



POWERING POSSIBILITY

CORPORATE POLICY

CONFLICT OF INTERESTS

REVISION

Version 3

ISSUE DATE

10 March 2020

DOCUMENT OWNER

**Group company secretary and
legal**

APPROVED BY

Board of directors

EXXARO RESOURCES LIMITED

Herein after referred to as the Company or the Employer

This policy replaces all previous policies and correspondence in this regard.

P & P DOCUMENT NR	POLICY	REVISION	EFFECTIVE DATE	PAGE
ERL-CORPSEC-P04	Conflict of Interests	1	10 March 2020	1 of 11

TABLE OF CONTENTS

PAGE

1. Introduction 3

2. Purpose..... 3

3. Scope 4

**4. Legislation and Corporate Governance Requirements Reference
..... 4**

5. Policy Statement and Internal Standards 4

6. Applicable Business Governance Forums Reference 7

7. Non-Compliance..... 8

8. Period of Operation..... 8

9. Examples 8

10. Definitions..... 9

11. Document Control 10

1. INTRODUCTION

Ethical and responsible leadership and effective governance practices requires that all employees act in the best interests of their employer, requiring employees to make fair and objective decisions. In accordance with an employee's obligation to act in the best interests of his employer, it is not permissible for employees or their related parties to engage in conduct, whether by acting or failing to act, which would amount to a *conflict* or the *potential of a conflict of interest* with the Company.

In addition, the Companies Act No 71 of 2008 (the Companies Act) places specific duties on directors and prescribed officers in relation to the disclosure of *personal financial interests*. This policy has therefore been established to also regulate processes and procedures in accordance with the Companies Act duties and obligations that a director and prescribed officer owes to the Company, and should therefore not be construed or applied in a manner contrary to such duties and obligations, nor is it designed to replace such duties and obligations. The policy also expands on these duties specifically applicable to directors and prescribed officers by stipulating general requirements applicable to all employees.

The responsibility for avoiding *conflicts of interest* does not end with individual employees, prescribed officers or directors, but extends to their close family and related parties as defined in the Companies Act.

An outside interest is generally only deemed to conflict with Exxaro's interests if it has the potential to influence, or could be perceived to influence, a person's decisions in their role and position in Exxaro.

2. PURPOSE

The purpose of this policy is to:

- Promote transparency and avoid conflicts of interests
- Ensure fairness in dealing with the interests of all employees, other affected parties, and the Company
- Define what constitutes a conflict or potential conflict of interest
- Define the obligation of avoidance of conflicts or potential conflicts of interest
- Define the process of the declaration of all *material* outside interests, irrespective whether they constitute a conflict or potential conflict of interest, to establish objectively whether these interests should be avoided and if they cannot be avoided, how they should be managed (the respective declaration form will provide guidance on materiality)
- Define who may sign off on the continuation of the activity that constitutes the conflict or potential conflict of interest and the rules, if any that apply
- Ensure compliance with the specific requirements imposed on directors and prescribed officers regarding disclosure of *personal financial interests* as required by the Companies Act

By implementing the above, the Company will be able to:

- allow individuals, where appropriate, to acquire and maintain personal outside interests, provided that these interests do not interfere with or have the potential to interfere with their duties to the Company, or improperly influence the judgements expected of them when acting on behalf of the Company;
- protect individuals from misplaced charges of conflicts of interest by providing a mechanism for the objective review and approval (including the conditional approval) of appropriate personal outside interests held by individuals; and

P & P DOCUMENT NR	POLICY	REVISION	EFFECTIVE DATE	PAGE
ERL-CORPSEC-P04	Conflict of Interests	1	10 March 2020	3 of 11

- avoid any unjustified perception of bias or self-interest by individuals acting in situations where the Company has approved the holding of personal outside interests by such individuals.

The policy should be read in conjunction with all the Company's policies and procedures, with specific reference to the:

- Exxaro fraud prevention policy;
- Exxaro gifts and benefits policy;
- Exxaro whistle blowing policy; and
- Exxaro's code of ethics.

