



# Climate Risk, Mining Sentiment & ESG Performance

COP 27 | شرم الشيخ | 16 Nov 2022

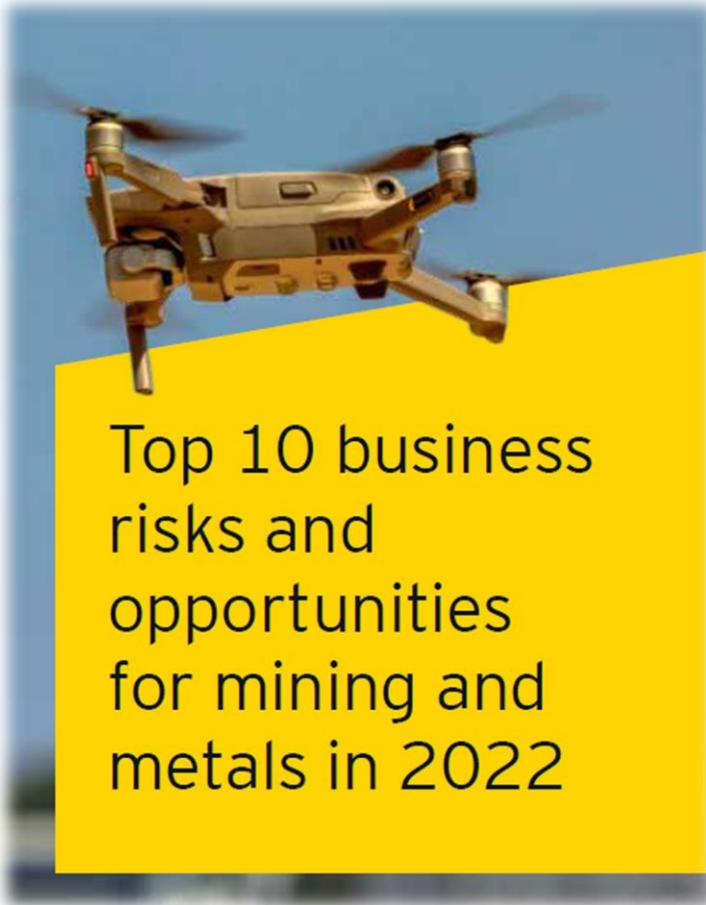


# Introduction

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## Opening

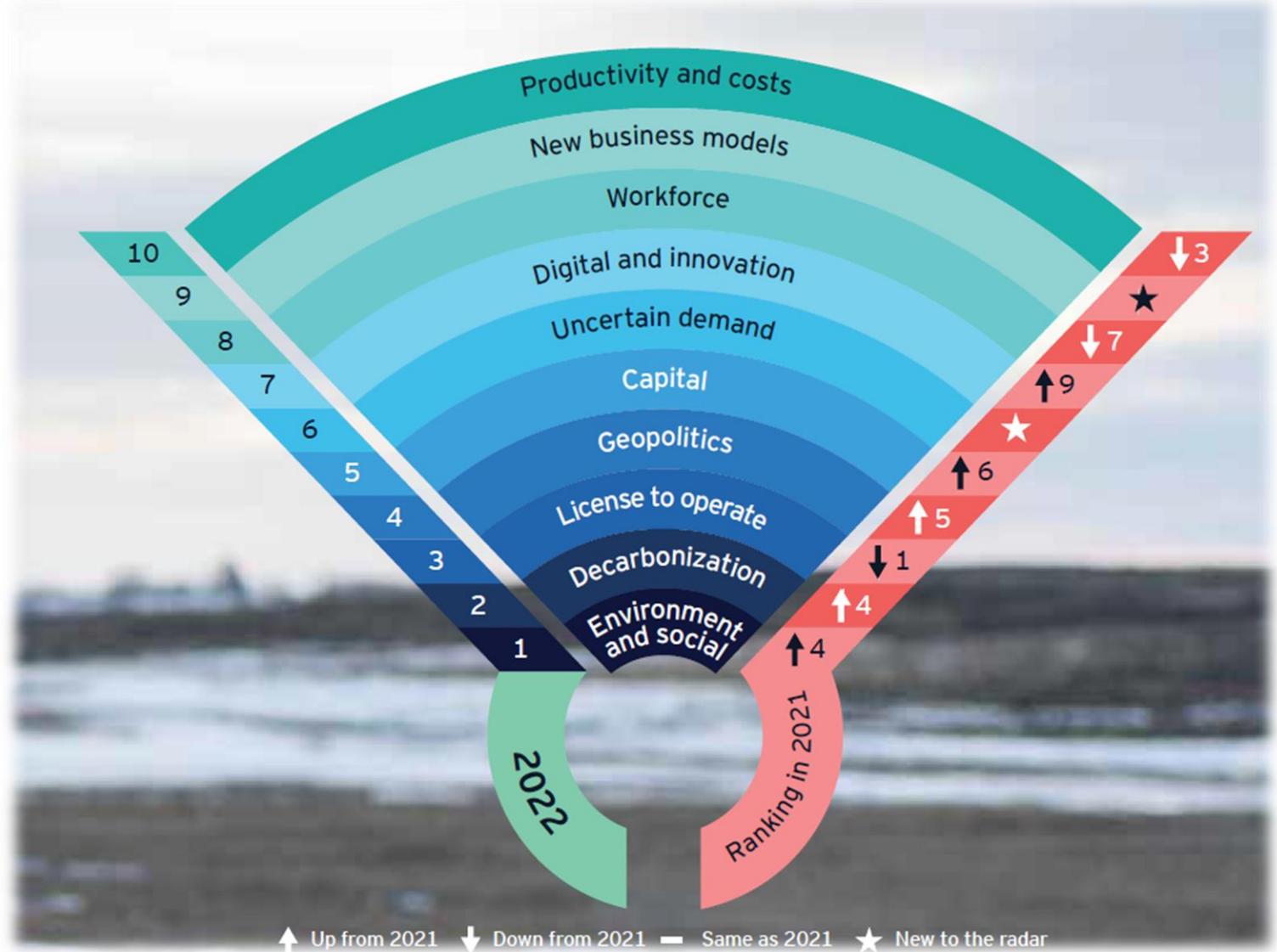


- **Purpose, long-term value** and **sustainability** are no longer add-ons to business as usual — they are business as usual
- **Stakeholder** and **capital market** pressure continues to hold miners accountable
- It's therefore not surprising that the top 3 risks and opportunities in 2022 for the mining and metals sector are: **environment** and **social**; **decarbonization**; and **LTO**





