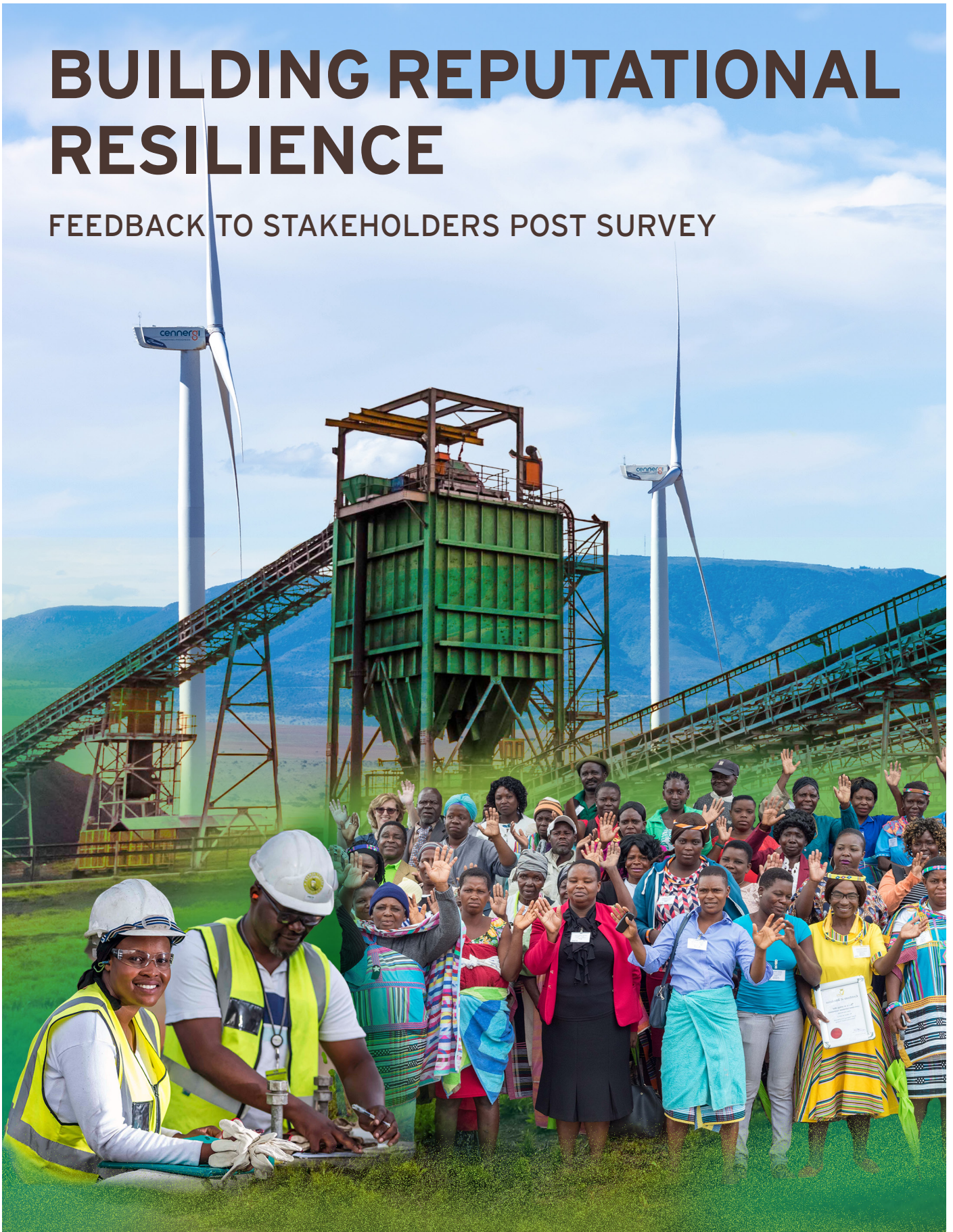


BUILDING REPUTATIONAL RESILIENCE

FEEDBACK TO STAKEHOLDERS POST SURVEY



exxaro

POWERING POSSIBILITY

NOTE FROM THE CEO

Dear stakeholders,

In 2018 Exxaro developed a framework to assess perceptions among key stakeholder groups about the reputation of the company through a baseline survey. In the second quarter of 2022 we invited our stakeholders to provide feedback to track if we have moved in the right direction and been successful in meeting their expectations.

We received feedback from a broad spectrum of Exxaro stakeholders. In this report we offer a snapshot of the key findings and outline the company's response to some of the concerns and expectations. The findings corroborate that Exxaro is seen as a reputation leader in the coal mining sector and that we are strongly recognised as a leader in the transition to green energy, well placed to play the role of change agent. However our leadership role also carries a huge responsibility in this period of change and transition.

