



Social

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

Our approach

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

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

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

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

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

[People](#) (page 60)

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

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

[Communities](#) (page 78)

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

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

[Human rights](#) (page 89)

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

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

Future focus

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

People

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

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

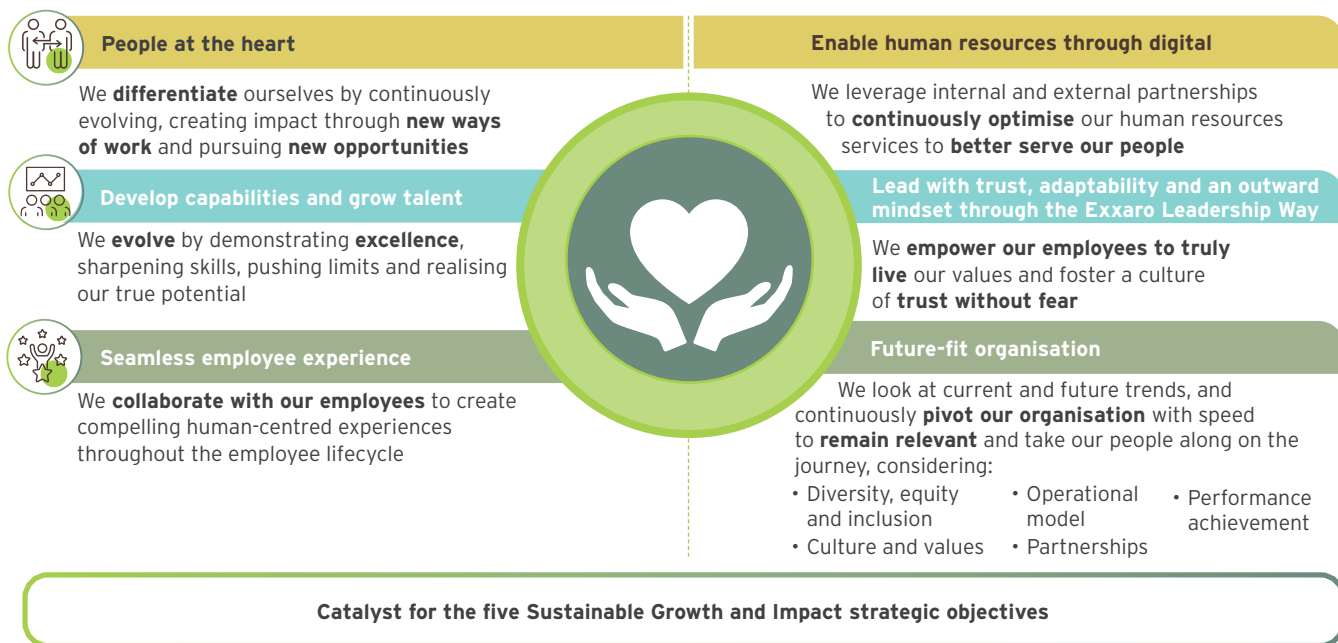
Our approach


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

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

Our people strategy

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



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

Accountability and responsibility

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

How we performed

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

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

Future focus

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

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

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

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

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

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

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

Safety

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

Our ultimate safety goal is zero harm.

Our approach

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

The five safety pillars

Incredible leadership

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

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

Communication

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

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

Consequence management

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

Training

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

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

Risk management

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

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

Accountability and responsibility

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



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

How we performed

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

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

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

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

The leading causes of these incidents include:

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

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

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

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



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

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

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

Future focus

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

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

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

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

Health and wellness

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

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

Our approach

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



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

Integrated health and wellness strategy



Prevent

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



Diagnose

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



Manage

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



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

Prevention initiatives

Employee wellness programme (EWP)

1. Financial

2. Emotional

3. Social

4. Thinking

5. Occupational

6. Environmental

7. Spiritual

8. Physical

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

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

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

Awareness:

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

#You'reNotAlone:

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

Certificate of fitness:

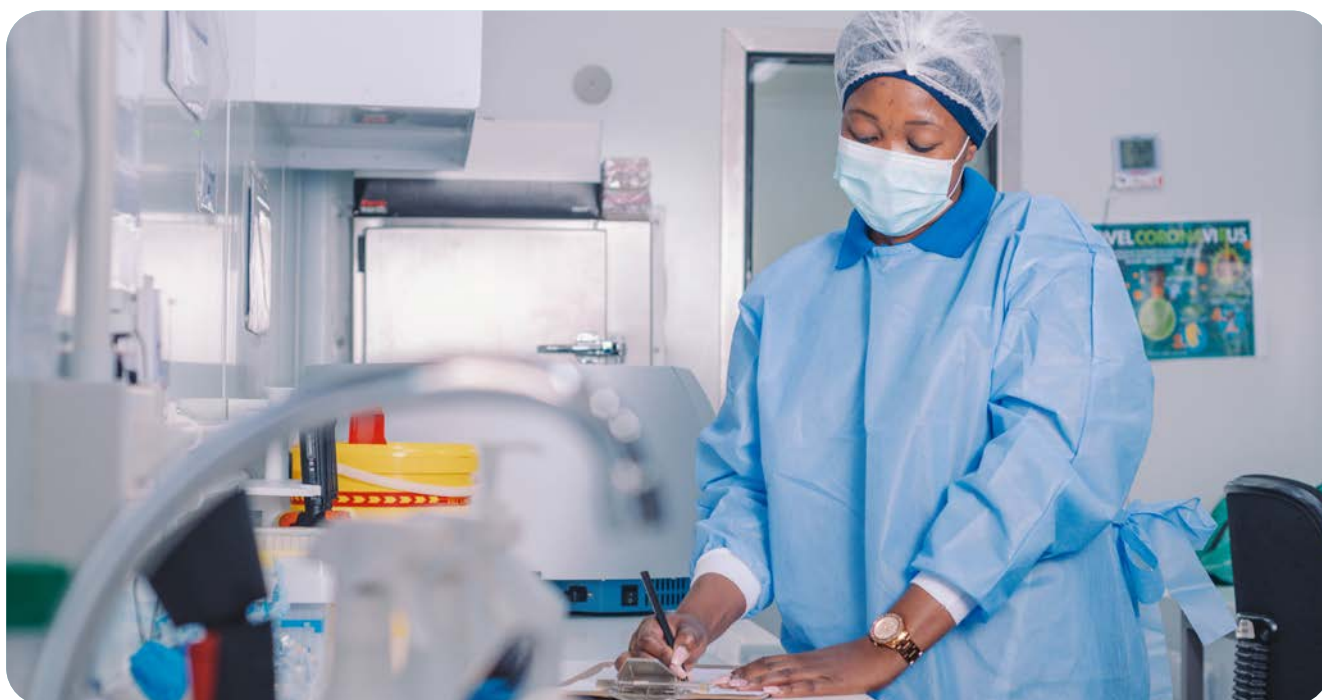
The EWP is part of induction and physical fitness tests

