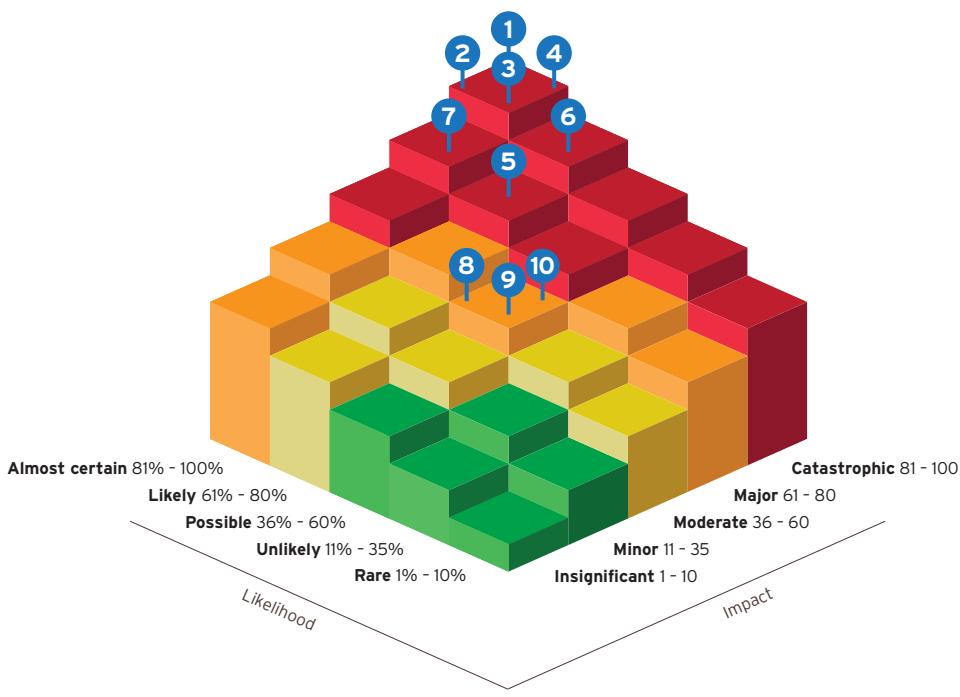
#### FTSE Russell ESG Index

The FTSE Russell ESG Index series measures a company's management of ESG risks and impacts with a maximum score of five points. Each company is compared with global peers in terms of 14 themes (10 listed below apply to Exxaro). Our exposure is also measured with materiality within our mining context in mind – and rated on a four-point scale (below).

Our ESG report discloses performance against the following most relevant themes:

Environment	Social	Governance
Pollution and resources	Labour standards	Risk management
Climate change	Health and safety	Corporate governance
Water use	Human rights and community	Anti-corruption
Biodiversity		

#### Themes applicable to Exxaro



1. Risk management (governance)
2. Labour standards (social)
3. Water security (environmental)
4. Human rights and community (social)
5. Pollution and resources (environmental)
6. Health and safety (social)
7. Climate change (environmental)
8. Corporate governance (governance)
9. Anti-corruption (governance)
10. Biodiversity (environmental)

EXPOSURE	
3	HIGH
2	MEDIUM
1	LOW
0	NEGLIGIBLE OR N/A

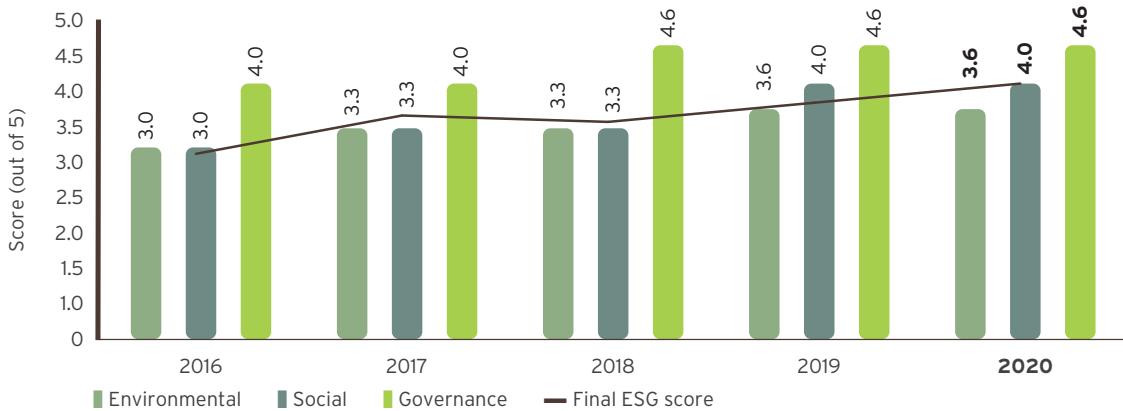
## MEASURING OUR PERFORMANCE continued

Given Exxaro's business operations, our risk exposure is classified as medium to high. The FTSE Russell ESG Index rating confirms our success in efficiently and strategically responding to this exposure.

### Our performance

Over the past five years, Exxaro's FTSE Russell ESG Index score has improved steadily, moving into the top quartile of global performers in the basic resources supersector. Exxaro is currently in the top 22% of ESG performers. The steady improvement in the final ESG rating since 2016 is depicted below.

#### I FTSE Russell ESG Index - Exxaro's historical performance



We consistently perform well in all ESG pillars, particularly governance. The score of four out of five equates to 80% adherence to required measures of the index. The 20% shortfall is attributable to disclosure related to elements in the environmental and social categories. These are being addressed. Measured against global coal mining participants, Exxaro demonstrates superior ESG performance shown below.

	Year-end 2020	
	Exxaro	Global coal subsector
<b>FTSE Russell ESG score</b>		
Environment	4.0	1.6
Social	3.6	1.2
Governance	4.0	1.3
	4.6	2.5

Source: FTSE Russell Corporate Performance Results.

### Vigeo Eiris

Exxaro features in the latest Vigeo Eiris ranking of the 100 best emerging market performers for our approach and ongoing dedication to social responsibility. The Vigeo Eiris ranking is updated every six months, in June and December, and the top 100 performers are selected from over 850 companies in 32 sectors of 31 countries.

Companies included in this index achieve the highest scores in a review of various indicators assessed using the Vigeo Eiris methodology. The indicators reflect a company's performance in human rights, human resources, community involvement, business behaviour and corporate governance.

To avoid exclusion from this index, companies must achieve a consistently high performance and provide evidence of corrective measures or stakeholder engagement in mitigation of critical issues.

### TPI

Exxaro received a TPI ranking of 4/4 in 2020. This score reflects the company's commitment to managing GHG emissions and indicates to stakeholders and investors that Exxaro is in an excellent position to benefit from opportunities presented by the low-carbon transition.

Started in 2017, the TPI is an international initiative that aims to assess companies' transitions to a low-carbon economy. A TPI ranking shows how a company's expected future carbon emissions compare to local or international targets that are part of the Paris Agreement. It's now being used as a benchmark to determine how committed organisations are to corporate climate action. A high TPI ranking means that a business has demonstrated that it is actively trying to mitigate climate change at a strategic level.

### Sustainalytics

The Sustainalytics ESG risk rating measures a company's exposure to industry-specific material risks (including company-specific factors such as the business model) and how well the company is managing those risks. Exxaro's exposure risk was rated medium while management of ESG material risk was rated strong, demonstrating the robustness of our ESG programmes, practices and policies.

We continue assessing the feedback we receive from several other rating agencies to identify common assessment areas and opportunities for improvement.

### LOOKING AHEAD

We have noted the need to become better stewards of our resources, to minimise our impact on our environment and to be a socially responsible organisation. We seek to maximise our positive impact on society with investors' search for a socially responsible mining company in mind. We are aware of global sentiment towards fossil fuels and the need to make a just transition to cleaner energy while maintaining the highest possible ESG performance.

## OUR COMMITMENT IN ACTION

Award	Details	Capitals related
 <b>Top Employer</b>	South African winner, awarded 25 January 2021	
 <b>Exxaro ranked 3rd in the Transparency and Corporate Reporting: South Africa 2020 (TRAC SA 2020) report</b>	100 South African companies under scrutiny for the transparency and implementation of anti-corruption programme	
 <b>GradStar Students' Choice Awards of 2020</b>	Second most sought-after mining company to work for in the Mining and Metals category by thousands of tertiary students	
 <b>WELL certification</b>	Our new head office, the conneXXion, in Centurion, received a silver level WELL certification for Core and Shell by the International WELL Building Institute	
 <b>Sunday Times Top 100</b>	Exxaro ranked 13th in the <i>Sunday Times</i> Top 100 Companies in South Africa – 23 places higher than in 2019. To qualify for the 2020 list, all JSE-listed companies had to hold at least R5bn market capitalisation between 1 September 2015 and 31 August 2020. Winners then ranked according to the highest returns to shareholders over five years, based on a theoretical investment of R10 000.	
 <b>Vigeo Eiris best 100 emerging markets ESG ranking</b>	Exxaro has featured in the latest Vigeo Eiris ranking of the best emerging market performers. The ranking comprises the 100 best performing companies listed in emerging markets, in terms of their approach and ongoing dedication to social responsibility	
 <b>TPI score</b>	4/4 – an excellent indicator of Exxaro's management of our GHG emissions and risks and opportunities related to the low-carbon transition	
 <b>Bloomberg 2021 Gender Equity Index (GEI) participation</b>	The Bloomberg GEI tracks the performance of public companies committed to disclosing their efforts to supporting gender equality through policy development, representation, and transparency.	

Environmental monitoring at Matla



## STAKEHOLDER MANAGEMENT

In support of Exxaro's purpose of *powering better lives in Africa and beyond*, we continue to work towards improving the quality of our relationships with stakeholders. We aim to build long-term, stable and trusting relationships that facilitate business activities and create shared value for all our stakeholders.



### Exxaro's approach to stakeholder management

Exxaro utilises a key account management (KAM) approach\* to stakeholder management. Our management process has foundations in the global best practice AccountAbility 1000 Stakeholder Engagement Standard. We are committed to enhancing our relationships with our stakeholders by engaging transparently and addressing their legitimate concerns. Our objective is to enable a responsive and proactive method of managing stakeholder relationships and stakeholder-driven risks and opportunities in an increasingly dynamic and uncertain operating environment.

Given our decentralised operating structure, the interaction and cooperation between head office and operations has been focused on developing and implementing BU stakeholder management capabilities in accordance with the KAM approach and on the use of technology systems to support engagement activities. Developments in this regard are encouraging.

The board approved a new stakeholder management policy in 2020. The new policy aims to promote and embed the implementation of our stakeholder management practice, and application of the guidelines in Exxaro, supporting the achievement of the company's strategic objectives.

Looking ahead, the primary focus will be on ensuring an enterprise-wide application of the KAM approach and monitoring the culturalisation of stakeholder management. This is to ensure we mature from reactive engagement to our intentional, proactive management of stakeholder-related risks and opportunities.

\* Described in IR 2019.

## SUMMARY OF KEY STAKEHOLDER RELATIONSHIPS

We are committed to enhancing our relationships with our stakeholders by engaging transparently and addressing their legitimate concerns.

During 2020, almost all engagements were virtual through online platforms and in some instances hybrid, combining virtual with limited numbers of people during person-to-person meetings to ensure strict adherence to COVID-19 protocols.

The rating scale below reflects a combination of external assessments (the last conducted in 2018), as well as internal self-assessments to reflect the quality of our relationships with stakeholders.

### Stakeholder rating scale

- 0 No existing relationship, or the relationship that does exist has deep challenges and problems
- 1 An established relationship exists, but can be improved
- 2 A good, quality relationship exists with the opportunity to improve further
- 3 A very strong relationship exists, based on mutual trust and respect

## GOVERNMENT

### Material themes



### Group risks

- Regulatory compliance
- Country risk

### Why we engage

Government and regulatory authorities are a critical stakeholder group. We operate in a highly regulated industry and strive to go beyond compliance, building a partnership to ensure mutual success. Through transparent engagement, we look to identify areas of collaboration, share insights on policy and other plans and ensure Exxaro is working with government to be a catalyst for economic growth and development.

### How we engage

- One-on-one engagements
- Dialogue platforms

### Quality of relationship and measurement instrument

#### Quality of the relationship: 2/3

#### Basis of rating: 2018 reputation survey and self-assessment

- A pilot relationship quality assessment is underway, aiming to quantify the quality of key relationships in the DMRE as well as the governments of our key host provinces, Limpopo and Mpumalanga

### Hot topics

- Exxaro's response to COVID-19 and economic recovery
- Just (energy) transition and Exxaro's strategic outlook
- Social impact issues, including the economic and financial inclusion of women in South Africa's economy, Exxaro's contribution to the end of gender discrimination and GBV, Exxaro's community benefit scheme, local community concerns, Exxaro's land and agriculture projects in Limpopo, Mpumalanga and the Eastern Cape, and the best practice use of communal land

### How we responded

- Exxaro is well positioned with the majority of operating licences (mining, environmental and financial) in place
- Government engagements in 2020 were primarily about addressing challenges and solutions that prevent the spread of COVID-19. Exxaro's areas of intervention included water-related infrastructure through our SLPs, provision of accessories to school-going children and food parcels to needy communities. Exxaro continues to engage with the DMRE through the Minerals Council as well as provincial departments of health in a coordinated and collaborative response to the COVID-19 crisis
- Engagement at local government levels in each location is improving as a result of the close relationships built through COVID-19 response activities and our participation in regional collaboration platforms such as The Impact Catalyst and the Emalahleni Joint Forum
- Other government engagements in the second half of the year focused on supporting Exxaro's minerals succession plan and building relationships with departments and agencies that might help Exxaro improve its understanding of best practices in communal land use and the organisation's role as an investor and supporter of South Africa's growth aspirations
- Exxaro also met with the chairpersons of the portfolio committees on Mineral Resources and Energy and Environment, Forestry and Fisheries as well as the Municipal Infrastructure Support Agency, and several government and political leaders regarding the state of the nation and provinces where we operate

### Value delivered to this stakeholder group in 2020

- Response to COVID-19 and support offered to host communities: Total of R195.5 million spent in various initiatives
- Exxaro's commitment to South Africa's socio-economic development: Completing R17 billion local capex programme and investing in renewable energy through R1.5 billion purchase of 50% of Cennergi
- Taxes and royalties paid

# STAKEHOLDER MANAGEMENT continued

EMPLOYEES	
Material theme	Group risks
	<ul style="list-style-type: none"> <li>• Social licence to operate</li> <li>• Labour unrest</li> <li>• COVID-19</li> </ul>
Why we engage	
<p>Employees are the strategy execution engine for Exxaro. It is therefore essential that the focus, profile and development efforts of Exxaro's employee base are aligned with its strategy.</p>	
How we engage	
<ul style="list-style-type: none"> <li>• Annual chief executive officer (CEO) roadshow – town hall meetings with employees at BUs</li> <li>• Employees are engaged through daily "toolbox" talks and monthly/quarterly mass communication with the BU leadership team</li> <li>• BUs use digital engagement through information screens, emails, bulk SMS and specific communication campaigns</li> <li>• Digital platforms such as the LetsConnect app have enhanced our ability to engage with the workforce</li> </ul>	
Quality of relationship and measurement instrument	
<b>Quality of the relationship: 2/3</b> <b>Basis of rating: 2018 reputation survey, 2020 employee engagement and culture assessment and self-assessment</b> <ul style="list-style-type: none"> <li>• In 2018, the employee trust index score was a healthy B+</li> <li>• A stakeholder engagement index score of C highlighted the need for improved engagement. In the past year, employee concerns about the visibility of Exxaro's initiatives and success stories were addressed through the LetsConnect digital platform as well as a greatly enhanced social media campaign promoting Exxaro's socio-economic activities</li> </ul>	
Hot topics 	
<ul style="list-style-type: none"> <li>• COVID-19 and preventing the spread of the virus.</li> <li>• Divestment of ECC and Leeuwpan</li> <li>• Diversity and Inclusion</li> <li>• Fullco agreements (continuous operation with limited to no interruptions (public holidays bought out in a collective agreement)</li> <li>• Exxaro's strategy and outlook for coal</li> </ul>	
How we responded 	
<ul style="list-style-type: none"> <li>• The people implications of COVID-19 stirred up a new reality for the human resources discipline, necessitating real-time co-creation of relevant guidelines across multidisciplinary working teams with employee wellbeing at the forefront of our solutions thinking</li> <li>• Communication during this period focused largely on COVID-19, addressing employee concerns with information on COVID-19 infection and management, potential loss of income, return-to-work protocols and survey, remote work support, a destigmatisation campaign, mental health and wellness leveraged culture messages. The process of aligning diversity and inclusion initiatives with culture also started</li> <li>• At Leeuwpan and ECC, we continued to update employees on the progress of the divestment process and to address their concerns about the change of ownership</li> <li>• At Grootegeluk, engagement with employees in 2020 revolved largely around the Fullco agreement and a dispute about standby issues</li> <li>• Other communication initiatives focused on Exxaro's updated diversity and inclusion strategy, women in mining, Exxaro's ESD initiatives as well as the campaign against GBV</li> <li>• The board, exco and senior leaders sacrificed 2020 annual fee and salary increases</li> </ul>	
Value delivered to this stakeholder group in 2020	
<ul style="list-style-type: none"> <li>• Training and development investment of R227 million</li> <li>• Strengthened diversity and inclusion throughout our operations</li> </ul>	

 For more information, refer to our people section on page 66.

## LABOUR UNIONS

### Material themes



### Group risk

- Labour unrest
- COVID-19

### Why we engage

Labour unions represent our employees through recognised bargaining units and, as such, form an important part of our stakeholder universe. Proactive engagement is an important part of risk management and maintaining workplace harmony.

### How we engage

- Unions are engaged in formal structures at BU and employer levels in terms of the bargaining agreements. Recognition agreements govern the frequency, engagement level and spirit of engagement between unions and the employer, and they are key to maintaining workplace harmony and guiding conduct amongst union and employer stakeholders. We continue to focus on keeping engagement structures with organised labour functional to ensure a healthy relationship. These engagement structures played a significant role in dealing with employee issues ahead of the wage negotiation processes across the business in 2020
- Exxaro has a pluralist approach to union recognition but we only formally engage with unions (for example, around wage negotiations) when formal recognition agreements are concluded. Exxaro has adopted a higher threshold for union representation as a platform for wider representation of union groups. This has significantly improved communication between Exxaro and unions, and has created an opportunity for human resources to further strengthen strategic partnerships, and cocreate solutions with unions, aimed at addressing critical strategic issues
- The National Union of Mineworkers (NUM) continues to be the majority trade union across the Exxaro group, however, we also have recognition agreements in place with National Union of Metalworkers of South Africa (NUMSA). The union formerly known as the United Association of South Africa, now UASA, the Association of Mineworkers and Construction Union (AMCU) and the Food and Allied Workers' Union (FAWU)
- Future forums

### Quality of relationship and measurement instrument

#### Quality of the relationship: 2/3

#### Basis of rating: Internal self-assessment

### Hot topics

- 
- Wage talks
  - COVID-19 and employee wellbeing
  - Recognition thresholds
  - State of the business

### How we responded

- 
- Maintenance of healthy relationships with organised labour is crucial, particularly within the context of COVID-19 and the need to cocreate sustainable solutions for the business at this moment. Union engagement structures at BUs and employer level function constructively in maintaining our stable employee relations climate. In addition to these engagements, two sessions with the executive committee and national union leadership were held to provide an update on business context and performance and obtain the insights of the union leadership
  - NUM raised a concern about the Leeuwpan divestment process. After constructive engagement, which included NUM's national leadership, the matter was resolved, maintaining the integrity of the divestment process
  - COVID-19 and its impact on employee safety, job security and employment conditions were also centre stage. We continue to engage with unions at all levels to ensure they understand and provide input on Exxaro's approach and response to COVID-19
  - Interunion rivalry is due to recognition thresholds in current agreements. We continue to manage union relationships in line with current recognition agreements. We are willing to engage with any union about their recognition if this does not negatively impact our relationships
  - Expressed the desire to partner with business leaders in community engagement initiatives

### Value delivered to this stakeholder group in 2020

- Ongoing development of mutually respectful relationships to better serve our employees and create shared value
- No retrenchments of employees as a result of COVID-19 impacts

For more information, refer to our people section on page 66.

## STAKEHOLDER MANAGEMENT continued

COMMUNITIES	
Material theme	Group risk
	<p>• Community unrest • social licence to operate</p>
<b>Why we engage</b>	
<p>Exxaro operates in eight local municipalities of South Africa and two provinces (Mpumalanga and Limpopo) with closed mines in another three municipalities, (two in KwaZulu-Natal). Stakeholder-related risks and issues among this group of stakeholders relate primarily to Exxaro's material issues of social unrest and maintaining our social licence to operate. Through our ongoing engagements, we strive to ensure that community unrest does not lead to production delays and stoppages, injury to employees and community members, that issues are resolved proactively before they escalate to community unrest, that Exxaro's success stories on community development are shared widely, that we create local job opportunities and that we deliver community development initiatives, shared value and benefit from mining activities.</p> <p>Cennergi operates in two local municipalities in the Eastern Cape province (Raymond Mhlaba and Koukamma). Community engagements are primarily around activities aimed at improving the wellbeing and living conditions of host communities.</p>	
<b>How we engage</b>	
<p>Engagement platforms addressing community issues internally and externally. Internally, the future forum monitors implementation of SLPs. Externally, forums with municipalities and traditional authorities address socio-economic conditions at local, district and provincial level for greater impact.</p>	
<b>Quality of relationship and measurement instrument</b>	
<p><b>Quality of the relationship: 2/3</b>  <b>Basis of rating: 2018 reputation survey, self-assessment and business perception assessment conducted by social facilitators at Belfast and Matla</b></p> <ul style="list-style-type: none"> <li>• 90% of surveyed businesses in Emakhazeni believe that Exxaro is having a positive impact on businesses operating in the municipality; though there were also perceptions that available procurement opportunities were monopolised by a limited number of "connected" local companies</li> <li>• Just over half of surveyed businesses reported that economic activity had increased in the municipality since Exxaro started its operations; 46% reported that the level of economic activity remained the same</li> <li>• 78% of businesses reported that their revenues had "stayed roughly the same" since Exxaro started operating in the municipality; only 20% reported an increase in revenues</li> </ul>	
<b>Hot topics</b>	
<ul style="list-style-type: none"> <li>• Employment and procurement opportunities at Exxaro as well as skills development that enables access to employment or procurement opportunities continue to be key concerns of our community stakeholders, given that the COVID-19 pandemic has only compounded unemployment and poverty: In Limpopo, the GG6 project and in Mpumalanga the Matla mine projects are opportunities for employments and procurement for local community members that are being harnessed</li> <li>• Community representation</li> <li>• Taxi association expectations for employee transport business opportunities</li> </ul>	

## How we responded

- When lockdown regulations eased, community groups demanded that the BUs prioritise skills development, employment and business opportunities. We continue to pursue local consideration in skills development, employment and subcontracting however effective responses are complicated by low literacy and skills levels and often individual health issues, resulting in failure of entrance tests
- Our investment in providing free community wifi to the Siyathuthuka township in Belfast, Mpumalanga, ensured the seamless flow of information about the pandemic. The community wifi project will be extended to our other locations
- Engagement on these and other issues is also challenged by inconsistent community representation, unproductive engagement and participation in community forums, violent community engagement events, community demands led by individual agendas and community representatives unwilling to adhere to sound governance processes. Misalignment and tension between factions within local government and between local government structures and community members exacerbating service delivery challenges, introduces further complexity to the local stakeholder landscape and additional challenges for the implementation of socio-economic development initiatives
- Local taxi associations are key stakeholders in Exxaro's BUs as employees and contractors rely on them for transport. However, exorbitant rates are a challenge and an issue that is being addressed at several BUs
- Working with stakeholders such as government, the Minerals Council, World Vision and other social partners, Exxaro developed a post-lockdown response plan to address the needs of communities. Our past efforts at community engagement and development provided a platform for an effective response to the COVID-19 challenge within our host communities
- Engagements led by the NBI and its technical assistance, mentorship and development programme as well as the COFTA on the Lephalale municipal capacity-building programme were not successful, however we were able to align support for the district development model with the Waterberg municipality as custodian.
- We are exploring a pilot project with the MISA for assistance with the delivery of our SLP projects in a more targeted manner
- Exxaro's ESD programme is achieving its objectives of legislative compliance, supplier diversity and social impact. During South Africa's first COVID-19 lockdown, our ESD team engaged early and frequently with beneficiaries to ensure they survived the crisis. We surveyed our ESD programme beneficiaries at the beginning of lockdown and found that 55% would incur operational reductions, 35% would stop operations and 10% would remain unchanged. Consequently, Exxaro prioritised existing ESD beneficiaries for support through interest-free loan repayment holidays and information webinars. We are also developing non-financial support programmes for our ESD beneficiaries, including a technical mentorship programme for first-time contractors in core mining services and a financial excellence programme.
- In a new initiative aimed at supporting government's district development model, Exxaro has completed registration of a non-profit company (NPC) known as the Matla Setshabeng community benefit scheme. It will enable regional development and partnerships with industry peers and government. The NPC has received a total of about R60 million in dividends from Exxaro. We have shared details of the scheme with key stakeholders, including the Mpumalanga and Limpopo provincial governments, the Minerals Council, the Limpopo Impact Catalyst, and the DMRE with positive outcomes
- We regret the loss of life of a community member, during a community unrest incident in Limpopo
- In 2016, Cennergi established the Amakhala Emoyeni Community Fund Trust (AECFT) and Tsitsikamma Wind Farm Trust (TWFT) to manage socio-economic and ESD donations and investments. Focus areas are education and skills development, enterprise development, infrastructure development and housing and health. Engagements and project activities across all these focus areas in both municipalities continued throughout 2020.

## Value delivered to this stakeholder group in 2020

 Refer to the communities section on page 78 for more information.

# STAKEHOLDER MANAGEMENT continued

INVESTORS	
Material themes	Group risk
	<b>Group risk</b> <ul style="list-style-type: none"> <li>Access to capital</li> </ul>
<b>Why we engage</b>	
<p>Our investors are the owners of our business and capital, and have expectations regarding the value creation for their investments. Through clear communication of our strategy and benefit distribution policies, we can align with their expectations and grow their trust in our organisation, which strengthens our access to capital.</p>	
<b>How we engage</b>	
<ul style="list-style-type: none"> <li>SENS announcements</li> <li>Interim and annual results announcements</li> <li>Post-results roadshows</li> <li>Non-deal roadshows</li> <li>One-on-one meetings</li> <li>Enquiries</li> <li>Investor conferences</li> <li>Online meetings</li> </ul>	
<b>Engagement strategy</b>	
<p>Through our investor relations function, we create an annual engagement strategy that guides our work and enables regular updates and engagements to keep current and potential investors informed. Further, regular enquiries from investors and sell-side analysts are received in relation to financial modelling and thematic research which we respond to.</p>	
<b>Quality of relationship and measurement instrument</b>	
<p><b>Quality of the relationship:</b> 2/3</p> <p><b>Basis of rating:</b> Internal assessment informed by various external surveys</p> <ul style="list-style-type: none"> <li>The results of the annual investor/analyst perception survey conducted in May 2020 showed minor changes compared with 2019 and remained positive. There was a higher level of qualitative feedback in the third report, revealing insights and making constructive suggestions</li> <li>Overall, Exxaro management is still perceived as delivering well in its operational commitments. However, there was a decline in the score around questions on the clarity of the overall acquisition/disposal strategy and the diversification strategy which we began to address at the delivery of the FYE2020 results in March 2021.</li> </ul> <p>Additional and detailed communication will be provided at a capital markets day in the early part of Q4 2021. Disclosure perceptions increased slightly with the perception that Exxaro has the technical and leadership skills required to achieve its objectives, with capital allocation and our approach to it perceived positively</p>	
<b>Hot topics</b>	
<ul style="list-style-type: none"> <li>The coal business's performance, the shift to energy rationale, portfolio optimisation, capital allocation and impact on dividend policy as well as enquiries into the energy strategy were topics of interest among investor stakeholders this year. An emerging area of interest is shareholder climate change activism</li> <li>However, the impact of COVID-19 on the business was top of mind for investors with a particular interest in management actions taken during the crisis to cope with and contain the virus, balance sheet implications, operational impacts and employee and community safety and livelihoods</li> <li>Investors are also concerned about Exxaro's exposure to Eskom and the risks posed for Exxaro around electricity supply, integrity of contracts, and the utility's structure break-up</li> </ul>	
<b>How we responded</b>	
<p>Throughout the year, we ensured clear engagement and communication about our efforts to limit the impact of COVID-19 on our business and stakeholders while sharing information about Eskom local markets, portfolio optimisation and our strategic journey whenever possible.</p>	
<b>Value delivered to this stakeholder group in 2020</b>	
<ul style="list-style-type: none"> <li>Shareholder returns – higher payout ratio</li> <li>Sunday Times award – Top 100 company (13th)</li> <li>Leading ESG performance – safe production: record LTIFR at 0.05 and four years fatality-free</li> </ul>	

 For more information, refer to our performance in the integrated report.

**CUSTOMERS****Material themes****Group risk**

- Key customer dependency
- Eskom systemic risk

**Why we engage**

We aim to foster customer understanding and strategic partnerships through continuous engagement and information sharing, and actively listening to our customers to foster mutually beneficial relationships. Engagements are aimed at understanding the environment, trends and market sentiment; exploring future relationships; and improving operational and financial performance.

**How we engage**

- We engage regularly via telephone, email and virtual meetings, whenever possible, and at different levels in respective customer organisations
- In January 2020, we launched a transactional marketing and logistics portal aimed primarily at managing coal orders and transporters and facilitating coal auctions

**Quality of relationship and measurement instrument****Quality of the relationship: 2/3****Basis of rating: Internal assessment informed by various key data measured**

- Effective and ongoing engagement with customers
- Effectively dealing with and resolving complaints

**Hot topics**

- Reduced production volumes impacting supply to the market
- Inability to consistently provide product at the correct specification
- Disruptions in demand
- Credit risk/poor payment – some customers were adversely affected by the COVID-19 pandemic and requested more lenient payment terms in the short term
- Force majeure from Eskom in relation to coal supply and renewable energy supply from Cennergi

**How we responded**

- With the onset of the COVID-19 pandemic, our markets were materially impacted. We experienced low demand as many consumers were unable to operate
- In addition, our key customer, Eskom, declared force majeure, in relation to the supply of coal to Matimba and Medupi power stations, indicating that demand would be lower. In addition, a force majeure was also declared for the offtake of renewable energy from Cennergi. Exxaro contested these declarations and we continue to engage with Eskom on the issue
- We also continue to engage regularly with ArcelorMittal South Africa around its purchases of metallurgical coal and liquidity issues
- We engaged individually with various customers requesting extended payment terms as a result of losses incurred from the COVID-19 pandemic. As producers returned to full production, we saw a marked increase in demand
- We kept in close contact with our key customers and we were able to respond promptly as their coal demands increased

**Value delivered to this stakeholder group in 2020**

- Reliable and continuous supply of coal in terms of quantity/volumes, quality and affordability
- Safe production

For more information, please refer to our performance in the integrated report.

For more information about how we are responding to community needs, please refer to the COVID-19 response (page 39), social and climate change (page 46).

## STAKEHOLDER MANAGEMENT continued

<b>SUPPLIERS</b>	
<b>Material themes</b>	<b>Group risk</b>
	<ul style="list-style-type: none"> <li>• COVID-19 concerns</li> <li>• Eskom systemic risk</li> <li>• Community unrest</li> <li>• Safety and health concerns</li> <li>• Cost competitiveness of products</li> <li>• Climate change concerns</li> <li>• Country risk (political)</li> <li>• Inability to achieve financial targets</li> <li>• Low commodity price</li> </ul>
<b>Why we engage</b>	
<p>Our suppliers are a critical part of our value chain. Managing these relationships to create mutual benefit supports our operational, strategic and impact goals, and forms part of our risk management approach. The supplier relationship management programme supports Exxaro's strategies by leveraging value chain partner capabilities. Supply chain management achieves this through supplier collaboration initiatives intended to deliver cost savings, achieve sustainability mandates, ensure security of supply and mitigate business risk exposure. The supplier relationship management approach positions Exxaro at an advantage to extract discretionary value and emerge as a "customer of choice" for selected strategic suppliers.</p>	
<b>How we engage</b>	
<ul style="list-style-type: none"> <li>• Direct, proactive engagement with strategic suppliers as part of our supplier relationship management programme supports Exxaro's strategies by leveraging value chain partner capabilities through collaboration intended to deliver cost savings, achieve the sustainability mandate, ensure security of supply and mitigate business risk exposure so that Exxaro is at an advantage to extract discretionary value and emerge as a "customer of choice"</li> <li>• Engagement methods include ad hoc contract reviews to assess performance and negotiate price, our quarterly contractor forum platform to share information on developments in Exxaro as well as safety, health and environmental issues and finally a biannual Supplier Day to recognise top performers</li> </ul>	
<b>Quality of relationship and measurement instrument</b>	<b>Hot topics</b> 
<b>Quality of the relationship:</b> 2/3 <b>Basis of rating:</b> 2018 reputation survey, various external survey and self-assessment. <ul style="list-style-type: none"> <li>• Last reputation assessment was conducted in 2018</li> </ul>	<ul style="list-style-type: none"> <li>• COVID-19 was the main concern for suppliers in 2020</li> <li>• In 2020, the supply of magnetite, fuel and PPE constituted our top supply risks</li> <li>• Fraud and corruption and maintaining our social licence to operate remain key procurement issues for Exxaro</li> </ul>
<b>How we responded</b> 	
<ul style="list-style-type: none"> <li>• Exxaro conducted an assessment of its suppliers impacted by COVID-19 lockdown regulations, and compensated contractors who were not able to render a service during the initial lockdown, in part or in full, for proven incurred costs</li> <li>• The strategy for sourcing COVID-19 PPE sought to minimise supply risks for the business and increase participation of local SMMEs</li> <li>• We leveraged our supplier development and placed all qualifying SMMEs on early payment terms and provided loans and grant funding</li> <li>• The procurement of magnetite was coordinated through group strategic sourcing with international suppliers identified and sufficient shipments imported to build up stock levels. New agreements with local suppliers were established with increased offtake commitments. The domestic and internal agreements are enough to cover medium-term COVID-19 scenarios</li> <li>• Procurement fraud and the proliferation of procurement scams present a risk to Exxaro and its suppliers. Adoption of best-in-class business process and technology enabled us to respond to financial and fraud risks. Initiatives included new source-to-pay and accounts payable policies, establishing new guidelines and working practices to address inherent and emerging risks in the supply chain; a supplier code of conduct to articulate our commitment to the prevention of corrupt practice, anti-bribery and anti-corruption laws and the prevention of human rights abuse. All suppliers are required to commit to this code of conduct as a condition of tender</li> <li>• Exxaro is committed to maximising positive social, economic and environmental outcomes. In the supply chain space, this is demonstrated in our commitment to increasing the participation of black-owned suppliers in host communities, to reducing the environmental impact of our business and to enhancing our reputation while upholding sound corporate governance. Exxaro is fully compliant with the preferential procurement requirements of the dtic's B-BBEE codes and the Mining Charter III. Exxaro is fully compliant with the B-BBEE codes with regard to preferential procurement and is on track to achieve full compliance with respect to the Mining Charter III by 2021</li> </ul>	
<b>Value delivered to this stakeholder group in 2020</b>	
<ul style="list-style-type: none"> <li>• Exxaro continues to set aside designated procurement opportunities for exclusive participation in black-owned community SMMEs (in 2020, Exxaro awarded over R500 million in direct contracts to black-owned SMMEs and over R490 million in indirect procurement has been subcontracted to SMMEs in host communities over the next two years)</li> </ul>	

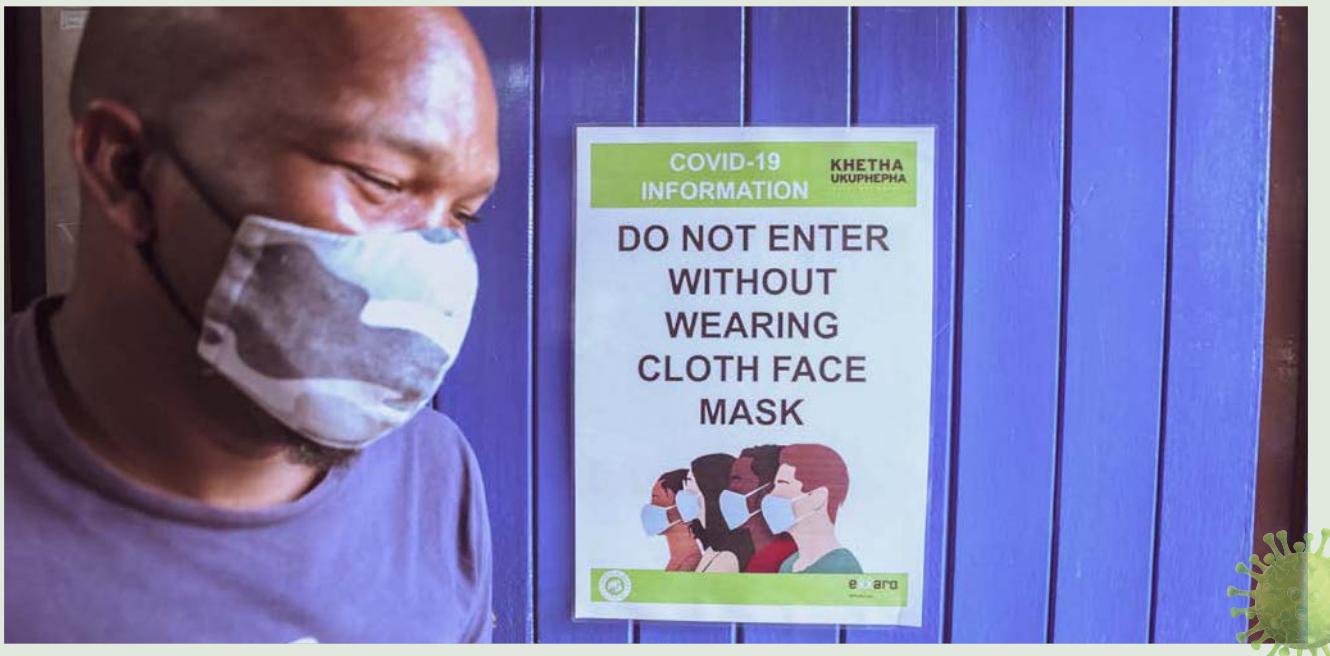
## EXXARO'S COVID-19 RESPONSE

Stakeholders	Engagement strategies	Objectives	Outcomes
<b>Employees and contractors</b>	<ul style="list-style-type: none"> <li>Screened and tested people</li> <li>Donations to communities</li> <li>Supplied PPE to healthcare facilities (thermal scanners, surgical gloves, masks and sanitisers worth R525 650)</li> </ul>	Minimise the spread of COVID-19, maintain productivity and meet community needs with improved water and sanitation infrastructure, food parcels and PPE	Two COVID-19 laboratories at Grootegeluk (Limpopo) and Matla (Mpumalanga) tested over 2 500 employees since 17 August 2020 and await certification to test community members
<b>Labour unions</b>			
<b>Communities</b>			
<b>NGOs</b>	<ul style="list-style-type: none"> <li>Created awareness and provided education through our <i>Fact vs Fiction</i> magazine</li> <li>Implemented protocols such as sanitising, social distancing, wearing face masks, hand washing and sanitising</li> <li>Adopted remote working for corporate and other office-based employees with suitable technologies</li> <li>Partnered with World Vision, industry peers and Department of Education</li> <li>Managing infected employees as per government protocols</li> </ul>		
<b>Communities</b>			
<b>Government</b>	<ul style="list-style-type: none"> <li>Collaborated with national, provincial and local government in mass screening and testing</li> <li>Provided uninterrupted coal supply to Eskom</li> <li>Pledged R6.9 million to Mpumalanga and Limpopo</li> <li>Donated R20 million to Solidarity Fund</li> <li>Worked with Minerals Council</li> <li>Announced business continuity and crisis management plans during the lockdown period via the JSE Stock Exchange News Service</li> <li>Cennergi made donations of food parcels, PPE and other hygiene equipment and materials to the value of R528 654.</li> </ul>	<ul style="list-style-type: none"> <li>Coal operations provide an essential service: electricity</li> <li>Appropriate statement about actions taken to ensure mitigation of health and business risks</li> <li>Ensured compliance with government regulations</li> </ul>	<ul style="list-style-type: none"> <li>100% operating capacity during lockdown (Matla operated at 80% until October 2020)</li> <li>Local command council in Lephalale municipality reached consensus on a response plan and mass screening at provincial entry points (screened 9 348 commuters and tested 12 with symptoms by 3 May 2020)</li> <li>Energy security to ensure uninterrupted essential services</li> <li>Minimise economic impact by continuing to generate foreign exchange with coal exports to offshore customers</li> <li>Production with minimum employees to prevent transmission of COVID-19</li> </ul>
<b>Investors and analyst</b>			



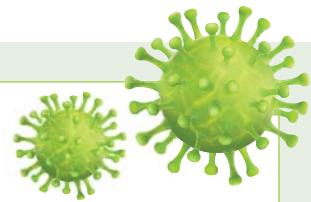
## STAKEHOLDER MANAGEMENT continued

Stakeholders	Engagement strategies	Objectives	Outcomes
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Implemented a plan of action to mitigate the impact of COVID-19 on ESD beneficiaries – at the beginning of lockdown, a survey identified businesses at risk and challenges in ensuring business continuity</li> <li>Hosted webinars over four weeks as closed information sessions with relevant information from experts and business leaders</li> </ul>	Sustaining black-owned exempt micro-enterprises (EMEs) and qualifying small enterprises (QSEs) to achieve our preferential procurement objectives and to continue positive socio-economic impact in our host communities	<ul style="list-style-type: none"> <li>15 ESD beneficiaries, employing 690 people, received interest-free loan repayment holidays (two to six months) worth R13.9 million</li> <li>Two companies, employing 262 people, received R2.3 million (initially encouraged to apply for relief packages but access was difficult)</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Exxaro's media engagements strategy is aimed at creating awareness of the organisation, elevating Exxaro's reputation among stakeholders and enhancing the organisation's reputation by creating positive sentiment through communication around social media and traditional media</li> <li>Our social media strategy shifted in 2020 towards developing differentiated content for each platform that resonates with each target audience – that is, it is more stakeholder-led</li> <li>We also had a series of media engagement sessions in collaboration with the Minerals Council addressing pertinent social issues related to COVID-19 and how the industry was addressing these for their employees and host communities</li> </ul>	<ul style="list-style-type: none"> <li><b>Care and safety:</b> Support the physical/psychological needs of anyone impacted while connecting the organisation's response with its values</li> <li><b>Business continuity:</b> Help audiences understand how changes to operations will impact them</li> <li><b>Cost and optimisation:</b> Help employees understand revised organisational strategy and align to new priorities</li> </ul>	<ul style="list-style-type: none"> <li>Social media platforms that are community and career driven have yielded the most growth, resulting in a 38% audience growth across all social media channels for 2020</li> <li>The strategy shift resulted in significantly increased engagement, with the third quarter an especially good period for Exxaro in terms of overall media exposure. Sentiment in the quarter was driven by Exxaro's market performance and COVID-19 community campaigns. Exxaro obtained an impressive overall net sentiment score of +34% in Q3 2020</li> </ul>



# CASE STUDY

## SHARING IS CARING



PERSONAL VIDEOGRAPHIES OF OUR PEOPLE'S COVID-19 EXPERIENCES REACHED THOUSANDS OF STAKEHOLDERS ON SOCIAL MEDIA PLATFORMS FROM MAY TO DECEMBER 2020. THE "FEELGOOD" STORIES WERE WELL-RECEIVED BY OUR SUPPORTIVE AUDIENCES WHO CONTINUE TO ENGAGE POSITIVELY WITH EXXARO.

We plan to include more call-to-action content that will encourage further engagement and mobilise our communities to become involved in the country's battle to adapt to the new COVID-19 normal. Our people are certainly familiar with the safety messages driven home by our Khetha Ukuphepha campaign over the years.

### SOCIAL MEDIA CAMPAIGN

#### 19% positive conversations

(72% neutral and <6% negative)

Most online conversations sustained within neutral to positive space over six months

#### >139 000 mentions of Exxaro

Keywords in conversations relate to:

- Impact of COVID-19 as first wave ended
- Recovery of mining industry
- Concerns about mining industry and restrictions during second wave

### Spikes in Exxaro conversations about significant events in South Africa

#### August 2020

- President Cyril Ramaphosa addressed the nation and announced the move to lockdown level 2
- Exxaro published interim core earnings and revenue due to record export figures despite a weaker rand
- Talks about corruption and government spending on PPE
- GBV initiatives

#### October 2020

- NUM planned strike at De Beers, Exxaro and Petra Diamonds
- Sindiwe Khubisa (professional nurse at ECC) contracts COVID-19 on the frontline and tells her story to spread hope and educate the public

#### December 2020

- Jaco Coetzee (plant manager at ECC) reminds the public that COVID-19 doesn't discriminate
- Exxaro is committed to creating opportunities for entrepreneurs that encourage economic growth
- Exxaro's interest-free loan repayment holidays, funding and webinars help ESD beneficiaries survive the lockdown
- Our ability to defeat the pandemic is based on our prevention measures – COVID-19 tested Exxaro's robustness



# ENVIRONMENT

Responsible environmental stewardship is about protecting and preserving natural resources for the greater good of all our stakeholders. In this section, we illustrate our impact on natural capital and the value we create in integrating environmental stewardship into our strategic decision making.

## Highlights

- Climate change response progressing
  - Published our climate change response strategy aligned to the TCFD recommendations
  - Achieved a B score in the 2020 CDP – two levels better than the coal industry in South Africa
  - Received a management level score for taking coordinated action against climate change
- WULs granted:
  - ECC Forzando West in November 2020
  - Leeuwpan OI West in March 2020
  - Tshikondeni IWUL
- Managing water resources
- Completed phase 1 of the Belfast wetland rehabilitation plan
- Implemented the wetland offset plan for the Matla water treatment plant
- Various tree permits for Grootegeluk were granted
- Reduced the hazardous waste produced from our business units by 63%
- No noise pollution complaints received at either of Cennergi's windfarms.

## Lowlights

- A DMRE pre-directive notice was issued to Leeuwpan in January 2020 related to water management and hazardous waste
- Delays in obtaining the Matla WUL renewal due to COVID-19
- Delays in obtaining the ECC Dorstfontein West Expansion authorisations due to COVID-19
- A pre-directive notice was issued to Hlobane in March 2020 by the Department of Human Settlements (DHS) and DWS related to water management
- Two Cape Vulture fatalities recorded at Cennergi's Amakhala Emoyeni windfarm

While we harness natural resources, we endeavour to reduce the impact of environmental pollutants by:

- Ensuring all mining and related activities are appropriately authorised
- Complying with all statutory environmental requirements as a minimum
- Using energy and water as efficiently as possible
- Operating responsibly from the twin perspectives of compliance and natural resource use
- Actively participating in voluntary benchmarks such as the global carbon and water disclosure projects
- Developing innovative policies and programmes to address environmental impacts and the use of natural resources

## Our all-encompassing group standards ensure we comply with legal requirements and use natural resources responsibly.

We have embedded management standards for air quality, water, energy, rehabilitation and mine closure, as well as environmental incident management and reporting, into each BUs activities. Our BUs also maintain ISO 14001 certification that outlines effective environmental management requirements.

Our operations in South Africa have environmental management programmes, as required by the MRDPA and the NEMA. These programmes ensure our long-term sustainability. The precautionary principle entrenched in the National Environmental Management Act guides us in evaluating environmental impacts of current activities and future business opportunities. In addition, our operations have at least one integrated water use licence.

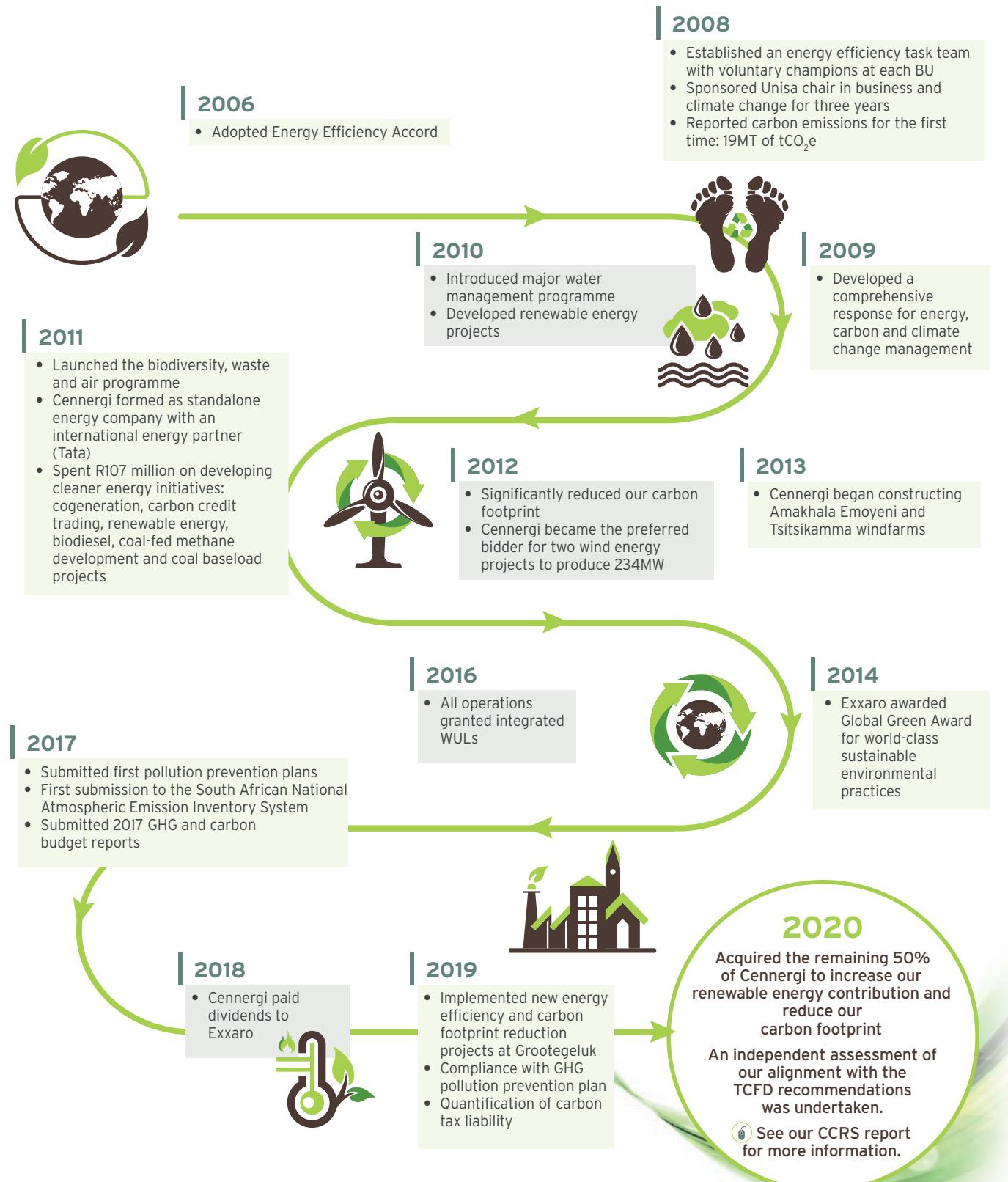
## OUTLOOK

Our environmental management challenges include constraints in implementing legislation regulated by the DMRE.

We are exposed to significant risks when permits are delayed. These permits include WULs aligned with mineral rights and environmental licensing procedures. Our endeavours are also constrained while we wait for the integration of complex proposed laws dealing with climate change, pollution prevention and carbon tax. We expect climate change action to restrict the use of fossil fuels by national governments, investors and financial institutions. This will intensify as we approach the Conference of the Parties (CoP) Session 26 in Glasgow, Scotland, later in 2021. We remain focused on transitioning our business portfolio and making it resilient to the 1.5°C world.

## EXXARO'S STEWARDSHIP TIMELINE

We are committed to being an environmentally responsible organisation. We continue to drive sustainability throughout our business and build on our track record of delivery.



## OUR PROCEDURES

South African mining companies and mining-related activities are strictly regulated. Compliance results in receiving, converting and retaining mining rights and environmental licences.



### EXCEEDING MINIMUM REGULATORY REQUIREMENTS

Knowing our key environmental risks, we ensure consistent compliance and endeavour to exceed minimum regulatory requirements. Refer to the business risks and opportunities for growth section in the integrated report for more information about our environmental risks.

At a minimum, to meet legal requirements, two board-mandated committees (sustainability, risk and compliance as well as social and ethics) monitor compliance throughout the business. In addition, our BUs operate in terms of approved environmental management programmes, which provide additional assurance of sustainability and legal compliance. We regularly update our environmental management programmes to include developments in our activities.

We did not receive any environmental stoppage directives in the review period and no fines were issued.

**Exxaro regularly engages with relevant government authorities, agencies and other stakeholders throughout the application processes to expedite the licences required for various projects.**

### ENVIRONMENTAL INCIDENT REPORTING

Our standardised environmental incident reporting system ensures our BUs manage incidents effectively and efficiently to minimise negative impact. We immediately report any incidents and mitigation measures to the relevant authorities.

A record of our environmental incidents over the past three financial years is shown in the table below.

Environmental incidents	Trend	Level 1			Trend	Level 2			Trend	Level 3		
		2020	2019	2018		2020	2019	2018		2020	2019	2018
<b>Limpopo</b>												
Grootegeluk	▼	9	15	11	—	0	0	1	—	0	0	0
Tshikondeni	—	0	0	1	—	0	0	0	—	0	0	0
<b>Mpumalanga</b>												
Belfast	▲	15	0	50	—	0	0	5	—	0	0	0
ECC	—	4	293	28	—	0	0	0	—	0	0	0
Leeuwpan	▼	42	55	8	—	0	0	0	—	0	0	0
Matla	▲	21	10	19	—	0	0	0	—	0	0	0
<b>KwaZulu-Natal</b>												
Durnacol	—	0	0	0	—	0	0	0	—	0	0	0
Hlobane	—	0	0	0	—	0	0	0	—	0	0	0
<b>Total</b>		<b>91</b>	373	80		<b>0</b>	0	6		<b>0</b>	0	0

Level 1: Minor impact and/or non-compliance.

Level 2: Intermediate impact and/or non-compliance.

Level 3: Major impact and/or non-compliance.

▲ Negative ▼ Positive — Unchanged

Environmental audit in progress



# AIR QUALITY

## We uphold our licence to operate through

- Atmospheric emission licence compliance
- Pollution prevention plans
- Stakeholder engagement forums

Air quality management is among our top priorities due to the negative impacts of pollutants, such as dust and particulate matter ( $PM_{10}$  and  $PM_{2.5}$ ) prevalent in mining areas. Our mitigation measures include:

- Application of chemical dust suppressants on unpaved road
- Adhering to all applicable legislative requirements
- Proactive air quality management planning
- Risk management
- Monitoring, measuring and reporting

During 2020, we focused on going beyond compliance and implemented our reviewed air quality management system at various BUs. Our BUs implemented systematic risk-based air quality management planning to ensure effective application and compliance with regulatory and stakeholder expectations, incorporation of future mine development changes and continuous reassessment. This process included detailed air quality impact assessments and redesigning our air quality monitoring programmes at each BU. We conducted air quality awareness and educational campaigns in our host communities to improve our stakeholders' air pollution awareness.

In 2021, we will continue improving and reviewing our air quality management systems to ensure compliance and emissions reduction.

## AIR QUALITY MANAGEMENT INITIATIVES

Objectives	Critical success factors	Method	Progress
Progressively reduce our air quality emissions within our operating boundary	Reduction in dust fallout and $PM_{10}$ levels in all our operations	Dust fallout levels and $PM_{10}$ concentrations reduced by applying best practice mitigation measures such as wet and chemical suppression of dust with continuous research and development of new dust suppression and air pollution mitigation technologies	A reduction in dust emissions in our operations, with increased compliance with the residential and non-residential dust fallout limits.

## GOALS FOR AIR QUALITY MANAGEMENT

Goal	Target	Progress
Continuous dust fallout monitoring at all BUs	100% of all operations	Dust fallout monitoring undertaken as a priority at all BUs including greenfield projects
Initiating and continuously monitoring $PM_{10}$ at all BUs	100% of all operations	$PM_{10}$ monitoring initiated at some BUs with more monitoring campaigns planned for 2021
Meteorological monitoring to ensure availability of surface data for temperature, wind direction and wind speed (critical for dispersion modelling, baseline characterisation, ambient monitoring design, dust fallout monitoring and reporting, among others)	Third quarter of 2020*	Meteorological stations installed at some BUs
Ensuring compliance with dust fallout limits and air quality standards	Level below the regulated levels	Most BUs currently monitor dust fallout and $PM_{10}$ and results are assessed for compliance with National Dust Control Regulations and National Ambient Air Quality Standards for $PM_{10}$
Air quality awareness and education campaigns for various stakeholders	Third quarter of 2020*	Stakeholder engagement on air quality undertaken in some communities

\* Limited budget for meteorological station installation in 2020. However, this could change in 2021, with stations planned for implementation.

\* Third quarter 2020 was the target date based on responses from the BUs on when they would install weather stations.

## DUST MITIGATION MEASURES

Our opencast mining activities (drilling, blasting, crushing, screening, transportation, materials handling, and windswept storage piles and exposed areas) unavoidably generate dust. Therefore, we consistently enhance our mitigation measures to reduce the significant impacts on the environment. Enhancements include:

- Applying chemical dust suppressants on primary-haul roads
- Wet suppression on sources such as open areas and secondary unpaved roads
- Vegetation on topsoil stockpiles and overburden material
- Avoiding blasts during high wind conditions
- Blast design optimisation
- Limited drop heights during offloading activities

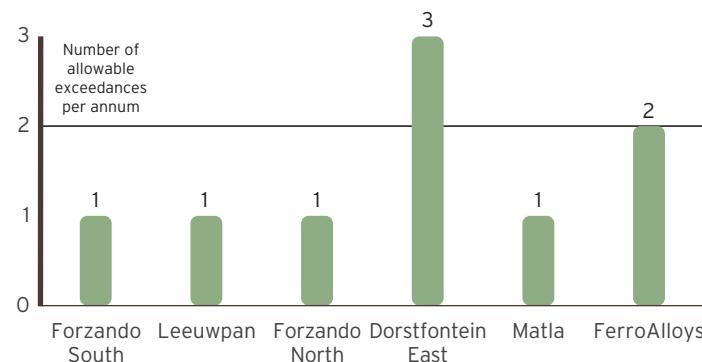
Our mining operations monitor dust fallout rates and the results are assessed in terms of residential and non-residential limits outlined in the National Dust Control Regulations. Although our operations are required to comply with non-residential limits, some activities are close to residential areas or sensitive receptors. Therefore, we aim to minimise the impact of our operations on nearby residents.

