In a rapidly evolving operating environment, our focus is on remaining resilient to the factors that can influence our performance. We respond to these factors by optimising our well-capitalised coal business to support energy security while unlocking growth opportunities in energy transition metals. Through this balanced approach, we aim to create sustainable value for stakeholders and contribute to an energy landscape that is impactful and inclusive.

3 The forces shaping our business

Operating context

Exxaro's operating context encompasses the external drivers that impact our ability to create value. Macro-economic factors and commodity market trends, with associated risks and opportunities, inform our material matters and influence our strategic direction and performance.

Long-term forces shaping our future

As we look to a low-carbon future, we must balance the transition with South Africa's current socio-economic development, which currently relies on a national electricity grid that is largely coal-powered. The following forces can threaten value creation in the medium to long term, but organisations that adapt will gain a significant advantage.

Climate change	Climate change poses physical risks in the form of extreme weather events and rising temperatures that interrupt operations and threaten the health and safety of our people, while precious natural resources like water and biodiversity become increasingly scarce.
Energy transition	Disruptive technologies in the energy sector pose a medium to long-term risk of displacing our coal business.
Impactful transition	The transition to a low-carbon economy carries significant socio-economic implications for our business and communities, and we must ensure this is done in an equitable manner to the benefit of all stakeholders.
Stewardship	We are stewards of our coal assets, responsibly maximising their value. We must use these assets to build a sustainable business for investors, employees and communities and contribute to a sustainable future for the planet.

Read more about these forces in operating outlook (page 39).

How these forces are unfolding in our current context

These global forces shape our operational context. In light of the local and international shift to new energy sources that power development and, specifically, emerging technologies, we are positioning ourselves strategically to take advantage of market dynamics and growth opportunities.

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Our macro-economic context: trends influencing our business

1 Significant progress in South Africa's freight logistics system reform, but challenges remain

The freight logistics system reform, which is part of South Africa's structural reform priorities under Phase II of Operation Vulindlela, reported significant progress during 2025. This included enabling open access to the freight rail network, with capacity allocated through 42 conditional slots to 11 private train operating companies across the iron ore, manganese, coal, chrome, and general freight and automotive intermodal corridors. Another key milestone was reached in the Department of Transport's initiatives to restore rail infrastructure through infrastructure investment, namely the progress made with private sector participation in the main rail freight corridors. The Department of Transport issued a request for information for rail and port public-private partnership opportunities, signalling continued progress towards sector liberalisation and private participation. The issuing of and request for proposals for specific corridors is expected in 2026.

A revised Transnet network statement will likely be published in early 2026. It will establish an effective framework for operators to access the network on fair and commercially viable terms. Furthermore, Transnet's Recovery Plan – which aims to increase rolling stock availability and reliability, address the rail network's maintenance backlog, enhance customer collaboration and reduce security incidents – is yielding positive results.

TFR increased the throughput rate to Richards Bay despite cable theft, power failures, locomotive and wagon shortages, and deteriorating infrastructure. Amid the rail wash-away in quarter one, Exxaro recovered and recorded improved performance compared to 2024. RBCT volumes improved to 56Mtpa (2024: 52Mtpa), with stronger performance in the second half of 2025. Rail execution remains volatile but has improved, particularly in Mpumalanga. In Waterberg, train frequencies averaged three trains per week in 2025, and, in collaboration with TFR, the aim is to increase the frequency to the originally designed capacity.

Exxaro's export evacuation via rail to RBCT increased to 5.7Mt (2024: 5.2Mt) despite the wash-away and continued disruptions. Evacuation to alternative ports reduced to 1.4Mt (2024: 1.8Mt) due to the economic environment of coal prices and evacuation costs.

Our strategic response

We engage with TFR to improve operational performance. Simultaneously, we optimise and execute coal evacuation via alternative routes to market to mitigate the impact of rail disruptions on our exports, ultimately meeting demand and unlocking stakeholder value.

2 Challenging global and domestic economic conditions

After repeated rounds of escalation and de-escalation during 2025, the US administration rolled out a series of tariffs and trade deals. As a result, global trade dynamics shifted, inflationary pressures re-emerged, and global sentiment and financial market volatility were evident. Despite these challenges, global economic activity remained resilient, with global real gross domestic product (GDP) improving marginally from 2.8% in 2024 to 2.9% in 2025.

Since April 2025, trade-related risks have moderated, following the US reversal on the reciprocal tariffs and renewed negotiations with China. These actions had a positive effect on financial and commodity markets, with equity indices, crude oil prices, and the US dollar rebounding. However, global economic momentum remained fragile due to the unpredictability of US trade policy.

Global GDP: 2.9% (2024: 2.8%)

Real GDP growth rate (%)

	2026 forecast	2025	2024
Global	2.4	**2.9**	2.8
US	2.1	**2.2**	2.8
Eurozone	0.8	**1.5**	0.9
China	4.5	**5.0**	5.0
India	5.9	**7.4**	7.1
Southeast Asia	4.4	**4.9**	5.0
South Africa	1.2	**1.1**	0.5

Source: S&P Global, Exxaro analysis, March 2026.

South Africa's economic activity was slow at the beginning of 2025, with GDP growth at 0.1% in the first quarter. Robust household and government consumption expenditure led to a 0.8% recovery in the second quarter. Savings withdrawals from the two-pot pension system enabled the rise in household consumption expenditure. Growth momentum continued during the year, albeit at a slower pace – 0.3% and 0.4% expansion in the third and fourth quarters, respectively – with a decline in exports following the introduction of a 30% tariff on all South African exports to the US in August and the suspension of the African Growth and Opportunity Act at the end of September 2025. This was partly offset by strong expansion in South African exports to Europe and an improvement in South Africa's terms of trade. South Africa's removal from the Financial Action Task Force grey list and the S&P Global Ratings upgrade of the foreign currency sovereign credit rating mark an important step towards reaching an investment-grade rating. The formation of the Government of National Unity (GNU) elicited early investor and business optimism. Despite being stress-tested by various issues during 2025, the GNU continued to hold, with notable improvements and opportunities to mature.

Real fixed investment spending declined by 2.2% in 2025. Sustained high interest rates, combined with mounting business and investor uncertainty amid rising global and domestic volatility, delayed significant private sector investment. Policy reforms in South Africa's energy, water, ports, and railway sectors continued, with a strong focus on public-private partnerships underscoring future investment in public sector infrastructure.

Collectively, these factors contributed to South Africa's real GDP growth of 1.1% for 2025.

Our strategic response

We prioritise cost management in the short term, while embracing a forward-looking diversification strategy that will support our stability and agility in challenging times.

3 Persistent geopolitical and geoeconomic tensions and uncertainty

In 2025, geopolitical and geoeconomic tensions intensified, fragmenting international relations, global trade and the economic landscape. These developments affect Exxaro through multiple interconnected channels. Market dynamics are shifting, resulting in changes in commodity supply-demand pricing, increased volatility in global financial markets and an uncertain outlook for GDP and foreign investment. Policy and regulatory pressures are also increasing as foreign policy changes, sanctions, trade policies, anti-dumping duties and countervailing measures lead to tighter customs environments and delays. Furthermore, global inflation and interest rate policies continue to influence the macro-economic context, while infrastructure challenges and energy transition considerations add more pressure.

Geopolitical tensions in the Middle East affected global energy markets, impacting thermal coal, oil, gas and liquefied natural gas (LNG). The ongoing Russia-Ukraine conflict continued to impact supply-demand pricing dynamics for key Exxaro commodities, while presenting opportunities in the Japanese and South Korean thermal coal markets. Several countries have joined the US and the European Union (EU) in exerting pressure on Russia to end its war with Ukraine.

China-US strategic competition intensified until a framework agreement was reached to avoid tariff hikes and non-tariff trade barriers were announced in October 2025. This signalled intent to bring greater certainty to China-US trade relations and enable follow-on talks towards a comprehensive trade agreement. There is cautious optimism that a trade deal can be reached, despite previous deals or frameworks since April 2025 falling through for various reasons.

South Africa's relationship with the US was strained. As a result, the US, among other actions against South Africa and other countries, paused all United States Agency for International Development support, implemented a 30% tariff on all exports to the US, withdrew Just Energy Transition Partnership support, and caused uncertainty over South Africa's eligibility under African Growth and Opportunity Act.

Global election outcomes and upcoming elections further shaped the geopolitical landscape. Of significance is the December 2026 US mid-term election, which could change the composition of Congress, potentially limiting Trump's ability to execute his agenda. Political pressure from US citizens intensified amid rising product prices and concerns over availability. In China, political pressures are unlikely to have a significant effect on the presidency.

Our strategic response

The ever-changing global geopolitical and geo-economic landscape presents us with both challenges and opportunities. We remain optimistic that our market-to-resource optimisation and diversification strategies support both short-term economic and long-term environmental imperatives in the face of international shifts.

4 Global shifts altering energy transition progress and pathway

Global economic, political, and technological shifts and uncertainties inform the operating environment and the speed and trajectory of the energy transition. In 2025, it was widely accepted that the global push to tackle climate change had slowed and that the world was not yet positioned to achieve net zero emissions by 2050. Although the energy transition has progressed significantly, geopolitical and economic challenges, such as the COVID-19 pandemic, wars in Ukraine and the Middle East, and unpredictable trade tariffs, hindered momentum. In addition, rising populations, economic growth and societal aspirations, particularly in developing countries, are driving energy demand higher and outpacing improvements in energy efficiency.

During 2025, several governments prioritised securing affordable energy over their sustainability goals. The US's withdrawal from the Paris Climate Agreement and the exit of US banks from the Net Zero Banking Alliance, along with some European banks, signalled a change in priorities. Trade tensions and the race towards an artificial intelligence (AI)-enabled future are also changing the shape of energy demand and the industrial landscape.

While renewables' share of global power supply increased from 5% to 20% over the past decade, it barely met incremental demand growth. Globally, scaling up low-carbon supply faster than demand and building a deeply decarbonised, resilient energy system is proving to be more challenging than expected. However, evidence suggests that the global energy transition has slowed or been delayed in some instances, but not halted.

South Africa's transition to a low-carbon economy aims to drive economic growth, create jobs, increase energy security and access, while addressing climate change. However, socio-economic inequalities and energy poverty play significant roles in shaping the pace of the transition. South Africa remains behind in transitioning the energy value chain of generation, transmission and storage, and requires significant investment to achieve energy security and its net zero goals by 2050.

Our strategic response

We are committed to progressing our low-carbon transition journey by reducing greenhouse gas (GHG) emissions and exploring opportunities in energy transition metals. Our carbon neutrality target for 2050 is on track as part of our broader ESG strategy.

