

Governance



Good governance is essential to our ability to create value. By prioritising transparency, accountability and integrity, we develop strategies that generate and preserve value while safeguarding from value erosion. This proactive stance aims to ensure that every decision is a step towards reinforcing stakeholder trust and powering a more sustainable future.



Through good governance, our board is committed to contributing positively to achieving SDG 16, which seeks to promote peaceful and inclusive societies for sustainable development, provide access for all and build effective, accountable and inclusive institutions.

In this chapter

Our approach to principled governance and other actions supports Exxaro's sustainable growth and impact. We present how Exxaro's governance structures support its ability to create value in the short, medium and long term.

Our governance activities are reporting across the following areas:

Key focus areas and outcomes of material focus areas
How we deliver the outcomes of good governance
Demonstrating the balance of knowledge, skills, experience, diversity and independence that supports Exxaro's board in delivering on its governance role and responsibilities objectively and effectively
How our committees support our ability to create value
How we practise good governance in terms of King IV
Demonstrating how Exxaro remunerates fairly, responsibly and transparently to promote the achievement of the group's strategic objectives

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King IV application register (available in the databook)

168 Remuneration report

Future focus

To execute on our strategy in creating sustainable value and building resilience through principled and responsible governance, we will focus on responding to the class action, monitoring any release under the 2017 replacement empowerment structure, overseeing succession planning and revisiting our internal delegations.

Our approach


Exxaro's board is the focal point and custodian of good corporate governance for the group. The board assumes ultimate accountability and responsibility for the group's performance and affairs. In so doing, it effectively represents and promotes the group's legitimate interests. As a responsible corporate citizen, Exxaro considers its material stakeholders' legitimate interests and expectations to ensure it contributes positively to society and the environment.

Principled governance

Exxaro's corporate governance is underpinned by principles that guide the board in meeting its responsibilities to the company, the group and its stakeholders. These principles enable the company to achieve the King IV governance outcomes and fulfil its purpose to power better lives in Africa and beyond through its own ethical and effective leadership.

King IV

King IV promotes good governance, transparency in leadership and decision making, and a focus on sustainability. Sustainable development is an ethical and economic imperative. It entails economic and social growth to meet present needs without compromising future generations' ability to fulfil their needs. Sustainable development is a fitting response to organisations being an integral part of society, their status as corporate citizens and meeting stakeholders' needs, interests and expectations. Exxaro expresses its commitment to sustainable development through its Sustainable Growth and Impact strategy.

-  In line with King IV's recommendation to apply and explain how Exxaro practices good governance, we include our detailed King IV application register in our [databook](#), which sets out each principle with an explanation of steps taken, policies and processes.

Our corporate governance reporting is similarly structured under the four desired King IV governance outcomes of ethical culture, performance and value creation, adequate and effective control, and trust, good reputation and legitimacy.

Material themes

-  Exxaro's board provides attention to the material themes (page 3) throughout the year. These include:
-  Adapting to a changing context
-  Responsible environmental stewardship
-  Building sustainable communities
-  Helping our people thrive
-  Executing our strategy
-  Driving business resilience
-  Principled governance



Governance continued

Governance in action

The table below outlines the board's quarterly progress in addressing our material themes to achieve our governance outcomes:

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Material themes
<ul style="list-style-type: none"> First quarterly board meeting 2022 financial results presentation 	<ul style="list-style-type: none"> Second quarterly board meeting Annual strategy sessions with executive and management First board governance session focusing on responsible environmental stewardship Board visit to Cennergi windfarms 2023 sustainability summit Finance director's pre-close briefing Hybrid AGM held Stakeholder engagement days 	<ul style="list-style-type: none"> Third quarterly board meeting 2023 interim financial results presentation Annual governance roadshow 	<ul style="list-style-type: none"> Second annual board governance session focusing on adapting to a changing context Fourth quarterly board meeting 	
Safety moment and reporting	Safety moment and reporting	<ul style="list-style-type: none"> Safety moment and reporting Safety indabas at all coal operations and mines in closure 	<ul style="list-style-type: none"> Safety moment and reporting Safety indabas at our two Cennergi windfarms 	
Annual conflict of interest declaration and assessment by directors, prescribed officers, employees and contractors	Obtained AGM shareholder approval through the non-binding advisory vote on the remuneration policy and its implementation	Approved the terms of reference for the logistics committee	<ul style="list-style-type: none"> Conducted annual board assessments Revised board committee membership, terms of reference and board charter 	
<ul style="list-style-type: none"> Approved the group year-end financial results and IFRS announcement Considered the going concern assessment and approved the solvency and liquidity assessment for distribution to shareholders 	Considered an energy blackout crisis management plan and guidelines in the unlikely event of a total grid collapse, which includes procedures for emergency evacuation	<ul style="list-style-type: none"> Considered the going concern assessment and approved the solvency and liquidity assessment for distribution to shareholders Approved the group interim financial results, IFRS announcement and interim dividend declaration 	Approved the: <ul style="list-style-type: none"> Consolidated annual group budget Treasury risk management and hedging policy Revised insider dealing policy Policy for engagement of external auditors to perform assurance and other services 	
Approved the integrated suite of documents for publication, including the King IV report and JSE compliance certificate	Requested that the unwind of the 2017 replacement transformation transaction be included as a standing agenda item	Noted progress on the integration of the group social impact structures	<ul style="list-style-type: none"> Considered the coal mine dust class action litigation launched against Exxaro Noted an environmental incident, and a comprehensive mitigation plan is being executed 	
Approved the revised business rules policy	Approved the: <ul style="list-style-type: none"> Integrated ESG framework Strategic performance management dashboard Amendment of the group governance framework 	Noted continued focus by RBR on information technology security, risk and governance	Approved the IR material matters following a double materiality test	
Approved a revised workplace harassment policy	Noted: <ul style="list-style-type: none"> An increase in B-BBEE compliance to level 2 Progress on roll-out of DEI strategy Amended EE Act amendments and approach to alignment 	Noted: <ul style="list-style-type: none"> Implementation of the mineral succession strategy on Exxaro-owned properties Results of 2023 culture and engagement survey, part of Exxaro's DEI journey 	<ul style="list-style-type: none"> Approved the revised supply chain management sustainability policy Noted the wage gap statement of intent, approved by the remuneration committee 	
Approved the transaction agreements in respect of the LSP at Grootegeluk Coal Mine as cost saving and scope 2 emission reduction between two wholly owned subsidiaries	<ul style="list-style-type: none"> Approved the Sustainable Growth and Impact strategy, detailing implementing minerals succession planning, education and supplier development as initial focus areas Considered progress and approved strategic flexing of boundary conditions and investment criteria 	<ul style="list-style-type: none"> Noted progress on various acquisition and investment opportunities Placed the COP27 roundtable discussions on loss and damage on the agenda for the next governance session in 2024 	Noted: <ul style="list-style-type: none"> Progress on various acquisition and investment opportunities Progress in finalising an ESG framework policy and related stakeholder engagements 	
Noted changes to the Companies Act	Noted the change to JSE Listings Requirements on auditor accreditation model	Approved an updated POPIA policy and PAIA manual	Considered the proposed changes to the Companies Act	
Appointed: <ul style="list-style-type: none"> Independent non-executive director, Nosipho Molohe New managing director of energy, Leon Groenewald 	Appointed chief growth officer, Richard Lilleike	Appointed: <ul style="list-style-type: none"> Chief strategic resilience and governance officer, Andiswa Ndoni Chief people and performance officer, Joseph Rock 	Approved the organisational effectiveness programme and structure	

Board key matters in focus

Transitioning strategic direction

As sustained value creation is founded on good governance and responsiveness to significant social and environmental challenges, we continuously monitor and assess our strategy and formally present to the board for approval at least once a year.

The board considered progress, timing and scenario considerations related to the execution of the Sustainable Growth and Impact strategy. The board also approved the consolidated ESG framework as a lens through which to view the Sustainable Growth and Impact strategy.

As part of the strategy development and review process, we conduct a risk and opportunity assessment, including emerging risks and material sustainability issues.

 [Our risks and opportunities](#) (integrated report, page 28)

Our top five risks for 2023 and the key events we anticipate may impact on our ability to achieve our strategic imperatives for 2024:

2023 top risks	2024 key events
Unavailability of rail capacity	Unavailability of rail capacity
Key dependency on Eskom as a key customer	Not achieving growth objectives
Cybersecurity attack impacting business	Fatal risk incidents
Fatal risk incidents	Cybersecurity attack impacting business
Not achieving growth objectives	Country risk

We developed a reimagined strategic performance management dashboard to enable visibility of strategy execution and facilitate strategic conversations at the right time within a tiered group governance structure.

 [Our strategy](#) (integrated report, page 47)

Coal mine dust class action

On 23 November 2023, coal mine dust class action litigation was launched against Exxaro. The action relates to mineworkers who contracted coal mine dust lung disease in the form of pneumoconiosis caused by exposure to coal mine dust at various Exxaro mines, as well as dependants of those mineworkers who have died and whose deaths were probably attributable to coal mine dust disease.

Exxaro takes its health and safety obligations seriously and is investigating the facts pertaining to the class action. Our management team continuously works on addressing risks and ensuring preventive measures are properly implemented to address the potential of any novice occupational health diseases at Exxaro.

Preventive measures include:

- Occupational hygiene programmes
- Implementation of leading practices developed through the Mining Industry Occupational Safety and Health Dust Learning Hub
- Medical surveillance programmes
- Policies and standard operating procedures to define controls to prevent and mitigate exposure to health hazards in the workplace

Managing rail risk

In response to Exxaro's top risks for the past two years and the possible impact on our sustainable growth, the board established a non-remunerative ad hoc board logistics committee early in 2023 to monitor and report to the board on:

- The development of long-term solutions for logistics access to international markets
- The identification of medium-term solutions and alternatives and related matters

Based on the longer-term nature of logistical challenges within the industry and, on recommendation from the nomination committee, the board approved this committee as a standing board committee.

The following directors were appointed as members:

Members	Categorisation
Zwelibanzi Mntambo	Committee chairperson, non-executive director
Ben Magara	Independent non-executive director
Dr Phumla Mnganga	Independent non-executive director
Mvuleni Geoffrey Qhena	Independent non-executive director
Peet Snyders	Independent non-executive director

Climate change response

We believe our greatest opportunity is to help steer South Africa towards a sustainable future by focusing on low-carbon minerals and energy with the goal to be carbon neutral by 2050. The board goes beyond compliance and responds to climate change through its commitment to mitigating the impact of climate change with a robust Sustainable Growth and Impact strategy.

The board oversees climate-related impacts, risks and opportunities. These are mainly included in the SERC and RBR committee terms of reference and annual work plans.

An in-depth analysis of the Intergovernmental Panel on Climate Change's Sixth Assessment Report was provided to the board and executive in 2021, which is available to all newly appointed directors and executives. This analysis included an up-to-date physical understanding of the climate system and climate change, presented by Prof F Engelbrecht of Wits. Any updates to the Intergovernmental Panel on Climate Change's Assessment Report will be presented to the board and executive management.

 [Climate change adaptation and resilience](#) (page 36)

 [Climate Change Response strategy report](#) (investor tab under integrated reports 2020)

Governance roadshow 2023

We held an annual governance roadshow for our domestic equity shareholders from 4 to 6 September 2023. A series of nine-hour-long meetings was held with shareholders representing 65.47% of Exxaro's issued capital as at the end of June 2023 and a total domestic shareholding of 77.68%.

The roadshow's purpose is to create positive engagement with our investor community and outline Exxaro's positioning on long-term value creation, leveraging ESG for business resilience and sustainability. The key objectives were to:

- Provide shareholders with a response to concerns or questions raised in previous engagements
- Provide an opportunity for in-person engagement with board members
- Confirm the board's trust in Exxaro's governance practices and support for management
- Obtain insights into how shareholders perceive Exxaro's strategy, capital allocation, remuneration and other management practices

Board key matters in focus *continued*

Key issues included our strategy and capital allocation; our response to the proposed resolution on climate change lobbying; and clarification of remuneration structures and practices. The board is committed to keeping shareholders informed on our progress in addressing these.

Board diversity and independence

In terms of our directors' nomination and appointment policy and King IV, we annually review the structure, size and composition (including the skills, knowledge and experience) of the board and board committees. The following directors were appointed:

Independent non-executive directors	Appointed
Nondumiso Medupe	3 January 2023
Nosipho Molohe	3 January 2024

 [Our board of directors](#) (page 132)

Innovation@Exxaro


Underpinning Exxaro's strategic objectives is our drive to enhance our business resilience through safe production, delivering financial results, effective capital allocation, compliance excellence, entrenching innovation and capitalising on digitalisation. Innovation and digitalisation are part of Exxaro's culture in driving business resilience and helping our people thrive.

The following digital enablers are highlighted:

- Through our Digital@Exxaro strategy we enabled value-driven intelligent integration of our value chain to deliver near real-time optimisation of our operations and implemented several initiatives
- We adopted a systems approach to develop optimised energy solutions and drive energy innovation by identifying priority areas for innovation that fosters the development of a range of energy options to meet the varying needs of end-users and foster innovation
- Exxaro applies a cloud-based digital sourcing solution, that allows suppliers to access the solution to receive and respond to tenders, requests for quotes or purchase orders; create and submit invoices and timesheets; and generally receive contracts for electronic signature

- Annual declaration of conflicts of interest are done by directors and employees electronically, which has been expanded to include consultants and contractors
- Through our learning management platforms, we execute our purpose of powering better lives, which include our employee learning platform, MyNexxt, and a separate community development platform, Powering Knowledge

We continue increasing our competencies across mining and energy. Through our growing competence in innovation, we have built multiple products and capabilities across our business that position us to meet our energy business targets.

 [Driving innovation and information management](#) (integrated report, page 95)

Adapting to a changing context

We assessed the increased probability of sanctions against South Africa and the impact on the financial stability of the country, exacerbated by existing risks such as grey listing and higher interest rates, among others.

This matter received focused attention during our second annual board governance session, with the theme of "Adapting to a changing context: South Africa macro-security and grey listing". The risks were analysed to determine their impact on Exxaro and presented to the RBR committee and the board. These risks continue to be monitored.

Divestment of non-core assets and investments

FerroAlloys

As part of the broader Exxaro strategic review, we continuously seek opportunities to unlock value to support our Sustainable Growth and Impact strategy. We identified the FerroAlloys operation as no longer being a strategic fit within our envisaged minerals business portfolio. We do, however, believe that there is still significant value to be unlocked. The sales process to dispose of our entire shareholding in FerroAlloys has started. Exxaro aims to enhance the economic participation of black-owned companies in the South African economy. In line with this intent, Exxaro has earmarked the FerroAlloys disposal process to target black ownership.

Black Mountain

We continue to evaluate our options to dispose of our 26% shareholding in Black Mountain.

ESG governance that supports our sustainability drive

By leveraging ESG for business resilience and sustainability, we position Exxaro for long-term value creation

In terms of the King IV guidance paper on Responsibilities of Governing Bodies in Responding to Climate Change, while accountability remains with the board, the responsibility for managing and monitoring risk and impact should be delegated to management with defined indicators and targets to measure and assess performance.

ESG governance at its essence encapsulates the policies, practices and procedures adopted by the company to manage and enhance our ESG performance. Exxaro works to integrate and embed ESG into the organisation beyond mere compliance, through a tiered governance structure and lens through which to view the Sustainable Growth and Impact strategy.

 [Our approach to ESG](#) (page 9)

The board sets the ultimate direction for sustainability considerations, including committee and individual responsibilities for overseeing sustainability-related impacts, risks and opportunities by ensuring these are reflected in board and committee terms of reference, annual work plans and other relevant policies and processes.

Board committees' responsibilities for overseeing sustainability-related impacts, risks and opportunities are captured in committee terms of reference and annual work plans, which are reviewed annually.

The board is comfortable that all ESG matters are distributed among the relevant board committees, as set out in the illustration below:

	Audit	Investment	Logistics	Nomination	Remuneration	RBR	SERC
ENVIRONMENTAL							
Climate change		X				X	X
GHG emissions						X	X
Energy, water and waste						X	X
Pollution						X	X
Environmental compliance						X	X
Biodiversity and land use						X	X
Resource scarcity		X				X	X
SOCIAL							
CSI						X	X
Training and education							X
Diversity and equal opportunity					X	X	X
Non-discrimination					X	X	X
Human rights						X	X
Health and safety						X	X
Privacy and security	X					X	X
Labour relations					X	X	X
Local community impact		X				X	X
GOVERNANCE							
Board diversity and structure				X			X
Board performance				X			
Ethical culture	X			X			X
Executive pay					X		
Anti-bribery and anti-corruption	X					X	X
Audit and assurance	X					X	X
Stakeholder engagement	X		X	X	X	X	X
Procurement practice	X		X			X	X
Risk management	X	X	X			X	
Regulatory compliance	X			X	X	X	X
Internal policies	X	X		X	X	X	X
IT governance	X					X	
Tax transparency	X					X	X

The board therefore sets our strategy and sustainable growth performance targets which include ESG matters, while our executive team manages and monitors ESG risk and impact, supported by management and various management committees.

Our management ESG steering committee supports the executive team in ensuring the integration of decarbonisation and other critical ESG factors. In addition to Exxaro's ESG commitments and climate change position statement, the ESG steering committee is responsible for developing and reviewing an ESG framework policy for approval by the board. Other policies supporting our ESG focus are referenced throughout this report. In addition to policies and to highlight the importance of ESG in everything we do, all reports submitted to our board, its committees and executive committee require management to reflect on strategy and financial implications and provide directors with a risk analysis of major risks applicable to the matter and its ESG implications.

Our tiered ESG governance structure reflecting management roles and responsibilities is illustrated on the next page.

Board key matters in focus continued

Exxaro's ESG governance structure beyond compliance

BOARD OVERSIGHT

BOARD OF DIRECTORS

- Focal point and custodian of the group corporate governance
- Drives group strategic direction
- Sets performance and culture expectations
- Sets the direction for sustainability and ESG considerations, including committee and individual responsibilities for oversight of sustainability and ESG-related impacts, risks and opportunities, as well as ESG performance levels

BOARD COMMITTEES

The board ensures that oversight of sustainability and ESG matters is distributed between its committees to more effectively support the board

- Audit committee
- Investment committee
- Logistics committee
- Nomination committee
- Remuneration committee
- RBR committee
- SERC

(See separate table reflecting the ESG oversight responsibilities captured in the terms of reference of each board committee.)

EXECUTIVE OVERSIGHT

CEO AND GROUP EXECUTIVE COMMITTEE

- Develop and execute group strategy within risk appetite approved by the board
- Oversee sustainable performance
- Review ESG KPIs
- Guide relations with stakeholders
- Review reporting arrangements and effectiveness of internal control and risk management

Management committees to assist the group executive committee with ESG matters:

- ESG steering committee
- ESD committee
- Ethics committee
- Group investment review committee
- Insider dealing committee
- Executive risk management committee

Including the Exxaro Insurance Company and Exxaro Aga Setshaba NPC

MANAGEMENT'S ESG ROLES AND RESPONSIBILITIES

Executive and leadership

CEO

Senior management

Chief strategy officer; chief investor relations and liaison officer; head: internal audit

ESG responsibilities

- Provide a central strategy compass and roadmap towards Exxaro's future
- Coordinate strategy execution throughout the business
- Enable the adoption of leading practices across the organisation
- Build and maintain long-term trust relationships with stakeholders
- Internal audit: provide assurance, offer valuable insights, promote operational efficiency and enhance governance

Finance director

Group finance manager; group manager: strategic finance and treasury; group manager: taxation

- Ensure legislative and regulatory financial compliance
- Balance growth and risk through effective financial risk management and capital allocation

Chief coal operations officer

General manager: Grootegeluk complex; general manager: Mpumalanga; chief financial officer: coal; general manager: marketing and logistics; general manager: technical support and optimisation

- Embed sustainable mining practices into our way of working by:**
- Reducing scope 1 and 2 emissions, improving business resilience to climate change impacts and increasing our adaptive capacity
 - Ensuring water and energy efficiency at operations
 - Operating mine concurrent rehabilitation
 - Maintaining and exceeding our social licence to operate
 - Caring for our employees, contractors and the communities we operate in
 - Maintaining world-class health and safety standards while striving for zero harm

Managing director: energy

Head: distribution and generation; CEO: Cennergi

- Engage in energy operations and investments to create sustainable impact and contribute to decarbonisation

Chief growth officer

Business development manager; technical and integration manager

- Execute the strategy by growing and diversifying our portfolio responsibly

Chief people and performance officer

Manager: performance and culture; group manager: organisation design and remuneration; group manager: ER and compliance

- Embed the DEI strategy
- Implement the remuneration policy and responsible labour practices
- Build and maintain stakeholder engagement
- Drive responsible performance practices

Chief technology officer

Group manager: supply chain management; group manager: mineral asset management; group manager: information management; group manager: projects; group manager: technology; group manager: technology investment review

- Increase asset productivity through state-of-the-art technology
- Maximise the value of our mineral assets
- Implement IT governance measures and ensure security of information and systems
- Leverage sourcing and partnerships

Chief strategic resilience and governance officer

Group manager: risk; manager: governance and reporting; manager: legal and compliance; ethics officer

- Enable strategic resilience
- Preserve the business's integrity and protect its reputation in providing a compliance and regulatory compass
- Embed and maintain a culture of ethics and integrity
- Drive effective governance and entrench business resilience

Chief sustainable impact officer

Group manager: integrated environment; group manager: social impact; group manager: security; manager: safety and health; manager: mine closure and Ferroland; manager: climate change and ESG

- Lead environmental stewardship and oversee the process to acquire and maintain our licence to operate (current and future)
- Ensure reduction of climate-related risks and achieve carbon neutrality by 2050 through decarbonising operations, tracking emissions, reducing climate-related risks, reducing value chain emissions, strategic partnerships and collaboration
- Promote a positive legacy through rehabilitation best practice and mine closure
- Implement programmes to achieve and maintain zero harm and zero fatalities, as well as improving employee and community health and wellbeing
- Implement the Social Impact strategy (education, SMME development and land use management for sustainable community livelihoods)
- Utilise Exxaro's land to create a social impact

Group company secretary

- Provide the board and management with corporate governance guidance
- Ensure compliance with corporate regulatory affairs and national and international best practices
- Maintain status as a custodian of governance information

Ethical culture

Statement of strategic ethical intent: Exxaro aspires to build an ethical culture based on Exxaro's values. To do this, Exxaro is committed to operating ethically by living the Exxaro values with dignity, transparency, consistency, fairness and respect in all that we do.

Exxaro's ethical commitment

Recognising that our public reputation is one of our most important assets, we are committed to achieving the highest ethical standards. We recognise our obligations to our stakeholders, particularly shareholders, customers, employees, business partners, competitors, authorities, the environment and the wider community. Maintaining the trust and confidence of our stakeholders is the responsibility of every Exxaro employee. As we are committed to doing the right thing, even when no one is watching, our employees are expected to be able to distinguish between right and wrong and commit to what is right. By emphasising our ethical commitment, we continue to grow as a business.

Governance of ethics

Our board is committed to effective ethical leadership and establishing an ethical culture. Flowing from this commitment, the board adopted a number of codes, policies and practices outlining the group's ethics and values to which employees and suppliers are required to adhere.

To support the board, the SERC is responsible for overseeing the group's ethical performance, and it therefore oversees ethics management. Membership of the SERC was reviewed in 2023, with new members – including the CEO and finance director – appointed at the 2023 AGM.

A management ethics committee exists to ensure that high ethical standards are maintained in Exxaro's business conduct. The committee is responsible for evaluating all instances of fraud, extortion, bribery, corruption, possible conflicts of interest, violations of the code of ethics or any other ethics-related matters. It also oversees the continuous anti-fraud and anti-bribery initiatives associated with a robust programme in terms of both local and international laws and regulations.

Guided by our ethics strategy and management plan, the ethics officer is responsible for embedding an ethical culture and ensuring that integrity is maintained within the group.

OECD recommendations on ethical behaviour

Following ENS Africa's ISO 37001 readiness assessment in 2018, we introduced due diligence processes for suppliers, customers, employees and business partners.

A comprehensive evaluation of the fraud hotline in 2020 identified areas needing improvement, such as the composition of the management ethics committee, a process for tabling forensic reports, monitoring BU investigations; and updating escalation protocols. All the recommendations have been addressed and re-audited to the satisfaction of the internal auditor. As part of this, Exxaro is committed to an independent review of the hotline every three years. The next audit is in 2024.

In addition, we reviewed the ethics management training and anti-bribery and anti-corruption programmes, and the executive committee approved an updated anti-bribery and anti-corruption programme.

To ensure compliance with our conflict of interest policy, we implemented mechanisms to proactively identify any conflict of

interest between Exxaro employees and suppliers or prospective suppliers.

Ethics management strategy

Building organisational ethics is a journey. Our board assumes responsibility for ensuring that organisational ethics is managed effectively and governs the group's ethics to support the establishment of an ethical culture. In line with this responsibility, the board adopted a statement of strategic ethical intent as well as an ethics strategy and management plan.

The board approved a detailed ethics strategy and management plan in 2022 following an independent risk assessment by The Ethics Institute. During the year, we updated the ethics strategy and management plan to include prioritisation of group-wide policies. The aim is to review all group-wide policies for adequacy, consolidation and completeness to ensure proper implementation of the ethics strategy.

Monitoring ethical culture

The board monitors the group's ethical culture through its reporting structures, including two board committees (SERC and audit committee), the management ethics committee, the internal audit function, head internal audit and our ethics officer.

A culture and engagement survey launched in January 2023 was designed to measure employees' perceptions and engagement against the following categories:

- Exxaro's Leadership Way principles
- DEI
- Exxaro's culture themes

Independent consultants were appointed to manage the survey roll-out and results consolidation. While none of the dimensions scored below the critical weakness cut-off point, the following areas of concern were identified:

- Disability and inclusion
- Employee engagement
- Career development, training and advancement

Positive findings of the survey included employees' pride in working at Exxaro, DEI, strong buy-in on Exxaro's values and vision, and gender issues. On request from the SERC, management will develop an action plan based on the survey, which will be done in 2024.

Global ethics benchmark

As part of ethics management, Exxaro conducted a benchmark on business ethics trends globally. Exxaro is trending positively against the five major global trends listed in the Ethics & Compliance Initiative's Global Business Ethics Survey® 2023 report, with only one finding (fear of retaliation/psychological safety) featuring in the Exxaro culture and engagement survey of 2023. This was reported to the SERC with the recommendations outlined in the survey report. These will be incorporated to enhance our ethics management programme for 2024.

Code of ethics

Our code of ethics confirms that Exxaro's ethical principles promote values such as trust, acceptable behaviour and fairness.

Our values provide general guidelines for interactions with each other and our stakeholders and reflect what is important to us and how we conduct ourselves.

The following fundamental values are expressed in the code of ethics:

- 1 Empowered to grow and contribute
- 2 Teamwork
- 3 Committed to excellence
- 4 Honest responsibility

Family code of conduct

Our executive team shared its expectation of employee behaviours, emphasising that everyone should live up to our values, culture, standards and expectations. Employees are encouraged to speak out without fear of reprisal on issues of discrimination, harassment and poor leadership.

We developed a family code of conduct that includes 10 principles to clearly outline acceptable behaviour (encouraged in Exxaro) and unacceptable behaviour we will not tolerate.

Honesty boxes

The CEO introduced honesty boxes throughout the organisation, which serve as a communication channel for employees to share concerns and innovative ideas. The honesty boxes are primarily intended for employees to raise matters of concern that have not been resolved through the existing conflict resolution mechanisms. Several communication channels have been used to promote the use of honesty boxes, including LCD screens, posters group emailers, intranet and BU toolbox and safety meetings, indabas and imbizos. Formal feedback is provided to individuals who request it, and when concerns are raised anonymously, site-specific communication channels are used to give feedback.

Ethics awareness

To embed an ethical culture, we adopted the theme "Mining with Morals", which focused on:

- Clarifying ethical standards
- Promoting ethical decision making
- Raising awareness and understanding of consequences
- Encouraging reporting without fear
- Building a culture of integrity

In our internal group-wide communication, we reminded employees to be guided by business ethics and the Exxaro family code of conduct. Exxaro expressed our commitment to fighting fraud, corruption, theft and unethical behaviour and acting without fear or favour.

By purposefully building ethical guidelines within our business, we are keeping our employees' and stakeholders' best interests in mind while maintaining a positive influence on those we impact through our processes.

Fraud and ethics hotline

We encourage employees and stakeholders to report suspected fraud, corruption or human rights violations to our fraud and ethics hotline.

The hotline is independently managed and reports to the SERC and management ethics committee, with guiding escalation protocols in place.

Due to the importance of retaining the integrity of the hotline, we must, as far as reasonably possible, protect the interests of the disclosing parties.

Exxaro fraud and ethics hotline

Free call: 0800 203 3579

Fax: 0800 007 788

Email: exxaro@tip-offs.com

Website: www.tip-offs.com

Supplier ethics

We developed the supplier code of conduct to assist employees in selecting suppliers who operate in a manner consistent with our values and relevant standards. The code aims to communicate our mandatory selection standards to prospective suppliers and promotes a commitment to ethical conduct among its suppliers.

 [Supply chain sustainability](#) (page 105)

As part of the supply chain pre-qualification process, suppliers must disclose details of shareholders, directors and other associates who are current or former employees in compliance with the conflicts of interest policy.

 [Supplier code of conduct](#) (supplier tab)

Employees who evaluate requests for proposals or recommend contract awards must declare that they have neither an interest in nor a close relationship with the supplier that may be construed as a conflict of interest.

Anti-bribery and anti-corruption

The board has expressed a zero-tolerance stance towards bribery and corruption and approved the group-wide anti-bribery and anti-corruption policy.

To support the board, the SERC is responsible for overseeing the group's ethical performance, which includes detection and response to fraud and corruption. The RBR and audit committees oversee risks, including controls and fraud risks. The SERC receives quarterly reports on forensic investigation statistics and progress on initiatives under the fraud prevention and anti-bribery and corruption programme.

 [Social, ethics and responsibility committee report](#) (page 163)

Supplier conduct

To improve broader operating environment and culture to combat corruption, our standard operational and capital-related expenditure terms and conditions with suppliers contain specific provisions around sanctions, corrupt practices, fraud and prohibited practices in respect of local and international legislation, including the UN and EU, which terms are considered material to the relevant agreement.

Guided by the code of ethics and supplier code of conduct, we evaluated our business relationships with various suppliers in light of findings and recommendations contained in the state capture report. The outcome of this evaluation was reported to the management ethics committee, group executive committee and SERC.

We developed guidelines to provide a framework on how to deal with implicated companies currently doing business with Exxaro for approval by the group executive committee. We will also use the framework in other instances where suppliers and service providers are mentioned adversely in the media or where it comes to Exxaro's attention that the company is under investigation or involved in any dealings (actual or alleged) that could put Exxaro into disrepute. Should a supplier whose services are critical to us be charged, we would issue a holding statement and continue with the existing contract, but not enter into any new contract.

Board charter and code of conduct

Our board charter and code of conduct (board charter) regulate the parameters in which the board operates and ensures good corporate governance principles are applied in all dealings in respect and on behalf of the company and the group. It sets out the roles and responsibilities of the board, individual directors, chairperson, CEO, lead independent non-executive director and group company secretary.

The board charter and nomination and appointment policy require board members to be individuals of calibre, integrity and credibility, with the necessary skills and experience.

The nomination committee must ensure continuity of directorships and undertake succession planning on behalf of the board. This includes identifying, mentoring and developing future candidates. The nomination committee is also responsible for conducting independent background checks on all proposed candidates prior to recommending appointment to the board.

The board charter was slightly reviewed in 2023 to align with new executive designations and nomination and logistics committees.

Avoiding conflicts of interest

In terms of the Companies Act and King IV, directors and prescribed officers have specific duties to disclose actual direct and indirect conflicts of personal financial interests as well as the perception of a conflict, including that of their related parties.

Directors, prescribed officers and employees (and their related parties) are obliged to actively avoid any conflict with Exxaro’s best interest.

Annual general declarations of outside interests are required from directors and prescribed officers in accordance with section 75(4) of the Companies Act. The conflict of interest policy also requires annual declaration from directors, prescribed officers and all group employees.