Case study: Collaborating with government health departments

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

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

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

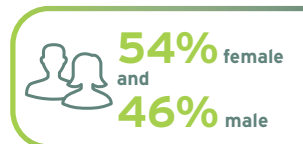
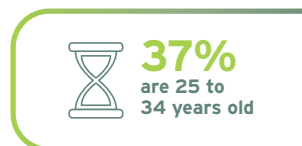


COVID-19 lab technician at Matla

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

Mental health*

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



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

Health and wellness continued

Accountability and responsibility

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

How we performed

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

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

 [Dust fallout](#) (page 37)

Occupational diseases

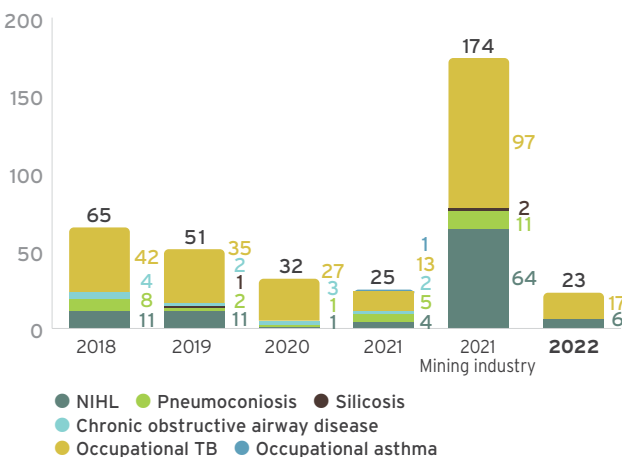
Occupational diseases contracted at work are classified as communicable and non-communicable. Communicable diseases, such as occupational TB, hepatitis B and influenza, are contagious and generally caused by bacteria, viruses or other pathogens.

We aim to meet mining industry targets set in 2014.

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

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

Occupational diseases



Performance against mining industry targets	Exxaro's performance
<p>NIHL</p> <p>Mining industry target No employee's standard threshold shift will exceed 25dB from the baseline when averaged at 2 000Hz, 3 000Hz and 4 000Hz in one or both ears.</p>	<p>Due to an increase in NIHL cases over the past three years, we reviewed our hearing conservation programme. This included tyre deflation at Grootegeeluk, guided by Mining Industry Occupational Safety and Health leading practice.</p> <p>We provide noise and hearing induction to all Exxaro employees (permanent and contractor).</p>
<p>Silicosis</p> <p>Mining industry target By December 2024: • 95% of exposure measurement results will be below the milestone level of 0.05mg/m³ for respirable crystalline silica (as individual readings and not average results) • Using current diagnostic techniques, no new cases of silicosis will occur among previously unexposed individuals</p>	<p>We have not recorded silicosis cases since 2019 due to dust control measures that reduce exposure.</p>
<p>Pneumoconiosis</p> <p>Mining industry target By December 2024: • 95% of exposure measurement results will be below the milestone level of 1.5mg/m³ (<5% crystalline silica) for platinum dust respirable particulate (as individual readings not average results) • Using current diagnostic techniques, no new cases of pneumoconiosis will occur among previously unexposed individuals • 95% of exposure measurement results for coal workers' pneumoconiosis will be below the milestone level of 1.5mg/m³ (<5% crystalline silica) for coal dust respirable particulate (as individual readings and not average results) • Using current diagnostic techniques, no new cases of coal workers' pneumoconiosis will occur among previously unexposed individuals*</p> <p><small>* Previously unexposed individuals were not exposed to mining dust before December 2008 (equivalent to a new person entering the industry in 2009).</small></p>	<p>Pneumoconiosis cases have decreased since 2014 due to investigations and actions taken when over-exposures are identified. This includes reviews of ventilation and dust suppression systems, and ensuring regular equipment maintenance (checking door seals and functioning of air-conditioners). Matla successfully adopted two Minerals Council Mining Occupational Safety and Health leading practices in 2022, namely the conveyor belt dust fogger system and the real-time dust monitoring system underground.</p>

Non-occupational diseases

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

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

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

Performance against mining industry targets	Exxaro's performance				
<p>HIV/Aids and TB</p> <p>Mining industry target</p> <p>By December 2024:</p> <ul style="list-style-type: none"> Employees and contractors should receive annual HIV/Aids counselling and testing with eligible employees linked to an antiretroviral treatment programme (as per the National Strategic Plan) At or below the national TB incidence rate <p>We report against the industry TB and HIV targets on the Minerals Council's Masoyise dashboard.</p>	<p>Identified HIV/Aids and opportunistic TB cases increased due to intensified focus during the COVID-19 pandemic even though contact tracing and active treatment management continued.</p> <p>HIV/Aids awareness among employees is part of medical induction. Contractors attend awareness programmes during specific campaigns and medical inductions. These campaigns encourage voluntary counselling and testing. We also ensure HIV-positive employees can easily access medication at occupational health centres.</p>				
	HIV/Aids awareness (employees and contractors)	2022	2021	2020	2019
	Attended information sessions	14 585	10 927	17 693	30 403
	Total tested	7 827	12 143	8 475	12 679
	% tested	54	61	48	54
	Employees tested positive	203	457	746	578
	Enrolled at December (cumulative)	1 745	5 054	4 554	5 342
	Received antiretroviral treatment	1 674	5 897	5 848	5 124
	As part of annual induction training, 14 585 employees and contractors received HIV/Aids awareness training (2021: 10 927). The number of people who attended awareness sessions increased (as our workforce increased) to 17 166. The prevalence of HIV/Aids cases among full-time employees is 2.09%. The national prevalence rate is 13.7% (on 31 July 2022).				

Our ongoing response to COVID-19
<p>The South African government lifted the national state of disaster in April 2022 and remaining mandatory COVID-19 preventive measures by the end of June 2022. Nevertheless, we encourage employees to receive booster and flu vaccines through communication campaigns and digital masterclasses led by our medical practitioners.</p> <p>On 31 December 2022, the group recorded 7 791 confirmed cases (2021: 6 816) – 13 active (2021: 310) and a recovery rate of 99% (2021: 95%).</p> <p>Ongoing initiatives include:</p> <ul style="list-style-type: none"> Working from home where possible Return-to-work procedures with screening and testing EWP counselling services Testing laboratories and vaccination centres at Grootegeluk and Matla Public-private partnership with DoHs in Limpopo and Mpumalanga (vaccination drives) Partnership with Dis-Chem to vaccinate Gauteng employees and their next of kin

