

EXXARO RESOURCES LIMITED
(Registration number: 2000/011076/06)

(“Exxaro” or “the Company”)

RISK AND BUSINESS RESILIENCE COMMITTEE
(the Committee)

TERMS OF REFERENCE

1. CONSTITUTION

- 1.1 The Committee is constituted as a Committee of the Board of Directors of the Company (the Board) in terms of section 72 of the Companies Act of 2008, as amended, (the Act), the Company’s Memorandum of Incorporation (Mol) and the King IV Report on Corporate Governance for South Africa 2016 (King IV).
- 1.2 The duties and responsibilities of members of the Committee as set out in this document are in addition to those they have as members of the Board or prescribed officers of the Company.
- 1.3 The deliberations of the Committee do not reduce the individual and collective responsibilities in terms of which Board members must continue to exercise due care and judgment in accordance with their legal obligations.
- 1.4 These Terms of Reference are subject to the provisions of the Act, the Mol and any other applicable law or regulatory provision. Guidance is also taken from the principles and relevant recommendations of King IV.
- 1.5 In these Terms of Reference, Group shall refer to the Company and its subsidiaries as contemplated in section 3 of the Act.
- 1.6 Unless otherwise indicated, the meaning ascribed in King IV to relevant words and phrases shall equally apply in this Terms of Reference.
- 1.7 In this Terms of Reference, words importing any one gender include the other two genders; the singular include the plural and vice versa; and natural persons include created entities (corporate or non-incorporate) and vice versa.

2. PURPOSE

The purpose of this Terms of Reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition, its meeting procedures and functioning in general.

3. **ROLE**

3.1 The Committee has an independent role in terms of which it operates and makes recommendations to the Board within its remit.

Risk Management

3.2 The role of the Committee is to oversee that the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives and that the disclosure regarding risk is comprehensive, timely and relevant.

3.3 Risk management is the process effected by the Board, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the organisation and manage risks to be within its risk appetite, and ultimately, to provide reasonable assurance regarding the achievement of the organisation's objectives.

3.4 Risk governance refers to the governance structures and mechanisms established within the organisation in terms of which decisions regarding risk are taken and implemented.

3.5 The Committee shall be responsible for:

3.5.1 reviewing the enterprise risk management process, including key risks facing the Company and Group and responses in place to address these risks with a particular focus on:

- Strategic risks
- Financial risks (Technical debate on managing financial risk will take place at the Audit Committee; however, financial risks will form part of the overall enterprise risk register, over which this Committee has oversight.)
- Operational risks
- Regulatory Compliance risks

Including the following risk types:

- IT risks
- Health and Safety risks
- Sustainability risks
- Third party performance
- Brand and Reputation risks (including stakeholder management and expectations)
- Stakeholder risks
- Investment risks
- Supply chain risks
- Strategic programme and business change risks
- Environmental risks

Business Resilience

- 3.6 Business Resilience is the ability of an organisation to absorb and adapt in a changing environment to enable it to deliver its objectives, survive, and prosper. The four key elements of resilience are as follows:
- Risk management
 - Incident Management
 - Crisis Management
 - Business Continuity Management
- 3.7 There are three different types of business resilience:
- Financial resilience: the ability of an organisation to withstand events that impact its liquidity, income or assets. These events may include routine or severe but plausible shocks and stresses.
 - Operational resilience: the way an organisation uses its non-financial resources to withstand and absorb the impacts caused by shocks and stresses affecting its demand or supply, its people, technology or facilities.
 - Reputational resilience: the ability of the organisation to be responsive to external perceptions; scrutinising self-limiting behaviours, building brand capital and reserves, and maintaining a foundation of trust and dependability.
- 3.8 The Committee does not assume the functions of management, which remain the responsibility of executive directors, officers and other members of senior management nor does it assume accountability of the functions performed by other committees of the Board.

4. AUTHORITY OF THE COMMITTEE

- 4.1 The Committee acts in accordance with the delegated authority of the Board as recorded in these Terms of Reference.
- 4.2 The Committee shall be accountable and report to the Board with respect to all of the duties as contained in these Terms of Reference.
- 4.3 The Committee shall have access to the records, facilities and employees necessary to discharge its duties and responsibilities.
- 4.4 The Committee is authorised by the Board, subject to the approved process or policy, to obtain outside legal or other independent professional advice and to secure the attendance at meetings of the Committee of outsiders with relevant experience and expertise if deemed necessary.
- 4.5 The Committee is authorised by the Board to investigate any activity within its mandate. It is authorised, in consultation with the Chief Executive Officer, to seek any information

it requires from any employee in the Group and all such employees are directed to cooperate with any request made by the Committee.

