

1 Managing ESG

Why this matters

Mining and energy operations have environmental and social impacts that require responsible management to protect long-term value, sustain community trust and maintain a strong social licence to operate.

A robust ESG approach helps Exxaro reduce emissions, manage climate risks, strengthen governance and create meaningful socio-economic benefits. It also enables us to meet the rising expectations of investors, regulators and other stakeholders.

By integrating ESG into strategy and performance, Exxaro enhances resilience, competitiveness and credibility as we transition towards a low-carbon future.



In this chapter, we unpack how we manage ESG, including:

- [Page 5](#) How we build a resilient and sustainable business by integrating ESG into our Sustainable Growth and Impact strategy
- [Page 9](#) How we govern and manage ESG
- [Page 13](#) How we engage with our stakeholders to better understand their legitimate needs and expectations
- [Page 16](#) The mechanisms we use to measure our progress against delivering on our ESG commitments

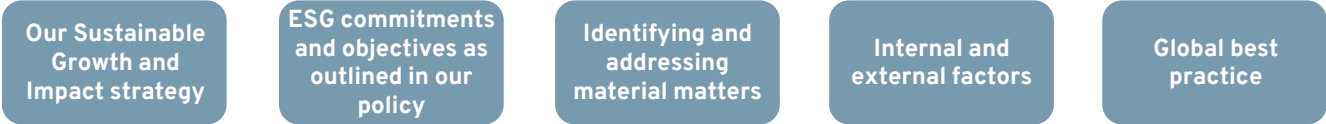
Significant milestones on our ESG journey over the past five years

	2020	2021	2022	2023	2024	2025
Environment	<ul style="list-style-type: none"> Acquired a controlling interest in Cennergi 	<ul style="list-style-type: none"> Optimised operations to run more efficiently to target scope 1 and 2 emissions reduction 	<ul style="list-style-type: none"> Implemented short-term incentive (STI) scheme KPIs to track water and energy targets 	<ul style="list-style-type: none"> Launched the Lephalale solar project to reduce our emissions and add to self-generated capacity 	<ul style="list-style-type: none"> Developed our decarbonisation roadmap and plan 	<ul style="list-style-type: none"> Approved and implemented our decarbonisation roadmap Commissioned the LSP at Grootegeluk (68MW)
Social	<ul style="list-style-type: none"> Launched initiatives for people with disabilities and inclusive culture 	<ul style="list-style-type: none"> Launched the employee wellness programme (EWP) 	<ul style="list-style-type: none"> Implemented the Social Impact strategy 	<ul style="list-style-type: none"> Embedded an intentional stakeholder engagement approach 	<ul style="list-style-type: none"> Launched our Ibandla Men's Forum as part of gender equity initiatives 	<ul style="list-style-type: none"> Launched our new One Voice Safety strategy Launched our diversity, equity and inclusion (DEI) e-learning programme
Governance	<ul style="list-style-type: none"> Board effectiveness initiatives, including a redesign of our board committees and its composition 	<ul style="list-style-type: none"> Leadership DEI capacity building 	<ul style="list-style-type: none"> Established an ESG committee and portfolio management office (PMO) 	<ul style="list-style-type: none"> Incorporated ESG objectives with key steps into our Sustainable Growth and Impact strategy 	<ul style="list-style-type: none"> Enabled DEI governance structures 	<ul style="list-style-type: none"> Approval of Exxaro's policy framework Amended our greenhouse gas (GHG) accounting policy to strengthen scope 1, 2 and 3 reporting alignment

How we embed ESG

Executing our Sustainable Growth and Impact strategy enables us to embed ESG in everything we do. This is guided by Exxaro’s draft ESG policy, which includes our ESG objectives aligned to our strategy.

Our approach to ESG is informed and guided by:



Sustainable Growth and Impact strategy

Our strategy takes an integrated, multi-stakeholder approach to building a resilient and sustainable future for the business. We aim to achieve this by transforming our operations and evolving into a diversified natural resources group. In doing so, we carefully consider our broader impacts and key ESG and compliance issues, which informed the development of our draft ESG policy.

Strategic objectives that support the execution of our strategy



Transition at speed and scale

We implement disciplined capital allocation aligned to our ambition of becoming a diversified natural resources champion while driving a positive energy transition and creating social impact. We will leverage our innovative organisational intelligence and take our people along as we focus on building a diversified natural resources portfolio.



Make our coal, metals and energy businesses thrive*

We enhance focus on our core delivery areas of coal, metals and energy by expanding our footprint, simplifying our portfolio through targeted divestments of non-core assets and maintaining strong operational and digital excellence.



Empower people to create impact

We empower people to create impact and we contribute towards sustainable livelihoods while ensuring our people have the requisite capabilities, skills, mindset and passion to do their best work, a core anchor in achieving our purpose.



Be carbon neutral by 2050

Through focused portfolio decarbonisation and supporting initiatives, we continue to power positive social, economic and environmental impact.



Become a catalyst for economic growth and environmental stewardship

We aim to positively impact our ecosystem during and after our operations in coal, metals and energy, contribute to community projects and build thriving, sustainable businesses through our social impact programmes. These programmes aim to drive lasting, scalable socio-economic upliftment and prosperity, independent of our presence and involvement.

Strategic enablers that support decisive strategy execution

Data and technology

We use data, analytics and technology to advance innovation and drive efficiencies, productivity and targeted improvements across our business. This supports a low-carbon future and unlocks long-term competitiveness and strategic value.

Skills and talent development

We focus on building talent while fostering workforce capability to drive successful delivery against our strategy. To ensure sustainable long-term resilience, we provide relevant skills development programmes to our people. We also offer bursaries and internships to nurture and create a resilient talent pipeline.


Partnerships

Partnerships with our stakeholders, including suppliers and industry players, are central to our success. Partnerships foster collaboration and provide a positive platform to facilitate growth, innovation and broad-based impact.

Capital allocation

Our disciplined capital allocation framework guides our investment decisions, anchoring our investment criteria. This is essential for financial robustness, effective risk management and continued prudent strategic investment execution.

* Formerly referred to as “Make our minerals and energy businesses thrive”.

 More information on our Sustainable Growth and Impact strategy can be found in our [integrated report](#) (page 16).

To ensure we effectively respond to ESG matters and improve our performance, we conducted a baseline assessment and gap analysis of our ESG projects and initiatives through our ESG PMO. The PMO also developed an ESG KPI template for consideration and application by project managers to facilitate the integration of ESG metrics during project development and implementation.