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

Future focus

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

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

Employee engagement

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

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

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

Our approach

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

Our diversity, equity and inclusion strategy

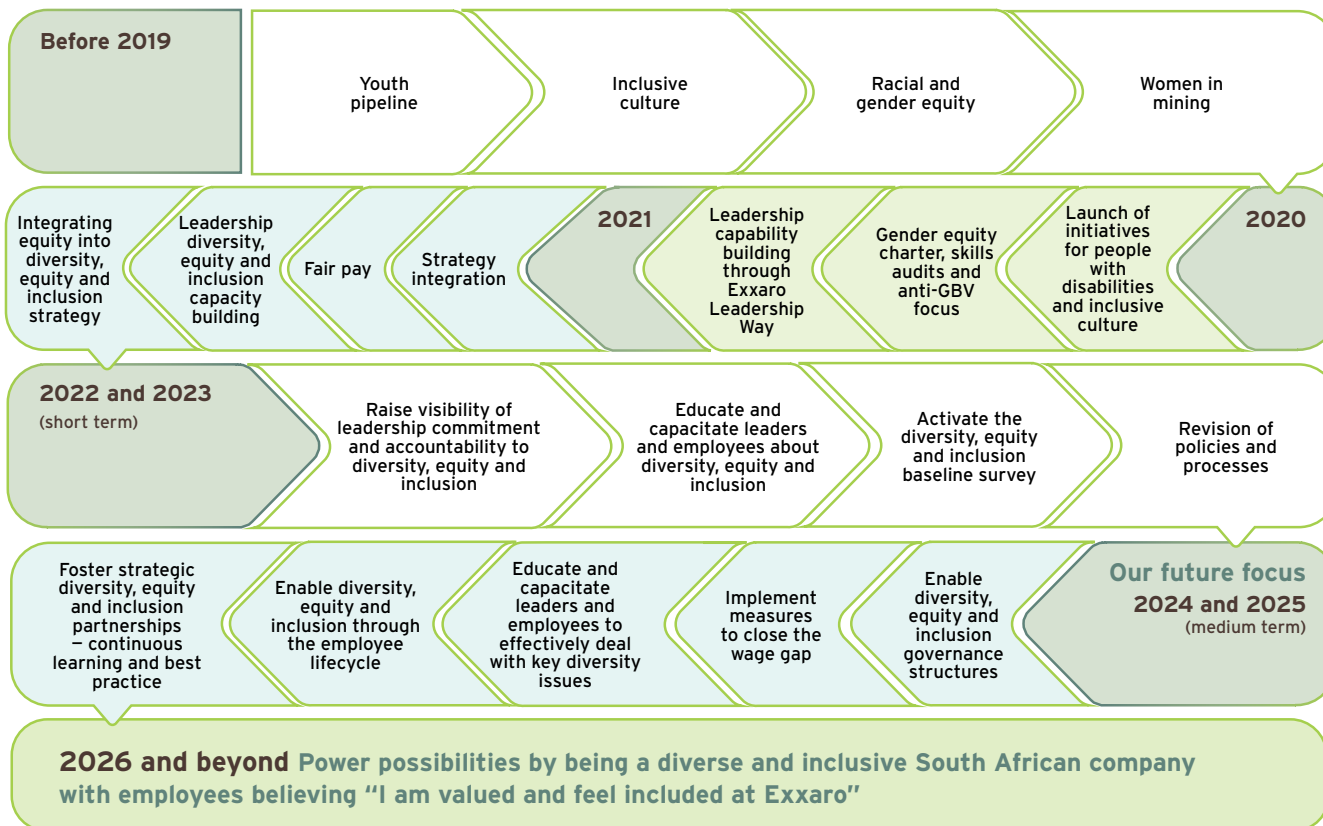
Our diversity, equity and inclusion strategy, aligned with our Sustainable Growth and Impact strategy, is informed by our purpose, values, vision, culture and strategic objectives. It is a journey that began before 2019, and our approach continues to evolve to increase the speed and scale of our impact.

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

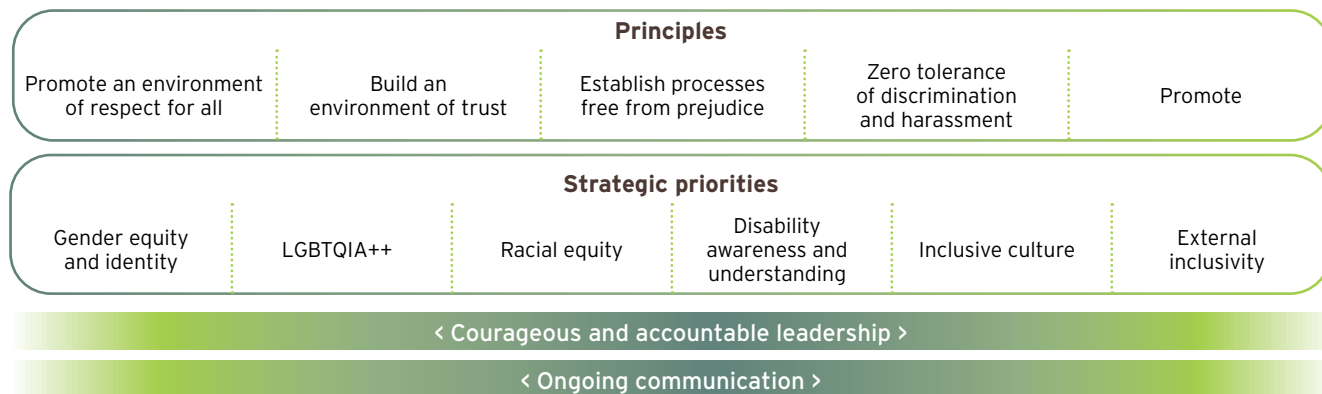
The strategy guides our implementation of appropriate internal processes, procedures and practices. We are thus able to play a leading role in our industry in complying with the spirit and intent of South African legislation.

Our diversity, equity and inclusion journey

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



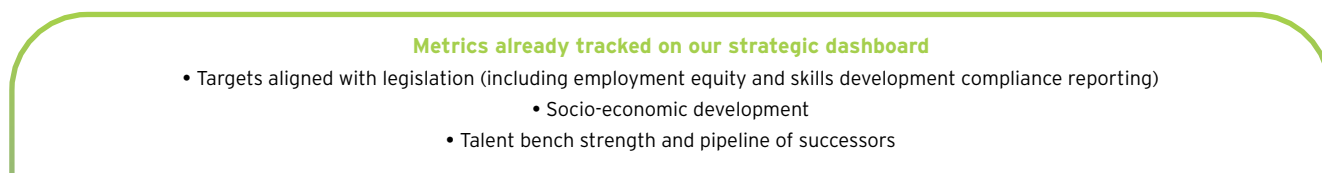
Diversity, equity and inclusion at Exxaro



Measuring our progress

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

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



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

Diversity, equity and inclusion benchmarking performance

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

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



Employee engagement continued



Cennergi's employment equity plan, to be reviewed in 2024, aligns with legislation and the DEL Codes of Good Practice. Equity categories, with contractual commitments, include employment secured for South African citizens and local communities. Hiring commitments for Amakhala Emoyeni are 97% South African citizens (77% black and 64% from local communities) and 80% South African citizens for Tsitsikamma community windfarm (50% black and 20% from local communities).

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

Accountability and responsibility

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



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

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

How we performed

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

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

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

Culture integration

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

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

Employee relationship management

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

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

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

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

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

Trade union representation

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

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

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

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

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

Share ownership

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

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

Participants do not have capital appreciation rights.

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

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

Workplace harassment policy

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

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

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

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

Employment equity

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

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

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

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

Disabled Performance: 1.62% (target: 1.5%)

¹ Includes white female employees.

