

04

Building resilience through 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.

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Our leadership

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 Social, ethics and responsibility committee (SERC)

Member

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



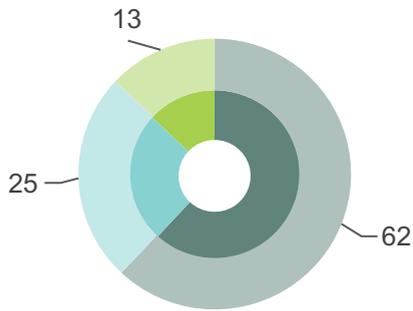
<p>1. Mvuleni Geoffrey Qhena (58) Board chairperson and independent non-executive director Director since 19 April 2021 and board chairperson since 27 May 2021</p> <p>B NOM REM L</p>	<p>2. Dr Nombasa Tsengwa (59) CEO and executive committee chairperson Executive director since 16 March 2021</p> <p>SER</p>	<p>3. Riaan Koppeschaar (53) Finance director Executive director since July 2016</p> <p>SER</p>	<p>4. Geraldine Fraser-Moleketi (63) Lead independent non-executive director Director since 18 May 2018</p> <p>SER REM NOM</p>	<p>5. Karin Ireton (68) Independent non-executive director Director since 7 February 2022</p> <p>SER RBR</p>	<p>11. Chanda Nxumalo (40) Independent non-executive director Director since 1 February 2021</p> <p>A RBR I</p>	<p>12. Peet Snyders (63) Independent non-executive director Director since 1 July 2016</p> <p>RBR SER I L</p>	<p>13. Isaac Malevu (50) Non-executive director Director since 22 June 2021</p> <p>I</p>	<p>14. Likhapha Mbatha (69) Non-executive director Director since 6 March 2018</p> <p>SER</p>	<p>15. Mandlesilo Msimang (47) Non-executive director Director since 15 March 2021</p> <p>I RBR</p>
<p>6. Ben Magara (56) Independent non-executive director Director since 7 February 2022</p> <p>I RBR L</p>	<p>7. Billy Mawasha (45) Independent non-executive director Director since 7 February 2022</p> <p>I A</p>	<p>8. Nondumiso Medupe (53) Independent non-executive director Director since 3 January 2023</p> <p>A RBR</p>	<p>9. Dr Phumla Mnganga (55) Independent non-executive director Director since 7 February 2022</p> <p>REM NOM L SER</p>	<p>10. Nosipho Molope (59) Independent non-executive director Appointed 3 January 2024</p> <p>A SER</p>	<p>16. Zwelibanzi Mntambo (66) Non-executive director Director since 28 November 2006</p> <p>L REM NOM</p>	<p>Board nominees for the upcoming 23rd AGM</p> <p>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.</p> <p>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.</p> <p>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 re-election at the upcoming AGM:</p>			

Re-election		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

The ESG report includes details on the [board's composition, diversity and experience](#) (page 134).

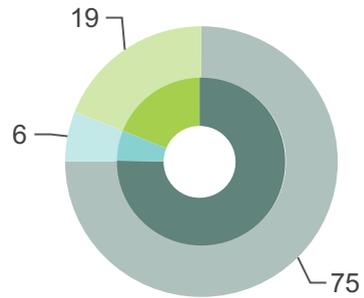
Our leadership continued

Independence (%)



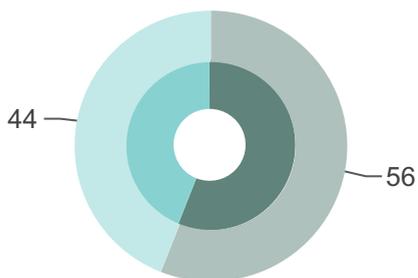
● Independent ● Non-executive directors ● Executive directors

Racial diversity (%)



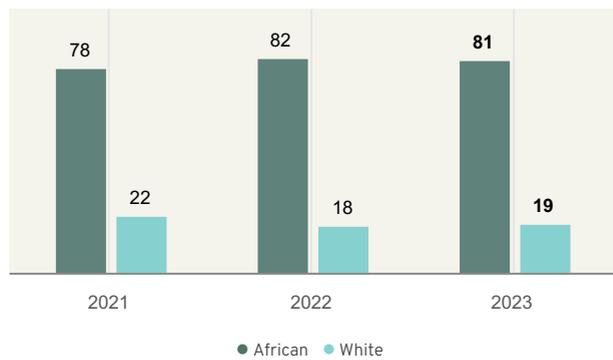
● African ● Coloured ● White

Gender diversity (%)