How we embed ESG continued

ESG commitments and objectives

Our draft ESG policy sets out the principles that inform our approach to ESG matters and describes our commitment to sustainability and maintaining sound governance procedures. The policy aligns with global standards, stakeholder expectations and business priorities, enabling agile responses to emerging trends, regulatory shifts and operating context changes. We expect the draft policy to be approved by the executive committee in 2026.













Our commitment	Objectives to achieve this	Aligned to our Sustainable Growth and Impact strategy
<p>Environmental stewardship</p> <p>We are committed to protecting and conserving our environment for sustainable use by future generations. We identify significant impacts, implement measures to mitigate or minimise these and maintain systems to address non-conformances where they arise.</p> <p>As a responsible business, we recognise that our ability to operate in the future depends on how effectively we manage environmental impacts across the value chain. We also acknowledge our role in addressing global challenges, such as climate change, and are adapting the way we operate to support an inclusive transition.</p>	<p>Decarbonisation and resilience</p> <p>Implement cross-cutting measures to decrease carbon emissions from our operations and build on adaptation and resilience</p>	
	<p>Air quality</p> <p>Reduce air pollution, including dust fallout, PM₁₀ and PM_{2.5}</p>	
	<p>Rehabilitation programme</p> <p>Undertake rehabilitation programmes to ensure a positive social impact legacy and develop long-term closure strategies</p>	
	<p>Biodiversity management</p> <p>Protect and conserve biodiversity within our area of influence through the implementation of management plans and initiatives that promote and enhance biological diversity</p>	
	<p>Energy and water management</p> <p>Set water and energy targets aligned to our national benchmarks, industry standards and site objectives, allowing for future resilience of the business, environment and communities</p>	
	<p>Waste management</p> <p>Minimise our environmental impact by promoting waste management hierarchy and transforming waste streams into opportunities for a circular economy model</p>	
	<p>Strategic partnerships</p> <p>Partner with various stakeholders to enable the successful delivery and broader positive impact of our ESG objectives</p>	
<p>Social impact</p> <p>We recognise that our long-term success is intrinsically linked to the wellbeing of our employees, contractors and host communities. By fostering a safe, inclusive and equitable working environment, and by investing in local economic development, we strengthen our social licence to operate and contribute to South Africa's transformation goals.</p> <p>We strive to empower people to reach their potential, support sustainable livelihoods and build resilient communities that can contribute meaningfully to society and a thriving economy beyond the life of our mining operations.</p>	<p>Health and safety</p> <p>Power zero harm through a risk-based mindset and boost our employees' and host communities' quality of life through integrated health and wellness programmes</p>	
	<p>Social impact</p> <p>Contribute towards social cohesion and sustainable community development</p>	
	<p>Human rights</p> <p>Respect and uphold human rights policy provisions for all people in Exxaro's sphere of influence, ie where we have the ability to effect investments and developments</p>	
	<p>DEI</p> <p>Be the industry leader in diversity and inclusion, developing capabilities and leaders, achieving compliance and fostering inclusion</p>	
	<p>Land management</p> <p>Leverage Exxaro's land assets to support emerging farmers and create sustainable post-mining economies</p>	
	<p>Partnerships and funding</p> <p>Use Exxaro's capabilities and resources to attract partners and create impact at scale</p>	
<p>Governance</p> <p>We embed ESG considerations into our governance systems and ensure that our decisions are guided by integrity, fairness and compliance with applicable laws, regulations and global best practice standards. This enables us to create enduring value and maintain legitimacy as a responsible corporate citizen.</p> <p>Effective leadership, sound risk management and transparent accountability structures are essential to maintaining the confidence of our stakeholders.</p>	<p>King IV and TCFD</p> <p>Align the organisation's governance and disclosure practices with the principles of King IV and the climate-related reporting framework of the TCFD to promote transparency, accountability and responsible decision making</p>	
	<p>Ethical practices and anti-bribery and corruption</p> <p>Foster an ethical culture that promotes integrity, implements safeguards to mitigate bribery, corruption and conflicts of interest, and is supported by clear policies, accountable leadership and effective mechanisms for reporting and addressing misconduct</p>	
	<p>Governance frameworks</p> <p>Establish clear governance structures, policies and oversight mechanisms that define roles, responsibilities and decision-making authority across the organisation</p>	
	<p>Capital allocation framework</p> <p>Ensure that capital investment decisions are disciplined, transparent and aligned with long-term value creation, sustainability objectives and prudent financial stewardship</p>	
	<p>Compliance and risk management</p> <p>Identify, assess and manage legal, regulatory and operational risks through clear compliance processes and integrated risk management practices</p>	
	<p>Board composition</p> <p>Maintain a diverse, independent and suitably skilled board capable of providing effective oversight, strategic guidance and balanced decision making</p>	

Materiality









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

The 2025 review identified 25 material matters, grouped into seven overarching themes.

This report has detailed information about the following matters and themes (summarised in our integrated report):

 <p>Building sustainable communities</p> <p>Maintaining our social licence to operate depends on the strength of our relationships with host communities. We aim to foster mutually beneficial relationships with them, and invest in local development and sustainable job creation. As we diversify our business and contribute to the transition to a low-carbon economy, we are committed to ensuring our communities' long-term sustainability.</p>	<p>Material matters Page 77 to 97 </p> <p>Integrated report, social and relationship capital </p> <ul style="list-style-type: none"> • Social licence to operate • Upholding human rights[^] • Sustainable job and business creation • Supporting an impactful transition to a low-carbon economy[^]
 <p>Enabling a thriving workforce</p> <p>Our employees are central to our business, driving our strategy and enabling our performance. We ensure a safe working environment, promote health and wellness, and maintain labour relations based on open communication and respect. Employee attraction and retention are vital to our growth and sustainability. Developing employees' skills and creating an inclusive workplace empowers employees to grow and contribute to our business.</p>	<p>Material matters Page 57 to 76 </p> <p>Integrated report, human capital </p> <ul style="list-style-type: none"> • Health, safety and wellness • Employee attraction, retention, development and DEI[^] • Labour relations
 <p>Principled governance</p> <p>We uphold good corporate governance principles to build stakeholder trust, enhance our reputation as a responsible corporate citizen and boost our resilience in a changing environment.</p>	<p>Material matters Page 98 to 173 </p> <p>Integrated report, governance </p> <ul style="list-style-type: none"> • Transparency, ethics and integrity • Embedding ESG • Legal, regulatory, risk and compliance excellence
 <p>Responsible environmental stewardship</p> <p>We are responsible stewards of the natural resources upon which our operations and communities rely. Not only do we aim to mitigate and manage our negative impact on natural resources, we also contribute to enhancing ecosystem resilience. Our goal is to ensure a sustainable future for our employees, communities and the planet.</p>	<p>Material matters Page 21 to 54 </p> <p>Integrated report, natural capital </p> <ul style="list-style-type: none"> • Carbon emissions reduction and impact of climate change • Water stewardship • Waste and pollution management • Biodiversity and rehabilitation management • Environmental incidents

