



United Nations Global Compact
Exxaro Resources Communication on Progress
2016

exxaro

POWERING POSSIBILITY

www.exxaro.com

CEO STATEMENT OF SUPPORT

Exxaro Resources is one of the largest South African based diversified resources companies, with interests in the coal, titanium dioxide, ferrous and renewable energy commodities. Exxaro became a signatory of the United Nations Global Compact (UNGC) in 2007. As one of the foremost black-owned diversified resources companies listed on the Johannesburg Stock Exchange (JSE), the signing of the UNGC marked our foundational commitment to sustainability. That commitment and focus is ongoing and we are once again proud to reaffirm our support of the ten principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.

In this Communication on Progress for 2016, we draw on Exxaro's Integrated and Supplementary Reports for 2016 to describe how the ten UNGC principles are incorporated into our business. The Integrated Report and Supplementary Report are both products of the company's strategic objectives, legislative and regulatory requirements, including the Companies Act of South Africa, 71 of 2008 as amended (Companies Act), the Mining Charter, the amended Codes of Good Practice (B-B-BBEE), and the JSE Limited Listings Requirements as well as global best practice standards the International Integrated Reporting Council's (IIRC) framework for integrated reporting, the Global Reporting Initiative (GRI), UN Global Compact principles and the King Report on Governance for South Africa 2009 (King III) and AccountAbility 1000SES.

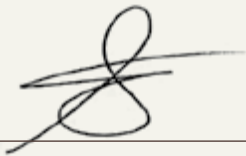
Sustainability related key performance indicators, including those that measure the outcomes and statuses relating to the ten UNGC Principles, are reported on a quarterly basis to three Board committees:

The Sustainability, Risk and Compliance Committee;

- The Social and Ethics Committee and;
- The Audit Committee.

The ten UNGC Principles are thus fully covered by Exxaro's Executive and Board reporting.

The Integrated and Supplementary reports can be found at www.exxaro.com



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| Global Compact Principle | Summary of actions taken and impact achieved | Measurement of results |
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| 1 Businesses should support and respect the protection of internationally proclaimed human rights; | Exxaro complies with labour legislation in South Africa and International Labour Organisation guidelines. As a signatory to the United Nations Global Compact, we encourage freedom of association and collective bargaining, ensure child labour is not tolerated and that forced or compulsory labour is not practised. | The group's compliance with legislation and international conventions was audited by our internal auditors and confirmed in the prior period. |
| 2 and make sure that they are not complicit in human rights abuses. | Our induction programmes educate employees about human rights. Policies on discrimination, harassment and racism are in place, as are structures to protect employees' human rights in the workplace. Security personnel are fully trained on human rights aspects relevant to each operation. Refresher courses also cover human rights issues. | To date Exxaro has not been complicit in the violation of any human rights. |



