

05

Our performance

Directed by our strategy and guided by our values, we are driven to meet our ambition of providing resources critical to ensuring a low-carbon world.

- 83 Finance director's overview
- 90 Operational performance
- 92 Business resilience
- 96 Building momentum with people
- 106 Social impact
- 109 Our environmental stewardship
- 120 Responding to TCFD reporting requirements



Finance director's overview

Despite logistical constraints, cost pressures and lower coal pricing, our coal performance remains strong in delivering value to stakeholders through our early value strategy, coupled with our market to resource optimisation initiatives. Our Cennergi operations delivered a stable performance with generation back to normal levels.

Riaan Koppeschaar
Finance director



Following our record performance in 2022 resulting from high commodity prices, the tougher conditions we experienced in 2023 resulted in a 29% decrease in EBITDA to R13.4 billion. The contribution from our non-controlled operations showed a decrease in adjusted* equity-accounted income by 4% to R7.0 billion. Adjusted equity-accounted income of SIOC increased by 26% to R6.2 billion, which was more than offset by a weaker performance from Mafube (our 50% joint venture with Thungela). This translated into basic headline earnings per share of R46.81 compared to R60.16 in 2022. We are pleased to have declared a final ordinary dividend to shareholders of R10.10 per share. The board also declared a special dividend of R5.72 per share bringing the total dividend for the year to R27.25 per share.



Revenue of
R38.7 billion
down 17%

EBITDA** of
R13.4 billion
down 29%

Adjusted* equity-accounted
income of **R7.0 billion**
down 4%

Headline earnings of
R46.81 per share
down 22%

Cash generated by
operations of
R13.3 billion
down 29%

Final ordinary dividend
declared of **R10.10 per
share** down 11%

Special dividend declared
of **R5.72 per share**

Attributable earnings of
R46.66 per share
down 18%

* Adjusted for non-core items (headline earnings adjustments).

**EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges or impairment reversals and net losses or gains on disposal of assets and investments (including translation differences recycled to profit or loss).

Global economy and commodity prices

2023 was characterised by declining coal prices due to a decrease in high calorific value coal demand, driven by sufficient gas and coal stocks in Europe, Japan, Korea and Taiwan. The reduction in coal demand was exacerbated by warmer than usual winter temperatures, robust performance in renewable and nuclear energy generation, and significantly lower gas prices.

We also saw a resurgence in Indian demand compared to the 2022 financial year due to lower coal prices. There were visible changes in global trade flows as Australia resumed supply into China from a previous trade ban, and Russian supplies to Europe and Japan reduced drastically, with Korea adopting a gradual approach of weaning itself off Russian coal.

China and India's economic growth and buoyant power demand were the main demand drivers for coal.

Domestically, operational challenges and equipment failures at Eskom's power stations impacted the offtake of power station coal in the Waterberg region. The operating environment for domestic coal end-users was challenging in the 2023 financial year due to loadshedding, logistical challenges, slowing growth and inflationary pressures.

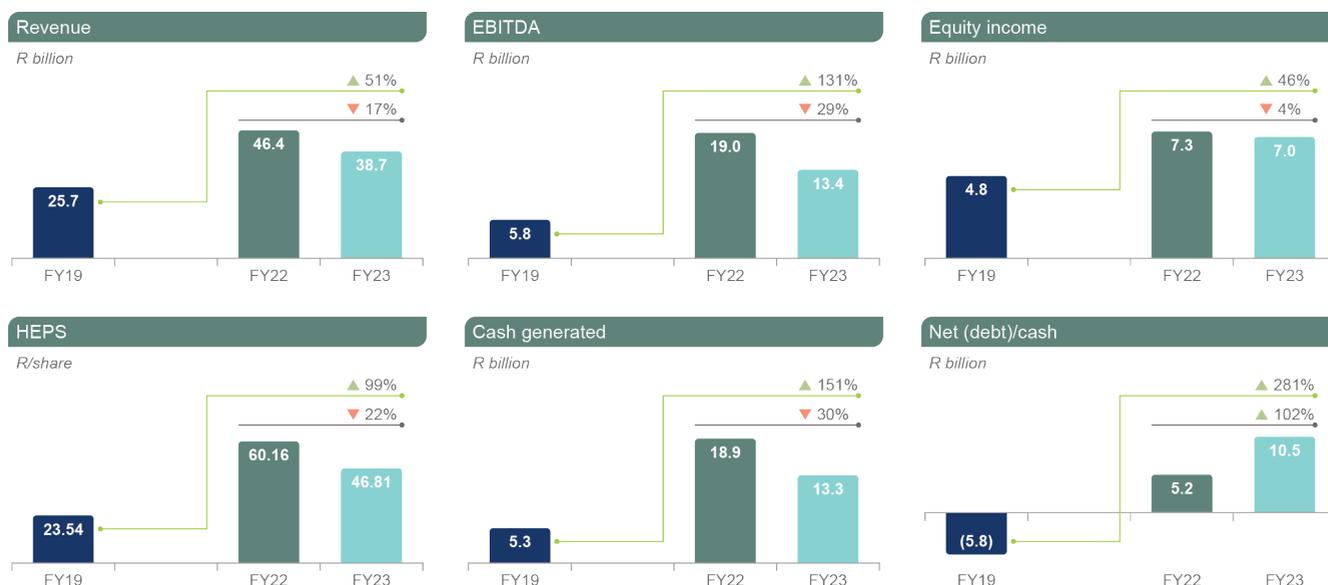
The benchmark API4 RBCT export price averaged US\$121 per tonne (2022: US\$271). The group realised an average export price of US\$117 per tonne (2022: US\$251). Despite this price decline, Exxaro was able to realise 97% of the average API4 index price based on our sales mix. Export volumes decreased slightly to 5.1Mt (2022: 5.2Mt).

Finance director's overview continued

Group performance highlights

For a better understanding of the comparability of results between the two reporting periods, we have adjusted our financial results for non-recurring items (referred to as non-core adjustments) to derive our adjusted financial results. The non-core adjustments in 2023 and 2022 are the same as the headline earnings adjustments.

The group performance highlights should be read in conjunction with the group (consolidated) annual financial statements as at the year ended 31 December 2023.



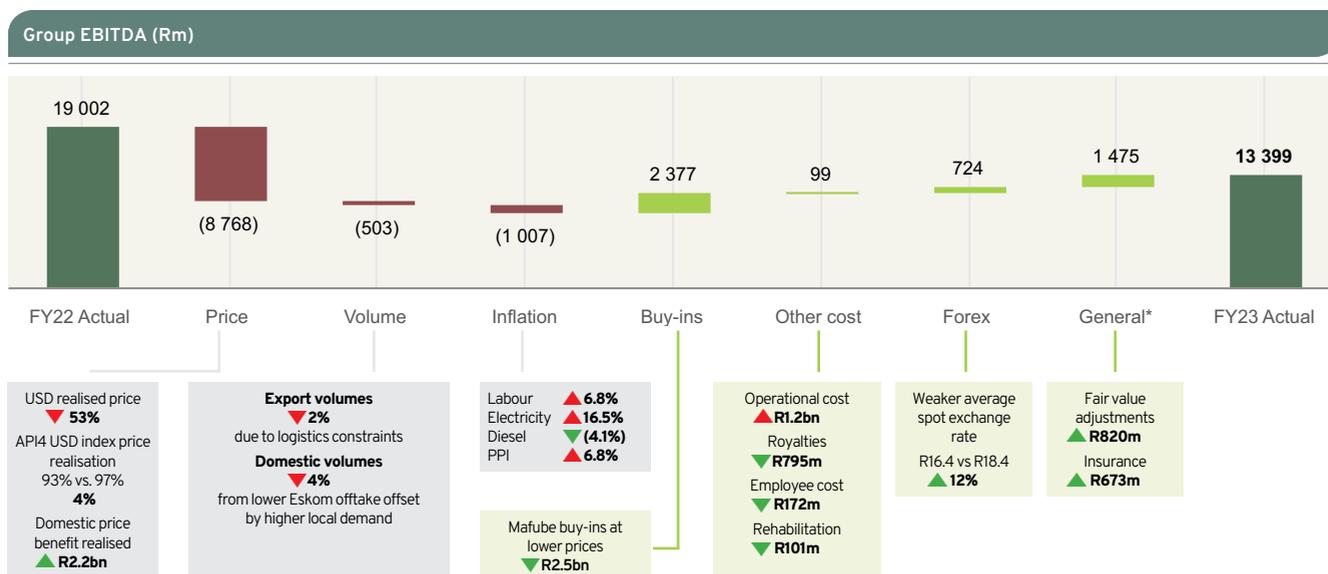
Group revenue

Group revenue decreased by 17% to R38 698 million (2022: R46 369 million), mainly driven by significantly lower export sales prices due to the steep decline in the API4 index price, partially offset by a weaker exchange rate and higher prices achieved on domestic sales at our coal operations.

The revenue contribution from our energy operations was 16% higher than 2022. Energy generation from the Cennerggi operating wind assets was higher, driven by improved wind conditions compared to the prior year.

Group EBITDA

Group EBITDA decreased by 29% to R13 399 million (2022: R19 001 million). The main drivers for the decrease are provided in the graph below.



The lower prices realised in 2023 were mainly driven by the lower benchmark API4 price resulting in an average realised price on our export sales of US\$117 per tonne, a 53% decrease compared to 2022. This was partially offset by a higher price realisation compared to the benchmark API4 price of 4% due to our high-quality sales mix, as well as higher prices realised in the domestic market.

As a result of the ongoing logistical challenges, our export volumes decreased by 2%. To mitigate the poor rail performance, export coal was transported to alternative export ports using road transport and some coal was sold in the domestic market. Domestically, operational challenges and equipment failures at Eskom's power stations impacted the offtake of power station coal in the Waterberg region.

We also experienced inflationary pressure with electricity costs increasing by 16.5%, labour costs increasing by 6.8% and the rest of our costs increasing at PPI of 6.8%. There was some relief as our diesel costs decreased by 4%.

The cost of our buy-ins from our Mafube joint venture was lower, directly related to the lower API4 benchmark price in 2023 compared to 2022.

The increase in operational costs was mainly due to once-off overburden removal at Leeuwpan, Belfast and Grootegeluk, enhanced maintenance efforts in line with schedules and equipment hire, and higher production volumes at Leeuwpan and Belfast.

Royalties decreased in line with lower revenue.

Employee costs, including incentive payments, were lower in line with lower profitability and performance targets not being met.

The net decrease in rehabilitation cost is due to the impact of external surveys performed at our operations, combined with a favourable movement in discount rates in 2023, partially offset by an increase in the water treatment cost at our mines in closure to curb the impact of decanting.

The net positive foreign currency exchange variance is due to the impact of the weaker ZAR/USD exchange rate on revenue as well as realised and unrealised foreign currency exchange differences on foreign trade receivables and cash balances.

Included under general expenses are fair value adjustment gains on foreign exchange contracts, environmental rehabilitation funds, and funds held in our insurance portfolio.

Adjusted equity-accounted income

Adjusted equity-accounted income from associates and joint ventures decreased by 4% to R6 991 million (2022: R7 303 million).

	Adjusted equity-accounted income/(loss)			Dividends received		
	2023 Rm	2022 Rm	Change %	2023 Rm	2022 Rm	Change %
Coal: Mafube	510	1 902	(73)	1 525	750	103
Coal: RBCT	(8)	(9)	11			
Ferrous: SIOC	6 157	4 902	26	3 386	5 153	(34)
Other: Black Mountain	332	578	(43)			
Other: LightApp		(70)				
Total	6 991	7 303	(4)	4 911	5 903	(17)

The 26% increase in adjusted equity-accounted income from SIOC to R6 157 million (2022: R4 902 million) was driven by higher iron ore prices and sales volumes as well as cost optimisation initiatives. This was offset by a 73% decrease in Mafube's adjusted equity-accounted income, mainly due to lower export prices.