- 4.6 The Committee may form and delegate authority to such subcommittees, one or more designated members of the Committee and to one or more members of the executive to perform certain tasks on its behalf.
- 4.7 The Committee shall make recommendations to the Board for approval, on any or all matters that fall within its scope and function as may be required.
- 4.8 The Committee has the right to be heard at any general or annual shareholders meeting on any part of the business that concerns the Committee's functions.
- 4.9 The Company shall meet all expenses reasonably incurred by the Committee in the fulfilling of its duties.

5. **MEMBERSHIP**

- 4.1 Members of the Committee will be appointed by the Board, on recommendation of the Nomination Committee.
- 4.2 The Committee will comprise at least 3 (three) members, the majority of whom shall be independent non-executive directors. Prescribed officers of the Company, including but not limited to the Chief Executive Officer, will also be eligible for membership subject to the majority of the members being independent non-executive directors.
- 4.3 The Board shall appoint the Chairperson of the Committee, who shall be an independent non-executive director.
- 4.4 The Board will ensure that there is a suitably balanced blend of skills and experience to enable the Committee to discharge its functions, and will furthermore consider the need for *ad hoc* invitees with the necessary technical experience to assist members in technical deliberations.
- 4.5 In considering the appropriate Committee membership, the Board shall take into account the recommendations of King IV so as to ensure effective collaboration through cross-membership between committees, where required.
- 4.6 The Chairperson of the Social, Ethics and Responsibility Committee and Audit Committee shall regularly consult and collaborate with the Chairperson of the Committee on areas of shared responsibility with the Committee. If the Chairpersons of the Social, Ethics and Responsibility Committee and Audit Committee are not members of the Committee, they shall be standing invitees. A special inter-committee arranged between the respective Chairpersons may be convened as the need arises.
- 4.7 Membership of the Committee shall automatically terminate in the event that a member ceases for whatever reason to be a director, prescribed officer or employee of the

Company. Notwithstanding, the Board will have the power to, at any time, remove any members of the Committee and fill any vacancy created by such removal.

- 4.8 The conduct and deliberations of the Committee shall be subject to the Board Etiquette and Rules of Conduct as contained in the Board Charter.
- 4.9 New members should receive a complete orientation and induction that allows them to function effectively from appointment date.
- 4.10 Members will be required to keep up to date with developments affecting the areas of responsibilities of the Committee.
- 4.11 Opportunities for continuous education and training on technical issues should be actively pursued by each member.

6. **MEETINGS**

6.1 **Quorum and notice**

- 6.1.1 The quorum necessary to transact business will be a majority of members present in person or linked by telephone or video conference facilities.
- 6.1.2 A duly convened meeting of the Committee at which a quorum is present will be competent to exercise any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 6.1.3 In the absence of a quorum and subject to the discretion of the Committee Chairperson, the meeting may either be postponed to a later date or may proceed as an informal meeting with all resolutions required to be taken at the meeting being formally approved by way of a written resolution.
- 6.1.4 No resolutions tabled for approval by the Committee at a meeting which is not quorate shall be implemented or given effect to until formally approved at the postponed meeting or via written resolution as contemplated in clause 6.1.3.
- 6.1.5 The written resolution circulated in terms of clause 6.1.3 requires unanimous approval of all members of the Committee, in the absence of which a special meeting of the Committee shall be convened in order for the matter to be discussed and formally approved during such special meeting.
- 6.1.6 Persons who are in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings and may not vote.
- 6.1.7 Dates and related information of scheduled meetings of the Committee during a calendar year are provided to all Committee members and updated from time to time as required. No formal notice of such meetings is provided and the meeting agenda and papers also serve as notice of the meeting. Notice will however be given of special meetings of the

Committee (in addition to the scheduled meetings) arranged in consultation with the Committee Chairperson and members from time to time.