BEE

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

Employee engagement continued

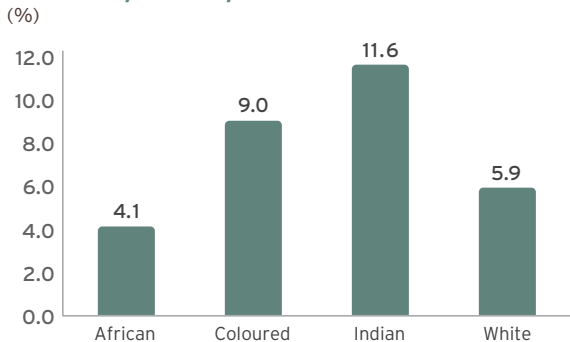
Employee turnover

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

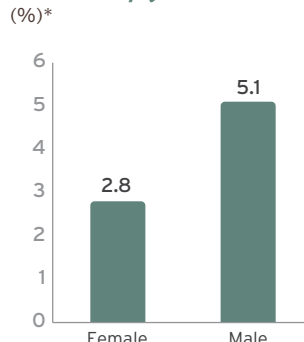
We had 6 745 employees in 2022 (2021: 6 745) with 82.37% in bargaining units (2021: 81.93%) and 17.62% in management and specialist category (2021: 18.03%).

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

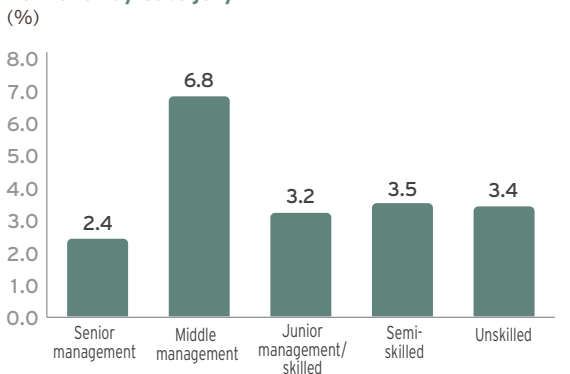
Turnover by ethnicity (%)



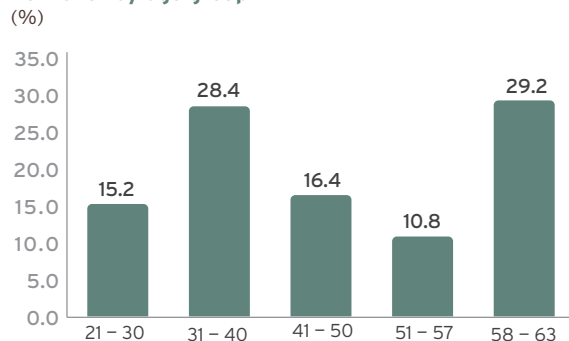
Turnover by gender (%)*



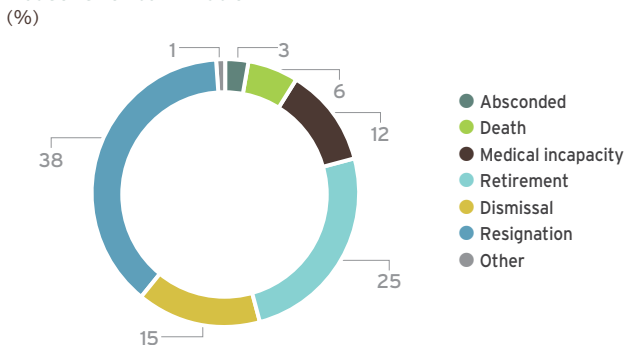
Turnover by category (%)



Turnover by age group (%)



Reasons for termination (%)



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

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

Eliminating discrimination and resolving grievances

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

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

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


Housing


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

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

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

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

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

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



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

Future focus

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



Employee engagement at The conneXXion

Managing our talent

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

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

Our approach

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

Our talent management strategy

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

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

Our talent management strategy continued

Talent pipeline and feeder schemes

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

Talent acquisition

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



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

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

Accountability and responsibility

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

How we performed

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

Job-related skills development (functional and technical training)
R198 million (2021: R157 million)

Bursaries, training professionals, internships, learnerships and skills programmes
R101 million (2021: R104 million)

Developing targeted employees in management programmes, leadership roles, postgraduate studies and support functions
R7.4 million (2021: R5 million)

Community development such as portable skills training
R10.5 million

Support for Youth Employment Service (YES) partners training and developing youth from our host communities
R12.6 million

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

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

Case study:

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

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

Case study:

Supporting women in leadership

A total of 21 employees (80% black females) enrolled in our inaugural Women in Leadership programme in September 2022.

This partnership with the University of Cape Town Graduate School of Business aims to reach all employee levels in line with our diversity, equity and inclusion strategy.

Managing our talent continued

Developing our talent

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

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

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

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

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

• Women

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

• Training professionals

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

• People with disabilities

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

* South Africans at local universities.

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

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

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

Developing talent bench strength

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

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

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

Talent acquisition

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

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

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

Grootegeluk transformation journey

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

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

Appropriate learning interventions

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

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

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

¹ South African universities.

² South African and international universities.

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

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



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

Future focus

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

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

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

Case study:

MyNexxt provides lifelong learning (sustainability, case studies tab)

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

Communities

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

Our approach





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

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

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

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

Social Impact strategy funding sources

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

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

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

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

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

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

Design for larger projects that will enable multiplier effects

Optimising existing resources and capabilities and recognising the power of partnerships

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



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

Social Impact strategy

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



Accountability and responsibility

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

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



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

Communities continued

How we performed

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

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

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

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

SLP project benefits include:

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

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

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

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

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

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

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

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



Cennergi's socio-economic and enterprise development programmes

TWFT

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

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

AECFT

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

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

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

Case study: Restoring community livelihoods

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

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

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

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

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

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

Communities continued

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

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

Jobs created

583 (2021: 205)

Number of community members benefited

1.26 million (2021: 53 000)

Invested in CSI

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

Beneficiaries

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

Invested in SLP projects

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

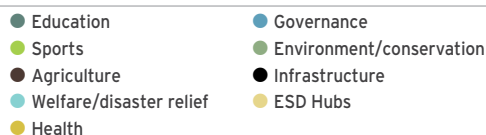
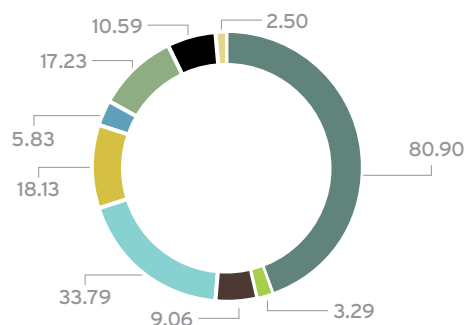
Implementation of **current five-year SLPs continues** at BUs until completion as per our mining right commitments in Limpopo and Mpumalanga

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

Social investment projects in local economic development

(Rm) excluding ESD financial support

Total social investment R181.3 million (2021: R113.72 million)



Education investments

R80.9 million invested in community education to benefit 41 000 learners

Lephalale local municipality

- R8.1 million budgeted (R5.7 million for infrastructure) to benefit 49 ECD centres from 2022 to 2024
- R11 million spent on laptops for 449 learners, teacher training programme, ongoing technical support, and hybrid maths and English education for 28 high schools until 2024
- R372 000 spent on bursaries for 31 engineering students at TVET colleges
- R500 000 spent to establish a food garden for 300 learners at Letupu Secondary School
- R350 000 spent on a career expo to benefit 1 592 learners