We provide detailed disclosure of the following themes and matters in the integrated report (summarised in this report):

 <p>Adapting to a changing context</p> <p>We operate in a dynamic environment, shaped by social, political and economic issues. Globally, we are exposed to fluctuations in commodity prices, which impact the revenue generated from our resources. We are also affected by South African country risks, including policy uncertainty, inflation, stagnant economic growth, and infrastructure and service delivery challenges. To remain resilient, we must respond to these factors with agility while anticipating the future.</p>	<p>Material matters Page 8 </p> <p>Integrated report, operating context </p> <ul style="list-style-type: none"> • Macro-economic and geopolitical environment • South African infrastructure and service delivery challenges[^] • Commodity price fluctuations
 <p>Driving business resilience</p> <p>Business resilience supports the execution of our strategy. We reinforce our resilience through solid financial performance, supply chain management, effective capital allocation, responsiveness to logistical impediments, and private-public partnerships. Our innovation mindset and adoption of emerging technologies mean that we increasingly face cybersecurity risks. Cybersecurity measures are essential to mitigate these risks and protect our data assets.</p>	<p>Material matters</p> <p>Integrated report, intellectual capital </p> <ul style="list-style-type: none"> • Strong financial performance and capital excellence[^] • Logistical impediments • Supply chain management • Innovation and digitalisation • Cybersecurity*
 <p>Executing our strategy</p> <p>Climate change presents significant risks for organisations that do not adapt. Furthermore, the transition to a low-carbon economy brings opportunities for organisations to evolve their business models. Our response includes diversifying our assets, growing our energy solutions business and optimising our coal portfolio by disposing of non-core assets.</p>	<p>Material matters Page 23 </p> <p>Integrated report, our strategy </p> <ul style="list-style-type: none"> • Diversify responsibly into energy transition metals while optimising our coal business[^] • Build a leading energy solutions business

[^] Matter renamed or expanded.
^{*} New matter.

How we embed ESG continued

External drivers influencing our ESG practices

Global, local and industry drivers

Stakeholders assess a company's success through a broader lens, looking beyond financial performance to its environmental impact, social responsibility and governance standards. Several forces are driving this shift:

- Investors increasingly consider ESG factors in investment decisions
- Customers prefer products that are ethically sourced and sustainably produced
- Employees seek employers whose values align with their own
- Governments are tightening ESG regulations and compliance expectations

To remain sustainable in the long term, companies must respond effectively to all three ESG dimensions. Expectations for transparent and comparable reporting continue to rise due to:

- Greater due diligence requirements across jurisdictions
- Increasing regulatory pressure for more rigorous disclosures
- Converging global reporting standards that require consistency
- A demand for transparency and comparability from investors and other stakeholders to support decision making

Furthermore, the global transition towards a low-carbon economy is fuelling ongoing demand for energy transition metals such as copper and manganese, which are crucial across the renewable energy value chain. Manganese, in particular, is gaining significance given its importance for steel-making and green infrastructure.

How we are responding

Adopting global best practice

We have a draft ESG policy, as well as procedures, strategies and frameworks that guide and support our approach to ESG management and performance.

Our adoption of TCFD recommendations – which are the foundation of the IFRS S2 standards – and aligning our reporting and business processes accordingly continues as we explore options to adopt IFRS S1 and S2. Our Climate Change Response strategy also aligns with TCFD recommendations.

Exxaro's climate change position statement unpacks our journey to be carbon neutral by 2050, while our Climate Change Response strategy explains how we aim to achieve this and our efforts to build portfolio resilience in line with our Sustainable Growth and Impact strategy. Our response strategy and position statement will be updated in 2026 to reflect changes made to our decarbonisation roadmap and to consider new developments in climate change reporting regulations. We are developing our climate transition action plan, which will be completed in 2026.



Supporting the Taskforce on Nature-related Financial Disclosures (TNFD) will enable us to better identify and manage nature-related risks. In 2025, we assessed TNFD requirements and conducted a review of our existing TCFD to confirm alignment on both disclosure frameworks. We plan to initiate implementation through a biodiversity footprint assessment as a foundational step.



Exxaro was the main sponsor at the South African Climate Summit, and contributed to the development of South Africa's position at the UN Climate Change Conference of the Parties (COP30). The South African Climate Summit focuses on accelerating the country's just energy transition and meeting the COP30 goals.



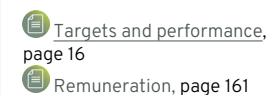
We are a signatory to the UNGC Active level and support the 10 universal sustainability principles.



Exxaro has participated in the Carbon Disclosure Project (CDP) climate change and water programmes since 2008 and 2010 respectively.



Our executive remuneration includes material ESG targets for water and energy efficiency. Our group STI and long-term incentive (LTI) schemes incentivise delivery against key financial, operational and ESG goals aligned to approved annual business plans.



Contributing to the UN Sustainable Development Goals (SDGs)

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

The SDGs that Exxaro materially impacts are highlighted in colour.

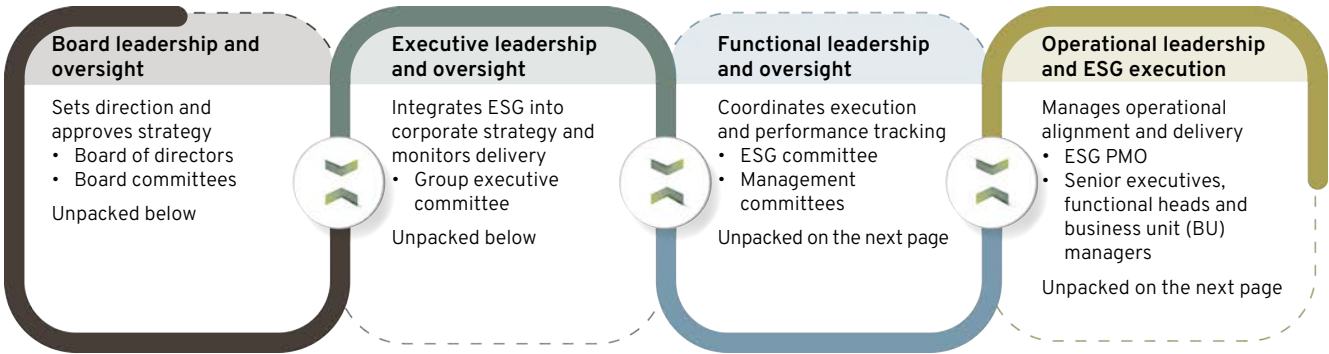
We have set targets aligned with the SDGs for our [Social Impact strategy](#) (page 77).

