



exxaro

POWERING POSSIBILITY

EXXARO BOARD GOVERNANCE ROADSHOW 2022

2022

Contents

- Leadership team
- Operating structure
- Shareholdings
- Material issues and ESG
- Strategy
- Capital allocation
- Remuneration
- Social

A diverse leadership team

Independent non-executive directors



**Geoffrey
Qhena**

Board chairperson

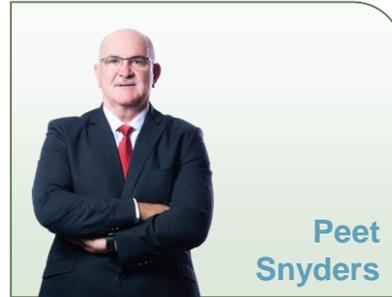
Chair: Nomination Com
1 year on the Board



**Geraldine
Fraser-
Moleketi**

Lead Independent Director

Chair: Social, Ethics and
Responsibility Committee
Remuneration and
Nomination Com
4 years on the Board



**Peet
Snyders**

Chair: Risk and Business

Resilience Com
Investment Com
6 years on the Board



**Phumla
Mnganga**

Chair: Remuneration Com

Less than one year on the Board



**Vuyisa
Nkonyeni**

Chair: Audit Com

Investment Com
8 years on the Board



**Ben
Magara**

**Less than 1 year
on the Board**



**Billy
Mawasha**

**Less than 1 year
on the Board**



**Chanda
Nxumalo**

Investment Com

Audit Com
Risk and Business Resilience Com
1 year on the Board



**Karin
Ireton**

**Less than 1 year
on the Board**



**Isaac
Mophatlane**

Chair: Investment Com

Audit Com
4 years on the Board

A diverse leadership team (cont.)

Non-executive directors



**Likhapha
Mbatha**

Social, Ethics and Responsibility
Com
4 years on the Board



**Mandlesilo
Msimang**

Investment Com
Risk and business Resilience
Com
1 year on the Board



**Isaac
Malevu**

Investment Com
1 year on the Board



**Zweli
Mntambo**

Remuneration and Nomination
Com
16 years on the Board

Executive directors



**Nombasa
Tsengwa**

CEO
1 year on the Board



**Riaan
Koppeschaar**

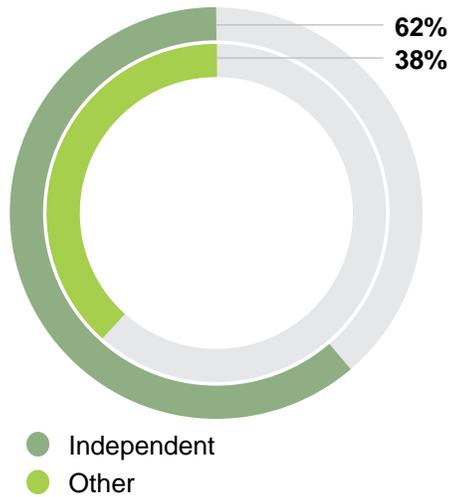
FD
6 years on the Board

BOARD SUB-COMMITTEES

- Social, ethics and responsibility committee (SERC)
- Risk and business resilience committee (RBR)
- Audit committee (Audit)
- Remuneration and Nomination committee (Rem Nom)
- Investment committee (InvestCo)

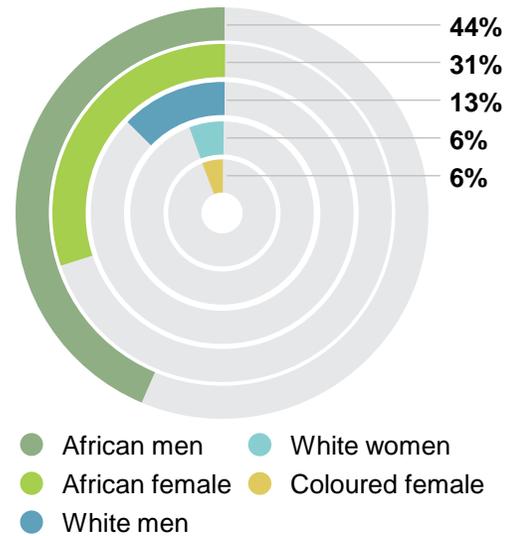
A diverse and effective board in a period of transition

