

CLIMATE CHANGE AND ENERGY

As the unprecedented demand for electricity continues to grow, and impacts of climate change become more pronounced, the importance of embracing and accelerating the rollout of technologies that can abate emissions from coal-fired power stations becomes ever more critical.



OUR POSITION ON CLIMATE CHANGE AND ENERGY TRANSITION

We support the goals of the Paris Agreement, to limit the increase in the global average temperature to well below 2°C and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. We recognise the importance of our role in reducing emissions, both in our direct operations as well as in our supply chain.

We also recognise the common but differentiated responsibilities and capabilities of domestic economies in pursuit of climate objectives and believe that actions to limit temperatures must support the United Nations Sustainable Development Goals (UN SDGs), including sustained, inclusive economic growth and universal access to clean, affordable energy.

The recent, unprecedented growth in electricity demand is expected to continue and highlights the need for all sources of energy. Concurrently, geopolitical complexity and the need for energy security and grid stability mean that coal is likely to play a role in the energy mix for longer than expected, albeit on a more operationally flexible basis, providing back up and system support.

We acknowledge the impact of unmitigated coal combustion on climate change and strongly support the accelerated deployment of all emission reduction technologies, including coal abatement technologies such as high-efficiency, low-emission coal-fired power plants and carbon capture, utilisation and storage (CCUS).



MINE CLOSURE AND RESPONSIBLE SOCIAL TRANSITION

Communities in the regions in which we operate in South Africa are heavily dependent on both mining and coal-fired power generation for their livelihoods. Economic diversification and social transition in these areas will require a coordinated, multi-stakeholder approach to maximise opportunities and mitigate risks in the long term.

Our vision is to collaborate with host communities to establish regenerative landscapes that create sustainable livelihoods through economic diversification. We aim to leave a positive legacy through the integration of mine closure planning, with the repurposing of rehabilitated land and the conservation of biodiversity for the benefit of communities and the environment.

GOVERNANCE

Our approach to sustainability governance, including that related to climate change, is described in full on page 154.

ADVOCACY

OUR CLIMATE CHANGE ADVOCACY POSITION

We believe that effective policy is essential for providing the right drivers and incentives to encourage coordinated, efficient and equitable response measures. We are committed to transparency in our political engagement and prohibit political donations in any circumstances, either directly or through third parties.

We engage constructively with policymakers both directly and through industry associations to advocate for our position on matters relating to climate change and our business. Any climate-related advocacy that we undertake or that is undertaken

on our behalf, should be in line with the letter and the spirit of our stated policy positions and supportive of the goals of the Paris Agreement. There may be times when our views diverge from those of our industry association partners, in which case we aim to ensure our views are noted and recorded. In all our climate advocacy activities, we are committed to compliance, transparency and accountability.

The following section outlines the industry associations to which we belong, why we are members, positions of responsibility held by Thungela employees and our annual financial contribution. This disclosure enables interested parties to review our memberships and raise any questions or concerns.

MEMBERSHIPS AND ASSOCIATIONS



FUTURECOAL GLOBAL ALLIANCE

We are a member of the FutureCoal Global Alliance, the world's only multi-lateral organisation representing the entire global coal value chain. FutureCoal was created to reflect a shift in the global coal sector toward innovation, emissions abatement technologies and responsible stewardship. It advocates for an inclusive international policy framework that supports nations' sovereign right to choose their energy pathways, including the continued but transformed use of coal. The alliance champions 'Sustainable Coal Stewardship' (SCS), which encourages the modernisation of coal-related businesses through innovation, technology adoption and environmental improvement. SCS comprises a range of initiatives in pre-combustion, combustion and post-combustion phases.

FutureCoal recognises the objectives of the Paris Agreement and acknowledges the global shift towards decarbonised energy systems. The Alliance argues that coal—especially when abated—remains essential for many developing and emerging economies. It advocates for all-technologies and all-fuels energy policies that recognise coal's ongoing contribution to livelihoods, industrialisation and energy security.

In 2025, FutureCoal's 'Fund Fair. Fund Equal.' campaign called on banks, investors, insurers and governments to fund coal fairly and equally, rather than excluding it from financial frameworks. The campaign argues that coal continues to play a significant role in global electricity generation and industrial sectors, yet is often restricted or penalised in investment decisions. It argues that the focus should be on funding cleaner, more efficient and responsibly managed coal systems, ensuring that coal-based economies, especially in developing regions, are not disadvantaged in the global energy transition.



MINERALS COUNCIL SOUTH AFRICA

Minerals Council South Africa (MCSA) represents 73 members, comprising 90% of South Africa's mineral production by value across a range of commodities. The council plays an advisory and leadership role, monitors progress and provides support for regulatory developments, including those relating to climate change.

MCSA and its members are committed to participating in a responsible transition to a net zero carbon economy and prioritise climate-resilient development. The board has adopted individual member commitments, which include a requirement for members to develop a climate change response with near-term (five to 15 years) Scope 1 and 2 emissions reductions and net zero emissions by 2050. Members must also collaborate with supply chain partners to reduce Scope 3 emissions and must improve the transparency of their climate-related reporting. The MCSA developed a Climate Change Framework to guide mitigation, adaptation and just energy transition efforts for its members.

In 2025, we provided comments on the 2025 Draft Taxation Law Amendment Bill, Draft National Greenhouse Gas Carbon Budget and Mitigation Plan Regulations and the Draft Guideline for the Consideration of Climate Change Implications in Applications for Environmental Authorisations, Atmospheric Emission Licences and Waste Management Licences.



BUSINESS UNITY SOUTH AFRICA

We participate in the Business Unity South Africa (BUSA) environmental sub-committee and climate change working group in our capacity as a member of MCSA. BUSA members are committed to working with government to move South Africa onto a path towards net zero and to build resilience to climate change impacts. One of BUSA's strategic objectives focuses on the just transition towards low-carbon, climate-resilient and ecologically sustainable economies and societies.

The comments provided to MCSA on climate-related legislation and regulations were shared with BUSA.



INDUSTRY TASK TEAM ON CLIMATE CHANGE

We are a member of the Industry Task Team on Climate Change (ITTCC), a non-profit association made up of a number of large companies. The organisation is supportive of South Africa's international commitments to meet its climate change goals and gradual transition to a lower carbon economy. The organisation encourages the sharing of best-practice approaches adopted by ITTCC companies.

