

# EXXARO SUPPLIER CODE OF CONDUCT

## INTENT

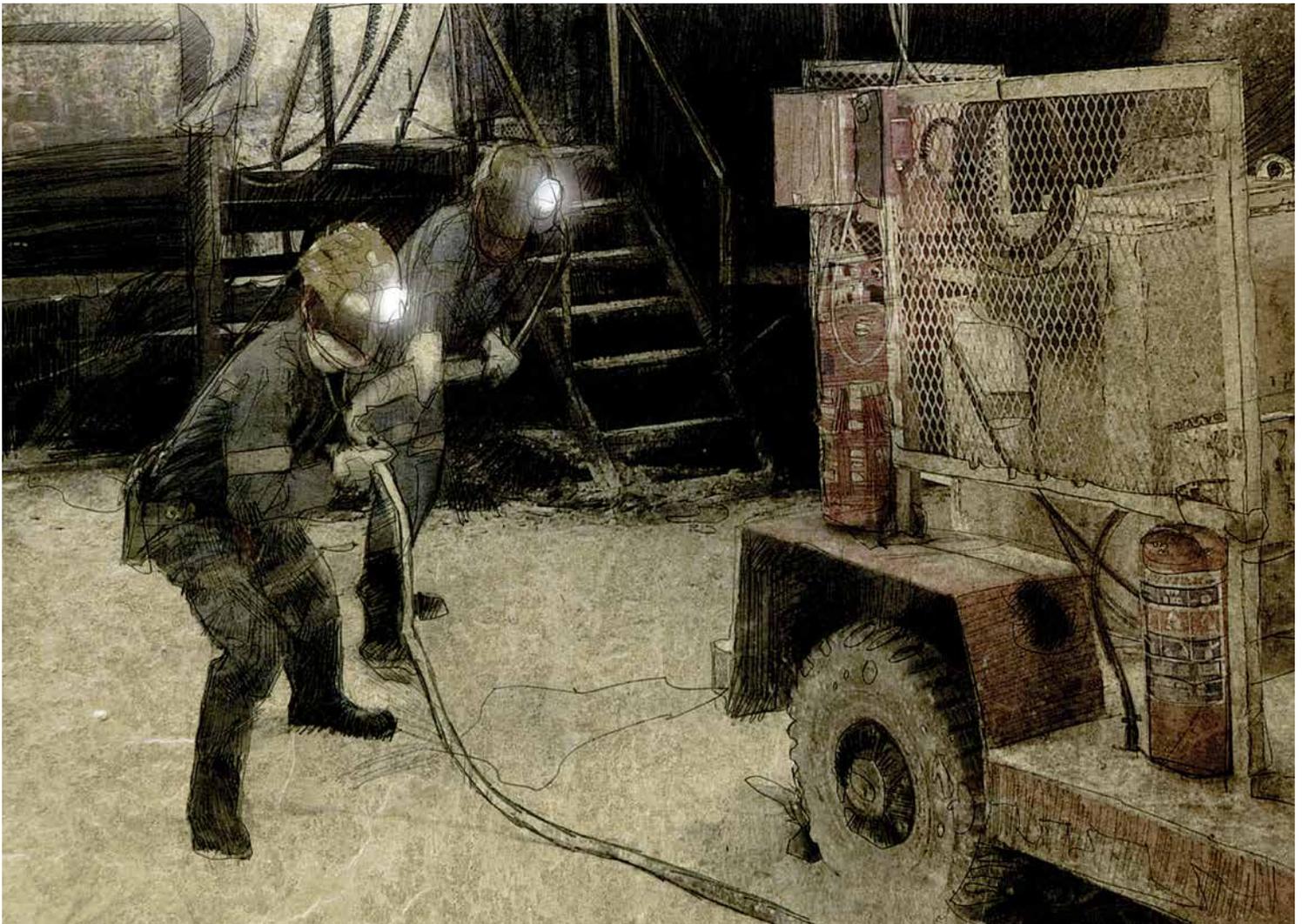
The implementation of this code will provide:

- Exxaro's standards for compliance by all suppliers;
- Focus areas that, if appropriately addressed, should keep both Exxaro and suppliers well ahead of the regulatory wave, creating an impetus for innovation, continuous improvement, risk mitigation, learning and operational efficiency;
- A perspective for developing criteria that can be used when assessing and auditing supplier progress on compliance with these codes; and
- A platform for collaboration between Exxaro and suppliers on areas of sustainability.

