



5 Creating value

Directed by our strategy and guided by our values, we are driven to create sustainable value while remaining resilient in a transitional environment.

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Financial capital

Managing and enhancing financial capital is pivotal to delivering sustainable growth and creating long-term value for stakeholders.

Understanding financial capital at Exxaro

Our financial capital refers to the funding and resources we generate and manage that enable us to execute our strategy. It underpins our ability to drive sustainable growth and achieve our purpose of powering better lives in Africa and beyond.

How we deliver value through our financial capital

Financial capital enables us to support operations, foster innovation and invest in projects that support a low-carbon transition. By maintaining a balanced approach to capital allocation, we deliver returns for our shareholders while investing in initiatives that create long-term economic, environmental and social value.

Material theme	Matters	Strategies to achieve our objectives	Related strategic objective	Our broader impact
<p>Adapting to a changing context</p>	<ul style="list-style-type: none"> Macro-economic and geopolitical environment South African infrastructure and service delivery impediments Commodity price fluctuations 	<ul style="list-style-type: none"> Delivering on our market to resource optimisation strategy (page 99) 		
<p>Executing our strategy</p>	<ul style="list-style-type: none"> Diversify responsibly into energy transition minerals and grow our energy solutions business while protecting and optimising our coal portfolio and business Build a leading energy solutions business 	<ul style="list-style-type: none"> Contributing to the country's low-carbon transition through our energy solutions business 		
<p>Driving business resilience</p>	<ul style="list-style-type: none"> Sound financial performance and capital excellence Logistical impediments Supply chain management 	<ul style="list-style-type: none"> Ensuring efficient capital allocation and capital excellence (page 100) Maintaining a resilient coal business through cost efficiency, price optimisation and market-to-resource optimisation 		

Looking ahead

As we enter 2025, we remain focused on navigating global uncertainties while strengthening our operational resilience.

Global coal demand will be shaped by geopolitical factors and energy security needs, while domestic demand may strengthen as Eskom addresses operational challenges. Infrastructure constraints persist, but we are actively exploring alternative routes to market. Iron ore prices remain under pressure due to rising supply, though early signs of recovery in Chinese demand offer a potential upside.

The LSP will expand our renewable energy capacity, reinforcing our commitment to a low-carbon future.

Amid shifting commodity markets and geopolitical pressures, we will prioritise cost efficiency, supply chain agility and strategic diversification to drive long-term growth and stakeholder value.

DETAILED DISCLOSURE



Read our [annual financial statements](#) for details about our financial performance.

FD's overview

The tougher conditions we experienced in 2024 resulted in a 22% decrease in EBITDA to R10.4 billion. The contribution from our non-controlled operations showed a significant decrease of 47% in adjusted[#] equity-accounted income to R3.7 billion, primarily from SIOC, driven by lower iron ore prices and sales volumes. This translated into basic HEPS of R30.16 compared to R46.81 in 2023. We are pleased to have declared a final cash dividend to shareholders of R8.66 per share.

Given the net cash position at 31 December 2024 of R16.3 billion (excluding energy net debt), in addition to the final cash dividend declared, the board of directors has approved a R1.2 billion share repurchase programme.



Our operations delivered a **solid performance** while navigating external factors within the operating environment, notably a 13% decline in the average benchmark API4 RBCT export price compared to 2023, lower offtake from Eskom as well as continued logistical challenges, which improved in the latter part of the year, while our windfarm operations delivered a stable performance.

Riaan Koppeschaar – FD

Revenue of
R40.7 billion,
up 5%

EBITDA* of
R10.4 billion,
down 22%

Adjusted[#] equity-accounted
income of
R3.7 billion,
down 47%

Headline earnings of
R30.16 per share,
down 36%

Cash generated by
operations at
R10.4 billion,
down 22%

Final cash dividend
declared of
R8.66 per share

* 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).

[#] Adjusted for headline earnings adjustments.

Financial capital continued

Global economy and commodity prices

Nearly half of the world's population went to the voting polls in 2024, leading to major shifts in global and country specific politics. We also saw that evolving geopolitical and economic tensions are leading to increased fragmentation in the global economy. Inflation and monetary policy saw significant developments as global disinflation continued which prompted a pivot in monetary policy with central banks easing interest rates to boost economic activity.

In South Africa, the peaceful completion of the 29 May 2024 general election and the formation of the Government of National Unity, led to improved local consumer and global investor sentiment, fostering cautious optimism for improved economic growth.

The coal market in 2024 started on a bearish note in the first quarter of 2024 following trends from late 2023. This was primarily due to sufficient coal supply in key markets such as India, Japan, South Korea and Taiwan, with lower gas prices making it a more competitive alternative in Europe.

However, geopolitical factors played a significant role in lifting prices higher, alongside the TFR derailments in 2024.

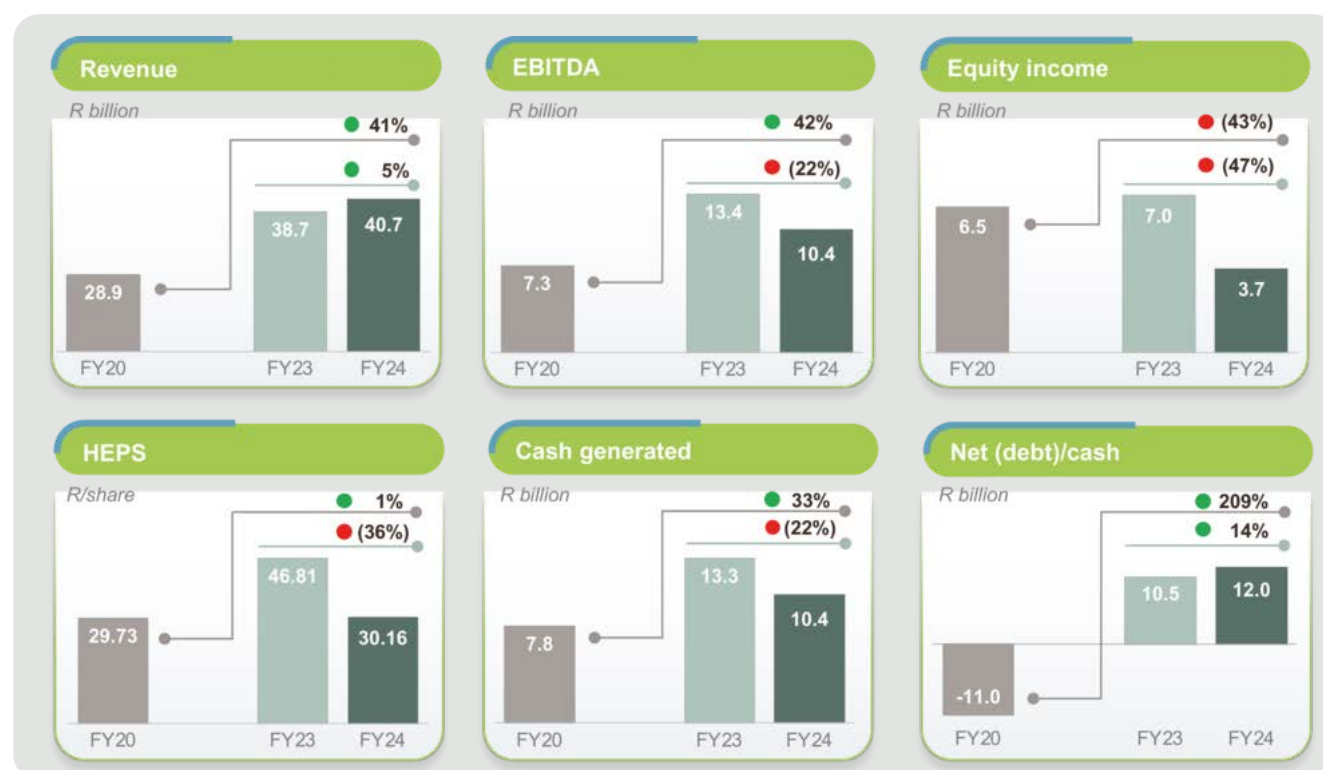
The resurgence in Indian demand was primarily maintained due to its strong economic growth, despite a brief decline between July 2024 and September 2024 due to high stockpiles of South African coal, the monsoon season, low domestic coal prices and low steel prices. European demand faced headwinds from strong renewable energy generation, revision of coal phase-out targets and cheaper gas prices.

Japanese and South Korean demand remained steady, with Japan continuing to benefit from a diverse energy mix (gas, renewables, nuclear and coal). Still, the restart of several nuclear plants posed a risk to coal demand.

The benchmark API4 RBCT export price averaged US\$105 per tonne in 2024, compared to US\$121 per tonne in 2023, a 13% decline.

The South African domestic market demand remained resilient in the second half of 2024 despite macro-economic impacts affecting domestic end users. In the Waterberg region, Eskom's coal offtake improved slightly, but operational challenges at the power stations continued to impact its ability to consistently take coal from Grootegeluk mine.

