

02

How we create value

Committed to powering better lives in Africa and beyond, we are transitioning into a resilient, diversified resources business while decarbonising our portfolio. Our goal is to forge a future where the needs of the present are met while preserving the potential of the future.

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Our business model

Our business model depicts the capital inputs we need to conduct our activities and deliver our products.

Our inputs

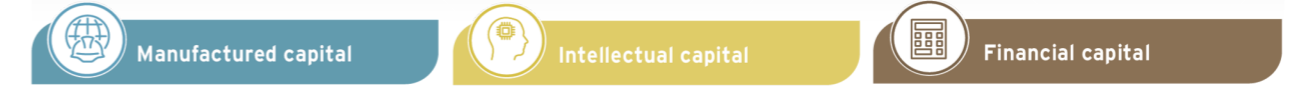
The resources and relationships we rely on



The natural resources we rely on to run our business and create our products

The people who manage our business and perform our operational activities

The relationships that provide our social licence to operate



The physical mining, energy and property assets that enable us to deliver our products

The unique combination of knowledge, experience, innovation and systems that differentiate Exxaro

The financial assets that enable us to deliver on our strategy

Our purpose guides our activities, ensuring we continue providing critical resources that support South Africa's sustainable economic and social development in a way that will accelerate change and ultimately safeguard the value we create for our stakeholders over time. We are committed to making a deliberate positive impact through our physical outputs and the way we do business.

Our activities

What we do

Our business activities align with our strategy of strengthening our resilience and ensuring we deliver sustainable value through a robust portfolio in a low-carbon economy.



Our outputs



Coal
42.5Mt product volumes
(2022: 43.1Mt)

Renewable energy
727GWh wind energy
(2022: 671GWh)

Iron ore (SIOC)
R6.2 billion adjusted equity-accounted income
(2022: R4.9 billion)

Waste
3 186t hazardous waste
(2022: 1 624t)
953ktCO₂e emissions
(2022: 971ktCO₂e)

Through our business model, we aim to achieve these overarching value outcomes

We will secure energy, power a clean world, and ensure a just transition through our business model. We are committed to providing energy that fuels development, sustains our planet, and is fair to all involved.

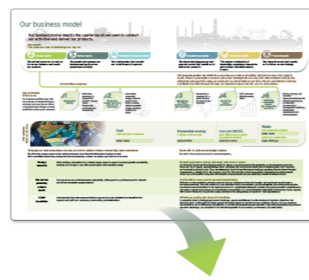
Trade-offs to achieve strategic balance

The path to these outcomes involves careful navigation...

<p>Energy security</p>	<p>We are building a foundation for a reliable energy supply to support economic growth and stability, blending our heritage in coal with a bold venture into broader energy initiatives.</p>	<p>Balancing present energy demands with future needs Our mission is to provide the energy essential for today's economic growth while stewarding environmental resources for tomorrow. We acknowledge coal's immediate role in economic stability but are aware of its long-term environmental and social costs. We therefore strategically invest in transitioning our business, accepting the short-term financial requirements as a trade-off for future energy security. This transition promises regulatory alignment, and public goodwill, anchoring us firmly within the global shift towards sustainable practices and attracting forward-thinking investors.</p>
<p>Resources powering a clean world</p>	<p>Our operations are pivoting towards sustainability, with acquisitive growth prospects in minerals and further energy solutions. All ESG improvement opportunities form part of new capital project requirements.</p>	<p>Profitability versus environmental stewardship While our current operations, primarily powered by coal, underpin our financial strength, we are transitioning into a low-carbon business, considering the just transition and sustainability. This shift, reflective of our dedication to the environment, not only anticipates but actively embraces the long-term economic benefits of a low-carbon economy. It is a deliberate strategy to mitigate risk, enhance market competitiveness, and secure a legacy honouring our environmental responsibilities. Our journey towards sustainability is financially sound, aligning with investor interests in responsible energy practices while safeguarding our planet for future generations.</p>
<p>A just transition</p>	<p>Understanding the socio-economic fabric we operate in, we are dedicated to a transition that respects and uplifts our employees, communities, and stakeholders.</p>	<p>Efficiency, equity and the just transition In navigating today's challenging economic landscape, we pursue efficiency to achieve balanced long-term objectives. Our efficiency gains are thoughtfully traded against immediate impacts to bolster business resilience, thereby ensuring sustained reinvestment in our workforce and communities as we transition towards greener practices. Such shifts, though they may present near-term challenges, are essential for the intertwined growth of our economy, environment and social fabric.</p>

Our business model continued Managing our capitals to achieve our ambitions

Our inputs (as at 31 December 2023)



Impact on value	Net increase in value	Net value preservation	Net value erosion
Year-on-year change	Positive increase Negative increase	Unchanged	Positive decrease Negative decrease

Natural capital

- **RoM:** 74.83Mtpa (2022: 74.48Mtpa)
- **Diesel consumption:** 83 629kL (2022: 83 268kL)
- **Electricity consumption:** 590 931MWh (2022: 590 078MWh)
- **Water consumption:** 7 430ML (2022: 10 419ML)
- **Land managed:** 68 782ha (active and inactive mines)
- **Land rehabilitated:** 2 132ha (2022: 2 000ha)

Human capital

- **Employees:** 6 797 (2022: 6 745)
- **Contractors:** 13 868 (2022: 12 497)
- **Investment in skills development and talent management:** R358 million (2022: R331 million)
- **Investment in employee remuneration:** R4.7 billion (2022: R4.3 billion)
- **Culture:** connect2NEXT

Social and relationship capital

- **Investment in social and labour plan (SLP) projects (including ESD Hubs):** R14.96 million (2022: R13.38 million)
- **Investment in enterprise and supplier development (ESD):** R111.3 million (2022: R291.2 million)
- **Corporate social investment (CSI) (including disaster relief funds):** R72.43 million (2022: R167.93 million)
- **Stakeholder relationship growth**

Manufactured capital

- **Five** mines (including one joint venture)
- **One** ferro-silicon manufacturing facility
- **One** coal project
- **Two** windfarms and one solar project in construction
- **Investment in property, plant and equipment:** R2.7 billion (2022: R1.7 billion)

Intellectual capital

- Continued investment in **digital transformation** resulting in efficiencies in our value chain
- **Entrenched operational excellence** protecting our business from volatile economic conditions
- **Leadership and management training:** 468 people attended (2022: 264)
- Significant investment in **updating and aligning our strategy** to our purpose and long-term goals
- Continued investment in **leading governance structures:** changes in board and engagement with investors

Financial capital

- **Adjusted equity-accounted income:** R7 billion (2022: R7.3 billion)
- **Adjusted EBITDA:** R13.4 billion (2022: R19.0 billion)
- **Cash dividend paid to external shareholders:** R5.5 billion (2022: R6.7 billion)
- **Cash dividend paid to BEE parties:** R1.8 billion (2022: R2.2 billion)
- **Revenue:** R38.7 billion (2022: R46.4 billion)
- **Balance sheet strength**

Our outcomes

Despite our committed efforts to environmental stewardship, the inherent nature of our mining operations inevitably leads to a decrease in natural capital. The extraction of natural resources, essential to our business activities, directly impacts the environment despite our best practices and mitigation strategies.

