



Positioning the business for growth

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We're building on an existing successful platform leveraging our skills and differentiation with a long-term vision to develop a sustainable, growth-orientated, value-driven company, a leading international renewable solutions provider by the end of the decade.

TRANSITIONING TO SUSTAINABLE GROWTH AND IMPACT

In this strategy-focused chapter, we outline how our business leadership has transitioned as well as our strategy. As we commence the implementation of the strategy, we outline the drivers for our strategic direction, how we will measure our success into the future as well as reflecting on our past strategic performance.

Outgoing and incoming CEOs' reports

Outgoing CEO's report | Mxolisi Mgojo

Reflections on our year and our journey to position our business for sustainable growth



Mxolisi Mgojo
Outgoing
CEO

REFLECTING ON 2021

When we returned to work in 2021, we continued to be positive despite the COVID-19 restrictions that remained in place as new variants of the virus extended the pandemic. The year was characterised by ongoing global uncertainty as the bisecting crisis of the pandemic and climate change weighed on the economy.

Locally, social unrest in South Africa flared up as pre-existing inequality and growing unemployment came to a head. The resulting destruction was significant, and came at a tremendous cost to the economy as businesses suffered rampant theft and destruction of property, damaging fragile business and consumer confidence. The intangible damage was equally significant, and included increased unemployment rates, intensified political instability and greater divisions socially, which will take a long time to remedy.

From this destruction, there were also moments that highlight how we will address the underlying causes and outcomes. Moments where ordinary citizens and law enforcement worked together to protect their communities. These acts show how, as a collective, we need to partner and proactively collaborate to acknowledge and address the risks of increased inequality, unemployment and poverty laid bare by the pandemic.

We were pleased to witness the effective roll out of the government's vaccination programme – a critical step in slowing the spread and lessening the impact of COVID-19. We endeavoured to assist our peers and government with the roll out and the critical economic recovery plan.

HOW WE PERFORMED

Despite the challenges faced, we remained focused on leveraging our growth investments, supporting our early value coal strategy and sustaining our businesses by implementing our portfolio of stay-in-business capital projects. As a result, we were able to pay a special dividend of approximately R1 950 million to shareholders in May 2021.

Capital expenditure in our coal business decreased by 22%, mainly due to timing in sustaining capital expenditure and some projects nearing completion, offset slightly by the roll-over of GG6 expansion spend from 2020 due to the pandemic. The construction of GG6 expansion project was completed in the last quarter of the year. Close out of the project is expected in the second half of 2022 with the final cost of completion remaining at R5.3 billion.

We monetised our Tronox investments in March 2021 and received R5 763 million from its disposal. We continue to evaluate our options to also dispose of our 26% shareholding in Black Mountain.

Our capital allocation programme remained prudent while we concluded our share repurchase programme of R1.5 billion in November 2021. The shares bought back between July and November will be cancelled and delisted by the JSE, resulting in issued share capital of 349.3 million shares at year end when the group had net cash of R0.8 billion (excluding Cennerg's net debt of R4.5 billion).

We continued to engage with Eskom for additional funding to complete the Matla Mine 1 relocation project, which began with construction in August 2020. We expect approval in the second quarter of 2022.

The prefeasibility study on determining the way forward for the Moranbah South hard coking coal project in Australia began in the third quarter of 2021 and is expected to be completed early in 2023.

Total coal production (excluding buy-ins) and sales volumes decreased by 10% and 9% respectively, mainly due to logistics constraints and the disposal of the ECC* operation earlier than anticipated. This was mitigated by diverting Belfast's export product to the domestic market and a nominal increase in Waterberg domestic sales.

TFR moved 58.12Mt to RBCT during the year compared to 70Mt during 2020. Grooteegeluk dropped to four (2020: seven) trains per week. Mpumalanga export rail performance decreased

* Divestment concluded in September 2021.

to 15 (2020: 25) trains per week. This poor performance is due to locomotive unavailability, increased cable theft and vandalism of rail infrastructure. The coal industry intervened by appointing a security service provider to reduce cable theft and engaging in initiatives to improve overall operational performance.

In our energy business, the two windfarms ran below planned capacity due to lower than expected wind speeds. This, along with increased maintenance, and the end of five-year warranty inspections, affected electricity generation, which was a combined total of 724GWh for the year.

COMMITTING TO ZERO HARM

Zero harm remains our key business and sustainability objective, and the health and safety of our employees and communities remain a priority. We reached record performance of five consecutive years without a work-related fatality and an LTIFR of 0.08 as at 3 March 2022 in line with our target of 0.08.