Independence Split



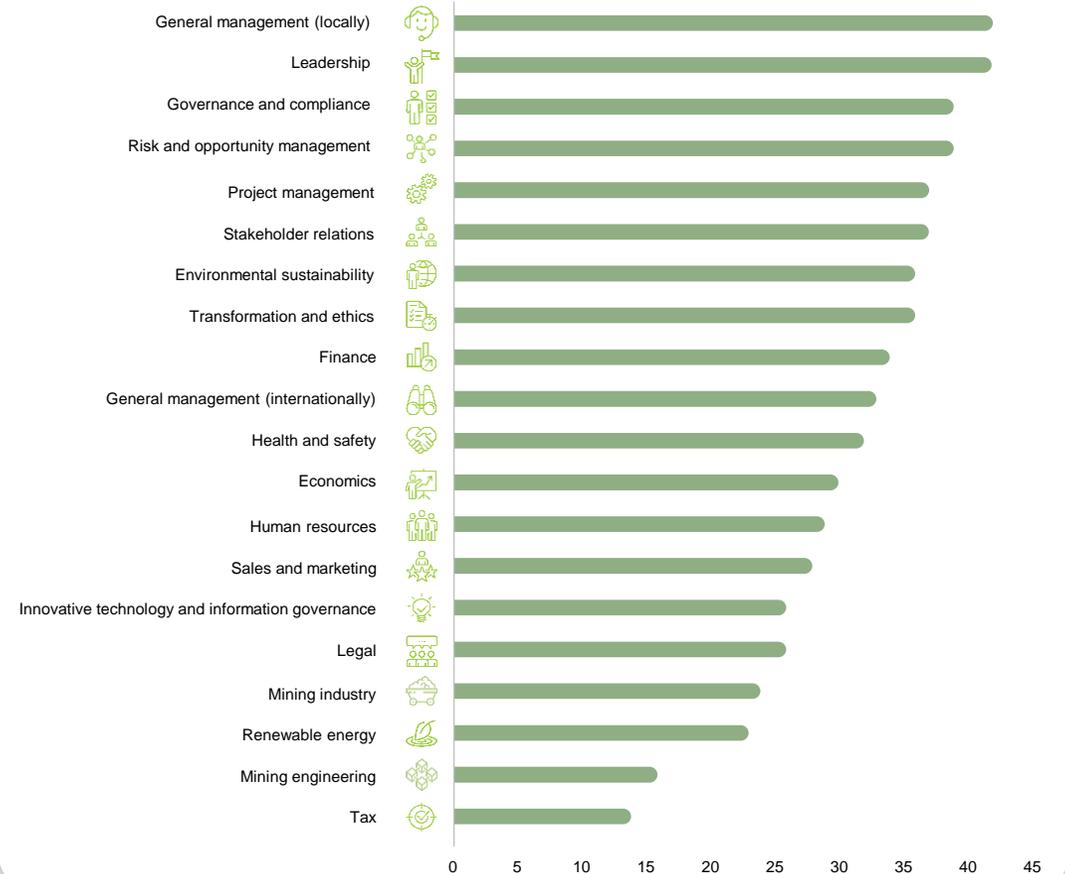
Racial diversity YTD2022

(incl. Executive directors) :
not compared YoY due to Board movement



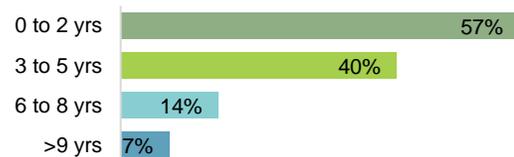
Diversity of skills and experience

Post-financial year end as at 7 February 2022



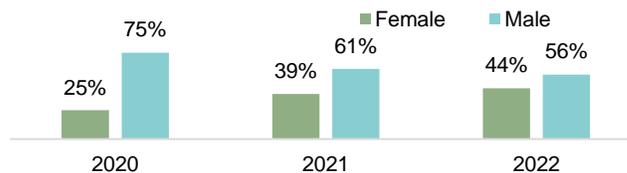
Tenure

(excl. executive directors):



Gender

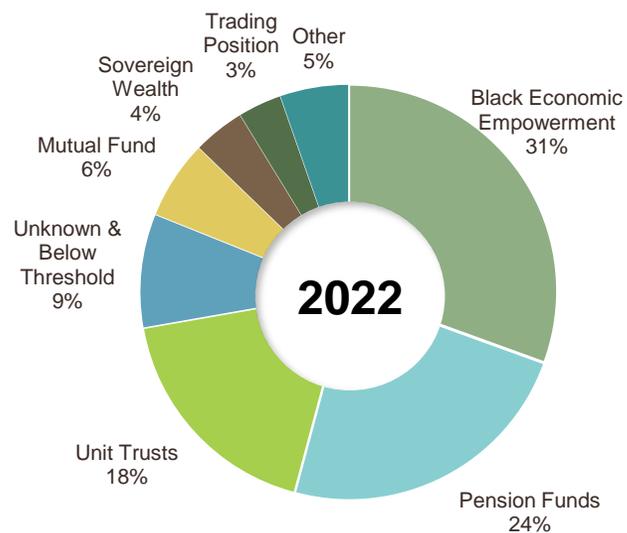
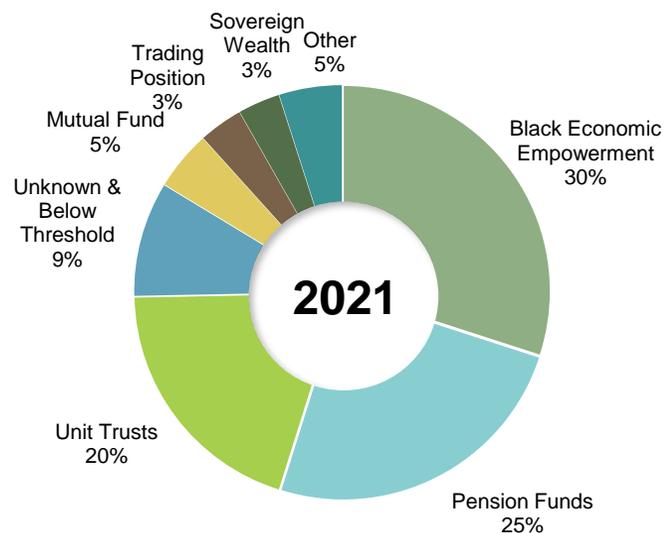
(year on year comparison)



Shareholding structure

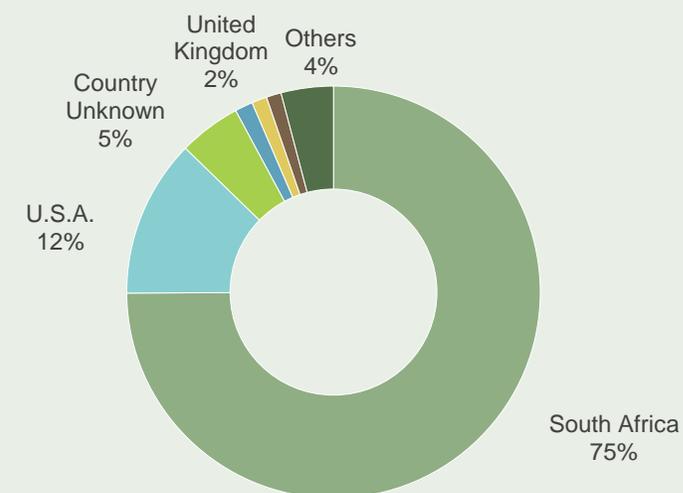
Fund breakdown

June 2021 – 2022 (Change over 1 year)



