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## Navigating this report


We use icons to show:


 Read more online at [www.exxaro.com](http://www.exxaro.com) under the investors tab


 Read more in this report


### Material themes that guide our integrated reporting


 Adapting to a changing context


 Responsible environmental stewardship

 Building sustainable communities

 Helping our people thrive

 Executing our strategy


 Driving business resilience


 Principled governance

### The capitals we use and affect

 Natural

 Human

 Social and relationship

 Manufactured

 Intellectual


 Financial


## Reporting suite


We are committed to transparent reporting and publish an annual reporting suite detailing our performance:

 Integrated report

 Group and company annual financial statements

 Consolidated Mineral Resources and Mineral Reserves (CMRR) report

 Summarised annual financial statements and notice of annual general meeting (AGM)

 These reports and other supplementary reports are available [online](#) and should be read together for a complete understanding of our business and performance.

## Connect with us

We encourage and welcome feedback on our reporting suite from our stakeholders. Please send any comments or suggestions to:

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# Building momentum and resilience for sustainable growth and impact

Welcome to our 2023 environmental, social and governance (ESG) report, which outlines the collective impact of our ESG initiatives and commitments to drive our strategy and the just transition to a carbon-neutral, sustainable future.

**Dr Nombasa Tsengwa**  
Chief executive officer (CEO)



As we mark 18 years since Exxaro's inception, we reflect on the opening of the Hlobane coal mine over a century ago. This heritage is a catalyst for our ongoing progress and fuels our dedication to powering better lives in Africa and beyond.

Our commitment to ESG best practice has steered our operations amid the clarion call for a sustainable future. 2023 saw us deepen this commitment, shaping our operations and strategies to meet the challenges of a changing world. Central to our approach to ESG is our newly endorsed unified ESG framework and overarching policy, which is set for approval in 2024. These serve as the backbone of our efforts to manage and mitigate our negative impacts while maximising our positive contributions to society and ensuring the sustainability of our business.

Our Social Impact strategy is essential for fostering mutually beneficial relationships with our stakeholders and thereby enhancing our business's sustainability. To bolster this strategy, during 2024, we will complete a baseline assessment of community needs to enable target setting aligned with the United Nations Sustainable Development Goals (SDGs). Our enterprise and supplier development (ESD) programme has also made significant strides, investing over R1 billion into empowering youth and women-led businesses since 2018, benefiting communities across Limpopo, Mpumalanga and KwaZulu-Natal.

We have also made significant progress in our Climate Change Response strategy by creating a comprehensive decarbonisation roadmap with an ambitious goal of achieving carbon neutrality by 2050. These steps are aligned with more stringent environmental regulations on the horizon. A tangible representation of our commitment to reducing carbon emissions and promoting renewable energy is the Lephalale solar project (LSP). Slated to reduce scope 2 emissions by 27% upon completion, this project underscores our balanced approach to energy provision, complementing our core coal business while we transition towards cleaner energy solutions.

This year, we have progressed significantly in implementing our Diversity, Equity and Inclusion (DEI) strategy. This commitment was brought to life through interactive sessions at Belfast and Grootegeluk. We take pride in the fact that women constitute 25% of our workforce, a figure that stands out in the mining industry. At the Top Empowerment Awards, we were recognised in the DEI category and were finalists in the same category at the World Sustainability Awards. Being included in the 2023 Bloomberg Gender-Equality Index (GEI) is not only an honour but also a driving force towards greater inclusivity and equality in our industry. These awards and accolades are not just symbols of distinction but testaments to the values we uphold and the inclusive future we are building.

Our dedication to sustainable business has been recognised with a second-place award in the 2023 ESG Investing Awards. Our consistent performance in ESG reporting has also earned us the Best Sustainability Reporting Award in the Metals and Mining category at the ESG Reporting Awards, reflecting recognition from our peers and the broader market.

