

1 Our ESG approach



In delivering on our purpose of powering better lives in Africa and beyond, we strive to protect the natural ecosystems on which we rely and build a better future for people and the planet. To do this, we consider ESG factors in our strategic decision making, informing our approach to responsible and sustainable business practices.

In this chapter

We unpack our approach to ESG, which is guided by our ESG policy and Sustainable Growth and Impact strategy, enabling us to:

Embed ESG in our business by...

- 7 [Achieving the objectives set out in our strategy and ESG policy](#)
- 9 [Adopting good governance practices](#)
- 10 [Responding to external drivers of ESG by adopting best practice recommendations](#)

Deliver meaningful and positive impact by...

- 11 [Measuring our performance against ESG KPIs and targets](#)
- 14 [Benchmarking our ESG progress against our industry sub-sector peers](#)
- 16 [Considering and responding to our stakeholders' legitimate needs and expectations](#)

Recognition of our performance

ESG performance is an increasingly important determinant of a company's overall management, sustainability and risk. It is used by various stakeholders to inform investment and lending decisions – measuring and assessing Exxaro's exposure to ESG risks, and our mitigation and management efforts relative to our peers. We received several accolades this year in recognition of delivering on our ESG commitments, and our efforts to improve the transparency and accuracy of our reporting.



Our 2023 integrated report won the top 40 category at the 2023 integrated reporting awards. This award recognises Exxaro's commitment to innovation and excellence in integrated reporting.



Our placement in the EY Excellence in Integrated Reporting Awards excellent category over the past three years reflects our commitment to integrated thinking in strategic decision making.



Exxaro received four safety awards at the 2024 CoalSafe Awards – reflecting the progress we have made towards our goal of zero harm (read more about our [safety awards](#) on page 69).



Embedding ESG in our business

Our Sustainable Growth and Impact strategy is a critical driver of embedding ESG into everything we do – positioning Exxaro to win in a just, sustainable and responsible manner.

How ESG is integrated into our strategy

Our strategy is an integrated, multi-stakeholder approach to positioning the business for a resilient and sustainable future by transforming our business and evolving into a diversified resources group. To do this responsibly, we consider our broader impact and material ESG and compliance matters, which were considered in the formulation of our ESG policy.

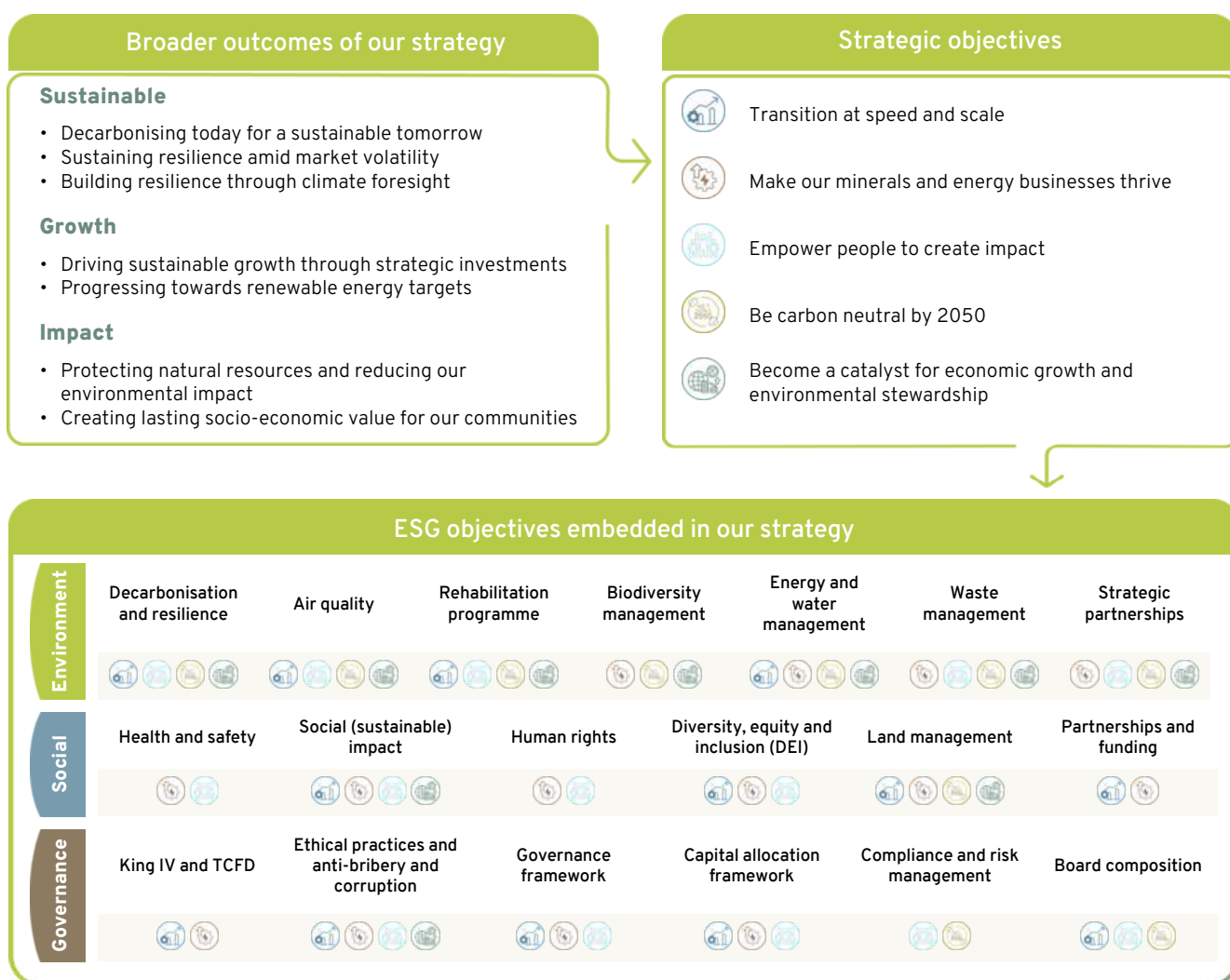
Our ESG policy, which is near completion, outlines the actions to embed ESG in our organisation, including objectives that support the achievement of our Sustainable Growth and Impact strategic objectives. It also sets out the principles that inform our approach to ESG matters and describes our commitment to sustainability and maintaining sound governance procedures.