5 Disinflation enabling central banks worldwide to lower interest rates further

Global inflation continued its gradual decline in 2025, driven by moderating energy and food prices, currencies strengthening against the US dollar, and the lagged effects of tighter monetary policies and cooling labour markets. Following an average of 4.2% in 2024, global inflation declined to 3.2% in 2025. In the US, the Federal Reserve kept interest rates unchanged from December 2024 until September 2025, after which the easing cycle continued. In contrast, the European Central Bank reduced rates more decisively throughout the year, supported by subdued demand, lower energy prices and a stronger euro. The Bank of England also lowered rates, while the Bank of Japan kept rates steady.

In South Africa, inflation remained subdued after falling to the lower bound of the 3% to 6% target band during the second half of 2024. Headline inflation averaged 3.2%, down from 4.4% in 2024, driven by lower and stable Brent crude oil prices, a stronger rand and resultant lower fuel prices, with food prices contained for most of the period. The cumulative repurchase rate declined by 75 basis points during 2025, following a 50-basis point decline during the latter part of 2024. With sustained low inflation, the South African Reserve Bank (SARB) announced a shift in its preferred inflation objective from 4.5% to 3%. According to the SARB, Monetary Policy Committee policy decisions are guided by the 3% point target, even though the official target includes a tolerance band of one percentage point either side of 3%. This environment of subdued inflation – and the aim to anchor it lower – with favourable interest rates, impacted Exxaro through lower cost escalations and borrowing costs reductions. While headline consumer and producer inflation declined significantly, the benefits of lower inflation have yet to fully offset mining input cost escalations.

Our strategic response

In line with our cost management goals, we implemented inflation-linked cost escalations where possible. Additionally, our cash position enables us to strategically fund our Sustainable Growth and Impact strategy.

6 A weakening US dollar benefiting advanced and emerging market currencies

The US dollar remained resilient through most of 2025, supported by US economic strength, recession concerns, and a relatively tight Federal Reserve monetary policy. Elevated interest rate differentials, expansive fiscal policy and increasing geopolitical risks also supported the dollar, alongside related financial market flows. This resilience was underpinned by the US dollar's status as the dominant global reserve currency and safe haven for assets during periods of uncertainty and market volatility.

After rising strongly against most currencies, the dollar reached a multi-year high in January 2025, before declining sharply in March 2025. The causes of this shift include escalating trade tensions, increasingly volatile financial market conditions, potentially inflationary effects of higher tariffs, US Federal rate cuts, less favourable yield differentials, the persistent US external deficits, and reduced appetite for US assets. Consequently, in addition to the strong investment flows and central bank buying of gold, most advanced and emerging market currencies strengthened against the dollar, with advanced economy currencies such as the Japanese yen, Swiss franc and euro benefiting.

Currency volatility and a weaker US dollar (stronger rand) impacted Exxaro negatively, with lower coal export earnings.

Our strategic response

To maintain financial viability amid volatile coal and foreign exchange markets, we placed coal in the domestic market priced in rand.

7 Heightened focus on ESG

ESG is a business and social imperative, and fundamental to our Sustainable Growth and Impact strategy. Stakeholders are increasingly assessing companies' success not only in terms of financial performance, but also in terms of environmental impacts, social responsibility and ethical leadership. Investors are considering ESG factors in their investment decision making, more customers are favouring ethically sourced products and employees are seeking out employers that reflect their values and goals. At the same time, governments are tightening ESG regulation. For a company to be sustainable in the long term, it must respond to each of the E, S and G elements intentionally and appropriately. Furthermore, expectations for transparent ESG reporting are intensifying, with greater emphasis on due diligence, increasing regulatory requirements, converging reporting standards, and reporting transparency and comparability.

Climate change and biodiversity loss are further driving stakeholder expectations around strong ESG practices. In addition, social issues, including inequality and human rights, require companies to consider all key stakeholder groups in their business strategies. Ethics, transparency and strong leadership are crucial for organisations to remain resilient to these factors and adapt to changing market dynamics in the short and long term.

Our strategic response

Our Sustainable Growth and Impact strategy takes a holistic approach to ESG. We understand that, in order to be sustainable, our financial growth must be underpinned by robust governance, meaningful social initiatives and an integrated approach to protecting the environment. ESG is incorporated into our decision making and stakeholder reporting, with our draft ESG policy embedding ESG across the group, ensuring compliance and investor confidence. In this way, we foster a harmonious co-existence between Exxaro and local communities to create a thriving environment.

Refer to our stakeholders (page 54), natural capital (page 113) and social and relationship capital (page 110) for more information.

8 The rise of new technologies and innovation

The development of new technologies, particularly AI, has accelerated exponentially. These technologies are driving efficiencies, increasing operational effectiveness and uncovering new opportunities or maximising current ones. AI can also help organisations lower their direct emissions by enhancing energy efficiencies and supporting employee productivity. In mining, AI-based geological exploration has been shown to reduce costs and significantly improve discovery success rates in some applications.

Consequently, organisations are mindful that a delay in AI adoption can result in a substantial competitive disadvantage. However, as adoption increases, cybersecurity and ethical use concerns rise, requiring organisations to carefully govern the use of AI and emerging technologies.

Our strategic response

Our iNNOVAXXION strategy maximises opportunities for skills, capabilities and digital infrastructure development to add value to the business and shareholders, and ensure we remain competitive. The strategy is underpinned by the visualisation of our value chain, enabling data-driven decision making and driving end-to-end integration and optimisation through smart assets, resource intelligence and automation.

With increased digitalisation comes increased cybersecurity risk. We strengthen our cybersecurity by evolving and adapting our cybersecurity programmes and fortifying our threat prevention, detection, response and recovery processes. In addition, we are compiling a robust data governance framework to specifically address the risk of generative AI-driven threats.

We leverage generative AI as a catalyst for innovation and value creation. In 2025, we focused on advancing our smart asset initiatives and strengthening our data capabilities and enablement. This supports our journey towards predictive maintenance and improved reliability, while improving our digital and AI solutions to fully realise their potential.

Refer to intellectual capital (page 103) for more information.

Our markets

In 2025, global commodity markets were pressured by subdued economic activity, trade restrictions, high economic policy uncertainty and weather-related supply shocks. As a result, Brent crude oil prices trended lower, driven by trade policy tensions and concerns over excess supply, although occasional spikes occurred in response to geopolitical developments.

The gas market fluctuated due to strong European LNG demand, weak LNG imports from China and Japan, a limited response to South Korea's coal restriction, lower oil prices, warmer-than-seasonal European weather and strong wind power generation.

Base metals rebounded amid resilient global demand, shifting trade policies and supply disruptions, especially in copper. Precious metals surged to record highs – led by gold and silver – with platinum also recording significant gains, supported by robust investment demand, geopolitical tensions and policy uncertainty.

9 Commodity markets

Overall, Exxaro's commodity markets delivered softer performances in 2025, with lower market annual average reference prices for both thermal coal and iron ore. Performance trends varied between the commodities throughout the year: thermal coal started relatively strong but lost momentum, while iron ore started under pressure and later strengthened. Specific market drivers are discussed in the respective commodity sections on the following pages.

API4 coal export price averaged US$89.53/t (2024: US$105.31/t)

Commodity prices (US$/t)	2025	2024
Thermal coal (API4)	**89.53**	105.31
Thermal coal (API3)	**73.33**	89.19
Iron ore fines (62% Fe)	**101.87**	109.46
Lump premium (reference benchmark)	**8.80**	8.89

Source: Various commodity market intelligence reports, January to December 2025.

Our strategic response

While a large part of our coal and metals portfolio is made up of coal, we are incorporating energy transition metals to augment our performance in the long term. In line with our Sustainable Growth and Impact strategy, we are leveraging coal as a stable revenue stream and adding manganese as an important mineral for steel and green technologies.

9.1 Thermal coal market

The bearish thermal coal pricing trend from 2024 persisted into 2025. Key drivers included high stockpiles in South Africa's key markets, lower gas prices, growth in renewables and increased nuclear energy generation.

In 2025, the thermal coal market and trading conditions in China and Indonesia – the main drivers of import demand – evolved. China addressed domestic oversupply through safety and anti-corruption measures and the expiration of existing mining quotas, easing domestic supply and strengthening domestic pricing. Indonesia relaxed its pricing regulations, with thermal coal miners no longer required to sell at a floor price, which increased Indonesian coal imports to China during the latter part of 2025.

In India, domestic steel producers faced competition from cheaper steel imports, dampening demand for South African coal. Indian coal production increased, largely supporting its power generation sector. Higher gas and nuclear power output in Japan, Korea, and Taiwan further reduced coal demand. This decline in demand caused Australian prices to fall to a four-year low of US$91.58 per tonne, further aggravated by the sluggish Chinese offtake.

In Europe, gas price fluctuations linked to Russia-Ukraine ceasefire negotiations marginally influenced coal markets. However, despite warm weather and strong renewable generation in Germany, consistent stock drawdowns led to lower inventories. The API4 index fell to just below US$80 per tonne in October 2025 – levels last seen in 2020 during the height of the COVID-19 pandemic. Trade tariffs and volatile pricing added to the prevailing uncertainty.

In South Africa's Waterberg region, Eskom offtake declined due to operational constraints at its power stations. While domestic demand was steady, low export prices caused producers to redirect volumes to the domestic market, resulting in oversupply.

2025 was characterised by ample seaborne supply, albeit lower compared to 2024, with Indonesia, Colombia and Australia recording lower exports. Russian exports remained under pressure as sanctions, discounted pricing and acute rail constraints limited export flows into Asia. Market access was increasingly reliant on traders and eastbound rail logistics, eroding producer margins and accelerating the closure of high-cost coal mines. Low and negative profitability curtailed capex, which delayed mine development and infrastructure upgrades. As a result, while seaborne exports to China and India held steady, Russia's share of global trade was exposed to downside risks.

Our strategic response

We mitigate volatility in coal market pricing and ensure our resilience through market-to-resource optimisation and market diversification. We also focus on building market agility and adapting to any changing global coal flows.

9.2 Iron ore market

In 2025, the iron ore market was impacted by broader economic and trade dynamics, including tariffs, slower economic growth, a fragmented global trading environment, subdued Chinese economic growth, a fragile Chinese property sector, limited global iron ore supply and lower inventories at Chinese ports. Global steel output was lower, largely driven by China, with the rest of the world remaining relatively flat. India sustained its growth momentum, in line with its GDP growth performance, with material growth in steel production.

During the third quarter of 2025, sintering restrictions aimed at improving air quality in North China's Tangshan city supported demand for high-grade ore. As a result, high-grade ore premiums surged, driven by strong mill margins, sinter cuts and reduced high-grade supply, before retracing as margins declined and mid and low-grade fines proved more cost-effective. However, after the easing of the sintering restrictions in October 2025, steel mills' demand for lump iron ore weakened, putting downward pressure on the lump premium.