As the leadership team and employees of Exxaro, we appreciate the feedback, both complimentary and critical, and deeply value the time and effort that our stakeholders invested in offering their opinions and advice. We have heard the feedback and incorporated it into our Sustainable Growth and Impact strategy and are therefore ready to continue on the path to powering better lives in Africa and beyond.

We remain committed to constructive engagement with all our stakeholders.

Nombasa Tsengwa
CEO, Exxaro Resources



INTRODUCTION AND CONTEXT

As part of an extensive stakeholder engagement strategy, Exxaro engaged GlobeScan, an independent consultancy specialising in reputation and sustainability insights and advice, to survey the opinions of a broad spectrum of Exxaro stakeholders.



A total of **1487** participants took part in this survey, through online, telephone and face-to-face interviews, across **nine stakeholder groups** (government, investors, media, civil society, customers, suppliers, organised labour, communities and employees), compared to 1569 across seven stakeholder groups in the 2018 survey¹.

1. Lower number of respondents in 2022 due to divestment of a mine in Mpumalanga.

The primary aim of the survey was to assess perceptions about Exxaro's reputation and business ambitions amongst our key stakeholder groups following the baseline survey in 2018, and to identify areas of strength and areas for improvement in our business conduct and response to stakeholder issues.

KEY FINDINGS

The survey was conducted against a global climate of generally declining trust in business to operate in the best interest of society. However, amongst Exxaro's stakeholders, trust in mining companies to operate in the best interest of society was up from 2018. With the exception of communities, the overall results show significantly improved trust and reputation indicators for the company compared to the baseline survey conducted in 2018.

With regards to communities, our community development efforts are acknowledged. However, 'more and better' is expected from Exxaro given increasing levels of social and economic distress amongst our local communities which were exacerbated further by the COVID-19 pandemic, and the uncertainty from an energy transition.

One of the goals of our survey was to test stakeholder responses to the launch of our Sustainable Growth and Impact (SG&I) strategy. The strategy highlights Exxaro's response to climate change imperatives and the need to decarbonise. Other than communities, all stakeholders believe that we have a role to play in South Africa's transition away from fossil fuels.

Stakeholder perceptions of Exxaro's commitment to addressing economic inequality is one of the weaker scores, even among employees, and extends to perceptions about the reskilling of our workforce. For community stakeholders in particular, job creation and youth employment and development opportunities are urgent priorities.

We believe our new social impact approach, approved by our board in November 2022 responds to many of the expectations of our community stakeholders. We were deliberate in selecting to focus on education (early childhood development and adopting local schools), land use and management (finding alternative economic uses of the land beyond mining) and the continuation of SMME development through local procurement and enterprise and supplier development initiatives. When viewed through the

lens of the United Nation's sustainable development goals (SDGs), this approach will have a sustaining positive impact on communities and work to reduce poverty by combining multidimensional approaches.

While all stakeholders agree that Exxaro delivers on its purpose, they also feel that there is an opportunity for us to increase the intensity of feedback and communication on our activities.



The Phumulani agri-village food garden is aiming to create sustainable employment, improve food security and stimulate the local economy with donations from Exxaro to the value of R6.7m in 2022.

Cennergi's Amakhala-Emoyeni Community Trust funded the construction of a new ECD centre at Adelaide in the Eastern Cape. Four local SMMEs created 57 temporary jobs during the construction of the new centre.



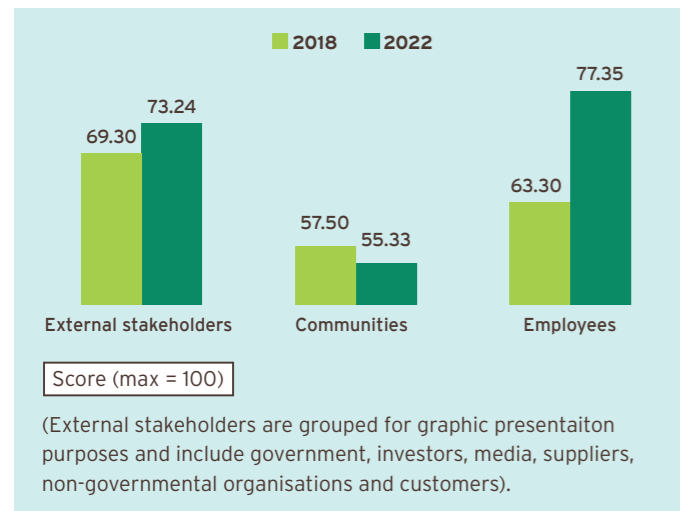
EXXARO'S REPUTATIONAL RESILIENCE

A resilient reputation centres around an organisation's ability to build trust among its stakeholders. Trust builds three important equities, viz. brand, talent and reputation equity. The survey measured two organisational inputs to reputation building being value creation and stakeholder engagement.

