



POWERING POSSIBILITY

CORPORATE POLICY

DIRECTORS' NOMINATION AND APPOINTMENT POLICY

REVISION

Version 2

ISSUE DATE

JULY 2021

DOCUMENT OWNER

GROUP COMPANY SECRETARY

APPROVED BY

BOARD OF DIRECTORS

EXXARO RESOURCES LIMITED

Herein after referred to as the Company or the Employer

This policy replaces all previous policies and correspondence in this regard.

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1. PURPOSE

Exxaro Resources Limited is a Johannesburg Stock Exchange (“JSE”) listed entity, on the equity and debt listings boards, respectively and is herein collectively referred to as the “Exxaro Group of Companies” or “the Company”.

The primary objective of this policy is to provide a framework and set standards for the nomination and appointment of relevant, fit and proper, suitably skilled and ethical non-executive directors to the Board of the Company.

2. SCOPE

This policy applies only to Exxaro Resources Limited.

3. POLICY STATEMENT

- The Board will strive towards comprising the appropriate size, balance of power, independence, diversity, skills, knowledge, experience for it to discharge its governance role and responsibilities objectively and effectively and without compromising common purpose, involvement, participation and a sense of responsibility among the Directors necessary to meet the Company's strategic objectives.
- There shall at all times be a majority of non-executive Directors, most of whom shall be independent, and when determining the independence of a Director for purposes of categorisation, the Board shall consider the indicators as set out in the King IV Code.
- The Directors shall be individuals of calibre, integrity and credibility, with the necessary skills and experience. In this regard, the Remco shall ensure continuity of Directorship within the Board and will undertake succession planning on behalf of the Board which will include the identification, mentorship, and development of future candidates for Directorship within Exxaro.
- Directors shall be appointed through a formal process and the Remuneration and Nomination Committee is responsible for identifying suitable candidates to be proposed to the Board and, on their recommendation, to shareholders for approval. The Remuneration and Nomination Committee shall also be responsible for overseeing that the required independent background checks are done and that proposed candidates provide the required information as recommended in the King IV Code.

4. RESPONSIBILITY FOR THE NOMINATION AND APPOINTMENT PROCESS

The Board assumes responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity, and independence. The Board is therefore ultimately responsible for the appointment of directors in recommending appropriate candidates for election to shareholders as well as appointments to fill temporary vacancies.

The Board has delegated the responsibility for assessing and selecting potential candidates for appointment as directors to the Remuneration and Nomination committee,

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which mandate is described herein below.

The Remuneration and Nomination committee, as it relates to nomination matters, is responsible for:

- Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and board committees and making recommendations on any adjustment deemed necessary based on the factors as listed in King IV™;
- Identifying individuals suitably qualified (in terms of criteria for eligibility and screened for suitability) to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- Ensuring that a formal and transparent process is followed in the nomination, election and appointment of executive, non-executive and independent non-executive directors and ensure the filling of vacancies as and when these arise;
- Nominating and making recommendations for the appointment or re-appointment (at the end of the specified term of office) of directors and succession planning of appropriate candidates as directors, focusing on the promotion of diversity in the Board by considering the factors below:
 - a) the appropriate mix of independent non-executive, non-executive and executive members;
 - b) requirements based on regulations;
 - c) sufficient number of qualified and independent members required to serve on the respective committees;
 - d) 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
 - e) 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, disability, age, gender, race, qualifications, skills and experience.
- Making recommendation for the re-election of any director by shareholders under the 'retirement by rotation';
- Reviewing the agenda and content of the induction programme for incoming directors to ensure maximum contribution by the newly appointed individuals;
- Managing the programme of succession planning for the Chairperson and Chairpersons of committees and review succession planning for executive directors; and
- Monitoring the annual checks and assessment of the Board and its members (in its entirety) including the company secretary, chief executive officer and the finance director; with disclosure of the outcome of the performance evaluation process in consultation with the Board, in the integrated report.

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5. LEGISLATION AND CORPORATE GOVERNANCE REQUIREMENTS REFERENCE

The following main pieces of legislation and Corporate Governance requirements are applicable to the policy:

- Companies Act 71 of 2008, as amended with Regulations;
- The Company’s Memorandum of Incorporation;
- Johannesburg Stock Exchange Debt Listings Requirements;
- Financial Intelligence Centre Act 38 of 2001;
- Guidance Note 7 Financial Intelligence Centre Act, 2001; and
- King IV™ King IV Report on Corporate Governance for South Africa 2016
- Board Diversity and Inclusion Policy – ERL-CORPSEC-P16

This policy should also be read in conjunction with the Board charter and Remuneration and Nomination Committee terms of reference.

6. INTERNAL STANDARDS

6.1 General requirements for nomination

- Eligibility and non-disqualification requirements must be met, as stipulated in Section 69 of the Companies Act, 2008 (each nominee shall be required to complete a declaration, declaring that they are indeed eligible and not disqualified prior to the Remuneration and Nomination committee deciding on their suitability for appointment).
- Schedule 13 of the Johannesburg Stock Exchange Listings Requirements, known as the director declarations letter, shall be maintained, and updated whenever relevant.
- Non-executive directors are required, prior to their appointment or re-election, provide the Remuneration and Nomination committee details of other commitments and an indication of the time involved in carrying out those commitments.
- All directors should make an intellectually honest assessment of the number and nature of their directorships and the time available to give sufficient attention to the Company’s requirements – avoid “over boarding”.