Rising iron ore supply came back into focus with the commissioning of the Simandou operations – Africa's largest greenfield integrated mine and infrastructure project in Guinea – in early November 2025. Following the commissioning and ramp-up, the infrastructure will support exports of up to 120 million tonnes per year of mined high-grade iron ore from their mining concessions in southeast Guinea.

Continuous growth in iron ore supply and exports remains the key limiting factor for seaborne iron ore prices, affecting the performance of Exxaro's SIOC investment.

Our strategic response

Exxaro, through our SIOC investment, has significant exposure to higher-value iron ore lump product. As steel production shifts to lower-carbon processes, demand for higher-quality iron ore is set to grow.

9.3 Energy market

Shifts in the global energy market centre on the movement towards renewable energy, balanced with existing fossil fuel sources and infrastructure for a stable energy mix. Electricity demand is increasing, especially in light of the energy-intensive requirements of AI and cloud technologies. As inflation slows and central banks lower their interest rates, renewable energy investments are becoming more attractive. Furthermore, major industrial and mining players are urgently looking to renewable energy supply to enhance competitiveness, creating a robust investment pipeline.

South Africa's renewable energy landscape is seeing aggressive expansion, formalised by the 2025 approval of the South African Renewable Energy Masterplan and an updated Integrated Resource Plan 2025 (IRP) that envisions over 60GW of new utility-scale and distributed renewables by 2039. The National Energy Regulator of South Africa also approved measures that allow projects in the grid-constrained Eastern and Western Cape to unlock roughly 3.4GW of wind capacity by accepting limited curtailment in exchange for compensation. In light of changing market dynamics due to the liberalisation of the energy sector and increasing pressure from international trade regulations, the immediate focus for independent power producers lies in navigating new market platforms and meeting the private sector's demand for rapid decarbonisation.

Our strategic response

The changeover to renewable energy presents an opportunity for us to position Exxaro as a significant contributor to South Africa's energy transition. Within this context, we are exploring a range of energy investments. This diversified approach aligns with national policy and global investment shifts, enabling us to enhance energy security while advancing sustainable development.

9.4 Energy transition metals market

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. As demand shifts towards alternative energy sources, demand for battery-grade manganese is climbing rapidly. South Africa possesses approximately 80% of the world's known manganese resources, uniquely positioning the country to take advantage of this trend.

Our strategic response

Exxaro is advancing a disciplined and value-focused diversification strategy. We aim to increase exposure to future-facing metals that support long-term portfolio resilience. Leveraging South Africa's strong position in manganese, we progressed with a strategic acquisition that provides a credible entry point with scalable growth potential. In copper, we refined our market entry approach to balance capital intensity with value creation. While Exxaro remains ready to acquire solely owned assets with attractive valuations that are within our return thresholds, we broadened our strategy to include partnership-driven pathways such as strategic equity positions, joint ventures and phased development with established operators. This flexible approach strengthens our ability to secure high-quality metal opportunities, optimise capital deployment and effectively manage jurisdictional and operational risk, while maintaining the agility to own assets outright where it enhances shareholder value.

Operating outlook

Anticipated global trends and challenges across short, medium and long-term time horizons inform Exxaro's strategic vision.

Short term	Medium term	Long term
One to five years	Six to 10 years	Over 10 years

Short to medium-term outlook in our markets

In the short term, commodity markets are poised to receive support, albeit limited, from the global monetary policy easing cycle currently underway, through several interlinked mechanisms such as currency markets and improving investor appetite for risk assets. Easing cycles also signal a central bank's intention to support economic growth, which improves demand expectations for industrial commodities. However, uncertainties persist due to the implementation of proposed policies under the US administration. In addition, in the period since the close of the financial year and issuing this report, geopolitical tensions have again surfaced as a significant challenge.

Over the medium term, evolving geopolitical and geoeconomic conditions will likely continue to influence market trends. These include demand for critical energy transition metals, China's slowing economy and its continued dominance in key production and processing stages. These conditions are driving nations to prioritise domestic or allied resource security, which plays a pivotal role in shaping market trends.

Thermal coal

Adequate thermal coal and gas inventories, combined with a milder Northern Hemisphere winter, reduced the likelihood of the usual end-of-year price uplift. However, upside risks to demand and prices remain. South Korea's lower nuclear availability, cutbacks in Colombia's supply and the possibility of limited US export availability set a solid foundation for 2026. As a result, China and India's move towards domestic coal, increased renewable penetration and expectations of greater gas price competition in key markets are also likely to further shape 2026. While the broader energy transition continues to shape long-term trends, short-term supply pressures, growth in electrification, and global economic, geopolitical and geoeconomic factors will play a key role in coal market dynamics.

Iron ore

Rising supply and a subdued Chinese demand remain key headwinds for the seaborne iron ore market in 2026. The additional supply, specifically from the Simandou operations, is forecast to weigh on the market, while global steel output is anticipated to continue declining into 2026. Furthermore, any mandated steel output cuts in China and broader geopolitical uncertainty conclude potential downside market and pricing risks. China is a large player in global steel production and iron ore consumption, making its economic policies and construction activity influential for global demand.

Energy

The energy market will continue to be shaped by growing energy demand as access to energy expands. Globally, industry and policymakers will need to ensure energy systems are affordable, reliable and resilient to price increases, outages and geopolitical instability. In South Africa, while national electricity grid access challenges persist in the medium term, the IRP 2025 outlines ambitious targets for renewable energy integration in line with the country's net zero emissions targets. This framework presents significant opportunities for Exxaro to expand our renewable energy portfolio through Cennergi while investing in energy transition metals.

Energy transition metals landscape

The move to a low-carbon world, combined with the increased energy intensity of emerging technologies, is heightening demand for energy transition metals. Manganese demand from energy technologies is predicted to increase over time. The price of copper is due to rise, given declining copper ores, rising costs and fewer resource discoveries, even as demand continues to grow. While short-term delays in the global energy transition may arise from policy shifts, the longer-term outlook remains grounded in global energy transition objectives. This sustained momentum will support our energy solutions business, diversification plans and broader strategic objectives.

Medium to long-term outlook

Climate change

The World Economic Forum flags extreme weather events, biodiversity loss and ecosystem collapse as significant global risks over the next decade. Extreme weather events are anticipated to increase in severity, necessitating improved monitoring, reporting and evaluation systems, stronger regulation and increased funding. While the 30th United Nations Conference of the Parties (COP30) highlighted a lag in global climate action and ambition, the outcomes of the conference will help inform global responses to climate change mitigation. These included an expectation to increase climate adaptation finance threefold by 2035, new initiatives to support countries in achieving their Nationally Determined Contributions, the creation of an impactful transition mechanism, an agreed set of indicators for the Global Goal on Adaptation and an initiative to keep the question of phasing out fossil fuels top of mind.

Our strategic response

We are adapting our business to keep pace with the changing climate landscape. We factor climate risks into our long-term strategy and align with global decarbonisation pathways and regulatory frameworks. Our 2050 carbon neutrality target is backed by efforts to boost operational efficiency, improve governance, build climate resilience throughout our value chain and contribute to a cleaner world.

Energy transition

The energy transition is driving significant changes in energy systems and markets. The global use of primary materials will increase significantly in the coming decades, according to the Organisation for Economic Co-operation and Development. Concurrently, the International Energy Agency projects that several energy transition metals will experience supply deficits in the market as demand climbs, resulting in higher prices. However, most of these metals are also subject to high market volatility, especially given the high market concentration of mining and production sources. At the same time, increased mining activity must consider and address the environmental impacts of resource extraction to avoid amplifying the negative effects of climate change.

Our strategic response

In response to these opportunities, we are diversifying our portfolio with strategic investments in critical energy transition metals. In 2025, we announced the acquisition of a portfolio of manganese assets in South Africa's globally significant Kalahari Manganese Field. This acquisition secures long-term value creation and ensures a resilient and future-ready business that supports global decarbonisation efforts.

Impactful transition

The shift to cleaner energy is reshaping the mining industry. As demand for fossil fuels declines and, while the appetite for green energy grows, industry players must adapt and reposition to be sustainable. Furthermore, the low-carbon transition carries considerable socio-economic implications, influencing employment and economic stability in mining communities. The transition to renewable energy must consider social impacts to ensure an inclusive future.

Our strategic response

We are redefining our role within the Mineral Resources space by embracing a forward-looking diversification strategy that prioritises sustainable and long-term growth, while addressing global challenges and contributing to more resilient economies. Recognising the socio-economic implications of the low-carbon transition, we remain committed to supporting our employees and the communities in which we operate. Our approach includes investing in skills development, strengthening internal capacity and capabilities, and proactively engaging with stakeholders to ensure our transition strategies are inclusive and equitable.

Stewardship

Over the medium to long term, the importance of responsible resource management and sustainability is projected to increase. We are mindful of our social and environmental impacts, as well as the high standard of governance required for us to be financially sustainable. Investors, communities and other key stakeholders expect greater transparency, with government policy and regulation shifting in response. Changing workforce dynamics mean that we need to advance and retain the best talent in the market, as developments in mining technology will augment traditional mining jobs and require new skills. As urban populations grow, commodity and energy demand will rise along with an increase in extreme weather events, requiring mines to be mindful of their environmental impacts, including upstream and downstream emissions.

Our strategic response

We take a balanced approach to stewardship, ensuring sustainable outcomes for investors, employees, communities and the planet. Our Sustainable Growth and Impact strategy guides how we respond to immediate social and energy needs, while supporting the transition to a low-carbon future. Our investments in renewable energy and energy transition metals align with global sustainability trends, ensuring resilience and competitiveness in evolving markets.

We offer our employees upskilling and reskilling programmes to prepare them for future demands. Our adoption of new technologies and ways of work support an agile and future-ready workforce. For our communities, we focus on promoting local economic development and infrastructure improvements to build resilience. For the planet, we are intensifying our efforts to achieve carbon neutrality by 2050. By advancing resource efficiency, implementing biodiversity enhancements and adhering to international standards, we reduce our environmental impact and support global climate goals.

Risks and opportunities

Exxaro stays ahead of the curve by proactively anticipating and managing risks across geopolitical shifts, regulatory change, technological disruption, climate pressures and market volatility. Our strong risk management capabilities give us the clarity, agility and insight to protect value, seize opportunities and deliver sustainable long-term value to our shareholders.