In addition to our annual declarations, management of conflicts of interest are further addressed through the following:

- An item dealing with the declaration of interests appears at the beginning of each board, board committee, executive and management committee agenda
- All board and committee packs contain a summary of the Exxaro conflict of interest policy disclosure requirements, prohibitions, and the definition of related persons
- All committee terms of reference were updated in 2023 to contain a stand-alone clause dealing with declaration of interests
- All meeting attendees are also required to formally declare that none of them, nor their related parties, have any personal financial interest in any matter on the agenda
- Any director or attendee who declares a conflict of interest or a personal financial interest is excused from the meeting for the duration of the relevant matter being considered
- The abovementioned declarations are recorded in meeting minutes
- A director or prescribed officer must also indicate his/her personal financial interest in a matter to be decided through written resolution by informing the group company secretary

We implemented and reviewed an electronic platform to facilitate reporting, workflow approvals and an auditable communication trail for disclosures by directors and employees, including a gifts and benefits register, director trade clearances and policy management.



[Conflicts of interest policy and register](#) (reflecting material disclosures in line with the JSE Debt Listings Requirements) (our business tab under governance)

Political contributions

Exxaro agrees that a clear policy on political funding provides for certainty and consistency and reduces the suspicion that companies are funding parties for their own interest. It is acknowledged that the primary purpose of political donations is to strengthen and consolidate democracy by ensuring that political parties can function effectively within a multi-party democracy.

The group has a board-approved political donation policy in line with national legislation, guiding all political donations and contributions. The board requested that donations rather be directed to the Independent Electoral Commission (IEC) in support of democratic stability. The update to the policy will be submitted to SERC for consideration and recommendation to the board for final approval in 2024.

Focused board governance sessions

The board hosts two annual, fixed, board governance-related intervention sessions, to which executive leadership is also invited. These sessions are an opportunity to provide directors with a deeper understanding of corporate governance matters, including an opportunity to focus on new regulations or amendments to the regulatory and operating environment. The sessions are included in the annual corporate calendar to ensure maximum attendance by directors.

Board governance session themes for 2023

April	Responsible environmental stewardship: Directors’ ESG oversight role
October	Adapting to a changing context: South Africa macro-security and grey listing

Monetary loss from unethical behaviour

The board is satisfied that the group has not suffered any monetary loss as a result of legal proceedings (including fines) associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.



[Respecting and upholding human rights](#) (page 108)

Performance and value creation

Strategic direction

King IV articulates the responsibilities of the board, which is to steer an organisation strategically in line with its core purpose and values by approving and monitoring an informed short, medium and long-term strategy while considering sustainability-related impacts, risk and opportunities.

The board sets Exxaro's short, medium and long-term strategic direction through our Sustainable Growth and Impact strategy. It enables sustainable value creation through the approval of a new capital allocation model and budget, setting and monitoring performance and culture expectations as well as a group governance framework.

The board supports King IV strategy-setting principles through an iterative process. Before executive management's strategy presentation to the board, iterative strategy workshops – which follow a bottom-up process – and board governance sessions ensure input is integrated into the group strategy.

During our annual strategy review process, management demonstrates how sustainability and ESG objectives are integrated into the Sustainable Growth and Impact strategy, including status and progress in our context.

The board reviewed an integrated medium to long-term decarbonisation roadmap to achieve carbon neutrality by 2050. The roadmap, which is at an advanced stage, outlines strategic considerations and actions to increase our decarbonisation performance.



[Our strategy](#) (integrated report, page 47)

Performance evaluation

KPIs track the execution of our strategy for the board, board committees, group and energy executive committees. We use a strategic performance dashboard that reports on the achievement of these KPIs. The dashboard was reviewed in 2022 and its reporting philosophy revised.

We developed a reimagined strategic performance dashboard to oversee strategy execution and facilitate strategic conversations at the right time within a tiered group governance structure. It aligns prioritised KPIs with the Sustainable Growth and Impact strategy to provide forward-looking insights, and support strategic discussions and resource allocation.

For more on our performance see:



[Performance against our strategy and outlook](#) (integrated report, page 50)



[Delivering measurable results and impact](#) (page 19)

Business continuity and crisis management

The board adopted an emergency response plan in 2019 – focusing on capability interfaces for crisis management and business continuity – to ensure integrated disaster or incident response and recovery.

The RBR committee oversaw the process of updating various business continuity governance documents and policies. This process sought to align BUs with the board-approved business continuity plan template, which is aligned to ISO 22301 and British Standards Institution 11200:2014.

Performance targets to support our climate change response

To strengthen GHG mitigation and business resilience efforts, we included targets on water security and efficiency as well as energy efficiency in the group-wide GIS in 2022.

Total carbon emissions and energy intensity are included as part of Exxaro's strategic performance dashboard. The energy efficiency targets relate to diesel and electricity consumption. Diesel accounts for over 95% of our scope 1 GHG emissions, while coal-based electricity is 100% of our scope 2 emissions.

Implementation of these two KPIs is a progression of our Climate Change Response strategy, our goal to be carbon neutral by 2050 and further alignment with the TCFD recommendations.



[Responding to TCFD reporting requirements](#) (integrated report, page 120)

Strategy-aligned internal reporting

Internal reporting to the board requires management to detail the outcomes of proposed recommendations to the board in respect of:

- Strategy implications
- Financial implications
- Risk and compliance analysis
- ESG implications

Transparency

The board is committed to clear and comprehensive financial reporting and disclosure as well as constructive shareholder engagement, including transparency of activities and performance. It therefore ensures that reports issued by the company enable stakeholders to make informed assessments of the group's performance as well as its short, medium and long-term prospects.

Assurance



Refer to the [combined assurance for effective governance](#) report (integrated report, page 81) for details on assurance of key sustainability information in this report.

Performance and value creation continued

Applying good corporate governance to support the achievement of our strategic objectives:

Purpose: Powering better lives in Africa and beyond					
Vision: Resources powering a clean world					
Capitals					
Board-approved strategic objectives	1 Transition at speed and scale	2 Make our minerals and energy business thrive	3 Empower people to create impact	4 Be carbon neutral by 2050	5 Become a catalyst for economic growth and environmental stewardship
SDGs supported	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
Board-approved ESG KPIs and performance	<ul style="list-style-type: none"> EBITDA contribution from new minerals (2026: 30%; 2030: 50%) Generation installed capacity (1.6GW by 2030) 	<ul style="list-style-type: none"> Group EBITDA EBITDA margin (29%) Adjusted ROCE (20%) Solvency ratio (2x – 3x) Coal exports (2026: 9.8Mt) 	<ul style="list-style-type: none"> Number of fatalities (zero)^{RA} LTIFR 0.07^{RA} 	<ul style="list-style-type: none"> Energy intensity (GJ/kt) Absolute emissions (2026: 579ktCO₂e; 2050: 0ktCO₂e) 	<ul style="list-style-type: none"> Crop yield to market 6 000 tonnes Financially sustainable SMMEs supported (2026: 207) ECD – school readiness (2026: 90%) Water intensity (0.105kL/tonne RoM)^{RA} FTSE Russel rating 4
Corporate governance measures	<ul style="list-style-type: none"> Board-approved Sustainable Growth and Impact strategy Audit committee oversight of financial reporting matters Investment committee review and monitoring of material mergers, acquisitions or investments Establishment of the board logistics committee Establishment of the executive risk management committee Management investment review committee Board composition having skills and experience to support the strategy Executive appointments to execute growth strategy Revised the treasury risk management and hedging policy 	<ul style="list-style-type: none"> Review of enabling group governance framework, delegations and group-wide policies Establishment of logistics committee to address logistics risk Remuneration committee and RBR committee oversight Reimagined strategic performance management dashboard Board approved the organisation effectiveness programme and structure 	<ul style="list-style-type: none"> Prioritising safety (page 72) Retain safety moment and reporting as standing agenda item for all board, committee and executive meetings Remuneration committee, SERC and RBR committee oversight Board members and executive leadership participate in the annual Sustainability Summit, Leadership Safety Day and BU safety indabas driving business resilience Implementation of the revised human rights policy Revised workplace harassment policy 	<ul style="list-style-type: none"> Become carbon neutral through board-approved decarbonisation plan (page 14) Board composition to include sustainability skills and experience Board-approved Climate Change Response strategy, climate change position statement and performance targets Performance targets included as part of the group-wide GIS SERC and RBR committee oversight ESG steering committee Development of ESG policy Board memoranda template includes ESG impacts 	<ul style="list-style-type: none"> Board-approved Social Impact strategy (page 94) Board-approved DEI strategy Execute revised ESD initiatives SERC and RBR committee oversight Board composition through the nomination committee Board-approved policies Independent external assurance on SLP reporting Rationalisation and integration of social impact vehicles, with an extended mandate of Exxaro Matla Setshaba NPC Board-approved revised supply chain sustainability policy

Adequate and effective control

Group governance framework

Our group governance framework provides an overview of our governance principles, structures, policies and practices and the integration of the minerals and energy strategies and budgets. It guides monitoring and oversight of business affairs to achieve accountability, authority and sound decision making as well as policies to support the group in achieving the Sustainable Growth and Impact strategy. It is an entrenched governance principle within Exxaro that group-wide policies require board approval, and this is captured in the delegation of authority framework.

The group governance framework sets out the following:

- Statutory and regulatory framework of corporate governance
- Various group governance structures and role players
- Guiding principles that underpin effective corporate governance and describe the role of the board regarding reserved matters, delegations, policies and frameworks that apply across the group
- The roles of:
 - Shareholders and stakeholders, as well as shareholder reserved matters
 - The board, board committees and reserved matters
 - Executive management and the executive committees
 - Independent control functions and structures within the group
 - The holding company, subsidiaries and other entities

The group governance framework was reviewed in 2023 to enable Exxaro's core businesses to thrive in an increasingly dynamic market and industry sector, and to continue to support the execution of the approved strategy. The revision included new board and management committees.

Delegation of authority

The delegation of authority policy and framework defines the limits of authority designated to specific positions of responsibility in the company and the group's management structure. It defines commitments and transactions that may include capital amounts approved by individuals on our behalf. The final approval of commitments and transactions outlined in the policy must always be made by parties with designated authority.

The policy and framework are regularly reviewed to ensure aligned decision making within a changing business environment. It also provides direction and clear delegation of power to management. The framework is adopted by our subsidiary company boards and implemented throughout the group as part of the overall group governance framework.

We conducted a comprehensive review of the group delegation of authority framework in 2022, and it will be reviewed in 2024.

The board is satisfied that the delegations in place contribute to role clarity and the effective exercise of authority and responsibilities.

Board's access to information

The board charter guides directors and executive management on the information requirements to be shared with the board while the onus remains on each director to advise the chairperson and/or CEO should they believe that the information provided is insufficient for informed decision making.

The board has unrestricted access to all company employees, information, records, documents and property, and a process to guide directors is provided should they require access. The board, in carrying out its tasks, may obtain outside or other independent professional advice it considers necessary to execute its duties. The board charter sets out the required protocols for requests of this nature.



Adequate and effective control continued

Board committees

Exxaro's corporate governance structure supports its ability to create value in the short, medium and long term. Through this structure, the board exercises effective control and builds and protects the organisation's reputation and legitimacy. Good corporate governance is the responsibility of our board, executive management, senior management and all our employees.

Board committees enhance efficiency by providing focused expertise on specific areas, allowing the board to address a broader range of issues. When used effectively, committees also enhance the objectivity of the board's judgement. As such, to facilitate the execution of its functions, the board delegates activities to board committees through formal terms of reference.

The board retains full and effective control of business and company affairs and does not assume management's functions, which remain the responsibility of the executive directors, prescribed officers and other senior management.

The chairpersons of the board committees periodically meet to consult and collaborate on areas of shared responsibility, activity and interest across the different committees.

In response to the business risk resulting from unavailability of rail capacity in executing the Exxaro strategy, the board established an ad hoc board logistics committee early in 2023. The logistics committee is responsible for monitoring and reporting to the board on the development of long-term solutions for logistics access to international markets, identification of medium-term solutions and alternatives, and related matters.

The board, based on the longer-term nature of logistical challenges in the industry, and as recommended by the nomination committee, approved the logistics committee becoming a standing board committee.

The terms of reference of the respective board committees were reviewed in 2023, including key focus areas and annual work plans being revisited.

The board confirms that it is satisfied that the board committees executed their roles and responsibilities. In this regard, it confirms that the audit committee has executed the responsibilities set out in paragraph 3.84(g) of the JSE Listings Requirements.

Audit committee

Appointed by shareholders

To fulfil the statutory functions as set out in section 94 of the Companies Act and assist the board in providing independent oversight of the quality and integrity of, among others, the company's financial statements

Investment committee

Appointed by the board

To monitor and report to the board on material acquisition, merger and investment or disposal opportunities and related ongoing material transactions in the scope of the energy and minerals businesses

Logistics committee

Appointed by the board

To develop long-term solutions for logistics to access international markets for coal and minerals and identify medium-term solutions and alternatives to mitigate rail capacity risk

Nomination committee

Appointed by the board

To assist the board with director recruitment in fulfilment of the nomination process, oversee the board's effectiveness evaluation process, and evaluate and determine the adequacy and efficiency of the group governance structure and practices

Remuneration committee

Appointed by the board

To ensure the group remunerates fairly, responsibly and transparently and to ensure compliance with the JSE Listings Requirements and related reporting obligations

RBR committee

Appointed by the board

To ensure that risk management enhances the company's ability to achieve its strategic objectives and annually assure the business's resilience in a changing environment to enable it to deliver its objectives, survive and prosper

SERC

Appointed by shareholders

To advise the board on the fulfilment of the statutory duties as set out in regulation 43 of the Companies Act, oversee significant impacts of the company on the economy, environment, society and broader public interest, and to ensure negative impacts are mitigated effectively



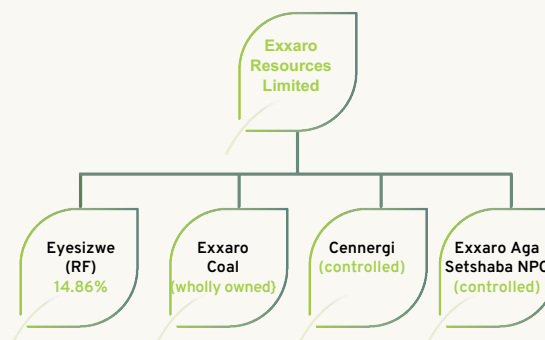
 [Board committee reports](#) (from page 143)

Subsidiary companies

The board, on behalf of the company, recognises the statutory and fiduciary duties of directors of subsidiary companies. Directors are obligated to act in the best interests of the subsidiary company at all times, regardless of their nomination to the board of the subsidiary company (in its capacity as holding company). If a conflict arises between a director's duties in a subsidiary company and the interests of the company, as holding company, the director's duties in the subsidiary company prevail.

The group governance framework seeks to mitigate possible tension between the holding company and its subsidiary boards. The subsidiary directors must adhere to the framework and adopted group policies. This does not absolve the directors of subsidiary boards from exercising their fiduciary duties. If directors breach their fiduciary duties, they may be held liable under section 77 of the Companies Act. This responsibility is clearly highlighted for all our subsidiary directors.

Ownership structure (page 5)



Group-wide control functions

The group control and oversight functions are responsible for providing enterprise-wide oversight of operational management and integrated reporting.

Our group control and oversight functions consist of:

- Corporate secretariat
- Risk management
- Compliance management
- Legal
- Strategy
- Internal audit and assurance
- Finance (as it relates to financial compliance)

The board is responsible for overseeing the effectiveness of the oversight functions and ensuring an effective internal control environment within the group.

Integrated ERM

Our ERM framework provides a process for effective risk management. We follow a layered approach (top-down and bottom-up) that considers all risks and impacts. The same terminology and assessment mechanisms are used across the organisation. Our risk catalogue includes a set of risk names, and an impact and likelihood scale is used across different disciplines to ensure management concentrates efforts and resources on material activities.

We link all risks, assurance activities and material issues to reduce assurance costs and derive greater value from auditing controls. A tracking and monitoring system is applied for transparency for audit findings to be closed out.

The risk management function, through the combined assurance model, coordinates with the internal audit function to obtain evidence on the effectiveness of treatment and control activities in achieving the desired or planned risk treatment outcomes. Assurance providers (internal audit, sustainability KPI audits, external assurance providers, self-assessments and accreditation reviews) monitor the effectiveness of significant risk treatments and compliance with regulatory requirements, non-binding rules, codes and standards, as well as policies and procedures.

The ERM framework and process are based on principles published by the Committee of Sponsoring Organizations of the Treadway Commission, the ISO 31000 international guideline on risk management, and King IV. It also considers applicable codes of best practice such as ISO 9001, 14001 and 18001.

The ERM framework is reviewed regularly to ensure alignment with current governance practice and standards. The board is satisfied that the group and company have a mature risk process that ensures the risks that potentially impact its strategic objectives are pursued by management to create shareholder value.

In terms of our group governance framework, risk management is an independent control function across the group.

The strategic risks profile, highlighting the group's material risks (including Cennergi's top risks) and emerging risks, is reported quarterly to the RBR committee and the board.

To test the robustness of our strategic risk profile, a study was conducted in 2023 to compare the risk register to top risks disclosed by mining industry peers. Our strategic risk profile was found to be robust and reflects relevant risks that apply to our peers.



[Our risks and opportunities](#) (integrated report, page 28)

Technology and information management

The board governs technology and information management in a way that supports the organisation in setting and achieving its strategic objectives.

The board mandated the RBR committee, as part of its business resilience focus, to oversee Exxaro's ERM process, including key risks facing the group and responses to address these risks, including information management risks. The RBR committee is mandated to oversee information management strategy governance, integration of the improvement programme's overall direction, context and objective, and ensure alignment with the enterprise business strategy, governance and risk management.

In addition to the RBR committee, the audit committee is responsible for ensuring adequate information management governance.

Governance plays a pivotal role in ensuring that our technological infrastructure and processes align with organisational objectives while also adhering to industry benchmarks. We strategically aligned the information management governance framework with recognised industry standards, including ISO 27001, COBIT 2019, ITIL 4, ISO 31000 and ISO 27031, among others. This alignment supports our commitment to best practice and ensures robust oversight of our IT operations.

To further enhance decision making, oversight and strategic direction, we instituted several management governance forums: the project review committee, architectural review board, investment review board, change advisory board, and information management committee.

Our foundational policies support these structures by guiding behaviour, expectations and operations. These include the acceptable use of ICT policy, security policy, operations policy,

project management policy, asset management policy and the ICT service continuity policy. Together, this forms a cohesive governance structure that promotes transparency, efficiency and innovation in our IT domain.

Information management risk management

Information management risks and mitigation measures are monitored continuously, including assessment of emerging risks, and reported to the RBR committee quarterly.

These are our top information management risks over the past two years:

	2022	2023
1	Cybersecurity: data theft	Cybersecurity: data theft
2	Availability and quality of data	Cyber threat: malware
3	IT disaster recovery strategy, plan and procedures	Cyber threat: disruption of operations

There is also an emerging risk of impending enterprise resource planning transformation as a result of end-maintenance support. We monitor treatment plans for the risks to determine adequacy.

Information management disaster recovery

To ensure our disaster recovery programme is robust and resilient, we strategically aligned it with the ISO 27031 guidelines by embedding the plan-do-check-act cycle, a systematic series of steps for continuous improvement of our disaster recovery capabilities.

Compliance culture

The group is committed to:

- 1 Maintaining high standards of integrity, professionalism and ethical behaviour in its relationships
- 2 Compliance with the letter and spirit of the law and regulations governing its conduct by ensuring the organisation acts with due skill and diligence
- 3 Conducting its business in adherence to statutory, supervisory and regulatory requirements

While we drive compliance with relevant regulatory requirements in our jurisdictions, the law serves as a minimum standard of conduct. Beyond complying with the law, we promote a compliance culture at all levels.

Our compliance philosophy is captured in a compliance policy approved by the board, which supports ethical and responsible corporate citizenship and seeks to create sustainable value for all stakeholders by striving for operational efficiency, growth and regulatory compliance with applicable laws.

Management regularly revisits the group's regulatory environment to identify material legislation and categorises each using a risk-based approach.

The board is responsible for ensuring that the group and our employees comply with all applicable laws and regulations, and it considers non-compliance with legal and regulatory requirements a key risk. Accordingly, the board delegated the responsibility for managing Exxaro's compliance risks to the RBR committee.

The RBR committee is responsible for:

- Overseeing regulatory compliance risks, policies and frameworks
- Monitoring compliance with agreed policies, national and international protocols and procedures on non-financial aspects in collaboration with the SERC
- Ensuring compliance is continuously monitored and reported by management and external and internal audit

The chief strategic resilience and governance officer is responsible for providing a compliance and regulatory compass to the group by promoting a culture of compliance.

Key compliance activities for 2023 included:

- Reviewing our regulatory compliance risk ratings and audit review cycles
- Rolling out competition law training for the whole organisation
- Updating the POPIA policy and PAIA manual and providing additional POPIA training
- Annual environmental authorisation and other licence audits at our operations

Exxaro's material compliance universe

Requirements, including:	Commitments, including:	Exxaro policies, including:	Standards, guidelines and protocols, including:
South African Constitution and Bill of Rights	Shareholder commitments	Corporate governance framework	Mining Charter III
Companies Act	UN SDGs	Code of ethics	GRI 12: Coal Sector 2022
Financial Markets Act, including JSE Listings Requirements, SAMREC Code and King IV	UN Guiding Principles on Business and Human Rights	Conflicts of interest policy and gifts and benefits policy	IFRS S1 and S2
IFRS	UK and US anti-bribery and corruption legislation	Group financial reporting policies	ISO 37001 Anti-bribery management systems (certified)
Mineral and Petroleum Resources Development Act	UNGC 10 principles	ERM policy and framework, and compliance policy	ISO 45001 Health and safety (certified)
MHSA and OHSA	Energy socio-economic development commitments	Crisis management policy	ISO 14001 Environmental management systems (certified)
NWA, NEMA and Waste, Air Quality and Biodiversity Acts	OECD guidelines	Anti-bribery and anti-corruption policy and whistleblowing policy	ILO protocol
Electricity Regulation Act	TCFD framework	Human rights policy	Among others: ISO 31000, 9001, 18001, 37301, 37000, 26000
Basic Conditions of Employment Act and Labour Relations Act	Group-wide B-BBEE target of level 1	Supplier code of conduct and supply chain sustainability policy	
Employment Equity Act and B-BBEE Act	Safety target: zero harm	Diversity and inclusion framework	
Prevention and Combating of Corrupt Activities Act	CDP	Capital allocation framework	
Competition Act	Climate change statement	Internal audit charter	
Income Tax Act, Value Added Tax Act and Carbon Tax Act		Delegation of authority policy and framework	

Combined assurance model

Exxaro applies a combined assurance model to optimise assurance by management, as well as internal and external service providers, while fostering a strong ethical climate and mechanisms that ensure compliance. Using our board-approved ERM approach, management identifies key risks we face and implements the necessary internal controls with comparable information for trend analysis where possible.

The audit committee is responsible for overseeing the use of a combined assurance model to achieve the following objectives:

- 1 Enabling an effective internal control environment
- 2 Ensuring integrity of information used for decision making by management, the board and its committees
- 3 Supporting the integrity of external reports

Combined assurance forum

The combined assurance model was put in place through the effective functioning of the combined assurance forum. The forum coordinates assurance for our risk exposure, as identified and ranked by the risk management function and aligned to King IV recommended practices for assurance. The forum's activities and outcomes of assurance reports are presented quarterly to the audit committee.

Five lines of assurance

Exxaro adopted the three lines of defence model for combined assurance. The model aims to establish effective governance, risk management and control practices within Exxaro.

However, with the continuous development of the concept of combined assurance, we replaced the three lines of defence model with the five lines of assurance. The five lines of assurance are differentiated by the level of risk ownership and the independence of assurance efforts or providers.

The five lines of assurance include:

- Line functions that own and manage risk and opportunity, such as operational management
- Specialist functions that facilitate and oversee risk and opportunity, such as compliance, risk, legal departments and oversight structures
- Internal assurance providers, such as internal audit
- External assurance providers, such as independent external auditors or other independent third-party providers
- Regulators, such as the DMRE

Combined assurance plan

The combined assurance plan focus areas are aligned to the group's top 10 strategic risks with inputs from assurance providers. The plan considers the level of assurance from assurance providers in providing the audit committee and board with confidence regarding the effective functioning of the internal control environment.

Overdue and repeat findings

Exxaro uses an issue tracking management system to capture and track the status of all internal audit and other assurance provider findings. All overdue and repeat findings are reported at each audit committee meeting.

Independence of audit and assurance functions

To ensure the independence of our audit and assurance functions, the following measures are in place:

- We appointed KPMG as our independent external auditor, along with its service delivery partner, AM PhakaMalele (approved by shareholders at the AGM on 18 May 2023 by way of a separate resolution of shareholders in terms of the JSE Listings Requirements paragraph 3.84(g))
- Under the management of Exxaro's head of internal audit, PwC and its service delivery partner, Ngubane & Co, have been providing internal audit services since 1 July 2022
- In 2021, the group adopted a framework for engaging auditors to supply non-audit services. We confirmed that KPMG, in terms of its policy, does not provide advisory and tax services to its audit clients
- Our group governance framework confirms the internal audit function as an independent control function across the group
- The internal audit charter informs the role and scope of work of the internal audit function
- The head of internal audit reports directly to our audit committee and is administratively overseen by the CEO

Board statement

The board and audit committee are satisfied with the effectiveness of controls for the year ended 31 December 2023. This conclusion was reached principally through a process of management self-assessment (including formal confirmation by executive management), reports from internal audit, independent external audit and other assurance providers.

 [Combined assurance for effective governance report](#) (integrated report, page 81)

Trust, good reputation and legitimacy

JSE compliance certificate

The board considered the JSE compliance certificate for the reporting period, confirming the company's compliance with the JSE Listings Requirements, Debt Listings Requirements and every disclosure requirement for continued listing on the JSE imposed in 2023. The certificate will be submitted to the JSE following board consideration in early 2024.

Integrity in reporting

The board ensures the integrity of the company's integrated report and its alignment with best practice in integrated reporting, including other reporting by the company. The board also oversees the publication of our annual financial statements, ESG report, board committee reports, remuneration report and other online or printed information that complies with legal requirements and meets the legitimate and reasonable information needs of stakeholders.

No insider dealing

The company's insider dealing policy was revised and updated in 2023. The policy complies with the JSE Listings Requirements, Financial Markets Act and Companies Act and is aligned to the company's code of ethics. The policy applies to all directors, prescribed officers, employees and consultants.


Before dealing in any Exxaro security, we require directors to submit a pre-clearance form to the group company secretary for consideration by the chairperson.

The insider dealing committee provides guidance and clarity to employees and directors on insider trading or price-sensitive information as well as prohibited or closed periods.

The group company secretary provides a group-wide announcement of all closed and prohibited periods to assist directors and employees in this regard. Directors and employees have access to an electronic insider register, which reflects their names as relevant. They receive an email informing them of their addition to and removal from the register.

We provide ongoing online training on the MyNexxt platform to directors, employees and consultants to ensure in-depth understanding of the policy, regulatory environment and controls in place.

We issue the necessary SENS announcements when any director, prescribed officer, director of major subsidiary, the group company secretary or company secretary of a major subsidiary deals in any security.

 [SENS announcements](#) are available on our website.

The board is satisfied with the controls in place to ensure regulatory compliance.

Sponsors

The company's lead equity sponsor and debt sponsor, Absa Bank Limited, and joint equity sponsor, Tamela Holdings Proprietary Limited, perform the continuing obligations in connection with Exxaro's listing on the JSE. The board is satisfied that the sponsors have executed their mandate with due care and diligence for 2023.

Outcomes and value delivered

 Refer to [stakeholder-inclusive approach](#) (page 24) for details.

Stakeholder inclusivity

Exxaro's board has a stakeholder-inclusive approach that responds to principle 16 of King IV regarding stakeholder inclusivity and responsiveness. It aims to balance the needs, interests and expectations of material stakeholders in the organisation's best interest over time to protect and build trust in the organisation and its reputation and legitimacy in the eyes of our stakeholders.

As recommended by King IV, Exxaro's disclosure regarding stakeholder relationship management reflects our management approach, key focus areas and stakeholder management activities.

 [Stakeholder-inclusive approach](#) (page 24)

External communication

 [Governance roadshow](#) (page 115)

SERC stakeholder days


SERC's virtual stakeholder days during the year aimed to communicate Exxaro's social performance to stakeholders. These events were also an opportunity for SERC and the board to engage with diverse stakeholders and receive community and beneficiary feedback on Exxaro's social performance and impact.

A two-day stakeholder engagement event was hosted by SERC at Belfast, Mpumalanga, which included site visits to various Exxaro social development projects and engagements with regional government and municipal officials.

Other external communications

The following external communication (among others) took place in 2023:

- Publication of the annual reporting suite (integrated report, ESG report and climate change position statement)
- AGM (presentation of annual financial statements, SERC report and various other resolutions for voting by shareholders)
- SENS announcements
- Interim and annual financial results presentations by executive management
- Results roadshows following the annual and interim results presentations for interaction with investors
- SLP future forums that play an important role in engaging with labour representative groups to promote ongoing discussions about the future of mines, identify possible challenges and solutions for productivity and employment and improve business sustainability
- Exxaro 2023 sustainability summit
- COP28 (held in November/December 2023) where Exxaro was given the opportunity to:
 - Participate, engage and partner with different stakeholders and play a positive role in providing solutions to manage climate change
 - Showcase our contribution to South Africa achieving its NDC objectives and a just transition

 [Exxaro's contribution to COP28](#) (page 33)

Responsible corporate citizenship

The board ensures Exxaro's strategy and conduct reflect its purpose of powering better lives in Africa and beyond and to be a responsible corporate citizen in giving effect to its purpose.

As Exxaro is an integral part of society, the board sets the strategic direction and ensures the company's efforts to be a responsible corporate citizen include compliance with the South African Constitution (including the Bill of Rights), the law, leading international and national standards, and its own codes of conduct and policies.

The board exercises independent judgement in overseeing management and safeguarding the interests of all stakeholders, including our shareholders. In fulfilling its stewardship role, the board seeks to instil and foster a corporate environment founded on integrity and provide management with sound guidance in pursuit of long-term shareholder value, ensuring that the company offers sustainable value to society as a whole.

Governance

It is the SERC's role, as amended in 2021, to entrench responsible corporate citizenship as part of the committee's focused activities. The roles and responsibilities of the SERC include overseeing the impact of the consequences of the group's activities and outputs on its status as a responsible corporate citizen in:

- The economy: economic transformation as well as fraud and corruption prevention, detection and mitigation
- Society: public health and safety, consumer protection, community development and protection of human rights


Commitments

Fundamental to Exxaro's purpose of powering better lives is our stance that all people have inherent fundamental human rights regardless of their differences. As such, Exxaro is committed to respecting and upholding human rights for all people in its sphere of influence, where the company has the power to effect investment and development. Exxaro is guided by the South African Constitution, applicable legislation and external standards such as the Minerals Council's Human Rights Framework and the UNGC principles on human rights, labour, environment and anti-corruption.

 [Respecting and upholding human rights](#) (page 108)

Exxaro remains committed to supporting the 10 principles of the UNGC. The UNGC principles are embedded in our Sustainable Growth and Impact strategy, values, operations and stakeholder engagements in alignment with our efforts to apply the principles.

Exxaro's voluntary participation in the UNGC advances the case for responsible business practices and encourages our stakeholders to do the same. It holds us accountable to a global standard as we strive to become a catalyst for economic growth and environmental stewardship.

 [UNGC communication on progress](#) (investors tab under integrated reports 2021)

The board revisited, amended and approved Exxaro's human rights policy in 2022. Policy implementation and communication took place and a due diligence assessment commenced towards the end of 2023 to be completed and reported to the SERC in 2024.

Health and safety

The importance of safety in the workplace receives focused attention at each board, board committee and executive committee meeting. This is achieved through a standing **safety moment** item on all agendas, to allow for reflection and reporting.

In addition to the SERC's mandate, the RBR committee is responsible for reviewing health and safety risks and focuses on reported HPis and LTIs.