Group performance highlights



Group revenue

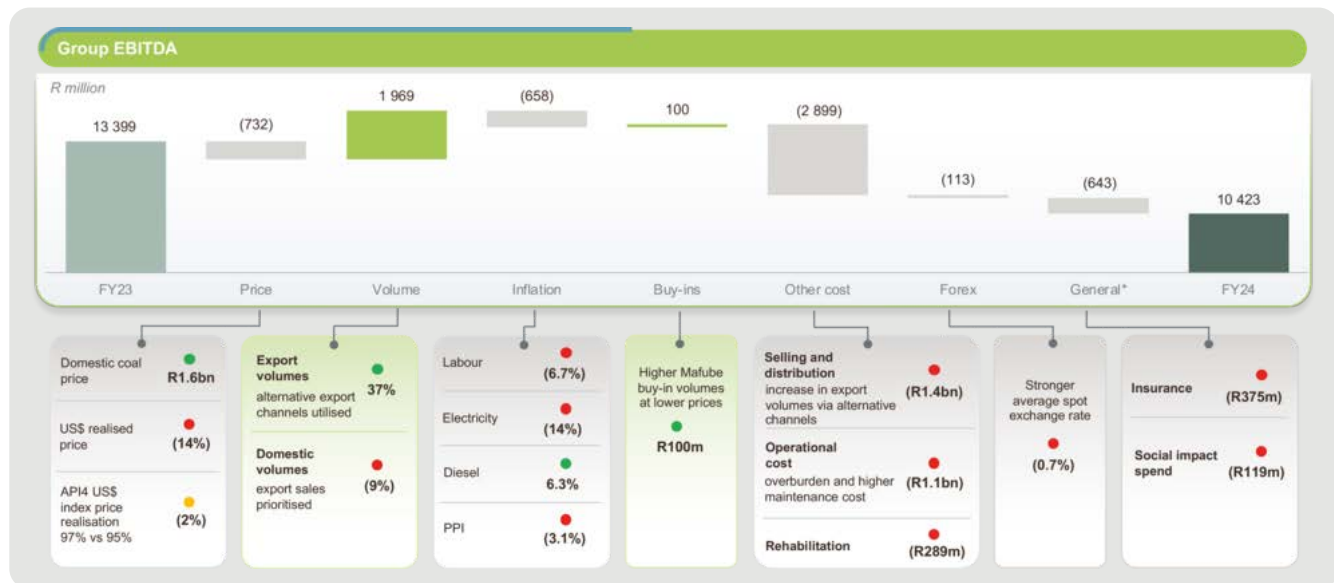
Group revenue increased by 5% to R40 725 million (2023: R38 698 million), primarily due to a 6% increase in coal revenue and 5% increase in energy revenue.

Group EBITDA

Group EBITDA declined by 22% to R10 423 million (2023: R13 399 million), mainly attributable to a 16% decrease in coal EBITDA and a negative contribution from the Other operating segment.



The graph below provides the main drivers for the decrease in group EBITDA.



*Total EBITDA variance for Matla included = -R4 million.

The higher revenue from our commercial mines was mainly due to higher export volumes, albeit at a lower realised average export price of US\$100 per tonne (2023: US\$117 per tonne). Despite the decline, Exxaro achieved a strong 95% price realisation in 2024 compared to 97% in 2023 owing to our effective market to resource optimisation initiatives. Higher domestic sales prices were insufficient to offset the lower domestic volumes, as we moved additional volumes into the export market.

Our export volumes increased by 37% to 7Mt as we were able to use alternative distribution channels as well as improved TFR performance in the latter part of the year. Exxaro's export evacuation through RBCT increased by 13% to 5.2Mtpa (2023: 4.6Mtpa), despite continued disruptions. Additionally, export evacuation using alternate channels increased to 1.8Mtpa (2023: 479kt) using alternative routes and ports to fulfil market demand.

We also experienced inflationary pressure, with electricity costs rising by 14%, labour costs averaging a 6.7% increase, and the rest of our costs increasing in line with the Producer Price Index (PPI) at 3.1%. There was some relief, as our diesel cost decreased by 6.3%.

Our buy-in volumes from Mafube in our Mafube JV were higher compared to 2023 but at lower prices.

Beyond inflation, other cost factors also influenced EBITDA:

- Selling and distribution costs increased by R1.4 billion as we used alternative distribution channels to evacuate our coal
- Operational costs increased by R1.1 billion due to accelerated equipment and plant maintenance at Grootegeluk, higher contractor costs mainly due to Belfast producing for a full-year production cycle and moving additional overburden volumes to enable product flexibility
- Employee costs increased beyond inflation due to structural changes resulting from the technical support services moving closer to our coal operations
- Rehabilitation costs had a negative impact of R289 million, driven by external assessments in 2023, whereas in 2024, the combination of higher post-closure water treatment costs and unfavourable discount rate movements further impacted costs
- General costs included a negative R375 million insurance cost variance, as a once-off benefit was recorded in 2023 from the accounting treatment of a new insurance product that did not recur in 2024. Additionally, social impact spending increased, reflecting the company's commitment to broader community engagement and corporate responsibility

Adjusted equity-accounted income

	Adjusted equity-accounted income/(loss)			Dividends received		
	2024 Rm	2023 Rm	Change %	2024 Rm	2023 Rm	Change %
Coal: Mafube	243	510	(52)	130	1 525	(91)
Coal: RBCT	(6)	(8)	(25)			
Ferrous: SIOC	3 383	6 157	(45)	3 741	3 386	10
Other: Black Mountain	65	332	(80)			
Total	3 685	6 991	(47)	3 871	4 911	(21)

Adjusted equity-accounted income from associates and JVs decreased by 47% to R3 685 million (2023: R6 991 million). The contribution from SIOC declined by 45%, mainly driven by lower iron ore prices and lower sales volumes. Mafube's contribution declined by 52% owing largely to lower coal export prices. The decline in contribution from Black Mountain was mainly impacted by production challenges resulting in lower production and sales volumes.

Financial capital continued

Group headline earnings

Headline earnings decreased by 36% to R7 298 million (2023: R11 327 million), mainly driven by the 22% decrease in group EBITDA and a 47% decrease in adjusted equity-accounted income, as discussed above.

The weighted average number of shares remained unchanged at 242 million, translating into HEPS of 3 016 cents per share (2023: 4 681 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 it, we aim for a gearing ratio of below 1.5 times net debt (excluding ring-fenced project financing) to EBITDA. The framework aligns with our commitment to sustainably returning cash to shareholders through the cycle while retaining a strong financial position.

During 2024, we had cash inflows of R12.3 billion (2023: R16 billion), comprising R7.8 billion from our operations net of tax paid (2023: R10.7 billion), dividend income received from our equity-accounted investments of R3.9 billion (2023: R4.9 billion) as well as net interest received of R0.6 billion (2023: R0.4 billion).

In terms of our capital allocation framework, we then utilised this cash to mainly:

- Sustain our operations with capital expenditure of R2.15 billion (2023: R2.46 billion)
- Expand our operations with further capital expenditure of R302 million (2023: R244 million)
- Pay dividends to external shareholders of R7.7 billion (2023: R7.4 billion)

Exxaro remains in a strong liquidity position with a net cash balance of R12.0 billion as at 31 December 2024 (2023: R10.5 billion) and undrawn borrowing facilities and maturities as set out below. Excluding the energy net debt, the net cash position at 31 December 2024 was R16.3 billion (2023: R14.8 billion).



Refer below to our capital funding structure for Exxaro (excluding energy) as well as energy on a standalone basis:

Capital funding structure

Exxaro (excluding energy)

	Facilities available				
	Drawn Rm	Undrawn/ committed Rm	Uncommitted Rm		
Term loan and revolving facility	2 950	3 250	2 000 ¹		
Domestic medium-term note programme			5 000 ²		
Interest-bearing borrowings	2 950				
Interest capitalised	52				
Lease liabilities	348				
Capitalised transaction costs	(5)				
Total interest-bearing debt	3 345				
Current	586				
Non-current	2 759				
Net cash and cash equivalents	(19 654)				
Net cash	(16 309)				
				Maturity profile of debt	
					Rm
				Repayment period	3 345
				Less than 6 months	319
				6 to 12 months	267
				1 to 2 years	2 585
				2 to 3 years	83
				3 to 4 years	73
				4 to 5 years	18

¹ Uncommitted Accordion facility.

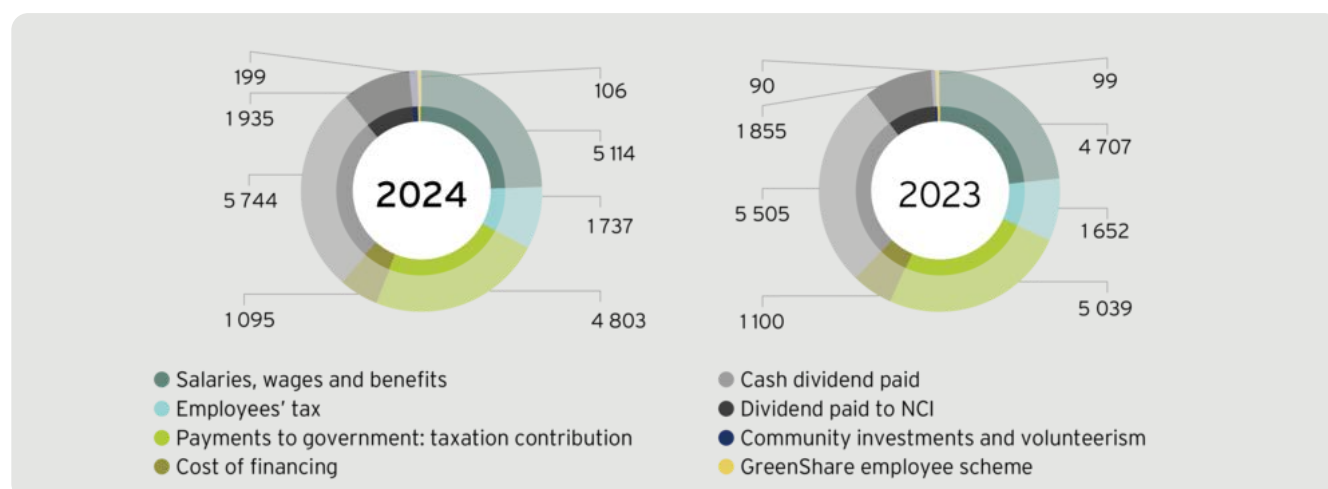
² Uncommitted but available on market take up.

Energy

	Facilities available			
	Drawn Rm	Undrawn/ committed Rm		
Project financing	5 233	587		
Interest-bearing borrowings	5 233			
Interest capitalised	2			
Lease liabilities	82			
Capitalised transaction costs	(12)			
Total interest-bearing debt	5 305			
Current	386			
Non-current	4 919			
Net cash and cash equivalents	(976)			
Net debt	4 329			
			Maturity profile of debt	
			Repayment period	Rm
			Less than 6 months	197
			6 to 12 months	189
			1 to 2 years	458
			2 to 3 years	568
			3 to 4 years	693
			4 to 5 years	818
			More than 5 years	2 382

Financial capital continued

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 that is 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 CSI 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.