# Top 10 risks and opportunities for mining and metals

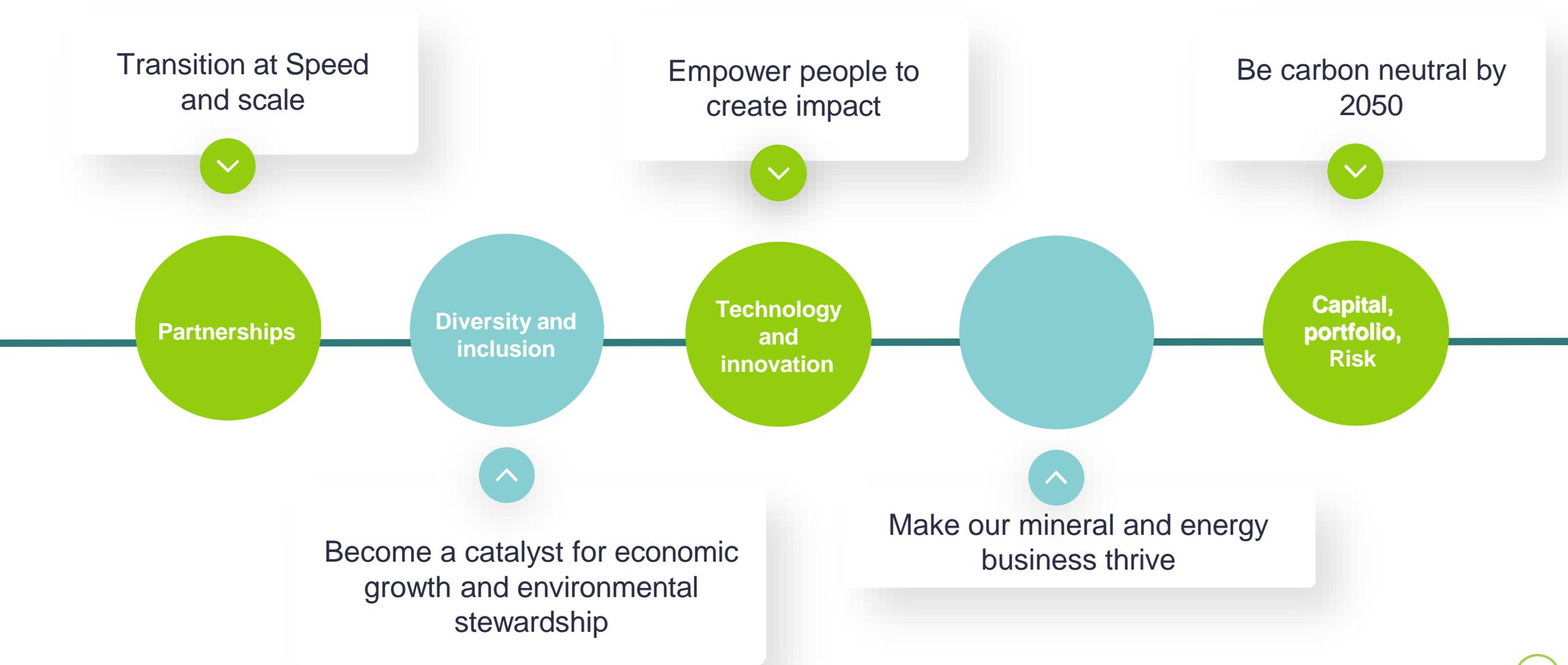




**Our response to  
climate change risk**

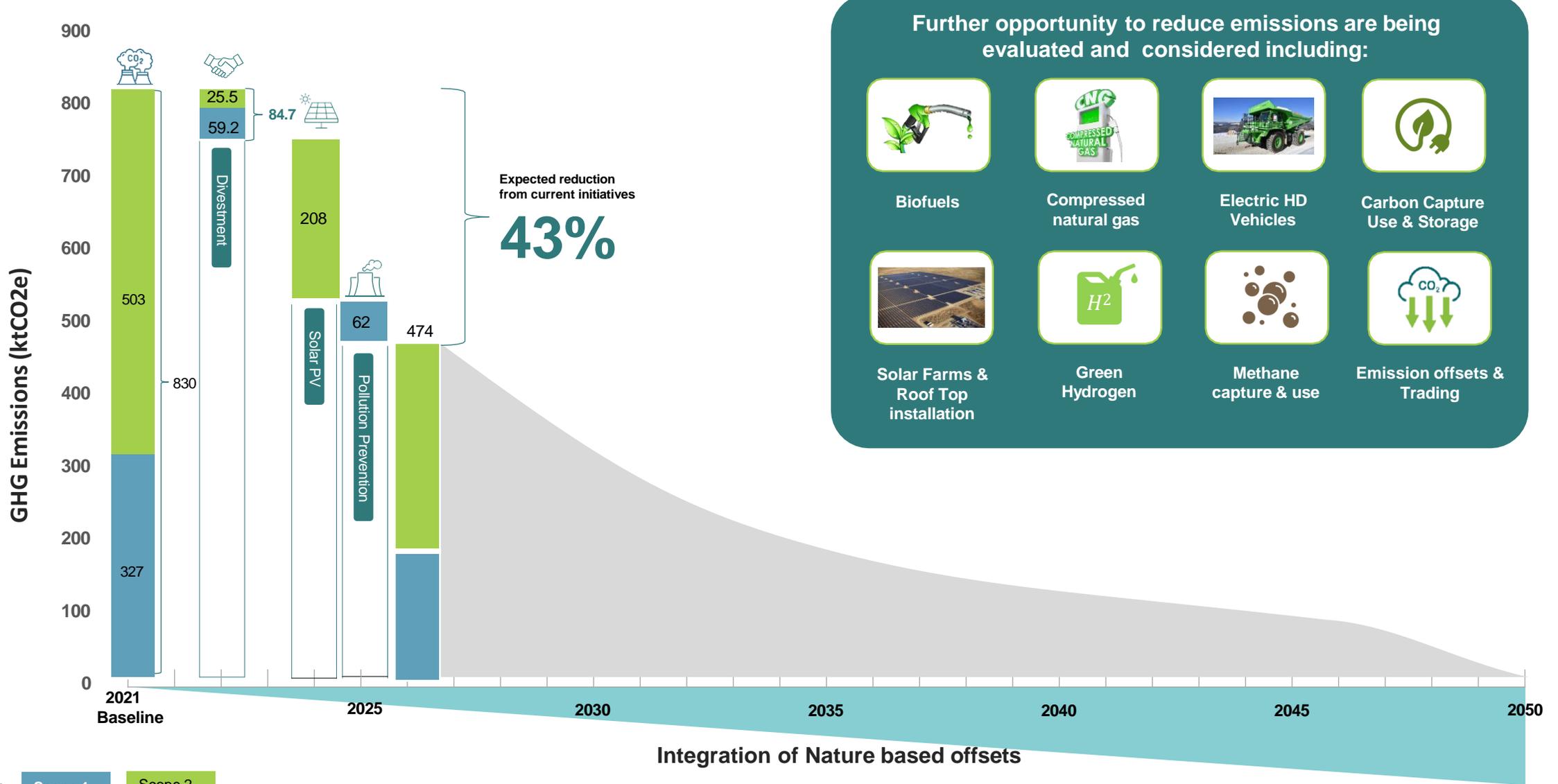


# SUSTAINABLE GROWTH AND IMPACT STRATEGY REMAINS ROBUST AND INTACT





# CONCRETE PLANS TO DRIVE DECARBONISATION



Key Scope 1 Scope 2



## Copper



## Manganese



## Bauxite



**STRATEGIC OUTLOOK**  
**GROWTH IN FUTURE FACING**  
**MINERALS HAS BECOME CRITICAL**

A hand is shown placing a green human-shaped block on top of a stack of wooden blocks. The background is a dark, blurred image of a person's hands.

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**ESG Imperative**

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## ESG Imperative

E

ESG strategies and reporting are increasingly critical to business resilience and long-term investment success

S

ESG has always been embedded in our strategies and further enhanced in our SG&I strategy

G

Our ESG performance has become increasingly important in the face of climate change risk

.....and also driven by pressure from shareholders to link ESG performance to executive pay, to hold leadership accountable for the company's actions



## ESG Imperative



- Successful realisation of our **SG&I strategic objective** of being carbon neutral by 2050 will be indicated by the total amount of carbon abated (key result)
- This particular objective aligns with the ESG indicators on GHG emissions, climate risks and opportunities and the TCFD