 [Prioritising safety](#) (page 72) and [integrated health and wellness](#) (page 75)

Focus areas

Our focus areas supporting the outcome of trust, good reputation and legitimacy in 2023 included:

- Executing the ethics strategy and management plan revision
- Executing and implementing the revised human rights policy and commencement of a due diligence process
- SERC and the remuneration committee considered the results of the 2023 culture and engagement survey as part of Exxaro's DEI journey
- The remuneration committee approved a wage gap statement of intent. The statement is linked to Exxaro's purpose and identified wage gap principles and aligns with Exxaro's revised remuneration policy
- Completing the roll out of compulsory group-wide anti-bribery and anti-corruption training on MyNexxt
- Rolling out additional group-wide POPIA training

Reputation and disclosure recognition

 [Delivering measurable results and impact](#) (page 19)

Our board of directors

The board provides effective ethical leadership and strategic direction while balancing the company's interests as a responsible corporate citizen with stakeholders' legitimate needs and expectations, within a framework of principled governance. For the year in review, we are proud to present the following board members:

Chairperson

- B Board
- A Audit committee
- I Investment committee
- L Logistics committee
- NOM Nomination committee
- RBR RBR committee
- REM Remuneration committee
- SER SERC

Member

- A Audit committee
- I Investment committee
- L Logistics committee
- NOM Nomination committee
- RBR RBR committee
- REM Remuneration committee
- SER SERC



<p>1. Mvuleni Geoffrey Qhena (58) Board chairperson and independent non-executive director Director since 19 April 2021 and board chairperson since 27 May 2021 Senior Executive Programme (jointly offered by Harvard Business School and Wits Business School), Advanced Taxation Certificate (Unisa), CA(SA), BAccSc (Hons), BCompt (Unisa) Other listed boards: Investec Bank Limited, Telkom SA Limited</p> <p>B NOM REM L</p>	<p>2. Dr Nombasa Tsengwa (59) CEO and executive committee chairperson Executive director since 16 March 2021 PhD (agronomy), Executive Development Programme (INSEAD) Other listed boards: None</p> <p>SER</p>	<p>3. Riaan Koppeschaar (53) Finance director Executive director since July 2016 CA(SA), Advanced and Associate Programmes in Treasury Management (Unisa), Advanced Diploma in Taxation (Unisa), Advanced Management Programme (INSEAD), BCom (Hons) (University of Pretoria), Certificate in Theory of Accounting (University of Pretoria) Other listed boards: None</p> <p>SER</p>	<p>4. Geraldine Fraser-Moleketi (63) Lead independent non-executive director Director since 18 May 2018 MPA (University of Pretoria) (cum laude), Leadership Programme (Wharton), Digital Savvy Board Member Certificate (MIT Sloan School of Management), Fellow of the Institute of Politics (Harvard). Awards: DPhil honoris causa (North-West University), DPhil honoris causa (Nelson Mandela University) Other listed boards: Standard Bank Group Limited, The Standard Bank of South Africa Limited and Tiger Brands Limited</p> <p>SER REM NOM</p>	<p>5. Karin Ireton (68) Independent non-executive director Director since 7 February 2022 MA (international political economy) (University of Leeds), International Programme for the Management of Sustainability (Netherlands), Environmental Impact Assessment and Management (University of Aberdeen) Other listed boards: None</p> <p>SER RBR</p>	<p>11. Chanda Nxumalo (40) Independent non-executive director Director since 1 February 2021 University of Oxford, MEng (economics and management) Other listed boards: None</p> <p>A RBR I</p>	<p>12. Peet Snyders (63) Independent non-executive director Director since 1 July 2016 BEng (mining) (University of Pretoria), PGDip in Marketing Management (Unisa), MCom (business management) (University of Johannesburg), Mine Manager's Certificate of Competency (coal and metalliferous) (Government Competency Exams) Other listed boards: None</p> <p>RBR SER I L</p>	<p>13. Isaac Malevu (50) Non-executive director Director since 22 June 2021 BCom (Wits), Postgraduate Diploma in Accounting (University of KwaZulu-Natal), CA(SA), SAICA member, Senior Executive Programme (London Business School) Other listed boards: None</p> <p>I</p>	<p>14. Likhapha Mbatha (69) Non-executive director Director since 6 March 2018 BA (University of Lesotho), LLB (University of Lesotho), LLM (Wits) Other listed boards: None</p> <p>SER</p>	<p>15. Mandlesilo Msimang (47) Non-executive director Director since 15 March 2021 MSc (utilities regulation) (London School of Economics), BA (Cornell University) Other listed boards: None</p> <p>I RBR</p>
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<p>6. Ben Magara (56) Independent non-executive director Director since 7 February 2022 BSc (Hons) (mining engineering), Advanced Management Programme (GIBS), Accelerated Development Programme (London Business School) Other listed boards: Grindrod Limited and WEIR Group plc</p> <p>I RBR L</p>	<p>7. Billy Mawasha (45) Independent non-executive director Director since 7 February 2022 BSc (electrical engineering), Government Certificate of Competency for Engineers, Factories (electrical), Government Certificate of Competency for Engineers, Mines and Works (electrical), Global Leadership and Public Policy for the 21st Century (Harvard Kennedy School), Advanced Management Programme (Kellogg School of Management), Accelerated Development Programme (London Business School), Programme for Management Development (GIBS) Other listed boards: Impala Platinum Holdings Limited and Metair Investments Limited</p> <p>I A</p>	<p>8. Nondumiso Medupe (53) Independent non-executive director Director since 3 January 2023 CA(SA) SAICA, PGDip (accounting) (University of KwaZulu-Natal), BAcc (University of Durban Westville), Certificate in Sustainability Leadership and Corporate Governance (London Business School) Other listed boards: Alexander Forbes Limited, City Lodge Hotels Limited and MetAir Limited</p> <p>A RBR</p>	<p>9. Dr Phumla Mnganga (55) Independent non-executive director Director since 7 February 2022 PhD (entrepreneurship/entrepreneurial studies) (Wits Business School), MBL (business management) (Unisa), BEd (University of KwaZulu-Natal), BA (University of KwaZulu-Natal) Other listed boards: Adcorp Holdings Limited, Altron Holdings Limited</p> <p>REM NOM L SER</p>	<p>10. Nosipho Molope (59) Independent non-executive director Appointed 3 January 2024 BSc (medical sciences) (Wits), BCompt and BCompt (Hons) (Unisa), CA(SA) SAICA Other listed boards: Alexander Forbes Group Holdings Limited, EOH Holdings Limited, Burstone Group Limited, MTN Group Limited</p> <p>A SER</p>
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Board nominees for the upcoming 23rd AGM

In accordance with the company's memorandum of incorporation (Mol), one-third of the non-executive directors are subject to retirement by rotation and re-election by shareholders annually. Eligible directors may offer themselves for re-election.

Furthermore, in accordance with our Mol, Likhapha Mbatha, who has reached the director retirement age, will retire by rotation at the 23rd AGM to be held on 23 May 2024.

As per our board charter and director nomination and appointment policy, the nomination committee has reviewed the composition, gender and racial balance of the board and evaluated the independence (where applicable), performance and contribution of the directors listed below, as well as their individual knowledge, skills and experience. The board will propose to shareholders the following directors for election and

		Appointed
1	Mvuleni Geoffrey Qhena Independent non-executive director and chairperson of the board	19 April 2021
2	Mandlesilo Msimang Non-executive director	15 March 2021


Election

		Appointed
1	Nosipho Molope Independent non-executive director	3 January 2024

Our board of directors continued

Board composition

Deliberate policy parameters are required to ensure a suitable board composition and appropriate balance of power between directors to enable the board to operate effectively and in the company's interests. Diverse capabilities and perspectives of board members are important for making robust decisions.

 Our [director nomination and appointment guidance note](#) is available on our website (our business tab under governance).

The board is committed to striving towards the appropriate size, balance of power, independence, diversity, skills, knowledge and experience to discharge its governance role and responsibilities objectively and effectively without compromising the common purpose, involvement, participation and sense of responsibility necessary to meet the company's strategic objectives. The board size was reduced from 18 in 2021 to 16 in 2023. With the retirement of non-executive director, Likhapha Mbatha at the upcoming AGM, the board size will be reduced to 15. This will be monitored continuously to ensure a majority of independent non-executive directors.

The nomination committee must ensure continuity and undertake succession planning on behalf of the board to ensure all new directors are individuals of calibre, integrity and credibility, with the necessary skills and experience.

Changes to the board

- Vuyisa Nkonyeni and Isaac Mophatlane, both independent non-executive directors, retired at the 2023 AGM. Vuyisa retired as chairperson of the audit committee and member of the investment committee. Isaac retired as chairperson of the investment committee, member of the audit committee and SERC. The board extended its gratitude for their valuable contributions
- Nondumiso Medupe's appointment as independent non-executive director and audit committee member (effective 3 January 2023) was approved by shareholders at the 2023 AGM
- Nosipho Molope was appointed as an independent non-executive director to the company and member of the audit committee and SERC effective 3 January 2024. Nosipho's appointment will be submitted for shareholder approval at the 2024 AGM
- Likhapha Mbatha, who has reached the director retirement age, will retire by rotation at the 23rd AGM to be held on 23 May 2024

Independence

The principles of good governance, King IV and the JSE Listings Requirements recommend holistic independence assessments with a substance-over-form approach in accordance with certain criteria. Annual assessments are therefore based on King IV requirements and section 94(4) of the Companies Act.

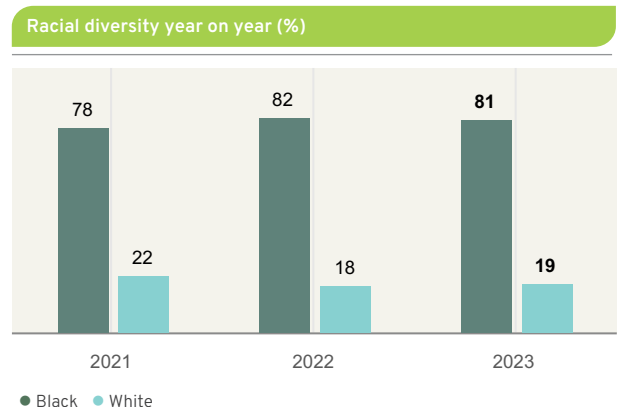
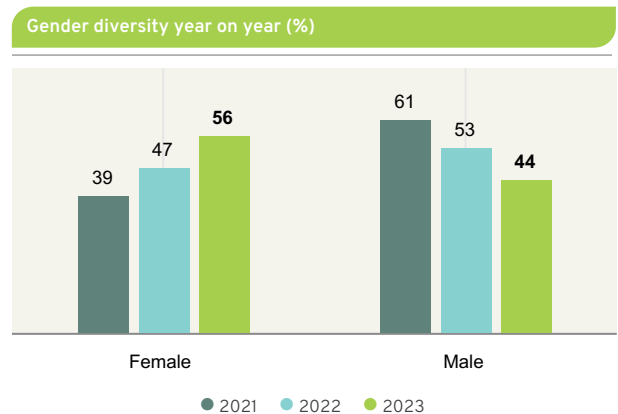
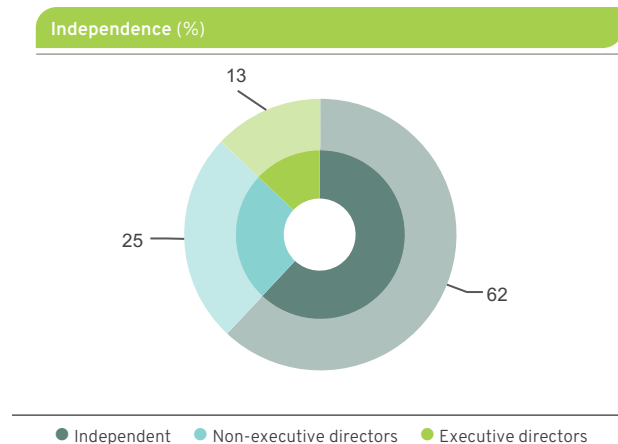
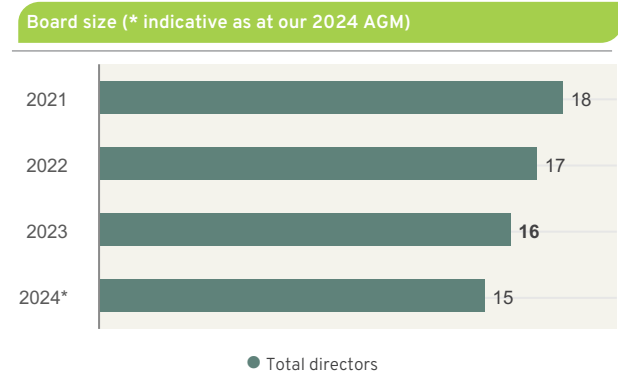
Our board assessments are conducted annually to confirm that members exercise objective judgement. The assessments also confirm that there is no interest, position, association or relationship, judged from the perspective of a reasonable and informed third party, likely to unduly influence or cause bias in decision making. On recommendation of the nomination committee, the board confirmed those directors recognised as independent in this report.

The board consists of 10 independent non-executive directors, four non-executive directors and two executive directors.

Broader diversity

In keeping with good corporate governance, the board embraces the constitutional principles of equality, freedom and inclusion. The board diversity and inclusion policy expresses a broader definition of diversity and inclusion, with targets reflected in this report. The board promotes diversity of, among others, knowledge, skills, experience, age, gender, race, nationality and physical ability. This is in line with King IV recommendations and the JSE Listings Requirements.

The progress of our board's diversity over the past three years, ended 3 January 2024, is shown in the following graphs:



Racial diversity

The board consistently achieved its 50% target for racial diversity and increased its racial target to 60% black representation, as defined in the B-BBEE Act, in 2021. As at **3 January 2024**, the board achieved a total of 81% black representation.

Gender diversity

The board achieved its set target of 40% black female representation with 50% black female representation and overall female representation of 56% as at 3 January 2024. We are proud to have increased from 47% overall female representation in 2022 to 56% in 2023.

Age diversity

The retirement age is 63 years for executive directors and 70 years for non-executive directors. In accordance with our MoI, Likhapha Mbatha, who has reached the director retirement age, will retire by rotation at the 23rd AGM to be held on 23 May 2024.

Our board age diversity target is 55 years. As at **3 January 2024**, board age diversity was 56 years. Our progress is reflected in the age graphs alongside.

Director tenure and succession

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

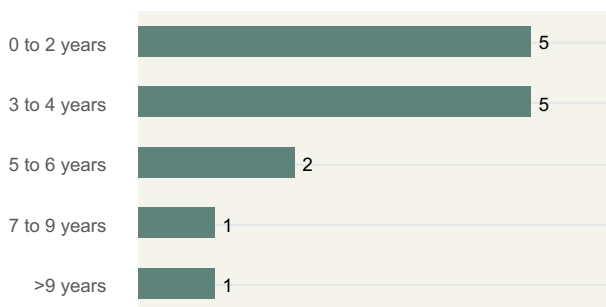
The nomination committee identified and addressed skills gaps after a rigorous board effectiveness evaluation. To ensure continuity of experience and knowledge, the company has a staggered approach to re-election of directors in terms of the MoI. Directors are selected for retirement by rotation in terms of the MoI and, following assessment by the nomination committee, may be presented to shareholders for re-election at the AGM.

Non-executive director, Zwelibanzi Mntambo, has a board tenure of over nine years. Shareholders confirmed his reappointment at the 2023 AGM.

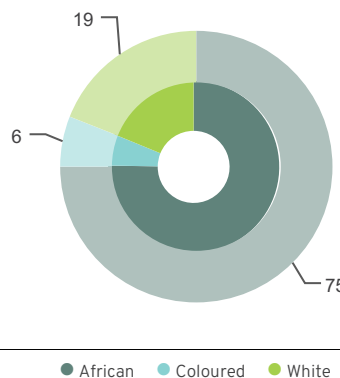
 Details about rotation, retirement and election of directors can be found in the [notice of AGM](#) and page 133.

Our non-executive director tenure as at **3 January 2024** is illustrated below:

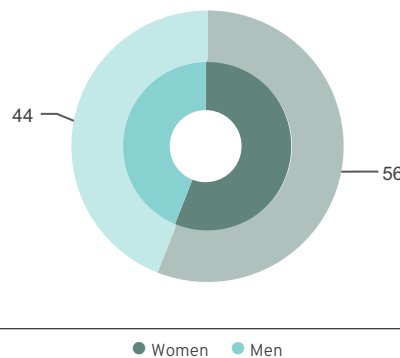
Non-executive director tenure



Racial diversity (%)



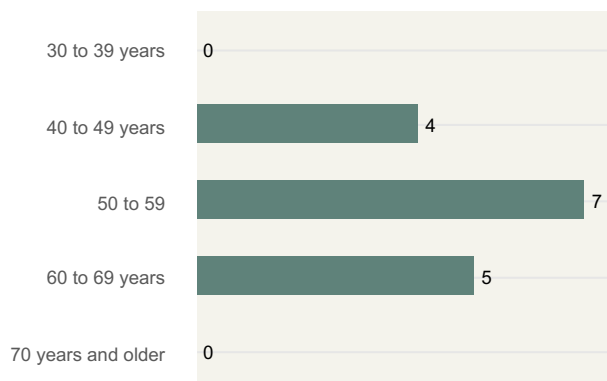
Gender diversity (%)



Average age per year



Age diversity: Number of directors (16)



Our board of directors continued

Director competence and diversity in skills and experience

Our directors are carefully selected to ensure a balanced mix of expertise and experience for effective decision making on behalf of Exxaro. In accordance with King IV, directors should be knowledgeable, skilled, experienced, diverse and independent to effectively discharge their governance responsibilities.

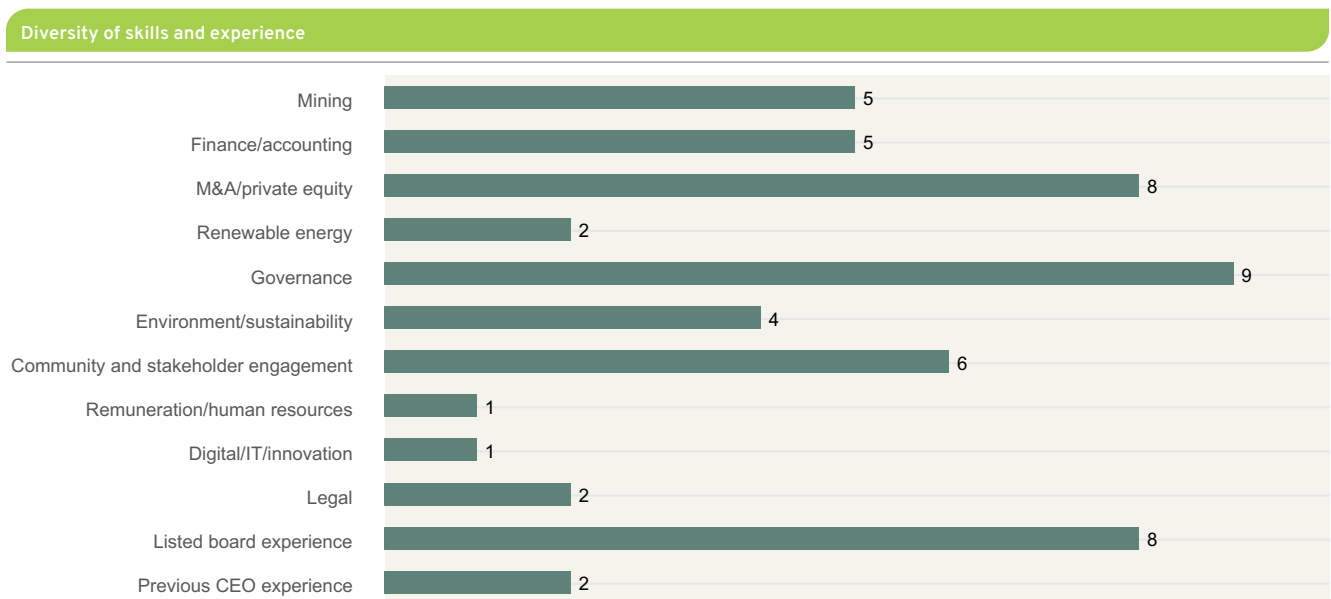
Exxaro considers, over and above leadership and management experience, the following technical expertise when appointing directors:

Technical expertise:

- | | |
|--------------------|----------------------------------|
| • Mining industry | • Sustainability and environment |
| • Mine engineering | • Finance and accounting |
| • Energy | • Digital, innovation and IT |

Diversity of skills and experience

Our non-executive directors' skills and experience were formally and independently evaluated in 2022, with a self-assessment in 2023. The top five categories in the matrix below represent the board's key stewardship areas.



Board leadership

Our board is led by an independent non-executive chairperson, Mvuleni Geoffrey Qhena, in compliance with paragraph 3.84 of the JSE Listings Requirements and King IV recommended practices.

Geraldine Fraser-Moleketi continues to serve on the board as lead independent non-executive director.

The role of the chairperson is separate and distinct from that of our CEO. Separation of powers and responsibilities, as set out in the board charter and group governance framework, ensures that no single person has unfettered decision-making powers and that there is an appropriate balance of power at board level.

Roles and responsibilities of the chairperson, CEO and lead independent non-executive director

Functions	Responsibilities
Chairperson	<ul style="list-style-type: none"> • Sets the tone for ethical culture at board level and ensures adherence to the rules of conduct set out in the board charter • Represents the board to shareholders and other stakeholders relating to the performance of the company • Ensures the integrity and effectiveness of the governance processes of the board • Manages conflicts of interest at board meetings in accordance with applicable legal requirements and best practice • Maintains a collegial yet arm's length relationship with board members and management • Ensures board decisions are executed • In collaboration with the group company secretary, ensures the contents and order of the agenda are correct • Maintains regular dialogue with the CEO on operational matters and promptly consults with the board on any matter that presents cause for major concern • Acts as facilitator at board meetings to ensure appropriate discussions take place and result in logical outcomes and that no board member dominates the discussions • Plays a crucial role in ensuring the board has effective leadership and its composition is adequate to enable it to effectively fulfil its functions • Provides necessary direction for an ethical and effective board and forms the link between the board, the CEO and management
CEO	<ul style="list-style-type: none"> • Formulates and develops the company's short, medium and long-term strategic vision to realise its core purpose and values, considering relevant risks and opportunities that will generate satisfactory levels of value creation, as defined by King IV • Leads the implementation and execution of approved strategy, policy and operational planning as the chief link between management and the board while monitoring and managing the company's day-to-day operational requirements and administration • Develops and recommends business plans, policies and objectives for board consideration, accounting for business, economic and political trends that may affect the operations of the company • Manages and ensures the submission of timeous and accurate reports, financial statements and consolidated budgets for board consideration • Oversees the company's financial management, including financial planning, cash flow and management reporting • Is involved in group affairs as executive committee chairperson • Does not cause or permit practices, activities or decisions by or in the group that are contrary to commonly accepted good business practice, good corporate governance or professional ethics • Ensures key management functions are headed by individuals with the necessary competence and authority and that they are adequately resourced and performance-managed • Sets the tone at management level by providing ethical leadership and maintaining an ethical culture conducive to attracting, retaining and motivating a diverse group of employees • Ensures implementation and execution of the company's codes of conduct and ethics policies
Lead independent non-executive director	<ul style="list-style-type: none"> • Leads in the absence of the chairperson • Serves as adviser to the chairperson • Acts as intermediary between the chairperson and other directors, if necessary • Deals with shareholders' concerns where contact through normal channels has failed to resolve concerns or where such contact is inappropriate • Strengthens independence of the board if the chairperson is not an independent non-executive director • Chairs discussions and decision making by the board on matters where the chairperson has a conflict of interest • Ensures the chairperson adheres to the rules of conduct and etiquette set out in the board charter • Leads the chairperson's performance appraisal when an independent service provider is not used to facilitate the process

Our board of directors *continued*

Performance of our board

Board meeting attendance

The board held four quarterly meetings, with one additional meeting to focus on the group budget, two special board meetings, a dedicated strategy session over two days and two governance sessions during the year. Attendance is calculated against the number of meetings a director was required to attend.

Members	Designation	Attendance of quarterly meetings	Attendance of special meetings
Mvuleni Geoffrey Qhena	Independent non-executive director and board chairperson	5/5	2/2
Dr Nombasa Tsengwa	CEO and executive director	5/5	2/2
Riaan Koppeschaar	Finance director and executive director	5/5	2/2
Geraldine Fraser-Moleketi	Lead independent non-executive director	5/5	1/2
Karin Ireton	Independent non-executive director	5/5	2/2
Ben Magara	Independent non-executive director	5/5	2/2
Isaac Malevu	Non-executive director	5/5	2/2
Billy Mawasha	Independent non-executive director	5/5	2/2
Likhapha Mbatha	Non-executive director	5/5	2/2
Nondumiso Medupe	Independent non-executive director	5/5	1/2
Dr Phumla Mnganga	Independent non-executive director	5/5	2/2
Zwelibanzi Mntambo	Non-executive director	4/5	1/2
Isaac Mophatlane	Independent non-executive director	1/1*	1/1*
Mandlesilo Msimang	Non-executive director	5/5	2/2
Vuyisa Nkonyeni	Independent non-executive director	1/1*	1/1*
Chanda Nxumalo	Independent non-executive director	5/5	2/2
Peet Snyders	Independent non-executive director	5/5	2/2

* Vuyisa Nkonyeni and Isaac Mophatlane retired by rotation at the 2023 AGM.

Evaluation

Appointing a number of new directors over the past three years has enhanced the board's required skill set. An independent board evaluation was conducted at the end of 2022, the outcomes of which were addressed with the nomination committee's guidance. In terms of our board charter, an internal evaluation was undertaken for 2023, and the outcomes were presented to the board.

The evaluation found no significant matters of concern. The board continues to function effectively and there is strong adherence to good corporate governance. The board has depth in traditional core skill areas and is proactively addressing the succession of long-standing directors.

Conclusion

The board is satisfied that it complied with the provisions of the Companies Act and relevant laws of establishment relating to its incorporation and that the company is operating in conformity with its MoI and other relevant constitutional documents. The board is also satisfied that it fulfilled its responsibilities in accordance with its charter and King IV during the reporting period.

Executive leadership

We have conviction in Exxaro’s Sustainable Growth and Impact strategy. We are on the right path and focus is critical.



Dr Nombasa Tsengwa (59)
CEO

- KEY**
- Executive director
 - Energy
 - Executive committee



Riaan Koppeschaar (53)
Finance director



Kgabi Masia (48)
Chief coal operations officer



Leon Groenewald (57)
Managing director: energy



Mongezi Veti (60)
Chief sustainable impact officer



Johan Meyer (55)
Chief technology officer



Andiswa Ndoni (56)
Group company secretary (ex officio)
Chief strategic resilience and governance officer



Joseph Rock (54)
Chief people and performance officer



Richard Lilleike (51)
Chief growth officer

Executive leadership continued

Dr Nombasa Tsengwa (59)

CEO

Appointed 1 August 2022



See full CV on our [website](#)

Riaan Koppeschaar (53)

Finance director

Appointed 1 July 2016



See full CV on our [website](#)

Kgabi Masia (48)

Chief coal operations officer

Appointed 1 March 2022

*BTech (extractive metallurgical) (University of Johannesburg),
Advanced Management Programme (INSEAD)*

Skills and experience

Kgabi has spent his career primarily within the Energy Coal business at BHP Billiton and South32 within South Africa and more broadly across the continent with additional exposure to other minerals such as Aluminium and Manganese. His early career with BHP Energy Coal was spent in several highly technical roles firstly as a metallurgist, project engineer and business improvement lead. In 2004, Kgabi was appointed process and metallurgical manager before progressing to general manager, processing and later to head of integrated operations within BHP Energy Coal. With the South32 spun off in 2015, Kgabi was appointed vice-president operation and later moved to a role of South32 Africa region vice-president commercial for coal, manganese and aluminium responsible for energy and logistics strategy and supply chain. From 2018 until 2021, Kgabi served as president, South Africa energy coal with oversight operations and P&L, leading 4 100 FTEs (and more than 4 000 contractors), driving the overall strategy overseeing acquisition by Seriti Resources. Kgabi has served on many boards, including RBCT, was both the chair of Glencore JV with South32 Coal and the chair of their London marketing company. He has formerly served with the Minerals Council, where he served as chair of its coal leadership forum.

Leon Groenewald (57)

Managing director: energy

Appointed 1 April 2023

CA(SA), Associate member of CIMA

Skills and experience

Leon joined Exxaro (then Iscor) in 1997, during this time he occupied the following roles: manager: finance and administration (1997 to 1999); head of finance: coal (1999 to 2011); performance manager: growth (2012 to 2014); group manager: strategic investments (2015 to 2016); general manager: corporate finance (2016 to 2019); and finally seconded to Exxaro's energy business from 2019 to date. He was appointed as MD of the energy business in 2023. His skills include leadership in various teams, strategic planning and execution, finance and deal making.

Richard Lilleike (51)

Chief growth officer

Appointed 1 October 2023

BSc(Eng) (University of Cape Town), MA Business Administration (Wits)

Skills and experience

Richard has almost 30 years of engineering, consulting and investment banking experience. Having started his career working at Eskom's power stations and then at EL Bateman in project management, Richard joined Marsh McLellan as an enterprise risk consultant, consulting primarily to the mining sector on a global basis. Subsequently, Richard joined Standard Chartered Bank as a mining investment banker, eventually leading the southern Africa mergers and acquisitions team originating and executing on a range of transactions across mining and metals, oil and gas, renewable energy, industrial and agricultural sector deals across the African continent.

Johan Meyer (55)

Chief technology officer

Appointed 1 April 2015

BEng (metallurgy) (University of Pretoria), MBA (University of Stellenbosch), Advanced Management Programme (INSEAD), Certified director (IoDSA)

Skills and experience

Johan started his career in production management at Iscor's Pretoria steel works. He worked at KZN Sands, headed research and development at Kumba Resources as part of the leadership team of Mineral Sands (Tronox), was BU manager of Zincor and Exxaro corporate office. His current role focuses on delivering coal growth projects of approximately R20 billion as well as developing integrated resource and reserve LoM plans and supporting implementation of the minerals strategy. He is passionate about leading people and powering better lives.

Andiswa Ndoni (56)

Group company secretary (ex officio member appointed 1 November 2021) and chief strategic resilience and governance officer

Appointed 1 August 2023

BProc (University of Transkei, now WSU), LLB (University of Natal), Global Executive Development Programme (University of Pretoria, GIBS), Certificate in Corporate Governance (University of Johannesburg), Certificate in Advanced Company Law (Wits), Coaching for Development Certificate from the (University of Cape Town)

Skills and experience

Andiswa is an admitted attorney of the High Court of South Africa. She has over 30 years' experience as an attorney and 17 years as a company secretary. Andiswa is a former company secretary and legal counsel for Basil Read Limited and a former group company secretary and group executive for governance, compliance and sustainability for Barloworld Limited. She also sits on the Competition Tribunal as a part-time member.

Joseph Rock (54)

Chief people and performance officer

Appointed 16 October 2023

BA (Hons), MA (University of Essex, UK), ACA (UK), Advanced Management Programme (INSEAD)

Skills and experience

Joseph is a chartered accountant with over 30 years' business experience spanning the consulting, public and private sectors. He has spent the past 15 years holding various roles across the human capital value chain, most recently as the former group head of people experience and chief operating officer for people and culture for Absa Group Limited, spanning 10 countries across the African continent. He has held various board roles including 10 years as a non-executive director of Shoprite Holdings Limited, serving four years as the chair of the remuneration committee.

Mongezi Vetu (60)

Chief sustainable impact officer

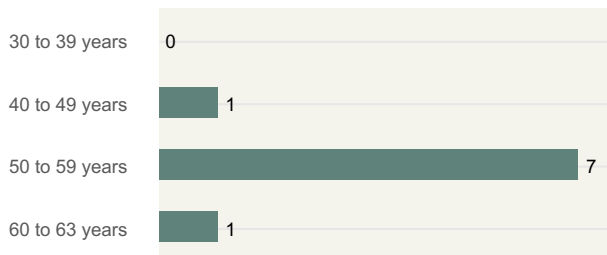
Appointed 1 April 2015

HDip (metalliferous mining and coal mining) (University of Johannesburg), MBL (Unisa), Advanced Management Programme (Wharton), Mine Overseer's Certificate, Mine Manager's Certificate of Competency (fiery mines)

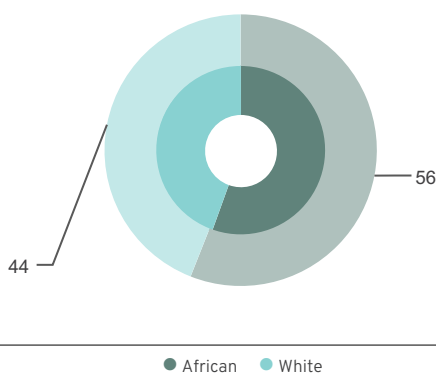
Skills and experience

Since the start of his career, Mongezi earned extensive mining experience in the gold, platinum and coal sectors. He is a certificated professional engineer registered with the Engineering Council of South Africa. Mongezi was also placed third in the Sustainability magazine's list of top 10 chief sustainability officers in 2022.