Stakeholders are a critical enabler of our sustainable development and business success, which is why we adopt a [stakeholder-inclusive approach](#) (page 16), collaborating and engaging with key stakeholders in achieving our goals and implementing initiatives. Our draft ESG policy will inform stakeholders about our commitment to responsible investment practices as we integrate ESG considerations into our investment decisions and management processes. The policy is under review to ensure effective stakeholder engagement, building consensus and forging a commitment on an integrated approach to ESG.



Our approach to ESG is embedded in how we are [transitioning into a low-carbon business](#) (page 29) – responding to climate change by transforming the business in a systematic and responsible manner. This is supported by our approved [decarbonisation plan](#), detailed on page 30.



More information on our Sustainable Growth and Impact strategy can be found in our [integrated report](#) (page 54).

To ensure we effectively respond to ESG matters and improve our performance, we initiated a baseline assessment and gap analysis of our ESG projects and initiatives, through our ESG portfolio management office (PMO), to be concluded in 2025. The PMO has also embarked on the collation and audit of the ESG portfolio to further enhance business value and address areas of concern that could impede the timely and successful execution of projects and initiatives.

Embedding ESG in our business continued

Materiality

Materiality considerations serve as a crucial guide for our reporting and ESG practices. The matters we deem material are those that significantly influence our ability to create and sustain value for Exxaro, our stakeholders and the natural environment. We use the impact materiality lens to guide the information relevant for our ESG reporting. Our strategic objectives and enterprise risk management (ERM) framework enable us to respond to these matters.

The 2024 review identified 24 material matters, grouped into seven overarching themes. The themes and matters unpacked in this report are as follows:

Operational and financial



Adapting to a changing context

Our operating context is ever changing, with social, political and economic issues influencing our ability to create value.

Material matters

- Macro-economic and geopolitical environment [Page 10 and 114](#)



Detailed disclosure



Driving business resilience

Business resilience supports the achievement of our strategic objectives. We enhance our business resilience through robust financial results, building strength and protecting human and labour rights in our supply chain, effective capital allocation, compliance excellence, entrenching innovation and driving digitalisation.

- Supply chain management
- Innovation and digitalisation

[Page 103](#)

Information on innovation and digitalisation is disclosed across the report



Executing our strategy

Recognising that climate change is an undeniable reality, we developed a strategy and business objectives to respond to the short and long-term risks and opportunities it presents.

- Diversify responsibly into energy transition minerals and grow our energy solutions business while protecting and optimising our coal portfolio and business

[Page 29 to 34](#)

Environment



Responsible environmental stewardship

We recognise the impact of mining on the environment and must ensure we are responsible stewards of the natural resources upon which our operations and communities rely. Our goal is to ensure a sustainable future for our employees, communities and the planet.

- Carbon emissions reduction and impact of climate change
- Water stewardship
- Waste and pollution management
- Biodiversity and rehabilitation management
- Environmental incidents

[Page 24 to 61](#)

Social



Building sustainable communities

Our business activities affect our stakeholders, who, in turn, respond to these impacts. Maintaining our social licence to operate depends on the strength of our relationships with our stakeholders, how we protect the natural environment and our adherence to legislation.

- Social licence to operate
- Upholding and respecting human rights
- Sustainable job and business creation
- Supporting a just transition to a low-carbon economy

[Page 87 to 108](#)



Enabling a thriving workforce

Our employees drive our strategy and enable our performance. Delivering on our strategic goals requires a safe working environment and a culture that promotes DEI, while driving adaptability and innovation.

- Health, safety and wellness
- Workforce DEI
- Labour relations

[Page 66 to 86](#)

Governance



Principled governance

We prioritise corporate governance principles to enhance stakeholder trust, strengthen our reputation as a good corporate citizen and bolster our resilience in a changing environment.

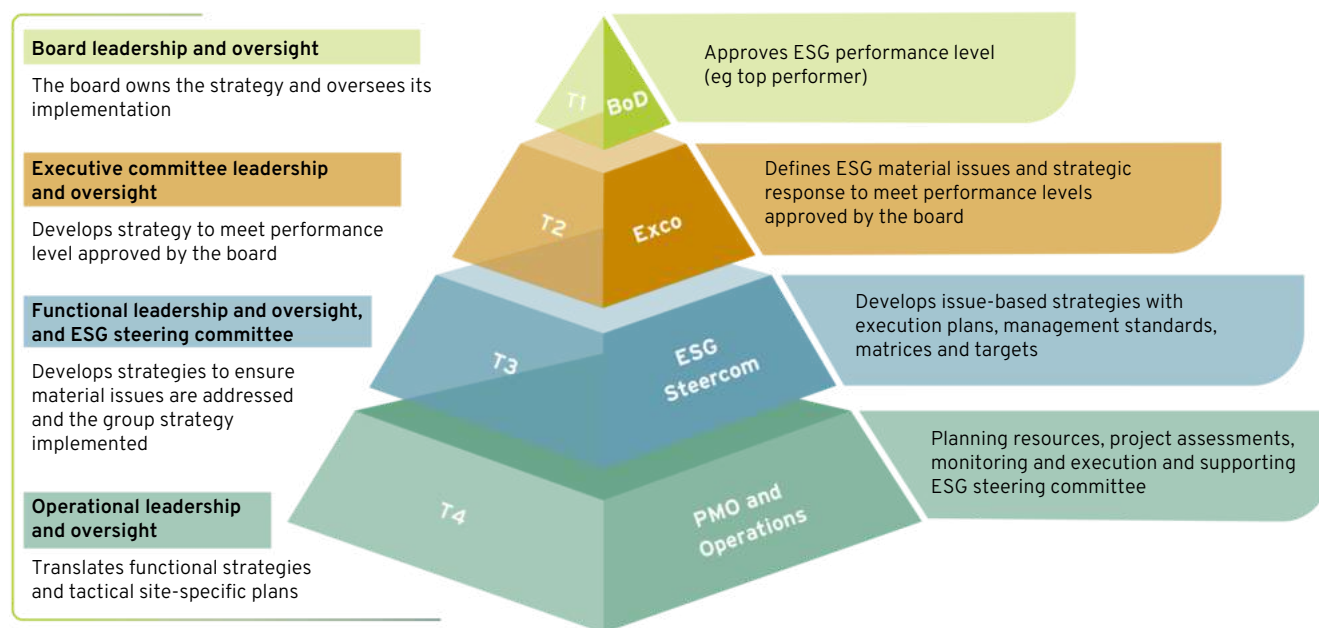
- Transparency, ethics and integrity
- Embedding ESG
- Legal, regulatory, risk and compliance excellence

