3

ENVIRONMENT

Environmental stewardship	38
Air quality	40
Waste management	42
Water management	46
Climate change and energy	52
Integrated mine closure	70
Biodiversity	75



ENVIRONMENTAL STEWARDSHIP

Environmental stewardship is essential in coal mining because the industry interacts directly with land, water, air, ecosystems and people. Managing these impacts responsibly protects communities, reduces long-term costs, and ensures that we maintain regulatory compliance and our social licence to operate.

The environmental pillar of our environmental, social and governance (ESG) approach prioritises efficient resource use, the protection of biodiversity, waste management, land stewardship and rehabilitation, water management, community engagement, compliance with regulations, and the use of innovative technologies that minimise our environmental footprint.

Guided by a zero-harm approach, we hold ourselves to account through meaningful targets for water, waste, biodiversity, and climate change to ensure that we fulfil our commitment to responsible stewardship and minimising risks to host communities.

GOVERNANCE AND MANAGEMENT APPROACH

The board retains ultimate responsibility for the Group strategy, in which driving our ESG aspirations is a standalone pillar. Our approach to sustainability governance is described in full on page 154.

Our approach to environmental stewardship is guided both by our ESG and safety, health and environment (SHE) policies. These policies apply to employees and directors, contractors, suppliers and service providers or advisors acting on behalf of Thungela. The ESG policy is supported by a framework, which defines material and priority topics and is described on page 19 of this report. These are closely linked to the material matters on page 31.

The chief executive officer, together with the executive committee, is responsible for overseeing the implementation of these policies and tracking performance against targets. Targets are set in each material area and many are linked to executive remuneration. For details on executive remuneration, see page 103 of our Integrated Annual Report.

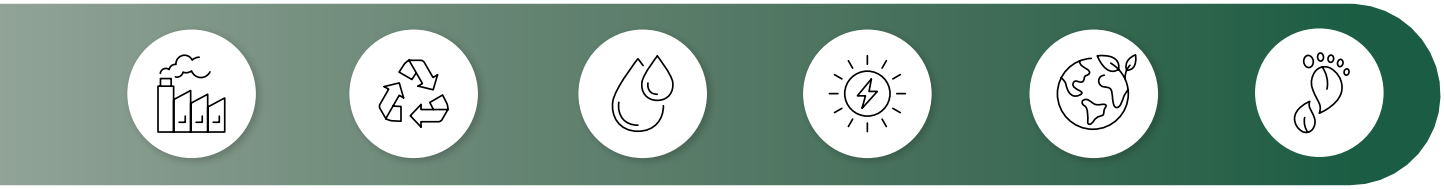
The SHE policy is supported by standards and guidelines which are premised on the precautionary principle. Robust environmental management systems ensure that we have processes in place to identify and assess potential risks and impacts. These systems support the implementation of mitigation and management measures, as well as monitoring and evaluation programmes. Our South African operations are ISO 14001:2015 certified, apart from Annea, which will be assessed for certification in 2026.

Policies work in conjunction with local legal and regulatory requirements and international standards. The SHE policy sets out minimum standards and site management is responsible for their day-to-day implementation, oversight, monitoring and reporting, together with the related procedures and standards. Sites are required to track and report on progress against targets at monthly and quarterly performance meetings with the executive committee.

The SHE policy is underpinned by a zero-harm mindset, no repeats and simple non-negotiable standards. It is embedded in our values and code of conduct and built on the principles of care, respect and trust.

SHE systems are scalable and integrated into the whole lifecycle of our activities for all managed operations, projects, offices, support activities and closed mines, including how we work with our contractors and suppliers.

This section outlines our commitments, targets, performance and approach to:



AIR QUALITY | **WASTE MANAGEMENT** | **WATER MANAGEMENT** | **CLIMATE CHANGE AND ENERGY** | **MINE CLOSURE AND REHABILITATION** | **BIODIVERSITY**

ENVIRONMENTAL COMPLIANCE AND INCIDENTS

Each of our mines is governed by environmental permitting and licensing conditions and commitments tied to the management of their impacts. Compliance with these is non-negotiable, as failure to do so could jeopardise their legal and social licences to operate. To ensure strict compliance, sites undergo rigorous internal and third-party audits on an annual basis. External audits are conducted by independent consultants and regulatory bodies that assess compliance and pinpoint gaps to inform the development and implementation of action plans to rectify shortcomings.

Audit findings and corrective action plans are documented on our integrated SHE management platform and progress on actions is reported to the SHE steering committee, executive committee and the relevant regulatory authorities.

The issuance of environmental authorisations by regulators can be a lengthy process, which may, in some instances, be a risk to business continuity. To mitigate this risk, we regularly engage with regulators in host countries to ensure that any additional information is provided timeously.