To ensure we have the right people to drive us forward, we invest in, upskill and offer our employees an attractive value proposition, thereby increasing our overall human capital. This investment extends to potential future employees and the communities who provide labour to our operations. We seek to preserve the value of our human capital by striving to achieve zero harm. Although we have observed a downturn in high-potential incidents (HPIs), regrettably, we saw an increase in our lost-time injury frequency rate (LTIFR). To address this, we initiated enhanced safety campaigns across all our operations.

We provide value to our host communities through our impact-at-scale initiatives, SLP commitments, active stakeholder engagements, attracting participation from black-owned suppliers and our commitment to the UNGC principles. We recognise the effects of our mining activities on local communities, both during operational periods and after a mine's closure. We aim to mitigate this by ensuring a just transition of our operations that supports our communities' long-term sustainability.

Our investment in our portfolio of quality assets to meet changing market demands, particularly through an expanded investment in green energy, increases our manufactured capital. Minor delays in our mega-projects were offset by adherence to budget and the commencement of crucial constructions, signalling an effective management of our manufactured capital. Our early value strategy seeks to mitigate the transition risk to our portfolio of assets.

We continue increasing our competencies across mining and energy. Our focus on business resilience, investments in innovation, digital transformation and technology increases intellectual capital. Our collective knowledge, skills and resources positively impact human, social and relationship, and manufactured capital. Improved core system availability reflects increased intellectual capital.

Maintaining a robust balance sheet and a thriving coal business, our strategic focus on core strengths and a leadership dedicated to carbon resilience ensures a positive impact on financial capital, fostering financial value. Long-term strategic investments underscore our commitment to bolstering strategy, enhancing efficiency, expanding operations, and optimising value, ensuring a resilient financial position despite year-on-year variations in financial metrics.

How we improve our outcomes

- Mine responsibly
- Minimise our environmental impacts
- Actively participate in the just energy transition to a low-carbon economy
- Reduce the risk of stranded assets
- Active land management
- Ensure biodiversity stewardship
- Increase the proportion of high-quality coal in our product mix
- Continue improving our good cost control and resource efficiency

Carbon intensity: 20% decrease (2022: 0.5% increase)
Water intensity: 30% decrease (2022: 0.5% increase)
Environmental incidents: No level 3 incidents (2022: zero level 3)
Valid mining rights: 100% (2022: 100%)
Safety stoppage directives: four section 54(a) stoppages (2022: seven)

- Remain committed to achieving zero harm
- Work with employees and contractors to eradicate any safety incidents
- Continue to invest in employees

Employee and contractor fatalities: None (2022: one)
LTIFR: 0.07 (2022: 0.05)
Occupational health incident frequency rate (OHIFR): 0.15 (2022: 0.16)
Scarce skills retention: 4.5% (2022: 4.4%)

- Continuously seek ways to engage and maintain relationships of mutual respect and benefit with our stakeholders
- Maintain a robust ESG framework to enable strategic decision making and governance while considering our long history and purpose to guide our transition within the context of our local and global realities

Number of community members who benefited from our CSI: 41 867 (2022: 1.7 million)
Jobs created for SLPs: 29 (2022: 83)
Community incidents: Four (2022: 13)
Top-quartile mining performer in ESG governance structure ESG analyst rating: 3.9 (2022: 4.0)
BEE level: 2 (2022: level 3)

- Optimise our manufactured assets
- Fast track our decarbonisation and investments to generate predictable long-term cash flows and increase portfolio diversification

Marginal timeline overruns in mega-projects
Implementation cost for mega-projects on target
Construction of the LSP started
Implementation of three mine expansion projects, securing an estimated ~85% of Matla Coal Reserves
Coal Resources at Matla provided additional pit room and the flexibility for mining teams to alleviate implementation delays

- Leverage digital transformation to create impact
- Build on an already successful business as we mature, using our intellectual capital and differentiation with a long-term vision to develop a sustainable, growth-orientated, value-driven company
- Become a leading international renewable solutions provider by the end of the decade

Core system availability: 98.66% (2022: 97.94%)

- Continue focusing on initiatives designed to lower costs, increase quality and manage our risk profile to deliver financial value
- Carefully consider how we allocate capital to achieve our strategic goals and invest in our current operations and future growth plans
- Create value for our broader stakeholders by continuously delivering solid returns to shareholders and ensuring we have the financial resources to implement our growth plans and social development objectives

EBITDA margin: 35% (2022: 41%)
Return on capital employed (ROCE): 35% (2022: 45%)
Adjusted HEPS: 4 681 cents per share (2022: 6 016 cents per share)
Market capitalisation: R71.4 billion (2022: R75.9 billion)

Affected SDGs



Our business model does not operate in isolation. It impacts and is impacted by our:

- Risks and opportunities (page 28)
- Strategy and resource allocation (page 47)
- Performance (page 82)
- Stakeholders (page 39)

Our material matters

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.

Determining materiality

We annually assess our material matters. Since 2021, we have followed a detailed double materiality determination process to enable us to identify our impact materiality (our impact on society, communities and the environment) and our financial materiality (matters that impact our ability to generate revenue and preserve shareholder value over time). The process we follow includes:

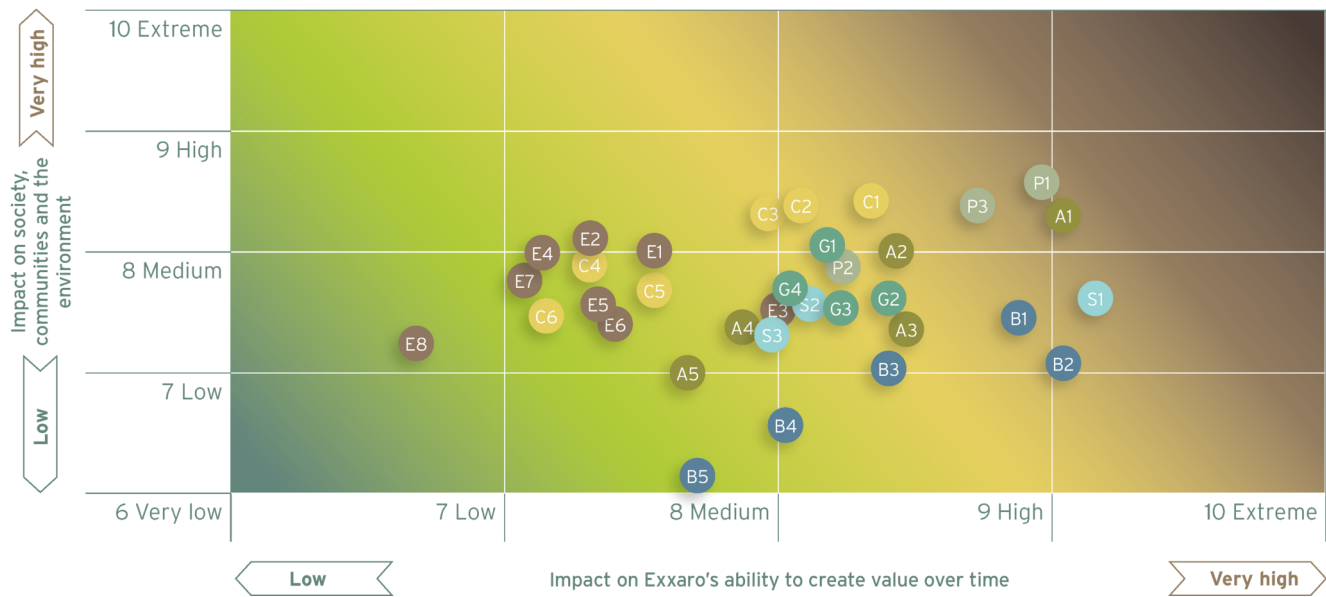


Our approach reflects the combined guidance of the Integrated Reporting Framework and Global Reporting Initiative, and results in matters that are prioritised and grouped into themes to inform our integrated and ESG report content. The detailed information provided in this report focuses on issues that have a greater impact on Exxaro's ability to create value over time. Matters that have a higher impact on society, communities and the environment are discussed in detail in our ESG report. The heat map below, along with the material theme discussions, depicts the relative disclosure levels across this report and our ESG report.

2023 material matters

The 2023 review identified 34 material matters, which were grouped into seven overarching themes. 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.

Materiality matrix



Adapting to a changing context		Building sustainable communities		Driving business resilience		Helping our people thrive	
A1	Country risk: Failing infrastructure, institutions, and service delivery in South Africa	C1	Social licence to operate (including community relations, collaboration and engagement)	B1	Financial performance and resilience	P1	Health, safety and wellness
A2	Supporting a just transition to a low-carbon economy [#]	A2	Supporting a just transition to a low-carbon economy [#]	B2	Capital allocation	P2	Labour relations
A3	Commodity price risk	C2	Ensuring human rights are respected and upheld [^]	B3	Supply chain and logistical impediments	P3	Workforce: culture, capability, diversity, inclusion, attraction and retention of key skills and innovation [^]
A4	Macro-environment	C3	Social acceptance and community unrest	B4	Cyber risk		
A5	Geopolitical context	C4	Job and business creation	B5	Innovation and digitalisation		
		C5	Value sharing				
		C6	Resettlement and land use				

Principled governance		Responsible environmental stewardship		Executing our strategy	
G1	Transparency, ethics and integrity	E1	Managing our pollution	S1	Diversify into critical minerals and energy
G2	Risk management	E2	Environmental incidents*	S2	Build a leading global energy solutions business
G3	Embedding ESG in response to increased regulation and for sustainability	E3	Carbon emissions reduction	S3	Coal portfolio optimisation
G4	Legal, regulatory and compliance excellence	E4	Water stewardship		
		E5	Waste management		
		E6	Impact of climate change [^]		
		E7	Closure planning and rehabilitation management		
		E8	Biodiversity management		

* New matter or theme.
[#] Dual matter (across two themes).
[^] Matter renamed, expanded or refined.

Our material themes

①
Adapting to a changing context

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

Material matters

- Country risk: Failing infrastructure, institutions and service delivery in South Africa
- Supporting a just transition to a low-carbon economy
- Commodity price risk
- Macro-environment
- Geopolitical context

Related risks

- Unavailability of rail capacity
- Country risk (political)
- Customer concentration risk

Related capitals

Related SDGs

Strategic response

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

Our operating context (page 14) and **business resilience** (page 92)

● Detailed disclosure ● Summarised disclosure

Our material matters continued



Building sustainable communities

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

Material matters

- Social licence to operate (including community relations, collaboration and engagement)
- 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

IR ESG

●	●
●	●
●	●
●	●
●	●
●	●
	See adapting to a changing context

Related risks

- Adverse threat to licence to operate
- Community unrest

Strategic response

- Empower people to create impact
- Become a catalyst for economic growth and environmental stewardship

Related capitals



Related SDGs



[Social impact](#) (page 106)

● Detailed disclosure ● Summarised disclosure



Driving business resilience

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

Material matters

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

IR ESG

●	●
●	●
●	●
●	●
●	●

Related risks

- Unavailability of rail capacity
- Cybersecurity attacks impacting business
- Country risk (geopolitical)
- Customer concentration risk

Strategic response

- Make our minerals and energy business thrive
- Become a catalyst for economic growth and environmental stewardship

Related capitals



Related SDGs



[Building resilience through governance](#) (page 55), [finance director's overview](#) (page 83) and [business resilience](#) (page 92)

● Detailed disclosure ● Summarised disclosure



Helping our people thrive

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

Material matters

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

IR ESG

●	●
●	●
●	●

Related risks

- Fatal risk incidents
- Inability to achieve growth objectives
- Labour unrest

Strategic response

- Make our minerals and energy businesses thrive
- Empower people to create impact
- Become a catalyst for economic growth and environmental stewardship

Related capitals



Related SDGs



[Building momentum with people](#) (page 96)

● Detailed disclosure ● Summarised disclosure



Executing our strategy

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

Material matters

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

IR ESG



Related risks

- Unavailability of rail capacity
- Fatal risk incidents
- Country risk (geopolitical)
- Inability to achieve growth objectives
- Inadequate response to climate change

Strategic response

- 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

Related capitals



Related SDGs



[Our strategy](#) (page 47)

● Detailed disclosure ● Summarised disclosure



Principled governance

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

Material matters

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

IR ESG



Related risks

- Unavailability of rail capacity
- Cybersecurity attacks impacting business
- Customer concentration risk
- Country risk (geopolitical)
- Inadequate response to climate change

Strategic response

- Make our minerals and energy businesses thrive
- Become a catalyst for economic growth and environmental stewardship

Related capitals



Related SDGs



[Building resilience through governance](#) (page 55)

● Detailed disclosure ● Summarised disclosure



Responsible environmental stewardship

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

Material matters

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

IR ESG



Related risks

- Country risk (geopolitical)
- Customer concentration risk
- Inadequate response to climate change

Strategic response

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

Related capitals



Related SDGs



[Our environmental stewardship](#) (page 109)

● Detailed disclosure ● Summarised disclosure

Our risks and opportunities

In a dynamic operating and economic environment characterised by change and uncertainty, risk management is a critical success factor for us to achieve strategic and business objectives to remain resilient and deliver sustainable shareholder value.

Risk management process



We follow a cascading approach by identifying risk events at the organisation’s strategic, tactical and operational layers.