Thungela participated in monthly industry information sharing sessions, including discussions on carbon budgets and mitigation plans, carbon market mechanisms such as offsets and renewable energy credits, South Africa's grid emission factor, Carbon Border Adjustment Mechanism, adaptation and updates on the latest developments in climate change science.



ENERGY INTENSIVE USERS GROUP

We are a member of the Energy Intensive Users Group (EIUG), a voluntary, non-profit association established in 1999. The EIUG has a strong technical background and engages with government departments on the need for a cohesive approach to energy supply to ensure security of supply, stable pricing and a clear path forward on policy, within a just transition framework. The EIUG works in collaboration with the ITTCC and is fully committed to the transition toward a low-carbon economy. It aims to ensure that this is done in a manner and within a timeframe that protects and maintains the competitiveness of our economy. The group engages directly with government departments, Eskom and the National Energy Regulator of South Africa.



COAL INDUSTRY ADVISORY BOARD

The Coal Industry Advisory Board (CIAB) is an advisory board to the International Energy Agency (IEA) and is made up of a group of senior-level executives from coal-related enterprises across the value chain. Its 25 members, including Thungela, are drawn from 11 countries that represent just under 80% of global coal production and consumption. The CIAB's role is to advise the IEA of developments on various aspects of coal, including production, transportation, trade and utilisation. This informs the IEA's projections and advisory work with member governments.

Thungela held the chairmanship of the CIAB in 2025. The CIAB published a study focused on recent advances in CCUS using two case studies in China. The 2025 work programme focused on the 'Energy Supply and Security Study', which will be finalised and published in 2026. During the year, workshops were held with the IEA on grid stability and energy security, critical minerals and advances in CCUS. The proceedings of the plenary meetings and reports produced by the CIAB can be found here: <https://www.iea.org/about/structure/coal-industry-advisory-board>.



NATIONAL BUSINESS INITIATIVE

The National Business Initiative (NBI) is a voluntary coalition of South African and multinational companies working towards sustainable growth and development. The NBI runs multiple projects and partnerships designed to help member companies build their capacity to respond and ultimately work collectively with government to develop solutions to climate change and emissions mitigation. Member companies pledge their support for a low-carbon future.

We participated in NBI workshops and thought-leadership sessions and provided input on climate adaptation and resilience in industry and biodiversity.

MEMBERSHIP FEES

We pay annual membership fees to industry associations, with the amount based on each association. We also pay extra fees for specific projects when needed.

Association	2025 Membership (Rand million)	Alignment of association with our position on climate change
FutureCoal	1.96	Yes
Coal Industry Advisory Board	0.27	Yes
Industry Task Team on Climate Change	Nil	Yes
National Business Initiative	0.23	Yes
Minerals Council South Africa	9.53	Yes
Energy Intensive Users Group	0.28	Yes
Business Unity South Africa	N/A	Yes

RISKS AND OPPORTUNITIES

Our approach to integrated risk management (IRM) is guided by our IRM policy and framework and operational risk management standard. These are aligned with the ISO 31000 principles and guidelines, the Johannesburg Stock Exchange's Listing Requirements and the requirements of King IV™. Our IRM includes the following key principles:

- The board considers risk in a manner that enables the organisation to set and achieve its strategic objectives
- Risk is owned by the Group executive committee
- Risk management is integrated across the organisation and embedded in critical business processes to support day-to-day activities and executive decision-making at both operational and corporate levels.

Climate risks are integrated into the baseline risk registers at all sites and are managed as part of the IRM process. Our risk management approach is described in more detail on page 162 of this report and on page 33 of the Integrated Annual Report.

UNDERSTANDING OUR EXPOSURE TO CLIMATE-RELATED RISKS AND OPPORTUNITIES

We have used scenarios defined by the Intergovernmental Panel on Climate Change (IPCC) and the IEA, as potential pathways to help understand the possible physical and transition risks and opportunities our business is exposed to over two timelines: near-term (2030) and long-term (2050). A quantitative assessment was carried out on relevant acute and chronic physical climate risks, market and regulatory (transition) risks, and changes in exposure under various climate scenarios.

Transition risks relate to potential impacts on coal demand and production costs across our value chain. These could be associated with regulatory, technological and behavioural changes in the transition to a low-carbon economy.

Physical risks relate to the potential impact on our operations, supply chain and surrounding communities from extreme weather events and chronic shifts in climate patterns.

The Group has adopted a qualitative approach to the disclosure of anticipated financial effects of climate-related risks. The anticipated financial effects have been assessed using scenario analysis including both qualitative and quantitative inputs, however due to the high level of uncertainty and possible variability of these inputs, the level of measurement uncertainty is considered too high to disclose quantitative financial effects.

THE SCENARIOS

Our approach to net zero is informed by three physical risk climate scenarios that apply the IPCC's AR5 Representative Concentration Pathways (RCP) and AR6 Shared Socio-economic Pathways (SSP) reports and the three scenarios set out in the IEA's World Energy Outlook (WEO) for transition risk analysis. Collectively, these scenarios define low, moderate and high emission futures.

PHYSICAL SCENARIO ¹	RCP 8.5/SSP 5 ~3.2°C – 5.4°C	RCP 4.5/SSP 2 ~2.5°C – 2.7°C	RCP 2.6/SSP 1 ~1.7°C – 1.8°C
Transition scenario ²	Stated Policies Scenario	Announced Pledges Scenario	Net Zero Scenario
Key outcomes	Physical risks dominate - Emissions are curbed based on existing policies and national commitments, but fall short of meeting the goals of the Paris Agreement. - Continued use of fossil fuels and energy-intensive activities. - Effects of climate change require investments in adaptation measures to protect assets, infrastructure and communities.	Insufficient decarbonisation - Slow implementation of policies due to political, institutional and societal barriers. - The transition to a low-carbon economy is disorderly, uncoordinated and delayed. - Transition happens faster in certain regions and slower in others, leading to differences in regional policies and implications on the cost of doing business and global trade.	Transition risks and opportunities dominate - Globally coordinated effort to reduce emissions to net zero by 2050. - Accelerated transition to renewables and electrification, and aggressive regulations limiting the extraction and use of fossil fuels in all major economies.
Risks and opportunities	- Flood and extreme precipitation. - Extreme heat and wildfires. - Sea level rise. - Water stress.	- Carbon pricing policies. - Energy policies. - Litigation risks. - Flood and extreme precipitation. - Extreme heat and wildfires. - Sea level rise. - Water stress.	- Carbon pricing policies. - Regulatory risk. - Reputational risk and opportunity. - Flood and extreme precipitation. - Extreme heat and wildfires. - Sea level rise. - Water stress.
Projected coal demand	- Continued fossil fuel investments. - Slow decrease in demand for fossil fuels. - Coal demand in 2030: 5,149 Mtce. - Coal demand in 2050: 3,828 Mtce.	- Reduced fossil fuel investments. - Modest decrease in demand for fossil fuels. - Coal demand in 2030: 4,539 Mtce. - Coal demand in 2050: 1,613 Mtce.	- No oil, natural gas and coalfields developed due to reduction in demand. - Falls in fossil fuel prices due to lower demand. - Coal demand in 2030: 3,024 Mtce. - Coal demand in 2050: 539 Mtce.
Thungela position	Extended fossil fuel market	Slow transition	Accelerated decarbonisation

¹ The physical scenarios are based on the IPCC Assessment Report 5 RCPs and AR6 SSPs.

