

Exxaro Resources Limited

Environmental, social
and governance report
for the year ended
31 December 2023

exxaro

POWERING POSSIBILITY



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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

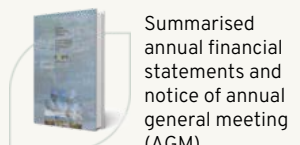
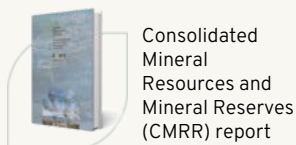
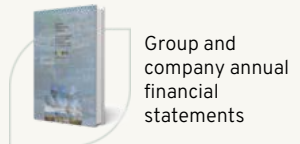
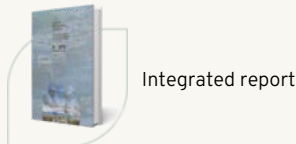
 Manufactured


 Intellectual

 Financial

Reporting suite

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



 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 [®]) 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	Material matters	Detailed disclosure
	<p>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.</p>	<ul style="list-style-type: none"> Country risk Supporting a just transition to a low-carbon economy Commodity price risk Macro-environment Geopolitical context 	<ul style="list-style-type: none"> Our approach to ESG (page 9) Integrated report (page 25)
	Driving business resilience	Material matters	Detailed disclosure
	<p>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.</p>	<ul style="list-style-type: none"> Financial performance and resilience Capital allocation Supply chain and logistical impediments Cyber risk Innovation and digitalisation 	<ul style="list-style-type: none"> Integrated report (page 26)
	Executing our strategy	Material matters	Detailed disclosure
	<p>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.</p>	<ul style="list-style-type: none"> Diversify into critical minerals and energy Build a leading global energy solutions business Coal portfolio optimisation 	<ul style="list-style-type: none"> Our approach to ESG (page 9) Integrated report (page 27)
Environment	Responsible environmental stewardship	Material matters	Detailed disclosure
	<p>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.</p>	<ul style="list-style-type: none"> Managing our pollution Carbon emissions reduction Environmental incidents Water stewardship Waste management Impact of climate change Closure planning and rehabilitation management Biodiversity management 	<ul style="list-style-type: none"> Transitioning into a low-carbon business (page 12) Environment (page 32)
Social	Building sustainable communities	Material matters	Detailed disclosure
	<p>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.</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	Material matters	Detailed disclosure
	<p>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.</p>	<ul style="list-style-type: none"> Health, safety and wellness Workforce: culture, capability, diversity, inclusion, attraction and retention of key skills, and innovation Labour relations 	<ul style="list-style-type: none"> Stakeholder-inclusive approach (page 24) Building momentum with people (page 70)
Governance	Principled governance	Material matters	Detailed disclosure
	<p>We conduct ourselves so as to strengthen our business reputation as a good corporate citizen and bolster our resilience in a changing environment.</p>	<ul style="list-style-type: none"> Transparency, ethics and integrity Risk management Embedding ESG in response to increased regulation and for sustainability Legal, regulatory and compliance excellence 	<ul style="list-style-type: none"> 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.



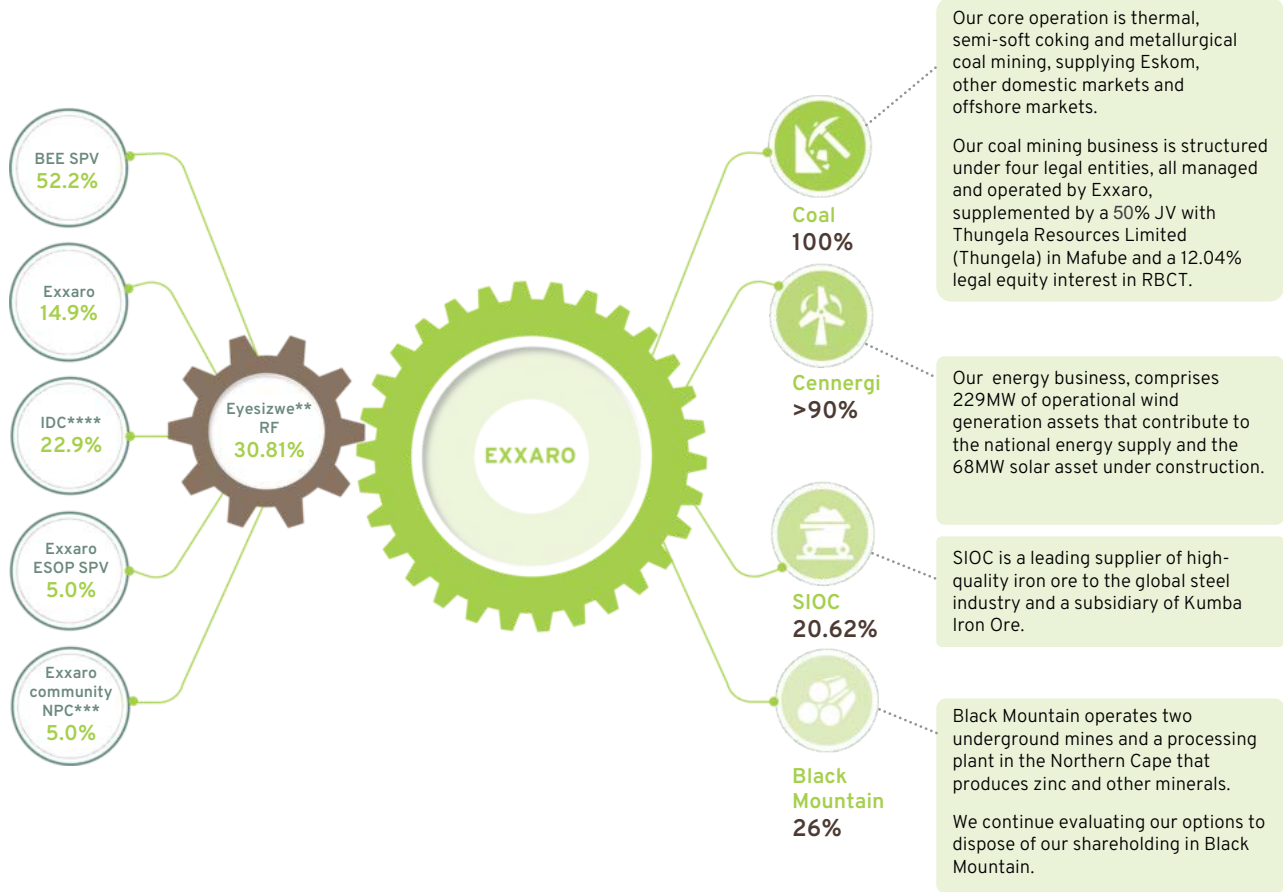
Sustainable Growth and Impact strategy
The Sustainable Growth and Impact strategy is an integrated, multi-stakeholder approach to positioning the business for a resilient and sustainable future.



Business overview

<p>Assets R92.9 billion at 31 December 2023</p> <p>(2022: R85.1 billion)</p> <hr/> <p>Five coal mines*</p> <hr/> <p>Two windfarms and a solar project under construction</p>	<p>Coal product 42.5Mt (including buy-ins)</p> <p>(2022: 43.1Mt)</p> <hr/> <p>Market capitalisation R71.4 billion</p> <p>(2022: R75.9 billion)</p> <hr/> <p>Constituent of the JSE Top 40 Index</p>	<p>Renewable energy 727GWh</p> <p>(2022: 671GWh)</p> <hr/> <p>Responsible business 30.81% black empowered</p> <hr/> <p>Among the top 30 in the FTSE/JSE Socially Responsible Investment Index</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		Mpumalanga	
1	Grootegeluk complex	2	Thabametsi
3	Belfast		
Location	West of Lephalale	West of Lephalale	South of Belfast
Market	Domestic and export	Domestic	Export (alternative domestic)
Product	Thermal and metallurgical coal	Thermal coal	Thermal coal
Coal Resources (inclusive)	• Measured: 2 978Mt • Indicated: 967Mt	• Measured: 270Mt • Indicated: 749Mt	• Measured: 98.4Mt • Indicated: 8.0Mt
Coal Reserves	• Proved: 1 971Mt • Probable: 550Mt	• Proved: 130Mt	• Proved: 33.2Mt • Probable: 1.4Mt
Mining method	Open-cut	Open-cut	Open-cut
Run of mine (RoM)	56.05Mt	0Mt	3.16Mt
Life of mine (LoM)	18+ years*	23 years	10 years

Mpumalanga			
4	Leeuwpaan	5	Matla
6	Mafube JV (50%)		
Location	South-east of Delmas	West of Kriel	East of Middelburg
Market	Domestic and export	Domestic (Eskom)	Domestic and export
Product	Thermal coal	Thermal coal	Thermal coal
Coal Resources (inclusive)	• Measured: 63.4Mt	• Measured: 634Mt • Indicated: 92Mt	• Measured: 141.0Mt • Indicated: 2.2Mt
Coal Reserves	• Proved: 30.5Mt • Probable: 3.3Mt	• Proved: 126Mt • Probable: 31Mt	• Proved: 82.6Mt • Probable: 32.0Mt
Mining method	Open-cut	Underground	Open-cut
RoM	4.82Mt	6.01Mt	4.79Mt
LoM	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		Limpopo	
8	Tsitsikamma community	9	Amakhala Emoyeni
10	LSP		
Location	Near Tsitsikamma	Near Bedford and Cookhouse	Lephalale
Product	Wind energy	Wind energy	Solar energy
Capacity	95MW	134MW	68MW
Equipment	31 x 3.1MW turbines	56 x 2.4MW turbines	
Performance	Adjusted P50 in the long term	Adjusted P50 in the long term	Reached financial close June 2023
Customer	Eskom	Eskom	Exxaro Coal Proprietary Limited (Grootegeluk)
Commercial operation	2016	2016	2025
Power purchase agreement	20 years	20 years	25 years
Shareholding	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%)

ESG in context

Exxaro's business activities impact our people, the environment and broader society. We have a responsibility to reduce our negative impacts, increase our positive impacts, and ultimately create mutually sustainable value for stakeholders and ourselves.

The challenges facing our macro-environment influence how we manage our ESG impacts. These challenges include operating in South Africa (energy security, failing infrastructure, water scarcity and socio-economic development) and the mining industry (a socially and environmentally impactful industry), and being a critical supplier to South Africa's coal-based energy provider, Eskom.

Our approach to ESG is guided by our Sustainable Growth and Impact strategy, ensuring we deliver measurable results and impact considering our stakeholders' needs and concerns.

- 9 Our approach to ESG
- 12 Transitioning into a low-carbon business
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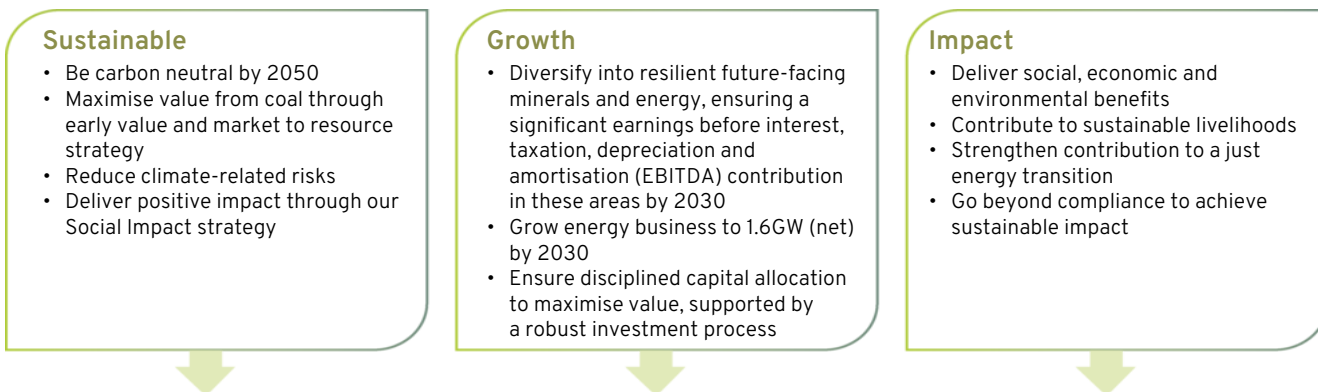


Our approach to ESG

In delivering on our purpose of powering better lives in Africa and beyond, we strive to protect the natural ecosystems on which we rely and build a better future for our people.

We recognise that our activities have a negative impact on these natural ecosystems. It is therefore critical for us to manage and mitigate these while maximising and expanding our positive impact – creating shared value while ensuring the sustainability of our business.

Our [Sustainable Growth and Impact strategy](#) (unpacked in our integrated report) is an integrated, multi-stakeholder approach to positioning the business for a resilient and sustainable future. We are transforming the business at prudent scale, evolving into a diversified company that will thrive and contribute to a low-carbon future. We aim to do this responsibly by addressing our broader impact and material ESG and compliance matters.



Strategic objectives

- Transition at speed and scale
 - Make our minerals and energy businesses thrive
 - Empower people to create impact
- Be carbon neutral by 2050
 - Become a catalyst for economic growth and environmental stewardship

Our ESG objectives support the achievement of our strategic objectives

Exxaro's strategy considers ESG matters across the asset, portfolio and enterprise levels. By embedding ESG into our strategy, processes and capital allocation model, we are building momentum and resilience for sustainable growth and impact in a just, sustainable and responsible manner.

Environment	Social	Governance
Decarbonisation and resilience	Health and safety	King IV and TCFD
Rehabilitation programme	Social (sustainable) impact	Ethical practices and anti-bribery and corruption
Biodiversity management	Human rights	Governance framework
Energy and water management	DEI	Capital allocation framework
Waste management	Land management	Compliance and risk management
Strategic partnerships	Partnerships and funding	Board composition

Our ESG policy sets out the principles that inform our approach to ESG matters and describes our commitment to sustainability and maintaining sound governance procedures. It outlines the actions we are taking to embed ESG in our organisation. It also informs stakeholders about our commitment to responsible investment practices as we integrate ESG considerations into our investment decisions and management processes. The development of our ESG policy is at an advanced stage and will be completed in 2024.

We adopt a [stakeholder-inclusive approach](#) (page 24), as stakeholders are a critical enabler of our sustainable development and business success. We collaborate, engage and partner with key stakeholders in achieving our goals and implementing initiatives. Each section under the environment and social chapters includes this information.

Our approach to ESG is embedded in how we are [transitioning into a low-carbon business](#) (page 12) – responding to climate change by transforming the business in a systematic and responsible manner.

To ensure we effectively respond to ESG matters and improve our performance, we are conducting a baseline assessment and gap analysis of our ESG projects and initiatives. The assessment will be completed by the end of 2024.

Our approach to ESG continued

What drives our approach

Exxaro voluntarily endorses the United Nations (UN) 17 SDGs. We also participate in South Africa's National Business Initiative (NBI) 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.

- We will be setting targets aligned with the SDGs for our **Social Impact strategy** (page 94) once we complete a baseline assessment of community needs for the three impact pillars in 2024.













The SDGs that Exxaro materially impacts are highlighted in colour.



Supporting global decarbonisation and energy transition objectives

Exxaro's climate change position statement unpacks our journey to be carbon neutral by 2050, and our Climate Change Response strategy explains how we aim to achieve this and our efforts to build portfolio resilience in line with our Sustainable Growth and Impact strategy. We will be updating our response strategy and position statement in 2024 to consider new developments in the climate change space.

Supporting global best practice and recommendations

		Further reading
 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	We support TCFD recommendations and align our reporting and business processes accordingly. Our Climate Change Response strategy also aligns with TCFD recommendations.	 TCFD index (databook)
 UN CLIMATE CHANGE CONFERENCE UK 2021	We participated in the UN Climate Change Conference of the Parties (COP28).	 Climate change adaptation and resilience (page 36)
 United Nations Global Compact	We are a signatory to the UNGC Active level and support the 10 principles.	 2021 UNGC COP (investors tab under integrated reports 2021)  Respecting and upholding human rights (page 108)
 CDP	Exxaro participates in the CDP climate change, forestation and water programmes.	 Climate change adaptation and resilience (page 36) and water security (page 50)
Target setting and remuneration	Our executive remuneration includes material ESG targets for water and energy efficiency.	 Remuneration report (page 168)
Performance incentives	Our group short-term incentive (STI) and long-term incentive (LTI) schemes incentivise delivery against key financial, operational and ESG goals aligned to approved annual business plans.	 Governance (page 112)
Group-wide ESG policies, procedures, strategies and frameworks	We are guided by umbrella and respective ESG policies, procedures, strategies and frameworks that support our approach to ESG management and performance.	 Environment (page 32), social (page 67) and governance (page 112)

Responding to evolving ESG priorities

The global imperative for companies to enhance their ESG practices and report on their impact timeously and transparently has gained significant traction and prominence. These are driven by international bodies and include the recent formulation of the IFRS[®] Sustainability Disclosure Standards – focusing on the quality and comparability of ESG data; and are the focus of annual summits, such as COP28 in Dubai. Exxaro remains vigilant in understanding and aligning to these requirements. Current areas of focus in this regard include:

- **Scope 3 emissions** occur outside of our direct control. Over 98% of our scope 3 emissions emanate from the generation of power by Eskom using Exxaro coal. Although Exxaro will not set targets for scope 3 emissions currently, we are pursuing opportunities to monitor and manage scope 3 emissions for our customers and suppliers (including inbound and outbound logistics); prioritising green procurement of goods and services; contributing to research and development on decarbonisation technologies and reduction of emissions related to employee travel. More importantly, our strategy to diversify to low-carbon transition minerals and growing our energy business will be key in addressing our scope 3 emissions and ensuring our contribution to the just energy transition
- **Responding to industry challenges**, such as criteria for measuring and quantifying emissions from discard dumps, carbon pricing, eg the European Union (EU) Carbon Border Adjustment Mechanism. Exxaro is also an active member and contributor to discussions on overcoming the current energy security challenges facing business and other stakeholders

Governing our ESG approach and performance

The board is ultimately responsible and accountable for the delivery of ESG commitments. The board is supported by:

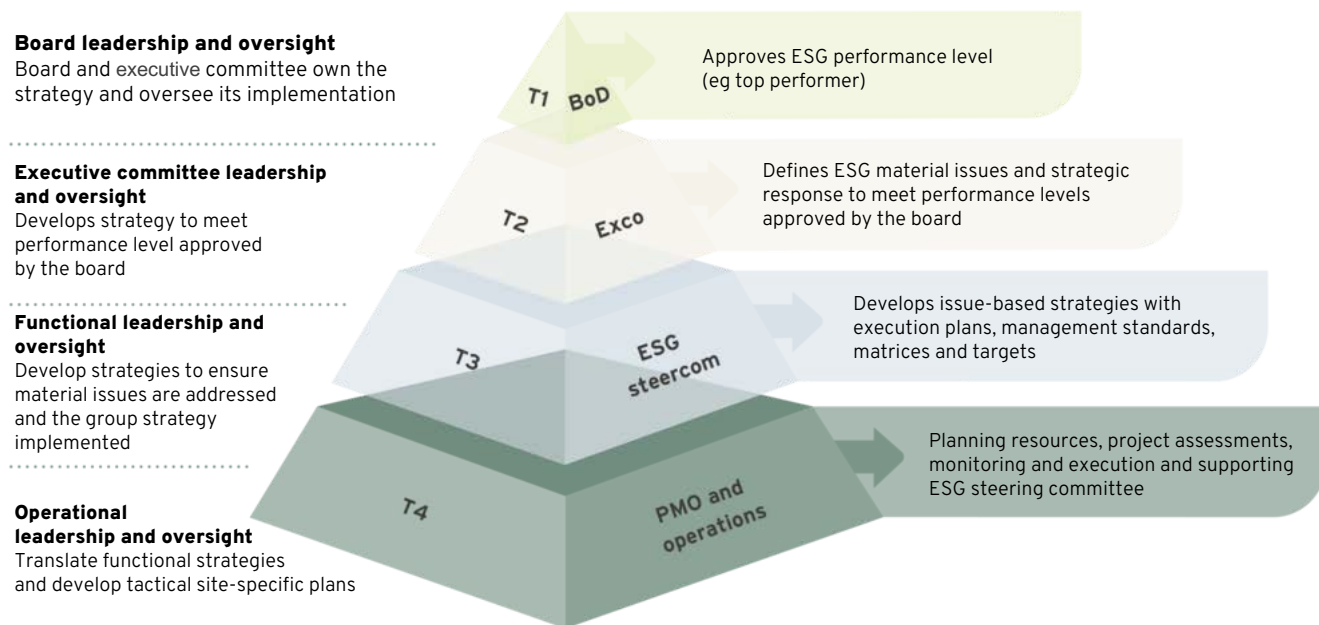
- The risk and business resilience (RBR) committee for environmental and climate change impact and management
- The social, ethics and responsibility committee (SERC) for the oversight of:
 - Compliance with its statutory duties and best practice, including environment, health and safety
 - Impact on planet, people and prosperity ensuring the group’s conduct is congruent with being a responsible corporate citizen
 - Stakeholder management and ethics management
 - Working conditions, relationships and development of our people
 - Community support and development

Implementation is overseen by the relevant executive leadership and operationalised by business unit (BU) managers.



Refer to the [governance](#) section (page 112) for details on board committee mandates and management.

Tiered ESG governance framework across the organisation



The ESG steering committee is a committee of the group executive committee. Established in 2022, the committee’s role is to support Exxaro’s ongoing commitment to ESG, sustainability and other relevant public policy matters. The ESG steering committee ensures integration of ESG as part of our strategy, and that we consciously embed ESG into everything we do. Exxaro’s ESG portfolio management office (PMO) monitors execution and drives accountability across the organisation. To ensure the PMO’s success and management of multi-stakeholder organisational change, we are aligning the right resources and necessary skills sets, which include project management, risk management, systems and assurance, financial management and internal ESG experts. The key objective is to ensure that ESG-related goals and targets fit into the organisation’s strategic objectives.

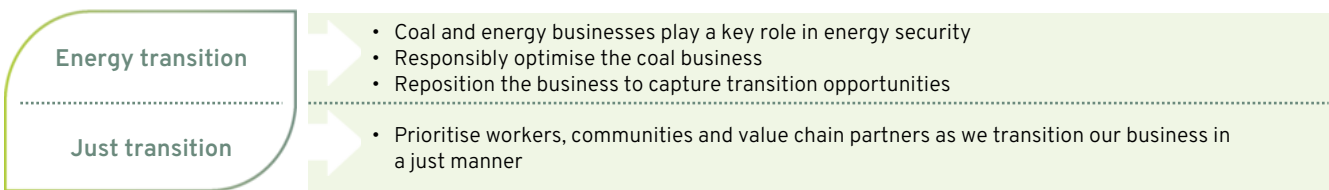
The committee and PMO drive ESG implementation and ensure decarbonisation and other critical ESG factors are integrated across all business levels. The committee is also responsible for reviewing the decarbonisation project business cases, monitoring budget spent and advising the technical team on further risk mitigation.

The ESG steering committee reports to the group executive committee on ESG performance, measurement and improvements.

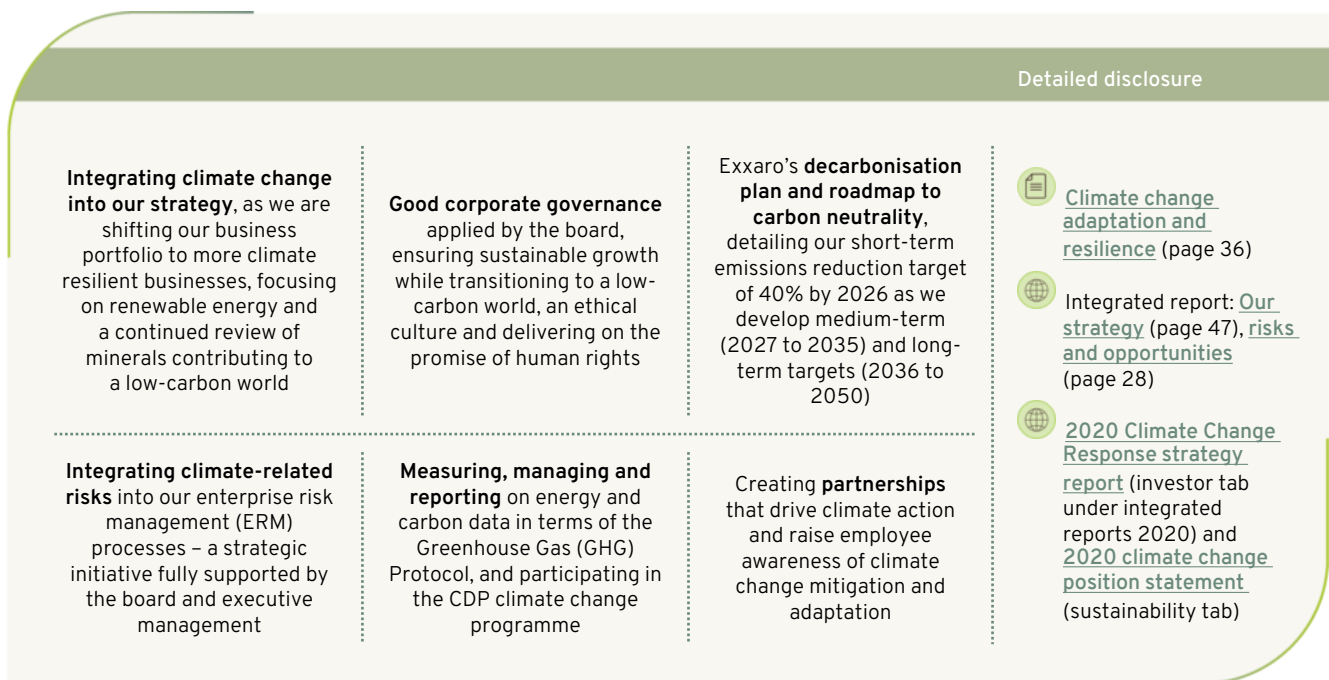
Transitioning into a low-carbon business

Transitioning Exxaro into a resilient, diversified resources company and decarbonising our portfolio are direct responses to the threat of climate change. Our transition from a coal base to a minerals and energy solutions business will ensure we thrive in a low-carbon future and enhance our social impact.

Our goal is to be carbon neutral by 2050. To achieve this, we deliver on our Sustainable Growth and Impact strategy while leveraging opportunities, managing risks, adapting and responsibly operating in a carbon-constrained economy. Responding to the energy and just transitions is a critical factor of our strategy.



Our commitment to climate change and decarbonisation is embedded in our ESG approach and impacts all our business activities. Transitioning our business is guided, informed and executed by:



Integrating climate change into our strategy

Climate change is one of the forces that shaped our strategy. We conducted a detailed scenario analysis that considered various parameters, assumptions and the resilience of our strategy to climate-related risks and opportunities in line with the TCFD recommendations. These included the transition to a lower-carbon economy consistent with a 2°C or lower scenario, impact of carbon pricing and increased physical climate-related risk management to ensure business resilience under these scenarios.

We published our Climate Change Response strategy and assessment on our alignment with the TCFD recommendations in our 2020 Climate Change Response strategy report. The TCFD provides a strategic framework for guiding our Climate Change Response strategy. This supports our overarching Sustainable Growth and Impact strategy through three of the five objectives:

- Transition at speed and scale
- Be carbon neutral by 2050
- Empower people to create impact

Governance oversight of climate change

Our board and its committees are ultimately accountable and responsible for responding to climate change. Therefore, to ensure management addresses climate change, among other material ESG matters, and ensures integrated business processes and responses, the board's responsibilities and activities include:

- Ensuring Exxaro remains sustainable in a carbon-constrained environment
- Strategically ensuring climate change issues are addressed from a corporate governance perspective
- Providing oversight of pathways management should follow to remain sustainable in a dynamic climate policy environment and economy with an objective to transition to a low-carbon world
- Considering climate change when reviewing and guiding strategy, major business plans, capital allocation, risk management, annual budgets and business plans
- Setting the organisation's climate change-related performance objectives, and monitoring their implementation and performance

Our board and management monitor our performance against climate change goals as part of the regular internal reporting process. Additional sessions inform our board and management of emerging trends, risks and opportunities. Climate change matters that relate to committees' terms of reference are reported as part of each committee's annual work plan.

The board has delegated responsibilities for ongoing management of risks and opportunities to the RBR committee and oversight of the manner in which we have an impact on the planet, including climate change, to the SERC. These committees meet quarterly and review progress in mitigation, adaptation, leveraging of opportunities and community engagements.

The ESG steering committee aims to enhance our effectiveness as we gear up for our transition, and coordinates our internal and external responses. To ensure alignment with our carbon emissions reduction goals, the ESG steering committee monitors initiatives based on our ESG strategies. This helps us understand risks and opportunities so that our operations can focus on managing energy consumption, carbon emissions and other climate-related matters. In addition, our multi-functional decarbonisation and ESG technical committees support the ESG steering committee.

Our board and management are committed to understanding and embracing the science behind climate change.

CASE STUDY:

Partnering for impact and sustainable livelihoods

Adaptation to the impacts of climate change is a key component of the long-term global response to climate change to protect people, livelihoods and the environment.

As a business that places sustainability at the core of what we do and the realisation that collective action and collaborations are crucial for climate mitigation and adaptation, we signed a landmark memorandum of understanding (MoU) with the Agricultural Research Council, a science institution that conducts research with partners, develops human capital and fosters innovation to support the agricultural sector. This partnership is key, especially given the negative impacts of climate change on food, water security and sustainable livelihoods and will address the following issues:

- Research on sustainable and climate smart agriculture
- Livestock production and land use management
- ESG and climate change in line with the SDGs
- Socio-economic development in the context of secondary agriculture and value addition
- Innovative partnerships for socio-economic impacts, including technology and information dissemination
- Human capital development to facilitate development through community-based agricultural enterprises
- Creating an enabling environment for commercialisation of emerging livestock industries

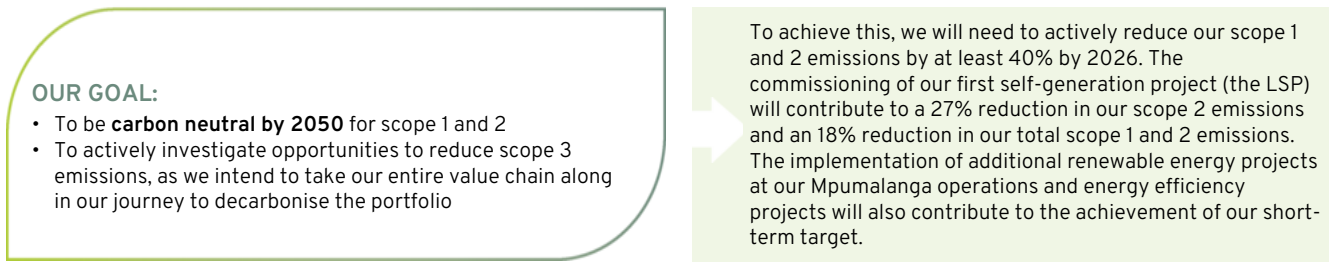
It is envisaged that these initiatives will not only have economic benefits for communities and South Africa, but will also contribute to increasing the adaptive capacity and resilience of communities in the face of climate change.

The signing of this MoU with the Agricultural Research Council reflects our commitment to contribute to the just transition in South Africa and beyond, and contribution to global climate adaptation efforts, especially given the focus on agriculture and food systems during COP28, which culminated in a COP28 Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action. This declaration indicates, among other issues, that the unprecedented adverse impacts of climate change are increasingly threatening the resilience of agriculture and food systems as well as the ability of many, especially the most vulnerable, to produce and access food. The declaration also recognises the profound potential of agriculture and food systems to drive powerful and innovative responses to climate change and to unlock shared prosperity.

Our objective is to continue prioritising strategic partnerships as we navigate towards the achievement of our business, climate change response and ESG strategies. We will also leverage the expertise of our partners to create impact and sustainable livelihoods for our communities.

Transitioning into a low-carbon business continued

Our decarbonisation plan



Focus areas to meet our goal



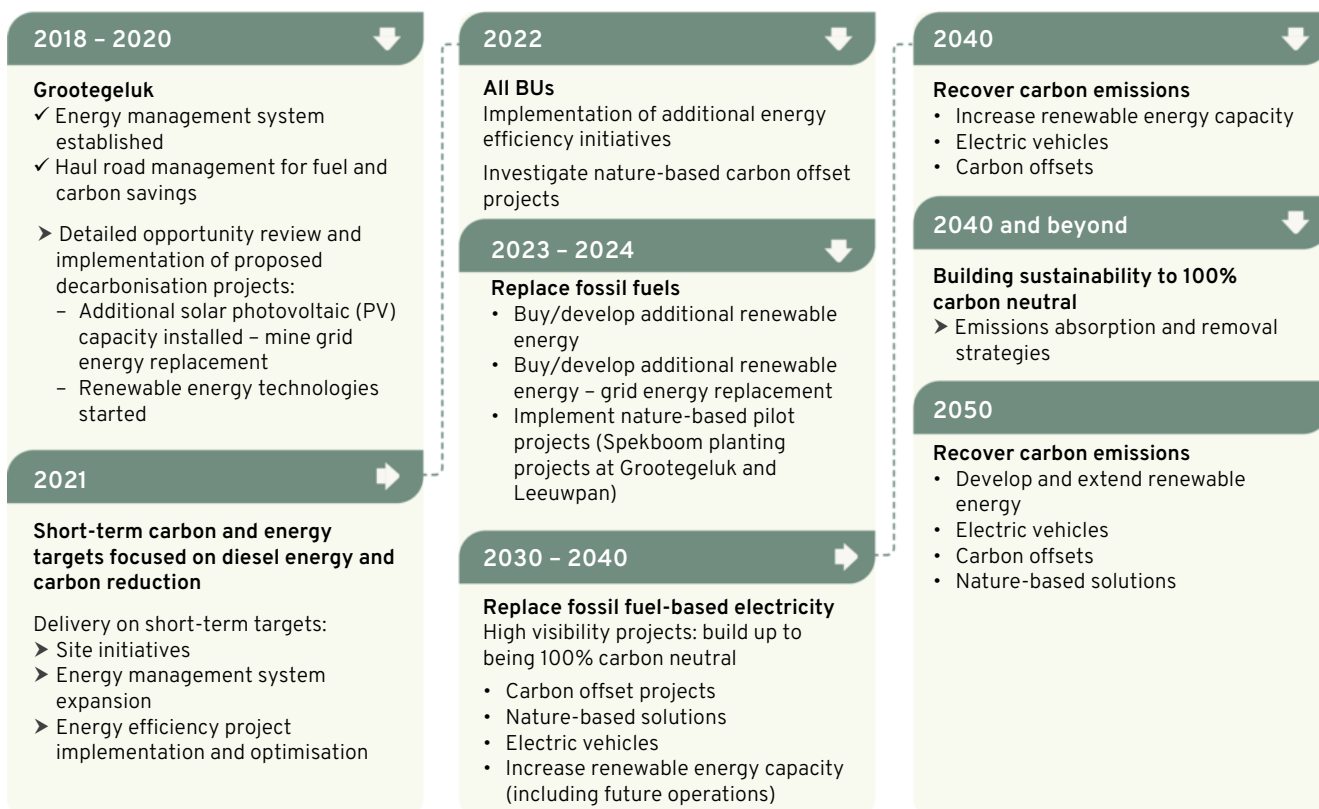
Our decarbonisation workstreams

To deliver these focus areas, Exxaro established a decarbonisation project management office and interconnected workstreams. Each has a clear mandate and ownership at executive level to ensure accountability and delivery.

<p>Portfolio optimisation</p> <p>Integrate carbon neutral KPIs in organisational portfolio and capital allocation decisions</p>	<p>Sustainable impact optimisation</p> <p>Investigate how the decarbonisation plan can be integrated into our community development projects</p>
<p>Technology optimisation</p> <p>Investigate climate-smart technologies to reduce water, energy and waste risk, and develop an implementation approach for the group</p>	<p>Land assets optimisation</p> <p>Investigate our GHG exposure for agriculture, forestry and other land use sectors, and develop a decarbonisation plan that considers future land use activities</p>
<p>Carbon financial instrument</p> <p>Investigate global and local climate financing, and determine how to leverage our decarbonisation plan</p>	<p>Legal review</p> <p>Develop a legal review instrument to track climate legislation across jurisdictions which influence and impact on Exxaro</p>
<p>Supply chain optimisation</p> <p>Identify climate change risks and opportunities within our inbound and outbound logistics, and develop a mitigation plan</p>	<p>Training and awareness</p> <p>Work with the Exxaro university chairs to develop tailored climate change training and awareness material for employees and communities</p>
<p>Operation optimisation</p> <p>Support the streams by coordinating operational teams to provide data and develop site-specific execution plans</p>	<p>Marketing and logistics</p> <p>Engage and collaborate with end-customers to reduce our scope 3 emissions through optimising routes to reduce distance travelled, adopting more energy-efficient modes of transportation, improving the energy efficiency of transport vehicles and sourcing consistent and accurate data for quantifying emissions</p>
<p>System modelling stream</p> <p>Work closely with the stream lead and technical committee to develop a system-based decarbonisation model that will integrate all internal and external dimensions to support operational and strategic decision making for the group</p>	<p>Risk and audit stream</p> <p>Work closely with the stream lead and technical committee to ensure risks are accounted for from a strategic decision-making point of view for the group and data is transparent and auditable</p>

Our roadmap to becoming carbon neutral

Short-term carbon and energy targets focused on diesel energy and carbon reduction



✓ Complete ➤ Progress

Our strategy to diversify through investments in our low-carbon transition minerals and grow our energy business is key to addressing the impacts of climate change and reducing our scope 3 emissions. In addition, we have formed a strategic partnership with the Council for Geoscience on carbon capture, storage and utilisation technology to address our scope 3 emissions, of which over 98% are due to the use of our sold product during power generation. Despite the challenges, we continue to work with our value chain partners to provide carbon-neutral goods and services through our green procurement programme (energy efficiency and resource sourcing, environmental preferable sourcing and reverse logistics).

Managing climate change-related risks

Climate-related risks and opportunities are considered as part of our ERM processes, which strive to embed risk management into existing processes to support informed decision making. We conducted a detailed climate change scenario analysis in 2019 and 2020 to identify these risks and determine their relative significance. These risks remain relevant to our context. However, we aim to leverage opportunities such as resource efficiency at our operations, growing our energy business, self-generation projects, investments in low-carbon transition minerals and developing adaptive capacity to respond to climate change at our operations and host communities.



Our response to these risks are unpacked in the [2020 Climate Change Response strategy report](#) (investor tab under integrated reports 2020) and [2020 climate change position statement](#) (sustainability tab).

Transition risks	
Credit and insurance risk	1
Carbon pricing risk	2
Market risk	3
Reputation risk	4

Physical risks	
Water security risk	5
Risk of heatwaves at our operations	6
Risk of drought	7
Risk of extreme rainfall days	8

Transition risks

1 Credit and insurance risk

Financial institutions are increasingly moving away from funding companies with high climate change risk exposure and intangible carbon reduction targets. Globally, funding of coal-related operations is being diverted to investment that supports a low-carbon economy. Locally, most commercial and development banks have indicated they will no longer fund new coal projects. The financial institutions are increasingly evaluating the impacts of climate change scenarios on borrowers' revenues, costs and property values, and how this could affect the probability of default and loan-to-value ratios at a borrower and portfolio level. This sentiment is likely to grow in the next five to 10 years as action increases to mitigate climate change impacts.

Impact on Exxaro

To manage this risk, the Sustainable Growth and Impact strategy is focused mainly on new renewable generation and minerals that can facilitate a cleaner future. This strategy was presented at our Capital Markets Day in 2021 and many financiers indicated their interest in this new business direction, mitigating some of the financial lending risk.

Over the past five years we have noted a significant increase in our insurance premiums against our assets. This scenario is likely to increase as climate action intensifies.

2 Carbon pricing risk

The South African government is implementing policy measures to reduce its GHG emissions to meet its Paris Agreement commitments. The government implemented the carbon tax in June 2019 to encourage corporate behaviour to direct investments and expenditure towards low-carbon alternatives.

The nominal tax rate is R159/tCO₂e. However, government allows specific tax-free allowances to facilitate a smooth transition to a low-carbon economy and mitigate competition among affected industries, reducing the rate to between R8 and R64/tCO₂e. The carbon tax is based on fossil fuel inputs (such as coal, oil and gas use), and applies to entities with a total minimum installed thermal capacity of 10MW.

The first phase of the carbon tax (up to 2025) is not designed to affect the electricity price but to address concerns raised by the mining sector. National Treasury has been reviewing the impact of the carbon tax, its rates and tax-free threshold levels on business.

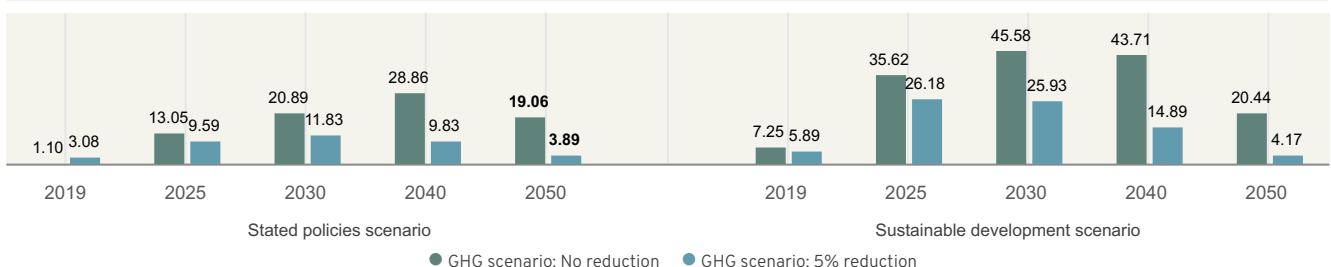
Impact on Exxaro

Our scenario analysis predicts an increase, in line with an international trend, in the South African carbon price. We expect the South African government to increase efforts to meet its Paris Agreement commitments (nationally determined contribution (NDC)) to transition the South African economy. Our calculations indicate that Exxaro's carbon tax liability will increase going forward, with liability figures of R38.6 million for 2026, R43.5 million for 2027 and R58 million for 2030, assuming that the current tax-free allowances will fall away from 2026 going forward.

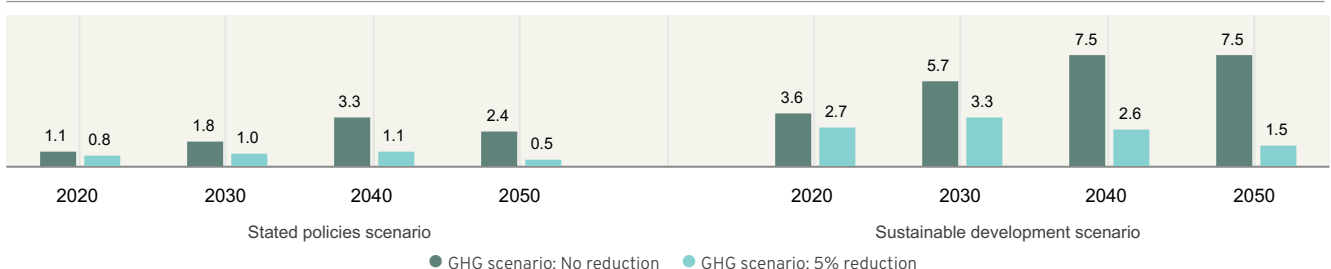
Our scenario analysis also identified increased carbon pricing and operating costs (such as higher compliance costs) as examples of climate-related policy risk. Carbon prices associated with emissions trading schemes, carbon taxes, fuel taxes and other policies are expected to rise as government reduces GHG emissions in line with the Paris Agreement.

The speed and rate of carbon price increases are uncertain and likely to vary across countries and regions. Our scenario analysis of carbon price risk exposure below shows the expected outcome based on the stated policies and sustainable development scenarios. The impacts of carbon pricing on exports to regions such as the EU, which is planning to implement the Carbon Border Adjustment Mechanism, will depend on Exxaro's export strategy, carbon intensity of exported goods and the EU carbon price for 2026 going forward.

Carbon pricing risk exposure (US\$m)



Projected increase in operating expenditure due to carbon pricing risk (% change)



3 Market risk

One of the major ways in which markets can be affected by climate change is through shifts in supply and demand for certain commodities, products and services as climate-related risks and opportunities are increasingly taken into account.

Impact on Exxaro

The shift in fossil fuel and energy markets will have implications for our business portfolio resilience and transitioning process. Further, we also appreciate that climate change has created new markets, increased emissions reduction technology demand and supply, presented new financial instruments, and renewed efforts to mitigate fossil fuels and potential financial impacts on the business.

4 Reputation risk

Climate change has been identified as a potential source of reputational risk tied to changing stakeholder perceptions (investors, customers, communities, non-governmental organisations (NGOs) and government) of an organisation's contribution to or detraction from the transition to a lower-carbon economy.

The mining sector is exposed to the reputational risk of climate change – a threat to the credibility of its efforts to reposition itself as a more sustainable sector, and by extension to its licence to operate.

Impact on Exxaro

Our approach has been to genuinely commit to climate action, sustainability, accountability and transparency, as well as implementing adequate mitigation, adaptation, governance, risk and communications strategies to ensure a sustainable future for Exxaro and our stakeholders.

Physical risks


5 Water security risk

Climate change physical impacts, such as increasing temperatures, rising sea levels, more frequent or intense droughts, and more frequent and more damaging floods and storms, are serious challenges for our facilities, supply chains, employees, current and potential customers, and our host communities.

Exxaro's flagship mine, Grootegeluk, is situated in the Waterberg region. It relies on the Mokolo and Crocodile River (West) Augmentation Project phase 1 water supply scheme for reliable water supply. Water from the Mokolo Dam is supplied via a 46km pipeline to the Lephalale area for the town, Eskom and Exxaro. The system can supply 30 million m³ of water per year.

Exxaro has one active tailings facility (slimes dam 1 and 2) located at Grootegeluk. The facility has appointed operators and an engineer of record who are responsible for the management of the facility. The dam is not registered as a dam with a safety risk with the dam safety office. To manage the facility and limit the deposition of slimes to the slimes dam, Exxaro has operational cyclic ponds which are currently used for the slimes management at Grootegeluk.

Impact on Exxaro

 [Water security](#) (page 50) is the backbone of Exxaro's water strategy which was revised in 2017 to reduce our risk. The fundamental principle of our water management approach is sustainable use of water resources. The risk of water security has increased significantly at our Waterberg operation due to lack of perennial water basins and high temperatures. Our Waterberg operation currently has a negative water balance as it relies on an external source for its operational water requirements.

We will conduct a study in 2024 to evaluate our water resources at the operations for security of supply.

As part of the risk management and continuous improvement in the operation of the tailings facility, Exxaro has made the decision to adopt the Global Industry Standard on Tailings Management. This is part of the journey to ensure that the operation and governance of the tailings facility in the organisation is aligned to not only to the SANS standard but also international standards. There is continuous risk management at the operations which include appointed operators for the tailings facility, an appointed engineer of record as well as internal processes that are utilised for the tailings management.

6 Risk of heatwaves at our operations

Heatwaves are events where the maximum temperature at a given location exceeds the average maximum temperature of the year's warmest month by 5°C or more for at least three consecutive days. Downscaled climate models show that the Waterberg complex is predicted to experience a relatively higher number of average heatwave days than other Exxaro assets in Mpumalanga. The Waterberg operation will experience between 14 and 19 heatwave days from 2021 to 2040 (relative to 1961 to 1980). Our Mpumalanga operations are predicted to experience between eight and 13 heatwave days for the same period. This risk of heatwaves increases between 2041 and 2060 with Waterberg and Mpumalanga operations predicted to experience heatwave days of between 20 and 26, and 14 and 19 days respectively.

Impact on Exxaro

An increase in heatwaves could result in negative health and safety impacts for employees, create occupational health risks such as heat stroke, and restrict employees' physical functions and capabilities.

Our proposed actions will enable employees and the business to cope with heat stress and include improving our health and safety policies and emergency response plans. We plan to improve communication through instantly alerting and updating affected employees and host communities on sudden or rapidly changing weather conditions. We are also investigating the review of personal protective equipment to ensure specialised personal protective equipment for extremely high temperatures and heatwaves is available to employees. We have also made recommendations for an industry-wide approach to specialised personal protective equipment for extreme weather events to enhance employees' health and safety.

7 Risk of drought

According to the Council of Scientific and Industrial Research Green Book – Detailed Projections of Future Climate Change over South Africa, there is a pronounced west-east rainfall gradient over the country. Over the eastern escarpment and east coast, for the period 2021 to 2050, relative to the period 1971 to 2000, under low mitigation, rainfall is projected to increase over the central interior and the east coast. The western interior, northeastern parts and the winter rainfall region of the southwestern Cape are projected to become generally drier.

Impact on Exxaro

The Grootegeluk complex is in an area predicted to experience a higher level of drought severity than Exxaro's other sites – a trend that will increase over time. The increasing frequency of drought, particularly in the Waterberg, will increase our water security risks.

8 Risk of extreme rainfall days

On 13 March 2014, the Waterberg region received an unprecedented high rainfall in a 24-hour period, which led to operational interruption for five days.

Grootegeluk is in an area predicted to experience fewer average extreme rainfall days than Exxaro's other sites. The average number of extreme rainfall days is expected to increase across all sites towards 2060.


Impact on Exxaro

The flood event had a severe impact on our operations in terms of infrastructure damage, supply chain interruption, production stoppages, and employee and community safety. The frequency of extreme rainfall events is expected to increase in the Mpumalanga region.

Delivering measurable results and impact

Monitoring, measuring and reporting on our performance ensures we improve our disclosure every year. We aim to do this accurately, transparently and consistently by:

- Benchmarking our ESG progress against our industry sub-sector peers who exemplify global best practice
- Reporting on progress against ESG KPIs and targets, with key sustainability metrics in this report independently assured by KPMG
- Considering and responding to our stakeholders' needs and expectations







 Further reading

- [Measuring our performance](#) (unpacked below)
- [ESG KPIs](#) (page 21) and [assurance criteria](#) (page 192)
- [Stakeholder-inclusive approach](#) (page 24)

Measuring our performance

We benchmark our ESG performance against our peers who exhibit the global best practice expected by responsible investors. Global ratings agencies assess our ESG performance using publicly available information (annual reports, websites and media) in line with various criteria requirements.

As a result of our ESG approach, we proudly continue to benchmark above our peers in global ESG best practice.

	Our score
 <p>The Bloomberg GEI encourages organisations to improve their gender-related policies and practices through fostering greater transparency and accountability. The index includes public companies from various organisations, and tracks their performance and progress in gender equality and advancing women in the workplace.</p>	<p>Exxaro has been recognised in the 2023 Bloomberg GEI for the fourth consecutive year – a testament to our commitment to gender equality and inclusion.</p>
 <p>MSCI ESG Ratings evaluate and benchmark companies' ESG performance across various industries, enabling investors to integrate ESG considerations into their decision making and identify sustainable investment opportunities.</p>	<p>AA rating in the ESG ratings</p> <p>This rating, underpinned by our leading carbon initiatives and strong governance, improved from the A rating we received in 2022.</p>
 <p>The TPI compares companies' expected future carbon emissions with local and international targets as part of the Paris Agreement. It is used as a benchmark to determine commitment to corporate climate action. A high TPI ranking demonstrates that a company is strategically mitigating climate change and its effects.</p>	<p>4/4 rating</p> <p>We achieved the same rate compared to 2022, demonstrating our commitment to manage GHG emissions, which shows stakeholders that Exxaro is well positioned to benefit from opportunities presented by the low-carbon transition.</p>
 <p>Institutional Shareholder Services empowers investors and companies to build long-term sustainable growth by providing high-quality data, analytics and insight.</p>	<p>Exxaro was ranked at C with a very high transparency level and was counted among the industry leaders, which demonstrates our commitment to good corporate governance.</p> <p>Areas for improvement include publication and disclosure of how we mitigate our social and environmental risks, including business ethics, biodiversity and safety.</p>
 <p>Moody's assesses a company's ESG performance to provide insights to investors and stakeholders regarding how effectively organisations manage their non-financial risks and opportunities.</p>	<p>60/100 overall ESG score</p> <p>This is an increase of 15 points from our 2020 and 2021 scores – the governance category led the way with a score of 72/100.</p>
 <p>The Sustainalytics ESG rating measures exposure to industry-specific material risks (including company-specific factors such as the business model) and the company's management of those risks. Exxaro's exposure was rated high and management was rated strong, which indicates the robustness of our ESG programmes, practices and policies.</p>	<p>34.4 ESG risk rating</p> <p>Our rating reflects our commitment to robust ESG reporting, which follows recognised best practices.</p> <p>We continue assessing feedback from other ratings agencies to identify common assessment areas and opportunities for improvement.</p>

Delivering measurable results and impact continued



FTSE Russell's ESG scores and data model allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions. The index series measures our ESG risks and impact performance in terms of themes relevant to our mining context.

Our score

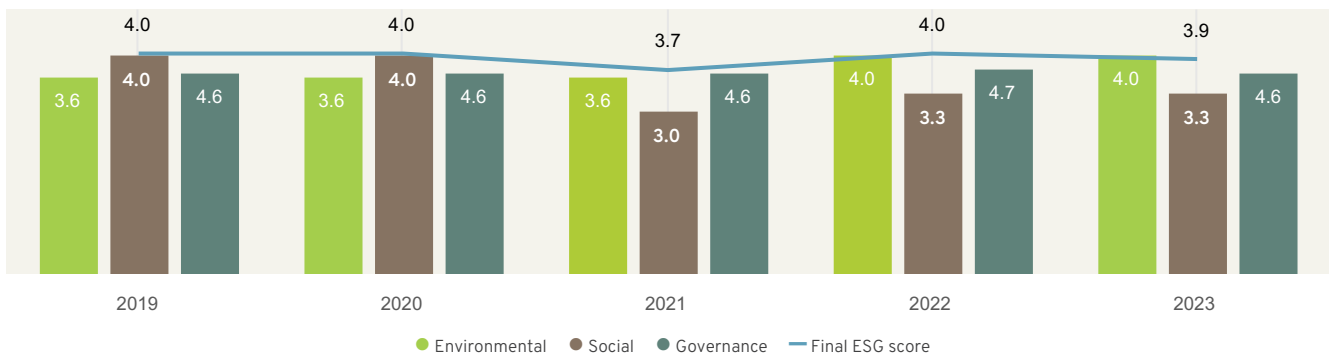
3.9/5 overall ESG score

Over the past five years, we have consistently achieved good scores, demonstrating our commitment to improving our performance. Despite the slight decrease this year, we remain ranked in the top quartile of global performers in the basic resources supersector.

The ESG report discloses performance against the following relevant themes:



FTSE Russell ESG Index – Exxaro's historical performance (score out of 5)



Year end 2023	Exxaro	Global coal sub-sector
Environment	4.0	2.1
Social	3.3	2.1
Governance	4.6	3.3

Source: FTSE Russell Corporate Performance Results.

We continuously aim to improve our disclosure, reporting transparently and ensuring our performance information is accessible to a broad range of stakeholders. We regularly engage with various rating agencies to ensure we continuously enhance our reporting.

We remain committed to independent assessment of our environmental performance, and piloted our participation in CDP Forests, which rating we hope to receive in future as part of our nature-based solutions projects.

ESG KPIs

We manage our ESG KPIs as presented in the dashboard below. Performance is measured and monitored quarterly by Exxaro's board and executive committee.

We ensure strategy management is integrated with:

- A sustainability framework
- An integrated risk management framework including clearly defined material matters
- KPIs aligned with strategy execution and material matters
- Integrating the combined assurance process, risk management, material matters and KPI reporting

The board and executive committee measure and manage Exxaro's strategy and performance so that stakeholders can have a transparent and consolidated view of value creation and sustainability drivers.

KEY

Trend

▼ Deteriorated
 ▲ Improved
 ↔ Unchanged
 ✱ New KPI this period


Natural capital		Target	2023	2022	Trend
Incidents					
Reportable environmental incidents (levels 2 and 3)	Become a catalyst for economic growth and environmental stewardship	0 level 2s 0 level 3s	1 level 2 ^{RA} 0 level 3 ^{RA}	0 level 2s 0 level 3s	▼
Compliance					
Stoppage directives (includes section 54 in terms of MHSA*)	Empower people to create impact	0	4 ^{RA}	7	▲
Stoppage directives (includes directives in terms of NWA, NEMA and MPRDA**)	Become a catalyst for economic growth and environmental stewardship	0	0 ^{RA}	0	↔
Valid authorisations in place					
Current operations	Become a catalyst for economic growth and environmental stewardship	100%	100%	100%	↔
Projects	Become a catalyst for economic growth and environmental stewardship	100%	100%	100%	↔
Compliance to valid licences/authorisations in place***					
Current operations	Become a catalyst for economic growth and environmental stewardship	100%	97%	100%	▼
Projects	Become a catalyst for economic growth and environmental stewardship	100%	100%	100%	↔
Environmental liability provisions in place***					
Commercial and captive operations	Become a catalyst for economic growth and environmental stewardship	Between 80% and 80% to 100% and 100%	Between 50% and 80%	Between 50% and 80%	↔
Environmental management					
Carbon intensity (scope 1 tCO ₂ e/total kilotonnes mined (kTTM))	Be carbon neutral by 2050	Actual for previous year less 5%	> 5% reduction	0.5% increase	▲
Carbon intensity (scope 2 tCO ₂ e/kTTM)	Be carbon neutral by 2050	Actual for previous year less 5%	> 5% reduction	0.8% increase	▲
Water intensity (kL/tonne RoM)	Become a catalyst for economic growth and environmental stewardship	0.15 to 0.18	0.10 ^{RA}	0.15	▲
Physical rehabilitation (actual versus budget)	Become a catalyst for economic growth and environmental stewardship	0% deviation from budget	Between 0% to 25% deviation from budget	Between 25% and 50% deviation from budget	▲

* Mine Health and Safety Act, 1996 (Act 29 of 1996) (MHSA).



** National Water Act, 1998 (Act 36 of 1998) (NWA), National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA) and Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) (MPRDA).


*** Includes environmental authorisation, integrated water use licence (IWUL), water management licence, atmospheric emissions licence, environmental impact assessment, record of decision and reporting.

Delivering measurable results and impact continued

 Human capital					
KPI	Strategy	Target	2023	2022	Trend
Safety					
Number of fatalities	Empower people to create impact	0	0 ^{RA}	1	▲
LTIFR [#]	Empower people to create impact	0.05	0.07 ^{RA}	0.05	▼
LTIs [#]	Empower people to create impact	7	11 ^{RA}	7	▼
Health					
OHIFR [#] reported	Empower people to create impact	0.18	0.15 ^{RA}	0.16	▲
People who received HIV/Aids awareness training	Empower people to create impact	90% to 100%	92.92%	116.5%	▼
Employees who received awareness training and voluntarily tested for HIV/Aids	Empower people to create impact	68% and above	69%	70.6%	▼
HIV/Aids prevalence rate compared to country prevalence rate	Empower people to create impact	Less than country prevalence rate	1% to 10% less than the country prevalence rate	1% to 10% less than the country prevalence rate	↔
Skills					
Skills provision (percentage of appointment of employees within)	Empower people to create impact	60%	73.66% ^{RA}	64%	▲
Scarcity skills retention (percentage turnover)	Empower people to create impact	5%	4.5% ^{RA}	4.4%	▲
Security					
Fraud and corruption/asset destruction	Empower people to create impact	0%	0%	0%	↔

[#] Lost-time injury frequency rate (LTIFR), lost-time injuries (LTIs) and occupational health incident frequency rate (OHIFR).

 Manufactured		 Intellectual capital			
KPI	Strategy	Target	2023	2022	Trend
Operational performance					
System availability (Core P1 and enterprise resource planning solutions)	Make our minerals and energy businesses thrive	97%	98.66%	97.49%	▲
Information management projects (cost overrun)	Make our minerals and energy businesses thrive	0% over budget	73% under spent	5% under budget	▼
Information management projects (time overrun)	Make our minerals and energy businesses thrive	0% behind schedule	22% behind schedule	0% behind schedule	▼

 Financial capital					
KPI	Strategy	Target	2023	2022	Trend
EBITDA margin (managed operations) (%)	Make our minerals and energy businesses thrive	29	35	41	▼
ROCE [#] (%)	Make our minerals and energy businesses thrive	20	20	35	▼
Solvency ratio (times)	Make our minerals and energy businesses thrive	2 to 3	3.5	3.3	▼

[#] Return on capital employed (ROCE).



Social and relationship capital

KPI	Strategy	Target	2023	2022	Trend
Employment equity					
Black ownership at group level	Become a catalyst for economic growth and environmental stewardship	30%	47.10%	47.10%	↔
People with disability representation	Empower people to create impact	2%	1.69%	1.61%	▲
Human resources development spend as % of payroll – Mining Charter III	Empower people to create impact	5%	5.04%	5.53%	▼
HDP [†] representation – top management	Empower people to create impact	50%	50.00%	66.66%	▼
HDP representation – senior management	Empower people to create impact	60%	73.33%	68.91%	▲
HDP representation – middle management	Empower people to create impact	60%	83.44%	80.92%	▲
HDP representation – junior management	Empower people to create impact	70%	82.31%	81.16%	▲
Women representation in top management bands	Empower people to create impact	20%	25.00%	33.33%	▼
Women representation in senior management bands	Empower people to create impact	25%	30.67%	22.97%	▲
Women representation in middle management bands	Empower people to create impact	25%	45.31%	40.62%	▲
Women representation in junior management bands	Empower people to create impact	30%	34.03%	32.41%	▲
Business sustainability					
B-BBEE level	Empower people to create impact	Level 1	Level 2	Level 3	▲
Enterprise development (percentage of NPAT [†])	Empower people to create impact	1%	0.74%	0.49%	▲
Supplier development (% of NPAT)	Empower people to create impact	2%	0.88%	0.83%	▲
Socio-economic development (percentage of NPAT)	Empower people to create impact	1%	0.58%	0.93%	▼
Skills development expenditure on learning programmes in the learning programme matrix for black people as a percentage of leviable amount – B-BBEE	Empower people to create impact	3.1%	3.16%	3.15%	▲
SLPs^{†*}					
Project delivery measure – local economic development projects per SLP time variance from plan	Become a catalyst for economic growth and environmental stewardship	0% behind schedule	18% behind schedule	40% behind schedule	▲
Cost variance from plan	Become a catalyst for economic growth and environmental stewardship	0% over budget	44% under budget	16% over budget	▼

[^] The trend-based indicators are in accordance with Exxaro's internal sustainability framework.
[†] Historically disadvantaged person (HDP), net profit after tax (NPAT) and social and labour plans (SLPs).

* Refer to page 96 for SLP performance.

Recognition of our performance

ESG performance is becoming more prominent as various stakeholders are increasingly looking at ESG factors to inform investment and lending decisions – measuring and assessing Exxaro's exposure to ESG risks, and our mitigation and management efforts relative to our peers.

We aim to continuously improve the transparency and accuracy of our reporting. We received several accolades this year in recognition of our efforts:



Our 2023 integrated report was the **overall winner** in southern Africa at the 2023 CGISA Integrated Reporting Awards because it provided a clearer perspective of our business performance



We achieved **7th place** at the 2023 EY Excellence in Integrated Reporting Awards. Our placement in the top 10 over the past two years reflects our commitment to integrated thinking in strategic decision making



Exxaro was a **finalist in five of the seven categories** as a mid-cap player, and took **second place in the best company for social responsibility: mid-cap category** in the annual ESG Investing Corporate ESG Awards. The awards recognise the best listed company of all sizes, across all industries and regions, four ESG pillars, two reporting categories and an overall ESG and sustainability category




Exxaro was a **finalist in the DEI category** at the Sustainability Leaders ESG intelligence platform's World Sustainability Awards




Recognised as a **top employer** in South Africa for 2023 by the Top Employers Institute – recognising our efforts in being an employer of choice



Recognised as **one of the top five best managed diversified mining companies** for 2023 by the Top Empowerment Awards and top 500 publication among approximately 40 000 companies in South Africa based on ESG reports, integrated reports, annual financial statements and B-BBEE verification. We also received the **DEI in the Workplace of the Year Award**



Six safety awards received at the 2023 COALS SAFE Awards – reflecting the progress we have made towards our goal of zero harm



Ranked 15th – demonstrating the value we have created for our shareholders



Finalist in the aNewSpring Global Awards – recognising our climate change e-learning course



Received a **Silver Sponsor Award** – recognising our commitment to raise R20 billion with government over a five-year investment period




Ranked in the **top 100** of Africa's fastest growing companies in the fintech, renewable energy, healthcare, commodities and agriculture sectors by Financial Times and Statista

We recognise our responsibility to participate in global movements towards transitioning to a low-carbon world and supporting prosperous and safe communities through broader environmental stewardship and empowering people to create impact.

Read the case study about [Exxaro's contribution to COP28](#) (page 33).

Stakeholder-inclusive approach

Strong stakeholder relationships are critical to supporting Exxaro’s business success, particularly during challenging periods and times of change. Stakeholder surveys indicate that our relationship strength varies but is generally high and comes with high expectations.

17  Our stakeholder relationships are a critical enabler of our sustainable development and business success. It is through collaborative and mutually beneficial partnerships with our stakeholders that we are able to leverage opportunities, mitigate risks and respond to issues facing our business in a just, responsible and effective manner.


PARTNERSHIPS FOR THE GOALS

Our stakeholder context and engagement approach

The current operating environment continues to be characterised by high demand for service delivery and job creation to advance social progress, an incoherent political context with policy uncertainty, geopolitics and economic and market volatility threatening livelihoods through inflation. Business is increasingly called to intervene and apply its resources to the advantage and benefit of communities and society. We follow an intentional engagement approach in our response to stakeholders, which involves aligning our thoughts, decisions, actions and expected outcomes. This approach has been in place since 2017 and guides us in creating mutual value with our stakeholders.

Structure for intentional engagement

Our stakeholder engagement procedures clarify the reasons for, methods and monitoring of relationships and are supported by our stakeholder engagement policy, plans, principles and key account management (KAM) approach. The strategy-led and outcomes-driven KAM approach ensures we address stakeholder issues, manage risks, leverage opportunities and deliver on our strategic objectives.

 For detail on the KAM approach, refer to page 50 of Exxaro’s [2019 integrated report](#).

Our stakeholder engagement plans align with our strategy and include levels of accountability, material issues and risks, and enable us to track feedback, and monitor and report on our performance. We regularly update these plans to ensure they are fit for purpose.

We ensure engagement effectiveness by conducting assurance and audits of our procedures. Exxaro’s board and executive committee are responsible for stakeholder management and engagement.

We are responding to issues raised and interests highlighted by stakeholders in our 2022 reputation tracking survey and regular engagements in 2023.

 Read about how we are [engaging with shareholders on our climate commitments](#) (integrated report, page 43).

Stakeholder universe

We use our ERM process and project workshops to identify and analyse our stakeholders, assessing the impact of our activities on them and their impact on our ability to deliver on our strategy, contribute to our ESG performance and address risks. We categorise our stakeholders into four key groupings (government, communities, business and value chain participants) and identify relevant engagement objectives and strategies as required.



Quality of relationship

The management and quality of our relationships with stakeholders impact Exxaro's ability to deliver on our strategy. We measure the quality of relationships through different assessments (such as reputation, baseline and culture surveys or self-assessments) and our engagement strategies, which include stakeholder feedback and response strategies.



No existing relationship or the relationship has challenges



Good relationship with opportunity for improvement



Established relationship but can be improved



Very strong relationship based on mutual trust and respect

Government

Detailed disclosure:

[Social](#) (page 67)



Stakeholders in this category include the Department of Mineral Resources and Energy (DMRE), Department of Public Enterprises, Department of Health (DoH), dtic, Department of Cooperative Governance and Traditional Affairs, Presidency, Parliament's Portfolio Committee on Agriculture, Land Reform and Rural Development, the Presidential Climate Change Commission, the Mpumalanga and Limpopo premiers' offices, local municipalities, Industrial Development Corporation of South Africa, South African Local Government Association, Municipal Infrastructure Support Agent and provincial growth agencies.

Engagement purpose

- Collaborate to find solutions for socio-economic challenges
- Partner in mutually beneficial projects
- Participate in shaping policies
- Invest in South Africa's socio-economic development
- Support our efforts in driving business resilience and managing country risk
- Demonstrate our ESG performance and how Exxaro responds to ever-increasing demands, responsible environmental management and community commitments through improved communication

Engagement methods

- One-on-one, in-person and virtual engagements
- Dialogue platforms
- Events and sponsorships
- Quarterly reports

Stakeholder expectations and issues

- The role of big business in solving broader societal issues
- Responsible water management, minimising environmental impact and overcoming climate change issues
- Community-related actions around post-mine business, job development and broader community upliftment*
- Innovation and industry thought leadership
- Transnet Freight Rail (TFR) performance
- Socio-economic development*
- Municipal service delivery*
- Local procurement*

Our response

Several partnerships and initiatives enable us to address government's expectations, including:

- Facilitating SLP development consultation and regularly collaborating on projects
- Refining and consolidating the Sustainable Growth and Impact strategy
- Implementing the Social Impact strategy
- Collaborating with the Limpopo and Mpumalanga health departments

* Refer to the [communities](#) table on page 29 for information on this multi-stakeholder issue.

Outcomes and value delivered




- Socio-economic development: R1 897 million through SLP projects (particularly infrastructure), skills, local procurement and SMME development
- Corporate social investment (CSI): R71.95 million
- Campaign against gender-based violence (GBV): Committed R3.5 million over two years to government's anti-GBV fund
- Taxes: R1 652 million employee tax and R5 039 million company tax contributions to the national fiscus

Regulators

Detailed disclosure:



 [Environment](#) (page 32) and [prioritising safety](#) (page 72)

Exxaro aims to go beyond compliance in our business activities. Stakeholders include the DMRE, Department of Water and Sanitation (DWS), Water Tribunal, Department of Forestry, Fisheries and the Environment (DFFE), Department of Employment and Labour (DEL) and the JSE.

Engagement purpose

- Manage compliance with regulatory requirements for business sustainability
- Maintain strong relationships with stakeholders at national and provincial level
- Assist with relevant applications to ensure licence to operate
- Collaborate in shaping policies
- Ensure the success of our current and future businesses
- Communicate and demonstrate how we respond to issues important to government, industry and society while delivering on our purpose

Engagement methods

- One-on-one, in-person and virtual engagements
- Dialogue platforms
- Quarterly reports where required

Stakeholder expectations and issues

- Improve communication on plans and strategies
- Water use licences (WULs)
- Comply with new standards for discard dumps

Our response

- Reporting quarterly as required by our regulatory bodies
- Ensuring robust internal auditing processes, strategies and management controls to improve compliance and risk mitigation
- Engaging proactively with government, including the:
 - DWS and DFFE on decant at Durnacol and Hlobane mines in closure
 - DMRE on Matla mining right renewal (providing useful guidance and traction on applications)
 - DWS and DMRE on discard dumps
 - DWS and Water Tribunal on Matla WUL renewal
- Regularly reviewing and actioning complaints received at mines
- Processing information requests through the Promotion of Access to Information Act, 2000 (Act 2 of 2000) (PAIA) and managing them accordingly

Outcomes and value delivered



- Ongoing compliance with regulations
- A number of stoppage notices and deviations noted

Employees

Detailed disclosure:



[Engaged employees](#) (page 80), [remuneration report](#) (page 168)

Understanding our employees' needs and expectations is linked to our success. Employees see us as an agent of change.

Engagement purpose

- Identify opportunities to collaborate on and co-create solutions with employees
- Demonstrate our progress against goals through regular communication
- Align employees' focus, profile and development efforts with our strategy and culture
- Empower employees to manage change through information sharing and capabilities training
- Identify opportunities for skills development as we transform and transition our business
- Strengthen our culture
- Distinguish competitive advantage
- Promote resilient business performance
- Improve employee engagement/morale
- Build capabilities
- Improve trust and relationships
- Education
- Awareness
- Employee engagements provide an opportunity for employees to be heard

Engagement methods

- Daily, weekly, monthly and quarterly meetings
- Newsletters
- Digital engagement through short videos, information screens, emails, bulk SMS and BU-specific communication campaigns
- LetsConnect mobile platform
- CEO roadshows
- Ad hoc and annual communication campaigns
- Training initiatives
- Performance management and KPI setting

Stakeholder expectations and issues

- Improved employee relations and relationship management
- Better communication, reciprocal dialogue and including employees in decisions that affect them
- Focus on improving DEI
 - Clear B-BBEE implementation and commitment
 - Support women in business and women in the workplace
- Talent management
 - Fairness in promotion processes and effective reward systems
 - Skills development, including mentorship and longer-term support
 - Youth development programmes and job opportunities
- Tangibly demonstrate how we are addressing environmental, community, employee and diversity issues (broader social issues)
- Maintain high health and safety standards

Our response

- Engaging on the performance of the new group incentive scheme (GIS) and line of sight (LOS) incentive schemes, the organisational effectiveness project at head office, the CEO's family code of conduct, safety and wellness (including masterclasses on topics such as stress and resilience) in 2024
- Facilitating women in mining team awareness sessions on GBV, LGBTQIA++, governance succession planning and mentorship training
- Promoting informal mentorship programmes at head office
- Communicating the FerroAlloys divestment decision
- Expanding communication on diversity and equity at head office and BUs with a key focus on promoting inclusion of traditionally marginalised groups such as women, the LGBTQIA++ community, black people and people living with disabilities
- Intensifying engagement efforts through our listening and employee engagement strategy, which forms part of understanding insights on critical issues for priority, demonstrating our commitment towards delivering on our priorities

Outcomes and value delivered



- Paid R4 806 million in employee salaries, wages and benefits, including GreenShare employee scheme
- Continued intense focus on safety: LTIFR below the 0.05 target

Labour unions

Detailed disclosure:



[Engaged employees](#) (page 80)

Our collaborative relationship with labour unions is critical to ensure successful employee relations. Exxaro has a pluralist approach to union recognition but only formally engages with unions where recognition agreements have been concluded and these unions maintain their collective bargaining rights. These stakeholders include elected officials of recognised labour organisations at BU level and provincial or regional level (National Union of Mineworkers (NUM), National Union of Metalworkers South Africa (NUMSA), Association of Mineworkers and Construction Union (AMCU) and Food and Allied Workers Union (FAWU)).

Engagement purpose

Through engagements, relationship building and collaboration with labour unions, we aim to better understand their objectives to ensure fair labour practices, minimise the risk of labour unrest and maintain workplace harmony. This enables us to proactively resolve issues or concerns and keep engagements functional.

Stakeholder expectations and issues

Ongoing issues for labour organisations are employee wages and benefits, health and safety, diversity, learning and development, reskilling the workforce and post-mine business development.

Dissatisfaction with the new LOS incentive scheme is surfacing with production cutbacks due to Transnet challenges.

At Grootegeluk, AMCU is close to the recognition threshold, which could be part of wage negotiations in 2024.

