

exxaro

POWERING POSSIBILITY

**MINING
INDABA
2023**



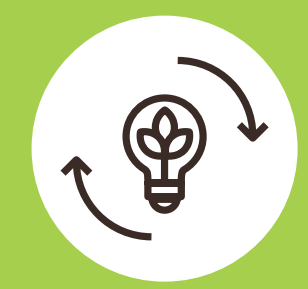
**We know there is a
better place to be
tomorrow
than where we are
today!**

Our purpose - to power better lives in Africa and beyond - drives our vision to provide current and future facing resources to power a low-carbon world. Through our culture and values that prioritise our purpose, every level of expertise is working together to power our nation today whilst creating sustainable, innovative solutions for tomorrow.

Integrated thinking to positively affect our stability, security and supply.

We believe in sustainable value creation Through our relationships, our impact and vision, we play our part in ensuring economic and social stability, security and supply.

Strategic outlook



Coal and renewable Energy Businesses play a key role in our energy security



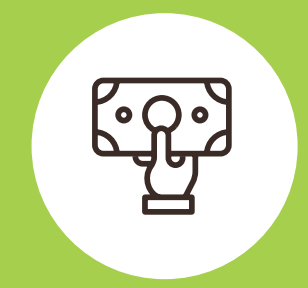
Taking our employees, communities and all our stakeholders along with us is critical



Growth in renewable Energy Business goes beyond decarbonisation



Covid uncertainty and logistics challenges remain



Prudent and robust capital allocation model



Sustainable, Growth and Impact strategy remains intact

Our Sustainable, Growth and Impact strategy drives and excites us, powering us to transition at speed and scale whilst **empowering our people to create impact.** Although we have built an exceptional coal and energy business, we know that everyone in our organisation can contribute towards a cleaner world, creating sustainable value for all our stakeholders.

Purpose first

We are a purpose-driven organisation, with a long-term view to value creation. **We leverage our strengths to grow our Minerals and Energy Business to drive our commitment to carbon neutrality by 2050.**



Our purpose
We exist to power possibility for all our people and our planet

Stability

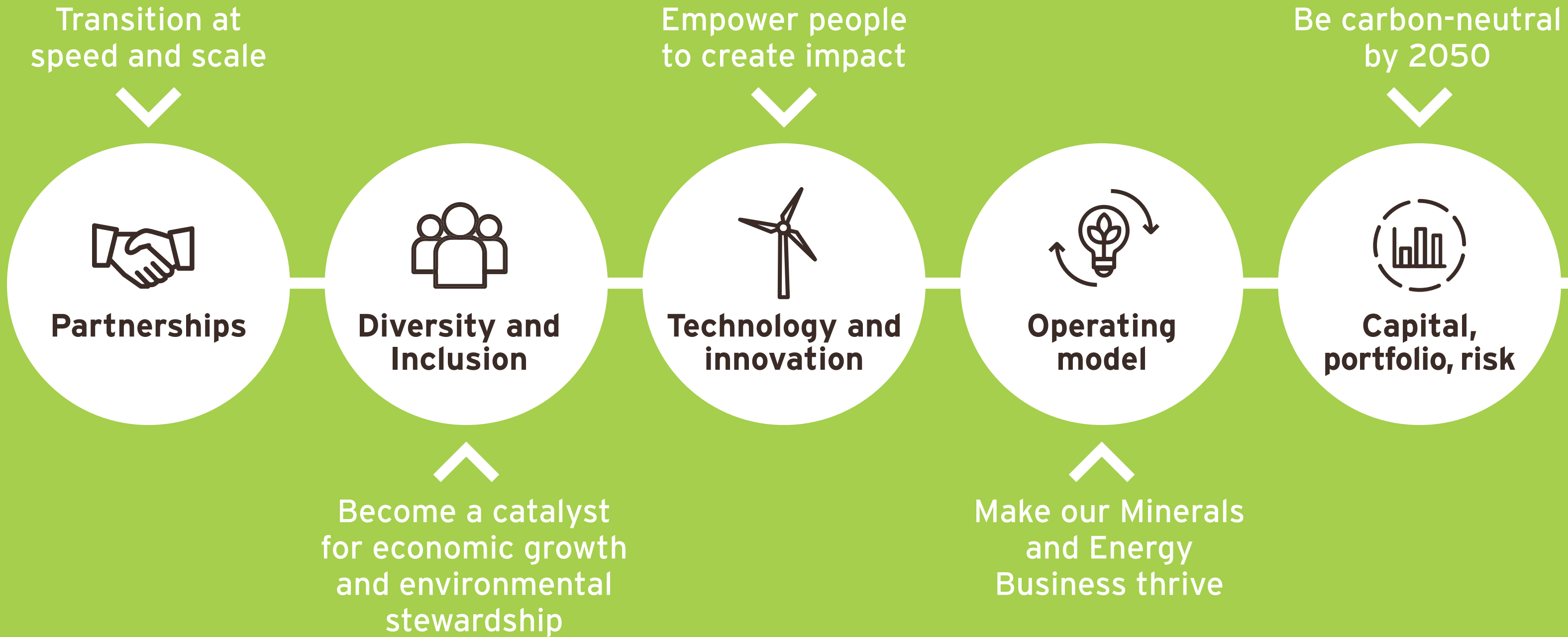
Growing stability through our ESG approach