The survey outcome shows that, while our overall relationships with stakeholders (measured through stakeholder engagement efficiency) are good, additional engagement effort is required in relation to civil society and communities. In response, we have developed a nuanced set of actions to address the concerns.

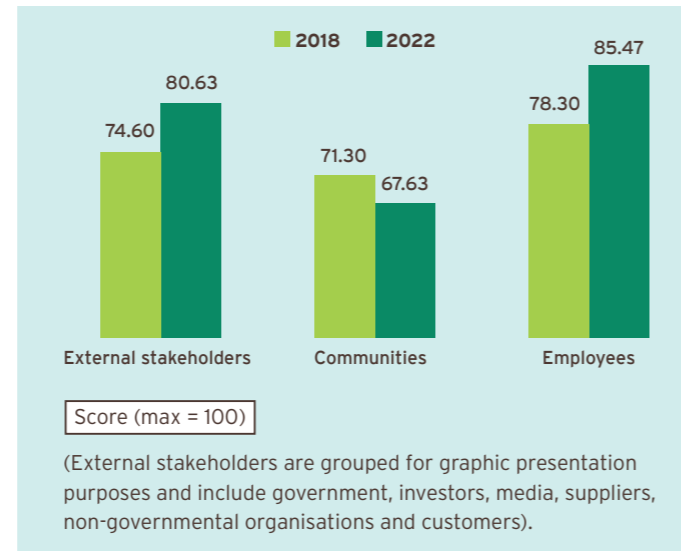
While some stakeholders have indicated that Exxaro has done well in terms of engaging them (Fig 1 below), communities feel that the level of engagement has dropped slightly - possibly due to COVID-19 impacts and/or the need to feel more tangible outcomes from Exxaro.

Fig 1. Stakeholder perceptions of engagement by Exxaro



Building trust is core to fulfilling our purpose and we believe it centres around leadership and getting the fundamentals right (Fig 2). We have strived to demonstrate good governance and will continue to deliver on our purpose through tangible demonstration of how we are addressing issues around the environment, the community, employees, and diversity.

Fig 2. Levels of trust among stakeholders



A biodiversity project to relocate baboon spiders and their burrows impacted by the widening of a local road in Lephalale to Exxaro's Manketti Game Reserve in Lephalale, Limpopo, had a 90-95% success rate.



Exxaro Belfast Mine's digital initiative, the Junior Pioneer Programme (JPP) exposes 15 learners from Dullstroom in Mpumalanga to Computer Literacy, Coding, Virtual Reality, 3D Printing, and Robotics.