Engagement methods

- Ongoing monthly engagements at BUs and quarterly at employer level (Exxaro Coal and Exxaro Coal Mpumalanga)

Our response

- Communicating business/financial performance, social impact, DEI and transformation initiatives as and when updates are available
- Engaging on the impact of Transnet’s performance challenges
- Agreeing to NUM’s request for higher thresholds in future when unions require recognition
- Planning to manage potential union rivalry as AMCU nears the recognition threshold

Outcomes and value delivered



- Well-established engagement and communication structures
- Union input on business growth strategies
- Training and development
- Regulatory compliance ensures unions are able to negotiate fairly and equitably with Exxaro on behalf of their members



Communities

Detailed disclosure:



[Co-creating and preserving value with communities \(page 92\)](#)

We operate in four local municipalities in Limpopo and Mpumalanga, with closed mines in three other municipalities, including two in KwaZulu-Natal.

Engagement purpose

- Demonstrate and communicate how Exxaro is sharing economic gains fairly with our host communities through local employment, local procurement, community development initiatives, skills development and ESD (shared value narrative)
- Build relationships and understanding of community needs to enable collaboration and successful community projects
- Proactively resolve issues raised by stakeholders before protests emerge (risk management)

Engagement methods

- Quarterly stakeholder engagement forums
- Participation in district and provincial engagement platforms
- Socio-economic impact assessments every five years
- Quarterly external BU newsletters
- Community protests at mines
- Ongoing participation in multi-stakeholder, collective impact structures such as the Impact Catalyst* – a partnership to create mechanisms that drive large-scale socio-economic initiatives

Stakeholder expectations and issues

Community expectations remain consistent across all our host communities. These include:

- Opportunities for:
 - Local procurement and sustainable job creation
 - Learning and development, including youth empowerment, scholarships and learnerships
 - Socio-economic, local and supplier development, including support for and empowerment of women-owned businesses and other local SMMEs
- Road and recreational facility infrastructure
- Municipal service delivery
- Transformation and gender equality

Our response

- Engaging with communities and local municipalities through stakeholder engagement forums to address local recruitment and procurement expectations:
 - The board met with Mpumalanga host communities in 2023 to address common concerns (including employment and local procurement, training and development opportunities for youth, engagement with traditional authorities and collaboration in addressing crime)
- Determining and developing impact projects that reflect South African diversity in SLP projects (including education) for beneficiaries and development partners
- Leeuwpan:
 - Engaging with traditional authorities to address community protests about procurement and recruitment opportunities in 2023
 - Continually engaging with the local municipality to facilitate SLP project delivery
- Durnacol:
 - Addressing employment of local people by the rehabilitation contractor
 - Reviewing supply chain management processes for mines in closure
 - Investigating digital training and development opportunities for employees and communities
 - Advancing community development initiatives (including tree planting at several local schools and the water treatment project proceeding to design phase)
- Hlobane:
 - Advancing the water treatment project (now in design phase)
 - Planning to hand over Kids on Bikes to the local school in 2024
- Grootegeluk:
 - Resolving the local business forum’s call to disband the mine’s existing engagement forum through direct engagement
 - Addressing misinformation about recruitment and procurement during stakeholder engagement forums
 - Continuing regular socio-economic development engagements and media communication
- Belfast:
 - Addressing delays in completing LED project with the Emakhazeni local municipality
 - Regularly engaging with LED and municipality managers and the stakeholder engagement forum
 - Closing off complaints for the year
 - Hosting the first stakeholder day for SMME engagements on funding and other procurement issues
- Matla:
 - Continuing to focus on youth development in 2023 (through the Lula Rides and SME.TAX programmes as well as driving licence training with our contractors, Komatsu and Jordan Construction, for 52 community members)
 - Meeting with local traditional leaders to address concerns about LED projects raised during board engagements
 - Addressing farm labourers’ water and sanitation concerns (challenged by land tenancy status) by seeking advice on the matter
 - Effectively collaborating with the social facilitator and GaNala executive forum to minimise community protests in 2023
 - Resolving delays (in 2024) in implementing LED projects due to changes in the project management team

Outcomes and value delivered



- Contributed R86.91 million towards socio-economic development programmes in communities
- Aga Setshaba donated R26.93 million
- Invested R14.5 million in SLP infrastructure projects, providing 29 temporary construction jobs and services (education infrastructure and waste management) for 30 745 beneficiaries
- 25 000 learners benefited from our R40.4 million investment in early childhood development (ECD), whole school development, school infrastructure and resources and research and development (university chairs)
- Matla LoM capital expansion project employed 125 local people (skilled, semi-skilled and labourers) – more than core skilled employees of main contracting companies
- ESD programme approved R1.1 million in grants and R110.2 million in loans for 14 entities
- Total procurement spend on local SMMEs was 11% (achieving our 11% target) – Exxaro empowered 263 local black-owned SMME suppliers

* The Impact Catalyst is a collaborative partnership founded by Anglo American, the Council for Scientific and Industrial Research, Exxaro and World Vision South Africa to create mechanisms that drive large-scale, socio-economic development initiatives through public-private partnerships. The initiatives are designed to leverage collaboration across sectors – selected for impact beyond the scale of individual participants. Joint programmes are established between the Impact Catalyst and the Office of the Premier in certain provinces through collaborative regional development platforms. The first regional socio-economic development platform was launched in Limpopo in 2018, focusing on improving health, wellbeing and living conditions. The Impact Catalyst then expanded to include Mpumalanga and Northern Cape communities.

Detailed disclosure



Investors



[Chairperson's statement](#) (page 8) and [our strategy](#) (page 47) (integrated report)



[Measuring our performance](#) (page 19) and [remuneration report](#) (page 168)

Our investors include shareholders (78.5% South African and 22.1% offshore) and analysts. We include ESG ratings agencies (such as FTSE Russell, MSCI and Sustainalytics) in this stakeholder group.

Engagement purpose

We prioritise regular engagement with our shareholders to keep them well informed and updated on our strategy, performance, capital allocation, dividends, remuneration and other governance policies. We aim to foster transparency, maintain our reputation, and promote our ESG performance. We also aim to demonstrate how we preserve shareholder value, protect returns and prudently allocate capital while upholding a strong culture of transparency – enhancing our ability to access capital and facilitating the successful execution of our Sustainable Growth and Impact strategy.

Through these continuous updates, we build trust and enhance our overall reputation as a responsible and sustainable business.

We proactively seek engagement with underweight and non-holder investors to gain a deeper understanding of their views on Exxaro and their specific investment criteria. This allows us to gather valuable insights that help us better align our strategies with market expectations.

We engage with ESG ratings agencies to gain valuable feedback and recommendations that inform our efforts to enhance our overall ESG ratings. These ratings, in turn, shape external perceptions of our performance and guide our ongoing strategy development.

Stakeholder expectations and issues

Engagements with investors in 2023 focused on key themes such as capital allocation and deployment strategies, and cash retention in light of our strategy. Discussions also focused on our growth ambitions to transition away from coal into new minerals opportunities and growing the energy business. The availability of value accretive opportunities in the identified minerals and Exxaro's ability to successfully execute on these are key concerns for investors. The ongoing rail logistics issue remains a key concern for investors given the impact this has on our export business.

Regarding engagements on ESG matters, investors indicated general satisfaction on Exxaro's transparency around ESG. Many indicated that previous concerns were adequately dealt with. Remuneration was a key theme of the 2023 governance roadshow, with largely positive investor sentiment towards Exxaro's remuneration approach. More detailed disclosure on Exxaro's scope 3 emissions reduction roadmap was requested and some investors indicated that they are actively encouraging a higher level of accountability around the sustainability function at Exxaro. The non-tabling of resolutions proposed by Just Share was raised as a concern of several investors. However, most investors were satisfied that the board was proactively engaging with Just Share on the issues raised.

Engagement methods

- Interim and annual results presentations and roadshows
- Finance director's pre-close message and calls
- Annual non-deal and governance roadshows
- Capital Markets Day and site visits
- Underweight and non-investor engagements
- Conferences
- Solicited meetings
- AGM
- Sell-side roundtables
- Investor/industry and climate conferences
- Investor perception surveys

Our response

- Keeping shareholders informed about progress, updates and milestones related to the above key themes through a proactive investor relations engagement calendar
- Regularly engaging with investors through the engagement methods mentioned above and other channels such as investor presentations, annual reports, speaking opportunities and press releases, etc
- Clearly articulating Exxaro's investment thesis, outlining the risks and rewards of transitioning away from coal and into new minerals, growing the energy business, and providing insights into the market and economics that exist within these opportunities
- Clearly articulating Exxaro's capital allocation strategy, cash retention strategy and value-driven approach towards investment decisions and potential M&A activity to support the long-term operational needs and growth of the business
- Communicating rail logistical updates and Exxaro's commitment to working collaboratively with industry stakeholders to find a solution to this issue
- Communicating our remuneration approaches as appropriate during engagements to reduce ambiguity
- Communicating Exxaro's proactive approach to addressing societal issues and economic inequality through the Social Impact and DEI strategies
- Considering investor feedback in our reporting suite and implementing suggestions that enhance the credibility, transparency and robustness of our reports

Outcomes and value delivered



- R5 505 million dividend payouts to shareholders (R10.10/share) and special dividend of R5.72
- Our FTSE Russell ESG index score remained high at 3.9/5

Customers

Detailed disclosure:



[Operational performance](#) (integrated report, page 90)

We have domestic and offshore customers in Europe, Asia and other markets. Eskom remains our largest customer with 73% of our sales (2022: 75%). The lower energy availability factor in 2023 impacted Eskom's offtake of coal across several power stations.

Engagement purpose

- Understand customers and strategic partners' requirements and foster mutually beneficial relationships through continuous engagement and information sharing
- Engagements focus on the environment (including scope 3 emissions mitigation), trends, market sentiment, exploring future relationships and improving operational and financial performance

Engagement methods

- Outbound marketing
- Email correspondence
- Meetings at different levels of customer organisations
- Marketing conferences

Stakeholder expectations and issues

- Quality, consistent and reliable product supply and responsive service
- Improved communication and demonstrations of our approach to solving societal issues, improving the lives of our communities, minimising our environmental impact, becoming climate resilient and addressing climate change issues
- Customers in several market segments are vulnerable to the economic climate, inflationary pressure, weakening rand, sluggish growth and the impacts of load shedding on production (including increases in operating costs due to the use of diesel generators)

Our response

- Increasing engagements with customers about their challenges
- Facilitating strategic discussions to strengthen relationships in the longer term

Outcomes and value delivered

- Safe production
- Reliable and continuous supply of coal to all customers in terms of quantity/volumes, quality and affordability

Suppliers

Detailed disclosure:



[Supply chain sustainability](#) (page 105)

Suppliers are crucial participants in our value chain. We have over 5 000 active registered vendors in the provinces where we operate. We categorise our suppliers as strategic, SMMEs and local.

Engagement purpose

Engagements aim to achieve mutually beneficial operational, financial, environmental and social impact goals.

Engagement methods

- Direct, proactive engagement with strategic suppliers in line with our supplier relationship management framework
- Contract reviews
- Quarterly contractor forum platform at our BUs
- Interaction via our vendor services helpdesk

Stakeholder expectations and issues

- Timeous communication of business opportunities
- Collaboration for shared value
- Evidence of Exxaro's good corporate citizenship, thought leadership and strong management

Our response

- Regularly engaging with strategic suppliers (as part of our supplier relationship management programme) to address key issues: cost savings, supplier diversity and transformation (black ownership and participation), supply security, risk management and decarbonisation strategies
- Publishing user-friendly guidelines (for Exxaro's procurement systems, policies and processes) on our website to address SMME supplier concerns highlighted in the 2022 reputation survey
- Communicating our local procurement strategy and sharing progress at BU stakeholder engagement forums
- Supporting local suppliers by providing education about accessing business and funding opportunities

Outcomes and value delivered

- Immediate payment terms for SMMEs
- 11% of total procurement spend with local black-owned SMMEs

Environment



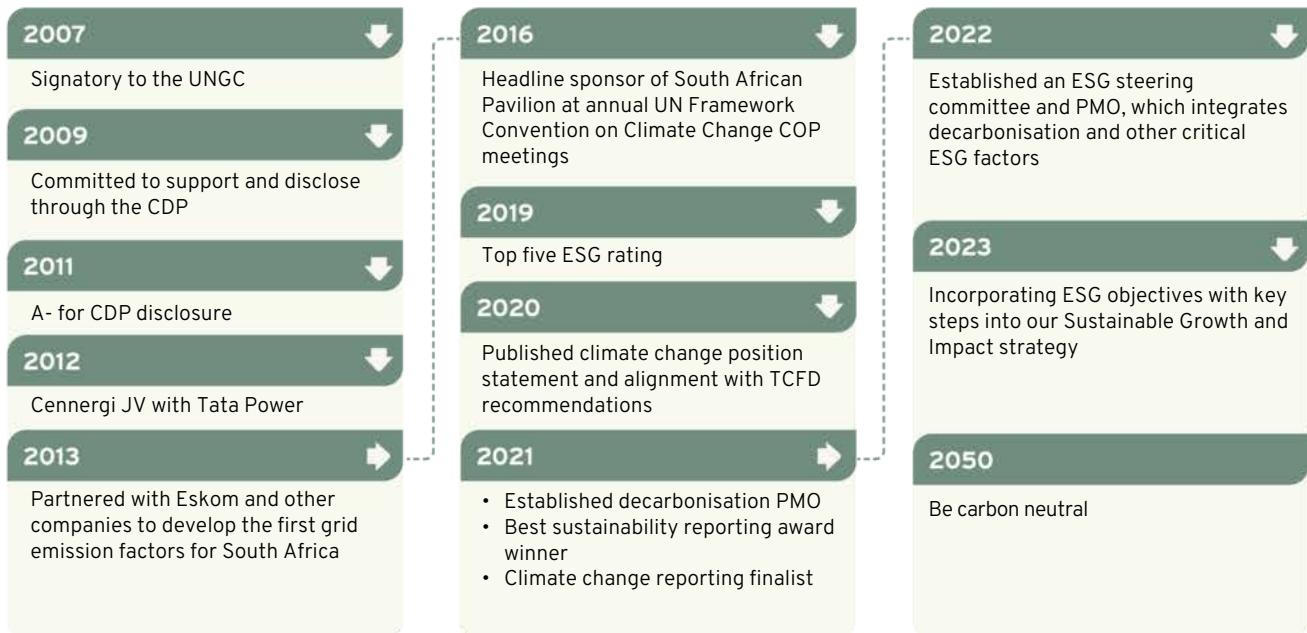
Exxaro recognises the imperative role we play in the responsible use and protection of the natural environment through conservation and sustainable practices – enhancing ecosystem resilience and the lives of our people and communities.

As envisioned in our Sustainable Growth and Impact strategy, we aim to go beyond compliance to achieve positive impact – becoming a catalyst for economic growth and environmental stewardship.

We manage the impact of our activities on the environment and society by incorporating performance principles into our ESG management systems and environmental policies and practices. We comply with local legislation, management standards, and current and future-based best practice. Our approach goes beyond compliance as demonstrated by our participation in voluntary benchmarks such as the global CDP climate, forestation and water disclosure projects.

Our response to climate change reflects our commitment to sustainability and our objective to become carbon neutral by 2050, and supports South Africa’s just transition programmes. We aim to be a leading mining company and a responsible steward of the environment through our response and executing on our environmental commitments.

Stewardship timeline



Exxaro’s environmental commitments align with ESG objectives embedded in our Sustainable Growth and Impact strategy:

Environmental objectives

Decarbonisation and resilience	Biodiversity management	Energy and water management
Rehabilitation programme	Land management	Waste management

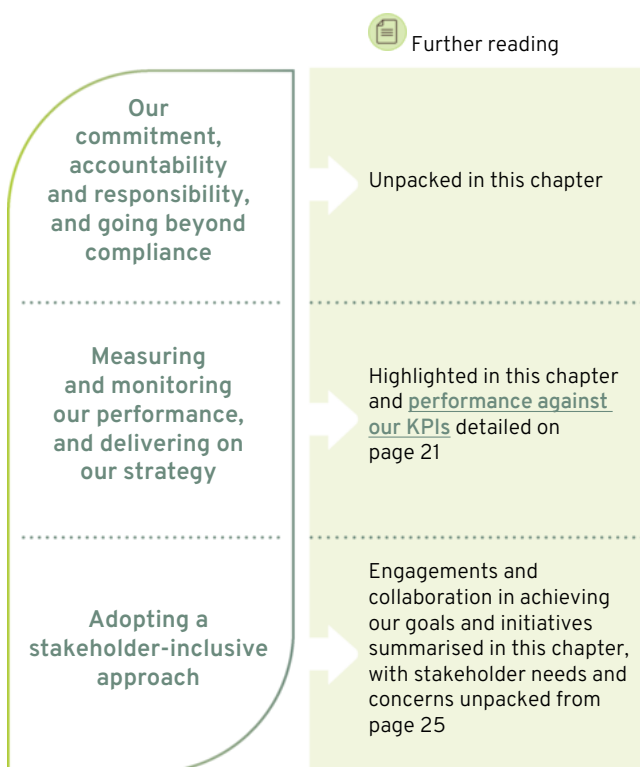
Future focus

To further improve our performance and sustainability, we are looking into strategic partnerships, applying green technologies and sound environmental management tools.

In this chapter

We unpack our approach and performance against our environmental commitments in this chapter, and outline how we pursue sustainable growth and impact through the following lenses:

We pursue sustainable growth and impact through...



Our Sustainable Growth and Impact strategy guides the evolution of our environmental policy as we transition to a low-carbon business by embedding climate change mitigation and adaptation through management standards and incident reporting to support our BUs.

Cennergi creates clean renewable energy solutions for state-owned entities, industrial and mining customers, and communities. Cennergi's environmental and social management system manages impacts in line with local standards and principles, the Equator Principles, the International Finance Corporation's (IFC) performance standards and the World Bank's guidelines, among other international requirements.

CASE STUDY:

Exxaro's contribution to COP28

Given our philosophy and history of prioritising sustainability and placing it at the core of what we do as a business, we participated in the COP28 climate change conference in Dubai (December 2023). Our contribution to the conference was on key issues such as the outcomes of the Global Stocktake, decarbonisation technologies in mining, scope 3 mitigation measures, nature-based solutions, ESG developments, climate policies, water security, linking efforts to address the climate and biodiversity crises, contribution to South Africa's just energy transition, strategic partnerships for climate mitigation and adaptation and social impact.

Exxaro and the Council for Geoscience also participated in a panel discussion on the MoU which was signed by the two organisations in December 2023 to collaborate on carbon capture, utilisation and storage initiatives. It is envisaged that this low-carbon technology can potentially play a critical role in not only reducing South Africa's carbon emissions, but Exxaro's scope 3 emissions to a certain extent.

As we plan for COP29, we realise that the next few years will be critical from a climate action point of view and as a business, we are prepared to play our role in responding to the impacts of climate change.

Our approach

Responsibly managing and mitigating the negative impacts of our activities on the environment is critical to enabling the success and long-term sustainability of our business, and ensuring we create a sustainable future for our employees, communities and the planet.

Our environmental policy incorporates:

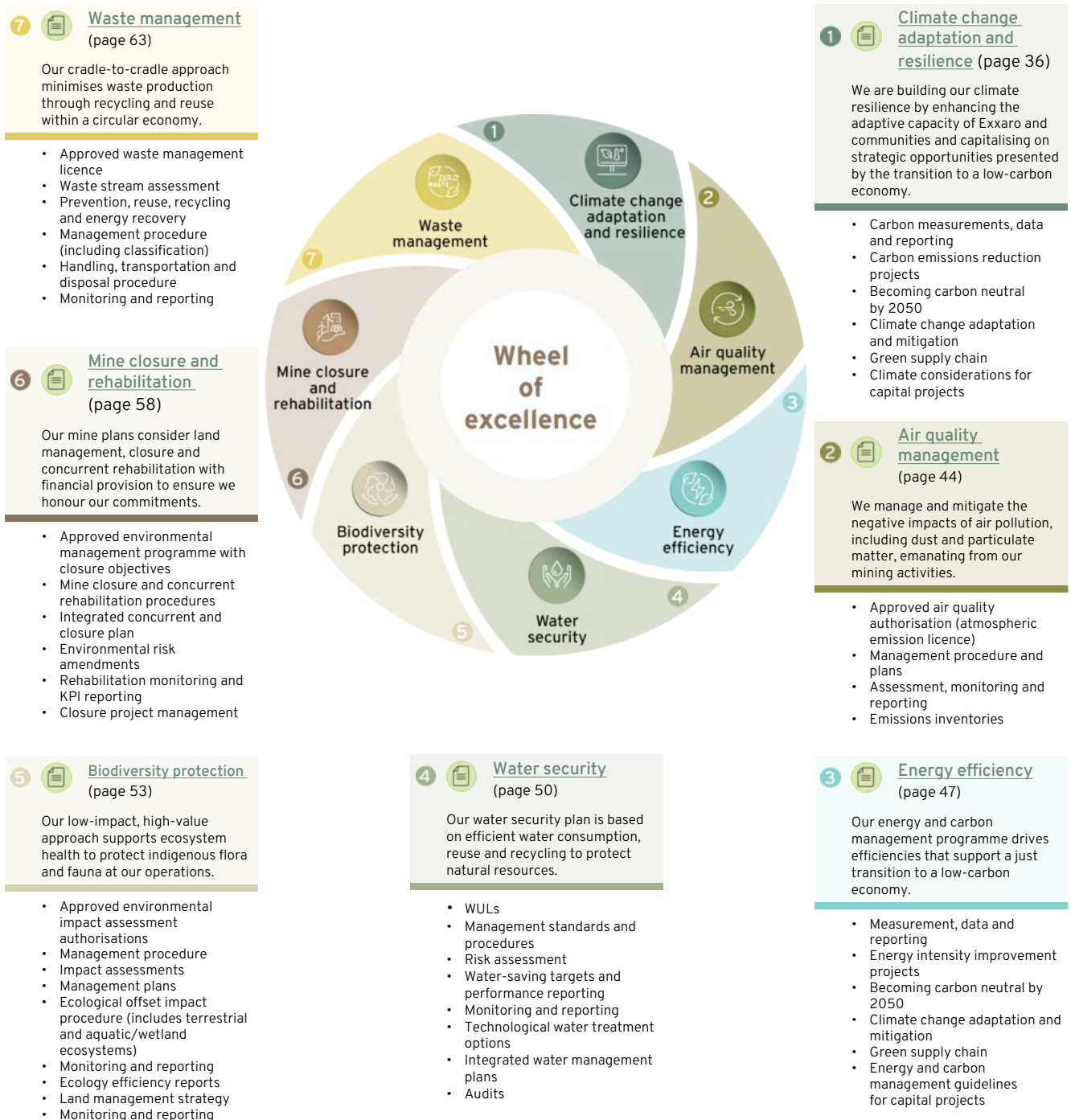
- **Environmental management programmes** that comply with applicable legislation, ensuring that all activities requiring licences are fully licensed
- **Management standards** that are integrated into our environmental management activities
- **Incident management and reporting** through a standardised system – ensuring our BUs manage incidents effectively and efficiently to minimise negative impact. We immediately report incidents and mitigation measures to relevant authorities
- **NEMA's precautionary principle** against which we evaluate our environmental impacts
- Our efforts to **exceed minimum regulatory requirements** and enable consistent compliance – ensuring we respect and uphold human rights, and maintain our environmental licence to operate
- **Performance rewards through the group STI scheme**, aligned with our decarbonisation plan and Sustainable Growth and Impact strategy, to motivate employees to uphold these standards
- **Stakeholder engagement and collaboration** to address and respond to concerns, work together to achieve mutual benefits, and contribute to environmental and socio-economic development initiatives, among others

Accountability and responsibility

The RBR committee oversees our environmental management and impact on behalf of the board. The chief sustainable impact officer is responsible for implementing environmental strategies for the group, assisted by sustainability and BU managers.

Exxaro's wheel of excellence ensures our approach to environmental stewardship is consistent across the group. It effectively integrates new assets to align our BUs in implementation, compliance, monitoring and reporting processes. It also guides BUs in acquiring necessary competencies.

Our environmental commitments fall under the following areas, each supported by specific strategies and policies:



Our performance

We intensified our focus on environmental areas that impact our environmental commitments and goal to be carbon neutral by 2050. We also intensified efforts to decarbonise our operations through implementing energy efficiency projects, implementing energy and water performance metrics across all functional areas and ensuring we close the loop on resource use.

KEY HIGHLIGHTS

Engagements and collaboration with stakeholders in pursuit of achieving our environmental commitments

Collected **one year's consistent data** on air pollutants at Grootegeeluk – a key result of the multi-pollutant ambient air quality monitor installed

Planted **100 trees on rehabilitated land** at Belfast as part of adopted nature-based solutions

No fines or penalties recorded (2022: none)

Progressed against our **decarbonisation journey** and identified various decarbonisation projects and opportunities for implementation in the short to medium term

Improvement in energy intensity against the consolidated group GJ/target

Planted **100 trees at Matla** to create a wind break and mitigate the impact of dust from the area

Improved disclosure through participation in the **CDP forestation programme**

Adoption of **water intensity targets**

Land management integrated into **Social Impact strategy**



Through our university chairs (page 41), we promote research and activities that advance sustainable utilisation of resources, the mitigation and adaptation of climate change effects, and other pertinent environmental issues.

KEY CHALLENGES

Three level 1 incidents recorded (2022: nine)

No new complaints recorded (2022: none)

Matla WUL renewal application was declined in 2022 and Exxaro and DWS are engaging to resolve the issue, which is mainly about the lining of the pollution control dams. Exxaro has agreed to implement a programme to line the dams in a sequence to ensure that operations are not disrupted

Environmental incidents

Following the update of our environmental incident management standard in 2021 to include level 0 incidents (incidents with no impact to the receiving environment but those that pose a potential risk), we continue to monitor these incidents as well.

In 2023, Exxaro recorded 53 level 0 incidents, three level 1 incidents (2022: nine) and one level 2^{RA} (intermediate impact and/or non-compliance) incident at Durnacol (mine in closure). We have not recorded any level 3^{RA} (major impact and/or non-compliance) incidents over the past three financial years at our operating mines.



Refer to the [databook](#) for details of our level 1 environmental incidents.



Cennergi did not record any significant environmental incidents during the year.

Environmental complaints, penalties and fines

Environmental complaints can be raised at environmental stakeholder engagements and/or through telephone or letters to the mine and as part of the complaints process at each operation. There is also a complaints book at the entrance of all mines to register complaints. These complaints are managed by environmental personnel with the support of head office specialists, and corrective actions are implemented and monitored. Exxaro is investigating an electronic system for the management of environmental complaints

In 2023, Exxaro received one new environmental complaint regarding a water pollution incident at Durnacol.

Regulatory changes

South Africa's National Assembly passed the Climate Change Bill (Bill), the first piece of legislation in the country for mitigating and addressing the effects of climate change. A critical aspect of the Bill includes allocating carbon budgets or allowances against which companies whose activities generate carbon emissions during a defined period will be tracked. The Bill also states that penalties for companies that exceed their carbon budgets should be determined, with National Treasury proposing a higher carbon tax rate of R640/tCO₂e for emissions above the allowance.

Climate change adaptation and resilience

From governance to strategy, risk management and capital allocation, among others, climate change and its impact on our business and stakeholders are central to our thinking and actions. Our ability to create sustained value now and into the future drives our response to the climate change agenda.



Details of our approach, performance and how we go beyond compliance are included in this section. This content is supported by supplementary information on our website:

[Databook](#) | [TCFD index](#) | [Climate Change Response strategy](#) | [Climate change position statement](#)

Key achievements



First-time participation in CDP forestation programme



Introduced a pilot for a carbon footprint calculator mobile app for employees



Implemented an employee decarbonisation campaign



Over R1.5 billion invested in the LSP to reduce scope 2 emissions, manage climate-related risks and leverage opportunities



Progressed against our decarbonisation journey and identified various decarbonisation projects and opportunities for implementation in the short to medium term. These include nature-based solutions and carbon offset projects

Pursuing sustainable growth and impact through...

Our commitment

To fundamentally change our business and positively respond to the climate change agenda by transitioning into a low-carbon business

Monitoring and measuring our performance

- KPIs: Carbon intensity (scope 1 and 2 tCO₂e/kTTM)
- Quantifying our scope 3 emissions across the value chain to inform mitigation measures

Delivering on our strategic objectives



Exxaro's Climate Change Response strategy, transition plan and position statement support the objectives of our Sustainable Growth and Impact strategy ([integrated report](#), page 47)



Transition at speed and scale



Be carbon neutral by 2050



Empower people to create impact

Going beyond compliance

Hosting and participating in events and forums

- Ensuring all events hosted by Exxaro are green and conducted in a sustainable manner
- Participating in COP28 and World Sustainable Development Summit
- Hosting the Exxaro sustainability summit annually and monitoring the environmental impact of the event, including carbon emissions, energy efficiency and types of material used
- Participating in panel discussions related to climate change issues, including the just energy transition and our role as a business in prioritising skills development programmes for our employees and communities

Providing financial support

- Supporting research and development through funding provided to university chairs and strategic partners
- Enabling the funding of decarbonisation projects for SMMEs through a third-party digital financing and carbon offset solutions

Reporting

- Complying with relevant timeframes for reporting climate change information
- Adopting voluntary reporting frameworks, particularly TCFD, GRI, UNGC and Sustainability Accounting Standards Board
- Improving disclosure through CDP participation

Engaging in strategic partnership discussions with key stakeholders to collaborate on:

- Scope 3 reduction projects
- A potential carbon offset project through the Lephalale community landfill programme
- Further integrating how we manage the impacts of our activities by adopting a holistic approach to air quality and climate change management

Stakeholder collaboration and engagement



We have engaged extensively with a range of stakeholders on climate change issues ([supporting research and development](#), page 41).

Customers and suppliers

To identify potential emission reduction projects that include scope 3

Employees and communities

To further embed and create awareness, and drive behaviour change

South African National Biodiversity Institute

To assist with the identification of nature-based solutions/projects with carbon sequestration benefits

Council for Geoscience

To collaborate on and participate in the carbon capture, utilisation and storage project

Agricultural Research Council

To address issues on land management and climate change

University of Pretoria

To develop a digital climate change training course for employees, which was nominated for an international award

Future focus

Our primary focus areas in 2024 include climate adaptation (at our operations and host communities), and using climate-related data to predict the impacts of extreme weather events on our operations, communities and social impact programmes.

In addition, we will intensify energy efficiency and mitigation efforts at BUs. We are evaluating various opportunities to reduce emissions, including biofuels, compressed natural gas, electric vehicles, carbon and methane capture and storage, solar farms, nature-based solutions and carbon offsets.

Our Climate Change Response strategy and position statement will be reviewed and updated in 2024 to incorporate the latest developments in climate science and climate frameworks. We will also be setting green procurement targets for our supply chain strategy.

CASE STUDY:

Empowering our people to adapt

We recognise that our employees play a key role in our adaptation and resilience efforts as we progress on our journey of being carbon neutral by 2050. As such, Exxaro launched a decarbonisation campaign to equip our employees with the knowledge, skills and mindset to contribute to a greener, low-carbon future.



The first phase of the campaign encouraged employees to participate in a 10-week personal decarbonisation challenge and complete the innovative climate change course – available on MyNexxt as a series of masterclasses. The course was developed by our climate change adaptation and resilience experts in partnership with University of Pretoria academics and NewLeaf Technologies. Using innovative, cutting-edge technology, the learning material aims to create a comprehensive understanding of climate change and its impacts while fostering a culture of awareness, education, accountability and action. The course was nominated for an international award for best learning-based experience.

Weekly challenges on LetsConnect encourage and reward planet-saving behaviours. Winners receive environment-friendly prizes that support recycling, energy efficiency, eating and growing healthy food, and choosing sustainable fashion and travel.

To make this learning experience accessible and engaging, the digital platforms integrate state-of-the-art technologies such as virtual reality, videos, infographics and analytics with easy access to course modules and effective communication.

The second phase is planned for 2024 and will focus on decarbonisation projects being implemented at BUs.

Climate change adaptation and resilience *continued*

Our approach

Guided by Exxaro's Climate Change Response strategy and the TCFD recommendations, our approach to climate change mitigation, adaptation, resilience and decarbonisation emphasises our sustainability and environmental stewardship imperatives.

Delivering on our decarbonisation objectives requires an integrated approach with all aspects of our business. We have also made a commitment to achieve our short-term target of reducing scope 1 and 2 emissions by 40% by 2026 and our long-term carbon neutrality objective by 2050. We still aim to reduce our emissions through operational efficiency programmes, carbon offsets and self-generation of renewable energy projects to ensure continuous operations and building a resilient clean energy network. These programmes will also contribute to the reduction of our carbon intensity through reducing diesel and electricity consumption.

Although we did not implement new decarbonisation projects during the year, we are investigating nature-based solutions, additional energy efficiency and renewable energy projects. We will continue to support research and development and monitor, measure and report our performance. Our collaborative, inclusive partnership approach to climate change remains a key enabler for us to continue on our journey of being carbon neutral in a just manner.

Decarbonisation roadmap

In fulfilling our commitment towards decarbonisation, we are in the key stages of developing and completing our decarbonisation roadmap, with the intention of identifying cost-effective decarbonisation pathways for the business (up to 2050). We envisage that the roadmap will be finalised before the third quarter of 2024.

The roadmap considers and details the following:

- Our emissions reduction targets over the short, medium and long term
- Business as usual and mitigation scenarios
- Current and future mitigation measures, including low-carbon technologies
- Risks and opportunities, including carbon pricing risks
- Capital allocation aspects
- Gaps and challenges such as commercial unavailability of some low-carbon technologies, lack of policies and incentives to encourage technology investments and lack of skills

Prioritising adaptation and resilience

Our approach considers the external climate-related risks we face; the systems, processes and projects we implement; and awareness created through communication, education and training for stakeholders across our value chain.

Growing **external risks** present significant opportunities for us to evolve and transition, thereby securing a future for Exxaro, our communities and future generations.



The risks identified during the detailed climate change scenario analysis conducted in 2019 and 2020 (page 13) continue to inform our response and mitigation efforts.

Exxaro aims to use **climate-related data** to predict the impacts of extreme weather events on our operations, communities and social impact programmes. We have engaged with a service provider to consult on climate predictions for specific operations and value chain partners. These predictions will enable us to determine or better understand how the impacts of extreme weather events on our value chain in turn impact our business, suppliers, customers and communities.

We have engaged with the South African National Biodiversity Institute on guidance for the use of nature-based solutions to offset emissions at our operations. We adopt **nature-based solutions** that enable biodiversity protection and restoration, positively contribute to our broader social impact, and include benefits such as carbon offsetting and credits. Our afforestation and reforestation projects enable carbon absorption and sequestration, and are a cost-effective way of addressing climate change, the biodiversity crises and land degradation. The project at our Hlobane mine in closure also provides work opportunities for local people and entrepreneurs in the forestry industry.

We will also be implementing a pilot offset project, where Exxaro will plant *Portulacaria afra*, commonly known as Elephant Bush or Spekboom trees on approximately 1ha of land at Grootegeeluk mine and 1ha at Leeuwpan mine. The Spekboom tree was selected due to its carbon absorption capabilities and ability to easily grow in almost any environment. The offset project will also benefit local communities by creating employment and commercial opportunities such as supplying Spekboom to various stakeholders and obtaining carbon credits. The projects will kick off in March 2024.

To measure carbon sequestration results from our Hlobane afforestation and reforestation initiative, we are currently investigating an evidence-based approach to quantifying, measuring and managing results. We have also established strategic partnerships with several stakeholders to ensure we leverage all opportunities presented in using nature-based solutions.



Our increasing efforts to **reduce our scope 1 and 2 emissions, and improving energy efficiency** (page 40) align with our decarbonisation plan, now and into the future.

Our employees, contractors, customers, suppliers and communities play a critical role in our ability to address climate change issues. Exxaro has several **awareness, training and education initiatives** that cover topics such as carbon pricing, carbon tax, adaptation, carbon budgets, and climate mitigation from a global, national and business perspective. These initiatives not only deepen our knowledge as an organisation, but also stimulate behaviour change in pursuit of climate change adaptation and resilience at our operations and in communities.

Contributing to South Africa's just energy transition

South Africa has revised its NDC target range for 2025 to 398MtCO₂e to 510MtCO₂e and for 2030 to 350MtCO₂e to 420MtCO₂e compared to 398MtCO₂e to 614MtCO₂e between 2025 and 2030 as communicated in the first NDC. The revised NDC requires us to do more to support the country's transition to a low-carbon economy. The COP28 Global Stocktake outcomes indicate that Parties are off track when it comes to meeting the Paris Agreement objectives and there have been strong calls for more ambitious NDCs and policies, and support for governments.

Exxaro contributes to South Africa's just transition through:



Additionally, the promulgation of South Africa's Carbon Tax Act, 2019 (Act 15 of 2019) contributed to GHG emissions reduction being a business imperative as this could affect our financial and sustainability performance. Governed by the Carbon Tax Act, the current carbon tax rate is R159/tCO₂e with several tax-free allowances.

CASE STUDY:

Sustainable practices in action

Our Grootegeluk mine hosted the sustainability summit in Lephalale, where employees and other stakeholders from various BUs shared insights and charted the way forward for Exxaro's sustainability.

This year's event adopted greening principles, demonstrating our commitment to incorporating climate change action and sustainable choices in our daily activities. Beyond our sustainable choices for the summit, with benefits for local communities, we commissioned a carbon footprint study and report – believed to be a first for an off-site and off-grid event. The study measured the event's energy use, water and waste management, and related transport and accommodation. Prepared in line with the best practice GHG Protocol Corporate Accounting and Reporting Standard methodology, the final report demonstrates our commitment to carbon reduction. It will inform our approach to similar events in future.

Guest speakers and our leadership teams urged delegates to continue playing their part at work and home to achieve Exxaro's decarbonisation objectives.

Forging strategic partnerships to address scope 3 emissions

Our commitment to decarbonisation efforts and the just energy transition extends beyond scope 1 and 2 emissions.

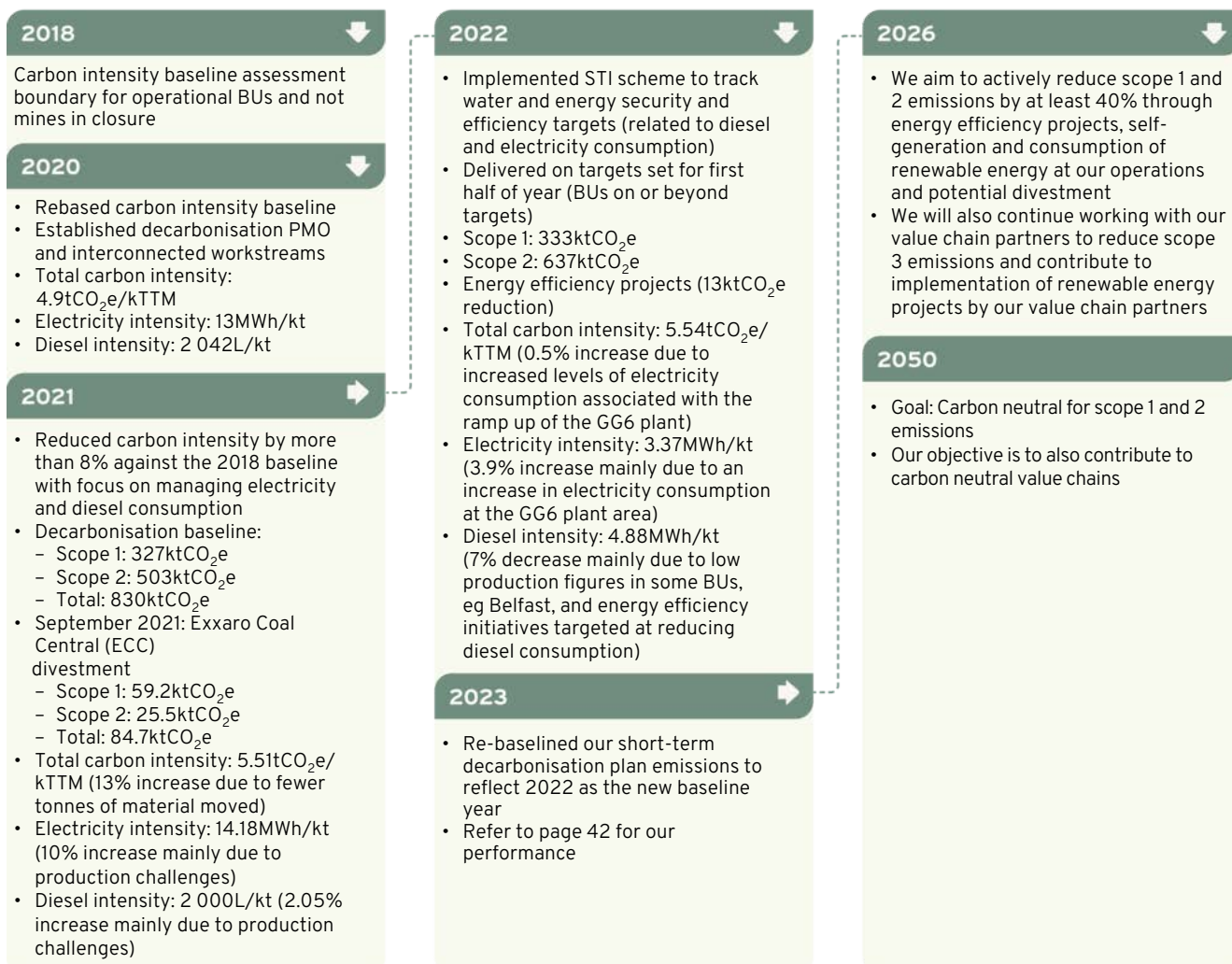
We recognise the significance of mitigating scope 3 emissions – which are beyond our direct control, yet present challenges for our business. As such, we aim to play a role in mitigating and reducing these emissions throughout our value chain. Strategic partnerships play a vital role in achieving our decarbonisation objectives, and we collaborate with customers and suppliers to ensure carbon neutral goods and services within the value chain.

Recently, we formed a strategic partnership with the Council for Geoscience to explore carbon capture, utilisation and storage in Mpumalanga. This technology will be instrumental in addressing scope 3 emissions, enabling us to contribute to South Africa's carbon footprint reduction, fulfilling international commitments such as the NDC and the just energy transition. Our participation in carbon capture, utilisation and storage research is motivated by its global recognition as for decarbonisation efforts, as highlighted during COP28.

We anticipate that partnerships like this will propel us towards our goal of powering better lives in Africa and beyond.

Reducing our carbon footprint

Our decarbonisation plan outlines our journey to reduce our carbon footprint and ultimately become carbon neutral by 2050. Supported by analytics tools that inform strategic decision making, we include climate change metrics in scorecards, and climate change is embedded in our capital allocation model.




Climate change adaptation and resilience *continued*

Managing carbon emissions

Our decarbonisation plan includes several initiatives to manage and reduce our emissions. We classify our emissions as follows:


Scope 1	Scope 2	Scope 3
Direct GHG emissions (measured in tCO ₂ e) from sources owned or controlled by Exxaro using diesel, petrol, gas, explosives and limestone. Production-related fugitive methane emissions are also included	GHG emissions from electricity generated by utility Eskom and purchased by Exxaro	Emissions outside our control but emanating from our products or value chain activities such as customers burning coal supplied by Exxaro

To ensure comparability, Exxaro measures, manages and reports energy and carbon data in terms of the GHG Protocol's Corporate Accounting and Reporting Standard. Our scope 1, 2 and 3 emissions are monitored and reported annually.








 GHG emissions recorded over the past three financial years are on page 42.

We aim to reduce scope 1 and 2 emissions through self-generation solar PV projects and operational efficiency programmes. These programmes reduce diesel and electricity consumption, and rectify higher carbon intensity per tonne of product mined caused by suboptimal equipment use.

While it is critical to reduce our direct emissions, the largest contributor to our indirect emissions profile is our scope 3 emissions. We therefore focus on reducing our indirect emissions through ongoing educational and awareness campaigns with stakeholders across our value chain. The impact of our stakeholder engagement and partnerships to address scope 3 emissions cannot be measured in terms of tCO₂e saved, but they are critical to ensuring that our transition into a low-carbon business is just and inclusive – taking everyone along with us on our journey.

 Our emissions reduction initiatives are driven by our efforts in energy management (page 48) and implementing cleaner energy sources at our operations.

Priority  Low  High  Quick wins

Scope 1	Scope 3	Carbon credits
<ul style="list-style-type: none"> Feasibility on green energy potential at operations  Energy and water efficiency programmes (linked to performance incentives)  Compliance focus: pollution prevention plans for operations 	<p>We continue engaging strategically and taking targeted measures with our key suppliers to partner and collaborate on value chain emissions reduction</p> <p>Our approach of aligning our portfolio towards low-carbon transition minerals will be key in addressing scope 3 emissions</p> <p>We are supporting industry and government efforts to develop low-carbon technologies such as carbon capture and storage, which are critical for the removal of carbon emissions</p>	<ul style="list-style-type: none"> Community waste management/SLP Land management projects Rehabilitation opportunities  Nature-based offset projects
Scope 2		Enablers
<ul style="list-style-type: none"> Solar PV at Tshikondeni  Solar PV at Grootegeluk  Renewable energy consumption at all our operations 		<ul style="list-style-type: none">  Exxaro decarbonisation training and employee participation Decarbonisation and communication plan  Leadership-driven process

Pollution prevention plans

Our 2021 to 2025 pollution prevention plans, as required by the National Environmental Management: Air Quality Act, include CO₂ emissions reduction projects for reducing diesel consumption and carbon emissions at our operations.

Project	Implementation	Anticipated emissions reduction (tCO ₂ e)					Total
		2021	2022	2023	2024	2025	
Grootegeluk in-pit crushing and conveying project	Ongoing	6 053	6 503	6 250	6 104	6 050	30 960
Road management and improvement	Ongoing	3 563	3 827	3 678	3 592	3 561	18 222
Pantograph utilisation optimisation	2021	684	735	707	690	684	3 500
Out-of-cycle time reduction	2021	1 605	1 724	1 657	1 618	1 604	8 208
Autonomous drilling	2021	193	208	200	195	193	989
Total		12 098	12 997	12 491	12 199	12 093	61 879

Assumptions used to estimate anticipated GHG emission reduction: electrical and diesel conversion factors, and the project scope, are consistent.

Supporting research and development

We are investing extensively in developing knowledge of climate change, renewable energy and sustainability. We prioritise innovation, research and development, and collaboration on sustainability issues with value chain stakeholders.

Focus areas

<p>Wits Global Change Institute Enhancing climate change adaptation and resilience for industry and government</p>	<ul style="list-style-type: none"> • Adaptation pathways for a changing world • Alignment of global climate change adaptation and mitigation with the SDGs • Minimising the impact of extractive industries • Maximising post-extractive landscapes for sustainable communities
<p>Unisa Business and Climate Change Publications on the coal mining sector’s response to climate change and a decision-making framework for corporate climate change response</p>	<ul style="list-style-type: none"> • Innovation • Advocacy-oriented community engagement • Climate governance • SDG domestication • Climate change mitigation and adaptation • Green buildings
<p>University of Pretoria Energy, Water and Food Two toolkits on motor resizing and multi-drive conveyor belt design and simulation to save energy as well as technical reports on energy efficiency in South Africa</p>	<ul style="list-style-type: none"> • Energy efficiency improvements to Exxaro’s operations • High-quality related services for our business
<p>Industry Task Team on Climate Change Working with government and other businesses to address South Africa’s international climate change obligations</p>	<ul style="list-style-type: none"> • Supporting the low-carbon transition, carbon price merits, collaboration and the just transition
<p>NBI membership Contributing to thought leadership on climate change issues</p>	<ul style="list-style-type: none"> • Just transition and the role of business in ensuring the transition to a low-carbon economy • Preparation for COP meetings • Alignment with the SDGs
<p>Minerals Council Discussions with government on climate change management</p>	<ul style="list-style-type: none"> • Implications of environmental policy, carbon tax, air quality, waste and water management
<p>Business Unity South Africa (BUSA) and Business Leadership South Africa Engaging with businesses through BUSA and Business Leadership South Africa on issues affecting the country and securing energy supply</p>	<ul style="list-style-type: none"> • Macro-economic and high-level issues at national and international levels
<p>Energy Intensive Users Group of South Africa and Energy Efficiency Leadership Network Working with government, power utilities, industry and other stakeholders to ensure a financially viable, technically healthy and well-managed energy supply sector for South Africa</p>	<ul style="list-style-type: none"> • Energy efficiency, energy strategy and policy implementation
<p>Government, NGOs, communities and industry Engaging on air quality management in priority areas</p>	<ul style="list-style-type: none"> • Multi-stakeholder reference groups and implementation task teams for the Highveld and Waterberg-Bojanala priority areas

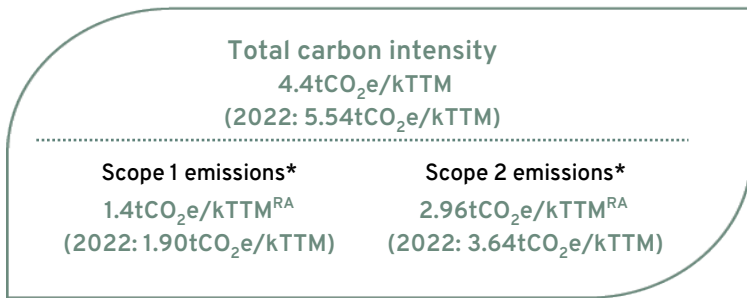
Monitoring, measuring and reporting

Internal performance measures	External performance measures
<ul style="list-style-type: none"> • Monitoring performance using monthly energy and carbon data reporting • Monitoring and reporting on scope 1, 2 and 3 emissions annually using the operating control accounting approach • Tracking carbon and energy reductions using the STI scheme at group and BU levels to inform employee and executive reward performance • Continuously investigating data solutions for real-time feedback, which we believe will allow us to respond quickly to emerging issues and opportunities to reduce our emissions 	<ul style="list-style-type: none"> • Participating in the CDP climate change programme (since 2008) – our CDP climate change inputs provide information on our energy consumption and intensity, carbon emissions measurement and cost performance at BU and group levels. This information is audited and assured externally every year • Participating in the CDP water programme (since 2010), and supplier engagement since 2019 – the CDP water and supplier engagement programmes help us ensure that we align water security and supply chain risks to climate change impacts • Participating in the CDP forestation programme – our CDP forests inputs provide information on how we manage our forest-related dependencies, and risks and opportunities

Accountability and responsibility

The RBR committee manages climate change risks and opportunities. The SERC ensures we align with just transition principles. The ESG steering committee’s role is to support Exxaro’s ongoing commitment to environmental, health and safety, corporate social responsibility, corporate governance, sustainability, and other relevant public policy matters.

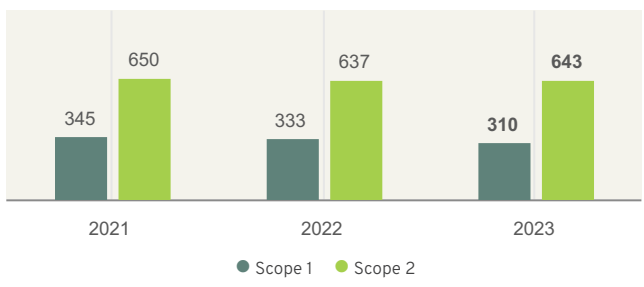
Our performance



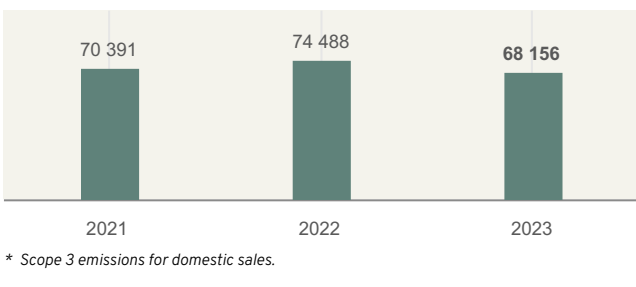
Resulting in a 20% decrease in carbon intensity due to energy efficiency measures at our operations

* All of Exxaro's BUs' carbon emissions are taken into account for these two intensity calculations.

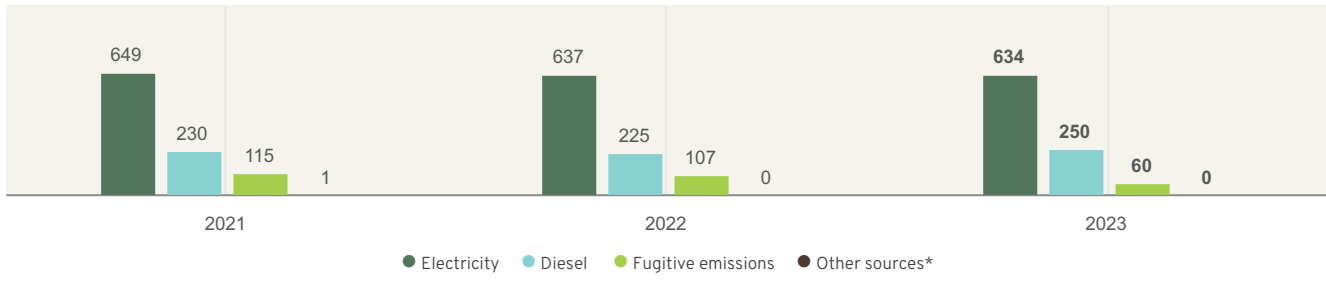
Scope 1 and 2 GHG emissions (ktCO₂e)



Scope 3 GHG emissions (ktCO₂e)*



Carbon emission by source (ktCO₂e)



* Source proportion.

Refer to the [databook](#) for more detail on our scope 1, 2 and 3 GHG emissions.

Supporting research and development in climate change
R63 million invested to date
(2022: R8.9 million)

Carbon tax liability
R2 797 million for production-related emissions, ie fugitive methane emissions associated with the coal seam

2023 CDP scores

Climate
B
Management category

Water
B
Management category

Our scores indicate that we are taking coordinated action on climate change and water security issues. To improve our performance, we are strengthening our efforts to demonstrate best practice in strategy and action as recognised by frameworks such as the TCFD, Accountability Framework and others.

For more information on our CDP performance, please refer to www.cdp.net and the [databook](#).

The 68MW LSP at Grootegeluk, designed to reduce our emissions by 161ktCO₂e, achieved financial close on 29 June 2023 and construction activities began thereafter. Commercial operations are expected to commence in the first quarter of 2025. We also plan to implement solar PV projects at our mines in closure offices and Ferroland game lodges to reduce our scope 2 carbon footprint.

We continue efforts of promoting renewable energy as a cost-effective technology through the anaerobic biodigester programme, which was launched with SANEDI and UNISA in 2019.

Ongoing operational efficiency programmes implemented include working with our engineering teams and a service provider to identify potential group-wide projects to implement at our operations with significantly high energy usage. We are systematically reducing the emissions of our Grootegeluk vehicle fleet by addressing logistics constraints using analytics tools and implementing optimisation solutions that include:

- Mine digitalisation
- Dispatch and fleet allocation optimisation
- Truck payload management
- Shovel and truck cycle variability management
- Road condition and construction opportunities
- Out-of-cycle waste reduction

Our operational efficiency drive aims to address challenges experienced in delayed internal reporting.

CASE STUDY:

Leveraging solar power through the LSP

The 68MW LSP is a significant step towards implementing Exxaro's decarbonisation plans and progressing the just energy transition. The LSP, owned by Cennergi Holdings Proprietary Limited, will supply solar energy to Exxaro's Grootegeluk mine. The LSP will serve as a behind-the-meter energy facility, directly providing solar power to the mine for 25 years through a power purchase agreement.

The project site is in the Waterberg District on Exxaro-owned land, and spans 236ha. The project will be constructed through a fully wrapped, engineering, procurement, and construction contract. The operations and maintenance of the solar facility will be entrusted to a highly experienced operator.

In line with Exxaro's Sustainable Growth and Impact strategy and decarbonisation plan, the LSP will generate 176GWh of clean electricity every year, thereby offsetting 161ktCO₂e per year. Scope 2 emissions will be reduced by an estimated 27% in the first year of operation through self-generation and consumption of renewable energy at Grootegeluk.

The reduction in scope 2 emissions will bring us closer to meeting our 40% emissions reduction target by 2026. The LSP and future investments in decarbonising Exxaro's mining operations are a systematic and responsible approach to the energy transition without introducing additional risks to South Africa's electricity generation. Furthermore, the LSP and similar projects will foster sustainable development and enhance socio-economic benefits for local communities.

Leading the way

Exxaro participated in COP28 climate change deliberations and sponsored the South African COP pavilion. Key developments that Exxaro benefited from include decarbonisation technologies, fossil fuel sector, the Global Stocktake Report outcomes, developments in carbon markets, quantifying scope 3 emissions, carbon markets and trading, just transition developments, phasing out of fossil fuels, loss and damage fund, global adaptation fund, green finance, increasing renewable energy capacity and climate lobbying.

Awareness, education and training initiatives

Exxaro has been facilitating climate change masterclasses for the past two years as part of employee awareness, education and behaviour change. Classes are held throughout the year.

Key initiatives implemented this year included the:

- Employee carbon footprint calculator app pilot: The app is a gamified platform that tracks, calculates and quantifies an employee's emissions profile. Based on their profile, it provides advice on how they can reduce their carbon footprint through education and awareness. Employees are recognised and rewarded for their participation
- Community awareness and education: For the past two years, Exxaro has run these campaigns to create awareness and educate community members about climate change issues. The topics include the negative impact of pollutants on the environment and their health. Campaigns align with the goals of our Social Impact strategy, and going forward, will include an increased focus on embedding knowledge and assisting communities with access to renewable energy
- Decarbonisation campaign and the climate change course: Read more in the case study on page 37

Air quality management

Addressing the deterioration of air quality remains one of our top priorities, as pollution has significant negative environmental and social impacts. Our risk-based approach ensures that we continue striving for air pollution reduction for our people and planet.

Key achievements



Multi-pollutant monitor at Grootegeeluk



Active participation in the National Clean Air Association (NACA) annual conference



Intensified mitigation measures such as chemical suppression



Hosted internal and external training and awareness campaigns on air quality impacts associated with mining activities with stakeholders across the value chain

Pursuing sustainable growth and impact through...

Our commitment

To reduce our negative impacts through prevention, mitigation and application of best practice measures

Monitoring and measuring our performance

- Monitoring emissions at all operations
- Reporting quantitative data on the National Atmospheric Emissions Inventory System
- Complying with the conditions of our atmospheric emission licences, dust fallout limits, air quality monitoring and management

Delivering on our strategic objectives

Our air quality management approach aligns with the objectives of our Climate Change Response and Sustainable Growth and Impact strategies.



Empower people to create impact



Become a catalyst for economic growth and environmental stewardship

Going beyond compliance

Our risk-based approach aligns our environmental, safety and health objectives. We are committed to working with all stakeholders on air quality management. We also participate and provide inputs on air quality management policies and regulations and contribute to community educational awareness campaigns.

Partnering with dust suppression service providers to investigate more effective dust suppression technologies and implementation of dust suppression pilot projects.

Stakeholder collaboration and engagement

Communities

To address their concerns and create awareness about the negative impact of pollutants

Customers

To explore opportunities for collaboration on air quality management

DFFE

Through multi-stakeholder meetings on air quality management in priority areas

Minerals Council and BUSA

To provide inputs on air quality management policies and regulations

Coaltech Research Association and the National Association for Clean Air

To reduce air pollution and carbon emissions with industry peers

Future focus

We aim to continue:

- Working with government and other stakeholders on air quality management
- Improving and reporting on our performance
- Addressing stakeholder expectations

Our approach

Pollutants such as dust and particulate matter (PM) emanate from opencast mining activities that unavoidably generate dust, posing health and safety risks and negatively impacting the environment.

To address this, we aim to progressively reduce air quality emissions (dust fallout, PM₁₀ and PM_{2.5}) within our operating boundary. Our approach ensures compliance with environmental legislation and regulatory requirements, and incorporates:

- Risk-based air quality management plans and systems for all BUs
- Best practice prevention and mitigation measures
- Monitoring, measuring and reporting data (including continuous research and development of new dust suppression and air pollution mitigation technologies)
- Awareness and education campaigns for various stakeholders

We regularly assess our plans and mitigation measures to ensure they remain effective. We also expand our monitoring network and systematically improve our approach to maintain our target of 100% monitoring at all operations, and to continuously increase the granularity of data. Our air quality management plans enable the development and implementation of sustainable air pollution reduction measures for current and future operations.

Goals	Target
Continuous dust fallout monitoring	All operations
Continuous PM ₁₀ monitoring	All operations
Meteorological monitoring to ensure availability of surface data for temperature, wind direction and wind speed (critical for dispersion modelling, baseline characterisation, ambient monitoring design, dust fallout monitoring and reporting, among others)	All operations
Ensuring compliance with dust fallout limits and air quality standards	Level below regulated limits
Air quality awareness and education campaigns for various stakeholders	Quarterly

Prevention and mitigation

Our prevention and mitigation measures uphold our licence to operate, considering our host communities and compliance with environmental legislation, particularly the National Environmental Management: Air Quality Act, 2004 (Act 39 of 2004) and associated regulations.

Mitigation measures to reduce the significant impacts on the environment and our host communities include:

- Chemical and wet dust suppression on unpaved roads and open ground (with additives to improve effectiveness)
- Limited drop heights during offloading activities
- Vehicle speed control with proximity detection systems and speed limiters
- Vegetation on topsoil stockpiles and overburden material
- Blast design optimisation (considering wind conditions)
- Planting trees as windbreaks as implemented at our Belfast operation

As some of our activities are close to residential areas or sensitive receptors, we intensify dust fallout mitigation efforts through chemical suppression for mining sources such as unpaved roads, which significantly contribute to our dust emissions. We continue investigating environmentally friendly dust suppression technologies to limit impacts associated with pesticides and other chemicals used. We also intensify our dust suppression measures in winter as high wind speeds could result in increased fugitive emissions.

We evaluate the practicability of implementing best practice dust control measures in our operations by considering health and safety implications, environmental impacts, regulations and compatibility with current processes and future developments.

Monitoring, measuring and reporting


We are proactive in monitoring legislative changes to ensure that our BUs remain aware of the draft National Dust Control Regulations for fallout measuring, mitigation and reporting and what processes they should follow to report exceedances or non-conformances.

Our dust monitoring networks ensure effective air quality management and compliance with the National Dust Control Regulations. These regulations allow two non-residential and residential exceedances per operation in a year (not within sequential months).

Ambient-monitored data for criteria pollutants such as PM, sulphur dioxide (SO₂) and nitrogen oxides (NOx) continue to be exceeded in some parts of Mpumalanga due to various sources. Our contributions to air quality management in the Highveld and Waterberg-Bojanala priority areas aim to reduce the cumulative impact of pollutants on the environment and community health. The DFFE monitors the cumulative air quality data for priority areas. We check this data regularly to assess the air quality impacts and provide inputs on our mitigation measures during workshops.


Exxaro also works with research and development institutions to identify measures for quantifying criteria emissions from discard dumps. Our dust monitoring networks for our operations did not require changes due to previous efforts of ensuring comprehensive and representative dust monitoring networks.

We invest in advanced digital solutions for real-time emissions monitoring. The multi-pollutant ambient air quality monitor installed at Grooteeluk enables us to monitor a broad spectrum of emissions, including PM₁₀ and PM_{2.5}.



Cennergi's windfarms are exempt from monitoring, measuring and reporting as they do not create dust and air pollution emissions. However, water trucks are used for dust suppression during biannual road maintenance works.

Awareness and education

 Our air quality management plans support the objectives of our [Social Impact strategy](#) (page 94).

For the past two years, we have run communication campaigns on air pollution and GHG emissions in our communities to raise awareness about the environmental impacts associated with mining activities. These campaigns empower our communities to change their behaviour and mindsets – highlighting the health impacts of using domestic fuels and assisting communities with access to renewable energy.

To ensure our campaigns remain relevant and determine how we can assist communities in reducing the impact of mining activities, we have quarterly feedback sessions on air quality data collected and mitigations implemented.

Accountability and responsibility

Our chief sustainable impact officer: sustainability approves air quality policies, procedures and mechanisms. Mine managers allocate capital, implement projects and monitor our impact.

Air quality management continued

Our performance

Maximum allowance		Limits	Highest recorded		
			2023	2022	2021
Non-residential dust fallout exceedances	Two exceedances per BU per year (not occurring in sequential months)	1 200	1	0	0
Residential dust fallout exceedances	Two exceedances per BU per year (not occurring in sequential months)	600	2 at Matla	2 at Matla	0

We apply the non-residential limit for compliance assessment because our operations are located in industrial areas. In areas where host communities are located close to our operations, we apply the residential limit compliance assessment. During the year, Exxaro intensified all efforts to prevent and mitigate dust fallout.

With the multi-pollutant monitor installed at Grootegeluk, and the trial phase in place, we envisage that monitored data will be reported on in 2024 and will provide valuable insights about the impact on sensitive receptors.

CASE STUDY:

Multi-pollutant monitoring at Grootegeluk



We continuously strive to mitigate and reduce the impacts of air pollution on host communities/sensitive receptors and the environment. We also prioritise the implementation of our risk-based management approach to air quality management and consider various aspects in how we manage air quality.

One of these key aspects is vehicles and other activities emitting various pollutants (such as CO₂, NO_x, PM, SO₂ and volatile organic compounds) that negatively affect air quality and the environment. Although mining activities are not a significant source of these pollutants, it is important for us to measure them for effective air quality management, protection of health and reducing negative impacts on the environment.

Therefore, we have taken a proactive approach to integrate multi-pollutant monitoring at our Grootegeluk operation in Lephalale, the first operation at Exxaro to have such a monitor installed. The multi-pollutant monitor will measure SO₂, PM and NO_x. Calibration activities on the monitor during 2023 ensured credibility, good quality results and proper placement to minimise breakdowns and provide security. Although test monitoring was undertaken using the monitor, we plan to start monitoring in 2024.

The monitored data will contribute to regional efforts of effectively monitoring and managing air quality within the Waterberg-Bojanala priority area to reduce impacts on health and the environment. This is critical for us to deliver on the strategic objectives of our Sustainable Growth and Impact strategy.

Energy efficiency

Energy efficiency is a critical component of our decarbonisation journey. Managing our consumption and pursuing alternative energy sources in a just and sustainable manner will ensure our long-term resilience, enabling further progress towards transitioning into a low-carbon business.

Key achievements



100% Improvement in energy intensity against the consolidated group GJ target



Fuel cleaning system launched at Mafube

Pursuing sustainable growth and impact through...

Our commitment

To reduce our direct emissions and energy consumption in an innovative, sustainable, inclusive and proactive manner

Monitoring and measuring our performance

- KPIs: diesel energy intensity (calculated by the ratio of total diesel energy consumed to total RoM from the plant and waste) and electrical energy intensity (calculated as a ratio of total electrical energy consumed to total RoM not processed through the plant)
- Energy intensity targets linked to the group STI scheme

Delivering on our strategic objectives

Our energy and carbon management programme aligns with the objectives of our Climate Change Response (responsible resource consumption and CO₂ emissions reports) and Sustainable Growth and Impact strategies.



Make our minerals and energy businesses thrive



Become a catalyst for economic growth and environmental stewardship



Be carbon neutral by 2050

Going beyond compliance

As part of delivering social impact through the ESD programme, Exxaro provided financial support to a fruit farmer, enabling commercial-scale expansion of the operation. We also provided a solar PV UPS system to mitigate the impact of energy supply interruptions on their produce and reduce their reliance on grid-supplied electricity.

Stakeholder collaboration and engagement

Employees

To create awareness and drive behaviour change

Industry Task Team on Climate Change (as a member of the Energy Intensive Users Group of Southern Africa)

To share knowledge, gain insights and contribute to South Africa's just energy transition and climate change policy

Future focus

Our primary focus in 2024 will be improving plant throughput performance and electrical energy efficiency at all BUs.

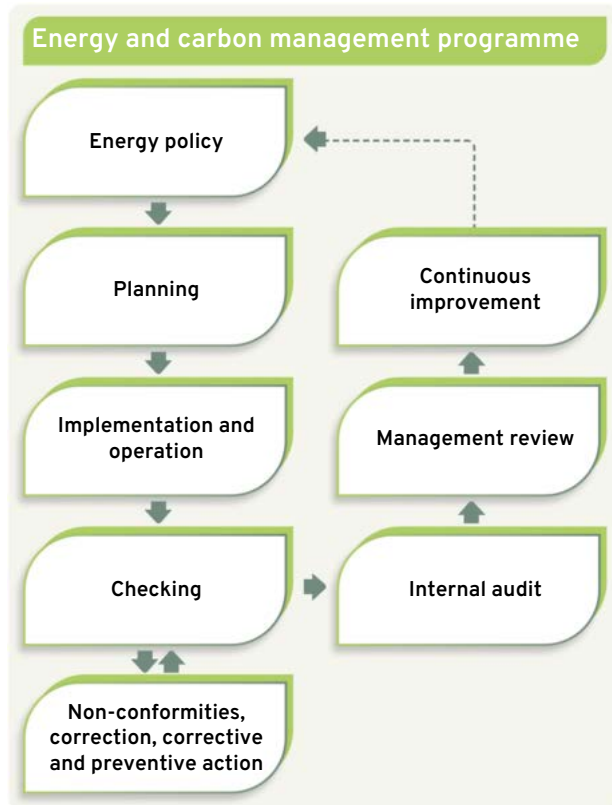
Energy efficiency continued

Our approach

Our energy efficiency efforts are critical for us to achieve our goal of being carbon neutral by 2050. Exxaro's energy and carbon management programme outlines how we reduce our direct emissions and energy consumption. The programme is supported by:

- Monitoring, measuring and reporting performance using targets and the productivity and energy management services (PEMS)
- Creating awareness through education and training to drive energy-saving behaviour across the business

The programme complies with ISO 50001 energy management requirements.



We reduce our diesel consumption through various projects, implemented by our technology and engineering department, which use fuel additives and payload management. Our operational energy efficiency projects and renewable energy self-generation reduce electrical energy consumption. We work with our innovation department to advance our efforts in reducing electrical energy intensity.

For information on our approach to emissions, refer to the [climate change adaptation and resilience](#) section (page 36).

Monitoring, measuring and reporting

Each operation has energy intensity targets linked to the group STI scheme. Targets are based on the outcomes of current state and opportunity scoping reviews, which began at Grootegeluk in 2021. The outcomes of the reviews also informed interventions to reduce energy consumption and GHG emissions to improve intensity (GJ per total tonnes handled).

Intensity performance is tracked monthly relative to the calculated energy intensity baseline. This baseline was calculated using the energy consumption and production data from the most recent preceding year that represented each mine's steady-state operation.

Awareness, education and training

Our energy management projects support the objectives of our [Social Impact strategy](#) (page 94).

We recognise that energy management is a collective effort, and therefore embed decarbonisation thinking across BUs and our value chain by nurturing a culture of emissions reduction and accountability through awareness, education and training.

Our people and performance, business improvement and information management teams drive behaviour change among employees, who in turn support efforts to establish energy management systems. Engineering teams champion energy-saving initiatives and motivate behaviour transformation. We discuss performance in monthly forums at each BU.

Enabling effective monitoring and verification through technology

We use independent measurement and verification services provided by ECS. ECS conducts strategic performance reviews at Grootegeluk, Matla, Belfast, Leeuwpan and FerroAlloys to assess project status, and implementation of PEMS and SmartEPS. These sessions also address shorter interval control measures to ensure each site achieves monthly STI targets.

PEMS is a digital solution that enables BUs to track operational efficiencies and inefficiencies. It is designed to improve energy consumption and production against an adjusted baseline at a daily/weekly/monthly resolution.

The PEMS dashboard supports projects and performance monitoring by addressing operational inefficiencies and assisting sites in achieving targets. PEMS is expected to achieve a 5% reduction in fuel consumption and carbon savings at each site projected over the next five-year period from 2021. This is key to achieving energy and GHG project targets.

Energy and carbon transition profiler (SmartEPS) is a web-hosted application that enables users to understand the impact of interventions with an energy and GHG profile to 2050. This solution is at user-acceptance testing phase with each BU.

ECS quantifies the impact of energy savings and submits the data to the South African Revenue Service (SARS) for a **section 12L tax rebate**. ECS quantifies the impact of priority projects at Grootegeluk, our Mpumalanga operations and FerroAlloys.

Accountability and responsibility

BU managers are responsible for achieving energy management objectives, supported by the group engineering manager and chief technology officer.

Our performance

	2023	Year-on-year change (%)	2022	Year-on-year change (%)	2021
Electricity and diesel consumption					
Electricity (MWh)	590 931	0.14	590 078	1.38	582 066
RoM (kt)	190 311	8.64	175 176	-2.38	179 451
Electrical energy intensity (MWh/kt)	3.11	-7.72	3.37	4.01	3.24
Diesel (kl)	83 629	0.48	83 226	-9.38	91 838
RoM (kt)	190 311	8.64	175 176	-2.38	179 451
Diesel energy intensity (MWh/kt)	4.39	-10.04	4.88	-7.05	5.25

Refer to the [databook](#) for more detail on our electricity, diesel, RoM and intensities.

Our primary energy sources included 41% electricity (2022: 40.7%) and 59% diesel (2022: 59%). Total energy consumed increased by 0.15% to 5 219 390GJ (2022: 5 211 418GJ).

Total electricity and diesel intensity decreased in 2023 by 9% based on the increase in RoM tonnages and improvement in energy and productivity performance in the mining areas across BUs.

Based on the 8.64% increase in RoM tonnages, electrical energy intensity decreased by 7.72% and diesel energy intensity decreased by 10.04%.

According to our group STI scheme rules, Belfast, Leeuwpan, Matla and FerroAlloys met energy intensity targets, while Grootegeluk and the group did not. The group did not achieve its 2023 energy intensity STI target based on the 2023 GIS rules. However, comparing the group total consolidated energy intensity performance for 2022 with that of 2023 (in GJ/kilotonne) shows that there was an improvement in energy intensity performance year on year. The energy intensity performance for 2022 in GJ/kilotonne was 29.59 with the 2023 performance at 27.43, which represents a reasonable improvement in energy intensity performance year on year.

We experienced challenges in data acquisition (validity, frequency and resolution) in the second quarter of 2023, which impacted our ability to analyse, respond and correct declining energy performance at Grootegeluk.

We are improving our data collection process to enable real-time behaviour management. We developed an analytical tool to link plant production throughput with electrical energy per plant module at Grootegeluk, enabling us to monitor and manage energy intensity performance through the plant. We also implemented advanced process control in the plant modules to further improve energy efficiency.

Based on the positive results from FuelActive units installed on three haul trucks at Mafube, a similar pilot was launched on five haul trucks at Grootegeluk. The intent is to gauge the improvement in fuel consumption (expected between 3% and 5%) on the haul trucks and reduce maintenance costs.

Grootegeluk will be replacing its heavy mobile haul truck fleet, with carbon emissions and sustainability prioritised in selecting the appropriate best-fit technology partner. We are engaging with our original equipment manufacturers on this process, ensuring roadmaps will incorporate decarbonisation, sustainability and transitioning from traditional diesel-fuelled haul trucks.

CASE STUDY:

Decarbonising our mobile equipment fleet

FuelActive is an innovative fuel cleaning system that reduces harmful emissions, fuel consumption, repair and maintenance downtime, and related costs – supporting our goal of systematically decarbonising our fleet.

