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**Exxaro Resources Limited**  
Integrated report  
for the year ended 31 December 2024

**exxaro**  
POWERING POSSIBILITY

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## Connect with us

We encourage and welcome feedback on our reporting suite from our stakeholders. Please send any comments or suggestions to:

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### Follow us on social media



## Navigating this report

Read more online at [www.exxaro.com](http://www.exxaro.com) under the investors tab.

Read more in this report.

The PDF of this report is hyperlinked. Click on a web or page reference for easy navigation.

### Material themes

- Adapting to a changing context
- Responsible environmental stewardship
- Building sustainable communities
- Enabling a thriving workforce
- Executing our strategy
- Driving business resilience
- Principled governance

### Our capitals

- Financial
- Manufactured
- Intellectual
- Human
- Social and relationship
- Natural

### Strategic objectives

- Transition at speed and scale
- Make our minerals and energy businesses thrive
- Empower people to create impact
- Be carbon neutral by 2050
- Become a catalyst for economic growth and environmental stewardship

# Our reporting theme: Positioning Exxaro to win through our resilient strategy

We are proud to present our 2024 integrated report, showcasing how our resilient strategy is positioning us to win in an increasingly complex and dynamic world. Moving from transition to execution, our focus is steadfast – creating sustainable value for our stakeholders and ensuring we contribute meaningfully to an inclusive and impactful future.

**At the core of our strategy is a commitment to long-term resilience. This enables us to navigate global challenges and capitalise on emerging opportunities, ensuring we remain agile and proactive.**

We are optimising our coal portfolio to support energy security while investing in growth areas, such as our energy solutions business and evaluating investment opportunities in energy transition minerals – key drivers of a low-carbon economy. By diversifying into these areas, we aim to secure future-ready growth aligned with the global energy transition. This diversification journey into resources that power a clean world remains a core focus, with energy transition minerals playing a pivotal role in driving a cleaner future. With a track record of mining, operational and execution excellence, a diversified skillset, and a strong and flexible balance sheet, we are well positioned to achieve our goals.

We are committed to embedding ESG principles into the heart of our operations. Our Climate Change Response strategy is evolving with rigour and foresight, bolstered by the development of our decarbonisation roadmap and proactive steps towards our goal of carbon neutrality by 2050. At the same time, our social investment initiatives drive meaningful change, creating opportunities for local businesses and contributing to socio-economic development in our host communities.

As we position Exxaro to win, we are focused on an impactful transition, ensuring that all stakeholders – particularly the vulnerable – benefit from the shift to a low-carbon, sustainable economy. For us, an impactful transition highlights the social dimensions of the just transition, reinforcing our commitment to fairness, equity and inclusivity. This perspective will continue to shape how we invest in our host communities, create opportunities, and contribute to a just and inclusive future.

These priorities reflect our belief that growth is only meaningful if it is sustainable and inclusive. By leveraging innovation, collaboration and strategic investments, we are not only powering our progress but also possibility for Africa and beyond. Together, we are creating a legacy of resilience, impact and shared value aligned with our vision of delivering resources powering a clean world.

Welcome to the next chapter of Exxaro's journey.

**Navigating today's challenges, creating tomorrow's possibilities.**

## Reporting suite

We are committed to transparent reporting and publish an annual reporting suite detailing our performance:



Environmental, social  
and governance (ESG)  
report



ESG databook



Consolidated Mineral  
Resources and Mineral  
Reserves (CMRR)  
report



Group and company  
annual financial  
statements (AFS)



Notice of annual  
general meeting (AGM)



These reports and other supplementary reports are available online and should be read together for a complete understanding of our business and performance.

# About this report

Exxaro's integrated report for the year ended 31 December 2024 communicates our value creation story to our stakeholders, particularly our shareholders and other providers of financial capital.



## Board responsibility

The board of directors (board) acknowledges its responsibility for ensuring the integrity of our reporting suite, including this integrated report, which was prepared in accordance with the Integrated Reporting Framework. The board believes the report addresses all of Exxaro's material matters and presents a balanced view of our strategy, business model and Exxaro's ability to create and preserve value over the short, medium and long term, as defined by the six capitals. The report remains the ultimate responsibility of the board, is prepared under the supervision of senior management and is subject to rigorous internal and external assurance reviews.

Mvuleni Geoffrey Qhena Independent non-executive director and chairman	Ben Magara* Executive director and chief executive officer (CEO)	Riaan Koppeschaar Executive director and finance director (FD)
Geraldine Fraser-Moleketi Lead independent non-executive director	Karin Ireton Independent non-executive director	Billy Mawasha Independent non-executive director
Nondumiso Medupe Independent non-executive director	Dr Phumla Mnganga Independent non-executive director	Nosipho Molope Independent non-executive director
Chanda Nxumalo Independent non-executive director	Peet Snyders Independent non-executive director	Isaac Malevu Non-executive director
Mandlesilo Msimang Non-executive director	Zwelibanzi Mntambo Non-executive director	

\* Appointed as CEO on 1 April 2025 and stepped down as independent non-executive director on 31 March 2025.

## Integrated thinking

Our belief in sustainable value creation is inspired by carefully considering the relationship between the resources we use and affect and potential trade-offs in strategic decision making. We integrate the six capitals into our business model and strategy and continuously strive to positively contribute to and negate any adverse impact on these capitals.

As part of embedding ESG into the business, we voluntarily endorse the United Nations (UN) 17 Sustainable Development Goals (SDGs). We also participate in the National Business Initiative in South Africa to align the 17 SDGs with the country's National Development Plan and implement leading practices to uphold the most material SDGs to ensure we leave a lasting positive impact. The SDGs that Exxaro materially impacts are highlighted in colour alongside.



**Integrated thinking** provides the foundation for our ability to create value over time and is the basis of the integrated reporting process.

**Our integrated reporting process** ensures this thinking is communicated effectively to stakeholders, reinforcing accountability and transparency.

## Our integrated reporting process

Our integrated report is our primary report, providing an integrated lens through which to understand our activities, performance (financial and other) and outcomes – past, present and future – in terms of the capitals. It focuses on issues that could substantively impact our ability to create value in the short term (one to five years), medium term (six to 10 years), and long term (over 10 years).

### 1 Determining what matters most

Our double materiality determination process guides the information included in our reporting suite. This report integrates material financial information with sustainability-related risks and opportunities that influence enterprise value.



Refer to the diagram on the [next page](#) for the application of materiality across our reporting suite and audience alignment.

#### Key actions/contributors

Stakeholder engagement, analysis of operating context, risk and opportunity assessment, validation by the executive committee and board.

### 2 Gathering content

The report content is prepared using various documents and insights from discussions with subject matter specialists across Exxaro.

#### Key actions/contributors

Utilising strategy, governance and results presentations, and contributions from Exxaro subject matter specialists.

### 3 Collaborating cross-functionally

Collaboration across departments ensures the integration of diverse perspectives and expertise, aligning our reporting with stakeholder expectations and strategic priorities.

#### Key actions/contributors

The reporting team comprises Exxaro subject matter specialists and external reporting consultants.

### 4 Adapting to an evolving reporting context

Exxaro complies with all relevant legislation and financial reporting frameworks. We fully support the voluntary adoption of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, which were effective from 1 January 2024. These standards seek to provide a globally consistent and transparent framework, enabling businesses to disclose sustainability-related risks and opportunities comparably.

We recognise the integration of the Task Force on Climate-related Financial Disclosures (TCFD) into the International Sustainability Standards Board's (ISSB™) scope and support the ISSB's collaboration with the Global Reporting Initiative to ensure complementary standards. In addition to this integrated report, we publish supplementary sustainability disclosures, such as our ESG report, aligned with Global Reporting Initiative standards and incorporating TCFD-aligned content. Exxaro actively engages with industry bodies and monitors regulatory developments in South Africa regarding these standards. While we are refining our approach, our immediate focus in 2024 was to develop our decarbonisation roadmap, which aligns with our broader sustainability commitments.



For a visual representation of the frameworks and standards we apply across our reporting suite, refer to the diagram on the [next page](#).



For an overview of our responses to TCFD reporting requirements, refer to our [databook](#).

### 5 Providing governance oversight

Governance structures ensure Exxaro's integrated reporting aligns with strategic objectives, regulatory requirements and various sustainability standards. Oversight is provided by the executive committee, board sub-committees and departmental heads before submission to the board for review and approval.

#### Key actions/contributors

Reviews by the executive committee, board sub-committees and departmental heads before final review and approval by the board.

### 6 Ensuring the integrity of our report

We apply a combined assurance model to optimise assurance by management, as well as internal and external providers. Assurance efforts support the integrity of information used in decision making and external reporting.

#### Key actions/contributors

Internal assurance and external reviews.

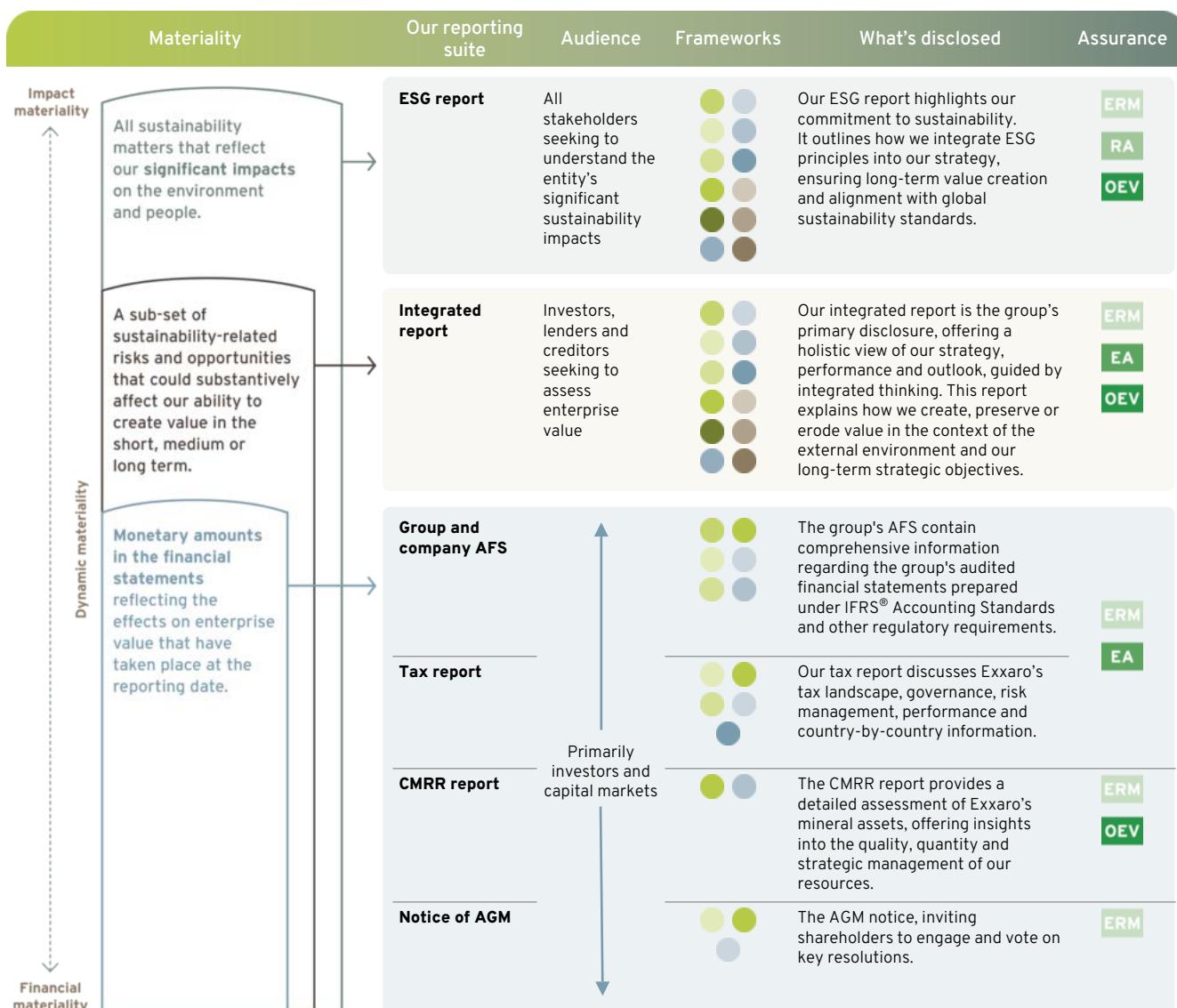


We provide an overview of the level of assurance across our reporting suite on the [next page](#), and detail on our assurance approach, level and outcomes in [combined assurance for effective governance](#) (page 94).

## About this report continued

## **Navigating our reporting universe**

Our reporting suite reflects a comprehensive approach to meeting the diverse needs of our stakeholders.



- Integrated Reporting Framework
  - Companies Act, 2008 (Act 71 of 2008), as amended (Companies Act)
  - IFRS® Accounting Standards\*
  - JSE Limited (JSE) Listings Requirements and Debt and Specialist Securities Listings Requirements
  - Department of Trade, Industry and Competition (dtic) Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice
  - The effective parts of the Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018 (Mining Charter III)
  - King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)\*\*
  - South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 edition
  - In accordance with Global Reporting Initiative standards
  - United Nations Global Compact (UNGC)
  - Sustainability Accounting Standards Board
  - TCFD recommendations\*\*\*

<b>ERM</b>	Management and board oversight through rigorous internal reporting governed by Exxaro's enterprise risk management (ERM) framework.
<b>RA</b>	External independent reasonable assurance over selected sustainability information.
<b>EA</b>	Externally audited financial information/financial information extracted from the audited AFS.
<b>OEV</b>	Other external verification of select information, such as our Mineral Resources and Mineral Reserves statement (every three years, with the next audit scheduled for 2025) and annual B-BBEE dtic code.

\* As issued by the International Accounting Standards Board

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\*\*\* This now falls under the custodianship of the IFRS Foundation®.

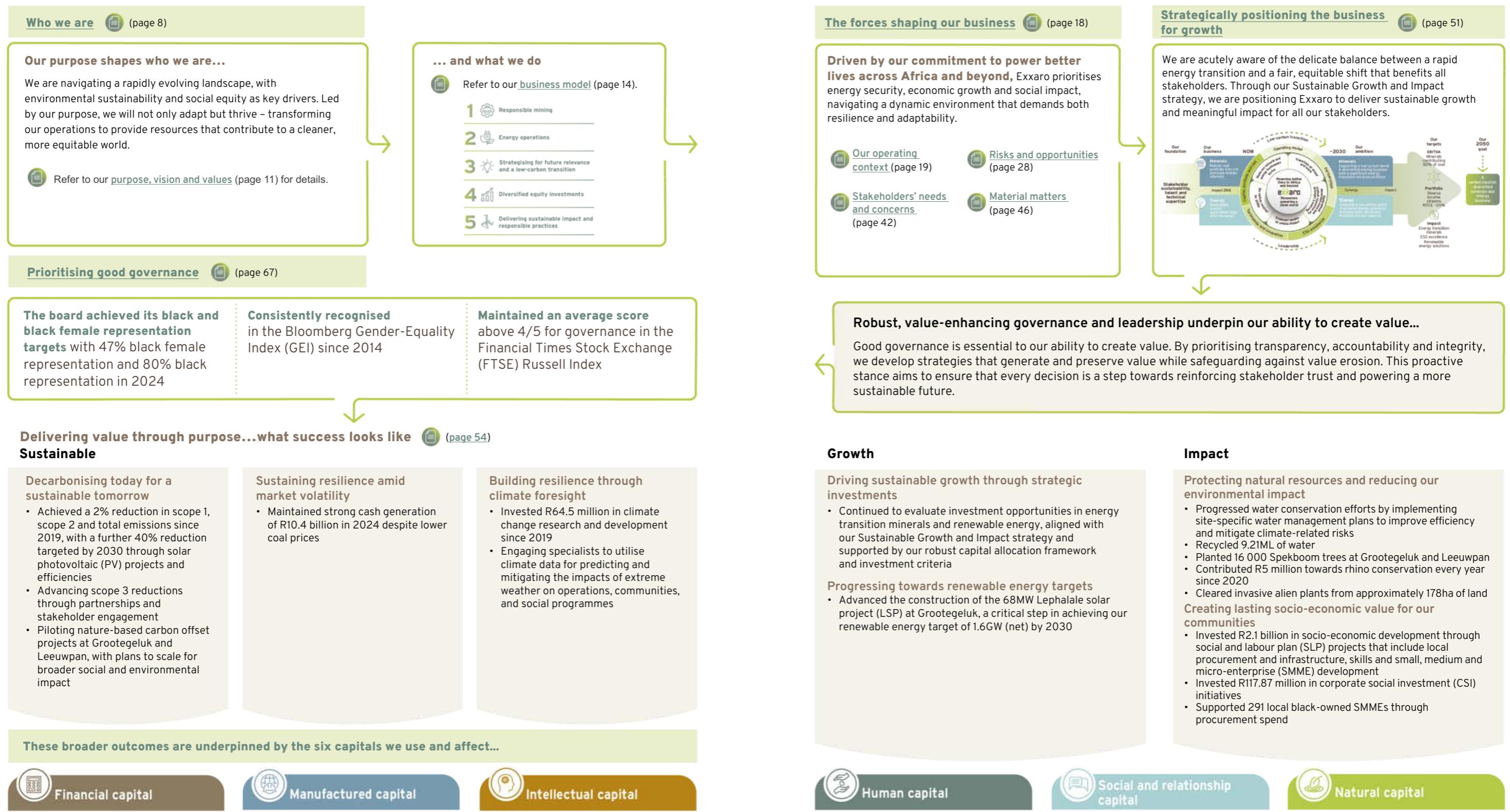


# Creating sustainable growth and impact

In line with our purpose of powering better lives in Africa and beyond, our ambition is to provide resources (commodities, energy, capital and people) critical to ensuring a low-carbon world.

## How we create and preserve value

Integrated thinking is at the core of our strategic decisions, guiding our approach to value creation and shaping the disclosures we provide through our integrated reporting.





## 1 Who we are

We are driving sustainable growth to create future impact while positioning our business to navigate complex challenges with resilience. Environmental sustainability and social equity are key considerations on our journey. We are committed to ensuring our progress contributes meaningfully to the lives we touch as we strive to support a low-carbon economy.

- 9 [Chairman's statement](#)
- 11 [About Exxaro](#)
- 14 [Our business model](#)

# Chairman's statement

While navigating a year marked by geopolitical uncertainty, economic headwinds, and leadership transitions, Exxaro remained anchored by our resilient strategy and driven by our purpose to deliver enduring impact during the 2024 financial year.

More so, South Africa's evolving energy transition and infrastructure reforms present opportunities for long-term growth.



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

Against this backdrop, we remain focused on positioning Exxaro to win, leveraging portfolio diversification and disciplined capital allocation to strengthen our presence in energy transition minerals and energy solutions. We are well placed to capitalise on shifting energy dynamics, ensuring that our strategy not only reinforces resilience but also drives long-term, sustainable value creation.

## Positioning Exxaro to win through our resilient strategy

Exxaro's **Sustainable Growth and Impact strategy** keeps the group resilient and future-focused, with disciplined capital allocation underpinning our efforts to **transition at speed and scale**. In 2024, we advanced our diversification strategy by actively evaluating energy transition mineral opportunities, including manganese and copper – essential for clean energy. At the same time, the energy solutions business continued to expand, with the **LSP** under construction and set for commercial operation in mid-2025. Momentum in renewable energy remains strong, with projects such as Cennergi's Karreebosch Wind Farm (RF) Proprietary Limited (Karreebosch) deal enabling progress towards the group's ambition of 1.6GW of capacity.



Refer to the [acting CEO and FD's report](#) for more details (page 52).

A key part of our strategy to **make our minerals and energy businesses thrive** is the continued expansion of our energy operations, as described above, supported by a focused effort to optimise our minerals and energy solutions portfolio. By optimising coal reserves, we are meeting current energy demands while transitioning responsibly towards a low-carbon future, mitigating the risk of stranded assets and positioning the group to benefit from green economy opportunities.

Additionally, and in support of long-term sustainability, we are streamlining the portfolio by divesting non-core assets. Significant progress has been made in the sale of the entire shareholding in FerroAlloys to a preferred bidder, with broad-based participation including management and employees. These actions enable the redeployment of capital into higher-impact areas, including energy transition minerals, further strengthening the group's minerals and energy solutions businesses.

As Exxaro continues to **empower people to create impact**, the group remains committed to equipping our workforce with the capabilities, skills, and mindset required to achieve our long-term ambitions. The group achieved 28 consecutive months without a work-related fatality, with several operations reaching significant safety milestones.

As part of our strategic objective to **be carbon neutral by 2050**, Exxaro developed a medium to long-term decarbonisation roadmap and a draft climate action transition plan. A peer review of the roadmap is underway, reinforcing the group's commitment to responsible environmental stewardship. The board also conducted a governance session on climate risks, underscoring its role in guiding Exxaro's transition strategy and ensuring our carbon neutrality ambitions translate into meaningful impact for stakeholders.



**Exxaro's strategic focus on disciplined capital allocation, operational efficiency, and financial resilience continues to deliver strong performance and shareholder returns.**

Mvuleni Geoffrey Qhena – Chairman

We continue to **become a catalyst for economic growth and environmental stewardship**, embedding shared value creation across our operations. In 2024, the group invested R2.1 billion in social initiatives, including R28 million through Cennergi. Enterprise and supplier development efforts supported more than 500 black-owned SMMEs while the early childhood development (ECD) programme reached over 2 700 children and enhanced more than 40 ECD centres. Exxaro also advanced digital access by connecting 27 schools to Wi-Fi and equipping 20 with information and communications technology labs. Through our minerals succession programme, the group invested R63 million to support over 660 farmers – 53% women and 24% youth – across various provinces, resulting in the harvest of more than 6 000 tonnes of produce despite challenging weather conditions.

## Chairman's statement continued

These investments reflect a broader commitment to transformation, further reinforced by the progress of our empowerment deal. Eyesizwe RF shareholders committed to maintaining Exxaro's 30.81% empowerment shareholding until 2027 – a significant milestone that secures the group's empowerment credentials and affirms our standing as one of South Africa's largest black-empowered and diversified mining companies. In line with this, Exxaro also maintained our B-BBEE Level 2 status, a significant performance compared to our industry peers.

The board is proud of the organisation's strategic execution, disciplined capital management, and a clear sustainability vision, ensuring that Exxaro remains well positioned to navigate evolving market dynamics, accelerate our transition strategy, and unlock new opportunities for growth.

### **Delivering performance and shareholder value**

As expanded in the acting CEO and FD's statement, despite a difficult macro-economic environment, Exxaro maintained a return on capital employed (ROCE) of 23% compared to 35% in the 2023 financial year, which still exceeds the internal threshold of 20% and demonstrates our ability to drive value creation and capital efficiency. Despite a decrease in EBITDA and headline earnings per share (HEPS), we were able to maintain a robust cash generation, strengthening the balance sheet and liquidity position. Exxaro's net cash increased to R16.3 billion compared to R14.8 billion at the end of 2023 (excluding energy's net debt), providing the financial flexibility to pursue growth opportunities while ensuring sustainable shareholder returns.

Reflecting confidence in Exxaro's strong financial position, the board approved a final dividend of 866 cents per share, reinforcing our commitment to returning capital to shareholders. In addition, the board initiated a R1.2 billion share repurchase programme, demonstrating confidence in the group's long-term value proposition and disciplined approach to capital management.

### **Ensuring inclusive engagement for lasting impact**

Strong stakeholder relationships are essential to Exxaro's ability to deliver long-term value. The board remains committed to transparent, inclusive engagement that balances diverse stakeholder interests while enabling the group to navigate external challenges and contribute meaningfully to socio-economic development.

In 2024, the board's logistics committee continued to oversee Exxaro's response to infrastructure challenges, including rail reform and market access. Labour relations remained stable, underpinned by a three-year wage agreement concluded with all recognised trade unions. The group also maintained its strong focus on workplace health and safety, upholding leading practices.

The investment committee remains central to advancing Exxaro's growth strategy, with the board maintaining ongoing engagement with investors on capital allocation and diversification. In 2024, the committee assessed various energy and minerals opportunities through a disciplined framework aligned with strategic, financial, and governance criteria.

As previously reported, class action litigation was launched in 2023 on behalf of current and former mineworkers diagnosed with coal mine dust lung disease, including the dependants of deceased workers. Exxaro has filed an answering affidavit, and a certification hearing is scheduled for the last quarter of 2025. The board continues to monitor the matter closely, reaffirming Exxaro's commitment to our health and safety obligations and to treating the legal process with the seriousness and respect it deserves.

The 2024 governance roadshow once again highlighted the value of investor dialogue, shaping refinements to governance, remuneration, and disclosure practices. These engagements reinforce Exxaro's commitment to responsible leadership and stakeholder-informed decision-making that supports inclusive, lasting impact.

### **Leadership transition**

Our FD, Riaan Koppeschaar was appointed acting CEO following the precautionary suspension of the CEO, Dr Nombasa Tsengwa in December 2024, and her subsequent resignation in February 2025. Ben Magara was appointed CEO effective 1 April 2025. Ben is a qualified mining engineer and a highly regarded mining veteran with over 35 years' industry experience in both soft and hard rock mining at underground and open-pit operations. He brings added continuity and strategic insight, drawing on his experience as chairperson of the investment committee, as the group accelerates our transition into a diversified minerals and renewable energy business.

In line with this, the investigation of our chief coal operations officer was not concluded at the time of the publication of the 2024 integrated report. To reiterate the board's view, the investigation is a neutral act that presumes no outcome, and an independent legal firm is supporting the board to conclude the investigation as quickly as thoroughness allows. The board's actions will be informed by the outcome of the investigation.

The board remains committed to upholding the highest standards of governance and oversight while managing the leadership transition, emphasising strong leadership qualities as a paramount enabler for strategic success, future-fit skills, and ensuring we maintain a capable and transformed executive leadership team. The board remains confident in Exxaro's strategic direction and the resilience of our leadership team in guiding the company.

### **Looking ahead**

While global uncertainty persists – including changing legislation, trade dynamics, and inflationary risks – renewed domestic stimulus and China's expansionary policy are expected to support commodity demand in 2025. Exxaro continues to advance our growth strategy in energy transition minerals and remains focused on opportunities aligned with our investment criteria. Cennergi is progressing towards its 2030 target of 1.6GW in managed capacity. On behalf of the board, I affirm that our strategy remains intact, positioning Exxaro to win through our robust Sustainable Growth and Impact strategy.

In closing, I extend my sincere appreciation to the executive team, led by Riaan, for steady leadership during a time of transition and the professional manner in which they conducted business. Let me also thank the rest of our employees for ensuring the continued delivery of consistent results. Lastly, I thank my fellow board members for their support during this period.

A warm welcome to Ben as he steps into the role of CEO. I am certain that Exxaro will grow to new heights under his leadership.

To our stakeholders, thank you for your trust and support. As we look to the future, we do so with a renewed sense of purpose, confident in our strategy and focused on delivering results and sustainable impact in a rapidly evolving world.

**Mvuleni Geoffrey Qhena**  
Chairman

15 April 2025

# About Exxaro

Exxaro is a JSE-listed company operating mainly in South Africa. Coal is our core commodity and we have an established energy solutions business. Our additional growth prospects include energy transition minerals and energy solutions. Having established the business in 2006, we have deep roots in mining with a track record of operational excellence and delivering value.

Our assets have a book value of R94.7 billion (2023: R92.9 billion), including five coal mines<sup>1</sup>, two windfarms and a solar project under construction

We produced 39.5Mt of coal product (including buy-ins) (2023: 42.5Mt)

We generated 725GWh of renewable energy (2023: 727GWh)

Our market capitalisation is R55.17 billion (2023: R71.43 billion)

We are in the top 30 on the FTSE/JSE Socially Responsible Investment Index

The business is 30.81% black empowered

## A snapshot of where we are going and how we will get there

### Purpose

In line with Exxaro's purpose of **powering better lives in Africa and beyond**, our ambition is to provide resources (people, minerals, energy and capital) critical to ensuring the energy transition and a low-carbon future.

### Vision

We understand that we cannot grow sustainably without creating a positive impact on the environment and communities we serve. We are committed to responsibly maximising the value of our coal assets by reducing stranded assets, and playing an active role in creating a future that realises our **vision**: resources powering a clean world.

### Values

Our success lies in the strength of our culture and values, which strengthen our resilience and ensure we deliver stakeholder value. Our values are:

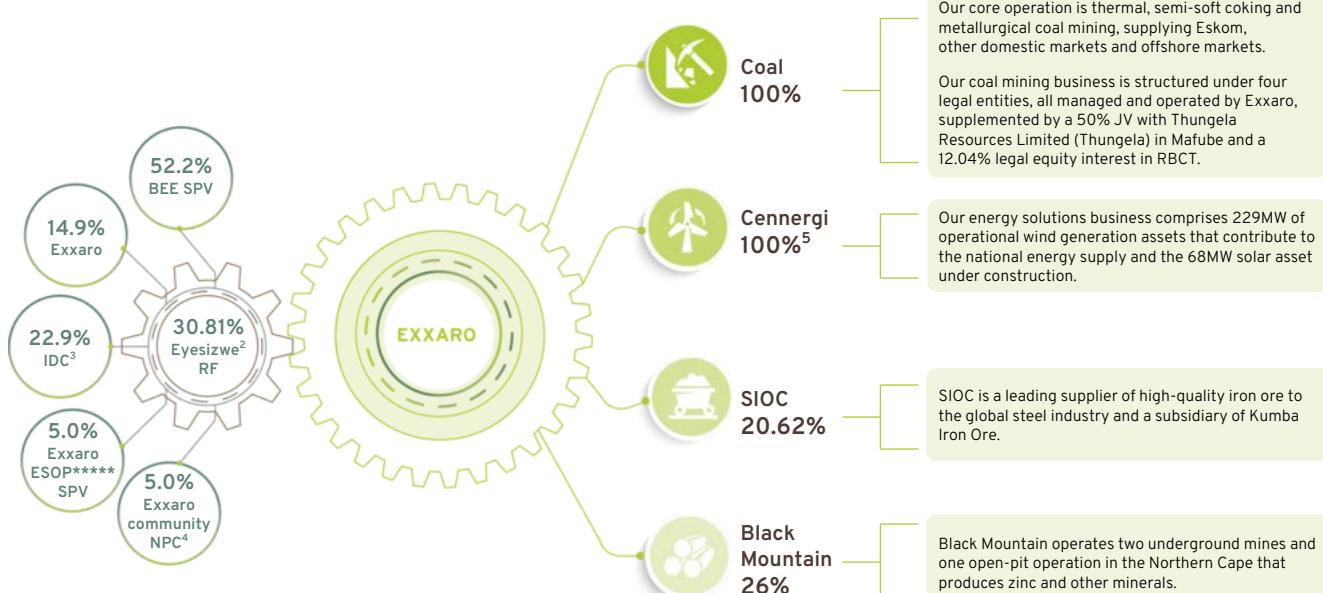
- Empowered to grow and contribute
- Teamwork
- Committed to excellence
- Honest responsibility

### Sustainable Growth and Impact strategy

We are creating a resilient, sustainable and impactful business that catalyses economic growth, principled governance, environmental stewardship and positive change. Our strategic objectives enable the successful execution of our strategy.



## Ownership structure



<sup>1</sup> Including the Mafube JV.

<sup>2</sup> Eyesizwe (RF) Proprietary Limited (Eyesizwe), a special purpose vehicle (SPV) private company, incorporated under South Africa's laws, holds the black economic empowerment (BEE) shares. On 12 March 2025, Eyesizwe RF's shareholders committed to maintaining Exxaro's 30.81% empowerment shareholding until 2027.

<sup>3</sup> Industrial Development Corporation of South Africa.

<sup>4</sup> Exxaro Aga Setsheba NPC.

<sup>5</sup> Exxaro owns 100% of Cennergi; Cennergi owns 95% of Amakhala Emoyeni windfarm and 75% of Tsitsikamma community windfarm.



For detailed information on our group structure, refer to the 2024 [annual financial statements](#).

## Our assets

Our diversified asset portfolio comprises interests primarily in thermal coal (where we are among the top three South African coal producers), a growing energy solutions business and equity-accounted investments in ferrous (iron ore) and zinc, among other base metals.

### Minerals business

1	Grootegeeluk complex
2	Thabametsi
3	Belfast
4	Leeuwpan
5	Matla
6	Mafube JV (50%)
7	Moranbah South project (50%)

### Energy solutions business

8	Tsitsikamma community windfarm
9	Amakhala Emoyeni windfarm
10	LSP

Operations  
Projects



### Minerals business

Our minerals business comprises coal operations and our equity investments in iron ore and zinc. Our business interests in Europe comprise a marketing and logistics company in Switzerland. A joint operation with Anglo Coal Grosvenor Proprietary Limited, the Moranbah South project, is conducted in Australia.

Expanding our business portfolio to include manganese, bauxite, copper, energy and broader energy transition minerals enables our contribution to a more sustainable future and stakeholder value enhancement.

#### Snapshot

- Exxaro is one of the largest suppliers of coal to Eskom and ArcelorMittal South Africa Limited
- We own the largest high-quality Coal Reserves remaining in South Africa, providing a platform for early value returns
- Grootegeeluk is one of the largest integrated mining and beneficiation operations globally, running the largest coal beneficiation complex, and the only producing mine in the coal-rich Waterberg, adjacent to Eskom's Matimba and Medupi power stations
- We invested R2.1 billion in sustaining our coal business this year (2023: R2.4 billion)

Read the [CMRR report](#) for detailed disclosure on our minerals business and its performance this year.

### Energy solutions business



In line with our goal to decarbonise and diversify, Exxaro's energy solutions business comprises investments through our wholly owned subsidiary, Cennergi Holdings Proprietary Limited. This business supports Exxaro's ambition of generating 1.6GW of power by 2030 and includes supporting our current coal and future minerals operations through self-generation and providing energy to external customers including mines and larger industrial companies.

The energy solutions business and our scope 1 and 2 emissions reduction efforts are critical activities in achieving our goal to be carbon neutral by 2050, and advancing our commitment to being an active participant in the transition to a low-carbon economy. The energy solutions business continues to develop a pipeline of opportunities for Exxaro and external offtake.

#### Snapshot

- Cennergi has two operational wind assets (the Tsitsikamma and Amakhala Emoyeni windfarms)
- Once operational, the LSP will supply solar energy to Grootegeeluk, reducing the operation's carbon footprint and electricity costs. Commercial operation is expected by mid-2025
- Cennergi's operating wind asset project financing of R4.1 billion (2023: R4.3 billion) will be fully settled by the end of 2031
- Cennergi's solar asset project financing will mature and be fully settled by the end of 2042

Read prioritising climate change adaptation and resilience in the [ESG report](#) (page 37) for detailed information about the LSP.



### Our Waterberg coal complex

1	<b>Grootegeeluk complex</b>
Location	West of Lephalale
Market	Domestic and export
Product	Thermal and metallurgical coal
Coal Resources (inclusive)	<ul style="list-style-type: none"> <li>Measured: 2 922Mt</li> <li>Indicated: 967Mt</li> <li>Proved: 1 919Mt</li> <li>Probable: 550Mt</li> </ul>
Coal Reserves	Open-cut
Run of mine (RoM)	51.4Mt
Life of mine (LoM)	17+ years*

\* Adequate Reserves well beyond expiry of mining right.

### Thabametsi

2	Thabametsi
Location	West of Lephalale
Market	Domestic
Product	Thermal coal
Coal Resources (inclusive)	<ul style="list-style-type: none"> <li>Measured: 270Mt</li> <li>Indicated: 749Mt</li> <li>Probable: 130Mt</li> </ul>
Coal Reserves	Open-cut
Mining method	LoM
LoM	22 years

### Eastern Cape



### Our Australian interest

7	<b>Moranbah South project (50%)</b>
Phase	Undertaking prefeasibility study to inform decision for development prospects.
Location	Queensland, Australia
Market	Export
Product	Coking coal
Coal Resources	<ul style="list-style-type: none"> <li>Measured: 505.3Mt*</li> <li>Indicated: 219.2Mt*</li> </ul>

\* Total Resource basis.