| Global Compact Principle | Summary of actions taken and impact achieved | Measurement of results |
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| <p>3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> | <p>As a signatory to the United Nations Global Compact, Exxaro encourages freedom of association and collective bargaining.</p> <p>Employee/management relations</p> <p>Constructive engagement remains the cornerstone of our approach to organised labour. All our trade-union engagement structures are functioning well and are a vital conduit for managing issues raised. In addition, our employee relations strategy provides an effective framework for maintaining a healthy workplace climate.</p> <p>Our policies and procedures are developed within the framework of relevant labour legislation, and employees are managed individually and collectively.</p> <p>Our disciplinary codes are based on the principle of fairness as required by labour law, and our supervisors have the skill to implement the codes. A key focus for 2016 was to build employee relations competency among all stakeholders to foster a healthy climate. Various skills workshops and training were conducted with unions, employee relations managers and line leaders. Confirming the commitment from all parties to build solid relationships, our external (CCMA) referral rate has decreased by 33%.</p> | <p>Some 78% of our employees are represented by affiliated unions recognised by Exxaro subsidiaries: primarily National Union of Mineworkers (NUM), Solidarity, Association of Mineworkers and Construction Union (AMCU) and the Food and Allied Workers Union (FAWU).</p> <p>We concentrate on maintaining sound relations with employees in bargaining units by engaging with their representatives. This is based on a pluralist approach to trade-union recognition through formal agreements. Negotiations for wages and conditions of employment are conducted through in-house forums and the Chamber of Mines. In 2016, we successfully concluded a wage agreement with AMCU for our coastal coal region, without any negative labour implications. There were no other collective bargaining processes in 2016, as we still have valid two-year agreements for Exxaro Coal and Exxaro Coal Mpumalanga.</p> <p>In consultation with our labour stakeholders, we concluded a number of section 189 (retrenchment) closure processes across Exxaro in 2016, including Exxaro Coal Central, Arnot and, more recently, the Exxaro improvement project (EIP), which focused on support services across the business.</p> <p>The EIP was the catalyst for reviewing the Exxaro business model and although the initial worst-case scenario highlighted the possibility of 565 retrenchments, we finished the process with only 94 retrenchments. This number could drop if employees currently in transitional roles (deferred retrenchments) are able to secure alternative permanent employment. Although these processes are challenging, our relationships with all stakeholders were a key factor in their successful outcome.</p> |

LABOUR

| Global Compact Principle | Summary of actions taken and impact achieved | Measurement of results | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|-------------|--|--|--|-----------|-----------------|-------------------------|-------------|-------|-----|----|-----|-------|-----|-----|------|-------|------|-----|------|-------|-----|-----|-----|-------|-----|-----|-----|-------|-----|-----|-----|-------|-----|-----|-----|-------|-----|----|-----|-------------|------|------|------|
| 4 the elimination of all forms of forced and compulsory labour; | An extract of the Exxaro Labour and Human Rights Policy states: "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" | Exxaro complies with labour legislation in South Africa and International Labour Organisation guidelines. As a signatory to the United Nations Global Compact, we encourage freedom of association and collective bargaining, ensure child labour is not tolerated and that forced or compulsory labour is not practised. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 the effective abolition of child labour; | Exxaro complies with labour legislation in South Africa and International Labour Organization guidelines and as a signatory of the UNGC ensures child labour is not tolerated. | <div>No children are in the employ of Exxaro. Below is the breakdown of employees by age:</div> <table><tr><th colspan="4">2016 table</th></tr><tr><th>Age group</th><th>Bargaining Unit</th><th>Management & Specialist</th><th>Grand Total</th></tr><tr><td>18-25</td><td>292</td><td>40</td><td>332</td></tr><tr><td>26-30</td><td>901</td><td>130</td><td>1031</td></tr><tr><td>31-35</td><td>1054</td><td>206</td><td>1260</td></tr><tr><td>36-40</td><td>791</td><td>206</td><td>997</td></tr><tr><td>41-45</td><td>631</td><td>186</td><td>817</td></tr><tr><td>46-50</td><td>590</td><td>181</td><td>771</td></tr><tr><td>51-55</td><td>622</td><td>145</td><td>767</td></tr><tr><td>56-65</td><td>556</td><td>89</td><td>645</td></tr><tr><td>Grand Total</td><td>5437</td><td>1183</td><td>6620</td></tr></table> | 2016 table | | | | Age group | Bargaining Unit | Management & Specialist | Grand Total | 18-25 | 292 | 40 | 332 | 26-30 | 901 | 130 | 1031 | 31-35 | 1054 | 206 | 1260 | 36-40 | 791 | 206 | 997 | 41-45 | 631 | 186 | 817 | 46-50 | 590 | 181 | 771 | 51-55 | 622 | 145 | 767 | 56-65 | 556 | 89 | 645 | Grand Total | 5437 | 1183 | 6620 |
| 2016 table | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age group | Bargaining Unit | Management & Specialist | Grand Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-25 | 292 | 40 | 332 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 26-30 | 901 | 130 | 1031 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31-35 | 1054 | 206 | 1260 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 36-40 | 791 | 206 | 997 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 41-45 | 631 | 186 | 817 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 46-50 | 590 | 181 | 771 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 51-55 | 622 | 145 | 767 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 56-65 | 556 | 89 | 645 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Grand Total | 5437 | 1183 | 6620 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 and the elimination of discrimination in respect of employment and occupation. | Eliminating discrimination and resolving grievances As an employer, Exxaro is firmly committed to the concept and practice of equal opportunity, irrespective of race, religion, gender, health status, sexual preference or nationality. Our corporate values guide the way we do business, and discrimination on any grounds is not acceptable. Managers and supervisors are continuously trained on appropriately applying disciplinary measures should the need arise. | Women in mining In Exxaro, women make up 20% of the workforce, and we focus on attracting women through our talent pipelines. Although this is a challenge, women comprise 28% of young professionals-in-training, 34% of our full-time bursars in engineering and mining at universities. In the third quarter of 2016, we participated in a survey by the Commission for Gender Equality. The focus of the survey was to qualitatively and quantitatively assess gender mainstreaming in the mining industry. Our participation provided the opportunity to showcase our initiatives in advancing representation and addressing issues related to women. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