FuelActive uses a floating pickup to draw clean fuel from the top of the fuel tank, instead of the bottom where contaminants settle. The system improves engine efficiency and reduces fuel consumption while maintaining the manufacturer’s intended emission standards and performance throughout equipment life. A three-month trial of this technology at Mafube compared the performance of our mining truck fleet against the manufacturer’s baseline data (collected over at least six months) – with and without the FuelActive system. We collected and managed data on fuel economy and carbon dioxide emissions every month and presented it to management and FuelActive (as average litres of diesel consumption per hour) at biweekly reviews.

Key benefits realised

Payback from our investment within **263 days**


Carbon dioxide reduction of **762 tonnes**


Annual fuel savings of **R6 million**


Water security


Our operations span across large geographical areas, with water facilities and mining areas connected to the water resources and atmosphere. The overall inflow and outflow of water within the mine boundary are closely coupled to local climatic conditions. To ensure we safeguard sustainable access to sufficient, acceptable quality water, we implement site-specific water management plans influenced by climate change variability, watershed risks and planning scenarios.


Key achievements

- 

Grootegeluk's Oliphantskop Dam lining completed
- 

Mobile reverse osmosis plant commissioned at our Belfast operation
- 

Internal water pricing completed
- 

Recalibrating the Grootegeluk water balance model to improve overall water management
- 

Improving dirty and clean water separation, and preventing groundwater contamination with improved waste management at operations

Pursuing sustainable growth and impact through...

Our commitment

- To manage water-related risks, minimise impacts and operate efficiently

Monitoring and measuring our performance

- KPI: Water intensity (L/t RoM)
- Water consumption and intensity targets are linked to our group-wide STI scheme

Delivering on our strategic objectives

Our water management policy delivers on the Climate Change Response and overarching Sustainable Growth and Impact strategies by guiding our integrated water and waste management plan for current and future operations – from planning to construction, operation, decommissioning, closure and rehabilitation.



Make our minerals and energy businesses thrive



Become a catalyst for economic growth and environmental stewardship

Going beyond compliance

We focus on an innovative and communicative culture. We continue to analyse working processes in the organisation and investigate optimal management systems that go beyond compliance to safeguard against environmental risks and minimise any potential impacts to the natural environment.

Stakeholder collaboration and engagement

Other mining houses and universities through the Coaltech research initiative

To participate in projects that guide sustainable mine water management and mine closure for accurate final land use planning

Various stakeholders in the catchment area

To collectively manage water risks and opportunities

Future focus

We aim to further improve our water management plans to ensure climate resilience and safeguard our natural resources for future generations.

Our approach

Water security management is a critical component of our overall operational and environmental management as we are sensitive to South Africa's water scarcity and the effects of climate change, particularly increased temperatures and rainfall variability. Without controlled efforts to maintain water security, we risk production stoppages, financial loss and non-compliance with water authorisations. The consequences could impact our licence to operate, increase competition for scarce resources, limit investment opportunities and damage our biodiversity efforts.

Our water management policy is supported by our group water strategy, which aims for excellent compliance with policies, standards and processes, stakeholder partnerships and technologies for operational water efficiency.

We implement this policy through our water management standard, which covers mining and industrial water use, water authorisations and site-specific water management plans including:

- Water-related risk assessments
- Water conservation and demand management
- Stormwater controls
- Security of supply
- Water monitoring
- Water balance simulations

We manage water-related risks, minimise impacts and operate efficiently by:

- Reducing, reusing and recycling water in line with water conservation plans that support the National Water Resource Strategy
- Providing suitable barriers to our dirty water facilities that prevent groundwater contamination
- Committing to protecting and improving water quality by discharging treated water at our operations through reverse osmosis and/or sewage treatment plants
- Incorporating climate analytics (ENSO and SA Weather Services seasonal outlook) into our water management decision-making processes

At Matla and Belfast, we use reverse osmosis to treat excess process water to potable standards and treat sewage effluent in two plants before it is discharged into the environment.



Cennergi's windfarms use licensed boreholes and rainwater. Employees and contractors drink bottled water at the operations.

The facility site manager supported by the head: corporate and social responsibility oversee policy implementation and practice at wind energy facilities.

Tailings storage facilities and dams

Our tailings management system focuses on operation, monitoring and decommissioning of tailings dams. It uses comprehensive risk-based management and governance systems in line with internationally recognised good practice. Exxaro aims to align tailings management with the Global Industry Standard on Tailings Management.

Our dam assets contain clean or polluted water. According to South African dam safety legislation, dams with a wall height exceeding 5m and capacity exceeding 50 000m³ are considered a safety risk. Classified dams are categorised as I, II or III according to risk potential. Category III has the highest hazard potential. The table below shows dams with a safety risk, as classified by DWS.

	Category I	Category II
Matla	-	Brine ponds
Grootegeeluk	-	Cyclic ponds
Leeuwpan	-	Witklip Dam
Durnacol	Durnacol Dam No 4	Durnacol Dam No 7 Langley Dam No 2 Langley Dam No 3
Tshikondeni	Unwa Dam	-

Accountability and responsibility

Sustainable impact managers, supported by the corporate water team and on-site environmental specialists, led by the chief sustainability officer: sustainable impact, oversee policy implementation and practice at the operations.



Water security continued

Our performance

Consumption (ML)	2023	2022	2021	Recycling ratio (%)	Target	2023	2022	2021
Total water withdrawal	8 744	11 486	10 890	Grootegeeluk		57	47	43
Surface water	5 834	8 602	8 165	Matla		51	50	42
Groundwater	1 487	1 408	1 312	Leeuwpán (estimated)		30	30	30
Third-party water	1 423	1 476	1 413	Belfast		62	38	28
Total water discharged	1 314	1 068	609	Total group*	38	56	47	46
Total water consumption	7 430	10 419	10 281					

* Includes ECC assets in 2021.

	Target (L/t)	Water intensity (L/t)			Water consumption (m ³)		
		2023	2022	2021	2023	2022	2021
Mpumalanga							
Belfast	250	54	232	237	170 324	612 115	654 132
Leeuwpán	40	29	40	27	140 051	148 466	106 380
Matla	230	206	200	190	1 235 167	1 231 293	1 120 930
Limpopo							
Grootegeeluk	170	104	148	149	5 802 577	8 344 744	7 681 560
Tshikondeni	79 176kL	n/a	n/a	n/a	71 295	74 532	–
Gauteng							
FerroAlloys	21 000kL	n/a	n/a	n/a	9 841	7 205	15 175
KwaZulu-Natal							
Hlobane	432kL	n/a	n/a	n/a	408	410	–
Total group*	180	105	150	149	7 429 662	10 418 765	10 280 828

* Includes ECC assets in 2021.

Total water consumption (water withdrawals less water discharged) decreased by 28.7%. These improvements are mainly due to lower water abstraction from the Mokolo Dam at our Grootegeeluk operation as we increased recycling of water from the pit. The newly constructed reverse osmosis plant at our Belfast operation also allowed much of the water abstracted from the pits to be returned to the catchment as an offset.

Our water intensity targets align with industry norms and site-specific conditions. The 180L/t RoM target is well below the coal industry average of 380L/t RoM. This supports our strategy to reduce water intake and support the DWS's objectives to increase water conservation and reclamation. Our water intensity improved by 30% to 105L/t RoM due to factors mentioned above.

Our water recycling target of 38% overall water recycling ratio (defined as the total water recycled divided by total water used including recycled water) is substantially higher than the coal industry average of 6%, as outlined in the national water use efficiency benchmarks of the DWS. In 2023, we exceeded our performance from 2022 by 18.6% with an overall recycling ratio of 56%.

Projects implemented

Internal water pricing	Exxaro embraced the internal water pricing strategy as a planning tool by setting a shadow price, where a price is used during discussions and evaluations of water-related business decisions. The shadow pricing is based on the minimum cost of producing water from alternative sources such as reverse osmosis. This shadow price is further adjusted by evaluating current and future water risks using the Aqueduct Water Risk Atlas for the regions under consideration to identify the true cost of water for a location. The Aqueduct Water Risk score is a combined score comprising physical, chemical and regulatory risks.
Belfast water treatment plant	Belfast implemented a reverse osmosis water treatment plant to alleviate hydraulic load in the mine reticulation system by removing excess water, treating it, and returning it to the watershed. Higher than normal rainfall over the preceding three-year period placed the storage facilities under pressure as the mine could not use all of this water on site. The treatment plant allowed the site to reduce its water intensity by 80%. It also ensured that any risk of storage facility spillage into the natural environment was negated.
Grootegeeluk Oliphantskop Dam lining	The lining of the Oliphantskop Dam will enable enhanced water recycling at the beneficiation plants to prevent process water losses to the pit, reducing electricity consumption due to pumping and water quality deterioration in the pit.

Biodiversity protection

Safeguarding our natural ecosystems is an essential part of our business and rehabilitation initiatives. Through conservation and sustainable practices, we strive to be responsible stewards of the environment – mitigating biodiversity loss and building resilience against climate change.

Key achievements



Planted 100 trees on rehabilitated land at Belfast as part of adopted nature-based solutions, and 100 trees at Matla to create a wind break and as a dust mitigation measure



Monitored and managed rehabilitated Belfast wetland areas



Released rehabilitated birds of prey into Exxaro's conservation area at Belfast in partnership with Dullstroom Birds of Prey Centre



Increased biodiversity at pan creation sites through ongoing proof-of-concept study at Grootegeluk

Pursuing sustainable growth and impact through...

Our commitment

To protect the natural environment by implementing effective biodiversity management plans with standards that inform our monitoring and reporting processes, and to be a low-impact organisation for current and future generations

Monitoring and measuring our performance

Through our biodiversity plans, aligned with the group biodiversity management standard

Delivering on our strategic objectives

Our biodiversity management plans deliver on our Climate Change Response and overarching Sustainable Growth and Impact strategies



Make our minerals and energy businesses thrive



Become a catalyst for economic growth and environmental stewardship

Going beyond compliance

- Potentially implementing Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, which were launched in 2022. This is to ensure that the similar work that was conducted with TCFD (for climate change) is also done for biodiversity
- Contributing R5 million towards rhino conservation every year since 2020
- Maintaining strategic partnerships with key stakeholders
- Adopting voluntary reporting frameworks

Stakeholder collaboration and engagement

We partner and collaborate with the following stakeholders in delivering our biodiversity relocation and conservation, wetland rehabilitation, alien plant eradication and pan research initiatives:

Impact Catalyst, Endangered Wildlife Trust, Peace Parks Foundation and Dullstroom Birds of Prey Centre

DFFE; DWS; Mpumalanga Department of Agriculture, Rural Development, Land and Environmental Affairs; and Limpopo Department of Economic Development, Environment and Tourism

Mpumalanga Tourism and Parks Agency, and Eastern Cape Parks and Tourism Agency

Future focus

We will:

- Conduct a TNFD baseline assessment in 2024 to identify our nature-related risks and impacts with the goal of improving our management and reporting of these risks
- Amend biodiversity management standards, and align with TNFD and biodiversity COP17 outcomes
- Plant the first 4ha of spekboom in Lephalale in 2024 as part of our nature-based solutions in addressing climate change

Biodiversity protection continued

Our approach

Without responsible practices, mining activities contribute to biodiversity loss, which affects wildlife, economic activities and people who depend on natural resources. This is compounded by climate change – a main driver of biodiversity loss.

Exxaro's biodiversity management plans guide our efforts in the protection and conservation of biodiversity-rich ecosystems within mining right areas. These ecosystems include the International Union for Conservation of Nature Red List, threatened and protected species, and invasive plants (categories 1a, 2 and 3).

Our biodiversity management plans incorporate:

- Biodiversity protection initiatives: Relocation and conservation programmes, invasive plant eradication, and wetland and pan research
- Monitoring, measuring and reporting data and performance: Environmental and social impact assessments before we mine, biomonitoring and environmental incident reporting
- The goals of our Social Impact strategy: Contributing to livelihoods through job creation and learning opportunities

We are reviewing and updating our biodiversity management plans following the review of our ESG policy and the implementation of the TNFD recommendations.

Exxaro complies with the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004) in our approach to biodiversity protection.



Cennergi manages biodiversity at its facilities with an environmental management programme. This approach aligns with the Equator Principles and the IFC's Performance Standard 6 (IFC PS6) guidelines on biodiversity conservation and sustainable management of living natural resources. Cennergi's biodiversity monitoring and mitigation plan aims to achieve no net loss of biodiversity.



Recognising that we need to address climate change and biodiversity loss simultaneously, we adopt nature-based solutions that enable biodiversity protection and restoration as part of our response to climate change (page 38).

Biodiversity protection initiatives

Relocation and conservation programmes

Waterberg (Limpopo)



Grootegeluk & Manketti Game Reserve conservation

Our 22 000ha Manketti Game Reserve optimises land use and the sustainability of Grootegeluk by maintaining the ecological balance of the prescribed area and managing land not impacted by mining operations. The game reserve generates income from commercial hunting, game trading and accommodation at Manketti Lodge.

In 2023, Grootegeluk completed the second monitoring cycle for the six seasonal pans created in 2021. The monitoring results continue to be promising, and show improvement in diversity of the invertebrate and dragonfly communities.

Mpumalanga



Dullstroom Birds of Prey

Matla and Belfast: African grass owl and bat protection

Exxaro manages a large area of open grassland that provides a unique opportunity to protect suitable habitat for the African grass owl. In partnership with the Endangered Wildlife Trust, our monitoring and protection plan enables us to actively manage the grass-owl population to ensure mining and associated activities do not impact the population.

We assist the Dullstroom Birds of Prey Centre with the safe and controlled release of grass owls and bats in the Belfast Mine conservation area. The centre rescues, raises and rehabilitates orphaned or injured birds, and releases them back into their natural habitat.

Owl boxes and bat banks are installed to create a balance within the ecosystem along the Klein Komati River and surrounding agricultural areas. Grass owls help control vlei rat populations and bats reduce insect species that are considered pests in local communities.

Eastern Cape



Preventing bird and bat fatalities

Cennergi's bat curtailment programme at Amakhala Emoyeni aims to reduce fatalities through proactive monitoring. Cennergi employs local carcass search companies to monitor bird and bat fatalities in accordance with the South African bird and bat wind energy facilities guidelines. The avifauna specialists prepare the semi-annual bird and bat monitoring reports submitted to lenders, BirdLife Africa, Endangered Wildlife Trust, the DFFE and other relevant authorities.



Cape vulture management

Cennergi supports the Endangered Wildlife Trust's Eastern Cape vulture safe zone research at Amakhala Emoyeni. This programme aims to reduce Cape vulture fatalities at operating and proposed wind energy facilities. It also stabilises the local population by addressing threats in the safe zone. It is the first habitat safe for vultures within wind energy facilities and the surrounding landscape.

Cape vultures have incredible eyesight that allows them to spot animal carcasses from about 6km away. To minimise collisions with wind turbines, we implement the on-site Cape vulture food management programme, which entails removing livestock and wildlife carcasses.



The Greater Kromme Stewardship (GKS) initiative

The GKS, established by the Tsitsikamma community windfarm, Jeffery Bay windfarm, Oyster Bay and Gibson Bay windfarms together with the Kromme Enviro-Trust, is a response to the environmental impact of wind energy farms within the Greater Kromme area. The initiative aims to create safe havens in the district for valuable plants, animals and habits as part of a biodiversity stewardship approach.

Biodiversity stewardship allows ordinary people to become responsible stewards of the natural spaces they own through a legal process of declaring nature reserves on private land, either for a whole property or just an environmentally significant part of a property.

To date, a total of four new protected nature reserves have been declared and two are in the final stages of being declared. Since its inception six years ago, the initiative has been widely recognised for securing more priority land for conservation in the Kouga region than any other independent conservation body in the last 50 years.

Invasive alien plant eradication

Exxaro monitors, controls and eradicates invasive alien plant species on our sites to improve water quality and prevent surface water runoff, contribute to flourishing indigenous vegetation, increase species diversity, and conserve availability of productive land.

We aim to prevent:

- Biodiversity decline
- Fauna changes impacting feeding or nesting of indigenous animals
- Extinction of indigenous species due to genetic pool loss (pine, wattle and hakea trees prevent fynbos species growth)
- Greater risk of catastrophic events (fire and flooding) due to ecological imbalance
- Lower productivity of rangeland due to selective grazing
- Soil erosion and dam and river siltation due to invasive alien species consuming more water than indigenous flora
- Sandy and nitrogen-poor natural soil

Exxaro also provides training through an external service provider, equipping community members with the knowledge and skills to contribute to invasive alien plant eradication.

We implement invasive alien plant eradication in three stages:

	Stage 1 Development of invader species management plan	Stage 2 Physical implementation (removal of invader species)	Stage 3 Maintenance (eradication of invaders on rehabilitated land)
Mpumalanga			
Belfast	✓	✓	→
Leeuwpan	✓	✓	✓
Matla	✓	✓	✓
Limpopo			
Grootegeluk	✓	✓	●
Tshikondeni	✓	✓	→

✓ Completed ● To start in 2024 → Ongoing



Since 2016, full-time local SMMEs have successfully managed Cennergi's invasive alien plant control programme.

Biodiversity protection continued

Wetland rehabilitation and pan research

We monitor and evaluate our wetland rehabilitation activities to ensure on-site mitigation measures deliver anticipated returns.

Mpumalanga

Belfast

We completed rehabilitation of the wetland system adjacent to Belfast in 2020. The second phase of the wetland rehabilitation system started this year.

An external reviewer conducts monthly and quarterly evaluations as part of our pan research project. We need to complete another three years of monitoring before the proof-of-concept study is complete.

Leeuwpán

Monitoring of the wetland offset systems will start in 2024.

Matla

We submitted a detailed report of wetland monitoring to the DWS.

Limpopo

Grootegeeluk

Exxaro completed the proof-of-concept study in the Grootegeeluk mining rights area in 2021. Exxaro used clay and biological material from seasonal pans in front of the pit area, which would otherwise have been lost to mining, to test if similar pans could be created. Seasonal pans are in low laying areas that occur naturally in the landscape. These pans have a clay base that captures and stores water in the rainy season, while remaining dry during the rest of the year.

Six seasonal pans were created testing various scenarios. Clay from the existing seasonal pans was used for sealing. The biological layer (filled with eggs of the invertebrates that occur within the natural pans) was used for seeding the invertebrate species into the newly created pans.

It is expected that the biodiversity in the created pans will resemble that of the originally harvested/lost pans over time, should the study be successful. The five-year programme to monitor its success started in January 2022. The 2023 results are positive, indicating that pans are stabilising and the returning biodiversity reflects that of the source pans. The final outcome of the monitoring programme will determine if the pans can be successfully recreated as part of future rehabilitation or offsetting.

Monitoring, measuring and reporting

Exxaro employs an external service provider to conduct aquatic, terrestrial habitat and wetland health biomonitoring as part of our WULs for Grootegeeluk, Belfast, Matla, Leeuwpán, Tshikondeni and Thabametsi. We measure biological indicators to assess the condition of wetlands, riverine and terrestrial ecosystems. This includes evaluating the physical and chemical characteristics of an ecosystem. Monitoring takes place during wet and dry seasons.

Each operation has a biodiversity plan with procedures that guide how inspections, audits and biomonitoring programmes should be conducted.

Biomonitoring includes assessing our river systems' health to ensure mining operations do not cause any harm to these systems. Monitoring guides the mines on how to mitigate or manage any impacts identified. The ultimate outcome of the biomonitoring programmes is to protect these water resources and increase water availability and species diversity.

As part of biomonitoring, certain parameters are sampled and sent to an independent laboratory. The results are analysed and give an indication of management actions that must be implemented to improve wetland biodiversity. These actions are tracked to ensure improved compliance and ecosystems health.

We are also setting targets and developing KPIs for our BUs, which we aim to complete by the end of 2024. Detailed procedures and KPIs will ensure we honour our commitments.

 We discuss [environmental incident reporting](#) on page 35.

Accountability and responsibility

Our biodiversity management plans and stakeholder engagement are overseen by a team at our operations and head office, including executives and mine management, and sustainability and environmental specialists.

CASE STUDY:

Partnering for environmental stewardship

Exxaro collaborates with the Dullstroom Bird of Prey Centre on a biodiversity intervention through the rehabilitation and soft release of birds of prey.

Through this partnership, Exxaro allocated a site within the designated conservation area at Belfast Mine to facilitate the soft release of selected species, providing the ideal habitat characteristics for these raptors. The birds are placed in a semi-natural environment, constructed by a local SMME from Emakhazeni, that provides protection and access to food, allowing gradual acclimation to the wild to aid full independence.

The overarching objectives of this collaboration are to increase the biodiversity of the Belfast conservation area, aid the conservation of red-listed species and contribute towards Exxaro's ESG mandate.

This partnership embodies our commitment to environmental stewardship and preserving our natural heritage.



Our performance

Land cleared of invader plants (ha)	2023	2022	2021
Mpumalanga			
Belfast	29	19	0
Leeuwpan	77	86	118
Matla	102	0	23
Limpopo			
Grootegeluk	0	0	0
Tshikondeni	1 430	132	264
Total	1 638	236	405

We focused on monitoring our wetland rehabilitation areas this year, with rehabilitation of new areas planned for the 2024 financial year.

Initiatives per operation

Belfast	<p>We monitored and managed rehabilitated wetland areas. Part of wetland rehabilitation management is to eradicate alien invasive species plants. A local community contractor was appointed for invasive alien plant eradication. Exxaro provided the contractor with training, equipment and start-up capital, and assisted the contractor to register as a co-operative.</p> <p>Belfast planted 100 <i>Searsia Lancea</i> trees on the mine rehabilitated surfaces for carbon sequestration, carbon credit and/or carbon offset purposes.</p>
Matla	<p>An indigenous forest was established at Matla when 100 indigenous trees were planted at the new Mine 1 shaft area. Other than having an impact on local biodiversity, the trees also serve as a wind break, improving the visual impact of the shaft as well as improving the air quality in the area.</p>
Grootegeluk	<p>We plan to relocate any baboon spiders and other species of concern that will be impacted by the expansion of the pit area in 2024 and 2025. The relevant permits for this will be obtained as part of the process.</p> <p>The service provider will be appointed in the first half of 2024 and should commence with the invasive alien plant eradication in the second half of 2024.</p>
Tshikondeni	<p>The local community conducted invasive alien species control through Exxaro’s partnership with the Impact Catalyst. The community cleared 1 429.56ha.</p>



Cennergi	<p>No red data mortalities were recorded at Tsitsikamma (2022: none). No secretary bird (<i>sagittarius serpentarius</i>) fatalities were recorded at Amakhala Emoyeni (2022: one).</p> <p>Unfortunately, one Cape vulture fatality was recorded (2022: one), one immature martial eagle (<i>polemaetus bellicosus</i>) and one blue crane (<i>grus paradisea</i>) fatality was recorded at Amakhala Emoyeni (2022: none).</p> <p>The martial eagle is a regionally and globally endangered species and the blue crane is classified as near threatened regionally and vulnerable globally. Both birds are priority species at Amakhala Emoyeni with a fatality threshold of zero in terms of the adopted biodiversity monitoring and mitigation plan.</p> <p>In collaboration with the Endangered Wildlife Trust and IFC, Cennergi is exploring an offset opportunity for Cape vultures through the Cape vulture safe zone project, and WildSkies is investigating approaches to reduce cumulative impact on blue cranes.</p> <p>A bat curtailment programme was implemented at Amakhala Emoyeni between October 2022 and May 2023. The bat fatality threshold was not exceeded for the monitoring period and, as a result, the programme will not need to curtail turbines during the October 2023 and May 2024 period. However, the need for curtailment will be informed by the new bat fatality data from the fatality monitoring programme.</p>
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Mine closure and rehabilitation

Our integrated closure planning and concurrent rehabilitation will ensure we leave a sustainable post-mining legacy – building momentum throughout our operations’ lifecycles as we work towards enhancing our positive impact and mitigating our negative impact.

Key achievements



Started rehabilitation at Durnacol dump 7 and Tshikondeni dump



Implemented KPI reporting



Engaged with government on Grootegeluk dumps 4 and 5 to finalise rehabilitation redesigns

Pursuing sustainable growth and impact through...

Our commitment

To manage our environmental liabilities and rehabilitation in compliance with legislation and evolving responsible mining practices while uplifting our employees and communities with sustainable alternative land use

Monitoring and measuring our performance

KPI: Physical rehabilitation (actual versus budget)

Delivering on our strategic objectives

Our integrated closure planning and concurrent rehabilitation support the objectives of our Sustainable Growth and Impact strategy.



Become a catalyst for economic growth and environmental stewardship

Going beyond compliance

- Following Coaltech rehabilitation standards, international standards and international solutions to environmental impacts
- Incorporating sustainable post-mining economies into host communities in collaborative initiatives with partners such as the Impact Catalyst

Stakeholder collaboration and engagement

Communities

To involve them in rehabilitation projects by appointing local contractors and social impact programmes

Government

To ensure our operations are compliant and all reports submitted

Minerals Council

To provide inputs on policies and GN 765 regulations and related legislation comments

Future focus

We plan to do the following:

- Discard dump design and rehabilitation at Grootegeluk, Durnacol, Hlobane and Tshikondeni
- Rehabilitation projects at three inactive sites
- Concurrent rehabilitation at all operational mines
- Water treatment solutions at Durnacol and Hlobane closed mines

Our approach

We manage our environmental liabilities and rehabilitation in compliance with legislation and evolving responsible mining practices. Our holistic and integrated approach to land management, mine closure and concurrent rehabilitation* is unpacked on the next page.

In implementing this approach, we:

- Consider impacts on employees, communities, the environment, government and infrastructure
- Proactively manage environmental impacts to minimise residual liabilities (ie water quality and quantity, and topsoil health) that could affect Exxaro's financial performance
- Complete concurrent rehabilitation timeously
- Prevent water ingress into rehabilitated areas
- Calculate financial provisions in terms of GNR 1147 (financial provision for prospecting, exploration and mining operations). Our sustainability and finance departments, in conjunction with independent technical and financial specialists, conduct external assessments annually at all coal and energy operational sites, as well as our coal mines in closure
- Approve and update liabilities through internal governance processes

Annual environmental rehabilitation cost update

Identify impacts and rehabilitation areas	<ul style="list-style-type: none"> • Add identified impacts • Remove rehabilitated areas
Adjust tariffs and escalation	<ul style="list-style-type: none"> • Current tariffs and producer price index escalation
Separation of immediate and LoM cost	<ul style="list-style-type: none"> • Apply definition and optimisation option
Calculation and prioritisation of concurrent liability	<ul style="list-style-type: none"> • Prioritise rehabilitation according to environmental risk assessment • Calculate volumes to be moved during concurrent rehabilitation
Scheduling of concurrent rehabilitation	<ul style="list-style-type: none"> • Schedule rehabilitation according to mine plan schedule
Budgeting	<ul style="list-style-type: none"> • Five-year slices: first year per month and next four years per annum
Reporting	<ul style="list-style-type: none"> • Quarterly physical movement against budget

We also aim to deliver on our closure and rehabilitation strategic objectives of:

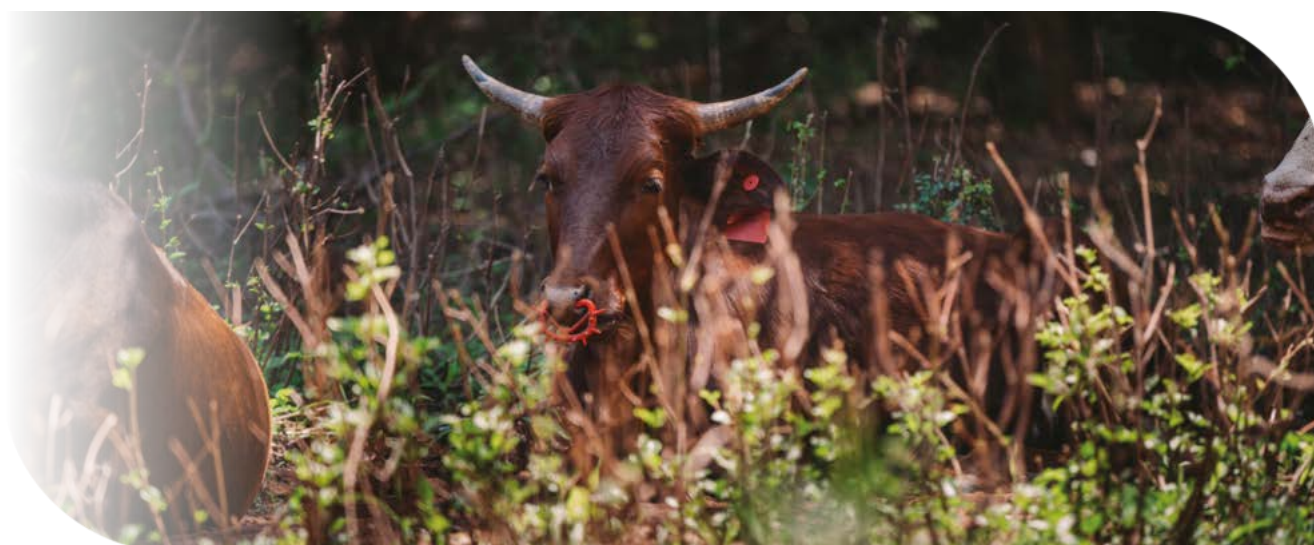
- Embedding concurrent rehabilitation and mine closure in the management of operations at BUs
- Aligning with rehabilitation standards that ensure sustainable alternative post-mining land use (including vegetation that can be used for carbon sequestration)
- Clear and measurable concurrent and ongoing rehabilitation targets
- Building accountability into operational management KPIs
- Reducing financial environmental obligation

Our approach aligns with our Social Impact strategy objectives by integrating the following principles:

- Equip employees with portable skills to pursue alternative employment and participation in meaningful economic activity
- Develop and implement a communication plan for employees
- Employee training to implement and manage mine closure plans
- Address health and safety issues as well as employment opportunities for communities
- Socio-economic activities that must continue after mine closure
- Identify the needs and expectations of stakeholders and socio-economic impacts
- Assist host communities to acquire skills for commercial activities and infrastructure use after mine closure
- Ensure opportunities are available to improve quality of life
- Align closure with community expectations to honour SLP commitments
- Develop and implement plans for engagement with communities, government and NGOs, among others
- Help mine owners and operators achieve liability-free closure within a reasonable timeframe
- Management's commitment to implementing the closure plan

Accountability and responsibility

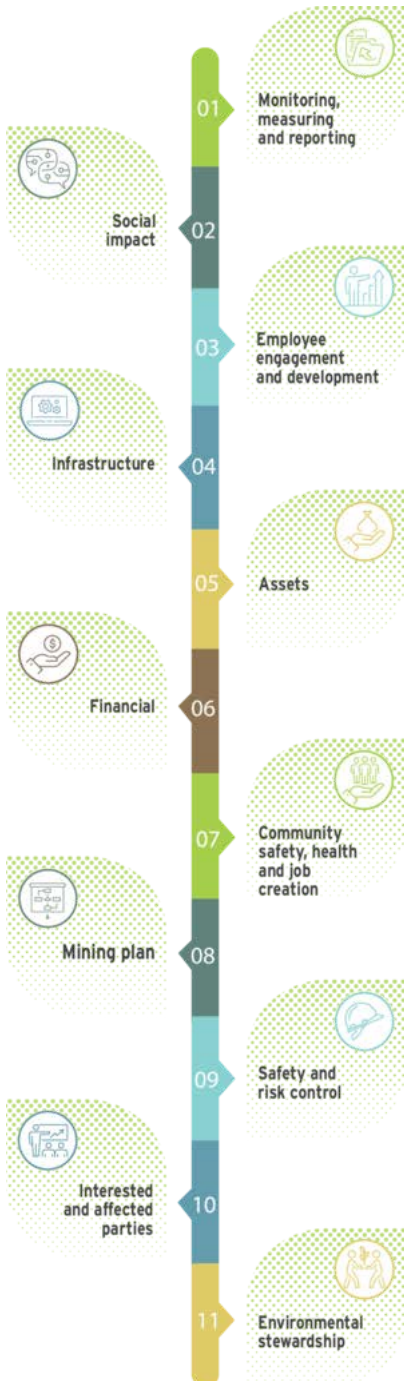
Our sustainability managers, supported by the rehabilitation team and on-site environmental specialists led by the chief sustainable impact officer, oversee the implementation of our policy and practices. BUs take responsibility and accountability for concurrent rehabilitation and have site-specific rehabilitation procedures to follow.



* Mine rehabilitation is the restoration of the post-mined landscape to the intended post-mining land use.

Integrated stages of mining and mine closure planning

We strive to integrate land and liability management in daily mine planning to minimise final closure costs for each operation and optimise final land use after closure.



Monitoring, measuring and reporting

- Use cutting-edge systems and tools to manage environmental liabilities and rehabilitation
- Operations report concurrent rehabilitation KPIs in monthly management reports

Periodic environmental management programme performance assessments inform amendments to rehabilitation plans and closure objectives.

Social impact

To effectively and efficiently manage Exxaro-owned land to support current and future operations, assist with biodiversity offsets and create social impact, we categorise our land parcels as follows:

Long-term agricultural leases

Our **minerals succession programme (MSP)** supports farmers by enabling access to resources (funding, mechanisation, inputs and training) in a three-year contract with an external service provider.

Available land for emerging farmers and communities

- **Mpumalanga**
 - Strathrae: 5 447ha (seven farmers on 4 495ha of land used for crop and cattle farming)
 - Sheepmore: 740ha (two farmers on 740ha of land used for cattle farming)
- **KwaZulu-Natal**
 - Durnacol: 190ha (110ha leased to one female farmer for cultivation)
- **Limpopo**
 - Lephalale: 296ha (112ha leased to three entities for intensive vegetable farming)
- Land is used for diversified agriculture (dry land maize, soya bean cultivation and livestock farming)
- Internal and external audits evaluate farm transfer success

Donations

- Donate land where either a right is established (land claim or labour tenant) or social impact can be achieved through donation to local municipalities (such as cemeteries)
- Donate property with land claims to government for redistribution
- Support resettlement and local government in areas where our operations impact communities

- Help uplift communities (such as Phumlani agri-village in Belfast) through livelihood restoration programmes

Current and future operations

- Areas earmarked for operations are closely managed and protected from the risk of land grabs to ensure our sustainability (such as Thabametsi at Grootegeluk)

Biodiversity and conservation (such as Manketti Game Reserve)

- Ensure operations co-exist in harmony with the surrounding natural environment
- Maintain biodiversity management plans (including alien invasive control) and sensitive ecosystem enhancement to uphold our environmental licence to operate
- Control invasive alien plant growth to improve water quality and surface water runoff, keep indigenous vegetation healthy, increase species diversity and ensure availability of productive land

We are working towards transferring **90% of post-mining land to emerging farmers in local communities by 2026.**

Employee engagement and development

- Equip employees with portable skills, eg vegetable farming to pursue alternative employment and participate in gainful economic activity
- Develop and implement a communication plan for employees
- Employee training to implement and manage mine closure plans

Infrastructure

- Include power lines, water pipes, buildings and dams
- Retained if it can be used to implement and support a sustainable final land use
- Incorporated into the final closure environmental management plan and donated to a relevant entity managing the implementation of these

Assets

- Includes any redundant but serviceable assets such as vehicles and furniture
- Retained if it can be used to support social impact programmes and transferred to a relevant entity managing their implementation

Financial

We annually review our mine closure and rehabilitation obligations and rehabilitation plans and closure objectives are amended after environmental management programme performance assessments. Cost estimates of activities in the concurrent and final closure rehabilitation programme are reviewed and adjusted. External auditors visit our sites, review documents and audit the environmental liability bi-annually. This highlights potential rehabilitation alternatives that could decrease the long-term closure liabilities of operations.

An external consultant reviews Cennergi's financial provisions for facility closure and rehabilitation every three years. Cennergi reviews and adjusts cost estimates for concurrent and final closure rehabilitation programmes as needed.

Exxaro's Environmental Rehabilitation Fund (EERF) and additional bank and insurance guarantees provide for new developments and cover shortfalls in financial provisions. The EERF's assets are managed in terms of asset and liability modelling aligned with risk, return and liability on each site. The objective is to maximise investment growth in the cost of liability provisions. An external specialist supports EERF trustees with technical skills required to profile and identify suitable structures for assessment by the trustees. Current implementation includes:

- Two income building blocks benchmarked to cash rates and investing in government treasury bills, banks and corporate paper
- Three growth building blocks targeting inflation-linked returns and investment in insurance and bank-guaranteed products
- Equity-driven portfolios without explicit investment guarantees but portfolio managers controlling capital risk by managing volatility

Community safety, health and job creation

Programmes, such as the MSP, aim to address health and safety issues as well as employment opportunities for communities.

Mining plan

Each BU has five-year conceptual concurrent rehabilitation plans, schedules and associated budgets to:

- Set measurable targets
- Avoid backlogs and related impact on rehabilitation liabilities
- Enable managers to implement strategies without cash flow constraints
- Include concurrent rehabilitation in operational tracking

Safety and risk control

Health and safety at mines in closure is just as important as any operational mine. We apply the same health and safety standards and policies to all Exxaro's operations, including mines in closure. Security risks are a major challenge at any closed operation and infrastructure and assets need constant safeguarding during a closure process.

Interested and affected parties

- Socio-economic activities that must continue after mine closure
- Identify the needs and expectations of stakeholders and socio-economic impacts
- Assist host communities in acquiring skills for commercial activities and infrastructure use after mine closure
- Ensure opportunities are available to improve quality of life
- Align closure with community expectations to honour SLP commitments
- Develop and implement plans for engagement with communities, government and NGOs, among others
- Help mine owners and operators achieve liability-free closure within a reasonable timeframe

Environmental stewardship

Exxaro's disturbed footprint includes buildings, roads and mining areas to be rehabilitated in terms of the environmental management programme and the final land use plan (when maintenance and monitoring are needed).



Mine closure and rehabilitation continued

Our performance

Operational guarantees at year end
R3 552 million

(2022: R3 606 million)

Total unscheduled closure costs
R9 327 million

(2022: R8 427 million)

Growth of Exxaro and Matla rehabilitation trust funds (combined)
R244 million

(2022: R19 million)

Interest earned on investments and fair value adjustments.

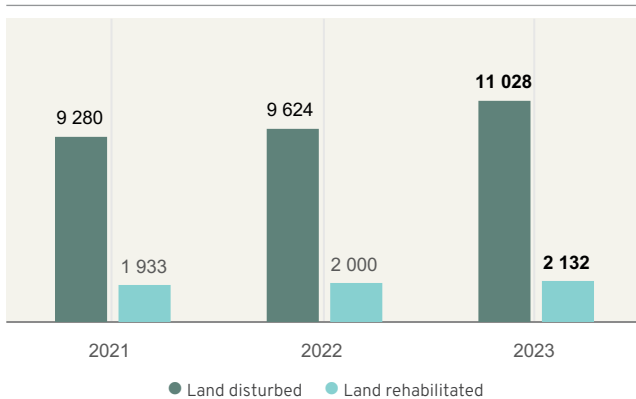
Operations in active closure in 2023
Tshikondeni, Durnacol, Hlobane and Strathrae

(2022: four)

Exxaro's rehabilitation successes since 2002



Land disturbed versus land rehabilitated (ha)



Refer to the [databook](#) for more detail on land disturbed versus land rehabilitated.

The increase of 1 404ha in land disturbed is due to the inclusion of Mine 1 development at Matla as well as additional areas mined at the opencast operations at Grootegeeluk, Leeuwan and Belfast.

The increase in our performance of land rehabilitated of 132ha is due to increased rehabilitated land handed over to farmers at Matla to utilise.

The backlog in rehabilitation at Leeuwan will be addressed in 2024 with a dedicated five-year budget to clear the backlog volumes on backfilling of pits.

Although the implementation date was set (19 February 2024), we await promulgation of draft financial provision regulations for mine closure and rehabilitation (GN 792) issued on 27 August 2021. Discussions continue between the environmental policy committee of the Minerals Council, on behalf of Exxaro and our mining peers, and the DMRE.

The proposed regulations will repeal GNR 1147. All our BUs will be continuously assessed according to GNR 1147. On 1 February 2024, the implementation of GNR 1147 was postponed indefinitely by government. The delays in government's implementation of GNR 1147 creates legislative uncertainty in the financial provisions for environmental rehabilitation areas.

Waste management

Managing our waste streams responsibly is an important part of how we minimise environmental degradation. We achieve this through prevention, minimisation, reuse and recycling while ensuring safe waste disposal as the last option.

Key achievements



Continued training of our employees on waste management and recycling



Training community members on waste recycling



Waste recycling community project at Belfast

Pursuing sustainable growth and impact through...

Our commitment

To reduce and recycle the waste we produce while creating sustainable benefits for our communities

Monitoring and measuring our performance

KPIs (page 21)

Delivering on our strategic objectives

Our waste management policy supports the objectives of our Sustainable Growth and Impact strategy.



Make our minerals and energy businesses thrive



Become a catalyst for economic growth and environmental stewardship



Empower people to create impact

Going beyond compliance

- Including recycling initiatives in SLPs to empower and uplift local communities
- Participating in waste management research and development to identify new technologies that ensure safe handling of materials through the Minerals Council, Council for Scientific and Industrial Research, BUSA and other tertiary institutions
- Being involved in the waste industry forum and waste management initiatives directed by the DFFE
- Incorporating post-mining sustainable economies into host communities in collaborative initiatives with partners such as the Impact Catalyst

Stakeholder collaboration and engagement

Communities

To collaborate on recycling projects

SMMEs

To convert our waste into useful products, eg waste tyres and discard dumps

Government, research institutions and industry partners

To monitor developments that address climate change and job creation through waste stream conversions

BUSA and Minerals Council

To provide inputs on waste-related issues to address challenges experienced by mining houses including collaboration on the tyre project conversions into useful products initiatives

Future focus

We plan to use various waste reduction or avoidance technologies and opportunities at our BUs to ensure waste is reduced.



Waste management continued

Our approach

We manage the impacts of our waste streams by aligning our policies and procedures with sustainability principles and leading practice. We regularly review our policy and management standard to ensure relevance and alignment with legislation.

Exxaro is developing an overarching ESG policy that will include how we approach waste management. The ESG policy is still in draft and will be approved in 2024.

Waste management practices align with our overarching environment policy and support the objectives of our Social Impact strategy.

Our waste management practices incorporate:

- Our cradle-to-cradle approach, which minimises waste production, ensuring waste from one process is used in other processes to encourage elimination or minimisation of waste
- Exxaro's management standard for hazardous and non-hazardous waste
- Our waste management hierarchy to avoid, reduce, reuse and recycle, which prevents and avoids waste as much as reasonably practicable

- The proximity principle (treat and dispose of waste in reasonable proximity to the point of generation), duty of care (we are ethically responsible for waste management) and the precautionary principle (we are proactive in mitigating environmental risks)
- Monitoring, measuring and reporting data and performance
- Awareness and training across BUs forms part of our induction for new employees

We comply with the National Environmental Management: Waste Act, 2008 (Act 59 of 2008) and supporting legislation in our approach to ensure prevention, minimisation, reuse and recycling before any disposal to landfill can be considered and we obtain and keep safe waste disposal certificates.

Monitoring, measuring, audits and reporting

As required by waste management licences, our management procedures include waste classification and efficiency reporting. These are informed by sustainability KPIs aligned with ESG indices to drive continuous improvement. Detailed procedures and KPIs ensure we honour our commitments. We track waste volumes generated, recycled and sent to registered landfills using KPIs such as total hazardous waste sent to landfill, recyclable waste generated, costs of environmental fines and penalties, policy commitment statement to address the waste issue, reduce and avoid the impact and improve efficiency as recommended by FTSE Russell.

KPI	Target
Disclosure of working with others to reduce pollution, waste or resource use by participation in specific local or global initiatives as well as collaboration with other companies using the same waste streams as inputs such as waste tyres	Ongoing Impact Catalyst initiatives
Disclosure of three years' hazardous waste generation in tonnes	Ongoing
Total costs of environmental fines and penalties during the financial year	December 2022
Independent verification of operations' environmental data using an international assurance standard and declaring assurance level	December 2024
Financial quantification of pollution, waste or resource use specifying costs associated with their impacts (including shadow costing) and investment in research and development on reducing or avoiding their impacts, including funding of research and development organisations	December 2024
Time-specific targets (unquantified and quantified) to reduce or avoid waste	December 2025
Disclosure of three years of non-recycled waste generation in tonnes	December 2025
Disclosure of three years of waste recycled in tonnes	December 2025
Progress against previously set targets (unquantified and quantified) to reduce or avoid waste	December 2028

We are in the process of setting targets that will enable us to divert 80% to 85% of recyclable waste from landfill sites by 2025. The scope of work for the waste stream assessment and classification was finalised and will inform our waste management strategy for recycling target setting for each operation and site-specific targets.

BUs are responsible for managing their general and hazardous waste, and report volumes monthly. Examples of hazardous waste emanating from our operations include used oil, contaminated soil, medical waste, used personal protective equipment and sewage. General waste comprises:

- Recyclable domestic waste (plastics, polymers, cardboards, metal cans and papers)
- Non-hazardous recyclable industrial waste (rubber products such as waste tyres and conveyor belts, scrap metals and industrial products)
- Inert, non-recyclable waste (rubble and demolition waste separated at source) collected, recycled or taken to safe disposal sites by specialist service providers



Material waste at Cennergi's facilities includes general waste, oil rags and used oil. Cennergi implements waste separation at source to increase recycling, where possible, and minimise waste sent to landfill.

In compliance with the South African Waste Information System, sites producing more than 20kg/day of waste are registered and maintain compliance certificates. As we do not have on-site waste treatment processes, we receive the certificates when certified contractors take hazardous waste (including used oil, hydrocarbons and sewage) to licensed facilities. Medical waste produced by on-site clinics at Matla and Grootegeluk is managed by medical professionals.

Awareness and training

We run awareness campaigns at BUs through monthly talks with specific topics. This encourages employees to manage waste in a responsible manner topics for the month.

Waste management was also chosen as the theme to celebrate World Environment Day at Matla.

Innovative waste management

The waste tyre reclamation project demonstrates how Exxaro pursues innovative waste handling, transportation and disposal solutions in compliance with legislation and to reduce our liabilities.

Exxaro stores used off-the-road tyres at Grootegeluk before removal by a specialist recycling contractor that converts these tyres into reusable material. The tyres are stored in a facility with controlled access, stacking plans and fire prevention measures. After successful implementation at Grootegeluk, the project was rolled out to Leeuwpan. The project showed that, while mining will impact an area, a responsible approach enables us to meet our commitment to sustainability and reduce long-term environmental liabilities while operating the mine. Exxaro contracted Impact Catalyst to conduct a feasibility study to determine options for sustainable waste tyre disposal and in alignment with the National Waste Management Strategy 2020. Impact Catalyst, in collaboration with Exxaro and the Lephalale local municipality, developed an implementable solution that promotes waste management and disposal in an environmentally responsible manner. This integrated waste management solution supports local economic development in the Lephalale local municipality, creating employment opportunities and facilitating business participation.

Key project highlights

First time in the mining industry that such a project was conducted, giving Exxaro an opportunity to lead in waste tyre management. The project was rolled out at Leeuwpan to remove its waste tyres

Exxaro has been working with government's Waste Management Bureau to dispose of waste tyres in compliance with regulations since 2013. Exxaro and other mining houses participate in the discussions through the Minerals Councils to look at alternative options of disposing waste tyres

Part of government's R2.30/kg levy funds waste tyre recycling. Exxaro held numerous meetings with the Waste Management Bureau to remove the waste tyres which were bought after 2013 as the levies cover the recycling of these tyres

Accountability and responsibility

Our sustainability managers, supported by on-site environmental specialists, under the leadership of the chief sustainable impact officer, oversee the implementation of our policy and practices at operations.



The facility site manager supported by the head: corporate and social responsibility oversee policy implementation and practice at wind energy and solar facilities. Cennergj's operation and maintenance contractors are responsible for waste management at both wind energy facilities.

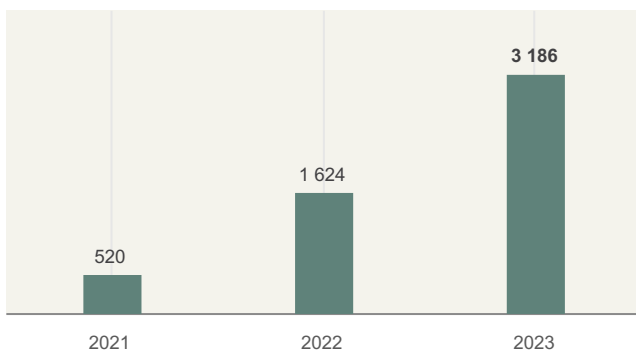


Waste management continued

Our performance

General waste recycled (t)	2023	2022	2021
Ferrous and non-ferrous scrap	2 646	2 620	2 950
Paper	46	46	28
High-density polyethylene	11	102	34
Plastics	–	–	6
Total	2 703	2 768	3 018

Hazardous waste sent to landfills (t)



General waste recycled decreased by 2% to 2 703t (2022: 2 768t) due to less volumes of high-density polyethylene recycled at Grootegeeluk.

The total weight of hazardous waste generated at our managed coal operations and sent to landfills increased to 3 186t (2022: 1 624t). The 54% increase in the amount of hazardous waste sent to landfill at Grootegeeluk is due to the workshop wash bay silt being included as hazardous waste as of April 2023. The decision was made based on a DWS finding indicating that the silt from the wash bays has the potential to pollute due to its hydrocarbon content and can thus not be disposed as plant discard. Alternatives are being investigated and the outcome of the waste classification will confirm the way forward.

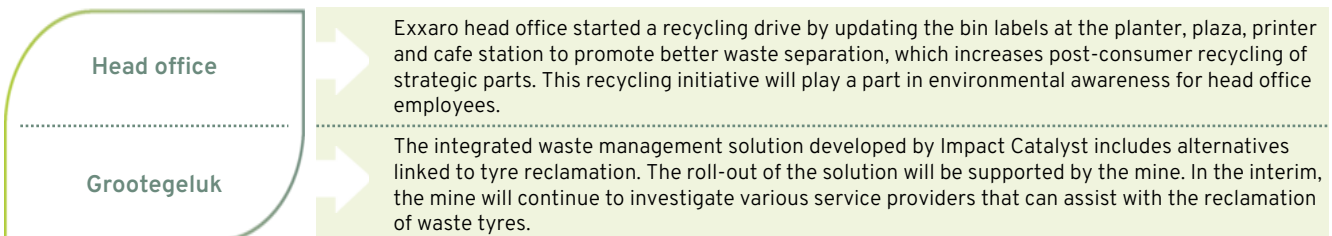
The drive to improve housekeeping across the mine also added to this increase in waste being taken to the hazardous waste storage area for disposal.

To address the increase, the mine will investigate and implement the delisting of the workshop wash bay silt in 2024 and 2025.



Cennergi did not report any waste grievance, fines and penalties during the year.

Initiatives per operation



Exxaro is also working on the following initiatives to further improve our waste management approach:

- Innovation and alternative treatment for integrated waste management
- Evaluating cost-effective options for recycling, reuse, emissions reduction and other end-of-life recovery options
- Opportunities for cost saving and optimisation
- Industrial symbiosis to stimulate green business effectively

CASE STUDY:

Contributing to socio-economic development in our Belfast community

The broader positive impacts of our waste management approach focus on, among others, the socio-economic development of the communities surrounding our operations. At Belfast, we contract a black youth-owned company that employs people from the community to sort and collect recyclable waste (paper, cans, cardboard, plastic and glass).

Applying Exxaro's waste hierarchy principles, the company sells Belfast's recyclable waste to local recyclers who, in turn, can reduce their financial and environmental costs by using fewer resources (raw materials, water and energy) in manufacturing products from recyclable waste bought from previously unemployed citizens.

Belfast's cradle-to-cradle approach minimises waste production through recycling and reuse within a circular economy. The long-term objectives of Belfast's waste recycling project are to reduce the financial and environmental costs of sending waste to landfills while uplifting impoverished local communities by creating job opportunities.

Social



Our social approach to business is driven by our responsibility to be accountable for our actions and positively impact our people and communities – creating a holistic and lasting legacy for society.

As envisioned in our Sustainable Growth and Impact strategy, we aim to deliver positive impact through our Social Impact strategy. These strategies help foster mutually beneficial relationships with our stakeholders and enhance the sustainability of our business.

We manage and mitigate the positive and negative impacts of our activities on the environment and society by creating socio-economic development in our communities as we pursue operational efficiency, growth and regulatory compliance. We comply with South African mining industry regulations and Mining Charter III. We monitor legal and parliamentary processes to clarify the intent and standing of the charter. We also consider the long-term perspectives of government’s strategies such as the 2030 National Development Plan and integrated development plans of local municipalities where we operate.

We endorse several external voluntary standards, charters and principles, including the UNGC and SDGs – going beyond compliance to achieve sustainable impact. We also participate in private-public partnerships and collaborative efforts (including industry forums such as the Minerals Council, BUSA and Business Leadership South Africa) aimed at prioritising sustainable and ethical business practices that not only enhance our reputation as a socially responsible organisation but drive positive social impact in our host communities.

Exxaro’s social commitments align with ESG objectives embedded in our Sustainable Growth and Impact strategy:

Social objectives

- Health and safety
- Social impact
- Human rights
- DEI
- Land management
- Partnerships and funding

In this chapter

We unpack our approach and performance against our social commitments in this chapter, and outline how we pursue sustainable growth and impact through the following lenses:



Further reading

Our commitment, accountability and responsibility, and going beyond compliance
Unpacked in this chapter

Measuring and monitoring our performance, and delivering on our strategy
Highlighted in this chapter and performance against our KPIs detailed on pages 22 and 23

Adopting a stakeholder-inclusive approach
Engagements and collaboration in achieving our goals and initiatives summarised in this chapter, with stakeholder needs and concerns unpacked from page 24




Future focus

- Our long-term commitments aim to enhance our shift towards greater social impact. To achieve this, we have:
- Undertaken to develop baseline assessments for ECD in Lephalale and Mpumalanga. In Mpumalanga the process will be concluded in the second quarter of 2024
 - Invested in land use management. The MSP project portfolio is defined and plans developed for implementation
 - Embedded the end-to-end supplier development framework
 - Developed community stakeholder engagement plans

Social continued

Our social commitments, each supported by specific strategies and policies, are categorised into three key focus areas, summarised below.

Building momentum with people

 Detailed disclosure (page 70)

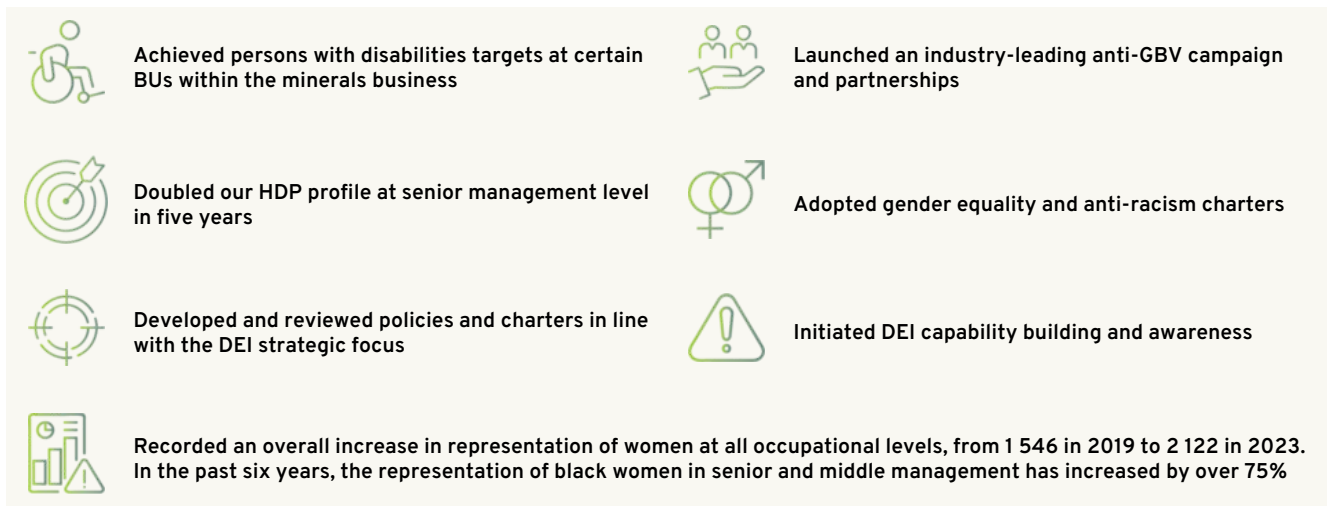
Our overarching **people strategy** guides our employee engagement approach, supported by Exxaro's:



Exxaro's DEI journey is a testament of how we are building momentum for sustainable growth and impact with our people.



Exxaro has achieved several milestones since our refocused DEI journey began:



Co-creating and preserving value with communities

Detailed disclosure (page 92)

We aim to achieve tangible impact in our communities through Exxaro’s [Social Impact strategy](#) (page 94), which is one of six key pillars of the Sustainable Growth and Impact strategy.

The Social Impact strategy fits into the social element of our ESG imperative while our implementation approach incorporates environmental and governance elements. This ensures sustainability, especially in relation to just transition considerations.

The strategy is a proactive response to mitigate the systemic social challenges in our communities through a long-term perspective. When viewed through the lens of the SDGs, this will have a lasting positive impact on communities and reduce poverty by combining multidimensional approaches that address education, economic wellbeing and access to land for economic act. The strategy will also allow us to influence other areas of wellbeing without additional investment.

The strategy enables us to deliver impact at scale through the following key principles:

- A **market-based approach** that integrates social, environmental and economic outcomes
- **Long-term planning**, aligned to the life of operations and incorporating post-mining livelihoods
- Design for **larger projects** that will enable multiplier effects
- **Optimising existing resources and capabilities** and recognising the power of **partnerships**

We developed our Social Impact strategy around three pillars: education (ECD and whole school development), land use management (mineral succession planning to find alternative economic uses of the land beyond mining) and SMME development (promoting local economic development through local procurement and ESD initiatives). We measure our success in these areas through increased literacy and numeracy, development of agricultural enterprises and food production, and job retention/creation and increased turnover.



Respecting and upholding human rights

Detailed disclosure (page 108)

We are committed to promoting human rights and preventing adverse human rights impacts. Our human rights policy and due diligence reviews ensure we identify, prevent, mitigate and account for our response to human rights impacts.

We address human rights in the following areas:

- Governance and ethics
- Equal opportunities/non-discrimination and transformation
- Human rights in the workplace
- Security
- Freedom of association and the right to collective bargaining
- Safety and health in the work environment
- Environmental management and conservation
- Respect for all communities

Accountability and responsibility

The SERC oversees people’s health, safety, engagement and development. Our chief people and performance officer, supported by various management departments, is responsible for developing and implementing employee-related strategies.



Building momentum with people



As a labour-intensive mining business, the people we employ from local communities and the scarce skills we attract beyond our immediate operating environments are critical to our success and sustainability. We strive to maintain an excellent employee value proposition to ensure we comprehensively meet the needs and expectations of our people.

Key achievements



Launched the DEI strategy at Belfast and Grootegeluk during interactive sessions with employees



Approved the parental leave policy, which is inclusive and in line with the Basic Conditions of Employment Act

Pursuing sustainable growth and impact through...

Our commitment

To protect and enhance the safety, health, wellbeing and personal development of our people, enabling them to thrive in a safe and inclusive environment

Monitoring and measuring our performance



We monitor and measure our performance against safety, health, skills, employment equity and business sustainability KPIs (pages 22 and 23).

Delivering on our strategic objectives

Our people strategy supports the objectives of our Sustainable Growth and Impact strategy.



Empower people to create impact



Make our minerals and energy businesses thrive

Going beyond compliance

- Adopting leading safety practices, sharing learnings and participating in benchmarking
- Providing bursaries, training and employment opportunities to members of our host communities
- Promoting employment equity and supporting women in mining
- Managing health risks through a holistic, preventive approach
- Investing in skills development beyond the Mining Charter's compliance target
- Promoting DEI to achieve transformation throughout the business
- Being a signatory to the UNGC

Stakeholder collaboration and engagement

Employees

To maintain our employee value proposition and enable employee development

Government departments

To comply with safety and health-related regulations and practices

Industry bodies

To engage with bodies such as the Minerals Council and Mining Qualifications Authority (MQA) to promote best practice sharing and skills development

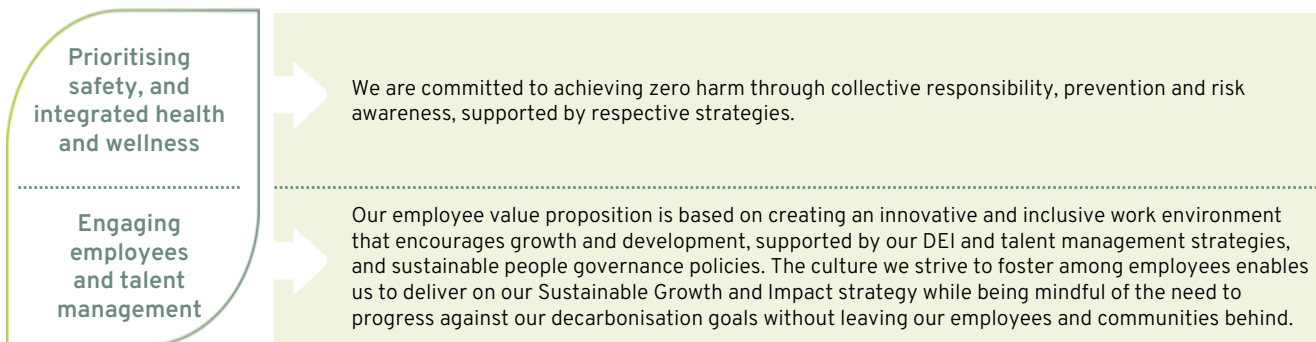
Future focus

- Advancing DEI at Exxaro with a particular focus on inclusion of people with disabilities
- Pursuing zero harm and reducing safety-related incidents
- Ensuring all employees are empowered to excel through the performance achievement framework
- Filling critical vacancies through agile talent acquisition
- Implementing processes and systems to prevent and manage health risks at our operations

Our approach

Our resilience as a business depends on the strength of our people and partners. We uphold our licence to operate through our people and DEI strategies, alignment with and commitment to internal policies, and our employee value proposition.

Our approach encompasses:



Our people strategy

Our people strategy informs our employee engagement approach. The strategy is based on six pillars that support our commitment to be a people-fit organisation, develop capabilities and enable human resources – building on our purpose to power better lives in Africa and beyond. Our people strategy is a catalyst for the five Sustainable Growth and Impact strategic objectives.



Cennergi implements its human resources framework through policies and procedures that align with Exxaro's standards. In instances where specific guidelines are absent, Exxaro's established policies and procedures serve as the benchmark.

Following board approval of a revised approach to our DEI strategy in 2022, we reviewed our policies and practices. This included aligning campaigns (in partnership with stakeholder affairs and communications) with strategic objectives. We used electronic and hybrid platforms for employee engagements, such as mobile phones and LetsConnect, supported by our employee assistance programme (EAP) providing wellness sessions to manage mental health, GBV and stigmatisation.

Accountability and responsibility

The SERC oversees people's health, safety, engagement and development. Our chief people and performance officer, supported by various management departments, is responsible for developing and implementing employee-related strategies.

CASE STUDY:

Demonstrating our commitment to our employees

Exxaro is proud of the recognition and commendable accolades our DEI policies and practices have earned.

For the third consecutive year, the Top Employers Institute recognised Exxaro as one of the top employers in South Africa based on strategy, work environment, talent acquisition, learning, wellbeing, diversity and inclusion. At the Top Empowerment Awards, Exxaro received the Top Empowered Company of the Year Award in the DEI in the Workplace category.

See page 81 for more information on our [DEI strategy](#).



Prioritising safety

The safety of our people is a moral imperative that underpins the sustainability and efficiency of our operations. We strive to achieve our ultimate safety goal of zero harm by proactively managing safety risks through strict and consistent implementation of Exxaro's five safety focus areas.

Key achievements



Received six safety awards at the 2023 COALSAFE Awards



Implemented health and safety representative empowerment programmes at BUs



Matla, Leeuwan and Grootegeluk received ISO 45001 certification



Demonstrated our commitment to the five safety focus areas at the 2023 sustainability summit



Launched the Stop and Fix campaign and introduced going back to basics at all BUs

Pursuing sustainable growth and impact through...

Our commitment

To safeguard the safety of our people by preventing and mitigating safety incidents, eliminating repeat incidents, embedding safe behaviours and implementing stringent risk management processes across the group

Monitoring and measuring our performance

KPIs:

- Zero fatalities
- LTIFR target of 0.05

Delivering on our strategic objectives

Our safety strategy supports the strategic outcomes of our Sustainable Growth and Impact strategy.



Empower people to create impact



Make our minerals and energy businesses thrive

Going beyond compliance

Exxaro collaborates with the Minerals Council to go beyond compliance in managing safety by:

- Adopting leading practices on preventing fall of ground and trackless mobile machinery incidents
- Participating in benchmarking with other Minerals Council members
- Participating in the CEO Zero Harm Forum hour of learning, where CEOs from different mining organisations share their learnings from safety incidents

Stakeholder collaboration and engagement

Employees

To embed safety awareness and life-saving behaviours through training and safety campaigns

Minerals Council and DMRE

To comply with safety-related regulations and practices, and drive safety initiatives

Business partners

To implement safety initiatives and promote safe behaviour with our contractors

Regional tripartite forums

To drive zero harm through collaboration between Exxaro, the DMRE and union representatives

Future focus

We will continue to pursue zero harm and reduce safety-related incidents by focusing on the following:

- Reinvigorating the five safety focus areas and the Khetha Ukuphepha principle
- Eliminating repeat incidents
- Enhancing supervisor safety capacitation
- Maturing and digitising safety systems

Our approach

Safety is critical to achieving the objectives of our Sustainable Growth and Impact strategy. Supported by the five key safety focus areas, our safety strategy steers us in our approach to managing safety-related risks and preventing incidents.

We review our safety strategy annually to ensure the methods we use to achieve our safety focus areas are relevant. We also review our safety targets every year, based on prior performance, and apply stringent management protocols, programmes and systems. The Safety Always All the Way and Khetha Ukuphepha campaigns reiterate our philosophy that every life counts and encourage proactive, preventive action to address safety-compromising behaviours.

Safety strategy key focus areas

Incredible leadership

We hold an annual **leadership safety day** and the **sustainability summit**, led by our CEO, to demonstrate our ongoing commitment to our employees' safety. **The 2023 sustainability summit was hosted at Grootegeluk** on 20 April 2023. The sustainability summit allows the executive committee:

- An opportunity to engage with employees on health and safety issues and deliver learnings from incidents
- A platform to reiterate our commitment to zero harm
- Events to recognise employees and contractors for safety excellence

Communication

We provide regular communication on our safety performance, which includes incidents and learnings from incidents as well as actions to be taken to mitigate emerging risks. Messages are shared on virtual platforms across the group:

- Our Khetha Ukuphepha (isiZulu for “choose safety”) campaign, launched in 2019, encourages personal responsibility for safety
- BUs host annual safety indabas to drive the importance of safety during the critical “silly season” when safety incidents tend to rise
- We launched the Stop and Fix campaign in 2023 to encourage and empower employees to proactively stop and fix unsafe acts and conditions before

Consequence management

- We enforce adherence to non-negotiable safety rules to promote life-saving behaviours
- We assess the effectiveness of our response to incidents and ensure that learnings are incorporated into future incident prevention. Incidents are analysed in terms of zero tolerance rules
- Consequence management on safety-related contraventions is applied fairly across BUs in line with our cultural values

Training

Safety training is one of the interventions aimed at capacitating employees and raising their awareness. We provide comprehensive training to address safety risks. In 2023, this included:

- Safety management training for line supervisors
- Visible felt leadership champions training
- Safety representatives training
- On-the-job training for our employees

Risk management

We have implemented a process to proactively identify, assess and implement effective controls to address risks and opportunities with the aim of preventing and mitigating incidents and improving our safety performance. We have also implemented a high-risk task verification process at our BUs, led by site management, to verify the effectiveness of controls for high-risk activities and non-routine work.

Accountability and responsibility

Our people are ultimately responsible for their own safety; however, accountability for their safety is built into leadership and governance structures, and ultimately rests with the board. Employees are encouraged through the Stop and Fix campaign to exercise sections 22 and 23 of the MHS Act in terms of stopping work when it is perceived to be unsafe. Employees are also encouraged to care for mutual safety in the workplace and hold one another accountable for safety behaviours.



Cennergi's windfarms comply with the Occupational Health and Safety Act (OHSA), 1993 (Act 85 of 1993) and the LSP with the OHSA and MHS Act. Cennergi's head of operations reports safety incident investigation findings to the windfarms and company boards. Site managers and health and safety representatives conduct investigations following reports from contractors. LTIs and medical treatment cases are immediately reported to the group health and safety department.

CASE STUDY:

Stop and Fix campaign goes back to basics for zero harm

Our Stop and Fix campaign is encouraging employees to “go back to basics” and make safety personal to achieve zero harm.

The campaign was launched at Matla in June 2023, where employees were instructed on how to practically implement the five key safety focus areas, and was rolled out to other BUs. Campaign champions and safety representatives were appointed.

We also launched a critical season campaign as part of the Stop and Fix campaign to address the historical upward trend recorded in the number of safety incidents between October and January. This included implementing increased safety measures such as increased alcohol testing, supervision and fatigue management.



Prioritising safety continued

Our performance

	Target	Exxaro			Cennergi		
		2023	2022	2021	2023	2022	2021
Fatalities	0	0 ^{RA}	1	0	0	0	0
HPIs		4	5	1			
LTIs		11 ^{RA}	7	12	0	0	1
LTIFR	0.05	0.07 ^{RA}	0.05	0.08			

Our LTIFR increased due to an increase in hand and finger injuries associated with lifting and material handling, as well as slip and fall incidents that occurred at our BUs. We remain committed to reducing our LTIFR and will continue to intensify our day-to-day efforts to achieve zero harm.

The leading causes of LTI and HPI incidents included:

- Poor risk awareness and assessment
- Inadequate hazard awareness and identification
- Non-adherence to procedures
- Unsatisfactory supervision, change management and task planning

We had four^{RA} section 54(a) (mining activity stopped) (2022: seven) stoppages.

We have revised our incident management process to enhance incident investigations, subsequent corrective actions and learnings. This has contributed to the decrease in HPIs compared to last year, and we are optimistic it will assist us to reduce our LTIs going forward.



No reportable health and safety incidents were submitted to the DEL (2022: none). In quarterly external compliance audits by Libryo, Tsitsikamma and Amakhala Emoyeni achieved average scores of 95.6% (2022: 96.4%) and 96.8% (2022: 96%) respectively.

Initiatives implemented

Following the tragic fatality experienced at Belfast mine on 15 August 2022, we implemented the following to prevent similar incidents and demonstrate our commitment to achieving zero harm:

Campaigns

Bouncing Back at Belfast launched to uplift employees' morale and offer them counselling

Stop and Fix launched across BUs

Apps

Near miss reporting app launched to report safety-compromising behaviours

Visible felt leadership app launched to enhance leadership presence and engagement on the field

Back to basics

Safety focus areas reinforced at the sustainability summit to eliminate repeat incidents and go back to basics in terms of operational safety

Khetha Ukuphepha principle reinforced – every life counts

Learning from incidents

Revised incident management standard introduced to check and verify the effectiveness of corrective actions and enable meaningful learnings from internal operations and across the mining industry.

Celebrating our progress

Group
One year fatality-free
15 August 2023

Grootegeluk
11 years fatality-free

Leeuwpan
33 years fatality-free

Matla
Six years fatality-free

Belfast
One year fatality-free

Mines in closure
13 years fatality-free

FerroAlloys
26 years fatality-free

Cennergi
Seven years fatality-free

As we progress on our journey towards zero harm, we are extremely proud of the achievements we have made along the way. We were honoured to be recognised at the 2023 COALSAFE Awards, which celebrate the efforts of the coal mining industry in upholding safety standards. In the safety category, Exxaro was awarded for 18 000 fatality-free production shifts at Matla Mine 1 and 10 000 fatality-free production shifts at Matla Mine 3. Leeuwpan mine received two awards: one for an LTIFR of 0.00 and another for achieving 30 200 fatality-free production shifts. Grootegeluk received an outstanding award for the most improved dust milestone and the Grootegeluk plant division was recognised for achieving 15 094 fatality-free production shifts.

Integrated health and wellness

We recognise that a physically and psychologically safe workplace is inextricably linked to successfully delivering on our strategy. Integrated health and wellness builds resilient employees and host communities by enhancing quality of life, boosting morale, improving productivity and ensuring safety.

Key achievements



Held awareness campaigns and initiatives to address health risks



Implemented measures to reduce noise-induced hearing loss (NIHL)



Proceeded with government's Central Chronic Medicines Dispensing and Distribution (CCMD) programme at Grootegeluk

Pursuing sustainable growth and impact through...

Our commitment

To ensure the health and wellness of our employees and host communities, contributing to the sustainability of our business and industry

Monitoring and measuring our performance

KPIs:

- OHIFR reported
- People who received HIV/Aids awareness training
- Employees who received awareness training and voluntarily tested for HIV/Aids
- HIV/Aids prevalence rate compared to country prevalence rate

Delivering on our strategic objectives

Exxaro's integrated health and wellness strategy supports the objectives of our Sustainable Growth and Impact and Social Impact strategies.



Empower people to create impact

Going beyond compliance

We adopt a preventive approach to intervention and awareness of hearing loss. We begin intervention from a 2.5% loss of hearing shift to prevent further deterioration, whereas the DMRE requires intervention from a 3.2% loss of hearing shift. We also monitor dermatitis, asbestosis and work-related limb disorders.

- We host awareness campaigns and implement initiatives (page 77) and policies to prevent, diagnose and manage health risks.

Stakeholder collaboration and engagement

Employees

To prevent, diagnose and manage occupational and non-occupational health risks

Minerals Council

To share information through regular meetings and training for occupational health professionals; to track performance on the council's health and hygiene dashboard; to collaborate in initiatives for noise and dust management

National and provincial DoHs

To collaborate with the Limpopo DoH through an MoU to assess pharmaceutical resources and laboratory services needed for managing tuberculosis (TB) and HIV, including TB screening and regular tests; to collaborate with the Mpumalanga DoH on TB campaigns and the national DoH on the CCMD programme

Future focus

Our future focus areas include:

- Advancing the electronic occupational health and hygiene management system and archive to enhance the link between health and hygiene and improve the storage of medical and hygiene records
- Additional specialised human resources
- Implementing health and wellness wearables at Belfast to track real-time employee vitals including oxygen saturation, blood pressure and heart rate
- Implementing continuous heat stress monitoring to actively manage exposure to heat for employees working outside

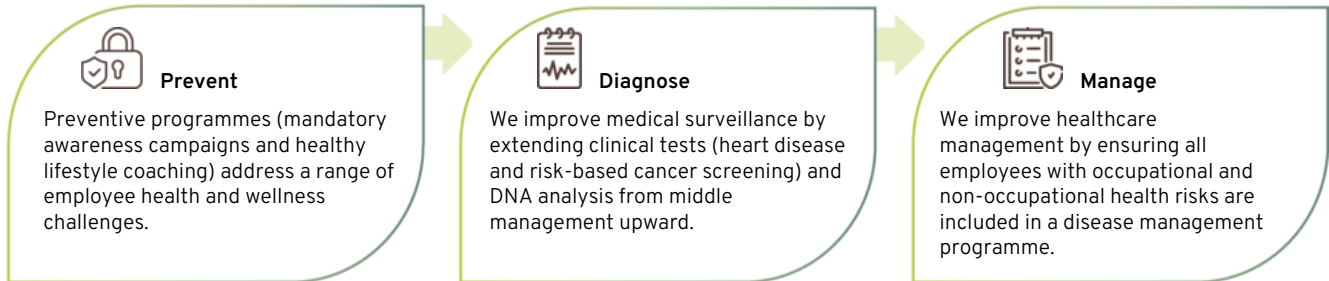


Integrated health and wellness continued

Our approach

Preventive, holistic and employee-driven health and wellness underpins our approach. Guided by our integrated health and wellness strategy, we identify occupational and non-occupational health risks and their causes, and aim to mitigate health risks and their impacts on our business. Our strategy enables us to create an empowering environment for our employees through our employee wellness programme (EWP) and complementary awareness campaigns, testing drives and initiatives. The strategy aligns with legislated basic conditions of employment.