We continue to respond to the COVID-19 pandemic through our health and wellness strategy, which prioritises avoiding, reducing and managing infections. The group recorded 5 140 (2020: 2 780) confirmed cases and a recovery rate of 99%. We registered our Grootegeeluk complex and Matla occupational health centres as accredited vaccination sites. As at 16 March 2022, Exxaro had vaccinated 12 671 employees and contractors aged 18 and above, reaching 84.60% and exceeding our 80% target.

On a broader scale, Exxaro worked with the Minerals Council to increase resilience, reduce poverty and enable prosperity, and partnered with Dis-Chem and provincial health departments to vaccinate employees, contractors and their next of kin. We also partnered with World Vision South Africa to continue distributing hygiene and food packs across the country.

Prioritising decarbonisation

Our decarbonisation project office began an assessment to baseline our value chain emission profile and determine immediate solutions we can implement. To ensure we embed climate change outcomes, risks and performance in the organisation, we included water and energy intensity performance in our revised short-term incentive (STI) scheme. This will ensure we implement strategic projects to mitigate water security risk and transition our energy use to cleaner fuels.

Investing in our communities

The primary focus of our social investment and engagement activities was re-establishing relationships after lockdown, funding ESD projects, and implementing community infrastructure projects. We provided total ESD funding of R127.7 million to 15 SMMEs, supported 97 beneficiaries in the Gordon Institute of Business Science contractor development programme and 29 beneficiaries in the South African Institute of Chartered Accountants Enterprise Development (SAICA ED) financial excellence programme.

In 2021, we spent R113 million on our social investment projects, which included SLPs. These projects included school infrastructure and support programmes, delivering the ESD hub and programmes, (excluding funding) and water and sanitation infrastructure projects in Mpumalanga and Waterberg. We estimate that approximately 2 000 000 community members will benefit from services to be provided from these projects. During the implementation, 205 jobs were created.

Three virtual stakeholder days in September 2021 enabled our board members to directly listen to beneficiaries for a balanced reflection on our performance. We were pleased to maintain harmonious engagements with our communities leading up to local government elections.

Securing our future

To transition our business with urgency for a low-carbon future, we divested from ECC*, continued to review the future of the Thabametsi mining right, and applied for an environmental licence for the Belfast expansion project.

The Leeuwpans disposal process continues with definitive legal agreements expected to be signed in the first half of 2022 and regulatory approvals thereafter.

POSITIONING OUR BUSINESS TO SUPPORT THE TRANSITION TO A LOW-CARBON WORLD

Through my involvement with Business Leadership South Africa and Business Unity South Africa, I am acutely aware of crucial conversations on climate change issues and the need to transition to a greener economy without excluding the people who depend on fossil fuels for their livelihoods.

Exxaro has long grappled with the unique challenges South Africa, and indeed many countries in the developing world, face. Balancing the country's economic growth plans and energy requirements with the difficult reality of climate change.

In response, we engaged extensively with leading experts and affected stakeholders, and reassessed our portfolio and direction. Our ambition is to play a pivotal role in the transition to the cleaner low-carbon economy.

Our history and purpose through our robust ESG framework are at the heart of our governance and decision making, and will guide our transition within the context of our local and global realities.

We are deliberately building our capabilities in renewable energy, starting with our investment in Cennergi. By scaling our renewable energy business, we can build on our position as a key anchor of energy security in South Africa and a significant contributor to renewable energy solutions in other markets.

To this end, in 2021, Exxaro, Eskom and Seriti recorded their intent to pursue the development of renewable energy solutions for the cost-plus mines supplying coal to Eskom. Exxaro, acting under the auspices of Cennergi, and Seriti, under its subsidiary Seriti Green, will investigate and propose suitable renewable energy solutions and projects at their respective mines and related Eskom sites in consultation with Eskom.

APPRECIATION

I am proud of the people who are part of the team building Exxaro. The results we have collectively achieved in the past years are a testament to the calibre of our team who work tirelessly to deliver on our strategy.

I am confident that the successes of the past will be taken to even greater heights in the competent and capable hands of my successor, Nombasa Tsengwa, who is supported by the dedicated people of Exxaro.

I'd like to thank our valued stakeholders for their continued support. I believe that the work we have undertaken, together with our clear vision and strategic plans, will enable us to continue to serve our stakeholders and deliver on our purpose to power better lives in Africa and beyond.



Mxolisi Mgojo
 Outgoing CEO

4 April 2022

* Divestment concluded in September 2021.