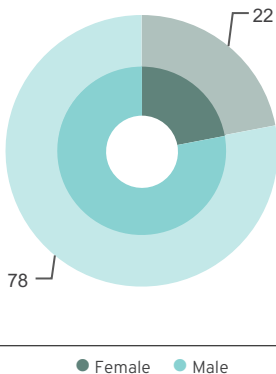
Executive age diversity (an average age of 55)



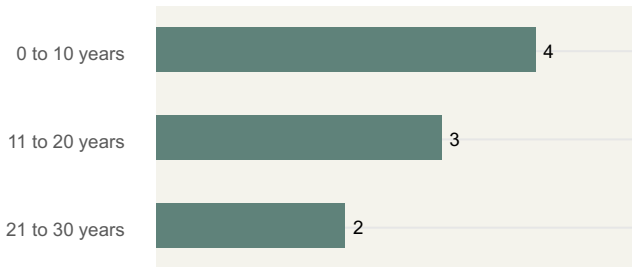
Executive race diversity (%)



Executive gender diversity (%)



Executive tenure at Exxaro



Exxaro policy requires all employees, including executives, to retire at the age of 63.

The Exxaro executive team has more than 102 years of combined service since Exxaro’s inception.

Changes to the executive

Guided by our Sustainable Growth and Impact strategy, Exxaro established an energy business – Cennergi – underpinned by three pillars: distributed generation, utility generation, and services. To support strategy execution, Exxaro undertook an extensive process to appoint Leon Groenewald as the new managing director for Cennergi, effective 1 April 2023.

To further support the execution of the Sustainable Growth and Impact strategy, Exxaro, using an organisational effectiveness process, made the following executive appointments:

- Andiswa Ndoni as chief strategic resilience and governance officer, effective 1 August 2023
- Richard Lilleike as chief growth officer, effective 1 October 2023
- Joseph Rock as chief people and performance officer, effective 16 October 2023

Exxaro bid farewell to Alex de Angelis, executive head: strategy and business transformation, and Mzila Mthenjane, executive head: stakeholder affairs, who took up the position as CEO of the Minerals Council South Africa. We thank Alex and Mzila for their valuable contributions to Exxaro and we wish them well in their future endeavours.

Roles and responsibilities of Exxaro’s executive committees

The roles and responsibilities of Exxaro’s board are distinct from those of senior management as outlined in the group governance framework, board charter and DoA policy and framework. This ensures transparency, confidence and mutual trust where the board can constructively challenge and guide senior management. The functions of management therefore remain the responsibility of the executive directors, prescribed officers and other members of senior management.

The executive committee assists the CEO in managing the business. It leads the implementation and execution of strategy, policies and operational planning, subject to statutory limitations and enabled by the board’s delegation of authority. In carrying out its duties, the executive committee considers the King IV governance principles, the company’s MoI, the committee’s terms of reference, delegations of authority and the group governance framework.

The board is responsible for establishing the business objectives and targets of the group and for providing the strategic direction and control of the group’s business activities.

Group executive committee: Focuses on group operations and business.

Cennergi executive committee: Solely assists the CEO in managing Exxaro’s energy business.

Committees that support the group executive committee

The group executive committee formed the following sub-committees to support and report to it:

1. **ESG steering committee:** To integrate and embed ESG in our strategy and everything we do
2. **ESD committee:** To integrate, implement and embed ESD
3. **Management ethics committee:** To ensure a robust ethics management process and assist in the elimination of corruption, including fraud, extortion and bribery
4. **Group investment review committee:** To oversee management review processes for major investments and divestments
5. **Insider dealing committee:** To provide guidance and clarity to employees and directors on insider trading or price-sensitive information and prohibited or closed periods
6. **Executive risk management committee:** To ensure a robust risk management process is followed

Executive leadership continued

Executive committee performance

The group executive team held four quarterly meetings and seven special meetings in 2023:

Members	Designation	Attendance at quarterly meetings	Attendance at special meetings
Dr Nombasa Tsengwa	CEO and chairperson	4/4	7/7
Riaan Koppeschaar	Finance director	4/4	7/7
Hemuna Bhola	Acting executive head: human resources	3/3*	6/6
Alex de Angelis	Former executive head: strategy and business transformation	3/3**	4/4
Richard Lilleike	Chief growth officer	1/1***	2/2
Kgabi Masia	Chief coal operations officer	3/4	7/7
Johan Meyer	Chief technology officer	4/4	7/7
Mzila Mthenjane	Former executive head: stakeholder affairs	2/3**	4/5
Andiswa Ndoni	Group company secretary (ex officio) and chief strategic resilience and governance officer (from 1 August 2023)	4/4	7/7
Joseph Rock	Chief people and performance officer	1/1***	1/1
Mongezi Veti	Chief sustainable impact officer	4/4	7/7

* Hemuna Bhola stepped down as acting executive head: human resources with the appointment of Joseph Rock.

** Alex de Angelis and Mzila Mthenjane left Exxaro's employ in August 2023.

*** Richard Lilleike was appointed 1 October 2023 and Joseph Rock 16 October 2023.

The energy executive team held nine meetings in 2023:

Members	Designation	Attendance
Dr Nombasa Tsengwa	CEO and chairperson	9/9
Riaan Koppeschaar	Finance director	9/9
Leon Groenewald	Managing director: Cennergi	8/9

Strategic performance management dashboard

A reimagined strategic performance management dashboard has been developed to enable visibility of strategy execution and facilitate strategic conversations at the right time within our tiered group governance structure.

For more on our performance see:



[Performance against our strategy and outlook](#) (integrated report, page 50)



[Delivering measurable results and impact](#) (page 19)

Group company secretary

Andiswa Ndoni was appointed group company secretary and legal, effective 1 November 2021. The board recognises the important role the group company secretary plays in establishing effective processes and systems to ensure good corporate governance is entrenched in Exxaro. The group company secretary's role and responsibilities are to:

- Guide the directors collectively and individually in their duties, responsibilities and powers
- Make directors aware of any law relevant to the company
- Report any failure on the part of the company or a director to comply with the Mol or Companies Act
- Ensure board procedures are followed and reviewed regularly
- Ensure compliance with applicable rules and regulations for conducting the affairs of the board
- Facilitate a programme for the induction and ongoing development of directors
- Maintain statutory records in accordance with legal requirements
- Guide the board on proper discharge of its responsibilities in the best interests of the company
- Provide professional and independent guidance on corporate governance matters to assist the board in exercising ethical and effective leadership
- Keep abreast and inform the board of current and new developments regarding corporate governance practice
- Fulfil all other functions assigned to the position by the Companies Act and by any other legislation
- Ensure proper compilation and timely circulation of board papers
- Obtain appropriate responses and feedback on specific agenda items and matters arising from earlier meetings in board deliberations
- Ensure that the proceedings of the board, board committees and shareholder meetings are properly recorded and minutes of meetings are circulated to the directors timeously
- Assist the nomination committee in evaluating the performance of the board, its committees and individual directors

The board evaluated the group company secretary in compliance with paragraph 3.84(h) of the JSE Listings Requirements and was satisfied with her competence, qualifications and experience. The board was comfortable that she maintained an arm's length relationship with individual directors and that she was neither a director nor a public officer of the company or any of its subsidiaries.

Audit committee report

Dear shareholders,

I am pleased to present the audit committee report, which reflects the committee’s independent role with accountability to the board and shareholders for the year ended 31 December 2023.

Nondumiso Medupe
Audit committee chairperson



Committee overview

Composition

Committee members are elected at the AGM by shareholders on recommendation from the board, through the nomination committee.

Through its recommendations, the board ensures a balance of skills and experience, with a focus on financial literacy, to enable the committee to discharge its function. All committee members are independent non-executive directors.

Vuyisa Nkonyeni, former independent non-executive director and chairperson of the audit committee, and Isaac Mophatlane, independent non-executive director and committee member, retired by rotation at the AGM on 18 May 2023.

On recommendation from the board, shareholders at the 2023 AGM approved the appointment of Nondumiso Medupe as independent non-executive director and audit committee member. Nondumiso was appointed by the board as the audit committee’s first female chairperson.

To increase membership of the committee, the board, on recommendation from the nomination committee, appointed Nosipho Molope as independent non-executive director and member of the audit committee, effective 3 January 2024. Her appointment will be submitted to shareholders for approval at the 2024 AGM.

In 2023, the committee maintained its minimum membership of three independent non-executive director members.

Meetings

As determined by its terms of reference, the committee held four scheduled meetings and two special meetings in 2023.

Members	Designation	Attendance at quarterly meetings	Attendance at special meetings
Nondumiso Medupe	Independent non-executive director and audit committee chairperson	4/4*	2/2*
Billy Mawasha	Independent non-executive director	4/4	2/2
Chanda Nxumalo	Independent non-executive director	3/4	1/2
Isaac Mophatlane	Independent non-executive director	1/1**	1/1**
Vuyisa Nkonyeni	Independent non-executive director	1/1**	1/1**

* Nondumiso Medupe’s appointment as member on 3 January 2023 was approved at the AGM on 18 May 2023.

** Vuyisa Nkonyeni (former chairperson of the audit committee) and Isaac Mophatlane (former member) retired as members at the AGM on 18 May 2023.

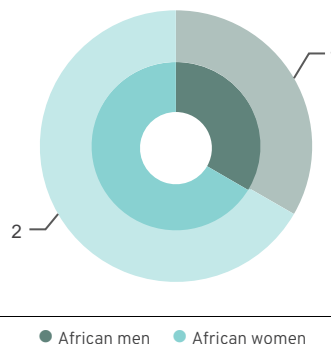
Two additional annual sessions are held with the independent external auditor and internal auditor, separately and without management present, to exchange views and concerns to further strengthen the committee’s independent oversight.

The board is satisfied that the committee members have the necessary academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Refer to [board of directors](#) (page 132) for members’ qualifications and experience.

Meeting attendees include the CEO, finance director, members of the executive team and senior management representing areas relevant to discussions of the audit committee, as well as the independent external auditor, the head of internal audit and group manager risk, either by standing invitation or as required. The internal and external auditors have unrestricted access to the audit committee.

Gender and racial diversity



Audit committee report continued

Role and purpose

The audit committee is an independent statutory committee with members appointed annually by Exxaro's shareholders in compliance with section 94 of the Companies Act and the principles of good governance. In terms of the Companies Act, this committee has an independent role and is accountable to the board and company's shareholders.

The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability for the functions performed by other board committees. In addition to the Companies Act, the committee's duties are guided by the JSE Listings Requirements and King IV.

The committee's terms of reference govern its role and responsibilities. To assist the board, the committee plays an essential role in providing independent oversight of:

- Quality and integrity of the financial statements and related public announcements
- Integrity and content of the integrated reporting process
- The external auditor's qualification and independence
- The external audit function's scope and effectiveness
- Scope and effectiveness of the overall combined/integrated assurance process
- Efficacy of internal controls and the internal audit function

- Assessing the adequacy of the company's insurance arrangements regarding the nature of its business and insurable risks
- Integrity and efficacy of the risk management process relating specifically to internal controls and financial reporting risks through assurance of system controls and policies in place

Terms of reference










The board reviewed and approved the committee's terms of reference, which align with legislation, regulations, King IV and the IoDSA guidance for audit committees.

Performance evaluation

As there is no regulatory requirement to conduct an external independent performance assessment annually and, while King IV recommends regular performance evaluations for all board committees, it has become a governance practice at Exxaro to conduct such independent assessments every second year.

During the year, in accordance with King IV recommendations, the board conducted an internal evaluation of the committee's performance and effectiveness. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Appointment of Nondumiso Medupe as the first female chairperson of the audit committee	
Exxaro Insurance Company Limited's successful implementation of IFRS 17 Insurance Contracts, which became effective on 1 January 2023	 
The committee reviewed the internal audit charter as required by the International Standards for the Professional Practice of Internal Auditing	 
The committee considered technology and innovation which will be integral for the effectiveness of the internal audit function to ensure (inter alia) an enhanced control environment, which will be deployed over the next three years	 
The committee approved the updated combined assurance model to include the five lines of assurance wherein the lines of assurance are differentiated by the level of risk ownership and the independence of assurance effort	 

Committee statements

Finance director and finance function

The committee considered and reviewed an internal assessment of Riaan Koppeschaar's expertise and experience as the finance director and is satisfied that he has the appropriate experience and expertise to execute his responsibilities. The evaluation considered the appropriateness of the expertise and adequacy of resources in the finance function.

Annual financial statements

The committee ensured that the finance function re-evaluated its disclosures in line with latest accounting developments. A clear focus was placed on financial reporting risks and controls presented by geopolitical macro-economic conditions including supply chain disruptions, inflation, interest rates and market volatility.

The group and company annual financial statements for the year ended 31 December 2023 were prepared by management, reviewed by the committee and the board and audited by the independent external auditor.

The committee is satisfied that the group and company annual financial statements for the year ended 31 December 2023 comply with the relevant provisions of the Companies Act, IFRS[®] Accounting Standards interpretations issued by the IFRS Interpretations Committee (IFRIC[®] Interpretations), the JSE Listings Requirements and applicable accounting policies and practices. The committee is satisfied that the group and company annual financial statements fairly present a balanced view of the group and company's financial position, financial performance and cash flows.

Effectiveness of internal financial controls

During the year, the committee, with input and reports from the independent internal and external auditors, reviewed the system of internal financial reporting procedures based on the ERM framework. This review included consideration of all Exxaro entities within the consolidated group to ensure that the committee had access to all financial information to allow for effective preparation and reporting on the group and company annual financial statements for the year ended 31 December 2023. Informed by these reviews, the committee confirmed that no material findings came to the committee's attention to indicate the ineffectiveness of internal financial reporting controls during 2023.

Independent external auditor

KPMG was the independent external auditor for 2023, with its delivery partner, AM PhakaMalele. Their reappointment was approved by shareholders as presented by separate resolution at the AGM on 18 May 2023, in terms of the JSE Listings Requirements paragraph 3.84.

Assessment and recommendation

Having assessed the suitability of the appointment of the external auditor and designated audit partner, the committee is satisfied that KPMG is independent of the group as per section 94(8) of the Companies Act.

The committee considered the relevant information under paragraph 3.84(g)(iii) of the JSE Listings Requirements. Thus, the committee executed its responsibility to consider the suitability of the external auditor and designated individual auditor, as required by paragraphs 3.84(g)(iii) and 3.87 (and previously paragraph 22(15)) and in terms of their mandate required by paragraph 3.86 of the JSE Listings Requirements.

The committee recommends KPMG with its delivery partner, AM PhakaMalele, for reappointment for the ensuing year ending 31 December 2024 at the upcoming AGM on 23 May 2024 by way of a separate resolution by shareholders in terms of the JSE Listings Requirements paragraph 3.84(g)(iv) and section 61(8) of the Companies Act.

Independent external auditor fees

Fees paid to KPMG for 2023 and 2022 are disclosed in the group and company annual financial statements for the year ended 31 December 2023.

The policy for engagement of the external auditor to supply assurance and other services was reviewed in 2023. The committee considered the Revisions to the Non-Assurance Services Provisions of the Code from the International Ethics Standards Board for Accountants and the Revisions to The Non-Assurance Services Provisions of the Code from Independent Regulatory Board for Auditors, and set the threshold for assurance and other services for the external auditor at a maximum of 20% of the statutory audit fee for any given financial year end. It was confirmed that KPMG, in terms of its internal policy, will not provide any advisory or tax services to its audit clients.

During the review period, the following fees were paid to the independent external auditor:

	2023 Rm	2022 Rm
Statutory audit fees	30.3	27.5
Non-audit service fees	3.0	1.7
Total	33.3	29.2

The committee is satisfied with the level and extent of assurance and other services rendered by KPMG during the year, which did not affect its independence.

Registered with regulator

The audit committee is satisfied that Safeera Loonat, as designated individual auditor, and KPMG are registered in compliance with paragraph 3.87 of the JSE Listings Requirements.

Transformation

For both 2023 and 2022, KPMG partnered with AM PhakaMalele, a level 1 B-BBEE company, honouring Exxaro's commitment to transformation.

Internal auditor

The committee ensured the internal audit function focused on the company's key risks and is a valuable resource for the audit committee and the organisation.

The internal audit function is partially outsourced to PwC under the management control of Exxaro's head: internal audit. PwC partnered with a level 1 B-BBEE company, Ngubane & Co, to fulfil the internal audit support function. Their responsibilities are detailed in an internal audit charter approved by the committee, which is reviewed and approved annually with an internal audit plan.

The main function of internal audit is to express an opinion on the effectiveness of governance, risk management and systems of internal controls as well as the internal control environment within the group.

The internal audit function provides an independent and objective consulting service designed to add value, maintain assurance and improve Exxaro's operations. The committee is pleased with the overall performance of the internal audit function and the services provided.

Internal audit charter

The committee reviewed the internal audit charter as required by the International Standards for the Professional Practice of Internal Auditing.

It approved the following:

- Transition from a predominately outsourced model with key inhouse employees. This will allow Exxaro to retain valuable institutional knowledge. Internal auditors who are familiar with the group's culture, processes and history can provide deeper insights into risks and control issues. Co-sourcing will allow Exxaro to adjust the size and composition of the audit team based on our changing needs, without the fixed costs associated with maintaining a large inhouse team, as some of the resources can be pulled from our service providers
- Improvement of the independence and objectivity of the internal audit function by shifting administrative reporting from the finance director to the CEO, with functional reporting to the audit committee chairperson remaining in place
- Reallocation of the portfolio of group security and combined assurance from the internal audit function in line with best practice to the chief sustainable impact officer and the chief strategic resilience and governance officer, respectively
- Integration of technology and innovation for enhanced efficiency and effectiveness of the function, leading to:
 - An improved control environment
 - Enhanced organisational performance
 - Business insight reporting
 - Efficient audits with reduced costs using exception-based auditing
 - Effective use of audit resources
 - Deployment of real-time key risk monitoring over the next three years

Audit committee report continued

Combined assurance

As required by King IV, assurance was broadened to cover all sources of assurance, including external assurance, internal audit, management oversight and regulatory inspections. The combined assurance model has been updated to include the introduction of the five lines of assurance to differentiate the level of risk ownership and independence of assurance efforts and by providers.

The model incorporates and optimises all assurance services and functions to enable an effective control environment and support the integrity of information used for internal decision making by management, the governing body and its committees and the organisation's external reports.

An annual combined assurance plan is submitted for approval to the audit committee, detailing all proposed assurance activities within the group, including the level of assurance. The committee ensures alignment of the combined assurance plan, internal audit plans and external audit plans. Risk acceptance, level 1 finding disclosure process and risk extension requests are adopted as protocols.

The committee's role is to review the effective establishment and operation of combined assurance within the group. To this end, the company established a combined assurance framework. The committee is satisfied that the combined assurance framework is a platform to coordinate Exxaro's assurance functions. The combined assurance framework coordinates assurance coverage for Exxaro's risk exposure as identified and ranked by Exxaro's risk management function, including optimisation of assurance functions aligned with King IV recommended assurance practices.

The committee is satisfied with the arrangements for ensuring an effective and efficient combined assurance model within the group.

Technology and information governance

In terms of King IV, the committee exercises oversight of technology and information governance.

The committee received reports on the group's digital transformation as well as the impact of cyber risk on information technology performance to support strategy execution.


As information governance plays a pivotal role in ensuring alignment with organisational objectives and adherence to industry benchmarks, the information management governance framework was aligned with recognised industry standards, including ISO 27001, COBIT 2019, ITIL 4, ISO 31000 and ISO 27031, among others.

To further enhance decision making, oversight and strategic direction, several management governance forums have been implemented in 2023. A number of foundational policies support these structures by guiding behaviour, expectations and operations.

Other key matters in review

The committee exercised oversight of the following matters in 2023:

- **Exxaro Insurance Company Limited:**
 - As it is increasingly challenging for companies with a large carbon footprint to obtain insurance cover at competitive terms, this is a focal point for the committee. Exxaro has a separate captive insurance company registered in terms of the Insurance Act, 2017 (Act 18 of 2017) to manage short-term insurance arrangements, being Exxaro Insurance Company Limited

- A formal memorandum is submitted quarterly to the committee, setting out the main activities of the insurance company
- The committee considered regulatory compliance, level of self-insurance, financial position, external audit plan for the 2023 audit, investment strategy, insurance renewal programme, and associated cost and exclusions during the period under review
- The committee reviewed Exxaro's strategy regarding insurance cover and self-insurance
- The committee was informed and kept abreast of the implementation of IFRS 17 *Insurance Contracts*
- **Tax compliance status and reporting:** Reporting to the committee includes reporting on all tax matters, including tax audits, tax disputes with tax authorities and status of tax returns and payments. The committee was also appraised of global tax developments. The committee is satisfied that the group is tax-compliant ( [tax report](#))
- **Macro-economic and commodity price forecast review:** During the year, the committee reviewed and was satisfied with the key macro-economic indicators and assumptions used to compile the 2024 budget
- **Group hedge and loan covenant compliance:** The committee is satisfied with the group's hedge effectiveness and loan covenant position applicable to each facility within the group
- **Counterparty and dealer limits:** The committee considered the criteria for selection of multi-fund managers and approved the revised dealer limits and counterparty limits for the group's treasury operations in the financial markets
- **External audit plan:** The committee approved the external audit plan and approach for the financial year ended 31 December 2023
- **Treasury risk management and hedging policy:** The committee considered the revised policy and recommended it for board approval
- **Policy for engagement of independent external auditor for assurance and other services:** The policy was revised with some services excluded, particularly those involving management functions or management decision making. The committee recommended the policy for board approval
- **Significant internal audit findings and forensic investigations:** The committee ensured corrective measures were in place where internal audit or forensic investigations identified internal control deficiencies. The committee will continue to monitor the efficacy of these measures
- **Management representation letter:** The committee authorised the CEO and finance director to sign the management representation letter for the interim and year-end reporting periods
- **Internal audit report:** The committee considered the status of the execution of the annual internal audit plan and results of completed audits
- **Regulatory changes:** The committee noted the amendments to the JSE Listings Requirements and the JSE Debt Listings Requirements dealing with auditor accreditation, new and revised accounting standards and pronouncements, and the impact of these on the group
- **Sustainability KPI:** The committee noted the performance and assurance opinion and recommended that the board monitors progress toward carbon neutrality by 2050
- **Director education and development:** The committee received an update on accounting developments relating to climate-change disclosures
- JSE proactive monitoring and thematic reviews

Future focus

Key focus areas 2023/2024

Monitoring implementation of the strategy concerning the deployment of new post-modern enterprise resource planning solutions to ensure acceptable cost, risk and alignment with the Exxaro strategy

Ensuring alignment of the combined assurance process, internal audit plan and external audit plan in terms of a risk-based approach

Reviewing Exxaro's future strategy regarding insurance cover and self-insurance, taking into account global resistance to thermal coal and insurance markets

Enhancing the committee composition and skills set

Monitoring and considering the impact of cyber security risks and use of artificial intelligence in the finance and internal control environment

Managing talent challenges in the finance and internal audit functions as a result of global war for talent

Reviewing the transition from a predominantly outsourced model to a co-sourcing internal audit model ensuring Exxaro's transformation objectives are achieved

Conclusion

In carrying out its duties, the committee has due regard to its terms of reference, the Companies Act, the JSE Listings Requirements and the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference and confirms that it fulfilled its mandate and responsibilities in terms of the Companies Act, the JSE Listings Requirements (paragraph 3.84(g) in particular) and King IV.

On behalf of the audit committee



Nondumiso Medupe

Audit committee chairperson

10 April 2024

Audit committee report

Dear shareholders,

I am pleased to present the audit committee report, which reflects the committee’s independent role with accountability to the board and shareholders for the year ended 31 December 2023.

Nondumiso Medupe
Audit committee chairperson



Committee overview

Composition

Committee members are elected at the AGM by shareholders on recommendation from the board, through the nomination committee.

Through its recommendations, the board ensures a balance of skills and experience, with a focus on financial literacy, to enable the committee to discharge its function. All committee members are independent non-executive directors.

Vuyisa Nkonyeni, former independent non-executive director and chairperson of the audit committee, and Isaac Mophatlane, independent non-executive director and committee member, retired by rotation at the AGM on 18 May 2023.

On recommendation from the board, shareholders at the 2023 AGM approved the appointment of Nondumiso Medupe as independent non-executive director and audit committee member. Nondumiso was appointed by the board as the audit committee’s first female chairperson.

To increase membership of the committee, the board, on recommendation from the nomination committee, appointed Nosipho Molope as independent non-executive director and member of the audit committee, effective 3 January 2024. Her appointment will be submitted to shareholders for approval at the 2024 AGM.

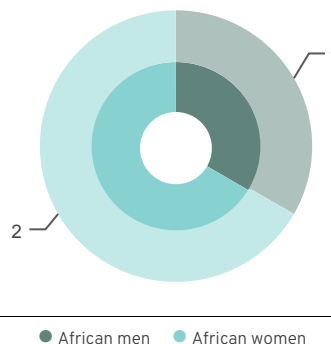
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The board is satisfied that the committee members have the necessary academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

 Refer to [board of directors](#) (page 132) for members’ qualifications and experience.

Meeting attendees include the CEO, finance director, members of the executive team and senior management representing areas relevant to discussions of the audit committee, as well as the independent external auditor, the head of internal audit and group manager risk, either by standing invitation or as required. The internal and external auditors have unrestricted access to the audit committee.

Gender and racial diversity



Meetings

As determined by its terms of reference, the committee held four scheduled meetings and two special meetings in 2023.

Members	Designation	Attendance at quarterly meetings	Attendance at special meetings
Nondumiso Medupe	Independent non-executive director and audit committee chairperson	4/4*	2/2*
Billy Mawasha	Independent non-executive director	4/4	2/2
Chanda Nxumalo	Independent non-executive director	3/4	1/2
Isaac Mophatlane	Independent non-executive director	1/1**	1/1**
Vuyisa Nkonyeni	Independent non-executive director	1/1**	1/1**

* Nondumiso Medupe’s appointment as member on 3 January 2023 was approved at the AGM on 18 May 2023.

** Vuyisa Nkonyeni (former chairperson of the audit committee) and Isaac Mophatlane (former member) retired as members at the AGM on 18 May 2023.

Two additional annual sessions are held with the independent external auditor and internal auditor, separately and without management present, to exchange views and concerns to further strengthen the committee’s independent oversight.

Audit committee report continued

Role and purpose

The audit committee is an independent statutory committee with members appointed annually by Exxaro's shareholders in compliance with section 94 of the Companies Act and the principles of good governance. In terms of the Companies Act, this committee has an independent role and is accountable to the board and company's shareholders.

The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability for the functions performed by other board committees. In addition to the Companies Act, the committee's duties are guided by the JSE Listings Requirements and King IV.

The committee's terms of reference govern its role and responsibilities. To assist the board, the committee plays an essential role in providing independent oversight of:

- Quality and integrity of the financial statements and related public announcements
- Integrity and content of the integrated reporting process
- The external auditor's qualification and independence
- The external audit function's scope and effectiveness
- Scope and effectiveness of the overall combined/integrated assurance process
- Efficacy of internal controls and the internal audit function

- Assessing the adequacy of the company's insurance arrangements regarding the nature of its business and insurable risks
- Integrity and efficacy of the risk management process relating specifically to internal controls and financial reporting risks through assurance of system controls and policies in place

Terms of reference

The board reviewed and approved the committee's terms of reference, which align with legislation, regulations, King IV and the IoDSA guidance for audit committees.

Performance evaluation

As there is no regulatory requirement to conduct an external independent performance assessment annually and, while King IV recommends regular performance evaluations for all board committees, it has become a governance practice at Exxaro to conduct such independent assessments every second year.

During the year, in accordance with King IV recommendations, the board conducted an internal evaluation of the committee's performance and effectiveness. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights

Material themes

Appointment of Nondumiso Medupe as the first female chairperson of the audit committee



Exxaro Insurance Company Limited's successful implementation of IFRS 17 Insurance Contracts, which became effective on 1 January 2023



The committee reviewed the internal audit charter as required by the International Standards for the Professional Practice of Internal Auditing



The committee considered technology and innovation which will be integral for the effectiveness of the internal audit function to ensure (inter alia) an enhanced control environment, which will be deployed over the next three years



The committee approved the updated combined assurance model to include the five lines of assurance wherein the lines of assurance are differentiated by the level of risk ownership and the independence of assurance effort



Committee statements

Finance director and finance function

The committee considered and reviewed an internal assessment of Riaan Koppeschaar's expertise and experience as the finance director and is satisfied that he has the appropriate experience and expertise to execute his responsibilities. The evaluation considered the appropriateness of the expertise and adequacy of resources in the finance function.

Annual financial statements

The committee ensured that the finance function re-evaluated its disclosures in line with latest accounting developments. A clear focus was placed on financial reporting risks and controls presented by geopolitical macro-economic conditions including supply chain disruptions, inflation, interest rates and market volatility.

The group and company annual financial statements for the year ended 31 December 2023 were prepared by management, reviewed by the committee and the board and audited by the independent external auditor.

The committee is satisfied that the group and company annual financial statements for the year ended 31 December 2023 comply with the relevant provisions of the Companies Act, IFRS[®] Accounting Standards interpretations issued by the IFRS Interpretations Committee (IFRIC[®] Interpretations), the JSE Listings Requirements and applicable accounting policies and practices. The committee is satisfied that the group and company annual financial statements fairly present a balanced view of the group and company's financial position, financial performance and cash flows.

Effectiveness of internal financial controls

During the year, the committee, with input and reports from the independent internal and external auditors, reviewed the system of internal financial reporting procedures based on the ERM framework. This review included consideration of all Exxaro entities within the consolidated group to ensure that the committee had access to all financial information to allow for effective preparation and reporting on the group and company annual financial statements for the year ended 31 December 2023. Informed by these reviews, the committee confirmed that no material findings came to the committee's attention to indicate the ineffectiveness of internal financial reporting controls during 2023.

Independent external auditor

KPMG was the independent external auditor for 2023, with its delivery partner, AM PhakaMalele. Their reappointment was approved by shareholders as presented by separate resolution at the AGM on 18 May 2023, in terms of the JSE Listings Requirements paragraph 3.84.

Assessment and recommendation

Having assessed the suitability of the appointment of the external auditor and designated audit partner, the committee is satisfied that KPMG is independent of the group as per section 94(8) of the Companies Act.

The committee considered the relevant information under paragraph 3.84(g)(iii) of the JSE Listings Requirements. Thus, the committee executed its responsibility to consider the suitability of the external auditor and designated individual auditor, as required by paragraphs 3.84(g)(iii) and 3.87 (and previously paragraph 22(15)) and in terms of their mandate required by paragraph 3.86 of the JSE Listings Requirements.

The committee recommends KPMG with its delivery partner, AM PhakaMalele, for reappointment for the ensuing year ending 31 December 2024 at the upcoming AGM on 23 May 2024 by way of a separate resolution by shareholders in terms of the JSE Listings Requirements paragraph 3.84(g)(iv) and section 61(8) of the Companies Act.

Independent external auditor fees

Fees paid to KPMG for 2023 and 2022 are disclosed in the group and company annual financial statements for the year ended 31 December 2023.

The policy for engagement of the external auditor to supply assurance and other services was reviewed in 2023. The committee considered the Revisions to the Non-Assurance Services Provisions of the Code from the International Ethics Standards Board for Accountants and the Revisions to The Non-Assurance Services Provisions of the Code from Independent Regulatory Board for Auditors, and set the threshold for assurance and other services for the external auditor at a maximum of 20% of the statutory audit fee for any given financial year end. It was confirmed that KPMG, in terms of its internal policy, will not provide any advisory or tax services to its audit clients.

