

Exxaro Resources Limited Environmental, social and governance report

2022

exxaro

POWERING POSSIBILITY



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Navigating this report

We use icons to show:

-  Read more online at www.exxaro.com under the investors tab
-  Read more in this report

Material themes that guide our integrated reporting

-  **Adapting to a changing context**
-  **Responsible environmental stewardship**
-  **Building sustainable communities**
-  **Helping our people thrive**
-  **Executing our strategy**
-  **Driving business resilience**
-  **Principled governance**

The capitals we use and affect

-  **Natural**
-  **Human**
-  **Social and relationship**
-  **Manufactured**
-  **Intellectual**
-  **Financial**

Reporting suite

We are committed to transparent reporting and publish an annual reporting suite detailing our performance:



Integrated report




Consolidated Mineral Resources and Mineral Reserves (CMRR) report



Group and company annual financial statements



Summarised annual financial statements and notice of annual general meeting (AGM)

 These reports and other supplementary reports are available [online](#) and should be read together for a complete understanding of our business and performance.

Connect with us

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

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Driving transition through leadership

Welcome to our 2022 environmental, social and governance (ESG) report. The report outlines the collective impact of our ESG initiatives and commitments to drive our Sustainable Growth and Impact strategy and the just transition to a carbon neutral, sustainable future.

We maintained our leadership position in the FTSE Russell ESG Index driven by exemplary governance, record safety performance, economic empowerment of people and contributing to social progress through infrastructure development.

Delivering these outcomes required Exxaro to exercise strong leadership, teamwork and accountability. Delivery is supported by our board, guided by our strategy and measured through our strategic key performance indicators (KPIs). This was possible through the commitment of every Exxaro employee. When I took the helm as chief executive officer (CEO) during 2022, I invited our employees to “get on the bus” with me as we drive to achieve our mutually beneficial objectives. I invite all our other stakeholders to join us on this journey as well.

I am confident that we are steering our business in the right direction with our Sustainable Growth and Impact strategy. Our capital allocation model is an equitable balance between:

- The sustainability of our existing business through safe operations and prudent risk management
- Return of dividends to shareholders and other benefits to stakeholders
- Growth to ensure our future



Dr Nombasa Tsengwa

We completed the first year of our new remuneration programme, which aligns with management, shareholder and business needs. We are pleased with the outcome for the year despite the need for future refinements to the remuneration structure following engagements with shareholders.

Realising value creation through integrated thinking and sustainability

Exxaro Resources Limited (Exxaro, the company or the group) is a South African diversified resources company with an existing coal and renewable energy business and acquisitive growth prospects in minerals and renewable energy solutions.

 <p>Purpose In line with Exxaro’s purpose of powering better lives in Africa and beyond, our ambition is to provide resources (energy, commodities, capital and people) critical to ensuring a low-carbon world.</p>	 <p>Vision We understand that we cannot grow sustainably without creating a positive impact in the environment and communities we serve. We are committed to responsibly maximising the value of our coal assets by reducing stranded assets, and playing an active role in creating a future that realises our vision: resources powering a clean world.</p>	<p>Values Our success lies in the strength of our culture and values, which strengthen our resilience and ensure we deliver stakeholder value. Our values are:</p> <ul style="list-style-type: none"> • Empowered to grow and contribute • Teamwork • Committed to excellence • Honest responsibility
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Sustainable Growth and Impact strategy
The Sustainable Growth and Impact strategy is an integrated, multi-stakeholder approach to positioning the business for a resilient and sustainable future.

Integrated thinking

Our belief in sustainable value creation is inspired by the careful consideration of the relationship between the resources we use and affect, and potential trade-offs inherent in strategic decision making. We integrate the six capitals into our business model and strategy, and continuously strive to positively contribute to, and negate any adverse impact on, these capitals.

Our approach to integrated thinking is translated into the value creation message, content and structure of this report.

 Read [our ESG perspective](#) (page 8) for our approach to sustainability.

About this report

The ESG report reflects how we manage and measure our impact on the environment and society, and our commitment to good corporate governance.

We report on our progress in creating and preserving value, and preventing its erosion over time in a transparent and understandable manner.

Boundary

This report contains material information about our ESG performance for the period 1 January 2022 to 31 December 2022 (the 2022 financial year). It covers financial and non-financial environmental and social information of our wholly owned and joint operations in South Africa. The reporting boundary incorporates material information about Cennergi Proprietary Limited (Cennergi). We consolidated material information about Cennergi's safety incidents into the Exxaro group's results. Unless otherwise stated, we no longer include information on Exxaro Coal Central Proprietary Limited (ECC) operations since its disposal in September 2021.

We include limited information on operations where we do not have management control but hold an important equity interest, namely Black Mountain, Richards Bay Coal Terminal Proprietary Limited (RBCT) and Sishen Iron Ore Company Proprietary Limited (SIOC), a subsidiary of Kumba Iron Ore Limited (Kumba Iron Ore), or joint control, being Mafube Coal Proprietary Limited (joint venture (JV)) and Moranbah South coal project (joint operation).

Frameworks and guidelines

The content of this report is guided by:

- Our materiality determination process
- The Companies Act of South Africa, 2008 (Act 71 of 2008), as amended (Companies Act)
- The Integrated Reporting Framework
- International Financial Reporting Standards (IFRS)
- The JSE Limited (JSE) Listings Requirements and Debt Listings Requirements

- Department of Trade, Industry and Competition (dtic) Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice
- The effective parts of the Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018 (Mining Charter III)
- The United Nations Global Compact (UNGC)
- Global Reporting Initiative (GRI) standards
- The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)¹
- The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code)
- The Sustainability Accounting Standards Board (SASB)
- The Task Force on Climate-Related Financial Disclosures (TCFD) recommendations

Assurance

The executive committee, various departmental heads and board sub-committees review the report before submission to the board for review and approval. Certain sections are also reviewed by external assurance providers and external experts. Select strategic sustainability KPIs, marked as reasonable assurance (RA) in this report, were assured by independent assurance provider, KMPG Inc.

 Refer to the [assurance report](#) (page 165 to 169) for details.

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Amakhala Emoyeni windfarm between Bedford and Cookhouse in the Eastern Cape

Materiality

We distinguish the information included in the report through a double materiality determination process. Since 2021, we have applied this process, which considers an outward (impact materiality) and inward (financial materiality) focus. Our impact materiality considers our impact on society, communities and the environment, and our financial materiality considers matters that can impact our ability to generate revenue and preserve shareholder value over time.

We group these material matters into themes that link to the resources we use and affect. The 2022 review resulted in 35 matters under seven themes, and differentiated matters more relevant for either the integrated or ESG reports.

Recognising that materiality is dynamic in nature, the process is conducted annually, allowing us to regularly and timeously reflect on matters that may evolve from being material from an impact perspective, to being financially material.

 Refer to the [integrated report](#) (page 22) for a detailed discussion on this process and the material matters we identified.

Theme	Material matters  ESG	Further details
 <p>Adapting to a changing context The operating context is changing rapidly. Social, political and economic issues all impact our ability to create value. We operate in a long-term asset class with significant infrastructure investment. To remain competitive, we must respond to the current context and anticipate the future.</p>	<ul style="list-style-type: none"> Country risk Geopolitical context Macro-environment Supporting a just transition to a low-carbon economy Commodity price risk 	 Our ESG perspective (page 8)
 <p>Responsible environmental stewardship We acknowledge the impact of mining in our ecosystem. We must ensure we are responsible stewards of natural resources upon which our operations and communities rely to ensure a sustainable future for our employees, communities and the planet.</p>	<ul style="list-style-type: none"> Water stewardship Emissions generation Managing our pollution Closure planning and rehabilitation management Carbon emissions reduction Waste management Biodiversity management 	 Transitioning into a low-carbon business (page 11)  Environment (page 33)
 <p>Building sustainable communities We operate in an environment of stakeholder capitalism[#]. Our business activities impact our stakeholders and they, in turn, respond to these impacts. Our social licence to operate depends on how we look after our communities and the natural world around us, and adherence to legislation. In addition to the many programmes we have in place to support our communities' health and wellbeing, we are also committed to a socially just transition, sensitive to the potential impacts for Exxaro, our communities, South Africa and the planet. [#] Where organisations are oriented to serve the interests of all their stakeholders.</p>	<ul style="list-style-type: none"> Social licence to operate – including community relations, collaboration, and engagement Social acceptance and community unrest Supporting a just transition to a low-carbon economy Impacts on local communities (positive and negative) Value sharing Job and business creation Resettlement and land use Human rights 	 Stakeholder management (page 24)  Communities (page 78)  Human rights (page 89)
 <p>Helping our people thrive Exxaro's employees are the enablers of our performance. To deliver on our strategic goals, we foster a culture that supports adaptability and innovation, while leveraging the strength of diversity, equity and inclusion. We are committed to protecting our people's health, safety and wellbeing and building trusting relationships.</p>	<ul style="list-style-type: none"> Health, safety and wellness Workforce: culture, capability, diversity, inclusion and innovation Labour relations 	 Stakeholder management (page 24)  People (page 60)
 <p>Executing our strategy Climate change is not a refutable occurrence. We are committed to the Paris Agreement and have established a strategy and business objectives to respond to both the short and long-term risks and opportunities presented by climate change.</p>	<ul style="list-style-type: none"> Coal portfolio optimisation Diversify into minerals Build a leading global renewable energy solutions business 	 Our ESG perspective (page 8)  Transitioning into a low-carbon business (page 11)
 <p>Driving business resilience Underpinning our strategic objectives is the drive to enhance our business resilience through safe production, delivering financial results, effective capital allocation, compliance excellence, entrenching innovation and capitalising on digitalisation.</p>	<ul style="list-style-type: none"> Supply chain and logistical impediments Financial performance and resilience Capital allocation Cyber risk Innovation and digitalisation 	 Integrated report (page 88)
 <p>Principled governance We conduct ourselves so as to strengthen our business reputation as a good corporate citizen and resilience in a changing environment.</p>	<ul style="list-style-type: none"> Transparency, ethics and integrity Embedding ESG in response to increased regulation and for sustainability Legal, regulatory and compliance 	 Governance (page 92)

Our strategic evolution

We are responsibly transitioning to a low-carbon future by repositioning the organisation into a future-facing minerals and renewable energy business.

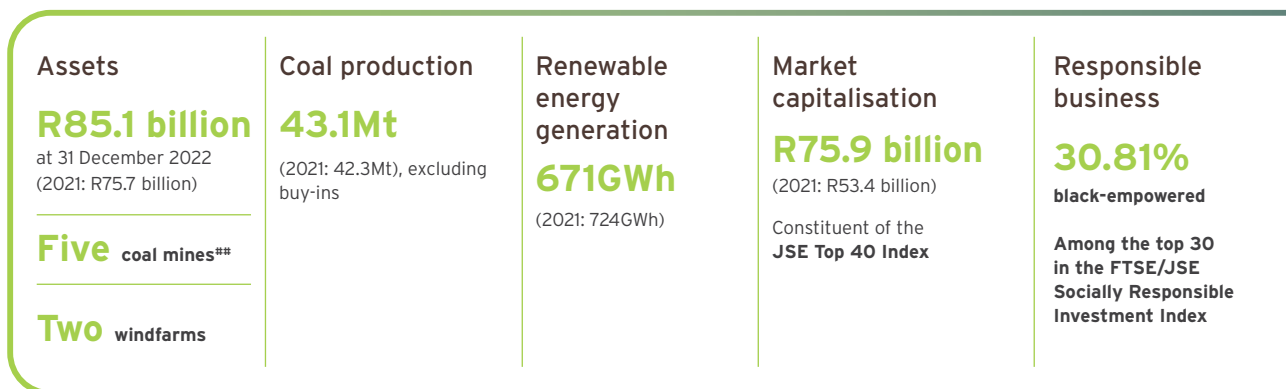
<p>2006</p> <ul style="list-style-type: none"> • Kumba Resources Limited (Kumba Resources) unbundled its iron ore business and created two separate focused mining groups – Exxaro Resources and Kumba Iron Ore (listed on the JSE in the general mining sector) <p>Listing share price: R57.58</p>	<p>2013</p> <ul style="list-style-type: none"> • Frost and Sullivan Visionary Innovation Leadership Award • Deloitte Best Company to Work For • Best risk information system implementation award (Institute of Risk Management South Africa) <p>Closing share price: R146.46</p>	<p>2019</p> <ul style="list-style-type: none"> • Coal Safe Awards for Matla 1 and Leeuwpans mines for 40 fatality-free years • Newcomer Award in Absa Business Day Supplier Development Awards 2019 • Coal Safe Best Safety Performance for a company with over 10 000 employees <p>Closing share price: R131.14</p>
<p>2007</p> <ul style="list-style-type: none"> • Acquired Namakwa Sands • Sipho Nkosi appointed CEO • Deal of the Year Award; creation of Exxaro Resources Limited <p>Closing share price: R103.45</p>	<p>2014</p> <ul style="list-style-type: none"> • Top 10 global leaders in Carbon Disclosure Leadership Index <p>Closing share price: R103.50</p>	<p>2020</p> <ul style="list-style-type: none"> • Cennergi became a wholly owned subsidiary of Exxaro on 1 April 2020 • Collaborated with communities, public and private sectors to mitigate COVID-19 (donated R20 million to Solidarity Fund) • Published climate change position statement • Secondary listing on A2X Markets <p>Closing share price: R138.90</p>
<p>2008</p> <ul style="list-style-type: none"> • Signatory to the UNGC • Included in JSE Socially Responsible Investment Index <p>Closing share price: R71.90</p>	<p>2015</p> <ul style="list-style-type: none"> • Best Corporate Governance Award for Africa region (Ethical Boardroom magazine) • Acquired Total Coal South Africa <p>Closing share price: R44.04</p>	<p>2021</p> <ul style="list-style-type: none"> • 2020 ESG report won the ESG Investing best sustainability reporting award • Best manager of the year award for CEO, Mxolisi Mgojo • Remaining Tronox shareholding sold in March 2021 • Disposed of our equity interest in ECC in September 2021 <p>Closing share price: R154</p>
<p>2009</p> <ul style="list-style-type: none"> • Exxaro's Evergreen Awards instituted to recognise top performers in various categories <p>Closing share price: R104.50</p>	<p>2016</p> <ul style="list-style-type: none"> • Mxolisi Mgojo appointed CEO • 10-year black economic empowerment (BEE) ownership structure unwinds • Cennergi windfarms commissioned <p>Closing share price: R89.50</p>	<p>2022</p> <ul style="list-style-type: none"> • 2021 integrated report ranked fifth at the 2022 EY Excellence in Integrated Reporting Awards • Achieved five fatality-free years in March 2022 • Exxaro appoints its first female CEO, Dr Nombasa Tsengwa on 1 August 2022 • Launched Social Impact and diversity, equity and inclusion strategies • Repacing of the energy business • Reaffirmed our strategy <p>Closing share price: R217.31</p>
<p>2010</p> <ul style="list-style-type: none"> • Reduced HIV/Aids prevalence to 13% (the national rate was 25%) <p>Closing share price: R136.24</p>	<p>2017</p> <ul style="list-style-type: none"> • Replacement BEE transaction implemented <p>Closing share price: R162.50</p>	
<p>2011</p> <ul style="list-style-type: none"> • Progress with energy and carbon management measurements across the business <p>Closing share price: R168.00</p>	<p>2018</p> <ul style="list-style-type: none"> • Mid-cap winner in Chartered Secretaries Southern Africa Integrated Reporting Awards <p>Closing share price: R137.87</p>	
<p>2012</p> <ul style="list-style-type: none"> • Carbon Disclosure Project Leadership Index top score of 100 points • Among top 10 companies worldwide delivering highest returns to shareholders over 10 years • Cennergi (JV with Tata Power) formed to realise renewable energy ambitions <p>Closing share price: R169.00</p>		

About Exxaro

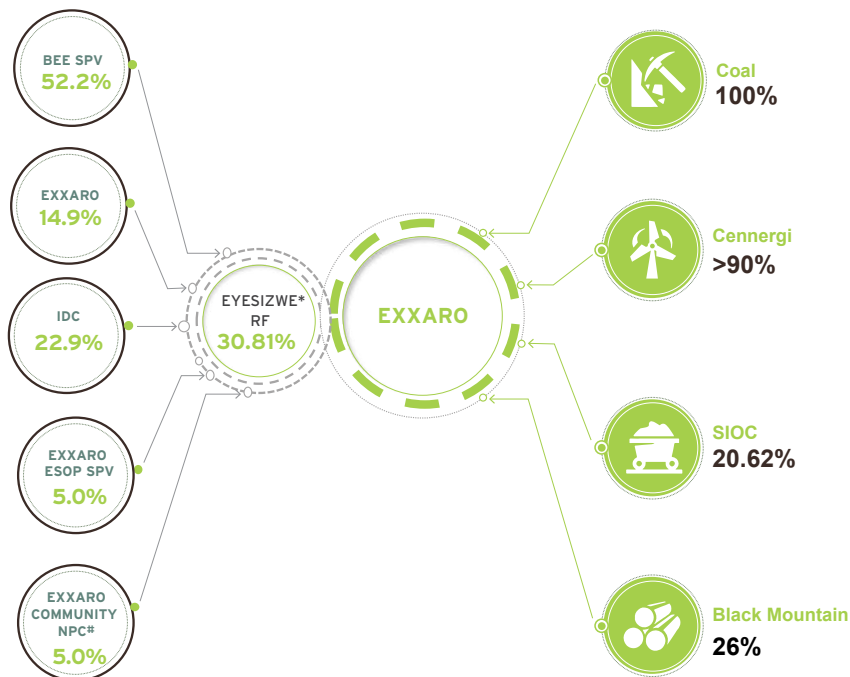
Our business’s sustainability and impact depend on our contribution to accelerating economic growth, practicing environmental stewardship and driving positive change.

Our diversified asset portfolio comprises interests primarily in thermal coal (where we are among the top five South African coal producers), a growing renewable energy solutions business and equity-accounted investments in ferrous (iron ore) and zinc among other base metals. We will contribute to a more sustainable future by expanding our business portfolio to include manganese, bauxite and copper. Our business interests in Europe comprise a marketing and logistics office in Switzerland. A joint operation with Anglo Coal Grosvenor Proprietary Limited, the Moranbah South project, is conducted in Australia.

We are aiming to be carbon neutral by 2050, and are committed to being an active participant in the just transition to a low-carbon economy. The renewable energy solutions business and our scope 1 and 2 emissions reduction efforts are critical activities in this regard. Reduction of scope 3 emissions is a longer-term goal influenced by the country’s energy mix.



Ownership structure



Our core operation is thermal, semi-soft coking and metallurgical coal mining, supplying Eskom, other domestic markets and offshore markets.

Our coal mining business is structured under four legal entities, all managed and operated by Exxaro, supplemented by a 50% JV with Thungela Resources Limited in Mafube and a 12.04% legal equity interest in RBCT.

Our renewable energy business, Cennergi, consists of 229MW of wind generation assets in the Eastern Cape that contribute to the national energy supply.

SIOC is a leading supplier of high-quality iron ore to the global steel industry and a subsidiary of Kumba Iron Ore.

Black Mountain operates two underground mines and a processing plant in the Northern Cape that produces zinc and other minerals.

We continue evaluating our options to dispose of our shareholding in Black Mountain.

* Eyesizwe (RF) Proprietary Limited (Eyesizwe), a special purpose vehicle (SPV) private company, incorporated under South Africa’s laws, holds the BEE shares.

Exxaro Matla Setshabeng NPC.

**Including one joint venture, Mafube.

Our assets

Minerals business

Our minerals business comprises coal operations and our equity investments in iron ore and zinc. We have deep roots in mining with a track record of operational excellence and delivering value. Our coal asset base is a key differentiator and critical part of how we create value for our stakeholders. Only mineral assets with Measured and Indicated Resources are listed in this report. Inferred Resources are reported in the supplementary [CMRR report](#).



- Largest high-quality Coal Reserves remaining in the country, providing a platform for early value returns
- Largest supplier of energy coal to Eskom and ArcelorMittal South Africa Limited
- Produced 43.1Mt of thermal and metallurgical coal (2021: 42.3Mt), up 1.9% in 2022 - the majority of power station coal is supplied to Eskom
- Grootegeluk is one of the largest integrated mining and beneficiation operations globally, running the largest coal beneficiation complex, and the only producing mine in the coal-rich Waterberg, adjacent to Eskom's Matimba and Medupi power stations
- As at 31 December 2022, 15% of R1.7 billion capital expenditure was spent on greenfield and brownfield expansion projects (2021: 34%, R2.5 million)

Limpopo



1 Grootegeluk complex

Location: West of Lephalale
Market: Domestic and export
Product: Thermal and metallurgical coal
Coal Resources (inclusive):
 • Measured: 3 039Mt
 • Indicated: 967Mt
Coal Reserves:
 • Proved: 2 034Mt
 • Probable: 550Mt
Mining method: Open-cut
Run of mine (RoM): 56.52Mt
Life of mine (LoM): 19+ years*



2 Thabametsi

Location: West of Lephalale
Market: Domestic
Product: Thermal coal
Coal Resources (inclusive):
 • Measured: 270Mt
 • Indicated: 749Mt
Coal Reserves (inclusive):
 • Probable: 130Mt
Mining method: Open-cut
RoM: Project
LoM: 24 years

Mpumalanga



3 Belfast

Location: South of Belfast
Market: Export (alternative domestic)
Product: Thermal coal
Coal Resources (inclusive):
 • Measured: 101.6Mt
 • Indicated: 8.0Mt
Coal Reserves:
 • Proved: 35.8Mt
 • Probable: 1.4Mt
Mining method: Open-cut
RoM: 2.65Mt
LoM: 11 years

Mpumalanga



4 Leeuwpaan

Location: South-east of Delmas
Market: Domestic and export
Product: Thermal coal
Coal Resources (inclusive):
 • Measured: 65.8Mt
Coal Reserves:
 • Proved: 36.1Mt
 • Probable: 3.3Mt
Mining method: Open-cut
RoM: 3.71Mt
LoM: 7 years



5 Matla

Location: West of Kriel
Market: Domestic (Eskom)
Product: Thermal coal
Coal Resources (inclusive):
 • Measured: 657Mt
 • Indicated: 91Mt
Coal Reserves:
 • Proved: 130Mt
 • Probable: 38Mt
Mining method: Underground
RoM: 6.16Mt
LoM: 2+ years*



6 Mafube JV (50%)

Location: East of Middelburg
Market: Domestic and export
Product: Thermal coal
Coal Resources (inclusive):
 • Measured: 125.0Mt
 • Indicated: 16.3Mt
Coal Reserves:
 • Proved: 80.6Mt
 • Probable: 40.8Mt
Mining method: Open-cut
RoM: 5.44Mt
LoM: 21+ years*

7 Moranbah South project (50%)

Location: Queensland, Australia
 Undertaking prefeasibility study to inform decision for development prospects.

* Adequate Reserves well beyond expiry of mining right.



Renewable energy business

Our energy business comprises interests in renewable energy through our wholly owned subsidiary, Cennergi.



Cennergi is a southern African-based independent power producer (IPP) that focuses on developing, owning and operating renewable assets. Cennergi has two established wind projects (the Tsitsikamma community and Amakhala Emoyeni windfarms).

The renewable energy business is also developing the 68MW Lephhalale solar project in a ring-fenced SPV that will supply renewable energy to Grootegeluk, reducing the carbon footprint and electricity costs of this mining operation. The energy business has also concluded a joint development agreement with Enertrag, an established German IPP, to develop projects in Mpumalanga for the mining industry.

Eastern Cape



8 Tsitsikamma community windfarm

Location: Near Tsitsikamma
Capacity: 95MW
Number of turbines: 31 x 3.1MW
Performance: Generation output in line with P50 targets since 2016
Customer: Eskom
Power purchase agreement: 20 years
Commercial operation: 2016
Shareholding: Cennergi (75%), RE Times (16%) and the Tsitsikamma Development Trust (9%)



9 Amakhala Emoyeni windfarm

Location: Near Bedford and Cookhouse
Capacity: 134MW
Number of turbines: 56 x 2.4MW
Performance: Consistent performance since 2016, albeit at lower than planned P50 generation numbers
Customer: Eskom
Power purchase agreement: 20 years
Commercial operation: 2016
Shareholding: Cennergi (95%), Cookhouse Community Trust (2.5%) and the Bedford Community Trust (2.5%)

Limpopo



10 Lephhalale solar project

Product: Solar energy
Capacity: 68MW
Customer: Exxaro Coal Proprietary Limited (Grootegeluk)
Power purchase agreement: 25 years
Commercial operation: 2025
Shareholding: 100% Cennergi Holdings Proprietary Limited
Financial close: 31 March 2023
Estimated commercial operation: 2025

Our ESG perspective

Our business activities impact our people, the environment and broader society. Therefore, we have a responsibility to reduce our negative impacts, increase our positive impacts, and ultimately create mutually sustainable value for stakeholders and ourselves.

The ESG imperative

The ESG imperative considers external factors such as social and environmental change, including decarbonisation and reducing poverty. We are driven to play our role in ensuring a fair and equitable society and adjusting our practices to ensure environmental sustainability.

We are committed to protecting our ecosystems and driving environmental and social sustainability given our impact, which includes:

- Operating in mining, which is a socially and environmentally impactful industry
- Operating in South Africa; a water-scarce country with socio-economic challenges
- Being a critical supplier to South Africa's coal-based energy provider, Eskom

Our approach to ESG

We integrate sustainability into our business processes and strategies, and consider our ESG impact in delivering on our purpose, realising our vision and performing against our strategy.

A synthesis of our Sustainable Growth and Impact strategy

	Strategic objectives
Sustainable <ul style="list-style-type: none"> • Be carbon neutral by 2050 • Maximise value from coal through early value and market to resource strategy • Reduce climate-related risks • Deliver positive impact through our Social Impact strategy 	<ol style="list-style-type: none"> 1 Transition at speed and scale 2 Make our minerals and energy businesses thrive 3 Empower people to create impact 4 Be carbon neutral by 2050 5 Become a catalyst for economic growth and environmental stewardship
Growth <ul style="list-style-type: none"> • Diversify into resilient future-facing minerals and renewable energy, ensuring a significant earnings before interest, taxation, depreciation and amortisation (EBITDA) contribution in these areas by 2030 • Grow renewable energy business to 1.6GW (net) by 2030 • Ensure disciplined capital allocation to maximise value, supported by a robust investment process 	
Impact <ul style="list-style-type: none"> • Deliver social, economic and environmental benefits • Contribute to sustainable livelihoods • Strengthen contribution to a just energy transition • Go beyond compliance to achieve sustainable impact 	

Responding to the energy and just transitions is a critical factor of our strategy. [Transitioning into a low-carbon business](#) (page 11).

Our sustainability framework

Exxaro voluntarily endorses the United Nations (UN) 17 Sustainable Development Goals (SDGs). We also participate in the National Business Initiative (NBI) in South Africa to align the 17 SDGs with the country's National Development Plan and implement leading practices to uphold the most material SDGs so that our business leaves a lasting positive impact. The SDGs that Exxaro impacts are highlighted in colour.

Our Sustainable Growth and Impact strategy considers ESG matters across the asset, portfolio and enterprise levels. We have embedded ESG into our capital allocation model and remain committed to our ambition to become carbon neutral by 2050.





Our approach is driven by:

Supporting global decarbonisation and energy transition objectives

We published our [climate change position statement](#) (sustainability tab) in 2020, which details our aspirational target to be carbon neutral by 2050. To deliver this, we developed our [Climate Change Response strategy](#) (2020 investor tab) aligned with TCFD recommendations and our efforts to build portfolio resilience in line with our Sustainable Growth and Impact strategy.

Supporting global best practice and recommendations

<p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p> <p>We support TCFD recommendations and align our reporting and business processes accordingly</p> <p> TCFD index (refer to the databook)</p>	<p>We participated in the UN Climate Change Conference of the Parties (COP27)</p> <p> Climate change resilience (page 38)</p>	<p>We are a signatory to the UNGC Active level and support the 10 principles</p> <p> 2021 UNGC COP</p> <p> Human rights (page 89)</p>	<p>CDP climate change and CDP water programme participation</p> <p> Climate change resilience (page 38) and water security management (page 45)</p>
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Our executive remuneration includes material ESG targets for water and energy efficiency. [Remuneration report](#) (page 145)

Our group short-term incentive (STI) scheme incentivises delivery against key financial, operational and ESG goals aligned to approved annual business plans.

[Governance](#) (page 92)

We are guided by umbrella and respective ESG policies, procedures, strategies and frameworks that support our approach to ESG management and performance.

[Environment](#) (page 33), [social](#) (page 59) and [governance](#) (page 92)



ESG responsibility and accountability

The board is ultimately responsible and accountable for the delivery of ESG commitments. The board is supported by:

- The risk and business resilience (RBR) committee for environmental and climate change impact and management
- The social, ethics and responsibility committee (SERC) for the oversight of:
 - Health and safety
 - Engagement and development of our people
 - Community support and development
 - Stakeholder engagement

Implementation is overseen by the relevant executive heads and operationalised by business unit (BU) managers.

[Governance that supports our sustainability drive](#) (page 95)



Delivering measurable results and impact

We consciously embed ESG in everything we do, and track and measure how we perform by:

Benchmarking our ESG progress against our industry sub-sector peers who exemplify global best practice

[Measuring our performance](#) (page 17)

Reporting on progress against strategic KPIs and targets. We also aim to continuously improve our ESG reporting. Selected key sustainability metrics in this report were independently assured by KPMG

[Strategic KPIs](#) (page 19) and [assurance criteria](#) (page 167)

Considering and responding to our stakeholders' needs and expectations

[Stakeholder management](#) (page 24)

Our ESG perspective continued

Exxaro is committed to improving disclosure, and we recognise that transparency and accuracy are critical to this. During the year, we received the following accolades in recognition of our continuous efforts:



We received a Transition Pathway Initiative (TPI) ranking of **4/4**. This high score reflects our commitment to managing our greenhouse gas (GHG) emissions and shows stakeholders and investors that we are in an excellent position to benefit from opportunities presented by the low-carbon transition.



Exxaro ranked in the **top 10** in the sub-sector basic resources in the FTSE Russell ESG rating.



We received a **level B** score in the management band. This is the same as the Africa regional average of B, and higher than the coal mining sector average of C. Our score shows that we are taking coordinated action on climate issues.



Exxaro claimed **second place** Best Sustainability Reporting Award in the metals and mining category in the 2022 ESG Reporting Awards.



We featured in the latest top 100 **Vigeo Eiris ranking** of the best emerging market performers.



Exxaro won an award for being a **fatality-free business** (with 10 000 or more employees) at the COALSAFE 2022 conference held by the South African Colliery Managers' Association.



We are committed to promoting workplace equality. We are proud to announce that, in recognition of these efforts, we were included in the **Bloomberg 2022 Gender Equity Index**.



Exxaro ranked **fifth at the annual awards** – an achievement that represents admirable progress over the past two years – from 13th in 2020 and 37th in 2019.



We sustained our **A rating** and improved in the environmental category in the ESG ratings by Morgan Stanley Capital International (MSCI).

Our ESG performance is unpacked in the sections that follow.

We recognise our collective responsibility to participate in global movements towards transitioning to a low-carbon world and decarbonising the energy system to reduce emissions and support prosperous and safe communities through broader environmental stewardship.

Transitioning into a low-carbon business

Transitioning our business is a direct response to the threat of climate change. We aim to achieve our goal of being carbon neutral by 2050 in a just manner. We are transitioning into a resilient, diversified resources business and decarbonising our portfolio.

Our response includes leveraging opportunities, managing risks, adapting and responsibly operating in a carbon-constrained economy, considering:



Our approach is guided, informed and executed by:

Sustainable Growth and Impact strategy
Shifting our business portfolio to more climate resilient businesses, with a focus on renewable energy and a continued review of minerals contributing to a low-carbon world.

<p>TCFD recommendations</p> <p>The TCFD provides a strategic framework for guiding our Climate Change Response strategy.</p> <p> TCFD index (refer to the databook)</p>	<p>Climate Change Response strategy*</p> <p>Our Climate Change Response strategy supports our overarching Sustainable Growth and Impact strategy specifically through three of the five objectives:</p> <ul style="list-style-type: none"> • Transition at speed and scale • Be carbon neutral by 2050 • Empower people to create impact 	<p>Decarbonisation plan</p> <p>To actively reduce scope 1 and 2 emissions by 40% by 2026, we address three primary areas:</p> <ol style="list-style-type: none"> 1. Operations optimisation 2. Value chain partners 3. Stakeholder engagement and inclusion (page 24) <p>Details on our efforts to reduce scope 3 (indirect) GHG emissions are outlined in climate change resilience (page 38)</p>	<p>Climate change position statement</p> <p>In March 2020, we communicated our position on climate change clearly in our climate change position statement (sustainability tab)</p>
<p>Governance</p> <p>Our board applies good corporate governance to ensure sustainable growth while transitioning to a low-carbon world, an ethical culture and delivering on the promise of human rights</p>	<p>Managing the risks related to climate change</p> <p> Climate-related risks and opportunities (page 14) are considered as part of our enterprise risk management (ERM) processes, which strive to embed risk management into existing processes to support informed decision making. A detailed climate change scenario analysis was undertaken in 2019 and 2020.</p>	<p>Measurement and reporting</p> <p>GHG Protocol Exxaro measures, manages and reports energy and carbon data in terms of the GHG Protocol.</p> <p>CDP We have participated in the CDP climate change programme since 2008.</p> <p> Climate change resilience (page 38)</p>	<p>Partnerships</p> <p>We aim to support our objectives by creating partnerships that drive climate action and raise employee awareness of climate change mitigation and adaptation.</p>

* We published our Climate Change Response strategy and assessment on our alignment with the TCFD recommendations in our 2020 Climate Change Response strategy report.

Our commitment to climate change and decarbonisation reaches every area of our ESG approach and impacts all our business activities.

Transitioning into a low-carbon business

continued

Becoming carbon neutral through our decarbonisation plan

Our goal:

- To be **carbon neutral by 2050** for scope 1 and 2
- To actively investigate opportunities to reduce scope 3 emissions, as we intend to take our entire value chain along in our journey to decarbonise the portfolio



To achieve this, we will need to **actively reduce our scope 1 and 2 emissions by at least 40% by 2026.**

Focus areas to meet our goal

1. Operational optimisation

- Early value coal strategy
- Energy management strategy
- Licence to operate
- Operational energy and water efficiency programmes

2. Value chain partnership

- Partnerships with customers
- Resilient supply chain management process to promote decarbonisation

3. Stakeholder engagement and inclusion

- Upskilling of employees and communities
- Investor support for Exxaro's growth

Project delivery via our decarbonisation workstreams

To deliver these focus areas, Exxaro established a decarbonisation project management office and interconnected workstreams. Each has a clear mandate (as below), and ownership at executive level to ensure accountability and delivery.

Portfolio optimisation

Integrate carbon neutral KPIs in organisational portfolio and capital allocation decisions

Sustainable impact optimisation

Investigate how the decarbonisation plan can be integrated into our community development projects

Technology optimisation

Investigate climate-smart technologies to reduce water, energy and waste risk, and develop an implementation approach for the group

Land assets optimisation

Investigate our GHG exposure for agriculture, forestry and other land use sectors, and develop a decarbonisation plan that considers future land use activities

Carbon financial instrument

Investigate global and local climate financing, and determine how to leverage our decarbonisation plan

Legal review

Develop a legal review instrument to track climate legislation across jurisdictions which influence and impact on Exxaro

Supply chain optimisation

Identify climate change risks and opportunities within our inbound and outbound logistics, and develop a mitigation plan

Training and awareness

Work with the Exxaro university chairs to develop tailored climate change training and awareness material for employees and communities

Operation optimisation

Support the streams by coordinating operational teams to provide data and develop site-specific execution plans

Marketing and logistics

Engage and collaborate with end-customers to reduce climate change risks by reducing scope 3 emissions

System modelling stream

Work closely with the stream lead and technical committee to develop a system-based decarbonisation model that will integrate all internal and external dimensions to support operational and strategic decision making for the group

Risk and audit stream

Work closely with the stream lead and technical committee to ensure risks are accounted for from a strategic decision-making point of view for the group and data is transparent and auditable

Governance oversight of climate change

Our board and its committees are ultimately accountable and responsible for responding to climate change, and therefore to ensure management addresses climate change, among other material ESG matters, and ensures integrated business processes and responses. Board responsibilities and activities include:

- Ensuring Exxaro remains sustainable in a carbon-constrained environment
- Strategically ensuring climate change issues are addressed from a corporate governance perspective
- Providing oversight of pathways management should follow to remain sustainable in a dynamic climate policy environment and economy with an objective to transition to a low-carbon world
- Considering climate change when reviewing and guiding strategy, major business plans, capital allocation, risk management, annual budgets and business plans
- Setting the organisation's climate change-related performance objectives, and monitoring their implementation and performance

Our board and management monitor our performance against climate change goals as part of the regular internal reporting process. Additional sessions inform our board and management of emerging trends, risks and opportunities. Climate change matters that relate to committees' terms of reference are discussed at each meeting.

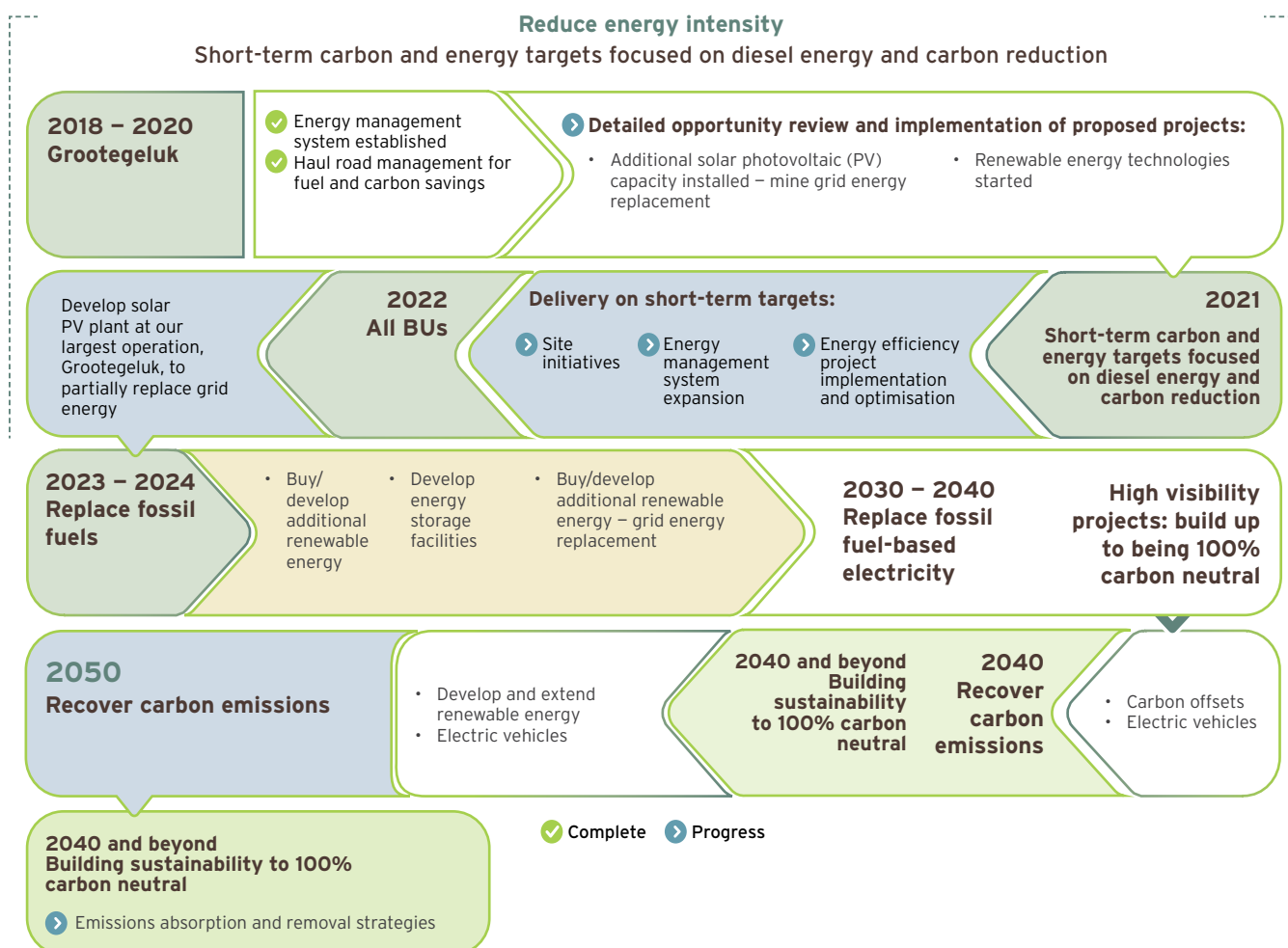
The board has delegated responsibilities for ongoing management of climate change risks and opportunities to the RBR committee (to emphasise climate change issues) and the SERC (to ensure we adhere to just transition principles). These committees meet quarterly and review progress in mitigation, adaptation, leveraging of opportunities and community engagement on climate change risks. The board chairperson attends the RBR committee meetings and ensures that the board is aware that climate change risks are a business imperative that requires urgent and unequivocal wide-ranging collective action by governments, businesses and civil society.

To enhance our effectiveness as we gear up for our transition, and coordinate our internal and external responses, we have established an ESG steering committee, reporting to our executive committee on ESG performance, measurement and improvements. To ensure alignment with our carbon emissions reduction goals, the ESG steering committee oversees energy management projects and activities. This helps us understand risks and opportunities so that our operations can focus on managing energy consumption, carbon emissions and other climate-related matters.

 [Our ESG perspective](#) (page 8)

Our board and management are committed to understanding and embracing the science behind climate change.  [Governance](#) (page 92)

Our roadmap to becoming carbon neutral



Transitioning into a low-carbon business

continued

Integrating climate change into our strategy

Climate change is one of the forces that shaped our strategy. We conducted a detailed scenario analysis that considered various parameters, assumptions and the resilience of our strategy to climate-related risks and opportunities in line with the TCFD recommendations. These included the transition to a lower-carbon economy consistent with a 2°C or lower scenario and increased physical climate-related risk management to ensure business resilience under these scenarios.

Climate-related risks are integrated into overall risk management and factor as one of the top 10 risks facing the business.

 [Our strategy](#) (integrated report, page 44)

 [2020 Climate Change Response strategy report](#) (2020 investor tab) and [2020 climate change position statement](#) (sustainability tab)

 [Risks and opportunities](#) (integrated report, page 26)

Managing climate change-related risks

Climate change-related risks and opportunities are part of our ERM processes; a strategic initiative fully supported by the board and executive management.

We conducted a detailed climate change scenario analysis in 2019 and 2020 to identify these risks and determine their relative significance.

Transition risks		Physical risks	
Credit and insurance risk	1	Water security risk	5
Carbon pricing risk	2	Risk of heatwaves at our operations	6
Market risk	3	Risk of drought	7
Reputation risk	4	Risk of extreme rainfall days	8

Transition risks

1 Credit and insurance risk

Financial institutions are increasingly moving away from funding companies with high climate change risk exposure and intangible carbon reduction targets. Globally, funding of coal-related operations is being diverted to investment that supports a low-carbon economy. Locally, some major commercial banks have indicated that they will no longer fund new coal projects. The financial institutions are increasingly evaluating the impacts of climate change scenarios on borrowers' revenues, costs and property values, and how this could affect the probability of default and loan-to-value ratios at a borrower and portfolio level. This sentiment is likely to grow in the five to 10 years as action to mitigate climate change impacts increases. To manage this risk, the Sustainable Growth and Impact strategy is focused mainly on new renewable generation and minerals that can facilitate a cleaner future. This strategy was presented at our Capital Markets Day in 2021 and many financiers indicated their interest in this new business direction, mitigating some of the financial lending risk.

Over the past five years we have noted a significant increase in our insurance premiums against our assets. This scenario is likely to increase as climate action intensifies.

2 Carbon pricing risk

The South African government is implementing policy measures to reduce its GHG emissions to meet its Paris Agreement commitments. The government implemented the carbon tax in June 2019 to encourage corporate behaviour to direct investments and expenditure towards low-carbon alternatives.

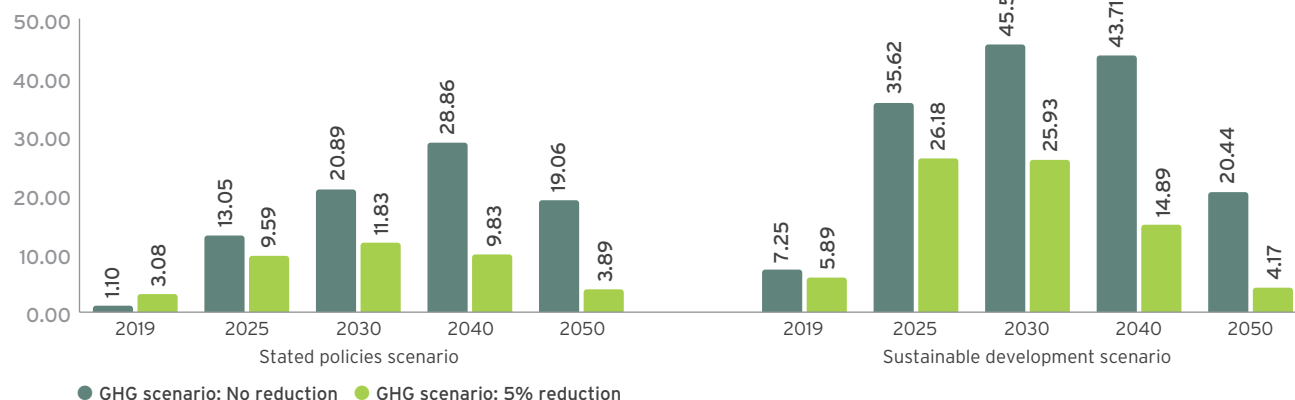
The nominal tax rate is R144/tCO₂e. However, government allows specific tax-free allowances to facilitate a smooth transition to a low-carbon economy and mitigate competition among affected industries, reducing the rate to between R7 and R58/tCO₂e. The carbon tax is based on fossil fuel inputs (such as coal, oil and gas use), and applies to entities with a total minimum installed thermal capacity of 10MW.

The first phase of the carbon tax (up to 2025) is not designed to affect the electricity price but to address concerns raised by the mining sector. National Treasury has been reviewing the impact of the carbon tax, its rates and tax-free threshold levels on business. Our scenario analysis predicts an increase, in line with an international trend, in the South African carbon price. We expect the South African government to increase efforts to meet its Paris Agreement commitments (nationally determined contribution) to transition the South African economy.

Our TCFD analysis also identified increased carbon pricing and operating costs (such as higher compliance costs) as examples of climate-related policy risk. Carbon prices associated with emissions trading schemes, carbon taxes, fuel taxes and other policies are expected to rise as government reduces GHG emissions in line with the Paris Agreement. The speed and rate of carbon price increases are uncertain and likely to vary across countries and regions. Our scenario analysis of carbon price risk exposure below shows the expected outcome based on the stated policies and sustainable development scenarios.

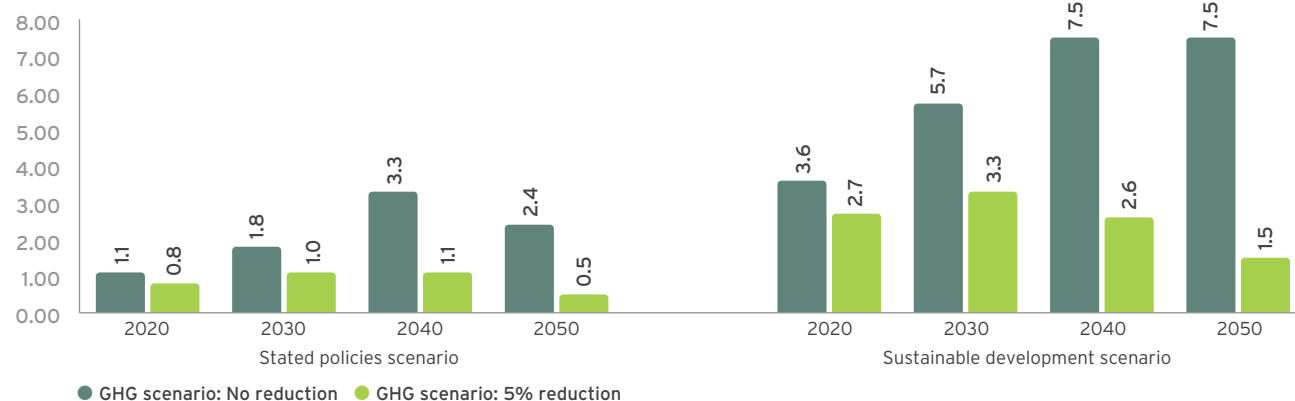
Carbon pricing risk exposure

(US\$m)



Projected increase in operating expenditure due to carbon pricing risk

(% change)



3 Market risk

One of the major ways in which markets can be affected by climate change is through shifts in supply and demand for certain commodities, products and services as climate-related risks and opportunities are increasingly taken into account. The shift in fossil fuel and energy markets will have implications for our business portfolio resilience and transitioning process. Further, we also appreciate that climate change has created new markets, increased emissions reduction technology demand and supply, presented new financial instruments, and renewed efforts to mitigate fossil fuels and potential financial impacts on the business.

4 Reputation risk

Climate change has been identified as a potential source of reputational risk tied to changing stakeholder perceptions (investors, customers, communities, non-governmental organisations (NGOs) and government) of an organisation's contribution to or detraction from the transition to a lower-carbon economy. We are aware that the mining sector at large is exposed to the reputational risk of climate change – a threat to the credibility of its efforts to reposition itself as a more sustainable sector, and by extension to its licence to operate.

Our approach has been to genuinely commit to climate action, sustainability, accountability and transparency, as well as implementing adequate mitigation, adaptation, governance, risk and communications strategies to ensure a sustainable future for Exxaro and our stakeholders.

Transitioning into a low-carbon business


continued

Physical risks

5 Water security risk

Climate change physical impacts, such as increasing temperatures, rising sea levels, and more frequent or intense droughts, more frequent and more damaging floods and storms, are serious challenges for our facilities, supply chains, employees, current and potential customers, and our host communities.

Water security is the backbone of Exxaro's water strategy which was revised in 2017 to reduce our risk. The fundamental principle of our water management approach is sustainable use of water resources and to become a net positive water contributor to the natural system. The risk of water security is increased significantly at our Waterberg operation due to lack of perennial water basins. Our Waterberg operation currently has a negative water balance as they rely on an external source for their operational water requirements.

Exxaro's flagship mine, Grootegeluk, is situated in the Waterberg region. It relies on the Mokolo Crocodile West Augmentation Project phase 1 water supply scheme for reliable water supply. Water from the Mokolo Dam is supplied via a 46km pipeline to the Lephalale area for the town, Eskom and Exxaro. The system can supply 30 million m³ of water per year. Refer to  [water security management](#) (page 45).

6 Risk of heatwaves at our operations

Heatwaves are events where the maximum temperature at a given location exceeds the average maximum temperature of the year's warmest month by 5°C or more for at least three consecutive days. Downscaled climate models show that the Waterberg complex is predicted to experience a relatively higher number of average heatwave days than other Exxaro assets in Mpumalanga. The Waterberg operation will experience between 14 and 19 heatwave days from 2021 to 2040 (relative to 1961 to 1980). Our Mpumalanga operations are predicted to experience between eight and 13 heatwave days for the same period. This risk of heatwaves increases between 2041 and 2060 with Waterberg and Mpumalanga operations predicted to experience heatwave days of between 20 and 26, and 14 and 19 days respectively. An increase in heatwaves could result in negative health and safety impacts for employees, can create occupational health risks such as heat stroke, and restrict employees' physical functions and capabilities. Our proposed actions will enable employees and the business to cope with heat stress, and include developing workplace policies and guidelines that consider the health and safety of workers during heatwaves, with appropriate prevention and adaptation measures.

7 Risk of drought

The Global Climate Index model downscaling shows that north-eastern South Africa is projected to be generally drier from 2021 to 2040 (relative to the baseline period from 1961 to 1980). The model predicts that the western parts of southern Africa will experience increased rainfall over the same period. An increase in extreme rainfall events is projected to occur over the western interior and eastwards over the eastern escarpment areas as well as southern Mozambique. The average drought index per year for each time period is measured on a scale of 0 to 10, with 10 being the highest level of drought severity, according to the Keetch-Byram Drought Index. The Grootegeluk complex is in an area predicted to experience a higher level of drought severity than Exxaro's other sites – a trend that will increase over time. The increasing frequency of drought, particularly in the Waterberg, will increase our water security risks.

8 Risk of extreme rainfall days

On 13 March 2014, the Waterberg region received an unprecedented high rainfall in a 24-hour period, which led to operational interruption for five days. The flood event had a severe impact on our operations in terms of infrastructure damage, supply chain interruption, production stoppages, and employee and community safety. The frequency of extreme rainfall events is expected to increase in our Mpumalanga region.

Grootegeluk is in an area predicted to experience fewer average extreme rainfall days than Exxaro's other sites. The average number of extreme rainfall days is expected to increase across all sites towards 2060.

 [2020 Climate Change Response strategy report](#) (2020 investor tab) and [2020 climate change position statement](#) (sustainability tab)

Measuring our performance

Our ESG performance is benchmarked against our peers who exhibit the global best practice expected by responsible investors.

ESG performance ratings

Global ratings agencies evaluate our ESG performance using publicly available information (annual reports, websites and media) in line with various criteria requirements.

In 2022, we were rated by FTSE Russell, Institutional Shareholder Services ESG, Moody's, Vigeo Eiris, Sustainalytics, MSCI, Bloomberg Gender-Equality Index (GEI) and the TPI.

FTSE Russell ESG Index

The FTSE Russell ESG Index series measures our ESG risks and impact performance with a score out of a total of five rated in terms of themes relevant to our mining context.

The ESG report discloses performance against the following relevant themes:

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

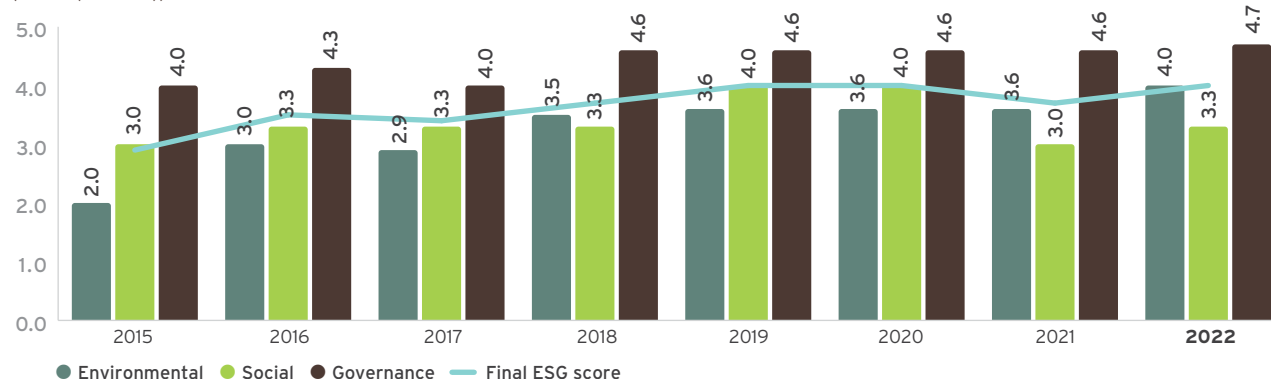
Our risk exposure is classified as medium (orange) to high (red), determined by our business activities. The FTSE Russell ESG Index rating confirms our efficient and strategic response to this exposure.

Our performance

Exxaro's FTSE Russell ESG Index score continued to improve, achieving 4.0 out of 5.0 compared to 3.7 in the previous year. We remain ranked in the top quartile of global performers in the basic resources supersector. Our steady improvement since 2018 is shown below.

FTSE Russell ESG Index – Exxaro's historical performance

(Score out of 5)



We are currently the only basic resources company in level 4.0 among our peers. The biggest driver of our improvement is environment (4/5), specifically climate change. The social element is at 3.3 and governance leads all three elements at 4.7.

	Year-end 2022	
	Exxaro	Global coal sub-sector
FTSE Russell ESG score	4.0	2.2
Environment	4.0	1.9
Social	3.3	1.9
Governance	4.7	3.1

Source: FTSE Russell Corporate Performance Results

Measuring our performance continued

Institutional Shareholder Services ESG

Institutional Shareholder Services empowers investors and companies to build long-term and sustainable growth by providing high-quality data, analytics and insight.

Exxaro was ranked at C- with a very high transparency level and was counted among the industry leaders, which demonstrates our commitment to good corporate governance.

Areas of improvement include publication and disclosure of our  [human rights policy](#) (our business, governance tab) and execution of our social impact plans, new areas of education and land use management.

TPI

Exxaro's TPI ranking was 4/4 in 2022, based on our commitment to managing GHG emissions, which shows stakeholders that Exxaro is well positioned to benefit from opportunities presented by the low-carbon transition.

The TPI compares companies' expected future carbon emissions with local and international targets as part of the Paris Agreement. It is used as a benchmark to determine commitment to corporate climate action. A high TPI ranking demonstrates that a company is strategically mitigating climate change and its effects.

Sustainalytics

The Sustainalytics ESG rating measures exposure to industry-specific material risks (including company-specific factors such as the business model) and the company's management of those risks. Exxaro's exposure was rated high and management was rated strong, which indicates the robustness of our ESG programmes, practices and policies.

We continue assessing feedback from other ratings agencies to identify common assessment areas and opportunities for improvement.

Green Revenues Factor

Exxaro received a Green Revenues Factor rating of 3.64% for the first time. FTSE Russell's Green Revenues data model is designed to measure the revenue exposure of public companies engaged in the transition to the green economy. Capturing these shifts allows investors to quantify the pace and scale of a company's transition to the green economy. We hope to improve our green revenue rating as we expand our renewable energy business.

Looking ahead

We are dedicated to improving our resource stewardship, minimising our environmental impact and being socially responsible with maximum positive impact.

We are particularly focused on a just transition to cleaner energy while maintaining the best possible ESG performance.



Monitoring performance in real time at The conneXXion

Strategic key performance indicators

We remain within our sustainability risk appetite and have managed our strategic objectives by monitoring our KPIs through the strategic performance dashboard. This is done quarterly by Exxaro's board and executive committee.

We ensure strategy management is integrated with:

- A sustainability framework
- An integrated risk management framework including clearly defined material matters
- KPIs aligned with strategy execution and material matters
- Integrating the combined assurance process, risk management, material matters and KPI reporting

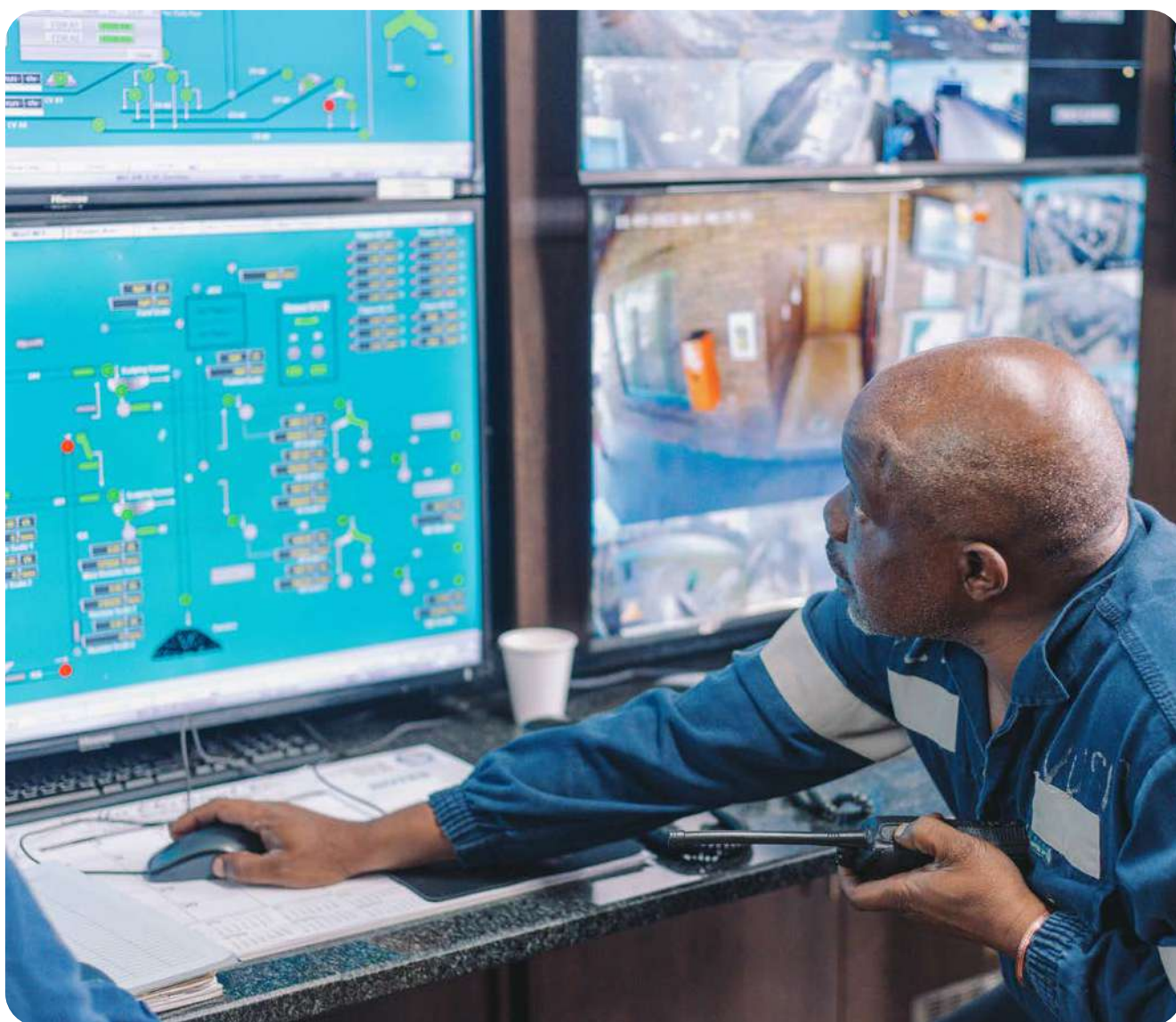
The board and executive committee measure and manage Exxaro's strategy and performance so that stakeholders can have a transparent and consolidated view of value creation and sustainability drivers.

Built-in risk appetite thresholds enable appropriate strategic decisions.

How to interpret the dashboard

The dashboard links strategic KPIs and our material matters to present our sustainable value creation in terms of the relationship amongst the capitals we impact. Performance indicators (out of appetite, worst tolerable, best realistic, target or opportunity) show whether KPIs are within our risk appetite thresholds.

We aim for "target", and avoid "worst tolerable" or "out of appetite" to remain within our defined risk appetite. When necessary, we implement or improve controls to ensure we achieve our strategy objectives.



Matla control room





Strategic key performance indicators

continued

Our KPIs are outlined in the strategic performance dashboard below.




































KEY

Trend[^]

-  Deteriorated
-  Improved
-  Unchanged
-  New KPI this period

KPI threshold	Out of appetite	Worst tolerable	Best realistic	Target	Possible waste or opportunity
Indicator					

Natural capital

KPI	Strategy	2022			2021			Trend based on indicator [^]
		Target	Actual	Indicator	Target	Actual	Indicator	
Incidents								
Reportable environmental incidents (levels 2 and 3)	Become a catalyst for economic growth and environmental stewardship	0 level 2s 0 level 3s	0 level 2s ^{RA} 0 level 3s ^{RA}		6 level 2s 0 level 3s	0 level 2s		
Compliance								
Stoppage directives (includes section 54 in terms of MHSA*)	Empower people to create impact	0	7 ^{RA}		0	2		
Stoppage directives (includes directives in terms of NWA, NEMA and MPRDA**)	Become a catalyst for economic growth and environmental stewardship	0	0 ^{RA}		0	0		
Valid authorisations in place								
Current operations	Become a catalyst for economic growth and environmental stewardship	100%	100%		100%	100%		
Projects	Become a catalyst for economic growth and environmental stewardship	100%	100%		100%	100%		
Compliance to valid licences/authorisations in place***								
Current operations	Become a catalyst for economic growth and environmental stewardship	100%	100%		100%	96%		
Projects	Become a catalyst for economic growth and environmental stewardship	100%	100%		100%	99%		
Environmental liability provisions in place***								
Commercial and captive operations	Become a catalyst for economic growth and environmental stewardship	Between 80% and 80% to 100% and 100%	Between 50% and 80%		Between 80% and 80% to 100% and 100%	72		
Environmental management								
Carbon intensity (scope 1 tCO ₂ e/total kilotonnes mined (kTTM))	Be carbon neutral by 2050	Actual for previous year less 5%	0.5% reduction		Actual for previous year less 5%	Actual for previous year less by more than 5%		
Carbon intensity (scope 2 tCO ₂ e/kTTM)	Be carbon neutral by 2050	Actual for previous year less 5%	0.8% increase		Actual for previous year less 5%	Current year less than previous year		
Water intensity (kL/tonne RoM)	Improving water efficiency	0.15 to 0.18	0.15 ^{RA}		0.20	0.149		
Physical rehabilitation (actual versus budget)	Become a catalyst for economic growth and environmental stewardship	0% deviation from budget	Between 25% and 50% deviation from budget					




























[^] The trend-based indicators are in accordance with Exxaro's internal sustainability framework.

* Mine Health and Safety Act, 1996 (Act 29 of 1996) (MHSA).

** National Water Act, 1998 (Act 36 of 1998) (NWA), National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA) and Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) (MPRDA).

*** Includes environmental authorisation, integrated water use licence (IWUL), water management licence, atmospheric emissions licence, environmental impact assessment, record of decision and reporting.

 **Human capital**

KPI	Strategy	2022			2021			Trend based on indicator [^]
		Target	Actual	Indicator	Target	Actual	Indicator	
Safety								
Number of fatalities (7 lost-time injuries)	Empower people to create impact	0	1 ^{RA}		0	0		
LTIFR [#]	Empower people to create impact	0.06	0.05 ^{RA}		0.11	0.08		
Health								
Four accepted occupational health cases								
OHIFR [#] reported	Empower people to create impact	0.18	0.16 ^{RA}		0.31	0.16		
People who received HIV/Aids awareness training	Empower people to create impact	90% to 100%	116.5%		90% to 100%	79.3%		
Employees who received awareness training and voluntarily tested for HIV/Aids	Empower people to create impact	68% and above	70.6%		68% and above	71%		
HIV/Aids prevalence rate compared to country prevalence rate	Empower people to create impact	Less than country prevalence rate	1% to 10% less the country prevalence rate		Less than country prevalence rate	3.7%		
Skills								
Skills provision (percentage of appointment of employees within)	Empower people to create impact	60%	64% ^{RA}		60%	62.17%		
Scarcity skills retention (percentage turnover)	Empower people to create impact	5%	4.4% ^{RA}		5%	3.7%		
Security								
Fraud and corruption/asset destruction	Empower people to create impact	0%	0%		0%	0%		

[^] The trend-based indicators are in accordance with Exxaro's internal sustainability framework.

[#] Lost-time injury frequency rate (LTIFR) and occupational health incident frequency rate (OHIFR).