In 2020, the dust fallout rate at most of our operations complied with the regulated residential and non-residential limits, as illustrated in the table below. This is due to effective dust suppression measures that are continuously implemented in our operations.

Dust fallout target	2020	2019	2018
Coal: 300 milligrams per square metre per day (mg/m <sup>2</sup> /day)	197	206	184

No exceedances of the residential limit were recorded for all our BUs in 2020. However, exceedances of the non-residential limit were recorded in some of the BUs as shown in the graph below.

### Number of exceedances of non-residential dust fallout limit (January to December 2020)



Dust suppression at Belfast



# CLIMATE CHANGE

## CLIMATE CHANGE AND CARBON EMISSIONS FOOTPRINT

To ensure alignment with our carbon emission reduction goals, a steering committee oversees energy management projects and activities. This helps us thoroughly understand risks and opportunities so that our operations can focus on managing energy consumption, carbon emissions and other climate change-related matters.

Exxaro measures, manages and reports energy and carbon data in terms of the Greenhouse Gas (GHG) Protocol. Our scope 1, 2 and 3 emissions are monitored and reported annually. We use the operating control accounting approach in reporting emissions.

**Scope 1** Direct GHG emissions (measured in tCO<sub>2</sub>e) from sources owned or controlled by Exxaro using diesel, petrol, gas and anthracite combustion in day-to-day mining operations

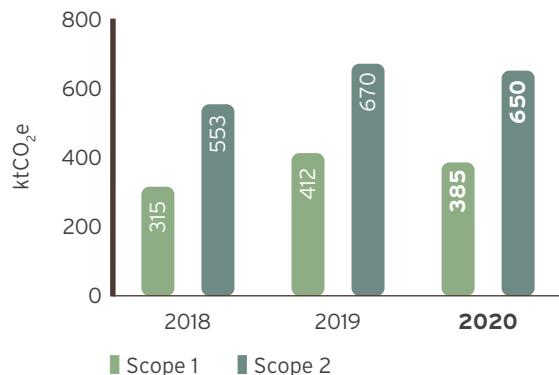
**Scope 2** GHG emissions from electricity generated by Eskom and purchased by Exxaro

**Scope 3** Emissions outside our control but emanating from our products or activities such as customers burning coal sold by Exxaro

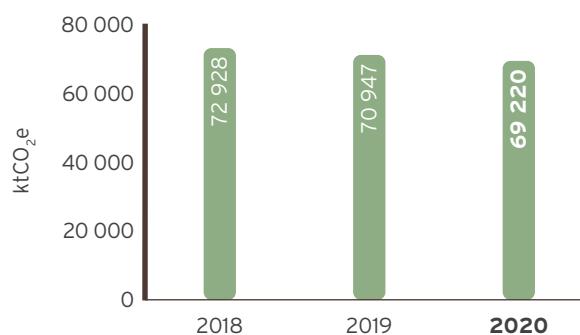
The GHG Protocol provides a standard measurement platform to compare aggregate data nationally and internationally. South Africa has arguably set the most aggressive carbon abatement targets of any developing country. The country aims to reduce emissions by 34% below business as usual by 2020 and 42% by 2025. Our GHG emissions recorded over the past three financial years are shown in the following tables and graphs.

GHG emissions	Year-on-year change	2020 (ktCO <sub>2</sub> e)	2019 (ktCO <sub>2</sub> e)	2018 (ktCO <sub>2</sub> e)
Scope 1	-6%	<b>385</b>	412	315
Scope 2 <sup>1</sup>	-3%	<b>650</b>	670	553
<b>Total scope 1 and 2</b>	-5%	<b>1 035</b>	1 082	867
Year-on-year change (%)		<b>-5</b>	25	0
Scope 3 <sup>2</sup>	-2.4%	<b>69 220</b>	70 947	72 928
Year-on-year change (%)		<b>+2.5%</b>	+2.7%	5

### | Scope 1 and 2 GHG emissions



### | Scope 3 GHG emissions



<sup>1</sup> Scope 2: Electricity-based emissions are derived from the grid emission factor for South Africa, which is 1.06tCO<sub>2</sub>e per megawatt hour (MWh).

<sup>2</sup> Scope 3: Reported emissions based on use of product sold by Exxaro (representing over 96% of Exxaro's scope 3 emissions).

Carbon emissions by source	Year-on-year change	2020	2019	2018
<b>Electricity (ktCO<sub>2</sub>e)</b>	-3%	<b>650</b>	670	553
Year-on-year change (%)		<b>3</b>	18	2
Source proportion (%)		<b>63</b>	62	64
<b>Diesel (ktCO<sub>2</sub>e)</b>	-3%	<b>261</b>	268	218
Year-on-year change (%)		<b>3</b>	19	3
Source proportion (%)		<b>25</b>	25	25
<b>Fugitive emissions (ktCO<sub>2</sub>e)</b>	-14%	<b>117</b>	136	93
Year-on-year change (%)		<b>14</b>	32	2
Source proportion (%)		<b>11</b>	13	11
<b>Other sources (ktCO<sub>2</sub>e)</b>	-11%	<b>8</b>	9	0
Year-on-year change (%)		<b>11</b>	96	74
Source proportion (%)		<b>1</b>	1	1

## Carbon disclosure

The CDP, a UK-based organisation overseeing a global environmental disclosure system, receives data that provides valuable insights into corporate strategies and the journey towards environmental leadership. The system also helps channel investment to companies adhering to sustainable carbon and emissions management.

We have participated in the CDP climate change programme since 2008, supporting our reporting with a central data repository that records our energy consumption and intensity, carbon emissions measurement and cost performance at BU and group levels. The database is audited and assured externally every year. We have also participated in the CDP Water programme since 2010.

## Reducing our energy consumption and improving our energy efficiency remains a high priority.

Therefore, we continue focusing on lowering our carbon footprint. In a fast-changing legislative environment, with the promulgation of carbon tax from 1 June 2019, reducing GHGs is a business imperative as it could affect our financial performance. Our carbon intensity continues to show a decreasing trend as we focus on managing our electricity and diesel consumption. We expect this trend to continue as we implement initiatives to support 2050 our carbon-neutrality target.

GHG emissions in 2020	Scope 1 (ktCO <sub>2</sub> e)	Scope 2 (ktCO <sub>2</sub> e)	Scope 3 (ktCO <sub>2</sub> e)	Total (ktCO <sub>2</sub> e)
<b>Mpumalanga</b>	<b>208</b>	<b>243</b>	<b>19 120</b>	<b>19 573</b>
Belfast	55	3	233	<b>291</b>
Dorstfontein East	24	18	95	<b>137</b>
Dorstfontein West	9	15	353	<b>377</b>
Forzando North	3	46		<b>49</b>
Forzando South	11		414	<b>58</b>
Leeuwpan	54	27	3 622	<b>3 704</b>
Mafube	16	28	3 220	<b>3 264</b>
Matla	36	106	11 182	<b>11 324</b>
<b>Limpopo</b>	<b>177</b>	<b>396</b>	<b>50 100</b>	<b>50 674</b>
Reductants			77	<b>77</b>
Grootegeluk	177	394	50 023	<b>50 364</b>
Tshikondeni	0.03	2	0	<b>2</b>
<b>Gauteng</b>	<b>0.1</b>	<b>8</b>		<b>8</b>
Corporate Centre, the conneXXion	0.02	1.6		<b>2</b>
FerroAlloys	0.1	6		<b>6</b>
<b>KwaZulu-Natal</b>	<b>0.2</b>	<b>0.1</b>		<b>0.3</b>
Durnacol	0.1	0.05		<b>0.2</b>
Hlobane	0.1	0.02		<b>0.1</b>

During 2020, the carbon intensity was 4.9tCO<sub>2</sub>e/TTM compared to 5.4tCO<sub>2</sub>e/TTM in 2019. This translates to a 9% decrease in carbon intensity due to energy efficiency projects at our BUs. The reduction in the number of employees working from the office due COVID-19 also contributed to the reduction.

Electricity and diesel intensities decreased in 2020, mainly due to energy efficiency projects in our operations, particularly at our largest operation, Grootegeluk. Based on production tonnages in 2020, electricity intensity decreased by 7% to 13MWh/kt (14MWh/kt in 2019) and diesel intensity decreased by 6% to 2 042 litres (L)/kt (2 183L/kt in 2019). The following projects currently underway at Grootegeluk avoided 1 088tCO<sub>2</sub>e in 2020:

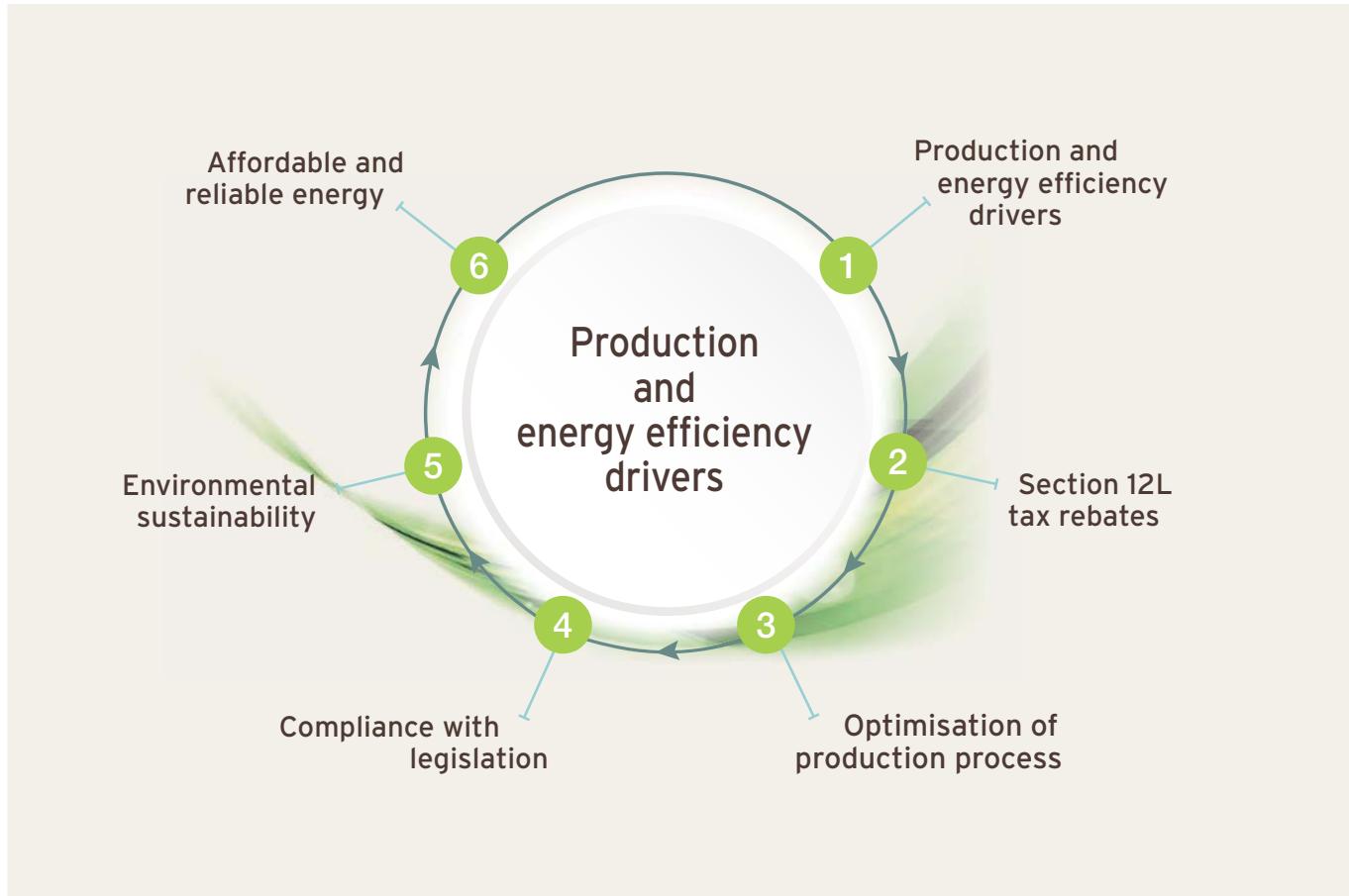
- In pit crushing and conveying
- Haul truck out of cycle time reduction
- Pantograph Trolley utilisation improvement

The focus for 2021 will be to roll out energy management projects across the group to ensure that we can leverage on the direct benefits on the GHG reduction.

# ENERGY MANAGEMENT

## We uphold our licence to operate through

- Energy management
  - Energy efficiency plans and reports
  - Energy intensity target setting
- Climate change response strategy
  - Responsible resource usage
  - CO<sub>2</sub> emission reports



Our BUs' primary sources of energy in 2020 were electricity (63%) and diesel (25%). In 2019, the primary sources of energy were also diesel and electricity (25% and 62% respectively). Total energy consumed decreased by 0.3% in 2020 to 5 162 650 gigajoules (GJ), compared to 5 179 561 GJ in 2019, attributable mainly to energy efficiency projects implemented in our BUs.

Our energy and carbon management programme aims to reduce energy consumption and increase efficient diesel and electricity consumption. Our technology and engineering department's projects aim to reduce diesel consumption at all our operations use fuel additives and payload management. Planned projects include developing a consolidated dashboard for fuel and electricity at various BUs. The dashboard will provide routine energy usage and source apportionment information. These initiatives support the transition to a low-carbon economy and enable our operations to improve energy efficiency by striving to achieve low-carbon footprints and optimise energy consumption.

We set energy intensity targets every year, based on each operation's performance over the previous years, and monitor these targets monthly. A review of targets at the end of 2017 proposed long-term (five-year) targets to facilitate our energy-saving initiatives. We implemented these targets in the second half of 2019.

Electricity and diesel intensities decreased in 2020, mainly due to energy efficiency projects in our operations, particularly at our largest operation Grootegeeluk. Based on an increase of 5% in production tonnages in 2020, electricity intensity decreased by 7% to 13MWh/kt and diesel intensity decreased by 6% to 2 042 litres (L)/kt.

Electricity consumption in coal operations	Electricity (MWh)			Production (kt)			Electricity intensity (MWh/kt)		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Total	<b>605 770</b>	624 240	553 100	47 008	44 813	41 671	<b>13</b>	14	13
Change (%)	<b>3</b>	11	3	5	7.0	6	<b>7</b>	7	7
<b>Mpumalanga</b>									
Belfast	<b>2 904</b>	30		2 850	1 029		<b>1</b>		
Dorstfontein East	<b>17 286</b>	18 254		909	1 345		<b>19</b>	14	
Dorstfontein West	<b>14 393</b>	18 013		1 104	816		<b>13</b>	22	
Forzando North	<b>43 795</b>	47 511		84	403		<b>26</b>	23	
Forzando South <sup>1</sup>				1 594	1 671				4
Leeuwpan	<b>25 927</b>	26 435	26 225	3 720	4 396	4 220	<b>7</b>	6	6
Mafube	<b>26 237</b>	22 970	15 924	1 818	1 808	1 145	<b>14</b>	13	14
Matla	<b>100 358</b>	103 037	105 757	6 153	5 991	6 609	<b>16</b>	17	16
Arnot <sup>2</sup>	<b>1 366</b>	13 901	22 041						
<b>Limpopo</b>									
Grootegeluk	<b>371 785</b>	372 149	381 480	28 776	27 757	29 698	<b>13</b>	13	13
Tshikondeni	<b>1 651</b>	1 849	1 550						
<b>KwaZulu-Natal</b>									
Durnacol	<b>50</b>	77	107						
Hlobane	<b>18</b>	14	16						

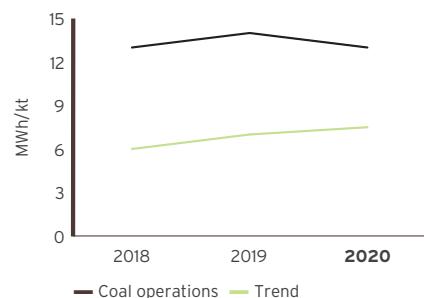
<sup>1</sup> Electricity consumption at Forzando South is included in the Forzando North figure (consumption is for Forzando North and Forzando South hence the calculated electricity intensity reflected for Forzando North is based on production figures for both operations).

<sup>2</sup> Arnot was transferred to Arnot Opcw Proprietary Limited during Q1 2020.

The decrease in electricity intensity (by 7%) in 2020 compared to 2019 is attributed to energy efficiency projects implemented at our operations.

Employee energy-saving behaviour has also contributed towards reductions in energy consumption. Energy efficiency programmes will be continuously implemented in our operations to ensure further reductions in energy consumption.

### Electricity intensity



Diesel consumption in coal operations	Diesel (kL)			Production (kt)			Diesel consumption intensity (L/kt)		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Total	<b>96 131</b>	98 702	73 804	<b>47 008</b>	44 813	41 671	<b>2 042</b>	2 203.00	1 771
Change (%)	<b>3</b>	25	1	<b>5</b>	7	6	<b>6</b>	20	6
<b>Mpumalanga</b>									
Belfast	<b>13 100</b>	5 020		<b>2 850</b>	1 029		<b>4 596</b>	4 879	
Dorstfontein East	<b>7 154</b>	9 598		<b>909</b>	1 345		<b>7 874</b>	7 136	
Dorstfontein West	<b>409</b>	463.9		<b>1 104</b>	816		<b>371</b>	569	
Forzando North	<b>763</b>	813.9		<b>84</b>	402.8		<b>9 059</b>	2 020	
Forzando South	<b>240</b>	218.7		<b>1 594</b>	1 671		<b>151</b>	130	
Leeuwpan	<b>19 480</b>	21 924	19 847	<b>3 720</b>	4 396	4 220	<b>5 326</b>	4 987	4 618
Mafube	<b>4 571</b>	6 768	5 556	<b>1 818</b>	1 808	1 145	<b>2 514</b>	3 744	4 853
Matla	<b>2 073</b>	2 194	2 503	<b>6 153</b>	5 991	6 609	<b>337</b>	366	379
Arnot	<b>56</b>	902	989						
<b>Limpopo</b>									
Reductants			56						
Grootegeluk	<b>48 189</b>	50 720	44 520	<b>28 776</b>	27 757	29 697	<b>1 675</b>	1 827	1 412
Tshikondeni	<b>10</b>	13.7	16						
<b>KwaZulu-Natal</b>									
Durnacol	<b>39</b>	13	34						
Hlobane	<b>47</b>	52	42						

Diesel consumption at FerroAlloys in 2020 was 12kL and 0.05kL at our corporate centre, the coneXXion.

## WATER MANAGEMENT

### We uphold our licence to operate through

- Our water management standard
- Water authorisations
- Site-specific water management plans:
  - Water-related risk assessment
  - Water efficiency plans and reporting
- Stormwater controls
- Security of supply
- Water monitoring
- Water balance simulations

Water is a strategic natural resource for South Africa and our business. We are committed to responsible and sustainable water use as enshrined in our water management policy that focuses on efficient water reuse and recycling. The policy aligns with the legislated environmental framework mainly governed by the National Water Act, 1998 (Act 36 of 1998), supported by the integrated water resource management hierarchy issued by the DWS to prioritise mine and waste management decisions and actions. The hierarchy informs our policy and strategy on mine and wastewater management by:

- Preventing pollution
- Minimising environmental impacts
- Maximising water reuse and reclamation
- Responsible water discharge and disposal
- Water treatment

We are committed to implementing this policy with a management standard on water for mining and industrial use. The standard articulates an effective integrated water and waste management plan across a mine's lifecycle, including planning, construction, operation, decommissioning, closure and rehabilitation phases. The standard also reflects management's vision to:

- Ensure a cost-effective integrated approach to water management
- Environmental responsibility
- Ecological sustainability

### GROUP WATER STRATEGY

Our group water strategy was approved in 2017, aiming for excellence in:

- Compliance
- Operational water efficiency
- Policies, standards and processes
- Water technologies
- Stakeholder partnerships

A comprehensive programme entrenches responsible and sustainable water management throughout our BUs, concentrating on water use and related risks – from security of supply to water efficiency and cost management – in terms of current and anticipated regulatory compliance. We support the programme with research and skills development as well as water issues awareness through ongoing communication and training.

**We manage water-related risks, minimise impacts and operate efficiently by reducing, reusing and recycling water in line with water conservation plans that support the national strategy. Equitable distribution of water resources considers business growth and sustainable consumption.**

We are also committed to protecting and improving water quality by discharging water treated in our BUs through our reverse-osmosis water treatment plant at Matla. The plant has been operating since 2015 and can treat 10ML of water per day.

We continue collaborating with other mining houses and universities through the Coaltech research initiative in projects that provide guidelines on sustainable mine water management and mine closure. Our collaboration also affords accurate final land-use planning.

The Mine Water Coordinating Body, formed in 2017, further strengthens our public-private collaboration by providing a platform to align our mine water management plans with the National Water Resource Strategy and investigate regional solutions in the Olifants River catchment of Mpumalanga.

### Water use

We refined our water intensity targets in 2020 and developed a new five-year target in line with industry norms and site-specific conditions. We lowered our previous aggregated target of 200L/t to 180L/t. This target is well below the coal industry average of 380L/t. It supports our strategy to reduce water intake in line with the DWS's drive to increase water conservation and reclamation. Our overall water efficiency rate deteriorated by 39% due to the ramp-up of our Belfast operation and changes to in-pit conditions at Grootegeluk.

Water intensity	Target (L/t) 2025	Water intensity (L/t)			Water withdrawal (kL)		
		2020	2019	2018	2020	2019	2018
<b>Mpumalanga</b>							
Belfast	200	<b>132</b>	28	—	<b>416 628</b>	29 501	—
Dorstfontein East	280	<b>116</b>	168	249	<b>219 140</b>	383 541	444 057
Dorstfontein West	130	<b>66</b>	88	98	<b>111 798</b>	112 009	99 172
Forzando	140	<b>124</b>	70	135	<b>406 326</b>	281 797	434 315
Leeuwpan	100	<b>38</b>	25	55	<b>228 085</b>	165 241	363 694
Matla	220	<b>190</b>	159	181	<b>1 168 683</b>	950 292	1 197 247
<b>Limpopo</b>							
Grootegeeluk	170	<b>150</b>	99	91	<b>8 198 145</b>	5 364 282	5 187 375

### Water recycling

Exxaro introduced a water recycling ratio in 2020 and set a target of 38% for 2025. We define our water recycling ratio as the total water recycled divided by total water used (including recycled water). Our overall water recycling ratio is 45%. The coal industry average is 6%, as outlined in the national water use efficiency benchmarks of the DWS.

Water recycling ratio	2020 (%)
<b>Mpumalanga</b>	
Belfast	
Belfast	<b>38</b>
Dorstfontein East	<b>86</b>
Dorstfontein West	<b>39</b>
Forzando	<b>69</b>
Leeuwpan	<b>30</b>
Matla	<b>44</b>
<b>Limpopo</b>	
Grootegeeluk	<b>40</b>

### GRI water standards

Our alignment with the GRI standards for water reporting is outlined below. (Includes Mafube's 50% numbers)

GRI standards water reporting	2020 (ML)	2019 (ML)	2018 (ML)
Total water withdrawal	<b>11 798</b>	9 021	10 164
Surface water	<b>8 877</b>	5 869	6 587
Groundwater	<b>1 368</b>	2 072	2 353
Third-party water	<b>1 553</b>	1 081	1 224
Total water discharged	<b>874</b>	1 339	1 953
Water consumption	<b>10 924</b>	7 682	8 211

### Tailings storage facilities

Exxaro's dam assets contain both clean and polluted water. Dams with a wall height of more than 5m and with a capacity of more than 50 000m<sup>3</sup> are considered as dams with a safety risk according to the South African Dam Safety Legislation. Only a few clean and dirty water dams meet above minimum requirements to be classified with the DWS as dams with a safety risk. Once classified, the dams are categorised in categories I, II and III according to their risk potential. A category III dam has the highest hazard potential. The table below shows all dams categorised as dams with a safety risk by DWS.

BU	Category I	Category II
Matla	-	Matla Brine Ponds
Grootegeeluk	-	Grootegeeluk Cyclic Ponds
ECC	-	Dorsfontein East PCD 1, 2 and 3
Leeuwpan	-	Witklip Dam
Durnacol	Durnacol dam no 4	Durnacol dam no 7 Langley dam no 2 Langley dam no 3
Tshikondeni	Unwa dam	-

## HAZARDOUS WASTE MANAGEMENT

### We uphold our licence to operate through

- Management procedures (including waste classification and reporting)
- Authorisation (waste management licences)
- Waste handling, transportation and disposal methods
- Waste efficiency reports
- Waste classification

Cradle-to-grave management of waste is critical to maintain our licence to operate. We developed a group environmental policy and waste management standard for hazardous and non-hazardous waste. Our waste management standard enforces a waste management hierarchy that promotes prevention, minimisation, reuse, recycling and energy recovery while ensuring safe waste disposal in line with the National Environmental Management: Waste Act, 2008 (Act 59 of 2008) and supporting legislation. The environmental policy introduced initiatives such as waste prevention, reuse, recycling, energy recovery and safe waste disposal to reduce environmental and health risks with sustainability in mind. Exxaro's BUs receive a rebate to be provided for recycling waste such as paper, used oil and scrap metals.

Our BUs capture hazardous waste volumes monthly including contaminated soil, medical waste, used PPE and sewage. If a BU produces more than 20kg of hazardous waste daily, it is registered with the South African Waste Information System and must comply with its registration certificate.

KPIs, aligned with the FTSE Russell sustainability and ESG indices, drive continuous improvements.

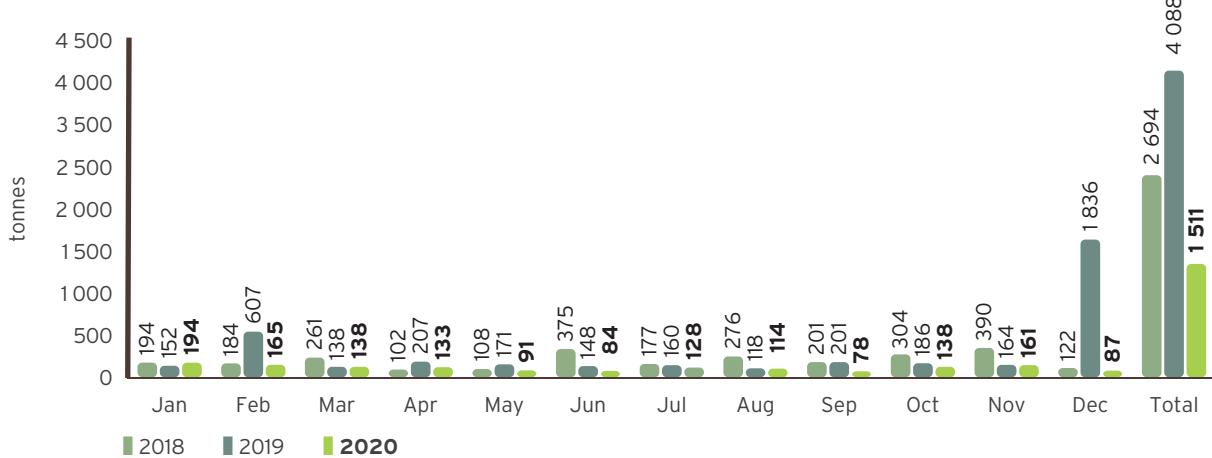
Exxaro's operations do not have on-site waste treatment processes. Contractors clean oil and hydrocarbon spills, and remove the waste to hazardous landfills. Medical professionals manage waste produced by our Matla and Grootgeluk on-site clinics.

We also participate in waste management initiatives of the Department of Environment, Forestry and Fisheries, Business Unity South Africa and the Minerals Council.

**Exxaro collaborates with government, research institutes and industrial partners to monitor technological developments of waste stream conversions that address climate change and job creation.**

 The total weight of hazardous waste generated at our managed coal operations in 2020 decreased by 63% to 1 511t (2019: 4 088t) due to recycling initiatives and inactivity induced by COVID-19.

### Hazardous waste sent to landfill



## CASE STUDY

### GROOTEGELUK WASTE TYRE PROJECT



#### OUR GROOTEGELUK COMPLEX HAS AROUND 1 000 OFF-THE-ROAD (OTR) WASTE TYRES IN A DESIGNATED AREA WITH CONTROLLED ACCESS, STOCKPILE AND STACKING PLANS, AND FIRE PREVENTION MEASURES.

Expected to double in size within two years as the Grootegeluk complex expands, the waste tyre storage facility was built in response to a notice of non-compliance with regulations in 2016.

After the appointment of a waste tyre reprocessing contractor, the following benefits were realised:

- Waste tyres were transported to the processing facility in Klerksoord, Pretoria
- The waste stream was stopped by producing a coal substitute, tyre derived fuel (TDF), from waste tyre chips
- TDF was transported to a cement kiln in Port Shepstone, KwaZulu-Natal
- Exxaro's environmental performance was evaluated in line with triple bottom line reporting
- A waste manifest was issued for each load of OTR tyres (signed by Exxaro as the waste generator, the transporter and the beneficiation facility) – the manifest is Exxaro's "safe disposal" certificate

The project is a first for the local mining industry with the potential for Exxaro to lead peers in sustainable environmental liability management on an operating mine. It will be rolled out at Exxaro's other BUs across South Africa over time.

## BIODIVERSITY

One of the fundamental goals for Exxaro is to be a low-impact, high-value organisation for this generation and the ones to follow. A key aspect of achieving this goal is to ensure that all Exxaro Mines coexist and find harmony with the natural surrounding environment in which they operate. This is achieved through the many positive biodiversity initiatives and programmes being implemented at the various mines. These various initiatives and programmes will not only protect all indigenous flora and fauna species, but also ensure the expansion of such species to support ecosystems within and beyond the various areas Exxaro operates in. Exxaro is committed to exceeding its biodiversity goals and plans a legacy in which both current and future generations can enjoy the benefits of a clean and flourishing natural environment.

### We uphold our licence to operate through

- Biodiversity management plans, monitoring and reporting
- Ecological efficiency reporting
- Biodiversity standards
- Environmental research and authorisations

We are committed to environmental excellence, including maintaining a healthy relationship between our operations and the natural environment with projects such as an alien invader eradication programme, pan research, wetland rehabilitation and offset, and biodiversity relocation.

### ALIEN PLANT ERADICATION

We monitor, control and eradicate invasive alien plant species found on our sites to avoid:

- Species diversity (biodiversity) decline
- Fauna changes as indigenous animals cannot feed or nest in the area
- Extinction of indigenous species (loss of genetic pool): pine, wattle and hakea trees prevent fynbos species from growing
- Greater risk of catastrophic events (fire and flooding) due to ecological imbalance
- Lower productivity of rangeland due to selective grazing
- Invasive alien plants causing soil erosion and consequent siltation of dams and rivers by consuming more water than indigenous flora
- Sandy and nitrogen-poor natural soil

Expected outcomes:

- Improved water quality and surface water run off
- Flourishing of indigenous vegetation
- Increase in species diversity
- Ensuring productive land is available

We are implementing alien management and monitoring programmes at Matla, Leeuwan and ECC to measure the success of control and eradication, recording the distribution of categories 1a, 1b, 2 and 3 listed invasive species on our sites.

Land cleared of invaders to date	ha
Matla	70
Leeuwan	146
ECC	4
<b>Total</b>	<b>220</b>

We began the first phase of the alien control plan at Grootegeluk in the fourth quarter of 2020. The second phase, involving the physical eradication of the alien species in the identified control units, will begin in 2021.

Belfast plans to implement its invader management plan in 2021 with the training and employment of local community members to implement the project.

### PAN RESEARCH

Our Belfast operation appointed the CSIR to determine natural hydrological drivers and anthropogenic stressors of pans in the vicinity of the mine in 2019. We conducted wet season sampling in January 2020 in the mining right area to monitor this. A total of 10 pans were sampled and analysed for physicochemical and chemical isotope parameters while the benthic phytoplankton samples were analysed for diversity and dominance. Findings from the 2020 assessment, when compared to the 2019 report, indicate that no deprivation occurred.

### WETLAND REHABILITATION

Rehabilitation of the wetland system adjacent to the Belfast operation began on 15 October 2019 and was completed on 14 July 2020. The primary rehabilitation interventions included establishing concrete and high density polyethylene (HDPE) liner walls, construction of concrete drop inlet weirs and backfilling of the main channel, the Klein Komati River, to re-establish a channelled valley-bottom wetland. All interventions in the original rehabilitation plan were implemented and the process to recover the system is underway. Continuous monitoring of the system's functioning and the performance of implemented interventions are planned for 2021.

At Grootegeluk, the offset study for the seasonal pans in the life of mine (LoM) footprint area was finalised and submitted to the DHS and the DWS as per the WUL requirement. The methodology for the concept study, aimed at determining the viability of recreating or relocating seasonal pans, was also finalised. Project funding was approved in 2020 but implementation was delayed due to the COVID-19 lockdown and early rains. The concept study will be implemented in the dry season (from May to September 2021).

Matla began implementing a wetland offset project in February 2020 in line with commitments made to the DHS and DWS, for the operation of its water treatment plant. Zitholama implemented wetland offset interventions handed over to the operation in December 2020 when the project was completed. Ongoing monitoring is planned for 2021 to evaluate the performance of the implemented interventions, and to monitor the status of the wetland and habitat.

The COVID-19 lockdown delayed implementing the approved offset strategy at Leeuwpan as part of the Block OI project. It will begin in 2021.

The wetland offset strategy planned for ECC in 2020, as part of the Dorstfontein East expansion project, is under review pending a decision on the way forward in 2021.

## CASE STUDY

### BELFAST WETLAND REHABILITATION

#### EXXARO'S BELFAST IMPLEMENTATION PROJECT WAS COMPLETED WITH REHABILITATION OF AN ADJACENT WETLAND SYSTEM ON 14 JULY 2020 AT A COST OF AT LEAST R20 MILLION.

Expansion of our Belfast operation was allowed by the DHS and DWAS on condition that we rehabilitate the natural environment in terms of a "net gain" approach.

We had to mitigate any impacts of Belfast's expansion by enhancing the functioning and integrity of identified wetland ecosystems impacted by agriculture, disturbed water flow, alien vegetation, artificial drainage channels, dams and roads.

Rehabilitation interventions included construction of engineered solutions such as concrete and HDPE liner check walls, concrete drop inlet weirs and backfilling of the main channel (the Klein Komati River) to re-establish a channelled valley-bottom wetland, among others. Our strategy achieved a net gain of approximately

1.6 hectare (ha) equivalents within the landscape. It will be used as the base case for future wetland rehabilitation projects by Exxaro and lessons learnt will be shared at various forums to inform our peers.

#### BIODIVERSITY RELOCATION

We relocated four protected plant species at Belfast in 2018: *Brunsvigia radulosa*, *Dierama cf pauciflorum*, *Dierama* sp and *Watsonia cf pulchra*. On a site visit in March 2020, an ecologist noted that the plants had recovered.

*Khadia carolinensis* (threatened species on the International Union for Conservation of Nature Red List) and *Harpactira hamiltoni* (baboon spiders) will be relocated to a suitable site as mining progresses at Belfast. We applied to the Mpumalanga Tourism and Parks Agency for a permit to relocate the *Khadi* and *Harpactira* in December 2020. Further screening is planned for 2021 to verify and update data collected in 2018 about the number and type of species to be relocated.



BELFAST IMPLEMENTATION PROJECT: Phase 1 Wetland Rehabilitation Implementation

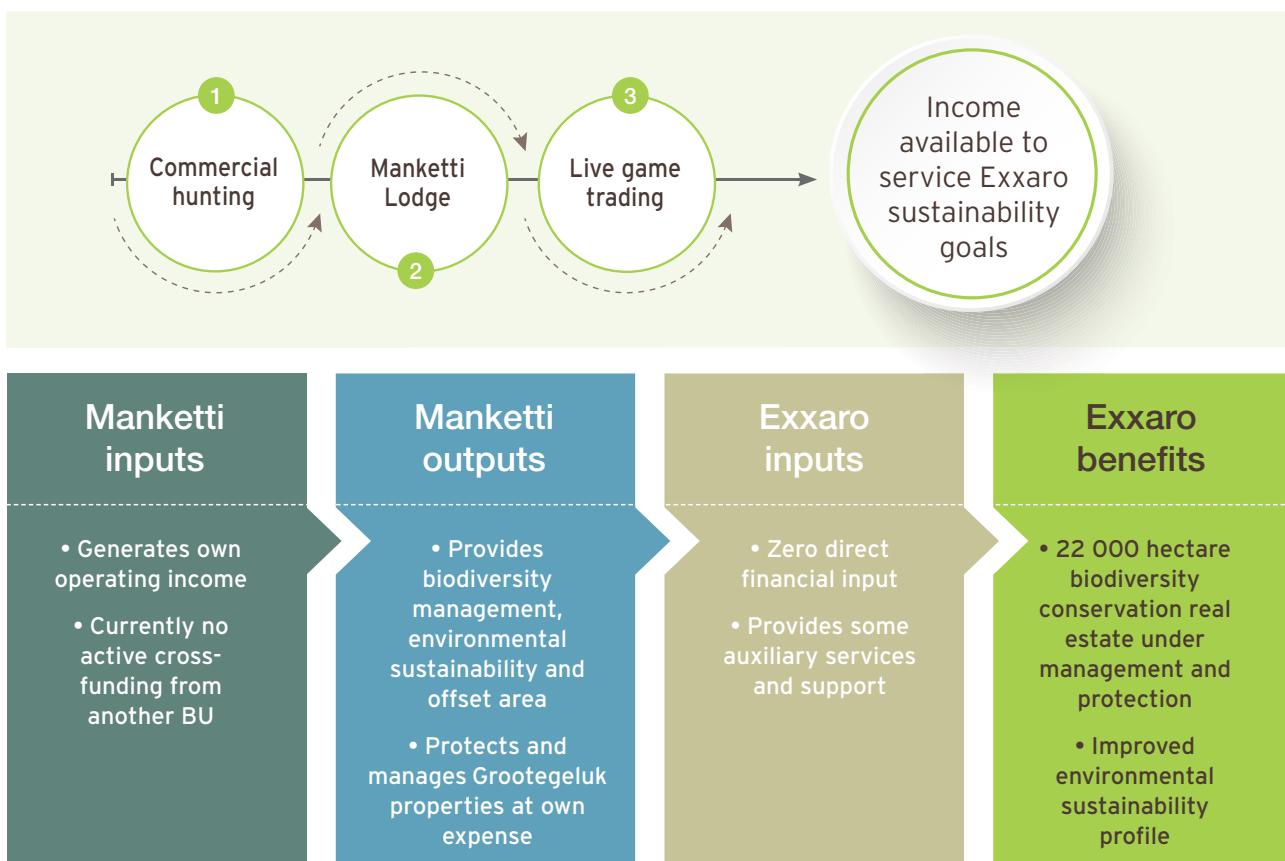
## BIODIVERSITY continued

### CASE STUDY

#### MANKETTI GAME RESERVE

##### THE 22 000HA MANKETTI GAME RESERVE AROUND OUR GROOTEGELUK OPERATION OPTIMISES LAND USE WHILE PROTECTING THE OPERATION'S SUSTAINABILITY.

Managed by Ferroland Grondtrust, a wholly owned subsidiary of Exxaro, the land was a cattle farm until 18 years ago when indigenous wildlife species were introduced. The thriving game reserve generates income from commercial hunting and game trading as well as accommodation provided by the Manketti Lodge.



Manketti is managed according to a protected area management plan – updated annually with assessments of vegetation condition, alien plant control and animal population.

The game reserve is home to a variety of large predators, including leopard, lion and cheetah. It is one of the Endangered Wildlife Trust's "cheetah safe spaces". Smaller predators include the black-backed jackal, bat-eared fox, civet, African wildcat, caracal and honey badgers, among others. Reptiles include the African rock python, black mamba, striped skink and leopard tortoise. Birds include vulture species, the orange-breasted bush shrike and raptors. Invertebrates include the baboon and trap-door spiders as well as scorpions. Amphibians are represented by the giant African bullfrog. We partner with Reptile Rescue to capture and release reptiles into their natural habitat.

Animal and floral species (manketti, marula, shepherd's, camelthorn, violet, leadwood and tamboti trees as well as succulents, bush lilies and the desert rose) are monitored and managed in terms of provincial and national regulations.

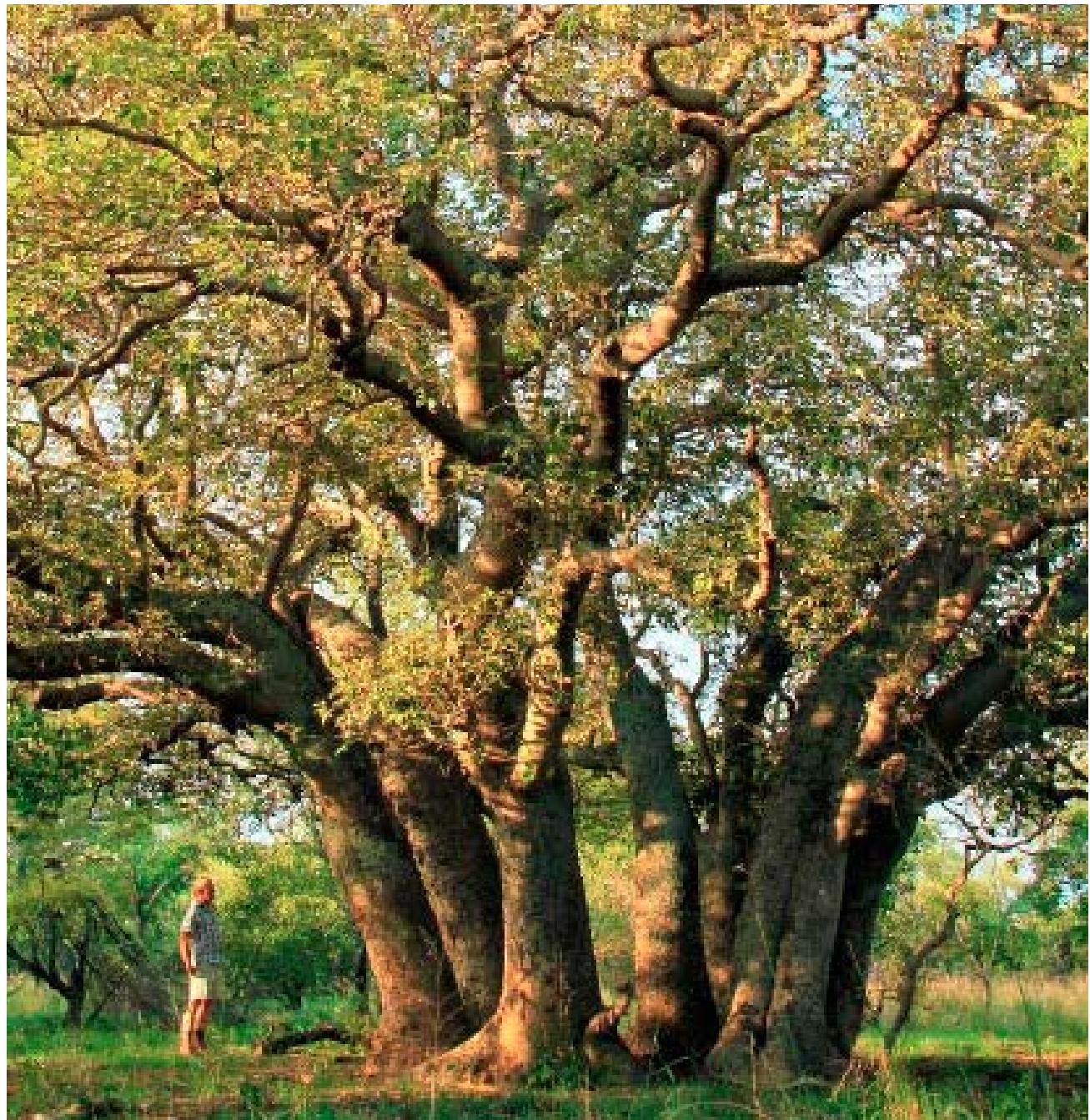
Our Thabametsi mining and power generation projects would have impacted a significant number of protected trees without an offset on 4 000ha of protected woodland in the Manketti game reserve.

Erosion control and topsoil protection are also managed in the game reserve.

Depressions in soils with high clay content become natural wetlands when it rains. These pans are managed as part of larger wetland systems. Manketti also participates in conservation of critically endangered vultures. We aim to limit powerline collision-related deaths, provide safe feeding sites and tag vultures for research.

## EDUCATION AND INTERNSHIPS

Manketti's future includes further education of Waterberg communities. Young Lephalale learners already visit the game reserve every year and engage positively with rangers. A nature conservation and wildlife management internship is also available since 2019 for employment in most conservation fields.



# ENVIRONMENTAL LIABILITIES AND REHABILITATION

## We uphold our licence to operate through

- Mine closure and ongoing rehabilitation procedures
- Integrated mine closure plans
- Financial provision
- Closure objectives (management plans)
- Mine closure impact assessments
- Ongoing rehabilitation, monitoring and reporting
- Closure and ongoing efficiency reports
- Land management procedures
- Operational land management plan
- Land disposal strategy
- Land management efficiency reports

Our business operations review mine closure and rehabilitation financial provisions every year. Rehabilitation plans and closure objectives are amended after environmental management programme performance assessments. Cost estimates of activities in the concurrent and final closure rehabilitation programme are reviewed and adjusted. External auditors visit our sites, review documents and audit the provisions twice a year.

In 2020, we appointed consultants to compile reports on financial provisions for mine closure and rehabilitation. Except for ECC and Leeuwpan, our operations were assessed in line with the regulation (GNR 1147) published in December 2015 and amended in September 2018 by the Department of Environment, Forestry and Fisheries to extend the transition period to June 2021.

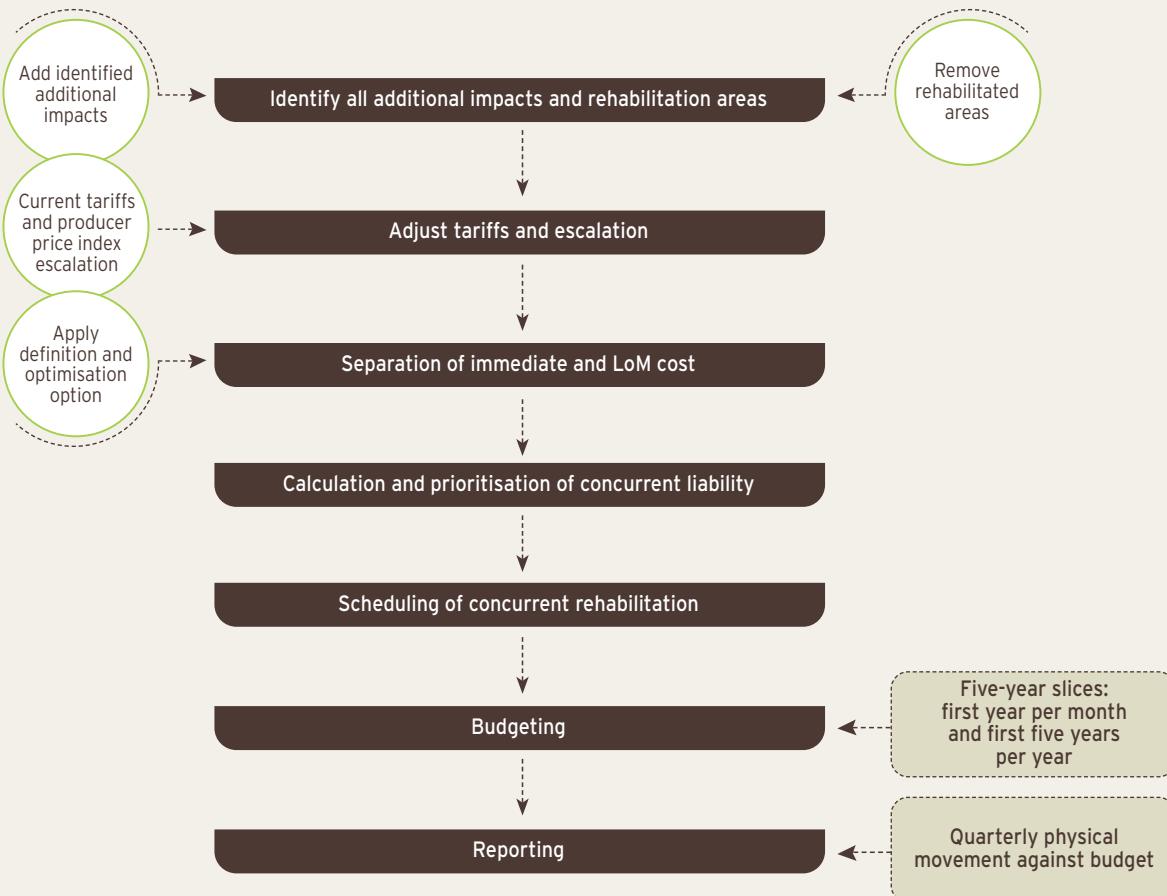
Assessments of ECC and Leeuwpan, assessed in 2019, will be conducted again in 2021. From 2022, all BUs will be assessed annually.

## CONCURRENT REHABILITATION PLANS

Each BU has five-year conceptual concurrent rehabilitation plans, schedules and associated budgets to:

- Set measurable targets
- Avoid backlogs and related liabilities
- Enable managers to implement plans without cash flow constraints
- Include concurrent rehabilitation in operational tracking

The annual environmental liabilities update is illustrated below.

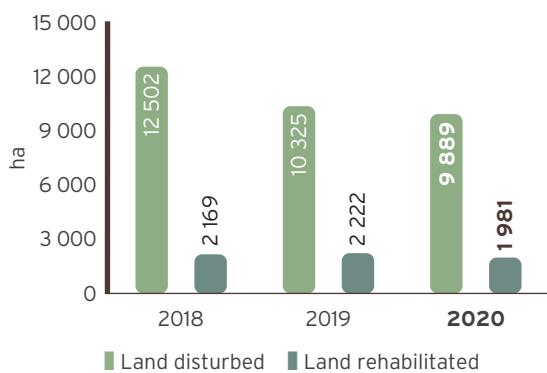


Land disturbed versus land rehabilitated <sup>1</sup>	Land disturbed (ha)			Land rehabilitated (ha)		
	2020	2019	2018	2020	2019	2018
<b>Mpumalanga</b>						
Arnot		830	830		241	226
Belfast	<b>679</b>	479	145			
Dorstfontein East	<b>556</b>	544	551	<b>17</b>	17	17
Dorstfontein West	<b>61</b>	61	61			
Forzando North	<b>275</b>	275	275			
Forzando South	<b>209</b>	209	209			
Leeuwpan	<b>1 294</b>	1 202	3 739	<b>56</b>	56	47
Matla	<b>1 163</b>	1 073	1 073	<b>356</b>	356	356
Strathrae	<b>223</b>	223	223	<b>161</b>	161	161
<b>Limpopo</b>						
Grootegeluk	<b>3 677</b>	3 677	3 544			
Tshikondeni	<b>198</b>	198	298	<b>139</b>	139	115
<b>KwaZulu-Natal</b>						
Durnacol	<b>334</b>	334	334	<b>147</b>	147	142
Hlobane	<b>1 220</b>	1 220	1 220	<b>1 105</b>	1 105	1 105
<b>Total</b>	<b>9 889</b>	10 325	12 502	<b>1 981</b>	2 222	2 169

<sup>1</sup> Arnot is excluded in 2020 due to the divestment process to Arnot OpCo Proprietary Limited.

Disturbed area is the footprint of disturbed area and includes all buildings, roads and mining areas that need to be rehabilitated according to the Environmental Management Programme (EMPR). Rehabilitated area is the area rehabilitated up to the required standard of the EMPR and the final Land Use Plan, at which point only maintenance and monitoring is needed.

## Land disturbed versus land rehabilitated



The EERF's assets are managed in terms of asset and liability modelling aligned with risk, return and liability on each site. The objective is to maximise investment growth in the cost of liability provisions. An external specialist supports EERF trustees with technical skills required to profile and identify suitable structures for assessment by the trustees.

Current implementation includes:

- Two income building blocks benchmarked to cash rates and investing in government treasury bills, banks and corporate paper
- Three growth building blocks targeting inflation-linked returns and investment in insurance and bank-guaranteed products
- Equity-driven portfolios without explicit investment guarantees but portfolio managers controlling capital risk by managing volatility

Quarterly contributions to the trust are based on closure cost estimates at LoM without considering any guarantees in place.

The trust funds earned R249 million in 2020, including cash contributions, interest on investments and fair value adjustments. The fund has grown by 12.1% from an opening balance of R2 052 million in January 2020 to R2 301 million in December 2020. In addition, Exxaro had bank guarantees of R4 242 million in place at year end. Updating these provisions twice a year highlights potential rehabilitation alternatives that could decrease the long-term closure liabilities of operations.

## ESTIMATED CLOSURE COSTS PER OPERATION

Calculation of rehabilitation cost is governed by relevant legislation (GNR 1147). It is conducted by independent technical and financial specialists, and our internal sustainability and finance departments, with expertise and experience in environmental management.

In 2020, our total closure costs were R9 536 million.

## LIABILITIES

We are committed to rehabilitation beyond compliance. We believe it is our moral responsibility to conduct concurrent rehabilitation in a changing regulatory, economic and operating landscape.

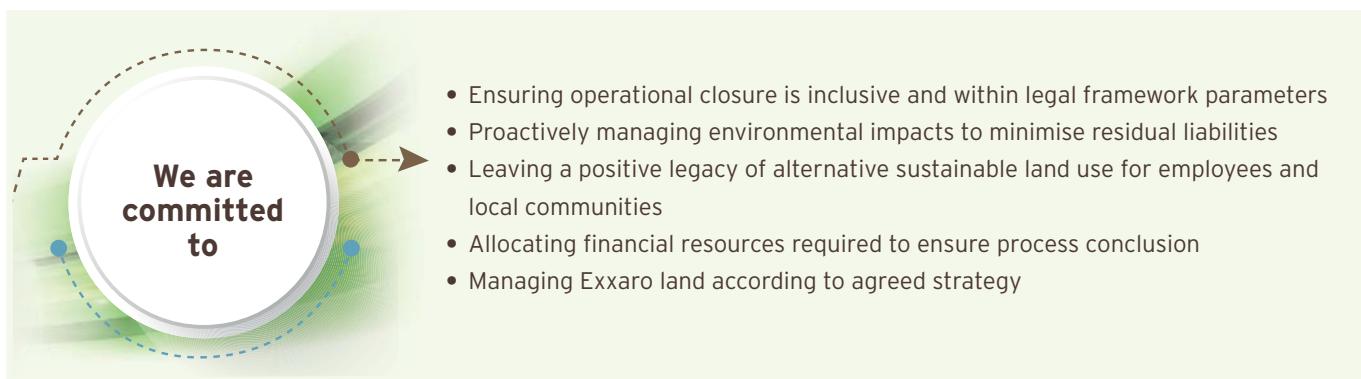
At 31 December 2020, total land disturbed was 9 889ha and total rehabilitated 1 981ha. Exxaro's Environmental Rehabilitation Fund (EERF) and additional bank guarantees provide for new developments and cover shortfalls in financial provisions.

## ENVIRONMENTAL LIABILITIES AND REHABILITATION continued

Operations in annual financial statements at 31 December 2020	DMRE office	Estimated immediate closure cost (Rm)	Estimated residual liability (Rm)	Trust fund balance (Rm)	Guarantee (Rm)	Immediate shortfall to be covered over remaining LoM (Rm)	Remaining life (years)
<b>COAL</b>							
<b>Limpopo</b>							
Grootegeuk (including reductants area)	Limpopo	3 713	321	594	1 226	2 214	37
Thabametsi	Limpopo	1		156	885	(1 040)	
Tshikondeni	Limpopo	10	22	197	49	(215)	
<b>Mpumalanga</b>							
Belfast	Mpumalanga	484	49		133	400	11
Dorstfontein East	Mpumalanga	909	41	275			16
Dorstfontein West	Mpumalanga	51	95	184	239	397	20
Eerstelingsfontein	Mpumalanga				3	(3)	
Forzando North	Mpumalanga	53	272	101			5
Forzando South	Mpumalanga	141	18	94	304	(15)	5
Inyanda	Mpumalanga	5				5	
Leeuwpan mining rights 157 and 171	Mpumalanga	655	79	162	277	296	8
Paardeplaats	Mpumalanga				88	(88)	
Strathrae	Mpumalanga	29	69	103		(4)	
Tumelo	Mpumalanga	9	1	14	3	(6)	
<b>Matla Eskom-tied mine:</b>		642	294	89	972	(125)	18
<b>KwaZulu-Natal</b>							
Durnacol	KwaZulu-Natal	263	14			277	
Hlobane	KwaZulu-Natal	131	93			224	
Newcastle	KwaZulu-Natal	1	7			8	
<b>TOTAL OPERATIONAL MINES</b>		6 017	877	1 581	3 154	2 158	
Coal mines in closure		438	206	300	52	291	
<b>COAL TOTAL</b>		7 097	1 376	1 970	4 206	2 296	
<b>OTHER</b>							
Gravelotte	Limpopo				35	(35)	
Headquarters: Inactive sites		37	10	34	1	13	
Cennergi: Amakhala	Western Cape	52				52	26
Cennergi: Tsitsikamma	Eastern Cape	31				31	26
FerroAlloys	Gauteng	5				5	
<b>OTHER TOTAL</b>		124	9	34	1	13	
<b>EXXARO TOTAL</b>		7 221	1 386	2 004	4 242	2 362	
<b>MINE CLOSURE</b>							

Five Exxaro operations were in active closure in 2020: Tshikondeni, Durnacol, Hlobane, Strathrae and Gravelotte.