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| <p>7 Businesses should support a precautionary approach to environmental challenges;</p> | <p>Natural resources like water, air, biodiversity and land are central to our business. We focus on responsible use by conserving natural resources and reducing the burden of pollutants on the environment through:</p> <ul style="list-style-type: none"> • Ensuring all activities are properly authorised • Complying with all statutory environmental requirements as a minimum • Using energy and water as efficiently as possible • Conducting activities responsibly from the twin perspectives of compliance and natural resource use • Actively participating in voluntary benchmarks, such as the global carbon and water disclosure projects • Developing innovative policies and programmes to address environmental impacts and use of natural resources. | <p>All Exxaro's business units have ISO 14001 accreditation, reflecting the global industry standards in place to minimise environmental impacts.</p> <p>All our South African operations have environmental management programmes (EMPs) as required under the Mineral and Petroleum Resources Development Act (MPRDA) and National Environmental Management Act (NEMA). These are key indicators in ensuring Exxaro remains a sustainable business. We also adopt the precautionary principle entrenched in NEMA in evaluating the environmental impacts of business opportunities.</p> <p>In 2016, one environmental authorisation (under NEMA) was granted for Grootegeluk.</p> <p>Exxaro received no environmental stoppage directives during the review period. No fines were issued.</p> |

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| | <p>Comprehensive group standards have enhanced the implementation of legal requirements and sustainable use of natural resources. These include management standards for air quality, water, energy, rehabilitation and mine closure, and environmental incident management and reporting.</p> <p>Building blocks to exceed compliance levels</p> <p>After a strategic review of key environmental risks from Exxaro's operations, we have identified the building blocks required to ensure consistent compliance and, in time, to exceed regulatory minimums where possible.</p> <p>Legal compliance</p> <p>South African mining companies are heavily regulated, with compliance centred on receiving, converting and retaining all mining rights. To ensure we continue to meet legal requirements as a minimum, compliance across Exxaro is monitored by two board-mandated entities: the sustainability, risk and compliance committee as well as the social and ethics committee.</p> <p>Running all our operations with approved EMPs is fundamental to our sustainability and legal compliance. Some EMPs are being updated to align to the MPRDA and to include new developments. As applications for various projects are at different stages of regulatory assessment, we continuously engage with the relevant authorities, agencies and other stakeholders to expedite these licences.</p> | <p>Status of integrated water use licences</p> <p>In 2016, we completed the lengthy process of migrating our authorisations to the National Water Act (1998). All Exxaro operations now have the required integrated water use licence.</p> <p>Incident reporting</p> <p>Using a standardised reporting system, all business units manage incidents effectively, resulting in a safer and more sustainable work environment. In 2016, five level 2 incidents occurred and were reported to the relevant authorities. Corrective actions to remedy the incidents and prevent recurrence were approved by authorities prior to implementation. There were no significant (level 3) incidents in 2016.</p> |