Outgoing and incoming CEOs' reports continued

Reflecting on Mxolisi's tenure at Exxaro

Prior to 2016	<ul style="list-style-type: none"> • 2006: Head of base metals and industrial minerals • 2008: Executive head of coal • Key strategic initiatives: <ul style="list-style-type: none"> – Unlocking value in the Waterberg – Reducing Eskom exposure – TFR and RBCT approach
2016	<ul style="list-style-type: none"> • CEO designate • Holistic coal strategy based on pillars of excellence: <ul style="list-style-type: none"> – Coal of today fuelling the Exxaro of tomorrow strategy – Optimising the portfolio based on scenario robustness and profit maximisation
2017	<ul style="list-style-type: none"> • Executed strategic initiatives for long-term value realisation: • Identified an opportunity to implement digitalisation and innovation to unlock value • Introduced M2R optimisation
2018	<ul style="list-style-type: none"> • Strategy to be in the lowest cost curve: • Defined the roadmap to achieve our 2026 objectives • Implemented The Startup Way and LEAN5 culture to accelerate value realisation • Capital optimisation
2019	<p>Early value strategy (Wings) to responsibly bring forward long-term operating cash flows to support an accelerated just transition and defend against climate change-induced market risk:</p> <ul style="list-style-type: none"> • Optimised LoM plans that protect shareholder value, promote growth and reduce overall environmental impacts • Value realisation from our digitalisation and innovation programme • Defence strategy against climate change (early value)
2020 to 2021	<ul style="list-style-type: none"> • Development and approval of Exxaro's Sustainable Growth and Impact strategy • Strategic priorities: <ul style="list-style-type: none"> – Continue with our portfolio optimisation – Responsible value maximisation of our remaining coal asset portfolio – Deliberate and responsible management of risks and opportunities in the low-carbon transition – Prioritise acceptable value distribution with long-term investments – Acquire the remaining 50% stake in Cennergi from Tata Power

We thank Mxolisi for his strength of leadership and unwavering dedication to Exxaro over the past 15 years.



Exxaro CEO Mxolisi Mgojo during the 2020 results presentation


Incoming CEO's report | Dr Nombasa Tsengwa

Dr Nombasa Tsengwa
Incoming CEO

It is an exciting time to be at Exxaro. As I prepare to take the helm from Mxolisi Mgojo, I believe our plans to create a low-carbon future place us on a pathway that will positively impact our stakeholders and society at large.

Our Sustainable Growth and Impact strategy is anchored on measurable and multi-stakeholder value creation. At the core of this strategy is our proactive diversification from carbon-based commodities, reducing our own carbon footprint and developing alternative economic opportunities that will support the livelihoods of communities depending on our coal operations.

The development of our strategy has been measured and informed by research, insight and a foresight process. Informed by this, we are building on our existing successful platform, leveraging our skills and differentiation with a long-term vision to establish a sustainable, growth-orientated, value-driven company – a leading international renewable solutions provider by the end of the decade that includes mineral targets as well.

 Details on the performance of our Sustainable Growth and Impact strategy and future focus are on page 70.

Going forward, to achieve our vision of having a resilient portfolio with diversified and robust growth opportunities, we leveraged our energy business to decarbonise and reduce our emissions by positioning the business for a low-carbon future.

We anticipate challenges along the way, which largely depend on the world's recovery from the protracted COVID-19 pandemic. These include fluctuating currencies, monetary policies, market

demand and commodity pricing. These factors influence the inflation rate and our suppliers' capacity to deliver on their commitments. To remain competitive, we need to wholeheartedly embrace innovation to improve the efficiency of our operations to ensure we meaningfully address global energy demand while delivering shared value with positive socio-economic impact.

I am deeply grateful to Mxolisi for his guidance in this transition and appreciative of our executive committee for their support.

After 18 years at Exxaro, I know the power of this team. Looking ahead, I believe the implementation of our Sustainable Growth and Impact strategy will unlock value for our organisation, our stakeholders and the country at large – and I look forward to sharing our progress with you, our valued stakeholders.