8	<b>Tsitsikamma community</b>
Location	Near Tsitsikamma
Product	Wind energy
Capacity	95MW
Equipment	31 x 3.1MW turbines
Performance	Adjusted P50 in the long term
Customer	Eskom
Commercial operation	2016
Power purchase agreement	20 years
Shareholding	Cennergi (75%), RE Times (16%) and the Tsitsikamma Development Trust (9%)

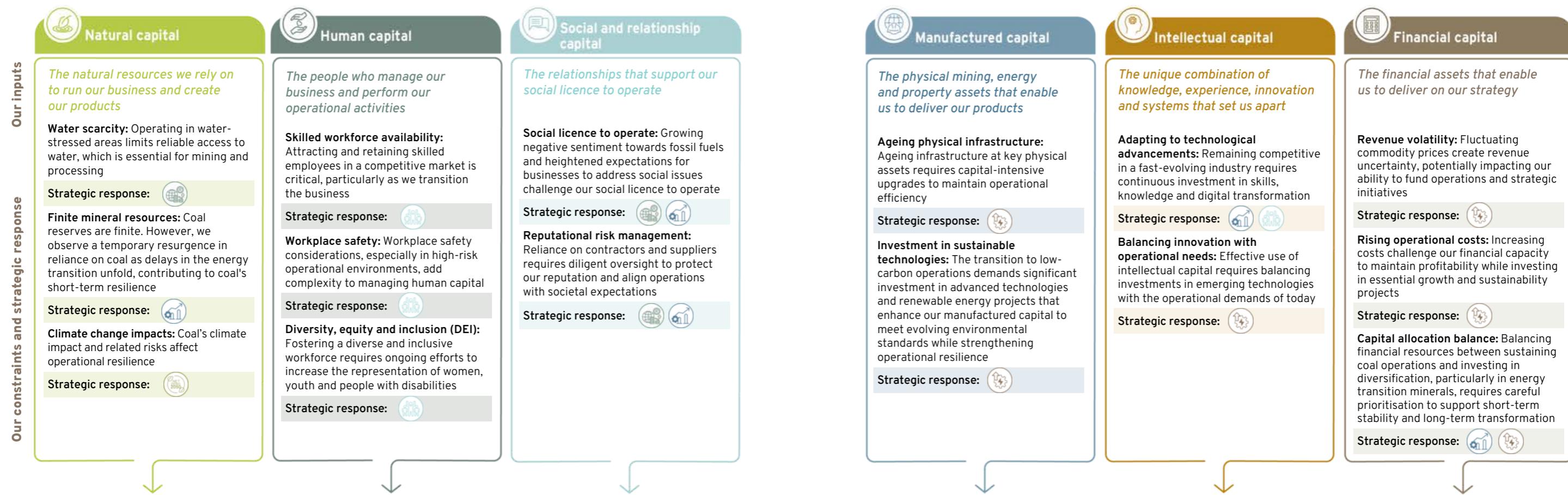
9	<b>Amakhala Emoyeni</b>
Location	Near Bedford and Cookhouse
Product	Wind energy
Capacity	134MW
Equipment	56 x 2.4MW turbines
Performance	Adjusted P50 in the long term
Customer	Eskom
Commercial operation	2016
Power purchase agreement	20 years
Shareholding	Cennergi (95%), Cookhouse Community Trust (2.5%) and the Bedford Community Trust (2.5%)

10	<b>LSP</b>
Location	Lephalale
Product	Solar energy
Capacity	68MW
Equipment	Reached financial close June 2023
Performance	Exxaro Coal Proprietary Limited (Grootegeeluk)
Customer	2025
Commercial operation	2025
Power purchase agreement	25 years
Shareholding	Cennergi (100%)

# Our business model

Our business model outlines the capital inputs we need to conduct our activities and deliver our products.

The resources and relationships we rely on



Our outputs  
What we produce

**Coal**  
39.5Mt product volumes  
(2023: 42.5Mt)

**Renewable energy**  
725GWh wind energy  
(2023: 727GWh)

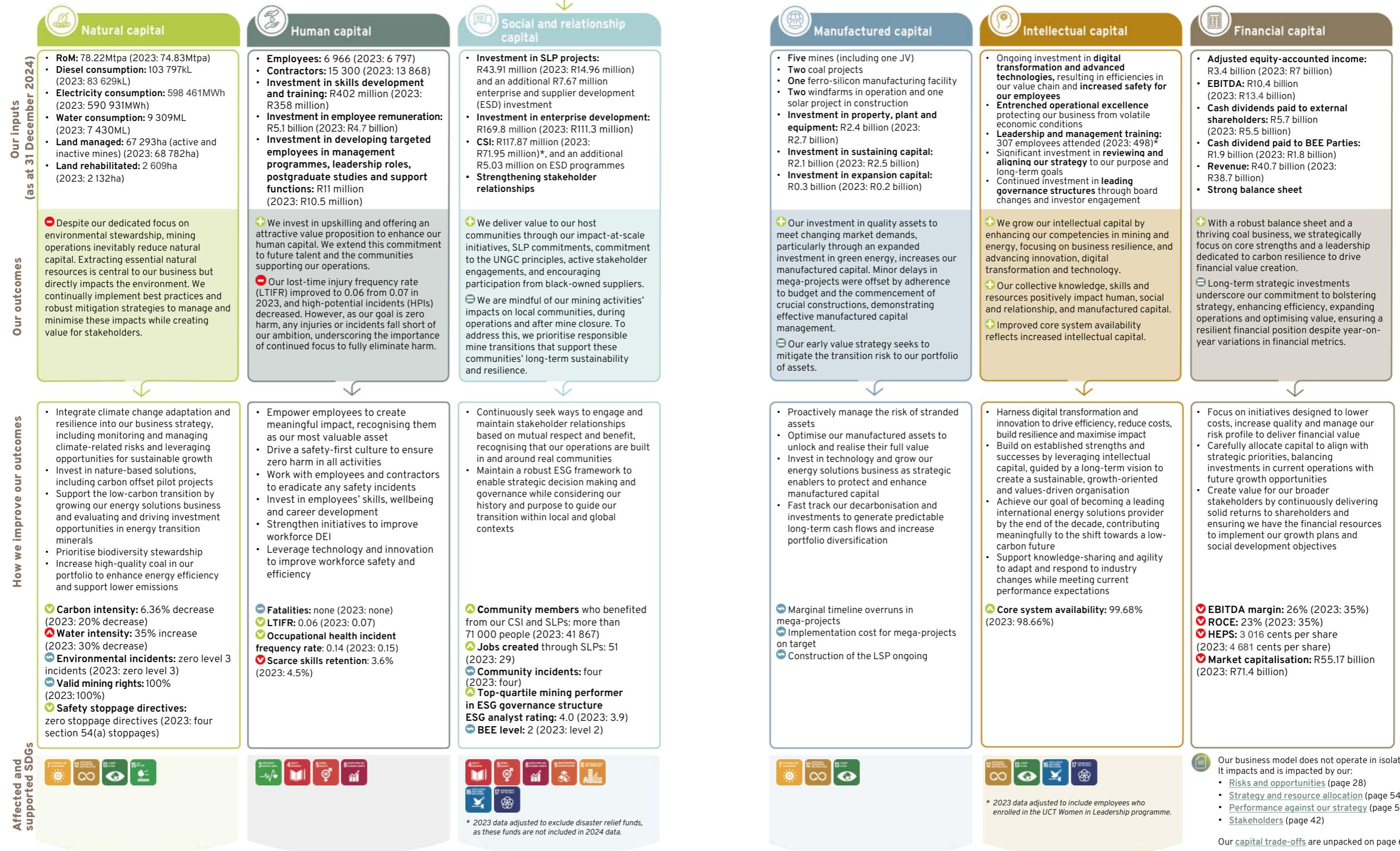
**Iron ore (SIOC)**  
R3.4 billion adjusted equity-accounted income  
(2023: R6.2 billion)

**Waste**  
2 662t hazardous waste  
(2023: 3 186t)

936ktCO<sub>2</sub>e scope 1 and 2 emissions  
(2023: 953ktCO<sub>2</sub>e)

## Our business model continued

### Managing our capitals to achieve our ambitions



\* 2023 data adjusted to include employees who enrolled in the UCT Women in Leadership programme.

Our business model does not operate in isolation. It impacts and is impacted by our:

- Risks and opportunities (page 28)
- Strategy and resource allocation (page 54)
- Performance against our strategy (page 59)
- Stakeholders (page 42)

Our capital trade-offs are unpacked on page 65.



## 2 The forces shaping our business

As we navigate the impacts of external factors on our business, we are focused on ensuring our resilience. Committed to powering better lives in Africa and beyond, we are exploring growth opportunities in energy transition minerals while optimising our coal portfolio to support energy security. Our goal is to create sustainable value for stakeholders and contribute to an energy landscape that is impactful and inclusive.

- 19 [Our operating context](#)
- 26 [Our outlook](#)
- 28 [Our risks and opportunities](#)
- 42 [Creating stakeholder value](#)
- 46 [Our material matters](#)

# Our operating context

Exxaro's operating context is determined by the external drivers that impact our ability to create value. We analyse global and local macro-economic factors and commodity market trends to inform our material matters, influence our strategic direction and performance, and highlight opportunities.

## Long-term forces shaping our way forward

We must balance South Africa's socio-economic development, which relies on coal-generated power, with the need to transition to a low-carbon economy. While the shifts driven by the forces listed below pose future challenges and increase external risks for those who fail to adapt, they also present significant opportunities for those who can evolve.

<b>Climate change</b>	Climate change increases competition for scarce resources like water and biodiversity, and rising temperatures elevate health and safety risks at our operations.
<b>Energy transition</b>	Disruptive technologies in the energy sector pose a medium to long-term risk of displacing our coal business.
<b>Low-carbon transition</b>	The transition to a low-carbon economy carries significant socio-economic implications for our business and the communities in which we operate.
<b>Stewardship</b>	We see ourselves as stewards of coal assets, responsibly maximising their value. Our responsibility extends to using 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 [our outlook](#) (page 26).

## How these forces are unfolding in our current context

Building on these overarching forces, we identified areas where these drivers shape our operational context. New market growth will be driven by energy generation, storage and infrastructure demand. The global and regional pace of the energy transition dictates the timeline for diversification. Our response addresses the macro-economic environment and market dynamics, both integral to adapting our strategy and seizing growth opportunities.

Our macro-economic context		Our markets	
Challenges in South Africa's logistics and infrastructure networks for bulk commodities	<b>1</b>	Commodity markets	<b>9</b>
Challenging but improving global and domestic economic conditions	<b>2</b>	Coal markets	<b>9.1</b>
Evolving geopolitical and geo-economic tensions leading to further fragmentation	<b>3</b>	Iron ore market	<b>9.2</b>
Global uncertainties altering the pace of the energy transition	<b>4</b>	Energy market	<b>9.3</b>
Moderating inflation rates enabling central banks worldwide to lower interest rates	<b>5</b>	Energy transition minerals and metals landscape	<b>9.4</b>
Currency markets adjusting to the trajectory for inflation, growth and policy rates	<b>6</b>		
Increased relevance of ESG	<b>7</b>		
Digital and innovation	<b>8</b>		

## Our operating context continued

### Our macro-economic context: trends influencing our business

#### 1

#### Challenges in South Africa's logistics and infrastructure networks for bulk commodities

Rail operations faced ongoing disruptions, including cable theft, vandalism, unavailability of locomotives and wagons, and infrastructure degradation. Furthermore, three derailments affected Transnet Freight Rail's (TFR) volume throughput in the year's first half. Despite these challenges and the volatility of rail execution in 2024, TFR's performance to RBCT increased to 51.91Mt (2023: 47.92Mt), with an improved performance in the second half of the year.

Exxaro's export evacuation via rail increased to 5.2Mt (2023: 4.6Mt) despite continued disruptions. Road evacuation increased to 1.8Mt (2023: 479 000t) due to the use of alternative routes and ports to fulfil market demand. We are reviewing all available routes to market to meet demand and unlock stakeholder value.

#### Our strategic response

We regularly engage with TFR to improve operational performance, and we review and develop alternative routes to market to mitigate the impact of rail disruptions on our export evacuation.

#### 2

#### Challenging but improving global and domestic economic conditions

After a slow start to 2024, global economic growth improved due to stronger than expected performance from the US, eurozone, UK, Russia, Brazil and India. Economic activity was impacted by gradually moderating inflation rates, widespread monetary policy easing resulting in lowered interest rates, geopolitical developments, the outcome of the US presidential election and additional stimulus to support China's economy. Following a 2.9% increase in 2023, global real gross domestic product (GDP) expanded at a slower pace of 2.7% in 2024.

#### Global GDP: 2.7% (2023: 2.9%)

#### Real GDP growth rate (%)

	2025 forecast	2024	2023
Global	2.6	2.7	2.9
US	2.3	2.8	2.9
Eurozone	0.9	0.8	0.5
China	4.2	5.0	5.4
India	6.4	6.4	8.2
South Africa	1.7	0.6	0.7

Source: S&P Global, Exxaro analysis February 2025.

Economic activity in South Africa was muted at the start of the year, with GDP flat at 0.0% in the first quarter, expanding by 0.3% in the second quarter, and contracting by 0.1% in the third quarter, followed by a 0.6% expansion in the last quarter. The formation of the Government of National Unity (GNU) led to significantly improved local consumer and global investor sentiment, fostering cautious optimism for higher economic growth.

Private investment in renewable energy, Eskom's increased maintenance and transmission system developments, and accelerated implementation of structural reforms in ports and rail reduced energy and logistical constraints. Additionally, the new two-pot retirement system was anticipated to reduce household debt commitments and boost consumer spending from late 2024 into 2025. Collectively, these factors contributed to South Africa's real GDP growth of 0.6% for 2024.

#### Our strategic response

We prioritised cost management through various initiatives in the business value chain during 2024.

#### 3

#### Evolving geopolitical and geo-economic tensions leading to further fragmentation

Intensifying geopolitical tensions are fragmenting the global economy. This affects Exxaro through shifting supply-demand dynamics, global inflation and interest rate policies, GDP and foreign direct investment, domestic and foreign policy changes, sanctions and trade policies, anti-dumping duties and countervailing measures, customs restrictions and delays, changes in global financial markets, infrastructure challenges and energy transition considerations.

Heightened geopolitical tensions in the Middle East affected energy markets, impacting thermal coal, oil, gas and liquefied natural gas. The Russia-Ukraine conflict continued to impact supply-demand and pricing dynamics for key Exxaro commodities and presented opportunities in the European and Japanese thermal coal markets. The subsequent sanctions, including the European Union's ban on coal imports from Russia, shifted global thermal coal trade flows as Russia was forced to pivot into alternative markets, impacting its total seaborne levels and pricing.

Global elections further shaped the landscape. The Republican Party's victory in the November 2024 US presidential election saw a withdrawal from the Paris Agreement post-year end and could lead to the realisation of policies favouring protectionism through significant trade tariffs and withdrawal from the UN Framework Convention on Climate Change. These developments could potentially weaken the US dollar and would increase the risk of further global inflation, following a restrictive monetary policy stance and slower GDP growth, while likely benefiting US fossil fuel companies. Additionally, a reduction in US military aid to Ukraine could force Ukraine into a peace settlement that lifts sanctions against Russia, which would affect global seaborne thermal coal markets.

#### Our strategic response

The ever-changing global geopolitical landscape presents significant challenges. While our ability to influence global events is limited – beyond engaging with government – our early value and market to resource optimisation strategies will enable us to achieve long-term sustainability.

**4****Global uncertainties altering the pace of the energy transition**

Global economic, political and technological uncertainties are adding complexity to operating environments and the energy transition's speed and trajectory. In 2024, intensified geopolitical tensions tested global energy security. While rising energy prices and fossil fuel subsidies have hindered energy equity over the past three years, energy sustainability has progressed through improved energy efficiency and an increase in clean energy.

Although the energy transition has made progress, it remains uneven. Adoption of wind and solar energy has increased, but achieving net zero by 2050 requires intensified efforts in energy efficiency, system electrification and the adoption of low-carbon energy sources and fuels.

In South Africa, the transition to a low-carbon economy aims to drive economic growth, create jobs and increase energy security while addressing climate change. However, the transition is shaped by our local context, where socio-economic inequalities and energy poverty play significant roles in shaping the transition process. Against this backdrop, South Africa remains behind in transitioning the energy value chain of generation, transmission and storage.

We are committed to progressing our low-carbon transition journey by reducing greenhouse gas (GHG) emissions and exploring opportunities in energy transition minerals.

**Our strategic response**

Our carbon neutrality target for 2050 is on track as part of our broader ESG strategy, reflecting our belief that sustainable development is essential for our business and the future of our planet.

**5****Moderating inflation rates enabling central banks worldwide to lower interest rates**

Global inflation continued its gradual decline in 2024. In the US, the Federal Reserve delayed its first policy rate reduction until mid-September 2024 due to a prolonged elevated headline consumer price index. This marked the end of the most aggressive rate hiking cycle in decades and followed earlier cuts by the European Central Bank, Bank of Canada and Bank of England.

In South Africa, headline inflation averaged 4.4%, down from 6% in 2023, driven by a moderation in brent crude oil prices, the marked strengthening of the rand and the overall broad-based disinflation in fuel and goods prices. The cumulative repurchase rate increased by 450 basis points collectively over 2022 and 2023. As of September 2024, interest rates started to decline gradually (by 25 basis points), followed by another 25 basis points easing in November 2024. This environment of moderating inflationary and restrictive interest rates impacted Exxaro through cost escalations and borrowing cost increases. While headline consumer and producer inflation rates declined, the benefits of lower inflation have yet to fully offset 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 fund our Sustainable Growth and Impact strategy.

**6****Currency markets adjusting to the trajectory for inflation, growth and policy rates**

The US dollar remained resilient through most of 2024, supported by unexpected US economic strength, recession concerns, relatively tight Federal Reserve monetary policy, elevated interest rate differentials, expansive fiscal policy, geopolitical risks, and related financial market flows. The US dollar's status as the dominant global reserve currency and safe haven for assets benefited it during periods of uncertainty and financial market volatility.

However, the latter part of the year saw a weakness in the US dollar due to a pronounced downward shift in interest rate expectations. Improving inflation data and a softening labour market permitted an aggressive start to US Federal Reserve rate cuts, with a 50 basis point decline in policy rates in September 2024.

The rand strengthened against the US dollar in early October, reaching R17.11 per US dollar, down from R19.25 at the end of April 2024. However, US dollar resilience left the rand weaker at R18.71 by the end of December 2024.

Currency volatility and a weaker rand impacted Exxaro positively, supporting favourable coal export earnings.

**Our strategic response**

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

## Our operating context continued

### 7

### Increased relevance of ESG

ESG is fundamental to our Sustainable Growth and Impact strategy and a priority for stakeholders. It is a business and social imperative, in line with global drivers such as growing stakeholder expectations, environmental considerations and social and sustainability factors. Governance and reporting expectations for ESG have intensified, with greater emphasis on due diligence, increasing regulatory requirements, converging reporting standards, and reporting transparency and comparability. Additionally, the ESG landscape is increasingly leveraging digitalisation and artificial intelligence (AI) to reveal insights.

Social impact, an outcome of our Sustainable Growth and Impact strategy, addresses material social and compliance matters, fostering a harmonious co-existence between Exxaro and local communities and creating a thriving environment.

The increasing relevance of ESG requires its integration into corporate strategies, decision making and stakeholder reporting. While this calls for a coordinated effort, it will enhance alignment, impact and efficiencies.

#### Our strategic response

We prioritise safety protocols, training and technology adoption. We developed our decarbonisation roadmap to achieve carbon neutrality by 2050, addressing capital allocation aspects for its implementation. Investments are focused on expanding a diversified minerals and energy portfolio while ensuring low-carbon transition minerals are sourced responsibly, with traceability systems in place and adherence to international standards. We apply circular economy principles and invest in resource efficiency, operational and community adaptation measures, and nature-based carbon offset solutions. To enhance transparency, we produce a standalone annual ESG report aligned with global standards. We are developing an ESG policy to integrate and embed ESG across the group, ensuring compliance and investor confidence. Additionally, we form strategic partnerships to address South Africa's and Exxaro's scope 3 emissions collaboratively with stakeholders.



Refer to [creating stakeholder value](#) (page 42), [natural capital](#) (page 120) and [social and relationship capital](#) (page 118) for more information.

### 8

### Digital and innovation

Our iNOVAXXION strategy equips us to leverage skills, capabilities and digital infrastructure to add value to the business and shareholders. The strategy is underpinned by the visualisation of our value chain, enabling data-driven decision making and driving end-to-end integration and optimisation to remain competitive and achieve sustainable growth and impact.

We are exploring the use of generative AI to drive cost efficiencies, enhance productivity and strengthen safety measures. We believe generative AI is a catalyst for innovation and value creation. By leveraging generative AI through our newly launched AI solution, XXoro, we will enhance our understanding of key policy information and improve safety management.

#### Our strategic response

In 2024, we made significant progress in implementing generative AI in support of our Sustainable Growth and Impact strategy. We launched XXoro, our generative AI solution – the first project in our generative AI roadmap. Over a nine-month period we successfully developed use cases, prototyped and rolled out the solution. The launch of XXoro demonstrates the alignment of rapid prototyping, scaling and continuous improvement with our strategic goals, positioning us as a forward-thinking business.



Refer to [intellectual capital](#) (page 110) for more information.

### Our markets

In 2024, global commodity markets were primarily driven by financial market dynamics, including inflation, interest rates and economic growth expectations for China, the US, and globally. As a result, commodity markets sometimes outpaced underlying fundamental or macro-driven demand improvements, making them vulnerable to significant corrections. Initial Chinese stimulus announcements failed to meaningfully support commodity demand, while ongoing geopolitical tensions, China's weak property market, and gas supply risks further constrained sustained demand during the year.

**9****Commodity markets**

Overall, Exxaro's commodity markets delivered softer performances in 2024, with lower market annual average reference prices for thermal coal and iron ore. Performance trends varied between the first and second halves of the year. Thermal coal started the year under pressure and strengthened, whereas iron ore started strong and lost momentum. Specific market drivers are discussed in the respective commodity sections on the following pages.

**Argus/McCloskey Coal Price Index (API4) coal export price averaged US\$105.31/t (2023: US\$121.00/t)**

Commodity prices (US\$/t)	2024	2023
Thermal coal (API4)	<b>105.31</b>	121.00
Thermal coal (API3)	<b>89.19</b>	100.72
Iron ore fines (62% Fe)	<b>109.46</b>	119.54
Lump premium	<b>8.89</b>	9.64

Source: Various commodity market intelligence reports, January to December 2024.

**Our strategic response**

Through our portfolio optimisation process, we actively evaluate and participate in investment opportunities to unlock value in support of our Sustainable Growth and Impact strategy.

**9.1****Coal markets**

The seaborne thermal coal market experienced a continued bearish trend in the first quarter of 2024, largely due to sufficient supply into key markets such as Europe, Japan, Korea and Taiwan, together with favourable gas economic dynamics. Geopolitics – including US sanctions on Siberian Coal Energy Company (SUEK), the Russia-Ukraine conflict, attacks on Ukraine power stations and the March 2024 TFR derailment – supported the price recovery recorded in the second quarter of 2024.

Higher seaborne thermal coal prices led to muted demand support in India. Demand was further reduced by high stockpiles of South African thermal coal, the monsoon season and low domestic thermal coal prices due to improved domestic production. In addition, low steel prices caused by an oversupply of cheaper steel from China eroded demand from the Indian sponge iron sector.

In Europe, a mild winter, the availability of energy mix options (renewables, natural gas and nuclear energy) and the phasing out of coal as an energy source resulted in lower demand for South African products. This was exacerbated by competition from alternative suppliers such as Colombia.

Demand for thermal coal from Japan and Korea remained steady, with Korea being the more opportunistic buyer during favourable pricing periods. This was especially evident in the third quarter of 2024. Japan's rich energy mix of gas, renewables, nuclear and coal, together with the restart of several nuclear plants, halted significant thermal coal demand improvement.

In terms of supply, 2024 was characterised by ample seaborne supply, with Australia and Indonesia (the largest global exporters) recording strong production mainly due to dry weather conditions. No major trade flow shifts were evident, as Australia continued to supply to China and the ban of Russian coal in Europe and Japan (and partially in South Korea) remained in force.

**Our strategic response**

We mitigate volatility in coal market pricing and ensure our resilience through our early value strategy, 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**

Subdued Chinese economic growth, a persistent downturn in the Chinese property market, robust global iron ore supply and increasing inventories at Chinese ports pressured the iron ore market and pricing in 2024. A set of initial Chinese policy announcements focused on the stabilisation of China's economy through consumer wellbeing and did not include support for iron ore and steel demand. Subsequently, tax incentives for China's property market and some restocking initiatives temporarily lifted the iron ore market sentiment.

Continuous rising iron ore supply and exports remain the key limiting factors for seaborne iron ore prices, affecting the performance of Exxaro's SIOC investment. Major miners' supply is increasing, and while overall Chinese demand remains relatively flat, steel and iron ore demand from non-property sectors increased towards the end of 2024. Early signs of the Chinese government's interventions yielding results emerged, with manufacturing and services sectors moving into expansionary territory, assisted by improved steel mill margins. Furthermore, steel exports saw US buyers stockpiling materials ahead of anticipated import tariff increases.

**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 likely to grow.

## Our operating context continued

### 9.3

#### Energy market

Countries are working to meet growing energy demands and transition to cleaner sources, with low-carbon energy investments reaching a record US\$2.1 trillion in 2024. This shift spans renewable sectors like solar, wind and hydropower, and includes increased interest in natural gas infrastructure to support a balanced energy mix. In South Africa, the Integrated Resource Plan (IRP) 2023 outlines plans for 7 220MW of new gas-to-power capacity by 2030, with regulatory easing updates to support growth in the energy sector.

Developments in the energy market present expanded opportunities for Exxaro to position itself within the low-carbon energy landscape, supporting our transition objectives and broader energy resilience and sustainability objectives.

##### Our strategic response

Exxaro is exploring a range of energy investments, positioning ourselves as a significant contributor to South Africa's energy transition. This diversified approach aligns with national policy and global investment shifts, enabling Exxaro to enhance energy security while advancing sustainable development.

### 9.4

#### Energy transition minerals and metals landscape

The global shift towards a low-carbon economy is driving unprecedented demand for energy transition minerals such as copper and manganese, which are crucial across the renewable energy value chain. Despite surging demand, long-term structural deficits still exist in many future-facing commodities. Copper, known for its conductivity, is in high demand as renewable energy installations and electric infrastructure expand globally. Manganese, with 80% to 90% used in steel making, is used as an alloying agent by steel makers pursuing a "green" steel product, while also being in high demand for energy storage applications. As a leading producer, South Africa has a unique opportunity to capitalise on this resource. Exxaro is in a good position to leverage South Africa's leadership in manganese production and tap into the copper market as demand continues to rise.

Diversification and growth plans to solely own copper assets have drastically changed, influenced by partnership models, jurisdictional changes and an expanding investor universe. This enabled Exxaro to consider multiple market entry points, including through a credible copper mining producer and operator, partnering with a copper producer with an attractive asset portfolio and project pipeline, JVs, and project development and greenfield exploration. However, the energy transition minerals market faces challenges, including fluctuating global demand and evolving policies in regions that aim to retain mineral value through regional processing, refining and manufacturing incentives.

##### Our strategic response

We are considering various options to execute on opportunities in sought-after assets and commodities.



# Our outlook

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



## Medium to long-term outlook

### Climate change

The *Global Risks Report 2024* highlights extreme weather events, critical changes to the earth's systems, and biodiversity loss as dominant global risks over the next decade. Challenges are expected to intensify beyond 2035, and stricter environmental regulations, rising societal expectations and increasing demands for corporate responsibility are anticipated. Outcomes from COP29 further emphasise the urgency of addressing climate change, with the New Collective Quantified Goal increasing to US\$300 billion annually by 2035 to assist developing countries with climate mitigation and adaptation efforts. COP29 also underscored the need for actionable climate plans and policy reviews ahead of COP30 to advance ambitious climate pathways.

#### Our strategic response

As climate regulations tighten and stakeholder expectations rise, we are committed to ensuring our business remains resilient in a rapidly evolving policy and regulatory environment. We integrate climate risk considerations into our long-term strategy, ensuring alignment with global decarbonisation pathways and regulatory frameworks. Our commitment to achieving carbon neutrality by 2050 is supported by ongoing efforts to enhance operational efficiencies, strengthen governance structures, and embed climate resilience across our value chain.

### Energy transition

The shift to a low-carbon world is driving significant changes in energy systems and markets. The Organisation for Economic Co-operation and Development's *Global Material Resources Outlook to 2060* projects a doubling of global primary materials use by 2060, increasing environmental pressures and resource demands. The International Energy Agency's *Global Critical Minerals Outlook 2024* highlights significant growth in demand for energy transition minerals vital for clean energy technologies, including renewable infrastructure and electric vehicles. As low-carbon electrification expands, the need for metals in decarbonised infrastructure will far exceed conventional requirements, making forward-facing metal intensity a critical factor in meeting global energy transition goals.

#### Our strategic response

These trends present opportunities for Exxaro to diversify our portfolio, aligning investments with global trends to secure long-term value creation. By expanding into energy transition minerals, we aim to strengthen our position as a key supplier in the energy transition, ensuring a resilient and future-ready business that supports global decarbonisation efforts.

### Low-carbon transition

The global shift towards a low-carbon economy is reshaping the mining industry, presenting opportunities and challenges. Technological advancements drive shifts in resource demand, with innovations like alternative battery technologies for electric vehicles and energy storage showcasing how emerging solutions can impact market dynamics. Broader adoption of these batteries highlights how resource substitution could transform traditional supply chains. This example demonstrates the potential for shifts in mineral demand as broader technological trends continue to evolve, requiring careful strategic positioning. Furthermore, the low-carbon transition carries considerable socio-economic implications, influencing employment and economic stability in communities reliant on mining.

#### Our strategic response

Exxaro proactively adapts to these changes by integrating technological foresight into our long-term planning. We monitor technological advancements to anticipate market shifts. Our iNOVAXXION strategy harnesses digital innovation to enhance operational efficiency, resilience and strategic agility in an evolving energy landscape. As part of this, generative AI is expected to revolutionise data-driven decision making, enabling deeper insights, automation, and predictive capabilities to drive organisation-wide transformation. By integrating these advancements, we will strengthen our ability to adapt to market shifts, optimise resource management, and accelerate the delivery of our Sustainable Growth and Impact strategy, ensuring long-term value creation in a low-carbon future.

Recognising the socio-economic impacts of the low-carbon transition, we are committed to a transition that supports our employees and the communities in which we operate. This includes investing in skills development, building internal capacity and enhancing capability, and engaging with stakeholders to ensure our transition strategies are inclusive and equitable. By aligning our business strategies with emerging technologies and community needs, Exxaro aims to lead responsibly in the evolving energy landscape.

## Stewardship

Over the medium to short term, external trends highlight the increasing importance of responsible resource management and sustainability. Investors are demanding greater transparency and alignment with ESG standards, while communities expect companies to play a more active role in local development. Workforce dynamics are also shifting, driven by the global race for energy transition minerals, a growing skills shortage, and the need for reskilling to adapt to technological advancements. For example, the World Economic Forum estimates that one billion jobs will be reshaped by technology within the next decade.

### Our strategic response

Exxaro is proactively addressing these trends through a balanced approach to stewardship. We prioritise long-term value creation for investors by optimising our coal assets while advancing our Sustainable Growth and Impact strategy. Investments in renewable energy and energy transition minerals align with global sustainability trends, ensuring resilience and competitiveness in evolving markets. For our employees, we focus on upskilling and reskilling programmes to equip them with the capabilities needed for future demands. We ensure our workforce remains agile and prepared for emerging challenges by embedding integrated ways of working and adopting new technologies. We are fostering partnerships for our communities that support local economic development and infrastructure improvements. These initiatives create shared value, enabling Exxaro to contribute meaningfully to socio-economic progress in the regions where we operate. For the planet, we are accelerating efforts to achieve our carbon neutrality target by 2050. Through resource efficiency, biodiversity enhancements, and adherence to international standards, we minimise our environmental impact and contribute to global climate goals. By aligning our stewardship approach with these external trends, Exxaro balances the needs of investors, employees, communities, and the planet, ensuring sustainable outcomes for all stakeholders.

## Short to medium-term outlook in our markets

Commodity markets are expected to navigate short and medium-term dynamics influenced by global economic, policy and market trends. In the short term, commodity markets are poised to reconnect with their respective fundamentals in 2025, as calmer financial market dynamics driven by a widespread monetary policy easing path and moderating inflation rates create an encouraging backdrop. However, uncertainties persist due to the implementation of proposed policies under the new US administration, potentially raising US interest rates, weakening the US dollar, and affecting global commodity and financial market sentiment. Over the medium term, evolving geopolitical and economic conditions, such as the demand for critical energy transition minerals, are expected to play a pivotal role in shaping market trends.

### Coal

The seaborne coal market is expected to experience sustained demand in the short term due to the anticipated tight supply of high-energy coals, exacerbated by sanctions on Russian suppliers and a challenging investment and regulatory landscape. These constraints will likely sustain market demand, particularly in regions reliant on imported coal for energy security. While the broader energy transition continues to shape long-term trends, short-term supply pressures and geopolitical factors will play a key role in coal market dynamics.

### Iron ore

A balanced and stable seaborne iron ore market is expected in 2025, driven by positive global steel demand. However, vulnerabilities in China's property sector and any additional government stimulus measures will remain critical to monitor. China accounts for over 50% of global steel production and is the largest consumer of iron ore, making its economic policies and construction activity pivotal for global demand.

### Energy

The energy market continues to show positive long-term growth in diversified energy assets. In South Africa, the IRP outlines ambitious targets for renewable energy integration, aiming to diversify the energy mix and reduce reliance on coal. This framework presents significant opportunities for Exxaro to expand our renewable energy portfolio. Globally, supportive policies and favourable economics are also expected to drive a surge in renewable power capacity over the rest of the decade.

### Energy transition minerals and metals landscape

The shift to a low-carbon world is driving a surge in demand for energy transition minerals and metals, as decarbonisation infrastructure is far more metals-intensive than conventional systems. Low-carbon electrification remains a significant engine for demand, particularly as electric vehicle adoption accelerates and countries invest in grid modernisation and renewable energy infrastructure. While short-term delays in the global energy transition may arise from policies introduced by the new US administration, the longer-term outlook remains firmly anchored in global energy transition objectives. This sustained momentum is expected to support our energy solutions business, energy transition minerals and metals diversification plans, and broader strategic initiatives, positioning Exxaro to capitalise on the evolving market dynamics.

# Our risks and opportunities

Exxaro operates in a rapidly evolving and uncertain operating environment. Effective risk management is essential to achieving our strategic and business objectives, ensuring resilience and delivering sustainable value to our shareholders.

## Our risk management process



The mining industry continues to face logistical constraints, fluctuating coal prices, global inflation and increasing geopolitical tension, among other challenges. Heightened but moderating global inflation and the effects of the Russia-Ukraine and Middle East conflicts impacted the global economy. In a dynamic and volatile environment, we rely on our mature risk management strategies to make agile and effective decisions to mitigate risk exposure and leverage opportunities.



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

## Our risk management philosophy and approach

Embedding risk management into our daily activities and processes enables us to make informed decisions and proactively plan for possible future unwanted events stemming from internal and external sources. Exxaro's risk management philosophy identifies risk management as a strategic enabler rather than being compliance driven. This ensures that we think and act proactively at every layer to pursue our strategic objectives.

Exxaro's ERM framework provides a proactive, systematic and integrated approach to risk management. The principles outlined in the framework form the foundation for our risk management philosophy, mission and vision. The ERM framework and process illustrated below are based on principles published by the Committee of Sponsoring Organizations of the Treadway Commission, the ISO 31000 international guideline on risk management and King IV. The framework also considers applicable

codes of best practice such as ISO 9001, 14001 and 18001. We regularly review the ERM framework to ensure it remains relevant and effective. Deloitte reviewed the framework in 2023 to assess the maturity of our ERM and benchmark it against best practice. Following this review, we identified improvement recommendations and developed a roadmap to ensure these are implemented.

## Accountability and governance

Exxaro's ERM process is a strategic initiative supported by the board and executive management. The chief strategic resilience and governance officer is responsible for enabling ERM across the group and reports to the board and the risk and business resilience (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 performance indicators (KPIs) quarterly to ensure all risks are within Exxaro's risk appetite. The board is satisfied that the company and group have a mature risk process that ensures risks potentially impacting its strategic objectives are treated by management to create stakeholder value.

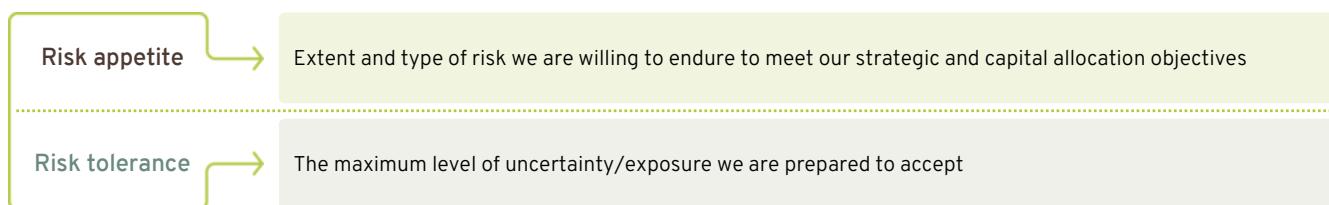
Significant risks from the strategic layer are filtered down to the tactical and operational layers, supplemented by identifying risks that impact the whole organisation.

Significant risks originating at an operational layer will also be elevated to a strategic or tactical layer. In this way, the process incorporates a top-down/bottom-up view of risks within the organisation.



## Risk appetite and thresholds

Exxaro's board and executive committee use risk appetite and tolerance levels to evaluate the level of risk the group is willing to endure in pursuit of achieving the company's strategy.



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



 [Performance against our strategy \(page 59\)](#)

## Opportunities

We use the ERM framework to identify and pursue opportunities. We are contributing to the global energy transition to maximise value in the medium to long term and manage the risk of being unable to achieve growth objectives. For Exxaro to remain sustainable, it is important to adapt the minerals business to identify and pursue opportunities that ultimately create value, such as transitioning away from coal to energy transition minerals and renewable infrastructure.