6.2 **Attendance**

- 6.2.1 In view of the dates of scheduled Committee meetings being communicated well in advance, all members are expected to be in attendance at all meetings unless the absence, in the form of an apology, with reasons was communicated to the Committee Chairperson or the Company Secretary.
- 6.2.2 The Board appreciates that unexpected and urgent matters do arise but urges Committee members to ensure attendance at all scheduled meetings of the Committee for the full duration of the meeting.
- 6.2.3 Special meetings of the Committee, which are normally arranged at short notice, will be scheduled in consultation with the Committee Chairperson and members at a date and time that will, as a minimum, ensure the presence of a quorum at the meeting. As stated above, the Board again appreciates the demands on the diaries of members and acknowledges that not all members of the Committee may be able to attend special meetings. Committee members are however urged to attend the special meeting, if reasonably possible to do so.
- 6.2.4 Every Board member is entitled to attend any meetings of the Committee as an observer. However, unless that member is also a member of the Committee, the member shall not be entitled to participate without the consent of the Committee Chairperson, does not have a vote and is not entitled to fees for such attendance unless otherwise approved by the Board and shareholders.
- 6.2.5 The Chief Executive Officer, Chief Financial Officer and Chief Risk Officer shall be standing invitees to Committee meetings. Other individuals (including subsidiary Chief Executive Officers and subsidiary CxOs, as appropriate), including members of management, external consultants and service providers may be invited to attend meetings of the Committee from time to time in consultation with the Committee Chairperson.
- 6.2.6 If the Committee Chairperson is absent from the meeting, any other member of the Committee may act as chairperson for that meeting as agreed by those present or as nominated by the Committee Chairperson.
- 6.2.7 The Group Company Secretary (or designate- Committee Secretary) shall be in attendance at each meeting of the Committee to act as secretary of the Committee (Committee Secretary).

6.3 **Frequency**

- 5.3.1 The Committee must hold sufficient meetings to discharge its duties as set out in these Terms of Reference, but subject to a minimum of 4 (four) times per annum.

5.3.2 Scheduled meetings shall, where possible, be held prior to Board meetings and shall be scheduled in advance and no formal notice of the meeting shall be given, excluding the agenda and supporting meeting documents.

5.3.3 A member of the Committee may request a meeting of the Committee, if deemed necessary. Should the Committee Chairperson approve such request, the meeting shall then be arranged. Formal notice of such special meeting shall be given as and when required.

6.4 **Annual Work Plan and Agenda**

6.4.1 An annual work plan, based on the duties of the Committee, shall be implemented and approved by the Committee and shall be annually reviewed together with this Terms of Reference. The annual work plan shall provide guidance on the number, timing and duration of Committee meetings in an annual cycle.

6.4.2 The agenda of Committee meetings is governed by the above mentioned annual work plan to ensure all relevant matters are covered.

6.4.3 The annual work plan must ensure proper coverage of matters laid out in the Committee's Terms of Reference: matters that are more critical will need to be attended to each year while other matters may be dealt with by rotation over a three-year period.

6.4.4 The Committee Secretary shall be required to facilitate the process of setting the agenda for each meeting as agreed with the Committee Chairperson and responsible executive. Every member of the Committee shall be entitled, in consultation with the Committee Chairperson, to add any item to the agenda for a particular meeting prior to the circulation of the agenda. In the event of the Committee Chairperson not being in agreement with the addition of the requested item, the relevant member shall be entitled to direct his request to the Committee and the matter shall be added to the agenda if supported by a majority (50 per cent plus 1) of the members.

6.4.5 Any member of the Committee shall, with the consent of the Committee Chairperson, be entitled to add any item to the agenda for a particular meeting of the Committee at the start or during the course of the meeting on condition that such item does not require a formal resolution to be passed by the Committee in the event of not all members of the Committee being present at the meeting. In the event of the Committee Chairperson not being in agreement with the addition of the requested item, the relevant member shall be entitled to direct his request to the meeting and the matter shall be added to the agenda if supported by a majority (50 per cent plus 1) of the members.

6.4.6 A detailed agenda, as prepared by the Committee Secretary and approved by the Committee Chairperson, together with supporting documentation shall, barring exceptional circumstances, be circulated a minimum of 5 (five) working days prior to the meeting of the Committee so as to enable members to be properly prepared for the meeting. In order to ensure timeous circulation of meeting papers, submissions which are not available for circulation within the said period shall only be circulated and included in the meeting papers with the consent of the Chief Executive Officer and

Committee Chairperson, which consent shall be obtained by the author of the relevant submission.