Integrated health and wellness strategy



Our integrated health and wellness strategy is supported by our [culture themes](#) (page 82)

EWP

Covering eight dimensions of employee health and wellness

- | | | |
|--------------------|------------------------|---|
| 1 Financial | 5 Occupational | Our EWP offers an external counselling service to address employees' financial, personal and professional challenges and their impacts. The service, introduced in 2021, is managed by our people and performance department. Counselling is mainly in English. |
| 2 Emotional | 6 Environmental | |
| 3 Social | 7 Spiritual | Bayport Financial Services provides debt restructuring, financial rehabilitation and financial management training to employees experiencing financial hardship. |
| 4 Thinking | 8 Physical | |

Awareness

- We advertise the EWP on LetsConnect, LCD screens at our operations, screensavers and the intranet
- We send messages via SMS to provide EWP contact details to employees

#You'reNotAlone

Employees' struggles with mental health and the relief offered by counsellors or therapists are shared through voice notes and videos

Certificate of fitness

The EWP is part of induction and physical fitness tests

Mental health*

We introduced a mental health policy in 2023 to give employees access to psychologists, counsellors and social workers. The supporting practices of the policy will be submitted for board approval in 2024. Our approach to mental health is informed by World Health Organization principles. Mental health remained the top category presented to the EWP.

We hold mental health masterclasses on Microsoft Teams to educate employees and present practical self-diagnosis and coping techniques.

*January 2023 to December 2023 by Proactive Health Solutions.



Cennergi employees use the group's employee health and wellness programme and attend sessions arranged for Exxaro BUs.

Accountability and responsibility

The executive committee oversees health and wellness by delegating authority to mine managers and our sustainability managers.



Our performance

EWP

Utilisation:
8.9%

(2022: 12.68%)

Proactive Health Solutions
benchmark:
6.4%

Services accessed:
Face-to-face counselling
preferred

Demographics:

- Majority men (18 to 50 years old) in 2023
- 6 350 cases were managed, of which 716 were individual cases, 578 were group trauma debriefing sessions and 5 056 were group information sessions
- Stress is the leading cause of mental health issues
- 251 employees have relationship-related challenges
- The majority of employees who utilised EWP services are between the ages of 30 and 39, making up 43%

Campaigns and initiatives

Hosted various cancer awareness campaigns and testing drives targeted at breast and testicular cancer

All BUs	Wrapping trees with pink cloth to show support for those suffering from breast cancer
Matla and Grootegeluk	Providing mammograms and education on men and women's health via the pink truck
Grootegeluk	Participating in the parkrun for breast cancer

Initiatives per operation

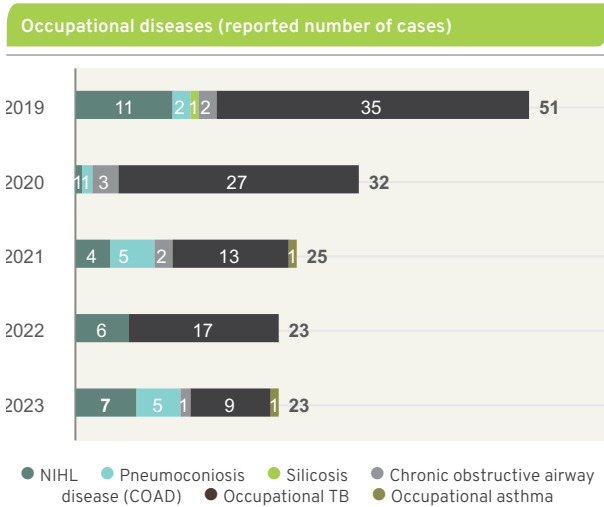
All BUs	<ul style="list-style-type: none"> • Hosted a marathon to raise awareness of lifestyle diseases, with 2 600 people participating across the group • Implemented a peer influencer programme where influencers spread awareness of NIHL, TB and thermal stress • Launched onsite therapy • Provided financial assistance to employees through our financial wellness service provider, Bayport. One of the key highlights was the successful opening of secured accounts, divided between both vehicle and home loans • Held a cholera masterclass on how to prevent the spread of cholera and the precautionary measures to follow to limit infections • Held a masterclass on the importance of taking care of mental health
Matla	<ul style="list-style-type: none"> • Ongoing monitoring of lifestyle diseases at Matla wellness centre • Initiated a biggest loser campaign on lifestyle management at Matla to encourage and promote an active lifestyle • Initiated a women's health drive at Matla and implemented health programmes focused on women's health and family planning at Matla
Grootegeluk	<ul style="list-style-type: none"> • Implemented a thermal stress project at Grootegeluk to monitor thermal stress indices in real time and alert employees when temperatures increase or decrease above or below regulatory standards • Conducted a wellness outreach programme at Mogol park • Held an HIV/Aids awareness campaign • Implemented the Step It Up challenge on LetsConnect, which targeted lifestyle diseases by encouraging employees and contractors to be more active. Smart watches were given to employees and contractors to monitor their sleep patterns, number of daily steps and heart rate



Cennerg held medical screening (including blood pressure, blood sugar and HIV screening) and financial wellness interventions to improve the health and wellness of its operations team in 2023.

Integrated health and wellness continued

Occupational and non-occupational diseases



Occupational diseases

Occupational diseases contracted at work are categorised as communicable and non-communicable. Communicable diseases, including occupational TB, hepatitis B and influenza, are contagious and generally caused by bacteria, viruses or other pathogens.

Non-communicable diseases, including NIHL, pneumoconiosis, silicosis, COAD and occupational asthma, are not contagious.

Occupational diseases remained at 23^{RA} (2022: 23). One occupational disease case (TB) (demonstrably work related) was accepted by the Medical Bureau for Occupational Diseases for compensation (2022: five). The OHIFR was 0.15^{RA} (below target of 0.18) (2022: 0.16).

We measure our performance against mining industry targets set in 2014. 2023 was the last year we measured our performance against these milestone measurements, as new milestones will be communicated in 2024.

NIHL

Target: No employee's standard threshold shift will exceed 25dB from the baseline when averaged at 2 000Hz, 3 000Hz and 4 000Hz in one or both ears.

We continued our hearing conservation programme to reduce the number of NIHL cases recorded. We implemented the following measures:

- Autonomous drills at Grootegeluk to reduce drill operators' noise exposure
- Installed digital noise sensors to monitor real-time noise levels at Belfast as part of a continuous real-time monitoring initiative with the Minerals Council Mining Industry Occupational Safety and Health Noise Learning Hub. The digital noise sensors are in the process of being linked with the supervisory control and data acquisition system in the control room

- Customised hearing protection rolled out to identified engineering and plant employees at Belfast and Grootegeluk, with engineers on site to mould and check hearing protection to ensure effectiveness
- Study conducted across BUs to identify NIHL mitigation measures, with improvements to equipment that emits the most noise prioritised
- Increased frequency of checks and tests to ensure protection and controls are effective

We provide noise and hearing induction to all Exxaro employees (permanent and contractor).

Silicosis

Target: By December 2024:

- 95% of exposure measurement results will be below the milestone level of 0.05mg/m³ for respirable crystalline silica (as individual readings and not average results)
- Using current diagnostic techniques, no new cases of silicosis will occur among previously unexposed individuals

We have not recorded silicosis cases since 2019 due to dust control measures that reduce exposure.



Read about these measures and dust fallout on page 45.

Pneumoconiosis

Mining industry target

By December 2024:

- Using current diagnostic techniques, no new cases of pneumoconiosis will occur among previously unexposed individuals
- 95% of exposure measurement results for coal workers' pneumoconiosis will be below the milestone level of 1.5mg/m³ (<5% crystalline silica) for coal dust respirable particulate (as individual readings and not average results)
- Using current diagnostic techniques, no new cases of coal workers' pneumoconiosis will occur among previously unexposed individuals*

* Previously unexposed individuals were not exposed to mining dust before December 2008 (equivalent to a new person entering the industry in 2009).

Pneumoconiosis cases have decreased since 2014 due to investigations and actions taken when over-exposures are identified. This includes reviews of ventilation and dust suppression systems, and ensuring regular equipment maintenance (checking door seals and functioning of air-conditioners). Matla adopted two Minerals Council Mining Occupational Safety and Health leading practices in 2022, namely the conveyor belt dust fogger system and the real-time dust monitoring system underground.

Non-occupational diseases

We categorise non-occupational (lifestyle) diseases as communicable and non-communicable. Communicable lifestyle diseases include cholera, malaria, typhoid, influenza and sexually transmitted infections such as HIV/Aids. Non-communicable lifestyle diseases mainly include diabetes, hypertension and cardiovascular ailments.

We provide preventive treatment to employees and contractors to manage global health issues, such as malaria, in affected areas.

We identified 93 new diabetes cases (2022: 24) and 334 hypertensive employees and contractors (2022: 92).

HIV/Aids and TB

Mining industry target

By December 2024:

- Employees and contractors should receive annual HIV/Aids counselling and testing with eligible employees linked to an antiretroviral treatment programme (as per the National Strategic Plan)
- At or below the national TB incidence rate

We report against the industry TB and HIV targets on the Minerals Council's Masoyise dashboard.

HIV/Aids awareness (employees and contractors)	2023	2022	2021
Attended information sessions	18 419	14 585	10 927
Total tested	12 597	7 827	12 143
% tested	68.39	54	61
Employees tested positive	236	203	457
Enrolled at December (cumulative)	2 123	1 745	5 054
Received antiretroviral treatment	4 815	1 674	5 897

We conduct HIV/Aids awareness for employees as part of medical induction. Contractors attend awareness programmes during specific campaigns and medical inductions, which encourage voluntary counselling and testing. We also ensure HIV-positive employees can easily access medication at occupational health centres. As part of annual induction training, 18 419 employees and contractors received HIV/Aids awareness training (2022: 14 585). The number of people who attended awareness sessions increased, as our workforce increased to 20 665 people. The prevalence of HIV/Aids cases among permanent employees is 1.87%. The national prevalence rate is 14% (on 31 July 2022).

CASE STUDY:

Partnering with government to improve access to chronic medication

Exxaro's Grootegeluk clinic is an accredited external medication pick-up point as part of government's CCMDD programme. Operating under the dablameds brand ("dablap" is a colloquial term for shortcut), the CCMDD programme is among the milestones on South Africa's journey towards National Health Insurance. Government intends to buy services from public and private healthcare providers to ensure that every citizen has access to free healthcare when needed.

The National DoH inspected and accredited the Grootegeluk clinic as a pick-up point in December 2019 and provided necessary training in January 2020. Following delays due to the COVID-19 pandemic, the programme proceeded at Grootegeluk in 2023, with the first delivery of medication in June. Our employees collect their chronic medication from the clinic, reducing transport costs and allowing employees to receive two to three months' medication at a time.



Engaged employees

We meaningfully engage with our employees to understand their material needs and concerns and maintain our employee value proposition as an employer of choice. Engaged employees are more productive, which enhances safety at our operations and supports the sustainability of our business.

Key achievements



Finalist in the DEI category at the World Sustainability Awards, a runner up in the social responsibility category at the ESG Investing Awards and winning an award for DEI in the workplace at the Top Empowerment Awards



Recognised as a top employer in South Africa for 2023 by the Top Employers Institute



Progressed the DEI strategy, with a strong drive around women in mining, inclusivity and workplace harassment



Maintained stable relationships with stakeholders



Developed and adopted a “family code of conduct” endorsed by our CEO. The code highlights expected behaviours and standards for all Exxaro employees aligned to our values

Pursuing sustainable growth and impact through...

Our commitment

To ensure our employees are engaged to maintain our employee value proposition, remain an employer of choice and enhance our sustainability

Monitoring and measuring our performance

KPIs:

- Black ownership at group level
- People with disability representation
- People development spend as a percentage of payroll – Mining Charter II
- HDP representation in top, senior, middle and junior management
- Women representation in top, senior, middle and junior management bands

Delivering on our strategic objectives



Exxaro's [DEI strategy](#) (page 81) supports the objectives of our Social Impact strategy.



Empower people to create impact

Going beyond compliance

- Recognised in the 2023 Bloomberg GEI
- Signatory of the UNGC
- As a member of the Minerals Council, we contribute to the women in mining data portal by sharing our employment equity and women in mining performance

Stakeholder collaboration and engagement

Employees

To encourage engagement through honesty boxes for employees to anonymously submit feedback, aligned to our family code of conduct

Collaboration between Minerals Council, MQA and DMRE

To improve skills development and ensure the appropriate allocation of investments

Women in Mining Leadership Forum

To increase the representation and development of women in the mining industry

Future focus

- We will continue to work towards achieving the objectives of our performance achievement framework, including:
- Supporting the performance achievement process and facilitating the integration of Exxaro's culture and leadership philosophy
 - Empowering managers and their teams in the performance management process
 - Creating an environment where all employees have a sense of belonging and bring their full selves to work
 - Ensuring aligned business performance and providing clarity on individual and team contribution, accountability and access to customised development
 - Ensuring the performance management process is ethical, equitable, objective, fair, transparent, consistent and credible

Additionally, we plan to launch a new DEI e-learning programme to provide a comprehensive training opportunity for employees as part of our DEI journey.



Our approach

Our approach to meaningful engagement with our employees centres on maintaining a representative workforce, with respect for the needs of our host communities, and is defined in our DEI strategy. Additionally, we are guided by our employee relations strategy in managing employees' needs and expectations, and our new persons with disabilities policy in ensuring persons with disabilities have equal access to employment, training, skills development opportunities and career pathing.

Employee engagement is supported by the embedding of our values and culture, effective communication and a commitment to constant improvement. Our established engagement structures facilitate communication and keep employees updated on key organisational changes, health, wellness, safety, and operational and financial performance. Insights from employee engagement initiatives also inform improvements to our processes and workplaces. Our performance achievement system, policy and approach, updated in 2022, further enhances performance principles and delivery.

DEI strategy

- Exxaro's DEI strategy is grounded in our purpose, values, vision, culture and strategic objectives. Our DEI strategy:
- Empowers us to create an environment built on trust and respect, free from prejudice, harassment and discrimination
 - Enables our employees to achieve our goals by recognising that our focus on DEI is a business imperative
 - Fosters a conducive environment for employees to thrive by encouraging changes in attitude, behaviour and ways of working to address systemic barriers
 - Informs our implementation of appropriate internal processes, procedures and practices

This enables us to play a leading role in our industry in complying with the goals and objectives of South African legislation.

Principles

- Promote an environment of respect for all
- Build an environment of trust
- Establish processes free from prejudice
- Zero tolerance of discrimination and harassment
- Promote DEI

Strategic priorities

- Gender equity
- LGBTQIA+ equity
- Racial equity
- Disability competence
- Inclusive culture
- External inclusivity

Underpinned by:

Ongoing communication

Courageous and accountable leadership

As part of our commitment to fostering a diverse, inclusive and equitable workplace, we have comprehensive policies and practices that promote DEI across the business, including:

- **Robust recruitment and hiring processes** that actively seek out candidates from underrepresented groups, ensuring a diverse talent pool
- **Mentoring and leadership development programmes** that empower employees from marginalised backgrounds to advance their career paths
- **Employee resource groups** that allow employees to interact, share experiences and drive positive change. These groups play an important role in ensuring that diverse perspectives are represented in decision-making processes
- **Fair and transparent compensation processes**, with regular audits to detect and correct any pay inequities based on gender, ethnicity or other characteristics
- **Comprehensive training programmes** on unconscious bias and cultural competency to ensure all employees are equipped with the knowledge to foster an inclusive environment
- **Collaboration with local organisations, universities and non-profit groups** to uplift underrepresented communities and create opportunities for individuals facing systemic barriers

Measuring our progress against the DEI strategy

We are focused on creating an enabling environment for HDPs while prioritising the implementation of our policy review and wage gap closure. We track our progress against metrics aligned to our strategic dashboard:

- Targets aligned with legislation (including employment equity and skills development compliance reporting)
- Socio-economic development
- Talent bench strength and pipeline of successors

	Targets
Strategic measures	
Progress economically active population targets by 2026	60% to 70%
Percentage representation of African women per occupation level (junior to top management) by 2026	36%
Percentage women at management and specialist levels by 2025	50%
Inclusive culture	
Culture and engagement survey (culture, DEI and leadership) every two years	Top three survey initiatives Pulse survey every eight months Benchmark
Capability building	
Build internal DEI capabilities through awareness campaigns, education and training	>95% of workforce (end 2024)
More than 60% of initiatives emerging from wage gap analysis	>60% (end 2024)
Gender equity	
Review and enable policies and processes to support DEI	End 2023

Engaged employees continued

Culture integration

Our culture themes highlight our commitment to our strategic goals, purpose and vision – extending beyond our internal environment to external interactions and stakeholder partnerships.

Responsible	Ownership	Diverse	Open and connected	Adaptable
Make Exxaro a positive place to be: Acting ethically, with accountability and against misconduct, while treating others with dignity, fosters a safe and healthy work environment.	Success lies with each of us: Contributing to performance and innovation every day, building together, we can drive Exxaro to new heights.	Our potential is in our differences: Harnessing our unique individual skills, opinions and contributions enables us to achieve exceptional outcomes.	Working together will bring out the best in us all: Achieving organisational excellence in an open and evolving ecosystem requires collaboration and teamwork.	We cannot move forward by standing still: Succeeding in the ever-changing world around us requires agility as well as willingness to learn and improve.

Accountability and responsibility

The SERC is accountable for and oversees employee engagement. The chief people and performance officer is responsible for implementing engagement initiatives. The CEO and the chief people and performance officer monitor DEI for the board. Culture is a leadership responsibility from executive level to employees. BU managers and teams drive culture at operations.



Cennergi's employment equity committee guides and monitors transformation and skills development and oversees implementation of the employment equity plan. The committee is also responsible for reviewing the recruitment process, following up on deviations in employment equity performance and ensuring the availability of technical skills to achieve transformation goals. Government's IPP office tracks Cennergi's employment opportunities in equity categories under the Renewable Energy IPP Procurement Programme (REIPPPP). These include employment secured for South African citizens and local communities.

Our performance

20 665 employees

(2022: 19 242)

6 797 (33%) permanent employees

(2022: 6 745, 35%)

13 868 (67%) contractors*

(2022: 12 497, 64.9%)

* Contractor total does not include Cennergi sub-contractors.



178 employees

(2022: 103)

35 (20%) permanent employees

(2022: 20%)

143 (80%) contractors

(2022: 80%)

Wind turbines are operated and maintained under contract by Nordex at Amakhala Emoyeni and by Vestas South Africa at Tsitsikamma. These contractors use sub-contractors for maintenance activities, employing 47 people at Amakhala Emoyeni and 29 at Tsitsikamma. The 68MW LSP is being constructed under contract by Elsewedy and Edison, employing 67 people.

Culture and engagement survey

We conducted a culture and engagement survey at our corporate centre and BUs to track the efficacy and progress of culture integration. The survey was aimed at establishing a baseline of progress against the DEI strategy, leadership effectiveness and integration of key culture themes.

The survey had a 57.6% participation rate (up from 33.6% in 2020). While Exxaro achieved admirable ratings for vision and strategy, work environment, and sexual orientation and inclusion, the survey also highlighted areas requiring improvement. These include creating a psychologically safe environment, addressing harassment in the workplace and employee skills development.

Feedback sessions were held with all BUs and department heads. Honesty boxes were included as part of these sessions to get honest feedback from employees. Action plans to implement improvement suggestions from the survey are in progress and will continue into 2024.

Area of assessment	Score out of 5	Action required
Sexual orientation and inclusion	4.08	Maintain
Vision and strategy	4.07	Maintain
Work environment	4.07	Maintain
Values and culture themes	3.97	Enhance
Gender and race inclusion	3.84	Enhance
Religion and inclusion	3.83	Enhance
Policies, systems and procedures	3.82	Enhance
Diversity and inclusion	3.76	Enhance
Leadership	3.67	Proactive intervention
Communication and trust	3.64	Proactive intervention
Disability and inclusion	3.58	Proactive intervention
Employee engagement	3.44	Proactive intervention
Career development, training and advancement	3.33	Proactive intervention
Aggregate	3.78	Enhance

We plan to complete a follow-up survey in 2025 to assess the progress made against the improvement areas identified in the 2023 survey. This will indicate the effectiveness of our response and highlight areas needing further improvement.



Employee relations management

Our approach to organised labour relations is shaped by collaboration and constructive engagement. Our relationships with trade unions are based on trust and integrity.

Our policies and procedures comply with best labour relations practices and relevant legislation. We manage individual and collective employee concerns with due respect.

We progressed in the long-term review process of our employee relations strategy and actively engaged with stakeholders at BUs. This supports our aim of proactively maintaining a healthy workplace through established engagement structures and dispute resolution mechanisms.

We continued providing skills workshops and training for employee relations managers and line managers to ensure that all parties are committed to building solid relationships.

We also advanced our employee relations capacity building processes by compiling a matrix of our goals and engaged with trade unions to understand their capacity building goals. In addition, we conducted a capacity building process with our shop stewards for wage negotiations in 2024.

Trade union representation

We maintain positive relations with employees in bargaining units by engaging with their representative trade unions through formal mechanisms.

Wage negotiation processes are conducted at employer level. These engagements determine negotiated conditions of employment and foster labour stability.

	Number of employees
AMCU	467
FAWU	32
NUMSA	56
NUM	4 543
Solidarity	278
Total	5 376

In 2023, 5 376 employees (79%) (2022: 5 276) were represented by affiliated unions recognised by Exxaro (NUM, Solidarity, AMCU, FAWU and NUMSA).

The wage agreements signed in 2021 will expire in June 2024. We are planning to hold wage negotiations with organised labour at the beginning of May 2024, with a view to potentially signing another three-year wage deal at the end of the process.

Share ownership

GreenShare, our employee share ownership plan (ESOP), pays dividends to participants during their employment. It is open to employees not participating in a management share scheme.

When dividends are declared, participants in service receive a cash payment equal to 560 Exxaro shares minus dividend tax. Participants do not have capital appreciation rights.

	Number of active beneficiaries	Number of units	Payment before tax (R)	Payment after tax (R)
March 2023	6 344	3 552 640	40 357 990	32 286 392
November 2023	6 351	3 556 560	40 651 481	32 521 185

In 2023, each GreenShare beneficiary received a cash payment of R10 209.92.

Workplace harassment policy

This policy provides guidance and awareness, and regulates the prevention and management of sexual and racial harassment in the workplace.

Exxaro has a zero tolerance approach to any form of harassment in the workplace. We reviewed the workplace harassment policy in 2022 to ensure that harassment and discrimination are not barriers to inclusion, and to align the policy with the codes of good practice on prevention and elimination of harassment in the workplace. We also conducted workplace harassment training during the year.

Our interventions to prevent workplace harassment as a response to the sexual harassment cases reported in 2022 yielded positive results, with zero sexual harassment cases reported this year.

BEE

Exxaro was certified as a level 2 BEE contributor, retaining our empowerment level and status as one of South Africa's largest and foremost black-empowered and diversified mining companies. Our ambition remains to be a level 1 contributor.

Engaged employees continued

Employment equity

Our policies and skills development allow us to meet our transformation objectives in support of the national imperative for a non-racial and transformed society. Appropriate affirmative action measures and human resource development programmes support our transformation processes and cultural engagements.

We measure our transformation profile against national economically active population statistics.

Employment equity	Black male employees		All female employees		Historically disadvantaged people ¹		Mining Charter III targets (%)	
	Number	%	Number	%	Number	%	Historically disadvantaged people	Women
Top management	1	25	1	25	2	50	50	20
Senior management	32	42.67	23	30.67	55	73.33	60	25
Middle management	244	38.167	290	45.31	534	83.44	60	25
Junior management	1 152	48.28	812	34.03	1 964	82.31	70	30
People with disabilities	Performance: 1.69% (target: 1.5%)							

¹ Includes white female employees.

We have achieved our employment equity targets over the past five years, aligned with the Mining Charter III, except for our target for women in senior management. Our employment equity plans for the next five years, aligned with our DEI strategy, will address this challenge.



Cennergi's employment equity plan, which will be reviewed in 2024, aligns with legislation and the DEL Codes of Good Practice. Equity categories, with contractual commitments, encompass employment secured for South African citizens and local communities. Hiring commitments for Amakhala Emoyeni are 97% South African citizens (77% black and 64% from local communities), 80% South African citizens for Tsitsikamma community windfarm (50% black and 20% from local communities) and 80% South African citizens for the LSP (60% black and 40% from local communities).

IPPs are required to provide proof of meeting job creation obligations quarterly to the DMRE, per an implementation agreement with the DMRE. Penalties and rewards are incurred or achieved based on quarterly performance, and underperformance could result in the DMRE terminating contracts. In this way, the DMRE ensures bidders are genuinely dedicated to enterprise development objectives. Cennergi consistently meets job creation targets and did not incur contract termination points or penalties from the DMRE in 2023.

Employee turnover

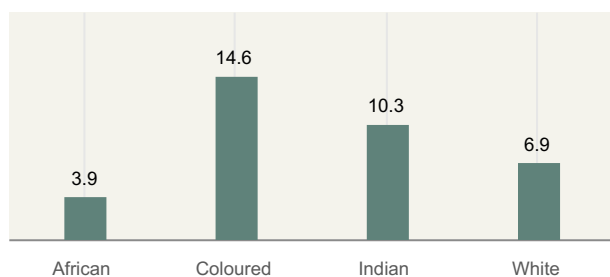
The turnover rate for the year was 4.5% due to abscondment, death, incapacity, dismissal, resignation and retirement (2022: 4.4%).

We had 6 797 permanent employees in 2023 (2022: 6 745) with 83.81% in bargaining units (2022: 82.37%) and 16.19% in the management and specialist category (2022: 17.62%).

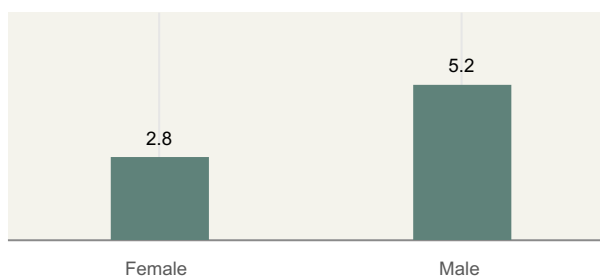


Refer to the [databook](#) for more detail.

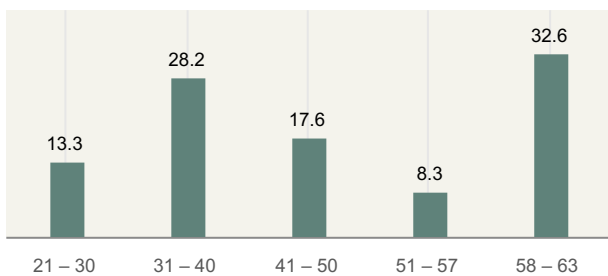
Turnover by ethnicity (%)



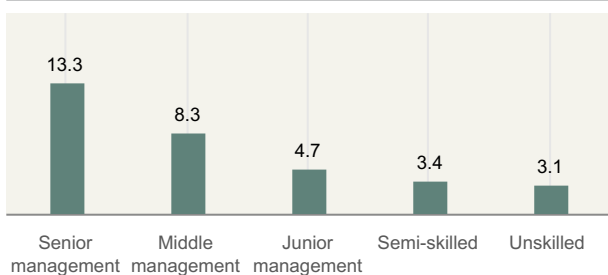
Turnover by gender (%)



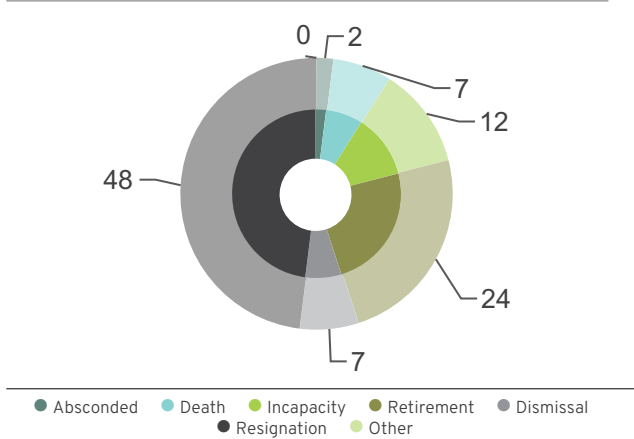
Turnover by age group (%)



Turnover by category (%)



Reasons for termination (%)



Eliminating discrimination and resolving grievances

Guided by our values, we are committed to equal opportunity, irrespective of race, religion, gender, health status, sexual orientation or nationality. We believe that our diversity and differences strengthen our potential.

We embrace the diversity of our strengths and individual skills to enable exceptional outcomes and promote a culture of inclusivity. Accordingly, we continue to invest in upskilling and training managers and supervisors to appropriately apply necessary disciplinary measures.

Zero cases of alleged discrimination or grievances were filed (2022: zero).

We presented the Exxaro anti-racism charter to the executive committee and it was approved for adoption in November 2023.

We discuss our approach to child and forced labour, working hours, minimum wage and labour standards under [respecting and upholding human rights](#) (page 109).

Housing

To ensure our business sustainability and in compliance with the Mining Charter III, we will not support hostel residents after 2025. Our housing strategy therefore encourages employees to become home owners. Additionally, bargaining unit employees receive a housing or living-out allowance.

Since 2017, 1 379 permanent employees have received mortgage repayment subsidies for first-time home buyers. Capital assistance of R125 000 significantly reduces employees' mortgages and improves affordability.

Our converted hostels (single-quarter accommodation or family units) are currently not fully utilised, with 42 employees living in these facilities. The lower utilisation rate could be due to employees taking up home ownership opportunities or using the living out allowance option to seek other suitable accommodation.

We paid a housing allowance to 2 213 employees (2022: 2 272) and a living-out allowance to 3 271 employees (2022: 3 594).

CASE STUDY:

Disability inclusion at Exxaro

We actively live our Exxaro values by driving our DEI strategy, a core pillar of which is people with disabilities. Disability inclusion is essential to upholding human rights and creating meaningful impact for all.

People with disabilities represent at least 1.7% of our workforce and this is expected to increase to 2% by 2027. Our vision is to transform our internal and external communities by driving awareness and reducing stigma, improving accessibility, and employing and developing people with disabilities.

In the past three years, we have:

- Recruited 23 young graduates into our internship programme, with 30 full-time bursars
- Held webinars to challenge stereotypes and rethink disability to create a disability-conscious workplace
- Partnered with Bradshaw Le Roux, a disability inclusion specialist, to ensure our organisation includes disability-confident leaders and managers
- Updated our people with disabilities policies to improve inclusiveness, caring and belonging

We will continue to monitor our plans and report on progress in quarterly review meetings.



Talent management

We empower our employees by offering learning and skills development opportunities to ensure a healthy talent pipeline of core and critical skills. Our community-based skills development programmes, which are aimed at educating marginalised groups and youths, support our employment equity targets and ensure a feeder line of trained and skilled candidates.

Key achievements



Streamlined the application process for internal employment opportunities. Aligned to Exxaro's value of "Empowered to grow and contribute", we removed the internal application form that required approval by an employee's supervisor



Additional courses available on the MyNexxt e-learning platform including climate change and DEI programmes, among others



Rolled out various leadership programmes among employees at different levels



Awarded internships and bursaries to black people with disabilities and students of the Edumap initiative



Placed in the top three of the 2023 MQA Good Practice Recognition awards

Pursuing sustainable growth and impact through...

Our commitment

To empower and upskill our employees through learning, skills development and career advancement opportunities, and advance our employee equity goals and secure a talent pipeline for the minerals and energy businesses through skills development, bursaries and internships for equity candidates and students in our host communities

Monitoring and measuring our performance

KPIs:

- Skills provision (percentage of appointment of employees within)
- Scarcity skills retention (percentage turnover)
- Skills development expenditure on learning programmes in the learning programme matrix for black people as a percentage of leviabile amount (B-BBEE)

Delivering on our strategic objectives



Our talent management strategy supports the objectives of our DEI (page 81) and Social Impact strategies.



Empower people to create impact

Going beyond compliance

- Exxaro's consolidated skills development expenditure exceeds the Mining Charter's human resource development compliance target of 5%
- Establishing a talent pipeline for people with disabilities to improve Exxaro's employment equity profile and broaden the hiring pool
- Providing full-time bursaries to young people from the communities in which we operate and creating employment opportunities through Yes4Youth
- Enhanced offering on the Powering Knowledge learning platform allowing zero-rated access for mobile devices and SETA accreditation on certain courses
- Improving the Department of Higher Education and Training's (DHET) bursar spend on the B-BBEE scorecard
- Professionals in training (PIT) development programme

Stakeholder collaboration and engagement

Employees and community members

To develop capabilities and build a talent pipeline

Minerals Council Education Advisory Committee (EAC)

To collaborate on skills development and regulatory changes with other mining member companies

MQA

To drive mining sector skills development

Colliery Training College

To offer engineering and mining-related training and development in Mpumalanga

Future focus

We plan to enable responsive, agile talent acquisition to fill critical vacancies and provide a marketplace for internal employment opportunities. This is supported by an online platform that facilitates the internal recruitment process from submission to processing and tracking. We are also focusing on streamlining our internal policies by integrating related policies into overarching policies. This will reduce the number of policies and improve policy management and employee access.

Legacy artisan trade qualifications expired at the end of 2023. This requires an involvement in newly developed qualifications through the Quality Council for Trades and Occupations.

Our approach


Attracting, developing and retaining skilled people strengthens our ability to deliver on strategic objectives, ensure business continuity and preserve the value we create for our employees and communities. Talent management is a critical sustainability factor and part of our employee value proposition.

We achieve this through:

- **Our talent management strategy and delivering against its strategic objectives:** This strategy outlines our approach to strategic workforce and talent planning, leadership and capability development, compliance training and reporting, and talent pipeline development activities
- **Measuring and reporting our performance through KPIs:** We annually identify and measure KPIs as part of the strategic dashboard for talent management and people and performance. Talent management and review processes aim to identify and prepare suitable internal candidates for positions while building a leadership pipeline to address skills shortages
- **Monitoring the relevance of our training programme:** Our people and performance and digital value chain teams keep informed of technological advances in training to ensure our

programmes are up to date (including Adapting to 4IR on MyNexxt, Power BI and dashboards, and our data science programme language curriculum)


- **Cross-platform education and training:** We offer classroom-based training, e-learning platforms, simulators, virtual reality, webinars and masterclasses – thereby broadening the scope of learning opportunities



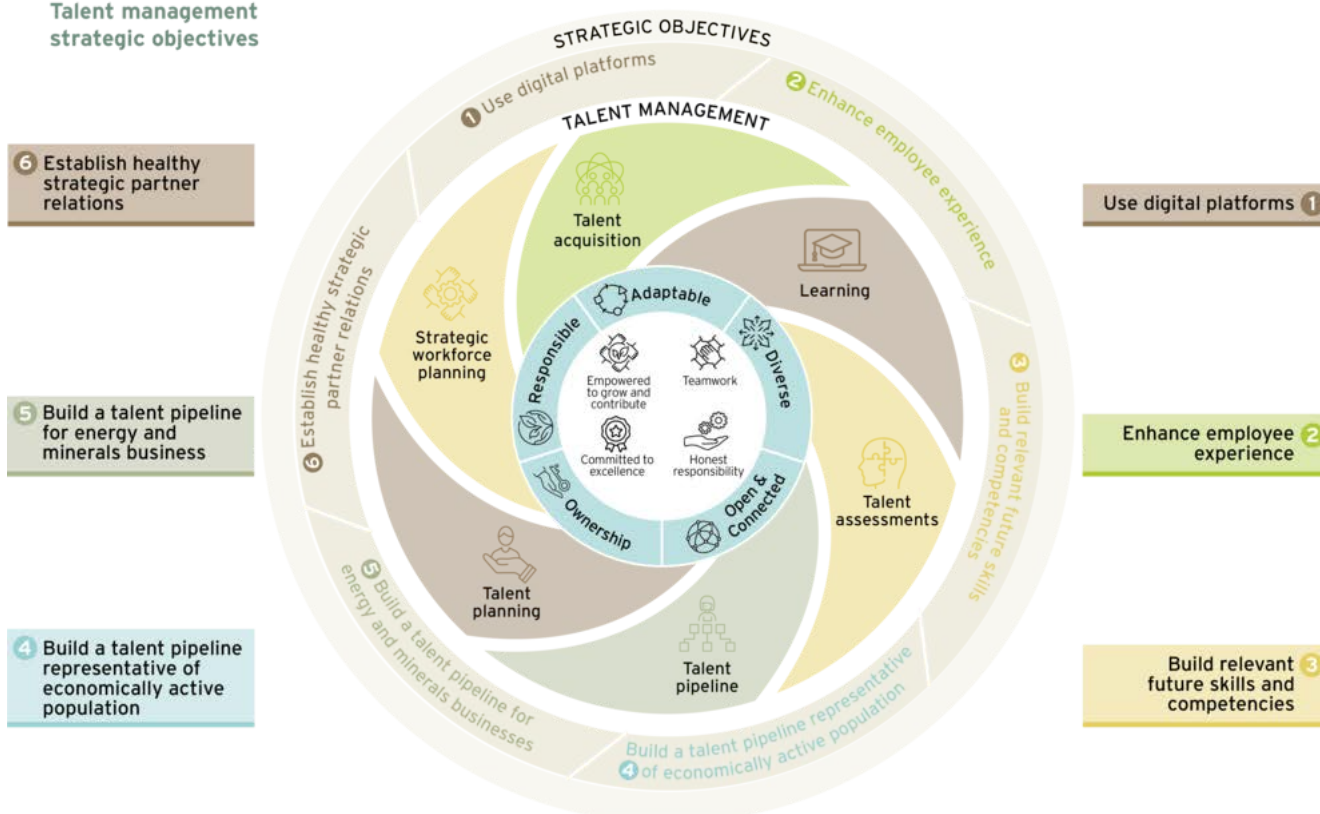
Cennergi prioritises internal recruitment of high-potential employees to retain talent and grow management expertise. Employees receive STIs based on individual and company performance. Cennergi invests 1% of its payroll in employee training and development. Line managers conduct performance appraisals twice a year to determine training and development needs.

Talent management strategy

Our talent management strategy enables us to transition organisational inclusivity by developing future capabilities and creating a healthy working environment through engaged, supportive leadership, and using technology to help achieve this. We consider Exxaro’s vision to provide resources (beyond just commodities) that are critical in a low-carbon world in our talent management approach. Our talent strategic objectives were defined considering global and local trends, and Exxaro’s overarching Sustainable Growth and Impact strategy.

 These objectives are supported by talent management functions and our culture and values are at the centre of our strategy’s success. Our progress against these objectives are unpacked from page 88.

Talent management strategic objectives



Accountability and responsibility

Line managers and management teams at BUs are responsible for overseeing talent management, supported by our people and performance department.

Our performance

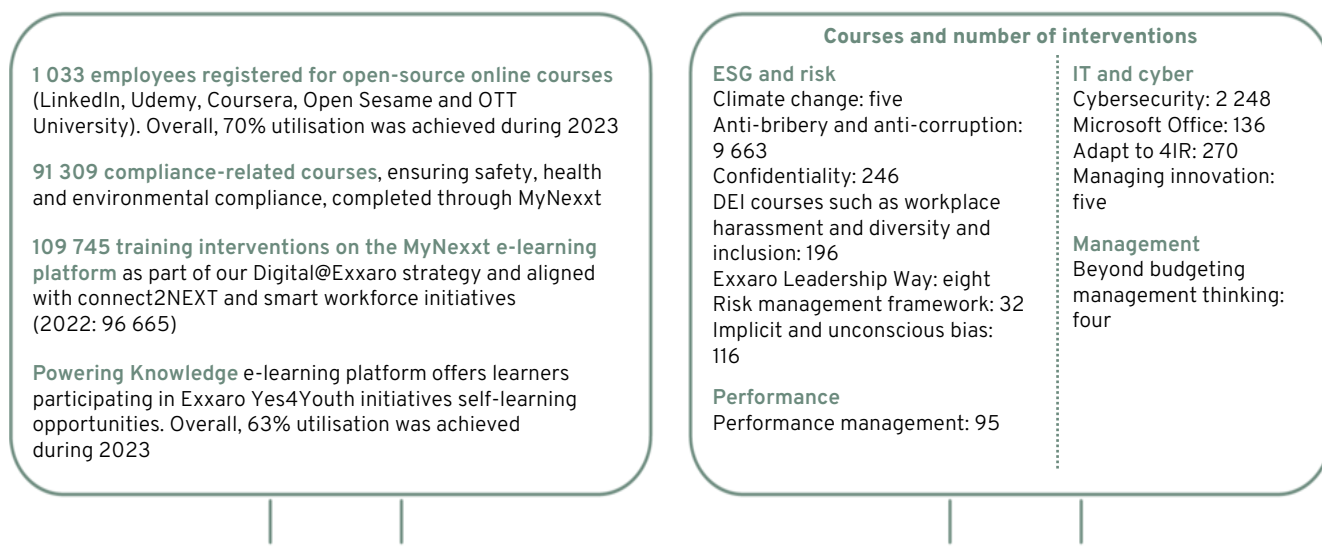


People development training expenditure	2023	2022	2021
Total training (Rm)	358	331	276
Total training (% of total payroll)	6.22	6.0	5.8
Training of black people (Rm)	318	275	222
Black people trained (% of total payroll)	5.54	5.0	4.7

Progressing against our talent management strategy

Use digital platforms

Our digitalised environment is a critical success factor in executing on our strategy. It enables efficient talent management and helps create a self-learning culture, but also expands the reach of our learning opportunities, making it accessible to a broader audience.



Enhance employee experience

We improve internal processes to bolster performance achievements, career and succession planning, culture and leadership initiatives, and SLP commitments.

This year, we implemented a process change whereby line managers are no longer required to approve employment applications made by their team members, thereby empowering employees to freely explore internal growth opportunities. This resulted in an increase in internal applications, with 1 598 applications in the Paterson DL band and higher in 2023 compared to 760 in 2022. We also reintroduced a revamped employee referral reward programme, which offers employees rewards for referring successfully appointed candidates.

Build relevant future skills and competencies

We proactively address talent and critical skills shortages and changes when employees are promoted, rotated, resign or retire.

306 employees attended various leadership programmes (2022: 83) and **162 enrolled in management programmes** (2022: 181)

30 employees enrolled in the University of Cape Town Graduate School of Business Women in Leadership programme (2022: 21)

We are in the process of developing a capability system tool to guide employees on capability and capacity building to advance their careers with various learning and development opportunities.

Leadership programmes rolled out

Leading programme: eight employees on E band

Leadership in connected economies: 26 employees on Paterson DM/DU band level

Essential leadership programme: 21 employees on Paterson DL level

Launchpad leadership programme: 127 employees below Paterson DL level

Nano sessions: 94 employees on Paterson C band level

Women in leadership: 30 employees

Our learning interventions are structured appropriately to support improved employee capabilities through formal studies in traditional programmes and to ensure new capabilities support renewable energy, digitalisation and the new world of work.

We also provide university-accredited short courses in competencies to support new capabilities such as automation, neuroscience, change management, data analytics and digital business strategy.

Exxaro refreshed our talent management strategy in 2023 to support capability development and succession planning for management and specialist roles in response to new ways of working and global workforce trends.

Formal studies	Total enrolled	Black people	Black women
Postgraduate ¹	14	11	7
Undergraduate ¹	20	20	18
New skills short courses ²	29	17	10

¹ South African universities.
² South African and international universities.

Build a talent pipeline representative of economically active populations

Our development efforts focus on our employment equity candidates – building our talent pipeline by educating people with disabilities and women. This supports our DEI strategy and complies with employment equity targets.

We strive to fill vacancies with black people, with preference given to black women. To address challenges in recruiting qualified black women, particularly in the Lephalale labour sending area, we implemented the employee referral programme. This is an internal programme to find the best talent from employees' existing networks. Benefits include having access to a wider reach of candidates than through traditional hiring methods and enhancing the Exxaro brand through internal employee promotion.

Various empowerment initiatives support our women in mining drive by growing this talent pipeline. Initiatives include:

- Accelerated development and executive coaching programmes
- Increased intake of women for mentorship training (69% of employees trained in 2023 were women)
- Enabling young women in our communities to plan their careers and acquire skills (including the Edumap bridging programme for matriculants to improve their maths and science results)
- Aiming to increase the number of black women in our feeder schemes and talent pipeline through our employment equity plans
- Women in mining forums and women in leadership programme

32.5%^{RA} D band (2022: 30.8%) and **25.3%^{RA} E band** (2022: 35.4%)

- ✓ Succession planning clusters **prepare black employees to occupy higher level positions** immediately or for medium-term occupation
- ✓ **Improved spend on bursaries awarded to black people studying through DHET accredited institutions** to the planned target score on the B-BBEE strategic dashboard. The subscore for this B-BBEE element improved to 0.44% (2022: 0.19%)
- ✓ **Updated our recruitment policy** to align with the DEI strategy and **created a new people with disabilities policy**

Women

Female employees represent 31.2% of our workforce (2022: 29%)

61% female PIT graduates (2022: 50%)

61% black women full-time bursars in engineering and mining disciplines*

55% women in learnership and internship feeder schemes (2022: 56%)

11 black women sponsored at technical and vocational education and training (TVET) colleges to improve access to formal learnerships such as artisan training (2022: 31)

People with disabilities

25 black South Africans (56% black women) with disabilities supported at local tertiary institutions for full-time studies (2022: 20)

23 internships for PWDs appointed in 2023. All are black people (12 black women)

* South Africans at local universities.



In accordance with its aim to further the objectives of diversity and inclusion in the energy sector, Cennergi recruited eight new employees in 2023, of which 75% were female (six African women) and 25% were male (two African men).

Build a talent pipeline for energy and minerals businesses

We align our talent pipeline with Exxaro's strategic direction. We are committed to identifying full-time students in core engineering, information technology (IT), geology and business support service studies from our host communities, thereby addressing science, technology, engineering and mathematics skills shortages.

We offer formal training and mentorship to young graduates in our development programmes, as PIT graduate participants and interns. Our three-year PIT programme exposes participants to academic theory and practical workplace experience to prepare them for current and future business needs. Each graduate has a technical coach who supervises exposure to various operations. Exxaro also offers technical, leadership and management training during these programmes before guiding trainees who meet accreditation requirements to become professional engineers.

Training professionals

85 PIT programme graduates in our talent pipeline (96% black South Africans) (2022: 89) at a cost of R55 million (2022: R42.6 million)

54 full-time bursars in engineering and mining disciplines (2022: 52)*

R1.1 million invested in bursaries to address engineering skills shortages (2022: R3.8 million)

10 matriculants supported in Edumap maths and science bridging programme (2022: 10)

12 full-time bursaries for tertiary studies awarded to Edumap students and youth from Exxaro's communities (2022: 0)

* South Africans at local universities.

Feeder schemes

	In training	Black people	Black women
Engineering learners	521	505 (96%)	263 (50%)
Miner learners	62	62 (100%)	31 (50%)
Operator learners	264	261 (98%)	142 (53%)
Internships	192	192 (100%)	115 (59%)
Business administration learners	49	48 (97%)	47 (95%)

CASE STUDY:

Empowering PIT graduates



We actively improve the PIT programme to ensure it is best in class. We held our annual PIT symposium in October 2023, where graduates showcased their problem-solving and project management skills in finding solutions to operational challenges. This year's theme was striking the balance, empowering graduates to live a more holistic, balanced lifestyle.

Establish healthy strategic partner relations

Stakeholder engagement builds competencies that deliver on our business strategy. We submitted annual workplace skills plans and training reports to the MQA, Mining Charter compliance to the DMRE and B-BBEE scores to the dtic including employee information, spend, training and development programmes. Due to the successful submission of the MQA Workplace Skills Plan and Annual Training Report, we received R50.5 million of skills levy tax paid back in the form of grants. We also actioned two Yes4Youth initiatives with youths from our communities to improve their employability.

CASE STUDY:

Partnering with Yes4Youth



The Yes4Youth programme provides job opportunities and work experience to youths to address South Africa’s unemployment crisis. Exxaro partnered with two service providers in the programme, SME.TAX and Lula Rides, who were contracted to recruit 450 youths from Mpumalanga and Limpopo over a two-year period from 2022. On completion of the programme in 2024, participants will be placed in jobs or be assisted to start their own businesses.

Through Lula Rides, 400 black youths were recruited from Exxaro communities to be trained as licensed motorbike delivery drivers. 186 participants completed the programme and have been placed with various companies such as Takealot and Mr D Food. 173 participants are still active in the programme. SME.TAX recruited and trained 50 black youths with finance qualifications as interns to improve their employability. 49 participants are still active in the programme, and two participants have received employment in the tax and banking sectors.

Exxaro worked with the Small Enterprise Development Agency (Seda) in both initiatives to assist youth with opportunities as entrepreneurs. Workshops were held with Seda in November to further engage youth on opportunities in the entrepreneurial and business spaces.

Enhancing talent bench strength

Our mentorship programme supports employees who aspire to develop into leadership positions. This is informed by succession planning for our leadership pipeline and is critical for employee development within our diverse organisation.

We had 126 employees (89% black people and 58% black women) in our 24-month mentoring programme (2022: 40). Demand for mentorship is high – 100 employees attended mentee training and 26 trained as mentors.

Talent acquisition

We appointed 16 external Paterson D band (middle management) candidates (100% black people and 63% black women) (2022: 16) and 43 internal candidates (81% black people and 35% black women) (2022: 40).

In the Paterson E band (senior management), we appointed three external black candidates (67% black women) and nine internal black candidates (2022: one and three respectively). Due to our well-managed succession planning and leadership development process, a number of internal employees have been promoted.

We advertise employment opportunities on virtual platforms and career fairs with accredited universities, and engage with disability units at the University of Pretoria, Wits University and North West University to place suitable graduates.

Grooteeluk’s transformation journey

We acknowledge the crucial role women play in the mining industry and we are actively working to attract more women across all levels of the business. Grooteeluk, in its commitment to achieving employment equity goals and through the support of the women in mining committee and transformational leadership, has created an inclusive work environment for women. We also dedicate ongoing focus to developing our own internal talent. We are committed to local employment by broadening the skills base in mine communities.

Adult education and training

As interest in adult education and training (4.0% of our employees) is low due to the age profile of our workforce, we offer portable skills training in welding, plumbing and civils for entry level employees.

Adult education and training helps employees reach national qualification framework level 1 (grade 9) with functional literacy for health and safety communication, further development, and access to higher level jobs.

Adult education and training	2023	2022	2021
Investment (Rm)	0.95	1.57	1.02
Employees enrolled	0	4	3
Community members enrolled	125	52	89

Co-creating and preserving value with communities

The investment we make in our communities demonstrates the importance we place on our social responsibility. Guided by sustainability, stakeholder inclusiveness and collaboration, we uplift and develop our host communities to build better futures.



Key achievements



Started phase 2 of the Phumulani agri-village food garden



Completed the municipal capacity building programme



Attended the Lephalale Investment Summit, where the municipality shared its vision of growing into a metropolitan city, with a focus on manufacturing, agriculture, SMME development, education and skills development

Pursuing sustainable growth and impact through...

Our commitment

To create socio-economic development, address social challenges and build resilience in our host communities, thereby ensuring the sustainability of the business.

Monitoring and measuring our performance

KPIs:

• ECD:

- Qualified ECD practitioners
- Registered ECD centres

• Whole school development:

- Increased qualified people, leading to improved employment rates
- Well-resourced and conducive schools

• SMME development:

- Sustainable and growing SMMEs

• Land use management/MSP:

- Skilled farmers
- Increased access to markets

• Compliance:

- Secure licence to operate
- Improved B-BBEE ratings

Measures related to the objectives of the Social Impact strategy:

- Improvement in child literacy and numeracy
- Improvement in young learner grades
- Value of bursaries/number of successful students
- Improvement in local SMME sustainability
- Improvement in local employment
- Total land managed by emerging farmers
- Agri-land development
- Project delivery measure – local economic development projects per SLP time variance from plan
- ESD, socio-economic development (percentage of NPAT) and skills development expenditure on learning programmes in the learning programme matrix for black people as a percentage of the leviable amount

Delivering on our strategic objectives

Our community development initiatives and programmes support the objectives of our Social Impact and Sustainable Growth and Impact strategies. For the delivery of the Social Impact strategy, a baseline assessment was conducted to provide a holistic status of the community requirements. The assessment outcomes have formed part of the short, medium and long-term plans for the Social Impact strategy.



Empower people to create impact



Become a catalyst for economic growth and environmental stewardship



Going beyond compliance

Our Social Impact strategy ensures delivery beyond compliance with regulatory requirements. In implementing initiatives beyond our SLPs, we partner with various organisations to:

- Train farmers and connect them to markets as part of the MSP
- Improve food security and stimulate the local economy in the Phumulani agri-village community through the food garden project
- Develop a non-centre-based ECD hub and capacitate 49 ECD centres in Lephalale
- Train 450 youth and enhance their employability

Stakeholder collaboration and engagement

Communities, SMMEs and stakeholder forums

To uplift and empower through financial and non-financial investments, skills development and employment opportunities

Government

To comply with legislation promulgated by the DMRE, DoE, DoH and dtic

Minerals Council and ESD Community of Practice

To contribute inputs on socio-economic development and benchmarking across the industry as part of the Community Development workstream, to share information on ESD best practice

National and provincial development finance institutions

To collaborate in contributing to socio-economic development

BUSA

To make a financial contribution towards BUSA, a government intervention to maximise inclusive economic growth by inspiring confidence and creating jobs

NBI, Seda, GIBS and SAICA

To collaborate in providing skills development programmes to host community members

Programme partners

To collaborate on education and skills development projects and programmes with partners including the National Business Initiative, Impact Catalyst, Cotlands, SE Holdings, University of Johannesburg, Siyakhana Growth and Development, Komatsu, Youth Employment Services (SME.TAX and Lula Rides)



Future focus

We will continue to drive delivery of the Social Impact strategy in terms of education, land use management and SMME development, as well as create value through collaboration and partnerships.



We also plan to advance the Impact Catalyst's integrated waste management study and will be moving the material recovery facility and waste advocacy proposals into implementation phase. We are seeking funding partners for the viable feasibilities.

Co-creating and preserving value with communities *continued*

Our approach

We strive to leave a positive legacy in our communities by implementing large-scale community development initiatives. Our Social Impact strategy guides this approach and is a shift away from a compliance-based focus, which does not adequately address communities' longer-term needs. The strategy enables us to create lasting social impact by enhancing the quality and duration of projects to contribute to greater education, skills development and job creation, thus building the resilience of our communities and ensuring delivery beyond compliance.

We achieve tangible impact in our communities through the three pillars of the Social Impact strategy:

Land use management (MSP)	Education	SMME development
<p>Through the MSP, we ensure black emerging farmers have access to resources that guarantee the sustainability of their businesses. We provide holistic support through mechanisation, inputs, access to markets, funding and skills development to enable emerging farmers to commercialise their businesses.</p> <p>Our land use management strategy assists us to effectively protect and manage current and future operations through agricultural leases, donations, biodiversity and conservation, and utilising erven for employee housing, offices and training centres.</p>	<p> Our education initiatives aim to improve the quality of school education, and target ECD and whole school development (page 99).</p> <p>Through ECD, we build the educational foundations for future learning and enhance physical, psychological, cognitive and social development for children between the ages of zero to five. Our ECD programme objectives are to:</p> <ul style="list-style-type: none"> • Advocate and increase equitable access to quality play-based ECD for vulnerable children • Provide accredited and non-accredited online and face-to-face training for adults (ECD practitioners and parents) to improve the quality of play-based early learning • Improve access to nutrition • Foster school readiness <p>Through our whole school development focus, we will ensure our communities benefit from sustained good quality education throughout primary and high school.</p>	<p>We provide financial support, skills development and training to SMMEs to improve their service/product delivery and increase the representation of local black-owned suppliers in our supply chain.</p> <p> The ESD programme offers financial support and development programmes to black-owned suppliers and black entrepreneurs (page 103).</p> <p>Our supply chain activities increase the participation of black and women-owned suppliers from our communities (page 105).</p>



Amakhala Emoyeni and Tsitsikamma promote education and skills development, social welfare, healthcare, general administration and enterprise development. The socio-economic development and enterprise development commitments for the LSP are only applicable during the operation phase.

Social Impact strategy funding

The following funding structures support the achievement of social impact by serving as conduits for community donations and sponsorships:

Exxaro Chairman's Fund (ECF) and Foundation	Exxaro Aqa Setshaba NPC (formerly Matla Setshabeng NPC)*	Amakhala Emoyeni Community Fund Trust (AECFT)
Tsitsikamma Community Windfarm Trust (TWFT)	Tsitsikamma Development Trust	ESD programme

* We renamed Matla Setshabeng NPC to Exxaro Aqa Setshaba NPC to better represent its involvement in multiple communities, not just Matla.

These funding structures are funded through various sources (detailed below) and collectively referred to as Exxaro Group Social Investment Structures. Some funding is compliance driven, such as SLPs and the dtic scorecard, and others are value-add investments beyond compliance, such as funding from Aqa Setshaba NPC. To further enhance the delivery of impact at scale, we are simplifying our funding structures to enable better coordination and enhance the financial efficiency of our impact efforts.

The AECFT and TWFT disburse funds and manage programmes to ensure transparency and community participation. Community projects outside a 50km radius of the windfarms are funded through Cennerg's CSI budget.

Funding sources

ECF receives contributions from BUs and co-investors (suppliers) for the implementation of SLP projects and CSI projects respectively.

Exxaro Aga Setshaba NPC receives dividends from a 5% shareholding in Eyesizwe (30.52% BEE shareholder in Exxaro). Aga Setshaba NPC is a broad-based benefit structure established to fulfil shareholder requirements during formation of the replacement BEE ownership transaction.



AECFT and TWFT receive 2.1% of revenue generated by the windfarms, which must be spent quarterly on socio-economic upliftment and enterprise development projects within 50km of the windfarms. The LSP committed to spend 0.1% of total construction and operation cost value on skills development, 0.1% of total construction and operational cost value on supplier development, and 1.5% of revenue on enterprise development and socio-economic development projects with local communities and municipalities.

ESD programme receives funding from Exxaro, based on 3% of NPAT, as required by the B-BBEE codes. These funds are disbursed as interest-free loans and grants for supplier development (2% of funds in Exxaro's supply chain) and enterprise development (1% of funds outside Exxaro's supply chain).

Socio-economic development initiatives, based on 1% of NPAT as required by the B-BBEE codes, designated expenditure by the ECF and Exxaro Aga Setshaba Development NPC, voluntary initiatives and donations to charitable organisations.

Exxaro Mountain Bike Academy receives annual funding from Exxaro to support youth in a programme that helps them complete schooling and develops knowledge and skills that provide employment opportunities in sports.

Concessional land leases to emerging farmers on land rehabilitated or no longer required for mining activities and commercial purposes.

Land packages donated to local government and SMMEs for, among others, human settlements and agricultural areas.

Incorporating social impact principles in future planning

We plan future SLPs in accordance with social impact principles and impact areas in consultation with communities and government when developing municipal integrated development plans. Through localised, in-sourced project management, we develop intellectual capital to leverage continuous improvement in SLP delivery.

SLP project benefits include:

- Electrical and road infrastructure as well as education projects approved for the Matla 2020 to 2025 SLP have an anticipated positive impact for 22 000 beneficiaries in the Emalahleni local municipality
- The non-operational Thabametsi mining right (2020 to 2024) SLP proposal reinforces 2015 to 2019 projects to ensure sustainable sanitation infrastructure for long-term impact
- Grootegeluk 2023 to 2027 SLP proposal focuses on IT infrastructure, manufacturing, healthcare, sports, arts and recreation (as in the Marapong precinct)
- Tshikondeni's 2023 to 2027 SLP proposal addresses agricultural irrigation infrastructure and skills development so that local farmers can grow into the commercial market

We also consider social impact principles in future mining and energy operations. Discretionary expenditure continues from the ECF and Exxaro Aga Setshaba NPC (primarily directed at complementary projects developed through the SLPs and REIPPPP), alongside regulatory expenditure – for example, where SLP projects develop school infrastructure (as required by the DMRE), discretionary funding will complement teacher development and other related programmes.

Accountability and responsibility

The SERC, through its statutory provisions, has oversight of community engagement and development, and oversees the implementation of the Social Impact strategy. The Social Impact strategy is an integrated approach of several executive functions, including people and performance, sustainable impact, investor relations and supply chain management to maximise its development, impact and sustainability on communities.

The chief sustainable impact officer is responsible for integration and execution.



Cennerg's internal community liaison officers and local community trustees oversee formal and informal community engagement with local communities, mayors, government departments and other groups such as local business forums and youth, among others.

Our performance

Invested in social investment projects for socio-economic development (SLPs and CSI) **R86.91 million**

(2022: R181.31 million)

A combined total investment contributed by Exxaro and Cennergi in socio-economic and enterprise development programmes: **R223.51 million**

(2022 R205.81 million)

Invested in CSI **R71.95 million**

(2022: R167.93 million)

Number of community members benefited

41 867

(2022: 1.17 million)

Invested in SLP projects **R14.96 million**

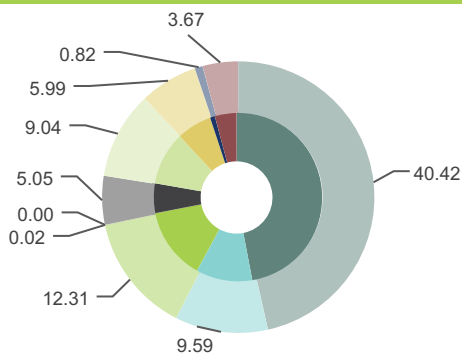
(2022: R13.38 million)

Jobs created for SLPs **29**

(2022: 83)

Implementation of current five-year SLPs continues at BUs until completion as per our mining right commitments in Limpopo and Mpumalanga

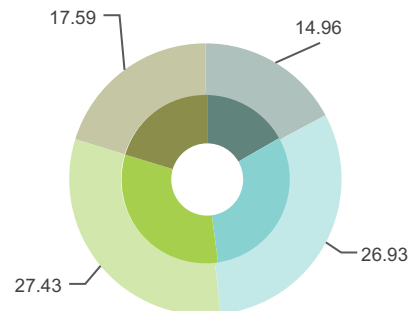
Social investment projects in local economic development excluding ESD financial support (Rm)



- Education and skills development
- Disaster relief
- Infrastructure
- Sports/culture
- Health
- ESD hubs
- Agriculture
- Governance
- Welfare
- Environment/conservation

* R9.61 million for education included in 2022 ESG report, but impact seen in 2023.

Investment structure spend to support social investment projects (Rm)



- SLP, including ESD hubs
- Discretionary donations
- ECF
- Aga Setshaba

SLPs, REIPPPP and CSI initiatives

Implementation of our prevailing five-year SLPs experienced delays due to challenges with small enterprises and suppliers lacking relevant skills, maturity and capabilities. The difficult economic environment also impacted the viability of these enterprises and suppliers, with some withdrawing due to liquidation.



We are managing these challenges through ESD interventions aimed at building capabilities (pages 98 and 106). In addition, a developmental approach through technical and administrative mentoring support has been given by the project teams to guide local contractors.

SLP project expenditure of R14.96 million (2022: R13.38 million) covered some projects in planning and implementation stages as outlined on the following page.

Exxaro spent R14.96 million, benefiting 50 630 people, with our projects still in progress potentially benefiting 71 752 people:

Completed	2023 spend	Beneficiaries
Matla ESD hub, which was handed over to the local municipality in May 2023	R0.36 million	11
Belfast roads rehabilitation project, of which phase 1 was handed over to the Emakhazeni municipality (beneficiaries from 2022 included)	R1.14 million	48 000
Tshikondeni hall electrification	R0.6 million	1 179
Mafube Primary School	R0.05 million	240
Bonginhlanhla School phase 2	R0.21 million	1 200
In progress	2023 spend	Potential beneficiaries
Lephalale ECD centre	R0.72 million	2 000
Marapong sport, arts and culture precinct	R0.12 million	
Marapong potable water pipeline	R1.1 million	36 227
Paarl sewer rehabilitation	R0.29 million	(21 720 youth)
Lephalale ESD programme	R0.45 million	
Waste management at Lephalale	R2.4 million	30 745
Nelsonskop Primary School hall and classrooms	R7.32 million	1 580 learners with 29 jobs created
Bonginhlanhla School phase 4	R0.20 million	1 200

Although our implementation performance on existing SLPs was unsatisfactory, REIPPPP and other CSI expenditure were satisfactory.

The REIPPPP expenditure activities at our energy business performed better, despite the intensity of quarterly expenditure targets to maintain and fulfil licence to operate and related conditions. This business is required to spend 2.1% of quarterly revenue on socio-economic development (1.5%) and enterprise development (0.6%) activities in communities affected by its operations.

Community education and economic development

Project highlights

The **GaNala ESD incubation hub** built at Kriel in 2020 and 2021 trained 11 entrepreneurs in 2023.

Five staff members for the **ECD centre of excellence at Lephalale** were recruited and trained, and learning resources as well as a vehicle were procured, to assist programme execution. The centre supports 49 other centres with learning material and training, in partnership with Cotlands. Professional training was provided to 20 ECD practitioners from community ECD centres.

We supported the **Rietkuil resettled community** through skills development and opportunities for qualifying youth, support for the provision of electricity, procurement of school uniforms for all learners and the completion of phase 1 of repair work to six houses.

Our employees were involved in school food gardens and a career expo at Olievenhoutbosch Secondary School as part of **community volunteer projects** during working hours.

Volunteers from Exxaro assisted learners from Olievenhoutbosch Secondary School to set up a food garden and provided agricultural skills training to community members. Our volunteer team launched similar food gardens at five other schools, including Sefako Makgatho, Matseke and Kgabo primary schools in Atteridgeville with great success in the last two years.

The **Matla ESD hub** was handed over to the local municipality in May 2023. The hub has since hosted a driving school programme held by Exxaro, Jordan Construction and Komatsu Mining Corp, which aims to train 60 communities to obtain driving licences and participate in community engagements.

Junior pioneer pilot programme

We introduced this programme as a two-year community-based digital initiative in the Emakhazeni local municipality in 2022 to increase exposure and interest in 4IR, and science, technology, engineering and mathematics subjects, improve grade 8 and 9 learners' marks in these subjects, encourage design thinking and technological learning, and stimulate a new generation of problem-solving innovators within the Emakhazeni community.

To date, the programme has had the following positive impacts:

- 80% of learners who participated in the programme chose science, technology, engineering and mathematics subjects for grade 10
- 98% attendance rate throughout the two years
- Three alumni of the programme benefited from skills transfer and subsequent employment
- Two learners were assisted with domestic issues to ensure their learning was not disrupted

Co-creating and preserving value with communities *continued*

Exxaro Aga Setshaba NPC and ECF contributions

Exxaro Aga Setshaba NPC delivered high-impact initiatives at a cost of R26.93 million (2022: R127 million), while the ECF contributed R27.43 million (2022: R24.43 million), benefiting 41 867 community members. We delivered the following projects through partnerships:

Project	Investment
Lephalale and Mpumalanga	
Information and communications technology (ICT) programme (which started in 2022) in partnership with Impact Catalyst to provide access to information resources and knowledge to 41 550 learners and community members through 51 Wi-Fi hotspots and 20 ICT labs. We identified 141 schools and 25 community sites in the Emakhazeni, Emalahleni and Lephalale municipalities for Wi-Fi infrastructure installation to benefit 35 700 learners. 38 schools and 14 sites were targeted as part of the first phase. To date, infrastructure has been installed at 37 schools and 13 community sites, and 11 sites in Lephalale, Belfast and Matla have gone live. The programme was set to be completed by July 2023 but was delayed due to the stakeholder engagement process, finalisation of SME participation and prolonged internet service provider installation process. It is now planned to be completed in the first quarter of 2024.	R30 million paid in 2022
A partnership with Curro through the Ruta Setshaba Foundation to give 20 underprivileged learners per year access to quality education from grades 8 to 12, starting in 2023. 20 learners were selected in 2023 as the second cohort for the 2024 period	R4.04 million paid in 2023
National and intra-continental	
Donation to BUSA to maximise inclusive economic growth by inspiring confidence and creating jobs	R0.87 million
Exxaro contributed towards environmental conservation, through its partnership with the Peace Parks Foundation. Further donations were made to Botswana for the same course	R3.1 million

In 2022, Exxaro Aga Setshaba funded the Impact Catalyst's feasibility study for an integrated waste management programme on waste coal ash, waste tyres, landfill waste and waste pickers. We envisage that 100 jobs will be created and five to 10 SMMEs will participate in the circular economy. The study has been completed and we are in the process of engaging implementers and co-funders, which we anticipate to conclude by the end of the second quarter of 2024. This will inform the development of the waste circular economy plan included in the Lephalale local municipality's integrated development plan, aligning with Exxaro's decarbonisation plan.

CASE STUDY:

Municipal capacity building programme – a concerted and sustainable response to improved local service delivery

In contributing to Exxaro's mission of powering better lives and creating sustainable value for its stakeholders, we partnered with the NBI's technical assistance, mentorship and development team, the Department of Cooperative Governance and Traditional Affairs and the Waterberg and Lephalale municipalities in a municipal capacity building programme. This programme emerged as a strategic and sustainable response to the president's Thuma Mina initiative, which aims to address local municipalities' constrained capacity linked to poor service delivery, infrastructure development and limited engagement within our host communities.

This three-year programme will be completed in March 2024. The programme addresses technical and leadership skills gaps to accelerate service delivery and prepare for future local economic development and growth. Over the course of the programme, 54 mentees were guided by 15 mentors on different aspects of municipal service delivery.

The programme is aligned with Exxaro's purpose of powering better lives and has yielded significant benefits:

- Waterberg municipality's improved technical competency has led to better service delivery, including future maintenance of SLP projects
- Stronger relationships have been established with communities, enhancing communication and responsiveness
- Tangible accomplishments include the implementation of smart meters, cost recoveries of around R3.5 million per month and job card system implementation which allowed greater operational visibility and a reduction in overtime expense
- Waterberg district municipality received a special mention by the Auditor General and received awards from the South African Local Government Association for outstanding audit results, for three years in a row
- The establishment of a project management office has facilitated the district development model rollout, improving project management and drawing investment into the district for catalytic infrastructure projects
- The programme's greatest impact has been building administrative capacity in financial and project management, leading to improved financial management and infrastructure service implementation

A feedback session was held in November 2023 with Exxaro management, Waterberg district municipality and Lephalale local municipality to assess the impact, challenges and sustainability of the programme.

Education initiatives and programmes

We invested R40.4 million (2022: R80.9 million) in community education to benefit 25 000 learners in 2023. This was funded from the various investment structures.

Project	Investment
School infrastructure and resources	
Construction of Nelsonskop School Hall and a block of classrooms (Lephalale)	R8 845 158.22
Phase 4 of construction of grade R block at Bonginhlanhla School (eMalahleni)	
Whole school development programmes	
Matric academic camps	R21 929 707.5
Learners' hearing and eyesight tests and the provision of hearing aids and spectacles	
Establishing school gardens	
ECD	
Practitioner training	R1 218 330.78
Research and development	
University chairs	R8 426 803.50
Total	R40 420 000

CASE STUDY:

Advancing food security and sustainable livelihoods in the Phumulani agri-village



The Phumulani agri-village food garden, in the resettled Phumulani community, has moved into phase 2, creating more opportunities for food security, training, employment and sustainable income. The project, a multi-stakeholder partnership between Exxaro, Siyakhana Growth and Development, the University of Johannesburg and Komatsu, currently employs 14 beneficiaries who have all received cross-training in poultry and vegetable gardening.

In phase 2, two greenhouses, a wormery, biogas plant and poultry section were erected, giving access to training and employment opportunities for four more members of the village. The project has been designed with success and sustainability in mind.

The food garden is currently experiencing challenges such as conflicts between beneficiaries, theft and vandalism. Additionally, extreme weather conditions caused substantial damage to the greenhouses, bringing a halt to production and further putting strain on beneficiary morale. We have repaired the greenhouse tunnels, and we have planned engagements with various stakeholders to develop mitigation measures to these challenges and foster sustainability.

Co-creating and preserving value with communities *continued*



Cenergi's socio-economic and enterprise development programmes

In total, R25.3 million (2022: R24.5 million) was spent on socio-economic development initiatives, including education, welfare, agriculture development and health.

TWFT invested R10.9 million in host communities (2022: R10.7 million), reaching more than 2 000 people and creating 130 jobs. AECFT invested R14.4 million (2022: R13.8 million) in host communities, reaching more than 2 500 people and creating 220 jobs.