SIOC declared a final dividend to its shareholders in February 2024. Exxaro's share of the dividend amounts to R2 107 million, which is 7% higher than the interim dividend received. The dividend will be accounted for in the first half of 2024.

Group headline earnings

Group headline earnings decreased by 22% to R11 327 million (2022: R14 558 million), driven by the 29% decrease in group EBITDA and 4% decrease in adjusted equity-accounted income.

The weighted average number of shares of 242 million remained unchanged, translating into headline earnings per share of 4 681 cents per share (2022: 6 016 cents per share).

Capital management and shareholder returns

In terms of our capital allocation framework, free cash flow generated will be prioritised per the diagram below:



The diagram represents the order of our capital allocation framework. In applying our capital allocation framework, we aim for a gearing ratio of below 1.5 times net debt (excluding ring-fenced project financing) to EBITDA. The capital allocation framework is in line with our commitment to sustainably return cash to shareholders through the cycle while retaining a strong financial position.

During 2023, we had cash inflows of R16.1 billion (2022: R20.4 billion), comprising R10.7 billion from our operations net of tax paid (2022: R14.7 billion) and dividend income received from our equity-accounted investments of R4.9 billion (2022: R5.9 billion) as well as net interest received of R0.4 billion (2022: R0.3 billion net interest paid) on our cash and cash equivalents.

In terms of our capital allocation framework, we used this cash to:

- Sustain our operations with capital expenditure of R2.5 billion (2022: R1.4 billion)
- Expand our operations with further capital expenditure of R0.2 billion (2022: R0.3 billion)
- Pay dividends to external shareholders of R7.4 billion (2022: R8.9 billion)

Given our net cash position (excluding ring-fenced project financing) at 31 December 2023 and 31 December 2022, our net debt to EBITDA cover ratio was well below our target of 1.5.

Exxaro remains in a strong liquidity position with a net cash balance of R10.5 billion as at 31 December 2023 (2022: R5.2 billion) and undrawn borrowing facilities and maturities as set out below. If the energy net debt is excluded, the net cash position at 31 December 2023 was R14.8 billion (2022: R9.6 billion).

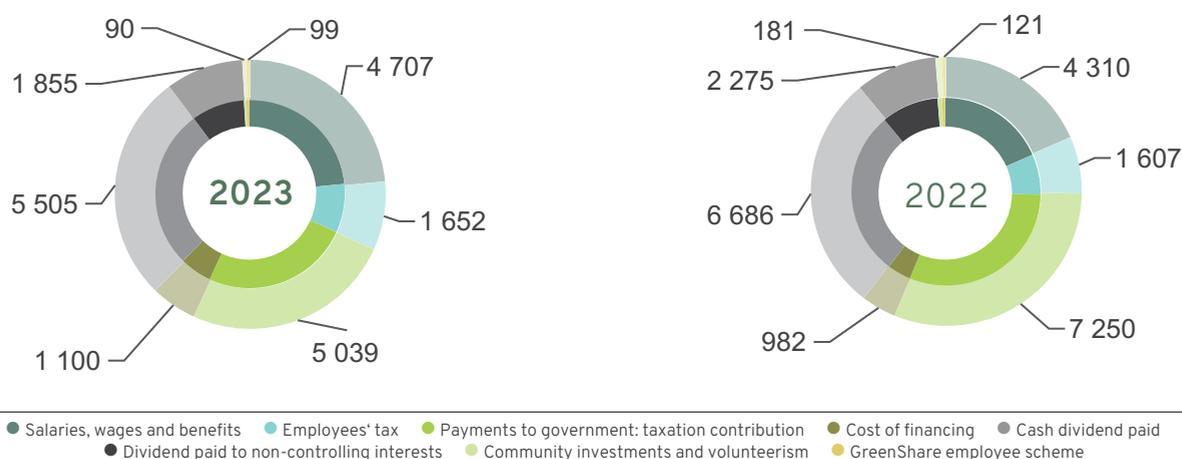
Capital funding structure

Exxaro (excluding energy)

	Facilities available			Maturity profile of debt	
	Drawn Rm	Undrawn/ committed Rm	Undrawn/ unissued Rm		
EXXARO					
Term loan and revolving facility	3 400	3 250		Repayment period	4 487
Domestic Medium-Term Note programme	643		4 000	Less than 6 months	954
Interest-bearing borrowings	4 043			6 – 12 months	248
Interest capitalised	64			1 – 2 years	507
Lease liabilities	389			2 – 3 years	2 574
Capitalised transaction costs	(9)			3 – 4 years	80
Total interest-bearing debt	4 487			4 – 5 years	97
Current	1 202			>5 years	27
Non-current	3 285				
Net cash and cash equivalents	(19 321)				
Net cash	(14 834)				

ENERGY					
Project financing	4 833	1 267		Repayment period	4 887
Interest-bearing borrowings	4 833			Less than 6 months	144
Interest capitalised	5			6 – 12 months	148
Lease liabilities	62			1 – 2 years	349
Capitalised transaction costs	(13)			2 – 3 years	450
Total interest-bearing debt	4 887			3 – 4 years	557
Net cash and cash equivalents	(538)			4 – 5 years	683
Net debt	4 349			>5 years	2 556

Economic value distribution



We distribute the value we generate to our stakeholders as follows:

- Employees receive salaries or wages, share-based payments as well as bonuses (where certain performance conditions are met)
- Employees' tax deducted from the employees' remuneration and paid to the South African Revenue Service
- The governments of the countries where Exxaro has operations and investments receive various taxes and royalty payments
- Cost of financing are payments to providers of finance who receive a return through interest and other loan costs
- Shareholders receive a return on their investment through dividends and capital growth in the share price
- Communities surrounding the operations of Exxaro benefit through corporate social investment initiatives
- In terms of Exxaro's GreenShare employee scheme, employees received a further distribution of profits through dividends

All stakeholders benefit from continuous reinvestment into the group to ensure sustainability and expansion.

Portfolio optimisation

As part of the broader Exxaro strategic review, we continuously seek opportunities to unlock value to support our Sustainable Growth and Impact strategy. As previously reported, Exxaro identified that the FerroAlloys business is no longer a strategic fit within our envisaged minerals business portfolio and a sales process has commenced to dispose of our entire shareholding in Exxaro FerroAlloys Proprietary Limited. Exxaro aims to enhance the economic participation of black-owned companies in the South African economy. In line with this intent, we earmarked the FerroAlloys disposal process to target black ownership.

As we are still in the initial stages of the sales process, the investment did not meet all the criteria to be classified as a non-current asset held-for-sale on 31 December 2023.

Financial KPIs

Despite the operational challenges experienced in 2023, all internal KPIs are well within target, indicating a healthy balance sheet and strong cash flow generation. The impact of various coal sensitivity measures as well as the key financial risk factors can be further used to stress test our current headroom. Exxaro complied with all the bank covenants for the year ended 31 December 2023.



Refer to note 12.1.4 of the [group annual financial statements](#) for the year ended 31 December 2023 for detailed disclosure on the salient terms and conditions of interest bearing borrowings.

Coal sensitivity analysis

The following diagram indicates key sensitivities on the coal net operating profit:

Measure	Sensitivity	Net operating profit impact
Environmental rehabilitation discount rate decrease	1%	(169)
Environmental rehabilitation discount rate increase	1%	156
Royalty cost	1%	369
Production cost	1%	189
Domestic sales volumes	1%	153
Export price per tonne	US\$1	94
Export sales volumes	1%	56
Exchange rate	10 cents	52
Labour	1%	32
Railage	1%	31
Fuel	1%	16
Energy	1%	8

Key financial risk factors affecting our performance

Our strategic treasury function predominantly provides financial risk management services to the business, coordinates access to domestic and international financial markets, and monitors and manages operational financial risks through internal risk reports that analyse exposure by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

In managing our capital, we focus on a sound net debt position, return on shareholders' equity (or return on capital employed) and the level of dividends to shareholders. Our policy is to cover annual net funding requirements through long-term loan facilities with maturities spread over time. Neither Exxaro nor any of our subsidiaries are subject to externally imposed capital requirements.

Market risk management

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

Our activities expose us primarily to the financial risks of changes in environmental rehabilitation funds, portfolio investment and deposit facilities quoted prices, foreign currency exchange rates and interest rates. We enter into a variety of derivative financial instruments to manage our exposure to foreign currency risk and interest rate risks, including:

- Currency foreign exchange contracts, currency options and currency swap agreements to manage the exchange rate risk arising from the export of coal and import of capital expenditure
- Interest rate swaps and interest rate forwards to manage interest rate risk on interest-bearing borrowings

Price risk management

Our exposure to equity price risk arises from investments held by and classified as "at fair value through other comprehensive income" or "at fair value through profit or loss". Our exposure to price risk in relation to quoted prices of environmental rehabilitation funds, portfolio investments and deposit facilities is not considered a significant risk as the funds are invested with reputable financial institutions in accordance with a strict mandate to ensure capital preservation and growth. The funds are held for strategic purposes rather than trading purposes.

Finance director's overview continued

Foreign currency risk management

Certain transactions are denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The currency in which transactions are entered into is denominated in US dollar, euro and Australian dollar. Exchange rate exposures are managed within approved policy parameters using foreign exchange contracts, currency options and currency swap agreements.

We maintain a fully covered exchange rate position in respect of foreign balances (if any) and imported capital equipment, resulting in these exposures being fully converted to rand. Trade-related import exposures are managed through using economic hedges arising from export revenue and foreign exchange contracts. Trade-related export exposures are hedged using foreign exchange contracts and currency options focusing on short-term receivables. Any open exposure to foreign currency risk on these balances is insignificant as the turnaround time is generally less than 30 days. Foreign-denominated capital purchases funded by rand-denominated project financing arrangements are hedged using foreign exchange contracts.

Monetary items are translated at the closing rate at the last day of the reporting period.

The foreign exchange contracts used to hedge foreign currency exposure mostly have a maturity of less than one year from the reporting date. When necessary, foreign exchange contracts are rolled over at maturity.



Refer to note 16.3.3.2.2 of the [group annual financial statements](#) for the year ended 31 December 2023 for detailed disclosure.

Interest rate risk management

We are exposed to interest rate risk as we borrow and deposit funds at floating interest rates on the money market and extended bank borrowings. Our main interest rate risk arises from long-term borrowings with floating rates, which expose us to cash flow interest rate risk. The risk is managed by undertaking controlled management of the interest structures of the investments and borrowings, maintaining an appropriate mix between fixed and floating interest rate facilities in line with the interest rate expectations. We also use interest rate swaps and interest rate forwards to manage the interest rate risk exposure.

When the contractual terms of the borrowings and covenants thereof require the use of hedging instruments to mitigate the risk of fluctuations of the underlying interest rate risk cash flow exposure and the impact on profit or loss of specific projects being financed, we look to apply hedge accounting where an effective hedge relationship is expected and to the extent that such exposure poses a real risk to the achievement of the loan covenants.

The financial institutions chosen are subject to compliance with the relevant regulatory bodies.

Loan facility and bonds



Refer to note 16.3.3.2.3.1 of the [group annual financial statements](#) for the year ended 31 December 2023 for detailed disclosure.

Energy project financing

The group is exposed to the risk of variability in future interest payments on project financing, attributable to fluctuations in three-month Johannesburg Interbank Average Rate during operations phase, and one-month Johannesburg Interbank Average Rate during construction phase. The designated hedged item is the group of expected floating interest rate cash flows arising from the project financing, up to the notional amount of each interest rate swap, over the term of the hedging relationship. The notional amounts per interest rate swap match up to the designated exposure being hedged.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged project financing.



Refer to note 16.3.3.2.3.2 of the [group annual financial statements](#) for the year ended 31 December 2023 for detailed disclosure.

Liquidity risk management

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

The ultimate responsibility for liquidity risk management rests with the board, which has built an appropriate liquidity risk management framework for managing Exxaro's short, medium, and long-term funding and liquidity management requirements. We manage liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained.