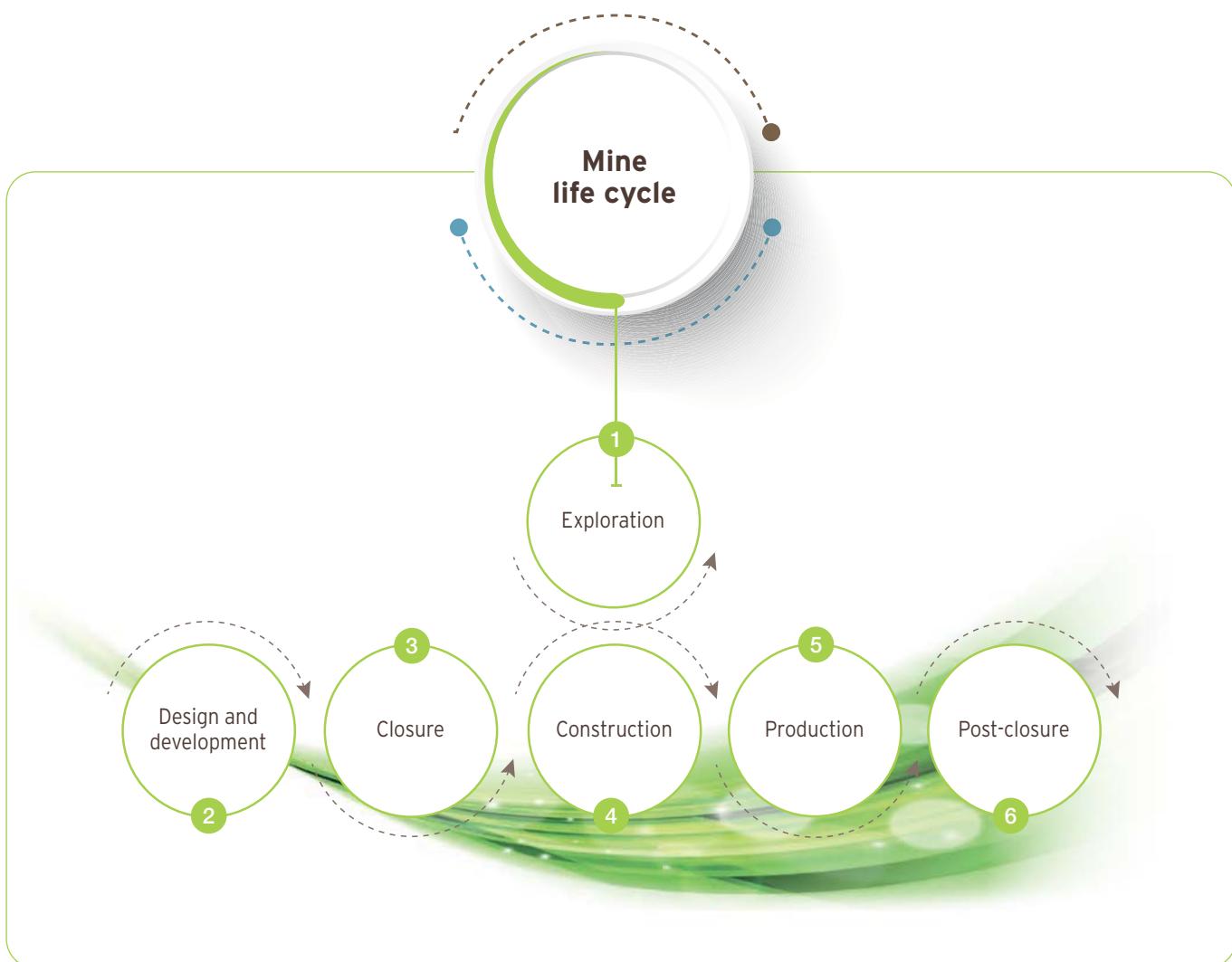
We understand that operational closure, concurrent rehabilitation and land management activities directly connect employees, communities, the environment, government and infrastructure.



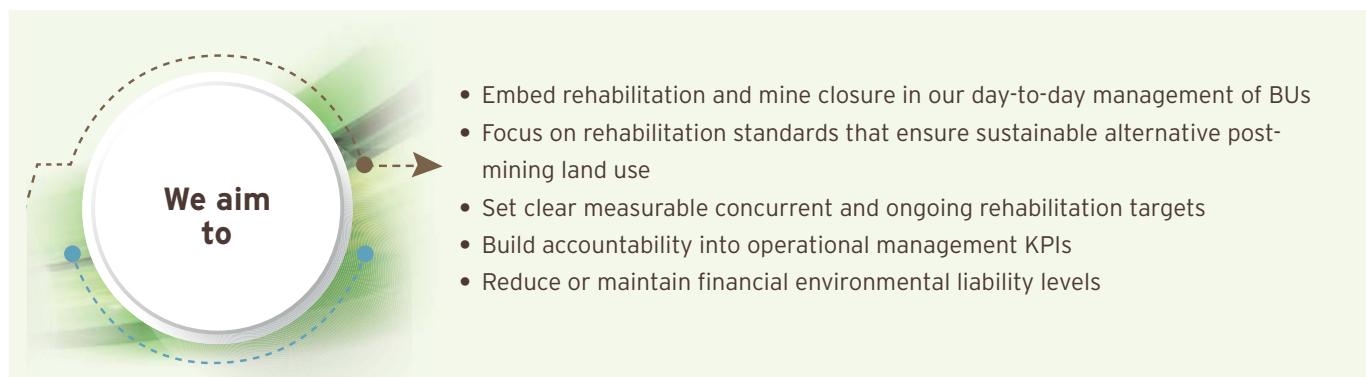
Our land management goals for 2020 included transferring 90% of post-mining land to emerging farmers in local communities by 2026. We continued to create strategic partnerships with farmers to advance agri-economies in support of government's land redistribution policies.

#### Integrated stages of mining and mine closure planning

Operational closure, concurrent rehabilitation and land management are part of Exxaro's operating philosophy and moral responsibility. We actively plan our operations with closure in mind, ensuring adequate financial resources are available to meet our rehabilitation commitments.



## ENVIRONMENTAL LIABILITIES AND REHABILITATION continued



We also strive to integrate land and liability management in day-to-day mine planning. We thus minimise final closure costs for each operation and optimise final land use after closure. All operations report concurrent rehabilitation KPIs every month on Exxaro's Middle Eye platform.

The diagram below shows the 11 aspects that must be taken into account when closing a mine.



## Social closure principles

The social aspects of mine closure are among our engineering and associated financial planning considerations:

- Equip employees with portable skills to pursue alternative employment and participation in meaningful economic activity
- Develop and implement a communication plan for employees
- Employee training to implement and manage mine closure plans
- Address health and safety issues as well as employment opportunities for communities
- Socio-economic activities that must continue after mine closure
- Identify the needs and expectations of stakeholders and socio-economic impacts
- Assist host communities to acquire skills for commercial activities and infrastructure use after mine closure
- Ensure opportunities are available to improve quality of life
- Align closure with community expectations to honour SLPs commitments
- Develop and implement plans for engagement with communities, government and NGOs among others
- Help mine owners and operators achieve liability-free closure within a reasonable timeframe
- Management committed to implementing the closure plan

## Cennergi

Cennergi reviews their financial provisions for facility closure and rehabilitation every year, and consider amendments to rehabilitation plans and closure objectives based on periodic environmental management programme performance assessments. The cost estimates of activities in the concurrent and final closure rehabilitation programme are reviewed and adjusted where necessary.

Leeuwpan plant



# SOCIAL

We strive to do business for the sustainable and holistic wellbeing of our employees, communities and society at large. Everything we do today ensures a safer and more productive tomorrow. This section showcases our commitment to societal stakeholders, our impact on social and relationship capital and how our projects support the Sustainable Growth and Impact strategy.

## Highlights

- Record four years fatality-free
- Record LTIFR of 0.05
- Khetha Ukuphepha COVID-19 campaigns
- Received a Top Employer Award
- Minimising disruption of COVID-19
- Disbursements of over R79 million to 24 ESD beneficiaries
- Implementation of contractor development programme in partnership with the Gordon Institute of Business Science
- Sponsored 17 African female students from the local communities at a cost of R182 000

## Lowlights

- Three safety high-potential incidents (HPIs)
- Fatal shooting of a community member during a protest at Grootegeluk in October 2020
- Delays in municipal approvals for infrastructure development
- Delays in approvals of SLPs
- COVID-19 loss of life

We conduct our business activities with the intention to promote social development in our communities.

Aware of the need to be responsible and accountable for our actions, we strive for operational efficiency, growth and regulatory compliance within a framework of responsible corporate citizenship.

Exxaro consistently benchmarks its activities against global best practice, endorsing several voluntary external standards, charters and principles, including the:

- UN UNGC as a signatory
- UN SDGs
- CDP carbon and water disclosures

We also shape appropriate policies for South Africa as an active stakeholder in the mining industry through many channels, including the Minerals Council, Business Unity South Africa and Business Leadership South Africa.

COVID-19 food parcel donation at Leeuwpan mine



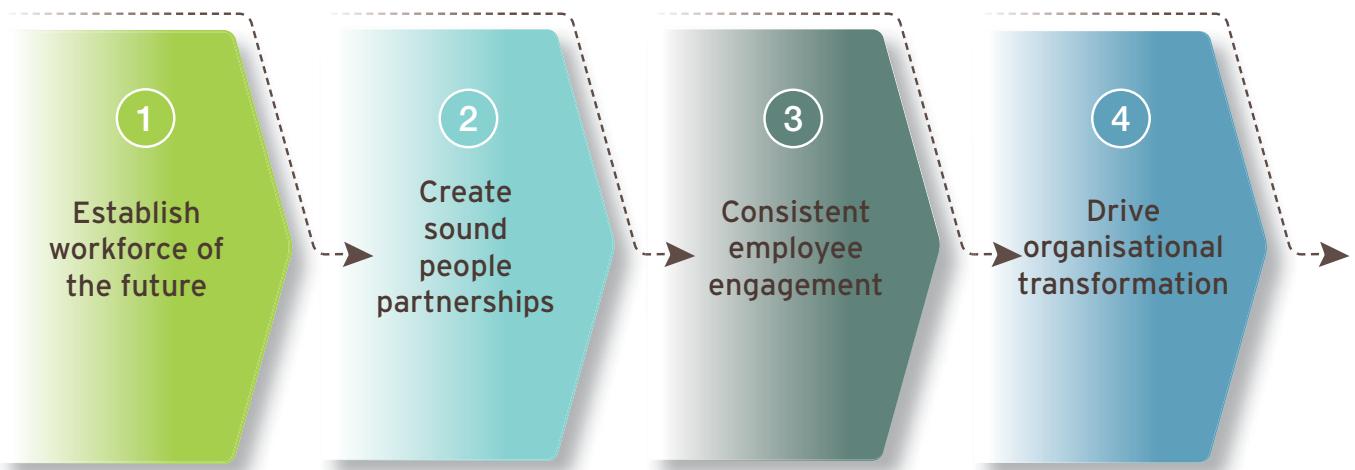
## PEOPLE

Our employee value proposition (EVP) refers to the benefits and rewards we offer to our employees for their commitment, skills and capabilities.

### We uphold our licence to operate through

- People strategy
- Diversity and inclusion strategy
- EVP

Our people strategy, based on four strategic priorities, is the foundation of our approach to employee engagement:



The pillars are underpinned by a commitment to sustain our culture, values and behaviours to enable our core purpose: to power better lives in Africa and beyond.

As our Sustainable Growth and Impact strategy evolves, it is supported by embedding our organisational culture – the behaviour we expect from all employees. We drive adequate communication and change management relating to strategic issues through our connect2NEXT platform, supporting positive employee engagement.

**Exxaro believes that people are at the centre of our success. We harness value from our workforce's diversity of thinking.**

Our diversity and inclusion strategy supports our EVP through the co-creation of an innovative and agile work environment. Value-adding people solutions afford a fulfilling work experience with growth and development. The evolution of our EVP and our culture will be enhanced by the baseline culture survey.

We maintain sustainable human resource governance with a comprehensive suite of policies that cover employment, labour relations, occupational health and safety, training and education, among others. We are mindful of the safety and wellbeing of our employees and host communities. We strive to achieve zero harm through collective responsibility, commitment and risk awareness. Our phased approach to meeting employee needs uses lessons learnt in each phase to accelerate the next.

Exxaro employed 22 466 people in 2020 (2019: 23 365) – 30% full-time employees and 70% contractors.

## SAFETY, HEALTH AND WELLNESS

### We uphold our licence to operate through

- Safety strategy
- Basic conditions of employment
- Health and wellness strategy

In terms of the Mine Health and Safety Act, 1996 (Act 29 of 1996), our BUs elect management and operators as safety and health committee representatives.

#### Safety

In line with Exxaro's zero harm vision, the group's approved safety strategy focused on achieving these key objectives in 2020:

- Zero fatalities, zero HPIs
- LTIFR of less than 0.11

We review our safety target every year, based on prior performance, and apply stringent management protocols, programmes and systems. Our BU management team investigates every occurrence of a safety incident and in terms of LTI and a skilled committee, headed by an independent chairperson, investigates fatalities and HPIs. Exxaro reports investigation findings to the executive committee and the sustainability, risk and compliance committee, and escalates these to our board.

The leading causes of incidents and sources of safety risk remain trackless mobile machinery, fall of ground, energy and machine isolation, lifting and material handling, as well as poor risk awareness and discipline. We provide on-the-job training to ensure well-trained people are in suitable positions. Each BU tracks adherence to standards and legislation through a safety improvement plan of self-assessments and corporate audits.

**To achieve our goal, we review our LTIFR target annually, based on the prior year's performance, and apply stringent management protocols, programmes and systems.**

We revised our group safety strategy in 2017 and leadership identified five specific focus areas, namely leadership, communication, consequence management, training, and risk management. Additional interventions to address safety risks in 2020 included:

- Global Minerals Industry Risk Management course for top and senior management informed our safety improvement plans

#### Safety performance



- Visible felt leadership improved management's presence and communication in the workplace
- Safety communication (safety indabas at BUs, the group Safety Leadership Day and the Sustainability Summit)
- Managing high-risk and non-routine tasks as well as working over weekends and holidays
- Innovation and technology application for safety in work conduct

In 2020, the Sustainability Summit shared Exxaro's journey, particularly the importance of safety, with over 700 internal and external stakeholders hosted at the recently launched Exxaro head office the conneXXion. In addition, safety indabas were held at various BUs to entrench the safety conversation in company culture. Our new safety campaign, Khetha Ukuphepha ("choose to be safe") was also launched to communicate that zero harm is possible, to achieve safety targets, and to reach the three-year and beyond fatality-free milestone.

The campaign was introduced in the BU safety indabas and the executive committee's group-wide Safety Leadership Day. Executive committee members and safety and operations virtually connected due to COVID-19 to drive the safety message and demonstrate leadership support.

Compliance audits, including Ilima safety audits at Grootegeluk and Matla (our two biggest BUs in terms of number of people), were driven by two teams in two parts:

- Leadership engagement (top-down) with mine management implementing safety processes
- Safety systems review (bottom-up) with employees focusing on technical aspects, practical use of safety tools and observation of safe work procedures

The compliance audits identified potential obstacles in achieving zero harm. Emerging themes include limited practical knowledge of Exxaro's safety strategy and gaps in developing safety leadership skills.

The outcome of these safety improvement efforts was improved morale and performance resulting in the safety statistics shown below and production results.

## PEOPLE continued

### Health and wellness

Our health and wellness strategy, approved by our executive committee and board in November 2019, aims to:

- Shift our healthcare approach from curative and employer-driven to preventive and employee-driven efforts
- Align our health and wellness portfolios for a holistic and integrated management programme

Our strategy identifies occupational and non-occupational health risks and their causes, solutions to mitigate these risks, impacts of the risks on the business, and the best approach to ensure an environment that empowers employees to manage and protect their health.

### We need seamless integration of health and wellness management with clearly defined employer and employee responsibilities for our strategy to deliver a comprehensive health solution.

Our health and wellness strategy is supported by three pillars that ensure an integrated approach to occupational and lifestyle diseases throughout our BUs:



The integration of wellness and healthy lifestyle coaching programmes into the existing certificate of fitness was also highlighted. This will prevent diseases from developing or worsening, and encourage employees to take care of their mental health with the discreet and freely available EAP.

#### **Safety**

Zero harm was another summit priority. Our Khetha Ukuphepha safety campaign contributed to the significant improvement in our safety journey for 2020.

#### **Environment**

Exxaro's goal to maximise its net positive footprint was also on the summit agenda. Various integrated measures over the past five years have reduced our GHG emissions by 17%.

The summit achieved the prescribed standards for a green event with a performance score of 98.7% (the greenest event in South Africa) as it included:

- Sound, highly visible and communicated environmental policy
- Local suppliers

- Minimum travel and transport
- Purchasing activities and recyclability levels (local and seasonal food and drinks, delegate packs, transport and packaging among others)
- Venue choice
- Waste management

#### **Occupational diseases**

We categorise occupational diseases contracted at work as communicable and non-communicable. Communicable diseases are contagious (passed from one person to another) such as occupational TB. Non-communicable diseases are not contagious such as NIHL, COAD, silicosis, dermatitis, asbestosis and work-related limb disorders. The last three have not been present at Exxaro for the past five years.

Our occupational health programmes seek to prevent and mitigate the risks for permanent employees and contractors. The programmes facilitate analysis, monitoring and management of exposure, and provide preventive measures.

#### **Reported occupational disease cases**

Newly diagnosed work-related cases are reported to authorities for compensation, as legislated. In 2020, the decrease in cases reflected an improvement in our risk exposure profiles although we need to further reduce the incidence of occupational diseases.

	2020	2019	2018	2017	2016
NIHL	<b>1</b>	11	11	12	17
Pneumoconiosis	<b>1</b>	2	8	18	5
Silicosis		1			
COAD	<b>3</b>	2	4	1	4
Occupational TB	<b>27</b>	35	42	26	26
<b>Total</b>	<b>32</b>	51	65	57	52

There has been a steady reduction of NIHL incidents due to robust implementation of the hearing conservation programme. Regrettably this cannot be said about occupational TB due to HIV/Aids immuno-compromised individuals.

*COVID-19 testing*



## PEOPLE continued

### Accepted cases

A total of six (2019: 15) occupational disease cases (demonstrably work-related) were accepted for compensation in 2020, including five (2019: 10) of TB and one (2019: four) of pneumoconiosis.

### Mining sector targets for noise and silicosis

We adhere to the mining sector targets set in 2014 to eliminate NIHL, silicosis and pneumoconiosis, as presented below.

NIHL	Silicosis	Pneumoconiosis
<ul style="list-style-type: none"> <li>No employee's standard threshold shift will exceed 25 decibels (dB) from the baseline when averaged at 2 000 hertz (Hz), 3 000Hz and 4 000Hz in one or both ears</li> </ul>	<p>By December 2024:</p> <ul style="list-style-type: none"> <li>95% of all exposure measurement results will be below the milestone level of 0.05 milligrams per cubic metre (<math>\text{mg}/\text{m}^3</math>) for respirable crystalline silica (as individual readings and not average results)</li> <li>Using current diagnostic techniques, no new cases of silicosis will occur among previously unexposed individuals</li> </ul>	<p>By December 2024:</p> <ul style="list-style-type: none"> <li>95% of all exposure measurement results will be below the milestone level of <math>1.5\text{mg}/\text{m}^3</math> (&lt;5% crystalline silica) for platinum dust respirable particulate (as individual readings and not average results)</li> <li>Using current diagnostic techniques, no new cases of pneumoconiosis will occur among previously unexposed individuals</li> <li>95% of all exposure measurement results for <b>coal workers' pneumoconiosis</b> will be below the milestone level of <math>1.5\text{mg}/\text{m}^3</math> (&lt;5% crystalline silica) for coal dust respirable particulate (as individual readings and not average results)</li> <li>Using current diagnostic techniques, no new cases of <b>coal workers' pneumoconiosis</b> will occur among previously unexposed individuals</li> </ul>

### HIV/Aids and TB

By December 2024:

- At or below the national TB incidence rate and all employees should be offered annual HIV counselling and testing with eligible employees linked to an antiretroviral treatment (ART) programme (as per the National Strategic Plan)

### Current status

- No cases of silicosis accepted for compensation
- 11 cases of employees with hearing loss reported

*Previously unexposed individuals were not exposed to mining dust prior to December 2008 (equivalent to a new person entering the industry in 2009).*

We will continue to implement hearing conservation and dust control programmes to reduce the number of new occupational diseases, and reach the 0% milestone target of the Mining Charter III.

### Non-occupational diseases

We categorise lifestyle (non-occupational) diseases as communicable and non-communicable. Communicable lifestyle diseases include cholera, malaria, typhoid, influenza and sexually transmitted infections including HIV/Aids. Non-communicable lifestyle diseases are mainly diabetes, hypertension and cardiovascular ailments.

HIV/Aids, diabetes, hypertension and heart disease are our most significant health risks revealed by a survey. In 2020, medical surveillance identified 70 (2019: 413) new diabetes cases and 196 (2019: 1 911) hypertensive employees and contractors.

The survey encouraged further integration of our health and wellness programmes. Awareness campaigns promote healthy living as we believe this will help address the prevention and management of lifestyle diseases.

Our solutions were aligned across BUs in 2019 with prevention and control of chronic diseases integrated into our workplace health programmes. Our initiatives were supported by case management and monitoring of individual progress in chronic disease management.

### HIV/Aids and TB

HIV/Aids prevalence across Exxaro, based on tested full-time employees, was an estimated 8.8% in 2020 (2019: 24.7%) (more information in the table below). The national rate is 13%.

A total of 1 266 (2019: 494) employees and 4 582 (2019: 4 848) contractors received ART.

HIV/Aids awareness (employees and contractors)	2020	2019	2018	2017
Attended information sessions	17 693	30 403	18 657	16 788
Total tested	8 475	12 679	9 492	3 512
% tested	48	54	77	—
Employees tested positive	746	578	356	188
Enrolled at December (cumulative)	4 554	5 342	4 475	350
Received ART	5 848	5 124	3 167	4 547

Communication ensures effective early diagnosis, prevention and management of lifestyle diseases. In addition to risk management and prevention, we provide rehabilitation and return-to-work programmes. We also partner with the Department of Health to embed our healthcare operating model.

**EAP**

Our EAP ensures afflicted employees consult an external counselling service to address psychosocial, legal, financial, emotional, family, work-related and substance abuse issues.

To integrate our health and wellness strategy, an EAP awareness session is provided to all employees during the certificate of fitness process.

**MANAGING OUR TALENT**

Exxaro's talent management strategy guides our sourcing and development of employees across the organisation. Our strategic workforce pipeline, talent planning and learning and development processes maintain our status as "employer of choice". These processes also contribute to our EVP, and diversity and inclusion strategies.

We use a well-defined succession planning process for management and specialists employees to identify and develop future leaders for the organisation. Succession plans are used to address the inevitable changes that occur when employees are promoted, rotated, exited or retire. Our talent bench is tracked to have visibility of the health of our Talent pipeline, specifically the development of employment equity candidates to ensure that proactive measures are in place to address talent and critical skills shortages. Our talent bench for employment equity is 24.3% on the D band and 31.1% on the E band.

## Our talent management initiatives build leadership, management and technical competencies, and broaden knowledge.

We facilitate leadership training, formal studies, mentoring, coaching, internships, learnerships, skills development, adult education and training (AET) and short courses.

The strategy has evolved over the past three years to focus on several initiatives that enhance learner experiences as well as reskill and upskill employees. Initiatives include smart workforce programmes, capability development, a new learning platform, diversity and inclusion programmes, new digital platforms and fourth industrial revolution training.

To meet our skills requirements, we invest in current and potential employees as well as members of communities in our labour-sending areas (99% in South Africa). Our bursary, graduate, learnership and skills development initiatives empower local communities to compete for positions. Learning programmes optimise individual potential for growth and meaningful contribution.

We examine key areas across the value chain to ensure the right skills are available at the right time. More than half of our talent pipeline spend is dedicated to artisan and miner learnership development.

### **Developing our human resources**

Human resource development initiatives reduce core skills shortages in the South African mining industry. Our learning programmes accelerate technical and functional skills development as well as leadership competence, especially for black people, women and people living with disabilities. At the same time, we comply with skills targets and goals set by regulators. In some instances, we exceed the requirements of the Mining Charter III and the dtic's B-BBEE codes.

We invest a portion of annual salaries and wages in developing our people. In 2020, we spent R227 million or 5.04% (2019: R298 million or 6.52%) of our payroll on training and development including:

- R114 million on job-related operational and technical training (operator training and mobile equipment licences)
- R93 million on bursaries, training professionals, internships, learnerships and skills programmes to secure our talent pipeline
- R7.4 million on developing targeted employees in management programmes, leadership roles, postgraduate studies and support functions

To mitigate the impact of COVID-19 on our internship, learnership and skills development programmes, some training offerings were made available using digital platforms. More than 17 000 compliance training interventions were completed in our online cloud-based learning management system. The creative content improved learner retention and saved time.

Our human resources initiatives	2020 (Rm)	2019 (Rm)	2018 (Rm)
Total training	<b>227</b>	298	260
Total training (% of total payroll)	<b>5</b>	7	6
Training for black people	<b>177</b>	219	211
Black people trained (% of total payroll)	<b>4</b>	5	5

**Learnerships and skills programmes**

We sponsor formal engineering and mining learnerships at our acclaimed Grovos training centre in Lephalale and the Colliery Training College in eMalahleni, Mpumalanga. Exxaro determines learnership requirements with a needs analysis, incorporating our business strategy, a skills gap analysis, employee career progression, SLP commitments and employment equity targets.

In 2020, 89% of learners in formal learnership programmes were black people, including 38% black women.

Our feeder schemes provide sponsored formal theoretical and practical training in core skills, including plant and mobile equipment operation, through structured skills programmes. Accredited training providers conduct workplace training at our BUs and the relevant sector education and training authority provides certification. Exxaro sponsors training and learners receive a monthly allowance for the duration of the programmes.

Feeder schemes in 2020	Number in training	Black people	Black women
Engineering learners	<b>411</b>	<b>365 (89%)</b>	<b>156 (38%)</b>
Miner learners	<b>33</b>	<b>31 (94%)</b>	<b>13 (39%)</b>
Operator learners	<b>90</b>	<b>87 (17%)</b>	<b>35 (39%)</b>
Internships	<b>110</b>	<b>110 (100%)</b>	<b>50 (45%)</b>
Business administration learners	<b>19</b>	<b>19 (100%)</b>	<b>15 (79%)</b>

## PEOPLE continued

### **Internships**

We offer internships for recent graduates to acquire practical experience. We also provide compulsory workplace exposure to undergraduates in various disciplines. We determine their requirements through a needs analysis that considers our business strategy and SLP commitments. We remunerate interns as an investment in our future.

In 2020, all interns were black people, including 45% black women.

### **AET**

Functional literacy is vital for our industry to deliver verbal and written communication and training, particularly safety messages. More than 90% of our workforce is certified as National Qualifications Framework (NQF) level 1 and above. Employees who are not functionally literate, with qualifications below NQF level 1, have classroom training in their mother tongue with a qualified AET instructor.

Exxaro encourages employees to complete AET part time or full time and rewards completion when done part time. We also offer portable skills training to employees.

We have accredited AET training centres at Grootegeluk (in partnership with an external service provider) and Matla. Other BUs use accredited external training service providers.

We encourage employees to attend AET programmes at all operations, however, enrolments have declined over the years. In 2020, we invested R674 370 (2019: R1.4 million) in nine employees and 62 community members. Since inception, more than 1 300 employees have passed one or more AET levels.

### **Strategic workforce planning**

Our strategic workforce planning initiatives supports our business in identifying and developing capabilities required to deliver our Sustainable Growth and Impact strategy.

We translate capabilities into learning journeys to reskill and upskill our workforce. The process supports digital transformation as our operations adopt new technology and equipment.

Our minerals growth strategy informs the transition of roles for effective delivery of our business strategy.

Updated competency profiles, assessment tools and learning interventions will support future roles. We train young people in our talent pipeline to expose them to our working environment with our new business strategy in mind.

Our smart workforce training programmes ensure digital skills are fit for the advancing digital economy.

### **Capability development for future growth**

Our strategy aims to build a multi-core and supportive organisation.

We partnered with service providers to develop capability framework proof-of-concept training programmes (including strategic development, market orientation and business acumen).

Our plans include additional internal capability development programmes to be rolled out in 2021.

### **Leadership and management development**

Leadership development is a critical pillar of our strategy. Our leadership programmes aim to transform zones of influence with individual and fellowship development. Exxaro's Leadership Way, which includes philosophy mindset and behaviour change modules, will be rolled out in 2021 for further reach into senior and middle management levels.

We also sponsor management development from junior to executive level. Mentoring and coaching as well as soft skills training develop the competencies of future leaders. Study loans are provided for other approved formal programmes.

In 2020, we trained 50 (2019: 59) employees in basic management, 52 (2019: 116) in first line management and 28 (2019: 24) in middle management. In addition, 54 (2019: 48) employees completed leadership programmes at first line, middle and senior management levels.

We customise our leadership programmes to include our culture and values-based philosophy with programmes incorporating self-awareness, mindfulness and systems thinking. We believe that leadership development is a powerful tool for growing the business, enabling change and transformation, and fostering a values-driven culture in the prevailing D-VUCAD operating environment.

### **Mentorship and coaching programmes**

To support leadership development, we offer mentorship and coaching to employees aspiring for leadership positions.

In 2020, 54 employees (2019: 42) were in mentorship programmes. We have 45 paired mentor relationships across our operations.

Exxaro provides training, frameworks and guidance to every mentor and mentee to help maintain and enhance the mentorship relationship.

### **Fast tracking programmes**

We define fast tracking as accelerating the development of high-potential black candidates for senior level positions through focused learning and development interventions.

At mid-year, we enrolled 54 black employees in our fast tracking programmes (59% female and 41% male) for 24 months. Since inception in 2019, 15 employees were promoted to high-level roles and one employee moved laterally. Exxaro provides feedback on their progress to executive heads every six months.

Our executive mentoring programmes aim to groom high-potential black candidates who occupy senior leadership roles for future executive positions at Exxaro. We have eight candidates in our executive mentoring programme (25% female and 75% male). As part of the training, we pair individuals with internal executive mentors, peer mentors and external executive coaches. The programme will run over 24 months, emphasising multidimensional executive coaching, formal training, experiential learning, feedback, and peer and internal mentoring.

### **Formal studies**

Our postgraduate study offering enables approved formal studies for employee development and succession.

In 2020, we approved 26 nominations for master's, honours and postgraduate degrees as well as technological and digital programmes. A total of 61% of 2020 nominees were employment equity candidates, including 19% black women.

### **Talent pipeline**

Our search for future employees extends beyond our current workforce to our host communities for people who can grow and transition with Exxaro.

We award bursaries for qualifying students to pursue careers in technical disciplines such as engineering (metallurgical, chemical, mechanical, electrical, mining and civil), mine surveying, geology, electronics and computer science. These bursaries cover registration, tuition, books and residence fees, and a meal and laptop allowance. Exxaro also offers these students valuable hands-on experience at its operations.

### **Bursary and graduate programme**

In 2020, we supported 33 (2019: 39) bursars studying at South African institutions at a cost of R1.5 million (2019: R3.7 million) – 94% (2019: 80%) black South Africans, including 39% (2019: 28%) black women.

Our three-year professionals in training (PIT) programme blends academic theory with hands-on workplace experience. We pair each graduate with a technical coach who supervises exposure

to various operations as well as technical, leadership and management training. After 36 months, we guide trainees who meet the requirements for accreditation to become professional engineers.

In 2020, we supported 78 (2019: 74) PIT candidates at a cost of R36.2 million (2019: R34 million) – 73% (2019: 72%) black people, including 32% (2019: 31%) black women.

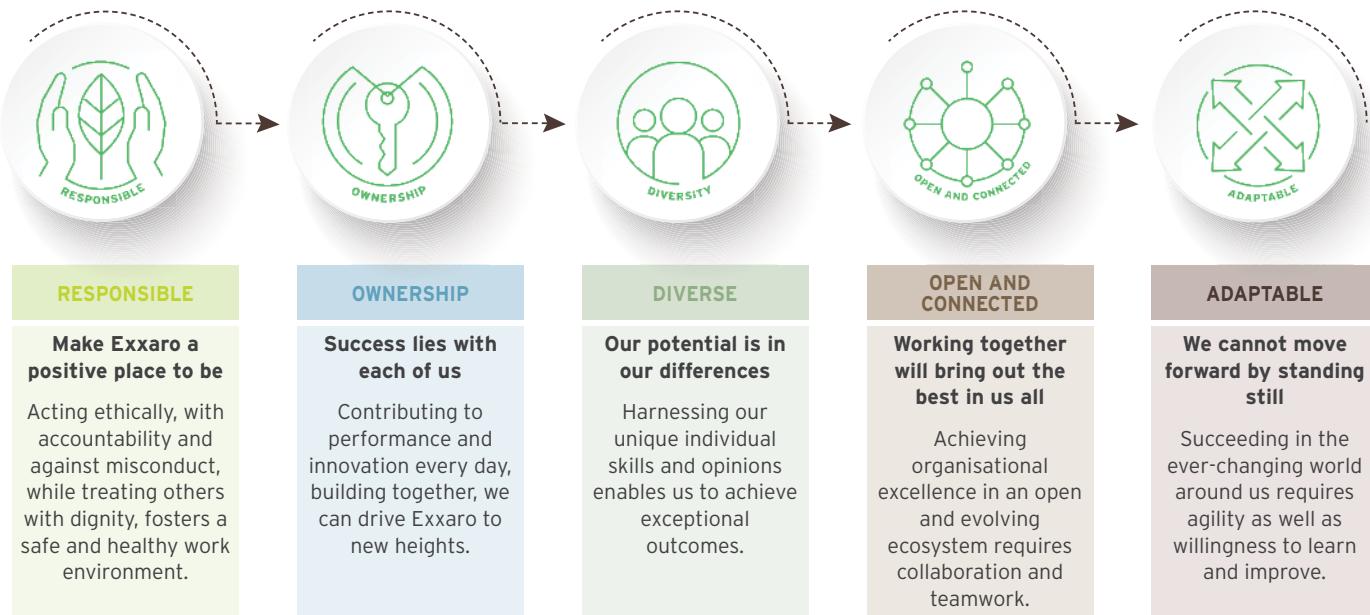
In 2020, we identified and supported 10 matriculants from our communities at a cost of R1.2 million to improve their matric results through the Edumap bridging programme.

This 12-month programme focusses on improving the learners mathematics and physical science matric mark so that they can better qualify for university programmes and meet the university entrance requirements.

To support our women in mining drive we also sponsored 17 African female students from the local communities, at a cost of R182 000 to improve their knowledge and skills in technical subjects at the Lephalale Technical and Vocational Education and Training College. This will help them in opportunities in technical learnerships at our Grootegeluk mine.

## EMPLOYEE ENGAGEMENT

Our adaptable culture reflects our willingness to learn and improve as we strive towards achieving our Sustainable Growth and Impact strategy. We continue intensifying our employee engagement efforts to share critical information and changes. This includes feedback from our employees through our culture and engagement survey.



Our integrated approach to culture was the focus as we could adapt the organisation's response to COVID-19 challenges as well as continued leverage of existing programmes such as health and safety, sustainability, diversity and inclusion, social impact, Exxaro Leadership Way and various monthly activities aligned to our corporate communications calendar in the organisation to deliver targeted messages. This included ensuring necessary support to employees with regard to remote working process, mental health and emotional support, anti-stigma, women empowerment and anti-GBV, among others.



In 2020, a baseline culture and engagement survey was conducted to assess progress. We achieved an above-acceptable baseline score of 3.97 against a benchmark of 3.70. This will also ensure continuous improvement in our employment experience as we live our values with leadership support.

## PEOPLE continued

### Employee relationship management

Our approach to organised labour relations is defined by collaboration and constructive engagement. Union relationships are based on trust and integrity.

Our employee relations strategy also enables the proactive maintenance of a healthy workplace through established engagement structures and dispute resolution mechanisms based on fairness.

Exxaro's policies and procedures comply with best labour relations practices and relevant legislation. We manage individual and collective employee concerns with due respect.

Skills workshops and training for employee relations managers and line leaders ensure that all parties are committed to building solid relationships. We broaden our employee relations capacity-building processes to understand recognition agreements and their purpose.

In 2020, 5 119 (2019: 5 089) employees were represented by affiliated unions recognised by Exxaro being NUM, Solidarity, AMCU, UASA, FAWU and NUMSA.

We maintain good relations with employees in bargaining units by engaging with their representative unions through formal recognition agreements. Wage negotiations processes are conducted at employer level and these engagements determine negotiated conditions of employment.

Our multi-year wage agreements, concluded in 2017, for Exxaro Coal Proprietary Limited (Exxaro Coal), Exxaro Coal Mpumalanga Proprietary Limited (Exxaro Coal Mpumalanga), Exxaro FerroAlloys Proprietary Limited (FerroAlloys) and Ferroland Grondtrust Proprietary Limited (Ferroland) expired in June 2020. Negotiations with organised labour for these entities led to a one-year wage agreements being concluded with NUMSA at FerroAlloys, NUM, UASA and Solidarity at Exxaro Coal Mpumalanga, NUM at Exxaro Coal, and FAWU at Ferroland. Our collaborative approach to union relationships has assisted us in concluding these wage agreements without any industrial action.

The Coastal Coal Proprietary Limited (Coastal Coal) wage agreement with AMCU is valid until June 2021 at which time discussions to renew will be initiated.

Union representation	Number of employees
AMCU	328
FAWU	48
NUMSA	51
NUM	4 219
Solidarity	408
UASA	65
<b>Total</b>	<b>5 119</b>

Exxaro employees at our ECC operation pre COVID-19



## Share ownership

Greenshare, our employee ownership plan scheme, was developed for qualifying employees in 2019 and implemented in 2020. The scheme is evergreen and beneficiaries will benefit from dividend payments only for the duration of employment. This scheme is open to all employees not participating in any management share scheme.

When dividends are declared, participants in service will receive a cash payment equal in value to 560 Exxaro shares minus dividend tax. Participants will remain in the scheme for the duration of employment. Employees will not have capital appreciation rights.

In 2020, each participant in Greenshare received a cash payment of R5 425.32.

	Number of active beneficiaries	Number of units	Payment amount before tax (R)	Payment amount after tax (R)
March 2020	6 279	3 516 240	19 901 918.40	15 921 534.72
August 2020	6 247	3 498 320	22 494 197.60	17 995 358.08

## Diversity and inclusion

Our diversity and inclusion strategy is a key strategic enabler and aims to create value from our people's diverse talent and mindsets. Diversity and inclusion is key component in ensuring that Exxaro achieves its Sustainable Growth and Impact strategic objectives by enabling an inclusive culture that empowers its people, irrespective of gender, race and background, to successfully contribute to delivering on our vision to "power better lives in Africa and beyond".

The implementation of the diversity and inclusion strategy is managed through the diversity and inclusion framework which adopts a phased approach aimed at increasing alignment and promoting a diverse and inclusive culture that delivers business and stakeholder value. The key objectives of the diversity and inclusion framework are:

- Promoting an aspirational vision for the Exxaro brand on both national and international platforms through strategic partnerships in terms of the promotion of diversity and inclusion to stakeholders
- Promoting a diverse and inclusive workforce through our actions, practices, leadership and culture by enhancing our employees' experience by creating a compelling EVP to become the "employer of choice"
- Achieving our regulatory compliance targets by 2022 and 50% of women on management levels by 2025
- Being a catalyst in accelerating our focus to enhance Exxaro's business purpose and stakeholder value creation



## Diversity and inclusion implementation framework

In 2020, we defined diversity and inclusion for Exxaro with focus areas including:

- Women empowerment and gender equality
- Strategic partnerships
- Leadership and culture
- Persons with disabilities
- Governance and policies
- Compliance

Work streams have been identified for each of the above areas, where defined principles, current and future outcomes have been considered.

Leadership commitment and drive for diversity and inclusion in Exxaro supported early successes in 2020, which included the following:

- The formulation of a diversity and inclusion policy
- The adoption of a gender equality charter
- Forging strategic partnerships of particular significance that align with UN Women and its women empowerment principles
- Conducting anti-GBV campaigns across the organisation

## PEOPLE continued

### Employment equity

Employment equity policies and skills development enable us to meet our transformation objectives in support of and drive for the national imperative towards a non-racial and transformed society. Appropriate affirmative action measures and human resource development programmes support our transformation processes as well as cultural engagements.

Exxaro achieved its employment equity targets over the past five years. Our targets for 2019 to 2022 are aligned with the Mining Charter III promulgated in September 2018. Though we have shown positive progress in achieving our annual targets, key challenges exist with the representation of women at senior management level and persons with disabilities across the organisation. Our aspiration is to measure our organisational transformation profile against the national economically active population statistics.

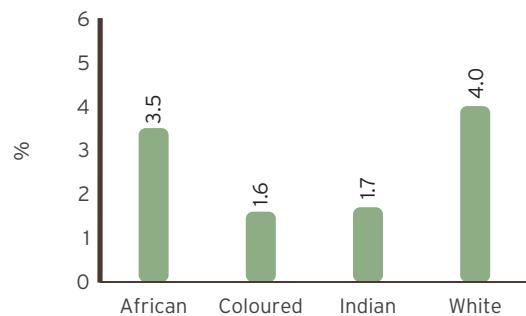
Our annual employment equity report, submitted for each employer to the Department of Employment and Labour, is outlined below.

Employment equity in 2020		Black males		All female		Historically disadvantaged people <sup>1</sup>		DMRE targets	
Management category		Number	%	Number	%	Number	%	Historically disadvantaged people target	Women target
Top management		1	33.33	1	33.33	2	66.67	50%	20%
Senior management		34	38.64	17	19.37	51	57.95	60%	25%
Middle management		243	38.27	230	36.22	473	74.49	60%	25%
Junior management		1 231	51.53	636	26.62	1 867	78.15	70%	30%
Disabled									

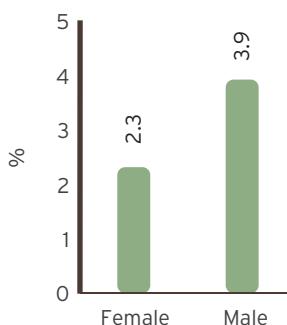
Performance of 1.44% for all employees against a target of 1.5% for all employees

<sup>1</sup> Includes white female employees.

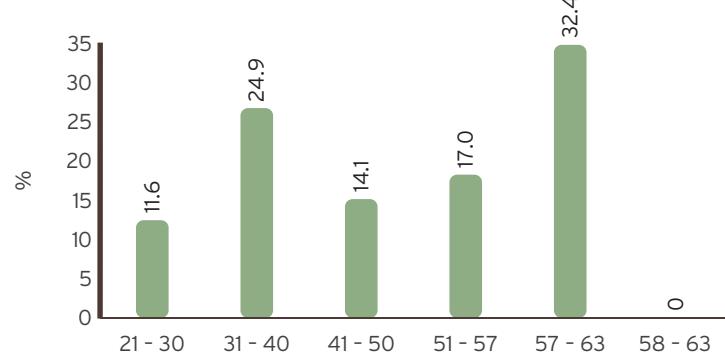
### Ethnic group turnover



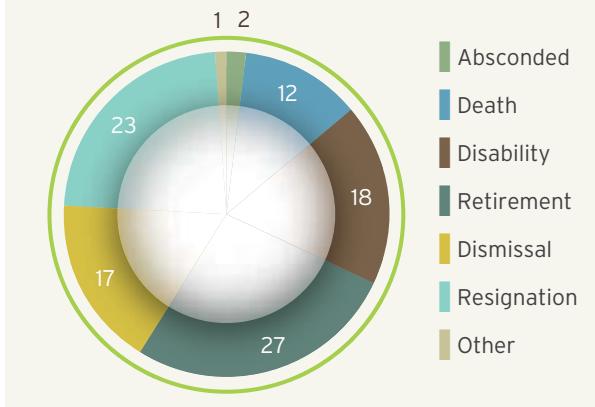
### Gender turnover



### Turnover per age group



### Reasons for termination (%)



Our staff complement was 6 739 in 2020 (2019: 6 812) with 82.92% (2019: 81.5%) of employees in bargaining units and 17.08% (2019: 18.5%) in the management and specialist category.

Region	Bargaining unit				Management and specialist				Total
	Male	% of workforce	Female	% of workforce	Male	% of workforce	Female	% of workforce	
Foreign	39	0.58	1	0.01	9	0.13	2	0.03	51
Gauteng	82	1.22	75	1.11	169	2.51	139	2.06	465
KwaZulu-Natal	42	0.62	15	0.22	1	0.01	0	0	58
Limpopo	2 341	34.74	656	9.73	366	5.43	124	1.84	3 487
Mpumalanga	1 859	27.59	478	7.09	230	3.41	11	1.65	2 678
<b>Total</b>	<b>4 363</b>	<b>64.74</b>	<b>1 225</b>	<b>18.18</b>	<b>775</b>	<b>11.50</b>	<b>376</b>	<b>5.58</b>	<b>6 739</b>

In 2020, Exxaro's average employee turnover rate was 3.6% (2019: 3.8%) due to death, resignation and dismissal. The turnover rate by employee group is shown below.

Turnover by level	Terminations: January to December 2020	
	Number	% of workforce
Senior management	3	0.04
Middle management	22	0.32
Junior management/skilled	88	1.30
Semi-skilled	113	1.67
Unskilled	16	0.24
<b>Total</b>	<b>242</b>	<b>3.57</b>

### Eliminating discrimination and resolving grievances

We are committed to equal opportunity, irrespective of race, religion, gender, health status, sexual orientation or nationality. We believe that our strengthened potential is in our diversity and differences. We embrace the diversity of our strengths and individual skills to enable exceptional outcomes and promote a culture of inclusivity.

Our values guide our behaviour that celebrates the power of diversity and inclusion. Discrimination is never acceptable. Exxaro invests in upskilling and training managers and supervisors to appropriately apply disciplinary measures when needed.

In the review period, no cases of alleged discrimination or grievances were filed.

### Women in mining

We empower female employees, who make up 24% (2019: 22%) of our workforce. We grow this talent pipeline through our PIT programme, which enrolled 38% (2019: 43%) female candidates in 2020.

In 2020, 39% (2019: 33%) of bursaries were awarded to full-time female students in engineering and mining disciplines at universities in South Africa.

Our learnership and internship feeder schemes in 2020 comprised 40% (2019: 35%) women.

Exxaro is recognised as a leader in gender empowerment as we understand the barriers women face in the mining industry. Our initiatives include:

- Fast tracking and executive mentorship programmes
- Gender mainstreaming and sexual harassment awareness at all levels
- Encouraging and mentoring young women and girls in our communities to plan their careers and acquire skills to become independent and empowered
- Our gender equality policy

The mining industry has significantly increased efforts to create a conducive environment for women since 2004. We celebrate their growing influence and respect their aspirations.

Exxaro prides itself in active women in mining structures across all our operations. These women in mining structures collaborate with transformation structures to highlight and resolve issues affecting women in the workplace.

Exxaro also signed up to the UN Women Empowerment Principles, which offer guidance on how we can further empower women in our workplace and communities.

Furthermore, Exxaro was recognised in the GEI. This announcement is testament to the gender-related practices, policies and purpose-led programmes to advance the role of women in Exxaro.

### Housing

In line with our Mining Charter III obligations and our business needs, we address home ownership under our long-term housing strategy.

Since 2009, 643 permanent employees have received a mortgage repayment subsidy for first-time home buyers. Capital assistance of R125 000 significantly reduces employees' mortgages and improves affordability.

Our converted hostels (single-quarter accommodation or family units) also improve quality of life for over 920 employees.

In addition, bargaining unit employees receive a housing or living-out allowance. In 2020, we paid a housing allowance to 1 814 (2019: 652) employees with a registered bond and a living-out allowance to 3 450 (2019: 3 683) employees renting accommodation.

## COMMUNITIES

Our socio-economic development initiatives are funded by the Exxaro Chairman's Fund (ECF), the Exxaro Foundation (EF) and the Exxaro People Development Initiative (EPDI).

The ECF and the EF govern our CSI initiatives, and SLP projects, while the EPDI oversees education and skills development initiatives across Exxaro's footprint. Our ESD committee is responsible for creating wealth, dignified employment and sustainable enterprises for our host communities.

Exxaro's integrated approach to infrastructure development, education, healthcare and ESD aims to advance and strengthen communities. We understand that our success is both short term in terms of delivery of initiatives and long term as determined by the legacy we leave for our communities. Our guiding principles are sustainability, stakeholder inclusiveness and collaboration.

The socio-economic development expenditure included SLPs, ESD, CSI and COVID-19 relief, totalling R198.64 million



*ESD beneficiary, Justice Makhale on his farm*



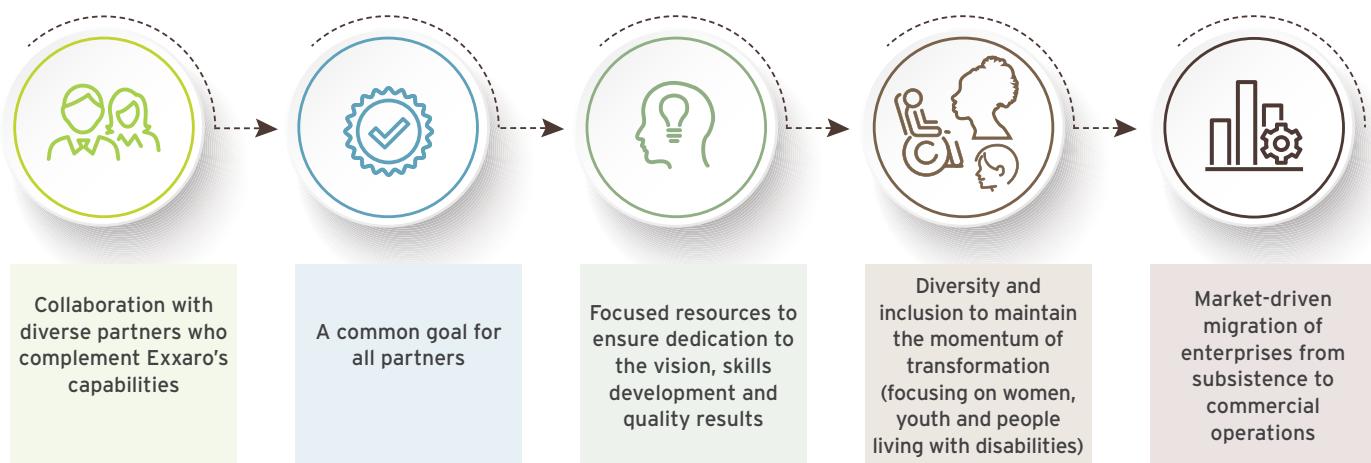
## SHIFT FROM LOCAL TO COLLABORATIVE REGIONAL DEVELOPMENT

"Impact at scale" drives our approach to community development. We introduced this approach in 2020 and will continue to reinforce it into the future.

Our community development initiatives are successful but not far-reaching as they are constrained by localised impact and lack of local government capacity. The socio-economic and environmental challenges are exacerbated by rising unemployment (aggravated by COVID-19) and poverty. Exxaro and government cannot resolve these challenges on their own.

Our impact at scale approach recognises the opportunity to reference legislative requirements such as the Mining Charter III and the dtic's B-BBEE codes as the foundation for our work with government. We also see an opportunity to lead better and bigger development initiatives that will arrest and reverse the scourge on our communities.

Our impact at scale approach includes:



Anticipating the long-term impact of COVID-19 on our "impact at scale" programmes, Exxaro has developed a post-lockdown response plan that will also mitigate any future unexpected events.

### DMRE medium-term strategic framework

Our impact at scale approach is aligned with the DMRE's medium-term strategic framework (2019 to 2024). This framework confirms the role and contribution needed from the mining and minerals industry for far-reaching transformational development.

The framework has seven key objectives illustrated below.



Our impact at scale approach, guided by our Sustainable Growth and Impact strategy, also references the framework's identification and execution of community development initiatives.  See our integrated report for more information.

## COMMUNITIES continued

### District development model

Further impetus for our impact at scale approach is government's district development model – a new integrated planning model for cooperative governance, supporting district-based municipal service delivery, to transform rural and urban landscapes with complementary local economic development.

The pilot project in Lusikisiki (OR Tambo District Municipality) includes rural spatial development. The Durban pilot (eThekweni Metropolitan Municipality) includes urban spatial development. Exxaro is particularly interested in the Lephalale pilot, launched in the Waterberg District on 26 November 2020, which includes mining spatial development. Exxaro will partner with government to achieve the envisaged short and long-term community development objectives, through the municipal capacity-building programme described later.

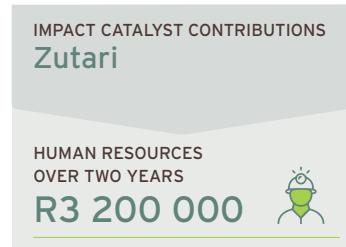
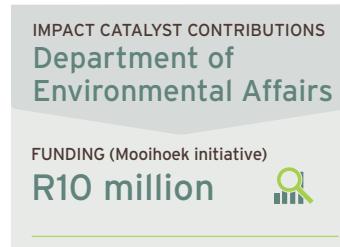
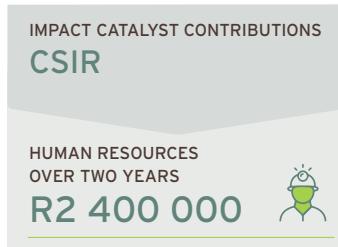
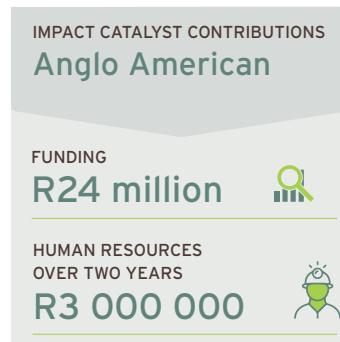
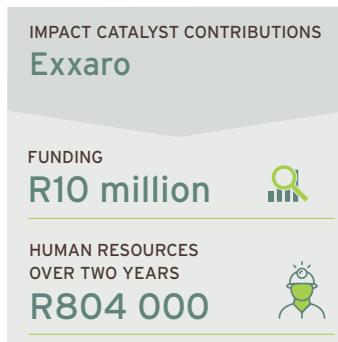
The Waterberg is known for platinum production and increasing coal mining to meet growing demand for electricity. Lephalale is also an agricultural hub with game and livestock farming, as well as irrigated agriculture contributing to local economic development.

### Impact Catalyst

Exxaro, Anglo American, World Vision South Africa, the CSIR, Zutari (formerly Aurecon) and the Limpopo provincial government are collaborating on the Impact Catalyst platform for large-scale socio-economic development initiatives. Public-private partnership initiatives leverage collaboration across all sectors for impact beyond the scope of individual participants and locations, and in this instance, beyond mining.

The partners have contributed over R55 million in funding and human resources since 2019. Several initiatives are at different stages of implementation:

- Laser-based refurbishment of mining equipment and PPE manufacturing
- Community-oriented primary care at Anglo American's Mogalakwena platinum mine (scoping analysis for roll-out in Lephalale is underway)
- Mooihoek integrated game farm (a co-development initiative between the community and farm management)
- An agri-processing hub in Limpopo
- Information and communications technology (ICT) connectivity for schools and communities
- Mutale agri-industrial development project
- A fresh produce market in Rustenburg
- On-demand manufacturing



### Municipal capacity-building programme

Exxaro has partnered with the NBI and COGTA to support host municipalities in a municipal capacity-building programme. The programme addresses technical skills gaps needed for service delivery and local economic development. It aims to empower local municipalities by building capacity for effective delivery of basic services by local government. The long-term vision is to attract additional investment and stimulate growth.

The NBI is a voluntary coalition of South African and multinational companies working towards sustainable growth and development for a sustainable future through responsible business action. As a member of the coalition, Exxaro shares mutually beneficial national high-impact solutions.

 The technical assistance, mentorship and development programme of the NBI trains permanent senior local municipality employees. It is an outcome of the Business Unity South Africa job summit of October 2018. Reporting to the presidency through the National Economic Development and Labour Council, COGTA is represented in this programme to ensure alignment with the district development model (detailed on page 80).

The programme aims to ensure sustainability and stability of municipalities with focus on expertise, processes, systems and management. Engagements with the Waterberg District Municipality began in the last quarter of 2020 to identify infrastructure projects and areas in need of support. Retirees with technical expertise will mentor municipality employees as individuals and groups in 2021.

### **Matla Setshabeng community benefit scheme**

In December 2017 Exxaro concluded the Replacement BEE Transaction, ensuring a broad-based ownership level of 30% in Exxaro, which replaced the previous BEE ownership structure that had expired and vested in November 2016. The community benefit scheme, officially registered as an NPC called Matla Setshabeng, and employee share ownership scheme are part of the overall

black shareholding of 30%, each holding 5% of the Exxaro interest. Given the prior empowerment structure of more than 50% broad-based black shareholding, the replacement structure is exempt from compliance with the requirements of Mining Charter III – Exxaro concluded these transactions as an objective for proactive economic empowerment of employees and communities through benefits obtained from its growth strategy, viz dividend earnings.

The community benefit scheme will act independent of, but may partner with Exxaro and other social actors in delivering socio-economic benefits to the community, with the primary objectives to focus on anti-poverty initiatives; provision of healthcare services to poor and needy persons; and promotion and provision of education and training programmes.

 Matla Setshabeng will cover primarily, all Exxaro operations in Mpumalanga, Limpopo and KwaZulu-Natal, including communities adjacent to closed operations previously owned by Exxaro. It will be operational at the district level to align with the district development model (page 80) to achieve wide-reaching socio-economic development that can complement initiatives at a local level. Matla Setshabeng will be launched during 2021.

*Road upgrade at Ga-Seleka in Limpopo*



## COMMUNITIES continued

### **OVERCOMING IMMEDIATE CHALLENGES TO POWER BETTER LIVES**

We began 2020 with plans to resolve challenges in the implementation of community development projects. Among these challenges were delays in project execution due to extended consultation, poor project planning, inadequate local municipal capacity and realising partnership models for our ESD programmes. We addressed some of the issues and pursued new opportunities. COVID-19 shifted our priorities so that our annual SLP project delivery schedules were disrupted in favour of an urgent response to the pandemic.

#### **Material events and activities in 2020**

- Precautionary measures to limit the spread of COVID-19 began before lockdown restrictions were announced
- Infrastructure projects were temporarily halted until lockdown eased to enable work to continue at Ga-Nala sports ground, Mhluzi industrial park, Mafube Primary School and Matla ESD hub (costs increased when work resumed due to COVID-19 protocols and material shortages)
- Skills development and ESD programmes continued via online platforms for host communities
- Our Belfast and Grootegeluk operations assisted the Emakhazeni and Lephalale municipalities, respectively, with short-term water supply to prevent the spread of COVID-19
- Approximately R51 million was spent on various COVID-19-related initiatives
  - R20 million donation to the Solidarity Fund
  - R13.9 million towards SMMEs
  - R7 million for two testing facilities at Grootegeluk and Matla
  - Food parcels for poor and destitute communities
  - PPE for government healthcare employees
  - Awareness campaigns to destigmatise COVID-19 among employees and communities
- Adjusting forecasted schedules during the first two levels of lockdown to minimise delays in projects such as Thubelihihle sewerage (due to be completed in the first quarter of 2021) and Emzinoni water valves project (currently under construction)

Despite these challenges and shortcomings, in collaboration with local municipalities, we began key municipal infrastructure projects at an estimated cost to completion of R73 million (R15 million in Belfast and R58 million in Lephalale). We also delivered community benefit projects at a total cost of R25.1 million to three local municipalities in the Nkangala district of Mpumalanga for education and ESD.

#### **SLPs – local economic development**

All Exxaro's business operations have valid mining rights granted by the DMRE, which are at various stages of execution of their five-year SLPs. In Limpopo, these are Grootegeluk, Thabametsi, and Tshikondeni (which is a mine in closure); and in Mpumalanga these are ECC, Matla, Belfast, Leeuwpan and Arnot.

