

SOCIAL

We strive to do business for the sustainable and holistic wellbeing of our employees, communities and society at large. Everything we do today ensures a safer and more productive tomorrow. This section showcases our commitment to societal stakeholders, our impact on social and relationship capital and how our projects support the Sustainable Growth and Impact strategy.

Highlights

- Record four years fatality-free
- Record LTIFR of 0.05
- Khetha Ukuphepha COVID-19 campaigns
- Received a Top Employer Award
- Minimising disruption of COVID-19
- Disbursements of over R79 million to 24 ESD beneficiaries
- Implementation of contractor development programme in partnership with the Gordon Institute of Business Science
- Sponsored 17 African female students from the local communities at a cost of R182 000

Lowlights

- Three safety high-potential incidents (HPIs)
- Fatal shooting of a community member during a protest at Grootegeeluk in October 2020
- Delays in municipal approvals for infrastructure development
- Delays in approvals of SLPs
- COVID-19 loss of life

We conduct our business activities with the intention to promote social development in our communities.

Aware of the need to be responsible and accountable for our actions, we strive for operational efficiency, growth and regulatory compliance within a framework of responsible corporate citizenship.

Exxaro consistently benchmarks its activities against global best practice, endorsing several voluntary external standards, charters and principles, including the:

- UN UNGC as a signatory
- UN SDGs
- CDP carbon and water disclosures

We also shape appropriate policies for South Africa as an active stakeholder in the mining industry through many channels, including the Minerals Council, Business Unity South Africa and Business Leadership South Africa.

COVID-19 food parcel donation at Leeuwpans mine



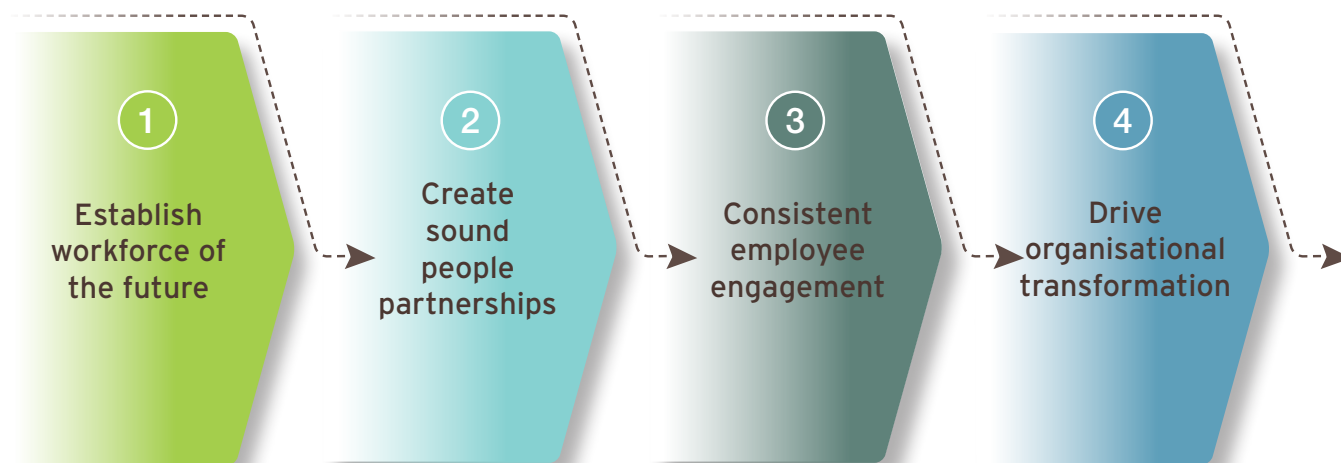
PEOPLE

Our employee value proposition (EVP) refers to the benefits and rewards we offer to our employees for their commitment, skills and capabilities.

We uphold our licence to operate through

- People strategy
- Diversity and inclusion strategy
- EVP

Our people strategy, based on four strategic priorities, is the foundation of our approach to employee engagement:



The pillars are underpinned by a commitment to sustain our culture, values and behaviours to enable our core purpose: to power better lives in Africa and beyond.

As our Sustainable Growth and Impact strategy evolves, it is supported by embedding our organisational culture – the behaviour we expect from all employees. We drive adequate communication and change management relating to strategic issues through our connext2NEXT platform, supporting positive employee engagement.

Exxaro believes that people are at the centre of our success. We harness value from our workforce's diversity of thinking.

Our diversity and inclusion strategy supports our EVP through the co-creation of an innovative and agile work environment. Value-adding people solutions afford a fulfilling work experience with growth and development. The evolution of our EVP and our culture will be enhanced by the baseline culture survey.

We maintain sustainable human resource governance with a comprehensive suite of policies that cover employment, labour relations, occupational health and safety, training and education, among others. We are mindful of the safety and wellbeing of our employees and host communities. We strive to achieve zero harm through collective responsibility, commitment and risk awareness. Our phased approach to meeting employee needs uses lessons learnt in each phase to accelerate the next.

Exxaro employed 22 466 people in 2020 (2019: 23 365) – 30% full-time employees and 70% contractors.

SAFETY, HEALTH AND WELLNESS

We uphold our licence to operate through

- Safety strategy
- Basic conditions of employment
- Health and wellness strategy

In terms of the Mine Health and Safety Act, 1996 (Act 29 of 1996), our BUs elect management and operators as safety and health committee representatives.

Safety

In line with Exxaro's zero harm vision, the group's approved safety strategy focused on achieving these key objectives in 2020:

- Zero fatalities, zero HPis
- LTIFR of less than 0.11

We review our safety target every year, based on prior performance, and apply stringent management protocols, programmes and systems. Our BU management team investigates every occurrence of a safety incident and in terms of LTI and a skilled committee, headed by an independent chairperson, investigates fatalities and HPis. Exxaro reports investigation findings to the executive committee and the sustainability, risk and compliance committee, and escalates these to our board.

The leading causes of incidents and sources of safety risk remain trackless mobile machinery, fall of ground, energy and machine isolation, lifting and material handling, as well as poor risk awareness and discipline. We provide on-the-job training to ensure well-trained people are in suitable positions. Each BU tracks adherence to standards and legislation through a safety improvement plan of self-assessments and corporate audits.

To achieve our goal, we review our LTIFR target annually, based on the prior year's performance, and apply stringent management protocols, programmes and systems.

We revised our group safety strategy in 2017 and leadership identified five specific focus areas, namely leadership, communication, consequence management, training, and risk management. Additional interventions to address safety risks in 2020 included:

- Global Minerals Industry Risk Management course for top and senior management informed our safety improvement plans

- Visible felt leadership improved management's presence and communication in the workplace
- Safety communication (safety indabas at BUs, the group Safety Leadership Day and the Sustainability Summit)
- Managing high-risk and non-routine tasks as well as working over weekends and holidays
- Innovation and technology application for safety in work conduct

In 2020, the Sustainability Summit shared Exxaro's journey, particularly the importance of safety, with over 700 internal and external stakeholders hosted at the recently launched Exxaro head office the *conneXXion*. In addition, safety indabas were held at various BUs to entrench the safety conversation in company culture. Our new safety campaign, *Khetha Ukuphepha* ("choose to be safe") was also launched to communicate that zero harm is possible, to achieve safety targets, and to reach the three-year and beyond fatality-free milestone.

The campaign was introduced in the BU safety indabas and the executive committee's group-wide Safety Leadership Day. Executive committee members and safety and operations virtually connected due to COVID-19 to drive the safety message and demonstrate leadership support.

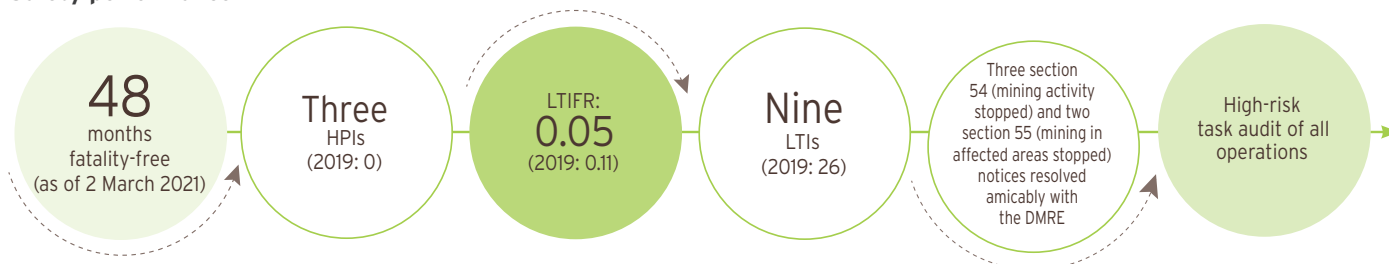
Compliance audits, including Ilima safety audits at Grootegeluk and Matla (our two biggest BUs in terms of number of people), were driven by two teams in two parts:

- Leadership engagement (top-down) with mine management implementing safety processes
- Safety systems review (bottom-up) with employees focusing on technical aspects, practical use of safety tools and observation of safe work procedures

The compliance audits identified potential obstacles in achieving zero harm. Emerging themes include limited practical knowledge of Exxaro's safety strategy and gaps in developing safety leadership skills.

The outcome of these safety improvement efforts was improved morale and performance resulting in the safety statistics shown below and production results.

Safety performance



PEOPLE continued

Health and wellness

Our health and wellness strategy, approved by our executive committee and board in November 2019, aims to:

- Shift our healthcare approach from curative and employer-driven to preventive and employee-driven efforts
- Align our health and wellness portfolios for a holistic and integrated management programme

Our strategy identifies occupational and non-occupational health risks and their causes, solutions to mitigate these risks, impacts of the risks on the business, and the best approach to ensure an environment that empowers employees to manage and protect their health.

We need seamless integration of health and wellness management with clearly defined employer and employee responsibilities for our strategy to deliver a comprehensive health solution.

Our health and wellness strategy is supported by three pillars that ensure an integrated approach to occupational and lifestyle diseases throughout our BUs:



Diagnostic programmes are advanced with integrated health and wellness solutions. Wellness management is moving beyond services currently offered (general and psychosocial counselling) to healthy lifestyle coaching with physical and mental health management in a single certificate of fitness awarded after routine tests.

COVID-19 response

In line with our health and wellness strategy, Exxaro's strategic response to COVID-19 is based on three pillars:

- Avoid infection
- Reduce infection
- Manage risks as they arise

Our health and wellness strategy seeks to provide a solution that diagnoses, manages and prevents cases.

Exxaro's response to the pandemic during 2020 included the following activities to protect employees, the business and our host communities.