3. SCOPE

This policy applies uniformly and without exception to the employees, directors, and business relationships of Exxaro Resources Limited and its subsidiary companies (Exxaro).

Each employee, prescribed officer and director must understand how this policy applies to their areas of responsibility, adhere to this policy in all their business dealings and conduct themselves in a way that positively reflects and advances the commitments in the policy. Those leadership positions have an added responsibility and accountability for applying our ethical standards in their area of responsibility.

4. LEGISLATION AND CORPORATE GOVERNANCE REQUIREMENTS REFERENCE

The following main pieces of legislation and guidelines are applicable to the policy:

- King Report on Governance for South Africa 2016 (King IV).
- Companies Act 71 of 2008, as amended.

5. POLICY STATEMENT AND INTERNAL STANDARDS

5.1 A conflict or potential conflict occurs when

A conflict or potential conflict occurs when there arises any conflict between Exxaro's interests and the direct or indirect private interests of an Exxaro employee. An outside interest will be regarded as a conflict of interest or potential conflict of interest if it could impair, or be perceived to impair, their ability to act with integrity or objectivity in their role at the Company, or affect the impartial fulfilment of their role in the affairs of the Company.

Exxaro is committed to the highest ethical standards and acknowledge that conflicts of interest or even perceived conflicts of interest could damage the Company's reputation and lead to legal action. Exxaro is committed to ensuring compliance with the Companies Act, which requires specific requirements to be met in respect of the disclosure and handling of personal financial interests of directors, prescribed officers and their related parties.

5.2 Disclosure

Every director, prescribed officer and employee must as soon as they become aware of the possibility of a conflict of interest, communicate and disclose the conflict of interest (including affiliation and nepotism as defined).

Directors and prescribed officers

Directors and prescribed officers are obliged to provide the group company secretary and legal with an annual general declaration of all outside interests in accordance with section 75(4) of the Companies Act.

Despite this general declaration of outside interests, an item dealing with declarations of interests will appear on every exco, board and board committee agenda, at which time all attendees will be required to formally declare (and recorded in the minutes as such) that none of them, nor their related parties have any personal financial interests in any matter on the agenda. A director or prescribed officer is similarly required to indicate any personal financial interest in a matter that is to be decided by written resolution by informing the group company secretary.

Where a director, prescribed officer or any of their related parties acquire a personal financial interest post approval or conclusion of an agreement that had been considered at a meeting, or for which the director or prescribed officer's approval had been required at the time, he must disclose the nature and extent of the interest and the material circumstances relating to the acquisition to the group company secretary and legal by email within two business days.

In addition to the above Companies Act specific requirements, directors and prescribed officers are also required to disclose any other matter, not already contained in their general annual declaration, that could be regarded as a potential conflict of interest to the meeting (or to the group company secretary and legal in the case of an interest in a matter to be decided by written resolution) in the case that the matter is due for discussion and to the group company secretary and legal within two business days in any other instance.

Employees (other than prescribed officers)

Employee disclosures of outside interests must be made on an annual basis by completing the prescribed form in electronic format.

Employees who do not have access to computers will be enabled to perform electronic disclosures as part of their induction process. They may also speak to their human resources representative for ad-hoc disclosure updates, if required.

Disclosures must be made prior to undertaking any activity or negotiations. Despite the formal annual process, if a conflict or potential conflict arises at any point in time throughout the year, the disclosure process must be followed by submitting a revised conflict of interest form within two business day.

5.3 Approval and approval authority

Directors and prescribed officers

Declarations of personal financial interests, as required and defined by the Companies Act, by directors and prescribed officers cannot be "approved", thereby allowing the director or prescribed officer to still participate in deliberations, decision-making and actions related to the disclosed interest. In respect of other types of conflicts or potential conflicts, approval may however be considered.

Where the conflict potential of an activity or interest is judged to be minimal or immaterial and there is no risk of damage, including damage to the reputation of the Company, approval may be so recorded. Any conditions attached to the approval must be noted on the form and regularly reviewed to ensure that the basis on which approval was granted remains sound. Where an outside interest has been disclosed, but it is agreed that the activity or interest does not negatively impact the Company and will therefore be permitted. Such permission must be communicated, and a record of such communication maintained. it is the responsibility of the group company secretary and legal to put in place an effective and transparent monitoring and communication system.