0 **Level 3 to 5 incidents**
2024: 1

196 **Total number of environmental incidents**
2024: 181

PERFORMANCE

We had zero significant (Level 3 to 5) environmental incidents in 2025 for the first time since listing in 2021 (2024: 1). In 2025, we recorded 196 minor environmental incidents (cumulative total) compared with 181 in 2024. The increase is attributed to improvements in the management and reporting of environmental incidents and the revision of our environmental reporting framework and definitions. Almost 92% of the incidents recorded were classified as minor (Level 1).

The majority of Level 1 and 2 incidents were attributed to poor housekeeping resulting in incorrect waste storage and disposal, silted water infrastructure, overflow of storage tanks and ponding after high-rainfall events, hydrocarbon spills and carbonaceous material in undesignated areas.

We have seen a reduction in open water-related incidents due to the installation of automated dam level monitoring across all sites. An increase in the reporting of water-related high potential hazards (HPH) and nonconformances has also strengthened efforts to address water-related risks prior to the occurrence of an incident.

Compliance audits were carried out by regulators at our operations during the reporting year. One compliance notice and two pre-directives were received at South African operations. All of these have either been resolved or rectification action plans accepted by the relevant authority. One pre-directive issued in 2022 remains unresolved. We continue to engage with the Department of Water and Sanitation (DWS) on this matter.

LOOKING AHEAD

In 2026, we will continue to review the effectiveness of action plans to address non-compliance. We will also continue with our internal environmental directive system, where an operation, or part thereof, can be stopped if environmental HPHs are identified until all HPHs have been addressed.

We will undertake a deep dive into the water-related environmental incidents and water-related environmental legal compliance findings reported in 2025 to determine the root causes and develop implementable action plans.

AIR QUALITY

We make use of real-time digital monitoring technology and physical controls to reduce emissions at source.

Dust and particulate matter (PM) from our operations have the potential to negatively impact the environment and human health. This is a material issue for our South African sites where communities live in close proximity to our operations. We limit our contribution to regional air quality challenges through pre-emptive modelling, by monitoring air quality conditions in real time and implementing preventative mitigation measures and critical controls.

OUR APPROACH

Our approach is guided by the Thungela Air Quality Emissions Standard, together with our air quality performance and emissions guideline. These are aligned with national legislation and provide mandatory operational requirements and targets for emissions. Sites perform self-assessments against the standard on an annual basis.

All South African sites have a five-year emission reduction and management plan which has been submitted to the regulator as required by local legislation. Sites report into the National Atmospheric Emission Inventory System annually.

We use ElementAir real-time dust and PM monitoring systems at all South African sites. The system is certified to measure PM down to 2.5 micrometres and provides a live feed of priority pollutants while measuring wind direction, wind speed, temperature, humidity and barometric pressure. This allows the identification of dust sources and alerts are sent to operational managers so that issues can be dealt with promptly.

Ensham conducts depositional dust monitoring on a monthly basis and calculates contributions to PM_{10} and $PM_{2.5}$ using conversion factors as part of the National Pollutant Inventory submitted annually to the regulator. Ensham is a remote mine with the nearest town 35km away. Thus, air quality is not as material as it is in the South African context.

We use a range of physical controls to reduce dust at source. These include chemical dust suppressants on haul roads, scheduled water suppression on unpaved roads and water sprayers at crushers, tipping areas and loading facilities. Hydroseeding — the application of seeds in a mix of water and appropriate nutrients — is used to stimulate growth and reduce dust from unvegetated overburden, topsoil stockpiles and rehabilitated areas.

Spontaneous combustion is a source of dust and other emissions. To manage this, we use water sprayers on burning areas and apply inorganic cladding material to starve them of oxygen.

Additionally, water is used during drilling, while blasting is optimised to reduce dust. We have a no-blasting rule in high-wind conditions.

GOVERNANCE

Operations are responsible for implementing emissions controls, reporting to authorities and engaging with stakeholders. Interdepartmental social performance management committee meetings ensure that community complaints are adequately addressed at the appropriate level. Site general managers take accountability for dust controls and their performance scorecards include dust indicators. An aggregated view of site and business performance is prepared for internal monitoring and reporting to the SHE steering committee and the board's health, safety, environment and risk committee.



PERFORMANCE

1.60	1,629	2	4
SO_2 tonnes generated	NO_2 tonnes generated	$PM_{2.5}$ exceedances	PM_{10} exceedances
2024: 1.85	2024: 1,876	2024: 7	2024: 16

AIR QUALITY

In South Africa, we noted a marked reduction in PM10 exceedances from 16 in 2024 to four in the reporting year. Exceedances in PM2.5 also declined from seven in 2024 to two in 2025. This improvement reflects the maturity of site management teams' interrogation of real-time data. From time to time, the availability of data is impacted by the theft and vandalism of monitoring units. To minimise disruption, we keep critical spares in stock to enable the rapid repair or replacement of units.

