



## **EXXARO RESOURCES LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under registration number 2000/011076/06)*

**unconditionally and irrevocably guaranteed by**

## **EXXARO COAL PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under registration number 2000/011078/07)*

and

## **EXXARO COAL MPUMALANGA PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under registration number 1999/010289/07)*

and

## **EXXARO COAL CENTRAL PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under registration number 1968/014274/07)*

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### **INFORMATION STATEMENT**

in respect of the

**ZAR5,000,000,000**

### **DOMESTIC MEDIUM TERM NOTE PROGRAMME**

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Exxaro Resources Limited (**Exxaro**, or the **Issuer**) intends from time to time to issue notes (the **Notes**) under the ZAR5,000,000,000 Domestic Medium Term Note Programme (the **Programme**) on the basis set out in the Programme Memorandum dated 7 June 2019, as amended and restated from time to time (the **Programme Memorandum**). The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified in the section headed “*Summary of Programme*” under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers, underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement** and this **Information Statement**).

#### **Availability of Information**

This Information Statement is also available on the Issuer’s website at <https://www.exxaro.com/investors/legal-documentation>.

Information on the Issuer’s website, other than in this Information Statement and the Programme Memorandum, is not intended to be incorporated by reference into this Information Statement, save for those documents which are incorporated by reference in the section headed “**Documents Incorporated by Reference**” in the Programme Memorandum.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum read together with the Applicable Pricing Supplement in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer, its financial condition and results of operations (if any) and investor considerations/risk factors, until a new information statement is issued.

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## GENERAL

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*Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement.

In addition, the Issuer, having made all reasonable inquiries, confirms that this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger, the Dealers, the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any

Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger(s) or the Dealers has represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

**The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US Persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger(s) or the Dealers (and their respective directors, employees, representatives and agents), the JSE Debt Sponsor, their Affiliates or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger(s) or Dealers. It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

**Copies of this Information Statement are available by request from the registered offices of the Issuer.**

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## INVESTOR CONSIDERATIONS/RISK FACTORS

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*Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

*The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the Programme Date, or which it may not be able to anticipate at the Programme Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in this Information Statement to reach their own views prior to making any investment decision.*

*References below to the “Terms and Conditions”, in relation to Notes, shall mean the “Terms and Conditions of the Notes” set out under the section of the Programme Memorandum headed “Terms and Conditions of the Notes”.*

### **Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme**

#### **Risks Relating to the Notes**

##### ***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

***There may not be an active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

***Because uncertificated Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

***Recourse to the JSE Debt Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

***Credit Rating***

Tranches of Notes issued under the Programme, the Issuer, the Guarantors and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold

securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Any amendment in the Rating of the Issuer and/or the Guarantors and/or the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

### ***Risks related to the structure of the particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index-Linked and Dual Currency Notes*

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *Variable Rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes where denominations involve integral multiples: Individual Certificates*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***Modification and waivers and substitution***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***Change of law***

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Programme Date.











### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.



## Risks relating to the Issuer's Business

### Exxaro Top 10 Strategic Risk Trends

Rank	Risk	2018 Residual Risk Rating	Year on year Trend	2017 Residual Risk Rating	Comment
1	Dependency on Eskom as a key customer	58		76	Risk rating reduced marginally due to removal of Arnot, favorable arbitration rulings, and improved relationship with Eskom management.
2	Maintain a social licence to operate	51		49	More clarity on Mining Charter offset by increase in compliance requirements.
3	Community unrest	49		38	Risk rating increased due to growing community dissatisfaction with employment, enterprise development, human resource development and social development. Moreover, South African police services and public order police inefficiency is a reality.
4	Execution of business of tomorrow	47		17	Critical that growth is realized at required investment criteria given global views on thermal coal.
5	Competition and product substitution	40		36	Risk rating marginally higher due to increase in debate on thermal coal future.
6	Capital project execution	39		48	Progressive de-risking of mega projects.
7	Price and currency volatility	39		36	Increased volatility in prices and exchange rate due to global trade wars.
8	Cost competitiveness of products	38		34	Need to realize portfolio optimization and benefits of business excellence and digitization.
9	Infrastructure access and capacity	35		34	Strategy to increase exports dependent on access to allocation on logistical infrastructure.
10	Fraud and corruption	34		40	Residual risk rating lower based on Anti-bribery and corruption (ABAC) program initiative implementation.

Residual risk score increase



Residual risk score decrease



Residual risk score unchanged



New risk identified



## Risk Management

Type of risk	Driver	Impacts	Treatments
1. Dependency on Eskom as key customer	<ul style="list-style-type: none"> <li>• Further delays of the Eskom Medupi power station.</li> <li>• Termination of coal supply agreement (CSA).</li> <li>• Inadequate environmental financial provision at captive mines. Rehabilitation fund shortfall at Matla.</li> <li>• Realisation of approved funding for capital requirements (Matla capital project programme).</li> <li>• Non payment of management fee at Arnot.</li> <li>• Eskom calling for more than 25Mt at Grootegeluk (GG) in next 5 years for Medupi and Matimba.</li> </ul>	<ul style="list-style-type: none"> <li>• Safety compromised since capital approvals for safety initiatives rest with Eskom.</li> <li>• Cash flow constraints by Eskom means that Exxaro may not be paid/or late.</li> <li>• Operational constraints at GG due to pit liberation impacts as a result of further Medupi power station delays.</li> <li>• Breakdown of relationships with unions and employees and communities.</li> <li>• Inadequate funding for closure rehabilitation in trust for Arnot and Matla.</li> </ul>	<ul style="list-style-type: none"> <li>• Broadening of local and international customer base.</li> <li>• Build adequate stockpile levels &amp; mine bench 13 to supplement while Grootegeluk phase 2 (GG6P2) is built.</li> <li>• Enforcement of CSA &amp; arbitration award into environmental funding.</li> <li>• Ongoing discussions on the future of Matla.</li> <li>• Top management intervention within 2 months.</li> </ul>
2. Maintain social license to operate	<ul style="list-style-type: none"> <li>• Unable to achieve Social and Labour Plan (SLP) targets as approved.</li> <li>• Increased social activism due to continual unemployment.</li> <li>• Increased state intervention in the mining sector: expectations to invest and transform.</li> <li>• Worsening economic outlook leading to retrenchments &amp; higher inflation.</li> <li>• Unable to meet some mining charter targets e.g. Procurement.</li> </ul>	<ul style="list-style-type: none"> <li>• Reputations impacts (Bad press).</li> <li>• Community unrest.</li> <li>• Suspension/cancellation of mining right.</li> <li>• Financial Losses.</li> <li>• Directives issued by the Department of Mineral Resources (DMR) to remedy.</li> <li>• Penalties &amp; fines for continued non-adherence.</li> <li>• Production stoppages/closure by community.</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence as a minimum to commitments in the SLPs.</li> <li>• Conduct SLP audits – mining charter/ Department of Trade and Industry Codes</li> <li>• Offering voluntary severance packages (VSP's) when required.</li> <li>• Proactive involvement in Sustainable Socio-economic development initiatives.</li> <li>• Pursue identified initiatives to progressively improve Exxaro's B-BBEE rating.</li> <li>• Regular engagement with Government.</li> <li>• Reporting on Mining Charter requirements (External &amp; Internal).</li> <li>• Reporting on SLP requirements (External</li> </ul>

	<ul style="list-style-type: none"> <li>• State intervention in the mining sector</li> </ul>		& Internal).
3. Community unrest	<ul style="list-style-type: none"> <li>• Disgruntlement with local economic development (<b>LED</b>).</li> <li>• Political maneuvering.</li> <li>• Labour unrest that spreads to the community.</li> <li>• High unemployment rate in South Africa.</li> <li>• Lack of service delivery.</li> <li>• High demand for skills development/e mployment.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential harm to mine employees.</li> <li>• Potential damage to mine equipment.</li> <li>• Disruption to operations.</li> <li>• Reputational damage in terms of negative news flow.</li> </ul>	<ul style="list-style-type: none"> <li>• Build local &amp; national political relationships.</li> <li>• Emergency response plan.</li> <li>• Invest in non-mining skills development programmes.</li> <li>• Negotiations with community.</li> <li>• Ongoing employee engagement initiative.</li> <li>• Ongoing investment in community &amp; communication of achievements.</li> <li>• Transparent &amp; ongoing communication with stakeholders.</li> </ul>
4. Execution of business of tomorrow	<ul style="list-style-type: none"> <li>• Shortage of ideas that match the Business of tomorrow (<b>BoT</b>) criteria.</li> <li>• Not agile enough to capture suitable available initiatives or markets changes rapidly.</li> <li>• Investors dissatisfied with non-mining growth and risk profile of BoT.</li> <li>• Skills and experience to operate as venture capitalists.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial loss.</li> <li>• Negative perception of BoT/reputational damage.</li> <li>• Not able to achieve 2026 objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Aim for a balance portfolio of ideas.</li> <li>• Appoint &amp; engage private equity type skills</li> <li>• Articulate criteria to ensure ideas adhere to it.</li> <li>• Communicate BoT strategy to investors to create awareness of BoT drive.</li> <li>• Continuous engagement with decision makers with respect to decision making process/criteria.</li> <li>• Ensure an internal understanding &amp; acceptance of BoT.</li> <li>• Establish relations and alliances with funds, Institutions in the futuristic space.</li> <li>• Portfolio approach to the programme.</li> <li>• Rigorous development and stage gate process to approve and execute ideas.</li> <li>• Separate BoT from existing procedures and processes.</li> <li>• Take lessons learned from other companies &amp; introduce back to policies &amp; procedures.</li> </ul>
5. Competition & product substitution	<ul style="list-style-type: none"> <li>• Regulatory push.</li> <li>• Price driven substitution.</li> <li>• Advances in</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Loss.</li> <li>• Reputational damage.</li> <li>• Loss of local business.</li> </ul>	<ul style="list-style-type: none"> <li>• Early alerts on regulatory changes.</li> <li>• Implementation of diversification strategy.</li> </ul>