ESG governance and risk

Robust ESG governance and risk management enable Exxaro to integrate sustainability into every aspect of our business. Clear accountability structures, defined oversight responsibilities and disciplined risk processes ensure we implement ESG priorities consistently and that risks are identified, assessed and managed across all operations.

ESG governance structure and accountability

Exxaro works to integrate and embed ESG into the organisation through a tiered governance structure that ensures effective execution and accountability across the business. Oversight of sustainability matters is anchored at board level, supported by dedicated committees and management structures that drive effective execution and accountability across the business.



Board leadership and oversight

Board of directors

The board has ultimate responsibility for overseeing Exxaro’s ESG direction setting, performance and the management of sustainability-related risks and opportunities.

- Provides ethical leadership and oversight of ESG performance
- Approves ESG strategy, sets performance levels and monitors progress

The board distributes ESG oversight to board committees with defined ESG mandates.

Social, ethics and responsibility committee (SERC)

- Oversees implementation of Exxaro’s ESG framework and policies
- Monitors environmental and social performance, stakeholder trust, ethics and community impact
- Ensures compliance with statutory duties and best practice in health, safety and environmental management
- Governs stakeholder and ethics management, human rights, labour relations and community development
- Approves the group’s decarbonisation strategy

Risk and business resilience (RBR) committee

- Oversees ERM, including ESG and climate-related risks
- Monitors environmental and climate impacts from a risk and business resilience perspective
- Oversees regulatory compliance

Audit committee

- Ensures combined assurance coverage of ESG data and disclosures
- Oversees the integrity of non-financial reporting as well as IT and data governance

Remuneration committee

- Aligns ESG performance metrics with executive incentive measures
- Oversees fair and responsible pay practices, including equity and inclusion in reward outcomes

Investment committee

- Considers ESG-related factors in investment decisions, including decarbonisation and climate change risks
- Evaluates resource-efficiency and sustainability impacts of capital allocation

Logistics committee

- Considers energy, water, waste and pollution in logistics planning

Nomination committee

- Oversees board composition, diversity and succession planning

While accountability sits with the board, the responsibility for managing and monitoring risk and impact is delegated to management, with defined indicators and targets to measure and assess performance.

Executive leadership and oversight

Group executive committee

- Develops and executes ESG-integrated group strategy within the risk appetite approved by the board
- Defines ESG material issues and strategic responses to meet approved performance targets
- Oversees ESG KPIs, risk management and stakeholder relationships
- Reviews the effectiveness of internal controls, risk management and ESG reporting arrangements
- Guides stakeholder engagement and ensures sustainable business performance
- Drives implementation through the ESG committee

Management committees report on ESG performance, measurement and improvements.

ESG governance and risk continued

ESG committee

Management committees

Functional leadership and oversight

- Develops strategies to ensure material issues are addressed and the group ESG strategy implemented
- Develops issue-based strategies, execution plans, management standards, matrices and targets
- Reviews decarbonisation projects, budgets and risk mitigation measures for recommendation to the SERC
- Reports to the executive committee on ESG performance, progress and improvements
- Supports Exxaro's commitment to ESG public policy matters by embedding ESG in all business activities
- Develops and reviews the ESG framework policy for board approval

- Enterprise and supplier development (ESD) committee
- Ethics committee
- Group investment review committee
- Insider dealing committee
- Executive risk management committee

The relevant executive leadership oversees implementation, while BU managers ensure operationalisation, supported by the ESG PMO.

Operational leadership and ESG execution

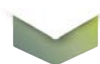
ESG portfolio management office

- Coordinates the implementation of ESG-aligned programmes and initiatives across BUs
- Monitors delivery of ESG projects and investment portfolios against approved KPIs and budgets
- Consolidates performance data for reporting to the ESG steering and executive committees
- Ensures alignment of ESG-related projects with strategic priorities and ERM processes
- Supports combined assurance through project governance, financial oversight and reporting discipline

To ensure the PMO's success and management of multi-stakeholder organisational change, we align the right resources and necessary skills sets, which include project management, risk management, systems and assurance, financial management and internal ESG experts.

Management's ESG roles and responsibilities

Executive and leadership	Senior management	ESG responsibilities
CEO	Group manager: internal audit	<ul style="list-style-type: none"> • Enable the adoption of leading practices across the organisation • Provide accountability for the company's ESG strategy and performance • Embed ESG principles into corporate strategy, culture and decision making, ensuring alignment with long-term business objectives • Champion the company's climate change and sustainability commitments • Oversee effective risk management, including identification and mitigation of ESG-related risks and opportunities • Foster a culture of ethical leadership, transparency and accountability across the organisation • Support and enable the board in fulfilling its responsibilities for ESG matters • Internal audit: provide assurance, offer valuable insights, promote operational efficiency and enhance governance
Finance director (FD)	Group managers: finance, strategic finance and treasury, taxation, legal and compliance, risk, investor relations	<ul style="list-style-type: none"> • Ensure legislative and regulatory financial compliance • Balance growth and risk through effective financial risk management and capital allocation • Build and maintain long-term trust relationships with stakeholders
Executive head: coal	General managers: Grootegeluk complex, Matla, Belfast, Leeuwpán; and FD: coal	Embed sustainable mining practices into our way of working by: <ul style="list-style-type: none"> • Reducing scope 1 and 2 emissions, improving business resilience to climate change impacts and increasing our adaptive capacity • Ensuring water and energy efficiency at operations • Operating mine concurrent rehabilitation • Maintaining and exceeding our social licence to operate • Maintaining world-class health and safety standards while striving for zero harm
Executive head: energy	Head: growth, CEO: Cennergi and chief financial officer: Cennergi	<ul style="list-style-type: none"> • Engage in energy operations and investments to create sustainable impact and contribute to decarbonisation



