

Exxaro Resources Limited

Integrated report
for the year ended
31 December 2023


exxaro


POWERING POSSIBILITY




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Navigating this report


We use icons to show:


 Read more online at 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:

 Environmental, social and governance (ESG) 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 integrated report, which explains how we are building momentum and increasing our resilience in a turbulent macro-economic climate in line with our ambition to achieve sustainable growth and impact.

Dr Nombasa Tsengwa
Chief executive officer (CEO)



The previous year laid bare the intricate tapestry of challenges that define our times – from geopolitical upheaval to the tenuous responses of global markets to surging inflation and shifting energy paradigms.

As the clarion call for a sustainable future grows louder, we recognise our dual imperative: to bolster energy security by ensuring a reliable coal supply and to navigate our strategic transition towards cleaner energy. This commitment is crucial, not just for maintaining the reliability of our nation's energy supply but as a cornerstone for supporting South Africa's economic growth and prosperity.

We aim to grow from the exceptional business we have developed over the past 18 years, continuously building momentum and resilience for sustainable growth and impact. Our rich history is the foundation for our progress, moving from a past focused solely on mining to embracing the energy landscape of the future with an approach that emphasises energy security, endorses resources for a cleaner world and supports a just transition to a carbon-neutral future by 2050.

To support this forward-looking approach, we meticulously evaluated our Sustainable Growth and Impact strategy during the year regarding its progress, timing and scenario planning. This included endorsing a unified ESG framework, developing an ESG policy and enhancing our strategic approach to sustainability. The creation of a strategic performance management dashboard further amplifies the visibility of strategy execution.

Our energy initiatives and the strategic selection of minerals for diversification reflect our proactive approach to the global energy transition and our contribution to a carbon-neutral future. The lessons learned over the past two years in evaluating potential opportunities in critical minerals and energy have refined our approach, ensuring expansion efforts are well considered and aligned with our core sustainability and value creation principles. These experiences have reinforced our commitment to resilience – withstanding market pressures and preparing to capitalise on opportunities with agility and foresight.

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. This roadmap, in its mature phase, outlines the actions that will guide the group towards a sustainable transition, anticipating more stringent environmental regulations. Our Lephalale solar project (LSP) is a tangible representation of our commitments and is poised to deliver a 27% reduction in scope 2 emissions on completion. This project complements our core coal business and reflects our comprehensive approach to energy provision.

Looking ahead

We stand ready to apply our learnings 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

Exxaro's integrated report for the year ended 31 December 2023 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 2023 to 31 December 2023 (the 2023 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 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, namely Mafube Coal Proprietary Limited joint venture and Moranbah South project (joint operation)

Reporting boundary

(risks, opportunities and outcomes)

- **Strategy** (page 47)
- **Business model** (page 20)
- **Operational performance** (page 90)
- **Material matters** (page 24)
- **Risks and opportunities** (page 28)
- **Governance** (page 55)
- **Stakeholders** (page 39)
 - Government and regulators
 - Employees and labour unions
 - Communities
 - Investors
 - Suppliers
 - Customers
 - Civil society
 - Others

Financial reporting entity
(control and significant influence)



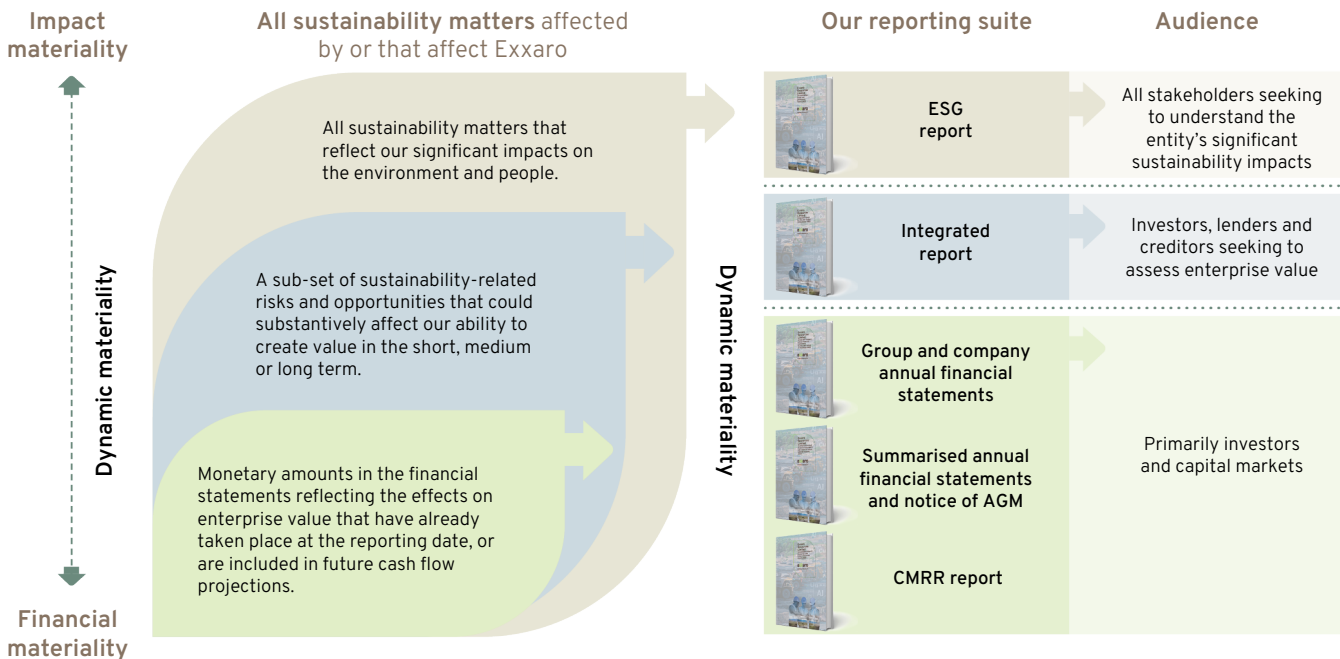
- Subsidiaries
- Joint arrangements
- Investments