Dr Nombasa Tsengwa
Incoming CEO

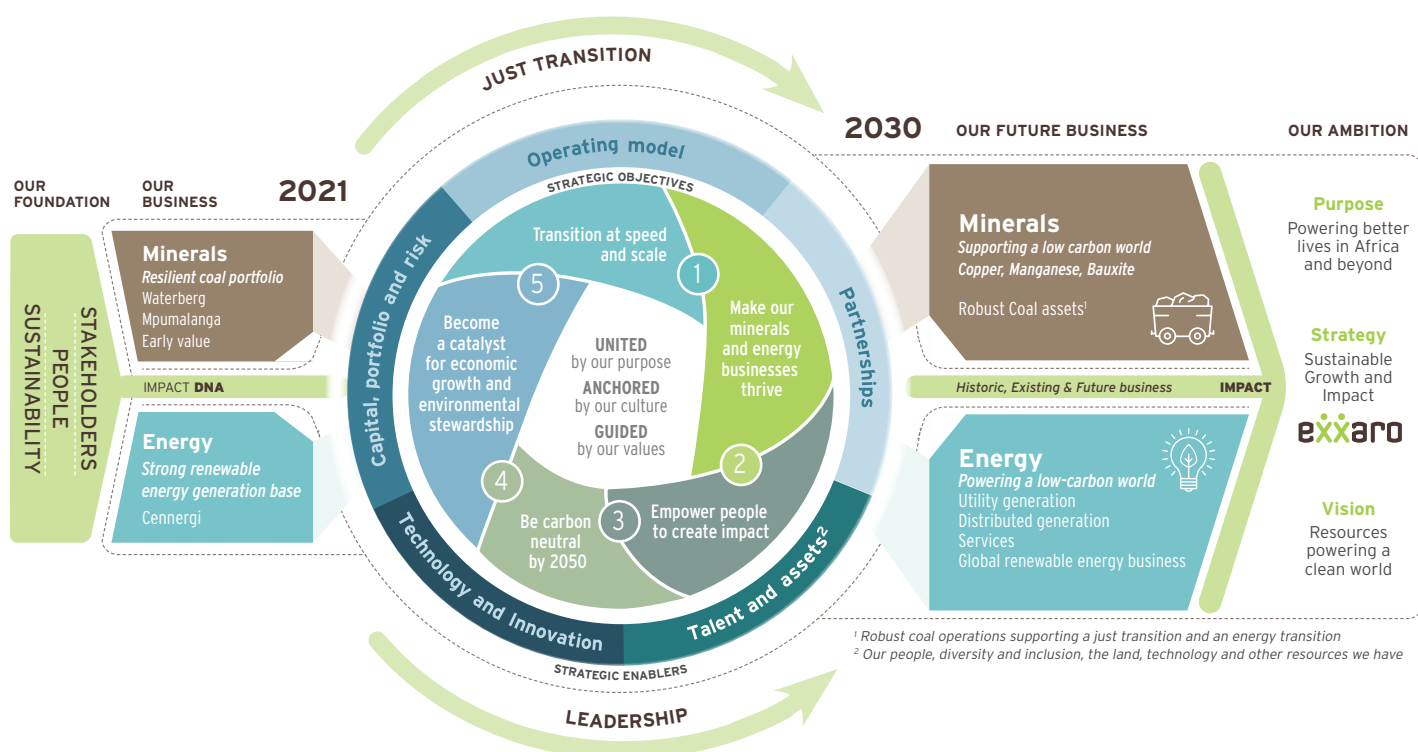
4 April 2022

Our strategy: Positioning Exxaro for enduring success

The Sustainable Growth and Impact strategy, which we introduced in the 2020 integrated report, is Exxaro's approach to transforming our business at scale. We intend to evolve into a diversified company that will transition from a coal-based business into a minerals and renewable energy solutions business that thrives in and contributes to a low-carbon future.

Given the rapidly changing macro-economic environment, we further progressed in shaping, measuring and delivering our strategy in 2021. We refined our strategy from the Business of Tomorrow perspective through broad consultation and used the latest industry market and economic research to inform this process. Exxaro engaged with key stakeholders to ensure we consider their legitimate needs and concerns. As part of our robust strategic process, the strategy was submitted to the board for input, supported by a clear implementation plan and measurement criteria.

At the heart of our strategy is the need to transition responsibly. We have established a clear understanding of our operating context, wherein our coal operations contribute vast value to the communities we operate in and the country we serve. Exxaro remains committed to responsibly maximising the value of the coal assets and minimising stranded assets. We are also determined to play an active role in creating a future that enables our new vision: resources powering a clean world, as we transform the business. Striking this delicate balance is top of mind when crafting and delivering our strategy.



We have set five broad strategic objectives supported by measurable outcomes to deliver our strategy:

- 1. Transition at speed and scale:** Transition our business with measured urgency given the growing need for the low-carbon transition. We will do this while creating positive social impact. We will leverage our innovation, organisational intelligence and learning culture to navigate this transition
- 2. Make our minerals and energy businesses thrive:** Enhance focus on our core delivery areas, minerals and energy, by increasing our footprint in these areas, divesting of non-robust assets and ensuring continued operational and digital excellence
- 3. Empower people to create impact:** Ensure our people and partners have the capabilities, mindset, environment and passion to achieve our purpose
- 4. Be carbon neutral by 2050:** Reduce our carbon footprint and become carbon neutral by 2050. We will achieve this through our focused decarbonisation and social impact initiatives
- 5. Become a catalyst for economic growth and environmental stewardship:** Positively impact our ecosystem during and after our operations in minerals and energy, building community projects and businesses into investable impact programmes, which can lead to sustainable, scaleable economic upliftment and prosperity, independent of our continued operations in those environments

THE DETAILS OF OUR STRATEGY

We intend to deliver our long-term strategic objectives by aligning our resources to the following areas:

- Continuing to deliver value in the existing coal assets (categorised and described under minerals)
- Growing our renewable energy solutions business
- Providing minerals that support a low-carbon world