## EXXARO SUPPLIER SUSTAINABILITY DEVELOPMENT STANDARDS

The Exxaro Supplier Code of Conduct communicates standards that Exxaro regards as mandatory for selecting suppliers. Suppliers are obliged to live up to this code.

Exxaro undertakes to conduct rigorous audits to ensure compliance. While this code contains sustainability issues that are pertinent to Exxaro's strategic objectives, Exxaro welcomes the possibility of collaboration with suppliers to enhance their capability to meet these standards. When selecting suppliers in consideration of this code, Exxaro will take cognizance of the difference in size and maturity of suppliers.



## EXXARO SUPPLIER SUSTAINABILITY ENGAGEMENT PROCESS

Exxaro's supplier sustainability engagement process starts with the sharing of information by suppliers via self assessments. In these assessments, suppliers will provide relevant information that will be compared to the standards set out in this code. Suppliers who demonstrate good progress in meeting the standards of this code will receive recognition.

Where specific elements of the code are not met, the relevant supplier may be required to provide a documented action plan to correct the situation.

Exxaro may choose to collaborate with suppliers to develop or improve their capabilities through an appropriate development programme. Suppliers who do not meet the minimum requirements to enter into a development programme may be temporarily kept in a database and subjected to a re-evaluation. The high level process is indicated below in Figure A.