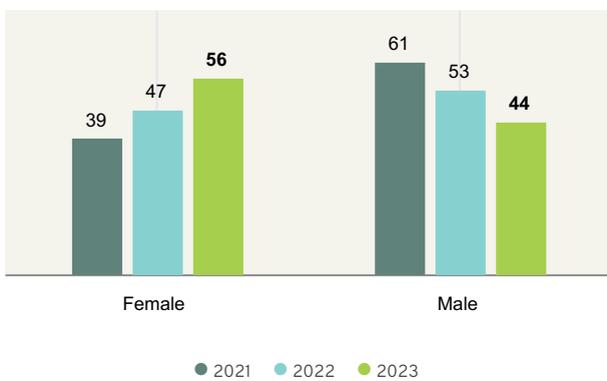
● Women ● Men

Racial diversity year on year (%)



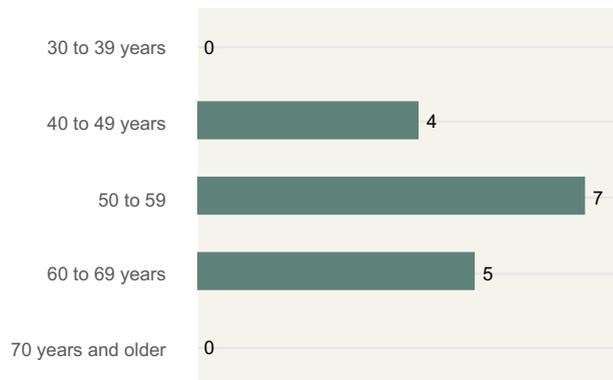
● African ● White

Gender diversity year on year (%)

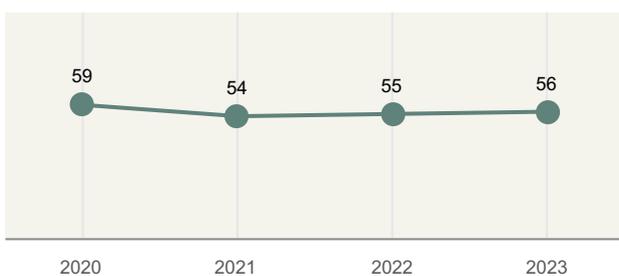


● 2021 ● 2022 ● 2023

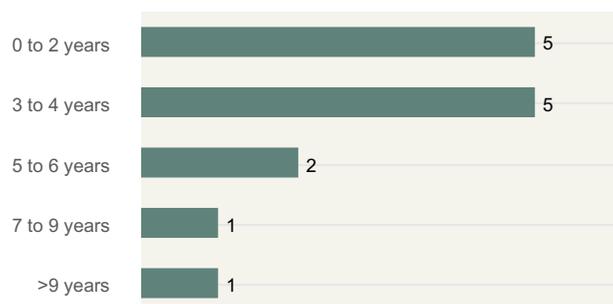
Age diversity: Number of directors (16)



Average age per year



Non-executive director tenure



Our executive team

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

 The ESG report includes details on our [executive committee](#) (page 139).



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



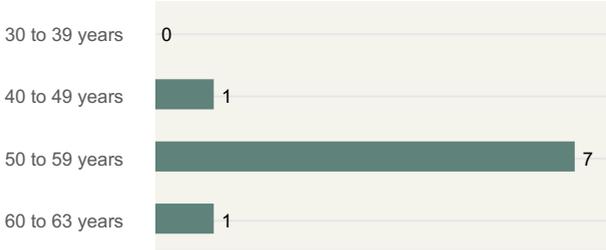
Joseph Rock (54)
Chief people and performance officer



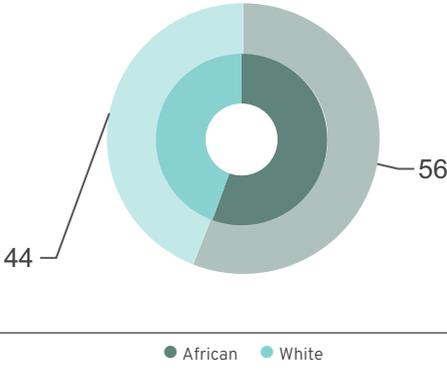
Richard Lilleike (51)
Chief growth officer