Our employee having a lung function test at Matla clinic

Strategic key performance indicators

continued



Social and relationship capital

KPI	Strategy	2022			2021			Trend based on indicator [^]
		Target	Actual	Indicator	Target	Actual	Indicator	
Employment equity								
Black ownership at group level	Become a catalyst for economic growth and environmental stewardship	30%	47.1%		30.1%	47.1%		
People with disability Representation	Empower people to create impact	1.5%	1.61%		1.5%	1.59%		
Human resources development spend as % of payroll – Mining Charter III	Empower people to create impact	5.0%	5.53%		5%	5.51%		
HDP [†] representation – top management	Empower people to create impact	50%	66.66%		50%	66.66%		
HDP representation – senior management	Empower people to create impact	60%	68.91%		60%	65%		
HDP representation – middle management	Empower people to create impact	60%	80.92%		60%	78.52%		
HDP representation – junior management	Empower people to create impact	70%	81.16%		70%	79.52%		
Women representation in top management bands	Empower people to create impact	20%	33.33%		20%	33.33%		
Women representation in senior management bands	Empower people to create impact	25%	22.97%		25%	20.48%		
Women representation in middle management bands	Empower people to create impact	25%	40.62%		25%	38.19%		
Women representation in junior management bands	Empower people to create impact	30%	32.41%		30%	29.25%		
Business sustainability								
B-BBEE level	Empower people to create impact	Level 1	Level 3		Level 1	Level 2		
Enterprise development (percentage of NPAT [†])	Empower people to create impact	1%	0.4945%		1%	0.308%		
Supplier development (% of NPAT)	Empower people to create impact	2%	0.8301%		2%	0.694%		
Socio-economic development (percentage of NPAT)	Empower people to create impact	1%	0.93%		1%	0.56%		
Skills development expenditure on learning programmes in the learning programme matrix for black people as a percentage of leviable amount – B-BBEE	Empower people to create impact	3.0%	3.15%		3%	3.20%		
SLPs^{†*}								
Project delivery measure – local economic development projects per SLP time variance from plan	Become a catalyst for economic growth and environmental stewardship	0% behind schedule	40% behind schedule		0% behind schedule	8% behind schedule		
Cost variance from plan	Become a catalyst for economic growth and environmental stewardship	0% over budget	16% over budget		0% over budget	19% over budget		

[^] The trend-based indicators are in accordance with Exxaro's internal sustainability framework.

[†] Historically disadvantaged persons (HDP), net profit after tax (NPAT) and social and labour plans (SLPs).

* Refer to page 80 for SLP performance.

Manufactured and Intellectual capital

KPI	Strategy	2022			2021			Trend based on indicator^
		Target	Actual	Indicator	Target	Actual	Indicator	
Capital project delivery measure								
Capital projects time overrun	Make our minerals and energy businesses thrive	0% behind schedule	0.4% over schedule	💡	0% behind schedule	10.3%	💡	📈
Capital projects cost overrun	Make our minerals and energy businesses thrive	0% over budget	0% over budget	💡	0% over budget	3%	💡	📈
Operational performance								
System availability (Core P1 and ERP Solutions)	Make our minerals and energy businesses thrive	97%	97.49%	💡	97%	99%	💡	📈
Information management projects (cost overrun)	Make our minerals and energy businesses thrive	0% over budget	5% under budget	💡	0% over budget	0%	💡	📈
Information management projects (time overrun)	Make our minerals and energy businesses thrive	0% behind schedule	0% behind schedule	💡	0% behind schedule	0%	💡	📉

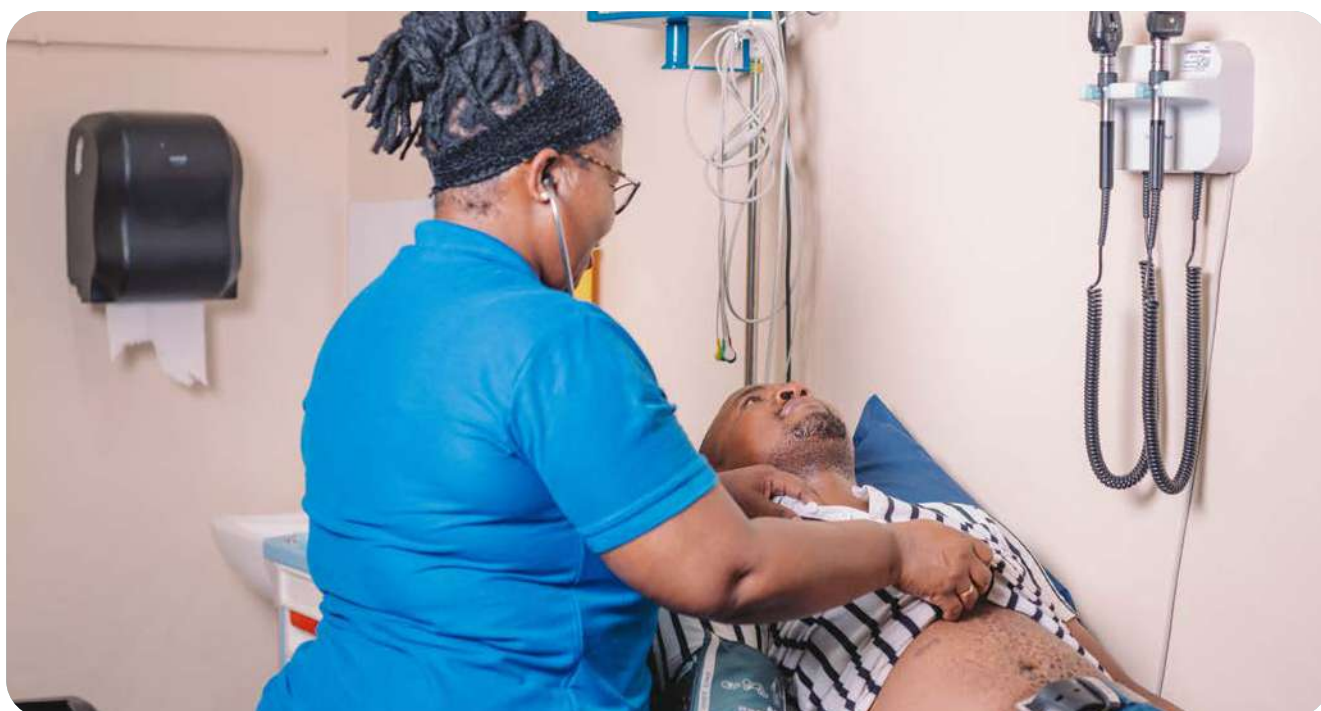
Financial capital

KPI	Strategy	2022			2021			Trend based on indicator^
		Target	Actual	Indicator	Target	Actual	Indicator	
Adjusted operating margin	Make our minerals and energy businesses thrive	20%	35.2%	💡	20%	24.4%	💡	📈
Adjusted ROCE#	Make our minerals and energy businesses thrive	20%	46.9%	💡	20%	33.6%	💡	📈
Net debt to EBITDA (excluding Cennergi)	Make our minerals and energy businesses thrive	1.5 times	*	💡	<1.5%	*	💡	📈

^ The trend-based indicators are in accordance with Exxaro's internal sustainability framework.

Return on capital employed (ROCE).


* Exxaro is in a net cash position.



Medical professional performing clinical tests at Matla clinic

Stakeholder management

Our business has maintained satisfactory success during a difficult period, which can be, in part, attributed to our strengthening stakeholder relationships. As evidenced by a recent stakeholder survey, relationship strength varies among our stakeholders but is generally higher and comes with commensurate high expectations.




We see our stakeholder relationships as critical enablers of sustainable development and business success. It is through collaborative and mutually beneficial partnerships with our stakeholders that we are able to leverage opportunities, mitigate risks, and respond to issues facing our business in a just, responsible and effective manner.

Our approach to stakeholder engagement

The operating environment is increasingly "noisy" – characterised by loud demands for service delivery and the creation of employment opportunities so as to push out an inch of social progress; an incoherent political context that is creating policy uncertainty; geopolitics and economic and market volatility that has societies screaming for help as livelihoods are threatened by inflation. More and more, business is called upon to intervene and apply its resources to the advantage and benefit of community and society. We have found it possible to respond through intentional engagement. Intentional engagement is the alignment of our thoughts, decisions, actions (and excepted outcomes) when interacting with our stakeholders. This has been our approach since 2017 to guide mutual value creation with stakeholders.

Structure for intentional engagement


Our stakeholder engagement procedures clarify the reasons for, methods and monitoring of relationships and are supported by our stakeholder engagement policy, plans, principles and key account management (KAM) approach. The KAM approach is strategy-led and outcomes-driven, ensuring we address stakeholder issues, manage risks, leverage opportunities and deliver on our strategic objectives.

For more detail on the KAM approach,  refer to page 50 of Exxaro's [2019 integrated report](#)

Our stakeholder engagement plans are aligned with our strategy and include levels of accountability, material issues and risks, and enable us to track feedback, and monitor and report on our performance. We regularly update these plans to ensure they are fit for purpose.

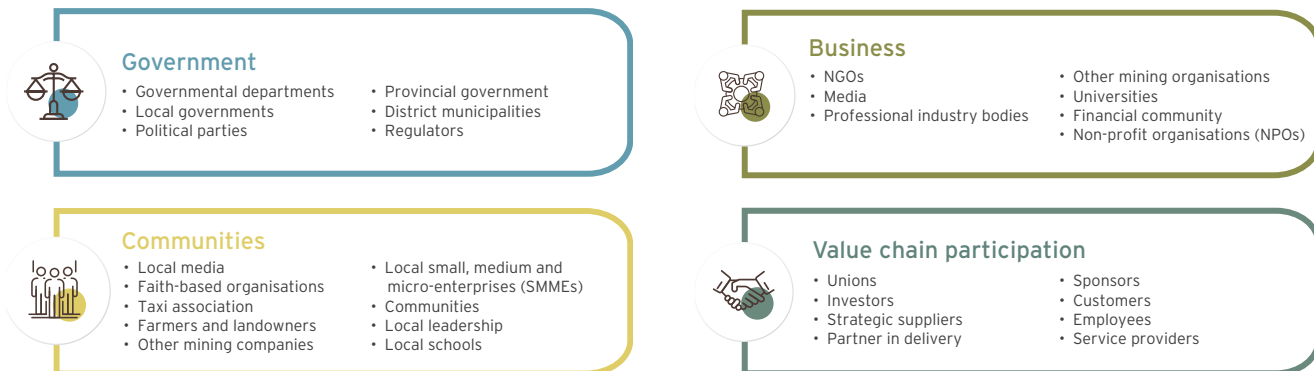
We ensure the effectiveness of engagement by conducting assurance and audits on our procedures. Exxaro's board and executive committee are responsible for stakeholder management and engagement.

We conducted our first reputation tracking survey in 2022 following a baseline study in 2018 with the objective of understanding our evolving landscape of stakeholders, their needs and expectations and our actions towards these expectations. The survey results provided an understanding of prevalent reputation and stakeholder sentiment. Against the 2018 baseline, results showed that Exxaro improved its position as reputational leader in the mining sector and overall sentiment among all stakeholders remained positive, despite a decline among community stakeholders. However, we identified that, as we transition into a low-carbon business, we must engage more and strengthen our relationships further with our stakeholders. The survey results identified issues, needs and interests for us to engage on with each stakeholder group. We have since developed targeted response plans.

 [Case study](#) (integrated report, page 40)

Stakeholder universe

We use our ERM process, regular BU planning, and project workshops to identify and analyse our stakeholders, assessing the impact of our activities on them, and their impact on our ability to deliver on our strategy, contribute to our ESG performance and address risks. We categorise our stakeholders into four main clusters of government, communities, business and value chain participants and identify relevant engagement objectives and strategies as required.



Quality of relationship

The management and quality of our relationships with stakeholders impact Exxaro's ability to deliver on our strategy. We measure the quality of relationships through different assessments (such as reputation, baseline and culture surveys or self-assessments) and our engagement strategies, which include stakeholder feedback and response strategies.

- ★☆☆☆☆ No existing relationship or the relationship has challenges
- ★★☆☆☆ Established relationship but can be improved
- ★★★☆☆ Good relationship with opportunity for improvement
- ★★★★★ Very strong relationship based on mutual trust and respect

Government ★★★★★ Social (page 59)

Stakeholders in this category include the Department of Public Enterprises, Department of Health (DoH), dtic, Department of Cooperative Governance and Traditional Affairs (CoGTA), Presidency, Parliament's Portfolio Committee on Agriculture, Land Reform and Rural Development, Mpumalanga and Limpopo offices of the Premier, Emakhazeni local municipality, local ANC structures, Transnet Freight Rail (TFR), Industrial Development Corporation of South Africa (IDC), South African Local Government Association, Municipal Infrastructure Support Agent and Mpumalanga Economic Growth Agency.

Engagement purpose

- Collaborate to find solutions for socio-economic challenges
- Partner in mutually beneficial projects
- Participate in shaping policies
- Invest in South Africa's socio-economic development
- Support our efforts in driving business resilience and managing country risk
- Demonstrate our ESG performance and how Exxaro responds to ever-increasing demands, responsible environmental management and community commitments through improved communication

Engagement methods

- One-on-one in-person and virtual engagements
- Dialogue platforms
- Events and sponsorships
- Quarterly reports

Stakeholder expectations and issues

- The role of big business in solving broader societal issues
- Responsible water management, minimising environmental impact and overcoming climate change issues
- Community-related actions around post-mine business, job development and broader community upliftment*
- Innovation and industry thought leadership
- TFR performance
- Support with COVID-19 response strategies and vaccination drives
- B-BBEE level – NPAT impact
- Socio-economic development*
- Municipal service delivery*
- Local procurement*

** This is a multi-stakeholder issue. Refer to the communities table for information.*

Our response

We have several partnerships and initiatives that enable us to address government's expectations. These include:

- SLP development consultation and regular project collaboration
- Engaging the Presidential Climate Change Commission regarding our just transition response strategy
- Improving disclosure in our annual reporting suite
- Refining and consolidating our Sustainable Growth and Impact strategy and developed our Social Impact strategy
- Supporting the health departments in Limpopo and Mpumalanga on COVID-19 response strategies, including the vaccine and booster vaccine roll-out programme
- Engagement with the dtic regarding changes in NPAT and double treatment of dividend income
- Continued engagements with CoGTA and the South African Local Government Association to find innovative responses to address service delivery challenges at local government level
- Regular engagement with the provincial leadership of Limpopo and Mpumalanga to discuss development priorities and provide feedback on Exxaro's socio-economic development initiatives

Outcomes and value delivered

- Contributed R13.38 million through SLP projects, particularly infrastructure, skills, local procurement and SMME development
- Corporate social investment (CSI) (including disaster relief): R167.93 million
- Committed R3.5 million over two years to government's anti-gender-based violence (GBV) fund
- Paid R8.9 billion in tax: PAYE of R1.6 billion and company tax contributions of R7.3 billion

Stakeholder management continued

Regulators ★★★★☆ [Environment](#) (page 33)

Exxaro aims to go beyond compliance when conducting our business activities. Stakeholders include Department of Mineral Resources and Energy (DMRE), Department of Water and Sanitation (DWS), the Department of Forestry, Fisheries and the Environment (DFFE), Department of Employment and Labour (DEL) and the JSE.

Engagement purpose

- Manage compliance with regulatory requirements for business sustainability
- Maintain strong relationships with stakeholders at national and provincial level
- Collaborate in shaping policies
- Ensure the success of our current and future businesses
- Communicate and demonstrate how we respond to issues important to government, industry and society while delivering on our purpose

Engagement methods

- One-on-one in-person and virtual engagements
- Dialogue platforms
- Quarterly reports where required

Stakeholder expectations and issues

- Improve communication on plans and strategies
- Delay in Matla IWUL renewal
- Belfast discard dump lining
- Rehabilitation of dumps 4 and 5 at Grootegeluk

Our response

- Quarterly reporting as required
- Improved compliance and risk mitigation through internal auditing processes, strategies and management controls
- Appealed the DWS's decision not to renew Matla's IWUL at the Water Tribunal. The appeal suspended the decision and Matla IWUL remains valid and operational until the appeal is concluded
- Continued investigating alternative solutions to dump lining at Belfast
- Continued engagement with the DMRE regarding Grootegeluk dumps 4 and 5 rehabilitation. The matter is not yet finalised
- Monitoring developments in the implementation of voluntary global standards for ESG reporting
- Monitoring the process towards the finalisation of the Companies Amendment Bill

Outcomes and value delivered

- Good compliance performance
- No regulatory stoppages
- Since the introduction of the internal section 54 standard, there has been a decline in the number of safety stoppages: seven in 2019, three in 2020, two in 2021 and none in 2022



Grootegeluk protest

Employees ★★★★☆ [Employee engagement](#) (page 68)

Understanding our employees' needs and expectations is linked to our success. Employees see us as an agent of change.

Engagement purpose

- Identify opportunities to collaborate on and co-create solutions with employees
- Demonstrate our progress against goals through regular communication
- Align employees' focus, profile and development efforts with our strategy and culture
- Empower employees to manage change through information sharing and capabilities training
- Identify opportunities for skills development as we transform and transition our business
- Strengthen our culture
- Distinguish competitive advantage
- Promote resilient business performance

Engagement methods

- Daily, weekly, monthly and quarterly meetings
- Newsletters
- Digital engagement through short videos, information screens, emails, bulk SMS and BU-specific communication campaigns
- LetsConnect mobile platform
- CEO roadshows
- Ad hoc and annual communication campaigns
- Training initiatives
- Performance management and KPI setting

Stakeholder expectations and issues

- Improved employee relations and relationship management
- Better communication, reciprocal dialogue and including employees in decisions that affect them
- Focus on improving diversity, equity and inclusion
 - Clear B-BBEE implementation and commitment
 - Support women in business and women in the workplace
- Talent management
 - Fairness in promotion processes and effective reward systems
 - Skills development, including mentorship and longer-term support
- Youth development programmes and job opportunities
- Tangibly demonstrate how we are addressing environmental, community, employee and diversity issues (broader social issues)
- Maintain high health and safety standards

Our response

- Developed our Social Impact and diversity, equity and inclusion strategies
- Human rights policy approved
- Ongoing communication of Exxaro's decarbonisation plans
- Our 2022 internal communication plan addressed our evolving group strategy, ESG priorities, the CEO transition, group STI scheme, community and enterprise and supplier development (ESD) initiatives, mental health and wellbeing, and diversity, equality, inclusion and social justice
- Zero tolerance approach to any form of harassment in the workplace
- Launched a GBV campaign to encourage employees to report harassment
- Reported cases of sexual harassment are investigated and strict remedial action taken, including dismissal
- We aim to intensify our engagement efforts by executing our employee engagement strategy and demonstrating how we are delivering on our purpose. We are also incorporating the results of the reputation survey into the employee value proposition to ensure response plans address employee needs and expectations

Outcomes and value delivered



- Paid R4.4 billion in employee salaries, wages and benefits, including GreenShare employee scheme
- Our LTIFR was below our target of 0.06
- 90.05% of employees and contractors were vaccinated against COVID-19

Stakeholder management continued

Labour unions ★★★★ [Employee engagement](#) (page 68)

Our collaborative relationship with labour unions is critical to ensure successful employee relations. Exxaro has a pluralist approach to union recognition but only formally engages with unions where recognition agreements have been concluded and these unions maintain their collective bargaining rights. These stakeholders include elected officials of recognised labour organisations at BU level and provincial or regional level (National Union of Mineworkers (NUM), National Union of Metalworkers South Africa (NUMSA), Association of Mineworkers and Construction Union (AMCU), Food and Allied Workers Union (FAWU)).

Engagement purpose

Through engagements, relationship building and collaboration with labour unions, we aim to better understand their objectives to ensure fair labour practices, minimise the risk of labour unrest and maintain workplace harmony. This enables us to proactively resolve issues or concerns and keep engagements functional.

Engagement methods

- Quarterly face-to-face meetings at employer level (EC and ECM) and monthly at BUs

Stakeholder expectations and issues

Our labour unions recognise our commitment to our employees, our high health and safety standards and our efforts to realise our purpose of powering better lives in Africa and beyond. We could, however, increase communication on our current performance, future plans and approach to addressing employee-related issues such as diversity, learning and development, reskilling the workforce and post-mine business development, among others.

Our response

Exxaro has a pluralist approach to union recognition but only formally engages with unions where recognition agreements have been concluded and these unions maintain their collective bargaining rights.

Our Social Impact and diversity, equity and inclusion strategies respond to labour union expectations. We regularly engage with unions at the BUs about our approach to improve the lives of our communities.

The wage agreements signed in 2021 are effective for three years, securing labour stability. This includes a full-time shop steward agreement with NUM ECM and a review of the ECM recognition agreement.

We also continued our efforts to address innovation issues and challenges at BU innovation forums.

In 2022:

- We addressed an issue with NUM on the secondment agreement of full-time shop stewards to the region. We await NUM's response
- Continued addressing innovation issues at BU innovation forums
- Developed our Social Impact and diversity, equity and inclusion strategies
- Continued engagement about our approach to improving the lives of our communities at BU union engagements
- Signed full-time shop steward agreement with NUM ECM
- Concluded the review of the ECM recognition agreement

We aim to improve communication on our environmental stewardship and diversity activities as well as by sharing what we are doing with regards to innovation, SLP delivery and procurement.

Outcomes and value delivered

- Well-established engagement and communication structures
- Union input on business growth strategies
- Training and development
- Regulatory compliance ensures unions are able to negotiate fairly and equitably with Exxaro on behalf of their members

Communities ☆☆☆☆ [Communities](#) (page 78)

We operate in four local municipalities in Limpopo and Mpumalanga, with closed mines in three other municipalities, including two in KwaZulu-Natal. Our operations therefore affect communities within these areas, making them one of our key stakeholders.

Engagement purpose

- Demonstrate and communicate how Exxaro is sharing economic gains fairly with our host communities through local employment, local procurement, community development initiatives, skills development, ESD (shared value narrative)
- Build relationships and understanding of community needs to enable collaboration and success of community projects
- Proactively resolve issues raised by stakeholders before protests emerge (risk management)

Engagement methods

- Quarterly stakeholder engagement forums
- Participation in district and provincial level engagement platforms
- Socio-economic impact assessments every five years
- Quarterly external BU newsletters
- Community protests at mine

Stakeholder expectations and issues

- Local procurement and sustainable job creation
- Learning and development, including youth empowerment, scholarships and learnerships
- Socio-economic, local and supplier development, including support for and empowerment of women-owned businesses and other local SMMEs
- Road and recreational facility infrastructure
- Municipal service delivery including water systems improvement
- Transformation and gender equality

Our response

- Continued engagements with communities and local municipalities through existing platforms such as stakeholder engagement forums to address local recruitment and procurement expectations. In the first quarter of 2022, additional engagements were held with the Emalahleni mayor and municipality to address protests and seek common ground to resolve issues
- Held our second annual community stakeholder engagement days in Mpumalanga and Limpopo
- Initiated engagements with key representatives of CoGTA with the objective of strategic alignment on supporting socio-economic development in traditional authority areas. An invitation was received for Exxaro to present at a sitting of the house of traditional leaders
- A Grootegeluk procurement process to appoint a new social facilitator experienced intense political interference while the supplier appointed to temporarily fill the gap for local verification services was also the target of threats. We continue to adhere to strict processes and standards to manage such risks
- Developed our Social Impact strategy
- Ongoing identification and development of impact projects
- Continued efforts to reflect the diversity of South Africa in SLP projects, including education, as beneficiaries or development partners

We aim to improve communication on our business activities, and demonstrate what we are doing to address social issues through our Social Impact strategy as well as environmental stewardships, post-mine closure and other stakeholder issues.

Outcomes and value delivered



- Contributed R178 million (including donations) to communities, especially our host communities in Limpopo, Mpumalanga and the Eastern Cape
- Our NPC, Matla Setshabeng, donated R127 million
- Invested R13.3 million in SLP infrastructure projects which benefited 83 people through temporary construction jobs and 87 444 people through providing water, sanitation, sports facilities, etc
- Education projects and support programmes to the value of R61 million benefiting more than 25 000 learners
- Employed 685 local people from skilled, semi-skilled and labour categories over and above the core skilled employees from core (main) contracting companies during the execution of our R5.2 billion coal capital expansion programme at Matla (MLOMP)
- Our ESD programme approved R291.2 million in the form of grants and loans to 30 entities
- Total procurement spend on local SMMEs increased from 11.3% in 2021 to 11.5%, exceeding our target of 10%. Through this focus on local businesses, Exxaro empowered 401 local suppliers and 246 local black-owned SMMEs

Stakeholder management continued

Investors



[Chairperson's report](#) (integrated report, page 5)



[Measuring our performance](#) (page 17)



[Our strategy](#) (integrated report, page 44)



[Remuneration report](#) (page 145)

Stakeholders include shareholders and analysts. Our shareholding split is 77% South African and 23% offshore. We engage with ESG ratings agencies such as FTSE Russell, MSCI and Sustainalytics.

Engagement purpose

- Our engagements aim to keep shareholders informed about our strategy, performance, capital allocation, and dividend, remuneration and other governance policies to maintain reputation and promote our ESG performance
- We aim to demonstrate how we protect returns, prudently allocate capital and ensure transparency, all of which strengthens our ability to access capital
- We engage with underweight investors to better understand their position in Exxaro and investment criteria
- Engagement with ESG ratings agencies enables our understanding of how we need to improve our strategy and overall ESG ratings that inform perceptions of our performance

Engagement methods

- Interim and annual results presentations and roadshows
- Finance director's pre-close message and calls
- Annual non-deal and governance roadshows
- Capital Markets Day every second year
- Underweight and non-investor engagements
- Conferences
- Solicited meetings
- AGM
- Annual investor perception survey

Stakeholder expectations and issues

- Diversifying and decarbonising our portfolio remain top of mind for investors
- The impact of climate change activism amid calls for withdrawal from the thermal coal business
- Capital allocation and expenditure
- Delivering on our ESG commitments and targets
- Changes to our remuneration policy
- Providing robust disclosure on how we are addressing ESG issues such as social issues and commitment to climate issues, minimising environmental impacts and protecting biodiversity

Our response

- We presented our refreshed capital allocation model and clarified the changes made to the remuneration policy during a governance roadshow in September ([governance roadshow](#))
- We have considered investors' feedback in our reporting suite and implemented some of these suggestions that would add to the credibility, transparency and robustness of our reports

We will continue to proactively inform and engage regularly with investors with the objective of eliminating ambiguity on our strategic direction, demonstrate how it will make Exxaro more resilient, communicate the successes of our early value coal strategy, and better articulate how Exxaro is proactively addressing societal issues, social injustice and economic inequality through our social impact and diversity, equity and inclusion strategies.

Outcomes and value delivered



- Delivered a dividend pay-out of R6.686 billion (the total dividend distribution for the year is R27.68/share)
- Received several acknowledgements of our ESG performance, including the Sunday Times Top 100 company (fifth) and leading mining company in the FTSE Russell index

Customers



[Operational performance](#) (integrated report, page 86)

We have domestic and offshore customers in Europe, Asia and other markets. Eskom remains our largest customer with 75% of our sales (2021: 71%). ArcelorMittal South Africa remains critical to our metallurgical coal sales.

Engagement purpose

- Understand customers and strategic partners' requirements through ongoing discussions on environment, trends and market sentiment analysis
- Foster mutually beneficial relationships through continuous engagement and information sharing
- Improve operational and financial performance
- We aim to understand our customers and strategic partners and foster mutually beneficial relationships through continuous engagement and information sharing. Engagements focus on the environment, trends and market sentiment, exploring future relationships, and improving operational and financial performance

Engagement methods

- Outbound marketing
- Email correspondence
- Meetings at different levels in respective customer organisations
- Marketing conferences

Stakeholder expectations and issues

- Quality, consistent and reliable supply of product and responsive service
- Improved communication and demonstrations of our approach to solving societal issues, improving the lives of our communities, minimising our environmental impact, becoming climate resilient and addressing climate change issues

Our response

During 2022 we engaged regularly with customers on strategic and operational issues and responded to market concern around logistical constraints.

We aim to improve how we communicate Exxaro's business performance to customers and demonstrate what we are doing to address societal issues, mitigate environmental impact and address climate change.

Outcomes and value delivered



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



Coal transportation at Exxaro

Stakeholder management continued

Suppliers ★★★★☆ [Supply chain sustainability](#) (page 86)

Suppliers are crucial participants in our value chain. We have over 2 500 vendors in the provinces where we operate. We categorise our suppliers as strategic, SMMEs and local.

Engagement purpose

We manage our relationships with suppliers, as part of our risk management approach. Engagements are aimed at achieving mutually beneficial operational, strategic and impact goals through joint initiatives aimed at cost savings, sustainability, supply security and business risk exposure mitigation.

Engagement methods

- Direct, proactive engagement with strategic suppliers
- Ad hoc contract reviews to assess performance and negotiate price
- Quarterly contractor forum platform to share information on developments in Exxaro and safety, health and environmental issues

Stakeholder expectations and issues

- Eskom liquidity
- Coal price
- Timeous communication of business opportunities
- Collaboration for shared value
- Evidence of Exxaro's good corporate citizenship, thought leadership, and strong management

Our response

Our supplier relationship management programme supports Exxaro's strategies by leveraging value chain partner capabilities through regular engagements on cost savings, supplier diversity and transformation (black ownership and participation), supply security and business risk exposure mitigation.

We aim to increase the frequency of engagements to communicate about our systems and processes, contract renewals, our procurement strategy and strategic sourcing successes; communicate our business successes; how we are addressing broader societal needs through our strategy and how suppliers can collaborate on our journey of powering better lives; and keep SMMEs informed about how to work with Exxaro through regular training.

Outcomes and value delivered

- All black-owned SMMEs have immediate payment terms
- R1 097 million procurement or over 11% of our procurement spend is with local SMMEs
- We are constantly looking at ways to improve our systems and processes to improve the ease of doing business with Exxaro
- We are investing money in creating infrastructure and policies to make it easier for emerging suppliers to work with Exxaro



Restoring social livelihoods at Belfast

Environment

We manage our impact by incorporating environmental performance principles in our ESG management systems, environmental policies and practices. We comply with local legislation, management standards, and current and future-based best practice. Our approach goes beyond compliance as demonstrated by our participation in voluntary benchmarks such as the global CDP climate and water disclosure projects.

Our environmentally and socially responsible response to climate change reflects our commitment to sustainability and objective to become carbon neutral by 2050, and supports South Africa's just transition programmes.

Stewardship timeline

We aim to be a leading mining company through our response to climate change and environmental stewardship.



Our approach

Our environmental management programmes comply with applicable legislation, ensuring that all activities requiring licences are fully licensed, and our Sustainable Growth and Impact strategy guides the evolution of our environmental policy as we transition to a climate change-resilient portfolio.

Management standards for air quality, water, energy, mine closure and rehabilitation as well as environmental incident management and reporting support our BUs in this transition, and embed climate change mitigation and adaptation. These standards are integrated into our environmental management activities, which are also ISO 14001-certified. Our STI scheme, aligned with our decarbonisation plan and Sustainable Growth and Impact strategy, motivates employees to uphold these standards.

We evaluate our environmental impacts in terms of NEMA's precautionary principle.

Exceeding minimum regulatory requirements

To ensure that we respect human rights and maintain our environmental licence to operate, we strive to exceed minimum regulatory requirements and ensure consistent compliance. Our wheel of excellence on page 35 defines this approach. This ensures our approach to environmental stewardship is consistent across the group. It effectively integrates new assets to align our BUs in implementation, compliance, monitoring and reporting processes. It also guides BUs in acquiring necessary competencies.

Regulatory challenges

Belfast's water use licence (WUL) was submitted to the DWS for review and was granted in the fourth quarter of 2022. The renewal application for Matla's WUL was declined by DWS. However, an appeal was lodged with the Water Tribunal ensuring that the WUL is valid until a decision has been made. In the interim, Exxaro is engaging with DWS to find an acceptable resolution.



Cennergi creates clean renewable energy solutions for state-owned entities, industrial and mining customers, and communities.

Cennergi's environmental and social management system manages impacts in line with local standards and principles, the Equator Principles, the International Finance Corporation's (IFC) performance standards and the World Bank's guidelines, among other international requirements.

Accountability and responsibility

The RBR committee oversees our environmental management and impact on behalf of the board. The executive head: sustainability is responsible for implementing environmental strategies for the group, assisted by sustainability and BU managers.

Environment continued

How we performed

We intensified our focus on environmental areas that impact our journey to environmental stewardship and goal to be carbon neutral by 2050. We also intensified efforts to decarbonise our operations through implementing energy efficiency projects, implementing energy and water performance metrics across all functional areas and ensuring we close the loop on resource use. Through our university chairs, we promoted research and activities that advance sustainable utilisation of resources, the mitigation and adaptation of climate change effects, and other pertinent environmental issues.


To further improve our performance and sustainability, we are looking into strategic partnerships, applying green technologies and sound environmental management tools.

Environmental incident reporting

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

Following the update of our environmental incident management standard in 2021 to include level 0 incidents (incidents with no impact to the receiving environment but those that pose a potential risk), we continue to monitor these incidents. In 2022, we recorded nine level 1 incidents (2021: 31).

We have not recorded level 2 (intermediate impact and/or non-compliance) and 3 (major impact and/or non-compliance) incidents over the past three financial years.

 Refer to the [databook](#) for details of our level 1 environmental incidents.



Cennergi did not record significant environmental incidents.

Future focus

- Continue developing our decarbonisation plan and intensifying mitigation measures in our operations to ensure we achieve our 2026 target of reducing scope 1 and 2 emissions by 43%
- Prioritising employees and communities in our decarbonisation journey
- Keeping abreast with developments in the climate technology and analytics areas for mitigation and adaptation purposes
- Improving our ESG performance in environmental management through carbon emissions reduction, biodiversity, waste, water and resource management

Case study: Presenting the business case for climate change action (COP27 Exxaro Story, YouTube)

We sent a delegation to the United Nations Framework Convention on Climate Change (UNFCCC) COP27 in November 2022.

Our delegation attended the event in Sharm El-Sheikh, Egypt, with the following objectives on their agenda:

- Showcase actions and opportunities by informing peers and other stakeholders about our approach to climate change, the low-carbon transition, its social impact and the just transition
- Support the South African government's commitment to addressing climate change
- Share developments and opportunities in decarbonisation (including social impact implications)
- Acquire additional ESG insight critical for Exxaro's sustainability
- Fortify our position as an environmental steward and climate change mitigation and adaptation champion
- Discuss sustainable investment and its implications for our future social impact projects
- Keep abreast of global developments in minerals, renewable energy, coal mining and social impact
- Seek partnerships and collaboration for business resilience, the just transition and scaling social impact

Our presentation focused on ensuring business resilience in a low-carbon world, changing business perceptions about biodiversity, climate risk, ESG performance and ESG sentiment in mining.

We returned from the event with the following goals:

- Prioritise data management, quality control, storage and embedment, especially for scope 3 emissions, with potential collaboration with experts working on digital transfer of data from suppliers, customers and other value chain partners
- Invest in renewable energy and investigate other clean technologies, such as carbon capture and storage
- Mitigate emissions from our future mineral operations through self-generation of renewable energy, energy efficiency measures and mine vehicle fleet electrification in the medium to long term
- Follow developments of the Climate Technology Centre and Network – particularly the programme accelerating transformative climate technology deployment
- Consider adaptation, sustainable livelihoods and human rights in the development and growth of our minerals and energy businesses
- Access the UNFCCC's loss and damage funding for vulnerable countries hit hard by climate disasters to advance our sustainable livelihoods programmes and social impact scaling, as contemplated in our Sustainable Growth and Impact strategy, in collaboration with government

Wheel of excellence

Our environmental commitments fall under the following areas, each supported by specific strategies and policies:

Environmental liabilities and rehabilitation (page 55)

Our mine plans consider land management, closure and concurrent rehabilitation with financial provision to ensure we honour our commitments.

- Approved environmental management programme with closure objectives
- Mine closure and concurrent rehabilitation procedures
- Integrated concurrent and closure plan
- Environmental risk amendments
- Rehabilitation monitoring and KPI reporting
- Closure project management

Air quality (page 36)

We manage and mitigate the negative impacts of air pollution, including dust and particulate matter, emanating from our mining activities.

- Approved air quality authorisation (atmospheric emission licence)
- Management procedure and plans
- Assessment, monitoring and reporting
- Emissions inventories

Biodiversity (page 51)

Our low-impact, high-value approach supports ecosystem health to protect indigenous flora and fauna at our operations.

- Approved environmental impact assessment authorisations
- Management procedure
- Impact assessments
- Management plans
- Ecological offset impact procedure (includes terrestrial and aquatic/wetland ecosystems)
- Monitoring and reporting
- Ecology efficiency reports
- Land management strategy
- Land management procedure
- Operational land management plan
- Land disposal strategy

Climate change resilience (page 38)

We are building our climate resilience by enhancing the adaptive capacity of Exxaro and communities and capitalising on strategic opportunities presented by the transition to a lower-carbon economy.

- Carbon measurements, data and reporting
- Carbon emissions reduction projects
- Becoming carbon neutral by 2050
- Climate change adaptation and mitigation
- Green supply chain
- Climate considerations for capital projects



Waste management (page 48)

Our cradle-to-cradle approach minimises waste production through recycling and reuse within a circular economy.

- Approved waste management licence
- Waste stream assessment
- Prevention, reuse, recycling and energy recovery
- Management procedure (including classification)
- Handling, transportation and disposal procedure
- Monitoring and reporting

Water security management (page 45)

Our water security plan is based on efficient water consumption, reuse and recycling to protect natural resources.

- WUL
- Management standards and procedures
- Risk assessment
- Water-saving targets and performance reporting
- Monitoring and reporting
- Technological water treatment options
- Integrated water management plans
- Audits

Energy management (page 43)

Our energy and carbon management programme drives efficiencies that support a just transition to a low-carbon economy.

- Measurement, data and reporting
- Energy intensity improvement projects
- Becoming carbon neutral by 2050
- Climate change adaptation and mitigation
- Green supply chain
- Energy and carbon management guidelines for capital projects



Wetland project

Air quality

Air quality management is a top priority for operational sustainability, community safety and regulatory compliance. Pollutants such as dust and particulate matter (PM), including PM₁₀ and PM_{2.5}, emanate from opencast mining activities such as drilling, blasting, crushing, screening, transportation, materials handling, windswept storage piles and exposed areas. These activities unavoidably generate dust, and therefore pose health and safety risks. We are responsible to our employees and host communities to minimise and avoid this impact on air quality and the environment.

A pollution-free environment is favourable to our business, people who live near our operations and the environment.

Our approach

Exxaro's air quality management approach aims to reduce our impact through:

- Proactive risk-based planning and risk management
- Monitoring, measuring and reporting
- Implementing mitigation measures such as dust suppression

BUs use air quality management plans and systematic risk-based planning to ensure effective application of mitigation measures, regulatory compliance and stakeholder satisfaction. We consider future mine development in these plans, and regularly reassess measures and plans with detailed reviews.

Our preventive and mitigation measures uphold our licence to operate, considering our host communities and compliance with environmental legislation, particularly the National Environmental Management: Air Quality Act, 2004 (Act 39 of 2004) and associated regulations. We comply with the conditions stipulated in our atmospheric emission licences, dust fallout limits, air quality monitoring and management, and report quantitative data on the National Atmospheric Emissions Inventory System.

Although the Grootegeeluk Reductants plant has an atmospheric emissions licence, it does not report on air emissions as it is currently not operational. Cennergi's windfarms are exempt from monitoring, measuring and reporting as they do not create dust and air pollution emissions.

We assess dust fallout rates monitored at our operations in terms of residential and non-residential limits outlined in the National Dust Control Regulations. These regulations allow two non-residential and residential exceedances per operation in a year (not within sequential months). As some of our activities are close to residential areas or sensitive receptors, we aim to minimise our

impact on nearby residents by intensifying dust fallout mitigation efforts through chemical suppression for mining sources such as unpaved roads, which contribute significantly to our dust emissions. We also contribute to air quality management efforts in priority areas, such as the Highveld and Waterberg-Bojanala priority areas, to reduce the cumulative impacts of pollutants on the environment and health of communities, especially given that ambient monitored data for criteria pollutants such as PM, sulphur dioxide (SO₂) and nitrogen oxides (NOx) continue to be exceeded in some parts of Mpumalanga due to various sources. The cumulative air quality data for the priority areas is monitored by the DFFE. We check this data regularly to assess the air quality impacts in the priority areas and provide inputs on our mitigation measures during workshops.

Air quality management plans and collaboration with our peers, through the Coaltech Research Association and the National Association for Clean Air, support our goal to reduce air pollution and carbon emissions. We also collaborate with government through multi-stakeholder meetings on air quality management in priority areas.

Accountability and responsibility

Our executive head: sustainability approves air quality policies, procedures and mechanisms. Mine managers allocate capital, implement projects and monitor our impact.

Initiatives and goals

Initiatives this year included installing a multi-pollutant ambient air quality monitor at Grootegeeluk to continuously monitor air pollutants and design appropriate mitigation measures. We have intensified our dust suppression measures to address fugitive emissions, particularly in winter, due to the high wind speeds which result in an increase in fugitive dust emissions.

Monitoring and management

While implementing our air quality initiatives, we expand our monitoring network and systematically improve our approach to maintain our target of 100% monitoring at all operations, and to continuously increase the granularity of data.

Objectives:

Progressively reduce air quality emissions within our operating boundary

Critical success factors:

Dust fallout, PM₁₀ and PM_{2.5} reduced at all operations

Method:

- Reduce dust fallout, PM₁₀ and PM_{2.5} concentrations by applying best practice mitigation measures such as wet and chemical dust suppression
- Continuous research and development of new dust suppression and air pollution mitigation technologies

Progress:

- Reduced dust emissions at operations
- Increased compliance with residential and non-residential dust fallout limits

We allocated substantial resources to managing waste dumps at Grootegeluk to reduce air pollution and have reviewed our dust monitoring networks in the operations to ensure effective air quality management and compliance to the allowable number of exceedances for the residential and non-residential limits per year (two non-sequential exceedances). Our dust monitoring networks for the majority of our operations did not require changes, except for Leeuwpán. We reviewed Leeuwpán's air quality management system based on changes in mining operations. The objective was to avoid source monitoring and ensure a comprehensive and representative monitoring network.

We invested in an advanced digital solution for real-time emissions monitoring. From 2023, we will be able to monitor a broad spectrum of emissions, including methane (CH₄), SO₂ and NO_x.

Goals

Continuous dust fallout monitoring

Target: All operations

Continuous PM₁₀ monitoring

Target: All operations

Meteorological monitoring to ensure availability of surface data for temperature, wind direction and wind speed (critical for dispersion modelling, baseline characterisation, ambient monitoring design, dust fallout monitoring and reporting, among others)

Target: All operations

Ensuring compliance with dust fallout limits and air quality standards

Target: Level below regulated limits

Air quality awareness and education campaigns for various stakeholders

Target: Quarterly

Dust mitigation measures

Opencast mining operations unavoidably generate dust. Mitigation measures to reduce the significant impacts on the environment and our host communities include:

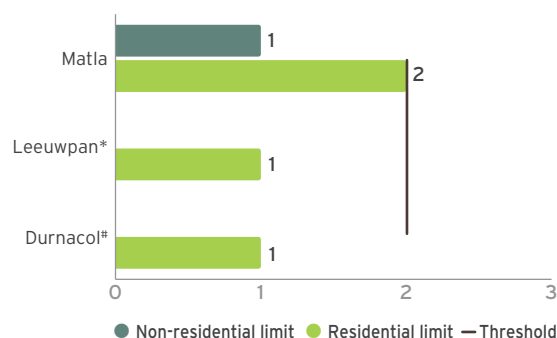
- Chemical and wet dust suppression on unpaved roads (with additives that improve effectiveness)
- Limited drop heights during offloading activities
- Vehicle speed control with proximity detection systems and speed limiters
- Vegetation on topsoil stockpiles and overburden material
- Blast design optimisation (considering wind conditions)

In addition to traditional dust suppression methods, we plant trees as windbreaks at the Belfast operations.

How we performed

None of our BUs exceeded the number of allowable exceedances (two per year) for the residential and non-residential dust fallout limits. Two exceedances are allowable for each dust fallout limit category (residential and non-residential) per year. Our objective is to comply with the residential and non-residential dust fallout limits.

Dust fallout exceedances



* Non-sequential months (Leeuwpán exceedance non-sequential).

	Maximum allowance	Limits	Highest recorded		
			2022	2021	2020
Dust fallout rate	Coal: 300mg/m ² /day	m ² /day	166	197	197
Non-residential dust fallout exceedances	Two exceedances per BU per year (within sequential months)	1 200	0	0	9 across 6 BUs
Residential dust fallout exceedances	Two exceedances per BU per year (within sequential months)	600	2 at Matla	0	0

Future focus

We aim to intensify mitigation efforts through chemical suppression of dust on primary haul roads to increase dust suppression efficiencies in the third quarter of 2023. This is critical given that unpaved haul roads are significant contributors to fugitive dust in our operations.

Case study:

Grootegeluk invests in air quality monitoring equipment (sustainability, case studies tab)


A continuous, real-time air quality monitoring station at Grootegeluk monitors and measures ambient air quality to protect people and the environment within the vicinity of the mining complex from harmful pollutants.

Climate change resilience

COP27 highlighted the need for action to address the risks of climate change as the top global agenda. Response actions include urgently reducing GHG emissions, building resilience, adapting to the inevitable impacts of climate change, and enabling climate action in developing countries.

Climate adaptation, resilience and transition refer to our capacity to adjust to current and anticipated climate change-related risks, and capitalise on strategic opportunities presented by a low-carbon and resource-constrained economy.

Exxaro's response to climate change emphasises the sustainability imperative through environmental, social, financial and legislative aspects. Our strategic objectives support our efforts to contribute to a just transition. Delivering on this requires a systemic and institutional approach, with all aspects of our business involved in this transition.



Our TCFD disclosure is embedded throughout our reporting suite and our online publications.  [TCFD index](#) (refer to the databook)

Our approach

Two of Exxaro's strategic objectives – to transition at speed and scale and to be carbon neutral by 2050 – outline our goals and commitment to fundamentally change our business to positively respond to the climate change agenda. Our Climate Change Response strategy, decarbonisation plan, alignment with TCFD recommendations and linked STI scheme across the business support the achievement of these objectives. The STI scheme incentivises carbon and energy reductions across the group. The principles and mechanisms to respond to climate change are integrated throughout our business, and are central to our thinking and actions.

We mitigate climate change and its impacts through:

- Reducing our carbon footprint, guided by our Climate Change Response strategy and decarbonisation plan. In the short term, our operational energy efficiency projects, renewable energy self-generation and potential divestment, will result in emissions reduction of 40% by 2026 for scope 1 and 2, based on a revised 2022 baseline. We are developing the medium and long-term elements of our decarbonisation plan, including the capital alignment implications
- Measuring, monitoring and reporting data and performance
- Incentivising performance through the STI scheme
- Prioritising adaptation and resilience of our operations and host communities
- Creating awareness during regular stakeholder engagements
- Supporting research and development

 [Climate Change Response strategy](#) (2020 investor tab) and  [decarbonisation plan](#) (page 13)

Carbon emissions reduction approach and management

Carbon emissions reductions are driven by our efforts in energy management and the implementation of cleaner energy sources at our operations. South Africa has revised its nationally determined contribution (NDC) target range for 2025 to 398MtCO₂e to 510MtCO₂e and for 2030 to 350MtCO₂e to 420MtCO₂e compared to 398MtCO₂e to 614MtCO₂e between 2025 and 2030 as communicated in the first NDC. The revised NDC requires us to do more to support the country's transition to a low-carbon economy.


To ensure comparability, Exxaro measures, manages and reports energy and carbon data in terms of the GHG Protocol's Corporate Accounting and Reporting Standard. Our scope 1, 2 and 3 emissions are monitored and reported annually.

Scope 1	Direct GHG emissions (measured in tCO ₂ e) from sources owned or controlled by Exxaro using diesel, petrol, gas, explosives and limestone. Production-related fugitive methane emissions are also included.
Scope 2	GHG emissions from electricity generated by utility Eskom and purchased by Exxaro
Scope 3	Emissions outside our control but emanating from our products or value chain activities such as customers burning coal supplied by Exxaro

 [GHG emissions recorded](#) (page 41) over the past three financial years

Internal performance measures	External performance measures
<ul style="list-style-type: none"> We monitor performance closely through monthly energy and carbon data reporting at all levels Monitor and report on scope 1, 2 and 3 emissions annually using the operating control accounting approach Our 2022 STI scheme tracks carbon and energy reductions at group and BU levels to inform employee and executive reward performance We continue to investigate data solutions that will give us real-time feedback, which we believe will allow us to respond quickly to emerging issues and opportunities to reduce our emissions 	<ul style="list-style-type: none"> We have participated in the CDP climate change programme since 2008 and the CDP water programme since 2010, and supplier engagement since 2019 Our CDP climate change inputs provide information on our energy consumption and intensity, carbon emissions measurement and cost performance at BU and group levels. This information is audited and assured externally every year The CDP water and supplier engagement programmes help us ensure that we align water security and supply chain risks to impacts of climate change

In the 2022 CDP climate report, Exxaro is ranked in the management category (B score), which is higher than the coal mining sector average of C.

 For more information on our CDP performance, please refer to www.cdp.net and the [databook](#).

Carbon tax compliance

Promulgation of South Africa’s Carbon Tax Act, 2019 (Act 15 of 2019) contributed to GHG emissions reduction being a business imperative as this could affect our financial and sustainability performance.

Governed by the Carbon Tax Act, the current carbon tax rate is R144/tCO₂e with several tax-free allowances. Exxaro’s carbon tax liability for 2022 was R2.6 million for production-related emissions, ie fugitive methane emissions associated with the coal seam.

Accountability and responsibility

The RBR committee manages climate change risks and opportunities. The SERC ensures we align with just transition principles. The ESG steering committee’s role is to support Exxaro’s ongoing commitment to environmental, health and safety, corporate social responsibility, corporate governance, sustainability, and other relevant public policy matters.
















Becoming carbon neutral through our decarbonisation plan

Current decarbonisation initiatives

Our decarbonisation plan includes a range of projects to reduce our emissions. These include self-generation solar PV projects and ongoing operational efficiency programmes, primarily focused on reducing diesel and electricity consumption. While it is critical to reduce our direct emissions, we are also focusing on reducing our indirect emissions. The largest contributor to our indirect emissions profile is our scope 3 emissions. It is also imperative for our stakeholders to understand the impact and importance of climate change mitigation, adaptation, and resilience. We have several ongoing educational and awareness initiatives with stakeholders across our value chain. While the impact of these initiatives cannot be measured in terms of tCO₂e saved, they are critical to ensuring that we take everyone along with us on our journey and that our transition is just. We have already seen changes in behaviour by our employees, with increasing interest in reducing their personal carbon footprints.

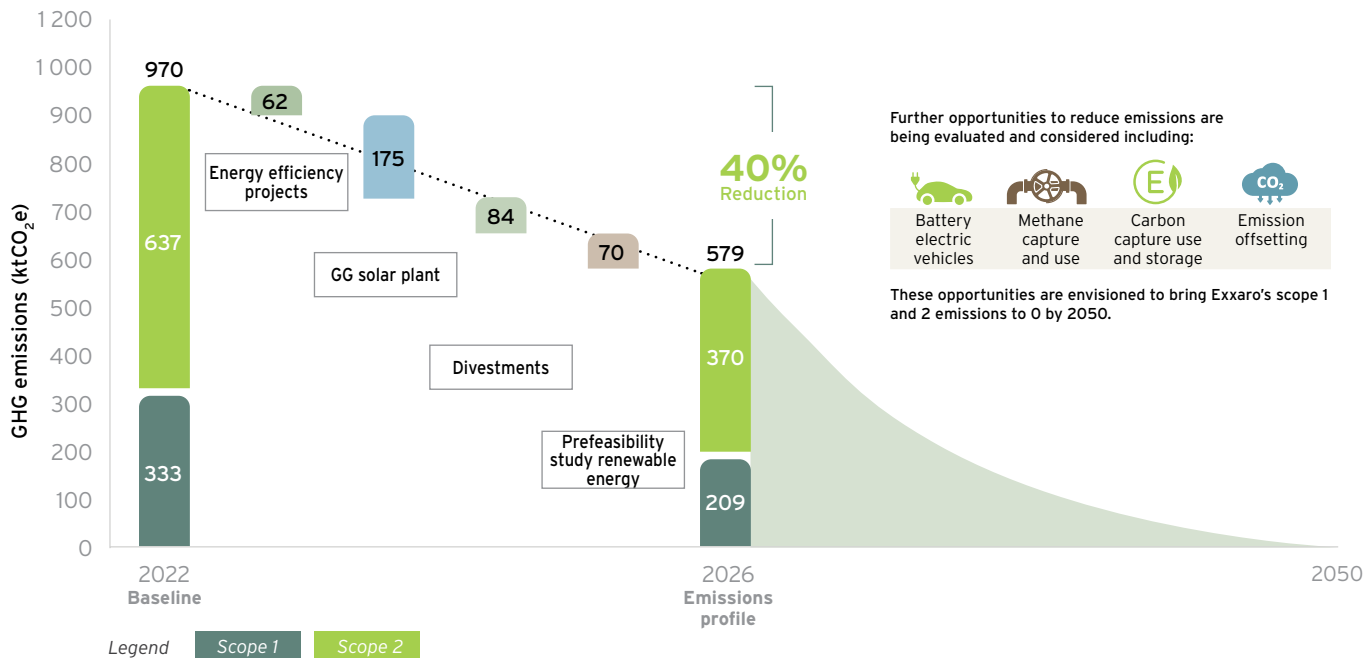
Priority

Low  High |  Quick wins

Scope 1	Scope 2	Scope 3	Carbon credits	Enablers
 Feasibility on green energy potential at operations	 Solar PV at Tshikondeni	 We are engaging strategically and taking targeted measures with our key suppliers with the view of partnering and collaborating on value chain emissions reduction	 Community waste management/SLP	 Exxaro decarbonisation training and employee participation
 Energy and water efficiency programmes (linked to performance incentives)	 Solar PV at Grootegeeluk	 Our approach of aligning our portfolio towards low-carbon transition minerals will be key in dealing with scope 3 emissions	 Land management projects	 Decarbonisation and communication plan
 Compliance focus: pollution prevention plans for operations	 Renewable energy consumption in all our operations	 We are supporting industry and government efforts of developing low carbon technologies such as carbon capture and storage, which are critical for the removal of carbon emissions	 Rehabilitation opportunities	 Leadership-driven process

Climate change resilience continued

Roadmap to become carbon neutral



2018

Carbon intensity baseline assessment boundary for operational BUs and not mines in closure

2020

- Rebased carbon intensity baseline
- Established decarbonisation portfolio management office and interconnected workstreams
- Total carbon intensity: 4.9tCO₂e/kTTM
- Electricity intensity: 13MWh/kt
- Diesel intensity: 2.042L/kt

2021

- Reduced carbon intensity by more than 8% against the 2018 baseline with focus on managing electricity and diesel consumption
- Decarbonisation baseline:
 - Scope 1: 327ktCO₂e
 - Scope 2: 503ktCO₂e
 - Total: 830ktCO₂e
- September 2021: ECC divestment
 - Scope 1: 59.2ktCO₂e
 - Scope 2: 25.5ktCO₂e
 - Total: 84.7ktCO₂e
- Total carbon intensity: 5.51tCO₂e/kTTM (13% increase due to fewer tonnes of material moved)
- Electricity intensity: 14.18MWh/kt (10% increase mainly due to production challenges)
- Diesel intensity: 2.000L/kt (2.05% increase mainly due to production challenges)

2022

- Implemented STI scheme to track water and energy security and efficiency targets (related to diesel and electricity consumption)
- Delivered on targets set for first half of year (BUs on or beyond targets)
- Scope 2: 637ktCO₂e
- Scope 1: 333ktCO₂e
- Energy efficiency projects (13ktCO₂e reduction)
- Total carbon intensity: 5.54tCO₂e/kTTM (0.5% increase due to increased levels of electricity consumption associated with the ramp up of the GG6 plant)
- Electricity intensity: 3.37MWh/kt (3.9% increase mainly due to an increase in electricity consumption at the GG6 plant area)
- Diesel intensity: 4.88MWh/kt (7% decrease mainly due to low production figures in some BUs, eg Belfast, and energy efficiency initiatives targeted at reducing diesel consumption)

2026

Actively reduce scope 1 and 2 emissions by at least 40% through energy efficiency projects, self-generation and consumption of renewable energy at our operations and potential divestment. We will also continue working with our value chain partners to reduce scope 3 emissions and contribute to implementation of renewable energy projects by our value chain partners.

2050

Carbon neutral for scope 1 and 2 emissions. Our objective is to also contribute to carbon neutral value chains.

How we performed

As our decarbonisation journey moved into implementation, we included climate change metrics in scorecards across the business and finalised our [capital allocation model](#) (integrated report, page 45), supported by analytics tools that informed strategic decision making. These tools enabled incremental steps towards emissions reductions against significant logistics constraints for our vehicle fleet, at our Grootegeluk operation. We addressed these constraints by implementing optimisation solutions that rectified higher carbon intensity per tonne of product mined due to sub-optimal equipment use. The optimisation solutions include:

- Mine digitalisation
- Dispatch and fleet allocation optimisation
- Truck payload management
- Shovel and truck cycle variability management
- Road condition and construction opportunities
- Out-of-cycle waste reduction

Total carbon intensity was 5.54tCO₂e/kTTM (2021: 5.51tCO₂e/kTTM) with scope 1* at 1.90tCO₂e/kTTM^{RA} (2021: 1.91tCO₂e/kTTM) and scope 2* at 3.64tCO₂e/kTTM^{RA} (2021: 3.6tCO₂e/kTTM). This translates to a 0.5% increase in carbon intensity due to the ramp-up of operations at Grootegeluk plant 6. Based on production tonnages in 2022, electricity intensity increased by 3.9% to 3.37MWh/kt (2021: 3.24MWh/kt) and diesel intensity decreased by 7% to 4.88MWh/kt (2021: 5.25MWh/kt). While our intensity increased, absolute GHG emissions decreased.

* All of Exxaro's BUs' carbon emissions are taken into account for these two intensity calculations.

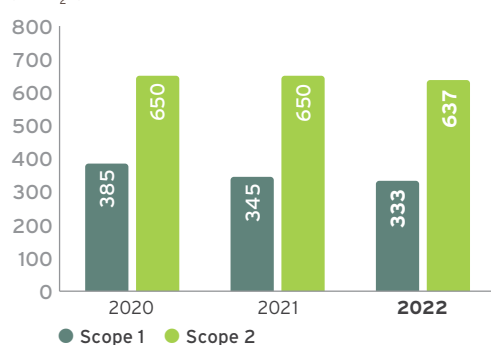
GHG emissions (ktCO ₂ e)	Year-on-year change (%)	2022	Year-on-year change (%)	2021	Year-on-year change (%)	2020 (baseline)
Target: Actual for previous year less 5%						
Scope 1	▼ -3.5	333	▼ 11.6	345	▼ 10	385
Scope 2 ¹	▼ -2	637	▼ -0.8	650	↔ 0	650
Total scope 1 and 2	▼ -2.5	971	▼ -4	995	▼ 4	1 035
Scope 3 ²	▲ +5.0	74 488 ^{RA}	▲ +2.5	70 931	▲ 2	69 220

¹ Scope 2: Electricity-based emissions are derived from the grid emission factor for South Africa, which is 1.08tCO₂e per MWh.

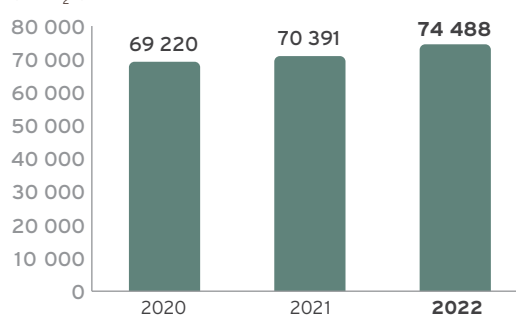
² Scope 3: Reported emissions based on the use of product sold by Exxaro (representing over 98% of Exxaro's scope 3 emissions).

Exxaro has several operational efficiency programmes that aim to reduce scope 1 and 2 (direct) emissions by 62ktCO₂e. These programmes focus on reducing diesel consumption. The solar PV project at Grootegeluk is designed to reduce emissions by 175ktCO₂e upon commissioning.

Scope 1 and 2 GHG emissions
(ktCO₂e)



Scope 3 GHG emissions
(ktCO₂e)



Carbon emissions by source (ktCO ₂ e)	Year-on-year change (%)	2022	Year-on-year change (%)	2021	Year-on-year change (%)	2020 (baseline)
Electricity	▼ -1.9	637 65.6%*	▼ -0.8	649 65.3%*	▲ 3	650 63%*
Diesel	▼ -2.2	225 23.2%*	▼ -11.8	230 23.1%*	▼ 3	261 25%*
Fugitive emissions	▼ -7	107 11%*	▼ -2	115 11.6%*	▼ 14	117 11%*
Other sources*	▼ -20	0.4 0.04%*	▼ -93.8	0.5 0.1%*	▼ 11	8 1%*

* Source proportion.

Refer to the [databook](#) for more detail on our scope 1, 2 and 3 GHG emissions.

Climate change resilience continued

Pollution prevention plans

Our 2021 to 2025 pollution prevention plans, as required by the National Environmental Management: Air Quality Act, include CO₂ emissions reduction projects that aim to reduce diesel consumption and carbon emissions at our operations.

Project	Implementation	Anticipated emissions reduction (tCO ₂ e)					Total
		2021	2022	2023	2024	2025	
Grootegeeluk in-pit crushing and conveying project	Ongoing	6 053	6 503	6 250	6 104	6 050	30 960
Road management and improvement	Ongoing	3 563	3 827	3 678	3 592	3 561	18 222
Pantograph utilisation optimisation	2021	684	735	707	690	684	3 500
Out-of-cycle time reduction	2021	1 605	1 724	1 657	1 618	1 604	8 208
Autonomous drilling	2021	193	208	200	195	193	989
Total		12 098	12 997	12 491	12 199	12 093	61 879

Assumptions used to estimate anticipated GHG emission reduction: electrical and diesel conversion factors, and the project scope, are consistent.

Leading the way

Exxaro participated in COP27 climate change deliberations and sponsored the South African COP pavilion. Key developments that Exxaro benefited from include decarbonisation and associated technologies, carbon pricing and the EU Carbon Border Adjustment Mechanism, carbon offsets and trading, policy and investment implications, human rights and sustainable supply chains, loss and damages due to climate impacts, sustainability reporting standards, phasing out of fossil fuels and value chain data management (scope 3 emissions).

Supporting research and development

We invested R8.9 million in research and development in 2022 (2021: R9.5 million). To date, we have invested R63 million in three university chairs (detailed below) whose work contributed substantially to our Climate Change Response strategy.

We are investing extensively in developing knowledge of climate change, renewable energy and sustainability. We prioritise innovation, research and development, and collaboration on sustainability issues with value chain stakeholders.

Focus areas

Wits Global Change Institute

Enhancing climate change adaptation and resilience for industry and government

- Adaptation pathways for a changing world
- Alignment of global climate change adaptation and mitigation with the SDGs
- Minimising the impact of extractive industries
- Maximising post-extractive landscapes for sustainable communities

Unisa Business and Climate Change


Publications on the coal mining sector's response to climate change and a decision-making framework for corporate climate change response

- Innovation
- Advocacy-oriented community engagement
- Climate governance
- SDG domestication
- Climate change mitigation and adaptation
- Green buildings

University of Pretoria Energy, Water and Food

Two toolkits on motor resizing and multi-drive conveyor belt design and simulation to save energy as well as technical reports on energy efficiency in South Africa

- Energy efficiency improvements to Exxaro's operations
- High-quality related services for our business

 We have engaged extensively with a range of stakeholders on climate change issues. For more information, refer to the [integrated report](#) (page 39).

Future focus

Our primary focus areas in 2023 will include climate adaptation (at our operations and host communities), using climate-related data to predict the impacts of extreme weather events on our operations, communities and social impact programmes. In addition, we will intensify energy efficiency and mitigation efforts at BUs. We are evaluating various opportunities to reduce emissions, including biofuels, compressed natural gas, electric vehicles, carbon and methane capture and storage, solar farms, green hydrogen and emissions offsets.

Case study: Hlobane implements nature-based solution for climate change mitigation

We are planting trees as part of our mine closure process at Hlobane in KwaZulu-Natal to address climate change. This cost-effective nature-based solution enables carbon sequestration by absorbing carbon dioxide in the atmosphere while mitigating the impacts of climate change on people and the environment. It also addresses biodiversity management and land degradation by sustainably managing, protecting or restoring natural ecosystems. The project provides employment opportunities for local communities and forestry entrepreneurs.

We are investigating an evidence-based approach to quantifying, measuring and managing carbon sequestration results from this afforestation and reforestation initiative.

Energy management

We realise that efficient energy use is critical, particularly in South Africa where coal-based electricity supply is constrained and cost outpaces inflation. As such, we are committed to energy management that reduces GHG emissions to achieve our decarbonisation goals. We consider our value chain and support suppliers on our inclusive, sustainable and productive decarbonisation journey.

We manage our energy consumption with a view to be carbon neutral by 2050.

Our approach

To be carbon neutral, innovative and efficient energy management is crucial. As we prepare our business for the low-carbon economy, we must ensure that decarbonisation thinking is integrated into our operations with dedication to reducing direct (scope 1 and 2) GHG emissions across our BUs and value chain. To support these goals, we use the ISO 50001 energy management system.

ISO 50001 energy management system

Our group-wide energy and carbon management programme supports our goals:

- Innovative and efficient energy management is critical on our path to become carbon neutral
- Preparing for a low-carbon economy by embedding decarbonisation thinking in operations with commitment to reducing scope 1 and 2 emissions across BUs and our value chain

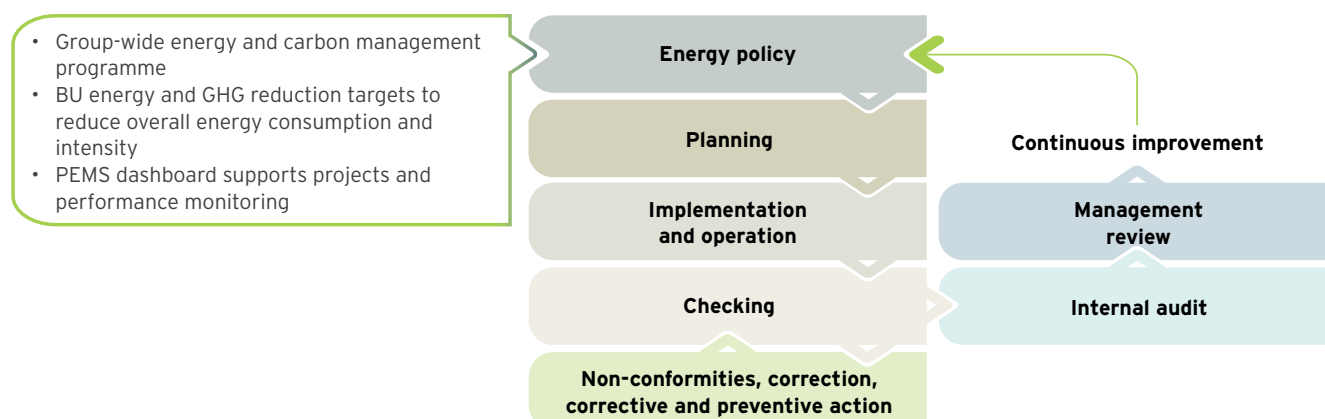
Our energy and carbon management programme aims to improve diesel and electricity efficiency to reduce energy consumption. Our technology and engineering department reduces diesel consumption at our operations with fuel additives and payload management.