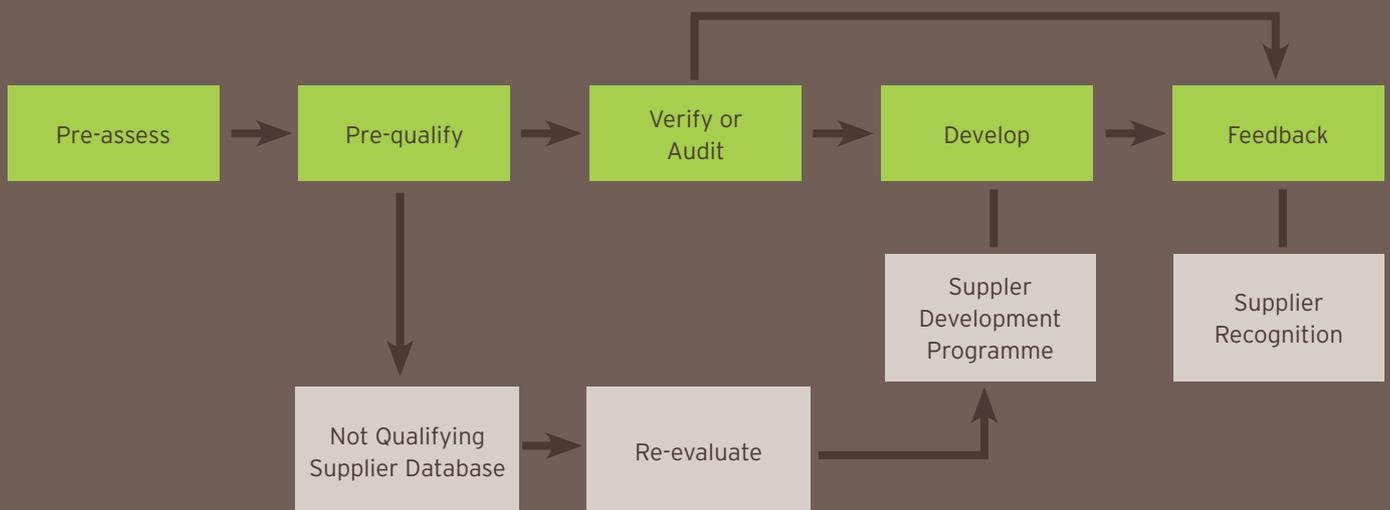
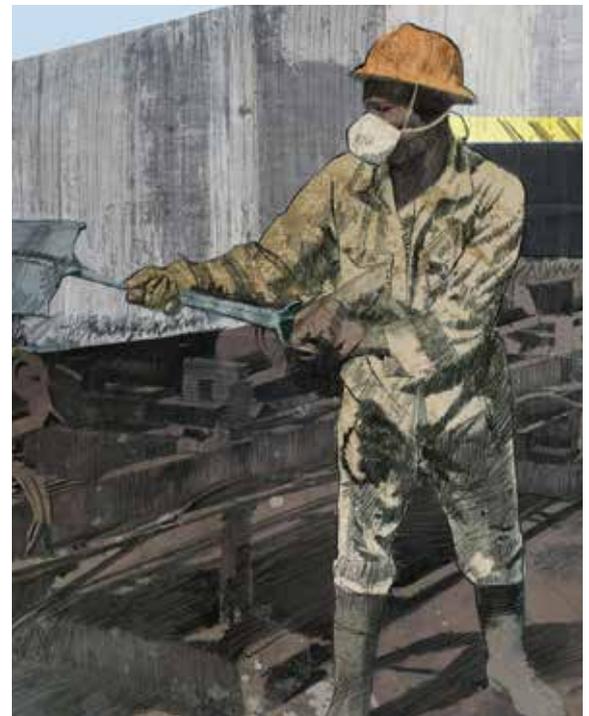
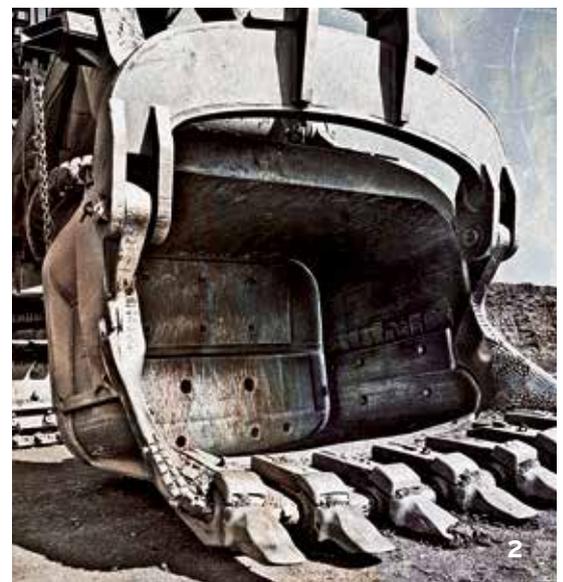


Figure A

Suppliers should demonstrate their compliance to this code by maintaining effective management tools and systems. These management tools and systems should be based on sound business principles with appropriate goals, targets, performance reviews and improvement actions. Exxaro reserves the right, with reasonable notice, to conduct a compliance audit with suppliers based on the standards set out in this code.

Suppliers are obliged to ensure that their agents, approved sub-contractors and suppliers are made aware of this code and its implications. Exxaro may, where necessary, prescribe specific contractual obligations and requirements for suppliers to address the standards of this code.



# 1 SAFETY, OCCUPATIONAL HEALTH AND HYGIENE

Safety, occupational health and hygiene remain top priorities for the Exxaro group and its board of directors. Exxaro is committed to enforcing compliance with the requirements of the relevant safety, occupational health and hygiene regulations. Suppliers are obliged to ensure adequate compliance with safety, health and hygiene legislation and implement best practices to protect the safety, health and hygiene of their workforce and stakeholders. Suppliers are obliged to:

- Have an effective policy to enforce compliance with all applicable safety, occupational health and hygiene legislation and programmes for the protection of its workforce from unsafe practices and threat of occupational diseases;
- Maintain controls and innovative methods to ensure that they comply with the regulated occupational exposure limits or legislated targets and guidelines on noise and dust when providing services or supplying goods to Exxaro;
- Enforce and manage a zero tolerance approach to behaviour and practices that may harm the workforce; and
- Maintain a high level of emergency preparedness to manage any potential safety, health or environmental emergencies.