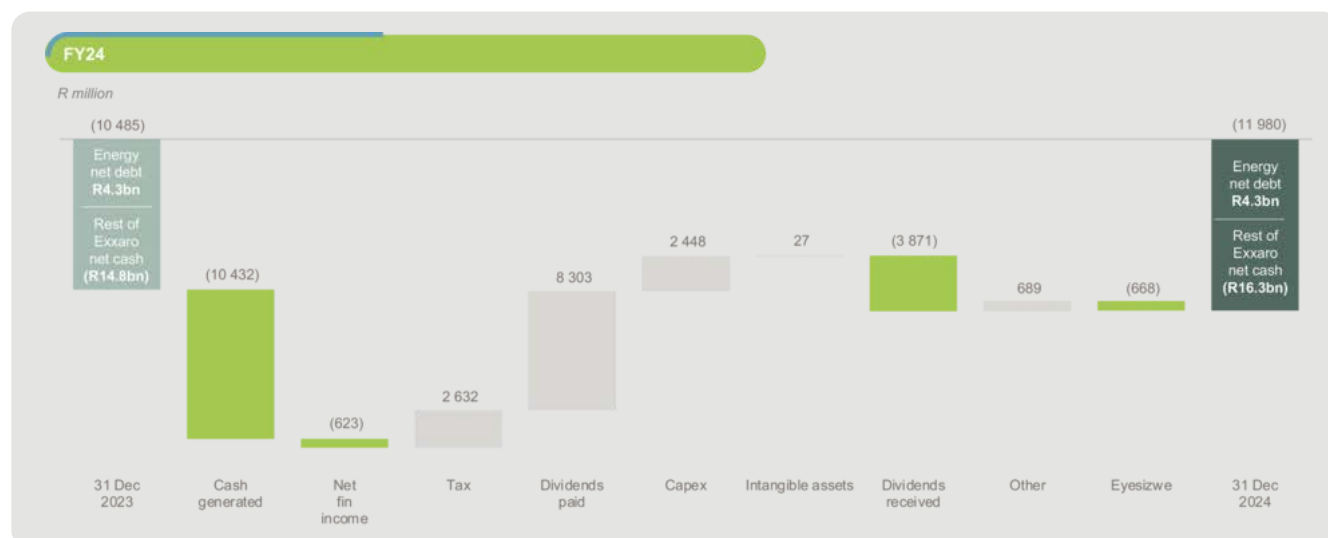
Statement of financial position

	2024 Rm	2023 Rm
Assets		
Non-current assets	66 799	66 153
Property, plant and equipment	37 292	37 226
Intangible assets	2 598	2 790
Right-of-use assets	281	308
Equity-accounted investments	20 596	20 278
Financial assets	5 266	4 616
Deferred tax	197	206
Other assets	569	729
Current assets	27 917	26 701
Inventories	2 427	2 270
Financial assets	159	210
Trade and other receivables	4 230	3 877
Cash and cash equivalents	20 630	19 859
Current tax receivables	15	3
Other assets	456	482
Total assets	94 716	92 854
Equity and liabilities		
Capital and other components of equity		
Share capital	983	983
Other components of equity	1 119	1 341
Retained earnings	51 885	49 923
Equity attributable to owners of the parent	53 987	52 247
Non-controlling interests	14 563	14 160
Total equity	68 550	66 407
Non-current liabilities	20 351	20 226
Interest-bearing borrowings	7 344	7 480
Lease liabilities	334	400
Other payables	40	42
Provisions	3 359	2 963
Retirement employee obligations	181	176
Financial liabilities	129	127
Deferred tax	8 926	9 003
Other liabilities	38	35
Current liabilities	5 815	6 221
Interest-bearing borrowings	876	1 443
Lease liabilities	96	51
Trade and other payables	3 351	3 356
Provisions	282	222
Financial liabilities	22	14
Current tax payables	214	348
Other liabilities	974	787
Total liabilities	26 166	26 447
Total equity and liabilities	94 716	92 854

Property, plant, and equipment increased by R66 million compared to the corresponding period last year, including R2 146 million spent on sustaining capex (stay-in-business capex) and R302 million on expansion capex, offset by depreciation charges of R2 512 million. The net movement further included borrowing costs capitalised.

Financial capital continued

The graph below summarises key movements in the net cash balance for the year ended 31 December 2024.



Key financial performance indicators

	Target	2024	2023
Internal key performance indicators			
EBITDA interest cover ^{##} (times)	>4		
Net debt/(cash): equity* (%)	<40	(25)	(23)
Net debt: EBITDA ^{###} (times)	<1.5		
Return on total capital employed* (%)	>20	26	39
Return on total capital employed (%)	>20	23	35
Bank covenants^{**}			
Net debt/(cash): equity (%)	<80	(23)	(22)
EBITDA interest cover [#] (times)	>4		
Net debt: EBITDA ^{###} (times)	<3		

* Performance indicators exclude energy segment.

** Including dividends received from associates and contingent liabilities, except DMRE guarantees and excluding project financing entities.

Exxaro is in a net finance income position.

Exxaro is in a net cash position.

Despite the operational challenges experienced in 2024, all internal KPIs are well within target, indicating a healthy balance sheet and strong cash flow generation. The impact of various coal sensitivity measures and the key financial risk factors can be used to stress test our current headroom.

The group has complied with all the bank covenants for the year ended 31 December 2024.



For more details, refer to note 12.1.4 of the group and company [annual financial statements](#) for the year ended 31 December 2024.

Coal sensitivity analysis

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

	Sensitivity	Net operating profit impact Rm
Environmental rehabilitation discount rate decrease	1%	(237)
Environmental rehabilitation discount rate increase	1%	217
Royalty cost	1%	391
Domestic sales volumes	1%	278
Production cost	1%	174
Export price per tonne	US\$1	128
Exchange rate	10 cents	59
Logistics	1%	46
Export sales volumes	1%	42
Labour	1%	37
Fuel	1%	17
Energy	1%	9

Key financial risk factors affecting our performance

The group's strategic treasury function predominantly provides financial risk management services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the group through internal risk reports which 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 its capital, the group focuses on a prudent gearing position, return on shareholders' equity (or return on capital employed) and the level of dividends to shareholders. The group's policy is to cover its annual net funding requirements through long-term loan facilities with maturities spread over time. Neither the company nor any of its 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.

The group's activities expose it primarily to the financial risks of changes in the environmental rehabilitation funds, portfolio investment and deposit facilities quoted prices, foreign currency exchange rates and interest rates. The group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risks, including:

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

Price risk management

The group's 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. The group's exposure to price risk in relation to quoted prices of the 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.

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 mainly denominated in US dollar, euro, and Australian dollar. Exchange rate exposures are managed within approved policy parameters utilising FECs, currency options and currency swap agreements.

The group maintains 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 the use of economic hedges arising from export revenue as well as through FECs. Trade-related export exposures are hedged using FECs and currency options with specific focus 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 ZAR denominated project financing arrangements are hedged using FECs.

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

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



For more details, refer to note 16.3.3.2.2 of the group and company [annual financial statements](#) for the year ended 31 December 2024.

Financial capital continued

Interest rate risk management

The group is exposed to interest rate risk as it borrows and deposits funds at floating interest rates on the money market and extended bank borrowings. The group's main interest rate risk arises from long-term borrowings with floating rates, which expose the group 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. The group also uses 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, the group looks 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



For details on loan facility and bonds, refer to note 16.3.3.2.3.1 of the group and company [annual financial statements](#) for the year ended 31 December 2024.

Project financing (energy)

The group is exposed to the risk of variability in future interest payments on the project financing, attributable to fluctuations in the three-month Johannesburg Interbank Average Rate (JIBAR) during the operations phase and the one-month JIBAR during the 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.



For details on project financing, refer to note 16.3.3.2.3.2 of the group and company [annual financial statements](#) for the year ended 31 December 2024.

Liquidity risk management

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

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium, and long-term funding and liquidity management requirements.

The group manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained.

Borrowing capacity is determined by the board of directors, from time to time.

	2024 Rm	2023 Rm
Amount approved	67 484	65 309
Total borrowings	(8 220)	(8 923)
Unutilised borrowing capacity	59 264	56 386

The group's capital base and the borrowing powers of the company and the group were set at 125% of shareholders' funds (equity attributable to owners of the parent) for both the 2024 and 2023 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.

The group limits its counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. The group's exposure and the credit ratings of its counterparties are continuously monitored. The aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually.

Trade receivables consist of a number of 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.

The group 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 as a result of its exposure to one major customer. This is, however, not considered significant as the customer adheres to the stipulated payment terms.

Exxaro establishes an allowance for non-recoverability or impairment that represent its estimate of expected credit losses in respect of trade receivables, other receivables, loans, cash and cash equivalents and investments.



For Exxaro's exposure to credit risk, refer to note 16.3.3.4.1 of the group and company [annual financial statements](#) for the year ended 31 December 2024.

Outlook first half 2025

Economic context

As we move into 2025, the global economic landscape remains uncertain, with geopolitical tensions and policy shifts continuing to evolve. While these international developments will undoubtedly have an impact on our business, our focus remains firmly on the factors within our control.

The formation of the Government of National Unity has improved sentiment, fostering a sense of cautious optimism for economic growth. We are seeing positive developments, such as increased private investment in renewables, Eskom's progress on maintenance and transmission upgrades, and accelerated reforms in ports and rails.

Furthermore, the new two-pot retirement system was expected to ease household debt and boost consumer spend from late 2024 into 2025. In 2024, South Africa's real GDP grew 0.6%, driven by a strong fourth quarter after downward pressures faced in earlier quarters. We are hopeful that the momentum will continue into 2025.

Commodity markets and price

The seaborne thermal coal demand is expected to be influenced by geopolitical factors and energy security needs. Domestically, any improvement in the local economic environment is likely to boost coal demand from local end users, particularly as Eskom works to address its operational challenges. Infrastructure challenges remain, as evidenced by the recent railway breakdown on the RBCT Waterberg line due to heavy rainfall. We will continue to actively explore all available routes to market to meet customer demand and unlock value.

This continuous rise in iron ore supply and exports remains the key limiting factor for seaborne iron ore prices, affecting the performance of Exxaro's SIOC investment. While major miners' supply is increasing, overall Chinese demand remains relatively flat. However, towards the end of 2024, there was a rise in steel and iron ore demand from non-property sectors. Early signs indicate that the Chinese government's interventions are beginning to yield results, evidenced by the manufacturing and services sectors moving into expansionary territory, assisted by improved steel mill margins.