- **Avoiding and minimising infections with amendments to business processes in terms of the Disaster Management Act, 2002 (Act 57 of 2002):**
 - Amplified awareness campaigns (including our LetsConnect app) using our culture and values to empower employees with information about the cause of infection, transmission, symptoms, risks and precautionary personal hygiene measures and destigmatisation
 - Business processes amended to prohibit travel without permission, to practise social distancing (limited face-to-face meetings and gatherings) and to enable screening at entry points
 - COVID-19 technical teams established by our executive committee at BUs to guide and oversee protocols
 - Individual and workplace hygiene measures (face masks, social distancing, washing and sanitising hands, cleaning and disinfecting workspaces) directed by the DMRE

- Driving compliance and behaviour change with COVID-19 compliance officers, internal safety inspectors as well as safety, health and environment representatives and audits
- Installation of two testing facilities in Limpopo (Grooteegeluk) and Mpumalanga (Matla mine), for both employees and community members, following appropriate certification

• Case management:

- Mass screening and testing to safeguard employees and operations at Matla and Grooteegeluk laboratories
- Oximeters for employees who test positive to measure oxygen levels and heart rate (patients contact healthcare professionals when they are concerned)
- 24-hour COVID-19 call centre with healthcare professions to support employees with information and emergency response
- Occupational health centres dispense supplements to infected employees
- Quarantine and isolation facilities with professional medical care
- Employee assistance programme (EAP) services extended to contractors in 2020 (EAP will be available to more employees and contractors in 2021)

Sustainability Summit 2020

On 3 March 2020, Exxaro held its annual Sustainability Summit and celebrated another fatality-free milestone. The summit's theme, The Future Now, highlighted our commitment to sustainability with a zero-harm vision, and showcased our new head office, the conneXXion.

Health and wellness

The summit emphasised the three pillars of our approach to health and wellbeing: diagnose, manage and prevent.

Exxaro wants all employees to receive a once-off DNA analysis so that medical practitioners can develop disease management programmes, based on valuable data, for people to manage their conditions. This prevention approach also includes risk-based cancer screening.

The integration of wellness and healthy lifestyle coaching programmes into the existing certificate of fitness was also highlighted. This will prevent diseases from developing or worsening, and encourage employees to take care of their mental health with the discreet and freely available EAP.

Safety

Zero harm was another summit priority. Our Khetha Ukuphepha safety campaign contributed to the significant improvement in our safety journey for 2020.

Environment

Exxaro's goal to maximise its net positive footprint was also on the summit agenda. Various integrated measures over the past five years have reduced our GHG emissions by 17%.

The summit achieved the prescribed standards for a green event with a performance score of 98.7% (the greenest event in South Africa) as it included:

- Sound, highly visible and communicated environmental policy
- Local suppliers

- Minimum travel and transport
- Purchasing activities and recyclability levels (local and seasonal food and drinks, delegate packs, transport and packaging among others)
- Venue choice
- Waste management

Occupational diseases

We categorise occupational diseases contracted at work as communicable and non-communicable. Communicable diseases are contagious (passed from one person to another) such as occupational TB. Non-communicable diseases are not contagious such as NIHL, COAD, silicosis, dermatitis, asbestosis and work-related limb disorders. The last three have not been present at Exxaro for the past five years.

Our occupational health programmes seek to prevent and mitigate the risks for permanent employees and contractors. The programmes facilitate analysis, monitoring and management of exposure, and provide preventive measures.

Reported occupational disease cases

Newly diagnosed work-related cases are reported to authorities for compensation, as legislated. In 2020, the decrease in cases reflected an improvement in our risk exposure profiles although we need to further reduce the incidence of occupational diseases.

	2020	2019	2018	2017	2016
NIHL	1	11	11	12	17
Pneumoconiosis	1	2	8	18	5
Silicosis		1			
COAD	3	2	4	1	4
Occupational TB	27	35	42	26	26
Total	32	51	65	57	52

There has been a steady reduction of NIHL incidents due to robust implementation of the hearing conversation programme. Regrettably this cannot be said about occupational TB due to HIV/Aids immuno-compromised individuals.

COVID-19 testing



PEOPLE continued

Accepted cases

A total of six (2019: 15) occupational disease cases (demonstrably work-related) were accepted for compensation in 2020, including five (2019: 10) of TB and one (2019: four) of pneumoconiosis.

Mining sector targets for noise and silicosis

We adhere to the mining sector targets set in 2014 to eliminate NIHL, silicosis and pneumoconiosis, as presented below.

NIHL

- No employee's standard threshold shift will exceed 25 decibels (dB) from the baseline when averaged at 2 000 hertz (Hz), 3 000Hz and 4 000Hz in one or both ears

Silicosis

By December 2024:

- 95% of all exposure measurement results will be below the milestone level of 0.05 milligrams per cubic metre (mg/m³) for respirable crystalline silica (as individual readings and not average results)
- Using current diagnostic techniques, no new cases of silicosis will occur among previously unexposed individuals

Pneumoconiosis

By December 2024:

- 95% of all exposure measurement results will be below the milestone level of 1.5mg/m³ (<5% crystalline silica) for platinum dust respirable particulate (as individual readings and not average results)
- Using current diagnostic techniques, no new cases of pneumoconiosis will occur among previously unexposed individuals
- 95% of all exposure measurement results for **coal workers' pneumoconiosis** will be below the milestone level of 1.5mg/m³ (<5% crystalline silica) for coal dust respirable particulate (as individual readings and not average results)
- Using current diagnostic techniques, no new cases of **coal workers' pneumoconiosis** will occur among previously unexposed individuals

HIV/Aids and TB

By December 2024:

- At or below the national TB incidence rate and all employees should be offered annual HIV counselling and testing with eligible employees linked to an antiretroviral treatment (ART) programme (as per the National Strategic Plan)

Current status

- No cases of silicosis accepted for compensation
- 11 cases of employees with hearing loss reported

Previously unexposed individuals were not exposed to mining dust prior to December 2008 (equivalent to a new person entering the industry in 2009).

We will continue to implement hearing conservation and dust control programmes to reduce the number of new occupational diseases, and reach the 0% milestone target of the Mining Charter III.

Non-occupational diseases

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

HIV/Aids, diabetes, hypertension and heart disease are our most significant health risks revealed by a survey. In 2020, medical surveillance identified 70 (2019: 413) new diabetes cases and 196 (2019: 1 911) hypertensive employees and contractors.

The survey encouraged further integration of our health and wellness programmes. Awareness campaigns promote healthy living as we believe this will help address the prevention and management of lifestyle diseases.

Our solutions were aligned across BUs in 2019 with prevention and control of chronic diseases integrated into our workplace health programmes. Our initiatives were supported by case management and monitoring of individual progress in chronic disease management.

HIV/Aids and TB

HIV/Aids prevalence across Exxaro, based on tested full-time employees, was an estimated 8.8% in 2020 (2019: 24.7%) (more information in the table below). The national rate is 13%.

A total of 1 266 (2019: 494) employees and 4 582 (2019: 4 848) contractors received ART.

HIV/Aids awareness (employees and contractors)	2020	2019	2018	2017
Attended information sessions	17 693	30 403	18 657	16 788
Total tested	8 475	12 679	9 492	3 512
% tested	48	54	77	—
Employees tested positive	746	578	356	188
Enrolled at December (cumulative)	4 554	5 342	4 475	350
Received ART	5 848	5 124	3 167	4 547

Communication ensures effective early diagnosis, prevention and management of lifestyle diseases. In addition to risk management and prevention, we provide rehabilitation and return-to-work programmes. We also partner with the Department of Health to embed our healthcare operating model.

EAP

Our EAP ensures afflicted employees consult an external counselling service to address psychosocial, legal, financial, emotional, family, work-related and substance abuse issues.

To integrate our health and wellness strategy, an EAP awareness session is provided to all employees during the certificate of fitness process.

MANAGING OUR TALENT

Exxaro's talent management strategy guides our sourcing and development of employees across the organisation. Our strategic workforce pipeline, talent planning and learning and development processes maintain our status as "employer of choice". These processes also contribute to our EVP, and diversity and inclusion strategies.

We use a well-defined succession planning process for management and specialists employees to identify and develop future leaders for the organisation. Succession plans are used to address the inevitable changes that occur when employees are promoted, rotated, exited or retire. Our talent bench is tracked to have visibility of the health of our Talent pipeline, specifically the development of employment equity candidates to ensure that proactive measures are in place to address talent and critical skills shortages. Our talent bench for employment equity is 24.3% on the D band and 31.1% on the E band.

Our talent management initiatives build leadership, management and technical competencies, and broaden knowledge.

We facilitate leadership training, formal studies, mentoring, coaching, internships, learnerships, skills development, adult education and training (AET) and short courses.

The strategy has evolved over the past three years to focus on several initiatives that enhance learner experiences as well as reskill and upskill employees. Initiatives include smart workforce programmes, capability development, a new learning platform, diversity and inclusion programmes, new digital platforms and fourth industrial revolution training.

To meet our skills requirements, we invest in current and potential employees as well as members of communities in our labour-sending areas (99% in South Africa). Our bursary, graduate, learnership and skills development initiatives empower local communities to compete for positions. Learning programmes optimise individual potential for growth and meaningful contribution.

We examine key areas across the value chain to ensure the right skills are available at the right time. More than half of our talent pipeline spend is dedicated to artisan and miner learnership development.

Developing our human resources

Human resource development initiatives reduce core skills shortages in the South African mining industry. Our learning programmes accelerate technical and functional skills development as well as leadership competence, especially for black people, women and people living with disabilities. At the same time, we comply with skills targets and goals set by regulators. In some instances, we exceed the requirements of the Mining Charter III and the dtic's B-BBEE codes.

We invest a portion of annual salaries and wages in developing our people. In 2020, we spent R227 million or 5.04% (2019: R298 million or 6.52%) of our payroll on training and development including:

- R114 million on job-related operational and technical training (operator training and mobile equipment licences)
- R93 million on bursaries, training professionals, internships, learnerships and skills programmes to secure our talent pipeline
- R7.4 million on developing targeted employees in management programmes, leadership roles, postgraduate studies and support functions

To mitigate the impact of COVID-19 on our internship, learnership and skills development programmes, some training offerings were made available using digital platforms. More than 17 000 compliance training interventions were completed in our online cloud-based learning management system. The creative content improved learner retention and saved time.

Our human resources initiatives	2020 (Rm)	2019 (Rm)	2018 (Rm)
Total training	227	298	260
Total training (% of total payroll)	5	7	6
Training for black people	177	219	211
Black people trained (% of total payroll)	4	5	5

Learnerships and skills programmes

We sponsor formal engineering and mining learnerships at our acclaimed Grovos training centre in Lephalale and the Colliery Training College in eMalahleni, Mpumalanga. Exxaro determines learnership requirements with a needs analysis, incorporating our business strategy, a skills gap analysis, employee career progression, SLP commitments and employment equity targets.

In 2020, 89% of learners in formal learnership programmes were black people, including 38% black women.

Our feeder schemes provide sponsored formal theoretical and practical training in core skills, including plant and mobile equipment operation, through structured skills programmes. Accredited training providers conduct workplace training at our BUs and the relevant sector education and training authority provides certification. Exxaro sponsors training and learners receive a monthly allowance for the duration of the programmes.