	<ul style="list-style-type: none"> <li>technology.</li> <li>• Pressure by stakeholders.</li> <li>• Environmental concerns.</li> <li>• Uncertainty of energy mix in South Africa.</li> <li>• Inability to grow coal and future material.</li> </ul>		<ul style="list-style-type: none"> <li>• Invest in cleaner coal extraction Alternatives</li> <li>• Pro-active engagement with stakeholders.</li> <li>• Target selective markets where coal consumption is dominant &amp; growing.</li> </ul>
6. Capital project execution	<ul style="list-style-type: none"> <li>• Challenges in project economic forecasting.</li> <li>• Programme delivery inconsistencies.</li> <li>• Poor cost and schedule control.</li> <li>• Poor program and contractor implementation strategy.</li> <li>• Lack of access to strategic infrastructure (roads/ water/ housing etc.).</li> <li>• Poor hand over and production ramp-up.</li> <li>• Supply chain management inefficiencies and poor contracting strategy.</li> <li>• Safety, Health, Environment and Community including stakeholder management (community unrest) issues.</li> <li>• Poor interface management between contractors.</li> <li>• Ineffective change control plan.</li> <li>• Ineffective quality control programme.</li> <li>• Front-end loading not done with due diligence.</li> <li>• Legal and regulatory non-compliance.</li> <li>• Poor engineering and ongoing scoping</li> </ul>	<ul style="list-style-type: none"> <li>• Project delays.</li> <li>• Cost overruns.</li> <li>• Reputational damage.</li> <li>• Community unrest (business and job opportunities).</li> </ul>	<ul style="list-style-type: none"> <li>• Asset portfolio review and management.</li> <li>• Disciplined execution of the value engineering study review.</li> <li>• Encourage a culture to report both successes and failures (lessons learnt).</li> <li>• Ensure project and supply chain performance is monitored and managed.</li> <li>• Ensure that all project members understand the value drivers &amp; the impacts.</li> <li>• Establish a contingency plan (plan B).</li> <li>• Establish a robust governance structure.</li> <li>• Implement advanced assurance frameworks (independent review and oversight).</li> <li>• Implement an effective risk management process.</li> <li>• Improve capex forecast accuracy.</li> <li>• Monitoring and tracking the progress of capital projects.</li> <li>• Project role clarification and accountability.</li> <li>• Secure contractor's commitment to assigning a strong &amp; experienced management team.</li> <li>• Standardise design and construction methodologies.</li> </ul>

	<p>changes.</p> <ul style="list-style-type: none"> <li>• The wrong contracting strategy.</li> <li>• Poor risk management process (risk profile).</li> <li>• Tighter constraints on capital.</li> <li>• Contractor skills and experience mismatch.</li> </ul>		
7. Price & currency volatility	<ul style="list-style-type: none"> <li>• Unpredictable market condition.</li> <li>• Global economic slowdown.</li> <li>• Questions about demand in China.</li> <li>• Social and political challenges in South Africa.</li> <li>• European debt crisis (especially Brexit).</li> <li>• Structural economic challenges in the United States.</li> <li>• Depressed local demand (ArcelorMittal SA).</li> <li>• Uncertainty on the Republic of South Africa (<b>RSA</b>) Integrated Resource Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial losses.</li> <li>• Difficult to conduct forecast planning and budgets.</li> </ul>	<ul style="list-style-type: none"> <li>• Hedging of capital commitments.</li> <li>• Impact of volatility frequently assessed in corporate model &amp; communicated to Coal.</li> <li>• Improve the speed of mine planning to match price volatility.</li> <li>• Negotiate long term fixed price contracts- Eskom contracts not linked to currency.</li> </ul>
8. Cost competitiveness of products	<ul style="list-style-type: none"> <li>• Inaccurate financial modelling.</li> <li>• Limited life of mine.</li> <li>• Poor capital project execution.</li> <li>• Head quarter costs charged to the business units.</li> <li>• Inflationary costs (input costs).</li> <li>• Cost containment discipline not uniform across the organisation.</li> <li>• Difficult mining</li> </ul>	<ul style="list-style-type: none"> <li>• Financial losses.</li> <li>• Social impact.</li> <li>• Reputational damage.</li> <li>• Margin squeeze.</li> <li>• Premature mine closure/ allocation of costs to other operations.</li> <li>• Reduced earnings will impact approval of capital projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Assigned management accountants as business partners in the relevant areas.</li> <li>• Budget for post-production stoppage (rehabilitation cost).</li> <li>• Create strategic joint-ventures to optimise economy of scales.</li> <li>• Embrace technology &amp; innovation initiatives to improve productivity performance.</li> <li>• Focus on sustainable cost reduction programs / business improvement initiatives.</li> <li>• Focus on the business unit controllable</li> </ul>

	<p>conditions &amp; geological constraints.</p> <ul style="list-style-type: none"> <li>• Not achieving productivity indices (benchmark standards).</li> <li>• High fixed vs. variability cost ratio.</li> <li>• Volatility of the exchange rate.</li> <li>• Commodity price volatility.</li> </ul>		<p>efficiencies.</p> <ul style="list-style-type: none"> <li>• Increased awareness of cost management.</li> <li>• Investigate and divest non-core and not robust assets.</li> <li>• Optimise operating model and avoid duplicated activities.</li> <li>• Planned reviews by Coal Operations committee.</li> <li>• Re-balancing product chains to better utilise infrastructure (integrated logistics).</li> <li>• Re-optimize capital in projects (e.g. mega projects &amp; stay in business capital).</li> <li>• Review and monitor the performance of suppliers and service providers.</li> </ul>
9. Infrastructure access & capacity	<ul style="list-style-type: none"> <li>• Delays in government infrastructure aspirations to assist with mining industry growth aspirations.</li> <li>• Process of engagement in finalising servitudes.</li> <li>• Ability of Transnet Freight Rail (<b>TFR</b>) to utilise available capacity (e.g. number of trains etc.).</li> <li>• Competition for limited infrastructure resources (especially in the Waterberg).</li> <li>• Geographical location (especially in the Waterberg).</li> <li>• Inability of Richards Bay Coal Terminal (<b>RBCT</b>) and TFR to ramp up to full capacity.</li> <li>• Stranded export entitlement.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial losses.</li> <li>• Reputational damage.</li> <li>• Opportunity losses for new employment.</li> <li>• Limitations on potential to expand.</li> </ul>	<ul style="list-style-type: none"> <li>• 10 year take or pay agreement with TFR for coal dispatched to RBCT.</li> <li>• Collaborate with government stakeholders to improve &amp; initiate new infrastructure.</li> <li>• Identify stakeholders to co-develop a solution &amp; to extend infrastructure (McowapII).</li> <li>• Manage service level agreements (<b>SLA</b>) appropriately.</li> <li>• Regular liaison with TFR, RBCT &amp; water stakeholders.</li> <li>• Understand the return on infrastructure spend and consider appropriate funding.</li> </ul>
10. Fraud and corruption	<ul style="list-style-type: none"> <li>• Collusion with major suppliers and service providers and agents.</li> </ul>	<ul style="list-style-type: none"> <li>• Penalties and fines.</li> <li>• Reputational damage.</li> <li>• Loss of assets.</li> <li>• Loss of opportunities and existing contractual</li> </ul>	<ul style="list-style-type: none"> <li>• Business intelligence tools.</li> <li>• Conduct fraud and corruption awareness campaigns.</li> </ul>