Geographies analysis of beneficial holders

Countries holding in excess of 1%

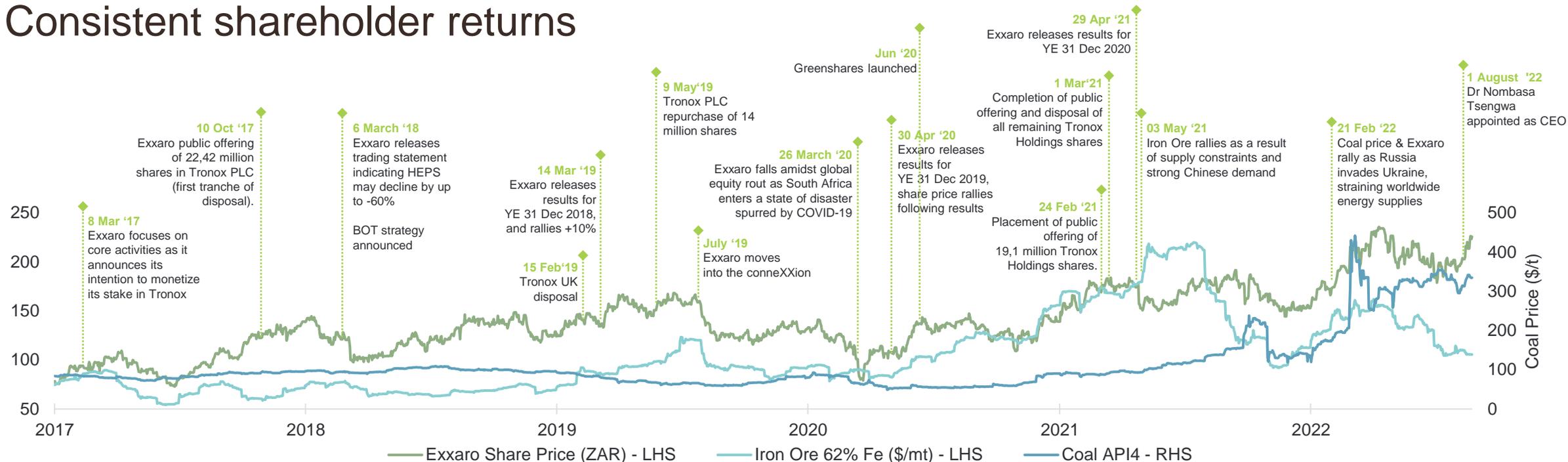


Top 20 shareholders (as at 29/07/2022)

Rank	Shareholder	ORIGIN	% Holding	Rank	Shareholder	ORIGIN	% Holding
1	Eyesizwe Mining Pty *	ZA	30.52	11	LSV Asset Management	US	1.23
2	PIC	ZA	12.32	12	GIC Asset Management Pte., LTD	SG	1.09
3	Coronation Asset Management (Pty) Ltd	ZA	7.46	13	Truffle Asset Management Pty., LTD	ZA	1.05
4	M&G plc	ZA	5.83	14	AQR Capital Management, LLC	US	1.03
5	BlackRock Inc	US	2.89	15	Dimensional Fund Advisors	US	0.92
6	The Vanguard Group Inc	US	2.66	16	Arrowstreet Capital L.P.	US	0.88
7	Old Mutual Ltd	ZA	2.28	17	JP Morgan Equities Limited	US	0.88
8	Mazi Asset Management (Pty) Ltd	ZA	1.55	18	SAFE Investment Company	HK	0.86
9	Ninety One Plc	ZA	1.37	19	American Century Investment Mgmt Inc	US	0.81
10	Sanlam Investment Management	ZA	1.36	20	Momentum Investments	ZA	0.80