The following opportunities inform our Sustainable Growth and Impact strategy:

Opportunity	Strategic objective	Strategic response
The drive for energy transition minerals presents opportunities to <b>invest in operational assets, project development and exploration</b> 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 <b>value unlock and vertical integration</b> .		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 <b>focus our social impact efforts towards sustainable impact</b> . We will focus on 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 early value strategy and our ability to <b>maximise market to resource opportunities</b> by leveraging the low cost and flexibility of our coal assets and reserves.		Our early value and market to resource optimisation strategies remain key enablers to maximise value from our mineral assets.
<b>Accelerated expansion into renewable energy</b> will support our low-carbon transition.		We remain committed to expanding our energy solutions business to become a leading energy solutions business.
<b>Nature-based solutions</b> to 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 <b>invest in self-generation facilities</b> , which aligns with our energy growth strategy.		Cennergi is constructing a 68MW photovoltaic farm, near Grootegeluk, through our special purpose vehicle, Lephalela Solar (RF) Proprietary Limited. This 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 continue to explore further opportunities for self-generation.
The <b>global energy transition</b> provides an opportunity to mine and supply the minerals 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 minerals.
<b>Technological advancements</b> , especially in the field of AI and computing, present opportunities to 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.

## Our risks and opportunities continued

### 2025 risk trends

The trend report indicates changes in the residual risk score when comparing the 2024 and 2025 (forward looking) financial years. Our risk scores are derived from the product of the likelihood and the impact of the unwanted event\*. The top 10 risks are arranged from highest to lowest risk score.

The 2025 ranking represents the key possible unwanted events we anticipate having a potential impact on our ability to achieve our strategic imperatives in 2025. Although we review risks quarterly, they could change significantly depending on the internal and external root causes that drive them to materialise. We prioritise risks and implement treatment strategies to address them. We continuously monitor the effectiveness of these treatments to ensure risks are managed down to acceptable levels.

2025 ranking	2025 top risks (forward looking)	2024 ranking	2024 vs 2025 trend	Comments
1	Unavailability of rail capacity	1	➤	Unrest in Mozambique impacted road movements in the fourth quarter of 2024. Since the inauguration of the country's new president, the unrest has stabilised with expected improvement in exports through Maputo.
2	Fatal risk incidents	2	➤	Exxaro achieved an LTIFR of 0.06 in 2024 in comparison to 0.07 in 2023. During 2024, we reviewed our safety strategy, framework and fatal risk protocols. Approval is in progress, and the updated strategy, framework and fatal risk protocols are set to be launched in 2025.
3	Cybersecurity attacks impacting business	3	➤	We are implementing several projects as part of Exxaro's cybersecurity programme and risk management. These projects are geared towards strengthening our resilience and cybersecurity risk posture and include employee cybersecurity awareness training, the vault project, network access control, data leakage prevention, and endpoint protection solution roll-out. The effectiveness of the control environment is expected to improve in 2025 as risk treatments are executed to completion.
4	Country risk (geopolitical)	4	➤	In 2024, the main treatment for this risk was to develop an internal and external communications strategy. This was completed and rolled out to senior managers and business unit (BU) stakeholder affairs and communications teams. Implementation is underway.
5	Customer concentration risk	5	➤	We are monitoring this risk considering the local power utility's operational challenges.
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. We deployed additional project management, technical and supply chain resources to assist in the delivery of SLP commitments.
7	Community unrest	7	➤	Implementation of the Social Impact strategy is expected to deliver greater impact to the communities where we operate. We update community members on progress monthly through a community forum, and engagements with the Department of Mineral Resources and Energy (DMRE) are ongoing.
8	Inability to achieve growth objectives	8	➤	Considering the local elections in 2026 and associated risks, we will continue to intensify our community stakeholder engagements and deliver on our Social Impact strategy and SLP commitments.
9	Decarbonisation challenges (previously reported as 'Inadequate response to climate change')	10	▲	National Treasury released a Draft Phase Two Carbon Tax Discussion Paper for comment. The phase will be implemented from 1 January 2026. Proposed changes will result in higher carbon tax liabilities for Exxaro from 2026.
10	Financial targets not met	11	★	Exxaro will likely meet our EBITDA and ROCE targets in 2025. Head office cost and optimisation initiatives at Grootegeluk and Leeuwpan are ongoing. The performance of SIOC and deployment of capital in growth initiatives may put pressure on achieving our ROCE targets in the second half of 2025.

\* Risk = f (likelihood of risk occurring x impact of the risk).

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

➤ Ranking in the top 10 remained unchanged compared to the previous year

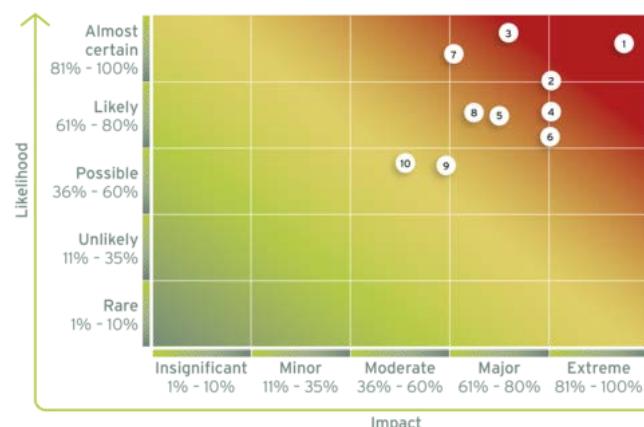
▼ Ranking in the top 10 reduced compared to previous year

★ New

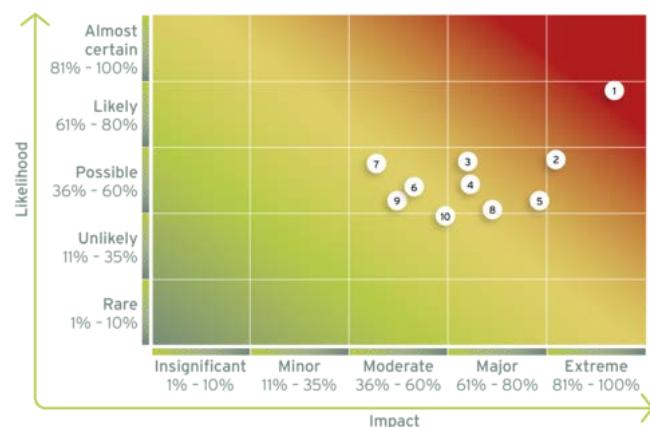
## Top 10 heat map

Exxaro's top 10 risks are plotted inherently (before controls) and residually (after controls) on the heat maps below, followed by an outline of our key identified risks, their main drivers, their potential impacts, controls and mitigating treatments. We considered internal and external risks. Our mitigation strategies depend on the severity of impact and likelihood of occurrence.

### Inherent risk



### Residual risk



### Likelihood

### Impact

Likelihood	Impact
1% - 10%	Rare
11% - 35%	Unlikely
36% - 60%	Possible
61% - 80%	Likely
81% - 100%	Almost certain

## Managing our risks

Various risk treatment strategies are evaluated, including risk avoidance, reduction, sharing, acceptance or transferring. When selecting risk treatment options, we consider the values and perceptions of stakeholders and the most appropriate ways to communicate them.

The decision to implement a treatment is based on risk tolerances, the effect the treatment will have on the impact and likelihood ratings, and the results of the cost versus benefit evaluation. Once a risk treatment is implemented, Exxaro develops ongoing mechanisms to monitor the implementation and effectiveness of the risk treatment.

### Lines of defence

- 1 Management of risk (risk owner)
- 2 Management support and oversight
- 3 Independent assurance (internal audit and other assurance providers)
- 4 Independent assurance (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

## Our risks and opportunities continued

### 1

#### Unavailability of rail capacity (2024 risk ranking: 1)

Drivers	Impacts			
<ul style="list-style-type: none"> <li>TFR challenges include availability of locomotives, inadequate maintenance regime, financial difficulties and security issues</li> <li>Country risk (political) – government not addressing root causes</li> <li>Cable theft and derailments</li> <li>Renegotiation of rail agreements</li> <li>Transnet's financial viability</li> </ul>	<ul style="list-style-type: none"> <li>Operational stoppages</li> <li>Financial loss</li> <li>Inability to meet contractual agreements and 2024/25 budget</li> <li>Inability to grow and execute the early value strategy</li> </ul>			
Controls				
<ul style="list-style-type: none"> <li>Continuous engagement with TFR to understand issues and provide assistance via RBCT (security, spares support, derailment recovery)</li> <li>Marketing and logistics team exploring options to evacuate export coal with domestic sales</li> <li>Industry participation and support to influence National Rail Policy reforms and funding secured from National Treasury</li> <li>Maputo port capacity unlocked, focus shifted to optimisation</li> <li>The mining industry is providing financial support to TFR to obtain spares and other parts</li> </ul>				
Future treatments	Outlook			
<ul style="list-style-type: none"> <li>Support and assistance to TFR</li> <li>Optimisation of Maputo flows</li> </ul>	<p>Weekly railed tonnages have improved slightly since the beginning of 2024. Operational and maintenance challenges are expected to continue to have a significant impact on Exxaro, as TFR's recovery will be slow. However, TFR's new leadership will likely bring stability, aided by improved engagements between Transnet and the mining industry.</p> <p>Policy/legislative changes concerning an open rail regime are encouraging. The reforms have resulted in the division of TFR into two functions – infrastructure management and operations. This opens rail network access to private operators.</p>			
Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend



**2****Fatal risk incidents (2024 risk ranking: 2)****Drivers**

- Challenges with applying safety standards including operational risk management (including adequacy of standards and training)
- Lack of reporting, investigating and correctly classifying incidents, which prevents correct root causes from being identified and effectively benefiting from lessons learnt
- Lack of integration of health and safety requirements in the sourcing process for mining equipment and services (business partners)

**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))
- Reputational risk

**Controls**

- Continued implementation of the safety improvement plan aligned with the five focus areas across all BUS
- Reinvigorate the visible felt leadership (VFL) programme to proactively manage safety by coaching employees on safe working practices and extracting leading indicators to inform safety initiatives
- Employee engagement platforms such as annual CEO safety summit and safety leadership day
- Improve understanding of safety policies and procedures through newly launched AI solution, XXoro

**Future treatments**

- Develop a long-term safety strategy underpinned by a safety framework
- Review Exxaro health and safety policies and standards (including operational risk management, critical control management, incident management, VFL, fatal risk protocols and zero tolerance rules)
- Roll out the refreshed safety strategy, framework, standards, fatal risk protocols and zero tolerance rules

**Outlook**

We remain committed to improving the safety of our operations and expect the revised safety strategy, framework and standards to enhance our safety performance.

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

## Our risks and opportunities continued

### 3

### Cybersecurity attacks impacting business (2024 risk ranking: 3)

Drivers	Impacts			
<ul style="list-style-type: none"> <li>Sophistication of global cyberattacks given the drive in using digital business solutions</li> <li>Implementing updated cybersecurity frameworks aligned with global current and new threats</li> <li>Large number of devices connected to the Exxaro network that need to be managed</li> <li>Vulnerability due to lack of awareness – people exposing Exxaro to cyberattacks</li> <li>Ability to protect and detect global and local cyberattacks</li> </ul>	<ul style="list-style-type: none"> <li>Revenue loss and reputational damage</li> <li>Exposure of confidential information</li> <li>Business interruption</li> <li>Legal and regulatory impacts (Protection of Personal Information Act, 2013 (Act 4 of 2013) (POPIA) implications)</li> </ul>			
Controls				
<ul style="list-style-type: none"> <li>Enhanced governance and compliance: robust cybersecurity governance frameworks are in place, ensuring adherence to regulatory requirements and continuous monitoring of compliance</li> <li>Strengthened security posture: stricter security practices have been implemented and identified vulnerabilities are being remediated to minimise potential risks</li> <li>Ongoing security awareness: regular security awareness programmes are conducted to educate employees on emerging threats and promote a culture of security</li> <li>Business continuity and disaster recovery: continuous business continuity management planning and disaster recovery testing ensure the organisation's resilience in the face of disruptions</li> <li>Endpoint protection enhancements: the current antivirus solution has been assessed and improvements have been made to detect threats such as malware and ransomware on endpoints</li> <li>Operating system security hardening: security settings have been strengthened to prevent unauthorised software execution on endpoints, with approved programs whitelisted</li> <li>USB port management: USB ports have been blocked, with exceptions managed by the information management governance team</li> <li>Privileged access management: a privileged access management tool has been implemented, with ongoing onboarding of accounts</li> <li>Network segmentation: IT and OT networks have been segmented to reduce potential attack surfaces</li> <li>Cloud migration: the organisation has successfully migrated from a public cloud to a private cloud, enhancing data security and control</li> </ul>				
Future treatments	Outlook			
<ul style="list-style-type: none"> <li>Implement extended detection and response tool to monitor and block malware on endpoints</li> <li>Implement the backup and recovery solution to ensure reliable data backup and recovery and boost disaster recovery capabilities (Project Vault)</li> <li>Establish a comprehensive cybersecurity training and development programme to enhance information management employee skills and knowledge, reducing the risk of security breaches and data losses</li> <li>Enable data loss protection</li> </ul>	<p>The prevalence of cybersecurity attacks, specifically ransomware attacks, is expected to increase. Exxaro will continue to improve the robustness of the cybersecurity posture through a multi-layered security program and benchmark our cybersecurity profile to enhance prevention, detection, response and recovery efforts through vulnerability identification and management.</p>			
Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend

**4****Country risk (geopolitical) (2024 risk ranking: 4)****Drivers**

- Uncertain, inhibiting and inadequate policies for economic development and investment
- Crime and corrupt practices (private and public sector)
- 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
- Uncertainty around GNU
- Lack of innovation/research and development
- Rand volatility
- Exxaro's delivery on commitments

**Impacts**

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

**Controls**

- Implement the strategic stakeholder engagement plan
- Continue to support a thriving democracy through deliberate and strategic donations and sponsorships
- Leverage industry bodies to contribute to solutions to national and global agenda and to shape economic policy (Minerals Council of South Africa, National Logistics Crisis Committee, Business Leadership South Africa, Engineering Council of South Africa, World Economic Forum, and others)
- Continue anti-bribery and corruption programmes/policies and communicate outcomes internally and externally
- Deliver and communicate social impact strategies to build understanding of Exxaro's contribution to socio-economic development, education and employment challenges
- Political risk insurances in place where applicable (for example, in other jurisdictions)
- Utilise media/social media monitoring and analyst inputs to identify risks and develop a system to escalate impacts
- Support communication of cybersecurity risk prevention (see risk 3)
- Monitor and report on the impact of changing legislation
- Contribute to national investment narrative and investor conferences to build confidence in South Africa
- Develop and implement an internal and external communications strategy that enhances Exxaro's reputation
- Enable cross-functional alignment to protect Exxaro's interests

**Future treatments**

- Develop policies for social media, investor relations, strategic sponsorships, political donations, stakeholder engagements and strategic partnership to mitigate risks to Exxaro

**Outlook**

Social tensions and insecurity persist amid high levels of poverty, income inequality and endemic unemployment. Sentiment towards South Africa's coalition government is cautiously optimistic. The country's sovereign rating of BB-/B was revised to BB+ from stable on the back of expected potential stronger growth, alongside government debt stabilisation. There is also a positive reputational narrative stemming from the G20 presidency.

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

## Our risks and opportunities continued

### 5

### Customer concentration risk (2024 risk ranking: 5)

Drivers	Impacts			
Controls	<ul style="list-style-type: none"> <li>Realisation of approved funding for capital requirements (Matla capital project programme)</li> <li>Eskom liquidity risk</li> <li>Commercial risk attached to long-term contracts</li> <li>Less offtake at Medupi and Matimba due to environmental pressures</li> <li>Infrastructure challenges at power stations results in reduced offtake</li> </ul> <ul style="list-style-type: none"> <li>Operational constraints at Grootegeluk due to pit liberation impacts as a result of low volume offtake from the power utility</li> <li>Cash flow constraints at Eskom resulting in late or no payments</li> <li>Cost of coal production becomes uncompetitive at Matla (lack of capital)</li> <li>Loss of revenue</li> <li>Reputational damage</li> <li>National grid failure</li> </ul>			
Outlook	<p>Eskom's financial challenges will remain a concern in the short to medium term as government continues to reform South Africa's electricity sector and Eskom implements its turnaround strategy and restructuring. The NECOM is anticipated to improve engagement with the industry. Developments in Eskom indicate more reforms to be introduced.</p>			
Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend
			<span>1</span> <span>2</span> <span>3</span>	



**6****Adverse threat to licence to operate (2024 risk ranking: 6)****Drivers**

- Not achieving SLP targets as approved (annual and five-year projects)
- Poor stakeholder communication about Exxaro's achievements
- High community expectations for social investments and procurement opportunities
- Delays in approval of licences and authorisations
- Inability to meet legislative targets, such as Mining Charter and B-BBEE
- Unwind of BEE transaction

**Impacts**

- Production stoppages
- Reputational impacts (loss of business opportunities)
- Financial loss
- Community unrest
- Suspension/cancellation of mining right or directive issued by DMRE
- Regression in B-BBEE level

**Controls**

- Fulfil regulatory requirements within reasonable cost/expenses
- Structured engagement with regulators
- Supervision and performance reporting on execution of projects (SLPs)
- Monitor SLP and B-BBEE compliance performance management
- BEE transaction unwind project ongoing

**Future treatments**

- Board committees overseeing unwind of BEE transaction considering regulatory and financial aspects

**Outlook**

We remain committed to implementing our Social Impact strategy to deliver impact in our communities and protect our licence to operate.

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

## Our risks and opportunities continued

**7**

### Community unrest (2024 risk ranking: 7)

#### Drivers

- Delayed implementation of SLPs and transformation (local economic development, human resource development, local procurement, among others)
- Lack of capability or capacity of local community companies and youth
- 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 (preventing access to workplace)
- Reputational damage
- Financial loss

#### Controls

- Enhanced monitoring of SLP implementation
- Ongoing engagement with DMRE, Minerals Council of South Africa and local and district municipalities, among others
- Strike emergency response plans
- Regular community stakeholder engagement
- Develop post-mining economies and skills through programmes such as the minerals succession programme (MSP)
- Ongoing communication of business opportunities and support, such as incubation and ESD programme
- Leverage partnerships to increase social impact
- Leverage and repurpose Exxaro land to benefit communities
- Continue to implement the Social Impact strategy beyond compliance through an ecosystem approach to create greater impact

#### Outlook

We will continue to engage with community stakeholders and resolve issues proactively to avoid unrest and create tangible impact.

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



**8****Inability to achieve growth objectives (2024 risk ranking: 8)****Drivers**

- Volatile economic and market conditions
- Regulatory/policy uncertainty in South Africa and destination target countries
- Competition for desired mineral assets increases valuation of opportunities and restricts access to some opportunities
- Exxaro's ability to respond effectively and timeously to potential opportunities (internal skills and processes)
- Shareholder pressure to return excess cash
- Capital allocation considerations and JSE transaction category criteria (execution risk)

**Impacts**

- Reputational damage
- Inability to transition from coal to other minerals
- Undervalued/declining/volatile share price and market value
- Inability to integrate new assets effectively or realise synergies post-deal execution

**Controls**

- Board mandate to increase scope of minerals beyond manganese, bauxite and copper, and earlier stage investment opportunities
- Maintain critical skills and capability to effectively source, originate, shape and execute deals
- Build a pipeline of investment opportunities
- Improve networking opportunities to gain insights into potential transactions and financing
- Funds earmarked for the Sustainable Growth and Impact strategy
- Regularly communicate with investors regarding strategy, capital allocation and returns against targets
- Consider and incorporate appropriate post-deal strategies
- Utilise strategic partnerships in deal making, when appropriate, to effectively reduce execution risk and deal size
- Apply investment criteria to ensure value-accretive deals are considered (more flexible elements)

**Future treatments**

- Disclosure of target and performance against strategy and capital allocation

**Outlook**

Exxaro's primary growth lever is inorganic growth through acquisition. We will continue to pursue opportunities for growth through mergers and acquisitions. Expanding exploration will provide longer-term alternatives for the Sustainable Growth and Impact strategy.

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

## Our risks and opportunities continued

**9**

### Decarbonisation challenges (2024 risk ranking: 10)

Drivers	Impacts			
<ul style="list-style-type: none"> <li>International and local investor sentiment against fossil fuels</li> <li>Increased stringent local and international carbon legislation</li> <li>Competition for water resources between operations and communities</li> <li>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)</li> </ul>	<ul style="list-style-type: none"> <li>Increased cost of doing business</li> <li>Community protest</li> <li>Non-compliances associated with GHG emissions</li> <li>Energy security and supply</li> <li>Loss of production</li> <li>Natural disasters</li> <li>Equipment/infrastructure damage</li> <li>Possible fatalities and increased occupational incident rate</li> <li>Restriction in allocation of water</li> <li>Legal claims against heavy polluters</li> <li>Unable to secure insurance cover for operations</li> </ul>			
Controls				
<ul style="list-style-type: none"> <li>Established an ESG portfolio management office, with an ESG steering committee appointed to monitor its activities</li> <li>Established a decarbonisation committee</li> <li>Diversify the portfolio into other minerals, in line with Exxaro's strategy</li> <li>Engage government and other stakeholders to create partnerships to resolve scope 3 matters</li> <li>Signed an MOU with the Council for Geoscience on scope 3 partnership</li> <li>Invested in decarbonisation initiatives through the ESG portfolio management office</li> <li>Reduce carbon intensity per tonne of product to reduce carbon emissions</li> <li>Reduce our water intensity per tonne of product produced</li> <li>Stay abreast of developments on carbon pricing</li> <li>Established public-private partnerships</li> <li>Assessment/study of operational adaptive capacity and resilience to inform mitigation measures</li> </ul>				
Future treatments	Outlook			
<ul style="list-style-type: none"> <li>Capital allocation for decarbonisation and other ESG projects to be approved</li> <li>Execution of decarbonisation roadmap</li> <li>Annual review of financial model to cost the impact of carbon tax (ongoing)</li> <li>Costing of individual projects that will contribute towards decarbonisation</li> </ul>	<p>Changes proposed in National Treasury's Draft Phase Two Carbon Tax Discussion Paper will lead to higher carbon tax liabilities for Exxaro in 2026. We are optimistic that our decarbonisation roadmap and plan will assist in mitigating our carbon tax liabilities over time.</p>			
Material theme	Capitals impacted	Strategic objectives impacted	Line of defence	Risk ranking trend



**10****Financial targets not met (2024 risk ranking: 11)****Drivers**

- Macro-economic factors (commodity prices, exchange rates and inflation)
- Counterparties not meeting contractual obligations (Eskom, TFR and AMSA)
- Renewal of TFR agreement which might impact tonnage available and cost associated with rail exports
- Unable to reduce costs and optimise operations
- Position of operations on cost curve
- Above-inflation 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

**Controls**

- Target for cost increases of mines to be below mining inflation and for Exxaro to be in the first quartile of the cost curve
- Operational excellence and digitalisation initiatives to reduce cost per tonne
- Monitor supplier financial health (critical and strategic suppliers)
- Annually determine cost, production and capex 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**

- Engage with TFR to negotiate amendments to existing agreement and new contracts
- Aim for head office costs following operational excellence process to be in line with 2024 official budget
- Optimise costs at Grootegeluk
- Optimise Leeuwpan mine

**Outlook**

Future financial performance will largely be influenced by logistical performance, Eskom's ability to meet its contractual commitments and the performance of our investment in SIOC.

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

# Creating stakeholder value

Exxaro aims to build long-term, stable, mutually beneficial relationships with stakeholders, supported by our holistic engagement approach. Our engagements enable us to better understand, manage and respond to material risks and concerns, protect our licence to operate and create shared value.

## Our approach to meaningful stakeholder engagement

We believe creating value for both our stakeholders and ourselves is important. Regular and ad hoc in-person engagements, social impact assessments and surveys inform our understanding of our social impact and stakeholders' needs and interests.

This section describes our stakeholder management through our ERM framework lens.



Refer to the stakeholder-inclusive approach section of the [ESG report](#) (page 16) for more information about our stakeholder engagement approach. It details our key stakeholder relationships, the nature and quality of our relationships with strategic stakeholder groups and our responses to their concerns.



## Assessing engagement effectiveness

Engagement effectiveness is assessed by Exxaro's board and executive committee, which are responsible for stakeholder management and engagement. We measure perceptions of our engagement performance as part of periodic stakeholder surveys.

We also measure the quality of our relationships with our stakeholders through self-assessments.

## Material engagements in 2024

While we engage regularly with multiple stakeholders, this section focuses on engagements most material to value creation and preservation with the following stakeholders:

### TFR Operating Company and Transnet Rail Infrastructure Manager

*Our established relationship with this stakeholder can be improved*

**Engagement purpose** Collaborate in finding solutions to improve logistics.



[Our risks and opportunities \(page 28\)](#)

#### Stakeholder expectations and issues

- Due to Transnet's financial challenges and the state of rail infrastructure as a result of prolonged underinvestment, support from the private sector is required in terms of funding
- Collaboration on initiatives to improve rail freight volumes

#### Material themes



#### Strategic objectives



#### Key engagements and outcomes

- Cooperation improved noticeably in 2024, with constructive engagements between the chief coal operations officer and general manager marketing and logistics, and TFR CEO and chief commercial officer
- Our continued support of the National Logistics Crisis Committee focuses on improving rail performance by addressing issues such as security and resource availability
- Negotiations for a new long-term agreement/contract continue
- Weekly and monthly meetings at an operational level regarding coal line performance and commercial matters

### Eskom

*Our good relationship with this stakeholder has room for improvement*

**Engagement purpose** Eskom remains a key Exxaro customer. In 2024, Exxaro attributed 72% of coal sales (per product tonnes) to Eskom. Long-term agreements with Eskom at Matimba and Medupi place the coal business in a defensive position. We engage regularly in light of Eskom's challenges.



[Our risks and opportunities \(page 28\) and \[manufactured capital \\(page 108\\)\]\(#\)](#)

#### Stakeholder expectations and issues

- Quality, consistent and reliable product supply of coal
- Engagement on coal demand and supply, in accordance with CSAs

#### Material themes



#### Strategic objectives



#### Key engagements and outcomes

- Annual strategic and coal requirement engagements regarding Medupi and Matimba CSAs
- Regular planning and operational alignment engagements at Grootegeluk concerning Matimba and Medupi CSA contracts and at Matla regarding the Matla CSA

## Creating stakeholder value continued

### Employees

*Our good relationship with this stakeholder has room for improvement*

**Engagement purpose** Align employees' focus with our health and safety strategy and culture for competitive advantage and resilient business performance.

[Our risks and opportunities](#) (page 28) and [human capital](#) (page 113)

#### Stakeholder expectations and issues

- Health and safety standards

#### Material themes



#### Strategic objectives



#### Key engagements and outcomes

- Regular engagements include management's VFL tours at BUs, the annual CEO safety summit and leadership safety day, BU safety indabas, operational mass meetings, safety stand-downs, Toolbox Talks and safety communications via LED screens, emails and notice boards
- Engagements focus on management's efforts to reduce the LTIFR by reinforcing the five safety focus areas. As a result, Exxaro achieved zero fatalities and an improved LTIFR of 0.06 (2023: 0.07) against a target of 0.05
- During the CEO safety summit, supervisors highlighted challenges that hinder their ability to perform their duties effectively, resulting in the roll-out of various initiatives
- Exxaro conducts ongoing safety training (including risk management, safety for supervisors and legal liabilities), which improves the quality of hazard identification and risk assessments
- Engaging with employees through XXoro, our new AI solution, which simplifies safety policies through explanations in four languages

### Communities

*Our established relationship with this stakeholder can be improved*

**Engagement purpose** We aim to build relationships and grow our understanding of community needs to enable collaboration and successfully deliver socio-economic development projects. Engagements enable us to proactively resolve concerns raised by communities and avoid protest action. We aim to communicate how we create shared value through local employment and procurement, community development initiatives, skills development and ESD.

[Our risks and opportunities](#) (page 28) and [social and relationship capital](#) (page 118)

#### Stakeholder expectations and issues

- Our communities expect Exxaro to employ, uplift and empower locally to enable South Africa's socio-economic development. There are ongoing expectations for procurement opportunities, while infrastructure development is also important
- Issues include lack of skills and youth not meeting basic recruitment requirements, hindering their access to employment opportunities

#### Material themes



#### Strategic objectives



#### Key engagements and outcomes

- In Q4 2024, the Human Rights Commission summoned Exxaro and other mining houses in Limpopo to an inquiry on human rights violations in mining communities. The inquiry was also attended by the DMRE, municipalities, office of the premier, and the universities of Limpopo and Venda. We presented our commitment to protect and uphold the human rights of employees and all people in our sphere of influence. In addition, we provided an update on our SLP implementation relating to our Limpopo mines
- Cooperating with the legal process underway regarding the black lung class action suit
- Exxaro's municipal capacity building programme in partnership with the National Business Initiative in Limpopo ended in 2024
- We engaged with various traditional councils in 2024, including the Ga Seleka Traditional Council in Lephalale and others in Delmas and eMalahleni, as well as with Tshikondeni Legacy Project Community representatives. We are collaborating with some of these councils to address issues such as youth unemployment
- We continue engagements around the minerals succession programme to strengthen the ecosystem of offtakers and funding institutions to complement Exxaro's funding for emerging farmers
- BUs host quarterly stakeholder engagement forums to resolve issues at a local level and address ongoing issues such as employment, youth training and procurement opportunities
- We engaged with affected stakeholders regarding stoppages at Leeuwpan due to protests, the Belfast relocation project and the Leeuwpan housing relocation project
- We conducted workshops at mines in closure about Exxaro's ESD programme, with increased awareness causing requests for funding from small businesses

## Government, regulators, communities and investors

*Our good relationship with government, regulators and investors has room for improvement*

**Engagement purpose** Proactive engagement supports our efforts to drive business resilience and manage risk. Exxaro plays a proactive role in finding solutions to socio-economic challenges and contributes to shaping government policies by collaborating and partnering with government.



[Our risks and opportunities](#) (page 28), [our Sustainable Growth and Impact strategy](#) (page 54), [social and relationship capital](#) (page 118)



[Our social impact \(ESG report\)](#), page 62

### Stakeholder expectations and issues

- A key issue for South Africa is the role of big businesses in solving broader societal issues
- Government expects mines to plan for post-mine closure, job creation and broader community upliftment and to manage water responsibly, minimise environmental impacts and overcome climate change issues
- Customers and suppliers expect integrity and ethics in the business relationship
- Investors expect to understand Exxaro's value proposition and position on issues such as climate change, South Africa's energy transition, transformation, and socio-economic development
- We aim to build and maintain strategic partnerships that support the Sustainable Growth and Impact strategy
- The regulator expects compliance with standards and regulations and regular reporting
- All stakeholders desire effective communication on plans, strategies, financial and ESG performance, as well as assurance of compliance with authorisations and regulations

### Material themes



### Strategic objectives



### Key engagements and outcomes

- Government and communities:
  - Ongoing consultation and collaboration around socio-economic development initiatives and communication on progress of implementation
- Investors and other stakeholders:
  - Transparent and honest disclosure
  - Improving compliance and risk mitigation through accurate financial reporting of audited statements
- Business and board:
  - Ongoing implementation of the Sustainable Growth and Impact strategy
- Regulatory bodies:
  - Quarterly reporting as required
- The Department of Water and Sanitation (DWS) was the focus of regulatory engagements in 2024 with the mature relationship resulting in the following successes:
  - Receiving an amended water use licence (WUL) for the Mokolo Crocodile Water Augmentation Project
  - The out-of-court settlement of the Matla WUL renewal matter and positive engagements regarding design proposals to facilitate the Mafube WUL
  - Well received proposals to investigate alternative solutions for the decant of water from the Durnacol mine in closure, which carries a high reputation risk as the water decanting impacts municipal water supply to a large community in northern KwaZulu-Natal
- Proactively engaging with the Department of Forestry, Fisheries and the Environment (DFFE) regarding the renewal of the Matla waste management licence to operate brine ponds
- Proactively engaging with the:
  - DWS and DFFE on water issues at our Hlobane mine in closure
  - DMRE\* on the renewal of our Matla mining right
  - DWS and DMRE on discard dumps
- Processing requests for information through the Promotion of Access to Information Act, 2000 (Act 2 of 2000) and managing these

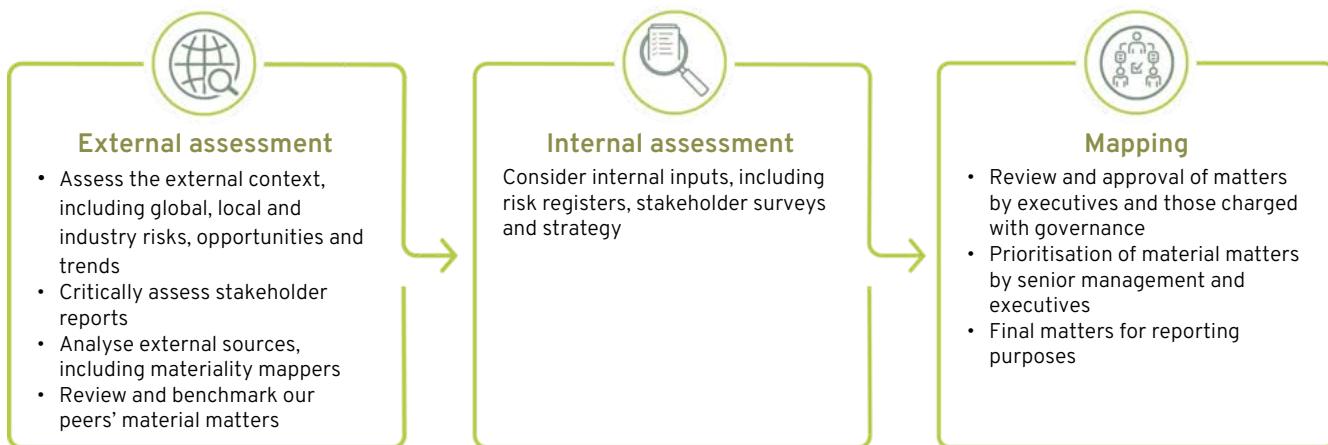
\* Government is restructuring the DMRE, which will be replaced by the Department of Mineral and Petroleum Resources and the Department of Electricity and Energy. The DMRE remained the official regulatory body at the time of reporting.

# Our material matters

Materiality considerations are a crucial guide for our reporting practices. The matters we view as material are those that significantly influence our ability to create and sustain value, not only for our organisation but also for our stakeholders and the natural environment.

## Determining materiality

We perform an annual assessment of our material matters based on a detailed double materiality determination process. This enables us to identify our impact materiality (our outward impact on society, communities and the environment) and our financial materiality (matters that impact our ability to generate revenue and preserve stakeholder value over time). The process involves:

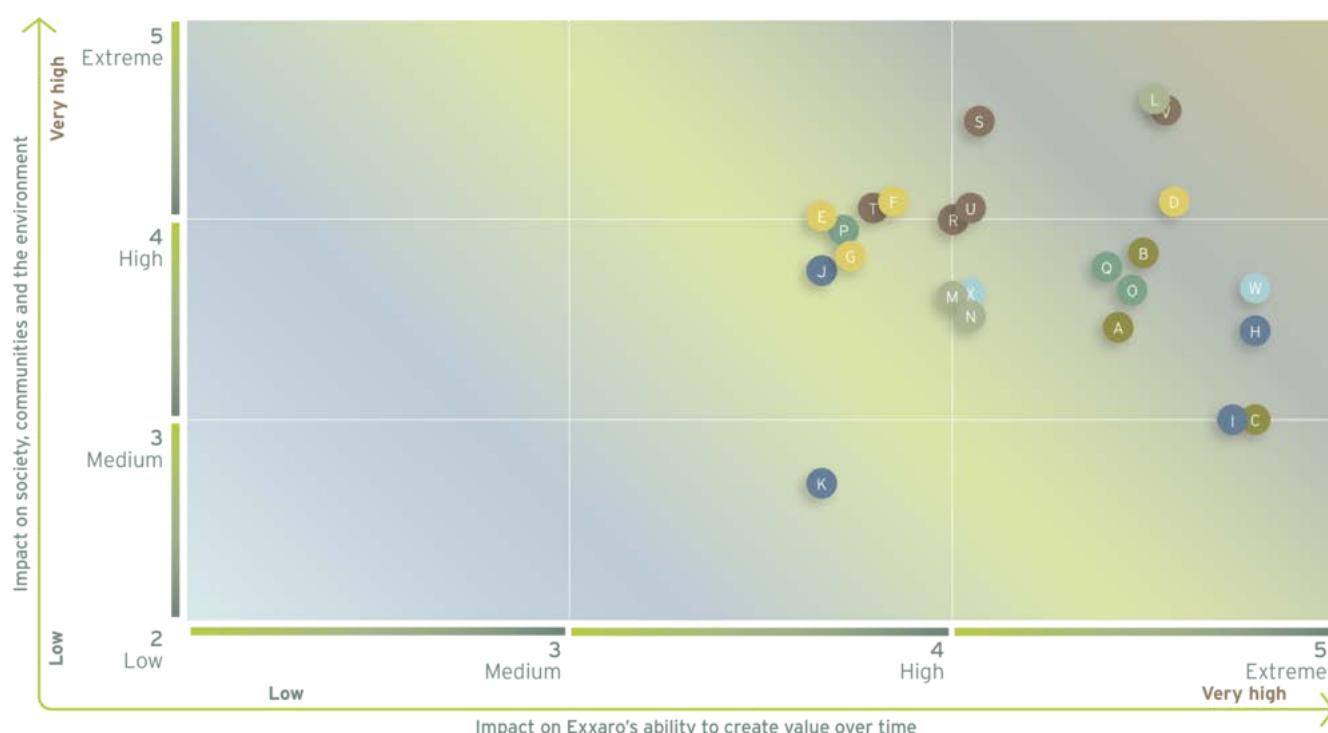


Our approach reflects the combined guidance of the Integrated Reporting Framework and Global Reporting Initiative, and results in matters that are prioritised and grouped into themes to inform our integrated and ESG report content. The information provided in this report focuses on issues that have a 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. The materiality matrix below, along with the material theme discussions, depicts the relative disclosure levels across this report and our ESG report.