Our energy business

To be a leading international renewable energy solutions provider by 2030

What

RENEWABLE ENERGY



- A significant contributor of renewable energy solutions (renewable assets and services)
- Servicing the public and private sectors in South African and other markets

Focus on three renewable energy areas:

- **Distributed generation:** Our growth in renewables will be internally led by providing our existing operations with self-generation. We have nine operating assets, two of which (Belfast and Grootegeeluk) are under development. We will then look to providing generation for customers in mining and select markets
- **Utility generation:** We intend to provide utility generation in select markets. We will determine markets for focus through selection criteria
- **Services:** We will build our energy services business by growing our existing renewable energy business and augmenting our generation business. We will potentially also offer asset management, energy management, digital services and virtual power

Why

- Transition Exxaro to a carbon-neutral future
- Provide diversification and long-term sustainability to Exxaro's cash flow
- Become an anchor of energy security in South Africa as a longstanding player in this space in a business environment with significant growth prospects

How

- Leverage Exxaro's unique network and skills sets to expand our existing renewable energy business
- Make renewable energy investments in select markets with an acceptable risk profile targeting a portfolio return of 15% equity internal rate of return over a period of time



Competitive advantage

- **Renewable pedigree:** We have the second largest local IPP in South Africa and have had exposure to the renewables business since 2009
- **Perfectly positioned:** We are at the nexus of mining and renewables with our exposure to multiple mining operations and our Cennergi business. We have past and current partnerships or investments with multiple mining firms that require renewable solutions
- **History of delivery:** We have delivered multiple complex capital projects that will serve to build our renewable energy business. To list a few: new Belfast digital mine, KZN Sands, titanium dioxide (TiO₂) mine and smelter, GG6 brownfields expansion and Matla Shaft Mine 1
- **Adjacency advantage:** All our operations require decarbonisation. Operations are often located in clusters with other mining peers also requiring solutions
- **Innovation competence:** Through our growing competence in innovation, we have built multiple products and capabilities across our business that position us to meet our energy business targets. Our RRODA digital renewables tool combines mining and renewable datasets to optimise site selection and high-level design parameters with quantification of tariffs and savings

Our strategy: Positioning Exxaro for enduring success continued

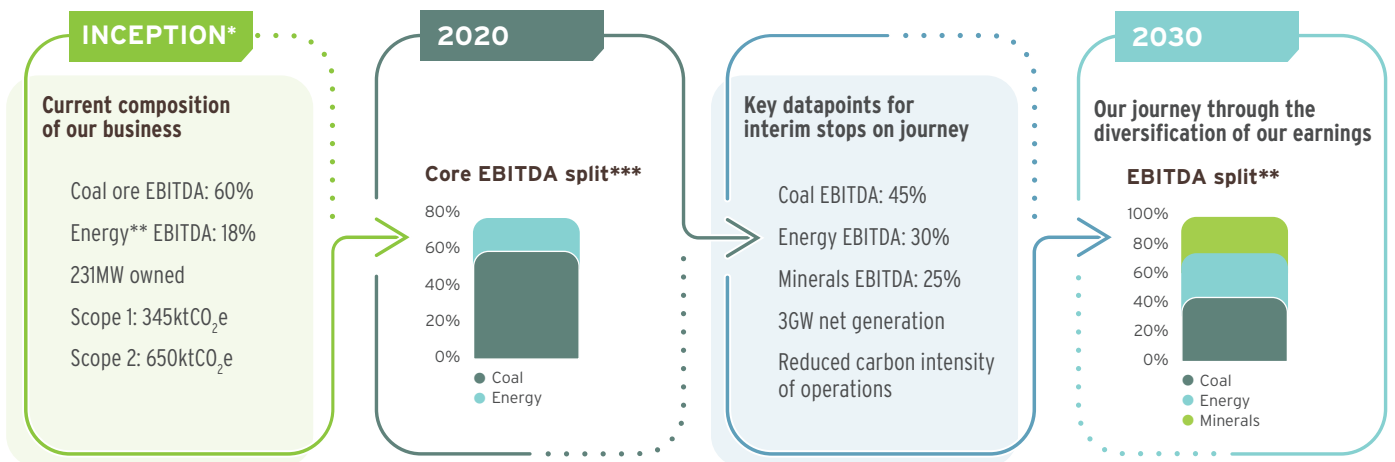
Our minerals business

To utilise Exxaro's mining skills to supply minerals that power a clean world and provide our shareholders with superior returns while driving decarbonisation ambitions