Operational performance

Our business is still impacted by commodity prices, domestic structural challenges and developments, coal offtake, and the global and domestic geopolitical environment. We provide the following guidance for the 2025 financial year:

- Coal production and sales to be within the range of 39.5Mt to 43.7Mt
- Exports sales to be between 6.65Mt and 7.35Mt
- We have kept our coal sustaining capex guidance unchanged between R2.5 billion and R3 billion
- The anticipated commissioning of our LSP increases our energy generation guidance, and we expect it to be within the range of 780GWh to 810GWh, comprising full-year wind generation and half-year solar generation guidance

Riaan Koppeschaar
FD

15 April 2025



Manufactured capital

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

Understanding manufactured capital at Exxaro

Exxaro's manufactured capital includes 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. Our assets comprise five mines (including one JV), two coal projects, one ferro-silicon manufacturing facility, two windfarms in operation and one solar project under construction.

How we deliver value through our manufactured capital

We invest in our assets to maintain their enduring value, upkeep and performance, while optimising their use to deliver 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.

Material theme	Matters	Strategies to achieve our objectives	Related strategic objective	Our broader impact
 Adapting to a changing context	<ul style="list-style-type: none"> Macro-economic and geopolitical environment South African infrastructure and service delivery impediments Commodity price fluctuations 	<ul style="list-style-type: none"> Enhancing resilience through our early value strategy (page 109) Delivering on our market to resource optimisation strategy (page 109) Enabling a transition to a low-carbon world through our minerals business approach (page 109) 		   
 Executing our strategy	<ul style="list-style-type: none"> Diversify responsibly into energy transition minerals and grow our energy solutions business while protecting and optimising our coal portfolio and business Build a leading energy solutions business 	<ul style="list-style-type: none"> Contributing to the country's low-carbon transition through our energy solutions business (page 109) 		

Performance snapshot

Coal	Effectively and efficiently delivered coal to our customers at optimal value for both parties through process improvements and delivering stakeholder value
Energy	Achieved an 80% operational EBITDA margin and met generation targets with 725GWh produced, supported by high equipment availability and good wind conditions
Ferrous	Received dividends amounting to R3.7 billion from our investment in SIOC. The 45% decrease in adjusted equity-accounted income from SIOC to R3.4 billion (2023: R6.2 billion) was driven by lower iron ore prices and sales volumes
Energy transition minerals	We made progress in executing our energy transition minerals diversification strategy, with several transactions at a matured stage, demonstrating our commitment to a sustainable future

Looking ahead

We remain focused on safety, portfolio optimisation, cost efficiency and continuous improvement across our coal and energy solutions businesses.



Strategies to achieve optimal performance

Exxaro developed a **minerals business approach** to support the transition to a low-carbon world while leveraging our core competencies in mining and logistics. Comprehensive screening criteria guide this approach to identify key energy transition minerals, positioning Exxaro for future growth.

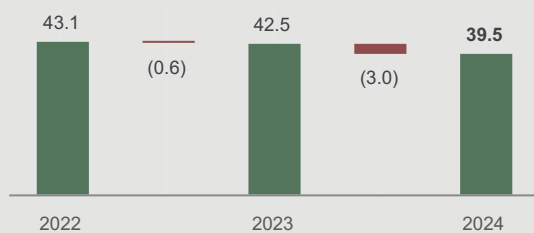
Our **early value strategy** focuses on optimising Coal Reserves to minimise the risk of stranded high-value assets and enhance operational cost efficiency. At the same time, our market to resource optimisation strategy integrates market insights into operational planning to produce coal products that meet customer specifications and evolving market demands.

By aligning these strategies, we strengthen our ability to balance immediate energy needs with long-term sustainability, reinforcing our role in advancing energy security and driving a low-carbon future.

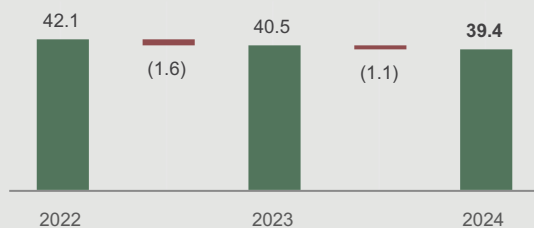
Our performance

Coal

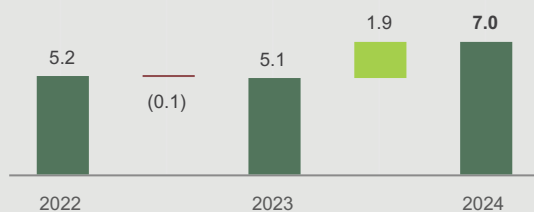
Total product (Mt)



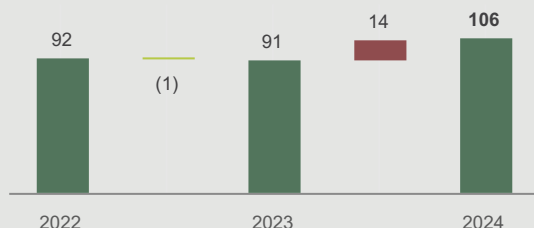
Total sales (Mt)



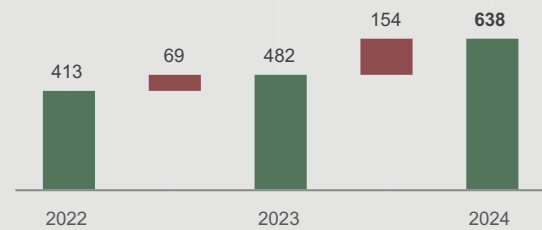
Export sales (Mt)



Cash cost per total tonnes handled (R/t)



Cash cost per production tonne (R/t)



International thermal coal pricing (API4) averaged US\$105/t in 2024 (2023: US\$121/t). Prices declined from 2023 levels due to coal to gas switching in Europe, which was supported by improved gas and liquefied natural gas availability at lower pricing. High coal and gas inventories in Europe, Japan, Korea and Taiwan resulted in low spot coal demand. Milder temperatures in the northern hemisphere and good renewables performance also contributed.

In line with our **market to resource optimisation strategy**, production was mainly impacted by demand. However, export sales performed well, with an increase of 37%. The lower offtake continues to impact cost per tonne. Cost optimisation remains a pivotal element in achieving operational efficiencies, ensuring resources are utilised effectively and performance aligns with our goals. Total volumes handled increased in line with the expected mining geographical landscape from the various BUs.

Increased cost impacts are as follows:

- Increased distribution costs enabling exports via alternative ports to secure production continuity and export volume growth
- Increased contractor activities and equipment hire in line with mining plan
- Increased volumes moved, impacting blasting and diesel costs
- Normal lifecycle maintenance costs
- Increased employee costs due to structural changes and normal salary increases
- Rising energy costs, primarily due to a 14% increase in electricity rates, offset by improved efficiencies
- Increased rehabilitation costs, primarily providing for final closure costs

Our net cash cost per tonne was above mining inflation, primarily due to lower volume offtake and related increased costs. However, these increased costs supported business continuity and were offset by exceptional exports through alternative ports.

Our EBITDA decreased by 16% due to a decrease in the API4 price and the increased costs mentioned above. This was offset by positive impacts from higher export product sales.

Against a challenging macro-environment, we remain committed to cost containment. We anticipate returning to normalised costs as we bolster our responsiveness to an ongoing changing reality.

Energy solutions business



CENNERGI

Cennergi's 2024 operational EBITDA margin was 80% (2023: 80%).

The two windfarms generated 725GWh (2023: 727GWh) during the year, which is in line with generation targets. Our average equipment availability was 96.2% due to various component replacements.

Ferrous

SIOC

- Adjusted equity-accounted income of R3.4 billion (2023: R6.2 billion), primarily driven by lower iron ore prices and sales volumes
- An interim dividend of R1.6 billion was received from the investment in SIOC in August 2024. SIOC declared a final dividend to its shareholders in February 2025. Exxaro's share of the dividend amounts to R1.7 billion, which is R98 million higher than the interim dividend received



Intellectual capital

Strategically leveraging our intellectual capital enables us to respond to a changing context and build a future-ready, resilient business.

Understanding intellectual capital at Exxaro

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 changes in global and local markets. We use our intellectual capital and differentiation to ensure we remain sustainable, growth-oriented and values-driven into the future. We are 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 we are responsive while safeguarding our people, assets and the business.

Material theme	Matters	Strategies to achieve our objectives	Related strategic objective	Our broader impact
Executing our strategy	<ul style="list-style-type: none"> Diversify responsibly into energy transition minerals and grow our energy solutions business while protecting and optimising our coal portfolio and business Build a leading energy solutions business 	<ul style="list-style-type: none"> Ensuring efficient capital allocation and capital excellence Enhancing operational efficiency through operational excellence enabled by the iNNOVAXXION strategy (page 111) 		
Driving business resilience	<ul style="list-style-type: none"> Supply chain management Logistical impediments Innovation and digitalisation Sound financial performance and capital excellence 			

Performance snapshot

Capital allocation and energy investments	<p>Sustained business resilience through strategic capital allocation. Advanced renewable energy with the LSP under construction and progress towards 1.6GW net installed capacity by 2030, supporting long-term value creation</p>
Cybersecurity and operational resilience	<p>Strengthened cybersecurity by enhancing backup strategies to improve incident response and implementing proactive measures to address emerging risks, including AI-driven threats. Evolved cybersecurity awareness and data governance to safeguard operations and maintain stakeholder trust</p>
Driving innovation and information management	<p>Launched our first generative AI solution and developed a comprehensive AI policy and roadmap to guide our future advancements. To ensure responsible data usage while maximising value from digital innovations, we are implementing robust data leak protection measures. Additionally, we insourced our analytics and data capabilities, safeguarding data as one of our most strategic assets</p>

Exxaro's business resilience encompasses capital allocation, energy investments, innovation and information management, and reputational resilience ([creating stakeholder value](#), page 42).

Looking ahead

We are future proofing Exxaro through strategic capital allocation, decarbonisation efforts, and innovation-driven growth to deliver long-term value and portfolio diversification.

We will concentrate our capital allocation and project execution on leveraging our existing growth investments, delivering on our early value strategy and market to resource optimisation initiatives, and supporting our business through sustaining capital projects.