Emakhazeni local municipality

- R86 000 for recruitment and placement of 15 ECD practitioners in Hope Academic and Skills Centre for professional training
- R36 000 on 10 laptops to promote 4IR at Imemeza Secondary School

Lephalale and Emakhazeni local municipalities

- R756 000 donation of school shoes and sanitary towels to 11 000 learners

Waterberg, Nkangala and Mogalakwena district municipalities

- R2.5 million spent on winter camps for 3 165 grade 12 learners

Nkangala district and Lephalale local municipalities

- R30 million on phase 1 of WiFi connection for 37 schools, establishment of 20 school laboratories and 14 community hot spots
- R1.3 million on Edumap bridging programme for 10 students
- R64 million partnership with Curro through the Ruta Setshaba Foundation to provide underprivileged learners in Limpopo and Mpumalanga with access to quality education for the next nine years (R2 million invested in supporting 20 learners at Curro in 2023)

Nkangala district municipality

- R400 300 was spent on audiology programme (screening, fitment of hearing aids by qualified audiologists and referrals) for 931 learners in grades 4 to 7 at four schools (nine received hearing aids and 326 specialist wax removal). In 2021, we focused on eye testing and the provision of prescription glasses to learners

Tshwane

- R1.1 million on eye tests for 5 748 learners at seven schools (427 received prescription glasses)
- R350 000 on career exhibition at head office for 322 grade 11 learners from Olievenhoutbosch Secondary School in Centurion
- R300 000 on seedlings and gardening tools to establish food gardens at Matseke Primary School for 930 learners, Kgabo Primary School for 1 345 learners and Sefako Makgato Primary School for 1 542 learners

Case study: Nceduluntu ECD centre

Cennergi's AECFT funded the construction of a new ECD centre in the Eastern Cape. Children and their parents weren't comfortable in the original centre that needed extensive renovation after a storm. Four local SMMEs created 57 temporary jobs during construction of the new centre.

Highlights and challenges of community initiatives

Municipal capacity building programme	<p>The second phase of the programme, in partnership with the NBI's technical assistance, mentorship and development team and government's CoGTA, mentored permanent senior employees of the Waterberg district municipality. This three-year programme will end in March 2024.</p> <p>The key successes in phase 2 include potential access to funding as financial management skills improve, enabling the pathway to improving service delivery.</p>
Volunteerism	<p>Our employees were involved in community volunteer projects during working hours. In some areas, we collaborated with the Siyakhana NPO to establish food gardens at schools, and at the Phumulani Agri Village (resettled Belfast community), responding to access to food and nutrition.</p>
Matla Setshabeng NPC	<p>Matla Setshabeng NPC delivered high-impact initiatives at a cost of R127 million (2021: R10 million) for 1 171 743 community members.</p> <ul style="list-style-type: none"> • Lephalale and Mpumalanga spend <ul style="list-style-type: none"> – R30 million on an information and communications technology programme: The programme started in 2022 and will provide infrastructure for internet connectivity to 37 schools and 14 community centres reaching 42 000 users. The programme will be completed at the end of 2023 – R64 million in partnership with Curro through the Ruta Setshaba Foundation to give underprivileged learners access to quality education for the next nine years (R2 million invested in supporting 20 learners at Curro in 2023) – R10 million through Gift of the Givers for emergency response to floods in KwaZulu-Natal and fires in the Western Cape – The Impact Catalyst also funded the feasibility for an integrated waste management study on waste coal ash, waste tyres, landfill waste and waste pickers. The outcome will inform the development of the waste circular economy plan and Lephalale IDP, which will align with Exxaro's decarbonisation plan. It is envisaged that 100 jobs will be created and 60 SMMEs will participate in the waste beneficiation economy in 2023 • Tshikondeni spend <ul style="list-style-type: none"> – R350 000 in collaboration with the Industrial Development Corporation of South Africa for 100 community members to remove alien vegetation – R1.4 million on employment opportunities for 600 people developing 300ha of land for citrus farming with access to markets • National spend <ul style="list-style-type: none"> – Exxaro contributed R15 million towards R108 million raised in partnership with the Gender-based Violence and Femicide response fund. These funds were used for GBV campaigns and establishing care centres/shelters across the country
Challenges	<p>We experienced challenges in implementing our SLPs due to poor capacity of local service providers. This resulted in iterations to find replacement contractors, resulting in delays to execute projects. However, we successfully prepared and submitted new SLPs. This entailed extensive stakeholder engagements, calls for proposals from communities and local municipalities, feasibility studies and consultations to conclude applications for new SLPs to the DMRE. We also submitted proposals for Thabametsi (2020 to 2024), Grootegeluk and Tshikondeni (in closure) (2023 to 2027) SLPs at year end. The DMRE approved the Matla (2020 to 2025) SLP in 2022. The submitted SLPs align with our Social Impact strategy, which leverages the work done in the previous SLP cycle in an incremental, sustainable pattern to promote collaborative partnerships for greater impact.</p>

Enterprise and supplier development

The ESD programme achieved record disbursements and played a role in the achievement of the procurement targets described from page 86. Driven by a higher group NPAT, the programme had to spend a much higher amount within the year to ensure compliance with the dtic B-BBEE codes. Given the high coal prices, the forecast NPAT was much higher than budgeted at the beginning of the year. All efforts were invested to achieve the higher target, however, there were fundamental constraints that prevented us from achieving our ESD compliance goal. Firstly, resource constraints to spend more money and secondly, increasing the volume of ESD funding applications does not improve the number of qualifying applicants. While we reached an annual increase and record disbursement of R291 million, we expect to achieve 9.75 points (65%) out of 15 compared to the target of 13.5 (90%) once the B-BBEE verification for 2022 has been finalised.

Our ESD programme creates wealth, employment and sustainable enterprises for host communities.

Exxaro's ESD initiatives are a crucial component of our socio-economic development response and critical to achieving our strategic objectives. The initiatives provide financial and non-financial support to small businesses in areas where we operate.

Spend: R291.2 million (2021: R127.7 million)
Beneficiaries:

- Qualifying small enterprises (QSEs) and exempt micro-enterprises (EMEs): 30 (2021: 15)
- Youth-owned: 16 (2021: four)
- Women-owned: nine (2021: seven)

Jobs retained: 1 037 (2021: 243)

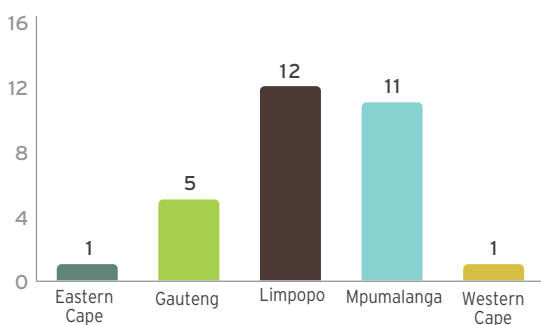


The TWFT established an agriculture mentorship programme to ensure the success of funded projects.