We uphold our licence to operate through:

- Energy management (energy efficiency plans and reports, and intensity targets)
- Our Climate Change Response strategy (responsible resource consumption and CO₂ emissions reports)

BUs have energy and GHG reduction targets to reduce overall energy consumption and intensity.

The productivity and energy management services (PEMS) dashboard supports projects and performance monitoring to address operational inefficiencies and help each site achieve targets.



Accountability and responsibility

BU managers are responsible for achieving energy management objectives, supported by the group engineering manager and executive head: projects and technology.

How we performed

Our primary energy sources were 40.7% electricity (2021: 40%) and 59% diesel (2021: 59%). Total energy consumed decreased by 5.25% in 2022 to 5 211 418GJ (2021: 5 500 339GJ). Electricity and diesel intensity in total decreased in 2022. We submitted a 12L tax claim for one of the completed diesel energy intensity reduction projects executed at Grootegeluk. Based on the decrease of 2.4% in RoM tonnages, electrical energy intensity increased by 3.9% to 3.37MWh/kt (2021: 3.24MWh/kt) and diesel energy intensity decreased by 7.0% to 4.88MWh/kt (2021: 5.25MWh/kt).

Electricity and diesel consumption	2022	Year-on-year change (%)	2021	Year-on-year change (%)	2020
Electricity (MWh)	590 078	▲ 1.38	582 066	▼ -0.67	628 834
RoM (kt)	175 176	▼ -2.38	179 451	▼ -9.74	212 741
Electrical energy intensity (MWh/kt)	3.37	▲ 4.01	3.24	▲ 9.08	2.95
Diesel (kl)	83 226	▼ -9.4	91 838	▼ -11.70	96 143
RoM (kt)	175 176	▼ -2.38	179 451	▼ -9.75	212 741
Diesel energy intensity (MWh/kt)	4.88	▼ -7.05	5.25	▲ 2.17	4.64

Refer to the [datobook](#) for more detail on our electricity, diesel, RoM and intensities.

Energy management continued

Targets set

Each BU has energy intensity targets linked to the STI scheme. The targets were based on the outcomes of current state and opportunity scoping reviews, which began at Grootegeluk in 2021. By year end, targets were in place at all operations.

The KPIs are diesel energy intensity, calculated by the ratio of total diesel energy consumed to total RoM from the plant and waste, and electrical energy intensity as a ratio of total electrical energy consumed to total RoM not processed through the plant.

The outcomes of the reviews also informed interventions that will reduce energy consumption and GHG emissions to improve intensity (GJ per total tonnes handled) at each site. Intensity performance is tracked monthly relative to the calculated energy intensity baseline. This baseline was calculated using the energy consumption and production data from the most recent preceding year that represented each mine's steady-state operation.

We resolved challenges in collecting data during the reviews with project assumptions vetted and approved by each BU. We are improving this data collection process to enable real-time behaviour management.

Energy-saving behaviour positively impacts the business and our wider operating environment. As such, our human resources, business improvement and information management teams drive behaviour change among employees by nurturing a culture of emissions reduction and accountability through communication, awareness training and engagement. Employees support efforts to establish energy management systems with engineering teams championing initiatives. Energy management champions motivate behaviour transformation and we discuss performance in monthly forums at each BU. The enabling tools, implemented by ECS (an independent measurement and verification service) and Exxaro, are described below.

PEMS	PEMS is a digitalisation solution enabling BUs to track operational efficiencies and inefficiencies. It is designed to improve energy consumption and production against an adjusted baseline at a daily/weekly/monthly resolution. PEMS is expected to achieve a 5% reduction in fuel consumption and carbon savings at each site projected over the next five-year period from 2021. This is key to achieving energy and GHG project targets.
Energy and carbon transition profiler (SmartEPS)	SmartEPS is a web-hosted application which enables users to understand the impact of interventions with an energy and GHG profile to 2050. This solution is at user-acceptance testing phase with each BU.
Measurement, verification and identified opportunities with tax rebate	ECS quantifies the impact of energy savings and submits the data to the South African Revenue Service (SARS) for a section 12L tax rebate. One project at Grootegeluk was submitted to SARS in December 2022. The combined energy savings of this project is 2 667 221kWh with an estimated net incentive rebate value (at 28% marginal tax rate) of R709 481. ECS will further quantify the impact of priority projects at Grootegeluk, our Mpumalanga operations and FerroAlloys in 2023.
Solution user adoption and engagement	ECS conducts strategic weekly/bi-weekly/monthly/quarterly performance reviews at Grootegeluk, Matla, Belfast, Leeuwpán and FerroAlloys) to assess project status, and implementation of PEMS and SmartEPS. These sessions also address shorter interval control measures to ensure each site achieves monthly STI targets.

Future focus

From 2023, we will focus on adopting proven technologies to reduce electrical energy intensity. To this end, we will implement impactful initiatives in our Grootegeluk and Mpumalanga process plant areas.

We will also begin decarbonising our mobile equipment fleet by working with original equipment manufacturers to align on their technology road maps, and trial and implement theirs and other proven technologies at pace and economical scale over the next five years.

Case study: Tax benefits for saving energy

Exxaro is expecting a section 12L tax rebate of R709 481 from a project that improved haul truck fuel efficiency at Grootegeluk in 2019.

We improved engine operating hours and fuel consumption by reducing activities outside the load and haul cycle, and reported a diesel saving of 259 710 litres (R6 329 130 at the December 2022 price of R24.37 per litre) from January to December 2020.

The total energy saving was 2 667 221kWh. Valued at R0.95/kWh, this equates to an energy-saving tax incentive of R2 533 860.

Exxaro did not invest capital in this once-off project, which entailed tracking a behaviour-based intervention using PEMS analytics tools and a South African National Accreditation System-approved measurement and verification process. Going forward, we expect energy savings to vary according to travel distances and mine planning.

The South African National Energy Development Institute confirmed receipt of our report in December 2022.

Water security management

We understand that water security is our capacity to safeguard sustainable access to sufficient, acceptable quality water. By proactively identifying risks and planning solutions, we sustain communities, protect the environment from water-related pollution and disasters, and stabilise crucial ecosystems.

Water security management is a critical component of our overall operational and environmental management as we are sensitive to South Africa's water scarcity and the effects of climate change, particularly increased temperatures and rainfall variability.

Our approach

Our water management policy is supported by our group water strategy, which aims for excellent compliance with policies, standards and processes, stakeholder partnerships and technologies for operational water efficiency. Our water-related consumption and intensity targets are linked to our group-wide STI scheme to deliver on our Climate Change Response strategy and overarching Sustainable Growth and Impact strategy.

Our policy delivers on these strategies by guiding our integrated water and waste management plan for the current and future operations – from planning to construction, operation, decommissioning, closure and rehabilitation. We implement this policy through our water management standard, which covers mining and industrial water use, water authorisations and site-specific water management plans including:

- Water-related risk assessments
- Water conservation and demand management
- Stormwater controls
- Security of supply
- Water monitoring
- Water balance simulations

We manage water-related risks, minimise impacts and operate efficiently by:

- **Reducing, reusing and recycling water** in line with water conservation plans that support the National Water Resource Strategy
- Providing suitable barriers to our dirty water facilities that **prevent groundwater contamination**
- Committing to **protecting and improving water quality** by discharging treated water at our operations through reverse osmosis and/or sewage treatment plants

At Matla, we use reverse osmosis to treat contaminated process water to potable standards and treat sewage effluent in two plants before it is discharged into the environment.

We collaborate with other mining houses and universities through the Coaltech research initiative in projects that guide sustainable mine water management and mine closure for accurate final land use planning. The Mine Water Coordinating Body strengthens our public-private collaboration with a platform to collaborate on mine closure objectives that align with regional mine water solutions and community needs.

We also engage with other stakeholders in the catchment area to collectively manage water use. Without controlled efforts to maintain water security, we risk production stoppages, financial loss and non-compliance with WULs. The consequences could impact our licence to operate, increase competition for scarce resources, limit investment opportunities and damage our biodiversity efforts.



Cennergi's windfarms use licensed boreholes and rainwater. Employees and contractors drink plastic bottled water at operations.

Accountability and responsibility

Sustainability managers, supported by the water team and on-site environmental specialists, led by the executive head: sustainability, oversee policy implementation and practice at the operations.



The facility site manager supported by the head: corporate and social responsibility oversee policy implementation and practice at wind energy facilities.

Water security management continued

How we performed

Highlights of our water management efficiency, mitigation, maintenance and conservation measures included:

- Financial approval of Grootegeluk's Oliphantskop dam refurbishment project to be implemented in 2023/2024 (enhancing water recycling at the beneficiation plants to prevent process water losses to the pit, and reducing electricity consumption due to pumping and water quality deterioration in the pit)
- Recalibrating Belfast water balance while investigating a potential water treatment plant to reduce hydraulic load caused by heavy rains over the past three years
- Completion of the Matla new mine 1 pollution control dam linked to the Matla reverse osmosis plant
- Improved operation and maintenance of sewage treatment plants at Matla shafts 2 and 3
- Improving dirty and clean water separation, and preventing groundwater contamination with improved waste management at operations

High rainfall had a negative impact on mining conditions although this mitigated the short-term risk of water shortages.

Total water consumption (water withdrawals less water discharged) increased by 0.6% (normalised) and water efficiency increased by 0.5% due to increased consumption at our Matla operation with the new box cut construction.

Water withdrawal and discharge (ML)	2022	2021	2020
Total water withdrawal	11 486	10 890	11 798
Surface water	8 602	8 165	8 877
Groundwater	1 408	1 312	1 368
Third-party water	1 476	1 413	1 553
Total water discharged	1 068	609	874
Water consumption	10 419	10 281	10 924

Our water intensity targets align with industry norms and site-specific conditions. The 180L/t RoM target is well below the coal industry average of 380L/t RoM. This supports our strategy to reduce water intake and support the DWS's objectives to increase water conservation and reclamation.

	Target (L/t RoM)	Water intensity (L/t RoM)			Water consumption (m ³)		
		2022	2021	2020	2022	2021	2020
Mpumalanga							
Belfast	250	232	237	132	612 115	654 132	416 628
Leeuwpán	100	40	27	38	148 466	106 380	228 085
Matla	230	200	190	190	1 231 293	1 120 930	1 168 683
Limpopo							
Grootegeluk	170	148	149	150	8 344 744	7 681 560	8 198 145
Tshikondeni	79 176kL	n/a	n/a	n/a	74 532	–	–
Gauteng							
FerroAlloys	21 000kL	n/a	n/a	n/a	7 205	15 175	14 494
KwaZulu-Natal							
Hlobane	432kL	n/a	n/a	n/a	410	–	–
Total group*	180	150	149	137	10 418 765	10 280 828	10 923 823

* Includes ECC assets in 2020 and 2021.

Our water recycling target of 38% overall water recycling ratio (defined as the total water recycled divided by total water used including recycled water) is substantially higher than the coal industry average of 6%, as outlined in the national water use efficiency benchmarks of the DWS. In 2022, we exceeded our target with an overall recycling ratio of 47%.

Water recycling ratio (%)	2022	2021	2020
Grootegeluk	47	43	40
Matla	50	42	44
Leeuwpán (estimated)	30	30	30
Belfast	38	28	38
Group total*	47	46	45

* Includes ECC assets in 2020 and 2021.

Tailings storage facilities and dams

Our tailings management system focuses on operation, monitoring and decommissioning of tailings dams. It uses comprehensive risk-based management and governance systems in line with internationally recognised good practice. Exxaro aims to align tailings management with the Global Industry Standard on Tailings Management.

Our dam assets contain clean or polluted water. According to South African dam safety legislation, dams with a wall height exceeding 5m and capacity exceeding 50 000m³ are considered a safety risk. Classified dams are categorised as I, II or III according to risk potential. Category III has the highest hazard potential.

The table below shows dams with a safety risk, as classified by DWS.

	Category I	Category II
Matla	-	Brine ponds
Grootegeluk	-	Cyclic ponds
Leeuwpans	-	Witklip dam
Durnacol	Durnacol dam no 4	Durnacol dam no 7 Langley dam no 2 Langley dam no 3
Tshikondeni	Unwa dam	-

Future focus

While we continue our efforts to improve water efficiency through various infrastructure projects and enhancements, we will set an internal water price in 2023 to fully understand the actual cost of water versus the current cost to adequately address scarcity and quality concerns.

Case study: Water management in the face of climate change

We are adapting our water management practices to prepare for the uncertainty of a changing climate. The uncertainty cascades from the type of emission scenario and how that will influence temperature, rainfall distribution and intensity as we navigate an uncertain future.

We use downscaling techniques to assess hydrological variables from different available global circulation models. We incorporate these changes into our stochastic rainfall models used in forecasting water balance. These models are then used to predict flooding events, evaluate storage potential, assess infrastructure shortcomings and evaluate changes in water resource availability.

Waste management

We manage the impacts of our waste streams by aligning our policies and procedures with sustainability principles and leading practice. We are transforming our business into a circular mining economy so that the waste we produce is reused and recycled with sustainable benefits for host communities that depend on Exxaro for their livelihoods.

By recycling and reusing the waste we produce, we uphold our licence to operate with a cradle-to-cradle approach that minimises waste production.

Exxaro understands that our sustainability journey should embrace the cradle-to-cradle principle where we can attain zero waste operation. We are evaluating the opportunities presented by the circular economy concept which focuses effort on the management of material to eliminate the need to dispose of unused material. Cradle-to-cradle waste management is a closed cycle: waste from one process is used in other processes to encourage elimination or minimisation of waste.

Exxaro's BUs apply the "avoid, reduce, reuse and recycle" waste management hierarchy to prevent and avoid waste as much as reasonably practicable. Exxaro is working on initiatives such as:

- Innovation and alternate treatment for integrated waste management
- Evaluating cost effective options for recycling, reuse, reduction emissions and other end-of-life recovery option
- Opportunities for cost saving and optimisation
- Industrial symbiosis to stimulate green business effectively

Our approach

Exxaro's evolving environment policy and management standard for hazardous and non-hazardous waste governs our approach. We ensure prevention, minimisation, reuse, recycling, energy recovery and safe waste disposal in compliance with the National Environmental Management: Waste Act, 2008 (Act 59 of 2008) and supporting legislation.

We regularly review the policy and management standard to ensure relevance and alignment with legislation. As requested by our investors, we are set to release individual policies, separate from the overarching environment policy, for waste management and related disciplines in 2023.

Our management procedures include waste classification and efficiency reporting, as required by waste management licences, informed by sustainability KPIs aligned with ESG indices to drive continuous improvement.

KPI	Target
Disclosure of working with others to reduce pollution, waste or resource use by participation in specific local or global initiatives as well as collaboration with other companies using the same waste streams as inputs such as industrial ecology	Ongoing Impact Catalyst initiatives
Disclosure of three years' hazardous waste generation in tonnes	Ongoing
Total costs of environmental fines and penalties during the financial year	December 2022
Policy or commitment statement to address, reduce or avoid the impact of waste or improve efficiency	December 2023
Independent verification of operations' environmental data using an international assurance standard and declaring assurance level	December 2024
Financial quantification of pollution, waste or resource use specifying costs associated with their impacts (including shadow costing) and investment in research and development on reducing or avoiding their impacts, including funding of research and development organisations	December 2024
Time-specific targets (unquantified and quantified) to reduce or avoid waste	December 2025
Disclosure of three years of non-recycled waste generation in tonnes	December 2025
Disclosure of three years of waste recycled in tonnes	December 2025
Progress against previously set targets (unquantified and quantified) to reduce or avoid waste	December 2028

In line with leading practice, Exxaro supports the **proximity principle** (treat and dispose of waste in reasonable proximity to the point of generation), **duty of care** (we are ethically responsible for waste management) and the **precautionary principle** (we are proactive in mitigating environmental risks).

BUs are responsible for managing their general and hazardous waste. General waste comprises:

- Recyclable domestic waste (plastics, polymers, cardboards, metal cans and papers)
- Non-hazardous recyclable industrial waste (rubber products such as waste tyres and conveyor belts, scrap metals and industrial products)
- Inert, non-recyclable waste (rubble and demolition waste separated at source) collected, recycled or taken to safe disposal sites by specialist service providers

BUs manage hazardous waste and report volumes monthly. Examples of hazardous waste emanating from our operations include used oil, contaminated soil, medical waste, used personal protective equipment and sewage. In compliance with the South African Waste Information System, sites producing more than 20kg/day of waste are registered and maintain compliance certificates. As we do not have on-site waste treatment processes, we receive the certificates when certified contractors take hazardous waste (including used oil, hydrocarbons and sewage) to licensed facilities. Medical professionals manage waste produced by on-site clinics at Matla and Grootegeluk.



Material waste at Cennergi's facilities includes general waste, oil rags and used oil. Cennergi implements waste separation at source to increase recycling, where possible, and minimise waste sent to landfill.

We pursue innovative waste handling, transportation and disposal solutions at Grootegeluk where a waste tyre processing contractor assists in converting used tyres into reusable material in compliance with legislation and to reduce our liabilities.

Exxaro stores used off-the-road tyres in a facility with controlled access, stacking plans and fire prevention measures at Grootegeluk before removal by a specialist recycling contractor for beneficial reuse:

- Exxaro has been working with government's Waste Bureau to dispose of waste tyres in compliance with the regulations since 2013
- Part of government's R2.30/kg levy funds waste tyre recycling. Exxaro is in discussions with Waste Bureau to remove these tyres which were bought post 2013

The success of the Exxaro project elicited further corporate participation with all stakeholders such as government, local communities and other mining industries. This is the first time in the mining industry that such a project was conducted, giving Exxaro an opportunity to lead in waste tyre management. The project was rolled out at Leeuwpan to remove its waste tyres. The project also showed that while mining will impact an area, a responsible approach enables us to meet our commitment to sustainability and reduce long-term environmental liabilities while operating the mine.

To expand the Grootegeluk waste tyre management initiative with a service that will benefit South Africa's mining industry, we are evaluating proposals to establish an integrated waste management facility in Lephalale, Limpopo. The Impact Catalyst was appointed to conduct the prefeasibility study for the integrated waste management solution.

Further to this, we pursue responsible waste management through:

- Our SLPs, which include recycling initiatives to empower and uplift local communities
- Using our mining waste post-mining by collaborating with SMMEs to convert our waste to useful products, eg waste tyres and discard dumps
- Collaborating with government, research institutions and industrial partners in monitoring developments that address climate change and job creation through waste stream conversions
- Our participation in Business Unity South Africa and Minerals Council discussions on waste-related issues
- Being involved in the waste industry forum and waste management initiatives directed by the DFFE
- Investing in waste management research and development to identify new technologies that ensure safe handling of materials
- Incorporating post-mining sustainable economies into host communities in collaborative initiatives with partners such as the Impact Catalyst

Accountability and responsibility

Our sustainability managers, supported by on-site environmental specialists, under the leadership of the executive head: sustainability, oversee the implementation of our policy and practices at operations.

Initiatives

As part of Business Unity South Africa, we approached the DFFE to address our concerns about the definition of waste in the National Environmental Management Laws Amendment Act, 2022 (Act 2 of 2022). On 27 June 2022, the DFFE agreed to send an explanatory note with government's definitions that would assist proposed sectoral engagements.

How we performed

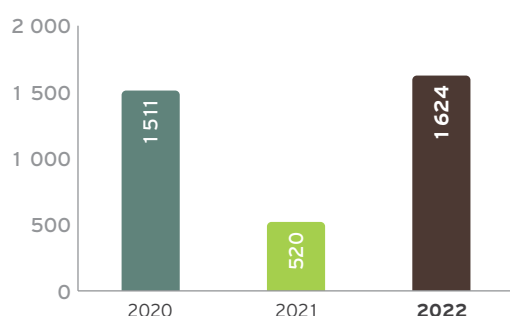
In its grievance register, Exxaro did not report any waste grievances, fines or penalties and did not receive any environmental fines and penalties related to non-compliance on waste management during the financial year.

General waste recycled decreased by 9% to 2 768t (2021: 3 018t) due to less ferrous and non-ferrous scrap produced at Grootegeluk.

General waste recycled (t)	2022	2021	2020
Ferrous and non-ferrous scrap	2 620	2 950	2 860
Paper	46	28	22
High-density polyethylene	102	34	29
Plastics	—	6	3
Total	2 768	3 018	2 914

Hazardous waste sent to landfill


(t)



The total weight of hazardous waste generated at our managed coal operations and sent to landfills in 2022 increased by 68% to 1 624t (2021: 520t) due to clean-up operations in May, June and August at Grootegeluk. This resulted in a 30% increase in the amount of hazardous waste taken away and disposed of in a registered landfill.

Waste management continued

Waste management in 2022	
Head office	Renewed contracts for recycling and general waste disposal at head office
Grootegeluk	Completed the fire protection system installation in the temporary waste tyre storage area and stacked tyres as per the approved layout at Grootegeluk <ul style="list-style-type: none"> Renewed our hazardous waste handling contracts at Grootegeluk and Matla Placed medical waste, including waste generated from COVID-19 preventive measures (masks, gloves and screening) at the Matla and Grootegeluk clinics, in specific containers
Matla	Began appointing a new service provider (currently TL Ideas, an ESD beneficiary) to manage our waste recycling station at Matla
Leeuwpan	Took ownership of the optimised sewage treatment plant at Leeuwpan
Belfast	Appointed Phambili Services, an ESD beneficiary, to manage general and hazardous waste



Cennergi's operation and maintenance contractors are responsible for waste management at both wind energy facilities. Cennergi did not report any waste grievance, fines and penalties during the year.

Future focus

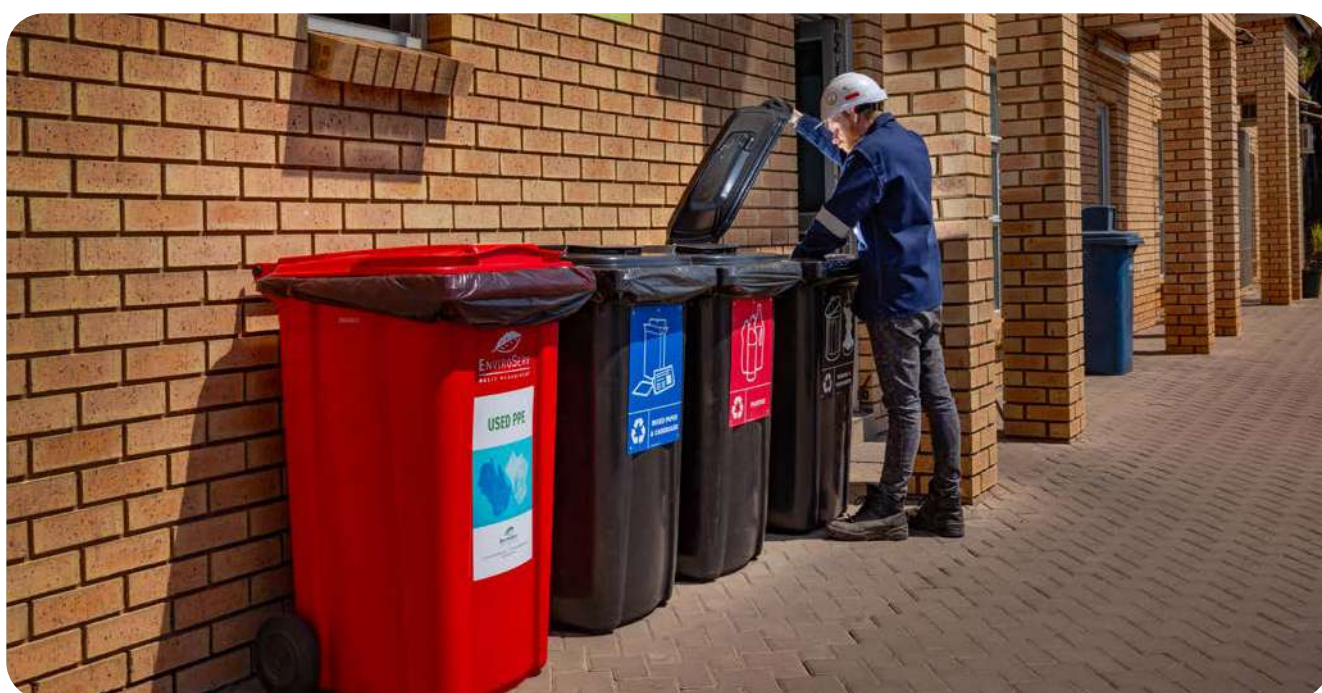
We will optimise our 2023 reporting to set targets that will enable us to divert 80% to 85% of recyclable waste from landfill sites by 2025. We plan to use alternative waste reduction or avoidance technologies and opportunities to procure equipment that supports our commitment to the circular economy concept.

At Grootegeluk, we will continue the successful waste tyre reclamation project with a new service provider, establish partnerships with other NGOs and seek access to additional project funding.

As advised by FTSE Russell, we will include additional KPIs in our reporting.

Our new waste management policy will be approved and published in 2023. The policy outlines waste reporting, management and mitigation. Detailed procedures and KPIs will ensure we honour our commitments. The dashboard that tracks waste volumes generated, recycled and sent to registered landfills will include KPIs such as total costs of environmental fines and penalties, as recommended by FTSE Russell. This will enable us to improve our disclosure.

Assessments across our operations determined the scope of work needed to achieve these targets. Data collected on recyclable materials from the waste stream assessments will optimise our 2023 reporting.



Waste management at FerroAlloys

Biodiversity

Conservation is a priority for Exxaro to avoid biodiversity loss for the sake of wildlife, economic activities and people who depend on the natural resources impacted by our mining activities. We therefore assess our potential impacts before we mine, and conduct biomonitoring and environmental incident reporting. Communities benefit from employment created by contractors who will eventually hand over invasive plant control contracts to local community members.

We strive to be a low-impact, bio-regenerative organisation for current and future generations.

Our approach

Understanding our impacts enables us to implement effective biodiversity management plans with standards that inform our monitoring and reporting processes, and uphold our licence to operate.

In compliance with the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004), we are committed to preserving biodiversity-rich ecosystems that protect species on the International Union for Conservation of Nature (IUCN) Red List and control the impact of invasive alien vegetation.

Our holistic approach to biodiversity management combines:

- Cost-effective solutions
- Environmental responsibility
- Conservation of biodiversity-rich areas within mining rights
- Management of IUCN Red List species
- Control of invasive plants (categories 1a, 2 and 3)
- Integration of biodiversity into social impact studies
- Collaboration with key stakeholders to achieve our biodiversity goals (Mpumalanga Tourism and Parks Agency, DFFE, Limpopo Economic Development, Environment and Tourism, DWS, Eastern Cape Parks and Tourism Agency, and Mpumalanga Department of Agriculture, Rural Development, Land and Environmental Affairs)



Our renewable energy business manages biodiversity around its facilities with an environmental management programme. This approach aligns with the Equator Principles and the IFC's Performance Standard 6 guidelines on biodiversity conservation and sustainable management of living natural resources.

Accountability and responsibility

Our biodiversity management programmes and stakeholder engagement are overseen by a team at our operations and head office, including executives and mine management, and sustainability and environmental specialists.

How we performed

We experienced minor challenges such as restricted access to privately owned land within our mining right area for the removal of invasive alien plants and delays in permit approval by authorities for species relocation from the mining area into conservation land at Belfast. We therefore cleared 58% less invasive alien vegetation compared to the previous year.

We did not record any biodiversity-related grievances in 2022. Environmental grievances can be raised at environmental stakeholder engagements and as part of the complaints process at each operation. Grievances are managed by environmental personnel with the support of head office specialists and actions are monitored.



Baboon spider relocation at Grootegeluk

Biodiversity continued

Biodiversity relocation and conservation programmes

Our programmes were based on various biodiversity needs at BUs.

Waterberg (Limpopo)



Grootegeluk and Belfast: Baboon spider and succulent relocation

Our team works closely with authorities in relocating baboon spiders and protected succulent species as our mining footprint expands. This reflects our commitment to continuous biodiversity vigilance for conservation of protected and endangered species.



Grootegeluk: Conservation in Manketti Game Reserve

Our 22 000ha Manketti Game Reserve continues to optimise land use and the sustainability of Grootegeluk.

Managed by Ferroland Grondtrust, a wholly owned subsidiary of Exxaro, the land was a cattle farm until indigenous wildlife was introduced more than 18 years ago. The thriving game reserve generates income from commercial hunting, game trading and accommodation at Manketti Lodge. It maintains the ecological balance of the prescribed area and manages land not impacted by mining operations.

Mpumalanga



Matla and Belfast: African grass owl and bat protection

Digby Wells (environmental consultants) discovered a pair of African grass owls with chicks at Matla in 2022 before construction of a river diversion canal. As other breeding pairs were found on the site in 2013 and 2016, Exxaro has partnered with the Endangered Wildlife Trust to develop a monitoring programme that could enhance our existing processes. We are considering transferring skills from this monitoring programme across the Highveld.

Within the Belfast conservation area, we also assist the Birds of Prey NGO with the safe and controlled release of grass owls and bats. By installing owl boxes and bat banks, we create a balance within the ecosystem along the Klein Komati River and surrounding agricultural areas. Grass owls help control vlei rat populations and bats reduce insect species that are considered pests in local communities.

Eastern Cape



Cennergi: Bird and bat fatality curtailment

Since 2016, as part of our commitment to mitigate the impact of wind turbines on birds and bats, Cennergi has employed local carcass search companies. These companies monitor bird and bat fatalities in accordance with the South African bird and bat wind energy facilities guidelines.

At Amakhala Emoyeni, a bat curtailment programme will be implemented between October 2022 and May 2023 to reduce fatalities. The avifauna specialists prepare the semi-annual bird and bat monitoring reports submitted to lenders, BirdLife Africa, Endangered Wildlife Trust, the DFFE and other relevant authorities.

In 2022, no red data mortalities were recorded at Tsitsikamma. Unfortunately, one secretary bird (*sagittarius serpentarius*) fatality was recorded at Amakhala Emoyeni on 21 September 2022.

Amakhala Emoyeni: Cape vulture management

Cennergi supports the Endangered Wildlife Trust's Eastern Cape vulture safe zone research. This programme aims to reduce Cape vulture fatalities at operating and proposed wind energy facilities. It also stabilises the local population by addressing threats in the safe zone. It is the first habitat safe for vultures within wind energy facilities and the surrounding landscape.

Vultures have incredible eyesight during the day that enables them to spot an animal carcass from around 6km away. We also implement the on-site Cape vulture food management programme, which entails removing livestock and wildlife carcasses to minimise collisions with wind turbines. In 2022, no Cape vulture fatalities were recorded.

Alien plant eradication

The positive outcomes of monitoring, controlling and eradicating invasive alien plant species on our sites include improved water quality and surface water runoff, flourishing indigenous vegetation, increased species diversity, and availability of productive land.



Progress in 2022

Across our sites, we progressed in avoiding:

- Biodiversity decline
- Indigenous animals being prevented from feeding or nesting in the area due to fauna changes
- Extinction of indigenous species due to genetic pool loss (pine, wattle and hakea trees prevent fynbos species growth)
- Greater risk of catastrophic events (fire and flooding) due to ecological imbalance
- Lower productivity of rangeland due to selective grazing
- Soil erosion and dam and river siltation due to invasive alien species consuming more water than indigenous flora
- Sandy and nitrogen-poor natural soil

Invasive alien plant control continues at BUs and will start at Grootegeluk in 2023. The tender process to appoint a service provider began in the third quarter of 2022.

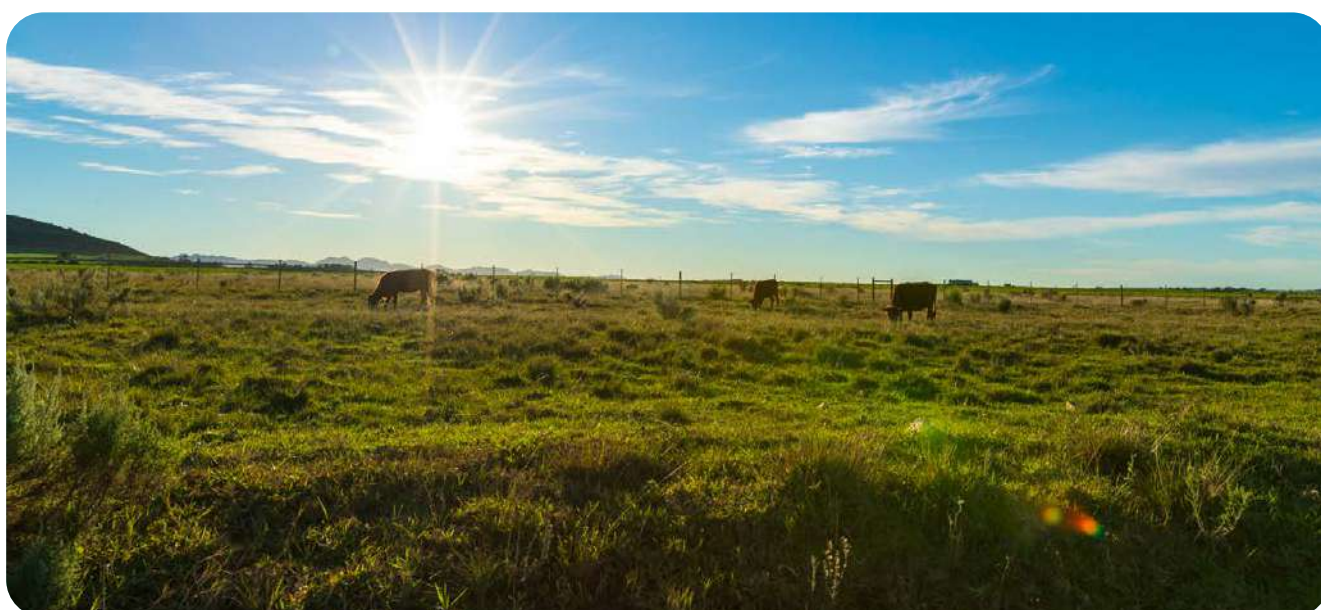
	Stage 1 Development of invader species management plan	Stage 2 Physical implementation (removal of invader species)	Stage 3 Maintenance (eradication of invaders on rehabilitated land)
Belfast	✓	✓	→
Leeuwpán	✓	✓	✓
Matla	✓	✓	✓
Grootegeluk	✓	●	→
Tshikondeni	✓	✓	→

✓ Completed ● To start in 2023 → Ongoing

Land cleared of invader plants (ha)	2022	2021	2020
Leeuwpán	86	118	146
Matla	0	23	70
Belfast	19	0	0
Tshikondeni	132	264	198
Total	236	405	414



Since 2016, full-time local SMMEs have successfully managed Cennergi's alien plant control programme.



Farmland around Cennergi's Tsitsikamma windfarm

Biodiversity continued

Pan research

Following an assessment of pans at Belfast by the Council for Scientific and Industrial Research in 2019, and subsequent monitoring by Exxaro since 2020 to avoid deprivation, an external reviewer conducts monthly and quarterly evaluations.

Research concluded in 2022

Recommendations from our completed pan research project are being evaluated to determine the next steps.

Wetland rehabilitation

We monitor and evaluate our wetland rehabilitation activities to ensure on-site mitigation measures deliver anticipated returns.

Belfast


We completed rehabilitation of the wetland system adjacent to Belfast in 2020. The second phase will begin in 2023 to improve wetlands within the mining right area. We will appoint a contractor to execute the implementation plan.

Grootegeluk

In 2021 the proof-of-concept study in the Grootegeluk mining rights area was completed and six seasonal pans were created using donor material from pans that will be lost to mining.

The seasonal pans referred to low laying areas that occur naturally in the landscape. These pans have a clay base that captures and stores water in the rainy season. During the rest of the year, they are dry.

The clay and biological material was stripped from the “donor” pans in front of the pit area, which would otherwise have been lost to mining, to test if similar pans could successfully be created. Six pans were created testing various scenarios, where donor clay was used for sealing and the biological layer (filled with eggs of the invertebrates that occur within the natural pans) was used for seeding the invertebrate species into the newly created pans. Over time, it is expected that the biodiversity in the created pans will resemble that of the originally harvested/lost pans, should the study show to be successful. The five-year programme to monitor the project’s success started in January 2022. The outcome of the monitoring programme will determine if the pans can be successfully recreated as part of future rehabilitation or offsetting.

 [Pan recreation project](#) (page 58)

Biomonitoring continues in terms of the WUL requirements for Grootegeluk, Tshikondeni and Thabametsi.

Matla

A detailed report of wetland monitoring will be submitted to the DWS in 2023.

Leeuwpan

We will review the implementation of the wetland offset initiative in 2023 following the termination of the divestment process in 2022.

Future focus

Exxaro intends to introduce detailed regional biodiversity management plans based on our impact assessments in 2022. Plans will ensure compliance, and inform targets and KPIs being developed for each BU.

Case study: [Rhino conservation invests in people and wildlife](#) (media and insights, press releases tab)

Exxaro worked with the Peace Parks Foundation and Mozambique’s National Administration for Conservation Areas in relocating seven black rhino – identified as critically endangered on the IUCN Red List of Threatened Species – from our Manketti Game Reserve in Limpopo to Zinave National Park in Mozambique during the year.



Wetland rehabilitation at Belfast

Environmental liabilities and rehabilitation

Understanding that responsible mining practices continuously evolve, we have a holistic and integrated approach to mine closure, taking into account environmental protection, social wellbeing and financial performance.

Environmental rehabilitation is an opportunity to uplift our employees and communities with sustainable alternative land use.¹

Our approach

We manage our environmental liabilities and rehabilitation in compliance with legislation and evolving responsible mining practices. Our licence to operate depends on a holistic and integrated approach to land management, mine closure and concurrent rehabilitation. Our approach therefore considers impacts on employees, communities, the environment, government and infrastructure. Further, our proactive management of environmental impacts minimises residual liabilities (ie water quality and quantity, and topsoil health) that could affect Exxaro's financial performance by completing concurrent rehabilitation timeously and to prevent water ingress into rehabilitated areas.

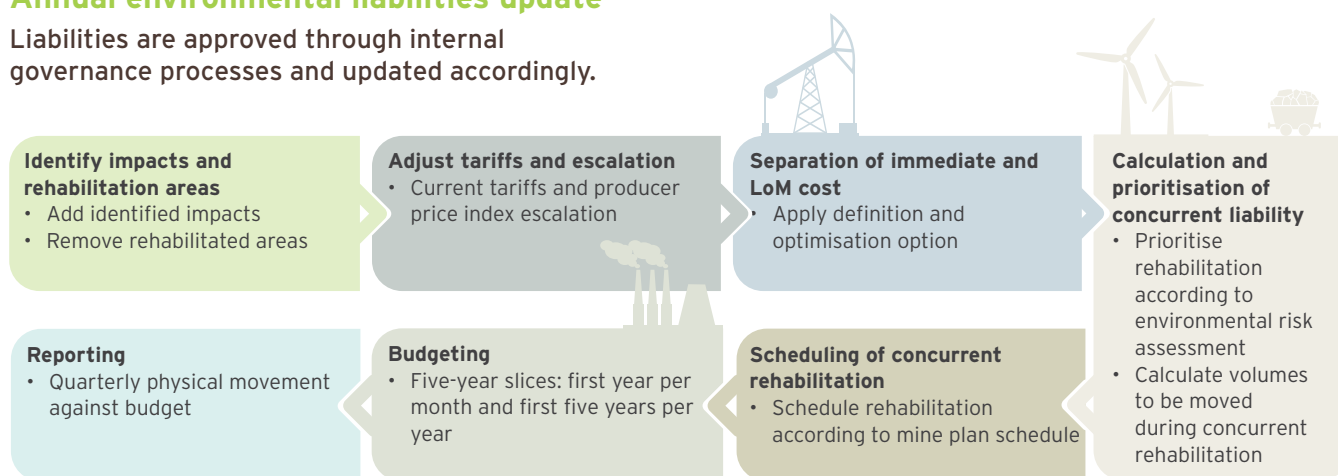
Independent technical and financial specialists, and our internal sustainability and finance departments, with expertise and experience in environmental management, calculate financial provisions in terms of GNR 1147 (financial provision for prospecting, exploration and mining operations).


We await promulgation of draft financial provision regulations for mine closure and rehabilitation (GN 765) issued on 27 August 2021. In the meantime, discussions continue between the environmental policy committee of the Minerals Council, on behalf of Exxaro and our mining peers, and the DMRE. The proposed regulations will repeal GNR 1147. All our BUs will be continuously assessed according to GNR 1147. In the meantime, we conduct annual external assessments as necessary (at Matla, Belfast, Grootegeluk, Hlobane and Durnacol in 2022).

 Minerals Council's [position on financial provisioning](http://www.mineralscouncil.org.za) (www.mineralscouncil.org.za)

Annual environmental liabilities update

Liabilities are approved through internal governance processes and updated accordingly.



 An external consultant reviews Cennergi's financial provisions for facility closure and rehabilitation every three years. We then review and adjust cost estimates for concurrent and final closure rehabilitation programmes, as necessary. Periodic environmental management programme performance assessments inform amendments to rehabilitation plans and closure objectives.

Accountability and responsibility

Our sustainability managers, supported by the rehabilitation team and on-site environmental specialists led by the executive head: sustainability, oversee the implementation of our policy and practices.

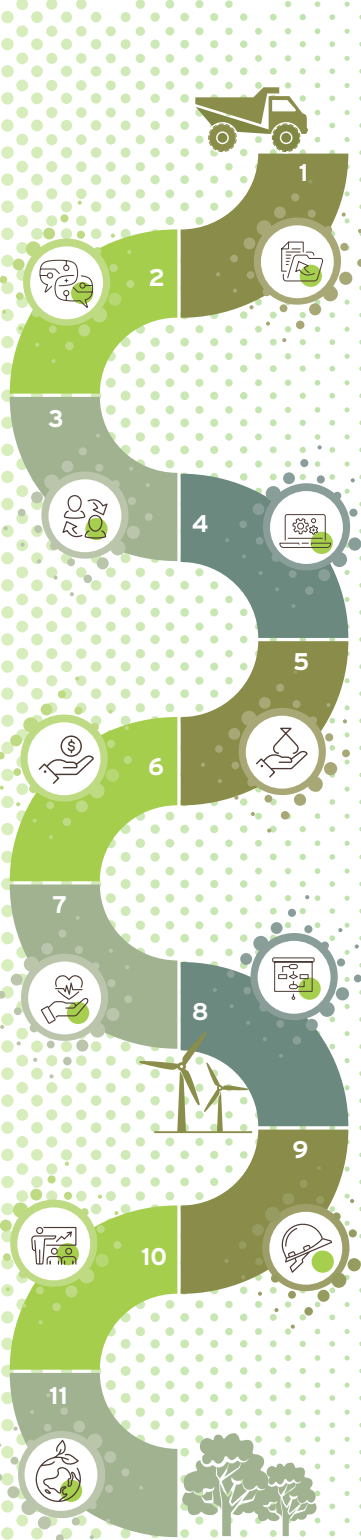
¹ Mine rehabilitation is the restoration of the post-mined landscape to the intended post-mining land use.

Environmental liabilities and rehabilitation

continued

Integrated stages of mining and mine closure planning

We strive to integrate land and rehabilitation liability management in daily mine planning to minimise final closure costs for each operation and optimise final land use after closure.



Information management

- Use cutting-edge systems and tools to manage environmental liabilities and rehabilitation
- Operations report concurrent rehabilitation KPIs on Middle Eye every two weeks

Social

We are working towards transferring **90% of post-mining land to emerging farmers in local communities by 2026.**

To effectively and efficiently manage Exxaro-owned land to support current and future operations, assist with biodiversity offsets and create social impact, we categorise our land parcels as follows:

Long-term agricultural leases
Our **minerals succession programme** supports farmers by enabling access to resources (funding, mechanisation, inputs and training) in a three-year contract with an external service provider.

Available land for emerging farmers and communities

- **Mpumalanga**
 - Strathrae: 5 447ha (seven farmers on 4 495ha of land used for crop and cattle farming)
 - Sheepmore: 740ha (two farmers on 740ha of land used for cattle farming)
- **KwaZulu-Natal**
 - Durnacol: 190ha (110ha leased to one female farmer for cultivation)
- **Limpopo**
 - Lephallale: 296ha (112ha leased to three entities for intensive vegetable farming)

- Land is used for diversified agriculture (dry land maize, soya bean cultivation and livestock farming)
- Internal and external audits evaluate farm transfer success
- Minerals succession programme supports farming project growth

Donations

- Donate land where either a right is established (land claim or labour tenant) or social impact can be achieved through donation to local municipalities (such as cemeteries)
- Donate property with land claims to government for redistribution
- Support resettlement and local government in areas where our operations impact communities
- Help uplift communities (such as Phumlani agri-village in Belfast) through livelihood restoration programmes

Current and future operations

- Areas earmarked for operations are closely managed and protected from the risk of land grabs to ensure our sustainability (such as Thabametsi at Grootegeluk)

Biodiversity and conservation (such as Manketti Game Reserve)

- Ensure operations co-exist in harmony with the surrounding natural environment
- Maintain biodiversity management plans (including alien invasive control) and sensitive ecosystem enhancement to uphold our environmental licence to operate
- Control invasive alien plant growth to improve water quality and surface water runoff, keep indigenous vegetation healthy, increase species diversity and ensure availability of productive land

Human resources

- Equip employees with portable skills, eg vegetable farming to pursue alternative employment and participate in gainful economic activity
- Develop and implement a communication plan for employees
- Employee training to implement and manage mine closure plans

Infrastructure

Infrastructure (such as power lines, water pipes, buildings and dams) that can be used to implement and support a sustainable final land use is retained and incorporated into the final closure environmental management plan. Such infrastructure is then normally donated to a relevant entity managing the implementation of such plans.

Assets

Any redundant but serviceable assets (such as vehicles and furniture) that can be utilised to support any social impact programmes are retained and transferred to a relevant entity managing the implementation of such plans.

Operations in active closure in 2022: Tshikondeni, Durnacol, Hlobane and Strathrae (2021: four)



Financial

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

Exxaro's Environmental Rehabilitation Fund (EERF) and additional bank guarantees provide for new developments and cover shortfalls in financial provisions. The EERF's assets are managed in terms of asset and liability modelling aligned with risk, return and liability on each site. The objective is to maximise investment growth in the cost of liability provisions. An external specialist supports EERF trustees with technical skills required to profile and identify suitable structures for assessment by the trustees. Current implementation includes:

- Two income building blocks benchmarked to cash rates and investing in government treasury bills, banks and corporate paper
- Three growth building blocks targeting inflation-linked returns and investment in insurance and bank-guaranteed products
- Equity-driven portfolios without explicit investment guarantees but portfolio managers controlling capital risk by managing volatility
- Quarterly contributions to the EERF based on closure cost estimates at LoM without considering guarantees in place

Total unscheduled closure costs in 2022: R8 427 million (2021: R7 581 million)

Growth of Exxaro and Matla rehabilitation trust funds (combined): R19 million (2021: R217 million)

Mainly cash contributions, interest earned on investments and fair value adjustments.

Bank guarantees at year end: R3 606 million (2021: R3 606 million).

Update provisions twice a year highlights potential rehabilitation alternatives that could decrease the long-term closure liabilities of operations.



Health and hygiene

- Programmes to address health and safety issues as well as employment opportunities for communities are in place.



Mining plan

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

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



Safety and risk control

Health and safety at mines in closure is just as important as any operational mine. We apply the same health and safety standards and policies to all Exxaro's operations, including mines in closure. Security risks are a major challenge at any closed operation and infrastructure and assets need constant safeguarding during a closure process.



Interested and affected parties

- Socio-economic activities that must continue after mine closure
- Identify the needs and expectations of stakeholders and socio-economic impacts
- Assist host communities in acquiring skills for commercial activities and infrastructure use after mine closure
- Ensure opportunities are available to improve quality of life
- Align closure with community expectations to honour SLP commitments
- Develop and implement plans for engagement with communities, government and NGOs, among others
- Help mine owners and operators achieve liability-free closure within a reasonable timeframe

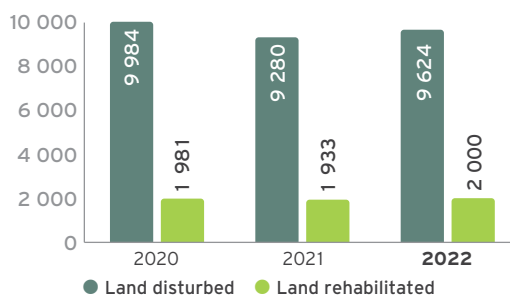


Environmental

The disturbed footprint includes buildings, roads and mining areas to be rehabilitated in terms of the environmental management programme and the final land use plan (when maintenance and monitoring are needed).

How we performed

Land disturbed versus land rehabilitated (ha)



Refer to the [databook](#) for more detail on land disturbed versus land rehabilitated.

Environmental liabilities and rehabilitation

continued

Future focus

We will align our mine closure and rehabilitation approach with the Sustainable Growth and Impact strategy in 2023.

Our strategic objectives include:

- Embedding concurrent rehabilitation and mine closure in the management of operations at BUs
- Aligning with rehabilitation standards that ensure sustainable alternative post-mining land use (including vegetation that can be used for carbon sequestration)
- Clear and measurable concurrent and ongoing rehabilitation targets
- Building accountability into operational management KPIs
- Reducing financial environmental liability



Case study: Novel approach to rehabilitation at Grootegeluk (sustainability, case studies tab)

To mitigate the impacts of expanding the Grootegeluk complex, Exxaro is recreating non-perennial pans within the landscape.



Phumlani agri-village in Belfast

Social

Our sustainability is built on mutually beneficial relationships and the values we share with our stakeholders. Our business activities aim for holistic, positive and lasting impact on our people, communities and society at large. Our  [Social Impact strategy](#) (page 78) guides us in delivering on our overarching  [Sustainable Growth and Impact strategy](#) (integrated report, page 44) so that we remain an exemplary responsible corporate citizen among our peers.

Our approach

We are driven by our responsibility to be accountable for our actions and to positively impact our people and communities. Our business activities promote socio-economic development in our communities while we strive for operational efficiency, growth and regulatory compliance.

Guided by our strategies and policies, outlined below, our commitments include endorsements of several external voluntary standards, charters and principles, including the UNGC and SDGs. We also consider the long-term perspectives of government's strategies such as the 2030 National Development Plan and integrated development plans (IDPs) of local municipalities where we operate.

Our activities align with South African mining industry regulations, and we proactively participate in industry forums such as the Minerals Council, Business Unity South Africa and Business Leadership South Africa.

We monitor legal and parliamentary processes to clarify the intent and standing of the Mining Charter III and remain committed to complying with its letter and spirit.

Our social commitments are categorised as three key focus areas in this report with each supported by specific strategies and policies:

[People](#) (page 60)

Our **people strategy** guides our employee engagement approach, supported by the following strategies:

- **Safety strategy** aiming to manage safety-related risks and prevent repeat incidents
- **Integrated health and wellness strategy** addressing occupational and non-occupational health risks and their impacts on the business
- **Diversity, equity and inclusion strategy** to maintain a representative leadership and workforce
- **Talent management strategy** supporting capability development, new ways of working and succession planning

[Communities](#) (page 78)

Our Social Impact strategy is embedded in the objectives of our Sustainable Growth and Impact strategy:

- The Social Impact strategy is underpinned by the three pillars: education and skills development, land use management and local economic development
- Employee engagement and involvement is facilitated through volunteerism
- Through extensive engagements we identify and co-create social projects with communities and strategic partners

[Human rights](#) (page 89)

We have developed and published a human rights policy on the back of past human rights best practices. Our CEO pronounced our commitment to human rights (21 March 2023).

We discuss accountability and responsibility for implementing these strategies and policies, our performance during the review period, future focus areas and case studies in the following sections.

Future focus

The Social Impact strategy is one of six key pillars of the Sustainable Growth and Impact strategy, the others being sustainable growth, health and safety, decarbonisation, environmental stewardship and good governance. While the Social Impact strategy will fit into the "S" element of ESG, the implementation approach will incorporate elements from "E" and "G" to ensure sustainability, especially in relation to just transition considerations. We were deliberate in selecting to focus on education (early childhood development (ECD) and adopting local schools), land use and management (mineral succession planning, ie finding alternative economic uses of the land beyond mining) and continuation of local economic development through local procurement and ESD initiatives. When viewed through the lens of the SDGs, this approach will have a sustaining positive impact on communities and reduce poverty by combining multidimensional approaches (education, economic wellbeing, school health and education infrastructure) and influence other areas of wellbeing without additional investment (the multiplier effect). We are planning to have approval of (partial, while researching other) execution plans by mid-year 2023.

People

The success of our labour-intensive mining business depends on an employee value proposition that meets the needs and expectations – including safety, health, wellbeing and personal development – of the people we employ from local communities and the scarce skills we attract beyond our immediate operating environments.

We inspire and guide our people to fulfil their purpose by providing opportunities that enable them to thrive in an evolving workplace.

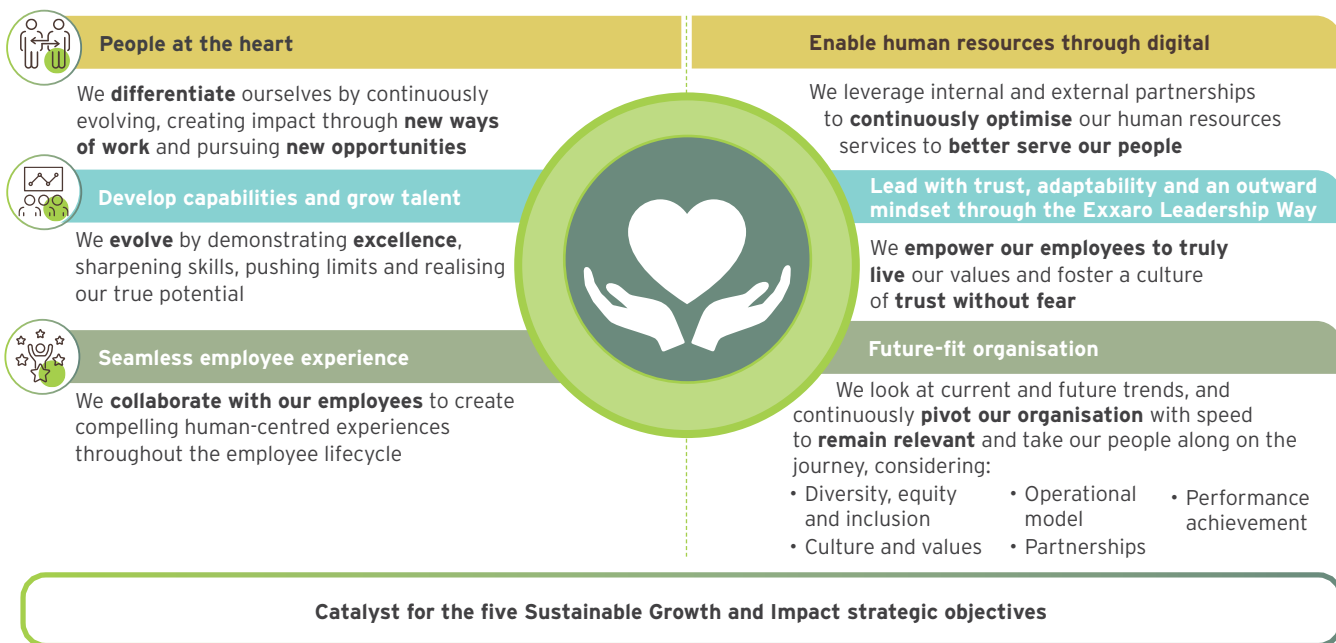
Our approach


We uphold our licence to operate through our people and diversity and inclusion strategies, alignment with and commitment to internal policies, and our employee value proposition.

Our people and partners have the capabilities, mindset and passion to achieve our purpose. Empowered to create impact, we build our resilience as a company on each other's strengths.

Our people strategy

Our robust people strategy is the foundation of our employee engagement approach. The strategy is based on six pillars. These pillars are underpinned by a commitment to a people-fit organisation, developing capabilities and enabling human resources through our purpose to power better lives in Africa and beyond.



 Cennergi has 21 full-time employees, supported by service partners. The operation and maintenance of the wind turbines are done under contract by Nordex at Amakhala Emoyeni and by Vestas South Africa at Tsitsikamma. These contractors use sub-contractors for maintenance activities, employing 44 people at Amakhala Emoyeni and 38 at Tsitsikamma. Cennergi governs human resources with a comprehensive suite of policies that are consistent with those of Exxaro.

Accountability and responsibility

The SERC oversees people's health, safety, engagement and development. Our executive head: human resources, supported by various management departments, is responsible for developing and implementing employee-related strategies.

How we performed

Exxaro employed 19 242 people (2021: 18 813), 35% full-time employees (2021: 35.84%) and 64.9% contractors (2021: 64.13%).

Our commitment to safety, health and wellness	Our approach and performance reflect our endeavours to achieve zero harm through collective responsibility and risk awareness.
Employee engagement and talent management	<p>Our culture – the behaviour we expect from employees – enables us to deliver on our Sustainable Growth and Impact strategy under pressure to mitigate the impacts of climate change. The strategy is mindful of the just transition needed to enter a low-carbon economy without leaving employees and communities behind.</p> <p>Supported by sustainable human resource governance policies, our employee value proposition empowers us to co-create an innovative and agile work environment with value-adding solutions that enable growth and development.</p>

Future focus

Our future focus is on building internal capabilities and reskilling the workforce to support transitioning the organisation into new commodities. Addressing pay equity is also a continued focus. Diversity, equity and inclusion will continue to be a top focus area over the next two years, while leadership accountability and communication will be the key enablers to unlock the diversity, equity and inclusion strategy.

Case study: [Top South African employer in 2022](#) (media and insights, press releases tab)

Exxaro's human resources policies and people practices were again acknowledged by the international Top Employers Institute.

Case study: [Young change makers chosen for UN SDGs Innovators Programme](#) (media and insights, press releases tab)

Four of Exxaro's young employees (Simone Naicker, Basetsana Malekele, Makolo Kanku and Muhammad Jassat) were selected to be part of the UNGC's Young SDGs Innovators Programme.

Case study: [Leadership in action](#) (sustainability, case studies tab)

We are ensuring that our people and partners have the capabilities, mindset, environment and passion to achieve our purpose.

Safety

Our unwavering focus on zero harm has enabled us to achieve our record LTIFR performance of 0.05. We focus on identifying and managing inherent processes, external risks with a hierarchy of controls, and stakeholder involvement on our journey. We believe that we can achieve zero harm through continuous improvement and proactive measures.

Our ultimate safety goal is zero harm.

Our approach

Safety is crucial to achieving our strategic objectives for our business to thrive. In our aim to manage safety-related risks and prevent incidents, we are guided by our safety strategy supported by the five pillars.

The five safety pillars

Incredible leadership

To demonstrate sustainable commitment to our employees' safety, our CEO leads an annual **leadership safety day** and the **sustainability summit**. The **2022 sustainability summit was hosted by Belfast Coal on 7 April 2022**. The leadership safety day affords the executive committee:

- An opportunity to engage with employees on health and safety issues
- A platform to demonstrate our commitment to our zero harm vision
- Events to congratulate employees and contractors for safety excellence

Communication

We continuously communicate our safety performance which covers incidents and learnings from incidents as well as actions to be taken to address emerging risks. Messages are broadcast on virtual platforms across the group:

- Our **Khetha Ukuphepha** (isiZulu for "choose safety") campaign encourages personal responsibility for safety
- BUs host annual **safety indabas** to drive the critical importance of safety

Consequence management

- We set simple non-negotiable safety rules to promote life-saving behaviours
- Incidents are analysed in terms of zero tolerance rules
- Consequence management on safety-related contraventions is applied fairly across BUs in line with our cultural values

Training

We provide comprehensive training to address safety risks. In 2022, these included:

- The course for managers in risk management programme
- Safety management training for line supervisors
- Visible felt leadership champions training
- Safety representatives training
- On-the-job training for our employees

Risk management

The course for managers in risk management programme trains leaders and employees on a structured approach with guidelines and strategies to establish and maintain a multidimensional risk management framework. We aim to embed the course's principles in our daily risk management processes and improve our understanding of safety risk assessment processes.

Since implementation in 2009, we **review** our safety strategy annually to ensure focus areas are appropriate. We also review our safety targets every year, based on prior performance, and apply stringent **management protocols, programmes and systems**. We launched the Khetha Ukuphepha campaign in 2019 with the main objective to reinforce our zero harm vision and reiterate our philosophy that every life counts.

Accountability and responsibility

While ultimate responsibility for safety lies with our people, accountability for their safety is built into leadership and governance structures, and ultimately rests with the board. Our BU management team investigates all incidents, and a skilled committee, headed by an independent chairperson, investigates fatalities and high-potential incidents (HPIs). Exxaro reports investigation findings, in particular HPIs and fatalities, to the executive committee and RBR committee, and escalates these to our board.



Cennergi's head of operations reports findings of safety incident investigations to the windfarms and company boards. Site managers and health and safety representatives conduct investigations following reports from contractors. HPIs and lost-time injuries (LTIs) are immediately reported to the group health and safety department.

How we performed

No safety-related grievances were raised against Exxaro in 2022 (2021: none) and the group performed well compared to industry averages. The group achieved a five-year fatality-free milestone on 2 March 2022.

Regrettably, Mathews Moanalo (dozer operator at Belfast) tragically lost his life when he was struck by an articulated dump truck on 15 August 2022. Following a high-level investigation into the cause, we implemented action plans to prevent similar incidents across our operations. Measures include:

- Reinforcing the Khetha Ukuphepha principle that everyone counts
- Adopting industry best practice incident investigation techniques
- Training carefully selected incident investigators and facilitators
- Systematically identifying incident causes
- Identifying corrective or preventive actions aimed at directly addressing weaknesses
- Sharing incident investigation outcomes and lessons learned with other operations
- Ensuring the correct interpretation and understanding of corrective actions
- Monitoring the implementation of corrective actions
- Measuring the effectiveness of corrective actions post implementation

By the end of December 2022, we had seven^{RA} LTIs (2021: 12), bringing the LTIFR to 0.05 (2021: 0.08) against a target of 0.06. This is a 37.5% improvement compared to 2021. Regrettably, we recorded five HPIs (2021: one). More than 50% of serious incidents recorded in 2022 were repeats, which prompted a call to action from the CEO.

The leading causes of these incidents include:

- Poor risk awareness and assessment
- Inadequate hazard awareness and identification
- Non-adherence to procedures
- Unsatisfactory supervision, change management and task planning

In collaboration with our operations, we are addressing the increase in the number of HPIs by revising our incident management process to enhance the quality of our incident investigations and enable meaningful learnings from incidents and appropriate mitigation measures across the group.

Our 2022 safety targets	How we performed
Zero fatalities	<ul style="list-style-type: none"> • Five-year fatality-free milestone achieved in March 2022 <ul style="list-style-type: none"> – Grooteeluk: 10 years fatality-free milestone in October 2022 – Leeuwpan: 32 years fatality-free milestone in March 2022 • One fatality at Belfast in August 2022
Zero HPIs	Five HPIs (2021: one)
LTIFR of 0.06	Below target: 0.05 (2021: 0.08)
Zero DMRE notices	<ul style="list-style-type: none"> • Seven section 54s (mining activity stopped) (2021: two) • No section 55s (mining in affected area stopped) (2021: two)

Safety performance	2022	2021	2020
Fatalities	1	0	0
HPIs	5	1	3
LTIs	7	12	9
LTIFR	0.05	0.08	0.05



Cennergi has maintained a strong health and safety record with zero fatalities for six consecutive years. No reportable LTIs were recorded in 2022 (2021: one).

In quarterly external compliance audits by Libryo, Tsitsikamma and Amakhala Emoyeni achieved average scores of 96.4% (2021: 97%) and 96% (2021: 98%) respectively.

No reportable health and safety incidents were submitted to the DEL (2021: two).

Future focus

We will continue to aim for zero fatalities and the reduction of all other work-related incidents by:

- Eliminating repeat incidents
- Implementing stringent risk management processes across the group

Case study: Safety first at summit (media and insights, press releases tab)

Safety is at the top of our sustainability summit agenda, which brings thought leaders and colleagues from various BUs together every year to share insights and chart the way forward towards zero harm.

Health and wellness

We improve quality of life, morale, productivity and safety for our employees and communities through a health and wellness strategy that extends beyond compliance with regulations to the sustainability of our industry.

The growth and sustainability of our business depend on healthy and resilient employees and host communities.

Our approach

Our integrated health and wellness strategy incorporates legislated basic conditions of employment. It is a preventive, employee-driven, holistic approach that identifies occupational and non-occupational health risks and their causes. It presents solutions to mitigate these risks and their impacts on the business within an empowering environment.



Although Cennergi is not required to meet mining industry health targets, employees are encouraged to use the group's employee health and wellness programme and attend sessions arranged for Exxaro BUs.

Integrated health and wellness strategy



Prevent

Preventive programmes (mandatory awareness campaigns and healthy lifestyle coaching) cover eight dimensions of employee health and wellness.



Diagnose

We improve medical surveillance by extending clinical tests (heart disease and risk-based cancer screening) and DNA analysis from middle management upward.



Manage

We improve healthcare management by ensuring all employees with occupational and non-occupational health risks are included in a disease management programme.



Our integrated health and wellness strategy is supported by our [cultural pillars](#) (page 70)

Prevention initiatives

Employee wellness programme (EWP)

1. Financial

2. Emotional

3. Social

4. Thinking

5. Occupational

6. Environmental

7. Spiritual

8. Physical

Since the onset of the COVID-19 pandemic, our **EWP** has addressed the impact of financial, and other personal and professional challenges, on employees.

Bayport Financial Services provides debt restructuring, financial rehabilitation and financial management training to employees experiencing financial hardship (worsened by the impact of COVID-19).

Managed by our human resources and sustainability departments, our external counselling service has addressed psychosocial, legal, financial, emotional, family, work-related and substance abuse issues since January 2021.

Awareness:

- We advertise the EWP on LetsConnect, LCD screens at our operations, screensavers and the intranet
- Mental health masterclasses on Microsoft Teams every second Friday educate employees and present practical self-diagnosis and coping techniques
- Daily inspirational messages via SMS provide EWP contact details

#You'reNotAlone:

Voice notes and videos share employees' struggles with mental health and the relief offered by counsellors or therapists

Certificate of fitness:

The EWP is part of induction and physical fitness tests

Case study: Collaborating with government health departments

Exxaro's collaboration with government health departments of Limpopo and Mpumalanga in the COVID-19 vaccination campaign reached 12 036 people (9 556 employees and 2 480 community members).

As DoH-registered primary vaccination sites since 2021, the Grootegeluk and Matla occupational health centres could purchase and store COVID-19 vaccines.

Exxaro provided marshals, administrators, chairs and incentives (such as T-shirts and food), and the DoH brought the vaccines, vaccinators and pharmacists to site. We also donated five laptops to the DoH to facilitate online registration.



COVID-19 lab technician at Matla

Utilisation: 12.68% (2021: 15.82%)	Life Employee Health Solutions benchmark: 10.74% (2021: 9.47%)	Demographics: Majority men (14 to 50 years old) as in 2021
Mining industry: 9.32% (2021: 7.67%)	Services accessed: Face-to-face counselling preferred	Counselling mainly in English

Mental health*

Our approach to mental health is informed by World Health Organization principles and the impacts of COVID-19 at each BU (disruptions to regular working routines, fear of loved ones contracting the virus and uncertainty about the future). Mental health was the top category presented to the EWP.



* January 2020 to July 2022 by Life Employee Health Solutions.

Health and wellness continued

Accountability and responsibility

Our executive committee oversees health and wellness by delegating authority to mine managers and our sustainability managers.