<b>Investment in local economic development</b>	<b>Rm</b>
Education	<b>6.30</b>
Infrastructure	<b>14.75</b>
ESD (non-financial support)	<b>6.48</b>
<b>Total</b>	<b>27.53</b>

Highlights of Exxaro's five-year SLPs are outlined below.

#### Infrastructure (water, roads and sports)

**PROJECT**  
**Marapong water supply**

**FOCUS AREA**  
**Water infrastructure**

**SPEND**  
**R3 990 000**

**STATUS**  
Sod-turning ceremony on 17 September 2020

**BENEFICIARIES**  
**33 JOBS** during construction



**💡** Rapid growth of Lephalale has put pressure on the municipality's ageing water infrastructure with resultant insufficient water supply to communities and businesses. COVID-19 has highlighted the urgency to address the critical relationship between water, health and hygiene. In 2018, Grootegeluk committed R58 million to establishing, upgrading and replacing bulk water pipelines.

**PROJECT**  
**Emakhazeni road rehabilitation**

**FOCUS AREA**  
**Road infrastructure**

**SPEND**  
**R1 360 000**

**STATUS**  
Sod-turning ceremony on 23 October 2020

**BENEFICIARIES**  
**26 JOBS** during construction



Belfast committed R15 million to road rehabilitation in the Emakhazeni municipality after impactful rehabilitation of roads in Siyathuthuka at a cost of R6 million in 2019.

## COMMUNITIES continued

**PROJECT**  
**Ga-Nala sports field**

**FOCUS AREA**  
**Sports infrastructure**



**SPEND**  
**R2 300 000**



**STATUS**  
Completed and handed over to the local municipality in December 2020



**BENEFICIARIES**  
**30 JOBS**  
created during construction




Matla renovated a local soccer and rugby field to foster social cohesion and create income-generating opportunities during matches. Security was enhanced with a concrete palisade fence.

Five local contractors were appointed to undertake the renovations, thus maximising local contractor development on the project.

This project was completed and handed over to the municipality in December 2020.

### Education

**PROJECT**  
**School development**

**FOCUS AREA**  
**Education**



**SPEND**  
**R7 615 117**



**STATUS**  
Completed in 2020



**BENEFICIARIES**  
**3 000 learners**




Exxaro contributed to school development initiatives in 2020 to uplift host communities with academic support and education infrastructure development.

Through an early childhood development (ECD) partnership with Komatsu, who provided R1.4 million for CSI programmes, ECD was identified as an area of need that would give great social returns, as proven through many studies, including the NDP. A needs assessment of ECD centres in Belfast, Mpumalanga and in Centurion, Gauteng was conducted. Exxaro donated R1.8 million towards addressing these needs. More than 1 000 children benefitted from this intervention.

Furthermore, Exxaro donated R500 000 towards the renovation of Magukubane Senior Secondary School in Limpopo, due to storm damage in 2015.

In Steve Tshwete Municipality, Exxaro constructed six additional classrooms at Mafube Primary, to accommodate the growth of the Sekhululiwe township. The classrooms will be handed over to the Department of Education in 2021.

In 2020, Exxaro continued to support Grade 12 learners' academic camps, contributing towards improving the quality of education. Additionally support for university chairs was targeted at advancement of research contributing to sustainability and sustainable development.

## PROGRAMME

### Enterprise and supplier development

#### FOCUS AREA

## Enterprise development



#### SPEND

**R438.1 million**



in loan and grant funding since programme inception in 2018

#### STATUS

Ongoing



#### BENEFICIARIES

**68** QSEs and EMEs



**35.3%** youth-owned

**36.8%** women-owned

**2.9%** owned by people with disabilities

#### ESD

Exxaro's ESD programme is a key component of our socio-economic development response and tenet of our Sustainable Growth and Impact strategy objectives going into the future. Total ESD funding in 2020 was R79.8 million, comprising R56.1 million in zero interest loans and R23.7 million in grant funding for EMEs and QSEs. Beyond the compliance requirements, the ESD programme also aims to diversify our supplier base and develop local enterprises for long-term social job creation and economic development.

Unemployment rates remain high in our areas of operations as the informal business sector is not fully developed. Job creation and poverty alleviation require an integrated approach. At Matla, Exxaro is committed to establishing and operating an enterprise development centre for the town of Kriel. We are also developing 15 small enterprises with mentoring and coaching in Kriel. To date, 22 small businesses and 10 suppliers participated in this programme and created 12 new jobs.



Mhluzi

In Mhluzi, Mpumalanga, Exxaro built an industrial park to house businesses that operated in residential backyards and along township roads. Without negatively affecting the livelihoods of SMME owners, Steve Tshwete municipality (in terms of its integrated development plan) partnered with various stakeholders to establish this project. Exxaro's municipal capacitation efforts and planned collaborations with government agencies enabled construction of these enterprise development centres that continue to serve communities, sustain businesses and create further employment opportunities (even without our involvement).

#### Cennergi's enterprise development (ED) activities

The TWFT donated a centre pivot irrigation machine to the Wittekleibosch Development Trust to empower emerging black dairy farmers with the equipment they need to increase milk production and further employment opportunities in the community (at a project cost of R1.1 million). NNP Women Poultry, a 100% local woman-owned business to supply chicken eggs within and around the Tsitsikamma areas, Lihlumile Project - a newly established vegetable tunnel project located in Witteklebos, Guava Juice Piggery Project and Jwayi Mbombela Carpentry, were among other ED actives that TCWF supported in 2020 with skills development programmes, tools, and equipment to the value of R2.8 million.

Meanwhile, the Amakhala Emoyeni Community Fund Trust supported Phurura Trading, Adelaide and Bedford laundry projects, three vegetation tunnel projects (Mallanskraal, Bedford and Cookhouse), Bavuyise Construction-Project, Rise and Shine Bakery Noganta's Construction, Mtika General Trading, and the EC Mobi Trail to the combined value of R3.6 million. To ensure the success and sustainability of local SMMEs, the Trust will partner with SAICA to run monthly coaching and mentorship workshops for six local business and is also planning to implement a Beginner Sewing Programme for 100% black-women owned Sophila Cookhouse Primary cooperative in 2021.



Credit: Donald McGillivray, Olive Tree Aquaculture

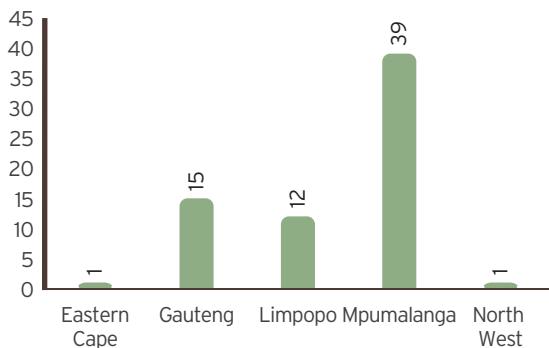


Credit: Sandile Mzizi, Guava Juice

## COMMUNITIES continued

The graph below shows EMEs and QSEs supported in each of South Africa's provinces (75% are located in Mpumalanga and Limpopo where Exxaro has operations).

### Provincial spread of supported QSEs and EMEs



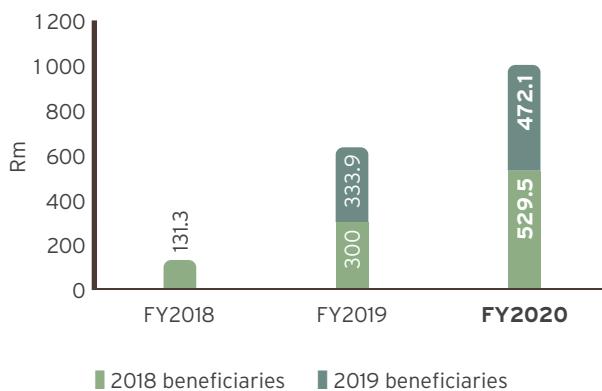
The ESD programme's total funding from its inception in 2018 to date is R438.1 million for 68 qualifying beneficiaries. Key demographics on the 68 beneficiaries is as follows:

- 35.3% are majority youth owned
- 36.8% are at least 30% women owned
- 2.9% are majority owned by people with disabilities

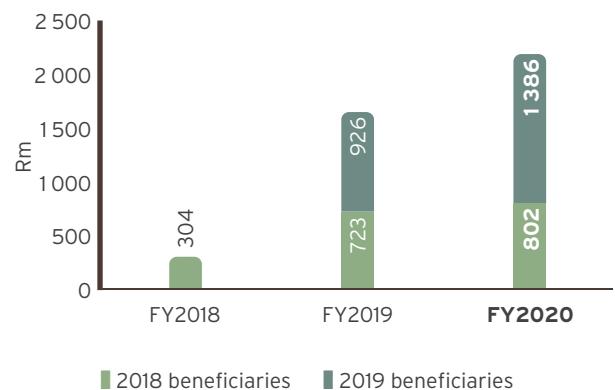
Performance monitoring and evaluation of supported QSEs and EMEs is underway. A report is expected in the first half of 2021. Preliminary findings from a sample of 30 QSEs and EMEs who received funding of R251.6 million indicates:

- 1 230 jobs were retained
- 959 new jobs were created (78% increase)
- Turnover increased by R554.3 million (119% increase)

### Turnover of 2018 and 2019 beneficiaries, n=14 (2018), n=16 (2019)



### Job retention and creation of 2018 and 2019 beneficiaries n=14 (2018), n=16 (2019)



Notes:

For 2018:

- FY2018 figures are baseline figures reported at ESD funding application.
- Yearly increase in job figures indicates new jobs, eg in 2019, 304 jobs from 2018 retained and 498 new jobs created.

For 2019:

- Yearly increase in job figures indicates new jobs, eg in 2020, 926 jobs from 2019 retained and 450 new jobs created.

Exxaro's survey of the impact of COVID-19 on our ESD programme revealed that 55% reduced operations, 35% stopped operating and 10% were unchanged. A similar national survey by the Centre for Development and Enterprise in August 2020 indicated that 86% of businesses did not know where to access emergency funding, 87% could not run their businesses from home and 87% could not support themselves or their families during lockdown. Our ESD programme focused on mitigating the impact of COVID-19 with the following outcomes:

- 15 beneficiaries received interest-free loan repayment holidays of two to six months (relief of R13.9 million was granted to companies employing 690 people who are mostly breadwinners)
- Two companies employing 262 people received funding of R2.3 million to address their challenges with access to government relief packages
- Four weekly information sharing webinars

Our ESD programme also continued further development programmes in 2020:

- Asset funding of R14 million for two emerging contractors with Bell Equipment
- Management development of 24 contractors with the Gordon Institute of Business Science at an initial cost of R781 702
- Financial excellence training with the South African Institute of Chartered Accountants for 29 beneficiaries (starting in February 2021) at a cost of R3.5 million

## ESD CASE STUDIES

### UMI PLANT HIRE

Exxaro's ESD programme granted UMI Plant Hire a R10 million interest-free loan to purchase two articulated dump trucks from Bell Equipment in 2020. The balance of the R12 617 000 purchase was funded by Bell Equipment with aftersales support at a reduced rate. Owned by Mshoza Malaza, UMI Plant Hire supplies equipment to a contract miner at our Belfast operation. The funding saved UMI Plant Hire R150 000 in monthly leasing costs and strengthened its asset base.



### JJ TRADING

When Jehovha Jaira Trading Enterprise (JJ Trading), a Lephalale-based mining services company owned by Shirley Mnisi, had to temporarily lay off 91 employees at the beginning of the COVID-19 lockdown, Exxaro's ESD programme intervened with a R1.3 million interest-free loan to save the jobs and ramp up operations. The company had already paid off a R10 million loan provided by Exxaro in 2018. One of the first beneficiaries of our ESD programme, funding was initially provided to refinance existing assets and purchase a 40-seater bus to transport employees. The company has grown from 175 employees to 254 since 2018.



### SOKOMA TRANSPORT AND LOGISTICS

An interest-free loan of R10 million from Exxaro's ESD programme enabled Sokoma Transport and Logistics to save R130 000 a month by settling leasing agreements in 2020. The company, owned by Themba Dabula, was able to purchase a grader and articulated dump truck. With a three-year road construction and maintenance contract at Mafube, Dabula must maintain a substantial asset base and a storage facility in Middelburg, Mpumalanga.



## COMMUNITIES continued

### Contractor support

<b>Project team demobilisation workshops</b>	As three projects near completion of construction and commissioning, Exxaro assists team members with demobilisation workshops.
<b>Project internship programme</b>	An on-the-job training programme began in 2019 to create opportunities for an initial intake of 14 interns.
<b>Curriculum vitae database at Grootegeluk</b>	To ensure transparency, Samketsi (an independent service provider) is developing a recruitment database of candidates in Lephalale for the Grootegeluk complex and any other local companies.
<b>Organisational human factor benchmark</b>	The Afriforte organisational human factor benchmark assessment extended to labour brokers and project teams in 2019 continues to measure working conditions in the interests of employee safety, health and wellbeing.
<b>Local procurement: Leeuwpan relocation</b>	Five construction packages enable local contractors to participate in the construction phase of the Leeuwpan relocation. All labour and materials must be procured locally with an established contractor supervising work, including on-the-job training.

### COVID-19 responsive action

Exxaro collaborated with stakeholders to mitigate the impact of COVID-19 on our SLP projects. With relationships built on trust, we found innovative ways to continue working with communities, local authorities and other stakeholders.

Our investment in free community wifi for Siyathuthuka in Belfast was a necessity to ensure social distancing without loss of communication. We will replicate this project in other host communities.

When our BUs received numerous requests for assistance, we contributed R20 million to the national Solidarity Fund. Through the ECF, BUs also made discretionary donations. In addition, we collaborated with mining contractors and NGOs to provide food parcels and PPE to vulnerable people and essential service providers at a cost of R1.2 million.

Exxaro also contributed R460 000 to the Minerals Council initiative to provide PPE to the Department of Health in Mpumalanga.

We committed R2 million to address water supply challenges that hinder COVID-19 mitigation measures in the Emakhazeni and Lephalale municipalities. We will implement these short and long-term projects in collaboration with the MISA and the NBI.

We invested another R7 million in two COVID-19 testing laboratories to support public health departments in Lephalale (Limpopo) and Kriel (Mpumalanga).

### SUPPLY CHAIN SUSTAINABILITY

Exxaro's supply chain sustainability strategy and policy govern procurement and supply chain management. We thus address the diverse expectations of customers, regulators and investors.

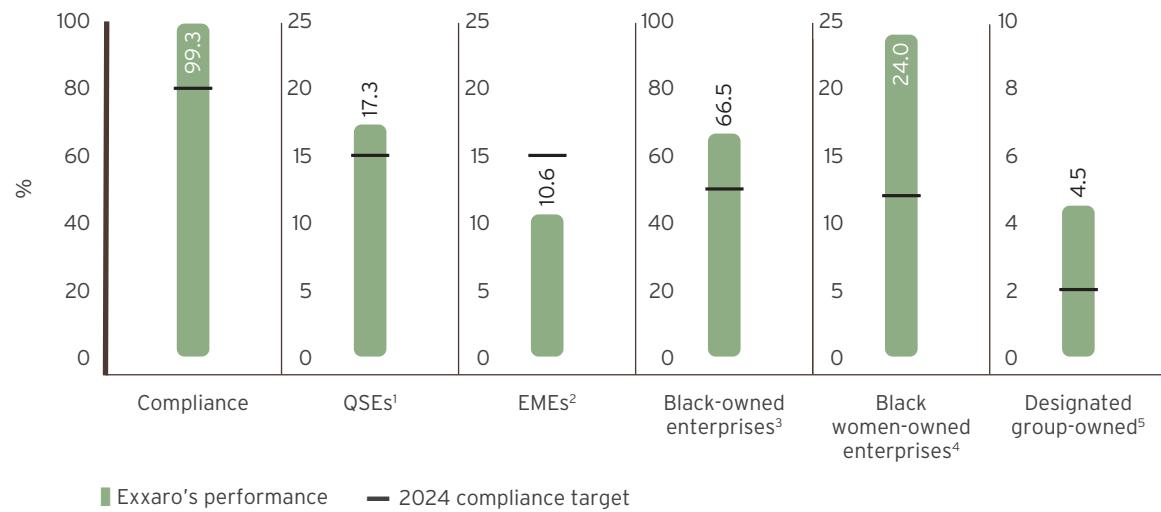
Our strategic objectives for this reporting period included:

- Exceeding legislated requirements of the B-BBEE Act, 2003 (Act 53 of 2003) and customers
- Exceeding Mining Charter III and SLP commitments to secure and maintain our licence to operate
- Promoting local economic development in host communities with policies that enable participation of historically disadvantaged suppliers such as black youth and women
- Fostering accessible, equitable, transparent and responsive supply chain process based on leading governance standards

## Preferential procurement performance

Exxaro is fully compliant with the requirements of the B-BBEE codes for preferential procurement in the 2020 reporting period. The graph below details our performance in this regard.

### I Preferential procurement in 2020



<sup>1</sup> Procurement from entities with R10 million to R50 million annual turnover.

<sup>2</sup> Procurement from entities with less than R10 million annual turnover.

<sup>3</sup> Procurement from suppliers who are at least 51% black-owned.

<sup>4</sup> Procurement from suppliers who are at least 30% black women-owned.

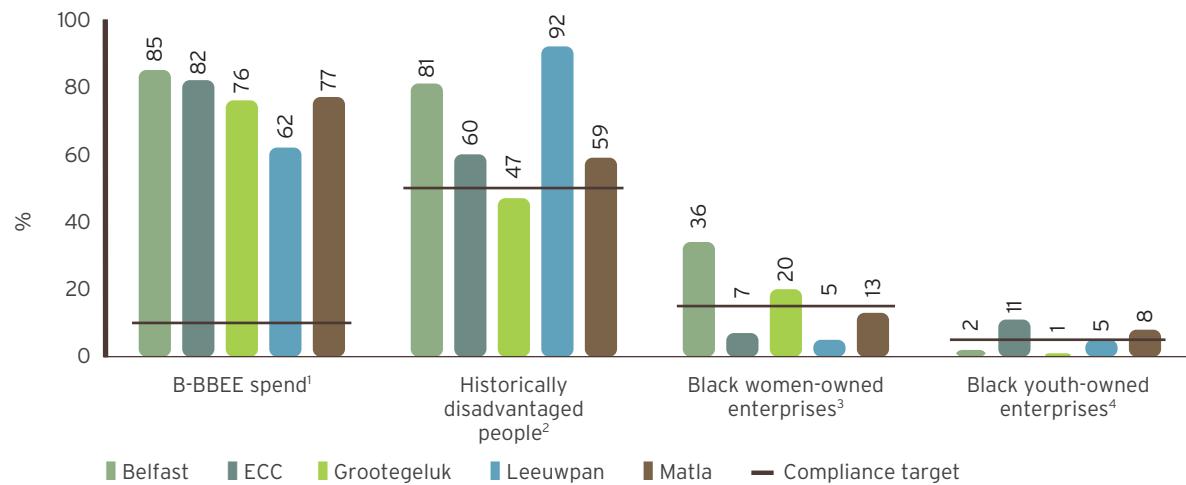
<sup>5</sup> Procurement from suppliers who are at least 51% designated group owned (entities owned by black youth, black military veterans, black disabled people and black people living in rural areas).

## COMMUNITIES continued

### Mining Charter III

The Mining Charter III requires mining rights holders to meet prescribed targets in sourcing mining goods and services from targeted groups before 2023. Exxaro's inclusive procurement programme focuses on sourcing mining services from black youth and black women-owned companies.

#### I Mining Charter III - services procurement performance



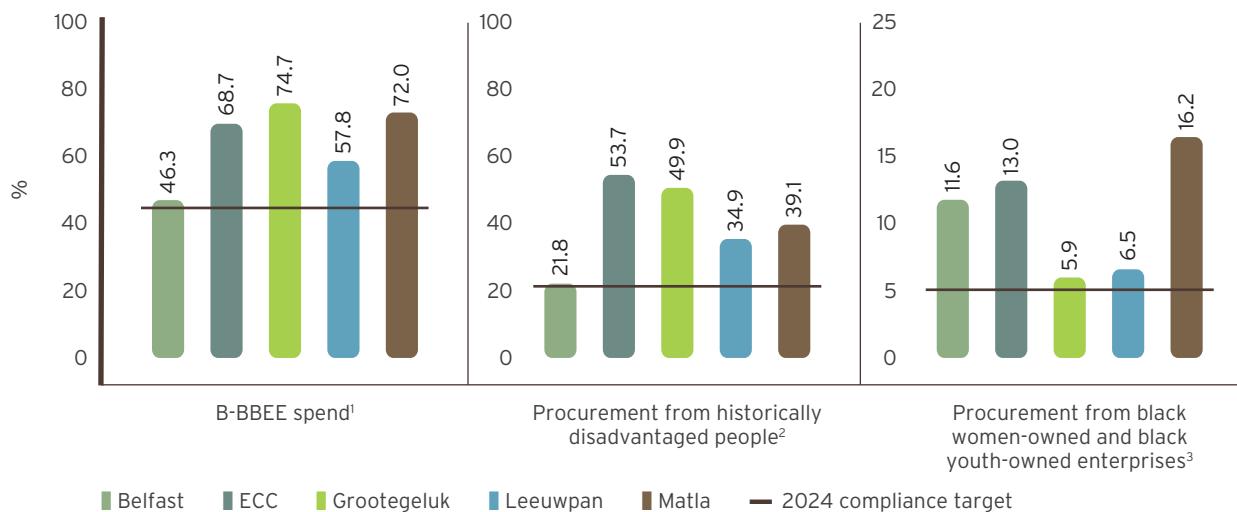
<sup>1</sup> Procurement from entities with more than 25% black ownership and at least level 4 in the B-BBEE scorecard.

<sup>2</sup> Procurement from entities with historically disadvantaged people as majority owners.

<sup>3</sup> Procurement from entities with black women as majority owners.

<sup>4</sup> Procurement from entities with black youth as majority owners.

#### I Mining Charter III - goods procurement performance



<sup>1</sup> Procurement from entities with more than 25% black ownership and at least level 4 in the B-BBEE scorecard.

<sup>2</sup> Procurement from entities with historically disadvantaged people as majority owners.

<sup>3</sup> Procurement from entities with black women and black youth as majority owners.

## Local procurement and localisation

Our supply chain strategy recognises the multiplier effect of Exxaro's procurement spend in host communities. Our localisation strategy sets out to leverage our procurement spend by targeting opportunities for black youth and black women-owned enterprises in these communities.

In 2020, we recorded the following milestones in our host communities:

- Over R1.1 billion spent with more than 514 enterprises
- Spent over R0.5 billion in new contracts with 57 enterprises
- Provided immediate payment terms to all enterprises

## Ethical and sustainable procurement

In 2020, we adopted a new source-to-pay policy that guides our employees and contractors in maintaining ethical behaviour. It also ensures that we source goods and services from companies who uphold our supplier code of conduct.

We launched our supplier excellence programme in 2019 to acknowledge suppliers who demonstrate commitment to our standards. Our employees also participate in an anti-corruption and anti-bribery programme launched in 2018. It explains best practice and associated risks, particularly fraud, corruption, human rights, bribery and conflicts of interest. In addition, our green procurement programme ensures sourcing, use and disposal of goods and services in terms of globally accepted material stewardship standards. We plan to increase our investment in this programme.

Celebration at the Rietkuil resettlement hand-over ceremony



# HUMAN RIGHTS

Since its formation in 2006, Exxaro has aimed to power better lives for all. Through our values and culture, we recognise that our success lies in the strength of our relationships, embracing our unique differences and treating each other with respect.

Exxaro has long upheld the rights of its employees with regard to, among other things, workplace safety.

- We comply with labour legislation in South Africa and International Labour Organization guidelines. As a UNGC signatory, we encourage freedom of association and collective bargaining, and we do not tolerate or condone child labour and forced or compulsory labour. Our compliance with legislation and international conventions was audited by our internal auditors and confirmed in the prior period.
- Exxaro's induction programmes educate employees about human rights. Our policies and structures that prevent discrimination, harassment and racism protect employees' human rights. We train our security personnel in human rights aspects relevant to each operation. Exxaro also conducts refresher courses that include human rights issues.
- Our diversity and inclusion strategy aligns Exxaro with the South African Constitution and other legislation, the National Gender Policy Framework and the UN Convention on the Elimination of All Forms of Discrimination against Women.
- We also observe our employees' right to freedom of association. Six unions are recognised as a collective bargaining agent for our employees. Of our 6 739 employees, 5 119 are unionised (75.96% of the workforce).
- We encourage open and honest communication between employees and supervisors. Exxaro's employment contracts advise employees of their rights to lodge a grievance if they are dissatisfied.
- Our induction training informs newly appointed employees of our position against discrimination. We are all equal at Exxaro and we must respect everyone, regardless of differences.

Exxaro respects the rights of its community (see resettlement project case studies below). To date however, Exxaro has not formally and publicly articulated a commitment to human rights. We understand that we must go beyond unspoken intent, to intentionally communicate our commitment to human rights to support our efforts to build trusting relationships with stakeholders, manage risks, enhance our citizenship and reputation.

Exxaro has initiated a process to develop a framework for the organisation that will give guidance on human rights issues. We are

guided by the industry framework proposed by the Minerals Council of South Africa (MCSA), itself drawn mainly from the United Nation's Guiding Principles on Human Rights. However, in consideration of potential impacts during mining operations, the MCSA has identified eight human rights priority areas for the South African industry.

These are:

- Environmental management and conservation, including climate change
- Health and safety
- Governance and ethics
- Security and human rights
- Transformation
- Human rights at the workplace
- Land use and resettlements (see case studies for this principle in action)
- Development of grievance mechanisms

The next steps for Exxaro will be to conduct a human rights due diligence exercise to identify potential issues, develop and issue a leadership commitment statement, resolve policy gaps identified in the due diligence phase and implement a grievance mechanism for all stakeholders to supplement our existing Ethics hotline. All relevant information will be publicly disclosed.

The Ethics Hotline aims to enhance an honest work ethic and simultaneously provide employees and other third parties with a mechanism to bring any unethical business practices to the attention of management. It's an essential line of defence, providing a flow of information that promotes business sustainability by helping to identify and rectify problems before they become larger, more costly or damage hard-earned reputation. The hotline operates 24 hours a day 365 days a year. Our independent forensic department receives a regular analysis of the calls and objective investigations are launched. All investigations are then tabled at the Management Ethics Committee on a regular basis.

## CASE STUDIES

The following case studies demonstrate Exxaro's ongoing commitment to the human rights of community members needing to be relocated due to the development of mining projects.

## CASE STUDY: HUMAN RIGHTS IN PRACTICE

### RIETKUIL COMMUNITY RESETTLEMENT (LEEUWPAN MINE)

Following the resettlement action plan (RAP) methodology tested at Belfast, Exxaro engaged promptly with the Rietkuil community when the expansion of the Leeuwpan mine near Delmas in Mpumalanga was approved by the DMRE in 2017. Resettlement terms were agreed to by community members in 2018 and on 4 December 2020, 29 new homes were handed over for occupation with a further 20 to be completed in 2021.

The residents had a choice with regards to their relocation, with most choosing to move into the nearby Botleng township in Delmas. The initial number of houses to be constructed by Exxaro was 20 but in order to accommodate different family structures, households were sub-divided into smaller family units and an additional 29 houses were constructed. In line with Exxaro's commitment to local procurement, we outsourced the building of the 49 homes to 5 local contractors and 49 subcontractors. A total of 495 job opportunities were created for the duration of the RAP project. A total of 42 households had resettled in Botleng by the end of Q1 2021. Seven households are seeking additional assistance outside of the project scope and have sought advice from external counsel. Negotiations continue. A livelihood restoration programme is still in planning it includes the provision of pre-paid electricity and municipal services vouchers over five years and once-off training and skills development for each member of the household.

The total cost of the project to date is R57 million.





## CASE STUDY: HUMAN RIGHTS IN PRACTICE

### PHUMULANI AGRI-VILLAGE COMMUNITY RESETTLEMENT (BELFAST MINE)

#### THE IMPLEMENTATION OF EXXARO'S BELFAST PROJECT BETWEEN 2017 AND 2019 IN THE EMAKHAZENI MUNICIPALITY IN MPUMALANGA PROVINCE NECESSITATED THE RELOCATION OF 32 NON-LANDOWNERING HOUSEHOLDS, WHICH COMPRISED MAINLY OF FARMWORKERS EMPLOYED OR PREVIOUSLY EMPLOYED ON SURROUNDING COMMERCIAL FARMING OPERATIONS.

The process kicked off in 2014 when Exxaro appointed consultants to develop a resettlement action plan to guide the organisation on the steps to be undertaken during the relocation of the affected households and restoration of livelihoods.

#### Methodology

Activities undertaken during development of the RAP included:

- Establishment of a resettlement working group (RWG), which constituted the primary forum for involving the resettlement community in decisions that would affect them;
- Consultation with other relevant stakeholders;
- A census, socio-economic and asset survey of the effected community;
- Additional data collection (including a survey of communal assets belonging to the resettlement community);
- Identification of a suitable resettlement site;
- Development and sign-off of resettlement agreements; and
- Identification of viable livelihood restoration options.

#### Resettlement-related project impacts

- Number of households affected: 32
- Number of individuals needing to be relocated: 185
- Number of residential structures: 95
- Number of other structures (livestock pens, storage sheds etc): 36
- Crops: 13 households had vegetables gardens, two cultivated maize and three others grew fruit trees.
- Livestock: Animals needing to be accommodated included 358 poultry, 102 head of cattle, 32 pigs, and six sheep.

#### Consultation and participation

The process kickstarted with extensive consultations with the affected parties and engagements continued until completion of the project. The most significant milestones in the process were the development and adoption of a formal terms of reference to guide the proceedings of the RWG; the announcement of a moratorium

on the establishment of new households in the resettlement community; and the sign-off of individual resettlement agreements by each of the affected households.

#### Agreement framework

The agreement framework defined who would be eligible for compensation, what type of compensation would be provided for which affected or displaced assets, and how this compensation would be effected (eg whether it would be in cash or through replacement of the assets). The agreement framework was based on the Relocation Policy of Exxaro which is based on the IFC's PS5 guidelines on Land Acquisition and Involuntary Resettlement, as well as relevant South African legislation.

The agreement framework was formally accepted by the RWG, and formed the basis of individual agreements with each household.

#### Resettlement site

Seven potential resettlement sites were identified, of which two were selected by the community – the first for homes and the second for potential agricultural projects. A total of 34 plots of land, each 2 500m<sup>2</sup> in extent, were established with 500m<sup>2</sup> reserved for a residence and other buildings and the remainder for various agricultural activities including poultry and small livestock, fruit trees and vegetable gardens. Services supplied to the site included roads, stormwater drainage, potable water, sanitation, fencing and electricity.

#### Livelihood restoration

Through its Relocation Policy, Exxaro has committed itself to the principle that no households should be worse off after resettlement than what they were before. The inclusion of a livelihood restoration programme in all Exxaro resettlement processes is a means of giving effect to this commitment. A number of potential livelihood restoration projects were identified for the Belfast resettlement project.

#### Grievance redress and dispute resolution

The RAP included a resettlement-related grievance procedure aimed at resolving issues around resettlement, compensation and livelihood restoration

#### Outcome

Of the 32 households identified for relocation, 31 were moved successfully in 2019 at the cost of R35 million. Following the death of the head of one of the households in 2019, his heirs have declined to move. The situation has required legal intervention and negotiations continue.

# GOVERNANCE

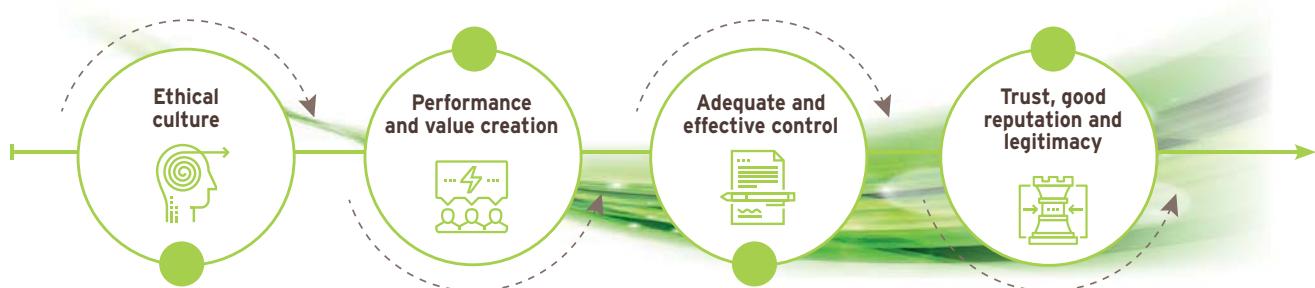
"Good corporate governance is about 'intellectual honesty' and not just sticking to rules and regulations... capital flows towards companies that practise this type of good governance."

– Mervyn King (Chairperson of the King Committee on Corporate Governance in South Africa)

The board of directors (the board) drives the strategy, sets performance and culture expectations as well as the governance framework for Exxaro Resources Limited (Exxaro or the company), including its subsidiary companies, trusts and joint ventures (collectively referred to as Exxaro or the group).

In 2020, the board approved that the core businesses, energy and minerals, are empowered to exercise decision making and use their resources to thrive in an increasingly dynamic market and industry sector. The group is being designed to support this, with governance structures tailored to the level of maturity of core businesses, and to allow more decentralised decision making where empowered accountability can be exercised.

The board remains the focal point and custodian of corporate governance for the group and is fully committed to good corporate governance. The board regards good corporate governance as fundamentally important to create value, applying the following principles and governance outcomes in its own ethical and effective leadership:



Our board assumes ultimate accountability and responsibility for the company's performance and affairs. In so doing, it effectively represents and promotes its legitimate interests. As a responsible corporate citizen, it also considers the legitimate interests and expectations of its material stakeholders to make a positive contribution to society.

## APPLY AND EXPLAIN

As King IV recommends "apply and explain" to support a claim that good governance is practised, the following pages set out each principle with an explanation of steps taken as well as policies and processes used by Exxaro.

# ETHICAL CULTURE

Integrity finds centre stage with our board and it sets the tone for building a truly ethical culture in Exxaro.

King IV refers to organisational ethics as ethical values applied to decision making, conduct and the relationship between the organisation, its stakeholders and broader society.

## CODE OF ETHICS

Building organisational ethics is a journey. The board assumes responsibility for the governance of ethics and sets the direction for the approach to ethics and how it should be addressed by the organisation. Through the code of ethics, the company confirms the ethical principles of the organisation that, when followed, promote values such as trust, acceptable good behaviour and fairness.

Our values provide general guidelines for our interactions with each other and our stakeholders, and reflect what is important to us and how we conduct ourselves. Recognising that our public reputation is one of our most important assets, the organisation is committed to achieving the highest ethical standards in all our business operations. We recognise our obligations to all our stakeholders, particularly shareholders, clients, employees, business partners, competitors, the authorities, the environment and the wider community. Maintaining the trust and confidence of all our stakeholders is the responsibility of every employee. In all our actions, the values and associated behaviours must guide and direct the way we conduct ourselves.

The code of ethics is supported by our company policies and procedures relating to specific issues, processes and situations. It should also be read in conjunction with all the company's policies and procedures. The following policies support the establishment of an ethical culture:

- Anti-bribery and anti-corruption
- Conflicts of interest
- Fraud prevention
- Fraud investigation process
- Fraud response



## MONITORING ETHICAL CULTURE

The board monitors the ethical culture of the group through its reporting structures, which include two board committees (the social and ethics committee, and the audit committee), and the ethics committee (a management committee).

Our internal auditors conducted an integrity survey in the group during 2020. Select employees participated in the survey and gave valuable feedback about the integrity culture, employees living the Exxaro values, employees' adherence to these values and the code of ethics. Based on the survey results, the board made the following observations:

### Code of ethics

- 84% read, understood and received training
- 96% consistently live the values
- 95% understand the importance of a strong internal control environment and support initiatives to strengthen controls

### Reporting ethical breaches or fraud and corruption

- 97% were aware of the fraud and ethics hotline and 3% were not aware

The survey results were positive overall and key areas identified that require focus and/or intervention are being addressed.

## ETHICAL CULTURE continued

### BOARD CHARTER AND CODE OF CONDUCT

Our board charter and code of conduct (board charter) regulates the parameters in which the board operates, and ensures application of good corporate governance principles in all dealings by, in respect and on behalf of the company and the group. It sets out the roles and responsibilities of the board and individual directors, including the composition and relevant procedures.

The board charter requires board members to be individuals of calibre and credibility with the necessary skills and experience. In this regard, the remuneration and nomination committee must ensure continuity of directorships and undertake succession planning on behalf of the board. This includes identification, mentorship and development of future candidates. Exxaro also engages with shareholders about the required skills, competencies, gender and diversity targets for the board's effective functioning.

In terms of the board charter, all directors are required to undergo continuing professional development, as approved by the board from time to time, on recommendation by the remuneration and nomination committee, and to attend regular briefings arranged by the company on changes in legislation, governance and the business environment. The board also undertook a three-week, self-driven effective directorship training programme with the Stellenbosch Graduate Institute. In addition, the company secretary hosts annual, fixed, relevant governance-related intervention sessions.

JSE induction training for new directors will be held as soon as possible.

The themes of the two governance sessions in 2020 were:

-  Board preparedness with fit-for-purpose leadership in response to the COVID-19 pandemic
- Board effectiveness and the redesign of board committees and committee composition in light of strategic organisational change

### AVOIDING CONFLICTS OF INTEREST

In terms of the Companies Act and King IV, directors and prescribed officers have specific duties regarding the disclosure of actual direct and indirect conflicts of personal financial interests as well as the perception of a conflict.

Accordingly, annual general declarations are required from the directors and prescribed officers of outside interests in accordance with section 75(4) of the Companies Act. In addition, an item dealing with declarations of interests at the beginning of each meeting appears on every executive committee, board, board committee and management committee agenda. All attendees are required to formally declare that none of them, nor their related parties, have any personal financial interests in any matter on the agenda. This is recorded in meeting minutes. Similarly, a director or prescribed officer is required to indicate personal financial interest in a matter to be decided through written resolution by informing the company secretary.

Progressive broadening of the definition of related parties, and the conflict of interest policy, were updated and rolled out throughout the group in 2020 to include certain additional prohibitions. The policy places responsibility on directors, prescribed officers and employees to avoid conflicts of interest. The responsibility does not end with directors, prescribed officers and individual employees but extends to their close family and related parties, as defined in the Companies Act.

We implemented an electronic platform to facilitate reporting, workflow approvals and an auditable trail of communication for disclosures in 2020. The platform also enables employees without access to computers to make disclosures. This prompted a change to the conflicts of interest policy.

Following approval of the new policy, and to ensure successful implementation of the electronic platform, information sessions on the application of the conflicts of interest policy for employees and their related parties were rolled out at BUs. This enabled clear understanding of outright prohibitions and disclosure processes.

Disclosures by proposed vendors during the supply chain processes were expanded to avoid conflicts.

### FRAUD AND ETHICS HOTLINE

**"Corruption is not simply a matter of theft but a betrayal of trust"**

- Christopher Merrett (former director of administration at the University of KwaZulu-Natal)

As part of our ethical culture, Exxaro encourages employees and stakeholders to report suspected fraud or corruption to its fraud and ethics hotline, independently managed and reported to the social and ethics committee.

In the reporting year, the board requested a comprehensive evaluation of the fraud and ethics hotline environment, and recommendations to address control weaknesses that may be identified as part of the evaluation. The results indicated that most elements contributing to an effective whistleblowing mechanism were in place. However, areas needing improvement were identified and are being addressed by management.



## SUPPLIER CODE OF CONDUCT

Exxaro's supplier code of conduct communicates the company's mandatory standards for suppliers:

- **Safety, occupational health and hygiene:** ensure adequate compliance with safety, health and hygiene legislation as well as best practice implementation to protect stakeholders
- **HIV/Aids and TB:** support the battle against HIV/Aids and TB by implementing programmes to improve awareness
- **Environmental responsibility:** demonstrate compliance with applicable environmental legislation
- **Transformation and empowerment:** implement strategies, action plans and systems for guiding, monitoring, reviewing and evaluating the progress of transformation and empowerment programmes
- **Social:** contribute to social development and improvement of host communities
- **Labour:** ensure businesses comply with national statutory and regulatory requirements for labour and industrial relations management
- **Business ethics and governance:** when conducting business dealings with the group, suppliers are obliged to report any suspicion of an act of strictly prohibited fraud, corruption or embezzlement to the fraud and ethics hotline for investigation and appropriate action
- **Material stewardship:** collaborate with the company in implementing effective and appropriate value chain initiatives that ensure waste is eliminated, and water and energy consumption are reduced, at source by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and reuse
- **Value adding:** participate in continuous business improvement initiatives and suggest product improvements that contribute to Exxaro's operational efficiency goals
- **Service delivery:** suppliers are subject to ongoing performance assessments with monitoring, evaluation and feedback
- **Access control and medical surveillance:** to ensure personnel comply with the non-employee identification process when accessing Exxaro premises on duty



### RESPONSIBLE CORPORATE CITIZENSHIP

The board ensures the organisation's strategy and conduct reflect in its drive to be a responsible corporate citizen and purpose to power better lives in Africa and beyond.

As the organisation is an integral part of society, the board sets the direction and ensures that the company's responsible corporate citizen efforts include compliance with the Constitution of South Africa (including the Bill of Rights), the law, leading standards, and its own codes of conduct and policies.

Continuous training at strategic, tactical and operational level ensures that every director and employee understands the importance of good corporate governance, and plays a part in ensuring the group acts as a responsible corporate citizen.



### DEALING WITH COVID-19

COVID-19 mitigation measures are informed by the group's health and wellness strategy, which is based on three pillars: diagnosis, management and a preventive strategy.

Exxaro put various measures in place to deal with the pandemic. These include two COVID-19 testing laboratories for employees and contractors. The laboratories have a turnaround time of three hours. In addition, we have free isolation and quarantine facilities. The measures help identify infected people and remove them from the work environment before they infect others. We also observe mandatory measures such as social distancing, sanitising, wearing PPE and amended business processes.

## ETHICAL CULTURE continued

### BUSINESS CONTINUITY AND CRISIS MANAGEMENT PLANS DURING THE PANDEMIC

The board adopted an emergency response plan in 2019, focusing on capability interfaces for crisis management and business continuity, to ensure integrated disaster or incident response and recovery. The plan documents procedures that guide Exxaro's response, recovery and restoration of operations to a predefined level after disruption.

When the South African government announced a national state of disaster and lockdown from 26 March 2020, the company immediately implemented its crisis management and business continuity plans across the group. The plans included health and safety controls and preventive measures implemented immediately and considered necessary to sustain our business. These plans also ensure we continue serving stakeholders, and protecting and supporting employees and their families.

Exxaro was able to continue its production activities subject to approval of an application demonstrating that our activities were essential and necessary measures were taken to prevent possible COVID-19 infections. Arrangements were made for business continuity and necessary protocols were activated across BUs to ensure efficient and safe ways of working. Our coal mining operations have additional disease prevention protocols.

### STRATEGY

The board ultimately considers and approves the short, medium and long-term strategy, as formulated and developed by management.

During assessment and formulation of the strategy, the board engaged with executive and senior management in several strategy sessions throughout 2020. The board appreciates that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value creation process. The insight that conditions are changing and there is a need to become future fit continues to drive decisions and measure transition going forward.

 Our strategy is illustrated in our 2020 integrated report on page 54.



### REPORTING

The board ensures the integrity of the company's integrated report as well as its alignment with best practice in integrated reporting, including other reporting by the company from time to time.

The board also oversees the publication of our annual financial statements, ESG report, audit committee report, social and ethics committee report, remuneration report, and other online or printed information that complies with legal requirements and/or meets the legitimate and reasonable information needs of stakeholders. Reports issued by Exxaro strive to enable stakeholders to make informed assessments of the organisation's performance as well as its short, medium and long-term prospects.

### TRANSPARENCY

The Transparency in Corporate Reporting: South Africa 2020 report, released by Corruption Watch and the Overseas Development Institute, an independent London-based global think tank, in partnership with the NBI, examined the corporate governance practices of 100 corporations in South Africa. The focus was on corporate reporting practices and transparency of activities as well as performance with a view to measuring anti-corruption among key private sector players. By perusing annual reports and websites, the partner organisations reviewed public disclosure practices of these companies according to three themes: anti-corruption programmes, levels of organisational transparency and country-by-country reporting mechanisms. Exxaro was among the top five companies, which averaged 85.3% across all themes and 88.6% for anti-corruption programmes. The board is committed to building on transparency in stakeholder engagements going forward.

### PERFORMANCE EVALUATION

The board requested a high-level evaluation of its performance and effectiveness, and that of its committees and specific individuals in 2020.

 Please find details of the board's performance on page 112.

# ADEQUATE AND EFFECTIVE CONTROL

## OUR CORPORATE GOVERNANCE STRUCTURE

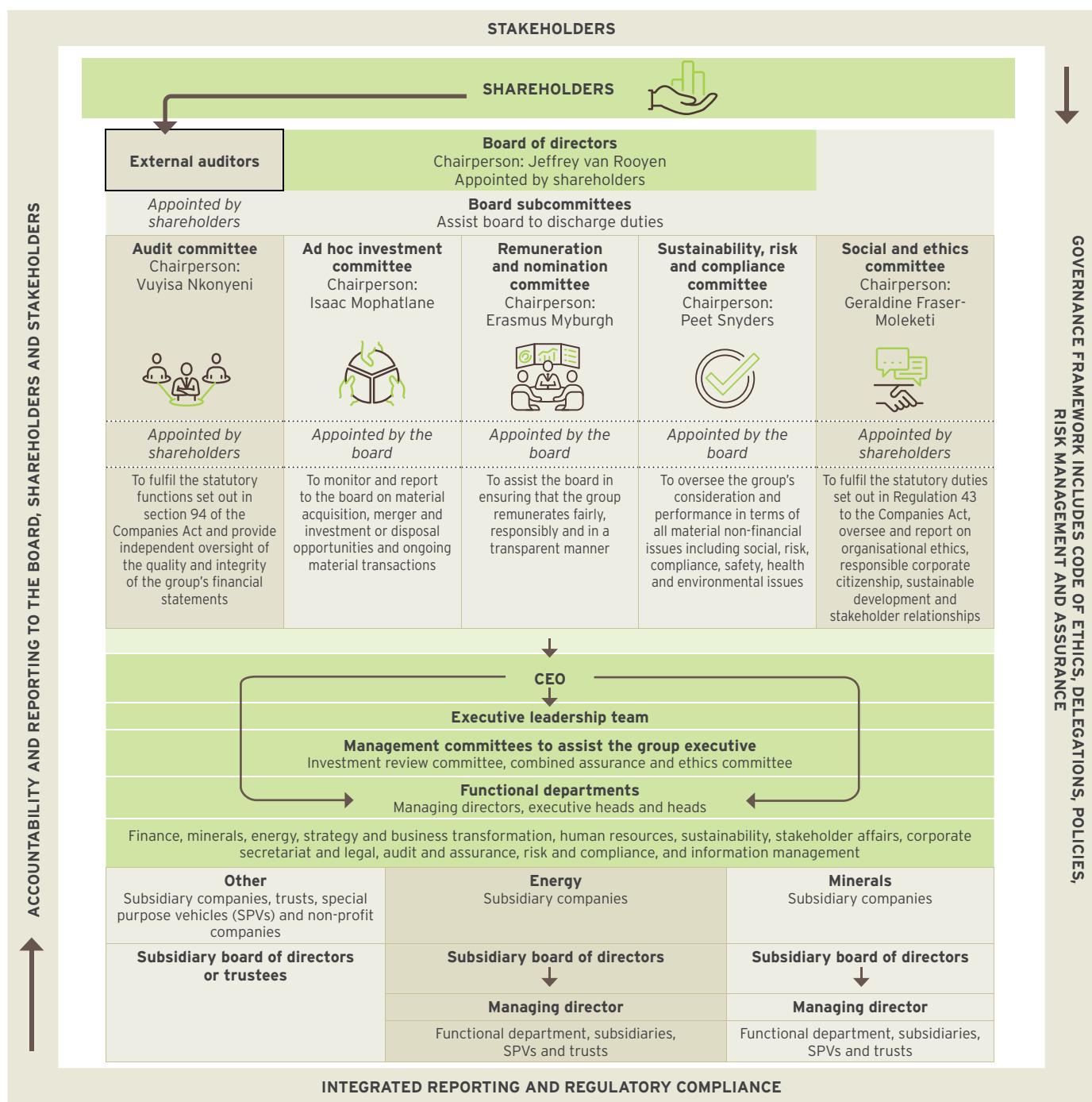
Exxaro's corporate governance structure supports its ability to create value in the short, medium and long term. It is assessed to ensure agile decision making and to support business requirements. Through this structure, the board exercises effective control, and builds and protects the organisation's reputation and legitimacy. We consider good corporate governance as the responsibility of our board, executive management and all our employees.

We have the following board subcommittees:

- Audit committee
- Social and ethics committee
- Sustainability, risk and compliance committee
- Remuneration and nomination committee
- Ad hoc investment committee

In accordance with our changing context, the remuneration and nomination committee, contributing to the governance enhancement programme, aims to align strategic changes in the group with board and board committee composition. This requires revision of committee terms of reference and review of its mandate.

### Our corporate governance structure



## ADEQUATE AND EFFECTIVE CONTROL continued

### BOARD COMMITTEE REPORTS

In the past year, Exxaro's board committee structure embarked on a significant transformation journey, focusing on reimagining the operating model, acquisitions and evolving the broader business strategy. This is driven by a changing business environment and regulatory developments. To this end, Exxaro revisited and enhanced the respective terms of reference of its corporate governance structures. In line with King IV, considerations included:

- Exxaro's current operating environment and the impact of its activities on public interest
- Effective collaboration through cross-membership between committees
- Balanced distribution of power

The terms of reference of the respective committees were updated with key focus areas and objectives revisited. In addition, a reporting framework was developed addressing the board's expectations about reports received from management.

 Detailed reports from each of the board committee are on pages 117 to 133.

The board retains full and effective control of the business and company's affairs, and does not assume management's functions, which remain the executive directors, prescribed officers and other senior management's responsibility.

### GROUP GOVERNANCE FRAMEWORK: SUBSIDIARY COMPANIES

Exxaro is a separate legal entity with wholly owned subsidiaries and other subsidiary companies in which it has a percentage shareholding and joint ventures. These companies are connected and referred to as the Exxaro group of companies (or group).

The extract below from an Institute of Directors in South Africa practice note on a corporate governance framework provides background on the potential tension between Exxaro and its subsidiary companies.

*"From a legal perspective, the board of directors of the subsidiary has authority to direct the affairs of the subsidiary. In a group context, this gives rise to tension between the interests of the shareholder (in many cases, a sole or majority shareholder of the subsidiary – also referred to as the holding company) and the duty of directors of the subsidiary (often appointed by the shareholder/holding company) to take decisions in the best interest of the subsidiary."*

*"In light of the above tension, it is not uncommon to find the following:*

- Subsidiary companies exposing the group and holding company to increased risk
- Inappropriate/excessive oversight by the holding company over subsidiaries
- Dilution of accountability at subsidiary board level
- Lack of strategic and governance alignment between the holding company and its subsidiaries"

To mitigate possible tension between the holding company and its subsidiary boards, Exxaro implemented the following measures:

- The board assumes overall responsibility for the organisation and strategic coordination in the group, including its vision, mission and strategic direction, and oversees the business's performance. The CEO, appointed by the board, is accountable for strategy implementation through execution and monitoring of strategic objectives and basic management guidelines established by the board
- Control of a subsidiary is achieved through implementing measures including:
  - Establishment and clear communication of the group's general strategy
  - Requiring shareholder vote or consent rights for specific matters
  - Establishing corporate policies and procedures for key matters (ethics, diversity and inclusion, social impact, branding, environmental and social concerns, internal controls, compliance and accounting)
  - Having regular monitoring meetings among representatives of Exxaro and its subsidiaries to follow up on implementation of directives and performance
  - Setting a corporate-wide independent internal audit function with a direct reporting line to the audit committee and the appointment of an external auditor
  - Implementing risk and compliance management practices
  - Establishing an efficient information management system to monitor key strategic indicators

In practical terms, because the relevant subsidiary company is wholly owned, a shareholder vote is required in matters reserved for shareholder approval in terms of the relevant memorandum of incorporation (MoI). This means the board and/or its delegated committees have to cast a shareholder vote or consent rights.

However, because they are separate legal entities, subsidiary companies have to take a formal resolution on matters reserved for the subsidiary board, as set out in the Companies Act, MoI and relevant board charter. Directors on the subsidiary company's board have a fiduciary duty towards the subsidiary company and, as such, make decisions in the subsidiary company's best interests.

## DELEGATION OF APPROVAL FRAMEWORK

The delegation of authority policy defines the limits of authority designated to specific positions of responsibility in the company and group's management structure. It also defines commitments and transactions that may include capital amounts that may be approved by individuals on Exxaro's behalf. The final approval of commitments and transactions outlined in this policy must always be made by parties with designated authority.

Exxaro's delegation of approval framework and delegation of authority policy are regularly reviewed to ensure aligned decision making. This also provides direction and clear delegation of power to management. The framework is adopted by our subsidiary company boards and implemented throughout the group as part of the overall group governance framework.

The purpose of the framework is to:

- Ensure the board's authority to exercise its powers and perform company functions is appropriately delegated where required in terms of the Companies Act, King IV and board charter
- Ensure delegations to management contribute to role clarity and effective exercise of authority and responsibilities in the group
- Empower individuals to create shareholder value
- Provide efficient, effective, transparent and auditable rules of delegation for individuals occupying specific positions

The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

## TECHNOLOGY AND INFORMATION MANAGEMENT

The board governs technology and information management in a way that supports the organisation setting and achieving its strategic objectives. As information management and governance form an integral part of overall enterprise governance, the board adopted the following policies:

- Acceptable use of ICT equipment policy to protect our employees, partners and the company from illegal or damaging actions when using information, electronic and computing devices, and network resources to conduct business with internal networks and business systems
- A formal management framework for ICT governance providing structure to ensure information management investments support business objectives by aligning the information management strategy with the business strategy

The information management programme, including document information management and implementation of the data privacy programme in compliance with the Protection of Personal Information Act, 2013 (Act 4 of 2013) is in full force and effect.

## INNOVATION

Within our overarching values, we have five cultural themes: responsibility, adaptability, openness and connectivity, diversity and ownership. We aim to foster a culture of adaptability to the ever-changing world around us, encouraging employees to learn and improve in everything they do. As change is inevitable, based on current social, economic and technological realities, the company aims to be agile and create new opportunities to move the group forward as a collective.

This culture enabled the company to seamlessly continue business activities during the COVID-19 lockdown and deliver on its objectives.

We held our first virtual AGM in 2020, with shareholders or their proxies participating via electronic communication. Participants could vote during the AGM through an electronic participation platform. If participants wanted their vote(s) counted, they could submit information captured in the AGM notice to the platform service provider. Each shareholder who provided requested information was given a unique link to participate in the virtual meeting.

## ADEQUATE AND EFFECTIVE CONTROL continued

### ENTERPRISE RISK MANAGEMENT

Our enterprise risk management approach provides a framework and process for all types of risk management, regardless of risk or impact type at all levels of the organisation. The same terminology and assessment mechanisms are used for finance, projects, safety and operational risk management. We have a set of risk names, one impact and one likelihood scale used across different disciplines to ensure management concentrates efforts and resources on material activities.

The company linked all assurance activities and material issues to reduce assurance costs and derive greater value from auditing controls. Exxaro uses a tracking and monitoring system to afford transparency of audit findings to be closed out.

The risk management function, through the combined assurance model, coordinates with internal audit to obtain evidence on the effectiveness of treatment and control activities in achieving the desired and planned risk treatments. Assurance providers – internal audit, sustainability KPI audits, external assurance providers, self-assessments and accreditation reviews – monitor effectiveness of significant risk treatments and compliance with regulatory requirements, non-binding rules, codes and standards, as well as policies and procedures.

The board is satisfied that the company and group have a mature risk process that ensures risks potentially impacting its strategic objectives are pursued by management to create shareholder value.

Our top five risks in 2020 were:

- COVID-19 concerns
- Eskom systemic risk
- Unavailability of rail capacity
- Community unrest
- Safety and health concerns

 Please refer to page 69 of the integrated report for details on our risks.

### COMPLIANCE

The group is committed to maintaining high standards of integrity, professionalism and ethical behaviour in its relationships. While Exxaro complies with relevant legal requirements in its jurisdictions, the law serves as a minimum standard of conduct. Beyond complying with the law, it is important that every director and employee is sensitive to the appearance of improper conduct, and establishes whether or not our actions are honest and responsible.

The group's compliance philosophy is captured in a compliance policy. It supports ethical and responsible corporate citizenship, and seeks to create sustainable value for all stakeholders by striving for operational efficiency, growth and regulatory compliance with applicable laws.

The regulatory environment in which the group operates is regularly revisited to assess its robustness. It is refocused to ensure regulatory instruments are prioritised from a licence to operate perspective.

Electronic control self-assessments (CSAs) prioritise legislation included in the regulatory universe. These CSAs are high-level questionnaires providing a view of the level of compliance at functional and BUs levels. The results provide a base for the company's compliance assurance plan and intervention efforts that assist the functions and BUs to improve compliance.

Exxaro conducted an audit of its compliance function in 2020 to ensure effective compliance management was applied.

### STRATEGIC PERFORMANCE DASHBOARD

A strategic performance dashboard measures the company's achievement of strategic objectives. It is a practical, value-adding tool that assists the company and board in understanding licence to operate requirements and forms part of the broader materiality concept and KPI development to measure compliance.

The status of the strategic performance dashboard is reported at each board and board committee meeting throughout the year.

# TRUST, GOOD REPUTATION AND LEGITIMACY

## STAKEHOLDER ENGAGEMENT

In support of its purpose to power better lives in Africa and beyond, the company continues working towards improving the quality of our relationships with stakeholders. We strive to build long-term, stable and trusting relationships that create shared value.

With a relatively procedural engagement approach, we mature through integrated and relational levels to the intentional, proactive management of stakeholder-related risks and opportunities.

 More information on our stakeholder engagements can be found on page 28.

## Internal communication

As the Exxaro growth strategy evolves, it is supported by our organisational culture. In 2019, the company embarked on an implementation journey to ensure our five culture themes and four associated values become a truly lived experience among employees. In 2020, adequate communication and change management relating to strategic issues continued to be driven through the connect2NEXT platform, a vehicle for communicating major shifts in Exxaro as we strive to achieve our strategy. The connect2NEXT journey enables us to foster a culture of adaptability with our people; empower them to take ownership and accountability; and be open and connected through teamwork and collaboration, while being responsible and embracing diverse strengths and capabilities.

We use our LetsConnect mobile application (app) to communicate with employees every day, conducting surveys and COVID-19 assessments. The app also gives employees easy access to company information.