Programme	Investment
TWFT	
ECD at six crèches (2022: six) for 185 children (Early Inspiration, as implementation agent, created 26 jobs with training and capacitation for national qualifications framework level 2 ECD practitioners and cooks, and parental support and educational resources)	R2.1 million (2022: R1.8 million)
Monthly stipends for eight teachers (2022: five) to fill school governing body vacant posts at Kareedouw Primary School, Loerie Primary School and Qhayiyalethu High School in the Eastern Cape	R444 613 (2022: R189 000)
Bursaries coordinated by Masinyusane Development Organisation for 12 students (2022: 20)	R2.5 million (2022: R2.6 million)
Free internet connectivity for 654 AmaMfengu households (Wittekleibos, Snyklip and Ekuphumleni communities) in partnership with Herotel to access online procurement platforms, SMME funding, jobs, entrepreneurship workshops and seminars, among other opportunities	R43 266 (2022: R88 879)
Renovating Wittekleibos community hall, to be completed in January 2024, created 70 temporary jobs and empowered seven local SMMEs	R1 million (2022: R3.5 million)
Purchasing 1 045 pairs of school shoes for Clarkson Primary and Qhayiyalethu High School learners	R287 370
Accommodation of 86 grade 12 learners from Qhayiyalethu High school at Paul Sauer High School hostel and monthly stipends for three school governing body teachers	R712 490
Partnership with Masinyusane Development Organisation on the Youth Jobs and Literacy programme which hired and trained 16 previously unemployed youth to teach 225 learners from Clarkson Primary school and 176 children from four local ECDs to read and write	R305 000
Environmental impact assessment process for the proposed Guava Juice Piggery project	R344 836
NNT Women Poultry operational costs and the construction of a second poultry house which will enable the business to expand from 1 620 egg layers to 4 000 by 2024 , in partnership with Nulaid eggs	R1.8 million
Supporting three Wittekleibosch vegetable garden initiatives	R306 627
AECFT	
Adelaide and Bedford water solution project in collaboration with the Amakhala Bedford Trust (created 95 temporary jobs , supported four local SMMEs and delivered clean water to 3 295 households)	R1.1 million (2022: R1.2 million)
Construction and operation of Nceduluntu ECD centre in Adelaide (created 67 temporary jobs , supported five local SMMEs and gave more than 40 children access to quality early childhood education)	R747 489 (2022: R4.6 million)
Bursaries for 14 students (2022: 15) from Cookhouse, Bedford, Adelaide and Somerset East to acquire scarce skills at South African universities and TVET colleges	R1.9 million (2022: R1.6 million)
Refurbishment of ablution facilities at Cookhouse Secondary School (created four jobs and benefited eight teachers and 246 learners) – a whole school development collaboration initiative with the five inland windfarms	R605 612
Monthly stipends for six assistant teachers (2022: six) and two administrative clerks (2022: one) at Nojoli Primary School, Gilbert Xuzza Primary School and William Oats High School (created seven temporary jobs benefiting more than 600 learners)	R305 200 (2022: R388 000)
Construction of 24Kw mini-solar farm and 35Kw battery backup to benefit nine farmworker houses and 24 residents at Penderry Farm	R449 650
Establishment of school vegetable garden at four local schools, benefiting 1 961 learners	R686 329
Purchasing wheelchairs for 13 beneficiaries residing in Somerset East and Cookhouse communities	R133 778
Renovation of Somerset East sport field (created 31 temporary jobs)	R2.9 million
Laphumikwezi livestock farm benefiting 10 beneficiaries	R883 750
Collaborated with the Chemical Industries Education & Training Authority, Amakhala Bedford and Cookhouse Trusts on soap and detergent manufacturing training benefiting 16 local SMMEs from Adelaide, Bedford, Cookhouse and Somerset East	R816 601
Building future skills and inclusion of youth in the renewable energy sector in South Africa by training 10 youths in Global Wind Organisation Basic Safety and Technical training programme, in partnership with SP-Wind	R236 656.20
Supporting agriculture, baking, sewing, waste recycling and general trading SMMEs (partnered with SAICA Enterprise Development)	R1.4 million (2022: R3.4 million)

CASE STUDY:

Cennergi improves the safety of its communities

Cennergi, jointly with BTE Renewables, contributed R3 million to public road maintenance in the Blue Crane Route Municipality.

Poor public road conditions were impacting the safety of the local communities, farmers and the windfarm operational employees, resulting in several public road accidents in 2022. The improved conditions made daily travels safer for everyone. Cennergi also installed licence plate recognition cameras near Tsitsikamma, after the success of the cameras installed near Amakhala Emoyeni.

These cameras increase the footprint of existing cameras in the region, improving the safety and security of community members.

CASE STUDY:

TWFT addresses youth unemployment and child literacy in Clarkson

TWFT partnered with Masinyusane Development Organisation in 2023 to train and hire previously unemployed youth to teach children in Clarkson to read and write.

The programme is designed to ensure that every child hears 1 000 stories before the age of six, and every child, from the age of four, receives customised literacy sessions through a structured ECD curriculum.

Clarkson is the first community to participate in this programme. The programme has multiple benefits for the community: unemployed youth receive skills and work experience in ECD, a steady income and play an active role in shaping local children's future.

Enterprise and supplier development

Our ESD programme is a critical element of the Social Impact strategy and our vision to power better lives in Africa and beyond. ESD initiatives provide financial and non-financial support to small businesses in areas where we operate, thereby promoting economic transformation and establishing sustainable communities.

Key achievements



Contributed funding of R111.3 million to beneficiaries



Contributed over R900 million in ESD funding since the programme began in 2018



Rolled out a funding readiness programme to improve the quality of funding applications from businesses in Belfast, Delmas, Kriel and Lephahale host communities



Partnership with Women in Mining Business to create platforms for Exxaro and businesswomen in the mining sector to interact, with the aim of advancing the participation of women-owned businesses and sharing information on Exxaro's supplier transformation objectives and plans, how to access procurement opportunities and ESD support

Pursuing sustainable growth and impact through...

Our commitment

To support socio-economic development and create wealth, employment and sustainable enterprises in our host communities

Monitoring and measuring our performance

KPIs:

- Contribution to Exxaro's overall B-BBEE performance
- Job creation and retention
- SMME sustainability

Delivering on our strategic objectives

Our ESD initiatives support the objectives of our DEI strategy and Social Impact strategy.



Become a catalyst for economic growth and environmental stewardship

Going beyond compliance

- Exxaro's ESD initiatives contribute to the group's B-BBEE score
- Meeting and exceeding minimum standards placed by local, provincial and national government
- Leveraging co-funding from other financing institutions

Stakeholder collaboration and engagement

SMMEs

To provide financial and non-financial support to facilitate business growth and job creation

Host community stakeholder forums

To understand community members' needs and concerns

National and provincial development finance institutions

To collaborate in contributing to socio-economic development

SMME support ecosystem

To collaborate in providing skills development programmes and market access to SMMEs

ESD Community of Practice

To contribute to information and best-practice sharing

Future focus

We are focused on streamlining our ESD process and building the capabilities of our small enterprises and suppliers. We plan to implement an end-to-end supplier development framework in 2024 to improve the conversion from prospective to actual suppliers and support first-time contractors to deliver on their contractual obligations. We are also rolling out a tender readiness programme in 2024 to improve the capabilities of small enterprises in our host communities to respond to requests for quotations.

To augment our existing ESD funding, we intend to leverage additional funding through co-funding.



Our approach

Our approach to ESD is informed by our vision of promoting economic transformation. Our ESD initiatives are a key component of our socio-economic development response and support the SMME development pillar of our Social Impact strategy.

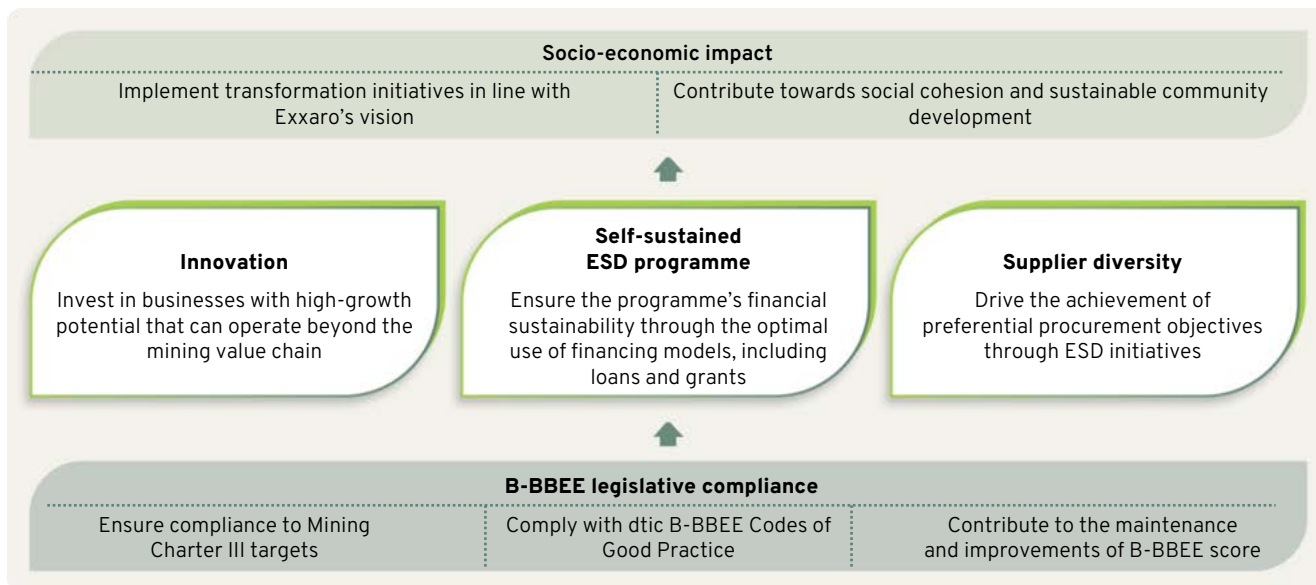
Our ESD programme creates opportunities for black-owned suppliers and black entrepreneurs through financial support in the form of grants and loans and non-financial support through programmes with external service providers and incubator hubs. The programme delivers sustained stakeholder value by:

- **Securing our licence to operate while being financially self-sustaining:** We do this by bringing to market commercially viable enterprise support solutions as well as supporting high-growth enterprises that will help us realise our strategic growth objectives. We also align programme objectives to meet regulatory and statutory requirements of local, provincial and national government
- **Reducing enterprise-wide supply chain risk:** We achieve this by diversifying the quantum and quality of the vendors we invest in close to our operations, effectively lowering internal user transaction costs and supply side risk associated with security of supply and delivery lead times
- **Supporting economic transformation by growing the number and size of black-owned businesses:** We provide market access opportunities for black-owned businesses and invest in non-financial and financial business support programmes

We deliver on our ESD strategy in each SLP area through incubator hubs, which provide three-year programmes for SMMEs.

ESD strategic objectives

Our ultimate goal of economic transformation is supported by the following ESD strategic objectives:



Accountability and responsibility

The ESD committee is responsible for integrating, embedding and implementing ESD within Exxaro.

CASE STUDY:

Building a self-sustainable ESD programme by investing in emerging businesses

Sustainable socio-economic impact is the principal strategic objective of our ESD programme. Beyond compliance with our legislated B-BBEE and preferential procurement commitments, we are enabling this programme to become self-sustainable by investing in an innovative and diverse supplier base that will operate beyond the mining value chain.



To achieve our ESD objectives, we have invested almost R900 million in businesses with high growth potential over the past six years. Since 2019, these beneficiaries have generated over R7 billion for the South African economy (mostly from contracts with Exxaro), created 3 314 new jobs and retained 5 963 for at least 12 months.

The outcomes of our investments and the benefits of growing these businesses are evident in the socio-economic impacts of the following beneficiaries:

- Bantubyte, a technology business, hired five new team members, launched new artificial intelligence products, forged partnerships in Silicon Valley and donated laptops to a school project
- PBSA Logistics and Consultants, a transportation and HR/industrial relations consultancy, mentors four black women-owned businesses and was involved in various CSI projects including computer lessons for grades 11 and 12 learners and school uniform donations
- Gradidge-Mahura Investments, a wealth management company, increased its staff complement from 15 in 2018 to 33 in 2023 and widened its offerings to include investments, asset management, employee benefits and financial services

Enterprise and supplier development continued

Our performance

Loan fund management

- Total loans approved since 2018: R691.95 million (R337.22 million outstanding or future-dated repayments and R354.73 million recovered loan repayments and loan write-offs)
- Investment returns: R22.79 million (interest from invested funds)

Incubator hub beneficiaries per operation

- Matla: 11

Non-financial support

GIBS contractor development programme

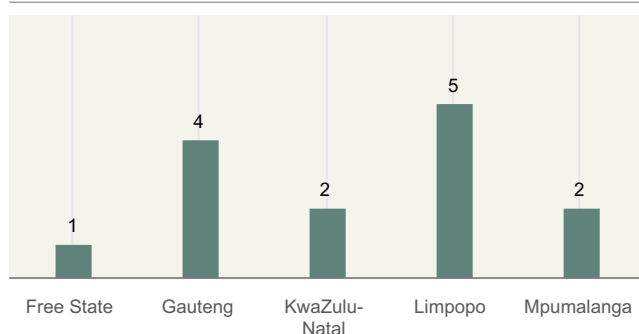
- 50 beneficiaries currently enrolled in the programme
- Plans to implement an expanded contractor development programme in 2024.

SAICA Enterprise Development financial excellence programme

- 58 beneficiaries currently enrolled in the programme
- Plans to enrol 60 beneficiaries in 2024

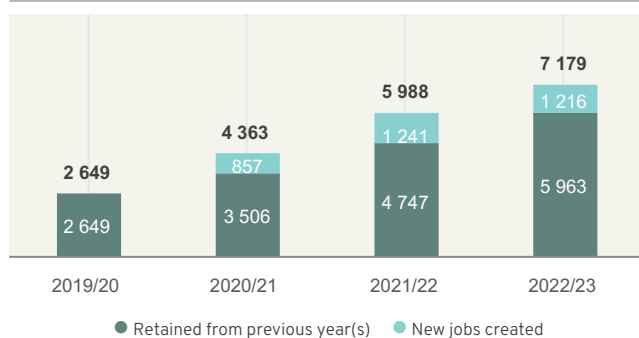
	2023	2022	2021
Spend (R million)	111.3	291.2	127.7
Beneficiaries			
QSEs and exempt micro-enterprises (EMEs)	14	30	15
Youth owned	1	16	4
Women owned	9	9	7
Jobs retained	355	1 037	243

Provincial spread of supported QSEs and EMEs (Total: 14)

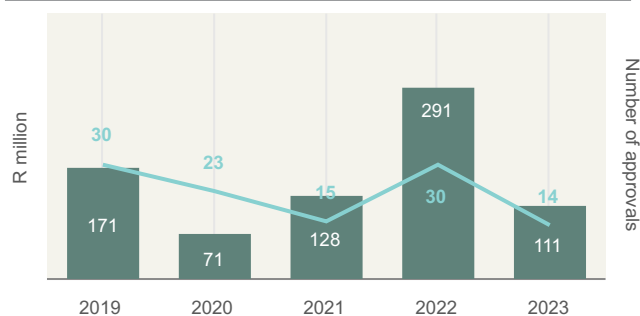


The provincial breakdown of beneficiaries highlights the focus on beneficiaries from host communities.

ESD programme beneficiaries



ESD approvals per year



● Amount distributed (total: R771.1 million) — Number of approvals (total: 112)

ESD approvals since programme inception have combined grants and loans. Approvals have steadily increased since their drop in 2020, which was caused by a poor pipeline of funding applications related to challenges from COVID-19 and a distressed economy. The ESD programme reached self-sustainability at the end of 2022, meaning the loan fund was able to ensure compliance and support new beneficiaries through loan repayments, instead of annual funding from Exxaro's budget. The 2023 funding is from loan repayments and will ensure that Exxaro's overall B-BBEE performance target is achieved.

Supply chain sustainability

Our supply chain sustainability activities integrate supply chain choices that support socio-economic development, preferential procurement, ethical conduct and our climate change response. We recognise our responsibility to mitigate climate change, which is an ongoing focus as we assess its effects on our business.

Key achievements



Contributed significant value to local communities through targeted procurement initiatives



Updated our supply chain sustainability policy

Pursuing sustainable growth and impact through...

Our commitment

To achieve Exxaro's economic development and decarbonisation goals through the participation of black-owned suppliers from our host communities and procure green products

Monitoring and measuring our performance

KPIs:

- 18% of total procurement spend directed to black women-owned suppliers
- 11% of total procurement spend directed to local black-owned SMMEs
- 8% of procurement spend directed to black youth

Delivering on our strategic objectives

Our supply chain sustainability strategy and policy support the objectives our Sustainable Growth and Impact, Social Impact and DEI strategies.



Empower people to create impact

Going beyond compliance

- 1% of procurement spend must go to products classified as energy and resource efficient, environmentally preferable
- 18% achieved against target of 15% of procurement spend to companies owned by black women
- 11% achieved against target of 10% of total procurement spend to SMMEs from host communities

Stakeholder collaboration and engagement

Suppliers and host communities

To promote the participation of black-owned SMMEs and contribute to local economic development

Minerals Council

To collaborate with industry peers in achieving shared supply chain sustainability objectives

Future focus

Our future focus areas include:

- Providing more procurement opportunities to SMMEs from host communities through targeted expenditure and skills development
- Driving the adoption of green procurement initiatives
- Improving the systems and technologies to track our spend on green products, with the goal of increasing this spend
- Prioritising investing in understanding the causes and impacts of disruptions (climate and non-climate related) to our supply chain

Supply chain sustainability *continued*

Our approach

Sustainable procurement and supply chain processes are critical components of our social and environmental responsibilities as we are sensitive to South Africa's socio-economic challenges, and the effects of climate change on our supply chain.

Our supply chain sustainability strategy and policy aim to meet the expectations of customers, regulators and investors by:

- Developing and reviewing policies that exceed compliance with legislation (B-BBEE Act, Mining Charter III and SLP commitments) and customer requirements
- Monitoring, measuring and reporting our performance: We have Mining Charter III prescribed targets for procuring mining goods and services from preferred groups, and procurement expenditure is measured against defined targets
- Promoting local economic development in host communities through policies that enable participation of historically disadvantaged suppliers (particularly black youth and women)
- Fostering an accessible, equitable, transparent and responsive supply chain process based on leading governance standards

We updated our supply chain sustainability policy in 2023 to include strategic priorities integrated with Exxaro's ESG imperative.

Environmental

Drive enhanced focus on the procurement of environmentally responsible products and contribute to reducing Exxaro's carbon footprint.

We will achieve this by:

- Increasing green procurement expenditure and targets, and measuring progress
- Incentivising suppliers to supply green products. Updated policies are in place to identify green products

Social

Achieve accelerated economic development through the following mechanisms:

- Target procurement through set-aside
- Local procurement through sub-contracting
- Local employment
- Preferential procurement from B-BBEE-compliant enterprises, EMEs, QSEs and enterprises owned by shareholders who are classified as designated groups, especially people living with disabilities
- Preferential payment terms, with early payment of invoices to support SMMEs with cash flow management
- Support provided to SMMEs, in exceptional instances, in the form of advance payments or relaxed requirements for bank guarantees

Governance

- Emphasise ethical conduct and compliance with the Exxaro supplier code of conduct and the Protection of Personal Information Act, 2013 (Act 4 of 2013) (POPIA)
- Address and minimise risks related to B-BBEE fronting, fraud and conflicts of interest
- Invest in technology to proactively assist with minimising these risks



Cennergi monitors its procurement share from B-BBEE suppliers, QSEs, EMEs and women-owned vendors against commitments and targeted percentages in the implementation agreement between Cennergi and the DMRE.

Tsitsikamma community windfarm and Amakhala Emoyeni have set procurement goals of 60% total procurement from B-BBEE suppliers, 10% from QSEs and EMEs, and 5% and 2.5% respectively from women-owned vendors. The LSP has set procurement goals of 40% from B-BBEE suppliers, 10% from QSEs and EMEs, 3% from women-owned vendors and 3% from youth-owned vendors.

Accountability and responsibility

The relevant procurement committees are responsible for oversight.

CASE STUDY:

Unlocking social impact through contractor development



Our contractor development partnership with GIBS empowers emerging entrepreneurs to run sustainable businesses in our host communities.

GIBS provides business education and training, including mentorship, that enables Exxaro's preferred suppliers to contribute meaningfully to local economic development for the benefit of their families and communities at large. The accredited course includes customised mining and Exxaro-specific content to maximise its impact and relevance.

Since its launch in November 2020, 65 black-owned local contractors participating in core areas of our mining value chain have graduated from the 12-month online programme. Based on the mutual benefits of this programme, aligned with our Social Impact strategy and preferential procurement targets, we enrolled 50 participants in 2023.

Our performance

Local procurement and localisation

Directed over R1.3 billion

(2022: R1.09 billion)

of our procurement spend to 263 local black-owned SMMEs

(2022: 246)

Awarded local contracts worth R1.9 billion

(2022: R525 million)

to 31 suppliers

(2022: 38)

Developed support structures for black contractors

Simplified the contractor onboarding process with a supplier portal

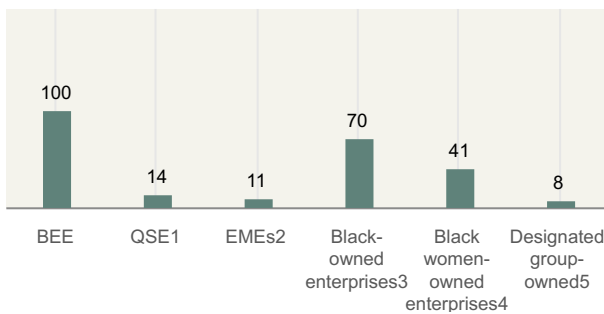
Ethical procurement

We drive ethical and sustainable procurement through our supplier onboarding process, which ensures suppliers understand our policies, and by ensuring our suppliers comply with conflict of interest guidelines.

Preferential procurement

Exxaro fully complies with the requirements of the B-BBEE codes for preferential procurement. We achieved an overall score of 26.4 (2022: 26.9) against a target of 29.

Preferential procurement in 2023 (%)



¹ Procurement from entities with R10 million to R50 million annual turnover.
² Procurement from entities with less than R10 million annual turnover.
³ Procurement from suppliers who are at least 51% black owned.
⁴ Procurement from suppliers who are at least 30% black women owned.
⁵ Procurement from suppliers who are at least 51% designated group owned (entities owned by black youth, black military veterans, black people with disabilities and black people living in rural areas).

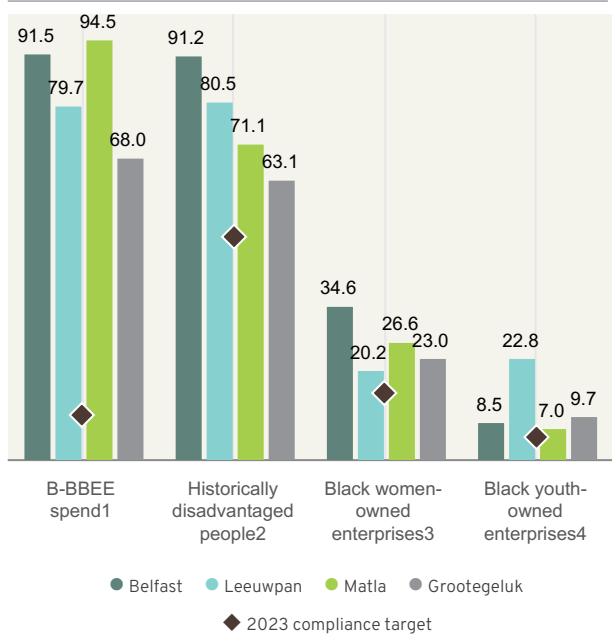
Cennergi met its preferential procurement targets for 2023 and did not incur any termination points.

Mining Charter III

As a mining right holder, Exxaro is required to meet prescribed targets for procuring mining goods and services from preferred groups.

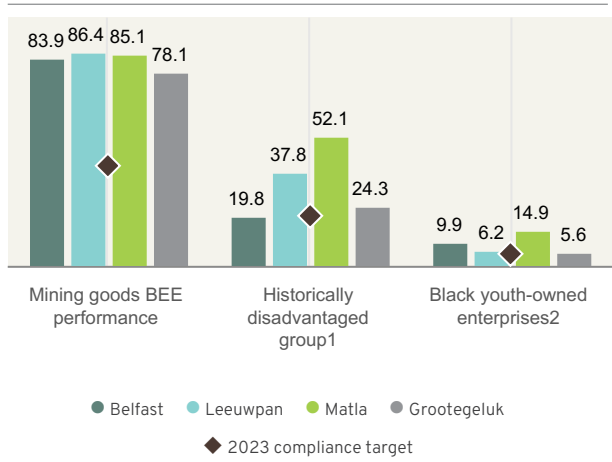
Our inclusive procurement programme focuses on procuring mining services from black youth and black women-owned companies. We achieved our target of 40 points (2022: 40) on the Mining Charter III scorecard.

Mining Charter III – services procurement performance (%)



¹ Procurement from entities with more than 25% black ownership and at least level 4 on the B-BBEE scorecard.
² Procurement from entities with historically disadvantaged people as majority owners.
³ Procurement from entities with black women as majority owners.
⁴ Procurement from entities with black youth as majority owners.

Mining Charter III – goods procurement performance (%)



¹ Procurement from entities with historically disadvantaged people as majority owners.
² Procurement from entities with black youth as majority owners.

Respecting and upholding human rights

We believe that all people have inherent fundamental human rights regardless of their differences. We are therefore committed to respecting and protecting the human rights of all employees and stakeholders, in support of our purpose. We strive to be a responsible steward of natural assets and social capital to uplift host communities.

Key achievements



Implemented our redeveloped human rights policy, which serves as a guideline for our social accountability initiatives, and internally reaffirmed our commitment to the policy



Partnered with the DoE to initiate an ablution facilities project at schools in Lephalale

Pursuing sustainable growth and impact through... Our commitment

To champion fundamental human rights, including the basic freedoms of dignity, fairness, equality and respect, of our employees, communities and other stakeholders

Monitoring and measuring our performance

The strategic resilience and governance function is conducting an internal due diligence analysis, to reinforce alignment to our Sustainable Growth and Impact strategy. The due diligence aims to:

- Assess the policy regarding compliance with national regulation and international standards and make the necessary recommendations
- Identify and assess actual and potential human rights impacts and risks
- Ensure that the processes are aligned to the United Nations Guiding Principles on Business and Human Rights, FTSE Russell indicators on human rights, meet legal requirements and promote positive community relations

The outcome of the due diligence analysis will be reported to the next quarterly executive committee meeting in the second quarter of 2024 for recommendation to the SERC.

Delivering on our strategic objectives

Our human rights policy supports the objectives of our Sustainable Growth and Impact, Social Impact and DEI strategies.



Empower people to create impact

Going beyond compliance

We promote human rights as set out in legislation, including the South African Constitution, and the following guiding principles:

- Minerals Council's Human Rights Framework (outlines management practices for South African mining companies)
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (provides standards for responsible business conduct across human and labour rights, and the environment)
- UNGC principles on human rights, labour, environment and anti-corruption
- UN's Guiding Principles on Business and Human Rights
- International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (guides us in upholding basic human values vital to our social and economic lives)

Stakeholder collaboration and engagement

Employees, communities and other stakeholders

To protect human rights and promote responsible business activities

DMRE, DoH, DoE

To comply with requirements and legislation to ensure our operations and practices do not infringe on human rights

Minerals Council SA and UNGC

To engage on recommended human rights practices and areas of focus for the industry, to align on universal principles on human rights

Universities

To promote research and activities that uplift communities and protect their natural resources, in line with our goal of being a responsible steward of natural assets

Future focus

We aim to complete our due diligence review in the second quarter of 2024. Following this, our focus will be on addressing the gaps identified and conducting training for employees.

We also plan to roll out the ablution facilities project in 2024, which is currently in the planning phase.





Our approach

Recognising that our operations could cause adverse human rights impacts, we have a human rights policy in place and perform regular due diligence reviews to identify, prevent, mitigate and account for our response to human rights impacts. The due diligence process assesses actual and potential human rights impacts, integrates and acts upon findings, tracks responses and communicates how impacts are addressed.

Our human rights policy (updated in 2022) outlines our expectations of employees, suppliers, business partners and other parties directly linked to our operations, products and services.

Our human rights approach is supported by our commitment to:

Prevent discrimination, harassment and racism

Regularly review our human rights processes and policies

Provide a flow of information that promotes business sustainability through our fraud and ethics hotline

Encourage open and honest communication between employees and supervisors

We address grievances in terms of our formal procedure. Exxaro’s employment contracts advise employees of their rights to lodge a grievance, without fear of victimisation, if they are dissatisfied.

As we continue to embed human rights practices within our business and business conduct, we are committed to investing in and developing areas within our sphere of influence for the benefit of our stakeholders. The table below outlines how we address key human rights issues.

Governance and ethics

Our board manages impacts on our reputation in the following areas:

- Economy: economic transformation and prevention, detection and response to fraud and corruption
- Society: public health and safety, consumer protection, community development and protection of human rights
- Environment: protection of the natural environment

We focus on protecting human rights throughout the value chain. Accordingly, we prefer contractors and suppliers who share and demonstrate our values, as outlined in our supplier code of conduct.

We instil ethics awareness through our Mining with Morals theme, which is communicated throughout the group. Ethics awareness is an important proactive and strategic initiative to shape our ethical culture, reduce ethical risks and safeguard Exxaro’s reputation.

[Fraud and ethics hotline](#) (page 121)

Equal opportunities/non-discrimination and transformation

Our [DEI strategy](#) (page 81) protects employees’ human rights by preventing discrimination, harassment and racism. It aligns with the South African Constitution and other legislation, the National Gender Policy Framework and the UN Convention on the Elimination of all Forms of Discrimination against Women.

We train all leaders and employees on topics of gender equity/identity, LGBTQIA+, racial equity, disability competence, inclusive culture and external inclusivity.

Human rights in the workplace

We will not use, cause, demand or impose forced or compulsory labour on any person.

In accordance with ILO conventions on the minimum age for admission to employment and the worst forms of exploitation of child labour, we will not employ people under the legal minimum age of 18. We support legitimate workplace apprenticeships, internships and similar programmes that comply with applicable laws and regulations.

We enforce reasonable working hours, leave and holidays guided by the ILO conventions to safeguard employees’ physical and mental health.

When necessary, discipline is fair and in accordance with our transparent disciplinary and grievance mechanisms.

[Eliminating discrimination and resolving grievances](#) (page 85)

Security

When protest action affects our operations, we are guided by the Regulation of Gatherings Act, 1993 (Act 205 of 1993), our stakeholder management and human rights policies, and our security strategy, aligned with the Voluntary Principles on Security and Human Rights.

We also ensure ongoing training for employees on human rights principles:

- Induction programmes educate employees about human rights and our position against discrimination
- We train security personnel in human rights aspects relevant to each operation
- Refresher courses include human rights

Respecting and upholding human rights continued


Freedom of association and the right to collective bargaining

We respect every employee's right to join or form a labour union without fear of reprisal, intimidation or harassment. We are committed to establishing constructive dialogue with freely chosen representatives of legally recognised unions that represent our employees. Supporting the principle of collective bargaining, we are also committed to engaging in good faith with these representatives.

 [Stakeholder-inclusive approach](#) (page 24)

Safety and health in the work environment


We strive to maintain zero harm in our workplaces through stringent management protocols, programmes and systems.

 [Prioritising safety](#) (page 72) and [integrated health and wellness](#) (page 75)

Environmental management and conservation

Planning early for mine closure is critical to protect the future of the environment and society, and to uplift host communities. We therefore prioritise closure planning and mine rehabilitation before, during and after the operating LoM.

Our social impact framework addresses mine closure through our mineral succession planning programme. The programme assists black emerging farmers with access to resources to ensure they can commercialise their businesses and to create a positive legacy in the area in the form of secondary economy. The programme focuses on areas where Exxaro (previously Kumba and Iscor) previously operated mining businesses and addresses funding, access to markets, inputs, machinery and training.


 We are committed to responsible mining, decarbonisation and climate change mitigation, as articulated in our [Climate Change Response strategy](#) (investor tab under integrated reports 2020).

Respect for all communities

We believe communities have the fundamental right of access to quality water, affordable electricity, and protection from noise, air pollution and hazardous materials.

As a responsible corporate citizen, we respect the cultural values of societies, including indigenous people and traditional authorities in our host communities with specific regard to self-sufficiency, sustainability, health, safety and the natural environment.

In the absence of specific resettlement guidelines for non-mining-related resettlements, to provide for involuntary resettlement as per the Minerals Council's Human Rights Framework, we are guided by the IFC's Performance Standard 5 and comply with the DMRE's mine community resettlement guidelines, effective 30 March 2022.

 [Co-creating and preserving value with communities](#) (page 92)



Cennergi ensures human rights considerations are adequately managed and addressed through human resources policies and a code of conduct and grievance procedure aligned with South African human rights legislation. Cennergi is also committed to the IFC's Performance Standard 2 on labour and working conditions, which requires companies to treat their workers fairly, provide safe and healthy working conditions, avoid using child or forced labour and identify related risks in their primary supply chain. Consistent with Exxaro, employees can report human rights violations to supervisors, line managers, the people and performance department or anonymously through Exxaro's fraud and ethics hotline.

Accountability and responsibility

The SERC oversees the consequences of the group's activities and output on its status as a responsible corporate citizen in the protection of human rights on behalf of the board. The RBR committee has risk and compliance oversight, while the remuneration committee focuses on fair and responsible remuneration within the group. The executive committee is responsible for implementing our human rights policy.

Our performance

There were no human right grievances lodged against Exxaro in 2023

196 employees participated in DEI courses such as workplace harassment and diversity and inclusion during the year

191 fraud and ethics allegations were reported (164 to the fraud and ethics hotline) managed by internal audit

23% resulted in disciplinary inquiries

(2022: 213)

Exxaro is trending positively against the five global trends listed in the Ethics & Compliance Initiative's Global Business Ethics Survey Report® for 2023

Out of the 22 disciplinary hearings that were concluded, 19 ended with findings of guilt, while one resulted in a not-guilty verdict

(2022: 41)

Two employees brought Exxaro before the Council of Conciliation, Mediation and Arbitration. In one instance, the Commissioner decided in favour of Exxaro, and in the other instance, the matter was resolved through a mutual agreement

(2022: none)

We experienced delays in appointing a partner to conduct due diligence on our processes, however, due diligence is now underway, with completion anticipated in the second quarter of 2024.

We conducted an evaluation of Exxaro's business relationships with suppliers referenced in the state capture report and developed guidelines on how to deal with suppliers mentioned adversely in the media.

CASE STUDY:

Protecting the human rights of learners at Lephalale



Exxaro aims to restore the dignity of our local communities as part of our Social Impact strategy. In pursuit of this goal, we are partnering with the Limpopo DoE to build appropriate and adequate ablution facilities, aligned to standards prescribed by the DoE, at two schools in Lephalale – Lerekhureng Combined School and Mochekeo Secondary School.

The sustainable and environmentally friendly ablution facilities we provide will improve the health and safety of learners, and protect their human rights and dignity. The project is currently in the planning phase and site visits have been conducted with the DoE. We anticipate the project to be completed by end 2024.

Governance



Good governance is essential to our ability to create value. By prioritising transparency, accountability and integrity, we develop strategies that generate and preserve value while safeguarding from value erosion. This proactive stance aims to ensure that every decision is a step towards reinforcing stakeholder trust and powering a more sustainable future.



Through good governance, our board is committed to contributing positively to achieving SDG 16, which seeks to promote peaceful and inclusive societies for sustainable development, provide access for all and build effective, accountable and inclusive institutions.

In this chapter

Our approach to principled governance and other actions supports Exxaro's sustainable growth and impact. We present how Exxaro's governance structures support its ability to create value in the short, medium and long term.

Our governance activities are reporting across the following areas:

Key focus areas and outcomes of material focus areas
How we deliver the outcomes of good governance
Demonstrating the balance of knowledge, skills, experience, diversity and independence that supports Exxaro's board in delivering on its governance role and responsibilities objectively and effectively
How our committees support our ability to create value
How we practise good governance in terms of King IV
Demonstrating how Exxaro remunerates fairly, responsibly and transparently to promote the achievement of the group's strategic objectives

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King IV application register (available in the databook)

168 Remuneration report

Future focus

To execute on our strategy in creating sustainable value and building resilience through principled and responsible governance, we will focus on responding to the class action, monitoring any release under the 2017 replacement empowerment structure, overseeing succession planning and revisiting our internal delegations.

Our approach


Exxaro's board is the focal point and custodian of good corporate governance for the group. The board assumes ultimate accountability and responsibility for the group's performance and affairs. In so doing, it effectively represents and promotes the group's legitimate interests. As a responsible corporate citizen, Exxaro considers its material stakeholders' legitimate interests and expectations to ensure it contributes positively to society and the environment.

Principled governance

Exxaro's corporate governance is underpinned by principles that guide the board in meeting its responsibilities to the company, the group and its stakeholders. These principles enable the company to achieve the King IV governance outcomes and fulfil its purpose to power better lives in Africa and beyond through its own ethical and effective leadership.



King IV

King IV promotes good governance, transparency in leadership and decision making, and a focus on sustainability. Sustainable development is an ethical and economic imperative. It entails economic and social growth to meet present needs without compromising future generations' ability to fulfil their needs. Sustainable development is a fitting response to organisations being an integral part of society, their status as corporate citizens and meeting stakeholders' needs, interests and expectations. Exxaro expresses its commitment to sustainable development through its Sustainable Growth and Impact strategy.

-  In line with King IV's recommendation to apply and explain how Exxaro practices good governance, we include our detailed King IV application register in our [databook](#), which sets out each principle with an explanation of steps taken, policies and processes.

Our corporate governance reporting is similarly structured under the four desired King IV governance outcomes of ethical culture, performance and value creation, adequate and effective control, and trust, good reputation and legitimacy.

Material themes

-  Exxaro's board provides attention to the material themes (page 3) throughout the year. These include:
-  Adapting to a changing context
-  Responsible environmental stewardship
-  Building sustainable communities
-  Helping our people thrive
-  Executing our strategy
-  Driving business resilience
-  Principled governance



Governance continued

Governance in action

The table below outlines the board's quarterly progress in addressing our material themes to achieve our governance outcomes:

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Material themes
<ul style="list-style-type: none"> • First quarterly board meeting • 2022 financial results presentation 	<ul style="list-style-type: none"> • Second quarterly board meeting • Annual strategy sessions with executive and management • First board governance session focusing on responsible environmental stewardship • Board visit to Cennergi windfarms • 2023 sustainability summit • Finance director's pre-close briefing • Hybrid AGM held • Stakeholder engagement days 	<ul style="list-style-type: none"> • Third quarterly board meeting • 2023 interim financial results presentation • Annual governance roadshow 	<ul style="list-style-type: none"> • Second annual board governance session focusing on adapting to a changing context • Fourth quarterly board meeting 	
Safety moment and reporting	Safety moment and reporting	<ul style="list-style-type: none"> • Safety moment and reporting • Safety indabas at all coal operations and mines in closure 	<ul style="list-style-type: none"> • Safety moment and reporting • Safety indabas at our two Cennergi windfarms 	
Annual conflict of interest declaration and assessment by directors, prescribed officers, employees and contractors	Obtained AGM shareholder approval through the non-binding advisory vote on the remuneration policy and its implementation	Approved the terms of reference for the logistics committee	<ul style="list-style-type: none"> • Conducted annual board assessments • Revised board committee membership, terms of reference and board charter 	
<ul style="list-style-type: none"> • Approved the group year-end financial results and IFRS announcement • Considered the going concern assessment and approved the solvency and liquidity assessment for distribution to shareholders 	Considered an energy blackout crisis management plan and guidelines in the unlikely event of a total grid collapse, which includes procedures for emergency evacuation	<ul style="list-style-type: none"> • Considered the going concern assessment and approved the solvency and liquidity assessment for distribution to shareholders • Approved the group interim financial results, IFRS announcement and interim dividend declaration 	Approved the: <ul style="list-style-type: none"> • Consolidated annual group budget • Treasury risk management and hedging policy • Revised insider dealing policy • Policy for engagement of external auditors to perform assurance and other services 	
Approved the integrated suite of documents for publication, including the King IV report and JSE compliance certificate	Requested that the unwind of the 2017 replacement transformation transaction be included as a standing agenda item	Noted progress on the integration of the group social impact structures	<ul style="list-style-type: none"> • Considered the coal mine dust class action litigation launched against Exxaro • Noted an environmental incident, and a comprehensive mitigation plan is being executed 	
Approved the revised business rules policy	Approved the: <ul style="list-style-type: none"> • Integrated ESG framework • Strategic performance management dashboard • Amendment of the group governance framework 	Noted continued focus by RBR on information technology security, risk and governance	Approved the IR material matters following a double materiality test	
Approved a revised workplace harassment policy	Noted: <ul style="list-style-type: none"> • An increase in B-BBEE compliance to level 2 • Progress on roll-out of DEI strategy • Amended EE Act amendments and approach to alignment 	Noted: <ul style="list-style-type: none"> • Implementation of the mineral succession strategy on Exxaro-owned properties • Results of 2023 culture and engagement survey, part of Exxaro's DEI journey 	<ul style="list-style-type: none"> • Approved the revised supply chain management sustainability policy • Noted the wage gap statement of intent, approved by the remuneration committee 	
Approved the transaction agreements in respect of the LSP at Grootegeluk Coal Mine as cost saving and scope 2 emission reduction between two wholly owned subsidiaries	<ul style="list-style-type: none"> • Approved the Sustainable Growth and Impact strategy, detailing implementing minerals succession planning, education and supplier development as initial focus areas • Considered progress and approved strategic flexing of boundary conditions and investment criteria 	<ul style="list-style-type: none"> • Noted progress on various acquisition and investment opportunities • Placed the COP27 roundtable discussions on loss and damage on the agenda for the next governance session in 2024 	Noted: <ul style="list-style-type: none"> • Progress on various acquisition and investment opportunities • Progress in finalising an ESG framework policy and related stakeholder engagements 	
Noted changes to the Companies Act	Noted the change to JSE Listings Requirements on auditor accreditation model	Approved an updated POPIA policy and PAIA manual	Considered the proposed changes to the Companies Act	
Appointed: <ul style="list-style-type: none"> • Independent non-executive director, Nosipho Molope • New managing director of energy, Leon Groenewald 	Appointed chief growth officer, Richard Lilleike	Appointed: <ul style="list-style-type: none"> • Chief strategic resilience and governance officer, Andiswa Ndoni • Chief people and performance officer, Joseph Rock 	Approved the organisational effectiveness programme and structure	

Board key matters in focus

Transitioning strategic direction

As sustained value creation is founded on good governance and responsiveness to significant social and environmental challenges, we continuously monitor and assess our strategy and formally present to the board for approval at least once a year.

The board considered progress, timing and scenario considerations related to the execution of the Sustainable Growth and Impact strategy. The board also approved the consolidated ESG framework as a lens through which to view the Sustainable Growth and Impact strategy.

As part of the strategy development and review process, we conduct a risk and opportunity assessment, including emerging risks and material sustainability issues.

 [Our risks and opportunities](#) (integrated report, page 28)

Our top five risks for 2023 and the key events we anticipate may impact on our ability to achieve our strategic imperatives for 2024:

2023 top risks	2024 key events
Unavailability of rail capacity	Unavailability of rail capacity
Key dependency on Eskom as a key customer	Not achieving growth objectives
Cybersecurity attack impacting business	Fatal risk incidents
Fatal risk incidents	Cybersecurity attack impacting business
Not achieving growth objectives	Country risk

We developed a reimagined strategic performance management dashboard to enable visibility of strategy execution and facilitate strategic conversations at the right time within a tiered group governance structure.

 [Our strategy](#) (integrated report, page 47)

Coal mine dust class action

On 23 November 2023, coal mine dust class action litigation was launched against Exxaro. The action relates to mineworkers who contracted coal mine dust lung disease in the form of pneumoconiosis caused by exposure to coal mine dust at various Exxaro mines, as well as dependants of those mineworkers who have died and whose deaths were probably attributable to coal mine dust disease.

Exxaro takes its health and safety obligations seriously and is investigating the facts pertaining to the class action. Our management team continuously works on addressing risks and ensuring preventive measures are properly implemented to address the potential of any novice occupational health diseases at Exxaro.

Preventive measures include:

- Occupational hygiene programmes
- Implementation of leading practices developed through the Mining Industry Occupational Safety and Health Dust Learning Hub
- Medical surveillance programmes
- Policies and standard operating procedures to define controls to prevent and mitigate exposure to health hazards in the workplace

Managing rail risk

In response to Exxaro's top risks for the past two years and the possible impact on our sustainable growth, the board established a non-remunerative ad hoc board logistics committee early in 2023 to monitor and report to the board on:

- The development of long-term solutions for logistics access to international markets
- The identification of medium-term solutions and alternatives and related matters

Based on the longer-term nature of logistical challenges within the industry and, on recommendation from the nomination committee, the board approved this committee as a standing board committee.

The following directors were appointed as members:

Members	Categorisation
Zwelibanzi Mntambo	Committee chairperson, non-executive director
Ben Magara	Independent non-executive director
Dr Phumla Mnganga	Independent non-executive director
Mvuleni Geoffrey Qhena	Independent non-executive director
Peet Snyders	Independent non-executive director

Climate change response

We believe our greatest opportunity is to help steer South Africa towards a sustainable future by focusing on low-carbon minerals and energy with the goal to be carbon neutral by 2050. The board goes beyond compliance and responds to climate change through its commitment to mitigating the impact of climate change with a robust Sustainable Growth and Impact strategy.

The board oversees climate-related impacts, risks and opportunities. These are mainly included in the SERC and RBR committee terms of reference and annual work plans.

An in-depth analysis of the Intergovernmental Panel on Climate Change's Sixth Assessment Report was provided to the board and executive in 2021, which is available to all newly appointed directors and executives. This analysis included an up-to-date physical understanding of the climate system and climate change, presented by Prof F Engelbrecht of Wits. Any updates to the Intergovernmental Panel on Climate Change's Assessment Report will be presented to the board and executive management.

 [Climate change adaptation and resilience](#) (page 36)

 [Climate Change Response strategy report](#) (investor tab under integrated reports 2020)

Governance roadshow 2023

We held an annual governance roadshow for our domestic equity shareholders from 4 to 6 September 2023. A series of nine-hour-long meetings was held with shareholders representing 65.47% of Exxaro's issued capital as at the end of June 2023 and a total domestic shareholding of 77.68%.

The roadshow's purpose is to create positive engagement with our investor community and outline Exxaro's positioning on long-term value creation, leveraging ESG for business resilience and sustainability. The key objectives were to:

- Provide shareholders with a response to concerns or questions raised in previous engagements
- Provide an opportunity for in-person engagement with board members
- Confirm the board's trust in Exxaro's governance practices and support for management
- Obtain insights into how shareholders perceive Exxaro's strategy, capital allocation, remuneration and other management practices

Board key matters in focus *continued*

Key issues included our strategy and capital allocation; our response to the proposed resolution on climate change lobbying; and clarification of remuneration structures and practices. The board is committed to keeping shareholders informed on our progress in addressing these.

Board diversity and independence

In terms of our directors' nomination and appointment policy and King IV, we annually review the structure, size and composition (including the skills, knowledge and experience) of the board and board committees. The following directors were appointed:

Independent non-executive directors	Appointed
Nondumiso Medupe	3 January 2023
Nosipho Molohe	3 January 2024

 [Our board of directors](#) (page 132)

Innovation@Exxaro


Underpinning Exxaro's strategic objectives is our drive to enhance our business resilience through safe production, delivering financial results, effective capital allocation, compliance excellence, entrenching innovation and capitalising on digitalisation. Innovation and digitalisation are part of Exxaro's culture in driving business resilience and helping our people thrive.

The following digital enablers are highlighted:

- Through our Digital@Exxaro strategy we enabled value-driven intelligent integration of our value chain to deliver near real-time optimisation of our operations and implemented several initiatives
- We adopted a systems approach to develop optimised energy solutions and drive energy innovation by identifying priority areas for innovation that fosters the development of a range of energy options to meet the varying needs of end-users and foster innovation
- Exxaro applies a cloud-based digital sourcing solution, that allows suppliers to access the solution to receive and respond to tenders, requests for quotes or purchase orders; create and submit invoices and timesheets; and generally receive contracts for electronic signature

- Annual declaration of conflicts of interest are done by directors and employees electronically, which has been expanded to include consultants and contractors
- Through our learning management platforms, we execute our purpose of powering better lives, which include our employee learning platform, MyNexxt, and a separate community development platform, Powering Knowledge

We continue increasing our competencies across mining and energy. 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.

 [Driving innovation and information management](#) (integrated report, page 95)

Adapting to a changing context

We assessed the increased probability of sanctions against South Africa and the impact on the financial stability of the country, exacerbated by existing risks such as grey listing and higher interest rates, among others.

This matter received focused attention during our second annual board governance session, with the theme of "Adapting to a changing context: South Africa macro-security and grey listing". The risks were analysed to determine their impact on Exxaro and presented to the RBR committee and the board. These risks continue to be monitored.

Divestment of non-core assets and investments

FerroAlloys

As part of the broader Exxaro strategic review, we continuously seek opportunities to unlock value to support our Sustainable Growth and Impact strategy. We identified the FerroAlloys operation as no longer being a strategic fit within our envisaged minerals business portfolio. We do, however, believe that there is still significant value to be unlocked. The sales process to dispose of our entire shareholding in FerroAlloys has started. Exxaro aims to enhance the economic participation of black-owned companies in the South African economy. In line with this intent, Exxaro has earmarked the FerroAlloys disposal process to target black ownership.

Black Mountain

We continue to evaluate our options to dispose of our 26% shareholding in Black Mountain.

ESG governance that supports our sustainability drive

By leveraging ESG for business resilience and sustainability, we position Exxaro for long-term value creation

In terms of the King IV guidance paper on Responsibilities of Governing Bodies in Responding to Climate Change, while accountability remains with the board, the responsibility for managing and monitoring risk and impact should be delegated to management with defined indicators and targets to measure and assess performance.

ESG governance at its essence encapsulates the policies, practices and procedures adopted by the company to manage and enhance our ESG performance. Exxaro works to integrate and embed ESG into the organisation beyond mere compliance, through a tiered governance structure and lens through which to view the Sustainable Growth and Impact strategy.

 [Our approach to ESG](#) (page 9)

The board sets the ultimate direction for sustainability considerations, including committee and individual responsibilities for overseeing sustainability-related impacts, risks and opportunities by ensuring these are reflected in board and committee terms of reference, annual work plans and other relevant policies and processes.

Board committees' responsibilities for overseeing sustainability-related impacts, risks and opportunities are captured in committee terms of reference and annual work plans, which are reviewed annually.

The board is comfortable that all ESG matters are distributed among the relevant board committees, as set out in the illustration below:

	Audit	Investment	Logistics	Nomination	Remuneration	RBR	SERC
ENVIRONMENTAL							
Climate change		x				x	x
GHG emissions						x	x
Energy, water and waste						x	x
Pollution						x	x
Environmental compliance						x	x
Biodiversity and land use						x	x
Resource scarcity		x				x	x
SOCIAL							
CSI						x	x
Training and education							x
Diversity and equal opportunity					x	x	x
Non-discrimination					x	x	x
Human rights						x	x
Health and safety						x	x
Privacy and security	x					x	x
Labour relations					x	x	x
Local community impact		x				x	x
GOVERNANCE							
Board diversity and structure				x			x
Board performance				x			
Ethical culture	x			x			x
Executive pay					x		
Anti-bribery and anti-corruption	x					x	x
Audit and assurance	x					x	x
Stakeholder engagement	x		x	x	x	x	x
Procurement practice	x		x			x	x
Risk management	x	x	x			x	
Regulatory compliance	x			x	x	x	x
Internal policies	x	x		x	x	x	x
IT governance	x					x	
Tax transparency	x					x	x

The board therefore sets our strategy and sustainable growth performance targets which include ESG matters, while our executive team manages and monitors ESG risk and impact, supported by management and various management committees.

Our management ESG steering committee supports the executive team in ensuring the integration of decarbonisation and other critical ESG factors. In addition to Exxaro's ESG commitments and climate change position statement, the ESG steering committee is responsible for developing and reviewing an ESG framework policy for approval by the board. Other policies supporting our ESG focus are referenced throughout this report. In addition to policies and to highlight the importance of ESG in everything we do, all reports submitted to our board, its committees and executive committee require management to reflect on strategy and financial implications and provide directors with a risk analysis of major risks applicable to the matter and its ESG implications.

Our tiered ESG governance structure reflecting management roles and responsibilities is illustrated on the next page.

Board key matters in focus continued

Exxaro's ESG governance structure beyond compliance

BOARD OVERSIGHT

BOARD OF DIRECTORS

- Focal point and custodian of the group corporate governance
- Drives group strategic direction
- Sets performance and culture expectations
- Sets the direction for sustainability and ESG considerations, including committee and individual responsibilities for oversight of sustainability and ESG-related impacts, risks and opportunities, as well as ESG performance levels

BOARD COMMITTEES

The board ensures that oversight of sustainability and ESG matters is distributed between its committees to more effectively support the board

- Audit committee
- Investment committee
- Logistics committee
- Nomination committee
- Remuneration committee
- RBR committee
- SERC

(See separate table reflecting the ESG oversight responsibilities captured in the terms of reference of each board committee.)

EXECUTIVE OVERSIGHT

CEO AND GROUP EXECUTIVE COMMITTEE

- Develop and execute group strategy within risk appetite approved by the board
- Oversee sustainable performance
- Review ESG KPIs
- Guide relations with stakeholders
- Review reporting arrangements and effectiveness of internal control and risk management

Management committees to assist the group executive committee with ESG matters:

- ESG steering committee
- ESD committee
- Ethics committee
- Group investment review committee
- Insider dealing committee
- Executive risk management committee

Including the Exxaro Insurance Company and Exxaro Aga Setshaba NPC

MANAGEMENT'S ESG ROLES AND RESPONSIBILITIES

Executive and leadership

CEO

Senior management

Chief strategy officer; chief investor relations and liaison officer; head: internal audit

ESG responsibilities

- Provide a central strategy compass and roadmap towards Exxaro's future
- Coordinate strategy execution throughout the business
- Enable the adoption of leading practices across the organisation
- Build and maintain long-term trust relationships with stakeholders
- Internal audit: provide assurance, offer valuable insights, promote operational efficiency and enhance governance

Finance director

Group finance manager; group manager: strategic finance and treasury; group manager: taxation

- Ensure legislative and regulatory financial compliance
- Balance growth and risk through effective financial risk management and capital allocation

Chief coal operations officer

General manager: Grootegeluk complex; general manager: Mpumalanga; chief financial officer: coal; general manager: marketing and logistics; general manager: technical support and optimisation

- Embed sustainable mining practices into our way of working by:**
- Reducing scope 1 and 2 emissions, improving business resilience to climate change impacts and increasing our adaptive capacity
 - Ensuring water and energy efficiency at operations
 - Operating mine concurrent rehabilitation
 - Maintaining and exceeding our social licence to operate
 - Caring for our employees, contractors and the communities we operate in
 - Maintaining world-class health and safety standards while striving for zero harm

Managing director: energy

Head: distribution and generation; CEO: Cennergi

- Engage in energy operations and investments to create sustainable impact and contribute to decarbonisation

Chief growth officer

Business development manager; technical and integration manager

- Execute the strategy by growing and diversifying our portfolio responsibly

Chief people and performance officer

Manager: performance and culture; group manager: organisation design and remuneration; group manager: ER and compliance

- Embed the DEI strategy
- Implement the remuneration policy and responsible labour practices
- Build and maintain stakeholder engagement
- Drive responsible performance practices

Chief technology officer

Group manager: supply chain management; group manager: mineral asset management; group manager: information management; group manager: projects; group manager: technology; group manager: technology investment review

- Increase asset productivity through state-of-the-art technology
- Maximise the value of our mineral assets
- Implement IT governance measures and ensure security of information and systems
- Leverage sourcing and partnerships

Chief strategic resilience and governance officer

Group manager: risk; manager: governance and reporting; manager: legal and compliance; ethics officer

- Enable strategic resilience
- Preserve the business's integrity and protect its reputation in providing a compliance and regulatory compass
- Embed and maintain a culture of ethics and integrity
- Drive effective governance and entrench business resilience

Chief sustainable impact officer

Group manager: integrated environment; group manager: social impact; group manager: security; manager: safety and health; manager: mine closure and Ferroland; manager: climate change and ESG

- Lead environmental stewardship and oversee the process to acquire and maintain our licence to operate (current and future)
- Ensure reduction of climate-related risks and achieve carbon neutrality by 2050 through decarbonising operations, tracking emissions, reducing climate-related risks, reducing value chain emissions, strategic partnerships and collaboration
- Promote a positive legacy through rehabilitation best practice and mine closure
- Implement programmes to achieve and maintain zero harm and zero fatalities, as well as improving employee and community health and wellbeing
- Implement the Social Impact strategy (education, SMME development and land use management for sustainable community livelihoods)
- Utilise Exxaro's land to create a social impact

Group company secretary

- Provide the board and management with corporate governance guidance
- Ensure compliance with corporate regulatory affairs and national and international best practices
- Maintain status as a custodian of governance information

Ethical culture

Statement of strategic ethical intent: Exxaro aspires to build an ethical culture based on Exxaro’s values. To do this, Exxaro is committed to operating ethically by living the Exxaro values with dignity, transparency, consistency, fairness and respect in all that we do.

Exxaro’s ethical commitment

Recognising that our public reputation is one of our most important assets, we are committed to achieving the highest ethical standards. We recognise our obligations to our stakeholders, particularly shareholders, customers, employees, business partners, competitors, authorities, the environment and the wider community. Maintaining the trust and confidence of our stakeholders is the responsibility of every Exxaro employee. As we are committed to doing the right thing, even when no one is watching, our employees are expected to be able to distinguish between right and wrong and commit to what is right. By emphasising our ethical commitment, we continue to grow as a business.

Governance of ethics

Our board is committed to effective ethical leadership and establishing an ethical culture. Flowing from this commitment, the board adopted a number of codes, policies and practices outlining the group’s ethics and values to which employees and suppliers are required to adhere.

To support the board, the SERC is responsible for overseeing the group’s ethical performance, and it therefore oversees ethics management. Membership of the SERC was reviewed in 2023, with new members – including the CEO and finance director – appointed at the 2023 AGM.

A management ethics committee exists to ensure that high ethical standards are maintained in Exxaro’s business conduct. The committee is responsible for evaluating all instances of fraud, extortion, bribery, corruption, possible conflicts of interest, violations of the code of ethics or any other ethics-related matters. It also oversees the continuous anti-fraud and anti-bribery initiatives associated with a robust programme in terms of both local and international laws and regulations.

Guided by our ethics strategy and management plan, the ethics officer is responsible for embedding an ethical culture and ensuring that integrity is maintained within the group.

OECD recommendations on ethical behaviour

Following ENS Africa’s ISO 37001 readiness assessment in 2018, we introduced due diligence processes for suppliers, customers, employees and business partners.

A comprehensive evaluation of the fraud hotline in 2020 identified areas needing improvement, such as the composition of the management ethics committee, a process for tabling forensic reports, monitoring BU investigations; and updating escalation protocols. All the recommendations have been addressed and reaudited to the satisfaction of the internal auditor. As part of this, Exxaro is committed to an independent review of the hotline every three years. The next audit is in 2024.

In addition, we reviewed the ethics management training and anti-bribery and anti-corruption programmes, and the executive committee approved an updated anti-bribery and anti-corruption programme.

To ensure compliance with our conflict of interest policy, we implemented mechanisms to proactively identify any conflict of

interest between Exxaro employees and suppliers or prospective suppliers.

Ethics management strategy

Building organisational ethics is a journey. Our board assumes responsibility for ensuring that organisational ethics is managed effectively and governs the group’s ethics to support the establishment of an ethical culture. In line with this responsibility, the board adopted a statement of strategic ethical intent as well as an ethics strategy and management plan.

The board approved a detailed ethics strategy and management plan in 2022 following an independent risk assessment by The Ethics Institute. During the year, we updated the ethics strategy and management plan to include prioritisation of group-wide policies. The aim is to review all group-wide policies for adequacy, consolidation and completeness to ensure proper implementation of the ethics strategy.

Monitoring ethical culture

The board monitors the group’s ethical culture through its reporting structures, including two board committees (SERC and audit committee), the management ethics committee, the internal audit function, head internal audit and our ethics officer.

A culture and engagement survey launched in January 2023 was designed to measure employees’ perceptions and engagement against the following categories:

- Exxaro’s Leadership Way principles
- DEI
- Exxaro’s culture themes

Independent consultants were appointed to manage the survey roll-out and results consolidation. While none of the dimensions scored below the critical weakness cut-off point, the following areas of concern were identified:

- Disability and inclusion
- Employee engagement
- Career development, training and advancement

Positive findings of the survey included employees’ pride in working at Exxaro, DEI, strong buy-in on Exxaro’s values and vision, and gender issues. On request from the SERC, management will develop an action plan based on the survey, which will be done in 2024.

Global ethics benchmark

As part of ethics management, Exxaro conducted a benchmark on business ethics trends globally. Exxaro is trending positively against the five major global trends listed in the Ethics & Compliance Initiative’s Global Business Ethics Survey® 2023 report, with only one finding (fear of retaliation/psychological safety) featuring in the Exxaro culture and engagement survey of 2023. This was reported to the SERC with the recommendations outlined in the survey report. These will be incorporated to enhance our ethics management programme for 2024.

Code of ethics

Our code of ethics confirms that Exxaro's ethical principles promote values such as trust, acceptable behaviour and fairness.

Our values provide general guidelines for interactions with each other and our stakeholders and reflect what is important to us and how we conduct ourselves.

The following fundamental values are expressed in the code of ethics:

- 1 Empowered to grow and contribute
- 2 Teamwork
- 3 Committed to excellence
- 4 Honest responsibility

Family code of conduct

Our executive team shared its expectation of employee behaviours, emphasising that everyone should live up to our values, culture, standards and expectations. Employees are encouraged to speak out without fear of reprisal on issues of discrimination, harassment and poor leadership.

We developed a family code of conduct that includes 10 principles to clearly outline acceptable behaviour (encouraged in Exxaro) and unacceptable behaviour we will not tolerate.

Honesty boxes

The CEO introduced honesty boxes throughout the organisation, which serve as a communication channel for employees to share concerns and innovative ideas. The honesty boxes are primarily intended for employees to raise matters of concern that have not been resolved through the existing conflict resolution mechanisms. Several communication channels have been used to promote the use of honesty boxes, including LCD screens, posters group emailers, intranet and BU toolbox and safety meetings, indabas and imbizos. Formal feedback is provided to individuals who request it, and when concerns are raised anonymously, site-specific communication channels are used to give feedback.

Ethics awareness

To embed an ethical culture, we adopted the theme "Mining with Morals", which focused on:

- Clarifying ethical standards
- Promoting ethical decision making
- Raising awareness and understanding of consequences
- Encouraging reporting without fear
- Building a culture of integrity

In our internal group-wide communication, we reminded employees to be guided by business ethics and the Exxaro family code of conduct. Exxaro expressed our commitment to fighting fraud, corruption, theft and unethical behaviour and acting without fear or favour.

By purposefully building ethical guidelines within our business, we are keeping our employees' and stakeholders' best interests in mind while maintaining a positive influence on those we impact through our processes.

Fraud and ethics hotline

We encourage employees and stakeholders to report suspected fraud, corruption or human rights violations to our fraud and ethics hotline.

The hotline is independently managed and reports to the SERC and management ethics committee, with guiding escalation protocols in place.

Due to the importance of retaining the integrity of the hotline, we must, as far as reasonably possible, protect the interests of the disclosing parties.

Exxaro fraud and ethics hotline

Free call: 0800 203 3579

Fax: 0800 007 788

Email: exxaro@tip-offs.com

Website: www.tip-offs.com

Supplier ethics

We developed the supplier code of conduct to assist employees in selecting suppliers who operate in a manner consistent with our values and relevant standards. The code aims to communicate our mandatory selection standards to prospective suppliers and promotes a commitment to ethical conduct among its suppliers.

 [Supply chain sustainability](#) (page 105)

As part of the supply chain pre-qualification process, suppliers must disclose details of shareholders, directors and other associates who are current or former employees in compliance with the conflicts of interest policy.

 [Supplier code of conduct](#) (supplier tab)

Employees who evaluate requests for proposals or recommend contract awards must declare that they have neither an interest in nor a close relationship with the supplier that may be construed as a conflict of interest.

Anti-bribery and anti-corruption

The board has expressed a zero-tolerance stance towards bribery and corruption and approved the group-wide anti-bribery and anti-corruption policy.

To support the board, the SERC is responsible for overseeing the group's ethical performance, which includes detection and response to fraud and corruption. The RBR and audit committees oversee risks, including controls and fraud risks. The SERC receives quarterly reports on forensic investigation statistics and progress on initiatives under the fraud prevention and anti-bribery and corruption programme.

 [Social, ethics and responsibility committee report](#) (page 163)

Supplier conduct

To improve broader operating environment and culture to combat corruption, our standard operational and capital-related expenditure terms and conditions with suppliers contain specific provisions around sanctions, corrupt practices, fraud and prohibited practices in respect of local and international legislation, including the UN and EU, which terms are considered material to the relevant agreement.

Guided by the code of ethics and supplier code of conduct, we evaluated our business relationships with various suppliers in light of findings and recommendations contained in the state capture report. The outcome of this evaluation was reported to the management ethics committee, group executive committee and SERC.

We developed guidelines to provide a framework on how to deal with implicated companies currently doing business with Exxaro for approval by the group executive committee. We will also use the framework in other instances where suppliers and service providers are mentioned adversely in the media or where it comes to Exxaro's attention that the company is under investigation or involved in any dealings (actual or alleged) that could put Exxaro into disrepute. Should a supplier whose services are critical to us be charged, we would issue a holding statement and continue with the existing contract, but not enter into any new contract.

Board charter and code of conduct

Our board charter and code of conduct (board charter) regulate the parameters in which the board operates and ensures good corporate governance principles are applied in all dealings in respect and on behalf of the company and the group. It sets out the roles and responsibilities of the board, individual directors, chairperson, CEO, lead independent non-executive director and group company secretary.

The board charter and nomination and appointment policy require board members to be individuals of calibre, integrity and credibility, with the necessary skills and experience.

The nomination committee must ensure continuity of directorships and undertake succession planning on behalf of the board. This includes identifying, mentoring and developing future candidates. The nomination committee is also responsible for conducting independent background checks on all proposed candidates prior to recommending appointment to the board.

The board charter was slightly reviewed in 2023 to align with new executive designations and nomination and logistics committees.

Avoiding conflicts of interest

In terms of the Companies Act and King IV, directors and prescribed officers have specific duties to disclose actual direct and indirect conflicts of personal financial interests as well as the perception of a conflict, including that of their related parties.

Directors, prescribed officers and employees (and their related parties) are obliged to actively avoid any conflict with Exxaro’s best interest.

Annual general declarations of outside interests are required from directors and prescribed officers in accordance with section 75(4) of the Companies Act. The conflict of interest policy also requires annual declaration from directors, prescribed officers and all group employees.

In addition to our annual declarations, management of conflicts of interest are further addressed through the following:

- An item dealing with the declaration of interests appears at the beginning of each board, board committee, executive and management committee agenda
- All board and committee packs contain a summary of the Exxaro conflict of interest policy disclosure requirements, prohibitions, and the definition of related persons
- All committee terms of reference were updated in 2023 to contain a stand-alone clause dealing with declaration of interests
- All meeting attendees are also required to formally declare that none of them, nor their related parties, have any personal financial interest in any matter on the agenda
- Any director or attendee who declares a conflict of interest or a personal financial interest is excused from the meeting for the duration of the relevant matter being considered
- The abovementioned declarations are recorded in meeting minutes
- A director or prescribed officer must also indicate his/her personal financial interest in a matter to be decided through written resolution by informing the group company secretary

We implemented and reviewed an electronic platform to facilitate reporting, workflow approvals and an auditable communication trail for disclosures by directors and employees, including a gifts and benefits register, director trade clearances and policy management.



[Conflicts of interest policy and register](#) (reflecting material disclosures in line with the JSE Debt Listings Requirements) (our business tab under governance)

Political contributions

Exxaro agrees that a clear policy on political funding provides for certainty and consistency and reduces the suspicion that companies are funding parties for their own interest. It is acknowledged that the primary purpose of political donations is to strengthen and consolidate democracy by ensuring that political parties can function effectively within a multi-party democracy.

The group has a board-approved political donation policy in line with national legislation, guiding all political donations and contributions. The board requested that donations rather be directed to the Independent Electoral Commission (IEC) in support of democratic stability. The update to the policy will be submitted to SERC for consideration and recommendation to the board for final approval in 2024.

Focused board governance sessions

The board hosts two annual, fixed, board governance-related intervention sessions, to which executive leadership is also invited. These sessions are an opportunity to provide directors with a deeper understanding of corporate governance matters, including an opportunity to focus on new regulations or amendments to the regulatory and operating environment. The sessions are included in the annual corporate calendar to ensure maximum attendance by directors.

Board governance session themes for 2023

April	Responsible environmental stewardship: Directors’ ESG oversight role
October	Adapting to a changing context: South Africa macro-security and grey listing

Monetary loss from unethical behaviour

The board is satisfied that the group has not suffered any monetary loss as a result of legal proceedings (including fines) associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.



[Respecting and upholding human rights](#) (page 108)

Performance and value creation

Strategic direction

King IV articulates the responsibilities of the board, which is to steer an organisation strategically in line with its core purpose and values by approving and monitoring an informed short, medium and long-term strategy while considering sustainability-related impacts, risk and opportunities.

The board sets Exxaro's short, medium and long-term strategic direction through our Sustainable Growth and Impact strategy. It enables sustainable value creation through the approval of a new capital allocation model and budget, setting and monitoring performance and culture expectations as well as a group governance framework.

The board supports King IV strategy-setting principles through an iterative process. Before executive management's strategy presentation to the board, iterative strategy workshops – which follow a bottom-up process – and board governance sessions ensure input is integrated into the group strategy.

During our annual strategy review process, management demonstrates how sustainability and ESG objectives are integrated into the Sustainable Growth and Impact strategy, including status and progress in our context.

The board reviewed an integrated medium to long-term decarbonisation roadmap to achieve carbon neutrality by 2050. The roadmap, which is at an advanced stage, outlines strategic considerations and actions to increase our decarbonisation performance.



[Our strategy](#) (integrated report, page 47)

Performance evaluation

KPIs track the execution of our strategy for the board, board committees, group and energy executive committees. We use a strategic performance dashboard that reports on the achievement of these KPIs. The dashboard was reviewed in 2022 and its reporting philosophy revised.

We developed a reimagined strategic performance dashboard to oversee strategy execution and facilitate strategic conversations at the right time within a tiered group governance structure. It aligns prioritised KPIs with the Sustainable Growth and Impact strategy to provide forward-looking insights, and support strategic discussions and resource allocation.

For more on our performance see:



[Performance against our strategy and outlook](#) (integrated report, page 50)



[Delivering measurable results and impact](#) (page 19)

Business continuity and crisis management

The board adopted an emergency response plan in 2019 – focusing on capability interfaces for crisis management and business continuity – to ensure integrated disaster or incident response and recovery.

The RBR committee oversaw the process of updating various business continuity governance documents and policies. This process sought to align BUs with the board-approved business continuity plan template, which is aligned to ISO 22301 and British Standards Institution 11200:2014.

Performance targets to support our climate change response

To strengthen GHG mitigation and business resilience efforts, we included targets on water security and efficiency as well as energy efficiency in the group-wide GIS in 2022.

Total carbon emissions and energy intensity are included as part of Exxaro's strategic performance dashboard. The energy efficiency targets relate to diesel and electricity consumption. Diesel accounts for over 95% of our scope 1 GHG emissions, while coal-based electricity is 100% of our scope 2 emissions.

Implementation of these two KPIs is a progression of our Climate Change Response strategy, our goal to be carbon neutral by 2050 and further alignment with the TCFD recommendations.



[Responding to TCFD reporting requirements](#) (integrated report, page 120)

Strategy-aligned internal reporting

Internal reporting to the board requires management to detail the outcomes of proposed recommendations to the board in respect of:

- Strategy implications
- Financial implications
- Risk and compliance analysis
- ESG implications

Transparency

The board is committed to clear and comprehensive financial reporting and disclosure as well as constructive shareholder engagement, including transparency of activities and performance. It therefore ensures that reports issued by the company enable stakeholders to make informed assessments of the group's performance as well as its short, medium and long-term prospects.

Assurance



Refer to the [combined assurance for effective governance](#) report (integrated report, page 81) for details on assurance of key sustainability information in this report.

Performance and value creation continued

Applying good corporate governance to support the achievement of our strategic objectives:

Purpose: Powering better lives in Africa and beyond					
Vision: Resources powering a clean world					
Capitals					
Board-approved strategic objectives	1 Transition at speed and scale	2 Make our minerals and energy business thrive	3 Empower people to create impact	4 Be carbon neutral by 2050	5 Become a catalyst for economic growth and environmental stewardship
SDGs supported	 	 	 	 	
Board-approved ESG KPIs and performance	<ul style="list-style-type: none"> • EBITDA contribution from new minerals (2026: 30%; 2030: 50%) • Generation installed capacity (1.6GW by 2030) 	<ul style="list-style-type: none"> • Group EBITDA • EBITDA margin (29%) • Adjusted ROCE (20%) • Solvency ratio (2x – 3x) • Coal exports (2026: 9.8Mt) 	<ul style="list-style-type: none"> • Number of fatalities (zero)^{RA} • LTIFR 0.07^{RA} 	<ul style="list-style-type: none"> • Energy intensity (GJ/kt) • Absolute emissions (2026: 579ktCO₂e; 2050: 0ktCO₂e) 	<ul style="list-style-type: none"> • Crop yield to market 6 000 tonnes • Financially sustainable SMMEs supported (2026: 207) • ECD – school readiness (2026: 90%) • Water intensity (0.105kL/tonne RoM)^{RA} • FTSE Russel rating 4
Corporate governance measures	<ul style="list-style-type: none"> • Board-approved Sustainable Growth and Impact strategy • Audit committee oversight of financial reporting matters • Investment committee review and monitoring of material mergers, acquisitions or investments • Establishment of the board logistics committee • Establishment of the executive risk management committee • Management investment review committee • Board composition having skills and experience to support the strategy • Executive appointments to execute growth strategy • Revised the treasury risk management and hedging policy 	<ul style="list-style-type: none"> • Review of enabling group governance framework, delegations and group-wide policies • Establishment of logistics committee to address logistics risk • Remuneration committee and RBR committee oversight • Reimagined strategic performance management dashboard • Board approved the organisation effectiveness programme and structure 	<ul style="list-style-type: none"> • Prioritising safety (page 72) • Retain safety moment and reporting as standing agenda item for all board, committee and executive meetings • Remuneration committee, SERC and RBR committee oversight • Board members and executive leadership participate in the annual Sustainability Summit, Leadership Safety Day and BU safety indabas driving business resilience • Implementation of the revised human rights policy • Revised workplace harassment policy 	<ul style="list-style-type: none"> • Become carbon neutral through board-approved decarbonisation plan (page 14) • Board-approved Climate Change Response strategy, climate change position statement and performance targets • Performance targets included as part of the group-wide GIS • SERC and RBR committee oversight • ESG steering committee • Development of ESG policy • Board memoranda template includes ESG impacts 	<ul style="list-style-type: none"> • Board-approved Social Impact strategy (page 94) • Board-approved DEI strategy • Execute revised ESD initiatives • SERC and RBR committee oversight • Board composition through the nomination committee • Board-approved policies • Independent external assurance on SLP reporting • Rationalisation and integration of social impact vehicles, with an extended mandate of Exxaro Matla Setshaba NPC • Board-approved revised supply chain sustainability policy

Adequate and effective control

Group governance framework

Our group governance framework provides an overview of our governance principles, structures, policies and practices and the integration of the minerals and energy strategies and budgets. It guides monitoring and oversight of business affairs to achieve accountability, authority and sound decision making as well as policies to support the group in achieving the Sustainable Growth and Impact strategy. It is an entrenched governance principle within Exxaro that group-wide policies require board approval, and this is captured in the delegation of authority framework.