Our risk management process

Environment (internal and external)

1. **Objective setting** Set Exxaro strategy and objectives
2. **Establish the context** Understand the event, hazard and environment
3. **Risk identification** Name and describe the risk
4. **Risk analysis** Unpack drivers (root causes) and risk impact
5. **Risk evaluation** Determine the inherent, residual and desired risk score
6. **Risk treatment** Implement controls to manage the risk (corrective or preventive)
7. **Monitor and review** Frequently monitor and review risks

Reporting of risks

Our cascading approach identifies risk events at the business's strategic, tactical and operational layers.

The mining sector faces mounting pressures from logistics constraints, rail and port inefficiencies, coal price volatility, regulatory uncertainty and growing geopolitical uncertainty. Community unrest, energy instability and climate-related risks further heighten the complexity of the operating environment. In this context, strong risk management supports agile decision-making, strengthens resilience and positions the business to capture emerging opportunities.

Operating context (page 32)

Risk management philosophy and approach

We embed risk management into our daily activities and processes to enable informed decision making and proactive planning for potential internal and external events. Exxaro's risk management philosophy positions risk management as a strategic enabler rather than a compliance exercise, ensuring we think and act proactively across all levels to support the achievement of our strategic objectives.

Our ERM framework provides a structured, integrated and forward-looking approach to managing risk, with principles that underpin our philosophy, mission and vision. It is aligned with leading practices, including the Committee of Sponsoring Organizations, International Organization for Standardization (ISO) 31000 and King IV, and incorporates relevant standards such as ISO 9001, ISO 14001 and ISO 18001.

The ERM framework was reviewed and approved in December 2024 to ensure its continued relevance and effectiveness.

Accountability and governance

Emerging risks are monitored and reviewed as part of the risk process to ensure that new, evolving and uncertain threats or opportunities are identified early and incorporated into strategic decision making. Exxaro's ERM process is a strategic initiative supported by the board and executive management. The finance director is responsible for enabling ERM across the group and reports to both the board and the RBR committee. The RBR committee regularly reviews the ERM framework to ensure alignment with current governance practices and standards. The board and executive committee monitor key risk indicators quarterly to ensure all risks remain within Exxaro's approved risk appetite. The board is satisfied that the organisation has a mature, robust risk process that ensures risks with the potential to impact strategic objectives are effectively treated to safeguard and create stakeholder value.

Significant risks identified at the strategic layer are cascaded to the tactical and operational layers, while risks emerging from operational activities are elevated where necessary. This integrated approach ensures a comprehensive top-down and bottom-up view of risks across the organisation, strengthening alignment, visibility and responsiveness throughout the business

Risk events

1 Strategic

Strategically promote partnership and set strategic direction
- Use risk management to test robustness and strategy sustainability
- Commission risk-based audits

2 Tactical

Tactically embed strategy, manage service performance, issues and expectations
- Use risk management to ensure company and commodity strategy is achieved
- Monitor tactical and operational risks
- Monitor general controls

3 Operational

Operationally render and manage day-to-day service delivery and queries
- Day-to-day management of risks and monitoring key controls (operations and projects)

Risk appetite and thresholds

By applying clearly defined risk appetite and tolerance levels, Exxaro's board and executive committee assess the level of risk the group may undertake to deliver on its strategy.

Risk appetite	Extent and type of risk we are willing to endure to meet our strategic and capital allocation objectives
Risk tolerance	The maximum level of uncertainty/exposure we are prepared to accept

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

Link strategy and strategic objectives to the six capitals → Define risk appetite statements → Set risk threshold aligned to risk appetite statements → Modify risk threshold

Business continuity management

Business continuity management (BCM) is a critical component of our risk management approach and a key treatment in strengthening organisational resilience and long-term sustainability. BCM enables us to anticipate, prepare for, respond to and recover from disruptions that may impact our operations, stakeholders and strategic objectives.

Our BCM framework is aligned to recognised standards and integrated into our broader ERM processes. This alignment ensures the organisation can continue critical activities within acceptable timeframes, thereby reducing the likelihood and impact of business interruptions.

As part of our responsibility to drive resilience across the group, we ensure that comprehensive response strategies are developed and maintained across the following core pillars:
- **Skill sets:** Identifying and supporting critical competencies, roles and key personnel through succession planning, cross-training and role redundancy
- **Facilities and premises:** Safeguarding access to operational sites, offices and critical infrastructure, including alternative work arrangements and contingency locations
- **Documentation:** Maintaining updated and secure access to essential records, procedures, contracts and operational documentation required for continuity and recovery
- **Equipment:** Identifying and securing critical operational tools, machinery, safety equipment and specialised resources required to sustain or restore operations
- **Third parties:** Managing dependencies on suppliers, service providers and strategic partners through business continuity requirements, contractual obligations and ongoing assurance
- **Information and communications technology (ICT)/information technology (IT) systems:** Ensuring the availability, redundancy and recoverability of core information systems, applications, networks and cybersecurity measures that support essential processes

These pillars collectively support our resilience objectives and enable a structured, coordinated and effective response to disruptive events. By embedding BCM into strategic and operational decision making, we enhance our ability to withstand shocks, protect value and ensure the sustainable continuity of our operations.

Emerging risks

In addition to our strategic risks, we proactively monitor emerging risks and global trends that may influence our long-term strategic direction and value-creation objectives. These include evolving regulatory expectations, climate-related pressures, geopolitical and macro-economic shifts, technological advancements and changes in stakeholder priorities. Continuous assessment and analysis of these developments deepen our understanding of their potential impacts on the business and enhance our ability to anticipate, prepare for and respond to future uncertainties. This forward-looking approach strengthens the resilience of our risk management processes and ensures that Exxaro remains agile, competitive and well positioned in a rapidly changing operating environment.

Opportunities

We apply the ERM framework to identify and pursue opportunities. By contributing to the global energy transition, we are maximising value in the medium to long term and managing the risk of being unable to achieve growth objectives. We are adapting the coal and metals business to identify and pursue opportunities that create value and enhance our sustainability, such as investing in energy transition metals and renewable infrastructure.

The following opportunities inform our Sustainable Growth and Impact strategy:

Opportunity	Strategic objective	Strategic response
The drive for energy transition metals presents opportunities to **invest in operational assets, project development and exploration** by leveraging our balanced portfolio approach towards capital allocation and risk and returns management.		We continue to review and invest in opportunities that align with our strategy and investment criteria.
Private-public participation in local rail operations is an opportunity for **unlocking value and vertical integration**.		Amid rail infrastructure challenges in South Africa, we consider potential opportunities for private-public participation as a key strategic enabler.
The multidimensional poverty index highlights the drivers of poverty and inequality in our communities, allowing us to **focus our social impact efforts towards sustainable impact**. We will prioritise education, land use management and SMME development.		Social impact remains a key focus in our Sustainable Growth and Impact strategy, and we are committed to going beyond compliance to create positive social impact and sustained economic development beyond our operations.
Our ability to **maximise market-to-resource opportunities** by leveraging the low cost and flexibility of our coal assets and reserves.		Our market-to-resource optimisation strategy remains a key enabler to maximise value from our coal assets.
Accelerated expansion into renewable energy will support our low-carbon transition.		We are committed to expanding our energy solutions business to become a leading energy solutions business.
Nature-based solutions that mitigate the impacts of climate change present an opportunity, especially considering the vast amount of viable land that Exxaro owns. We intend to maximise this opportunity through our Sustainable Growth and Impact strategy.		As a responsible mining company, we continuously evaluate opportunities to use our assets (including land) in support of a low-carbon future.
We are leveraging the opportunity to **invest in self-generation facilities**, which aligns with our energy growth strategy.		Cennergi's 68MW PV farm near Grootegeluk, commissioned in 2025, is our first self-generation project to expand and diversify within the energy space. The project supports low-carbon emissions and long-term savings on electricity usage at Grootegeluk. We are exploring further opportunities for self-generation.
The **global energy transition** provides an opportunity to mine and supply the metals that support green technologies. Through a rigorous screening process, Exxaro identified future energy material and renewable infrastructure as being most aligned to our experience, capabilities and market forecast.		Future energy security remains a key consideration driving our diversification intent. We continue to review opportunities to expand our business through investments in the supply of energy transition metals.
Technological advancements, especially in the field of AI and computing, can optimise our operations and unlock value by increasing productivity, reducing costs, improving safety and improving efficiencies.		We are actively investing in bolstering our data science capabilities as well as implementing advanced analytics and AI solutions across our business.
While the energy transition is underway, **coal remains vital** to regional and international energy security and will remain crucial for some time. This provides an opportunity to extend the life of our current assets where feasible.		We are investigating the feasibility of life extension at all our operations and will do so responsibly.

Risks and opportunities continued

2026 risk trends

The table below illustrates changes in the residual risk score when comparing the 2025 financial year and forward-looking 2026 financial year. While we review risks quarterly, they may change significantly depending on their internal and external root causes. The 2026 ranking represents the key possible unwanted events that could impact our ability to achieve our strategic objectives. Risk scores are calculated from the product of the likelihood and the impact of the unwanted event (risk = f (likelihood of risk occurring x impact of the risk)).