This programme helps emerging farmers transition into commercial farming by improving farm management skills and access to markets.

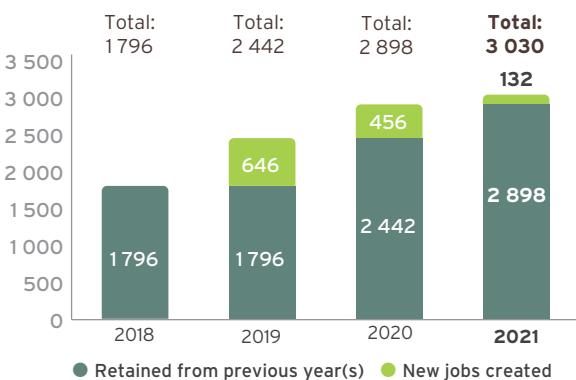
Provincial spread of supported QSEs and EMEs

Total: 30

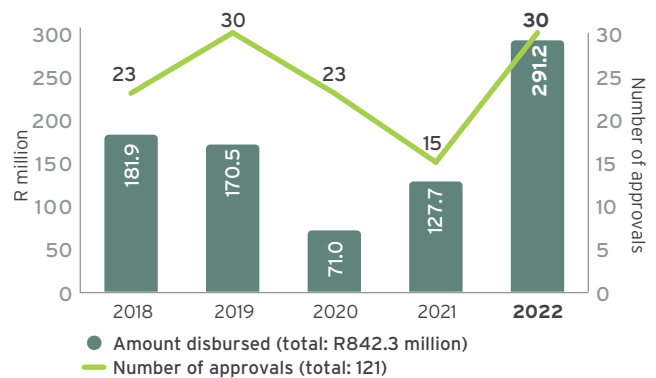


The provincial breakdown of the beneficiaries indicates the ESD programme's objective of focusing on beneficiaries from host communities.

ESD programme beneficiaries



ESD approvals per year



The ESD approvals since programme inception have been a blend between grants and loans, with focus in the earlier years on improving Exxaro's B-BBEE performance from level 5 to level 2. This was achieved and maintained until 2020, where there was a poor pipeline of funding applications due to challenges imposed on SMMEs by COVID-19 and a distressed economy.



<p>ESD loan fund management We support SMMEs in our host communities beyond compliance.</p>	<p>Tsys Capital Group, a National Credit Regulator licence holder, manages our ESD loan fund, which supports SMMEs in our communities. Tsys Fund Managers invests loan repayments and cash in hand in money markets.</p> <p>Our investments consistently outperform the short-term fixed-interest (Stefi) benchmark (5.96% against Stefi's 5.65% in December 2022).</p> <ul style="list-style-type: none"> • Total loans approved since 2018: R578.19 million (R249.21 million outstanding or future-dated repayments and R328.98 million recovered loan repayments) • Investment returns: R22.79 million (interest from invested funds)
<p>ESD non-financial support Our non-financial support programmes complement ESD loan fund management.</p> <p>External service providers address entrepreneurs' challenges:</p> <ul style="list-style-type: none"> • GIBS (business management) • SAICA Enterprise Development (financial management) 	<p>GIBS contractor development programme</p> <ul style="list-style-type: none"> • 69 graduates • Plans to enrol 60 in 2023 <p>SAICA Enterprise Development financial excellence programme</p> <ul style="list-style-type: none"> • 29 graduates • Plans to enrol 60 in 2023
<p>Incubator hubs We deliver on our ESD strategy in each SLP area through incubator hubs, which provide three-year programmes for SMMEs.</p>	<p>Beneficiaries per operation:</p> <ul style="list-style-type: none"> • Matla: 27 • Tshikondeni: three

Case study:

NNT Women Poultry

Cennergi's TWFT supports NNT Women Poultry, a black women-owned enterprise in Wittekleibos.

With R3.1 million from TWFT as well as skills training, infrastructure, a vehicle, tools, equipment, land clearance and fencing, the enterprise supports four previously unemployed women delivering 2 300 eggs to Nulaid every second week.

TWFT plans to enable the business to expand from 1 620 egg layers to 4 000 by 2024.

Case study: Water solution for Adelaide and Bedford

Cennergi's AECFT and the Amakhala Bedford Community Fund Trust have invested R5 million in a water solution for Adelaide and Bedford.

The solution includes water abstraction redesign, repair and servicing of existing pump stations, refurbishment of water-treatment plants, storage and pressure management, a centrifugal solids separator, leak management and groundwater augmentation.

Upon completion in March 2023, 5 871 households in the communities of Adelaide and Bedford will have much-needed water. The project also supports two local black-owned SMMEs who have created 26 temporary jobs.



Supply chain sustainability

Our affirmative procurement initiatives at operating mines remain above target. We spent R1.1 billion (circa 11.4%) of discretionary procurement compared to a target of 10%, on local SMMEs, thus injecting significant value into the local communities. However, the challenge remains large and we will continue to pursue higher levels of this investment through targeted expenditure and skills development to increase both the volume of expenditure and value per expenditure.

We manage our procurement and supply chain processes in terms of our supply chain sustainability strategy and policy to satisfy the diverse expectations of customers, regulators and investors.

Our strategic objectives include:

- Developing and reviewing policies that exceed compliance with legislation (B-BBEE Act, Mining Charter III and SLP commitments) and customer requirements
- Tracking our performance to maintain our licence to operate
- Promoting local economic development in host communities through policies that enable participation of historically disadvantaged suppliers (particularly black youth and women)
- Fostering an accessible, equitable, transparent and responsive supply chain process based on leading governance standards



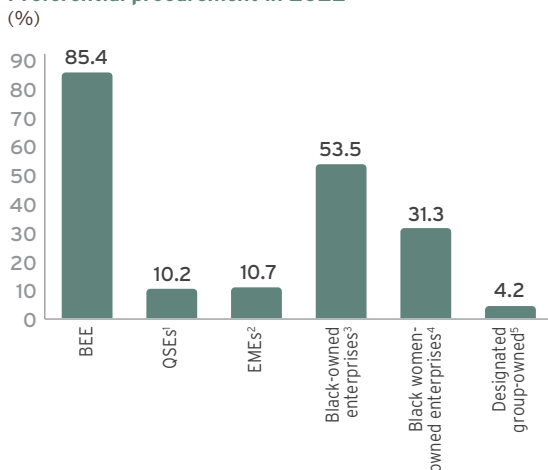
Cennergi's share of procurement sourced from B-BBEE suppliers, QSEs, EMEs and women-owned vendors is tracked against commitments and targeted percentages in the implementation agreement between Cennergi and the DMRE.

Tsitsikamma community windfarm and Amakhala Emoyeni are committed to 60% total procurement from B-BBEE suppliers, 10% from QSEs and EMEs, and 5% and 2.5% respectively from women-owned vendors.

Preferential procurement performance

Exxaro is fully compliant with the requirements of the B-BBEE codes for preferential procurement. We achieved an overall score of 26.9 (2021: 28.3) against a target of 24.2.

Preferential procurement in 2022



¹ Procurement from entities with R10 million to R50 million annual turnover.