We received 32 dust and blasting-related complaints from surrounding community members compared to 18 in 2024. The majority of these emanate from communities in close proximity to Khwezela's Navigation pit. All sites have grievance mechanisms in place to capture, investigate and address community concerns. Exceedances are fully investigated through our learning-from-incidents process, and action plans are developed to address their root causes.

Ensham currently operates as an underground mine, although the rehabilitation of land previously mined using opencast methods may generate dust.

In 2025, we generated 1.6 tonnes of sulphur dioxide (SO_2) (2024: 1.85 tonnes) and 1,629 tonnes of nitrogen dioxide (NO_2) (2024: 1,876). These emissions are generated during diesel combustion.



COAL BENEFICIATION

We are committed to delivering premium, low-sulphur coal for export. To ensure the quality of our product, we beneficiate the coal we mine to remove undesirable elements.

Beneficiation involves the selective washing of run-of-mine coal to remove rock and other materials that negatively affect combustion. This process eliminates contaminants typically associated with lower-grade coals, such as high ash and sulphur content, while enhancing desirable properties to support more efficient and cleaner combustion.

LOOKING AHEAD

In the year ahead, we will continue to monitor real-time data and alerts, implementing corrective actions where necessary. We will explore the potential for monitoring SO_x emissions from spontaneous combustion.

WASTE MANAGEMENT

NON-MINERAL WASTE

Our focus is on minimising waste, promoting reuse and encouraging recycling, while pursuing circular economy strategies and initiatives that support community development. Our target is to reduce the hazardous and general waste we send to landfill by 50% by 2030, using 2021's volumes as a baseline.

OUR APPROACH

Our approach is guided by our non-mineral waste policy, which is based on prevailing legislation and the waste hierarchy – to avoid, reduce, reuse, recycle, recover, treat and, as a last resort, dispose. Our target applies to our South African operations while opportunities to reduce waste to landfill at Ensham are under development, along with the establishment of a baseline.

A collaborative approach that involves employees, community recyclers and suppliers is critical to meeting our target. We are investigating various waste-to-value options, particularly where community involvement is feasible. Sites separate waste at source using different coloured bins, designated skips and enclosures, and working with small, medium and micro-sized enterprises in local communities for the collection of recyclables which are taken to buy-back centres and ultimately used in the manufacture of new products. We engage with suppliers to reduce unnecessary packaging, and they are, in many instances, contractually obliged to remove waste materials from our sites.

HAZARDOUS WASTE MANAGEMENT

The management of hazardous waste is strictly regulated and controlled both at our operations and at the licensed hazardous facilities that receive our waste. These are regularly audited by external parties. Hazardous waste can only be stockpiled on site for a limited period before it must be sent to a licensed landfill. Disposal by certified waste management service providers is tracked and safe disposal certificates are kept.

Bioremediation is used to treat hydrocarbon spillages rather than disposing of affected soil in landfills for hazardous materials.

OUR PERFORMANCE

2,646
(2024: 2,886)
Non-hazardous waste to legal landfill (tonnes) - Group

1,155
(2024: 1,092)
Hazardous waste to legal landfill (tonnes) - Group

Waste to landfill in South Africa has reduced by 15% from a 2021 baseline of 2,332 tonnes to 1,983 tonnes in 2025 (2024: 2,258 tonnes). Non-hazardous waste to legal landfill decreased significantly from 1,431 tonnes in 2024 to 1,120 tonnes in the reporting period, while hazardous waste to legal landfill increased to 863 tonnes from 827 tonnes in 2024. This increase is largely due to the ramp up of Annea Colliery.

At Ensham, non-hazardous waste to legal landfill increased to 1,526 tonnes in 2025 from 1,455 the previous year. Hazardous waste to landfill also increased to 292 tonnes from 264 tonnes in 2024.

The addition of Annea and Zibulo North Shaft to our reporting framework, combined with Goedehoop and Isibonelo's cessation of operations, has had an impact on the volumes of waste produced and managed. Decommissioning activities typically increase waste disposal, after which volumes generally decline.

Sites have made a concerted effort to identify waste recycling opportunities, which reflects in the numbers below. Our gumboot recycling project continued at Greenside and Goedehoop where almost four tonnes of gumboots were recycled in 2025.

Several waste recycling initiatives have contributed positively to the waste to landfill reduction effort. The large increase in non-hazardous waste recycling below is due to an unusually large amount of scrap metal that was recycled last year.

