

**EXECUTING ON OUR STRATEGY GIVEN MACROECONOMIC AND OPERATIONAL CHALLENGES**

In the context of integrated reporting, this table illustrates our perspective and approach to managing the business as an integrated entity (refer board review for a discussion on the strategic performance dashboard). Our mandate to execute the strategy is guided by strategic focus areas, which we have maintained for the past three years. Material issues that emerged in this financial year (briefly described in the board review) are detailed here.

Strategic focus areas	Material issue	KPI used to track achievement of strategic priority and response to material issue (looking back)	Risk (looking to the future)	Combined assurance level
Improve Exxaro's portfolio	Business resilience	Core operating margin (%) – financial capital	Cost competitiveness of products	Tier 2, 3
		People productivity (total tonnages handled/full-time employee (FTE) average) – manufactured capital		
		People productivity (production tonnes/FTE) – manufactured capital	Commodity price volatility	Tier 3
		Growth from coal commodities (percentage deviation from budget) – manufactured capital		
Successful criminal/civil liability claims – human capital				
	Dependency on Eskom	Core operating margin (%) – financial capital	Dependency on Eskom as key customer	Tier 2, 3
		Commodity diversification – manufactured capital	Product substitution	Tier 1, 2
	Capital projects	Project delivery measure (time and cost variance from plan) – manufactured capital	Capital project execution	Tier 1, 2, 3
Demonstrate responsibility and accountability	Licence to operate (refers to all rights, licences and authorisations needed before a prospecting and mining operation can begin. This includes the health and safety of workers and contractors)	Fatalities (months without a fatality) – human capital	Safety concerns	Tier 1, 2, 3
		LTIFR – human capital		
		Stoppage directives – human capital		
		Occupational health injury-frequency rate (OHIFR) – human capital		
		Reportable cases of occupational diseases – human capital		
		HIV/AIDS prevalence rate – human capital	Compliance to environmental legislation	Tier 1, 2, 3
		Valid mining rights – percentage in place (%) – mine works plan, environmental management plan, social and labour plans – natural capital		
		Enforceable mining rights – based on conditions – percentage in place (%) – natural capital		
		Environmental authorisations percentage in place (validity) (IWUL, EIA, waste) – natural capital		
		Environmental authorisations compliance to conditions (%) – natural capital		
Water intensity – natural capital	Maintain a social licence to operate	Tier 1, 2, 3		
Carbon footprint – natural capital				
BBBEE level – social capital				
		Mining charter elements (detailed in supplementary report) – social capital		
Achieving operational and financial excellence	Operating efficiencies	Fraud and corruption – human capital	Fraud and corruption	Tier 2, 3
		Project delivery measure (time and cost variance from plan) – manufactured capital	Infrastructure access and capacity	Tier 2,3
		Annualised return on capital employed (ROCE) (%) – financial capital		
		Growth from coal commodities (% deviation from budget) – manufactured capital	Unable to meet production demands	Tier 2,3
		People productivity (total tonnages handled/FTE average) – manufactured capital		
People productivity (production tonnes/FTE) – manufactured capital				
Growth from coal commodities (% deviation from budget) – manufactured capital				
Develop Exxaro's leadership and people	Employees	Talent bench – human capital	Labour unrest	Tier 2,3
		Skills provision – human capital		
		Skills retention – human capital		
		Organisational culture assessment – human capital		
		HIV awareness training and testing – human capital		
		HIV prevalence rate – human capital		