Our leadership continued

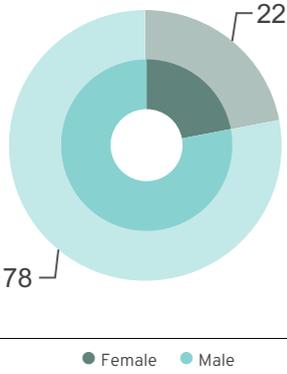
Executive age diversity (an average age of 55)



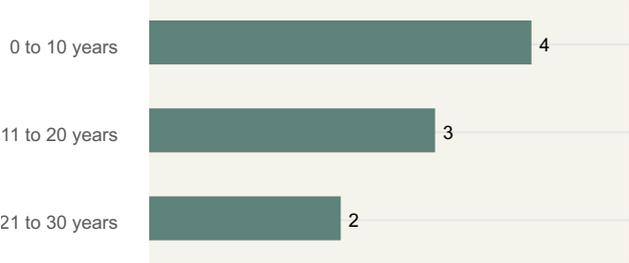
Executive race diversity (%)



Executive gender diversity (%)



Executive tenure at Exxaro



Summarised governance report

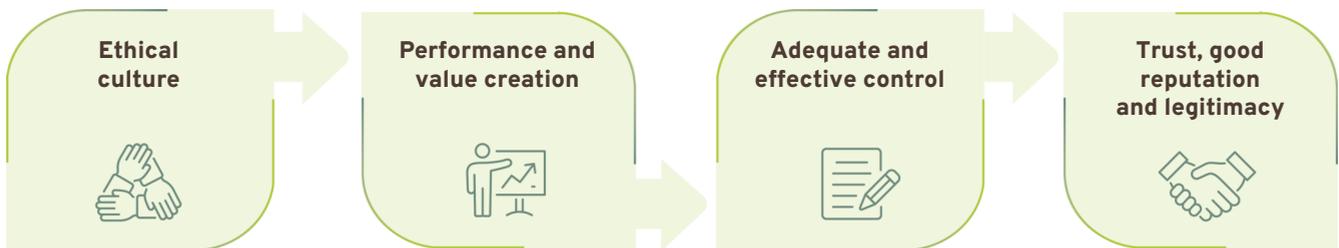
The Exxaro board applies good corporate governance to ensure an ethical culture, safeguard human rights, and support sustainable growth while transitioning to a low-carbon world.

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.

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 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 the ability to fulfil the needs of future generations. 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 the [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:



Material themes in focus

The following material themes received focused attention in 2023:

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

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 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

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.

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.

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.



[Climate change adaptation and resilience](#) (page 111)



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

ESG governance

Exxaro works to integrate and embed ESG into the organisation beyond mere compliance using a tiered governance structure and lens through which to view the Sustainable Growth and Impact strategy. 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.

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.



For more on our tiered ESG governance structure reflecting management roles and responsibilities, see our [ESG report](#) (pages 117 to 119) for the distribution of ESG matters among our board committees.

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. 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 Molope	3 January 2024

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 and 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



[Board composition, diversity and experience](#) (ESG report, page 134)

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.

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

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
- To foster innovation and meet the varying needs of end-users, we adopted a systems approach and identified priority areas to develop a range of optimised energy solutions and drive energy 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
- We execute our purpose of powering better lives through our learning management platforms, which include MyNexxt and a 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](#) (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". These risks are continuously monitored after being analysed to determine their impact on Exxaro and were presented to the RBR committee and the board.

Focused governance sessions

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

Board key matters in focus continued

Governance in action

The 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 meeting 2022 financial results presentation 	<ul style="list-style-type: none"> Second quarterly meeting Annual strategy sessions with executive and management First governance session focusing on responsible environmental stewardship 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 meeting 2023 interim financial results presentation Annual governance roadshow 	<ul style="list-style-type: none"> Second annual governance session focusing on adapting to a changing context Fourth quarterly 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 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 	<ul style="list-style-type: none"> 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 the RBR committee on information technology (IT) security, risk and governance	Approved the integrated report 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 Employment Equity Amendment Act, 2022 (Act 4 of 2022) 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 the 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	

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.