2026 ranking	2026 top risks	2025 ranking	2025 vs 2026 trend	Comments
1	Unavailability of logistics capacity (formerly unavailability of rail capacity)	1	►	TFR operational and maintenance challenges are expected to continue, significantly impacting Exxaro. Since May 2025, TFR has experienced three major derailments year-to-date, contributing to ongoing rail disruptions. The North Corridor also continues to face recurring pantograph hook-up issues, further affecting train availability and reliability. Despite these challenges, the third quarter of FY2025 saw a positive recovery in weekly performance following the annual shutdown, with rail tempo peaking at 65.5Mtpa in August 2025 and averaging 55.8Mtpa for the quarter. Exxaro expressed interest in rail concessions between RBCT and Grootegeluk Complex through the Department of Transport's private sector participation request for information and is preparing for the upcoming request for proposal. To support export plans, it has also initiated processes to secure services from independent train operating companies.
2	Safety risk (formerly fatal risk incidents)	2	►	Exxaro recorded seven LTIs, with one being classified as an HPI related to trackless mobile machinery, one of our top fatal risks. These incidents occurred at Cennergi, Leeuwpan, Matla and FerroAlloys operations, causing fatal risks to remain high. All line managers were instructed to intensify visible felt leadership (VFL) to address this. The One Voice Safety strategy is being implemented across all business units through 19 weeks of activations, supported by zero tolerance rules and fatal risk protocols, to address priority unwanted events.
3	Cybersecurity attacks impacting business	3	►	The information management team continuously implements security controls and assesses their effectiveness to ensure a robust cybersecurity programme. Key controls include policies and standards, vulnerability management, endpoint detection and response solution. Focus is on implementing further treatments, including the vault project and network access control system. These controls will be assured in 2026.
4	Customer concentration risk	5	▲	Eskom's financial position is a concern in the short to medium term as the government continues to reform South Africa's electricity sector and Eskom implements its turnaround strategy and restructuring. Coal demand could be affected by changes in the energy mix. ArcelorMittal South Africa Limited (AMSA) continues to face a challenging operating environment, which is negatively affecting coal offtake.
5	Country risk (formerly country risk (geopolitical))	4	▼	Country risk remains elevated but trending positive off the back of encouraging improvements in state utilities, structural reforms, stable macro-economic management and increased momentum in public-private collaboration, which is beginning to translate into positive business sentiment. However, the positive sentiment is outpacing economic reality, as fixed investment continues to be low amid a challenging economy. Continued execution of reforms and infrastructure recovery remain critical to further risk reduction over 2026. Further, the outcomes of local government elections, planned for the fourth quarter of 2026, are a focus. They may present some surprises in key municipal centres and possibly result in limited social unrest.
6	Adverse threat to licence to operate	6	►	We will continue to focus on delivering on our commitments in line with our licence to operate. Additional project management and technical and supply chain resources have been deployed to support the delivery of SLP commitments. Furthermore, the implementation of the Social Impact strategy is expected to deliver positive outcomes for the communities where we operate. Community members are kept updated through regular community engagements, and engagements with the Department of Mineral and Petroleum Resources (DMPR) are ongoing. The Matla mining right was approved.
7	Climate change and decarbonisation challenges (formerly decarbonisation challenges)	9	▲	Phase 2 of the carbon tax was implemented on 1 January 2026. Proposed changes will increase Exxaro's carbon tax liabilities due to reductions in tax-free allowances. Our focus is on implementing the decarbonisation roadmap and energy-efficiency projects to reduce emissions. We also await a carbon budget allocation from the Department of Forestry, Fisheries and Environment.
8	Community unrest/ disruptions (formerly community unrest)	7	▼	With the local elections in 2026 and associated risks, we will continue to intensify community stakeholder engagements and deliver on the Social Impact strategy and SLP commitments.
9	Geopolitical uncertainty	N/A	★	The heightened geopolitical tensions have not resulted in direct operational or trading disruptions for Exxaro. The group's supply chains and export corridors remain unaffected by sanctions or military activity, and its predominantly South African operating footprint provides a degree of insulation from global geopolitical shocks. Exposure remains concentrated in manganese exports, which are primarily sold into China, necessitating continued monitoring of trade policy and tariff developments. Overall risk remains manageable, with no immediate impact on operations or revenue streams.
10	Financial targets not met	10	►	Export coal prices continue to decline, placing pressure on revenue, profitability and EBITDA targets. The inability to move contracted volumes, due to AMSA and Eskom offtake constraint, has further impacted sales performance. Lower commodity prices are expected to negatively affect financial targets for the period. In response, a cost optimisation initiative was implemented, targeting a 10% reduction in non-labour costs to partially offset the revenue shortfall and protect margins. A short-term upside in coal prices is expected following the Middle East conflict and its impact on energy prices.

▲ *Ranking in the top 10 is higher compared to the previous year*

▼ *Ranking in the top 10 reduced compared to previous the year*

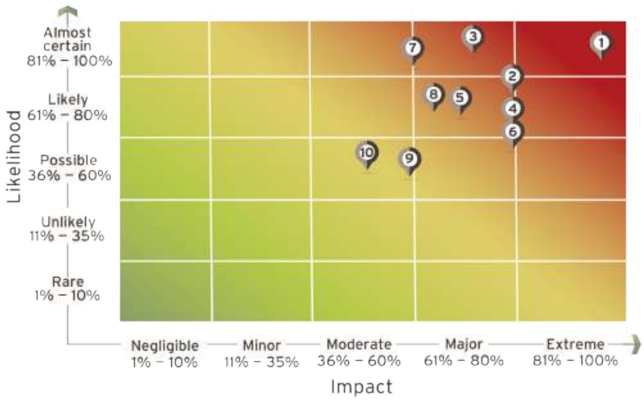
► *Ranking in the top 10 remained unchanged compared to the previous year*

★ *New*

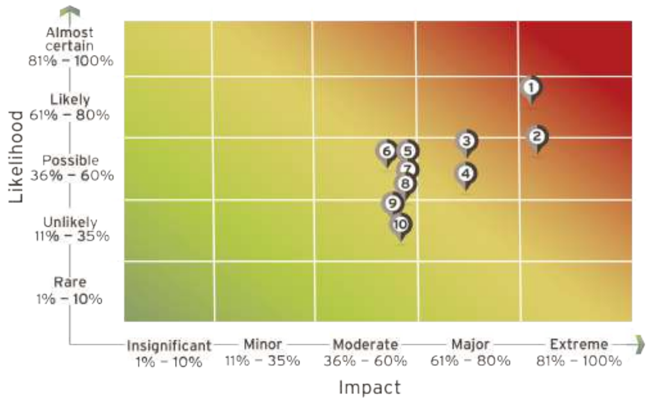
Top 10 heat map

Exxaro's top 10 risks are plotted on an inherent basis (before controls) and a residual basis (after controls) on the heat maps below. We considered internal and external risks, with mitigation strategies dependent on the severity of impact and likelihood of occurrence.

Inherent risk



Residual risk



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

Managing our risks

Exxaro assesses a range of risk treatment strategies, including avoidance, reduction, sharing, acceptance, or transfer. In selecting the most suitable treatment option, we consider stakeholder expectations, organisational values and the most effective communication methods. Decisions to implement a specific treatment are guided by our defined risk tolerances, the expected influence on impact and likelihood ratings, and a cost-benefit evaluation. Once a treatment is applied, Exxaro establishes ongoing monitoring mechanisms to track its implementation and evaluate its effectiveness over time.

Lines of defence

1. Management
2. Specialist functions (eg risk and compliance)
3. Internal audit
4. External audit and regulators
5. Governance structures (board and board sub-committees)

Risk trend

- Residual risk increased compared to the previous year
- Residual risk decreased compared to the previous year
- Residual risk remained unchanged compared to the previous year
- New

We unpack the top 10 risks, their main drivers, their potential impacts on Exxaro, controls, future treatments (where relevant) and outlook on the following pages.

1 Unavailability of logistics capacity (2025 risk ranking: 1)

Drivers

- TFR challenges, including locomotive availability, inadequate maintenance, financial difficulties and security issues
- Country risk (political), exacerbated by government not addressing root causes
- Cable theft, power failures and derailments
- Renegotiation of rail agreements
- Transnet's financial viability

Impacts

- Operational stoppages
- Financial loss
- Inability to meet contractual agreements and budget
- Inability to grow
- Increased demand on Exxaro for road capacity
- Impacts on margins due to higher cost of road transport

Controls

- Engaging with TFR to understand issues and provide assistance via RBCT (security, spares support, derailment recovery)
- Exploring options to evacuate export coal with domestic sales
- Influencing National Rail Policy reforms and funding secured from National Treasury through industry participation and support
- Focusing on optimisation, with Maputo port capacity unlocked
- The mining industry is providing financial support to TFR to obtain spares and other parts

Future treatments

- Ongoing support and assistance to TFR
- Optimising Maputo flows

Outlook

TFR's current leadership is expected to bring stability. Engagement between Transnet and the industry has improved.

Policy and legislative reforms towards an open rail regime are encouraging, with a milestone reached through the division of TFR into two functions: infrastructure management and operations. This enables access to the rail network for private operators.

Risk appetite statement

Exxaro maintains low tolerance for operational risks that could affect business performance.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3 4	

2 Safety risk (2025 risk ranking: 2)

Drivers

- Challenges in applying safety standards, including operational risk management, and adequacy of standards and training
- Lack of reporting, investigating and correctly classifying incidents, which prevents root cause identification and effectively benefiting from lessons learnt
- Health and safety requirements not being integrated into the sourcing process for mining equipment and services

Impacts

- Fatalities and serious safety incidents
- High insurance premiums
- Loss of productivity (deaths, medical incapacity or sick leave)
- Decrease in quality of life
- Fines and penalties (section 54(a) of Mine Health and Safety Act, 1996 (Act 29 of 1996))
- Reputational risk

Controls

- Implementing the One Voice Safety strategy across all business units, with zero tolerance rules and fatal risk protocols to address priority unwanted events
- Reinvigorating the VFL programme to coach employees on safe work practices and extract leading indicators to inform safety initiatives
- Instituting safety stand-downs where necessary, and VFL activities were intensified after the incidents in March 2025
- Hosting the CEO safety summit and leadership safety day as annual leadership engagement platforms for safety
- Exxaro health and safety policies were reviewed to reiterate the group's commitment to safety
- Rolling out operational risk management, critical control management, incident management and VFL, along with the One Voice Safety strategy

Outlook

Exxaro recorded seven LTIs and three HPIs, primarily involving trackless mobile machinery and working at heights – two of our highest fatal risks. As a result, fatal risk exposure remains elevated. All line managers have been directed to intensify VFL and consistently reinforce the pillars of the One Voice Safety strategy in their engagements. Continued implementation of the One Voice Safety strategy across all BUs, supported by zero tolerance rules and fatal risk protocols, is essential to preventing priority unwanted events.

Risk appetite statement

Exxaro has zero tolerance for risks that endanger lives.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3 4	

3 Cybersecurity attacks impacting business (2025 risk ranking: 3)

Drivers

- Sophistication of global cyberattacks, driven by the growing adoption of digital business solutions
- Large number of devices connected to the Exxaro network that need to be managed
- Vulnerability due to lack of awareness, exposing Exxaro to cyberattacks
- Ability to protect against and detect global and local cyberattacks

Impacts

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

Controls

- Robust cybersecurity governance practices
- Vulnerability management to reduce exposure
- Regular security awareness programmes conducted to educate employees on emerging threats and promote a culture of security
- Incident response and disaster recovery capabilities to minimise operational disruptions
- Identity management practices
- Strengthened technology architecture to limit exposure and contain potential disruptions

Future treatments

- Enhancing network security
- Strengthening enterprise data resilience to safeguard critical information assets and minimise operational disruption
- Enhancing data protection capabilities
- Strengthening employee cybersecurity awareness capabilities

Outlook

Ransomware, unauthorised access to information systems and the availability of critical platforms remain key risks to Exxaro's operations. As digital transformation accelerates and AI is increasingly embedded in daily operations, exposure to cyber threats continues to rise. This highlights the need for a resilient cybersecurity programme and risk management strategies that balance innovation with operational stability and the achievement of business objectives.