How we performed

We focused on implementing our health and wellness strategy while encouraging employees to receive booster COVID-19 and flu vaccinations. We achieved a 90% COVID-19 vaccination rate against the industry target of 80%. We also progressed in addressing mental health issues brought to our attention during the pandemic.

Although we did not record health and wellness-related grievances (2021: zero), tuberculosis (TB) case reporting presented challenges. Our TB rate increased as infected employees who worked 200 shifts a year are considered occupational TB cases, particularly in Lephalale where government is addressing the high TB incidence rate and dust fallout exceeds the threshold. Through the Impact Catalyst we identified health facilities in communities where Exxaro operates that need support to make health services accessible and Right-to-Care was engaged to implement the programme.

 [Dust fallout](#) (page 37)

Occupational diseases

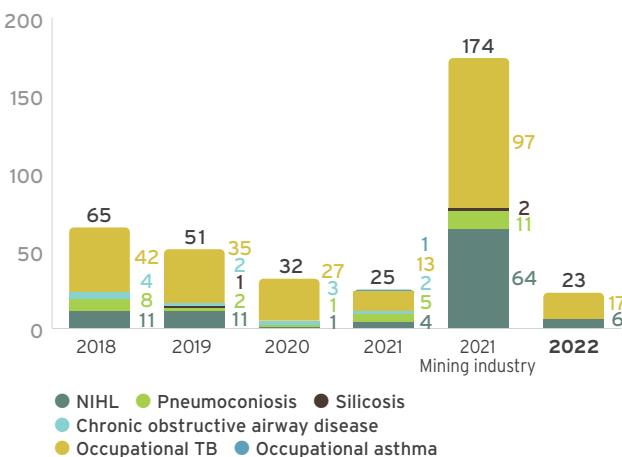
Occupational diseases contracted at work are classified as communicable and non-communicable. Communicable diseases, such as occupational TB, hepatitis B and influenza, are contagious and generally caused by bacteria, viruses or other pathogens.

We aim to meet mining industry targets set in 2014.

Non-communicable diseases, such as noise-induced hearing loss (NIHL), pneumoconiosis, silicosis, chronic obstructive airways disease and occupational asthma, are not contagious. We also monitor dermatitis, asbestosis and work-related limb disorders although legislation does not require reporting on these conditions.

Mitigation measures to prevent the spread of COVID-19 helped decrease occupational diseases to 23 (2021: 25). Five^{RA} occupational disease cases (demonstrably work-related) were accepted by Rand Mutual Assurance for compensation (2021: four). Of these, three were occupational TB cases (2021: three) and two were NIHL (2021: one).

Occupational diseases



Performance against mining industry targets	Exxaro's performance
<p>NIHL</p> <p>Mining industry target No employee's standard threshold shift will exceed 25dB from the baseline when averaged at 2 000Hz, 3 000Hz and 4 000Hz in one or both ears.</p>	<p>Due to an increase in NIHL cases over the past three years, we reviewed our hearing conservation programme. This included tyre deflation at Grootegeeluk, guided by Mining Industry Occupational Safety and Health leading practice.</p> <p>We provide noise and hearing induction to all Exxaro employees (permanent and contractor).</p>
<p>Silicosis</p> <p>Mining industry target By December 2024: <ul style="list-style-type: none"> 95% of exposure measurement results will be below the milestone level of 0.05mg/m³ for respirable crystalline silica (as individual readings and not average results) Using current diagnostic techniques, no new cases of silicosis will occur among previously unexposed individuals </p>	<p>We have not recorded silicosis cases since 2019 due to dust control measures that reduce exposure.</p>
<p>Pneumoconiosis</p> <p>Mining industry target By December 2024: <ul style="list-style-type: none"> 95% of exposure measurement results will be below the milestone level of 1.5mg/m³ (<5% crystalline silica) for platinum dust respirable particulate (as individual readings not average results) Using current diagnostic techniques, no new cases of pneumoconiosis will occur among previously unexposed individuals 95% of exposure measurement results for coal workers' pneumoconiosis will be below the milestone level of 1.5mg/m³ (<5% crystalline silica) for coal dust respirable particulate (as individual readings and not average results) Using current diagnostic techniques, no new cases of coal workers' pneumoconiosis will occur among previously unexposed individuals* </p> <p><small>* Previously unexposed individuals were not exposed to mining dust before December 2008 (equivalent to a new person entering the industry in 2009).</small></p>	<p>Pneumoconiosis cases have decreased since 2014 due to investigations and actions taken when over-exposures are identified. This includes reviews of ventilation and dust suppression systems, and ensuring regular equipment maintenance (checking door seals and functioning of air-conditioners). Matla successfully adopted two Minerals Council Mining Occupational Safety and Health leading practices in 2022, namely the conveyor belt dust fogger system and the real-time dust monitoring system underground.</p>

Non-occupational diseases

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

We provide preventive treatment to employees and contractors to manage global health issues, such as malaria, in affected areas.

We identified 24 new diabetes cases (2021: 39) and 92 hypertensive employees and contractors (2021: 290).

Performance against mining industry targets	Exxaro's performance																																			
<p>HIV/Aids and TB</p> <p>Mining industry target</p> <p>By December 2024:</p> <ul style="list-style-type: none"> Employees and contractors should receive annual HIV/Aids counselling and testing with eligible employees linked to an antiretroviral treatment programme (as per the National Strategic Plan) At or below the national TB incidence rate <p>We report against the industry TB and HIV targets on the Minerals Council's Masoyise dashboard.</p>	<p>Identified HIV/Aids and opportunistic TB cases increased due to intensified focus during the COVID-19 pandemic even though contact tracing and active treatment management continued.</p> <p>HIV/Aids awareness among employees is part of medical induction. Contractors attend awareness programmes during specific campaigns and medical inductions. These campaigns encourage voluntary counselling and testing. We also ensure HIV-positive employees can easily access medication at occupational health centres.</p> <table border="1"> <thead> <tr> <th>HIV/Aids awareness (employees and contractors)</th> <th>2022</th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Attended information sessions</td> <td>14 585</td> <td>10 927</td> <td>17 693</td> <td>30 403</td> </tr> <tr> <td>Total tested</td> <td>7 827</td> <td>12 143</td> <td>8 475</td> <td>12 679</td> </tr> <tr> <td>% tested</td> <td>54</td> <td>61</td> <td>48</td> <td>54</td> </tr> <tr> <td>Employees tested positive</td> <td>203</td> <td>457</td> <td>746</td> <td>578</td> </tr> <tr> <td>Enrolled at December (cumulative)</td> <td>1 745</td> <td>5 054</td> <td>4 554</td> <td>5 342</td> </tr> <tr> <td>Received antiretroviral treatment</td> <td>1 674</td> <td>5 897</td> <td>5 848</td> <td>5 124</td> </tr> </tbody> </table> <p>As part of annual induction training, 14 585 employees and contractors received HIV/Aids awareness training (2021: 10 927). The number of people who attended awareness sessions increased (as our workforce increased) to 17 166. The prevalence of HIV/Aids cases among full-time employees is 2.09%. The national prevalence rate is 13.7% (on 31 July 2022).</p>	HIV/Aids awareness (employees and contractors)	2022	2021	2020	2019	Attended information sessions	14 585	10 927	17 693	30 403	Total tested	7 827	12 143	8 475	12 679	% tested	54	61	48	54	Employees tested positive	203	457	746	578	Enrolled at December (cumulative)	1 745	5 054	4 554	5 342	Received antiretroviral treatment	1 674	5 897	5 848	5 124
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Our ongoing response to COVID-19
<p>The South African government lifted the national state of disaster in April 2022 and remaining mandatory COVID-19 preventive measures by the end of June 2022. Nevertheless, we encourage employees to receive booster and flu vaccines through communication campaigns and digital masterclasses led by our medical practitioners.</p> <p>On 31 December 2022, the group recorded 7 791 confirmed cases (2021: 6 816) – 13 active (2021: 310) and a recovery rate of 99% (2021: 95%).</p> <p>Ongoing initiatives include:</p> <ul style="list-style-type: none"> Working from home where possible Return-to-work procedures with screening and testing EWP counselling services Testing laboratories and vaccination centres at Grootegeluk and Matla Public-private partnership with DoHs in Limpopo and Mpumalanga (vaccination drives) Partnership with Dis-Chem to vaccinate Gauteng employees and their next of kin

COVID-19 statistics	2022	2021	2020
Confirmed cases			
Exxaro	1 804	5 929	976
Cennergi	1	6	13
Mining industry	66 113	62 519	21 183
South Africa	4 048 998	3 603 856	1 039 161
Cases as percentage of workforce			
Exxaro	11	47	44
Cennergi	—	21	14
Mining industry	15	13	4
South Africa	7	6	2
Active cases on 31 December			
Exxaro	13	310	113
Cennergi	1	—	—
Mining industry	177	408	208
South Africa	9 158	65 299	17 710
Fatalities			
Exxaro	—	33	3
Cennergi	—	—	—
Mining industry	750	744	199
South Africa	102 395	95 022	28 033

Future focus

In line with the outcomes of our 2022 sustainability summit, our annual gathering hosted by our CEO to reflect on the health, safety and environment performance and identifying emerging issues, which highlighted mental health concerns, we are developing a mental health policy to be introduced in 2023. The policy will address the leading causes of mental health issues. It will also empower supervisors to facilitate resources at BUs instead of calling on external service providers.

Our hearing conservation committee, chaired by mine general managers, is also investigating customised hearing protection and engineered interventions to address identified causes of NIHL. This will facilitate compensation by Rand Mutual Assurance.

Employee engagement

We maintain our employee value proposition, as an employer of choice, through meaningful engagement with the people we attract and retain for the sustainability of our business.

Our established engagement structures encourage communication, and keep employees adequately informed about key organisational changes, health, wellness, safety, and operational and financial performance. We also use insights from employee engagement initiatives to enhance our processes and workplaces.

Our values and culture are a foundation for behaviours, mindset and philosophy that gives our employees a sense of belonging in the workplace. We continue to embed our values and culture through various initiatives to ensure continued alignment with our organisational purpose and strategic objectives.

Our approach

Diversity, equity and inclusion are central in our approach to meaningful engagement with our employees. This approach to maintaining a representative workforce, with respect for the needs of our host communities, is defined in our diversity, equity and inclusion strategy.

Our diversity, equity and inclusion strategy

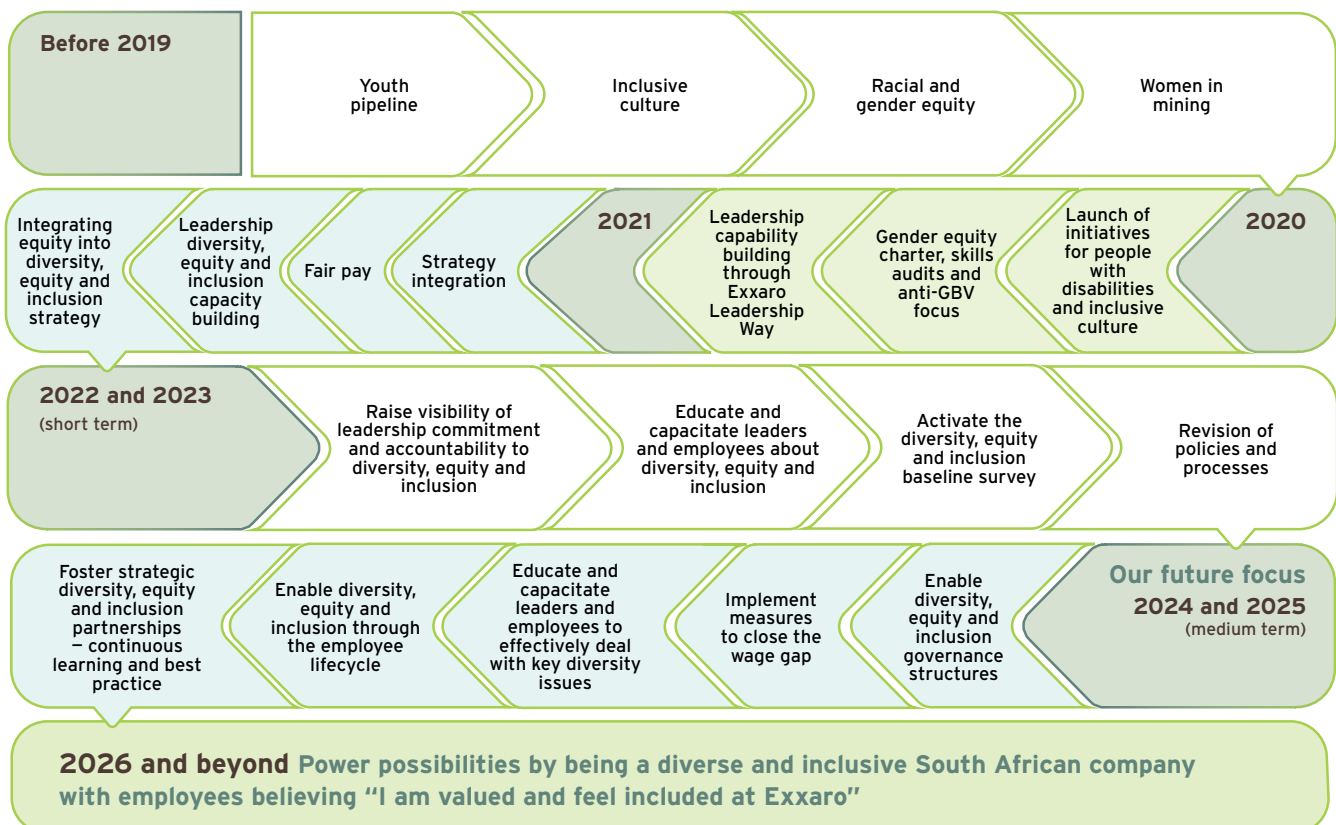
Our diversity, equity and inclusion strategy, aligned with our Sustainable Growth and Impact strategy, is informed by our purpose, values, vision, culture and strategic objectives. It is a journey that began before 2019, and our approach continues to evolve to increase the speed and scale of our impact.

The strategy enables our employees to achieve our goals by recognising that our focus on diversity, equity and inclusion is a business imperative. It encourages changes in attitude, behaviour and ways of working to address systemic barriers, creating a conducive environment for employees to thrive.

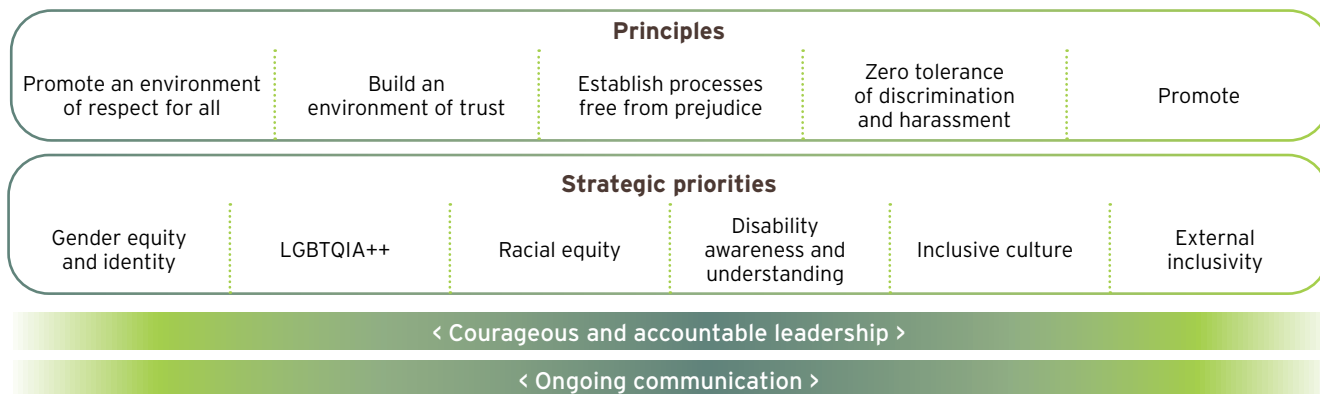
The strategy guides our implementation of appropriate internal processes, procedures and practices. We are thus able to play a leading role in our industry in complying with the spirit and intent of South African legislation.

Our diversity, equity and inclusion journey

Powering better lives through diversity, equity and inclusion has long been demonstrated in practice:



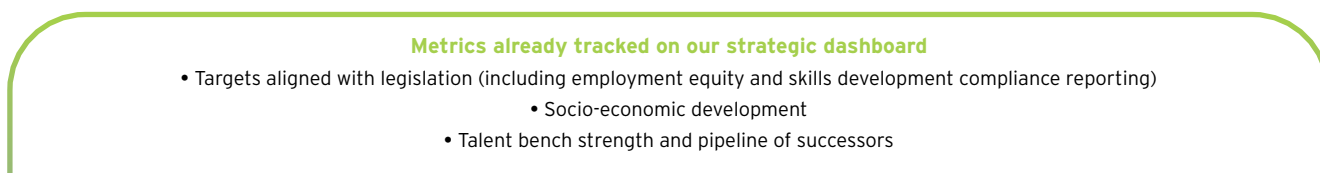
Diversity, equity and inclusion at Exxaro



Measuring our progress

We are exploring wellness and an enabling environment for minority groups while prioritising the implementation of policy review and wage gap closure.

To advance our diversity, equity and inclusion journey, we will track our progress in terms of the following measures and targets:



Strategic measures			Inclusive culture	Capability building	Gender equality
Progress economically active population targets by 2026	Percentage representation of African women per occupation level (junior to top management) by 2026	Percentage women at management and specialist level by 2025	Culture and engagement survey (culture, diversity, equity, inclusion and leadership) every two years	Build internal diversity, equity and inclusion capabilities through awareness campaigns, education and training	Review and enable policies and processes to support diversity, equity and inclusion
Target/s:					
60% to 70%	36%	50%	<ul style="list-style-type: none"> • Top three survey initiatives • Pulse survey every eight months • Benchmark 	>95% of workforce (end-2024)	>60% (end-2024)
					End-2023

Diversity, equity and inclusion benchmarking performance

We conducted a benchmarking exercise with 58 targeted recipients. We benchmarked ourselves against four core areas: foundation (drive the strategy), internal (attract and retain people), external (listen and serve society) and bridging (align and connect), with our scores out of five reflected below.

Foundation	Internal	Bridging	External	Exxaro's average score	Champion	Bottom quartile
(1) 2.5	(4) 3.5	(8) 3.0	(12) 3.5	3.6	3.9	3.5
(2) 3.1	(5) 4.0	(9) 3.5	(13) 4.0			
(3) 4.0	(6) 4.0	(10) 4.0	(14) 4.0			
	(7) 3.5	(11) 4.0	(15) 4.0			



Employee engagement continued



Cennergi's employment equity plan, to be reviewed in 2024, aligns with legislation and the DEL Codes of Good Practice.

Equity categories, with contractual commitments, include employment secured for South African citizens and local communities. Hiring commitments for Amakhala Emoyeni are 97% South African citizens (77% black and 64% from local communities) and 80% South African citizens for Tsitsikamma community windfarm (50% black and 20% from local communities).

An implementation agreement with the DMRE stipulates that IPPs must provide proof of meeting job creation obligations quarterly to the DMRE. Based on quarterly performance, there are penalties and rewards. Underperformance could result in the DMRE terminating contracts. The DMRE thus ensures bidders are genuinely committed to enterprise development objectives.

Accountability and responsibility

The SERC oversees employee engagement. The executive head: human resources is responsible for implementing engagement initiatives. Culture is a leadership responsibility from executive level to employees. BU managers and teams drive culture at operations. Our CEO and executive head: human resources monitor diversity, equity and inclusion for the board.



Cennergi's employment equity committee oversees implementation of the employment equity plan and guides and monitors transformation and skills development. The committee reviews the recruitment process, follows up on deviations in employment equity performance and ensures technical skills are available to achieve transformation goals.

Government's IPP office tracks Cennergi's employment opportunities in equity categories under the Renewable Energy IPP Programme (REIPP). These include employment secured for South African citizens and local communities.

How we performed

Our board approved a revised approach to our diversity, equity and inclusion strategy in 2022. In delivering on this revised approach, we reviewed our policies and practices as outlined below.

We aligned campaigns (in partnership with stakeholder affairs and communications) with strategic objectives.

We used electronic and hybrid platforms for employee engagements, such as mobile phones and LetsConnect, supported by our employee assistance programme (EAP) providing wellness sessions to manage mental health, COVID-19, GBV and stigmatisation.

Culture integration

Our culture themes demonstrate our commitment to achieving our strategic goals, purpose and vision – extending beyond our internal environment to external interactions and stakeholder partnerships.

Responsible	Ownership	Diverse	Open and connected	Adaptable
<p>Make Exxaro a positive place to be</p> <p>Acting ethically, with accountability and against misconduct, while treating others with dignity, fosters a safe and healthy work environment.</p>	<p>Success lies with each of us</p> <p>Contributing to performance and innovation every day, building together, we can drive Exxaro to new heights.</p>	<p>Our potential is in our differences</p> <p>Harnessing our unique individual skills and opinions enables us to achieve exceptional outcomes.</p>	<p>Working together will bring out the best in us all</p> <p>Achieving organisational excellence in an open and evolving ecosystem requires collaboration and teamwork.</p>	<p>We cannot move forward by standing still</p> <p>Succeeding in the ever-changing world around us requires agility as well as willingness to learn and improve.</p>

Employee relationship management

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

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

We are reviewing our employee relations strategy to proactively maintain a healthy workplace through established engagement structures and dispute resolution mechanisms. These are based on fairness and adapted to address the impacts of COVID-19 on the workplace.

We continued providing skills workshops and training for employee relations managers and line managers to ensure that all parties are committed to building solid relationships.

We are also broadening our employee relations capacity building processes to understand recognition agreements and their purpose.

Trade union representation

We maintain good relations with employees in bargaining units by engaging with their representative trade unions through formal structures.

Wage negotiation processes are conducted at employer level. These engagements determine negotiated conditions of employment and enable labour stability.

In 2022, 5 276 employees (78.2%) (2021: 5 180) were represented by affiliated unions recognised by Exxaro (NUM, Solidarity, AMCU, FAWU and NUMSA).

	Number of employees
AMCU	431
FAWU	47
NUMSA	59
NUM	4 405
Solidarity	334
Total	5 276

The wage agreement signed in 2021 remains effective for three years at Exxaro Coal, Exxaro Coal Mpumalanga, FerroAlloys, Ferroland Grondtrust and Coastal Coal.

Share ownership

GreenShare, our employee share ownership plan, pays dividends during employment. It is open to employees not participating in a management share scheme.

When dividends are declared, participants in service receive a cash payment equal to 560 Exxaro shares minus dividend tax.

Participants do not have capital appreciation rights.

Payment date	Number of active beneficiaries	Number of units	Payment before tax (R)	Payment after tax (R)
June 2022	6 336	3 548 160	41 690 880	33 352 704
November 2022	6 319	3 538 640	56 370 535	45 096 428

In 2022, each beneficiary in GreenShare received a cash payment of R12 400.64.

Workplace harassment policy

This policy provides guidance and awareness, and regulates the prevention of sexual and racial harassment in the workplace.

We reviewed this policy so that harassment and discrimination are not barriers to inclusion, and to ensure that it is aligned with the codes of good practice on prevention and elimination of harassment in the workplace.

Exxaro has a zero tolerance approach to any form of harassment in the workplace. We launched a GBV campaign this year to encourage employees to report all forms of harassment to the available reporting structures.

There were several harassment and sexual harassment cases reported, which were dealt with firmly by management. All sexual harassment cases reported and investigated resulted in perpetrators being found guilty and dismissed. This included senior managers who failed to act when victims reported allegations of sexual harassment.

Employment equity

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

We measure our transformation profile against national economically active population statistics.

We have achieved our employment equity targets over the past five years, aligned with the Mining Charter III, except for our target for women in senior management. Our new employment equity plans for the next five years, aligned with our diversity, equity and inclusion strategy, will address this challenge.

Employment equity	Black male employees		All female employees		Historically disadvantaged people ¹		Mining Charter III targets (%)	
	Number	%	Number	%	Number	%	Historically disadvantaged people	Women
Management category								
Top management	1	33	1	33	2	66.67	50	20
Senior management	34	45.33	17	22.67	51	68	60	25
Middle management	252	39.94	262	41.52	514	81.46	60	25
Junior management	1 166	48.97	763	32.05	1 929	81.02	70	30

Disabled Performance: 1.62% (target: 1.5%)

¹ Includes white female employees.

BEE

Exxaro was certified as a level 3 BEE contributor, retaining our empowerment level and status as one of South Africa's largest and foremost black-empowered and diversified mining companies. Our ambition remains to be a level 1 contributor despite the negative decrease.

Employee engagement continued

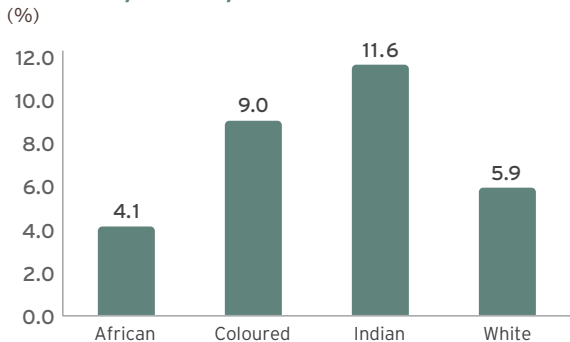
Employee turnover

The turnover rate for the year was 4.4% due to abscondment, death, medical incapacity, dismissal, resignation and retirement (2021: 3.7%).

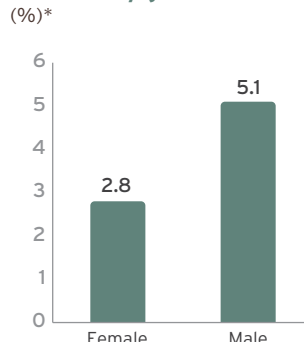
We had 6 745 employees in 2022 (2021: 6 745) with 82.37% in bargaining units (2021: 81.93%) and 17.62% in management and specialist category (2021: 18.03%).

 Refer to the [databook](#) for more detail.

Turnover by ethnicity (%)



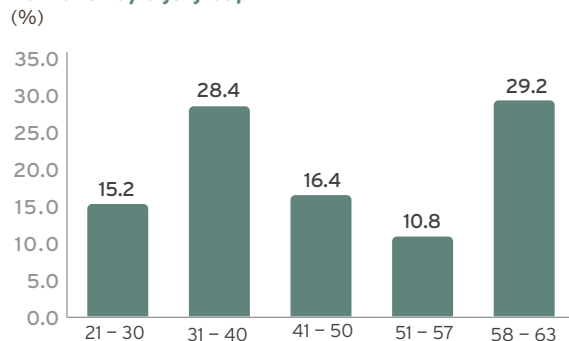
Turnover by gender (%)*



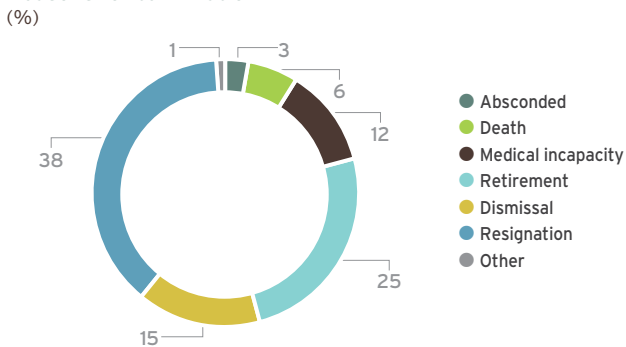
Turnover by category (%)



Turnover by age group (%)



Reasons for termination (%)



Case study: Our GBV and femicide 100-day challenge (media and insights, press releases tab)

We collaborated with government and the Minerals Council in encouraging employees and employers to create a safer environment for women.

Eliminating discrimination and resolving grievances

Guided by our values, we are committed to equal opportunity, irrespective of race, religion, gender, health status, sexual orientation or nationality. We believe that our diversity and differences strengthen our potential.

We embrace the diversity of our strengths and individual skills to enable exceptional outcomes and promote a culture of inclusivity. We therefore invest in upskilling and training managers and supervisors to appropriately apply necessary disciplinary measures.

No cases of alleged discrimination or grievances were filed (2021: zero).


Housing


In compliance with the Mining Charter III and to ensure our business sustainability, we will not support hostel residents after 2025. Our housing strategy therefore encourages employees to become home owners. In addition, bargaining unit employees receive a housing or living-out allowance.

Since 2017, 1 384 permanent employees have received a mortgage repayment subsidy for first-time home buyers. Capital assistance of R125 000 significantly reduces employees' mortgages and improves affordability.

Our converted hostels (single-quarter accommodation or family units) are not fully occupied, with 97 employees living in these facilities.

We paid a housing allowance to 2 272 employees with a registered bond (2021: 1 436) and a living-out allowance to 3 594 employees renting accommodation (2021: 3 329).

 We implemented a new STI scheme ([remuneration report](#) (page 145)) in January to support our Sustainable Growth and Impact strategy. We also introduced a parental leave policy, which was approved by the board. The board also reviewed and approved a disability policy.

 We discuss our approach to child and forced labour, working hours, minimum wage and labour standards under [human rights](#) (page 89).



Cennergi consistently meets job creation targets and did not incur contract termination points or penalties from the DMRE in 2022.

Future focus

We plan to complete another baseline culture and engagement survey in 2023 to track the efficacy and progress of culture integration. This will also highlight areas needing improvement while we continuously improve our employment experience as we live our values with leadership support.



Employee engagement at The conneXXion

Managing our talent

To deliver on strategic objectives and ensure business continuity, we need to attract, develop and retain skilled people whose fulfilling careers enable them to contribute to socio-economic development.

We encourage continuous professional development so that we have the right skills, at the right time, in the right place.

Our approach

Talent management is a critical sustainability indicator. We annually identify and measure KPIs as part of the strategic dashboard for talent management and human resources. Our talent management strategy includes strategic workforce planning, talent planning, leadership and capability development, compliance training and reporting, and talent pipeline development activities. The talent management and review processes, combined with succession planning, aim to identify and prepare suitable internal candidates for positions while building a leadership pipeline to address skills shortages.

Our talent management strategy

Talent management evolves with our strategy to support capability development, new ways of working, and succession planning for management and specialist roles, supported by our diversity, equity and inclusion and Social Impact strategies.

Strategic workforce planning	<ul style="list-style-type: none"> Market data informs talent sourcing and development to align our evolving capability framework with our strategic direction (minerals and energy businesses) Stakeholder engagement determines workforce requirements, and learning and development interventions to build competencies that deliver on our business strategy Our digitalised environment enables efficient talent management
Talent planning	<ul style="list-style-type: none"> Development with focus on our employment equity candidates Proactively addresses talent and critical skills shortage and changes when employees are promoted, rotated, resign or retire 30.8%^{RA} D band (2021: 26.3%) and 35.4%^{RA} E band (2021: 30.8%) clusters prepare black employees to occupy higher level positions immediately or for medium-term occupation
Leadership and capability development	<ul style="list-style-type: none"> Leadership programmes were updated in 2022 to include latest capability developments in support of our strategic direction Various leadership programmes (leading, leadership in the connection economy, essential leadership, leadership workshops and launchpad) are aligned with the Exxaro Leadership Way Capability development and preparation for the changing world of work include topics on diversity, equity and inclusion, change management, the fifth industrial revolution and sustainability We continue expanding initiatives to facilitate continuous learning for compliance and personal development to maintain our competitive advantage Our new capability and capacity building framework continues to be developed to reflect changes to business strategy requirements and priorities towards developing employees holistically with greater emphasis on on-the-job training and coaching 83 employees attended various leadership programmes (2021: 121) and 181 enrolled in management programmes (2021: 201) 21 employees enrolled in the University of Cape Town Graduate School of Business Women in Leadership programme
Create a learning culture	<ul style="list-style-type: none"> Creating a culture of self-learning is important to empower our employees to prepare for future roles E-learning and classroom-based training offer: <ul style="list-style-type: none"> Leadership and management development Soft skills training Occupational programmes and technical training by academic institutions, service providers and our Grootegeluk and Matla training centres (accredited by the Quality Council for Trades and Occupations) Ongoing employee development guided by internal processes such as performance achievement, career and succession planning, culture and leadership initiatives, and SLP commitments <ul style="list-style-type: none"> Individual development plans ensure a healthy pipeline of core and critical skills 592 employees registered for open-source online courses (LinkedIn, Udemy, Coursera, Open Sesame and OTT University) There were 96 665 training interventions on the MyNexxt e-learning platform (2021: 80 303) as part of our Digital@Exxaro strategy. Courses included: <ul style="list-style-type: none"> Anti-bribery and anti-corruption: 3 560 Implicit and unconscious bias: 822 Adapt to 4IR: 769 Exxaro Leadership Way: 235 Cybersecurity: 2 318 Microsoft Office: 503 Confidentiality courses: 707
Skills development and training	<p>Annual submission of workplace skills plans and training reports to the Mining Qualifications Authority, Mining Charter compliance to the DMRE and B-BBEE scores to the dtic includes employee information, spend, training and development programmes</p>
Compliance training	<p>Ensuring safety, health and environmental compliance, 83 104 induction compliance interventions were completed through MyNexxt</p>

Our talent management strategy continued

Talent pipeline and feeder schemes

- Comply with employment equity targets and address shortages in critical skills
 - Address engineering (mechanical, electrical and mining) and geology skills shortages with bursaries (second and third-year full-time students in host communities) and our professionals in training (PIT) programme
- Learnerships and feeder schemes training and developing youth with formal qualifications (artisans, miners, trackless mobile machinery and plant operation, and administration)
- Employment opportunities for local youth through formal programmes that ensure a feeder line of trained and skilled candidates
 - Internships establish a feeder scheme for C band positions (graduates receive work experience within a structured training programme that improves employability)
- Adult education and training help employees reach national qualification framework level 1 (grade 9) with functional literacy for health and safety communication, further development, and access to higher level jobs
- Our three-year PIT programme blends academic theory with hands-on workplace experience to prepare employees for current and future business needs (each graduate has a technical coach who supervises exposure to various operations as well as technical, leadership and management training for three years before we guide trainees who meet accreditation requirements to become professional engineers)

Talent acquisition

- Our talent acquisition team encourages sharing of job advertisements on platforms such as LinkedIn to reach a wide audience of suitable candidates
- Most candidates are sourced internally, which indicates that our internal pipeline is healthy
- The majority of positions are filled by black female employees to improve our employment equity profile in senior roles



Cennergi prioritises internal recruitment of high-potential employees to retain talent and grow management expertise. Employees receive STIs based on individual and company performance.

Cennergi invests 1% of its payroll in employee training and development. Cennergi's line managers conduct performance appraisals twice a year to determine training and development needs.

Accountability and responsibility

Line managers and management teams at BUs oversee talent management, supported by our human resources department.

How we performed

We spent R331 million or 6.0% of our payroll (2021: R276 million or 5.8%) on training and development, including:

<p>Job-related skills development (functional and technical training) R198 million (2021: R157 million)</p>	<p>Community development such as portable skills training R10.5 million</p>
<p>Bursaries, training professionals, internships, learnerships and skills programmes R101 million (2021: R104 million)</p>	<p>Support for Youth Employment Service (YES) partners training and developing youth from our host communities R12.6 million</p>
<p>Developing targeted employees in management programmes, leadership roles, postgraduate studies and support functions R7.4 million (2021: R5 million)</p>	

No talent management-related grievances were lodged in 2022 (2021: zero).

Human resources training expenditure	2022	2021	2020
Total training (Rm)	331	276	227
Total training (% of total payroll)	6.0	5.8	5.0
Training of black people (Rm)	275	222	177
Black people trained (% of total payroll)	5.0	4.7	4.0

Case study:

Addressing youth unemployment (media and insights, press releases tab)

We are collaborating with two implementation partners recognised by the YES programme as reliable and trustworthy with a proven track record of high-impact skills development and social entrepreneurship projects in our host communities.

Case study:

Supporting women in leadership

A total of 21 employees (80% black females) enrolled in our inaugural Women in Leadership programme in September 2022. This partnership with the University of Cape Town Graduate School of Business aims to reach all employee levels in line with our diversity, equity and inclusion strategy.

Managing our talent continued

Developing our talent

We continue to build our talent pipeline by educating marginalised groups (people with disabilities, deserving students from host communities and women). This aligns with our diversity, equity and inclusion strategy, future planning for the minerals and energy businesses, and compliance with employment equity targets.

We are committed to identifying full-time students (in their second and third years of core engineering, information technology (IT), geology and business support service studies) from our host communities.

Young graduates, as PIT participants and interns, receive formal training and mentorship in our development programmes.

We support our women in mining drive by growing this talent pipeline through our PIT programme and other empowerment initiatives such as:

- Fast-tracking, mentorship, and executive coaching programmes
- Gender mainstreaming and sexual harassment awareness
- Enabling young women in our communities to plan their careers and acquire skills (including the Edumap bridging programme for matriculants to improve their maths and science results)
- Aiming to increase the number of black women in our feeder schemes and talent pipeline through our employment equity plans

• Women

- Female employees represent 29% of our workforce (2021: 26%)
- 50% female PIT graduates (2021: 41%)
- 63% black women full-time bursars in engineering and mining disciplines*
- 56% women in learnership and internship feeder schemes (2021: 51%)
- 31 black women sponsored at technical and vocational education and training (TVET) colleges to improve access to formal learnerships such as artisan training (2021: 23)

• Training professionals

- PIT programme graduates in our talent pipeline: 89 (89% black South Africans) (2021: 85) at a cost of R42.6 million (2021: R45.4 million)
- Full-time bursars in engineering and mining disciplines*: 52 (2021: 28)
- Invested in bursaries to address engineering skills shortages: R3.8 million (2021: R2.4 million)
- Matriculants supported in Edumap maths and science bridging programme: 10 (2021: 10)

• People with disabilities

- Black South Africans with disabilities supported at local tertiary institutions: 20 (55% black women) (2021: 10)
- Bursars and interns supported by classroom-based and online workshops, and training on our MyNexxt learning platform: 40 (2021: 19) (we raise awareness among colleagues about the available full-time bursaries and learnerships to create a recruitment pipeline)

* South Africans at local universities.

Feeder schemes	In training	Black people	Black women
Engineering learners	536	508 (94%)	274 (51%)
Miner learners	75	75 (100%)	43 (57%)
Operator learners	194	193 (99%)	121 (62%)
Internships	210	210 (100%)	121 (57%)
Business administration learners	43	42 (97%)	41 (95%)

As interest in adult education and training (5% of our employees) is low due to the age profile of our workforce, we offer portable skills training in welding, plumbing and civils for entry level employees.

Adult education and training	2022	2021	2020
Investment (Rm)	1.57	1.02	0.7
Employees enrolled	4	3	9
Community members enrolled	52	89	62

Developing talent bench strength

Our mentorship programme, informed by succession planning for our leadership pipeline, supports employees who aspire to develop into leadership positions. This is critical for employee development within our diverse organisation.

We had 40 employees (77% black people and 32% black women) in our 24-month mentoring programme (2021: 32). Demand for mentorship is high – 35 employees attended mentee training and 12 trained as mentors.

High-potential candidates receive training, on-the-job experience and mentoring through our fast-tracking programmes. We placed 52 candidates (95% black people and 69% black women) in our fast-tracking programme (2021: 64).

Talent acquisition

We appointed 16 external Paterson D band (middle management) candidates (100% black people and 69% black women) (2021: 25) and 40 internal candidates (80% black people and 38% black women) (2021: 48).

In the Paterson E band (senior management), we appointed one external black candidate (100% black women) and three internal black candidates (2021: two and three respectively). Due to our well-managed succession planning and leadership development process, there is an increase in our internal placement rate.

We advertise opportunities on virtual platforms and career fairs with accredited universities, and engage with disability units at the University of Pretoria, Wits University and North West University to place suitable graduates.

Grootegeluk transformation journey

Grootegeluk is committed to achieving employment equity goals not only as a social imperative, but because it also plays an integral part in embracing South Africa's diversity. We recognise the important role women play in mining and we strive to attract more women across all levels of the business. Through the support of the WiM committee and transformational leadership at Grootegeluk, we created an inclusive work environment for women. We have also been deliberate in developing our own internal talent to establish a pipeline that can progress through the various levels – learnerships and PIT programmes, and fast tracking identified employees through specific career pathing and leadership development. We are committed to local employment through broadening the skills base within mine communities.

At the end of 2022, Grootegeluk achieved and exceeded the Mining Charter III HDP targets in all management categories (D band and above) and HDPF targets at middle management (D band) and junior management (C band). Our senior management (E band) HDP representation moved from an actual 25% to 81% while the middle management progressed from 60% to 74%. We are currently at 33% against the HDPF target of 25% for middle management and junior management is at 32% against the target of 30%. The people with disabilities target is also exceeded by moving from an actual of 1.3% to 1.64%.

Appropriate learning interventions

We are aligning our learning interventions so that employee development improves capabilities through formal studies in traditional programmes and new capabilities support renewable energy, digitalisation and the new world of work.

We also provide university-accredited short courses in competencies to support new capabilities such as automation, neuroscience, change management, data analytics and digital business strategy.

Formal studies	Total enrolled	Black people	Black women
Postgraduate ¹	9	6	4
Undergraduate ¹	17	16	5
New skills short courses ²	44	33	20

¹ South African universities.

² South African and international universities.

We strive to fill vacancies with black people, with specific preference given to black women.

Our human resource and digital value chain teams meet every quarter to keep abreast of technological advances in training. This helps to keep our programmes up to date (including Adapting to 4IR on MyNexxt, Power BI and dashboards, and our data science programme language curriculum). We currently offer classroom-based training, e-learning platforms, simulators, virtual reality, webinars and masterclasses.



Cennergi has started recruiting key skills and will aim to further the objectives of diversity and inclusion in the renewable energy sector.

Future focus

We will address our out-of-appetite B-BBEE score for spend on bursaries awarded to black people with initiatives that will reach more students who have not already received funding from the National Student Financial Aid Scheme.

In addition, we will focus on finding solutions to recruit qualified black women, particularly in our Lephalale labour-sending area where there is a shortage of suitable candidates with engineering qualifications.

Our planned interventions will develop relevant core and functional capabilities for current and future businesses.

Case study:

 **MyNexxt provides lifelong learning (sustainability, case studies tab)**

Employees and contractors completed 96 665 courses on our MyNexxt learning platform in 2022.

Communities

“We know that there is a better place to be tomorrow than where we are today.”

Dr Nombasa Tsengwa

Our approach





The board approved the Social Impact strategy in November 2022. The process undertaken to arrive at this point manifested the compliance approach to our community development and engagement and confirmed the need and drive to shift to a market-driven approach. While we can claim success, through implementing our SLPs, the compliance approach leaves very little evidence of the investment and development undertaken over a long term.

Compared to a market approach, a compliance focus to community development is short term in its inputs (investment horizon, resource allocation) and expected outcomes (avoid suspension or confiscation of a mining right). This perspective is held by all participants involved in the development and implementation of SLPs. As such, it is not surprising that, in an environment of increasing social distress, community unrest has increased despite a R6.4 billion (R4.0 billion in affirmative procurement) community investment. We limited the impact on business continuity and ensured safety of man and machinery. However, the potential for this negative community sentiment to escalate could negatively impact our ability to succeed with our growth strategies. Our Social Impact strategy is therefore a shift to a multidimensional approach to inputs and expected outcomes. We will continue to address compliance requirements with increased focus and on a larger scale, complemented by discretionary expenditure and collaboration.

 Our Social Impact strategy is embedded in the objectives of our [Sustainable Growth and Impact strategy](#) (integrated report, page 44).

Six funding structures serve as conduits for community donations and sponsorships, namely the Exxaro Chairman’s Fund and Foundation, Matla Setshabeng NPC, Amakhala Emoyeni Community Fund Trust (AECFT), Tsitsikamma Community Windfarm Trust (TWFT), Tsitsikamma Development Trust and ESD programme. These funding structures are collectively referred to as Exxaro Group Social Investment Structures, which are funded through various sources such as the revenue generated from BUs and dividends. Some funding is compliance driven, such as SLPs and the dtic scorecard, and others are value-add investments beyond compliance, such as funding from Matla Setshabeng NPC.

Social Impact strategy funding sources

-  **Exxaro** receives contributions from BUs and co-investors (suppliers) for the implementation of SLP projects and CSI projects respectively
-  **Matla Setshabeng NPC** receives dividends from a 5% shareholding in Eyesizwe (30.52% BEE shareholder in Exxaro). Matla Setshabeng NPC is a broad-based benefit structure established to fulfil shareholder requirements during formation of the replacement BEE ownership transaction
-  **AECFT and TWFT** receive 2.1% of revenue generated by the windfarms, which must be spent quarterly on socio-economic upliftment and enterprise development projects within 50km of the windfarms
-  **Tsitsikamma Development Trust**, which owns AmaMfengu land where the Tsitsikamma community windfarm is located, has a 9% shareholding in the company and receives dividends distributed to beneficiaries
- **ESD programme** receives funding from Exxaro, based on 3% of NPAT, as required by the B-BBEE codes. These funds are disbursed as interest-free loans and grants for supplier development (2% of funds in Exxaro’s supply chain) and enterprise development (1% of funds outside Exxaro’s supply chain)
- **Socio-economic development initiatives** receive funding from Exxaro based on 1% of NPAT as required by the B-BBEE codes, designated expenditure by the Exxaro Chairman’s Fund and Matla Setshabeng Development NPC, voluntary initiatives, and donations to charitable organisations
- **Exxaro Mountain Bike Academy** receives annual funding from Exxaro to support youth in a programme that helps them complete schooling and develops knowledge and skills that provide employment opportunities in sports
- **Concessional land leases** to emerging farmers on land rehabilitated or no longer required for mining activities and commercial purposes
- **Land packages** donated to local government and SMMEs for, among others, human settlements and agricultural areas

We are consolidating and simplifying our governance infrastructure to enable the pooling and application of internal resources and capabilities, and optimising financial management. This will also enhance the delivery of impact at scale.

The social challenges in our communities are vast and systemic, and require a long-term perspective to implement effective solutions. The Social Impact strategy is a proactive response to step up and shift our community engagement and development efforts aligned to our purpose and provide an operating context conducive to achieving our growth ambitions.

Our Social Impact strategy enables us to deliver impact at scale through the following key principles:

A market-based approach that integrates social, environment and economic outcomes

Long-term planning, aligned to the life of operations and incorporating post-mining livelihoods

Design for larger projects that will enable multiplier effects

Optimising existing resources and capabilities and recognising the power of partnerships

Future SLPs will be planned in terms of social impact principles and impact areas in consultation with communities and government when developing municipal IDPs. We are engaging with the DMRE on a similar approach for the REIPPP to adopt a longer-term investment in communities around Cennergi's windfarms. Future mining and renewable energy operations will incorporate social impact principles. Alongside regulatory expenditure, discretionary expenditure continues from the Exxaro Chairman's Fund and Matla Setshabeng Development (primarily directed at complementary projects developed through the SLPs and REIPPP) – for example, where SLP projects develop school infrastructure (as required by the DMRE), discretionary funding will complement teacher development and other related programmes.



Amakhala Emoyeni and Tsitsikamma focus on **education and skills development, social welfare, healthcare, general administration, and enterprise development**. To ensure transparency and community participation, Cennergi founded the AECFT and TWFT to disburse funds and manage programmes. Community projects outside a 50km radius of the windfarms are funded through Cennergi's CSI budget.

Social Impact strategy

Selected areas for investment and impact at scale, which will provide for sustainable livelihoods, are:



Accountability and responsibility

The SERC, through its statutory provisions, has oversight of community engagement and development. This committee will oversee the implementation of the Social Impact strategy.

The Social Impact strategy is an integrated approach of several executive functions, including human resources, sustainability, stakeholder affairs, and supply chain to maximise its development, impact and sustainability. The executive head: stakeholder affairs, has been delegated with the role and responsibility for integration and execution.



Cennergi's internal community liaison officers and local community trustees oversee formal and informal community engagement with local communities, mayors, government departments and other groups such as local business forums and youth, among others.

Communities continued

How we performed

While we developed the Social Impact strategy, we continued implementing prevailing five-year SLPs, REIPPP socio-economic and enterprise development, and other CSI initiatives across the business.

Although our implementation performance on existing SLPs was poor, REIPPP and other CSI expenditure was satisfactory.

The implementation of SLP projects at our coal operations was poor due to factors which were addressed, and which included interruptions to construction processes and poor execution capability. Consequently, the SLP implementation schedule was delayed by 16% compared to a target of 0% and the expenditure was 40% behind compared to a target of 0%. We are pleased with the improvement in the performance of both indicators in the first quarter of 2023.

Community expenditure	2022	2021	2020
SLPs	R13.38 million (2.83%)	R56.44 million (23.38%)	R27.5 million (14%)
CSI (including disaster relief)	R167.93 million (35.54%)	R57.28 million (23.73%)	R79.8 million (40%)
ESD financial contribution	R291.2 million (61.63%)	R127.7 million (52.9%)	R55.4 million (28%)
Total	R472.51 million	R241.42 million	R198.64 million

SLP project benefits include:

- The GaNala ESD incubation hub built at Kriel in 2017 continued to train 17 entrepreneurs in 2022
- Securing of Bonginhlanhla school infrastructure delivered in 2020
- Preparation phase of an ECD resource centre at Lephalale supports 49 other centres with learning material and training
- Electrical and road infrastructure as well as education projects approved for Matla 2020 to 2025 SLP with an anticipated positive impact for 22 000 beneficiaries in the Emalahleni local municipality
- The non-operational Thabametsi mining right (2020 to 2024) SLP proposal reinforces 2015 to 2019 projects to ensure sustainable sanitation infrastructure for long-term impact
- Grootegeluk 2023 to 2027 SLP proposal focuses on IT infrastructure, manufacturing, healthcare, sports, arts and recreation (as in the Marapong precinct)
- Tshikondeni's 2023 to 2027 SLP proposal addresses agricultural irrigation infrastructure and skills development so that local farmers can grow into the commercial market

SLP project expenditure of R13.38 million (2021: R56.4 million) covered some projects in planning and implementation stages as outlined below.

	Total spend to date	Beneficiaries	Jobs created	Status
Belfast roads rehabilitation project	R5.3 million	48 000	25	To be handed over to the Emakhazeni municipality
Kriel/GaNala ESD incubator hub	R2 million	17	5	Completed
Lephalale ECD centre	R324 000	2 000	0	In progress
Bonginhlanhla school fence	R322 000	1 200	22	Completed
Marapong sport, arts and culture precinct	R2 million	36 227	0	In progress
Marapong water reticulation project	R2.5 million	(21 720 youth)	31	Completed
Total		87 444	83	

The REIPPP expenditure activities at our renewable energy business performed better, despite the intensity of quarterly expenditure targets to maintain and fulfil licence to operate and related conditions. This business is required to spend 2.1% of quarterly revenue on socio-economic development (1.5%) and enterprise development (0.6%) activities in communities affected by its operations.

Case study: Powering knowledge for communities (sustainability, case studies tab)

Powering Knowledge, Exxaro's learning platform for communities, expanded horizons for 56 learners around Grootegeluk and Belfast in 2022.

Case study: Meaningful transformation as a change agent (media and insights, press releases tab)

We are among South Africa's change agents, using lessons learned as a founding member of the Impact Catalyst, effecting meaningful environmental and social transformation across the country.



Cennergi's socio-economic and enterprise development programmes

TWFT

Total: R10.7 million invested in host communities (2021: R10.6 million), reaching 3 185 people and creating 67 jobs

- **R1.8 million** on **ECD** (2021: R1.06 million) at **six crèches** (2021: six) for **185 children** (Early Inspiration, as implementation agent, created **26 jobs** with training and capacitation for national qualifications framework level 2 ECD practitioners and cooks, and parental support and educational resources)
- **R189 000** on **monthly stipends** (2021: R89 000) for **five teachers** (2021: two) to fill vacant posts at Qhayiyalethu High School and Loerie Primary School in the Eastern Cape
- **R2.6 million** on **bursaries** (2021: R2.1 million) coordinated by Masinyusane for 20 (2021: 20) students
- **R229 193** on **coding and computer literacy training** for **404 learners** in grades R to 3 at Loerie Primary School (created **two temporary jobs** for local unemployed youth and assisted **16 teachers** in partnership with professor Jean Greyling of Nelson Mandela University)
- **R88 879** on **free internet connectivity** for **654 AmaMfengu households** (Wittekleibos, Snyklip and Ekuphumleni communities) in partnership with Herotel to access online procurement platforms, SMME funding, jobs, entrepreneurship workshops and seminars, among other opportunities
- **R3.5 million** on **renovating** Wittekleibos community hall (2021: R1 million) to be completed in March 2023 (partnered with East Cape College to train 20 unemployed youth in bricklaying, carpentry and general construction, created **20 temporary jobs** and empowered **seven local SMMEs**)

AECFT

Total: R13.8 million (2021: R13.7 million) invested in host communities (reaching more than 10 people and creating 276 jobs)

- **R1.2 million** on Adelaide and Bedford water solution project (2021: R0.9 million) (created **95 temporary jobs**, **supported four local SMMEs** and delivered **clean water to 3 295 households**)
- **R4.6 million** on **construction** (2021: R0.5 million) of Nceduluntu ECD centre in Adelaide (created **67 temporary jobs** and **supported five local SMMEs**. More than 40 children have access to quality early childhood education)
- **R1.6 million** on **bursaries** (2021: R1.4 million) for **15 students** (2021: 15) from Cookhouse, Bedford, Adelaide and Somerset East to acquire scarce skills at South African universities and TVET colleges
- **R388 000** on **monthly stipends** (2021: R22 400) for six assistant teachers (2021: 10) and one administrative clerk (2021: one) at Nojoli Primary School, Templeton High School and William Oats High School (created **eight temporary jobs** benefiting more than **1 000 learners**)
- **R91 258** on code 14 **driver licence programme** (2021: R398 638) for 20 unemployed youth (2021: 20) from Adelaide, Bedford, Cookhouse and Somerset East (**three graduates** to date)
- **R0.5 million** on **renovating and fencing** (2021: R0.4 million) at Mzamohle Clinic in Bedford (created **32 temporary jobs** and supported **two local SMMEs**)
- **R107 601** on **construction** (2021: R3.1 million) **of a farmworker's house** (2021: seven) at Varkeinskuil
- **R3.4 million** to support **agriculture, baking, sewing, waste recycling and general trading SMMEs** (partnered with South African Institute of Chartered Accountants (SAICA) Enterprise Development) (2021: R3.9 million)

In comparison to 2021 expenditure of R113.72 million, R181.31 million was spent on socio-economic development initiatives, including education, welfare, agriculture development and health.

Case study: Restoring community livelihoods

The Phumulani agri-village community is a resettled community that was relocated during the Belfast implementation project. The Phumulani agri-village food garden is aiming to create sustainable employment, improve food security and stimulate the local economy with donations from Exxaro (R6.7 million in 2022).

A multi-stakeholder partnership between Exxaro, Siyakhana Growth and Development, the University of Johannesburg and Komatsu, the project is designed to share skills development, sustainable livelihoods, access to markets and social cohesion. Its long-term plan is to create an ecosystem of agricultural productivity for the village. Land donated by Exxaro will generate income streams within the community to help families sustain their livelihoods.

The project began in February 2022 with 10 unemployed community members (aged between 20 and 76) selected for professional knowledge and skills development to operate an organic food garden.

Community members are trained and mentored by the NPO Siyakhana Growth and Development in collaboration with the Centre for Ecological Intelligence at the University of Johannesburg. The NPO is the change agent addressing food security and nutrition while supporting sustainable smallholder enterprise development.

The beneficiaries receive AgriSETA accreditation for soil fertility and nutrition, operating hand tools and basic equipment, and infrastructure and natural resource management (including pest, weed and disease control). Certificates were presented at a ceremony in May 2022.

The project currently has two greenhouse tunnels using a drip irrigation system to conserve water for the food garden. Vegetables are grown organically with manure from the garden waste.

Communities continued

Invested in social investment projects for local economic development (SLPs and CSI)

R181.31 million (2021: R113.72 million)

Jobs created

583 (2021: 205)

Number of community members benefited

1.26 million (2021: 53 000)

Invested in CSI

R167.93 million (2021: R57.28 million)

Beneficiaries

1.17 million, including university research chairs and GBV campaigns (2021: 300 000)

Invested in SLP projects

R13.38 million (2021: R56.44 million)

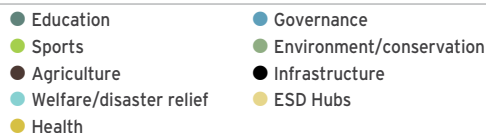
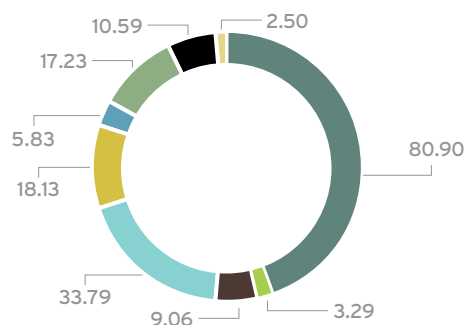
Implementation of **current five-year SLPs continues** at BUs until completion as per our mining right commitments in Limpopo and Mpumalanga

A **combined total investment** contributed by Exxaro and Cennergi in socio-economic and enterprise development programmes: **R205 million**

Social investment projects in local economic development

(Rm) excluding ESD financial support

Total social investment R181.3 million (2021: R113.72 million)



Education investments

R80.9 million invested in community education to benefit 41 000 learners

Lephalale local municipality

- R8.1 million budgeted (R5.7 million for infrastructure) to benefit 49 ECD centres from 2022 to 2024
- R11 million spent on laptops for 449 learners, teacher training programme, ongoing technical support, and hybrid maths and English education for 28 high schools until 2024
- R372 000 spent on bursaries for 31 engineering students at TVET colleges
- R500 000 spent to establish a food garden for 300 learners at Letupu Secondary School
- R350 000 spent on a career expo to benefit 1 592 learners

Emakhazeni local municipality

- R86 000 for recruitment and placement of 15 ECD practitioners in Hope Academic and Skills Centre for professional training
- R36 000 on 10 laptops to promote 4IR at Imemeza Secondary School

Lephalale and Emakhazeni local municipalities

- R756 000 donation of school shoes and sanitary towels to 11 000 learners

Waterberg, Nkangala and Mogalakwena district municipalities

- R2.5 million spent on winter camps for 3 165 grade 12 learners

Nkangala district and Lephalale local municipalities

- R30 million on phase 1 of WiFi connection for 37 schools, establishment of 20 school laboratories and 14 community hot spots
- R1.3 million on Edumap bridging programme for 10 students
- R64 million partnership with Curro through the Ruta Setshaba Foundation to provide underprivileged learners in Limpopo and Mpumalanga with access to quality education for the next nine years (R2 million invested in supporting 20 learners at Curro in 2023)

Nkangala district municipality

- R400 300 was spent on audiology programme (screening, fitment of hearing aids by qualified audiologists and referrals) for 931 learners in grades 4 to 7 at four schools (nine received hearing aids and 326 specialist wax removal). In 2021, we focused on eye testing and the provision of prescription glasses to learners

Tshwane

- R1.1 million on eye tests for 5 748 learners at seven schools (427 received prescription glasses)
- R350 000 on career exhibition at head office for 322 grade 11 learners from Olievenhoutbosch Secondary School in Centurion
- R300 000 on seedlings and gardening tools to establish food gardens at Matseke Primary School for 930 learners, Kgabo Primary School for 1 345 learners and Sefako Makgato Primary School for 1 542 learners

Case study: Nceduluntu ECD centre

Cennergi's AECFT funded the construction of a new ECD centre in the Eastern Cape. Children and their parents weren't comfortable in the original centre that needed extensive renovation after a storm. Four local SMMEs created 57 temporary jobs during construction of the new centre.

Highlights and challenges of community initiatives

Municipal capacity building programme	<p>The second phase of the programme, in partnership with the NBI's technical assistance, mentorship and development team and government's CoGTA, mentored permanent senior employees of the Waterberg district municipality. This three-year programme will end in March 2024.</p> <p>The key successes in phase 2 include potential access to funding as financial management skills improve, enabling the pathway to improving service delivery.</p>
Volunteerism	<p>Our employees were involved in community volunteer projects during working hours. In some areas, we collaborated with the Siyakhana NPO to establish food gardens at schools, and at the Phumulani Agri Village (resettled Belfast community), responding to access to food and nutrition.</p>
Matla Setshabeng NPC	<p>Matla Setshabeng NPC delivered high-impact initiatives at a cost of R127 million (2021: R10 million) for 1 171 743 community members.</p> <ul style="list-style-type: none"> • Lephalale and Mpumalanga spend <ul style="list-style-type: none"> – R30 million on an information and communications technology programme: The programme started in 2022 and will provide infrastructure for internet connectivity to 37 schools and 14 community centres reaching 42 000 users. The programme will be completed at the end of 2023 – R64 million in partnership with Curro through the Ruta Setshaba Foundation to give underprivileged learners access to quality education for the next nine years (R2 million invested in supporting 20 learners at Curro in 2023) – R10 million through Gift of the Givers for emergency response to floods in KwaZulu-Natal and fires in the Western Cape – The Impact Catalyst also funded the feasibility for an integrated waste management study on waste coal ash, waste tyres, landfill waste and waste pickers. The outcome will inform the development of the waste circular economy plan and Lephalale IDP, which will align with Exxaro's decarbonisation plan. It is envisaged that 100 jobs will be created and 60 SMMEs will participate in the waste beneficiation economy in 2023 • Tshikondeni spend <ul style="list-style-type: none"> – R350 000 in collaboration with the Industrial Development Corporation of South Africa for 100 community members to remove alien vegetation – R1.4 million on employment opportunities for 600 people developing 300ha of land for citrus farming with access to markets • National spend <ul style="list-style-type: none"> – Exxaro contributed R15 million towards R108 million raised in partnership with the Gender-based Violence and Femicide response fund. These funds were used for GBV campaigns and establishing care centres/shelters across the country
Challenges	<p>We experienced challenges in implementing our SLPs due to poor capacity of local service providers. This resulted in iterations to find replacement contractors, resulting in delays to execute projects. However, we successfully prepared and submitted new SLPs. This entailed extensive stakeholder engagements, calls for proposals from communities and local municipalities, feasibility studies and consultations to conclude applications for new SLPs to the DMRE. We also submitted proposals for Thabametsi (2020 to 2024), Grootegeluk and Tshikondeni (in closure) (2023 to 2027) SLPs at year end. The DMRE approved the Matla (2020 to 2025) SLP in 2022. The submitted SLPs align with our Social Impact strategy, which leverages the work done in the previous SLP cycle in an incremental, sustainable pattern to promote collaborative partnerships for greater impact.</p>

Enterprise and supplier development

The ESD programme achieved record disbursements and played a role in the achievement of the procurement targets described from page 86. Driven by a higher group NPAT, the programme had to spend a much higher amount within the year to ensure compliance with the dtic B-BBEE codes. Given the high coal prices, the forecast NPAT was much higher than budgeted at the beginning of the year. All efforts were invested to achieve the higher target, however, there were fundamental constraints that prevented us from achieving our ESD compliance goal. Firstly, resource constraints to spend more money and secondly, increasing the volume of ESD funding applications does not improve the number of qualifying applicants. While we reached an annual increase and record disbursement of R291 million, we expect to achieve 9.75 points (65%) out of 15 compared to the target of 13.5 (90%) once the B-BBEE verification for 2022 has been finalised.

Our ESD programme creates wealth, employment and sustainable enterprises for host communities.

Exxaro's ESD initiatives are a crucial component of our socio-economic development response and critical to achieving our strategic objectives. The initiatives provide financial and non-financial support to small businesses in areas where we operate.

Spend: R291.2 million (2021: R127.7 million)
Beneficiaries:

- Qualifying small enterprises (QSEs) and exempt micro-enterprises (EMEs): 30 (2021: 15)
- Youth-owned: 16 (2021: four)
- Women-owned: nine (2021: seven)

Jobs retained: 1 037 (2021: 243)

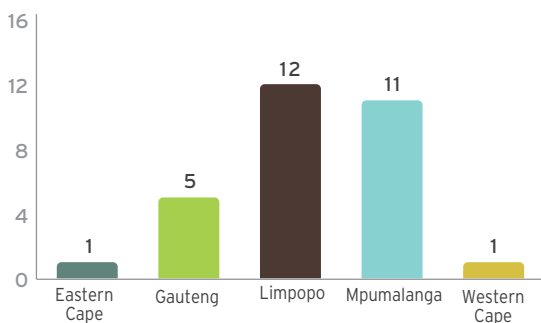


The TWFT established an agriculture mentorship programme to ensure the success of funded projects.

This programme helps emerging farmers transition into commercial farming by improving farm management skills and access to markets.

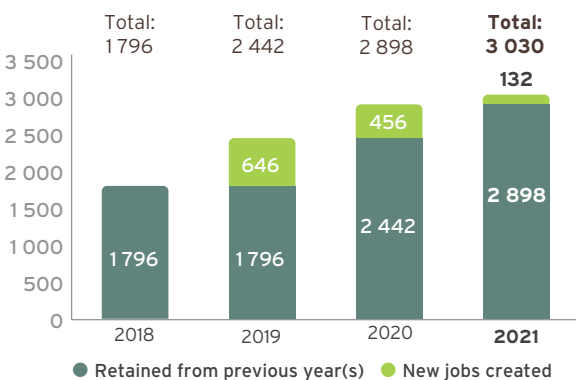
Provincial spread of supported QSEs and EMEs

Total: 30

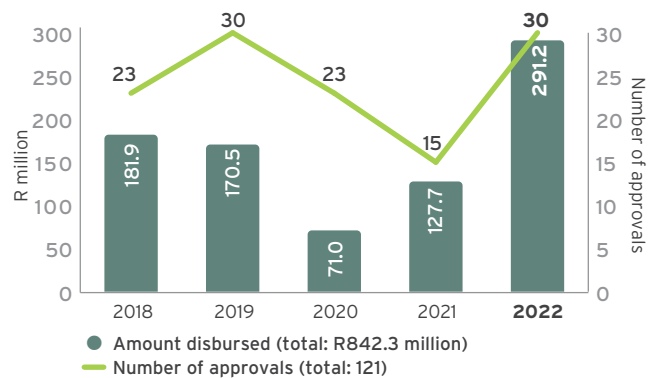


The provincial breakdown of the beneficiaries indicates the ESD programme's objective of focusing on beneficiaries from host communities.

ESD programme beneficiaries



ESD approvals per year



The ESD approvals since programme inception have been a blend between grants and loans, with focus in the earlier years on improving Exxaro's B-BBEE performance from level 5 to level 2. This was achieved and maintained until 2020, where there was a poor pipeline of funding applications due to challenges imposed on SMMEs by COVID-19 and a distressed economy.



<p>ESD loan fund management We support SMMEs in our host communities beyond compliance.</p>	<p>Tsys Capital Group, a National Credit Regulator licence holder, manages our ESD loan fund, which supports SMMEs in our communities. Tsys Fund Managers invests loan repayments and cash in hand in money markets.</p> <p>Our investments consistently outperform the short-term fixed-interest (Stefi) benchmark (5.96% against Stefi's 5.65% in December 2022).</p> <ul style="list-style-type: none"> • Total loans approved since 2018: R578.19 million (R249.21 million outstanding or future-dated repayments and R328.98 million recovered loan repayments) • Investment returns: R22.79 million (interest from invested funds)
<p>ESD non-financial support Our non-financial support programmes complement ESD loan fund management.</p> <p>External service providers address entrepreneurs' challenges:</p> <ul style="list-style-type: none"> • GIBS (business management) • SAICA Enterprise Development (financial management) 	<p>GIBS contractor development programme</p> <ul style="list-style-type: none"> • 69 graduates • Plans to enrol 60 in 2023 <p>SAICA Enterprise Development financial excellence programme</p> <ul style="list-style-type: none"> • 29 graduates • Plans to enrol 60 in 2023
<p>Incubator hubs We deliver on our ESD strategy in each SLP area through incubator hubs, which provide three-year programmes for SMMEs.</p>	<p>Beneficiaries per operation:</p> <ul style="list-style-type: none"> • Matla: 27 • Tshikondeni: three

Case study:

NNT Women Poultry

Cennergi's TWFT supports NNT Women Poultry, a black women-owned enterprise in Wittekleibos.