	<ul style="list-style-type: none"> <li>• Failure to comply with laws and regulations.</li> <li>• Lack of ethics internally and externally in the South African context.</li> <li>• Inconsistency with sanctions in disciplinary hearings.</li> </ul>	<ul style="list-style-type: none"> <li>• agreements.</li> <li>• Criminal prosecution.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct internal compliance and risk management assessments.</li> <li>• Consider go/no go country framework as part of the risk appetite framework.</li> <li>• Implement an automated control monitoring tool/system (SAP Process Control).</li> <li>• Implement consequence management.</li> <li>• Participation in industry forums.</li> <li>• Set up a fraud hotline.</li> <li>• Setting up internal investigation unit.</li> <li>• Third party due diligence &amp; research.</li> </ul>
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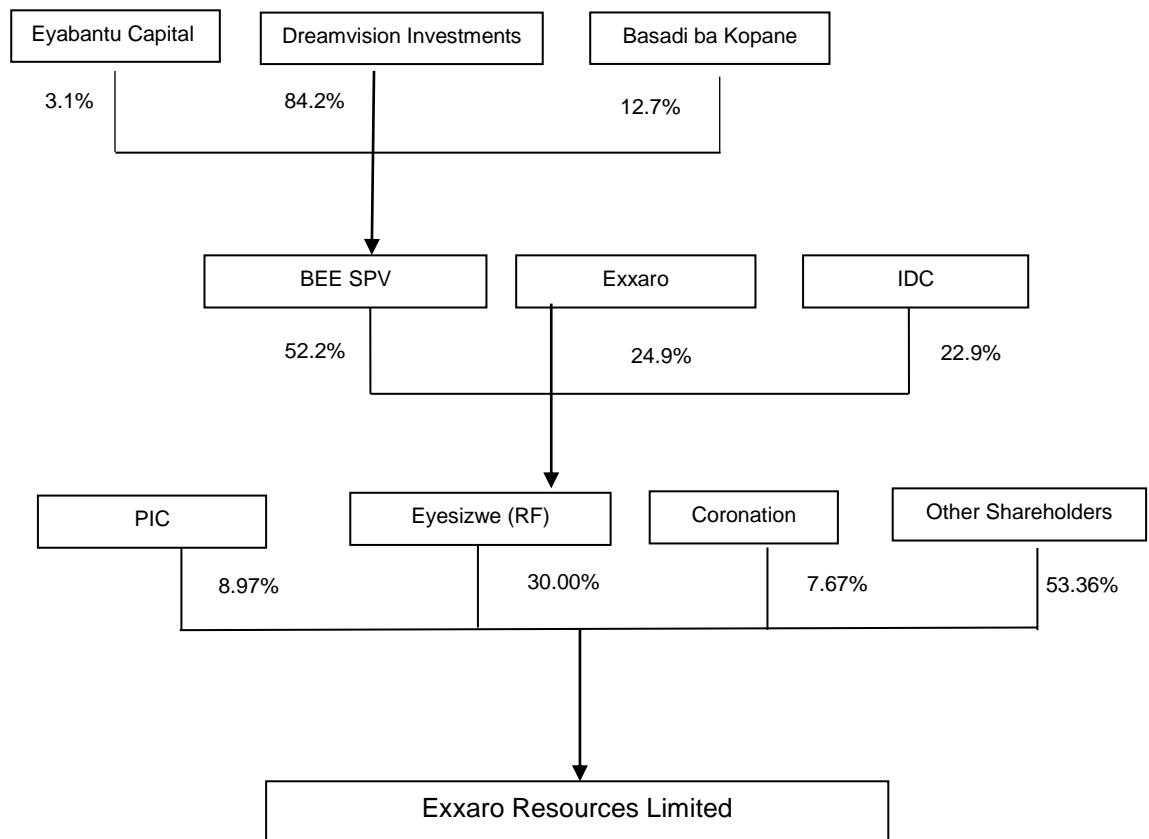
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## ORGANISATIONAL STRUCTURE OF EXXARO RESOURCES LIMITED

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*Capitalised terms used in this section headed “Organisational Structure of Exxaro Resources Limited” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

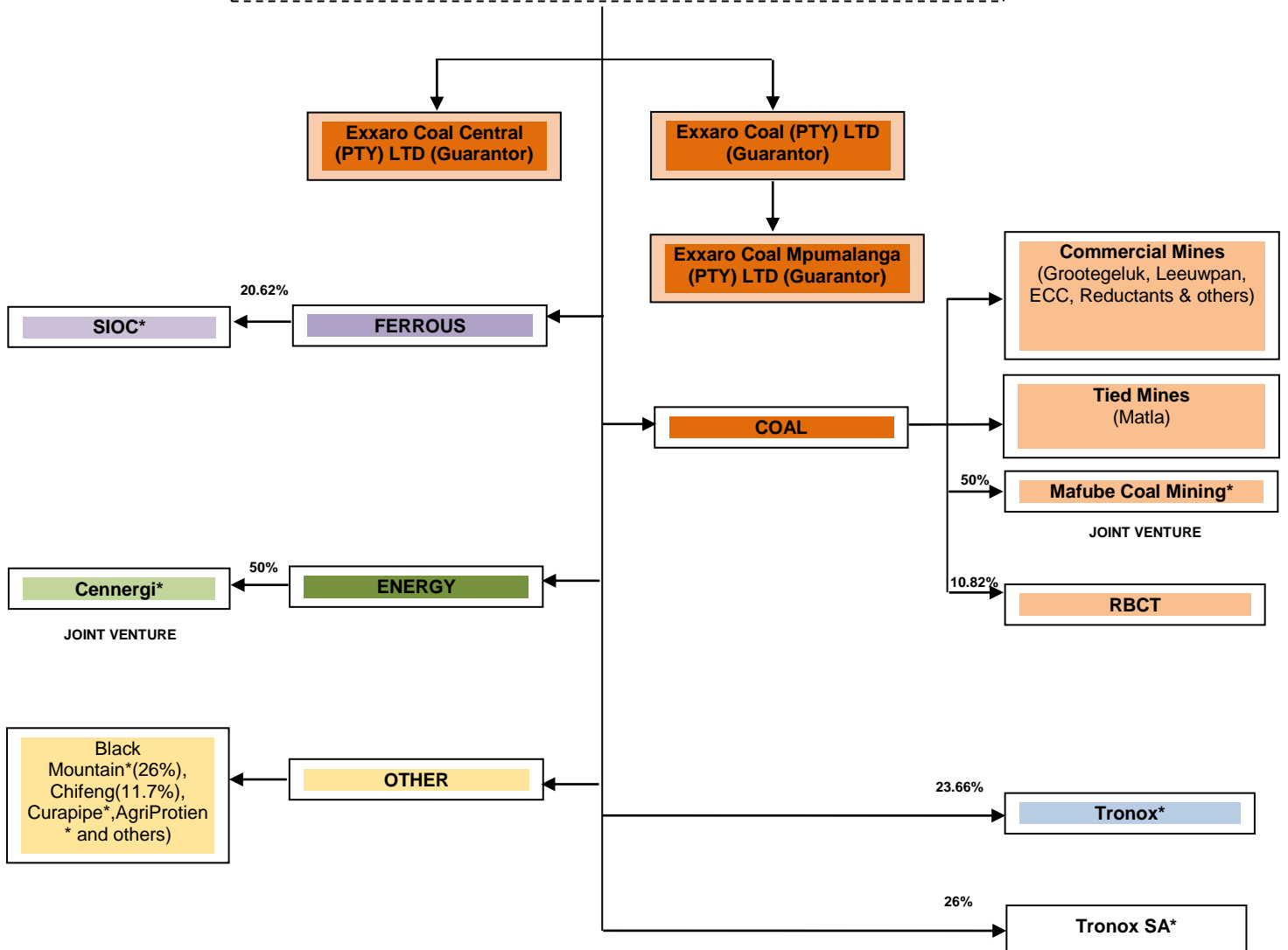
As at the Programme Date, the ownership and control structure is as follows:





Note: All entities are 100% owned unless stated otherwise

**EXXARO RESOURCES LIMITED  
31 DECEMBER 2018**



\*Equity accounted

## DESCRIPTION OF EXXARO RESOURCES LIMITED

Capitalised terms used in this section headed "Description of Exxaro Resources Limited" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

### 1. DESCRIPTION OF THE BUSINESS

Exxaro Resources Limited (**Exxaro** or the **Issuer**), a public company incorporated in South Africa on 7 June 2000, is one of the largest and foremost black-empowered South African based diversified resources groups, with current business interests in South Africa, Europe and the United States of America. One of the key highlights during the 2018 financial year was the completion of the restructuring of the board of directors following the implementation of the BEE replacement transaction. Following the implementation of the Replacement BEE Transaction, Eyesizwe (RF) Proprietary Limited (RF) directly holds 30.0% of the Exxaro Shares. Through this process Exxaro was able to increase the Board gender diversity (amongst others) with black representation of 64% (against a target of 50%) and black female representation of 36% (against a target of 30%). Exxaro is listed on the JSE Limited (the **JSE**) and is a constituent of the FTSE4Good index.