Feeder schemes in 2020	Number in training	Black people	Black women
Engineering learners	411	365 (89%)	156 (38%)
Miner learners	33	31 (94%)	13 (39%)
Operator learners	90	87 (17%)	35 (39%)
Internships	110	110 (100%)	50 (45%)
Business administration learners	19	19 (100%)	15 (79%)

PEOPLE continued

Internships

We offer internships for recent graduates to acquire practical experience. We also provide compulsory workplace exposure to undergraduates in various disciplines. We determine their requirements through a needs analysis that considers our business strategy and SLP commitments. We remunerate interns as an investment in our future.

In 2020, all interns were black people, including 45% black women.

AET

Functional literacy is vital for our industry to deliver verbal and written communication and training, particularly safety messages. More than 90% of our workforce is certified as National Qualifications Framework (NQF) level 1 and above. Employees who are not functionally literate, with qualifications below NQF level 1, have classroom training in their mother tongue with a qualified AET instructor.

Exxaro encourages employees to complete AET part time or full time and rewards completion when done part time. We also offer portable skills training to employees.

We have accredited AET training centres at Grootegeluk (in partnership with an external service provider) and Matla. Other BUs use accredited external training service providers.

We encourage employees to attend AET programmes at all operations, however, enrolments have declined over the years. In 2020, we invested R674 370 (2019: R1.4 million) in nine employees and 62 community members. Since inception, more than 1 300 employees have passed one or more AET levels.

Strategic workforce planning

Our strategic workforce planning initiatives supports our business in identifying and developing capabilities required to deliver our Sustainable Growth and Impact strategy.

We translate capabilities into learning journeys to reskill and upskill our workforce. The process supports digital transformation as our operations adopt new technology and equipment.

Our minerals growth strategy informs the transition of roles for effective delivery of our business strategy.

Updated competency profiles, assessment tools and learning interventions will support future roles. We train young people in our talent pipeline to expose them to our working environment with our new business strategy in mind.

Our smart workforce training programmes ensure digital skills are fit for the advancing digital economy.

Capability development for future growth

Our strategy aims to build a multi-core and supportive organisation.

We partnered with service providers to develop capability framework proof-of-concept training programmes (including strategic development, market orientation and business acumen).

Our plans include additional internal capability development programmes to be rolled out in 2021.

Leadership and management development

Leadership development is a critical pillar of our strategy. Our leadership programmes aim to transform zones of influence with individual and fellowship development. Exxaro's Leadership Way, which includes philosophy mindset and behaviour change modules, will be rolled out in 2021 for further reach into senior and middle management levels.

We also sponsor management development from junior to executive level. Mentoring and coaching as well as soft skills training develop the competencies of future leaders. Study loans are provided for other approved formal programmes.

In 2020, we trained 50 (2019: 59) employees in basic management, 52 (2019: 116) in first line management and 28 (2019: 24) in middle management. In addition, 54 (2019: 48) employees completed leadership programmes at first line, middle and senior management levels.

We customise our leadership programmes to include our culture and values-based philosophy with programmes incorporating self-awareness, mindfulness and systems thinking. We believe that leadership development is a powerful tool for growing the business, enabling change and transformation, and fostering a values-driven culture in the prevailing D-VUCAD operating environment.

Mentorship and coaching programmes

To support leadership development, we offer mentorship and coaching to employees aspiring for leadership positions.

In 2020, 54 employees (2019: 42) were in mentorship programmes. We have 45 paired mentor relationships across our operations.

Exxaro provides training, frameworks and guidance to every mentor and mentee to help maintain and enhance the mentorship relationship.

Fast tracking programmes

We define fast tracking as accelerating the development of high-potential black candidates for senior level positions through focused learning and development interventions.

At mid-year, we enrolled 54 black employees in our fast tracking programmes (59% female and 41% male) for 24 months. Since inception in 2019, 15 employees were promoted to high-level roles and one employee moved laterally. Exxaro provides feedback on their progress to executive heads every six months.

Our executive mentoring programmes aim to groom high-potential black candidates who occupy senior leadership roles for future executive positions at Exxaro. We have eight candidates in our executive mentoring programme (25% female and 75% male). As part of the training, we pair individuals with internal executive mentors, peer mentors and external executive coaches. The programme will run over 24 months, emphasising multidimensional executive coaching, formal training, experiential learning, feedback, and peer and internal mentoring.

Formal studies

Our postgraduate study offering enables approved formal studies for employee development and succession.

In 2020, we approved 26 nominations for master's, honours and postgraduate degrees as well as technological and digital programmes. A total of 61% of 2020 nominees were employment equity candidates, including 19% black women.

Talent pipeline

Our search for future employees extends beyond our current workforce to our host communities for people who can grow and transition with Exxaro.

We award bursaries for qualifying students to pursue careers in technical disciplines such as engineering (metallurgical, chemical, mechanical, electrical, mining and civil), mine surveying, geology, electronics and computer science. These bursaries cover registration, tuition, books and residence fees, and a meal and laptop allowance. Exxaro also offers these students valuable hands-on experience at its operations.

Bursary and graduate programme

In 2020, we supported 33 (2019: 39) bursars studying at South African institutions at a cost of R1.5 million (2019: R3.7 million) – 94% (2019: 80%) black South Africans, including 39% (2019: 28%) black women.

Our three-year professionals in training (PIT) programme blends academic theory with hands-on workplace experience. We pair each graduate with a technical coach who supervises exposure

to various operations as well as technical, leadership and management training. After 36 months, we guide trainees who meet the requirements for accreditation to become professional engineers.

In 2020, we supported 78 (2019: 74) PIT candidates at a cost of R36.2 million (2019: R34 million) – 73% (2019: 72%) black people, including 32% (2019: 31%) black women.

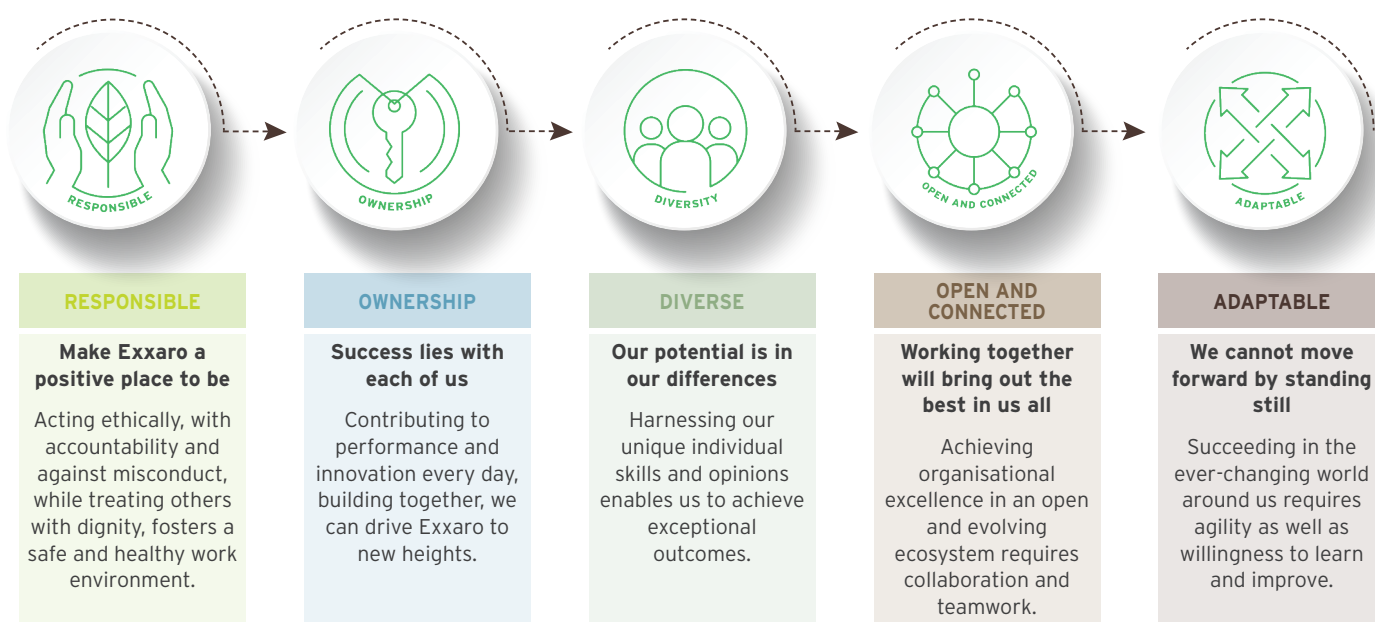
In 2020, we identified and supported 10 matriculants from our communities at a cost of R1.2 million to improve their matric results through the Edumap bridging programme.

This 12-month programme focusses on improving the learners mathematics and physical science matric mark so that they can better qualify for university programmes and meet the university entrance requirements.

To support our women in mining drive we also sponsored 17 African female students from the local communities, at a cost of R182 000 to improve their knowledge and skills in technical subjects at the Lephalale Technical and Vocational Education and Training College. This will help them in opportunities in technical learnerships at our Grootegeluk mine.

EMPLOYEE ENGAGEMENT

Our adaptable culture reflects our willingness to learn and improve as we strive towards achieving our Sustainable Growth and Impact strategy. We continue intensifying our employee engagement efforts to share critical information and changes. This includes feedback from our employees through our culture and engagement survey.



Our integrated approach to culture was the focus as we could adapt the organisation's response to COVID-19 challenges as well as continued leverage of existing programmes such as health and safety, sustainability, diversity and inclusion, social impact, Exxaro Leadership Way and various monthly activities aligned to our corporate communications calendar in the organisation to deliver targeted messages. This included ensuring necessary support to employees with regard to remote working process, mental health and emotional support, anti-stigma, women empowerment and anti-GBV, among others.



In 2020, a baseline culture and engagement survey was conducted to assess progress. We achieved an above-acceptable baseline score of 3.97 against a benchmark of 3.70. This will also ensure continuous improvement in our employment experience as we live our values with leadership support.

PEOPLE continued

Employee relationship management

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

Our employee relations strategy also enables the proactive maintenance of a healthy workplace through established engagement structures and dispute resolution mechanisms based on fairness.

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

Skills workshops and training for employee relations managers and line leaders ensure that all parties are committed to building solid relationships. We broaden our employee relations capacity-building processes to understand recognition agreements and their purpose.

In 2020, 5 119 (2019: 5 089) employees were represented by affiliated unions recognised by Exxaro being NUM, Solidarity, AMCU, UASA, FAWU and NUMSA.

Union representation	Number of employees
AMCU	328
FAWU	48
NUMSA	51
NUM	4 219
Solidarity	408
UASA	65
Total	5 119

We maintain good relations with employees in bargaining units by engaging with their representative unions through formal recognition agreements. Wage negotiations processes are conducted at employer level and these engagements determine negotiated conditions of employment.

Our multi-year wage agreements, concluded in 2017, for Exxaro Coal Proprietary Limited (Exxaro Coal), Exxaro Coal Mpumalanga Proprietary Limited (Exxaro Coal Mpumalanga), Exxaro FerroAlloys Proprietary Limited (FerroAlloys) and Ferroland Grondtrust Proprietary Limited (Ferroland) expired in June 2020. Negotiations with organised labour for these entities led to a one-year wage agreements being concluded with NUMSA at FerroAlloys, NUM, UASA and Solidarity at Exxaro Coal Mpumalanga, NUM at Exxaro Coal, and FAWU at Ferroland. Our collaborative approach to union relationships has assisted us in concluding these wage agreements without any industrial action.