## 2024 material matters

Recognising that materiality is dynamic in nature, the process is conducted annually. This allows us to regularly and timely reflect on matters that may evolve from being material from an impact perspective to being financially material. This year's review resulted in the 34 matters from 2023 being consolidated into 24 matters, across the same seven overarching themes. Changes to the matters are indicated in the footnotes on the next page and movements in the overall themes on the pages that follow.

## Materiality matrix



**Adapting to a changing context****Building sustainable communities****Driving business resilience****Enabling a thriving workforce<sup>^</sup>**

- A Macro-economic and geopolitical environment\*\*
- B South African infrastructure and service delivery impediments<sup>^</sup>
- C Commodity price fluctuations<sup>^</sup>

- D Social licence to operate<sup>^</sup>
- E Upholding and respecting human rights<sup>^</sup>
- F Sustainable job and business creation<sup>^</sup>
- G Supporting a just transition to a low-carbon economy

- H Sound financial performance and capital excellence\*\*
- I Logistical impediments<sup>^</sup>
- J Supply chain management\*
- K Innovation and digitalisation

- L Health, safety and wellness
- M Workforce DEI<sup>^</sup>
- N Labour relations

**Principled governance****Responsible environmental stewardship****Executing our strategy**

- O Transparency, ethics and integrity
- P Embedding ESG
- Q Legal, regulatory, risk and compliance excellence\*\*

- R Carbon emissions reduction and impact of climate change\*\*
- S Water stewardship
- T Waste and pollution management\*\*
- U Biodiversity and rehabilitation management\*\*
- V Environmental incidents

- W Diversify responsibly into energy transition minerals and grow our energy solutions business while protecting and optimising our coal portfolio and business\*\*
- X Build a leading energy solutions business

\* New matter.

\*\* Individual matters consolidated into one matter.

<sup>^</sup> Matter or theme renamed, expanded or refined.

**Our material themes****Adapting to a changing context**

Our operating context is ever-changing, with social, political and economic issues influencing our ability to create value. In addition, commodity prices impact the revenue generated from our resources. To remain competitive, we must respond to the current context and anticipate the future.

**Material matters**

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

IR ESG

**Related risks**

- Unavailability of rail capacity
- Country risk (geopolitical)
- Customer concentration risk

**Related capitals****Related SDGs****Strategic response**

● Detailed disclosure

● Summarised disclosure

**Year-on-year theme movement on materiality matrix:**  
Downward movement on impact materiality scale compared to 2023

 Our operating context (page 19) and intellectual capital (page 110)

## Our material matters continued





## Enabling a thriving workforce

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

### Material matters

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

IR ESG



### Related risks

- Fatal risk incidents
- Inability to achieve growth objectives

### Strategic response



### Related capitals



### Related SDGs



 [Human capital \(page 113\)](#)

● Detailed disclosure

● Summarised disclosure

### Year-on-year theme movement on materiality matrix:

No significant movement



## Executing our strategy

Recognising that climate change is an undeniable reality, we developed a strategy and business objectives to respond to the short and long-term risks and opportunities it presents. Our response includes diversifying our assets, growing our energy solutions business and optimising our coal portfolio by disposing of non-core assets.

### Material matters

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

IR ESG



### Related risks

- Unavailability of rail capacity
- Fatal risk incidents
- Country risk (geopolitical)
- Inability to achieve growth objectives
- Decarbonisation challenges

### Strategic response



### Related capitals



### Related SDGs



 [Our Sustainable Growth and Impact strategy \(page 54\)](#)

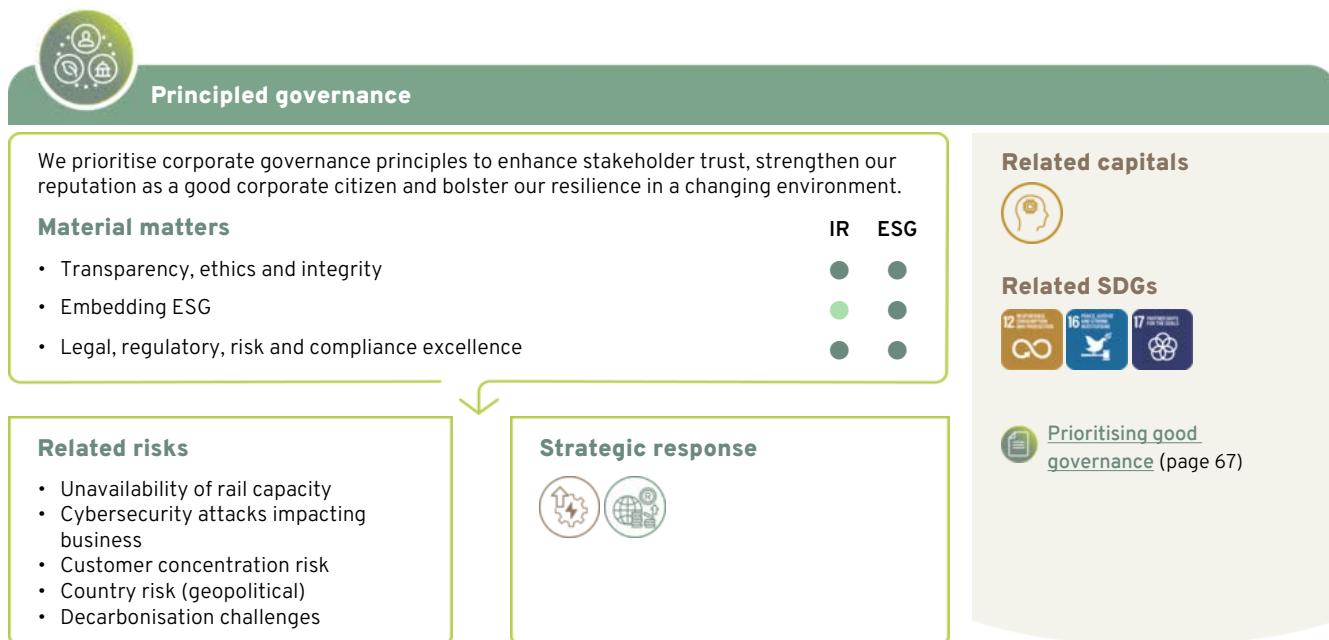
● Detailed disclosure

● Summarised disclosure

### Year-on-year theme movement on materiality matrix:

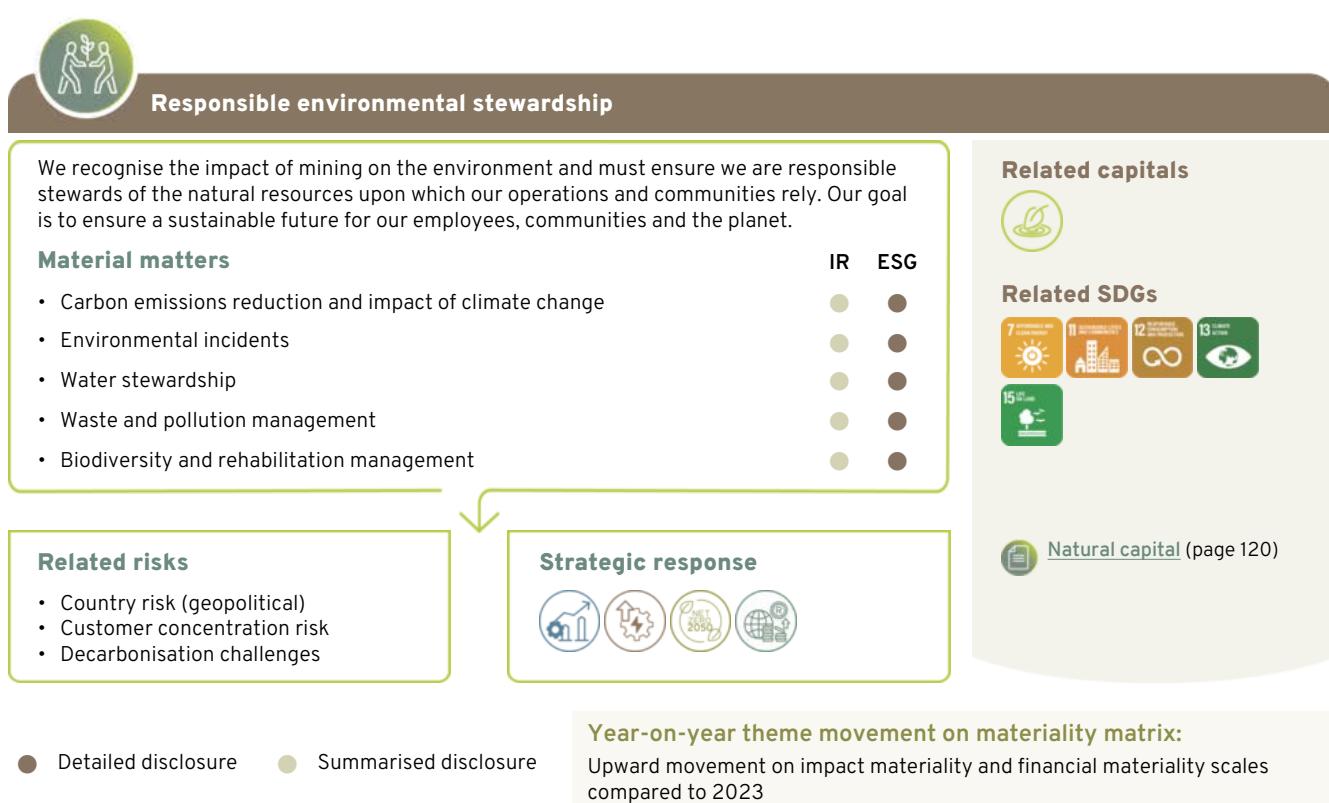
No significant movement

## Our material matters continued



● Detailed disclosure    ● Summarised disclosure

**Year-on-year theme movement on materiality matrix:**  
No significant movement



## 3 Strategically positioning the business for growth

We recognise the delicate balance between a rapid transition to a low-carbon world and a fair, equitable shift that benefits all stakeholders. Through our Sustainable Growth and Impact strategy, we are positioning Exxaro for sustainable growth and a meaningful impact for all our stakeholders while ensuring our long-term resilience.

- 52 [Acting CEO and FD's report](#)
- 54 [Our Sustainable Growth and Impact strategy](#)
- 59 [Performance against our strategy](#)
- 65 [Availability, quality and affordability of capitals shaping our strategic decision making and value creation](#)

# Acting CEO and FD's report\*

**It was an honour to step into the role of acting CEO at this pivotal moment for Exxaro. I am confident in our solid foundation – a resilient strategy, dedicated workforce, and unwavering commitment to sustainable growth and value creation.**

I welcome our new CEO, Ben Magara – a capable and experienced leader – who is well positioned to take Exxaro into our next phase of growth and impact. This transition will ensure acceleration in the execution of our strategy.

As we shift from transition to execution, our resilient strategy is positioning us to win – creating value that endures and delivering our purpose of powering better lives in Africa and beyond.

## Executing with purpose in a dynamic environment

At the centre of our resilience is our people. Their dedication, adaptability and professionalism continue to drive our success – from ensuring operational excellence and safety, to building trust through meaningful stakeholder engagement. In a year marked by uncertainty, their efforts were extraordinary. As stated in the chairman's statement, we are proud to have achieved 28 consecutive months without work-related fatalities and reduced our LTIFR to 0.06 from 0.07 per 200 000 man-hours worked for the previous financial year ended 31 December 2023 – a testament to our steadfast commitment to zero harm.



[Prioritising safety](#) (page 114)

Coal production volumes decreased by 7% to 39.5MT (2023: 42.3Mt), largely driven by lower Eskom demand at Grootegeeluk. Belfast mine, however, improved production by 21%, demonstrating our ability to optimise performance across the portfolio. Export sales volumes saw a 37% increase, reflecting proactive efforts to leverage alternative distribution channels and improve market access.

Cennergi's operating wind assets generated 725GWh of electricity in 2024 compared to 727GWh in 2023, with revenue increasing by 5% to R1 411 million (2023: R1 345 million).

Financially, we demonstrated both agility and strength. Group revenue increased by 5% to R40 725 million (2023: R38 698 million), with coal revenue increasing by 6% to R39 115 million (2023: R36 945 million). While EBITDA decreased by 22% to R10 423 million (2023: R13 399 million), mainly due to the 16% decrease in coal EBITDA, our net cash position (excluding energy's net debt) improved by 10%, underscoring strong capital discipline and operational resilience. Income from our equity-accounted investments decreased by 39% to R4 270 million (2023: R6 987 million). This was mainly driven by SIOC's equity income which reduced significantly due to lower iron ore prices and lower sales volumes.

Total capital expenditure (capex) decreased by 8% to R2 475 million (2023: R2 699 million). The capex for 2024 comprised R2 146 million, mainly for coal sustaining capital, R302 million expansion capital for our energy projects and R27 million spent on intangible assets.



For detailed financial performance, see [financial capital](#) (page 96).



**Exxaro navigated a challenging operating context with resilience, delivering solid performance across multiple dimensions. Despite external pressures and persistent logistical constraints, our operational agility ensured commendable results.**

Riaan Koppeschaar – Acting CEO and FD

## Diversifying for impact and future-ready growth

Our Sustainable Growth and Impact strategy remains our guiding framework, underpinned by five strategic objectives. Together, these objectives position Exxaro to win – delivering future-ready growth while achieving our purpose.



For more on our objectives and related outcomes, see [our Sustainable Growth and Impact strategy](#) (page 54).

Our diversification strategy, aligned with our vision of resources powering a clean world, continues to gain momentum. A significant milestone in our decarbonisation journey and diversification strategy was reached when Cennergi, in partnership with G7 Renewable Energies Proprietary Limited, achieved financial close on the 140MW Karreebosch project on 17 February 2025. This landmark project has secured a 20-year power purchase agreement with Northam Platinum Limited. Cennergi acquired 80% of the share capital in Karreebosch as well as 50% of the share capital in Karreebosch Asset Management Proprietary Limited. The total project cost is estimated to be R4.7 billion, which will, in majority, be funded with project financing with a financial structure design to ensure long-term sustainability with limited recourse to the Exxaro balance sheet.

\* At the time of writing, Riaan Koppeschaar was serving as acting CEO and FD. Ben Magara's appointment was effective from 1 April 2025, ahead of the publication of this report on 15 April 2025.

With Karrebosch now part of our portfolio, Cennergi's gross capacity increases to 437MW, with the business firmly on track to reach its ambition of managing 1.6GW by 2030. These developments reinforce our role in supporting South Africa and the world's transition to a low-carbon economy and establishing Cennergi as a leading energy solutions business.

Our coal business continues to play a central role in supporting energy security, while creating the platform for responsible growth. As we advance, diversification into energy transition minerals remains a strategic priority. We are actively evaluating and advancing potential acquisition targets that meet our investment criteria, supported by strengthened capabilities across the mergers and acquisitions lifecycle. These efforts position us to unlock new value streams, reinforce our role in the energy transition minerals space, and support the global shift to clean energy.

### Ensuring an impactful transition

Our people's skills, resilience and commitment enable us to execute our strategy and drive meaningful change across the business and in society as we work towards an impactful transition. In 2024, we deepened our investment in our workforce through over R400 million spend on comprehensive training programmes, leadership development initiatives and opportunities for continuous learning. We again received recognition as a top employer in 2025, reaffirming our leadership in diversity, equity, inclusion and people-centred strategy. Employment equity remains a cornerstone of our transformation agenda, with women making up 36% of senior management and historically disadvantaged individuals comprising 76%.

Our people-first approach includes a relentless focus on safety, underpinned by innovation and leadership engagement. Our AI-powered solution, XXoro, enhances access to critical safety and related policies, while our INNOVAXXION strategy drives continuous improvement and future-fit thinking across the group. These efforts were reinforced through executive engagement at the CEO safety summit and leadership safety day, strengthening our collective commitment to Khetha Ukuphepha (choose safety).

Empowering our people is only one part of our broader ambition to enable an inclusive and sustainable transition. With the board's approval of the decarbonisation roadmap, our focus now shifts to operationalising this framework – embedding its targets into our day-to-day operations and long-term planning.



#### Transitioning into a low-carbon business and climate change mitigation (page 121)

Together, these efforts reflect our commitment to an impactful transition – one that balances climate resilience with socio-economic inclusion, safeguards the environment, and delivers enduring value for future generations.

### Looking to the future

Positioning Exxaro to win means delivering meaningful, inclusive growth and ensuring that all stakeholders benefit from the transition to a low-carbon, sustainable economy. We are executing a resilient strategy with discipline and purpose, balancing short-term performance and long-term value creation. Our priorities include maximising the value of our portfolio through continued efficiency and optimisation while accelerating investments in renewable energy to support a low-carbon future. We are actively exploring opportunities in energy transition minerals – resources critical to powering a clean world – and remain committed to capital discipline to ensure ongoing financial resilience. At the same time, we continue to deepen our engagement with stakeholders and embed ESG principles across our operations, ensuring that our growth is inclusive, responsible and future-ready.

Our ability to navigate challenges while progressing towards long-term strategic goals is a testament to the strength of our people, portfolio and purpose. Together, we are building a legacy of resilience, impact, and shared value – positioning Exxaro to win today and into the future.

### Appreciation

I extend my sincere appreciation to the Exxaro board, leadership team, and our dedicated employees for their unwavering commitment to our purpose. Our achievements are a testament to the collective effort of a team that consistently delivers results.

To our shareholders, partners, and stakeholders, thank you for your continued trust and support. Your confidence in Exxaro fuels our ambition to create sustainable impact and drive long-term value for you and our host communities.

**Riaan Koppeschaar**  
Acting CEO and FD

31 March 2025



**Ben Magara**  
CEO, effective 1 April 2025

**"I would like to thank the chairman and board for giving me the opportunity to lead this great company called Exxaro."**

I also thank my predecessors, Dr Con Fauconnier, Sipho Nkosi, Mxolisi Mgojo, Dr Nombasa Tsengwa, and specifically highlight Riaan Koppeschaar for holding the fort as acting CEO these past few months.

As I take the helm, my first priority is safety – working with the management team and our employees to ensure we all go home safe and unharmed every day. Safety is a state of mind and working safely is a condition of employment.

I aim to proactively engage all our stakeholders – our employees, unions, customers, shareholders, the market, regulators, government and other partners – to listen, learn and formulate a way forward for Exxaro. Our company cannot survive as an island. We therefore need to take our stakeholders along to enable us to deliver on our vision.

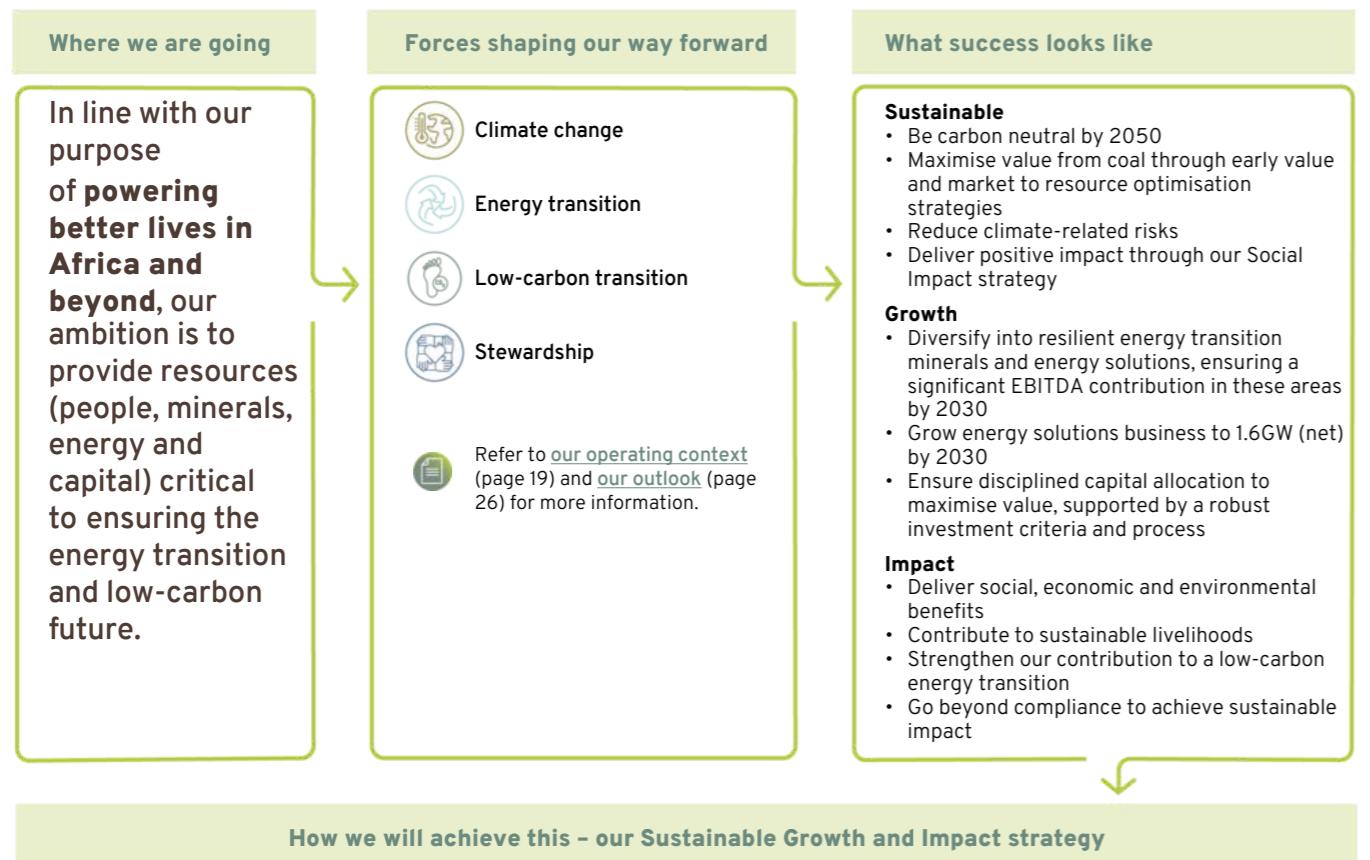
Lastly, I am excited to have the opportunity to utilise our strong coal resources as a base from which to prudently accelerate our asset portfolio to include energy transition minerals and to grow our energy solutions business, Cennergi. I believe this strategy will allow us to deliver enhanced value to shareholders and all our stakeholders while balancing enduring profitability with environmental and social sustainability and working towards carbon neutrality by 2050.

Our people remain the cornerstone for which all of this can be achieved. As Exxaro's new CEO, I am committed to fostering a culture of leadership excellence throughout our Exxaro. It is about creating an environment where each of us feels valued, motivated and equipped to excel.

Together, we will deliver on our strategy while fostering a culture of excellence, inclusivity and accountability.

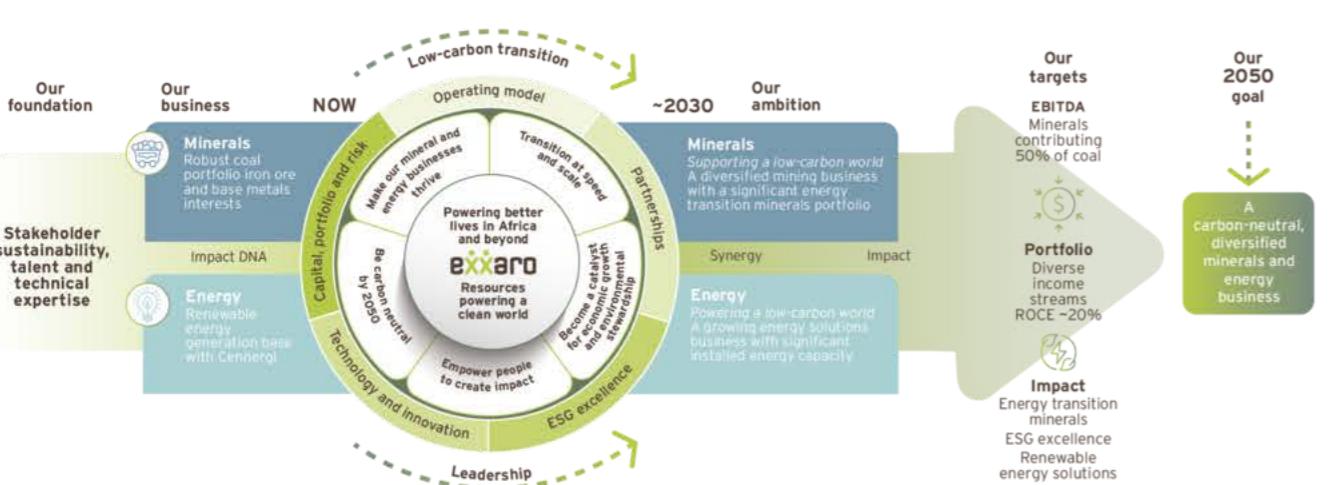
# Our Sustainable Growth and Impact strategy

We are determined to create a future aligned with our vision: **resources powering a clean world**. Our Sustainable Growth and Impact strategy lays the foundation for a sustainable future, enabling Exxaro to continue unlocking, creating and preserving value in an evolving global landscape while protecting against value erosion. Our strategy addresses South Africa's immediate energy security needs while proactively positioning our business for long-term success in a low-carbon economy. We are committed to going beyond compliance by prioritising material ESG and impact areas to build our resilience and create meaningful, positive impact for our stakeholders.



## How we will achieve this – our Sustainable Growth and Impact strategy

The Sustainable Growth and Impact strategy is an integrated, multi-stakeholder approach to positioning the business for a resilient and sustainable future.



- Strategic inputs Enablers**
- Operating model:** We refined our operating model to enhance efficiency and agility, ensuring alignment with strategic objectives and responsiveness to market dynamics to support long-term value creation
  - Partnerships:** Collaborating with stakeholders, suppliers and industry partners is pivotal for success as these partnerships facilitate growth, innovation and broader impact
  - Capital, portfolio and risk management:** We employ a disciplined capital allocation model to guide investment decisions, ensuring financial robustness and the ability to invest strategically while managing risks effectively
  - Technology and innovation:** We leverage technological advancements and foster innovation to drive improvements across our business, supporting a low-carbon future and unlocking long-term competitiveness and value
  - Leadership:** Effective leadership and governance are central to our strategy, ensuring alignment of organisational goals with our vision and purpose
  - ESG excellence:** We are committed to the highest ESG standards, going beyond compliance and embedding responsible practices into core operations to build reputation, stakeholder trust and long-term resilience

- Strategic objectives**
- Transition at speed and scale**
- We aim to transition our business with measured urgency given the growing need for the low-carbon transition. We will do this through disciplined capital allocation while creating a positive social impact. We will leverage our innovative organisational intelligence and ensure we take our people with us as we navigate this transition.
- Make our minerals and energy businesses thrive**
- We will enhance our focus on our core delivery areas of minerals and energy by increasing our footprint while divesting non-core assets and ensuring continued operational and digital excellence.
- Empower people to create impact**
- We strive to ensure our people and partners have the capabilities, skills, mindset, environment and passion to achieve our purpose while we contribute to sustainable livelihoods.
- Be carbon neutral by 2050**
- Our goal is to reduce our carbon footprint and become carbon neutral by 2050. We will achieve this through our focused portfolio decarbonisation and social impact initiatives to deliver positive social, economic and environmental contributions.
- Become a catalyst for economic growth and environmental stewardship**
- We aim to positively impact our ecosystem during and after our operations in minerals and energy, contributing to community projects and building thriving, sustainable businesses through our impact programmes, which are designed to lead to sustainable, scalable socio-economic upliftment and prosperity, independent of our continued operations and involvement in these environments.



## Our Sustainable Growth and Impact strategy continued

### Our minerals business

#### Coal



Our coal business continues to deliver value for Exxaro and is critical in providing South Africa's primary energy requirements and grid stability.

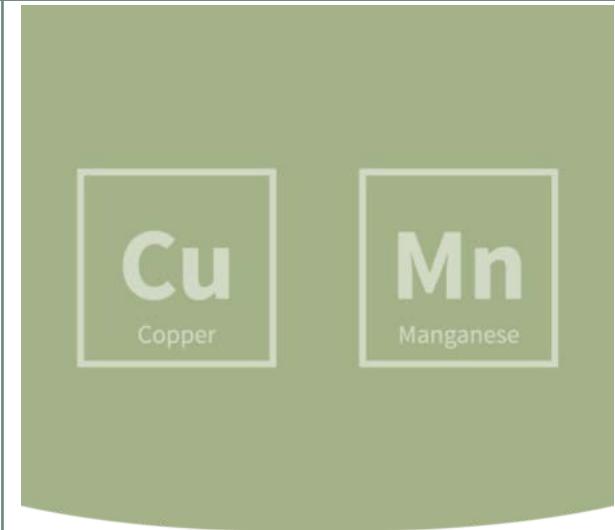
#### Why

- Manage coal assets responsibly, recognising they do not belong to us
- Ensure that we do not leave high-value assets sterilised and stranded on our way to a low-carbon future

#### How

- Ensure a robust coal asset portfolio, which includes divestment from resources that do not suit our future portfolio
- Optimise our market to resource capability and value extraction
- Digitalise our operations with a focus on value creation
- Optimise capital deployment, supported by our capital excellence programme
- Minimise emissions at our existing operations

#### Energy transition minerals



We will diversify into energy transition minerals vital for a low-carbon future, such as manganese and copper, among others.

#### Why

- Become a business that thrives in a low-carbon future
- Diversify revenue for Exxaro's sustainable growth
- Clearly defined investment supporting the right opportunities
- Enhance the value of our assets while upholding our ESG standards, wherever we operate

#### How

- Take a minerals business approach that enables a transition to a low-carbon world while leveraging our core competencies and technical expertise in bulk and underground commodity mining, sales, marketing and logistics
- Apply robust screening criteria to continuously review and identify priority minerals aligned with our future growth ambitions
- Leverage our robust balance sheet, mining capabilities and expertise to maintain a competitive advantage

#### Competitive advantage

- **Specialised skills:** With roots as a diversified miner, we possess recognised specialised skills in open-pit and underground mining methods, processing, sales, marketing, logistics, strategic finance and mergers and acquisitions, and have a strong project development and execution track record. These capabilities enable the efficient and effective evaluation of potential growth opportunities
- **Project execution excellence:** Delivering digital innovation through our Innovation strategy and continued operational excellence from our high-performing coal operations while reducing costs, improving productivity and safety
- Recognised for our **ESG performance**, brand and culture

## Our energy solutions business

### Renewable energy



#### We aim to be a leading energy solutions provider by 2030

Our goal is to be a significant contributor of energy solutions (energy assets and value-integrated services), with a broader market focus. We are targeting the following energy pillars:

**Distributed and utility generation:**

- Our growth in energy will be internally led by providing our existing operations with self-generation, providing a similar service to mines and other industrial customers as well as participating in public auctions
- We have two large windfarms in operation, and the LSP is under construction
- We will determine markets for focus through investment-driven selection criteria

**Services:**

- We will build our integrated energy services business by growing our existing energy business and augmenting our generation business with complementary services to facilitate in various aspects of the energy value chain

#### Why

- Transition Exxaro to a carbon-neutral future, aligned to our strategy
- Provide diversification and long-term sustainability to Exxaro's cash flow, including providing cost-competitive value chain-integrated energy solutions
- Become a prominent player and contributor to energy security

#### How

- Leverage Exxaro's advantage, which includes our internal energy requirements, a healthy balance sheet, resource evaluation skills, excellence in project management and optimisation, and experience in the project lifecycle
- Invest in energy solutions with an acceptable risk profile, targeting a portfolio return of 15% equity internal rate of return over time
- Strategic acquisition of skills, resources and market entries to grow at scale
- Partnering to improve skills, credibility and growth

#### Competitive advantage

- **Renewable pedigree and scale:** We are a significant independent power producer in South Africa and have had exposure to the energy industry since 2009
- **Strong Exxaro brand:** Includes a strong balance sheet to back this strategic pillar
- **Adjacency advantage:** All our operations require decarbonisation and are often located in clusters with other mining peers, who may also require solutions
- **Partnerships:** Our partnerships enable growth and contribute key offtake opportunities

## Our Sustainable Growth and Impact strategy continued

### Enabling capital allocation

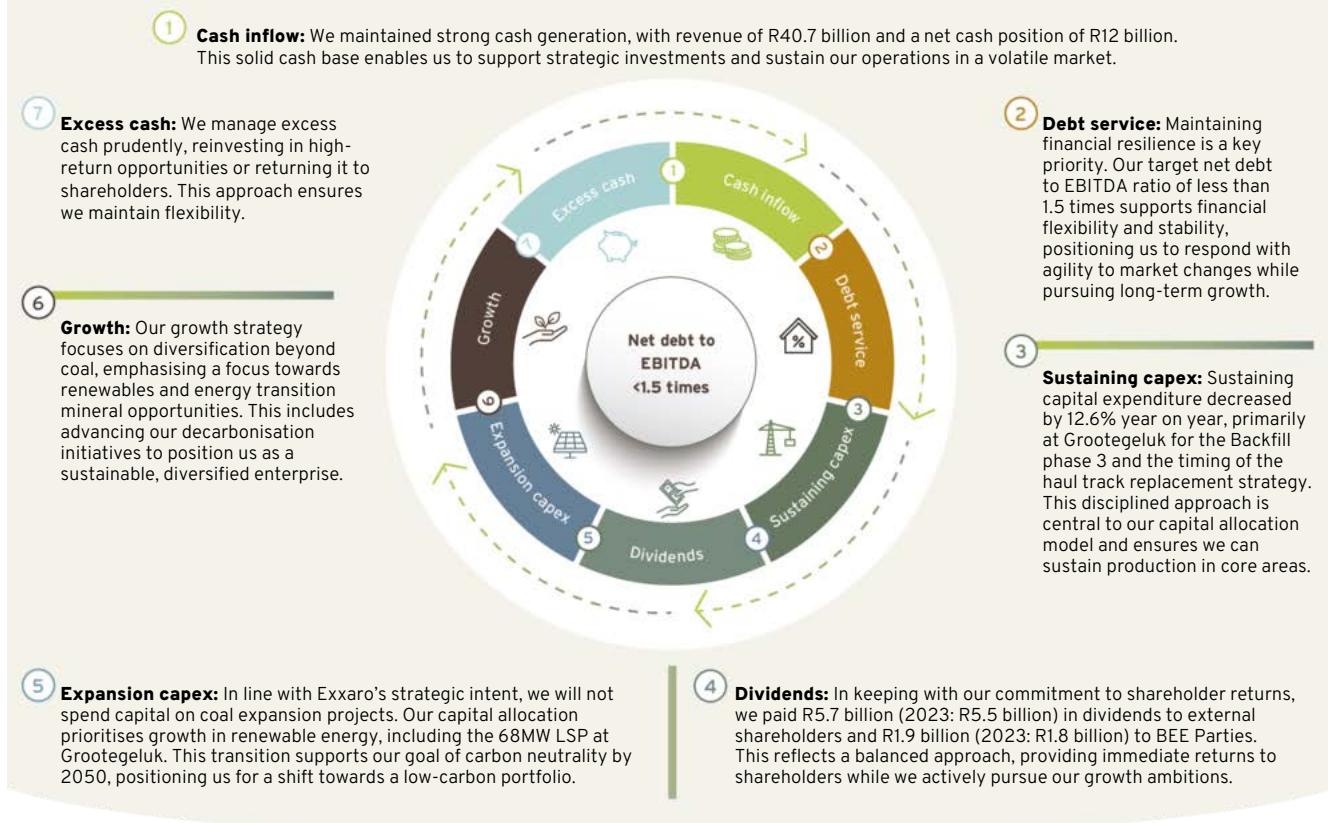
We will realise our ambition to be a diversified, carbon-neutral minerals company with a significant energy business and capabilities, through our capital allocation model. This model enables us to continue delivering stakeholder value and build a sustainable, resilient and robust business capable of withstanding dynamic market shifts. We will approach this transition with a clear understanding of the risks and rewards. This framework ensures strategic decision making between competing business investment interests and aligns with our broader objectives.

To ensure disciplined, data-driven capital allocation that supports our goals, we apply the following criteria:

- **Strategic fit:** We assess investments using metrics such as financial performance, ESG alignment, and diversification across products, geographies and customer bases
- **Pacing:** We prioritise timing to ensure value realisation, considering factors like time to earnings, Exxaro's organisational readiness, and stakeholder impacts

Our capital excellence programme reflects our commitment to optimising financial resources to create sustainable value. Our capital allocation is guided by enterprise KPIs, including growth in mineral earnings, decarbonisation, ROCE, increase in energy generation, and maintaining our ESG licence to operate.

### Capital allocation model



### Timeframes

We will execute our strategy in phases, with clear outcomes for each focus area.