Our Environmental, Social and Governance (ESG) practises are underpinned by our purpose and brought to life through carefully considered strategies, procedures and policies.

Our ESG outlook directs everything we do, with measures in place to actively track and evaluate our performance.

Strategic outlook

Sustainable, Growth and Impact strategy remains intact



1 Our impact imperative

Our everyday lives are impacted by social and environmental change, reshaping our world and changing how we do business. These forces of change are captured in the 17 United Nations Sustainability and Development Goals, and underpin our ESG imperative:

- Unequal distribution of resources resulting in poverty
- Vast inequalities in society (amplified by COVID-19)
- Risks and opportunities presented by climate change arising from increasing carbon emissions
- Scarcity of fresh water to meet standard demand
- Emergent and increasing biodiversity loss



2. Understanding our impact



1. Our impact imperative



3. Our impact approach






4. Delivering measurable results

2

Our impact



By understanding our impact, we can define our ESG outlook across our organisation.

 <p>Mining is a socially and environmentally impactful industry</p>	<p>The industry's extractive nature impacts mineral resources and biodiversity, requiring substantial energy and water input. This also impacts local communities, particularly in South Africa where mines are labour-intensive and provide local employment and business opportunities.</p>
 <p>South Africa is a water-scarce country with socio-economic challenges</p>	<p>We mine in Mpumalanga: water is scarce and biodiversity is highly sensitive, surrounded by communities that reflect South Africa's socio-economic challenges (unemployment and access to basic services such as electricity, water, sanitation and education). We are mindful of these challenges and committed to socio-economic upliftment.</p>
 <p>We are a critical supplier to South Africa's energy provider</p>	<p>We are a supplier of coal to Eskom. Our coal portfolio is a valuable natural resource, extracted optimally and responsibly to provide energy security and support economic growth and social development. Building our renewable energy portfolio provides long-term resilience to climate-related risks and opens up alternative economic activities.</p>

3

Approach



Our approach considers **our operating environment, operations and related impact**. Inspired by our vision and purpose, our Sustainable, Growth and Impact strategy drives our alignment both internally and externally. We measure our performance, considering our stakeholders' needs.

4



Results



Refiloe Sello, Exxaro's Manager Domestic Markets, announced as a **Top 5 finalist in the Mining and Minerals category.**



Gali Legodi, Exxaro's Senior Generalist Strategy & Transformation, was nominated at the **Standard Bank Top Women Awards for the Women in STEM category & Young Achiever category** and ranked 3rd place.

Exxaro's Climate Change Specialist Dr Lerato Khumalo, appointed as **vice-chair** for the Industry Task Team on Climate Change.



Exxaro Resources has received a **Transition Pathway Initiative (TPI) ranking of 4/4.** This high score reflects the company's **commitment to managing greenhouse gas emissions** and indicates to stakeholders and investors that Exxaro is in an excellent position to benefit from opportunities presented by our low-carbon transition.