Exxaro's asset portfolio includes coal operations and investments in iron ore, pigment manufacturing, renewable energy (wind) and base metals. The assets vary between controlled and operated assets and equity investments. The major controlled assets include its coal operations in the Waterberg and Mpumalanga regions. The major equity investments include its 24% (down from 44.49%) interest in Tronox Limited, the world's largest fully integrated producer of titanium ore and titanium dioxide, its 26% interest in Black Mountain its 20,62% interest in Sishen Iron Ore Company Proprietary Limited which extracts and processes iron ore and its joint venture investments comprise of 50% interest in Cennergi Proprietary Limited, an energy company which aims to be the leading cleaner energy independent power producer in South Africa and 50% interest in Mafube, an opencast coal operation, producing seaborne traded thermal coal.

### 2. BOARD, MANAGEMENT AND SECRETARY

The directors of Exxaro and their functions, as at the Programme Date, are as follows:

Name	Qualifications	Function
MDM Mgojo	BSc (computer science),(Northeastern Uni., USA); BSc (hons)(energy studies), (RAU); Diploma in International Financial Management: MBA, Henley Management College, UK; Société General Investment Banking and Corporate Finance Programme (Kellogg, USA); Advanced Management Programme (Wharton)	Chief Executive Officer (Executive Director)
PA Koppeschaar	BCom (Hons), CA (SA), Advanced Management Programme (Insead), Advanced Certificate in Taxation, Advanced Certificate in Treasury Management	Finance Director (Executive Director)
J Van Rooyen	BCom, BCompt (hons), CA(SA)	Chairman of the Board
VZ Mntambo	BJuris, LLB (Univ North West), LLM (Yale)	Non-executive Director
V Nkonyeni	BSc (inf proc), BSc (hons), postgraduate diploma in accounting, CA(SA)	Non-executive Director
MW Hlahla	MA (urban planning) (UCLA School of Architecture and Planning), advanced	Non-executive Director

	management programme (Insead), certificate in accounting and finance (Wits Business School)	
EJ Myburgh	BEng (electrical) (Pretoria), BSc (hons) (energy studies) (Johannesburg), MBL (Stellenbosch), executive programme (Virginia)	Non-executive Director
PCCH Snyders	B Eng (Mining)(Pretoria), Diploma in Marketing Management (Unisa), MCom (Business Management)(Rand Afrikaans University)	Non-executive Director
L Mbatha	LLB – University of Lesotho; BA – University of Lesotho; LLM – University of the Witwatersrand	Director (Development Practitioner)
A Sing	BSc Eng (Mechanical) – University of Natal (Durban), 1994; MBA – Wits Business School, 2000; Being a Director Parts I & II – Institute of Directors South Africa	Non-executive Director
D Mashile-Nkosi	Small Business Management Diploma, Wits Business School	Director
G Fraser-Moleketi	MA (Public Administration), D Phil	Non-executive Director
M Moffett	BCom (CTA), CA (SA)	Non-executive Director
LI Mophatlane		Non-executive Director

The management of Exxaro and their functions, as at the Programme Date, are as follows:

<b>Name</b>	<b>Qualifications</b>	<b>Function</b>
MDM Mgojo	BSc (computer science), (Northeastern Uni., USA); BSc (hons)(energy studies), (RAU); Diploma in International Financial Management: MBA, Henley Management College, UK; Societ� General Investment Banking and Corporate Finance Programme (Kellogg, USA); Advanced Management Programme (Wharton)	Chief Executive Officer (Executive Director)
PA Koppeschaar	BCom (Hons), CA (SA), Advanced Management Programme (Insead), Advanced Certificate in Taxation, Advanced Certificate in Treasury Management	Finance Director (Executive Director)
N Tsengwa	Ph.D. (Agronomy), University of Maryland, College Park, US, Executive Development Programme (EDP) (Insead, France)	Executive Head: Coal Operations
MI Mthenjane	BSc (Mining eng), Senior Management Development Programme (GIMT)	Executive Head: Stakeholder Affairs
V Balgobind	BA (Hons) (Industrial Psychology), MA (Industrial Psychology), Management Development Programme (GIBS)	Executive Head: Human Resources
M Vetu	MBL (Unisa), National Higher Diplomas	Executive Head:

	in Metalliferous Mining (Technikon Witwatersrand), National Diploma in Coal Mining (Technikon Witwatersrand), Advanced Management Programme (Wharton), Mine Overseer's Certificate and Mine Manager's Certificate of Competency for Fiery Mines	Sustainability
JG Meyer	B Eng (Metallurgy), MBA, Advanced Management Programme (Insead)	Executive Head: Projects and Technology
AW Diedericks	B. Eng in Mining, Executive Development Program (EDP) at the University of Darden (USA)	Executive Head: Business Development
SE van Loggerenberg	BLC, LLB (Pretoria), Eur Int (cum laude), LLM (Eur) (European Institute, University of Saarland), certificate compliance risk management (Johannesburg), certificate mining law (Witwatersrand), advanced certificate corporate and securities law (Unisa). Fellow of the Institute of Chartered Secretaries, member of the International Institute of Risk Management	Group Company Secretary and Legal  <b>Registered Address:</b> Roger Dyason Road Pretoria West, 0183 South Africa (PO Box 9229 Pretoria, 0001 South Africa

### 3. KING IV COMPLIANCE

Exxaro recognises that effective and efficient governance processes and practices are one of the foundational layers to achieve Exxaro's strategic objectives.



Exxaro's pillars of good corporate citizenship are:


- Transparency;
- Accountability; and
- Integrity.


The pillars permeate everything Exxaro does and ultimately delivers value to Exxaro's shareholders as well as Exxaro's broader stakeholders, including the communities in which Exxaro operates.


Exxaro is listed on the JSE and as such Exxaro has materially complied and disclosed below all the 16 corporate governance principles outlined in the King IV™ report (2016) and as required by the JSE Listing Requirements:

**Exxaro Resources Limited - King IV Checklist**


KING IV Compliance					
GOVERNANCE OUTCOMES	NO.	PRINCIPLES	SUMMARY OF RECOMMENDED PRACTICES	APPLICABLE POLICIES & PROCESSES	STATUS EVALUATION
ETHICAL CULTURE	1.1	The governing body should set the tone and lead ethically and effectively.	Members of the governing body should individually and collectively cultivate the characteristics of integrity, competence, responsibility, accountability and fairness and exhibit them in their conduct	<ol style="list-style-type: none"> <li>1. Board charter (reviewed in 2019)</li> <li>2. Social and ethics committee terms of reference (reviewed in 2019)</li> <li>3. Appointment of directors after assessment of skills and competence as well as thorough background checks by Nomination committee</li> </ol>	
			The governing body should embody the above ethical characteristics in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time.		
	1.2	The governing body should set the tone and lead ethically and effectively.	The governing body should assume responsibility for the governance of ethics by setting the direction for how ethics should be approached and addressed by the organisation.	<ol style="list-style-type: none"> <li>1. Approval and overseeing of code of ethics</li> <li>2. Social and ethics committee overseeing anti-bribery and corruption programme implementation, including employees and service providers</li> <li>3. Approval and overseeing of group wide conflicts of interest policy</li> </ol>	
			The governing body should approve codes of conduct and ethics policies that articulate and give effect to its direction of organisational ethics.		
			The governing body should approve codes of conduct and ethics policies that articulate and give effect to its direction of organisational ethics.		
			The governing body should ensure that the policies address ethics risks and that it encompasses interaction with stakeholders		
			The governing body should oversee the implementation of a risk culture		
			The governing body should oversee the execution of the policies		