Risk appetite statement

Exxaro has a low appetite for information security risks, mitigated by ensuring data privacy and maintaining strong governance over IT systems, in line with overall company goals and strategic objectives.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3 4	

4 Customer concentration risk (2025 risk ranking: 5)

Drivers

- Realisation of approved funding for capital requirements (Matla capital project programme)
- Eskom liquidity risk
- Commercial risk attached to long-term contracts
- Infrastructure challenges at power stations results in reduced offtake
- AMSA operating environment impacting coal demand

Impacts

- Operational constraints at Grootegeluk as a result of Eskom and AMSA's inability to offtake coal
- Cash flow constraints at Eskom and AMSA increasing credit risk for Exxaro
- CSA not renewed, impacting the Matla Colliery*
- Loss of revenue
- Reputational damage

Controls

- Sustained engagement and collaborative planning with Eskom, enhancing alignment between power stations and the mines
- Enforce CSAs
- Debt relief package for Eskom and new management appointed
- National Energy Crisis Committee is effectively managed
- Enhanced demand planning in close alignment with AMSA

Outlook

AMSA has commenced the wind-down of its long steel business following the expiry of the IDC's due diligence period, with section 189 notices issued from 1 September 2025. The Newcastle blast furnace has been placed on care and maintenance. AMSA's coal demand has reduced significantly due to a challenging operating environment. The steel producer's outlook remains constrained and is highly reliant on broader structural changes within South Africa. Eskom continues to experience operational challenges at its power stations, which impacts coal offtake at Grootegeluk.

Risk appetite statement

N/A

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3	

* *CSA signed in April 2026.*

5 Country risk (2025 risk ranking: 4)

Drivers

- Uncertain, inhibiting and inadequate policies for economic development and investment
- Crime and corruption in the private and public sectors
- High unemployment and poverty
- Lack of government service delivery
- Country credit rating (BB-; stable outlook)
- Constrained economic growth and limited tax base
- Global macro-economics and geopolitics
- Infrastructure constraints and supply chain disruptions
- Lack of innovation/research and development
- Rand volatility
- Exxaro's delivery on commitments

Impacts

- Community unrest
- Reduced opportunities for public-private partnerships
- Increased compliance burden
- High cost of capital
- Breakdown in relationships with government
- Reduced investment opportunities
- Higher expectations from society and government for Exxaro to contribute to addressing social issues and service delivery
- Stock devaluation

Controls

- Active participation in business and reform platforms (eg Business Leadership South Africa reform initiatives)
- Structured government and stakeholder engagement at national, provincial and local level
- Supporting a thriving democracy through deliberate and strategic donations and sponsorships
- Appropriate insurance coverage
- Proactive monitoring of policy and regulatory developments
- Community engagement and social investment aligned to operational and sustainability priorities
- Media and sentiment monitoring with escalation protocols
- Internal and external communications strategy to reinforce Exxaro's role in South Africa's growth and transition
- Support national investment narrative and ease-of-doing-business reforms

Outlook

Country risk remains elevated but trending positive off the back of encouraging improvements in state utility, structural reforms, stable macro-economic management and increased momentum in public-private collaboration, which is beginning to translate into positive business sentiment. However, the positive sentiment is outpacing economic reality, as fixed investment continues to be low amid a challenged economy. Continued execution of reforms and infrastructure recovery remain critical for further risk reduction over 2026. Further, the outcomes of the local government elections planned for the first quarter of 2026 are a focus area. They may present surprises in key municipal centres and possibly result in limited social unrest.

Risk appetite statement

Exxaro builds an ethical culture rooted in integrity, accountability and trust, ensuring transparency and fairness in all actions including dealing with fraud, bribery and corruption.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			3	

6 Adverse threat to licence to operate (2025 risk ranking: 6)

Drivers

- Not achieving SLP targets for annual and five-year projects
- Ineffective stakeholder communication about Exxaro's achievements
- High community expectations for social investments and procurement opportunities
- Delays in licence and authorisation approvals
- Inability to meet legislative targets, such as Mining Charter and B-BBEE
- BEE transaction unwind

Impacts

- Production stoppages
- Reputational impacts (loss of business opportunities)
- Financial loss
- Community unrest
- Suspension/cancellation of mining right or directive issued by the DMPR
- Fines and penalties by regulatory authorities
- Protracted disputes with regulatory authorities

Controls

- Fulfil regulatory requirements within reasonable costs
- Engage with stakeholders and regulators
- Supervise and report on the execution of projects in terms of SLPs
- Monitor compliance performance management with regard to SLPs and B-BBEE
- Empowerment transaction has been extended to 2027
- Assess the impact of new legislation and regulations on operations
- Conduct annual SLP internal audits before submission to DMPR

Outlook

We will continue to focus on delivering on our commitments in line with our licence to operate. Additional project management, technical and supply chain resources have been deployed to support the delivery of SLP commitments. Furthermore, the implementation of the Social Impact strategy is expected to deliver greater impact to the communities where we operate. Community members are kept updated through regular engagements, and engagements with DMPR are ongoing.

Risk appetite statement

Exxaro safeguards its reputation by ensuring full compliance with laws and regulations, with zero tolerance for non-compliance.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3 4	

7 Climate change and decarbonisation challenges (2025 risk ranking: 9)

Drivers

- International and local investor sentiment against fossil fuels
- Increased stringent local and international legislation (eg Climate Change Act and associated regulations, carbon budgets and the Carbon Tax Act)
- Competition between operations and communities for water resources
- Lack of implementation of national climate policies resulting in failure to meet the national climate goals linked to the Paris Agreement (negative environment and social impacts)

Impacts

- Increased cost of doing business
- Community protest
- Non-compliances associated with GHG emissions
- Energy security and supply
- Loss of production
- Natural disasters
- Equipment/infrastructure damage
- Possible fatalities and increased occupational incident rate
- Restriction in allocation of water
- Legal claims against heavy polluters
- Unable to secure insurance cover for operations (higher premiums, reduced coverage availability, or even uninsurability)

Controls

- We have an ESG portfolio management office, with an ESG committee appointed to monitor portfolio management office activities and decarbonisation projects
- Invest in decarbonisation initiatives and projects through the ESG portfolio management office
- Diversify the portfolio into other metals in line with Exxaro's strategy
- Continuous engagement with government and other stakeholders to create partnerships for scope 3 emissions mitigation (eg, signed MoUs with the Council for Geoscience and Eskom)
- Ensure compliance with the Climate Change Act, 2024 (Act 22 of 2024) (Climate Change Act), Carbon Tax Act, 2019 (Act 15 of 2019) (Carbon Tax Act) and associated regulations
- Reduce our water intensity and carbon intensity per tonne of product to reduce carbon emissions and water consumption
- Ongoing monitoring of developments in carbon pricing
- Maintain and establish relevant public private partnerships
- Monitor infrastructure integrity by means of the structural integrity management systems programme
- Execute the decarbonisation roadmap
- Annually review the financial model to cost the impact of carbon tax
- Cennergi continues to reinforce our commitment to environmental stewardship and socio-economic development in the regions where it operates
- Capital allocation for decarbonisation and other ESG projects

Future treatments

- Conduct a climate adaptation and resilience study of our operations
- Leverage the opportunity to invest in self-generation facilities, which aligns with our energy growth strategy

Outlook

We continue to explore opportunities to lower carbon emissions in our operations and value chain, and contribute to an impactful transition.

Risk appetite statement

Exxaro is committed to environmental laws and decarbonisation. We accept minimal environmental risks to achieve our goals.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3 4	

8 Community unrest/disruptions (2025 risk ranking: 7)

Drivers

- Delayed implementation of SLPs and transformation initiatives, including local economic development, human resource development and local procurement, among others
- Lack of capability or capacity of companies and youth in local communities
- Influence of local community business forums on allocation of opportunities
- High unemployment rate
- Low economic growth
- Lack of municipal service delivery
- Increased climate change activism in host communities

Impacts

- Potential harm to mine employees, contractors and community members
- Disruptions to operations by preventing access to workplace
- Reputational damage
- Financial loss

Controls

- Enhanced monitoring of SLP implementation across the business
- Ongoing engagement with DMPR, Minerals Council South Africa, and local and district municipalities
- Ensure that strike emergency response plans are active and tested regularly
- Conduct regular community stakeholder engagement
- Support the development of post-mining economies and skills through programmes such as the MSP
- Communicate business opportunities and provide support through incubation and ESD programmes
- Ensure ongoing implementation of Social Impact strategy beyond compliance
- Leverage partnerships to increase social impact
- Leverage and repurpose Exxaro land to benefit communities
- Continue implementing the Social Impact strategy through an ecosystem approach
- Continue to develop post-mining economies and skills

Outlook

Critical infrastructure failures, specifically regarding the water and road networks in the Victor Khanye, eMalahleni and eMakhazeni municipalities, are driving community unrest. We anticipate these service delivery protests will escalate as the election period approaches, posing a direct risk to our local operations.

Risk appetite statement

Exxaro avoids actions that could harm our brand or stakeholder trust.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3 4	

9 Geopolitical uncertainty (2025 risk ranking: N/A)

Drivers
- Heightened trade protectionism, including tariffs, sanctions and strategic resource nationalism, which impacts global trade flows
- Escalating military action and prolonged conflicts (Ukraine-Russia, Middle East) increasing global uncertainty and volatility
- Uncertain global policy environment including regional positions on energy transition
- Deteriorating global geopolitical cohesion and weakening multilateral coordination
- Weaker influence of transnational organisations and institutions (eg UN)
- South Africa's strained diplomatic positioning with key western partners, including tensions with the US and South Africa's legal case against Israel, raising reputational and trade access risks
- Exposure of manganese exports to China, increasing sensitivity to bilateral trade dynamics and tariffs

Impacts
- Higher logistics, insurance and compliance costs under elevated global risk conditions
- Revenue decline from reduced demand or blocked access to strategic markets
- Disruption of export markets due to embargoes or sudden tariff hikes
- Loss of ability to participate in affected markets/politically unstable regions
- Increased costs from rerouting supply chains or complying with new foreign regulations
- Reputational damage if seen to be supporting politically controversial regimes

Controls
- Concentrated operating and revenue base in South Africa, reducing direct exposure to sanctioned jurisdictions
- Customer and logistics diversification within approved and stable trade corridors
- Ongoing geopolitical monitoring and scenario analysis integrated into strategy and risk reviews

Future treatments
- Continue active monitoring of South Africa-US relations and broader geopolitical developments and trade policy signals – ongoing
- Update stress-testing assumptions for tariffs, sanctions spill-overs and logistics disruption scenarios – ongoing
- Strengthen strategic stakeholder and policy engagement to manage reputational and market access risks – ongoing

Outlook
Global geopolitical risk is expected to remain elevated through 2026 as military conflicts intensify, geopolitical tensions continue to be unpredictable, and trade protectionism increases. Ongoing conflicts in Eastern Europe and the Middle East, together with tariff wars and sanctions, are likely to sustain volatility in global commodity markets, logistics costs, and impact investor sentiment. South Africa's geopolitical positioning and strained relations with certain Western partners may continue to create uncertainty around trade access and diplomatic alignment, particularly in an increasingly fragmented global environment.