Executive head: metals	Group manager: value engineering and optimisation	<ul style="list-style-type: none"> Engage in metals operations and investments Drive value effective business integration Optimise operations within the metals division Unlock efficiencies and enhance long-term sustainability Ensure metals operations comply with all ESG standards, policies and regulatory requirements Drive the implementation of sustainable mining and processing practices to minimise environmental impact, including water use, waste and emissions Support the company's climate change strategy Promote safe, healthy and inclusive workplaces
Executive head: strategy and business development	Group managers: strategy and development, business development manager, technical and integration manager	<ul style="list-style-type: none"> Execute the strategy by growing and diversifying our portfolio responsibly Coordinate strategy execution throughout the business Enable strategic resilience Minerals pre-investment committee manages metals mergers and acquisitions (M&A) Provide a central strategy compass and roadmap towards Exxaro's future
Executive head: technical services	Group managers: mineral asset management, information management, projects, technology, technology investment review; and general manager: technical support and optimisation	<ul style="list-style-type: none"> Increase asset productivity through state-of-the-art technology Maximise the value of our mineral assets Implement IT governance measures and ensure security of information and systems Leverage sourcing and partnerships
Executive head: sustainability	Group managers: integrated environment, social impact, security, health and safety Managers: mine closure and Ferroland, climate change and ESG	<ul style="list-style-type: none"> Lead environmental stewardship and oversee the process to acquire and maintain our licence to operate (current and future) Ensure reduction of climate-related risks and achieve carbon neutrality by 2050 through decarbonising operations, tracking emissions, reducing climate-related risks, strategic partnerships and collaboration, and reducing value chain emissions Promote a positive legacy through rehabilitation best practice and mine closure Implement programmes to achieve and maintain zero harm and zero fatalities, as well as improving employee and community health and wellbeing Implement the Social Impact strategy (education, SMME development and land use management for sustainable community livelihoods) Use Exxaro's land to create social impact
Executive head: people and performance	Managers: performance and culture, organisational design and remuneration, employee relations and compliance	<ul style="list-style-type: none"> Embed the DEI strategy Implement the remuneration policy and responsible labour practices Build and maintain stakeholder engagement Drive responsible performance practices
Executive head: commercial	Group manager: marketing and logistics; and group manager: supply chain management	<ul style="list-style-type: none"> Ensure supply chain and logistics operations comply with all ESG policies, standards and applicable regulations Promote responsible and ethical sourcing, including supplier due diligence, labour standards and anti-corruption practices across the supply chain Drive sustainable logistics strategies, focusing on optimising transportation and distribution networks Integrate ESG considerations into supplier selection, contracting and performance management, encouraging continuous improvement and accountability Strengthen supply chain resilience and risk management Leverage sourcing and partnerships Caring for our employees, contractors and the communities we operate in Drive effective governance and entrench business resilience
Group company secretary, governance and ethics	Company secretaries, senior specialist: governance, chief ethics officer	<ul style="list-style-type: none"> Provide the board and management with corporate governance guidance Ensure compliance with corporate regulatory affairs and national and international best practices Maintain status as a custodian of governance information Preserve the business's integrity and protect its reputation in providing a compliance and regulatory compass Embed and maintain a culture of ethics and integrity Drive effective governance and entrench business resilience



BU management teams

- Embed ESG practices into daily operations
- Monitor site-level performance and escalate emerging risks

Technical working groups

- Provide subject matter expertise (eg decarbonisation, water, social performance, health and safety)

The policies supporting our ESG focus are referenced throughout this report.

All reports submitted to our board, its committees and executive committee require management to reflect on strategy and financial implications, and provide directors with a risk analysis of major risks applicable to the matter and its ESG implications. This approach highlights the importance of ESG in everything we do.

ESG governance and risk continued

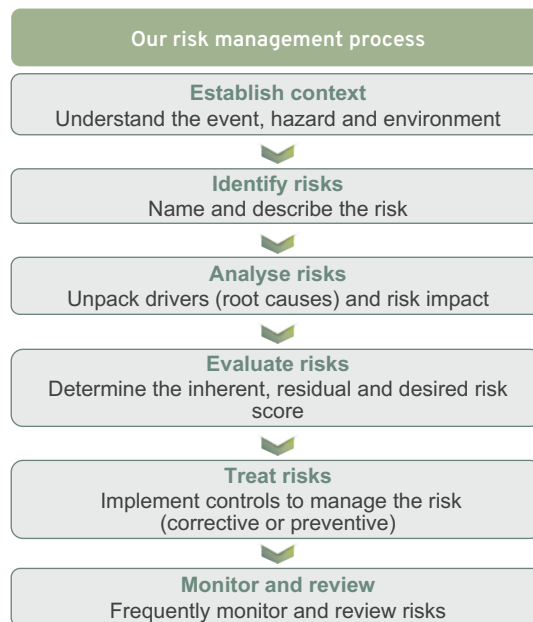
Integrated risk management

Exxaro's ERM framework provides a structured, integrated approach to identifying, assessing and managing risks that could affect value creation. We conduct risk assessments at all levels of the organisation and consider ESG-related risks across the group as part of our ERM approach.

The ERM process, aligned with ISO 31000 and King IV, combines top-down and bottom-up assessments to ensure that emerging and site-level risks are escalated to the appropriate governance level and that strategic risks translate into operational action.


- The board defines the group's risk appetite and tolerance levels and oversees risk management through the RBR committee
- The group company secretary, governance and ethics enables implementation of the ERM framework across all operations, supported by the executive committee, ESG committee and PMO
- Line management remains accountable for executing risk controls, embedding ESG considerations into daily decisions and maintaining compliance with internal policies and regulatory standards

By embedding ESG factors into our ERM framework, we ensure that emerging sustainability trends, such as regulatory changes, community relations and stakeholder expectations are proactively identified and integrated into strategic planning.



Our stakeholder engagement

We prioritise transparent, meaningful engagement to ensure stakeholder perspectives and needs inform our decisions. This deepens trust and reflects our core values of accountability and inclusivity.

17  **Contributing to SDG 17**

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

PARTNERSHIPS FOR THE GOALS

Our approach to engagement

We have a stakeholder management policy and engagement procedure that outline our strategy-led, outcomes-based approach, enabling us to build and maintain intentional and meaningful relationships. Our policy sets out the importance of these relationships and provides guidance on how they should be managed to effectively address stakeholder concerns, mitigate risks, unlock opportunities and support the achievement of our strategic objectives. We monitor the effectiveness of engagement and quality of relationships through periodic surveys, feedback platforms and the outcomes of key interactions.