# ESG Performance: External Perspective

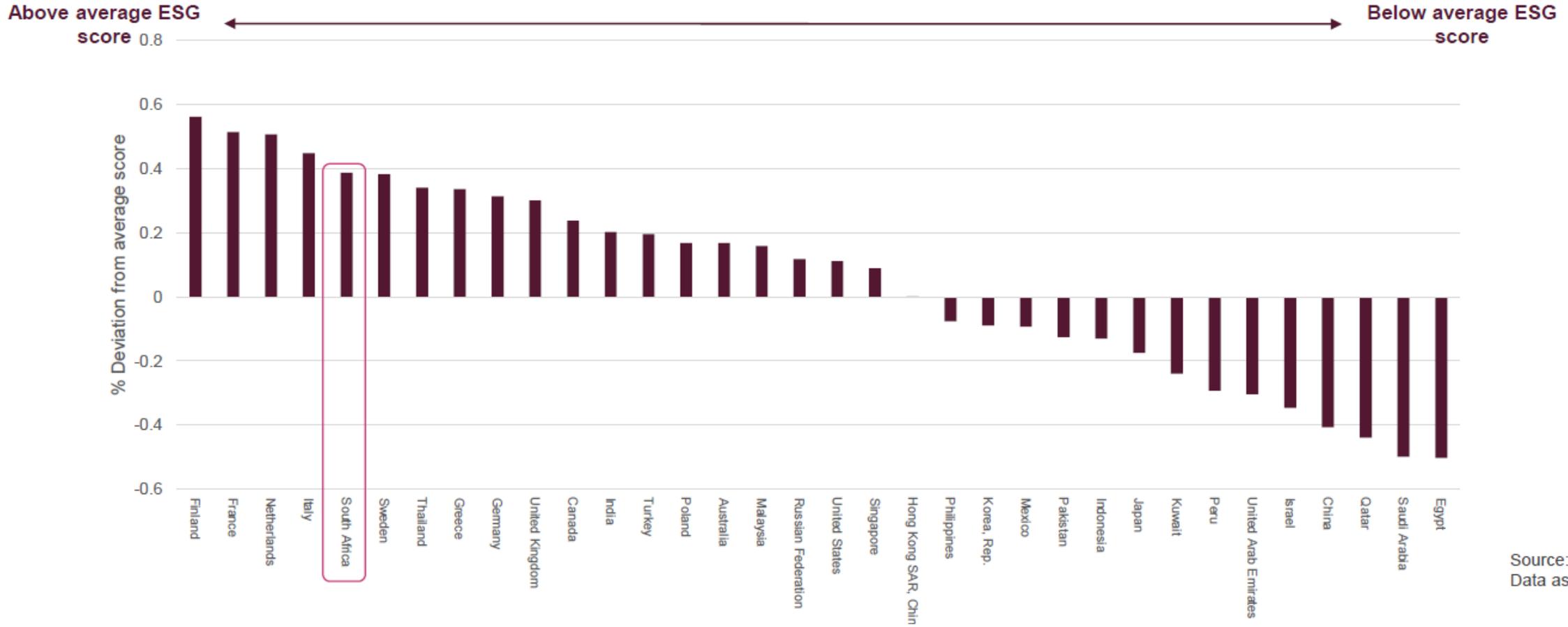


## Top ESG analysts for Exxaro

- Johannesburg Stock Exchange listing
- Represent shareholders
- Unsolicited engagement
- Rating based only on publicly disclosed information