	Group	
	2023 Rm	2022 Rm
Amount approved	65 309	58 524
Total borrowings	(8 923)	(9 093)
Unutilised borrowing capacity	56 386	49 431

Exxaro's capital base, the borrowing powers of the company and the group were set at 125% of shareholders' funds for both the 2023 and 2022 financial years. To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

Credit risk management

Credit risk relates to potential default by counterparties on cash and cash equivalents, loans, investments, trade receivables and other receivables.

We limit our counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. Our exposure and the credit ratings of our counterparties are continuously monitored, and the aggregate value of transactions concluded are spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board annually.

Trade receivables consist of several customers with whom Exxaro has long-standing relationships. A high portion of term supply arrangements exists with such customers, resulting in limited credit exposure (which exposure is limited by performing customer creditworthiness or country risk assessment).

Exxaro strives to enter into sales contracts with customers, which stipulate the required payment terms. It is expected of each customer that these payment terms are adhered to. Where trade receivable balances become past due, the normal recovery procedures are followed to recover the debt, where applicable new payment terms may be arranged to ensure that the debt is fully recovered.

Exxaro has concentration risk due to our exposure to one major customer. This is, however, not considered significant as the customer adheres to the stipulated payment terms. We establish an allowance for non-recoverability or impairment that represents our estimate of expected credit losses in respect of trade receivables, other receivables, loans, cash and cash equivalents, and investments.



Refer to note 16.3.3.4.1 of the [group annual financial statements](#) for the year ended 31 December 2023 for detailed disclosure.

Outlook

Economic context

Global inflation is expected to continue its downward path, although towards the end of 2023, energy-related pressures temporarily stalled this trajectory. As a result, policy interest rates are predicted to remain restrictive for longer, affecting both global investment sentiment and economic activity.

Despite unprecedented rolling loadshedding, South Africa's real GDP grew by 0.9% year on year in the first six months of 2023. The modest upside reflected higher investment in machinery and other equipment and a better-than-expected response to loadshedding. However, GDP decreased by 0.2% in the third quarter of 2023. The ongoing constraints of inadequate electricity and logistic challenges limit the local economy's future productive potential.

During 2023, the South African rand lost significant value against major global currencies. This is attributable to intensified loadshedding with the perceived risk of a potential grid collapse, the country's grey listing by the Financial Action Task Force, widening current-account and fiscal deficits, US dollar strength, global recessionary risk, and widespread geopolitical tensions. We expect the USD/ZAR exchange rate to improve in 2024 due to an expected improvement in both global economic sentiment and investor confidence.

Commodity markets and price

Despite the uncertainty of the severity of the northern hemisphere's winter and potential risks around natural gas availability and prices, continued strong Chinese thermal coal imports are expected to provide some support to seaborne thermal coal prices. However, the easing of global supply risks in both the thermal coal and natural gas (including liquefied natural gas) markets are expected to filter through to market pricing.

Continuous rising iron ore supply and exports remain the limiting factor for iron ore prices. Supply increases from major miners, a flat Chinese demand, with the rest of the world demand recovering are expected in 2024. A stronger pricing environment is expected to prevail, supported by higher marginal cost levels.

Operational performance

TFR railed 47.92Mt of coal to the Richards Bay Coal Terminal from January to December 2023. The export rail performance remains below expectations due to the impact of security, vandalism, and locomotive shortages.

Riaan Koppeschaar

Finance director
10 April 2024

Operational performance



Exxaro's manufactured capital is the physical mining, energy and property assets that enable us to deliver our products. The quality of our assets and how effectively we use them impact our overall value creation and operational performance.

How we deliver value through our manufactured capital

We invest in our assets to maintain their enduring value, upkeep and performance, and optimise their use in delivering our products at optimal qualities. Optimising our portfolio and effectively using our invested capital enables us to achieve excellent operational performance, which in turn enables value creation and preservation across the other five capitals.

We deliver value through our:

- Operational excellence and digital transformation programmes that use data-driven insights for decision making to enable safety performance, improve productivity and optimise cost
- Integrated operations centres enable timeous decision making, allowing our business to focus on controllable elements, consequently limiting the impact of disruptions in the value chain. We continue enhancing this process through deployment of data science and advanced analytics initiatives
- Market to resource optimisation strategy that informs operational plans with market insights to deliver coal products that meet customer specifications
- Continuous portfolio reviews and appropriate sustaining capital investments, which ensure we prioritise our investments – enabling the right investment that will contribute and add value to the portfolio

We build momentum and resilience in executing on our strategy and business model through operational excellence and continued investment in our manufactured capital.

Material theme	Matter	Supporting our strategy	Our broader impact
Adapting to a changing context	<ul style="list-style-type: none"> Macro-environment Country risk Geopolitical context Commodity price risk 	<ul style="list-style-type: none"> 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 	
Executing our strategy	<ul style="list-style-type: none"> Diversity into critical minerals and energy Coal portfolio optimisation 		

Performance snapshot

Exxaro's manufactured capital	Five mines (including one joint venture), one coal project, one ferro-silicon manufacturing facility, two windfarms and one solar project in construction		
Investments in our manufactured capital	R2.5 billion invested in sustaining capital (2022: R1.4 billion)	R0.2 billion invested in expansion capital (2022: R0.3 billion)	R2.7 billion invested in property, plant and equipment (2022: R1.7 billion)
Improving our outcomes (business model, page 20)	Optimising our portfolio <ul style="list-style-type: none"> Disposal of shareholding in Exxaro FerroAlloys Proprietary Limited Accelerating our decarbonisation <ul style="list-style-type: none"> Financial close of the 68MW LSP on 29 June 2023 		

Exxaro's operational performance areas encompass coal, energy, ferrous, portfolio optimisation and investments in minerals and energy.

Looking ahead

Safety, portfolio optimisation, cost efficiency and continuous business improvement remain our priorities across our coal and energy businesses.

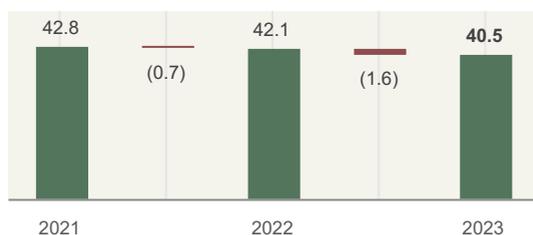
Our performance

Coal

Total product (Mt)



Total sales (Mt)



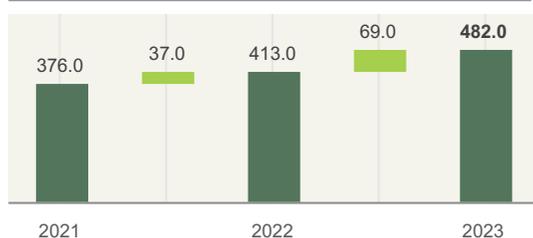
Export sales (Mt)



Cash cost per total tonnes handled (R/t)



Cash cost per production tonne (R/t)



International thermal coal pricing (API4) averaged US\$121/t in 2023 (2022: US\$271/t). Prices declined from 2023 levels due to coal to gas switching in Europe. Europe and key markets in Asia also remained well stocked during the year, keeping prices stable.

Production cost per tonne was mainly impacted by lower offtake, resulting in increased total tonnes handled with the following impact on costs:

- Volumes handled resulted in increased contractor activities, equipment hire and enhanced maintenance costs
- Employee costs increased primarily due to normal labour increases
- Energy costs rose, primarily due to a 16.5% increase in electricity rates, offset by improved efficiencies

These costs were offset somewhat by the decrease in the rehabilitation liability mainly due to an increase in discount rates.

Other operational costs were impacted by a net positive foreign exchange variance due to a weaker ZAR/USD exchange rate on revenue as well as realised and unrealised foreign exchange differences on foreign debtors and cash balances. Royalties decreased in line with lower revenue, while our insurance expense also decreased due to the change in accounting treatment of new insurance products. These decreases resulted in a premium expense (classified as a financial asset) on the balance sheet.

Our net cash cost per tonne was above mining inflation, impacted by increased cost as explained. However, our cost per total tonnes handled was R1 lower, demonstrating our ability to cost-efficiently move volumes.

In the face of a challenging macro-environment, our commitment to cost containment remains. We therefore see ourselves returning to normalised cost as we bolster our responsiveness to a new, ongoing reality.

Energy



Cennergi's operational EBITDA margin was 80% (2022: 80%), showing the consistency of earnings underpinned by long-term offtake agreements.

The two windfarms generated 727GWh in 2023 (2022: 671GWh), despite the Tsitsikamma community windfarm suffering 15GWh of losses owing to an Eskom distribution line fault. The increase in generation resulted from improved wind conditions. Our average equipment availability was 97.3% in 2023, slightly above the contracted levels of 97.0%.

Ferrous

SIOC

- Adjusted equity-accounted income of R6 157 million (2022: R4 902 million) primarily driven by higher iron ore prices, higher sales volumes and cost optimisation initiatives
- An interim dividend of R1 967 million was received from the investment in SIOC in August 2023. SIOC declared a final dividend to its shareholders in February 2024. Exxaro's share of the dividend amounts to R2 107 million, which is 7% higher than the interim dividend received. The dividend will be accounted for in the first half of 2024

Business resilience



Exxaro’s intellectual capital is the unique combination of knowledge, experience, innovation and systems that differentiate us. We leverage these elements to respond to market challenges and position our business for the future.

How we deliver value through our intellectual capital

Our operations must be able to overcome frequent challenges and adapt to change in global and local markets. We use our intellectual capital and differentiation to transition our already successful business into a company that remains sustainable, growth-orientated and values-driven into the future.

Exxaro is focused on driving and leveraging changes to patterns of production, consumption and ways of working to positively impact our business’s value and sustainability. We apply our collective knowledge, skills and resources to ensure our business is responsive while safeguarding our people, assets and the business.

We deliver value through:

- Efficient project portfolio management and capital allocation
- Increasing our competencies across mining and energy
- Investing in innovation, digitalisation and technology
- Managing our relationships with stakeholders for reputational resilience

Purposefully using our intellectual capital enables us to build momentum and resilience in executing on our strategy and business model.

Material theme	Matter	Supporting our strategy	Our broader impact
 Adapting to a changing context	<ul style="list-style-type: none"> • Supporting a just transition to a low-carbon economy 	<ul style="list-style-type: none"> • 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 	   
 Executing our strategy	<ul style="list-style-type: none"> • Build a leading global energy solutions business • Coal portfolio optimisation 		
 Driving business resilience	<ul style="list-style-type: none"> • Supply chain and logistical impediments • Cyber risk • Innovation and digitalisation • Capital allocation 		

Performance snapshot

Exxaro's intellectual capital

Investments in our intellectual capital

Improving our outcomes (business model, page 20)

➔ The knowledge, experience, innovation and systems that enable business resilience

<p>Developed:</p> <ul style="list-style-type: none"> Carbon footprint calculator app for employees Near miss reporting app to report safety-compromising behaviours Visible felt leadership app 	<p>Installed FuelActive technology on haul trucks at Grootegeluk and Mafube</p>	<p>An appropriately skilled, diversified and independent board</p>	<p>Engagement with our stakeholders at the governance roadshow</p>
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- Leveraging digital transformation to create impact**
 - Our Digital@Exxaro strategy
 - Fully integrated digitalisation into our talent management strategy
- 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 and values-driven company**
 - Deepening our knowledge and stimulating behaviour change in pursuit of climate change adaptation and resilience through awareness, training and education initiatives for our people and host communities
 - Integrated finance, tax, legal and company secretary structures for better coordination and to enhance the financial efficiency of our impact efforts and integrated reporting
- Become a leading international renewable solutions provider by 2030**
 - Decarbonisation roadmap will be executed in a phased approach for sustainable impact

Exxaro's business resilience encompasses capital allocation, energy investments, innovation and information management, and reputational resilience ([engaging our stakeholders](#), page 39).