# 2 HIV/AIDS AND TUBERCULOSIS

Suppliers are encouraged to support the battle against HIV/Aids and Tuberculosis (TB) by implementing programmes to improve awareness, prevent the spread of HIV/Aids and TB, and eliminate any stigma or unfair discrimination against people with HIV or Aids.

These programmes may include, but not be limited to:

- A well communicated policy on HIV/Aids and TB in the workplace that will encourage employees to participate in voluntary counselling and testing, while ensuring strict patient confidentiality; and
- Prevention, treatment and care for people with HIV/Aids and TB.

# 3 ENVIRONMENTAL RESPONSIBILITY

Suppliers are obliged to demonstrate their compliance with applicable environmental legislation, regulations and requirements when providing Exxaro with services or goods. Suppliers are encouraged to ensure that they:

- Have an effective environmental policy in place;
- Obtain and keep record of all environmental permits and registrations;
- Implement effective systems and measures to reduce, control or eliminate air emissions, environmental spillages or pollution at the source; and
- Identify, manage, store and handle hazardous substances in accordance with legislation and guidelines relating to hazardous materials.

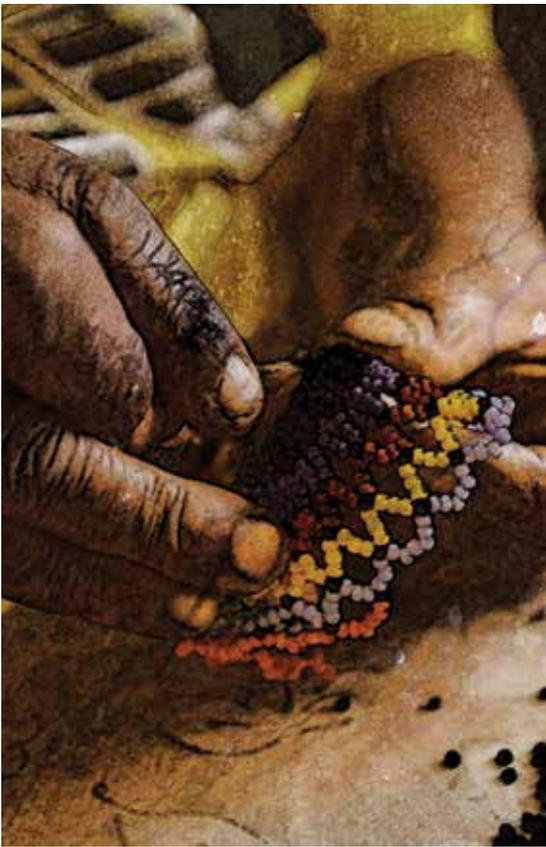
# 4 TRANSFORMATION AND EMPOWERMENT

In respect of operations located in South Africa, Exxaro's transformation and empowerment initiatives are guided by elements of the Broad Based Socio-Economic and Empowerment Charter for the South African Mining Industry, BBBEE Act, the MPRD Act, and South African labour and industrial relations regulations (e.g. LR Act; BCE Act; EE Act; Skills Development Act). In every country where Exxaro operates, we support their government's social and economic empowerment efforts that address critical skills shortages, unemployment and encourage participation of local SMME businesses in those economies.

Suppliers are obliged to have strategies, action plans and systems for guiding, monitoring, reviewing and evaluating the progress of their transformation and empowerment programmes, with specific reference, but not limited to:

- Facilitation of employment equity, development of their employees, community development and local SMME procurement in their businesses; and
- Identification of critical skills and implementation of an effective talent pipeline programme that addresses future shortage of critical skills.





## 5 SOCIAL

Exxaro requests suppliers to contribute to the social development and improvement of the communities in which they operate.

Suppliers are obliged to:

- Implement local community development initiatives that address the economic, social and educational needs of local communities in which they operate;
- Ensure that their business primarily benefits the local communities in which they operate through job creation, literacy and numeracy education, training and development, skills development, economic advancement of women and sponsorship;
- Respect human dignity and recognise the rights, cultural heritage and traditions of indigenous communities and handle all community matters in the spirit of open communication, honesty, teamwork and the empowerment to contribute.