Exxaro sustained an **"A" rating and improved in the "E" (Environmental) category** in the Environmental, Social and Governance (ESG) ratings by **Morgan Stanley Capital International (MSCI).**



Exxaro Resources came out **5th** in this year's **top 10 of the Ernst & Young (EY) Excellence in Integrated Reporting Awards.**



Included in the **Bloomberg 2022 Gender-Equality Index.**



Financial Capital



Human Capital



Natural Capital



Social & Relationship Capital



Exxaro was ranked number **5** at the **2022 Sunday Times Top 100 Companies Awards.**



Exxaro's Principal Process Engineer **Zelmia Botha** announced as **President of the South African Institute of Mining and Metallurgy (SAIMM).**



Announced as **2022 Top Employers.** The Top Employers Institute programme certifies organisations based on the participation and results of their HR Best Practices Survey. **This survey covers six HR domains** consisting of 20 topics, including people strategy, work environment, talent acquisition, learning, well-being, diversity and inclusion, and more.



Exxaro won an award for being a **fatality free business** (with 10 000 or more employees) at the **COALSAFE 2022** conference held by the South African Colliery Managers' Association (SACMA).



Mzila Mthenjane, Executive Head of Stakeholder Affairs, **appointed as the chairman** of the board for The Impact Catalyst.

Exxaro appoints its first **female CEO Dr Nombasa Tsengwa** on 1 August 2022.



Exxaro claimed **second place Best Sustainability Reporting Award** in the Metals & Mining category in the 2022 ESG Reporting Awards.



Exxaro ranked in the **top 10** in the subsector basic resources in the **FTSE Russell ESG rating.**

Growing stability delivering enterprise value

Creating sustainable value for our stakeholders is central to our purpose and strengthens stability across Africa. **Operational excellence, efficient capital deployment, technology and innovation adoption, decarbonisation and stewardship for sustainable operating environment, maintain our competitive edge and our growth.**



Powering sustainable value creation

Our Sustainable, Growth and Impact strategy will be driven by a capital allocation approach designed to grow our Minerals and Energy Businesses whilst balancing the risks and rewards.

Enterprise

- Create shareholder value
- Build sustainable & resilient business
- Align decision-making with strategic intent
- Balance sheet capacity

Portfolio

- Build a resilient portfolio
- Balance risk and returns

Assets

- Invest in & maintain robust assets
- Generate cashflow








Capital allocation model

Strategic fit

-  Financial
-  Markets
-  Capabilities
-  ESG
-  Portfolio mix

Pacing

-  Time to earnings
-  Organisational readiness
-  Competitive advantage
-  Value chain enablement
-  Stakeholders

Our capital allocation approach:

- Delivers continued shareholder value, creating a sustainable, resilient and robust enterprise able to withstand dynamic markets shifts.
- Facilitates coherent, robust but fair, decision-making between competing business investments interests, ensuring alignment with our strategic intent.
- Considers strategic fit and investment pacing.
- Aligns capabilities, strategic fit criteria (financial and market performance), ESG performance and diversification of product, geography and customers.
- Prioritises timing of investment decisions and factors such as time to earnings, organisational readiness and stakeholder considerations to ensure timeous realisation of value.
- Prioritises value creation through the prudent allocation of stay-in-business capital.
- Demonstrates our vigilance, optimising the use of our financial resources to create sustainable value.