During the review period, the following fees were paid to the independent external auditor:

	2023 Rm	2022 Rm
Statutory audit fees	30.3	27.5
Non-audit service fees	3.0	1.7
Total	33.3	29.2

The committee is satisfied with the level and extent of assurance and other services rendered by KPMG during the year, which did not affect its independence.

Registered with regulator

The audit committee is satisfied that Safeera Loonat, as designated individual auditor, and KPMG are registered in compliance with paragraph 3.87 of the JSE Listings Requirements.

Transformation

For both 2023 and 2022, KPMG partnered with AM PhakaMalele, a level 1 B-BBEE company, honouring Exxaro's commitment to transformation.

Internal auditor

The committee ensured the internal audit function focused on the company's key risks and is a valuable resource for the audit committee and the organisation.

The internal audit function is partially outsourced to PwC under the management control of Exxaro's head: internal audit. PwC partnered with a level 1 B-BBEE company, Ngubane & Co, to fulfil the internal audit support function. Their responsibilities are detailed in an internal audit charter approved by the committee, which is reviewed and approved annually with an internal audit plan.

The main function of internal audit is to express an opinion on the effectiveness of governance, risk management and systems of internal controls as well as the internal control environment within the group.

The internal audit function provides an independent and objective consulting service designed to add value, maintain assurance and improve Exxaro's operations. The committee is pleased with the overall performance of the internal audit function and the services provided.

Internal audit charter

The committee reviewed the internal audit charter as required by the International Standards for the Professional Practice of Internal Auditing.

It approved the following:

- Transition from a predominately outsourced model with key inhouse employees. This will allow Exxaro to retain valuable institutional knowledge. Internal auditors who are familiar with the group's culture, processes and history can provide deeper insights into risks and control issues. Co-sourcing will allow Exxaro to adjust the size and composition of the audit team based on our changing needs, without the fixed costs associated with maintaining a large inhouse team, as some of the resources can be pulled from our service providers
- Improvement of the independence and objectivity of the internal audit function by shifting administrative reporting from the finance director to the CEO, with functional reporting to the audit committee chairperson remaining in place
- Reallocation of the portfolio of group security and combined assurance from the internal audit function in line with best practice to the chief sustainable impact officer and the chief strategic resilience and governance officer, respectively
- Integration of technology and innovation for enhanced efficiency and effectiveness of the function, leading to:
 - An improved control environment
 - Enhanced organisational performance
 - Business insight reporting
 - Efficient audits with reduced costs using exception-based auditing
 - Effective use of audit resources
 - Deployment of real-time key risk monitoring over the next three years

Audit committee report continued

Combined assurance

As required by King IV, assurance was broadened to cover all sources of assurance, including external assurance, internal audit, management oversight and regulatory inspections. The combined assurance model has been updated to include the introduction of the five lines of assurance to differentiate the level of risk ownership and independence of assurance efforts and by providers.

The model incorporates and optimises all assurance services and functions to enable an effective control environment and support the integrity of information used for internal decision making by management, the governing body and its committees and the organisation's external reports.

An annual combined assurance plan is submitted for approval to the audit committee, detailing all proposed assurance activities within the group, including the level of assurance. The committee ensures alignment of the combined assurance plan, internal audit plans and external audit plans. Risk acceptance, level 1 finding disclosure process and risk extension requests are adopted as protocols.

The committee's role is to review the effective establishment and operation of combined assurance within the group. To this end, the company established a combined assurance framework. The committee is satisfied that the combined assurance framework is a platform to coordinate Exxaro's assurance functions. The combined assurance framework coordinates assurance coverage for Exxaro's risk exposure as identified and ranked by Exxaro's risk management function, including optimisation of assurance functions aligned with King IV recommended assurance practices.

The committee is satisfied with the arrangements for ensuring an effective and efficient combined assurance model within the group.

Technology and information governance

In terms of King IV, the committee exercises oversight of technology and information governance.

The committee received reports on the group's digital transformation as well as the impact of cyber risk on information technology performance to support strategy execution.


As information governance plays a pivotal role in ensuring alignment with organisational objectives and adherence to industry benchmarks, the information management governance framework was aligned with recognised industry standards, including ISO 27001, COBIT 2019, ITIL 4, ISO 31000 and ISO 27031, among others.

To further enhance decision making, oversight and strategic direction, several management governance forums have been implemented in 2023. A number of foundational policies support these structures by guiding behaviour, expectations and operations.

Other key matters in review

The committee exercised oversight of the following matters in 2023:

- **Exxaro Insurance Company Limited:**
 - As it is increasingly challenging for companies with a large carbon footprint to obtain insurance cover at competitive terms, this is a focal point for the committee. Exxaro has a separate captive insurance company registered in terms of the Insurance Act, 2017 (Act 18 of 2017) to manage short-term insurance arrangements, being Exxaro Insurance Company Limited

- A formal memorandum is submitted quarterly to the committee, setting out the main activities of the insurance company
- The committee considered regulatory compliance, level of self-insurance, financial position, external audit plan for the 2023 audit, investment strategy, insurance renewal programme, and associated cost and exclusions during the period under review
- The committee reviewed Exxaro's strategy regarding insurance cover and self-insurance
- The committee was informed and kept abreast of the implementation of IFRS 17 *Insurance Contracts*
- **Tax compliance status and reporting:** Reporting to the committee includes reporting on all tax matters, including tax audits, tax disputes with tax authorities and status of tax returns and payments. The committee was also appraised of global tax developments. The committee is satisfied that the group is tax-compliant ( [tax report](#))
- **Macro-economic and commodity price forecast review:** During the year, the committee reviewed and was satisfied with the key macro-economic indicators and assumptions used to compile the 2024 budget
- **Group hedge and loan covenant compliance:** The committee is satisfied with the group's hedge effectiveness and loan covenant position applicable to each facility within the group
- **Counterparty and dealer limits:** The committee considered the criteria for selection of multi-fund managers and approved the revised dealer limits and counterparty limits for the group's treasury operations in the financial markets
- **External audit plan:** The committee approved the external audit plan and approach for the financial year ended 31 December 2023
- **Treasury risk management and hedging policy:** The committee considered the revised policy and recommended it for board approval
- **Policy for engagement of independent external auditor for assurance and other services:** The policy was revised with some services excluded, particularly those involving management functions or management decision making. The committee recommended the policy for board approval
- **Significant internal audit findings and forensic investigations:** The committee ensured corrective measures were in place where internal audit or forensic investigations identified internal control deficiencies. The committee will continue to monitor the efficacy of these measures
- **Management representation letter:** The committee authorised the CEO and finance director to sign the management representation letter for the interim and year-end reporting periods
- **Internal audit report:** The committee considered the status of the execution of the annual internal audit plan and results of completed audits
- **Regulatory changes:** The committee noted the amendments to the JSE Listings Requirements and the JSE Debt Listings Requirements dealing with auditor accreditation, new and revised accounting standards and pronouncements, and the impact of these on the group
- **Sustainability KPI:** The committee noted the performance and assurance opinion and recommended that the board monitors progress toward carbon neutrality by 2050
- **Director education and development:** The committee received an update on accounting developments relating to climate-change disclosures
- JSE proactive monitoring and thematic reviews

Future focus

Key focus areas 2023/2024

Monitoring implementation of the strategy concerning the deployment of new post-modern enterprise resource planning solutions to ensure acceptable cost, risk and alignment with the Exxaro strategy

Ensuring alignment of the combined assurance process, internal audit plan and external audit plan in terms of a risk-based approach

Reviewing Exxaro's future strategy regarding insurance cover and self-insurance, taking into account global resistance to thermal coal and insurance markets

Enhancing the committee composition and skills set

Monitoring and considering the impact of cyber security risks and use of artificial intelligence in the finance and internal control environment

Managing talent challenges in the finance and internal audit functions as a result of global war for talent

Reviewing the transition from a predominantly outsourced model to a co-sourcing internal audit model ensuring Exxaro's transformation objectives are achieved

Conclusion

In carrying out its duties, the committee has due regard to its terms of reference, the Companies Act, the JSE Listings Requirements and the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference and confirms that it fulfilled its mandate and responsibilities in terms of the Companies Act, the JSE Listings Requirements (paragraph 3.84(g) in particular) and King IV.

On behalf of the audit committee



Nondumiso Medupe

Audit committee chairperson

10 April 2024

Logistics committee report

Dear shareholders,

I am pleased to present the logistics committee report for the year ended 31 December 2023. The committee was established early in 2023 to guide mitigation of rail logistic challenges to ensure Exxaro's continued sustainable growth.

Zwelibanzi Mntambo
Logistics committee chairperson



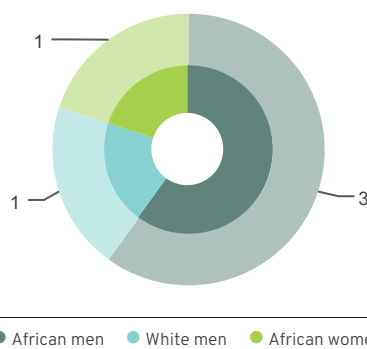
Committee overview

Composition

Committee members are appointed by the board, on recommendation of the nomination committee, to ensure there is a balanced blend of skills and experience so that the committee is able to discharge its function. The board is satisfied that the committee members have the necessary experience. The committee consisted of four independent non-executive directors and one non-executive director.

 Refer to [board of directors](#) (page 132) for members' qualifications and experience.

Gender and racial diversity



Meetings

The committee held four scheduled meetings in 2023.

Members	Designation	Attendance at scheduled meetings
Zwelibanzi Mntambo	Non-executive director and logistics committee chairperson	4/4
Ben Magara	Independent non-executive director	2/4
Dr Phumla Mnganga	Independent non-executive director	4/4
Mvuleni Geoffrey Qhena	Independent non-executive director	4/4
Peet Snyders	Independent non-executive director	4/4

Role and purpose

Early in 2023, the board established a non-remunerative ad hoc board committee to address the threat of rail capacity unavailability to Exxaro's strategy. The role of the logistics committee is to monitor and report on the development of long-term solutions for logistic access to international markets, identification of medium-term solutions and alternatives and related matters.

In the second half of the year, on recommendation from the nomination committee, the board approved this committee as a standing committee of the board.

The committee has an independent role in terms of which it operates and makes recommendations to the board, monitors on behalf of the board and reports to the board on mainly:

- Development of long-term solutions for logistics to access international markets for coal and minerals
- Identification of medium-term logistics solutions and alternatives to mitigate TFR issues to increase volumes

Terms of reference









The committee’s terms of reference were drafted and aligned with legislation, regulations and King IV. The committee is satisfied that it has conducted its affairs and discharged its responsibilities in accordance with its terms of reference.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

Although this is a new committee, we conducted an internal evaluation of its performance and effectiveness at the end of 2023, in accordance with King IV recommendations. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Established a logistics committee to assist and guide management in addressing the rail logistics challenges impacting operational performance and stakeholder value	 
Monitored the execution of the Exxaro logistics vision for the short, medium and long term, including opportunities existing in and outside of South Africa, to address logistics challenges	 
Considered the progress on the logistics programme and key initiatives identified in the logistics vision, including various interim solutions	 
Monitored the coal industry working group’s progress on addressing challenges on the coal line in collaboration with TFR	 


Future focus

Key focus areas 2023/2024
Continuing with oversight of the development and review of the long-term logistics solutions to access international markets
Continuing to monitor the identification and review of medium-term logistics solutions to mitigate TFR risk and increase exports

Conclusion

The committee, in carrying out its duties, has due regard of its terms of reference and the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities.

On behalf of the logistics committee



Zwelibanzi Mntambo
Logistics committee chairperson

10 April 2024

Remuneration committee report

Dear shareholders,

I am pleased to present the remuneration committee report for the year ended 31 December 2023. The committee recognises the value of Exxaro's people in powering possibility, and strives to balance stakeholder interests with our commitment to fair and reasonable pay.



Dr Phumla Mnganga
Remuneration committee chairperson

Committee overview


Composition

The committee benefits from cross-membership with the nomination committee to fulfil remuneration matters and board governance and nomination matters. The terms of reference require the committee to comprise at least three non-executive directors, the majority being independent and the board chairperson being an ex officio member.

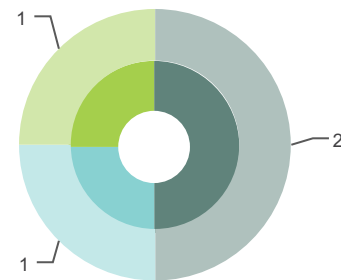
The board ensures committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions, on recommendation from the nomination committee.

The committee comprises a majority of independent non-executive directors and there were no changes to the committee's membership in 2023.

The CEO, finance director and chief people and performance officer attend meetings as standing invitees to make submissions and provide information required by the committee.

 Refer to [board of directors](#) (page 132) for members' qualifications and experience, and page 168 for the [remuneration report](#).

Gender and racial diversity



● African men ● African women ● Coloured women

Meetings

The committee met formally six times during 2023 at four quarterly meetings and two special meetings. The following table details members' attendance at meetings held during 2023:

Members	Designation	Attendance at quarterly meetings	Attendance at special meetings
Dr Phumla Mnganga	Independent non-executive director and remuneration committee chairperson	4/4	2/2
Geraldine Fraser-Moleketi	Lead independent non-executive director	3/4	2/2
Zwelibanzi Mntambo	Non-executive director	4/4	1/2
Mvuleni Geoffrey Qhena	Independent non-executive director	4/4	2/2

Role and purpose

This committee's role and responsibility is to ensure the group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. It also ensures the continuous development, review and implementation of remuneration governance-related documents, including compliance with JSE Listings Requirements and reporting obligations.

The committee is accountable to the board for executing its independent and objective oversight. The committee does not assume the functions of management, which remain the responsibility of executives, prescribed officers and other members of senior management, nor accountability for the functions performed by other board committees.

Where board committee focus areas overlap with this committee's focus areas, committees collaborate to execute the board's broader effectiveness objective. For example, in support of the DEI strategy execution, as it applies to fair pay or application of mechanisms to achieve and exceed employment equity.

Terms of reference

The committee's terms of reference were reviewed in 2023 and amendments were approved by the board. The terms of reference continue to align with legislation, regulations, the company's MoI, King IV and in accordance with the requirements of a JSE-listed company.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights

Material themes

Proactively engaged with shareholders at the annual board governance roadshow to outline Exxaro's long-term value creation leveraging ESG for business resilience and sustainability, with a focus by the committee chairperson on linking remuneration to performance and our pathway in reducing the wage gap



Revised the remuneration policy and approved a wage gap statement of intent and principles as part of our wage gap journey



Approved the STI design changes and harmonised the integration of Cennergi variable pay strategies while sustaining alignment with market benchmarks



Recommended the appointment of managing director: energy, chief growth officer, chief strategic resilience and governance officer, and chief people and performance officer from a remuneration perspective



Oversaw implementation of our pay parity in support of fair and responsible remuneration



Approved the consolidation of the Exxaro pension and provident funds to harmonise and simplify retirement funding arrangements



Reviewed our employee benefits offering



This committee is responsible for good governance in respect of remuneration matters, and flowing from the key focus areas of 2023, the following is reported:

AGM

King IV's "say on pay" recommendations became mandatory with it being incorporated into the JSE Listings Requirements. JSE-listed companies are required to table non-binding advisory shareholder votes on remuneration at AGMs.

In September 2023, Exxaro held its annual governance roadshow to ensure proactive engagement with shareholders. This engagement occurs annually although support was received from shareholders through a non-binding advisory vote at the AGM held 18 May 2023 for the remuneration policy and implementation report.

Outcomes of two non-binding advisory votes at the AGM on 18 May 2023

	For	Against
Non-binding advisory vote number 1: Approval of the Exxaro remuneration policy	93.55%	6.45%
Non-binding advisory vote number 2: Endorsement of the implementation of the Exxaro remuneration policy	82.51%	17.49%

In terms of the JSE Listings Requirements paragraph 3.84(j), if either the remuneration policy or the implementation report or both are voted against by 25% or more of the votes exercised at the AGM, the board must invite dissenting shareholders to engage with Exxaro and provide the manner and timing of such engagement in the voting results announcement.

The board remains committed to meaningful engagements with stakeholders regardless of the outcome of the non-binding advisory vote.

Alignment of the people management and talent management strategy to the business strategy

The committee considered talent management delivery areas, successes and identified risks in giving effect to our Social Impact strategy.

The people strategy is under review and is anticipated to be presented to this committee early in 2024. Following this review, our talent management strategy will be reviewed and updated.

Continued oversight of the implementation of pay parity in support of fair and responsible remuneration

Horizontal pay gaps were closed in 2022 when the committee approved an additional mandate outside the reward allocation process. With the 2023 salary benchmarks, any fair pay adjustments were effected as part of the reward allocation process within the approved mandate.

Reviewed the wage gap across vertical levels and implemented measures to narrow it

The committee mandated the wage gap project to verify whether Exxaro's wage gap is well positioned in the market and to ensure that our employee value proposition is responsive to the current societal challenges and economic pressures.

The committee developed and approved a wage gap statement of intent. The statement is linked to Exxaro's purpose and identified wage gap principles and is aligned with Exxaro's revised remuneration policy. We have calculated our vertical and horizontal pay ratios relative to both the mining industry and the general market and will continue to monitor this and take appropriate action where necessary. Fair pay is a foundational enabler of DEI, which remains a strategic priority.

EXXARO'S WAGE GAP STATEMENT OF INTENT

Exxaro is committed to our purpose of powering better lives in Africa and beyond. Guided by our DEI objectives, we strive to deliver on our commitment to fair and responsible pay and effective remuneration practices to ultimately ensure Exxaro's sustainability for all our stakeholders.

In line with our values of empowered to grow and contribute, teamwork, committed to excellence and honest responsibility, we demonstrate our commitment by disclosing the wage gap between our highest and lowest paid employees in the prescribed manner.

Reviewed the total reward framework and any enhancements including monitoring and approving all STI/LTI scheme share awards in accordance with shareholder-approved rules

We enhanced our total reward framework by outlining monetary and non-monetary elements. Our reward strategy aligns with our people strategy and business strategy. In executing the framework, we emphasise organisational effectiveness to maximise Exxaro's performance and increase shareholder returns.

Our STI schemes comprise the GIS and LOS scheme. The schemes are embedded in the business, and we made payments in line with the rules at group and BU levels.

Our LTI awards and vesting followed the shareholder-approved rules based on the achievement of the performance conditions (ROCE, TSR and ESG).

The committee is satisfied that there is a clear link between the LTI and STI regarding implementing the Exxaro strategy, capital allocation and operational performance.

Monitored compliance with the revised MSR policy for all executives

The minimum shareholding requirement (MSR) policy was implemented in 2021.

In terms of the committee's annual work plan, it reviews performance conditions at the end of each performance period to evaluate whether the performance conditions were met or not. The allocations were assessed to be in line with the LTI plan (LTIP) scheme rules for inactive or good leaver participants and the committee approved vesting of the share-based awards.

Reviewed leadership continuity plans and the senior talent pipeline for the group

Succession planning processes are robust and support the development of leadership and succession pipeline.

The senior talent pipeline was presented for consideration to the committee, using an organisational planning matrix.

Ongoing consideration of shareholder feedback

We continue to take our shareholders with us in responsible remuneration practices. The chairperson of the remuneration committee and other board and executive representatives attended the Exxaro annual governance roadshow in September 2023.

The key engagement themes identified related to progress on our wage gap initiatives, the STI and LTI performance conditions and our performance. The topic of remuneration usually attracts numerous questions as shareholders wish to clarify their understanding of Exxaro's structures and management practices. However, the general observation was that shareholders seemed content with the feedback.

The committee requested management to annually present their responses and consideration to shareholder comments received, and in some instances action on shareholder comments to enable the committee to have visibility and to ensure it was satisfied with the response and execution thereof.

Future focus

Key focus areas 2023/2024

Continuing our wage gap journey, tracking our pay ratios and monitoring appropriate interventions

Embedding the new STI and LTI schemes in our Cennergi business

Monitoring compliance with the MSR policy for all executives

Reviewing Exxaro's LTIP rules and performance conditions

Reviewing our recognition policy and programme

Ongoing consideration and deliberation of shareholder feedback

Reviewing benefits and allowances

Conclusion

The committee is satisfied that its ongoing work aims to align remuneration with Exxaro's values of fairness and equity. Exxaro will continue striving towards remunerating employees in accordance with market-related salaries and equitable awards across the organisation.

The committee is satisfied that employees are invested in achieving the company's strategic goals through a remuneration philosophy and policies that incentivise short-term and long-term performance awards with sufficient stretch built into targets.



Dr Phumla Mnganga

Remuneration committee chairperson

10 April 2024

Nomination committee report

Dear shareholders,

From a governance perspective, the committee fulfilled its commitment to reviewing board composition, overseeing the implementation plan arising from the board evaluation process aimed at achieving desired governance outcomes and the group’s purpose, and executed Exxaro’s annual interface with shareholders in creating long-term value.

Mvuleni Geoffrey Qhena
Nomination committee chairperson



Committee overview

Composition

The committee benefits from cross-membership with the remuneration committee. The terms of reference require the committee to comprise at least three non-executive directors, with the majority being independent.

The board ensures committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions. The CEO may not be a member of this committee but is a standing invitee to meetings. Executive management may attend committee meetings if and when necessary.

There were no changes to committee membership in 2023.

 Refer to [board of directors](#) (page 132) for members’ qualifications and experience.

Gender and racial diversity



● African men ● African women ● Coloured women

Meetings

The committee met formally four times during the year and had no special meetings. The committee’s attendance of 100% indicates high levels of engagement and commitment by its members.

Members	Designation	Attendance at quarterly meetings
Mvuleni Geoffrey Qhena	Independent non-executive director and nomination committee chairperson	4/4
Geraldine Fraser-Moleketi	Lead independent non-executive director	4/4
Dr Phumla Mnganga	Independent non-executive director	4/4
Zwelibanzi Mntambo	Non-executive director	4/4

Role and purpose

In line with the JSE Listings Requirements, the committee is constituted as a committee of the board in terms of the Companies Act, the company's MoI and King IV. The committee is governed by its board-approved terms of reference which set out its role and responsibilities.

The main purpose of the committee includes to:

- Determine and evaluate the adequacy, efficiency and appropriateness of the group governance structure, practices and processes
- Ensure that the board's composition and structure enable it to effectively fulfil the obligations of the board mandate

The committee's areas of responsibility include:

- Reviewing the board composition and additional criteria
- Succession planning
- Performance evaluation
- Induction and training
- Oversight of corporate governance and statutory compliance

Terms of reference

The committee's terms of reference were reviewed in 2023 to include a broader role as a governance committee. The amendments were approved by the board. The terms of reference remain aligned with legislation, regulations and King IV.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Reduced the board size, while achieving and exceeding most board diversity and inclusion targets and building on our board skill and experience	
In managing and addressing the impact of rail capacity constraints, the committee considered and recommended the membership of the board logistics committee and the designation of the logistics committee as a standing board committee	  
Revised and updated the group governance framework to keep it abreast with governance trends, reflect new board committee structures and management committees	  
Reviewed, adopted and monitored the implementation of the 2022 independent board and board committee evaluation action report	
Reviewed the outcomes of Exxaro's annual board governance roadshow, ensuring that matters raised are reported to the board for consideration and implementation	 

Board diversity and inclusion

Achieving a suitable board composition and appropriate balance of power between individual directors and/or groups of directors so the board will operate effectively and in the company's interests requires deliberate policy parameters and careful consideration. In keeping with good corporate governance, the board embraces the constitutional principles of equality and inclusion for all. The nomination committee enables the board's commitment to striving towards a knowledgeable, skilled, experienced, diverse and independent governing body that fully discharges its role and responsibilities with objectivity and effectiveness.

The committee focused on exceeding the gender diversity and inclusion target set by the board in 2021. We recognise that we need to do more on having people with disabilities on our board.

In respect of our gender diversity, we exceeded the 40% black female directors target with the appointment of Nondumiso Medupe and Nosipho Molope. The committee is pleased with the progress to date and will continue to consider targets set by the board in any future appointments. No changes were made to the 2021 targets.

In addition to its own targets, the board aims to pursue the compliance targets set by the dtic regarding management and control, and positively contributing to the B-BBEE rating.

Nomination committee report continued

The table below reflects current targets and Exxaro's achievement, enabled by the committee:

Target	Previous reporting period (3 January 2023)	Actual as at 3 January 2024	Status as at 3 January 2024
Size: Minimum of four and maximum of 20 members	17	16	Within target range
Race: 60% black (as defined in the B-BBEE Act)	82%	81%	Achieved
Gender: 40% black women (as defined in the B-BBEE Act)	41%	50%	Achieved
Age: Average of 55 years	55 years	56 years	Ongoing
Tenure: Average tenure of seven years (two years mentoring a successor), excluding executive	Three years	Four years	Ongoing
Appropriate diversity mix based on prevailing strategic objectives	The board directs its attention to the principles of balanced governing body authority by directing strategic decision making around broader diversity at board level. The range in gender, race, age, field of knowledge, skills and experience, and tenure make for well-informed and thoughtful consideration of all board matters.		

Note: The table includes executive directors and newly appointed Nosipho Molohe, and excludes Vuyisa Nkonyeni and Isaac Mophatlane, who both stepped down at the 2023 AGM.

Board size and composition

The number of board members should promote accountability, independence and healthy, constructive debate in line with the company's Mol and regulatory framework. In terms of the company's Mol, one third of all non-executive directors is subject to retirement by rotation and re-election by shareholders at least once every three years, if available and eligible to stand, subject to recommendation by the nomination committee and the board.

The nomination committee is responsible for the annual consideration of director retirement and recommendation for re-election and election to shareholders at the AGM. The committee conducts this by assessing an individual's performance, meeting attendance, age and diversity targets and tenure. This arises from the need to introduce members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity. The committee considers if a director is fit and proper to continue as a director, including an assessment of independence in terms of King IV.

The committee is cognisant of the board composition and size as this is integrated within the board continuity mandate. We have been working to reduce the board size from 18 to 16 since 2021. We will continue to responsibly monitor the board's size to ensure it has the right mix of skills, knowledge and experience to execute Exxaro's strategy.



Changes to the board will be presented to shareholders at our 2024 AGM, which can be found on page 133.

Nomination and appointment of directors

The committee achieved its mandate to establish and maintain a board directorship continuity programme through its recommendation to appoint Nosipho Molohe as an independent non-executive director and member of the audit committee and SERC. Her appointment is effective from 3 January 2024, which will be confirmed by shareholders at the upcoming AGM on 23 May 2024.

The committee considered and agreed with Nosipho on a path and timeline for her to align her board mandates with the over-boarding guideline of the company, which effectively limits directors to four listed boards including Exxaro.

The board director appointment process is formal and transparent, in line with the nomination and appointment policy. The Exxaro website contains a summarised guideline of this process.



[Nomination of directors](#) (our business tab under governance)

Governance structures

To support management in addressing the impact of rail capacity constraints, the committee considered and recommended the membership for the ad hoc board logistics committee, reviewed its role and purpose and recommended that it becomes a standing committee of the board.

We continuously monitor the group governance structures and framework to ensure clear guidance to the group on monitoring and oversight, authority and decision making. Policies are captured to ensure Exxaro achieves its strategy. The framework was accordingly updated in 2023 to keep it in line with governance trends and to reflect the new logistics committee and two additional management committees, as well as the management ESG steering committee and executive risk committee.

Induction and ongoing development of directors

The nomination committee considers the topics to be addressed at the two annual board governance sessions to provide directors with focused inputs from regulatory, strategic and economic perspectives. The directors attended two board governance sessions and engaged with subject matter experts on ESG oversight, security and grey listing.

Throughout the year, our directors receive information and opinions on changes within the regulatory framework. The board has a designated reading room where topical and relevant information is shared. Directors are recommended to consider various training and development programmes to support ongoing development.

We conducted an induction session for Nondumiso Medupe upon her appointment in 2023. Similarly, an induction session was provided to newly appointed director, Nosipho Molohe, early in 2024.

The board induction includes an introduction to management, access to all relevant company administration information, meeting management systems and processes, as well as constitutional documents, the delegation of authority framework and other policies. The induction programme includes an introduction to the company's strategy, group governance structure, operations and stakeholder engagement model and key advisers.

Succession planning

Succession planning for non-executive directors is typically iterative and part of an ongoing programme of planning and discussion by the nomination committee. Succession planning is based on the board's broader diversity and inclusion policy. The policy is formulated using a holistic approach to diversity with the aim of inclusion and supporting the group's strategic focus areas. In accordance with succession planning needs, filling independent non-executive director board vacancies is continuously addressed.

Given the changing context, the committee contributes to a governance enhancement programme aimed at aligning strategic changes in the group to board and board committee composition. The committee's terms of reference and mandate are reviewed annually.

The committee monitors the executive leadership succession planning. Succession planning is a well-entrenched process that supports the building of our senior leadership and executive pipeline. The committee recognises that improvement in this regard is required.

Future focus

Key focus areas 2023/2024

Developing the framework on future optimal board structure and size to support Exxaro's strategy

Continue overseeing director induction and ongoing director development

Monitoring board and executive leadership succession planning

Considering 2023 board internal assessment outcomes and recommending matters for continuous improvement

Reporting on annual board governance roadshow outcomes and overseeing matters for implementation

Conclusion

The nomination committee, in carrying out its respective duties, duly regarded the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference.

On behalf of the nomination committee



Mvuleni Geoffrey Qhena

Nomination committee chairperson

10 April 2024

Governance roadshow 2023

The committee considered recommendations flowing from the 2023 annual board governance roadshow. The purpose of the roadshow is to proactively engage with our investor community to outline Exxaro's positioning on long-term value creation, leveraging ESG for business resilience and sustainability.

Key concerns raised that require further board consideration in 2024 will be monitored by the committee.

 [Board key matters in focus](#) (page 115)

Board performance

The implementation of outcomes flowing from the independent evaluation of the performance and effectiveness of the board, its committees and specific individuals conducted towards the end of 2022 were monitored by the committee, aimed at achieving desired governance outcomes and the group's purpose. The committee approved an internal board evaluation to survey the opinions of the individual board members on the effectiveness and the performance of the board as a whole.

Risk and business resilience committee report

Dear shareholders,

I am pleased to present the RBR committee report for the year ended 31 December 2023. The committee focused on enhancing Exxaro’s ability to achieve its strategy, its reputation as a good corporate citizen and its resilience in a changing environment.



Peet Snyders
RBR committee chairperson

Committee overview

Composition

In 2023, the committee consistently had four members, with a majority of independent non-executive directors.

The committee welcomed Karin Ireton and Nondumiso Medupe, both independent non-executive directors, as committee members following their appointment by the board on 14 March 2023.

The board is satisfied that the committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions.

Standing invitees to committee meetings include the CEO, finance director, chief sustainability officer, chief technology officer and chief strategic resilience and governance officer. Other individuals, including members of management, external consultants and service providers, are invited to attend the committee’s meetings from time to time in consultation with the committee chairperson.

Gender and racial diversity



● African men ● White men ● African women ● White women

Meetings

The committee held four scheduled meetings – as determined by its terms of reference – and one special meeting in 2023. The 100% meeting attendance illustrates a high level of commitment from committee members. The table below provides an overview of meeting attendance in 2023.

Members	Designation	Attendance at quarterly meetings	Attendance at special meeting
Peet Snyders	Independent non-executive director and RBR committee chairperson	4/4	1/1
Ben Magara	Independent non-executive director	4/4	1/1
Mandlesilo Msimang	Non-executive director	4/4	1/1
Chanda Nxumalo	Independent non-executive director	4/4	1/1
Karin Ireton	Independent non-executive director	3/3*	*
Nondumiso Medupe	Independent non-executive director	3/3*	*

* Karin Ireton and Nondumiso Medupe were appointed as members by the board on 14 March 2023.

Risk and business resilience committee report continued

Role and purpose

The committee is a board committee in terms of section 72 of the Companies Act, the company's Mol and King IV. The committee's role is outlined below.

Risk management

The committee's role is to implement an effective policy and plan for risk management that will enhance the group's ability to achieve its strategic objectives and to ensure that risk disclosure is comprehensive, timely and relevant.