The Coastal Coal Proprietary Limited (Coastal Coal) wage agreement with AMCU is valid until June 2021 at which time discussions to renew will be initiated.

Exxaro employees at our ECC operation pre COVID-19



Share ownership

Greenshare, our employee ownership plan scheme, was developed for qualifying employees in 2019 and implemented in 2020. The scheme is evergreen and beneficiaries will benefit from dividend payments only for the duration of employment. This scheme is open to all employees not participating in any management share scheme.

When dividends are declared, participants in service will receive a cash payment equal in value to 560 Exxaro shares minus dividend tax. Participants will remain in the scheme for the duration of employment. Employees will not have capital appreciation rights.

In 2020, each participant in Greenshare received a cash payment of R5 425.32.

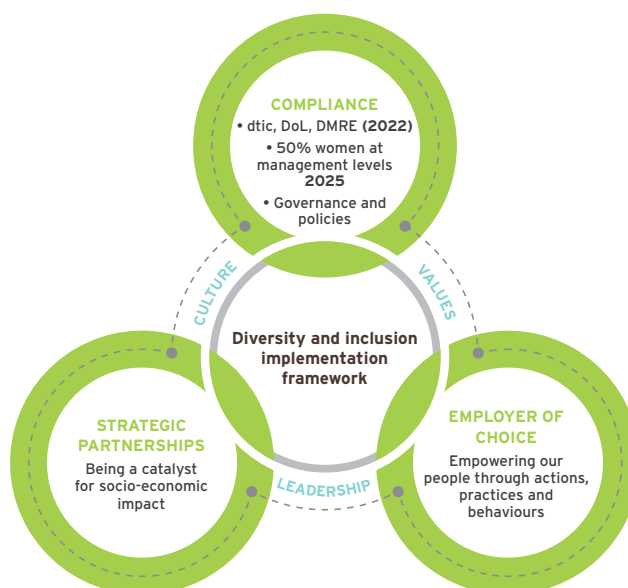
	Number of active beneficiaries	Number of units	Payment amount before tax (R)	Payment amount after tax (R)
March 2020	6 279	3 516 240	19 901 918.40	15 921 534.72
August 2020	6 247	3 498 320	22 494 197.60	17 995 358.08

Diversity and inclusion

Our diversity and inclusion strategy is a key strategic enabler and aims to create value from our people's diverse talent and mindsets. Diversity and inclusion is key component in ensuring that Exxaro achieves its Sustainable Growth and Impact strategic objectives by enabling an inclusive culture that empowers its people, irrespective of gender, race and background, to successfully contribute to delivering on our vision to "power better lives in Africa and beyond".

The implementation of the diversity and inclusion strategy is managed through the diversity and inclusion framework which adopts a phased approach aimed at increasing alignment and promoting a diverse and inclusive culture that delivers business and stakeholder value. The key objectives of the diversity and inclusion framework are:

- Promoting an aspirational vision for the Exxaro brand on both national and international platforms through strategic partnerships in terms of the promotion of diversity and inclusion to stakeholders
- Promoting a diverse and inclusive workforce through our actions, practices, leadership and culture by enhancing our employees' experience by creating a compelling EVP to become the "employer of choice"
- Achieving our regulatory compliance targets by 2022 and 50% of women on management levels by 2025
- Being a catalyst in accelerating our focus to enhance Exxaro's business purpose and stakeholder value creation



Diversity and inclusion implementation framework

In 2020, we defined diversity and inclusion for Exxaro with focus areas including:

- Women empowerment and gender equality
- Strategic partnerships
- Leadership and culture
- Persons with disabilities
- Governance and policies
- Compliance

Work streams have been identified for each of the above areas, where defined principles, current and future outcomes have been considered.

Leadership commitment and drive for diversity and inclusion in Exxaro supported early successes in 2020, which included the following:

- The formulation of a diversity and inclusion policy
- The adoption of a gender equality charter
- Forging strategic partnerships of particular significance that align with UN Women and its women empowerment principles
- Conducting anti-GBV campaigns across the organisation

PEOPLE continued

Employment equity

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

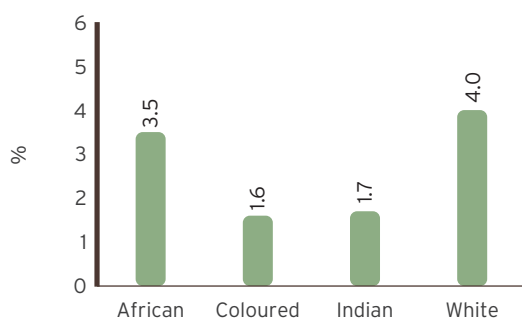
Exxaro achieved its employment equity targets over the past five years. Our targets for 2019 to 2022 are aligned with the Mining Charter III promulgated in September 2018. Though we have shown positive progress in achieving our annual targets, key challenges exist with the representation of women at senior management level and persons with disabilities across the organisation. Our aspiration is to measure our organisational transformation profile against the national economically active population statistics.

Our annual employment equity report, submitted for each employer to the Department of Employment and Labour, is outlined below.

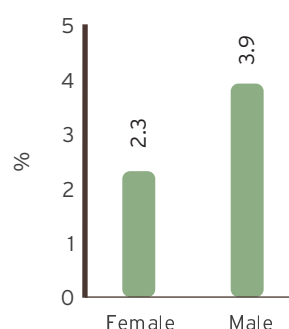
Employment equity in 2020	Black males		All female		Historically disadvantaged people ¹		DMRE targets	
Management category	Number	%	Number	%	Number	%	Historically disadvantaged people target	Women target
Top management	1	33.33	1	33.33	2	66.67	50%	20%
Senior management	34	38.64	17	19.37	51	57.95	60%	25%
Middle management	243	38.27	230	36.22	473	74.49	60%	25%
Junior management	1 231	51.53	636	26.62	1 867	78.15	70%	30%
Disabled	Performance of 1.44% for all employees against a target of 1.5% for all employees							

¹ Includes white female employees.

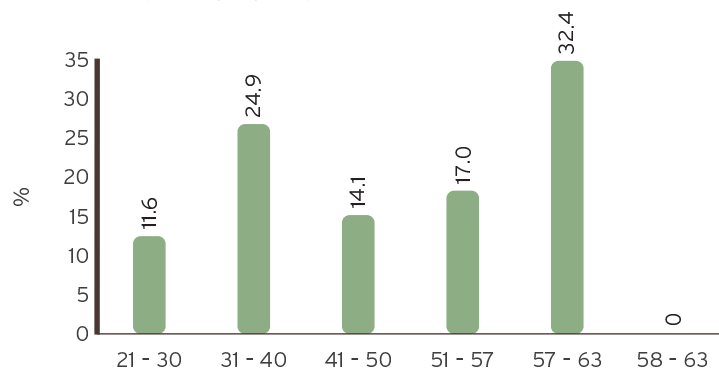
Ethnic group turnover



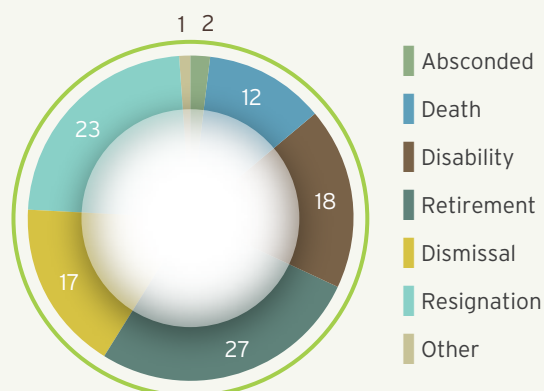
Gender turnover



Turnover per age group



Reasons for termination (%)



Our staff complement was 6 739 in 2020 (2019: 6 812) with 82.92% (2019: 81.5%) of employees in bargaining units and 17.08% (2019: 18.5%) in the management and specialist category.

Region	Bargaining unit				Management and specialist				Total
	Male	% of workforce	Female	% of workforce	Male	% of workforce	Female	% of workforce	
Foreign	39	0.58	1	0.01	9	0.13	2	0.03	51
Gauteng	82	1.22	75	1.11	169	2.51	139	2.06	465
KwaZulu-Natal	42	0.62	15	0.22	1	0.01	0	0	58
Limpopo	2 341	34.74	656	9.73	366	5.43	124	1.84	3 487
Mpumalanga	1 859	27.59	478	7.09	230	3.41	11	1.65	2 678
Total	4 363	64.74	1 225	18.18	775	11.50	376	5.58	6 739

In 2020, Exxaro's average employee turnover rate was 3.6% (2019: 3.8%) due to death, resignation and dismissal. The turnover rate by employee group is shown below.

Turnover by level	Terminations: January to December 2020	
	Number	% of workforce
Senior management	3	0.04
Middle management	22	0.32
Junior management/skilled	88	1.30
Semi-skilled	113	1.67
Unskilled	16	0.24
Total	242	3.57

Eliminating discrimination and resolving grievances

We are committed to equal opportunity, irrespective of race, religion, gender, health status, sexual orientation or nationality. We believe that our strengthened potential is in our diversity and differences. We embrace the diversity of our strengths and individual skills to enable exceptional outcomes and promote a culture of inclusivity.

Our values guide our behaviour that celebrates the power of diversity and inclusion. Discrimination is never acceptable. Exxaro invests in upskilling and training managers and supervisors to appropriately apply disciplinary measures when needed.

In the review period, no cases of alleged discrimination or grievances were filed.

Women in mining

We empower female employees, who make up 24% (2019: 22%) of our workforce. We grow this talent pipeline through our PIT programme, which enrolled 38% (2019: 43%) female candidates in 2020.

In 2020, 39% (2019: 33%) of bursaries were awarded to full-time female students in engineering and mining disciplines at universities in South Africa.

Our learnership and internship feeder schemes in 2020 comprised 40% (2019: 35%) women.

Exxaro is recognised as a leader in gender empowerment as we understand the barriers women face in the mining industry. Our initiatives include:

- Fast tracking and executive mentorship programmes
- Gender mainstreaming and sexual harassment awareness at all levels
- Encouraging and mentoring young women and girls in our communities to plan their careers and acquire skills to become independent and empowered
- Our gender equality policy

The mining industry has significantly increased efforts to create a conducive environment for women since 2004. We celebrate their growing influence and respect their aspirations.

Exxaro prides itself in active women in mining structures across all our operations. These women in mining structures collaborate with transformation structures to highlight and resolve issues affecting women in the workplace.

Exxaro also signed up to the UN Women Empowerment Principles, which offer guidance on how we can further empower women in our workplace and communities.

Furthermore, Exxaro was recognised in the GEI. This announcement is testament to the gender-related practices, policies and purpose-led programmes to advance the role of women in Exxaro.

Housing

In line with our Mining Charter III obligations and our business needs, we address home ownership under our long-term housing strategy.

