

Driving transition through leadership

Welcome to our 2022 integrated report, themed driving transition through leadership. The report unpacks the transformation of our business through a just transition to a sustainable future.

The theme supports the impact pillar of our strategy, encapsulates progress against our key performance indicators (KPIs) stated in 2021 and shows leaders are delivering our objective to empower people to create impact.

When I took the helm as chief executive officer (CEO) in 2022, it was clear to me that, to achieve our strategic objectives and mindful of ESG imperatives, I needed to encourage everyone to “get on the bus”, so that together we achieve our goals for a sustainable future.

We are heading in the right direction. Our strategy remains on track despite headwinds from economic market challenges. The capital allocation model has maintained its fitness to support the strategy, and our remuneration structure was implemented from January, to achieve better alignment among management, employees and shareholder interests, rewarding our people for being responsive to the needs of society and the environment.

I invite our stakeholders to join us on this journey and keep us on track.



Dr Nombasa Tsengwa

Realising value creation through integrated thinking and sustainability

Exxaro Resources Limited (Exxaro, the company or the group) is a South African diversified resources company with an existing coal and renewable energy business and acquisitive growth prospects in minerals and renewable energy solutions.

In line with Exxaro’s **purpose of powering better lives in Africa and beyond**, our ambition is to provide resources (energy, commodities, capital and people) critical to ensuring a low-carbon world.

We understand that we cannot grow sustainably without creating a positive impact in the environment and communities we serve. We are committed to responsibly maximising the value of our coal assets by reducing stranded assets, and playing an active role in creating a future that realises our **vision: resources powering a clean world**.

Our success lies in the strength of our culture and values, which strengthen our resilience and ensure we deliver stakeholder value, guided by our **Sustainable Growth and Impact strategy**.

Integrated thinking

Our belief in sustainable value creation is inspired by the careful consideration of the relationship between the resources we use and affect, and potential trade-offs inherent in strategic decision making. We integrate the six capitals into our business model and strategy, and continuously strive to positively contribute to, and negate any adverse impact on, these capitals.

Our approach to integrated thinking is translated into the value creation message, content and structure of this report.

Our sustainability framework

Exxaro voluntarily endorses the United Nations (UN) 17 Sustainable Development Goals (SDGs). We also participate in the National Business Initiative (NBI) in South Africa to align the 17 SDGs with the country’s National Development Plan and implement leading practices to uphold the most material SDGs so that our business leaves a lasting positive impact. The SDGs that Exxaro impacts are highlighted in colour.



Driving value creation through transition

Our purpose informs and motivates our decisions and actions. Stakeholder value creation is central to our purpose and vision to achieve direct and positive impact on society.

Our value creation is driven by our

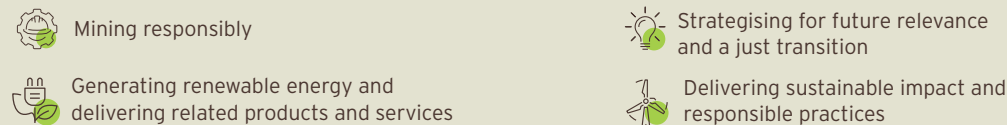


It is influenced by factors in the operating environment



It is achieved through our business activities (page 18)

These activities and strategy are key to creating value as we pursue a just transition to a new operating model while balancing our financial performance.



Resulting in an impact across ...

The six capitals

We are mindful of our impact on each capital we use and affect to conduct our business activities and aim to enhance these where possible.



Business model (page 18)

To deliver value to our stakeholders

We strive to create mutual value for and with our stakeholders. They are an integral part of our business because they can impact Exxaro or are impacted by our business.

Stakeholder engagement (page 36)

Ensuring broader impact

We aim to drive a positive impact on the SDGs that we have identified as being areas where we can make a difference. Exxaro aims to fulfil our ESG commitments, including the TCFD principles.

TCFD index (refer to the databook) and **responding to TCFD reporting requirements** (page 112)

Value distributed to stakeholders

<p>Payments to government: taxation contribution</p> <p>R7 250 million</p> <p>(2021: R2 930 million)</p>	<p>Cost of financing</p> <p>R982 million</p> <p>(2021: R1 020 million)</p>	<p>Community investment and volunteerism</p> <p>R181 million</p> <p>(2021: R61 million)</p>	<p>Employees' tax</p> <p>R1 607 million</p> <p>(2021: R1 390 million)</p>
<p>GreenShare employee scheme</p> <p>R121 million</p> <p>(2021: R164 million)</p>	<p>Cash dividend paid</p> <p>R6 686 million</p> <p>(2021: R9 557 million)</p>	<p>Salaries, wages and benefits</p> <p>R4 310 million</p> <p>(2021: R4 084 million)</p>	<p>Dividend paid to non-controlling interest</p> <p>R2 275 million</p> <p>(2021: R3 131 million)</p>

About our integrated report

Exxaro's integrated report for the year ended 31 December 2022 is a value creation story for our stakeholders, particularly our shareholders and other providers of financial capital.