## 6 LABOUR STANDARDS

Suppliers will have to ensure that their businesses comply with all national statutory and regulatory requirements for labour and industrial relations management.

This includes implementing sound and internationally recognised labour standards such as (but not limited to) the freedom of association, effective recognition of the right to collective bargaining, elimination of all forms of employment discrimination, effective prevention of child labour or forced and compulsory labour.

## 7 BUSINESS ETHICS AND GOVERNANCE

### 7.1 BUSINESS ETHICS

Exxaro is committed to the highest standards of honesty, integrity, and fairness and has a zero tolerance approach to the commissioning or concealment of fraudulent acts by employees, contractors or suppliers. When conducting business dealings with Exxaro, suppliers are obliged to report any suspicion of an act of fraud, corruption or embezzlement to the Exxaro Fraud and Ethics Hotline. Corruption, extortion or embezzlement, in any form, are strictly prohibited and will be investigated and appropriate actions will be taken. These actions may include, but not limited to, legal action where prima facie evidence exists. Suppliers shall not engage in corruption, extortion or embezzlement in any form and violation of this prohibition may result in the immediate termination as an Exxaro supplier in addition to any other actions that Exxaro may take.

### 7.2 GOVERNANCE

Exxaro adopted the King III "apply or explain" governance framework. Exxaro endeavours to comply with all relevant legislations and regulations and ensures this by keeping abreast with newly promulgated legislation and works diligently to ensure positive progress to compliance at all times. Material compliance risks are also subjected to internal and external assurance processes.

Exxaro requires suppliers to take personal responsibility and ensure that all their business conduct complies with all applicable laws, regulations and corporate governance standards while also implementing systems that prevent inappropriate behaviour that will compromise their governance or Exxaro's reputation.

## 8 MATERIAL STEWARDSHIP

The broader environmental issues which include securing of supply, reducing waste and impact on climate change, and limiting environmental impact continues to be elevated as a strategic priority for many businesses, including Exxaro. Exxaro is committed to conserving natural resources and reducing the environmental burden of waste generation and emissions to air, water and land through strategies focusing on reducing, re-using, recycling and responsible disposal of waste.

Suppliers are obliged to collaborate with Exxaro in implementing effective and appropriate value chain initiatives that ensure that all types of waste, including water and energy, are reduced or eliminated at source by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and reusing.

Suppliers are expected to provide evidence that they are managing their broader environmental impacts such as:

- Energy efficiency;
- Carbon footprint;
- Water conservation and
- Supply products and packaging that:
  - Have a recycled content;
  - Are designed for disassembly;
  - Have an extended life;
  - Are produced from recovered energy;
  - Are recyclable;
  - Are re-usable;
  - Are refillable;
  - Are recovered or refurbished or reconditioned; and/or
  - Are compostable.



## 9 VALUE ADDING

Suppliers are encouraged to participate in continuous business improvement initiatives and suggest product improvements that contribute to Exxaro's operational efficiency goals. Suppliers may propose any value adding or improvement ideas that they believe can be categorised into, but not limited to:

- Competitive prices that have an impact on Exxaro's productivity/bottom line (i.e. the price of services, equipments, spares and materials provided by suppliers that have a major impact on cost and operational efficiency goals of Exxaro. Exxaro expects suppliers to offer their products at highly competitive prices and make concerted efforts to constantly reduce cost);
- Product functionality, durability, reliability; and
- Environmental friendly/improvement.

Suppliers who participate with implementable and successful ideas will be recognised and may receive preferential status in Exxaro.

## 10 SERVICE DELIVERY

Exxaro will subject suppliers to ongoing performance assessments by monitoring, evaluating and providing feedback on supplier performance. Aspects of supplier performance that Exxaro may evaluate can include operational performance such as on-time delivery, quality, lead times, responsiveness, inventory optimisation and accurate invoicing. Suppliers are obliged to ensure that they achieve agreed performance on:

- Price/cost;
- On-time delivery;
- Quality;
- Reliability; and
- Value add or release.