## Looking ahead

We stand ready to apply what we have learned in a way that propels us forward. We are poised to engage with the future of energy with the same dedication and focus that has seen us through the past years. This is the essence of our story – a tale of resilience, learning and a steadfast commitment to making a sustainable impact. It is a narrative we carry into the future as we continue to shape an enduring legacy in powering possibility.

# About this report

Our ESG report provides a holistic view of our performance, how we manage and measure our impact on the environment and society, and our commitment to good corporate governance. The content in this report supports the information provided in our integrated report, and is aimed at our broader stakeholder audience.

## Boundary

This report contains material information about our ESG performance for the period 1 January 2023 to 31 December 2023 (the 2023 financial year). It covers financial and non-financial ESG information of our wholly owned and joint operations in South Africa.

The reporting boundary incorporates material information about the Cennergi group of companies (Cennergi). We consolidated material information about Cennergi Proprietary Limited's safety incidents into the group's results.

We include limited information on operations where we:

- Do not have management control but hold an important equity interest, namely Black Mountain Proprietary Limited (Black Mountain), Richards Bay Coal Terminal Proprietary Limited (RBCT) and Sishen Iron Ore Company Proprietary Limited (SIOC), or
- Have joint control, being Mafube Coal Proprietary Limited joint venture (Mafube JV) and Moranbah South project (joint operation)

## Frameworks and guidelines

Our reporting suite is guided by and applies the following:

	IR	ESG	AFS	CMRR
Materiality determination process	x	x		
Integrated Reporting Framework	x	x	x	
Companies Act of South Africa, 2008 (Act 71 of 2008), as amended (Companies Act)	x	x	x	x
International Financial Reporting Standards (IFRS <sup>®</sup> ) Accounting Standards*	x	x	x	
JSE Limited (JSE) Listings Requirements and Debt Listings Requirements	x	x	x	x
Department of Trade, Industry and Competition (dtic) Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice	x	x		x
The effective parts of the Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018 (Mining Charter III)	x	x		
King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)**	x	x	x	
South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition (SAMREC Code)	x	x	x	x
In accordance with Global Reporting Initiative standards	x	x		
United Nations Global Compact (UNGC)	x	x		
Sustainability Accounting Standards Board	x	x		
Task Force on Climate-Related Financial Disclosures (TCFD) recommendations***	x	x		

\* As issued by the International Accounting Standards Board.

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\*\*\* This now falls under the custodianship of the IFRS Foundation.

## Assurance

The executive committee, various departmental heads and board sub-committees review the report before submission to the board for review and approval. Certain sections are also reviewed by external assurance providers and external experts. Select strategic sustainability key performance indicators (KPIs), marked as reasonable assurance (RA) in this report, were assured by independent assurance provider, KPMG Inc.



Refer to the [assurance report](#) (pages 190 and ##) for details.

## Materiality

Materiality considerations serve as a crucial guide for our reporting practices. The matters we deem material are those that significantly influence our ability to create and sustain value, not only for our organisation but also for our stakeholders and the natural environment.

We distinguish the information to include in our reporting suite through a double materiality determination process, which identifies the matters that impact our ability to create enterprise value (financial materiality) and our impact on the environment, communities and society (impact materiality).

Recognising that materiality is dynamic in nature, the process is conducted annually, allowing us to regularly and timeously reflect on matters that may evolve from being material from an impact perspective to being financially material. We group these material matters into themes that link to the resources we use and affect.



Refer to the [integrated report](#) (page 24) for details about our materiality determination process.

Matters that could substantively affect our ability to create value in the short (one to five years), medium (six to 10 years) or long term (>11 years) are unpacked in our integrated report, with detailed disclosure on ESG-related matters unpacked in this report.

The 2023 review identified 35 material matters, which were grouped into seven overarching themes, detailed on the next page.

Operational and financial



**Adapting to a changing context**

The operating context is changing rapidly. Social, political and economic issues all impact our ability to create value. We operate in a long-term asset class with significant infrastructure investment. To remain competitive, we must respond to the current context and anticipate the future.