# FTSE ESG data trends by Region / Market

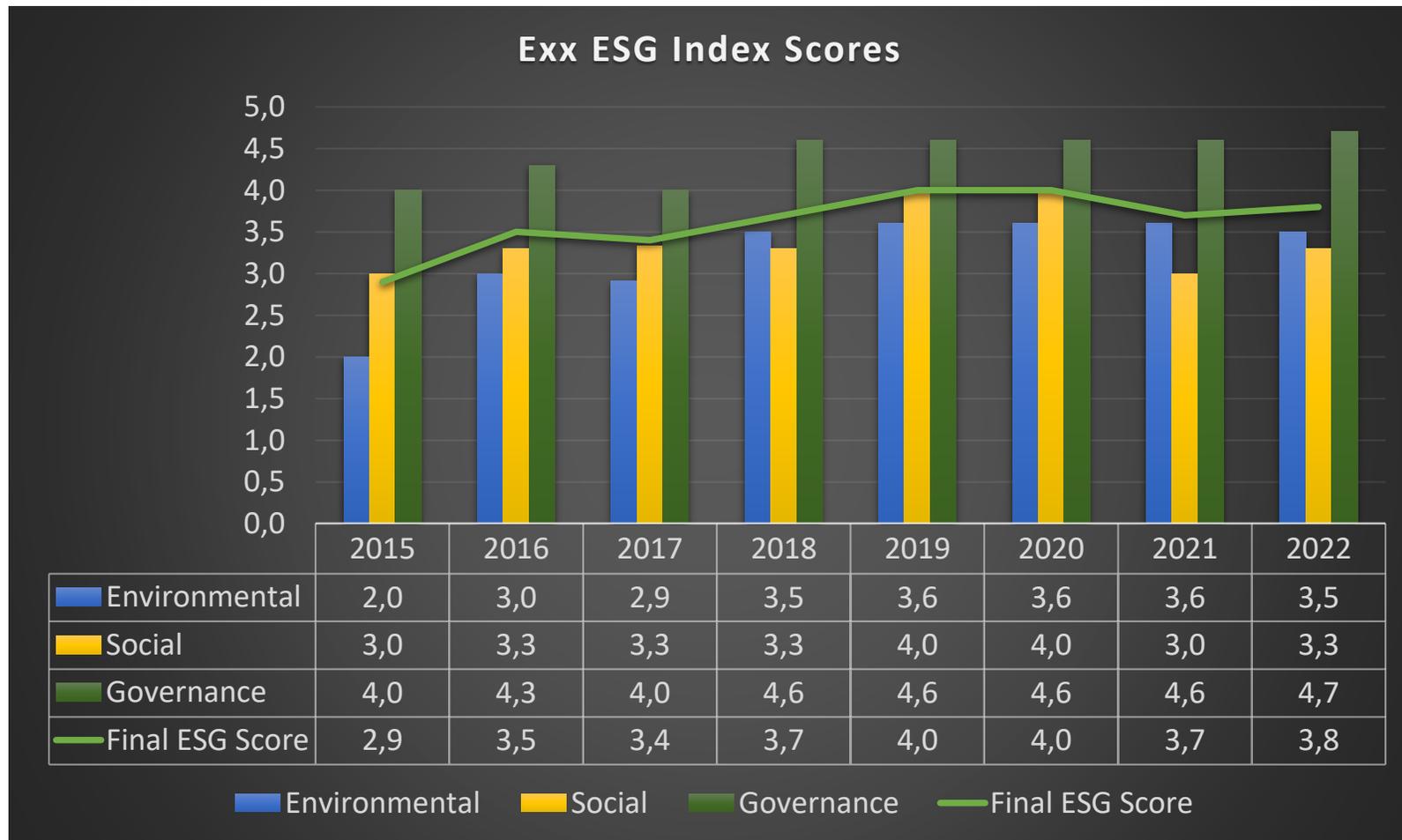


Source: FTSE Russell.  
Data as at 30 June 2021.