Security

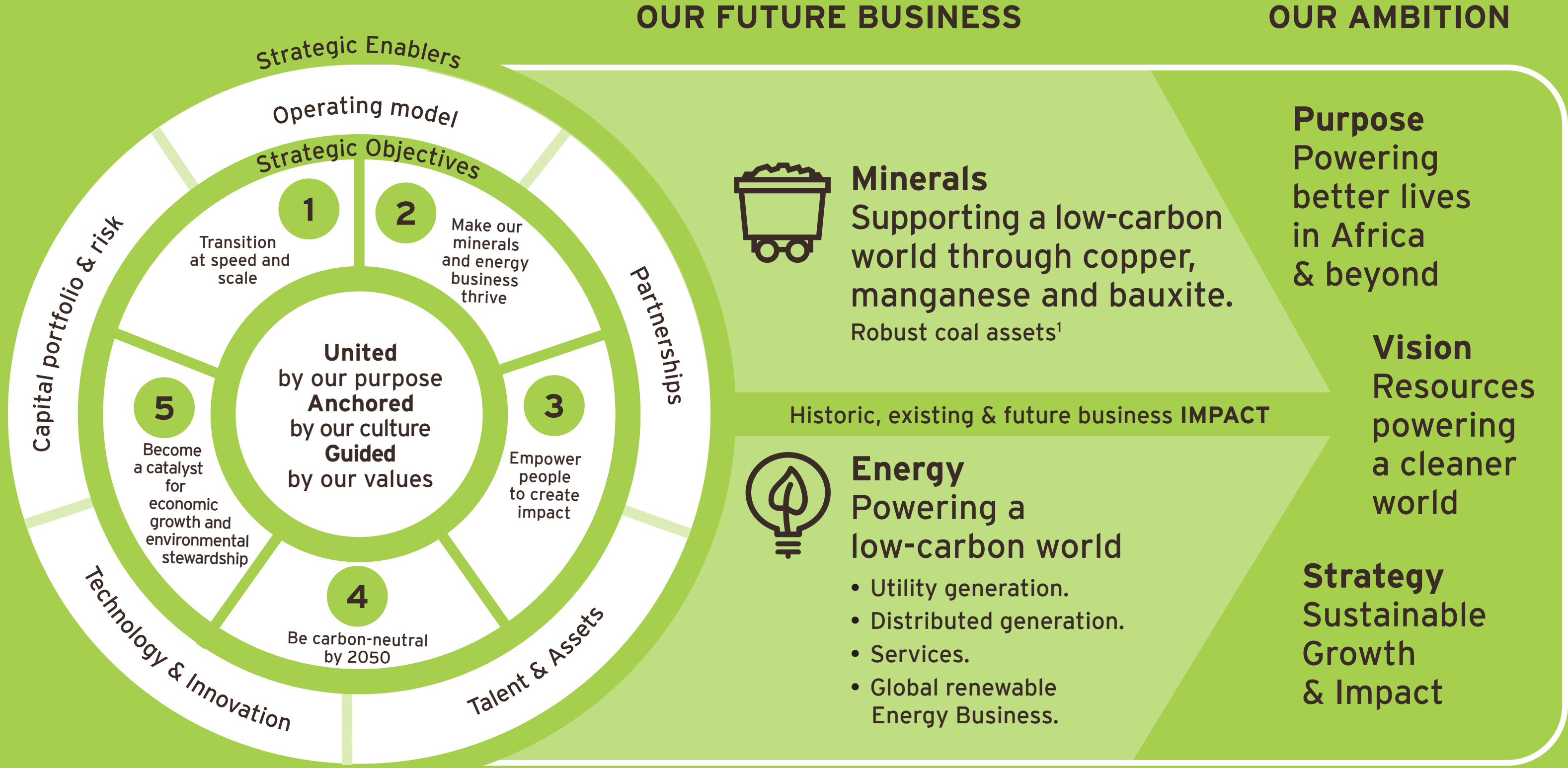
Creating security through our Sustainable, Growth and Impact strategy

Our strategy empowers our people to create impact, catalyses economic growth and environmental stewardship and innovates towards carbon neutrality by 2050. **Integrating climate change goals into our strategy, responsibly stewarding our natural resources and the expansion of our minerals' portfolio,** drives the transition journey and fosters smarter ways of working, powering possibility for all our people and our planet.



What is our Sustainable Growth and Impact strategy?

To systematically transform Exxaro into a diversified, integrated organisation producing sustainable resources to power a cleaner world.



¹Robust coal operations supporting a Just Transition and an energy transition

Bringing our strategy to life



TCFD recommendations

Provides a strategic framework for guiding our Climate Change Response strategy.