What	COAL	NEW MINERALS
	 <ul style="list-style-type: none"> Our coal business continues to deliver value for Exxaro and is key in providing the country's primary energy source 	 <ul style="list-style-type: none"> Diversify into new mineral assets (manganese, copper and bauxite) that are vital to a low-carbon future
Why	<p>We understand that the coal assets under our care do not belong to us. Therefore, we have a responsibility to manage them in a way that benefits the people who depend on them for their immediate energy needs.</p> <p>To do this, we must ensure that, on our way to a low-carbon future, we do not leave high-value assets sterilised and stranded.</p>	<p>There is no better time to build from a position of strength and to align with Exxaro's ambition.</p> <p>We have proven our ability to outperform our value creation targets and we are in a healthy position to leverage growth.</p> <p>We have deep-rooted competencies to grow from.</p>
How	<ul style="list-style-type: none"> Ensure a robust coal asset portfolio, which includes divestment from resources that do not suit our future portfolio Optimise our mine to resource journey Digitalise our operations with a focus on value creation Optimise capital allocation Minimise emissions at our existing operations 	<ul style="list-style-type: none"> Exxaro has developed a minerals business approach that enables a just transition to a low-carbon world while leveraging our core competencies as a bulk miner Robust screening criteria enable us to continuously review and identify the minerals we should be focusing on for our future growth Our initial targeted minerals (manganese, copper and bauxite) offer the best risk to reward ratios to: <ul style="list-style-type: none"> Deliver our bold EBITDA target Support our ambition to power a clean world Benefit from the decarbonisation tailwinds that will drive world economies into the future
Competitive advantage	<ul style="list-style-type: none"> Specialised skills: We have roots as a diversified miner with recognised specialised skills in mining. This includes open-pit and bulk commodity experience, base metals, mineral sands and industrial minerals Project execution excellence: Through expansion successes, delivering digital innovation through our Digital@Exxaro programme and continued operational excellence from our high-performing coal operations Recognised for our ESG performance, brand and culture 	

Timeframes

Our strategy will be delivered in phases with clear outcomes in each of our focus areas.



* End-2020.

** Excluding nine months step-up acquisition on 1 April 2021.

*** Excluding ferrous and other segments.












Coal silo at our ECC operation in Mpumalanga

Sustainable Growth and Impact strategy – performance and future focus

Building traction as we transition to our new strategy

We are in the process of transitioning into and embedding our Sustainable Growth and Impact strategy. We have clear objectives to achieve this strategy and have provided an overview of our traction thus far in the table below. To best measure and manage our progress, we have identified KPIs that we will measure our performance from 2022 onwards. These have been carefully selected by considering our previous KPIs (which reflected the capitals of value creation that we use and affect) and our future goals. The resultant indicators are refined and targeted, designed to monitor momentum on strategy while catalysing management discussion and analysis within the organisation. They also ensure all previous ESG commitments are covered in their achievement.

 For 2021, our performance continued to be measured against our previous KPIs, reported on page 72.

	TRANSITION AT SPEED AND SCALE	MAKE OUR MINERALS AND ENERGY BUSINESSES THRIVE
Performance overview	<ul style="list-style-type: none"> • Divestments: ECC* complete and Leeuwpans divestment remains on track for the second half of 2022 • Formally allocated capital with expected returns to minerals and energy businesses • Signed a memorandum of understanding with Eskom and Seriti for decarbonisation projects • Conducted rigorous market analysis and commodity evaluation that led to initial focus on copper, manganese and bauxite 	<ul style="list-style-type: none"> • Appointed managing directors for the minerals and energy businesses • Refinanced an R8 billion loan facility • Digitalisation continuing to deliver value • Implemented RRODA for energy business • Implemented a revised governance structure in line with empowered and agile decision making across the group • Implemented a country risk assessment framework and differentiated weighted average cost of capital for minerals and energy • Implemented M2R and cost-saving initiatives, leading to notable cost saving for the year
KPIs (2022 onwards)	<ul style="list-style-type: none"> • Growth in renewables: MW – target 3GW (net) by 2030 • Diversification of minerals: EBITDA – target 50% of coal EBITDA by 2030 • Energy EBITDA 	<ul style="list-style-type: none"> • EBITDA • Covenants • ROCE (risk-adjusted) • S&P credit rating • Total shareholder return • Group cost efficiency
Material themes	 	 
SDGs impacted	  	 
Looking forward	<p>We aim to transition at speed and scale but not at all costs. Our investments in minerals and energy will be governed within our prudent capital allocation framework and rigorous investment criteria positioning our portfolio within our desired risk-adjusted return levels</p>	<p>Safety, cost optimisation and business improvement remain our priorities across our minerals and energy businesses</p>

* Divestment concluded in September 2021.