Risk management is the process effected by the board, management and other personnel. It is applied in a strategy setting and across the enterprise and designed to identify potential events that may affect the organisation, manage risks to within its risk appetite and provide reasonable assurance regarding the achievement of the organisation's objectives. Risk governance refers to the governance structures and mechanisms established within the organisation where decisions are made and implemented regarding risks.

The committee is responsible for reviewing the ERM process, including key risks facing Exxaro and the responses to address these risks with particular focus on:

- Strategic risks
- Financial risks (technical debate on managing financial risk will take place at audit committee meetings, but financial risks are part of the overall enterprise risk register over which this committee has oversight)
- Operational risks
- Regulatory compliance risks

Business resilience

Business resilience is the ability of an organisation to adapt to a changing environment to enable it to deliver its objectives, survive and prosper. Risk, incident, crisis and business continuity management are the four key elements of business resilience. The role of the committee is to oversee the appropriateness of Exxaro's crisis response plans and frameworks.

Terms of reference














The committee's terms of reference were reviewed and approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Noted that in line with our journey towards zero harm, Leeuwpan mine pleasingly achieved 33 fatality-free years on 31 March 2023, and Matla mine continued its excellent safety performance and achieved six fatality-free years on 2 March 2023	 
Recommended an amended insider dealing policy to align with current market practice in respect of price-sensitive information thresholds and amended closed period definitions in line with the JSE Listings Requirements	 
Considered the integration of social vehicles, including the expanded mandate and amended Mol following Exxaro Matla Setshabeng Development NPC change to Exxaro Aga Setshaba NPC	  
Considered and recommended the revised supply chain sustainability policy, which included amendments to fronting and misrepresentation, be tabled for board approval and implementation	 
Considered the guidelines for dealing with companies implicated in the State Capture Commission of Inquiry Report and managing the reputational risk associated with these companies. The guidelines were proposed by the ethics committee and approved by SERC	 
Proactively engaged with shareholders at the annual board governance roadshow to outline Exxaro's long-term value creation, leveraging ESG for business resilience and sustainability, with the committee chairperson focusing on risks raised by shareholders and the Exxaro risk management strategy	 

Reviewed the relevance of current KPIs and completeness of current and emerging risks in line with approved strategy

To test the robustness of our strategic risk profile, the committee considered a risk comparison with our mining and metals peers and an updated strategic risk profile highlighting the group's material risks. The energy business's strategic risk profile was included.

From the analysis, the committee concluded that the Exxaro risk register has a majority of risks relevant to industry peers, except for those specific to the circumstances of a particular mining company. These risks may be relevant and will be considered at a tactical level to understand their potential impact on Exxaro. These include digital and innovation, new business models and workforce.

The committee is satisfied that Exxaro's strategic risk profile is robust and reflects relevant risks that apply to its industry peers. The committee is also satisfied that the Exxaro strategic risk profile reflects the group's material risks, including emerging risks.

 [Business resilience](#) (integrated report, page 92)

Reviewed risk governance efforts to ensure monitoring of key risks impacting strategic objectives (including a review of completeness of current and emerging risks in line with strategy)

The committee considered amendments to various policies, including:

- POPIA policy and PAIA manual
- Revised insider dealing policy
- Codification of business rules policy
- Cybersecurity incident response plan
- Revised supply chain sustainability policy

The committee also had a focused discussion on the ERM framework. A study was conducted in 2023 to compare the risk register to top risks disclosed by mining industry peers. Our strategic risk profile was found to be robust and reflects relevant risks that are applicable to our peers. The ERM framework will be reviewed to include the risk appetite statement.

Reviewed Exxaro's key compliance risks related to our licence to operate

Regulatory compliance

Exxaro reviews the regulatory landscape for legislative changes that impact the company and ensures that processes are updated to ensure compliance, including the regulatory compliance universe.

Regulatory compliance training continued in 2023 and focused on competition law compliance and POPIA.

Exxaro started a process to benchmark our compliance management framework to enhance compliance risk management. This will enable Exxaro to develop a compliance roadmap, which will be presented to the committee in the second quarter of 2024.

Management of environmental impacts

The committee was briefed on the water management regulations applicable to all mines, as well as projects to address the mitigation of potential impacts and necessary infrastructure that was constructed and is being maintained. The ground surface water analysis model will be updated to reflect climate change impacts on operations and water sources for the long-term benefit of the community and environment.

The committee receives reports on and monitors the rehabilitation of mine areas, including dumps, as well as regulatory compliance status and any action plan with due dates in respect thereof.

Other licence to operate compliance matters

The status of all renewal applications regarding our mining rights, WULs and environmental authorisations are reported to this committee. Additionally, the status of concurrent rehabilitation and environmental liability was reported to the committee.

The committee is satisfied with the measures in place to address compliance risks impacting Exxaro's licence to operate.

Recommended appropriate predictive and proactive reporting and engagement with key stakeholders (including integrated report) based on key risks

Exxaro continued to apply predictive and proactive reporting in our analysis and reporting.

The Coal Resources and Reserves were estimated on an operational or project basis and in line with the SAMREC (2016) and SANS (10320):2020 edition Codes for the South African assets and the JORC Code(2012) for the Australian coal property. The Exxaro annual estimation and reporting process is managed through Exxaro geosciences, LoM policies and associated reporting and estimation procedures, which are reviewed annually and updated if required. The committee reviews and recommends the Resource and Reserve statement annually.

The RBR committee chairperson participated in the annual board governance roadshow held in September 2023. Shareholders raised a number of risks for board consideration, which included the choice of assets and the class action suit. The committee noted the risks presented by shareholders, and the strategies used to manage these risks will be monitored by the committee.

Reviewed IT governance to ensure incorporation of relevant risks in enabling strategy delivery and business resilience

Management reports in depth to the committee on information management governance, information management demand, operations infrastructure and applications, data analytics and intelligent process automation, information management risks and audits, disaster recovery programme status and our enterprise resource planning transformation journey.

The committee ensured that Exxaro's disaster recovery programme meets the highest standards of robustness and resilience by aligning it with ISO 27031 guidelines. Over the past three years, our disaster recovery measures have matured and underwent rigorous testing which confirms that they are mature and effective.

The committee also reviewed the cybersecurity incident response plan and recommended it for approval.

 [Business resilience](#) (integrated report, page 92)

Reviewed business resilience key elements to ensure business strategy compliance

Exxaro, guided by the code of ethics and supplier code of conduct, evaluated its business relationships with various suppliers in light of findings and recommendations in the state capture report. The evaluation's outcome was reported to the management ethics committee, group executive committee and the SERC.

A framework of guidelines was developed for dealing with implicated companies currently doing business with Exxaro for approval by the group executive committee. Exxaro will also use the framework in instances where suppliers and service providers are mentioned adversely in the media or where it is made aware that the company is under investigation or involved in any actual or alleged dealings that could put Exxaro into disrepute. Should a supplier whose services are critical to Exxaro be charged, Exxaro would issue a holding statement and continue with the existing contract, but not enter into any new contract.

Risk and business resilience committee report continued

Other key matters in review

Strategic security

The committee receives reports on the total crime incidents across the group, including any recoveries.

Safety



[Prioritising safety](#) (page 72)

Exxaro's safety improvement initiatives monitored by and reported to the committee included to following:

The sustainability summit held on 20 April 2023 aimed to bring together internal and external leaders to engage on various areas of the sustainability portfolio. The summit seeks to bring together BU colleagues to review and recommit towards achieving Exxaro's strategic sustainability objectives.

Following the fatality in August 2022, the coal operations and BU leadership teams increased their presence in the field through focused and visible leadership. A check and verification process to assess effective implementation of key lessons at other sites commenced in the first quarter of 2023.

As part of an initiative to empower health and safety representatives to be key safety, health and environmental drivers in their lines of work, the mines ran several training programmes for our health and safety representatives, including coaching and mentoring.

As part of the safety incident interventions, Matla mine hosted its quarterly safety indaba/stand-down on 5 June 2023 and relaunched the Stop and Fix campaign.

Leadership interventions included executive committee members communicating risk awareness messages to the broader workforce on the identified safety risks as part of the Khetha Ukuphepha campaign.

Any HPI places Exxaro's strategic goal of zero fatalities at risk which also impacts the achievement of zero harm. All HPIs are investigated and solutions are shared across the group for implementation and to test their effectiveness in eliminating repeat incidents. All this is reported to the RBR committee.

Future focus

Key focus areas 2023/2024

Monitoring the class action served on Exxaro in November 2023 and its impacts on the group as a responsible corporate citizen and ensuring preventive measures regarding occupational diseases are properly implemented

Overseeing the implementation of the water management plan at all Exxaro mines, including closed mines, and any plans to mitigate these, including an update to the ground water analysis model to include climate change impact on operations and water sources

Ensuring effective plans are in place based on the impact of business disruption (plans are up to date and no significant incidents occurred that led to business disruption)

Reviewing Exxaro's risk appetite

Reviewing Exxaro's key compliance risks related to licence to operate

Recommending appropriate predictive and proactive reporting and engagement with stakeholders (including the integrated report) based on key risks

Overseeing the implementation of the revised governance of technology and information to ensure incorporation of technology and information risks to enable strategy delivery and ensure business resilience

Reviewing business resilience key elements to ensure business strategy compliance

Conclusion

The committee is satisfied that it has discharged its responsibilities and fulfilled its mandate in accordance with its terms of reference, the Companies Act and King IV.

On behalf of the RBR committee

Peet Snyders

RBR committee chairperson

10 April 2024

Social, ethics and responsibility committee report

Dear shareholders,

I am pleased to present the SERC report for the year ended 31 December 2023. The committee executed its statutory and board mandates by overseeing Exxaro’s impact and ethical performance in sustainably creating value and entrenching responsible corporate citizenship in the group.

Geraldine Fraser-Moleketi
SERC chairperson



Committee overview

Composition

In terms of the company’s Mol, committee members are elected annually at the AGM by shareholders on recommendation from the board.

The committee is chaired by the lead independent non-executive director, enhancing the importance and relevance of the shareholder-entrusted, social, ethical and corporate responsibilities.

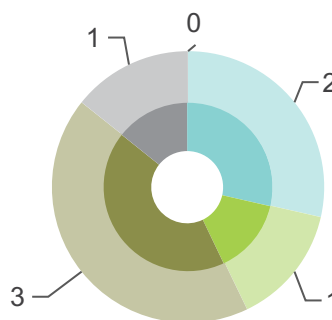
Isaac Mophatlane, independent non-executive director and committee member, retired by rotation at the AGM held on 18 May 2023. The committee welcomed the CEO and finance director as new members of the committee, including the appointments of Dr Phumla Mnganga and Nosipho Molope.

The committee comprised a majority of independent non-executive directors in 2023, as per King IV recommendations, which facilitated the application of independent judgement on committee deliberations and decisions.

As per the standard committee terms, the chairperson of the board and all board members are welcome to attend all meetings as observers.

The chief people and performance officer and chief sustainable impact officer are standing invitees to meetings. Other individuals with specific skills and expertise are also invited to report and assist members in their deliberations, including the information officer, head of legal, chief audit executive and chief risk officer. The group company secretary shall attend each meeting and is the committee secretary.

Gender and racial diversity



● African men ● White men ● White women ● African women
● Coloured women

Social, ethics and responsibility committee report continued

Meetings

Four committee meetings were held in 2023, and two interactive stakeholder engagement days were hosted in May 2023.

The table below provides an overview of member designations and attendance:

Members	Designation	Attendance at quarterly meetings
Geraldine Fraser-Moleketi	Lead independent non-executive director and SERC chairperson	4/4
Karin Ireton	Independent non-executive director	4/4
Likhapha Mbatha	Non-executive director	3/4
Dr Phumla Mnganga	Independent non-executive director	3/3*
Peet Snyders	Independent non-executive director	4/4
Dr Nombasa Tsengwa	Executive director and CEO	2/2**
Riaan Koppeschaar	Executive director and finance director	2/2**
Isaac Mophatlane	Independent non-executive director	2/2***

* Dr Phumla Mnganga will be recommended for appointment at the 2024 AGM.

** Dr Nombasa Tsengwa and Riaan Koppeschaar were appointed members of the SERC at the AGM held on 18 May 2023.

*** Isaac Mophatlane retired by rotation at the 2023 AGM.

Role and purpose

The committee mandate derives from Exxaro's commitment to proactively managing its economic, environmental and social impacts, and public interest, in addition to section 72(4) of the Companies Act, read with Regulation 43, the Mol and King IV.

The company recognises that it forms part of an interrelated community and, as such, may have positive and negative impacts on public interest and the global goal of sustainable development. The board has primarily entrusted the committee to oversee the company's impact on public interest and its ethical performance. It ensures compliance with Exxaro's statutory duties and oversees that the core purpose and values, strategy and conduct are aligned with the group's responsible corporate citizenship.

The committee oversees the company's ethics regarding business practices, its relationships with employees, other stakeholders and the natural environment. It also assists the board by monitoring the group's achievement of its shared sustainability goals and has oversight of stakeholder management and ethics management.

As part of its responsibility mandate, the committee has oversight of how the company impacts planet, people and prosperity.



[ESG oversight by board committees](#) (page 118)

Terms of reference

The committee's terms of reference were reviewed and approved by the board in 2023. The terms of reference align with legislation, regulation and King IV.

Performance evaluation

Although there is no regulatory requirement to conduct an annual committee performance evaluation, Exxaro evaluates committee performance every second year, in line with King IV's recommendation regarding regular performance evaluations for board committees.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights

Oversaw the implementation of the DEI strategy to maintain Exxaro's momentum of transformation, focusing on women, youth and people living with disabilities – contributing to Exxaro being recognised as a top employer in 2023



Oversaw the implementation of the ethics strategy and management plan, including an amendment to provide for outcomes of business partner review



Reviewed the refined Social Impact strategy for board approval, including the integration of the Exxaro social vehicle structures



Evaluated business relationships with suppliers, in light of the findings and recommendations of the state capture report and flowing from our zero tolerance of unethical conduct, to consider the impact of such relationships on Exxaro and the way forward with such suppliers



Material themes



The committee has a statutory and board mandate to oversee the company's impact on the public interest and its ethical performance, to assist in sustainably creating value, considering the economy, society and natural environment, and to entrench responsible corporate citizenship within the group.

Social impact, which is part of Exxaro's strategy, seeks to address material social and compliance matters, which require an integrated and long-term perspective, leveraging resources and collaboration. Exxaro's Social Impact strategy aims to provide a proactive response to step up Exxaro's community engagement and development efforts in line with Exxaro's purpose.

Oversaw ESG governance and monitored the execution of the environmental and social components of climate change response and Exxaro's climate change resilience

ESG imperatives increasingly shape the future of mining and energy industries. As such, the SERC oversees management's plans to take advantage of opportunities identified for the minerals and energy business, including resource transition, linking ESG outcomes to value creation, unlocking new sources of value such as reskilling employees beyond mining services, mining responsibly and strategically for the future and decarbonising our business.

Environmental

The board is invested in a just transition and supports the path to sustainability in an era of climate change. Demonstrated commitments include Exxaro's investment in wind power and preparation for a response to various global climate scenarios. The committee confirms that the company aims to be carbon neutral by 2050.



[Climate change position statement](#) (sustainability tab)

The committee was informed of Exxaro's biodiversity management programmes and the regulatory framework within which the group operates. The committee confirmed that as part of mining right applications, environmental impact assessments were conducted to assess biological diversity in mining right areas to identify and classify wetlands, conduct ecological mapping and sensitivity zoning, and identify invasive and endangered species. The measures used to manage biodiversity are included as conditions in the relevant environmental authorisation.

Exxaro therefore manages biodiversity as part of our environmental strategy which was developed in 2016. Each mine has a biodiversity plan which is aligned with the group biodiversity management standard. The plan guides how inspections, audits and biomonitoring programmes should be conducted, including mitigation or management of any impacts identified through monitoring. To emphasise the linkages between biodiversity and climate change, Exxaro reported on biodiversity in terms of the CDP in 2023.

All environmental incidents and mitigation measures are reported to and monitored by the SERC. The committee monitored the development of the 2050 carbon neutrality roadmap that would reflect short-term, medium-term and long-term targets. The plan is anticipated to be presented for approval early in 2024.



[Environmental incidents](#) (page 35)

Social

The committee oversees the implementation of the Social Impact strategy, an integrated socio-economic development strategy in response to the dual challenges of social inequality and the systemic impacts of climate change. The Social Impact strategy is based on three pillars:

- Education and skills development
- Mineral succession and land use
- Local economic development

The committee and management continue ensuring delivery of the group's SLP commitments, economic development implementation targets and ESD programmes. The committee continues to engage robustly with the social impact function to ensure successful performance.

Health and safety

The Khetha Ukuphepha safety campaign highlights efforts made to improve health, safety and integrated wellness within Exxaro. Safety indabas held at our BUs by leadership to ensure increased visibility through more frequent and focused presence are also evidence of the commitment to health and safety in the workplace.

In response to occupational disease cases in 2022, a multidisciplinary task team was established to focus on the effectiveness of preventive controls, resulting in a reduction in NIHL and TB cases.

Exxaro's integrated wellness approach has been renewed and continues to improve, and is designed to support employees holistically. Management makes concerted efforts to support the emotional, financial and occupational dimensions of all employees. The committee is pleased with this approach's outcomes, impact and demonstrated results.



[Prioritising safety](#) (page 72) outlines our approach and performance.

Oversaw the implementation of the DEI strategy in support of the overarching Exxaro strategy as a key business value driver

DEI strategy

Leadership's pledge to DEI is to have a gender-balanced workforce and achieve demographic parity. The approach adopted is to maintain the transformation momentum, focusing on women, youth and people living with disabilities.

Oversight of the challenges and solutions brought about by this ideal is part of the joint accountability model employed by the committee.



[Engaged employees](#) (page 80)

Exxaro launched an employee engagement and culture survey early in 2023 as part of the DEI journey. The survey included employee engagement, leadership, DEI and culture. The survey results were independently managed and indicated employee sentiments which will set the baseline for tracking progress, including the Exxaro strategic dashboard.



[Culture and engagement survey](#) (page 82)

The committee oversaw the implementation of the DEI strategy in support of Exxaro's Sustainable Growth and Impact strategy as a key business value driver.

Social, ethics and responsibility committee report continued

DEI framework

An implementation framework was developed to set out the group DEI-enabling initiatives. Key objectives of the framework include:

- Promoting an aspirational vision for the Exxaro brand on both national and international platforms through strategic partnerships in terms of the promotion of diversity and inclusion to stakeholders
- Promoting a diverse and inclusive workforce through our actions, practices, leadership and culture by enhancing our employee experience by creating a compelling employee value proposition to become the employer of choice
- Achieving 50% of women in management positions by 2025
- Being a catalyst in accelerating our focus to enhance Exxaro's business purpose and stakeholder value creation



See our [website](#) under careers for more on our DEI journey.

New workplace policy

The Code of Good Practice on the prevention and elimination of harassment in the workplace (code on harassment), published in 2022 in terms of the Employment Equity Act 55 of 1998, recommends that employers update their sexual harassment policy to cover all aspects of bullying and harassment in the workplace. On recommendation of the committee, the Exxaro sexual harassment policy was revised and substituted with a work harassment policy, which is more broadly drafted as per the recommendation of the code on harassment. The policy applies to all employees in the group, individuals and third parties dealing with the organisation.

Recognition

Exxaro is also a signatory to the UN's Women Empowerment Principles, which prioritise gender equality and promote full and productive employment and decent work for all.

Exxaro's commitment to DEI is evidenced by the recognition it has earned over the years. The group was recognised in the 2023 Bloomberg GEI for the fourth consecutive year. It was also recognised as a 2023 top employer in South Africa and a major company to work for. It is the fourth time Exxaro has been honoured by the international Top Employers Institute for our people policies and practices (the first award was in 2014, others in 2021 and 2022).

Scrutinised the people strategy and human capital levers in support of the five strategic objectives

Achieving the Sustainable Growth and Impact strategy relies on properly executing the people strategy or human capital priorities. The committee is therefore responsible for assuring the company's standing regarding the ILO Protocol on decent work and working conditions and the educational development of employees.

The SERC recommended the approval of a revised human rights policy towards the end of 2022, to be implemented in 2023. The policy confirms the group's commitment to promoting human rights as set out in the ILO's declaration on fundamental principles and rights at work.

Continued to engage the eight key stakeholder groupings in terms of the KAM approach

Exxaro has an approved stakeholder management policy in which establishing and maintaining strong, trusting and collaborative stakeholder relationships is equally beneficial for all stakeholders. The policy confirms Exxaro's KAM approach to stakeholder management.

The committee identified that managing social and ethics risks requires meaningful engagement with key stakeholders as identified in the committee's terms of reference.

In addition to various stakeholder engagements by management, the committee and management hosted a two-day stakeholder engagement in Belfast, Mpumalanga. It included site visits to various Exxaro social development projects and engagements with regional government and municipal officials.

Relationship building remains a key outcome of the stakeholder engagement strategy in redressing the plight of the poor in communities surrounding Exxaro's operations.



[Stakeholder-inclusive approach](#) (page 24)

Reviewed the ongoing anti-bribery and anti-corruption programme implementation, including rolling out the conflicts of interest programme and ensuring an ethical culture

As guided by OECD recommendations, the company has an anti-bribery and anti-corruption policy and adopted adequate internal controls, ethics and compliance programmes and measures to prevent and detect bribery.

Based on the board-approved statement of strategic ethical intent, the committee oversees implementation of the ethics management strategy and plan. Throughout the year and through the ethics management committee, measures were assessed and adapted for continued effectiveness, and to mitigate the risk of becoming complicit in bribery, bribe solicitation, small facilitation payments and extortion.

State capture report

Exxaro has zero tolerance for unethical conduct, which is reflected in various policies, codes and public statements. It also recognises suppliers and business partners' roles in offering sustainable value to support Exxaro's vision and strategic objectives.

Guided by the state capture report findings and recommendations and Exxaro's stance towards unethical conduct, business relationships with various suppliers were evaluated early in 2023. The outcome of the evaluation was reported to the management ethics committee, group executive committee and the SERC.

The evaluation led to the development of a framework for dealing with implicated companies doing business with the group for approval by the group executive committee. Exxaro will be guided by the framework when suppliers and service providers are mentioned adversely in the media or when Exxaro is made aware of the service provider being under investigation or involved in any actual or alleged dealings that could put the business into disrepute. If a supplier whose services are essential to Exxaro is charged, then Exxaro will issue a holding statement and continue with the existing contract but not enter into any new contractual agreement.



Building an [ethical culture](#) under this committee's oversight is captured in more detail on page 120.

Future focus

Key focus areas 2023/2024

Monitoring the coal mine dust class action litigation launched against Exxaro in November 2023 to ensure our conduct aligns with being a responsible corporate citizen

Overseeing the development of the 2050 carbon neutral roadmap to support Exxaro's strategy to decarbonise and build resilience to the impact of climate change

Reviewing the ongoing anti-bribery and anti-corruption programme implementation, ensuring an ethical culture and respect for human rights, including the whistleblowing mechanisms for effectiveness

Overseeing the baseline study for the TNFD framework that will assist with disclosing, reporting and mitigating nature-related risks

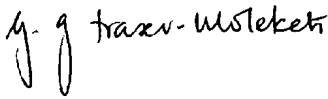
Overseeing sustainability-related disclosures in line with IFRS sustainability disclosure standards

Overseeing the implementation of the proposed employment equity targets

Conclusion

The SERC is pleased to confirm that, in carrying out its duties, it regarded King IV principles and recommended practices, and discharged its responsibilities in accordance with its terms of reference and the Companies Act. Beyond mere compliance, the committee is also satisfied that it has fulfilled its non-statutory mandate and that there are no material instances of non-compliance to disclose. If any material non-compliance existed, it was duly considered during the year in review.

On behalf of the committee



Geraldine Fraser-Moleketi

SERC chairperson

10 April 2024

Remuneration report

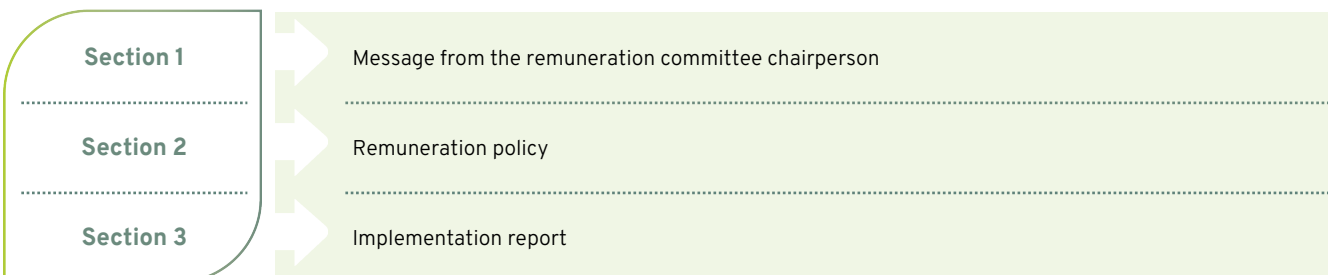
Remuneration philosophy statement: We strive to attract, inspire and retain the best talent to achieve our Sustainable Growth and Impact strategy and create sustainable stakeholder value.

The remuneration committee is pleased to present the 2023 remuneration report, which outlines the committee's activities during the year. These include ensuring our remuneration policy and practices address key stakeholders' interests while enabling the execution of Exxaro's Sustainable Growth and Impact strategy.

Dr Phumla Mnganga
Remuneration committee chairperson



Report structure



Section 1: Message from the remuneration committee chairperson

This section covers:

- Business performance and key remuneration outcomes
- Shareholder engagement
- 2023 remuneration focus areas and outcomes
- 2024 remuneration focus areas

Business performance and key remuneration outcomes

In 2023, we operated in a challenging and uncertain environment at an industry, national and global level. Ongoing electricity challenges, high inflation and low economic growth continued to dominate the local operating environment. The local mining industry navigated ongoing logistics challenges, which negatively impacted our cost of doing business.

In 2023, employees' salaries and benefits totalled R6.9 billion and we implemented annual salary increases of 7% for our bargaining unit employees (in line with the three-year wage agreement). Management and specialist employees received an average increase of 6.18% with 0.5% for fair pay adjustments. Our non-executive directors' fees increased by 6.68% to bring them closer to the 50th percentile of the market benchmarks.

Our 2023 financial performance was challenged with group EBITDA targets, for purposes of our GIS not being achieved. However, we paid out R153 million for our GIS. Despite volume challenges, we achieved our group cash cost per tonne target through focused management on cost containment and operational discipline.

With respect to our LOS and Matla LOS incentive (MLOSI) production schemes, we paid out R245 million.

With respect to our LTI scheme, our ROCE performance exceeded our target of 20% by 18.53% (38.53% average for the three years December 2021 to 2023), and a total shareholder return (TSR) was achieved of 32.5% – a performance that placed Exxaro second relative to its peer group (the JSE Capped Resources 10 Index (RESI 10)). Shares awarded in 2021 vested at 98.67% for participants in our LTI scheme over a three-year vesting period.

Remuneration committee governance



Please see our [remuneration committee report](#) on page 156.

Shareholder engagement

Proactive engagement with our shareholders continued to be a key priority for the board and the committee. We conducted another roadshow which provided valuable feedback from shareholders on areas of concern and the opportunity for us to answer questions about our overall remuneration structure and approach.

Shareholders complimented our remuneration policy and the structure of our STI and LTI schemes, particularly our LOS scheme and our energy business incentive schemes.

The key themes discussed with shareholders included:

- The architecture of the schemes in response to STI targets and LTI performance conditions
- Monitoring of any challenges our executives and prescribed officers may face with our minimum shareholder requirement (MSR) and executives' pleasing progress in fulfilling their MSR obligations

- Addressing the wage gap with consideration of multiple stakeholders to broaden our perspectives as we prepare for the expected legislative requirement to disclose associated ratios, for which we have established a baseline
- Explaining how Exxaro ensures its performance-based remuneration practices and performance management process are robust with due differentiation when salary increases are awarded and STIs are paid

Shareholders expressed gratitude for the opportunity to engage with us and we are committed to continuing such ongoing engagement.

At our AGM in May 2023, shareholders again provided strong support for our remuneration policy. However, support for our implementation report decreased.

	2022	2021	2020	2019	2018
Remuneration policy approval (%)	93.55	94.00	94.66	95.37	73.09
Implementation report approval (%)	82.51	94.00	93.15	95.53	76.38

2023 remuneration focus areas and outcomes

The remuneration committee strives to achieve a balance between facilitating remuneration outcomes that support the delivery of our strategy and increased shareholder value. Overall, we are pleased with our progress on our remuneration journey. We continue to align performance outcomes to serve the interests of internal and external stakeholders, and we strive to ensure shareholders' interests are always addressed while considering appropriate pay for performance, labour stability and employee engagement.

Continued oversight of the implementation of pay parity in support of fair and responsible remuneration

Fair pay remains a critical success factor aligned with our DEI strategy.

Salary increases awarded to executive, management and specialist categories were adjusted with due consideration of the consumer price index and market trends. The annual salary review process included an adjustment to close remuneration disparities in line with our remuneration principles of pay for performance and benchmarking employees using the median of their job grade and job family.

Our robust performance management process enables alignment with concomitant remuneration, as free of bias as possible and justifiably differentiated. We use an ideal comparative ratio to align pay to performance and contribution. High performers receive a higher STI: linked to the 20% of their incentive that is based on individual performance, with a stepped incentive percentage distribution curve. This enables exceptional performers to earn up to 150% of their guaranteed package as an STI.

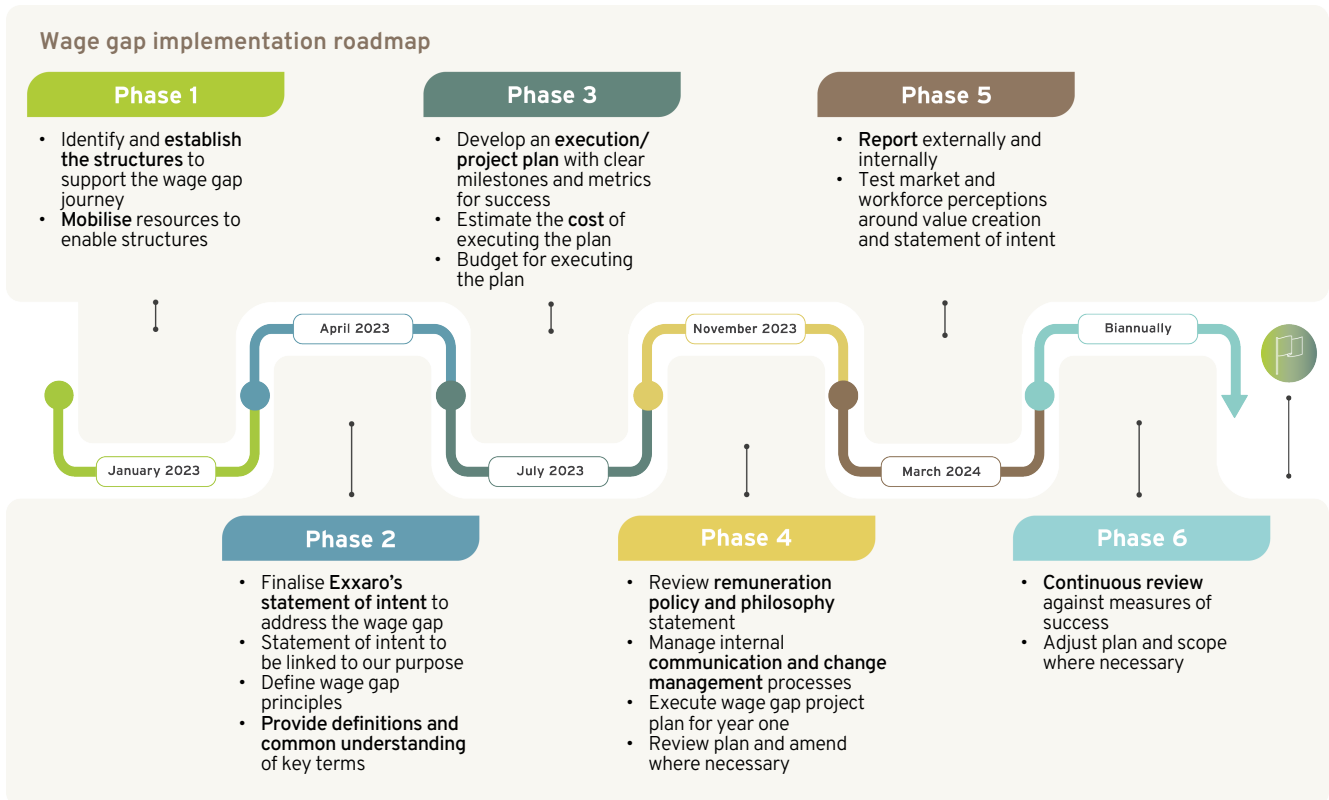
The fair pay analysis, which looks at employee remuneration at the same levels and within the same job family, is integral to our salary review process, and we closed any identified unfair pay gaps.