Materiality

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).

- We group these material matters (page 24) into themes that link to the resources we use and affect.

Only 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 reported on in our integrated report. We understand, however, that sustainability issues can shift between impact and financial materiality. We therefore conduct an annual materiality determination process to assess this movement.



Integrated thinking

Our belief in sustainable value creation is inspired by carefully considering the relationship between the resources we use and affect and potential trade-offs 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 this report's value creation message, content and structure. This is supported by the information outlined in our ESG report, detailing our performance against our ESG commitments.

As part of embedding ESG into the business, we voluntarily endorse the United Nations (UN) 17 Sustainable Development Goals (SDGs). We also participate in the National Business Initiative 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 materially impacts are highlighted in colour.



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®) 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	x	x	x	x
Global Reporting Initiative standards (elements of the ESG report are cross-referenced for a broader perspective)	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



KPMG provided independent reasonable assurance over key sustainability information in the ESG report. The assurance report is available on page 190 of the ESG report.

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 of 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
Geraldine Fraser-Moleketi Lead independent non-executive director	Karin Ireton Independent non-executive director	Ben Magara Independent non-executive director
Billy Mawasha Independent non-executive director	Nondumiso Medupe Independent non-executive director	Dr Phumlá Mnganga Independent non-executive director
Nosipho Molope Independent non-executive director	Chanda Nxumalo Independent non-executive director	Peet Snyders Independent non-executive director
Isaac Malevu Non-executive director	Likhapha Mbatha Non-executive director	Zwelibanzi Mntambo Non-executive director
Mandlesilo Msimang Non-executive director		

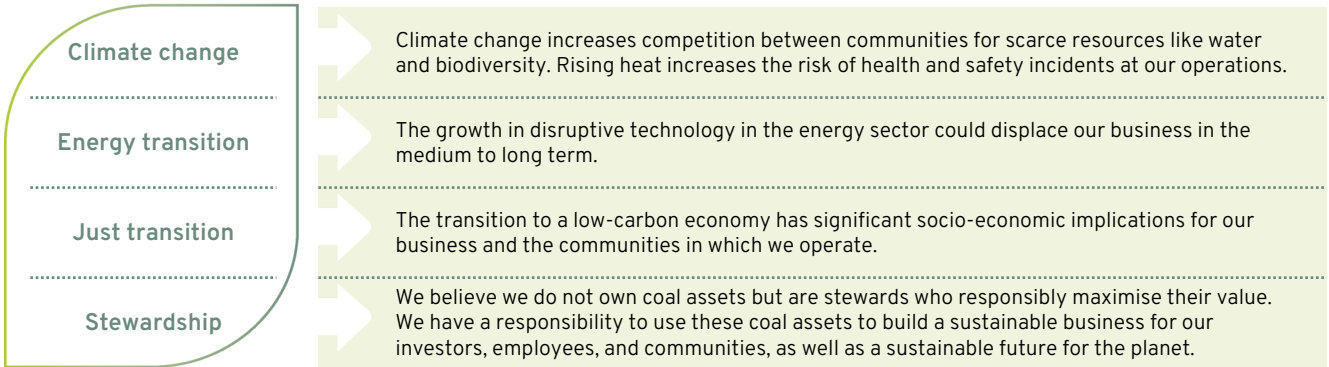
10 April 2024

Delivering sustainable value creation

In line with our 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.

Long-term forces shaping our way forward...