			The governing should ensure that ethics is integrated in the company's business processes		
	1.3	The governing body should ensure that the organisation is a responsible corporate citizen.	<p>The governing body should assume responsibility for corporate citizenship by setting the direction for how it should be approached and addressed by the organisation.</p> <p>The governing body should ensure that the organisation's responsible corporate citizenship efforts include compliance with the Constitution of South Africa (including the Bill of Rights), the law, leading standards, and adherence to its own codes of conduct and policies.</p> <p>The governing body should oversee that the organisation's core purpose and values, strategy and conduct are congruent with it being a responsible corporate citizen.</p> <p>The governing body should oversee and monitor, on an ongoing basis, how the consequences of the organisation's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed with management.</p>	<ol style="list-style-type: none"> <li>1. Sustainability KPIs are ranked equally to financial KPIs to track the achievement of strategic objectives</li> <li>2. KPIs are monitored quarterly by the board and respective board committees</li> <li>3. Sustainability KPIs include environmental, social, compliance and human capital KPIs</li> </ol>	
<b>PERFORMANCE AND VALUE CREATION</b>	2.1	The governing body should lead the value creation process by appreciating that strategy, risk and opportunity, performance and sustainable development are	<p>The governing body should assume responsibility for organisational performance by steering and setting the direction for the realisation of the organisation's core purpose and values through its strategy.</p> <p>The governing body should delegate to management the formulation and development of the organisation's short, medium and long-term strategy.</p>	<ol style="list-style-type: none"> <li>1. Strategy is reviewed and approved annually by the board</li> <li>2. Sustainability KPIs are reviewed and approved annually by the board</li> <li>3. Strategic deep dive is conducted every two years</li> <li>4. Strategic risks are assessed annually</li> </ol>	

		<p>inseparable elements.</p>	<p>The organisation's short, medium and long-term strategy as formulated and developed by management should be approved by the governing body, ensuring that the risks and opportunities and stakeholder expectations are incorporated in the strategy</p> <hr/> <p>The organisation's short, medium and long-term strategy as formulated and developed by management should be approved by the governing body, ensuring that the risks and opportunities and stakeholder expectations are incorporated in the strategy</p> <hr/> <p>The governing body should delegate to management the responsibility to implement and execute the approved policies and operational plans.</p> <hr/> <p>The governing body should exercise ongoing oversight of the implementation of strategy and operational plans by management against agreed performance measures and targets.</p> <hr/> <p>The governing body should oversee that the organisation continually assesses, and responsibly responds to the negative consequences of its activities and outputs on the triple context in which it operates, and the capitals which it uses and affects.</p> <hr/> <p>As part of its oversight of performance, the governing body should be alert to the general viability of the organisation with regard to its reliance and effects on the capitals, its solvency and liquidity, and its status as a going concern.</p>	<ol style="list-style-type: none"> <li>5. KPIs are linked to all materials issues per capital and risk thresholds are attached to every KPI</li> <li>6. The performance against every KPI is tracked quarterly</li> <li>7. Enterprise risk management framework and risk appetite approved by the board</li> <li>8. Impact of external and internal events are monitored for its effect on the strategic risk profile</li> </ol>	
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<b>2.2</b>	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.	The governing body should assume responsibility for organisational reporting by setting the direction for how it should be approached and conducted.	<ol style="list-style-type: none"> <li>1. The integrated report is based on "integrated reporting" that happens throughout the year</li> <li>2. The integrated report sets out the strategic objectives, the business model, the material issues that impacts the business and the risks that prevents the organisation from achieving its objectives</li> <li>3. Material issues are assessed annually and financial materiality is reviewed by the audit committee</li> <li>4. The integrity of the integrated report is reviewed by the audit committee</li> <li>5. The integrated report and the annual financial statements are approved by the board annually</li> </ol>	
		The governing body should approve management's determination of the reporting frameworks (including reporting standards) to be used, taking into account legal requirements and the intended audience and purpose of each report.		
		The governing body should oversee that reports such as the annual financial statements, sustainability reports, social and ethics committee reports, or other online or printed information or reports are issued, as is necessary, to comply with legal requirements, and/or to meet the legitimate and reasonable information needs of material stakeholders.		
		The governing body should oversee that the organisation issues an integrated report at least annually		
		The governing body should approve management's bases for determining materiality for the purpose of deciding which information should be included in external reports.		
		The governing body should ensure the integrity of external reports		



			The governing body should oversee that the integrated report, AFS and corporate governance disclosures is published on its website and other platforms		
<b>ADEQUATE AND EFFECTIVE CONTROL</b>	<b>3.1</b>	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The governing body should ensure that its role, responsibilities, membership requirements and procedural conduct are documented in a charter which it regularly reviews to guide its effective functioning.	<ol style="list-style-type: none"> <li>1. Corporate governance remains the accountability of the board as a whole</li> <li>2. King IV gap analysis conducted internally in 2017</li> <li>3. King IV internal audit reviewed conducted in 2018, with no material findings</li> <li>4. Corporate governance is entrenched throughout the organisation in all levels of decision making</li> <li>5. Board charter reviewed in 2017 and again in 2019</li> <li>6. Board governance sessions are conducted twice a year and are mandatory for directors and executive management</li> <li>7. Subsidiary directors receive formal training on an annual basis</li> </ol>	
			The governing body should ensure that its role, responsibilities, membership requirements and procedural conduct are documented in a charter which it regularly reviews to guide its effective functioning.		
			The governing body should approve the protocol to be followed in the event that it or any of its members or committee need to obtain independent, external professional advice at the cost of the organisation on matters within the scope of their duties.		
			The governing body should approve the protocol to be followed in the event that it or any of its members or committee need to obtain independent, external professional advice at the cost of the organisation on matters within the scope of their duties.		
	<b>3.2</b>	The governing body should ensure that in its composition a balance of the skills, experience, diversity, independence and	The governing body should assume responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.	<ol style="list-style-type: none"> <li>1. The Nomination committee ensures that the composition of the board has the appropriate level of skills, experience, diversity and independence</li> <li>2. Nomination committee terms of reference reviewed in 2017 and again 2019</li> </ol>	


		knowledge needed to discharge its role and responsibilities.			
			The governing body should comprise a majority of non-executive members, most of whom should be independent.		
			As a minimum, the chief executive officer (CEO) and at least one other executive should be appointed to the governing body to ensure that it has more than one point of direct interaction with management. The executive other than the CEO appointed to the governing body may be the chief finance officer (CFO) or another designated executive as is appropriate for the organisation.		
			The governing body should set targets for race and gender representation in its membership.		
			The governing body should establish arrangements for periodic, staggered rotation of its members so as to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity.		
			The governing body should establish a succession plan for its membership which should include the identification, mentorship and development of future candidates.		
			The nomination of candidates for election as members of the governing body should be approved by the governing body as a whole.		
				<ol style="list-style-type: none"> <li>3. An approved skills and experience matrix facilitates the appointment of directors</li> <li>4. Race and gender targets are approved by the board</li> <li>5. A formal appointment letter is given to the director on appointment</li> <li>6. A declaration of outside interest is made on appointment and reviewed annually and declarations are also made before any meetings commences</li> <li>7. A lead independent director is appointed by the board</li> <li>8. There is a formal division exists between the duties of the CEO and the Chair as per the board charter</li> <li>9. Board charter was reviewed in 2017 and again 2018</li> </ol>	



			The processes for nomination, election and ultimately, the appointment of members to the governing body should be formal and transparent.		
			Nominations for re-election of an incumbent of the governing body should be considered by the governing body on the basis of that member's performance, including attendance at meetings of the governing body and its committees.		
			A candidate for election as a non-executive member of the governing body should be requested to provide the governing body with details of professional commitments and a statement that confirms that the candidates has sufficient time available to fulfil the responsibilities as member of the governing body.		
			Prior to their nomination for election, candidates' backgrounds should be independently investigated, and their qualifications should be independently verified.		
			A brief professional profile of each candidate standing for election at the annual general meeting (AGM), including details of existing professional commitments, should accompany the notice of the AGM, together with a statement from the governing body confirming whether it supports the candidate's election of re-election.		
			Upon election, the terms and conditions for serving as a member of the governing body should be formalised in a letter of appointment.		
			The governing body should ensure that incoming members are inducted to enable them to make the maximum contribution within the shortest time possible.		

		Members of the governing body with no or limited governance experience should be provided with mentorship and encouraged to undergo training.		
		A programme of professional development and regular briefings on legal and corporate governance developments, and risks and changes in the external environment of the organisation should be provided for members of the governing body.		
		Subject to legal provisions, each member of the governing body should submit to the governing body a declaration of all financial, economic and other interests held by the member and related parties at least annually, or whenever there are significant changes.		
		At the beginning of each meeting of the governing body or its committees, all members should be required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the governing body and subject to legal provisions.		
		Non-executive members of the governing body may be categorised by the governing body as independent if it concludes that there is no interest, position, association or relationship which, when judged from a perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interests of the organisation.		
		The governing body should consider the following and other indicators holistically, and on a substance-over-form basis, when assessing the independence of a member of the governing body for purposes of categorisation.		