² These transition scenarios are based on those set out in the IEA's WEO, 2022.

Mtce: Million tonnes of coal equivalent

TRANSITION RISKS

Governments have responded to the climate crisis in various ways. We are directly exposed to climate-related policies, legislation and Nationally Determined Contributions (NDCs) in our countries of operation and those of the markets we serve. NDCs are integral to the Paris Agreement and outline each country's targets to reduce national emissions.



CLIMATE CHANGE POLICY IN SOUTH AFRICA

South Africa has committed to net zero by 2050 and a fixed-level target range of 320 to 380 million tonnes of carbon dioxide equivalent (Mt CO₂e) Mt CO₂e for the period 2031 to 2035.

The Climate Change Act enables the development of an effective national climate change response. One of its mechanisms is the introduction of mandatory carbon budgets and mitigation plans for industry. Every organ of state will be legally obliged to coordinate policies and programmes to ensure that climate change risks and vulnerabilities are acted upon.

We have a voluntary carbon budget and an approved pollution prevention plan (PPP) for the period 2021 to 2025. Our 2024 PPP progress report was approved by the DFFE in 2025. The Draft National Greenhouse Gas Carbon Budget and Mitigation Plan Regulations were published on 1 August 2025 for public comment. Carbon budgets were to be implemented from 1 January 2026 for a five-year period, however the regulations have not yet been finalised and the mandatory period has been deferred. We continue to engage with the DFFE on the allocation of carbon budgets to the coal sector.

The Carbon Tax Act, 2019 (as amended) reached the end of Phase 1 in December 2025. Phase 2 will be applicable to Scope 1 emissions that are reportable to the DFFE with adjustments to tax-free allowances. For Thungela, these include fugitive methane emissions from underground coal mines and emissions from stationary combustion. While the basic tax-free allowance will remain the same until 31 December 2030, the carbon offset allowance will increase from 5% to 10% and the carbon budget allowance of 5% will fall away. If a company's emissions exceed the annualised mandatory carbon budget, the company will be taxed at a rate of R640 per tonne of CO₂e.

The carbon tax levy on fuel, which is included in the fuel price paid at the pump, increased to 14c per litre for petrol and 17c per litre for diesel from April 2025.

We have a carbon tax forecast model based on legislation and anticipated carbon prices. This is incorporated into discounted cash flow models for all projects.



CLIMATE CHANGE POLICY IN AUSTRALIA

The Australian Climate Change Bill was passed into law in September 2022. This legislates the country's commitment to net zero emissions by 2050 and a 43% reduction in emissions by 2030 from 2005 levels. Each Australian state has set its own interim emission targets, with Queensland committing to a 30% reduction by 2030 and a 75% reduction by 2035 from a 2005 baseline.

Several domestic programmes have been launched through the Clean Energy Regulator. The National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015 (the Safeguard Mechanism) is a key programme introduced, which requires Australia's largest GHG emitters (emitting more than 100 kt CO₂ per annum) to keep their net emissions below a baseline emission intensity, based on Scope 1 emissions. Entities are expected to achieve a 4.9% reduction in intensity annually until 2030. Safeguard facilities that exceed or expect to exceed their baseline must manage their excess emissions. Australian Carbon credit units or Safeguard Mechanism credit units can be surrendered to this effect.

RISK DESCRIPTION	OUR MITIGATION MEASURES
Policy and legal	
New or more stringent carbon pricing mechanisms such as carbon tax, emissions caps or limits on emissions intensity, energy regulation, carbon trading and use of carbon offsets, both in our host countries and in export destinations, may increase the cost of production and reduce margins in the short and long term.	• We are committed to achieving net zero Scope 1 and 2 emissions by 2050 and reducing these by 30% by 2030 from a 2021 baseline. • A 4 MW solar plant at Zibulo was commissioned in 2024 and we are sourcing a further 15 MW of renewable energy for our South African operations. • Scope 1 and 2 emissions in 2025 were 25% lower than the baseline. • We are installing continuous methane monitoring systems at our South African operations to reduce potential over-reporting of emissions to the regulator.
Changing regulations may impact our ability to obtain or delay necessary project permitting approvals.	• We integrate climate change considerations such as decarbonisation, the use of renewable energy and climate adaptation into permit applications.
Increase in litigation in which climate change and its impacts are a contributing or key consideration.	• We monitor legal developments and seek advice as necessary.
The Mpumalanga region is heavily dependent on coal mining for employment, both directly and indirectly. Increased carbon pricing and regulatory mechanisms as described above may impact our employees and communities through job losses and reduced total procurement spend.	• We continuously train and upskill our workforce using programmes that are recognised across the mining industry. • Our operations offer a range of mining and non-mining skills training programmes to unlock employment opportunities for young local people who do not have the financial means to further their education. • Our enterprise and supplier development (ESD) programme, Thuthukani, aims to reduce the reliance on coal mining by improving access to income-generating opportunities, including those in the green economy. • Intentional planning and collaboration to repurpose rehabilitated areas to create sustainable businesses and economic diversification, where this will not contravene our obligations for site restoration, for the benefit of the communities surrounding our mines. • The Nkulo Community Partnership Trust, which received R31.2 million based on our 2025 performance, will make a meaningful and lasting impact on the lives of host communities.
Market changes	
In response to the ongoing decarbonisation of global energy supply, there may be a structural decline in global demand for thermal coal in the long term. This may in turn drive downward pressure on global coal prices. In the long term, coal's share of primary energy demand is expected to decline. The global coal market is, however, dynamic and subject to changes in the geopolitical and energy landscapes.	• We have a scenario-based approach to achieve net zero emissions by 2050 that provides two distinct pathways informed by climate scenarios. • Our strategy and investment evaluation criteria balance responsible stewardship with the need to upgrade our portfolio and create shareholder value. • Our buy-versus-build strategy using investment evaluation criteria ensures that new carbon units are not added to the global footprint through greenfield projects. • We produce high-quality export coal with lower pollutant content that is better suited to shifting customer needs. • We continue to advocate for a technology-agnostic approach to decarbonisation, which includes abatement of emissions from coal combustion.
Reputation	
Availability of, and access to, financing and key services such as insurance may reduce, and the cost of these services may increase.	• We are now fully self-insured in South Africa where we have contributed R1.5 billion to a self-insurance structure. In Australia, we are covered by the traditional insurance market. • The R3.2 billion facilities we have with two South African banks have been extended until 2028. These facilities strengthen our balance sheet as we continue to migrate our capital structure in a manner that will enhance returns to shareholders over time. They also provide additional liquidity to navigate uncertainty across a number of external factors.
Changing stakeholder expectations and lack of acceptance of the role of high-quality coal in supporting the transition to a lower-carbon future may impact our industry's reputation and delay the environmental permitting approval process.	• We are committed to fulfilling our purpose, To Responsibly Create Value Together for a Shared Future, and to being a responsible miner. Our performance since listing has demonstrated our commitment as reflected in our environmental, social and governance (ESG) report and the favourable ESG ratings we have received.