EMPOWER PEOPLE TO CREATE IMPACT

- COVID-19 vaccine roll-out in line with Minerals Council targets
- Signed up for UN Women's Empowerment Principles and listed on Bloomberg Gender Equality Index
- Rolled out the Exxaro Leadership Way that included mindset training across the group
- Implemented a group incentive scheme aligning individual and team goals to group objectives
- Implemented a revised corporate governance framework to ensure the appropriate delegation of authority for our energy business
- Zero harm
- 2022 LTIFR target = 0.06
- OHIFR
- **Fatalities – zero fatalities**
- **Culture score**
- Diversity and inclusion score (Bloomberg Gender Equality Index)



Continuous development of our people, processes and platforms to ensure we build on our learning culture and achieve our strategic objectives

BE CARBON NEUTRAL BY 2050

- Commissioned an internal decarbonisation project management office
- Self-generation renewable energy projects at Belfast and Grootegeluk in prefeasibility stage
- Published a TCFD report
- Issued the open innovation challenge to track and trace our carbon emissions
- Reduction in carbon intensity
- Potential carbon credits created through nature-based methods and carbon sequestration projects
- Interim targets



Our key focus in the short term will be our detailed stakeholder-centric decarbonisation roadmap with clear objectives and milestones

BECOME A CATALYST FOR ECONOMIC GROWTH AND ENVIRONMENTAL STEWARDSHIP

- Delivered UNGC communication on progress
- Partnership with SAICA ED unit to implement a financial excellence programme for miners' suppliers
- Ranked as one of the Top 100 best emerging market performers by Vigeo Eiris
- Finalist for Absa Business Day Supplier Development Awards
- Impact Investment opportunities presented at COP26
- Identified Exxaro-owned land for social and environmental impact initiatives (RRODA)
- B-BBEE dtic scorecard – level 1 target
- Mining Charter III scorecard
- Impact matrix (FTSE Russell ESG index) > 3.5 score
- Water intensity
- Rehabilitation liabilities and performance




We aim to progress our industry leading ESG performance towards delivering sustainable impact at scale

2021 strategic performance KPIs/performance dashboard

For the past six years (2015 to 2021), we have measured our strategic performance against the following dashboard of strategically important KPIs. These aligned to our previous objectives as well as the capital sources of value we use or affect. These indicators will continue to be measured as they support our ESG commitments and the successful execution of our new strategy.

For 2021, we continued to measure our performance against these while we transition to our Sustainable Growth and Impact strategy, and appropriate metrics and strategic KPIs were being finalised.





NATURAL CAPITAL		Strategy	Target	Actual 2021	Indicator	Actual 2020	Indicator	Trend based on threshold
Reportable environmental incidents (levels 2 and 3)		Be carbon neutral by 2050	6 level 2s 0 level 3s	0 level 2s 0 level 3s	Opportunity	0 level 2s 0 level 3s	Opportunity	➤
Carbon intensity (scope 1) (ktCO ₂ e)		Be carbon neutral by 2050	Actual for previous year less 5%	1.91ktCO₂e/TTM 3% deterioration	Out of appetite	10% improvement	Opportunity	▼
Carbon intensity (scope 2) (ktCO ₂ e)		Be carbon neutral by 2050	Actual for previous year less 5%	3.60ktCO₂e/TTM 11% deterioration	Out of appetite	9.6% deterioration	Out of appetite	➤
Water intensity (kL/RoM)		Be carbon neutral by 2050	0.20	0.149	Opportunity	0.182	Opportunity	➤
Rehabilitation funding adequacy of commercial mines, including guarantees		Be carbon neutral by 2050	80% to 100%	72%	Best realistic	69%	Best realistic	➤

HUMAN CAPITAL		Strategy	Target	Actual 2021	Indicator	Actual 2020	Indicator	Trend based on threshold
Fatalities	Empower people to create impact	0	0	Target	0	Target		
LTIFR	Empower people to create impact	0.11	0.08	Opportunity	0.05	Opportunity		
OHIFR	Empower people to create impact	0.31	0.16	Opportunity	0.19	Opportunity		
Skills provision (% appointment from within)	Empower people to create impact	60%	62.17%	Opportunity	88.44%	Opportunity		
% turnover	Empower people to create impact	5%	3.7%	Opportunity	4.1%	Opportunity		
COVID-19 infection rate compared to country infection rate	Make our minerals and energy businesses thrive	Equal to the country infection rate	3.6% below the country infection rate	Opportunity	N/A	N/A		
COVID-19 recovery rate compared to country recovery rate	Make our minerals and energy businesses thrive	Equal to the country recovery rate	3% more than the country recovery rate	Opportunity	N/A	N/A		

▼ Deterioration in performance/ value eroded ▲ Improvement in performance/ value created ➤ Unchanged performance/ value preserved ★ New KPI this period