#### Ambition targets



#### Underpinned by accountability Accountability tiers for strategy execution

##### Tier 1: Board

Establishes vision, mission and overall direction of the business

##### Tier 2: Executive management

Applies the approved strategy to comprehensive business plans

##### Tier 3: Executive BUs

Translates business plans into detailed execution plans

**Integration across tiers** to ensure alignment with long-term carbon neutrality and sustainability objectives

# Performance against our strategy

**Our clear and ambitious objectives enable us to progressively incorporate our Sustainable Growth and Impact strategy into our operations.**

We measure and manage our performance over time using KPIs to monitor our progress towards our strategic objectives while catalysing discussion and analysis within our organisation. KPIs ensure we address our ESG commitments and enable the achievement of these ambitious goals.

As outlined in the tables below, our KPIs are grouped per capital in relation to how their continued [availability, quality and affordability](#) impact our strategic objectives (see page 65 for more detail).

Key	Description	Trend	Description
REM-S	Linked to remuneration (short-term incentive)	▼	Progress has regressed or fallen behind the expected trajectory towards achieving our 2030 targets
REM-L	Linked to remuneration (long-term incentive)	●	Progress remains steady, with no significant changes. While consistent, further movement is needed to advance towards our 2030 targets
		○	Moderate progress – positive movement observed, but the pace needs to accelerate to meet our 2030 targets
		●	On track – progress aligns with the projected pathway to achieve our 2030 targets

## Transition at speed and scale

### Why it matters

The shift towards a low-carbon economy is imperative due to the growing demand for climate change mitigation. As a business, it is essential to approach this transition with a balanced sense of urgency to stay ahead of the curve while ensuring that the shift is sustainable and generates a positive business and societal impact.

### Strategies to achieve our objectives

- Enabling a transition to a low-carbon world while leveraging core competencies in mining and logistics through our [minerals business approach](#) (page 109), with comprehensive screening criteria to identify key energy transition minerals for future growth
- Expanding renewable capacity and capabilities to support operational energy needs and contribute to South Africa's renewable energy landscape through our [energy solutions business](#) (page 109), contributing to the country's low-carbon transition

### Material themes



### SDGs impacted



### Progress against our strategy

Diversification of our business towards energy transition minerals is ongoing as we evaluate and advance potential acquisition targets that meet our investment criteria through our internal approval committees. We have bolstered our capabilities across the mergers and acquisitions lifecycle to ensure the effective execution of our diversification objectives. This strengthening of expertise positions us well to accelerate delivery in the coming years. The expansion of our energy solutions business has progressed, with the construction of our LSP set for commercial operation in mid-2025. This addition marks a key step forward in expanding our generation capacity and underscores our commitment to meeting our long-term targets. We remain committed to advancing our strategy with agility and rigour, recognising that the foundation we have built will enable us to drive progress at the necessary scale.

 See [financial capital](#) (page 96) and [manufactured capital](#) (page 108) for more detailed information.

### Measuring related capital inputs

Related capitals	Performance indicator	Why this KPI matters	Target		Performance			
			2030 (medium term)	2026 (short term)	2024	2023	2022	Trend
	EBITDA contribution from new minerals (%)	As a measure of operational profitability, tracking EBITDA from new minerals provides insight into our earnings diversification efforts as we invest in low-carbon resources, demonstrating our progress toward building a sustainable and profitable portfolio aligned with our transition objectives.	50	30	0	0	0	
	Installed generation capacity (MW net)	Measuring installed renewable energy capacity reflects Exxaro's commitment to clean energy. As more renewable projects (such as wind and solar) are brought online, our capacity to generate low-carbon energy grows, supporting South Africa's energy security and reducing reliance on fossil fuels.	1 600	780	229	229	229	

## Performance against our strategy continued

### Make our minerals and energy businesses thrive

#### Why it matters

Focusing intensively on our core delivery areas, particularly minerals and energy, is vital for driving future growth and long-term sustainability. By optimising our coal reserves, we can support current energy needs while responsibly transitioning towards a low-carbon, sustainable future. This approach reduces the risk of stranded, high-value assets and boosts operational efficiency, enabling us to capitalise on opportunities within the green economy. Additionally, selectively divesting from non-core assets allows us to streamline our portfolio and strategically reinvest in energy transition minerals critical to the low-carbon transition while also pursuing diversification to explore new growth avenues, which will further enhance resilience.

#### Strategies to achieve our objectives

- Maintaining a resilient coal business that remains profitable through cost efficiency, price optimisation and [market to resource optimisation](#) (page 109)
- Embedding sustainable mining practices into Exxaro's ways of working, focusing on ESG and health and safety
- Enhancing portfolio value in the short to medium term while delivering the [early value strategy](#) (page 109)

#### Material themes



#### SDGs impacted



#### Progress against our strategy

Our production was slightly below target. However, by maintaining a strong focus on our early value and market to resource optimisation strategies, along with our operational excellence initiatives, we achieved our ROCE goals and an EBITDA margin in line with our prior guidance, demonstrating the resilience and strength of our business, even in the face of external challenges.



See our [financial capital](#) (page 96) and [manufactured capital](#) (page 108) for more detailed information.

#### Measuring related capital inputs

Related capitals	Performance indicator	Why this KPI matters	Target		Performance			Trend
			2030 (medium term)	2026 (short term)	2024	2023	2022	
Coal product (Mt) <small>REM-S</small>	Coal product (Mt) <small>REM-S</small>	Coal production reflects our ability to deliver on production targets, directly impacting revenue generation and market supply. Monitoring coal output helps assess operational efficiency and the sustainability of our resource management, supporting South Africa's financial resilience and energy security.	46	44	<b>39.5</b>	42.5	43.1	
EBITDA margin (managed operations) (%)	EBITDA margin (managed operations) (%)	EBITDA margin measures operational profitability and cost management effectiveness. A strong margin reflects resilience in volatile markets and supports our ability to reinvest in growth areas and sustain financial health.	29	29	<b>26</b>	35	41	
ROCE (%) <small>REM-L</small>	ROCE (%) <small>REM-L</small>	ROCE measures how effectively we generate returns from the capital invested in our business, demonstrating our ability to maximise capital efficiency and translate invested capital into long-term stakeholder value.	>20	>20	<b>23</b>	35	45	
Solvency ratio (times)	Solvency ratio (times)	Solvency ratio measures our financial stability and capacity to meet long-term obligations. A healthy ratio ensures we maintain the flexibility to fund strategic initiatives, weather market fluctuations and support our growth objectives.	2 to 3	2 to 3	<b>3.6</b>	3.5	3.3	

## Empower people to create impact

### Why it matters

Our organisation's strength lies in the capabilities and dedication of our people and partners. By empowering them with skills and capabilities while fostering a culture of innovation and accountability, we position ourselves to make significant strides towards our goals. This helps us reach organisational objectives and amplifies our contribution to society and the economy, ensuring our work resonates with purpose and leads to lasting positive change.

### Strategies to achieve our objectives

- Embedding a strong safety culture through our proactive [safety strategy](#) (page 114)
- Supporting employee wellbeing to ensure a healthy, motivated workforce through our [health and wellness strategy](#) (page 115)
- Driving inclusion and employee engagement by fostering a representative workforce, addressing systemic barriers and ensuring leadership diversity under our [DEI strategy](#) (page 116)
- Upskilling and reskilling our workforce for low-carbon technologies through our [talent management strategy](#) (page 117)
- Driving innovation and operational effectiveness with our [INNOVAXXION strategy](#) (page 111)

### Material themes



### SDGs impacted



### Progress against our strategy

In 2024, our safety strategy made significant strides, marked by several key highlights and focus areas. A major achievement was the introduction of XXoro, an AI technology that streamlines access to processes and safety procedures. Furthermore, we hosted our annual CEO safety summit and leadership safety day, where executives engaged in discussions on strategic initiatives and innovative approaches to achieving zero harm. These initiatives have significantly advanced our journey towards zero harm, enabling Exxaro to reach the milestone of two years fatality-free, reinforcing our commitment to creating a safer work environment for all.

We achieved level 2 B-BBEE compliance, with preferential procurement scores improving from 26.44 points in 2023 to 27.47 points in 2024.

 See [intellectual capital](#) (page 110) and [human capital](#) (page 113) for more detailed information.

### Measuring related capital inputs

Related capitals	Performance indicator	Why this KPI matters	Target		Performance			
			2030 (medium term)	2026 (short term)	2024	2023	2022	Trend
	Fatalities <small>REM-S</small>	Our commitment to safety strengthens our human capital, ensuring our people are safe, motivated and aligned with our strategic objectives.	0	0	<b>0</b>	0	1	
	LTIFR <small>REM-S</small>	Reducing the LTIFR demonstrates our dedication to employee safety and wellbeing. A low LTIFR demonstrates a culture of care and accountability, which is fundamental to sustaining high productivity and adaptability.	n/a*	n/a*	<b>0.06</b>	0.07	0.05	
	B-BBEE contribution level	Improving our B-BBEE level underscores our commitment to inclusivity, social responsibility and a positive contribution to South Africa's empowerment objectives. This commitment strengthens relationships with communities and stakeholders, aligning our operations with broader socio-economic goals.	3	3	<b>2</b>	2	3	

\* Target based on previous performance, with the current year target being 0.05.

## Performance against our strategy continued

### Be carbon neutral by 2050

#### Why it matters

Achieving carbon neutrality by 2050 is a critical target that reflects our commitment to environmental stewardship and sustainable development. By actively reducing our carbon footprint, we contribute to the global effort to mitigate climate change impacts. We will realise this ambitious goal by strategically decarbonising our portfolio and integrating social impact initiatives that promote environmental responsibility and drive positive social change. The drive towards carbon neutrality prepares us for a future of stricter environmental regulations and positions us as a leader in sustainable practices. Our dedication to this cause demonstrates to stakeholders, including customers, investors and employees, that our operations align with broader societal values of preservation and responsibility towards our planet.

#### Strategies to achieve our objectives

- Driving decarbonisation, including a focus on the reduction of scope 3 emissions across the value chain, through our [Climate Change Response strategy and decarbonisation plan](#) (page 121)

#### Material themes



#### SDGs impacted



#### Progress against our strategy

Our short-term goal remains reducing our scope 1 and 2 emissions by at least 40% by 2030. To achieve this, the commissioning of our first self-generation project (the LSP) is on track and will contribute a further 161ktCO<sub>2</sub>e reduction to our scope 2 emissions. Additional renewable energy projects at our Mpumalanga operations and energy efficiency projects across all operations will also contribute to the achievement of our short-term targets.



See [natural capital](#) (page 120) for more detailed information.

#### Measuring related capital inputs

Related capitals	Performance indicator	Why this KPI matters	Target		Performance			
			2050 (long term)	2030 (medium term)	2024	2023	2022	Trend
	Absolute emissions (ktCO <sub>2</sub> e)	Reducing absolute emissions is essential to our commitment to carbon neutrality by 2050. Tracking scope 1 and 2 emissions allows us to measure our progress in minimising our carbon footprint, which is directly linked to our operations.	Carbon neutrality	40% reduction in scope 1 and 2 emissions (582ktCO <sub>2</sub> e)	<b>936</b>	953 (2% reduction)	971	
	Energy intensity (GJ/kt) REM-S	Monitoring energy intensity helps us optimise energy use per unit of output, contributing to cost efficiency and emissions reduction. Lower energy intensity indicates greater efficiency, supporting our decarbonisation targets and reducing our operations' environmental impact.	30	30	<b>27.688</b>	27.722*	29.812*	

\* 2023 and 2022 figures have been updated following an assurance review. This did not materially impact the group energy intensity number.

## Become a catalyst for economic growth and environmental stewardship

### Why it matters

Our role in fostering economic growth and championing environmental conservation is pivotal. We can generate a positive ripple effect beyond our operational lifespan through our involvement in the minerals and energy sectors. By initiating and nurturing community projects and businesses, we serve as a driving force for long-term, self-sustaining development that benefits local economies and ecosystems. These impact programmes are designed to deliver immediate benefits and lay the groundwork for ongoing prosperity that does not solely rely on our presence. This approach underscores our vision of leaving a legacy of empowerment and ecological balance, ensuring that the progress and wellbeing of communities endure alongside environmental integrity.

### Strategies to achieve our objectives

- Focusing on local economic upliftment and community-driven projects through our [Social Impact strategy](#) (page 119)
- Ensuring long-term sustainability through our [environmental stewardship](#) (page 124) initiatives
- Enhancing trust through our [ethics](#) and [employee relations strategies](#) (pages 78 and 116)

### Material themes



#### SDGs impacted



### Progress against our strategy

As part of our Social Impact strategy, we continued to support emerging local farmers. However, the crop yield performance of the supported farmers declined from 2023 levels due to unfavourable conditions, such as frost and insufficient water supply. Further, we have extended our support to SMMEs to a total of 178, primarily with the addition of 27 micro-enterprises via the Pitch for Funding programme.

Our water intensity targets remain below industry norms because we have implemented internal water pricing and invested in projects such as the Belfast water treatment plant and Grootegeluk Oliphantskop dam lining. Additionally, we continued water management efforts to ensure climate resilience and safeguard our natural resources for the future and have maintained our favourable ESG rating as per FTSE Russell.

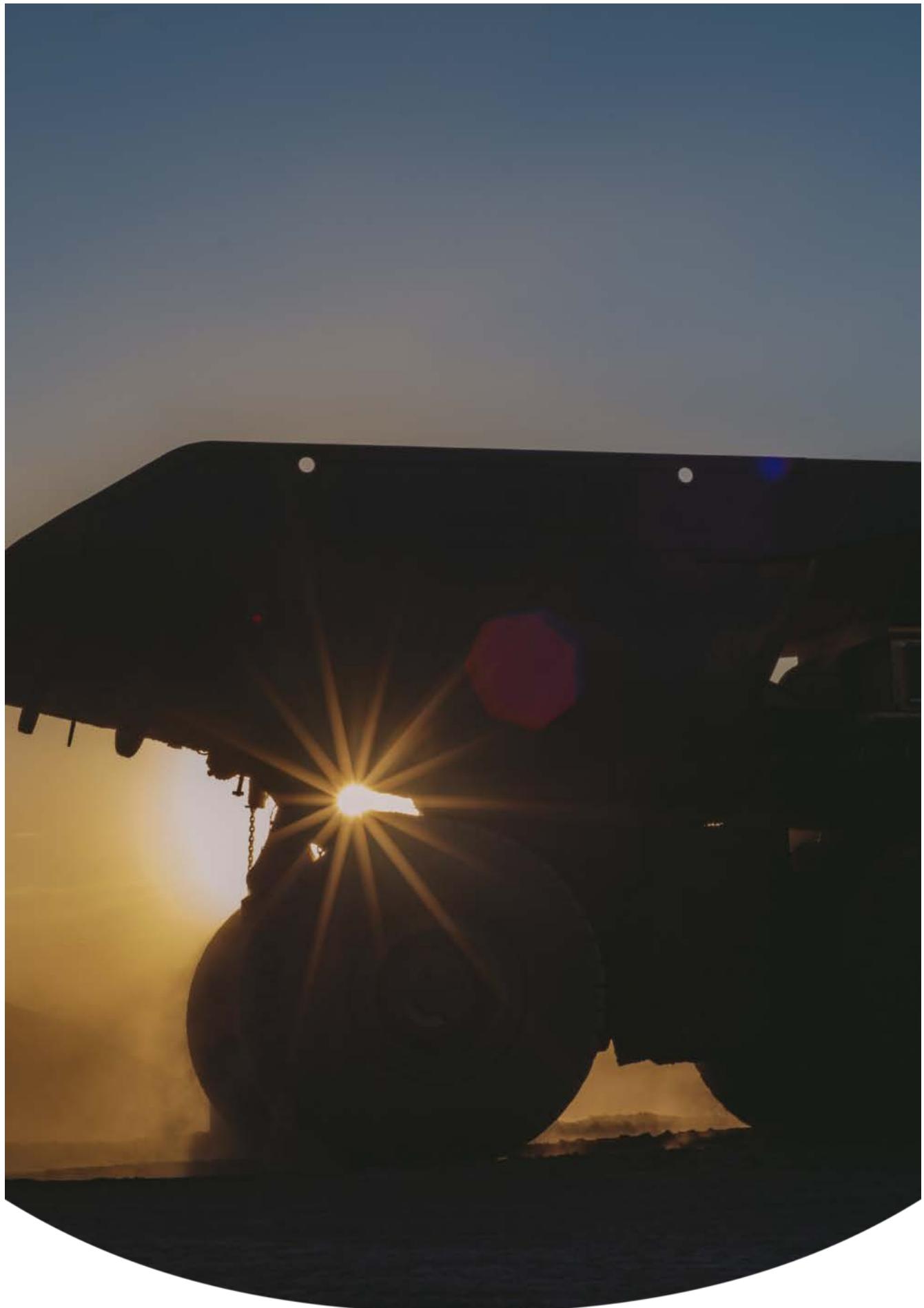


See [social and relationship capital](#) (page 118), [natural capital](#) (page 120) and [ethical culture](#) (page 78) for more detailed information.

### Measuring related capital inputs

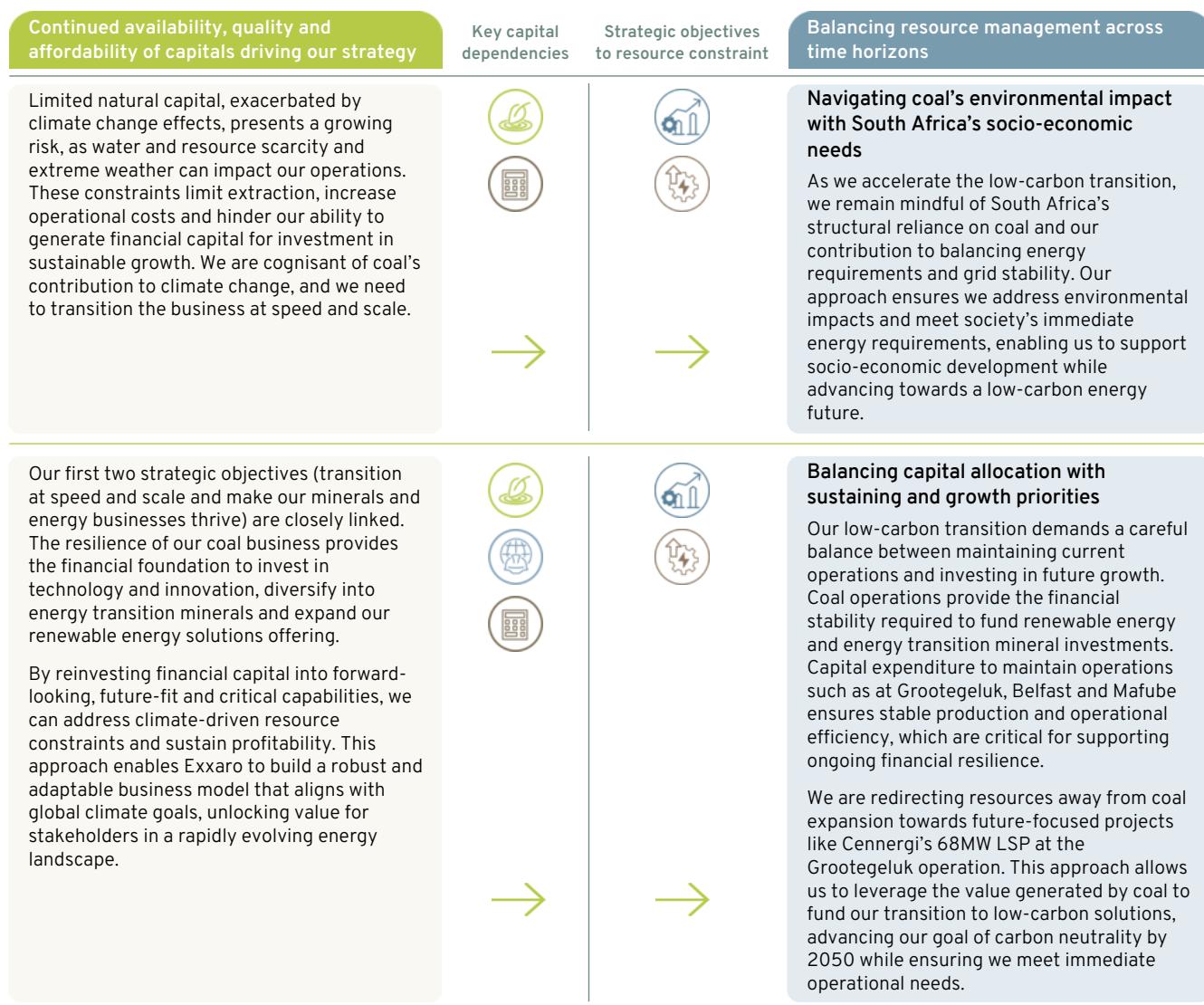
Related capitals	Performance indicator	Why this KPI matters	Target		Performance			
			2030 (medium term)	2026 (short term)	2024	2023	2022	Trend
	Crop yield to market (tonnes)	Supporting sustainable crop production and market access directly contributes to food security and economic stability in local communities. This KPI highlights our role in empowering local farmers to build self-sustaining livelihoods.	15 000	13 000	<b>6 008</b>	10 011	5 600	▼
	Financially sustainable SMMEs supported (number)	SMMEs are the backbone of local economies. By nurturing and supporting these businesses, we stimulate economic activity, create jobs and foster entrepreneurial growth, ensuring long-term economic resilience in the regions where we operate.	295	207	<b>178</b>	118	105	●
	ECD school readiness (%)	ECD is critical for laying the foundation for lifelong learning and future economic participation. By enhancing school readiness, we contribute to building an educated and capable workforce, ensuring that communities can thrive independently over time.	90%	90%	n/a*	n/a*	n/a*	n/a*
	Water intensity (kL/tonne RoM) <small>REM-S</small>	Efficient use is crucial for preserving water, especially in water-scarce regions. Tracking water intensity helps us minimise our operational impact, ensure resource availability for future generations and align with global sustainability standards.	0.170	0.175	<b>0.142</b>	0.105	0.150	●
	FTSE Russell Rating <small>REM-L</small>	This rating measures our ESG performance, providing an external benchmark of our progress towards sustainability and ethical business practices. A strong rating demonstrates our commitment to socio-economic growth and environmental stewardship, increasing stakeholder confidence and aligning with international best practice.	4	4	<b>4</b>	3.9	4	●

\* As the ECD programme was launched in 2023, there is no data for 2022 to 2024. The programme's first cohort intake was in 2024, and school readiness will only be assessed through the national benchmark test in 2027, when the first cohort is in grade R.



# Availability, quality and affordability of capitals shaping our strategic decision making and value creation

Our ability to create sustainable value hinges on effectively managing the availability, quality and affordability of capitals while addressing resource constraints through a focused, robust and adaptive strategy. This involves balancing immediate operational needs with long-term growth and impact priorities, ensuring resilience in a rapidly evolving global context as we pursue our strategic objectives.



## Availability, quality and affordability of capitals shaping our strategic decision making and value creation continued



## 4 Prioritising good governance

A robust governance approach is essential to our ability to create value. Aligned with our theme, Positioning Exxaro to win through our resilient strategy, we uphold good governance to drive sustainable growth and stakeholder confidence. Our commitment to responsible business practices supports our strategy and enables future readiness.

- 68 [Our leadership](#)
- 73 [Summarised governance report](#)
- 94 [Combined assurance for effective governance](#)

# Our leadership

The board provides effective ethical leadership and strategic direction while balancing the company's interests as a responsible corporate citizen with stakeholders' legitimate needs and expectations, within a framework of principled governance. We are proud to present the following board members:

Independent non-executive director and chairman



1

Executive directors



2

3

Independent non-executive directors



4

5

6

7

Board nominees for the upcoming 24th AGM

In accordance with the company's memorandum of incorporation (MoI), one-third of the non-executive directors are subject to retirement by rotation and re-election by shareholders annually. Eligible directors may offer themselves for re-election.

Furthermore, Zwelibanzi Mtambo, non-executive director, indicated that he will retire at the 24th AGM.

As per our board charter and director nomination and appointment policy, the nomination committee reviewed the composition, gender and racial balance of the board and evaluated the independence (where applicable), performance and contribution of the directors listed below, as well as their individual knowledge, skills and experience.

The board will propose the following directors for re-election to shareholders at the upcoming AGM:

Re-election	Appointed
1 Geraldine Fraser-Moleketi	Independent non-executive director and lead independent director 18 May 2018
2 Isaac Malevu	Non-executive director 22 June 2021
3 Billy Mawasha	Independent non-executive director 7 February 2022

Independent non-executive directors continued



8

9

10

11

Non-executive directors



12

13

14

1. Mvuleni Geoffrey Qhena (59)\*

Board chairman and independent non-executive director

Director since 19 April 2021 and board chairman since 27 May 2021



2. Ben Magara (57)\*

CEO, former independent non-executive director and investment committee chairperson

Director since 7 February 2022 and CEO from 1 April 2025



3. Riaan Koppeschaar (54)

FD Lead independent non-executive director

Executive director since July 2016



4. Geraldine Fraser-Moleketi (64)

Lead independent non-executive director

Director since 18 May 2018



9. Nosipho Molope (60)

Independent non-executive director

Appointed 3 January 2024



10. Chanda Nxumalo (42)

Independent non-executive director

Director since 1 February 2021



11. Peet Snyders (64)

Independent non-executive director

Director since 1 July 2016



12. Isaac Malevu (51)

Non-executive director

Director since 22 June 2021



5. Karin Ireton (69)

Independent non-executive director

Director since 7 February 2022



6. Billy Mawasha (46)

Independent non-executive director and chairperson of the investment committee from 1 April 2025

Director since 7 February 2022



7. Nondumiso Medupe (54)

Independent non-executive director

Director since 3 January 2023



8. Dr Phumla Mganga (56)

Independent non-executive director

Director since 7 February 2022



13. Mandlesilo Msimang (48)

Non-executive director

Director since 15 March 2021



14. Zwelibanzi Mtambo (67)

Non-executive director

Director since 28 November 2006



 The [ESG report](#) includes details on the board's composition, diversity and experience (page 126).

## Chairperson

 Audit committee

 Board

 Investment committee

 Logistics committee

 Nomination committee

 RBR committee

 Remuneration committee

 SERC

## Member

 Audit committee

 Investment committee

 Logistics committee

 Nomination committee

 RBR committee

 Remuneration committee

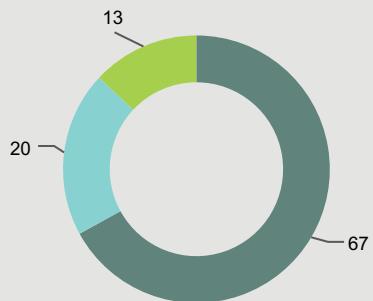
 SERC

\* Ben Magara was appointed CEO post-year end, effective 1 April 2025. Finance director, Riaan Koppeschaar subsequently stepped down as acting CEO.

## Our leadership continued

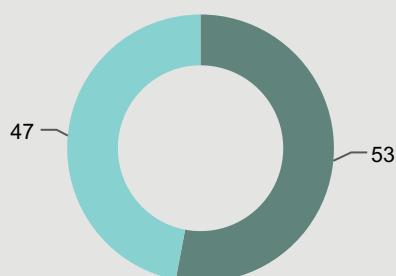
### Our board of directors as at 31 December 2024

Independence (%)



● Independent ● Non-executive directors ● Executive directors

Gender diversity (%)



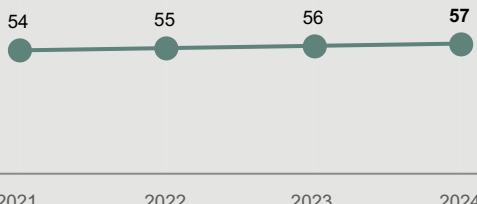
● Men ● Women

Gender diversity year on year (%)

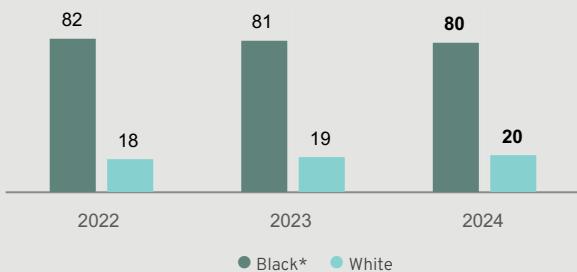


Female                    Male  
● 2022 ● 2023 ● 2024

Average age per year



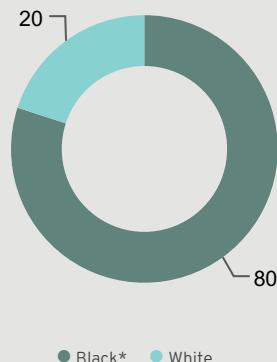
Racial diversity year on year (%)



● Black\* ● White

\* Black refers to African, coloured and Indian.

Racial diversity (%)



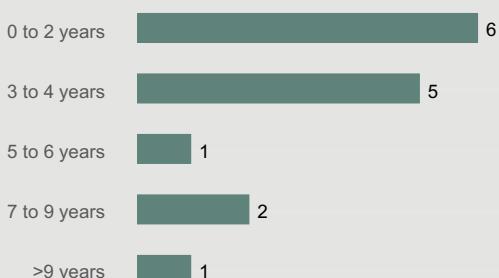
● Black\* ● White

\* Black refers to African, coloured and Indian.

Age diversity: number of directors (15)



Non-executive director tenure



# Executive leadership

We continue to have conviction in Exxaro's Sustainable Growth and Impact strategy. For the year ahead, we will focus on meeting customer demand, driving safe, disciplined and efficient production, while creating value for stakeholders.



Refer to the [ESG report](#) for details on our executive committee (page 134).



**Ben Magara** (57)  
CEO

## Key

- Executive director
- Cennergi executive committee
- Executive committee



**Riaan Koppeschaar** (54)  
FD



**Kgabi Masia** (49)  
Chief coal operations  
officer



**Leon Groenewald** (58)  
Managing director: energy



**Mongezi Veti** (61)  
Chief sustainable impact  
officer



**Johan Meyer** (56)  
Chief technology officer



**Joseph Rock** (55)  
Chief people and  
performance officer



**Richard Lilleike** (52)  
Chief growth officer



**Tsheko Ratsheko** (59)  
Acting chief strategic  
resilience and governance  
officer



**Michelle Nana** (56)  
Group company secretary

## Executive leadership continued

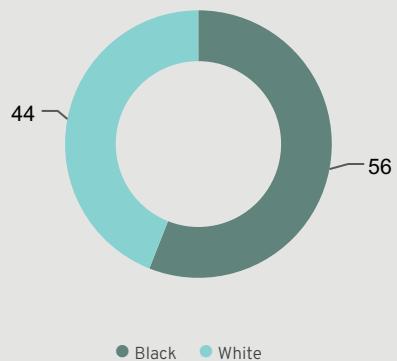
### Executive age diversity (an average age of 55)\*

30 to 39 years	0
40 to 49 years	1
50 to 59 years	7
60 to 63 years	1

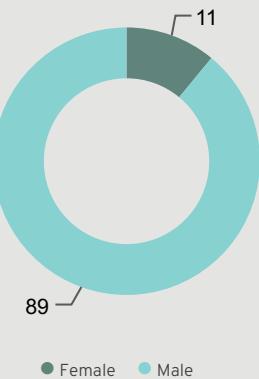
### Executive tenure at Exxaro\*\*

0 to 10 years	4
11 to 20 years	2
21 to 30 years	2

### Executive race diversity (%)



### Executive gender diversity (%)



\* Exxaro policy requires all employees, including executives, to retire at the age of 63.

\*\* The Exxaro executive team has more than 87 years of combined service since Exxaro's inception.

# Summarised governance report

**Effective governance underpins Exxaro's ability to create long-term value, ensuring ethical leadership, regulatory compliance and sustainable business practices in a complex operating environment.**

Exxaro's board serves as the custodian of good corporate governance, holding ultimate accountability for the group's performance and affairs. It represents and advances the group's legitimate interests while ensuring responsible corporate citizenship.

The board's governance approach is guided by principles that align with King IV governance outcomes, reinforcing Exxaro's purpose to power better lives in Africa and beyond through ethical and effective leadership. Accordingly, our corporate governance reporting is structured under the four desired King IV governance outcomes of:

- Ethical culture
- Performance and value creation
- Adequate and effective control
- Trust, good reputation and legitimacy

King IV advocates for good governance, transparency in leadership and sustainability-driven decision making. Sustainable development is both an ethical duty and an economic necessity, balancing current growth with the needs of future generations. As an integral part of society, Exxaro upholds its corporate citizenship responsibilities by embedding sustainability in our operations and stakeholder engagement. This commitment is reflected in Exxaro's Sustainable Growth and Impact strategy, which ensures long-term value creation while addressing ESG imperatives.

## We report on our governance activities across the following areas:

### Governance and leadership

74 to 77 [Key focus areas and outcomes of material focus areas](#)

78 to 85 [How we deliver the outcomes of good governance](#)

68 to 70 [Demonstrating the balance of knowledge, skills, experience, diversity and independence that supports Exxaro's board in delivering on its governance role and responsibilities objectively and effectively](#)



Refer to the [ESG report](#) (pages 113 to 136).

### Board sub-committees

86 to 93 [How our committees support our ability to create value](#)



Refer to the [ESG report](#) (page 137 to 159).

### Remuneration report



Refer to the [ESG report](#) (page 160).

 In line with King IV's recommendation to apply and explain how Exxaro practices good governance, we include our detailed King IV application register in the [databook](#), which sets out each principle with an explanation of steps taken, policies and processes. Our corporate governance reporting is similarly structured under the four desired King IV governance outcomes of ethical culture, performance and value creation, adequate and effective control, and trust, good reputation and legitimacy.

### Material themes in focus

	Exxaro's board provides attention to the <a href="#">material themes</a> (page 46) throughout the year. These include:
	Adapting to a changing context
	Responsible environmental stewardship
	Building sustainable communities
	Enabling a thriving workforce
	Executing our strategy
	Driving business resilience
	Principled governance

# Board key matters in focus

## Strategic direction, risk and performance

As sustained value creation requires responsiveness to significant social and environmental challenges, we annually assess our strategy and formally present it to the board for approval. After a two-day strategy session, the board reaffirmed the Sustainable Growth and Impact strategy while monitoring its progress and execution. The inclusion of energy transition minerals into the growth pipeline was noted.

The strategy development and review process follows a risk and opportunity assessment, including emerging risks and material sustainability issues. The ESG framework remains the lens through which the Sustainable Growth and Impact strategy is viewed.

The top five risks for 2024 and key events we anticipate may impact our ability to achieve our strategic imperatives for 2025 include:

### 2024/2025 top risks

Unavailability of rail capacity

Fatal risk incidents

Cybersecurity attack impacting business

Country risk

Customer concentration risk

Geopolitical and competition risks have also emerged as areas requiring further investigation by the executive risk committee to assess the potential impact on the strategy.

Our strategic performance management dashboard enables visibility of strategy execution and facilitates strategic conversations at the right time within a tiered group governance structure.

## Coal mine dust class action

As reported previously, a coal mine dust class action litigation was launched against Exxaro on 23 November 2023. The action relates to mineworkers who contracted coal mine dust lung disease in the form of pneumoconiosis caused by exposure to coal mine dust at various Exxaro mines, as well as dependants of those mineworkers who have died and whose deaths were probably attributable to coal mine dust disease.

Exxaro has duly served and filed our answering affidavit. The Deputy Judge President assigned the dates for the certification hearing, which will take place from 25 November 2025 to 5 December 2025.

Exxaro takes our health and safety obligations seriously. Our management team continues to work on addressing risks and ensuring preventive measures are properly implemented to address the potential of any novice occupational health diseases at our operations.

## Managing rail risk

In response to Exxaro's top risks for the past few years and the possible impact on our sustainable growth, the board logistics committee was established early in 2023 to report to the board on:

- The development of long-term solutions for logistics access to international markets
- The identification of medium-term solutions and alternatives and related matters

The logistics committee is monitoring the reform taking place in South Africa, with government assuming more responsibility for rail reform, as evidenced by the gazetting of the Rail Network Statement at the end of 2024. The committee also considered a prefeasibility study focusing on alternative solutions to increase rail infrastructure capacity.

## Climate change response

We believe our greatest opportunity is to help steer South Africa towards a sustainable future by focusing on low-carbon minerals and energy with the goal to be carbon neutral by 2050.

The board goes beyond compliance and responds to climate change through its commitment to mitigating the impact of climate change with our robust Sustainable Growth and Impact strategy. In addition, a peer review of Exxaro's decarbonisation roadmap has commenced to ensure its credibility and subsequent implementation. Included in the review process is the climate transition action plan.

Our board ensures effective oversight of climate-related impacts, risks and opportunities through the SERC and RBR committee.

In October 2024, the board held a governance session where it considered climate interactions as well as water challenges and trends.

 [Transitioning into a low-carbon business and climate change mitigation](#) (page 121)

 [Climate Change Response strategy report](#) (investor tab under integrated reports 2020)

## Adapting to a changing context

The first five months of 2024 saw significant local and global shifts, accelerating industry change and shaping opportunities for Exxaro's Sustainable Growth and Impact strategy. The transition to a low-carbon economy and global energy security concerns remain key industry drivers. With nearly 50% of the world undergoing elections, the board assessed the potential socio-political and geopolitical impacts on Exxaro and the broader sector.

The board's strategy session was themed "positioning Exxaro to win" and included engagement with experts on topics including commodity market trends, merger and acquisition (M&A) growth opportunities and the evolving global energy landscape, including competitive dynamics and investment prospects.

## Divestment of non-core assets and investments

Exxaro has made significant progress in disposing of our entire shareholding in Exxaro FerroAlloys Proprietary Limited, with the sale and purchase agreement expected to be concluded in the 2025 financial year.