* Refer to annexure for detail

Consistent shareholder returns

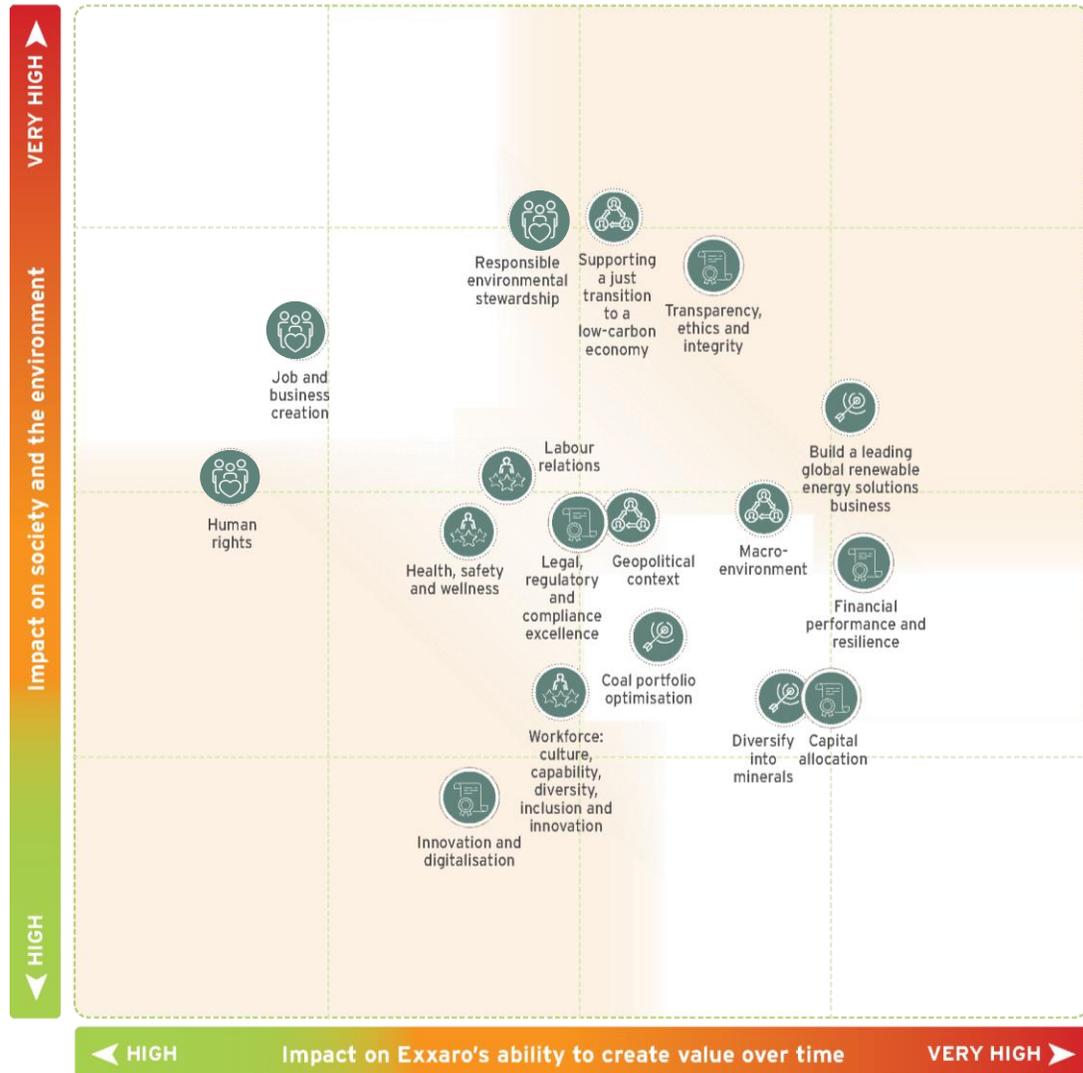


Dividend history



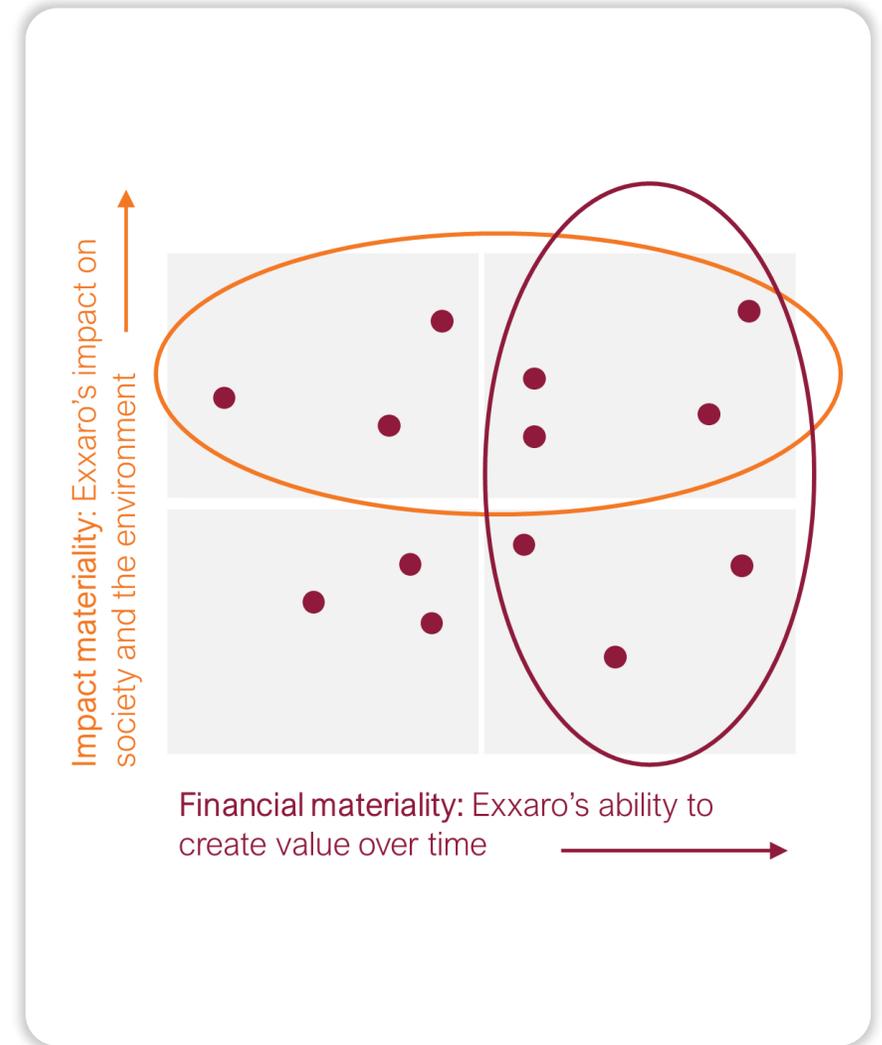
Source: Bloomberg, FactSet as at 26 August 2022, SENS, public newsflow. Note: Dividend declaration dates shown.

