



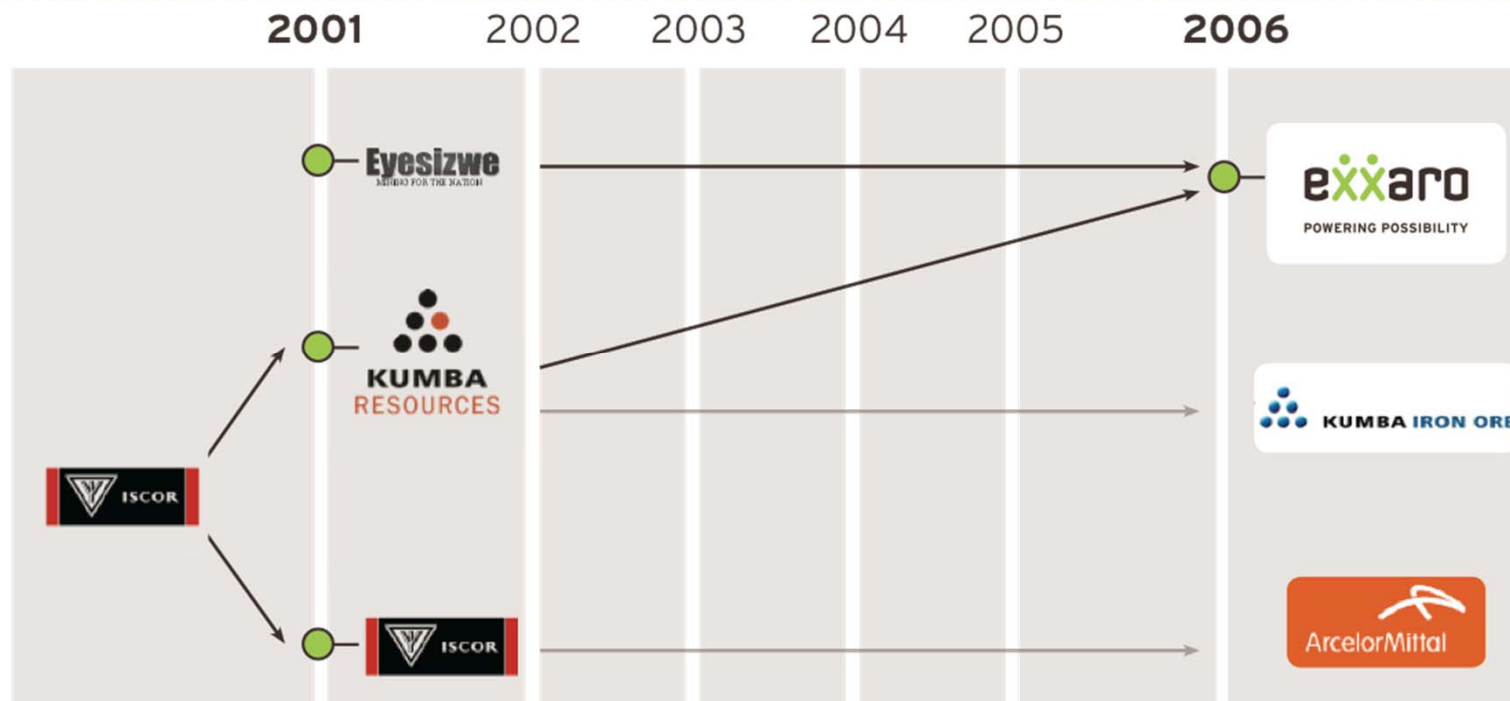
JSE ESG Investor Briefing
Business Sustainability at Exxaro
9 September 2014