**Material matters**

- Country risk
- Supporting a just transition to a low-carbon economy
- Commodity price risk
- Macro-environment
- Geopolitical context

**Detailed disclosure**

- 📄 [Our approach to ESG](#) (page 9)
- 🌐 [Integrated report](#) (page 25)



**Driving business resilience**

Underpinning our strategic objectives is the drive to enhance our business resilience through safe production, delivering financial results, effective capital allocation, compliance excellence, entrenching innovation and capitalising on digitalisation.

- Financial performance and resilience
- Capital allocation
- Supply chain and logistical impediments
- Cyber risk
- Innovation and digitalisation

- 🌐 [Integrated report](#) (page 26)



**Executing our strategy**

Climate change is not a refutable occurrence. We are committed to the Paris Agreement and have established a strategy and business objectives to respond to the short and long-term risks and opportunities presented by climate change.

- Diversify into critical minerals and energy
- Build a leading global energy solutions business
- Coal portfolio optimisation

- 📄 [Our approach to ESG](#) (page 9)
- 🌐 [Integrated report](#) (page 27)

Environment



**Responsible environmental stewardship**

We acknowledge the impact of mining in our ecosystem. We must ensure we are responsible stewards of natural resources upon which our operations and communities rely to ensure a sustainable future for our employees, communities and the planet.

- Managing our pollution
- Carbon emissions reduction
- Environmental incidents
- Water stewardship
- Waste management
- Impact of climate change
- Closure planning and rehabilitation management
- Biodiversity management

- 📄 [Transitioning into a low-carbon business](#) (page 12)
- 📄 [Environment](#) (page 32)

Social



**Building sustainable communities**

Our business activities impact our stakeholders, and they, in turn, respond to these impacts. Our social licence to operate depends on how we look after our communities and the natural world around us, and our adherence to legislation.

- Social licence to operate
- Ensuring human rights are respected and upheld
- Social acceptance and community unrest
- Job and business creation
- Value sharing
- Resettlement and land use
- Supporting a just transition to a low-carbon economy

- 📄 [Building momentum with people](#) (page 70)
- 📄 [Co-creating and preserving value with communities](#) (page 92)
- 📄 [Respecting and upholding human rights](#) (page 108)



**Helping our people thrive**

Exxaro's employees are the enablers of our performance. To deliver on our strategic goals requires a safe working environment and a culture that supports adaptability and innovation, while leveraging the strength of DEI.

- Health, safety and wellness
- Workforce: culture, capability, diversity, inclusion, attraction and retention of key skills, and innovation
- Labour relations

- 📄 [Stakeholder-inclusive approach](#) (page 24)
- 📄 [Building momentum with people](#) (page 70)

Governance



**Principled governance**

We conduct ourselves so as to strengthen our business reputation as a good corporate citizen and bolster our resilience in a changing environment.

- Transparency, ethics and integrity
- Risk management
- Embedding ESG in response to increased regulation and for sustainability
- Legal, regulatory and compliance excellence

- 📄 [Governance](#) (page 112)



# Who we are

Exxaro is a South African diversified resources company with existing coal mining operations and growth prospects in energy transition minerals, energy business and private rail infrastructure.

We are building Exxaro into a sustainable and impactful business that catalyses economic growth, principled governance, environmental stewardship and positive change.