Scope and boundary

The report contains material information about our strategic decisions and operational performance for the period 1 January 2022 to 31 December 2022 (the 2022 financial year). It covers the financial and non-financial information of our wholly owned and joint arrangements in South Africa, Europe and Australia. The reporting boundary incorporates material information about Cennergi Proprietary Limited (Cennergi). We consolidated material information related to Cennergi's safety incidents into the Exxaro group's results. Unless otherwise stated, we no longer include information on Exxaro Coal Central Proprietary Limited (ECC) operations since its disposal in September 2021.

We include limited information on operations where we do not have management control but hold an important equity interest, namely Black Mountain, Richards Bay Coal Terminal Proprietary Limited (RBCT) and Sishen Iron Ore Company Proprietary Limited (SIOC), a subsidiary of Kumba Iron Ore Limited, or joint control, being Mafube Coal Mining Proprietary Limited (joint venture) and Moranbah South coal project (joint operation).

The 2022 integrated report summarises the most material information of the ESG and CMRR reports. Further detail on our financial performance is available in our annual financial statements, and historical performance in previous reports.

Reporting boundary

(risks, opportunities and outcomes)

<ul style="list-style-type: none"> Sustainable Growth and Impact strategy (page 44) Business model (page 18) Operational performance (page 86) Material matters (page 22) Business risks and opportunities (page 26) Governance (page 51) 	<ul style="list-style-type: none"> Stakeholders (page 36) Government and regulators Employees and labour unions Communities Investors Suppliers Customers Civil society Others
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Financial reporting entity
(control and significant influence)

exxaro

- Subsidiaries
- Joint arrangements
- Investments

We report our progress in creating and preserving value, and preventing the erosion thereof, in the short, medium and long term. The report contains the most material information about our value creation transparently and understandably.

Materiality

We distinguish the information to include in this report through a double materiality determination process, which identifies the matters that impact our ability to create value (financial materiality), and our impact on the environment, communities and society (impact materiality). We group these material matters into themes that link to the resources we use and affect.

[Material matters](#) (page 22)

Frameworks and guidelines

The content of the report is guided by:

- Our materiality determination process
- The Companies Act of South Africa, 2008 (Act 71 of 2008), as amended (Companies Act)
- The Integrated Reporting Framework
- International Financial Reporting Standards (IFRS)
- The JSE Limited (JSE) Listings Requirements
- Department of Trade, Industry and Competition (dtic) broad-based black economic empowerment (B-BBEE) codes of good practice
- Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018 (Mining Charter III)
- The United Nations Global Compact (UNGC)
- Global Reporting Initiative standards (elements of the ESG report are cross-referenced for a broader perspective)
- The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)¹
- The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code)
- TCFD recommendations
- The Sustainability Accounting Standards Board (SASB)

Assurance

KPMG provided independent reasonable assurance over key sustainability information in this report. The key performance data assured by KPMG is detailed in



[combined assurance for effective governance](#) (page 73).

Board responsibility

The board of directors (board) acknowledges its responsibility for ensuring the integrity of our reporting suite, including this integrated report, which was prepared in accordance with the Integrated Reporting Framework. The board believes the report addresses all Exxaro's material matters and presents a balanced view of our strategy, business model and Exxaro's ability to create and preserve value over the short, medium and long term, as defined by the six capitals. The report remains the ultimate responsibility of the board, is prepared under the supervision of senior management and is subject to rigorous internal and external assurance reviews.

Mvuleni Geoffrey Qhena Independent chairperson	Dr Nombasa Tsengwa CEO
Riaan Koppeschaar Finance director	Dr Geraldine Fraser-Moleketi Lead independent non-executive director
Karin Ireton Independent non-executive director	Ben Magara Independent non-executive director
Isaac Malevu Non-executive director	Billy Mawasha Independent non-executive director
Likhapha Mbatha Non-executive director	Nondumiso Medupe Independent non-executive director
Zwelibanzi Mntambo Non-executive director	Isaac Mophatlane Independent non-executive director
Mandlesilo Msimang Non-executive director	Vuyisa Nkonyeni Independent non-executive director
Peet Snyders Independent non-executive director	Chanda Nxumalo Independent non-executive director
Dr Phumlá Mnganga Independent non-executive director	

14 April 2023

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