Decarbonisation plans

To achieve carbon neutrality Exxaro will need to actively reduce scope 1 and 2 emissions by at least 40% by 2030. To meet this goal we address three primary areas:

- Operations optimisation
- Value chain partners
- Stakeholder engagement



Governance

Our board and its subcommittees are mandated to address climate change, among other material ESG matters, to ensure integrated business processes.



Measurement and reporting

Exxaro measures, manages and reports energy and carbon data in terms of the GHG Protocol. We have participated in the COP climate change programme since 2008.



Climate Change Response strategy

Our Climate Change Response strategy supports our overarching Sustainable Growth and Impact strategy specifically through two of the five objectives:

- Transition at speed and scale
- Be carbon-neutral by 2050



Climate change position statement

In March 2020, we communicated our position on climate change in our climate change position statement.

www.exxaro.com/assets/files/climate-change-position-statement.pdf



Managing climate change related risks

Climate-related risks and opportunities are considered part of our extensive enterprise risk management (ERM) processes, which aim to embed risk management into existing processes to support informed decision-making. A detailed climate change scenario analysis was undertaken in 2019 and 2020.



Partnerships



We aim to support these objectives by creating partnerships driving climate action and raising employee awareness on climate change mitigation and adaptation.

Creating security

Our journey to decarbonisation

Climate change affects every area of our business. We will diversify our offering and adapt our ways of working to ensure security, both within our organisation and in the communities and country we serve.

This includes:

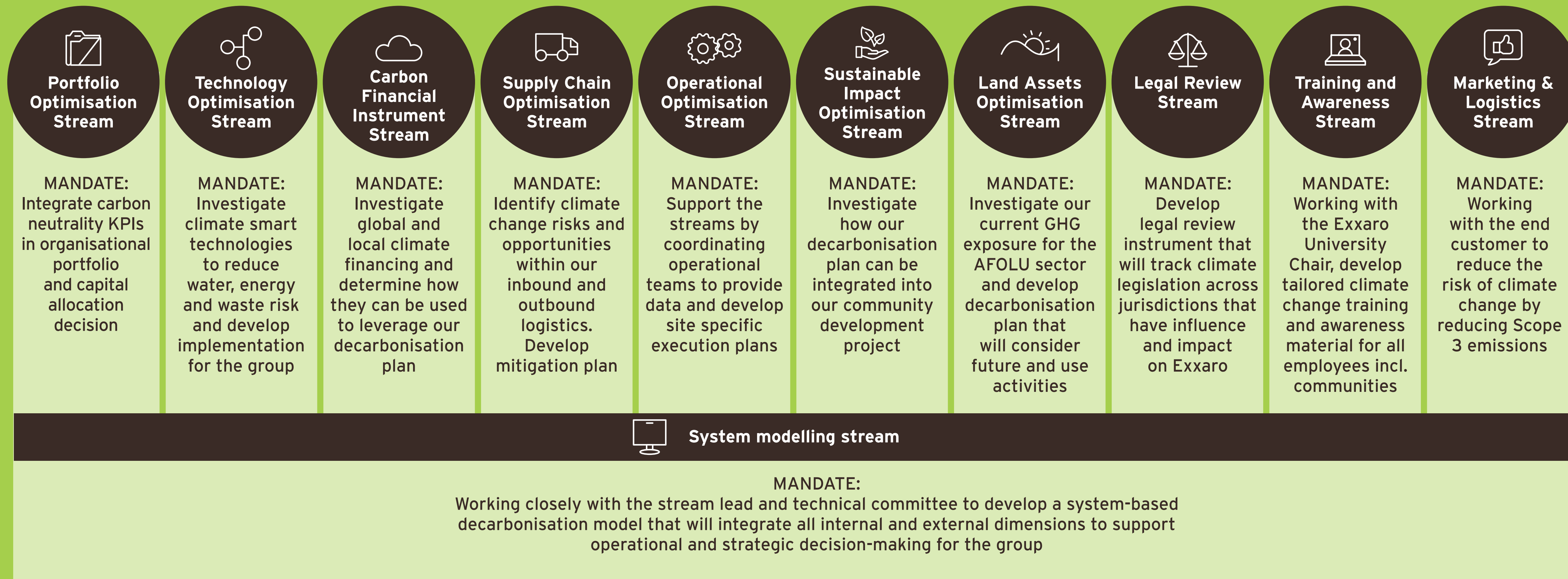
-  Strategically addressing climate change issues from a corporate governance perspective – considering decarbonisation as a priority when building strategies, business plans, capital allocation, risk management and annual budgets
-  Implementing and measuring objectives to ensure we achieve our goal to power a low-carbon world across every area of our business