Since 2009, 643 permanent employees have received a mortgage repayment subsidy for first-time home buyers. Capital assistance of R125 000 significantly reduces employees' mortgages and improves affordability.

Our converted hostels (single-quarter accommodation or family units) also improve quality of life for over 920 employees.

In addition, bargaining unit employees receive a housing or living-out allowance. In 2020, we paid a housing allowance to 1 814 (2019: 652) employees with a registered bond and a living-out allowance to 3 450 (2019: 3 683) employees renting accommodation.

COMMUNITIES

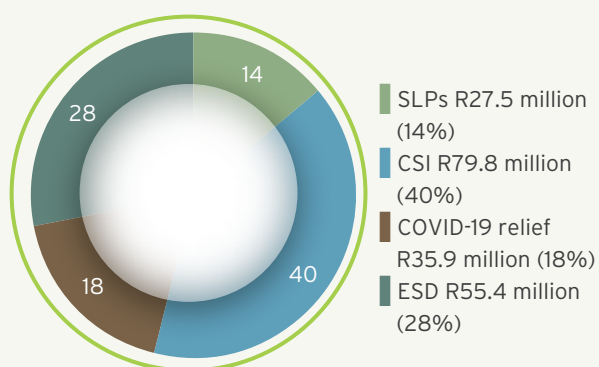
Our socio-economic development initiatives are funded by the Exxaro Chairman's Fund (ECF), the Exxaro Foundation (EF) and the Exxaro People Development Initiative (EPDI).

The ECF and the EF govern our CSI initiatives, and SLP projects, while the EPDI oversees education and skills development initiatives across Exxaro's footprint. Our ESD committee is responsible for creating wealth, dignified employment and sustainable enterprises for our host communities.

Exxaro's integrated approach to infrastructure development, education, healthcare and ESD aims to advance and strengthen communities. We understand that our success is both short term in terms of delivery of initiatives and long term as determined by the legacy we leave for our communities. Our guiding principles are sustainability, stakeholder inclusiveness and collaboration.

The socio-economic development expenditure included SLPs, ESD, CSI and COVID-19 relief, totalling R198.64 million

2020 expenditure



ESD beneficiary, Justice Makhale on his farm



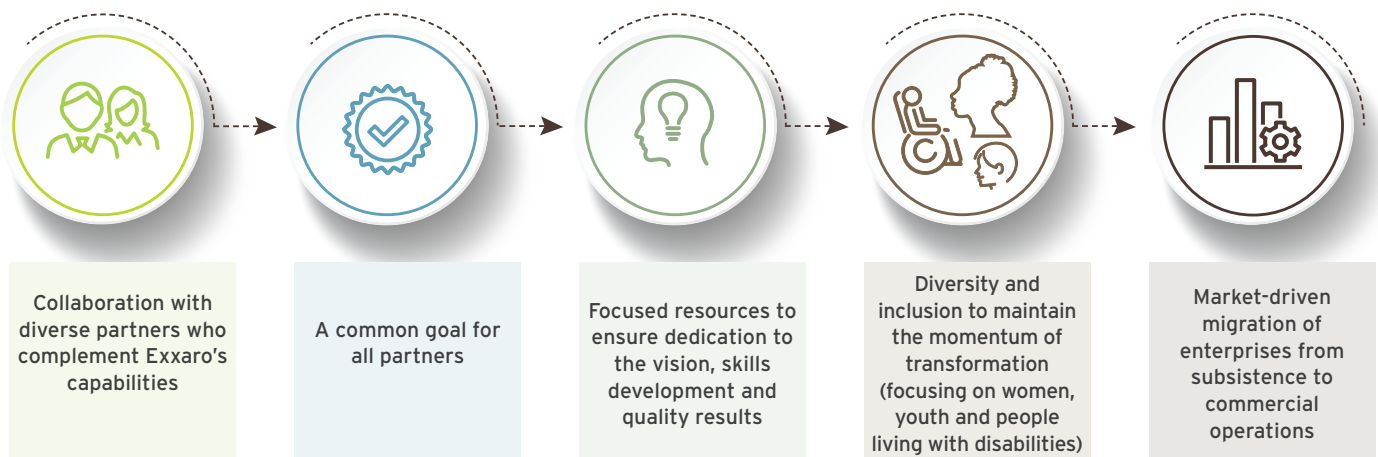
SHIFT FROM LOCAL TO COLLABORATIVE REGIONAL DEVELOPMENT

“Impact at scale” drives our approach to community development. We introduced this approach in 2020 and will continue to reinforce it into the future.

Our community development initiatives are successful but not far-reaching as they are constrained by localised impact and lack of local government capacity. The socio-economic and environmental challenges are exacerbated by rising unemployment (aggravated by COVID-19) and poverty. Exxaro and government cannot resolve these challenges on their own.

Our impact at scale approach recognises the opportunity to reference legislative requirements such as the Mining Charter III and the dtic’s B-BBEE codes as the foundation for our work with government. We also see an opportunity to lead better and bigger development initiatives that will arrest and reverse the scourge on our communities.

Our impact at scale approach includes:



Anticipating the long-term impact of COVID-19 on our “impact at scale” programmes, Exxaro has developed a post-lockdown response plan that will also mitigate any future unexpected events.

DMRE medium-term strategic framework

Our impact at scale approach is aligned with the DMRE’s medium-term strategic framework (2019 to 2024). This framework confirms the role and contribution needed from the mining and minerals industry for far-reaching transformational development.

The framework has seven key objectives illustrated below.



Our impact at scale approach, guided by our Sustainable Growth and Impact strategy, also references the framework’s identification and execution of community development initiatives.  See our integrated report for more information.

COMMUNITIES continued

District development model

Further impetus for our impact at scale approach is government's district development model – a new integrated planning model for cooperative governance, supporting district-based municipal service delivery, to transform rural and urban landscapes with complementary local economic development.

The pilot project in Lusikisiki (OR Tambo District Municipality) includes rural spatial development. The Durban pilot (eThekweni Metropolitan Municipality) includes urban spatial development. Exxaro is particularly interested in the Lephalale pilot, launched in the Waterberg District on 26 November 2020, which includes mining spatial development. Exxaro will partner with government to achieve the envisaged short and long-term community development objectives, through the municipal capacity-building programme described later.

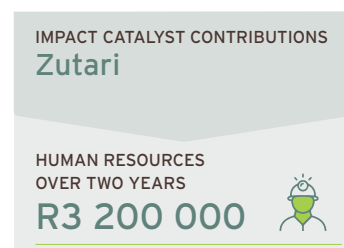
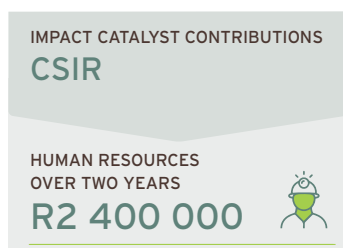
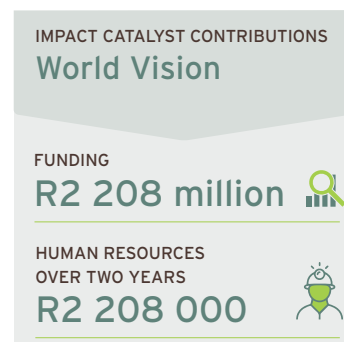
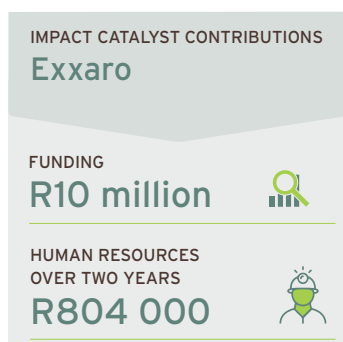
The Waterberg is known for platinum production and increasing coal mining to meet growing demand for electricity. Lephalale is also an agricultural hub with game and livestock farming, as well as irrigated agriculture contributing to local economic development.

Impact Catalyst

Exxaro, Anglo American, World Vision South Africa, the CSIR, Zutari (formerly Aurecon) and the Limpopo provincial government are collaborating on the Impact Catalyst platform for large-scale socio-economic development initiatives. Public-private partnership initiatives leverage collaboration across all sectors for impact beyond the scope of individual participants and locations, and in this instance, beyond mining.

The partners have contributed over R55 million in funding and human resources since 2019. Several initiatives are at different stages of implementation:

- Laser-based refurbishment of mining equipment and PPE manufacturing
- Community-oriented primary care at Anglo American's Mogalakwena platinum mine (scoping analysis for roll-out in Lephalale is underway)
- Mooihoek integrated game farm (a co-development initiative between the community and farm management)
- An agri-processing hub in Limpopo
- Information and communications technology (ICT) connectivity for schools and communities
- Mutale agri-industrial development project
- A fresh produce market in Rustenburg
- On-demand manufacturing



Municipal capacity-building programme

Exxaro has partnered with the NBI and COGTA to support host municipalities in a municipal capacity-building programme. The programme addresses technical skills gaps needed for service delivery and local economic development. It aims to empower local municipalities by building capacity for effective delivery of basic services by local government. The long-term vision is to attract additional investment and stimulate growth.

The NBI is a voluntary coalition of South African and multinational companies working towards sustainable growth and development for a sustainable future through responsible business action. As a member of the coalition, Exxaro shares mutually beneficial national high-impact solutions.

 The technical assistance, mentorship and development programme of the NBI trains permanent senior local municipality employees. It is an outcome of the Business Unity South Africa job summit of October 2018. Reporting to the presidency through the National Economic Development and Labour Council, COGTA is represented in this programme to ensure alignment with the district development model (detailed on page 80).

The programme aims to ensure sustainability and stability of municipalities with focus on expertise, processes, systems and management. Engagements with the Waterberg District Municipality began in the last quarter of 2020 to identify infrastructure projects and areas in need of support. Retirees with technical expertise will mentor municipality employees as individuals and groups in 2021.

Matla Setshabeng community benefit scheme

In December 2017 Exxaro concluded the Replacement BEE Transaction, ensuring a broad-based ownership level of 30% in Exxaro, which replaced the previous BEE ownership structure that had expired and vested in November 2016. The community benefit scheme, officially registered as an NPC called Matla Setshabeng, and employee share ownership scheme are part of the overall

black shareholding of 30%, each holding 5% of the Exxaro interest. Given the prior empowerment structure of more than 50% broad-based black shareholding, the replacement structure is exempt from compliance with the requirements of Mining Charter III – Exxaro concluded these transactions as an objective for proactive economic empowerment of employees and communities through benefits obtained from its growth strategy, viz dividend earnings.

The community benefit scheme will act independent of, but may partner with Exxaro and other social actors in delivering socio-economic benefits to the community, with the primary objectives to focus on anti-poverty initiatives; provision of healthcare services to poor and needy persons; and promotion and provision of education and training programmes.

 Matla Setshabeng will cover primarily, all Exxaro operations in Mpumalanga, Limpopo and KwaZulu-Natal, including communities adjacent to closed operations previously owned by Exxaro. It will be operational at the district level to align with the district development model (page 80) to achieve wide-reaching socio-economic development that can complement initiatives at a local level. Matla Setshabeng will be launched during 2021.