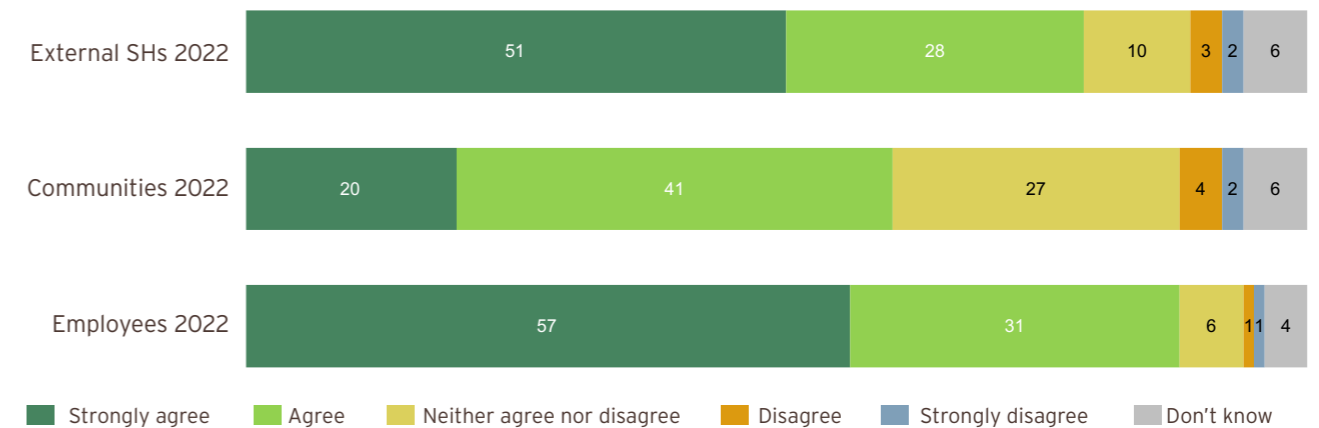
EXXARO'S ROLE AS A CHANGE AGENT

It is heartening to see that our commitment to transition from coal to minerals that power a clean world and renewable energy solutions has received strong positive feedback (Fig 3.), which could stem from the fact that we have successfully communicated our role as an agent of change to accelerate the adoption of green energy and the responsible transition from fossil fuels.



While financial close has just been reached to construct a 68MW solar PV plant to supply power to Exxaro's Grootegeluk mine in Lephalale, Limpopo, other energy efficiency projects include this rooftop solar solution to provide lighting to the mine's haul trucks workshop.

Fig 3. Exxaro's role as a change agent



(External stakeholders are grouped for graphic presentation purposes and include government, investors, media, suppliers, non-governmental organisations and customers).

We recognise that climate change is a systemic issue, affecting all sectors and geographies. In recognition of the urgent need to rapidly reduce greenhouse gas (GHG) emissions and adapt to the negative impacts of climate change already being experienced, we see the necessity to contribute to global efforts of reducing GHG emissions, and climate change impacts.

We believe that the impacts of climate change present a serious challenge to society, our host communities, and operations. A Just Energy Transition is therefore a critical opportunity for South Africa to address present and historical inequality, create jobs, reduce poverty, restore our biodiversity and to build resilience against physical risks of climate change, and most importantly, ensure that no one is left behind.

Our strategic objective is to achieve carbon neutrality by **2050** for Scope 1 and 2 emissions, and we are actively pursuing a reduction of these emissions by at least **40% by 2026**



Our Climate Change Response strategy also ensures that opportunities to reduce Scope 3 emissions are actively investigated, as we engage our value chain during our journey to decarbonise the portfolio.

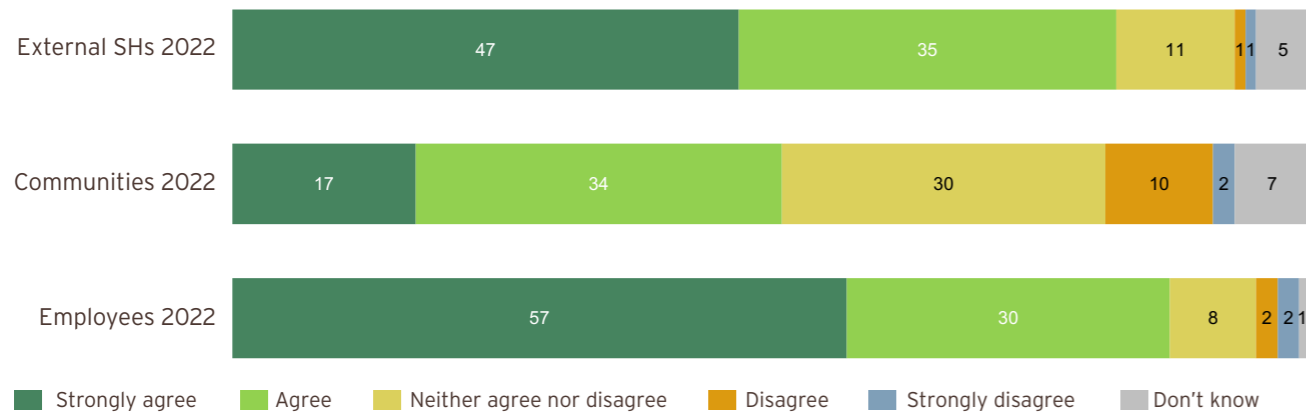


The Tsitsikamma windfarm in the Eastern Cape consists of 31 wind turbines with an electricity generation capacity of 95MW.

PERCEPTIONS OF EXXARO'S TRANSFORMATION JOURNEY

Employees and other external stakeholders are overwhelmingly positive about Exxaro's commitment to transformation and gender equality (Fig 4.) but communities less so.

Fig 4. Perceptions of Exxaro's transformation journey



(External stakeholders are grouped for graphic presentation purposes and include government, investors, media, suppliers, non-governmental organisations and customers).

Strategic diversity, equity and inclusion (DEI) priority areas that support Exxaro's purpose are gender equity and identity, LGBTQIA+, racial equity, disability competence, inclusive culture and external inclusivity.