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| <p>8 undertake initiatives to promote greater environmental responsibility;</p> | <p>Air quality</p> <p>As a mining group, air quality remains a risk to Exxaro on several levels, particularly dust and other pollutants such as particulate matter (PM) including PM10 and PM2,5 from opencast operations. Accordingly, we focus on:</p> <ul style="list-style-type: none"> • Minimising impact on the receiving environment • Full legislative compliance • Air quality management planning • Risk management • Monitoring, measurement and reporting <p>Emissions from mining operations</p> <p>Daily measures ensure we address the challenges of Exxaro's dust-generating activities (blasting, drilling, crushing and screening, vehicle convoys, materials handling and wind erosion of exposed operational areas). These include applying dust suppressant agents on haul roads, watering secondary unpaved operational roads, vegetating topsoil stockpiles and overburden material.</p> <p>All mining operations monitor daily dust-fallout rates and results are assessed against national regulations. Although our operations are classified under the non-residential limit, some are close to residential areas. As such, we track our compliance against the more stringent residential limit (600mg/m2/day) instead of the non-residential limit (1 200mg/m2/day) to minimise the impact on residents.</p> <p>We continue to concentrate on improving our mitigation measures for operational activities that contribute significantly to dust. This will ensure fallout dust is reduced to the residential limit.</p> | <p>Comparing Exxaro's dust-fallout rate against the regulated non-residential and residential limit, no operation exceeded the two allowable annual limits in 2016.</p> |

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| | <p>Carbon footprint</p> <p>Operational activities are guided by our climate change response strategy. A dedicated steering committee oversees related improvement projects and activities, and ensures these are aligned with Exxaro's climate change position statement.</p> <p>This supports a clear understanding of the risks and opportunities presented by energy and emissions in the broader sense, and enables operations to focus on managing energy, emissions and other climate change-related issues.</p> <p>Our energy and carbon measurement, data management, accounting and reporting is maturing. Exxaro reports carbon emissions through CDP South Africa (the local arm of the international benchmark carbon and water disclosure projects), where we remain among the leading companies by reporting on scope 1, 2 and 3 emissions.</p> <p>Energy management</p> <p>Our coal operations account for almost all energy consumption in the group after divesting of the mineral sands and base metals businesses in recent years.</p> <p>As part of Exxaro's energy and carbon management programme, our coal operations have focused on reducing energy consumption, including projects to specifically increase the efficiency of diesel and electricity use.</p> <p>Specific energy-intensity improvement targets were set for each operation in 2016. These targets formed part of relevant managers' remuneration-linked performance contracts and further absolute emission reductions are expected from these initiatives in future.</p> | <p>Carbon disclosure</p> <p>The CDP is a UK-based global climate change reporting system. This data provides valuable insights into corporate strategies and helps channel investment to companies adhering to sustainable carbon and emissions management.</p> <p>Exxaro participates in two programmes: CDP Climate Change (since 2008) and CDP Water. To facilitate our reporting under the climate change programme, we manage a central data repository that records energy consumption, energy intensity performance, carbon emissions measurement and cost performance in each business unit and the group. This database is externally audited and assured each year.</p> <p>Diesel and electricity are Exxaro's primary sources of energy. Total energy consumed decreased by 4% in 2016 to 4 193 151 gigajoules (GJ), due to a 5% reduction in electricity and 3,7% reduction in diesel.</p> |