Road upgrade at Ga-Seleka in Limpopo



COMMUNITIES continued

OVERCOMING IMMEDIATE CHALLENGES TO POWER BETTER LIVES

We began 2020 with plans to resolve challenges in the implementation of community development projects. Among these challenges were delays in project execution due to extended consultation, poor project planning, inadequate local municipal capacity and realising partnership models for our ESD programmes. We addressed some of the issues and pursued new opportunities. COVID-19 shifted our priorities so that our annual SLP project delivery schedules were disrupted in favour of an urgent response to the pandemic.

Material events and activities in 2020

- Precautionary measures to limit the spread of COVID-19 began before lockdown restrictions were announced
- Infrastructure projects were temporarily halted until lockdown eased to enable work to continue at Ga-Nala sports ground, Mhluzi industrial park, Mafube Primary School and Matla ESD hub (costs increased when work resumed due to COVID-19 protocols and material shortages)
- Skills development and ESD programmes continued via online platforms for host communities
- Our Belfast and Grootegeeluk operations assisted the Emakhazeni and Lephalale municipalities, respectively, with short-term water supply to prevent the spread of COVID-19
- Approximately R51 million was spent on various COVID-19-related initiatives
 - R20 million donation to the Solidarity Fund
 - R13.9 million towards SMMEs
 - R7 million for two testing facilities at Grootegeeluk and Matla
 - Food parcels for poor and destitute communities
 - PPE for government healthcare employees
 - Awareness campaigns to destigmatise COVID-19 among employees and communities
- Adjusting forecasted schedules during the first two levels of lockdown to minimise delays in projects such as Thubelihle sewerage (due to be completed in the first quarter of 2021) and Emzinoni water valves project (currently under construction)

Despite these challenges and shortcomings, in collaboration with local municipalities, we began key municipal infrastructure projects at an estimated cost to completion of R73 million (R15 million in Belfast and R58 million in Lephalale). We also delivered community benefit projects at a total cost of R25.1 million to three local municipalities in the Nkangala district of Mpumalanga for education and ESD.

SLPs – local economic development

All Exxaro's business operations have valid mining rights granted by the DMRE, which are at various stages of execution of their five-year SLPs. In Limpopo, these are Grootegeeluk, Thabametsi, and Tshikondeni (which is a mine in closure); and in Mpumalanga these are ECC, Matla, Belfast, Leeuwpan and Arnot.

Investment in local economic development	Rm
Education	6.30
Infrastructure	14.75
ESD (non-financial support)	6.48
Total	27.53

Highlights of Exxaro's five-year SLPs are outlined below.

Infrastructure (water, roads and sports)

PROJECT
Marapong water supply

FOCUS AREA

**Water
infrastructure**



SPEND

R3 990 000



STATUS

Sod-turning ceremony on
17 September 2020



BENEFICIARIES

33 JOBS during construction



Rapid growth of Lephalale has put pressure on the municipality's ageing water infrastructure with resultant insufficient water supply to communities and businesses. COVID-19 has highlighted the urgency to address the critical relationship between water, health and hygiene. In 2018, Grootegeluk committed R58 million to establishing, upgrading and replacing bulk water pipelines.

PROJECT
Emakhazeni road
rehabilitation

FOCUS AREA

**Road
infrastructure**



SPEND

R1 360 000



STATUS

Sod-turning ceremony on
23 October 2020



BENEFICIARIES

26 JOBS during construction



Belfast committed R15 million to road rehabilitation in the Emakhazeni municipality after impactful rehabilitation of roads in Siyathuthuka at a cost of R6 million in 2019.

COMMUNITIES continued

PROJECT

Ga-Nala sports field

FOCUS AREA

Sports
infrastructure



SPEND

R2 300 000



STATUS

Completed and handed over to the local municipality in December 2020



BENEFICIARIES

30 JOBS

created during construction



Matla renovated a local soccer and rugby field to foster social cohesion and create income-generating opportunities during matches. Security was enhanced with a concrete palisade fence.

Five local contractors were appointed to undertake the renovations, thus maximising local contractor development on the project.

This project was completed and handed over to the municipality in December 2020.

Education

PROJECT

School development

FOCUS AREA

Education



SPEND

R7 615 117



STATUS

Completed in 2020



BENEFICIARIES

3 000 learners



Exxaro contributed to school development initiatives in 2020 to uplift host communities with academic support and education infrastructure development.

Through an early childhood development (ECD) partnership with Komatsu, who provided R1.4 million for CSI programmes, ECD was identified as an area of need that would give great social returns, as proven through many studies, including the NDP. A needs assessment of ECD centres in Belfast, Mpumalanga and in Centurion, Gauteng was conducted. Exxaro donated R1.8 million towards addressing these needs. More than 1 000 children benefitted from this intervention.

Furthermore, Exxaro donated R500 000 towards the renovation of Magukubjane Senior Secondary School in Limpopo, due to storm damage in 2015.

In Steve Tshwete Municipality, Exxaro constructed six additional classrooms at Mafube Primary, to accommodate the growth of the Sekhululiwe township. The classrooms will be handed over to the Department of Education in 2021.

In 2020, Exxaro continued to support Grade 12 learners' academic camps, contributing towards improving the quality of education. Additionally support for university chairs was targeted at advancement of research contributing to sustainability and sustainable development.

PROGRAMME

Enterprise and supplier development

FOCUS AREA

Enterprise development



SPEND

R438.1 million

in loan and grant funding since programme inception in 2018



STATUS

Ongoing



BENEFICIARIES

68 QSEs and EMEs

35.3% youth-owned

36.8% women-owned

2.9% owned by people with disabilities



ESD

Exxaro's ESD programme is a key component of our socio-economic development response and tenet of our Sustainable Growth and Impact strategy objectives going into the future. Total ESD funding in 2020 was R79.8 million, comprising R56.1 million in zero interest loans and R23.7 million in grant funding for EMEs and QSEs. Beyond the compliance requirements, the ESD programme also aims to diversify our supplier base and develop local enterprises for long-term social job creation and economic development.

Unemployment rates remain high in our areas of operations as the informal business sector is not fully developed. Job creation and poverty alleviation require an integrated approach. At Matla, Exxaro is committed to establishing and operating an enterprise development centre for the town of Kriel. We are also developing 15 small enterprises with mentoring and coaching in Kriel. To date, 22 small businesses and 10 suppliers participated in this programme and created 12 new jobs.



Mhluzi

In Mhluzi, Mpumalanga, Exxaro built an industrial park to house businesses that operated in residential backyards and along township roads. Without negatively affecting the livelihoods of SMME owners, Steve Tshwete municipality (in terms of its integrated development plan) partnered with various stakeholders to establish this project. Exxaro's municipal capacitation efforts and planned collaborations with government agencies enabled construction of these enterprise development centres that continue to serve communities, sustain businesses and create further employment opportunities (even without our involvement).

Cennergi's enterprise development (ED) activities

The TWFT donated a centre pivot irrigation machine to the Wittekleibosch Development Trust to empower emerging black dairy farmers with the equipment they need to increase milk production and further employment opportunities in the community (at a project cost of R1.1 million). NNP Women Poultry, a 100% local woman-owned business to supply chicken eggs within and around the Tsitsikamma areas, Lihlumile Project - a newly established vegetable tunnel project located in Wittekleibos, Guava Juice Piggery Project and Jwayi Mbombela Carpentry, were among other ED activities that TCWF supported in 2020 with skills development programmes, tools, and equipment to the value of R2.8 million.

Meanwhile, the Amakhala Emoyeni Community Fund Trust supported Phurura Trading, Adelaide and Bedford laundry projects, three vegetation tunnel projects (Mallanskraal, Bedford and Cookhouse), Bavuyise Construction-Project, Rise and Shine Bakery Noganta's Construction, Mtika General Trading, and the EC Mobi Trail to the combined value of R3.6 million. To ensure the success and sustainability of local SMMEs, the Trust will partner with SAICA to run monthly coaching and mentorship workshops for six local business and is also planning to implement a Beginner Sewing Programme for 100% black-women owned Sophila Cookhouse Primary cooperative in 2021.



Credit: Donald McGillivray, Olive Tree Aquaculture

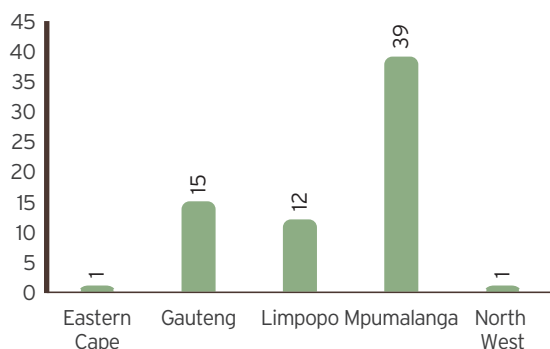


Credit: Sandile Mzizi, Guava Juice

COMMUNITIES continued

The graph below shows EMEs and QSEs supported in each of South Africa's provinces (75% are located in Mpumalanga and Limpopo where Exxaro has operations).

Provincial spread of supported QSEs and EMEs



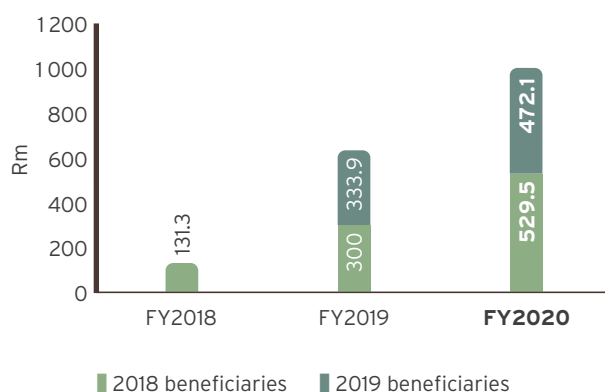
The ESD programme's total funding from its inception in 2018 to date is R438.1 million for 68 qualifying beneficiaries. Key demographics on the 68 beneficiaries is as follows:

- 35.3% are majority youth owned
- 36.8% are at least 30% women owned
- 2.9% are majority owned by people with disabilities

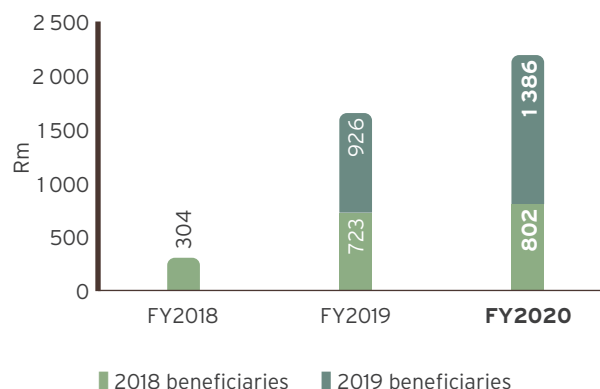
Performance monitoring and evaluation of supported QSEs and EMEs is underway. A report is expected in the first half of 2021. Preliminary findings from a sample of 30 QSEs and EMEs who received funding of R251.6 million indicates:

- 1 230 jobs were retained
- 959 new jobs were created (78% increase)
- Turnover increased by R554.3 million (119% increase)

Turnover of 2018 and 2019 beneficiaries, n=14 (2018), n=16 (2019)



Job retention and creation of 2018 and 2019 beneficiaries n=14 (2018), n=16 (2019)



Notes:

For 2018:

- FY2018 figures are baseline figures reported at ESD funding application.
- Yearly increase in job figures indicates new jobs, eg in 2019, 304 jobs from 2018 retained and 498 new jobs created.