Material issues



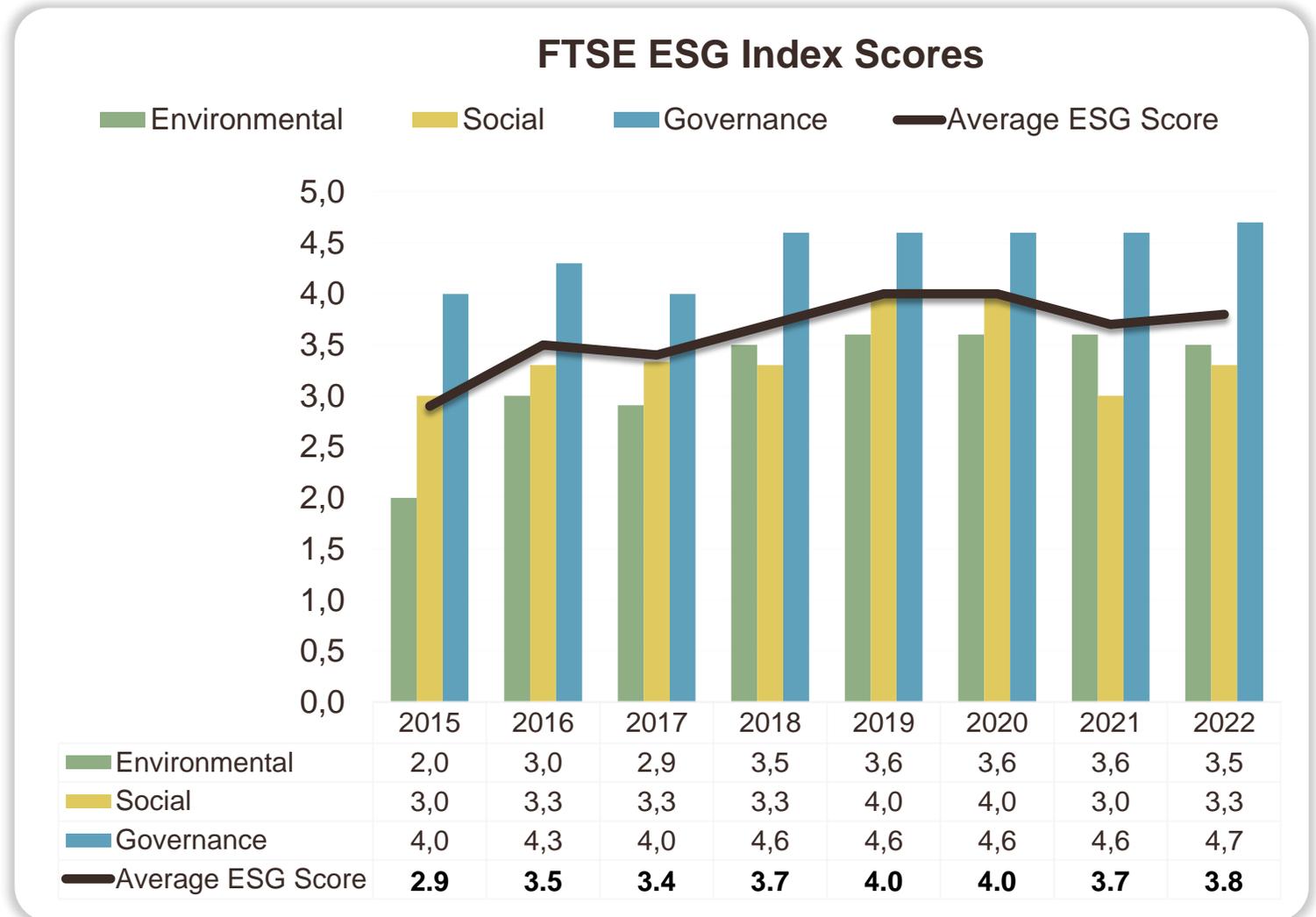
MATERIAL THEMES

- Adapting to the changing context
- Helping our people thrive
- Building sustainable communities
- Executing our strategy
- Driving business resilience

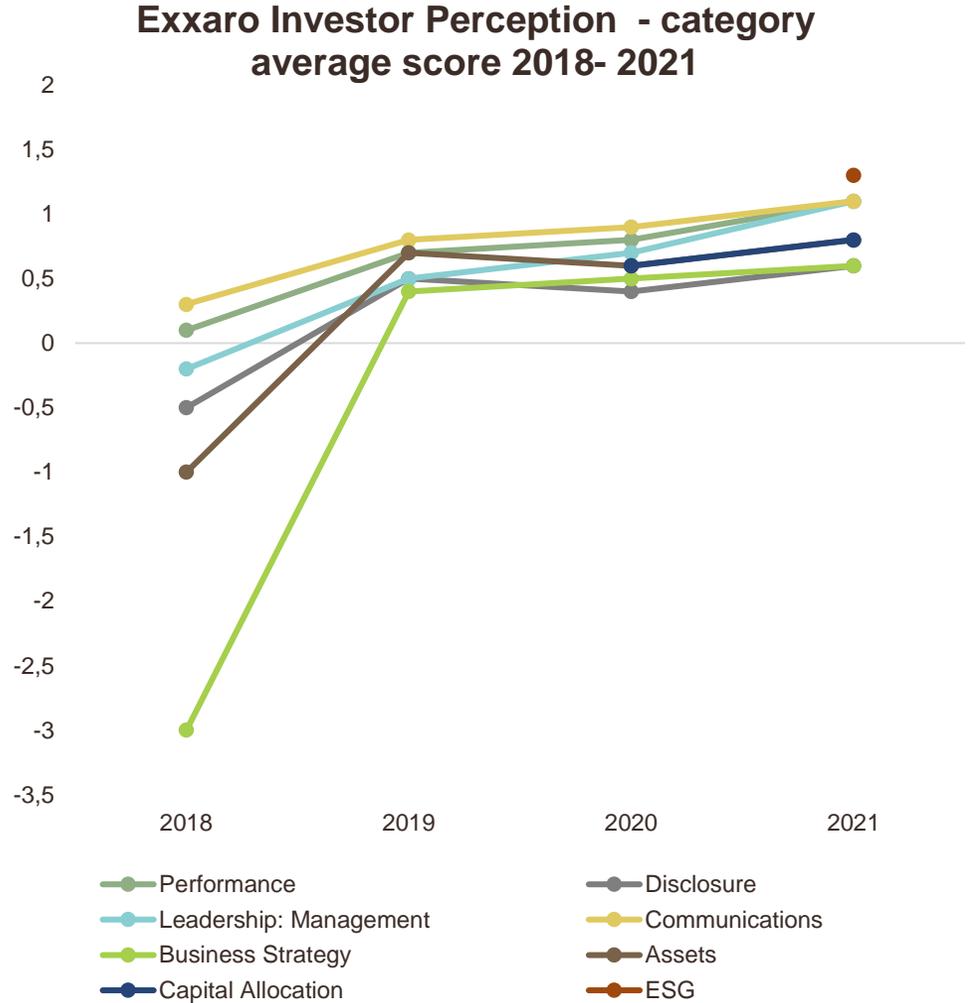


ESG performance

- Overall best results among FTSE Russell ESG indices
- 2022 rating of 3.8
- Pillars
 - Environmental = 3.5
 - Social = 3.3
 - Governance = 4.7
- Positive multi-year trend (slight dip in 2021)
- Global coal sector ESG rating of < 2.1