## BOARD OF DIRECTORS

Our board of directors is accountable for Exxaro's governance and performance, balancing the company's interests as a responsible corporate citizen with the legitimate needs and expectations of stakeholders.



**Jeffrey  
van Rooyen (70)**

Board chairperson and independent director



**Mxolisi Mgojo (60)**

CEO



**Riaan Koppeschaar (50)**

Finance director (FD)



**Geraldine  
Fraser-Moleketi (60)**

Lead independent non-executive director



**Likhapha Mbatha (66)**

Non-executive director



**Zwelibanzi Mntambo (63)**

Non-executive director

- Nomination committee chairperson
- Remuneration committee chairperson
- Social and ethics committee chairperson
- Audit committee chairperson
- Investment committee chairperson
- Sustainability, risk and compliance committee chairperson
- Executive directors

- Audit committee member
- Investment committee member
- Remuneration and nomination committee member
- Social and ethics committee member
- Sustainability, risk and compliance committee member



**Mark Moffett** (61)     ● ● ○  
Independent non-executive director



**Isaac Mophatlane** (48)     ■ ● ○  
Independent non-executive director



**Ras Myburgh** (62)     ■ ● ○○  
Independent non-executive director



**Vuyisa Nkonyeni** (51)     ■ ○  
Independent non-executive director



**Anuradha Sing** (49)     ○ ●  
Independent non-executive director  
*Retired by rotation on 28 May 2020*



**Peet Snyders** (60)     ■ ○●○  
Independent non-executive director

## BOARD OF DIRECTORS continued

### Jeffrey van Rooyen (70)

Board chairperson and independent director    
 Director since 13 August 2008 and chairperson since June 2018  
*BCompt (Hons), CA(SA)*  
**Skills and experience**  
 Jeffrey is a director of various companies in the Uranus group, non-executive director Pick n Pay Stores. He is a former chairperson of the Financial Reporting Standards Council, a former trustee of the International Accounting Standards Foundation and member of the University of Pretoria's faculty of economic and management sciences' oversight board. He was a partner at Deloitte, chairperson of the Public Accountants and Auditors Board, CEO of the Financial Services Board and adviser to the former Minister of Public Enterprises during the Mandela administration. Jeffrey is a founder member and former president of the Association for the Advancement of Black Accountants of South Africa.

### Mxolisi Mgojo (60)

CEO  
 CEO since April 2016  
*BSc (computer science), BSc (Hons) (energy studies), MBA, advanced management programme (Wharton)*  
**Skills and experience**  
 At Eyesizwe Coal, Mxolisi was responsible for marketing and logistics. After Exxaro's formation, he managed the base metals and industrial minerals commodity business before he was appointed head of coal operations from August 2008. Mxolisi was appointed CEO designate on 1 May 2015 and CEO on 1 April 2016. He is a director of Tronox, Talent10 Holdings and Dynamo Investment Holdings. He was elected president of the Chamber of Mines (now Minerals Council) on 24 May 2017.

### Riaan Koppeschaar (50)

FD  
 Director since July 2016  
*CA(SA), advanced and associate programmes in treasury management, advanced diploma in taxation, advanced management programme (INSEAD), certificate in theory of accounting*  
**Skills and experience**  
 Riaan started his career with Coopers and Lybrand. After completing his articles, he branched into the fields of treasury, investment management and corporate finance. He held various senior management positions at Iscor, Kumba and Exxaro until his appointment as FD of Exxaro in 2016. He is a director of several Exxaro subsidiary companies and joint ventures. He is a trustee and investment committee member of the Exxaro pension and provident funds. Riaan is also a member of the Association of Corporate Treasurers of Southern Africa.

### Geraldine Fraser-Moleketi (60)

Lead independent non-executive director    
 Director since 18 May 2018  
*DPhil honoris causa (Nelson Mandela University), MPA (University of Pretoria), leadership programme (Wharton), Digital Savvy Board Member Certificate (MIT Sloan School of Management), Fellow of the Institute of Politics (Harvard)*

#### Skills and experience

Geraldine was appointed special envoy on gender at the African Development Bank (AfDB) from 2013 to 2016. She served as director of the UN Development Programme Democratic Governance Group from 2009 to 2019. She also served as a member of the South African Parliament for three consecutive parliaments (1994 to 2008). She was Minister of Public Service and Administration for two consecutive terms (1999 to 2008). Geraldine served as Minister of Welfare and Population Development (1996 to 1999) after her term as Deputy Minister of Welfare and Population Development. During her tenure as Minister for Public Service, she was chairperson of the Pan African Ministers of Public Service for three consecutive terms. Geraldine serves on various boards across academia: she is the chancellor of Nelson Mandela University, chairperson of the Advisory Council of the Mapungubwe Institute for Strategic Reflection, chairperson of the Committee of Experts on Public Administration (an expert body of the United Nations Economic and Social Council) and former member of the Institute for the Study of International Development at McGill University in Canada. She served on the Africa Advisory Committee of Women's World Banking until 2018. She is also a non-executive board member of the Standard Bank group and Standard Bank South Africa. She was recently appointed chairperson of the Tiger Brands group.

### Likhapha Mbatha (66)

Independent non-executive director   
 Director since 6 March 2018  
*BA, LLB, LLM*

#### Skills and experience

Likhapha currently coaches National Movement of Rural Women coordinators in development methods and systems, project preparation, finance and management. She also supervises, monitors and evaluates small and medium development projects. She understands that poverty, inadequate education, nutrition, poor health, government policies and the exploitative nature of humans are uncontrollable variables that can lead to poverty. She focuses on development as an opportunity for affected individuals to lead equal and satisfactory lives within their communities despite their circumstances.

### Zwelibanzi Mntambo (63)

Non-executive director   
 Director since 28 November 2006  
*BJuris, LLB, LLM*

#### Skills and experience

Zwelibanzi is executive chairperson of Moabi Capital. He was a senior lecturer at the University of KwaZulu-Natal, executive director of the Institute of Mine Surveyors of Southern Africa, director-general of Gauteng and chairperson of the Commission for Conciliation, Mediation and Arbitration. He is chairperson of Main Street 333, a director of Eyesizwe Holdings and Eyesizwe Mining, and a trustee of the Palaeo-Anthropology Scientific Trust.

**Mark Moffett (61)**

Independent non-executive director ■ ● ●

Director since 23 May 2018

BComm (CTA), CA(SA)

**Skills and experience**

Mark has more than five years of public company board exposure and over 25 years of financial and commercial experience in the mining industry with leading global companies. He has worked in diamond, thermal coal, ferrochrome and platinum group metals mining. He understands the South African mining landscape and its strategic imperatives going forward. He has held senior financial positions (operational and corporate) in various countries with Anglo American, De Beers, Xstrata Alloys (as chief financial officer) and Xstrata (as group controller). He served as chairperson of Fraser Alexander until March 2018. Mark currently serves as an independent non-executive director and audit committee member on the board of Royal Bafokeng Platinum.

**Isaac Mophatlane (48)**

Independent non-executive director ■ ● ○

Director since 22 May 2018

**Skills and experience**

Isaac is a co-founder, shareholder and director of the Randvest group with core focus on leveraged acquisitions and strategic investments mainly in technology companies. He is chairperson of Bothomed, which is currently a shareholder with the Public Investment Corporation in Dis-Chem Pharmacies. He is also a member of the Black Management Forum, the Electronics Industries Federation of South Africa, the Black IT Forum and non-executive deputy chairperson of the Catholic Education Investment Company.

**Ras Myburgh (62)**

Independent non-executive director ■ ● ○

Director since 1 September 2016

BEng (electrical), BSc (Hons) (energy studies), MBL, executive programme (Darden)

**Skills and experience**

From 1982 to 1996, Ras held various operational and executive positions in operating, maintenance, engineering and power station management at Eskom. In 1997, he joined Iscor Mining where he led company-wide cost improvement, business re-engineering, transformation and empowerment projects. He was appointed managing director of Kumba's coal business in 2000 and headed the transformation unit in 2003 (project management of the empowerment transaction and unbundling of the company into Exxaro and Kumba Iron Ore). He was appointed as the first CEO of Kumba Iron Ore in 2006. Following the 2008 electricity crisis, Ras was seconded to Eskom to develop and implement a long-term coal supply strategy. In 2011, he co-founded Hindsight Financial and Commercial Solutions, a boutique corporate professional advisory firm, providing business development, specialist commercial solutions, and strategy and business improvement advisory services to the resources, energy and industrial sectors. He is a member of the Institute of Directors in South Africa and serves on the international advisory board of Unashamedly Ethical.

**Vuyisa Nkonyeni (51)**

Independent non-executive director ■ ●

Director since 3 June 2014

BSc (Hons), postgraduate diploma in accounting, CA(SA)

**Skills and experience**

Vuyisa has over 20 years' experience in investment banking and private equity. He served his training contract as a chartered accountant with PwC and joined Deutsche Bank in 1997 where he gained investment banking experience, primarily in corporate and project finance advisory work over four years. He serves on the boards of Emira Property Fund and Momentum Metropolitan Holdings. He served as financial director of Worldwide African Investment Holdings and a director of Actis in its BEE funding unit. He was appointed CEO of Kagiso Tiso Holdings in 2012 and resigned in December 2017.

**Anuradha Sing (49)**

Independent non-executive director ■ ●

Director since 6 March 2018 (retired by rotation on 28 May 2020)

BSc (mechanical engineering), MBA, advanced management programme (INSEAD)

**Skills and experience**

Anuradha is a non-executive director and member of the credit and investment, and audit and risk committees of the Development Bank of Southern Africa. She was a non-executive director of MTN South Sudan and MTN Guinea Bissau. She is currently group executive director of the MTN business intelligence competency centre.

**Peet Snyders (60)**

Independent non-executive director ■ ● ○

Director since 1 July 2016

BEng (mining), diploma in marketing management, MCom (business management), mine manager's certificate of competency (coal and metalliferous)

**Skills and experience**

Peet has 40 years' experience in the mining industry, including employment at Sasol, Anglo American, Iscor, Kumba, Anglo American Platinum, Riversdale Holdings, Continental Coal, Keaton Energy, Sable Mining Africa, Mmakau Mining and, most recently, Submex Investments. He also has over 10 years of board experience within the industry.

- Nomination committee chairperson
- Remuneration committee chairperson
- Social and ethics committee chairperson
- Audit committee chairperson
- Investment committee chairperson
- Sustainability, risk and compliance committee chairperson

- Audit committee member
- Investment committee member
- Remuneration and nomination committee member
- Social and ethics committee member
- Sustainability, risk and compliance committee member

## BOARD OF DIRECTORS continued

### BOARD COMPOSITION

#### Independence

The principles of good governance, King IV and the JSE Listings Requirements recommend holistic independence assessments with a substance-over-form approach in accordance with certain criteria. Therefore, assessments are based on King IV independence requirements and section 94(4) of the Companies Act.

In line with King IV, assessments are conducted annually to confirm that members exercise objective judgement. The assessments also confirm that there is no interest, position, association or relationship, judged from the perspective of a reasonable and informed third party, likely to unduly influence or cause bias in decision making. The directors are then recognised by the board as independent.

After a formal assessment in 2020, the board concluded that the majority of directors are independent.



Since 2017, there has been a marked increase in the independence of our board. Independent non-executive directors increased from 50% to 64% in 2020 (excluding Anuradha Sing).

Furthermore, recommended practice 29 of King IV provides that a non-executive director may continue to serve, in independent capacity, for longer than nine years if:

- An assessment of independence is conducted every year thereafter
- The assessment concludes that the non-executive director exercises objective judgement
- There is no interest, position, association or relationship, when judged from the perspective of a reasonable and informed third party, likely to unduly influence or cause bias in decision making

- A summary of the views of the governing body on the independence of the member is disclosed in the integrated report

The remuneration and nomination committee is required to annually consider and evaluate the independence of directors who served on the board for longer than nine years, and to make recommendations to the board, considering past performance and contribution made as well as criteria in King IV and the Companies Act, among others.

In 2020, the committee conducted an assessment of the board chairperson, Jeffrey van Rooyen, who has served for more than nine years as an independent non-executive director.

#### Diversity

In keeping with good corporate governance, the board embraces the constitutionally entrenched principles of equality, freedom and inclusion. The board is committed to being proactive and striving to ensure a diverse and inclusive culture while acknowledging that diversity is not about meeting targets but, first and foremost, about supporting the business with the collective knowledge, skills and experience required from leadership in a constantly changing marketplace.

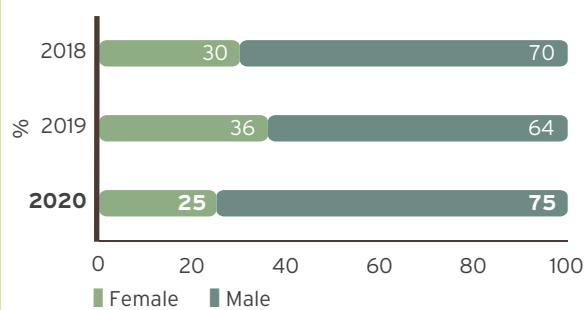
King IV principle 7 recommends that "the governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively". To support this, the board promotes diversity in its membership and Exxaro's wholly owned subsidiaries across a variety of attributes for better decision making and effective governance. The importance and promotion of broader diversity at board level is recognised by the board, focusing specifically on gender, race, culture, age, field of expertise, skills and experience.

Encouraged by King IV, the board embraced diversity in its membership attributes at governing body level for promoting better decision making and effective governance.

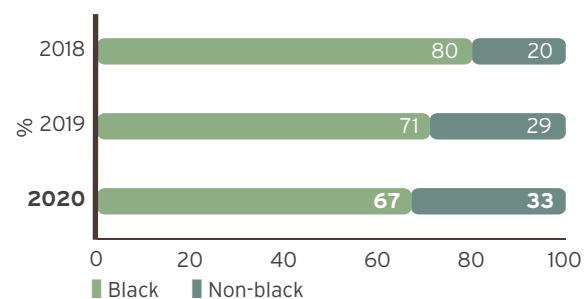
The remuneration and nomination committee embarked on a formal search for appropriate candidates to fill positions left vacant by three directors in 2019 and 2020. Chanda Nxumalo was appointed to the board with effect from 1 February 2021 and Mandlesilo Msimang with effect from 15 March 2021. On 18 March 2021, Dr Nombasa Tsengwa was appointed as CEO designate and a member of the board, with immediate effect. The board hopes to nominate one more additional new non-executive directors for election at the AGM.

During the period under review, our board comprised a diversity of directors, as shown below.

#### Gender diversity year-on-year



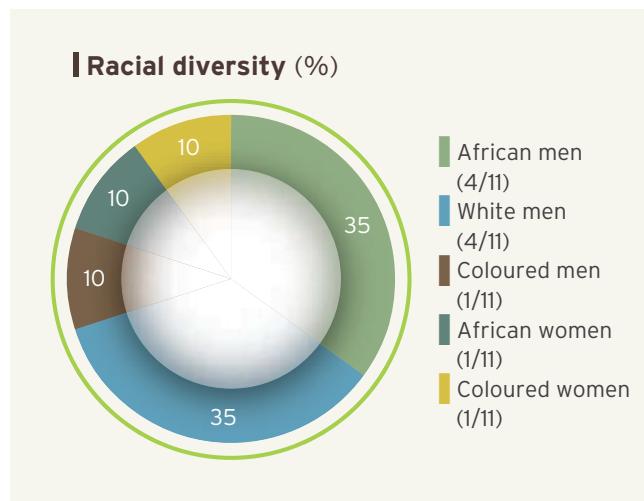
#### Racial diversity year-on-year



\* Excluding Anuradha who retired by rotation on 28 May 2020.

## Racial diversity

For racial diversity, the board consistently achieves its 50% target (illustrated below).



## Gender diversity

In 2017, the board voluntarily set a gender diversity target of 30% historically disadvantaged South African female directors by 2022. Female representation on Exxaro's board was 14% in 2017, 30% in 2018 and increased to 36% in 2019. However, it decreased to 25% in 2020 due to Anuradha's resignation. This was addressed in 2021 with the appointments of Chanda Nxumalo as an independent non-executive director, Mandlesilo Msimang as a non-executive director and Dr Nombasa Tsengwa as an executive director and CEO designate. The board also adopted a broader diversity and inclusion policy with a new voluntary target aspiring to 40% at board and management levels of the business by 2025.

Our board gender diversity for the period under review was as follows:

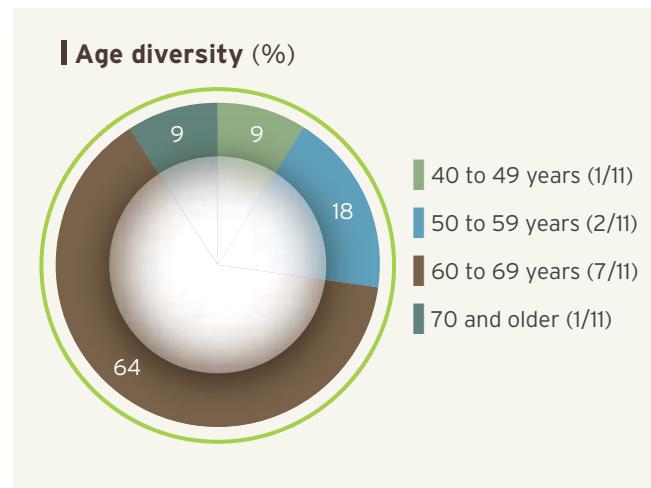


## Age diversity

The retirement age for an executive director is 63 years and 70 years for a non-executive director. A non-executive director who passed the age of 70 may be re-elected, provided the board and the remuneration and nomination committee recommend to shareholders that the person is suitable. The same re-election process will occur every year.

The board chairperson reached the age of 70 in 2020 and will retire at the upcoming AGM.

Our board age diversity for the period under review was as follows:

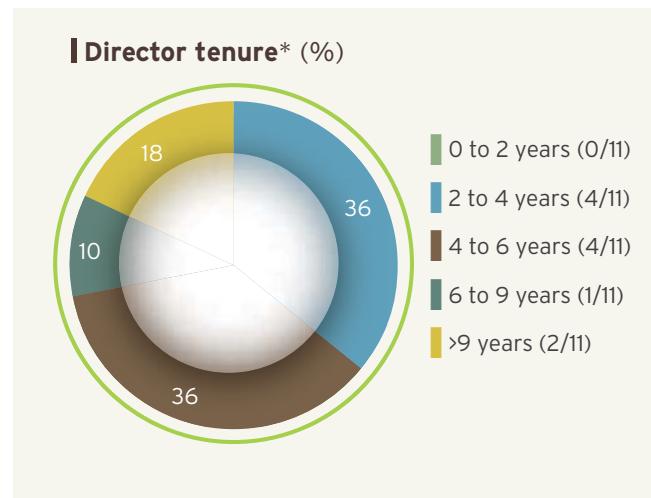


## Director tenure and succession

Succession planning for non-executive directors is typically iterative, and part of an ongoing planning and discussion programme conducted by the remuneration and nomination committee. Succession planning is based on a broader diversity policy, which awaits imminent board approval. The approach to diversity is holistic with a view to inclusion and supporting the group's strategic focus areas. The remuneration and nomination committee considers planned retirement ages of existing members and addresses identified skill gaps after rigorous board effectiveness evaluation. To ensure continuity of experience and knowledge, the company has a staggered approach to re-election of directors in terms of the MoI. Directors are selected for retirement by rotation every three years and, following assessment by the remuneration and nomination committee, may be presented to shareholders for re-election at the AGM.

Details about rotation, retirement and election of directors can be found in the notice of the AGM available on our website under investors.

Our director tenure in 2020 was as follows:



\* Excluding Anuradha who retired by rotation on 28 May 2020.

## BOARD OF DIRECTORS continued

### Director competence and diversity in skills and experience

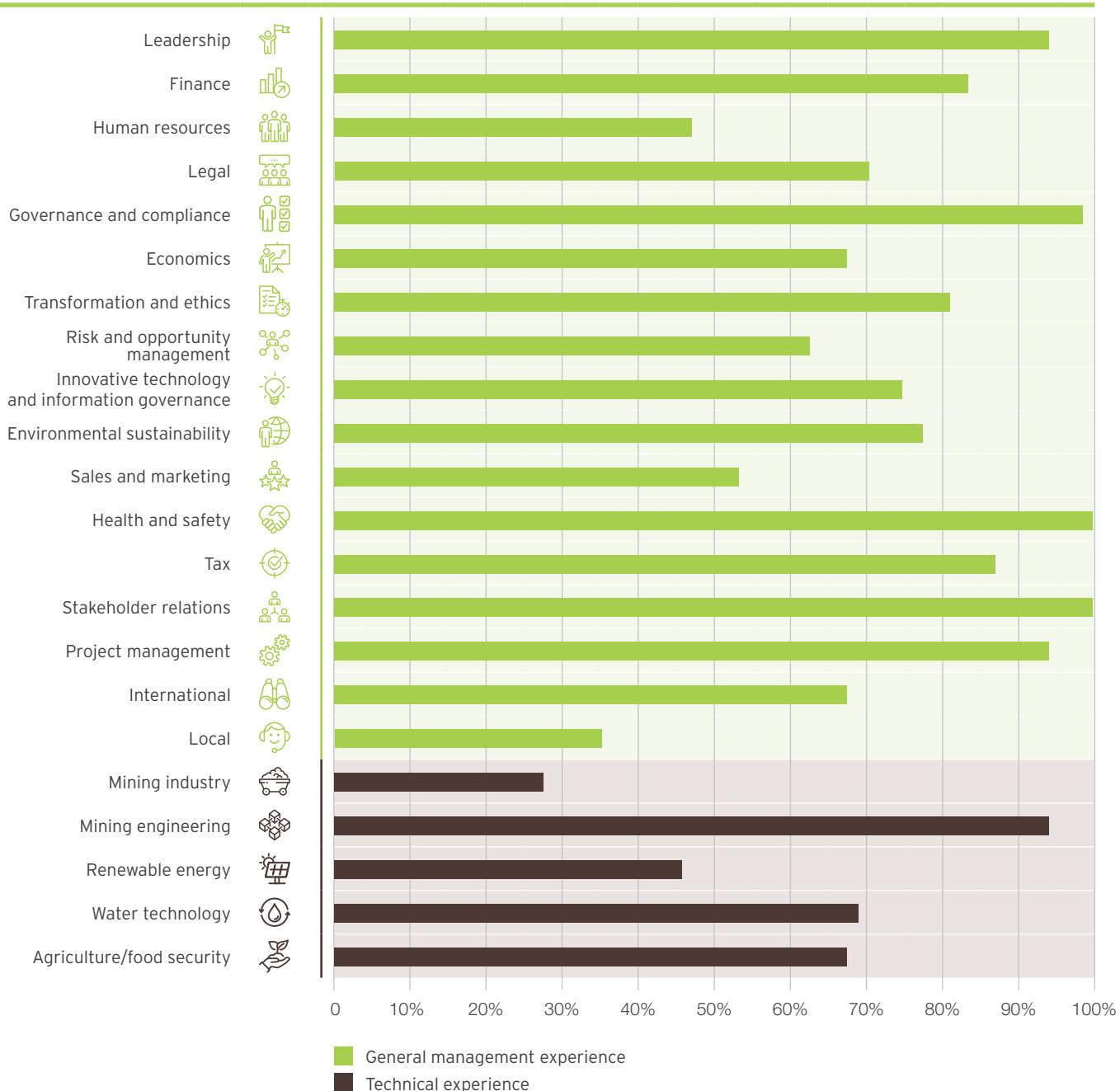
Our directors are carefully selected to ensure a balanced amalgamation of expertise and experience for effective decision making on behalf of Exxaro. In accordance with King IV directors should be knowledgeable, skilled, experienced, diverse and independent to effectively discharge their governance responsibilities.

Exxaro considers, over and above management experience, the following technical expertise when appointing directors:

- Mining industry
- Mining engineering
- Energy
- Sustainability and environment
- Technology and innovation

The skills and experience on Exxaro's board are illustrated in the matrix below.

### Diversity of skills and experience



## Board leadership

Our board continues to be led by an independent non-executive chairperson, Jeffrey van Rooyen, in compliance with paragraph 3.84 of the JSE Listings Requirements and the recommended practices of King IV.

Geraldine Fraser-Moleketi continues to serve the board as lead independent non-executive director.

The role of the chairperson is separate and distinct from that of our CEO. The separation of powers and responsibilities, as set out in the board charter, ensures that no single person has unfettered decision-making powers and that there is an appropriate balance of power at board level.

The chairperson, CEO and lead independent non-executive director's roles and responsibilities are outlined below.

### Roles and responsibilities of the chairperson, CEO and lead independent non-executive director

Functions	Responsibilities
<b>Chairperson</b>	<ul style="list-style-type: none"><li>An independent non-executive director responsible for setting the tone for an ethical culture at board level, and ensuring adherence to the rules of conduct and etiquette set out in the board charter</li><li>Represents the board to shareholders and other stakeholders relating to performance</li><li>Ensures the integrity and effectiveness of the governance processes of the board</li><li>Manages conflicts of interest at board meetings accordance to applicable legal requirements and best practice</li><li>Maintains a collegial yet arm's length relationship with board members and management</li><li>Ensures board decisions are executed</li><li>In collaboration with the group company secretary, ensures the contents and order of the agenda are correct</li><li>Maintains regular dialogue with the CEO on operational matters and promptly consults with the board on any matter that presents cause for major concern</li><li>Acts as facilitator at board meetings to ensure no executive or non-executive director dominates discussions, appropriate discussions take place, relevant opinion among directors is forthcoming and discussions result in logical and understandable outcomes</li><li>Plays a crucial role in ensuring the board has effective leadership and its composition is appropriate and adequate to enable it to effectively fulfil its functions</li><li>Provides necessary direction for an ethical and effective board, and form the link between the board, the CEO and management</li></ul>
<b>CEO</b>	<ul style="list-style-type: none"><li>Formulates and develops the company's short, medium and long-term strategic vision to realise its core purpose and values, considering relevant risks and opportunities that will generate satisfactory levels of value creation, as defined by King IV</li><li>Leads the implementation and execution of approved strategy, policy and operational planning as the chief link between management and the board while monitoring and managing the company's day-to-day operational requirements and administration</li><li>Develops and recommends business plans, policies and objectives for board consideration, accounting for business, economic and political trends that may affect the company's operations of the company</li><li>Manages and ensures the submission of timeous and accurate reports, financial statements and consolidated budgets for board consideration</li><li>Oversees the company's financial management, including financial planning, cash flow and management reporting</li><li>Is involved in group affairs as executive committee chairperson</li><li>Does not cause or permit practices, activities or decisions by or in the group that are contrary to commonly accepted good business practice, good corporate governance or professional ethics</li><li>Ensures key management functions are headed by individuals with the necessary competence and authority, and that they are adequately resourced and performance managed</li><li>Sets the tone at management level in providing ethical leadership and creating an ethical environment and culture and maintaining a positive ethical work climate conducive to attracting, retaining and motivating a diverse group of employees</li><li>Ensures implementation and execution of the company's codes of conduct and ethics policies</li></ul>
<b>Lead independent non-executive director</b>	<ul style="list-style-type: none"><li>Leads in the absence of the chair</li><li>Serves as a sounding board for the chair</li><li>Acts as intermediary between the chairperson and other directors, if necessary</li><li>Deals with shareholders' concerns where contact through normal channels has failed to resolve concerns or where such contact is inappropriate</li><li>Strengthens independence on the board if the chair is not an independent non-executive director</li><li>Chairs discussions and decision making by the board on matters where the chairperson has a conflict of interest</li><li>Ensures the chairperson adheres to the rules of conduct and etiquette set out in the board charter</li><li>Leads the chairperson's performance appraisal when an independent service provider is not used to facilitate the process</li></ul>

## BOARD OF DIRECTORS continued

### PERFORMANCE OF OUR BOARD

#### Board meeting attendance

The board held four quarterly meetings, two governance sessions and seven special board meetings during the year. Attendance is calculated against the number of meetings the director was required to attend.

Members	Designation	Attendance
Jeffrey van Rooyen	Independent non-executive director and board chairperson	100%
Geraldine Fraser-Moleketi	Lead independent non-executive director	100%
Riaan Koppeschaar	Executive director: FD	100%
Likhapha Mbatha	Non-executive director	85%
Mxolisi Mgojo	Executive director: CEO	100%
Zwelibanzi Mntambo	Non-executive director	92%
Mark Moffett	Independent non-executive director	92%
Isaac Mophatlane	Independent non-executive director	100%
Ras Myburgh	Independent non-executive director	100%
Vuyisa Nkonyeni	Independent non-executive director	100%
Anuradha Sing*	Independent non-executive director (during her tenure)	100%
Peet Snyders	Independent non-executive director	100%

\* Anuradha retired by rotation on 28 May 2020.

#### Key board activities in 2020

- Amendment of the corporate governance framework:** The board-approved amendments to the governance framework to be more adaptive and agile, enable committed decision making as well as a more decentralised decision-making process through an effective and relevant corporate governance framework. Guidance was taken from King IV in these amendments and is reflected on  page 100
- Climate change:** As the physical and transitional impacts of climate change pose a serious threat to our business and society, it requires immediate action to reduce the local and global physical effects. The board is aware of the role fossil fuel-generated power plays in releasing GHGs and contributing to climate change. A climate change response strategy was presented to the board, highlighting the need to respond to growing global and local pressure to move towards a low-carbon economy. The board requested a strategy for its approval to develop a climate change policy and to incorporate recommendations from the TCFD, highlighting climate change transitional and physical risks confronting the organisation and the related financial impacts of these risks. A strategic decision was made to begin the transition to a low-carbon future. On 12 March 2020, Exxaro published its climate change position statement, which contains our aspirational target to be carbon-neutral by 2050 
- GHG and water consumption reduction:** From an environmental point of view, there has been significant focus on reducing GHGs and water consumption. At the 2019 Sustainability Summit, Exxaro reaffirmed its commitment to reducing its GHG emissions by 30%, its water consumption by 30% and a 20% energy intensity reduction by 2026. Reduction in water use and carbon emissions is 5% year-on-year. The TCFD framework was adopted to engage with shareholders and other stakeholders about climate issues
- Cennergi acquisition:** The board considered and approved the acquisition of Khopoli Investments' 50% shareholding in renewable energy company, Cennergi. After concluding the agreement, Exxaro held 100% of Cennergi in 2020

- Phase 2 of implementation of the replacement BEE transaction:**

**transaction:** As part of the replacement BEE transaction of 2017, Exxaro committed to introducing appropriate schemes to benefit employees and communities. Exxaro is guided by the Mining Charter III when implementing these schemes

#### Evaluation

An independent third party conducted a high-level evaluation of the board, committees and individual directors, including the chairperson and committee chairpersons, the FD and the group company secretary. Board members participated in an independent evaluation process and received comprehensive feedback on the performance and effectiveness of the board and its committees.

The purpose of the board evaluation was to ascertain:

- If the board addressed and improved items identified as part of the 2019 board evaluation process
- How effectively the board dealt with the COVID-19 crisis
- Whether the board made progress in key focus areas highlighted in the 2019 board evaluation

The evaluation showed that, in the board's opinion, its overall performance is satisfactory although definite areas warrant consideration and attention to further strengthen its performance and effectiveness. Specific observations and recommendations, based on ratings and comments, were made to the board and will form the basis of an action plan for 2021.

#### CONCLUSION

The board is satisfied that it complied with the provisions of the Companies Act and relevant laws of establishment relating to its incorporation, and that the company is operating in conformity with its MoI and other relevant constitutional documents. The board is also satisfied that it fulfilled its responsibilities in accordance with its charter during the reporting period.

## OUR EXECUTIVE TEAM



**Mxolisi  
Mgojo (60)**  
CEO



**Riaan  
Koppeschaar (50)**  
FD



**Nombasa  
Tsengwa (56)**  
CEO designate



**Vanisha  
Balgobind (47)**  
Executive head:  
human resources



**Alex  
De Angelis (40)**  
Executive head:  
strategy and business  
transformation



**Mongezi  
Veti (57)**  
Executive head:  
sustainability



**Johan  
Meyer (52)**  
Executive head:  
projects and  
technology



**Mzila  
Mthenjane (50)**  
Executive head:  
stakeholder affairs



**Wim  
Diedericks (53)**  
Executive head:  
strategy and business  
development



**Saret van  
Loggerenberg (45)**  
Group company  
secretary and legal  
(ex officio)

### Mxolisi Mgojo (60)

#### CEO

BSc (computer science), BSc (Hons) (energy studies), MBA, advanced management programme (Wharton)

#### Skills and experience

At Eyesizwe Coal, Mxolisi was responsible for marketing and logistics. After Exxaro's formation, he managed the base metals and industrial minerals commodity business before he was appointed head of coal operations from August 2008. Mxolisi was appointed CEO designate on 1 May 2015 and CEO on 1 April 2016. He is a director of Tronox, Talent10 Holdings and Dynamo Investment Holdings. He was elected president of the Chamber of Mines (now Minerals Council) on 24 May 2017.

### Riaan Koppeschaar (50)

#### FD

CA(SA), advanced and associate programmes in treasury management, advanced diploma in taxation, advanced management programme (INSEAD), certificate in theory of accounting

#### Skills and experience

Riaan started his career with Coopers and Lybrand. After completing his articles, he branched into the fields of treasury, investment management and corporate finance. He held various

senior management positions at Iscor, Kumba and Exxaro until his appointment as FD of Exxaro in 2016. He is a director of several Exxaro subsidiary companies and joint ventures. He is a trustee and investment committee member of the Exxaro pension and provident funds. Riaan is also a member of the Association of Corporate Treasurers of Southern Africa.

### Nombasa Tsengwa (56)

#### CEO designate (appointed 16 March 2021)

PhD (agronomy), executive development programme (INSEAD)

#### Skills and experience

Nombasa has more than 18 years' executive management and board experience in the public and private sectors. In 2003, she joined Kumba as general manager: safety, health and environment. In 2007, she was appointed executive general manager: safety and sustainable development. In 2010, she became directly involved with the management of coal operations as general manager of captive mines and general manager of Mpumalanga operations. In 2015, she was appointed acting executive head of coal operations and executive head of coal operations in 2016. She is the 2017 winner of the Standard Bank Business Woman of the Year Award and the 2018 winner of the Pan African Awards Africa's most influential woman in business and government mining industry category. An avid long-distance runner, Nombasa has completed nine Comrades marathons.

## OUR EXECUTIVE TEAM continued

### **Vanisha Balgobind (47)**

**Executive head: human resources**

*BA (Hons) (industrial psychology), MBA (industrial psychology), management development programme (Gordon Institute of Business Science)*

#### **Skills and experience**

Vanisha is a registered industrial psychologist with more than 20 years' experience in the mining industry. She joined Iscor Mining in 1997 as a human resources graduate trainee. She was later employed at Kumba as a human resources business partner and within talent management from 1998 to 2006. She has since been appointed by Exxaro as manager of the talent management and staffing centre of expertise, manager of corporate projects and human resources optimisation, and group manager of talent and learning. She is chairperson of Exxaro's women in mining committee and serves on various other Exxaro subsidiary companies. She is passionate about education and women empowerment as well as integrating work and quality family time.

### **Alex de Angelis (40)**

**Executive head: strategy and business transformation**

*Appointed 1 April 2020*

*BSc (mechanical engineering)*

#### **Skills and experience**

Alex has a mechanical engineering background with mining experience across a range of commodities. In his early career, he worked at several platinum and gold mines in South Africa and Australia. He moved into strategy consulting for 13 years, working on large-scale strategy, transformation and innovation projects in a range of companies. Alex joined Exxaro in 2018 and currently leads strategy and business transformation. He is passionate about innovation and learning, following new technology and leadership trends, keeping fit and spending time with his family.

### **Mongezi Veti (57)**

**Executive head: sustainability**

*National higher diploma in metalliferous mining and coal mining, MBL, Advanced management programme (Wharton), mine overseer's certificate, mine manager's certificate of competency (fiery mines)*

#### **Skills and experience**

In the early 1980s, Mongezi worked for AngloGold at Western Deep Levels. He joined Sasol Mining in 1994. In 2002, he became mine manager at Arnot and was appointed general manager of Area 2 at Exxaro soon after the merger. In 2010, he was appointed general manager: safety, health, environment and community. In 2012, he was elected president of the South African Colliery Managers' Association. Mongezi assumed his current role at Exxaro in 2015.

### **Johan Meyer (52)**

**Executive head: projects and technology**

*BEng (metallurgy), MBA, advanced management programme, Certified director*

#### **Skills and experience**

Johan started his career in production management at Iscor's Pretoria steel works. He worked at KZN Sands, headed research and development at Kumba, as part of the leadership team at Mineral Sands (Tronox), BU manager of Zincor and Exxaro corporate office. His current role focuses on delivering coal growth projects of approximately R20 billion and developing integrated Mineral Resource and Mineral Reserve LoM plans. He is passionate about leading people and powering better lives in Africa and beyond.

### **Mzila Mthenjane (50)**

**Executive head: stakeholder affairs**

*BSc (mining engineering), senior management development programme (Graduate Institute of Management and Technology), executive development programme (INSEAD)*

#### **Skills and experience**

Mzila is a mining engineer with combined experience in mining and investment banking of 20 years. This includes seven years in deep-level gold mining at AngloGold Ashanti and Gold Fields in senior mine management and corporate development roles as well as six years in investment banking at Rand Merchant Bank and Deutsche Bank. His knowledge of business sustainability was honed over six years as executive: business sustainability at Royal Bafokeng Holdings and Royal Bafokeng Platinum. He assumed his current role in May 2013. Mzila also serves as the 2019/2020 president of the Southern African Institute of Mining and Metallurgy.

### **Wim Diedericks (53)**

*Retirement package*

**Executive head: strategy and business development**

*BEng (mining), executive development programme (Darden)*

#### **Skills and experience**

Wim started his career as an Iscor bursar from 1986 to 1990. He was engineer in training at Thabazimbi in 1992. He went on to Durnacol, Tshikondeni, Sishen, Rosh Pinah, Kumba head office and returned to Thabazimbi. Since Exxaro's formation, he has held senior leadership positions at KZN Sands, Grootegeluk, Mpumalanga coal commercial region and corporate office. Wim was seconded to Exxaro's divestment project team on a full-time basis in 2020.

### **Saret van Loggerenberg (45)**

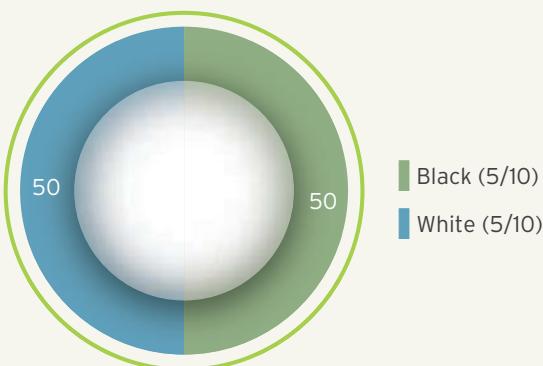
*Resigned 19 February 2021*

**Company secretary**

*BLC, LLB (cum laude), LLM, certificate in compliance risk management, certificate in mining law, advanced certificate in corporate and securities law*

#### **Skills and experience**

Saret joined KPMG in 2002, advising clients on the legal aspects of information security, privacy and data protection. As senior manager of the regulatory and compliance services team, she advised clients on compliance programmes and reviews as part of internal and external audit. She joined Exxaro in 2008 as assistant company secretary and became manager: risk and compliance in 2012. Saret is a fellow of the Chartered Governance Institute of Southern Africa (formerly Chartered Secretaries Southern Africa) and a member of the International Institute of Risk and Safety Management.

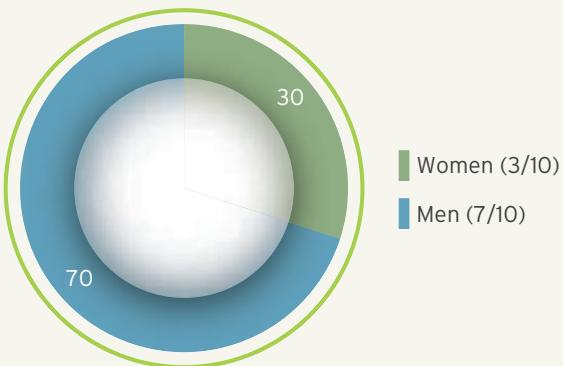
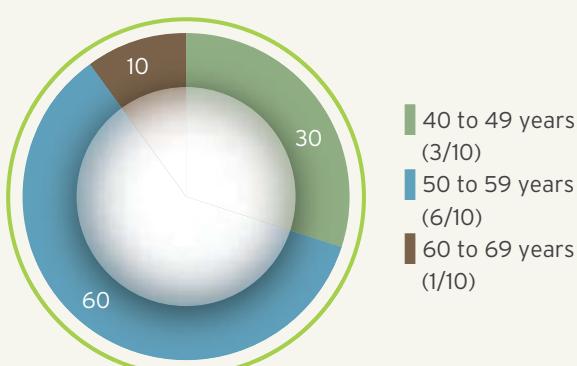
**| Executive racial diversity (%)****ROLES AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE**

The executive committee assists the CEO by acting for the board in managing the company's business, subject to statutory limitations but enabled by the board's delegation of authority to the CEO and the executive committee. The executive committee, in carrying out its duties, has due regard for the code of governance principles in King IV and the company's MoI.

The board reserves overall responsibility for establishing the business objectives and targets of the company, and for the strategic direction and control of the company's business activities. Between board meetings, the executive committee is authorised, subject to its delegated powers and reporting its significant decisions to the next available board meeting, to take management action it considers necessary to safeguard the company's interests, and to enhance and drive the strategy, business objectives and targets established by the board.

Our executive committee, in the authorities delegated to it by the board, is responsible for, among others:

- Overseeing the company's financial, operational and sustainable performance
- Guiding the company in its relations with shareholders and other key stakeholders, including employees, regulators, government, customers, suppliers and the media
- Developing and recommending group strategy for board approval
- Reviewing strategic KPIs approved by the board
- Overseeing implementation of board strategy within the board's risk appetite approach
- Reviewing the adequacy of reporting arrangements and the effectiveness of internal control and risk management
- Approving expenditure and other financial commitments specified in the delegation of authority framework
- Making recommendations to the board, where expenditure and other financial commitments are above the authorities delegated to the executive, seeking necessary approvals
- Recommending memoranda that require formal recommendation in terms of the delegation of authority framework to board committees and/or the board
- Loading memoranda to be noted by board committees and/or the board into the digital reading room at least seven working days before the board committee or board meeting to ensure members and standing invitees are familiar with the contents and that the documents are of the required standard
- Performing other functions determined by the board from time to time
- Reviewing and approving terms of reference of the coal executive and investment review committees

**| Executive gender diversity (%)****| Executive age diversity (%)**

## OUR EXECUTIVE TEAM continued

### EXECUTIVE COMMITTEE PERFORMANCE

#### Executive committee meeting attendance

The executive team held six meetings and eight special meetings in 2020. The high level of attendance is testament to their commitment in managing the business. Attendance is outlined in the table below.

Members	Designation	Attendance
Mxolisi Mgojo	CEO and chairperson	100%
Vanisha Balgobind	Executive head: human resources	100%
Wim Diedericks*	Executive head: strategy and business development	100%
Riaan Koppeschaar	FD	100%
Alex de Angelis**	Executive head: strategy and business transformation	100%
Johan Meyer	Executive head: projects and technology	91%
Mzila Mthenjane	Executive head: stakeholder affairs	100%
Nombasa Tsengwa	Executive head: coal operations (managing director: Minerals)	100%
Mongezi Veti	Executive head: sustainability	100%
Saret van Loggerenberg	Company secretary (ex officio)	91%

\* Wim Diedericks was seconded to the divestment project on 1 April 2020.

\*\* Alex de Angelis was appointed an executive member on 1 April 2020.

### GROUP COMPANY SECRETARY

Saret van Loggerenberg was appointed group company secretary and legal from 1 October 2017. Following her resignation on 18 February 2021, Karen Maré of Inlexso Proprietary Limited was appointed interim group company secretary. The board recognises the pivotal role that the company secretary plays in the establishment of effective processes and systems to ensure that good corporate governance forms part of the fibre of the organisation and is entrenched in the organisation's culture.

The role and responsibilities of the company secretary and legal are described below.



In compliance with paragraph 3.84(i) of the JSE Listings Requirements, an annual evaluation of the incumbent company secretary was conducted in 2020 to consider and satisfy the board of Saret van Loggerenberg's competence, qualifications and experience.

The board was comfortable that she maintained an arm's length relationship with individual directors and that she was neither a director nor a public officer of the company or any of its subsidiaries.

# REMUNERATION AND NOMINATION COMMITTEE REPORT

**Dear shareholders,**

We are pleased to present the remuneration and nomination committee report for the year ended 31 December 2020.

 In an extraordinary year, extraordinary workload and leadership were required of this combined committee. This committee enables the board to effectively discharge its duties in relation to the group's delegated remuneration and nomination functions and powers in accordance with clear terms of reference. Due to the challenges imposed by the COVID-19 pandemic, the committee's activities included deliberation of the appropriateness of the remuneration policy and resultant outcomes. This supported changing strategic objectives and an appropriate response to unprecedented health, safety and economic challenges. The committee is satisfied that it fulfilled the requirements of its terms of reference and the objectives of the remuneration policy were met without material deviation.

## ROLE AND PURPOSE

The committee is accountable to the board for the execution of its independent and objective oversight that will:

- Assist the board in ensuring the group remunerates fairly, responsibly and in a transparent manner to promote achievement of strategic objectives and positive outcomes in the short, medium and long term
- Make recommendations to the board to ensure:
  - The board and its respective committees have the appropriate composition for it to execute its duties effectively
  - Directors are appointed through a formal process
  - Induction and ongoing training and development of directors take place
  - Formal succession plans for the board, including executive directors, are in place
  - The performance of the board, its committees and individual members is regularly evaluated

The committee does not assume the functions of management, which remains the responsibility of executive directors, prescribed officers and other members of senior management. It also does not assume accountability for the functions performed by other committees of the board.

Where board committee focus areas dovetail or overlap with this committee's oversight, there is seamless collaboration between committees to execute the boarder effectiveness objective of the board. For example, in support of the diversity and inclusion strategy execution, as it applies to fair pay or the application of mechanisms to achieve and exceed employment equity.

## COMPOSITION, DUTIES AND RESPONSIBILITIES

The board ensures committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions.

During the review period, the committee comprised four non-executive directors, the majority of whom are independent. The board chairperson is an ex officio member and presides as chairperson when the committee fulfils its responsibilities on nomination matters. Standing attendees, by invitation, include the CEO, FD, chief risk officer, executive head: human resources and other individuals with specific skills and expertise to assist members in their deliberations.

### Duties and responsibilities of the remuneration committee

- Remuneration governance
- Executive and senior management remuneration and performance
- Non-executive director remuneration
- Mandates for non-bargaining and bargaining unit employees salary negotiations
- Performance management governance

### Duties and responsibilities of the nomination committee

- Board and board committee composition
- Nomination and appointment of directors
- Induction and ongoing development of directors
- Board and board committee succession planning
- Board and board committee performance evaluation

## MEETINGS

The committee held 14 meetings during the year. The COVID-19 pandemic, filling of non-executive director vacancies and recruiting the managing director for the energy business resulted in extraordinary workload for the committee. Only bereavement or unforeseen personal circumstances prevented full attendance.

Members	Designation	Attendance
Ras Myburgh	Independent non-executive director and remuneration committee chairperson	100%
Jeffrey van Rooyen	Independent non-executive director and nomination committee chairperson	100%
Geraldine Fraser-Moleketi	Lead independent non-executive director	93%
Zwelibanzi Mntambo	Non-executive director	86%

## 2020 OVERVIEW

We provide full reports of the remuneration and nomination committees in the following pages, detailing, among others, the committees' discharge of their responsibilities in the 2020 financial year.

# REMUNERATION COMMITTEE REPORT

## 2020 key highlights

- Clear strategy to preserve jobs – no reward allocation approved for executive, specialist and management category employees
- No salary adjustment for CEO, FD, group company secretary, specialist and management category employees, demonstrating responsible remuneration practices in COVID-19 context
- Clear demonstration that stakeholder concerns are addressed – board-approved remuneration philosophy including malus and clawback terms as well as minimum shareholding requirements
- No fee increase applied to non-executive director fees

As part of its remuneration governance objectives and commitment to fair and responsible remuneration, the committee reviewed the remuneration philosophy and underpinning principles in 2020. A malus and clawback policy was introduced and minimum shareholding requirements implemented for executives.

 Details can be found in the remuneration report on page 142.

In support of the company's strategic objective to power better lives in Africa and beyond, the committee recruited and nominated for board appointment, the managing director of the energy business. This recruitment process necessitated the committee to develop and adopt international remuneration principles for the group, tailored to considerations of cost and affordability, fairness and attractiveness.

### Remuneration policy and implementation report

The King IV "say on pay" recommendations were made mandatory by incorporation in the JSE Listings Requirements. Companies listed on the JSE are required to table non-binding advisory shareholder votes on remuneration at AGMs. The JSE requires listed companies to engage with dissenting shareholders, and the manner and timing of such engagements must be disclosed.

Exxaro's extensive engagements with shareholders on the remuneration advisory resulted in 25% or more votes against at the 2018 and 2019 AGMs. Following actions by the company, we are pleased to report that our shareholders, through a non-binding vote, approved the company's remuneration policy and its implementation with only 4.63% against in 2020.

### Malus and clawback policy

Following an independent review of the current remuneration offering in 2019, malus and clawback provisions were introduced into the remuneration offering. This is aligned with King IV™ recommendations and preferences expressed by shareholders, and includes:

- Reduction to zero and/or cancellation of unpaid short-term incentive (STI) and special performance reward (SPR), unvested or unsettled long-term incentive plan (LTIP) and deferred bonus plan (DBP) when the board is aware of a trigger event and seeks to fulfil its fiduciary duty to shareholders by invoking its discretion to reduce, cancel and/or recoup the incentive remuneration
- In respect of incentive remuneration already vested, exercised, settled, paid or otherwise made available and a trigger event is discovered, the board may seek to fulfil its fiduciary duty to shareholders by invoking its discretion to seek recoupment of the value of the incentive remuneration amount



**Ras Myburgh**

Remuneration committee chairperson

### Responsible remuneration

The committee approached responsible remuneration with clear and simple people-first objectives, supporting continuous operation as a matter of priority during the COVID-19 pandemic. Moreover, the committee elevated the importance of promoting cross-cutting employment equity principles by addressing the wage gap during these times of economic pressure. The company moved to counter the pressure on household income by launching the Greenshare employee share option plan (ESOP). The committee deemed it necessary to review and refresh the services of remuneration advisers with promising results.



Greenshare will pay a cash amount to qualifying employees, equal in value to a dividend payment of 560 Exxaro shares less dividend tax without vesting end date. When the company declares a dividend, Greenshare will pay qualifying employees a cash payment after dividend tax.

# NOMINATION COMMITTEE REPORT

## 2020 key highlights

- Consideration and development of the diversity and inclusion policy
- Ongoing succession planning for the board and board committee
- Guidance and nomination of new non-executive directors to be appointed to the board



**Jeffrey van Rooyen**

Nomination committee chairperson

### Diversity policy

Achieving suitable board composition and appropriate balance of power between individual directors and/or groups of directors so the board will operate effectively and in the interests of the company, requires deliberate policy parameters and careful consideration.

The JSE Listings Requirements seek to strengthen regulation of primary and secondary listings, and require companies to adopt a policy on the promotion of broader board diversity, focusing on gender and race, with a 12-month transition period. The amendment is set out in paragraph 3.84(i) of the updated JSE Listings Requirements. The board of directors or nomination committee must have a policy on the promotion of broader diversity at board level, specifically focusing on promoting gender, race, culture, age, field of knowledge, skills and experience.

The committee considered several drafts of the diversity and inclusion policy during the period under review in setting clear voluntary diversity targets informed by the company's Mol and considerations of reasonableness. These were considered by the

social and ethics committee as well as the nomination committee in respect of board composition with the following agreed targets:

- Size – minimum of four and maximum of 20 members
- Race – 60% black
- Gender – 40% black women
- Age – average of 55 years
- Tenure – average tenure of seven years (two years mentoring a successor)
- Appropriate diversity mix based on prevailing strategic objectives
- Prevailing business, commercial and industry experience needed to govern the organisation includes preference for experience in finance, environment and sustainability, mining, renewable energy, technology and innovation, transformation and ethics, governance and compliance, leadership, stakeholder relations, health and safety, and legal (subject to change)

### Board composition

In terms of the company's Mol, one-third of non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years. This means this committee has the responsibility to annually consider the names of directors to retire and be recommended for re-election to shareholders during the AGM. This is conducted with the utmost responsibility and assessment includes the individual's performance, meeting attendance, age and diversity targets, the need to introduce members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity. A fit and proper assessment is also conducted to consider whether a director is regarded as fit and proper to continue as director, including assessment of skills, experience, qualifications and integrity.

In accordance with the company's Mol, a non-executive director who has reached the age of 70 years or older will retire. As the chair of the board reached the age of 70 in 2020, an evaluation was conducted in terms of the above criteria and he was recommended for re-election at the 2020 AGM.

### Nomination and appointment of directors

Due to resignations and retirements of three of our directors in 2019 and 2020, and to fulfil our board mandate, this committee had to identify suitable candidates to be appointed to our board. This responsibility goes with board performance and succession planning, including consideration of the requirements of the business in skills and experience as well as the board's voluntary diversity targets.

Although no appointments were made in 2020, the board appointed, with effect from 1 February 2021, Chanda Nxumalo and Mandlesilo Msimang with effect from 15 March 2021. On 18 March 2021, Dr Nombasa Tsengwa was appointed as CEO-designate and a member of the board, with immediate effect. One other appointment has been underway since 2020. We hope to recommend three new directors for appointment at the 2021 AGM.

## NOMINATION COMMITTEE REPORT continued

### Induction and ongoing development of directors

Two governance sessions are scheduled annually when directors receive focused inputs from a regulatory, strategic and economic perspective. Throughout the year, our directors also receive information and opinions on changes within the regulatory framework. As no new directors were appointed in 2020, no inductions were scheduled.

### Succession planning

Succession planning for non-executive directors is typically iterative and part of an ongoing programme of planning and discussion by the nomination committee. Succession planning is based on a broader diversity policy, which is before the board for imminent approval. The policy is couched in a holistic approach to

diversity with the aim of inclusion and supporting the group's strategic focus areas. The committee considers planned retirement ages of existing members and addresses identified skills gaps following rigorous board effectiveness evaluation. In accordance with succession planning needs, the process of filling non-executive director vacancies is underway.

Given the changing context, the nominations committee's contribution to the process of a wide governance enhancement programme aims to align strategic changes in the group to board and board committee composition. Therefore, the committee's terms of reference and mandate were revised.

2020 KPIs	Evaluation
Ensure appropriate director appointments as per BEE transaction	Achieved
Review metrics for annual bonus to ensure alignment with Exxaro's strategy	Achieved
Consider effectiveness of current remuneration advisers and the need to change	Achieved
Review incentive plans to confirm desired impact	Achieved
Review board skills set and address representation and independence	Achieved
Ensure human resource policies as well as relationships with business and stakeholders are fair, consistent and sustainable	Achieved

### PERFORMANCE

The committee is not required by law to complete annual performance evaluations. While King IV recommends regular performance evaluations of board subcommittees, it is governance practice at Exxaro to biannually evaluate committee performance and effectiveness.  Exxaro's board committees embarked on a significant transformation journey in 2020, as detailed on page 100.

### CONCLUSION

The remuneration and nomination committee, in carrying out its respective duties, duly regards the principles and recommended practices of King IV. The committees are satisfied that they have considered and discharged their responsibilities in accordance with their terms of reference.

On behalf of the remuneration committee



**Ras Myburgh**

Remuneration committee chairperson

Eden district  
19 April 2021

On behalf of the nomination committee



**Jeffrey van Rooyen**

Nomination committee chairperson

# SUSTAINABILITY, RISK AND COMPLIANCE COMMITTEE REPORT

**Dear shareholders,**

I am pleased to present the sustainability, risk and compliance committee report for the year ended 31 December 2020.



## Peet Snyders

Sustainability, risk and compliance committee chairperson

## ROLE AND PURPOSE

The role of the committee is to oversee the company's consideration of, and performance in terms of, material non-financial issues, including social, risk, compliance, safety, health and environmental issues. The committee ensures these matters are integrated into strategy and economic performance.

This committee also coordinates risk and compliance activities for the group and leads (on behalf of the board) a coordinated approach to the company's long-term sustainable development philosophy, policies and performance management.

## 2020 key highlights

- COVID-19 response plan
- Agility to adapt to ever-changing business environment and risk presentations
- Settling insurance cover within hardened market for fossil fuels
- No major insurance incidents or claims
- Record safety performance
- Improved focus on compliance
- No major ESG incidents and overall ESG score/rating

# SUSTAINABILITY, RISK AND COMPLIANCE COMMITTEE REPORT continued

The committee is responsible for:

Sustainability	Risk management	Compliance
<p>The committee tracks the company's sustainability performance by reviewing significant sustainability incidents and KPIs, relevant data trends, considering actions to address areas of concern, and consequences of management decisions on the environment, community, health and safety of employees. It reviews the six capitals model to support Exxaro's strategy and ensures performance indicators are determined for every capital. It also oversees technical and operational matters pertaining to sustainability performance and reporting to the company.</p>	<p>The committee exercises oversight of enterprise risk management on behalf of the board and, in particular, key risks facing the group as well as responses to address these risks.</p>	<p>The committee reviews policies and activities designed to promote compliance culture in the company while ensuring that compliance is understood in terms of the obligations it creates as well as the rights and protections it affords. In this regard, the committee reviews legal and regulatory processes, and monitors compliance with laws and regulations, and codes of good practice. It also ensures compliance is monitored and reported by management, external or internal audit, and reviews and monitors reports indicating material compliance, breaches and corrective measures to prevent breaches.</p>

## COMPOSITION

The committee comprised four members to May 2020 and then three independent non-executive directors with the board chairperson as a standing invitee to all meetings. Standing invitees include the CEO, FD, executive committee members, the chief risk officer, chief audit officer and internal auditors. Individuals with the necessary technical experience to assist members in technical deliberations are invited as required.

Management supports the committee with risk meetings at the BUs, sustainability forums, safety and health forums as well as an internal crisis management team.

## MEETINGS

The committee held six meetings in 2020, two of which were special meetings. The table below is an overview of meeting attendance in 2020.

Name	Designation	Attendance
Peet Snyders	Independent non-executive director and chairperson	100%
Mark Moffett	Independent non-executive director	100%
Ras Myburgh	Independent non-executive director	100%
Anuradha Sing*	Independent non-executive director	100%

\* Anuradha retired by rotation on 28 May 2020.