For 2019:

- Yearly increase in job figures indicates new jobs, eg in 2020, 926 jobs from 2019 retained and 450 new jobs created.

Exxaro's survey of the impact of COVID-19 on our ESD programme revealed that 55% reduced operations, 35% stopped operating and 10% were unchanged. A similar national survey by the Centre for Development and Enterprise in August 2020 indicated that 86% of businesses did not know where to access emergency funding, 87% could not run their businesses from home and 87% could not support themselves or their families during lockdown. Our ESD programme focused on mitigating the impact of COVID-19 with the following outcomes:

- 15 beneficiaries received interest-free loan repayment holidays of two to six months (relief of R13.9 million was granted to companies employing 690 people who are mostly breadwinners)
- Two companies employing 262 people received funding of R2.3 million to address their challenges with access to government relief packages
- Four weekly information sharing webinars

Our ESD programme also continued further development programmes in 2020:

- Asset funding of R14 million for two emerging contractors with Bell Equipment
- Management development of 24 contractors with the Gordon Institute of Business Science at an initial cost of R781 702
- Financial excellence training with the South African Institute of Chartered Accountants for 29 beneficiaries (starting in February 2021) at a cost of R3.5 million

ESD CASE STUDIES

UMI PLANT HIRE

Exxaro's ESD programme granted UMI Plant Hire a R10 million interest-free loan to purchase two articulated dump trucks from Bell Equipment in 2020. The balance of the R12 617 000 purchase was funded by Bell Equipment with aftersales support at a reduced rate. Owned by Mshoza Malaza, UMI Plant Hire supplies equipment to a contract miner at our Belfast operation. The funding saved UMI Plant Hire R150 000 in monthly leasing costs and strengthened its asset base.



JJ TRADING

When Jehovha Jaira Trading Enterprise (JJ Trading), a Lephalale-based mining services company owned by Shirley Mnisi, had to temporarily lay off 91 employees at the beginning of the COVID-19 lockdown, Exxaro's ESD programme intervened with a R1.3 million interest-free loan to save the jobs and ramp up operations. The company had already paid off a R10 million loan provided by Exxaro in 2018. One of the first beneficiaries of our ESD programme, funding was initially provided to refinance existing assets and purchase a 40-seater bus to transport employees. The company has grown from 175 employees to 254 since 2018.



SOKOMA TRANSPORT AND LOGISTICS

An interest-free loan of R10 million from Exxaro's ESD programme enabled Sokoma Transport and Logistics to save R130 000 a month by settling leasing agreements in 2020. The company, owned by Themba Dabula, was able to purchase a grader and articulated dump truck. With a three-year road construction and maintenance contract at Mafube, Dabula must maintain a substantial asset base and a storage facility in Middelburg, Mpumalanga.



COMMUNITIES continued

Contractor support

Project team demobilisation workshops	As three projects near completion of construction and commissioning, Exxaro assists team members with demobilisation workshops.
Project internship programme	An on-the-job training programme began in 2019 to create opportunities for an initial intake of 14 interns.
Curriculum vitae database at Grootegeeluk	To ensure transparency, Samketsi (an independent service provider) is developing a recruitment database of candidates in Lephalale for the Grootegeeluk complex and any other local companies.
Organisational human factor benchmark	The Afriforte organisational human factor benchmark assessment extended to labour brokers and project teams in 2019 continues to measure working conditions in the interests of employee safety, health and wellbeing.
Local procurement: Leeuwpán relocation	Five construction packages enable local contractors to participate in the construction phase of the Leeuwpán relocation. All labour and materials must be procured locally with an established contractor supervising work, including on-the-job training.

COVID-19 responsive action

Exxaro collaborated with stakeholders to mitigate the impact of COVID-19 on our SLP projects. With relationships built on trust, we found innovative ways to continue working with communities, local authorities and other stakeholders.

Our investment in free community wifi for Siyathuthuka in Belfast was a necessity to ensure social distancing without loss of communication. We will replicate this project in other host communities.

When our BUs received numerous requests for assistance, we contributed R20 million to the national Solidarity Fund. Through the ECF, BUs also made discretionary donations. In addition, we collaborated with mining contractors and NGOs to provide food parcels and PPE to vulnerable people and essential service providers at a cost of R1.2 million.

Exxaro also contributed R460 000 to the Minerals Council initiative to provide PPE to the Department of Health in Mpumalanga.

We committed R2 million to address water supply challenges that hinder COVID-19 mitigation measures in the Emakhazeni and Lephalale municipalities. We will implement these short and long-term projects in collaboration with the MISA and the NBI.

We invested another R7 million in two COVID-19 testing laboratories to support public health departments in Lephalale (Limpopo) and Kriel (Mpumalanga).

SUPPLY CHAIN SUSTAINABILITY

Exxaro's supply chain sustainability strategy and policy govern procurement and supply chain management. We thus address the diverse expectations of customers, regulators and investors.

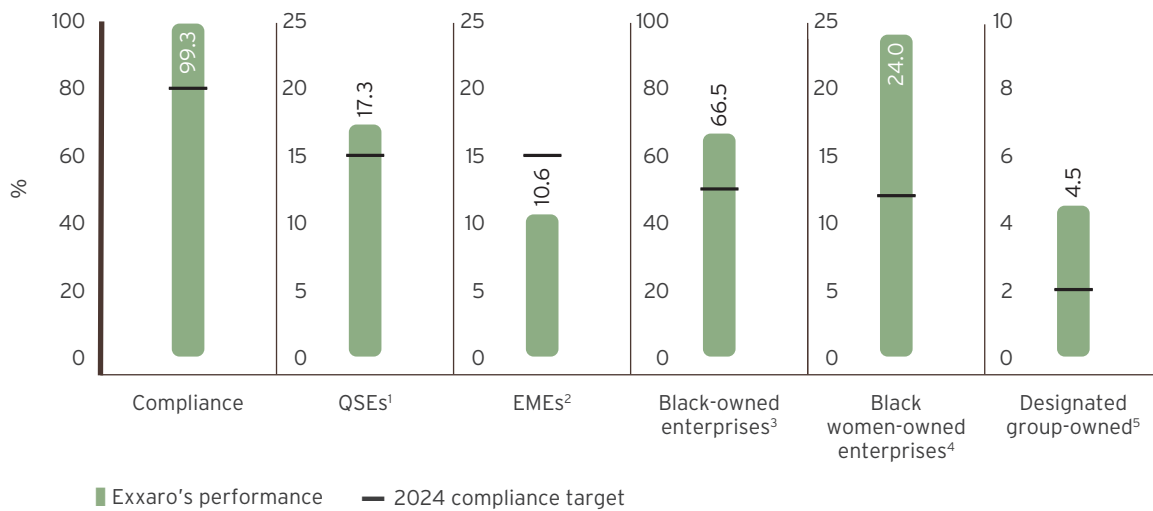
Our strategic objectives for this reporting period included:

- Exceeding legislated requirements of the B-BBEE Act, 2003 (Act 53 of 2003) and customers
- Exceeding Mining Charter III and SLP commitments to secure and maintain our licence to operate
- Promoting local economic development in host communities with policies that enable participation of historically disadvantaged suppliers such as black youth and women
- Fostering accessible, equitable, transparent and responsive supply chain process based on leading governance standards

Preferential procurement performance

Exxaro is fully compliant with the requirements of the B-BBEE codes for preferential procurement in the 2020 reporting period. The graph below details our performance in this regard.

Preferential procurement in 2020



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

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

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

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

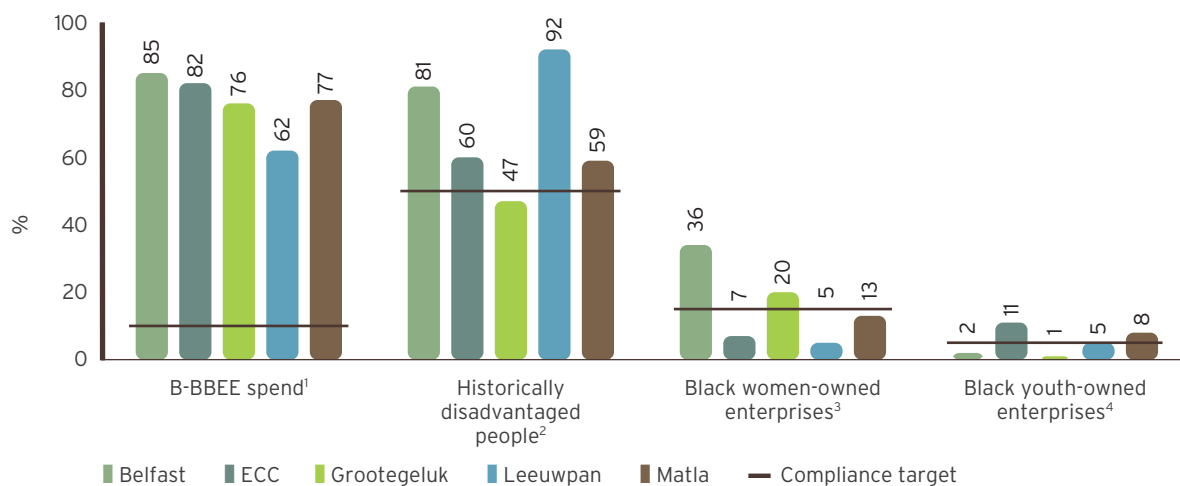
⁵ Procurement from suppliers who are at least 51% designated group owned (entities owned by black youth, black military veterans, black disabled people and black people living in rural areas).

COMMUNITIES continued

Mining Charter III

The Mining Charter III requires mining rights holders to meet prescribed targets in sourcing mining goods and services from targeted groups before 2023. Exxaro's inclusive procurement programme focuses on sourcing mining services from black youth and black women-owned companies.