			<p>A non-executive member of the governing body may continue to serve, in an independent capacity, for longer than nine years if, upon an assessment by the governing body conducted every year after nine years, it is concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.</p>		
			<p>The governing body should elect an independent non-executive member as chair to lead the governing body in the objective and effective discharge of its governance role and responsibilities.</p>		
			<p>The governing body should appoint an independent non-executive member as the lead independent</p>		
			<p>The CEO of the organisation should not also chair the governing body, and the retired CEO should not become the chair of the governing body until three complete years have passed after the end of the CEO's tenure.</p>		
			<p>In order to determine whether the chair is able to perform the duties of this office effectively, the chair, together with the governing body, should determine the number of outside professional positions that the chair is allowed to hold, taking into account the relative size and complexity of the organisations involved.</p>		
			<p>When determining which of its committees the chair of the governing body should serve on, either as member or chair, the governing body should consider how this affects the overall concentration and balance of power on the governing body.</p>		

			The governing body should ensure there is succession planning in place for the position of chair.		
	3.3	The governing body should consider creating additional governing structures to assist with the balancing of power and the effective discharge of responsibilities, but without abdicating accountability.	The governing body should determine if and when to delegate particular roles and responsibilities to an individual member or members of the governing body, or to standing or <i>ad hoc</i> -committees. The exercise of judgement by the governing body in this regard, is subject to legal requirements and should be guided by what is appropriate for the organisation and achieving the objectives of the delegation.	<ol style="list-style-type: none"> <li>1. The board has delegated certain powers to the Audit Committee, the Social and Ethics Committee, the Sustainability, Risk and Compliance Committee, the Remuneration and Nomination Committee and the Investment Committee</li> <li>2. All board committees have a formally approved terms of reference that was reviewed in 2017 and 2019</li> <li>3. The composition of board committees is assessed annually</li> <li>4. The composition of committees comply to the Companies Act, Mol, King IV and the terms of reference of every committee</li> </ol>	
			In the event that the governing body determines not to delegate all or some of the responsibilities dealt with in this Code as part of the responsibilities of a specific committee, the governing body should ensure that it fulfils those responsibilities itself.		
			Delegation to an individual member or members of the governing body should be recorded in writing and approved by the governing body. The record should set out the nature and extent of the responsibilities delegated, decision-making authority, the duration of the delegation, and the delegates' reporting responsibilities.		
			Delegation to committees should be recorded by means of a formal terms of reference that should be approved and reviewed annually by the governing body.		
			The governing body should consider the allocation of roles and associated responsibilities and the composition of membership across committees holistically		

			<p>The governing body should ensure that each committee, as a whole, has the necessary knowledge, skills, experience and capacity to execute its duties effectively.</p>		
			<p>Each committee should have a minimum of three members subject to legal provisions, where applicable.</p>		
			<p>Members of the executive and senior management should be invited to attend committee meetings either by standing invitation or on an <i>ad hoc</i>-basis to provide pertinent information and insights in their areas of responsibility.</p>		
			<p>Every member of the governing body is entitled to attend any committee meeting as an observer. However, unless that member is also a member of the committee, the member is not entitled to participate without the consent of the chair; does not have a vote; and is not entitled to fees for such attendance, unless payment of fees is agreed to by the governing body and shareholders.</p>		
			<p>Any delegation by the governing body of its responsibilities to a committee or a member of the governing body member will not by or of itself constitute a discharge of the governing body's accountability. The governing body should apply its collective mind to the information, opinions, recommendations, reports and statements presented by the committee or the member.</p>		
			<p>The establishment of an audit committee is a statutory requirement for some organisations. As a matter of leading practice, the governing body of any organisation that issues audited financial statements should consider establishing an audit committee, the role of which should be to provide independent oversight of, among others:</p>		

		<p>A statutory audit committee has the power to make decisions regarding its statutory duties, and is accountable for its performance in this regard. In addition to its statutory duties, the governing body may delegate other responsibilities to the audit committee, such as the approval of the annual financial statements, but the governing body remains ultimately accountable for such delegated responsibilities.</p>		
		<p>If the governing body delegates risk governance to the audit committee, the audit committee should satisfy itself that it dedicates sufficient time to this responsibility.</p>		
		<p>Whether or not the governance of risk is delegated to the audit committee, the audit committee should oversee the management of financial and other risks that affect the integrity of external reports issued by the organisation.</p>		
		<p>The members of the audit committee should, as a whole, have the necessary financial literacy, skills and experience to execute their duties effectively.</p>		
		<p>All members of the audit committee should be independent, non-executive members of the governing body.</p>		
		<p>The governing body should appoint an independent, non-executive member to chair the audit committee.</p>		
		<p>The audit committee should meet annually with the internal and external auditors respectively, without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.</p>		



		All members of the committee for nominations should be non-executive members of the governing body, and the majority should be independent.		
		The governing body should consider allocating the oversight of risk governance to a dedicated committee, or adding it to the responsibilities of another committee as is appropriate for the organisation.		
		If the committees for audit and risk are separate, the governing body should consider for one or more members to have joint membership of both committees for more effective functioning.		
		The committee for risk governance should have executive and non-executive members, with a majority being non-executive members of the governing body.		
		The governing body should consider allocating oversight of remuneration to a dedicated committee, or adding it to the responsibilities of another committee as is appropriate for the organisation.		
		All members of the committee for remuneration should be non-executive members of the governing body, with the majority being independent non-executive members of the governing body.		
		The committee for remuneration should be chaired by an independent non-executive member.		


		For some companies, the establishment of a social and ethics committee is a statutory requirement. The governing body of any organisation not so obliged should consider allocating oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to a dedicated committee, or adding it to the responsibilities of another committee as is appropriate for the organisation.		
		The responsibilities of the social and ethics committee should include its statutory duties (if applicable) and any other responsibilities delegated to it by the governing body.		
		The social and ethics committee should, subject to legal provisions, have executive and non-executive members, with a majority being non-executive members of the governing body.		
	3.4	The governing body should ensure that the appointment of and delegation to competent executive management contributes to an effective arrangement by which authority and responsibilities are exercised.	The governing body should appoint the CEO.	<ol style="list-style-type: none"> <li>1. There is a clear division of power between the CEO and the Chair as per the approved board charter</li> <li>2. The performance of the executive is monitored by the board</li> <li>3. A formal terms of reference exist for the executive committee</li> <li>4. A delegation of authority is approved by the board and reviewed at least annually</li> <li>5. The company secretary is appointed by the board</li> <li>6. The performance of the company secretary is assessed annually</li> </ol>
		The CEO should be responsible for leading the implementation and execution of approved strategy, policy and operational planning, and should serve as the chief link between management and the governing body.		
		The CEO should be accountable, and report to, the		


			governing body.		
			The CEO should not be a member of the remuneration, audit or nomination committees, but should attend by invitation any meeting, or part thereof, if needed to contribute pertinent insights and information.		
			The CEO and the governing body should agree on whether the CEO takes up additional professional positions, including membership of other governing bodies outside the organisation. Time constraints and potential conflicts of interest should be considered and balanced against the opportunity for professional development.		
			The governing body should satisfy itself that there is succession planning for the CEO position in place to provide continuity of executive leadership. Succession planning should be reviewed periodically, and should provide for both succession in emergency situations and succession over the longer term.		
			The governing body should formally evaluate the performance of the CEO against agreed performance measures and targets at least annually.		
			The governing body should set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the CEO.		
			The governing body should approve a delegation of authority framework that articulates its set direction of reservation and delegation of power.		


			<p>The governing body should ensure that the delegation of authority framework addresses the authority to appoint executives who will serve as <i>ex officio</i>- executive member of the governing body and to make other executive appointments.</p>		
			<p>The governing body should satisfy itself that there is succession planning in place for executive management and other key positions to provide continuity of leadership. Succession planning should be reviewed periodically, and provide for both succession in emergency situations and succession over the longer term.</p>		
			<p>The governing body should ensure that it has access to professional and independent guidance on corporate governance and its legal duties, and also that it has support to coordinate the functioning of the governing body and its committees.</p>		
			<p>For some companies, the appointment of a company secretary is a statutory requirement. In respect of those companies, the company secretary provides professional corporate governance services. The governing body of an organisation not so obliged should, as a matter of leading practice, consider appointing a company secretary or other professional, as is appropriate for the organisation, to provide professional corporate governance services to the governing body.</p>		
			<p>The governing body should approve the arrangements for the provision of professional corporate governance services, including whether to outsource them to a juristic person, or to make a full-time or part-time appointment.</p>		




		Regardless of the arrangements it has approved, the governing body should ensure that the office of the company secretary or other professional providing corporate governance services, is empowered and that the position carries the necessary authority.		
		The governing body should approve the appointment, including the employment contract and remuneration of the company secretary or other professional providing corporate governance services. The governing body should oversee that the person appointed has the necessary competence, gravitas and objectivity to provide independent guidance and support at the highest level of decision-making in the organisation.		
		The governing body should have primary responsibility for the removal of the company secretary or other professional providing corporate governance services.		
		The company secretary or other professional providing corporate governance services should have unfettered access to the governing body but, for reasons of independence, should maintain an arms-length relationship with it and its members; accordingly, the company secretary should not be a member of the governing body.		