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| | <p>Water management</p> <p>Water is a strategic natural resource for South Africa, and key to our business. The Exxaro water management policy therefore defines our commitment to the sustainable use of water, with a strong focus on efficiency through reuse and recycling. This policy is aligned to the legislative environmental framework governed mainly by the National Water Act 36 1998. In support of the Act, the Department of Water Affairs has issued an integrated water resource management hierarchy that prioritises mine and waste management decisions and actions.</p> <p>This hierarchy informs both our policy and strategy on mine and waste water management as:</p> <ul style="list-style-type: none"> • Pollution prevention • Minimise environmental impacts • Maximise water reuse and reclamation • Responsible water discharge and disposal • Water treatment <p>Translating policy into action, our management standard on water for mining and industrial use articulates our commitment to develop and implement an effective integrated water and waste management plan across the lifecycle of a mine. This includes planning, construction, operation, decommissioning, closure and rehabilitation phases. The standard reflects management's vision to:</p> <ul style="list-style-type: none"> • Ensure a cost-effective integrated approach to water management • Be environmentally responsible • Be ecologically sustainable | <p>Under a holistic strategy, we are managing water-related risks, minimising impacts, and operating efficiently through reduction, reuse and recycling. Most of our operations have water conservation plans that support the national strategy to ensure equitable distribution of water resources that allows for business growth and protection (sustainable use).</p> <p>We are also committed to protecting and improving water quality by ensuring the water we discharge is the same or better than the original. Central to this are the three water treatment plants planned for our Mpumalanga region as part of our long-term water management strategy. These plants will have total capacity to treat 17,5 mega litres per day. The plant at Matla has been commissioned and performance tests are under way (case study). The second plant is being commissioned at North Block Complex, and became fully operational late in 2016. The plant at Arnot is being planned as part of mine-closure activities.</p> <p>Water withdrawal performance</p> <p>Exxaro decreased water withdrawals by 4% in 2016, mainly due to water-saving initiatives at Grootegeluk, where the aim is to reduce fresh water intake from Mokolo and maximise the use of pit water. Other business units, including head office, show a slight reduction in water withdrawals, reflecting the ongoing commitment to operational efficiency.</p> |

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| | <p>Progress</p> <p>Water management is integral to our licence to operate and, in recent years, we have made considerable progress on our focus areas, notably:</p> <ul style="list-style-type: none"> • Our vision, strategy and policy for water management • Data management that facilitates water accounting and reporting • Regulatory compliance • Improving skills and knowledge in water management • Water and related technology solutions • Water business opportunities • Stakeholder engagement • Communications. <p>Hazardous waste management</p> <p>Waste management is a key compliance indicator in Exxaro’s social licence to operate. Our group standard enforces use of the waste management hierarchy, which in turn promotes waste prevention or minimisation, reuse, recycling, recovering energy and ensuring safe disposal of waste in line with the National Environmental Management: Waste Act 59 2008 and supporting legislation. The total weight of hazardous waste generated at our managed coal operations in 2016 was 4 101 tonnes (2015: 1 814 tonnes).</p> | <p>Recycling stations in some business units divert all suitable waste currently being sent to landfill sites for potential and practical reuse options that make economic sense. We are also exploring opportunities with industrial partners and research institutions to use viable solutions in converting waste into renewable energy.</p> |