## 11 ACCESS CONTROL AND MEDICAL SURVEILLANCE

### 11.1 ACCESS TO EXXARO PREMISES

Suppliers are obliged to ensure that their personnel, who in the course of their work, comply with Exxaro's non-employee identification process when accessing the premises of Exxaro. This process applies to supplier personnel who have a recurring need to enter any of Exxaro's premises without being escorted or a need to identify themselves to third parties as performing work for Exxaro. The supplier's personnel shall wear identification whenever they are on any of Exxaro's premises. Non-employee identification access cards must be returned to Exxaro when the employment of its holder is terminated or when its holder no longer requires such identification for Exxaro work or at the request of Exxaro.

### 11.2 EXIT AND ENTRY MEDICAL SURVEILLANCE OR SCREENING

Suppliers are obliged to ensure that all their employees and sub-contractors undergo induction and a medical examination before starting work on Exxaro's premises. These employees and sub-contractors are also required to complete an:

- Annual medical assessment; and
- Exit medical examination when they are no longer required to access Exxaro's premises.

The outcomes of the above mentioned medical assessments must be kept on file by the supplier.

## 12 EXXARO SCM SUSTAINABILITY ISSUES

Through internal stakeholder workshops and inputs, the following are supply chain management sustainability issues we consider pertinent to the achievement of Exxaro values and strategies:

### MATERIAL STEWARDSHIP

Waste  
Disposal  
Eco-efficiency  
Natural resource depletion

### ENVIRONMENTAL STEWARDSHIP

Energy  
Water  
Air  
Hazardous waste & pollution  
Biodiversity

### TRANSFORMATION & EMPOWERMENT

Employee development  
Training & Skills  
Social labour plans  
Employment Equity  
Preferential Procurement

### SAFETY, HEALTH & HYGIENE

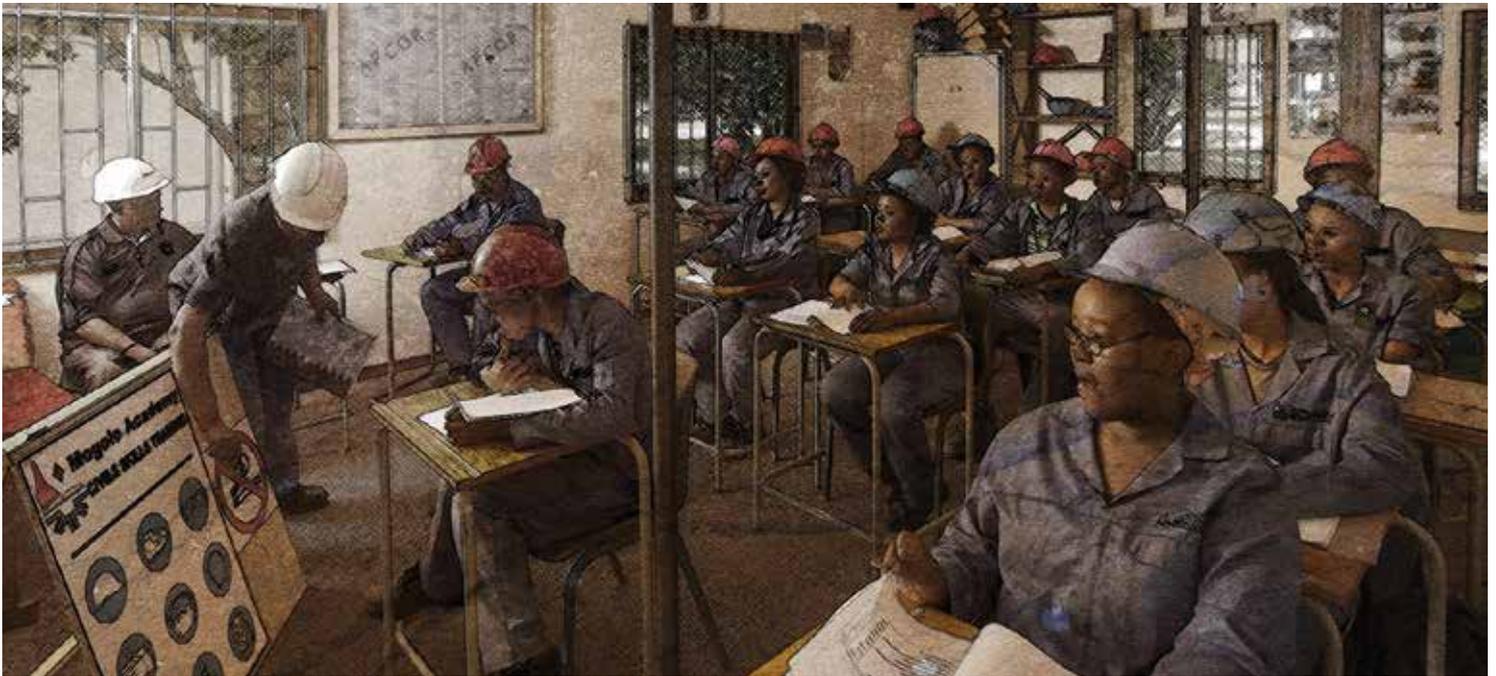
HIV\Aids  
Hearing loss  
Injuries  
Dust emission

