

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

Ethical culture continued

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.

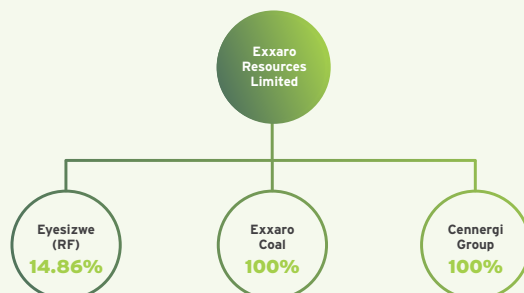
Group-wide control functions

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)

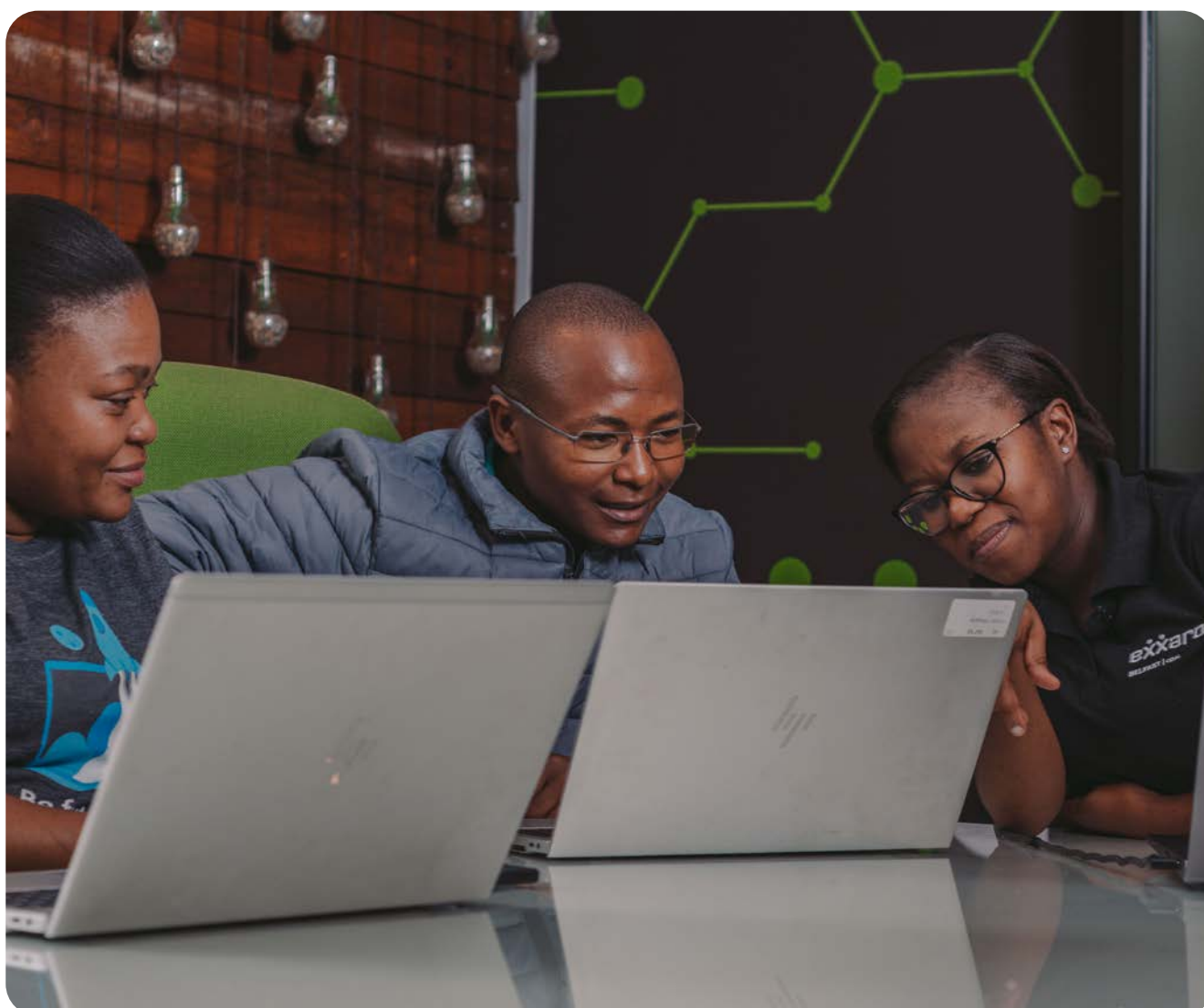
Overdue and repeat findings

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:

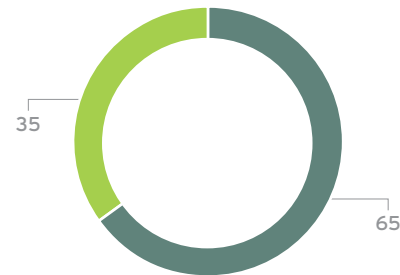
- 11 independent non-executive directors
- Four non-executive directors
- Two executive directors

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.

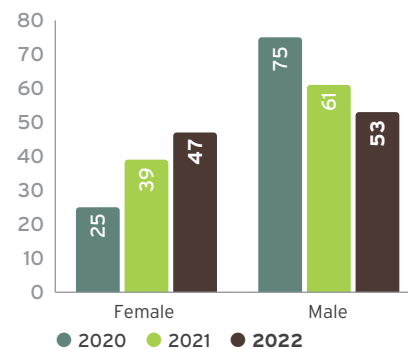
The progress of our board's diversity over the past three years, ended 3 January 2023, is shown in the following graphs.

Independence
(%)

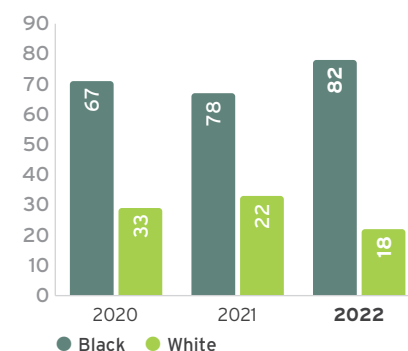


● Independent
● Other (includes non-executive directors and executive directors)

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

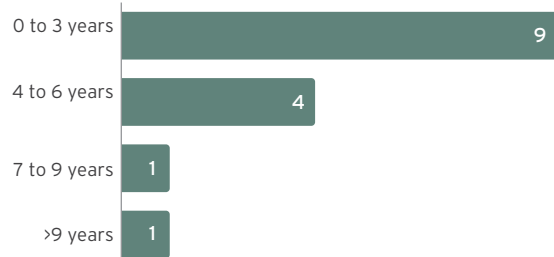
Succession planning for non-executive directors is typically iterative, and part of an ongoing planning and discussion programme conducted by the nomination committee. Succession planning is based on our broader diversity policy. The approach to diversity is holistic with a view to inclusion and supporting 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.

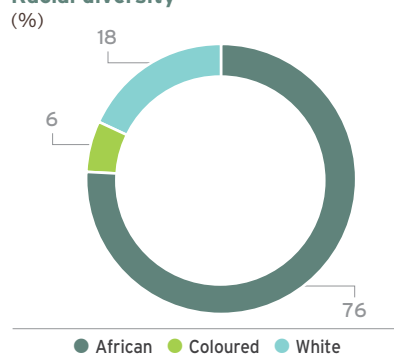
 Details about rotation, retirement and election of directors can be found in the [notice of the AGM](#).

Our non-executive director tenure as at 3 January 2023 is illustrated below:

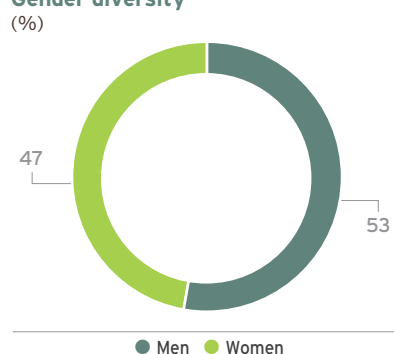
Director tenure



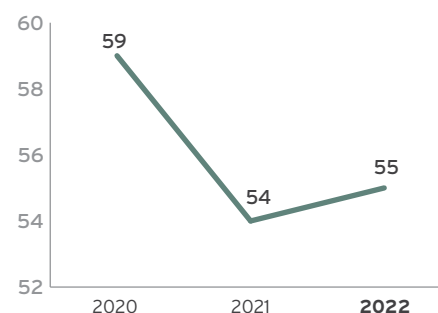
Racial diversity



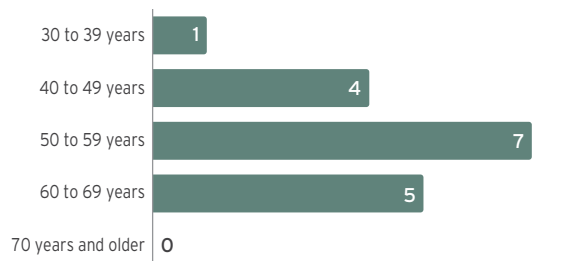
Gender diversity



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.