In the past four years, the mining industry has faced logistics constraints, fluctuating coal prices, global inflation and increasing geopolitical tension, among other challenges. Over this time, the global economy has also been impacted by a series of shocks, including post-COVID-19 inflation and the effects of the Russia-Ukraine and Israel-Hamas conflicts. In an uncertain and volatile environment, we rely on our mature risk management strategies to make agile and effective decisions to mitigate risk exposure and leverage opportunities.

[Our operating context](#) (page 14)

Our risk management philosophy and approach

Embedding risk management into our daily activities and processes is key to making informed decisions and proactively planning for possible future unwanted events stemming from internal and external sources. Exxaro’s risk management philosophy identifies risk management as a strategic enabler rather than being compliance driven. This ensures that we think and act proactively at every layer to pursue our strategic objectives.

Exxaro’s enterprise risk management (ERM) framework provides a proactive, systematic and integrated approach to risk management. The principles outlined in the framework form the foundation for our risk management philosophy, mission and vision. The ERM framework and process illustrated below 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. The framework also considers

applicable codes of best practice such as ISO 9001, 14001 and 18001. The ERM framework is regularly reviewed to ensure it remains relevant and effective. The ERM framework was recently reviewed by Deloitte to assess maturity of ERM and benchmark against best practice. As a result of the exercise, improvement recommendations were identified and a roadmap created to ensure these are implemented.

Accountability and governance

Exxaro’s ERM process is a strategic initiative fully supported by the board and executive management. The chief strategic resilience and governance officer is responsible for enabling ERM across the group, and reports to the board and the risk and business resilience (RBR) committee. The RBR committee regularly reviews the ERM framework to ensure alignment with current governance practices and standards. The board and executive committee monitor key performance indicators (KPIs) quarterly to ensure all risks are within Exxaro’s risk appetite. The board is satisfied that the company and group have a mature risk process that ensures risks potentially impacting its strategic objectives are pursued by management to create shareholder value.

Significant risks from the strategic layer are filtered down to the tactical and operational layers and are supplemented by the identification of risks that have an impact across the organisation.

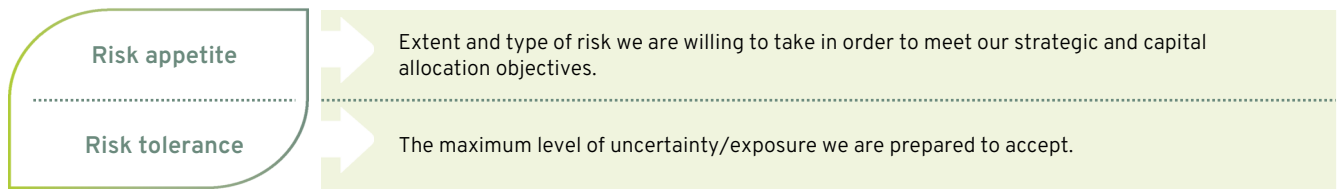
Significant risks originating at an operational layer will also be elevated to a strategic or tactical layer. In this way, the process incorporates a top-down/bottom-up view of risks within the organisation.



Our risks and opportunities continued

Risk appetite and thresholds

Exxaro's board and executive committee use risk appetite and tolerance levels to evaluate the level of risk the group is willing to endure in the pursuit of the company's strategy.



The risk appetite framework is updated annually or when deemed necessary as part of the strategic planning process.



[Performance against our strategy and outlook](#) (page 50)

Opportunities

We use the ERM framework to identify and realise opportunities – for example, global energy transition to maximise value in the medium to long term in view of the achievement of growth objectives risk. We believe that, for Exxaro to remain sustainable in the future, it is important to adapt the minerals business to identify and pursue possible opportunities that ultimately create value, such as diversifying away from coal to future energy material and renewable infrastructure.

The following opportunities inform our Sustainable Growth and Impact strategy:

Opportunity	Strategic objective
The drive for future-facing minerals presents opportunities to invest in exploration projects at various stages through our balanced portfolio approach towards capital allocation and managing risk and returns.	Transition at speed and scale
Private-public participation in local rail operations is an opportunity for value unlock and vertical integration . We are currently investigating this opportunity.	Make our minerals and energy businesses thrive
The multidimensional poverty index highlights the drivers of poverty and inequality in our communities, allowing us to focus our social impact efforts towards sustainable impact . We will focus on education, land use management and small, medium and micro-enterprise (SMME) development.	Become a catalyst for economic growth and environmental stewardship
The early value strategy and our ability to maximise market to resource opportunities by leveraging the low cost and flexibility of our coal assets and reserves.	Make our minerals and energy businesses thrive
Accelerated expansion into renewable energy will support our low-carbon transition.	Be carbon neutral by 2050 Make our minerals and energy businesses thrive
Nature-based solutions to mitigate the impacts of climate change were identified as an opportunity, especially in lieu of the vast amount of viable land that Exxaro has at our disposal. We intend to maximise this opportunity through our Sustainable Growth and Impact strategy.	Be carbon neutral by 2050
Investing in self-generation facilities is an opportunity we are leveraging, which aligns with our energy growth strategy.	Make our minerals and energy businesses thrive Be carbon neutral by 2050
Cennergi is constructing a 68MW photovoltaic farm, near Grootegeluk, through our special purpose vehicle, Lephalale Solar (RF) Proprietary Limited. This is our first self-generation project to expand and diversify within the energy space, supporting low-carbon emissions and long-term savings on electricity usage at Grootegeluk. We will also explore the opportunity for further self-generation.	Make our minerals and energy businesses thrive
The global energy transition provides an opportunity to mine and supply the minerals that support green technologies. Through a rigorous screening process, Exxaro identified future energy material and renewable infrastructure as being most aligned to our experience, capabilities and market forecast.	Make our minerals and energy businesses thrive

Our risks and opportunities continued

2024 risk trend

The trend report indicates changes in the residual risk score when comparing the 2023 and 2024 financial years. Our risk scores are derived from the product of the likelihood and the impact of the unwanted event*. The top 10 risks are arranged from highest to lowest risk score.

The 2024 ranking represents the key possible unwanted events we anticipate having a potential impact on our ability to achieve our strategic imperatives in 2024. These risks are reviewed on a quarterly basis and could change significantly depending on the internal and external root causes that drive these risks to materialise. These risks are prioritised, and treatment strategies have been designed and implemented. The effectiveness of these treatments will be monitored on an ongoing basis to ensure the risks are managed down to acceptable risk levels.