With R3.1 million from TWFT as well as skills training, infrastructure, a vehicle, tools, equipment, land clearance and fencing, the enterprise supports four previously unemployed women delivering 2 300 eggs to Nulaid every second week.

TWFT plans to enable the business to expand from 1 620 egg layers to 4 000 by 2024.

Case study: Water solution for Adelaide and Bedford

Cennergi's AECFT and the Amakhala Bedford Community Fund Trust have invested R5 million in a water solution for Adelaide and Bedford.

The solution includes water abstraction redesign, repair and servicing of existing pump stations, refurbishment of water-treatment plants, storage and pressure management, a centrifugal solids separator, leak management and groundwater augmentation.

Upon completion in March 2023, 5 871 households in the communities of Adelaide and Bedford will have much-needed water. The project also supports two local black-owned SMMEs who have created 26 temporary jobs.



Supply chain sustainability

Our affirmative procurement initiatives at operating mines remain above target. We spent R1.1 billion (circa 11.4%) of discretionary procurement compared to a target of 10%, on local SMMEs, thus injecting significant value into the local communities. However, the challenge remains large and we will continue to pursue higher levels of this investment through targeted expenditure and skills development to increase both the volume of expenditure and value per expenditure.

We manage our procurement and supply chain processes in terms of our supply chain sustainability strategy and policy to satisfy the diverse expectations of customers, regulators and investors.

Our strategic objectives include:

- Developing and reviewing policies that exceed compliance with legislation (B-BBEE Act, Mining Charter III and SLP commitments) and customer requirements
- Tracking our performance to maintain our licence to operate
- Promoting local economic development in host communities through policies that enable participation of historically disadvantaged suppliers (particularly black youth and women)
- Fostering an accessible, equitable, transparent and responsive supply chain process based on leading governance standards



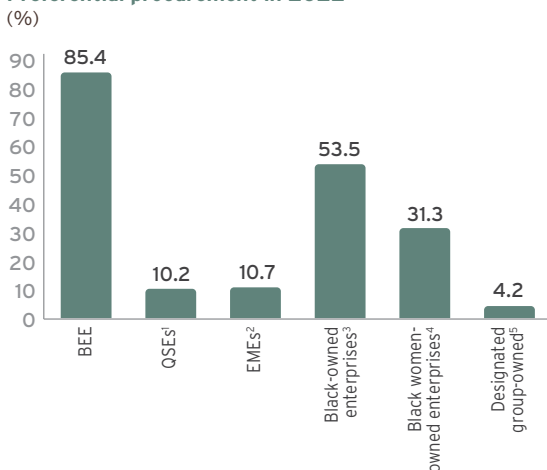
Cennergi's share of procurement sourced from B-BBEE suppliers, QSEs, EMEs and women-owned vendors is tracked against commitments and targeted percentages in the implementation agreement between Cennergi and the DMRE.

Tsitsikamma community windfarm and Amakhala Emoyeni are committed to 60% total procurement from B-BBEE suppliers, 10% from QSEs and EMEs, and 5% and 2.5% respectively from women-owned vendors.

Preferential procurement performance

Exxaro is fully compliant with the requirements of the B-BBEE codes for preferential procurement. We achieved an overall score of 26.9 (2021: 28.3) against a target of 24.2.

Preferential procurement in 2022



¹ Procurement from entities with R10 million to R50 million annual turnover.

² Procurement from entities with less than R10 million annual turnover.

³ Procurement from suppliers who are at least 51% black owned.

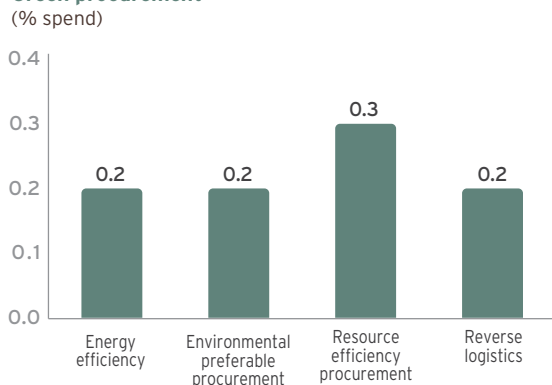
⁴ Procurement from suppliers who are at least 30% black women owned.

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

Green procurement

Green procurement means Exxaro aims to purchase products and services that have a minimal adverse impact on the environment. We spent R133 million on green procurement (0.8% of the total procurement spend). The graph below shows percentage spend per green procurement category.

Green procurement



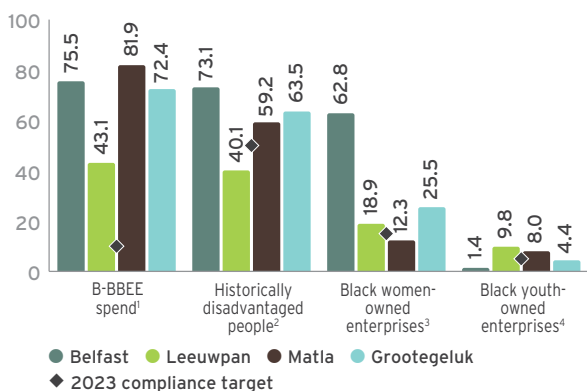
Case study: Khaman Security (sustainability, case studies tab)

After appointing Khaman Security at Amakhala Emoyeni, Cennergi funded the establishment of a security control room as part of supplier development and the AECFT included the company in the SAICA Enterprise Development programme.

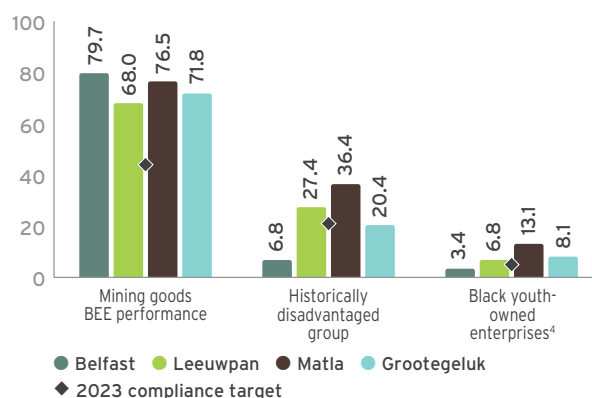
Mining Charter III

As a mining right holder, Exxaro must meet prescribed targets for procuring mining goods and services from preferred groups by 2023. Our inclusive procurement programme focuses on procuring mining services from black youth and black women-owned companies. We exceeded our target of 37.2 points (2021: 31.5) by scoring 40 points (2021: 40) on the Mining Charter III scorecard.

Mining Charter III – services procurement performance (%)



Mining Charter III – goods procurement performance (%)



¹ Procurement from entities with more than 25% black ownership and at least level 4 on the B-BBEE scorecard.
² Procurement from entities with historically disadvantaged people as majority owners.
³ Procurement from entities with black women as majority owners.
⁴ Procurement from entities with black youth as majority owners.

¹ Procurement from entities with historically disadvantaged people as majority owners.
² Procurement from entities with black women as majority owners.
³ Procurement from entities with black youth as majority owners.

Local procurement and localisation

Our supply chain sustainability policy ensures we increase beneficial participation of black youth-owned SMMEs, which is critical to mitigate youth unemployment in our host communities.

We direct over R1 billion of our procurement spend to local SMMEs. We spent R1 097 million (2021: R1.05 billion) with 246 local black-owned SMMEs (2021: 241).

Committed to improving our QSE and EME preferential procurement performance, we also reached the following milestones in our host communities:

- Awarded local contracts worth R525 million (2021: R664 million) to 38 suppliers (2021: 71)
- Procured over 15% (2021: 13.7%) of goods and services from local vendors
- Developed support structures for black contractors
- Simplified the contractor onboarding process with a supplier portal

Ethical procurement

We use e-procurement software (Coupa and Innxico) to reduce the risk of fraud and maintain cost efficiency.

We continue driving ethical and sustainable procurement through our:

- Supplier onboarding process ensuring suppliers are aligned with and understand our policies
- Checks to ensure our suppliers comply with conflict of interest guidelines



Cennergi met its preferential procurement targets for 2022 and did not incur any termination points.

Trade-offs

Compliance costs are increasing annually. With business risks also escalating, planning for uncertainty requires a trade-off between various risks. Exxaro has a target to achieve a level 1 recognition level. However, the required level of expenditure to achieve this target competes with other interests within the business, such as seeking alternative logistics for our export coal to reach markets and business interruption risk, which also have a demand on available financial resources. Consequently, a decision was taken to maintain the current level 3 recognition level, which is still within compliance, to secure the business in the short term. The aspiration to achieve level 1 remains over the next two years.

Supply chain sustainability continued

Case study: SAICA supports enterprise development

The SAICA Enterprise Development programme has achieved the following for Cennergi since appointment in 2021:

- Six beneficiaries completed the programme
- 79% increase in sales
- 89% net profit increase
- 23 new jobs created by beneficiaries
- Investments disbursed to qualifying SMMEs
- Marketing and branding support packages for each SMME

The programme provides monthly access to a business and finance coach as well as accounting, back office, tax, human resource management, and Companies and Intellectual Property Commission compliance support.

Case study: Women in community development

Recognising the lack of women representation in the community development trust and in marking women's day a celebration, Cennergi partnered with the Bedford Women Forum to host a women's dialogue workshop at Msobomvu Community Hall in Bedford.

Hosted under the theme "what is the role of women in community development", over 100 women and girls attended the event. Invitees included women from SAICA, the Eastern Cape Department of Economic Development and a guest speaker, Dr Tumi Vuyolwethu Nkohla, from CoGTA. Cennergi held another successful women's day event attended by young girls from Walmer high school in Port Elizabeth.

Both events encouraged women to raise their hands high in community development initiatives and every aspect of life.



Hope Academic and Skill Centre at Belfast

Human rights

Human rights are the basic freedoms of dignity, fairness, equality and respect.

Exxaro strives to be a responsible steward of natural assets and social capital to uplift host communities.

Our approach

Acknowledging that our operations could negatively impact human rights, we have developed a policy and are committed to implementing processes that align with South African legislation and corporate governance guidelines. At a minimum, we promote human rights set out in legislation, including the South African Constitution, and the following guiding principles:

- Minerals Council South Africa's Human Rights Framework (outlines management practices for South African mining companies)
- UN's Guiding Principles on Business and Human Rights
- International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (guides us in upholding basic human values vital to our social and economic lives)
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (provides standards for responsible business conduct across human and labour rights, and the environment)
- UNGC principles on human rights, labour, environmental and anti-corruption

We are committed to:

- Preventing discrimination, harassment and racism
- Regularly reviewing our human rights processes and policies
- Providing a flow of information that promotes business sustainability through our fraud and ethics hotline
- Encouraging open and honest communication between employees and supervisors



Gennergi has human resources policies that ensure human rights considerations are adequately managed and addressed. Our approach to promoting and protecting human rights is guided by a code of conduct and grievance procedure aligned with South African human rights legislation.

Gennergi is also committed to the IFC's Performance Standard 2 on labour and working conditions, which requires companies to treat their workers fairly, provide safe and healthy working conditions, avoid using child or forced labour and identify related risks in their primary supply chain.

Employees can report human rights violations to supervisors, line managers, the human resources department or anonymously through Exxaro's fraud and ethics hotline.


Exxaro's employment contracts advise employees of their rights to lodge a grievance, without fear of victimisation, if they are dissatisfied. We address grievances in terms of our formal procedure.

Accountability and responsibility

Our SERC committee oversees the consequences of the group's activities and output on its status as a responsible corporate citizen in the protection of human rights on behalf of the board. In addition, the RBR committee has oversight from a risk and compliance perspective, while the remuneration committee focuses on fair and responsible remuneration within the group. The executive committee is responsible for implementing our human rights policy.

How we performed

There were no human rights-related grievances lodged against Exxaro in 2022.

 We redeveloped our [human rights policy](#) (our business, governance tab), which outlines our expectations of employees, suppliers, business partners and other parties directly linked to our operations, products and services. We will continue to embed human rights practices within our business and business conduct and further align these to our renewed policy.

The renewed policy provides guidelines to ensure that we adhere to human rights principles. It is aligned with our purpose to power better lives in Africa and beyond because we believe that all people have inherent fundamental human rights regardless of their differences. As such, we are committed to investing in and developing areas within our sphere of influence for the benefit of our stakeholders.

Human rights continued

The table below outlines how we are addressing key human rights issues.

<p>Governance and ethics</p>	<p>Our board manages impacts on our reputation in the following areas:</p> <ul style="list-style-type: none"> • Economy: economic transformation and prevention, detection and response to fraud and corruption • Society: public health and safety, consumer protection, community development and protection of human rights • Environment: protection of the natural environment <p>To protect human rights throughout the value chain, we prefer contractors and suppliers who share and demonstrate our values, as outlined in our supplier code of conduct.</p> <p>Of the 64 (2021: 54) corruption cases reported against employees, 55 resulted in further action such as disciplinary inquiries, cases registered with the South African Police Service and arrests. Completed disciplinary investigations returned a guilty verdict and resulted in 41 (2021: nine) dismissal cases. None of the cases involving dismissal went to the Commission for Conciliation, Mediation and Arbitration (2021: one).</p> <p> Fraud and ethics hotline (page 97)</p>
<p>Equal opportunities/ non-discrimination and transformation</p>	<p>Our diversity, equity and inclusion strategy protects employees' human rights by preventing discrimination, harassment and racism. It aligns with the South African Constitution and other legislation, the National Gender Policy Framework and the UN Convention on the Elimination of all Forms of Discrimination against Women.</p> <p> Diversity, equity and inclusion strategy (page 68)</p>
<p>Human rights in the workplace</p>	<p>We will not use, cause, demand or impose forced or compulsory labour on any person.</p> <p>As we operate in accordance with ILO conventions on the minimum age for admission to employment and the worst forms of exploitation of child labour, we will not employ people under the legal minimum age of 18. We support legitimate workplace apprenticeships, internships and similar programmes that comply with applicable laws and regulations.</p> <p>We also safeguard employees' physical and mental health with reasonable working hours, leave and holidays guided by the ILO conventions.</p> <p>When necessary, discipline is fair and in accordance with our transparent disciplinary and grievance mechanisms.</p> <p> Protection of employees (page 73)</p>
<p>Freedom of association and the right to collective bargaining</p>	<p>We respect every employee's right to join or form a labour union without fear of reprisal, intimidation or harassment. Where a legally recognised union represents employees, we are committed to establishing constructive dialogue with freely chosen representatives. Supporting the principle of collective bargaining, we are also committed to engaging in good faith with these representatives.</p> <p> Engagements with unions (page 28)</p>
<p>Health and safety in the work environment</p>	<p>We use stringent management protocols, programmes and systems to maintain zero harm in our workplaces.</p> <p> Our approach to health (page 64) and safety (page 62)</p>
<p>Respect for all communities</p>	<p>As a responsible corporate citizen, we respect the cultural values of societies, including indigenous people and traditional authorities in our host communities with specific regard to self-sufficiency, sustainability, health, safety and the natural environment.</p> <p>We believe communities have the fundamental right of access to quality water, affordable electricity, and protection from noise, air pollution and hazardous materials.</p> <p>Until we have specific resettlement guidelines for non-mining-related resettlements, to provide for involuntary resettlement as per the Minerals Council's Human Rights Framework, we are guided by the IFC's Performance Standard 5 and comply with the DMRE's mine community resettlement guidelines, effective 30 March 2022.</p> <p> Community commitments (page 78)</p>
<p>Security</p>	<p>When protest action affects our operations, we are guided by the Regulation of Gatherings Act, 1993 (Act 205 of 1993), our stakeholder management and human rights policies, and our security strategy, aligned with the Voluntary Principles on Security and Human Rights.</p> <p>We also ensure employees are continuously trained in human rights principles:</p> <ul style="list-style-type: none"> • Induction programmes educate employees about human rights and our position against discrimination • We train security personnel in human rights aspects relevant to each operation • Refresher courses include human rights
<p>Environmental management and conservation</p>	<p>Our social impact framework addresses mine closure through our mineral succession planning programme.</p> <p>The minerals succession programme is aimed at assisting black emerging farmers with access to resources in order to ensure that they can commercialise their businesses and to create a positive legacy in the area in the form of secondary economy. The programme focuses on areas where Exxaro (previously Kumba and Iscor) previously operated mining businesses and addresses funding, access to markets, inputs, machinery and training.</p> <p>Planning early for mine closure is critical to protect the future of the environment and society, and to uplift host communities. We therefore prioritise closure planning and mine rehabilitation before, during and after the operating LoM.</p> <p> We are committed to responsible mining, decarbonisation and mitigating the impact of climate change, beyond compliance, as articulated in our Climate Change Response strategy (2020 investor tab).</p>

We frequently conduct due diligence reviews to identify, prevent, mitigate and account for our response to adverse human rights impacts. The process assesses actual and potential human rights impacts, integrates and acts upon findings, tracks responses and communicates how impacts are addressed.

Future focus

We acknowledge that our mining activities could cause conflict with communities and other interested and affected groups and are in the process of appointing a partner to conduct due diligence on our processes and address gaps. We also aim to train our employees in human rights.



Our employee having a lung function test

Governance

The Exxaro board applies good corporate governance to ensure sustainable growth while transitioning to a low-carbon world, an ethical culture and delivering on the promise of human rights.

 Exxaro's board is the focal point and custodian of good corporate governance for the group. The board sets Exxaro's short, medium and long-term strategic direction through our [Sustainable Growth and Impact strategy](#) (integrated report, page 44). By approving a new capital allocation model and budget, setting and monitoring performance and culture expectations as well as a governance framework for the group, the board enables sustainable value creation.

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

Principles guiding our governance

At the core of Exxaro's corporate governance are principles that guide the board in meeting its responsibilities to the company, the group and its stakeholders. These principles enable the company to achieve the King IV governance outcomes and fulfil its purpose to power better lives in Africa and beyond.




In addition, through good governance, our board is committed to contributing positively to achieving SDG 16, which seeks to promote peaceful and inclusive societies for sustainable development, provide access for all, and build effective, accountable and inclusive institutions.





The board therefore regards good corporate governance as fundamentally important to create value and achieve the King IV governance outcomes in its own ethical and effective leadership.

King IV












King IV promotes good governance, transparency in leadership and decision making, and focus on sustainability. Sustainable development, which is understood as meeting current needs without compromising the ability of future generations to meet their needs, is a primary ethical and economic imperative. It is also a fitting response to organisations being an integral part of society, status as a corporate citizen and meeting stakeholders' needs, interests and expectations. Exxaro expresses its commitment to sustainable development through its Sustainable Growth and Impact strategy.

 In line with King IV's recommendation to apply and explain how Exxaro practices good governance, we include our detailed [King IV application register](#) (page 142) in this report. This sets out each principle with an explanation of steps taken as well as Exxaro's policies and processes.

In addition, our corporate governance reporting is structured under the four desired King IV outcomes:

-  [Ethical culture](#) (page 96)
-  [Performance and value creation](#) (page 99)
-  [Adequate and effective control](#) (page 101)
-  [Trust, good reputation and legitimacy](#) (page 106)

Our governance report consists of the following:

-  [Material themes in focus during 2022](#) (page 93)
-  [Our board and executive leadership](#) (page 108)
-  [Board committee reports:](#) (page 120)
 -  [Audit committee](#) (page 120)
 -  [Investment committee](#) (page 124)
 -  [Remuneration committee](#) (page 126)
 -  [Nomination committee](#) (page 130)
 -  [RBR committee](#) (page 133)
 -  [SERC](#) (page 138)
-  [King IV application register](#) (page 142)
-  [Remuneration report](#) (page 145)

Material themes in focus

The following material themes received focused attention in 2022:

-  **Adapting to a changing context**
-  **Responsible environmental stewardship**
-  **Building sustainable communities**
-  **Helping our people thrive**
-  **Executing our strategy**
-  **Driving business resilience**
-  **Principled governance**

These material themes were addressed as follows:

CEO transition

The board welcomed Dr Nombasa Tsengwa as CEO of Exxaro from 1 August 2022, and expressed confidence in her expertise and leadership as Exxaro's first female CEO, taking the company further on its journey to achieving its Sustainable Growth and Impact strategy. She succeeds Mxolisi Mgojo who retired on 31 July 2022. The board thanked Mxolisi, who received a Business Leader of the Year award in 2022, for his invaluable contribution and wished him well in his retirement.

Board diversity and independence

The board expressed commitment to contributing to diversity, equity and inclusion in its composition, and to promote independent character and judgement within the board. To this end, the board achieved the following outcomes:

- Identification of new directors to take over in future as chairpersons of board committees as part of succession planning
- Continued to address independence, gender diversity as well as strategic skills, experience and competencies (including sustainability, ESG, human resource governance, energy and hard rock mining) in line with Exxaro's strategy and succession planning

The following directors were appointed:

Independent non-executive directors	Appointed
Karin Ireton	7 February 2022
Ben Magara	
Billy Mawasha	
Dr Phumla Mnganga	
Nondumiso Medupe	3 January 2023

Ras Myburgh, an independent non-executive director since 1 September 2016, indicated that he would not be available for re-election at the AGM on 25 May 2022 and retired by rotation. The board expressed sincere appreciation to Ras for his dedication, commitment, and invaluable contribution to Exxaro during his tenure as an independent non-executive director and chairperson of the remuneration committee.

Nondumiso Medupe's appointment as an independent non-executive director and audit committee member (effective 3 January 2023) follows Vuyisa Nkonyeni's decision to stand down as a member and chairperson of the audit committee, due to long tenure, at the next AGM. Nondumiso's appointment will be submitted for shareholder approval at the AGM on 18 May 2023.

 [Board composition, diversity and experience](#) (page 108)

Governance roadshow 2022

Following two years of COVID-19 restrictions since the last governance roadshow in 2019, and in an attempt to improve ongoing engagement with shareholders, Exxaro held a three-day governance roadshow with equity shareholders in September 2022.

The purpose was to:

- Introduce Exxaro's new board leadership, represented by the chairpersons of the board and remuneration committee, accompanied by the group company secretary and executive head: stakeholder affairs
- Provide insight on the shareholder structure and returns, ESG performance, Sustainable Growth and Impact strategy, concrete plans to drive decarbonisation, the updated capital allocation model and response to society's needs
- Provide feedback to shareholders on progress in addressing concerns about executive remuneration and incentives raised during the 2019 governance roadshow
- Confirm the board's commitment to Exxaro's Sustainable Growth and Impact strategy, as communicated in September 2021, and listen to feedback about the strategy, capital allocation and other governance-related issues

Shareholders' views were considered and the board committed to continuing the annual governance roadshow to keep shareholders informed about progress in meeting the abovementioned commitments.

Climate change response

We intentionally focus on positioning Exxaro for growth, anchored on the just transition principle, which seeks to balance our financial performance, South Africa's economic development needs, ecosystem protection and society's adaptive capacity in the face of climate change.

Exxaro believes that our greatest opportunity is to help steer South Africa towards a sustainable future through undiluted focus on low-carbon minerals and energy with the goal to be carbon neutral by 2050. The board responded to climate change through its commitment, beyond compliance, to mitigating the impact of climate change with a robust Sustainable Growth and Impact strategy.

The board has oversight of climate-related impacts, risks and opportunities. This is included in the SERC and RBR committee terms of reference and annual work plans.

Actions that honoured this commitment in 2022 included:

- Exxaro continued implementing the National Energy Regulator of South Africa-registered 68MW Lephalale solar project with the first phase of this multi-technology solution, designed for Grooteeluk's demand profile, fast-tracked to reduce up to one third of the BU's scope 2 emissions and significantly save electricity costs
- Review of Exxaro's strategic objective (evident in total carbon abated) to realise our goal to be carbon neutral by 2050 through scope 1 and 2 emission reductions with current initiatives as well as other opportunities presented at COP27 and concrete plans to drive decarbonisation. The objective will be indicated by the total amount of carbon abated
- Review of the minerals diversification strategy in a low carbon future as growth in these future facing minerals become critical
- Exxaro to implement Taskforce on Nature-related Financial Disclosures pilot in the 2023 financial year
- To strengthen our GHG mitigation and business resilience efforts, water security, energy and water efficiency targets have been included as part of the group incentive scheme (GIS) in 2022

 [Climate Change Response strategy](#) (2020 investor tab)

 [Governance oversight of climate change](#) (page 13)

Material themes in focus continued

Transitioning strategic direction

As sustained value creation is founded on good governance and on responsiveness to significant social and environmental challenges, our strategy is continuously monitored and assessed, and formally presented to the board for approval at least once a year. Before executive leadership's strategy presentation to the board, iterative strategy workshops, following bottom-up process, and board governance sessions afford integration of inputs into the group strategy. The board therefore supports King IV principles regarding strategy setting through an iterative process.


As part of the strategy process, a risk and opportunity assessment is conducted, including emerging risks and assessment of material sustainability issues.

Top five risks at the end of 2022:

Unavailability of current rail capacity
Eskom systemic risk
Community unrest
Cybersecurity threats
Health and safety concerns

 [Our business risks and opportunities](#) (page 26) and [our strategy: positioning Exxaro for sustainable growth and impact](#) (page 44) in our 2022 integrated report.

Diversity, equity and inclusion strategy

 Exxaro's [diversity, equity and inclusion strategy](#) (page 68) supports the achievement of our transformation commitments through employment plans, Mining Charter III targets and the B-BBEE scorecard that uphold our licence to operate.

The board approved the strategy in July 2022 when diversity, equity and inclusion principles, strategic priority areas and success measures were identified. The concept of "equity" was added as a key success factor for diversity, equity and inclusion within Exxaro. The strategic objectives include gender identity and equity, racial equity, disability competence, inclusive culture, external inclusivity, leadership, and communication.

Our diversity, equity and inclusion principles include:


Promoting an environment of respect for all
Building an environment of trust
Establishing processes free from prejudices
Zero tolerance of discrimination and harassment
Promoting diversity, equity and inclusion

Exxaro's gender equality charter (launched in 2021) was enhanced with our anti-GBV footprint and implemented in the first quarter of 2022.

Outcomes and value delivered

 Refer to [outcomes and value delivered](#) (page 24) for details.

Corporate calendar 2022

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Approved the group's annual financial statements and final dividend declaration	Approved re-pacing of the Sustainable Growth and Impact strategy relating to minerals and energy as well as capital allocation	Considered the going concern assessment. Approved the assessment of the group's liquidity and solvency in the context of distribution to shareholders and trading statement	Mandated management's COP27 participation
Considered the going concern assessment. Approved the assessment of the group's liquidity and solvency in the context of distribution to shareholders and trading statement	Information management deep dive: information management strategy, governance processes, risk management, applications and current initiatives	Approved the group interim financial results and interim dividend declaration	 Deliberated and approved the group's Social Impact strategy (page 78)
Considered and approved: <ul style="list-style-type: none"> Board committee composition Rotation and independence of directors Group company secretary evaluation Prescribed officer determination 	Considered amended conflicts of interest, gifts and benefits policies	Considered delegation of authority policy and framework amendments. Reviewed board committee terms of reference	Approved the consolidated group annual budget
<ul style="list-style-type: none"> Approved the governance report to be included in the ESG and integrated reports Considered the JSE compliance certificate 	Held the group's third hybrid AGM	Governance roadshow	Approved group delegation of authority and human rights policy
Executed return-to-work action plans to minimise production impact, focusing on cost containment and productivity	<ul style="list-style-type: none"> Strategy sessions First governance session 	Stakeholder days	Second governance session

Governance that supports our sustainability drive

“We conduct our business activities in a way that creates success for Exxaro and society. From how we mine to what we mine, we are stewarding our natural assets and social capital to uplift our communities.”

Dr Nombasa Tsengwa

The company recognises that it forms part of an interrelated community. As such, it may have positive and negative impacts on society and the global SDGs. Exxaro believes that investing responsibly and strategically in commodities will help sustain life on the continent, and is committed to being an environmentally responsible organisation, driving sustainability throughout our business while building on our delivery track record.

The board sets the ultimate direction for sustainability considerations, including committee and individual responsibilities for oversight of sustainability-related impacts, risks and opportunities by ensuring these are reflected in board and committee terms of reference, annual work plans, and other relevant policies and processes. In addition to the board oversight, the executive committee established an ESG steering committee and portfolio management office, which integrates decarbonisation and other critical ESG factors, towards the end of 2022.

The board's oversight of sustainability is best illustrated by the distribution of ESG matters among the respective board committees reporting to our board (as outlined below per committee terms of reference and captured in annual work plans):

	Audit	Investment	Nomination	Remuneration	RBR	SERC
Environmental						
Climate change		X			X	X
GHG emissions					X	X
Energy, water and waste					X	X
Pollution					X	X
Environmental compliance					X	X
Biodiversity and land use					X	X
Resource scarcity		X			X	X
Social						
CSI				X	X	X
Training and education				X		X
Diversity and equal opportunity				X	X	X
Non-discrimination				X	X	X
Human rights				X	X	X
Health and safety				X	X	X
Privacy and security	X				X	X
Labour relations				X	X	X
Local community impact		X			X	X
Governance						
Board diversity and structure			X			X
Board performance			X			
Ethical culture	X		X			X
Executive pay			X	X		
Anti-bribery and anti-corruption	X				X	X
Audit and assurance	X				X	X
Stakeholder engagement	X		X	X		X
Procurement practice	X				X	X
Risk management	X	X			X	
Regulatory compliance	X		X	X	X	X
Internal policies	X			X	X	X
IT governance	X				X	
Tax transparency	X					

Ethical culture

Statement of strategic ethical intent: Exxaro aspires to build an ethical culture based on Exxaro's values. To do this, Exxaro is committed to operating ethically by living the Exxaro values with dignity, transparency, consistency, fairness and respect in all that we do.

Ethical commitment

Recognising that our public reputation is one of our most important assets, the organisation is committed to achieving the highest ethical standards. We recognise our obligations to our stakeholders, particularly shareholders, clients, employees, business partners, competitors, authorities, the environment and the wider community. Maintaining the trust and confidence of our stakeholders is the responsibility of every Exxaro employee. As Exxaro is committed to doing the right thing, even when no one is watching, our employees are expected to be able to distinguish between right and wrong, and commit to what is right. By emphasising our ethical commitment, we continue to grow as a business.

Ethics management strategy

Building organisational ethics is a journey. Our board assumes responsibility for ensuring that organisational ethics is managed effectively and governs the group's ethics to support the establishment of an ethical culture. In line with this responsibility, the board adopted a statement of strategic ethical intent as well as an ethics management strategy. The strategy sets out various strategic focus areas as well as interventions to be implemented and overseen by the group executive committee and management ethics committee. The following strategic focus areas have been identified:

- Ethics awareness
- Ethics accountability and responsibility
- Ethics talk
- Senior management, management and employee commitment to ethics
- Unfair people practices

Code of ethics

Our code of ethics confirms that the organisation's ethical principles promote values such as trust, acceptable behaviour and fairness.

Exxaro values provide general guidelines for interactions with each other and our stakeholders, and reflect what is important to Exxaro and how we conduct ourselves.

The following fundamental values are expressed in the code of ethics:

1	Empowered to grow and contribute
2	Teamwork
3	Committed to excellence
4	Honest responsibility

Our group policies and procedures, relating to specific issues, processes and situations, support the code of ethics. The following policies (with several reviewed in 2022), among others, support an ethical culture:

- Code of ethics
- Anti-bribery and anti-corruption
- Conflicts of interest
- Exxaro's supplier code of conduct
- Fraud prevention
- Fraud investigation process
- Fraud response
- Gifts and benefits from suppliers
- Recruitment and selection
- Whistleblowing
- Insider dealing
- Political donations
- Nepotism
- Diversity, equity and inclusion framework (including people with disabilities policy and gender equity charter)

Monitoring ethical culture

The board monitors the group's ethical culture through its reporting structures, including two board committees (SERC and audit committee), the ethics management committee, the internal audit function, chief audit officer and newly appointed chief ethics officer.

An independent risk assessment by The Ethics Institute in 2021 to measure the state of ethics at Exxaro, focusing on ethical behaviour and ethical culture, recommended that an ethics strategy and management plan be designed to enable Exxaro to actively manage ethics and address identified concerns.

A detailed ethics strategy and management plan were accordingly designed and approved by the board upon recommendation by the ethics management committee, executive committee and SERC.

The risk assessment also measured employees' ethical behaviour, defined as the frequency with which employees observe unethical behaviour on a day-to-day basis in Exxaro. Exxaro group ranked 91 out of 100, which is unethical conduct never observed or rarely observed, and therefore considered low risk. Behavioural risks encountered frequently by employees included bypassing rules and unfair people practices. These risks are addressed in the ethics strategy and management plan.

Ethics talk

Informed by the Companies Act, King IV and strategic focus areas identified in the ethics management strategy, the group company secretary started 2022 by distributing a governance newsletter to the board, the first of which focusing on ethical culture. The newsletter highlighted:

- Ethics is not only compliance with policies, rules and regulations but integrity in doing the right thing because one believes that it is the right thing to do
- Ethical conduct is required of individual directors and the board as a collective

OECD recommendations related to ethical behaviour

ENS Africa conducted an ISO 37001 readiness assessment in 2018 and identified a gap in ensuring that new third-party exposures are assessed as part of a due diligence process. Exxaro has since introduced due diligence processes for suppliers, customers, employees and business partners.

A comprehensive evaluation of the fraud hotline in 2020 identified areas needing improvement such as the composition of the management ethics committee, a process for tabling forensic reports, monitoring BU investigations and updating escalation protocols. All the recommendations have been addressed and reaudited to the satisfaction of the internal auditor. As part of this, Exxaro is committed to an independent review of the hotline every three years. The next audit is in 2024.

In addition, the ethics management training, and anti-bribery and anti-corruption, programmes were reviewed, and the executive committee approved an updated anti-bribery and anti-corruption programme.

Fraud and ethics hotline




We encourage employees and stakeholders to report suspected fraud or corruption to Exxaro's [fraud and ethics hotline](#) (page 128).

The hotline is independently managed and reports to the SERC and ethics management committee.

Due to the importance of retaining the integrity of the hotline, it is necessary for Exxaro to, as far as reasonably possible, protect the interests of the disclosing parties. As the hotline plays an important role in combating fraudulent activities, Exxaro has successfully defended a court application for the disclosure of an anonymous complaint, which could have undermined the system's confidentiality.

Supplier ethics

-  The [supplier code of conduct](#) (supplier tab) was developed to assist employees in selecting suppliers who operate in a manner consistent with Exxaro's values and relevant standards
- The code aims to communicate Exxaro's mandatory selection standards to prospective suppliers
- In addition, it promotes the company's commitment to ethical conduct among suppliers
- As part of the supply chain pre-qualification process, suppliers must disclose details of shareholders, directors and other associates who are current or former Exxaro employees in compliance with the conflicts of interest policy
- Employees who evaluate requests for proposals or recommend contract awards must declare that they have neither an interest in nor a close relationship with the supplier that may be construed as a conflict of interest

Board charter and code of conduct

Our board charter and code of conduct (board charter) regulates the parameters in which the board operates and ensures the application of good corporate governance principles in all dealings in respect and on behalf of the company and the group. It sets out the roles and responsibilities of the board, individual directors, chairperson, CEO, lead independent non-executive director and group company secretary.

The board charter requires board members to be individuals of calibre, integrity and credibility with the necessary skills and experience.

The nomination committee must ensure continuity of directorships and undertake succession planning on behalf of the board. This includes identification, mentorship and development of future candidates.

The board charter was reviewed in 2022 to include consideration by the board of the need for periodic independent assurance in respect of areas such as:

- Infrastructure, IT and systems
- Sound governance of the company including corporate governance, risk management, ethics and internal controls
- Compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

Focused governance sessions

The group company secretary hosts two annual, fixed, governance-related intervention sessions for the board, to which the executive leadership is also invited. These sessions are an opportunity to provide directors with a deeper understanding of corporate governance matters, including an opportunity to focus on new regulations or amendments to the regulatory environment within which Exxaro operates. These sessions are included in the annual corporate calendar to ensure maximum attendance by directors.


The themes of the two governance sessions in 2022 were:

- Regulatory framework I (the regulatory universe applicable to directors and prescribed officers as well as proposed amendments to energy regulation)
- Regulatory framework II (competition law and amendments to the debt and equity listing requirements)

Avoiding conflicts of interest

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

The group has a conflicts of interest policy, which was extensively reviewed in 2022. Focus was on line managers and management assessing declarations received from employees. Additional clarifications and guiding principles were included following questions from employees and learnings from previous years.

 [Conflicts of interest policy and register](#) (reflecting material disclosures in line with the JSE Debt Listings Requirements)

The policy continues to place an obligation on directors, prescribed officers and employees (as well as their related parties) to firstly avoid conflicts of interest. It also lists several unacceptable conflicts that may not be approved when declared.

Annual general declarations of outside interests are required from directors and prescribed officers in accordance with section 75(4) of the Companies Act. In terms of the Exxaro policy, annual declarations are also required from all employees in the group.

In addition to the annual declarations:

- An item dealing with the declaration of interests appears at the beginning of each board, board committee, executive and management committee agenda
- All meeting attendees are required to formally declare that none of them, nor their related parties, have any personal financial interest in any matter on the agenda
- Any director or attendee that declared a conflict of interest or a personal financial interest are excused from the meeting for the duration of the relevant matter being considered
- The abovementioned declarations are recorded in meeting minutes
- A director or prescribed officer must indicate his/her personal financial interest in a matter to be decided through written resolution by informing the group company secretary

Implementation and review of an electronic platform to facilitate reporting, workflow approvals and an auditable communication trail for disclosures by directors and employees began in 2022 and is effective. This includes the gifts and benefits register, director trade clearances and policy management.

Performance and value creation

Strategic direction

King IV articulates the responsibilities of the board, which is to steer an organisation strategically in line with its core purpose and values by approving as well as monitoring an informed short, medium and long-term strategy while considering sustainability-related impacts, risk and opportunities.

The board sets Exxaro's short, medium and long-term strategic direction through our Sustainable Growth and Impact strategy. It enables sustainable value creation through approval of a new capital allocation model and budget, setting and monitoring performance and culture expectations as well as a governance framework for the group.

 [Our strategy: positioning Exxaro for sustainable growth and impact](#) (integrated report, page 44)

Internal reporting

We introduced a new format for internal reporting to the board in 2022. Management is required to detail the outcomes of proposed recommendations to the board in respect of:

- Strategy implications
- Financial implications
- Risk and compliance analysis
- ESG implications

Transparency

The board is committed to clear and comprehensive financial reporting and disclosure as well as constructive shareholder engagement, including transparency of activities and performance. The board therefore ensures that reports issued by the company enable stakeholders to make informed assessments of the group's performance as well as its short, medium and long-term prospects.

Business continuity and crisis management plans


The board adopted an emergency response plan in 2019, focusing on capability interfaces for crisis management and business continuity, to ensure integrated disaster or incident response and recovery.

The RBR committee oversaw the process of updating the following business continuity governance documents:

- Emergency response plan
- Crisis management policy
- Business continuity plan
- Information management disaster recovery plan to reflect changes in the internal and external environment

Furthermore, this process sought to align BUs with the board-approved business continuity plan template, which is aligned to ISO 22301 and British Standards Institution 11200:2014.

Assurance

 Refer to the [assurance report](#) (page 165) for detail on assurance over key sustainability information in this report.

Performance targets to support our Climate Change Response strategy

To strengthen GHG mitigation and business resilience efforts, we included targets on water security and efficiency as well as energy efficiency in the group-wide GIS in 2022.

The energy efficiency targets relate to diesel and electricity consumption. Diesel accounts for over 95% of our scope 1 GHG emissions, while coal-based electricity is 100% of our scope 2 emissions.

Implementation of these two KPIs is a progression of our Climate Change Response strategy, our goal to be carbon neutral by 2050 and further alignment with the TCFD.

Performance evaluation

KPIs track the execution of Exxaro's strategy for the board, board committees, group and energy executive committees.

Exxaro uses a strategic performance dashboard that supports reporting on the achievement of these KPIs. The dashboard was reviewed in 2022 and its reporting philosophy revised. To measure execution of Exxaro's refined Sustainable Growth and Impact strategy, reporting will focus on exceptions (out of appetite or worst tolerable) going forward to ensure execution and tracking of performance towards achieving the strategy and desired portfolio.

Through a cascade principle, the group executive committee drives and reports on the selected board KPIs. The status of the strategic performance dashboard is reported at board meetings throughout the year, focusing on reporting to the board what matters.

 [Strategic performance dashboard](#) (page 19)

Performance and value creation continued

Applying good corporate governance to support the achievement of our strategic objectives:

Purpose: Powering better lives in Africa and beyond					
Vision: Resources powering a clean world					
Capital					
Board-approved strategic objectives	1 Transition at speed and scale	2 Make our minerals and energy business thrive	3 Empower people to create impact	4 Be carbon neutral by 2050	5 Become a catalyst for economic growth and environmental stewardship
Board-approved strategic KPIs and performance	Core operating margin	Capital project delivery	Number of fatalities (page 63)	Carbon intensity (page 41) (scope 1 and 2 GHG emissions)	B-BBEE dtic scorecard (page 71) target
Board-approved targets	20%	0%	Zero	5% less than actual in the previous year	Level 1
Corporate governance measures	<ul style="list-style-type: none"> Board-approved Sustainable Growth and Impact strategy Audit committee oversight on financial reporting matters Investment committee review and monitor material acquisitions, mergers/ investments Enabling Group Governance Framework and group-wide policies 	<ul style="list-style-type: none"> Review of group-wide delegation of authority Subsidiary delegation of authority review in 2023 Revised board and committee reporting template implemented to address strategy, risk, compliance and ESG impacts RBR committee oversight of resilience, risks, compliance and information management governance oversight 	<ul style="list-style-type: none"> Safety performance (page 63) Retain “safety moment” as standing agenda item for all board, committee and executive meetings Board-approved diversity, equity and inclusion strategy Remuneration committee, SERC and RBR committee oversight Board members participate in annual Leadership Safety Day and BU safety indabas 	<ul style="list-style-type: none"> Become carbon neutral through our board-approved decarbonisation plan (page 13) Board composition to include sustainability skills and experience Board-approved climate change response strategy, climate change position statement and performance targets Performance targets included as part of the group-wide GIS in 2022 SERC and RBR oversight Establishment of ESG steering committee 	<ul style="list-style-type: none"> Board-approved social impact strategy Board-approved diversity, equity and inclusion strategy Revised application of Exxaro’s ESD initiatives SERC and RBR committee oversight Board composition through the nomination committee Board-approved policies

Adequate and effective control

Group governance framework

To further allow Exxaro's core businesses to thrive in an increasingly dynamic market and industry sector, and to continue to support the execution of the approved strategy, group governance was extensively reviewed in 2021. The board adopted a framework that provides an overview of governance structures, principles, policies and practices, which together enable the company to meet statutory and regulatory requirements, and direct stakeholder engagements.

The legally sound framework guides monitoring and oversight of business affairs to achieve accountability, authority and sound decision making as well as policies to support the group in achieving the Sustainable Growth and Impact strategy. It is an entrenched governance principle within Exxaro that group-wide policies require board approval. All group-wide policies are therefore submitted to the board for final approval.

The framework sets out the following:

- Statutory and regulatory framework of corporate governance
- Various group governance structures and role players
- Guiding principles that underpin effective corporate governance and describe the role of the board regarding reserved matters, delegations, policies and frameworks that apply across the group
- The roles of:
 - Shareholders and stakeholders, as well as shareholder reserved matters
 - The board, board committees and reserved matters
 - Executive management and the executive committees
 - Independent control functions and structures within the group
 - The holding company, subsidiaries and other entities

Delegation of authority

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

The policy and framework are regularly reviewed to ensure aligned decision making within a changing business environment. This also provides direction and clear delegation of power to management. The framework is adopted by our subsidiary company boards and implemented throughout the group as part of the overall group governance framework.

In 2021, the energy business-specific delegation of authority was subjected to a rigorous review process by the executive and the board with various opportunities to provide input around delegations and oversight requirements. A revised energy-specific delegation of authority framework was approved by the board and adopted by the subsidiary company. Following this, a review of sub-processes was scheduled for 2022 as it is a critical governance pillar to ensure an effective control environment and is a key enabler for the achievement of group-wide objectives.

A comprehensive review of the group delegation of authority framework was conducted in 2022. Major changes were made in respect of legends used to ensure clarity, further enhancements as well as changes to actual delegations. It is planned to provide separate approval frameworks for the subsidiary entities in 2023.

The board is satisfied that the delegations in place contribute to role clarity and the effective exercise of authority and responsibilities.



Board committees

Exxaro's corporate governance structure supports its ability to create value in the short, medium and long term. Through this structure, the board exercises effective control, builds and protects the organisation's reputation and legitimacy. We consider good corporate governance the responsibility of our board, as well as our executive leadership, management and all our employees.

The board committees enable the board to deal with more issues with greater efficiency by having focused expertise considering specific areas on behalf of the board. If approached appropriately, the involvement of a committee should ideally also enhance the objectivity of the board's judgement. Therefore, to assist the board with the execution of its functions, the board delegates activities to board committees through formal terms of reference. It should be noted that the board retains full and effective control of the business and company affairs, and does not assume management's functions, which remain the responsibility of the executive directors, prescribed officers and other senior management.

In 2020, board committees embarked on a significant transformation journey, focusing on reimagining the operating model, acquisitions and evolving the broader business strategy. This was driven by a changing business environment and regulatory developments. To this end, Exxaro revisited and enhanced the respective terms of reference of its corporate governance structures. In line with King IV, these included:

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

The terms of reference of the respective board committees were reviewed in 2022, including key focus areas and annual work plans being revisited.

The board confirms that it is satisfied that the board committees executed their roles and responsibilities. In this regard it is confirmed that the audit committee has executed the responsibilities set out in paragraph 3.84(g) of the JSE Listings Requirements.

Adequate and effective control continued

<p>Audit committee</p> <p><i>Appointed by shareholders</i></p> <p>To fulfil the statutory functions as set out in section 94 of the Companies Act and to assist the board in providing independent oversight of the quality and integrity of inter alia the company's financial statements</p>	<p>Investment committee</p> <p><i>Appointed by the board</i></p> <p>To monitor and report to the board on material acquisition, merger and investment or disposal opportunities and ongoing material transactions related thereto in the scope of the energy and minerals businesses</p>	<p>Nomination committee</p> <p><i>Appointed by the board</i></p> <p>To assist the board with director recruitment in fulfilment of the nomination process; oversee the board's effectiveness evaluation process, induction and continuous education programmes</p>
<p>Remuneration committee</p> <p><i>Appointed by the board</i></p> <p>To ensure the group remunerates fairly, responsibly and in a transparent manner; and to ensure compliance with the JSE Listings Requirements and reporting obligations set out therein</p>	<p>RBR committee</p> <p><i>Appointed by the board</i></p> <p>To oversee that risk management enhances the company's ability to achieve its strategic objectives and annually assure business resilience to absorb and adapt in a changing environment to enable it to deliver its objectives, survive and prosper</p>	<p>SERC</p> <p><i>Appointed by shareholders</i></p> <p>To advise the board on fulfilment of the statutory duties as set out in regulation 43 to the Companies Act and oversee significant impacts of the company on the economy, environment, society and the broader public interest, and to ensure negative impacts are mitigated effectively</p>

 [Board committee reports](#) (page 120)

Subsidiary companies

The board, on behalf of the company, recognises the statutory and fiduciary duties of directors of subsidiary companies and, in particular, their duty to act in the best interests of the subsidiary company at all times whether or not the director is nominated to the board of the subsidiary company (in its capacity as holding company). In the case of a conflict between the duties of a director in a subsidiary company and the interests of the company, as holding company, the duties of the director in the subsidiary company must prevail.

The framework seeks to mitigate possible tension between the holding company and its subsidiary boards through the following measures:

- The board assumes overall responsibility for organisation and strategic coordination within the group, including its vision, mission and strategic direction, and oversees the group's performance
- Control of a subsidiary is achieved by implementing various measures including:
 - Approving its memorandum of incorporation (MoI) and any amendments. In this regard, Exxaro's wholly owned subsidiaries have a pre-approved standard MoI applied on establishment and any amendment will be considered for approval by the RBR committee
 - Election of directors by the subsidiary shareholder (which may be delegated by the board as representative of the subsidiary shareholder in the delegation of authority policy and framework)
 - Establishment and clear communication of the group's general strategy and its adoption by the subsidiary companies
 - Requiring a shareholder vote or consent rights for specific matters as per the subsidiary MoI and the delegation of authority policy and framework (such as amendment of the MoI or election of directors)
 - Adoption of policies for key matters informed by the corporate governance principles and reflected in the framework
 - Adopting the delegation of authority policy and framework on establishment and when it is updated by the board
 - Financial control through capital allocation and budget approval for the group
 - Having regular monitoring meetings among representatives of Exxaro and its subsidiaries (as part of the Exxaro business) to follow up on implementation of directives and performance through regular reporting into the board committees

- Setting a corporate-wide independent internal audit function with a direct reporting line to the group audit committee as well as appointment of the group independent external auditor
- Implementing group-wide risk and compliance management practices and other independent control functions
- Establishing an efficient information management system to monitor key strategic indicators


The subsidiary directors are bound to adhere to the framework and adopted group policies. This does not absolve the directors of subsidiary boards from exercising their fiduciary duties. If directors breach their fiduciary duties, they may be held liable under section 77 of the Companies Act. This responsibility is clearly highlighted for subsidiary directors.

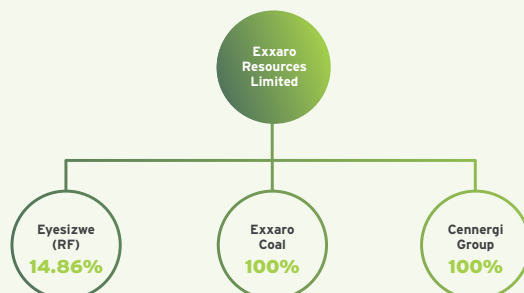
Group-wide control functions

The group control and oversight functions consist of the corporate secretariat, risk management, compliance management, legal, strategy, internal audit and assurance, and finance (as it relates to financial compliance), which are responsible for providing enterprise-wide oversight on operational management and integrated reporting. The heads of these functions have direct access to the board, audit committee and the RBR committee, as appropriate.

The internal audit function does not receive delegations through the CEO but is delegated authority directly by the audit committee to execute responsibilities in terms of the internal audit annual plan. The chief audit officer reports administratively to the finance director (FD).

The board is ultimately responsible for overseeing the effectiveness of the oversight functions and ensuring an effective internal control environment within the group.

 [Ownership structure](#) (page 5)



Board's access to information

The board charter guides our directors and management on the information requirements to be shared with the board while the onus remains on each director to advise the chairperson and/or CEO should he or she be of the opinion that the information provided is insufficient to enable informed decision making.

In addition, the board has unrestricted access to all company employees, information, records, documents and property, and a process to guide directors is provided should such access be required. The board, in carrying out its tasks, may also obtain outside or other independent professional advice it considers necessary to carry out its duties. The required protocols for requests of this nature is set out in the board charter.

Technology and information management

The board governs technology and information management in a way that supports the organisation setting and achieving its strategic objectives.

The board has mandated the RBR committee, as part of its business resilience focus, to oversee Exxaro's ERM process, including key risks facing the company and group and responses to address these risks, including information management risks. In addition, the RBR committee has a specific mandate to oversee governance of the information management strategy as well as integration of overall direction, context and objective for the improvement programme, and ensure alignment with the enterprise business strategy, governance and risk management.

In addition, the audit committee is responsible to ensure adequate IT governance through delegation to the information management steering committee.

Information management risks and mitigation measures are monitored continuously, including assessment of emerging risks, and reported to the RBR committee quarterly.

The top five information management risks identified at the end of 2022:

- 1 Cybersecurity: data theft
- 2 Availability and quality of data
- 3 IT disaster recovery strategy, plan and procedures
- 4 Cyber threat: malware
- 5 Cyber threat: disruption of operations

Cybersecurity remains the biggest identified and managed risk. EY concluded a cybersecurity assessment in 2021, assessing the same metrics as in 2018, and found a substantial improvement across all metrics. Exxaro's scores are much higher than the mining industry peer group. Based on the assessment, a new cybersecurity programme was defined to achieve further improvements. Exxaro's cybersecurity profile (Microsoft Compliance Score) rating at the end of September 2022 was 75.73%, which meets the 70% target for the year with stretch target of 80%.

Integrated ERM

Exxaro's ERM framework provides a process for effective management of all types of risks. We follow a layered approach (top-down and bottom-up) considering all risks and impacts. The same terminology and assessment mechanisms are used across the organisation from finance to projects, safety and operational risk management, etc. A set of risk names is in our risk catalogue, and one impact and one likelihood scale is used across different disciplines to ensure management concentrates efforts and resources on material activities.


The company links all risks, assurance activities and material issues to reduce assurance costs and derive greater value from auditing controls. A tracking and monitoring system is applied for transparency in audit findings to be closed out. The risk management function, through the combined assurance model, coordinates with internal audit to obtain evidence on the effectiveness of treatment and control activities in achieving the desired and planned risk treatment outcome. Assurance providers (internal audit, sustainability KPI audits, external assurance providers, self-assessments and accreditation reviews) monitor effectiveness of significant risk treatments and compliance with regulatory requirements, non-binding rules, codes and standards as well as policies and procedures.

The ERM framework and process are based on principles published by the Committee of Sponsoring Organizations of the Treadway Commission, the ISO 31000 international guideline on risk management and King IV. It also considers applicable codes of best practice such as ISO 9001, 14001 and 18001.

The ERM framework is reviewed regularly to ensure alignment with current governance practice and standards. The board is satisfied that the company and group have a mature risk process that ensures risks potentially impacting its strategic objectives are pursued by management to create shareholder value.

In terms of our group governance framework, risk management is an independent control function across the group and our chief risk officer is a standing invitee to RBR committee and group executive committee meetings.

The strategic risks profile, highlighting the group's material risks, including Cennergi's top risks, and emerging risks are reported quarterly to the RBR committee and the board.

 [Our business risks and opportunities](#) (integrated report, page 26)

Adequate and effective control continued

Beyond compliance

The group is committed to:

- 1 Maintaining high standards of integrity, professionalism and ethical behaviour in its relationships
- 2 Compliance with the letter and spirit of the law and regulations governing its conduct by ensuring the organisation acts with due skill and diligence
- 3 Conducting its business in adherence to statutory, supervisory and regulatory requirements.

While Exxaro drives compliance with relevant regulatory requirements in its jurisdictions, the law serves as a minimum standard of conduct. Beyond complying with the law, Exxaro promotes a compliance culture at all levels.

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

The regulatory environment in which the group operates is regularly revisited by management to identify material legislation and to categorise each using a risk-based approach.

Key focus areas of the 2022 annual compliance plan included:

- Closing out of the Protection of Personal Information Act 2013 (Act 4 of 2013) implementation project with an internal audit to ensure compliance
- Updating regulatory compliance content available to business as well as the compliance calendar

Notwithstanding the regulatory jurisdiction of the business, Exxaro has a compliance function that reports to the chief risk officer. The group governance framework confirms the role of the chief risk officer with respect to regulatory compliance in that the person has oversight over group compliance management to monitor regulatory compliance and ensure consolidated compliance reporting.

Exxaro's board is responsible for ensuring that the company and its employees comply with all applicable laws and regulations, and consider non-compliance with legal and regulatory requirements a key risk. Accordingly, the board has delegated the responsibility for managing Exxaro's compliance risks to the RBR committee. The board's RBR committee is responsible for:

- Overseeing regulatory compliance risks, policies and frameworks
- Monitoring compliance with agreed policies, national and international protocols and procedures on non-financial aspects in collaboration with the SERC
- Ensuring compliance is continually monitored and reported by management, and external and internal audit

Combined assurance model

Exxaro applies a combined assurance model to optimise assurance by management, as well as internal and external service providers, while fostering a strong ethical climate and mechanisms to ensure compliance. Using our board-approved ERM approach, management identifies key risks facing Exxaro and implements the necessary internal controls with comparable information for trend analysis where possible.

The audit committee is responsible for overseeing the use of a combined assurance model to achieve the following objectives:

- Enabling an effective internal control environment
- Integrity of information used for internal decision making by management, the board and its committees
- Supporting the integrity of external reports

The board and audit committee found the effectiveness of controls for the year ended 31 December 2022 as satisfactory. This was concluded principally through a process of management self-assessment (including formal confirmation by executive management), reports from

internal audit, independent external audit and other assurance providers.

Exxaro defines assurance broadly to cover all sources, including external assurance, internal audit, management oversight and regulatory inspections. The three lines of defence clearly delineate the roles of internal stakeholders, ensuring common procedural understanding when tackling risks.

Our combined assurance model includes and optimises all assurance services and functions to collectively provide an effective control environment and support integrity of information used for internal decision making by management, the board and its committees, and in our external reports including:

- Corporate governance disclosures in terms of King IV
- Financial statements and other external reports including our integrated and ESG reports

The forum's activities and outcomes of assurance reports are presented quarterly to the audit committee.



[Combined assurance report](#) (integrated report, page 73)

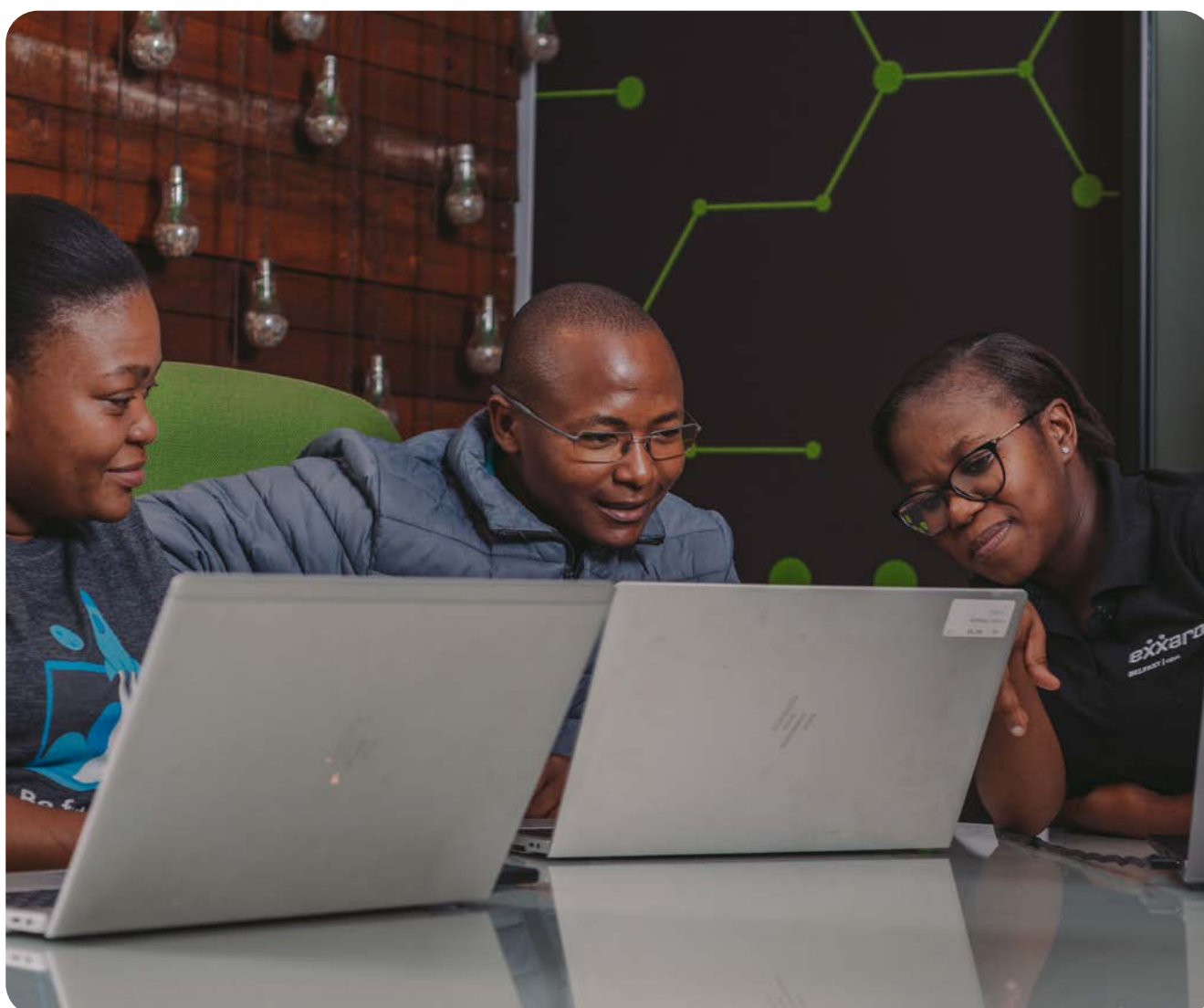
Overdue and repeat findings

A new issue tracking management system was installed and configured with the business user launch and training in October 2022. This system will capture and track the status of all internal audits and other assurance providers findings, and all overdue and repeat findings will be reported at each audit committee meeting.

Independence of audit and assurance functions

To ensure independence of our audit and assurance functions, the following measures have been put in place:

- **Change in independent external auditor:** Effective for the financial year ended 31 December 2022, KPMG was appointed as Exxaro's new independent external auditor together with its delivery partner, AM PhakaMalele, approved by shareholders at the AGM held on 25 May 2022 by way of a separate resolution of shareholders in terms of the JSE Listings Requirements paragraph 3.84(g)
- **Change in internal audit service provider:** PwC and its service delivery partner, Ngubane & Co, were appointed as Exxaro's internal audit service provider from 1 July 2022
- **A framework for engagement of auditors to supply non-audit services** was adopted in 2021 and confirmed that KPMG, in terms of its policy, is not allowed to perform non-audit services
- **Internal audit function** is confirmed by our group governance framework as an independent control function across the group
- **Internal audit charter** (reviewed in 2022) informs the role and scope of work of the internal audit function
- **Chief audit officer** of Exxaro and the internal audit function reports directly to our audit committee and is administratively overseen by the FD



Team Belfast at work

Trust, good reputation and legitimacy

Stakeholder inclusivity

Exxaro's board has a stakeholder-inclusive approach that, supported by its KAM approach to stakeholder engagement, responds to principle 16 of King IV regarding stakeholder inclusivity and responsiveness. It aims to balance the needs, interests and expectations of material stakeholders in the organisation's best interest over time to protect and build trust in the organisation and its reputation and legitimacy in the eyes of our stakeholders.

As recommended by King IV, Exxaro's disclosure regarding stakeholder relationship management reflects our management approach, key focus areas and stakeholder management activities.

 [Stakeholder management](#) (page 24)

Internal communication

CEO's roadshow

As part of her transition, our new CEO challenged employees to #GetOnTheBus during roadshows at BUs and head office. The CEO engaged with employees on opportunities presented by Exxaro's Sustainable Growth and Impact strategy and shared how employees could actively participate in the growth and success of Exxaro and our country.

External communication

Stakeholder days

The purpose of the stakeholder day virtual events was:




- To communicate Exxaro's performance to stakeholders
- For SERC and the board to engage with a diverse set of stakeholders by listening to community feedback and receiving an account from beneficiaries on Exxaro's social performance and impact

The stakeholder engagements were scheduled over three days with ESD and socio-economic development stakeholders in Limpopo and socio-economic development stakeholders in Mpumalanga. Participants included:

- National, district and local government
- Community leaders (including tribal authorities, community structures, NGOs and strategic business partners)
- Union representatives
- ESD programme implementation partners
- SLP, ESD and mega-projects beneficiaries

Other external communications

The following external communication (among others) took place in 2022:

- Publication of the  [annual reporting suite](#) (integrated report, ESG report and climate change position statement)
- AGM (presentation of annual financial statements, report of the SERC and various other resolutions for voting by shareholders)
-  [SENS announcements](#)
- Interim and annual financial results presentations by executive management
- Results roadshows following the annual and interim results presentations for interaction with investors
- SLP future forums that play an important role in engaging with labour representative groups to promote ongoing discussions about the future of mines, to identify possible challenges and solutions for productivity and employment, and to improve business sustainability
- Sustainability summit in Middelburg, Mpumalanga
-  [Governance roadshow](#)
- COP27 (in November 2022) at which Exxaro presented its response to the climate change risk

Integrity in reporting

The board ensures the integrity of the company's integrated report and its alignment with best practice in integrated reporting, including other reporting by the company.

The board also oversees the publication of our annual financial statements, ESG report, and the reports of our audit committee, SERC, RBR committee, investment committee, and remuneration and nomination committees as well as the remuneration report and other online or printed information that complies with legal requirements and meets the legitimate and reasonable information needs of stakeholders.

Anti-corruption

The board approves the group-wide anti-bribery and anti-corruption policy. The SERC receives quarterly reports on forensic investigation statistics and progress with initiatives under the SERC-approved fraud prevention and anti-bribery and corruption programme. For the oversight role of the SERC, please consider the SERC report.

Responsible corporate citizenship

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

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

The board exercises independent judgement in overseeing management and safeguarding the interests of all stakeholders, including our shareholders. In fulfilling its stewardship role, the board seeks to instil and foster a corporate environment founded on integrity, and to provide management with sound guidance in pursuit of long-term shareholder value, ensuring that the company provides sustainable value to society as a whole.

Governance

It is the SERC's role, as amended in 2021, to entrench responsible corporate citizenship as part of the committee's focused activities. The role and responsibility of the board's SERC includes overseeing the impact of the consequences of the group's activities and outputs on its status as a responsible corporate citizen in:

- **Economy:** economic transformation as well as fraud and corruption prevention, detection and mitigation
- **Society:** public health and safety, consumer protection, community development and protection of human rights

Commitments

Following an internal gap analysis in 2021, the board revisited, amended and approved Exxaro's **human rights policy** in 2022. Fundamental to Exxaro's purpose of powering better lives, is our stance that all people have inherent fundamental human rights regardless of their differences. As such, Exxaro is committed to respecting and upholding human rights for all people in its sphere of influence where the company has power to effect investment and development. Exxaro is guided by the Constitution, applicable legislation and external standards such as the Minerals Council's human rights framework, the UNGC principles on human rights, labour, environment and anti-corruption.

 [Human rights](#) (page 89)


Exxaro remains committed to supporting the 10 principles of the UNGC. The UNGC principles are embedded in our Sustainable Growth and Impact strategy, values, operations and stakeholder engagements in alignment with our endeavours to meet the SDGs. We believe that Exxaro's voluntary participation in the UNGC advances the case for responsible business practices and encourages our stakeholders to do the same. It holds us accountable to a global standard as we strive to become a catalyst for economic growth and environmental stewardship.

 [UNGC communication on progress](#)

Health and safety

The importance of safety in the workplace receives focused attention at each board, board committee and executive committee meeting. This is achieved through a standing **safety moment** item on all agendas.

In addition to SERC's mandate, the RBR committee is responsible for reviewing health and safety risks and focuses on reported HPIs and LTIs.

 [Safety](#) (page 62) and [health and wellness](#) (page 64) outline our approach and performance.