### SOCIAL

Skill development  
Labour practice  
Job creation

### GOVERNANCE

Ethics and fair trade  
King III  
Regulation compliance



## 13 REFERENCES

The following standards and Exxaro SCM sustainability issues were used in preparing this code and may be a useful source of additional information. The following standards may or may not be intended to create new or additional third party rights or obligations to third parties, including any rights of, or obligations to, employees of suppliers. It supplements, but does not supersede, any rights maintained by Exxaro under any contract with any supplier:

### SAMPLE TOPICS

#### HUMAN RIGHTS AND LABOUR

- Forced labour
- Child labour
- Working hours
- Wages and benefits
- Humane treatment
- Non-discrimination - Job creation
- Freedom of association and collective bargaining
- Occupational safety
- Emergency preparedness
- Occupational injury and illness
- Fire safety
- Industrial hygiene

#### TRANSFORMATION & EMPOWERMENT

- Employees' development
- Social and Labour plans
- Training and skills
- Preferential procurement
- Employment Equity

#### ENVIRONMENT

- Material toxicity and chemicals
- Raw material use
- Recyclability and end of life of product
- Greenhouse gas emissions
- Energy use
- Water use and waste water treatment
- Air pollution
- Hazardous waste and pollution
- Biodiversity

#### MATERIAL STEWARDSHIP

- Disposal
- Water and energy use
- Eco efficiency
- Natural resource depletion
- Waste

#### ANTI-CORRUPTION

- Conflict of interest
- Gifts, meals and entertainment
- Bribery and kickbacks
- Accounting and business records
- Protecting information
- Reporting misconducts

#### GOVERNANCE & EFFICIENCY

- Ethics and fair trade
- King III
- Regulation Compliance
- Supplier performance improvement

#### SOURCES TO REFERENCES

- United Nations Global Compact\*\*
- Universal Declaration of Human Rights
- Protect, Respect and Remedy: a framework for business and human rights
- ILO international labour standards
- ILO codes of practice in safety and health
- OECD guidelines for multi-national enterprises
- The Rio Declaration on environment and development
- United Nations Convention Against Corruption
- ISO 14001, SANS: ISO 14000
- SA 8000 & OHSAS 18001
- Broad Base Black economic Empowerment
- Constitution of the Republic of South Africa
- International council on mining and metals
- Broad based Socio Economic Empowerment Charter for the South African mining and minerals industry
- Mine Health and Safety Act
- Occupational Health and Safety Act
- Employment Equity Act
- Basic Conditions of Employment Act
- SANS: ISO 9000
- Exxaro Fraud Philosophy
- Exxaro Resources Sustainable SCM philosophy