## Innovation

The board approved a refreshed innovation strategy, enhancing business resilience through digitalisation, AI and automation. With the evolution of AI, we aim to go beyond visualisation to prescriptive analytics through advanced solutions such as digital twins, further strengthening our data-driven decision making capabilities. By leveraging data science and AI, we enhance automation based on pre-programmed actions while advancing our automation journey.

The integrated Mineral Resource Management lever, powered by AI, will enable us to drive Resource intelligence. Predictive maintenance will help the organisation evolve towards smart assets that not only anticipate potential failures but also recommend the most effective corrective actions improving efficiencies.

The refreshed iNOVAXXION will be deployed safely and responsibly, supported by our robust governance and risk management structures and policies. This will unlock untapped value and support our Sustainable Growth and Impact objectives.

 [Driving innovation](#) (page 111)

## Governance roadshow 2024

We held our annual governance roadshow for domestic equity shareholders from 30 September to 2 October 2024. A series of meetings was held with shareholders representing 69.43% of Exxaro's total domestic shareholding.

Key issues included performance conditions in the Exxaro incentive scheme, remuneration-related ESG measures and the deferred bonus plan, which was a shareholder concern in previous years. Given the feedback received from shareholders in recent years, Exxaro undertook a detailed review of the incentive schemes.

The progress with Exxaro's vertical and horizontal wage gap was discussed along with the potential impact of the recently promulgated legislative disclosure requirements. The company is confident that work in this regard is well advanced and will consider commencing with disclosure pertaining to the wage gap.

### Changes to the board and management

In terms of paragraph 3.59(b) of the JSE Listings Requirements, shareholders were informed on 6 February 2025 of Dr Nombasa Tsengwa's resignation. The board thanks Dr Tsengwa for her years of service and wishes her all the best in her future endeavours.

Following an expedited and targeted selection process, the board appointed Bennetor (Ben) Magara as the incoming CEO, effective 1 April 2025. As such, Ben will no longer be categorised as an independent non-executive director and succeeds acting CEO, Riaan Koppeschaar, who continues in his role as FD.

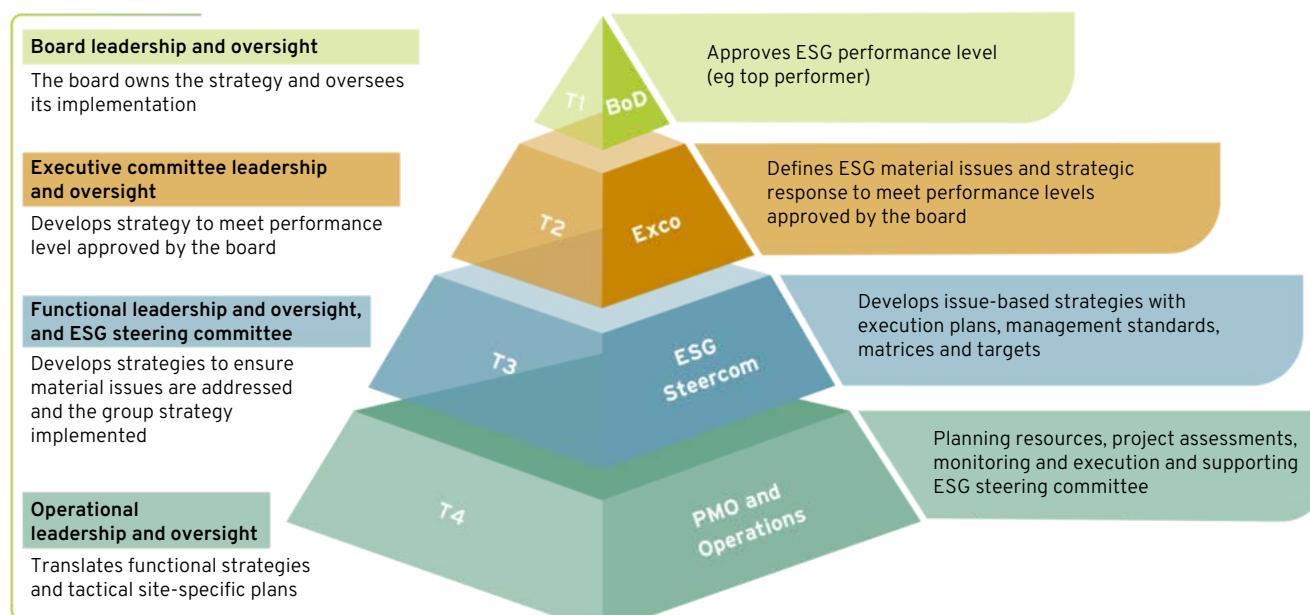
### ESG governance

Exxaro integrates ESG considerations into operations through a tiered governance structure (shown below), ensuring alignment with our Sustainable Growth and Impact strategy. The board sets the strategic direction for sustainability, defining committee and individual responsibilities for overseeing ESG-related risks, impacts and opportunities. These responsibilities are embedded in board and committee terms of reference, annual work plans and policies.

While the board sets ESG strategy and performance targets, the executive team is responsible for managing and monitoring ESG risks and impacts, supported by management and various committees.

The ESG steering committee ensures the integration of decarbonisation and other critical ESG factors and is responsible for developing and reviewing an ESG framework policy for board approval.

To reinforce the importance of highlighting ESG in everything we do, all board, committee and executive reports must include an assessment of strategic, financial and ESG-related risks.



Together with an experienced management team, the board is confident that the company will stabilise and be led by focusing on meeting customer demand, driving safe, disciplined and efficient production, while creating value for stakeholders.

### Board diversity and independence

In terms of King IV and our directors' nomination and appointment policy, we annually review the structure, size and composition (including the skills, knowledge and experience) of the board and board committees.

The following directorship changes occurred:

Directors	Date
Nosipho Molope	Appointed 3 January 2024
Likhapha Mbatha	Retired 23 May 2024
Dr Nombasa Tsengwa	Resigned 5 February 2025
Ben Magara	Appointed CEO, 1 April 2025

[document icon] [Board composition, diversity and experience \(page 68\)](#)

## Board key matters in focus continued

### Governance in action

The below outlines the board's quarterly progress in addressing our material themes to achieve our governance outcomes.

Area	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Material themes
Board engagement	<ul style="list-style-type: none"> <li>First quarter board meeting</li> </ul>	<ul style="list-style-type: none"> <li>Second quarter board meeting</li> <li>Special board meeting to approve the group and company annual financial statements and integrated report</li> <li>Annual strategy sessions with executive and management</li> </ul>	<ul style="list-style-type: none"> <li>Third quarter board meeting</li> </ul>	<ul style="list-style-type: none"> <li>Fourth quarter board meeting: 100th board meeting and budget review</li> <li>Board site visit to Grootegeluk coal mine and LSP</li> </ul>	 
Stakeholder engagement	<ul style="list-style-type: none"> <li>2023 financial results presentation</li> <li>Participation in the Mining Indaba: "Unlocking African Mining Investment: Stability, Security, and Supply"</li> </ul>	<ul style="list-style-type: none"> <li>AGM: shareholder election of audit committee and SERC members, auditors, and approval of remuneration policy and implementation through the non-binding advisory vote</li> <li>FD's pre-close</li> </ul>	<ul style="list-style-type: none"> <li>2024 interim financial results presentation</li> <li>Governance roadshow</li> </ul>	<ul style="list-style-type: none"> <li>FD's pre-close</li> </ul>	  
Board performance	<ul style="list-style-type: none"> <li>All meetings commence with confirmation of declarations of interest</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed benchmarking of non-executive director fees for recommendation to shareholders in 2025</li> </ul>	<ul style="list-style-type: none"> <li>Board composition review including appropriateness of the size of the board</li> <li>Declarations of interest. This was extended to include a review of the roles directors hold on other JSE-listed companies</li> <li>Performance against Exxaro's DEI targets was measured (and met)</li> <li>Committee composition review to ensure all committees are adequately composed and skilled</li> <li>The skills set (against which the board measures itself) was better defined to ensure it encompasses the experience necessary to govern the organisation towards its prevailing strategic objectives</li> </ul>	<ul style="list-style-type: none"> <li>Non-executive director independence categorisation</li> <li>Internal board performance evaluation interviews (next external evaluation is due in 2026)</li> <li>Performance evaluation of the company secretary</li> <li>Board committee performance evaluations commenced</li> </ul>	 
Continuous development of the board	<ul style="list-style-type: none"> <li>SERC training: ESG reporting and assurance knowledge sharing (ISSB standards, ESRS updates)</li> </ul>	<ul style="list-style-type: none"> <li>Governance session: Risk – economic landscape, strategic risk report, cybersecurity</li> <li>SERC and remuneration committee training: proposed Companies Amendment Bill</li> </ul>	<ul style="list-style-type: none"> <li>Strategy workshop: commodities outlook, M&amp;A landscape and insights, energy markets</li> <li>Governance session: water challenges and trends, climate interactions, the Companies Amendment Act, 2024 (Act 16 of 2024) (Companies Amendment Act), JSE Listings Requirements when applicable, and roles and responsibilities of the board, committees and executive committee</li> </ul>		 
Safety	<ul style="list-style-type: none"> <li>All meetings commence with a safety moment and monitoring of frequency of safety incidents and occupational health incidents</li> </ul>		<ul style="list-style-type: none"> <li>Safety leadership days at all sites to ensure VFL</li> </ul>		 
Growth performance	<ul style="list-style-type: none"> <li>Noted progress on various acquisition, divestment and investment opportunities</li> <li>Approved the Resource and Reserve statement</li> </ul>	<ul style="list-style-type: none"> <li>Reaffirmed the Exxaro Sustainable Growth and Impact strategy and the inclusion of energy transition minerals into the growth pipeline</li> </ul>	<ul style="list-style-type: none"> <li>The CEO roadshow, where the CEO and executive committee provided an update on the Exxaro strategy, which was rolled out to all BUS</li> </ul>		  

Area	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Material themes
Risk	<ul style="list-style-type: none"> <li>Approved the delegation of authority</li> </ul>	<ul style="list-style-type: none"> <li>Noted no significant changes to the strategic risk report but requested consideration of country risks applicable to Exxaro operations</li> </ul>	<ul style="list-style-type: none"> <li>Noted the strategic risk report</li> </ul>	<ul style="list-style-type: none"> <li>Approved the group ERM framework, risk appetite approach and risk appetite statement</li> <li>Approved the revised group delegation of authority</li> </ul>	
Environmental sustainability		<ul style="list-style-type: none"> <li>Reviewed the strategic logistics programme</li> </ul>	<ul style="list-style-type: none"> <li>Noted the progress made on the decarbonisation plan and roadmap</li> </ul>	<ul style="list-style-type: none"> <li>Monitored the performance of the Amakhala Emoyeni windfarm and Tsitsikamma community windfarm</li> <li>Monitored the progress of the LSP construction and visited the site in November 2024</li> <li>Reviewed energy efficiency and rehabilitation initiatives being planned by the business</li> </ul>	
Social sustainability	<ul style="list-style-type: none"> <li>Considered the coal mine dust class action litigation matters that were launched in 2023</li> <li>Considered the new Political Party Funding Act 2018 to ensure alignment and approved a donation of R25 million to the Independent Electoral Commission Multi-Party Democracy Fund</li> </ul>	<ul style="list-style-type: none"> <li>Noted an increase in B-BBEE compliance to level 2 and the organisation's progress on the DEI strategy</li> <li>Noted the amended Employment Equity Act and management's approach to alignment</li> </ul>	<ul style="list-style-type: none"> <li>Took due notice of the relocation of the Sindane family to ensure the matter was handled with care and dignity</li> </ul>		
Economic sustainability and governance	<ul style="list-style-type: none"> <li>Approved the group year-end financial results and IFRS announcement</li> <li>Approved the integrated suite of documents for publication, including the King IV report and JSE compliance certificate</li> <li>Approved a dividend and special dividend payment to shareholders</li> <li>Approved the registration of a bond programme</li> </ul>	<ul style="list-style-type: none"> <li>Approved the integrated ESG framework</li> <li>Approved the strategic performance management dashboard</li> </ul>	<ul style="list-style-type: none"> <li>Approved dividend distribution to shareholders</li> <li>Approved the group interim financial results, IFRS announcement and interim dividend declaration</li> <li>Approved financial assistance to subsidiaries as contemplated in sections 44 and 45 of the Companies Act</li> </ul>	<ul style="list-style-type: none"> <li>Approved the group consolidated budget, the coal consolidated budget and the energy budget for financial year 2025 and noted the 2026 forecast</li> <li>Approved the integrated report material matters</li> <li>Oversaw the development of cascading strategic KPIs to ensure holistic monitoring and execution of Exxaro's strategy</li> <li>Approved the revised supply chain management sustainability policy</li> </ul>	
People and performance	<ul style="list-style-type: none"> <li>Noted the EEA2 and EEA4 remuneration report submissions and that most targets set were achieved</li> </ul>		<ul style="list-style-type: none"> <li>Noted the coal negotiating landscape as it moved from a single to a multi-union context</li> </ul>	<ul style="list-style-type: none"> <li>Considered that the energy industry will need to invest in future-ready skills development</li> <li>Considered the two-pot retirement savings framework that took effect in September 2024 and the effect on the contribution structure</li> <li>Noted the wage gap statement of intent, approved by the remuneration committee</li> </ul>	
Appointments	<ul style="list-style-type: none"> <li>Appointed independent non-executive director, Nosipho Molope</li> </ul>	<ul style="list-style-type: none"> <li>Appointed Michelle Nana as group company secretary</li> </ul>			

# Ethical culture

**Statement of strategic ethical intent:** Exxaro aspires to build an ethical culture based on our values. To do this, Exxaro is committed to operating ethically by living the Exxaro values with dignity, transparency, consistency, fairness and respect in all that we do.

## Governance of ethics

Our board is committed to effective ethical leadership and establishing an ethical culture. Flowing from this commitment, the board adopted a number of codes, policies and practices outlining the group's ethics and values to which employees and suppliers are required to adhere.

The board monitors the group's ethical culture through its reporting structures, including two board committees (SERC and audit committee), the management ethics committee, the internal audit function, head internal audit and our ethics officer.

A management ethics committee exists to ensure that high ethical standards are maintained in Exxaro's business conduct. The committee is responsible for evaluating all instances of fraud, extortion, bribery, corruption, possible conflicts of interest, violations of the code of ethics or any other ethics-related matters.

It also oversees the continuous anti-fraud and anti-bribery initiatives associated with a robust programme in terms of both local and international laws and regulations.

Guided by our **ethics strategy** and management plan, the ethics officer is responsible for embedding an ethical culture and ensuring that integrity is maintained within the group.

## Code of ethics

Our code of ethics confirms that Exxaro's ethical principles promote values such as trust, acceptable behaviour and fairness. Our values provide general guidelines for interactions with each other and our stakeholders and reflect what is important to us and how we conduct ourselves.

Exxaro's fundamental values, as itemised below, are propounded in the code of ethics as a guide to acceptable and responsible behaviour:

- 1** Empowered to grow and contribute
- 2** Teamwork
- 3** Committed to excellence
- 4** Honest responsibility

## Ethics training and awareness

In 2024, we emphasised the importance of ethics in our organisation. For us, this means consistently doing the right thing, even when no one is watching. This guiding principle of integrity permeates everything we do, ensuring that every decision, action and interaction is grounded in fairness, respect and accountability.

To promote an ethical culture, we adopted the theme "mining with morals", and our employees participated in training and awareness sessions that addressed the following topics:

- Workplace integrity
- Conflicts of interest
- Exchange of gifts and benefits
- Duty of speaking up
- Benefits of an ethical organisation

We encourage our employees to speak up and report unethical behaviour without fear of retaliation. Exxaro expressed our commitment to fighting fraud, corruption, theft and unethical behaviour and acting without fear or favour.

By purposefully building ethical guidelines within our business, we are keeping our employees' and stakeholders' best interests in mind while maintaining a positive influence on those we impact through our processes.

## Organisation for Economic Co-operation and Development's recommendations on ethical behaviour

Following ENSafrica's ISO 37001 readiness assessment in 2018, we introduced due diligence processes for suppliers, customers, employees and business partners.

## Fraud and ethics hotline

A comprehensive evaluation of the fraud hotline in 2020 identified areas needing improvement, such as the composition of the management ethics committee, a process for tabling forensic reports, monitoring BU investigations, and updating escalation protocols. All the recommendations were addressed and reaudited to the satisfaction of the internal auditor.

As part of this, Exxaro is committed to an independent review of the hotline every three years. The next audit is in 2025.

We encourage employees and stakeholders to report suspected fraud, corruption or human rights violations to our fraud and ethics hotline. The hotline is independently managed with guiding escalation protocols in place.

Due to the importance of retaining the integrity of the hotline, we protect the interests of the disclosing parties as far as reasonably possible.

**Exxaro fraud and ethics hotline**  
 Free call: 0800 203 3579  
 Email: exxaro@tip-offs.com  
 Website: www.tip-offs.com

## Avoiding conflicts of interest

In terms of the Companies Act and King IV, directors and prescribed officers have specific duties regarding disclosure of actual direct and indirect conflicts of personal financial interests as well as the perception of a conflict, including that of their related parties. Our directors, prescribed officers and employees (and their related parties) are obliged to actively avoid any conflicts with Exxaro's best interest.

Annual general declarations of outside interests are required from directors and prescribed officers in accordance with section 75(4) of the Companies Act. In terms of the policy, annual declarations are also required from all employees in the group.

We implemented an electronic platform to facilitate annual reporting, workflow approvals and an auditable communication trail for disclosures by directors and employees, including a gifts and benefits register, director trade clearances and policy management.

 [Conflicts of interest policy and register](#) (reflecting material disclosures in line with the JSE Debt and Specialist Securities Listings Requirements) (our business tab under governance)

## Supplier ethics

The Exxaro supplier code of conduct assists employees in selecting suppliers who operate in a manner consistent with our values and relevant standards. The code also communicates our mandatory selection standards to prospective suppliers and promotes a commitment to ethical conduct, including respecting human rights, among our suppliers. An updated and revised code will be submitted for approval in 2025.

As part of the supply chain pre-qualification process, suppliers must disclose details of shareholders, directors and other associates who are current or former employees in compliance with the conflicts of interest policy. Employees who evaluate requests for proposals or recommend contract awards must declare that they have neither an interest in nor a close relationship with the supplier that may be construed as a conflict of interest.

## Supplier conduct

To improve the broader operating environment and culture to combat corruption, our standard operational and capital-related expenditure terms and conditions with suppliers contain specific provisions around sanctions, corrupt practices, fraud and prohibited practices in respect of local and international legislation, including the UN and European Union, which terms are considered material to the relevant agreement.

Guidelines have been developed to provide a framework for action where suppliers and service providers are mentioned adversely in the media or where it comes to Exxaro's attention that the supplier is under investigation or involved in any dealings (actual or alleged) that could put Exxaro into disrepute. Should a supplier whose services are critical to us be charged, we would issue a holding statement and continue with the existing contract, but not enter into any new contract.



[Supplier code of conduct \(supplier tab\)](#)

## Anti-bribery and anti-corruption

The board has expressed a zero tolerance stance towards bribery and corruption and approved the group-wide anti-bribery and anti-corruption policy. To support the board, the SERC is responsible for overseeing the group's ethical performance, which includes detection and response to fraud and corruption. In addition, the SERC receives quarterly reports on forensic investigation statistics and progress on initiatives under the fraud prevention and anti-bribery and corruption programme. The RBR and audit committees oversee risks, including controls and fraud risks.

## Board code of conduct

Our board charter and code of conduct (board charter) regulate the parameters within which the board operates and ensure that good corporate governance principles are applied in all dealings in respect and on behalf of the company and group.

The board charter and nomination and appointment policy require board members to be individuals of calibre, integrity and credibility, with the necessary skills and experience.

The nomination committee ensures continuity of directorships and undertakes succession planning on behalf of the board. The nomination committee is also responsible for conducting independent background checks on all proposed candidates prior to recommending appointment to the board.

A review of the board charter is scheduled for the first half of 2025.

## Family code of conduct

In early 2024, our executive management pledged themselves to ensure ethical leadership in the organisation. Our executive team shared its expectation of employee behaviours, emphasising that everyone should live up to our values, culture, standards and expectations. Employees are encouraged to speak out without fear of reprisal on issues of discrimination, harassment and poor leadership. We developed a family code of conduct that includes 10 principles to clearly outline acceptable behaviour (encouraged in Exxaro) and unacceptable behaviour we will not tolerate.

## Political contributions

Exxaro agrees that a clear policy on political funding provides for certainty and consistency and reduces the suspicion that companies are funding parties for their own interest. It is acknowledged that the primary purpose of political donations is to strengthen and consolidate democracy by ensuring that political parties can function effectively within a multi-party democracy.

The board requested that donations be directed to the Independent Electoral Commission in support of democratic stability. Accordingly, Exxaro made a contribution to the Multi-Party Democracy Fund in May 2024 in the amount of R25 million to be disbursed to represented parties.

## Monetary loss from unethical behaviour

The board is satisfied that the group has not suffered any monetary loss as a result of legal proceedings (including fines) associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.



[Upholding and respecting human rights \(ESG report, page 105\)](#)

# Performance and value creation

## Strategic direction

King IV articulates the board's responsibilities of steering an organisation strategically, in line with its core purpose and values, by approving and monitoring an informed short, medium and long-term strategy while considering sustainability-related impacts, risks and opportunities.

The board sets Exxaro's short, medium and long-term strategic direction through our Sustainable Growth and Impact strategy. It enables sustainable value creation through the approval of a capital allocation model and budget, setting and monitoring performance and culture expectations as well as a group governance framework.

The board supports King IV strategy-setting principles through an iterative process. Before executive management's strategy presentation to the board, iterative strategy workshops – which follow a bottom-up process – and board governance sessions ensure input is integrated into the group strategy.

During our annual strategy review process, management demonstrates how sustainability and ESG objectives are integrated into the Sustainable Growth and Impact strategy, including status and progress in our context.

Our integrated medium to long-term decarbonisation roadmap to achieve carbon neutrality by 2050 was submitted for a peer review to ensure its credibility and subsequent implementation.

During the year, the board reviewed and was satisfied with the key macro-economic indicators and assumptions used to compile the 2025 budget.

## Performance monitoring

As part of holistic strategic performance monitoring, prioritised KPIs align with the Sustainable Growth and Impact strategy. This provides forward-looking insights and monitors the execution of our strategy for the board, board committees, group and energy executive committees, in line with our tiered governance approach.

We use a strategic performance monitoring dashboard to report on the achievement of these KPIs.

For more on our performance see:



[Performance against our strategy](#) (page 59)



Delivering meaningful and positive impact ([ESG report](#), page 11)

## Performance targets to support our Climate Change Response strategy

To strengthen GHG mitigation and business resilience efforts, we included water security and energy intensity targets in the group's short-term incentive scheme in 2022.

Total carbon emissions and energy intensity are also included as part of Exxaro's strategic performance monitoring dashboard. Reducing absolute emissions is essential to our commitment to carbon neutrality by 2050, and tracking scope 1 and 2 emissions allows us to measure our progress in minimising our carbon footprint. Lower energy intensity indicates greater efficiency, supporting our decarbonisation targets and reducing our operations' environmental impact.

Implementation of these two KPIs since 2023 is a progression of our Climate Change Response strategy, our goal to be carbon neutral by 2050 and further alignment with the TCFD recommendations.

## Business continuity and crisis management

The RBR committee plays a key role in assessing and reviewing the group's business resilience programme and ensuring that appropriate measures are in place for business recovery. The committee is responsible for driving the company's resilience agenda, ensuring that our business continuity strategies align with best practices and regulatory requirements.

Exxaro is fully committed to building organisational resilience and, by maintaining a strong business resilience programme and aligning it with our ERM programme, we are protecting the interests of our stakeholders and ensuring that we can continue to deliver on our commitments, regardless of the challenges we may face.

We continuously review and update our business resilience framework to ensure it remains aligned with best practice and governance standards. The company regularly evaluates the effectiveness of its business resilience programme, making improvements when required.

## Strategy-aligned internal reporting

Internal reporting to the board requires management to detail the outcomes of proposed recommendations to the board in respect of:

- Strategy implications
- Financial implications
- Risk and compliance analysis
- ESG implications

## Transparency

The board is committed to clear and comprehensive financial reporting and disclosure as well as constructive shareholder engagement, including transparency of activities and performance. The board therefore ensures that reports issued by Exxaro enable stakeholders to make informed assessments of our performance, and short, medium and long-term prospects.

## Good governance to achieve strategic objectives



See page 81 for [how we apply good corporate governance](#) to support the achievement of our strategic objectives and how the SDGs are supported through specific steps taken in 2024.

## Creating value for our stakeholders



For more on how Exxaro created value for our stakeholders, including government, employees, communities, investors and customers, refer to [creating stakeholder value](#) (page 42).

## Applying good corporate governance to support the achievement of our strategic objectives:

**Purpose: Powering better lives in Africa and beyond**

Vision: Resources powering a clean world					
<b>Capitals</b>					
<b>Board-approved strategic objectives</b>					Become a catalyst for economic growth and environmental stewardship
<b>SDGs supported</b>	  	 	    	  	    
<b>Board-approved ESG KPIs and performance</b>	<ul style="list-style-type: none"> <li>EBITDA contribution from new minerals (2026: 30%; 2030: 50%)</li> <li>Generation installed capacity (2026: 780; 1.6GW by 2030)</li> </ul>	<ul style="list-style-type: none"> <li>EBITDA margin (29%)</li> <li>ROCE (&gt;20%)</li> <li>Solvency ratio (2x – 3x)</li> <li>Coal product (2026: 44Mt)</li> </ul>	<ul style="list-style-type: none"> <li>Number of fatalities (zero)</li> <li>LTIFR (target based on previous performance)</li> <li>B-BBEE contribution level (2026: 3; 2030: 3)</li> </ul>	<ul style="list-style-type: none"> <li>Energy intensity (GJ/kt) (2030: 30; 2050: 30)</li> <li>Absolute emissions (2030: 582ktCO<sub>2</sub>e; 2050: carbon neutrality)</li> </ul>	<ul style="list-style-type: none"> <li>Crop yield to market (2026: 13 000t)</li> <li>Financially sustainable SMMEs supported (2026: 207)</li> <li>ECD – school readiness (2026: 90%)</li> <li>Water intensity (2026: 0.175kL/t RoM, 2030: 0.170kL/t RoM)</li> <li>FTSE Russell rating: 4</li> </ul>
<b>Corporate governance measures</b>	<ul style="list-style-type: none"> <li>Board-approved Sustainable Growth and Impact strategy</li> <li>Audit committee oversight of financial reporting matters</li> <li>Investment committee review and monitoring of material mergers, acquisitions or investments</li> <li>Logistics committee to oversee mitigation of rail capacity risk</li> <li>Executive risk management committee ensuring a robust risk management process is followed</li> <li>Management investment review committee to review processes for major investments</li> <li>Board composition having skills and experience to support the strategy</li> <li>Established a board sub-committee to monitor matters relating to the 2017 replacement empowerment transaction</li> </ul>	<ul style="list-style-type: none"> <li>Review of enabling group governance framework, delegations and group-wide policies</li> <li>Logistics committee to monitor rail capacity risk</li> <li>Remuneration committee and RBR committee oversight</li> <li>Report through strategic performance management dashboard</li> </ul>	 <b>Prioritising safety</b> (page 114) <ul style="list-style-type: none"> <li>Retain <b>safety moment</b> and reporting as standing agenda item for all board, committee and executive meetings</li> <li>Remuneration committee, SERC and RBR committee oversight</li> <li>Board members and executive leadership participate in the annual sustainability summit, leadership safety day and BU safety indabas driving business resilience</li> <li>Internal due diligence on human rights to identify, prevent, mitigate and account for how Exxaro addresses adverse human rights impacts</li> </ul>	 <b>Become carbon neutral through board-approved decarbonisation plan</b> and submitting for peer review (page 121) <ul style="list-style-type: none"> <li>Board composition to include sustainability skills and experience</li> <li>Board-approved Climate Change Response strategy, climate change position statement, supported through related performance targets</li> <li>Performance targets included as part of the group-wide GIS</li> <li>SERC and RBR committee oversight</li> <li>ESG steering committee</li> <li>Draft ESG policy under review to ensure integrated approach</li> <li>Board memoranda template includes ESG impacts</li> </ul>	 <b>Board-approved Social Impact strategy</b> (page 119) <ul style="list-style-type: none"> <li>Board-approved DEI strategy</li> <li>Execute revised ESD initiatives</li> <li>SERC and RBR committee oversight</li> <li>Board composition through the nomination committee</li> <li>Independent assurance on SLP reporting</li> <li>Implementation of rationalisation and integration of social impact vehicles, with an extended mandate of Exxaro Aga Setshaba NPC</li> <li>Board-approved group-wide policies, including revised supply chain sustainability policy</li> </ul>

# Adequate and effective control

## Group governance framework

A robust governance framework enables the execution of governance responsibilities at all levels of the organisation.

The Exxaro group governance framework provides an overview of our governance principles, structures, policies and practices and the integration of the minerals and energy strategies and budgets. It guides monitoring and oversight of business affairs to achieve accountability at all levels, clarifying reporting roles, limits on authority, guides sound decision making as well as informs group-wide policies to support achievement of the Sustainable Growth and Impact strategy and ethical culture. It is an entrenched governance principle within Exxaro that group-wide policies require board approval, as captured in the delegation of authority framework.

The group governance framework enables Exxaro's core businesses to thrive in an increasingly dynamic market and industry sector and to continue to support the execution of the approved strategy.

The group governance framework was reviewed and, following recommendation by the nomination committee, an update was approved by the board in 2023.

## Delegation of authority

The delegation of authority policy and framework define the limits of authority designated to specific positions of responsibility in the company and the group's management structure. It also defines commitments and transactions that may include capital amounts approved by individuals on Exxaro's behalf. The final approval of commitments and transactions outlined in the policy must always be made by parties with designated authority.

In November 2024, following recommendation by the RBR committee, the board approved the revised Exxaro delegation of authority framework. A structured and inclusive review highlighted several key areas to promote collaboration, enhance clarity, improve efficiency in business execution, and strengthen the governance framework.

Four main principles were considered throughout the process:

- Alignment with the Companies Act and King IV governance principles
- Alignment with the Exxaro strategy
- Consideration of the growth of the business
- Alignment of monetary requirements with industry demands

The board is satisfied that the delegations in place contribute to role clarity and the effective exercise of authority and responsibilities.

## Board's access to information

The board charter guides directors and executive management on the information requirements to be shared with the board. The onus remains on each director to advise the chairperson and/or CEO should they believe that the information provided is insufficient for informed decision making.

The board has unrestricted access to all company employees, information, records, documents and property. A process to guide directors is provided should they require access. The board, in carrying out its tasks, may obtain outside or other independent professional advice it considers necessary. The board charter sets out the required protocols for requests of this nature.

## Board committees

Our corporate governance structure supports our ability to create value in the short, medium and long term. Through this structure, the board exercises effective control, and builds and protects the organisation's reputation and legitimacy. We consider good corporate governance the responsibility of our board, executive leadership, management and all our employees.

Board committees enhance efficiency by providing focused expertise on specific areas, allowing the board to address a broader range of issues. When used effectively, committees also enhance the objectivity of the board's judgement. As such, to facilitate the execution of its functions, the board delegates activities to its committees through formal terms of reference.

The board retains full and effective control of business and company affairs and does not assume management's functions, which remain the responsibility of the executive directors, prescribed officers and other senior management.

## Chairpersons

The chairpersons of the board committees meet regularly to consult and collaborate on areas of shared responsibility, activity and interest across the different committees.

## Terms of reference

The board committees' terms of reference, key focus areas and annual work plans were reviewed in the first quarter of 2025, properly sequenced to follow the approval of the delegation of authority.

## Board confirmation

The board confirms that it is satisfied that the board committees executed their roles and responsibilities. In this regard it is confirmed that the audit committee has executed the responsibilities set out in paragraph 3.84(g) of the JSE Listings Requirements.

## Subsidiary companies

The board, on behalf of the company, recognises the statutory and fiduciary duties of subsidiary companies' directors and particularly their duty to act in the best interests of the subsidiary company at all times whether or not the director is nominated to the board of the subsidiary company (in its capacity as holding company). In the case of a conflict between a director's duties in a subsidiary company and the interests of the company, as holding company, the director's duties in the subsidiary company must prevail.

The group governance framework seeks to mitigate possible tension between the holding company and its subsidiary boards. The subsidiary directors must adhere to the framework and adopted group policies. This does not absolve the directors of subsidiary boards from exercising their fiduciary duties. If directors breach their fiduciary duties, they may be held liable under section 77 of the Companies Act. This responsibility is clearly highlighted for all our subsidiary directors.



[Ownership structure](#) (page 11)

## Group-wide control functions

The group control and oversight functions are responsible for providing enterprise-wide oversight of operational management and integrated reporting.

Our group control and oversight functions consist of:

- Corporate secretariat
- Governance and reporting
- Risk management
- Compliance management
- Legal
- Strategy
- Internal audit and assurance
- Finance (as it relates to financial compliance and tax)

The board is responsible for overseeing the effectiveness of the oversight functions and ensuring an effective internal control environment within the group.

## Robust integrated ERM

Our ERM process is robust and ensures that we identify, assess, manage and mitigate risks across the organisation. The ERM framework is designed to support strategic decision making, safeguard assets and enhance our ability to achieve long-term objectives while creating value for our stakeholders.

We are dedicated to cultivating a culture of risk awareness across all levels of the organisation. We have integrated ERM into our daily operations, ensuring that risk management is embedded in every aspect of the business (top-down, bottom-up approach). The ERM process involves identifying existing and emerging risks, evaluating their potential impact on the organisation, and implementing effective control measures to mitigate them to acceptable levels.

Our ERM framework is aligned with globally recognised best practices, including the ISO 31000 standard on risk management and the Committee of Sponsoring Organizations of the Treadway Commission framework. These principles guide our approach to managing risk in a way that ensures consistency, transparency and accountability across all levels of the organisation.

Through the combined assurance model, we bring together the efforts of internal audit, risk management, compliance teams and external auditors to assess and verify the effectiveness of our risk mitigation strategies. This collaborative approach ensures that we avoid duplication, optimise resources and provide a comprehensive view of how well we are managing risk.

The board plays a proactive role in overseeing our ERM processes, ensuring that risks which could impact our strategic objectives are carefully monitored and managed. Our strategic risk register is regularly updated to ensure it accurately reflects Exxaro's current risk exposures and outlines the mitigation actions taken to address identified risks. The strategic risk profile, which outlines the group's key risks – along with Cennergi's top risks – is reported to the RBR committee and the board on a quarterly basis.

We continuously review and update our ERM framework to ensure it remains aligned with evolving governance standards and regulatory requirements. The company regularly evaluates the effectiveness of its ERM framework, making improvements where necessary.

Our integrated ERM approach aims to mitigate risks and identify opportunities for growth and innovation. This drives sustainable growth and long-term value for our shareholders, employees, customers and other stakeholders.



[Our risks and opportunities](#) (page 28)

## Technology and information management

The board governs technology and information management in a way that supports the organisation in setting and achieving its strategic objectives.

The board mandated the RBR committee to oversee information management strategy governance, integration of the improvement programme's overall direction, context and objective, and ensure alignment with the enterprise business strategy, governance and risk management.

In addition to the oversight of the RBR committee, the audit committee is responsible to ensure adequate information management governance.

Our foundational policies support these structures by guiding behaviour, expectations and operations. These include the acceptable use of ICT policy, security policy, operations policy, project management policy, asset management policy and the information and communications technology service continuity policy. Together, these form a cohesive governance structure that promotes transparency, efficiency and innovation in our information technology domain.

## Information management risks

Information management risks and mitigation measures are monitored continuously, including assessment of emerging risks, and reported to the RBR committee quarterly.

Cybersecurity remains our top risk but is expected to gradually decline as mitigation measures take effect. However, advancements in technology, including AI, cloud computing and unpatched legacy systems, continue to heighten this risk. Additionally, the upcoming enterprise resource planning transformation, driven by the end of maintenance support, presents an emerging challenge. We actively monitor risk treatment plans to ensure their adequacy.

## Information management disaster recovery

To ensure our disaster recovery programme is robust and resilient, we strategically aligned it with the ISO 27031 guidelines by embedding the plan-do-check-act cycle, a systematic series of steps for continuous improvement of our disaster recovery capabilities.

## Adequate and effective control continued

### Beyond compliance culture

The group is committed to:

- 1** Maintaining high standards of integrity, professionalism and ethical behaviour in its relationships
- 2** Complying with the letter and spirit of the law and regulations governing its conduct by ensuring the organisation acts with due skill and diligence
- 3** Conducting its business in adherence to statutory, supervisory and regulatory requirements

While we drive compliance with relevant regulatory requirements in our jurisdictions, the law serves as a minimum standard of conduct, building a culture beyond complying with the law at all levels.

Our compliance philosophy is captured in a compliance policy approved by the board, which supports ethical and responsible corporate citizenship. The policy seeks to create sustainable value for all stakeholders by striving for operational efficiency, growth and regulatory compliance with applicable laws. Our policy is being revised and will be submitted for approval in 2025.

The board is responsible for ensuring that the group and our employees comply with all applicable laws and regulations, and it considers non-compliance with legal and regulatory requirements a key risk. Accordingly, the board delegated the responsibility for managing Exxaro's compliance risks to the RBR committee.