Working together to achieve carbon neutrality

Water scarcity, air pollution, biodiversity loss, hazardous waste and climate change pose significant environmental and financial risks. The establishment of our decarbonisation management portfolio and several interconnected workstreams ensures accountability and delivery at every level.

Decarbonisation

Project Management Office



What are we doing to power a cleaner world?

We prioritise innovation, research and development, continuously collaborating across our organisation and industry, to nurture key partnerships around sustainability issues with all our stakeholders.



Our Sustainable Growth and Impact strategy

Our organisation can co-exist in harmony with our natural environment and diversify to power a cleaner tomorrow.



Research and development

Over the past decade, we have extensively invested in long-term research to grow a universal body of knowledge regarding climate change, renewable energy and sustainability through partnerships with various universities. Both internally and externally **we are actively implementing processes, programmes and initiating conversations** around our role as an organisation and an industry.



Active policy engagement

We continue to engage with our national leads around the alignment of **carbon tax and carbon budgets** to see how these can be applied to better meet South Africa's international obligations.



Attracting and retaining talent

We engage our workforce around climate change, upskilling and educating to grow our talent; attracting **innovative, leading individuals to support our strategic objectives.**



Water

Water access and its preservation sees us working together with our supply chains to maximise the sustainability of our ecosystems. We've invested in **water management systems and actively manage evaporation, seepage, waste and loss** across all business units.



Greenhouse gas emissions

We are reducing our greenhouse gas emissions with future plans to:

- Install renewable energy power for our Coal Business
- Implement **cleaner sources of fuel**
- Include electric vehicles in our fleet



Ecosystem preservation

We are committed to following best practice ecosystem protection and are working to **maintain and restore wetlands**, preserve land and partner with emerging farmers. As we mine, we are **integrating protected natural habitats** into our operations.



Greener supply chains

We work together with our supply chain partners and customers to **reduce greenhouse gas emissions**, progressing forward with green procurement strategies in every area of our business.



Wind farms

Our Cennergi wind farm has two plants near Bedford and Tsitsikamma, harnessing **229 megawatts of renewable energy**, which feeds into our national grid.



Biodiversity

Our biodiversity management plans include the monitoring and reporting of biodiversity standards, **ecological efficiency**, environmental research and knowledge sharing.



Waste management

We uphold our licence to operate through:

- Following a cradle-to-grave approach to waste management
- Developing and implementing innovative **waste solutions**
- Waste classification and efficiency reporting



Energy management

We have implemented programmes and incentives to drive behaviour change. Embedding a culture of **energy awareness and accountability** across all levels of our organisation. This involves ongoing communication, awareness training and engagement.