Remuneration report continued

Addressed the wage gap across vertical levels and implemented measures to narrow it

Our wage gap project compares Exxaro's wage gap to the market to ensure our employee value proposition responds to societal challenges and economic pressures facing our employees.

The committee supported the establishment of a multidisciplinary task team to co-create and achieve the project deliverables articulated in the wage gap roadmap below.



As part of our commitment to addressing the wage gap, we established key principles in executing the roadmap. We held robust discussions and conducted in-depth analyses to explore and understand the full complexity of the matter.

We solidified our statement of intent and defining principles and aligned these to the Employment Equity Plan requirements (EEA2 and EEA4) and the draft Companies Amendment Bill, in addition to the Exxaro values, purpose and remuneration principles. Together they guide the design of our approach and our interventions. Our project plan has clear milestones that we monitor closely to ensure we achieve our objectives.

We are reviewing and baselining relevant metrics for our work on the wage gap and this work is progressing well.

External advisers reviewed our baseline analysis and concluded that our calculations generally compare favourably with the mining industry and the general market. The committee intends to disclose the wage gap calculations as and when required by legislation.

Remuneration and philosophy statement updates

We updated the remuneration policy and philosophy statement to remain relevant while flexibly and responsibly managing remuneration. Notable updates include:

- The inclusion of our wage gap principles and their significance to our employee value proposition and contribution to current societal challenges and economic pressures our employees face
- The wage gap statement of intent linked to Exxaro's purpose, values and broader remuneration principles

- An updated remuneration framework as part of a broader total reward approach outlining all monetary and non-monetary elements
- While we continue to strive to pay competitive salaries, we will generally benchmark guaranteed pay at the 50th percentile of the market for full performance and may benchmark certain key strategic, scarce and critical roles at other data points in our remuneration ranges, including the 75th percentile
- Specific approaches to the remuneration of new appointments and respective positioning are addressed to better guide pay decisions for new employees
- Sign-on bonus criteria and application are included to ensure appropriate and consistent application
- The eligibility, considerations, approvals and application of sign-on shares were updated to clarify application thereof
- Details on the application of retention payments are included to ensure correct and consistent use

Review and enhancement of total reward framework

Our review and enhancement of the total reward framework included monitoring and approving all STI and LTI schemes in accordance with shareholder-approved rules.

The update to the remuneration policy included a full review of the remuneration framework, which outlines all tangible and intangible elements to ensure ongoing alignment with the people strategy. The STI rules were updated and approved in line with the delegation of authority and LTI award vesting was implemented in line with the approved rules and executed smoothly. We continued to leverage technology to support our overall employee experience and successfully implemented a new web-based platform to improve administration of our share schemes and to enhance participants' experience.

Review and enhancement of Cennergi STI and LTI

For our energy business, the STI and LTI principles and design support Cennergi's growth trajectory and the timing anticipated to deliver on Cennergi's growth profile. The STI and LTI schemes also consider the underlying volatility associated with Cennergi's value-creation strategy relative to Exxaro and other energy industry peers. The STI aims to incentivise participants over the short term using a scorecard comprising annual and milestone-based targets. The STI is settled annually based on achievement against the scorecard, which is updated annually to ensure it supports the Cennergi strategy. The LTI comprises a bonus-matching incentive and a value appreciation rights plan (VARP). The VARP payout is linked to growth in Cennergi's equity value over the performance period. The VARP allocation percentage is calibrated to be 80% of participants' on-target LTI allocation to consider the potential value of the matching incentive, which represents the other 20% of the LTI. The matching scheme was introduced to ensure Cennergi participants are aligned with the group and our future performance. The rand value of the matching incentive outcome will be matched in Exxaro shares with 50% vesting after 12 months and the remaining 50% vesting after 24 months.

During the year in review, we changed the STI design to incorporate individual performance in the determination of STI outcomes. VARP milestones were approved for 2026 to 2030. In addition, variable pay strategies for Cennergi Proprietary Limited and Cennergi Holdings Proprietary Limited were harmonised for internal parity between the two entities and to ensure market alignment for Cennergi Proprietary Limited.

Monitoring compliance with the MSR policy for all executives

The committee continued to seek ways to support executives aiming to achieve their MSR obligations. Our monitoring indicates implementation was successful as many executives are likely to achieve their MSR ahead of the required five-year period.

Review board non-executive directors' fees

The committee commenced a review of the existing framework for the remuneration of non-executive directors. This includes reassessing and recalibrating the peer group used for the benchmarking of non-executive director fees to ensure that it remains appropriate. This review will be completed during 2024 and in the interim the board has decided that the proposed increase in non-executive directors' fees for 2024 be aligned to the approved 2024 annual adjustment for management and specialist category employees.

Employee benefits

As our employee benefits remain an important aspect of Exxaro's total rewards perspective, the committee reviewed primary employee benefits to identify potential gaps. The review found that some employees did not qualify for basic funeral cover under the provisions of their existing pension scheme. We also identified medical aid gap cover as another benefit for employees, given the increasing cost of medical care. Seeking enhancements to our suite of benefits, we are investigating optional gap and funeral cover for all employees.

2024 remuneration focus areas

- Support ongoing engagement and interaction with shareholders
- Continue our wage gap journey by tracking our wage gap and fair pay, and implementing changes where required
- Review Exxaro's LTI plan (LTIP) rules and associated performance conditions
- Embed and operationalise Cennergi's STI and LTI schemes
- Review the recognition policy and programme
- Review all benefits and allowances to identify further opportunities to enhance our reward offering and ensure these remain fit for purpose and competitive
- Continue to monitor and, where necessary, support executives aiming to achieve their MSR
- Completion of the review of the remuneration of non-executive directors framework

Independent remuneration advisers

Exxaro continues to seek independent and professional advice on remuneration matters from consultants regarded by the committee as fully independent. We consulted PwC and Vasdex Associates on our non-executive director benchmarks, Remchannel on Cennergi's STI and LTI schemes, Bowmans and 21st Century on the wage gap and Korn Ferry on role evaluations and job families.

Conclusion

The remuneration committee is satisfied that it has fulfilled the requirements of its terms of reference and that the objectives of the remuneration policy have been met without material deviation.

Finally, I wish to express my sincere appreciation for the support received from each remuneration committee member, the CEO and executive leadership.









Dr Phumla Mnganga

Remuneration committee chairperson

Section 2: Remuneration policy

This section provides a broad overview of the remuneration philosophy, principles and policies that apply to various employee categories, including executive directors, prescribed officers, senior management and, at a high level, other employees.

Remuneration principles

Remuneration principles		
	SUSTAINABLE GROWTH AND IMPACT	Our reward supports our group's Sustainable Growth and Impact strategy in enabling us to achieve our business objectives .
	ATTRACTION AND RETENTION	Our reward is aligned with our talent attraction and retention strategies and ensures all employees are remunerated in a fair and responsible manner that is internally equitable and market related .
	SHAREHOLDER EXPECTATIONS	We strive to ensure our remuneration offering aligns with shareholder expectations and outcomes .
	PERFORMANCE	We pay for performance .
	INCENTIVISE	We incentivise the achievement of strategic, operational and financial objectives , in both the short and longer term.
	EFFECTIVENESS AND ACCOUNTABILITY	The company's approach to the wage gap is an important consideration and we aspire to be competitively positioned at all levels in the market while our employee value proposition remains responsive to current societal challenges and economic pressures. We encourage a culture of effectiveness, accountability and results.

Our reward and remuneration approach aligns with our people strategy and overall business strategy and supports the execution of these strategies with an emphasis on organisational effectiveness. This, in turn, optimises Exxaro's performance and increases shareholder returns.

Total reward

We recognise that people value more than monetary reward. Our approach integrates all reward elements to create a total reward. The cornerstones of our approach are competitive reward and pay for performance. These are set out in detail below. We also emphasise recognition through the Evergreen Awards, which acknowledges individual and team efforts in meeting business goals and reinforcing behaviours aligned with Exxaro's values, culture and leadership principles. Total reward includes guaranteed pay and variable pay, comprising STIs, LTIs and recognition schemes. Other integrated intangible reward and benefit elements include:

- A diverse, inclusive and engaging culture enabled by deep connections, which enables a sense of belonging that helps our people thrive
- Support for our people's professional and personal growth through personalised, meaningful experiences and career mobility within and beyond Exxaro
- A great workplace where the day-to-day lived experience aligns with our intent and supports our people's holistic wellbeing

Wage gap statement of intent

Exxaro is committed to our purpose of powering better lives in Africa and beyond. Guided by our DEI objectives, we strive to deliver on our commitment to fair and responsible pay and effective remuneration practices, which ensure Exxaro's sustainability for all our stakeholders.

In line with our values – empowered to grow and contribute, teamwork, committed to excellence, and honest responsibility – we will demonstrate our commitment by disclosing the wage gap between our highest and lowest paid employees in the prescribed manner. To do this, we review and develop measures to ensure fair and responsible pay and comply with regulatory requirements and generally accepted remuneration practices while considering the needs and legitimate expectations of all stakeholders.

We aim to integrate stakeholder input and align with responsible industry movements as we continue on our fair pay for performance journey.

Wage gap principles

The wage gap is a crucial issue in South Africa, which is characterised by extreme inequality, poverty and unemployment. Our wage gap and fair pay principles aim to address this issue and are rooted in our values and group remuneration principles: consistent, fair, equitable and market-related remuneration.

Fair pay is foundational and an enabler for DEI, which are strategic priorities at Exxaro. It is our ethical responsibility to address inequality and wage gaps horizontally between race and gender and vertically between lower-paid employees and executives.

The following principles reflect our priorities:

- We will implement equitable and replicable pay practices across different business areas, underpinned by a strong performance culture
- We will pursue a sustainable growth strategy, including attracting the scarce and critical skill sets required to support the delivery of our strategy and ensure equitable pay gaps across the group
- We aspire to pay a living wage – the remuneration required for an individual and their family to attain a dignified standard of living – to all our employees
- The wage gap will be addressed in a sustainable and economically viable manner, maintaining a competitive employee value proposition at all levels

Remuneration offering

The table below shows the remuneration offering used to reward employee categories in a fair and equitable manner. This policy provides for an annual assessment of the remuneration offering, considering appropriate actions such as differentiating annual adjustments. The principles of internal parity, reward for performance and market competitiveness facilitate fair and responsible remuneration.

Exxaro's remuneration offering per employee category

Employee category*	Total guaranteed remuneration		Variable pay				
	NCOE [#]	TGP [†]	STI schemes		LTI schemes		
			GIS	LOS/MLOSI	LTIP	DBP ^{**}	GreenShare
Executive management	x		x		x	x	
Senior management (E band)	x		x		x	x	
Middle management (D upper and D middle bands)	x		x		x		
Corporate and divisional office Junior management (D lower and C upper bands)	x		x				x
Operations Junior management (D lower and C upper bands)	x			x			x
Corporate and divisional office Non-management and specialist employees (C middle to A bands)	x		x				x
Operations Bargaining unit employees (C middle to A bands)		x		x			x

* The Paterson job grades are indicated by the applicable employee category.

Notional cost of employment.

† Total guaranteed package (basic plus relevant benefits).

** Deferred bonus plan. DBP excludes Paterson E lower grade.

Cennergi's remuneration offering per employee category

Employee category*	Total guaranteed remuneration		Variable pay		
	NCOE [#]		STI scheme	LTI schemes	
			BMP ^{**} annual incentive	BMP matching incentive	VARP [†]
Executive management	x		x	x	x
Senior management (E band)	x		x	x	x
Middle management (D upper and D middle bands)	x		x	x	x
Junior management (D lower and below)	x		x		

* The Paterson job grades are indicated by the applicable employee category.

Notional cost of employment.

** Bonus and matching plan.

† Value appreciation rights plan (VARP).

Remuneration report continued

Remuneration mix

The remuneration mix reflects the relative proportions of pay, represented by guaranteed and variable remuneration, meaningfully linked to job type, level of work and expected outcomes:

- Guaranteed remuneration includes all guaranteed items such as basic salary, medical aid, pension fund and guaranteed allowances
- STIs include bonus payments, circumstantial remuneration and recognition rewards with a payment time frame typically one year or less, except where a portion of variable remuneration may be deferred to a later period
- LTIs form part of variable remuneration and are implemented using various share incentive schemes with specific performance conditions to be met at the end of a specific time frame (typically not less than three years)
- Group mechanisms for recognising and rewarding employees for excellence in various categories include:
 - For formal recognition, employees are encouraged to nominate themselves or their colleagues to be acknowledged at various levels, including group level, for an Evergreen Award
 - For informal or day-to-day recognition, line managers and peers are encouraged to recognise discretionary effort without waiting for a formal recognition opportunity

The table below indicates the maximum percentage of total guaranteed remuneration (NCOE/TGP) applicable to the variable pay schemes by grade. The remuneration mix is benchmarked annually prior to granting annual LTI awards.

Remuneration mix for variable pay by Paterson grade at maximum (expressed as a percentage of total guaranteed remuneration)

Grade	Maximum STI schemes (%)	Maximum LTIP (%)	Maximum DBP (%)	Maximum LTI schemes (%)	Maximum total variable pay (%)
F upper*	150.00	231.00	74.25	305.25	455.25
F lower*	112.50	143.00	55.69	198.69	311.19
E upper*	90.00	101.00	44.55	145.55	235.55
E middle**	75.00	76.00	20.63	96.63	171.63
E lower and D upper	52.50	50.00		50.00	102.50
D middle	37.50	38.00		38.00	75.50
D lower	22.50				22.50
A to C	18.75				18.75

* The maximum DBP matched portion is 90% of the total after-tax STI schemes for Paterson grades F and E upper.

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

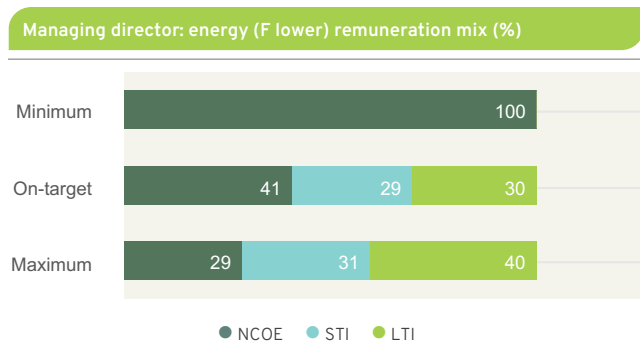
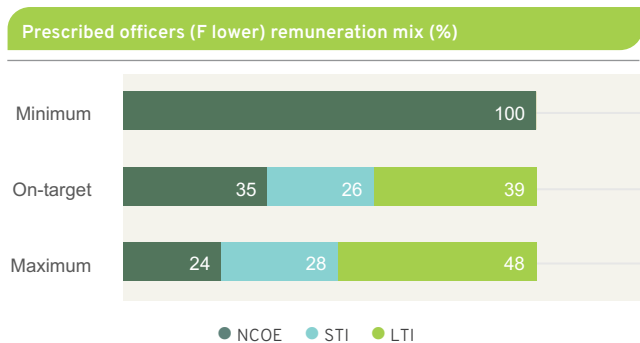
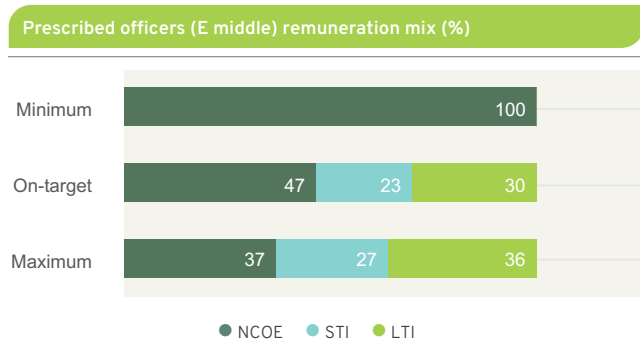
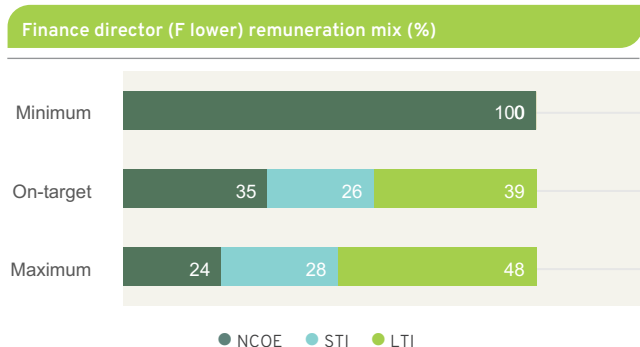
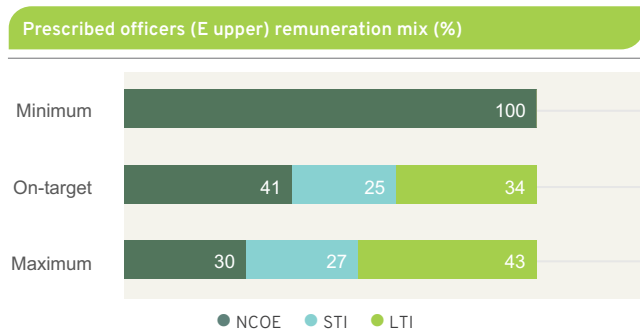
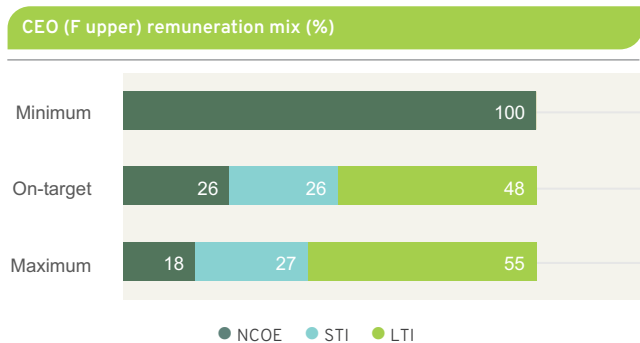
The table below indicates the total variable pay due, by component, for achievement at target. The GIS explicitly states the target bonus quanta applicable at target. LTIP performance vesting conditions are defined at threshold and maximum to indicate targeted total variable pay. Target is taken as halfway between threshold and maximum. In the case of DBP, the midpoint of voluntary deferral is applied (50% to the GIS target).

Remuneration mix for variable pay by Paterson grade at target (expressed as a percentage of total guaranteed remuneration)

Grade	Target STI schemes (%)	Target LTIP (%)	Target DBP (%)	Target LTI schemes (%)	Target total variable pay (%)
F upper*	100.00	150.15	27.50	177.65	277.65
F lower*	75.00	92.95	20.63	113.58	188.58
E upper*	60.00	65.65	16.50	82.15	142.15
E middle*	50.00	49.40	13.75	63.15	113.15
E lower and D upper	35.00	32.50		32.50	67.50
D middle	25.00	24.70		24.70	49.70
D lower	15.00				15.00
A to C	12.50				12.50

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

Remuneration mix for CEO, finance director and prescribed officers by Paterson grade



Total guaranteed remuneration

Our policy on setting fixed pay is to:

- Annually benchmark using established industry remuneration surveys with a combination of job families and grades to anchor externally benchmarked jobs for comparison
- Position total guaranteed remuneration around the median of the externally benchmarked jobs and at the 75th percentile for strategic, scarce and critical skills
- Consult peers to compare Paterson grade E and below roles specific to the mining industry
- Use the general market to benchmark Cennergi in the absence of sufficient renewable energy companies

- Use a combination of national remuneration surveys in South Africa for local executive management and certain senior management roles not specific to the mining industry
- Consider the outcome of individual performance contracts in the annual NCOE salary review process – a three-point zero score (on a five-point rating scale) warrants positioning around the median of the benchmark for the job

NCOE

This is the guaranteed remuneration portion of total pay, including basic salary, benefits and retirement funding.

Remuneration report continued

Basic salary

All bargaining unit employees receive a market-related basic salary complemented by guaranteed allowances (housing and commuting), variable allowances (shift and standby) and benefits (listed below).

Benefits

All employees are entitled to the same range of benefits appropriate to their role and specific circumstances. Management and specialist employees have flexibility in structuring their remuneration within company and legislative limitations. During the year, the policies for medical, health and other benefits did not change. Medical aid scheme changes are described below.

Retirement fund	Medical aid schemes	Group personal accident cover	EAP
All employees are members of one of Exxaro's accredited retirement funds. Retirement fund contributions are determined by specific conditions of employment and for different employee levels and categories.	Employees may annually elect to belong to any of the accredited and applicable medical schemes. Contributions are made by the employer and employee. Exxaro does not provide post-retirement medical benefits. The post-retirement benefit obligation disclosed in the annual financial statements recognises past practice by Eyesizwe, which was discontinued with the creation of Exxaro in November 2006.	Employees are beneficiaries of a policy that provides additional cover for death, disability and dread disease through group personal cover taken out by Exxaro.	As part of our wellness offering, the EAP offers wide-ranging support, including but not limited to legal, financial and substance abuse assistance.

Variable pay

Exxaro STI schemes

Our STI schemes focus on annually contributing to strategic goals and delivering on our operational and financial objectives in the shorter term. We have two STI scheme structures: the GIS and LOS/MLOSI schemes.

GIS/LOS/MLOSI salient features

	GIS	LOS and MLOSI schemes
Participants	<ul style="list-style-type: none"> All executive to middle management level employees (Paterson FU to DM) in group or operations Employees in group functions or specific operations (Paterson DL and below) Applicable to employees employed for the last six months of the relevant financial year and in service on pay-out date 	<ul style="list-style-type: none"> Permanent employees (Paterson DL and below) based at specific operations Do not participate in GIS
Scheme metrics and frequency of payment	<ul style="list-style-type: none"> Formulaically calculated cash bonus Paid annually Based on target STI quantum per grade Adjusted for personal and business performance 	<ul style="list-style-type: none"> Incentivise participants to deliver safe, quality production volumes monthly and quarterly Provide LOS to predetermined production volumes at each relevant BU
Apportionment	<ul style="list-style-type: none"> 80% to business performance (75% apportioned to financial, operational and strategic goals, and 25% to ESG goals) 20% to individual performance (based on individual performance achievement process) rated on a five-point rating scale (excluding bargaining unit category) Year-to-date rating translates to the portion allocated to individual performance 	<ul style="list-style-type: none"> Safety and quality criteria and work shifts modify the primary potential payment
Maximum achievable	<ul style="list-style-type: none"> 150% of targeted STI quantum 	
Gatekeepers	<ul style="list-style-type: none"> When the personal score is below a three-point zero rating, the percentage score modifies respective business performance outcomes, effectively further reducing the STI portion from business performance 	
Business scorecard	Detailed on the following page	

The business scorecards embed priorities appropriately at group and operational levels. The table below provides an overview of the goals and relative impact on the potential outcome of each business scorecard.

GIS business scorecard goals and weight

		Weight (%)	Generic drivers	Group (%)	Operation (%)
Overall structure	Financial, operational and strategic	75	EBITDA	50	0 to 50
			Cash cost per tonne	15	15 to 45
			Saleable tonnes	10	10 to 30
	ESG safety and climate change	25	Safety	10	10
			Water intensity	7.5	7.5
			Energy intensity	7.5	7.5
Overall scorecard total				100	100

Cennergi STI scheme

The Cennergi STI scheme focuses on annually contributing to strategic goals and delivering on our operational and financial objectives in the shorter term. We have one STI scheme structure: the Cennergi BMP – annual incentive.

STI salient features

BMP – annual incentive	
Participants	<ul style="list-style-type: none"> All Cennergi employees Applicable to employees employed for the last six months of the relevant financial year and in service on pay-out date
Scheme metrics and frequency of payment	<ul style="list-style-type: none"> Formulaically calculated cash STI Paid annually Based on target STI quantum per grade Adjusted for business performance measured against approved Cennergi scorecard, the outcome of which will modify the STI by 0% to 150%*
Apportionment	<ul style="list-style-type: none"> 100% of bonus subject to business performance
Maximum achievable	<ul style="list-style-type: none"> 150% of targeted STI quantum
Business scorecard	Detailed below

* From 2024, personal performance will also be considered in determining the STI amount.

Business scorecard goals and weight

KPIs	Weight (%)
Executing strategic objectives	50
Operational excellence and licence to operate	20
Leading people and social impact	10
Safety and sustainability	10
Cost management and prudence	10
Scorecard total	100

Remuneration report continued

Exxaro LTI scheme

Our LTI schemes comprise the LTIP and DBP, which align remuneration with longer-term shareholder expectations and outcomes.

We provide general share awards to participants (Paterson D middle and above) during the year in terms of the LTIP and the DBP. Our ESOP (GreenShare) was introduced in July 2020 and applies to employees not participating in the LTI scheme.

LTIP

The committee makes LTIP awards, subject to performance conditions and a three-year vesting period.

The face value of allocations depends on the employee's NCOE and a grade-specific percentage. The committee evaluates achievement of performance conditions biannually. The awards vest after three years. A linear sliding scale is used to calculate a proportional vesting for an actual performance result between threshold and maximum. For actual performance below threshold, no awards vest and for performance at or exceeding the maximum, awards are capped at 100%.

ROCE condition

The ROCE condition has a weighting condition of 33.33%.

The ROCE calculation is based on net operating profit plus income from non-equity-accounted investments plus income from equity-accounted investments as a percentage of average capital employed.

Therefore, a sliding scale, based on a percentage ROCE achievement, applies as follows:

- 17% ROCE achievement = 50% vesting (threshold)
- 19% ROCE achievement = 90% vesting (target)
- 22% ROCE achievement = 100% vesting (stretched)

ROCE is calculated as the arithmetic average of the three years constituting the performance period.

TSR condition

Relative TSR has a weighting of 33.33% and is compared to performance against the TSR peer group. Energy representation is included in the peer group.

The peer group components and weighting of each are as follows:

TSR peer group entities	Weighting (%)
RESI 10	70
Energy peer group	15
Thungela	15
Total	100

LTIP performance vesting conditions

	Weight (%)	Vesting of awards (after year three)
ROCE	33.33	17% ROCE achievement = 50% vesting (threshold) 19% ROCE achievement = 90% vesting (target) 22% ROCE achievement = 100% vesting (stretched)
TSR – RESI 10 peer group	23.33	Median TSR peer group position = 50% vesting Top three TSR peer group position = 100% vesting
TSR – energy peer group and Thungela	10.00	Equal to average TSR = 50% vesting Equal or above average TSR plus 25% = 100% vesting
ESG as per FTSE Russell ESG Index	33.34	Median ranking = 50% vesting Upper quartile ranking = 100% vesting

Exxaro's TSR, for the purposes of this plan, is defined as the compound annual growth rate on a portfolio of Exxaro's ordinary shares purchased in December preceding the grant, holding the shares and reinvesting the dividends received from the portfolio in Exxaro shares until the end of the performance period and selling the portfolio on that day.

The monthly TSR calculation uses the dividend payments and Reuters share price data on the nearest trading day to 31 December preceding the award and the nearest trading day to 31 December at the end of the three-year performance period – computing the compound annual growth rate between these dates. To ensure the growth rate calculated in this way is not unduly skewed by fluctuations at the start date and the end date of the measurement period, the three-year period is staggered over six months before the award date so the final computed growth rate (smoothed TSR) is the average of six three-year periods commencing six months before the award date and ending on the final date of the three-year performance period.

A 70% portion of the TSR depends on Exxaro's TSR performance compared to the RESI 10 peer group. The smoothed TSR of each peer group company is calculated as stipulated alongside and ranked against Exxaro's smoothed TSR. Vesting for this portion is based on Exxaro's position ranking against the peer group.

For the remaining 30%, the smoothed TSR is calculated similarly for a predetermined energy peer group and for Thungela. An average TSR is calculated between these two. Vesting for this portion is based on Exxaro's smoothed TSR compared to this average TSR.

Achievement of ESG targets

ESG targets have a weighting of 33.34%. The targets are measured in terms of the approved strategic dashboard used to monitor achievement of the business strategy:

- The targets are measured as per the FTSE Russell ESG Index, including international resource peer companies
- A 50% to 100% vesting sliding scale applies for an annual ESG rating between the median percentile ranking (50% vesting) and the upper quartile percentile ranking (100%)
- The average performance over the three-year period is measured

The table below summarises the performance vesting conditions applicable to the awards that were granted in 2023.

Where the actual performance falls between the stated ranges, linear interpolation is applied between the stated vesting points. The rules and calculating principles follow the same approach as set out in detail above for future awards.

DBP

The DBP encourages share ownership at executive management and senior management levels while reinforcing retention.

Participants in Paterson grades F upper to E upper, as well as E middle can elect to voluntarily use a portion (50% or 90% and 50%, respectively) of their post-tax STI payments to acquire Exxaro shares at the prevailing market price.

Participants are entitled to all rights attached to the pledged shares purchased with their post-tax STI portion, including dividends. If the pledged shares are held for the three-year pledged period and participants remain in service for this period, Exxaro provides a matching award on a one-for-one basis.

No performance vesting conditions apply to the matching award.

ESOP (GreenShare)

Our ESOP scheme, GreenShare, was implemented in 2020. It is broadly based on the principles of Mining Charter III and is an evergreen scheme that provides non-transferable carried interest (dividends) to qualifying employees. It is open to all permanent South African employees not participating in any management share scheme, and it does not carry risks for employees.

When dividends are declared, employees in service receive a cash payment equal to the dividends on 560 Exxaro shares minus dividend withholding tax. Employees remain in the scheme for the duration of employment and do not have capital appreciation rights.

Cennergi's LTI scheme

The Cennergi LTI offering comprises two schemes: the matching incentive component of the BMP and the VARP.

VARP milestones

Vesting profile (MW)	2026	2027	2028	2029	2030
Threshold (30% vesting)	326	406	475	567	692
Stretch (100% vesting)	413	612	840	1 148	1 563

Employment contracts

Richard Lilleike and Joseph Rock joined Exxaro as chief growth officer and chief people and performance officer, respectively, in October 2023. Leon Groenewald was appointed managing director: energy in April 2023.

Mzila Mthenjane and Hemuna Bholia resigned, and Alex de Angelis opted for voluntary severance in 2023.

Normal termination benefits (leave payout, etc) are payable whenever employment is terminated before the normal retirement date by Exxaro or when employees accept voluntary severance.

Executive employment contracts are generally valid until the normal retirement age of 63 with a notice period of three to six months or payment in lieu thereof. Current executive employment contracts do not have a restraint-of-trade clause but include confidentiality undertakings.

Any shares due in terms of participating in the LTIP and DBP are paid in line with the rules of the schemes.

Matching incentive

Cennergi employees graded Paterson D middle and above receive an award of rights to Exxaro shares calculated as a predetermined percentage of the annual incentive. 50% of the award vests after 12 months and the remaining 50% after 24 months. Participants are not entitled to rights in respect of the shares until vesting takes place. No performance vesting conditions apply to the matching award.

VARP

The VARP is a cash-based LTI. Participants are awarded a once-off bullet award at the start of the performance period. The award is calculated as a percentage of the participant's NCOE multiplied by an award multiple linked to the duration of the award. The award vests in three equal tranches (in years three, four and five) subject to achieving predetermined milestones. After vesting, participants have four years to exercise the award.

The settlement value of the award is calculated as:

$$\text{Award value} \times \text{performance outcome} \times \text{value multiple at exercise date}$$

The value multiple is calculated as:

$$\frac{\text{The equity value of the company on the exercise date}}{\text{The equity value of the company on the grant date}}$$

Milestones

The 2025 milestones are made up as follows:

- 50% of the tranche vests if LSP is at least equivalent to a P90 scenario in relation to the months post commercial operation
- 50% of the tranche vests if the financial close is achieved on a new build project of 30MW or a new merger and acquisition project of 50MW

From 2026, the milestones will focus on achieving a targeted cumulative net MW generating capacity.