WASTE MANAGEMENT

WASTE RECYCLED	2025	2024	2023	2022
Hazardous waste recycled	**1,132**	720	390	5
Non-hazardous waste recycled	**3,128**	1,785	1,683	1,534





FROM RAGS TO RESOURCES

To achieve our 2030 target of reducing waste to landfill by 50%, we need to reimagine how everyday items can be repurposed, recycled or reused.



Mafube, our 50% joint venture with Exxaro, piloted a way to reuse oily rags at one of its workshops two years ago and has already diverted two tonnes from landfill. Maintenance teams use rags to wipe down tools and machinery, clean up spills and apply lubricants and solvents. These are just one of the many essential but overlooked consumables used on our sites that ultimately end up in landfill.

Used rags are collected, soaked in a tank filled with biodegradable degreaser for up to 48 hours and then washed, rinsed, dried and repackaged before being sent back for reuse. This process is far more cost effective and environmentally friendly than buying new rags and disposing of oil- and grease-contaminated items that are classified as hazardous waste.

LOOKING AHEAD

We will strengthen our focus on upstream waste prevention in collaboration with our supply chain function by identifying further opportunities to proactively eliminate waste at source. In addition, operations will work to diversify recycling streams through initiatives such as the installation of dedicated oil filter recycling bins, the introduction of oily rag washing and reuse programmes, and more comprehensive on-site waste inventory assessments during disposal to identify further opportunities to expand on the existing recycling initiatives.

WASTE MANAGEMENT

MINERAL WASTE

We are committed to the responsible management and storage of mineral waste to prevent impacts on the health and safety of employees, the environment, communities, cultural heritage sites and infrastructure.

Mineral waste from coal processing includes low-quality discard coal and fines and is disposed of in engineered, licensed facilities referred to as mineral residue facilities (MRFs). These contain predominantly coarse coal discard and much smaller volumes of fine coal slurry. Some facilities use dry co-disposal of filtered fine and coarse discards.

Outer walls are constructed with compacted coarse coal discard and are substantially wider than conventional tailings facilities in other commodities, making them more robust. Discard in these facilities is tightly compacted to prevent the ingress of oxygen, which could result in spontaneous combustion. The risk of a dam breach from an MRF is therefore extremely low.

We have three MRFs currently in operation, several inactive, dormant or rehabilitated MRFs and 33 dams under our charge. The biggest risks associated with these are inundation, dam breaches, groundwater contamination, dust and spontaneous combustion.

OUR APPROACH

Our approach to MRF and dam management is guided by the Thungela Technical Standard for MRFs and Water Containment Structures. This standard applies to all MRFs, water containment and water diversion structures, either temporary or permanent and is applicable throughout a facility's life, from site selection and early studies, through to design, operation, closure and post-closure. Peer-reviewed by international specialists, the standard guides the siting, safe design, monitoring, inspection and surveillance of these structures and is applied as a minimum requirement.

Each MRF is evaluated and assigned a consequence classification rating ranging from insignificant, minor and moderate to high and major. These ratings determine the design, monitoring and surveillance requirements of each structure and are reviewed every year.

All dams are operated within the recommended factors of safety and are monitored by an engineer of record (EOR). Dam breach analysis and inundation studies are carried out on all facilities rated high and major.



ASSURANCE AND GOVERNANCE

A competent person and EOR provide assurance on each facility's structural integrity and work with operational personnel to ensure that disposal takes place in line with design specifications. The EOR is a licensed professional who is legally responsible for the design, specifications and overall engineering integrity of a specific facility. They assume primary responsibility for the engineering aspects and are accountable for ensuring that the design meets applicable codes, standards, and regulations. They must also ensure that the relevant studies, risk assessments, permits, incident registers, and emergency response and preparedness plans are in place.

An independent technical review panel made up of senior external multidisciplinary specialists is mandated to conduct systematic and ongoing reviews, particularly at facilities with high and major consequence ratings. This panel reviews the design, operating and management systems and provides recommendations and assurance to the business.

GOVERNANCE PROCESSES AND OVERSIGHT OF ACTIVE FACILITIES INCLUDES:

- daily and weekly oversight and inspections, all of which are logged onto our SHE management system by site personnel;
- monthly monitoring and assessment of performance parameters for MRF discard deposition;
- monthly meetings with sites and contractors; and
- quarterly and annual EOR inspections and reporting, with actions tracked on our SHE management system.

RE-MINING OF MINERAL RESIDUE FACILITIES

We are currently re-mining the active MRFs at Greenside. This process offers several benefits, including maximising resource use by extracting coal and minerals. This reduces the need for new mines, creates employment and stimulates economic growth. Re-mining active MRFs also frees up space for incoming waste, minimising the need for additional disposal sites and mitigating environmental impacts such as soil erosion and water pollution.