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.

Code of ethics

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

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.

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.

Organisation for Economic Co-operation and Development's recommendations on ethical behaviour

ENSAfrica conducted an ISO 37001 readiness assessment in 2018 and identified a gap in ensuring that new third-party exposures are assessed as part of a due diligence process. Exxaro has since introduced due diligence processes for suppliers, customers, employees and business partners.

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

Fraud and ethics hotline

 We encourage employees and stakeholders to report suspected fraud or corruption to Exxaro's [fraud and ethics hotline](#) (contact us tab).

The hotline is independently managed and reports to the SERC and management's ethics committee. Due to the importance of retaining the integrity of the hotline, it is necessary for Exxaro to protect the interests of the disclosing parties as far as reasonably possible.

Avoiding conflicts of interest

In terms of the Companies Act and King IV, directors and prescribed officers have specific duties regarding disclosure of actual direct and indirect conflicts of personal financial interests as well as the perception of a conflict, including that of their related parties. 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. In terms of the policy, annual declarations are also required from all employees in the group.

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)

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 our suppliers

- As part of the supply chain pre-qualification process, suppliers must disclose details of shareholders, directors and other associates who are current or former employees in compliance with the conflicts of interest policy
- Employees who evaluate requests for proposals or recommend contract awards must declare that they have neither an interest in nor a close relationship with the supplier that may be construed as a conflict of interest

 [Supply chain sustainability](#) (ESG report, page 105)

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.

Supplier conduct

To improve a 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 European Union, 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. Guidelines were developed as a framework to deal with implicated companies doing business with Exxaro. The framework will also be used in 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.

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 in support of democratic stability. The update to the policy will be submitted to the SERC for consideration and recommendation to the board for final approval in 2024.

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, anticompetitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.

 [Respecting and upholding human rights](#) (page 105)

Performance and value creation

Strategic direction

King IV articulates the board's responsibilities of steering 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, risks and opportunities.

As sustained value creation is founded on good governance and responsiveness to significant social and environmental challenges, our strategy is continuously monitored and assessed, and formally presented to the board for approval at least once a year. Before executive leadership presents the strategy to the board, iterative workshops, following a bottom-up process, and board governance sessions are held. During our annual strategy review process, management also demonstrates how sustainability and ESG objectives are integrated into the Sustainable Growth and Impact strategy, including status and progress in our context. The board therefore supports the King IV principles with regard to strategy setting and follows an iterative process. As part of the strategy process, a risk and opportunity assessment is conducted, which includes emerging risks and an assessment of material sustainability issues.

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

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.

Business continuity and crisis management plans

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

The RBR committee oversaw the process of updating various business continuity governance documents and policies. This process sought to align BUs with the board-approved business continuity plan template, which aligns with ISO 22301:2019 and British Standards Institution 11200:2014.

Performance evaluation

KPIs track the execution of our strategy for the board, board committees, and 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](#) (page 50)
-  [Delivering measurable results and impact](#) (ESG report, page 19)

Performance targets to support our Climate Change Response strategy

To strengthen greenhouse gas (GHG) mitigation and business resilience efforts, we included targets on water security and efficiency, and energy efficiency in the group's short-term incentive (STI) scheme in 2022.

The energy efficiency targets relate to diesel and electricity consumption. Diesel accounts for over 95% of our scope 1 GHG emissions, while coal-based electricity is 100% of our scope 2 emissions.

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

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. The board therefore ensures that reports issued by Exxaro enable stakeholders to make informed assessments of our performance, and short, medium and long-term prospects.

Good governance to achieve strategic objectives

-  See page 124 of our [ESG report](#) on how we apply good corporate governance to support the achievement of our strategic objectives and how the SDGs are supported through specific steps taken in 2023.

Adequate and effective control

Governance framework

The 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 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.

Board charter and code of conduct

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

The 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 their appointment to the board.

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

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.

Delegation of authority

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

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

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

Board committees

Our corporate governance structure supports our 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. We consider good corporate governance the responsibility of our board, executive leadership, 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 its 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.

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 board committees' terms of reference were reviewed in 2023, including key focus areas and annual work plans.