## SUPPORTING VALUE CREATION

### Strategic focus areas

#### Safety

The Khetha Ukuphepha campaign made good progress. The committee supported safety and health targets for 2020, which again included a fatality target of zero as well as an HPI target of zero. The group achieved 46 months without a fatality in 2020. Employee health and safety contributes significantly to sustainability in the mining industry. Therefore, the company hosts the annual Sustainability Summit to discuss health and safety issues with employees. A safety culture, among contractors and employees, is entrenched with management supervision and performance-related scoring, including safety as a key component. COVID-19 required adjusted implementation of the Khetha Ukuphepha campaign.

#### Health

When South Africa detected COVID-19 in March 2020, as an essential services provider, the coal mining industry (including Exxaro) was at the forefront of managing the pandemic. Members of the Minerals Council South Africa were proactive, in line with Department of Health as well as DMRE guidelines, in mitigating the risks.

Exxaro's implemented initiatives included:

- Two testing laboratories
- Partnership with community health centres to curb the spread of the virus
- Collaboration with municipalities in providing water and PPE to communities as well as healthcare workers
- A mental wellness programme to address emotional and financial stress experienced by employees due to COVID-19
- A 24-hour call centre to monitor individuals in isolation
- Deployment of oximeters for individuals in isolation
- Preventive awareness campaigns and education using peer health educators in host communities
- Defining Exxaro's new ways of conducting business and COVID-19 control measures in the "new normal" and beyond
- Temporary closure of the conneXXion building
- Mass mandatory COVID-19 screening and testing of employees
- Preparations through the Minerals Council for COVID-19 vaccine deployment

Regrettably, the group recorded nine deaths due to COVID-19 and a total of 2 626 confirmed cases at the end of March 2021. Uncertainties about new ways of working are constantly reviewed by management to ensure the correct measures and practices are in place.

## Sustainability

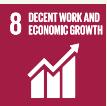
At Exxaro, everything we do today is geared towards ensuring a safer and more productive tomorrow.

Exxaro encourages collaboration, commitment and creativity in an environment that promotes safety, health, and wellbeing with respect and equality as prerequisites. These core values underpin our approach to sustainability.

Exxaro welcomes the 17 UN SDGs in recognising the need to address issues facing the global community in a targeted and measurable manner. To this end, Exxaro participates in the NBI to ensure that the 17 SDGs align with the country's NDP. Within our context, Exxaro is committed to supporting the country in the implementation of the NBI.

  For more information, refer to page 8 of this report.

Exxaro employs leading practice in upholding the following most material SDGs to leave a lasting net positive impact:

					
Ensure healthy lives	Provide quality education and lifelong learning	Empower girls and women to achieve gender equality	Generate and secure sustainable clean energy	Create jobs, sustainable livelihoods and equitable growth	Make our local communities inclusive, safe, resilient and sustainable
					
Manage natural resource assets sustainably	Combat climate change and mitigate its impacts	Protect our environment and minimise biodiversity loss	Ensure good governance, effective institutions, and stable and peaceful societies	Create constructive partnerships between ourselves, governments, the private sector and civil society	

## Risk management

The group's risk management processes and framework are mature. The layers are vertically integrated and provide input into the specific risk profiles. The board considers risk from a strategic level, the executive from a tactical level, and subsidiary and BUs consider risk operationally.



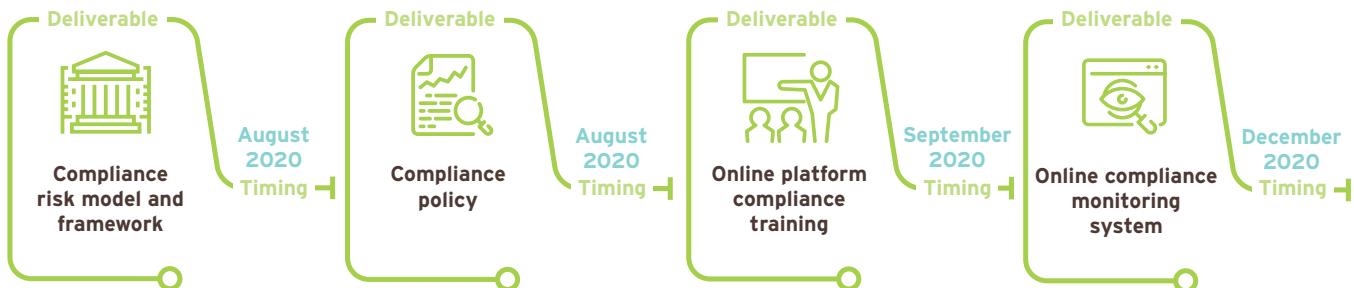
- Use risk management to test robustness and sustainability of strategy
- Commission risk-based audits
- Use risk management to ensure company and commodity strategies are achieved
- Monitor tactical and operational risks
- Monitor general controls
- Day-to-day management of risks and monitoring key controls (operations and projects)

# SUSTAINABILITY, RISK AND COMPLIANCE COMMITTEE REPORT continued

## Compliance

An analysis and evaluation of the current compliance environment and practices in the Exxaro group included studying existing data (policies and memoranda) and interviewing relevant stakeholders. Considered and planned activities were identified for the further development, and establishment of approved compliance standards and protocols within Exxaro.

A summary of activities to establish Exxaro's fully functional risk compliance management function appears below.



## Other key issues in 2020

### Regulatory compliance policy and report

The committee was informed of the compliance policy update in line with the business processes of the company. The policy intends to ensure that the board, executive heads and management discharge their oversight duties, and management of compliance risks and exposures. In addition, this provides a framework for management and the risk and compliance department to reinforce compliance culture throughout Exxaro. The purpose of the regulatory compliance report is to detail the company's activities with a view to establishing the risk compliance management function. The aim of establishing the risk compliance management function is to enhance risk identification and monitoring efforts.

### Climate change

A task force in collaboration with Trucost (S&P Global), was created to focus on climate-related financial disclosures as well as formulating the company's climate change position statement. A report on the company's position on global climate change was released in 2020, expressing its support for sustainable development and decarbonisation of energy generation. The implementation of the TCFD recommendations will include the following tasks and outcomes:

- TCFD benchmarking and gap assessment to identify current practice and compare Exxaro's practices against TCFD guidance to determine gaps and improvement opportunities (including board and management governance, strategy, and risk management as well as a review of climate-related metrics and targets)
- Physical risk assessment – Trucost will use its analysis tool and model to assess the physical climate change risks in Exxaro's operations and enable a climate change risk review for future investments
- Trucost analysis for qualitative and quantitative analysis of policy, legal, technology, market and reputation risks and opportunities, as well as socio-economic impacts and risks
- A summary of key findings and recommendations for Exxaro's internal use as well as one-day climate scenario workshops with internal stakeholders (informed by the results of the TCFD assessments)

### Exxaro's ESG performance

Over the past five years, Exxaro's FTSE Russell ESG index score for JSE-listed entities has steadily improved and moved into the top quartile of global performers within the basic resources supersector. This ESG momentum is currently in the top 22% of performers. The steady improvement in the final ESG rating since 2015 is notable. Relative to our peers, the score is that of a "best in class" coal mining company.

### SLP performance and host community development

The committee monitored SLP implementation progress through regular reporting from executive management. Our community benefit scheme is operating as an officially registered public benefit organisation called Exxaro Matla Setshabeng NPC. It aligns with the DMRE definition of community, positioned to enable regional development and partnerships with industry peers and government through the district development model. Among the five black directors, comprising three Exxaro representatives and two independent non-executive directors, are three women (one elected as chairperson) and two men. The community benefit scheme has capital of approximately R50 million from a donation and dividend received in 2020. The first wave of COVID-19 infections disrupted SLP delivery but significant expenditure in response to the pandemic amounted to R55.1 million, including a R20 million donation to the Solidarity Fund. Not all project schedules will be recovered but implementation is on track as rescheduled.

### Committees' terms of reference

The board charter review led to amendments of the code of conduct, which will be integrated into board committees' terms of reference. Furthermore, a new minutes approval process was recommended in line with the board charter.

### Safety leadership day

The committee was informed of the virtual Safety Leadership Day on 30 October 2020 across BUs to an audience of over 2 000 participants. Executive committee members were deployed to the BUs to acknowledge good safety performance, highlight areas of concern and encourage commitment to maintaining a safe workplace.

### Risk report and out-of-appetite KPIs

The following matters of significance were highlighted in the risk report:

- Safety and health concerns – safety and health controls are in place and working effectively. However, the current strained economic and political climate, pandemic health risk and work stress due to retrenchments by contractors are cause for concern, and could negatively impact the safety and health of employees
- Community unrest – the risk remains high in the current economic and political climate, and upcoming municipal elections are also a driving factor
- Eskom systemic risk – the financial viability of Eskom remains a concern
- Labour unrest – this seasonal risk usually increases during wage negotiations. Business continuity management activities at the BUs focused on the spread of COVID-19

2020 KPIs	Evaluation
Review current sustainability, risk and compliance committee KPIs for relevance in line with new approved strategy	Achieved
Once approved, review sustainability, risk and compliance committee KPIs quarterly and understand management plans for out-of-appetite KPIs, and periodically review management plans with enhancements requested in 2019	Achieved
Recommend the revised risk appetite after approval of the Exxaro strategy, including the growth strategy	Achieved
Periodically review the top risks pertaining to the group, key operations and mega operations	Achieved
Review the climate change strategy in light of recent changes to Exxaro's strategy	Achieved
Review Exxaro's top compliance risks	Achieved
Recommend the integrated report to the board for approval	Achieved

The out-of-appetite KPIs on the strategic performance dashboard received necessary attention to the satisfaction of the sustainability, risk and compliance committee. Significant risks brought to the board's attention were community unrest, Eskom systemic risk, health and safety concerns, and labour unrest. Improvement in material litigation was also reported to the board. BUs were fully licensed for operation.

## 2021 OUTLOOK

In addressing sustainability, risk and compliance in 2021, we will have to focus on business integrity, business resilience and integration. Exxaro has the necessary structures in place to ensure sustainable management of risks and sustainable business practices.

- Interview dated 10 February 2021

Exxaro rolled into 2021 with confidence and strength despite disruptions by lockdowns and protocol. We managed COVID-19 with distinction, made progress with the development of the sustainable growth and impact strategy, and delivered strong financial performance notwithstanding challenging economic conditions. The world of business in 2021 is distributed, dynamic and disrupted.

It will be distributed and interconnected across a web of business relationships with stakeholders, clients and third parties. It will be dynamic in that business changes from day-to-day – processes, employees, relationships, regulations and risks, and objectives change.

The disrupted business environment presents unique opportunities for mining companies to significantly shift their perceptions of doing business – 2020 was the poster child for business rolling into 2021.

Knowing the risks Exxaro already faces, I believe we should become agile in the way we do business. For the business to be agile in uncertainty, we will be influenced by rapid growth and change in risks, regulations, competitiveness, technology and business data.

When addressing sustainability, risks and compliance in 2021, we will have to focus on business integrity, business resilience and integration. Exxaro has the necessary structures in place to ensure sound risk management and ensure sustainable business. Moreover, we have the benefit of a new committee member to encourage us.

## PERFORMANCE ASSESSMENT

No legal or regulatory requirement compels the committee to complete annual performance evaluations. While King IV™ recommends regular performance evaluations for all board subcommittees, it is governance practice at Exxaro to biannually evaluate the committee's performance and effectiveness.

## CONCLUSION

The committee, in carrying out its duties, duly regarded the principles and recommended practices of King IV™, and discharged its responsibilities in accordance with its terms of reference amid the pandemic's challenges. Furthermore, the committee is satisfied that it has fulfilled its mandate in terms of the Regulations to the Companies Act, and that there are no material instances of non-compliance to disclose. If any material non-compliance existed, it was duly considered.

On behalf of the committee

### Peet Snyders

Sustainability, risk and compliance committee chairperson  
19 April 2021

## SOCIAL AND ETHICS COMMITTEE REPORT

**Dear shareholders,**

I am pleased to present the social and ethics committee report for the year ended 31 December 2020.



**Geraldine Fraser-Moleketi**

Social and ethics committee chairperson

### PURPOSE

The social and ethics committee performs a vital function in the company's governance structures. As a statutory committee of the company, it acts as the social conscience of the business and guides the company to act as a responsible business. The committee's role is that of oversight and reporting on the company's impact on the public interest and actions in support of the achievement of the SDGs.

**"Diversity is the what and inclusion is the how!"**

- Mail and Guardian webinar, 26 October 2020

### COMPOSITION

The committee comprised a majority of independent non-executive directors throughout the period as per the recommendations of King IV, which facilitates the application of independent judgement of committee deliberations and decisions. The chairperson of the board is a standing invitee at all committee meetings, as well as the CEO, FD and executive head: stakeholder affairs. Other people with specific skills and expertise are also invited to assist members in their deliberations, including the chief audit executive and chief risk officer.

The committee's composition is considered every year. Nominations for new members were passed at the AGM on 28 May 2020 with changes in membership effective from that date.

### MEETINGS

We held five meetings in 2020, including one governance workshop on committee mandate and impact enhancement. Committee attendance throughout the year illustrates high levels of engagement by members.

The following table provides an overview of member designations and attendance.

Name	Designation	Attendance
Geraldine Fraser-Moleketi	Lead independent non-executive director and chairperson	100%
Peet Snyders	Independent non-executive director	100%
Likhapha Mbatha	Non-executive director	100%
Isaac Mophatlane	Independent non-executive director	100%
Anuradha Sing*	Independent non-executive director	0

\* Anuradha retired by rotation on 28 May 2020.

### 2020 OVERVIEW – THE POWER OF BEING PRINCIPLED

#### Summary of social and relationship capital and human capital under this committee's mandate

At the forefront of this committee's priorities were employees' and contract workers' safety and uninterrupted operation. Exxaro continued to lead and set the industry standard in its efforts to care for the health and safety of employees and communities around its operations.

Two COVID-19 screening facilities were jointly procured, certified, staffed and equipped with testing kits to create additional capacity in the production and turnaround of laboratory results. Procuring the units not only demonstrated the collective buying power of mining houses but prioritisation of health and safety. Committee members were proud contributors in this instance of social good.

Coupled with physical health and wellbeing was the appreciation that a programme of integrated wellness was also required with particular attention to mental health support for employees and

contractors alike. Additional support, tolerance and empathy were specific points of deliberation in respect of the multiple role burden placed on an employee as worker, educator, healthcare service provider, partner, breadwinner and many more as a consequence of work-from-home protocols.

 Further details regarding the expansive and inclusive integrated wellness programme can be found on page 122. We provide information about workers' access to non-occupational medical and healthcare services, and the scope of access provided to employees.

The committee made every effort to expedite access to income generation on available farming land. The farm leasing programme, social infrastructure projects and Hlobane feedlot programmes were among the committee's many social investment focus areas. Progress and establishment of the community benefit scheme, Matla Setshabeng, also received particular committee attention. The committee is pleased to announce the appointment of the directors and launch of the first meeting of the newly established Matla Setshabeng board.

### Diversity and inclusion strategy

The committee focused on achieving its workforce transformation mandate. It took a stance beyond mere compliance with relevant transformation legislation to achieve the spirit and purpose of such legislation. Much excitement was generated with the involvement of widely representative work streams in forming a gender charter. The challenges facing women in mining are still rife but there is a targeted programme with specific oversight by this committee. Although we focus on achieving targets in these areas, it is important to highlight that our transformation journey seeks to create an enabling environment in all people-related matters like development, talent management, retention and fair remuneration of historically disadvantaged people. The improvement in significant milestones of inclusion demonstrates the value added by the committee in its determination to lead in an inclusive manner.

The committee also focused on leveraging supply chain opportunities more effectively and increasing spend with black-owned companies. In addition, enterprise development forms part of a varied programme of interventions. Under the guidance of this committee, the company achieved level 2 status with the best performing elements being ownership, ESD and socio-economic development. We are pleased to report that spend for the year exceeded the targets across all elements, including local black-owned and black women-owned businesses.

### Ethics programme

During 2020, the company implemented the following:

- Compulsory online anti-bribery and anti-corruption training for all employees at top, senior and middle management levels
- Completion of an ethics survey and culture baseline study to determine if there are additional areas in need of improvement regarding anti-bribery and anti-corruption as well as organisational culture with respect to ethics
- Reporting mechanisms were tested for effectiveness and some areas were recommended for improvement:
  - Initiation of a dedicated advice line
  - The chief risk officer should chair the ethics management committee
  - Clarity and training on an available channel for tabling grievances and fraudulent or corrupt activity
  - Concerns about the transparency or outcome of unethical or unlawful behaviour with the impression that nothing was done when it most certainly had been addressed

Exxaro was positively ranked three out of 100 corporations in a report released by Corruption Watch and Transparency in Corporate Reporting 2020. This report looks at 100 corporations operating in South Africa and reporting publicly on three themes:

1. Anti-corruption programmes
2. Organisational transparency in relation to disclosure of information on subsidiaries and other associated companies
3. Country-by-country reporting of key financial data from operations outside South Africa

The results excellently reflect Exxaro's work over the past few years to enhance and entrench its anti-corruption programme.

It is noteworthy that the company's ethics programme encompasses identification and combatting at least two different forms of bribery-related activity, especially when engaging with organs of state as well as suppliers of goods and services.

Contractors, vendors and third parties are also made aware that they are welcome and indeed expected to report corrupt activity. The mechanisms are written in a contract and published on our website as well as visible posters.

The underpinning code of ethics was thoroughly reviewed for relevance and effectiveness. The committee was satisfied that the required standards were clearly communicated and adopted a revised code of ethics. In addition, a revised fraud investigation policy, a revised fraud response policy and a revised fraud prevention policy were adopted in support of the reporting, investigation and management of actual or suspected unethical conduct.

The table below discloses the forensic investigation activity in 2020:

		2020	2019
Investigations and hotline calls	Number	<b>332</b>	251
Disciplinary inquiries	Number	<b>69</b>	124
Criminal cases registered with South African Police Service	Number	<b>58</b>	86
Arrests	Number	<b>16</b>	32
Total crime (including copper theft)	Number	<b>145</b>	159
	Value	<b>R6 463 134</b>	R3 898 067
	Value recovered	<b>R2 705 889</b>	R591 654
Copper theft	Number	<b>38</b>	57
	Value	<b>R769 644</b>	R3 541 404
	Value recovered	<b>R261 145</b>	R295 397

## SOCIAL AND ETHICS COMMITTEE REPORT continued

### Other key issues that received attention during the year

- **Development of a sustainability and impact socio-economic development strategy:** The sustainability and impact strategy is an integrated socio-economic development strategy as part of the overarching Exxaro strategy to ensure social impact with regard to powering better lives in Africa and beyond. The programme includes topics material to key stakeholders and the company. For example, the municipal capacity-building programme is born out of the realisation that, without sound and functioning local government, the burden of service delivery shifts to privately owned business. Although local government has the budget, there may be areas where skills, expertise and resources could better support public administration
- **The environment, health and public safety:** Mine invasions, copper cable and diesel theft as well as community unrest in many areas were highlighted as real concerns for the mining industry and government. The committee recognised the need for better communication within communities where Exxaro operates to ensure transparency of investment contributions made by Exxaro
- **Holding statements:** Throughout the year, the committee considered holding statements issued against various service providers, which expressed the serious need for corporate South Africa to address the root causes of irregularities and strong commitment to ethics
- **Terms of reference:** The committee's terms of reference were reviewed by external assurance providers and recommendations for improvements are being implemented

The table shows the average rating for each KPI. A rating of one to four was used with one as the lowest and four as the highest score.

2020 KPIs	Evaluation
<b>Transformation:</b> Diversity and inclusion strategy, enterprise and supplier development as well as communities and land management (farming land) to outline all elements relating to transformation including regulatory requirements already measured through the strategic performance dashboard	Achieved
<b>Stakeholder management:</b> Focus on employee and union engagement, customers and suppliers, investors, media and NGOs	Achieved
<b>Culture journey:</b> Embedding the current culture and considering changes emanating from the growth strategy	Achieved
<b>Ethics:</b> Anti-bribery and anti-corruption interventions and awareness	Achieved
<b>Employee wellness:</b> Health and safety strategy	Achieved
<b>Environment strategy:</b> Non-regulatory	Achieved

### PERFORMANCE

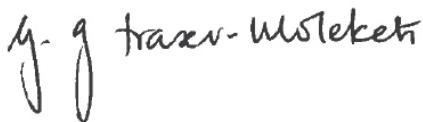
There is currently not a legal or regulatory requirement for the committee to complete annual performance evaluations. While King IV recommends regular performance evaluations for all board subcommittees, it has become governance practice at Exxaro to biannually evaluate the committee's performance and effectiveness.

### DISCLOSURE

The committee, in carrying out its duties as prescribed by the Regulations to the Companies Act, duly regards the principles and recommended practices of King IV, and discharges its responsibilities in accordance with its terms of reference.

The committee is satisfied that it has fulfilled its mandate in terms of the Regulations to the Companies Act and that there are no material instances of non-compliance to disclose. If any material non-compliance existed, it was duly considered.

On behalf of the committee



**Geraldine Fraser-Moleketi**

Social and ethics committee chairperson

19 April 2021

# AUDIT COMMITTEE REPORT

**Dear shareholders,**

I am pleased to present the audit committee report for the year ended 31 December 2020.



**Vuyisa Nkonyeni**

Audit committee chairperson

## ROLE AND PURPOSE

The committee is an independent, statutory committee whose members are appointed annually by Exxaro's shareholders in compliance with section 94 of the Companies Act and the principles of good governance. In terms of the Companies Act, this committee has an independent role with accountability to the board of directors and shareholders of the company.

The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability of the functions performed by other committees of the board of directors. In addition to the Companies Act, the committee's duties are guided by the Listings Requirements, King IV and its terms of reference.

The committee is governed by its terms of reference that codifies its roles and responsibilities. To assist the board of directors, the committee plays an essential role in providing independent oversight over the following:

- Quality and integrity of the financial statements and related public announcements
- Integrity and content of the integrated reporting process
- Qualification and independence of the external auditor
- Scope and effectiveness of the external audit function

- Scope and effectiveness of the overall combined/integrated assurance process
- Effectiveness of the internal controls and internal audit function
- Integrity and efficacy of the risk management process relating specifically to internal controls and financial reporting risks through assurance over the system controls and policies in place.

The committee's terms of reference were reviewed by external assurance providers and recommendations for improvements are in the process of implementation.

## COMPOSITION

The committee members are elected annually by the shareholders at the AGM of the company on recommendation by the board of directors (via the remuneration and nomination committee). The board of directors ensures, through its recommendations, that there is a balanced blend of skills and experience, with specific focus on financial literacy, to enable the committee to discharge its function.

For the year under review, the committee had four independent non-executive directors. The board of directors is satisfied that the committee members have the necessary academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The CEO and finance director together with members of the executive team and senior management representing areas relevant to the discussions at the audit committee, as well as the independent external auditor, the chief audit officer and chief risk officer attend meetings either by standing invitation or as and when required.

## MEETINGS

Four quarterly and three special meetings were held by the committee during 2020. The committee member's attendance of almost 100% throughout the year demonstrates high levels of engagement by the committee members.

The following table provides an overview of designations and the members' attendance at meetings held during the period under review:

Name	Designation	Attendance
Mr V Nkonyeni	Independent non-executive director and chairperson of the audit committee	100%
Mr MJ Moffett	Independent non-executive director	100%
Mr LI Mophatlane	Independent non-executive director	85%
Mr EJ Myburgh	Independent non-executive director	100%

Two additional sessions are held annually with the independent external auditor and independent internal auditor, respectively, where management is not present, to facilitate an exchange of views and concerns to further strengthen the independent oversight by the committee.

# AUDIT COMMITTEE REPORT continued

## STATEMENTS

### Finance director and finance function

The committee has considered and reviewed an internal assessment of the expertise and experience of Mr PA Koppeschaar CA(SA), the finance director, and is satisfied that he has the appropriate experience and expertise to meet his responsibilities. The evaluation also considered the appropriateness of the expertise and adequacy of resources in the finance function.

### External auditor

The independent external auditor is PwC. The committee having assessed the suitability of the appointment of the external auditor and designated audit partner, is satisfied that PwC is independent of the group as per section 94(8) of the Companies Act.

Fees paid to PwC are disclosed in note 6.1.3. Exxaro has an approved policy to regulate the use of non-audit services by the independent external auditor, which differentiates between permitted and prohibited non-audit services and specifies a monetary threshold against which approvals are considered. In the review period, PwC was paid R38 million (2019: R36 million), which included R30 million (2019: R28 million) for statutory audit and related activities as well as R8 million (2019: R8 million) for non-audit services, mainly for advisory and tax compliance services, management accounting services, assurance and other advisory services. The committee is satisfied with the level and extent of non-audit services rendered during the year by PwC and that these did not affect its independence.

The committee annually assesses the independence of PwC and completed this assessment at its meeting held on 12 March 2021, PwC was required to confirm that:

- It is not precluded from re-appointment due to any impediment in section 90 (2)(b) of the Companies Act
- It remains independent, as required by section 94 (7)(a) of the Companies Act and Listings Requirements.

Included in its assessment of the suitability of the independent external auditor, PwC was also requested to provide its accreditation information, as detailed in the Listings Requirements.

Based on this assessment, the committee again nominated PwC as independent external auditor for the year ending 31 December 2021. Due to the importance of this appointment, the shareholders will therefore be requested to re-elect PwC in this capacity for the 2021 financial year at the AGM on 27 May 2021, which is contained in the notice of the AGM for 2021.

Mandatory audit firm rotation becomes effective on 1 April 2023 in terms of section 10 of the Auditing Profession Act of 2005. The board of directors, through this committee, resolved to undertake a formal process to appoint a new firm as independent external auditor prior to the 2023 effective date.

Following an assessment process, this committee, with the endorsement of the board of directors, will recommend the appointment of a new independent external auditor at the AGM for 2021. The appointment will be in respect of the financial year ending 31 December 2022 and will be effective from the conclusion of PwC's external audit responsibilities for the financial year ending 31 December 2021.

During the current year, PwC continued its partnership with Ngubane & Co, a level 1, B-BBEE company as part of its audit team to extend Exxaro's commitment to transformation.

### Internal auditor

The internal audit function is partially outsourced to EY under the management control of Exxaro's Chief Audit Officer. Their responsibilities are detailed in an internal audit charter approved by this committee, which is reviewed and approved annually. The main function of internal audit remains to express an opinion on the

effectiveness of governance, risk management and systems of internal controls as well as the internal control environment within the Exxaro group of companies. Furthermore, the internal audit function provides an independent, objective assurance and consulting service designed to add value and improve the organisation's operations. The committee is satisfied with the overall performance of the internal audit function services provided by EY.

To allow for audit firm rotation and, notwithstanding the fact that the board of directors is satisfied with the independence, conduct and quality of internal audit services being rendered by EY, the committee recommended the appointment of a new independent internal auditor through a formal process. Following an open request for proposal process, the board of directors, on recommendation of this committee, have appointed PwC as the group's new internal auditor, effective from 1 April 2022. As part of the tender process the committee also ensured that the preferred bidder partnered with a 51% or more black owned exempted micro-enterprise (EME)/qualifying small enterprises (QSE).

In continuing to strengthen the internal audit function, to be a fit for purpose, adding value and given Exxaro's evolving business model, the internal audit approach had been refreshed with key features.

### Annual financial statements

The group and company annual financial statements 2020 were prepared by management, reviewed by this committee and the board of directors, and were audited by the independent external auditor. The committee is satisfied that the group and company annual financial statements 2020 comply with the relevant provisions of the Companies Act, IFRS, interpretations issued by the IFRIC, the Listings Requirements as well as the applicable accounting policies and practices. The committee is also satisfied that the group and company annual financial statements 2020 fairly present a balanced view of the group and company's financial position, financial performance and cash flows for the financial year ended 31 December 2020.

### Statement on effectiveness of internal financial controls

The committee, with input and reports from the independent external auditor and internal auditor, reviewed the system of internal financial reporting procedures, as underpinned by the enterprise risk management framework, during the year. This review included consideration of all Exxaro entities within the consolidated group, to ensure that the committee had access to all the financial information to allow for effective preparation and reporting on the group and company annual financial statements 2020. Informed by these reviews, the committee confirmed that there were no material findings that came to the attention of the committee to indicate ineffectiveness of internal financial reporting controls during 2020.

### Combined assurance

As required by the King IV, assurance has been broadened to cover all sources of assurance, including external assurance, internal audit, management oversight and regulatory inspectors. In addition, the combined assurance model has been expanded to incorporate and optimise all assurance services and functions so that, taken as a whole, these enable an effective control environment and also support the integrity of information used for internal decision making by management, the governing body and its committees and of the organisations external reports.

An annual audit plan is submitted for approval to this committee, detailing all proposed assurance activities within the group, including the level of assurance to be provided. This committee ensures alignment of the combined assurance plan, internal audit plans and external audit plans. Risk acceptance, level 1 finding disclosure process and risk extension requests are adopted as protocols.

As the committee's role to review the effective establishment and operation of combined assurance within the group and to this end the company established the CAF. The committee is satisfied that the CAF constituted as a working group serves as a platform to coordinate Exxaro's assurance functions specifically the internal assurance functions, including internal audit, and externally sourced independent assurance functions. In addition, the CAF coordinates assurance coverage for Exxaro's risk exposure as identified and ranked by Exxaro's risk management functions including optimisation of assurance functions aligned to King IV recommended practices for assurance. The CAF is an internal management structure and forms part of the internal governance structure of the entity and, along with the rest of the internal governance structure, falls under executive oversight.

The committee is satisfied with the arrangement in place for ensuring an effective and efficient combined assurance model within the group.

### Technology and information governance

In terms of King IV, the committee exercises an ongoing oversight over technology and information governance. In addition, the committee governs technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

In fulfilling management's responsibility to implement and execute effective technology and information management, a strategic Information Management (IM) Committee will be established in the first half of 2021 to formally review items such as IM strategy alignment to business strategy, IM performance metrics, IM risks, investment priorities, IM operating model implementation and budget guidance.

### FOCUS AREAS IN 2020

Areas of focus that the committee provided oversight on during the year under review included:

#### Impact of the COVID-19 pandemic

Assessing and monitoring the group's cash resources, credit facilities, accordion facility and ensuring compliance with borrowing covenants in the dynamic economic environment.

#### Internal audit whistleblowing report

The committee is satisfied with results of the benchmarking of the process to leading business practice and the Committee of Sponsoring Organisations (COSO) fraud risk management guide which indicated that most elements which contribute to an effective whistleblowing mechanism are in place.

#### Exxaro Insurance Company Limited

A formal memorandum is submitted quarterly to the committee, setting out the main activities of the insurance company. Appointment of independent non-executive directors and insurance renewal processes were amongst items considered by the committee during the period under review.

#### Cennergi business combination

The committee considered various accounting issues, in terms of IFRS 3 *Business Combinations*, regarding the accounting for the Cennergi business combination.

### Tax compliance status and reporting

Reporting to the committee includes reporting on all tax matters, including tax audits, returns and payments.

#### Headline earnings

The committee considered the guidance issued by SAICA regarding the calculation of headline earnings during the year under review.

#### Macros and commodity price forecast review

During the year under review, the committee reviewed and was satisfied with the key macro-economic indicators and assumptions used to compile the 2021 budget.

#### JSE guidance letter

As recommended by the JSE, the committee reviewed the JSE guidance letter from the Committee Forum in respect of the responsibilities of committee members as set out in paragraph 3.84 (g) of the Listings Requirements.

#### Reportable irregularity

The company brought to the attention of the group's independent auditor a possible reportable irregularity relating to a perceived breach of fiduciary duties by a prescribed officer of the group. Prior to this disclosure of the possible reportable irregularity to the independent auditor, the company had taken various steps and implemented measures to address the issues concerned. The independent auditor has confirmed that the reportable irregularity was not ongoing and had been duly addressed, and reported accordingly to the Independent Regulatory Board of Auditors.

#### Other key issues

Other key issues that received attention during the year included, among others, the following:

- The going concern statement and solvency and liquidity assessment in terms of section 46 and 48 of the Companies Act as at 30 June 2020 and 31 December 2020
- Financial results and dividend declarations for the six-month period ended 30 June 2020 and year ended 31 December 2020
- Trading statement for the six-month period ended 30 June 2020 and year ended 31 December 2020
- Valuation of group carrying amounts in respect of various investments at 30 June 2020 and 31 December 2020
- Status on subsidiary rationalisation process
- Revision in the allocation of subsidiary corporate costs to the reportable segments in line with reporting trends and better disclosure
- Noting of the annual financial statements of major subsidiaries (as defined by the Listings Requirements) within the Exxaro group of companies
- New and revised accounting standards and pronouncements were brought to the attention of the committee for consideration
- Revised Group Treasury Risk Management and Hedging Policy

## AUDIT COMMITTEE REPORT continued

### KEY PERFORMANCE INDICATORS

The below table shows the KPIs for the committee:

2020 KPIs	Evaluation score
Review audit committee KPIs quarterly and review management plans for out-of-appetite KPIs	Achieved
Review the IM strategy in relation to deployment of new post-modern ERP solutions to ensure acceptable cost, risk and alignment to the Exxaro strategy	Achieved
Ensure alignment of the combined assurance process, internal audit plan and external audit plan in terms of a risk-based approach	Achieved
Review Exxaro's future strategy in relation to insurance cover and self-insurance, taking into account global resistance to thermal coal and the impact on insurance markets	Achieved
Track the closing of level 1 internal audit findings, understand the root causes of level 1 internal audit findings and repeat internal audit findings	Achieved
Oversee the assurance process associated with disclosures in the integrated report	Achieved
Oversee the project plan for financial and risk-based disclosures in terms of Exxaro's aim to comply with the Task Force on Climate-related Financial Disclosures	Achieved
Provide guidance and assistance to the chief audit officer specifically in relation to the internal audit and external audit tender processes	Achieved
Ensure alignment with JSE proactive monitoring framework for financial reporting	Achieved
Benchmarking and measurement of the effectiveness of assurance spend	Achieved
Proactive influencing rather than mere reporting of tier 3 assurance at BUS	Achieved

### PERFORMANCE EVALUATION

There is currently neither a legal nor a regulatory requirement for the committee to complete annual performance evaluations and, while King IV recommends regular performance evaluations for all board of director subcommittees, it has become a governance practice at Exxaro to have the subcommittee's performance and effectiveness evaluated biannually. The board of directors embarked on a significant transformation journey in 2020 with regards to the terms of reference and structures of its board committees, as detailed in the governance section of this report.

### CONCLUSION

The committee, in carrying out its duties, has due regard to its terms of reference, the Companies Act, the Listings Requirements, as well as the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference and fulfilled its mandate in terms of the Companies Act and King IV.

The committee would like to thank management for all the hard work done during these unprecedented times and circumstances.

On behalf of the committee

**Vuyisa Nkonyeni**  
Audit committee chairperson

19 April 2021

**Governance**

## INVESTMENT COMMITTEE REPORT

**Dear shareholders,**

I am pleased to present the investment committee report for the year ended 31 December 2020.



**Isaac Mophatlane**

Investment committee chairperson

### ROLE AND PURPOSE

The committee has an independent role in monitoring on behalf of, and reporting to, the board on material acquisitions, mergers and investments or disposal opportunities as well as ongoing material transactions and related matters in the scope of business of tomorrow activities. Investments that relate to coal operations and materials of the future are not reviewed by this committee.

It also has oversight of the business of tomorrow steering committee, which is a management committee required to report on its portfolio to this investment committee every quarter.

### COMPOSITION

The board appoints members on recommendation of the remuneration and nomination committee. The board ensures there is a balanced blend of skills and experience to enable the committee to discharge its functions. The board will consider the need for ad hoc invitees with necessary technical experience to assist members in their technical deliberations. The committee may therefore, in the execution of its roles and responsibilities, co-opt third-party advisers to assist members in their deliberations and decisions.

Throughout 2020, the committee comprised five independent non-executive directors. In addition, the CEO, FD, general manager: business of tomorrow are permanent invitees to meetings.

### MEETINGS

No meetings were held by this committee in 2020. It currently serves as an ad hoc board committee.

On behalf of the committee

A handwritten signature in black ink, appearing to read "Ig".

**Isaac Mophatlane**

Investment committee chairperson

19 April 2021

# KING IV APPLICATION REGISTER

## Outcome and number

### Ethical culture 1.1 to 1.3



Principle	Applicable policies and processes
The governing body should set the tone and lead ethically and effectively [1.1]	<ul style="list-style-type: none"> <li>Board charter: annual review of board charter process began in 2020 and was finalised in the first quarter of 2021</li> <li>Board subcommittees' terms of reference review process began in 2020 and was finalised in the first quarter of 2021</li> <li>Appointment of directors after assessment of skills and competence as well as background checks by nomination committee</li> <li>The board applies a zero tolerance approach to actions taken without integrity</li> </ul>
The governing body should ensure that the organisation's ethics are managed effectively [1.2]	<ul style="list-style-type: none"> <li>Completion of group-wide roll-out of anti-bribery and anti-corruption programme</li> <li>An integrity survey was conducted throughout the organisation in 2020 and learnings will be actioned in 2021</li> <li>Group-wide roll-out of the conflict of interest policy and system continued in 2020</li> </ul>
The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen [1.3]	<ul style="list-style-type: none"> <li>Sustainability KPIs are ranked equally with financial KPIs to track achievement of strategic objectives</li> <li>KPIs are monitored quarterly by the board and respective board committees</li> <li>Sustainability KPIs include environmental, social, compliance and human capital considerations</li> <li>Exxaro's growth strategy includes social impact investments to ensure creation of an equitable society</li> <li>A climate position statement has been reviewed and an implementation journey began to ensure that the five culture themes and four associated values become a truly lived experience for employees</li> </ul>

## Outcome and number

### Performance and value creation 2.1 and 2.2



Principle	Applicable policies and processes
The governing body should lead the value creation process by appreciating that strategy, risk and opportunity, performance and sustainable development are inseparable elements [2.1]	<ul style="list-style-type: none"> <li>Reviews and approves Exxaro's strategy annually</li> <li>Reviews and approves sustainability KPIs annually</li> <li>Conducts a strategic deep dive every two years</li> <li>Assesses strategic risks annually</li> <li>Links KPIs to materials issues and assigns risk thresholds to every KPI</li> <li>Tracks performance against every KPI quarterly</li> <li>Approves the enterprise risk management framework and risk appetite</li> <li>Monitors the impact of external and internal events for their effects on the strategic risk profile</li> </ul>
The governing body should ensure that reports and other disclosures enable stakeholders to make an informed assessment of the performance of the organisation and its ability to create value in a sustainable manner [2.2]	<ul style="list-style-type: none"> <li>The integrated report is based on integrated reporting throughout the year</li> <li>The integrated report sets out the strategic objectives, the business model, the material matters that impact the business, and the risks that prevent the organisation from achieving its objectives</li> <li>The sustainability, risk and compliance committee oversees the integrated reporting process</li> <li>The audit committee assesses material matters and reviews financial materiality annually</li> <li>The audit committee reviews the integrity of the integrated report</li> <li>The board approves the integrated report and the financial statements annually</li> </ul>

## Outcome and number

### Adequate and effective control 3.1 to 4.5



Principle	Applicable policies and processes
The governing body should serve as the focal point and custodian of corporate governance in the organisation [3.1]	<ul style="list-style-type: none"> <li>• The board as a whole remains accountable for corporate governance</li> <li>• Governance is a standing agenda item at every board meeting</li> <li>• The board entrenches corporate governance throughout the organisation at all levels of decision making</li> <li>• The board reviews its charter annually</li> <li>• The board conducts mandatory governance sessions for directors and executive management twice a year</li> <li>• Subsidiary directors receive formal training annually</li> </ul>
The governing body should ensure, in its composition, a balance of the skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities [3.2]	<ul style="list-style-type: none"> <li>• The remuneration and nomination committee ensures that the board's composition comprises the appropriate level of skills, experience, diversity, independence and knowledge</li> <li>• Two governance-focused sessions are scheduled with the board annually</li> <li>• The remuneration and nomination committee reviews its terms of reference annually</li> <li>• An approved skills and experience matrix facilitates directors' appointments</li> <li>• The board approves diversity and inclusion targets</li> <li>• Directors receive a formal appointment letter</li> <li>• Directors declare any outside interests on appointment and before any meetings commence with annual reviews of these declarations by the social and ethics committee</li> <li>• The board appoints the lead independent director</li> <li>• A formal division exists between the CEO and chairperson's duties as per the board charter</li> <li>• The board reviewed its charter in 2020</li> </ul>
The governing body should consider creating additional governing structures to assist with balancing power and effective discharge of responsibilities without abdicating accountability [3.3]	<ul style="list-style-type: none"> <li>• The board has delegated certain powers to the audit, social and ethics, sustainability, risk and compliance, remuneration and nomination, and investment committees</li> <li>• All board committees have formally approved terms of reference, which are reviewed annually</li> <li>• The board assesses the composition of board committees annually</li> <li>• The composition of board committees complies with the Companies Act, Exxaro's MoI, King IV and each committee's terms of reference</li> </ul>
The governing body should ensure that the appointment of and delegation to competent executive management contributes to an effective arrangement through which authority and responsibilities are exercised [3.4]	<ul style="list-style-type: none"> <li>• A clear division of power exists between the CEO and chairperson as per the approved board charter</li> <li>• The board monitors the performance of the executives</li> <li>• The executive committee has formal terms of reference</li> <li>• The board approves the delegation of authority and reviews it at least annually</li> <li>• The board appoints the company secretary</li> <li>• The board assesses the company secretary's performance annually</li> </ul>
The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members supports continuous improvement in its performance and effectiveness [3.5]	<ul style="list-style-type: none"> <li>• The board conducted a high-level independent assessment through questionnaires and one-on-one interviews in 2020</li> <li>• The chairperson conducts a formal assessment</li> <li>• The chairperson oversees a formal implementation plan to address potential shortcomings</li> <li>• Two governance board sessions are arranged throughout the year</li> </ul>

## KING IV APPLICATION REGISTER continued

### Outcome and number

#### Adequate and effective control 3.1 to 4.5 continued



Principle	Applicable policies and processes
The governing body should govern risk and opportunity in a way that supports the organisation in defining core purpose, and to set and achieve strategic objectives [4.1]	<ul style="list-style-type: none"> <li>The board approves and periodically reviews the enterprise risk management framework</li> <li>The board links Exxaro's strategy, risks, risk appetite and performance via the strategic performance dashboard</li> <li>Exxaro subjects the risk management process to independent assurance annually</li> </ul>
The governing body should govern technology and information in a way that supports the organisation in defining core purpose, and to set and achieve strategic objectives [4.2]	<ul style="list-style-type: none"> <li>The audit committee delegates information technology (IT) governance to the information management steering committee</li> <li>The information management steering committee has formal terms of reference and its scope includes reviewing the IT strategy in support of the overall business, and reviewing IT risks, IT audit findings and IT compliance</li> <li>The information management steering committee reports to the audit committee quarterly</li> </ul>
The governing body should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards [4.3]	<ul style="list-style-type: none"> <li>The board formally approves the compliance policy</li> <li>The board fully integrates the compliance process with the risk process</li> <li>The board conducts compliance awareness of high legal risks annually</li> <li>Exxaro subjects the compliance process to independent assurance annually</li> <li>Exxaro developed CSA questionnaires to enable managers to assess compliance with licence to operate requirements</li> </ul>
The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the creation of value in a sustainable manner [4.4]	<ul style="list-style-type: none"> <li>The remuneration and nomination committee determines strategy and policy</li> <li>Shareholders vote on the remuneration policy at AGM</li> <li>Formal engagement takes place with shareholders</li> <li>Exxaro subjected the remuneration policy to an independent assessment, and changed the STI and LTI principles after engagement with shareholders</li> </ul>
The governing body should ensure that assurance results in an effective control environment and integrity of reports for better decision making [4.5]	<ul style="list-style-type: none"> <li>The audit committee approves the internal audit charter and plan annually</li> <li>The audit committee approves the external audit plan annually</li> <li>Exxaro has a risk-based internal and external audit report</li> <li>Combined assurance, with formally approved terms of reference, ensures coordination of assurance activities</li> <li>The audit committee monitors all findings</li> <li>Internal audit performance forms part of every executive member's KPIs</li> <li>The board appointed a chief audit officer, independent of management, who chairs the CAF</li> </ul>

### Outcome and number

#### Trust, good reputation and legitimacy 5.1



Principle	Applicable policies and processes
As part of its decision making in the best interests of the organisation, the governing body should ensure that a stakeholder-inclusive approach is adopted, which takes into account and balances legitimate and reasonable needs, interests and expectations.	<ul style="list-style-type: none"> <li>The board approved a formal stakeholder policy</li> <li>The social and ethics committee monitors stakeholder relations</li> <li>An adequately resourced executive holistically manages stakeholder affairs</li> <li>All operations have an approved stakeholder engagement plan</li> <li>All directors attend the AGM</li> </ul>

# REMUNERATION REPORT

## CHAIRPERSON'S LETTER

### Dear shareholders

On behalf of the remuneration committee, I am pleased to present the remuneration report for the year ended 31 December 2020 for the Exxaro group of companies. I am satisfied that the committee continues its focus on the important work of aligning human resource and remuneration practices with the strategic priorities of the group.



**Ras Myburgh**

Remuneration committee chairperson

As with our previous reports, the 2020 remuneration report includes background and context, including matters managed by the committee, as well as the group remuneration policy and implementation report with specific disclosure of the executive director's remuneration. Every year, we endeavour to ensure these reports comply with the requirements of King IV as well as best market practice.

 The global COVID-19 pandemic forced most businesses to rethink and redefine practices at work. Likewise, at Exxaro during 2020 we spent a considerable amount of time reflecting on our business strategies and ensuring our people are empowered and aligned with our strategy in order to deliver our purpose to power better lives. We made some adjustments to our people management, talent development and remuneration and incentives to ensure our people will continue to thrive in the work environment brought about by the pandemic.

# REMUNERATION REPORT continued

## The COVID-19 pandemic's impact on business performance and remuneration and reward

The health and safety of our employees and communities remained top of mind as South Africa implemented lockdown regulations in 2020. Exxaro's response focused on minimising people impacts first and second production and business impacts in such a way to live up to our values of caring.

Although the early stages of the lockdown resulted in loss of production, the business responded with great resilience and overall the operational and financial results were better than the corresponding period in 2019 as reported elsewhere in this report. The result was that employees only qualified for tier 1 of the STI scheme. There was also a negative impact on the vesting conditions of the LTIP as the total shareholder return (TSR) performance condition was not met.

We are particularly pleased to report a record safety performance during 2020. Exxaro achieved 48 months without a mine-related fatality and a LTIFR of 0.05, which is 55% better than the 0.11 target. This excellent performance contributed to incentive awards including a payment of R2 500 as a fatality-free recognition payment.

### Business sustainability

As mentioned, the wellbeing of our employees was elevated by the pandemic and we took extraordinary measures to protect our workforce in unprecedented working conditions. The most important of these can be summarised as follows:

- Continuous screening and testing, workplace sanitisation, wearing PPE and social distancing

- Special leave for employees and contractors awaiting test results as well as childcare facilities for people who test positive
- Financial and mental wellbeing initiatives through the EAP
- Innovative ways of working remotely, where possible, for uninterrupted risk mitigation
- Shift planning changes to facilitate business continuity
- A lockdown allowance per shift for essential services (paid in April 2020 and May 2020)
- Data and airtime allowance for employees to use their own devices
- Flexible working hours where practical
- Strengthened healthcare services in our host communities

### Remuneration actions

Specific remuneration-related actions necessitated by the pandemic included:

- Given the uncertainty introduced by the pandemic and lockdown, the company decided to withhold increases for NEDs and management and specialist categories of employees
- Bargaining unit wage negotiations focused on only one-year agreements
- In support of our people during the uncertain period of forced lockdown, full monthly salaries were paid. Furthermore, special allowances were introduced for certain production roles and critical support employees who had to work at operations to fulfil Eskom contracts under applicable regulations – the allowance paid, which was applicable only, during the first 21 days of lockdown, was R39.4 million

### Shareholder engagement

The 2019 remuneration policy and accompanying implementation report were tabled in two separate resolutions for non-binding advisory votes by shareholders at the 2020 AGM. We were pleased with the upward turn in Exxaro's voting record at this AGM.

We believe that the improvement was due to improved shareholder engagement as well as changes to the remuneration policy and reporting approach following inputs received during the engagements. The phased implementation of the changes are on track. During the year, the performance conditions of the LTIP were reviewed and implemented. A policy on minimum shareholding was

also developed and adopted by the board for implementation by the next cycle. The targets of the SPR was split into 50% achievement of business targets and 50% achievement of individual targets as part of a transition process to change the current STI and SPR into a single STI for implementation during 2021. Shareholders will be asked to vote in favour of the introduction of the malus and clawback clauses for the LTIP scheme in the forthcoming AGM.

The committee plans to continue engagement with shareholders in terms of a two-year cycle or as required if either the remuneration policy or implementation report are voted against by 25% or more of voting rights exercised.

Shareholder vote	2019	2018	2017
Approval of the remuneration policy	95.37%	73.09%	82.90%
Approval of the implementation of the remuneration policy	95.53%	76.38%	83.30%

## Other focus areas and achievements during 2020

Exxaro achieved top employer accreditation from the Top Employers Institute acknowledging our human resources policies and practices.

### Fair pay

Aligned with the principles of the UNGC, our diversity and inclusion initiatives continue to focus on gender equality and women empowerment in partnership with UN Women as well as our connect2NEXT journey towards people empowerment.

Our diversity and inclusion strategy includes the principle of fair pay. We conducted detailed analysis to understand the extent of pay disparity in our management and specialist employee categories, as well as the circumstances and contexts of these disparities.

### Performance management

A revision of the performance management system introduced changes to the group performance achievement framework to strengthen our aspirational culture transition and improve the alignment of personal objectives to achieve business excellence.

### Learning and development

The COVID-19 pandemic negatively impacted the roll-out of learning interventions and the achievement of SLP commitments, including recruitment of new learners and interns. To mitigate these risks, Exxaro implemented online meeting platforms during lockdown and Exxaro's MyNexxt cloud-based learning management system was complemented by piloting Powering Knowledge, a business skills development initiative for communities at Belfast and Grootegeluk.

### ESOP (Greenshare)

We implemented a new ESOP, the Greenshare scheme, for participating employees in Paterson D lower and below grades in 2020.

### Independent remuneration advisers

We continue to seek independent and professional advice regarding remuneration matters from consultants regarded by the committee as fully independent. Exxaro received the following advice during the review period:

- Vasdex and Associates, PwC and SULT advised on remuneration reporting
- PwC provided insight into remuneration trends, fair pay, minimum shareholding requirement as well as malus and clawback
- PwC was appointed as the independent adviser to the remuneration committee
- SULT and Africa People Advisory Group advised on international remuneration practices
- Remuneration benchmark data was procured from the following consultants:
  - Mercer for non-executive and executive remuneration
  - PE Corporate for non-executive and executive director remuneration
  - Vasdex and Associates for STIs
  - Remchannel for remuneration data

At the AGM in May 2021, shareholders will be asked to endorse our remuneration policy and its implementation. Be assured that we

## FOCUS AREAS FOR 2021

Some remuneration policy changes are contemplated for 2021 as we continue to align our remuneration policy to enable implementation of our future business strategy. Our remuneration policy will evolve as we embed applicable best-fit market practices.



In addition to the normal work plan, the committee will focus on the following areas in 2021:

### • Group-wide policy matters

- The committee will continue and extend the deep dive into fair pay practices as input for the fair pay policy and update the remuneration policy as required.
- Finalise the implementation of the new integrated STI.
- For the energy business, we are revising our governance models and continuing to review the organisational design, remuneration and employment models appropriate for the industry in which this business will compete.
- Review our human capital strategy to support our business strategy.

### • NEDs fees

Up to 2020, NED annual fees were predominantly based on comparable benchmarks and paid as a monthly retainer. From 2021 onwards, the committee introduced a revision to the process based on an estimated annual required working hours and an hourly rate in addition to industry benchmarks for each of the activities of the board and its committees. The committee believes this approach enables more internal parity between different committees of the board. Annual fees will still be paid in equal monthly retainers and a special fee for ad hoc meetings. The structure and remuneration of all subsidiary boards and their committees will be aligned with the new approach for the main board.

### • Executive remuneration

The minimum shareholding requirements (MSR) policy for executives and prescribed officers will come into effect in 2021 and the malus and clawback provisions will be integrated into the company practices when changes to the LTIP scheme and DBP rules are approved by shareholders at the AGM.

value and appreciate your constructive inputs as we continue to strive for excellence also in this important aspect of our business.

I thank my fellow committee members for their support and wise counsel during the review period. I also thank the executive head of human resources and her team for their hard work and dedication in ensuring Exxaro remains competitive in the market and a sought after top employer.

**EJ Myburgh**

Remuneration committee chairperson

19 April 2021

# REMUNERATION REPORT continued

## REMUNERATION POLICY

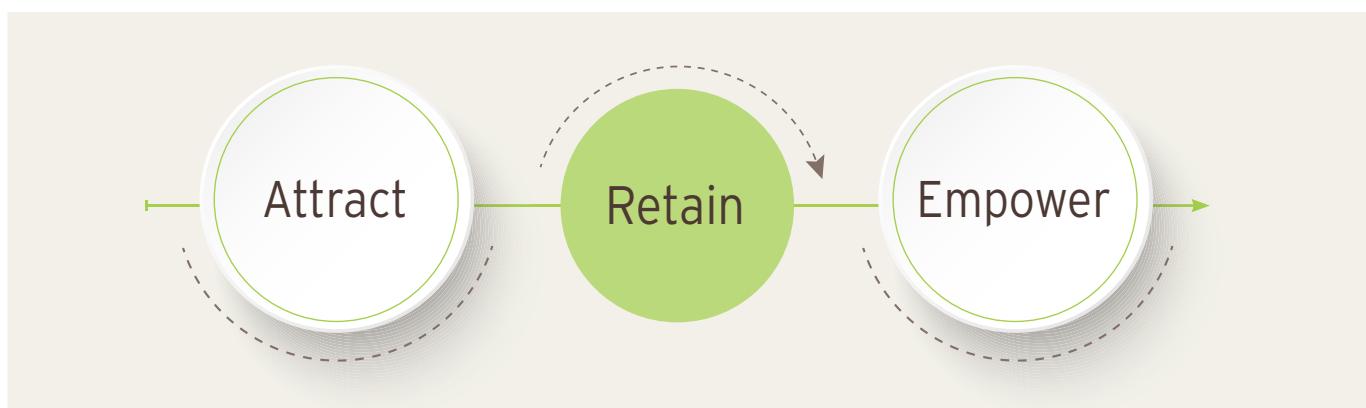
### Introduction

In this section, we provide a broad overview of the remuneration philosophy, principles and policies applicable to the various remuneration elements in terms of various employee categories including executive directors, prescribed officers, senior management and other employees.

Notwithstanding high levels of support from previous shareholder engagements, an internal review of our remuneration policy resulted in changes recommended to the remuneration committee. We share a summary of these changes to the remuneration policy.

### Remuneration philosophy

Our remuneration philosophy underpins our strategy and enables us to achieve our business objectives. Our commitment to pay for performance in alignment with shareholder value creation drives all our remuneration activities and continues to deliver a sound value proposition to employees.

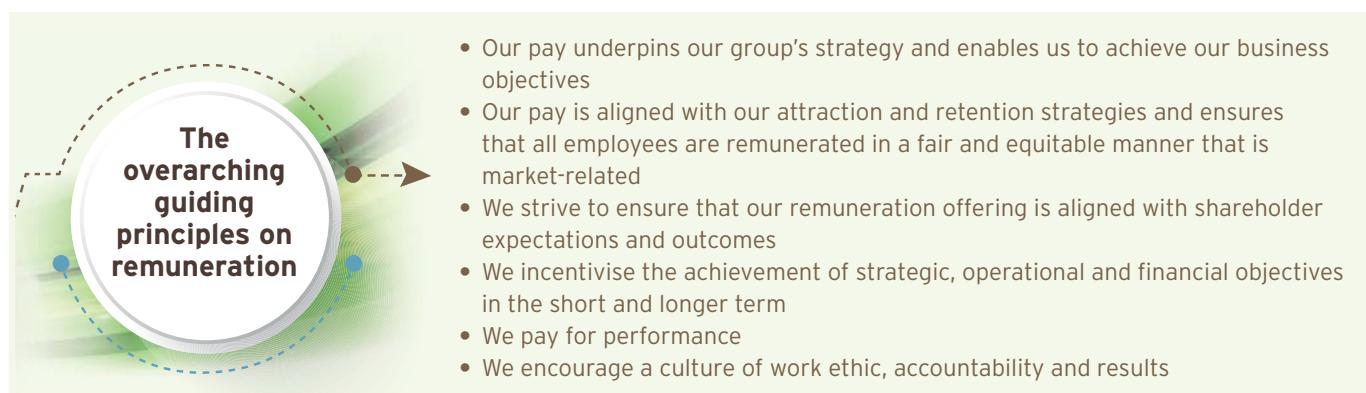


We strive to attract, retain and empower the best talent to achieve our strategy and create sustainable shareholder value.

### Remuneration principles

Our vision for rewards is to provide simple, integrated, holistic solutions, common messages and transparency, and a package differentiated from the market for us to attract, retain and energise talented, high-performing people as our employee offering.

We understand that remuneration is critical in attracting and retaining high-performing individuals. As such, the committee firmly supports the principle that pay must be aimed at reinforcing, encouraging and promoting superior performance. We believe in ethical, fair and responsible remuneration principles, and this belief which continues to guide our policies directed at different remuneration elements in our remuneration framework.



## Remuneration offering

The table below shows the remuneration offering used to reward employee categories in a fair and equitable manner. The policy provides for an annual assessment of the wage gap and consideration of any appropriate actions such as differentiating annual adjustments. In addition, the principles of internal parity, reward for performance and market competitiveness apply. These principles facilitate fair and responsible remuneration.

### Remuneration offering by employee category

Employee category*	Total guaranteed remuneration		Variable pay				
	Notional cost of employment (NCOE)	Total guaranteed package (TGP)	STI schemes		LTI schemes		
			STI	SPR	LTIP	DBP**	ESOP
Executive management (F band)	x		x	x	x	x	x
Senior management (E band)	x		x	x	x	x	
Middle management (D upper and middle bands)	x		x	x	x		
Junior management (D lower and C upper bands)	x		x				x
Non-management and specialist employees at corporate office (C middle to A bands)	x		x				x
Bargaining unit employees (C middle to A bands)		x	x				x

\* The Paterson job grades are indicated by applicable employee category.

\*\* DBP excludes Paterson E lower grade.