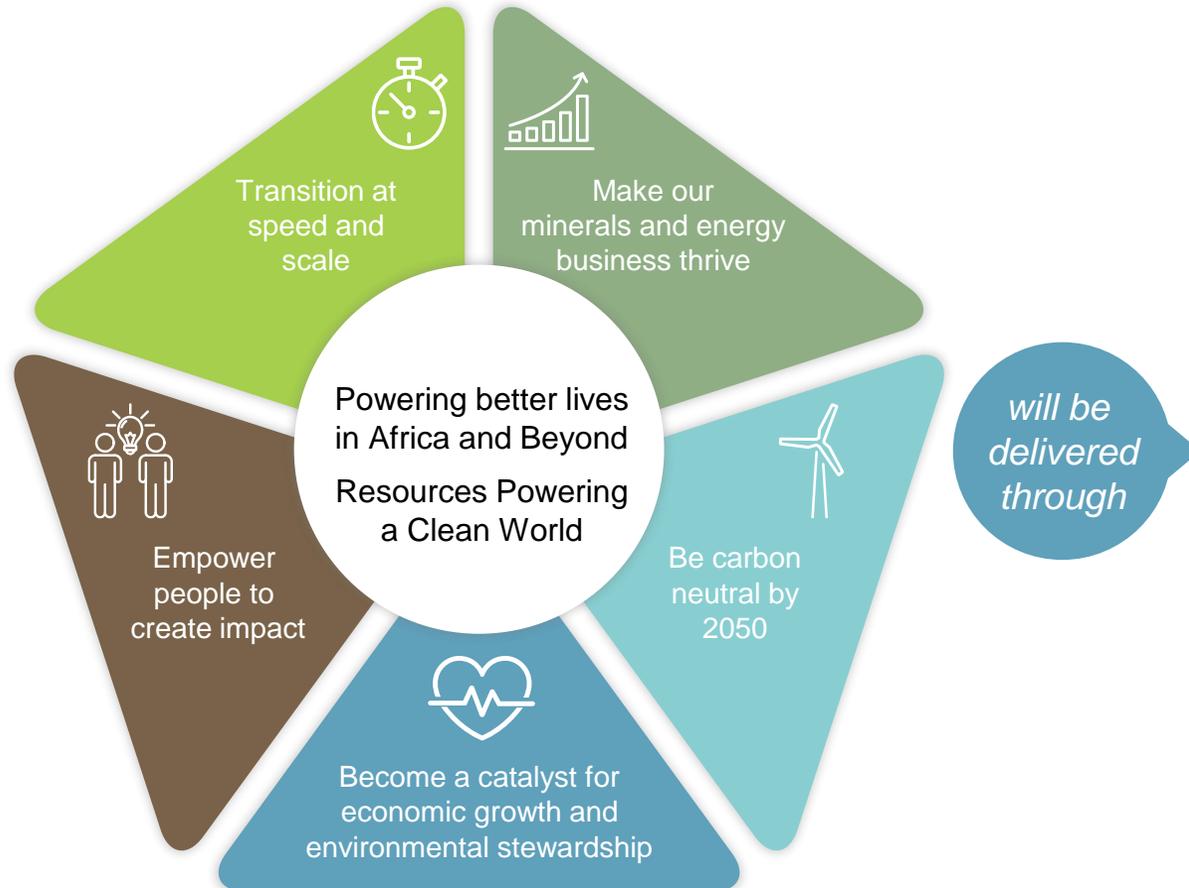


Improving investor perceptions



Our Sustainable growth and impact strategy

Our strategic objectives



Our focus areas

Early value coal

Continue to contribute to energy and social security in South Africa and beyond.

New minerals

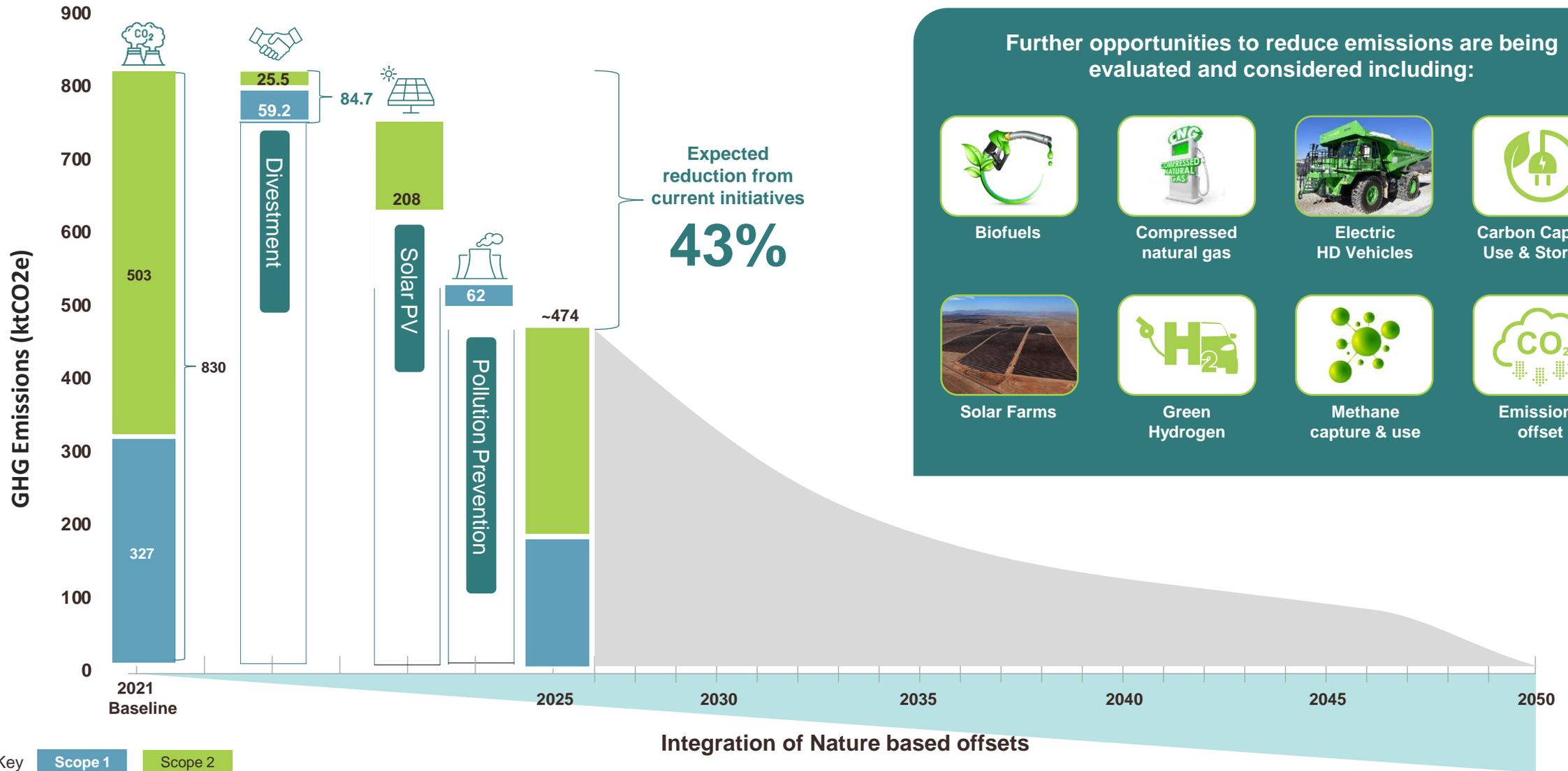
- Diversify revenue for Exxaro's growth.
- Clearly defined investment supporting the right opportunities.
- Balance sheet and mining capabilities provide a competitive advantage.