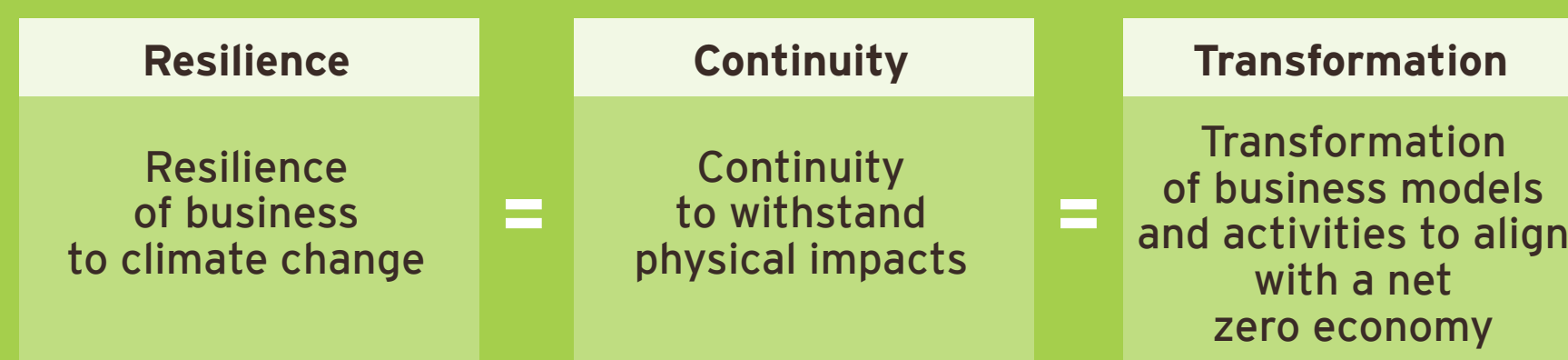
Solar power

We are implementing solar solutions to power our operations. Our Grootegeluk solar PV 70MW facility is being developed by Cennergi providing clean energy and significant cost savings whilst reducing our carbon footprint.

Building resilience

Our journey to decarbonisation

Climate change is a key driver in our Environmental, Social and Governance outlook. By building a sustainable, resilient and purpose-led organisation through our Sustainable, Growth and Impact strategy, we are preparing for the physical risks associated with climate change whilst shifting to a net zero emissions future.



Decarbonisation is linked to value-creation: it is embedded in our operations to reduce Scope 1 and 2 emissions across our value chains.



Approach to carbon neutrality by 2050

To achieve carbon neutrality we are actively reducing Scope 1 and 2 emissions by at least 43% by 2026

Decarbonisation will enable us to:

- Increase**
- Our Coal, Minerals and Energy Businesses
 - Carbon credit revenue opportunities

- Attract**
- And maintain good investment grade
 - External investment that supports a Just Transition

- Decrease**
- Scope 1, 2, 3 emissions
 - Climate risks
 - Financial cost of mitigation

Supply

Maintaining supply through steady performance and growing results

Our integrated, purpose-driven outlook ensures that we maintain a steady operational performance and produce resilient financial results. Operational excellence, efficient capital deployment, technology and innovation adoption, decarbonisation and stewardship for sustainable operating environment, maintain our competitive edge and our growth.



Safety first

Our people are our priority. We are vigilant on safety. We are proud of the past five fatality-free years.



Diversity, Equity & Inclusion

Creating a diverse, equitable and inclusive organisation allows every individual to thrive, bringing the best talents and experience to the organisation.