Looking ahead

We are future proofing Exxaro and enabling a sustainable future for our business. We aim to fast track our decarbonisation and investments to generate predictable long-term cash flows and increase portfolio diversification.

Our capital allocation and project execution remain focused on leveraging the growth investments already made, supporting our early value strategy and sustaining our businesses by implementing our portfolio of sustaining capital projects. Our early value strategy means we are strategic about our capital allocation.

We are focusing on opportunities in South Africa to start with, while monitoring opportunities in new markets for potential entry that meet our investment criteria, building strong foundations for the future and investing in energy assets that enable us to transition to a low-carbon world.

Exxaro is continuing on our transformation journey with a dedicated focus on enterprise-wide transformation, innovation and digital, leveraging data by turning it into insights, aiding in decision-making across the organisation and creating an agile environment. We continue to strive to attract and appoint top tech talent to support our Digital@Exxaro strategy.

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

CO₂ reduction of
762 tonnes

Annual fuel savings of
R6 million

Our performance

Capital allocation

Project	Classification (growth/sustaining)	Product	Focus and performance	Capital expenditure
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Location: Mpumalanga

The infrastructure projects at Matla, to achieve a 10Mtpa production objective once fully ramped up, were approved.

Matla LoM programme	Sustaining	10Mtpa of thermal coal	Developing infrastructure to support LoM production	R5.2 billion
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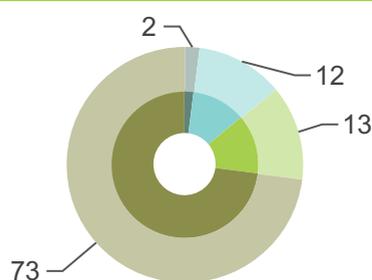
Outlook

Construction of the Matla Mine 1 tunnel development was completed. We aim to complete the incline conveyor in the first half of 2024, the overland conveyor in the first half of 2025 and the support complex and plant in the second half of 2025. Mining equipment manufacturing was completed by the Matla Central Workshop. Mine 2 development was completed. We aim to complete Mine 3 development in the second half of 2024. We expect to complete and conclude the programme in the first half of 2026.

We focus on sustaining a robust coal portfolio with strong cash flow generation through the capital excellence journey and always focusing on the early value strategy. In this process, we continue to evaluate and optimise our portfolio and, where needed, dispose of non-core assets and invest in our coal business to remain resilient. We are targeting average capital of between R2 billion and R2.5 billion annually in real terms.

Coal

Coal sales by product tonnes (%)



● Domestic metallurgical ● Other domestic ● Exports ● Eskom

	2023 actual	2023 previous guidance	2022 actual	% change previous guidance
Sustaining	2 432	2 514	1 605	3
Waterberg	2 217	2 314	1 348	4
Mpumalanga	201	180	252	(12)
Other	14	20	5	30
Total	2 432	2 514	1 605	3

Capital expenditure in our coal business increased by 12% compared to 2022, driven by investment in sustaining our operations, which is well aligned with our capital guidance.

The increase in sustaining capital is mainly due to higher spend at Grootegeeluk to support continuation of the business. Our capital excellence journey is enabling improved project timing, execution and savings.

Supply chain and logistics

While the South African logistics environment is challenging given the rail performance to RBCT, we use our intellectual capital to develop new innovative logistics solutions and corridors to ensure we are on a more sustainable strategic path. We successfully exported via alternative ports and continue to look at solutions that will optimise our value chain from our mines to alternative posts, including our road and rail flows.

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

Investments in energy

Exxaro is targeting a total of 1.6GW (net) installed capacity by 2030 with an estimated total equity capital deployment of approximately R13 billion based on high level assumptions, with the remaining capital requirements being project financed. This could potentially provide a forecast estimated EBITDA of approximately R4.9 billion. We are aiming to achieve equity returns on a portfolio basis of 15%.

The LSP reached financial close on 29 June 2023, and construction started shortly thereafter. The project total investment cost is R1.56 billion.

Driving innovation and information management

Exxaro's innovation plays a pivotal role in driving our Sustainable Growth and Impact strategy. The main focus is on optimising value creation from our coal business using digital innovation, while

diversifying towards resilient minerals and growing our energy business. Our innovation and technology journey is geared to enable the business to be carbon neutral by 2050.

Innovation is a strategic enabler and key to realising our 2030 goals

Our approach to innovation is underpinned by our innovation management programme, which aims to take a systematic approach to integrate innovation into our entire business value chain, ie operations, marketing and logistics intelligence, corporate innovation and embracing disruptive innovation through data science and generative AI. The innovation programme is managed through structured processes and governance, while building future in-house capabilities, and measures that enhance Exxaro's strategic objectives.

Business diversification

Exxaro's commitment to technological and social innovation goes beyond conventional mining practices. Implementing innovative mining and processing technologies ensures that the transition towards emerging minerals is financially viable and that Exxaro remains on the lowest cost curve when new operations are introduced. Beyond economic considerations, Exxaro recognises the crucial role of innovation in creating positive social impact.

In a drive to achieve operational effectiveness, we emphasise the importance of technology and innovation to enable our strategy and achieve our goal to become carbon neutral by 2050. Over the years through our innovation journey, Exxaro successfully deployed technology-enabled integrated operating centres, visualised our value chain, deployed predictive analytics and mineral resource integration.

By leveraging technology, we ensure our operations go beyond compliance, measuring and enhancing our social and environmental impact. This includes deploying innovative digital solutions to strengthen Exxaro's contribution to a just energy transition and aligning with global sustainability goals. One of these initiatives, integrated operations centres, facilitates the seamless integration

of mineral resources and optimisation to enable effective, data-driven decision making. Integrated operations centres optimise resource utilisation and minimise environmental impacts, enabled through continuous monitoring. The integration of advanced data analytics and automation technologies supports us to achieve our early value strategy and reduce climate-related risks, thus reinforcing Exxaro's commitment to sustainable practices.

Through developments in generative AI, Exxaro will continue to look at opportunities to automate certain processes and deploy technology to ensure we remain competitive.

Culture of innovation

We empower our people to create impact by cultivating an innovation culture. This is integral to how we conduct business at Exxaro, ensuring our sustained success in a constantly evolving landscape. Exxaro has a deep-rooted culture of innovation – we believe that innovation is not limited to any particular department, but rather, it is everyone's responsibility. This cultural foundation signifies that innovation is not sporadic, but an integral part of our values, mindset and practices, embedded in every aspect of how Exxaro operates. Through this culture, our people are empowered to create impact.

At Exxaro, we are passionate about creating a positive socio-economic impact in the communities where we operate. This passion motivates Exxaro to integrate social innovation into our operations. Exxaro's innovation and digital journey extends to social innovation, by addressing community challenges through innovative, workable responses to environmental or social challenges. We aim not only to be a modern mining company but also a socially innovative and responsible one. Empowering people through innovative initiatives ensures that Exxaro's growth contributes to the overall development and wellbeing of the economies in which we operate.

Cybersecurity

In today's digital age, cybersecurity has become an essential component of business resilience. As we increasingly rely on technology and data, the cyber threat landscape also increases – the impact of which extends far beyond financial losses and affects reputation and stakeholder trust.

To mitigate the inherent cyber risk, we implemented a cybersecurity programme that focuses on preventing cyber incidents through detection, response and recovery activities. Our dedicated resources enhance our cybersecurity threat intelligence and detection capabilities. We gather insights from emerging threat patterns and malicious actors, and are committed to strengthening our security controls.

We implement a robust cybersecurity incident response plan that outlines the steps to be taken in the event of a security breach. This is supported by a disaster recovery plan to ensure that we can recover from major incidents. We also realise the importance of educating our employees on inherent cyber threats and have implemented a cybersecurity awareness programme to educate them about cybersecurity best practices and potential threats, including phishing awareness and social engineering.

We did not record any data breaches this year.

Building momentum with people

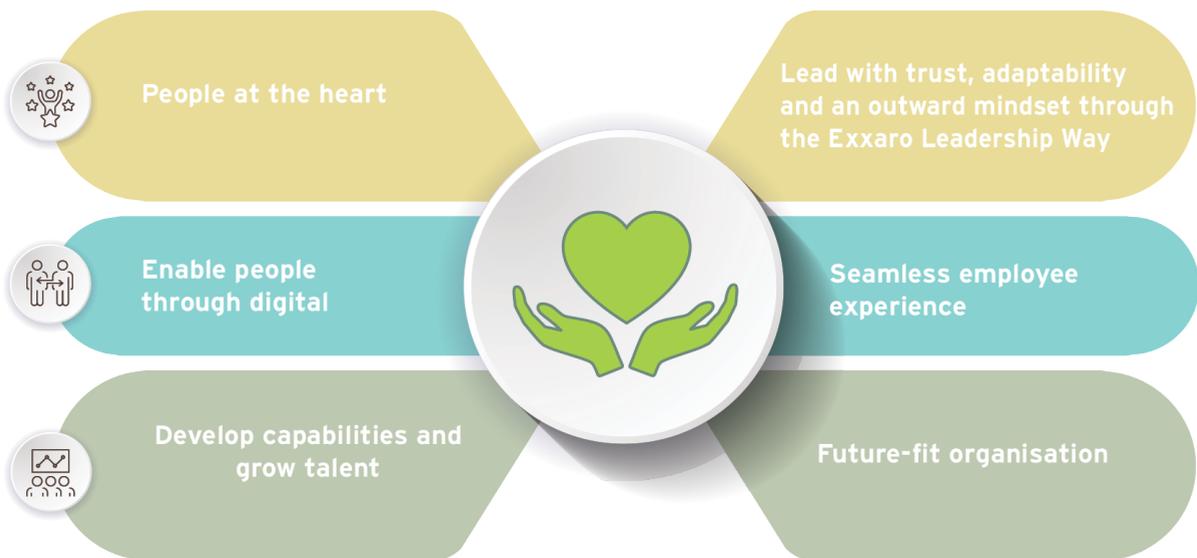


Exxaro’s human capital is the knowledge, skills, know-how, safety, health and wellbeing of the people who manage our business and perform operational activities. This includes our employees and contractors. Our human capital is central to the success of our business.

How we deliver value through our human capital

Investing in, upskilling and offering an attractive value proposition increases our human capital, while safeguarding our people’s safety, health and wellbeing, preserves value and prevents its erosion. Our people and partners have the skills, capabilities, mindset and passion to achieve our purpose.

We deliver value through our people strategy, which is a catalyst for the Sustainable Growth and Impact strategic objectives. The six pillars of our people strategy are underpinned by our commitment to a people-fit organisation, developing capabilities and enabling human resources through our purpose.



We also deliver value by:

- Progressing against our commitment to achieving zero harm by prioritising safety
- Building resilient employees and host communities through integrated health and wellness
- Maintaining our employee value proposition, fostering a diverse, inclusive and equitable workplace, and managing employees’ needs and expectations
- Offering learning and skills development opportunities to ensure a healthy talent pipeline of core and critical skills for existing and potential employees (including our host communities)

Empowering our people to create impact is critical in building momentum and resilience as we progress against delivering on our strategy and business model.