LOOKING AHEAD

In 2026, we will continue to focus on compliance with our MRF standard and external technical oversight through our technical review panels. We are exploring an option to sell some of the course discards from Khwezela, which will reduce the amount of discard that we deposit on the MRF. We will also review the emergency preparedness and response procedure for the Blaauwkrans MRF.

WATER MANAGEMENT

Access to clean, reliable water is a fundamental human right. It is essential to our operations, surrounding communities and to the functioning of healthy ecosystems.



We manage our interactions with water to ensure that we do not negatively affect water quality or the availability of water in the areas surrounding our operations. Given that the countries we operate in – South Africa and Australia – are water-stressed, we are strongly committed to responsible water stewardship.

Increasing population growth, urbanisation and the effects of climate change are likely to intensify water stress in many areas. Our South African operations are in close proximity to local communities, so we must ensure that we do not infringe on their right to a clean, safe and affordable water supply.

OUR APPROACH

The World Resources Institute Aqueduct Risk Atlas classifies the area in which Ensham is located as low to medium water stress, while the areas in which our South African mines are located face high to extremely high water stress. Despite this, our operations are water positive, with significant volumes of groundwater flowing into operational areas from adjacent aquifers. As a result, excess water must be managed through dewatering and stormwater management to support safe, productive and environmentally responsible operations.

Our approach is guided by our water policy, the Thungela Water Management Strategy and a set of best-practice technical management standards and guidelines that set out the minimum requirements. These documents address all aspects of effective water management, including water supply and security; dewatering; the collection, storage and use of both clean and mine-impacted water; and the management of potential environmental impacts. The policies and standards apply to all operations and joint ventures throughout the mining lifecycle.

WATER GOVERNANCE

The board's health, safety, environment and risk committee has oversight of water management and receives quarterly updates on performance and water-related incidents from the executive head of technical, who is accountable for water at an executive management level.

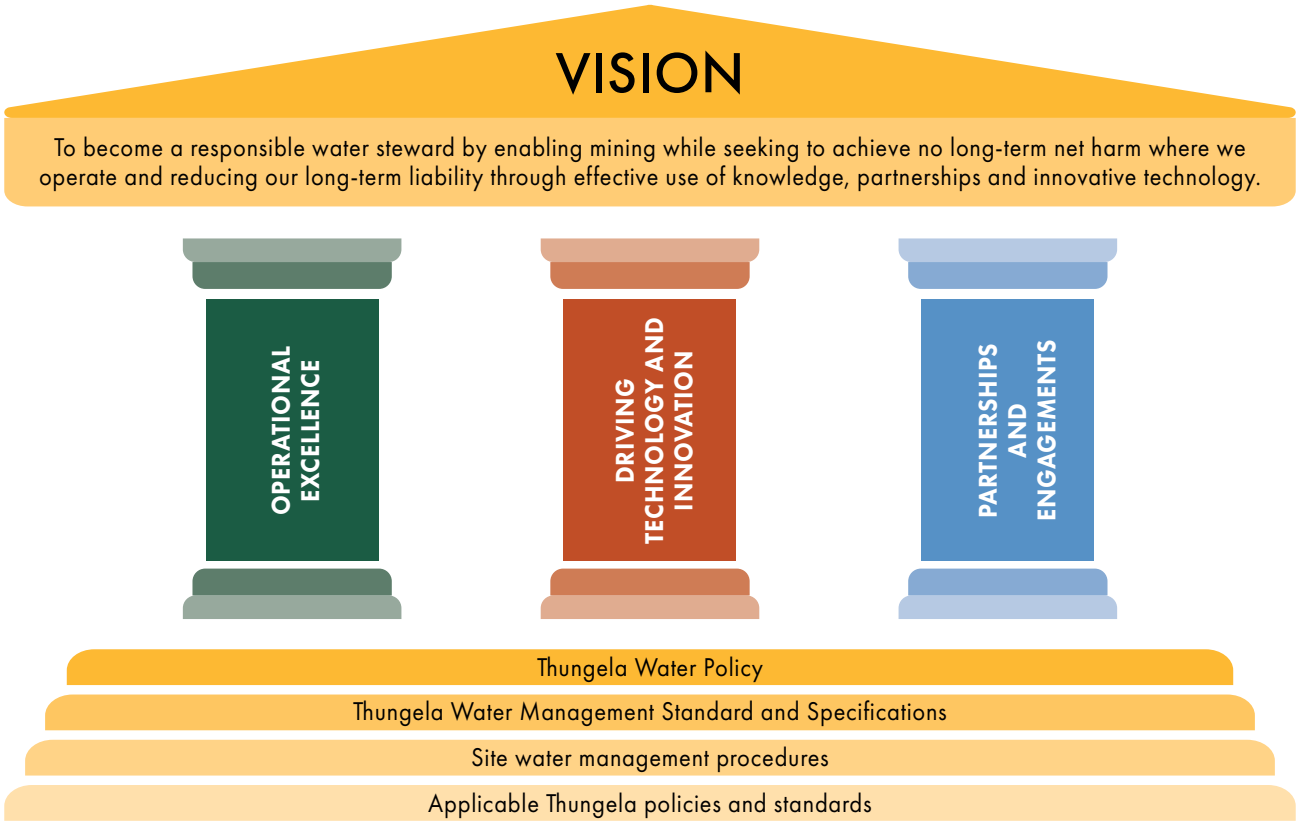
Each mine has a designated water lead responsible for ensuring the implementation of our water standards and guidelines. Sites reduce their reliance on fresh water by enhancing reuse and recycling rates within their production cycles and minimising potential impacts on surrounding watercourses. Water management is incorporated into operational activities, sustainable closure planning and the design and development of new projects. These planning cycles consider potential water risks due to climate change.