## REMUNERATION REPORT continued

The following changes to the variable pay schemes were introduced during 2020. This was a result of shareholder engagements in 2019, when we were able to make some changes to the variable pay schemes for the current cycle. Applicable changes will impact the performance-based reward outcomes for the executive directors and prescribed officers. The table below summarises the impact on applicable elements:

Element of remuneration	2020 change	2021 change
<b>STI and SPR</b>	<p>The SPR objectives were split between 50% individual and 50% business objectives for 2020</p> <p>A process was started to design a new STI that will replace the current STI and SPR</p>	
<b>LTIP</b>	<p>ROCE replaces headline earnings per share (HEPS) as performance condition with the weight remaining as 33.33%. Revised performance vesting conditions at threshold and maximum introduced</p> <ul style="list-style-type: none"> <li>Increased vesting percentages at threshold from 30% to 50% for TSR and environmental criteria.</li> <li>The benchmark face value percentage for the 2020 LTIP awards was aligned with the market for E Lower and D Upper Paterson grades</li> <li>ESG performance conditions were aligned with the FTSE Russell index</li> </ul>	<p>Implementation of the first phase of the revised STI is planned during 2021. Current STI and SPR will be applicable until implementation of new STI.</p>
<b>MSR</b>	<p>The committee has approved a minimum shareholding requirement policy during 2020 whereby certain employees will be required to hold a specified number of shares in Exxaro for a period of five years from the date of the implementation of the policy or from date of appointment or promotion. The policy was approved in 2020 for implementation in 2021.</p> <ul style="list-style-type: none"> <li>CEO – 200% Target MSR as % of NCOE</li> <li>CFO – 150% Target MSR as % of NCOE</li> <li>Executive committee members and prescribed officers – 100% Target MSR as % of NCOE</li> </ul>	<p>Implementation of policy.</p>
<b>Malus and clawback</b>	<p>Malus and clawback provisions have been introduced Exxaro's remuneration policy. Malus will be applicable to all STI, SPR, DBP and LTIP awards before vesting or settlement date and clawback will apply to all STI, SPR, DBP and LTIP awards for 36 months after vesting or settlement date.</p>	<p>The policy is still to be approved at the AGM 2021 for implementation in 2021.</p>

## Remuneration mix

The table below indicates the maximum percentage of total guaranteed remuneration (NCOE/TGP) applicable to the variable pay schemes by grade. The remuneration mix is benchmarked on an annual basis prior to the granting of annual LTI awards.

### Remuneration mix for variable pay by Paterson grade at maximum (expressed as a percentage of total guaranteed remuneration)

Grade	Maximum STI (%)	Maximum SPR (%)	Maximum STI schemes (%)	Maximum LTIP (%)	Maximum DBP* (%)	Maximum LTI schemes (%)	Maximum total variable pay (%)
F upper*	18.33	37.00	55.33	231.00	27.39	258.39	313.72
F lower*	18.33	32.00	50.33	143.00	24.91	167.91	218.24
E upper*	18.33	25.00	43.33	101.00	21.45	122.45	165.78
E middle	18.33	20.00	38.33	76.00	10.54	86.54	124.87
E lower and D upper	18.33	15.00	33.33	50.00	0.00	50.00	83.33
D middle	18.33	10.00	28.33	38.00	0.00	38.00	66.33
D lower and below	18.33	0.00	18.33	0.00	0.00	0.00	18.33

\* The maximum DBP matched portion is 90% of the total after-tax STI schemes for F band and E upper Paterson grades and 50% for E middle Paterson grade.

The table below provides an indication of the total variable pay due, by component, for achievement at target. The STI and SPR schemes explicitly state the target bonus quanta applicable at target. The LTIP performance vesting conditions are defined at maximum and threshold. To provide an indication of targeted total variable pay, target is considered halfway between threshold and maximum. In the case of the DBP, we applied the midpoint of the voluntary deferral, 50% to the target STI schemes.

### Remuneration mix for variable pay by Paterson grade at target (expressed as a percentage of total guaranteed remuneration)

Grade	Target STI (%)	Target SPR (%)	Target STI schemes (%)	Target LTIP (%)	Target DBP* (%)	Target LTI schemes (%)	Target total variable pay (%)
F upper*	8.33	33.30	41.63	150.15	11.45	161.60	203.23
F lower*	8.33	28.80	37.13	92.95	10.21	103.16	140.29
E upper*	8.33	22.50	30.83	65.65	8.48	74.13	104.96
E middle	8.33	18.00	26.33	49.40	7.24	56.64	82.97
E lower and D upper	8.33	13.50	21.83	24.70	0.00	24.70	46.53
D middle	8.33	9.00	17.33	24.70	0.00	24.70	42.03
D lower and below	8.33	0.00	8.33	0.00	0.00	0.00	8.33

\* The target DBP matched portion is 50% of the total after-tax STI schemes for F band and E upper Paterson grades and 50% for E middle Paterson grade.

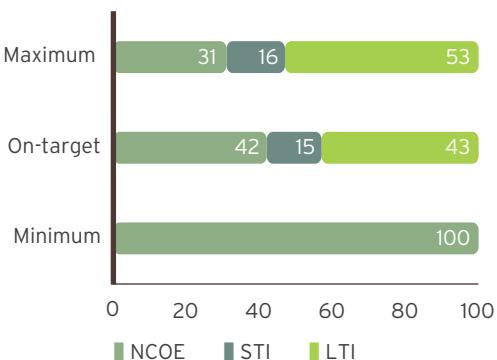
# REMUNERATION REPORT continued

## Remuneration mix for CEO, FD and prescribed officers

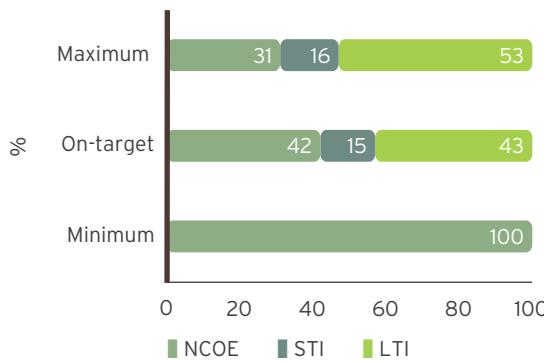
### | CEO: Pay mix



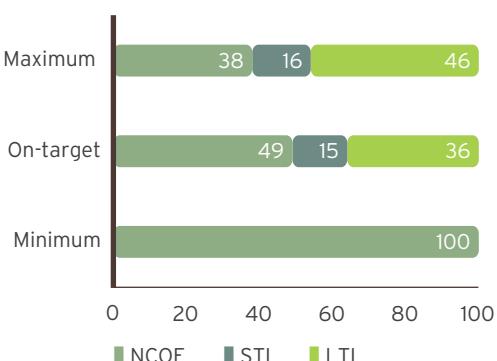
### | FD: Pay mix



### | Prescribed officer (on Paterson Band F – lower): Pay mix



### | Prescribed officer (on Paterson Band E – upper): Pay mix



## Total guaranteed remuneration

Our policy at Exxaro is to:

- Benchmark using established industry remuneration surveys on an annual basis with a combination of job families and grades to anchor external benchmark jobs for comparison
- Position total guaranteed remuneration around the median of the external benchmark jobs
- Use mining industry peers to compare most Paterson grade E and below roles specific to the mining industry
- Use a combination of national remuneration surveys in South Africa for local roles at executive management and some senior management levels that are not specific to the mining industry
- Consider the outcome of the individual performance contract in the annual NCOE increase process – a three score (on a five-point rating scale) warrants positioning around the median of the benchmark for the job

### *NCOE*

NCOE is the guaranteed remuneration portion of total pay and includes basic salary, benefits and retirement funding.

### *Basic salary*

All bargaining unit employees receive a market-related basic salary complemented by guaranteed allowances (housing and commuting), variable allowances (shift and standby) as well as benefits (see full list of benefits below). Bargaining unit employees have received increases of between 0.5% and 1.5% higher than management and specialist category employees per annum over the past 14 years (2006 to 2019), to reduce the wage gap.

The committee unanimously agreed that, given the potential impact of the COVID-19 pandemic and a drop in export market demand, which is a significant revenue contributor to Exxaro's revenue stream, no salary adjustment in 2020 for the executive, management and specialist category of employees as well as NEDs would be implemented. Bargaining unit and non-management and specialists at corporate centre received an average increase of 5.5%.

**Benefits**

All employees are entitled to the same range of benefits appropriate to their role level and specific circumstances. Management and specialist employees have flexibility in structuring their remuneration within certain company and legislative limitations. During the year, no changes were made to the policies for medical, health and other benefits stated below. The only change was to the retirement funds.

Retirement fund	Medical health schemes	Group personal accident cover	EAP
 <p>All employees are members of one of Exxaro's accredited retirement funds. Retirement fund contributions are determined by specific conditions of employment and for the different levels and categories of employees. Iscor Employees Umbrella Provident Fund was removed as an accredited retirement fund with effect from 31 December 2020. All members moved to one of the other accredited retirement funds.</p>	 <p>Employees may annually elect to belong to any of the accredited medical schemes as they apply to the relevant employees. Contributions are made by employer and employee. Exxaro does not provide any post-retirement medical benefits. The post-retirement benefit obligation disclosed in the annual financial statements recognises past practice (by Eyesizwe) that was discontinued with the creation of Exxaro in November 2006.</p>	 <p>Employees are beneficiaries of a policy that provides additional cover for death, disability and dread disease through group personal cover taken out by Exxaro.</p>	 <p>Company provided services to support employees, emotions, personal, legal, financial, family and subsistence.</p>

**Variable pay****STI**

The STI schemes focus on annually contributing to the strategic goals and delivering on Exxaro's operational and financial objectives in the shorter term.

Exxaro has two STI schemes:

- The SPR scheme that rewards individual performance, predominantly aimed at over and above normal job performance objectives, mostly achieving tactical or strategic objectives.
- The STI scheme that rewards BU, commodity and group-level performance for reaching and exceeding stretched operational and financial performance targets.

**SPR scheme**

The SPR scheme applies to all permanent employees (Paterson grade D middle and above) in Exxaro's management and specialist category.

Participants in the scheme are required to have an SPR contract with individual SPR objectives for the 12-month period. It is evaluated twice a year and the final rating forms the basis for payment of the SPR scheme.

The SPR is measured on an annual basis and paid out in March of the following year. Once the SPR target has been achieved (three rating on a five-point rating scale), a potential of 90% will be paid out. Above-target achievement (four rating on a five-point scale) will qualify for a maximum of 100% pay out. If target was not achieved (two or below on a five-point rating scale), there will be no pay out applicable to the employee.

**STI scheme**

The STI scheme applies to the Exxaro group and is based on business performance with two components:

- Tier 1: 8.33% (NCOE/TGP) is for the achievement of the targeted net operating profit per BU. A downward modifier is applicable if production volume targets have not been met
- Tier 2: 10% (NCOE/TGP) is a "self-funded/gain share" scheme based on exceeding net operating profit targets at group level. Driven by the percentage improvement above budget, this is based on a 70/30 gain share principle (30% of the gain shared with employees). This component aligns a portion of the STI with the gain of shareholder

The STI is measured six-monthly for Tier 1 (January to June and July to December). It is paid out in August and February. A BU will qualify for Tier 1 on a sliding scale between a threshold of 90% and 100% performance against targets. When the modifier kicks in, if 90% of target is achieved, no payout is applicable. If 95% of target is achieved, 4.165% of the potential 8.33% payout will be applicable. If 100% of target is achieved, 8.33% (of annual guaranteed remuneration) will be payable.

Tier 2 is measured on an annual basis from January to December and paid out in February. To qualify for Tier 2 an improvement in group net operating profit between 101% and 131.4% above target is required for 2020 and a sliding scale is applied. If 131.4% improvement is achieved a maximum of 10% (of annual guaranteed remuneration) will be payable.

If a BU, coal commodity business or corporate achieved between 91% – 100% of Tier 1 they will only share in the same proportion in Tier 2. For example, maximum of Tier 2 is achieved (10% of annual remuneration will be paid) but a BU only achieved 95% of Tier 1, then only 50% of Tier 2 will be paid (5% of annual remuneration for Tier 2) to that BU.

# REMUNERATION REPORT continued

## STI scheme metrics

STI component	Percentage of total guaranteed remuneration (%)	Description of measures	Threshold (0% of STI)	Maximum (100% of STI)
1	8.33	<b>BU</b> BU net operating profit versus target		
		<b>Coal commodity business</b> Average of business units	90	100
		<b>Corporate centre</b> Consolidated group core net operating profit target		
2	10.00	<b>Exxaro group</b> Group net operating profit above target	101	131.4

### Ferroland Grondtrust, Coastal Coal (Durnacol/Hlobane and Tshikondeni)

Tier 1 target for Ferroland is their operating expenditure target. Tier 1 target for Coastal Coal (Durnacol/Hlobane and Tshikondeni) is based on objectives set out in a scorecard based on the mines in closure and rehabilitation plans.

Tier 2 target for these BUs is the improvement above target of 101% to 131.3% in group net operating profit. Should 100% of the Tier 1 target be achieved, they share in the Tier 2 incentive on the same percentage ratio achieved in Tier 1.

### Production-based incentives

Junior management and bargaining unit employees at commercial and tied operations, who are directly involved in production, qualify for line-of-sight STIs. The schemes are based on coal production with modifiers for safety and attendance per mining section. Both these schemes work on a sliding scale with threshold and full performance targets. Participants in these schemes do not qualify for the standard STI schemes.

### LTI

Our LTIs consist of two schemes, which align remuneration with longer-term shareholder expectations and outcomes. Exxaro makes general share offers to participants (Paterson D middle and above) once a year in terms of the LTIP scheme and the DBP plan.

Greenshare, our new ESOP, was introduced in July 2020 and is applicable to employees not participating in the LTIP scheme and DBP plan.

### LTIP

The remuneration committee makes annual conditional performance awards which are subject to the achievement of performance targets and employees remaining in employment for three years to qualifying employees from executive management, senior management and middle management.

The face value of the allocations depends on the employee's NCOE and a grade-specific percentage, and the percentage of awards that ultimately vests ranges between a median threshold (50%) and a maximum (100%), depending on the level of performance relative to performance targets. Proportional vesting is calculated for an actual performance result between threshold and maximum. A linear sliding scale is used between the threshold and maximum. For any actual performance below threshold, no awards will vest and for any performance at or exceeding the maximum, the awards that will vest are capped at 100%.

Awards vest after three years, subject to fulfilling the performance conditions.

### ROCE condition

In the award, 33.33% will be based on ROCE.

The ROCE calculation will be based on net operating profit plus income from non-equity-accounted investments plus income from equity-accounted investments, as a percentage of average capital employed.

Therefore, a sliding scale based on a percentage ROCE achievement will apply as follows:

- 17% ROCE achievement will result in 50% vesting

- 19% ROCE achievement will result in 90% vesting

- 22% ROCE achievement will result in 100% vesting

The ROCE will be calculated as the arithmetic average of the three years constituting the performance period.

### TSR condition

Relative TSR has a weighting of 33.33% and will be compared to performance against the TSR peer group, namely the companies listed on the FTSE/JSE Resources 10 index as at the preceding December of the offer.

The peer group listed companies included in the FTSE/JSE Resources 10 index as at December 2020 were Anglo American Platinum, Anglo American, Northam Platinum, BHP Billiton, Impala Platinum, Sibanye-Stillwater, Sasol, AngloGold Ashanti, Harmony and Gold Fields.

Exxaro's TSR, for the purposes of this plan, is defined as the compound annual growth rate (CAGR) on a portfolio of Exxaro's ordinary shares purchased in December preceding the grant, holding the shares and reinvesting the dividends received from the portfolio in Exxaro shares until the end of the performance period, and then selling the portfolio on that day.

The monthly TSR calculation will be performed using the dividend payments and Reuters share price data on the nearest trading day to 31 December preceding the award and the nearest trading day to 31 December at the end of the performance period, and computing the CAGR between these values.

The TSR will be smoothed by computing the TSR in the same manner for the three-year period following each trading month for the six months preceding 31 December of the award, which means that the TSR is computed from:

- Grant date to end date (one month)
- Grant date to end date (two months)
- Grant date to end date (three months)
- Grant date to end date (six months)

The TSRs computed in this manner will then be arithmetically averaged to yield the final "smoothed TSR" for the TSR performance condition.

The smoothed TSR for each member of the peer group will be computed over the same period in the same manner. This period of smoothing is in line with the market.

If the TSR of Exxaro over the three-year period is equal to the minimum TSR target, the minimum LTIP award (50% of the TSR portion of the grant) vests.

If the Exxaro TSR is equal to or greater than the maximum TSR target, then 100% of the grant will vest.

The award vests linearly between 50% and 100% for performance between the minimum TSR target and the maximum TSR target.

The TSR targets for the LTIP grant are:

- The minimum TSR target is equal to at least the median position of the smoothed TSR of the peer group over the three-year period. The smoothed TSR of the peer group will be the simple average, not weighted on a market capitalisation basis
- The maximum TSR target is equal to the top three TSR of the peer group returns over the three-year period

The remuneration committee has the discretion to make adjustments to the method of computation of the TSR for the peer group and for Exxaro. Under the rules of the plan, the remuneration committee may vary the TSR condition if events occur that would make such a variation necessary or desirable or would make the amended performance condition a fairer measure of performance.

#### **Achievement of ESG targets**

ESG targets have a weighting of 33.34%. The targets will be measured in terms of the approved strategic dashboard used to monitor achievement of the business strategy:

- The targets will be measured as per the FTSE Russell index including international resource peer companies
- A 50% to 100% vesting sliding scale will apply for an annual ESG rating between the median percentile ranking (50% vesting) and the upper quartile percentile ranking (100%)
- The average performance over the three-year period will be measured

The table below summarises the performance vesting conditions applicable to the 2020 awards.

#### **Performance vesting conditions**

Performance vesting condition	Weight (%)	Vesting of awards (after year three)
ROCE	33.33	17% ROCE achievement will result in 50% vesting (threshold)
		19% ROCE achievement will result in 90% vesting (target)
		22% ROCE achievement will result in 100% vesting (stretched)
TSR	33.33	Median TSR peer group position will result in 50% vesting
		Top three TSR peer group position will result in 100% vesting
ESG as per FTSE Russell index	33.34	Median ranking will result in 50% vesting
		Upper quartile ranking will result in 100% vesting

Where the actual performance falls between the stated ranges, linear interpolation will be applied between the stated vesting points.

The rules and calculating principles will follow the same approach as set out in detail for the 2020 LTIP above.

#### **DBP**

The remuneration committee selects participants, based on employee grouping and performance, from executive management and senior management to participate in the DBP. The scheme encourages share ownership while reinforcing retention.

Participants from F upper to E upper Paterson grades can elect to voluntarily use a portion (0, 50% or 90%) and E middle (50%) of their after-tax STI payments to acquire Exxaro shares at the prevailing market price.

Participants are entitled to all rights in respect of the shares (pledged) purchased with their after-tax STI, including dividends. If the pledged shares are held for the three-year pledged period, and

participants remain in the employ of Exxaro for this period, Exxaro will provide a matching award on a one-for-one basis.

No performance vesting conditions are applicable to the matching award.

#### **ESOP**

Our new ESOP scheme, Greenshare, was implemented in 2020.

It is broadly based on the principles of Mining Charter III:

- It is an evergreen scheme
- It provides non-transferable carried interest (dividends) to qualifying employees
- Employees should not carry any risks
- It is for all employees not participating in any management share scheme

When dividends are declared, participants in service will receive a cash payment equal in value to 560 Exxaro shares minus dividend tax. Participants will remain in the scheme for the duration of employment. Employees will not have capital appreciation rights.

## REMUNERATION REPORT continued

### Employment contracts

Normal termination benefits (i.e. leave benefits) are payable whenever employment is terminated before the normal retirement date by Exxaro or when the employees accept voluntary redundancy.

No special agreements are in place regarding severance packages for executive employees, except for Mr Wim Diedericks who applied for a targeted voluntary package (TVP) and was approved to exit at the end of 2021 as per the TVP rules.

Executive employment contracts for management are generally valid for until retirement age of 63, with a notice period of three to six months or payment in lieu thereof.

The current executive employment contracts do not have a restraint-of-trade clause but include confidentiality undertakings.

Any shares due in terms of participating in the LTIP and DBP:

- Good leaver provisions triggered in the event of terminations due to:
  - personal events such as retirement, ill health, disability or death in service. Prorate vesting of awards.
  - company events such as retrenchments, space creations and business divestment. Normal vesting of awards.

### NED remuneration

Fees for NEDs are reviewed annually and independent data is used for benchmarking. Fees are paid as a combination of retainer and fee per meeting in line with emerging market practice and company culture. Recommendations are made to the remuneration committee and board for consideration, and then presented at the AGM for shareholder approval as a separate resolution.

A revised NED remuneration approach was approved by the board of directors for implementation in 2021/2022. The approval was made in terms of the hourly rate for non-executive directors with regards to board and committee work, as well as the time required for the annual scheduled work calendar of Exxaro's strategy. The work hours and rate considered a combination of industry benchmarks and internal perspectives or views. This methodology is also considered in recent surveys as a more relevant way to derive remuneration for NEDs.

Over the years, our NED remuneration has evolved and the rationale for the fee structure was reconsidered.

A high-level analysis was undertaken focusing on the competencies required and time (effort) requirements of NEDs for board and committee work, which provided sufficient context to the rationale for the hours proposed versus the effort. The hourly rates considered took into consideration a combination of industry benchmarks and internal perspectives/views.

The alternative approach based on a rate and effort will be implemented in 2021. The structure and remuneration of all subsidiary boards and their committees will be aligned with the new approach for the main board. As there is limited or no market information available on the remuneration of external directors of subsidiary boards (wholly owned), the remuneration of the executive head of the subsidiary business will be used as a proxy to determine the rate of pay of NEDs that serve on subsidiary boards.

## Forward-looking performance and SPR contracts for CEO, CEO designate and FD in 2021

The forward-looking performance contract and the SPR contract for the CEO are shown in the table below. The performance contract and SPR/STI will in due course be adjusted with this in mind.

### Performance contract and SPR contract for the CEO in 2021

Individual key objectives	KPIs	Weight
<b>Strategic growth and financial performance</b>	Drive implementation of Sustainable Growth and Impact strategy.  Drive implementation of the energy strategy.  Oversight – implementation of the minerals strategy by CEO designate.  Achievement of TSR top 3 performer vs RESI 10 peer group companies. Achieve ROCE target of 20% for capital projects in terms of LTIP sliding scale.	35%
<b>Business transformation and operational excellence</b>	Tonnages delivered from coal operations as approved by the board.  Oversight – demonstrable actions by CEO designate to maximise coal early value.  Clear evidence of the approval and implementation of an operating model that empowers people.	25%
<b>Leading people change and social impact</b>	Embed connect2NEXT and Exxaro culture by effectively communicating the approved strategy and plans ensuring execution and alignment across the group.  Drive the implementation of Sustainable Growth and Impact strategy.  Oversight on the implementation of diversity and inclusion strategy by CEO designate.  Achieve 90% of total score (13.5 out of 15 points) and 1 bonus point on B-BBEE rating.  Achieve Mining Charter and DoL employment equity targets aligned to the approved EE and SLP mechanisms.  Achieve gender representation targets for the group in core and in management levels aligned to the approved employment equity plan and mechanisms.	15%
<b>Safety and business sustainability</b>	Demonstrable actions on group level to reduce environmental impact.  Protect our people, assets and environment. Sustain ESG rating aligned to top 3 participants; achieve LTIFR target of 0.08.	15%
<b>Cost management and prudence</b>	Oversight – demonstrable actions by CEO designate to strategically manage costs to ensure alignment to the risk appetite framework and be mindful of the trade-offs in respect of the Sustainable Growth and Impact strategy.	10%

### SPR (applicable in the first half of 2021)

#### Strategic objectives

KPI
Deliver signed sales and purchase agreement (SPA) for sale of the ECC operation by 30 June 2021.

Weight **50%**

KPI
Deliver signed SPA for sale of the Leeuwpan operation by 31 December 2021.

Weight **50%**

# REMUNERATION REPORT continued

## Performance contract and SPR contract for CEO designate in 2021

Individual key objectives	KPIs	Weight
<b>Strategic growth and financial performance</b>	Drive the implementation of the minerals strategy (including coal early value strategy). Deliver optimal exit strategy and valuation for each asset in the coal portfolio. Optimise domestic and seaborne (including diversification) market (COVID-19 dependent). Achievement of TSR top 3 performer vs RESI 10 peer group companies. Achieve ROCE target of 20% for capital projects in terms of LTIP sliding scale.	30%
<b>Business transformation and operational excellence</b>	Tonnages delivered from coal operations as approved by the board. Integrate, report on and manage commodity-related risks in risk management framework including COVID-19 related as part of operations committee review process. Implement optimisation, monitoring and reporting to improve operations/productivity through operational excellence and digitalisation.	30%
<b>Leading people change and social impact</b>	Drive people and capability development at operations through mentorship programmes and talent development to facilitate retention and high performance. Support group to achieve 90% of total score (13.5 out of 15 points) and 1 bonus point on B-BBEE rating. Execute and achieve employment equity targets as per approved employment equity and SLP mechanisms for the minerals business. Drive the implementation of diversity and inclusion strategy at group level as approved by the board with, by demonstrable actions to question practices and break down any form of unintentional exclusions/differentiation that can be related to race, gender, sexual orientation, religion, etc. Support and cultivate sound and healthy union, community and labour relationships.	20%
<b>Safety and business sustainability</b>	Drive the implementation of demonstrable actions at group level to reduce environmental impact (including decarbonisation strategy). Demonstrable actions to reduce environmental impact and build a cleaner world, by reducing water buffer gap, carbon emissions, energy intensity, specific interventions at mine closures, rehabilitations, disturbed vs rehabilitated land. Sustain current ratings on carbon disclosure for both water and energy. Protect our people, assets and environment. Sustain ESG rating aligned to top three participants. Achieve LTIFR target of 0.08. Influence analyst and market expectations with stakeholder affairs to sustain current stakeholder perception rating as benchmarked.	10%
<b>Cost management and prudence</b>	Drive actions to strategically manage head office costs aligned to the risk appetite framework and mindful of the trade-offs in respect of the Sustainable Growth and Impact strategy. Demonstrable actions to strategically manage mine costs (excluding corporate office costs) with 2% year-on-year saving, aligned to the risk appetite framework and mindful of the trade-offs in respect of the Sustainable Growth and Impact strategy. No overdue level 1 and level 2 audit findings in area of responsibility.	10%

## SPR (applicable in the first half of 2021)

### Strategic objectives

<b>KPI</b> Manage robustness of Exxaro portfolio by concluding the Moranbah South joint arrangement agreement.	<b>KPI</b> Finalisation and execution of the span of control strategy for Matla and Grootegeluk.
Weight <b>50%</b>	Weight <b>50%</b>

## Performance contract and SPR contract for the FD in 2021

Individual key objectives	KPIs	Weight
<b>Strategic growth and financial performance</b>	<p>Refinancing Exxaro's existing term facility in 2021 through a combination of bank and bond funding (ensure forecast net debt covered 120% by term facility and interest rate comparable with existing facilities).</p> <p>Divestment from the business of tomorrow investments as well as the ECC and Leeuwpan operations as approved by the investment panel.</p> <p>Monetise the remaining 10% shareholding in Tronox as well as flip up shares (dependent on market conditions).</p> <p>Deliver supply chain procurement savings through, operational expenditure, capital and strategic sourcing.</p> <p>Achieve ROCE target of 20% in terms of LTIP sliding scale.</p>	30%
<b>Business transformation and operational excellence</b>	<p>Satisfactory outcome in respect of diesel rebate dispute with the South African Revenue Service.</p> <p>Facilitate integration of financial reporting of the new energy and minerals business (aligned to progress of the investment strategy).</p> <p>Accurate, timely and relevant financial reporting within seven days of month-end-closing.</p>	30%
<b>Leading people change and social impact</b>	<p>Achievement of the culture plan as agreed for implementation.</p> <p>Embed diversity and inclusion by demonstrable actions to question practices and break down any form of unintentional exclusions/ differentiation that can be related to race, gender, sexual orientation, religion, etc.</p> <p>Achieve 90% of total score (13.5 out of 15 points) and 1 bonus point on B-BBEE rating.</p> <p>Achieve 30% out of 40% for MCIII + 21 points out 27 for dtic preferential procurement targets.</p> <p>Achieve group employment equity plans and targets.</p> <p>Achieve gender representation in management levels as per approved employment equity plan and mechanisms.</p>	15%
<b>Safety and business sustainability</b>	<p>Positive impact as spokesperson for strategy and financial-related matters. Sustain current stakeholder perception rating benchmarked by Singular and set baseline for 2021.</p> <p>Protect our people, assets and environment. Sustain ESG rating aligned to top 3 participants; achieve LTIFR target of 0.08.</p>	15%
<b>Cost management and prudence</b>	<p>Demonstrable actions to strategically manage costs to ensure a roll-over from 2020 to 2021 (inflation saving), aligned to the risk appetite framework and mindful of the trade-offs in respect of the Sustainable Growth and Impact strategy.</p> <p>No overdue and/or repeat level 1 and level 2 internal audit findings in area of responsibility.</p>	10%

## SPR (applicable in the first half of 2021)

### Strategic objectives

<b>KPI</b>	<b>KPI</b>	<b>KPI</b>
Develop plan to build sustainable core businesses in mining, minerals and energy (inclusive of funding model(s), structures, planned divestments, planned investments). Market studies completed and identification of possible opportunities. Financial model updated to also consider value accretion vs affordability in context of risk exposure.	Ensure sufficient funding is available to grow new energy and minerals business(es) aligned to the Exxaro capital allocation framework or capital allocation where compatible. Communication of revised capital allocation framework to market framework.	Following services investigation establish a project team to identify areas in corporate support structure where cost savings can be extracted based on benchmarking.
Weight <b>50%</b>	Weight <b>25%</b>	Weight <b>25%</b>

# REMUNERATION REPORT continued

## IMPLEMENTATION REPORT

### Introduction

Our implementation report discloses remuneration outcomes for NEDs, executive directors and prescribed officers. It includes total remuneration received as well as a single, total figure of remuneration receivable (as per King IV) for the review period and all constituent remuneration elements.

In addition, details of all awards made under the Exxaro variable incentive schemes are disclosed under sections for STIs and LTIs, including reference to awards in current and prior years that have not yet vested, vesting and expiry dates where applicable, the fair value at the end of the review year, as well as the cash value of awards settled. The performance measures used and their weightings are disclosed.

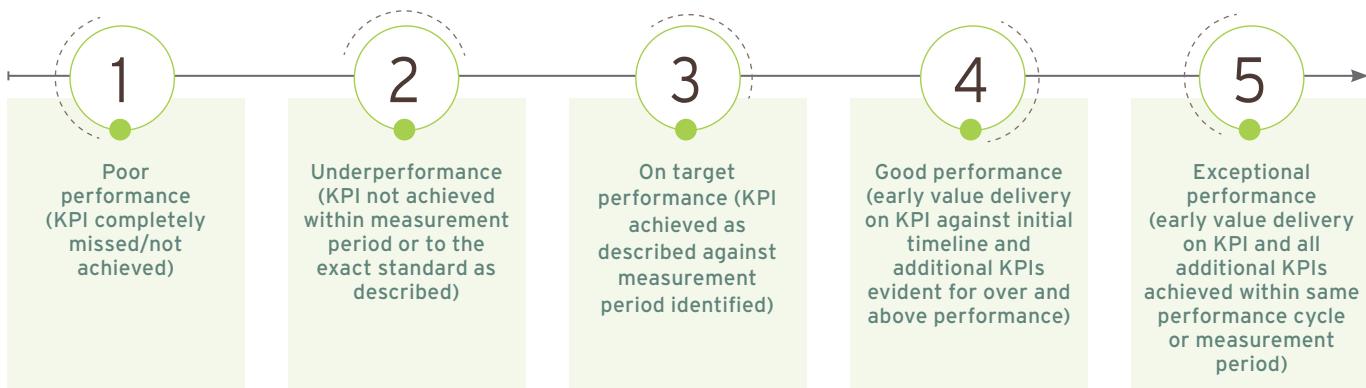
In the review period, implementation complied fully with the remuneration policy.

### Total guaranteed remuneration

Based on the economic climate no increases apart from bargaining unit employees were awarded.

The image below provide details on the standard performance rating scale.

#### Standard performance scale applied to each KPI



**Performance contract and rating of the CEO in 2020**

<b>Individual key objectives</b>	<b>KPIs</b>	<b>Weight</b>	<b>Rating</b>
<b>Strategic growth and financial performance</b>	Articulate the revised strategy for growth and transformation into 24-month horizons with clear milestones.	35%	3
	Execution of the implementation plan with sufficient board oversight and tracking, aligned with the energy strategy, inclusive of the appointment of the head of the energy business.		3
	Approval of minerals strategy (inclusive of focus areas) and subsequent exco recommendation on the implementation plan.		3
	TSR top 3 performer versus FTSE/JSE Resources 10 index peer group companies and achieve ROCE target of 20% for capital projects in terms of LTIP sliding scale.		3
<b>Business transformation and operational excellence</b>	Tonnages delivered from coal operations at EBITDA as per board-approved budget.	25%	4
	Demonstrable actions to maximise early value such as Grootegeluk, Mafube and Belfast mine plans all updated and used for 2021 and beyond business plans and budget, including exit and terminal values at exit of assets.		4
	Establish internal capability in mergers and acquisitions as well as strategy development.		2
	Clear evidence of the approval and implementation of an operating model that empowers people.		3
<b>Leading people change and social impact</b>	Embed connect2NEXT and Exxaro culture by effectively communicating the approved strategy and plans ensuring execution and alignment across the group.	15%	4
	Board-approved sustainability and impact strategy as well as diversity and inclusion strategy.		3
	Achieve 90% of total score (13.5 out of 15 points) and one bonus point for B-BBEE rating.		4
	Achieve Mining Charter and Department of Employment and Labour employment equity targets aligned to the approved employment equity and SLP mechanisms.		3
	Achieve gender representation targets for the group in core and in management levels aligned with the approved employment equity plan and mechanisms.		3
<b>Safety and business sustainability</b>	Demonstrable actions at group level to reduce environmental impact.	15%	4
	Protect our people, assets and environment, sustain ESG rating aligned with top three participants and achieve LTIFR target of 0.11.		5
<b>Cost management and prudence</b>	Demonstrable actions to strategically manage costs to ensure a roll-over from 2019 to 2020 (inflation saving) aligned with the risk appetite framework and mindful of the trade-offs in respect of the growth strategy.	10%	3
<b>Performance rating</b>			<b>3.4</b>

# REMUNERATION REPORT continued

## Performance contract and rating of the FD in 2020

Individual key objectives	KPIs	Weight	Rating
<b>Strategic growth and financial performance</b>	Develop funding strategy to refinance Exxaro's existing term facility in 2021 through combination of bank and bond funding (ensure forecast net debt covered 120% by term facility and interest rate comparable with existing facilities).	30%	4
	Divestment from business of tomorrow investments as approved by investment panel (as per project plan, due diligences complete and successful negotiations of final agreements).	2	
	Monetise remaining 10% shareholding in Tronox and flip-up shares (dependent on market conditions).	4	
	Deliver supply chain procurement savings of R290 million through operating expenditure, capital and strategic sourcing.	3	
	Achieve ROCE target of 20% for capital projects in terms of LTIP sliding scale.	4	
<b>Business transformation and operational excellence</b>	Appoint new internal and external auditors to meet objectives and timelines as set out by audit committee through open tender process.	30%	3
	Make progress towards no overdue assurance findings, level 1 and/or 2 findings resolved within agreed timelines, and no overdue findings for finance and supply chain.	4	
	Facilitate integration of financial reporting on Cennergi by financial year end and deliver the plan for other energy businesses (aligned with progress of the investment strategy).	4	
	Accurate, timely and relevant financial reporting within seven days of month-end closing.	3	
<b>Leading people change and social impact</b>	Embed connect2NEXT by effectively utilising digital platforms, principles and technology that support the new way of doing business in everyday dealings with internal and external stakeholders.	15%	3
	Embed diversity and inclusion by demonstrable actions to question practices and break down any form of unintentional exclusions or differentiation that can be related to race, gender, sexual orientation and religion among others.	3	
	Achieve 90% of total score (13.5 out of 15 points) and one bonus point for B-BBEE rating.	4	
	Achieve 30% out of 40% for Mining Charter III + 21 points out of 27 for dtic preferential procurement targets.	5	
	Achieve Mining Charter and dtic targets for employment equity as cascaded from group targets for finance.	3	
	Achieve gender representation in management levels as per approved employment equity plan and mechanisms.	3	
<b>Safety and business sustainability</b>	Positive impact as spokesperson for strategy and financial matters, sustain current stakeholder perception rating benchmarked by Singular and set baseline for 2021.	15%	3
	Protect our people, assets and environment, sustain ESG rating aligned with top three participants and achieve LTIFR target of 0.11.	5	
<b>Cost management and prudence</b>	Demonstrable actions to strategically manage costs to ensure a roll over from 2019 to 2020 (inflation saving) aligned with the risk appetite framework and mindful of the trade-offs in respect of the growth strategy.	10%	3
	No overdue level 1 and level 2 internal audit findings in area of responsibility.	4	
<b>Performance rating</b>			<b>3.4</b>

## Awards under STI schemes

In the table below, we disclose the performance outcomes for each executive director and prescribed officer supporting the SPR as well as the two components of the STI scheme. All payments are due as per policy and there were no deviations.

### STI awards for executive directors and prescribed officers in 2020

	NCOE (R)	SPR			STI			Total STI awards (R)	STI awards as % of NCOE (%)
		Rating (number)	Total factor (%)	Actual (R)	Tier 1 factor (%)	Tier 2 factor (%)	Total factor (%)		
MDM Mgojo	7 533 816	4.0	37.0	2 787 512	8.33	0	8.33	627 568	3 415 080
PA Koppeschaar	5 719 117	4.0	32.0	1 830 118	8.33	0	8.33	476 404	2 306 522
V Balgobind	3 419 820	3.0	25.0	769 460	8.33	0	8.33	284 872	1 054 332
AS De Angelis	2 915 100	4.0	25.0	702 270	8.33	0	8.33	242 830	945 100
AW Diedericks	4 057 728	4.0	25.0	1 014 432	8.33	0	8.33	338 010	1 352 442
JG Meyer	4 205 568	4.0	25.0	1 051 392	8.33	0	8.33	350 324	1 401 716
MI Mthenjane	3 964 176	4.0	25.0	991 044	8.33	0	8.33	330 216	1 321 260
Dr N Tsengwa	4 788 451	4.0	32.0	1 532 304	8.33	0	8.33	398 878	1 931 182
SE van Loggerenberg	2 263 300	3.0	20.0	407 394	8.33	0	8.33	188 534	595 928
M Veti	3 909 972	3.0	25.0	977 494	8.33	0	8.33	325 702	1 303 196
<b>Total STI awards</b>				<b>12 063 420</b>				<b>3 563 338</b>	<b>15 626 758</b>

The SPR actual includes the individuals' voluntary deferral into the DBP.

The remuneration committee approved that, due to COVID-19, the financial targets originally set for 2020 should be replaced by the 2020 forecasted financial (four months actual financial information and eight months forecasted financial information) targets and that Tier 2 would not apply for 2020.

The evaluated SPR contracts for 2020 of the CEO and the FD are stated below.

### SPR contract for the CEO in 2020

#### Strategic objectives

<b>KPI</b>  Map out horizons in clear objectives to build sustainable core businesses in mining, minerals and energy respectively specifically in terms of divestments, mergers and acquisitions, strategic partnerships and non-traditional value proposition.	<b>KPI</b>  Executive committee decision on feasibility of services business value proposition and investment case with financial milestones.	<b>KPI</b>  Deliver signed agreement for sale of Leeuwpan and ECC by 31 December 2020 (or amended timeline as approved by board) within target range proposed to board in respect of divestment of non-robust assets.
<b>Weight 35%</b>	<b>Weight 35%</b>	<b>Weight 30%</b>
Measurement period <b>4</b>	Measurement period <b>4</b>	Measurement period <b>3</b>

### SPR outcome for the FD in 2020

#### Strategic objectives

<b>KPI</b>  Develop plan to build sustainable core businesses in mining, minerals and energy (inclusive of funding models, structures, planned divestments and planned investments).	<b>KPI</b>  Ensure sufficient funding is available to grow new energy and minerals businesses aligned with the Exxaro capital allocation framework without revising capital allocation framework.	<b>KPI</b>  Implement digital procurement, budgeting and forecasting strategy to enable more efficient procurement and financial planning as per agreed project plan (Coupa and Oracle).
<b>Weight 35%</b>	<b>Weight 35%</b>	<b>Weight 30%</b>
Measurement period <b>4</b>	Measurement period <b>3</b>	Measurement period <b>4</b>

## REMUNERATION REPORT continued

Summary graphs are provided to highlight the impact of performance-based pay on total remuneration due between 2020 – 2019.

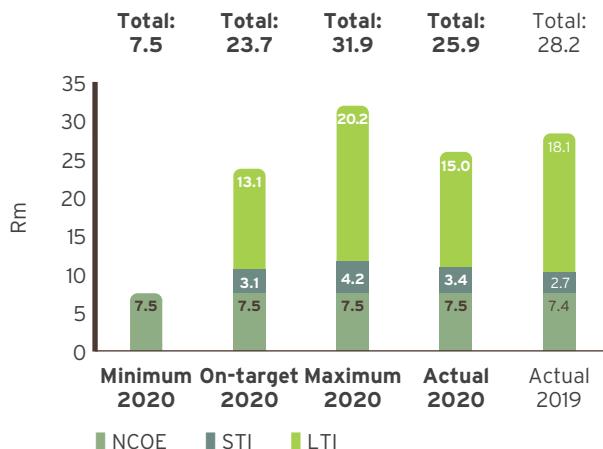
The significant increase in 2020 and 2019 total remuneration is explained by the significant increase in the value of the LTIP awards that vested. The share price increased significantly over the period from 1 April 2017 to 31 March 2020. The portion of total remuneration due to STI decreased in 2020 in absolute value as well as percentage when compared to 2019.

The notes below explain the calculations supporting the graphs.

- 1 Minimum 2020 reflects the NCOE for the period
- 2 Maximum 2020 reflects the sum of the following:
  - NCOE earned during the 2020 period
  - Maximum potential STI value for the 2020 performance period
  - Expected value of 2018 LTIP share award: if 100% vest, multiplied by the 31 December 2020 share price
  - Impact of DBP matching award maturing in 2021 is included under LTI
- 3 On-target 2020 reflects the sum of the following:
  - NCOE earned during the 2020 period
  - On-target potential STI value for the 2020 performance period
  - Expected value of 2018 LTIP share award: if the percentage that vested was midway between threshold and maximum, multiplied by the 31 December 2020 share price
  - Impact of the DBP matching award is included under LTI
- 4 Actuals for 2020 and 2019:
  - NCOE earned during the respective periods
  - Actual STI accrued as a result of performance during the respective cycles
  - Expected values of LTIP awards: actual percentage of the award vested as a result of the performance outcomes of respective cycles (2018 award in 2021 due to 2020 performance and 2017 award in 2020 due to 2019 performance) multiplied by the share price at 31 December and share award
  - Any matching proceeds realised from the DBP

The summary provides insight to the SPR contract outcomes, which resulted in the SPR incentives accrued for 2020.

### MDM MGOJO CEO



**Objective:** Map out horizons in clear objectives to build sustainable core businesses in mining, minerals and energy respectively, specifically in terms of divestments, mergers and acquisitions, strategic partnerships, and non-traditional value proposition.

**Outcomes:** The CEO developed the refined strategy process for the group, incorporating foresight, objectives, risks and core performance to determine appropriate capital and resource allocation. This will ensure that Exxaro is able to deliver long-term sustainable growth and impact for all our stakeholders. Using this process, we refined the Exxaro strategy and adopted a new vision "resources powering a green world" with a view to growing beyond coal.

Our energy strategy, and refinement of the coal and broader minerals strategy, was developed in alignment with this transition to a low-carbon future. It incorporates key considerations and milestones associated with the TCFD findings and broader Sustainable Growth and Impact strategy objectives.

Some of the already publicised steps supporting the strategy include:

- Continued investment in renewable energy (as demonstrated by the acquisition of the remaining 50% of Cennergi)
- The intended sale of non-core thermal coal assets
- The decision not to make any new investments in thermal coal
- Disposal of our remaining interests in Tronox

These steps towards the vision and strategic objectives have been shared with stakeholders across various platforms.

**Objective:** Deliver signed agreement for sale of Leeuwpan and ECC by 31 December 2020 (or amended timeline as approved by the board) within target range proposed to the board in respect of divestment of non-robust assets.

**Outcomes:** The original target was to sign agreements for Leeuwpan and ECC by the end of December 2020 and or at a time approved by the board. The CEO approached the board in November 2020 and the board approved completion of both transactions in 2021.

**Objective:** Effective management of COVID-19 response in terms of the regulatory requirements of the sector and state of national disaster.

**Outcomes:** The CEO proactively led the process of developing a COVID-19 response strategy aimed at limiting infection rate, hospitalisation and loss of employees. Among numerous responses unleashed during this period, Exxaro respected and adhered to government directives and regulations in terms of alert levels periodically announced by government. In certain instances, the adopted company measures were largely stricter than government regulations. Exxaro worked closely with the Mineral Council South Africa, the Department of Health and neighbouring companies. Central in these efforts was increasing resources to guarantee sustainability and resilience so as to limit loss of life, jobs, revenue and business. The chosen strategic pathways ensured minimal impact on Exxaro.

## PA KOPPESCHAAR

### FD



**Objective:** Capital allocation.

**Outcomes:** Funding for coal mining companies is scarce and expensive. With Exxaro's R8 billion facility maturing in 2021 the FD is overseeing a project to refinance these facilities at competitive terms and conditions. Good progress has been made and it is expected that the refinancing will be completed in 1H2021. With the onset of the uncertainties associated with COVID-19 in 2020, the FD also ensured that the group was not exposed to liquidity risks. A short-term facility of R3.75 billion was put in place as a precautionary measure. In accordance with the group's capital allocation framework and free cash flow increasing substantially after completing the R17 billion expansion programme, shareholder returns are high on our agenda. With oversight of capital allocation, the FD revised the group's dividend policy to include value-accretive buy-back programmes.

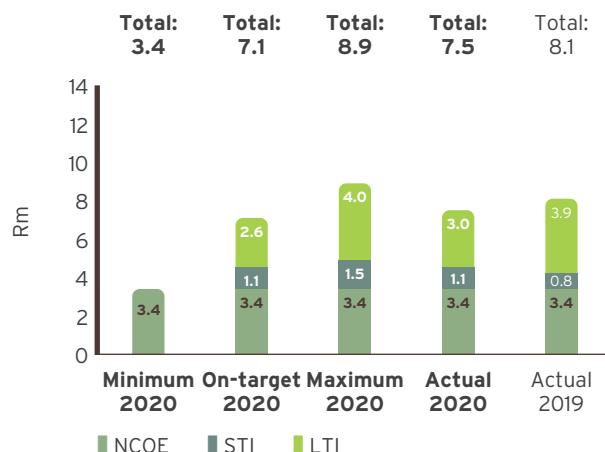
**Objective:** Implement digital procurement, budgeting and forecasting strategy to enable more efficient procurement and financial planning as per agreed project plan).

**Outcomes:** The FD successful roll-out of the digitalisation programmes at Grootegeluk, catering for modern financial reporting and enabling agile decision making with less time and effort. These programmes were also rolled out at other Exxaro operations. Standardised, simplified and efficient budgeting and forecasting processes are now embedded in financial, workforce and capital expenditure planning areas.

Self-service technology was also successfully implemented in the supply chain environment. This includes guided buying channels improving execution speed, value creation, insight-driven decision making and professional coaching to support impactful sourcing events. The digital procurement platform is the first new cloud-based enterprise resource planning system to be implemented by Exxaro.

## V BALGOBIND

### Executive head: human resources



**Objective:** Deliver suitable variable workforce and employment models for differing requirements of energy and minerals businesses to enable transitioning at speed and scale and operationalise the new operating model through structures with sufficient agility and flexibility to support new business ventures and divestments, flexible work environments and decentralised decision making.

**Outcomes:** Considering our strategy revision, we continue to review the organisational design principles to reflect fit-for-purpose design in strategy execution, new ways of working and decision making. In addition, we are revising employment models for the future strategy, culture fit and workforce. In defining our design to transition our workforce, the principles of purpose and performance, capabilities, structural and learning agility, collaborative partnerships, inclusivity and autonomy as well as increased efficiency will guide the enhancement of the Exxaro employee offering.

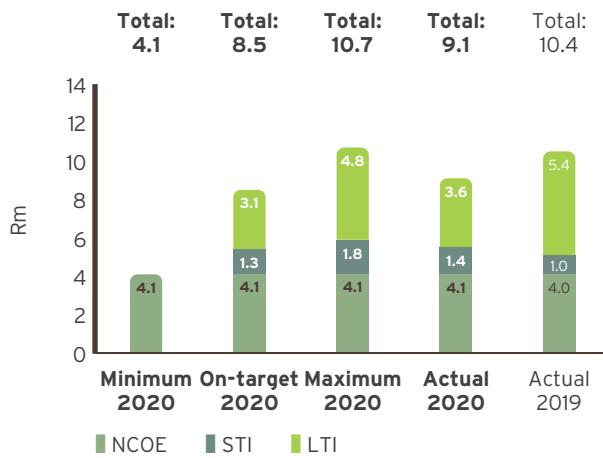
**Objective:** Deliver a financial wellbeing strategy with a specific focus on alleviating indebtedness of employees and driving home ownership as a consequence.

**Outcomes:** Exxaro recognises the importance of enhancing the health, resilience and wellbeing of our workforce. The effects of COVID-19 continue to highlight the importance of wellness. To meet the needs of employees, our focus is on financial wellbeing, specifically employee indebtedness. Addressing mental strain and workplace risk, including unsafe behaviour and absenteeism is key. The long-term plan for financial wellness includes employee financial awareness training, household budgeting and financial rehabilitation. Improving the financial health and wellbeing of employees enables them to pursue positive financial milestones such as home ownership and education for their families and has a positive impact on society at large. In line with Exxaro culture, the creation of an enabling environment with adequate mechanisms for employees to take responsibility for their financial health and wellbeing.

# REMUNERATION REPORT continued

## AW DIEDERICKS

### Executive head: business development

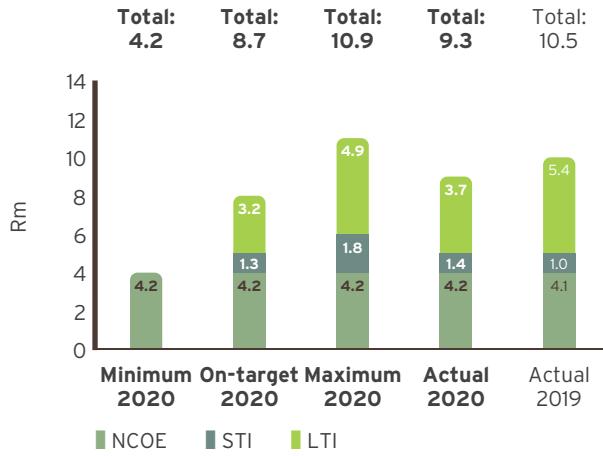


**Objective:** Deliver signed agreement for sale of Leeuwpan and ECC by 31 December 2020 (or amended timeline as approved by the board) within target range proposed to the board in respect of divestment of non-robust assets.

**Outcomes:** The original target was to sign agreements for Leeuwpan and ECC by the end of December 2020 and/or at a time approved by the board. The executive approached the board in November 2020 and the board approved completion of both transactions in 2021. The board extended finalisation of the sale of Leeuwpan and ECC from November 2020 to 2021.

## JG MEYER

### Executive head: projects and technology



**Objective:** Contribute to the development of the minerals and services strategy, and develop the technical services model for consideration by the executive committee (COVID-19 dependent).

**Outcomes:** The executive supported the development of an additional services strategy as part of the overall Exxaro strategy and objectives of the board and CEO. The services strategy was

presented to the executive and board but was not approved to be implemented given the current focus on the minerals and energy strategies of Exxaro. All lessons learned as part of the services strategy development will be incorporated in the various functional strategies going forward.

**Objective:** Manage the project deliverables associated with the Moranbah South joint venture agreement to reach a "decision to mine" (COVID-19 dependent).

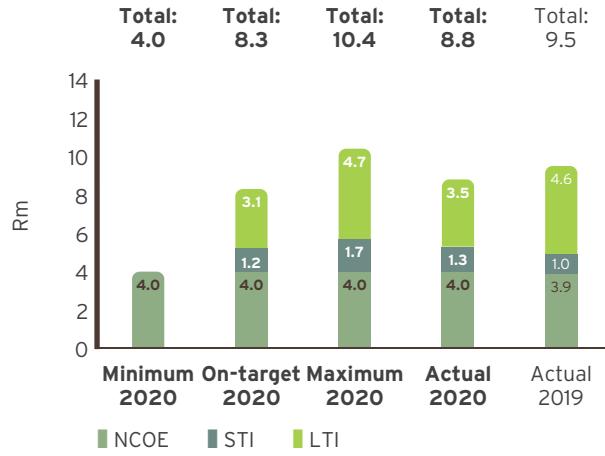
**Outcomes:** The executive managed the project deliverables as part of the agreed scope for the period. These deliverables included the geoscience exploration strategy and seismic surveys for the Moranbah South project mining right area. Additional exploration plans were subsequently developed to enhance the understanding of the geology model of the project. As part of the early value coal strategy Exxaro embarked on evaluating three additional open cast and underground business cases to supplement the overall Moranbah South long wall project. The timing and exploitation strategies were developed but will be influenced by geological definitions and the time to obtain licence to operate requirements.

**Objective:** Update project processes and procedures to the new Exxaro 4.0 standard aligning to fourth industrial revolution principles.

**Outcomes:** The previous project lifecycle excluded new technology developments. The executive was revised and updated the new standards to ensure future Exxaro projects are completed according to new internal standards and processes. The new project standards developed included lean construction and building information modelling guidelines. The fourth industrial revolution principles were strategically aligned from a functional perspective in terms of the Digital@Exxaro programme.

## MI MTHENJANE

### Executive head: stakeholder affairs



**Objective:** Effective use of relations and channels to share success stories of social impact targeted at specific stakeholders as per the stakeholder relations plan and aligned with the Exxaro brand strategy.

**Outcomes:** A stakeholder survey in 2018 indicated, among others, the need for Exxaro to be more engaging and communicative with stakeholders about its activities within communities. The executive developed a stakeholder communications and public relations plan to

address this concern. In 2020, Exxaro built the current platform, maintaining consistent communication on various digital platforms about Exxaro's community and people development activities as well as key issues with specific stakeholders in the private and public sectors. Our social media sentiment showed a net positive improvement from 4% to 15% across various channels.

**Objective:** Demonstrable actions, plans and outcomes where Exxaro is creating sustainable economies and accelerating businesses, participating in a collaborative regional platform with at least one impact investment project implemented and another in the pipeline for investment or implementation. (COVID-19 dependent).

**Outcomes:** The ESD programme supporting local community SMME development continued to grow in 2020 despite COVID-19. Exxaro remains on target to achieve its compliance objective in terms of the DTIs scorecard level 2. In addition, Exxaro continued to positively impact SMME growth, focusing our efforts on ensuring the business continuity for the 67 beneficiary SMEs in the ESD programme. Exxaro awarded repayment holidays to 18 candidates to ease cash constraints and others received additional funding to support business growth. Exxaro disbursed a total of R79 million, including R18.1 million in repayment holidays, to preserve approximately 1 300 employment opportunities and enabled businesses to continue operating in 2021. The Impact Catalyst, a collaborative regional development initiative, in partnership with Anglo American, the Council for Scientific and Industrial Research (CSIR), Zutari and World Vision South Africa, launched in October 2019, developed several project concepts. Some began execution in 2020, such as the community-based healthcare programme.

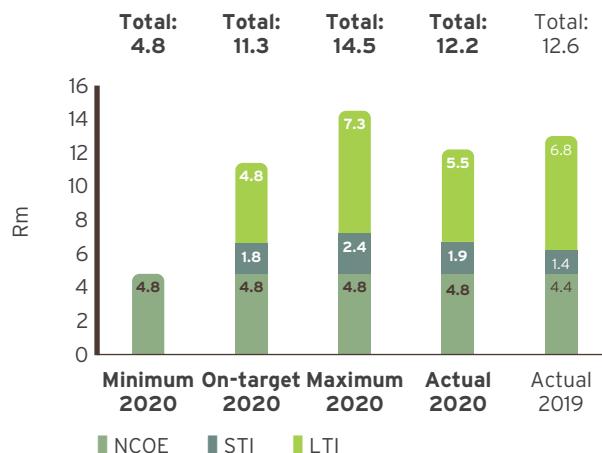
The executive has signed memoranda of understanding with seven implementers for the development of seven significant impact investment projects. All the impact projects have regional scope in at least three provinces. Exxaro has created a partnership with a multi-faith group, which will support regional engagement.

**Objective:** Integrate ESD, ECF, SLP and mineral succession planning, ecosystems to communicate and track impact on communities during and after mining.

**Outcomes:** In response to climate change opportunities, we embarked on the development of a Sustainable Growth and Impact strategy, which will support the transition of communities dependent on coal mining operations to a lower-carbon future. This support will be in the form of enterprise development, repurposing our rehabilitated landholdings for agriculture and other industry development. The executive engaged with implementation partners and impact investors to develop key conceptual plans for several sites. This approach will integrate existing and new approaches to community development with impact-investing criteria and enable the participation of third-party funders in sustainable community development opportunities.

## N TSENGWA

### Managing director: minerals



**Objective:** Manage robustness of the Exxaro portfolio by concluding Moranbah South joint venture agreement to reach "decision to mine" (COVID-19 dependent).

**Outcomes:** Over the past year, Exxaro has intensified efforts to advance the Moranbah South studies and enable an investment decision. Due to delays in finalising the bankable feasibility study, Exxaro adopted a revised and more decisive approach that enabled focused engagement between Exxaro and Anglo American. We reached an agreement in November 2020, outlining the immediate process and steps to be followed, and timelines that would help determine the way forward for both joint venture partners. A management subcommittee has been constituted, with members representing Exxaro and Anglo American, to oversee the process and monitor progress on a monthly basis. Exxaro believes that this constructive approach is necessary and will lead to more meaningful progress in work to be done.

**Objective:** Deliver approved mining and minerals strategy, and execute initiatives for investment.

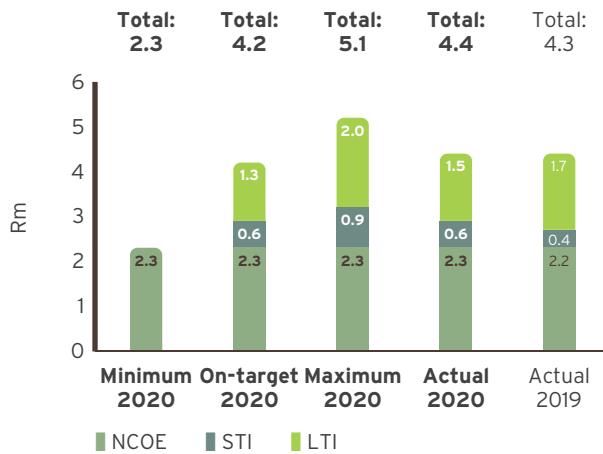
**Outcomes:** Over the years, Exxaro has been a diversified mining company with indirectly managed equity investments alongside a good-performing coal business. Exxaro retains its diversified position by, first and foremost, operating a robust coal portfolio while maintaining equity investments that make business sense and, from time to time, explores opportunities presented by other minerals that could contribute to a decarbonised economy, considering the rapid energy transition away from fossil fuels. This is in line with Exxaro's ambition to be carbon-neutral by 2050.