- The group governance framework sets out the following:
- Statutory and regulatory framework of corporate governance
 - Various group governance structures and role players
 - Guiding principles that underpin effective corporate governance and describe the role of the board regarding reserved matters, delegations, policies and frameworks that apply across the group
 - The roles of:
 - Shareholders and stakeholders, as well as shareholder reserved matters
 - The board, board committees and reserved matters
 - Executive management and the executive committees
 - Independent control functions and structures within the group
 - The holding company, subsidiaries and other entities

The group governance framework was reviewed in 2023 to enable Exxaro's core businesses to thrive in an increasingly dynamic market and industry sector, and to continue to support the execution of the approved strategy. The revision included new board and management committees.

Delegation of authority

The delegation of authority policy and framework defines the limits of authority designated to specific positions of responsibility in the company and the group's management structure. It defines commitments and transactions that may include capital amounts approved by individuals on our behalf. The final approval of commitments and transactions outlined in the policy must always be made by parties with designated authority.

The policy and framework are regularly reviewed to ensure aligned decision making within a changing business environment. It also provides direction and clear delegation of power to management. The framework is adopted by our subsidiary company boards and implemented throughout the group as part of the overall group governance framework.

We conducted a comprehensive review of the group delegation of authority framework in 2022, and it will be reviewed in 2024.

The board is satisfied that the delegations in place contribute to role clarity and the effective exercise of authority and responsibilities.

Board's access to information

The board charter guides directors and executive management on the information requirements to be shared with the board while the onus remains on each director to advise the chairperson and/or CEO should they believe that the information provided is insufficient for informed decision making.

The board has unrestricted access to all company employees, information, records, documents and property, and a process to guide directors is provided should they require access. The board, in carrying out its tasks, may obtain outside or other independent professional advice it considers necessary to execute its duties. The board charter sets out the required protocols for requests of this nature.



Adequate and effective control continued

Board committees

Exxaro's corporate governance structure supports its ability to create value in the short, medium and long term. Through this structure, the board exercises effective control and builds and protects the organisation's reputation and legitimacy. Good corporate governance is the responsibility of our board, executive management, senior management and all our employees.

Board committees enhance efficiency by providing focused expertise on specific areas, allowing the board to address a broader range of issues. When used effectively, committees also enhance the objectivity of the board's judgement. As such, to facilitate the execution of its functions, the board delegates activities to board committees through formal terms of reference.

The board retains full and effective control of business and company affairs and does not assume management's functions, which remain the responsibility of the executive directors, prescribed officers and other senior management.

The chairpersons of the board committees periodically meet to consult and collaborate on areas of shared responsibility, activity and interest across the different committees.

In response to the business risk resulting from unavailability of rail capacity in executing the Exxaro strategy, the board established an ad hoc board logistics committee early in 2023. The logistics committee is responsible for monitoring and reporting to the board on the development of long-term solutions for logistics access to international markets, identification of medium-term solutions and alternatives, and related matters.

The board, based on the longer-term nature of logistical challenges in the industry, and as recommended by the nomination committee, approved the logistics committee becoming a standing board committee.

The terms of reference of the respective board committees were reviewed in 2023, including key focus areas and annual work plans being revisited.

The board confirms that it is satisfied that the board committees executed their roles and responsibilities. In this regard, it confirms that the audit committee has executed the responsibilities set out in paragraph 3.84(g) of the JSE Listings Requirements.

Audit committee

Appointed by shareholders

To fulfil the statutory functions as set out in section 94 of the Companies Act and assist the board in providing independent oversight of the quality and integrity of, among others, the company's financial statements

Investment committee

Appointed by the board

To monitor and report to the board on material acquisition, merger and investment or disposal opportunities and related ongoing material transactions in the scope of the energy and minerals businesses

Logistics committee

Appointed by the board

To develop long-term solutions for logistics to access international markets for coal and minerals and identify medium-term solutions and alternatives to mitigate rail capacity risk

Nomination committee

Appointed by the board

To assist the board with director recruitment in fulfilment of the nomination process, oversee the board's effectiveness evaluation process, and evaluate and determine the adequacy and efficiency of the group governance structure and practices

Remuneration committee

Appointed by the board

To ensure the group remunerates fairly, responsibly and transparently and to ensure compliance with the JSE Listings Requirements and related reporting obligations

RBR committee

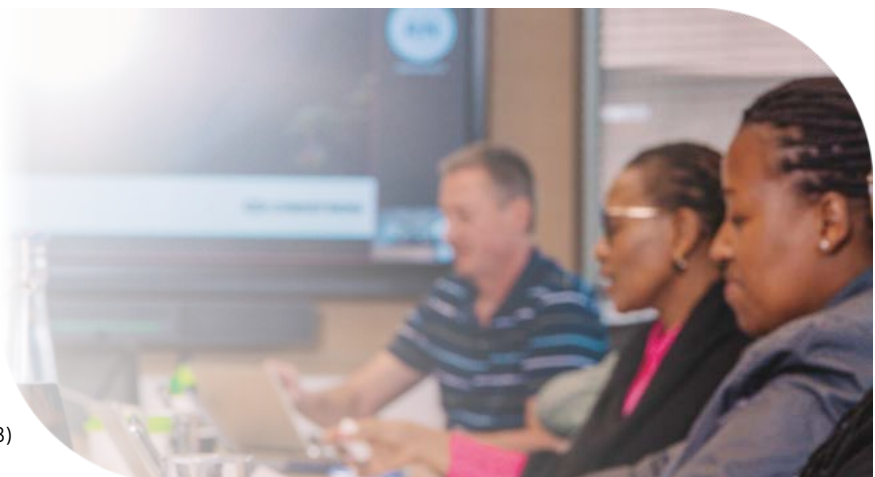
Appointed by the board

To ensure that risk management enhances the company's ability to achieve its strategic objectives and annually assure the business's resilience in a changing environment to enable it to deliver its objectives, survive and prosper

SERC

Appointed by shareholders

To advise the board on the fulfilment of the statutory duties as set out in regulation 43 of the Companies Act, oversee significant impacts of the company on the economy, environment, society and broader public interest, and to ensure negative impacts are mitigated effectively



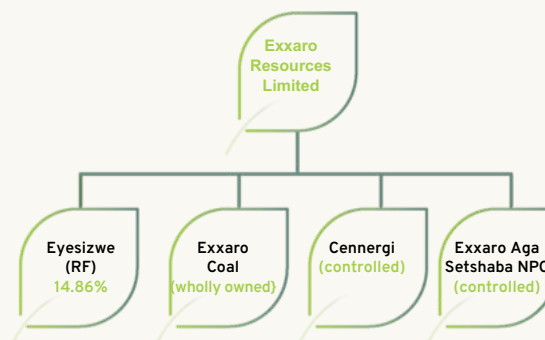
 [Board committee reports](#) (from page 143)

Subsidiary companies

The board, on behalf of the company, recognises the statutory and fiduciary duties of directors of subsidiary companies. Directors are obligated to act in the best interests of the subsidiary company at all times, regardless of their nomination to the board of the subsidiary company (in its capacity as holding company). If a conflict arises between a director's duties in a subsidiary company and the interests of the company, as holding company, the director's duties in the subsidiary company prevail.

The group governance framework seeks to mitigate possible tension between the holding company and its subsidiary boards. The subsidiary directors must adhere to the framework and adopted group policies. This does not absolve the directors of subsidiary boards from exercising their fiduciary duties. If directors breach their fiduciary duties, they may be held liable under section 77 of the Companies Act. This responsibility is clearly highlighted for all our subsidiary directors.

Ownership structure (page 5)



Group-wide control functions

The group control and oversight functions are responsible for providing enterprise-wide oversight of operational management and integrated reporting.

Our group control and oversight functions consist of:

- Corporate secretariat
- Risk management
- Compliance management
- Legal
- Strategy
- Internal audit and assurance
- Finance (as it relates to financial compliance)

The board is responsible for overseeing the effectiveness of the oversight functions and ensuring an effective internal control environment within the group.

Integrated ERM

Our ERM framework provides a process for effective risk management. We follow a layered approach (top-down and bottom-up) that considers all risks and impacts. The same terminology and assessment mechanisms are used across the organisation. Our risk catalogue includes a set of risk names, and an impact and likelihood scale is used across different disciplines to ensure management concentrates efforts and resources on material activities.

We link all risks, assurance activities and material issues to reduce assurance costs and derive greater value from auditing controls. A tracking and monitoring system is applied for transparency for audit findings to be closed out.

The risk management function, through the combined assurance model, coordinates with the internal audit function to obtain evidence on the effectiveness of treatment and control activities in achieving the desired or planned risk treatment outcomes. Assurance providers (internal audit, sustainability KPI audits, external assurance providers, self-assessments and accreditation reviews) monitor the effectiveness of significant risk treatments and compliance with regulatory requirements, non-binding rules, codes and standards, as well as policies and procedures.

The ERM framework and process are based on principles published by the Committee of Sponsoring Organizations of the Treadway Commission, the ISO 31000 international guideline on risk management, and King IV. It also considers applicable codes of best practice such as ISO 9001, 14001 and 18001.

The ERM framework is reviewed regularly to ensure alignment with current governance practice and standards. The board is satisfied that the group and company have a mature risk process that ensures the risks that potentially impact its strategic objectives are pursued by management to create shareholder value.

In terms of our group governance framework, risk management is an independent control function across the group.

The strategic risks profile, highlighting the group's material risks (including Cennergi's top risks) and emerging risks, is reported quarterly to the RBR committee and the board.

To test the robustness of our strategic risk profile, a study was conducted in 2023 to compare the risk register to top risks disclosed by mining industry peers. Our strategic risk profile was found to be robust and reflects relevant risks that apply to our peers.



[Our risks and opportunities](#) (integrated report, page 28)

Technology and information management

The board governs technology and information management in a way that supports the organisation in setting and achieving its strategic objectives.

The board mandated the RBR committee, as part of its business resilience focus, to oversee Exxaro's ERM process, including key risks facing the group and responses to address these risks, including information management risks. The RBR committee is mandated to oversee information management strategy governance, integration of the improvement programme's overall direction, context and objective, and ensure alignment with the enterprise business strategy, governance and risk management.

In addition to the RBR committee, the audit committee is responsible for ensuring adequate information management governance.

Governance plays a pivotal role in ensuring that our technological infrastructure and processes align with organisational objectives while also adhering to industry benchmarks. We strategically aligned the information management governance framework with recognised industry standards, including ISO 27001, COBIT 2019, ITIL 4, ISO 31000 and ISO 27031, among others. This alignment supports our commitment to best practice and ensures robust oversight of our IT operations.

To further enhance decision making, oversight and strategic direction, we instituted several management governance forums: the project review committee, architectural review board, investment review board, change advisory board, and information management committee.

Our foundational policies support these structures by guiding behaviour, expectations and operations. These include the acceptable use of ICT policy, security policy, operations policy,

project management policy, asset management policy and the ICT service continuity policy. Together, this forms a cohesive governance structure that promotes transparency, efficiency and innovation in our IT domain.

Information management risk management

Information management risks and mitigation measures are monitored continuously, including assessment of emerging risks, and reported to the RBR committee quarterly.

These are our top information management risks over the past two years:

2022	2023
1 Cybersecurity: data theft	Cybersecurity: data theft
2 Availability and quality of data	Cyber threat: malware
3 IT disaster recovery strategy, plan and procedures	Cyber threat: disruption of operations

There is also an emerging risk of impending enterprise resource planning transformation as a result of end-maintenance support. We monitor treatment plans for the risks to determine adequacy.

Information management disaster recovery

To ensure our disaster recovery programme is robust and resilient, we strategically aligned it with the ISO 27031 guidelines by embedding the plan-do-check-act cycle, a systematic series of steps for continuous improvement of our disaster recovery capabilities.

Compliance culture

The group is committed to:

- 1 Maintaining high standards of integrity, professionalism and ethical behaviour in its relationships
- 2 Compliance with the letter and spirit of the law and regulations governing its conduct by ensuring the organisation acts with due skill and diligence
- 3 Conducting its business in adherence to statutory, supervisory and regulatory requirements

While we drive compliance with relevant regulatory requirements in our jurisdictions, the law serves as a minimum standard of conduct. Beyond complying with the law, we promote a compliance culture at all levels.

Our compliance philosophy is captured in a compliance policy approved by the board, which supports ethical and responsible corporate citizenship and seeks to create sustainable value for all stakeholders by striving for operational efficiency, growth and regulatory compliance with applicable laws.

Management regularly revisits the group's regulatory environment to identify material legislation and categorises each using a risk-based approach.

The board is responsible for ensuring that the group and our employees comply with all applicable laws and regulations, and it considers non-compliance with legal and regulatory requirements a key risk. Accordingly, the board delegated the responsibility for managing Exxaro's compliance risks to the RBR committee.

The RBR committee is responsible for:

- Overseeing regulatory compliance risks, policies and frameworks
- Monitoring compliance with agreed policies, national and international protocols and procedures on non-financial aspects in collaboration with the SERC
- Ensuring compliance is continuously monitored and reported by management and external and internal audit

The chief strategic resilience and governance officer is responsible for providing a compliance and regulatory compass to the group by promoting a culture of compliance.

Key compliance activities for 2023 included:

- Reviewing our regulatory compliance risk ratings and audit review cycles
- Rolling out competition law training for the whole organisation
- Updating the POPIA policy and PAIA manual and providing additional POPIA training
- Annual environmental authorisation and other licence audits at our operations

Exxaro's material compliance universe

Requirements, including:	Commitments, including:	Exxaro policies, including:	Standards, guidelines and protocols, including:
South African Constitution and Bill of Rights	Shareholder commitments	Corporate governance framework	Mining Charter III
Companies Act	UN SDGs	Code of ethics	GRI 12: Coal Sector 2022
Financial Markets Act, including JSE Listings Requirements, SAMREC Code and King IV	UN Guiding Principles on Business and Human Rights	Conflicts of interest policy and gifts and benefits policy	IFRS S1 and S2
IFRS	UK and US anti-bribery and corruption legislation	Group financial reporting policies	ISO 37001 Anti-bribery management systems (certified)
Mineral and Petroleum Resources Development Act	UNGC 10 principles	ERM policy and framework, and compliance policy	ISO 45001 Health and safety (certified)
MHSA and OHSA	Energy socio-economic development commitments	Crisis management policy	ISO 14001 Environmental management systems (certified)
NWA, NEMA and Waste, Air Quality and Biodiversity Acts	OECD guidelines	Anti-bribery and anti-corruption policy and whistleblowing policy	ILO protocol
Electricity Regulation Act	TCFD framework	Human rights policy	Among others: ISO 31000, 9001, 18001, 37301, 37000, 26000
Basic Conditions of Employment Act and Labour Relations Act	Group-wide B-BBEE target of level 1	Supplier code of conduct and supply chain sustainability policy	
Employment Equity Act and B-BBEE Act	Safety target: zero harm	Diversity and inclusion framework	
Prevention and Combating of Corrupt Activities Act	CDP	Capital allocation framework	
Competition Act	Climate change statement	Internal audit charter	
Income Tax Act, Value Added Tax Act and Carbon Tax Act		Delegation of authority policy and framework	

Combined assurance model

Exxaro applies a combined assurance model to optimise assurance by management, as well as internal and external service providers, while fostering a strong ethical climate and mechanisms that ensure compliance. Using our board-approved ERM approach, management identifies key risks we face and implements the necessary internal controls with comparable information for trend analysis where possible.

The audit committee is responsible for overseeing the use of a combined assurance model to achieve the following objectives:

- 1 Enabling an effective internal control environment
- 2 Ensuring integrity of information used for decision making by management, the board and its committees
- 3 Supporting the integrity of external reports

Combined assurance forum

The combined assurance model was put in place through the effective functioning of the combined assurance forum. The forum coordinates assurance for our risk exposure, as identified and ranked by the risk management function and aligned to King IV recommended practices for assurance. The forum's activities and outcomes of assurance reports are presented quarterly to the audit committee.

Five lines of assurance

Exxaro adopted the three lines of defence model for combined assurance. The model aims to establish effective governance, risk management and control practices within Exxaro.

However, with the continuous development of the concept of combined assurance, we replaced the three lines of defence model with the five lines of assurance. The five lines of assurance are differentiated by the level of risk ownership and the independence of assurance efforts or providers.

The five lines of assurance include:

- Line functions that own and manage risk and opportunity, such as operational management
- Specialist functions that facilitate and oversee risk and opportunity, such as compliance, risk, legal departments and oversight structures
- Internal assurance providers, such as internal audit
- External assurance providers, such as independent external auditors or other independent third-party providers
- Regulators, such as the DMRE

Combined assurance plan

The combined assurance plan focus areas are aligned to the group's top 10 strategic risks with inputs from assurance providers. The plan considers the level of assurance from assurance providers in providing the audit committee and board with confidence regarding the effective functioning of the internal control environment.

Overdue and repeat findings

Exxaro uses an issue tracking management system to capture and track the status of all internal audit and other assurance provider findings. All overdue and repeat findings are reported at each audit committee meeting.

Independence of audit and assurance functions

To ensure the independence of our audit and assurance functions, the following measures are in place:

- We appointed KPMG as our independent external auditor, along with its service delivery partner, AM PhakaMalele (approved by shareholders at the AGM on 18 May 2023 by way of a separate resolution of shareholders in terms of the JSE Listings Requirements paragraph 3.84(g))
- Under the management of Exxaro's head of internal audit, PwC and its service delivery partner, Ngubane & Co, have been providing internal audit services since 1 July 2022
- In 2021, the group adopted a framework for engaging auditors to supply non-audit services. We confirmed that KPMG, in terms of its policy, does not provide advisory and tax services to its audit clients
- Our group governance framework confirms the internal audit function as an independent control function across the group
- The internal audit charter informs the role and scope of work of the internal audit function
- The head of internal audit reports directly to our audit committee and is administratively overseen by the CEO

Board statement

The board and audit committee are satisfied with the effectiveness of controls for the year ended 31 December 2023. This conclusion was reached principally through a process of management self-assessment (including formal confirmation by executive management), reports from internal audit, independent external audit and other assurance providers.

 [Combined assurance for effective governance report](#) (integrated report, page 81)

Trust, good reputation and legitimacy

JSE compliance certificate

The board considered the JSE compliance certificate for the reporting period, confirming the company's compliance with the JSE Listings Requirements, Debt Listings Requirements and every disclosure requirement for continued listing on the JSE imposed in 2023. The certificate will be submitted to the JSE following board consideration in early 2024.

Integrity in reporting

The board ensures the integrity of the company's integrated report and its alignment with best practice in integrated reporting, including other reporting by the company. The board also oversees the publication of our annual financial statements, ESG report, board committee reports, remuneration report and other online or printed information that complies with legal requirements and meets the legitimate and reasonable information needs of stakeholders.

No insider dealing

The company's insider dealing policy was revised and updated in 2023. The policy complies with the JSE Listings Requirements, Financial Markets Act and Companies Act and is aligned to the company's code of ethics. The policy applies to all directors, prescribed officers, employees and consultants.


Before dealing in any Exxaro security, we require directors to submit a pre-clearance form to the group company secretary for consideration by the chairperson.

The insider dealing committee provides guidance and clarity to employees and directors on insider trading or price-sensitive information as well as prohibited or closed periods.

The group company secretary provides a group-wide announcement of all closed and prohibited periods to assist directors and employees in this regard. Directors and employees have access to an electronic insider register, which reflects their names as relevant. They receive an email informing them of their addition to and removal from the register.

We provide ongoing online training on the MyNexxt platform to directors, employees and consultants to ensure in-depth understanding of the policy, regulatory environment and controls in place.

We issue the necessary SENS announcements when any director, prescribed officer, director of major subsidiary, the group company secretary or company secretary of a major subsidiary deals in any security.

 [SENS announcements](#) are available on our website.

The board is satisfied with the controls in place to ensure regulatory compliance.

Sponsors

The company's lead equity sponsor and debt sponsor, Absa Bank Limited, and joint equity sponsor, Tamela Holdings Proprietary Limited, perform the continuing obligations in connection with Exxaro's listing on the JSE. The board is satisfied that the sponsors have executed their mandate with due care and diligence for 2023.

Outcomes and value delivered

 Refer to [stakeholder-inclusive approach](#) (page 24) for details.

Stakeholder inclusivity

Exxaro's board has a stakeholder-inclusive approach that responds to principle 16 of King IV regarding stakeholder inclusivity and responsiveness. It aims to balance the needs, interests and expectations of material stakeholders in the organisation's best interest over time to protect and build trust in the organisation and its reputation and legitimacy in the eyes of our stakeholders.

As recommended by King IV, Exxaro's disclosure regarding stakeholder relationship management reflects our management approach, key focus areas and stakeholder management activities.

 [Stakeholder-inclusive approach](#) (page 24)

External communication

 [Governance roadshow](#) (page 115)

SERC stakeholder days


SERC's virtual stakeholder days during the year aimed to communicate Exxaro's social performance to stakeholders. These events were also an opportunity for SERC and the board to engage with diverse stakeholders and receive community and beneficiary feedback on Exxaro's social performance and impact.

A two-day stakeholder engagement event was hosted by SERC at Belfast, Mpumalanga, which included site visits to various Exxaro social development projects and engagements with regional government and municipal officials.

Other external communications

The following external communication (among others) took place in 2023:

- Publication of the annual reporting suite (integrated report, ESG report and climate change position statement)
- AGM (presentation of annual financial statements, SERC report and various other resolutions for voting by shareholders)
- SENS announcements
- Interim and annual financial results presentations by executive management
- Results roadshows following the annual and interim results presentations for interaction with investors
- SLP future forums that play an important role in engaging with labour representative groups to promote ongoing discussions about the future of mines, identify possible challenges and solutions for productivity and employment and improve business sustainability
- Exxaro 2023 sustainability summit
- COP28 (held in November/December 2023) where Exxaro was given the opportunity to:
 - Participate, engage and partner with different stakeholders and play a positive role in providing solutions to manage climate change
 - Showcase our contribution to South Africa achieving its NDC objectives and a just transition

 [Exxaro's contribution to COP28](#) (page 33)

Responsible corporate citizenship

The board ensures Exxaro's strategy and conduct reflect its purpose of powering better lives in Africa and beyond and to be a responsible corporate citizen in giving effect to its purpose.

As Exxaro is an integral part of society, the board sets the strategic direction and ensures the company's efforts to be a responsible corporate citizen include compliance with the South African Constitution (including the Bill of Rights), the law, leading international and national standards, and its own codes of conduct and policies.

The board exercises independent judgement in overseeing management and safeguarding the interests of all stakeholders, including our shareholders. In fulfilling its stewardship role, the board seeks to instil and foster a corporate environment founded on integrity and provide management with sound guidance in pursuit of long-term shareholder value, ensuring that the company offers sustainable value to society as a whole.


Governance

It is the SERC's role, as amended in 2021, to entrench responsible corporate citizenship as part of the committee's focused activities. The roles and responsibilities of the SERC include overseeing the impact of the consequences of the group's activities and outputs on its status as a responsible corporate citizen in:

- The economy: economic transformation as well as fraud and corruption prevention, detection and mitigation
- Society: public health and safety, consumer protection, community development and protection of human rights


Commitments

Fundamental to Exxaro's purpose of powering better lives is our stance that all people have inherent fundamental human rights regardless of their differences. As such, Exxaro is committed to respecting and upholding human rights for all people in its sphere of influence, where the company has the power to effect investment and development. Exxaro is guided by the South African Constitution, applicable legislation and external standards such as the Minerals Council's Human Rights Framework and the UNGC principles on human rights, labour, environment and anti-corruption.

 [Respecting and upholding human rights](#) (page 108)

Exxaro remains committed to supporting the 10 principles of the UNGC. The UNGC principles are embedded in our Sustainable Growth and Impact strategy, values, operations and stakeholder engagements in alignment with our efforts to apply the principles.

Exxaro's voluntary participation in the UNGC advances the case for responsible business practices and encourages our stakeholders to do the same. It holds us accountable to a global standard as we strive to become a catalyst for economic growth and environmental stewardship.


 [UNGC communication on progress](#) (investors tab under integrated reports 2021)

The board revisited, amended and approved Exxaro's human rights policy in 2022. Policy implementation and communication took place and a due diligence assessment commenced towards the end of 2023 to be completed and reported to the SERC in 2024.

Health and safety

The importance of safety in the workplace receives focused attention at each board, board committee and executive committee meeting. This is achieved through a standing **safety moment** item on all agendas, to allow for reflection and reporting.

In addition to the SERC's mandate, the RBR committee is responsible for reviewing health and safety risks and focuses on reported HPis and LTIs.


 [Prioritising safety](#) (page 72) and [integrated health and wellness](#) (page 75)

Focus areas

Our focus areas supporting the outcome of trust, good reputation and legitimacy in 2023 included:

- Executing the ethics strategy and management plan revision
- Executing and implementing the revised human rights policy and commencement of a due diligence process
- SERC and the remuneration committee considered the results of the 2023 culture and engagement survey as part of Exxaro's DEI journey
- The remuneration committee approved a wage gap statement of intent. The statement is linked to Exxaro's purpose and identified wage gap principles and aligns with Exxaro's revised remuneration policy
- Completing the roll out of compulsory group-wide anti-bribery and anti-corruption training on MyNexxt
- Rolling out additional group-wide POPIA training

Reputation and disclosure recognition

 [Delivering measurable results and impact](#) (page 19)

Our board of directors

The board provides effective ethical leadership and strategic direction while balancing the company's interests as a responsible corporate citizen with stakeholders' legitimate needs and expectations, within a framework of principled governance. For the year in review, we are proud to present the following board members:

Chairperson

- B Board
- A Audit committee
- I Investment committee
- L Logistics committee
- NOM Nomination committee
- RBR RBR committee
- REM Remuneration committee
- SER SERC

Member

- A Audit committee
- I Investment committee
- L Logistics committee
- NOM Nomination committee
- RBR RBR committee
- REM Remuneration committee
- SER SERC



<p>1. Mvuleni Geoffrey Qhena (58) Board chairperson and independent non-executive director Director since 19 April 2021 and board chairperson since 27 May 2021 Senior Executive Programme (jointly offered by Harvard Business School and Wits Business School), Advanced Taxation Certificate (Unisa), CA(SA), BAccSc (Hons), BCompt (Unisa) Other listed boards: Investec Bank Limited, Telkom SA Limited</p> <p>B NOM REM L</p>	<p>2. Dr Nombasa Tsengwa (59) CEO and executive committee chairperson Executive director since 16 March 2021 PhD (agronomy), Executive Development Programme (INSEAD) Other listed boards: None</p> <p>SER</p>	<p>3. Riaan Koppeschaar (53) Finance director Executive director since July 2016 CA(SA), Advanced and Associate Programmes in Treasury Management (Unisa), Advanced Diploma in Taxation (Unisa), Advanced Management Programme (INSEAD), BCom (Hons) (University of Pretoria), Certificate in Theory of Accounting (University of Pretoria) Other listed boards: None</p> <p>SER</p>	<p>4. Geraldine Fraser-Moleketi (63) Lead independent non-executive director Director since 18 May 2018 MPA (University of Pretoria) (cum laude), Leadership Programme (Wharton), Digital Savvy Board Member Certificate (MIT Sloan School of Management), Fellow of the Institute of Politics (Harvard). Awards: DPhil honoris causa (North-West University), DPhil honoris causa (Nelson Mandela University) Other listed boards: Standard Bank Group Limited, The Standard Bank of South Africa Limited and Tiger Brands Limited</p> <p>SER REM NOM</p>	<p>5. Karin Ireton (68) Independent non-executive director Director since 7 February 2022 MA (international political economy) (University of Leeds), International Programme for the Management of Sustainability (Netherlands), Environmental Impact Assessment and Management (University of Aberdeen) Other listed boards: None</p> <p>SER RBR</p>	<p>11. Chanda Nxumalo (40) Independent non-executive director Director since 1 February 2021 University of Oxford, MEng (economics and management) Other listed boards: None</p> <p>A RBR I</p>	<p>12. Peet Snyders (63) Independent non-executive director Director since 1 July 2016 BEng (mining) (University of Pretoria), PGDip in Marketing Management (Unisa), MCom (business management) (University of Johannesburg), Mine Manager's Certificate of Competency (coal and metalliferous) (Government Competency Exams) Other listed boards: None</p> <p>RBR SER I L</p>	<p>13. Isaac Malevu (50) Non-executive director Director since 22 June 2021 BCom (Wits), Postgraduate Diploma in Accounting (University of KwaZulu-Natal), CA(SA), SAICA member, Senior Executive Programme (London Business School) Other listed boards: None</p> <p>I</p>	<p>14. Likhapha Mbatha (69) Non-executive director Director since 6 March 2018 BA (University of Lesotho), LLB (University of Lesotho), LLM (Wits) Other listed boards: None</p> <p>SER</p>	<p>15. Mandlesilo Msimang (47) Non-executive director Director since 15 March 2021 MSc (utilities regulation) (London School of Economics), BA (Cornell University) Other listed boards: None</p> <p>I RBR</p>
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<p>6. Ben Magara (56) Independent non-executive director Director since 7 February 2022 BSc (Hons) (mining engineering), Advanced Management Programme (GIBS), Accelerated Development Programme (London Business School) Other listed boards: Grindrod Limited and WEIR Group plc</p> <p>I RBR L</p>	<p>7. Billy Mawasha (45) Independent non-executive director Director since 7 February 2022 BSc (electrical engineering), Government Certificate of Competency for Engineers, Factories (electrical), Government Certificate of Competency for Engineers, Mines and Works (electrical), Global Leadership and Public Policy for the 21st Century (Harvard Kennedy School), Advanced Management Programme (Kellogg School of Management), Accelerated Development Programme (London Business School), Programme for Management Development (GIBS) Other listed boards: Impala Platinum Holdings Limited and Metair Investments Limited</p> <p>I A</p>	<p>8. Nondumiso Medupe (53) Independent non-executive director Director since 3 January 2023 CA(SA) SAICA, PGDip (accounting) (University of KwaZulu-Natal), BAcc (University of Durban Westville), Certificate in Sustainability Leadership and Corporate Governance (London Business School) Other listed boards: Alexander Forbes Limited, City Lodge Hotels Limited and MetAir Limited</p> <p>A RBR</p>	<p>9. Dr Phumla Mnganga (55) Independent non-executive director Director since 7 February 2022 PhD (entrepreneurship/entrepreneurial studies) (Wits Business School), MBL (business management) (Unisa), BEd (University of KwaZulu-Natal), BA (University of KwaZulu-Natal) Other listed boards: Adcorp Holdings Limited, Altron Holdings Limited</p> <p>REM NOM L SER</p>	<p>10. Nosipho Molope (59) Independent non-executive director Appointed 3 January 2024 BSc (medical sciences) (Wits), BCompt and BCompt (Hons) (Unisa), CA(SA) SAICA Other listed boards: Alexander Forbes Group Holdings Limited, EOH Holdings Limited, Burstone Group Limited, MTN Group Limited</p> <p>A SER</p>
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Board nominees for the upcoming 23rd AGM

In accordance with the company's memorandum of incorporation (Mol), one-third of the non-executive directors are subject to retirement by rotation and re-election by shareholders annually. Eligible directors may offer themselves for re-election.

Furthermore, in accordance with our Mol, Likhapha Mbatha, who has reached the director retirement age, will retire by rotation at the 23rd AGM to be held on 23 May 2024.

As per our board charter and director nomination and appointment policy, the nomination committee has reviewed the composition, gender and racial balance of the board and evaluated the independence (where applicable), performance and contribution of the directors listed below, as well as their individual knowledge, skills and experience. The board will propose to shareholders the following directors for election and

		Appointed
1	Mvuleni Geoffrey Qhena Independent non-executive director and chairperson of the board	19 April 2021
2	Mandlesilo Msimang Non-executive director	15 March 2021


Election

		Appointed
1	Nosipho Molope Independent non-executive director	3 January 2024

Our board of directors continued

Board composition

Deliberate policy parameters are required to ensure a suitable board composition and appropriate balance of power between directors to enable the board to operate effectively and in the company's interests. Diverse capabilities and perspectives of board members are important for making robust decisions.

 Our [director nomination and appointment guidance note](#) is available on our website (our business tab under governance).

The board is committed to striving towards the appropriate size, balance of power, independence, diversity, skills, knowledge and experience to discharge its governance role and responsibilities objectively and effectively without compromising the common purpose, involvement, participation and sense of responsibility necessary to meet the company's strategic objectives. The board size was reduced from 18 in 2021 to 16 in 2023. With the retirement of non-executive director, Likhapha Mbatha at the upcoming AGM, the board size will be reduced to 15. This will be monitored continuously to ensure a majority of independent non-executive directors.

The nomination committee must ensure continuity and undertake succession planning on behalf of the board to ensure all new directors are individuals of calibre, integrity and credibility, with the necessary skills and experience.

Changes to the board

- Vuyisa Nkonyeni and Isaac Mophatlane, both independent non-executive directors, retired at the 2023 AGM. Vuyisa retired as chairperson of the audit committee and member of the investment committee. Isaac retired as chairperson of the investment committee, member of the audit committee and SERC. The board extended its gratitude for their valuable contributions
- Nondumiso Medupe's appointment as independent non-executive director and audit committee member (effective 3 January 2023) was approved by shareholders at the 2023 AGM
- Nosipho Molope was appointed as an independent non-executive director to the company and member of the audit committee and SERC effective 3 January 2024. Nosipho's appointment will be submitted for shareholder approval at the 2024 AGM
- Likhapha Mbatha, who has reached the director retirement age, will retire by rotation at the 23rd AGM to be held on 23 May 2024

Independence

The principles of good governance, King IV and the JSE Listings Requirements recommend holistic independence assessments with a substance-over-form approach in accordance with certain criteria. Annual assessments are therefore based on King IV requirements and section 94(4) of the Companies Act.

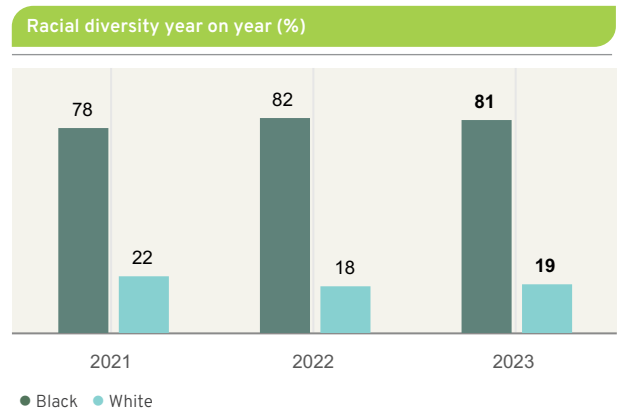
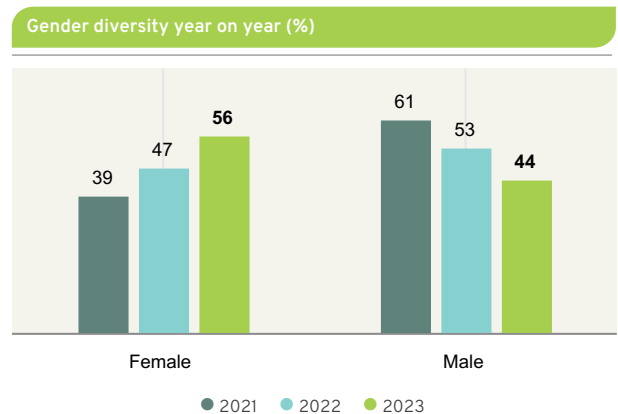
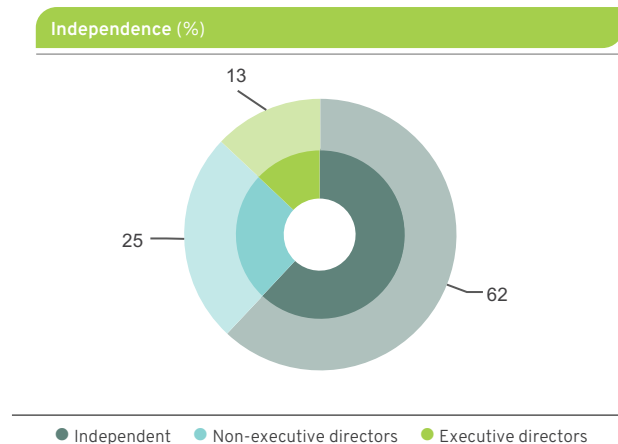
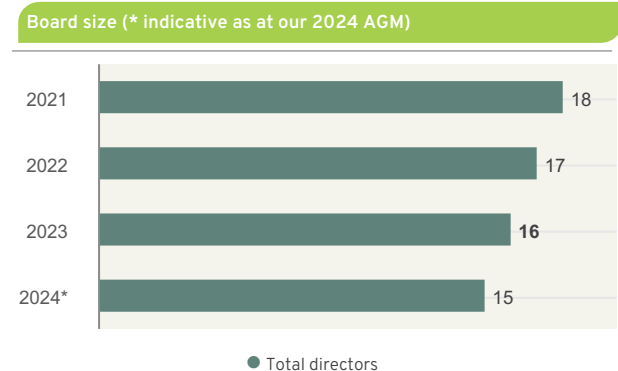
Our board assessments are conducted annually to confirm that members exercise objective judgement. The assessments also confirm that there is no interest, position, association or relationship, judged from the perspective of a reasonable and informed third party, likely to unduly influence or cause bias in decision making. On recommendation of the nomination committee, the board confirmed those directors recognised as independent in this report.

The board consists of 10 independent non-executive directors, four non-executive directors and two executive directors.

Broader diversity

In keeping with good corporate governance, the board embraces the constitutional principles of equality, freedom and inclusion. The board diversity and inclusion policy expresses a broader definition of diversity and inclusion, with targets reflected in this report. The board promotes diversity of, among others, knowledge, skills, experience, age, gender, race, nationality and physical ability. This is in line with King IV recommendations and the JSE Listings Requirements.

The progress of our board's diversity over the past three years, ended 3 January 2024, is shown in the following graphs:



Racial diversity

The board consistently achieved its 50% target for racial diversity and increased its racial target to 60% black representation, as defined in the B-BBEE Act, in 2021. As at **3 January 2024**, the board achieved a total of 81% black representation.

Gender diversity

The board achieved its set target of 40% black female representation with 50% black female representation and overall female representation of 56% as at 3 January 2024. We are proud to have increased from 47% overall female representation in 2022 to 56% in 2023.

Age diversity

The retirement age is 63 years for executive directors and 70 years for non-executive directors. In accordance with our MoI, Likhapha Mbatha, who has reached the director retirement age, will retire by rotation at the 23rd AGM to be held on 23 May 2024.

Our board age diversity target is 55 years. As at **3 January 2024**, board age diversity was 56 years. Our progress is reflected in the age graphs alongside.

Director tenure and succession

Succession planning for non-executive directors is typically iterative and part of an ongoing planning and discussion programme conducted by the nomination committee. Succession planning is based on our broader diversity policy. The approach to diversity is holistic, with a view to inclusion and supporting the group's strategic focus areas.

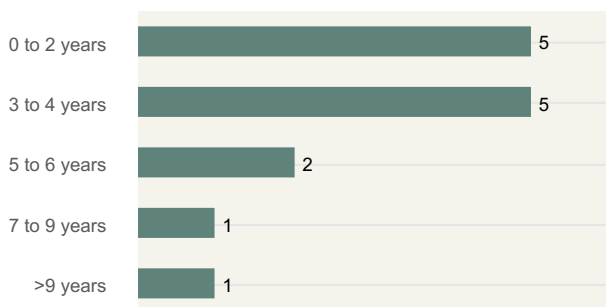
The nomination committee identified and addressed skills gaps after a rigorous board effectiveness evaluation. To ensure continuity of experience and knowledge, the company has a staggered approach to re-election of directors in terms of the MoI. Directors are selected for retirement by rotation in terms of the MoI and, following assessment by the nomination committee, may be presented to shareholders for re-election at the AGM.

Non-executive director, Zwelibanzi Mntambo, has a board tenure of over nine years. Shareholders confirmed his reappointment at the 2023 AGM.

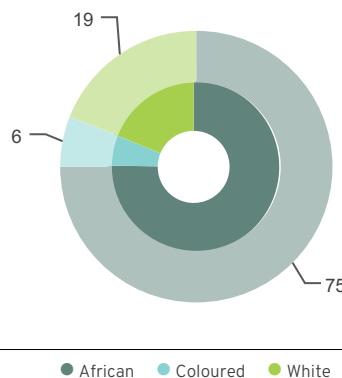
 Details about rotation, retirement and election of directors can be found in the [notice of AGM](#) and page 133.

Our non-executive director tenure as at **3 January 2024** is illustrated below:

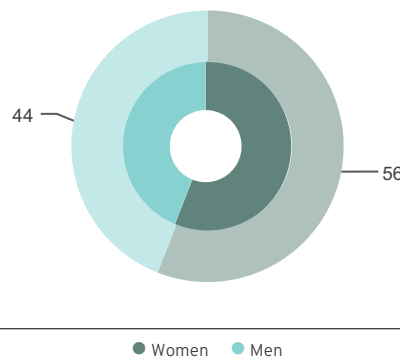
Non-executive director tenure



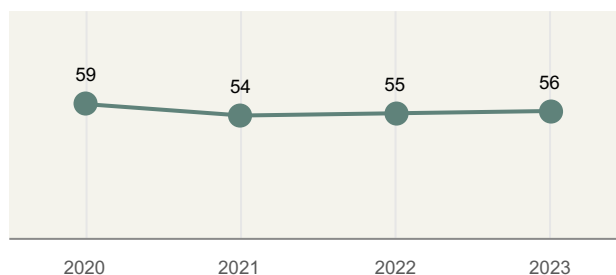
Racial diversity (%)



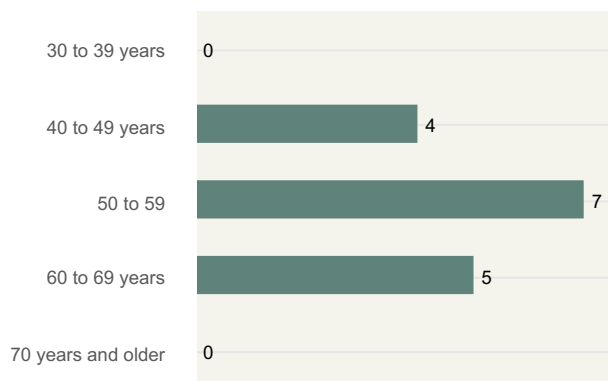
Gender diversity (%)



Average age per year



Age diversity: Number of directors (16)



Our board of directors continued

Director competence and diversity in skills and experience

Our directors are carefully selected to ensure a balanced mix of expertise and experience for effective decision making on behalf of Exxaro. In accordance with King IV, directors should be knowledgeable, skilled, experienced, diverse and independent to effectively discharge their governance responsibilities.

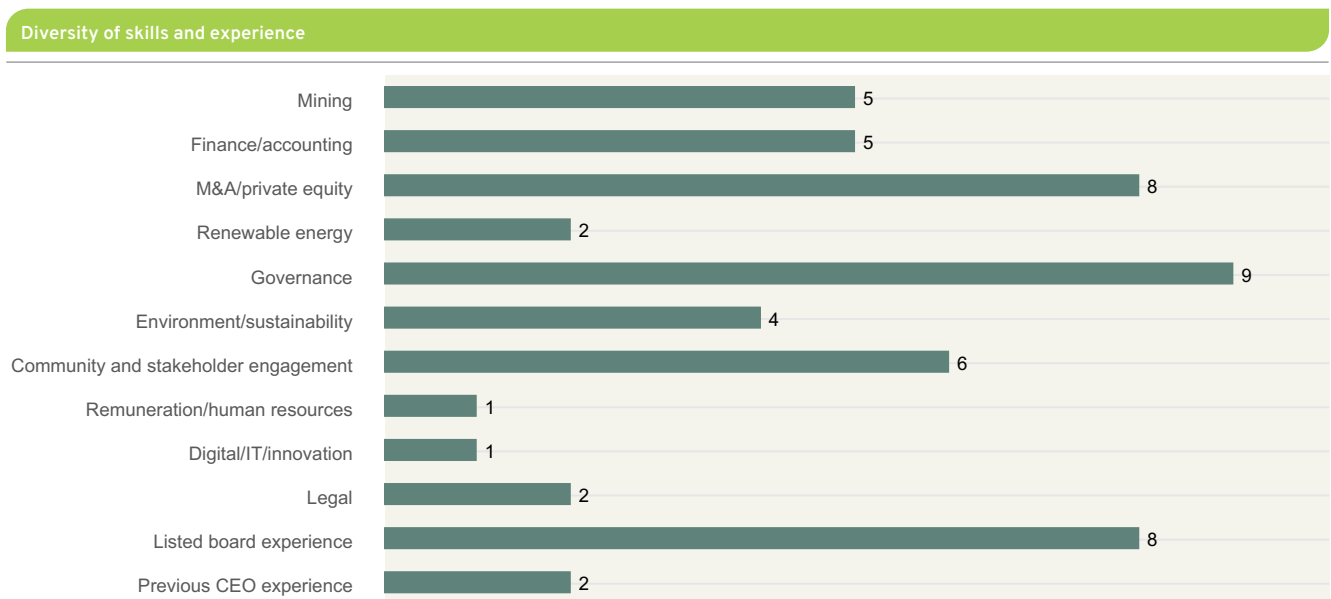
Exxaro considers, over and above leadership and management experience, the following technical expertise when appointing directors:

Technical expertise:

- | | |
|--------------------|----------------------------------|
| • Mining industry | • Sustainability and environment |
| • Mine engineering | • Finance and accounting |
| • Energy | • Digital, innovation and IT |

Diversity of skills and experience

Our non-executive directors' skills and experience were formally and independently evaluated in 2022, with a self-assessment in 2023. The top five categories in the matrix below represent the board's key stewardship areas.



Board leadership

Our board is led by an independent non-executive chairperson, Mvuleni Geoffrey Qhena, in compliance with paragraph 3.84 of the JSE Listings Requirements and King IV recommended practices.

Geraldine Fraser-Moleketi continues to serve on the board as lead independent non-executive director.

The role of the chairperson is separate and distinct from that of our CEO. Separation of powers and responsibilities, as set out in the board charter and group governance framework, ensures that no single person has unfettered decision-making powers and that there is an appropriate balance of power at board level.

Roles and responsibilities of the chairperson, CEO and lead independent non-executive director

Functions	Responsibilities
Chairperson	<ul style="list-style-type: none"> • Sets the tone for ethical culture at board level and ensures adherence to the rules of conduct set out in the board charter • Represents the board to shareholders and other stakeholders relating to the performance of the company • Ensures the integrity and effectiveness of the governance processes of the board • Manages conflicts of interest at board meetings in accordance with applicable legal requirements and best practice • Maintains a collegial yet arm's length relationship with board members and management • Ensures board decisions are executed • In collaboration with the group company secretary, ensures the contents and order of the agenda are correct • Maintains regular dialogue with the CEO on operational matters and promptly consults with the board on any matter that presents cause for major concern • Acts as facilitator at board meetings to ensure appropriate discussions take place and result in logical outcomes and that no board member dominates the discussions • Plays a crucial role in ensuring the board has effective leadership and its composition is adequate to enable it to effectively fulfil its functions • Provides necessary direction for an ethical and effective board and forms the link between the board, the CEO and management
CEO	<ul style="list-style-type: none"> • Formulates and develops the company's short, medium and long-term strategic vision to realise its core purpose and values, considering relevant risks and opportunities that will generate satisfactory levels of value creation, as defined by King IV • Leads the implementation and execution of approved strategy, policy and operational planning as the chief link between management and the board while monitoring and managing the company's day-to-day operational requirements and administration • Develops and recommends business plans, policies and objectives for board consideration, accounting for business, economic and political trends that may affect the operations of the company • Manages and ensures the submission of timeous and accurate reports, financial statements and consolidated budgets for board consideration • Oversees the company's financial management, including financial planning, cash flow and management reporting • Is involved in group affairs as executive committee chairperson • Does not cause or permit practices, activities or decisions by or in the group that are contrary to commonly accepted good business practice, good corporate governance or professional ethics • Ensures key management functions are headed by individuals with the necessary competence and authority and that they are adequately resourced and performance-managed • Sets the tone at management level by providing ethical leadership and maintaining an ethical culture conducive to attracting, retaining and motivating a diverse group of employees • Ensures implementation and execution of the company's codes of conduct and ethics policies
Lead independent non-executive director	<ul style="list-style-type: none"> • Leads in the absence of the chairperson • Serves as adviser to the chairperson • Acts as intermediary between the chairperson and other directors, if necessary • Deals with shareholders' concerns where contact through normal channels has failed to resolve concerns or where such contact is inappropriate • Strengthens independence of the board if the chairperson is not an independent non-executive director • Chairs discussions and decision making by the board on matters where the chairperson has a conflict of interest • Ensures the chairperson adheres to the rules of conduct and etiquette set out in the board charter • Leads the chairperson's performance appraisal when an independent service provider is not used to facilitate the process

Our board of directors continued

Performance of our board

Board meeting attendance

The board held four quarterly meetings, with one additional meeting to focus on the group budget, two special board meetings, a dedicated strategy session over two days and two governance sessions during the year. Attendance is calculated against the number of meetings a director was required to attend.

Members	Designation	Attendance of quarterly meetings	Attendance of special meetings
Mvuleni Geoffrey Qhena	Independent non-executive director and board chairperson	5/5	2/2
Dr Nombasa Tsengwa	CEO and executive director	5/5	2/2
Riaan Koppeschaar	Finance director and executive director	5/5	2/2
Geraldine Fraser-Moleketi	Lead independent non-executive director	5/5	1/2
Karin Ireton	Independent non-executive director	5/5	2/2
Ben Magara	Independent non-executive director	5/5	2/2
Isaac Malevu	Non-executive director	5/5	2/2
Billy Mawasha	Independent non-executive director	5/5	2/2
Likhapha Mbatha	Non-executive director	5/5	2/2
Nondumiso Medupe	Independent non-executive director	5/5	1/2
Dr Phumla Mnganga	Independent non-executive director	5/5	2/2
Zwelibanzi Mntambo	Non-executive director	4/5	1/2
Isaac Mophatlane	Independent non-executive director	1/1*	1/1*
Mandlesilo Msimang	Non-executive director	5/5	2/2
Vuyisa Nkonyeni	Independent non-executive director	1/1*	1/1*
Chanda Nxumalo	Independent non-executive director	5/5	2/2
Peet Snyders	Independent non-executive director	5/5	2/2

* Vuyisa Nkonyeni and Isaac Mophatlane retired by rotation at the 2023 AGM.

Evaluation

Appointing a number of new directors over the past three years has enhanced the board's required skill set. An independent board evaluation was conducted at the end of 2022, the outcomes of which were addressed with the nomination committee's guidance. In terms of our board charter, an internal evaluation was undertaken for 2023, and the outcomes were presented to the board.

The evaluation found no significant matters of concern. The board continues to function effectively and there is strong adherence to good corporate governance. The board has depth in traditional core skill areas and is proactively addressing the succession of long-standing directors.

Conclusion

The board is satisfied that it complied with the provisions of the Companies Act and relevant laws of establishment relating to its incorporation and that the company is operating in conformity with its MoI and other relevant constitutional documents. The board is also satisfied that it fulfilled its responsibilities in accordance with its charter and King IV during the reporting period.

Executive leadership

We have conviction in Exxaro's Sustainable Growth and Impact strategy. We are on the right path and focus is critical.



Dr Nombasa Tsengwa (59)
CEO

KEY

- Executive director
- Energy
- Executive committee



Riaan Koppeschaar (53)
Finance director



Kgabi Masia (48)
Chief coal operations officer



Leon Groenewald (57)
Managing director: energy



Mongezi Veti (60)
Chief sustainable impact officer



Johan Meyer (55)
Chief technology officer



Andiswa Ndoni (56)
Group company secretary
(ex officio)
Chief strategic resilience and
governance officer



Joseph Rock (54)
Chief people and
performance officer



Richard Lilleike (51)
Chief growth officer

Executive leadership continued

Dr Nombasa Tsengwa (59)

CEO

Appointed 1 August 2022

 See full CV on our [website](#)

Riaan Koppeschaar (53)

Finance director

Appointed 1 July 2016

 See full CV on our [website](#)

Kgabi Masia (48)

Chief coal operations officer

Appointed 1 March 2022

*BTech (extractive metallurgical) (University of Johannesburg),
Advanced Management Programme (INSEAD)*

Skills and experience

Kgabi has spent his career primarily within the Energy Coal business at BHP Billiton and South32 within South Africa and more broadly across the continent with additional exposure to other minerals such as Aluminium and Manganese. His early career with BHP Energy Coal was spent in several highly technical roles firstly as a metallurgist, project engineer and business improvement lead. In 2004, Kgabi was appointed process and metallurgical manager before progressing to general manager, processing and later to head of integrated operations within BHP Energy Coal. With the South32 spun off in 2015, Kgabi was appointed vice-president operation and later moved to a role of South32 Africa region vice-president commercial for coal, manganese and aluminium responsible for energy and logistics strategy and supply chain. From 2018 until 2021, Kgabi served as president, South Africa energy coal with oversight operations and P&L, leading 4 100 FTEs (and more than 4 000 contractors), driving the overall strategy overseeing acquisition by Seriti Resources. Kgabi has served on many boards, including RBCT, was both the chair of Glencore JV with South32 Coal and the chair of their London marketing company. He has formerly served with the Minerals Council, where he served as chair of its coal leadership forum.

Leon Groenewald (57)

Managing director: energy

Appointed 1 April 2023

CA(SA), Associate member of CIMA

Skills and experience

Leon joined Exxaro (then Iscor) in 1997, during this time he occupied the following roles: manager: finance and administration (1997 to 1999); head of finance: coal (1999 to 2011); performance manager: growth (2012 to 2014); group manager: strategic investments (2015 to 2016); general manager: corporate finance (2016 to 2019); and finally seconded to Exxaro's energy business from 2019 to date. He was appointed as MD of the energy business in 2023. His skills include leadership in various teams, strategic planning and execution, finance and deal making.

Richard Lilleike (51)

Chief growth officer

Appointed 1 October 2023

BSc(Eng) (University of Cape Town), MA Business Administration (Wits)

Skills and experience

Richard has almost 30 years of engineering, consulting and investment banking experience. Having started his career working at Eskom's power stations and then at EL Bateman in project management, Richard joined Marsh McLellan as an enterprise risk consultant, consulting primarily to the mining sector on a global basis. Subsequently, Richard joined Standard Chartered Bank as a mining investment banker, eventually leading the southern Africa mergers and acquisitions team originating and executing on a range of transactions across mining and metals, oil and gas, renewable energy, industrial and agricultural sector deals across the African continent.

Johan Meyer (55)

Chief technology officer

Appointed 1 April 2015

BEng (metallurgy) (University of Pretoria), MBA (University of Stellenbosch), Advanced Management Programme (INSEAD), Certified director (IoDSA)

Skills and experience

Johan started his career in production management at Iscor's Pretoria steel works. He worked at KZN Sands, headed research and development at Kumba Resources as part of the leadership team of Mineral Sands (Tronox), was BU manager of Zincor and Exxaro corporate office. His current role focuses on delivering coal growth projects of approximately R20 billion as well as developing integrated resource and reserve LoM plans and supporting implementation of the minerals strategy. He is passionate about leading people and powering better lives.

Andiswa Ndoni (56)

Group company secretary (ex officio member appointed 1 November 2021) and chief strategic resilience and governance officer

Appointed 1 August 2023

BProc (University of Transkei, now WSU), LLB (University of Natal), Global Executive Development Programme (University of Pretoria, GIBS), Certificate in Corporate Governance (University of Johannesburg), Certificate in Advanced Company Law (Wits), Coaching for Development Certificate from the (University of Cape Town)

Skills and experience

Andiswa is an admitted attorney of the High Court of South Africa. She has over 30 years' experience as an attorney and 17 years as a company secretary. Andiswa is a former company secretary and legal counsel for Basil Read Limited and a former group company secretary and group executive for governance, compliance and sustainability for Barloworld Limited. She also sits on the Competition Tribunal as a part-time member.

Joseph Rock (54)

Chief people and performance officer

Appointed 16 October 2023

BA (Hons), MA (University of Essex, UK), ACA (UK), Advanced Management Programme (INSEAD)

Skills and experience

Joseph is a chartered accountant with over 30 years' business experience spanning the consulting, public and private sectors. He has spent the past 15 years holding various roles across the human capital value chain, most recently as the former group head of people experience and chief operating officer for people and culture for Absa Group Limited, spanning 10 countries across the African continent. He has held various board roles including 10 years as a non-executive director of Shoprite Holdings Limited, serving four years as the chair of the remuneration committee.

Mongezi Vetu (60)

Chief sustainable impact officer

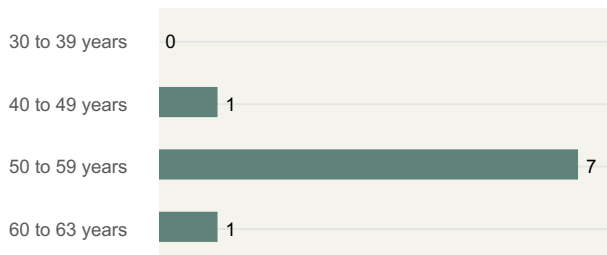
Appointed 1 April 2015

HDip (metalliferous mining and coal mining) (University of Johannesburg), MBL (Unisa), Advanced Management Programme (Wharton), Mine Overseer's Certificate, Mine Manager's Certificate of Competency (fiery mines)

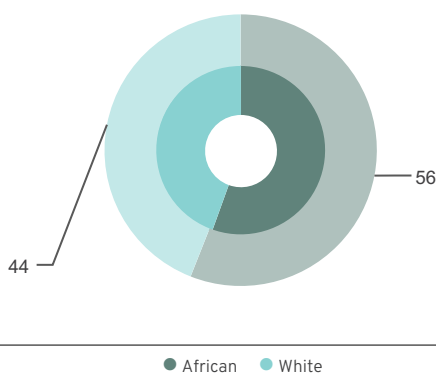
Skills and experience

Since the start of his career, Mongezi earned extensive mining experience in the gold, platinum and coal sectors. He is a certificated professional engineer registered with the Engineering Council of South Africa. Mongezi was also placed third in the Sustainability magazine's list of top 10 chief sustainability officers in 2022.

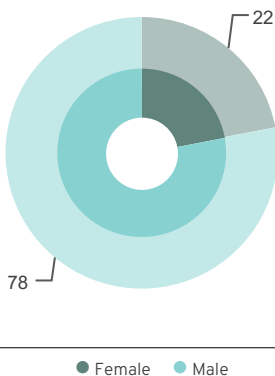
Executive age diversity (an average age of 55)



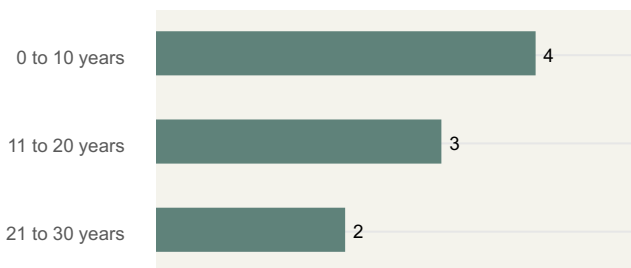
Executive race diversity (%)



Executive gender diversity (%)



Executive tenure at Exxaro



Exxaro policy requires all employees, including executives, to retire at the age of 63.

The Exxaro executive team has more than 102 years of combined service since Exxaro’s inception.

Changes to the executive

Guided by our Sustainable Growth and Impact strategy, Exxaro established an energy business – Cennergi – underpinned by three pillars: distributed generation, utility generation, and services. To support strategy execution, Exxaro undertook an extensive process to appoint Leon Groenewald as the new managing director for Cennergi, effective 1 April 2023.

To further support the execution of the Sustainable Growth and Impact strategy, Exxaro, using an organisational effectiveness process, made the following executive appointments:

- Andiswa Ndoni as chief strategic resilience and governance officer, effective 1 August 2023
- Richard Lilleike as chief growth officer, effective 1 October 2023
- Joseph Rock as chief people and performance officer, effective 16 October 2023

Exxaro bid farewell to Alex de Angelis, executive head: strategy and business transformation, and Mzila Mthenjane, executive head: stakeholder affairs, who took up the position as CEO of the Minerals Council South Africa. We thank Alex and Mzila for their valuable contributions to Exxaro and we wish them well in their future endeavours.

Roles and responsibilities of Exxaro’s executive committees

The roles and responsibilities of Exxaro’s board are distinct from those of senior management as outlined in the group governance framework, board charter and DoA policy and framework. This ensures transparency, confidence and mutual trust where the board can constructively challenge and guide senior management. The functions of management therefore remain the responsibility of the executive directors, prescribed officers and other members of senior management.

The executive committee assists the CEO in managing the business. It leads the implementation and execution of strategy, policies and operational planning, subject to statutory limitations and enabled by the board’s delegation of authority. In carrying out its duties, the executive committee considers the King IV governance principles, the company’s MoI, the committee’s terms of reference, delegations of authority and the group governance framework.

The board is responsible for establishing the business objectives and targets of the group and for providing the strategic direction and control of the group’s business activities.

Group executive committee: Focuses on group operations and business.

Cennergi executive committee: Solely assists the CEO in managing Exxaro’s energy business.

Committees that support the group executive committee

The group executive committee formed the following sub-committees to support and report to it:

1. **ESG steering committee:** To integrate and embed ESG in our strategy and everything we do
2. **ESD committee:** To integrate, implement and embed ESD
3. **Management ethics committee:** To ensure a robust ethics management process and assist in the elimination of corruption, including fraud, extortion and bribery
4. **Group investment review committee:** To oversee management review processes for major investments and divestments
5. **Insider dealing committee:** To provide guidance and clarity to employees and directors on insider trading or price-sensitive information and prohibited or closed periods
6. **Executive risk management committee:** To ensure a robust risk management process is followed

Executive leadership continued

Executive committee performance

The group executive team held four quarterly meetings and seven special meetings in 2023:

Members	Designation	Attendance at quarterly meetings	Attendance at special meetings
Dr Nombasa Tsengwa	CEO and chairperson	4/4	7/7
Riaan Koppeschaar	Finance director	4/4	7/7
Hemuna Bhola	Acting executive head: human resources	3/3*	6/6
Alex de Angelis	Former executive head: strategy and business transformation	3/3**	4/4
Richard Lilleike	Chief growth officer	1/1***	2/2
Kgabi Masia	Chief coal operations officer	3/4	7/7
Johan Meyer	Chief technology officer	4/4	7/7
Mzila Mthenjane	Former executive head: stakeholder affairs	2/3**	4/5
Andiswa Ndoni	Group company secretary (ex officio) and chief strategic resilience and governance officer (from 1 August 2023)	4/4	7/7
Joseph Rock	Chief people and performance officer	1/1***	1/1
Mongezi Veti	Chief sustainable impact officer	4/4	7/7

* Hemuna Bhola stepped down as acting executive head: human resources with the appointment of Joseph Rock.

** Alex de Angelis and Mzila Mthenjane left Exxaro's employ in August 2023.

*** Richard Lilleike was appointed 1 October 2023 and Joseph Rock 16 October 2023.

The energy executive team held nine meetings in 2023:

Members	Designation	Attendance
Dr Nombasa Tsengwa	CEO and chairperson	9/9
Riaan Koppeschaar	Finance director	9/9
Leon Groenewald	Managing director: Cennergi	8/9

Strategic performance management dashboard

A reimagined strategic performance management dashboard has been developed to enable visibility of strategy execution and facilitate strategic conversations at the right time within our tiered group governance structure.

For more on our performance see:



[Performance against our strategy and outlook](#) (integrated report, page 50)



[Delivering measurable results and impact](#) (page 19)

Group company secretary

Andiswa Ndoni was appointed group company secretary and legal, effective 1 November 2021. The board recognises the important role the group company secretary plays in establishing effective processes and systems to ensure good corporate governance is entrenched in Exxaro. The group company secretary's role and responsibilities are to:

- Guide the directors collectively and individually in their duties, responsibilities and powers
- Make directors aware of any law relevant to the company
- Report any failure on the part of the company or a director to comply with the Mol or Companies Act
- Ensure board procedures are followed and reviewed regularly
- Ensure compliance with applicable rules and regulations for conducting the affairs of the board
- Facilitate a programme for the induction and ongoing development of directors
- Maintain statutory records in accordance with legal requirements
- Guide the board on proper discharge of its responsibilities in the best interests of the company
- Provide professional and independent guidance on corporate governance matters to assist the board in exercising ethical and effective leadership
- Keep abreast and inform the board of current and new developments regarding corporate governance practice
- Fulfil all other functions assigned to the position by the Companies Act and by any other legislation
- Ensure proper compilation and timely circulation of board papers
- Obtain appropriate responses and feedback on specific agenda items and matters arising from earlier meetings in board deliberations
- Ensure that the proceedings of the board, board committees and shareholder meetings are properly recorded and minutes of meetings are circulated to the directors timeously
- Assist the nomination committee in evaluating the performance of the board, its committees and individual directors

The board evaluated the group company secretary in compliance with paragraph 3.84(h) of the JSE Listings Requirements and was satisfied with her competence, qualifications and experience. The board was comfortable that she maintained an arm's length relationship with individual directors and that she was neither a director nor a public officer of the company or any of its subsidiaries.

Audit committee report

Dear shareholders,

I am pleased to present the audit committee report, which reflects the committee’s independent role with accountability to the board and shareholders for the year ended 31 December 2023.

Nondumiso Medupe
Audit committee chairperson



Committee overview

Composition

Committee members are elected at the AGM by shareholders on recommendation from the board, through the nomination committee.

Through its recommendations, the board ensures a balance of skills and experience, with a focus on financial literacy, to enable the committee to discharge its function. All committee members are independent non-executive directors.

Vuyisa Nkonyeni, former independent non-executive director and chairperson of the audit committee, and Isaac Mophatlane, independent non-executive director and committee member, retired by rotation at the AGM on 18 May 2023.

On recommendation from the board, shareholders at the 2023 AGM approved the appointment of Nondumiso Medupe as independent non-executive director and audit committee member. Nondumiso was appointed by the board as the audit committee’s first female chairperson.

To increase membership of the committee, the board, on recommendation from the nomination committee, appointed Nosipho Molope as independent non-executive director and member of the audit committee, effective 3 January 2024. Her appointment will be submitted to shareholders for approval at the 2024 AGM.

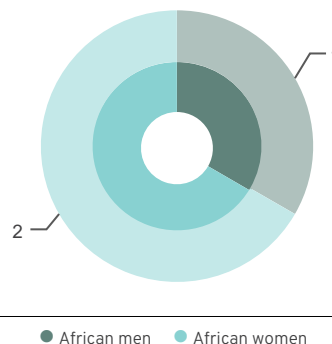
In 2023, the committee maintained its minimum membership of three independent non-executive director members.

The board is satisfied that the committee members have the necessary academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

 Refer to [board of directors](#) (page 132) for members’ qualifications and experience.

Meeting attendees include the CEO, finance director, members of the executive team and senior management representing areas relevant to discussions of the audit committee, as well as the independent external auditor, the head of internal audit and group manager risk, either by standing invitation or as required. The internal and external auditors have unrestricted access to the audit committee.

Gender and racial diversity



Meetings

As determined by its terms of reference, the committee held four scheduled meetings and two special meetings in 2023.

Members	Designation	Attendance at quarterly meetings	Attendance at special meetings
Nondumiso Medupe	Independent non-executive director and audit committee chairperson	4/4*	2/2*
Billy Mawasha	Independent non-executive director	4/4	2/2
Chanda Nxumalo	Independent non-executive director	3/4	1/2
Isaac Mophatlane	Independent non-executive director	1/1**	1/1**
Vuyisa Nkonyeni	Independent non-executive director	1/1**	1/1**

* Nondumiso Medupe’s appointment as member on 3 January 2023 was approved at the AGM on 18 May 2023.

** Vuyisa Nkonyeni (former chairperson of the audit committee) and Isaac Mophatlane (former member) retired as members at the AGM on 18 May 2023.

Two additional annual sessions are held with the independent external auditor and internal auditor, separately and without management present, to exchange views and concerns to further strengthen the committee’s independent oversight.

Audit committee report continued

Role and purpose

The audit committee is an independent statutory committee with members appointed annually by Exxaro's shareholders in compliance with section 94 of the Companies Act and the principles of good governance. In terms of the Companies Act, this committee has an independent role and is accountable to the board and company's shareholders.

The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability for the functions performed by other board committees. In addition to the Companies Act, the committee's duties are guided by the JSE Listings Requirements and King IV.

The committee's terms of reference govern its role and responsibilities. To assist the board, the committee plays an essential role in providing independent oversight of:

- Quality and integrity of the financial statements and related public announcements
- Integrity and content of the integrated reporting process
- The external auditor's qualification and independence
- The external audit function's scope and effectiveness
- Scope and effectiveness of the overall combined/integrated assurance process
- Efficacy of internal controls and the internal audit function

- Assessing the adequacy of the company's insurance arrangements regarding the nature of its business and insurable risks
- Integrity and efficacy of the risk management process relating specifically to internal controls and financial reporting risks through assurance of system controls and policies in place

Terms of reference










The board reviewed and approved the committee's terms of reference, which align with legislation, regulations, King IV and the IoDSA guidance for audit committees.

Performance evaluation

As there is no regulatory requirement to conduct an external independent performance assessment annually and, while King IV recommends regular performance evaluations for all board committees, it has become a governance practice at Exxaro to conduct such independent assessments every second year.

During the year, in accordance with King IV recommendations, the board conducted an internal evaluation of the committee's performance and effectiveness. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Appointment of Nondumiso Medupe as the first female chairperson of the audit committee	
Exxaro Insurance Company Limited's successful implementation of IFRS 17 Insurance Contracts, which became effective on 1 January 2023	 
The committee reviewed the internal audit charter as required by the International Standards for the Professional Practice of Internal Auditing	 
The committee considered technology and innovation which will be integral for the effectiveness of the internal audit function to ensure (inter alia) an enhanced control environment, which will be deployed over the next three years	 
The committee approved the updated combined assurance model to include the five lines of assurance wherein the lines of assurance are differentiated by the level of risk ownership and the independence of assurance effort	 

Committee statements

Finance director and finance function

The committee considered and reviewed an internal assessment of Riaan Koppeschaar's expertise and experience as the finance director and is satisfied that he has the appropriate experience and expertise to execute his responsibilities. The evaluation considered the appropriateness of the expertise and adequacy of resources in the finance function.

Annual financial statements

The committee ensured that the finance function re-evaluated its disclosures in line with latest accounting developments. A clear focus was placed on financial reporting risks and controls presented by geopolitical macro-economic conditions including supply chain disruptions, inflation, interest rates and market volatility.

The group and company annual financial statements for the year ended 31 December 2023 were prepared by management, reviewed by the committee and the board and audited by the independent external auditor.

The committee is satisfied that the group and company annual financial statements for the year ended 31 December 2023 comply with the relevant provisions of the Companies Act, IFRS[®] Accounting Standards interpretations issued by the IFRS Interpretations Committee (IFRIC[®] Interpretations), the JSE Listings Requirements and applicable accounting policies and practices. The committee is satisfied that the group and company annual financial statements fairly present a balanced view of the group and company's financial position, financial performance and cash flows.

Effectiveness of internal financial controls

During the year, the committee, with input and reports from the independent internal and external auditors, reviewed the system of internal financial reporting procedures based on the ERM framework. This review included consideration of all Exxaro entities within the consolidated group to ensure that the committee had access to all financial information to allow for effective preparation and reporting on the group and company annual financial statements for the year ended 31 December 2023. Informed by these reviews, the committee confirmed that no material findings came to the committee's attention to indicate the ineffectiveness of internal financial reporting controls during 2023.

Independent external auditor

KPMG was the independent external auditor for 2023, with its delivery partner, AM PhakaMalele. Their reappointment was approved by shareholders as presented by separate resolution at the AGM on 18 May 2023, in terms of the JSE Listings Requirements paragraph 3.84.

Assessment and recommendation

Having assessed the suitability of the appointment of the external auditor and designated audit partner, the committee is satisfied that KPMG is independent of the group as per section 94(8) of the Companies Act.

The committee considered the relevant information under paragraph 3.84(g)(iii) of the JSE Listings Requirements. Thus, the committee executed its responsibility to consider the suitability of the external auditor and designated individual auditor, as required by paragraphs 3.84(g)(iii) and 3.87 (and previously paragraph 22(15)) and in terms of their mandate required by paragraph 3.86 of the JSE Listings Requirements.

The committee recommends KPMG with its delivery partner, AM PhakaMalele, for reappointment for the ensuing year ending 31 December 2024 at the upcoming AGM on 23 May 2024 by way of a separate resolution by shareholders in terms of the JSE Listings Requirements paragraph 3.84(g)(iv) and section 61(8) of the Companies Act.

Independent external auditor fees

Fees paid to KPMG for 2023 and 2022 are disclosed in the group and company annual financial statements for the year ended 31 December 2023.

The policy for engagement of the external auditor to supply assurance and other services was reviewed in 2023. The committee considered the Revisions to the Non-Assurance Services Provisions of the Code from the International Ethics Standards Board for Accountants and the Revisions to The Non-Assurance Services Provisions of the Code from Independent Regulatory Board for Auditors, and set the threshold for assurance and other services for the external auditor at a maximum of 20% of the statutory audit fee for any given financial year end. It was confirmed that KPMG, in terms of its internal policy, will not provide any advisory or tax services to its audit clients.

During the review period, the following fees were paid to the independent external auditor:

	2023 Rm	2022 Rm
Statutory audit fees	30.3	27.5
Non-audit service fees	3.0	1.7
Total	33.3	29.2

The committee is satisfied with the level and extent of assurance and other services rendered by KPMG during the year, which did not affect its independence.

Registered with regulator

The audit committee is satisfied that Safeera Loonat, as designated individual auditor, and KPMG are registered in compliance with paragraph 3.87 of the JSE Listings Requirements.

Transformation

For both 2023 and 2022, KPMG partnered with AM PhakaMalele, a level 1 B-BBEE company, honouring Exxaro's commitment to transformation.

Internal auditor

The committee ensured the internal audit function focused on the company's key risks and is a valuable resource for the audit committee and the organisation.

The internal audit function is partially outsourced to PwC under the management control of Exxaro's head: internal audit. PwC partnered with a level 1 B-BBEE company, Ngubane & Co, to fulfil the internal audit support function. Their responsibilities are detailed in an internal audit charter approved by the committee, which is reviewed and approved annually with an internal audit plan.

The main function of internal audit is to express an opinion on the effectiveness of governance, risk management and systems of internal controls as well as the internal control environment within the group.

The internal audit function provides an independent and objective consulting service designed to add value, maintain assurance and improve Exxaro's operations. The committee is pleased with the overall performance of the internal audit function and the services provided.

Internal audit charter

The committee reviewed the internal audit charter as required by the International Standards for the Professional Practice of Internal Auditing.

It approved the following:

- Transition from a predominately outsourced model with key inhouse employees. This will allow Exxaro to retain valuable institutional knowledge. Internal auditors who are familiar with the group's culture, processes and history can provide deeper insights into risks and control issues. Co-sourcing will allow Exxaro to adjust the size and composition of the audit team based on our changing needs, without the fixed costs associated with maintaining a large inhouse team, as some of the resources can be pulled from our service providers
- Improvement of the independence and objectivity of the internal audit function by shifting administrative reporting from the finance director to the CEO, with functional reporting to the audit committee chairperson remaining in place
- Reallocation of the portfolio of group security and combined assurance from the internal audit function in line with best practice to the chief sustainable impact officer and the chief strategic resilience and governance officer, respectively
- Integration of technology and innovation for enhanced efficiency and effectiveness of the function, leading to:
 - An improved control environment
 - Enhanced organisational performance
 - Business insight reporting
 - Efficient audits with reduced costs using exception-based auditing
 - Effective use of audit resources
 - Deployment of real-time key risk monitoring over the next three years

Audit committee report continued

Combined assurance

As required by King IV, assurance was broadened to cover all sources of assurance, including external assurance, internal audit, management oversight and regulatory inspections. The combined assurance model has been updated to include the introduction of the five lines of assurance to differentiate the level of risk ownership and independence of assurance efforts and by providers.