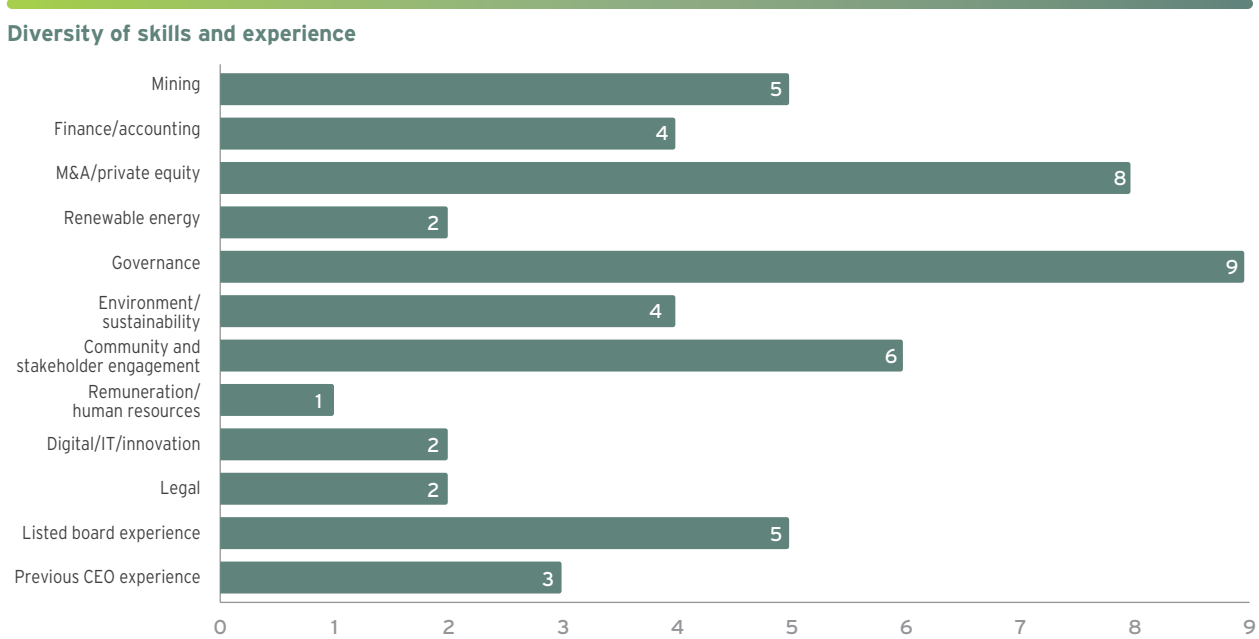
Exxaro considers, over and above management experience, the following technical expertise when appointing directors:

- 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 Veti (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)

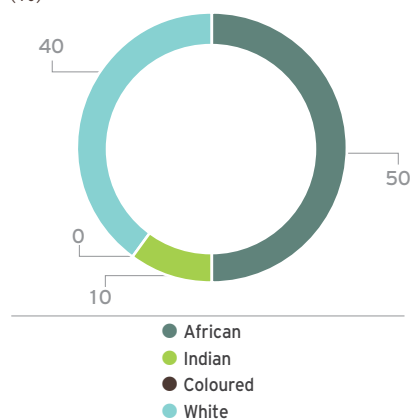
Skills and experience

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.