[Page 109 to 184](#)



ESG governance

Our ESG governance framework enables the effective implementation of the policies, practices and procedures adopted to manage and enhance our ESG performance.




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

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

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

The ESG steering committee supports Exxaro's ongoing commitment to ESG, sustainability and other relevant public policy matters. The committee ensures ESG is integrated into our strategy, and that we consciously embed ESG in everything we do. Exxaro's ESG PMO monitors execution and drives accountability across the organisation.

 Read [ESG governance structure beyond compliance](#) (page 117 and 118) and [committee reports](#) (page 137 to 159) for details on board committee mandates and management.

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

To ensure the PMO's success and management of multi-stakeholder organisational change, we are aligning the right resources and necessary skills sets, which include project management, risk management, systems and assurance, financial management and internal ESG experts. The key objective is to ensure that ESG-related goals and targets fit into the organisation's strategic objectives.

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

Embedding ESG in our business continued

External drivers influencing our ESG practices

Local and industry drivers

The challenges facing our macro-environment influence how we manage our ESG impacts to ensure and enhance business sustainability and resilience.

We operate in a country facing energy security, infrastructure, water scarcity and socio-economic development challenges. Additionally, the mining industry is a socially and environmentally impactful industry where companies, their peers and key stakeholders need to foster partnerships to collaborate on policy formulation, enhance South Africa's socio-economic development and contribute to the low-carbon transition.

Global drivers

The global imperative for companies to enhance their ESG practices and report on their impact timeously and transparently has gained significant traction and prominence.

Among other factors, this is driven by:

- Ongoing shareholder activism, which is a powerful change agent in persuading companies to adopt greater accountability and responsible business practices
- A changing regulatory landscape, including new regulations and the potential for voluntary frameworks to become regulatory
- Calls to action for companies to adopt best practices in ESG, including establishing internal ESG teams, setting clear and measurable targets and providing assurance on financial and non-financial information

How we are responding

Adopting global best practice



While we explore options to adopt the new ISSB standards, we continue to support TCFD recommendations and align our reporting and business processes accordingly. Our Climate Change Response strategy also aligns with TCFD recommendations.



Supporting the Taskforce on Nature-related Financial Disclosures (TNFD) will enable us to identify and manage nature-related risks. We have prepared a TNFD reporting plan, with the Locate, Evaluate, Assess, Prepare (LEAP) approach set for implementation in early 2025.



We sponsored the South African pavilion at the UN Climate Change Conference of the Parties (COP29).



We are a signatory to the UNGC Active level and support the 10 universal sustainability principles.



Exxaro participates in the Carbon Disclosure Project (CDP) climate change, forestation and water programmes.

Target setting and remuneration

Our executive remuneration includes material ESG targets for water and energy efficiency.

Performance incentives

Our group short-term incentive (STI) and long-term incentive (LTI) schemes incentivise delivery against key financial, operational and ESG goals aligned to approved annual business plans.

Group-wide ESG policies, procedures, strategies and frameworks

We are guided by umbrella and respective ESG policies, procedures, strategies and frameworks that support our approach to ESG management and performance.

Supporting global climate mitigation and energy transition objectives

Exxaro's climate change position statement unpacks our journey to be carbon neutral by 2050, and our Climate Change Response strategy explains how we aim to achieve this and our efforts to build portfolio resilience in line with our Sustainable Growth and Impact strategy. Our response strategy and position statement will be updated in 2025 to reflect changes made to our decarbonisation roadmap and to consider new developments in climate change reporting regulations.

Contributing to the UN Sustainable Development Goals (SDGs)

Exxaro voluntarily endorses the 17 UN SDGs. We also participate in South Africa's National Business Initiative to align the SDGs with the country's National Development Plan and implement leading practices to uphold the most material SDGs so that our business leaves a lasting positive impact.

The SDGs that Exxaro materially impacts are highlighted in colour.



We have set targets aligned with the SDGs for our [Social Impact strategy](#) (page 63).





Delivering meaningful and positive impact

Measuring and monitoring our performance

Our ESG KPIs demonstrate our commitment to sustainable business practices and enable us to track our progress towards delivering on our strategic objectives and ESG goals. KPIs are informed by our integrated enterprise risk management (ERM) framework, which includes clearly defined material matters. The board and executive committee monitor, measure and manage Exxaro's strategy and performance each quarter, ensuring we deliver positive impact.

To ensure the integrity of our KPI reporting, select KPIs are assured as part of our combined assurance process. This also enables us to transparently report on the value we have created, preserved or eroded across the resources we use and impact (six capitals), and sustainability drivers.

