

United Nations Global Compact

Communication on Progress

Year: 2009

STATEMENT

Exxaro Resources became a signatory of the United Nations Global Compact in 2007. This was a logical progression in our ongoing commitment to sustainability, given our shared goals and focus on universal values.

In preparing this report, we drew on stakeholder feedback, a review of current standards and conventions (including Global Reporting Initiative (GRI), UN Global Compact principles, Organisation for Economic Co-operation and Development (OECD) guidelines on multinational enterprises, International Labour Organization (ILO) conventions 69 and 176, as well as UN declaration of human rights) in developing material themes that will guide this and future reports. These themes include:

- Implementation and maintenance of ethical business practices and sound systems of corporate governance
- Integration of sustainable development considerations in corporate decision making processes
- Implementation of risk management strategies based on credible data sets
- Adherence to fundamental human rights and respect of cultures, customs and values in dealings with stakeholders
- Contributing to the social, economic and institutional development of home societies
- Implementing effective, sustained and transparent engagement strategies with all stakeholders groups, as well as explicit responsiveness to stakeholder concerns
- Demonstrating understanding of and implementing responses to the business case for sustainability.

In the message from the Chief Executive Officer in the integrated 2009 annual report, **Mr Sipho Nkosi** says *...“I believe 2009 was a year that truly tested the depth of mining companies’ commitments to sustainable development — and at every level. Faced with myriad challenges in protecting the economic bottom line, we developed innovative solutions to honour our commitments to the social and environmental bottom lines by making available funds work harder and by ensuring that every initiative benefited the maximum number of people. In this respect, Exxaro proved its mettle. The benefit of integrating our safety, health and environment division with our sustainable development initiatives emerged in the form of synergies across commodity businesses, disciplines and divisions. Perhaps the best example of this is our carbon foot printing project which prompted the vegetative study, which in turn informed our water management study and each site’s biodiversity action plan. We have also made solid progress in our ability to report meaningful data off a common information technology*

platform. This has been most evident in the areas of energy, air quality monitoring and socioeconomic development”

The group’s progress in implementing Global Compact principles is summarised overleaf, and cross-referenced to supporting or additional documentation. This is an incremental process, with the ultimate aim of measurable annual progress in those principles where we are not already fully supportive.

click to enter date, click to enter name &
function

Contact: Ramesh Chhagan

Email: Ramesh.Chhagan@exxaro.com

Phone: +27 12 307 3160

Fax: +27 12 307 5923

Global Compact Principle		Summary of Actions taken and Impact Achieved	Measurement of results
Human Rights	1: Businesses should support and respect the protection of internationally proclaimed human rights;	<p>Policies on discrimination, harassment and racism are in place, as area structures to protect employee's human rights in the workplace</p> <p>The safety and health of people is fundamental to Exxaro's business. Exxaro will not rest until we achieve our safety goals through collective responsibility, commitment and ongoing focus. Exxaro's set a target of zero fatalities and Lost Time injuries frequency rate of 0.21 for 2009</p>	<p>All employees including security personnel are fully trained after appointment on Human rights aspects relevant to each operation. Refresher courses also cover human rights issues.</p> <p>The actual LTIFR performance in 2009 was 0.33. This is a 15% improvement on the LTIFR of 0.39 recorded in 2008. The fatality frequency rate in 2009 was 0.07, compared to 0.13 in 2008. Exxaro target remains Zero as no death is acceptable. In terms of Health and Hygiene, major HIV/Aids training, counselling and testing was conducted at Eleven Business units, with 83% of employees who attended training sessions electing to be tested. This represents 58% of Exxaro workforce, against the 50% target that was set in 2009.</p>
	2: and make sure that they are not complicit in human rights abuses.	See above	See above
Labour	3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<p>As a responsible corporate citizen, Exxaro complies with all labour legislation in South Africa and with International Labour Organization guidelines.</p> <p>Exxaro has a disciplinary code, which is based on the principle of fairness as required by labour law.</p> <p>As a signatory to the UN Global Compact, Exxaro encourages freedom of association and collective bargaining.</p>	<p>All employees are free to form associations to represent their interests. Almost 70% of Exxaro's employees are represented by five affiliated unions. Negotiations for improved wages and conditions of employment are conducted in various in-house forums and through the Chamber of Mines.</p>
	4: the elimination of all forms of forced and compulsory labour;	<p>Exxaro Labour and Human Rights Policy.... "Subject to the provisions of the Constitution of the Republic of South Africa, the Company will not cause, demand or impose forced labour on any other person"</p>	<p>All positions in the company are advertised and filled by applicants. Formal letters of appointment are entered into which sets out the mutually acceptable terms and conditions of employment.</p>