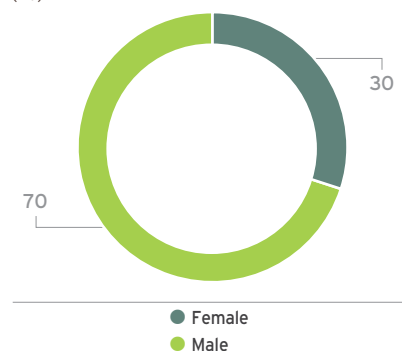
Executive age diversity



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



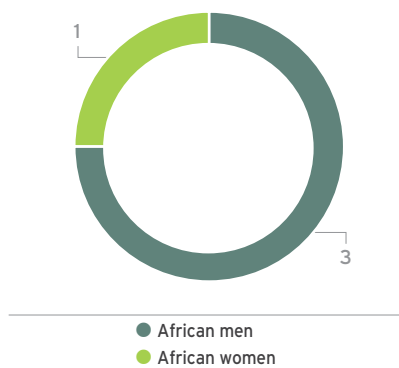
2022 key highlights

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



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

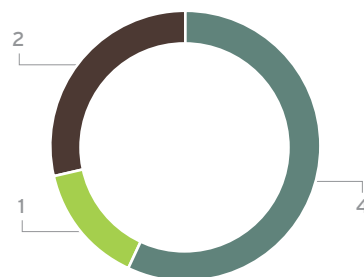
The committee:

- 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.

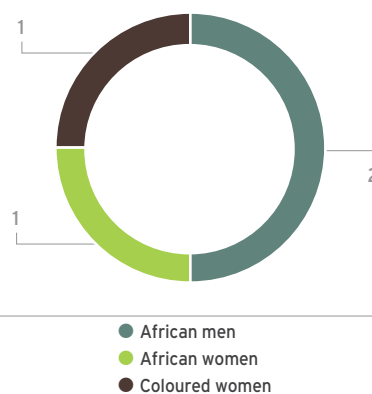
King IV's "say on pay" recommendations became mandatory by incorporation in the JSE Listings Requirements. Companies listed on the JSE are required to table non-binding advisory shareholder votes on remuneration at AGMs. The JSE Listings Requirements paragraph 3.84(j) requires listed companies to engage 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



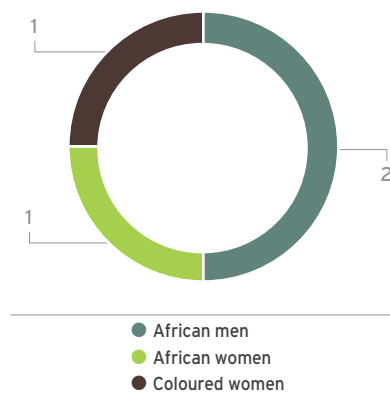
Key highlights of 2022

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

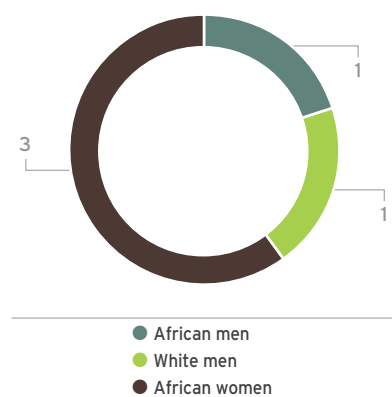
The decarbonisation project management office was established in June 2021 to coordinate decarbonisation activities across the group and compile a detailed baseline of our GHG emissions. A multi-functional projects team, comprising 10 functional and four cross-functional streams, was established to develop 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).

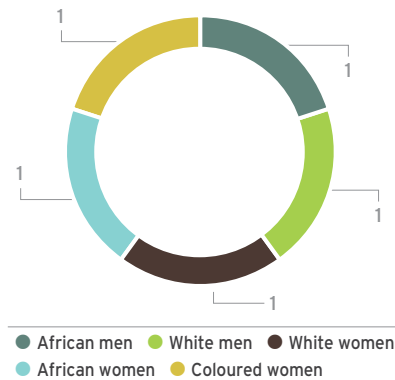
Composition

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.

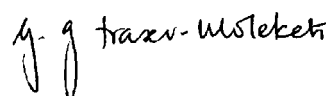
During the period under review, an independent evaluation of the performance and effectiveness of the board, its committees and specific individuals found no significant matters of concern. Areas in need of greater focus include ESG and community project oversight and review of the effectiveness of whistleblowing 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:

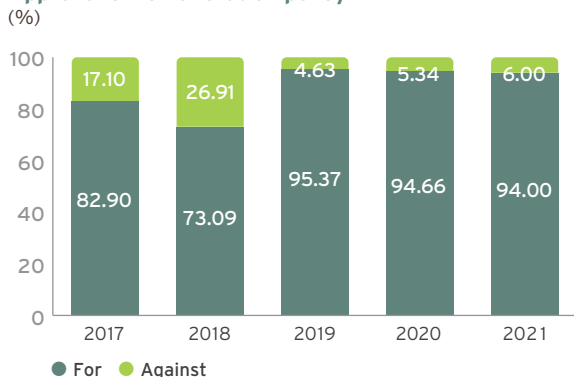
- Shareholder engagement
- Fair and responsible pay
- The ongoing refinement of the STI scheme
- Cennergi Holdings Proprietary Limited incentive schemes
- Performance achievement, recognition and policy update

Shareholder engagement

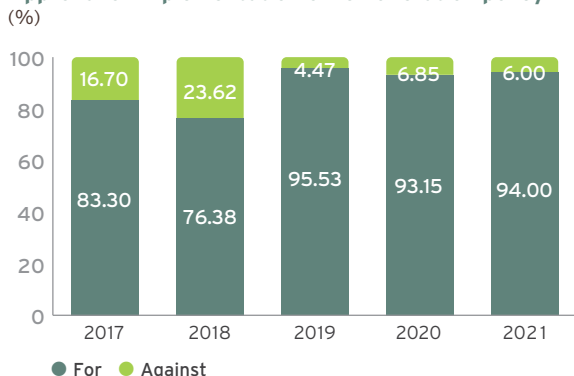
In line with our philosophy of proactive engagement, Exxaro embarked on a governance roadshow in September 2022 which entailed active engagement with our shareholders. The key themes raised by our shareholders included queries around the targets and disclosure period of the STI, the link between the 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

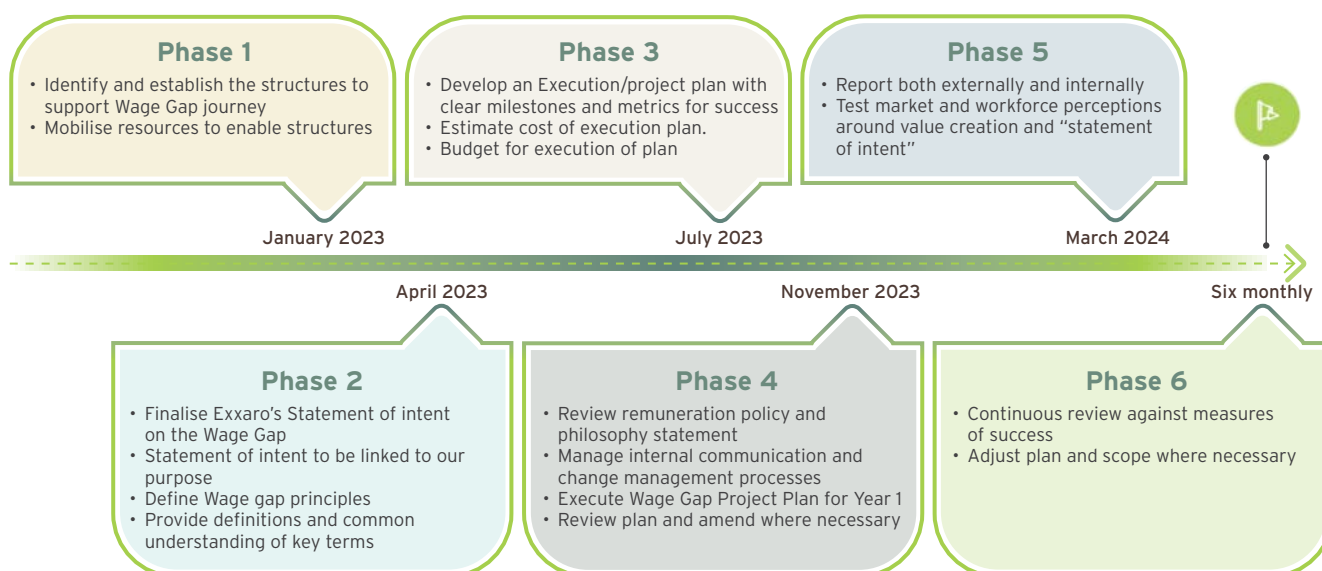
The company continues to seek independent and professional advice on remuneration matters from consultants regarded by the committee as fully independent. We have consulted PricewaterhouseCoopers, Remchannel and Willis Towers Watson on matters around remuneration, Africa People Advisory Group and Vasdex 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.