KEY

Trend

- Progress has regressed or is needed
- Progress has improved over three years
- Progress remains consistent towards achieving our target



Natural capital

Strategic objective	KPI	Target	2024	2023	2022	Trend
	Incidents					
	Reportable environmental incidents (levels 2 and 3)	0 level 2s 0 level 3s	0 level 2s ^{RA} 0 level 3s ^{RA}	1 level 2 0 level 3	0 level 2s 0 level 3s	
	Compliance					
	Stoppage directives (includes section 54 in terms of MHSA*)	0	0 ^{RA}	4	7	
	Stoppage directives (includes directives in terms of NWA, NEMA and MPRDA*)	0	0 ^{RA}	0	0	
	Valid authorisations in place					
	Current operations	100%	100%	100%	100%	
	Projects	100%	100%	100%	100%	
	Compliance to valid licences/authorisations in place**					
	Current operations	100%	97%	97%	100%	
	Projects	100%	100%	100%	100%	
	Environmental liability provisions in place**					
	Commercial and captive operations***	Between 80% and 100%	Between 50% and 80%	Between 50% and 80%	Between 50% and 80%	
	Environmental management					
	Carbon intensity (scope 1 tCO ₂ e/total kilotonnes mined (KTTM))	Actual for previous year less 5%	3.4% increase	> 5% reduction	0.5% increase	
	Carbon intensity (scope 2 tCO ₂ e/kTTM)	Actual for previous year less 5%	10.8% reduction	> 5% reduction	0.8% increase	
	Water intensity (kL/tonne RoM****)	0.15 to 0.18	0.14 ^{RA}	0.10	0.15	
	Physical rehabilitation (actual versus budget)	0% deviation from budget	0% deviation from budget	Between 0% to 25% deviation from budget	Between 25% and 50% deviation from budget	

^{RA} Reasonable assurance provided.

* Mine Health and Safety Act, 1996 (Act 29 of 1996) (MHSA), National Water Act, 1998 (Act 36 of 1998) (NWA), National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA) and Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) (MPRDA).

** Includes environmental authorisation, integrated water use licence (WUL), water management licence, atmospheric emissions licence, environmental impact assessment, record of decision and reporting. Regarding performance, there are scheduled and budgeted projects to address areas of non-compliance.

*** The KPI measures against unscheduled costs, which are not currently regulated. In terms of scheduled costs, Exxaro remains compliant between 80% and 100%. The shortfall relates to the combination of unscheduled closure costs against the guarantee and trust fund balance.

**** Run of mine (RoM).

Delivering meaningful and positive impact continued



Human capital

Strategic objective	KPI	Target	2024	2023	2022	Trend
	Safety					
	Number of fatalities	0	0 ^{RA}	0	1	↔
	LTIFR*	0.05	0.06 ^{RA}	0.07	0.05	↔
	LTIs*	7	10 ^{RA}	11	7	↔
	Health					
	Occupational health diseases	**	23 ^{RA}	23	23	
	OHIFR* reported	0.13	0.14 ^{RA}	0.15	0.16	↔
	Employees who received HIV/Aids awareness training	95%	99.12%	92.92%	116.5%	+
	Employees who received awareness training and voluntarily tested for HIV/Aids	68% and above	94.3%	69%	70.6%	+
	HIV/Aids prevalence rate compared to country prevalence rate	Less than the country prevalence rate	1% vs 12% less than the country prevalence rate	1% to 10% less than the country prevalence rate	1% to 10% less than the country prevalence rate	↔
	Skills[#]					
	Skills provision (percentage of appointment of employees within)	60%	72.8% ^{RA}	73.66%	64%	↔
	Scarcity skills retention (percentage turnover)	5%	3.6% ^{RA}	4.5%	4.4%	-
	Security					
	Fraud and corruption/asset destruction	0%	0%	0%	0%	↔

^{RA} Reasonable assurance provided.

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

** No target set for 2024.

[#] The operational effectiveness process completed in 2024 resulted in the decrease compared to the 2023 statistics.



Manufactured capital



Intellectual capital

Strategic objective	KPI	Target	2024	2023	2022	Trend
	Operational performance					
	System availability (Core P1 and enterprise resource planning solutions)	97%	99.68%	98.66%	97.49%	+
	Information management projects (cost overrun)	0% over budget	41% under spent	73% under spent	5% under budget	+
	Information management projects (time overrun)	0% behind schedule	29% behind schedule	22% behind schedule	0% behind schedule	-



Financial capital

Strategic objective	KPI	Target	2024	2023	2022	Trend
	EBITDA** margin (managed operations) (%)	29	26	35	41	-
	ROCE** (%)	>20	23	35	45	-
	Solvency ratio (times)	2 to 3	3.6	3.5	3.3	+

** Earnings before interest, tax, depreciation and amortisation (EBITDA), and return on capital employed (ROCE).



Social and relationship capital

Strategic objective	KPI	Target	2024	2023	2022	Trend
	Employment equity					
	Black ownership at group level	30%	47.10%	47.10%	47.10%	↔
	People with disability representation	2%	1.69%	1.69%	1.61%	↔
	Human resources development spend as % of payroll – Mining Charter III	5%	5%	5.04%	5.53%	↔
	HDP* representation – top management	50%	50.00%	50.00%	66.66%	↔
	HDP representation – senior management	60%	73.65%	73.33%	68.91%	+
	HDP representation – middle management	60%	77.46%	83.44%	80.92%	↔
	HDP representation – junior management	70%	79.06%	82.31%	81.16%	↔
	Women representation in top management bands	20%	25.00%	25.00%	33.33%	↔
	Women representation in senior management bands	25%	36.26%	30.67%	22.97%	↔
	Women representation in middle management bands	25%	45.64%	45.31%	40.62%	↔
	Women representation in junior management bands	30%	35.42%	34.03%	32.41%	↔
	Business sustainability					
	B-BBEE level	Level 3	Level 2	Level 2	Level 3	↔
	Enterprise development (percentage of NPAT*)	1%	1.00%	0.74%	0.49%	↔
	Supplier development (% of NPAT)	2%	1.57%	0.88%	0.83%	+
	Socio-economic development (percentage of NPAT)	1%	1.00%	0.58%	0.93%	↔
	Skills development expenditure on learning programmes in the learning programme matrix for black people as a percentage of leviable amount – B-BBEE	3.1%	3.5%	3.16%	3.15%	+
	SLPs**					
	Project delivery measure – local economic development projects per SLP time variance from plan	Within 10% deviation	14% behind schedule	18% behind schedule	40% behind schedule	↔
	Cost variance from plan	Within 10% deviation	48% under budget	44% under budget	16% over budget	–

* Historically disadvantaged person (HDP), net profit after tax (NPAT) and social and labour plans (SLPs).