We are exploring new markets that align with our investment criteria, targeting energy assets that enable the transition to a low-carbon world.

Our iNNOVAXXION strategy will drive operational optimisation and innovation through AI, automation, and data-driven decision making. Strengthened cybersecurity and data governance will safeguard our digital transformation and enhance resilience as we embrace emerging technologies.

Our performance

Capital allocation

Project	Classification (growth/sustaining)	Product	Focus and performance	Capital expenditure
Location: Mpumalanga				
The infrastructure projects at Matla, to achieve a 10Mtpa production objective once fully ramped up, were approved.				
Matla LoM programme	Sustaining	10.066Mtpa of thermal coal	Developing infrastructure to support LoM production	R5.236 billion

Outlook

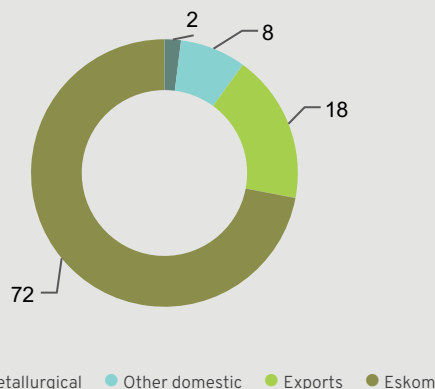


The Matla Mine 1 relocation incline conveyor was successfully commissioned in the second half of 2024, with first coal running through the silo onto the sacrificial conveyor. The Plant is scheduled for completion during the first half of 2026. The expected completion date of the Matla LoM programme remains the first half of 2026.

Coal

We focus on sustaining a robust coal portfolio with strong cash flow generation through the capital excellence journey, supported by our early value strategy. This involves evaluating and optimising our portfolio, disposing of non-core assets where needed, and investing in our coal business to remain resilient. We are targeting average capital of between R2.5 billion and R3 billion annually in real terms.

Coal sales by product tonnes (%)



Supply chain and logistics challenges

The South African logistics environment remains challenging due to rail performance instability. We respond to this by using 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 investigate solutions that will optimise our value chain from our mines to alternative posts, including our road and rail flows.



[Our operating context](#) (page 19)

Investments in energy

Exxaro is targeting a total of 1.6GW (net) installed capacity by 2030, with the funding requirements being majority project financed. Based on high-level assumptions, 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% over time.

Construction of the LSP is under way to be completed by mid-2025. The project total investment cost is R1.56 billion.

Driving innovation

Exxaro's INNOVAXXION strategy plays a pivotal role in driving our Sustainable Growth and Impact strategy with focus on optimising value creation from our coal business using digital innovation, while diversifying towards energy transition minerals and growing our energy solutions business. Our innovation and technology journey supports our goal to be carbon neutral by 2050.

Our innovation approach

Our approach to innovation is underpinned by our innovation management programme, which systematically integrates innovation into our entire business value chain. The programme includes operations, marketing and logistics, corporate innovation and embracing disruptive innovation through data science and generative AI. The innovation programme builds future in-house capabilities and measures to enable Exxaro's strategic objectives.

	2025 guidance	2024 actual	2024 previous guidance	2023 actual
Sustaining	2 251	2 080	2 175	2 433
Waterberg	1 917	1 812	1 904	2 217
Mpumalanga	334	268	271	201
Other				15
Total	2 251	2 080	2 175	2 433

Capital expenditure in our coal business decreased by 15% compared to 2023, reflecting investment in sustaining our operations, which remains within our capital guidance.

The decrease in sustaining capital is mainly due to lower spend at Grootegeeluk based on optimised reviews, ensuring we invest in appropriate assets through our improved project execution and savings.

Intellectual capital continued

Technology-driven innovation and sustainability

Exxaro is dedicated to advancing technological and social innovation beyond traditional mining practices. Implementing innovative mining and processing technologies ensures that investing in energy transition minerals is financially viable and that we remain on the lowest cost curve when new operations are introduced. Beyond economic considerations, we leverage innovation to create positive social impact.

Technology and innovation are critical to achieve operational effectiveness, enable our strategy and achieve our goal to become carbon neutral by 2050. By utilising 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 the energy transition and align with global sustainability goals.

Through our iNOVAXXION strategy, we enabled value-driven intelligent integration of our value chain to deliver optimisation of our operations and implemented several initiatives. These include enhancing technology-enabled integrated operating centres, visualising our value chain and deploying predictive analytics. Integrated operation centres facilitate seamless decision making, optimising resource utilisation and minimising environmental impacts. The integration of advanced data analytics and automation will enable us to achieve our optimisation strategies as well as fast track progress towards reducing climate-related risks, thus reinforcing Exxaro's commitment to sustainable practices.

We remain focused on deploying technology and innovative solutions to ensure we remain competitive. Through developments in generative AI, we will continue to explore opportunities to automate certain processes, guided by our new AI policy and roadmap.

Culture of innovation

We empower our people to create impact by fostering an innovation culture. This is integral to how we conduct business, ensuring our sustained success in a constantly evolving landscape. We continue to foster and support a deep-rooted culture of innovation understanding that we interact with innovation daily in different ways.

At Exxaro, we are passionate about creating a positive socio-economic impact in the communities where we operate. This passion motivates us to integrate social innovation into how we address community 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

The need for our mining operations to become more digitised and interconnected has amplified our vulnerability to cyberattacks.

Additionally, data has become a critical business asset; therefore, it is imperative that it is appropriately governed and protected. To this end, we have taken the following steps to enhance our cybersecurity response capabilities to ensure we remain resilient and sustainable while pursuing our digitalisation and innovation ambitions:

- **Building on a strong foundation:** In the past year, our cybersecurity programme has continued to evolve, reinforcing the foundation laid by our comprehensive prevention, detection, response and recovery strategies. The initiatives implemented have enhanced our ability to anticipate and mitigate cyber threats, maintaining our commitment to safeguarding our operations and stakeholder trust. We evaluated our backup strategies to improve our incident response capabilities and remain focused on driving a robust cybersecurity awareness programme
- **Emerging challenges in a dynamic landscape:** The rapid adoption of generative AI introduces new risks, including AI-driven threats and increased data security concerns. Recognising these challenges, we are compiling a data governance framework that will address the risk of data loss or data breaches as a result of the use of generative AI



Showcasing innovation in action

In 2024 Exxaro launched a generative AI solution, called XXoro. The solution streamlines access to essential information, providing simplified explanations of complex safety and people and performance policies in English, Xhosa, Sepedi and Zulu.

XXoro was rolled out in support of our strategic goals and drive to prioritise safety and place people at the centre of our innovation efforts. By providing access to critical people and performance policies, and safety information, XXoro ensures that employees can easily understand essential content, fostering a safer and more productive workforce. The solution's data analytics capabilities further support our ESG strategy by identifying areas requiring additional training and delivering actionable insights that enhance decision making for organisational development.

This integration of digital innovation with our commitment to safety, sustainability and technological advancement reinforces our dedication to creating a secure, empowered and future-ready workforce. Leveraging our innovation methodology, we continue to progress our iNOVAXXION strategy, integrating cutting-edge solutions that deliver sustainable competitive advantage and performance improvements.



Human capital

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

Understanding human capital at Exxaro

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, including our employees and contractors. It is central to our business's success.

How we deliver value through our human capital

We deliver value by investing in our people, safeguarding their safety, health and wellbeing, and fostering skills and capabilities aligned with our purpose. Our people strategy drives Sustainable Growth and Impact objectives, building a people-fit organisation and enabling human resources. Within this, we prioritise safety to achieve zero harm, promote employee and community resilience through health and wellness programmes, maintain a strong employee value proposition by fostering DEI and offer learning and skills development to ensure a robust talent pipeline for current and future needs.

Material theme	Matters	Strategies to achieve our objectives	Related strategic objective	Our broader impact
Enabling a thriving workforce	<ul style="list-style-type: none"> Health, safety and wellness 	<ul style="list-style-type: none"> Advancing our safety strategy (page 114) to uphold excellence Embedding our health and wellness strategy (page 115) for resilience 		
	<ul style="list-style-type: none"> Workforce DEI Labour relations 	<ul style="list-style-type: none"> Inspiring excellence and inclusion through our DEI strategy (page 116) Driving growth through our talent management strategy (page 117) 		

Performance snapshot

Safety	No fatalities, with an LTIFR of 0.06 (2023: zero fatalities, 0.07 LTIFR) and, regrettably, 10 injuries at our operations (2023: 11)
Health and wellness	Introduced personalised health monitoring through smartwatches and dietician-led guidance, addressing lifestyle diseases and promoting healthier habits among employees
Engagement and DEI	In response to our 2023 culture and engagement survey, all BUs developed targeted action plans based on employee feedback. Feedback sessions, including honesty boxes, encouraged candid input, helping to address key DEI challenges. However, two cases of alleged discrimination or grievances were filed (2023: none), underscoring the need for ongoing vigilance in fostering an inclusive workplace
Talent management	R402 million invested in training and development (2023: R358 million)

Looking ahead

Our future focus includes launching the refreshed Exxaro safety strategy, fatal risk protocols, and zero tolerance rules to address top fatal risks. We will enhance employee wellness through expanded on-site therapist access, cancer awareness initiatives, and real-time health monitoring. A pulse survey to review the effectiveness of culture initiatives will inform the next phase of our culture journey. We are also focusing on strengthening leadership capability to enhance our employee experience, while men's forums will support gender equity priorities. Expanded learning platforms, including AI training and the new EduMine platform, will prepare employees for future growth and innovation.

DETAILED DISCLOSURE



Read empowering our people ([ESG report](#), page 66) for details about our approach and performance.








Human capital continued

Our strategic response to growing our human capital

Exxaro's ability to create sustainable value is intrinsically linked to our people. By fostering a safe, healthy and inclusive environment, we empower employees to thrive, ensuring we can meet both present and future challenges.

Our people strategy, operating within our broader Sustainable Growth and Impact strategy, prioritises safety, wellbeing, talent development and sound employee relations, positioning Exxaro as an employer of choice while driving long-term business resilience.