2024 ranking	2024 top risks (forward looking)	2023 ranking	2023 vs 2024 trend	Comments
1	Unavailability of rail capacity	1	➔	TFR productivity remains our most significant challenge, with a low run rate (below 50Mt for the year) and increasing financial difficulties. Initiatives by Operation Vulindlela, a joint initiative of the South African Presidency and National Treasury, and the National Logistics Crisis Committee are identifying improvements for TFR, including influencing structural and leadership changes. Exxaro is implementing alternative solutions to close the gap on export performance created by TFR. These include road trucking and exports via alternative ports.
2	Fatal risk incidents	4	⬆️	This risk has increased due to a deterioration in safety indicators. Safety improvement plans are being implemented with strong emphasis on the effectiveness of preventive controls. This is supported by various other initiatives, including leadership visibility.
3	Cybersecurity attacks impacting business	3	➔	Exxaro remains vigilant to the high risk of cyberattacks and manages this risk through initiatives that enhance our ability to detect, protect, respond and recover from cybersecurity threats. These include: <ul style="list-style-type: none"> • Implementing a robust cybersecurity awareness programme, establishing incident response plans, conducting penetration testing and overseeing privileged identities • Enhancing network security • Enhancing disaster recovery capabilities • Patching
4	Country risk (geopolitical)	7	⬆️	The current political environment, slow economic recovery, deteriorating state infrastructure and other macro-economic factors have an adverse effect on the country risk assessment. General deterioration of infrastructure affects ability and cost of conducting business. We continue to participate in industry-wide structures to contribute to solutions to address industry and national challenges.
5	Customer concentration risk	2	⬆️	Risk continues to be monitored, taking the power utility's operational challenges into account.
6	Adverse threat to licence to operate	8	⬆️	Challenges in achieving required spend on SLPs were identified, raising this risk and its potential impacts. Resources are being allocated in technical, supply chain and project management areas to address the gap.
7	Community unrest	9	⬆️	Instability is expected before election outcomes and after the elections (forming of coalitions, etc). The team has intensified proactive stakeholder engagement efforts to build relationships with stakeholders by creating a conducive environment to ultimately reduce the number of incidents encountered.
8	Inability to achieve growth objectives	5	⬆️	Increased pressure in delivering growth objectives to diversify Exxaro. The board approved additional minerals to be explored. We continue to explore further opportunities to add to the pipeline for consideration. The primary growth lever for the organisation is inorganic growth through acquisition.
9	Labour unrest	16	⬆️	The risk of labour unrest has increased due to the upcoming wage negotiations and recent unrest/hostage incidents at other mining companies.
10	Inadequate response to climate change	11	⬆️	Collaborate with value chain partners such as Eskom and the Council for Geosciences on carbon capture and storage for the mitigation of scope 3 emissions.

* Risk = f (likelihood of risk occurring x impact of the risk).

⬆️ Ranking in the top 10 is higher compared to the previous year

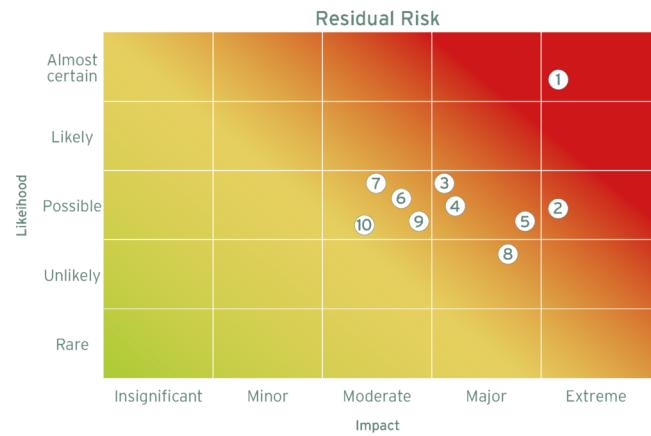
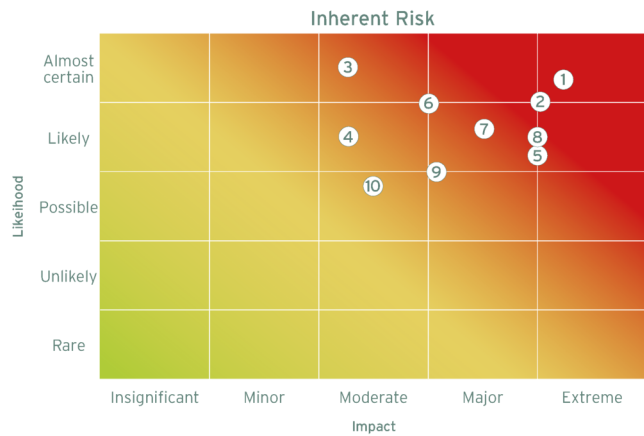
➔ Ranking in the top 10 remained unchanged compared to the previous year

⬆️ Ranking in the top 10 reduced compared to previous the year

★ New

Top 10 heat map

Exxaro's top 10 risks are plotted inherently (before controls) and residually (after controls) on the heat maps below, followed by an outline of our key identified risks, their main drivers, their potential impacts and mitigating treatments. We have considered internal and external risks. Our mitigation strategies depend on the severity of impact and likelihood of occurrence.



	Likelihood	Impact
1% - 10%	Rare	Insignificant
11% - 35%	Unlikely	Minor
36% - 60%	Possible	Moderate
61% - 80%	Likely	Major
81% - 100%	Almost certain	Extreme

Managing our risks

Various risk treatment strategies are evaluated, including risk avoidance, reduction, sharing, acceptance or transferring. When selecting risk treatment options, we consider the values and perceptions of stakeholders and the most appropriate ways to communicate them.

The decision to implement a treatment is based on risk tolerances, the effect the treatment will have on the impact and likelihood ratings, and the results of the cost versus benefit evaluation. Once a risk treatment is implemented, Exxaro develops ongoing mechanisms to monitor the implementation and effectiveness of the risk treatment.

Lines of defence

- 1 Management of risk (risk owner)

- 2 Management support and oversight

- 3 Independent assurance (internal audit and other assurance providers)

- 4 Independent assurance (external audit and regulators)

- 5 Governance structures (board and board sub-committees)

Risk trend





- Residual risk increased compared to the previous year

- Residual risk decreased compared to the previous year




- Residual risk remained unchanged compared to the previous year

- New

1 Unavailability of rail capacity (2023: 1)

Drivers <ul style="list-style-type: none"> Cable theft and derailments TFR challenges that include availability of locomotives, inadequate maintenance regime, and financial difficulties 		Impacts <ul style="list-style-type: none"> Operational stoppages Financial loss Inability to meet contractual agreements Shareholder dissatisfaction on lower returns 	
Treatments <ul style="list-style-type: none"> Develop alternative routes to evacuate export-bound coal Continuous engagement with TFR to understand issues and provide assistance 		Outlook <p>Operational and maintenance challenges are expected to continue to have a significant impact on Exxaro. Sustainable solutions to current challenges will be explored through proactive engagement with Transnet and the industry.</p>	
Strategic objective impacted <ul style="list-style-type: none"> Make our minerals and energy businesses thrive 			
Material theme 	Capitals impacted 	Line of defence 	Risk ranking trend 