Industry partnerships

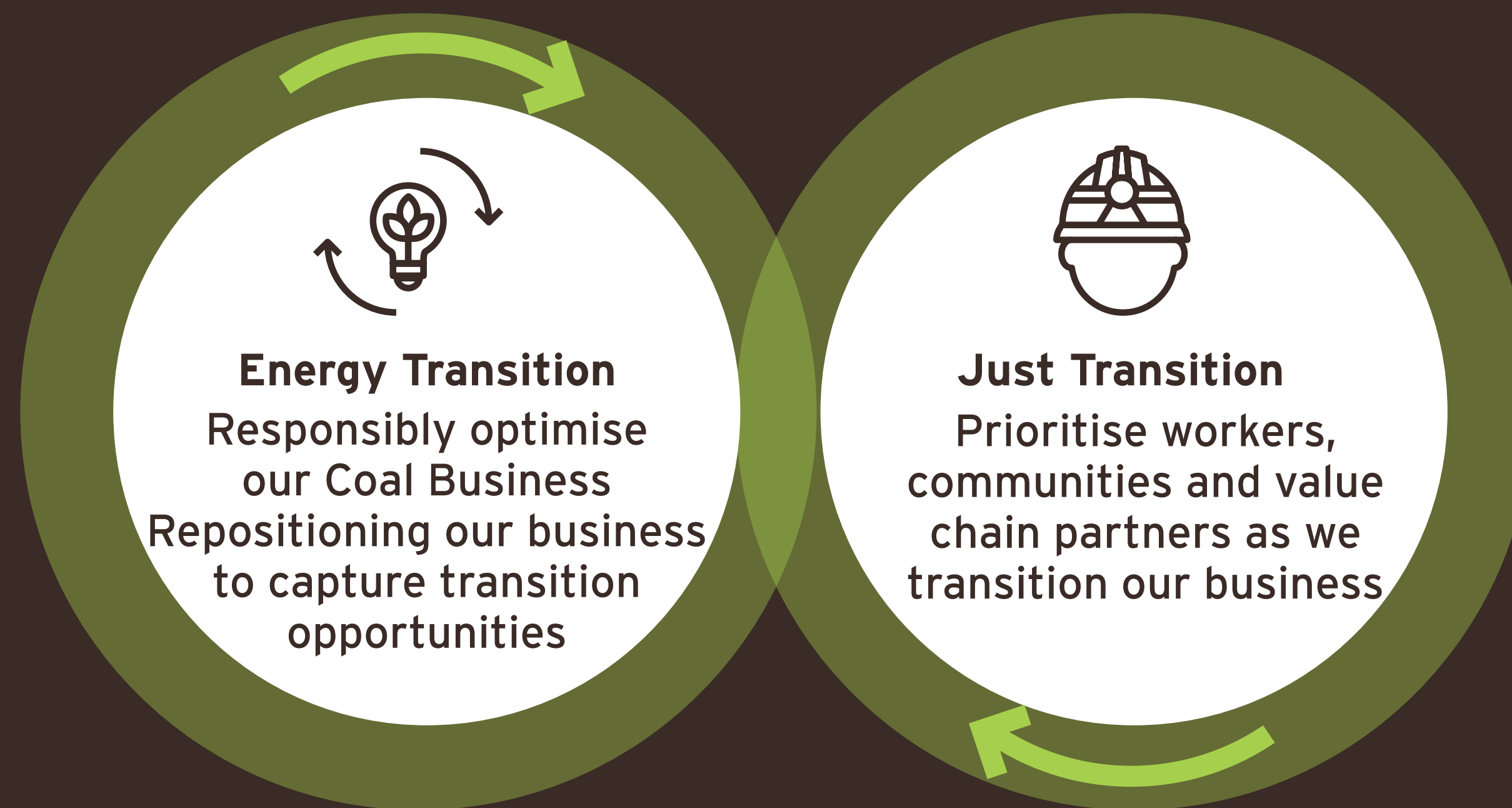
We are committed to collaborating with key energy and transport suppliers.

Maintaining supply

through future facing minerals

We use our existing knowledge, skills and workforce to supply minerals that power a cleaner world. Manganese, copper and bauxite will enable us to further our Sustainable, Growth and Impact strategy, offering the best risk to reward ratio to deliver on our targets.

Our transition prioritises our people, equipping us to grow and strengthen our resilience, leaving a lasting legacy for all.



Future facing minerals create lasting value

- Coal remains our most significant resource. Powering the development of future innovations and sustainable solutions
- Copper, manganese and bauxite are underpinned by a focused and rigorous set of criteria
- These minerals use our deep-rooted competencies built over decades
- These minerals leverage our deep understanding of commodity markets

A close-up, artistic photograph of a copper surface, showing concentric, wavy lines and a rich, metallic orange-brown color. The lighting creates a sense of depth and texture.

Copper

A close-up photograph of a dark, crumpled material, likely manganese, showing a complex, textured surface with many small, sharp folds and highlights. The overall tone is dark and metallic.

Manganese

A close-up photograph of a dark, metallic surface, likely bauxite, showing a series of vertical, parallel ridges or grooves. The lighting is dramatic, highlighting the texture and depth of the material.

Bauxite

We exist to
power
possibility

Unlocking new possibility creates opportunities for our people, communities and our planet to thrive. Maintains stability, strengthens security and unlocks supply through our collaborations and innovations.

We look forward to partnering with you today and into the future.



exxaro

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Connect
with us and
let's unlock new
possibility together

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