Global Compact Principle		Summary of Actions taken and Impact Achieved	Measurement of results																																												
		Exxaro ensures child labour is not tolerated and forced or compulsory labour is not practised	No children are in the employ of Exxaro. Below is a matrix indicating age distribution at various management levels. <table><tr><th>Ages</th><th colspan="2">Management</th><th colspan="2">Non Management</th></tr><tr><th></th><th>2008</th><th>2009</th><th>2008</th><th>2009</th></tr><tr><td>Less than 18 years</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>18 - 30 years</td><td>304</td><td>334</td><td>1956</td><td>2392</td></tr><tr><td>31 - 50 years</td><td>972</td><td>1153</td><td>4297</td><td>5069</td></tr><tr><td>50 - 60 years</td><td>266</td><td>310</td><td>1640</td><td>1617</td></tr><tr><td>Above 60 years</td><td>19</td><td>29</td><td>95</td><td>157</td></tr><tr><td>Total</td><td>1561</td><td>1826</td><td>7988</td><td>9235</td></tr></table>					Ages	Management		Non Management			2008	2009	2008	2009	Less than 18 years	0	0	0	0	18 - 30 years	304	334	1956	2392	31 - 50 years	972	1153	4297	5069	50 - 60 years	266	310	1640	1617	Above 60 years	19	29	95	157	Total	1561	1826	7988	9235
	Ages	Management						Non Management																																							
		2008						2009	2008	2009																																					
Less than 18 years	0	0	0	0																																											
18 - 30 years	304	334	1956	2392																																											
31 - 50 years	972	1153	4297	5069																																											
50 - 60 years	266	310	1640	1617																																											
Above 60 years	19	29	95	157																																											
Total	1561	1826	7988	9235																																											
5: the effective abolition of child labour;	As a responsible corporate citizen, Exxaro complies with all labour legislation in South Africa and with International Labour Organization guidelines which prohibits child labour. Exxaro ensures child labour is not tolerated and forced or compulsory labour is not practised																																														
6: and the elimination of discrimination in respect of employment and occupation.	Attracting women to work in the group's core business remains a focus area for Exxaro.	Exxaro already exceeds SA mining charter targets on Women in Mining. A committee representing all the group's business units is mandated to implement this initiative (pg 121 – Exxaro 2009 Annual report). Exxaro participated in “Take a Girl child to work” initiative which has been endorsed by Department of Education. The objective is to expose girls to career opportunities that were previously not accessible to women, and other opportunities that individual women may not be aware of. Exxaro operations introduced 220 girls to the world of mining in 2009 (pg 121 – Exxaro 2009 Annual report).																																													
Environment	7: Businesses should support a precautionary approach to environmental challenges;	A sub-committee of the board oversees the group-wide development of policies and guidelines for Health, Environmental and Safety management.	All Exxaro operations have Environmental Management Plans (EMP) as required by legislation and are constantly updated. EMPs are key indicators in ensuring that Exxaro becomes a sustainable business. To enhance implementation of precautionary approach and sustainable use of resources, standards for Air quality management, Water management, Biodiversity																																												

Global Compact Principle		Summary of Actions taken and Impact Achieved	Measurement of results
		<p>Exxaro adopts a precautionary approach recommended by National Environmental Management Act (NEMA) in evaluating the Environmental Impacts of business opportunities (pg 96)</p> <p>Exxaro Policy... commits to <i>Implementing international-ly accepted standards</i> for safety, occupational health and environmental management systems;</p> <p>Consultation with employees, representatives and other stakeholders in appropriate forums to <i>develop, communicate and review responsible and innovative policies, programmes and guidelines</i> that provide safeguards for the community, employees, contractors and the environment, while providing flexibility to meet the needs of our businesses.</p>	<p>management and Rehabilitation management have been completed.</p> <p>In 2009, four operations obtained both ISO 14001 environmental accreditation and ISO 18001 safety accreditation. This increased the total to 13 of 17 operations accredited to date, as compared to 9 out of 17 operations in 2008. Another four BU operations have been scheduled for accreditation in 2010</p> <p>Exxaro participates in JIA (Joint Initiative Agreement) forum in the Mpumalanga Region. JIA is a strategic partnership between Eskom, Exxaro and other mining houses. The purpose of this joint venture is to undertake studies and projects related to water and waste management in order to:</p> <ul style="list-style-type: none"> • Quantify future impacts of excess mine water and mine closure rehabilitation; • Develop and implement mitigation strategies related to excess mine water; • Research water and waste management issues of interest to all the parties
	8: undertake initiatives to promote greater environmental responsibility;	<p>Exxaro's core focus is on conserving natural resources and reducing the burden of pollutants on the environment by:</p> <ul style="list-style-type: none"> • Complying with all applicable environmental legislation – as a starting point. The aim is to exceed compliance. • And developing innovative policies and 	<p>In 2009, Exxaro developed, reviewed and updated waste & water management plans and water balances for seven business units.</p>

Global Compact Principle		Summary of Actions taken and Impact Achieved	Measurement of results
		programmes for addressing environmental impacts.	
	9: and encourage the development and diffusion of environmentally friendly technologies.	<p>Exxaro encourages innovative technologies to reduce environmental impacts, reuse and recycling of waste.</p> <p>The Evergreen awards is used by the company to recognise achievements to recognise projects, individual and business units that shows achievements in implementing environmentally friendly innovations / initiatives</p>	<p>In 2009, one business operation has improved on both water and energy consumption by 10% and has been nominated for the Group Ever Green Award.</p> <p>Exxaro has made progress with a feasibility study to produce some 15MW of electricity from waste energy at one of its business operations. The project has a potential saving of almost 150 000 tons of CO₂e per annum.</p>
Anti Corruption	10: Businesses should work against all forms of corruption, including extortion and bribery.	<p>In terms of the corporate value: honest responsibility – we speak the truth and accept accountability for our actions. In line with this, compliance with our code of ethics is monitored by an executive general manager, group risk manager and company secretary. Ethical behavior is encouraged throughout the group by communicating regularly with employees, using a number of different communication channels.</p> <p>In addition to other compliance and enforcement activities, formal disciplinary measures are in place to deal with any identified incidents of corruption and fraud.</p>	<p>In 2009, two cases of fraud and corruption were reported and investigated. Disciplinary codes of practice were followed to investigate.</p> <p>A reporting hotline (whistle-blowing) is in place through which all stakeholders can report suspected corruption, conflicts of interest, contraventions of group values or other reportable irregularities, with guaranteed anonymity. Details of reporting mechanisms: Hotline: 0800 20 3579 Hotmail: Exxaro@tip-offs.com</p> <p>Alleged irregularities reported on the hotline are fully Investigated, with some resulting in criminal prosecution.</p>