Mzila Mthenjane
Executive Head: Strategy & Corporate Affairs

Our heritage

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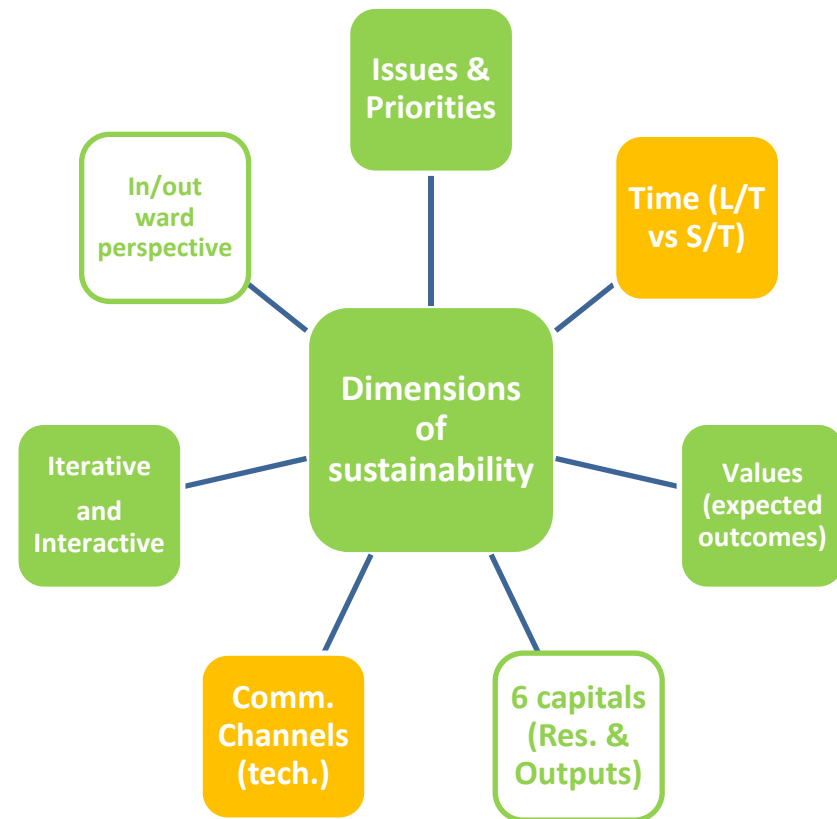


- From state-owned to Top40 listed, broad-based black owned & managed
- Developed and established from principles of transformation in South Africa
- Evidence of sustainability (adaptation + growth) in a changing environment

What sustainability means at Exxaro

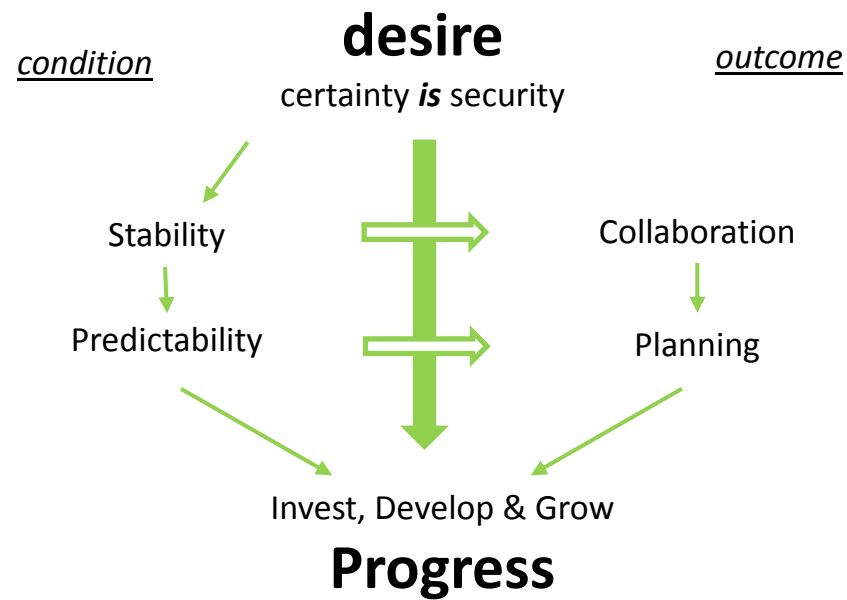
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- Business is an activity within society - it is expected to generate benefit;
- Business activities rely on various resources, which society also depends: *intra & inter generational*;
- **Endurance**... continuously pursue & achieve our *strategic intentions*, considering the context of diverse and “conflicting” interests & dependencies on resources whilst fulfilling *societal expectations* of benefit.