Material theme	Matter	Supporting our strategy	Our broader impact
 Helping our people thrive	<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"> • Make our minerals and energy businesses thrive • Empower people to create impact • Become a catalyst for economic growth and environmental stewardship 	

Performance snapshot

<p>Exxaro's human capital</p>	<p>20 665 employees (2022: 19 242) 6 797 (33%) permanent employees (2022: 6 745, 35%) 13 868 (67%) contractors* (2022: 12 497, 64.9%) <i>* Contractor total does not include Cennergi sub-contractors.</i></p>	<p>178 employees (2022: 103) 35 (20%) permanent employees (2022: 20%) 143 (80%) contractors (2022: 80%)</p>
<p>Investments in our human capital</p>	<ul style="list-style-type: none"> • R358 million invested in training and development • R4 707 million invested in employee remuneration • R10.5 million invested in developing targeted employees in management programmes, leadership roles, postgraduate studies and support functions 	
<p>Improving our outcomes (business model, page 20)</p>	<ul style="list-style-type: none"> • Stop and Fix campaign launched to enhance employees' safety • DEI strategy launched and embedded in the business • Awareness campaigns, initiatives and measures implemented to address health risks <ul style="list-style-type: none"> • Remain committed to achieving zero harm <ul style="list-style-type: none"> – Adopted leading practices on preventing fall of ground and trackless mobile machinery incidents – Participated in the CEO Zero Harm Forum hour of learning – Introduced revised incident management standard to check and verify the effectiveness of corrective actions and enable meaningful learnings – ISO 45001 certification received at Matla, Leeuwan and Grootegeluk – Demonstrated our commitment to the five safety focus areas at the 2023 sustainability summit • Work with employees and contractors to eradicate any safety incidents <ul style="list-style-type: none"> – Held awareness campaigns and initiatives to address health risks – Implemented health and safety representative empowerment programmes – Launched the Stop and Fix campaign and introduced going back to basics – Near miss reporting app launched to report safety-compromising behaviours – Visible felt leadership app launched to enhance leadership presence and engagement on the field • Continue to invest in employees <ul style="list-style-type: none"> – Progressed the DEI strategy – Streamlined the application process for internal employment opportunities – 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 – Introduced the employee referral reward programme 	

Looking ahead

Our future focus is on building a stronger, more inclusive workforce by filling critical vacancies, empowering employees to excel through the performance achievement framework and advancing DEI at Exxaro, with particular emphasis on the inclusion of people with disabilities. We will continue to protect the safety, health and wellbeing of our employees by pursuing zero harm, reducing safety-related incidents and preventing and managing health risks at our operations.

DETAILED DISCLOSURE

Read [building momentum with people](#) (ESG report, page 70) for details about our approach and performance.

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.

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.

Safety strategy key focus areas

<p>Incredible leadership</p> <p>Demonstrating our ongoing commitment to our employees' safety by hosting the leadership safety day and sustainability summit, led by our CEO</p>	<p>The sustainability summit allows the executive committee:</p> <ul style="list-style-type: none"> • 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 <p>The 2023 sustainability summit was hosted at Grootegeluk on 20 April 2023.</p>
<p>Communication</p> <p>Providing regular communication on our safety performance, which includes incidents, learnings from incidents and actions to be taken to mitigate emerging risks. Messages are shared on virtual platforms across the group</p>	<ul style="list-style-type: none"> • Our Khetha Ukuphepha (isiZulu for "choose safety") campaign, launched in 2019, encourages personal responsibility for safety • We host annual safety indabas to drive the importance of safety • We launched the Stop and Fix campaign in 2023 to encourage employees to proactively address safety risks before they escalate
<p>Consequence management</p> <p>Adhering to non-negotiable safety rules that promote life-saving behaviours</p>	<ul style="list-style-type: none"> • We analyse incidents in terms of zero tolerance rules • Consequence management aligns with our culture values and is applied fairly across BUs
<p>Training</p> <p>Capacitating employees and raising their awareness</p>	<p>In 2023, this included:</p> <ul style="list-style-type: none"> • Safety management training for line supervisors • Visible felt leadership champions training • Safety representatives training • On-the-job training for employees
<p>Risk management</p> <p>Embedding risk management into our daily activities and processes to make informed decisions and plan proactively</p>	<p>We 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 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.</p>



Cennergi's windfarms comply with the Occupational Health and Safety Act (OHSA), 1993 (Act 85 of 1993) and the LSP with the OHSA and MHSA. 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.

Our performance

Exxaro	No fatalities (2022: one)	Four HPis (2022: five)	11 LTIs (2022: seven)	0.07 LTIFR (2022: 0.05)
Cennergi	No fatalities (2022: none)	No HPis (2022: none)	No LTIs (2022: none)	

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 daily 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 have revised our incident management process to enhance incident investigations, subsequent corrective actions and learnings, which we believe will reduce our LTIs going forward. This also contributed to the decrease in HPis compared to last year.

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



No reportable health and safety incidents were submitted to the Department of Employment and Labour (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.

We implemented the following initiatives to demonstrate our commitment to achieving zero harm and preventing safety incidents following the tragic fatality experienced at Belfast mine in 2022:

Campaigns	<ul style="list-style-type: none"> • Bouncing Back at Belfast launched to uplift employees' morale and offer them counselling • Stop and Fix campaign launched across BUs
Apps	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	Grooteeluk 11 years fatality-free	Leeuwan 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

We were honoured to be recognised at the 2023 COALSAFE Awards, where we received several awards in the safety category for fatality-free production shifts at various operations, an LTIFR of 0.00 at Leeuwan and an outstanding award for most improved dust milestone at Grooteeluk.

Looking ahead

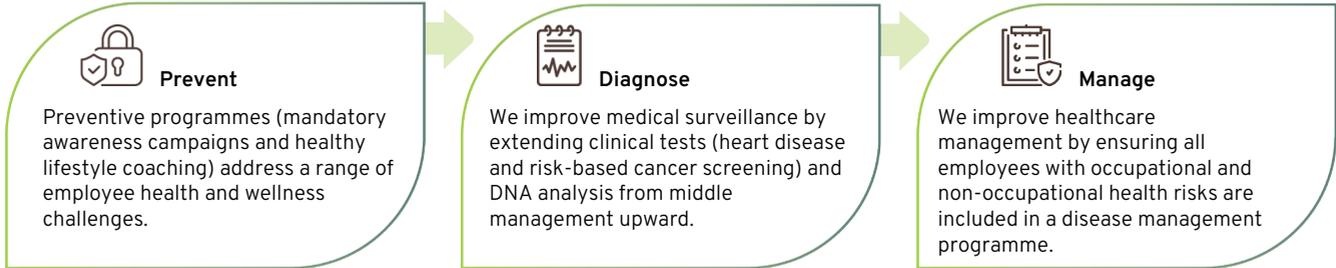
Maturing our safety culture through training and development will be a continued focus as we prioritise zero harm and protect the sustainability of our business. Alongside this, we plan to:

- Reinvigorate the five safety focus areas and the Khetha Ukuphepha principle
- Eliminate repeat incidents
- Enhance supervisor safety capacitation
- Advance and digitise safety systems

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.

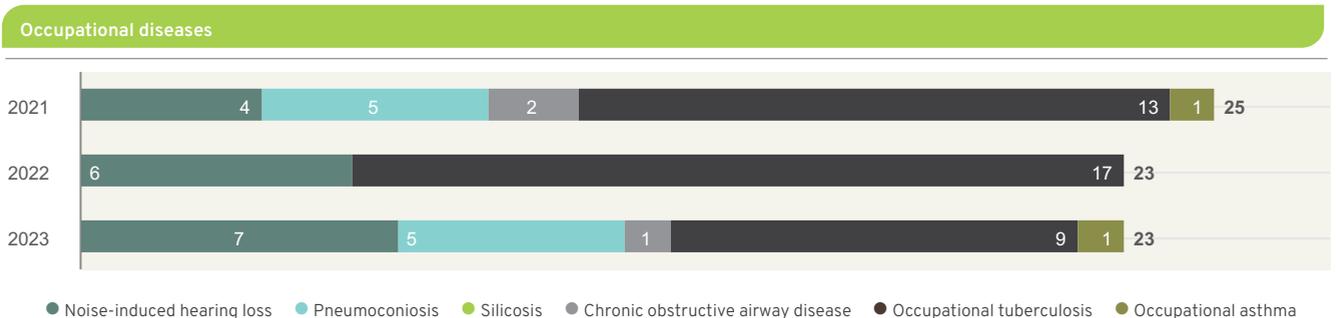
Preventive, holistic and employee-driven health and wellness underpins our approach. Our integrated health and wellness strategy, which is aligned with legislated basic conditions of employment, enables us to create an empowering environment for our employees. We offer an employee wellness programme, which addresses employees' financial, emotional, social, and mental, occupational, environmental, spiritual and physical challenges, and their impacts. We also host complementary awareness campaigns, testing drives and initiatives.



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

Our performance

		Demographics
Employee wellness programme	8.9% utilisation (2022: 12.68%)	<ul style="list-style-type: none"> 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 the employee wellness programme services are between the ages of 30 and 39, making up 43%
	6.4% Proactive Health Solutions benchmark	
Non-occupational diseases	93 new diabetes cases (2022: 24) 334 hypertensive employees and contractors (2022: 92)	
Occupational diseases	Occupational diseases remained at 23 (2022: 23) No cases of silicosis (2022: none)	<ul style="list-style-type: none"> 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) One occupational disease case (tuberculosis) (demonstrably work related) was accepted by the Medical Bureau for Occupational Diseases for compensation (2022: five) The OHIFR was 0.15 (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.

Campaigns and initiatives

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 noise-induced hearing loss, tuberculosis 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 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



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

Looking ahead

We will continue to actively manage health and wellness in the group with a specific focus on implementing continuous heat stress monitoring, advancing the electronic occupational health and hygiene management system and archive, and implementing health and wellness wearables at Belfast to track real-time employee vitals. We also plan to acquire additional specialised human resources.

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.

Employee engagement is supported by the embedding of our values and culture, effective communication and a commitment to constant improvement. Our employee relations strategy enables us to manage and respond to employees' needs and expectations. DEI is central in our approach.

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

Our new persons with disabilities policy supports the objectives of the DEI strategy in ensuring persons with disabilities have equal access to employment, training, skills development opportunities and career pathing.



Cennergi's employment equity committee guides and monitors transformation and skills development and oversees implementation of the employment equity plan, which aligns with legislation and the Department of Employment and Labour Codes of Good Practice.

Our performance

Strategic priorities

- 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
- Advanced our employee relations capacity building processes and conducted a capacity building process with our shop stewards for wage negotiations in 2024
- Provided wellness sessions to manage mental health, gender-based violence and stigmatisation
- Conducted a culture and engagement survey to track the efficacy and progress of culture integration
- Progressed the DEI strategy, with a strong drive around women in mining, inclusivity and workplace harassment

Employee turnover

- Average rate of 4.5% due to abscondment, death, incapacity, dismissal, resignation and retirement (2022: 4.4%)
- 83.81% of employees in bargaining units (2022: 82.37%)
- 16.19% of employees in management and specialist category (2022: 17.62%)

Employment equity

- Certified level 2 BEE contributor
- Achieved employment equity targets over the past five years (aligned with Mining Charter III)
- Addressing women in senior management targets with new employment equity plans for the next five years (aligned with DEI strategy)

Housing

- 1 379 permanent employees received mortgage repayment subsidies for first-time home buyers since 2017
- 42 employees live in converted hostels (single-quarter accommodation or family units)
- Housing allowance paid to 2 213 employees with a registered bond (2022: 2 272)
- Living-out allowance paid to 3 271 employees renting accommodation (2022: 3 594)

Trade union representation

- 5 376 employees (79%) (2022: 5 276) were represented by affiliated unions recognised by Exxaro (National Union of Mineworkers, Solidarity, Association of Mineworkers and Construction Union, Food and Allied Workers Union, and National Union of Metalworkers of South Africa)
- Multiple three-year wage agreements signed in 2021 remained effective. These agreements will expire in June 2024, and plans are underway to hold wage negotiations with organised labour, with a view to potentially signing another three-year wage deal

Workplace harassment

- Conducted workplace harassment training and interventions in response to sexual harassment cases reported in 2022
- Zero sexual harassment cases reported this year

Eliminating discrimination and resolving grievances

- No alleged discrimination cases or grievances were filed (2022: zero)

Share ownership

Each GreenShare beneficiary received a R10 209.92 cash payment



Cennergi consistently meets job creation targets and did not incur contract termination points or penalties from the DMRE in 2023

Looking ahead

In advancing our DEI journey, we plan to launch a new DEI e-learning programme to provide a comprehensive training opportunity for employees. We will also focus on achieving the objectives set out in our performance achievement framework, namely:

- 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

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.