Significant focus is placed on monitoring and reporting, both of which are aided by annual internal and external audits and gap analyses. Annual internal audits are also carried out on the implementation of the water management standard.

WATER MANAGEMENT STRATEGY

Our strategy guides our approach to responsible water stewardship and is founded on the following principles:

- securing water without compromising access for other users;
- preventing harm to the environment;
- proactively engaging in effective water partnerships;
- minimising risk to protect and enhance value, while not externalising impacts;
- buffering operations against external water demand, costs and climate change; and
- being open and transparent in our water management practices with all stakeholders.



OPERATIONAL EXCELLENCE

Compliance with standards and regulations, best-practice water and discharge management, and the rigorous management of data form the foundation of the operational excellence pillar of our strategy. We apply the hierarchy of controls to enable mining to be conducted in such a way that we avoid long-term environmental harm.

Each site has a risk-based water management plan based on its water balance. These plans include the management of excess water, a water quality monitoring programme for both groundwater and surface water and an approach to dealing with mine-impacted water. Water balances are reviewed and updated regularly to determine future treatment, storage, and recycling needs.

Sites undertake extensive water monitoring of both volumes and quality, with the latter extending to off-site water bodies to ensure that mine-affected water does not impact the surrounding environment. We also conduct progressive rehabilitation to reduce the ingress of water into mine workings and regularly update final landforms to ensure better surface drainage.

Although our South African mines are water-positive, widespread regional water shortages mean we prioritise reducing abstraction wherever possible and limit our use of reclaimed water supplied by the eMalahleni Water Reclamation Plant (EWRP). By doing so, we help ensure that more water remains available for industrial, commercial and domestic users beyond our operations.

TREATMENT AND REUSE THROUGH THE EWRP

Mining activities intersect with surrounding aquifers, which causes groundwater to accumulate in mine workings. To enable safe and productive mining, this water must be pumped into pollution control dams before being either reused in production processes or sent to the plant for treatment.

With a capacity of 50 megalitres (ML) per day, the facility treats this water to potable standards. A portion is returned to our Greenside, Khwezela and Zibulo operations and centralised services sites for reuse. These operations are therefore fully self-sufficient in meeting their water requirements.

The balance of treated water from the EWRP is channelled into the severely constrained eMalahleni Local Municipality's reservoirs (4,933 ML in 2025, 2024: 7,082 ML), or into the water-stressed upper-Olifants river catchment (2025: 192 ML).

Where the distance makes it unfeasible to send water to the EWRP, fit-for-purpose solutions are implemented at operations such as Annea and Mafube. Reuse, recycling and treatment play an important role in minimising our use of imported clean water.

Water management at Ensham is focused on underground dewatering, storing the sodium-rich water in old opencast pits and releasing it into the Nogoa River when the river is in flood, in accordance with licence conditions. The mine has an allocation to abstract fresh water from the Nogoa River for use underground as the elevated sodium content in the mine-affected water renders it unusable in the underground machinery.

WATER MANAGEMENT

DRIVING TECHNOLOGY AND INNOVATION

We partner with industry, academia and government to drive innovation and technology development in water treatment technologies, including passive treatment options, to ensure that the most sustainable and cost-effective solutions are implemented. These solutions seek to treat water to qualities that meet compliance criteria for discharge, support our social obligations and provide fit-for-purpose water where appropriate. We are actively implementing nature-based solutions, which are described on page 50.

PARTNERSHIPS AND ENGAGEMENT

Water is a shared resource, which means that effective and regular engagement with stakeholders is critical to our success. We proactively interact with relevant government departments, catchment management forums, communities and peers.

We also partner with various academic, government and industry bodies to fuel innovation. These include the University of Pretoria, the University of the Witwatersrand, Mintek, Coaltech, the Technology Innovation Agency, the Water Research Commission and the Water Institute of South Africa.