**Objective:** Optimise and execute the value of LoM plans for divestment operations.

**Outcomes:** This intervention reviews LoM plans, using a zero-based principle, for Leeuwpan and ECC to identify potential value add presented by opportunities. In the first half of 2020, an extensive exercise was undertaken by an external consultant at Leeuwpan and ECC operations to identify capital investment opportunities and to quantify the potential value of each opportunity. This exercise identified short, medium- and long-term interventions that could release value by increasing throughput or cost savings. The identified opportunities were incorporated into a revised operational plan and added in value to performance for the year. The medium- to long-term opportunities were incorporated into the 2021 operational plan and 2022 to 2025 business plans, which improved net present value for Leeuwpan and ECC in comparison with the base operational plan due to improved throughput and cost reductions.

# REMUNERATION REPORT continued

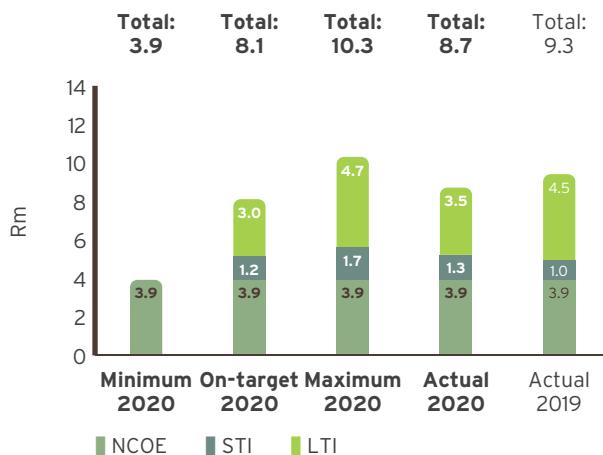
## SE VAN LOGGERENBERG Former group company secretary



**Objective:** Optimising the governance model in line with empowering our people and enabling new ways of working to enhance agile, quality decision making and increase accountability at relevant levels within the organisation.

**Outcomes:** To support the governance model, the company secretary revised the delegation of authority, and selected policies and processes in line with the evolving strategy. The board committees' governance processes were also reviewed to ensure alignment with agile decision making, and appropriate risk consideration and mitigation, regarding the shaping and delivery of the strategy.

## M VETI Executive head: sustainability



**Objective:** Progress against land use plan and strategy to enable social impact by leasing land to emerging farmers and donating land to communities.

**Outcomes:** Exxaro owns vast tracts of land, which places us in a favourable position, given the state of affairs in our communities, to leverage and repurpose our assets for positive impacts across society. In the face of ever-increasing levels of unemployment, inequalities and poverty, Exxaro adopted a deliberate strategy of donating and leasing land as well as collaborating with other organisations to develop

communal land for the purposes of creating livelihoods in remote rural areas of the country. This deliberate action aims to ensure a legacy by improving employment opportunities, reducing inequalities and eradicating poverty in host communities. Exxaro firmly believe that our future, in terms of sustainability and resilience, is inextricably linked with efforts to act as catalyst and create parallel economies that help sustain communities long after mining has ceased.

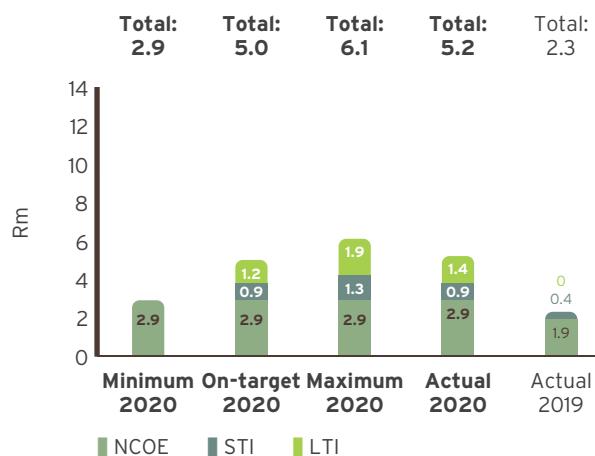
**Objective:** Demonstrable actions to reduce environmental impact and build a cleaner world by reducing paper use and carbon emissions, improving energy efficiency, driving specific interventions at mine closures, rehabilitation, with zero level 3 environmental incidents reported.

**Outcomes:** Exxaro recognises that its business does not exist in isolation and that it is part of an international community with guaranteed long-term sustainability by adopting the protocols of the 2016 Paris Agreement. Against this background, Exxaro has embarked on a robust and deliberate strategy of decarbonisation in line with South Africa's commitment to a low-carbon future. Accordingly, Exxaro introduced digitalisation throughout the company to reduce its carbon footprint by minimising paper printing and managing rehabilitation within a digital platform for greater visibility.

**Objective:** TCFD reporting requirements integrated into group reporting on sustainability.

**Outcome:** Climate change presents business risks and opportunities now and in the future. The TCFD develops recommendations for more effective climate-related disclosures that could improve investment, credit and insurance underwriting decisions. In 2019, Exxaro released its first public climate change statement, which stated its support of the TCFD and a long-term strategy to reduce carbon emissions. Our board committed to the publication of a climate change response strategy outlining Exxaro's chosen pathway to a low-carbon future.

## AS DE ANGELIS Executive head: strategy and business transformation



**Objective:** Contribute to the development of the Exxaro growth strategy and transformation including articulation into horizons with clear milestones, and coordinating strategy communication and strategic messages with stakeholder affairs.

**Outcomes:** The executive developed a new strategy process, integrating foresight, group objectives, risks and core performance to support capital and resource allocation decisions, positioning Exxaro to deliver long-term sustainable growth and impact for all stakeholders.

**Objective:** Embed a robust opportunity review process and increase the use of foresight to support the strategy planning process, ensure alignment across the group, and support our transition to a low-carbon world.

**Outcomes:** To support current and future growth for Exxaro, and to protect Exxaro from potential disruption, we have increased our foresight capabilities. Using a three-horizon model, the executive is better equipped to anticipate potential threats and opportunities. These capabilities are being integrated into the broader strategy process and integrated risk management framework to support the achievement of Exxaro's strategic objectives and associated decision making across the business.

Exxaro has also defined a rigorous process to filter and assess potential opportunities for growth or operational improvement in alignment with our vision, strategic objectives, and capital return expectations and requirements.

**Objective:** Build new capabilities in the strategy and business transformation team.

**Outcomes:** A key outcome of the strategy review was reconfiguring Exxaro's strategic capability. As part of this process, the executive focused on combining strategy and internal business transformation into a single area. The executive has strengthened our strategy team to include new roles and focus areas, and defined new ways of working to enable agility and alignment with our strategic objectives. Exxaro has also defined business development as well as mergers and acquisitions capabilities required to shape and achieve our Sustainable Growth and Impact strategy across minerals, energy and impact areas.

**Objective:** Support group implementation and management of COVID-19 response in terms of the regulatory requirements of the sector and state of disaster aligned with the strategy of the business.

**Outcomes:** The executive provided input and support to the crisis management team, part of our business continuity management plan, formed in response to COVID-19. Beyond the operational considerations and investments, we made to proactively manage the pandemic, Exxaro contributed to work by Business for South Africa and PwC on the impacts of COVID-19 in the mining industry.

## Awards under LTI schemes

We also disclose the outcome of the 2018 (and 2017) conditional LTIP awards that vest in April 2021 (and vested in April 2020).

Of the awards made in April 2018, 66.67% vest in April 2021. A summary showing the vesting percentages by vesting conditions for the awards appears in the table below.

### Performance vesting conditions outcome

Performance vesting condition	Weight (%)	2020 (%)	2019 (%)
HEPS	33.33	100.00	100.00
TSR	33.33	0.00	100.00
ESG	33.34	100.00	76.90
Overall vesting		66.67	92.30

2020 HEPS was 3 814 cents per share (cps) compared to the maximum vesting (100%) required at 2 775cps.

2019 HEPS was 2 193cps compared to the maximum vesting (100%) required at 1 572cps.

2020 TSR was 0% and positioned 8th (1st Impala Platinum: 64%, 2nd Anglo Platinum: 57%, 3rd Gold Fields: 50%, 4th AngloGold Ashanti: 49%, 5th Sibanye-Stillwater: 42%, 6th Anglo American: 31%, 7th BHP Billiton: 24% and 9th Sasol: -31%).

2019 TSR was 3% and positioned 3rd (1st Anglo Platinum: 45%, 2nd Anglo American: 35%, 4th AngloGold Ashanti: 28%, 5th BHP Billiton: 27%, 6th Impala Platinum: 22%, 7th Gold Fields: 13%, 8th Mondi: 8%, 9th Sasol: -5% and 10th Sappi: -13%).

In both periods, a minimum of 3rd position was required to vest 100% of the TSR portion of awards.

The environmental component of ESG resulted in an achievement at threshold (30% vesting) due to a total of eight level 2 cases reported over the three-year period:

- Eight level 2 cases recorded in 2018
- No level 2 cases recorded in 2019
- No level 2 cases recorded in 2020

# REMUNERATION REPORT continued

## LTIP

The table below illustrates the shares held by each participant, shares exercised and shares forfeited due to performance conditions not being met in the review period.

### LTIP transaction details for executive directors and prescribed officers in 2020

	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December <sup>1</sup> R	Pre-tax gain if exercisable at 31 December <sup>1</sup> R	Options exercised during the year Number	Shares forfeited <sup>2</sup> Number	Sale price/ market price R	Pre-tax gain R	Date exercised
<b>Executive directors</b>									
MDM Mgojo		01/04/2020			136 871	11 418	99.25	13 584 447	01/04/2020
	<b>161 974</b>	01/04/2021	22 498 189	22 498 189					
	<b>111 942</b>	01/04/2022	15 548 744	15 548 744					
	<b>175 347</b>	01/04/2023	24 355 698	24 355 698					
	<b>449 263</b>		<b>62 402 631</b>	<b>62 402 631</b>	<b>136 871</b>	<b>11 418</b>		<b>13 584 447</b>	
PA Koppeschaar		01/04/2020			59 410	4 956	99.25	5 896 443	01/04/2020
	<b>76 047</b>	01/04/2021	10 562 928	10 562 928					
	<b>52 605</b>	01/04/2022	7 306 835	7 306 835					
	<b>82 402</b>	01/04/2023	11 445 638	11 445 638					
	<b>211 054</b>		<b>29 315 401</b>	<b>29 315 401</b>	<b>59 410</b>	<b>4 956</b>		<b>5 896 443</b>	
<b>Prescribed officers</b>									
V Balgobind		01/04/2020			26 744	2 230	99.25	2 654 342	01/04/2020
	<b>32 148</b>	01/04/2021	4 465 357	4 465 357					
	<b>22 218</b>	01/04/2022	3 086 080	3 086 080					
	<b>34 802</b>	01/04/2023	4 833 998	4 833 998					
	<b>89 168</b>		<b>12 385 435</b>	<b>12 385 435</b>	<b>26 744</b>	<b>2 230</b>		<b>2 654 342</b>	
AS de Angelis <sup>3</sup>	<b>14 930</b>	01/04/2021	2 073 777	2 073 777					
	<b>14 084</b>	01/04/2021	1 956 268	1 956 268					
	<b>10 366</b>	01/04/2022	1 439 837	1 439 837					
	<b>32 361</b>	01/04/2023	4 494 943	4 494 943					
	<b>71 741</b>		<b>9 964 825</b>	<b>9 964 825</b>	<b>-</b>	<b>-</b>		<b>-</b>	
AW Diedericks		01/04/2020			33 804	2 819	99.25	3 355 047	01/04/2020
	<b>38 687</b>	01/04/2021	5 373 624	5 373 624					
	<b>26 362</b>	01/04/2022	3 661 682	3 661 682					
	<b>41 293</b>	01/04/2023	5 735 598	5 735 598					
	<b>106 342</b>		<b>14 770 904</b>	<b>14 770 904</b>	<b>33 804</b>	<b>2 819</b>		<b>3 355 047</b>	
JG Meyer		01/04/2020			33 804	2 819	99.25	3 355 047	01/04/2020
	<b>39 720</b>	01/04/2021	5 517 108	5 517 108					
	<b>27 323</b>	01/04/2022	3 795 165	3 795 165					
	<b>42 798</b>	01/04/2023	5 944 642	5 944 642					
	<b>109 841</b>		<b>15 256 915</b>	<b>15 256 915</b>	<b>33 804</b>	<b>2 819</b>		<b>3 355 047</b>	
MI Mthenjane		01/04/2020			33 181	2 767	99.25	3 293 214	01/04/2020
	<b>37 975</b>	01/04/2021	5 274 728	5 274 728					
	<b>25 754</b>	01/04/2022	3 577 231	3 577 231					
	<b>40 341</b>	01/04/2023	5 603 365	5 603 365					
	<b>104 070</b>		<b>14 455 324</b>	<b>14 455 324</b>	<b>33 181</b>	<b>2 767</b>		<b>3 293 214</b>	
Dr N Tsengwa		01/04/2020			50 008	4 171	99.25	4 963 294	01/04/2020
	<b>58 762</b>	01/04/2021	8 162 042	8 162 042					
	<b>40 991</b>	01/04/2022	5 693 650	5 693 650					
	<b>64 208</b>	01/04/2023	8 918 491	8 918 491					
	<b>163 961</b>		<b>22 774 183</b>	<b>22 774 183</b>	<b>50 008</b>	<b>4 171</b>		<b>4 963 294</b>	
SE van Loggerenberg <sup>4</sup>		01/04/2020			6 057	505	99.25	601 157	01/04/2020
		01/10/2020			7 043	587	124.01	873 402	07/10/2020
	<b>16 187</b>	01/04/2021	2 248 374	2 248 374					
	<b>11 146</b>	01/04/2022	1 548 179	1 548 179					
	<b>17 458</b>	01/04/2023	2 424 916	2 424 916					
	<b>44 791</b>		<b>6 221 469</b>	<b>6 221 469</b>	<b>13 100</b>	<b>1 092</b>		<b>1 474 559</b>	
M Veti		01/04/2020			32 726	2 730	99.25	3 248 056	01/04/2020
	<b>37 455</b>	01/04/2021	5 202 500	5 202 500					
	<b>25 402</b>	01/04/2022	3 528 338	3 528 338					
	<b>39 790</b>	01/04/2023	5 526 831	5 526 831					
	<b>102 647</b>		<b>14 257 669</b>	<b>14 257 669</b>	<b>32 726</b>	<b>2 730</b>		<b>3 248 056</b>	

<sup>1</sup> Based on a share price of R138.90 which prevailed on 31 December 2020.

<sup>2</sup> Shares forfeited due to performance conditions not being fully met.

<sup>3</sup> Appointed 1 April 2020.

<sup>4</sup> Resigned on 18 February 2021.

**DBP**

No further performance conditions apply to this scheme other than continued employment at the time of vesting.

The table below illustrates the shares held by each participant as well as shares exercised and shares forfeited as a result of resignations in the review period.

**DBP transaction details for executive directors and prescribed officers in 2020**

	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December <sup>1</sup> R	Pre-tax gain if exercisable at 31 December <sup>1</sup> R	Options exercised during the year Number	Sale price/ market price R	Pre-tax gain R	Date exercised
<b>Executive directors</b>								
MDM Mgojo		31/08/2020			1 209	138.35	167 265	01/09/2020
	<b>4 372</b>	09/03/2021	607 271	607 271				
	<b>11 139</b>	31/03/2021	1 547 207	1 547 207				
	<b>1 003</b>	31/08/2021	139 317	139 317				
	<b>1 414</b>	15/03/2022	196 405	196 405				
	<b>8 347</b>	31/03/2022	1 159 398	1 159 398				
	<b>12 710</b>	31/03/2023	1 765 419	1 765 419				
	<b>1 277</b>	31/08/2023	177 375	177 375				
	<b>40 262</b>		<b>5 592 392</b>	<b>5 592 392</b>	<b>1 209</b>		<b>167 265</b>	
PA Koppeschaar		31/08/2021	101 675	101 675				
	<b>732</b>							
	<b>5 369</b>	31/03/2022	745 754	745 754				
	<b>4 628</b>	31/03/2023	642 829	642 829				
	<b>972</b>	31/03/2022	135 011	135 011				
	<b>11 701</b>		<b>1 625 269</b>	<b>1 625 269</b>				
<b>Prescribed officers</b>								
V Balgobind		09/03/2020			1 054	104.33	109 964	24/03/2020
		31/03/2020			1 891	97.81	184 959	03/04/2020
		31/08/2020			303	138.35	41 920	08/09/2020
	<b>1 089</b>	09/03/2021	151 262	151 262				
	<b>1 880</b>	31/03/2021	261 132	261 132				
	<b>253</b>	31/08/2021	35 142	35 142				
	<b>351</b>	15/03/2022	48 754	48 754				
	<b>2 540</b>	31/03/2022	352 806	352 806				
	<b>2 170</b>	31/03/2023	301 413	301 413				
	<b>8 283</b>		<b>1 150 509</b>	<b>1 150 509</b>	<b>3 248</b>		<b>336 843</b>	
AS de Angelis		31/03/2023	146 817	146 817				
	<b>1 057</b>							
	<b>451</b>	31/08/2023	62 644	62 644				
	<b>1 508</b>		<b>209 461</b>	<b>209 461</b>				
AW Diedericks		09/03/2020			2 406	104.33	251 018	18/03/2020
		31/03/2020			4 368	97.81	427 234	01/04/2020
		31/08/2020			688	138.35	95 185	31/08/2020
	<b>2 484</b>	09/03/2021	345 028	345 028				
	<b>4 287</b>	31/03/2021	595 464	595 464				
	<b>557</b>	31/08/2021	77 367	77 367				
	<b>773</b>	15/03/2022	107 370	107 370				
	<b>3 098</b>	31/03/2022	430 312	430 312				
	<b>4 641</b>	31/03/2023	644 635	644 635				
	<b>690</b>	31/08/2023	95 841	95 841				
	<b>16 530</b>		<b>2 296 017</b>	<b>2 296 017</b>	<b>7 462</b>		<b>773 437</b>	
JG Meyer		09/03/2020			2 413	104.33	251 748	16/03/2020
		31/03/2020			4 375	97.81	427 919	01/04/2020
		31/08/2020			688	138.35	95 185	02/09/2020
	<b>4 786</b>	31/03/2023	664 775	664 775				
	<b>4 786</b>		<b>664 775</b>	<b>664 775</b>	<b>7 476</b>		<b>774 852</b>	
MI Mthenjane		09/03/2020			1 304	104.33	136 046	24/03/2020
		31/08/2020			670	138.35	92 695	08/09/2020
	<b>1 346</b>	09/03/2021	186 959	186 959				
	<b>2 331</b>	31/03/2021	323 776	323 776				
	<b>3 677</b>		<b>510 735</b>	<b>510 735</b>	<b>1 974</b>		<b>228 741</b>	

## REMUNERATION REPORT continued

	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December <sup>1</sup> R	Pre-tax gain if exercisable at 31 December <sup>1</sup> R	Options exercised during the year Number	Sale price/ market price R	Pre-tax gain	Date exercised
<b>Prescribed officers continued</b>								
Dr N Tsengwa		09/03/2020			1 308	104.33	136 464	18/03/2020
		31/08/2020			396	138.35	54 787	09/09/2020
	<b>265</b>	31/08/2021	36 809	36 809				
	<b>519</b>	15/03/2022	72 089	72 089				
	<b>2 359</b>	31/03/2022	327 665	327 665				
	<b>418</b>	31/08/2023	58 060	58 060				
	<b>3 561</b>		<b>494 623</b>	<b>494 623</b>	<b>1 704</b>		<b>191 251</b>	
M Veti		09/03/2020			1 271	104.33	132 603	23/03/2020
		31/08/2020			369	138.35	51 051	07/09/2020
	<b>1 326</b>	09/03/2021	184 181	184 181				
	<b>2 314</b>	31/03/2021	321 415	321 415				
	<b>302</b>	31/08/2021	41 948	41 948				
	<b>419</b>	15/03/2022	58 199	58 199				
	<b>1 675</b>	31/03/2022	232 658	232 658				
	<b>660</b>	31/08/2023	91 674	91 674				
	<b>6 696</b>		<b>930 075</b>	<b>930 075</b>	<b>1 640</b>		<b>183 654</b>	

<sup>1</sup> Based on a share price of R138.90 which prevailed on 31 December 2020.

### DBP income for executive directors and prescribed officers

Executive director and prescribed officers	DBP shares held as a percentage of NCOE at 31 December 2020	DBP shares held at 31 December 2020		2017 DBP shares matched	
		%	R	Number	R
MDM Mgojo	<b>74</b>	<b>5 592 392</b>	<b>40 262</b>	<b>167 265</b>	<b>1 209</b>
PA Koppeschaar	<b>28</b>	<b>1 625 269</b>	<b>11 701</b>		
V Balgobind	<b>34</b>	<b>1 150 509</b>	<b>8 283</b>	<b>336 843</b>	<b>3 248</b>
AS de Angelis	<b>7</b>	<b>209 461</b>	<b>1 508</b>		
AW Diedericks	<b>57</b>	<b>2 296 017</b>	<b>16 530</b>	<b>773 437</b>	<b>7 462</b>
JG Meyer	<b>16</b>	<b>664 775</b>	<b>4 786</b>	<b>774 852</b>	<b>7 476</b>
MI Mthenjane	<b>13</b>	<b>510 735</b>	<b>3 677</b>	<b>228 741</b>	<b>1 974</b>
Dr N Tsengwa	<b>10</b>	<b>494 623</b>	<b>3 561</b>	<b>191 251</b>	<b>1 704</b>
M Veti	<b>24</b>	<b>930 075</b>	<b>6 696</b>	<b>183 654</b>	<b>1 640</b>

## Total executive management remuneration

The total single figure remuneration for executive directors and prescribed officers is stated in the table below to align with King IV disclosure. The 2020 LTIP reflected the 1 April 2017 LTIP award that will vest as a result of 2020 performance on 1 April 2020. Since the portion of the DBP voluntary deferral is included under the STIs, proceeds from the matched portion of the DBPs are reflected under LTIs.

### Single figure remuneration as per King IV for 2020 and 2019

	Year	NCOE R	Recognition and other payments R	STIs R	LTIs R	Total remunera- tion R
<b>Executive directors</b>						
MDM Mgojo	<b>2020</b>	<b>7 533 816</b>	<b>141 586</b>	<b>3 415 080</b>	<b>15 040 578</b>	<b>26 131 060</b>
	2019	7 410 601	5 260	2 741 922	18 107 777	28 265 560
PA Koppeschaar	<b>2020</b>	<b>5 719 117</b>	<b>2 500</b>	<b>2 306 522</b>	<b>7 061 571</b>	<b>15 089 710</b>
	2019	5 624 332	5 260	1 799 786	7 791 003	15 220 381
<b>Prescribed officers</b>						
V Balgobind	<b>2020</b>	<b>3 419 820</b>	<b>14 338</b>	<b>1 054 332</b>	<b>2 985 199</b>	<b>7 473 689</b>
	2019	3 363 889	5 260	840 972	3 933 020	8 143 141
AS de Angelis	<b>2020</b>	<b>2 915 100</b>	<b>2 500</b>	<b>945 100</b>	<b>1 386 371</b>	<b>5 249 071</b>
	2019	1 865 891	50 099	416 683		2 332 673
AW Diedericks	<b>2020</b>	<b>4 057 728</b>	<b>2 500</b>	<b>1 352 442</b>	<b>3 592 398</b>	<b>9 005 068</b>
	2019	4 004 844	5 260	1 001 211	5 411 496	10 422 811
JG Meyer	<b>2020</b>	<b>4 205 568</b>	<b>2 500</b>	<b>1 401 716</b>	<b>3 688 320</b>	<b>9 298 104</b>
	2019	4 141 399	5 260	1 035 350	5 413 332	10 595 341
MI Mthenjane	<b>2020</b>	<b>3 964 176</b>	<b>2 500</b>	<b>1 321 260</b>	<b>3 526 283</b>	<b>8 814 219</b>
	2019	3 916 983	55 575	979 246	4 610 097	9 561 901
Dr N Tsengwa	<b>2020</b>	<b>4 788 451</b>	<b>2 500</b>	<b>1 931 182</b>	<b>5 456 521</b>	<b>12 178 654</b>
	2019	4 373 844	10 760	1 399 630	6 781 408	12 565 642
SE van Loggerenberg	<b>2020</b>	<b>2 263 300</b>	<b>2 500</b>	<b>595 928</b>	<b>1 503 093</b>	<b>4 364 821</b>
	2019	2 244 531	10 760	448 906	1 717 831	4 422 028
M Veti	<b>2020</b>	<b>3 909 972</b>	<b>2 500</b>	<b>1 303 196</b>	<b>3 477 996</b>	<b>8 693 664</b>
	2019	3 863 424	5 260	965 856	4 506 743	9 341 283

The STIs are inclusive of the voluntary individual deferral made for 2020. The LTIs reflects 66.67% of the April 2018 award that will vest on 1 April 2021 at 31 December 2020 volume weighted average share price of R139.28.

#### For 2020

An amount of R2 500 includes fatality free recognition payment. Leave encashment amounts are included for MDM Mgojo: R139 086 and V Balgobind: R11 838.

#### For 2019

An amount of R5 260 includes fatality free recognition payment and R2 760 for LTIFR recognition. An additional total amount of R10 760 for suggestion award was received by Dr N Tsengwa and SE van Loggerenberg. Leave encashment of R50 315 for M Mthenjane is included.

## Non-executive directors' remuneration

	2020			2019		
	Fees for services R	Benefits and allowances R	Total R	Fees for services R	Benefits and allowances R	Total R
<b>Non-executive directors</b>						
GJ Fraser-Moleketi	<b>1 162 496</b>		<b>1 162 496</b>	938 235	5 478	943 713
L Mbatha	<b>582 337</b>		<b>582 337</b>	702 899	–	702 899
VZ Mntambo	<b>728 933</b>		<b>728 933</b>	638 068	–	638 068
MJ Moffett	<b>933 861</b>		<b>933 861</b>	923 063	–	923 063
LI Mophatlane	<b>819 174</b>		<b>819 174</b>	1 045 616	2 913	1 048 529
EJ Myburgh	<b>1 229 321</b>		<b>1 229 321</b>	1 168 912	–	1 168 912
V Nkonyeni	<b>959 545</b>	<b>2 059</b>	<b>961 604</b>	956 784	21 879	978 663
J van Rooyen (chairperson)	<b>2 128 588</b>		<b>2 128 588</b>	2 016 072	–	2 016 072
A Sing <sup>1</sup>	<b>294 136</b>		<b>294 136</b>	787 867	–	787 867
PCCH Snyders	<b>879 159</b>	<b>1 067</b>	<b>880 226</b>	1 041 060	55 472	1 096 532
<b>Total non-executive directors'</b> <b>remuneration</b>	<b>9 717 550</b>	<b>3 126</b>	<b>9 720 676</b>	11 233 404	85 742	11 319 146

<sup>1</sup> Retired on 28 May 2020.

## GRI INDEX

The latest GRI guidelines (Standards) are included in this index, which excludes mining-specific indicators until the latest supplement has been completed. Indicators are cross-referenced to either the integrated report or ESG report and marked externally assured where applicable.

▲ Integrated report

● ESG report

NR Not reported

NA Not applicable

Standard			Page	Omission
<b>GRI 102</b>	General disclosures	102-1	Name of the organisation	▲ • Throughout
		102-2	Activities, brands, products and services	▲ 1 – 7 ● 2 – 19
		102-3	Location of headquarters	▲ • Inside back cover
		102-4	Location of operations	▲ 1, 20 – 22 and 125
		102-5	Ownership and legal form	▲ 18 – 19
		102-6	Markets served	▲ 24 and 98 – 103
		102-7	Scale of the organisation	▲ 18 – 22 ● 76 – 77
		102-8	Information on employees and other workers	▲ 108 – 112 ● 66 – 77
		102-9	Supply chain	▲ 98 – 103 ● 88 and 97
		102-10	Significant changes to the organisation and its supply chain	▲ 98 – 103 ● 88 and 97
		102-11	Precautionary principle or approach	▲ 35 and 44 ● 3, 6 – 7 and 14
		102-12	External initiatives	▲ 2 – 4 ● 2 – 3
		102-13	Membership of associations	▲ 2 – 4 ● 2 – 3
		102-14	Statement from senior decision maker	▲ 10 – 11 and 52 – 53
		102-15	Key impacts, risks and opportunities	▲ 38 – 49 ● 6 – 19
		102-16	Values, principles, standards and norms of behaviour	▲ 32, 45 and 111 ● 15, 73, 92 and 95 – 98
		102-17	Mechanisms for advice and concerns about ethics	▲ 32 ● 92
		102-18	Governance structure	▲ 26 – 30 ● 104 – 116
		102-19	Delegating authority	▲ 33 ● 99
		102-20	Executive-level responsibility for economic, environmental and social topics	▲ 33 ● 99
		102-21	Consulting stakeholders on economic, environmental and social topics	▲ 62 – 65 ● 28 – 39
		102-22	Composition of the highest governing body and its committees	▲ 33 ● 99
		102-23	Chair of the highest governing body	▲ 10 – 11, 26, 33 and 35 ● 99, 104, 106 and 111
		102-24	Nominating and selecting the highest governing body	▲ 33 ● 96, 99 108 – 109, 117 and 119 – 120
		102-25	Conflicts of interest	▲ 95 – 96, 111 and 134
		102-26	Role of the highest governing body in setting purpose, values and strategy	▲ 26 ● 94
		102-27	Collective knowledge of highest governance body	▲ 28 ● 110
		102-28	Evaluating the highest governance body's performance	▲ 35 ● 98

Standard			Page	Omission
<b>GRI 102</b> continued	General disclosures continued	102-29	Identifying and managing economic, environmental and social impacts	▲ 31 – 35 • 94 – 103
		102-30	Effectiveness of risk management processes	▲ 56 – 59 • 20 – 24
		102-31	Review of economic, environmental and social topics	▲ 32 – 34 • 115
		102-32	Board's role in sustainability reporting	▲ 3 • 98
		102-33	Communicating critical concerns	▲ 34 • 100
		102-34	Nature and total number of critical concerns	▲ 56 – 59 • 20 – 24
		102-35	Remuneration policies	▲ 110 • 137 – 165
		102-36	Process for determining remuneration	▲ 110 • 137 – 165
		102-37	Stakeholders' involvement in remuneration	▲ 110 • 137 – 165
		102-38	Annual total compensation ratio	
		102-39	Percentage increase in annual total compensation ratio	Confidentiality
		102-40	List of stakeholder groups	Confidentiality
		102-41	Collective bargaining agreements	▲ 114 • 92
		102-42	Identifying and selecting stakeholders	▲ 62 – 65 • 28 – 38
		102-43	Approach to stakeholder engagement	▲ 62 – 65 • 28 – 38
		102-44	Key topics and concerns raised	▲ 62 – 65 • 28 – 38
		102-45	Entities included in the consolidated financial statements	See annual financial statements at <a href="http://www.exxaro.com">www.exxaro.com</a> under investors tab
		102-46	Defining report content and topic boundaries	▲ 2 – 4 and 6 – 7 • 2 – 3 and 6 – 19
		102-47	List of material topics	▲ 6 – 7 • 6 – 19
		102-48	Restatements of information	
		102-49	Changes in reporting	▲ 2 – 4 • 2 – 3
		102-50	Reporting period	▲ 2 • 3
		102-51	Date of most recent report	▲ • Throughout
		102-52	Reporting cycle	▲ 2 • 3
		102-53	Contact point for questions regarding the report	▲ • Inside front cover
		102-54	Claims of reporting in accordance with the GRI Standards	▲ 2 • 3
		102-55	GRI content index	▲ 166 – 170
		102-56	External assurance	▲ 171 – 175
<b>GRI 103</b>	Management approach to economic, environmental and social impacts	103-1	Explanation of the material topic and its boundary	▲ 6 – 7 • 6 – 19
		103-2	The management approach and its components	▲ 6 – 7 • 6 – 19
		103-3	Evaluation of the management approach	▲ 6 – 7 • 6 – 19
<b>GRI 201</b>	Economic performance	201-1	Direct economic value generated and distributed	▲ 10 – 13, 15, 24, 36, 48, 63, 84 – 90, 96 – 97, 110 and 117 • 8, 18 – 19, 22 – 23, 33, 36, 38 – 39, 59, 71 – 72, 75, 77, 81 – 82, 84 86, 91, 118, 124, 127 and 138

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Standard				Page	Omission
<b>GRI 201</b> continued		201-2	Financial implications and other risks and opportunities due to climate change	▲ 6, 35, 40, 42 – 44, 48, 53 – 54, 56 – 57, 60, 64 – 65, 67, 69 – 70, 100, 111, 114 and 117 – 119 ● 3, 6, 8, 10, 12 – 14, 18, 25 – 26, 34, 36, 40 – 41, 47 – 48, 52, 92, 112, 125, 159 and 160	
		201-3	Defined benefit plan obligations and other retirement plans	▲ 12, 35, 85 and 89 ● 75, 81, 112, 144 – 145 and 148	
		201-4	Financial assistance received from government		NA
<b>GRI 202</b>	Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	● 71 – 77	
		202-2	Proportion of senior management hired from the local community	▲ 27 and 30 ● 76, 108, 115 and 119	
<b>GRI 203</b>	Indirect economic impacts	203-1	Infrastructure investments and services supported	▲ 48, 64, 104, 115 and 117 ● 18, 29, 33, 37, 63, 78, 80 – 84 and 127	
		203-2	Significant indirect economic impacts	▲ 116 – 119 ● 78 – 91	
<b>GRI 204</b>	Procurement practices	204-1	Proportion of spending on local suppliers	▲ 13 and 121 ● 23, 89, 90 – 92 and 154	
<b>GRI 205</b>	Anti-corruption	205-1	Operations assessed for risks related to corruption	▲ 32, 35 and 43 ● 13, 21, 27, 36, 39, 91, 95 – 98 and 127 – 128	
		205-2	Communication and training about anti-corruption policies and procedures	▲ 35 ● 127 and 128	
		205-3	Confirmed incidents of corruption and actions taken	▲ 127	
<b>GRI 206</b>	Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		NA
<b>GRI 207</b>	Tax	207-1	Approach to tax	See tax report at <a href="http://www.exxaro.com">www.exxaro.com</a> under investors tab	
		207-2	Tax governance, control and risk management	See tax report at <a href="http://www.exxaro.com">www.exxaro.com</a> under investors tab	
		207-3	Stakeholder engagement and management of concerns related to tax	See tax report at <a href="http://www.exxaro.com">www.exxaro.com</a> under investors tab	
		207-4	Country-by-country reporting	See tax report at <a href="http://www.exxaro.com">www.exxaro.com</a> under investors tab	
<b>GRI 301</b>	Materials	301-1	Materials used by weight or volume		
		301-2	Recycled input materials used		
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<b>GRI 302</b>	Energy	302-1	Energy consumption within the organisation	▲ 36 ● 46 and 48 – 49	
		302-2	Energy consumption outside of the organisation	▲ 13 ● 22 and 47	
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<b>GRI 303</b>	Water and effluents	303-1	Interactions with water as a shared source	
		303-2	Management of water discharge-related impacts	
		303-3	Water withdrawal	
		303-4	Water discharge	
		303-5	Water consumption	
<b>GRI 304</b>	Biodiversity	304-1	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	▲ 55 – 57
		304-2	Significant impacts of activities, products and services on biodiversity	▲ 55 – 57
		304-3	Habitats protected or restored	▲ 55 – 57
		304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	▲ 55
<b>GRI 305</b>	Emissions	305-1	Direct (scope 1) GHG emissions	▲ 13 • 22 and 47
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		305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	▲ 44
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		306-3	Waste generated	▲ 37 • 40, 41, 50, 52 – 53 and 97
		306-4	Waste diverted from disposal	▲ 43 • 13 and 52
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<b>GRI 307</b>	Environmental compliance	307-1	Non-compliance with environmental laws and regulations	▲ 22, 42 and 53
<b>GRI 308</b>	Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	▲ 32 • 36, 91 and 97
		308-2	Negative environmental impacts in the supply chain and actions taken	
<b>GRI 401</b>	Employment	401-1	New employee hires and employee turnover	▲ 36 • 76 – 77
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<b>GRI 402</b>	Labour/management relations	402-1	Minimum notice periods regarding operational changes	

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<b>GRI 403</b>	Occupational health and safety	403-1	Occupational health and safety management system	▲ 109 ● 66, 68 – 69 and 97	
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<b>GRI 404</b>	Training and education	404-1	Average hours of training per year per employee		
		404-2	Programmes for upgrading employee skills and transition assistance programmes	▲ 36, 110 and 112 ● 21, 23, 50, 63, 66 – 67, 71 – 74, 77, 96 and 117	
		404-3	Percentage of employees receiving regular performance and career development reviews	▲ 35 ● 98, 117, 132, 139 – 140, 150, 152 and 161 – 163	
<b>GRI 405</b>	Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	▲ 11, 27 – 28, 30, 45 – 46, 53, 108 – 111 and 114 ● 15 – 16, 30, 66, 71, 73, 75, 77, 92, 96, 100 – 101, 108 – 110, 115, 117, 119 – 120, 126 – 128, 139, 149 – 151 and 153 – 154	
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<b>GRI 410</b>	Security practices	410-1	Security personnel trained in human rights policies or procedures	▲ 48 and 114 • 18 and 92	
<b>GRI 411</b>	Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	▲ 48 and 114 – 115 • 18 and 92 – 93	
<b>GRI 412</b>	Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	▲ 48, 57 and 114 • 18, 26, 36 and 91 – 93	
		412-2	Employee training on human rights policies or procedures	▲ 114 • 92	
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		413-2	Operations with significant actual and potential negative impacts on local communities	▲ 49 and 118 – 119 • 44	
<b>GRI 414</b>	Supplier social assessment	414-1	New suppliers screened using social criteria	▲ 32 • 36 and 97	
		414-2	Negative social impacts in the supply chain and actions taken	▲ 48 • 18 and 127 – 128	
<b>GRI 415</b>	Public policy	415-1	Political contributions		
<b>GRI 416</b>	Customer health and safety	416-1	Assessment of health and safety impacts of product and service categories		NA
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		NA
<b>GRI 417</b>	Marketing and labelling	417-1	Requirements for product and service information and labelling		NA
		417-2	Incidents of non-compliance concerning product and service information and labelling		NA
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<b>GRI 418</b>	Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	▲ 34 and 107	
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# ASSURANCE REPORT

## INDEPENDENT AUDITOR'S REASONABLE ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INFORMATION IN EXXARO RESOURCES LIMITED'S ESG REPORT

### TO THE DIRECTORS OF EXXARO RESOURCES LIMITED

We have undertaken a reasonable assurance engagement in respect of the selected sustainability information, as described below, and presented in the 2020 ESG Report of Exxaro Resources Limited (the 'Company', "Exxaro" or "you") for the year ended 31 December 2020 (the Report). This engagement was conducted by a multidisciplinary team including *health, safety, social, environmental and assurance* specialists with relevant experience in sustainability reporting.

#### Subject Matter

We have been engaged to provide a reasonable assurance opinion in our report on the following selected sustainability information. The selected sustainability information described below have been prepared in accordance with the Company's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying Company reporting criteria).

Selected Sustainability Information	Unit of measurement	Boundary	Page number
Number of fatalities	Number	Exxaro Group	21
Number of lost time injuries (employees and contractors)	Number	Exxaro Group	21
Lost Time Injury Frequency Rate (LTIFR) (employees and contractors)	Rate	Exxaro Group	21
Occupational health incident frequency rate (OHIFR)	Rate	Exxaro Group	21
Number of accepted occupational health cases	Number	Exxaro Group	70
Carbon Intensity - Scope 1	kt CO <sub>2</sub> e / TTM	Exxaro Group	22
Carbon Intensity - Scope 2	kt CO <sub>2</sub> e / TTM	Exxaro Group	22
Carbon footprint - Scope 1	kt CO <sub>2</sub> e	Exxaro Group	46
Carbon footprint - Scope 2	kt CO <sub>2</sub> e	Exxaro Group	46
Carbon footprint - Scope 3	kt CO <sub>2</sub> e	Exxaro Group	46
Number of level 2 and 3 environmental incidents	Number	Exxaro Group	22
Water intensity - total tonnage mined	Water withdrawn/ROM tonnes	Exxaro Group	22
Skills provision (% of appointment from within)	%	Exxaro Group	21
Scarcity skills retention (% turnover)	%	Exxaro Group	21
Number of stoppage directives (includes section 54 into MHSA)	Number	Exxaro Group	22
Number of stoppage directives (includes directives into NWA, NEMA and MPRDA)	Number	Exxaro Group	22
Talent bench - % of clusters (DL to DU) that have at least two EE candidates in the 3A/3B/2A category	%	Exxaro Group	71
Talent bench - % of clusters (EL and above) that have at least two EE candidates in the 3A/3B/2A category	%	Exxaro Group	71

We refer to this information as the selected sustainability information for Reasonable Assurance.

#### Your responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out on pages 173 to 175 of the Report (the "Reporting Criteria").

This responsibility includes:

- the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance, and
- the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability information and for ensuring that those criteria are publicly available to the Report users.

#### Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practices on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

In particular, where the information relies on carbon and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work will not include examination of the derivation of those factors and other third party or laboratory information.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our responsibility

Our responsibility is to express a reasonable assurance opinion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain reasonable assurance about whether the selected sustainability information are free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) ,and ISAE 3410, involves performing procedures to obtain evidence about the measurement of the selected sustainability information and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected sustainability information, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to the Company's preparation of the selected sustainability information. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by the Company;
- Assessing the suitability in the circumstances of the Company's use of the applicable reporting criteria as a basis for preparing the selected sustainability information; and

- Evaluating the overall presentation of the selected sustainability performance information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Reasonable Assurance Opinion

In our opinion and subject to the inherent limitations outlined elsewhere in this report, the selected sustainability information as set out in the Subject Matter paragraph above for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the reporting criteria.

### Other Matter(s)

Our report includes the provision of reasonable assurance on the following indicators:

- Talent bench - % of clusters (DL to DU) that have at least two EE candidates in the 3A/3B/2A category
- Talent bench - % of clusters (EL and above) that have at least two EE candidates in the 3A/3B/2A category
- Carbon intensity - scope 1
- Carbon intensity - scope 2

We were previously not required to provide assurance on this selected sustainability information.

The maintenance and integrity of Exxaro's website is the responsibility of Exxaro's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on Exxaro's website.

### Restriction of liability

Our work has been undertaken to enable us to express a reasonable assurance opinion on the selected sustainability information to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this report, or for the conclusion we have reached.



PricewaterhouseCoopers Inc.

Director: Jayne Mammatt

Registered Auditor

Johannesburg

19 April 2021

# ASSURANCE REPORT continued

## SUSTAINABILITY INDICATORS (REPORTING CRITERIA)

KPI/Subject Matter	Definition/Criteria
<b>Number of Fatalities</b>	A fatality includes all incidents that resulted in a fatality.
<b>Number of Lost time injuries (employees and contractors)</b>	<p>Lost time injury (LTI) occurs when a person is injured in the execution of this/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day on which the injury was incurred, whether a scheduled work day or not.</p> <p>The following notes apply:</p> <ul style="list-style-type: none"> <li>• Days lost are calendar days regardless of whether the injured was due at work or not on any of those days and includes scheduled time off.</li> <li>• Regular duties are those duties associated with the job description of the injured.</li> <li>• Normal daily travel to and from work is only considered as being work related if the transportation is owned, hired or contracted by the Company.</li> <li>• Restricted work (of light duties) which may follow on from lost time will normally be counted as lost time.</li> <li>• If a business unit chooses to continue to use restricted work cases (RWCs) and RWC days the definition of Restricted Work Cases will apply.</li> </ul> <p>Irrespective of whether business units record RWCs or not, the calculation of the LTIFR will include both LTI's and RWCs and the sum of lost days and restricted days.</p> <p>The employee lost time injury frequency rate shall be calculated whenever the lost time injury is reported and communicated.</p>
<b>Lost Time Injury Frequency Rate (LTIFR) - Employees and Contractors</b>	<p>Lost time injury (LTI) occurs when a person is injured in the execution of this/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day on which the injury was incurred, whether a scheduled work day or not.</p> <p>The following notes apply:</p> <ul style="list-style-type: none"> <li>• Days lost are calendar days regardless of whether the injured was due at work or not on any of those days and includes scheduled time off.</li> <li>• Regular duties are those duties associated with the job description of the injured.</li> <li>• Normal daily travel to and from work is only considered as being work related if the transportation is owned, hired or contracted by the Company.</li> <li>• Restricted work (of light duties) which may follow on from lost time will normally be counted as lost time.</li> <li>• If a business unit chooses to continue to use restricted work cases (RWCs) and RWC days the definition of Restricted Work Cases will apply.</li> </ul> <p>Irrespective of whether business units record RWCs or not, the calculation of the LTIFR will include both LTI's and RWCs and the sum of lost days and restricted days.</p> <p>The employee lost time injury frequency rate shall be calculated whenever the lost time injury is reported and communicated.</p> <p>It is calculated as follows:</p> <ul style="list-style-type: none"> <li>• LTIFR: (Number of LTI's X 200,000)/Total man-hours worked</li> </ul> <p>Total man-hours should include visitor Hours</p>
<b>Occupational health incident rate</b>	<p>An occurrence of a medically diagnosed occupational disease by the Occupational Medical Practitioner which is reported to MBOD, DMR and/ or RMA during the reporting period. However, no immediate decision for compensation is made until pending further investigations results.</p> <ul style="list-style-type: none"> <li>• These Occupational Diseases are:</li> <li>• Reported cases of Occupational tuberculosis;</li> <li>• Reported cases of Chronic Obstructive Airway Disease;</li> <li>• Reported cases of Pneumoconiosis;</li> <li>• Reported cases of Noise Induced Hearing Loss;</li> <li>• Reported cases of Silicosis.</li> </ul> <p>Occupational diseases are monitored and reported for employees and contractors.</p> <p>The Occupational Health Incident Rate is calculated as follows:</p> <ul style="list-style-type: none"> <li>• OHIR: (Number of reported occupational diseases X 200,000)/Total man-hours worked</li> </ul> <p>Total man-hours worked include hours for employees, contractors and visitors.</p>

KPI/Subject Matter	Definition/Criteria
<b>Number of accepted cases of occupational diseases</b>	<p>An accepted case is an approved case for compensation by the MBOD/RMA. An approved certificate is sent to the Occupational Medical Practitioner.</p> <p>These Occupational Diseases are:</p> <ul style="list-style-type: none"> <li>• Accepted cases of Occupational tuberculosis;</li> <li>• Accepted cases of Chronic Obstructive Airway Disease;</li> <li>• Accepted cases of Pneumoconiosis;</li> <li>• Accepted cases of Noise Induced Hearing Loss;</li> <li>• Accepted cases of Silicosis.</li> </ul>
<b>Carbon intensity (Scope 1) - (kt CO<sub>2</sub>e/TTM)</b>	Total emissions from Scope 1 Total Tonnes Mined in (KtCO <sub>2</sub> e per Kton)
<b>Carbon intensity (scope 2) - (kt CO<sub>2</sub>e/TTM)</b>	Total emissions from Scope 2 Total Tonnes Mined in (KtCO <sub>2</sub> e per Kton)
<b>Carbon footprint - Scope 1</b>	<p>Total emissions from Exxaro operations these include total litres of diesel oil used for primary production activities, fugitive emissions from mining activities and limestone emissions created through mining activities converted to Kilo-tonnes CO<sub>2</sub>e.</p> <p>The above are all combined and the total Scope 1 calculation is performed at head office.</p>
<b>Carbon footprint - Scope 2</b>	Total emissions from the consumption of purchased electricity converted to Kilo-tonnes CO <sub>2</sub> e
<b>Number of Level 2 and 3 environmental incidents</b>	<p>Level 1 - An internally reportable environmental incident with reversible on-site impacts, which will involve immediate clean-up [and/or a negative impact costing &lt; R100 000 to remediate]</p> <p>Level 2 - An internally reportable environmental incident with reversible on-site and immediate surrounding impacts, which will involve longer than 48hrs clean-up activities [and/or a negative impact costing R100 000 - R 500 000 to remediate]</p> <p>Level 3 - An internally and/or externally reportable environmental incident with irreversible on-site, immediate and remote areas impacts, which will involve long-term clean-up activities [and/or a negative impact costing &gt; R 500 000 worth of damage.]</p> <p>The Rand values used above are used as a guide to support the classification of the incidents. It may not be necessary in all cases to use this amount to support the classification.</p>
<b>Water intensity - ROM (tons)</b>	<p>Water intensity refers to the total water withdrawals (excluding supply to third party, game, farmers) from a resource (not recycled/re-claimed water) divided by ROM, and is expressed as:</p> <ul style="list-style-type: none"> <li>• Water intensity=water withdrawals (m<sup>3</sup>) ROM (tons)</li> </ul>
<b>Skills provision (% of appointment from within)</b>	<p>External is: All new engagements and re-engagements</p> <p>Internal is: Temporary to Permanent, Learnership to Permanent, Transfer to Artisan and Non-permanent employees appointed permanent. Transfer within same BU, Transfer between BU, Transfer between Company, Promotion within same BU, Promotion between Company.</p> <p>The Percentage is calculated as Number of external or internal appointments/Total number of appointments.</p> <p>e.g. 90 appointments (25 external 65 internal) = 25/90 *100 = 27.8%  <math display="block">\frac{65}{90} \times 100 = 72.2\%</math></p>
<b>Scarcity skills retention (% turnover)</b>	The Turnover % is calculated using the movement list and specific relation to employee separations over a 12-month period, this excludes all Retrenchments including Voluntary Severance Packages divided by the average headcount over 12 months.
<b>Talent bench - % of clusters (DL to DU) that have at least two employment equity candidates in the 3A/3B/2A category</b>	<p><b>Measures the percentage of employment equity employees on D band that are immediately ready or medium term ready for the next higher level - against the target of 15%</b></p> <p>Count number of D band clusters that have at least 2 Black Individuals with 3A, 3B and 2A rating on immediately ready and medium-term cluster</p> <p>Count total number of clusters on specific D Band level Divide number of clusters with individuals on 3A,3B and 2A by total number of clusters</p>

## ASSURANCE REPORT continued

### SUSTAINABILITY INDICATORS (REPORTING CRITERIA) continued

KPI/Subject Matter	Definition/Criteria
<b>Talent bench - % of clusters (EL and above) that have at least two employment equity candidates in the 3A/3B/2A category</b>	<p><b>Measures the percentage of employment equity employees on E band that are immediately ready or medium term ready for the next higher level - against the target of 10%</b></p> <p>Count number of E band clusters that have at least 2 Black candidates with 3A, 3B and 2A rating on immediately ready and medium-term cluster</p> <p>Count total number of clusters on specific E Band level Divide number of clusters with individuals on 3A,3B and 2A by total number of clusters</p>
<b>Number of stoppage directives (includes section 54 into MHSA)</b>	<p><b>Stoppage (directive) Instruction</b></p> <p>A stoppage instruction is an instruction issued by an inspector from the Department of Mineral Resources or Department of Labour in terms of Section 54.(a)&amp;(b) of the Mine Health and Safety Act, Act 29 of 1996 or Section 30.(1) - (5) of the Occupational Health and Safety Act, Act 85 of 1993 for occurrences, practices or conditions that, in the opinion of the inspector, pose a threat to the safety or health of employees, to cease operations at the mine or part thereof with immediate effect.</p>
<b>Number of stoppage directives (includes directives into NWA, NEMA and MPRDA)</b>	<p><b>Stoppage (directive) Instruction</b></p> <p>A right/authorisation/permission/approval/licence under which has been placed under notice as per a) sections 93 and/or 47 of MPRDA; section 54 of NWA; and Section 31L of NEMA, and/or Regulation 38 of the NEMA EIA Regs.</p>

# GLOSSARY

<b>AET</b>	Adult education and training
<b>AGM</b>	Annual general meeting
<b>AMCU</b>	Association of Mineworkers and Construction Union
<b>B-BBEE</b>	Broad-based black economic empowerment
<b>BEE</b>	Black economic empowerment
<b>Bloomberg GEI</b>	Bloomberg Gender-Equality Index
<b>BU</b>	Business unit
<b>CAF</b>	Combined assurance forum
<b>CAGR</b>	Compound annual growth rate
<b>Cennergi</b>	Cennergi Proprietary Limited or Cennergi group of companies
<b>CEO</b>	Chief executive officer
<b>Companies Act</b>	Companies Act, 2008 (Act 71 of 2008), as amended
<b>COAD</b>	Chronic obstructive airway disease
<b>COGTA</b>	Department of Cooperative Governance and Traditional Affairs
<b>CoP</b>	Conference of the Parties
<b>cps</b>	Cents per share
<b>CSA</b>	Control self-assessment
<b>CSI</b>	Corporate social investment
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>DBP</b>	Deferred bonus plan
<b>DHS</b>	Department of Human Settlements
<b>DMRE</b>	Department of Mineral Resources and Energy
<b>dtic</b>	Department of Trade, Industry and Competition
<b>DoL</b>	Department of Labour
<b>Dorstfontein</b>	Dorstfontein Coal Mines Proprietary Limited
<b>DWS</b>	Department of Water and Sanitation
<b>EAP</b>	Employee assistance programme
<b>EBITDA</b>	Net operating profit before interest, tax, depreciation, amortisation, impairment charges or impairment reversals and net loss or gain on disposal of assets and investments (including translation differences recycled to profit or loss)
<b>ECC</b>	Exxaro Coal Central Proprietary Limited

## GLOSSARY continued

<b>ECD</b>	Early childhood development
<b>ECF</b>	Exxaro Chairman's Fund
<b>EERF</b>	Exxaro's Environmental Rehabilitation Fund
<b>EF</b>	Exxaro Foundation
<b>EME</b>	Exempt micro-enterprises
<b>EMPR</b>	Environmental Management Programme
<b>EPDI</b>	Exxaro People Development Initiative
<b>ESD</b>	Enterprise and supplier development
<b>ESG</b>	Environmental, social and governance
<b>ESOP</b>	Employee share option plan
<b>EVP</b>	Employee value proposition
<b>Exxaro</b>	Exxaro Resources Limited
<b>Eyesizwe</b>	Eyesizwe (RF) Proprietary Limited, special purpose private company which has a 30% shareholding in Exxaro
<b>FD</b>	Finance director
<b>Ferroland</b>	Ferroland Grondtrust Proprietary Limited
<b>FUWA</b>	Food and Allied Workers' Union
<b>GBV</b>	Gender-based violence
<b>GHG</b>	Greenhouse gas
<b>GG</b>	Grootgeluk
<b>HDPE</b>	high density polyethylene
<b>HEPS</b>	Headline earnings per share
<b>HPI</b>	High-potential incidents
<b>ICT</b>	Information and communications technology
<b>IFRIC</b>	IFRS Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>IIRC</b>	International Integrated Reporting Council
<b>↓IR Framework</b>	International Integrated Reporting Framework
<b>IT</b>	Information technology
<b>IWUL</b>	Integrated water use licence

\* The abbreviation is context-specific.

<b>JSE</b>	JSE Limited
<b>KAM</b>	Key account management
<b>King IV</b>	King IV Report on Corporate Governance for South Africa, 2016
<b>KPI</b>	Key performance indicator
<b>LoM</b>	Life of mine
<b>LTI*</b>	Long-term incentive
<b>LTI*</b>	Lost-time injury
<b>LTIFR</b>	Lost-time injury frequency rate
<b>LTIP</b>	Long-term incentive plan
<b>Mafube</b>	Mafube Coal Proprietary Limited
<b>Mining Charter III</b>	Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018
<b>Minerals Council</b>	Minerals Council of South Africa
<b>MISA</b>	Municipal Infrastructure Support Agent
<b>Mol</b>	Memorandum of incorporation
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)
<b>MSR</b>	Minimum shareholding requirements
<b>NBI</b>	National Business Initiative
<b>NCOE</b>	Notional cost of employment
<b>NGO</b>	Non-governmental organisation
<b>NDP</b>	National Development Plan
<b>NEMA</b>	National Environmental Management Act,1998 (Act 107 of 1998)
<b>NIHL</b>	Noise-induced hearing loss
<b>NPC</b>	Non-profit company
<b>NPO</b>	Non-profit organisation
<b>NUM</b>	National Union of Mineworkers
<b>NUMSA</b>	National Union of Metalworkers of South Africa
<b>OHIFR</b>	Occupational health incident frequency rate
<b>PIT</b>	Professionals in training
<b>PM</b>	Particulate matter

## GLOSSARY continued

<b>PPE</b>	Personal protective equipment
<b>PwC</b>	PricewaterhouseCoopers Incorporated
<b>QSE</b>	Qualifying small enterprise
<b>RAP</b>	Resettlement action plan
<b>ROCE</b>	Return on capital employed
<b>ROM</b>	Run of mine
<b>RWG</b>	Resettlement working group
<b>SDGs</b>	Sustainable Development Goals
<b>SIOC</b>	Sishen Iron Ore Company Proprietary Limited
<b>SLP</b>	Social and labour plan
<b>SME</b>	Small to medium-sized enterprise
<b>SMME</b>	Small, medium and micro-enterprise
<b>SPR</b>	Special performance award
<b>SPV</b>	Special purpose vehicle
<b>STI</b>	Short-term incentive
<b>Tata</b>	Tata Power Company Limited
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TPI</b>	Transition Pathway Initiative
<b>TRAC SA 2020</b>	Transparency and Corporate Reporting: South Africa 2020
<b>Tronox</b>	Exxaro's investment in Tronox entities
<b>Tronox SA</b>	Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited
<b>Tronox UK</b>	Tronox Sands Limited Liability Partnership in the United Kingdom
<b>Tsitsikamma SPV</b>	Tsitsikamma Community Wind Farm Proprietary Limited
<b>TSR</b>	Total shareholder return
<b>Tumelo</b>	Tumelo Coal Mines Proprietary Limited
<b>UK</b>	United Kingdom
<b>UNGC</b>	United Nations Global Compact
<b>USA</b>	United States of America
<b>WUL</b>	Water use licence

# ADMINISTRATION

## ACTING GROUP COMPANY SECRETARY AND REGISTERED OFFICE

### Karen Maré (Inlexso Proprietary Limited)

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## COMPANY REGISTRATION NUMBER

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JSE share code: EXX  
ISIN code: ZAE000084992  
ADR code: EXXAY

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