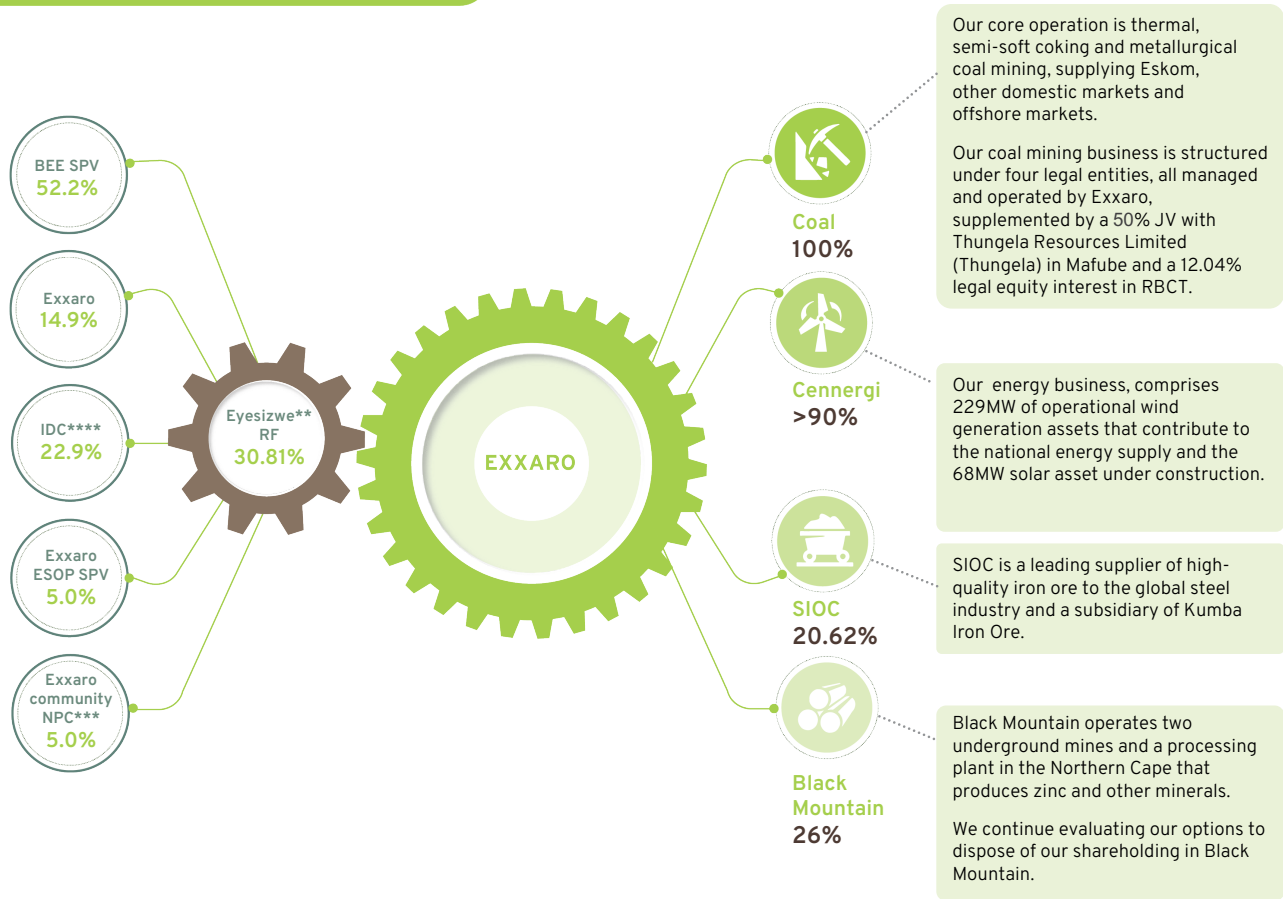
**Sustainable Growth and Impact strategy**  
The Sustainable Growth and Impact strategy is an integrated, multi-stakeholder approach to positioning the business for a resilient and sustainable future.



**Business overview**

<p><b>Assets</b> R92.9 billion at 31 December 2023</p> <p>(2022: R85.1 billion)</p> <hr/> <p><b>Five coal mines*</b></p> <hr/> <p><b>Two windfarms and a solar project under construction</b></p>	<p><b>Coal product</b> 42.5Mt (including buy-ins)</p> <p>(2022: 43.1Mt)</p> <hr/> <p><b>Market capitalisation</b> R71.4 billion</p> <p>(2022: R75.9 billion)</p> <hr/> <p><b>Constituent of the JSE Top 40 Index</b></p>	<p><b>Renewable energy</b> 727GWh</p> <p>(2022: 671GWh)</p> <hr/> <p><b>Responsible business</b> 30.81% black empowered</p> <hr/> <p><b>Among the top 30 in the FTSE/JSE Socially Responsible Investment Index</b></p>
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**Ownership structure**