Prior to 2019, there was a focus on developing a youth pipeline, inclusive culture, racial and gender equity and women in mining. In 2020 awareness campaigns related to people with disabilities and inclusive culture initiatives were launched; a gender charter was signed and there was more focus on skills audits and on gender-based violence (GBV). Exxaro also rolled out the Exxaro Leadership Way.

In 2021 the DEI programme was integrated into the SG&I strategy and we conducted a fair pay exercise and leadership capacity building. In 2022 Exxaro, in partnership with the Minerals Council and the Office of the Presidency, ran an anti-GBV campaign. Policies like parental leave and workplace

harassment were also revised. In 2023 DEI was formally launched in the organisation.

Exxaro scored extremely highly among labour unions in the reputation survey, which we ascribe to our pluralist approach to union recognition and regular formal engagements with unions where recognition agreements were concluded, and bargaining rights maintained. This creates a platform for wider representation of union groups across a broad range of employees and significantly improves communication and creates an opportunity for human resources to strengthen strategic partnerships and co-create solutions with unions to address critical strategic issues.

We do realise that powering better lives in Africa and beyond requires a more evidence-based narrative to be successfully captured by stakeholders. We will work to communicate our activities more broadly and in more detail.



Employees celebrating the launch of Exxaro's DEI programme in February 2023.



Since 2016, full-time local SMMEs have successfully managed Cennergi's alien plant control programme at the Amakhala Emoyeni windfarm near Bedford in the Eastern Cape.

STAKEHOLDER EXPECTATIONS

The survey identified 24 trust drivers unique to Exxaro. Knowing why stakeholders trust Exxaro, defining what the fundamental trust building blocks are for the organisation and further, what additional areas stakeholders expect us to perform in, helps us to identify areas of improvement for the organisation specific to each stakeholder group.

Exxaro's strengths according to the stakeholder feedback include a highly regarded management team which brings credibility to the decision making and ensures strong capital and risk management, which was also listed as one of our standout strengths. High health & safety standards and upholding human rights were also highlighted as positive attributes that can be further leveraged. According to stakeholders, Exxaro also reflects the country's diversity which is testament to our hiring and retention practices.

On the other hand, stakeholders want us to build deeper trust by addressing concerns around continued minimisation of our environmental footprint and responsible use of water. This will also protect the rich biodiversity of the regions in which we operate. Having high industrial standards and communicating our plan to mitigate the impacts of climate change remain high on the wish list of the stakeholders to which we have made note of and will work towards in a structured manner.

Developing a voice of our own through thought leadership on key areas to industry and society as well as conducting business ethically are now basic factors that Exxaro will focus on while addressing the ever-evolving expectations of stakeholders.



An employee health screening underway at a mine clinic. Exxaro collaborated with the Department of Health to register to COVID-19 laboratories at our Grootegeluk and Matla mines in Limpopo and Mpumalanga provinces respectively.



Waste management at our Leeuwan mine in Mpumalanga includes the recycling of office waste.



We completed rehabilitation of the wetland system adjacent to our Belfast mine in Mpumalanga in 2020. The second phase will begin in 2023 to improve wetlands within the mining right area.

CONCLUSION

Exxaro will continue to engage stakeholders about how we are delivering on key expectations (our strengths) and how we plan to address the changing expectations and concerns of stakeholders.

Engagement platforms include mandated engagement with investors on our operational, financial and ESG performance through non-deal and governance roadshows. In addition to regular community stakeholder engagement forums at our operations, our board has over the past two years met with key community stakeholders in Limpopo and Mpumalanga.

We are a purpose-driven organisation, with a long-term view to value creation. We leverage our strengths to grow our minerals and energy businesses to drive our commitment to carbon neutrality by 2050.

Our Sustainable Growth and Impact strategy aims to empower our people to create impact, catalyse economic growth and environmental stewardship and innovate towards carbon neutrality by 2050. Integrating climate change goals into our strategy, responsibly stewarding our natural resources and the expansion of our minerals portfolio, drives the transition journey and fosters smarter ways of working, powering possibility for all our people and our planet.

Our strategy drives and excites us, powering us to transition with speed and scale. Although we have built an exceptional coal and energy business, we know that everyone in our organisation can contribute towards a cleaner world, creating sustainable value for all our stakeholders.



Women make up 22% of Exxaro's workforce - well above the mining industry figure of 13%.



Exxaro has partnered with the Endangered Wildlife Trust to develop a monitoring and protection programme for African grass owls and bats at our Matla and Belfast mines in Mpumalanga.