The RBR committee is responsible for:

- Overseeing regulatory compliance risks, policies and frameworks
- Monitoring compliance with agreed policies, national and international protocols and procedures on non-financial aspects in collaboration with the SERC
- Ensuring compliance is continuously monitored and reported by management, external audit and internal audit

The chief strategic resilience and governance officer is responsible for providing a compliance and regulatory compass to the group by promoting a culture of compliance and regular review of the regulatory environment.

### Optimised combined assurance

Exxaro applies a combined assurance model to optimise assurance by management, as well as internal and external service providers, while fostering a strong ethical climate and mechanisms that ensure compliance. Using our board-approved ERM framework, management identifies key risks we face and implements the necessary internal controls with comparable information for trend analysis where possible.

We remain committed to continuously enhancing our combined assurance process to ensure it remains effective, adaptive and aligned with emerging risks and best practices. Through ongoing evaluation and collaboration among assurance providers, we strive to strengthen our oversight and risk management framework, fostering a culture of transparency and accountability.

The audit committee is responsible for overseeing the use of a combined assurance model to achieve the following objectives:

- 1** Enabling an effective internal control environment
- 2** Ensuring integrity of information used for decision making by management, the board and its committees
- 3** Supporting the integrity of external reports

### Combined assurance forum

The combined assurance model, which is based on the five lines of assurance, is in place through the effective functioning of the combined assurance forum. The forum coordinates assurance for our risk exposure, as identified and ranked by the risk management function and aligned to King IV recommended practices for assurance. The forum's activities and outcomes of assurance reports are presented quarterly to the audit committee.

### Combined assurance plan

The combined assurance plan focus areas align with the group's strategic risk profile with input from assurance providers. The plan considers the level of assurance from assurance providers in providing the audit committee and board with confidence regarding the effective functioning of the internal control environment. Execution of the assurance plan ensures that the audit committee receives the assurance required in assessing the effectiveness of the risk management function and effective functioning of the control environment.

### Overdue and repeat findings

Exxaro uses an issue tracking management system to capture and track the status of all internal audit and other assurance provider findings. This enables visibility and accountability when addressing identified control weaknesses. All overdue and repeat findings are reported at each audit committee meeting.

### Internal audit

Exxaro's internal audit function is partially outsourced to PwC under the management control of Exxaro's head of internal audit. The responsibilities of the internal audit function are detailed in an internal audit charter approved by the audit committee, which is reviewed and approved annually. The internal audit charter informs the role and scope of work of the internal audit function.

### Independence of audit and assurance functions

To ensure the independence of our audit and assurance functions, the following measures are in place:

- We appointed KPMG as our independent external auditor, along with its service delivery partner, AM PhakaMalele (approved by shareholders at the AGM on 23 May 2024 by way of a separate resolution of shareholders in terms of JSE Listings Requirements paragraph 3.84(g))
- Under the management of Exxaro's head of internal audit, PwC and its service delivery partner, Ngubane & Co, have been providing internal audit services since 1 July 2022
- In 2021, the group adopted a framework for engaging auditors to supply non-audit services. We confirmed that KPMG, in terms of its policy, does not provide advisory and tax services to its audit clients
- Our group governance framework confirms the internal audit function as an independent control function across the group
- The head of internal audit reports directly to our audit committee and is administratively overseen by the CEO

### Board statement

The board and audit committee are satisfied with the effectiveness of controls for the year ended 31 December 2024. This conclusion was reached principally through a process of management self-assessment (including formal confirmation by executive management), reports from internal audit, independent external audit and other assurance providers.



[Combined assurance for effective governance \(page 94\)](#)

# Trust, good reputation and legitimacy

## JSE compliance certificate

The board considered the JSE compliance certificate for the reporting period, confirming the company's compliance with the JSE Listings Requirements, Debt and Specialist Securities Listings Requirements and every disclosure requirement for continued listing on the JSE imposed in 2024. The certificate will be submitted to the JSE following board consideration in early 2025.

## Integrity in reporting

The board ensures the integrity of the company's integrated report and its alignment with best practice in integrated reporting, including other reporting by the company. The board also oversees the publication of our annual financial statements, ESG report, board committee reports, remuneration report and other online or printed information that complies with legal requirements and meets the legitimate and reasonable information needs of stakeholders.

Refer to [combined assurance for effective governance](#) (page 94) for details on our assurance approach.

## No insider dealing

The RBR committee will review the company's insider dealing policy in early 2025 to ensure it complies with the JSE Listings Requirements, Financial Markets Act and Companies Act and is aligned to the company's code of ethics. The policy applies to all directors, prescribed officers, employees and consultants.

The insider dealing committee provides guidance and clarity to employees and directors on insider trading or price-sensitive information as well as prohibited or closed periods.

We provide ongoing online training on the MyNexxt platform to directors, prescribed officers, employees and consultants to ensure in-depth understanding of the policy, regulatory environment and controls in place.

[Stock Exchange News Service announcements](#)

The board is satisfied with the controls in place to ensure regulatory compliance.

## Sponsors

The company's lead equity sponsor and debt sponsor, Absa Bank Limited, and joint equity sponsor, Tamela Holdings Proprietary Limited, perform the continuing obligations in connection with Exxaro's listing on the JSE. The board is satisfied that the sponsors executed their mandate with due care and diligence for 2024.

## Stakeholder inclusivity

Exxaro's board has a stakeholder-inclusive approach that responds to principle 16 of King IV regarding stakeholder inclusivity and responsiveness. It aims to balance the needs, interests and expectations of material stakeholders in the organisation's best interest over time to protect and build trust in the organisation and its reputation and legitimacy in the eyes of our stakeholders.

As recommended by King IV, Exxaro's disclosure regarding stakeholder relationship management reflects our management approach, key focus areas and stakeholder management activities.

[Creating stakeholder value](#) (page 42)

## Responsible corporate citizenship

The board ensures Exxaro's strategy and conduct reflect its purpose of powering better lives in Africa and beyond, and to be a responsible corporate citizen in giving effect to its purpose.

As Exxaro is an integral part of society, the board ensures the company's efforts to be a responsible corporate citizen. This includes compliance with the South African Constitution (including the Bill of Rights), the law, leading international and national standards, and its own codes of conduct and policies.

The board exercises independent judgement in overseeing management and safeguarding the interests of all stakeholders, including our shareholders. In fulfilling its stewardship role, the board seeks to instil and foster a corporate environment founded on integrity and provide management with sound guidance in pursuit of long-term stakeholder value, ensuring that the company offers sustainable value to society as a whole.

## Governance

It is the SERC's role to entrench responsible corporate citizenship as part of the committee's focused activities. The roles and responsibilities of the SERC include overseeing the impact of the consequences of the group's activities and outputs on its status as a responsible corporate citizen in:

- Economy: economic transformation as well as fraud and corruption prevention, detection and mitigation
- Society: public health and safety, consumer protection, community development and protection of human rights

## Commitments

Fundamental to Exxaro's purpose of powering better lives is our stance that all people have inherent fundamental human rights regardless of their differences. As such, Exxaro is committed to respecting and upholding human rights for all people in its sphere of influence, where the company has the power to effect investment and development.

An internal due diligence analysis was conducted to close the gaps and improve Exxaro's human rights practices. The SERC noted how human rights had evolved over time and highlighted the need to consider exposure to air pollution, water pollution and relocation of people as elements that fall within human rights for reporting purposes.

Upholding and respecting human rights ([ESG report](#), page 105)

Exxaro remains committed to supporting the 10 principles of the UNGC. The UNGC principles are embedded in our Sustainable Growth and Impact strategy, values, operations and stakeholder engagements in alignment with our endeavours to meet the SDGs. We believe that Exxaro's voluntary participation in the UNGC advances the case for responsible business practices and encourages our stakeholders to do the same. It holds us accountable to a global standard as we strive to become a catalyst for economic growth and environmental stewardship.

[UNGC communication on progress](#) (investors tab under integrated reports 2021)

## Health and safety

The importance of safety in the workplace receives focused attention at each board, board committee and executive committee meeting. This is achieved through a standing safety moment item on all agendas, to allow for reflection and reporting.

In addition to the SERC's mandate, the RBR committee is responsible for reviewing health and safety risks and focuses on reported HPIs and LTIs. The SERC monitored occupational health and noted the processes which may detect potential deterioration of certain organs and assist in reversing some diseases.

[Human capital](#) (page 113)

## Audit committee

**Chairperson:** Nondumiso Medupe

**Meetings:** Five

**Members:** Billy Mawasha, Nosipho Molope and Chanda Nxumalo

**Attendance:** 95%

**Changes:** Nosipho Molope's appointment as a member on 3 January 2024 was approved at the AGM held 23 May 2024.



Audit committee report ([ESG report](#), page 138)

### Composition as at 31 December 2024



Nondumiso Medupe  
Chairperson



Billy Mawasha



Chanda Nxumalo



Nosipho Molope

### Role and purpose

The committee is an independent, statutory committee whose members are appointed annually by Exxaro's shareholders in compliance with section 94 of the Companies Act and the principles of good governance. In terms of the Companies Act, this committee has an independent role with accountability to the board and shareholders of the company. The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability for the functions performed by other committees of the board. In addition to the Companies Act, the committee's duties are guided by the JSE Listings Requirements and King IV.

The committee is governed by its terms of reference that codify its role and responsibilities. To assist the board, the committee plays an essential role in providing independent oversight of the:

- Quality and integrity of the financial statements and related public announcements
- Integrity of the integrated reporting process and content of the reporting suite
- Qualification and independence of the external auditor
- Scope and effectiveness of the external audit function
- Scope and effectiveness of the overall combined/integrated assurance process
- Efficacy of internal controls and the internal audit function
- Assessment of the adequacy of Exxaro's insurance arrangements regarding the nature of our business and insurable risks
- Integrity and efficacy of the risk management process relating specifically to internal controls and financial reporting risks through assurance over system controls and policies in place

### Terms of reference

The committee's terms of reference are reviewed annually. The review took place in the first quarter of 2025 and the revised terms of reference were subsequently approved by the board. The review ensured the terms of reference remain aligned to relevant legislation, regulations and King IV.

#### Future focus

#### Key focus areas 2024/2025

- Monitor the progress and implementation of the strategy concerning the deployment of new post-modern enterprise resource planning solutions to ensure acceptable cost, risk and alignment with the Exxaro strategy
- Evaluate whether the company has incorporated digitalisation and utilisation of advanced technologies, eg AI
- Review Exxaro's future strategy regarding insurance cover and self-insurance, considering global resistance to thermal coal and insurance markets
- Monitor the impact of cybersecurity risks in the finance and internal control environment
- Monitor talent challenges in the finance and internal audit functions as a result of the global war for talent

### Confirmation

The committee is satisfied that it has discharged its responsibilities and fulfilled its mandate in accordance with its terms of reference, the Companies Act, the JSE Listings Requirements (paragraph 3.84(g) in particular) and King IV.

## Investment committee

**Chairperson:** Billy Mawasha from 1 April 2025

**Meetings:** Seven

**Members:** Isaac Malevu, Mandlesilo Msimang, Chanda Nxumalo and Peet Snyders

**Attendance:** 91%

**Changes:** None in 2024. However, as the committee chairperson was appointed CEO from 1 April 2025, he stepped down as chairperson and member of the committee. The board appointed Billy Mawasha as the new committee chairperson effective 1 April 2025.

 Investment committee report ([ESG report](#), page 142)

### Composition as at 1 April 2025



Billy Mawasha  
Chairperson



Isaac Malevu



Mandlesilo Msimang



Chanda Nxumalo



Peet Snyders

### Role and purpose

This committee plays a key role in the execution of the Exxaro Sustainable Growth and Impact strategy. The committee has an independent role where it:

- Reports to the board on material acquisition, merger, investment or disposal opportunities
- Exercises ongoing oversight of transactions and related matters in the scope of the approved energy and minerals Sustainable Growth and Impact strategy, including portfolio management of these businesses and post-investment reviews

Importantly, the committee reviews the strategic fit, risk profiles and outcomes of financial, technical and legal due diligence for major investments. The committee ensures adherence to all Exxaro's governance processes and oversees that potential investments meet the approved hurdle rates, set from time to time, before Exxaro commits any funds. The committee considered various energy and minerals opportunities throughout 2024. These opportunities were considered using robust investment criteria that protect our stakeholders' interests in Exxaro and in that regard did not conclude any transaction that Exxaro believed met its requirements. The board is committed to protecting Exxaro's value and will not approve the pursuit of projects outside the approved investment criteria.

An investment opportunity therefore first serves at the committee where a detailed review is conducted in line with the investment criteria approved by the board. After the review, the investment opportunity may be recommended by the committee to the board for final approval.

### Terms of reference

The committee's terms of reference are reviewed annually. The next review will be in the second quarter of 2025 and will be submitted to the board for approval. The review will ensure the terms of reference remain aligned to relevant legislation, regulations and King IV.

### Conflict of interest

The committee's mandate requires that disclosures of interest are made at the time of circulating information to the committee members and before the commencement of any meeting. Any declaration and/or recusal by members is captured in the meeting minutes to ensure transparency.

#### Future focus



#### Key focus areas 2024/2025

- Monitor divestments and acquisitions
- Review and recommend minerals investment guidelines for approval
- Monitor portfolio management of investments and post-investment reviews
- Guide and recommend participation in proposed acquisitions that fit our long-term minerals and energy strategy

### Confirmation

The committee, in carrying out its duties, has due regard of its terms of reference and the principles and recommended practices of King IV. The committee is satisfied that it has conducted its affairs and discharged its responsibilities in accordance with its terms of reference.

## Logistics committee

**Chairperson:** Zwelibanzi Mntambo

**Meetings:** Three

**Members:** Dr Phumla Mnganga, Mvuleni Geoffrey Qhena and Peet Snyders

**Attendance:** 87%

**Changes:** None in 2024. As Ben Magara has been appointed CEO from 1 April 2025, he is no longer categorised as an independent non-executive director and stepped down as member from 1 April 2025.



Logistics committee report ([ESG report](#), page 144)

### Composition as at 1 April 2025



Zwelibanzi Mntambo  
Chairperson



Dr Phumla Mnganga



Mvuleni Geoffrey Qhena



Peet Snyders

### Role and purpose

Early in 2023, the board established an ad hoc board committee to address the threat of rail capacity unavailability to Exxaro's strategy. The logistics committee was subsequently confirmed as a permanent committee of the board.

The role of the logistics committee is to monitor and report on the development of long-term solutions for logistic access to international markets, identification of medium-term solutions and alternatives.

The committee operates independently and makes recommendations to the board, monitors on behalf of the board and reports to the board on mainly:

- Developing long-term solutions for logistics to access international markets for coal and minerals
- Identifying medium-term logistics solutions and alternatives to mitigate TFR issues to increase volumes

### Terms of reference

The committee's terms of reference are reviewed annually. The review took place in the first quarter of 2025 and the revised terms of reference were subsequently approved by the board. The review ensured the terms of reference remain aligned to relevant legislation, regulations, and King IV.



#### Key focus areas 2024/2025

Oversee the development and review of long-term logistics solutions to access international markets

Monitor the identification and review of medium-term logistics solutions to mitigate TFR risk and increase exports

### Confirmation

The committee, in carrying out its duties, has due regard to its terms of reference and the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities.

## Nomination committee

**Chairperson:** Mvuleni Geoffrey Qhena

**Meetings:** Three

**Members:** Geraldine Fraser-Moleketi, Dr Phumla Mnganga and Zwelibanzi Mntambo

**Attendance:** 100%

**Changes:** None

 Nomination committee report ([ESG report](#), page 146)

### Composition as at 31 December 2024



Mvuleni Geoffrey Qhena  
Chairperson



Geraldine Fraser-Moleketi



Dr Phumla Mnganga



Zwelibanzi Mntambo

### Role and purpose

In line with the JSE Listings Requirements, the committee is constituted as a committee of the board in terms of the Companies Act, the company's MoI and King IV. The committee is governed by its board-approved terms of reference which set out its role and responsibilities.

The main purpose of the committee includes to determine and evaluate the adequacy, efficiency and appropriateness of the group governance structure, practices and processes.

The committee's areas of responsibility include:

- Reviewing the board composition and additional criteria
- Succession planning for board and senior management
- Board performance evaluation
- Board induction and training
- Oversight of group corporate governance and statutory compliance

In January 2024, the Institute of Directors South Africa published the results of a survey of issues that South African boards need to consider. Topics relevant to the nomination committee are board performance, board composition and redefining the role of the board and management. This governance trends report informed the 2024 focus areas for the committee and the topics for board governance sessions.

### Terms of reference

The committee's terms of reference were reviewed in 2024 to enhance its broader role as a governance committee. The amendments were subsequently approved by the board. The terms of reference remain aligned with legislation, regulations and King IV.

#### Future focus



#### Key focus areas 2024/2025

Monitor the framework for a future optimal board structure and size to support Exxaro's strategy

Oversee director induction and ongoing director development

Monitor board and executive leadership succession planning

Consider 2024 board internal assessment outcomes and recommend matters for continuous improvement

Report on annual board governance roadshow outcomes and oversee matters for implementation

### Confirmation

The nomination committee, in carrying out its respective duties, duly regarded the principles and recommended practices of King IV. The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference.

## Remuneration committee

**Chairperson:** Dr Phumla Mnganga

**Meetings:** Six

**Members:** Geraldine Fraser-Moleketi, Zwelibanzi Mntambo and Mvuleni Geoffrey Qhena

**Attendance:** 92%

**Change:** None



Remuneration committee report ([ESG report](#), page 149)

### Composition as at 31 December 2024



**Dr Phumla Mnganga**  
Chairperson



**Mvuleni Geoffrey Qhena**



**Geraldine Fraser-Moleketi**



**Zwelibanzi Mntambo**

### Role and purpose

This committee's role and responsibility is to ensure the group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. It also ensures the continuous development, review and implementation of remuneration governance-related documents, including compliance with JSE Listings Requirements and reporting obligations.

The committee is accountable to the board for executing its independent and objective oversight. The committee does not assume the functions of management, which remain the responsibility of executives, prescribed officers and other members of senior management, nor accountability for the functions performed by other board committees.

Where board committee focus areas overlap with this committee's focus areas, committees collaborate to execute the board's broader effectiveness objective. For example, in support of the DEI strategy execution, as it applies to fair pay or application of mechanisms to achieve and exceed employment equity.

### Terms of reference

The committee's terms of reference are reviewed annually. The review took place in the first quarter of 2025 and the revised terms of reference were subsequently approved by the board. The review ensured the terms of reference remain aligned to relevant legislation, regulations and King IV.

#### Future focus



#### Key focus areas 2024/2025

Continue our wage gap journey as part of our DEI strategy by tracking our pay ratios and implementing appropriate interventions to close the wage gap, as required

Implement the incentive scheme changes arising from the reviews undertaken, in line with the associated roadmap and taking account of stakeholder feedback

Implement the minimum shareholding requirement (MSR) to ensure the interests of executives are more aligned with those of shareholders

Update the wage gap roadmap to reflect our ongoing commitment to narrowing the wage gap and continuous monitoring and corrective actions of horizontal wage gaps as part of ESG

Approve the revised recognition policy and programme

Ongoing consideration and deliberation of shareholder feedback

Review benefits and allowances and implement proposed changes arising from the reviews undertaken

### Confirmation

The committee acknowledges that remuneration continues to be managed within the context of Exxaro's remuneration principles, policy and other guidelines, which enable sound governance and fair and responsible pay. The committee is satisfied that everything that they had committed themselves to for 2024 has either been successfully completed or is on track.

## Risk and business resilience committee

**Chairperson:** Peet Snyders

**Meetings:** Four

**Members:** Karin Ireton, Ben Magara, Nondumiso Medupe, Mandlesilo Msimang and Chanda Nxumalo

**Attendance:** 96%

**Changes:** None in 2024. As Ben Magara has been appointed CEO from 1 April 2025, he is no longer categorised as an independent non-executive director and stepped down as member from 1 April 2025.

 RBR committee report ([ESG report](#), page 152)

### Composition as at 31 December 2024



Peet Snyders  
Chairperson



Karin Ireton



Ben Magara



Nondumiso Medupe



Mandlesilo Msimang



Chanda Nxumalo

### Role and purpose

The committee is a board committee in terms of section 72 of the Companies Act, the company's MoI and King IV. The committee's role is as follows:

#### Risk management

The committee's primary role is to implement an effective policy and plan for risk management that will enhance the group's ability to achieve its strategic objectives and to ensure that risk disclosure is comprehensive, timely and relevant. Risk management is effected by the board, management and other personnel. It is applied in strategy setting and across the group and is designed to identify potential events that may affect the organisation, manage risks to within its risk appetite, and provide reasonable assurance regarding the achievement of the organisation's objectives. Risk governance involves the structures and mechanisms within the organisation that guide the decision making and implementation processes related to managing risks.

The committee is responsible for reviewing the ERM process, including key risks facing Exxaro and the responses to address these risks.

It maintains a particular focus on:

- Strategic risks
- Financial risks (technical debate on managing financial risk will take place at audit committee meetings but financial risks are part of the overall enterprise risk register over which this committee has oversight)
- Operational risks
- Regulatory compliance risks

#### Business resilience

Business resilience is the ability of an organisation to adapt in a changing environment to enable it to deliver its objectives, survive and prosper. Risk, incident, crisis and business continuity management are among the four key elements of business resilience. The role of the committee is to oversee the appropriateness of Exxaro's crisis response plans and frameworks.

## Risk and business resilience committee continued

### Terms of reference

The committee's terms of reference are reviewed annually. The review took place in the first quarter of 2025 and the revised terms of reference were subsequently approved by the board. The review ensured the terms of reference remain aligned to relevant legislation, regulations and King IV.

#### Future focus



#### Key focus areas 2024/2025

Monitor the class action served on Exxaro in November 2023 and its impacts on the group as a responsible corporate citizen, as well as ensuring occupational disease preventive measures are well implemented

Oversee the implementation of the water management plan at all Exxaro mines, including closed mines, and review any mitigating plans such as the groundwater analysis model to address the impact of climate change on operations and water sources

Ensure effective plans are in place based on the impact of business disruption (plans are up to date and no significant incidents occurred that led to business disruption)

Ensure a strategic review of Exxaro's mineral asset portfolio

Review Exxaro's risk appetite

Review Exxaro's key compliance risks related to licence to operate

Recommend appropriate predictive and proactive reporting and engagement with stakeholders (including the integrated report) based on key risks

Oversee the implementation of the revised governance of technology and information to ensure incorporation of technology and information risks to enable strategy delivery and ensure business resilience

### Confirmation

The committee is satisfied that it has discharged its responsibilities and fulfilled its mandate in accordance with its terms of reference, the Companies Act and King IV.

# Social, ethics and responsibility committee

**Chairperson:** Geraldine Fraser-Moleketi

**Meetings:** Four

**Members:** Karin Ireton, Dr Phumla Mnganga, Nosipho Molope and Peet Snyders

**Attendance:** 100%

**Changes:** Nosipho Molope was appointed as member from 3 January 2024. Likhapha Mbatha retired by rotation at the 2024 AGM. Dr Nombasa Tsengwa resigned on 5 February 2025. Prior to 1 February 2025, the CEO and FD were members of the committee.

 SERC report ([ESG report](#), page 156)

## Composition as at 6 February 2025



Geraldine Fraser-Moleketi  
Chairperson



Karin Ireton



Dr Phumla Mnganga



Peet Snyders



Nosipho Molope

## Role and purpose

The committee mandate derives from the company's commitment to proactively manage its economic, environmental and social impacts, and the public interest, in addition to those laid down in section 72(4) of the Companies Act, read with Regulation 43, the Mol and King IV.

The company recognises that it forms part of an interrelated community and, as such, may have positive and negative impacts on public interest and the global goal of sustainable development. The board has primarily entrusted the committee to oversee the company's impact on public interest and its ethical performance. It ensures compliance with Exxaro's statutory duties and oversees that the core purpose and values, strategy and conduct are aligned with the group's responsible corporate citizenship.

The committee oversees the company's ethics regarding business practices, its relationships with employees, other stakeholders and the natural environment. It also assists the board by monitoring the group's achievement of its shared sustainability goals and has oversight of stakeholder management and ethics management. As part of its responsibility mandate, the committee has oversight of how the company impacts planet, people and prosperity.

## Terms of reference

The committee's terms of reference are reviewed annually. The review took place in the first quarter of 2025 and the revised terms of reference were subsequently approved by the board. The review ensured the terms of reference remain aligned to relevant legislation, regulations and King IV.

### Future focus



#### Key focus areas 2024/2025

- Monitor the coal mine dust class action litigation launched against Exxaro in November 2023 to ensure our conduct aligns with being a responsible corporate citizen
- Monitor the implementation of mitigation measures as reflected in Exxaro's decarbonisation roadmap to support Exxaro's strategy to be carbon neutral by 2050 and build resilience to the impacts of climate change
- Monitor and review ongoing anti-bribery and anti-corruption programme implementation, ensuring an ethical culture and respect for human rights, including the whistleblowing mechanisms for effectiveness
- Oversee the implementation of the DEI strategy, including the ESD programme, in support of the overall Exxaro strategy as a key business value driver
- Oversee sustainability-related disclosures in line with ISSB Sustainability Disclosure Standards
- Oversee implementation of employment equity plans
- Oversee the refresh of Exxaro's culture transformation journey and continue embedding the action plans from the 2023 culture and engagement survey

## Confirmation

The SERC is pleased to confirm that, in carrying out its duties, as prescribed, it has duly regarded King IV principles and recommended practices, and has discharged its responsibilities in accordance with its terms of reference and the Companies Act. Beyond compliance, the committee is also satisfied that it has fulfilled its non-statutory mandate and that there are no material instances of non-compliance to disclose. If any material non-compliance existed, it was duly considered during the year in review.

# Combined assurance for effective governance

The board, supported by the audit committee, is ultimately responsible for Exxaro's system of internal controls, which has been designed to evaluate, manage and provide reasonable assurance against material misstatement and loss.

We apply a combined assurance model to optimise assurance by management, as well as internal and external providers, while fostering a strong ethical climate and mechanisms to ensure compliance. Using our board-approved ERM approach, management identifies key risks facing Exxaro and implements the necessary internal controls with comparable information for trend analysis where possible.

The board and audit committee assessed the effectiveness of controls for the year ended 31 December 2024 as satisfactory, principally through a process of management self-assessment (including formal confirmation by executive management), reports from internal audit, independent external audit and other assurance providers.

## Approach, governance and reporting

Exxaro defines assurance broadly to cover all sources, including external assurance, internal audit, management oversight and regulatory inspections. Our combined assurance model includes and optimises all assurance services and functions to collectively provide an effective control environment and support the integrity of information used for internal decision making by management, the board and its committees, and in our external reports including:

- Corporate governance disclosures in terms of King IV
- Financial statements and other external reports, including our integrated report and ESG report

The combined assurance model has been entrenched within Exxaro through the effective functioning of the combined assurance forum. The forum's activities and outcomes of assurance reports are presented quarterly to the audit committee.

## Assurance review

For the year under review, the sources, level and focus area of assurance, commissioned and performed, are summarised below:

Focus area	Function assured			
	Assurance provider	Level of assurance*	Corporate	BU
External/statutory audit	KPMG	4	Yes	Yes
Sustainable development/KPIs	KPMG	4	Yes	Yes
Environmental liability provisioning	KPMG	4	Yes	Yes
Mining rights and environmental legal compliance	Legal	2		Yes
B-BBEE dtic code compliance	Empowerdex	4	Yes	Yes
Mining Charter III compliance	Internal audit	3	Yes	Yes
Insurance risk surveys	IMIU	4		Yes
Major and mega capital projects	Internal audit	3	Yes	Yes
Mineral Resources and Mineral Reserves statement	Internal audit	3	Yes	Yes
Governance, risk and internal controls	Internal audit	3	Yes	Yes
Employee benefits	Internal audit	3	Yes	Yes
SLP projects	Internal audit	3		Yes
ISO and OHSAS certifications	Various	4		Yes

\* Level of assurance refers to independent external assurance.

## Outcome of assurance

As at 31 December 2024, there were 375 open findings, reflecting a decrease of 75 open findings in the year. Of the 375 open findings, 142 (38%) are classified as "ready for audit" (a three-month waiting period is applied before performing follow-up procedures for the control to be fully embedded). The split by status of findings is depicted below:

Status of findings	Current period reporting	
	Internal audit	Total
Follow-up in progress		112
Ready for audit		142
Within timelines		110
Overdue		11
<b>Total</b>		<b>375</b>

Overdue findings have been classified by ratings assigned in the final audit report and split into sources below.

Source	Level 1 (high)	Level 2 (medium)	Level 3 (low)	Not rated	Total
Internal audit	0	10	1	0	11
Other assurance providers	0	0	0	0	0

## 5 Creating value

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

- 96 [Financial capital](#)
- 108 [Manufactured capital](#)
- 110 [Intellectual capital](#)
- 113 [Human capital](#)
- 118 [Social and relationship capital](#)
- 120 [Natural capital](#)



# Financial capital

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

## Understanding financial capital at Exxaro

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

## How we deliver value through our financial capital

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

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



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

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

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

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

### DETAILED DISCLOSURE

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

## FD's overview

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

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



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

Riaan Koppeschaar – FD

Revenue of  
**R40.7 billion,**  
up 5%

EBITDA\* of  
**R10.4 billion,**  
down 22%

Adjusted<sup>#</sup> equity-accounted  
income of  
**R3.7 billion,**  
down 47%

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

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

Final cash dividend  
declared of  
**R8.66 per share**

\* EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges or impairment reversals and net losses or gains on disposal of assets and investments (including translation differences recycled to profit or loss).

<sup>#</sup> Adjusted for headline earnings adjustments.

## Financial capital continued

### Global economy and commodity prices

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

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

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

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

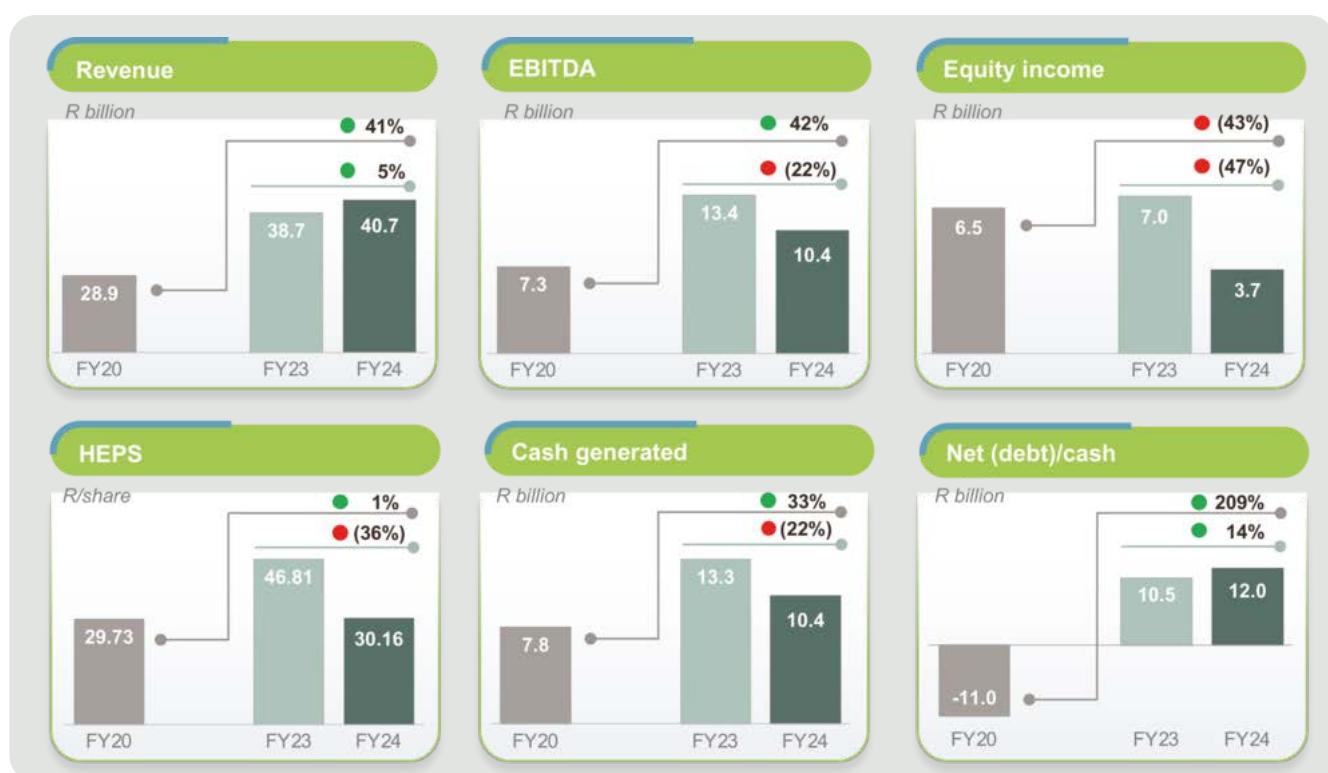
The resurgence in Indian demand was primarily maintained due to its strong economic growth, despite a brief decline between July 2024 and September 2024 due to high stockpiles of South African coal, the monsoon season, low domestic coal prices and low steel prices. European demand faced headwinds from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

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

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

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

### Group performance highlights



### Group revenue

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

### Group EBITDA

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

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



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

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

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

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

Beyond inflation, other cost factors also influenced EBITDA:

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

## Adjusted equity-accounted income

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

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

## Financial capital continued

### Group headline earnings

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

The weighted average number of shares remained unchanged at 242 million, translating into HEPS of 3 016 cents per share (2023: 4 681 cents per share).

### Capital management and shareholder returns

In terms of our capital allocation framework, free cash flow generated will be prioritised per the diagram below:



The diagram represents the order of our capital allocation framework. In applying it, we aim for a gearing ratio of below 1.5 times net debt (excluding ring-fenced project financing) to EBITDA. The framework aligns with our commitment to sustainably returning cash to shareholders through the cycle while retaining a strong financial position.

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

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

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

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

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

## Capital funding structure

### Exxaro (excluding energy)

	Facilities available		
	Drawn Rm	Undrawn/ committed Rm	Uncommitted Rm
Term loan and revolving facility	2 950	3 250	2 000 <sup>1</sup>
Domestic medium-term note programme			5 000 <sup>2</sup>
<b>Interest-bearing borrowings</b>	<b>2 950</b>		
Interest capitalised	52		
Lease liabilities	348		
Capitalised transaction costs	(5)		
<b>Total interest-bearing debt</b>	<b>3 345</b>		
Current	586		
Non-current	2 759		
Net cash and cash equivalents	(19 654)		
<b>Net cash</b>	<b>(16 309)</b>		

Maturity profile of debt	
	Rm
<b>Repayment period</b>	<b>3 345</b>
Less than 6 months	319
6 to 12 months	267
1 to 2 years	2 585
2 to 3 years	83
3 to 4 years	73
4 to 5 years	18

<sup>1</sup> Uncommitted Accordion facility.

<sup>2</sup> Uncommitted but available on market take up.

## Energy

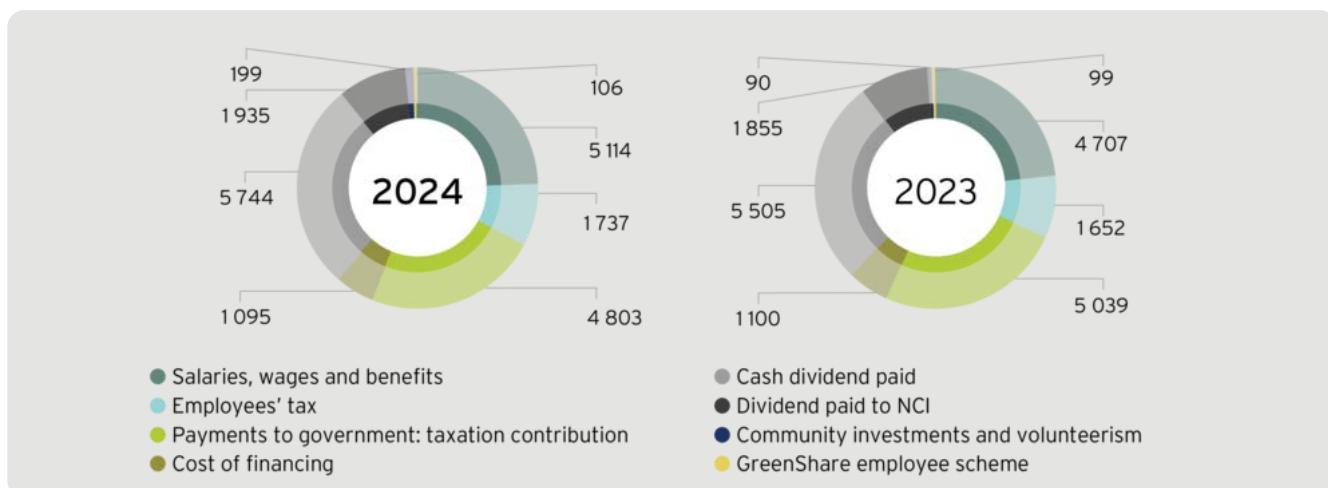
	Facilities available	
	Drawn Rm	Undrawn/ committed Rm
Project financing	5 233	587
<b>Interest-bearing borrowings</b>	<b>5 233</b>	
Interest capitalised	2	
Lease liabilities	82	
Capitalised transaction costs	(12)	
<b>Total interest-bearing debt</b>	<b>5 305</b>	
Current	386	
Non-current	4 919	
Net cash and cash equivalents	(976)	
<b>Net debt</b>	<b>4 329</b>	

Maturity profile of debt	
	Rm
<b>Repayment period</b>	<b>5 305</b>
Less than 6 months	197
6 to 12 months	189
1 to 2 years	458
2 to 3 years	568
3 to 4 years	693
4 to 5 years	818
More than 5 years	2 382

## Financial capital continued

### Economic value distribution



We distribute the value we generate to our stakeholders as follows:

- Employees receive salaries or wages, share-based payments as well as bonuses (where certain performance conditions are met)
- Employees' tax that is deducted from the employees' remuneration and paid to the South African Revenue Service
- The governments of the countries where Exxaro has operations and investments receive various taxes and royalty payments
- Cost of financing are payments to providers of finance, who receive a return through interest and other loan costs
- Shareholders receive a return on their investment through dividends and capital growth in the share price
- Communities surrounding the operations of Exxaro benefit through CSI initiatives
- In terms of Exxaro's GreenShare employee scheme, employees received a further distribution of profits through dividends

All stakeholders benefit from continuous reinvestment into the group to ensure sustainability and expansion.