			<p>The company secretary or other professional providing corporate governance services should report to the governing body via the chair on all statutory duties and functions performed in connection with the governing body. Regarding other duties and administrative matters the company secretary or other professional providing corporate governance services should report to the member of executive management designated for this purpose as is appropriate for the organisation.</p>		
			<p>The performance and independence of the company secretary or other professional providing corporate governance services should be evaluated at least annually by the governing body.</p>		
	3.5	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The governing body should assume responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members by determining how it should be approached and conducted.</p>	<ol style="list-style-type: none"> <li>1. A formal assessment is conducted by the chair</li> <li>2. This is augmented by questionnaires annually</li> </ol>	
			<p>The Governing body should appoint an independent non-executive member to lead the evaluation of the chair's performance if a lead independent is not in place.</p>		
			<p>A formal process, either externally facilitated or not in accordance with methodology approved by the governing body, should be followed for evaluating the performance of the governing body, its committees its chair and its individual members at</p>		

			least every two years.		
			Every alternate year, the governing body should schedule in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its chair and its members as a whole.		
<b>TRUST, GOOD REPUTATION AND LEGITIMACY</b>	4.1	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.	The governing body should assume responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation. Risk governance should encompass both:	<ol style="list-style-type: none"> <li>1. The ERM framework is approved by the board and periodically reviewed</li> <li>2. Strategy, risk, risk appetite and performance is linked via the strategic performance dashboard</li> <li>3. Independent assurance on the risk management process is conducted annually</li> </ol>	
			The governing body should treat risk as integral to the way it makes decisions and executes its duties.		
			The governing body should approve policy that articulates and gives effect to its set direction on risk.		
			The governing body should evaluate and agree the nature and extent of the risks that the organisation should be willing to take in pursuit of its strategic objectives.		
			The governing body should delegate to management the responsibility to implement and execute effective risk management.		
			The governing body should exercise ongoing oversight of risk management		

			The governing body should consider the need to receive periodic independent assurance on the effectiveness of risk management.		
	4.2	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.	The governing body should assume responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed in the organisation.	<ol style="list-style-type: none"> <li>1. IT Governance is formally delegated by the Audit Committee to the IM Steering Committee</li> <li>2. The IM Steering Committee has a formal terms of reference and its scope include the review of IT strategy in support of the overall business, the review of IT risks. IT audit findings and IT compliance</li> <li>3. The IM Steering Committee reports quarterly to the Audit Committee</li> </ol>	
			The governing body should approve policy that articulates and gives effect to its set direction on the employment of technology and information.		
			The governing body should delegate to management the responsibility to implement and execute effective technology and information management.		
			The governing body should exercise ongoing oversight of technology and information management		
			The governing body should exercise ongoing oversight of the management of information		
			The governing body should consider the need to receive periodic independent assurance on the effectiveness of the organisation's technology and information arrangements, including outsourced services.		




	4.3	The governing body should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards.	The governing body should assume responsibility for the governance of compliance with applicable laws and adopted, non-binding rules, codes and standards by setting the direction for how compliance should be approached and addressed in the organisation.	<ol style="list-style-type: none"> <li>1. The Compliance policy is formally approved by the board</li> <li>2. The compliance process is fully integrated with the risk process</li> <li>3. Compliance awareness on high legal risks is conducted annually</li> <li>4. The compliance process is independently assured annually</li> </ol>	
			The governing body should approve policy that articulates and gives effect to its direction on compliance, and that identifies which non-binding rules, codes and standards the organisation has adopted.		
			The governing body should delegate to management responsibility for implementation and execution of effective compliance management.		
			The governing body should exercise ongoing oversight of compliance		
			The governing body should consider the need to receive periodic independent assurance on the effectiveness of compliance management.		
	4.4	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable, manner.	The governing body should assume responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis.	<ol style="list-style-type: none"> <li>1. The remuneration strategy and policy is determined by the REMCO</li> <li>2. The remuneration policy is voted on at the AGM</li> <li>3. Formal engagement takes place with shareholders</li> <li>4. The remuneration policy is independently assessed</li> </ol>	
			The governing body should approve policy that articulates and gives effect to its direction of fair, responsible and transparent remuneration.		

		The remuneration policy should be designed to achieve fair and suitable payment		
		The remuneration policy should address organisation-wide remuneration		
		All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy, including:		
		The governing body should oversee that the implementation and execution of the remuneration policy achieves the objectives of the policy.		
		In terms of the Companies Act, fees for non-executive directors for their services as directors must be submitted for approval by special resolution by shareholders within the two years preceding payment.		
		The remuneration policy and the implementation report should be tabled every year for separate non-binding advisory votes by shareholders at the AGM.		
		The remuneration policy should record the measures that the board commits to take in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised.		
	<b>4.5</b>	The governing body should ensure that assurance results in an adequate and effective control environment and integrity of reports for better decision-making.	The governing body should assume responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions.	<ol style="list-style-type: none"> <li>1. The internal audit charter and plan is approved by the audit committee</li> <li>2. The external audit plan is approved annually by the audit committee</li> <li>3. The internal and external audit report is risk based</li> <li>4. The combined assurance, with a formally</li> </ol>

			<p>The governing body should satisfy itself that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that, taken as a whole, these support the objectives for assurance.</p>	<p>approved terms of reference, ensures the coordination of all assurance activities</p> <ol style="list-style-type: none"> <li>5. All findings are monitored by the audit committee</li> <li>6. Internal audit performance forms part of the KPIs of every executive team member</li> <li>7. A CAE is appointed internally and is independent from management and chairs the combined assurance forum</li> </ol>	
			<p>The governing body should oversee that the combined assurance model is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of the following assurance service providers and functions as is appropriate for the organisation.</p>		
			<p>The governing body and its committees should assess the output of the organisation's combined assurance with objectivity and professional scepticism, and by applying an enquiring mind, form their own opinion on the integrity of information and reports, and the degree to which an effective control environment has been achieved.</p>		
			<p>The governing body should assume responsibility for the integrity of external reports issued by the organisation by setting the direction for how assurance of these should be approached and addressed.</p>		
			<p>The governing body's direction in this regard should take into account legal requirements in relation to assurance, with the following additional considerations:</p>		
			<p>The governing body should satisfy itself that the combined assurance model is effective and sufficiently robust for the governing body to be able to place reliance on the combined assurance underlying the statements that the governing body makes concerning the integrity of the organisation's external reports.</p>		

			<p>The governing body should assume responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. The governing body should delegate oversight of internal audit to the audit committee, if in place.</p>		
			<p>The governing body should approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.</p>		
			<p>The governing body should ensure that the arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and that internal audit is supplemented as required by specialist services such as those provided by forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries.</p>		
			<p>If a chief audit executive (CAE) position is provided for in the arrangements for internal audit, the governing body should ensure that the position is set up to function independently from management who designs and implements the controls that are in place, and that the position carries the necessary authority.</p>		
			<p>The governing body should approve the appointment of the CAE, including the employment contract and remuneration of the CAE, and ensure that the person who fills the position has the necessary competence, gravitas and objectivity.</p>		

			For reasons of independence, the CAE should have access to the chair of the audit committee.		
			For reasons of independence, the CAE should not be a member of executive management, but should be invited to attend executive meetings, as necessary, to be informed about strategy and policy decisions and their implementation.		
			Where internal audit services are co-sourced, the governing body should ensure that there is clarity on who fulfils the role of CAE.		
			The CAE should report to the chair of the audit committee on the performance of duties and functions that relate to internal audit. On other duties and administrative matters, the CAE should report to the member of executive management designated for this purpose as appropriate for the organisation.		
			The governing body should have primary responsibility for the removal of the CAE.		
			The governing body should monitor on an ongoing basis that internal audit plan		
			The governing body should ensure that internal audit provides an overall statement annually as to the effectiveness of the organisation's governance, risk management and control processes.		
			The governing body should ensure that an external, independent quality review of the internal audit function is conducted at least once every five years.		
			The governing body should obtain confirmation annually from the CAE that internal audit conforms to a recognised industry code of ethics.		