The trend-based indicators are in accordance with Exxaro's internal sustainability framework.



* Refer to page 93 for [SLP performance](#).

Delivering meaningful and positive impact continued

Benchmarking our performance

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

We aim to improve our disclosure by engaging with ratings agencies, ensuring we report transparently and that our reporting is accessible to a broad range of stakeholders.

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

Our score



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

4/5 overall ESG score

Over the past six years, we have consistently achieved good scores, demonstrating our commitment to improving our performance. Our rating increased slightly from last year, and we remain ranked in the top quartile of global performers in the basic resources supersector.

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



Source: FTSE Russell Corporate Performance Results.





Our score



The Bloomberg Gender Equality Index encourages organisations to improve their gender-related policies and practices through fostering greater transparency and accountability. The index includes public companies from various organisations, and tracks their performance and progress in gender equality and advancing women in the workplace.

Exxaro was recognised in the 2024 Gender Equality Index for the fourth consecutive year – a testament to our commitment to gender equality and inclusion.



MSCI ESG Ratings evaluate and benchmark companies' ESG performance across various industries, enabling investors to integrate ESG considerations into their decision making and identify sustainable investment opportunities.

Exxaro was rated as A

Although this rating is slightly below the AA rating received in 2023, Exxaro remains one of the top performers among our peers' ESG reports.

Areas of disclosure improvement include our high exposure to safety risks, environmental liabilities and an inadequate anti-corruption policy.



The Transition Pathway Initiative compares companies' expected future carbon emissions with local and international targets as part of the Paris Agreement. It is used as a benchmark to determine commitment to corporate climate action. A high Transition Pathway Initiative ranking demonstrates that a company is strategically mitigating climate change and its effects.

4/4 rating

We have achieved this rating for the past three years demonstrating our commitment to manage greenhouse gas (GHG) emissions, which shows stakeholders that Exxaro is well positioned to benefit from opportunities presented by the low-carbon transition.



Institutional Shareholder Services empowers investors and companies to build long-term sustainable growth by providing high-quality data, analytics and insight.

Exxaro was ranked at C-

This rating shows that we have a high transparency level, demonstrating our continued commitment to good corporate governance.

Areas for disclosure improvement include publication and disclosure of our stance on political contributions as well as the integration of contractors into our safety management systems.



The Sustainalytics ESG rating measures exposure to industry-specific material risks (including company-specific factors such as the business model) and the company's management of those risks.

37.2 ESG risk rating

Exxaro's exposure was rated high and management was rated strong, which indicates the robustness of our ESG programmes, practices and policies.

We regularly assess feedback from other ratings agencies to identify common assessment areas and improvement opportunities.



S&P Global ESG Scores assess companies' risk management related to ESG factors, and comment on companies' overall sustainability and levels of responsibility. A high score indicates good management of ESG issues.

50/100 ESG score

Our scores in the ESG and economic categories are above the industry averages. We also achieved a very high data availability rating, highlighting our focus on transparency.



Stakeholder-inclusive approach

At Exxaro, we remain steadfast in our commitment to a stakeholder-inclusive approach. We prioritise transparent and meaningful engagement with all stakeholders, ensuring their perspectives and needs are integral to our decision-making processes. This approach fosters trust and aligns with our core values of accountability and inclusivity.

17



Contributing to SDG 17

Our sustainable development and business success are built on mutually beneficial stakeholder relationships. By collaborating with stakeholders, we leverage opportunities, mitigate risks and respond to issues facing our business in a responsible and effective manner.

Our approach to engagement

We take a strategy-led, outcomes-based approach to stakeholder engagement to ensure we build intentional and meaningful relationships. Our stakeholder engagement procedures clarify why these relationships are important and how to approach them. Our stakeholder engagement policy, plans and principles support these procedures. Our approach ensures we address stakeholder issues, manage risks, leverage opportunities and deliver on our strategic objectives.

Exxaro's board and executive committee are responsible for stakeholder management and engagement.



Read about how we are engaging with stakeholders on our [climate commitments](#) on page 39.

Stakeholder universe

We regularly identify and analyse our stakeholders, assessing how our activities impact them and how they impact our ability to deliver on our strategy, contribute to our ESG performance and address risks. We categorise our stakeholders into four key groupings (government, business, communities and value chain participants) and identify relevant engagement objectives and response strategies as required.



Government

- Government departments
- Local government
- Political parties
- Provincial government
- District municipalities
- Regulators



Business

- NGOs
- Media
- Professional industry bodies
- Other mining organisations
- Universities
- Financial community
- Non-profit organisations



Communities

- Local media
- Faith-based organisations
- Taxi associations
- Farmers and landowners
- Other mining companies
- Local small, medium and micro enterprises (SMMEs)
- Local leadership
- Local schools
- Traditional leaders



Value chain participants

- Unions
- Investors/shareholders
- Strategic and other suppliers
- Partners
- Sponsors
- Customers
- Employees

Quality of our relationships

The quality of our stakeholder relationships and how we manage these affect our ability to deliver on our strategy. We measure the quality of our relationships with our stakeholders through self-assessments.



Government

Our good relationship with this stakeholder has room for improvement

Detailed disclosure:



[Our social impact](#) (page 62 to 108)

Stakeholders in this category include the Department of Mineral Resources and Energy (DMRE)*, Department of Health (DoH), dtic, Department of Cooperative Governance and Traditional Affairs, the Presidency, Presidential Climate Change Commission, premiers and local municipalities.