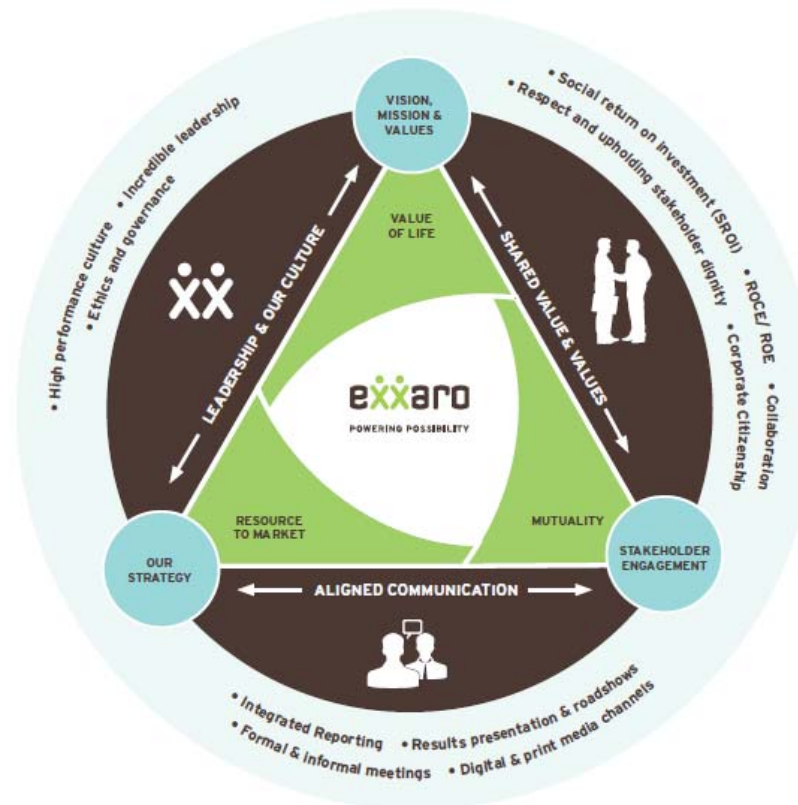
Conditions for business sustainability

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Cornerstones of our sustainability

5



Sustainability integrated in strategic objectives

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Invest

Invest in energy, metal & mineral resource commodities that generate *sustainable economic returns of 1.5xWACC*

Develop

Develop *market insights* for our products & *appropriate innovations*, throughout the value chain for added value & competitive advantage