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

Subsidiary companies

The board, on behalf of the company, recognises the statutory and fiduciary duties of subsidiary companies' directors and particularly their duty to act in the best interests of the subsidiary company at all times whether or not the director is nominated to the board of the subsidiary company (in its capacity as holding company). In the case of a conflict between 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 must 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 11)

Group-wide control functions

The group control and oversight functions are responsible for providing enterprise-wide oversight of operational management and integrated reporting. The heads of these functions have direct access to the board, audit committee and RBR committee, as appropriate.

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 Exxaro's strategic objectives are pursued by management to create shareholder value.

In terms of our governance framework, risk management is an independent control function across the group. The strategic risk profile, highlighting the group's material risks (including Cennergi's top risks) and emerging risks, is reported quarterly to the RBR committee and 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](#) (page 28)

Technology and information management

The board governs technology and information management in a way that supports Exxaro in setting and achieving our 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 information and communications technology, security, operations, project management, asset management and the information and communications technology service continuity policies. 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 due to 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.

Beyond compliance

The group is committed to:

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

While Exxaro drives compliance with relevant regulatory requirements in its jurisdictions, the law serves as a minimum standard of conduct. Beyond complying with the law, Exxaro promotes a compliance culture at all levels.

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 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



[Material compliance universe](#) (ESG report, page 129)

Combined assurance model

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

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

- 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.

Adequate and effective control continued

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 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 \(page 81\)](#)

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 JSE Stock Exchange News Service 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.

 Stock Exchange News Service 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) in our ESG report 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](#) (ESG report, page 24)

External communication

Stakeholder days

The SERC's virtual stakeholder days during the year aimed to communicate Exxaro's social performance to stakeholders. These events were also an opportunity for the SERC and 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 the 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 notice (presentation of annual financial statements, SERC report and various other resolutions for voting by shareholders)
- Stock Exchange News Service 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 Nationally Determined Contribution objectives and a just transition

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

Responsible corporate citizenship

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

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

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

Governance

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

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

Commitments

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.

Exxaro remains committed to supporting the 10 principles of the UNGC. The UNGC principles are embedded in our Sustainable Growth and Impact strategy, values, operations and stakeholder engagements in alignment with our endeavours to meet the SDGs. We believe that Exxaro's voluntary participation in the UNGC advances the case for responsible business practices and encourages our stakeholders to do the same. It holds us accountable to a global standard as we strive to become a catalyst for economic growth and environmental stewardship.

 [UNGC communication on progress](#) (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.

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

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 lost-time injuries (LTIs).

 [Prioritising safety](#) (page 98) and [integrated health and wellness](#) (page 100)

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 starting a due diligence process
- The SERC and 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](#) (ESG report, page 19)

Audit committee

Chairperson: Nondumiso Medupe

Meetings: Six

Members: Billy Mawasha and Chanda Nxumalo

Attendance: 93%

Changes: Vuyisa Nkonyeni (former committee chairperson) and Isaac Mophatlane (former member) retired by rotation at the 2023 AGM

 [Audit committee report](#) (ESG report, page 143)

Composition as at 31 December 2023



Nondumiso Medupe
Chairperson



Billy Mawasha



Chanda Nxumalo

Role and purpose

The committee is an independent, statutory committee whose members are appointed annually by Exxaro's shareholders in compliance with section 94 of the Companies Act and the principles of good governance. In terms of the Companies Act, this committee has an independent role with accountability to the board and shareholders of the company. The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability for the functions performed by other committees of the board. In addition to the Companies Act, the committee's duties are guided by the JSE Listings Requirements and King IV.

The committee is governed by its terms of reference that codify its role and responsibilities. To assist the board, the committee plays an essential role in providing independent oversight of the:

- Quality and integrity of the financial statements and related public announcements
- Integrity and content of the integrated reporting process
- Qualification and independence of the external auditor
- Scope and effectiveness of the external audit function
- Scope and effectiveness of the overall combined/integrated assurance process
- Effectiveness of internal controls and the internal audit function
- Assessment of the adequacy of Exxaro's insurance arrangements regarding the nature of our business and insurable risks
- Integrity and efficacy of the risk management process relating specifically to internal controls and financial reporting risks through assurance over system controls and policies in place

Terms of reference

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

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 consideration global resistance to thermal coal and insurance markets

Enhancing the committee composition and skills set

Monitoring and considering the impact of cybersecurity risks and use of AI in the finance and internal control environment

Managing talent challenges in the finance and internal audit functions in response to the 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