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

Stakeholder universe

We continuously review our stakeholders to understand the mutual influence between their expectations and our ability to execute our strategy, manage ESG priorities and respond to key risks. We group stakeholders into four broad categories, with engagement objectives and focus areas for each stakeholder.



On the next page, we unpack each key stakeholder, why we engage with them and focus areas for the current and future financial years.



The board's annual stakeholder days were successfully held in Lephalale in November 2025, featuring high-level engagement with the DMPR regional manager, Limpopo premier Dr Phophi Ramathuba and the members of the executive council for education, health, and sport, arts and culture. While government leadership provided largely positive feedback regarding Exxaro's performance, community representatives raised ongoing concerns regarding procurement and employment opportunities.

Stakeholder	Description	Why we engage	2025 focus areas	2026 focus areas	Read more
Government	National, provincial and local government bodies that shape policy direction, socio-economic priorities and the broader operating environment in which Exxaro functions.	We share strategic developments, collaborate on socio-economic and policy matters, support national development priorities, engage government on business resilience, ESG performance and community/environmental commitments.	<ul style="list-style-type: none"> Engaging with the DMPR* on social and labour plan (SLP) initiatives, the manganese acquisition announced in May 2025 and the Leeuwan section 189 Aligning social impact initiatives with government development priorities Participating in G20 and Business Leadership South Africa B20 engagements Participated in investment conferences in Limpopo and Mpumalanga Hosting the Limpopo Premier and her delegates at Exxaro's Lephalale stakeholder engagement day with our SERC Supported grade 12 results announcements in Limpopo and Mpumalanga and DMPR Minister's Back to School campaign Initiated a potential strategic partnership with UN Women, aiming to leverage Exxaro's ESD programme to advance women's empowerment significantly. This was kicked off after Exxaro was invited to join the South African delegation as a business representative in support of the Department of Women, Youth and Persons with Disability at the 69th meeting of the United Nation's Commission on the Status of Women in March 2025 Providing valuable business input at a Cooperative Governance Human Settlement and Traditional Affairs ministerial roundtable, directly shaping the review of the white paper on local government and strengthening its role as a key partner in local economic development and infrastructure 	<ul style="list-style-type: none"> Continued implementation of our Sustainable Growth and Impact strategy and Social Impact strategy Continue to build relationships that enable inputs into policy development, the securing of licences and authorisations and execution of strategic projects Promoting Exxaro's strategic objectives among government stakeholders and their alignment to the national development agenda Keep government informed of strategic developments Collaborate to find solutions for socio-economic challenges Partner in mutually beneficial projects Invest in South Africa's socio-economic development Demonstrate our ESG performance and how Exxaro responds to ever-increasing demands, responsible environmental management and community commitments through improved communication Engage the DMPR on overdue SLP projects Engaging with Transnet on logistics solutions through Richards Bay Coal Terminal to improve performance on the Coal Line and directly to improve the performance of rail services from the Waterberg 	Empowering people and communities (page 55 to 97)
Regulators	Specialised regulatory authorities responsible for enforcing mining, environmental, water, safety and other compliance requirements across Exxaro's operations.	We maintain constructive compliance relationships, engage on licensing, mine closure and environmental requirements, align on regulatory expectations and ensure transparent reporting and assurance.	<ul style="list-style-type: none"> Engaging with the Department of Water and Sanitation (DWS) and Department of Forestry, Fisheries and the Environment (DFFE) on climate change, water and closure issues Engaging with the DMPR, DWS on Matla mining rights and water use licence (WUL) renewal Providing air quality management and compliance information Engaging regulators on air quality regulations and broader air quality requirements Collaborating on atmospheric data needs Communicating environmental management to regulators Engaging with regulators at Exxaro's CEO sustainability summit 	<ul style="list-style-type: none"> Regular engagement on water, mine closure and licensing matters Engaging on climate change and air quality compliance requirements and developments Communicating our environmental performance and stewardship approach 	Our environmental stewardship (page 21) Empowering people and communities (page 55)
Employees	7 637 employees and 14 300 contractors for Exxaro and Cennergi.	We communicate progress, co-create solutions, strengthen culture and inclusion, support change, develop capabilities and provide platforms for feedback and employee voices.	<ul style="list-style-type: none"> Engaging through workshops, dialogue and leadership sessions (CEO roadshows, culture live sessions, BU sessions) and employee surveys with follow-up action plans Advancing DEI through anti-racial charter actions, disability forums, women's empowerment, men's forums, gender-based violence (GBV) and LGBTQIA+ awareness Supporting employees through organisational changes and reinforcing a high-performance culture Strengthening health, safety and mental wellbeing through safety engagements, awareness campaigns and wellness initiatives Providing communication about strategic business changes and their impact on employees 	<ul style="list-style-type: none"> Continued leadership visibility and employee engagement Continued focus on culture development and our DEI journey Talent, skills and capability growth Providing fair rewards, incentives and progression pathways Health, safety and employee wellbeing Communicating our strategy and social impact performance 	Engaging our employees (page 65)
Labour unions	Recognised labour unions that represent employees' interests and participate in collective bargaining and workplace forums.	We aim to promote fair labour practices, workplace stability and constructive dialogue through transparent engagement, formal structures and collaborative problem solving.	<ul style="list-style-type: none"> Implement issues that emanated from the 2024 wage negotiations Concluded Recognition Agreement with HOSPERSA at Ferroland Grondtrust 	<ul style="list-style-type: none"> We will continue transparent engagement on performance and transformation Engage unions on logistics-related operational impacts Manage union recognition processes Strengthen constructive labour relations and union capability building Continue to implement multi-year wage agreements 	Engaging our employees (page 65)
Communities	Communities living in and around our operations who are affected by Exxaro's activities and rely on the company for social, economic and developmental opportunities.	We aim to build trusting relationships, share information about our strategy and purpose, respond to community needs, co-create solutions, support socio-economic upliftment and uphold Exxaro's social licence.	<ul style="list-style-type: none"> Delivering SLP commitments across skills and infrastructure Leveraging land for socio-economic value Planning future SLPs with communities and government Improving SLP delivery to meet expectations Funding community development, ESD, corporate social investment (CSI) and youth programmes 	<ul style="list-style-type: none"> Our focus remains on strengthening social impact ecosystems to enable Exxaro to continue delivering on our SLP, ESD, youth initiatives and infrastructure commitments Improving community consultation for social impact-aligned SLP planning and enhancing SLP delivery Maintaining constructive and stable community relationships 	Empowering our communities (page 77)
Investors	Existing and potential shareholders, investment analysts and other capital providers with current and future interest in Exxaro's operational, financial and ESG performance, and long-term value creation.	We proactively and consistently engage to build trust through transparency, provide clarity on our sustainable growth and impact strategy, capital allocation and long-term value creation to support fair valuation of the business. We also engage to gather investor insights and feedback to sharpen our strategy.	<ul style="list-style-type: none"> Reaffirming Exxaro's Sustainable Growth and Impact strategy Proactively engaged investors during leadership transition, affirming that the transition was managed through established governance processes Communicating the accelerated prudent delivery of our diversification strategy, announcing the acquisition of select manganese assets from Ntsimbintle Holdings and OMH and the growth of our energy solutions business Cennergi through strategic acquisitions Announced the review of our capital allocation framework following manganese acquisition and the removal of the R12 billion to R15 billion cash buffer Proactively engaged shareholders during the board's governance roadshow and gathered insights and feedback on Exxaro's remuneration package 	<ul style="list-style-type: none"> Drive communication on integration and value realisation from our manganese assets and energy acquisitions Articulate the opportunities presented by Exxaro as we are becoming a diversified natural resources champion with a strong coal base, a growing energy solutions business and a globally significant manganese producer Maintain our proactive engagement approach with investors domestically and internationally and enhance transparency and the quality of our disclosure 	Benchmarking our performance (page 19), remuneration report (page 151) Integrated report: Chairman's statement (page 8), our strategy (page 16)
Customers	We have domestic and offshore customers in Europe, Asia and other markets. Eskom remains the largest customer of our coal sales.	We aim to understand their requirements, strengthen relationships, collaborate on market trends and environmental priorities, and support operational and supply performance.	<ul style="list-style-type: none"> Engagement on environmental issues, scope 3, trends and opportunities Addressing customer concerns through improved service performance Ensuring consistent, reliable product supply and responsive service Communicating societal, environmental and climate commitments 	<ul style="list-style-type: none"> Customer engagement and insight gathering Strengthening long-term customer relationships Understanding customer requirements and partnerships Ongoing engagement on environmental issues, scope 3, trends and opportunities Addressing customer concerns through improved service performance Ensuring quality and reliability of product supply Communicating Exxaro's societal, environmental and climate commitments 	Integrated report: Manufactured capital (page 101)
Suppliers	Exxaro partners who render services and supply goods to execute strategic, transformational, ESG, and security and localisation of supply objectives at our operations.	We work and collaborate to improve performance, manage risks, ensure compliance, drive innovation projects and partner on business priorities, such as cost efficiency, sustainability and ethical practices.	<ul style="list-style-type: none"> Strategic engagement with suppliers on cost, transformation, supply security, risk and decarbonisation Communicating the local procurement strategy and progress Educating suppliers on accessing business and funding opportunities Securing supplier commitments to local economic development Engaging suppliers on preferential, local and green procurement expectations 	<ul style="list-style-type: none"> Continued focus on ensuring security of supply to support business continuity and performance Engaging on contract management adherence and governance Joint priorities on achieving safety, transformational procurement, ethical sourcing and environmental compliance goals Collaborate for continuous improvement Encourage and support supplier led innovations, proof of concepts and co-developments Co-ownership of total cost optimisation and value creation beyond price Partnering on local economic development and performance objectives 	Driving supply chain sustainability (page 91)