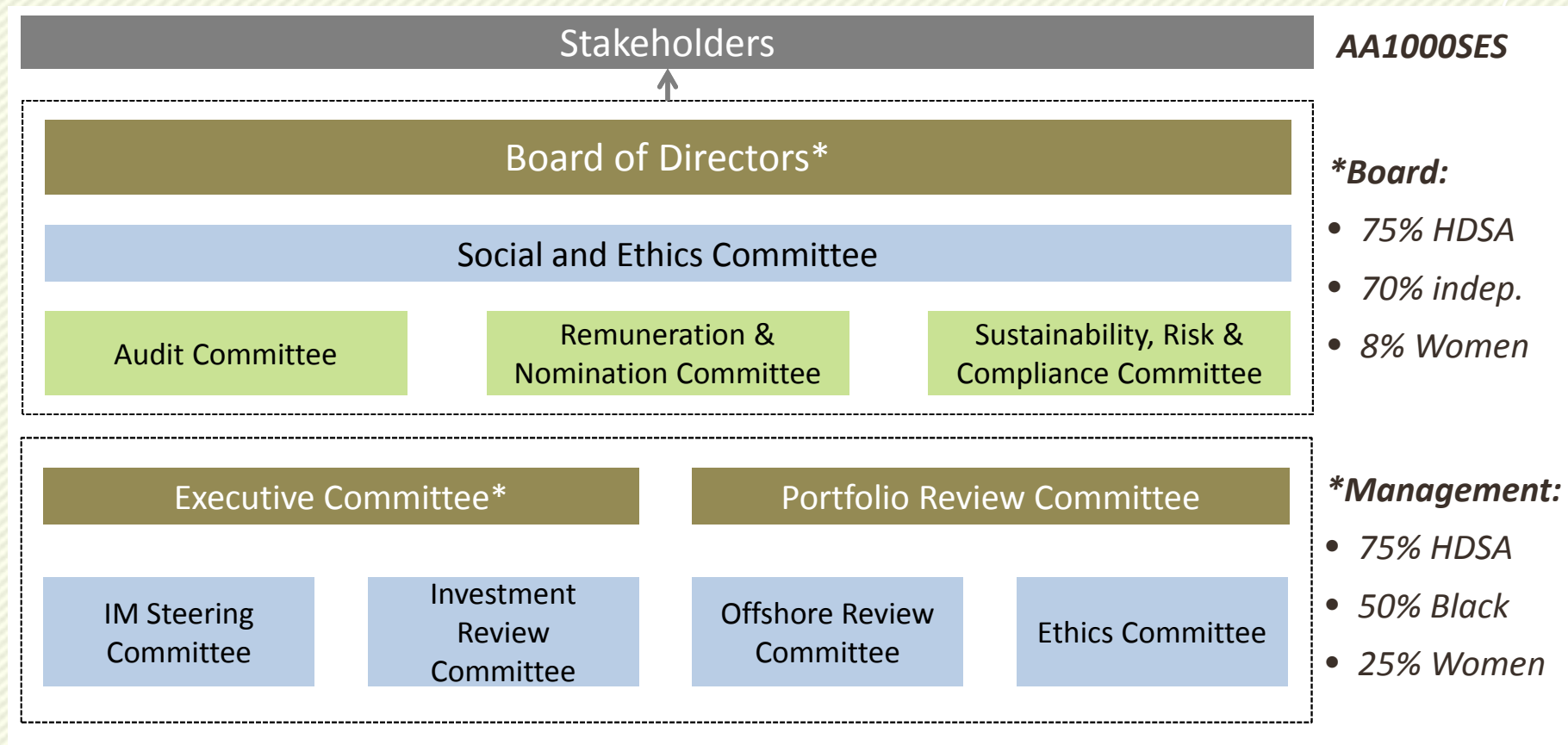
Grow

Extract industrial application energy, metal & mineral resource commodities from diverse geographies by using our *own capabilities & relevant partnerships*