PHYSICAL RISKS

Physical climate risks have been consolidated into chronic (increased average rainfall and sea-level rise) and acute (storms and extreme weather events) risks, with flooding and landslides considered secondary impacts of these risk categories. The likelihood of these risks is low for operations that will reach the end of their lives before 2030 and higher for operations with a longer life of mine.

Our current assessment of the acute and chronic physical risks related to climate change does not require us to make additional financial provisions for our operations or adjust the estimated useful lives of specific assets. We have performed a materiality assessment of the risks below, so these represent all risks identified. The socio-economic context of host communities, discussed on page 10 of this report, increases their vulnerability to climate risks.

We address the resilience of our operations and host communities by ensuring that our sites include climate risk as part of their baseline risk assessments and that our technical standards and guidelines include climate risks and responses. Furthermore, we aim to ensure that Social and Labour Plan (SLP) and corporate social investment (CSI) projects address climate-related risks and contribute to climate adaptation and resilience.

RISK DESCRIPTION	OUR MITIGATION MEASURES
Physical (chronic)	
Sea level rise The frequency of the current 1-in-100-year storm surge event at Richards Bay Coal Terminal (RBCT) is projected to become more frequent across moderate (1-in-18 years) and high (1-in-11 years) emissions scenarios by 2050. At the Port of Gladstone, there is very high confidence that sea levels will rise. By 2030 the projected range of sea-level rise is 0.08 m to 0.18 m above the 1986–2005 level, with only minor differences between emissions scenarios. By 2090, the intermediate emissions case (RCP 4.5) is associated with a rise of 0.3 m to 0.65 m and the high case (RCP 8.5) a rise of 0.44 m to 0.87 m. This could result in damage to port facilities and cause delays to product transportation, resulting in additional demurrage.	• RBCT has emergency preparedness and response systems, including meteorological monitoring and early warning systems in place. • The Port of Gladstone has a sustainable maintenance dredging strategy as part of its 2050 long-term sustainability plan. Dredging assists with climate resilience by maintaining the depth of navigation channels, allowing ships to access the port even as sea levels rise, preventing disruptions to trade and supply chains, and enabling the potential for beneficial reuse of dredged sediment to protect coastlines from erosion and enhance coastal ecosystems.
Increased average rainfall Total average annual rainfall in South Africa is projected to increase across all scenarios by 2050. This may cause operational disruptions due to flooding and the inability to access mine workings and increase operational costs associated with managing water. The risks to communities of increased rainfall may include the uncontrolled discharge of mine-impacted water, the increased occurrence of sinkholes or subsidence and disruptions to transportation due to road damage.	• Our water management strategy considers potential climate change-related risks. • We review water balances annually and proactively manage water on site. This includes tracking and reporting water withdrawals, consumption, discharge, reuse/recycling and water treatment in line with the ICMM and the Minerals Council of Australia Water Accounting Framework. • We undertake annual rainfall readiness reviews and have developed trigger action response plans (TARPs) to address excess rainfall. • We monitor and track the magnitude and frequency of climatic events and are working towards building a central repository for this data. • We undertake annual reviews and audits of the integrity of our mineral residue facilities and dams. • Areas that are at risk of subsidence or sinkholes are fenced off and declared 'red areas', making them inaccessible to communities and employees. • We have an integrated emergency preparedness and response plan that considers the potential effects of catastrophic events at sites, including those that may be associated with climate change.

RISK DESCRIPTION	OUR MITIGATION MEASURES
Physical (chronic)	
Increased drought An increase in the number of consecutive dry days may place additional pressure on the already water-stressed catchment.	• We minimise freshwater consumption at our operations. • We maximise water efficiency by reusing and recycling water in our coal processing plants using thickeners and filter presses. We achieve reuse and recycling rates of approximately 96% annually. • The EWRP can treat up to 50 ML per day of mine-impacted water and provides potable water to the local municipality and connected mines to reduce pressure on the municipal supply. • In South Africa, we have included criteria that assess a CSI or SLP project's ability to increase community's resilience to physical climate risks in our decision-making framework. • We have water management initiatives in place to drive the optimisation of operational processes and reduce water use on site. This is supported by our investment model for new/alternative technologies that optimise water use.
Extreme temperatures Increased average temperatures will result in a greater number of heat waves and extreme heat days. This poses a risk to employees and the success of rehabilitation.	• Our operations each have a mandatory code of practice for thermal stress, which includes monitoring and interventions or TARPs when temperatures exceed certain levels.
Physical (acute)	
Storms and extreme weather events Extreme rainfall intensity across all sites is projected to increase over multiple scenarios and time horizons. Storms and extreme weather such as high winds and severe lightning could cause flash flooding of mine sites and transportation networks, infrastructural damage and operational disruptions resulting from unsafe working conditions and inundation.	• Every site has an emergency response plan, technical standards on managing inrush and extreme rainfall TARPs. • We have an integrated emergency preparedness and response plan that considers the potential effects of catastrophic events at our sites and on the communities around our operations, including those associated with climate change. • We have extensive internal standards, systems and procedures to manage hazards on site, and have reviewed these to ensure that they include potential climate change-related risks. • In South Africa, social performance teams have incorporated projects into their SLP's that improve the resilience of communities to physical risks. • We safeguard our assets and infrastructure through robust engineering design and construction standards, aligned with national design and construction standards, regulatory requirements and enhanced through our internal standards, systems and procedures. • Flooding in excess of six metres at Ensham results in the activation of a flooding TARP that limits operations. Floods above 11.5m result in the evacuation of the mine.