* In August 2024, the Department of Mineral Resources and Energy (DMRE) was reorganised, with mineral and petroleum resources functions transferred to the Department of Mineral and Petroleum Resources (DMPR).

How we measure our progress and impact

ESG performance is a key indicator of a company’s management, sustainability and risk profile. Stakeholders use it to guide investment and lending decisions, assessing Exxaro’s ESG risk exposure and management relative to peers.

ESG KPIs

Our ESG KPIs reflect our ongoing drive to operate responsibly and measure how effectively we are progressing against our strategic ambitions and sustainability commitments. These indicators are shaped by our integrated ERM framework, which highlights the issues most critical to our business. Oversight remains strong, with the board and executive committee reviewing performance quarterly to ensure we stay on course and deliver meaningful outcomes.

To maintain the credibility of our disclosures, selected KPIs undergo independent assurance through our combined assurance process. This strengthens the reliability of our reporting and supports transparent disclosure of the value we create, protect or diminish across our six capitals and key performance areas.

Environment-related KPIs



Natural capital

	Carbon intensity (scope 1 tCO ₂ e/total kilotonnes mined (kTTM))	Carbon intensity (scope 2 tCO ₂ e/kTTM)	Water intensity (kL/tonne run of mine (RoM))	Physical rehabilitation (actual versus budget)	Reportable environmental incidents
Target	Actual for previous year less 0.25%	Actual for previous year less 0.25%	0.15 to 0.18kL/tonne RoM	0% deviation from budget	0 level 2 0 level 3
2025	10% increase	17% increase	0.145kL/tonne RoM^{RA}	5% deviation from budget	0 level 2s^{RA} 0 level 3s^{RA}
2024	3.4% increase	10.8% reduction	0.142kL/tonne RoM	0% deviation from budget	0 level 2 0 level 3
2023	> 5% reduction	> 5% reduction	0.105kL/tonne RoM	Between 0% to 25% deviation from budget	1 level 2 0 level 3
Aligned to our Sustainable Growth and Impact strategic objectives					

Social-related KPIs





Human and social relationship capitals


	Number of fatalities	LTIFR*	LTIs*	Occupational health diseases	OHIFR* reported
Limit	0	0.05	7	0	0.13
2025	0^{RA}	0.04^{RA}	7^{RA}	40^{RA}	0.22^{RA}
2024	0	0.06	10	23	0.14
2023	0	0.07	11	23	0.15
Aligned to our Sustainable Growth and Impact strategic objectives					


^{RA} Reasonable assurance provided.