OUR PERFORMANCE

361 ML
Freshwater abstraction (South Africa)
2024: 373 ML

43%
Target: treat 40% of mine-impacted water
2024: 64%

95%
Target: maintain water reuse and recycling levels above 75%
2024: 97%

1,137 ML
Potable water abstraction from the EWRP
2024: 1,097 ML

0
Target: zero Level 3 or greater water incidents Level 3 incidents
2024: one Level 3 incident

Three of our South African operations and Ensham use fresh water from external sources. Our target is to reduce the consumption of imported freshwater by 2.5% annually, relative to the previous year.

Total freshwater abstraction for the Group was 896 ML in 2025 compared with 1,170 ML in 2024. The decrease is largely due to reduced abstraction at Ensham, where improvements to the conveyor system sprayers and general preventative maintenance has reduced the need to hose fines. South African operations' freshwater abstraction was reduced from 373 ML in 2024 to 361 ML in 2025.

The use of potable water from EWRP increased from 1,097 ML in 2024 to 1,137 ML in the reporting year.

Our water efficiency rate (reuse and recycling) was 95% in 2025 (2024: 97%), exceeding our water efficiency target of 75% by a significant margin.

Water treatment substantially mitigates the risk of uncontrolled discharge of mine-impacted water, particularly during periods of high rainfall. Through treatment, we are able to manage water levels within acceptable limits. An overall treatment rate of 43% was achieved in 2025 against an annual target of 40%.

In 2025, Ensham withdrew 535 ML (2024: 797 ML) from the Nogoa river for operational use. During the reporting year, the mine discharged 565 ML into the Nogoa River in line with its environmental authority discharge licence (2024: 292 ML).

We had zero Level 3 to 5 water-related environmental incidents in 2025.



WATER MANAGEMENT

WATER TREATMENT

Our approach to financial provisioning for water treatment in South Africa aligns with the National Environmental Management Act's (NEMA) Financial Provisioning Regulations which require costs to be based on currently available technologies approved by the Department of Mineral and Petroleum Resources (DMPR), based on evidence that the discharge requirements can consistently be met. In partnership with academic institutions and appropriate government agencies, we showcase how passive treatment solutions can deliver effective results.

PASSIVE TREATMENT SOLUTIONS

Passive water treatment options that leverage nature-based solutions offer a holistic and sustainable approach. By integrating natural processes into water management practices, we can improve water quality, protect ecosystems and provide a fit-for-purpose resource that can be used for economic diversification post-mining. Active water treatment facilities that use reverse osmosis will continue to play a significant role in how we treat mine-affected water, however, they require full-time operation, ongoing maintenance and significant chemical and energy inputs. Moreover, they are vulnerable to vandalism and theft, particularly in remote areas.

Nature-based solutions draw on natural systems such as vegetation, soils and microorganisms to support water treatment processes. These approaches are less energy intensive, result in lower carbon emissions and are more cost-effective than conventional methods. Additionally, many nature-based interventions help restore or protect natural habitats, contributing to the conservation of biodiversity.

We have been conducting research and development at pilot and demonstration scale for several years in partnership with a variety of technology and academic partners. Both engineered and natural solutions such as phytoremediation, biological sulphate reduction, and the restoration of wetland systems have been implemented and have shown positive results.

PHYTOREMEDIATION

We are implementing large-scale phytoremediation using indigenous trees as a key component of our long-term post-closure water management strategy. Four tree species, including the *Searsia lancea*, (Karee tree), have been selected for their ability to absorb mine-impacted water, helping to control water levels in old mine workings. The trees also reduce recharge into the old workings, ultimately preventing decant. As they mature, the trees will form canopies reaching up to eight metres in height. Beyond their essential role in water management, they will contribute to carbon sequestration and enhance biodiversity in these areas.

These trees are propagated at a purpose-built nursery at Greenside before being planted at closing sites, including Khwezela's Kromdraai mine and Goedehoop.

To date, approximately 320,000 trees have been planted across our South African sites. This initiative is being carried out in partnership with researchers from the University of the Witwatersrand's School of Animal, Plant and Environmental Sciences.



BIOLOGICAL SULPHATE REDUCTION

A 50,000-litre per day biological sulphate reduction demonstration plant, commissioned in 2022, continues to yield positive results. This facility uses bacteria to remove sulphate, neutralise water and eliminate metals to produce a product suitable for agricultural use. Sulphate levels are reduced by 81% and pH levels improve from 3.5 to 7.3.

The project's goal is to turn mine-impacted water into a valuable resource for agriculture on rehabilitated mine land. The passive nature of the system means it requires minimal electrical input, zero chemical additives and only occasional maintenance, making it a sustainable and cost-effective solution for long-term water management.