Focus areas

Our focus areas in 2022 (going into 2023) included:

- Approved a new ethics strategy and management plan
- Developed and approved a revised human rights policy
- Compulsory group-wide anti-bribery and anti-corruption training on MyNexxt to be completed in 2023
- Compulsory training of directors, prescribed officers, group company secretary and directors of major subsidiaries on insider dealing and training available on MyNexxt


Reputation

The Sunday Times Top 100 Companies Awards ranked Exxaro fifth for the second year. The awards recognise JSE-listed companies' contributions to the economy and social progress through investments, initiatives, and job creation. The awards also applaud these private-sector companies for achieving the highest returns for their shareholders over the past five years.

Exxaro also won Capital Finance International's 2021 award for best sustainable mining leadership in South Africa in recognition of our renewable energy efforts and investment. The award acknowledges Exxaro's work in realising a regenerative economic model for its mining operations.

In addition, Exxaro received Top Employers Institute recognition for its industry-leading people development practices. This reflects our dedication to a better working world through excellent human resources policies and people practices. This is the third time Exxaro has received this honour since 2014.


Bloomberg GEI recognised Exxaro in 2023 for the fourth consecutive year for the company's accomplishment in a predominantly male dominated industry sector. The GEI framework defines a set of metrics used to determine a company's progress towards equal representation of gender through the various employment levels of the organisation. Therefore, various global experts submit the Bloomberg social survey to be evaluated on the achievement or adoption of best-in-class statistics and policies.

 [Our strategic evolution](#) (page 4) lists our awards over the years.

TPI


The TPI is a global initiative led by asset owners. It assesses individual companies' positioning for the transition to a low-carbon economy.

Exxaro's TPI score of level 4 reflects our GHG emissions, risks and opportunities related to the low-carbon transition. Our TPI score was level 2 in 2016 and 2018. It improved to level 4 in 2019 and we have maintained this achievement since then.

 [Delivering measurable results and impact](#) (page 10)

Disclosure recognition 2022

- **EY Excellence in Integrated Reporting:**
Our 2021 integrated report earned a historical fifth place among the Top10 (the highest achievement in our history)
- **Global ESG Investing Awards:**
Exxaro's 2021 ESG report earned second place among the best sustainability reports in the world
- **FTSE Russell ESG performance:**
 - Overall final ESG score of 3.8
 - Our governance reporting score increased from 4.6 (2018 to 2021) to 4.7
- **MSCI ESG rating:**
Exxaro maintained its "A" rating and improved in the "E" (environment) category. The governance category, measuring corporate governance and corporate behaviour, where the company scored 6.9 out of 10 score, compared to the industry standard rating of 3.9

 [Delivering measurable results and impact](#) (page 9)

Board of directors

The board is responsible for setting the strategic direction, supervising the operational activities of Exxaro and its performance while balancing the company's interests as a responsible corporate citizen with the legitimate needs and expectations of stakeholders. For the year in review, we are proud to present the following board members:



1 2 3 4 5 6 7 8

1. Mvuleni Geoffrey Qhena (57)

Director since 19 April 2021 and board chairman from 27 May 2021

Senior Executive Programme (jointly offered by Harvard Business School and Wits Business School), Advanced Taxation Certificate (Unisa), CA(SA), BCompt (Unisa)

Other listed boards: Investec Bank Limited



2. Dr Geraldine Fraser-Moleketi (62)

Director since 18 May 2018

DPhil honoris causa (North West University), DPhil honoris causa (Nelson Mandela University), MPA (University of Pretoria) (cum laude), Leadership Programme (Wharton), Digital Savvy Board Member Certificate (MIT Sloan School of Management), Fellow of the Institute of Politics (Harvard)

Other listed boards: Standard Bank Group Limited, The Standard Bank South Africa Limited and Tiger Brands Limited



3. Karin Ireton (67)

Independent non-executive director

Director since 7 February 2022

MA (international political economy) (University of Leeds), International Programme for the Management of Sustainability (Netherlands), Environmental Impact Assessment and Management (University of Aberdeen)

Other listed boards: None



4. Ben Magara (55)

Independent non-executive director

Director since 7 February 2022

BSc (Hons) (mining engineering), Advanced Management Programme (GIBS), Accelerated Management Development Programme (London Business School)

Other listed boards: Grindrod Limited and WEIR Group plc



5. Billy Mawasha (44)

Independent non-executive director

Director since 7 February 2022

BSc (electrical engineering), Government Certificate of Competency for Engineers, Factories (electrical), Government Certificate of Competency for Engineers, Mines and Works (electrical), Global Leadership and Public Policy for the 21st Century (Harvard Kennedy School), Advanced Management Programme (Kellogg School of Management), Accelerated Development Programme (London Business School), Programme for Management Development (GIBS)

Other listed boards: Impala Platinum Holdings Limited and Metair Investments Limited



6. Nondumiso Medupe (52)

Independent non-executive director

Appointed 3 January 2023

CA(SA) SAICA, PGDip (Accounting) (University of KwaZulu-Natal), BAcc (University of Durban Westville), Certificate in Sustainability Leadership and Corporate Governance (London Business School)

Other listed boards: Alexander Forbes Limited and City Lodge Hotels Limited



7. Dr Phumla Mnganga (54)

Independent non-executive director

Director since 7 February 2022

PhD (entrepreneurship/entrepreneurial studies) (Wits Business School), MBL (business management) (Unisa), BEd (University of KwaZulu-Natal), BA (University of KwaZulu-Natal)

Other listed boards: Adcorp Holdings Limited, Altron Holdings Limited



8. Isaac Mophatlane (49)

Independent non-executive director

Director since 22 May 2018

Technology entrepreneur

Other listed boards: Pepkor Holdings Limited



Board nominees for the upcoming 22nd AGM

As per our board charter and the board's nomination and appointment policy, directors shall be individuals of calibre, integrity and credibility, with the necessary skills and experience.

The nomination committee has reviewed the composition, gender and racial balance of the board and evaluated the independence (where applicable), performance and contribution of the directors listed below, as well as their individual knowledge, skills and experience and the board will propose the following directors for election and re-election to shareholders at the upcoming AGM:

Re-election	Appointed
1 Zwelibanzi Mntambo	28 November 2006
2 Chanda Nxumalo	1 February 2021
Election	Appointed
1 Nondumiso Medupe	3 January 2023

Chairperson

- B Board
- A Audit committee
- I Investment committee
- NOM Nomination committee
- RBR RBR committee
- REM Remuneration committee
- SER SERC

Member

- A Audit committee
- I Investment committee
- NOM Nomination committee
- RBR RBR committee
- REM Remuneration committee
- SER SERC



9 10 11 12 13 14 15 16 17

9. Vuyisa Nkonyeni (53)

Independent non-executive director

Director since 3 June 2014

BSc (Information Processing) (Rhodes University), BSc (Hons) (Rhodes University), Postgraduate Diploma in Accounting (University of Cape Town), CA(SA)

Other listed boards: Emira Property Fund Limited, Barloworld Limited and Africa Cellular Towers Limited



10. Chanda Nxumalo

(39)
Independent non-executive director

Director since 1 February 2021

University of Oxford, MEng (economics and management)

Other listed boards: None



11. Peet Snyders (62)

Independent non-executive director

Director since 1 July 2016

BEng (mining) (University of Pretoria), Diploma in Marketing Management (Unisa), MCom (business management) (University of Johannesburg), Mine Manager's Certificate of Competency (coal and metalliferous) (Government Competency Exams)

Other listed boards: None



12. Isaac Malevu (48)

Non-executive director

Director since 22 June 2021

BCom (Wits), Postgraduate Diploma in Accounting (University of KwaZulu-Natal), SAICA member

Other listed boards: Italtile Limited



13. Likhapha Mbatha

(68)

Non-executive director

Director since 6 March 2018

BA (University of Lesotho), LLB (University of Lesotho), LLM (Wits)

Other listed boards: None



14. Zwelibanzi Mntambo (65)

Non-executive director

Director since 28 November 2006

BJuris (North-West University), LLB (North-West University), LLM (Yale University)

Other listed boards: None



15. Mandlesilo Msimang

(46)

Non-executive director

Director since 15 March 2021

MSc (Utilities Regulation) (London School of Economics), BA (Cornell University)

Other listed boards: None



16. Dr Nombasa Tsengwa (58)

CEO and executive committee chairperson

Executive director since 16 March 2021

PhD (agronomy), Executive Development Programme (INSEAD)

Other listed boards: None

17. Riaan Koppeschaar

(52)

FD

Executive director since July 2016

CA(SA), Advanced and Associate Programmes in Treasury Management (Unisa), Advanced Diploma in Taxation (Unisa), Advanced Management Programme (INSEAD), BCom (Hons) (University of Pretoria), Certificate in Theory of Accounting (University of Pretoria)

Other listed boards: None

Board of directors continued

Board composition

In 2021 and 2022, there were numerous changes to the Exxaro board with the appointment of several new directors. Achieving suitable board composition and appropriate balance of power between individual directors and/or groups of directors, to enable the board to operate effectively and in the interests of the company, requires deliberate policy parameters.

The board adopted a policy giving expression to the broader definition of board diversity and inclusion, together with revised targets, as well as a nomination and appointment guidance note.

The board committed to striving towards the appropriate size, balance of power, independence, diversity, skills, knowledge and experience to discharge its governance role and responsibilities objectively and effectively without compromising common purpose, involvement, participation and a sense of responsibility among the directors necessary to meet the company's strategic objectives.

All new directors shall be individuals of calibre, integrity and credibility with the necessary skills and experience. In this regard, the nomination committee shall ensure continuity of directorship within the board and undertake succession planning on behalf of the board, which includes the identification, mentorship, and development of future candidates for directorship of Exxaro.

Independence

The principles of good governance, King IV and the JSE Listings Requirements recommend holistic independence assessments with a substance-over-form approach in accordance with certain criteria. Annual assessments are therefore based on King IV independence requirements and section 94(4) of the Companies Act.

In line with King IV, assessments are conducted annually to confirm that members exercise objective judgement. The assessments also confirm that there is no interest, position, association or relationship, judged from the perspective of a reasonable and informed third party, likely to unduly influence or cause bias in decision making. The nomination committee considered the independence assessments and recommended for board approval directors that may be recognised by the board as independent.

The board consisted of the following independent, non-executive and executive directors at 3 January 2023:

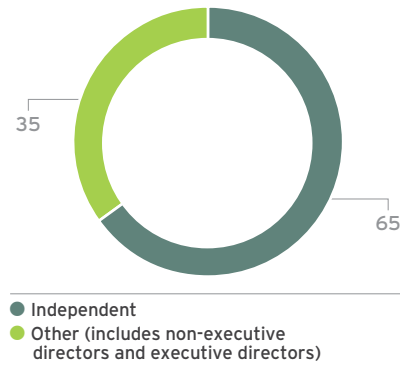
- 11 independent non-executive directors
- Four non-executive directors
- Two executive directors

Broader diversity

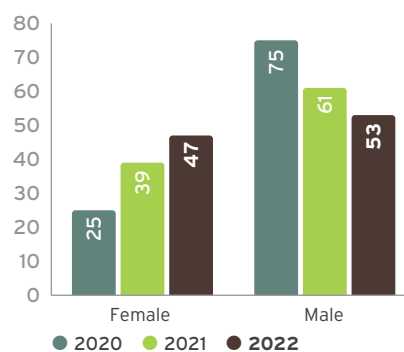
In keeping with good corporate governance, the board embraces the constitutionally entrenched principles of equality, freedom and inclusion. To support its expression of broader diversity, the board adopted a policy to guide the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes in knowledge, skills and experience among others such as age, culture, race, gender, ethnicity, nationality, geographic location, language/accent, religious beliefs, ideologies, recreational habits, socio-economic background, income, disability, physical attributes, appearance, generation, perspectives, education, experience, family responsibilities and sexual orientation. This is in line with King IV recommendations as well as the JSE Listings Requirements.

The progress of our board's diversity over the past three years, ended 3 January 2023, is shown in the following graphs.

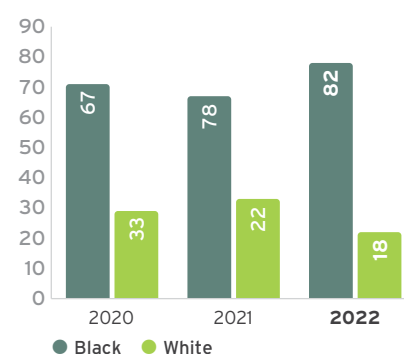
Independence
(%)



Gender diversity year-on-year
(%)



Racial diversity year-on-year
(%)



Racial diversity

For racial diversity, the board consistently achieved its 50% target and increased its racial target to 60% black representation as defined in the B-BBEE Act, 2003 (Act 53 of 2003), in 2021. As at 3 January 2023, the board achieved a total of 82% black representation.

Gender diversity

In 2017, the board voluntarily set a gender diversity target of 30% black female directors by 2022. This target was exceeded in 2021. A new target of 40% black female representation was accordingly set. We achieved the target of 41% black female and overall female representation of 47% as at 3 January 2023.

To achieve this, the board appointed three independent non-executive female directors on 7 February 2022 and 3 January 2023 respectively:

- Karin Ireton
- Dr Phumla Mnganga
- Nondumiso Medupe

In addition, Dr Nombasa Tsengwa was appointed as Exxaro's first female CEO.

Age diversity

The retirement age for an executive director is 63 years and 70 years for a non-executive director. A non-executive director who passes the age of 70 may be re-elected, provided the board and the nomination committee recommend to shareholders that the person is suitable. The same re-election process will occur every year.

Our board age diversity as at 3 January 2023 amounted to 55 years, from 54 years in 2021. We therefore achieved our target average age of 55 years. Our progress is reflected in the illustration.

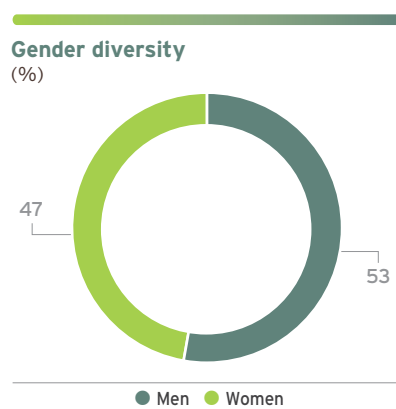
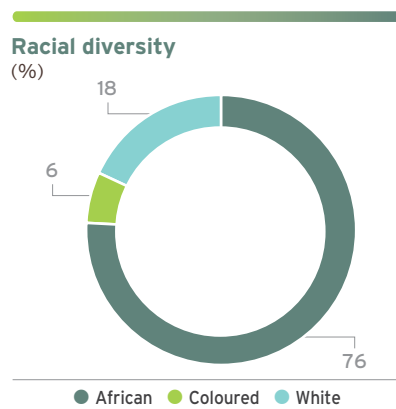
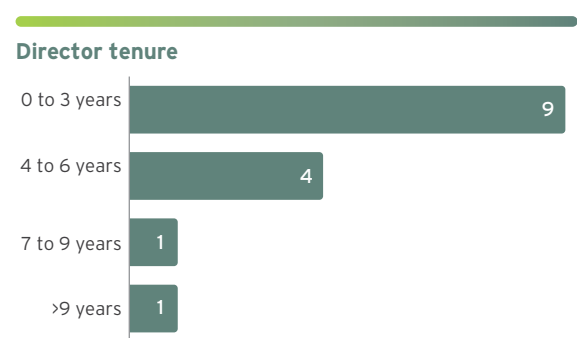
Director tenure and succession

Succession planning for non-executive directors is typically iterative, and part of an ongoing planning and discussion programme conducted by the nomination committee. Succession planning is based on our broader diversity policy. The approach to diversity is holistic with a view to inclusion and supporting the group's strategic focus areas.

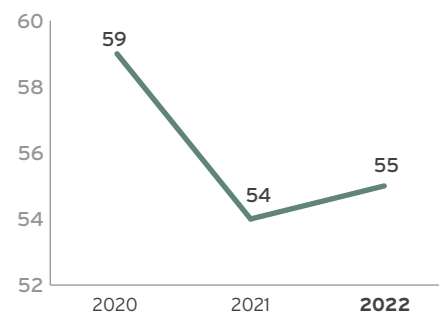
The nomination committee addressed an identified skill gaps after a rigorous board effectiveness evaluation. To ensure continuity of experience and knowledge, the company has a staggered approach to re-election of directors in terms of the MoI. Directors are selected for retirement by rotation in terms of the MoI and, following assessment by the remuneration and nomination committees, may be presented to shareholders for re-election at the AGM.

 Details about rotation, retirement and election of directors can be found in the [notice of the AGM](#).

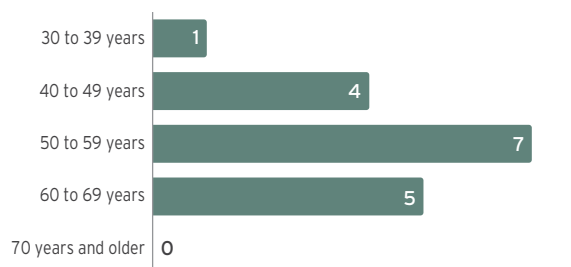
Our non-executive director tenure as at 3 January 2023 is illustrated below:



Average age per year



Age diversity (%): Number of directors (17)



Board of directors continued

Director competence and diversity in skills and experience

Our directors are carefully selected to ensure a balanced amalgamation of expertise and experience for effective decision making on behalf of Exxaro. In accordance with King IV, directors should be knowledgeable, skilled, experienced, diverse and independent to effectively discharge their governance responsibilities.

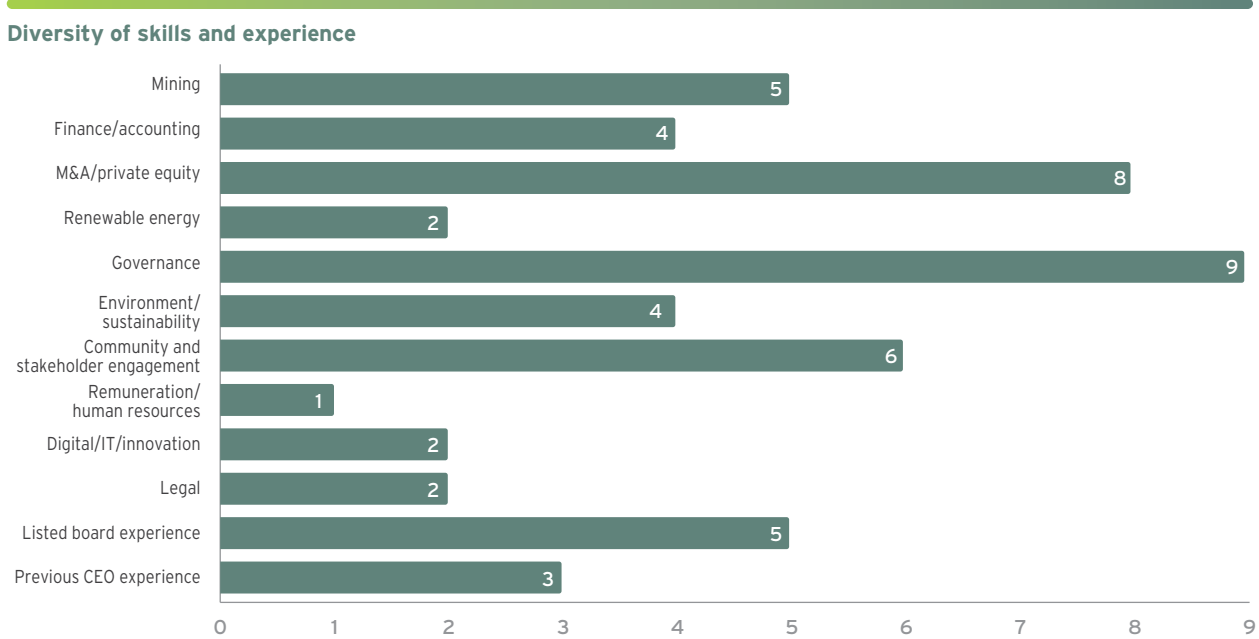
Exxaro considers, over and above management experience, the following technical expertise when appointing directors:

- Mining industry
- Mining engineering
- Energy
- Sustainability and environment
- Technology and innovation

Skills and experience on Exxaro’s board are illustrated in the matrix below.

Diversity of skills and experience

As at 31 December 2022, our non-executive director skills and experience was evaluated by an independent person, with the top five categories of the matrix representing the key stewardship areas of the board:



Exxaro Grootegeluk mine pit

Board leadership

Our board is led by an independent non-executive chairperson, Mvuleni Geoffrey Qhena, in compliance with paragraph 3.84 of the JSE Listings Requirements and the recommended practices of King IV.

Dr Geraldine Fraser-Moleketi continues to serve the board as lead independent non-executive director.

The role of the chairperson is separate and distinct from that of our CEO. Separation of powers and responsibilities, as set out in the board charter, ensures that no single person has unfettered decision-making powers and that there is an appropriate balance of power at board level.

Roles and responsibilities of the chairperson, CEO and lead independent non-executive director

Functions	Responsibilities
Chairperson	<ul style="list-style-type: none"> An independent non-executive director responsible for setting the tone for ethical culture at board level, and ensuring adherence to the rules of conduct and etiquette set out in the board charter Represents the board to shareholders and other stakeholders relating to performance of the company Ensures the integrity and effectiveness of the governance processes of the board Manages conflicts of interest at board meetings in accordance with applicable legal requirements and best practice Maintains a collegial yet arm's length relationship with board members and management Ensures board decisions are executed In collaboration with the group company secretary, ensures the contents and order of the agenda are correct Maintains regular dialogue with the CEO on operational matters and promptly consults with the board on any matter that presents cause for major concern Acts as facilitator at board meetings to ensure no executive or non-executive director dominates discussions, appropriate discussions take place, relevant opinion among directors is forthcoming and discussions result in logical and understandable outcomes Plays a crucial role in ensuring the board has effective leadership and its composition is appropriate and adequate to enable it to effectively fulfil its functions Provides necessary direction for an ethical and effective board, and forms the link between the board, the CEO and management
CEO	<ul style="list-style-type: none"> Formulates and develops the company's short, medium and long-term strategic vision to realise its core purpose and values, considering relevant risks and opportunities that will generate satisfactory levels of value creation, as defined by King IV Leads the implementation and execution of approved strategy, policy and operational planning as the chief link between management and the board while monitoring and managing the company's day-to-day operational requirements and administration Develops and recommends business plans, policies and objectives for board consideration, accounting for business, economic and political trends that may affect the operations of the company Manages and ensures the submission of timeous and accurate reports, financial statements and consolidated budgets for board consideration Oversees the company's financial management, including financial planning, cash flow and management reporting Is involved in group affairs as executive committee chairperson Does not cause or permit practices, activities or decisions by or in the group that are contrary to commonly accepted good business practice, good corporate governance or professional ethics Ensures key management functions are headed by individuals with the necessary competence and authority, and that they are adequately resourced and performance managed Sets the tone at management level in providing ethical leadership and creating an ethical environment and culture and maintaining a positive ethical work climate conducive to attracting, retaining and motivating a diverse group of employees Ensures implementation and execution of the company's codes of conduct and ethics policies
Lead independent non-executive director	<ul style="list-style-type: none"> Leads in the absence of the chair Serves as a sounding board for the chair Acts as intermediary between the chairperson and other directors, if necessary Deals with shareholders' concerns where contact through normal channels has failed to resolve concerns or where such contact is inappropriate Strengthens independence on the board if the chair is not an independent non-executive director Chairs discussions and decision making by the board on matters where the chairperson has a conflict of interest Ensures the chairperson adheres to the rules of conduct and etiquette set out in the board charter Leads the chairperson's performance appraisal when an independent service provider is not used to facilitate the process

Board of directors continued

Performance of our board

Board meeting attendance

The board held four quarterly meetings, two special board meetings, a dedicated strategy session over two days and two governance sessions during the year. Attendance is calculated against the number of meetings the director was required to attend.

Members	Designation	Attendance of quarterly meetings	Attendance of special meetings
Mvuleni Geoffrey Qhena	Independent non-executive director and board chairperson	5/5	2/2
Dr Geraldine Fraser-Moleketi	Lead independent non-executive director	5/5	2/2
Karin Ireton	Independent non-executive director	5/5	2/2
Ben Magara	Independent non-executive director	5/5	2/2
Isaac Malevu	Non-executive director	4/5	1/2*
Billy Mawasha	Independent non-executive director	5/5	2/2
Likhapha Mbatha	Non-executive director	4/5	2/2
Dr Phumla Mnganga	Independent non-executive director	5/5	2/2
Zwelibanzi Mntambo	Non-executive director	5/5	2/2
Isaac Mophatlane	Independent non-executive director	5/5	2/2
Mandlesilo Msimang	Non-executive director	5/5	2/2
Ras Myburgh	Independent non-executive director	2/2**	0/1**
Vuyisa Nkonyeni	Independent non-executive director	4/5	2/2
Chanda Nxumalo	Independent non-executive director	5/5	2/2
Peet Snyders	Independent non-executive director	5/5	2/2
Dr Nombasa Tsengwa	CEO and executive director	5/5	2/2
Riaan Koppeschaar	FD and executive director	5/5	2/2
Mxolisi Mgojo	Former CEO and executive director	1/2***	2/2

* Isaac Malevu was recused from one special board meeting.

** Ras Myburgh retired by rotation at the 21st AGM on 25 May 2022.

***Mxolisi Mgojo retired on 31 July 2022.

Evaluation

An independent service provider evaluated the board during September 2022.

Over the past two years a new chairperson, executive director and seven non-executive directors were appointed. Overall, this enhanced the required skills set of the board. The transition to Mvuleni Geoffrey Qhena as chairperson went smoothly and he provides productive leadership to ensure constructive debate regarding strategic and operational issues. The internal appointment of Dr Nombasa Tsengwa as CEO was successful with her institutional knowledge and experience advancing the transition period.

The evaluation found no significant matters of concern. The board functions effectively and there is strong adherence to good corporate governance. Based on this appraisal, the chairperson will conduct one-on-one feedback sessions with each board member. The board has depth in traditional core skill areas and is proactively addressing the succession of long-standing directors. Areas of ongoing focus include progressing the group's strategy on the renewable energy pillar of the business and enhancing main board and sub-committee meeting effectiveness.

Conclusion

The board is satisfied that it complied with the provisions of the Companies Act and relevant laws of establishment relating to its incorporation, and that the company is operating in conformity with its MoI and other relevant constitutional documents. The board is also satisfied that it fulfilled its responsibilities in accordance with its charter and King IV during the reporting period.

Our executive team

Working tirelessly to deliver on Exxaro's Sustainable Growth and Impact strategy



Dr Nombasa Tsengwa (58)

CEO



Riaan Koppeschaar (52)

Finance director



Hemuna Bhola (51)

Acting executive head:
human resources



Alex de Angelis (42)

Executive head:
strategy and business
transformation



Leon Groenewald (56)

Managing director:
energy

Appointed March 2023



Kgabi Masia (47)

Managing director:
minerals



Johan Meyer (54)

Executive head:
projects and technology



Mzila Mthenjane (52)

Executive head:
stakeholder affairs



Mongezi Vetu (59)

Executive head:
sustainability



Andiswa Ndoni (55)

Group company secretary
(ex officio)

Our executive team continued

Hemuna Bhola (51)

Acting executive head: human resources

MAdmin (industrial psychology) (University of Durban-Westville), MBA (University of Pretoria, GIBS)

Skills and experience

Hemuna is a seasoned leader in the mining industry with 21 years of mining experience. She joined Exxaro (then Kumba Resources) in 2002 where she started her career heading up Management and Functional learning. She was appointed as Exxaro's succession planning manager in 2006, HR manager in 2009, regional HR manager for the Mpumalanga region in 2012, group manager: strategic workforce planning in 2015 and group manager: talent management in 2017.

Her skills include talent management, leadership and management development, strategic workforce planning, HR operational management, learning and development, employer relations and performance management. Hemuna's passion lies in coaching and mentoring talent towards achieving their highest potential. She is a strong advocate for woman and youth development.

Alex de Angelis (42)

Executive head: strategy and business transformation

BSc (mechanical engineering) (University of Cape Town)

Skills and experience

Alex has a mechanical engineering background with mining experience across a range of commodities. In his early career, he worked at several platinum and gold mines in South Africa and Australia. He moved into strategy consulting for 13 years, working on large-scale strategy, transformation and innovation projects across a range of companies. Alex leads strategy and business transformation at Exxaro, focusing on where the organisation's direction and capabilities are required to thrive now and in the future. He is passionate about innovation and continuous learning to drive impact within Exxaro, our communities and broader society. Alex spends his spare time following new technologies and trends, keeping fit and being with his family.

Leon Groenewald (56)

Managing director: energy

CA(SA), Associate member of CIMA

Skills and experience

Leon joined Exxaro (then Iscor) in 1997, during this time he occupied the following roles including Manager Finance and Administration from 1997 to 1999, Head of Finance, Coal 1999 to 2011, Performance Manager Growth 2012 to 2014, Group Manager Strategic Investments 2015 to 2016, General Manager Corporate Finance 2016 to 2019 and finally seconded to Exxaro's renewable energy business from 2019 to date. His skills include leadership in various teams, strategic planning and execution, finance and deal-making. He is energised about crafting plans translating into deliverables by working with multifaceted teams and talent that result in real business solutions.

Kgabi Masia (47)

Managing director minerals

Appointed with effect from 1 March 2022

BTech (extractive metallurgical) (University of Johannesburg), Advanced Management Programme (INSEAD)

Skills and experience

Kgabi has served on many boards, including RBCT, as chair of the Glencore JV with South32 and its London marketing company. His career was primarily in the energy coal business at BHP Billiton and South32 in South Africa and across Africa with additional exposure to other minerals such as aluminium and manganese. Following the spin-off from BHP Billiton, Kgabi remained with the South32 energy coal business from operations to commercial, leading the function in Africa and supporting aluminium, coal

and manganese operations, contract oversight/negotiations and supply. From 2018 to 2021, he served as president of South Africa Energy Coal with oversight of all operations as well as profit and loss, driving the overall strategy and overseeing its acquisition by Seriti Resources.

Johan Meyer (54)

Executive head: projects and technology

BEng (metallurgy) (University of Pretoria), MBA (University of Stellenbosch), Advanced management programme (INSEAD Business School, France), Certified director (IoDSA)

Skills and experience

Johan started his career in production management at Iscor's Pretoria steel works. He worked at KZN Sands, headed research and development at Kumba Resources, as part of the leadership team of Mineral Sands (Tronox), BU manager of Zincor and Exxaro corporate office. His current role focuses on delivering coal growth projects of approximately R20 billion as well as developing integrated resource and reserve LOM plans and supporting implementation of the minerals strategy. He is passionate about leading people and powering better lives.

Mzila Mthenjane (52)

Executive head: stakeholder affairs

BSc (mining engineering) (Wits University), Senior Management Development Programme (Graduate Institute of Management and Technology), Executive Development Programme (INSEAD)

Skills and experience

Mzila is a mining engineer with combined experience in mining and investment banking of 30 years. In addition to almost 10 years at Exxaro, he spent seven years in deep-level gold mining at AngloGold Ashanti and Gold Fields in senior mine management and corporate development roles as well as six years in investment banking at Rand Merchant Bank and Deutsche Bank. His knowledge of the mining business, sustainability and stakeholder management was honed over six years as executive: business sustainability at Royal Bafokeng Holdings and Royal Bafokeng Platinum. He joined Exxaro in May 2013 in his current role, which has evolved over the past 10 years.

Mongezi Vetu (59)

Executive head: sustainability

HDip (metalliferous mining and coal mining) (University of Johannesburg), MBL (Unisa), Advanced Management Programme (Wharton), Mine Overseer's Certificate, Mine Manager's Certificate of Competency (fiery mines)

Skills and experience

Mongezi has been executive head: sustainability at Exxaro since 2010. In his career since the 1980s, he has earned extensive mining experience in the gold, platinum and coal sectors. He is a certificated professional engineer registered with the Engineering Council of South Africa. Mongezi was also placed third in the Sustainability magazine's list of top 10 Chief Sustainability Officers in 2022.

Andiswa Ndoni (55)

Group company secretary (ex officio member)

BProc (University of Transkei, now WSU), LLB (University of Natal), Global Executive Development Programme (University of Pretoria, GIBS), Certificate in Corporate Governance (University of Johannesburg), Certificate in Advanced Company Law (Wits University)

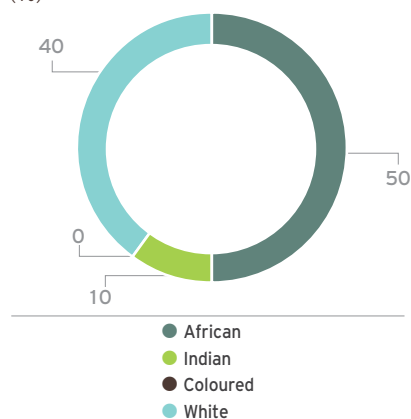
Skills and experience

Andiswa is an admitted attorney of the High Court of South Africa. She has over 29 years' experience as an attorney and 16 years as a company secretary. Andiswa is a former company secretary and legal counsel for Basil Read Limited and a former group company secretary and group executive for governance, compliance and sustainability for Barloworld Limited. She also sits on the Competition Tribunal as a part-time member.

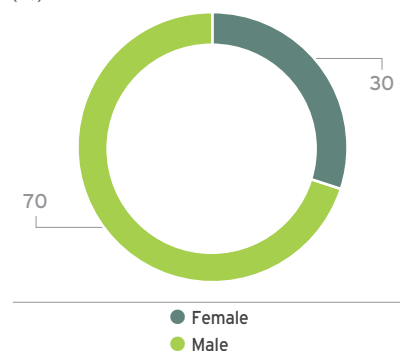
Executive age diversity



Executive race diversity (%)



Executive gender diversity (%)



Roles and responsibilities of Exxaro's executive committees

The executive committee assists the CEO in managing the group's business and leads implementation and execution of the strategy, policies and operational planning, subject to statutory limitations, enabled by the board's delegation of authority to the CEO and the executive committee. The executive committee, in carrying out their duties, have due regard of King IV governance principles, the company's MoI, their terms of reference, delegations of authority and group governance framework.

The board reserves overall responsibility for establishing the business objectives and targets of the group, and for the strategic direction and control of the group's business activities. Between board meetings, the executive committee is authorised, subject to its delegated powers and reporting its significant decisions to the next available board meeting, to take management action it considers necessary to safeguard the group's interests, and to enhance and drive the strategy, business objectives and targets established by the board.

Group executive committee

Our group executive committee, in the authorities delegated to it by the board, is responsible for, among others:

- Overseeing the group's financial, operational and sustainable performance
- Guiding the company in its relations with shareholders and other key stakeholders, including employees, regulators, government, customers, suppliers and the media
- Developing and recommending group strategy to the board for approval
- Reviewing strategic KPIs approved by the board
- Overseeing the implementation of board strategy within the board's risk appetite approved by the board
- Reviewing the adequacy of reporting arrangements and the effectiveness of internal control and risk management
- Approving expenditure and other financial commitments specified in the delegation of authority framework
- Making recommendations to the board, where expenditure and other financial commitments are above the authorities delegated to the executive, and seeking necessary approvals
- Recommending memoranda that require formal recommendation in terms of the delegation of authority framework to board committees and/or the board
- Loading memoranda to be noted by board committees and/or the board into the Diligent reading room at least seven working days before the board committee or board meeting to ensure members and standing invitees are familiar with the contents and that the documents are of the required standard
- Performing other functions determined by the board from time to time
- Reviewing and approving the terms of reference of the minerals executive and investment review committees

The group executive committee excludes matters relating to the group's energy business, which is managed by the energy executive committee.

Our executive team continued

Cennergi executive committee

As part of the group governance review in 2021, the Cennergi executive committee was constituted to assist the CEO in managing Exxaro's energy business. The Cennergi executive committee, in the authorities delegated to it by the board, is responsible for, among others:

- Developing and recommending energy business strategy to the board for approval
- Developing and recommending energy investment guidelines for approval by the board, and considering and approving the energy investment process
- Reviewing strategic KPIs approved by the board and recommending any changes to the board
- Overseeing the financial, operational and sustainable performance of the energy business, including technical oversight
- Guiding the group in its relations with shareholders and other key stakeholders, including employees, regulators, politicians, environmental interests and the media
- Overseeing adoption and implementation of documentation of the group-wide governance principles and policies as prescribed by the board in the group governance framework
- Overseeing the distinction between corporate functions and group functions relating to oversight, policies, practices, controls and services
- Overseeing the implementation of board strategy within the risk appetite approach
- Reviewing the adequacy of reporting arrangements and effectiveness of internal control and risk management
- Approving expenditure and other financial commitments specified in the energy delegations of authority framework
- Approving or recommending human resource appointments specified in the energy delegations of authority framework
- Approving or recommending for approval transactions, projects and agreements, among others, specified in the energy delegations of authority framework
- Where expenditure and other financial commitments are above the authorities delegated to the committee, making recommendations to the board seeking necessary approvals
- Recommending memoranda, which require formal recommendation in terms of the delegation of authority framework, to the board committee and/or board, as the case may be, for approval
- Loading memoranda to be noted by any board committee and/or the board in the Diligent reading room, as far as reasonably practical, at least seven working days before the board committee or board meeting to allow members and standing invitees to be familiar with the contents and ensuring the documents are of the required standard
- Considering and recommending the energy budget to the board for approval
- Recommending periodic (at least twice a year) portfolio reporting to the board's investment committee
- Performing other functions determined by the board from time to time

The Cennergi executive committee engages with a panel of independent professionals with specific experience in the renewable energy sector and markets to receive recommendations and guidance on material acquisition, merger/investment or disposal opportunities, and ongoing related material transactions and matters in the scope of the approved energy strategy, including ongoing portfolio management of the energy business, existing and post-investment reviews and management.

Other sub-committees of the group executive committee

The group executive committee formed the following sub-committees that support and report to the group executive committee:

1. **ESG steering committee** established at the end of 2022 and mandated to ensure integration of ESG as part of the Exxaro strategy and consciously embed ESG in everything we do
2. **ESD committee** established in 2017 to integrate, implement and embed ESD within Exxaro
3. **Ethics committee** established to assist the executive committee and SERC in fulfilling its statutory duty set out in Regulation 43 of the Companies Act regarding elimination of corruption, including fraud, extortion and bribery, in terms of the UNGC principles and the OECD recommendations regarding corruption
4. **Group investment review committee** established to oversee management review processes for major investments and divestments
5. **Insider dealing committee** established to provide guidance and clarity to employees and directors on insider trading or price-sensitive information as well as prohibited or closed periods

Executive committee performance

Group executive committee meeting attendance

The executive team held five meetings and seven special meetings in 2022. Attendance is outlined in the table below.

Members	Designation	Attendance
Dr Nombasa Tsengwa	CEO and chairperson	92%
Hemuna Bhola	Acting executive head: human resources	100%
Riaan Koppeschaar	FD	100%
Alex de Angelis	Executive head: strategy and business transformation	92%
Kgabi Masia	Managing director minerals	92%
Johan Meyer	Executive head: projects and technology	75%
Mzila Mthenjane	Executive head: stakeholder affairs	92%
Mongezi Vetu	Executive head: sustainability	100%
Andiswa Ndoni	Group company secretary (ex officio)	92%

Cennergi executive committee meeting attendance

The executive team held 10 meetings and four special meetings in 2022. Attendance is reflected in the table below.

Members	Designation	Attendance
Dr Nombasa Tsengwa	CEO and chairperson	100%
Leon Groenewald	Managing director: energy	100%
Riaan Koppeschaar	FD	100%
Andiswa Ndoni	Group company secretary (ex officio)	100%

Executive committee performance

As stated above, the strategic performance dashboard is an analytics tool that manages board, board committee, executive committee, functional and operational KPIs of strategic importance to the organisation. Agreed KPIs, and their targets, are informed by tactical plans that deliver on our strategy. The strategic performance dashboard promotes management discussion and analysis, and is aligned with the requirements of King IV. The strategic performance dashboard was reviewed in 2021 with a revised philosophy based on the Sustainable Growth and Impact strategy and new focused KPIs for the board cascading down to management. Group executive committee KPIs that drive performance of selected board KPIs track progress towards our desired portfolio as well as the energy executive committee KPIs.

The executive committee measures and manages Exxaro's strategy and performance so that stakeholders can have a transparent and consolidated view of value creation and sustainability drivers.

 [Strategic key performance indicators](#) (page 19)

Group company secretary

Andiswa Ndoni was appointed group company secretary and legal from 1 November 2021. The board recognises the pivotal role that the group company secretary plays in establishing effective processes and systems to ensure that good corporate governance is part of the fibre of the organisation and entrenched in the culture. The role and responsibilities of the group company secretary are described below.

Function	Role and responsibilities
Group company secretary	<ul style="list-style-type: none"> • Guide the directors collectively and individually in their duties, responsibilities and powers • Make directors aware of any law relevant to the company • Report any failure on the part of the company or a director to comply with the MoI or Companies Act • Ensure board procedures are followed and reviewed regularly • Ensure compliance with applicable rules and regulations for conducting the affairs of the board • Facilitate a programme for the induction and ongoing development of directors • Maintain statutory records in accordance with legal requirements • Guide the board on proper discharge of its responsibilities in the best interests of the company • Provide professional and independent guidance on corporate governance matters to assist the board in exercising ethical and effective leadership • Keep abreast, and inform the board, of current and new developments regarding corporate governance thinking and practice • Fulfil all other functions assigned to the position by the Companies Act and by any other legislation • Ensure proper compilation and timely circulation of board papers • Obtain appropriate responses and feedback on specific agenda items and matters arising from earlier meetings in board deliberations • Ensure that the proceedings of the board, board committees and shareholder meetings are properly recorded and minutes of meetings are circulated to the directors timeously • Assist the nomination committee in evaluating the performance of the board, its committees and individual directors

With her appointment and in compliance with paragraph 3.84(h) of the JSE Listings Requirements, an evaluation of the incumbent group company secretary in 2022 satisfied the board of Andiswa's competence, qualifications and experience.

The board was comfortable that she maintained an arm's length relationship with individual directors and that she was neither a director nor a public officer of the company or any of its subsidiaries.

Audit committee report

Dear shareholders,

I am pleased to present the audit committee report, which is reflective of the committee's independent role with accountability to the board and shareholders, for the year ended 31 December 2022.

Vuyisa Nkonyeni
Audit committee
chairperson



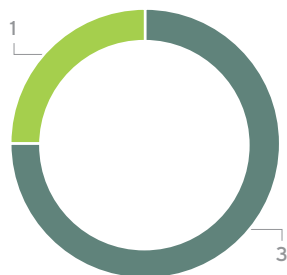
2022 key highlights

Exxaro Insurance Company

As it is increasingly challenging for companies with a large carbon footprint to obtain insurance cover at competitive terms, this is a focal point for the committee. Exxaro has a separate captive insurance company registered in terms of the Insurance Act, 2017 (Act 18 of 2017) to manage short-term insurance arrangements. A formal memorandum is submitted quarterly to the committee, setting out the main activities of the insurance company. The committee considered regulatory compliance, level of self-insurance, financial position, external audit plan for the 2022 financial year audit, investment strategy, insurance renewal programme, and associated cost and exclusions during the period under review.

During 2022, Exxaro Insurance Company embarked on a process to ensure its readiness for the implementation of the new insurance accounting standard IFRS 17 *Insurance contracts* and was on schedule for implementation on the effective date of 1 January 2023.

Gender and racial diversity



● African men
● African women

Impact of the Russia-Ukraine conflict

The impact of the Russia-Ukraine conflict was assessed by management and considered in making relevant estimates and assumptions, particularly impairment assessments.

The coal price and rand/US\$ exchange rate assumptions used to forecast future cash flows for impairment assessment purposes were updated to consider the short-term observable impact of the Russia-Ukraine conflict as well as the forecasted medium and longer-term impact on the world economy and commodity prices.

Transition of internal and external auditors

The committee continuously monitored transition plans for the outgoing and incoming independent external and internal auditors to ensure a seamless transition.

Role and purpose

The committee is an independent, statutory committee whose members are appointed annually by Exxaro's shareholders in compliance with section 94 of the Companies Act and the principles of good governance. In terms of the Companies Act, this committee has an independent role with accountability to the board and shareholders of the company. The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability for the functions performed by other committees of the board. In addition to the Companies Act, the committee's duties are guided by the JSE Listings Requirements and King IV.

The committee is governed by its terms of reference that codify its role and responsibilities. To assist the board, the committee plays an essential role in providing independent oversight of:

- Quality and integrity of the financial statements and related public announcements
- Integrity and content of the integrated reporting process
- Qualification and independence of the external auditor
- Scope and effectiveness of the external audit function
- Scope and effectiveness of the overall combined/integrated assurance process
- Effectiveness of internal controls and the internal audit function
- Assessing the adequacy of the company's insurance arrangements with regard to the nature of its business and insurable risks
- Integrity and efficacy of the risk management process relating specifically to internal controls and financial reporting risks through assurance over system controls and policies in place

Composition

The committee members are elected annually at the AGM by shareholders on recommendation by the board (through the nomination committee). The board ensures, through its recommendations, a balance of skills and experience with specific focus on financial literacy, to enable the committee to discharge its function. Members of this committee consist only of independent non-executive directors.


For the year under review, the committee consistently had four independent non-executive directors. The board is satisfied that the committee members have the necessary academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and/or human resource management.

In this regard, Billy Mawasha was appointed as a new member of the committee at the 2022 AGM following Ras Myburgh's retirement.

As mentioned earlier, the board addressed composition by approving Nondumiso Medupe's appointment as an independent non-executive director and audit committee member, replacing Vuyisa Nkonyeni, at the upcoming AGM.

The CEO and FD, together with members of the executive team and senior management representing areas relevant to discussions of the audit committee, as well as the independent external auditor, the chief audit officer and chief risk officer, attend meetings either by standing invitation or as and when required.

The internal and external auditors also have unrestricted access to the audit committee.

 Refer to [board of directors](#) (page 108) for members' qualifications and experience.

Meetings

During 2022 the committee held four scheduled meetings, as determined by its terms of reference and two special meetings. The committee's attendance of almost 100% illustrates high levels of engagement and commitment by our audit committee members.

The following table provides an overview of designations and members' attendance at meetings held during the period under review.

Members	Designation	Attendance at four quarterly meetings	Attendance at two special meetings
Vuyisa Nkonyeni	Independent non-executive director and chairperson	4/4	2/2
Billy Mawasha*	Independent non-executive director	3/3*	2/2
Isaac Mophatlane	Independent non-executive director	3/4	2/2
Ras Myburgh**	Independent non-executive director	2/2**	0/1**
Chanda Nxumalo	Independent non-executive director	3/4	2/2

* Billy Mawasha was appointed member on 25 May 2022.

** Ras Myburgh retired as member on 25 May 2022.

Two additional sessions are held annually with the independent external auditor and independent internal auditor respectively, where management is not present, to facilitate an exchange of views and concerns to further strengthen independent oversight by the committee.

Terms of reference

The terms of reference were reviewed and enhanced in accordance with the 2022 IoDSA guidance for audit committees and approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

Committee statements

FD and finance function

The committee has considered and reviewed an internal assessment of the expertise and experience of Riaan Koppeschaar, the FD, and is satisfied that he has the appropriate experience and expertise to execute his responsibilities. The evaluation also considered the appropriateness of the expertise and adequacy of resources in the finance function.

Independent external auditor

The independent external auditor for the 2022 financial year was KPMG, with its delivery partner, AM PhakaMalele, the appointment being approved by shareholders as presented by separate resolution at the AGM held 25 May 2022, in terms of paragraph 3.84 of the JSE Listings Requirements. The committee, having assessed the suitability of the appointment of the external auditor and designated audit partner, is satisfied that KPMG is independent of the group as per section 94(8) of the Companies Act, and has recommended them for appointment for the ensuing year ending 31 December 2023, at the upcoming AGM by way of a separate resolution of shareholders in terms of the JSE Listings Requirements paragraph 3.84(g).

The committee executed its responsibility in assessing the suitability of the external auditor and designated individual auditor as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements by considering the relevant information pursuant to paragraph 22.15(h) of the JSE Listings Requirements, and has been provided with all decision letters and/or explanations issued by the Independent Regulatory Board for Auditors (IRBA) as well as summaries regarding monitoring procedures and deficiencies issued by the external auditor.

Fees paid to KPMG for 2022 and PwC for 2021 are disclosed in note 6.1.3 of the group and company annual financial statements for the year ended 31 December 2022. Exxaro has an approved policy to regulate the use of non-audit services by the independent external auditor, which differentiates between permitted and prohibited non-audit services, and specifies a monetary threshold against which approvals are considered.

During the review period, PwC, the former independent external auditor, received R0.2 million (2021: R30 million) for statutory audit services and R1.67 million (2021: R8 million) for non-audit services. KPMG was paid R3.75 million as an interim audit fee and R23.43 million for the statutory audit services. The committee is satisfied with the level and extent of non-audit services rendered by PwC during the year, which did not affect its independence. KPMG, in terms of its policy, is not allowed to perform non-audit services.

The audit committee is satisfied that Safeera Loonat, as designated individual auditor, is accredited and appears on the JSE List of Auditors in compliance with section 22 of the JSE Listings Requirements.

During 2022, KPMG partnered with AM PhakaMalele, a level 1 B-BBEE company, to honour Exxaro's commitment to transformation.

Internal auditor

To allow for audit firm rotation and, notwithstanding the fact that the board was satisfied with the independence, conduct and quality of internal audit services rendered by EY, the committee recommended the appointment of a new independent internal auditor through a formal process. Following an open tender process, the board, on recommendation of the audit committee, appointed PwC as the group's new internal auditor from 1 July 2022. To continue strengthening the internal audit function, to be fit for purpose, adding value and given Exxaro's evolving business model, the internal audit approach was refreshed with key features. In line with Exxaro's commitment to transformation, PwC has partnered with a level 1 B-BBEE company, Ngubane & Co, to fulfil the internal audit function.

The internal audit function is co-sourced to PwC under the management control of Exxaro's chief audit officer. Their responsibilities are detailed in an internal audit charter approved by this committee, which is reviewed and approved annually.

Audit committee report continued

The main function of internal audit remains to express an opinion on the effectiveness of governance, risk management and systems of internal controls as well as the internal control environment within the group. Furthermore, the internal audit function provides an independent, objective assurance and consulting service designed to add value and improve the organisation's operations. The committee is pleased with the overall performance of the internal audit function services provided by PwC.

Annual financial statements

The group and company annual financial statements for the year ended 31 December 2022 were prepared by management, reviewed by the committee and the board, and audited by the independent external auditor. The committee is satisfied that the group and company annual financial statements for the year ended 31 December 2022 comply with the relevant provisions of the Companies Act, IFRS, interpretations issued by the IFRS Interpretations Committee, the JSE Listings Requirements as well as applicable accounting policies and practices. The committee is also satisfied that the group and company annual financial statements for the year ended 31 December 2022 fairly present a balanced view of the group and company's financial position, financial performance and cash flows for the year.

Statement on effectiveness of internal financial controls

The committee, with input and reports from the independent internal and external auditor, reviewed the system of internal financial reporting procedures, as underpinned by the ERM framework, during the year. This review included consideration of all Exxaro entities within the consolidated group to ensure that the committee had access to all financial information to allow for effective preparation and reporting on the group and company annual financial statements for the year ended 31 December 2022. Informed by these reviews, the committee confirmed that there were no material findings that came to the attention of the committee to indicate ineffectiveness of internal financial reporting controls during 2022.

Combined assurance

As required by King IV, assurance was broadened to cover all sources of assurance, including external assurance, internal audit, management oversight and regulatory inspections. In addition, the combined assurance model was expanded to incorporate and optimise all assurance services and functions so that, taken as a whole, these enable an effective control environment and support the integrity of information used for internal decision making by management, the governing body and its committees and of the organisation's external reports.

An annual audit plan is submitted for approval to this committee, detailing all proposed assurance activities within the group, including the level of assurance to be provided. This committee ensures alignment of the combined assurance plan, internal audit plans and external audit plans. Risk acceptance, level 1 finding disclosure process and risk extension requests are adopted as protocols.

It is the committee's role to review the effective establishment and operation of combined assurance within the group. To this end, the company established the combined assurance framework. The committee is satisfied that the combined assurance framework, constituted as a working group, serves as a platform to coordinate Exxaro's assurance functions, specifically the internal assurance functions, including internal audit, and

externally sourced independent assurance functions. In addition, the combined assurance framework coordinates assurance coverage for Exxaro's risk exposure as identified and ranked by Exxaro's risk management functions, including optimisation of assurance functions aligned with King IV recommended assurance practices. The combined assurance framework is an internal management structure and forms part of the internal governance structure of the entity and, along with the rest of the internal governance structure, falls under executive oversight.

The committee is satisfied with the arrangements in place for ensuring an effective and efficient combined assurance model within the group.

Technology and information governance

In terms of King IV, the committee exercises oversight of technology and information governance. In addition, the committee governs technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

During the period under review, major information management initiatives included enhancing cybersecurity controls and awareness, drafting a ransomware policy and response plan, and upgrading end-user device security. Control measures to close the gap between residual and desired cybersecurity risk increased. The committee monitored progress and management provided comprehensive quarterly updates.

2022 in review

The committee exercised oversight over the following matters in 2022:

- **Tax compliance status and reporting:** Reporting to the committee includes reporting on all tax matters, including tax audits, tax disputes with tax authorities, and status of tax returns and payments. The committee is satisfied that the group is tax-compliant ( **tax report**)
- **Headline earnings:** The committee considered guidance issued by SAICA regarding the calculation of headline earnings during the year under review
- **Macros and commodity price forecast review:** During the year under review, the committee reviewed and was satisfied with the key macro-economic indicators and assumptions used to compile the 2023 budget
- **JSE guidance letters:** As recommended by the JSE, the committee reviewed the JSE guidance letters in respect of the responsibilities of committee members as set out in paragraph 3.84(g) of the JSE Listings Requirements
- **Group hedge and loan covenant compliance:** The committee is satisfied with the group's hedge effectiveness and loan covenant position applicable to each facility within the group
- **Counterparty and dealer limits:** The committee approved the revised dealer and counterparty limits for the group's treasury operations in the financial markets
- **Group governance framework:** As the committee was intimately involved in finalising the revised group governance framework and energy delegation of authority, the committee oversaw its implementation to ensure the energy business is effectively and appropriately governed
- **Significant internal audit findings and forensic investigations:** The committee ensured corrective measures were in place where internal audit or forensic investigations identified internal control deficiencies and will continue to monitor the efficacy of these measures
- **Management representation letter:** The committee authorised the CEO and FD to sign the management representation letter for the interim and final period

Other key issues

Other key issues that received attention during the year included:

- The going concern statement and solvency and liquidity assessment in terms of sections 46 and 48 of the Companies Act as at 30 June 2022 and 31 December 2022
- Financial results and dividend declarations for the six-month period ended 30 June 2022 and for the year ended 31 December 2022
- Trading statement for the six-month period ended 30 June 2022 and the year ended 31 December 2022
- Valuation of group carrying amounts in respect of various investments at 30 June 2022 and 31 December 2022
- Noting annual financial statements of major subsidiaries (as defined by the JSE Listings Requirements) within the Exxaro group of companies
- New and revised accounting standards and pronouncements brought to the committee's attention for consideration
- Report on the JSE proactive monitoring of financial statements and the JSE limited scope process brought to the attention of the committee
- CEO and FD responsibility statement as required by the JSE Listings Requirements
- Revised tax risk management framework
- Revised group treasury risk management and hedging policy

Key focus areas

The table below shows the key focus areas for the committee.

2022/2023	Status
Review the strategy in relation to the deployment of new post-modern ERP Solutions to ensure acceptable cost, risk and alignment with the Exxaro strategy	Ongoing
Ensure alignment of the combined assurance process, internal audit plan and external audit plan in terms of a risk-based approach	Achieved
Review Exxaro's future strategy relations to insurance cover and self-insurance, taking into account global resistance to thermal coal and insurance markets	Ongoing
Continued to oversee the project plan for financial and risk-based disclosures in terms of Exxaro's aim to comply with the TCFD	Ongoing
Approve the levels of materiality to be used for internal audit (including audit protocols and classification of findings) and consider levels of materiality for the independent external auditor	Achieved
Oversee transition plans for internal and external audit functions	Achieved

Performance evaluation

During the period under review, in accordance with King IV recommendations, an independent evaluation of the performance and effectiveness of the committee. The aim of the evaluation was to identify and record areas in need of strengthening and/or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. An area of ongoing focus was identified during the valuation is the digitalisation of insourced internal audit services. It concluded that the committee functions effectively.

Conclusion

The committee, in carrying out its duties, has due regard to its terms of reference, the Companies Act, the JSE Listings Requirements as well as the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference and confirms that it fulfilled its mandate and responsibilities in terms of the Companies Act, the JSE Listings Requirements and King IV.

On behalf of the audit committee



Vuyisa Nkonyeni
Audit committee chairperson

14 April 2023

Investment committee report

Dear shareholders,

I am pleased to present the investment committee report, working to responsibly further the strategic objective of transitioning at speed and scale in support of Exxaro's purpose and vision, for the year ended 31 December 2022.

Isaac Mophatlane
Investment committee
chairperson



The committee's role is to review the strategic fit and risk appetite, and financial, technical and legal due diligences for major investments. It shall further ensure adherence to all Exxaro's governance processes at all times and that the approved hurdle rates, set from time to time, are met before any funds are committed. An investment opportunity will therefore first serve at the investment committee where a detailed review shall be conducted in line with the investment criteria approved by the board. After the review, the investment opportunity may be recommended by the committee to the board for final approval.

The committee's role expanded in 2022 to include consideration of Exxaro's capital allocation strategy.

Composition

Committee members are appointed by the board, on recommendation of the nomination committee, and ensure there is a balanced blend of skills and experience so that the committee is able to discharge its function.

For the year under review, the committee had five independent non-executive directors and two non-executive directors. The board is satisfied that the committee members have the necessary experience. The committee welcomed the appointment of Billy Mawasha as a member of the committee with effect from 7 February 2022.

The CEO, FD and managing director: minerals attend investment committee meetings as standing invitees. Other members of the executive team and senior managers representing areas relevant to investment committee discussions attend meetings as and when required.

Refer to [board of directors](#) (page 108) for members' qualifications and experience.

2022 key highlights

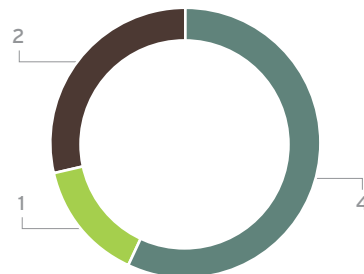
The committee:

- Set internal guidelines to guide management in considering each investment case brought to the committee
- Monitored progress in the implementation of the Lephale solar project
- Monitored the Leeuwan divestment as part of Exxaro's ongoing portfolio optimisation strategy. Unfortunately progress in the divestment stalled and the process stopped in the third quarter of 2022 to ensure stability at the mine. Exxaro will continue to review its coal assets and projects in line with its strategic objectives

Role and purpose

The committee has an independent role in terms of which it operates and makes recommendations to the board, monitors on behalf of the board and reports to the board on material acquisition, merger/investment or disposal opportunities, and ongoing material transactions and related matters in the scope of the approved energy and minerals sustainable growth strategy, including ongoing portfolio management of these businesses, existing and post-investment reviews and management.

Gender and racial diversity



- African men
- White men
- African women

Meetings

The committee held three scheduled meetings during 2022 and five special meetings. The committee's satisfactory attendance illustrates high levels of engagement by committee members.

The following table provides an overview of designations and members' attendance at meetings during the period under review:

Members	Designation	Attendance at three quarterly meetings	Attendance at five special meetings
Isaac Mophatlane	Independent non-executive director and chairperson	3/3	5/5
Billy Mawasha	Independent non-executive director	3/3	2/4*
Isaac Malevu	Non-executive director	2/3**	2/5**
Mandlesilo Msimang	Non-executive director	3/3	5/5
Chanda Nxumalo	Independent non-executive director	3/3	5/5
Vuyisa Nkonyeni	Independent non-executive director	3/3	3/5
Peet Snyders	Independent non-executive director	3/3	5/5

*Billy Mawasha appointed member with effect from 7 February 2022 and was recused from one special meeting.
** Isaac Malevu was recused from three special meetings.

Terms of reference

The committee's terms of reference were reviewed and are aligned with legislation, regulations and King IV. The committee is satisfied that it has conducted its affairs and discharged its responsibilities in accordance with its terms of reference.

2022 in review

The committee oversaw the following during the year under review:

- **Divestments:** The committee received updates on ongoing and proposed divestments in line with Exxaro's strategy
- **Acquisitions:** The committee considered potential acquisitions by the energy and minerals business in line with Exxaro's strategic objectives
- **Governance:** The committee reviewed its terms of reference
- **Investment framework:** To ensure it fulfils its role, the committee considered a framework that would serve as a guideline for presentations of investment and acquisition opportunities

Key focus areas for 2023

The committee identified the following key focus areas for 2023:
Continue to monitor and oversee divestments and acquisitions
Review and recommend for approval investment guidelines for energy and minerals businesses
Monitor the energy and minerals strategic KPIs and dashboard
Review the discount policy and the weighted average cost of capital

Performance evaluation

During the period under review, an independent evaluation of the performance and effectiveness of the board, its committees and specific individuals was conducted. The purpose was also to identify and record possible areas in need of strengthening and/or refinement while considering internal and external dynamics, and factors that may positively or negatively impact the board's ability to enhance its performance and effectiveness. From the evaluation report, an action plan was developed and its implementation will be monitored by the nomination committee.

Conclusion

The committee, in carrying out its duties, has due regard of its terms of reference and the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities.

The committee would like to thank management for all the hard work during the year under review.

On behalf of the investment committee



Isaac Mophatlane
Investment committee chairperson
14 April 2023

Remuneration committee report

Dear shareholders,

We are pleased to present the remuneration committee report for the year ended 31 December 2022. The committee recognises the value of its people in powering possibility, and strives to balance stakeholder interests in its work.

Dr Phumla Mnganga
Remuneration committee chairperson



The committee's work included the review of non-executive director remuneration for shareholder approval, to support the proposal in treatment of disparities in fees. We used the Willis Towers Watson comparative ratio and other benchmarked comparator groups for JSE-listed companies.

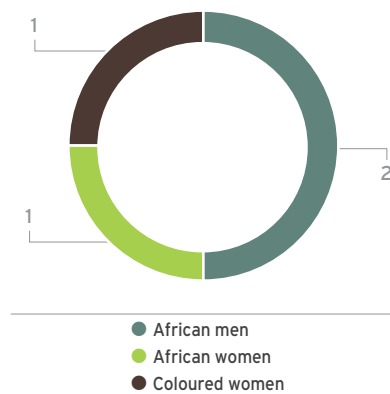
King IV's "say on pay" recommendations became mandatory by incorporation in the JSE Listings Requirements. Companies listed on the JSE are required to table non-binding advisory shareholder votes on remuneration at AGMs. The JSE Listings Requirements paragraph 3.84(j) requires listed companies to engage with dissenting shareholders and the manner and timing of such engagements must be disclosed. In September 2022, a proactive governance roadshow took place. Engagement was proactive as opposed to compulsory as shareholders' non-binding advisory vote for the remuneration report and remuneration implementation plan on 25 May 2022 was 94% in favour of both.

2022 key highlights

The committee launched 2022 with approval of the group's new STI scheme (GIS and line of sight (LOS)), effective from 1 January 2022, in line with the agreed implementation date and rules. The committee also reviewed the plan for communication, socialisation and embedment of the scorecard as part of a broader performance-linked remuneration process. This campaign is driven annually, against the backdrop of the people strategy and alignment of behaviours with business objectives, stakeholder interests and a culture of powering possibility. This includes approval and integration of the energy business, and an approved variable pay offering comprising the STI and long-term incentive (LTI) for Cennergi.

In accordance with reward for performance against measured critical business indicators, as per our company strategy, the committee, as usual, determined relevant performance targets, weightings of required outcomes and vesting conditions for share-based rewards.

Gender and racial diversity



AGM held 25 May 2022 outcomes on two non-binding advisory votes:	For	Against
Non-binding advisory vote number 1: Approval of the Exxaro remuneration policy	94.03%	5.97%
Non-binding advisory vote number 2: Endorse the implementation of the Exxaro remuneration policy	94.04%	5.96%

We continue to take our shareholders along with us in responsible remuneration practices. The board is therefore committed, in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the AGM, to invite dissenting shareholders to engage with Exxaro and provide the manner and timing of such engagement in the voting results announcement.

Role and purpose

The committee's terms of reference leverage the benefit of cross-membership for fulfilment of remuneration matters as well as board governance and nomination matters.

The committee is accountable to the board for execution of its independent and objective oversight set out below.

Duties and responsibilities of the remuneration committee

- Remuneration governance
- Oversee development and regular review of the remuneration policy that articulates and gives effect to the board's direction on fair, responsible and transparent remuneration
- Oversee implementation and execution of the remuneration policy
- Exercise any power or discretion vested in the board under any remuneration scheme established for the benefit of employees of the group
- Review executive and senior management remuneration and performance measurement
- Oversee fees for non-executive members for services as directors, as approved by shareholders
- Provide mandates for non-bargaining and bargaining unit employees' salary negotiations
- Governance of performance management

The committee does not assume the functions of management, which remain the responsibility of executive directors, prescribed officers and other members of senior management. It also does not assume accountability for the functions performed by other committees of the board.

Where board committee focus areas dovetail or overlap with this committee's oversight, there is seamless collaboration between committees to execute the broader effectiveness objective of the board – for example, in support of the diversity, equity and inclusion strategy execution, as it applies to fair pay or application of mechanisms to achieve and exceed employment equity.

Composition


The board ensures committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions.

When Ras retired at the 2022 AGM, committee members expressed heartfelt gratitude and accolades for his years of service and committed leadership. Phumla was subsequently appointed as chairperson of the remuneration committee.

Committee members are independent non-executive directors: Dr Phumla Mnganga (chairperson), Dr Geraldine Fraser-Moleketi, Zwelibanzi Mntambo and board chairperson Mvuleni Geoffrey Qhena. Ras Myburgh retired as chairperson of the committee and board member. His successor, Dr Phumla Mnganga, was appointed in line with succession planning of the nomination committee.

The CEO, FD and executive head: human resources attend meetings by standing invitation to make submissions and provide information required by the committee from time to time.

The committee comprises a majority of independent non-executive directors.

 Refer to [board of directors](#) (page 108) for members' qualifications and experience.

Meetings

The committee met formally seven times during the financial year in review at four quarterly meetings and three special or ad hoc meetings.

Members	Designation	Attendance at quarterly meetings	Attendance at three special meetings
Dr Phumla Mnganga	Independent non-executive director and remuneration committee chairperson	4/4	3/3
Mvuleni Geoffrey Qhena	Independent non-executive director and nomination committee chairperson	3/4	2/3
Dr Geraldine Fraser-Moleketi	Lead independent non-executive director	4/4	3/3
Zwelibanzi Mntambo	Non-executive director	4/4	2/3
Ras Myburgh*	Independent non-executive director	2/2*	1/1*

* Ras Myburgh, former independent non-executive director and former chairperson of the remuneration committee until retirement on 25 May 2022 – attended 2/2 quarterly meetings and one special meeting during the year in review until retirement.

Terms of reference

The committee's terms of reference were reviewed in 2022 and amendments were approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

Remuneration committee report continued

2022 in review

Remuneration implementation

The committee oversaw implementation of the remuneration philosophy and supporting policies and schemes such as the detailed STI scorecard implementation, incorporating malus and clawback and minimum shareholding requirements (MSRs).