² Procurement from entities with less than R10 million annual turnover.

³ Procurement from suppliers who are at least 51% black owned.

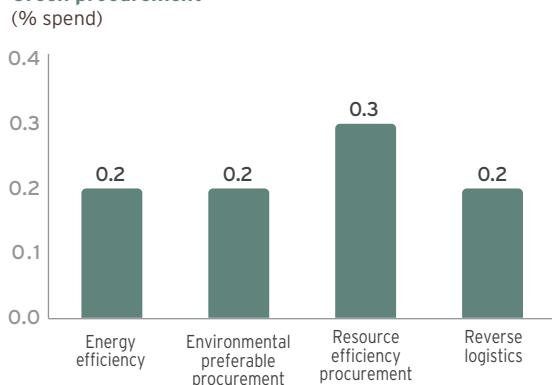
⁴ Procurement from suppliers who are at least 30% black women owned.

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

Green procurement

Green procurement means Exxaro aims to purchase products and services that have a minimal adverse impact on the environment. We spent R133 million on green procurement (0.8% of the total procurement spend). The graph below shows percentage spend per green procurement category.

Green procurement



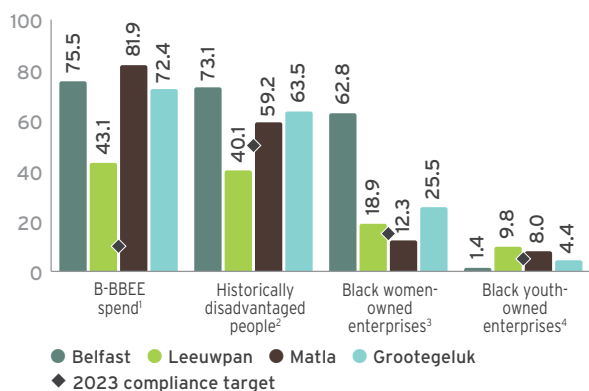
Case study: Khaman Security (sustainability, case studies tab)

After appointing Khaman Security at Amakhala Emoyeni, Cennergi funded the establishment of a security control room as part of supplier development and the AECFT included the company in the SAICA Enterprise Development programme.

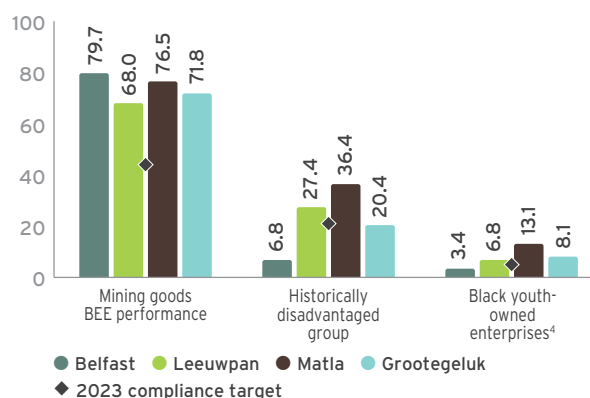
Mining Charter III

As a mining right holder, Exxaro must meet prescribed targets for procuring mining goods and services from preferred groups by 2023. Our inclusive procurement programme focuses on procuring mining services from black youth and black women-owned companies. We exceeded our target of 37.2 points (2021: 31.5) by scoring 40 points (2021: 40) on the Mining Charter III scorecard.

Mining Charter III – services procurement performance (%)



Mining Charter III – goods procurement performance (%)



¹ Procurement from entities with more than 25% black ownership and at least level 4 on the B-BBEE scorecard.
² Procurement from entities with historically disadvantaged people as majority owners.
³ Procurement from entities with black women as majority owners.
⁴ Procurement from entities with black youth as majority owners.

¹ Procurement from entities with historically disadvantaged people as majority owners.
² Procurement from entities with black women as majority owners.
³ Procurement from entities with black youth as majority owners.

Local procurement and localisation

Our supply chain sustainability policy ensures we increase beneficial participation of black youth-owned SMMEs, which is critical to mitigate youth unemployment in our host communities.

We direct over R1 billion of our procurement spend to local SMMEs. We spent R1 097 million (2021: R1.05 billion) with 246 local black-owned SMMEs (2021: 241).

Committed to improving our QSE and EME preferential procurement performance, we also reached the following milestones in our host communities:

- Awarded local contracts worth R525 million (2021: R664 million) to 38 suppliers (2021: 71)
- Procured over 15% (2021: 13.7%) of goods and services from local vendors
- Developed support structures for black contractors
- Simplified the contractor onboarding process with a supplier portal

Ethical procurement

We use e-procurement software (Coupa and Innoxico) to reduce the risk of fraud and maintain cost efficiency.

We continue driving ethical and sustainable procurement through our:

- Supplier onboarding process ensuring suppliers are aligned with and understand our policies
- Checks to ensure our suppliers comply with conflict of interest guidelines



Cennergi met its preferential procurement targets for 2022 and did not incur any termination points.

Trade-offs

Compliance costs are increasing annually. With business risks also escalating, planning for uncertainty requires a trade-off between various risks. Exxaro has a target to achieve a level 1 recognition level. However, the required level of expenditure to achieve this target competes with other interests within the business, such as seeking alternative logistics for our export coal to reach markets and business interruption risk, which also have a demand on available financial resources. Consequently, a decision was taken to maintain the current level 3 recognition level, which is still within compliance, to secure the business in the short term. The aspiration to achieve level 1 remains over the next two years.

Supply chain sustainability continued

Case study: SAICA supports enterprise development

The SAICA Enterprise Development programme has achieved the following for Cennergi since appointment in 2021:

- Six beneficiaries completed the programme
- 79% increase in sales
- 89% net profit increase
- 23 new jobs created by beneficiaries
- Investments disbursed to qualifying SMMEs
- Marketing and branding support packages for each SMME

The programme provides monthly access to a business and finance coach as well as accounting, back office, tax, human resource management, and Companies and Intellectual Property Commission compliance support.

Case study: Women in community development

Recognising the lack of women representation in the community development trust and in marking women's day a celebration, Cennergi partnered with the Bedford Women Forum to host a women's dialogue workshop at Msobomvu Community Hall in Bedford.

Hosted under the theme "what is the role of women in community development", over 100 women and girls attended the event. Invitees included women from SAICA, the Eastern Cape Department of Economic Development and a guest speaker, Dr Tumi Vuyolwethu Nkohla, from CoGTA. Cennergi held another successful women's day event attended by young girls from Walmer high school in Port Elizabeth.

Both events encouraged women to raise their hands high in community development initiatives and every aspect of life.



Hope Academic and Skill Centre at Belfast

Human rights

Human rights are the basic freedoms of dignity, fairness, equality and respect.

Exxaro strives to be a responsible steward of natural assets and social capital to uplift host communities.