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| | <p>The significant increase in volumes removed reflects the planned clean-up operation at a business unit to increase efficiency in the sewage treatment plant. This contributed to much higher volumes in June 2016, as it involved removal of contaminated soil by an external contractor and responsible disposal into a registered landfill. ECC operations produced small amounts of waste in 2016 (126t hazardous waste).</p> | |
| | <p>Biodiversity</p> <p>Biodiversity means species diversity and species richness in an ecological environment. In Exxaro, our goal is to conserve biodiversity for future generations by sustainably using the resources of our mining operations and South Africa's natural resources.</p> <p>To reach this goal, we have developed biodiversity action plans for our business units. In addition, our comprehensive biodiversity management standard will be revised in 2017. The guiding principles include the best-practice standard on wetland offsets (Wetland Offsets: A Best Practical Guideline for South Africa 2014), as well as the mining and biodiversity guideline (Mainstreaming biodiversity into the mining sector. DEA, DMR, Chamber of Mines, SA Mining and Biodiversity Forum and SANBI, 2013).</p> | <p>Approximately R7 million was spent in 2016 on biodiversity. Some R12 million was spent in 2016 on biodiversity management, including wetland offsets, delineation and wetland studies, as well as biomonitoring. In addition to complying with legislation and best practice, we aim to develop a competitive advantage through conservation and re-establishing resilient ecosystems that underscore our commitment to duty-of-care principles.</p> <p>The principles of these guidelines are already incorporated into our planning and execution phases. As example, the principles of best-practice standard were used in several projects to avoid constructing infrastructure in a sensitive wetland area.</p> <p>Our detailed management standard guides business units in developing infrastructure, aiming to:</p> <ul style="list-style-type: none"> • Ensure a cost-effective integrated approach to biodiversity management • Be environmentally responsible in protecting and managing biodiversity • Be ecologically sustainable by ensuring biodiversity-rich areas are contained within mining right areas, to manage and monitor protected and threatened Red Data species, and control declared category 1, 2 and 3 invasive plants.d during desktop ecological and wetland studies and includes detailed site-specific assessments to confirm the accuracy of the guidelines. |

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| | | Exxaro has evaluated and identified all protected vegetation units with important conservation targets and listed as protected by the national spatial biodiversity assessment report. Exxaro also references the mining and biodiversity guideline (M&BG, 2013), the Mpumalanga biodiversity sector plan (2014), and the national freshwater ecosystem priority areas (NFEPA 2011) guidelines during proposed expansion and new projects. Information from these guidelines is considered during desktop ecological and wetland studies and includes detailed site-specific assessments to confirm the accuracy of the guidelines. |
| | Environmental liabilities and rehabilitation Internal annual updates | Risk-based external reviews |
| | <p>All business units annually review their financial provisions. They also consider amendments to rehabilitation plans and closure objectives based on regular EMP performance assessments. The cost estimates of activities in the concurrent and final-closure rehabilitation programme are reviewed and adjusted where necessary. Water-related liabilities are calculated by site according to predicted decanted water quality and quantity. Treatment solutions are constantly questioned to include the latest technologies available.</p> <p>In November 2015, the DMR published the financial provisioning regulations 2015 for implementation. These contain more onerous and detailed requirements than previously required by the MPRDA. Numerous interactions with the Chamber of Mines and industry subsequently took place to clarify uncertainties in the regulations. In September 2016, the minister published amendments to the regulations and a consultative process is under way to finalise this legislation.</p> | <p>In the first quarter each year, our sustainability department and each business unit perform a risk analysis based on the group environment and risk assurance process, with risks reported to appropriate management in terms of Exxaro's governance process. Where mines are eligible for an external review, these are conducted under commercial agreements with competent third parties.</p> |
| | | Concurrent rehabilitation plan |
| | | All business units have a detailed concurrent rehabilitation plan and supporting material (plan, schedule and budget). These are revised and updated at least annually. The mine manager or person in charge of a site reports on any deviation from the rehabilitation programme (reasons and how this affects future activities; financial provisions; corrective steps to rectify the deviation, especially to prevent financial shortfalls accumulating and closure liabilities rising). |

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| | <p>Mine closure</p> <p>Exxaro had six operations in active closure in 2016 - Arnot, Tshikondeni, Durnacol, Hlobane, Strathrae and Gravelotte. All closure activities are executed against risk-based principles. As several Exxaro mines are nearing their end of life, mine closure planning is already in place to ensure the process complies with the latest legislative requirements.</p> | <p>Liabilities</p> <p>At 31 December 2016, total land disturbed was 10 746ha and total rehabilitated 2 536ha. The Exxaro Environmental Rehabilitation Fund (EERF) provides for most liabilities, while additional bank guarantees are taken out to provide for new developments and cover any shortfalls in financial provisions. Environmental rehabilitation liabilities are updated biannually for internal reporting at interim and financial year end, and submitted annually to the DMR.</p> |