\* Including one JV, Mafube.  
 \*\* Eyesizwe (RF) Proprietary Limited (Eyesizwe), a special purpose vehicle (SPV) private company, incorporated under South Africa's laws, holds the black economic empowerment (BEE) shares.  
 \*\*\* Exxaro Aga Setshaba NPC (formerly Matla Setshabeng NPC).  
 \*\*\*\* Industrial Development Corporation of South Africa.

For detailed information on our group structure, refer to the 2023 [annual financial statements](#).

Who we are continued

## Our assets

Our diversified asset portfolio comprises interests primarily in thermal coal (where we are among the top three South African coal producers), a growing energy solutions business and equity-accounted investments in ferrous (iron ore) and zinc, among other base metals.

Expanding our business portfolio to include manganese, bauxite, copper, energy and broader energy transition minerals enables our contribution to a more sustainable future and shareholder value enhancement. Our business interests in Europe comprise a marketing and logistics office in Switzerland. A joint operation with Anglo Coal Grosvenor Proprietary Limited, the Moranbah South project, is conducted in Australia.

We are aiming to be carbon neutral by 2050, and are committed to being an active participant in the just transition to a low-carbon economy. The energy solutions business and our scope 1 and 2 emissions reduction efforts are critical activities in this regard. Reduction of scope 3 emissions is a longer-term goal influenced by the country's energy mix.

### Minerals business

Our minerals business comprises coal operations and our equity investments in iron ore and zinc. We have deep roots in mining with a track record of operational excellence and delivering value. Our coal asset base is a key differentiator and critical part of how we create value for our stakeholders.

Only mineral assets with Measured and Indicated Resources are listed in this report. Inferred Resources are reported in the supplementary [CMRR report](#)

#### Snapshot

- Largest high-quality Coal Reserves remaining in the country, providing a platform for early value returns
- One of the largest suppliers of coal to Eskom and ArcelorMittal South Africa Limited
- 42.5Mt of thermal and metallurgical coal product (2022: 43.1Mt), down 1.4% in 2023 – the majority of power station coal is supplied to Eskom
- Grootegeluk is one of the largest integrated mining and beneficiation operations globally, running the largest coal beneficiation complex, and the only producing mine in the coal-rich Waterberg, adjacent to Eskom's Matimba and Medupi power stations
- As at 31 December 2023, we invested R2.4 billion in sustaining our coal business (2022: R1.6 billion)



### Energy business

In line with our goals to decarbonise and diversify, Exxaro's energy business comprises interests in energy through our wholly owned subsidiary, Cennergi. This business supports Exxaro's ambition of generating 1.6GW of power by 2030 and includes supporting our current coal and future minerals operations through self-generation and providing energy to external customers in mining and select markets.

Cennergi is a southern African-based independent power producer (IPP) that focuses on developing, constructing and operating energy assets. Cennergi has two operational wind assets (the Tsitsikamma community and Amakhala Emoyeni windfarms).

Once operational, the LSP will supply solar energy to Grootegeluk, reducing the operation's carbon footprint and electricity costs. A pipeline of opportunities continues to be developed by the energy business for Exxaro and external offtake.