## Statement of financial position

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

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

## Financial capital continued

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



## Key financial performance indicators

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

\* Performance indicators exclude energy segment.

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

# Exxaro is in a net finance income position.

## Exxaro is in a net cash position.

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

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



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

## Coal sensitivity analysis

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

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

## Key financial risk factors affecting our performance

The group's strategic treasury function predominantly provides financial risk management services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

In managing its capital, the group focuses on a prudent gearing position, return on shareholders' equity (or return on capital employed) and the level of dividends to shareholders. The group's policy is to cover its annual net funding requirements through long-term loan facilities with maturities spread over time. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

### Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

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

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

### Price risk management

The group's exposure to equity price risk arises from investments held by and classified as at fair value through other comprehensive income or at fair value through profit or loss. The group's exposure to price risk in relation to quoted prices of the environmental rehabilitation funds, portfolio investments and deposit facilities is not considered a significant risk as the funds are invested with reputable financial institutions in accordance with a strict mandate to ensure capital preservation and growth. The funds are held for strategic purposes rather than trading purposes.

### Foreign currency risk management

Certain transactions are denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The currency in which transactions are entered into is mainly denominated in US dollar, euro, and Australian dollar. Exchange rate exposures are managed within approved policy parameters utilising FECs, currency options and currency swap agreements.

The group maintains a fully covered exchange rate position in respect of foreign balances (if any) and imported capital equipment resulting in these exposures being fully converted to rand. Trade-related import exposures are managed through the use of economic hedges arising from export revenue as well as through FECs. Trade-related export exposures are hedged using FECs and currency options with specific focus on short-term receivables. Any open exposure to foreign currency risk on these balances is insignificant as the turnaround time is generally less than 30 days. Foreign denominated capital purchases funded by ZAR denominated project financing arrangements are hedged using FECs.

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

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



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

## Financial capital continued

### Interest rate risk management

The group is exposed to interest rate risk as it borrows and deposits funds at floating interest rates on the money market and extended bank borrowings. The group's main interest rate risk arises from long-term borrowings with floating rates, which expose the group to cash flow interest rate risk. The risk is managed by undertaking controlled management of the interest structures of the investments and borrowings, maintaining an appropriate mix between fixed and floating interest rate facilities in line with the interest rate expectations. The group also uses interest rate swaps and interest rate forwards to manage the interest rate risk exposure.

When the contractual terms of the borrowings and covenants thereof require the use of hedging instruments to mitigate the risk of fluctuations of the underlying interest rate risk cash flow exposure and the impact on profit or loss of specific projects being financed, the group looks to apply hedge accounting where an effective hedge relationship is expected and to the extent that such exposure poses a real risk to the achievement of the loan covenants.

The financial institutions chosen are subject to compliance with the relevant regulatory bodies.

### Loan facility and bonds

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

### Project financing (energy)

The group is exposed to the risk of variability in future interest payments on the project financing, attributable to fluctuations in the three-month Johannesburg Interbank Average Rate (JIBAR) during the operations phase and the one-month JIBAR during the construction phase. The designated hedged item is the group of expected floating interest rate cash flows arising from the project financing, up to the notional amount of each interest rate swap, over the term of the hedging relationship. The notional amounts per interest rate swap match up to the designated exposure being hedged.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged project financing.

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

### Liquidity risk management

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

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

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

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

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

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

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timely matching of orders placed with goods received notes or services acceptances and invoices.

## Credit risk management

Credit risk relates to potential default by counterparties on cash and cash equivalents, loans, investments, trade receivables and other receivables.

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

Trade receivables consist of a number of customers with whom Exxaro has long standing relationships. A high portion of term supply arrangements exists with such customers resulting in limited credit exposure which exposure is limited by performing customer creditworthiness or country risk assessment.

The group strives to enter into sales contracts with customers which stipulate the required payment terms. It is expected of each customer that these payment terms are adhered to. Where trade receivable balances become past due, the normal recovery procedures are followed to recover the debt, where applicable new payment terms may be arranged to ensure that the debt is fully recovered.

Exxaro has concentration risk as a result of its exposure to one major customer. This is, however, not considered significant as the customer adheres to the stipulated payment terms.

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



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

## Outlook first half 2025

### Economic context

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

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

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

### Commodity markets and price

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

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

### Operational performance

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

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

Riaan Koppeschaar  
FD

15 April 2025



# Manufactured capital

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

## Understanding manufactured capital at Exxaro

Exxaro's manufactured capital includes the physical mining, energy and property assets that enable us to deliver our products. The quality of our assets and how effectively we use them impact our overall value creation and operational performance. Our assets comprise five mines (including one JV), two coal projects, one ferro-silicon manufacturing facility, two windfarms in operation and one solar project under construction.

## How we deliver value through our manufactured capital

We invest in our assets to maintain their enduring value, upkeep and performance, while optimising their use to deliver our products at optimal qualities. Optimising our portfolio and effectively using our invested capital enables us to achieve excellent operational performance, which in turn enables value creation and preservation across the other five capitals.

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

## Performance snapshot

**Coal** Effectively and efficiently delivered coal to our customers at optimal value for both parties through process improvements and delivering stakeholder value

**Energy** Achieved an 80% operational EBITDA margin and met generation targets with 725GWh produced, supported by high equipment availability and good wind conditions

**Ferrous** Received dividends amounting to R3.7 billion from our investment in SIOC. The 45% decrease in adjusted equity-accounted income from SIOC to R3.4 billion (2023: R6.2 billion) was driven by lower iron ore prices and sales volumes

**Energy transition minerals** We made progress in executing our energy transition minerals diversification strategy, with several transactions at a matured stage, demonstrating our commitment to a sustainable future



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

## Strategies to achieve optimal performance

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

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

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

## Our performance

### Coal

Total product (Mt)



Total sales (Mt)



Export sales (Mt)



Cash cost per total tonnes handled (R/t)



Cash cost per production tonne (R/t)



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

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

Increased cost impacts are as follows:

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

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

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

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

### Energy solutions business



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

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

### Ferrous

#### SIOC

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



# Intellectual capital

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

## Understanding intellectual capital at Exxaro

Exxaro's intellectual capital is the unique combination of knowledge, experience, innovation and systems that differentiate us. We leverage these elements to respond to market challenges and position our business for the future.

## How we deliver value through our intellectual capital

Our operations must be able to overcome frequent challenges and adapt to changes in global and local markets. We use our intellectual capital and differentiation to ensure we remain sustainable, growth-oriented and values-driven into the future. We are focused on driving and leveraging changes to patterns of production, consumption and ways of working to positively impact our business's value and sustainability. We apply our collective knowledge, skills and resources to ensure we are responsive while safeguarding our people, assets and the business.

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

## Performance snapshot

Capital allocation and energy investments	Sustained business resilience through strategic capital allocation. Advanced renewable energy with the LSP under construction and progress towards 1.6GW net installed capacity by 2030, supporting long-term value creation	Exxaro's business resilience encompasses capital allocation, energy investments, innovation and information management, and reputational resilience ( <a href="#">creating stakeholder value</a> , page 42).
Cybersecurity and operational resilience	Strengthened cybersecurity by enhancing backup strategies to improve incident response and implementing proactive measures to address emerging risks, including AI-driven threats. Evolved cybersecurity awareness and data governance to safeguard operations and maintain stakeholder trust	We are future proofing Exxaro through strategic capital allocation, decarbonisation efforts, and innovation-driven growth to deliver long-term value and portfolio diversification.
Driving innovation and information management	Launched our first generative AI solution and developed a comprehensive AI policy and roadmap to guide our future advancements. To ensure responsible data usage while maximising value from digital innovations, we are implementing robust data leak protection measures. Additionally, we insourced our analytics and data capabilities, safeguarding data as one of our most strategic assets	We will concentrate our capital allocation and project execution on leveraging our existing growth investments, delivering on our early value strategy and market to resource optimisation initiatives, and supporting our business through sustaining capital projects.  We are exploring new markets that align with our investment criteria, targeting energy assets that enable the transition to a low-carbon world.  Our iNNOVAXXION strategy will drive operational optimisation and innovation through AI, automation, and data-driven decision making. Strengthened cybersecurity and data governance will safeguard our digital transformation and enhance resilience as we embrace emerging technologies.

## Our performance

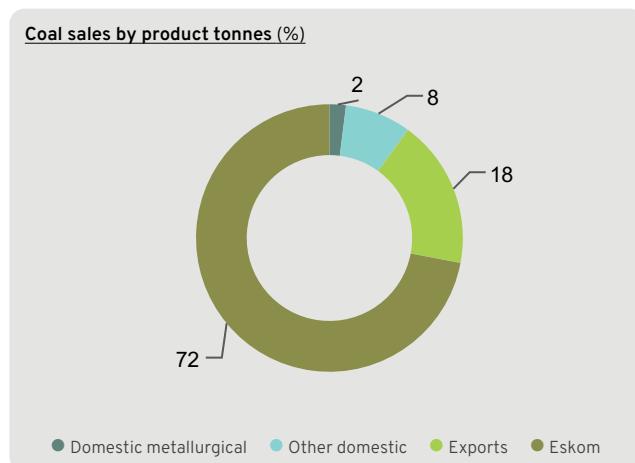
### Capital allocation

Project	Classification (growth/sustaining)	Product	Focus and performance	Capital expenditure
<b>Location: Mpumalanga</b>				
Matla LoM programme	Sustaining	10.066Mtpa of thermal coal	Developing infrastructure to support LoM production	R5.236 billion

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

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



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

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

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

### Supply chain and logistics challenges

The South African logistics environment remains challenging due to rail performance instability. We respond to this by using our intellectual capital to develop new innovative logistics solutions and corridors to ensure we are on a more sustainable strategic path. We successfully exported via alternative ports and continue to investigate solutions that will optimise our value chain from our mines to alternative ports, including our road and rail flows.



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

### Investments in energy

Exxaro is targeting a total of 1.6GW (net) installed capacity by 2030, with the funding requirements being majority project financed. Based on high-level assumptions, this could potentially provide a forecast estimated EBITDA of approximately R4.9 billion. We are aiming to achieve equity returns on a portfolio basis of 15% over time.

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

### Driving innovation

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

### Our innovation approach

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

## Intellectual capital continued

### Technology-driven innovation and sustainability

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

Technology and innovation are critical to achieve operational effectiveness, enable our strategy and achieve our goal to become carbon neutral by 2050. By utilising technology, we ensure our operations go beyond compliance, measuring and enhancing our social and environmental impact. This includes deploying innovative digital solutions to strengthen Exxaro's contribution to the energy transition and align with global sustainability goals.

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

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

### Culture of innovation

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

At Exxaro, we are passionate about creating a positive socio-economic impact in the communities where we operate. This passion motivates us to integrate social innovation into how we address community challenges. We aim not only to be a modern mining company but also a socially innovative and responsible one. Empowering people through innovative initiatives ensures that Exxaro's growth contributes to the overall development and wellbeing of the economies in which we operate.

### Cybersecurity

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

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

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



### Showcasing innovation in action

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

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

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



# Human capital

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

## Understanding human capital at Exxaro

Exxaro's human capital is the knowledge, skills, know-how, safety, health and wellbeing of the people who manage our business and perform operational activities, including our employees and contractors. It is central to our business's success.

## How we deliver value through our human capital

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

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

## Performance snapshot

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



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

## DETAILED DISCLOSURE



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

## Human capital continued

### Our strategic response to growing our human capital

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

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

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

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

### Prioritising safety

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

#### How we performed

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

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



CENNERGI

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

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

#### Recognising our achievements

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

## Improving our performance

### CEO safety summit

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

### Leadership safety day

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

### Enhancing capacity

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



CENNERGI

### Cennergi fire safety collaboration

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

### Future focus



Our primary focus in 2025 will be:

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

## Promoting health and wellness

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

### How we performed

#### Occupational diseases

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

#### Non-occupational diseases

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

### Improving our performance

#### Taking services to people

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

#### Medication pick-up point

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

#### Wellness day

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



CENNERGI

#### Cennergi health screenings

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

## Human capital continued

### Future focus



Our primary focus in 2025 will be:

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

## Maintaining sound employee relations

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

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

### How we performed

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



CENNERGI

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

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

## Building a diverse and inclusive workplace

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

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

### Future focus



Our primary focus in 2025 will be:

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

## Investing in talent

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

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



CENNERGI

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

### How we performed

**R402 million** or

**6.75%** of our payroll spent  
on training and development

(2023: R358 million or 6.22%)

Community development, such as  
portable skills training

**R9.4 million**

(2023: R7.6 million)

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

**R28 million**

(2023: R22 million)

Job-related skills development  
(functional and technical training)

**R200 million**

(2023: R193.5 million)

Bursaries, training professionals,  
internships, learnerships and skills  
programmes

**R173 million**

(2023: R126.6 million)

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

**R11 million**

(2023: R10.5 million)

### Future focus



Our primary focus in 2025 will be:

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



# Social and relationship capital

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

## Understanding social and relationship capital at Exxaro

Our social and relationship capital refers to mutually beneficial relationships that provide our social licence to operate. To ensure we have a holistic, positive and lasting impact on our people, communities and society at large, we conduct our business activities in a way that promotes development and success for us and our stakeholders.

## How we deliver value through our social and relationship capital

We strive to leave a positive legacy in our communities by implementing large-scale community development initiatives. We deliver value and achieve tangible impact through the Social Impact strategy, which focuses on land use management, education and SMME development. The strategy aims to mitigate systemic social challenges in our communities through a long-term perspective.

Through the lens of the SDGs, this will have a lasting positive impact on communities and reduce poverty by combining multidimensional approaches that address education, economic wellbeing and access to land for economic activity.

The strategy will also allow us to influence other areas of wellbeing without additional investment.

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

## Performance snapshot

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



Our primary focus in 2025 will be to continue:

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

## DETAILED DISCLOSURE



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

## Our strategic response to building social and relationship capital

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

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

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

## Creating and preserving value through our Social Impact strategy

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

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

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

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

Land use management (MSP)	Education	SMME development
<p>Our land use management strategy empowers black emerging farmers by providing the resources and support needed to sustain and grow their businesses. Through the <b>MSP</b>, we offer:</p> <ul style="list-style-type: none"> <li>• Mechanisation, inputs and access to land and markets</li> <li>• Funding and skills development to enable commercialisation</li> </ul> <p>The strategy also protects and manages current and future operations by utilising agricultural leases, supporting biodiversity and conservation efforts, and repurposing even for employee housing, offices and training centres.</p> <p> Creating post-mining economies (<a href="#">ESG report</a>, page 101)</p>	<p>Our education initiatives improve the quality of education across all levels, focusing on:</p> <ul style="list-style-type: none"> <li>• <b>ECD</b>, which lays a strong foundation for learning by enhancing physical, cognitive and social development for children aged zero to five</li> <li>• <b>Whole school development</b>, which ensures sustained, quality education throughout primary and high school to benefit our communities</li> </ul> <p> Education initiatives (<a href="#">ESG report</a>, pages 93 to 95)</p>	<p>We strengthen black-owned businesses and drive local economic growth through:</p> <ul style="list-style-type: none"> <li>• Financial support, skills development and training to enhance service and product delivery</li> <li>• <b>The ESD programme</b>, which provides funding and development opportunities for black-owned suppliers and entrepreneurs</li> <li>• Increasing the participation of black- and women-owned suppliers from host communities in our supply chain, fostering local economic inclusion and transformation</li> </ul> <p> ESD (<a href="#">ESG report</a>, page 98)</p>



CENNERGI

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



# Natural capital

Responsibly managing and mitigating the negative impacts of our activities on the environment is critical to enabling the success and long-term sustainability of our business, and ensuring we create a sustainable future for our employees, communities and the planet.

## Understanding natural capital at Exxaro

Exxaro's natural capital refers to the resources we rely on to run our business and create the products and services we deliver to our stakeholders. Our natural capital impact encompasses climate change adaptation and resilience, air quality, energy, water security, waste management, biodiversity protection, and environmental liabilities, land management and rehabilitation.

## How we deliver value through natural capital

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

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

## Performance snapshot

Climate change mitigation, adaptation and resilience

Developed our decarbonisation roadmap and a draft climate action transition plan

Environmental stewardship

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

### Looking ahead

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

### DETAILED DISCLOSURE

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

## Our strategic response to natural capital preservation

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

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

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

## Transitioning into a low-carbon business and climate change mitigation

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

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



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

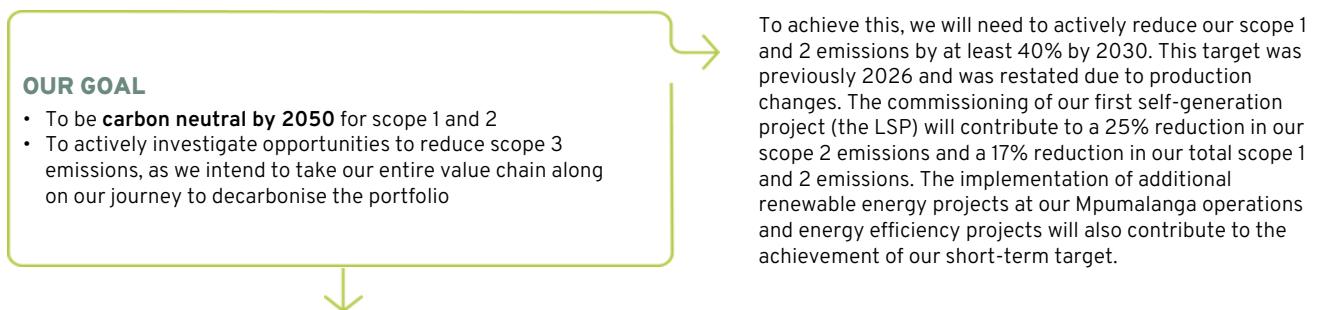
### Driving forces behind our strategic transition

Driving force	Description	Detailed disclosure in our ESG report
<b>Accountability and responsibility through board oversight</b>	Our board and its committees are ultimately accountable and responsible for overseeing Exxaro's response to climate change, ensuring integrated business processes and responses. The board also oversees the executive committee's execution of Exxaro's strategy, including measures that address climate change, among other material ESG matters.	ESG governance structure beyond compliance (page 116)
<b>Integrating climate change into our strategy</b>	Our strategy to diversify through investments in our low-carbon transition minerals and grow our energy solutions business is key to addressing the impacts of climate change and reducing our scope 3 emissions.	Embedding ESG in our business (page 7)
<b>Executing our decarbonisation roadmap</b>	The roadmap and strategy will guide our emission reduction targets for scope 1 and 2 emissions. We will employ technology and integrate renewables to reduce our scope 1 and 2 emissions. Additionally, we form strategic partnerships and investigate innovative technologies to address scope 3 emissions to ensure carbon-neutral goods and services within the value chain.	Prioritising climate change mitigation, adaptation and resilience (page 35)
<b>Measuring, managing and reporting on performance</b>	We report on energy and carbon data in terms of the GHG Protocol and participate in the CDP climate change and water programmes.	
<b>Collaborating</b>	We engage and partner with various stakeholders to raise awareness and collectively drive climate action.	Stakeholder-inclusive approach (page 16)
<b>Addressing risks</b>	Climate-related risks are incorporated into our ERM processes – a strategic initiative fully supported by the board and executive management.	Risks and opportunities (page 28)

## Natural capital continued

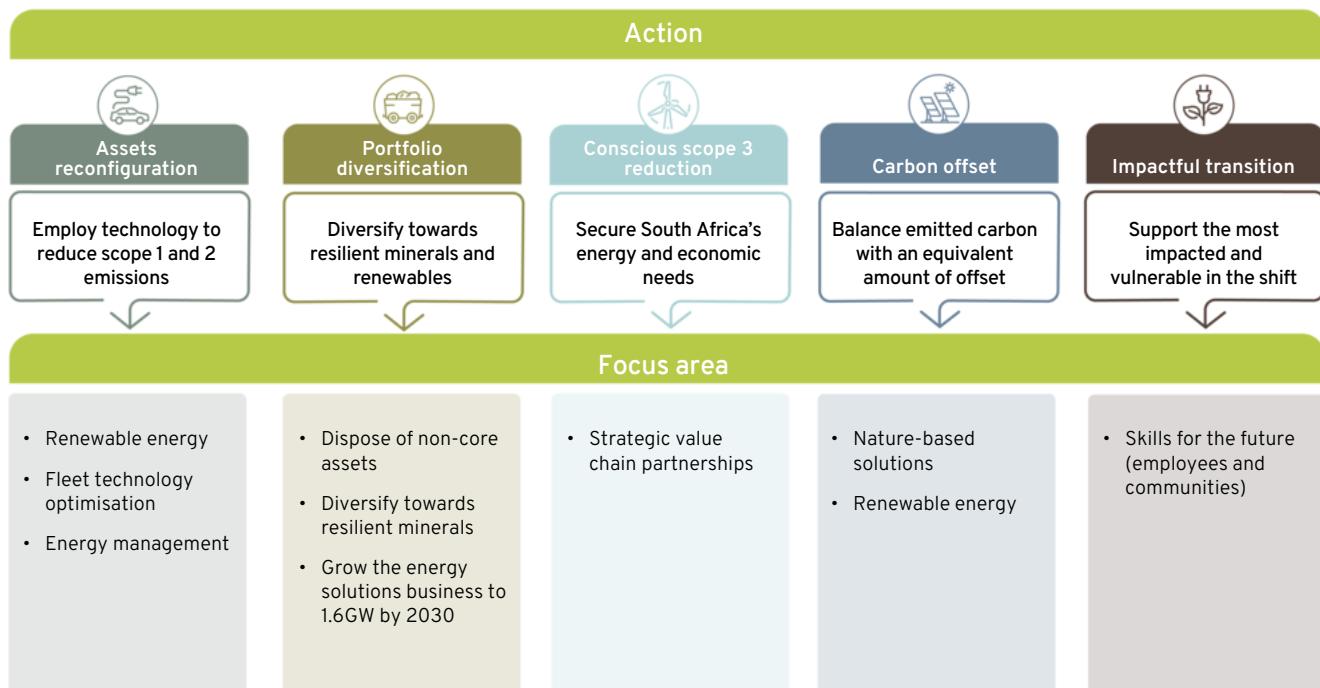
### Our decarbonisation approach

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



### Our decarbonisation strategy

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



### Guiding principles

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

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

## Managing climate-related risks

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

Transition risks	Physical risks
Credit and insurance risk	1
Carbon pricing risk	2
Market risk	3
Reputational risk	4
	Water security risk
	Risk of heatwaves at our operations
	Risk of drought
	Risk of extreme rainfall days



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

## How we performed

Total carbon intensity	Scope 1 emissions*	Scope 2 emissions*	
4.12	1.49	2.63	Resulting in a 6.36% decrease in carbon intensity compared to 2023 due to energy efficiency measures at our operations
(2023: 4.4tCO <sub>2</sub> e/kTTM)	(2023: 1.4tCO <sub>2</sub> e/kTTM)	(2023: 2.96tCO <sub>2</sub> e/kTTM)	
<b>Supporting research and development in climate change</b> <b>R64.5 million</b> invested to date (2023: R63 million)	<b>Carbon tax liability</b> <b>R3.3 million</b> for production-related emissions, ie fugitive methane emissions associated with the coal seams (2023: R2.8 million)	<b>CDP scores</b> <b>B</b> for climate <b>B</b> for water security	

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



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



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

## Environmental stewardship

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

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



## How we performed

### Key highlights

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

Improved disclosure through participation in the **CDP**

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

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

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

Achieved a **carbon intensity** of 4.12tCO<sub>2</sub>e/kTTM against our target of 4.2tCO<sub>2</sub>e/kTTM

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

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

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



CENNERGI

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

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

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

### Key challenges

#### Seven

level 1 incidents recorded  
(2023: three)

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

## Environmental incidents

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

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



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

## Environmental complaints, penalties and fines

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

In 2024, Exxaro received no new environmental complaints.

## Regulatory changes

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



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

## 6 Our Mineral Resources and Mineral Reserves

We are extracting maximum value from our existing coal asset base while seeking opportunities to grow our mineral asset base portfolio, equipping us to flourish in a low-carbon economy.

# Our Coal Resource and Coal Reserve reporting strategy



Exxaro continuously strives to enhance the estimation and reporting of our Resources and Reserves through:

Competence

Assurance

Accurate estimation

Credibility

Accountability

Reconciliation

Governance

## Trustworthy estimates

Our Competent Persons are the custodians of the mineral assets, employing responsible and innovative technical management principles.

## Professional execution

Mineral Resource managers at each operation are the custodians of the LOM and ensure professional execution of the business plans.

## Responsible exploitation

Stimulating profitability and return on investment.

 Our early value coal exploitation plans, supporting our Sustainable Growth and Impact strategy, are implemented at all our operations.

Considerations reflected in reporting



Exxaro's diversification



Global energy transition



World economy



ESG

Our reporting is informed and guided by:



## Our Resource and Reserve reporting strategy continued

### Our Resources and Reserves

Exxaro continuously strives to enhance the level of estimation and reporting of our Mineral Resources and Mineral Reserves. Our estimation and reporting strategy focuses on sustaining our mineral asset base by employing a responsible and innovative technical management team. The value extracted from mineral assets is continuously reviewed with mine planning, considering evolving knowledge of the mineral assets' geological complexities and opportunities.

Our projects, operations and expansion initiatives are built on trusted and assured Resources and Reserves, creating a platform for the LoM from which annual business plans are derived. The Resource managers of each operation are the custodians of the LoM and ensure professional execution of the business plans, stimulating profitability and return on investment while guarding against irresponsible exploitation.

### How we report

Our Resource and Reserve statements, explanations on how we report (governance, assurance, competence and estimation) and comprehensive descriptions of our coal operations are aligned with section 12.13 of the JSE Listings Requirements and captured in our CMRR report, a supplement to this report.

Our Coal Resources and Coal Reserves were estimated on an operational or project basis, and in line with the SAMREC Code for African coal properties and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2012 edition (JORC Code) for the Australian coal property. The Exxaro annual estimation and reporting process is managed through the Exxaro mineral asset management (MAM) as well as LoM policies and associated Coal Resource and Coal Reserve reporting and estimation procedures.

### Operations we report on

Exxaro reports Resource and Reserve estimates directly under management's control and for entities in which we hold a minority interest.

### Competence

Exxaro's Coal Resources and Coal Reserves have been estimated or supervised by the Competent Persons supported by technical specialists and guided by corporate-appointed lead Resource and Reserve Competent Persons.

The Competent Persons are full-time employees at their applicable operations and their names, affiliation and relevant experience are provided in the CMRR report.

### Assurance

Assurance is implemented in terms of a three-tier system. Tier 1 assurance is conducted in parallel with our estimation processes by internal/peer technical specialists to ensure estimates with integrity. Tier 2 assurance consists of internal reviews conducted on operations or projects, when deemed necessary, to ensure compliance. Tier 3 reviews are comprehensive independent Resource and Reserve estimation reviews conducted on a three-year operational cycle or at the discretion of the Competent Persons.

### Notes on our operations and projects

#### Grootegeluk

- The drilling campaign at Grootegeluk was successfully executed, adding significant value to the operation
- A new geological model was developed for smaller defined geological zones to provide enhanced flexibility for evaluating multiple exploitation scenarios in 2025

#### Thabametsi

- The Resource is located immediately adjacent to our Grootegeluk operation, and we are considering scenarios that will unlock maximum value for the integrated Waterberg business

#### Belfast

- Highest annual production was recorded for the operation
- Grade control is a key enabler for mining flexibility between the various pits at the operation

#### Leeuwpan

- A change in the mine planning approach, adjusting the focus from plant capacity to activity-based planning, resulted in a revised production plan, seen in the decrease in annual RoM production

#### Matla

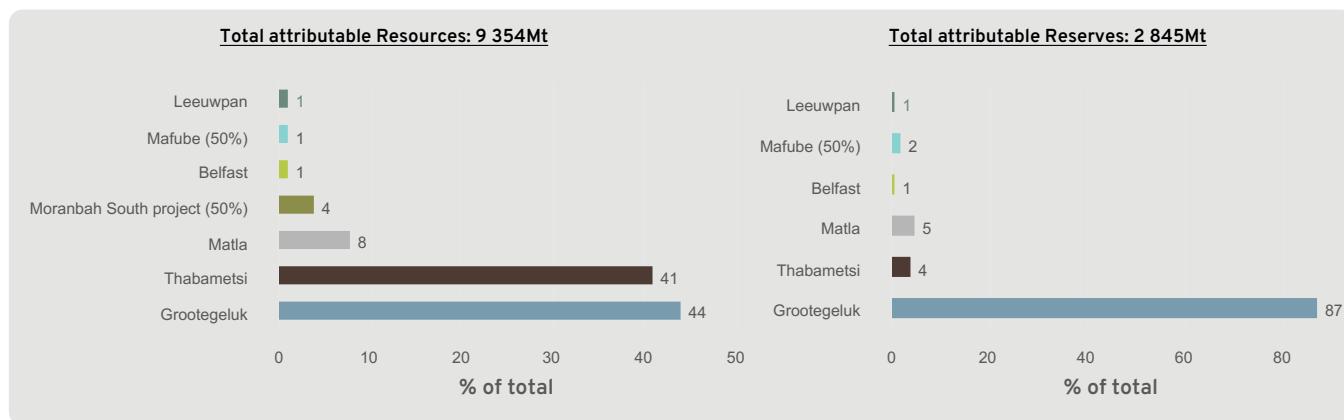
- A change in the Reserve quality cut-off resulted in the removal of lower-quality mining blocks
- Positive outcomes from an independent estimation audit, illustrating the credibility of the processes underpinning our estimates

#### Mafube

- A 50% owned JV mine with our partner Thungela Resources
- New exploration information led to the subsequent model update, resulting in increased confidence levels

#### Moranbah South

- A 50% owned, hard-coking coal JV development with Anglo American Steelmaking Coal in the Bowen Basin, Queensland, Australia
- The conclusion of a successful 3D seismic geophysical survey now ensures that most of the Coal Resource area available for exploitation is covered by high-resolution seismic structural information



Our total attributable Coal Resource decreased by ~1%, primarily due to mining. On-mine drilling increased the level of confidence, resulting in movements between the Coal Resource categories, particularly at our Mafube and Matla mines as well as the Moranbah South project. Our total attributable Coal Reserve decreased by ~3%, primarily due to mining depletion and revised market assumptions. A material decrease in Coal Reserves occurred at some of our operations. The decrease at Leeuwpan mine (11%) and Belfast mine (15%) was mainly due to mining depletion. At Matla mine (17%), the decrease was due to mining depletion and the decision to adjust the Reserve quality cut-off, removing some lower coal-quality mining blocks within the LoM.

#### Notes:

- Resource estimations are based on the latest available geological models, which incorporate new validated geological information and, if applicable, revised seam, Resource definitions and Resource classifications. For the 2024 reporting cycle, reported estimates are derived from actual mining up to the end of September, incorporating the planned estimates for October to December, with the exception of our Mafube mine reporting estimates derived from actual mining up to the end of October, incorporating the planned estimates for November and December.
- Our Coal attributable tonnage is clearly presented in the images above. However, Coal and Mineral Resource and Mineral Reserve estimates in our CMRR statements are quoted in full, clearly indicating Exxaro's shareholding.
- Rounding off of figures quoted may result in minor computational discrepancies although it is not deemed significant.



For further information, refer to the [CMRR report](#).

# 7 Supplementary information

## Glossary

<b>API4</b>	Argus/McCloskey Coal Price Index
<b>BEE Parties</b>	Eyesizwe's external shareholders
<b>Black Mountain</b>	Black Mountain Mining Proprietary Limited
<b>Bloomberg GEI</b>	Bloomberg Gender-Equality Index
<b>BU</b>	Business unit
<b>Cennergi</b>	Cennergi group of companies
<b>CMRR</b>	Consolidated Mineral Resources and Mineral Reserves
<b>COP28</b>	2023 UN Climate Change Conference of the Parties
<b>CSA</b>	Coal supply agreement
<b>CSI</b>	Corporate social investment
<b>DEI</b>	Diversity, equity and inclusion
<b>DMRE</b>	Department of Mineral Resources and Energy
<b>dtic</b>	Department of Trade, Industry and Competition
<b>DWS</b>	Department of Water and Sanitation
<b>EBITDA</b>	Net operating profit before interest, tax, depreciation, amortisation, impairment charges or impairment reversals and net losses or gains on the disposal of assets and investments (including transaction differences recycled to profit or loss)
<b>ECD</b>	Early childhood development
<b>ESD</b>	Enterprise and supplier development
<b>ERM</b>	Enterprise risk management
<b>Exxaro</b>	Exxaro Resources Limited
<b>FTSE</b>	Financial Times Stock Exchange
<b>HEPS</b>	Headline earnings per share
<b>HPI</b>	High-potential incident
<b>IFRS</b>	International Financial Reporting Standards
<b>IRP</b>	Integrated Resource Plan
<b>JSE</b>	Johannesburg Stock Exchange
<b>King IV</b>	King IV Report on Corporate Governance™ for South Africa, 2016
<b>LoM</b>	Life of mine
<b>LSP</b>	Lephala solar project
<b>LTI</b>	Lost-time injury
<b>LTIFR</b>	Lost-time injury frequency rate
<b>Mining Charter III</b>	Broad-based Socio-economic Empowerment Charter for the Mining and Minerals Industry 2018
<b>Mol</b>	Memorandum of incorporation
<b>POPIA</b>	Protection of Personal Information Act, 2013 (Act 4 of 2013)
<b>PV</b>	Photovoltaic
<b>RBCT</b>	Richards Bay Coal Terminal Proprietary Limited
<b>RBR</b>	Risk and business resilience committee
<b>ROCE</b>	Return on capital employed
<b>RoM</b>	Run of mine
<b>SDG</b>	Sustainable Development Goal
<b>SERC</b>	Social, ethics and responsibility committee
<b>SIOC</b>	Sishen Iron Ore Company Proprietary Limited
<b>SLP</b>	Social and labour plan
<b>STI</b>	Short-term incentive
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TFR</b>	Transnet Freight Rail
<b>UNGCG</b>	United Nations Global Compact
<b>VFL</b>	Visible felt leadership

# Administration

## Group company secretary and registered office

### **Michelle Nana**

Exxaro Resources Limited  
The conneXXion  
263B West Avenue  
Die Hoewes, Centurion, 0157  
PO Box 9229, Pretoria 0001  
South Africa  
Telephone: +27 12 307 5000

## Lead equity sponsor and debt sponsor

Absa Bank Limited (acting through its corporate and investment bank division)  
Absa Sandton North  
15 Alice Lane  
Sandton  
2196  
Telephone: +27 11 895 6000

## Joint equity sponsor

Tamela Holdings Proprietary Limited  
First Floor  
Golden Oak House  
Ballyoaks Office Park  
35 Ballyclare Drive  
Bryanston  
2021  
Telephone: +27 11 783 5027/4907

## Company registration number

2000/011076/06  
JSE share code: EXX  
ISIN code: ZAE000084992  
ADR code: EXXAY  
Bond issuer code: EXXI

## Independent external auditor

For the financial year ended 31 December 2024  
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Telephone: +27 11 647 7111

## Commercial banker

Absa Bank Limited

**Corporate legal adviser**  
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221 Garsfontein Road  
Menlyn  
Pretoria  
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Telephone: +27 12 942 5555

## Transfer secretaries

JSE Investor Services Proprietary Limited  
One Exchange Square  
Gwen Lane  
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Sandton  
2196  
PO Box 4844  
Johannesburg  
2000  
Telephone: 086 154 6572 or 011 713 0800

## Disclaimer

Opinions expressed herein are, by nature, subjective to known and unknown risks and uncertainties. Changing information or circumstances may cause the actual results, plans and objectives of Exxaro Resources Limited (the company) to differ materially from those expressed or implied in the forward-looking statements. Financial forecasts and data given herein are estimates based on the reports prepared by experts who, in turn, relied on management estimates. Undue reliance should not be placed on such opinions, forecasts or data. No representation is made as to the completeness or correctness of the opinions, forecasts or data contained herein. Neither the company, nor any of its affiliates, advisers or representatives accept any responsibility for any loss arising from the use of any opinion expressed or forecast or data herein. Forward-looking statements apply only as of the date on which they are made, and the company does not undertake any obligation to publicly update or revise any of its opinions or forward-looking statements, whether to reflect new data or future events or circumstances. Any forward-looking information has not been audited, reviewed or otherwise reported on by the external auditors.

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