Sustainable Growth and Impact Strategy Overview
(Mxolisi Mgojo, CEO)
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Our business philosophy | Who we are

PURPOSE
Powering Better Lives in Africa and Beyond

VISION
Resources Powering a Clean World

VALUES
Empowered to Grow and Contribute; Teamwork; Committed to Excellence; Honest Responsibility

CULTURE
Responsible; Adaptable; Diverse; Open and Connected; Ownership
Forces shaping our strategy

Implications of acceleration to a net zero economy

Climate Change

Climate change increases competition with communities for scarce resources like water, while factors such as growing heat increases risk of safety and health incidents in our operations

Energy Transition

The growth in disruptive technology in the energy sector has potential to displace our business in the medium to long term

Just Transition

The transition towards a low carbon economy has significant socio-economic implications for our business and the communities we operate in

NARROWING OPPORTUNITY AND GROWING EXOGENOUS RISK
The transition imperative

Stewardship
Our coal assets do not belong to us, we are stewards for responsibly maximising their value. We have a responsibility to use the coal assets to build a sustainable business for our investors, employees, communities and a sustainable future for the planet.

Three choices for our future
As an operator of a carbon-intensive coal asset, Exxaro has several options available to it considering a carbon-constrained future:

Divest, Close or Manage

01 Divest
Solves the problem of Exxaro’s emissions, but doesn’t solve the problem for the climate

02 Close
Solves the emissions problem, but doesn’t solve the challenge of abruptly disrupting the lives of thousands of people in local communities where coal provides livelihoods

03 Manage
Responsibly optimise the coal business
Reposition business to capture transition opportunities
Prioritise Just Transition for workers and communities
Our response | Sustainable growth and impact strategy

Strengthening our resilience and ensure we deliver sustainable value through a robust portfolio in a low carbon economy

**Early value coal to maximise our high-quality assets**

Continue to contribute to energy security in South Africa and beyond.

Decarbonising will further strengthen our existing competitive advantage and extend the horizon of our coal business.

**Build a leading global renewable energy solutions business by 2030**

Own one of South Africa’s leading managers of renewable assets and one of its largest wind asset bases.


Long-term stability to Exxaro’s cashflow.

**Diversify into minerals supporting a low carbon future**

Diversify earnings and contribute to Exxaro’s growth.

Clearly-defined investment criteria that looks to ensure we invest in the right opportunities within geographies we can execute in.

Balance sheet and capabilities provide a competitive advantage.

**Sustainable impact is at the core of our purpose and future**

Commitment to invest in and support the resilience of society in the Just Transition.

Remain a responsible custodian of the assets entrusted to us, as evidenced in our ESG performance.

Balancing acceptable value distribution to shareholders with investment for the long term for all stakeholders.
Strategy builds on previous objectives and current capabilities

We are well positioned to continue delivering value to all our stakeholders

01 Asset and Operations
*A portfolio of quality assets with the flexibility to meet changing market demands*

02 People, experience and skills*
*Roots as a diversified resource company with recognised skills in mining and renewable energy*

03 ESG and Impact at scale
*Create impact beyond compliance using our recognised ESG, Brand and Culture in the mining industry and beyond*

*As with any growth strategy new capabilities will be required (foresight, M&A), some of these capabilities have been addressed in the Minerals and Energy sections*
Strengthening our resilience over the next in 5-10 years

RESOURCES POWERING A CLEAN WORLD

New Minerals contributing 50% of Exxaro’s Coal earnings¹

Built additional 3GW of Generating capacity

CO₂ reduction of ~2.5-9.2mtpa²

Recognised leader in Diversity and Inclusion

Impact at scale enabled through partnerships and funding

Resilient, future-facing portfolio

Decarbonisation

Leading D&I performance

Impact at scale

Increased customer diversification

Multiple revenue streams

1 50% of 2021 Coal Earnings

2 Current Exxaro emissions ±1000ktpa per annum
Our vision of a resilient resources company

Exxaro’s journey will maximise our capabilities to significantly reduce portfolio risk and deliver long-term value

Current composition of our business

- Coal core EBITDA: 92%
- Energy* core EBITDA: 8%
- 231 MW owned
- Scope 1: 642 ktCO₂e
- Scope 2: 385 ktCO₂e

Key datapoints for interim steps on journey

- Coal EBITDA: 45%
- Energy EBITDA: 30%
- Minerals EBITDA: 25%
- 3 GW net generation
- Reduced carbon intensity of operations

Inception

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal Core EBITDA</th>
<th>Energy Core EBITDA</th>
<th>Core EBITDA split**</th>
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<tbody>
<tr>
<td>2020</td>
<td>92%</td>
<td>8%</td>
<td>100%</td>
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** Included for nine months from step-up acquisition on 1 April 2020

** Excluding Ferrous and Other segments
Exxaro’s investment thesis

Exxaro is one of South Africa’s largest and foremost black-empowered and diversified resources companies, with strong organic prospects in coal and acquisitive growth prospects in energy and minerals.

**Efficiently balancing shareholder returns and future investments**

Strong balance sheet with conservative capital structure: Net debt/EBITDA ratio of lower than 1.5x excl. project finance

Established disciplined three pillar platform for growth: **Coal, Energy and Minerals**

Strategic priorities are progressed within a robust investment framework: **Maximising risk-adjusted returns across portfolio**

**Clear commitment on capital distribution**

Stable cash flow underpins prudent capital allocation: **Robust coal portfolio with strong cash flow generation**

Robust and clear dividend policy with uninterrupted distributions since inception (2006): **Cover ratio of 2.5-3.5x adjusted group earnings and pass-through of SIOC dividend**

**A competitive, resilient and future-facing portfolio**

A diversified portfolio of **best-in-class long life assets** underpinning transition to low carbon economy

Remain a responsible custodian of the assets entrusted to us: **market-leading ESG performance, active policy participation**

**Solid leadership credentials**, and operational excellence to achieve company objectives

Continue to use innovation in response to social challenges through **impact investing**