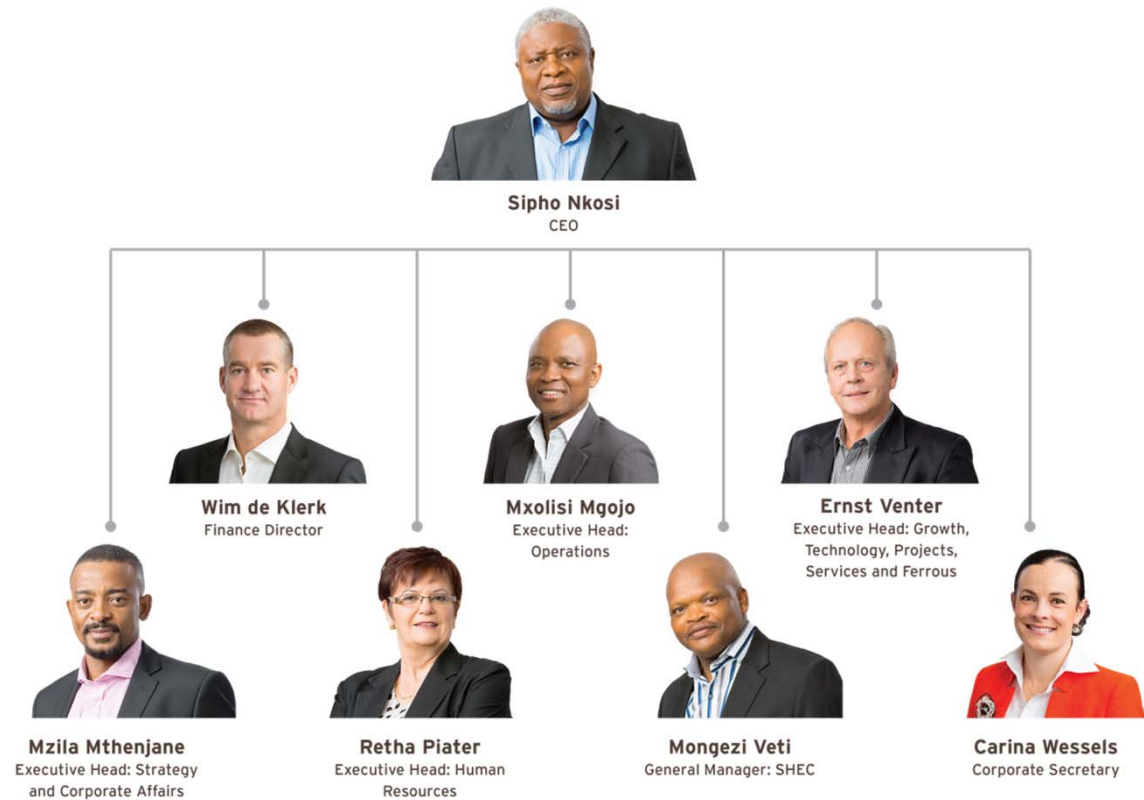
Governance Structure

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Executive Management

8



Board of Directors

9



Rain Zihlangu



Brian van Rooyen



**Vuyisa
Nkonyeni**



Fazel Randera



**Salukazi Dakile -
Hlongwani**



Sipho Nkosi



Wim de Klerk



Con Fauconnier



Norman Mbazima



**Zwelibanzi
Mntambo**



Rick Mohring

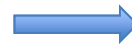


Len Konar

**developing
capability**

**Sought
outcome**

Systems thinking



Recognize linkages
(systems)



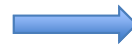
**Stakeholder
engagement**



Aligned towards a
common purpose
(mutuality)