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

	Employees who received HIV awareness	Employees who were counselled and voluntarily tested for HIV	HIV prevalence rate compared to country prevalence rate
Target	95%	95%	Less than the country prevalence rate
2025	98%	97%	1% compared to 12% less than the country prevalence rate
2024	99.12%	94.3%	1% vs 12% less than the country prevalence rate
2023	92.92%	69%	1% to 10% less than the country prevalence rate
Aligned to our Sustainable Growth and Impact strategic objectives			

	Black ownership at group level	B-BBEE level	People with disability representation
Target	30%	Level 3	1.50%
2025	47.10%	Level 2	1.70%
2024	47.10%	Level 2	1.69%
2023	47.10%	Level 2	1.69%
Aligned to our Sustainable Growth and Impact strategic objectives			
			



	Top management	Senior management	Middle management	Junior management
Historically disadvantaged person (HDP) representation				
Target	50%	60%	60%	70%
2025	25%	79%	87.6%	85.6%
2024	50.00%	73.65%	77.46%	79.06%
2023	50.00%	73.33%	83.44%	82.31%
Women representation				
Target	20%	25%	25%	30%
2025	25%	37.9%	47.8%	36.3%
2024	25.00%	36.26%	45.64%	35.42%
2023	25.00%	30.67%	45.31%	34.03%
Aligned to our Sustainable Growth and Impact strategic objectives				
				

	Skills provision (% of appointment of employees within)	Scarcity skills retention (% turnover)	Skills development expenditure*	Human resources development spend as % of payroll – Mining Charter III
Target	60%	5%	3.1%	5%
2025	81.70 ^{RA}	3.71 ^{RA}	5.82%	5.31%
2024**	72.8%	3.6%	3.5%	5%
2023	73.66%	4.5%	3.16%	5.04%
Aligned to our Sustainable Growth and Impact strategic objectives				
				

^{RA} Reasonable assurance provided.

* On learning programmes in the learning programme matrix for black people as a percentage of leviable amount – B-BBEE.

** The operational effectiveness process completed in 2024 resulted in the decrease compared to the 2023 statistics.

	Enterprise development	Supplier development	Socio-economic development	Time variance from plan	Cost variance from plan
% of net profit after tax (NPAT)			Project delivery measure – local economic development projects per SLP		
Target	1%	2%	1%	Within 10% deviation	Within 10% deviation
2025	1.00%	1.15%	1.00%	12% behind schedule	2% under budget
2024	1.00%	1.57%	1.00%	14% behind schedule	48% under schedule
2023	0.74%	0.88%	0.58%	18% behind schedule	44% under schedule
Aligned to our Sustainable Growth and Impact strategic objectives					
					

How we measure our progress and impact continued

Governance-related KPIs



Financial, intellectual, social and relationship capitals

Fraud and corruption/ asset destruction		System availability (Core P1 and enterprise resource planning solutions)	Information management projects	
			Cost overrun	Time overrun
Target	0%	97%	10% over budget	10% behind schedule
2025	0%	99.82%	48% under spent	25% behind schedule
2024	0%	99.68%	41% under spent	29% behind schedule
2023	0%	98.66%	73% under spent	22% behind schedule
Aligned to our Sustainable Growth and Impact strategic objectives				

Environmental liability provisions*		Stoppage directives (includes directives in terms of NWA, NEMA and MPRDA***)	Stoppage directives (includes section 54(1)(a) and (1)(b) in terms of MHSA***)
Commercial and captive operations**			
Target	Between 80% and 100%	0	0
2025	Between 80% and 100%	0 ^{RA}	1 ^{RA}
2024	Between 50% and 80%	0	0
2023	Between 50% and 80%	0	4
Aligned to our Sustainable Growth and Impact strategic objectives			

^{RA} Reasonable assurance provided.

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

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






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

Valid authorisations			Compliance to valid licences/authorisations [#]	
	Current operations	Projects	Current operations	Projects
Target	100%	100%	100%	100%
2025	100%	100%	98.1%	100%
2024	100%	100%	97%	100%
2023	100%	100%	97%	100%
Aligned to our Sustainable Growth and Impact strategic objectives				

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

Benchmarking our performance

We compare our ESG performance with leading global peers to understand how we measure up to investor expectations. Independent ratings agencies review our performance using publicly accessible sources such as reports, websites and media coverage, applying their own assessment criteria. To strengthen the quality and clarity of our reporting, we actively engage with these agencies and focus on transparent, stakeholder-friendly disclosure. Through this approach, we continue to achieve ESG ratings that outperform many of our industry counterparts.

<p>FTSE Russell's ESG scores help investors assess a company's exposure to and management of ESG issues. The index measures our ESG risks and impact across themes relevant to the mining sector.</p>	<p>3.9/5 overall ESG score</p>	<p>Over the past seven years, we have consistently achieved good scores, demonstrating our commitment to improving our performance. Despite the slight decrease in 2025, we remain ranked in the top quartile of global performers in the basic resources supersector.</p>	
<p>MSCI ESG Ratings assess and compare companies' ESG performance across industries, helping investors integrate ESG factors into decisions and identify sustainable opportunities.</p>	<p>A rating</p>	<p>Exxaro remains one of the top performers among our peers' ESG reports.</p> <p>Areas of disclosure improvement include our high exposure to safety risks, environmental liabilities and an inadequate anti-corruption policy.</p>	
<p>By supplying comprehensive research, data and analytical tools, Institutional Shareholder Services helps investors and companies advance long-term sustainable growth.</p>	<p>C rating</p>	<p>This rating shows that we have a high transparency level, demonstrating our continued commitment to good corporate governance.</p> <p>Areas for disclosure improvement include publication and disclosure of our stance on political contributions as well as the integration of contractors into our safety management systems.</p>	
<p>The Sustainalytics ESG rating assesses a company's exposure to industry-specific risks and how effectively it manages them.</p>	<p>36.6 ESG risk rating</p>	<p>Exxaro's exposure was rated high and management was rated strong, which indicates the robustness of our ESG programmes, practices and policies.</p> <p>We regularly assess feedback from other ratings agencies to identify common assessment areas and improvement opportunities.</p>	
<p>S&P Global ESG Scores evaluate companies' ESG risk management and overall sustainability, with high scores reflecting strong ESG practices.</p>	<p>49/100 ESG score</p>	<p>Our scores in the ESG and economic categories are above the industry averages. We also achieved a high data availability rating, highlighting our focus on transparency.</p>	

How we measure our progress and impact continued

Recognition

This year, we earned multiple accolades for meeting our ESG commitments and enhancing the transparency and accuracy of our reporting.



Our placement in the 2025 EY Excellence in Integrated Reporting Awards Top 10 category reflects our commitment to integrated thinking in strategic decision making.



Our 2024 integrated report won the top 40 category at the 2025 CGISA integrated reporting awards. This award recognises Exxaro's commitment to innovation and excellence in integrated reporting.



Exxaro received five safety awards at the 2025 Coal Safe Awards – reflecting the progress we have made towards our goal of zero harm.

Read more about our [safety awards](#) on page 59.