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| <p>9 and encourage the development and diffusion of environmentally friendly technologies.</p> | <p>Developing the body of knowledge</p> <p>We are committed to developing the body of knowledge at tertiary level. In 2016, we again provided support and funded chairs in selected disciplines:</p> <ul style="list-style-type: none"> • Unisa: Exxaro chair in business and climate change – promotes and advances related research, teaching and advocacy-orientated community engagements, especially in developing economies. Key research themes include business response to climate change in key industry sectors in South Africa (mining, finance and insurance, retail, agriculture and automotive), and green economies and green jobs. • Wits: Exxaro chair in global change and sustainability – provides a research platform of global significance and local impact, fostering informed and innovative actions for adaptation and mitigation strategies for sustainability in the rapidly changing southern African region. Key research themes include sustainable urbanisation, healthy and productive ecosystems, and sustainable communities post mining (post-mining ecology and economy). • Pretoria: Exxaro chair in business and biodiversity leadership – focuses on thought leadership in the interface between business and biodiversity. Key research themes include implementation of voluntary ecosystem valuation, identifying and evaluating business responses to biodiversity in Exxaro and other industries, land rehabilitation, and linking biodiversity with environmental management and issues such as climate change and water, particularly wetlands. | <p>Innovative passive water treatment systems are being evaluated by our R&D department in collaboration with the University of the Free State and the Technology Innovation Agency. As part of a long-term solution to water management including post-closure, Exxaro has developed a new treatment plant for acid mine drainage. Based in Belfast, the plant effectively treats major contaminants found in acid mining wastewater using a low-cost and low-maintenance passive water treatment system. This patented technology is capable of producing water of a quality accepted for drinking purposes by the South African National Standards (SANS) 241:2006 and 2011 regulation. The pilot plant exploration is complete and we are considering it as part of mine-closure plans.</p> <p>We continue to collaborate with other mining houses through a local research institution on a project to develop appropriate technology to deal with waste from planned water treatment plants. This will enhance the efficiency of the waste treatment process and mitigate potential exposure linked to waste management.</p> |

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| | <ul style="list-style-type: none">• Pretoria: Exxaro chair in energy efficiency - participates at the forefront of research activities in energy efficiency to deliver world-class research and educational outputs. Key research themes include mining system components, design efficiency in capital projects, mine engineering for energy efficiency, cogeneration using waste heat to produce electricity for the same or related processes in those operations, smelter technology and efficiency, clean development mechanism (CDM) and carbon trading (carbon footprint and carbon-neutral study), as well as the low-carbon economy, and energy efficiency measurement, verification, baseline determination and evaluation. | |





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| <div>10</div> <p>Businesses should work against all forms of corruption, including extortion and bribery.</p> | <p>Exxaro remains committed to the highest standards of honesty, integrity and fairness. Ethics processes and policies are managed either by the general manager: risk, compliance and assurance or the group company secretary and legal. Established policies, on which employees are regularly trained and which are frequently reviewed, include:</p> <ul style="list-style-type: none">• Code of ethics• Whistleblowing• Conflicts of interest• Fraud investigation• Fraud prevention• Fraud response• Gifts and benefits from suppliers <p>We are confident that our robust policies and processes ensure full compliance with principle 10 of the United Nations Global Compact on anti-corruption, OECD recommendations on corruption, and international legislation and best practice. Refer to the SE committee report for more information, especially on anti-bribery and corruption training and computer-based ethics training.</p> | <p>Social and ethics committee</p> <p>The committee is supported by a management ethics committee that considers and addresses matters of ethics (including all hotline reports and forensic investigations) in detail.</p> <p>There were 623 investigations in 2016 compared to the 457 in 2015 the sharp increase in 2016 investigations mirrors the greater number of reports received which, in turn, reflects confidence in the anonymity of the hotline, despite many cases proving unfounded. Lower values recovered are due to a sizeable single case of collusion: while we obtained judgment against the perpetrators, we were unable to recover our losses.</p> |