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.

Our performance

Zero talent management-related grievances lodged in 2023 (2022: zero)

R193.5 million invested in job-related skills development (functional and technical training) (2022: R198 million)

R7.6 million invested in community development, such as portable skills training (2022: R8.2 million)

R126.6 million invested in bursaries, training professionals, internships, learnerships and skills programmes (2022: R101 million)

R22 million in support for Youth Employment Service (YES) partners to train and develop youth from our host communities (2022: R10 million)

126 employees (89% black people and 58% black women) in our 24-month mentoring programme (2022: 40)

R0.95 million invested in adult education and training (2022: R1.57 million)

Appointed 16 external Paterson D band (middle management) and 43 internal candidates (2022: 16 and 40)

Appointed three external black candidates and nine internal black candidates Paterson E band (senior management) candidates (2022: one and three respectively)

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



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 whom 75% were female (six African women) and 25% were male (two African men).

Building momentum with people *continued*

We track our performance against the strategic objectives of the talent management strategy:

<p>Use digital platforms</p>	<ul style="list-style-type: none"> • 1 033 employees registered for open-source online courses (LinkedIn, Udemy, Coursera, Open Sesame and OTT University). Overall, 70% utilisation was achieved during 2023 • 91 309 compliance-related courses, ensuring safety, health and environmental compliance, completed through MyNexxt • 109 745 training interventions on the MyNexxt e-learning platform as part of our Digital@Exxaro strategy and aligned with connect2NEXT and smart workforce initiatives (2022: 96 665) • Achieved 63% utilisation on Powering Knowledge community SMME e-learning platform • Offered multiple courses and learning interventions on ESG and risk, performance, IT and cybersecurity, and management
<p>Enhance employee experience</p>	<p>Line managers are no longer required to approve employment applications made by their team members, allowing 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.</p>
<p>Build relevant future skills and competencies</p>	<ul style="list-style-type: none"> • 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 • Rolled out several leadership programmes to employees on various Paterson band levels and provided university-accredited short courses in competencies to support new capabilities • Refreshed our talent management strategy in 2023 to support capability development and succession planning for management and specialist roles
<p>Build a talent pipeline representative of economically active populations</p>	<ul style="list-style-type: none"> • Implemented the employee referral programme to address challenges in recruiting qualified black women • 32.5% D band (2022: 30.8%) and 25.3% E band (2022: 35.4%) • Improved spend on bursaries awarded to black people studying through Department of Higher Education and Training 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 • Female employees represent 31.2% of our workforce (2022: 29%) • 61% female professionals in training 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 colleges to improve access to formal learnerships such as artisan training (2022: 31) • 25 black South Africans (56% black women) with disabilities supported at local tertiary institutions for full-time studies (2022: 20) • 23 internships for black people with disabilities appointed in 2023 (12 of whom are black women)
<p>Build a talent pipeline for energy and minerals businesses</p>	<ul style="list-style-type: none"> • 85 professionals in training 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 who are youth from Exxaro's communities (2022: none)
<p>Establish healthy strategic partner relations</p>	<ul style="list-style-type: none"> • Submitted annual workplace skills plans and training reports to the Mining Qualifications Authority; Mining Charter compliance to the DMRE; and B-BBEE scores to the dtic including employee information, spend, training and development programmes. We received R50.5 million of skills levy tax paid back in grants • Actioned two Yes4Youth initiatives to improve the employability of youths from our communities

* South Africans at local universities.

Looking ahead

Our focus is on enabling responsive, agile talent acquisition to fill critical vacancies and providing a marketplace for internal employment opportunities, supported by an online platform. We are also focusing on streamlining our internal policies to reduce the number of policies and improve policy management and employee access.

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

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. We strive to be a responsible steward of natural assets and social capital to uplift host communities.

Recognising that our operations could cause adverse human rights impacts, we have a human rights policy (updated in 2022) which outlines our expectations of employees, suppliers, business partners and other parties directly linked to our operations, products and services. We also perform regular due diligence reviews to identify, prevent, mitigate and account for our response to human rights impacts.

We address key human rights issues 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



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.

Our performance

Exxaro is **trending positively** against the five global trends listed in the Ethics & Compliance Initiative's Global Business Ethics Survey@ 2023 report

196 employees participated in DEI courses (such as workplace harassment and diversity and inclusion) during the year

There were **no human rights grievances** lodged against Exxaro in 2023

191 fraud and ethics allegations were reported (164 to the fraud and ethics hotline) managed by internal audit (2022: 213)

23% resulted in disciplinary inquiries

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 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.

Looking ahead

We experienced delays in appointing a partner to conduct a due diligence review on our processes, however, due diligence is now underway with completion anticipated in the second quarter of 2024. Our focus will then be on addressing the gaps identified in the review and conducting training for employees. We also plan to roll out the ablution facilities project in 2024, which is currently in the planning phase.

Social impact



Our social and relationship capital refers to mutually beneficial relationships that provide our social licence to operate. To ensure we have a holistic, positive and lasting impact on our people, communities and society at large, we conduct our business activities in a way that promotes development and success for us and our stakeholders.

How we deliver value through our social and relationship capital

We strive to leave a positive legacy in our communities by implementing large-scale community development initiatives. We deliver value and achieve tangible impact through the Social Impact strategy, which focuses on land use management, education and SMME development.

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 activity. 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**

The value we deliver through the Social Impact strategy is supported by:

- **Social Impact strategy funding structures:** These support the achievement of social impact by serving as conduits for community donations and sponsorships
- **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. We also consider social impact principles in future mining and energy operations. Through localised, in-sourced project management we develop intellectual capital to leverage continuous improvement in SLP delivery



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.

Material theme	Matter	Supporting our strategy	Our broader impact
 Building sustainable communities	<ul style="list-style-type: none"> • Social licence to operate (including community relations, collaboration and engagement) • Supporting a just transition to a low-carbon economy • Ensuring human rights are respected and upheld • Social acceptance and community unrest • Job and business creation • Value sharing • Resettlement and land use 	<ul style="list-style-type: none"> • Empower people to create impact • Become a catalyst for economic growth and environmental stewardship 	

Performance snapshot

Exxaro's social and relationship capital	<ul style="list-style-type: none"> • The relationships that provide our social licence to operate • The impact we have on our communities, stakeholders and society at large
Investments in our social and relationship capital	<p>R223.51 million invested by Exxaro and Cennergi in socio-economic and enterprise development programmes (2022: R205.81 million)</p> <ul style="list-style-type: none"> • Completed the municipal capacity building programme • Started phase 2 of the Phumulani agri-village food garden • Contributed significant value to local communities through targeted procurement initiatives • Trained farmers and connected them to markets as part of the minerals succession programme
Improving our outcomes (business model, page 20)	<ul style="list-style-type: none"> • Continuously seek ways to engage and maintain relationships of mutual respect and benefit with our stakeholders <ul style="list-style-type: none"> - Partnership with Women in Mining Business, a national association that promotes female participation in mining value chain opportunities - Developed support structures for black contractors - Attended the Lephalale Investment Summit - Consultation with communities and government when developing municipal integrated development plans • 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 <ul style="list-style-type: none"> - Incorporated ESG-aligned strategic priorities into the supply chain sustainability policy

Looking ahead

- 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 minerals succession programme portfolio is defined and plans developed for implementation
 - Embedded the end-to-end supplier development framework
 - Developed community stakeholder engagement plans

DETAILED DISCLOSURE

 Read [co-creating and preserving value with communities](#) (ESG report, page 92) for details about our approach and performance.

Social impact continued

Co-creating and preserving value with communities

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 achieve tangible impact in our communities through the three pillars of the Social Impact strategy:

- **Land use management (minerals succession programme)**
 - 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
- **Education**
 - Our education initiatives aim to improve the quality of school education, and target ECD and whole school development
- **SMME development**
 - 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

ESD

Our ESD programme is a critical element of the Social Impact strategy and our purpose of powering 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. The programme delivers sustained stakeholder value by securing our licence to operate while being financially self-sustaining; reducing enterprise-wide supply chain risk; and supporting economic transformation by growing the number and size of black-owned businesses.

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. 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 performance

Socio-economic development and CSI	
Exxaro	Cennergi
R86.91 million invested in social investment projects for socio-economic development (SLPs and CSI) (2022: R181.31 million)	R25.3 million invested in socio-economic development initiatives, including education, welfare, agriculture development and health (2022: R24.5 million)
<ul style="list-style-type: none"> • 41 867 community members benefited from CSI projects (2022: 1.17 million) • 29 jobs created for SLPs (2022: 83) 	<ul style="list-style-type: none"> • 350 jobs created, positively impacting more than 4 500 people
<p>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. In addition, a developmental approach through technical and administrative mentoring support has been given by the project teams to guide local contractors.</p> <p>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 feasibility studies.</p>	
ESD	
Retained 355 jobs (2022: 1 037)	Spent R111.3 million (2022: R2 912 million), positively impacting 14 qualifying small enterprises and exempt micro-enterprises, and one youth-owned and nine women-owned businesses
<p>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.</p> <p>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.</p> <p>To augment our existing ESD funding, we intend to leverage additional funding through co-funding.</p>	
Supply chain sustainability	
More than R1.3 billion of our procurement spend was directed to 263 local black-owned SMMEs (2022: R1.09 billion; 246)	Local contracts worth R1.9 billion were awarded to 31 suppliers (2022: R525 million; 38)
<p>We developed support structures for black contractors and simplified the onboarding process with a supplier portal.</p> <p>Our future focus areas include:</p> <ul style="list-style-type: none"> • 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 	

Our environmental stewardship



Exxaro's natural capital is the resources on which we rely to run our business and create the products and services we deliver to our stakeholders. Our natural capital impact encompasses climate change adaptation and resilience, air quality, energy, water security, waste management, biodiversity protection, and environmental liabilities, land management and rehabilitation.

How we deliver value through our natural capital

We understand that mining can result in long-lasting environmental impacts if unmanaged. Our strategy continues to guide our approach in managing our environmental impact – protecting the natural resources on which we rely. We manage the impact of our activities on the environment and society by incorporating performance principles into our ESG management systems, environmental policies and practices. We comply with local legislation, management standards, and current and future-based best practice.

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.

We deliver value and prevent its erosion through:

- **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



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.