Collaboration



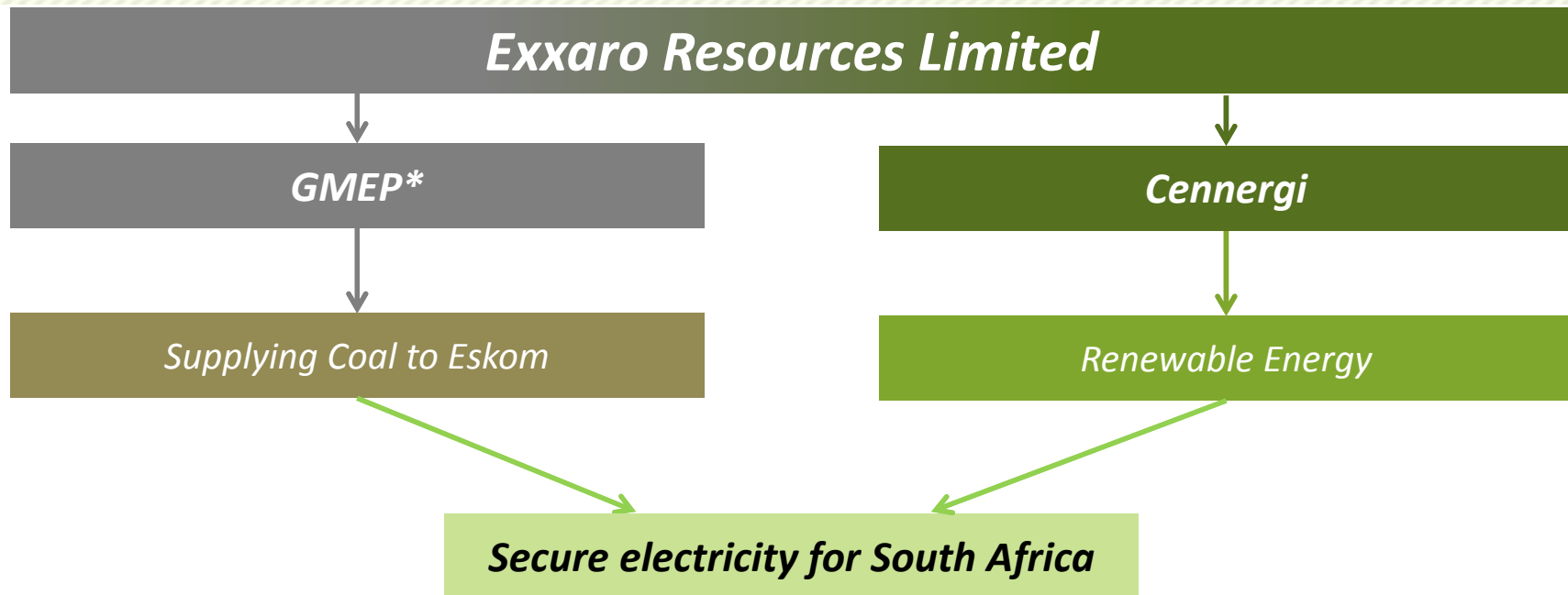
Shared Risk &
opportunity



Implementation



Systematic & urgent
delivery



CAPEX: R10,2bn

Fossil fuels to drive the SA economy over the medium term

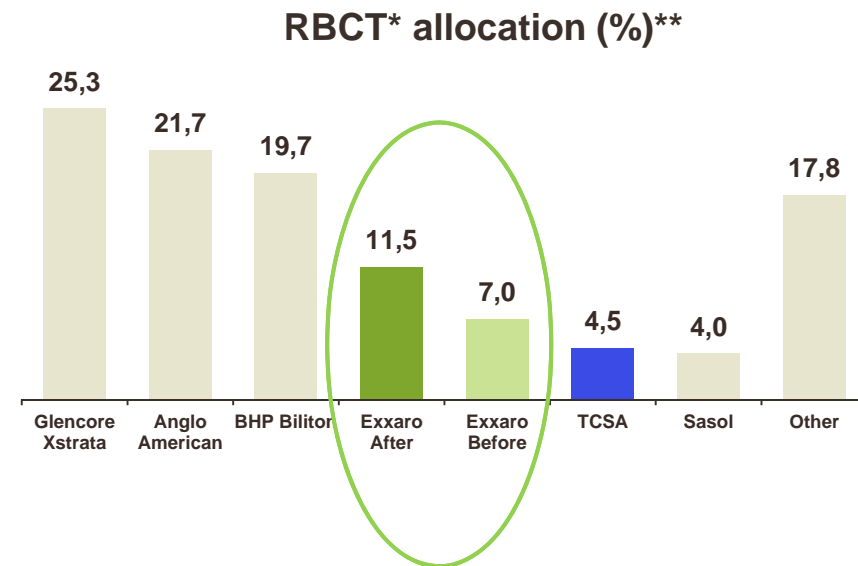
transitioning

JV INVESTMENT: R3,0bn

Development and use of renewable energy

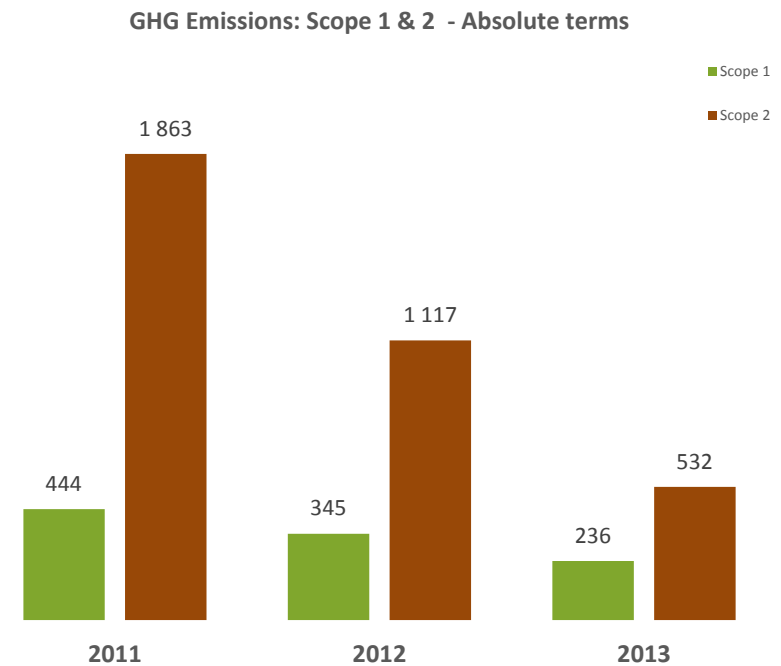
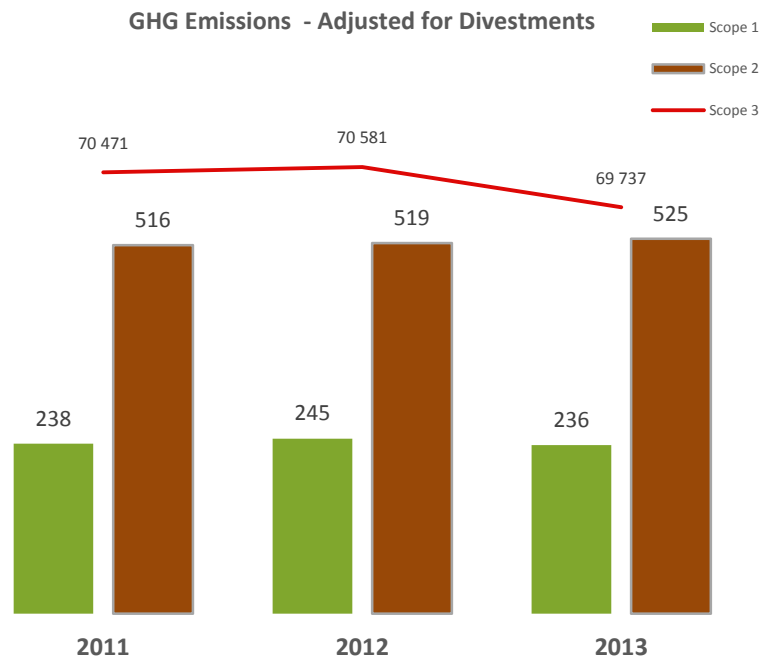
TCSA acquisition rationale

- **Increase exports**
 - Increase our export allocation by 4,1Mtpa (4,5%)