Confirmation

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

Investment committee

Chairperson: Ben Magara

Meetings: Five

Members: Isaac Malevu, Billy Mawasha, Mandlesilo Msimang, Chanda Nxumalo and Peet Snyders

Attendance: 93%

Changes: Isaac Mophatlane (former committee chairperson) and Vuyisa Nkonyeni (former member) retired by rotation at the 2023 AGM. Ben Magara was appointed a member and committee chairperson

 [Investment committee report](#) (ESG report, page 148)

Composition as at 31 December 2023



Role and purpose

The committee has an independent role in terms of which it operates and makes recommendations to the board, monitors on behalf of the board and reports to the board on material acquisition, merger/investment or disposal opportunities, and ongoing material transactions and related matters in the scope of the approved energy and minerals sustainable growth strategy, including ongoing portfolio management of these businesses and post-investment reviews.

Importantly, the committee reviews the strategic fit, risk assessment and outcomes of financial, technical and legal due diligence for major investments. It ensures adherence to all Exxaro's governance processes and that we meet the approved hurdle rates, set from time to time, before we commit any funds.

An investment opportunity will therefore first serve at the investment committee where a detailed review shall be conducted in line with the investment criteria approved by the board. After the review, the investment opportunity may be recommended by the committee to the board for final approval.

Terms of reference

We reviewed the committee's terms of reference in line with principle 8 of King IV, with minor amendments and rephrasing enhancements. The board approved the revised terms of reference which align with legislation, regulations and King IV.

Conflict of interest

The committee's mandate requires that disclosure of interest is in focus at the time of circulating information to the committee members and before the commencement of any meeting. Any declaration or recusal by members is captured in the meeting minutes to ensure transparency.

Key focus areas 2023/2024

Monitoring divestments and acquisitions

Reviewing and recommending for approval investment guidelines for minerals (energy review completed)

Monitoring the energy and minerals ESG KPIs and dashboard

Continuing to guide and recommend participation in proposed acquisitions that fit our long-term minerals and energy strategy

Confirmation

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

Logistics committee

Chairperson: Zwelibanzi Mntambo

Members: Ben Magara, Dr Phumla Mnganga, Mvuleni Geoffrey Qhena and Peet Snyders

Changes: None

Meetings: Four

Attendance: 90%

 [Logistics committee report](#) (ESG report, page 150)

Composition as at 31 December 2023



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.

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

Confirmation

The committee, in carrying out its duties, has due regard to 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.

Nomination committee

Chairperson: Mvuleni Geoffrey Qhena

Meetings: Four

Members: Geraldine Fraser-Moleketi, Dr Phumla Mnganga and Zwelibanzi Mntambo

Attendance: 100%

Changes: None

 [Nomination committee report](#) (ESG report, page 152)

Composition as at 31 December 2023



Mvuleni Geoffrey Qhena
Chairperson



Geraldine Fraser-Moleketi



Dr Phumla Mnganga



Zwelibanzi Mntambo

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 Mol 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.

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

Confirmation

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.

Remuneration committee

Chairperson: Dr Phumla Mnganga

Meetings: Six

Members: Mvuleni Geoffrey Qhena, Geraldine Fraser-Moleketi and Zwelibanzi Mntambo

Attendance: 92%

Change: None

 [Remuneration committee report](#) (ESG report, page 156)

Composition as at 31 December 2023



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 Mol, King IV and in accordance with the requirements of a JSE-listed company.

Key focus areas 2023/2024

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

Embedding the new STI and long-term incentive schemes in our Cennergi business

Monitoring compliance with the minimum shareholding requirement policy for all executives

Reviewing Exxaro's long-term incentive plan rules and performance conditions

Reviewing our recognition policy and programme

Ongoing consideration and deliberation of shareholder feedback

Reviewing benefits and allowances

Confirmation

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.

Risk and business resilience committee

Chairperson: Peet Snyders

Meetings: Five

Members: Karin Ireton, Ben Magara, Nondumiso Medupe, Mandlesilo Msimang and Chanda Nxumalo

Attendance: 100%

Changes: Karin Ireton and Nondumiso Medupe were appointed members

 [RBR committee report](#) (ESG report, page 159)

Composition as at 31 December 2023



Peet Snyders
Chairperson



Karin Ireton



Ben Magara



Nondumiso Medupe



Mandlesilo Msimang



Chanda Nxumalo

Role and purpose

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

Risk management

The committee's role is to 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 as well as responses in place to address these risks with particular focus on:

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

Business resilience

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

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.