Our approach

Acknowledging that our operations could negatively impact human rights, we have developed a policy and are committed to implementing processes that align with South African legislation and corporate governance guidelines. At a minimum, we promote human rights set out in legislation, including the South African Constitution, and the following guiding principles:

- Minerals Council South Africa's Human Rights Framework (outlines management practices for South African mining companies)
- UN's Guiding Principles on Business and Human Rights
- International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (guides us in upholding basic human values vital to our social and economic lives)
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (provides standards for responsible business conduct across human and labour rights, and the environment)
- UNGC principles on human rights, labour, environmental and anti-corruption

We are committed to:

- Preventing discrimination, harassment and racism
- Regularly reviewing our human rights processes and policies
- Providing a flow of information that promotes business sustainability through our fraud and ethics hotline
- Encouraging open and honest communication between employees and supervisors



Gennergi has human resources policies that ensure human rights considerations are adequately managed and addressed. Our approach to promoting and protecting human rights is guided by a code of conduct and grievance procedure aligned with South African human rights legislation.

Gennergi is also committed to the IFC's Performance Standard 2 on labour and working conditions, which requires companies to treat their workers fairly, provide safe and healthy working conditions, avoid using child or forced labour and identify related risks in their primary supply chain.

Employees can report human rights violations to supervisors, line managers, the human resources department or anonymously through Exxaro's fraud and ethics hotline.


Exxaro's employment contracts advise employees of their rights to lodge a grievance, without fear of victimisation, if they are dissatisfied. We address grievances in terms of our formal procedure.

Accountability and responsibility

Our SERC committee oversees the consequences of the group's activities and output on its status as a responsible corporate citizen in the protection of human rights on behalf of the board. In addition, the RBR committee has oversight from a risk and compliance perspective, while the remuneration committee focuses on fair and responsible remuneration within the group. The executive committee is responsible for implementing our human rights policy.

How we performed

There were no human rights-related grievances lodged against Exxaro in 2022.

 We redeveloped our [human rights policy](#) (our business, governance tab), which outlines our expectations of employees, suppliers, business partners and other parties directly linked to our operations, products and services. We will continue to embed human rights practices within our business and business conduct and further align these to our renewed policy.

The renewed policy provides guidelines to ensure that we adhere to human rights principles. It is aligned with our purpose to power better lives in Africa and beyond because we believe that all people have inherent fundamental human rights regardless of their differences. As such, we are committed to investing in and developing areas within our sphere of influence for the benefit of our stakeholders.

Human rights continued

The table below outlines how we are addressing key human rights issues.

<p>Governance and ethics</p>	<p>Our board manages impacts on our reputation in the following areas:</p> <ul style="list-style-type: none"> • Economy: economic transformation and prevention, detection and response to fraud and corruption • Society: public health and safety, consumer protection, community development and protection of human rights • Environment: protection of the natural environment <p>To protect human rights throughout the value chain, we prefer contractors and suppliers who share and demonstrate our values, as outlined in our supplier code of conduct.</p> <p>Of the 64 (2021: 54) corruption cases reported against employees, 55 resulted in further action such as disciplinary inquiries, cases registered with the South African Police Service and arrests. Completed disciplinary investigations returned a guilty verdict and resulted in 41 (2021: nine) dismissal cases. None of the cases involving dismissal went to the Commission for Conciliation, Mediation and Arbitration (2021: one).</p> <p> Fraud and ethics hotline (page 97)</p>
<p>Equal opportunities/ non-discrimination and transformation</p>	<p>Our diversity, equity and inclusion strategy protects employees' human rights by preventing discrimination, harassment and racism. It aligns with the South African Constitution and other legislation, the National Gender Policy Framework and the UN Convention on the Elimination of all Forms of Discrimination against Women.</p> <p> Diversity, equity and inclusion strategy (page 68)</p>
<p>Human rights in the workplace</p>	<p>We will not use, cause, demand or impose forced or compulsory labour on any person.</p> <p>As we operate in accordance with ILO conventions on the minimum age for admission to employment and the worst forms of exploitation of child labour, we will not employ people under the legal minimum age of 18. We support legitimate workplace apprenticeships, internships and similar programmes that comply with applicable laws and regulations.</p> <p>We also safeguard employees' physical and mental health with reasonable working hours, leave and holidays guided by the ILO conventions.</p> <p>When necessary, discipline is fair and in accordance with our transparent disciplinary and grievance mechanisms.</p> <p> Protection of employees (page 73)</p>
<p>Freedom of association and the right to collective bargaining</p>	<p>We respect every employee's right to join or form a labour union without fear of reprisal, intimidation or harassment. Where a legally recognised union represents employees, we are committed to establishing constructive dialogue with freely chosen representatives. Supporting the principle of collective bargaining, we are also committed to engaging in good faith with these representatives.</p> <p> Engagements with unions (page 28)</p>
<p>Health and safety in the work environment</p>	<p>We use stringent management protocols, programmes and systems to maintain zero harm in our workplaces.</p> <p> Our approach to health (page 64) and safety (page 62)</p>
<p>Respect for all communities</p>	<p>As a responsible corporate citizen, we respect the cultural values of societies, including indigenous people and traditional authorities in our host communities with specific regard to self-sufficiency, sustainability, health, safety and the natural environment.</p> <p>We believe communities have the fundamental right of access to quality water, affordable electricity, and protection from noise, air pollution and hazardous materials.</p> <p>Until we have specific resettlement guidelines for non-mining-related resettlements, to provide for involuntary resettlement as per the Minerals Council's Human Rights Framework, we are guided by the IFC's Performance Standard 5 and comply with the DMRE's mine community resettlement guidelines, effective 30 March 2022.</p> <p> Community commitments (page 78)</p>
<p>Security</p>	<p>When protest action affects our operations, we are guided by the Regulation of Gatherings Act, 1993 (Act 205 of 1993), our stakeholder management and human rights policies, and our security strategy, aligned with the Voluntary Principles on Security and Human Rights.</p> <p>We also ensure employees are continuously trained in human rights principles:</p> <ul style="list-style-type: none"> • Induction programmes educate employees about human rights and our position against discrimination • We train security personnel in human rights aspects relevant to each operation • Refresher courses include human rights
<p>Environmental management and conservation</p>	<p>Our social impact framework addresses mine closure through our mineral succession planning programme.</p> <p>The minerals succession programme is aimed at assisting black emerging farmers with access to resources in order to ensure that they can commercialise their businesses and to create a positive legacy in the area in the form of secondary economy. The programme focuses on areas where Exxaro (previously Kumba and Iscor) previously operated mining businesses and addresses funding, access to markets, inputs, machinery and training.</p> <p>Planning early for mine closure is critical to protect the future of the environment and society, and to uplift host communities. We therefore prioritise closure planning and mine rehabilitation before, during and after the operating LoM.</p> <p> We are committed to responsible mining, decarbonisation and mitigating the impact of climate change, beyond compliance, as articulated in our Climate Change Response strategy (2020 investor tab).</p>

We frequently conduct due diligence reviews to identify, prevent, mitigate and account for our response to adverse human rights impacts. The process assesses actual and potential human rights impacts, integrates and acts upon findings, tracks responses and communicates how impacts are addressed.

Future focus

We acknowledge that our mining activities could cause conflict with communities and other interested and affected groups and are in the process of appointing a partner to conduct due diligence on our processes and address gaps. We also aim to train our employees in human rights.



Our employee having a lung function test