#### Snapshot

- Cennergi's operating wind assets generated 727GWh of electricity (2022: 671GWh) – an 8% increase due to improved wind conditions, despite the 15GWh generation loss at one of the wind facilities due to an Eskom distribution line fault that occurred earlier in the year
- The LSP at Grootegeluk reached financial close on 29 June 2023 under a 25-year power purchase agreement with Exxaro Coal Proprietary Limited. Construction commenced in 2023 and commercial operation is expected in early 2025. Refer to the case study on page 43 for details
- Cennergi's operating wind asset project financing of R4 348 million (2022: R4 554 million) will mature and be fully settled by the end of 2031. Cennergi's solar asset project financing will mature and be fully settled by the end of 2042



### Limpopo

	1 Grootegeluk complex	2 Thabametsi	3 Belfast
<b>Location</b>	West of Lephalale	West of Lephalale	South of Belfast
<b>Market</b>	Domestic and export	Domestic	Export (alternative domestic)
<b>Product</b>	Thermal and metallurgical coal	Thermal coal	Thermal coal
<b>Coal Resources (inclusive)</b>	<ul style="list-style-type: none"> <li>• Measured: 2 978Mt</li> <li>• Indicated: 967Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Measured: 270Mt</li> <li>• Indicated: 749Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Measured: 98.4Mt</li> <li>• Indicated: 8.0Mt</li> </ul>
<b>Coal Reserves</b>	<ul style="list-style-type: none"> <li>• Proved: 1 971Mt</li> <li>• Probable: 550Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Proved: 130Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Proved: 33.2Mt</li> <li>• Probable: 1.4Mt</li> </ul>
<b>Mining method</b>	Open-cut	Open-cut	Open-cut
<b>Run of mine (RoM)</b>	56.05Mt	0Mt	3.16Mt
<b>Life of mine (LoM)</b>	18+ years*	23 years	10 years

### Mpumalanga

	4 Leeuwpans	5 Matla	6 Mafube JV (50%)
<b>Location</b>	South-east of Delmas	West of Kriel	East of Middelburg
<b>Market</b>	Domestic and export	Domestic (Eskom)	Domestic and export
<b>Product</b>	Thermal coal	Thermal coal	Thermal coal
<b>Coal Resources (inclusive)</b>	<ul style="list-style-type: none"> <li>• Measured: 63.4Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Measured: 634Mt</li> <li>• Indicated: 92Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Measured: 141.0Mt</li> <li>• Indicated: 2.2Mt</li> </ul>
<b>Coal Reserves</b>	<ul style="list-style-type: none"> <li>• Proved: 30.5Mt</li> <li>• Probable: 3.3Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Proved: 126Mt</li> <li>• Probable: 31Mt</li> </ul>	<ul style="list-style-type: none"> <li>• Proved: 82.6Mt</li> <li>• Probable: 32.0Mt</li> </ul>
<b>Mining method</b>	Open-cut	Underground	Open-cut
<b>RoM</b>	4.82Mt	6.01Mt	4.79Mt
<b>LoM</b>	6 years	1+ years*	20 years

\* Adequate Reserves well beyond expiry of mining right.



### Australia

#### 7 Moranbah South project (50%)

**Phase:** Undertaking prefeasibility study to inform decision for development prospects.  
**Location:** Queensland, Australia  
**Market:** Export  
**Product:** Coking coal  
**Coal Resources:**

- Measured: 484.6Mt
- Indicated: 226.0Mt

### Eastern Cape

	8 Tsitsikamma community	9 Amakhala Emoyeni	10 LSP
<b>Location</b>	Near Tsitsikamma	Near Bedford and Cookhouse	Lephalale
<b>Product</b>	Wind energy	Wind energy	Solar energy
<b>Capacity</b>	95MW	134MW	68MW
<b>Equipment</b>	31 x 3.1MW turbines	56 x 2.4MW turbines	
<b>Performance</b>	Adjusted P50 in the long term	Adjusted P50 in the long term	Reached financial close June 2023
<b>Customer</b>	Eskom	Eskom	Exxaro Coal Proprietary Limited (Grootegeluk)
<b>Commercial operation</b>	2016	2016	2025
<b>Power purchase agreement</b>	20 years	20 years	25 years
<b>Shareholding</b>	Cennergi (75%), RE Times (16%) and the Tsitsikamma Development Trust (9%)	Cennergi (95%), Cookhouse Community Trust (2.5%) and the Bedford Community Trust (2.5%)	Cennergi (100%)