2 Fatal risk incidents (2023: 4)

Drivers <ul style="list-style-type: none"> Lack of fatal risk ownership and leadership support Under classification of critical controls to manage fatal risk Inadequate resource allocation to implement and manage critical control management programme Lack of safety and health involvement in the sourcing process Our business partners' health and safety compliance are not aligned to Exxaro maturity Employee behaviour 		Impacts <ul style="list-style-type: none"> Fatal health and safety incidents Operational stoppages High insurance premiums Loss of licence to operate Decrease in quality of life Section 54 by the Department of Mineral Resources and Energy (DMRE) Loss of productivity (deaths, incapacity or sick leave) 	
Treatments <ul style="list-style-type: none"> Implement critical control management programme with strong emphasis placed on the effectiveness of preventive controls Verify effectiveness of actions and learnings from incidents to eliminate repeat incidents Management and verification of high-risk and non-routine tasks to ensure control effectiveness Visible felt leadership where management is provided with the opportunities to identify gaps and improvements in management systems and behaviour while demonstrating their commitment to safety 		Outlook <p>Our employees' safety remains a top priority. Although good safety performance has been demonstrated in the recent past, we continue to implement our safety strategy with a focus on safety improvement in our quest for zero harm.</p>	
Strategic objective impacted <ul style="list-style-type: none"> Make our minerals and energy businesses thrive 			
Material theme 	Capitals impacted 	Line of defence 	Risk ranking trend 

3

Cybersecurity attacks impacting business (2023: 3)

Drivers

- Large number of devices connected (especially in operations) to the corporate network that need to be managed (security updates)
- Vulnerability due to lack of awareness – people exposing Exxaro to cyberattacks
- Employees can work remotely as per our working guidelines
- Sophistication of cyber attacks
- Exxaro has not implemented technical controls to restrict or monitor the use of removable media devices such as USBs

Treatments

- Ensure we have monitored security governance in place
- Stricter security practices and remediation of identified weaknesses
- Conduct regular and ongoing security awareness
- Business continuity management plan and disaster recovery testing
- Assess the current antivirus solution to improve the endpoint protection capabilities, which detect threats such as malware/ ransomware on endpoints
- Harden the operating system security settings to not allow any software programs to execute on endpoints, unless these programs have been approved or whitelisted
- Access to USB ports will be blocked
- Implement a tool that monitors data movement
- Implement the use of privileged access management to manage privileged identities such as system administrator accounts
- Implement an extended detection and response tool (XDR) to monitor and block malware on endpoints
- Segregate the IT and OT networks
- Implement a backup and recovery solution to guarantee a clean data backup and boost disaster recovery capabilities

Impacts

- Revenue loss and reputational damage
- Exposure of confidential information
- Business interruption
- Legal and regulatory impacts (Protection of Personal Information Act, 2013 (Act 4 of 2013) (POPIA) implications)

Outlook

The prevalence of cybersecurity attacks, specifically ransomware attacks, is expected to increase. We will continue to improve the robustness of the cybersecurity posture.

Exxaro continues to benchmark our cybersecurity profile to enhance identification, detection, response and recovery efforts, and our vulnerability identification and management efforts.

Strategic objective impacted

- Make our minerals and energy businesses thrive

Material theme



Capitals impacted



Line of defence



Risk ranking trend



4

Country risk (2023: 7)

Drivers

- Effect of local political environment
- Slow implementation of reforms and policy certainty
- Instability associated with national government elections
- Unstable/failing local government leading to poor service delivery
- South Africa's low GDP forecast
- High levels of poverty and unemployment
- Low investor confidence
- Low corruption perception index scoring, indicating prevalence of corruption

Treatments

- Align our purpose with governance and ethics
- Continuously monitor independent country risk assessment report
- Establish and participate in collaborative regional development platforms for community impact
- Develop renewables strategy that could result in new investment and electricity security
- Long-term investment perspective for growth, development and impact
- Participate in municipal capacity building
- Ongoing engagement with Minerals Council and provincial and local governments
- Strive for full compliance with relevant legislation for business continuity
- Continued support of relevant business lobby groups to engage business and government
- Increased and improved analysis of dynamic political landscape and impacts on stakeholders

Impacts

- Possibility of community unrest for political support
- Stakeholder dissatisfaction
- Increased compliance burden
- Potential increase in royalties/taxes
- Reduced investment opportunities (increase in cost of capital)
- Increased cost of doing business (due to increased compliance burden)
- Fewer opportunities for co-investment with government in community development
- Breakdown in government relationships with Exxaro
- Higher expectation from society and government for more social investment

Outlook

Social tensions and insecurity persist amid high levels of poverty, income inequality and endemic unemployment (above 30%). With the national elections in 2024, the local economy will likely continue to face challenges like volatility from political uncertainty and associated risks.

Strategic objective impacted

- 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

Material theme



Capitals impacted



Line of defence



Risk ranking trend



5

Customer concentration risk (2023: 2)

Drivers

- Eskom power stations not operating at full capacity
- Eskom liquidity risk
- Commercial risk attached to long-term contracts
- Inadequate environmental financial provision at tied operations
- Environmental rehabilitation fund shortfall at Matla
- Realisation of approved funding for capital requirements (Matla capital project programme)

Treatments

- Continuous stakeholder engagement
- Ongoing discussions on coal supply agreements
- Enforcement of coal supply agreements

Strategic objective impacted

- Make our minerals and energy businesses thrive

Impacts

- Low volume offtake from the power utility
- Loss of revenue
- Reputational damage
- Operational constraints

Outlook

Eskom's financial challenges will remain a concern in the short to medium term as government continues to reform South Africa's electricity sector and Eskom implements its turnaround strategy and restructuring.

Material theme



Capitals impacted



Line of defence



Risk ranking trend



6

Adverse threat to licence to operate (2023: 8)

Drivers

- Delays in approval of licences and authorisations
- Unable to achieve SLP targets as approved (annual and five-year projects)
- Unable to meet legislative targets, eg Mining Charter and B-BBEE
- High community expectations for social investments and procurement opportunities
- BEE transaction unwinding
- Poor stakeholder communication about Exxaro achievements

Treatments

- Fulfil regulatory requirements within reasonable cost/expenses
- Structured engagement with regulators
- Supervision on execution of projects (SLPs)
- Compliance performance management

Strategic objective impacted

- Make our minerals and energy businesses thrive

Impacts

- Suspension/cancellation of mining right or directive issued by DMRE
- Reputational damage
- Financial loss
- Community unrest
- Production stoppages

Outlook

We will continue to focus on delivering on our commitments in line with our licence to operate. Furthermore, the implementation of the Social Impact strategy is expected to deliver greater impact on the communities where we operate.