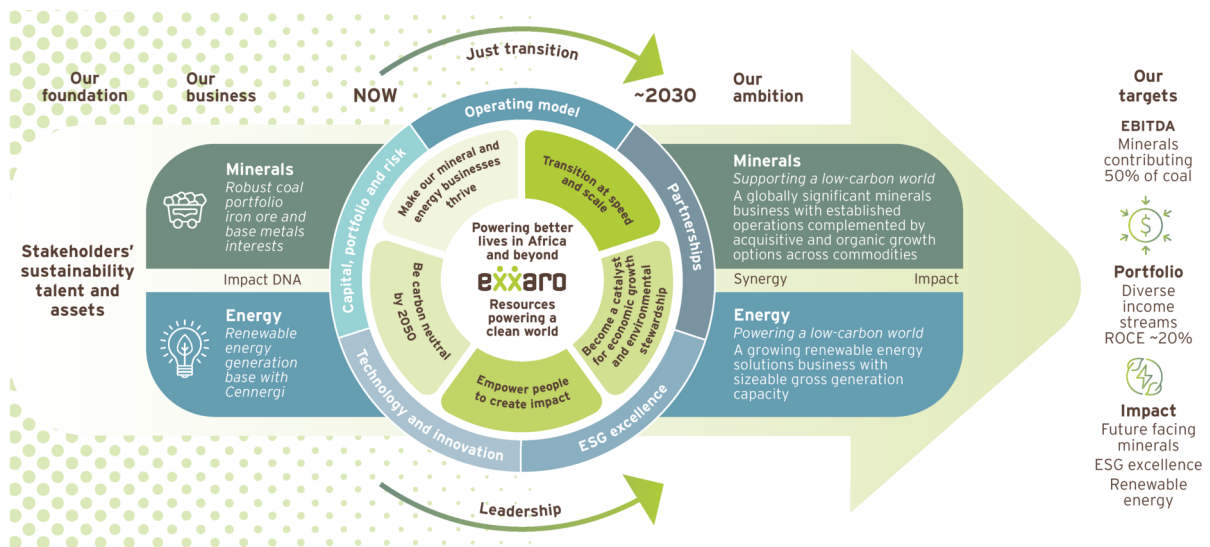
We must balance South Africa's socio-economic development, which relies on coal-generated power, with supporting the transition to a low-carbon economy. These major changes will raise future challenges and increase external risks for those who do not adapt. They will also present significant opportunities for those who can evolve.



...unfolding within our context



We are navigating the tension between a rapid energy transition and a just, equitable shift that benefits all stakeholders through our responsive strategy...






... that positions Exxaro for sustainable growth and impact.

Delivering value through purpose...

Our purpose is the reason we exist. It guides our long-term decision making and daily actions. To achieve our purpose, we must deliver on three core areas of value. These are the linchpins of our relevance and sustainability as a business. Value for Exxaro is therefore inextricably tied to our ability to achieve these aims:



For each stakeholder group, we also aim to create and preserve relevant value:

-  [Engaging our stakeholders](#) (page 39)
-  [Building resilience through governance](#) (page 55)
-  [Our performance](#) (page 82)

Government and regulators – driving sustainable development

We create value for the governments and regulators in the regions where we operate through transparent operations that contribute to economic growth and energy access, and collaborate on projects echoing national and regional energy strategies and sustainability objectives.

Employees – powering possibility

We empower our employees with opportunities for career growth, equitable compensation, and a safe work environment. We are also committed to delivering resources to power a clean world, resonating with our people’s aspirations for a sustainable future.

Communities – nurturing resilience and socio-economic growth

By integrating community needs into our operational strategy, we aim to foster sustainable growth and a resilient socio-economic structure that supports community prosperity and our business’s sustainability. Our initiatives are tailored to support a just transition to a sustainable future, creating employment and reskilling opportunities for communities living in and around our operations.

Customers – energising progress

We deliver value through our early value strategy and our market to resource strategy to meet our customers’ needs while contributing towards energy security in South Africa and beyond. We also seek to supply minerals and energy that enable the energy transition, nurturing trust-based, innovative partnerships that support our collective vision for sustainable development.

Investors – investing in tomorrow

We are bolstering the energy sector while strategically decarbonising to augment our coal business’s competitive edge and longevity. Our diversification into key minerals and energy underpins a sustainable development vision. This strategic direction strengthens trust and delivers long-term value to investors through responsible growth and investment in the future.

Suppliers – strengthening supply chain sustainability

In our approach to supplier engagement, we focus on local procurement, which supports community businesses and aligns with our sustainability goals by reducing logistical impacts. This not only strengthens local economies but also fosters deeper community ties. Concurrently, we are dedicated to enhancing our supply chain’s robustness and reliability, which we achieve by investing in our suppliers’ capabilities and advocating for best practices. Additionally, our suppliers are integral to our decarbonisation journey. We educate them on climate change, carbon pricing, and adaptation strategies, deepening their understanding and encouraging active participation in climate resilience and mitigation efforts.

Environment – sustaining environment

We minimise our environmental impact through responsible mining practices, investment in renewable energy initiatives, and a deep commitment to biodiversity and the natural world.

Snapshot of our long-term value creation

For the past five years, Exxaro has demonstrated our commitment to creating and preserving value for our stakeholders. By practising environmental and social stewardship, supported by good governance structures, we ensure the sustainability of our business and create value over time.

Since 2019...