 [Remuneration report](#) (page 145)

One of the highlights of the period under review was the crafting and policy approval of the energy business STI and LTI variable pay offering. Alignment of the energy business strategy with remuneration governance objectives and commitment to fair and responsible remuneration was thus clarified as a committee goal.

Coupled with this was the review of the nature and adequacy of the performance measurement methodology applied throughout the group. A new revised approach to performance review, better crafted and linked to core strategic business objectives, was undertaken throughout the group. Performance tracking against revised processes provided management with insight into the achievement of required performance criteria. Improvement of the process continues.

Transformation imperative

The committee's employment equity plan review (ensuring diversity in talent and leadership), in support of the overall diversity, equity and inclusion strategy, formed part of the normal course of business during the period under review. This imperative is fundamental to the identity and legitimacy of Exxaro as a proudly South African black resources business. Efforts focused on including disabled people, sensitivity training as well as training and development of black people with disabilities to normalise enabling workplace environments. The company's people strategy embraces workplace diversity as an enabling lever that powers possibility.

The committee continued to address inequality, including gender-based disparity in remuneration adequacy. An interesting and recurring conversation is the implementation of measures and their effectiveness in redressing historical pay disparity where identified. A conscious decision was taken to allocate a discretionary budgeted amount to redress identified inequities. On a motivated basis, the committee approved the discretionary mandate to this end. The committee is pleased with progress and has set a roadmap for deeper and more challenging debate as a future focus area, aligned to the company's diversity, equity and inclusion strategy objectives.

Governance

A key value creation activity of the committee remains group governance of human capital and our ethical culture, as demonstrated in employment equity. In a climate of growing unemployment and economic uncertainty, access to job opportunities and transparent, fair recruitment practices prompted revision and innovation in this regard. A sharp increase in job scams were evident in the committee's reputation risk management through periodic communication campaigns of proper processes. It is imperative that stakeholders are aware that the company would never elicit money for any part of the search, recruitment or appointment process. Such scams should be avoided and brought to management's attention using the appropriate reporting hotline.



Exxaro fraud hotline

Free call: 0800 203 3579

Fax: 0800 007 788

E-mail: exxaro@tip-offs.com

Website: www.tip-offs.com

Skilled and ethical leaders are in high demand. It remains important to retain top talent and reward correct behaviour as part of our ethical culture. At the core of protecting value, and as a lever of business resilience and sustainability, employee motivation is stimulated by leadership and training initiatives. In the context of remote work, the company retains a hybrid model (three days in office) as a trial, which contributes to employee motivation. Retaining and motivating our people is critical to delivering on our strategic outcomes.

Finally, as part of value creation responsibilities, the committee reviewed its terms of reference and annual work plan for relevance and accuracy. In pursuit of remuneration best practice and informed decision-making, the committee also obtained independent advice from PwC and Vasdex on a range of remuneration policy and implementation matters as well as independent remuneration benchmark analyses from a range of service providers.

Key focus areas for 2023

The committee identified the following key focus areas for 2023:

- Alignment of People Management and Talent Management strategy to business strategy
- Continued oversight of the implementation of pay parity in support of fair and responsible remuneration
- Address the wage gap across vertical levels and implement measures to narrow the wage gap
- Review the total reward framework and any additional enhancements including monitoring and approving all STI/LTI scheme share awards in accordance with shareholder approved rules
- Monitor compliance with the revised MSR policy for all executives
- Review leadership continuity plans, and the senior talent pipeline for the group
- Monitor progress against employment equity and diversity, equity and inclusion strategic objectives and milestones
- Ongoing consideration of shareholder feedback

Highlights

1 Approval of Cennergi's organisational structure and appointment of head distributed generation

2 Revised group remuneration policy and reward framework

3 Implemented incentives and scorecards: group STI, LTI and production incentive schemes

4 Revised performance management processes aligned to strategic objectives

5 Board committee composition review and board and executive management succession planning including appointment of managing director: minerals

6 Executive officer transition

7 Policy improvements: Employee leave conditions and parental leave policy

8 Non-executive director remuneration

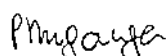
9 Committee work plan and terms of reference review

10 Board continuing professional development

Conclusion

The committee is satisfied that its ongoing work aims to align remuneration with the organisation's values of fairness and equity. The company continues to strive towards remuneration of employees in accordance with market-related salaries and equitable awards across the organisation.

The committee is also satisfied that employees are invested in achieving the company's strategic goals through a remuneration philosophy and policies that incentivise short-term and long-term performance awards with sufficient stretch built into targets.



Dr Phumla Mnganga
Remuneration committee chairperson

14 April 2023

Nomination committee report

Dear shareholders,

The year was important from a governance perspective as the committee managed our CEO's succession and transition as well as new appointments to ensure the board has an appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively. In the coming year, we will continue to fulfil our commitment to reviewing board composition and overseeing the implementation plan arising from the board evaluation process aimed at achieving desired governance outcomes and the group's purpose.

Mvuleni Geoffrey Qhena
Nomination committee
chairperson



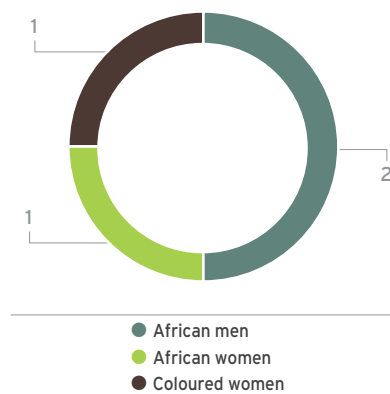
Key highlights of 2022

The committee completed the CEO's transition when Dr Nombasa Tsengwa took over the reins from Mxolisi Mgojo. The committee also finalised the appointment of the managing director: minerals, Kgabi Masia, who joined the company to support the CEO.

Importantly, the committee recommended the reintroduction of an annual governance roadshow for equity shareholders. The chairpersons of the board and remuneration committee, the group company secretary and executive head: stakeholder affairs attended the roadshow.

In addition to annual board evaluations, rotation of directors and board committee composition, the committee also recommended, as mentioned earlier, Nondumiso Medupe's appointment as independent non-executive director and member of the audit committee to replace Vuyisa Nkonyeni.

Gender and racial diversity



Role and purpose

The committee's terms of reference leverage the benefit of cross-membership for the fulfilment of remuneration matters as well as board governance and nomination matters.

The committee is accountable to the board for the execution of its independent and objective oversight set out below.

Duties and responsibilities of the nomination committee

- Board and board committee structure, size and composition
- Monitoring the board's performance against race and gender diversity representation targets
- Nomination and appointment of directors
- Induction and ongoing development of directors
- Board and board committee succession planning for key positions, including chairperson and committee chairpersons
- Review succession planning for executive directors, key group executives and subsidiaries, and ensure availability of the succession plan for the CEO and FD
- Board and board committee performance evaluation

The committee does not assume the functions of management, which remain the responsibility of executive directors, prescribed officers and other members of senior management. It is also not accountable for the functions performed by other committees of the board.

Where board committee focus areas dovetail or overlap with this committee's oversight, there is seamless collaboration between committees to execute the broader effectiveness objective of the board – for example, in support of the board diversity and inclusion strategy execution as it applies to fair pay or the application of mechanisms to achieve and exceed transformation targets.

Composition

The board ensures committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions. The committee comprises a majority of independent non-executive directors.

Committee members are grateful for Ras Myburgh's commitment and contributions before he retired in 2022 and welcome Dr Phumla Mnganga as a new member of the nomination committee.

The CEO, FD and executive head: human resources attend meetings by standing invitation to make submissions and provide information the committee may require from time to time.

 Refer to [board of directors](#) (page 108) for members' qualifications and experience.

Meetings

The committee met formally seven times during the year in review at four quarterly meetings and three special or ad hoc meetings.

Members	Designation	Attendance at four quarterly meetings	Attendance at three special meetings
Mvuleni Geoffrey Qhena	Independent non-executive director and nomination committee chairperson	3/4	2/3
Dr Geraldine Fraser-Moleketi	Lead independent non-executive director	4/4	3/3
Dr Phumla Mnganga	Independent non-executive director	4/4	3/3
Zwelibanzi Mntambo	Non-executive director	4/4	2/3
Ras Myburgh*	Independent non-executive director	2/2	1/1

* Ras Myburgh, former independent non-executive director and member until retirement on 25 May 2022 – attended 2/2 quarterly meetings and one special meeting for the year in review until retirement.

2022 in review

Board diversity and inclusion policy

Achieving suitable board composition and appropriate balance of power between individual directors and/or groups of directors so the board will operate effectively, and in the interests of the company, requires deliberate policy parameters and careful consideration. In keeping with good corporate governance, the board embraces the constitutionally entrenched principles of equality and inclusion for all and adopted a diversity and inclusion policy in 2021, on recommendation of the committee and the SERC. The board is committed to remaining proactive in striving towards a knowledgeable, skilled, experienced, diverse and independent governing body that fully discharges its role and responsibilities with objectivity and effectiveness.

The committee has purposefully focused on achieving the gender diversity and inclusion target set by the board in 2021. The set target of 40% black women directors was achieved with Nondumiso Medupe's appointment at the end of 2022. The committee is pleased with progress to date and will continue to consider targets set by the board in any future appointments. The table below reflects current targets and Exxaro's achievement by the committee.

Target	Previous reporting period (7 February 2022)	Actual at 3 January 2023	Status as at 3 January 2023
Size: Minimum of four and maximum of 20 members	18	17	Within target range
Race: 60% black (as defined in the B-BBEE Act)	78%	82%	Achieved
Gender: 40% black women (as defined in the B-BBEE Act)	33%	41%	Achieved
Age: Average of 55 years	54 years	55 years	Achieved
Tenure: Average tenure of seven years (two years mentoring a successor)	Four years	Three years	Ongoing
Appropriate diversity mix based on prevailing strategic objectives	The board directs its attention to the principles of balanced governing body authority by directing strategic decision making around broader diversity at board level. The range in gender, race, age, field of knowledge, skills, experience, and tenure make for well-informed and thoughtful consideration of all board matters.		

Note: The table above includes executive directors and the newly appointed Nondumiso Medupe, and excludes Ras Myburgh and Mxolisi Mgojo, who both stepped down in 2022.

In addition to its own targets, the board aims to pursue the compliance targets set by the dtic in respect of management and control, and positively contributes to the B-BBEE rating.

Board composition

The number of board members should support the promotion of accountability, and healthy, constructive debate within the parameters of the company's MoI and regulatory framework.

In terms of the company's MoI, one-third of non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years, if available and eligible to stand.

This committee is therefore responsible for annual consideration of directors' retirement and recommendation for re-election to shareholders at the AGM. This is conducted with the utmost responsibility with assessment including the individual's performance,

Nomination committee report continued

meeting attendance, age and diversity targets, tenure and the need to introduce members with new expertise and perspectives while retaining valuable knowledge, skills and experience, and maintaining continuity. We also consider whether or not a director is regarded as fit and proper to continue as director, including assessment of independence in terms of King IV.

Induction and ongoing development of directors

Two governance sessions are scheduled annually when directors receive focused inputs from a regulatory, strategic and economic perspective. Throughout the year, our directors also receive information and opinions on changes within the regulatory framework. An induction session for four newly appointed directors was held in 2022. A session was concluded for our newly appointed director, Nondumiso, early in 2023.

Board induction includes introduction to management, access to all relevant company administration information, and meeting management systems and processes as well as founding documents, the delegation of authority framework and other policies. A bespoke induction programme includes introduction to the company's strategy, group governance structure, operations and stakeholder engagement model as well as key advisers.

Nomination and appointment of directors

As mentioned earlier, following Vuyisa Nkonyeni's decision to stand down as member and chairperson of the audit committee, to fulfil our board mandate, this committee identified Nondumiso Medupe as a suitable candidate to fill this vacancy.

The board appointment process is formal and transparent in line with the board nomination and appointment policy.

In accordance with this policy, the board considers, among others, its skills and experience matrix, the group strategy, and feedback from board evaluation and alignment with the broader diversity policy. Proper due diligence is conducted, a fit and

proper assessment is undertaken as well as consideration of any conflicts of interest. This includes consideration of whether or not directors' interests, position, association or relatives are likely to influence or unduly cause bias in decision making when judged from the perspective of a reasonable and informed third party. An important consideration is time commitments and availability for full board participation. A director who is appointed by the board holds office until the next AGM, in line with the MoI, retires and is then presented to shareholders for re-election.

Succession planning

Succession planning for non-executive directors is typically iterative and part of an ongoing programme of planning and discussion by the nomination committee. Succession planning is based on the board's broader diversity and inclusion policy. The policy is couched in a holistic approach to diversity with the aim of inclusion and supporting the group's strategic focus areas. In accordance with succession planning needs, filling independent non-executive director board vacancies was addressed in 2021 and 2022.

Given the changing context, the committee contributes to a wide governance enhancement programme aimed at aligning strategic changes in the group to board and board committee composition. The committee's terms of reference and mandate are therefore reviewed annually.

Performance

During the period under review, an independent evaluation of the performance and effectiveness of the board, its committees and specific individuals was conducted. The purpose was also to identify and record possible areas in need of strengthening and/or refinement while considering internal and external dynamics, and factors that may positively or negatively impact the board's ability to enhance its performance and effectiveness. The evaluation found no significant matters of concern although director and executive succession plans will receive focused attention. The overall conclusion is that the committee functions effectively.

Terms of reference

The committee's terms of reference were reviewed in 2022 and the amendments approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

Key focus areas for 2023	Status
Diversity and inclusion policy	Ongoing
Board composition	Ongoing
Induction and ongoing development of directors	Ongoing
Nomination and appointment of directors	Ongoing
Succession planning	Ongoing
Performance	Ongoing

Conclusion

The nomination committee, in carrying out its respective duties, duly regarded the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference.

On behalf of the nomination committee



Mvuleni Geoffrey Qhena
Nomination committee chairperson
14 April 2023

Risk and business resilience committee report

Dear shareholders,

I am pleased to present the RBR committee report for the year ended 31 December 2022 which reflects the committee's focus on Exxaro's reputation as a good corporate citizen and resilience in a changing environment.

Peet Snyders
RBR committee
chairperson



- Exxaro delegates attended COP27 with a view to building on previous successes and paving the way to effectively address the global challenge of climate change. The main conference discussions among various country delegates centred around climate change mitigation, adaptation, finance, collaboration and loss and damages. These are areas with implications for Exxaro and the broader business due to local and global climate policy, such as carbon capture and storage, carbon pricing, the carbon boarder adjustment mechanism and human rights, among others
- During the review period, the committee considered scope 1, 2, and 3 emissions reductions, including GHG emissions categories as well as scope 3 challenges, risks and opportunities, and the path forward

To ensure that the activities of the decarbonisation project management office are supported and regular feedback is received, an ESG steering committee has been established by management that will take responsibility of reviewing the decarbonisation project business cases, monitor budget spent and advise the technical team on further risk mitigation.

Key highlights of 2022

Climate change and decarbonisation

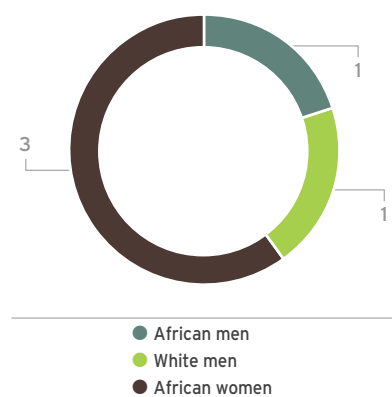
The decarbonisation project management office was established in June 2021 to coordinate decarbonisation activities across the group and compile a detailed baseline of our GHG emissions. A multi-functional projects team, comprising 10 functional and four cross-functional streams, was established to develop a group-wide decarbonisation system model and 2050 carbon neutral pathway streams. The team compiled a detailed emissions baseline and identified potential emission reduction opportunities in planned projects. The organisation has opportunities to reduce current emissions by 40% by 2025 with the implementation of the identified initiatives:

- During the period under review, the climate change and decarbonisation programme office partnered with the University of Pretoria Exxaro chair to deliver technical training aligned to our decarbonisation strategy in energy, water and climate change management

Exxaro slimes dam management

Following a dam collapse incident within the mining industry, the committee received confirmation that the operations, including mines in closure, and management procedures of Exxaro dams are audited regularly. All five yearly inspections were up to date and dams were all found fit for purpose in terms of inspections done to date. Due to the nature of mining activities and good systems in place, this was considered a low risk to the company.

Gender and racial diversity



Risk and business resilience committee report continued

Committee calendar highlights linked to key focus areas for 2022

Quarter 1	<ul style="list-style-type: none"> Review and recommend CMRR report as part of the 2021 integrated report BU risk deep dive on rotational basis
Quarter 2	<ul style="list-style-type: none"> Monitor implementation of Climate Change Response strategy Participate in sustainability summit
Quarter 3	<ul style="list-style-type: none"> Participate in Leadership Safety Day and BU safety indabas Consider coal rail capacity challenges Approve revised terms of reference
Quarter 4	<ul style="list-style-type: none"> Recommend material issues for inclusion in 2021 integrated report Approve the updated ERM framework and changes to strategic performance dashboard Monitor implementation of business continuity management project and next steps Control measures associated with cybersecurity risks

Role and purpose

The committee is a board committee in terms of section 72 of the Companies Act, the company's Mol and King IV. The committee's role is as follows:

Risk management

The committee's role is to oversee the implementation of an effective policy and plan for risk management that will enhance the group's ability to achieve its strategic objectives and that disclosure regarding risk is comprehensive, timely and relevant.

Risk management is the process effected by the board, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the organisation and manage risks to be within its risk appetite, and ultimately to provide reasonable assurance regarding achievement of the organisation's objectives. Risk governance refers to the governance structures and mechanisms established within the organisation in terms of which decisions regarding risk are taken and implemented.

The committee is responsible for reviewing the ERM process, including key risks facing Exxaro as well as responses in place to address these risks with particular focus on:

- Strategic risks
- Financial risks (technical debate on managing financial risk will take place at audit committee meetings but financial risks are part of the overall enterprise risk register over which this committee has oversight)
- Operational risks
- Regulatory compliance risks

Meetings

The committee held four scheduled meetings, as determined by its terms of reference, during the period under review and one special meeting. The committee's attendance of 100% throughout illustrates high levels of engagement by RBR committee members. The table below is an overview of meeting attendance in 2022.

Members	Designation	Attendance at four quarterly meetings	Attendance at one special meeting
Peet Snyders	Independent non-executive director and chairperson	4/4	1/1
Ben Magara	Independent non-executive director	4/4	1/1
Mandlesilo Msimang	Non-executive director	4/4	1/1
Ras Myburgh	Independent non-executive director	2/2*	0/0*
Chanda Nxumalo	Independent non-executive director	4/4	1/1

*Ras Myburgh retired as a member at the AGM on 25 May 2022.

Business resilience

Business resilience is the ability of an organisation to absorb and adapt in a changing environment to enable it to deliver its objectives, survive and prosper. Risk, incident, crisis and business continuity management are among the four key elements of business resilience. The role of the committee is to oversee the appropriateness of Exxaro's crisis response plans and frameworks.

Composition

For the year under review, the committee consistently had four members with a majority of independent non-executive directors. With the retirement of Ras Myburgh, the committee welcomed the appointment of Ben Magara as member. The board is satisfied that the committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions.

Standing invitees to committee meetings include the CEO, FD and chief risk officer. Other individuals, including members of management, external consultants and service providers, are invited to attend meetings of the committee from time to time in consultation with the committee chairperson.

Terms of reference

The committee's terms of reference were reviewed and enhanced in accordance with the IoDSA 2022 guidance, and approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

2022 in review

Under the oversight of the committee, the following matters received attention in addition to the key highlights:

Business resilience and risk matters

Belfast fatality and HPIs

The committee discussed the root cause of the Belfast fatality and HPIs as well as corrective and preventive measures it will monitor quarterly.

ERM

In line with the annual workplan, the committee quarterly receives the updated board strategic risks profile highlighting the material risks for the group, including an analysis of key stakeholders being managed and updated emerging risks. A security risk profile has also been included on request from the committee.

Governance of information management risk

During the period under review, the committee considered the top 10 information management risks, governance review and the group security posture. Progress was monitored by the committee with management providing comprehensive quarterly updates, reflecting on challenges and steps taken to address those challenges.

Safety

Exxaro's safety improvement initiatives monitored by the committee included:

Exxaro embarked on a safety campaign across the group to highlight the importance of risk identification. Training will be rolled out to full-time health and safety representatives to stop the escalation of incidents.	In addition to one-on-one briefing sessions, the leadership safety day on 20 October 2022 and scheduled meetings, executive committee members were deployed to BUs to interact with employees.
Leadership interventions included executive committee members communicating risk awareness messages to the broader workforce on the identified safety risks as part of the Khetha Ukuphepha campaign. Pre-recordings of executive committee members on dedicated focus areas were broadcast across the group on various communication platforms.	Ongoing awareness campaigns encourage employees, particularly vulnerable groups, to have COVID-19 booster shots.

Rehabilitation liabilities

Exxaro's rehabilitation management risk was a priority. It is being addressed through strategy and policy changes.

Reputational resilience matters

Exxaro's reputational resilience relates to the ability to withstand and respond to negative news or actions regarding the organisation business conduct or misconduct. Print, broadcast, social media and other online media platforms are used to monitor and measure Exxaro's reputation, in terms of sentiment, on a quarterly basis.

The Exxaro-Globescan stakeholder reputation survey 2022 provided additional insights from media and other stakeholders on stakeholders' perceptions of Exxaro's business conduct.

Exxaro's approach to medium to long-term reputational resilience will continue to be proactive to manage its own narrative, and hence the predominately neutral and positive public sentiment. All publicity is through earned media, which shows the authenticity and credibility of Exxaro's content, initiatives and the business strategy.

Risk and business resilience committee report continued

Key focus areas

The table below shows the key focus areas of the committee.

2022/2023	Status
Review relevance of current KPIs and completeness of current and emerging risks in line with approved strategy	Ongoing
Review risk governance efforts to ensure monitoring of key risks impacting strategic objectives (includes review of completeness of current and emerging risks in line with strategy)	Ongoing
Ensure effective plans are in place based on the impact of business disruption (plans are up to date and no significant incidents occurred that led to business disruption)	Ongoing
Review Exxaro's risk appetite	Achieved
Review Exxaro's key compliance risks related to licence to operate	Achieved
Based on the key risks, recommend appropriate predictive and proactive reporting as well as engagement with key stakeholders (including integrated report)	Achieved
Review governance of technology and information to ensure incorporation of technology and information risks to enable strategy delivery and ensure business resilience	Ongoing
Review business resilience key elements to ensure business strategy compliance	Achieved

Performance evaluation

There is currently no legal or regulatory requirement for the committee to complete annual performance evaluations and, while King IV recommends regular performance evaluations for all board committees, it has become a governance practice at Exxaro to have the committee's performance and effectiveness evaluated every two years.

During the period under review, an independent evaluation was conducted in respect of the performance and effectiveness of the board, its committees and specific individuals. The purpose was also to identify and record possible areas in need of strengthening and/or refinement while considering internal and external dynamics as well as factors that may positively or negatively impact the board's ability to enhance its performance and effectiveness in the said areas. The evaluation found no significant matters of concern. Focus on the group's safety performance will intensify, a project to assess procurement processes at the Grootegeluk mine will commence as well as the committee's understanding of risks in the energy business. The overall conclusion is that the committee functions effectively.

Conclusion

The committee is satisfied that it has discharged its responsibilities and fulfilled its mandate in accordance with its terms of reference, the Companies Act and King IV.

On behalf of the RBR committee



Peet Snyders
RBR committee chairperson

14 April 2023



Executive committee meeting

Social, ethics and responsibility committee report

Dear shareholders,

I am pleased to present the SERC report for the year ended 31 December 2022.

Dr Geraldine Fraser-Moleketi
SERC chairperson



Role and purpose

The committee mandate derives from the company’s commitment to proactively managing its economic, environmental and social impacts, and the public interest, in addition to those laid down in section 72(4) of the Companies Act, read with Regulation 43, the Mol and King IV.

The company recognises that it forms part of an interrelated community and as such may have positive and negative impacts on the public interest and the global goal of sustainable development. The committee oversees the company’s ethics with regard to business practices, its relationships with its employees and other stakeholders and the natural environment. It assists the board by monitoring the extent to which the group is achieving its shared value goals, in a sustainable manner.

The board has primarily entrusted the committee with shared oversight of sustainability management, without relinquishing overall responsibility.

 [ESG oversight by board committees](#) (page 95)

ESG matters shape and direct board discussions. This committee tracks the group’s performance in line with the strategic KPIs within the committee’s oversight responsibility. These indicators inform matters within the committee’s mandate, which are brought to the attention of the board for discussion when required. As reported, under the auspices of the committee we are steadily working towards decarbonisation through our Sustainable Growth and Impact strategy. Our strategic objectives advocate for a Just Transition in a manner that balances South Africa’s economic development needs, ecosystem protection and social adaptive capacity.

The committee thus performs an oversight role of the organisation’s actions and outputs (how the company conducts business, specifically the application of its value system surrounding ethical standards and social responsibility).

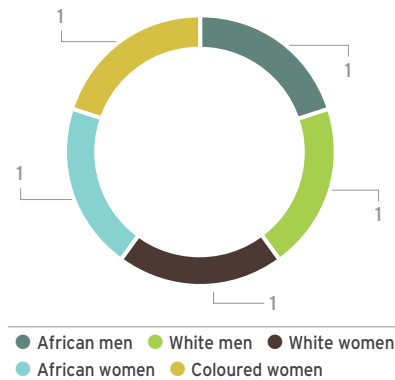
Composition

The committee is chaired by the lead independent non-executive director of the board which assists in elevating the stature and relevance of the shareholder entrusted, social, ethical and corporate responsibilities. In the year under review, in line with the board’s diversity and inclusion policy, the committee welcomed a new member, Karin Ireton.

The committee comprised a majority of independent non-executive directors throughout the period, as per King IV recommendations, which facilitated the application of independent judgement on committee deliberations and decisions.

As per the standard committee terms, the chairperson of the board and all board members are welcome to attend all meetings, as observers. The CEO is a standing invitee at all committee meetings as well as the FD, executive head: human resources, executive head: sustainability and executive head: stakeholder affairs. Other individuals with specific skills and expertise are also invited to report and assist members in their deliberations, including the information officer, head of legal, chief audit executive and chief risk officer.

Gender and racial diversity



Meetings


Six meetings were held during 2022, including two special meetings and four quarterly held meetings.

The following table provides an overview of member designations and attendance:

Members	Designation	Attendance at quarterly meetings	Attendance at two special meetings
Dr Geraldine Fraser-Moleketi	Lead independent non-executive director and chairperson	4/4	2/2
Karin Ireton	Independent non-executive director	4/4	2/2
Likhapha Mbatha	Non-executive director	4/4	2/2
Isaac Mophatlane	Independent non-executive director	3/4	1/2
Peet Snyders	Independent non-executive director	4/4	2/2

In addition, two interactive hybrid stakeholder engagement days were hosted in the third quarter of 2022.

Committee calendar highlights linked to key focus areas in 2022

February	May	June	July	November
Oversaw decarbonisation project implementation	Received and considered performance report on social impact matters	Reviewed policy proposals in respect of non-mandatory vaccination	Received and considered UNGC communication on progress	Reviewed terms of reference and annual work plan and recommended terms of reference to board for approval
Monitored performance against UNGC principles	Undertook reputation survey  Case study: reputation management top of mind (integrated report, page 40)	Diversity, equity and inclusion: reviewed principles and human resources practices driving fair pay policies	Received and considered performance report on social impact matters including energy business economic development programmes	Received and considered quarterly report on safety, health and environmental performance
Approved ethics strategy and management plan	Assured entrenched anti-bribery and anti-corruption practices and reviewed ongoing anti-bribery and anti-corruption programme	Reviewed implementation against ethics management plan	Assessed B-BBEE assessment report against transformation objectives	Monitored company's regulatory compliance to ensure fulfilment of licence to operate conditions
Received and considered quarterly report on non-compliance with company's ethics-related policies	Considered report on significant forensic investigations to manage risks and identify process improvements	Monitored procurement risk mitigation measures against mining-related criminal activity	Evaluated land use against SDGs as part of minerals succession programme	Considered regulatory requirements within mandate (including SLP progress)
Approved inclusive policies for people with disabilities		Assessed effectiveness of ethics policies and processes including whistleblowing hotline	Reviewed FTSE Russell analytics and global benchmarks	Reviewed the Social Impact strategy as the company's response to climate change and just transition for relevance and legitimacy
			Diversity, equity and inclusion: Reviewed and approved five-year employment equity plans	Monitored improvements and effectiveness of changes in the anti-bribery and anti-corruption practices
			14 and 15 July 2022: Hosted on-site stakeholder engagement days	Approved policies: human rights and donations

Social, ethics and responsibility committee report continued

Terms of reference

The committee's terms of reference were extensively reviewed in 2021 to include responsible corporate citizenship in its role and responsibilities. The terms of reference were reviewed in 2022 and the amendment approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

2022 in review

1. Oversee implementation of the diversity, equity and inclusion strategy in support of the overarching Exxaro strategy as a key business value driver

Under the auspices of the committee, the leadership pledge to diversity, equity and inclusion is to have a gender balanced workforce and achieve demographic parity. The approach adopted in so doing, is to maintain the momentum of transformation, focusing on women, youth and people living with disabilities. Oversight of the successful practices and challenges remediated in pursuit of this ideal, is part of the joint accountability model employed by the committee.

 **Employee engagement** (page 68) outlines our approach and performance.

To name but a few, there are concerted efforts through programmes like the women in mining workplace forum which elevates the practical needs of our women in mining drive and fosters an internal culture for inclusion.

In addition, accessibility audits for inclusion of more people with disabilities and approval of company policy promoting this undertaking continue under the watchful eye of the committee.

With regard to economic development, the committee promotes support of SMMEs led by women and people with disabilities by monitoring participation of beneficiaries in ESD and local economic development initiatives in accordance with the company's drive to increase economic empowerment of women through access to resources and broader employment opportunities.

There is always more work to be done towards diversity, equity and inclusion. Management therefore formulated a roadmap to address inequities. Exxaro is also a signatory to the UN's Women Empowerment Principles, which offer guidance on further women empowerment in our workplace and communities. We celebrate recognition by the Bloomberg

GEI  **delivering measurable results and impact** (page 10))

for the fourth consecutive year of the company's accomplishment in a predominantly male-dominated industry. Leadership is commended for commitment and integrity in fulfilling this agenda.

2. Scrutinise human capital strategies, human capital investment and oversight (strategic workforce issues) that impact the group's brand and reputation

Execution of the Sustainable Growth and Impact strategy hinges on proper execution of the people strategy or human capital priorities. The committee is therefore responsible for assuring the company's standing in relation to the ILO's protocol on decent work and working conditions as well as the educational development of employees. This is particularly pertinent for the company to become carbon neutral by 2050 as a future-fit organisation.

The committee continues to drive key performance imperatives in respect of people development and learning through innovative means. The workforce of the future is bolstered by a range of flexible workplace accommodations like parental leave for adoptive parents and work-from-home practices (hybrid model). The transformation of static workforce practices is an extended process to which the committee is responsibly committed.

3. Oversee implementation of the stakeholder engagement strategy and KAM of eight identified stakeholder groupings

The committee identified that management of social and ethics risk, requires meaningful engagement and dialogue with affected stakeholders. To this end, the committee's stakeholder engagement strategy is executed and includes in-person visits, as is preferred, as well as multi-region, virtual engagement sessions. These town hall sessions were extended to local, district and provincial government, ESD beneficiaries and many other economic development project participants. The advantage of the virtual platform was the integration of simultaneous engagement with community and government stakeholders, which contributed to a richness in discussions and shared learnings.

Relationship building remains a key outcome of the stakeholder engagement strategy in redressing the plight of the poor in communities surrounding operations.

The committee's oversight of stakeholder engagement includes weekly reports in respect of business activity and media review as an indicator of reputation management.

4. Review ongoing anti-bribery and anti-corruption programme implementation including rolling out of conflicts of interest programme and ensuring an ethical culture

In accordance with the OECD recommendations, the company developed and employed an anti-bribery and anti-corruption policy and adopted adequate internal controls, ethics and compliance programmes as well as measures for preventing and detecting bribery.

Based on an ethics risk assessment, the committee approved an ethics management strategy and related plan. Throughout the year and through the ethics management committee, measures were assessed and adapted for continued effectiveness, and to mitigate the risk of becoming complicit in bribery, bribe solicitation, small facilitation payments and extortion among others.

In addition, internal employee awareness and public communication of the company's stance against corrupt activity was undertaken during the period under review. Strict zero tolerance of unethical conduct and disciplinary processes are aimed at rooting out this kind of conduct. No political donations were made in 2022.

5. Ensure ESG is leveraged to build long-term competitive advantage, enhance resilience to sustainability risks and attract socially conscious investors, talent and customers

The future of the mining and energy industries is increasingly shaped by ESG imperatives. As such, the committee oversees management plans to leverage opportunities identified for the minerals business, including resource transition, linking ESG outcomes to value creation, unlocking new sources of value such as reskilling employees beyond mining services, mining strategically for the future and decarbonisation of the business.

The board is invested in a just energy transition and supports the path to sustainability in an era of climate change. Demonstrated commitments include the company's investment in wind power and preparation for a response to a range of global climate scenarios. The company is indeed aiming to be carbon neutral by 2050.

 [Climate change position statement](#) (sustainability tab)

The committee oversees the Social Impact strategy, an integrated socio-economic development strategy in response to the dual challenges of social inequality and the systemic impacts of climate change. It aims to transition Exxaro to a low-carbon future. The committee, along with management, continue to dedicate time to ensuring delivery of SLP commitments and developing the Sustainable Growth and Impact strategy.

With regard to safety, health and integrated wellness, the committee is pleased to announce that, on 2 March 2022, the company achieved a major milestone of five years fatality free, underpinned by the Khetha Ukuphepha safety campaign. However, this celebration was short-lived when Belfast reported a regrettable loss of life. The learnings from proper internal and external investigations were shared and leadership increased visibility through more frequent and focused presence.

Collaborating with the DoH, COVID-19 vaccination campaigns were successful. The group achieved an outstanding vaccination rate, which far exceeded the 80% industry target.

With concern, it was reported that for the period under review, there had been 23 occupational disease cases recorded with six instances related to noise induced hearing loss.

In keeping with a COVID inspired initiative, the integrated wellness approach was designed to support the whole employee. Management made concerted effort to support the emotional, financial and occupational dimensions of each person. The committee was pleased with the outcomes and impact of this continued approach, which has delivered demonstrated results. The wellness offering has been renewed and continues to improve.

Future focus areas for 2023

1. Oversee implementation of diversity, equity and inclusion strategy in support of the overall Exxaro strategy as a key business value driver
2. Scrutinise the people strategy and human capital levers in support of the five strategic objectives
3. Continue to engage the eight key stakeholder groupings in terms of the KAM approach
4. Monitor the demographic of beneficiaries of the ESD programme, also in accordance with the diversity, equity and inclusion strategy, and women empowerment programme
5. Review the ongoing anti-bribery and anti-corruption programme implementation, including the whistleblowing mechanisms for effectiveness and ensuring an ethical culture
6. Oversee ESG governance in the organisation and execution of the decarbonisation programme

Performance evaluation

Although the committee is currently not obligated by legal or regulatory requirement to complete annual performance evaluations, in line with King IV's recommendation of regular performance evaluations for all board committees, it is governance practice at Exxaro to evaluate the committee's performance and effectiveness every two years.

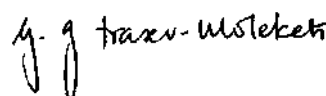
During the period under review, an independent evaluation of the performance and effectiveness of the board, its committees and specific individuals found no significant matters of concern. Areas in need of greater focus include ESG and community project oversight and review of the effectiveness of whistleblowing mechanisms. The overall conclusion is that the committee functions effectively.

Conclusion

The SERC is pleased to confirm that, in carrying out its duties, as prescribed, it has duly regarded King IV principles and recommended practices, and has discharged its responsibilities in accordance with its terms of reference and the Companies Act. Beyond mere compliance, the committee is also satisfied that it has fulfilled its non-statutory mandate and that there are no material instances of non-compliance to disclose. If any material non-compliance existed, it was duly considered during the year in review.

In closing, the committee recognises that the current transformation in sustainability and responsibility is a clearly bigger revolution than digitalisation. It is committed, with leadership to act now and with impact!

On behalf of the committee



Dr Geraldine Fraser-Moleketi
SERC chairperson
14 April 2023

King IV application register

Our detailed King IV application register aligns with King IV's recommendation to apply and explain how we practice good governance. We explain actions taken, policies and processes used by Exxaro.

Ethical culture 1.1 to 1.3

Principle

The governing body should set the tone and lead ethically and effectively [1.1]

Applicable actions, policies and processes

- Exxaro reviewed the board charter, board committees' membership, terms of reference, annual work plans and key focus areas in 2022
- The board charter states that directors have a duty to exercise a degree of care, skill and diligence expected of a reasonably diligent person with general knowledge, skill and experience, and a fiduciary duty to act in good faith and in a manner that is in Exxaro's best interest
- In terms of our board charter, directors shall be individuals of calibre, integrity and credibility
- The nomination committee appointed five new directors on 7 February 2022 and 3 January 2023 after assessing their skills and competence, and conducting background checks. The board considers succession planning and board refreshment as a key element for a sustainable company
- The board applies a zero tolerance approach to actions taken without integrity
- The first theme for internal director development focused on ethics talk to set the tone at the top
- Exxaro's board approves the strategic direction and budget, and sets performance targets
- Policies supporting this principle include, among others, the code of ethics, conflicts of interest, anti-bribery and anti-corruption, fraud prevention and response, gifts and benefits, and whistleblowing

Principle

The governing body should ensure that the organisation's ethics are managed effectively [1.2]

Applicable actions, policies and processes

- Ongoing monitoring and reporting on the group-wide anti-bribery and anti-corruption programme to the audit committee
- Flowing from the ethical risk assessment in 2021, the ethics committee formulated a statement of strategic ethical intent, and developed an ethics strategy and management plan to address identified development areas approved by the board following the SERC's recommendation
- Exxaro appointed an ethics officer to implement the ethics management plan across the business
- The board approved updates to the conflicts of interest, and gift and benefits policies
- The SERC oversees Exxaro's ethics for business practice and relationships with employees, other stakeholders and the natural environment

Principle

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen [1.3]

Applicable actions, policies and processes

- Exxaro initiated a process in 2021 to develop a framework that will further guide the organisation in managing human rights
- Exxaro's human rights policy was approved in 2022
- Exxaro expressed continued commitment to supporting the UNGC principles on human rights, labour, environment and anti-corruption
- Exxaro developed an employee communication plan for our Climate Change Response strategy. The plan is being rolled out internally
- The board and executive management's awareness of the latest climate change assessment report released by the Intergovernmental Panel on Climate Change and the board's role in responding to climate change
- The board identified the need for an experienced non-executive director with environmental, sustainability and climate change knowledge, which was finalised on 7 February 2022
- Exxaro's growth strategy includes impact investments to ensure creation of an equitable society
- The board strengthened the SERC's mandate in 2021 by entrenching responsible corporate citizenship as part of the committee's focused activities, in addition to its responsibility for ethics, among others
- Policies and frameworks supporting this principle include, among others, diversity, equity and inclusion framework, climate change response strategy, B-BBEE level 1 target, political donations, stakeholder management, environmental, health and safety, zero harm safety target and emergency response plan

Performance and value creation 2.1 and 2.2

Principle

The governing body should lead the value creation process by appreciating that strategy, risk and opportunity, performance and sustainable development are inseparable elements [2.1]

Applicable actions, policies and processes

- The board adopted an updated strategy process in 2021 to provide for a continuous integrated strategy cycle across Exxaro businesses, supporting Exxaro's purpose
- Before the executive leadership presented the strategy to the board, iterative strategy workshops, following bottom-up process, and board governance sessions were held and inputs integrated into the strategy
- An integrated risk management approach in the strategy review process was applied, including the identification of emerging risks and opportunities
- Exxaro's strategy is refined and approved annually
- A new strategic performance dashboard and strategic-aligned sustainability KPIs was reviewed and approved
- The board receives quarterly reports on KPIs through the strategic performance dashboard
- The ERM framework and risk appetite were reviewed
- Exxaro monitors the impact of external and internal events for their impact on the strategic risk profile

Principle

The governing body should ensure that reports and other disclosures enable stakeholders to make an informed assessment of the performance of the organisation and its ability to create value in a sustainable manner [2.2]

Applicable actions, policies and processes

- The integrated report is based on integrated reporting throughout the year
- The integrated report sets out the strategic objectives, business model, material matters that impact the business and the risks that prevent the organisation from achieving its objectives
- The RBR committee oversees the CMRR report as part of the 2022 integrated report
- The audit committee assesses material matters and reviews financial materiality annually
- The audit committee reviews the integrity of the integrated report
- The board approves the integrated report, ESG report and the financial statements annually
- Policies supporting this principle include, among others, external communication and integrated reporting process

Adequate and effective control 3.1 to 4.5

Principle

The governing body should serve as the focal point and custodian of corporate governance in the organisation [3.1]

Applicable actions, policies and processes

- The board remains accountable for Exxaro's corporate governance
- Exxaro's governance framework reaffirms that the board is the focal point of corporate governance
- The board entrenches good corporate governance throughout Exxaro at all levels of decision making
- The board attends mandatory governance sessions for directors and executive management twice a year
- New directors received formal induction on appointment
- Policies and frameworks supporting this principle include, among others, group governance framework, delegation of authority framework and policy

Principle

The governing body should ensure, in its composition, a balance of the skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities [3.2]

Applicable actions, policies and processes

- The board adopted a nomination and appointment policy in 2021 to provide a framework and set standards for the nomination and appointment of relevant, fit and proper, suitably skilled and ethical non-executive directors to the board
- The nomination committee ensures that the board's composition comprises the appropriate level of skills, experience, diversity, independence and knowledge – of which the appointments in 2021 and 2022 are testimony
- The nomination committee reviews its terms of reference annually
- An approved skills and experience matrix facilitates directors' appointments
- The board reviews and approves its diversity and inclusion targets annually
- Directors receive formal appointment letters

- Directors declare any outside interests on appointment and before any meetings commence, as well as an annual declaration of interest
- The board appoints the lead independent director
- The CEO and chairperson's duties are divided as per the board charter
- The board reviewed its charter in 2022

Principle

The governing body should consider creating additional governing structures to assist with balancing power and effective discharge of responsibilities without abdicating accountability [3.3]

Applicable actions, policies and processes

- The board reviewed the mandates and delegated powers to its board committees with the most significant changes to the SERC, RBR committee and the investment committee in 2021
- All board committees have formally approved terms of reference that are reviewed annually
- The board assesses its committees' composition annually and made several changes
- Board committees' composition complies with the Companies Act, Exxaro's MoI, King IV and each committee's terms of reference
- Board committees have a majority independent non-executive directors as members, with the audit committee comprising only independent non-executive directors

Principle

The governing body should ensure that the appointment of and delegation to competent executive management contributes to an effective arrangement through which authority and responsibilities are exercised [3.4]

Applicable actions, policies and processes

- A clear division of power exists between the CEO and chairperson as per the approved board charter
- The board monitors executive leadership's performance
- The executive committees have formal terms of reference that were reviewed in 2022
- The board approves the group delegation of authority and conducted a comprehensive review of the group delegations framework in 2022
- The board appoints the group company secretary
- The board assesses the group company secretary's performance annually
- The board considers changes to executive committees' terms of reference

Principle

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members supports continuous improvement in its performance and effectiveness [3.5]

Applicable actions, policies and processes

- The board conducted an in-depth independent performance assessment through questionnaires and one-on-one interviews at the end of 2022
- Non-executive directors undergo independence assessments annually
- The chairperson oversees a formal implementation plan to address potential improvement areas identified by the assessment and reported to the board

King IV application register continued

Principle

The governing body should govern risk and opportunity in a way that supports the organisation in defining core purpose, and to set and achieve strategic objectives [4.1]

Applicable actions, policies and processes

- The board approves and periodically reviews the ERM framework
- The board links Exxaro's strategy, risks, risk appetite and performance via the strategic performance dashboard
- An updated strategy process was adopted by the board to provide for a continuous cycle in ensuring an integrated iterative process across Exxaro businesses, supporting Exxaro's purpose
- An integrated risk management approach is applied in the strategy review process, including the identification of emerging risks
- The strategic performance dashboard was reviewed with a revised philosophy based on the Sustainable Growth and Impact strategy with new focused KPIs for the board cascading down to management, and reporting on measures that matter and matters out of appetite
- A new reporting format requires management to indicate the risk and compliance analysis of the recommendation to the board

Principle

The governing body should govern technology and information in a way that supports the organisation in defining core purpose, and to set and achieve strategic objectives [4.2]

Applicable actions, policies and processes

- The RBR committee monitors information management risks and security posture
- The audit committee oversees technology and information management
- The audit committee delegates IT governance to the information management steering committee
- The information management steering committee has formal terms of reference and its scope includes reviewing the IT strategy that supports the business, and IT risks, audit findings and compliance

Principle

The governing body should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards [4.3]

Applicable actions, policies and processes

- The board formally approved a compliance policy
- The board fully integrates the compliance process with the risk process
- Compliance awareness of high legal risks are conducted annually with the board through two focused governance sessions and reading room material, among others
- Exxaro developed compliance self-assessment questionnaires to enable managers to assess compliance with licence to operate requirements
- The regulatory compliance universe was reviewed and updated with the necessary content to assist management in understanding relevant legislation
- A compliance calendar was developed and all compliance content updated in 2022
- Exxaro closed out the Protection of Personal Information Act 2013 (Act 4 of 2013) implementation project with an internal audit to ensure compliance
- A new reporting format requires management to indicate the risk and compliance analysis of the recommendation to the board

Principle

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the creation of value in a sustainable manner [4.4]

Applicable actions, policies and processes

- The remuneration committee determines and oversees implementation of the remuneration strategy and policy
- Shareholders vote on the remuneration policy at the AGM
- Formal engagement with shareholders includes an annual governance roadshow
- The remuneration policy dealing with STI and LTI principles was amended in 2021 following shareholder engagements

Principle

The governing body should ensure that assurance results in an effective control environment and integrity of reports for better decision making [4.5]

Applicable actions, policies and processes

- The audit committee approves the internal audit charter and plan annually
- The audit committee approves the external audit plan annually
- Exxaro adopted a formal policy as a framework for engagement of auditors to supply non-audit services
- Exxaro has a risk-based internal and external audit report
- Exxaro's combined assurance forum with formally approved terms of reference ensures coordination of assurance activities
- The audit committee monitors close out of all findings
- Internal audit performance forms part of executive member KPIs
- The board appointed a chief audit officer, independent of management, who chairs the combined assurance forum

Trust, good reputation and legitimacy 5.1

Principle

As part of its decision making in the best interests of the organisation, the governing body should ensure that a stakeholder-inclusive approach is adopted, which takes into account and balances legitimate and reasonable needs, interests and expectations.

Applicable actions, policies and processes

- The board charter confirms its commitment to considering material stakeholders' legitimate interests and expectations
- The board has an approved stakeholder management policy
- Exxaro held virtual stakeholder days in 2022 attended by SERC members and the executive responsible for stakeholder management
- Exxaro follows a KAM approach to stakeholder engagement that addresses inclusivity and responsiveness
- The SERC monitors stakeholder relations and matters
- An adequately resourced executive holistically manages stakeholder affairs
- All operations have an approved stakeholder engagement plan
- All directors attend the AGM
- A new board and committee reporting format was adopted where management is required to address risk, compliance, strategy and ESG implications

Remuneration report

A message from our remuneration committee chairperson

Dr Phumla Mnganga
Remuneration committee
chairperson



This is my first year as chairperson of the remuneration committee and I believe that we have made meaningful progress on our reward journey to ensure that remuneration is managed in a fair and responsible way and in support of our Sustainable Growth and Impact strategy. We continued to listen to and seek feedback from shareholders and our broader stakeholder group. During the year under review, I have observed how Exxaro has engaged with complex remuneration matters and demonstrated a genuine intent to comply with generally accepted remuneration practices and do what is right for all stakeholders. While unprecedented events over the last two years have had a significant impact on our country, our business and our employees, we remain optimistic about our journey ahead.

The remuneration committee continues to support the board in executing its fiduciary mandate and duties. Through the committee, the board ensures that Exxaro adopts remuneration policies and practices that enable the sustainable execution of our group strategy. The committee regularly reviews the group's remuneration policies to ensure that the design and management of remuneration practices enable the company to attract and retain top talent, motivate continued high performance and promote fairness and equity. The committee also ensures transparency and disclosure to enable our stakeholders to reasonably assess the effectiveness of our remuneration practices and governance processes. This report provides more detail on our remuneration practices including our remuneration policy. The committee complied with the provisions of the King IV guidance on remuneration governance and the JSE Listings Requirements. The committee is pleased to provide its report for the year ended 31 December 2022.

Chairperson's background statement

The report that follows represents activities undertaken by the remuneration committee and business during 2022. The key themes that were addressed included:

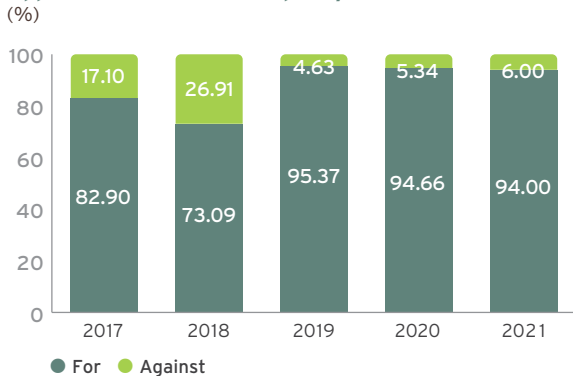
- Shareholder engagement
- Fair and responsible pay
- The ongoing refinement of the STI scheme
- Cennergi Holdings Proprietary Limited incentive schemes
- Performance achievement, recognition and policy update

Shareholder engagement

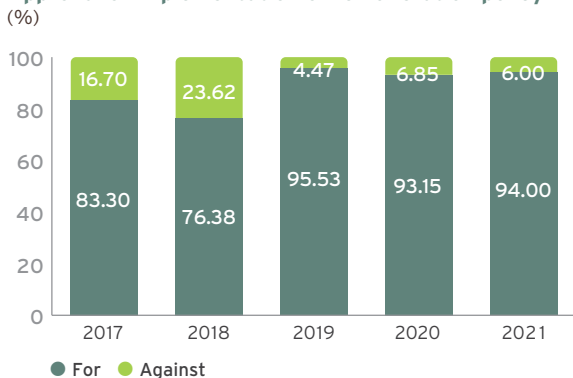
In line with our philosophy of proactive engagement, Exxaro embarked on a governance roadshow in September 2022 which entailed active engagement with our shareholders. The key themes raised by our shareholders included queries around the targets and disclosure period of the STI, the link between the LTI and STI schemes and strategy, and the capital allocation risk in respect of the dividend payments given the higher coal prices. The general message from the roadshow was a request for improved disclosure on remuneration matters. Shareholders expressed gratitude for the opportunity to engage on issues of governance and indicated that the "governance roadshow provides a safe space to have difficult conversations". We responded to shareholders' concerns by providing more information on the remuneration philosophy, policy and practices that were implemented effective 1 January 2022. Shareholder considerations and recommendations were addressed in terms of understanding the STI structure, which includes ESG factors, malus and clawback, and MSRs for management. The governance roadshow was a success based on the feedback received during and after investor meetings.

At the AGM held on 25 May 2022, shareholders again provided strong approval on the remuneration policy and how it was applied and implemented, with 94% in approval of the policy and its implementation.

Approval of remuneration policy



Approval of implementation of remuneration policy



Fair and responsible pay

Fair pay remains a commitment as one of the critical success factors aligned to our diversity, equity and inclusion strategy. Salary increases awarded to executive, management and specialist categories have been adjusted with due consideration of the consumer price index and market trends. Subsequent to the annual salary review process, the remuneration committee approved an additional mandate to close remuneration disparities in line with our remuneration principles of pay for performance and benchmarking all employees at the median of their grade and job family. It is pleasing to report that all guaranteed pay anomalies were closed after the horizontal analysis was done as part of a fair pay exercise and there is no unfair discrimination on the basis of race and gender.

Salary increases awarded to employees within the bargaining unit were once again higher than executive, management and specialist category employees as we continued to seek justifiable measures to reduce the wage gap.

STI schemes

The GIS rewards the achievement of annual goals, which are aligned to the medium and longer-term business strategy. All participants receive payments that reflect annual achievements. The GIS is paid out at certain levels twice a year. The HY1 payout process and the change and communication roll-out were successfully executed and well received within the group. The ESG targets were embedded as part of our new STI schemes.

The LOS production scheme is anchored in the operations and fully supported by both unions and employees. Grootegeluk and Matla employees are highly engaged and aligned to the achievement of their business targets. These BUs have been consistent in achieving their monthly and quarterly targets. Belfast has been achieving its targets on an intermittent basis while Leeuwpan has not always been successful in achieving its month-on-month and quarterly targets.

Energy business incentive schemes

The STI and LTI for Cennergi Holdings were developed during the year under review and approved by the remuneration committee in 2022. The STI and LTI principles and design support the growth trajectory of Cennergi and the timing anticipated to deliver on this growth profile. They also take into consideration the underlying volatility associated with Cennergi's value creation strategy relative to Exxaro and other energy industry peers. The re-pacing strategy for the energy business, which resulted in a reduction of the gigawatts target and the need for a holistic capital allocation view across Exxaro, led to further design changes to the LTI. The rules were since finalised and approved in line with the design changes.

The STI is aimed at incentivising participants over the short term using a scorecard comprising annual and milestone-based targets. The STI is settled annually based on the achievement against the scorecard. The scorecard is updated on an annual basis to ensure that it supports the Cennergi strategy.

The LTI consists of a bonus matching incentive, which makes up 20% of the LTI, and a value appreciation rights plan (VARP), which makes up 80% of the LTI. Cennergi employees will also receive a once-off VARP allocation. The payout of the VARP is linked to the growth in the enterprise value of Cennergi over the performance period. The VARP allocation percentage was calibrated to be 80% of the on-target LTI allocation of the participants to take into consideration the potential value of the matching incentive, which represents the other 20% of the

LTI. The matching scheme was introduced to ensure that Cennergi participants have some alignment with the group and our future performance. The rand value of the STI outcome will be matched in Exxaro shares.

Performance achievement and recognition

Performance achievement, previously known as performance management, was developed and implemented as part of our employee offering and in support of the culture development of Exxaro. In 2022, we continued with change management processes aimed at embedding the principles of performance achievement and aligned to pay for performance. To support the embedment process, a simplified performance achievement system was developed to transact on the performance and rewarding of individuals, teams and business.

Recognition continues to be an integral part of our total rewards offering and our rewards value proposition, with informal and formal recognition being encouraged to drive the appropriate behaviours to achieve our business objectives. We have also developed and approved the parental leave policy aligned to our diversity, equity and inclusion strategic objective on gender equity, which is a further enhancement on our employer value offering.

Independent remuneration advisers

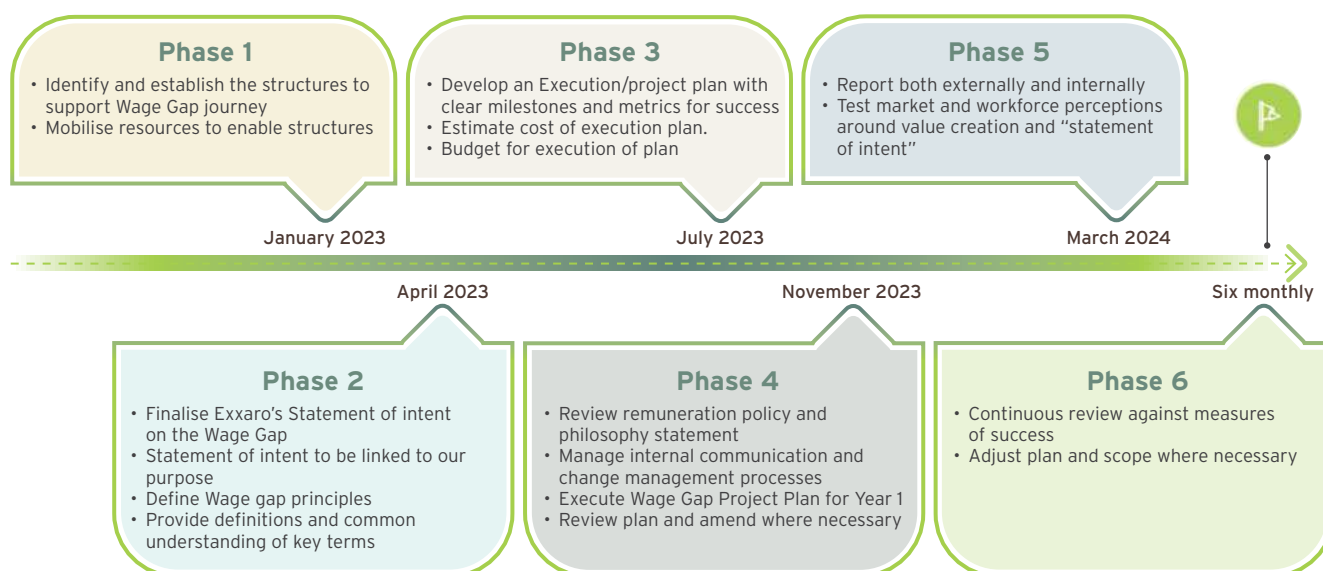
The company continues to seek independent and professional advice on remuneration matters from consultants regarded by the committee as fully independent. We have consulted PricewaterhouseCoopers, Remchannel and Willis Towers Watson on matters around remuneration, Africa People Advisory Group and Vasdex Associates on the STI and LOS schemes, Employment Conditions Abroad on expatriate policy and remuneration, and Korn Ferry on matters on job and role families.

2023 focus areas

The remuneration policy will evolve as we continue to embed the new schemes and simplify our processes. A significant focus for 2023 will be to create a plan to narrow the wage gap, in consultation with key stakeholders.

Wage gap

We are committed to addressing the wage gap and establishing key principles on how this is to be done. It is understood that meaningful conversation, in-depth analysis and stakeholder engagement are a must to understand and explore the complexity of the subject. As such, we have developed a wage gap roadmap that includes critical milestones that will be achieved in a collaborative manner, aligned to our purpose. Phase 1 of this journey includes identifying and developing structures and mobilising resources. Phase 2 envisages crafting Exxaro's statement of intent and defining principles that will guide the design of our approach and our interventions. Phase 3 includes developing a project plan with clear milestones and performing the calculations using multiple methodologies. The proposed interventions to help narrow the wage gap will also be tabled for consideration. Lastly, a review of the existing remuneration policy and philosophy will be undertaken to determine the extent to which they support this important piece of work. Communication, change management, reporting and a continuous review of our processes should enable us to continue with our commitment towards ensuring that we pay all employees equitably and in a manner that enables them to effectively participate in the economy. This work should also help ensure that we are ready to comply with pay-equity-related disclosures per the proposals in the Companies Amendment Bill, and is part of creating sustainable value in line with our ESG objectives.



Policy statement

This remuneration report provides an overview of organisation-wide remuneration with an emphasis on the remuneration structure for the Exxaro executive and non-executive directors. There were no policy exceptions during the year and the committee is satisfied that the remuneration policy achieved its stated objectives.

I would like to thank the board, the committee members, our advisers and management for their support and efforts during the year. We look forward to your support at the upcoming AGM.

Phumlal Mnganga

Dr Phumlal Mnganga
Remuneration committee chairperson

Remuneration policy

Introduction

This section provides a broad overview of the remuneration philosophy, principles and policies applicable to the various remuneration elements in terms of the different employee categories, including executive directors, prescribed officers, senior management and, on a high level, other employees.

Remuneration philosophy

Our remuneration philosophy underpins our group strategy and enables us to achieve our business objectives. Our commitment to pay for performance in alignment with shareholder value creation drives all remuneration activities and continues to deliver a sound value proposition to employees while aligned to our culture and values.

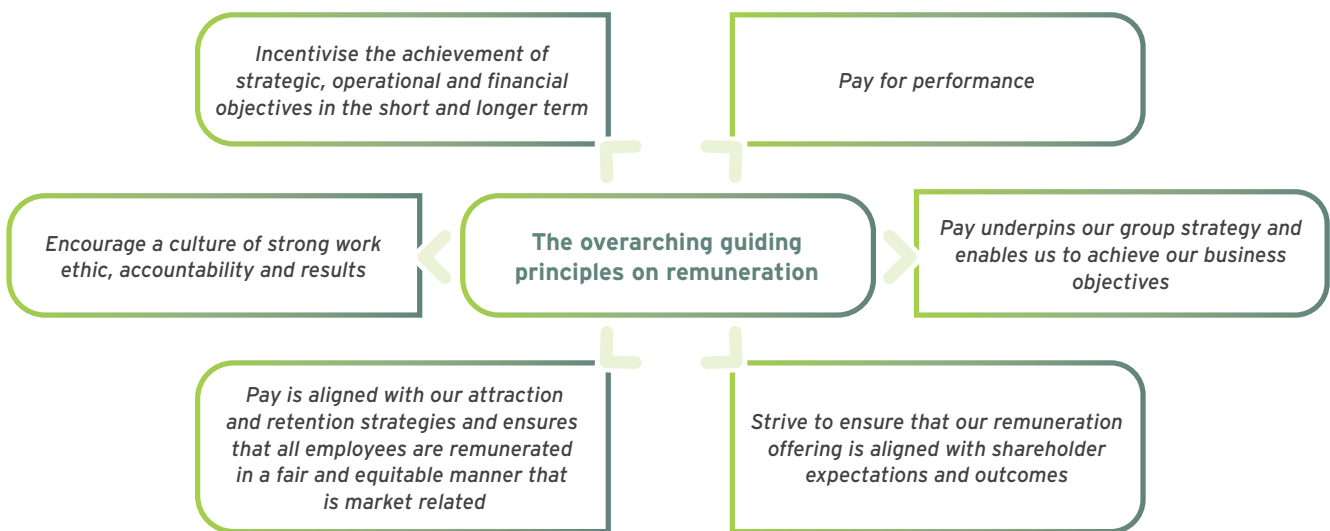


We strive to attract, retain, and empower the best talent to achieve our strategy and create sustainable shareholder value.

Remuneration principles

The vision for reward and remuneration is to provide simple, integrated, holistic solutions, common messages and transparency, and a package differentiated from the market for us to attract, retain and energise talented, high-performing people as our employee offering.

We understand that remuneration is critical in attracting and retaining high-performing individuals. As such, the committee firmly supports the principle that pay must be aimed at reinforcing, encouraging and promoting superior performance. We believe in ethical, fair and responsible remuneration principles, and this belief continues to guide our policies directed at different remuneration elements in our remuneration framework.



Remuneration offering

The table below shows the remuneration offering used to reward employee categories in a fair and equitable manner. The policy provides for an annual assessment of the remuneration offering and consideration of any appropriate actions such as differentiating annual adjustments. In addition, the principles of internal parity, reward for performance and market competitiveness apply. These principles facilitate fair and responsible remuneration.

Remuneration offering by employee category

Employee category*	Total guaranteed remuneration		Variable pay			
	Notional cost of employment (NCOE)	Total guaranteed package (TGP)	STI schemes		LTI schemes	
			Group incentive scheme (GIS)	Line of sight (LOS)	Long-term incentive plan (LTIP)	Deferred bonus plan (DBP)**
Executive management	x		x		x	x
Senior management (E band)	x		x		x	x
Middle management (D upper and D middle bands)	x		x		x	
Corporate and divisional office Junior management (D lower and C upper bands)	x		x			x
Operations Junior management (D lower and C upper bands)	x			x		x
Corporate and divisional office Non-management and specialist employees (C middle to A bands)	x		x			x
Operations Bargaining unit employees (C middle to A bands)		x		x		x

* The Paterson job grades are indicated by applicable employee category.

** DBP excludes Paterson E lower grade.

Remuneration mix

The table below indicates the maximum percentage of total guaranteed remuneration (NCOE/TGP) applicable to the variable pay schemes by grade. The remuneration mix is benchmarked on an annual basis prior to granting annual LTI awards.

Remuneration mix for variable pay by Paterson grade at maximum (expressed as a percentage of total guaranteed remuneration)

Grade	Maximum STI %	Maximum LTIP %	Maximum DBP* %	Maximum LTI schemes %	Maximum total variable pay %
F upper*	150.00	231.00	74.25	305.25	455.25
F middle**	112.50	223.00	55.69	278.69	391.19
F lower*	112.50	143.00	55.69	198.69	311.19
E upper*	90.00	101.00	44.55	145.55	235.55
E middle*	75.00	76.00	20.63	96.63	171.63
E lower and D upper	52.50	50.00	0.00	50.00	102.50
D middle	37.50	38.00	0.00	38.00	75.50
D lower	22.50	0.00	0.00	0.00	22.50
A to C bands	18.75	0.00	0.00	0.00	18.75

* The maximum DBP matched portion is 90% of the total after-tax STI schemes for Paterson grades F band and E upper and 50% for E middle.

** CEO designate F middle from January to February.

The table below provides an indication of the total variable pay due, by component, for achievement at target. The GIS explicitly states the target bonus quanta applicable at target. The LTIP performance vesting conditions are defined at threshold and maximum to provide an indication of targeted total variable pay. Target is taken as halfway between threshold and maximum. In the case of the DBP, the midpoint of the voluntary deferral is applied, being 50% to the target of the GIS.

Remuneration mix for variable pay by Paterson grade at target (expressed as a percentage of total guaranteed remuneration)

Grade	Target STI %	Target LTIP %	Target DBP* %	Target LTI schemes %	Target total variable pay %
F upper*	100.00	150.15	27.50	177.65	277.65
F middle**	75.00	144.95	20.63	165.58	240.58
F lower*	75.00	92.95	20.63	113.58	188.58
E upper*	60.00	65.65	16.50	82.15	142.15
E middle*	50.00	49.40	13.75	63.15	113.15
E lower and D upper	35.00	32.50	0.00	32.50	67.50
D middle	25.00	24.70	0.00	24.70	49.70
D lower	15.00	0.00	0.00	0.00	15.00
A to C bands	12.50	0.00	0.00	0.00	12.50

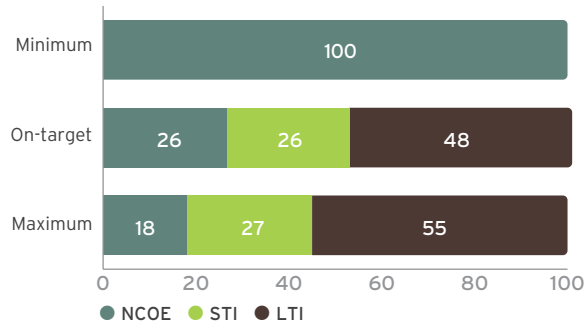
* The target DBP matched portion is 50% of the total after-tax STI schemes for Paterson grades F band to E middle.