<b>TRUST, GOOD-REPUTATION AND LEGITIMACY</b>	5.1	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 their legitimate and reasonable needs, interests and expectations.	The governing body should assume responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation.	<ol style="list-style-type: none"> <li>1. A formal stakeholder policy is approved by the board</li> <li>2. Stakeholder relations are monitored by the SEC</li> <li>3. Stakeholder affairs is holistically managed by an executive that is adequately resourced</li> <li>4. All operations have an approved stakeholder engagement plan</li> <li>5. All directors attend the AGM</li> </ol>	
			The Governing body should approve a policy that articulates and gives effect to its direction on stakeholder relationships.		
			The governing body should delegate to management the responsibility for implementation and execution of effective stakeholder relationship management.		
			The governing body should exercise ongoing oversight of stakeholder relationship management and, in particular, oversee that it results in the following:		
			All directors should be available at the AGM to respond to shareholders' queries on how the board executed its governance duties.		
			The board should ensure that the designated partner of the external audit firm attends the AGM.		

			The board should ensure that shareholders are equitably treated, and that the interests of minority shareholders are adequately protected.		
			The minutes of the AGMs of listed companies should be made publicly available.		
			The board of the holding company should assume responsibility for governance across the group by setting the direction for how the relationships and exercise of power with the group should be approached and conducted.		
			The board should approve a group governance framework that articulates and gives effect to its direction on relationships and the exercise of authority across the group.		
			The adoption and implementation of the policies, structures and procedures of the holding company is a matter for consideration and approval by the board of the subsidiary company as a separate legal entity. The board of the holding company should therefore ensure that the boards of its subsidiaries are included in the development of the group governance framework.		
			The board of the holding company should ensure that the group governance framework does not conflict with the memoranda of incorporation, delegations of authority, shareholder agreements, board charters, board committee terms of reference and related policies and agreements within the group.		
			The board of the holding company should ensure that the group governance framework recognises each subsidiary within the group as a separate and independent juristic person to whom its directors		

			owe fiduciary duties.		
			The board of the holding company should ensure that the group governance framework addresses governance matters as is appropriate for the group		
			The board of the holding company should ensure that the agreed group governance framework is implemented across the group.		



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**BUSINESS DESCRIPTION OF EXXARO COAL PROPRIETARY LIMITED, EXXARO COAL MPUMALANGA PROPRIETARY LIMITED AND EXXARO COAL CENTRAL PROPRIETARY LIMITED**

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*Capitalised terms used in this section headed "Description of Exxaro Coal Proprietary Limited, Exxaro Coal Mpumalanga Proprietary Limited and Exxaro Coal Central Proprietary Limited" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

**1. EXXARO COAL PROPRIETARY LIMITED (EC)**

EC comprises 2 managed coal mines, and Exxaro Reductants. Exxaro produced 34 mtpa of thermal and metallurgical coal in 2018. Most of the power station coal is supplied to the national power utility, Eskom. Grootegeluk is one of the most efficient mining operations in the world, and operates the world's largest coal beneficiation complex. Exxaro also produces semi coke and related products for the rapidly growing ferroalloys industry.

**MINES:**

- 1) Grootegeluk Complex;
- 2) Leeuwan mine; and
- 3) Exxaro reductants.

**BOARD:**

The board of directors of EC, as at the Programme Date, are as follows:

- 1) Nombasa Tsengwa; and
- 2) Mellis Richard Walker.

**2. EXXARO COAL MPUMALANGA PROPRIETARY LIMITED (ECM)**

ECM comprises 2 managed coal mines, and one in joint venture with Anglo American. ECM produced 9 mtpa of thermal coal in 2018. ECM markets its products to the national power utility and power stations globally.

**MINES:**

- 1) Belfast mine;
- 2) Mafube coal mining – JV with Anglo American; and
- 3) Matla mine.

**BOARD:**

The board of directors of ECM, as at the Programme Date, are as follows:

- 1) Nombasa Tsengwa;
- 2) Mellis Richard Walker; and
- 3) Abraham Adrianus van Stelten.

**3. EXXARO COAL CENTRAL PROPRIETARY LIMITED (ECC)**

ECC comprises 2 managed coal mines under the Forzando, Dorstfontein and Tumelo mine complexes. The company was formerly known as Total Coal South Africa Ltd and changed its name to ECC in August 2015. The Forzando and Tumelo complexes are situated in the Hendrina and Bethal municipal district and Dorstfontein complex in the Kriel (Emahlahleni) municipal district in the Mpumalanga Province of South Africa. These complexes form part of the ECM's commercial mine's portfolio.

**MINES:**

- 1) Forzando Complex;
- 2) Dorstfontein Complex; and
- 3) Tumelo Mine.

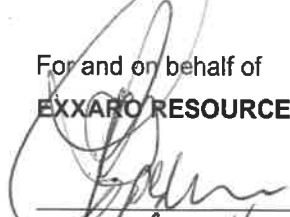
**BOARD:**

The board of directors of ECC, as at the Programme Date, are as follows:

- 1) Mellis Richard Walker;
- 2) Abraham Adrianus van Stelten; and
- 3) Izak Abraham Swanepoel.

SIGNED at Sandton on this the 7 day of June 2019.

For and on behalf of  
**EXXARO RESOURCES LIMITED**



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Name: P.A. Koppeschaar

Capacity: Director

Who warrants his/her authority hereto



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Name: M.M. MBEJO

Capacity: Director

Who warrants his/her authority hereto

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**GENERAL INFORMATION**

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**ISSUER**

**Exxaro Resources Limited**  
(registration number 2000/011076/06)  
Roger Dyason Road  
Pretoria West  
Pretoria, 0183  
South Africa  
P O Box 9229  
Pretoria, 0001  
South Africa  
Contact: Mr D Cassim  
(012) 307 4190

**GUARANTORS**

**Exxaro Coal Proprietary Limited**  
(registration number 2000/011078/07)  
Roger Dyason Road  
Pretoria West  
Pretoria, 0183  
South Africa  
P O Box 9229  
Pretoria, 0001  
South Africa  
Contact: Mr D Cassim  
(012) 307 4190

**Exxaro Coal Mpumalanga Proprietary Limited**  
(registration number 1999/010289/07)  
Roger Dyason Road  
Pretoria West  
Pretoria, 0183  
South Africa  
P O Box 9229  
Pretoria, 0001  
South Africa  
Contact: Mr D Cassim  
(012) 307 4190

**Exxaro Coal Central Proprietary Limited**  
(registration number 2000/011078/07)  
Roger Dyason Road  
Pretoria West  
Pretoria, 0183  
South Africa  
P O Box 9229  
Pretoria, 0001  
South Africa  
Contact: Mr D Cassim  
(012) 307 4190

**ARRANGER**

**Absa Bank Limited**  
**(acting through its Corporate and Investment Banking division)**  
(registration number 1986/004794/06)  
15 Alice Lane  
Sandton, 2146  
South Africa  
Private Bag X10056  
Sandton, 2146  
South Africa  
Contact: Head: Debt Capital Markets  
(011) 985 6555

**DEALERS**

**Nedbank Limited**  
**(acting through its Nedbank Corporate and Investment Banking division)**  
(registration number 1951/000009/06)  
135 Rivonia Road  
Sandown  
Sandton, 2196  
South Africa  
P O Box 1144  
Johannesburg, 2000  
South Africa  
Contact: Head: Debt Origination  
(010) 234 8710

**Absa Bank Limited**  
**(acting through its Corporate and Investment Banking division)**  
(registration number 1986/004794/06)  
15 Alice Lane  
Sandton, 2146  
South Africa  
Private Bag X10056  
Sandton, 2146  
South Africa  
Contact: Head: Debt Capital Markets  
(011) 895 6555

**JSE DEBT SPONSOR**

**Absa Bank Limited**  
**(acting through its Corporate and Investment Banking division)**  
(registration number 1986/004794/06)  
15 Alice Lane  
Sandton, 2146  
South Africa  
Private Bag X10056  
Sandton, 2146  
South Africa  
Contact: Debt Sponsor  
(011) 895 7352

**TRANSFER AGENT, PAYING AGENT, CALCULATION AGENT AND ISSUER AGENT**

**Absa Bank Limited**  
**(acting through its Corporate and Investment Banking division)**  
(registration number 1986/004794/06)  
15 Alice Lane  
Sandton, 2146  
South Africa  
Private Bag X10056  
Sandton, 2146  
South Africa  
Contact: Debt Sponsor  
(011) 895 7352

**LEGAL ADVISERS TO THE ISSUER, ARRANGER AND DEALERS**

**Bowman Gilfillan Incorporated**

(registration number 1998/021409/21)

11 Alice Lane

Sandown

Sandton

Johannesburg, 2196

South Africa

P O Box 785812

Sandton, 2146

South Africa

Contact: Mr C van Heerden

(011) 669 9354

**AUDITORS TO THE ISSUER AND THE GUARANTORS**

**PricewaterhouseCoopers Incorporated**

(registration number 1998/012055/21)

4 Lisbon Lane

Waterfall City

Jukskei View

2090

South Africa

Private Bag x36

Sunninghill, 2157

South Africa

Contact: Audit Partner

(011) 797 4000