The model incorporates and optimises all assurance services and functions to enable an effective control environment and support the integrity of information used for internal decision making by management, the governing body and its committees and the organisation's external reports.

An annual combined assurance plan is submitted for approval to the audit committee, detailing all proposed assurance activities within the group, including the level of assurance. The committee ensures alignment of the combined assurance plan, internal audit plans and external audit plans. Risk acceptance, level 1 finding disclosure process and risk extension requests are adopted as protocols.

The committee's role is to review the effective establishment and operation of combined assurance within the group. To this end, the company established a combined assurance framework. The committee is satisfied that the combined assurance framework is a platform to coordinate Exxaro's assurance functions. The combined assurance framework coordinates assurance coverage for Exxaro's risk exposure as identified and ranked by Exxaro's risk management function, including optimisation of assurance functions aligned with King IV recommended assurance practices.

The committee is satisfied with the arrangements for ensuring an effective and efficient combined assurance model within the group.

Technology and information governance

In terms of King IV, the committee exercises oversight of technology and information governance.

The committee received reports on the group's digital transformation as well as the impact of cyber risk on information technology performance to support strategy execution.


As information governance plays a pivotal role in ensuring alignment with organisational objectives and adherence to industry benchmarks, the information management governance framework was aligned with recognised industry standards, including ISO 27001, COBIT 2019, ITIL 4, ISO 31000 and ISO 27031, among others.

To further enhance decision making, oversight and strategic direction, several management governance forums have been implemented in 2023. A number of foundational policies support these structures by guiding behaviour, expectations and operations.

Other key matters in review

The committee exercised oversight of the following matters in 2023:

- **Exxaro Insurance Company Limited:**
 - As it is increasingly challenging for companies with a large carbon footprint to obtain insurance cover at competitive terms, this is a focal point for the committee. Exxaro has a separate captive insurance company registered in terms of the Insurance Act, 2017 (Act 18 of 2017) to manage short-term insurance arrangements, being Exxaro Insurance Company Limited

- A formal memorandum is submitted quarterly to the committee, setting out the main activities of the insurance company
- The committee considered regulatory compliance, level of self-insurance, financial position, external audit plan for the 2023 audit, investment strategy, insurance renewal programme, and associated cost and exclusions during the period under review
- The committee reviewed Exxaro's strategy regarding insurance cover and self-insurance
- The committee was informed and kept abreast of the implementation of IFRS 17 *Insurance Contracts*
- **Tax compliance status and reporting:** Reporting to the committee includes reporting on all tax matters, including tax audits, tax disputes with tax authorities and status of tax returns and payments. The committee was also appraised of global tax developments. The committee is satisfied that the group is tax-compliant ( tax report)
- **Macro-economic and commodity price forecast review:** During the year, the committee reviewed and was satisfied with the key macro-economic indicators and assumptions used to compile the 2024 budget
- **Group hedge and loan covenant compliance:** The committee is satisfied with the group's hedge effectiveness and loan covenant position applicable to each facility within the group
- **Counterparty and dealer limits:** The committee considered the criteria for selection of multi-fund managers and approved the revised dealer limits and counterparty limits for the group's treasury operations in the financial markets
- **External audit plan:** The committee approved the external audit plan and approach for the financial year ended 31 December 2023
- **Treasury risk management and hedging policy:** The committee considered the revised policy and recommended it for board approval
- **Policy for engagement of independent external auditor for assurance and other services:** The policy was revised with some services excluded, particularly those involving management functions or management decision making. The committee recommended the policy for board approval
- **Significant internal audit findings and forensic investigations:** The committee ensured corrective measures were in place where internal audit or forensic investigations identified internal control deficiencies. The committee will continue to monitor the efficacy of these measures
- **Management representation letter:** The committee authorised the CEO and finance director to sign the management representation letter for the interim and year-end reporting periods
- **Internal audit report:** The committee considered the status of the execution of the annual internal audit plan and results of completed audits
- **Regulatory changes:** The committee noted the amendments to the JSE Listings Requirements and the JSE Debt Listings Requirements dealing with auditor accreditation, new and revised accounting standards and pronouncements, and the impact of these on the group
- **Sustainability KPI:** The committee noted the performance and assurance opinion and recommended that the board monitors progress toward carbon neutrality by 2050
- **Director education and development:** The committee received an update on accounting developments relating to climate-change disclosures
- JSE proactive monitoring and thematic reviews

Future focus

Key focus areas 2023/2024

Monitoring implementation of the strategy concerning the deployment of new post-modern enterprise resource planning solutions to ensure acceptable cost, risk and alignment with the Exxaro strategy

Ensuring alignment of the combined assurance process, internal audit plan and external audit plan in terms of a risk-based approach

Reviewing Exxaro's future strategy regarding insurance cover and self-insurance, taking into account global resistance to thermal coal and insurance markets

Enhancing the committee composition and skills set

Monitoring and considering the impact of cyber security risks and use of artificial intelligence in the finance and internal control environment

Managing talent challenges in the finance and internal audit functions as a result of global war for talent

Reviewing the transition from a predominantly outsourced model to a co-sourcing internal audit model ensuring Exxaro's transformation objectives are achieved

Conclusion

In carrying out its duties, the committee has due regard to its terms of reference, the Companies Act, the JSE Listings Requirements and the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference and confirms that it fulfilled its mandate and responsibilities in terms of the Companies Act, the JSE Listings Requirements (paragraph 3.84(g) in particular) and King IV.

On behalf of the audit committee



Nondumiso Medupe

Audit committee chairperson

10 April 2024

Investment committee report

Dear shareholders,

I am pleased to present the investment committee report as we work to responsibly further the strategic objective of transitioning at speed and scale in support of Exxaro's purpose and vision for the year ended 31 December 2023.

Ben Magara
Investment committee chairperson



Committee overview

Composition

The board appoints committee members on the recommendation of the nomination committee. The board ensures that there is a balanced blend of skills and experience so the committee is able to discharge its function.

In 2023, the committee had four independent non-executive directors and two non-executive directors. The board is satisfied that the committee members have the necessary experience.

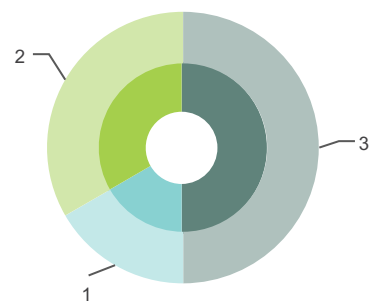
Isaac Mophatlane (former chairperson of the committee) and Vuyisa Nkonyeni (former committee member) retired by rotation at the AGM on 18 May 2023.

The committee welcomed the appointment of Ben Magara as a member and chairperson of the committee from 18 May 2023.

The CEO, finance director and chief growth officer attend investment committee meetings as standing invitees. Other members of the executive team and senior managers representing areas relevant to investment committee discussions attend meetings as required.

 Refer to [board of directors](#) (page 132) for members' qualifications and experience.

Gender and racial diversity



● African men ● White men ● African women

Meetings

The committee held two scheduled quarterly meetings and three special meetings in 2023:

Members	Designation	Attendance at scheduled meetings	Attendance at special meetings
Ben Magara	Independent non-executive director and committee chairperson	1/1*	3/3
Isaac Malevu	Non-executive director	1/2	2/3
Billy Mawasha	Independent non-executive director	2/2**	2/3
Mandlesilo Msimang	Non-executive director	2/2	2/2
Chanda Nxumalo	Independent non-executive director	2/2	3/3
Peet Snyders	Independent non-executive director	2/2	3/3
Isaac Mophatlane	Independent non-executive director	1/1***	
Vuyisa Nkonyeni	Independent non-executive director	1/1***	

* Ben Magara appointed as member and chairperson, effective after the 2023 AGM.

** Billy Mawasha was recused from one meeting and one agenda item of another meeting.

*** Isaac Mophatlane (former committee chairperson) and Vuyisa Nkonyeni (former member) retired by rotation at the AGM on 18 May 2023.

Role and purpose

This committee plays a key role in the execution of the Exxaro Sustainable Growth and Impact strategy.

The committee has an independent role where it:

- Reports to the board on material acquisition, merger, investment, or disposal opportunities
- Exercises ongoing oversight of transactions and related matters in the scope of the approved energy and minerals sustainable growth strategy, including portfolio management of these businesses and post-investment reviews

Importantly, the committee reviews the strategic fit, risk assessment and outcomes of financial, technical and legal due diligence for major investments. It ensures adherence to all Exxaro’s governance processes and that we meet the approved hurdle rates, set from time to time, before we commit any funds.

An investment opportunity will, therefore, first serve at the investment committee, where a detailed review will be conducted in line with the investment criteria approved by the board. After the review, the committee may recommend the investment opportunity to the board for final approval.

Terms of reference

We reviewed the committee’s terms of reference in line with principle 8 of King IV, with minor amendments and rephrasing enhancements. The board approved the revised terms of reference which align with legislation, regulations and King IV.

Conflict of interest











The committee’s mandate requires that disclosure of interest is in focus at the time of circulating information to the committee members and before the commencement of any meeting. Any declaration or recusal by members is captured in the meeting minutes to ensure transparency.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

At the end of 2023, an internal evaluation of the performance and effectiveness of the committee was conducted in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee’s ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Monitored the minerals and energy growth pipelines	 
Reviewed the energy investment criteria	 
Monitored progress in the implementation of the LSP and recommended the investment decision for board approval	 
Considered, guided and recommended participation in proposed acquisitions to fit long-term minerals and energy strategy	 
Noted outcomes of due diligence processes and monitored progress regarding various proposed transactions in line with executing the Exxaro strategy	 

Other key matters in review

- Considered the post-investment review of the 50% acquisition of Cennergi Proprietary Limited from Tata Power in 2019
- Considered the review of the South African weighted average cost of capital (WACC) and the revised US and AU WACC methodology for the group
- Reviewed committee terms of reference

Future focus

Key focus areas 2023/2024
Monitoring divestments and acquisitions
Reviewing and recommending for approval investment guidelines for minerals (energy review completed)
Monitoring the energy and minerals ESG KPIs and dashboard
Continuing to guide and recommend participation in proposed acquisitions that fit our long-term minerals and energy strategy

Conclusion

The committee, in carrying out its duties, has due regard of its terms of reference and the principles and recommended practices of King IV. The committee is satisfied that it has conducted its affairs and discharged its responsibilities in accordance with its terms of reference.

On behalf of the investment committee



Ben Magara
Investment committee chairperson
10 April 2024

Logistics committee report

Dear shareholders,

I am pleased to present the logistics committee report for the year ended 31 December 2023. The committee was established early in 2023 to guide mitigation of rail logistic challenges to ensure Exxaro's continued sustainable growth.

Zwelibanzi Mntambo
Logistics committee chairperson



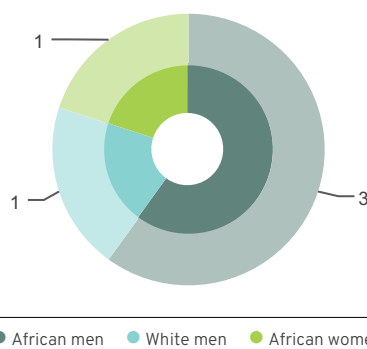
Committee overview

Composition

Committee members are appointed by the board, on recommendation of the nomination committee, to ensure there is a balanced blend of skills and experience so that the committee is able to discharge its function. The board is satisfied that the committee members have the necessary experience. The committee consisted of four independent non-executive directors and one non-executive director.

 Refer to [board of directors](#) (page 132) for members' qualifications and experience.

Gender and racial diversity



Meetings

The committee held four scheduled meetings in 2023.

Members	Designation	Attendance at scheduled meetings
Zwelibanzi Mntambo	Non-executive director and logistics committee chairperson	4/4
Ben Magara	Independent non-executive director	2/4
Dr Phumla Mnganga	Independent non-executive director	4/4
Mvuleni Geoffrey Qhena	Independent non-executive director	4/4
Peet Snyders	Independent non-executive director	4/4

Role and purpose

Early in 2023, the board established a non-remunerative ad hoc board committee to address the threat of rail capacity unavailability to Exxaro's strategy. The role of the logistics committee is to monitor and report on the development of long-term solutions for logistic access to international markets, identification of medium-term solutions and alternatives and related matters.

In the second half of the year, on recommendation from the nomination committee, the board approved this committee as a standing committee of the board.

The committee has an independent role in terms of which it operates and makes recommendations to the board, monitors on behalf of the board and reports to the board on mainly:

- Development of long-term solutions for logistics to access international markets for coal and minerals
- Identification of medium-term logistics solutions and alternatives to mitigate TFR issues to increase volumes

Terms of reference









The committee’s terms of reference were drafted and aligned with legislation, regulations and King IV. The committee is satisfied that it has conducted its affairs and discharged its responsibilities in accordance with its terms of reference.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

Although this is a new committee, we conducted an internal evaluation of its performance and effectiveness at the end of 2023, in accordance with King IV recommendations. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Established a logistics committee to assist and guide management in addressing the rail logistics challenges impacting operational performance and stakeholder value	 
Monitored the execution of the Exxaro logistics vision for the short, medium and long term, including opportunities existing in and outside of South Africa, to address logistics challenges	 
Considered the progress on the logistics programme and key initiatives identified in the logistics vision, including various interim solutions	 
Monitored the coal industry working group’s progress on addressing challenges on the coal line in collaboration with TFR	 

Future focus

Key focus areas 2023/2024
Continuing with oversight of the development and review of the long-term logistics solutions to access international markets
Continuing to monitor the identification and review of medium-term logistics solutions to mitigate TFR risk and increase exports

Conclusion

The committee, in carrying out its duties, has due regard of its terms of reference and the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities.

On behalf of the logistics committee



Zwelibanzi Mntambo
Logistics committee chairperson

10 April 2024

Nomination committee report

Dear shareholders,

From a governance perspective, the committee fulfilled its commitment to reviewing board composition, overseeing the implementation plan arising from the board evaluation process aimed at achieving desired governance outcomes and the group’s purpose, and executed Exxaro’s annual interface with shareholders in creating long-term value.

Mvuleni Geoffrey Qhena
Nomination committee chairperson



Committee overview

Composition

The committee benefits from cross-membership with the remuneration committee. The terms of reference require the committee to comprise at least three non-executive directors, with the majority being independent.

The board ensures committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions. The CEO may not be a member of this committee but is a standing invitee to meetings. Executive management may attend committee meetings if and when necessary.

There were no changes to committee membership in 2023.

 Refer to [board of directors](#) (page 132) for members’ qualifications and experience.

Gender and racial diversity



● African men ● African women ● Coloured women

Meetings

The committee met formally four times during the year and had no special meetings. The committee’s attendance of 100% indicates high levels of engagement and commitment by its members.

Members	Designation	Attendance at quarterly meetings
Mvuleni Geoffrey Qhena	Independent non-executive director and nomination committee chairperson	4/4
Geraldine Fraser-Moleketi	Lead independent non-executive director	4/4
Dr Phumla Mnganga	Independent non-executive director	4/4
Zwelibanzi Mntambo	Non-executive director	4/4

Role and purpose

In line with the JSE Listings Requirements, the committee is constituted as a committee of the board in terms of the Companies Act, the company's MoI and King IV. The committee is governed by its board-approved terms of reference which set out its role and responsibilities.

The main purpose of the committee includes to:

- Determine and evaluate the adequacy, efficiency and appropriateness of the group governance structure, practices and processes
- Ensure that the board's composition and structure enable it to effectively fulfil the obligations of the board mandate

The committee's areas of responsibility include:

- Reviewing the board composition and additional criteria
- Succession planning
- Performance evaluation
- Induction and training
- Oversight of corporate governance and statutory compliance

Terms of reference

The committee's terms of reference were reviewed in 2023 to include a broader role as a governance committee. The amendments were approved by the board. The terms of reference remain aligned with legislation, regulations and King IV.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Reduced the board size, while achieving and exceeding most board diversity and inclusion targets and building on our board skill and experience	
In managing and addressing the impact of rail capacity constraints, the committee considered and recommended the membership of the board logistics committee and the designation of the logistics committee as a standing board committee	
Revised and updated the group governance framework to keep it abreast with governance trends, reflect new board committee structures and management committees	
Reviewed, adopted and monitored the implementation of the 2022 independent board and board committee evaluation action report	
Reviewed the outcomes of Exxaro's annual board governance roadshow, ensuring that matters raised are reported to the board for consideration and implementation	

Board diversity and inclusion

Achieving a suitable board composition and appropriate balance of power between individual directors and/or groups of directors so the board will operate effectively and in the company's interests requires deliberate policy parameters and careful consideration. In keeping with good corporate governance, the board embraces the constitutional principles of equality and inclusion for all. The nomination committee enables the board's commitment to striving towards a knowledgeable, skilled, experienced, diverse and independent governing body that fully discharges its role and responsibilities with objectivity and effectiveness.

The committee focused on exceeding the gender diversity and inclusion target set by the board in 2021. We recognise that we need to do more on having people with disabilities on our board.

In respect of our gender diversity, we exceeded the 40% black female directors target with the appointment of Nondumiso Medupe and Nosipho Molope. The committee is pleased with the progress to date and will continue to consider targets set by the board in any future appointments. No changes were made to the 2021 targets.

In addition to its own targets, the board aims to pursue the compliance targets set by the dtic regarding management and control, and positively contributing to the B-BBEE rating.

Nomination committee report continued

The table below reflects current targets and Exxaro's achievement, enabled by the committee:

Target	Previous reporting period (3 January 2023)	Actual as at 3 January 2024	Status as at 3 January 2024
Size: Minimum of four and maximum of 20 members	17	16	Within target range
Race: 60% black (as defined in the B-BBEE Act)	82%	81%	Achieved
Gender: 40% black women (as defined in the B-BBEE Act)	41%	50%	Achieved
Age: Average of 55 years	55 years	56 years	Ongoing
Tenure: Average tenure of seven years (two years mentoring a successor), excluding executive	Three years	Four years	Ongoing
Appropriate diversity mix based on prevailing strategic objectives	The board directs its attention to the principles of balanced governing body authority by directing strategic decision making around broader diversity at board level. The range in gender, race, age, field of knowledge, skills and experience, and tenure make for well-informed and thoughtful consideration of all board matters.		

Note: The table includes executive directors and newly appointed Nosipho Molohe, and excludes Vuyisa Nkonyeni and Isaac Mophatlane, who both stepped down at the 2023 AGM.

Board size and composition

The number of board members should promote accountability, independence and healthy, constructive debate in line with the company's Mol and regulatory framework. In terms of the company's Mol, one third of all non-executive directors is subject to retirement by rotation and re-election by shareholders at least once every three years, if available and eligible to stand, subject to recommendation by the nomination committee and the board.

The nomination committee is responsible for the annual consideration of director retirement and recommendation for re-election and election to shareholders at the AGM. The committee conducts this by assessing an individual's performance, meeting attendance, age and diversity targets and tenure. This arises from the need to introduce members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity. The committee considers if a director is fit and proper to continue as a director, including an assessment of independence in terms of King IV.

The committee is cognisant of the board composition and size as this is integrated within the board continuity mandate. We have been working to reduce the board size from 18 to 16 since 2021. We will continue to responsibly monitor the board's size to ensure it has the right mix of skills, knowledge and experience to execute Exxaro's strategy.



Changes to the board will be presented to shareholders at our 2024 AGM, which can be found on page 133.

Nomination and appointment of directors

The committee achieved its mandate to establish and maintain a board directorship continuity programme through its recommendation to appoint Nosipho Molohe as an independent non-executive director and member of the audit committee and SERC. Her appointment is effective from 3 January 2024, which will be confirmed by shareholders at the upcoming AGM on 23 May 2024.

The committee considered and agreed with Nosipho on a path and timeline for her to align her board mandates with the over-boarding guideline of the company, which effectively limits directors to four listed boards including Exxaro.

The board director appointment process is formal and transparent, in line with the nomination and appointment policy. The Exxaro website contains a summarised guideline of this process.



[Nomination of directors](#) (our business tab under governance)

Governance structures

To support management in addressing the impact of rail capacity constraints, the committee considered and recommended the membership for the ad hoc board logistics committee, reviewed its role and purpose and recommended that it becomes a standing committee of the board.

We continuously monitor the group governance structures and framework to ensure clear guidance to the group on monitoring and oversight, authority and decision making. Policies are captured to ensure Exxaro achieves its strategy. The framework was accordingly updated in 2023 to keep it in line with governance trends and to reflect the new logistics committee and two additional management committees, as well as the management ESG steering committee and executive risk committee.

Induction and ongoing development of directors

The nomination committee considers the topics to be addressed at the two annual board governance sessions to provide directors with focused inputs from regulatory, strategic and economic perspectives. The directors attended two board governance sessions and engaged with subject matter experts on ESG oversight, security and grey listing.

Throughout the year, our directors receive information and opinions on changes within the regulatory framework. The board has a designated reading room where topical and relevant information is shared. Directors are recommended to consider various training and development programmes to support ongoing development.

We conducted an induction session for Nondumiso Medupe upon her appointment in 2023. Similarly, an induction session was provided to newly appointed director, Nosipho Molohe, early in 2024.

The board induction includes an introduction to management, access to all relevant company administration information, meeting management systems and processes, as well as constitutional documents, the delegation of authority framework and other policies. The induction programme includes an introduction to the company's strategy, group governance structure, operations and stakeholder engagement model and key advisers.

Succession planning

Succession planning for non-executive directors is typically iterative and part of an ongoing programme of planning and discussion by the nomination committee. Succession planning is based on the board's broader diversity and inclusion policy. The policy is formulated using a holistic approach to diversity with the aim of inclusion and supporting the group's strategic focus areas. In accordance with succession planning needs, filling independent non-executive director board vacancies is continuously addressed.

Given the changing context, the committee contributes to a governance enhancement programme aimed at aligning strategic changes in the group to board and board committee composition. The committee's terms of reference and mandate are reviewed annually.

The committee monitors the executive leadership succession planning. Succession planning is a well-entrenched process that supports the building of our senior leadership and executive pipeline. The committee recognises that improvement in this regard is required.

Future focus

Key focus areas 2023/2024

Developing the framework on future optimal board structure and size to support Exxaro's strategy

Continue overseeing director induction and ongoing director development

Monitoring board and executive leadership succession planning

Considering 2023 board internal assessment outcomes and recommending matters for continuous improvement

Reporting on annual board governance roadshow outcomes and overseeing matters for implementation

Conclusion

The nomination committee, in carrying out its respective duties, duly regarded the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference.

On behalf of the nomination committee



Mvuleni Geoffrey Qhena

Nomination committee chairperson

10 April 2024

Governance roadshow 2023

The committee considered recommendations flowing from the 2023 annual board governance roadshow. The purpose of the roadshow is to proactively engage with our investor community to outline Exxaro's positioning on long-term value creation, leveraging ESG for business resilience and sustainability.

Key concerns raised that require further board consideration in 2024 will be monitored by the committee.

 [Board key matters in focus](#) (page 115)

Board performance

The implementation of outcomes flowing from the independent evaluation of the performance and effectiveness of the board, its committees and specific individuals conducted towards the end of 2022 were monitored by the committee, aimed at achieving desired governance outcomes and the group's purpose. The committee approved an internal board evaluation to survey the opinions of the individual board members on the effectiveness and the performance of the board as a whole.

Remuneration committee report

Dear shareholders,

I am pleased to present the remuneration committee report for the year ended 31 December 2023. The committee recognises the value of Exxaro's people in powering possibility, and strives to balance stakeholder interests with our commitment to fair and reasonable pay.



Dr Phumla Mnganga
Remuneration committee chairperson

Committee overview


Composition

The committee benefits from cross-membership with the nomination committee to fulfil remuneration matters and board governance and nomination matters. The terms of reference require the committee to comprise at least three non-executive directors, the majority being independent and the board chairperson being an ex officio member.

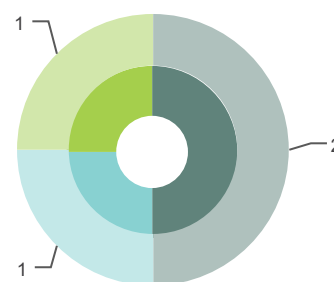
The board ensures committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions, on recommendation from the nomination committee.

The committee comprises a majority of independent non-executive directors and there were no changes to the committee's membership in 2023.

The CEO, finance director and chief people and performance officer attend meetings as standing invitees to make submissions and provide information required by the committee.

 Refer to [board of directors](#) (page 132) for members' qualifications and experience, and page 168 for the [remuneration report](#).

Gender and racial diversity



● African men ● African women ● Coloured women

Meetings

The committee met formally six times during 2023 at four quarterly meetings and two special meetings. The following table details members' attendance at meetings held during 2023:

Members	Designation	Attendance at quarterly meetings	Attendance at special meetings
Dr Phumla Mnganga	Independent non-executive director and remuneration committee chairperson	4/4	2/2
Geraldine Fraser-Moleketi	Lead independent non-executive director	3/4	2/2
Zwelibanzi Mntambo	Non-executive director	4/4	1/2
Mvuleni Geoffrey Qhena	Independent non-executive director	4/4	2/2

Role and purpose

This committee's role and responsibility is to ensure the group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. It also ensures the continuous development, review and implementation of remuneration governance-related documents, including compliance with JSE Listings Requirements and reporting obligations.

The committee is accountable to the board for executing its independent and objective oversight. The committee does not assume the functions of management, which remain the responsibility of executives, prescribed officers and other members of senior management, nor accountability for the functions performed by other board committees.

Where board committee focus areas overlap with this committee's focus areas, committees collaborate to execute the board's broader effectiveness objective. For example, in support of the DEI strategy execution, as it applies to fair pay or application of mechanisms to achieve and exceed employment equity.

Terms of reference














The committee's terms of reference were reviewed in 2023 and amendments were approved by the board. The terms of reference continue to align with legislation, regulations, the company's MoI, King IV and in accordance with the requirements of a JSE-listed company.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Proactively engaged with shareholders at the annual board governance roadshow to outline Exxaro's long-term value creation leveraging ESG for business resilience and sustainability, with a focus by the committee chairperson on linking remuneration to performance and our pathway in reducing the wage gap	 
Revised the remuneration policy and approved a wage gap statement of intent and principles as part of our wage gap journey	 
Approved the STI design changes and harmonised the integration of Cennergi variable pay strategies while sustaining alignment with market benchmarks	 
Recommended the appointment of managing director: energy, chief growth officer, chief strategic resilience and governance officer, and chief people and performance officer from a remuneration perspective	
Oversaw implementation of our pay parity in support of fair and responsible remuneration	 
Approved the consolidation of the Exxaro pension and provident funds to harmonise and simplify retirement funding arrangements	 
Reviewed our employee benefits offering	 

This committee is responsible for good governance in respect of remuneration matters, and flowing from the key focus areas of 2023, the following is reported:

AGM

King IV's "say on pay" recommendations became mandatory with it being incorporated into the JSE Listings Requirements. JSE-listed companies are required to table non-binding advisory shareholder votes on remuneration at AGMs.

In September 2023, Exxaro held its annual governance roadshow to ensure proactive engagement with shareholders. This engagement occurs annually although support was received from shareholders through a non-binding advisory vote at the AGM held 18 May 2023 for the remuneration policy and implementation report.

Outcomes of two non-binding advisory votes at the AGM on 18 May 2023	For	Against
Non-binding advisory vote number 1: Approval of the Exxaro remuneration policy	93.55%	6.45%
Non-binding advisory vote number 2: Endorsement of the implementation of the Exxaro remuneration policy	82.51%	17.49%

In terms of the JSE Listings Requirements paragraph 3.84(j), if either the remuneration policy or the implementation report or both are voted against by 25% or more of the votes exercised at the AGM, the board must invite dissenting shareholders to engage with Exxaro and provide the manner and timing of such engagement in the voting results announcement.

The board remains committed to meaningful engagements with stakeholders regardless of the outcome of the non-binding advisory vote.

Alignment of the people management and talent management strategy to the business strategy

The committee considered talent management delivery areas, successes and identified risks in giving effect to our Social Impact strategy.

The people strategy is under review and is anticipated to be presented to this committee early in 2024. Following this review, our talent management strategy will be reviewed and updated.

Continued oversight of the implementation of pay parity in support of fair and responsible remuneration

Horizontal pay gaps were closed in 2022 when the committee approved an additional mandate outside the reward allocation process. With the 2023 salary benchmarks, any fair pay adjustments were effected as part of the reward allocation process within the approved mandate.

Reviewed the wage gap across vertical levels and implemented measures to narrow it

The committee mandated the wage gap project to verify whether Exxaro's wage gap is well positioned in the market and to ensure that our employee value proposition is responsive to the current societal challenges and economic pressures.

The committee developed and approved a wage gap statement of intent. The statement is linked to Exxaro's purpose and identified wage gap principles and is aligned with Exxaro's revised remuneration policy. We have calculated our vertical and horizontal pay ratios relative to both the mining industry and the general market and will continue to monitor this and take appropriate action where necessary. Fair pay is a foundational enabler of DEI, which remains a strategic priority.

EXXARO'S WAGE GAP STATEMENT OF INTENT

Exxaro is committed to our purpose of powering better lives in Africa and beyond. Guided by our DEI objectives, we strive to deliver on our commitment to fair and responsible pay and effective remuneration practices to ultimately ensure Exxaro's sustainability for all our stakeholders.

In line with our values of empowered to grow and contribute, teamwork, committed to excellence and honest responsibility, we demonstrate our commitment by disclosing the wage gap between our highest and lowest paid employees in the prescribed manner.

Reviewed the total reward framework and any enhancements including monitoring and approving all STI/LTI scheme share awards in accordance with shareholder-approved rules

We enhanced our total reward framework by outlining monetary and non-monetary elements. Our reward strategy aligns with our people strategy and business strategy. In executing the framework, we emphasise organisational effectiveness to maximise Exxaro's performance and increase shareholder returns.

Our STI schemes comprise the GIS and LOS scheme. The schemes are embedded in the business, and we made payments in line with the rules at group and BU levels.

Our LTI awards and vesting followed the shareholder-approved rules based on the achievement of the performance conditions (ROCE, TSR and ESG).

The committee is satisfied that there is a clear link between the LTI and STI regarding implementing the Exxaro strategy, capital allocation and operational performance.

Monitored compliance with the revised MSR policy for all executives

The minimum shareholding requirement (MSR) policy was implemented in 2021.

In terms of the committee's annual work plan, it reviews performance conditions at the end of each performance period to evaluate whether the performance conditions were met or not. The allocations were assessed to be in line with the LTI plan (LTIP) scheme rules for inactive or good leaver participants and the committee approved vesting of the share-based awards.

Reviewed leadership continuity plans and the senior talent pipeline for the group

Succession planning processes are robust and support the development of leadership and succession pipeline.

The senior talent pipeline was presented for consideration to the committee, using an organisational planning matrix.

Ongoing consideration of shareholder feedback

We continue to take our shareholders with us in responsible remuneration practices. The chairperson of the remuneration committee and other board and executive representatives attended the Exxaro annual governance roadshow in September 2023.

The key engagement themes identified related to progress on our wage gap initiatives, the STI and LTI performance conditions and our performance. The topic of remuneration usually attracts numerous questions as shareholders wish to clarify their understanding of Exxaro's structures and management practices. However, the general observation was that shareholders seemed content with the feedback.

The committee requested management to annually present their responses and consideration to shareholder comments received, and in some instances action on shareholder comments to enable the committee to have visibility and to ensure it was satisfied with the response and execution thereof.

Future focus

Key focus areas 2023/2024

Continuing our wage gap journey, tracking our pay ratios and monitoring appropriate interventions

Embedding the new STI and LTI schemes in our Cennergi business

Monitoring compliance with the MSR policy for all executives

Reviewing Exxaro's LTIP rules and performance conditions

Reviewing our recognition policy and programme

Ongoing consideration and deliberation of shareholder feedback

Reviewing benefits and allowances

Conclusion

The committee is satisfied that its ongoing work aims to align remuneration with Exxaro's values of fairness and equity. Exxaro will continue striving towards remunerating employees in accordance with market-related salaries and equitable awards across the organisation.

The committee is satisfied that employees are invested in achieving the company's strategic goals through a remuneration philosophy and policies that incentivise short-term and long-term performance awards with sufficient stretch built into targets.

Dr Phumla Mnganga

Remuneration committee chairperson

10 April 2024

Risk and business resilience committee report

Dear shareholders,

I am pleased to present the RBR committee report for the year ended 31 December 2023. The committee focused on enhancing Exxaro’s ability to achieve its strategy, its reputation as a good corporate citizen and its resilience in a changing environment.



Peet Snyders
RBR committee chairperson

Committee overview

Composition

In 2023, the committee consistently had four members, with a majority of independent non-executive directors.

The committee welcomed Karin Ireton and Nondumiso Medupe, both independent non-executive directors, as committee members following their appointment by the board on 14 March 2023.

The board is satisfied that the committee members have a suitably balanced blend of skills and experience to enable the committee to discharge its functions.

Standing invitees to committee meetings include the CEO, finance director, chief sustainability officer, chief technology officer and chief strategic resilience and governance officer. Other individuals, including members of management, external consultants and service providers, are invited to attend the committee’s meetings from time to time in consultation with the committee chairperson.

Gender and racial diversity



● African men ● White men ● African women ● White women

Meetings

The committee held four scheduled meetings – as determined by its terms of reference – and one special meeting in 2023. The 100% meeting attendance illustrates a high level of commitment from committee members. The table below provides an overview of meeting attendance in 2023.

Members	Designation	Attendance at quarterly meetings	Attendance at special meeting
Peet Snyders	Independent non-executive director and RBR committee chairperson	4/4	1/1
Ben Magara	Independent non-executive director	4/4	1/1
Mandlesilo Msimang	Non-executive director	4/4	1/1
Chanda Nxumalo	Independent non-executive director	4/4	1/1
Karin Ireton	Independent non-executive director	3/3*	*
Nondumiso Medupe	Independent non-executive director	3/3*	*

* Karin Ireton and Nondumiso Medupe were appointed as members by the board on 14 March 2023.

Risk and business resilience committee report continued

Role and purpose

The committee is a board committee in terms of section 72 of the Companies Act, the company's Mol and King IV. The committee's role is outlined below.

Risk management

The committee's role is to implement an effective policy and plan for risk management that will enhance the group's ability to achieve its strategic objectives and to ensure that risk disclosure is comprehensive, timely and relevant.

Risk management is the process effected by the board, management and other personnel. It is applied in a strategy setting and across the enterprise and designed to identify potential events that may affect the organisation, manage risks to within its risk appetite and provide reasonable assurance regarding the achievement of the organisation's objectives. Risk governance refers to the governance structures and mechanisms established within the organisation where decisions are made and implemented regarding risks.

The committee is responsible for reviewing the ERM process, including key risks facing Exxaro and the responses to address these risks with particular focus on:

- Strategic risks
- Financial risks (technical debate on managing financial risk will take place at audit committee meetings, but financial risks are part of the overall enterprise risk register over which this committee has oversight)
- Operational risks
- Regulatory compliance risks

Business resilience

Business resilience is the ability of an organisation to adapt to a changing environment to enable it to deliver its objectives, survive and prosper. Risk, incident, crisis and business continuity management are the four key elements of business resilience. The role of the committee is to oversee the appropriateness of Exxaro's crisis response plans and frameworks.

Terms of reference














The committee's terms of reference were reviewed and approved by the board. The terms of reference continue to be aligned with legislation, regulations and King IV.

Performance evaluation

As there is no regulatory requirement to conduct an annual external independent performance assessment, while King IV recommends regular performance evaluations for all board committees, it is a governance practice at Exxaro to conduct such independent assessments every second year.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights	Material themes
Noted that in line with our journey towards zero harm, Leeuwpan mine pleasingly achieved 33 fatality-free years on 31 March 2023, and Matla mine continued its excellent safety performance and achieved six fatality-free years on 2 March 2023	 
Recommended an amended insider dealing policy to align with current market practice in respect of price-sensitive information thresholds and amended closed period definitions in line with the JSE Listings Requirements	 
Considered the integration of social vehicles, including the expanded mandate and amended Mol following Exxaro Matla Setshabeng Development NPC change to Exxaro Aga Setshaba NPC	  
Considered and recommended the revised supply chain sustainability policy, which included amendments to fronting and misrepresentation, be tabled for board approval and implementation	 
Considered the guidelines for dealing with companies implicated in the State Capture Commission of Inquiry Report and managing the reputational risk associated with these companies. The guidelines were proposed by the ethics committee and approved by SERC	 
Proactively engaged with shareholders at the annual board governance roadshow to outline Exxaro's long-term value creation, leveraging ESG for business resilience and sustainability, with the committee chairperson focusing on risks raised by shareholders and the Exxaro risk management strategy	 

Reviewed the relevance of current KPIs and completeness of current and emerging risks in line with approved strategy

To test the robustness of our strategic risk profile, the committee considered a risk comparison with our mining and metals peers and an updated strategic risk profile highlighting the group's material risks. The energy business's strategic risk profile was included.

From the analysis, the committee concluded that the Exxaro risk register has a majority of risks relevant to industry peers, except for those specific to the circumstances of a particular mining company. These risks may be relevant and will be considered at a tactical level to understand their potential impact on Exxaro. These include digital and innovation, new business models and workforce.

The committee is satisfied that Exxaro's strategic risk profile is robust and reflects relevant risks that apply to its industry peers. The committee is also satisfied that the Exxaro strategic risk profile reflects the group's material risks, including emerging risks.



[Business resilience](#) (integrated report, page 92)

Reviewed risk governance efforts to ensure monitoring of key risks impacting strategic objectives (including a review of completeness of current and emerging risks in line with strategy)

The committee considered amendments to various policies, including:

- POPIA policy and PAIA manual
- Revised insider dealing policy
- Codification of business rules policy
- Cybersecurity incident response plan
- Revised supply chain sustainability policy

The committee also had a focused discussion on the ERM framework. A study was conducted in 2023 to compare the risk register to top risks disclosed by mining industry peers. Our strategic risk profile was found to be robust and reflects relevant risks that are applicable to our peers. The ERM framework will be reviewed to include the risk appetite statement.

Reviewed Exxaro's key compliance risks related to our licence to operate

Regulatory compliance

Exxaro reviews the regulatory landscape for legislative changes that impact the company and ensures that processes are updated to ensure compliance, including the regulatory compliance universe.

Regulatory compliance training continued in 2023 and focused on competition law compliance and POPIA.

Exxaro started a process to benchmark our compliance management framework to enhance compliance risk management. This will enable Exxaro to develop a compliance roadmap, which will be presented to the committee in the second quarter of 2024.

Management of environmental impacts

The committee was briefed on the water management regulations applicable to all mines, as well as projects to address the mitigation of potential impacts and necessary infrastructure that was constructed and is being maintained. The ground surface water analysis model will be updated to reflect climate change impacts on operations and water sources for the long-term benefit of the community and environment.

The committee receives reports on and monitors the rehabilitation of mine areas, including dumps, as well as regulatory compliance status and any action plan with due dates in respect thereof.

Other licence to operate compliance matters

The status of all renewal applications regarding our mining rights, WULs and environmental authorisations are reported to this committee. Additionally, the status of concurrent rehabilitation and environmental liability was reported to the committee.

The committee is satisfied with the measures in place to address compliance risks impacting Exxaro's licence to operate.

Recommended appropriate predictive and proactive reporting and engagement with key stakeholders (including integrated report) based on key risks

Exxaro continued to apply predictive and proactive reporting in our analysis and reporting.

The Coal Resources and Reserves were estimated on an operational or project basis and in line with the SAMREC (2016) and SANS (10320):2020 edition Codes for the South African assets and the JORC Code(2012) for the Australian coal property. The Exxaro annual estimation and reporting process is managed through Exxaro geosciences, LoM policies and associated reporting and estimation procedures, which are reviewed annually and updated if required. The committee reviews and recommends the Resource and Reserve statement annually.

The RBR committee chairperson participated in the annual board governance roadshow held in September 2023. Shareholders raised a number of risks for board consideration, which included the choice of assets and the class action suit. The committee noted the risks presented by shareholders, and the strategies used to manage these risks will be monitored by the committee.

Reviewed IT governance to ensure incorporation of relevant risks in enabling strategy delivery and business resilience

Management reports in depth to the committee on information management governance, information management demand, operations infrastructure and applications, data analytics and intelligent process automation, information management risks and audits, disaster recovery programme status and our enterprise resource planning transformation journey.

The committee ensured that Exxaro's disaster recovery programme meets the highest standards of robustness and resilience by aligning it with ISO 27031 guidelines. Over the past three years, our disaster recovery measures have matured and underwent rigorous testing which confirms that they are mature and effective.

The committee also reviewed the cybersecurity incident response plan and recommended it for approval.



[Business resilience](#) (integrated report, page 92)

Reviewed business resilience key elements to ensure business strategy compliance

Exxaro, guided by the code of ethics and supplier code of conduct, evaluated its business relationships with various suppliers in light of findings and recommendations in the state capture report. The evaluation's outcome was reported to the management ethics committee, group executive committee and the SERC.

A framework of guidelines was developed for dealing with implicated companies currently doing business with Exxaro for approval by the group executive committee. Exxaro will also use the framework in instances where suppliers and service providers are mentioned adversely in the media or where it is made aware that the company is under investigation or involved in any actual or alleged dealings that could put Exxaro into disrepute. Should a supplier whose services are critical to Exxaro be charged, Exxaro would issue a holding statement and continue with the existing contract, but not enter into any new contract.

Risk and business resilience committee report continued

Other key matters in review

Strategic security

The committee receives reports on the total crime incidents across the group, including any recoveries.

Safety

 [Prioritising safety](#) (page 72)

Exxaro's safety improvement initiatives monitored by and reported to the committee included to following:

The sustainability summit held on 20 April 2023 aimed to bring together internal and external leaders to engage on various areas of the sustainability portfolio. The summit seeks to bring together BU colleagues to review and recommit towards achieving Exxaro's strategic sustainability objectives.	Following the fatality in August 2022, the coal operations and BU leadership teams increased their presence in the field through focused and visible leadership. A check and verification process to assess effective implementation of key lessons at other sites commenced in the first quarter of 2023.
As part of an initiative to empower health and safety representatives to be key safety, health and environmental drivers in their lines of work, the mines ran several training programmes for our health and safety representatives, including coaching and mentoring.	As part of the safety incident interventions, Matla mine hosted its quarterly safety indaba/stand-down on 5 June 2023 and relaunched the Stop and Fix campaign.
Leadership interventions included executive committee members communicating risk awareness messages to the broader workforce on the identified safety risks as part of the Khetha Ukuphepha campaign.	Any HPI places Exxaro's strategic goal of zero fatalities at risk which also impacts the achievement of zero harm. All HPIs are investigated and solutions are shared across the group for implementation and to test their effectiveness in eliminating repeat incidents. All this is reported to the RBR committee.

Future focus

Key focus areas 2023/2024

Monitoring the class action served on Exxaro in November 2023 and its impacts on the group as a responsible corporate citizen and ensuring preventive measures regarding occupational diseases are properly implemented

Overseeing the implementation of the water management plan at all Exxaro mines, including closed mines, and any plans to mitigate these, including an update to the ground water analysis model to include climate change impact on operations and water sources

Ensuring effective plans are in place based on the impact of business disruption (plans are up to date and no significant incidents occurred that led to business disruption)

Reviewing Exxaro's risk appetite

Reviewing Exxaro's key compliance risks related to licence to operate

Recommending appropriate predictive and proactive reporting and engagement with stakeholders (including the integrated report) based on key risks

Overseeing the implementation of the revised governance of technology and information to ensure incorporation of technology and information risks to enable strategy delivery and ensure business resilience

Reviewing business resilience key elements to ensure business strategy compliance

Conclusion

The committee is satisfied that it has discharged its responsibilities and fulfilled its mandate in accordance with its terms of reference, the Companies Act and King IV.

On behalf of the RBR committee



Peet Snyders

RBR committee chairperson

10 April 2024

Social, ethics and responsibility committee report

Dear shareholders,

I am pleased to present the SERC report for the year ended 31 December 2023. The committee executed its statutory and board mandates by overseeing Exxaro’s impact and ethical performance in sustainably creating value and entrenching responsible corporate citizenship in the group.

Geraldine Fraser-Moleketi
SERC chairperson



Committee overview

Composition

In terms of the company’s Mol, committee members are elected annually at the AGM by shareholders on recommendation from the board.

The committee is chaired by the lead independent non-executive director, enhancing the importance and relevance of the shareholder-entrusted, social, ethical and corporate responsibilities.

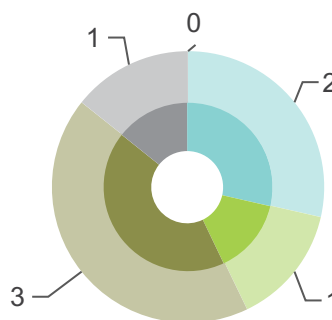
Isaac Mophatlane, independent non-executive director and committee member, retired by rotation at the AGM held on 18 May 2023. The committee welcomed the CEO and finance director as new members of the committee, including the appointments of Dr Phumla Mnganga and Nosipho Molohe.

The committee comprised a majority of independent non-executive directors in 2023, as per King IV recommendations, which facilitated the application of independent judgement on committee deliberations and decisions.

As per the standard committee terms, the chairperson of the board and all board members are welcome to attend all meetings as observers.

The chief people and performance officer and chief sustainable impact officer are standing invitees to meetings. Other individuals with specific skills and expertise are also invited to report and assist members in their deliberations, including the information officer, head of legal, chief audit executive and chief risk officer. The group company secretary shall attend each meeting and is the committee secretary.

Gender and racial diversity



● African men ● White men ● White women ● African women
● Coloured women

Social, ethics and responsibility committee report continued

Meetings

Four committee meetings were held in 2023, and two interactive stakeholder engagement days were hosted in May 2023.

The table below provides an overview of member designations and attendance:

Members	Designation	Attendance at quarterly meetings
Geraldine Fraser-Moleketi	Lead independent non-executive director and SERC chairperson	4/4
Karin Ireton	Independent non-executive director	4/4
Likhapha Mbatha	Non-executive director	3/4
Dr Phumla Mnganga	Independent non-executive director	3/3*
Peet Snyders	Independent non-executive director	4/4
Dr Nombasa Tsengwa	Executive director and CEO	2/2**
Riaan Koppeschaar	Executive director and finance director	2/2**
Isaac Mophatlane	Independent non-executive director	2/2***

* Dr Phumla Mnganga will be recommended for appointment at the 2024 AGM.

** Dr Nombasa Tsengwa and Riaan Koppeschaar were appointed members of the SERC at the AGM held on 18 May 2023.

*** Isaac Mophatlane retired by rotation at the 2023 AGM.

Role and purpose

The committee mandate derives from Exxaro's commitment to proactively managing its economic, environmental and social impacts, and public interest, in addition to section 72(4) of the Companies Act, read with Regulation 43, the Mol and King IV.

The company recognises that it forms part of an interrelated community and, as such, may have positive and negative impacts on public interest and the global goal of sustainable development. The board has primarily entrusted the committee to oversee the company's impact on public interest and its ethical performance. It ensures compliance with Exxaro's statutory duties and oversees that the core purpose and values, strategy and conduct are aligned with the group's responsible corporate citizenship.

The committee oversees the company's ethics regarding business practices, its relationships with employees, other stakeholders and the natural environment. It also assists the board by monitoring the group's achievement of its shared sustainability goals and has oversight of stakeholder management and ethics management.

As part of its responsibility mandate, the committee has oversight of how the company impacts planet, people and prosperity.

 [ESG oversight by board committees](#) (page 118)

Terms of reference

The committee's terms of reference were reviewed and approved by the board in 2023. The terms of reference align with legislation, regulation and King IV.

Performance evaluation

Although there is no regulatory requirement to conduct an annual committee performance evaluation, Exxaro evaluates committee performance every second year, in line with King IV's recommendation regarding regular performance evaluations for board committees.

At the end of 2023, we conducted an internal evaluation of the committee's performance and effectiveness in accordance with King IV recommendations. The evaluation aimed to identify and record areas needing strengthening or refinement while considering internal and external dynamics and factors that may positively or negatively impact the committee's ability to enhance its performance and effectiveness in these areas. The assessment concluded that the committee functions effectively.

2023 in review

Key highlights

Material themes

Oversaw the implementation of the DEI strategy to maintain Exxaro's momentum of transformation, focusing on women, youth and people living with disabilities – contributing to Exxaro being recognised as a top employer in 2023



Oversaw the implementation of the ethics strategy and management plan, including an amendment to provide for outcomes of business partner review



Reviewed the refined Social Impact strategy for board approval, including the integration of the Exxaro social vehicle structures



Evaluated business relationships with suppliers, in light of the findings and recommendations of the state capture report and flowing from our zero tolerance of unethical conduct, to consider the impact of such relationships on Exxaro and the way forward with such suppliers



The committee has a statutory and board mandate to oversee the company's impact on the public interest and its ethical performance, to assist in sustainably creating value, considering the economy, society and natural environment, and to entrench responsible corporate citizenship within the group.

Social impact, which is part of Exxaro's strategy, seeks to address material social and compliance matters, which require an integrated and long-term perspective, leveraging resources and collaboration. Exxaro's Social Impact strategy aims to provide a proactive response to step up Exxaro's community engagement and development efforts in line with Exxaro's purpose.

Oversaw ESG governance and monitored the execution of the environmental and social components of climate change response and Exxaro's climate change resilience

ESG imperatives increasingly shape the future of mining and energy industries. As such, the SERC oversees management's plans to take advantage of opportunities identified for the minerals and energy business, including resource transition, linking ESG outcomes to value creation, unlocking new sources of value such as reskilling employees beyond mining services, mining responsibly and strategically for the future and decarbonising our business.

Environmental

The board is invested in a just transition and supports the path to sustainability in an era of climate change. Demonstrated commitments include Exxaro's investment in wind power and preparation for a response to various global climate scenarios. The committee confirms that the company aims to be carbon neutral by 2050.

 [Climate change position statement](#) (sustainability tab)

The committee was informed of Exxaro's biodiversity management programmes and the regulatory framework within which the group operates. The committee confirmed that as part of mining right applications, environmental impact assessments were conducted to assess biological diversity in mining right areas to identify and classify wetlands, conduct ecological mapping and sensitivity zoning, and identify invasive and endangered species. The measures used to manage biodiversity are included as conditions in the relevant environmental authorisation.

Exxaro therefore manages biodiversity as part of our environmental strategy which was developed in 2016. Each mine has a biodiversity plan which is aligned with the group biodiversity management standard. The plan guides how inspections, audits and biomonitoring programmes should be conducted, including mitigation or management of any impacts identified through monitoring. To emphasise the linkages between biodiversity and climate change, Exxaro reported on biodiversity in terms of the CDP in 2023.

All environmental incidents and mitigation measures are reported to and monitored by the SERC. The committee monitored the development of the 2050 carbon neutrality roadmap that would reflect short-term, medium-term and long-term targets. The plan is anticipated to be presented for approval early in 2024.

 [Environmental incidents](#) (page 35)

Social

The committee oversees the implementation of the Social Impact strategy, an integrated socio-economic development strategy in response to the dual challenges of social inequality and the systemic impacts of climate change. The Social Impact strategy is based on three pillars:

- Education and skills development
- Mineral succession and land use
- Local economic development


The committee and management continue ensuring delivery of the group's SLP commitments, economic development implementation targets and ESD programmes. The committee continues to engage robustly with the social impact function to ensure successful performance.

Health and safety

The Khetha Ukuphepha safety campaign highlights efforts made to improve health, safety and integrated wellness within Exxaro. Safety indabas held at our BUs by leadership to ensure increased visibility through more frequent and focused presence are also evidence of the commitment to health and safety in the workplace.

In response to occupational disease cases in 2022, a multidisciplinary task team was established to focus on the effectiveness of preventive controls, resulting in a reduction in NIHL and TB cases.

Exxaro's integrated wellness approach has been renewed and continues to improve, and is designed to support employees holistically. Management makes concerted efforts to support the emotional, financial and occupational dimensions of all employees. The committee is pleased with this approach's outcomes, impact and demonstrated results.

 [Prioritising safety](#) (page 72) outlines our approach and performance.

Oversaw the implementation of the DEI strategy in support of the overarching Exxaro strategy as a key business value driver

DEI strategy

Leadership's pledge to DEI is to have a gender-balanced workforce and achieve demographic parity. The approach adopted is to maintain the transformation momentum, focusing on women, youth and people living with disabilities.

Oversight of the challenges and solutions brought about by this ideal is part of the joint accountability model employed by the committee.

 [Engaged employees](#) (page 80)

Exxaro launched an employee engagement and culture survey early in 2023 as part of the DEI journey. The survey included employee engagement, leadership, DEI and culture. The survey results were independently managed and indicated employee sentiments which will set the baseline for tracking progress, including the Exxaro strategic dashboard.

 [Culture and engagement survey](#) (page 82)

The committee oversaw the implementation of the DEI strategy in support of Exxaro's Sustainable Growth and Impact strategy as a key business value driver.

Social, ethics and responsibility committee report continued

DEI framework

An implementation framework was developed to set out the group DEI-enabling initiatives. Key objectives of the framework include:

- Promoting an aspirational vision for the Exxaro brand on both national and international platforms through strategic partnerships in terms of the promotion of diversity and inclusion to stakeholders
- Promoting a diverse and inclusive workforce through our actions, practices, leadership and culture by enhancing our employee experience by creating a compelling employee value proposition to become the employer of choice
- Achieving 50% of women in management positions by 2025
- Being a catalyst in accelerating our focus to enhance Exxaro's business purpose and stakeholder value creation



See our [website](#) under careers for more on our DEI journey.

New workplace policy

The Code of Good Practice on the prevention and elimination of harassment in the workplace (code on harassment), published in 2022 in terms of the Employment Equity Act 55 of 1998, recommends that employers update their sexual harassment policy to cover all aspects of bullying and harassment in the workplace. On recommendation of the committee, the Exxaro sexual harassment policy was revised and substituted with a work harassment policy, which is more broadly drafted as per the recommendation of the code on harassment. The policy applies to all employees in the group, individuals and third parties dealing with the organisation.

Recognition

Exxaro is also a signatory to the UN's Women Empowerment Principles, which prioritise gender equality and promote full and productive employment and decent work for all.

Exxaro's commitment to DEI is evidenced by the recognition it has earned over the years. The group was recognised in the 2023 Bloomberg GEI for the fourth consecutive year. It was also recognised as a 2023 top employer in South Africa and a major company to work for. It is the fourth time Exxaro has been honoured by the international Top Employers Institute for our people policies and practices (the first award was in 2014, others in 2021 and 2022).

Scrutinised the people strategy and human capital levers in support of the five strategic objectives

Achieving the Sustainable Growth and Impact strategy relies on properly executing the people strategy or human capital priorities. The committee is therefore responsible for assuring the company's standing regarding the ILO Protocol on decent work and working conditions and the educational development of employees.

The SERC recommended the approval of a revised human rights policy towards the end of 2022, to be implemented in 2023. The policy confirms the group's commitment to promoting human rights as set out in the ILO's declaration on fundamental principles and rights at work.

Continued to engage the eight key stakeholder groupings in terms of the KAM approach

Exxaro has an approved stakeholder management policy in which establishing and maintaining strong, trusting and collaborative stakeholder relationships is equally beneficial for all stakeholders. The policy confirms Exxaro's KAM approach to stakeholder management.

The committee identified that managing social and ethics risks requires meaningful engagement with key stakeholders as identified in the committee's terms of reference.

In addition to various stakeholder engagements by management, the committee and management hosted a two-day stakeholder engagement in Belfast, Mpumalanga. It included site visits to various Exxaro social development projects and engagements with regional government and municipal officials.

Relationship building remains a key outcome of the stakeholder engagement strategy in redressing the plight of the poor in communities surrounding Exxaro's operations.



[Stakeholder-inclusive approach](#) (page 24)

Reviewed the ongoing anti-bribery and anti-corruption programme implementation, including rolling out the conflicts of interest programme and ensuring an ethical culture

As guided by OECD recommendations, the company has an anti-bribery and anti-corruption policy and adopted adequate internal controls, ethics and compliance programmes and measures to prevent and detect bribery.

Based on the board-approved statement of strategic ethical intent, the committee oversees implementation of the ethics management strategy and plan. Throughout the year and through the ethics management committee, measures were assessed and adapted for continued effectiveness, and to mitigate the risk of becoming complicit in bribery, bribe solicitation, small facilitation payments and extortion.

State capture report

Exxaro has zero tolerance for unethical conduct, which is reflected in various policies, codes and public statements. It also recognises suppliers and business partners' roles in offering sustainable value to support Exxaro's vision and strategic objectives.

Guided by the state capture report findings and recommendations and Exxaro's stance towards unethical conduct, business relationships with various suppliers were evaluated early in 2023. The outcome of the evaluation was reported to the management ethics committee, group executive committee and the SERC.

The evaluation led to the development of a framework for dealing with implicated companies doing business with the group for approval by the group executive committee. Exxaro will be guided by the framework when suppliers and service providers are mentioned adversely in the media or when Exxaro is made aware of the service provider being under investigation or involved in any actual or alleged dealings that could put the business into disrepute. If a supplier whose services are essential to Exxaro is charged, then Exxaro will issue a holding statement and continue with the existing contract but not enter into any new contractual agreement.



Building an [ethical culture](#) under this committee's oversight is captured in more detail on page 120.

Future focus

Key focus areas 2023/2024

Monitoring the coal mine dust class action litigation launched against Exxaro in November 2023 to ensure our conduct aligns with being a responsible corporate citizen

Overseeing the development of the 2050 carbon neutral roadmap to support Exxaro's strategy to decarbonise and build resilience to the impact of climate change

Reviewing the ongoing anti-bribery and anti-corruption programme implementation, ensuring an ethical culture and respect for human rights, including the whistleblowing mechanisms for effectiveness

Overseeing the baseline study for the TNFD framework that will assist with disclosing, reporting and mitigating nature-related risks

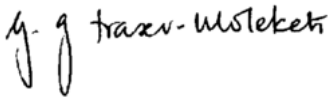
Overseeing sustainability-related disclosures in line with IFRS sustainability disclosure standards

Overseeing the implementation of the proposed employment equity targets

Conclusion

The SERC is pleased to confirm that, in carrying out its duties, it regarded King IV principles and recommended practices, and discharged its responsibilities in accordance with its terms of reference and the Companies Act. Beyond mere compliance, the committee is also satisfied that it has fulfilled its non-statutory mandate and that there are no material instances of non-compliance to disclose. If any material non-compliance existed, it was duly considered during the year in review.

On behalf of the committee



Geraldine Fraser-Moleketi

SERC chairperson

10 April 2024

Remuneration report

Remuneration philosophy statement: We strive to attract, inspire and retain the best talent to achieve our Sustainable Growth and Impact strategy and create sustainable stakeholder value.

The remuneration committee is pleased to present the 2023 remuneration report, which outlines the committee's activities during the year. These include ensuring our remuneration policy and practices address key stakeholders' interests while enabling the execution of Exxaro's Sustainable Growth and Impact strategy.

Dr Phumla Mnganga
Remuneration committee chairperson



Report structure



Section 1: Message from the remuneration committee chairperson

This section covers:

- Business performance and key remuneration outcomes
- Shareholder engagement
- 2023 remuneration focus areas and outcomes
- 2024 remuneration focus areas

Business performance and key remuneration outcomes

In 2023, we operated in a challenging and uncertain environment at an industry, national and global level. Ongoing electricity challenges, high inflation and low economic growth continued to dominate the local operating environment. The local mining industry navigated ongoing logistics challenges, which negatively impacted our cost of doing business.

In 2023, employees' salaries and benefits totalled R6.9 billion and we implemented annual salary increases of 7% for our bargaining unit employees (in line with the three-year wage agreement). Management and specialist employees received an average increase of 6.18% with 0.5% for fair pay adjustments. Our non-executive directors' fees increased by 6.68% to bring them closer to the 50th percentile of the market benchmarks.

Our 2023 financial performance was challenged with group EBITDA targets, for purposes of our GIS not being achieved. However, we paid out R153 million for our GIS. Despite volume challenges, we achieved our group cash cost per tonne target through focused management on cost containment and operational discipline.

With respect to our LOS and Matla LOS incentive (MLOSI) production schemes, we paid out R245 million.

With respect to our LTI scheme, our ROCE performance exceeded our target of 20% by 18.53% (38.53% average for the three years December 2021 to 2023), and a total shareholder return (TSR) was achieved of 32.5% – a performance that placed Exxaro second relative to its peer group (the JSE Capped Resources 10 Index (RESI 10)). Shares awarded in 2021 vested at 98.67% for participants in our LTI scheme over a three-year vesting period.

Remuneration committee governance



Please see our [remuneration committee report](#) on page 156.

Shareholder engagement

Proactive engagement with our shareholders continued to be a key priority for the board and the committee. We conducted another roadshow which provided valuable feedback from shareholders on areas of concern and the opportunity for us to answer questions about our overall remuneration structure and approach.

Shareholders complimented our remuneration policy and the structure of our STI and LTI schemes, particularly our LOS scheme and our energy business incentive schemes.

The key themes discussed with shareholders included:

- The architecture of the schemes in response to STI targets and LTI performance conditions
- Monitoring of any challenges our executives and prescribed officers may face with our minimum shareholder requirement (MSR) and executives' pleasing progress in fulfilling their MSR obligations

- Addressing the wage gap with consideration of multiple stakeholders to broaden our perspectives as we prepare for the expected legislative requirement to disclose associated ratios, for which we have established a baseline
- Explaining how Exxaro ensures its performance-based remuneration practices and performance management process are robust with due differentiation when salary increases are awarded and STIs are paid

Shareholders expressed gratitude for the opportunity to engage with us and we are committed to continuing such ongoing engagement.

At our AGM in May 2023, shareholders again provided strong support for our remuneration policy. However, support for our implementation report decreased.

	2022	2021	2020	2019	2018
Remuneration policy approval (%)	93.55	94.00	94.66	95.37	73.09
Implementation report approval (%)	82.51	94.00	93.15	95.53	76.38

2023 remuneration focus areas and outcomes

The remuneration committee strives to achieve a balance between facilitating remuneration outcomes that support the delivery of our strategy and increased shareholder value. Overall, we are pleased with our progress on our remuneration journey. We continue to align performance outcomes to serve the interests of internal and external stakeholders, and we strive to ensure shareholders' interests are always addressed while considering appropriate pay for performance, labour stability and employee engagement.

Continued oversight of the implementation of pay parity in support of fair and responsible remuneration

Fair pay remains a critical success factor aligned with our DEI strategy.

Salary increases awarded to executive, management and specialist categories were adjusted with due consideration of the consumer price index and market trends. The annual salary review process included an adjustment to close remuneration disparities in line with our remuneration principles of pay for performance and benchmarking employees using the median of their job grade and job family.

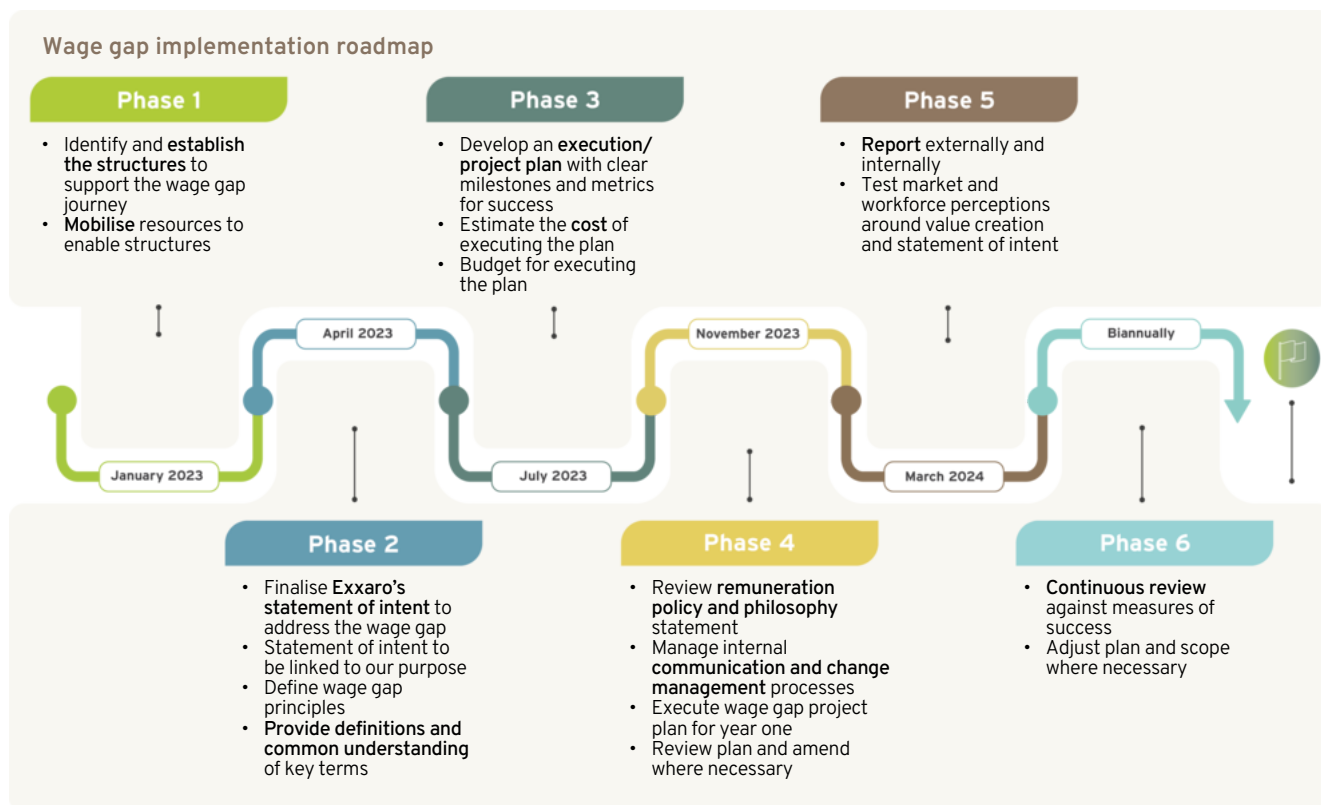
Our robust performance management process enables alignment with concomitant remuneration, as free of bias as possible and justifiably differentiated. We use an ideal comparative ratio to align pay to performance and contribution. High performers receive a higher STI: linked to the 20% of their incentive that is based on individual performance, with a stepped incentive percentage distribution curve. This enables exceptional performers to earn up to 150% of their guaranteed package as an STI.

The fair pay analysis, which looks at employee remuneration at the same levels and within the same job family, is integral to our salary review process, and we closed any identified unfair pay gaps.

Addressed the wage gap across vertical levels and implemented measures to narrow it

Our wage gap project compares Exxaro's wage gap to the market to ensure our employee value proposition responds to societal challenges and economic pressures facing our employees.

The committee supported the establishment of a multidisciplinary task team to co-create and achieve the project deliverables articulated in the wage gap roadmap below.



As part of our commitment to addressing the wage gap, we established key principles in executing the roadmap. We held robust discussions and conducted in-depth analyses to explore and understand the full complexity of the matter.

We solidified our statement of intent and defining principles and aligned these to the Employment Equity Plan requirements (EEA2 and EEA4) and the draft Companies Amendment Bill, in addition to the Exxaro values, purpose and remuneration principles. Together they guide the design of our approach and our interventions. Our project plan has clear milestones that we monitor closely to ensure we achieve our objectives.

We are reviewing and baselining relevant metrics for our work on the wage gap and this work is progressing well.

External advisers reviewed our baseline analysis and concluded that our calculations generally compare favourably with the mining industry and the general market. The committee intends to disclose the wage gap calculations as and when required by legislation.

Remuneration and philosophy statement updates

We updated the remuneration policy and philosophy statement to remain relevant while flexibly and responsibly managing remuneration. Notable updates include:

- The inclusion of our wage gap principles and their significance to our employee value proposition and contribution to current societal challenges and economic pressures our employees face
- The wage gap statement of intent linked to Exxaro's purpose, values and broader remuneration principles

- An updated remuneration framework as part of a broader total reward approach outlining all monetary and non-monetary elements
- While we continue to strive to pay competitive salaries, we will generally benchmark guaranteed pay at the 50th percentile of the market for full performance and may benchmark certain key strategic, scarce and critical roles at other data points in our remuneration ranges, including the 75th percentile
- Specific approaches to the remuneration of new appointments and respective positioning are addressed to better guide pay decisions for new employees
- Sign-on bonus criteria and application are included to ensure appropriate and consistent application
- The eligibility, considerations, approvals and application of sign-on shares were updated to clarify application thereof
- Details on the application of retention payments are included to ensure correct and consistent use

Review and enhancement of total reward framework

Our review and enhancement of the total reward framework included monitoring and approving all STI and LTI schemes in accordance with shareholder-approved rules.

The update to the remuneration policy included a full review of the remuneration framework, which outlines all tangible and intangible elements to ensure ongoing alignment with the people strategy. The STI rules were updated and approved in line with the delegation of authority and LTI award vesting was implemented in line with the approved rules and executed smoothly. We continued to leverage technology to support our overall employee experience and successfully implemented a new web-based platform to improve administration of our share schemes and to enhance participants' experience.

Review and enhancement of Cennergi STI and LTI

For our energy business, the STI and LTI principles and design support Cennergi's growth trajectory and the timing anticipated to deliver on Cennergi's growth profile. The STI and LTI schemes also consider the underlying volatility associated with Cennergi's value-creation strategy relative to Exxaro and other energy industry peers. The STI aims to incentivise participants over the short term using a scorecard comprising annual and milestone-based targets. The STI is settled annually based on achievement against the scorecard, which is updated annually to ensure it supports the Cennergi strategy. The LTI comprises a bonus-matching incentive and a value appreciation rights plan (VARP). The VARP payout is linked to growth in Cennergi's equity value over the performance period. The VARP allocation percentage is calibrated to be 80% of participants' on-target LTI allocation to consider the potential value of the matching incentive, which represents the other 20% of the LTI. The matching scheme was introduced to ensure Cennergi participants are aligned with the group and our future performance. The rand value of the matching incentive outcome will be matched in Exxaro shares with 50% vesting after 12 months and the remaining 50% vesting after 24 months.

During the year in review, we changed the STI design to incorporate individual performance in the determination of STI outcomes. VARP milestones were approved for 2026 to 2030. In addition, variable pay strategies for Cennergi Proprietary Limited and Cennergi Holdings Proprietary Limited were harmonised for internal parity between the two entities and to ensure market alignment for Cennergi Proprietary Limited.

Monitoring compliance with the MSR policy for all executives

The committee continued to seek ways to support executives aiming to achieve their MSR obligations. Our monitoring indicates implementation was successful as many executives are likely to achieve their MSR ahead of the required five-year period.

Review board non-executive directors' fees

The committee commenced a review of the existing framework for the remuneration of non-executive directors. This includes reassessing and recalibrating the peer group used for the benchmarking of non-executive director fees to ensure that it remains appropriate. This review will be completed during 2024 and in the interim the board has decided that the proposed increase in non-executive directors' fees for 2024 be aligned to the approved 2024 annual adjustment for management and specialist category employees.

Employee benefits

As our employee benefits remain an important aspect of Exxaro's total rewards perspective, the committee reviewed primary employee benefits to identify potential gaps. The review found that some employees did not qualify for basic funeral cover under the provisions of their existing pension scheme. We also identified medical aid gap cover as another benefit for employees, given the increasing cost of medical care. Seeking enhancements to our suite of benefits, we are investigating optional gap and funeral cover for all employees.

2024 remuneration focus areas

- Support ongoing engagement and interaction with shareholders
- Continue our wage gap journey by tracking our wage gap and fair pay, and implementing changes where required
- Review Exxaro's LTI plan (LTIP) rules and associated performance conditions
- Embed and operationalise Cennergi's STI and LTI schemes
- Review the recognition policy and programme
- Review all benefits and allowances to identify further opportunities to enhance our reward offering and ensure these remain fit for purpose and competitive
- Continue to monitor and, where necessary, support executives aiming to achieve their MSR
- Completion of the review of the remuneration of non-executive directors framework

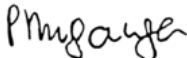
Independent remuneration advisers

Exxaro continues to seek independent and professional advice on remuneration matters from consultants regarded by the committee as fully independent. We consulted PwC and Vasdex Associates on our non-executive director benchmarks, Remchannel on Cennergi's STI and LTI schemes, Bowmans and 21st Century on the wage gap and Korn Ferry on role evaluations and job families.

Conclusion

The remuneration committee is satisfied that it has fulfilled the requirements of its terms of reference and that the objectives of the remuneration policy have been met without material deviation.

Finally, I wish to express my sincere appreciation for the support received from each remuneration committee member, the CEO and executive leadership.









Dr Phumla Mnganga

Remuneration committee chairperson

Section 2: Remuneration policy

This section provides a broad overview of the remuneration philosophy, principles and policies that apply to various employee categories, including executive directors, prescribed officers, senior management and, at a high level, other employees.

Remuneration principles

Remuneration principles		
	SUSTAINABLE GROWTH AND IMPACT	Our reward supports our group's Sustainable Growth and Impact strategy in enabling us to achieve our business objectives .
	ATTRACTION AND RETENTION	Our reward is aligned with our talent attraction and retention strategies and ensures all employees are remunerated in a fair and responsible manner that is internally equitable and market related .
	SHAREHOLDER EXPECTATIONS	We strive to ensure our remuneration offering aligns with shareholder expectations and outcomes .
	PERFORMANCE	We pay for performance .
	INCENTIVISE	We incentivise the achievement of strategic, operational and financial objectives , in both the short and longer term.
	EFFECTIVENESS AND ACCOUNTABILITY	The company's approach to the wage gap is an important consideration and we aspire to be competitively positioned at all levels in the market while our employee value proposition remains responsive to current societal challenges and economic pressures. We encourage a culture of effectiveness, accountability and results.

Our reward and remuneration approach aligns with our people strategy and overall business strategy and supports the execution of these strategies with an emphasis on organisational effectiveness. This, in turn, optimises Exxaro's performance and increases shareholder returns.

Total reward

We recognise that people value more than monetary reward. Our approach integrates all reward elements to create a total reward. The cornerstones of our approach are competitive reward and pay for performance. These are set out in detail below. We also emphasise recognition through the Evergreen Awards, which acknowledges individual and team efforts in meeting business goals and reinforcing behaviours aligned with Exxaro's values, culture and leadership principles. Total reward includes guaranteed pay and variable pay, comprising STIs, LTIs and recognition schemes. Other integrated intangible reward and benefit elements include:

- A diverse, inclusive and engaging culture enabled by deep connections, which enables a sense of belonging that helps our people thrive
- Support for our people's professional and personal growth through personalised, meaningful experiences and career mobility within and beyond Exxaro
- A great workplace where the day-to-day lived experience aligns with our intent and supports our people's holistic wellbeing

Wage gap statement of intent

Exxaro is committed to our purpose of powering better lives in Africa and beyond. Guided by our DEI objectives, we strive to deliver on our commitment to fair and responsible pay and effective remuneration practices, which ensure Exxaro's sustainability for all our stakeholders.