Material theme	Matter	Supporting our strategy	Our broader impact
 Adapting to a changing context	<ul style="list-style-type: none"> Supporting a just transition to a low-carbon economy 	<ul style="list-style-type: none"> Make our minerals and energy businesses thrive Be carbon neutral by 2050 Become a catalyst for economic growth and environmental stewardship 	
 Responsible environmental stewardship	<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 		
 Executing our strategy	<ul style="list-style-type: none"> Build a leading global energy solutions business 		
 Principled governance	<ul style="list-style-type: none"> Embedding ESG in response to increased regulation and for sustainability Legal, regulatory and compliance excellence 		

Performance snapshot

<p>Exxaro's natural capital</p>	<ul style="list-style-type: none"> 74.83Mtpa RoM Land we manage and rehabilitate (active and inactive mines) Water we consume The diesel and electricity we use
<p>Investments in our natural capital</p>	<ul style="list-style-type: none"> Supporting research and development in climate change Created awareness and provided training and education across all environmental topics for our employees, contractors and communities Invested over R1.5 billion in the LSP to reduce scope 2 emissions, manage climate-related risks and leverage opportunities
<p> Improving our outcomes (business model, page 20)</p>	<ul style="list-style-type: none"> Mine responsibly <ul style="list-style-type: none"> No fines or penalties recorded Improving disclosure through participating in the CDP forestation programme Collected one year's consistent data on air pollutants at Grootegeluk – a key result of the multi-pollutant ambient air quality monitor installed Adoption of water intensity targets Minimise our environmental impacts <ul style="list-style-type: none"> Improvement in energy intensity against the consolidated group GJ target Fuel cleaning system launched at Mafube Recalibrating the Grootegeluk water balance model to improve overall water management Mobile reverse osmosis plant commissioned at our Belfast operation Improving dirty and clean water separation, and preventing groundwater contamination with improved waste management at operations Actively participate in the just energy transition to a low-carbon economy <ul style="list-style-type: none"> Land use management integrated into our Social Impact strategy Progressed against our decarbonisation journey and identified various decarbonisation projects and opportunities for implementation in the short to medium term Active land management <ul style="list-style-type: none"> Started rehabilitation at Durnacol dump 7 and Tshikondeni dump Ensure biodiversity stewardship <ul style="list-style-type: none"> Adopted 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 Reduce the risk of stranded assets <ul style="list-style-type: none"> We focus on sustaining our business to maximise our returns in executing our early value strategy. Investments are reviewed, optimised and scheduled in line with our capital excellence journey. We continue to review and optimise our coal portfolio of assets Optimise our production and sales mix in line with our market to resource optimisation strategy <ul style="list-style-type: none"> Our robust and diverse product portfolio, resulting from the early value strategy and our market to resource optimisation initiatives, enabled us to optimise our product mix, resulting in record price realisation of 97% in 2023 Continue improving our good cost control and resource efficiency <ul style="list-style-type: none"> Our operational excellence programme enabled by data sciences and advanced analytics provides data-driven insights to improve efficiencies and optimise costs, which is critical in protecting our business during volatile economic conditions

Looking forward

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

DETAILED DISCLOSURE

 Read the [environment chapter](#) (ESG report, page 32) for details about our approach and performance.

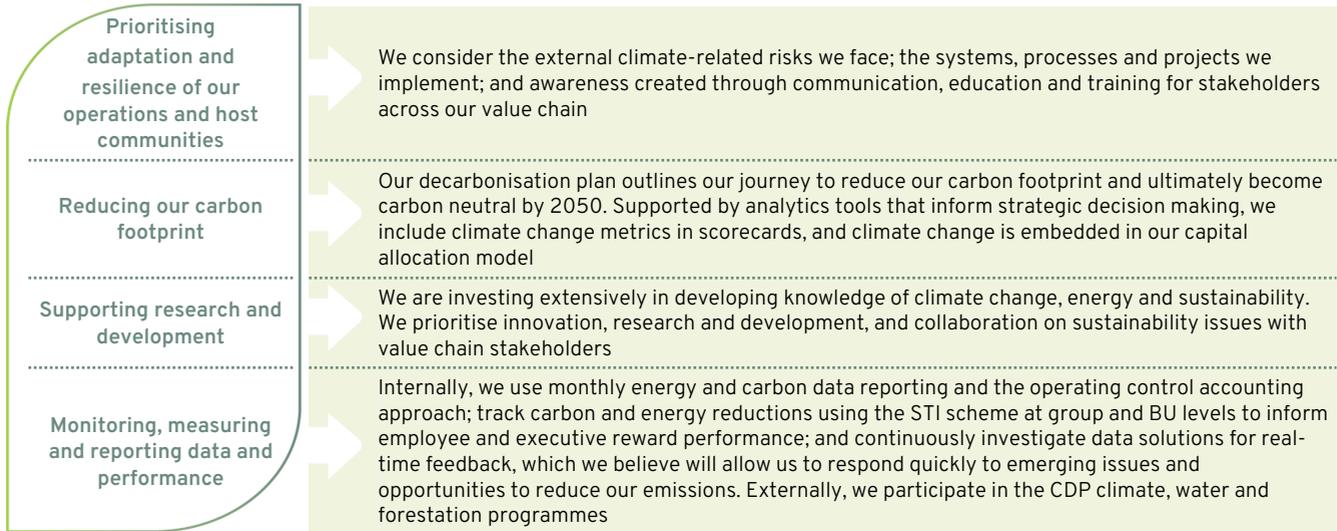
Climate change adaptation and resilience

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.

Our employees, contractors, customers, suppliers and communities play a critical role in our ability to address climate change issues. Exxaro’s collaborative, inclusive and partnership approach to climate change enables us to continue on our journey of being carbon neutral in a just manner.

Aligned with TCFD recommendations, Exxaro’s Climate Change Response strategy and decarbonisation plan guide our approach to mitigating the impact of and addressing climate change while prioritising adaptation and building resilience.

To achieve this, we are:



Read more about our response to climate change

	Climate Change Response strategy Investor tab under integrated reports 2020	Climate change position statement Sustainability tab	CDP www.cdp.net	TCFD Index Databook
	Transitioning into a low-carbon business ESG report, page 12	Decarbonisation plan ESG report, page 14	Climate change adaptation and resilience ESG report, page 36	
	Responding to TCFD reporting requirements , page 120			

Our performance

Prioritising adaptation and resilience

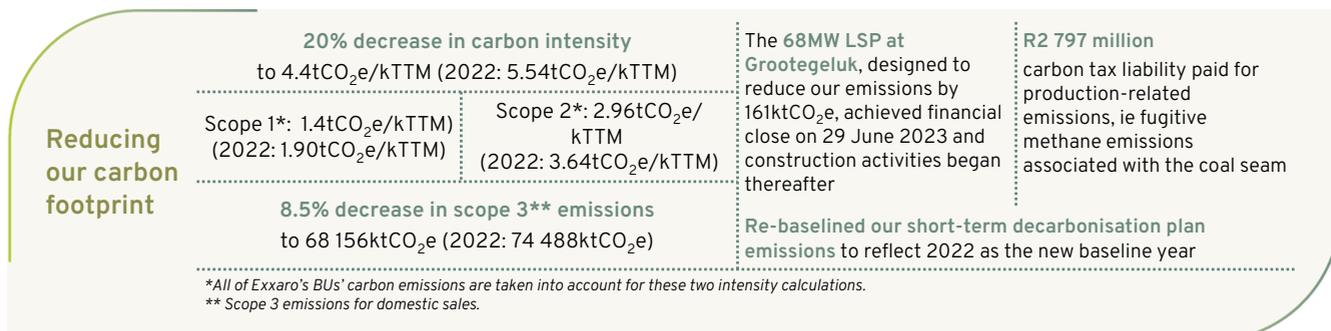


Our awareness, training and education initiatives not only deepen our knowledge as an organisation, but also stimulate behaviour change in pursuit of climate change adaptation and resilience at our operations and in communities.

Our environmental stewardship continued

Key initiatives implemented this year included:

- **Exxaro climate change masterclasses:** 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
- **The decarbonisation campaign and the climate change course:** The first phase of the campaign encouraged employees to participate in a 10-week personal decarbonisation challenge and complete the innovative climate change course. Weekly challenges on LetsConnect encourage and reward planet-saving behaviours. The second phase is planned for 2024 and will focus on decarbonisation projects being implemented at BUs
- **Employee carbon footprint calculator app pilot:** The app is a gamified platform that tracks, calculates and quantifies an employee's emissions profile
- **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. 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



Carbon intensity decreased by 20% due to energy efficiency measures at our operations. 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

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.

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



Looking ahead

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.

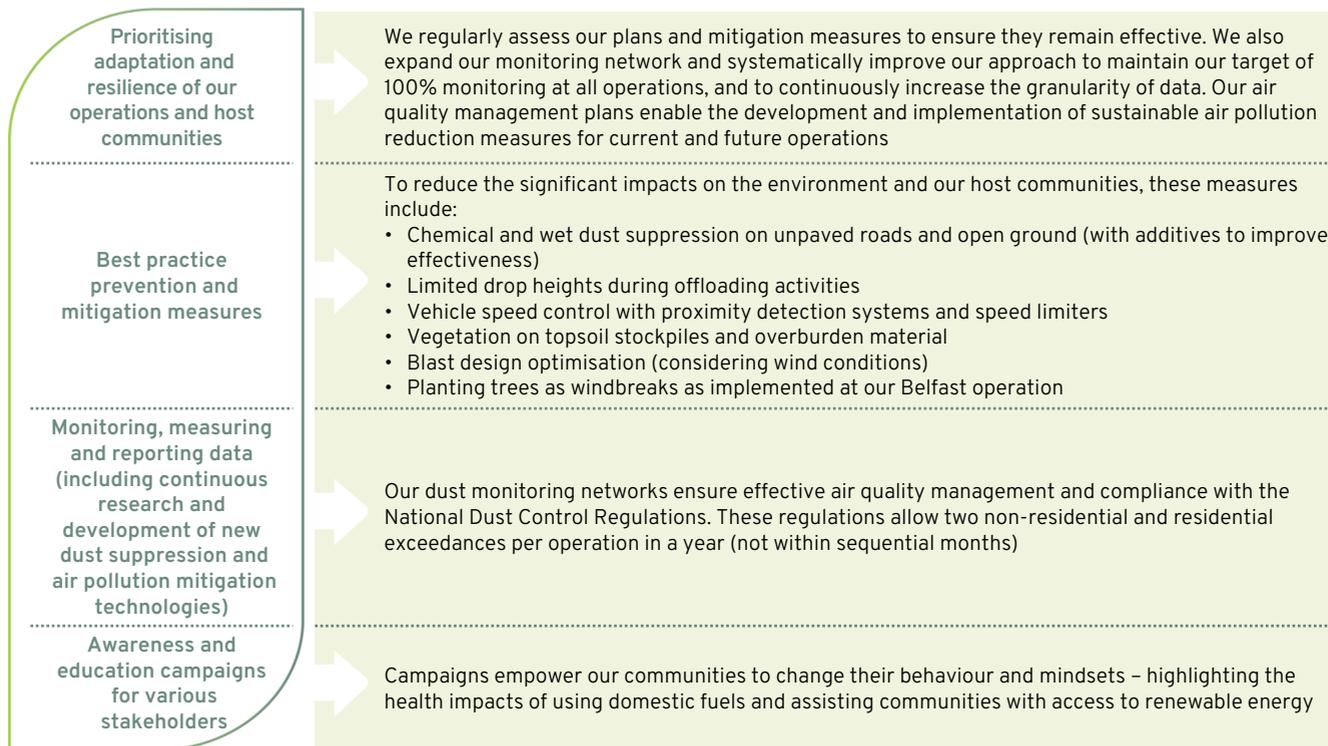
Commercial operations of the LSP are expected to commence in the first quarter of 2025.

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.

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:



Our performance



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.

The multi-pollutant monitor installed at Grootegeluk is in trial phase. The monitor will measure SO₂, PM and NO_x, all of which are pollutants that can impact health and the environment. Calibration activities on the monitor during 2023 ensured credibility, good quality results and proper placement to minimise breakdowns and provide security.

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. Quarterly feedback sessions ensure campaigns remain relevant and help us determine how we can assist communities in reducing the impact of mining activities.