Exxaro's human capital initiatives align with ESG objectives embedded in our Sustainable Growth and Impact strategy:

ESG objectives		Supporting the achievement of our Sustainable Growth and Impact strategy
Prioritising safety	Safety incidents have profound consequences on our employees, communities and business. A safe workplace is critical for protecting our people as well as operational efficiency, continuity and compliance.	 
Promoting health and wellness	We recognise that a physically and psychologically safe workplace is inextricably linked to successfully delivering on our strategy. Addressing health risks builds resilient employees and host communities by enhancing quality of life, boosting morale, improving productivity and ensuring safety.	
Maintaining sound employee relations	An inclusive workplace culture is essential for employee satisfaction, fostering innovation and maintaining our value proposition as an employer of choice. Engaged employees are more productive, which enhances safety at our operations and supports long-term organisational success.	
Investing in talent	Building future-ready skills ensures Exxaro remains competitive in a dynamic environment. Developing talent supports our employment equity goals, reduces turnover, enhances leadership effectiveness and ensures sustainable business growth.	  

Prioritising safety

Safety is fundamental to our operational integrity and the wellbeing of our workforce and communities. Preventing workplace incidents and fostering a proactive safety culture not only safeguards lives but enhances operational resilience. Through leadership-driven initiatives, risk management and continuous improvement, we strive to achieve our ultimate safety goal of zero harm across all operations.

How we performed

We implement a proactive five-pillar safety strategy to prevent and mitigate safety incidents, eliminating repeat incidents, embedding safe behaviours and applying stringent risk management processes to foster a culture of zero harm.

Our LTIFR of 0.06, slightly above the annual target of 0.05, reflects an improvement from the 2023 performance of 0.07. Lifting and material handling incidents accounted for 40% of reported incidents, followed by trackless mobile machinery-related incidents and those caused by slips, trips and falls, each accounting for 20% of the reported incidents. The completion of a high-risk shortwall move at Matla without injuries marked a significant safety achievement in 2024. We had no section 54(a) mining activity stoppages (2023: four). We remain steadfast in our commitment to eliminate incidents and will intensify daily efforts to achieve zero harm.



CENNERGI

Cennergi demonstrated its commitment to safety excellence by maintaining a zero-fatality incident rate and zero LTIs in 2024. No reportable health and safety incidents were submitted to the Department of Employment and Labour and quarterly external compliance audits scored Tsitsikamma and Amakhala Emoyeni at 95.9% and 95.1% respectively.

However, Cennergi's main contractor reported two unrelated LTIs at Amakhala Emoyeni. Lessons learned from these incidents are used to enhance safety practices, including collaborating with the contractor to install new safety equipment on wind turbines.

Recognising our achievements

Group	Two years fatality-free on 15 August 2024
Grooteegeluk	12 years fatality-free
Belfast	Two years fatality-free
Leeuwan	34 years fatality-free
Matla	Seven years fatality-free
Mines in closure	15 years fatality-free
FerroAlloys	27 years fatality-free
Cennergi	Eight years fatality-free



Improving our performance

CEO safety summit

The 2024 CEO safety summit, themed “Leave the world a better place than we find it”, highlighted critical safety, wellness and mental health issues, empowering employees and leadership to collaborate on actionable improvements. Frontline workers and supervisors led panel discussions that focused on identifying and resolving operational safety challenges.

Leadership safety day

Conducted on 17 October 2024 under the theme “Seven deadly signs”, our executive committee visited BUs to address the leading causes of fatalities and serious incidents. On-site VFL engagements further reinforced safety priorities and accountability, driving improved awareness.

Enhancing capacity

Exxaro launched initiatives such as the supervisor indaba at Matla to address operational challenges identified at the safety summit. In addition, safety leaders across BUs were supported through targeted training programmes including a course for managers in risk management, legal liability and VFL.



CENNERGI

Cennergi fire safety collaboration

Following a turbine fire at a neighbouring windfarm, Cennergi implemented measures to enhance fire safety and emergency preparedness. These included introducing a fire management procedure, procuring a fire bowser with on-site training and fostering collaboration with neighbouring windfarms to strengthen collective emergency response capabilities.

Future focus



Our primary focus in 2025 will be:

- Launching the refreshed Exxaro safety strategy
- Launching our fatal risk protocols and zero tolerance rules, focusing on Exxaro's top fatal risks to address our priority unwanted events

Promoting health and wellness

Health and wellness are key to a resilient workforce and sustainable growth. Our integrated health and wellness strategy addresses occupational and non-occupational risks through early intervention, proactive health management and tailored initiatives that enhance wellbeing, productivity and safety.

How we performed

Occupational diseases

We recorded 23 occupational disease cases (2023: 23), resulting in an occupational health incident frequency rate of 0.14 (2023: 0.15), against the target of 0.13. We measure our performance against the Mine Health and Safety Milestones, which were revised and communicated this year for adoption beyond 2024.

Non-occupational diseases

We identified 39 new diabetes cases (2023: 93) and 122 hypertensive employees and contractors (2023: 334). The prevalence of HIV/Aids cases is 1.4% (2023: 1.87%), significantly lower than the national prevalence rate of 12.7%, with HIV-positive employees having easy access to medication at our occupational health centres.

Improving our performance

Taking services to people

With a recent health report highlighting a rise in lifestyle diseases and high BMI levels among employees, we recognised the need for proactive measures to promote healthier lifestyles and reduce related risks. This includes the use of smart devices for real-time screening of blood pressure, blood sugar, fatigue and stress levels. We introduced dietician services to educate employees on healthy eating habits that prevent lifestyle diseases. On-site therapists are available at each BU, providing psychological support without the need for employees to take time off work. This has reduced absenteeism due to illness and improved workplace attitudes.

Medication pick-up point

Grootegeeluk clinic is an accredited external medication pick-up point as part of government's CCMD programme. Our employees collect their chronic medication from the clinic, reducing transport costs and allowing employees to receive two to three months' medication at a time.

Wellness day

Exxaro hosted wellness days across BUs, offering screenings for lifestyle diseases such as blood pressure, blood sugar, cholesterol, HIV, breast cancer and prostate cancer. Employees also received guidance from dieticians on balanced diets and the importance of physical activity to prevent or delay the onset of lifestyle diseases.



CENNERGI

Cennergi health screenings

Cennergi conducted medical screenings, including blood pressure, blood sugar and HIV tests, as well as financial wellness interventions for employees in 2024. Health initiatives were extended to contractors, including wellness screenings and mental health check-ins, ensuring all individuals on site have the knowledge and resources to manage their health effectively.

Human capital continued

Future focus



Our primary focus in 2025 will be:

- Rolling out our updated wellness programme
- Focusing on cancer awareness and screening in all BUs
- Increasing the hours of the on-site therapists at some BUs, such as Grootegeeluk, due to the demand for the service
- Identifying a service provider to advance our electronic health and hygiene systems for better data management
- Implementing the first phase of distributing wearable health devices to track vital signs in real time at Belfast

Maintaining sound employee relations

Strong labour relations founded on open communication, mutual respect and proactive engagement with our people are key to maintaining a stable and motivated workforce. We value employee voices, advance workplace equity and achieve transformation objectives by aligning our efforts with our DEI and employee relations strategies.

Our approach to employee engagement centres on maintaining a representative workforce, with respect for the needs of our host communities, and is defined in our **DEI strategy**. To cultivate a thriving and equitable workplace, we create inclusive policies, address systemic barriers and ensure leadership reflects workforce diversity. We drive initiatives aimed at addressing any identified issues to improve employee engagement and inclusion.

How we performed

In 2024, our ongoing commitment to sound employee relations, equity and engagement delivered meaningful outcomes. 5 483 employees (2023: 5 376) were represented by affiliated unions recognised by Exxaro (NUM, Solidarity, AMCU, FAWU and NUMSA). We secured three-year wage agreements with all employers, and these long-term agreements ensure ongoing labour stability across the business.



CENNERGI

Wind turbines are operated and maintained under contract by Nordex at Amakhala Emoyeni and by Vestas South Africa at Tsitsikamma. These contractors use sub-contractors for maintenance activities, employing 55 people (2023: 47) at Amakhala Emoyeni and 37 (2023: 29) at Tsitsikamma.

The 68MW LSP is being constructed under contract by Elsewedy and Edison, employing 428 people at year end.

Building a diverse and inclusive workplace

Our DEI strategy, supported by our employee relations strategy and people with disabilities policy, ensures equal access to employment, training and skills development opportunities. These frameworks enable us to address systemic barriers and promote equity across our operations.

We conduct culture and engagement surveys across our corporate centre and BUs every second year to track progress on our DEI strategy, leadership effectiveness and the integration of key culture themes. Exxaro's 2025 culture and engagement survey will evaluate the effectiveness of initiatives implemented in response to the 2023 survey and guide further enhancements to our workplace culture.

Future focus



Our primary focus in 2025 will be:

- Reviewing the effectiveness of initiatives implemented through a pulse survey to inform the next phase of Exxaro's culture journey
- Resetting the culture journey, defining key priorities for each milestone to position Exxaro for the next chapter of growth
- Strengthening leadership capability to foster an inclusive, psychologically safe workplace, enhancing the overall employee experience
- Introducing a compelling employee value proposition framework with distinctive offerings to position Exxaro as an employer of choice
- Launching men's forums across BUs to address issues specific to men and support Exxaro's gender equity priorities
- Collaborating with organised labour to implement the provision of the agreed long-term wage agreements
- Establishing a unified disciplinary framework across all Exxaro employers to enhance BU alignment and reporting efficiency
- Enhancing employee engagement platforms to listen, learn and improve based on employee feedback
- Enabling continuous skills alignment with future organisational needs through succession management to enhance business continuity and motivating employees with clear progression trajectories at Exxaro



Investing in talent

Our ability to deliver on business objectives and ensure business continuity depends on our ability to attract, develop and retain people with the right skills profile aligned with our strategy. Our talent management strategy supports a strong talent pipeline through learning and skills development, while community-based programmes promote inclusivity, empower youth and marginalised groups, and align with our employment equity targets.

Exxaro's talent management strategy aligns with our Sustainable Growth and Impact objectives, considering global and local trends and the evolving needs of our energy and minerals businesses. This strategy supports organisational inclusivity, future capability development and a healthy, engaged working environment. We leverage technology and supportive leadership to achieve these goals.