Renewable energy solutions

Own one of South Africa's managers of renewable energy assets and one of its largest wind asset bases.

Strategy underpinned by four interdependent pillars: M&A UG, DG and services.

Concrete plans to drive decarbonisation



Updated capital allocation model

Prioritisation matrix and strategic considerations



Criteria	
1	Time to earnings
2	Organisational readiness
3	Competitive advantage
4	Value chain enablement
5	Stakeholders

100

Pacing scorecard

Low	High	High
Low	Moderate	High
Low	Low	Moderate

Capex will be prioritised for options plotting in this region

Not considered

0

Strategic fit scorecard

100

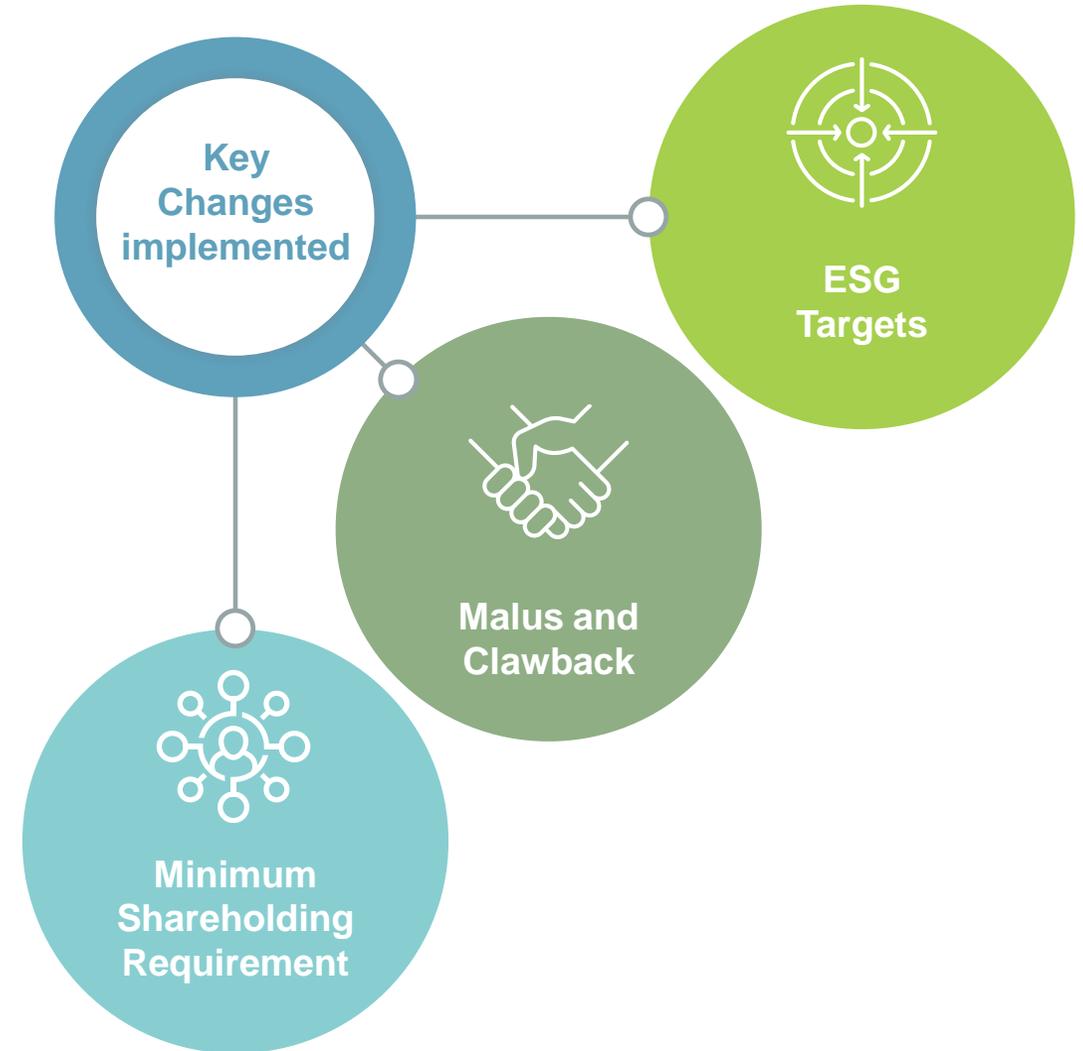
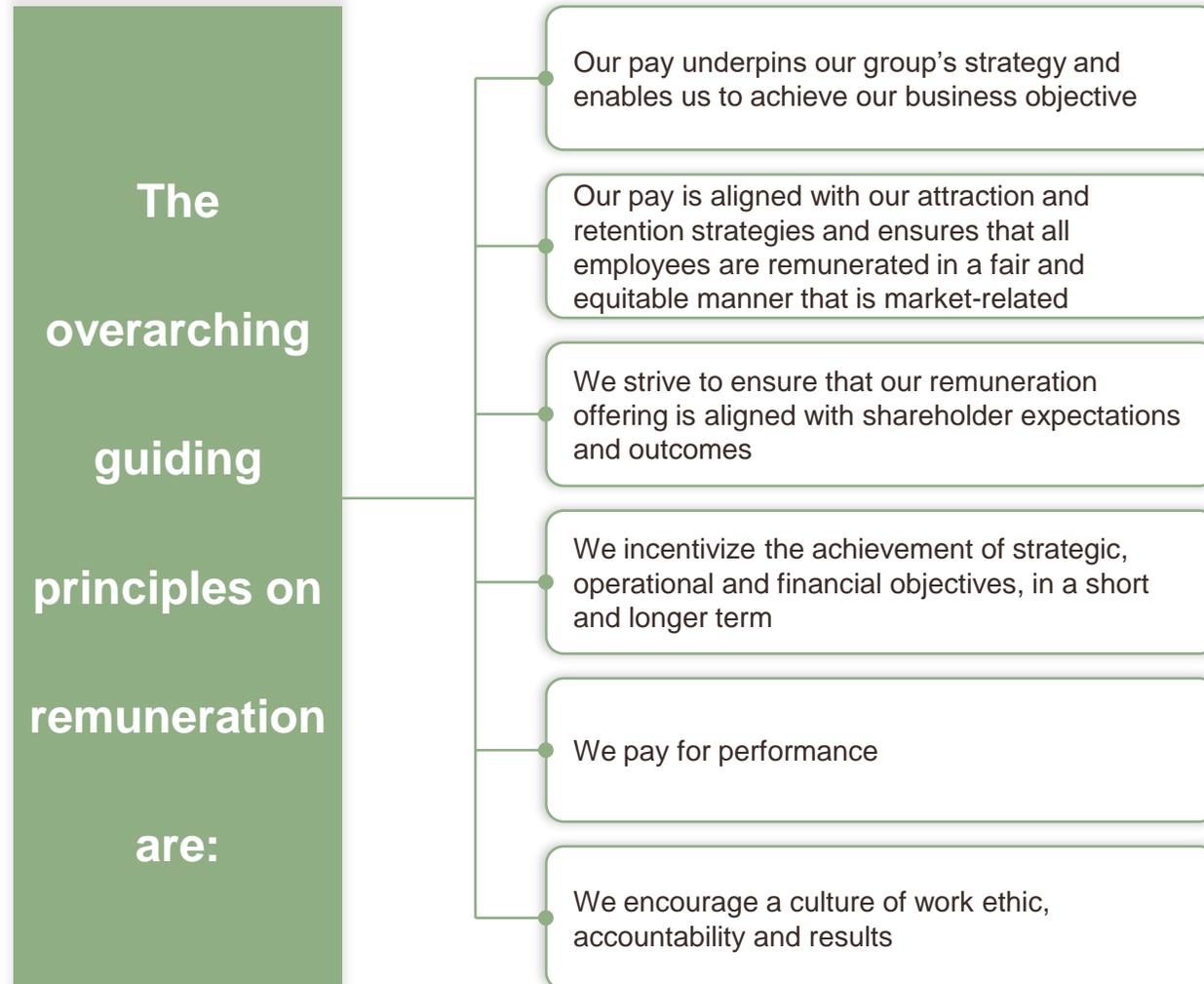
Aligned with our enterprise strategic performance KPIs