 - Increase control over entitlement
- **Improve our portfolio**
 - Long life of mine with multi-products
 - Expedite developments in Waterberg
- **Secure Eskom supply**
 - Potential to increase supply to Eskom from Eloff mine
- **Unlock synergies**
 - Increased flexibility
 - Market knowledge
 - Management expertise



Multifactor Productivity a driver of margins – carbon management

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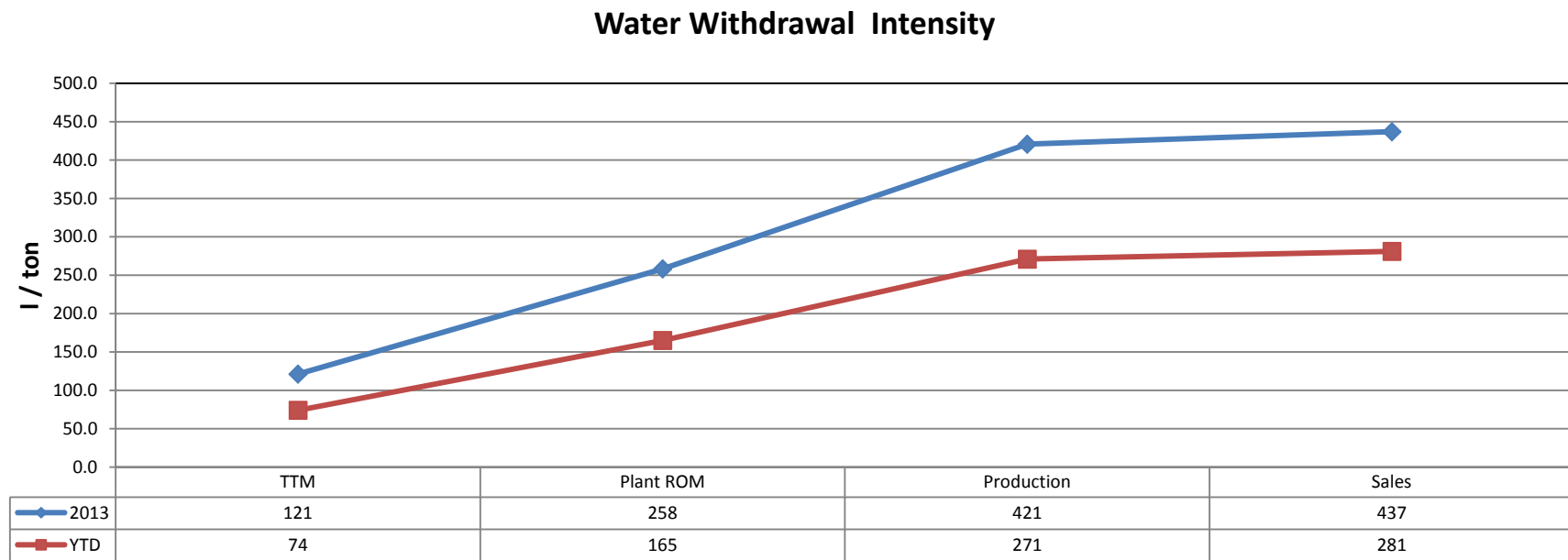