6.5 Meeting procedure

6.5.1 The meetings of the Committee may be held in person, or by electronic communication as circumstances may require, provided that the required quorum is met and that the members can speak and hear one another during the meeting.

6.5.2 To the extent possible, the Committee Chairperson shall endeavour to obtain consensus from amongst members present at meetings of the Committee on any matter requiring support and/or formal approval by the Committee. Where not possible to achieve consensus and in the discretion of the Committee Chairperson, such matters arising at any meeting will be put to a vote and decided by a majority of votes exercised on the matter. In the event of equal votes, the Committee Chairperson will not have a second or casting vote.

6.5.3 Each Committee member has 1 (one) vote on matters before the Committee.

6.5.4 For urgent decisions required, the Committee Chairperson may decide that the decision will be taken by written resolution.

6.5.5 Members are expected to be well prepared for meetings and to constructively and actively participate in deliberations.

6.5.6 Where the Committee Chairperson of the Committee is not present within 15 minutes of the time stipulated for a Committee meeting, the Committee members present must elect one of them to act as the Committee Chairperson of that meeting.

6.6 Minutes

6.6.1 The draft minutes of the meeting and an action report, when applicable, must be completed as soon as reasonably possible and circulated for comment and proposed amendments in the manner contemplated in item 6.6.2.

6.6.2 Draft minutes shall be circulated to executives within 10 (ten) working days after the meeting and to non-executive directors within 15 (fifteen) working days after the meeting. Directors and executives shall be afforded 5 (five) working days from the date of circulation of the draft minutes to them to propose to the Committee Secretary in writing, any amendments to the draft minutes, in the absence of which they shall be deemed not to have any comments, unless otherwise indicated in writing to the Company Secretary.

6.6.3 The Committee Secretary shall duly consider all input received and make such amendments as deemed appropriate to the draft minutes for purposes of formal confirmation and signature as contemplated in item 6.6.4. In the event of the Committee Secretary not being in agreement with a proposed amendment, he or she shall inform the relevant director or executive who suggested the amendment accordingly who shall

be entitled to raise his or her concern at the next meeting of the committee where the minutes are tabled for confirmation.

- 6.6.4 The minutes shall be confirmed as a true record by the committee at its next scheduled meeting or via electronic communication, if necessary, where after it shall be signed by the Chairperson or acting Chairperson of the meeting. In the interest of time and considering the process of circulation as set out above, directors and executives are urged to provide the Committee Secretary with comments and proposed amendments prior to the meeting and to only raise material concerns with the draft minutes, if any, in the meeting for discussion.
- 6.6.5 The Committee Secretary will attend and minute all meetings and record the proceedings and decisions taken, the details of which will remain confidential. Formal extracts, signed by the Committee Secretary, from the signed minutes of the meetings will be circulated to relevant personnel as directed and requested for specific operational requirements.
- 6.6.6 Notwithstanding the responsibility of the Committee Secretary to record proceedings and decisions taken as set out above, the committee remains ultimately responsible for ensuring the accuracy and correctness thereof prior to signing of the minutes by the Committee Chairperson, and directors are therefore expected to consider the content with due attention and care when receiving same for comment.
- 6.6.7 The draft or approved minutes shall be presented to the Board for noting at its next meeting after a Committee meeting.

6.7 **Resolutions**

- 6.7.1 Subject to clause 6.1.5 above relating to informal meetings of the Committee, a written resolution consented to in writing by 75 (seventy five) per cent of the Committee members for the time being (excluding written resolutions provided for in item 6.1.5) which requires unanimous support, will be as valid and effective as if the same had been passed at a duly convened meeting of the Committee provided that each member of the Committee shall have been afforded a reasonable opportunity to express an opinion on the matter to which such resolution relates.
- 6.7.2 Any written resolution may be signed or consented to in writing in any electronic form and in any number of counterparts, all of which, taken together, shall constitute one and the same document. It may further be conveyed or transmitted by email or any other form of electronic means.
- 6.7.3 The passing of written resolutions of the Committee must not detract from the requirements for frequency of Committee meetings as set out in these Terms of Reference.