Material theme



Capitals impacted



Line of defence



Risk ranking trend



7

Community unrest (new)

Drivers

- Delayed implementation of SLPs and transformation (local economic development, human resource development, local procurement, etc)
- Lack of participation of local community companies in the tender process
- Influence of local community business forums on allocation of opportunities
- High unemployment rate
- Loadshedding impacting SMMEs, resulting in job losses and fewer opportunities for local employment
- Electioneering in the lead-up to and after the upcoming national elections in May 2024

Treatments

- Monitor implementation of SLPs
- Ongoing engagement with Minerals Council and local and district municipalities, among others
- Ongoing investment in communities aligned to Social Impact strategy
- Strike emergency response plans
- Regular participation at community forums

Impacts




- Potential harm to mine employees, contractors and community members
- Disruptions to operations (prevent access to workplace)
- Reputational damage
- Financial loss

Outlook

An increase in the number of incidents is expected due to the upcoming national elections, which could impact our operations.

Strategic objective impacted

- Make our minerals and energy businesses thrive

Material theme	Capitals impacted	Line of defence	Risk ranking trend
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8

Inability to achieve growth objectives (2023: 5)

Drivers

- Volatile economic and market conditions
- Regulatory/policy uncertainty in South Africa and other targeted destinations
- Competition for desired mineral assets increases valuation of opportunities
- The organisation's ability to respond effectively to opportunities (internal skills and processes)
- Shareholder pressure to return excess cash
- Capital allocation considerations and JSE transaction category criteria (execution risk)

Treatments

- Disclosure of target and performance against strategy and capital allocation
- Build critical skills and capacity to achieve strategy
- Assessment and execution of our opportunity pipeline
- Funds earmarked for growth strategy
- Consider and incorporate appropriate post-deal strategies
- Improve networking opportunities – insights on potential transactions and financing
- Regular communication on strategy, capital allocation and returns against targets – investor engagements
- Board mandate to increase scope of minerals beyond manganese, bauxite and copper

Impacts

- Reputational damage
- Unable to transition from coal to other minerals
- Undervalued/declining/volatile share price and market value

Outlook

The primary growth lever for the organisation is inorganic growth through acquisition. We will continue to pursue opportunities for growth through mergers and acquisitions.

Strategic objective impacted

- 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

Material theme



Capitals impacted



Line of defence



Risk ranking trend



9

Labour unrest (2023: 16)

Drivers

- Wage negotiations
- Community activism
- Inter-union rivalry
- Labour unrest spilling over from other mining houses (sympathy strikes)
- Impact of potential local (branch) and regional union leadership changes
- Unstable macro-economic, socio-economic and political factors

Treatments

- Ensure strategic alignment with management and employees
- Regular union engagement
- Regular communication with various stakeholders
- Intelligence system on ground level
- Participate in the Minerals Council forum
- Ensure picketing guidelines and effective communication plans are in place
- Establish a strike emergency response plan and team

Strategic objective impacted

- Make our minerals and energy businesses thrive

Impacts

- Operational stoppages
- Reputational damage
- Damage to assets
- Incidents and accidents
- Security risks
- Strained relationships with unions and employees

Outlook

The wage agreements are due for renewal in 2024. Focus will be on the upcoming wage negotiations with efforts focused on strengthening union relations.

Material theme



Capitals impacted



Line of defence



Risk ranking trend



10 Inadequate response to climate change (2023: 11)

Drivers

- Ageing infrastructure and assets unable to withstand extreme weather conditions
- Poor monitoring and reporting of climate change impacts. Lack of forecasting capabilities of extreme weather events
- Lack of forecasting of extreme weather events
- International and local investor sentiment against fossil fuels
- Increased stakeholder activism (NGOs and communities)
- Increased stringent local and international legislation (eg carbon tax, carbon budget and Climate Change Bill)
- Competition between operations and communities for resources such as water can emanate due to climate impacts particularly in water stressed areas

Treatments

- Develop Exxaro’s decarbonisation roadmap (2050)
- Develop market intelligence on carbon pricing
- Diversify the portfolio into other minerals
- Engage government on policy and other key role players
- Invest in renewable decarbonisation initiatives
- Reduce carbon intensity per ton of product to reduce carbon emissions
- Reduce our water intensity per tonne of product produced
- Develop financial model to cost impact of carbon tax
- Costing of individual projects that will contribute towards decarbonisation

Impacts

- Increased cost of doing business
- Community protest
- Non-compliances associated with environmental emissions
- Energy security and supply
- Loss of production
- Natural disasters
- Equipment/infrastructure damage
- Possible fatalities and increased occupational incident rate
- Restriction in security of water
- Legal claims against heavy polluters
- Unable to secure insurance covers for operations

Outlook

Collaborate with value chain partners such as Eskom and the Council for Geosciences on carbon capture and storage for the mitigation of scope 3 emissions. Exxaro operates in line with our carbon neutral target.

Strategic objectives impacted

- Transition at speed and scale
- Become carbon neutral by 2050
- Become a catalyst for economic growth and environmental stewardship

Material theme



Capitals impacted



Line of defence



Risk ranking trend



Engaging our stakeholders

Through our holistic stakeholder approach, Exxaro aims to build long-term, stable, mutually beneficial relationships with stakeholders. Our engagements enable us to better understand, manage and respond to material risks and concerns, protect our licence to operate and create shared value.

Our approach to meaningful stakeholder engagement

We believe the value we create for our stakeholders is as important as the value we create for ourselves. Regular and ad hoc in-person engagements, social impact assessments and surveys inform our understanding of our social impact, and stakeholders' needs and interests.

In this section, we describe our stakeholder management through our ERM framework lens.



Refer to the [stakeholder-inclusive approach](#) section of the ESG report for more information about our approach to stakeholder engagement, details of our key stakeholder relationships, the nature and quality of our relationships with strategic stakeholder groups and our responses to their concerns.

Stakeholder universe

We use our ERM process and project workshops to identify our stakeholders and assess our impact on them and their impact on our business. We categorise our stakeholders into four key groupings – government, communities, business and value chain participants – and identify relevant engagement strategies and objectives as required.



Assessing engagement effectiveness

Engagement effectiveness is assessed through assurance and audits of our procedures and changes in risk ratings. We also measure perceptions of our engagement performance as part of a stakeholder survey.

Material engagements in 2023

While we engage regularly with multiple stakeholders, this report focuses on engagements most material to value creation and preservation.



No existing relationship or the relationship has challenges



Established relationship but can be improved



Good relationship with opportunity for improvement



Very strong relationship based on mutual trust and respect

2023 risk **Unavailability of rail capacity**

Quality of relationship:



Engagement purpose Collaborate in finding solutions to improve logistics

Stakeholder Transnet

Further reading [Our risks and opportunities](#) (page 28)

Stakeholder expectations and issues

- TFR performance

Material themes



Key engagements and outcomes

- Supporting National Logistics Crisis Committee initiatives, which we are optimistic will move performance in the right direction
- Engaging directly with Transnet through:
 - Weekly meetings on operational and commercial matters (with TFR Coal Line and TFR Commercial as Exxaro and as a member of the Coal Exporting Parties group)
 - Monthly meetings on issues not resolved at weekly meetings
 - Quarterly and biannual coal industry meetings between senior executives on performance matters and issues of strategic interest

Strategic objectives

- Make our minerals and energy businesses thrive

2023 risk **Customer concentration risk**

Quality of relationship:



Engagement purpose Eskom remains a key Exxaro customer. In 2023, Exxaro attributed 73% of sales to Eskom. Long-term agreements with Eskom at Matimba and Medupi place the coal business in a defensive position. We engage regularly in light of Eskom's challenges.