Changes over time as our portfolio and capabilities **evolve**

Criteria	
1	Financial
2	Markets
3	Capabilities
4	ESG
5	Portfolio mix

Changes in the remuneration structure since 2019

Remuneration Policy & Principles



New STI scheme making our purpose tangible

Our new short Term Incentive Scheme



Beginning 2022



Delivering Exxaro's Sustainable Growth and Impact Strategy



Promoting organisational values, culture themes and work ethic



Growing a culture of shared success aligning individual, Group, Team and Organisational Goals



Performance achievement

An annual performance rating used to determine 20% of an individual's incentive allocation

Clearly defined and measure across deliverables, promoting culture and innovation as well as strategic, functional and project deliverables



GIS (Group Incentive Scheme)

A scorecard approach used to design Exxaro's new GIS

Directly links performance management to reward (a key principle in our remuneration philosophy)

Design allocated 80% of incentive to organisational performance and 20% to individual performance

Drivers differ between group functions and operations, tailored to the roles and responsibilities of each



LOS (Line of Sight Production Scheme)

A business unit scorecard approach used to determine incentives

The basic principle of the Line-of-Sight safety and production incentive is to reward team members for their contribution to excellent performance in the following:

- Safety, Health and Environment (SHE)
- Safety, reaching production Targets
- Encouraging and motivate continuous improvement in safety, and quality performance
- Team attendance

Broad Goals		Broad Weight	Measurement (KPI)	Who Responsible	KPI Weight
Financial + Operational + Strategic		75.0%	EBITDA		50.0%
			Cash Cost per tonne		15.0%
			Saleable tonnes		10.0%
ESG	Safety	25.0%	LTIFR and Zero Fatalities		10.0%
	Climate change		Water Intensity		7.5%
			Energy Intensity		7.5%
		100.0%			100.0%

Long Term Incentives

Long term incentive plan (LTIP) Performance vesting condition	Weight %
ROCE	33.33
TSR	33.33
ESG	33.34

TSR Peer Group alignment

Peer group entities	Weighting
JSE RESI 10 ¹	70%
Energy Peer group ²	15%
Thungela ³	15%
	100%

The TSR Peer Group was revised in 2021, the rationale of revising was to better align with Exxaro's current business and future strategic objectives



Responding to societal needs

Community stakeholder needs

“Improve Infrastructure such as roads and recreational facilities”

Resourcing of schools

“Collaborate/partner with local government and other sectors of the economy”

“Support/empower women-owned businesses and other local SMMEs”

Capacity building of SMMEs (and local government)

“Create/sustain jobs for all age groups”

“Empower unemployed youth to join learnerships and gain jobs, skills and development”

Exxaro's response in 2022

TOTAL SOCIAL IMPACT INVESTMENT in 2022 = R669M (\$39m)

Total 5-year spend: 2018 – 2022 **R2.6bn**



Beneficiaries

- *4456 population SLP- Belfast road rehabilitation project
 - *3275 population REIPPP – Amakhala Emoyeni and Tsitsikamma wind farm
 - Water project
 - Total 7731
- *census 2016



18

Beneficiaries receiving financial support, employing 255 employees



209

local women owned and black youth-owned small medium



144

learners

In conclusion

- A diverse and effective board
- A dividend-paying company
- Unchanged strategy
- Updated capital allocation model
- Changes in the remuneration structure since 2019 governance roadshow
- Responsive to societal needs



END

THANK YOU