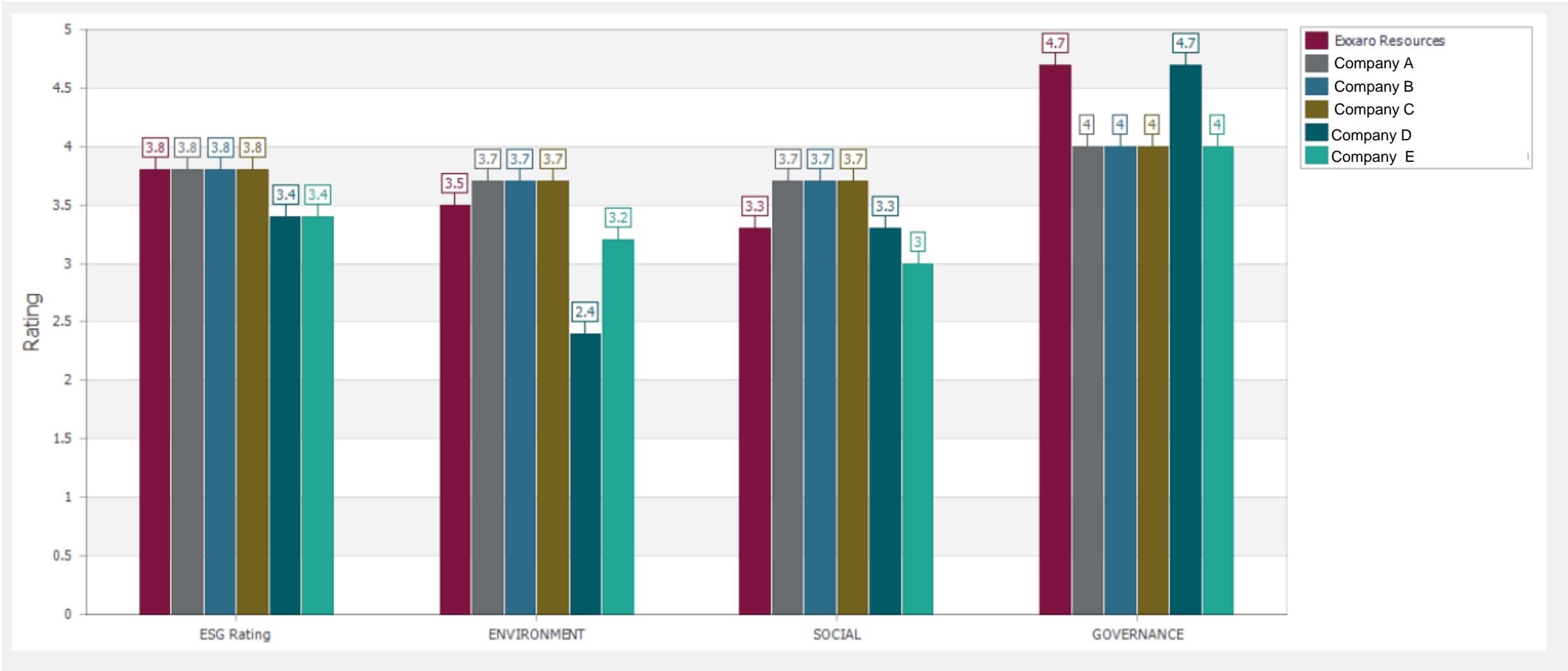
# FTSE Russell ESG performance

- Overall best results among ESG indices
- ESG rating of 3.8
- Global coal sector ESG rating < 2.1





# Exxaro vs Top 5 Subsector Peers





## Transition Pathway Initiative (TPI)

TPI is a global initiative led by asset owners which assesses how individual companies are positioning themselves for the transition to a low-carbon economy

Exxaro's TPI score is 4/4 which is an excellent indicator of our management of GHG emissions and of risks and opportunities related to the low carbon transition.

### Performance Levels key:

Level 0 - Unaware of Climate Change as a Business Issue

Level 1 - Acknowledging Climate Change as a Business Issue

Level 2 - Building Capacity

Level 3 - Integrating into Operational Decision Making

**Level 4 - Strategic Assessment**

**Exxaro Resources Limited - Level 4 (previous level 2 in 2016 and 2018 but improved to level 4 in 2019)**



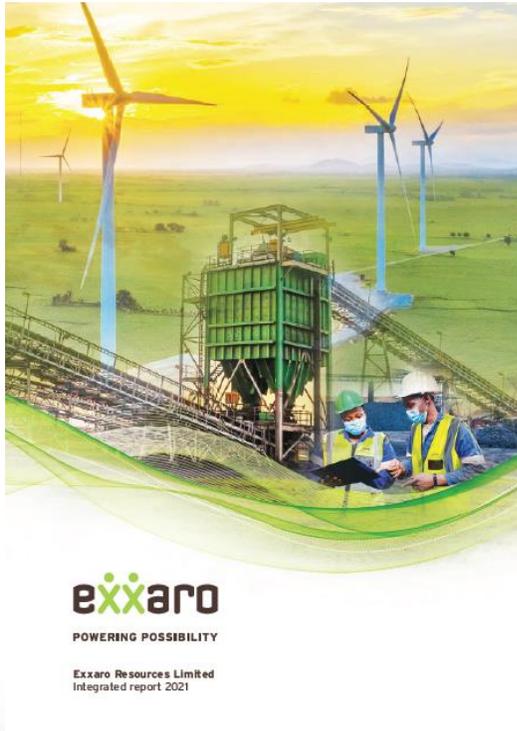


## Uses a ladder or hurdle approach:





# Recognition of excellence in ESG and Climate Change risks disclosure



## EY Excellence in Integrated reporting

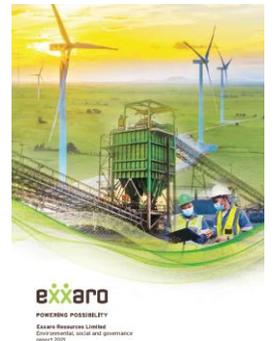


Our 2021 integrated report earned a historical **5<sup>th</sup> place** in the Top10. Highest achievement in our history

## ESG Investing Awards



Exxaro's 2021 ESG report earned a 2<sup>nd</sup> spot in the **best sustainability report category**





## Conclusion (1)

### Climate resilience

1. Achieve **carbon neutrality** by **2050**.
2. Diversify into **future facing minerals**
3. Reduce climate-related **risks**.
4. Deliver **positive social impact**.