6.8 **In-committee meetings**

- 6.8.1 In-committee meetings of the Committee, where only members of the Committee are present, may be held as and when deemed appropriate by the Committee Chairperson, or as requested by another member of the Committee.
- 6.8.2 The Committee Secretary shall be in attendance at in-committee meetings for minute purposes. In the event that the Committee Secretary is also excused from the meeting, the Committee Chairperson shall nominate a member of the Committee to keep notes of the discussions and/or decisions for record purposes.
- 6.8.3 Separate minutes shall be prepared for in-committee meetings and shall be circulated to members for confirmation via electronic communication where after it shall be signed by the Committee Chairperson.

7. **DUTIES AND RESPONSIBILITIES**

7.1 The Committee must provide oversight over risk management and the business resilience of the Company.

7.2 The Committee is tasked with oversight over areas which fall within its mandate as indicated below:

Outcome/Objective	Terms of Reference	Area of Focus
Assist the Board in governing risk in a way that supports the Company in setting and achieving its strategic objectives	Oversee the management of risk within the organisation	<ul style="list-style-type: none"> • Exercise ongoing oversight of enterprise risk management on behalf of the Board • Review the effectiveness of policies and procedures in identifying, assessing, monitoring, mitigating and reporting of all risks • Oversee that the disclosure regarding risk is comprehensive, timely and relevant • Oversee management’s compliance with the enterprise-wide risk policy and overall risk profile • Monitor procedures to deal with and review disclosure of information to stakeholders. • Review assurance measures proposed or implemented by management
Specific Risk Management Activities		<p>The Governance of IT Risk</p> <ul style="list-style-type: none"> • Set the overall direction, context and objective for the improvement program and ensure alignment with the enterprise business strategy, governance and risk management.

		<ul style="list-style-type: none"> • Oversee that the IT strategy is integrated with the Company's strategic and business processes • Oversee that information assets of the Company are managed effectively • Oversee that IT risks are adequately addressed; • Oversee that the Company complies with IT laws and that IT related rules, codes and standards are considered • Oversee that an ethical IT governance culture and awareness of a common IT language is promoted. <p>Regulatory Compliance</p> <ul style="list-style-type: none"> • Approve and oversee the policies and frameworks relating to regulatory compliance • In collaboration with the Social and Ethics Committee, monitor compliance with agreed policies, national and international protocols and procedures on non-financial aspects. • Ensure compliance is continually monitored and reported by management, external or internal audit.
Business Resilience	Oversee the appropriateness of the company's crisis response plans and frameworks	<p>Oversight over the strategic, financial and operational business resilience arrangements of the Company with respect to:</p> <ul style="list-style-type: none"> • Incident Management • Crisis Management • Business Continuity Management

8. **REPORTING**

8.1 **Internally**

7.1.1 The Committee will account to the Board for its activities and make recommendations to the Board on all matters within its duties and responsibilities, particularly those where the Committee considers action or improvement is needed, including recommendations on steps to be taken.

7.1.2 The Committee shall provide the Board and other Board committees with reports in line with the Reporting Framework.

7.1.3 The Committee Chairperson will verbally report on the Committee's proceedings and findings at every subsequent Board meeting.

8.2 **Externally**

8.2.1 The Committee shall include a stakeholder report in the annual integrated report that will form the basis of the report to shareholders at the annual general meeting:

(i) Describing the overall role and associated responsibilities and functions of the Committee; its composition, including each member's qualifications and experience; any external advisors or invitees who regularly attend committee meetings; key areas of focus during the reporting period; the number of meetings held during the reporting period and attendance at those meetings; and

(ii) Confirming whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with this Terms of Reference during the reporting period.

8.2.2 The Committee Chairperson shall be required to attend the annual general meeting of the Company and answer questions relevant to the duties the Committee.

9. **EVALUATION OF THE COMMITTEE**

9.1 The performance of the Committee shall be evaluated in accordance with the methodology approved by the Board from time to time.

10. **REMUNERATION**

10.1 Members of the Committee, including the Committee Chairperson, will be paid such fees as recommended from time to time by the Remuneration and Nomination Committee to the Board, subject to shareholders' approval.

10.2 Remuneration of newly appointed Committee members will be payable in the month of first attendance as members.

11. **REVIEW OF TERMS OF REFERENCE**

- 11.1 This Terms of Reference shall be reviewed on an annual basis by the Committee and may be amended as required and as recommended by the Committee, subject to approval of the Board.

CHAIRPERSON OF THE BOARD

DATE