Engagement purpose

- Keep government informed about strategic developments
- Collaborate to find solutions to socio-economic challenges
- Partner on mutually beneficial projects
- Participate in shaping policies
- Invest in South Africa's socio-economic development
- Seek support to drive business resilience and manage country risks
- Demonstrate our ESG performance and how we respond to increasing demands, responsible environmental management and community commitments

Engagement methods

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

Stakeholder expectations and issues

- Through industry bodies, businesses have raised logistics issues (such as availability of locomotives, inadequate maintenance regime, financial difficulties, and physical security) and mines have highlighted local service delivery challenges. Both seek to work together and with government to resolve these issues
- Government expects businesses to manage water responsibly, minimise negative environmental impacts, and overcome climate change issues
- Government expects mines to plan for post-mine closure, job creation, and broader community upliftment

Our response

- Sharing our diversification plans with the DMRE's director general
- Engaging regularly with the DMRE on SLP initiatives, including planning and reporting
- Executing our Sustainable Growth and Impact strategy
- Implementing the Social Impact strategy
- Participating in the Business Leadership South Africa B20 engagements with the minister of finance
- Processing and managing requests for information through the Promotion of Access to Information Act, 2002 (Act 2 of 2002)
- Liaising with the Independent Electoral Commission's chief executive for party funding to confirm the process for Exxaro's R25 million contribution to democracy in South Africa, and with the commission's outreach department to understand their voter education programmes as input for a review of our political donations policy

How we create value

In 2024, we spent:

- R2.1 billion on socio-economic development through SLP projects that include local procurement, infrastructure, skills and SMME development and R122.4 million on corporate social investment (CSI) initiatives
- R1.7 billion on employee tax and R4.8 billion on tax payments to government

* Government is restructuring the DMRE, which will be replaced by the Department of Mineral and Petroleum Resources, and the Department of Electricity and Energy. The DMRE remained the official regulatory body at the time of reporting.

Stakeholder-inclusive approach continued

Regulators

Our good relationship with this stakeholder has room for improvement

Detailed disclosure:



[Our environmental stewardship](#) (page 25), [social impact](#) (page 63)

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

Engagement purpose

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

Engagement methods

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

Stakeholder expectations and issues

- Regulators would appreciate improved communication about Exxaro's plans and strategies in addition to receiving submissions regarding licences/authorisations

Our response

- Reporting quarterly as required by regulatory bodies
- Ensuring robust internal auditing processes, strategies and management controls to improve compliance and risk mitigation
- Regularly reviewing and addressing complaints received
- Processing information requests through the Promotion of Access to Information Act, 2002 (Act 2 of 2002) and managing them accordingly
- Proactively engaging with the DWS and DFFE on water issues at our Durnacol and Hlobane mines in closure
- Engaging with the DMRE on the renewal of our Matla mining right, the DWS and the DMRE on discard dumps, and the DWS and Water Tribunal on the Matla WUL renewal

How we create value

- Ongoing compliance with regulations



Employees

Our good relationship with this stakeholder has room for improvement

Detailed disclosure:



[Empowering our people](#) (page 66), [remuneration report](#) (page 160)

Understanding our employees' needs and expectations is linked to our success.

Engagement purpose

- Regularly communicate organisational progress against goals
- Conduct workshops with employees to co-create solutions to workplace challenges
- Implement team development programmes to align employees' focus, profile and development efforts with our strategy and culture
- Empower employees to manage change and promote resilient business performance through information sharing and capabilities training
- Identify opportunities to enhance capabilities through education, awareness and skills development as we transform and transition our business
- Strengthen our culture, trust and relationships while improving employee engagement and morale
- Allow employees to be heard and receive feedback on important matters through the CEO's regular employee engagements

Engagement methods

- Daily, weekly, monthly and quarterly meetings
- Quarterly group-wide (digital and print) and BU newsletters
- CEO roadshows
- Quarterly family meetings
- Quarterly BU management roadshows
- Regular communication campaigns on safety, anti-fraud and corruption, DEI and Social Impact strategies through emails, digital screens, SMS and the LetsConnect mobile platform
- Training initiatives
- Performance management and KPI setting, with annual performance reviews
- Caucus system (weekly departmental meetings)
- Safety engagements through toolbox talks, visible felt leadership (VFL), group-wide critical season, and safety summit
- Biannual CEO feedback on annual and interim financial results, union meetings and employee feedback sessions
- Honesty boxes, and fraud and ethics hotline
- Periodic employee engagement surveys
- Team journeys to develop a high-performance culture as part of culture transformation

Stakeholder expectations and issues

During CEO roadshow meetings at BUs and family meetings at head office, employees raised several issues and expectations, including:

- Whether they would return to a full-time in-office working environment, or if the hybrid work environment would remain (after COVID-19)
- The need for increased mental wellness support and a review of the current offering
- A review of incentive schemes, particularly the line of sight (LOS) scheme at the BUs, which are based on production
- Effective engagement from management about employee concerns
- Additional opportunities for career growth and quality of development initiatives
- Equitable and fair treatment
- The introduction of bursaries for employees
- The introduction of a structured platform for, and recognition of, men's issues
- The need for payouts linked to a traditional employee share ownership plan (ESOP) in addition to receiving dividends from the GreenShare ESOP