Good leaver provisions are triggered in the event of terminations due to:

- Personal events such as retirement, ill health, disability or death in service (pro-rated vesting of awards)
- Company events such as retrenchments, voluntary severance packages and divestment of business (normal vesting of awards)

Non-executive directors' remuneration

Non-executive directors' remuneration is benchmarked on a three-year cycle through market data and/or bespoke surveys based on company size and industry-appropriate peer companies. Non-executive directors' fees are aligned to the market's 50th percentile. In years when external benchmarking is not conducted, non-executive directors' fees increase in line with approved annual adjustments for management and specialist category employees.

Non-executive directors' fees are recommended by the remuneration committee and the board for approval by a special resolution of shareholders at the company's AGM for implementation in June.

Remuneration report continued

MSR

In line with global best practice and shareholder expectations, we adopted our MSR policy in 2021. The policy aims to encourage all executives, including executive directors and prescribed officers, to acquire and hold shares in the company and to reinforce alignment between executive and shareholder interests. Prescribed officers are expected to build and maintain a company shareholding in direct proportion to their NCOE to align their interests with those of shareholders.

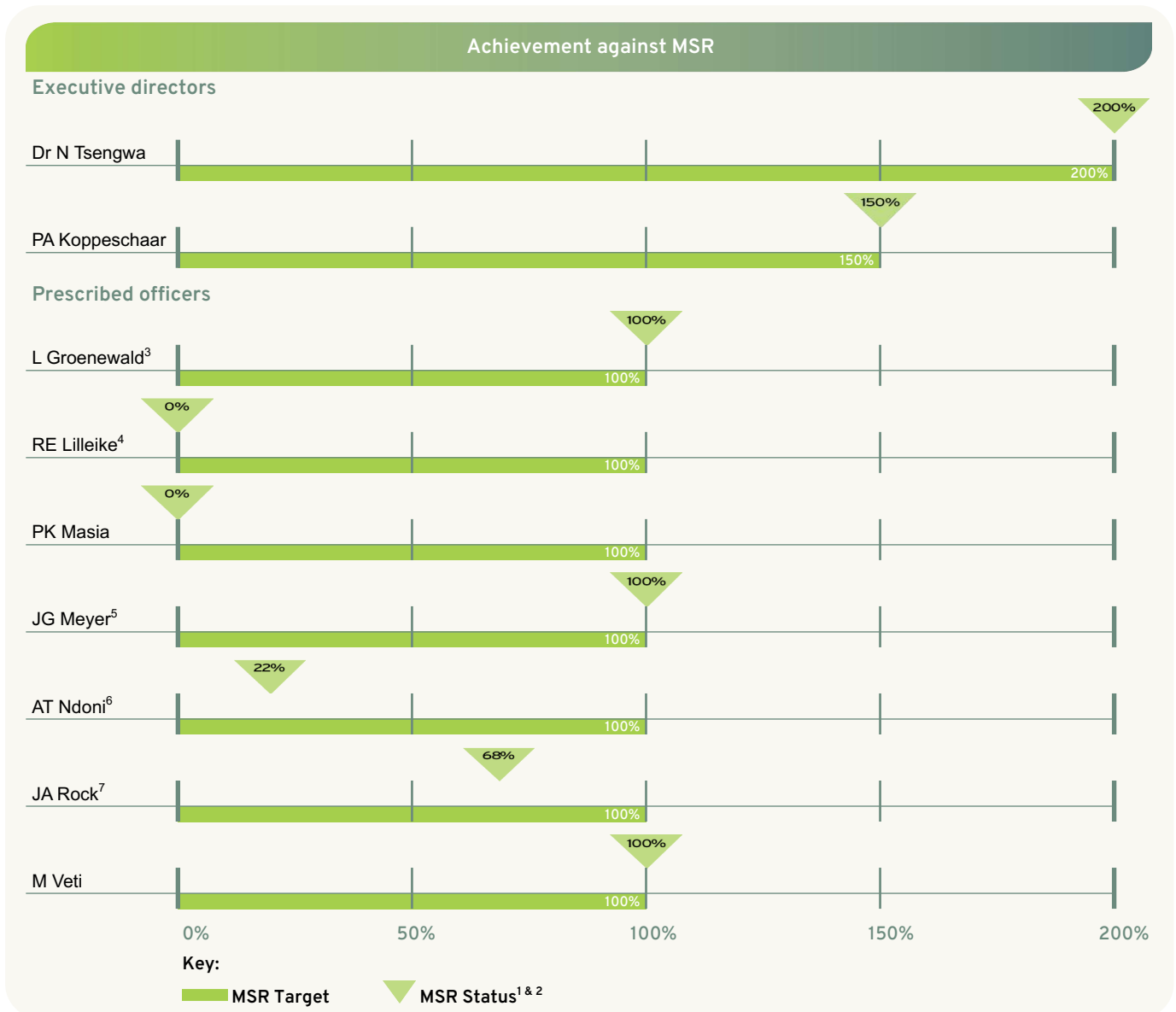
The target minimum shareholding may be satisfied as follows:

- The pre-tax deferral of a percentage of potential unvested LTIP award for the holding period
- The pre-tax deferral of matching shares received through participation in the DBP in escrow until the determination date
- Election to purchase MSR shares with a percentage of pre-tax STI payments each financial year
- Personal investment shares, not subject to the holding period, acquired with post-tax income and/or a variable pay scheme operated by the company

The following conditions apply:

Role	MSR target	Compliance period
CEO	2 x annual NCOE	Five years from the date of policy implementation (or from appointment as a prescribed officer if later)
Finance director	1.5 x annual NCOE	
Other prescribed officers	1 x annual NCOE	

We evaluate progress towards achieving the target minimum shareholding annually. The table below sets out the MSR status per prescribed officer as at December 2023:



¹ Based on share price of R204.48 on 31 December 2023.

² MSR shares held on a pre-tax basis in an MSR account until the determination date.

³ Appointed as managing director: energy on 1 April 2023.

⁴ Appointed on 1 October 2023 (for the purposes of the MSR calculation, the NCOE was annualised).

⁵ Deferred LTIPs to MSR shares.

⁶ Purchased MSR shares with a portion of 2022 GIS.

⁷ Appointed on 16 October 2023 (for the purposes of the MSR calculation, the NCOE was annualised).

Malus and clawback

Malus (the ability to reduce, including to zero, an award not yet accrued or vested to an individual) and clawback (the ability to recover or seek repayment of awards already paid or vested to the individual) remain essential features of our remuneration policy. These processes allow for risk adjustment of awards already made and, in the case of clawback, awards already vested or paid out.

Where appropriate, the variable remuneration (STIs and LTIs) of individuals directly or indirectly accountable for an event may be adjusted.

When considering individual responsibility, the rationale for implementing malus and clawback takes into account several factors, including:

- Misbehaviour or material error by a participating employee
- An employee's actions resulting in reputational damage to the business
- The business suffering a material downturn in financial performance or material failure in risk management
- Awards being based on material misstatements of financial results or information arising that would have caused benefits to lapse or the board or remuneration committee to exercise discretion differently if the information was disclosed at the time
- The business suffering a material financial loss because of actions or circumstances attributable directly to an employee or that could have been avoided by reasonable actions of an employee
- The board or remuneration committee, in their discretion, deeming it necessary to apply malus or clawback

The GIS and share-based awards, including the LTIP and DBP, are subject to malus and clawback provisions enabling the remuneration committee to reduce the vesting level (including to zero) or to recover amounts already paid should this be necessary. The policy has been accepted and acknowledged by all prescribed officers. There were no events of malus or clawback during the 2023 remuneration cycle.

Forward-looking remuneration policy actions for 2024

Fair pay and the wage gap

We will continue our wage gap journey and execute through the various workstreams we identified. Our wage gap and fair pay will be tracked and appropriate interventions will be undertaken where required.

Energy business

We will focus on embedding the new STI and LTI schemes for Cennergi to drive behaviours that enable business growth and encourage alignment between the energy business and Exxaro.

Exxaro's LTIP

We will review the Exxaro LTIP rules and performance conditions.

Recognition

We will review the recognition policy and programme to ensure it remains relevant as we acknowledge and reward employees for their achievements and contributions.

Benefits

We will review benefits and allowances to enhance our benefits offering, where necessary. We have identified enhancements in the form of a funeral benefit and medical expenses gap cover for all employees.

MSR

We will continue to monitor and, where necessary, support executives to attain the MSR.

Non-executive directors' fees

We will complete the review of the remuneration of non-executive directors framework.

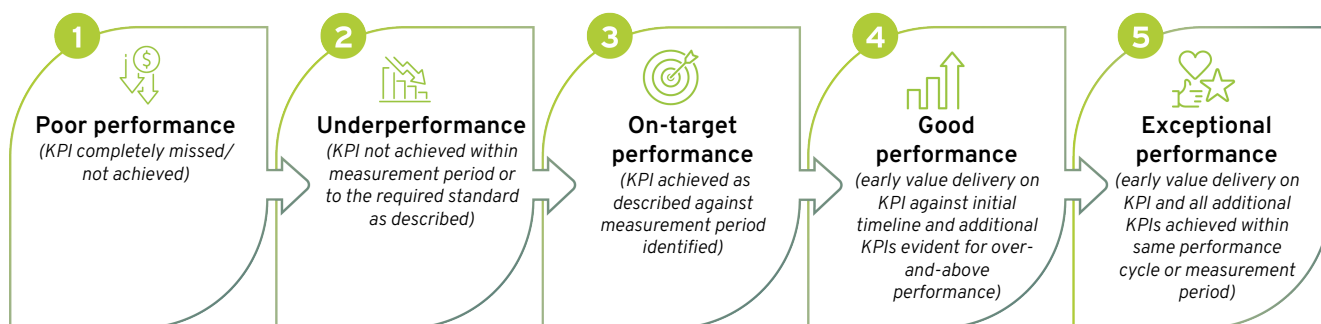
Section 3: Implementation report

Introduction

Our implementation report discloses remuneration outcomes for non-executive directors, executive directors and prescribed officers. It includes total remuneration received and a single total figure for remuneration receivable (as per King IV) for the review period and all constituent remuneration elements.

This section reflects the remuneration policy's implementation and provides details on remuneration paid to executive directors and prescribed officers for the period ended 31 December 2023. It details STI and LTI payments and vesting outcomes, including a performance summary for each executive director and prescribed officer with single-figure remuneration.

Implementation complied with the remuneration policy. The standard performance rating scale is outlined below.



Standard performance scale applied to each KPI

Performance contract and rating of the CEO in 2023

Individual key objectives	KPIs	Rating
Strategic growth and financial performance	Drive execution of the approved energy business strategy as per board mandate	
	Drive execution of the approved minerals strategy as per board mandate	
	Achieve group ROCE target of 20% in terms of LTIP sliding scale	
Business transformation and operational excellence	Oversight of organisational effectiveness programme	
Leading people change and social impact	Implementation of wage gap plan as per approved wage gap implementation roadmap	
	Achieve EE and gender representation targets across all Exxaro group employers in core and management levels aligned to the approved EE plan and mechanisms as per DEI metrics and plan	
Safety and business sustainability	Maintain and achieve overall level 3 B-BBEE rating as per the DTI scorecard	
	Implement actions at group level to reduce environmental impact (including decarbonisation strategy). Sustain Exxaro's ESG rating	
	Oversight in the implementation of the Social Impact strategy. This will include milestones identified in line with the approved plan and measurement scorecard	
Cost management and prudence	Demonstrable actions to strategically manage business risks to ensure alignment to the risk appetite framework and mindful of the trade-offs in respect of the Sustainable Growth and Impact strategy	
	Identify areas of cost reduction and savings across the Exxaro group	
Performance rating		3.6

Performance contract and rating of the finance director in 2023

Individual key objectives	KPIs	Rating
Strategic growth and financial performance	Implementation of coal and energy divestment strategy as approved by the board (as per project plan, criteria, go/no-go decision and successful negotiations of final agreements)	
	Build sustainable core minerals and energy businesses (inclusive of funding models, structures and planned investments), corporate finance support for financial modelling, affordability analysis, financial impact, deal structuring and financial due diligence inclusive of funding model/capital raise	
	Achieve ROCE target of 20% in terms of LTIP sliding scale	
	Ensure sufficient funding to grow new energy and minerals business(es) to align with the Exxaro capital allocation framework	
	Enable corporate portfolio management	
Business transformation and operational excellence	Deliver group consolidated (and company) annual reporting statements aligned with required regulations and standards without significant review findings	
	Deliver consolidated group budget and forecast	
	Accurate, timely and relevant financial reporting within seven days of month-end closing (flash reporting)	
Safety and business sustainability	Achieve at least level 3 on B-BBEE scorecard through ESD and social impact vehicles	
	Achieve Mining Charter III, dtic and DEL employment equity targets aligned with the approved departmental plan	
	Achieve gender representation targets for the group at core and management levels to align with the approved employment equity plan and mechanisms	
Cost management and prudence	No overdue or repeat level 1 and 2 audit findings in area of responsibility	
	Departmental budget spend	
	Identify areas for group-wide cost reduction and savings	
Performance rating		3.3

Remuneration report continued

Awards under STI schemes

The table below discloses business and individual performance outcomes used in determining the STI for each executive director and prescribed officer. All payments are due as per policy and there were no deviations in the year.

STI awards for executive directors and prescribed officers in 2023

Executive directors and prescribed officers	NCOE (R)	Business performance score (80%)	Individual performance/ (20%) Rating factor (%)	STI target (%)	Total actual STI (R)
Dr N Tsengwa	8 890 630	30.05%	125%	100%	4 359 964
PA Koppeschaar	6 702 393	30.05%	115%	75%	2 364 604
H Bhola ¹	2 620 870			50%	
AS de Angelis ²	2 100 837	30.05%	125%	60%	618 150
L Groenewald (Exxaro) ³	951 549	30.05%	100%	60%	251 437
L Groenewald (Cennergi) ³	4 004 697	105% ⁴		70%	2 951 862
RE Lilleike ⁵	1 156 038			75%	
PK Masia	5 468 238	30.05%	115%	75%	1 929 194
JG Meyer	4 810 353	30.05%	115%	60%	1 357 674
MI Mthenjane ⁶	2 833 820			60%	
AT Ndoni ⁷	3 093 366	30.05%	115%	50%/60%	797 073
JA Rock ⁸	939 059			60%	
M Vetu	4 446 111	30.05%	115%	60%	1 254 870
Total prescribed officers' remuneration	48 017 961				15 884 828

¹ Resigned on 30 November 2023.

² Accepted voluntary severance package on 31 July 2023.

³ Appointed as managing director: energy on 1 April 2023.

⁴ Cennergi STI excludes benefits and allowances from NCOE and does not separate business performance and individual performance (100% business performance).

⁵ Appointed on 1 October 2023.

⁶ Resigned on 18 August 2023.

⁷ Promotion during the year from EM to EU (STI target 50%, changed to 60%).

⁸ Appointed on 16 October 2023.

Awards under the LTIP scheme

We disclose the outcomes of the 2021 and 2020 conditional LTIP awards that vest in April 2024 and vested in April 2023.

Of the awards made in April 2021, 98.67% vest in April 2024. A summary of the vesting percentages by vesting condition is below.

Performance vesting conditions outcome	Weight (%)	2023 (%)	2022 (%)
ROCE	33.33	100.00	100.00
TSR	33.33	100.00	100.00
ESG	33.34	96.00	96.00
Overall vesting		98.67	98.67

For 2023

- ROCE was 100% and, as a stretched target, >22% was calculated as the arithmetic average of the three-year performance period.
- TSR was 100% based on a result of 32.5% which positioned Exxaro second (first: Glencore at 48.9%, third: Sasol at 28%, fourth: BHP Billiton at 24.8%, fifth: Goldfields at 18.2%, sixth: Anglo at 13.4%, seventh: AngloPlats at -1.9%, eighth: AngloGold at -3.9%, ninth: Implats at -4.2%, tenth: Northern Platinum at -6% and eleventh: Sibanye Stillwater at -10.5%).
- The governance component of ESG, as per the FTSE Russell ESG Index, met the lower target which resulted in a 96% achievement for the 2023 portion of the awards.

For 2022

- ROCE was 100% and, as a stretched target, >22% was calculated as the arithmetic average of the three-year performance period.
- TSR was 100% based on a result of 39.1% which positioned Exxaro first (second: Impala Platinum at 34.8%; third: Glencore at 34.2%; fourth: Sibanye-Stillwater at 28.8%; fifth: Gold Fields at 27.6%; sixth: Northam Platinum at 27.2%; seventh: Anglo American Platinum at 26.3%; eighth: Anglo American at 25.5%; ninth: BHP Billiton at 23.0%; tenth: Sasol at 3.6% and eleventh: AngloGold Ashanti at -1.8%).
- The governance component of ESG, as per the FTSE Russell ESG Index, met the lower target, which resulted in a 96% achievement for the 2022 portion of the awards.



LTIP

The table below illustrates the rights held by each participant, vested shares traded and shares forfeited due to performance conditions not being met in the review period, and shares forfeited as a result of resignation in the review period.

LTIP transaction details for executive directors and prescribed officers in 2023

	Shares held at 31 December (Number)	Vesting period	Proceeds if exercisable at 31 December ¹ (R)	Shares vested during the year (Number)	Shares forfeited ² (Number)	Sale price/market price (R)	Pre-tax gain (R)	Date traded	MSR election (Number)
Executive directors									
Dr N Tsengwa	80 115	01/04/2023		65 405	884	187.75	12 279 789	01/04/2023	
	14 224	01/04/2024	16 381 915						
	78 093	01/04/2025	2 908 524						
	112 157	01/04/2026	15 968 457						
	284 589		22 933 863	65 405	884	187.75	12 279 789		
PA Koppeschaar	49 954	01/04/2023		83 938	1 134	187.75	15 759 360	01/04/2023	
	41 816	01/04/2024	10 214 594						
	51 829	01/04/2025	8 550 536						
	143 599	01/04/2026	10 597 994	83 938	1 134	187.75	15 759 360		
Prescribed officers									
H Bhola ³		01/04/2023		16 838	227	187.75	3 161 335	01/04/2023	
		01/04/2024			10 447				
		01/04/2025			8 828				
		01/04/2026			10 920				
				16 838	30 422	187.75	3 161 335		
AS de Angelis ⁴	19 066	01/04/2023		32 965	445	187.75	6 189 179	01/04/2023	
	15 960	01/04/2024	3 898 616						
	19 822	01/04/2025	3 263 501						
	54 848	01/04/2026	4 053 203	32 965	445	187.75	6 189 179		
			11 215 320	32 965	445	187.75	6 189 179		
L Groenewald ⁵	19 175	01/04/2023		32 562	440	187.75	6 113 516	01/04/2023	
	16 832	01/04/2024	3 920 904						
	36 007	01/04/2025	3 441 807						
	38 223	01/10/2026	7 362 711	32 562	440	187.75	6 113 516		
			7 815 839	32 562	440	187.75	6 113 516		
RE Lilleike ⁶	38 223	01/10/2026	7 815 839						
	38 223		7 815 839						
PK Masia	34 170	01/04/2025	6 987 082						
	34 170	01/04/2025	6 987 082						
	42 264	01/04/2026	8 642 143						
	110 604		22 616 307						
JG Meyer	25 214	01/04/2023		21 798	589	187.75	4 092 575	01/04/2023	21 798
	21 107	01/04/2024	5 155 759						
	26 308	01/04/2025	4 315 959						
	72 629	01/04/2026	5 379 460	21 798	589	187.75	4 092 575		21 798
			14 851 178	21 798	589	187.75	4 092 575		21 798
MI Mthenjane ⁷		01/04/2023		36 985	555	187.75	6 943 934	01/04/2023	4 109
		01/04/2024			23 767				
		01/04/2025			19 895				
		01/04/2026			24 608				
				36 985	68 825	187.75	6 943 934		4 109
AT Ndoni	12 165	01/11/2024	2 487 499						
	9 296	01/04/2025	1 900 846						
	11 499	01/04/2026	2 351 316						
	41 441	01/09/2026	1 734 195						
			8 473 856						
JA Rock ⁸	24 928	16/10/2026	5 097 277						
	24 928		5 097 277						
M Vetri	23 442	01/04/2023		40 532	548	187.75	7 609 883	01/04/2023	
	19 623	01/04/2024	4 793 420						
	24 271	01/04/2025	4 012 511						
	67 336	01/04/2026	4 962 934	40 532	548	187.75	7 609 883		
			13 768 865	40 532	548	187.75	7 609 883		

¹ Based on the prevailing share price of R204.48 on 31 December 2023 and assumes 100% vesting.

² Shares forfeited due to not fully meeting performance conditions and shares forfeited due to resignation.

³ Resigned on 30 November 2023.

⁴ Accepted voluntary severance package on 31 July 2023.

⁵ Appointed as managing director: energy on 1 April 2023.

⁶ Appointed on 1 October 2023.

⁷ Resigned on 18 August 2023.

⁸ Appointed on 16 October 2023.

Remuneration report continued

VARP transaction details for Leon Groenewald in 2023

The managing director: energy's employment contract stipulates a term of four years. Therefore, his award multiple is four. The VARP multiple for all other permanent employees is limited to five. The managing director: energy's VARP will vest in equal tranches of 50% each on 1 April 2026 and 1 April 2027, subject to achieving the performance milestones. After vesting, his awards will continue as usual with exercise windows of four years. Awards will not be accelerated.

The table below illustrates the rights held by the participant in terms of VARP tranches and vesting dates.

	Tranche	Value at grant date (R)	Vesting date	Exercisable date	Fair value of award at year end ¹ (R)
Prescribed officer (L Groenewald)	Tranche 1	6 354 115	01/04/2026	01/04/2030	10 801 995
	Tranche 2	6 354 115	01/04/2027	01/04/2031	10 801 995

¹ The fair value at year end is determined as award value x likelihood of milestone being met x value multiple at year end (assumed 100% vesting).

DBP

The table below illustrates the rights held by each participant and vested shares traded.

DBP transaction details for executive directors and prescribed officers in 2023

	Shares held at 31 December (Number)	Exercisable period	Pre-tax value if exercisable at 31 December ¹ (R)	Shares exercised during the year (Number)	Shares forfeited ² (Number)	Sale price/market price (R)	Pre-tax gain (R)	Date traded	MSR election (Number)
Executive directors									
Dr N Tsengwa		31/08/2023		432		169.17	73 081	31/08/2023	
	589	19/03/2024	120 439						
	2 770	31/03/2024	566 410						
	3 359		686 849	432			73 081		
PA Koppeschaar		31/03/2023		4 778		191.01	912 646	31/03/2023	
		31/08/2023		1 004		169.17	169 847	31/08/2023	
	750	21/09/2024	153 360						
	1 024	04/03/2025	209 388						
	1 774		362 748	5 782			1 082 493		
Prescribed officers									
H Bholo ³		31/03/2023		1 110		191.01	212 021	31/03/2023	
		19/03/2024			137				
		31/03/2024			778				
		31/08/2024			159				
		04/03/2025			394				
		31/03/2025			584				
		31/03/2026			1 996				
				1 110	4 048		212 021		
AS de Angelis ⁴		31/03/2023		1 092		191.01	208 583	31/03/2023	
		31/08/2023		466		169.17	78 833	31/08/2023	
	202	19/03/2024	41 305						
	1 269	31/03/2024	259 485						
	227	21/09/2024	46 417						
	2 491	31/03/2026	509 360						
	4 189		856 567	1 558			287 416		

	Shares held at 31 December (Number)	Exercisable period	Pre-tax value if exercisable at 31 December ¹ (R)	Shares exercised during the year (Number)	Shares forfeited ² (Number)	Sale price/market price (R)	Pre-tax gain (R)	Date traded	MSR election (Number)
Prescribed officers continued									
L Groenewald ⁵		31/03/2023		3 655		191.01	698 142	31/03/2023	
		31/08/2023		552		169.17	93 382	31/08/2023	
	200	19/03/2024	40 896						
	1 275	31/03/2024	260 712						
	409	21/09/2024	83 632						
	1 004	04/03/2025	205 298						
	1 845	31/03/2025	377 266						
	4 733		967 804	4 207			791 524		
JG Meyer		31/03/2023		4 942		191.01	943 971	31/03/2023	
	301	21/09/2024	61 548						
	301		61 548	4 942			943 971		
AT Ndoni	96	04/03/2025	19 630						
	1 676	31/03/2026	342 708						
	1 772		362 338						
M Vetu		31/08/2023		682		169.17	115 374	31/08/2023	
	449	19/03/2024	91 812						
	3 180	31/03/2024	650 246						
	278	21/09/2024	56 845						
	7 230	31/03/2026	1 478 390						
	11 137		2 277 293	682			115 374		

¹ Based on the prevailing share price of R204.48 on 31 December 2023.

² Matching shares forfeited due to termination of services.

³ Resigned on 30 November 2023.

⁴ Accepted voluntary severance package on 31 July 2023.

⁵ Appointed as managing director: energy on 1 April 2023.

DBP income for executive directors and prescribed officers

Executive directors and prescribed officers	DBP shares held as a percentage of NCOE at 31 December 2023		DBP shares held at 31 December 2023		DBP shares pledged in 2020 – matched and vested in 2023	
	(%)	(R)	(R)	(Number)	(R)	(Number)
Dr N Tsengwa	8	686 849	3 359		73 081	432
PA Koppeschaar	5	362 748	1 774		1 082 493	5 782
H Bholu ¹					212 021	1 110
AS de Angelis ²	41	856 567	4 189		287 416	1 558
L Groenewald ³	19	967 804	4 733		791 524	4 207
RE Lilleike ⁴						
PK Masia						
JG Meyer	1	61 548	301		943 971	4 942
MI Mthenjane ⁵						
AT Ndoni	12	362 338	1 772			
JA Rock ⁶						
M Vetu	51	2 277 293	11 137		115 374	682

¹ Resigned on 30 November 2023.

² Accepted voluntary severance package on 31 July 2023.

³ Appointed as managing director: energy on 1 April 2023.

⁴ Appointed on 1 October 2023.

⁵ Resigned on 18 August 2023.

⁶ Appointed on 16 October 2023.

Remuneration report continued

Total executive management remuneration

The total single-figure remuneration for executive directors and prescribed officers is stated in the table below to align with King IV. The 2023 LTIP granted on 1 April 2021 will vest on 1 April 2024 due to 2023 performance conditions. As the portion of the DBP voluntary deferral is included under the STIs, proceeds from the matched portion of the DBPs are reflected under LTIs.

Single-figure remuneration as per King IV for 2023 and 2022

	Year	NCOE (R)	Recognition and other payments (R)	STIs (R)	LTIs (R)	Total remuneration (R)
Executive directors						
Dr N Tsengwa	2023	8 890 630	63 460	4 359 964	16 850 885	30 164 939
	2022	7 547 800	6 260	7 866 142	14 307 551	29 727 753
PA Koppeschaar	2023	6 702 393	2 760	2 364 604	10 232 100	19 301 857
	2022	6 319 275	6 260	5 307 320	19 497 606	31 130 461
Prescribed officers						
H Bhola ¹	2023	2 620 870	293 942			2 914 812
	2022	2 554 764	57 860	1 414 817	3 900 288	7 927 729
A de Angelis ²	2023	2 100 837	1 983 542	618 150	4 193 971	8 896 500
	2022	3 434 928	6 260	1 765 318	7 502 334	12 708 840
L Groenewald ³	2023	5 070 915	2 760	3 203 299	4 641 575	12 918 549
	2022	3 752 379	20 226	2 301 752	7 990 505	14 064 862
RE Lilleike ⁴	2023	1 156 038	1 200 000			2 356 038
	2022					
PK Masia ⁵	2023	5 468 238	2 314	1 929 194		7 399 746
	2022	4 355 010		3 494 746		7 849 756
JG Meyer	2023	4 810 353	2 760	1 357 674	5 148 735	11 319 522
	2022	4 515 993	6 260	3 070 151	10 548 084	18 140 488
MI Mthenjane ⁶	2023	2 833 820	496 622			3 330 442
	2022	4 256 784	105 677	2 834 229	8 930 369	16 127 059
AT Ndoni ⁷	2023	3 093 366	725 050	797 073	2 454 415	7 069 904
	2022	2 675 147	722 290	1 484 294		4 881 731
JA Rock ⁸	2023	939 059	2 766 357			3 705 416
	2022					
M Vetu	2023	4 446 111	63 460	1 254 870	5 528 571	11 293 012
	2022	4 198 578	6 260	2 845 857	8 956 570	16 007 265

¹ Appointed as acting executive head: human resources from 13 September 2022 to 16 October 2023. Remuneration information relates to the full period until resignation on 30 November 2023.

² Accepted voluntary severance on 31 July 2023.

³ Appointed as managing director: energy on 1 April 2023 after acting in the position since 16 August 2022. Remuneration information relates to the full year for 2022 and 2023. LTIs comprise LTIP 2021 grant: R3 868 756, DBP 2021 matching shares: R385 240 and BMP 2023 matching incentive: R387 579.

⁴ Appointed as chief growth officer on 1 October 2023.

⁵ Appointed as managing director: minerals on 1 March 2022.

⁶ Resigned on 18 August 2023.

⁷ 2023 LTIP granted on 1 November 2021 will vest on 1 November 2024.

⁸ Appointed as chief people and performance officer on 16 October 2023.

The STIs include the voluntary individual deferral for 2023.

The LTIP reflects 98.67% of the April 2021 award that will vest on 1 April 2024, based on the prevailing share price of R204.48 on 31 December 2023.

For 2023

- NCOE includes leave days purchased, and travel and acting allowances
- All incentive schemes are performance-related and approved by the board of directors
- R2 760/R2 314 for LTIFR is based on the functional area
- Voluntary severance included for AS de Angelis: R1 771 596
- Long service awards are included for Dr N Tsengwa: R60 700, AS de Angelis: R1 000, MI Mthenjane: R1 000 and M Vetu: R60 700
- Leave encashment amounts are included for H Bhola: R291 182, AS de Angelis: R208 186 and MI Mthenjane: R492 862
- Sign-on bonuses are included for RE Lilleike: R1 200 000 and JA Rock: R2 766 357
- Retention allowance is included for AT Ndoni: R722 290

For 2022

- NCOE includes leave days purchased and travel and acting allowances
- All incentive schemes are performance-related and approved by the board of directors
- R6 260 includes zero fatality and LTIFR rewards
- The long service award is included for H Bhola: R51 600
- Leave encashment amounts are included for L Groenewald: R13 966 and MI Mthenjane: R99 417
- Retention allowance is included for AT Ndoni: R722 290



Non-executive directors' remuneration

	2023				2022			
	Fees for services (R)	Benefits and allowances ¹ (R)	Fees for services rendered to subsidiaries ² (R)	Total (R)	Fees for services (R)	Benefits and allowances ¹ (R)	Fees for services rendered to subsidiaries ² (R)	Total (R)
Non-executive directors								
GJ Fraser-Moleketi	1 423 075			1 423 075	1 341 322			1 341 322
KM Ireton ³	800 011			800 011	550 142			550 142
B Magara ³	897 586			897 586	550 577			550 577
B Mawasha ³	885 625			885 625	655 316			655 316
IN Malevu	685 337			685 337	629 194			629 194
L Mbatha	681 040		70 068	751 108	652 318		88 136	740 454
M Medupe ⁴	829 565			829 565				
Dr P Mnganga ³	1 001 950			1 001 950	662 442			662 442
VZ Mntambo	684 262			684 262	652 754		116 696	769 450
LI Mophatlane ⁵	525 499			525 499	1 217 826	3 253		1 221 079
MLB Msimang	851 536			851 536	848 293			848 293
V Nkonyeni ⁵	462 885			462 885	1 067 868			1 067 868
CJ Nxumalo	1 072 369			1 072 369	1 028 084			1 028 084
MG Qhena (chairperson)	2 301 119			2 301 119	2 198 914	22 168		2 221 082
PCCH Snyders	1 238 558	8 541		1 247 099	1 177 614			1 177 614
Total non-executive directors' remuneration	14 340 417	8 541	70 068	14 419 026	13 232 664	25 421	204 832	13 462 917

¹ Travel reimbursements for visiting various company operations during the year.

² Directors' fees paid by Eyesizwe RF Proprietary Limited.

³ Appointed on 7 February 2022.

⁴ Appointed on 3 January 2023.

⁵ Retired on 18 May 2023.