Stakeholder Eskom

Further reading [Our risks and opportunities](#) (page 28)

Stakeholder expectations and issues

- Coal supply agreements

Material themes



Key engagements and outcomes

- Engaging to renegotiate the Matla cost plus agreement due to expire in mid-2024
- Conducting regular planning and operational alignment engagements at Grootegeluk around Matimba and Medupi coal supply agreement contracts

Strategic objectives

- Transition at speed and scale
- Make our minerals and energy businesses thrive

2023 risk Fatal risk incidents

Quality of relationship:



Engagement purpose Align employees' focus with our health and safety strategy and culture for competitive advantage and resilient business performance.

Stakeholder Employees

Further reading [Our risks and opportunities](#) (page 28) and [building momentum with people](#) (page 96)

Stakeholder expectations and issues

- Health and safety standards

Key engagements and outcomes

- Communicating safety issue reminders daily at operational level and regular safety messages across various platforms
- Hosting our annual sustainability summit and focusing on eliminating repeat incidents following last year's LTIFR increase
- Facilitating ongoing safety training (including risk management, safety for supervisors and legal liabilities), which perceptibly improved the quality of mini hazard identification and risk assessments
- Hosting a compulsory weekly review meeting to discuss learnings from internal or external safety incidents

Material themes



Strategic objectives

- Make our minerals and energy businesses thrive
- Empower people to create impact

2023 risk Community unrest

Quality of relationship:



Engagement purpose We aim to build relationships and our understanding of community needs to enable collaboration and successful delivery of socio-economic development projects. Engagements enable us to proactively resolve issues or concerns raised by communities and avoid protest action. In addition, we aim to communicate how we create shared value through local employment and procurement, community development initiatives, skills development and ESD.

Stakeholder Communities

Further reading [Our risks and opportunities](#) (page 28) and [social impact](#) (page 106)

Stakeholder expectations and issues

- Our communities expect Exxaro to employ, uplift and empower locally to enable South Africa's development
- We had four incidents in 2023 that resulted in three hours of lost production at Leeuwpan (2022: 13). The improvement can be attributed to our proactive and intentional engagements with our stakeholders

Key engagements and outcomes

- Considering concerns raised at meetings between our board and host communities in Mpumalanga during 2023, which included the ongoing need for employment and local procurement, youth training and development opportunities, engagement with traditional authorities and collaboration in addressing crime
- Addressing community needs through our socio-economic development, ESD and procurement initiatives and communicating via our stakeholder engagement forums

Material themes



Strategic objectives

- Become a catalyst for economic growth and environmental stewardship
- Empower people to create impact

2023 risk Adverse threat to licence to operate and country risk

Quality of relationship:



Engagement purpose Proactive engagement supports our efforts to drive business resilience and manage risk. Exxaro plays a proactive role in finding solutions to socio-economic challenges and contributes to shaping government policies by collaborating and partnering with government.

Stakeholder Government

Further reading [Our risks and opportunities](#) (page 28), [our strategy](#) (page 47)

[Social](#) (ESG report, page 67)

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
- Life after mining, job creation and community upliftment*
- Socio-economic development*
- Municipal service delivery*
- Local procurement*

* Multi-stakeholder issues.

Material themes



Key engagements and outcomes

Several partnerships and initiatives enable us to address government's expectations. These include:

- Consulting on SLP development and regularly collaborating on projects
- Improving disclosure in our annual reporting suite
- Refining and consolidating our Sustainable Growth and Impact strategy
- Implementing our Social Impact strategy
- Collaborating with the health departments in Limpopo and Mpumalanga
- Reporting quarterly as required by our regulatory bodies
- Improving compliance and risk mitigation through internal auditing processes, strategies and management controls
- Proactively engaging with the:
 - Department of Water and Sanitation (DWS) and Department of Forestry, Fisheries and the Environment on water issues at our Durnacol and Hlobane mines in closure
 - DMRE on the renewal of our Matla mining right
 - DWS and DMRE on discard dumps
 - DWS and Water Tribunal on Matla water use licence renewal
- Regularly reviewing and actioning complaints received at the mines
- Processing requests for information through the Promotion of Access to Information Act, 2002 (Act 2 of 2002) (PAIA) and managing these accordingly

Strategic objectives

- Become a catalyst for economic growth and environmental stewardship

Engaging about our climate commitments

We engage with all our stakeholders on climate change concerns as we aim to understand regulatory policy; empower employees, communities and value stream participants to manage climate change impacts; contribute to thought leadership; and communicate our decarbonisation plan.

Exxaro is committed to conducting climate lobbying in a responsible and sustainable manner as stated in our Climate Change Response strategy. Our goal is to also participate in stakeholder engagements on climate change in a manner that advances the achievement of the Paris Agreement objectives. We value industry associations and the platform they present for knowledge sharing and engagements on key issues such as climate policy, advocacy and the low-carbon transition.

We received a request from Just Share, Fossil Free South Africa and Aeon Investment Management ahead of our AGM in May 2023 to report on the alignment of our climate lobbying and policy engagement activities, and those of our affiliated industry associations, with the goals of the Paris Agreement. In response, we have engaged directly with Just Share to understand expectations, build trust and establish an advisory partnership to determine the way forward.

During our governance roadshow in September, investors voiced their satisfaction with Exxaro’s engagement with Just Share and suggested improving climate lobbying disclosure in our ESG and integrated reports.

Stakeholder expectations and issues

- A just transition
- Climate change adaptation and mitigation
- Carbon pricing
- TCFD and decarbonisation plan
- Green procurement
- Biodiversity, waste and water
- Policy

Key engagements and outcomes

- Engaging on air quality management in priority areas
- Enhancing climate change adaptation and resilience for industry and government
- Working with government and other businesses to address South Africa’s international climate change obligations
- Contributing to thought leadership on climate change issues
- Discussions with government on climate change management
- Engaging with businesses through Business Unity South Africa and Business Leadership South Africa on issues affecting the country and securing energy supply
- 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

Material theme



Strategic objectives

- Transition at speed and scale
- Become carbon neutral by 2050
- Become a catalyst for economic growth and environmental stewardship

Further reading

- [Our risks and opportunities](#) (page 28), [responding to TCFD reporting requirements](#) (page 120), [building momentum with people](#) (page 96), [social impact](#) (page 106) and [our environmental stewardship](#) (page 109)
- [Transitioning into a low-carbon business](#) (page 12), [climate change adaptation and resilience](#) (page 36) and [social](#) (page 67) (ESG report)