Risk appetite statement
N/A

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			2	

10 Financial targets not met (2025 risk ranking: 10)

Drivers

- Macro-economic factors (commodity prices, exchange rates and inflation)
- Counterparties not meeting contractual obligations (Eskom, TFR and AMSA)
- Optimising operations
- Position of operations on cost curve
- Above inflationary cost pressure and supply chain disruptions
- Acquisitions not meeting the financial return targets in terms of investment criteria

Impacts

- Lower production and revenue
- Increased cost of production
- Increased head office costs
- Lower cash generation
- Inability to achieve budgeted returns
- Acquisitions not meeting hurdle rates
- Inefficient capital allocation

Controls

- Target for cost increases of mines to be below mining inflation and for Exxaro overall to be in the first quartile of the cost curve
- Operational effectiveness and digitalisation initiatives to reduce cost per tonne
- Monitor supplier financial health (critical and strategic suppliers)
- Cost, production and capex annually determined through target-setting process
- Quantifying and simulating the impact of drivers in the financial model and forecasts
- Enforcing Eskom "take or pay" provision
- Investment criteria for acquisitions with sensitivity analysis

Future treatments

- Optimise costs at Grootegeluk – ongoing
- Ongoing revision of the capital allocation framework once certainty on the size of the manganese acquisition is attained

Outlook

Exxaro's financial performance will largely be influenced by the logistical performance and ability of Eskom to meet its contractual commitments, as well as the performance of our investment in SIOC. Coal prices are declining and the foreign exchange rate is strengthening.

Risk appetite statement

Exxaro proactively manages financial risk emanating from business decisions to remain liquid and solvent and meet our debt covenants and financial targets.

Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			1 2 3 4	

Our stakeholders

Our stakeholders influence and are affected by our decisions, performance and long-term sustainability. As such, we prioritise building stable, mutually beneficial relationships with them. Meaningful engagement helps protect our licence to operate and create shared value.

Stakeholder engagement approach

Our approach is guided by our stakeholder management policy and engagement procedure. These are strategy led and outcomes based, enabling us to build and maintain intentional and meaningful relationships. We regularly review our stakeholder universe to understand how our activities affect stakeholders and how their expectations influence our strategic delivery. Regular and ad hoc in-person engagements, supported by social impact assessments and surveys, inform our understanding of our social impact and stakeholders' needs and concerns.

Assessing effectiveness and relationship quality

Exxaro's board and executive committee assess engagement effectiveness. We monitor the effectiveness of engagement and quality of relationships through surveys, feedback platforms, structured review cycles and the outcomes of key interactions, which inform our adjustments and focus areas. These insights help strengthen mutual trust and reinforce our commitment to maintaining constructive, long-term stakeholder relationships.

Stakeholder universe

We categorise our stakeholders into four key groupings and identify relevant engagement objectives and strategies as required.

Government

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

Business

- Non-governmental and non-profit organisations
- Media
- Professional industry bodies
- Mining industry peers
- Universities
- Financial community

Communities

- Local media
- Faith-based organisations
- Business associations
- Farmers and landowners
- Mining industry peers
- Local SMMEs
- Local leadership
- Local schools
- Traditional authorities

Value chain participants

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

Our stakeholders and our response to their expectations and issues

Employees | Quality of relationship: Although we have a solid relationship with our employees, there is room for improvement

Stakeholders include 21 297 Exxaro employees and 1 261 Cennergi employees.

Engagement purpose

We foster an engaged, resilient workforce by regularly communicating progress, co-creating solutions, developing capabilities, strengthening culture and trust, and ensuring open dialogue and employee feedback as part of our listening efforts.

How we engage

Through regular, multi-channel methods including structured meetings at various intervals, newsletters, roadshows, communication campaigns, digital communications and performance management processes. Our approach includes safety-focused initiatives, financial and operational feedback sessions, feedback on union meetings, active listening mechanisms that include employee surveys and anonymous reporting and feedback channels. We also support ongoing culture development through training and team journeys.

Stakeholder expectations and issues

While employees feel proud to work for Exxaro, they have concerns regarding insufficient communication, which creates a lack of clarity and uncertainty. There is also a strong need to strengthen psychological safety to enable employees to speak up. Leaders are also encouraged to be more deliberate about listening to employees and take visible action on their feedback. This includes enhancing focus on employee development and growth to support our talent pipeline.

Our response

- Strengthening leadership listening by:
  - Developing action plans to address employee concerns
  - Regularly conducting pulse checks to monitor progress against action plans
- Supporting the implementation of key initiatives:
  - Encouraging leaders and their teams to undergo team journeys to support team health and collaboration
  - Implementing FUNN@WORK to promote employee wellbeing and encourage fun in the workplace
  - Implementing Culture Live feedback sessions to focus on issues that are important to employees and promote the desired culture for Exxaro
  - Introducing our employee value proposition, supported by focus groups across the organisation, to ensure it reflects employees' lived experience
- Investing in and developing talent

Detailed disclosure:

Human capital (page 105)

Engaging our employees, developing future-ready talent and remuneration report (ESG report, page 65 and 71)

Relevant material themes	Capitals impacted	Strategic objectives impacted

Investors | Quality of relationship: We maintain a good relationship with investors

Stakeholders include 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 also include ESG ratings agencies in the investor stakeholder group.

Engagement purpose

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.

How we engage

Through financial results presentations, FD's pre-close messages, investor roadshows, annual general meetings, Capital Markets Day sessions, site visits and investor conference participation. We also conduct solicited meetings, participate in sell-side roundtables and gather feedback through investor perception surveys.

Stakeholder expectations and issues

Investors continued to seek clarity on Exxaro's growth and diversification plans and progress on manganese assets acquisition, growth areas, capital allocation framework and ESG issues related to Exxaro's transition. Company stability, organisational culture, employee morale and strategy during leadership transition were an area of interest. They are also interested in how we manage logistics and coal offtake risk, the sustainability of our coal business, as well as our capital allocation framework, shareholder returns and cash retention policy. Exxaro's B-BBEE structure beyond 2027 was also top of mind.

Our response

- Reaffirmed that Exxaro's Sustainable Growth and Impact strategy remained intact during leadership transition
- Articulated safety, organisational stability, succession planning, operational delivery and prudent diversification as key priorities during leadership transition
- Accelerated the prudent delivery of our diversification strategy by announcing the acquisition of select manganese assets from Ntsimbintle Holdings and OMH, and grew our energy solutions business through strategic acquisitions. We responsibly disposed of our entire shareholding in FerroAlloys, sharpening management focus and announced the Leeuwpan turnaround plan to return the mine to profitability
- We announced that the R12 billion to R15 billion cash buffer will no longer be required post manganese acquisition and that a review of our capital allocation framework was in progress
- Following the signing of a separate waiver by Eyesizwe to maintain its shareholding in Exxaro until 2027, Exxaro structure beyond 2027, actively evaluating options to maintain meaningful empowerment with community and employee participation in a manner that is compliant, value-preserving and creates long-term shareholder value. We are also monitoring the developments of the Draft Mineral Resources Development Bill of 2025
- Maintained proactive and consistent engagements with shareholders and analysts

Detailed disclosure: Chairman's statement (page 8) and our Sustainable Growth and Impact strategy (page 16)

Benchmarking our performance (page 19) and remuneration report (ESG report, page 147)

Relevant material themes	Capitals impacted	Strategic objectives impacted

Government | Quality of relationship: Our good relationship with this stakeholder has room for improvement

Government stakeholders include national, provincial and local government bodies that shape policy direction, socio-economic priorities and the broader operating environment in which Exxaro functions.

Engagement purpose

We build constructive partnerships with government by sharing strategic developments, collaborating on socio-economic solutions, contributing to national development, shaping policy, managing country risks, and engaging on ESG performance and community/environmental commitments.

How we engage

Through one-on-one, in-person and virtual engagements, as well as dialogue platforms, events and sponsorships, and quarterly reports.

Stakeholder expectations and issues

Government expects businesses to minimise negative environmental impacts, manage water responsibly and overcome climate change issues, while planning for post-mine closure and contributing to job creation and broader community upliftment.

Our response

- Reinforced a constructive, solutions-oriented approach by addressing key issues, such as logistics constraints, through industry platforms and direct engagements with government to improve infrastructure reliability
- Participated in provincial investment conferences in Mpumalanga and Limpopo
- The SERC engaged with Limpopo's premier and her delegates during Exxaro's Lephalale stakeholder engagement day
- Participated in Business Leadership South Africa G20 and B20 engagements
- Briefed the DMPR minister on Exxaro's manganese acquisition
- Engaged the DMPR minister on Leeuwpan mine section 189 processes
- Supported grade 12 results announcements in Limpopo and Mpumalanga, and supported the DMPR minister's Back to School campaign
- Supported the Department of Women, Youth and Persons with Disabilities by joining the South African delegation as a business representative at the 69th meeting of the UN Commission on the Status of Women in March 2025, leading to Exxaro initiating a potential strategic partnership with UN Women to advance women's empowerment through Exxaro's ESD programme
- Provided business input at a Cooperative Governance, Human Settlements and Traditional Affairs ministerial roundtable, shaping the review of the white paper on local government and strengthening Exxaro's role as a key partner in local economic development and infrastructure

Detailed disclosure: Empowering people and communities (ESG report, page 55).

Relevant material themes	Capitals impacted	Strategic objectives impacted

Regulators | Quality of relationship: Our good relationship with this stakeholder has room for improvement

Regulators include specialised regulatory authorities responsible for enforcing mining, environmental, water, safety and other compliance requirements across Exxaro's operations.

Engagement purpose

We maintain constructive compliance relationships, engage on licensing, mine closure and environmental requirements, align on regulatory expectations and ensure transparent reporting and assurance. Our engagements assist with applications to secure our licence to operate and enable us to collaborate in shaping policies.

How we engage

Through one-on-one, in-person and virtual engagements, as well as dialogue platforms and quarterly reports.

Stakeholder expectations and issues

Regulators expect updates on Exxaro's plans and strategies in addition to receiving submissions for licences and authorisations.