In respect of directors the Social and Ethics committee, and in respect of prescribed officers the Ethics committee needs to deliberate and decide on the appropriateness of

P & P DOCUMENT NR	POLICY	REVISION	EFFECTIVE DATE	PAGE
ERL-CORPSEC-P04	Conflict of Interests	1	10 March 2020	5 of 11

acceptance or rejection. The response must be in writing, including any conditions, and recorded and communicated by the group company secretary and legal.

Directors and prescribed officers are required to notify the chairmen of either the board or the executive committee of any current or new board appointments (including appointments to non-profit companies or trusts). The chairmen of the board or the executive committee, as the case may be must ensure that these appointments do not conflict with the duties that they perform at Exxaro. Prescribed officers may receive the director's fees of one external company for their personal account, all other director's fees shall be payable to Exxaro.

Senior managers (other than prescribed officers)

Disclosures made by senior management (level D2 and up) will be considered by the responsible Executive Head and approved or rejected. If approved or a rejection appealed, the Ethics committee (or a quorate minimum or written resolution if they are unable to meet) will consider and review the decision, within 14 days of the disclosure having been submitted to the group company secretary and legal.

Where the conflict potential of an activity or interest is deemed to be minimal or immaterial and there is no risk of damage, including damage to the reputation of the Company, approval of this activity must be recorded by the meeting secretary of the Ethics committee. Any conditions attached to the approval must be noted on the electronic form by corporate secretariat and reviewed bi-annually to ensure that the basis on which approval was granted remains sound. Where an interest has been disclosed, but it is agreed that the activity or interest does not negatively impact the Company, such permission must be communicated, and a record of such communication maintained. It is the responsibility of the group company secretary and legal to put in place an effective and transparent monitoring and communication system.

Where an activity is judged by the responsible Executive Head and Ethics committee to be inappropriate or has the potential to damage the Company's reputation, then it should be declined and recorded and communicated as such by the group company secretary and legal.

If rejected by the Ethics committee, Senior managers have the right to request a single review by the Social and Ethics committee of the decision where the activity or interest is declined or where conditional approvals are granted by the responsible Executive Head or Ethics committee. Such a request must be in writing to the group company secretary and legal, setting out the reasons for the request and include copies of all documents relating to the original disclosure of the activity or interest, and the decisions relating thereto.

All other employees

Disclosures made by employees will be approved or declined by their respective line manager, if necessary, in consultation with an individual on the same level of authority from a different department.

Where the conflict potential of an activity or interest is deemed to be minimal or immaterial and there is no risk of damage to the reputation of the Company, approval of this activity must be recorded on the electronic form by the line manager. Any conditions attached to the approval must also be noted on the form and reviewed bi-annually to ensure that the basis on which approval was granted remains sound.

Where the activity is judged to be inappropriate or has the potential to damage the Company's reputation, it should be declined by the line manager. All disclosures must be approved or declined within 14 days of the disclosures being made and recorded on the electronic form by the line manager.

Employees have the right to request a single review of the decision where the activity or interest is declined or where conditional approvals are granted. Such a request must be in writing to the group company secretary and legal for submission to, and decision by the Ethics committee, setting out the reasons for the request and include copies of all documents relating to the original disclosure of the activity or interest and the decisions relating thereto.

5.4 Maintaining Independence: participation and decision-making

If any individual declares at a meeting that he or a related party has a personal financial interest or other type of conflict of interest in a matter on the agenda, he:

- Must not participate in the decision, but he must disclose any material insights in the matter and may disclose any observations or pertinent insights if so, requested by the other members.
- Must excuse himself from the meeting immediately after making the disclosure and for the duration of the discussion. The disclosure and abstention must be clearly indicated in the minutes of the meeting.
- Would be regarded as present for quorum purposes but will not be counted for voting purposes.
- Must not execute any document relating to the matter, unless the members specifically request or direct him to do so.