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 our 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

Confirmation

The committee, in carrying out its duties, has due regard to 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.

Social, ethics and responsibility committee

Chairperson: Geraldine Fraser-Moleketi

Meetings: Four

Members: Karin Ireton, Riaan Koppeschaar, Likhapha Mbatha, Dr Phumla Mnganga, Peet Snyders and Dr Nombasa Tsengwa

Attendance: 97%

Changes: Isaac Mophatlane (former member) retired by rotation at the 2023 AGM. Dr Nombasa Tsengwa, Riaan Koppeschaar and Dr Phumla Mnganga were appointed members

 [SERC report](#) (ESG report, page 163)

Composition as at 31 December 2023



Geraldine Fraser-Moleketi
Chairperson



Karin Ireton



Riaan Koppeschaar



Likhapha Mbatha



Dr Phumla Mnganga



Peet Snyders



Dr Nombasa Tsengwa

Role and purpose

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

The company recognises that it forms part of an interrelated community and, as such, may have positive and negative impacts on 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.

Terms of reference

The terms of reference were reviewed in 2023 and approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

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 neutrality 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 Taskforce on Nature-related Financial Disclosures 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

Confirmation

The SERC is pleased to confirm that, in carrying out its duties, as prescribed, it has duly regarded King IV principles and recommended practices, and has discharged its responsibilities in accordance with its terms of reference and the Companies Act. Beyond 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.

Combined assurance for effective governance

The board, supported by the audit committee, is ultimately responsible for Exxaro's system of internal controls, which has been designed to evaluate, manage and provide reasonable assurance against material misstatement and loss.

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

The board and audit committee assessed the effectiveness of controls for the year ended 31 December 2023 as satisfactory, 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.

Approach, governance and reporting

Exxaro defines assurance broadly to cover all sources, including external assurance, internal audit, management oversight and regulatory inspections. Our combined assurance model includes and optimises all assurance services and functions to collectively provide an effective control environment and support the integrity of information used for internal decision making by management, the board and its committees, and in our external reports including:

- Corporate governance disclosures in terms of King IV
- Financial statements and other external reports, including our integrated report and ESG report

The forum's activities and outcomes of assurance reports are presented quarterly to the audit committee.

Assurance review

For the year under review, the sources, level and focus area of assurance, commissioned and performed, are summarised below:

Focus area	Function assured			
	Assurance provider	Tier/level of assurance*	Corporate	BU
External/statutory audit	KPMG	3	Yes	Yes
Sustainable development/KPIs	KPMG	3	Yes	Yes
Environmental liability provisioning	KPMG	3		Yes
Mining rights and environmental legal compliance	Inlexso	3		Yes
B-BBEE dtic code compliance	Empowerdex	3	Yes	Yes
Mining Charter III compliance	Ngubane	3	Yes	Yes
Insurance risk surveys	IMIUI	3		Yes
Major and mega capital projects	PwC/ EY	3	Yes	Yes
Mineral Resources and Mineral Reserves statement	PwC/EY	3		Yes
Governance, risk and internal controls	PwC/EY	3	Yes	Yes
Employee benefits	Ngubane	3	Yes	Yes
SLP projects	Ngubane	3		Yes
ISO and OHSAS certifications	Various	3		Yes

* Tier/level of assurance refers to independent external assurance.

Outcome of assurance

As at 31 December 2023, there were 450 open findings, reflecting an increase of 56 open findings in the year. Of the 450 open findings, 283 (63%) are classified as "ready for audit" (a three-month waiting period is applied before performing follow-up procedures for the control to be fully embedded). The split by status of findings is depicted below:

Status of findings	Current period reporting		
	Internal audit	Other assurance providers	Total for the current period
Follow-up in progress	62	0	62
Ready for audit	65	218	283
Within timelines	70	25	95
Overdue	10	0	10
Total	207	243	450

Overdue findings have been classified by ratings assigned in the final audit report and split into sources below.

Source	Level 1 (high)	Level 2 (medium)	Level 3 (low)	Not rated	Total
Internal audit	1	6	3	0	10
Other assurance providers	0	0	0	0	0
Total	1	6	3	0	10