CDP 2013

Exxaro classified as a B in the Carbon Performance Leadership Index

Multifactor Productivity a driver of margins – water stewardship

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Water withdrawal intensity for 2014 YTD shows a significant improvement over 2013 figures

Responsible mining through biodiversity management

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Biodiversity management approach

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Objectives	Critical Success Factors	Key Outputs
		What
<ul style="list-style-type: none"> To create competitive advantage Continuous business operations 	<ul style="list-style-type: none"> Integration into mine planning, processes and operations; Mutually successful stakeholder engagement; Critical level of biodiversity capacity; 	<p>Biodiversity Policy approved in 2011. focus on the management and protection of biodiversity to ensure sustainable co-existence of biodiversity and mining;</p> <ul style="list-style-type: none"> Biodiversity framework; Baseline desk top studies & reports Field studies Action/implementation plans Red data species register; Complete medicinal and cultural plant register Identify Exxaro biodiversity hot spots; Offsetting strategy and plan; Business enterprise development through biodiversity
Scope	Business case	
<ul style="list-style-type: none"> Current operations; Closed / inactive mines; Future mines in development; 	<ul style="list-style-type: none"> Non-compliance lead to production losses Aligned to investor focus Reputation Good stewardship 	

Biodiversity management is about care

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...and stakeholder economic value

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R6,2 billion value generated through:

- Mining
- Beneficiation
- Trading and investing operations

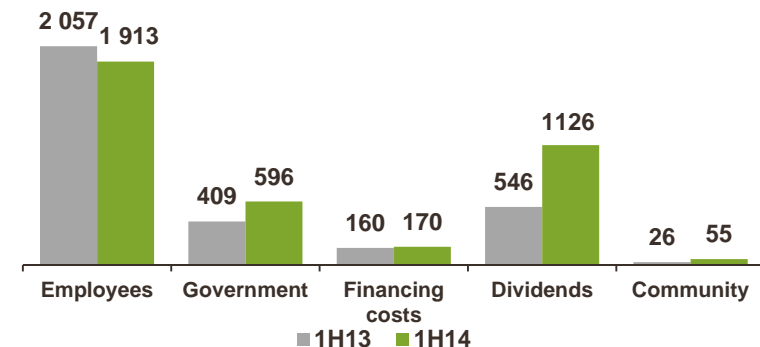
R3,9 billion value distributed:

- R1,9 billion as salaries, wages and share-based payments down 7%
- R596 million tax and royalty payments up 46 %
- R1,1 billion return to shareholders up 106%
- R55 million corporate social investment initiatives up 111%
- Financing costs of R170 million up 6%

R2,3 billion re-invested:

- Asset replacement
- Development of operations

Economic value distributed (Rm)



Economic value distributed (%)*