CENNERGI

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

How we performed

R402 million or
6.75% of our payroll spent
on training and development

(2023: R358 million or 6.22%)

Community development, such as
portable skills training

R9.4 million

(2023: R7.6 million)

Support for Youth Employment Service to
train and develop youth from our host
communities

R28 million

(2023: R22 million)

Job-related skills development
(functional and technical training)

R200 million

(2023: R193.5 million)

Bursaries, training professionals,
internships, learnerships and skills
programmes

R173 million

(2023: R126.6 million)

Developing targeted employees in
management programmes, leadership
roles, postgraduate studies and support
functions

R11 million

(2023: R10.5 million)

Future focus



Our primary focus in 2025 will be:

- Providing training on AI capabilities using open-source and customised software
- Expanding the accessibility and variety of learning opportunities through e-learning facilities
- Introducing the EduMine platform to offer mining experience in Exxaro technologies and prepare employees for future M&A opportunities
- Offering Bookboon resources, including downloadable books, podcasts and videos for online development



Social and relationship capital

The investment we make in our communities reflects our commitment to social responsibility. Guided by sustainability, stakeholder inclusiveness and collaboration, we uplift and empower our host communities to build better futures.

Understanding social and relationship capital at Exxaro

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 aims to mitigate systemic social challenges in our communities through a long-term perspective. 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.

Material theme	Matters	Strategies to achieve our objectives	Related strategic objective	Our broader impact
 Building sustainable communities	<ul style="list-style-type: none"> • Social licence to operate • Supporting a just transition to a low-carbon economy • Upholding and respecting human rights • Sustainable job and business creation 	<ul style="list-style-type: none"> • Focusing on local economic upliftment and community-driven projects through our Social Impact strategy (page 119) 		

Performance snapshot

Social impact	Local contracts worth R1.2 billion were awarded to 38 suppliers (2023: R1.9 billion; 31 suppliers)
	R187.29 million invested by Exxaro and Cennergi in socio-economic and ESD programmes (2023: R223.51 million)
	51 jobs created through SLPs (2023: 29)
	Certified level 2 B-BBEE contributor (2023: level 2)
	Four cases of community unrest at Leeuwpan (2023: four)

Looking ahead



Our primary focus in 2025 will be to continue:

- Going beyond compliance and achieving sustainable impact through our Social Impact strategy
- Enhancing our efforts to ensure delivery of the SLPs
- Strengthening economic opportunities and support for livelihoods in our communities

DETAILED DISCLOSURE



Read building sustainable communities ([ESG report](#), page 87) for details about our approach and performance.

Our strategic response to building social and relationship capital

We aim to foster inclusive, healthy and empowered communities while ensuring long-term resilience and value creation.

Our approach is embedded within our Sustainable Growth and Impact strategy, guided by ESG objectives that prioritise sustainable impact, human rights, land management and collaborative partnerships.

ESG objectives		Supporting the achievement of our Sustainable Growth and Impact strategy
Social impact	To contribute towards social cohesion and sustainable community development	 
Human rights	To respect and uphold human rights for all people in Exxaro's sphere of influence, ie where we have the ability to effect investments and developments	 
Land management	To leverage Exxaro's land assets to create sustainable post-mining economies	 
Partnerships and funding	To use Exxaro's capabilities and resources to attract partners and create impact at scale	  

Creating and preserving value through our Social Impact strategy

Our **Social Impact strategy** takes a holistic, long-term approach to addressing systemic challenges in host communities. Beyond compliance, it prioritises sustainable solutions that tackle root causes like education gaps, limited economic opportunities and land access, driving lasting socio-economic change. This approach integrates ESG principles and global SDGs to promote sustainable development within a low-carbon economy:

- **Environmental:** initiatives such as green procurement, land rehabilitation and climate-resilient agricultural practices contribute to reducing Exxaro's environmental footprint while building community resilience to climate change
- **Social:** our focus on education, job creation and SMME support reduces poverty and improves community resilience but also generates multiplier effects, influencing other areas of wellbeing without requiring additional investment
- **Governance:** partnerships with credible institutions, transparent funding mechanisms and adherence to global human rights and ethical standards ensure the strategy maintains integrity and scalability

Our Social Impact strategy ensures that Exxaro's social initiatives not only benefit current stakeholders but also lay the foundation for sustainable, equitable growth for generations to come.

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

Land use management (MSP)

Our land use management strategy empowers black emerging farmers by providing the resources and support needed to sustain and grow their businesses. Through the **MSP**, we offer:

- Mechanisation, inputs and access to land and markets
- Funding and skills development to enable commercialisation

The strategy also protects and manages current and future operations by utilising agricultural leases, supporting biodiversity and conservation efforts, and repurposing erven for employee housing, offices and training centres.



Creating post-mining economies ([ESG report](#), page 101)

Education

Our education initiatives improve the quality of education across all levels, focusing on:

- **ECD**, which lays a strong foundation for learning by enhancing physical, cognitive and social development for children aged zero to five
- **Whole school development**, which ensures sustained, quality education throughout primary and high school to benefit our communities



Education initiatives ([ESG report](#), pages 93 to 95)

SMME development

We strengthen black-owned businesses and drive local economic growth through:

- Financial support, skills development and training to enhance service and product delivery
- **The ESD programme**, which provides funding and development opportunities for black-owned suppliers and entrepreneurs
- Increasing the participation of black- and women-owned suppliers from host communities in our supply chain, fostering local economic inclusion and transformation



ESD ([ESG report](#), page 98)



CENNERGI

Amakhala Emoyeni and Tsitsikamma promote education and skills development, social welfare, healthcare, general administration and enterprise development. The socio-economic development and enterprise development commitments for the LSP are only applicable during the operation phase.



Natural capital

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.

Understanding natural capital at Exxaro

Exxaro's natural capital refers to the resources we rely on 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 natural capital

We understand that mining can result in long-lasting environmental impacts if unmanaged. Our strategy guides our approach in managing these impacts, thereby protecting the natural resources we rely on. We incorporate performance principles into our ESG management systems, environmental policies and practices. In addition, we comply with local legislation, management standards, and current and future-based best practice.

Material theme	Matters	Strategies to achieve our objectives	Related strategic objective	Our broader impact
Responsible environmental stewardship	<ul style="list-style-type: none"> Carbon emissions reduction and impact of climate change Environmental incidents Water stewardship Waste and pollution management Biodiversity and rehabilitation management 	<ul style="list-style-type: none"> Driving decarbonisation, including reducing scope 3 emissions across the value chain, through our Climate Change Response strategy and decarbonisation plan (page 121) Ensuring long-term sustainability through our environmental stewardship (page 124) initiatives 		
Executing our strategy	<ul style="list-style-type: none"> Build a leading energy solutions business 			
Principled governance	<ul style="list-style-type: none"> Embedding ESG Legal, regulatory, risk and compliance excellence 			

Performance snapshot

Climate change mitigation, adaptation and resilience

Developed our decarbonisation roadmap and a draft climate action transition plan

Environmental stewardship

Implemented nature-based solutions pilot projects, performed well against our energy intensity and water intensity targets and, unfortunately, recorded seven level 1 incidents (2023: three)

Looking ahead

To ensure our sustainability and mitigate our environmental impact, our future focus centres on implementing various environmental management measures, including waste management awareness programmes, energy efficiency projects, continuous dust fallout monitoring, developing a biodiversity management strategy and implementing a water treatment solution at Durnacol. In addition, our Climate Change Response strategy and position statement will be reviewed in 2025 to reflect updates from the decarbonisation roadmap.

DETAILED DISCLOSURE



Read our environmental stewardship ([ESG report](#), page 24) for details about our approach and performance.



Our strategic response to natural capital preservation

Our strategic response to natural capital preservation is rooted in our Sustainable Growth and Impact strategy, guiding efforts to reduce carbon emissions, rehabilitate land, protect biodiversity, and manage water, energy and waste sustainably.

By embedding environmental objectives within our strategy, we drive targeted responses that align with national benchmarks and industry standards, ensuring responsible resource use, impactful rehabilitation programmes, and collaborative strategic partnerships.

ESG objectives		Supporting the achievement of our Sustainable Growth and Impact strategy
Decarbonisation and resilience	To implement cross-cutting measures to decrease carbon emissions emanating from our operations and building on adaptation and resilience	
Air quality	To reduce air pollution, including dust fallout, PM ₁₀ and PM _{2.5}	
Rehabilitation programme	To close and rehabilitate mines for a positive social impact legacy	
Biodiversity management	To protect and conserve biodiversity within our area of influence through the implementation of management plans and initiatives that promote and enhance biological diversity	
Energy and water management	To set water and energy targets aligned to our national benchmarks, industry standards and site objectives, and to allow for future resilience of the business, environment and communities	
Waste management	To minimise our environmental impact by promoting waste management hierarchy and transforming waste streams into opportunities for a circular economy model	
Strategic partnerships	To partner with various stakeholders, enabling the successful delivery and broader positive impact of our ESG objectives	

Transitioning into a low-carbon business and climate change mitigation

Exxaro's commitment to carbon neutrality by 2050 is central to our vision for a sustainable future, supporting South Africa's low-carbon transition while positioning us as a leader in environmental stewardship.

We published our **Climate Change Response strategy** and assessment on our alignment with the TCFD recommendations in our 2020 Climate Change Response strategy report. The TCFD provides a strategic framework for guiding our Climate Change Response strategy. This supports our overarching Sustainable Growth and Impact strategy through three of the five objectives (transition at speed and scale, empower people to create impact and be carbon neutral by 2050).



Refer to the [databook](#) for our response to TCFD reporting requirements.

Driving forces behind our strategic transition

Accountability and responsibility through board oversight	Our board and its committees are ultimately accountable and responsible for overseeing Exxaro's response to climate change, ensuring integrated business processes and responses. The board also oversees the executive committee's execution of Exxaro's strategy, including measures that address climate change, among other material ESG matters.
Integrating climate change into our strategy	Our strategy to diversify through investments in our low-carbon transition minerals and grow our energy solutions business is key to addressing the impacts of climate change and reducing our scope 3 emissions.
Executing our decarbonisation roadmap	The roadmap and strategy will guide our emission reduction targets for scope 1 and 2 emissions. We will employ technology and integrate renewables to reduce our scope 1 and 2 emissions. Additionally, we form strategic partnerships and investigate innovative technologies to address scope 3 emissions to ensure carbon-neutral goods and services within the value chain.
Measuring, managing and reporting on performance	We report on energy and carbon data in terms of the GHG Protocol and participate in the CDP climate change and water programmes.
Collaborating	We engage and partner with various stakeholders to raise awareness and collectively drive climate action.
Addressing risks	Climate-related risks are incorporated into our ERM processes – a strategic initiative fully supported by the board and executive management.