Our response

- Improving communication by:
 - Conducting workshops to foster trust
 - Encouraging reciprocal dialogue and employee buy-in for decisions
- Championing DEI by:
 - Implementing an anti-racial charter
 - Establishing forums to engage on challenges facing people with disabilities
 - Supporting women in business through women in leadership initiatives, women in mining and gender empowerment programmes
 - Conducting awareness sessions on gender-based violence (GBV) and Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual and other sexual orientations and gender identities (LGBTQIA+) issues
 - Engaging on men's issues by establishing a men's forum to promote men's health and wellbeing
 - Expediting DEI capability building workshops to promote an inclusive and diverse culture
- Investing in and developing talent through:
 - Fair promotion processes and effective reward systems
 - Skills development, including mentorship and longer-term support
 - High-quality, equitable and fair development initiatives, including bursaries
 - Youth development programmes and job opportunities
 - Ongoing engagement around group incentive (GIS) and LOS incentive schemes
 - Succession planning and mentorship training
- Across the business, we are:
 - Addressing social issues, including the environment, community, employment and diversity
 - Maintaining high health and safety standards and conducting awareness initiatives
 - Implementing the head office organisational effectiveness project
 - Reinforcing the code of conduct during CEO roadshows and employee meetings
 - Communicating divestment and investment decisions
 - Monitoring action plans to close 2023 survey issues

How we create value

- We paid R5.1 billion in employee salaries, wages and benefits
- Each GreenShare beneficiary received a cash dividend of R10 653.40
- Our LTIFR improved to 0.06 against our target of 0.05
- We invested R402 million to develop our people through comprehensive training programmes, leadership development initiatives and opportunities for continuous learning
- Women account for 32.79% of the workforce, way above the industry standard

Stakeholder-inclusive approach continued

Labour unions

We have a very strong relationship with this stakeholder based on mutual trust and respect

Detailed disclosure:



[Maintaining sound employee relations](#) (page 78)

Our collaborative relationship with labour unions is critical to ensuring successful employee relations. Exxaro has a pluralist approach to union recognition, formally engaging with unions where recognition agreements were concluded, therefore maintaining their collective bargaining rights. These unions include elected officials of recognised labour organisations at BU, provincial or regional levels. Our employees are members of the National Union of Mineworkers (NUM), National Union of Metalworkers of South Africa (NUMSA), Association of Mineworkers and Construction Union (AMCU) and Food and Allied Workers Union (FAWU).

Engagement purpose

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

Engagement methods

- Ongoing monthly engagements at BUs and quarterly engagements at employer level (Exxaro Coal and Exxaro Coal Mpumalanga) and with Exxaro Resources Limited
- Management engagement on interim and annual results

Stakeholder expectations and issues

- Enduring union concerns include employee wages and benefits, health and safety, DEI issues, learning and development, reskilling the workforce and post-mine closure business development
- In 2024, dissatisfaction was raised, particularly at Grooteegeluk, regarding the LOS STI scheme
- AMCU attained collective bargaining rights and participated in wage negotiations for its members at Grooteegeluk

Our response

- Communicating our business or financial performance, social impact, DEI and transformation initiatives as updates become available
- Engaging on the impact of Transnet's performance challenges
- Considering a fair process for thresholds when unions seek recognition
- Managing potential union rivalry through capability building and engagement, with AMCU reaching the recognition threshold at Grooteegeluk
- Proceeding with wage negotiations to conclude a multi-year agreement to achieve operational sustainability

How we create value

- Our well-established and functional union engagement structures enable us to manage communication and resolve issues
- We encourage union input on business growth strategies
- We provide training and development for all stakeholders, with a focus on relationship building
- Our regulatory compliance ensures unions can negotiate fairly and equitably with Exxaro on behalf of their members
- We conducted effective wage negotiations without incident



Communities

Our established relationship with this stakeholder can be improved

Detailed disclosure:



[Building sustainable communities](#) (page 87)

Our Social Impact strategy supports sustainable growth by focusing on the strategic pillars of education, SMME development and land use management – fostering sustainable livelihoods of the communities where we operate. Our proactive and intentional engagements empower communities to co-create impactful solutions that lead to shared value.

Engagement purpose

- Create and maintain trusting relationships with stakeholders
- Share Exxaro's strategy and purpose
- Respond to community needs
- Uphold an engaged community, with open communication and opportunities to co-create solutions
- Collaborate and partner to optimise resources and drive greater impact
- Mitigate or manage operational stoppages and community unrest
- Bridge the gap between Exxaro's strategic intent and community needs
- Maintain our social licence to operate

Engagement methods

- Primarily in-person engagements, with virtual meetings held when possible

Stakeholder expectations and issues

- A lack of skills, limited access to procurement and employment opportunities, and infrastructure development are ongoing issues among community stakeholders
- For Exxaro, key issues include the youth not meeting basic recruitment requirements, which hinders access to employment opportunities and causes under-representation at forums
- The quality of relationships is largely determined by current affairs and changes according to stakeholder expectations
- We anticipated disruptions leading up to the national elections, as we operate in areas with unreliable service delivery, and committed to ongoing SLP projects relating to service delivery; however, stability was maintained. We attribute this to strong relationships with local communities

Our response

- Delivering [SLPs](#) (page 92), which detail our commitments to skills development programmes and infrastructure development, including the resuscitation of boreholes in Leeuwpans, a sports field in Lephalale, and substation and roads projects in Matla and Belfast
- Leveraging Exxaro's land resources to create sustainable socio-economic value through concessional land leases and land donations
- Planning future SLPs in accordance with social impact principles and impact areas, in consultation with communities and government (when developing municipal integrated development plans)
- Developing intellectual capital through localised, in-sourced project management – supporting improvements in SLP delivery
- Providing and allocating funding to community development initiatives, socio-economic development, local enterprise and supplier development (ESD) projects, charitable organisations and youth upskilling through Exxaro's social investment structures

How we create value

- Exxaro spent R161.79 million on socio-economic development (SLPs and CSI), benefiting more than 71 000 people and creating 51 jobs
- Exxaro invested R85.9 million in community education to benefit 27 000 learners



CENNERGI

- Cennergi spent R27.9 million on socio-economic development initiatives, reaching 2 703 people and creating 168 jobs
- Cennergi invested R11.6 million in community education to benefit 6 712 learners

Stakeholder-inclusive approach continued

Investors

Our good relationship with this stakeholder has room for improvement

Detailed disclosure:



Chairman's statement (page 9), our strategy (page 54) ([integrated report](#))



[Benchmarking our performance](#) (page 14), [remuneration report](#) (page 160)

Our investor community includes existing and potential shareholders, investment analysts and other financial capital providers with current and future interest in Exxaro's operational, financial and ESG performance. We also include ESG ratings agencies in the investor stakeholder group.


