

## EXXARO RESOURCES LIMITED

### NOMINATION OF DIRECTORS

*This document was prepared for the Exxaro Website and reflects extracts from the ESG Report Nomination Committee Terms of Reference as well as the Board's Diversity and Inclusion Policy, which are subject to review and inclusion in annual reports*

#### 1. STATUTORY FRAMEWORK

Appointment of directors to the Board of Exxaro Resources Ltd (Exxaro) is guided by the following:

- Companies Act 71 of 2008
- JSE Listings Requirements
- KING IV™
- Exxaro's Memorandum of Incorporation
- Nomination Committee Terms of Reference and Board Charter dealing with the appointment process
- The Board's policy on Diversity and Inclusion

In terms of good corporate governance practices, factors such as size, balance of power, independence, diversity, skills and attributes, and rotation is taken into account in determining the optimal Board composition. The Board takes guidance from King IV™ as the Board considers the skills and experience required, the diversity and inclusion policy that it adopted as well as whether the person would be considered fit and proper.

#### 2. SHAREHOLDER RIGHTS

The Company's Memorandum of Incorporation provides in item 6.1(3) that, subject to clause 6.1(9) [temporary vacancy appointed by the board] and 6.2 [director rotation], each Director must be elected by the persons entitled to exercise voting rights in such an election to serve for a term to be determined by those persons entitled to exercise voting rights in the election of that Director, provided that no director may be appointed for life or for an indefinite period. [JSE LR 10.16(k)]. Therefore, the appointment of every board director is confirmed by shareholders at the next Annual General Meeting following their appointment to the board.

Furthermore, in terms of Exxaro's Relationship Agreement with Eyesizwe RF (Pty) Ltd, Exxaro will refer four persons nominated by Eyesizwe RF to the Exxaro Nomination Committee for consideration and, if deemed fit and proper from an Exxaro and JSE perspective, recommendation to shareholders for election, in accordance with its mandate. Eyesizwe RF is required to nominate the directors in writing to the company secretary of Exxaro. This nomination is then submitted to the Nomination Committee for further consideration.

### 3. **NOMINATION COMMITTEE RESPONSIBILITIES**

The terms of reference of the Exxaro Nomination Committee (Committee) provides the following responsibilities:

- Ensure that the composition of the Board is annually reviewed.
- Ensure the nomination and appointment of adequate directors into the Board.
- Ensure continuous education of directors on the company's industry, operations, key laws, regulations, standards, and codes.
- Ensure succession planning of the Board and executives.
- Evaluate the performance of the Board.

As part of the review of the composition of the Board, the Committee nominates and makes recommendations to the Board on the appointment of appropriate candidates as directors based on the outcome of an evaluation and focusing on the promotion of diversity in the Board by considering the factors below:

- the appropriate mix of independent non-executive, non-executive and executive members;
- requirements based on regulations;
- sufficient number of qualified members required to serve on the committee;
- the appropriate mix of skills, knowledge and experience, including industry, commercial and business experience required to practice effective oversight and to govern the Company; and
- targets set in relation to diversity of the Board across a variety of attributes for promoting effective governance and decision making, such as cultural background, age, gender, race, qualifications, skills and experience.

The Committee would ensure that all legislative and regulatory requirements have been fulfilled prior to recommending the appointment of a director to the Board. Following the director appointment by the Board the Group Company Secretary will ensure that the necessary notifications (SENS) are issued.

### 4. **BOARD DIVERSITY AND INCLUSION POLICY**

The latest Board approved policy sets clear aspirations informed by the company's memorandum of incorporation and considerations of reasonableness, namely:

- Size: minimum of 4 and a maximum of 20 members
- Race: 60% - Black persons

- Gender: 40% - Black women
- Age: an average age of 55 years
- Tenure: an average tenure of 7 years with (two years spent mentoring a successor)
- The appropriate diversity mix is based on the prevailing strategic objectives
- The prevailing business, commercial and industry experience needed to govern the organisation includes: a preference for fields of finance, environment and sustainability, mining, renewable energy, technology and innovation, transformation and ethics, governance and compliance, leadership, stakeholder relations, health and safety and legal, subject to change.

The Board is committed to, at all times and to the extent practically possible, strive to contribute to the generic codes of good practice in respect of the composition of the governing body, as may be applicable from time to time.

## 6. BOARD INDEPENDENCE EVALUATION

The principles of good governance, King IV™ and the JSE Listings Requirements recommends a holistic independence assessment with a substance-over-form approach in accordance with certain criteria.

Annual assessments are based on the King IV™ independence requirements and section 94(4) of the Companies Act. In line with King IV™, assessments are conducted annually to confirm that members are exercising objective judgement. The assessments also confirm that there is no interest, position, association, or relationship, judged from the perspective of a reasonable and informed third party, likely to unduly influence or cause bias in decision making. The directors are then recognised by the board as independent.

## 7. BOARD PERFORMANCE EVALUATION

Formal evaluation of the performance of the Board, committees, and individual directors, including the chairperson and committee chairpersons, are performed at least every second year. This evaluation process is twofold, namely a review of the governance system and processes supporting effective leadership and, secondly, against predetermined criteria an assessment of both Board and individual performance.

Every alternate year, the Board undertakes a robust and honest discussion and reflection on the effectiveness and performance of the Board, its members and various structures.

**AK MARÉ, Inlexso (Pty) Ltd**  
**GROUP COMPANY SECRETARY (ACTING)**  
**14 June 2021**

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