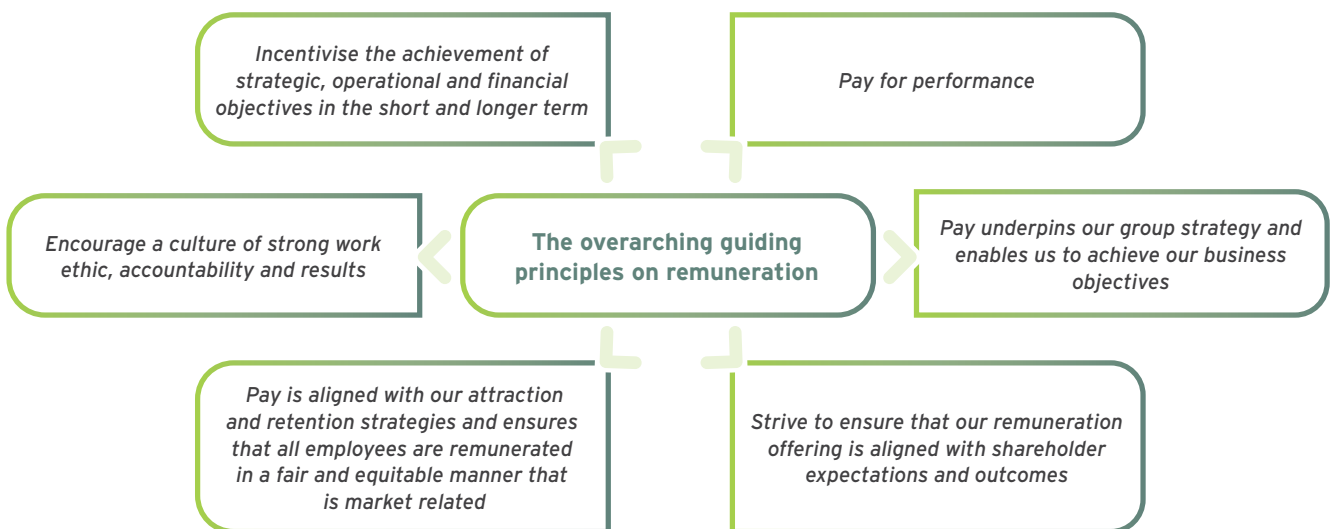


We strive to attract, retain, and empower the best talent to achieve our strategy and create sustainable shareholder value.

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

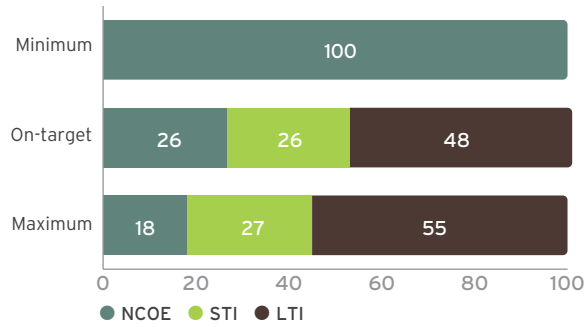
* The target DBP matched portion is 50% of the total after-tax STI schemes for Paterson grades F band to E middle.

** CEO designate F middle from January to February.

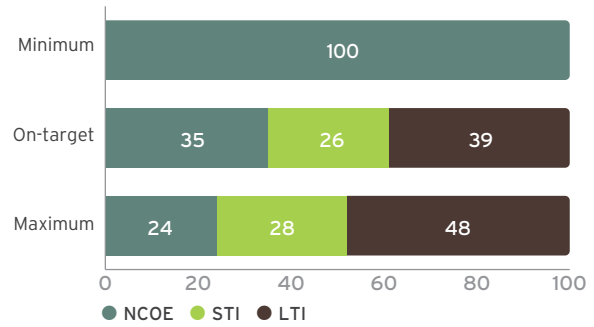
Remuneration policy continued

Remuneration mix for CEO, FD and prescribed officers

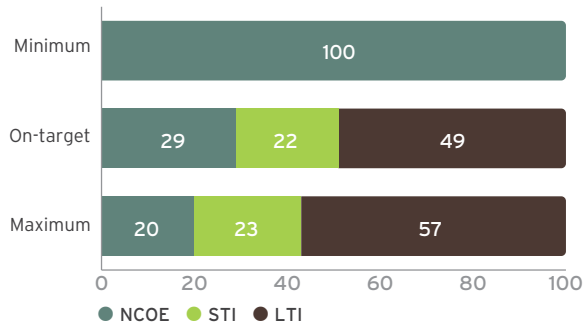
CEO: pay mix F upper
(%)