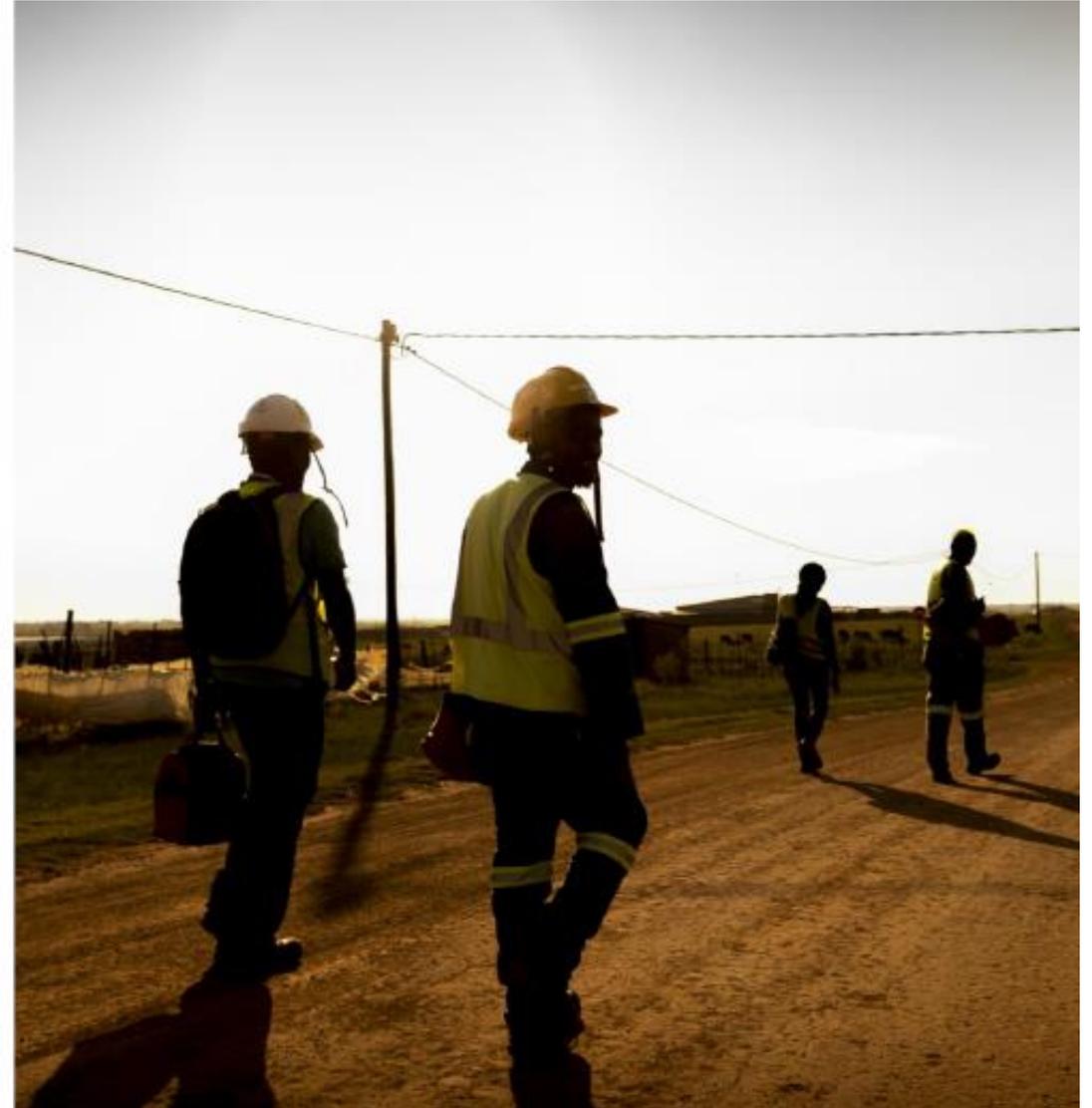




## Conclusion (2)

### Socio impact catalyst

1. Go beyond compliance and **have measurable socio-economic and environmental impact**
2. Contribute towards **sustainable livelihood.**
3. Strengthen **contribution** towards a **just energy transition.**





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