Our response

- Engaging regularly with the DMPR on SLP initiatives, including planning and reporting
- Reporting quarterly as required by regulatory bodies
- Ensuring robust internal auditing processes, strategies and management controls to improve compliance and risk mitigation
- Regularly reviewing and addressing complaints received
- Processing information requests through the Promotion of Access to Information Act, 2002 (Act 2 of 2002) and managing them accordingly
- Proactively engaging with the Department of Water and Sanitation and Department of Forestry, Fisheries and Environment on water issues at our Durnacol and Hlobane mines in closure
- Successful engagements with the DMPR on the renewal of our Matla mining right, and the Department of Water and Sanitation on the Matla water use licence renewal

Detailed disclosure: Our environmental stewardship and empowering people and communities (ESG report, page 21 and 55)

Relevant material themes	Capitals impacted	Strategic objectives impacted

Labour unions | Quality of relationship: We have a very strong relationship with this stakeholder based on mutual trust and respect

Stakeholders include recognised labour unions that represent employees' interests and participate in collective bargaining and workplace forums.

Engagement purpose

We aim to ensure constructive dialogue, fair labour practices, minimise labour unrest risks and maintain workplace stability through transparent engagement, formal structures and collaborative problem solving.

How we engage

We formally engage with unions that have recognition agreements and uphold their collective bargaining rights. We maintain positive employee relations through ongoing monthly engagements at BUs and quarterly engagements at an employer level (Exxaro Coal and Exxaro Coal Mpumalanga) and with Exxaro Resources Limited. These engagements are supported by issue-driven union and management discussions, including engagements on interim and annual results.

Stakeholder expectations and issues

Unions expect Exxaro to finalise issues that emanated from 2024 wage negotiations.

Our response

- We strive to proactively communicate updates on business or financial performance, social impact and people initiatives as they become available
- We provided an opportunity for our CEO to engage with national trade union leadership on issues pertaining to the business and our relationship

Detailed disclosure: Engaging our employees (ESG report, page 65).

Relevant material themes	Capitals impacted	Strategic objectives impacted

Communities | Quality of relationship: Our established relationship with this stakeholder can be improved

Communities include those living in and around our operations who are affected by Exxaro's activities and rely on us for social, economic and developmental opportunities.

Engagement purpose

We engender trust and strengthen our social licence to operate by sharing our strategy and purpose, responding to community needs, practising open communication, supporting economic upliftment and creating opportunities to co-create solutions.

How we engage

Primarily through stakeholder engagement forums and sessions with ecosystem partners.

Stakeholder expectations and issues

Ongoing issues include a lack of skills, limited access to procurement, funding and employment opportunities, and infrastructure development challenges.

Detailed disclosure: Social and relationship capital (page 110)
Empowering our communities (ESG report, page 77).

Our response

- Exxaro's proactive and consistent community engagements are ongoing, with their effectiveness demonstrated during community protests in eMalahleni and targeted action at Matla mine. Both incidents were successfully managed with minimal disruption to production, reflecting the organisation's strategic community relations
- Delivering SLPs (page 111), which detail our commitments to skills development programmes and infrastructure development, including the resuscitation of boreholes in Leeuwpan, the Marapong sport, arts and culture precinct in Lephalale, and substation and roads projects in Matla and Belfast
- Leveraging Exxaro's land resources to create sustainable socio-economic value through concessional land leases for agriculture and land donations
- Planning future SLPs in accordance with social impact principles and impact areas, in consultation with communities and government
- Providing and allocating funding to community development initiatives, socio-economic development, local ESD initiatives, charitable organisations and youth upskilling
- Holding the board's annual stakeholder days 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

Relevant material themes	Capitals impacted	Strategic objectives impacted

Customers | Quality of relationship: Our good relationship with this stakeholder has room for improvement

Stakeholders include domestic and offshore customers in Europe, Asia and other markets. Eskom is our largest customer, making up 71% of our coal sales (per product tonnes) (2024: 72%).

Engagement purpose

We engage with customers to understand their requirements and collaborate on environmental priorities, market trends, future opportunities and performance improvements.

How we engage

Through outbound marketing, email correspondence and meetings at different customer organisation levels. This is complemented by participation in marketing and industry conferences.

Stakeholder expectations and issues

Customers expect high-quality, reliable product supply and responsive service, supported by clear communication. They are also interested in how we address societal challenges, uplift our communities, minimise our environmental impact, build climate resilience and address climate change issues.

Our response

- Increasing engagement with customers about their challenges
- Facilitating strategic discussions to strengthen relationships in the longer term
- Signing the Matla CSA with Eskom post-year end, reinforcing our strategic partnership

Detailed disclosure: Manufactured capital (page 101).

Relevant material themes	Capitals impacted	Strategic objectives impacted

Suppliers | Quality of relationship: We have a good relationship with these stakeholders, with room for improvement

Stakeholders include partners who render services and supply goods to execute strategic, transformational, ESG, security of supply and localisation of supply objectives at our operations.

Engagement purpose

We aim to build strategic, resilient relationships, promote local participation, support supplier development, and advance transformation and local economic development commitments.

How we engage

Through interaction via our vendor services helpdesk and direct, proactive engagements that focus on category management, capital sourcing and contract lifecycle.

Stakeholder expectations and issues

Suppliers seek long-term, sustainable relationships supported by active contract management, timely communication and collaboration to create shared value. They also expect increased local procurement and employment opportunities, and visible, meaningful demonstration of good corporate citizenship.

Our response

- Engaging regularly with strategic suppliers as part of our supplier relationship management programme to address key issues such as cost savings, diversity and transformation (black ownership and participation), supply security, risk management, and decarbonisation strategies
- Communicating our local procurement strategy and progress at regular BU stakeholder engagement forums and educating local suppliers about accessing business and funding opportunities
- Securing local economic development commitments from our suppliers
- Setting annual progressive targets, going beyond compliance with regulatory requirements, for preferential, local and green procurement
- Hosted a CEO Supplier EthiXX Day, reinforcing ethical conduct and transparency

Detailed disclosure: Driving supply chain sustainability (ESG report, page 91).

Relevant material themes	Capitals impacted	Strategic objectives impacted

Refer to the ESG report (page 14) for more information, including the 2025 and 2026 stakeholder focus areas.

Our material matters

Materiality considerations guide the focus of our reporting. We apply a double materiality lens to identify matters that significantly influence our ability to create and sustain value, not only for our business, but also for our stakeholders and the natural environment.

Materiality approach and process

Our materiality approach is guided by impact materiality (our outward impact on society, communities and the environment) and financial materiality (matters that impact our ability to generate revenue and preserve stakeholder value over time). This approach reflects the combined guidance of the Integrated Reporting Framework and GRI.

We conduct a materiality review annually, taking into account the dynamic nature of our material matters. This allows us to reflect on matters that may evolve from being material from an impact perspective to being financially material.

The review process involves:

Identifying matters

- Assess prior year material themes and matters
- Analyse global and local risk reports, industry trends, materiality mappers and media reports
- Review internal documentation, including results of stakeholder surveys and risk registers
- Consider peer material matters and risks

Prioritising identified matters

- Validate and prioritise the potential material themes and matters through executive review and an online survey completed by senior managers, subject specialists and selected executives

Our materiality review results in matters that inform our integrated and ESG report content. The information provided in this report focuses on issues that have a greater impact on Exxaro's ability to create value over time. Matters that have a higher impact on society, communities and the environment are discussed in detail in our ESG report.

This year's materiality review resulted in 25 material matters across the same seven material themes. The matrix below depicts the prioritisation of our material themes, and our material matters are on the pages that follow, with changes indicated in footnotes.

Materiality matrix

Our material themes and matters

	Theme materiality	Capitals	SDGs	Strategic response

Adapting to a changing context

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.

Theme materiality: Financially material

SDGs: 8, 11, 9

Material matters:

- Macro-economic and geopolitical environment
- South African infrastructure and service delivery challenges^
- Commodity price fluctuations

Operating context (page 32) and intellectual capital (page 103)

Related risks:

- Unavailability of logistics capacity, country risk, customer concentration risk, geopolitical uncertainty

Year-on-year theme movement on materiality matrix:

- Upward movement on impact materiality scale compared to 2024. However, this theme still skews mostly towards financial materiality

Building sustainable communities

Maintaining our social licence to operate depends on the strength of our relationships with host communities. We aim to foster mutually beneficial relationships with our communities, and invest in community 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.

Theme materiality: Impact and financially material

SDGs: 4, 11, 8, 12, 9, 16

Material matters:

- Social licence to operate
- Upholding human rights^
- Sustainable job and business creation
- Supporting an impactful transition to a low-carbon economy^

Social and relationship capital (page 110), Empowering our communities (ESG report, page 77)

Related risks:

- Adverse threat to licence to operate, community unrest/ disruptions

Year-on-year theme movement on materiality matrix:

- No significant movement

Driving business resilience

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.

Theme materiality: Financially material

SDGs: 11, 16, 12, 17

Material matters:

- Strong financial performance and capital excellence^
- Logistical impediments
- Supply chain management
- Innovation and digitalisation
- Cybersecurity*

Related risks:

- Unavailability of logistics capacity, cybersecurity attacks impacting business, country risk, customer concentration risk, geopolitical uncertainty, financial targets not met

Year-on-year theme movement on materiality matrix:

- No significant movement

Upholding good governance (page 63), financial capital (page 91), intellectual capital (page 103), Driving supply chain sustainability (ESG report, page 91)

Enabling a thriving workforce

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.

Theme materiality: Impact and financially material

SDGs: 3, 5, 4, 8

Material matters:

- Health, safety and wellness
- Employee attraction, retention, development and DEI^
- Labour relations

Human capital (page 105), Empowering people and communities (ESG report, page 55)

Related risks:

- Safety risk

Year-on-year theme movement on materiality matrix:

- Upward movement on impact and financial materiality scales compared to 2024

^ Matter renamed or expanded. ** New matter.*

	Theme materiality	Capitals	SDGs	Strategic response

Executing our strategy

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.

Theme materiality: Financially material

Material matters:

- Diversify responsibly into energy transition metals while optimising our coal business^
- Build a leading energy solutions business

Our Sustainable Growth and Impact strategy, performance against our strategy (page 16 and 21)

Related risks:

- Unavailability of logistics capacity, country risk, climate change and decarbonisation challenges, geopolitical uncertainty

Year-on-year theme movement on materiality matrix:

- No significant movement

Principled governance

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.

Theme materiality: Impact and financially material

Material matters:

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

Upholding good governance (page 63), Full governance report (ESG report, page 98)

Related risks:

- Unavailability of logistics capacity, cybersecurity attacks impacting business, country risk, customer concentration risk, climate change and decarbonisation challenges, geopolitical uncertainty

Year-on-year theme movement on materiality matrix:

- Upward movement on impact and financial materiality scales compared to 2024

Responsible environmental stewardship

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.

Theme materiality: Impact and financially material

Material matters:

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

Natural capital (page 113), Our environmental stewardship (ESG report, page 21)

Related risks:

- Country risk, customer concentration risk, climate change and decarbonisation challenges

Year-on-year theme movement on materiality matrix:

- No significant movement

^ Matter renamed or expanded.