Looking ahead

We aim to continue:

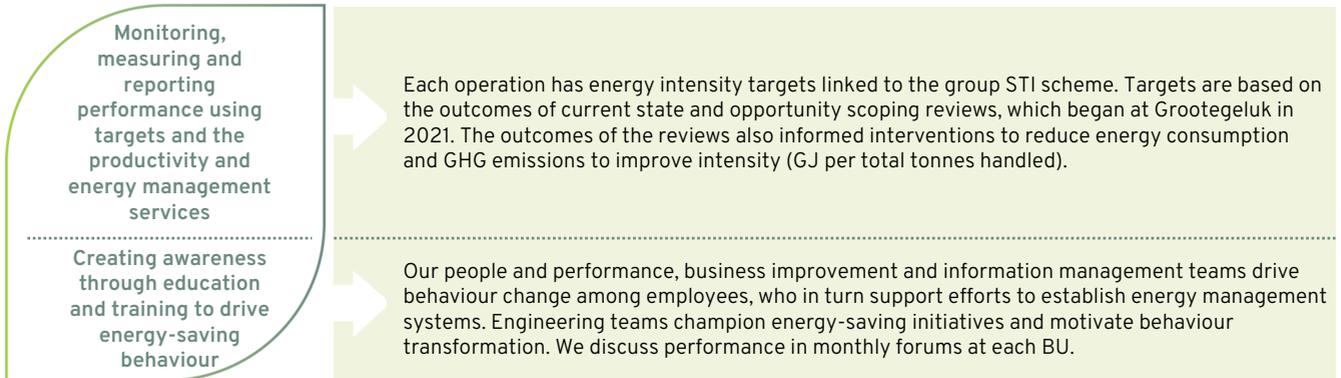
- Working with government and other stakeholders on air quality management
- Improving and reporting on our performance
- Addressing stakeholder expectations

We plan to report monitored data in 2024, which will provide valuable insights about the impact on sensitive receptors and 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.

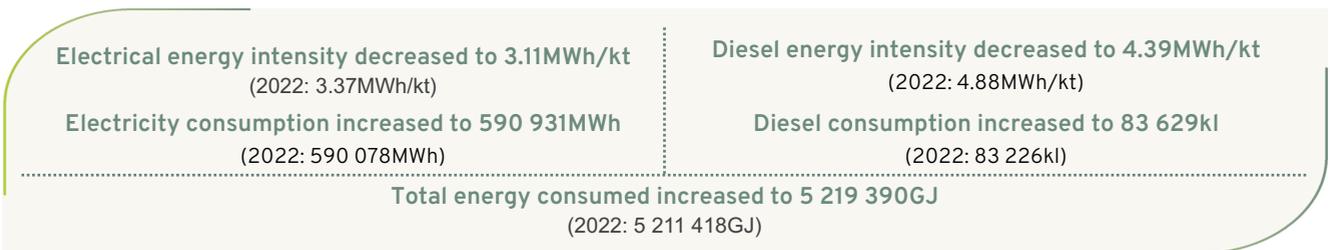
Energy efficiency

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.

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:



Our performance



Our primary energy sources included 41% electricity (2022: 40.7%) and 59% diesel (2022: 59%). Total energy consumed increased by 0.15%

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, Leeuwpán, 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.

Looking ahead

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

Water security

Our operations span across large geographical areas, with water facilities and mining areas connected to the water resources and atmosphere. The overall in 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.

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.

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



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

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 performance

Water recycled improved to 56%
(2022: 47%)

Water consumption improved to 7 430ML
(2022: 10 419ML)

Water withdrawal improved to 8 744ML
(2022: 11 486ML)

Water intensity improved to 105L/t RoM
(target: 180L/t RoM) (2022: 150L/t RoM)

These improvements are mainly due to lower water abstraction from the Mokolo Dam at our Grootegeluk 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% due to factors mentioned above.

Our 38% water recycling ratio target (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%.

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.

Grootegeluk 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.

Looking ahead

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

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.

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. Our biodiversity management plans guide our efforts in the protection and conservation of biodiversity-rich ecosystems within mining right areas, and incorporate:



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.



Cennergi manages biodiversity at its facilities with an environmental management programme. This approach aligns with the Equator Principles and the International Finance Corporation’s Performance Standard 6 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.

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



Our performance

1 638ha cleared of invader plants (2022: 236ha)

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

Monitored and managed rehabilitated Belfast wetland areas

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

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

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.

Belfast planted 100 *Searsia Lancea* trees on the mine rehabilitated surfaces for carbon sequestration, carbon credit and/or carbon offset purposes.

Matla

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.

Grootegeluk

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.

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.

Tshikondeni

The local community conducted invasive alien species control through Exxaro's partnership with the Impact Catalyst. The community cleared 1 429.56ha.

Cennergi

No red data mortalities were recorded at Tsitsikamma (2022: none). No secretary bird (*sagittarius serpentarius*) fatalities were recorded at Amakhala Emoyeni (2022: one).

Unfortunately, one Cape vulture fatality was recorded (2022: one), one immature martial eagle (*polemaetus bellicosus*) and one blue crane (*grus paradisea*) fatality was recorded at Amakhala Emoyeni (2022: none).

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.

In collaboration with the Endangered Wildlife Trust and International Finance Corporation, 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.

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.

Looking ahead

We will:

- Conduct a Taskforce on Nature-related Financial Disclosures 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 the Taskforce on Nature-related Financial Disclosures 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

Our environmental stewardship continued

Mine closure and rehabilitation

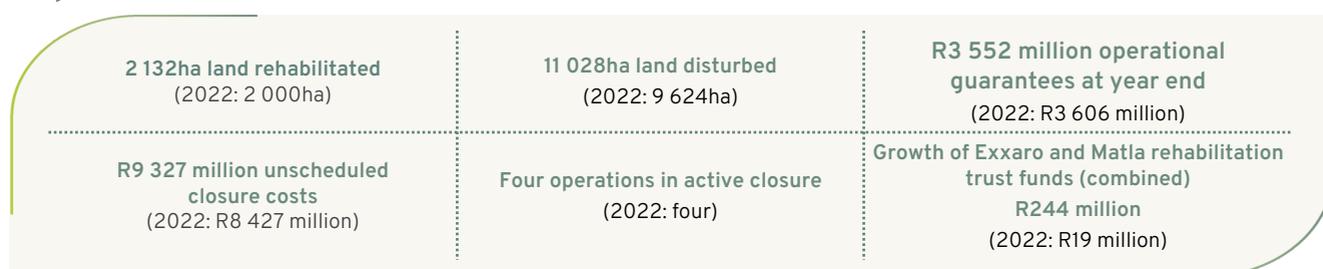
Our integrated closure planning and concurrent rehabilitation will ensure we leave a sustainable post-mining legacy – building momentum throughout our operations’ lifecycles as we work towards enhancing our positive impact and mitigating our negative impact.

We manage our environmental liabilities and rehabilitation in compliance with legislation and evolving responsible mining practices. In implementing our holistic and integrated approach to land management, mine closure and concurrent rehabilitation, 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

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.

Our performance



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 Grootegeluk, 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 for backfilling 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. The implementation of GNR 1147 was postponed indefinitely by government. The delays in the government’s implementation of GNR 1147 creates legislative uncertainty in the financial provisions for environmental rehabilitation areas.

Exxaro’s rehabilitation successes since 2002



Looking ahead

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

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.

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. 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

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.

Our performance

2 703t general waste recycled
(2022: 2 768t)

3 186t hazardous waste sent to landfill
(2022: 1 624t)

General waste recycled decreased by 2% due to less volumes of high-density polyethylene recycled at Grootegeluk.

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 Grootegeluk 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.

Initiatives per operation

Head office

Exxaro head office started a recycling drive by updating the bin labels at the planter, plaza, printer and cafe station to promote better waste separation, which increases post-consumer recycling of strategic parts. This recycling initiative will play a part in environmental awareness for head office employees.

Grootegeluk

The integrated waste management solution developed by Impact Catalyst includes alternatives linked to tyre reclamation. The roll-out of the solution will be supported by the mine. In the interim, the mine will continue to investigate various service providers that can assist with the reclamation of waste tyres.

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

Looking ahead

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

Responding to TCFD reporting requirements

This is Exxaro's third year of reporting in line with the TCFD recommendations. This reflects Exxaro's internalised and proactive approach to climate change and our ESG commitments. The table below provides an overview of our responses and links to relevant coverage in this report, our ESG report and other supporting documents available online. We published a separate Climate Change Response strategy and our climate change position statement in 2020. These provide additional detail on some areas of our response to climate change.

		Further reading
1	<p>The board's oversight of climate-related risks and opportunities</p> <p>Climate change is an integral consideration and as such is embedded in our governance processes. The board takes ultimate responsibility and is supported by its sub-committees. The CEO and chairperson oversee climate-related risks and opportunities.</p>	<p> Governance (ESG report, page 112)</p> <p> Building resilience through governance (page 55)</p>
2	<p>Management's role in assessing and managing climate-related risks and opportunities</p> <p>Ultimate responsibility from a management perspective rests with the CEO. She is supported by the executive committee. A scenario analysis is applied to identify risks and opportunities by management teams, as stated in our Climate Change Response strategy.</p>	<p> Transitioning into a low-carbon business (ESG report, page 15)</p> <p> Our strategy (page 47)</p>
3	<p>Climate-related risks and opportunities the organisation has identified over the short, medium and long term</p> <p>Climate-related transitional risks include emerging regulation, legal/litigation, carbon pricing, market and reputational risks. Physical risks include extreme weather events, such as flooding and heat waves. Opportunities include investments in low-carbon minerals, growing the energy business, business resilience, energy self-generation, implementation of low-carbon technologies and strategic partnerships.</p>	<p> Transitioning into a low-carbon business (ESG report, page 15)</p> <p> Our risks and opportunities (page 28)</p>
4	<p>The impact of climate-related risks and opportunities on the organisation's strategy and financial planning</p> <p>Our Sustainable Growth and Impact strategy focuses on diversifying to low-carbon transition minerals and growing our energy business. Prudent financial planning and capital allocation is applied to ensure business resilience in a low-carbon world.</p>	<p> Transitioning into a low-carbon business (ESG report, page 13)</p> <p> Our strategy (page 47)</p>
5	<p>The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p> <p>We undertook a scenario analysis to understand our business resilience from a physical and transition risk perspective. Our strategy is designed to ensure our resilience to different climate scenarios, including 2°C or lower. Our strategy details how we are responding to risks and opportunities associated with the low-carbon transition. Furthermore, our Climate Change Response strategy report and climate change position statement include information on this analysis.</p>	<p> Climate Change Response strategy report (investor tab under integrated reports 2020) and climate change position statement (sustainability tab)</p> <p> Our strategy (page 47)</p>
6	<p>The organisation's processes for identifying and assessing climate-related risks</p> <p>We take a proactive approach to identifying climate-related risks. The ERM framework considers climate risks and has an impact scale that is used to rate these risks.</p>	<p> Transitioning into a low-carbon business (ESG report, page 15), Climate Change Response strategy report (investor tab under integrated reports 2020) and climate change position statement (sustainability tab)</p> <p> Our strategy (page 47)</p>
7	<p>The organisation's process for managing climate-related risks</p> <p>Climate-related risks are managed within our ERM framework. The RBR committee, on behalf of the board, is responsible for regularly monitoring risks that will have an extreme impact on the group if they materialise. Extreme risks, together with their controls, are considered critical in the ever-changing environment in which we operate. These are continually monitored and reviewed in line with the risk appetite framework and combined assurance approach.</p>	<p> Transitioning into a low-carbon business (ESG report, page 15)</p> <p> Our risks and opportunities (page 28)</p>
8	<p>How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</p> <p>Climate-related risks are integrated into overall risk management and factor as one of the top 20 risks facing the business.</p>	<p> Our risks and opportunities (page 28)</p>
9	<p>The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management</p> <p>Climate risks and opportunities metrics are disclosed in the ESG report, ie carbon emissions, carbon intensity, fossil fuel revenue versus clean technology revenue.</p>	<p> Environment (ESG report, page 32) and remuneration report (ESG report, page 168)</p>
10	<p>Disclose scope 1, scope 2, and, if appropriate, scope 3 GHG emissions, and the related risks</p> <p>We report extensively on our scope 1, 2 and 3 emissions in our ESG and CDP reports.</p>	<p> GHG emissions (ESG report, page 42) and CDP report (www.cdp.net)</p>
11	<p>The targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p> <p>We have committed to reducing our emissions by 40% by 2026 and being carbon neutral for our scope 1 and 2 emissions by 2050. We also have a carbon intensity reduction target (5% reduction compared to the previous year's carbon intensity).</p>	<p> Transitioning into a low-carbon business (ESG report, page 14)</p> <p> Our strategy (page 47)</p>