In line with our values – empowered to grow and contribute, teamwork, committed to excellence, and honest responsibility – we will demonstrate our commitment by disclosing the wage gap between our highest and lowest paid employees in the prescribed manner. To do this, we review and develop measures to ensure fair and responsible pay and comply with regulatory requirements and generally accepted remuneration practices while considering the needs and legitimate expectations of all stakeholders.

We aim to integrate stakeholder input and align with responsible industry movements as we continue on our fair pay for performance journey.

Wage gap principles

The wage gap is a crucial issue in South Africa, which is characterised by extreme inequality, poverty and unemployment. Our wage gap and fair pay principles aim to address this issue and are rooted in our values and group remuneration principles: consistent, fair, equitable and market-related remuneration.

Fair pay is foundational and an enabler for DEI, which are strategic priorities at Exxaro. It is our ethical responsibility to address inequality and wage gaps horizontally between race and gender and vertically between lower-paid employees and executives.

The following principles reflect our priorities:

- We will implement equitable and replicable pay practices across different business areas, underpinned by a strong performance culture
- We will pursue a sustainable growth strategy, including attracting the scarce and critical skill sets required to support the delivery of our strategy and ensure equitable pay gaps across the group
- We aspire to pay a living wage – the remuneration required for an individual and their family to attain a dignified standard of living – to all our employees
- The wage gap will be addressed in a sustainable and economically viable manner, maintaining a competitive employee value proposition at all levels

Remuneration offering

The table below shows the remuneration offering used to reward employee categories in a fair and equitable manner. This policy provides for an annual assessment of the remuneration offering, considering appropriate actions such as differentiating annual adjustments. The principles of internal parity, reward for performance and market competitiveness facilitate fair and responsible remuneration.

Exxaro's remuneration offering per employee category

Employee category*	Total guaranteed remuneration		Variable pay				
	NCOE [#]	TGP [†]	STI schemes		LTI schemes		
			GIS	LOS/MLOSI	LTIP	DBP ^{**}	GreenShare
Executive management	x		x		x	x	
Senior management (E band)	x		x		x	x	
Middle management (D upper and D middle bands)	x		x		x		
Corporate and divisional office Junior management (D lower and C upper bands)	x		x				x
Operations Junior management (D lower and C upper bands)	x			x			x
Corporate and divisional office Non-management and specialist employees (C middle to A bands)	x		x				x
Operations Bargaining unit employees (C middle to A bands)		x		x			x

* The Paterson job grades are indicated by the applicable employee category.

Notional cost of employment.

† Total guaranteed package (basic plus relevant benefits).

** Deferred bonus plan. DBP excludes Paterson E lower grade.

Cennergi's remuneration offering per employee category

Employee category*	Total guaranteed remuneration		Variable pay		
	NCOE [#]		STI scheme	LTI schemes	
			BMP ^{**} annual incentive	BMP matching incentive	VARP [†]
Executive management	x		x	x	x
Senior management (E band)	x		x	x	x
Middle management (D upper and D middle bands)	x		x	x	x
Junior management (D lower and below)	x		x		

* The Paterson job grades are indicated by the applicable employee category.

Notional cost of employment.

** Bonus and matching plan.

† Value appreciation rights plan (VARP).

Remuneration report continued

Remuneration mix

The remuneration mix reflects the relative proportions of pay, represented by guaranteed and variable remuneration, meaningfully linked to job type, level of work and expected outcomes:

- Guaranteed remuneration includes all guaranteed items such as basic salary, medical aid, pension fund and guaranteed allowances
- STIs include bonus payments, circumstantial remuneration and recognition rewards with a payment time frame typically one year or less, except where a portion of variable remuneration may be deferred to a later period
- LTIs form part of variable remuneration and are implemented using various share incentive schemes with specific performance conditions to be met at the end of a specific time frame (typically not less than three years)
- Group mechanisms for recognising and rewarding employees for excellence in various categories include:
 - For formal recognition, employees are encouraged to nominate themselves or their colleagues to be acknowledged at various levels, including group level, for an Evergreen Award
 - For informal or day-to-day recognition, line managers and peers are encouraged to recognise discretionary effort without waiting for a formal recognition opportunity

The table below indicates the maximum percentage of total guaranteed remuneration (NCOE/TGP) applicable to the variable pay schemes by grade. The remuneration mix is benchmarked annually prior to granting annual LTI awards.

Remuneration mix for variable pay by Paterson grade at maximum (expressed as a percentage of total guaranteed remuneration)

Grade	Maximum STI schemes (%)	Maximum LTIP (%)	Maximum DBP (%)	Maximum LTI schemes (%)	Maximum total variable pay (%)
F upper*	150.00	231.00	74.25	305.25	455.25
F lower*	112.50	143.00	55.69	198.69	311.19
E upper*	90.00	101.00	44.55	145.55	235.55
E middle**	75.00	76.00	20.63	96.63	171.63
E lower and D upper	52.50	50.00		50.00	102.50
D middle	37.50	38.00		38.00	75.50
D lower	22.50				22.50
A to C	18.75				18.75

* The maximum DBP matched portion is 90% of the total after-tax STI schemes for Paterson grades F and E upper.

** The maximum DBP matched portion is 50% of the total after-tax STI schemes for Paterson grades for E middle.

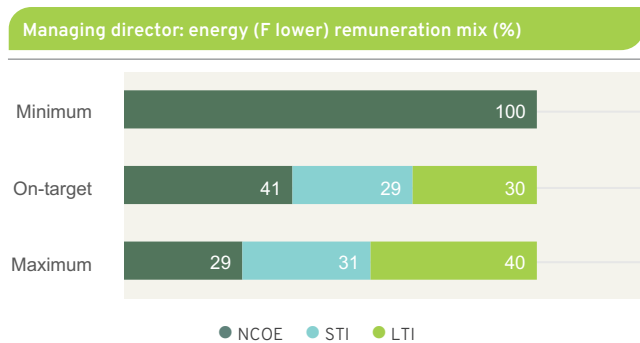
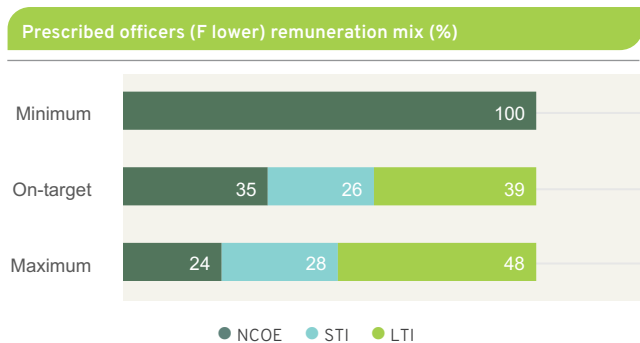
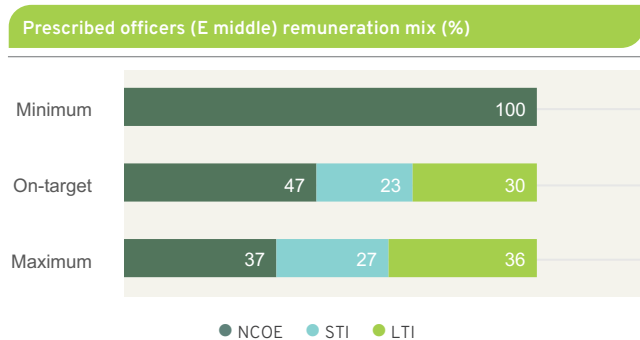
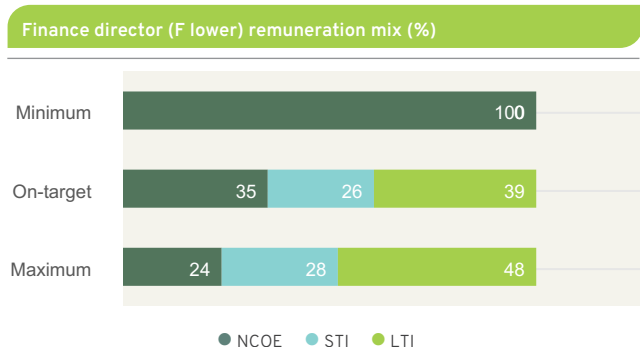
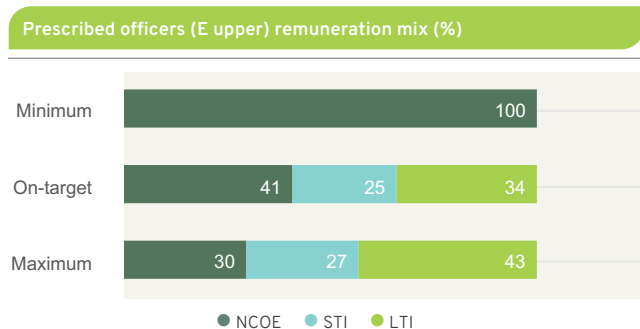
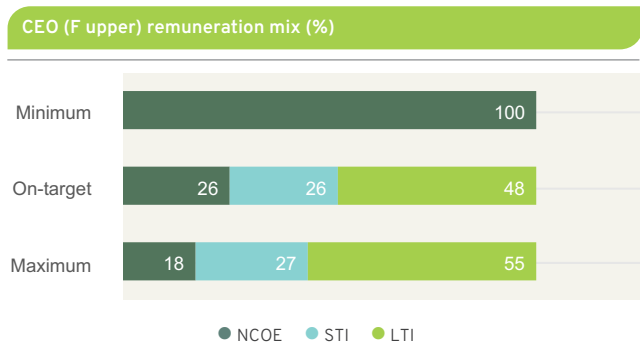
The table below indicates the total variable pay due, by component, for achievement at target. The GIS explicitly states the target bonus quanta applicable at target. LTIP performance vesting conditions are defined at threshold and maximum to indicate targeted total variable pay. Target is taken as halfway between threshold and maximum. In the case of DBP, the midpoint of voluntary deferral is applied (50% to the GIS target).

Remuneration mix for variable pay by Paterson grade at target (expressed as a percentage of total guaranteed remuneration)

Grade	Target STI schemes (%)	Target LTIP (%)	Target DBP (%)	Target LTI schemes (%)	Target total variable pay (%)
F upper*	100.00	150.15	27.50	177.65	277.65
F lower*	75.00	92.95	20.63	113.58	188.58
E upper*	60.00	65.65	16.50	82.15	142.15
E middle*	50.00	49.40	13.75	63.15	113.15
E lower and D upper	35.00	32.50		32.50	67.50
D middle	25.00	24.70		24.70	49.70
D lower	15.00				15.00
A to C	12.50				12.50

* The target DBP matched portion is 50% of the total after-tax STI schemes for Paterson grades F to E middle.

Remuneration mix for CEO, finance director and prescribed officers by Paterson grade



Total guaranteed remuneration

Our policy on setting fixed pay is to:

- Annually benchmark using established industry remuneration surveys with a combination of job families and grades to anchor externally benchmarked jobs for comparison
- Position total guaranteed remuneration around the median of the externally benchmarked jobs and at the 75th percentile for strategic, scarce and critical skills
- Consult peers to compare Paterson grade E and below roles specific to the mining industry
- Use the general market to benchmark Cennergi in the absence of sufficient renewable energy companies

- Use a combination of national remuneration surveys in South Africa for local executive management and certain senior management roles not specific to the mining industry
- Consider the outcome of individual performance contracts in the annual NCOE salary review process – a three-point zero score (on a five-point rating scale) warrants positioning around the median of the benchmark for the job

NCOE

This is the guaranteed remuneration portion of total pay, including basic salary, benefits and retirement funding.

Remuneration report continued

Basic salary

All bargaining unit employees receive a market-related basic salary complemented by guaranteed allowances (housing and commuting), variable allowances (shift and standby) and benefits (listed below).

Benefits

All employees are entitled to the same range of benefits appropriate to their role and specific circumstances. Management and specialist employees have flexibility in structuring their remuneration within company and legislative limitations. During the year, the policies for medical, health and other benefits did not change. Medical aid scheme changes are described below.

Retirement fund	Medical aid schemes	Group personal accident cover	EAP
All employees are members of one of Exxaro's accredited retirement funds. Retirement fund contributions are determined by specific conditions of employment and for different employee levels and categories.	Employees may annually elect to belong to any of the accredited and applicable medical schemes. Contributions are made by the employer and employee. Exxaro does not provide post-retirement medical benefits. The post-retirement benefit obligation disclosed in the annual financial statements recognises past practice by Eyesizwe, which was discontinued with the creation of Exxaro in November 2006.	Employees are beneficiaries of a policy that provides additional cover for death, disability and dread disease through group personal cover taken out by Exxaro.	As part of our wellness offering, the EAP offers wide-ranging support, including but not limited to legal, financial and substance abuse assistance.

Variable pay

Exxaro STI schemes

Our STI schemes focus on annually contributing to strategic goals and delivering on our operational and financial objectives in the shorter term. We have two STI scheme structures: the GIS and LOS/MLOSI schemes.

GIS/LOS/MLOSI salient features

	GIS	LOS and MLOSI schemes
Participants	<ul style="list-style-type: none"> All executive to middle management level employees (Paterson FU to DM) in group or operations Employees in group functions or specific operations (Paterson DL and below) Applicable to employees employed for the last six months of the relevant financial year and in service on pay-out date 	<ul style="list-style-type: none"> Permanent employees (Paterson DL and below) based at specific operations Do not participate in GIS
Scheme metrics and frequency of payment	<ul style="list-style-type: none"> Formulaically calculated cash bonus Paid annually Based on target STI quantum per grade Adjusted for personal and business performance 	<ul style="list-style-type: none"> Incentivise participants to deliver safe, quality production volumes monthly and quarterly Provide LOS to predetermined production volumes at each relevant BU
Apportionment	<ul style="list-style-type: none"> 80% to business performance (75% apportioned to financial, operational and strategic goals, and 25% to ESG goals) 20% to individual performance (based on individual performance achievement process) rated on a five-point rating scale (excluding bargaining unit category) Year-to-date rating translates to the portion allocated to individual performance 	<ul style="list-style-type: none"> Safety and quality criteria and work shifts modify the primary potential payment
Maximum achievable	<ul style="list-style-type: none"> 150% of targeted STI quantum 	
Gatekeepers	<ul style="list-style-type: none"> When the personal score is below a three-point zero rating, the percentage score modifies respective business performance outcomes, effectively further reducing the STI portion from business performance 	
Business scorecard	Detailed on the following page	

The business scorecards embed priorities appropriately at group and operational levels. The table below provides an overview of the goals and relative impact on the potential outcome of each business scorecard.

GIS business scorecard goals and weight

		Weight (%)	Generic drivers	Group (%)	Operation (%)
Overall structure	Financial, operational and strategic	75	EBITDA	50	0 to 50
			Cash cost per tonne	15	15 to 45
			Saleable tonnes	10	10 to 30
	ESG safety and climate change	25	Safety	10	10
			Water intensity	7.5	7.5
			Energy intensity	7.5	7.5
Overall scorecard total				100	100

Cennergi STI scheme

The Cennergi STI scheme focuses on annually contributing to strategic goals and delivering on our operational and financial objectives in the shorter term. We have one STI scheme structure: the Cennergi BMP – annual incentive.

STI salient features

BMP – annual incentive	
Participants	<ul style="list-style-type: none"> All Cennergi employees Applicable to employees employed for the last six months of the relevant financial year and in service on pay-out date
Scheme metrics and frequency of payment	<ul style="list-style-type: none"> Formulaically calculated cash STI Paid annually Based on target STI quantum per grade Adjusted for business performance measured against approved Cennergi scorecard, the outcome of which will modify the STI by 0% to 150%*
Apportionment	<ul style="list-style-type: none"> 100% of bonus subject to business performance
Maximum achievable	<ul style="list-style-type: none"> 150% of targeted STI quantum
Business scorecard	Detailed below

* From 2024, personal performance will also be considered in determining the STI amount.

Business scorecard goals and weight

KPIs	Weight (%)
Executing strategic objectives	50
Operational excellence and licence to operate	20
Leading people and social impact	10
Safety and sustainability	10
Cost management and prudence	10
Scorecard total	100

Remuneration report continued

Exxaro LTI scheme

Our LTI schemes comprise the LTIP and DBP, which align remuneration with longer-term shareholder expectations and outcomes.

We provide general share awards to participants (Paterson D middle and above) during the year in terms of the LTIP and the DBP. Our ESOP (GreenShare) was introduced in July 2020 and applies to employees not participating in the LTI scheme.

LTIP

The committee makes LTIP awards, subject to performance conditions and a three-year vesting period.

The face value of allocations depends on the employee's NCOE and a grade-specific percentage. The committee evaluates achievement of performance conditions biannually. The awards vest after three years. A linear sliding scale is used to calculate a proportional vesting for an actual performance result between threshold and maximum. For actual performance below threshold, no awards vest and for performance at or exceeding the maximum, awards are capped at 100%.

ROCE condition

The ROCE condition has a weighting condition of 33.33%.

The ROCE calculation is based on net operating profit plus income from non-equity-accounted investments plus income from equity-accounted investments as a percentage of average capital employed.

Therefore, a sliding scale, based on a percentage ROCE achievement, applies as follows:

- 17% ROCE achievement = 50% vesting (threshold)
- 19% ROCE achievement = 90% vesting (target)
- 22% ROCE achievement = 100% vesting (stretched)

ROCE is calculated as the arithmetic average of the three years constituting the performance period.

TSR condition

Relative TSR has a weighting of 33.33% and is compared to performance against the TSR peer group. Energy representation is included in the peer group.

The peer group components and weighting of each are as follows:

TSR peer group entities	Weighting (%)
RESI 10	70
Energy peer group	15
Thungela	15
Total	100

LTIP performance vesting conditions

	Weight (%)	Vesting of awards (after year three)
ROCE	33.33	17% ROCE achievement = 50% vesting (threshold) 19% ROCE achievement = 90% vesting (target) 22% ROCE achievement = 100% vesting (stretched)
TSR – RESI 10 peer group	23.33	Median TSR peer group position = 50% vesting Top three TSR peer group position = 100% vesting
TSR – energy peer group and Thungela	10.00	Equal to average TSR = 50% vesting Equal or above average TSR plus 25% = 100% vesting
ESG as per FTSE Russell ESG Index	33.34	Median ranking = 50% vesting Upper quartile ranking = 100% vesting

Exxaro's TSR, for the purposes of this plan, is defined as the compound annual growth rate on a portfolio of Exxaro's ordinary shares purchased in December preceding the grant, holding the shares and reinvesting the dividends received from the portfolio in Exxaro shares until the end of the performance period and selling the portfolio on that day.

The monthly TSR calculation uses the dividend payments and Reuters share price data on the nearest trading day to 31 December preceding the award and the nearest trading day to 31 December at the end of the three-year performance period – computing the compound annual growth rate between these dates. To ensure the growth rate calculated in this way is not unduly skewed by fluctuations at the start date and the end date of the measurement period, the three-year period is staggered over six months before the award date so the final computed growth rate (smoothed TSR) is the average of six three-year periods commencing six months before the award date and ending on the final date of the three-year performance period.

A 70% portion of the TSR depends on Exxaro's TSR performance compared to the RESI 10 peer group. The smoothed TSR of each peer group company is calculated as stipulated alongside and ranked against Exxaro's smoothed TSR. Vesting for this portion is based on Exxaro's position ranking against the peer group.

For the remaining 30%, the smoothed TSR is calculated similarly for a predetermined energy peer group and for Thungela. An average TSR is calculated between these two. Vesting for this portion is based on Exxaro's smoothed TSR compared to this average TSR.

Achievement of ESG targets

ESG targets have a weighting of 33.34%. The targets are measured in terms of the approved strategic dashboard used to monitor achievement of the business strategy:

- The targets are measured as per the FTSE Russell ESG Index, including international resource peer companies
- A 50% to 100% vesting sliding scale applies for an annual ESG rating between the median percentile ranking (50% vesting) and the upper quartile percentile ranking (100%)
- The average performance over the three-year period is measured

The table below summarises the performance vesting conditions applicable to the awards that were granted in 2023.

Where the actual performance falls between the stated ranges, linear interpolation is applied between the stated vesting points. The rules and calculating principles follow the same approach as set out in detail above for future awards.

DBP

The DBP encourages share ownership at executive management and senior management levels while reinforcing retention.

Participants in Paterson grades F upper to E upper, as well as E middle can elect to voluntarily use a portion (50% or 90% and 50%, respectively) of their post-tax STI payments to acquire Exxaro shares at the prevailing market price.

Participants are entitled to all rights attached to the pledged shares purchased with their post-tax STI portion, including dividends. If the pledged shares are held for the three-year pledged period and participants remain in service for this period, Exxaro provides a matching award on a one-for-one basis.

No performance vesting conditions apply to the matching award.

ESOP (GreenShare)

Our ESOP scheme, GreenShare, was implemented in 2020. It is broadly based on the principles of Mining Charter III and is an evergreen scheme that provides non-transferable carried interest (dividends) to qualifying employees. It is open to all permanent South African employees not participating in any management share scheme, and it does not carry risks for employees.

When dividends are declared, employees in service receive a cash payment equal to the dividends on 560 Exxaro shares minus dividend withholding tax. Employees remain in the scheme for the duration of employment and do not have capital appreciation rights.

Cennergi's LTI scheme

The Cennergi LTI offering comprises two schemes: the matching incentive component of the BMP and the VARP.

VARP milestones

Vesting profile (MW)	2026	2027	2028	2029	2030
Threshold (30% vesting)	326	406	475	567	692
Stretch (100% vesting)	413	612	840	1 148	1 563

Employment contracts

Richard Lilleike and Joseph Rock joined Exxaro as chief growth officer and chief people and performance officer, respectively, in October 2023. Leon Groenewald was appointed managing director: energy in April 2023.

Mzila Mthenjane and Hemuna Bholia resigned, and Alex de Angelis opted for voluntary severance in 2023.

Normal termination benefits (leave payout, etc) are payable whenever employment is terminated before the normal retirement date by Exxaro or when employees accept voluntary severance.

Executive employment contracts are generally valid until the normal retirement age of 63 with a notice period of three to six months or payment in lieu thereof. Current executive employment contracts do not have a restraint-of-trade clause but include confidentiality undertakings.

Any shares due in terms of participating in the LTIP and DBP are paid in line with the rules of the schemes.

Matching incentive

Cennergi employees graded Paterson D middle and above receive an award of rights to Exxaro shares calculated as a predetermined percentage of the annual incentive. 50% of the award vests after 12 months and the remaining 50% after 24 months. Participants are not entitled to rights in respect of the shares until vesting takes place. No performance vesting conditions apply to the matching award.

VARP

The VARP is a cash-based LTI. Participants are awarded a once-off bullet award at the start of the performance period. The award is calculated as a percentage of the participant's NCOE multiplied by an award multiple linked to the duration of the award. The award vests in three equal tranches (in years three, four and five) subject to achieving predetermined milestones. After vesting, participants have four years to exercise the award.

The settlement value of the award is calculated as:

$$\text{Award value} \times \text{performance outcome} \times \text{value multiple at exercise date}$$

The value multiple is calculated as:

$$\frac{\text{The equity value of the company on the exercise date}}{\text{The equity value of the company on the grant date}}$$

Milestones

The 2025 milestones are made up as follows:

- 50% of the tranche vests if LSP is at least equivalent to a P90 scenario in relation to the months post commercial operation
- 50% of the tranche vests if the financial close is achieved on a new build project of 30MW or a new merger and acquisition project of 50MW

From 2026, the milestones will focus on achieving a targeted cumulative net MW generating capacity.

Good leaver provisions are triggered in the event of terminations due to:

- Personal events such as retirement, ill health, disability or death in service (pro-rated vesting of awards)
- Company events such as retrenchments, voluntary severance packages and divestment of business (normal vesting of awards)

Non-executive directors' remuneration

Non-executive directors' remuneration is benchmarked on a three-year cycle through market data and/or bespoke surveys based on company size and industry-appropriate peer companies. Non-executive directors' fees are aligned to the market's 50th percentile. In years when external benchmarking is not conducted, non-executive directors' fees increase in line with approved annual adjustments for management and specialist category employees.

Non-executive directors' fees are recommended by the remuneration committee and the board for approval by a special resolution of shareholders at the company's AGM for implementation in June.

Remuneration report continued

MSR

In line with global best practice and shareholder expectations, we adopted our MSR policy in 2021. The policy aims to encourage all executives, including executive directors and prescribed officers, to acquire and hold shares in the company and to reinforce alignment between executive and shareholder interests. Prescribed officers are expected to build and maintain a company shareholding in direct proportion to their NCOE to align their interests with those of shareholders.

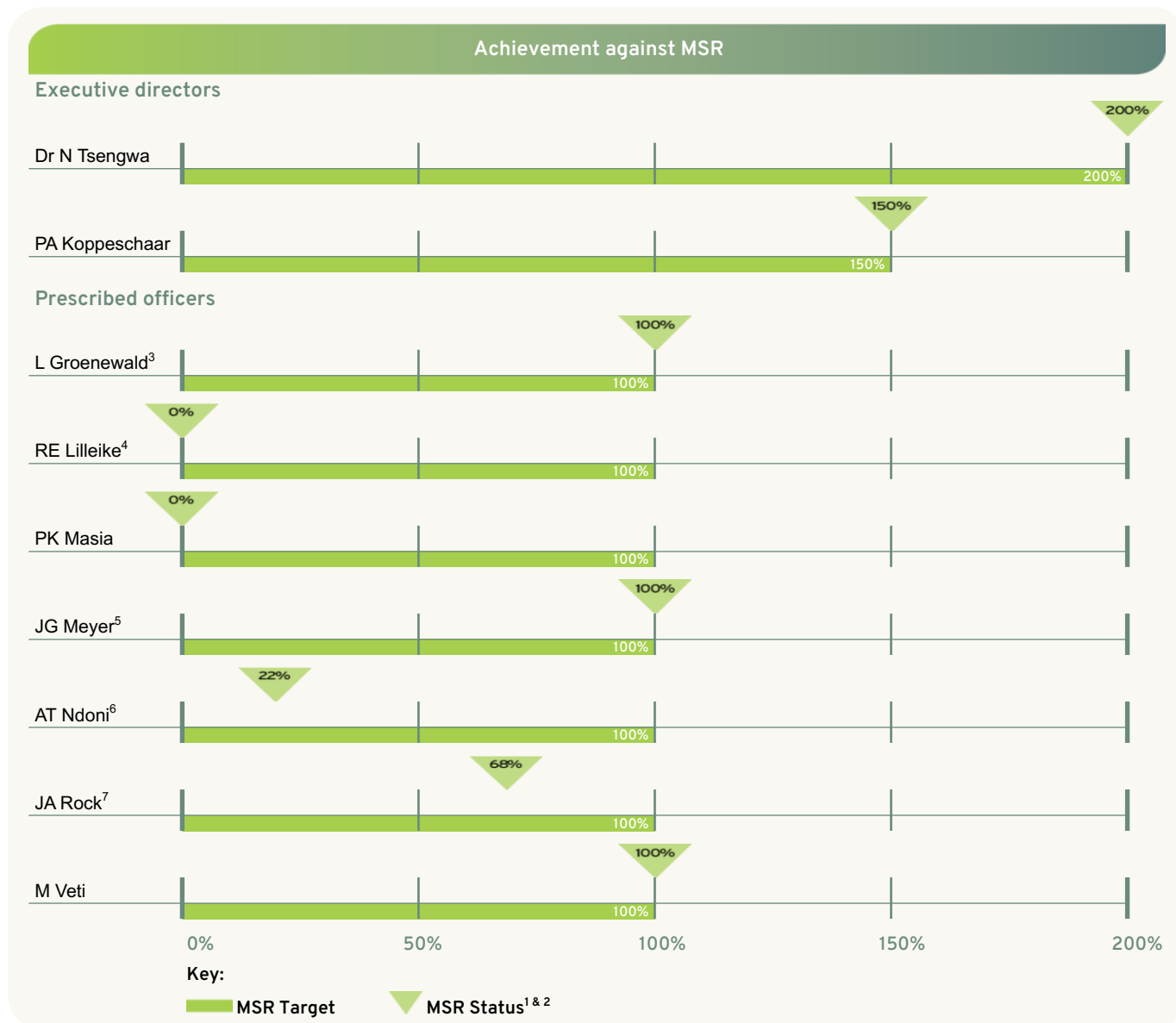
The target minimum shareholding may be satisfied as follows:

- The pre-tax deferral of a percentage of potential unvested LTIP award for the holding period
- The pre-tax deferral of matching shares received through participation in the DBP in escrow until the determination date
- Election to purchase MSR shares with a percentage of pre-tax STI payments each financial year
- Personal investment shares, not subject to the holding period, acquired with post-tax income and/or a variable pay scheme operated by the company

The following conditions apply:

Role	MSR target	Compliance period
CEO	2 x annual NCOE	Five years from the date of policy implementation (or from appointment as a prescribed officer if later)
Finance director	1.5 x annual NCOE	
Other prescribed officers	1 x annual NCOE	

We evaluate progress towards achieving the target minimum shareholding annually. The table below sets out the MSR status per prescribed officer as at December 2023:



¹ Based on share price of R204.48 on 31 December 2023.

² MSR shares held on a pre-tax basis in an MSR account until the determination date.

³ Appointed as managing director: energy on 1 April 2023.

⁴ Appointed on 1 October 2023 (for the purposes of the MSR calculation, the NCOE was annualised).

⁵ Deferred LTIPs to MSR shares.

⁶ Purchased MSR shares with a portion of 2022 GIS.

⁷ Appointed on 16 October 2023 (for the purposes of the MSR calculation, the NCOE was annualised).

Malus and clawback

Malus (the ability to reduce, including to zero, an award not yet accrued or vested to an individual) and clawback (the ability to recover or seek repayment of awards already paid or vested to the individual) remain essential features of our remuneration policy. These processes allow for risk adjustment of awards already made and, in the case of clawback, awards already vested or paid out.

Where appropriate, the variable remuneration (STIs and LTIs) of individuals directly or indirectly accountable for an event may be adjusted.

When considering individual responsibility, the rationale for implementing malus and clawback takes into account several factors, including:

- Misbehaviour or material error by a participating employee
- An employee's actions resulting in reputational damage to the business
- The business suffering a material downturn in financial performance or material failure in risk management
- Awards being based on material misstatements of financial results or information arising that would have caused benefits to lapse or the board or remuneration committee to exercise discretion differently if the information was disclosed at the time
- The business suffering a material financial loss because of actions or circumstances attributable directly to an employee or that could have been avoided by reasonable actions of an employee
- The board or remuneration committee, in their discretion, deeming it necessary to apply malus or clawback

The GIS and share-based awards, including the LTIP and DBP, are subject to malus and clawback provisions enabling the remuneration committee to reduce the vesting level (including to zero) or to recover amounts already paid should this be necessary. The policy has been accepted and acknowledged by all prescribed officers. There were no events of malus or clawback during the 2023 remuneration cycle.

Forward-looking remuneration policy actions for 2024

Fair pay and the wage gap

We will continue our wage gap journey and execute through the various workstreams we identified. Our wage gap and fair pay will be tracked and appropriate interventions will be undertaken where required.

Energy business

We will focus on embedding the new STI and LTI schemes for Cennergi to drive behaviours that enable business growth and encourage alignment between the energy business and Exxaro.

Exxaro's LTIP

We will review the Exxaro LTIP rules and performance conditions.

Recognition

We will review the recognition policy and programme to ensure it remains relevant as we acknowledge and reward employees for their achievements and contributions.

Benefits

We will review benefits and allowances to enhance our benefits offering, where necessary. We have identified enhancements in the form of a funeral benefit and medical expenses gap cover for all employees.

MSR

We will continue to monitor and, where necessary, support executives to attain the MSR.

Non-executive directors' fees

We will complete the review of the remuneration of non-executive directors framework.

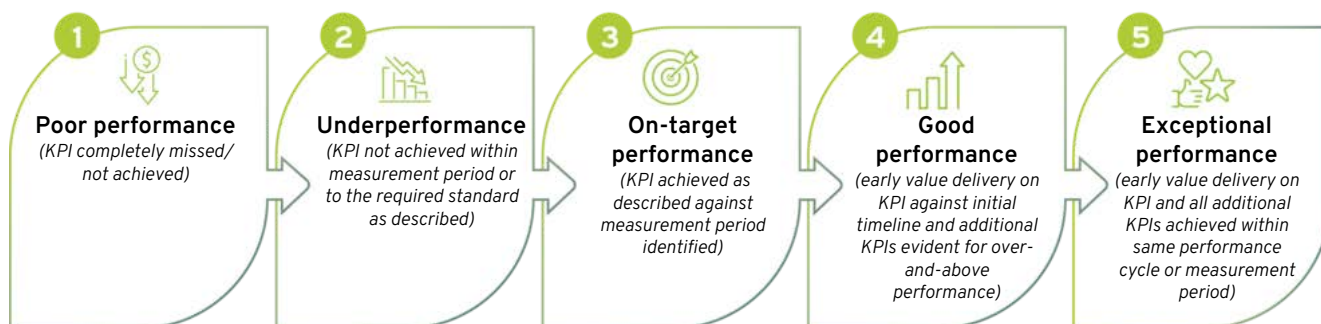
Section 3: Implementation report

Introduction

Our implementation report discloses remuneration outcomes for non-executive directors, executive directors and prescribed officers. It includes total remuneration received and a single total figure for remuneration receivable (as per King IV) for the review period and all constituent remuneration elements.

This section reflects the remuneration policy's implementation and provides details on remuneration paid to executive directors and prescribed officers for the period ended 31 December 2023. It details STI and LTI payments and vesting outcomes, including a performance summary for each executive director and prescribed officer with single-figure remuneration.

Implementation complied with the remuneration policy. The standard performance rating scale is outlined below.



Standard performance scale applied to each KPI

Performance contract and rating of the CEO in 2023

Individual key objectives	KPIs	Rating
Strategic growth and financial performance	Drive execution of the approved energy business strategy as per board mandate	
	Drive execution of the approved minerals strategy as per board mandate	
	Achieve group ROCE target of 20% in terms of LTIP sliding scale	
Business transformation and operational excellence	Oversight of organisational effectiveness programme	
Leading people change and social impact	Implementation of wage gap plan as per approved wage gap implementation roadmap	
	Achieve EE and gender representation targets across all Exxaro group employers in core and management levels aligned to the approved EE plan and mechanisms as per DEI metrics and plan	
Safety and business sustainability	Maintain and achieve overall level 3 B-BBEE rating as per the DTI scorecard	
	Implement actions at group level to reduce environmental impact (including decarbonisation strategy). Sustain Exxaro's ESG rating	
	Oversight in the implementation of the Social Impact strategy. This will include milestones identified in line with the approved plan and measurement scorecard	
Cost management and prudence	Demonstrable actions to strategically manage business risks to ensure alignment to the risk appetite framework and mindful of the trade-offs in respect of the Sustainable Growth and Impact strategy	
	Identify areas of cost reduction and savings across the Exxaro group	
Performance rating		3.6



Performance contract and rating of the finance director in 2023

Individual key objectives	KPIs	Rating
Strategic growth and financial performance	Implementation of coal and energy divestment strategy as approved by the board (as per project plan, criteria, go/no-go decision and successful negotiations of final agreements)	
	Build sustainable core minerals and energy businesses (inclusive of funding models, structures and planned investments), corporate finance support for financial modelling, affordability analysis, financial impact, deal structuring and financial due diligence inclusive of funding model/capital raise	
	Achieve ROCE target of 20% in terms of LTIP sliding scale	
	Ensure sufficient funding to grow new energy and minerals business(es) to align with the Exxaro capital allocation framework	
	Enable corporate portfolio management	
Business transformation and operational excellence	Deliver group consolidated (and company) annual reporting statements aligned with required regulations and standards without significant review findings	
	Deliver consolidated group budget and forecast	
	Accurate, timely and relevant financial reporting within seven days of month-end closing (flash reporting)	
Safety and business sustainability	Achieve at least level 3 on B-BBEE scorecard through ESD and social impact vehicles	
	Achieve Mining Charter III, dtic and DEL employment equity targets aligned with the approved departmental plan	
	Achieve gender representation targets for the group at core and management levels to align with the approved employment equity plan and mechanisms	
Cost management and prudence	No overdue or repeat level 1 and 2 audit findings in area of responsibility	
	Departmental budget spend	
	Identify areas for group-wide cost reduction and savings	
Performance rating		3.3

Remuneration report continued

Awards under STI schemes

The table below discloses business and individual performance outcomes used in determining the STI for each executive director and prescribed officer. All payments are due as per policy and there were no deviations in the year.

STI awards for executive directors and prescribed officers in 2023

Executive directors and prescribed officers	NCOE (R)	Business performance score (80%)	Individual performance/ (20%) Rating factor (%)	STI target (%)	Total actual STI (R)
Dr N Tsengwa	8 890 630	30.05%	125%	100%	4 359 964
PA Koppeschaar	6 702 393	30.05%	115%	75%	2 364 604
H Bhola ¹	2 620 870			50%	
AS de Angelis ²	2 100 837	30.05%	125%	60%	618 150
L Groenewald (Exxaro) ³	951 549	30.05%	100%	60%	251 437
L Groenewald (Cennergi) ³	4 004 697	105% ⁴		70%	2 951 862
RE Lilleike ⁵	1 156 038			75%	
PK Masia	5 468 238	30.05%	115%	75%	1 929 194
JG Meyer	4 810 353	30.05%	115%	60%	1 357 674
MI Mthenjane ⁶	2 833 820			60%	
AT Ndoni ⁷	3 093 366	30.05%	115%	50%/60%	797 073
JA Rock ⁸	939 059			60%	
M Vetu	4 446 111	30.05%	115%	60%	1 254 870
Total prescribed officers' remuneration	48 017 961				15 884 828

¹ Resigned on 30 November 2023.

² Accepted voluntary severance package on 31 July 2023.

³ Appointed as managing director: energy on 1 April 2023.

⁴ Cennergi STI excludes benefits and allowances from NCOE and does not separate business performance and individual performance (100% business performance).

⁵ Appointed on 1 October 2023.

⁶ Resigned on 18 August 2023.

⁷ Promotion during the year from EM to EU (STI target 50%, changed to 60%).

⁸ Appointed on 16 October 2023.

Awards under the LTIP scheme

We disclose the outcomes of the 2021 and 2020 conditional LTIP awards that vest in April 2024 and vested in April 2023.

Of the awards made in April 2021, 98.67% vest in April 2024. A summary of the vesting percentages by vesting condition is below.

Performance vesting conditions outcome	Weight (%)	2023 (%)	2022 (%)
ROCE	33.33	100.00	100.00
TSR	33.33	100.00	100.00
ESG	33.34	96.00	96.00
Overall vesting		98.67	98.67

For 2023

- ROCE was 100% and, as a stretched target, >22% was calculated as the arithmetic average of the three-year performance period.
- TSR was 100% based on a result of 32.5% which positioned Exxaro second (first: Glencore at 48.9%, third: Sasol at 28%, fourth: BHP Billiton at 24.8%, fifth: Goldfields at 18.2%, sixth: Anglo at 13.4%, seventh: AngloPlats at -1.9%, eighth: AngloGold at -3.9%, ninth: Implats at -4.2%, tenth: Northern Platinum at -6% and eleventh: Sibanye Stillwater at -10.5%).
- The governance component of ESG, as per the FTSE Russell ESG Index, met the lower target which resulted in a 96% achievement for the 2023 portion of the awards.

For 2022

- ROCE was 100% and, as a stretched target, >22% was calculated as the arithmetic average of the three-year performance period.
- TSR was 100% based on a result of 39.1% which positioned Exxaro first (second: Impala Platinum at 34.8%; third: Glencore at 34.2%; fourth: Sibanye-Stillwater at 28.8%; fifth: Gold Fields at 27.6%; sixth: Northam Platinum at 27.2%; seventh: Anglo American Platinum at 26.3%; eighth: Anglo American at 25.5%; ninth: BHP Billiton at 23.0%; tenth: Sasol at 3.6% and eleventh: AngloGold Ashanti at -1.8%).
- The governance component of ESG, as per the FTSE Russell ESG Index, met the lower target, which resulted in a 96% achievement for the 2022 portion of the awards.

LTIP

The table below illustrates the rights held by each participant, vested shares traded and shares forfeited due to performance conditions not being met in the review period, and shares forfeited as a result of resignation in the review period.

LTIP transaction details for executive directors and prescribed officers in 2023

	Shares held at 31 December (Number)	Vesting period	Proceeds if exercisable at 31 December ¹ (R)	Shares vested during the year (Number)	Shares forfeited ² (Number)	Sale price/market price (R)	Pre-tax gain (R)	Date traded	MSR election (Number)
Executive directors									
Dr N Tsengwa		01/04/2023		65 405	884	187.75	12 279 789	01/04/2023	
	80 115	01/04/2024	16 381 915						
	14 224	01/04/2025	2 908 524						
	78 093	01/04/2025	15 968 457						
	112 157	01/04/2026	22 933 863						
	284 589		58 192 759	65 405	884		12 279 789		
PA Koppeschaar		01/04/2023		83 938	1 134	187.75	15 759 360	01/04/2023	
	49 954	01/04/2024	10 214 594						
	41 816	01/04/2025	8 550 536						
	51 829	01/04/2026	10 597 994						
	143 599		29 363 124	83 938	1 134		15 759 360		
Prescribed officers									
H Bhola ³		01/04/2023		16 838	227	187.75	3 161 335	01/04/2023	
		01/04/2024			10 447				
		01/04/2025			8 828				
		01/04/2026			10 920				
				16 838	30 422		3 161 335		
AS de Angelis ⁴		01/04/2023		32 965	445	187.75	6 189 179	01/04/2023	
	19 066	01/04/2024	3 898 616						
	15 960	01/04/2025	3 263 501						
	19 822	01/04/2026	4 053 203						
	54 848		11 215 320	32 965	445		6 189 179		
L Groenewald ⁵		01/04/2023		32 562	440	187.75	6 113 516	01/04/2023	
	19 175	01/04/2024	3 920 904						
	16 832	01/04/2025	3 441 807						
	36 007		7 362 711	32 562	440		6 113 516		
RE Lilleike ⁶		01/10/2026							
	38 223		7 815 839						
	38 223		7 815 839						
PK Masia		01/04/2025							
	34 170	01/04/2025	6 987 082						
	42 264	01/04/2026	8 642 143						
	110 604		22 616 307						
JG Meyer		01/04/2023		21 798	589	187.75	4 092 575	01/04/2023	21 798
	25 214	01/04/2024	5 155 759						
	21 107	01/04/2025	4 315 959						
	26 308	01/04/2026	5 379 460						
	72 629		14 851 178	21 798	589		4 092 575		21 798
MI Mthenjane ⁷		01/04/2023		36 985	555	187.75	6 943 934	01/04/2023	4 109
		01/04/2024			23 767				
		01/04/2025			19 895				
		01/04/2026			24 608				
				36 985	68 825		6 943 934		4 109
AT Ndoni		01/11/2024							
	12 165	01/11/2024	2 487 499						
	9 296	01/04/2025	1 900 846						
	11 499	01/04/2026	2 351 316						
	8 481	01/09/2026	1 734 195						
	41 441		8 473 856						
JA Rock ⁸		16/10/2026							
	24 928		5 097 277						
	24 928		5 097 277						
M Vetri		01/04/2023		40 532	548	187.75	7 609 883	01/04/2023	
	23 442	01/04/2024	4 793 420						
	19 623	01/04/2025	4 012 511						
	24 271	01/04/2026	4 962 934						
	67 336		13 768 865	40 532	548		7 609 883		

¹ Based on the prevailing share price of R204.48 on 31 December 2023 and assumes 100% vesting.

² Shares forfeited due to not fully meeting performance conditions and shares forfeited due to resignation.

³ Resigned on 30 November 2023.

⁴ Accepted voluntary severance package on 31 July 2023.

⁵ Appointed as managing director: energy on 1 April 2023.

⁶ Appointed on 1 October 2023.

⁷ Resigned on 18 August 2023.

⁸ Appointed on 16 October 2023.

Remuneration report continued

VARP transaction details for Leon Groenewald in 2023

The managing director: energy's employment contract stipulates a term of four years. Therefore, his award multiple is four. The VARP multiple for all other permanent employees is limited to five. The managing director: energy's VARP will vest in equal tranches of 50% each on 1 April 2026 and 1 April 2027, subject to achieving the performance milestones. After vesting, his awards will continue as usual with exercise windows of four years. Awards will not be accelerated.

The table below illustrates the rights held by the participant in terms of VARP tranches and vesting dates.

	Tranche	Value at grant date (R)	Vesting date	Exercisable date	Fair value of award at year end ¹ (R)
Prescribed officer (L Groenewald)	Tranche 1	6 354 115	01/04/2026	01/04/2030	10 801 995
	Tranche 2	6 354 115	01/04/2027	01/04/2031	10 801 995

¹ The fair value at year end is determined as award value x likelihood of milestone being met x value multiple at year end (assumed 100% vesting).

DBP

The table below illustrates the rights held by each participant and vested shares traded.

DBP transaction details for executive directors and prescribed officers in 2023

	Shares held at 31 December (Number)	Exercisable period	Pre-tax value if exercisable at 31 December ¹ (R)	Shares exercised during the year (Number)	Shares forfeited ² (Number)	Sale price/market price (R)	Pre-tax gain (R)	Date traded	MSR election (Number)
Executive directors									
Dr N Tsengwa		31/08/2023		432		169.17	73 081	31/08/2023	
	589	19/03/2024	120 439						
	2 770	31/03/2024	566 410						
	3 359		686 849	432			73 081		
PA Koppeschaar		31/03/2023		4 778		191.01	912 646	31/03/2023	
		31/08/2023		1 004		169.17	169 847	31/08/2023	
	750	21/09/2024	153 360						
	1 024	04/03/2025	209 388						
	1 774		362 748	5 782			1 082 493		
Prescribed officers									
H Bholo ³		31/03/2023		1 110		191.01	212 021	31/03/2023	
		19/03/2024			137				
		31/03/2024			778				
		31/08/2024			159				
		04/03/2025			394				
		31/03/2025			584				
		31/03/2026			1 996				
				1 110	4 048		212 021		
AS de Angelis ⁴		31/03/2023		1 092		191.01	208 583	31/03/2023	
		31/08/2023		466		169.17	78 833	31/08/2023	
	202	19/03/2024	41 305						
	1 269	31/03/2024	259 485						
	227	21/09/2024	46 417						
	2 491	31/03/2026	509 360						
	4 189		856 567	1 558			287 416		

	Shares held at 31 December (Number)	Exercisable period	Pre-tax value if exercisable at 31 December ¹ (R)	Shares exercised during the year (Number)	Shares forfeited ² (Number)	Sale price/market price (R)	Pre-tax gain (R)	Date traded	MSR election (Number)
Prescribed officers continued									
L Groenewald ⁵		31/03/2023		3 655		191.01	698 142	31/03/2023	
		31/08/2023		552		169.17	93 382	31/08/2023	
	200	19/03/2024	40 896						
	1 275	31/03/2024	260 712						
	409	21/09/2024	83 632						
	1 004	04/03/2025	205 298						
	1 845	31/03/2025	377 266						
	4 733		967 804	4 207			791 524		
JG Meyer		31/03/2023		4 942		191.01	943 971	31/03/2023	
	301	21/09/2024	61 548						
	301		61 548	4 942			943 971		
AT Ndoni	96	04/03/2025	19 630						
	1 676	31/03/2026	342 708						
	1 772		362 338						
M Vetu		31/08/2023		682		169.17	115 374	31/08/2023	
	449	19/03/2024	91 812						
	3 180	31/03/2024	650 246						
	278	21/09/2024	56 845						
	7 230	31/03/2026	1 478 390						
	11 137		2 277 293	682			115 374		

¹ Based on the prevailing share price of R204.48 on 31 December 2023.

² Matching shares forfeited due to termination of services.

³ Resigned on 30 November 2023.

⁴ Accepted voluntary severance package on 31 July 2023.

⁵ Appointed as managing director: energy on 1 April 2023.

DBP income for executive directors and prescribed officers

Executive directors and prescribed officers	DBP shares held as a percentage of NCOE at 31 December 2023		DBP shares held at 31 December 2023		DBP shares pledged in 2020 – matched and vested in 2023	
	(%)	(R)	(R)	(Number)	(R)	(Number)
Dr N Tsengwa	8	686 849	3 359		73 081	432
PA Koppeschaar	5	362 748	1 774		1 082 493	5 782
H Bhola ¹					212 021	1 110
AS de Angelis ²	41	856 567	4 189		287 416	1 558
L Groenewald ³	19	967 804	4 733		791 524	4 207
RE Lilleike ⁴						
PK Masia						
JG Meyer	1	61 548	301		943 971	4 942
MI Mthenjane ⁵						
AT Ndoni	12	362 338	1 772			
JA Rock ⁶						
M Vetu	51	2 277 293	11 137		115 374	682

¹ Resigned on 30 November 2023.

² Accepted voluntary severance package on 31 July 2023.

³ Appointed as managing director: energy on 1 April 2023.

⁴ Appointed on 1 October 2023.

⁵ Resigned on 18 August 2023.

⁶ Appointed on 16 October 2023.

Remuneration report continued

Total executive management remuneration

The total single-figure remuneration for executive directors and prescribed officers is stated in the table below to align with King IV. The 2023 LTIP granted on 1 April 2021 will vest on 1 April 2024 due to 2023 performance conditions. As the portion of the DBP voluntary deferral is included under the STIs, proceeds from the matched portion of the DBPs are reflected under LTIs.

Single-figure remuneration as per King IV for 2023 and 2022

	Year	NCOE (R)	Recognition and other payments (R)	STIs (R)	LTIs (R)	Total remuneration (R)
Executive directors						
Dr N Tsengwa	2023	8 890 630	63 460	4 359 964	16 850 885	30 164 939
	2022	7 547 800	6 260	7 866 142	14 307 551	29 727 753
PA Koppeschaar	2023	6 702 393	2 760	2 364 604	10 232 100	19 301 857
	2022	6 319 275	6 260	5 307 320	19 497 606	31 130 461
Prescribed officers						
H Bhola ¹	2023	2 620 870	293 942			2 914 812
	2022	2 554 764	57 860	1 414 817	3 900 288	7 927 729
A de Angelis ²	2023	2 100 837	1 983 542	618 150	4 193 971	8 896 500
	2022	3 434 928	6 260	1 765 318	7 502 334	12 708 840
L Groenewald ³	2023	5 070 915	2 760	3 203 299	4 641 575	12 918 549
	2022	3 752 379	20 226	2 301 752	7 990 505	14 064 862
RE Lilleike ⁴	2023	1 156 038	1 200 000			2 356 038
	2022					
PK Masia ⁵	2023	5 468 238	2 314	1 929 194		7 399 746
	2022	4 355 010		3 494 746		7 849 756
JG Meyer	2023	4 810 353	2 760	1 357 674	5 148 735	11 319 522
	2022	4 515 993	6 260	3 070 151	10 548 084	18 140 488
MI Mthenjane ⁶	2023	2 833 820	496 622			3 330 442
	2022	4 256 784	105 677	2 834 229	8 930 369	16 127 059
AT Ndoni ⁷	2023	3 093 366	725 050	797 073	2 454 415	7 069 904
	2022	2 675 147	722 290	1 484 294		4 881 731
JA Rock ⁸	2023	939 059	2 766 357			3 705 416
	2022					
M Vetu	2023	4 446 111	63 460	1 254 870	5 528 571	11 293 012
	2022	4 198 578	6 260	2 845 857	8 956 570	16 007 265

¹ Appointed as acting executive head: human resources from 13 September 2022 to 16 October 2023. Remuneration information relates to the full period until resignation on 30 November 2023.

² Accepted voluntary severance on 31 July 2023.

³ Appointed as managing director: energy on 1 April 2023 after acting in the position since 16 August 2022. Remuneration information relates to the full year for 2022 and 2023. LTIs comprise LTIP 2021 grant: R3 868 756, DBP 2021 matching shares: R385 240 and BMP 2023 matching incentive: R387 579.

⁴ Appointed as chief growth officer on 1 October 2023.

⁵ Appointed as managing director: minerals on 1 March 2022.

⁶ Resigned on 18 August 2023.

⁷ 2023 LTIP granted on 1 November 2021 will vest on 1 November 2024.

⁸ Appointed as chief people and performance officer on 16 October 2023.

The STIs include the voluntary individual deferral for 2023.

The LTIP reflects 98.67% of the April 2021 award that will vest on 1 April 2024, based on the prevailing share price of R204.48 on 31 December 2023.

For 2023

- NCOE includes leave days purchased, and travel and acting allowances
- All incentive schemes are performance-related and approved by the board of directors
- R2 760/R2 314 for LTIFR is based on the functional area
- Voluntary severance included for AS de Angelis: R1 771 596
- Long service awards are included for Dr N Tsengwa: R60 700, AS de Angelis: R1 000, MI Mthenjane: R1 000 and M Vetu: R60 700
- Leave encashment amounts are included for H Bhola: R291 182, AS de Angelis: R208 186 and MI Mthenjane: R492 862
- Sign-on bonuses are included for RE Lilleike: R1 200 000 and JA Rock: R2 766 357
- Retention allowance is included for AT Ndoni: R722 290

For 2022

- NCOE includes leave days purchased and travel and acting allowances
- All incentive schemes are performance-related and approved by the board of directors
- R6 260 includes zero fatality and LTIFR rewards
- The long service award is included for H Bhola: R51 600
- Leave encashment amounts are included for L Groenewald: R13 966 and MI Mthenjane: R99 417
- Retention allowance is included for AT Ndoni: R722 290



Non-executive directors' remuneration

	2023				2022			
	Fees for services (R)	Benefits and allowances ¹ (R)	Fees for services rendered to subsidiaries ² (R)	Total (R)	Fees for services (R)	Benefits and allowances ¹ (R)	Fees for services rendered to subsidiaries ² (R)	Total (R)
Non-executive directors								
GJ Fraser-Moleketi	1 423 075			1 423 075	1 341 322			1 341 322
KM Ireton ³	800 011			800 011	550 142			550 142
B Magara ³	897 586			897 586	550 577			550 577
B Mawasha ³	885 625			885 625	655 316			655 316
IN Malevu	685 337			685 337	629 194			629 194
L Mbatha	681 040		70 068	751 108	652 318		88 136	740 454
M Medupe ⁴	829 565			829 565				
Dr P Mnganga ³	1 001 950			1 001 950	662 442			662 442
VZ Mntambo	684 262			684 262	652 754		116 696	769 450
LI Mophatlane ⁵	525 499			525 499	1 217 826	3 253		1 221 079
MLB Msimang	851 536			851 536	848 293			848 293
V Nkonyeni ⁵	462 885			462 885	1 067 868			1 067 868
CJ Nxumalo	1 072 369			1 072 369	1 028 084			1 028 084
MG Qhena (chairperson)	2 301 119			2 301 119	2 198 914	22 168		2 221 082
PCCH Snyders	1 238 558	8 541		1 247 099	1 177 614			1 177 614
Total non-executive directors' remuneration	14 340 417	8 541	70 068	14 419 026	13 232 664	25 421	204 832	13 462 917

¹ Travel reimbursements for visiting various company operations during the year.

² Directors' fees paid by Eyesizwe RF Proprietary Limited.

³ Appointed on 7 February 2022.

⁴ Appointed on 3 January 2023.

⁵ Retired on 18 May 2023.

Assurance report



Independent Auditor's Reasonable Assurance Report on Selected Key Performance Indicators

To the Directors of Exxaro Resources Limited

We have undertaken a reasonable assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the Environmental, social and governance report of Exxaro Resources Limited (Exxaro) for the year ended 31 December 2023 (the Report). This engagement was conducted by a multidisciplinary team including health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a reasonable assurance opinion in our report on the following selected KPIs, marked with an "RA" on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with the Exxaro's reporting criteria that accompanies the sustainability information and is set out in "Appendix A: Criteria" (the accompanying Exxaro reporting criteria).

Category	Selected KPIs	Unit	Scope of coverage
Safety	Fatalities	Number	Exxaro Group
Safety	Lost time injuries (LTIs) (employees, contractors and visitors)	Number	Exxaro Group
Safety	Lost time injury frequency rate (LTIFR) (employees, contractors and visitors)	Rate	Exxaro Group
Occupational Health	Occupational health incident frequency rate (OHIFR) <ul style="list-style-type: none"> • Reported cases of tuberculosis (TB); • Reported cases of chronic obstructive airway disease (COAD); • Reported cases of pneumoconiosis; • Reported cases of noise-induced hearing loss (NIHL) • Reported cases of silicosis per 200 000 man hours 	Rate	Exxaro Group
Occupational Health	Number of accepted occupational health cases: <ul style="list-style-type: none"> • Pneumoconiosis • Tuberculosis • NIHL 	Number	Exxaro Group
Social	Talent bench - % of clusters (DL to DU) that have at least two EE candidates in the 3A/3B/2A category	Percentage	Exxaro Group
Social	Talent bench - % of clusters (EL and above) that have at least two EE candidates in the 3A/3B/2A category	Percentage	Exxaro Group
Social	Skills provision (percentage of appointment of employees from within)	Percentage	Exxaro Group
Social	Scarcity skills retention (percentage turnover)	Percentage	Exxaro Group
Greenhouse Gases	Carbon intensity (scope 1)	tCO ₂ e/total kilotonnes mined (kTTM)	Exxaro Group
Greenhouse Gases	Carbon intensity (scope 2)	tCO ₂ e/total kilotonnes mined (kTTM)	Exxaro Group
Water	Water intensity	Water withdrawn/ RoM tonnes	Exxaro Group
Environmental compliance	Reportable environmental incidents (levels 2 and 3)	Number	Exxaro Group
Stoppage directives	Stoppage directives (including section 54 (a) stoppages in terms of the Mine Health and Safety Act (MHSA))	Number	Exxaro Group
Stoppage directives	Stoppage directives (including directives in terms of the National Water Act (NWA), National Environmental Management Act (NEMA) and Mineral and Petroleum Resources Development Act (MPRDA))	Number	Exxaro Group

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying Exxaro reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.



Inherent Limitations

Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a reasonable assurance opinion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and in respect to the greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410), Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain reasonable assurance about whether the selected KPIs are free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) and ISAE 3410 involves performing procedures to obtain evidence about the measurement of the selected KPIs and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected KPIs, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to Exxaro Resources Limited's preparation of the selected KPIs. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by Exxaro.
- Assessing the suitability in the circumstances of Exxaro's use of the applicable reporting criteria as a basis for preparing the selected information; and
- Evaluating the overall presentation of the selected sustainability performance information

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reasonable Assurance Opinion

In our opinion and subject to the inherent limitations outlined elsewhere in this report, the selected KPIs set out in the Subject Matter paragraph above for the year ended 31 December 2023 are prepared, in all material respects, in accordance with the accompanying Exxaro reporting criteria.

Other Matters

The maintenance and integrity of Exxaro's website is the responsibility of Exxaro's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent reasonable assurance report that may have occurred since the initial date of its presentation on Exxaro's website.

Restriction of Liability

Our work has been undertaken to enable us to express a reasonable assurance opinion on the selected KPIs to the directors of Exxaro in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Exxaro, for our work, for this report, or for the conclusion we have reached.

KPMG Inc

Registered Auditor

Per Safeera Loonat

Chartered Accountant (SA)

Registered Auditor

Director

23 April 2024

KPMG Crescent

85 Empire Road, Parktown

Johannesburg

2193

Appendix A: Criteria

KPI Definitions

KPI/Subject Matter	Level of assurance	Definition/criteria
Number of lost-time injuries (employees and contractors)	Reasonable	<p>Lost-time injury (LTI) occurs when a person is injured in the execution of his/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day on which the injury was incurred, whether a scheduled work day or not.</p> <p>The following notes apply:</p> <ul style="list-style-type: none"> • Days lost are calendar days regardless of whether the injured was due at work or not on any of those days and include scheduled time off • Regular duties are those duties associated with the job description of the injured • Normal daily travel to and from work is only considered as being work related if the transportation is owned, hired or contracted by the company • Restricted work (of light duties) which may follow on from lost time will normally be counted as lost time • If a business unit chooses to continue to use restricted work cases (RWCs) and RWC days, the definition of Restricted Work Cases will apply <p>Irrespective of whether business units record RWCs or not, the calculation of the lost-time injury frequency rate (LTIFR) will include both LTIs and RWCs and the sum of lost days and restricted days. The employee LTIFR shall be calculated whenever the LTI is reported and communicated.</p>
Lost-time injury frequency rate (LTIFR) (employees and contractors)	Reasonable	<p>Lost-time injury (LTI) occurs when a person is injured in the execution of his/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day on which the injury was incurred, whether a scheduled work day or not.</p> <p>The following notes apply:</p> <ul style="list-style-type: none"> • Days lost are calendar days regardless of whether the injured was due at work or not on any of those days and include scheduled time off • Regular duties are those duties associated with the job description of the injured • Normal daily travel to and from work is only considered as being work related if the transportation is owned, hired or contracted by the company • Restricted work (of light duties) which may follow on from lost time will normally be counted as lost time • If a business unit chooses to continue to use restricted work cases (RWCs) and RWC days the definition of Restricted Work Cases will apply <p>Irrespective of whether business units record RWCs or not, the calculation of the LTIFR will include both LTIs and RWCs and the sum of lost days and restricted days. The employee LTIFR shall be calculated whenever the LTI is reported and communicated.</p> <p>It is calculated as follows:</p> <p>LTIFR: (Number of LTIs X 200 000)/Total man-hours worked</p> <p>Total man-hours should include visitor hours.</p>
Occupational health incident rate • Reported cases of TB • Reported cases of COAD • Reported cases of pneumoconiosis • Reported cases of NIHL • Reported cases of silicosis; per 200 000 hours	Reasonable	<p>An occurrence of a medically diagnosed occupational disease by the Occupational Medical Practitioner which is reported to MBOD, DMR and/or RMA during the reporting period. However, no immediate decision for compensation is made until pending further investigations results.</p> <p>These occupational diseases are:</p> <ul style="list-style-type: none"> • Reported cases of occupational tuberculosis • Reported cases of chronic obstructive airway disease • Reported cases of pneumoconiosis • Reported cases of noise-induced hearing loss • Reported cases of silicosis <p>Occupational diseases are monitored and reported for employees and contractors.</p> <p>The occupational health incident rate is calculated as follows:</p> <p>Occupational health incident rate: (Number of reported occupational diseases X 200 000)/Total man-hours worked</p> <p>Total man-hours worked include hours for employees, contractors and visitors.</p>

KPI/Subject Matter	Level of assurance	Definition/criteria
Number of accepted cases of occupational diseases	Reasonable	<p>An accepted case is an approved case for compensation by the MBOD/RMA. An approved certificate is sent to the Occupational Medical Practitioner.</p> <p>These occupational diseases are:</p> <ul style="list-style-type: none"> • Accepted cases of occupational tuberculosis • Accepted cases of chronic obstructive airway disease • Accepted cases of pneumoconiosis • Accepted cases of noise-induced hearing loss • Accepted cases of silicosis
Carbon intensity (ktCO ₂ e/TTM)	Reasonable	$\frac{\text{Total emissions from scope 1 and scope 2}}{\text{Total tonnes mined}}$ in (ktCO ₂ e per kt)
Carbon footprint – scope 1	Reasonable	Total emissions from Exxaro operations – these include total litres of diesel oil used for primary production activities, fugitive emissions from mining activities and limestone emissions created through mining activities converted to ktCO ₂ e. The above are all combined and the total scope 1 calculation is performed at head office.
Carbon footprint – scope 2	Reasonable	Total emissions from the consumption of purchased electricity converted to ktCO ₂ .
Number of level 2 and 3 environmental incidents	Reasonable	<p>Level 0 environmental incidents – Where a potential environmental impact was avoided simply due to a ‘moment in time’ or an ‘immediate clean up’ it would be expected that the incident would be rated as a level 0.</p> <p>Any environmental observations noted during inspections or site visits can also be classified as a level 0</p> <p>Guiding principles</p> <p>Duration: Short term (immediate clean-up/remediation – less than a month)</p> <p>Extent: Impact will be contained within the section/ department or mining area</p> <p>Sensitivity: The receiving environment is not altered with any or extremely limited impacts on surface and groundwater resources</p> <p>Biodiversity value: The impacted site has extremely low biodiversity value</p> <p>Level 1 environmental incidents – A minor environmental incident (level 1) is an internally reportable incident or sequence of incidents, whether immediate or delayed, that results in a minor negative impact on the environment.</p> <ul style="list-style-type: none"> • Minor environmental incidents are not reportable to the authorities, since they should not result in significant pollution or pose a risk to the public if remedied within the set period • However, should the minor environmental incident/s trigger a non-compliance to any of the Environmental Authorisations the incident must be reported according to the timeframes stated in the said authorisation/s <p>Guiding principles</p> <p>Duration: Short term (immediate clean-up/remediation – between a month but less than 1 year)</p> <p>Extent: Impact will be contained on mine property/mining area/a small area (metres) limited to off-site</p> <p>Sensitivity: The receiving environment is altered with a limited impaired ecosystem function and with limited impacts on surface and groundwater resources</p> <p>Biodiversity value: The impacted site has low biodiversity value</p>

KPI/Subject Matter	Level of assurance	Definition/criteria
Number of level 2 and 3 environmental incidents continued	Reasonable	<p>Level 2 environmental incidents – A medium environmental incident (level 2) is an internally reportable incident or sequence of incidents, whether immediate or delayed, that results, or has the potential to result, in widespread or localised, short-term, reversible, significant, negative impact on the environment and/or has a moderate risk of legal liability.</p> <p>In this regard a medium environmental incident may be reportable to the local authorities depending on the applicable legislation, can result in significant pollution and may entail risk of public danger but is not limited to the above.</p> <p>Guiding principles Duration: Rehabilitation and remediation strategies will reverse the environmental impact between 1 year to a maximum of 2 years</p> <p>Extent: Mine and surrounding communities</p> <p>Sensitivity: The receiving environment is altered, with little natural habitat, with moderately impaired ecosystem function, and with moderately impacted surface and groundwater resources</p> <p>Biodiversity value: The impacted site has medium biodiversity value</p> <p>Level 3 environmental incidents – A major environmental incident (level 3) is an internally and externally reportable incident or sequence of incidents, whether immediate or delayed, that result, or has the potential to result, in widespread, long-term, irreversible, significant, negative impact on the environment and/or has a high risk of legal liability.</p> <p>In this regard it must be noted that a major environmental incident usually should be reported to authorities depending on the applicable legislation, usually result in significant pollution and may entail risk of public danger but is not limited to the above. Major environmental incidents usually remain an irreversible impact even with the involvement of long-term external intervention.</p> <p>Guiding principles Duration: Rehabilitation/remediation of more than 2 years</p> <p>Extent: Local, provisional and/or national</p> <p>Sensitivity: The receiving environment comprises largely natural habitat, with major impairment of ecosystem function, and major impacts on surface and groundwater resources</p> <p>Biodiversity value: The impacted site has high biodiversity value</p>
Water intensity – RoM (tonnes)	Reasonable	<p>Water intensity refers to the total water withdrawals (excluding supply to third party, game, farmers) from a resource (not recycled/reclaimed water) divided by RoM, and is expressed as:</p> $\text{Water intensity} = \frac{\text{water withdrawals (m}^3\text{)}}{\text{RoM (tonnes)}}$
Skills provision (% of appointment from within)	Reasonable	<p>New definition: External is: All new engagements and re-engagements</p> <p>Internal is: Temporary to permanent, learnership to permanent, transfer to artisan and non-permanent employees appointed permanent. <i>Transfer within same BU, transfer between BU, transfer between company, promotion within same BU, promotion between company.</i></p> <p>The percentage is calculated as number of external or internal appointments/total number of appointments.</p>
Scarcity skills retention (% turnover)	Reasonable	Turnover %: Last 12 months' separations (excluding retrenchment and divesting)/an average of the last 12 months' manpower.
Talent bench – % of clusters (DL to DU) that have at least two EE candidates in the 3A/3B/2A category	Reasonable	<p>Measures the percentage of EE employees on D band that are immediately ready or medium-term ready for the next higher level – against the target of 15%</p> <ul style="list-style-type: none"> Count number of D band clusters that have at least 2 Black individuals with 3A, 3B and 2A rating on immediately ready and medium-term cluster Count total number of clusters on specific D band level, divide number of clusters with individuals on 3A, 3B and 2A by total number of clusters
Talent bench – % of clusters (EL and above) that have at least two EE candidates in the 3A/3B/2A category	Reasonable	<p>Measures the percentage of EE employees on E band that are immediately ready or medium-term ready for the next higher level – against the target of 10%</p> <ul style="list-style-type: none"> Count number of E band clusters that have at least 2 Black candidates with 3A, 3B and 2A rating on immediately ready and medium-term cluster Count total number of clusters on specific E band level, divide number of clusters with individuals on 3A, 3B and 2A by total number of clusters
Number of stoppage directives (includes section 54 in terms of MHSA)	Reasonable	<p>Stoppage (directive) instruction A stoppage instruction is an instruction issued by an inspector from the Department of Mineral Resources and Energy or Department of Employment and Labour in terms of section 54.(a) and (b) of the Mine Health and Safety Act, Act 29 of 1996 or section 30.(1) – (5) of the Occupational Health and Safety Act, Act 85 of 1993 for occurrences, practices or conditions that, in the opinion of the inspector, pose a threat to the safety or health of employees, to cease operations at the mine or part thereof with immediate effect.</p>
Number of stoppage directives (includes directives in terms of NWA, NEMA and MPRDA)	Reasonable	<p>Stoppage (directive) instruction A right/authorisation/permission/approval/licence under which has been placed under notice as per a) sections 93 and/or 47 of MPRDA; section 54 of NWA; and section 31L of NEMA, and/or regulation 38 of the NEMA EIA regulations.</p>

Glossary

AECFT	Amakhala Emoyeni Community Fund Trust
AGM	Annual general meeting
AMCU	Association of Mineworkers and Construction Union
B-BBEE	Broad-based black economic empowerment
BMP	Bonus and matching plan
BU	Business unit
CMRR	Consolidated Mineral Resources and Mineral Reserves
cps	Cents per share
DBP	Deferred bonus plan
DEL	Department of Employment and Labour
DFFE	Department of Forestry, Fisheries and the Environment
DMRE	Department of Mineral Resources and Energy
DoH	Department of Health
dtic	Department of Trade, Industry and Competition
DWS	Department of Water and Sanitation
EAP	Employee assistance programme
EBITDA	Earnings before interest, taxation, depreciation and amortisation
ECC	Exxaro Coal Central
ECD	Early childhood development
EERF	Exxaro's Environmental Rehabilitation Fund
EME	Exempt micro-enterprise
ERM	Enterprise risk management
ESD	Enterprise and supplier development
ESOP	Employee share ownership plan
FAWU	Food and Allied Workers Union
GBV	Gender-based violence
GHG	Greenhouse gas
GIS	Group incentive scheme
HDP	Historically disadvantaged person
HEPS	Headline earnings per share
HPIs	High-potential incidents
IFC	International Finance Corporation
IPP	Independent power producer
IWUL	Integrated water use licence
KAM	Key account management
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
LoM	Life of mine
LOS	Line of sight
LTI*	Long-term incentive
LTI*	Lost-time injury
LTIFR	Lost-time injury frequency rate
LTIP	Long-term incentive plan
MHSA	Mine Health and Safety Act, 1996 (Act 29 of 1996)

* The abbreviation is context specific.

Glossary continued

Mining Charter III	Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018
MLOSI	Matla line of sight incentive
Mol	Memorandum of incorporation
MPRDA	Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)
MQA	Mining Qualifications Authority
MSCI	Morgan Stanley Capital International
MSR	Minimum shareholding requirement
NBI	National Business Initiative
NCOE	Notional cost of employment
NDC	Nationally determined contribution
NEMA	National Environmental Management Act, 1998 (Act 107 of 1998)
NIHL	Noise-induced hearing loss
NPAT	Net profit after tax
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers South Africa
NWA	National Water Act, 1998 (Act 36 of 1998)
OECD	Organisation for Economic Co-operation and Development
OHIFR	Occupational health incident frequency rate
OHSA	Occupational Health and Safety Act, 1993 (Act 85 of 1993)
PAIA	Promotion of Access to Information Act, 2000 (Act 2 of 2000)
PEMS	Productivity and energy management services
PIT	Professionals in training
POPIA	Protection of Personal Information Act, 2013 (Act 4 of 2013)
PV	Photovoltaic
QSE	Qualifying small enterprise
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
ROCE	Return on capital employed
RoM	Run of mine
SERC	Social, ethics and responsibility committee
SLP	Social and labour plan
SPV	Special purpose vehicle
STI	Short-term incentive
TCFD	Task Force on Climate-Related Financial Disclosures
TFR	Transnet Freight Rail
TGP	Total guaranteed package
TSR	Total shareholder return
TWFT	Tsitsikamma Community Windfarm Trust
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
VARP	Value appreciation rights plan
WUL	Water use licence

Administration

Group company secretary and registered office

Andiswa Ndoni
Exxaro Resources Limited
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Lead equity sponsor and debt sponsor

Absa Bank Limited (acting through its corporate and investment bank division)
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Telephone: +27 11 895 6000

Joint equity sponsor

Tamela Holdings Proprietary Limited
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Golden Oak House
Ballyoaks Office Park
35 Ballyclare Drive
Bryanston
2021
Telephone: +27 11 783 5027/4907

Company registration number

2000/011076/06
JSE share code: EXX
ISIN code: ZAE000084992
ADR code: EXXAY
Bond code: EXX005
ISIN number: ZAG000160334

Independent external auditor

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Disclaimer

Opinions expressed herein are, by nature, subjective to known and unknown risks and uncertainties. Changing information or circumstances may cause the actual results, plans and objectives of Exxaro Resources Limited (the company) to differ materially from those expressed or implied in the forward-looking statements. Financial forecasts and data given herein are estimates based on the reports prepared by experts who, in turn, relied on management estimates. Undue reliance should not be placed on such opinions, forecasts or data. No representation is made as to the completeness or correctness of the opinions, forecasts or data contained herein. Neither the company, nor any of its affiliates, advisers or representatives accept any responsibility for any loss arising from the use of any opinion expressed or forecast or data herein. Forward-looking statements apply only as of the date on which they are made, and the company does not undertake any obligation to publicly update or revise any of its opinions or forward-looking statements, whether to reflect new data or future events or circumstances. Any forward-looking information has not been audited, reviewed or otherwise reported on by the external auditors.



13 26.982

Al
Aluminium

29 63.546

Cu
Copper

Al₂O₃
Bauxite

40 91.224

Zr
Zirconium

15 30.974

P
Phosphorus

77 192.22

Ir
Iridium

6.94

27
Co
Cobalt

58.933

25

54.938

Mn
Manganese

78 195.08

Pt
Platinum

95 144.82

exxaro

POWERING POSSIBILITY