Mining Charter III - services procurement performance



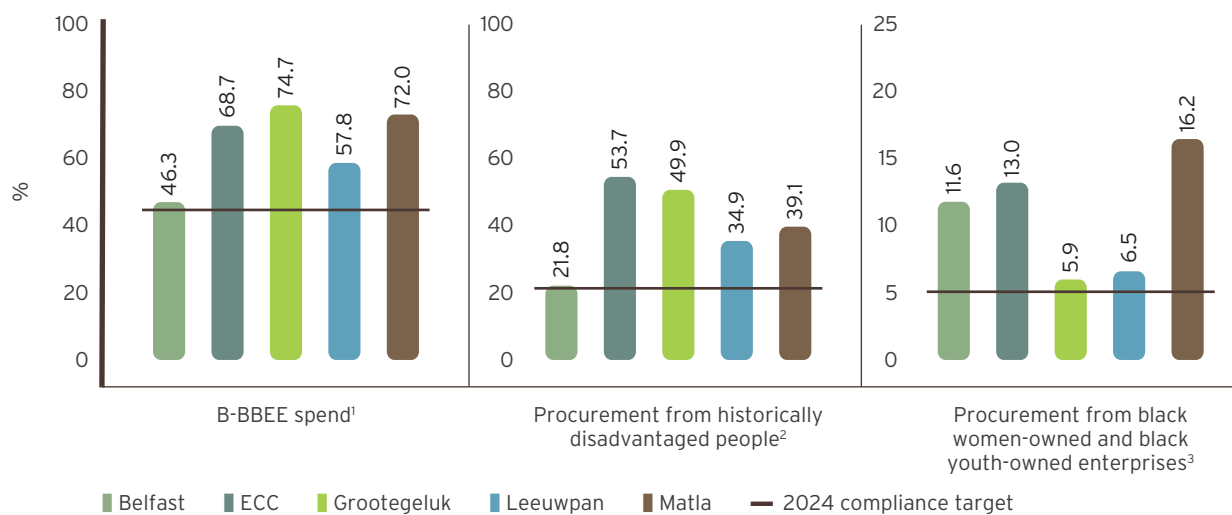
¹ Procurement from entities with more than 25% black ownership and at least level 4 in the B-BBEE scorecard.

² Procurement from entities with historically disadvantaged people as majority owners.

³ Procurement from entities with black women as majority owners.

⁴ Procurement from entities with black youth as majority owners.

Mining Charter III - goods procurement performance



¹ Procurement from entities with more than 25% black ownership and at least level 4 in the B-BBEE scorecard.

² Procurement from entities with historically disadvantaged people as majority owners.

³ Procurement from entities with black women and black youth as majority owners.

Local procurement and localisation

Our supply chain strategy recognises the multiplier effect of Exxaro's procurement spend in host communities. Our localisation strategy sets out to leverage our procurement spend by targeting opportunities for black youth and black women-owned enterprises in these communities.

In 2020, we recorded the following milestones in our host communities:

- Over R1.1 billion spent with more than 514 enterprises
- Spent over R0.5 billion in new contracts with 57 enterprises
- Provided immediate payment terms to all enterprises

Ethical and sustainable procurement

In 2020, we adopted a new source-to-pay policy that guides our employees and contractors in maintaining ethical behaviour. It also ensures that we source goods and services from companies who uphold our supplier code of conduct.

We launched our supplier excellence programme in 2019 to acknowledge suppliers who demonstrate commitment to our standards. Our employees also participate in an anti-corruption and anti-bribery programme launched in 2018. It explains best practice and associated risks, particularly fraud, corruption, human rights, bribery and conflicts of interest. In addition, our green procurement programme ensures sourcing, use and disposal of goods and services in terms of globally accepted material stewardship standards. We plan to increase our investment in this programme.

Celebration at the Rietkuil resettlement hand-over ceremony



HUMAN RIGHTS

Since its formation in 2006, Exxaro has aimed to power better lives for all. Through our values and culture, we recognise that our success lies in the strength of our relationships, embracing our unique differences and treating each other with respect.

Exxaro has long upheld the rights of its employees with regard to, among other things, workplace safety.

- We comply with labour legislation in South Africa and International Labour Organization guidelines. As a UNGC signatory, we encourage freedom of association and collective bargaining, and we do not tolerate or condone child labour and forced or compulsory labour. Our compliance with legislation and international conventions was audited by our internal auditors and confirmed in the prior period.
- Exxaro's induction programmes educate employees about human rights. Our policies and structures that prevent discrimination, harassment and racism protect employees' human rights. We train our security personnel in human rights aspects relevant to each operation. Exxaro also conducts refresher courses that include human rights issues.
- Our diversity and inclusion strategy aligns Exxaro with the South African Constitution and other legislation, the National Gender Policy Framework and the UN Convention on the Elimination of All Forms of Discrimination against Women.
- We also observe our employees' right to freedom of association. Six unions are recognised as a collective bargaining agent for our employees. Of our 6 739 employees, 5 119 are unionised (75.96% of the workforce).
- We encourage open and honest communication between employees and supervisors. Exxaro's employment contracts advise employees of their rights to lodge a grievance if they are dissatisfied.
- Our induction training informs newly appointed employees of our position against discrimination. We are all equal at Exxaro and we must respect everyone, regardless of differences.

Exxaro respects the rights of its community (see resettlement project case studies below). To date however, Exxaro has not formally and publicly articulated a commitment to human rights. We understand that we must go beyond unspoken intent, to intentionally communicate our commitment to human rights to support our efforts to build trusting relationships with stakeholders, manage risks, enhance our citizenship and reputation.

Exxaro has initiated a process to develop a framework for the organisation that will give guidance on human rights issues. We are

guided by the industry framework proposed by the Minerals Council of South Africa (MCSA), itself drawn mainly from the United Nation's Guiding Principles on Human Rights. However, in consideration of potential impacts during mining operations, the MCSA has identified eight human rights priority areas for the South African industry. These are:

- Environmental management and conservation, including climate change
- Health and safety
- Governance and ethics
- Security and human rights
- Transformation
- Human rights at the workplace
- Land use and resettlements (see case studies for this principle in action)
- Development of grievance mechanisms

The next steps for Exxaro will be to conduct a human rights due diligence exercise to identify potential issues, develop and issue a leadership commitment statement, resolve policy gaps identified in the due diligence phase and implement a grievance mechanism for all stakeholders to supplement our existing Ethics hotline. All relevant information will be publicly disclosed.

The Ethics Hotline aims to enhance an honest work ethic and simultaneously provide employees and other third parties with a mechanism to bring any unethical business practices to the attention of management. It's an essential line of defence, providing a flow of information that promotes business sustainability by helping to identify and rectify problems before they become larger, more costly or damage hard-earned reputation. The hotline operates 24 hours a day 365 days a year. Our independent forensic department receives a regular analysis of the calls and objective investigations are launched. All investigations are then tabled at the Management Ethics Committee on a regular basis.

CASE STUDIES

The following case studies demonstrate Exxaro's ongoing commitment to the human rights of community members needing to be relocated due to the development of mining projects.

CASE STUDY: HUMAN RIGHTS IN PRACTICE RIETKUIL COMMUNITY RESETTLEMENT (LEEUEWSPAN MINE)

Following the resettlement action plan (RAP) methodology tested at Belfast, Exxaro engaged promptly with the Rietkuil community when the expansion of the Leeuwpans mine near Delmas in Mpumalanga was approved by the DMRE in 2017. Resettlement terms were agreed to by community members in 2018 and on 4 December 2020, 29 new homes were handed over for occupation with a further 20 to be completed in 2021.

The residents had a choice with regards to their relocation, with most choosing to move into the nearby Botleng township in Delmas. The initial number of houses to be constructed by Exxaro was 20 but in order to accommodate different family structures, households were sub-divided into smaller family units and an additional 29 houses were constructed. In line with Exxaro's commitment to local procurement, we outsourced the building of the 49 homes to 5 local contractors and 49 subcontractors. A total of 495 job opportunities were created for the duration of the RAP project. A total of 42 households had resettled in Botleng by the end of Q1 2021. Seven households are seeking additional assistance outside of the project scope and have sought advice from external counsel. Negotiations continue. A livelihood restoration programme is still in planning it includes the provision of pre-paid electricity and municipal services vouchers over five years and once-off training and skills development for each member of the household.

The total cost of the project to date is R57 million.





CASE STUDY: HUMAN RIGHTS IN PRACTICE

PHUMULANI AGRI-VILLAGE COMMUNITY RESETTLEMENT (BELFAST MINE)

THE IMPLEMENTATION OF EXXARO'S BELFAST PROJECT BETWEEN 2017 AND 2019 IN THE EMAKHAZENI MUNICIPALITY IN MPUMALANGA PROVINCE NECESSITATED THE RELOCATION OF 32 NON-LANDOWNING HOUSEHOLDS, WHICH COMPRISED MAINLY OF FARMWORKERS EMPLOYED OR PREVIOUSLY EMPLOYED ON SURROUNDING COMMERCIAL FARMING OPERATIONS.

The process kicked off in 2014 when Exxaro appointed consultants to develop a resettlement action plan to guide the organisation on the steps to be undertaken during the relocation of the affected households and restoration of livelihoods.

Methodology

Activities undertaken during development of the RAP included:

- Establishment of a resettlement working group (RWG), which constituted the primary forum for involving the resettlement community in decisions that would affect them;
- Consultation with other relevant stakeholders;
- A census, socio-economic and asset survey of the effected community;
- Additional data collection (including a survey of communal assets belonging to the resettlement community);
- Identification of a suitable resettlement site;
- Development and sign-off of resettlement agreements; and
- Identification of viable livelihood restoration options.

Resettlement-related project impacts

- Number of households affected: 32
- Number of individuals needing to be relocated: 185
- Number of residential structures: 95
- Number of other structures (livestock pens, storage sheds etc): 36
- Crops: 13 households had vegetable gardens, two cultivated maize and three others grew fruit trees.
- Livestock: Animals needing to be accommodated included 358 poultry, 102 head of cattle, 32 pigs, and six sheep.

Consultation and participation

The process kickstarted with extensive consultations with the affected parties and engagements continued until completion of the project. The most significant milestones in the process were the development and adoption of a formal terms of reference to guide the proceedings of the RWG; the announcement of a moratorium

on the establishment of new households in the resettlement community; and the sign-off of individual resettlement agreements by each of the affected households.

Agreement framework

The agreement framework defined who would be eligible for compensation, what type of compensation would be provided for which affected or displaced assets, and how this compensation would be effected (eg whether it would be in cash or through replacement of the assets). The agreement framework was based on the Relocation Policy of Exxaro which is based on the IFC's PS5 guidelines on Land Acquisition and Involuntary Resettlement, as well as relevant South African legislation.

The agreement framework was formally accepted by the RWG, and formed the basis of individual agreements with each household.

Resettlement site

Seven potential resettlement sites were identified, of which two were selected by the community – the first for homes and the second for potential agricultural projects. A total of 34 plots of land, each 2 500m² in extent, were established with 500m² reserved for a residence and other buildings and the remainder for various agricultural activities including poultry and small livestock, fruit trees and vegetable gardens. Services supplied to the site included roads, stormwater drainage, potable water, sanitation, fencing and electricity.

Livelihood restoration

Through its Relocation Policy, Exxaro has committed itself to the principle that no households should be worse off after resettlement than what they were before. The inclusion of a livelihood restoration programme in all Exxaro resettlement processes is a means of giving effect to this commitment. A number of potential livelihood restoration projects were identified for the Belfast resettlement project.

Grievance redress and dispute resolution

The RAP included a resettlement-related grievance procedure aimed at resolving issues around resettlement, compensation and livelihood restoration

Outcome

Of the 32 households identified for relocation, 31 were moved successfully in 2019 at the cost of R35 million. Following the death of the head of one of the households in 2019, his heirs have declined to move. The situation has required legal intervention and negotiations continue.