GLOBAL COAL TRENDS

According to the latest IEA Coal Report (2025), global demand reached record levels in 2025 and is expected to remain stable until 2030, with a possibility of a slight decline of 3%¹. This is driven by stronger electricity demand, particularly from data centres, electrification of heating systems and weather extremes as well as underperforming hydropower and reliance on thermal power backup. In the medium to long term, WEO 2025 maintains a similar end-point for coal as WEO 2024, with gradual reductions driven by renewable expansion and efficiency gains.

The IEA states that coal continues to be a reliable and affordable source of energy, supplying roughly a third of global electricity and remains an integral component of energy security as the transition progresses. At a time of uncertainty and change for energy systems around the world, a range of different trends could shape coal markets in the years ahead. The IEA further notes that many countries are adopting a pragmatic approach that balances ongoing coal use with the deployment of emerging low carbon technology.

One of the technologies available is CCUS. According to the Global Carbon Capture and Storage Institute, facility development saw significant growth in 2025, with 77 facilities now in commercial operation and 47 more under construction. The CCUS project pipeline now includes 734 projects, up 17% year-on-year, with a capture capacity of nearly 515 million tonnes of CO₂², up 23% year-on-year.

Similarly, the World Economic Forum emphasises that energy transitions in emerging and developing economies must safeguard energy security and economic stability. Premature or abrupt phase-out of coal risks electricity shortages, rising energy costs, and socio-economic disruption, particularly for communities dependent on mining and related industries. Coal continues to underpin affordable electricity, support industrial and infrastructure development, and enable economic growth.

Increasing electricity demand combined with growing levels of variable generation sources highlight the need for secure, resilient and flexible power systems. While batteries, smart grids and other sources of power are scaling up to provide some short-term flexibility, thermal power will continue to be the main source of seasonal flexibility through to 2050¹.

RESILIENCE OF OUR BUSINESS MODEL

In the near term (to 2030) IEA analysis indicates that there is a continued role for thermal coal. This, coupled with the rapidly increasing demand for electricity and the shifting view that energy security and affordability need to be balanced with climate objectives, contributes to the resilience of our business to market changes in the near term. We retain the financial resources and operational flexibility to meet our obligations under both the Safeguard Mechanism in Australia and the carbon tax and mandatory carbon budgets in South Africa.

In the long term (2030–2050), our financial exposure to transition risks such as carbon pricing mechanisms may increase. This will depend on our ability to upgrade and enhance efficiency and carbon mitigation efforts and to invest in low-carbon mitigation technologies. Our exposure to physical risks may also increase, however, as described in the tables on page 60 and 61, mitigation measures are in place to manage these risks appropriately.

¹ IEA (2025), Coal 2025, IEA, Paris <https://www.iea.org/reports/coal-2025>, Licence: CC BY 4.0

² Global Status of CCS Report 2025, Global Carbon Capture and Storage Institute.

OUR CLIMATE CHANGE STRATEGY

OUR TARGETS

Reduce Scope 1 and 2 emissions by
30% by 2030

(from a 2021 baseline)

Achieve net zero emissions (Scope 1 and 2)
by 2050

MANAGING OUR EMISSIONS

Our strategy is to reduce our own Scope 1 and 2 emissions in the short-term through the implementation of energy efficiency, energy reduction and productivity improvement projects across our operations, the installation of a further 15 MW of renewable energy in addition to the 4 MW plant at Zibulo, and the responsible closure of mines as they reach the end of their operational lives.

PATHWAYS TO NET ZERO

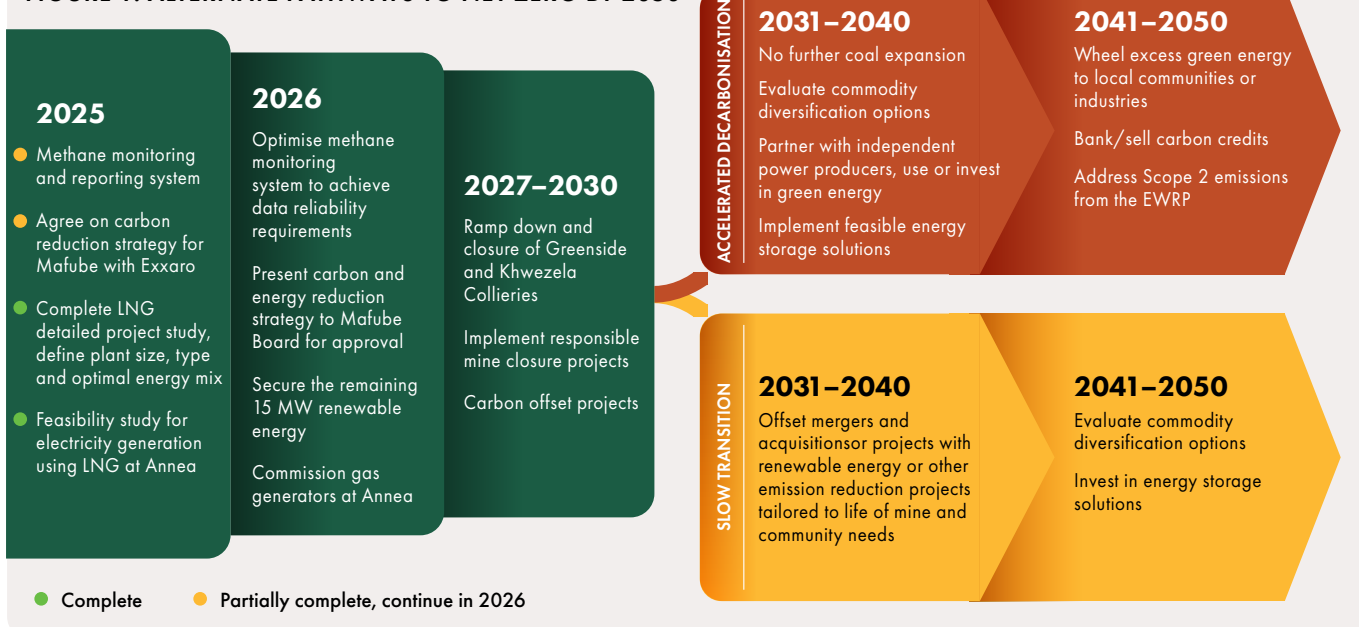
To chart the business's path in the longer term, we adopted a scenario-based approach, using the IEA WEO 2022 scenarios (see page 57 for the scenario analysis). It is important to remember that scenarios are not forecasts and that accurately predicting the future is challenging, even in the short term. Scenario analysis assists us in identifying key drivers of change and enables informed decision-making and evaluation of business resilience against a set of divergent, but plausible, futures. It also highlights the potential risks and opportunities associated with these.