In the case that the matter is to be decided by written resolution and the interest or conflict had not been previously declared, the individual needs to indicate such interest or conflict on the resolution and abstain from voting.

5.5 Record Keeping

All forms submitted electronically are automatically kept for safekeeping within the conflict of interest database, for record keeping and audit purposes for a period of three years.

The original forms completed by directors and prescribed officers will be retained for a period of three years by the group company secretary and legal.

5.6 Annual Declaration

The group company secretary and legal shall, unless otherwise agreed by the Ethics committee, in January of each year formally request declarations to be made and by February of the same year and prepare a report containing a summary of all past disclosures having been approved and conditionally approved or declined, as well as those requiring approval, for submission to the Ethics committee or Social and Ethics committee, as applicable.

5.7 Auditing and assurance

Auditing of and assurance of the process and internal controls will be conducted in accordance with the risk based internal audit plan.

The internal auditors will be granted viewing access to the conflict of interest database to enable spot checks at any time.

6. APPLICABLE BUSINESS GOVERNANCE FORUMS REFERENCE

- Executive Head
- Ethics committee

P & P DOCUMENT NR	POLICY	REVISION	EFFECTIVE DATE	PAGE
ERL-CORPSEC-P04	Conflict of Interests	1	10 March 2020	7 of 11

- Social and Ethics committee

7. NON-COMPLIANCE

Non-compliance with this policy and the procedures described in it may be considered to be misconduct and individuals may be subject to disciplinary action that may lead to dismissal.

8. PERIOD OF OPERATION

This policy will remain in force from date of acceptance until amended and circulated as an updated policy. This policy will be reviewed and update as changes in business or legislation are identified.

9. EXAMPLES AND GUIDING PRINCIPLES

9.1 Conflicts of interest must be avoided

Directors, prescribed officers and employees must avoid conflicts of interest, it does not mean that this duty is discharged by merely declaring an outside interest.

9.2 Second employ

An employee must declare all instances where he is providing products or services to the general public in exchange for money or any other item of value as part of his or her annual general declaration form. After such declaration the Social and Ethics Committee, the Ethics Committee or the line manager as the case may be, may approve such employ provided that the following principles be taken into account:

- The nature of the employ may not conflict or compete with the individual's duties and responsibilities at Exxaro
- The nature of the employ may not negatively affect the reputation of Exxaro
- The nature of the employ may not interfere with the working hours of the employee and all activities relating to the second employ will be conducted outside of Exxaro working hours
- The performance of the employee will not be unduly affected
- Exxaro infrastructure will not be utilised in the execution of the second employ

9.3 Directors, prescribed officers and employees may not provide products or services to Exxaro

A director, prescribed officer or employee may not provide products or services to Exxaro. Therefore, no employee, either in his or her own name or as a significant shareholder or director of a private company or public company or as a significant shareholder (2% or more) of a listed entity may be registered as a vendor or nominated vendor.

Where a current contract exists where such good or services are provided, which may include rental of properties these contracts may continue for the period stipulated in the contract or 12 months, whichever comes first and may not be renewed.

9.4 Directors, prescribed officers or employees may not sell products or services, using Exxaro infrastructure

A director, prescribed officer or employee may not sell goods or services using Exxaro infrastructure, this includes but is not limited to Exxaro e-mail or telephone services or their Exxaro office.

9.5 Directors, prescribed officers or employees may not hold a significant interest or position in a competing company

A director, prescribed officer or employee may not hold a significant interest (10% or more) or position in a company that competes with the products or services offered by Exxaro.