Detailed disclosure in our ESG report

- ESG governance structure beyond compliance (page 116)
- Embedding ESG in our business (page 7)
- Prioritising climate change mitigation, adaptation and resilience (page 35)
- Stakeholder-inclusive approach (page 16)
- Risks and opportunities (page 28)

Natural capital continued

Our decarbonisation approach

This plan includes key initiatives, milestones and partnerships in line with our decarbonisation strategy to address scope 1, 2 and 3 emissions. Implementation of our plan will prioritise initiatives that effectively balance emission reduction, technology adoption, technological feasibility and funding availability, ensuring a comprehensive approach to our overall emissions reduction goals.

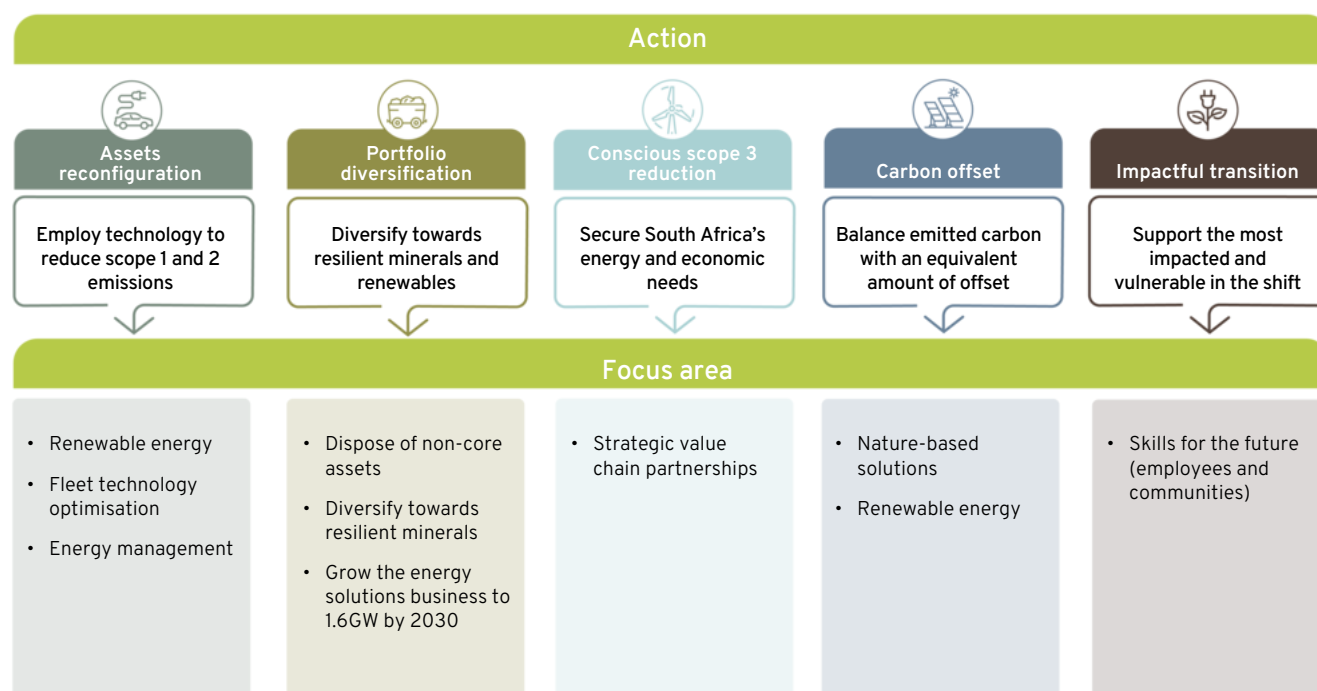
OUR GOAL

- To be **carbon neutral by 2050** for scope 1 and 2
- To actively investigate opportunities to reduce scope 3 emissions, as we intend to take our entire value chain along on our journey to decarbonise the portfolio

To achieve this, we will need to actively reduce our scope 1 and 2 emissions by at least 40% by 2030. This target was previously 2026 and was restated due to production changes. The commissioning of our first self-generation project (the LSP) will contribute to a 25% reduction in our scope 2 emissions and a 17% reduction in our total scope 1 and 2 emissions. The implementation of additional renewable energy projects at our Mpumalanga operations and energy efficiency projects will also contribute to the achievement of our short-term target.

Our decarbonisation strategy

We aim to achieve carbon neutrality by 2050 through a strengthened contribution towards a low-carbon transition.



Guiding principles

Exxaro's decarbonisation roadmap and plan apply exclusively to our current coal operations and assume that assets will continue to be mined until resources are depleted (LoM).

- Only Grooteegeluk is targeted for scope 1 decarbonisation, given its operating model and its contribution of 58% of total group diesel emissions
- Leeuwpan will not integrate renewable energy, while only 50% of Mafube's emissions were baselined and accounted for in the transition strategy
- Subsequent acquisitions or divestments will trigger a review of the roadmap



Managing climate-related risks

Our ERM processes consider and embed climate-related risks and opportunities into our existing processes and decision making. We conducted a detailed climate change scenario analysis in 2019 and 2020 to identify these risks and determine their relative significance. These risks remain relevant to our context. Our response includes leveraging opportunities such as resource efficiency, growing our energy business, self-generation projects, investments in low-carbon transition minerals and developing adaptive capacity.

Transition risks

Credit and insurance risk	1
Carbon pricing risk	2
Market risk	3
Reputational risk	4

Physical risks

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



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

How we performed

Total carbon intensity

4.12

(2023: 4.4tCO₂e/kTTM)

Scope 1 emissions*

1.49

(2023: 1.4tCO₂e/kTTM)

Scope 2 emissions*

2.63

(2023: 2.96tCO₂e/kTTM)

Resulting in a 6.36% decrease in carbon intensity compared to 2023 due to energy efficiency measures at our operations

Supporting research and development in climate change

R64.5 million

invested to date

(2023: R63 million)

Carbon tax liability

R3.3 million

for production-related emissions, ie fugitive methane emissions associated with the coal seams

(2023: R2.8 million)

CDP scores

B for climate

B for water security

* Only the operating mines' carbon emissions were taken into account for the intensity calculations. This excludes the ConneXXion, Hlobane, FerroAlloys, etc.



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

Future focus



We recognise that it takes time and a systematic, integrated and stakeholder-inclusive approach, to implement projects that will address the impact of climate change in a just and sustainable manner. Our focus for 2025 includes finalising our adaptation and resilience plans, and updating our various policies and Climate Change Response strategy – bolstering our readiness to achieve our long-term carbon neutrality target while current projects contribute to achieving our short-term targets.

Environmental stewardship

Exxaro's wheel of excellence, detailed below, provides a consistent framework for environmental stewardship across the group, ensuring alignment in compliance, implementation, monitoring and reporting at every level. It enables the seamless integration of new assets and guides BUs in building essential competencies to achieve high environmental standards.

Our environmental commitments are categorised into key focus areas, each underpinned by targeted strategies and policies:





How we performed

Key highlights

Progressed against our decarbonisation journey and identified and implemented decarbonisation projects and opportunities for the short to medium term, which included planting **16 000 Spekboom trees** at Grootegeluk and Leeuwpan as part of nature-based solutions adopted

Improved disclosure through participation in the **CDP**

Achieved an **energy intensity** of 27.688GJ/kt against our 2024 target of 32.329GJ/kt

Collected **data** on air pollutants at Grootegeluk – a key result of the multi-pollutant ambient air quality monitor installed

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

Achieved a **carbon intensity** of 4.12tCO₂e/kTTM against our target of 4.2tCO₂e/kTTM

No environmental fines, complaints or penalties recorded (2023: none)

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

Achieved a **water intensity** of 142L/t RoM against our target of 180L/t RoM



CENNERGI

Cennergi did not record any significant environmental incidents during the year (2023: none)

In 2024, we sharpened our focus on environmental priorities critical to our carbon neutrality goal for 2050. To drive decarbonisation, we advanced energy efficiency initiatives, implemented nature-based solutions and introduced energy and water performance metrics across all functional areas and strengthened our commitment to resource circularity.

We are also exploring strategic partnerships, adopting green technologies and employing robust environmental management tools to further enhance sustainability.

Key challenges

Seven

level 1 incidents recorded

(2023: three)

The Matla WUL renewal application was declined in 2022. There were various engagements between Exxaro and DWS which concluded in Exxaro conceding to line the Matla pollution control dams. Supporting documentation (including the designs for the dams) were submitted to DWS for the finalisation of the WUL.

Environmental incidents

Since updating our environmental incident management standard in 2021 to include level 0 incidents (those posing a potential risk but with no environmental impact), we have continued to monitor these events closely.

In 2024, Exxaro recorded 45 level 0 incidents (2023: 53), seven level 1 incidents (2023: three) and zero level 2 and 3 incidents.



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

Environmental complaints, penalties and fines

Environmental complaints can be raised during stakeholder engagements, by phone, letter or in the complaints book at each mine entrance. These are managed by environmental teams with support from head office specialists, who ensure corrective actions are implemented and monitored. Exxaro is exploring an electronic system to manage environmental complaints.

In 2024, Exxaro received no new environmental complaints.

Regulatory changes

The Climate Change Act 22 of 2024 was signed into law on 23 July 2024. This Act establishes a comprehensive framework for South Africa's climate response, including mitigation and adaptation measures. It introduces sectoral emission targets and mandates carbon budgets for major emitters, aiming to transition the nation towards a low-carbon, climate-resilient economy. As a key player in the mining sector, we are aligning our operations with these new requirements to comply with the Act.

Future focus



In 2025, the focus will remain on reducing emissions and energy consumption, protection of ecosystems, resource circularity, policy and regulatory developments in the ESG space. The ESG PMO will further aim to embed ESG criteria into project delivery through the integration of ESG KPIs.