We have seven operations globally, of which six are located in South Africa and one in Australia. Post-2030, three mines will be operating in South Africa and Ensham mine operating in Australia. These operations have a life of mine of between 15 and 20 years.

To meet the 2050 net zero target, two distinct pathways are available. The route we take relies on a critical inflection point in 2030 — the pace of decarbonisation globally. These pathways provide the board and executives with a framework for decision-making regarding to the business of the future, based on triggers that may occur. Global trends and dynamics are reviewed annually to determine which pathway the world is trending towards, so that we can adapt our decision-making accordingly.

The Stated Policies Scenario and the Advanced Policies Scenario both see coal demand declining more moderately than the Net Zero Scenario and have been combined. The pathways are illustrated below.

FIGURE 1: ALTERNATE PATHWAYS TO NET ZERO BY 2050

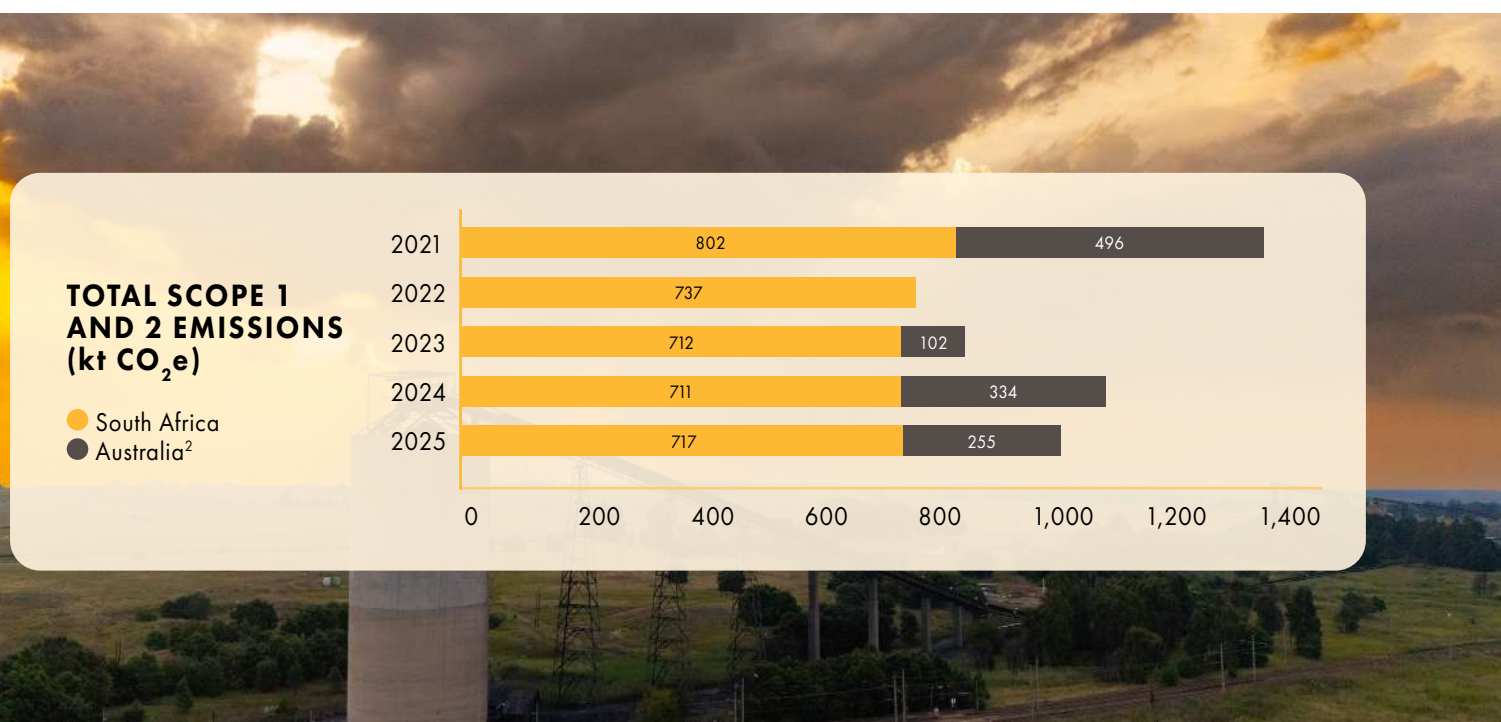


CLIMATE-RELATED METRICS

Thungela applies the operational control boundary in accordance with the GHG Protocol. Scope 1 and Scope 2 emissions are quantified for all wholly owned operations and support services such as corporate offices, central workshops and the EWRP in South Africa and Nogo Pastoral in Australia. Emissions from Mafube, a 50% joint venture with Exxaro Coal Mpumalanga Proprietary Limited are reported on a 50% basis, in line with GHG Protocol guidance.

OUR PERFORMANCE

Total Scope 1 and 2 emissions for the Group in 2025 were 971 kt CO₂e, down from 1,045 kt CO₂e in 2024. The 2025 emission were 25% lower than the updated 2021 baseline of 1,299 kt CO₂e, following a correction to Scope 2 emissions in South Africa where electricity consumption at one site had been double counted. Scope 2 values have been restated for the period 2021 to 2024.



Greenhouse gas emissions (kt CO ₂ e)	2025	2024	2023	2022	2021
Total Scope 1 and 2 emissions — Group¹	971	1,045	814	737	1,299
Scope 1 emissions — Group	538	606	397	321	808
South Africa	325	318	309	321	378
Australia ²	213	288	87	-	430
Scope 2 emissions — Group	433	438	418	416	491
South Africa ³	392	393	403	416	424
Australia ²	42	46	15	-	66

¹ Rounding of figures may cause minor computational discrepancies.