6.2 Candidate criteria

Selection criteria will comprise:

- technical elements,
- legislative and corporate governance required elements; and
- general personal characteristics.

Relative to the reason for the search for a board candidate, albeit as a result of board refreshment, an identified skills gap, a new business development area, a vacancy or any other; the reality will inform the technical requirements of the search criteria.

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The general governance requirements are informed by the legislative and corporate governance requirements cited in paragraph 5 above.

Personal characteristics that enable sound and prudent execution of responsibilities and include meet fit and proper requirements as defined.

The Committee will factor any other additional requirements, as may be deemed fit by the Board.

6.3 Nomination process

Independent non-executive directors

Remuneration and Nomination committee will identify potential candidates through various means including drawing on the current board of director's network; shareholder preference; seeking applications from suitably qualified individuals directly and/or engaging external consultants that will present diverse candidates.

Shareholder nominated directors

The shareholder will send a formal written notification to the Group Company Secretary of their desire to nominate a specific individual in accordance with the shareholder agreement. The notification will be accompanied by an abbreviated curriculum vitae of the nominee.

The Group Company Secretary will submit the nomination to the Remuneration and Nomination committee for consideration.

The Remuneration and Nomination committee will review the suitability of the nominee and if the candidate meets the selection criteria, recommend the individual's appointment to the Board for consideration.

6.4 Selection Process

Desktop evaluation

The selection process will include a thorough review of the candidate's curriculum vitae, disclosures as required, affiliations and associations, seats/chairs on other boards and relevant supporting information to establish competence and eligibility; in order to determine whether the board candidate meets the set selection criteria.

Interview panel

The shortlisted candidates are interviewed by the Remuneration and Nomination committee to establish their suitability, obtain a sense of the person, their potential culture "fit" and to communicate the Company's expectations of its directors, for example, time commitment, number of meetings, committee appointments, remuneration offer, etc.

Due diligence/screening

It is important to note that initial peer reviews and reference checks are conducted during the screening phase of the selection process and upon appointment further qualification checks; and reference checks are conducted.

Independence evaluation and consideration of conflicts of interest

Independence criteria, with reference to the legislative and corporate governance framework cited in paragraph 5 above is utilised in the determination of independence.

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Due consideration of potential or perceived conflicts of interest forms part of this evaluation.

Matching the needs of the Company and enhancing the competencies and effective functioning of the Board, are the basis for Remuneration and Nomination committee selection of a candidate for appointment to the Board.

6.5 Board appointment

Upon finalisation of the nomination and selection process, a formal recommendation with motivation including supporting documentation as well as an explanation of the process followed in coming to the conclusion, as tabled; is prepared for Board consideration and deliberation.

A Board appointment is made at a formal meeting and the necessary corporate governance and corporate administration is facilitated by the Group Company Secretary, thereafter.

6.6 Documentation

Each director receives electronic notification of appointment and receive a formal letter of appointment as well as notice of an induction meeting is communicated by the Board Chairperson through the office of the Group Company Secretary.

7. BUSINESS PROCESS PROCEDURE REFERENCE

Directors are appointed through a formal transparent process, as described above, performed by the Board through its Remuneration and Nomination Committee and is subject to election per ordinary resolution at any shareholders meeting or the annual general meeting.

8. APPLICABLE BUSINESS GOVERNANCE FORUMS REFERENCE

Remuneration and Nomination Committee
Board of directors

9. PERIOD OF OPERATION

This policy will remain in force from the date of acceptance until amended or circulated as an updated policy.

10. DEFINITIONS

Companies Act:	Companies Act 71 of 2008, as amended
Director	A director includes an alternate director, a prescribed officer, and a person who is a member of a Board Committee, irrespective of whether the person is also a member of the Board.
Fit and Proper person	Personal character qualities of honesty, integrity, and competence, including experience, offences, convictions,

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qualifications, and knowledge which may also be informed by legislative and governance requirements.

Eligible or non-disqualification

This means eligible or non-disqualification as contemplated in Section 69 of the Companies Act, 2008 which applies not only to directors and alternate directors but also to members of board committees, prescribed officers, and the Group Company Secretary.

JSE Debt Listings Requirements

The Debt Listings Requirements issued by the JSE (as amended from time to time), which govern new applications and continuing obligations applicable to issuers of debt securities JSE Listings Requirements Johannesburg Stock Exchange Listings Requirements (as amended from time to time)

King IV™

King IV Report on Corporate Governance for South Africa 2016

11. DOCUMENT CONTROL

11.1 Document Information

Document Information	
Document ID	Directors' nomination and appointment policy
Document Owner	Group Company Secretary
Issue Date	July 2021
Last Updated	January 2013
File Name	S:\Corporate Secretariat\Policies\Directors' Nomination and Appointment Policy ERL- COSEC-P10

10.2 Document Approvals

Role	Name	Signature	Date
Group Company Secretary	AK Mare		
Chief Executive Officer	MDM Mgojo		

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Role	Name	Signature	Date
Chairman of the Board	MG Qhena		

10.3 Record of Amendments

Page	Rev #	Nature of revision	Approved by	DATE
1	0	NEW document		2013-01
	1	Revision		2021-07

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