10. DEFINITIONS

For the purposes of the policy the following definitions apply:

Affected individuals:	Employees, management, stakeholders, shareholders.
Board:	This means the Exxaro Resources Limited board of directors, as established and constituted in terms of regulatory and corporate governance requirements.
CEO:	The chief executive officer of Exxaro Resources Limited.
Companies Act:	Companies Act 71 of 2008, as amended
Group company secretary and legal:	The group company secretary and head of legal of Exxaro Resources Limited.
Conflict of interest or potential conflict of interest:	<p>A situation in which outside interests or personal considerations (including affiliation and nepotism as defined below) affects, may affect, or may be perceived to affect, an individual subject to the policy's judgement in acting in the best interests of the Company. Including deliberately misusing their position, confidential information or corporate time, material or facilities, for:</p> <ul style="list-style-type: none"> • private gain or advancement; or • the expectation of private gain or advancement; of the individual or of any member of the individual's family, or friends or business associates of the individual.
Director:	Executive or non-executive director appointed by the shareholders to serve on the board; excluding directors of subsidiaries.
Employee:	Employees of the Company falling into Patterson bands D4 and below including, temporary employees.
Exco:	This means the Exxaro Resources Limited executive committee, as established and constituted, from time to time, in terms of corporate governance and operational requirements.
Exxaro:	Exxaro Resources Limited, including all subsidiaries.
Material:	<p>Significant in the circumstances of a particular matter, to a degree that:</p> <ul style="list-style-type: none"> • Is of consequence in determining the matter or • Might reasonably affect a person's judgment or decision-making in the matter.
Personal financial interests:	<p>A direct material interest of a financial, monetary or economic nature, or to which a monetary value may be attributed.</p> <p>It does not include any interest held in a unit trust or collective investment scheme in terms of the Collective Investment Schemes Act, 2002, unless that person has direct control over the investment decisions of that fund or investment.</p>
Related party:	Includes natural persons, as well as juristic persons.

P & P DOCUMENT NR	POLICY	REVISION	EFFECTIVE DATE	PAGE
ERL-CORPSEC-P04	Conflict of Interests	1	10 March 2020	9 of 11

An individual is related to a director or prescribed officer if they:

- Are married or live together in a relationship similar to a marriage.
- Are separated by no more than two degrees of natural or adopted consanguinity (blood relation) / connection or affinity.

Example:

Relevant person X	Related in first degree	Related in second degree
Person married to X - spouse	Mother (of X or spouse)	Grandmother (of X or spouse)
The person who lives together with X in a relationship similar to marriage	Father (of X or spouse)	Grandfather (of X or spouse)
	Child (of X or spouse)	Grandchild (of X or spouse)
	Adopted child (of X or spouse)	Brother or sister (of X or spouse)
		Adopted brother or sister (of X or spouse)

In respect of disclosures of personal financial interests, it also includes:

- A second company of which the director or prescribed officer or a person related to him is also a director.
- A close corporation of which the director or prescribed officer or a person related to him is a member.

A director or prescribed officer is related to a juristic person (company, close corporation and trust), broadly speaking, where the director or prescribed officer either directly or indirectly controls the juristic person, or the business of the juristic person.

Senior management:

Patterson band D2 and above, excluding prescribed officers as defined.

SCM:

Supply chain management

11. DOCUMENT CONTROL

11.1 Document Information

Document Information	
Document ID	COMPANY POLICY: CONFLICT OF INTERESTS

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11.2 Document Approvals

Role	Name	Signature	Date
Group company secretary	SE van Loggerenberg	Electronic original	10 March 2020
Chief executive officer For and on behalf of EXCO	MDM Mgojo	Electronic original	10 March 2020
Chairman of the board	J van Rooyen	Electronic original	10 March 2020

11.3 Record of Amendments

Page	Rev #	Nature of revision	Approved by	DATE
	1	New template Changes resulting from Companies Act and electronic system changes – indicated in red in draft version available from Corporate Secretariat		2012-07-01
5	2	The enablement of employees who do not have access to computers to disclose as part of the induction process.		2020-03-10
	3	Deletion of reference to manual forms and manual processes of disclosure and record keeping.		2020-03-10
6	4	Insertion of the Executive Head as an approval authority for disclosures made by senior management (level D2 and up)		2020-03-10
10	5	Deletion of independent contractors and employees of contracted service providers from the definition of “Employee” in the Definitions section.		2020-03-10

P & P DOCUMENT NR	POLICY	REVISION	EFFECTIVE DATE	PAGE
ERL-CORPSEC-P04	Conflict of Interests	1	10 March 2020	11 of 11