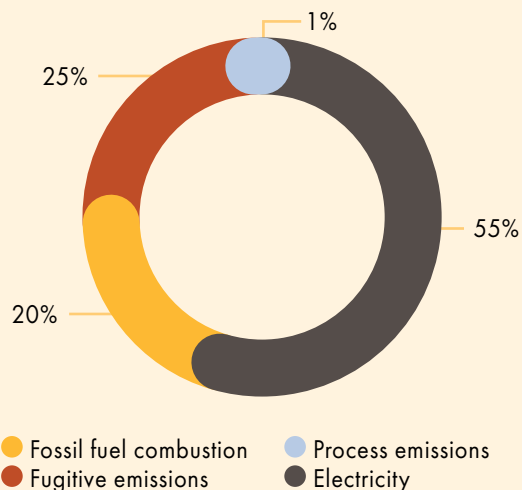
² Emissions data for Australia has been included in 2021 as this is our baseline year, 2022 data is not shown as Thungela was not the owner of Ensham and in 2023, data is shown for the four months from date of acquisition (1 September 2023 to 31 December 2023).

³ Scope 2 emissions in South Africa have been restated for each year back to 2021 due to the double counting of electricity consumption at one site. This was identified during the assurance process.



SOUTH AFRICA

SCOPE 1 AND SCOPE 2 EMISSION SOURCES



In South Africa, total Scope 1 and 2 emissions were 717 kt CO₂e in 2025, remaining relatively stable compared with 711 kt CO₂e in 2024.

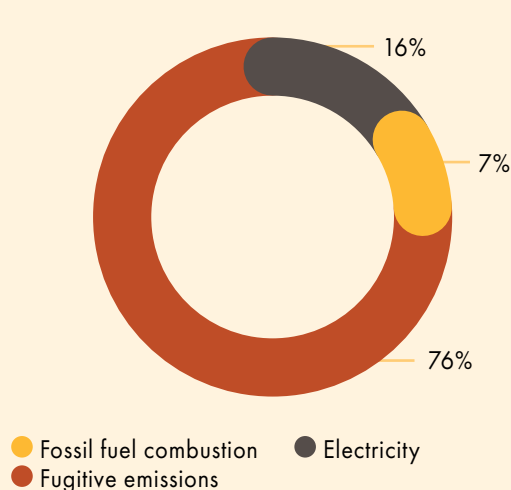
Scope 2 emissions are the largest contributor to emissions in South Africa, followed by fugitive emissions and then fossil fuel combustion. The 4 MW solar plant at Zibulo contributed to Scope 2 emissions reductions.

Carbon intensity was 17% higher in 2025 at 3.91 kg CO₂e per total tonne moved compared with 3.35 kg CO₂e per total tonne moved in 2024. This increase in intensity was primarily due to the ramping down of Goedehoop and Isibonelo combined with the opening of a boxcut at Khwezela's Navigation pit.



AUSTRALIA

SCOPE 1 AND SCOPE 2 EMISSION SOURCES



Total Scope 1 and 2 emissions in Australia were 255 kt CO₂e in 2025 compared with 334 kt CO₂e in 2024. This improvement is mainly due to the pre-drainage and flaring of methane ahead of mining in each section.

Fugitive emissions in Australia account for the largest proportion of the Scope 1 and 2 emissions at 76%. Emissions from electricity account for 16% and fuel combustion contributes 7%.

METHANE EMISSIONS

Methane is emitted from coal seams during the mining process. The methane content of coal seam gas varies from region to region. In South Africa, where the geology is relatively old and coal seams are typically shallow, methane concentrations are low in comparison to those found in Australia.

Fugitive emissions comprise CO₂ and methane. In South Africa we use a Tier 2 emission factor to calculate fugitive emissions, which gives a combined value for these. At Ensham, fugitive emissions are measured using a continuous monitoring system. We continue to consider and improve our reporting of methane and have separated the methane component from fugitives and combined it with the methane emitted from fuel combustion in the figures below. The methane values here are included in the reported fugitive emissions, but are shown separately to improve our disclosures.

Recognising the importance of accurate measurement we installed continuous methane monitoring systems on ventilation shafts in South Africa in 2024, with the intention of using the data for reporting in 2025. Due to system issues, we have not yet achieved the required data availability and accuracy to support reporting, but we will continue to work towards obtaining suitable data.

Methane emissions (tCH ₄)	2025	2024	2023
South Africa	7,765	7,811	7,313
Australia*	6,453	8,729	2,606
Group total	14,218	16,541	9,919

* Data for Australia in 2023 is shown for the four months from date of acquisition (1 September 2023 to 31 December 2023)

SCOPE 3 EMISSIONS

Scope 3 emissions for the Group are shown below. All 15 of the Scope 3 categories have been assessed for applicability and, where relevant, have been included.

Scope 3 emissions (kt CO ₂ e)	2025	2024	2023	2022	2021
Category 1: Purchased goods and services	120	22	30	5	31
Category 2: Capital goods	18	12			9
Category 3: Fuel- and energy-related services	69	76	65	544	679
Category 4: Upstream transportation and distribution	231	237	238	287	40
Category 5: Waste generated in operations	1.46	2.33	0.72	4.83	7
Category 6: Business travel	1.11	1.52	0.94		0
Category 7: Employee commuting	21	21	19		0
Category 8: Upstream leased assets	0.63	0.54	0.48		0
Category 9: Downstream transportation and distribution	2,082	2,265	1,789	1,123	1,466
Category 10: Processing of sold products	N/A	N/A	N/A	N/A	0
Category 11: Use of sold products	43,249	44,184	29,816	35,072	63,863
Category 12: End-of-life treatment of sold products	N/A	N/A	N/A	N/A	
Category 13: Downstream leased assets	N/A	N/A	N/A	N/A	
Category 14: Franchises	N/A	N/A	N/A	N/A	
Category 15: Investments	50	56	62		
Total Scope 3 emissions	45,843	46,877	32,033	37,071	66,096

Our Scope 3 emissions decreased to 45,843 kt CO₂e in 2025 from 46,877 kt CO₂e in 2024 due to a reduction in sales volumes (use of sold products). Category 1 increased from 22 kt CO₂e in 2024 to 120kt CO₂e in 2025 due to improvements in reporting to include additional services.

We mapped the top 60% of our supplier base by spend in 2025. We reviewed their reporting on Scope 1, 2 and 3 emissions. We engaged with them to better understand their emissions and associated emission reduction commitments. Approximately half of suppliers currently mapped track their emissions and have targets in place. In 2025, we added GHG emissions-related questions to the onboarding questionnaire for new suppliers as well as the self-assessment as part of the responsible sourcing programme for existing suppliers.