SOCIAL AND RELATIONSHIP CAPITAL



	Strategy	Target	Actual 2021	Indicator	Actual 2020	Indicator	Trend based on threshold
B-BBEE contribution level	Become a catalyst for economic growth and environmental stewardship	Level 1	Level 2	Best realistic	Level 2	Best realistic	
Black ownership	Become a catalyst for economic growth and environmental stewardship	30%	47.1%	Opportunity	38.22%	Opportunity	
SLPs project delivery (time variance)	Become a catalyst for economic growth and environmental stewardship	0% over budget	(8%) behind schedule	Best realistic	(11%) behind schedule	Worst tolerable	
SLPs project delivery (cost variance)	Become a catalyst for economic growth and environmental stewardship	0% over budget	(19%) over budget	Out of appetite	(59%) over budget	Out of appetite	




MANUFACTURED CAPITAL







	Strategy	Target	Actual 2021	Indicator	Actual 2020	Indicator	Trend based on threshold
Capital project delivery measure (time variance)	Make our minerals and energy businesses thrive	0%	10.3% behind	Worst tolerable	11.1% behind	Worst tolerable	
Capital project delivery measure (cost variance)	Make our minerals and energy businesses thrive	0%	3% over budget	Best realistic	6.3% over budget	Best realistic	

FINANCIAL CAPITAL



	Strategy	Target	Actual 2021	Indicator	Actual 2020	Indicator	Trend based on threshold
Core operating margin	Make our minerals and energy businesses thrive	20%	21.20%	Opportunity	17%	Best realistic	
Core ROCE excluding Cennergi	Make our minerals and energy businesses thrive	20%	40.4%	Opportunity	27%	Opportunity	
Net debt to core EBITDA (times) {excluding Cennergi}	Make our minerals and energy businesses thrive	<1.5	0.06	Opportunity	1	Opportunity	

 Deterioration in performance/ value eroded
 Improvement in performance/ value created
 Unchanged performance/ value preserved
 New KPI this period

Understanding our key strategic trade-off considerations

We understand that, to create sustained value for our stakeholders, our strategy must recognise and balance the inherent trade-offs we face.

In developing our strategy, we consider the potential trade-offs our strategic decisions create to ensure we fully comprehend these decisions as well as work to maximise positive outcomes and curb negative impacts.

We can link each of our trade-offs to the achievement of one or more of our strategic objectives.

We know that achieving our objectives must be balanced and we will not necessarily be able to maximise all objectives concurrently. However, we have robust processes and decision-making frameworks to make choices and trade-offs between these objectives. Over time, each objective will be realised.

BALANCING THE ADVERSE ENVIRONMENTAL IMPACT OF COAL WITH THE NEED TO SUPPORT SOUTH AFRICA'S SOCIO-ECONOMIC DEVELOPMENT

As a developing country, South Africa depends on reliable energy to fuel its growth. However, coal has a noticeable impact on environmental systems. As the frequency and scale of climate change-related events continue to grow so has the imperative to transition to a low-carbon economy. We support this imperative but we are mindful that structural economic transitions take time. Without adequate planning, transitions like these have historically had negative impacts on the most vulnerable in society. Our purpose is to power better lives in Africa and beyond. To achieve this, we continue carefully considering the critical trade-offs of the economy's immediate and affordable energy needs along with the growing and urgent need to reduce carbon emissions to sustain our environmental systems. Our Sustainable Growth and Impact strategy is designed to balance these seemingly competitive needs, ensuring we participate in the just transition to a low-carbon economy while delivering on our early value coal strategy in a prudent and responsible manner.

Related SDGs



BALANCING THE ALLOCATION OF CAPITAL BETWEEN OUR GROWTH AREAS

Given that we intend to become a multi-core business, our capital allocation approach must support our short and long-term growth ambitions. We will need to allocate finite capital to opportunities in minerals, energy and impact that will enable our strategic objectives.

Our approach to capital allocation is agile and an integral component of our strategy creation and delivery. Our capital allocation process is supported by governance that supports disciplined and unbiased decision making.

Our strategic objectives and their metrics (which include stringent financial return metrics for each growth area) will continue to provide the guide for our capital allocation so that we objectively assess strategic trade-offs related to capital allocation.

Related SDGs



BALANCING OUR GROWTH AMBITIONS WITH OUR CARBON-NEUTRAL TARGETS WHILE APPRECIATING THAT ABSOLUTE CARBON (TOTAL EMISSIONS) MIGHT INCREASE WITH ACQUISITIONS

The intent to decarbonise is at the heart of our Sustainable Growth and Impact strategy. Our acquisition targets will include their own carbon emission and carbon intensity figures that we will have to evaluate in our growth journey.

Key measures related to carbon intensity and emissions are included in our strategic performance metrics and will be a key tool for evaluating and balancing trade-offs related to growth. A key role our decarbonisation roadmap is to give us a better understanding of future scenarios and projections for our business. This will give us further clarity on future shortfalls and opportunities.

Related SDGs





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