Engagement purpose

- Keep investors informed and updated on our strategy, operational, financial and ESG performance
- Build trust and foster transparency, while maintaining our reputation through expectation management
- Attract new investments and partnerships by communicating how Exxaro creates value through our Sustainable Growth and Impact strategy. Through these engagements, we gain a deeper understanding of non-holding investors' views on Exxaro and their specific investment criteria to gather insights for future partnerships
- Engage with ESG ratings agencies to clarify our approach, gain valuable feedback and recommendations that inform our efforts to enhance our overall ESG rating performance

Engagement methods

- Financial results presentations
- Finance director (FD) pre-close message and calls
- Investor and governance roadshows
- Capital Markets Day and site visits
- Investor, industry and climate conferences
- Solicited meetings
- AGMs
- Sell-side roundtables
- Investor perception surveys

Stakeholder expectations and issues

- Exxaro's growth and diversification aspirations remain a focus, with investors seeking clarity on value creation, execution, timelines and targeted growth areas
- The manner in which Exxaro is managing risks associated with logistics (Transnet Freight Rail) and offtake (Eskom) is of interest, as is Exxaro's capital allocation framework, shareholder returns, cash retention policy and diversification strategy
- Other ongoing areas of interest include environmental, social, sustainability and governance matters regarding Exxaro's transition, including the decarbonisation journey and carbon emission reduction efforts
- Exxaro's succession planning was also a focus in 2024
-  Exxaro's remuneration approach for the board, senior management and our broader employee base, especially rewarding for performance, was again commended in 2024. Read page 164 of the [remuneration report](#) for details regarding shareholder engagement and non-binding advisory votes
- Exxaro's succession planning was also a focus in 2024

Our response

- Communicating Exxaro's disciplined capital allocation framework, which prioritises investment into our operations, promotes shareholder returns and considers our growth ambitions. Supported by a clear dividend policy and defined growth-oriented cash retention levels, Exxaro continues to deliver attractive returns while laying the foundation for future success
- Keeping shareholders informed about Exxaro's initiatives and collaborative efforts with industry stakeholders and government to address rail logistics challenges
- Communicating our approach to prioritising and solving material ESG issues and going beyond compliance by creating lasting, far-reaching socio-economic impact
- Considering investor feedback on our reporting suite and implementing suggestions that enhance the credibility, transparency and robustness
- Ensuring our investor community understands our growth journey through a clear investment thesis outlining the risks and rewards as we prioritise optimising our business and transitioning into a diversified minerals and energy solutions business
- Shareholder and analyst engagements

How we create value

- We paid R5 744 million in dividends to external shareholders and R1 893 million to BEE Parties (Eyesizwe's external shareholders) (R23.78/share), which included a special dividend of R5.72/share
- Our FTSE Russell ESG index score remained high at 4/5
- We established a new coverage relationship



Customers

Our good relationship with this stakeholder has room for improvement

Detailed disclosure:



Manufactured capital ([integrated report](#), page 108)

We have domestic and offshore customers in Europe, Asia and other markets. Eskom remains our largest customer, with 72% of our coal sales (per product tonnes) (2023: 73%).

Engagement purpose

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

Engagement methods

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

Stakeholder expectations and issues

- Our customers expect quality, consistent and reliable product supply and responsive service. They also seek improvements in communication and demonstrations of our approach to solving societal issues, improving the lives of our communities, minimising our environmental impact, becoming climate resilient and addressing climate change issues
- Exxaro's concerns include the vulnerability of customers in several domestic market segments to the economic climate, inflationary pressures, the weakening rand and sluggish economic growth

Our response

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

How we create value

- Risk-based mindset to achieve safe production
- Reliable and continuous supply of coal to all customers in terms of quantity and quality

Suppliers

We have a good relationship with this stakeholder, with room for improvement

Detailed disclosure:



[Driving supply chain sustainability](#) (page 103)

Suppliers are crucial participants in our value chain. We have over 4 000 active registered vendors in the provinces where we operate. We categorise our suppliers as strategic, SMMEs and local.

Engagement purpose

- Achieve mutually beneficial operational, financial, environmental, social impact and governance goals

Engagement methods

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

Stakeholder expectations and issues

- Exxaro aims for security of supply and related performance management, while suppliers look for long-term, sustainable relationships, including contractual amendments, timeous communication of business opportunities and collaboration for shared value
- There is a high demand for local procurement opportunities and for suppliers to prioritise local communities for employment
- Suppliers expect a visible and impactful demonstration of good corporate citizenship from Exxaro

Our response

- Regularly engaging with strategic suppliers (as part of our supplier relationship management programme) to address key issues such as cost savings, diversity and transformation (black ownership and participation), supply security, risk management and decarbonisation strategies
- Publishing user-friendly guidelines on Exxaro's procurement systems, policies and processes on our websites to assist suppliers
- Communicating our local procurement strategy, sharing progress at regular BU stakeholder engagement forums and educating suppliers about accessing business and funding opportunities
- Identifying procurement opportunities for local communities
- Securing local economic development commitments from our suppliers
- Setting annual progressive targets (going beyond compliance to regulatory requirements) for preferential, local and green procurement

How we create value

- Exxaro benefits from reserved allocations of high-risk and strategic commodities to ensure business continuity
- Our ESD programme invested R169.8 million in enterprise development, creating/maintaining 286 jobs and contributing to Exxaro's Mining Charter and dtic scorecard performance:
 - R1.08 billion of our procurement spend was directed to local black-owned SMMEs
 - We have achieved level 2 B-BBEE compliance, with preferential procurement scores improving from 26.44 points in 2023 to 27.47 points in 2024