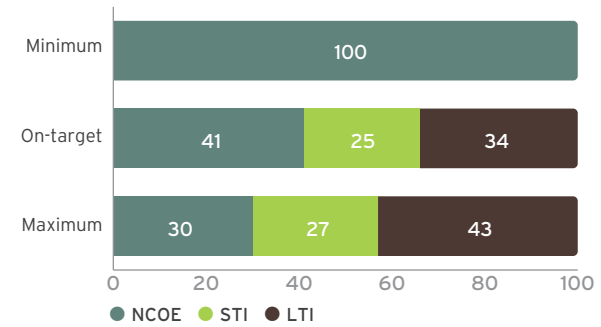
Prescribed officers (on Paterson Band F lower): pay mix (%)



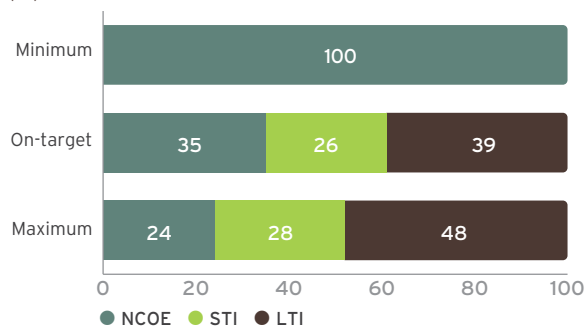
CEO designate: pay mix F middle
(%)



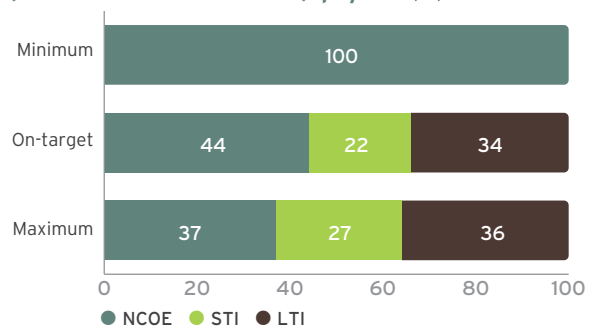
Prescribed officers (on Paterson Band E upper): pay mix (%)



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.

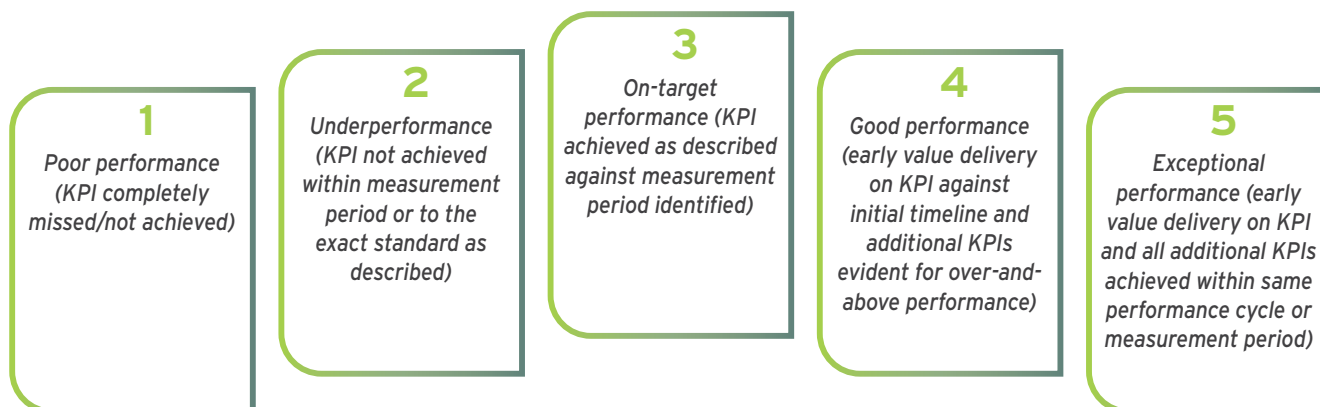
Implementation report

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		

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	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 Vetl	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.