** CEO designate F middle from January to February.

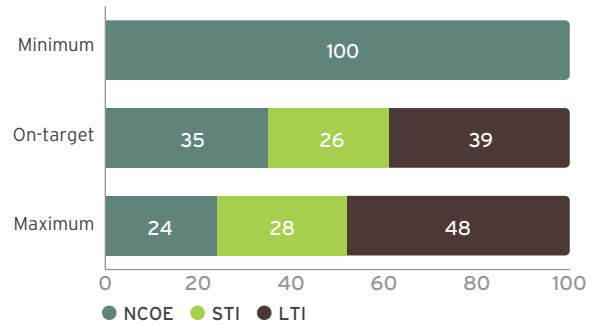
Remuneration policy continued

Remuneration mix for CEO, FD and prescribed officers

CEO: pay mix F upper
(%)



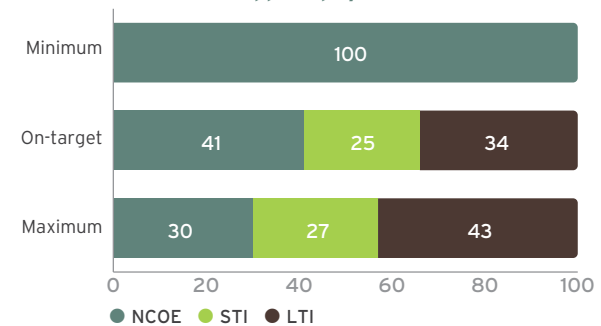
Prescribed officers (on Paterson Band F lower): pay mix (%)



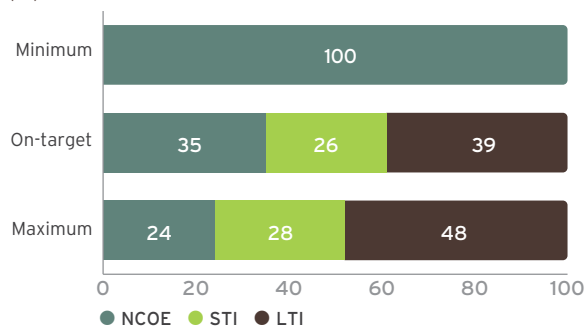
CEO designate: pay mix F middle
(%)



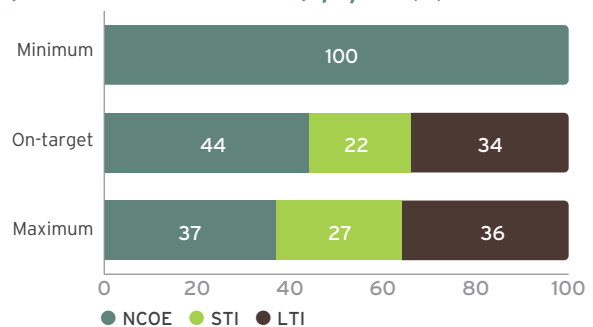
Prescribed officers (on Paterson Band E upper): pay mix (%)



FD: pay mix F lower
(%)



Prescribed officers (on Paterson Band E middle): pay mix (%)



Total guaranteed remuneration

The policy regarding the setting of fixed pay at Exxaro is to:

- Benchmark using established industry remuneration surveys on an annual basis with a combination of job families and grades to anchor external benchmark jobs for comparison
- Position total guaranteed remuneration around the median of the external benchmark jobs
- Use mining industry peers to compare Paterson grade E and below roles specific to the mining industry

- Use a combination of national remuneration surveys in South Africa for local roles at executive management and some senior management levels that are not specific to the mining industry
- Consider the outcome of the individual performance contract in the annual NCOE salary review process – a three score (on a five-point rating scale) warrants positioning around the median of the benchmark for the job

NCOE

NCOE is the guaranteed remuneration portion of total pay and includes basic salary, benefits and retirement funding.

Basic salary

All bargaining unit employees receive a market-related basic salary, complemented by guaranteed allowances (housing and commuting), variable allowances (shift and standby) as well as benefits (see full list of benefits below).

Benefits

All employees are entitled to the same range of benefits appropriate to their role level and specific circumstances. Management and specialist employees have flexibility in structuring their remuneration within certain company and legislative limitations. During the year, no changes were made to the policies for medical, health and other benefits, except for the medical aid scheme changes as described below.

Retirement fund	Medical health schemes	Group personal accident cover	EAP
All employees are members of one of Exxaro's accredited retirement funds. Retirement fund contributions are determined by specific conditions of employment and for the different levels and categories of employees.	Employees may annually elect to belong to any of the accredited medical schemes as they apply to the relevant employees. Contributions are made by employer and employee. Exxaro does not provide any post-retirement medical benefits. The post-retirement benefit obligation disclosed in the annual financial statements recognises past practice (by Eyesizwe) that was discontinued with the creation of Exxaro in November 2006.	Employees are beneficiaries of a policy that provides additional cover for death, disability and dread disease through group personal cover taken out by Exxaro.	As part of our wellness offering, the EAP offers support in multiple ways including but not limited to legal, financial and substance abuse assistance.

Variable pay

STI schemes

The STI schemes focus on annually contributing to the strategic goals and delivering on our operational and financial objectives in the shorter term. We have two STI scheme structures, namely the GIS and LOS/Matla line of sight incentive (MLOSI) schemes.

GIS/LOS/MLOSI salient features

Name of STI	GIS	LOS and MLOSI schemes
Participants	All executive to middle management level employees (FU to DM Paterson) in the group/operations functions as well as employees in group functions (DL Paterson and below).	The participants in these schemes include permanent employees in roles graded at and below DL Paterson, based at the operations. They do not participate in the GIS.
Type of scheme and frequency of payment	Formulaically calculated cash bonus, paid annually. Based on a target STI quantum per grade, adjusted for personal and business performance. In the case of Paterson D band and below participants, an interim payment reflective of the business performance portion only may be made at the half-year mark. This will be offset against the resultant annual payment due.	The schemes incentivise participants to deliver safe, quality production volumes on a monthly and quarterly basis. The schemes provide line of sight to predetermined production volumes at each of the relevant BUs.
Apportionment	80% to business performance, of which 75% is apportioned to finance, strategic and operational goals, while 25% is apportioned to ESG goals. 20% to individual performance ¹ based on the individual performance achievement process, rated on a five-point rating scale. The year-to-date rating will translate to a portion allocated to individual performance.	Safety and quality criteria, together with shifts at work, modify the primary potential payment.
Maximum achievable	150% of the targeted STI quantum.	
Gatekeepers	Where the personal score is below a three rating, the percentage score also modifies the respective business performance outcome(s), effectively further reducing the individual's STI portion from business performance.	
Business scorecard	See GIS business scorecard goals and weight table below.	

¹ A small number of bargaining unit employees do not have individual performance contracts and thus will have STIs based 100% on business performance.

Remuneration policy continued

The business scorecards embed the business priorities appropriately at Exxaro group, group functional and operational levels. The table below provides an overview of the goals and relative impact they have on the potential outcome of each business scorecard.

GIS business scorecard goals and weight

Overall structure	Weight	Generic drivers	Group		
			Group	function	Operation
Financial, operational and strategic	75%	EBITDA	50.0%	50.0%	0% to 50%
		Other financial	15.0%	10.0%	15% to 45%
		Operational and strategic	10.0%	15.0%	10% to 30%
Safety and climate change	25%	Safety	10.0%	10.0%	10.0%
		Water efficiency	7.5%	7.5%	7.5%
		Energy efficiency	7.5%	7.5%	7.5%
Overall scorecard total			100.0%	100.0%	100.0%

LTI scheme

Our LTIs consist of two schemes, the LTIP and DBP schemes, which align remuneration with longer-term shareholder expectations and outcomes.

We make general share awards to participants (Paterson D middle and above) during the year in terms of the LTIP and the DBP schemes. Our ESOP (called GreenShare) was introduced in July 2020 and is applicable to employees not participating in the LTI scheme.

LTIP

The committee makes annual conditional performance awards that are subject to the achievement of performance targets and employees remaining in employment for three years (full vesting period).

The face value of the allocations depends on the employee's NCOE and a grade-specific percentage. The committee evaluates the achievement of the performance conditions biannually. The awards will only vest after three years. The percentage of awards that ultimately vest ranges between a median threshold (50%) and a maximum (100%). A linear sliding scale is used to calculate a proportional vesting for an actual performance result between threshold and maximum. For any actual performance below threshold, no awards will vest and for any performance at or exceeding the maximum, the awards that will vest are capped at 100%.

ROCE condition

The ROCE condition had a weighting condition of 33.33%.

The ROCE calculation will be based on net operating profit plus income from non-equity-accounted investments plus income from equity-accounted investments, as a percentage of average capital employed.

Therefore, a sliding scale based on a percentage ROCE achievement will apply as follows:

- 17% ROCE achievement will result in 50% vesting
- 19% ROCE achievement will result in 90% vesting
- 22% ROCE achievement will result in 100% vesting

The ROCE will be calculated as the arithmetic average of the three years constituting the performance period.

Total shareholder return (TSR) condition

Relative TSR has a weighting of 33.33% and will be compared to performance against the TSR peer group. Energy representation was included in the peer group.

The peer group components and weighting of each will be as follows:

Peer group entities	Weighting
JSE RESI 10	70%
Energy peer group	15%
Thungela	15%
	100%

Exxaro's TSR, for the purposes of this plan, is defined as the compound annual growth rate on a portfolio of Exxaro's ordinary shares purchased in December preceding the grant, holding the shares and reinvesting the dividends received from the portfolio in Exxaro shares until the end of the performance period, and then selling the portfolio on that day.

The monthly TSR calculation will be performed using the dividend payments and Reuters share price data on the nearest trading day to 31 December preceding the award and the nearest trading day to 31 December at the end of the three-year performance period and computing the compound annual growth rate between these dates. Furthermore, in order to ensure that the growth rate calculated in this way is not unduly skewed by fluctuations at the start date and the end date of the measurement period, the three-year period is staggered over a six-month period commencing six months before the award date, such that the final computed growth rate is the average of six three-year periods, commencing six months before the award date and ending on the final date of the three-year performance period.

If the TSR of Exxaro over the three-year period is equal to the median TSR target, then 50% of the TSR portion of the grant will vest.

If the TSR of Exxaro is equal to or greater than the maximum TSR target, then 100% of the TSR portion of the grant will vest.

Achievement of ESG targets

ESG targets have a weighting of 33.34%. The targets will be measured in terms of the approved strategic dashboard used to monitor achievement of the business strategy:

- The targets will be measured as per the FTSE Russell index including international resource peer companies
- A 50% to 100% vesting sliding scale will apply for an annual ESG rating between the median percentile ranking (50% vesting) and the upper quartile percentile ranking (100%)
- The average performance over the three-year period will be measured

The table below summarises the performance vesting conditions applicable to the 2022 awards.

Performance vesting conditions

Performance vesting condition	Weight (%)	Vesting of awards (after year three)
ROCE	33.33	17% ROCE achievement will result in 50% vesting (threshold)
		19% ROCE achievement will result in 90% vesting (target)
		22% ROCE achievement will result in 100% vesting (stretch)
TSR	33.33	Median TSR peer group position will result in 50% vesting
		Top three TSR peer group position will result in 100% vesting
ESG as per FTSE Russell index	33.34	Median ranking will result in 50% vesting
		Upper quartile ranking will result in 100% vesting

Where the actual performance falls between the stated ranges, linear interpolation will be applied between the stated vesting points. The rules and calculating principles will follow the same approach as set out in detail above for future awards.

DBP

The committee selects participants, based on employee grouping and performance, from executive management and senior management to participate in the DBP. The scheme encourages share ownership while reinforcing retention.

Participants from F upper to E upper Paterson grades can elect to voluntarily use a portion (50% or 90%) and E middle (50%) of their post-tax STI payments to acquire Exxaro shares at the prevailing market price.

Participants are entitled to all rights in respect of the shares (pledged) purchased with their post-tax STI portion, including dividends. If the pledged shares are held for the three-year pledged period and participants remain in service for this period, Exxaro will provide a matching award on a one-for-one basis.

No performance vesting conditions are applicable to the matching award.

ESOP (GreenShare)

Our ESOP scheme, GreenShare, was implemented in 2020.

It is broadly based on the principles of Mining Charter III:

- An evergreen scheme
- Provides non-transferable carried interest (dividends) to qualifying employees
- Employees should not carry any risks
- For all permanent South African employees not participating in any management share scheme

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

Employment contracts

Mxolisi Mgojo retired on 31 July 2022. Vanisha Balgobind and Roland Tatnall resigned during 2022.

Normal termination benefits (leave payout, etc) are payable whenever employment is terminated before the normal retirement date by Exxaro or when employees accept voluntary redundancy.

There were no other special agreements in place regarding severance packages for executive employees.

Executive employment contracts are generally valid until the normal retirement age of 63 with a notice period of three to six months or payment in lieu thereof. The current executive employment contracts do not have a restraint-of-trade clause but include confidentiality undertakings.

Any shares due in terms of participating in the LTIP and DBP are made in line with the rules of the schemes.

Good leaver provisions are triggered in the event of terminations due to:

- Personal events such as retirement, ill health, disability or death in service. Pro-rated vesting of awards
- Company events such as retrenchments, space creations and business divestment. Normal vesting of awards

Non-executive director remuneration

The approach of setting remuneration for external directors was approved in March last year. The methodology ensured better alignment of roles and responsibilities between the main board and sub-boards. The expected annual hours and relevant skills required for the different sub-committees were also considered and it was decided that there would be no differentiation in remuneration between the sub-committees unless significant workload differences are anticipated. This was subsequently approved at the AGM.

The non-executive directors' fees are aligned to the market 50th percentile. External benchmarking is conducted every three years. During the years where external benchmarking is not conducted, the non-executive directors' fees will be increased in line with the approved annual adjustments for management.

Remuneration policy continued

MSR

In line with global best practice and shareholder expectations, we adopted an MSR policy in 2021. The aim of the policy is to encourage all executives, including executive directors and prescribed officers, to acquire and hold shares in the company and to reinforce alignment between executive and shareholder interests. Prescribed officers are expected to build and maintain a company shareholding in direct proportion to their NCOE to align their interests to those of shareholders.

Within five years of the implementation date/appointment date, prescribed officers are expected to hold shares in the company with a value of two times NCOE in respect of the CEO, one and a half times NCOE in respect of the FD and one times NCOE in respect of other prescribed officers.

Role	MSRs	Compliance period
CEO	2 x annual NCOE	Five years from date of policy implementation (or from appointment as a prescribed officer, if later)
FD	1.5 x annual NCOE	
Other prescribed officers	1 x annual NCOE	

Progress towards achieving the target minimum shareholding is evaluated annually. As at December 2022, the MSR status per prescribed officer is indicated in the table below:

	NCOE R	MSR % of NCOE	MSR target ¹ R	Private Exxaro shareholding ² R	MSR target achieved/ not achieved
Executive directors					
Dr N Tsengwa	7 547 800	200%	15 095 600	22 607 318	Achieved
PA Koppeschaar	6 319 275	150%	9 478 913	16 546 600	Achieved
Prescribed officers					
AS de Angelis	3 434 928	100%	3 434 928	4 339 629	Achieved
PK Masia ³	4 355 010	100%	4 355 010	0	Not yet achieved
JG Meyer	4 515 993	100%	4 515 993	4 853 915	Achieved
MI Mthenjane	4 256 784	100%	4 256 784	21 141 961	Achieved
AT Ndoni ⁴	2 675 147	100%	2 675 147	20 841	Not yet achieved
M Vetu	4 198 578	100%	4 198 578	6 047 910	Achieved

¹ Based on a volume weighted average share price of R217.19 that prevailed on 31 December 2022.

² Including DBP pledged shares.

³ Appointed 1 March 2022.

⁴ Appointed 1 November 2021.

Malus and clawback

Malus (the ability to reduce, including to zero, an award that has not yet accrued or vested to an individual) and clawback (the ability to recover/seek repayment of awards already paid or vested to the individual) remain essential features of our remuneration policy. These processes allow for the risk adjustment of awards already made and, in the case of clawback, awards already vested or paid out.

Where appropriate, the variable remuneration (STIs and LTIs) of individuals who were directly or indirectly accountable for an event may be adjusted.

When considering individual responsibility, the rationale for the implementation of malus and clawback takes a variety of factors into account, such as:

- There has been misbehaviour or material error by a participating employee
- Where the actions of an employee have resulted in reputational damage to the business
- A business suffers material downturn in financial performance or a material failure of risk management
- Awards have been based on material misstatements of the business's financial results or information arises that would have caused benefits to lapse or would have resulted in the board or remuneration committee exercising their discretion differently had the information been known at the time

- The business has suffered a material financial loss because of actions or circumstances attributable directly to an employee or that could have been avoided by the reasonable actions of an employee
- The board or remuneration committee, in their discretion, deem it necessary to apply malus or clawback

The GIS and share-based awards including the LTIP and DBP are subject to malus and clawback provisions enabling the remuneration committee to reduce the vesting level (including to zero) or to recover amounts already paid should this be necessary. The policy has been accepted and acknowledged by all prescribed officers. There were no events of malus or clawback during the 2022 remuneration cycle.

Malus and clawback, and MSRs have been implemented taking into consideration shareholder and stakeholder concerns raised in the roadshows in 2019.

Forward-looking remuneration policy actions for 2023

This section highlights the outlook for 2023.

Fair pay and the wage gap

Our focus on ensuring fair and responsible remuneration will continue in a more consultative way with key stakeholders. The remuneration committee and the SERC will continue to work jointly to ensure that important milestones are met and support Exxaro's diversity, equity and inclusion implementation.

Energy business

We will focus on embedding the new STI and LTI schemes for the Cennergi business to drive behaviours that will enable business growth and encourage alignment between the energy business and Exxaro.

Forward-looking performance contracts for the CEO and FD in 2023

The forward-looking performance contracts for the CEO and FD are shown in the tables below.

Performance contract for the CEO in 2023

Individual key objectives	KPIs	Weight
Strategic growth and financial performance	Execution of the approved energy strategy as per approved plan	35%
	Execution of the approved minerals strategy as per approved plan	
	Achievement of TSR top three performer versus approved peer group and ROCE target of 20%	
	Logistics value chain security and market volatility strategy (includes TFR issues regarding port-to-pit and proactive market management plans considering coal price)	
Business transformation and operational excellence	Establish internal capabilities in business development and M&A (including approved model, structure, terms of reference, roles and responsibilities) for Exxaro	15%
	Oversight on organisational effectiveness programme	
Leading people change and social impact	Implementation of fair pay and wage gap plan (as per approved wage gap implementation roadmap)	15%
	Achieve employment equity and gender representation targets across Exxaro in core and management levels aligned to the approved employment equity plan and mechanisms as per diversity, equity and inclusion metrics and plan	
Safety and business sustainability	Maintain and achieve overall level 4 B-BBEE rating as per the dtic scorecard	25%
	Oversight of the implementation of the decarbonisation plan. This will include milestones identified in line with the approved plan and measurement scorecard	
	Oversight of the implementation of the integrated ESG strategy. This will include milestones identified in line with the approved plan and measurement scorecard	
	Oversight of the implementation of the Social Impact strategy. This will include milestones identified in line with the approved plan and measurement scorecard	
Cost management and prudence	Identify areas of cost reduction and savings across the Exxaro group (the 2023 budget is a stretched budget)	10%
Total		100%

Remuneration policy continued

Performance contract for the FD in 2023

Individual key objectives	KPIs	Weight
Strategic growth and financial performance	Implementation of the minerals divestment strategy as approved by the board (as per project plan, due diligences complete, go/no-go decision taken and successful negotiations of final agreements)	35%
	Deliver supply chain procurement savings of R310 million through opex, capital and strategic sourcing	
	Achieve ROCE target of 20% in terms of LTIP sliding scale	
	Ensure sufficient funding is available to grow new energy and minerals business(es) aligned to the Exxaro capital allocation framework	
	Enablement of corporate portfolio management	
	Develop a plan to build sustainable core businesses in minerals and energy (inclusive of funding model(s), structures, planned investments). Market studies completed and identification of possible opportunities. Financial model updated taking into account value accretion versus affordability in context of risk exposure	
Business transformation and operational excellence	Deliver group consolidated (and company) annual and interim reporting statements aligned with required regulations and reporting standards	35%
	Deliver consolidated Group budget and forecast	
	Facilitate integration of financial reporting of new energy and minerals business (aligned to progress of the investment strategy)	
	Accurate, timely and relevant financial reporting within seven days of month-end closing (flash reporting)	
Leading people change and social impact	Achieve Mining Charter III procurement targets for 2023 (39% out of 40%)	15%
	Achieve Preferential Procurement target according to amended dtic codes (27 of 29 points)	
	Achieve Mining Charter III, dtic and DEL employment equity targets aligned to the approved departmental plan	
	Achieve gender representation targets for the group in core and in management levels aligned to the approved employment equity plan and mechanisms	
Safety and business sustainability	Positive impact as spokesperson for strategy and finance-related matters	5%
Cost management and prudence	No overdue and/or repeat level 1 and 2 audit findings in area of responsibility	10%
	Departmental budget spend	
	Identify areas of cost reduction and savings across the Exxaro group	
Total		100%

Non-executive director remuneration

A revised non-executive director remuneration approach that looked at the equalisation of committee fees was approved in 2020. For the sub-committees, there is no differentiation in remuneration between them. The only differentiation is based on workload. The current fees payable to non-executive directors are made up of an annual retainer fee and a per-meeting fee for ad hoc or extraordinary meetings for both board and sub-committee meetings. This retainer fee is based on an assessment of normal annual board and committee workload and is paid in 12 equal monthly payments. Benchmarking is done using the Willis Towers Watson JSE-listed companies survey.

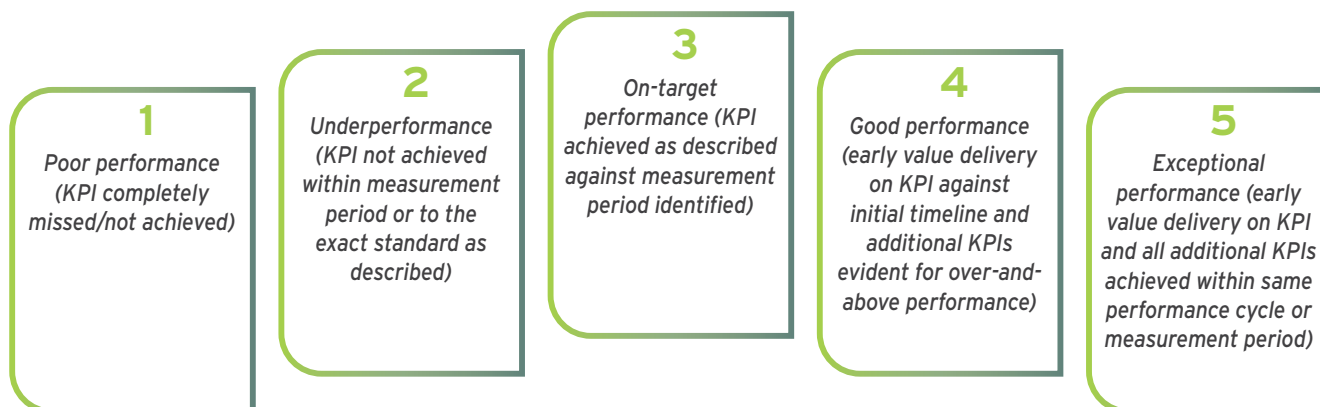
Implementation report

Introduction

Our implementation report discloses remuneration outcomes for non-executive directors, executive directors and prescribed officers. It includes total remuneration received as well as a single total figure of remuneration receivable (as per King IV) for the review period and all constituent remuneration elements.

This section reflects the implementation of the remuneration policy and provides details of the remuneration paid to executive directors and prescribed officers for the period ended 31 December 2022. This section also sets out the detail surrounding the STI and LTI payment and vesting outcomes and includes a summary overview of each executive director and prescribed officer's performance, including the single figure remuneration.

In the review period, implementation complied fully with the remuneration policy. The image below provides details on the standard performance rating scale.



Standard performance scale applied to each KPI

Performance contract and rating of the CEO in 2022

Individual key objectives	KPIs	Weight	Rating
Strategic growth and financial performance	Drive the implementation of the energy strategy	35%	3
	Drive the implementation of the minerals strategy (including coal early value strategy)		3
	Achieve ROCE target of 20% in terms of LTIP sliding scale		5
	Finalisation of the divestment of Leeuwpan		2
Business transformation and operational excellence	Demonstrable actions to maximise early value such as Grootegeluk, Mafube and Belfast mine plans all updated and used for the 2021 and beyond business plans and budget, and all work done including exit and terminal values at exit of assets	25%	4
	Ensure the organisation enables us to achieve the Exxaro vision and strategy through leadership, empowered accountability and decision making, capabilities and management innovation		3
Leading people change and social impact	Embed connect2Next and Exxaro culture by effectively communicating the approved strategy and plans ensuring execution and alignment across the group	20%	4
	Review and finalisation of diversity and inclusion framework		3
	Achieve 90% of total score (12.2 out of 15 points) and one bonus point on B-BBEE rating		4
	Achieve Mining Charter III, dtic and DEL employment equity targets aligned to the approved employment equity and SLP mechanisms		5
	Achieve gender representation targets for the group in core and management levels aligned to the approved employment equity plan and mechanisms		2
Safety and business sustainability	Implement actions at group level to reduce environmental impact (including decarbonisation strategy) and sustain Exxaro's ESG rating	10%	3
Cost management and prudence	Demonstrable actions to strategically manage costs and strategic business risks to ensure alignment to the risk appetite framework and mindful of the trade-offs in respect of the Sustainable Growth and Impact strategy	10%	3
	Identify areas of cost reduction and savings across the Exxaro group		4
Performance rating		100%	3.39

Implementation report continued

Performance contract and rating of the FD in 2022

Individual key objectives	KPIs	Weight	Rating
Strategic growth and financial performance	Divestment from Leeuwan operations as approved by board (as per project plan, due diligences complete, successful negotiations of final agreements)		2
	Deliver supply chain procurement savings of R500 million through operational expenditure, capital and strategic sourcing		4
	Achieve ROCE target of 20% in terms of LTIP sliding scale		5
	Ensure sufficient funding is available to grow new energy and minerals business(es) aligned to the Exxaro capital allocation framework	35%	3
	Capital allocation – revise and embed methodology on capital allocation between minerals and energy		3
	Develop plan to build sustainable core businesses' minerals and energy (inclusive of funding model(s), structures, planned investments). Market studies completed and identification of possible opportunities. Financial model updated taking into account value accretion versus affordability in context of risk exposure		3
Business transformation and operational excellence	Appoint diesel service provider and associated diesel rebate claim system		3
	Facilitate integration of financial reporting of new energy and minerals business (aligned to progress of the investment strategy)	25%	3
	Accurate, timely and relevant financial reporting within seven days of month-end closing		3
Leading people change and social impact	Embed connect2NEXT and Exxaro culture by effectively communicating the approved strategy and plans ensuring execution and alignment across the group		3
	Implementation of diversity and inclusion framework to achieve strategic objectives		3
	Achieve Mining Charter III procurement targets for 2022 (37% out of 40%)		4
	Achieve preferential procurement target according to amended dtic codes (27 of 29 points)	20%	3
	Achieve Mining Charter III, dtic and DEL employment equity targets aligned to the approved employment equity and SLP mechanisms		3
	Achieve gender representation targets for the group in core and management levels aligned to the approved employment equity plan and mechanisms		3
Safety and business sustainability	Positive impact as spokesperson for strategy and financial related matters. Sustain current stakeholder perception rating benchmarked by FTI Consulting and set baseline for 2022	10%	3
Cost management and prudence	No overdue and/or repeat level 1 and 2 audit findings in area of responsibility	10%	4
	Identify areas of cost reduction and savings across the Exxaro group		4
Performance rating		100%	3.25

Awards under STI schemes

In the table below, we disclose the business and individual performance outcomes used in determining the STI for each executive director and prescribed officer. All payments are due as per policy and there were no deviations.

STI awards for executive directors and prescribed officers in 2022

	NCOE	Business Performance Score (80%)	Individual Performance/ (20%) Rating factor	STI Target	Total Actual STI
Executive directors and prescribed officers	(R)	(%)	(%)	(%)	(R)
MDM Mgojo ¹	4 820 290	106.19	80	100	4 047 137
Dr N Tsengwa	7 547 800	106.19	115	100	7 866 142
PA Koppeschaar	6 319 275	111.23	115	75	5 307 320
V Balgobind ²	3 362 533			60	
H Bhola ³	2 554 764	112.48	115	50	1 414 817
AS de Angelis	3 434 928	108.84	80	60	1 765 318
L Groenewald ⁴	3 752 379	106.19	100	60	2 301 752
PK Masia ⁵	4 355 010	104.99	115	75	3 494 746
JG Meyer	4 515 993	110.38	125	60	3 070 151
MI Mthenjane	4 256 784	109.96	115	60	2 834 229
AT Ndoni	2 675 147	109.96	115	50	1 484 294
R Tatnall ⁶	4 425 425				4 586 396
M Vetri	4 198 578	109.96	125	60	2 845 857
Total prescribed officers' remuneration	56 218 906				41 018 159

¹ Retired 31 July 2022.

² Resigned 30 November 2022.

³ Appointed as acting executive head: human resources on 13 September 2022. Remuneration information relates to the full year.

⁴ Appointed as acting managing director: energy on 16 August 2022. Remuneration information relates to the full year.

⁵ Appointed on 1 March 2022.

⁶ Resigned 31 August 2022 (STI relates to previous period).

Awards under the LTIP scheme

We also disclose the outcome of the 2020 (and 2019) conditional LTIP awards that vest in April 2023 (and vested in April 2022).

Of the awards made in April 2020, 98.67% vest in April 2023. A summary showing the vesting percentages by vesting condition for the awards appears in the table below.

Performance vesting conditions outcome

Performance vesting condition	Weight %	2022 %	2021 %
Headline earnings per share (HEPS)	33.33		100.00
ROCE	33.33	100.00	
TSR	33.33	100.00	30.00
ESG	33.34	96.00	99.62
Overall vesting		98.67	76.54

For 2022

2022 ROCE was 100%. As a stretched target >22% was calculated as the arithmetic average of the three-year performance period.

2022 TSR was 39.1% and positioned first. (Second: Impala Platinum: 34.8%; third: Glencore, 34.2%; fourth: Sibanye Stillwater: 28.8%; fifth: Goldfields: 27.6%; sixth: Northam Platinum: 27.2%; seventh: Anglo American Platinum: 26.3%; eighth: Anglo American: 25.5%; ninth: BHP Billiton: 23.0%; tenth: Sasol: 3.6% and eleventh: AngloGold Ashanti: -1.8%).

In 2022 the governance component of ESG as per the FTSE Russell index met the lower target which resulted in a 96% achievement for the portion of the awards.

For 2021

2021 HEPS was 6 860 cents per share (cps) compared to the maximum vesting (100%) required at 3 163cps.

2021 TSR was 30% and positioned seventh (first: Impala Platinum: 112%; second: Sibanye-Stillwater: 89%; third: Anglo Platinum: 67%; fourth: Gold Fields: 55%; fifth: Anglo American: 37%; sixth: AngloGold Ashanti: 31%; eighth: BHP Billiton: 26% and ninth: Sasol: -20%).

In both periods, a minimum of third position was required to vest 100% of the TSR portion of awards.

In 2021 the governance component of ESG resulted in an achievement at threshold (99.62% vesting) due to the actual portion of 99.92% over the three-year period. This results in 98.83% achievement for this portion based on the targets.

Implementation report continued

LTIP

The table below illustrates the rights held by each participant, vested shares traded and shares forfeited due to performance conditions not being met in the review period, as well as shares forfeited as a result of resignation in the review period.

LTIP transaction details for executive directors and prescribed officers in 2022

	Conditional awards held at 31 December Number	Vesting period	Proceeds if exercisable at 31 December ¹ R	Shares vested during the year Number	Shares forfeited ² Number	Sale price/ market price R	Pre-tax gain R	Date traded	MSR election Number
Executive directors									
MDM Mgojo ³									
		2022/04/01		88 460	27 109	218.71	19 347 087	2022/04/01	
		2023/04/01		91 055	89 974	219.76	20 010 247	2022/08/22	
		2024/04/01		45 354	60 946	219.76	9 966 995	2022/08/22	
		2025/04/01		7 926	81 055	219.35	1 738 568	2022/09/01	
				232 795	259 084		51 062 897		
Dr N Tsengwa									
		2022/04/01		32 393	9 927	218.71	7 084 673	2022/04/01	
	66 289	2023/04/01	14 405 263						
	80 115	2024/04/01	17 409 791						
	14 224	2025/04/01	3 091 017						
	78 093	2025/04/01	16 970 390						
	238 721		51 876 461	32 393	9 927		7 084 673		
PA Koppeschaar									
		2022/04/01		41 571	12 739	218.71	9 091 993	2022/04/01	
	85 072	2023/04/01	18 486 996						
	49 954	2024/04/01	10 855 504						
	41 816	2025/04/01	9 087 035						
	176 842		38 429 535	41 571	12 739		9 091 993		
Prescribed officers									
V Balgobind ⁴									
		2022/04/01		17 558	5 380	218.71	3 840 110	2022/04/01	
		2023/04/01			35 930				
		2024/04/01			20 503				
		2025/04/01			17 163				
				17 558	78 976		3 840 110		
H Bhola ⁵									
		2022/04/01		8 340	2 555	218.71	1 824 041	2022/04/01	
	17 065	2023/04/01	3 708 395						
	10 447	2024/04/01	2 270 238						
	8 828	2025/04/01	1 918 413						
	36 340		7 897 046	8 340	2 555		1 824 041		
AS de Angelis									
		2022/04/01		6 554	2 510	218.71	1 433 425	2022/04/01	1 638
	33 410	2023/04/01	7 260 327						
	19 066	2024/04/01	4 143 232						
	15 960	2025/04/01	3 468 268						
	68 436		14 871 827	6 554	2 510		1 433 425		1 638
L Groenewald ⁶									
		2022/04/01		16 128	4 942	218.71	3 527 355	2022/04/01	
	33 002	2023/04/01	7 171 665						
	19 175	2024/04/01	4 166 919						
	16 832	2025/04/01	3 657 762						
	69 009		14 996 346	16 128	4 942		3 527 355		
PK Masia ⁷									
	34 170	2025/04/01	7 425 483						
	34 170	2025/04/01	7 425 483						
	68 340		14 850 966						
JG Meyer									
		2022/04/01		10 796	6 617	218.71	2 361 193	2022/04/01	10 796
	44 185	2023/04/01	9 601 842						
	25 214	2024/04/01	5 479 254						
	21 107	2025/04/01	4 586 762						
	90 506		19 667 858	10 796	6 617		2 361 193		10 796
MI Mthenjane									
		2022/04/01		18 317	6 237	218.71	4 006 111	2022/04/01	2 035
	41 649	2023/04/01	9 050 744						
	23 767	2024/04/01	5 164 807						
	19 895	2025/04/01	4 323 382						
	85 311		18 538 933	18 317	6 237		4 006 111		2 035
AT Ndoni									
	12 165	2024/11/01	2 643 576						
	9 296	2025/04/01	2 020 114						
	21 461		4 663 690						
M Vetl									
		2022/04/01		20 074	6 152	218.71	4 390 385	2022/04/01	
	41 080	2023/04/01	8 927 095						
	23 442	2024/04/01	5 094 181						
	19 623	2025/04/01	4 264 274						
	84 145		18 285 550	20 074	6 152		4 390 385		

¹ Based on a share price of R217.31 that prevailed on 31 December 2022.

² Shares forfeited due to performance conditions not being fully met.

³ Retired 31 July 2022.

⁴ Resigned 30 November 2022.

⁵ Appointed as acting executive head: human resources on 13 September 2022. Remuneration information relates to the full year.

⁶ Appointed as acting managing director: energy on 16 August 2022. Remuneration information relates to the full year.

⁷ Appointed 1 March 2022.

DBP

The table below illustrates the rights held by each participant and vested shares traded.

DBP transaction details for executive directors and prescribed officers in 2022

	Shares held at 31 December Number	Exercisable period	Pre-tax value if exercisable at 31 December ¹ R	Shares exercised during the year Number	Shares forfeited ² Number	Sale price/market price R	Pre-tax gain R	Date traded	MSR election Number
Executive directors									
MDM Mgojo ³		2022/03/15		1 460		209.58	305 987	2022/03/16	
		2022/03/31		8 618		212.89	1 834 686	2022/03/31	
		2023/03/31		10 206	2 916	219.76	2 242 871	2022/08/22	
		2023/08/31		842	477	219.76	185 038	2022/08/22	
		2024/03/19		385	482	219.76	84 608	2022/08/22	
		2024/03/31		4 031	5 039	219.76	885 853	2022/08/22	
		2024/09/21		274	714	219.76	60 214	2022/08/22	
		2025/03/04		270	2 161	219.76	59 335	2022/08/22	
		2025/03/31		661	5 289	219.76	145 261	2022/08/22	
				26 747	17 078		5 803 853		
Dr N Tsengwa		2022/03/15		536		209.58	112 335	2022/03/24	
		2022/03/31		2 436		212.89	518 600	2022/04/04	
	432	2023/08/31	93 878						
	589	2024/03/19	127 996						
	2 770	2024/03/31	601 949						
	3 791		823 823	2 972		630 935			
PA Koppeschaar		2022/03/31		5 543		212.89	1 180 049	2022/03/31	
	4 778	2023/03/31	1 038 307						
	1 004	2023/08/31	218 179						
	750	2024/09/21	162 983						
	1 024	2025/03/04	222 525						
	7 556		1 641 994	5 543		1 180 049			
Prescribed officers									
V Balgobind ⁴		2022/03/15		363		209.58	76 078	2022/03/22	
		2022/03/31		2 623		212.89	558 410	2022/03/31	
		2023/03/31			2 241				
		2024/09/21			244				
		2025/03/04			1 077				
		2025/03/31			1 982				
				2 986	5 544		634 488		
H Bhola ⁵		2022/03/15		227		209.58	47 575	2022/03/24	
		2022/03/31		718		212.89	152 855	2022/04/06	
	1 110	2023/03/31	241 214						
	137	2024/03/19	29 771						
	778	2024/03/31	169 067						
	159	2024/08/31	34 552						
	394	2025/03/04	85 620						
	584	2025/03/31	126 909						
	3 162		687 133	945		200 430			
AS de Angelis	1 092	2023/03/31	237 303						
	466	2023/08/31	101 266						
	202	2024/03/19	43 897						
	1 269	2024/03/31	275 766						
	227	2024/09/21	49 329						
	3 256		707 561						
L Groenewald ⁶		2022/03/15		589		209.58	123 443	2022/03/16	
		2022/03/31		2 338		212.89	497 737	2022/04/08	
	3 655	2023/03/31	794 268						
	552	2023/08/31	119 955						
	200	2024/03/19	43 462						
	1 275	2024/03/31	277 070						
	409	2024/09/21	88 880						
	1 004	2025/03/04	218 179						
1 845	2025/03/31	400 937							
	8 940		1 942 751	2 927		621 180			

Implementation report continued

	Shares held at 31 December Number	Exercisable period	Pre-tax value if exercisable at 31 December ¹ R	Shares exercised during the year Number	Shares forfeited ² Number	Sale price/market price R	Pre-tax gain R	Date traded	MSR Election Number
Prescribed officers <i>continued</i>									
JG Meyer	4 942	2023/03/31	1 073 946						
	301	2024/09/21	65 410						
	5 243		1 139 356						
AT Ndoni	96	2025/03/04	20 862						
	96		20 862						
M Vetu		2022/03/15							433
		2022/03/31							1 730
	682	2023/08/31	148 205						
	449	2024/03/19	97 572						
	3 180	2024/03/31	691 046						
	278	2024/09/21	60 412						
	4 589		997 235						2 163

¹ Based on a share price of R217.31 that prevailed on 31 December 2022.

² Matching shares forfeited due to termination of services.

³ Retired 31 July 2022.

⁴ Resigned 30 November 2022.

⁵ Appointed as acting executive head: human resources on 13 September 2022. Remuneration information relates to the full year.

⁶ Appointed as acting managing director: energy on 16 August 2022. Remuneration information relates to the full year.

DBP income for executive directors and prescribed officers

Executive directors and prescribed officers	DBP shares held as a percentage of NCOE at 31 December 2022	DBP shares held at 31 December 2022		2020 DBP shares matched	
		R	Number	R	Number
MDM Mgojo ¹				5 803 852	26 747
Dr N Tsengwa	11	823 822	3 791	630 935	2 972
PA Koppeschaar	26	1 641 994	7 556	1 180 049	5 543
V Balgobind ²				634 488	2 986
H Bhola ³	27	687 134	3 162	200 430	945
AS de Angelis	21	707 561	3 256		
L Groenewald ⁴	52	1 942 751	8 940	621 179	2 927
PK Masia ⁵					
JG Meyer	25	1 139 356	5 243		
MI Mthenjane					
AT Ndoni	1	20 862	96		
M Vetu	24	997 236	4 589		

¹ Retired 31 July 2022.

² Resigned 30 November 2022.

³ Appointed as acting executive head: human resources on 13 September 2022. Remuneration information relates to the full year.

⁴ Appointed as acting managing director: energy on 16 August 2022. Remuneration information relates to the full year.

⁵ Appointed 1 March 2022.

Total executive management remuneration

The total single figure remuneration for executive directors and prescribed officers is stated in the table below to align with King IV disclosure. The 2022 LTIP granted on 1 April 2020 will vest on 1 April 2023 as a result of 2022 performance conditions. Since the portion of the DBP voluntary deferral is included under the STIs, proceeds from the matched portion of the DBPs are reflected under LTIs.

Single figure remuneration as per King IV for 2022 and 2021

	Year	NCOE R	Recognition and other payments R	STIs R	LTIs R	Total remuneration R
Executive directors						
MDM Mgojo ¹	2022	4 820 290	8 656 164	4 047 137	35 378 989	52 902 580
	2021	7 901 087	180 482	4 079 336	15 062 971	27 223 876
Dr N Tsengwa	2022	7 547 800	6 260	7 866 142	14 307 551	29 727 753
	2021	6 027 849	5 760	2 840 928	5 406 053	14 280 590
PA Koppeschaar	2022	6 319 275	6 260	5 307 320	19 497 606	31 130 461
	2021	5 997 927	7 760	3 018 760	7 201 992	16 226 439
Prescribed officers						
V Balgobind ²	2022	3 362 533	1 524 209			4 886 742
	2021	3 509 586	22 096	1 520 708	3 140 369	8 192 759
H Bhola ³	2022	2 554 764	57 860	1 414 817	3 900 288	7 927 729
	2021					
AS de Angelis	2022	3 434 928	6 260	1 765 318	7 502 334	12 708 840
	2021	3 263 475	5 760	1 414 066	1 252 206	5 935 507
L Groenewald ⁴	2022	3 752 379	20 226	2 301 752	7 990 505	14 064 862
	2021					
PK Masia ⁵	2022	4 355 010		3 494 746		7 849 756
	2021					
JG Meyer	2022	4 515 993	6 260	3 070 151	10 548 084	18 140 488
	2021	4 315 962	5 760	1 870 110	3 300 642	9 492 474
MI Mthenjane	2022	4 256 784	105 677	2 834 229	8 930 369	16 127 059
	2021	4 068 234	54 434	1 762 768	3 111 091	8 996 527
AT Ndoni	2022	2 675 147	722 290	1 484 294		4 881 731
	2021	445 858	700 000	81 726		1 227 584
R Tatnall ⁶	2022	4 425 425	9 160 650	4 586 396		18 172 471
	2021	5 657 129				5 657 129
SE van Loggerenberg ⁷	2022					
	2021	322 975	2 475 940			2 798 915
M Vetli	2022	4 198 578	6 260	2 845 857	8 956 570	16 007 265
	2021	4 012 608	5 760	1 738 666	3 399 275	9 156 309

¹ Retired 31 July 2022.

² Resigned 30 November 2022.

³ Appointed as acting executive head: human resources on 13 September 2022. Remuneration information relates to the full year.

⁴ Appointed as acting managing director: energy on 16 August 2022. Remuneration information relates to the full year.

⁵ Appointed 1 March 2022.

⁶ Resigned 31 August 2022.

⁷ Resigned 18 February 2021.

The STIs are inclusive of the voluntary individual deferral made for 2022.

The LTIP reflects 98.67% of the April 2020 award that will vest on 1 April 2023 based on the share price of R217.31 that prevailed on 31 December 2022.

For 2022

The amount of R6 260 includes zero fatality and LTIFR rewards.

The long service award is included for H Bhola; R51 600.

Leave encashment amounts are included for MDM Mgojo: R225 220, V Balgobind: R279 121, L Groenewald: R13 966, MI Mthenjane: R99 417 and R Tatnall R160 650. Retention allowance is included for AT Ndoni: R722 290.

Exit payment is included for MDM Mgojo: R8 424 684, V Balgobind: R1 238 828 and R Tatnall R9 000 000.

LTIs include the accelerated/pro-rated vesting due to retirement for LTIP and DBP – MDM Mgojo.

STI payment R Tatnall R4 586 396 relates to previous period.

Implementation report continued

For 2021

The amounts of R3 000 for fatality-free recognition and R2 760 for LTIFR recognition were paid for all directors and prescribed officers in 2021. Leave encashment is included for MDM Mgojo: R130 721, V Balgobind: R16 336, MI Mthenjane: R44 974 and SE van Loggerenberg: R37 970.

Long service awards are included for MDM Mgojo: R44 000 and PA Koppeschaar: R2 000. Recognition award is included for MI Mthenjane: R3 700.

Retention allowance is included for AT Ndoni: R700 000.

Exit payment is included for SE van Loggerenberg: R2 437 970.

Non-executive directors' remuneration

	2022				2021		
	Fees for services R	Benefits and allowances R	Fees for services rendered to subsidiaries R	Total R	Fees for services R	Fees for services rendered to subsidiaries R	Total R
Non-executive directors							
GJ Fraser-Moleketi	1 341 322			1 341 322	1 348 895		1 348 895
K Ireton ¹	550 142			550 142			
B Magara ¹	550 577			550 577			
B Mawasha ¹	655 316			655 316			
IN Malevu	629 194			629 194	264 307		264 307
L Mbatha	652 318		88 136	740 454	667 102	61 184	728 286
Dr P Mnganga ¹	662 442			662 442			
VZ Mntambo	652 754		116 696	769 450	694 100	108 012	802 112
MJ Moffett ²					306 340	188 100	494 440
LI Mophatlane	1 217 826	3 253		1 221 079	923 897	46 234	970 131
MLB Msimang	848 293			848 293	438 671		438 671
EJ Myburgh ³	527 452			527 452	1 217 809		1 217 809
V Nkonyeni	1 067 868			1 067 868	991 677	236 500	1 228 177
CJ Nxumalo	1 028 084			1 028 084	616 741		616 741
MG Qhena (chairperson)	2 198 914	22 168		2 221 082	1 267 377		1 267 377
J van Rooyen ⁴					878 214		878 214
PCCH Snyders	1 177 614			1 177 614	1 012 324		1 012 324
Total non-executive directors' remuneration	13 760 116	25 421	204 832	13 990 369	10 627 454	640 030	11 267 484

¹ Appointed 7 February 2022.

² Resigned on 11 May 2021.

³ Retired 25 May 2022.

⁴ Retired on 27 May 2021.

Independent Auditor's Reasonable Assurance Report on Exxaro Resources Limited Selected Key Performance Indicators

To the directors of Exxaro Resources Limited

Report on Selected Strategic Key Performance Indicators

We have undertaken a reasonable assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2022 Environmental, Social and Governance Report of Exxaro Resources Limited (Exxaro) for the year ended 31 December 2022 (the Report). This engagement was conducted by a multidisciplinary team including health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a reasonable assurance conclusion in our report on the following selected KPIs, marked with an "RA" on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with Exxaro's internally developed criteria set out in Appendix A: Criteria (page 167 to 169) of the Report

Category	Selected strategic KPIs	Unit	Scope of coverage
Safety	Fatalities	Number	Exxaro group
Safety	Lost-time injuries (employees, contractors and visitors)	Number	Exxaro group
Safety	Lost-time injury frequency rate (LTIFR) (employees, contractors and visitors)	Rate	Exxaro group
Occupational health	<ul style="list-style-type: none"> Occupational health incident frequency rate (OHIFR) Reported cases of TB Reported cases of COAD Reported cases of pneumoconiosis Reported cases of noise-induced hearing loss (NIHL) Reported cases of silicosis 	Rate	Exxaro group
Occupational health	Number of accepted occupational health cases: (pneumoconiosis, TB, NIHL)	Number	Exxaro group
Social	Talent bench – % of clusters (DL to DU) that have at least two EE candidates in the 3A/3B/2A category	Percentage	Exxaro group
Social	Talent bench – % of clusters (EL and above) that have at least two EE candidates in the 3A/3B/2A category	Percentage	Exxaro group
Social	Skills provision (% of appointment of employees from within)	Percentage	Exxaro group
Social	Scarcity skills retention (% turnover)	Percentage	Exxaro group
Greenhouse gases	Carbon intensity (scope 1)	tCO ₂ e/total kilotonnes mined (kTTM)	Exxaro group
Greenhouse gases	Carbon intensity (scope 2)	tCO ₂ e/total kilotonnes mined (kTTM)	Exxaro group
Greenhouse gases	Carbon footprint (scope 3)	tCO ₂ e	Exxaro group
Water	Water intensity – total tonnage mined	Water withdrawn/ROM tonnes	Exxaro group
Environmental compliance	Reportable cases of level 2 and 3 environmental incidents	Number	Exxaro group
Stoppage directives	Stoppage directives (includes section 54 in terms of MHSA)	Number	Exxaro group
Stoppage directives	Number of stoppage directives (includes directives in terms of NWA, NEMA and MPRDA)	Number	Exxaro group

Directors' Responsibilities

The directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases and sources.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a reasonable assurance opinion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and, in respect of greenhouse gas emissions, in accordance with International Standard on Assurance Engagements ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements* issued by the International Auditing and Assurance Standards Board. These standards require us to plan and perform our engagement to obtain reasonable assurance about whether the selected KPIs are free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) and ISAE 3410 involves performing procedures to obtain evidence about the measurement of the selected KPIs and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected KPIs, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to Exxaro's preparation of the selected KPIs.

A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by Exxaro
- Assessing the suitability in the circumstances of Exxaro's use of the applicable reporting criteria as a basis for preparing the selected information
- Evaluating the overall presentation of the selected sustainability performance information

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reasonable Assurance Opinion

In our opinion and subject to the inherent limitations outlined elsewhere in this report, the selected KPIs as set out in the Subject Matter paragraph above for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the accompanying Exxaro reporting criteria.

Other Matters

Assurance procedures were not performed by KPMG on the previous Environmental, Social and Governance Report. The information relating to the prior reporting periods has been subject to assurance procedures by a different assurance provider.

The maintenance and integrity of Exxaro's website is the responsibility of Exxaro's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent reasonable assurance report that may have occurred since the initial date of its presentation on Exxaro's website.

Restriction of Liability

Our work has been undertaken to enable us to express a reasonable assurance opinion on the selected KPIs to the directors of Exxaro in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Exxaro, for our work, for this report, or for the conclusion we have reached.



KPMG Inc
Safeera Loonat
Chartered Accountant (SA)
Registered Auditor
Director

18 April 2023

KPMG Crescent
85 Empire Road, Parktown
Johannesburg
2193

Appendix A: Criteria

KPI Definitions

KPI/Subject Matter	Definition/Criteria
Number of Lost time injuries (employees and contractors)	<p>Lost time injury (LTI) occurs when a person is injured in the execution of his/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day on which the injury was incurred, whether a scheduled work day or not.</p> <p>The following notes apply:</p> <ul style="list-style-type: none"> • Days lost are calendar days regardless of whether the injured was due at work or not on any of those days and includes scheduled time off. • Regular duties are those duties associated with the job description of the injured. • Normal daily travel to and from work is only considered as being work related if the transportation is owned, hired or contracted by the Company. • Restricted work (of light duties) which may follow on from lost time will normally be counted as lost time. • If a business unit chooses to continue to use restricted work cases (RWCs) and RWC days the definition of Restricted Work Cases will apply. <p>Irrespective of whether business units record RWCs or not, the calculation of the LTIFR will include both LTIs and RWCs and the sum of lost days and restricted days.</p> <p>The employee lost time injury frequency rate shall be calculated whenever the lost time injury is reported and communicated.</p>
Lost Time Injury Frequency Rate (LTIFR) - Employees and Contractors	<p>Lost time injury (LTI) occurs when a person is injured in the execution of this/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day on which the injury was incurred, whether a scheduled work day or not.</p> <p>The following notes apply:</p> <ul style="list-style-type: none"> • Days lost are calendar days regardless of whether the injured was due at work or not on any of those days and includes scheduled time off. • Regular duties are those duties associated with the job description of the injured. • Normal daily travel to and from work is only considered as being work related if the transportation is owned, hired or contracted by the Company. • Restricted work (of light duties) which may follow on from lost time will normally be counted as lost time. • If a business unit chooses to continue to use restricted work cases (RWCs) and RWC days the definition of Restricted Work Cases will apply. <p>Irrespective of whether business units record RWCs or not, the calculation of the LTIFR will include both LTIs and RWCs and the sum of lost days and restricted days.</p> <p>The employee lost time injury frequency rate shall be calculated whenever the lost time injury is reported and communicated.</p> <p>It is calculated as follows: LTIFR: (Number of LTI's X 200,000)/Total man-hours worked</p> <p>Total man-hours should include visitor Hours</p>
Occupational health incident rate <ul style="list-style-type: none"> • Reported cases of TB; • Reported cases of COAD; • Reported cases of Pneumo; • Reported cases of Noise; • Reported cases of Silicosis; per 200,000 hours	<p>An occurrence of a medically diagnosed occupational disease by the Occupational Medical Practitioner which is reported to MBOD, DMR and/or RMA during the reporting period. However, no immediate decision for compensation is made until pending further investigations results.</p> <p>These Occupational Diseases are:</p> <ul style="list-style-type: none"> • Reported cases of Occupational tuberculosis; • Reported cases of Chronic Obstructive Airway Disease; • Reported cases of Pneumoconiosis; • Reported cases of Noise Induced Hearing Loss; • Reported cases of Silicosis. <p>Occupational diseases are monitored and reported for employees and contractors.</p> <p>The Occupational Health Incident Rate is calculated as follows: OHIR: (Number of reported occupational diseases X 200,000)/Total man-hours worked</p> <p>Total man-hours worked include hours for employees, contractors and visitors.</p>
Number of accepted cases of occupational diseases	<p>An accepted case is an approved case for compensation by the MBOD/RMA. An approved certificate is sent to the Occupational Medical Practitioner.</p> <p>These Occupational Diseases are:</p> <ul style="list-style-type: none"> • Accepted cases of Occupational tuberculosis; • Accepted cases of Chronic Obstructive Airway Disease; • Accepted cases of Pneumoconiosis; • Accepted cases of Noise Induced Hearing Loss; • Accepted cases of Silicosis.
Carbon intensity (kt CO₂e/TTM)	$\frac{\text{Total emissions from Scope 1 and Scope 2}}{\text{Total Tonnes Mined}} \text{ in (KtCO}_2\text{e per ktonne)}$

Appendix A: Criteria continued

KPI/Subject Matter	Definition/Criteria
Carbon footprint - Scope 1	<p>Total emissions from Exxaro operations include total litres of diesel oil used for primary production activities, fugitive emissions from mining activities and limestone emissions created through mining activities converted to Kilo-tonnes CO₂e.</p> <p>The above are all combined and the total Scope 1 calculation is performed at head office.</p>
Carbon footprint - Scope 2	<p>Total emissions from the consumption of purchased electricity converted to Kilo-tonnes CO₂e.</p>
Carbon footprint - Scope 3	<p>Total indirect emissions that are a consequence of our operations, but are not directly owned or controlled by the Exxaro. These are the CO₂ emissions from the following categories, calculated in Kilo-tonnes-CO₂e:</p> <p>1. Use of Sold Products</p>
Number of Level 2 and 3 environmental incidents	<p>Level 0 Environmental Incidents - Where a potential environmental impact was avoided simply due to a 'moment in time' or an 'immediate clean up' it would be expected that the incident would be rated as a Level 0.</p> <p>Any environmental observations noted during inspections or site visits can be also classified as a Level 0.</p> <p>Guiding Principles Duration: Short term (immediate clean-up/remediation - less than a month) Extent: Impact will be contained within the section/department or mining area. Sensitivity: The receiving environment is not altered with any or extremely limited impacts on surface and groundwater resources. Biodiversity Value: The impacted site has extremely low biodiversity value.</p> <p>Level 1 Environmental Incidents - A Minor Environmental Incident (Level 1) is an internally reportable incident or sequel of incidents, whether immediate or delayed, that results in a minor negative impact on the environment.</p> <ul style="list-style-type: none"> Minor environmental incidents are not reportable to the authorities, since they should not result in significant pollution or pose a risk to the public if remedied within the set period. However, should the minor environmental incident/s trigger a non-compliance to any of the Environmental Authorizations the incident must be reported according to the timeframes stated in the said authorisation/s. <p>Guiding Principles Duration: Short term (immediate clean-up/remediation - between a month but less than 1 year) Extent: Impact will be contained on mine property/mining area/a small area (metres) limited to off-site. Sensitivity: The receiving environment is altered with a limited impaired ecosystem function and with limited impacts on surface and groundwater resources. Biodiversity Value: The impacted site has low biodiversity value.</p> <p>Level 2 Environmental Incidents - A Medium Environmental Incident (Level 2) is an internally reportable incident or sequence of incidents, whether immediate or delayed, that results, or has the potential to result, in widespread or localised, short-term, reversible, significant, negative impact on the environment and/or a moderate risk of legal liability.</p> <p>In this regard a medium environmental incident may be reportable to the local authorities depending on the applicable legislation, can result in significant pollution, may entail risk of public danger, but is not limited to the above.</p> <p>Guiding Principles Duration: Rehabilitation and remediation strategies will reverse the environmental impact between 1 year to a maximum of 2 years. Extent: Mine and surrounding communities. Sensitivity: The receiving environment is altered, with little natural habitat, with moderately impaired ecosystem function, and with moderately impacted surface and groundwater resources. Biodiversity Value: The impacted site has medium biodiversity value.</p> <p>Level 3 Environmental Incidents - A Major Environmental Incident (Level 3) is an internally and externally reportable incident or sequel of incidents, whether immediate or delayed, that result, or has the potential to result, in widespread, long-term, irreversible, significant, negative impact on the environment and/or has a high risk of legal liability.</p> <p>In this regard it must be noted that a major environmental incident usually should be reported to authorities depending on the applicable legislation, usually result in significant pollution and may entail risk of public danger but is not limited to the above. Major environmental incidents usually remain an irreversible impact even with the involvement of long-term external intervention.</p> <p>Guiding Principles Duration: Rehabilitation/remediation of more than 2 years. Extent: Local, provisional and/or national Sensitivity: The receiving environment comprises largely natural habitat, with major impairment of ecosystem function, and major impacts on surface and groundwater resources Biodiversity Value: The impacted site has high biodiversity value</p>

KPI/Subject Matter	Definition/Criteria
Water intensity - ROM (tons)	Water intensity refers to the total water withdrawals (excluding supply to third party, game, farmers) from a resource (not recycled/re-claimed water) divided by ROM, and is expressed as: $\text{Water intensity} = \frac{\text{water withdrawals (m}^3\text{)}}{\text{ROM (tons)}}$
Skills provision (% of appointment from within)	New Definition: External is: All new engagements and re-engagements Internal is: Temporary to Permanent, Learnership to Permanent, Transfer to Artisan and Non-permanent employees appointed permanent. Transfer within same BU, Transfer between BU, Transfer between Company, Promotion within same BU, Promotion between Company. The Percentage is calculated as Number of external or internal appointments/Total number of appointments.
Scarcity skills retention (% turnover)	Turnover %: Last 12 month's separations (excluding Retrenchment & Divesting)/an average of the last 12 months' manpower.
Talent bench - % of clusters (DL to DU) that have at least two EE candidates in the 3A/3B/2A category	Measures the percentage of EE employees on D band that are immediately ready or medium term ready for the next higher level - against the target of 15% <ul style="list-style-type: none"> Count number of D band clusters that have at least 2 Black Individuals with 3A, 3B and 2A rating on immediately ready and medium-term cluster Count total number of clusters on specific D Band level Divide number of clusters with individuals on 3A,3B and 2A by total number of clusters
Talent bench - % of clusters (EL and above) that have at least two EE candidates in the 3A/3B/2A category	Measures the percentage of EE employees on E band that are immediately ready or medium term ready for the next higher level - against the target of 10% <ul style="list-style-type: none"> Count number of E band clusters that have at least 2 Black candidates with 3A, 3B and 2A rating on immediately ready and medium-term cluster Count total number of clusters on specific E Band level Divide number of clusters with individuals on 3A,3B and 2A by total number of clusters
Number of stoppage directives (includes section 54 ito MHSA)	Stoppage (directive) Instruction A stoppage instruction is an instruction issued by an inspector from the Department of Mineral Resources or Department of Labour in terms of Section 54.(a)&(b) of the Mine Health and Safety Act, Act 29 of 1996 or Section 30.(1) - (5) of the Occupational Health and Safety Act, Act 85 of 1993 for occurrences, practices or conditions that, in the opinion of the inspector, pose a threat to the safety or health of employees, to cease operations at the mine or part thereof with immediate effect.
Number of stoppage directives (includes directives ito NWA, NEMA and MPRDA)	Stoppage (directive) Instruction A right/authorisation/permission/approval/licence under which has been placed under notice as per a) sections 93 and/or 47 of MPRDA; section 54 of NWA; and Section 31L of NEMA, and/or Regulation 38 of the NEMA EIA Regs.

Glossary

AECFT	Amakhala Emoyeni Community Fund Trust
AGM	Annual general meeting
AMCU	Association of Mineworkers and Construction Union
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
Bloomberg GEI	Bloomberg Gender-Equality Index
BU	Business unit
Cennergi	Cennergi Proprietary Limited
CEO	Chief executive officer
CMRR	Consolidated Mineral Resources and Mineral Reserves
Companies Act	Companies Act, 2008 (Act 71 of 2008), as amended
CoGTA	Department of Cooperative Governance and Traditional Affairs
COP27	2022 United Nations Climate Change Conference of the Parties
cps	Cents per share
CSI	Corporate social investment
DBP	Deferred bonus plan
DEL	Department of Employment and Labour
DFFE	Department of Forestry, Fisheries and the Environment
DMRE	Department of Mineral Resources and Energy
DoH	Department of Health
dtic	Department of Trade, Industry and Competition
DWS	Department of Water and Sanitation
EAP	Employee assistance programme
EBITDA	Earnings before interest, taxation, depreciation and amortisation
ECC	Exxaro Coal Central
ECD	Early childhood development
EERF	Exxaro's Environmental Rehabilitation Fund
EIA	Environmental impact assessment
EME	Exempt micro-enterprise
ERM	Enterprise risk management
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
ESOP	Employee share ownership plan
EWP	Employee wellness programme
Exxaro, the company or the group	Exxaro Resources Limited
Eyesizwe	Eyesizwe (RF) Proprietary Limited
FAWU	Food and Allied Workers Union
FD	Finance director
GBV	Gender-based violence
GHG	Greenhouse gas
GIBS	Gordon Institute of Business Science
GIS	Group incentive scheme
GRI	Global Reporting Initiative
HDP	Historically disadvantaged persons
HEPS	Headline earnings per share

HPIs	High-potential incidents
IDC	Industrial Development Corporation of South Africa
IDP	Integrated Development Plan
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
Impact Catalyst	The Impact Catalyst is a collaborative partnership founded by Anglo American, the Council for Scientific and Industrial Research, Exxaro and World Vision South Africa to create mechanisms that drive large-scale, socio-economic development initiatives through public-private partnerships. The initiatives are designed to leverage collaboration across sectors - selected for impact beyond the scale of individual participants. Joint programmes are established between the Impact Catalyst and the Office of the Premier in certain provinces through collaborative regional development platforms. The first regional socio-economic development platform was launched in Limpopo in 2018, focusing on improving health, wellbeing and living conditions. The Impact Catalyst then expanded to include Mpumalanga and Northern Cape communities.
IoDSA	Institute of Directors South Africa
IPP	Independent power producer
IRBA	Independent Regulatory Board for Auditors
IT	Information technology
IUCN	International Union for Conservation of Nature
IWUL	Integrated water use licence
JSE	JSE Limited
JV	Joint venture
KAM	Key account management
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
KPI	Key performance indicator
kTTM	Total kilotonnes mined
Kumba Iron Ore	Kumba Iron Ore Limited
Kumba Resources	Kumba Resources Limited
LoM	Life of mine
LOS	Line of sight
LTI*	Long-term incentive
LTI*	Lost-time injury
LTIFR	Lost-time injury frequency rate
LTIP	Long-term incentive plan
MHSA	Mine Health and Safety Act, 1996 (Act 29 of 1996)
Mining Charter III	Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018
MLOSI	Matla line of sight incentive
Mol	Memorandum of incorporation
MPRDA	Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)
MSCI	Morgan Stanley Capital International
MSR	Minimum shareholding requirement
NBI	National Business Initiative
NCOE	Notional cost of employment
NDC	Nationally determined contribution
NEMA	National Environmental Management Act, 1998 (Act 107 of 1998)
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss

* The abbreviation is context specific.

Glossary continued

NOx	Nitrogen oxides
NPAT	Net profit after tax
NPO	Non-profit organisation
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers South Africa
NWA	National Water Act, 1998 (Act 36 of 1998)
OECD	Organisation for Economic Co-operation and Development
OHIFR	Occupational health incident frequency rate
PEMS	Productivity and energy management services
PIT	Professionals in training
PM	Particulate matter
PV	Photovoltaic
QSE	Qualifying small enterprise
RBCT	Richards Bay Coal Terminal Proprietary Limited
RBR committee	Risk and business resilience committee
REIPP	Renewable Energy Independent Power Producer Programme
ROCE	Return on capital employed
RoM	Run of mine
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SERC	Social, ethics and responsibility committee
SIOC	Sishen Iron Ore Company Proprietary Limited
SLP	Social and labour plan
SMME	Small, medium and micro-enterprise
SO₂	Sulphur dioxide
SPV	Special purpose vehicle
STI	Short-term incentive
TB	Tuberculosis
TCFD	Task Force on Climate-Related Financial Disclosures
TFR	Transnet Freight Rail
TGP	Total guaranteed package
TPI	Transition Pathway Initiative
Tronox	Exxaro's investment in Tronox entities
Tronox SA	Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited
TSR	Total shareholder return
TVET	Technical and vocational education and training
TWFT	Tsitsikamma Community Windfarm Trust
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
VARP	Value appreciation rights plan
WUL	Water use licence
YES	Youth Employment Service

Administration

Group company secretary and registered office

Andiswa Ndoni

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Joint equity sponsor

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Company registration number

2000/011076/06
JSE share code: EXX
ISIN code: ZAE000084992 ADR code: EXXAY
Bond code: EXX005
ISIN number: ZAG000160334

Independent external auditor

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Disclaimer

Opinions expressed herein are, by nature, subjective to known and unknown risks and uncertainties. Changing information or circumstances may cause the actual results, plans and objectives of Exxaro Resources Limited (the company) to differ materially from those expressed or implied in the forward-looking statements. Financial forecasts and data given herein are estimates based on the reports prepared by experts who, in turn, relied on management estimates. Undue reliance should not be placed on such opinions, forecasts or data. No representation is made as to the completeness or correctness of the opinions, forecasts or data contained herein. Neither the company, nor any of its affiliates, advisers or representatives accept any responsibility for any loss arising from the use of any opinion expressed or forecast or data herein. Forward-looking statements apply only as of the date on which they are made, and the company does not undertake any obligation to publicly update or revise any of its opinions or forward-looking statements, whether to reflect new data or future events or circumstances. Any forward-looking information has not been audited, reviewed or otherwise reported on by the external auditors.



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