We participate in Low Emission Technology Australia, a not-for-profit investment fund that accelerates the development of technology solutions to reduce GHGs emissions from critical industries. A major focus of its work is to develop large-scale and cost-effective transport solutions for captured CO₂ to decrease costs, improve efficiency and identify new areas for permanent and safe CO₂ storage, both in Australia and internationally. We have a memorandum of understanding with the Council for Geoscience in South Africa to advance research into emissions reduction technologies, focusing on CCUS and provide support as and when needed.

For further information, please refer to our ESG data book: <https://www.thungela.com/investors/annual-reports>.



ENERGY MANAGEMENT



Energy is a significant input into mining activities. This has both cost and emissions implications. Over time, geological inflation due to increasing mine depths and longer hauling distances tends to increase energy requirements.

We therefore prioritise the efficient use of energy, optimisation of energy sources and energy reduction projects. Additionally, managing our energy is an important element of decarbonising our operations and achieving our target of a 30% reduction in Scope 1 and 2 emissions by 2030 on our path to net zero.

OUR APPROACH

ENHANCING ENERGY EFFICIENCY

Our technical standard and related guideline on energy and carbon emissions management sets out the requirements to drive energy and carbon savings across the business.

We focus on projects that improve the efficiency of large energy users such as processing plants, ventilation systems at underground operations and load and haul equipment at opencast mines. Projects implemented in 2025 included ventilation optimisation, haul route optimisation, idle time reduction, conveyor optimisation, payload management and diesel leak reduction.

These initiatives are supported by a robust project execution framework that includes management commitment, scheduled reviews with energy champions, performance reviews and forums to share and reapply learnings within the business.

SUPPLEMENTING ELECTRICITY WITH RENEWABLE SUPPLY

Central to our net zero pathway is the incorporation of a minimum of 19 MW of renewable electricity before the end of 2026. A 4 MW solar plant commissioned at Zibulo in 2024 generated more than 4,500 MWh in 2025. The remaining 15 MW will be secured, most likely through power purchase agreements, during the course of 2026.

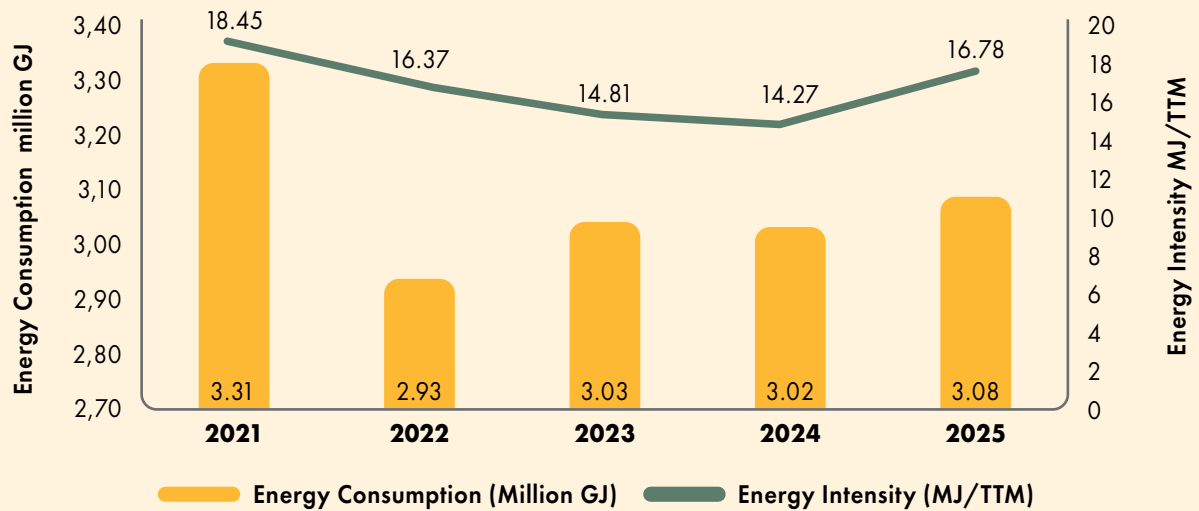
PERFORMANCE

Total Group energy consumption remained flat at 3.63 million gigajoules (GJ) in 2025. Our energy efficiency and energy reduction projects resulted in savings of almost 6,179 t CO₂e and 27,714 GJ.

In South Africa, energy intensity increased by 18% to 16.78 megajoules per total tonne moved (MJ/TTM) in 2025 (2024: 14.27 MJ/TTM). This increase is largely due to the ramping down of Goedehoop and Isibonelo collieries and the opening of a boxcut at Khwezela's Navigation pit, which is an energy-intensive process. Total energy consumption in South Africa increased to 3.08 million GJ in 2025 (2024: 3.02 million GJ).



ENERGY CONSUMPTION AND ENERGY INTENSITY - SOUTH AFRICA



Energy consumption — Group	2025	2024	2023	2022	2021
Total energy consumption (million GJ) ¹	3.63	3.63	3.26	2.93	3.98
Energy from electricity (million GJ) ¹	1.58	1.63	1.46	1.41	1.76
Energy from fossil fuel use (million GJ)	2.03	1.99	1.79	1.51	2.22
Electricity consumption (MWh) ¹	438,741	453,897	408,205	392,783	487,940
Diesel consumption (kl)	55,153	54,007	49,177	41,910	60,793

¹ Electricity and related indicators in South Africa have been restated for each year back to 2021 due to the double counting of electricity consumption at one site. This was identified during the assurance process.

For further information, please refer to our ESG data book: <https://www.thungela.com/investors/annual-reports>.

LOOKING AHEAD

In 2026, we will secure the remaining 15 MW of our renewable energy commitment. We will continue to investigate and implement energy-saving projects, particularly for large energy users, to enable a year-on-year reduction in our carbon and energy intensities.

We will be installing two 1.5 MW gas generators at our Annea Colliery, which will use liquified natural gas produced at our Lephalale Coal Bed Methane Project. This will displace Eskom electricity and should result in a net GHG emission reduction.

A mitigation plan to complement the mandatory carbon budget will be developed for the five year period from 2026–2030. The mitigation plan will include Scope 1 and 2 emission reduction opportunities. We will continue with the optimisation of our continuous methane monitoring system to ensure data quality and availability meet the requirements for reporting to the DFFE.