Treated water has been used in irrigation trials to assess its impact on soil and crop health through a full year to test seasonal crops. Results indicate that further optimisation is needed to improve the final water quality for irrigation. A techno-economic assessment shows that the plant is more cost-effective than active reverse osmosis and generates less waste. However, it has longer treatment times, requires more land and faces permitting uncertainties as it would be the first of its kind. The demonstration plant will run for another 12 months to reduce the retention times required and for additional irrigation trials.

The cloSURE® technology was developed in collaboration with the Technology Innovation Agency, Mintek, the Department of Science and Technology, The Moss Group and the University of Pretoria's Faculty of Natural and Agricultural Sciences.



LOOKING AHEAD

In 2026, we will continue to run our nature-based solutions to optimise and refine these options. We will launch a groundwater information management system and a data analytics tool that will monitor water levels in boreholes and underground workings. We will undertake a review of the current status of rivers around our operations and continue to update our water management plans.

Ensham will continue to explore the implementation, timing and regulatory approval of evaporation systems and measures to reduce the volumes of water extracted from the Nogoa River.

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.

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.

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.

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.

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.

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 CO_2e) Mt CO_2e 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 introductions 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 CO_2e.

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 CO_2 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 CO_2[2], 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 2050[1].

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

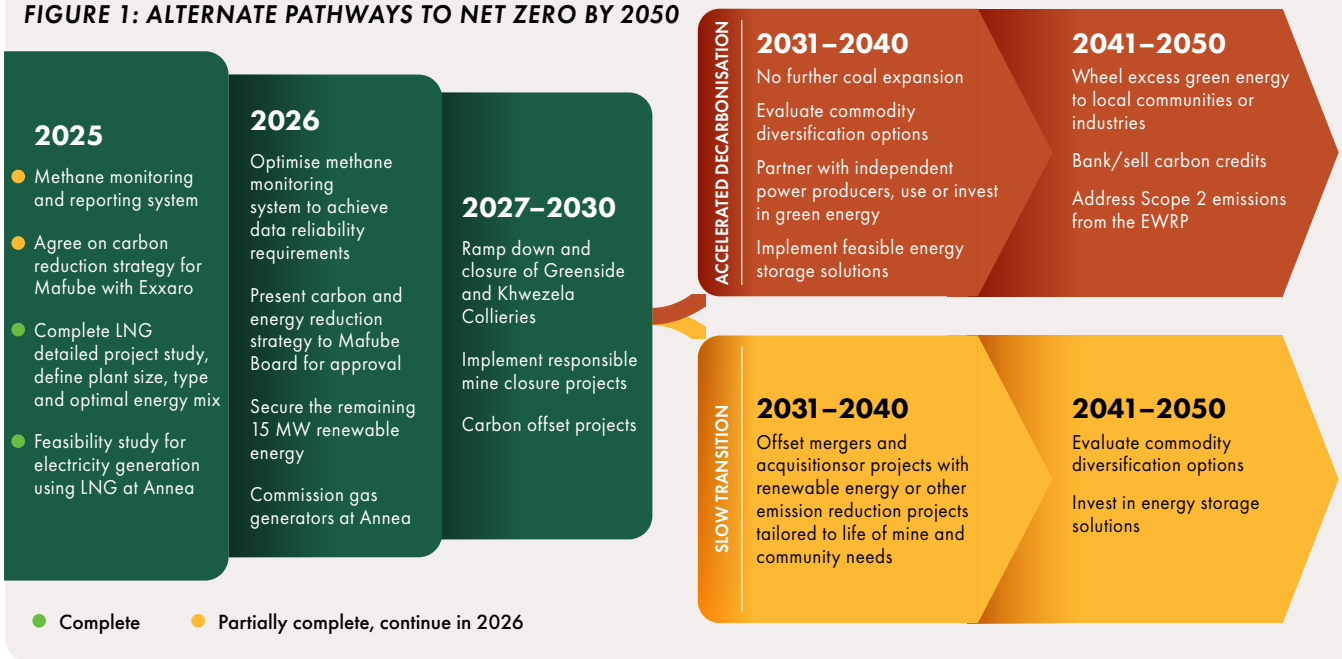
To chart the business's path in the longer term, we adopted a scenario-based approach, using the IEA WEO 2022 scenarios (see page 57 for the scenario analysis). It is important to remember that scenarios are not forecasts and that accurately predicting the future is challenging, even in the short term. 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 Nogoa 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 CO_2e, down from 1,045 kt CO_2e in 2024. The 2025 emission were 25% lower than the updated 2021 baseline of 1,299 kt CO_2e, 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_2e)	2025	2024	2023	2022	2021
Total Scope 1 and 2 emissions — Group[1]	**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

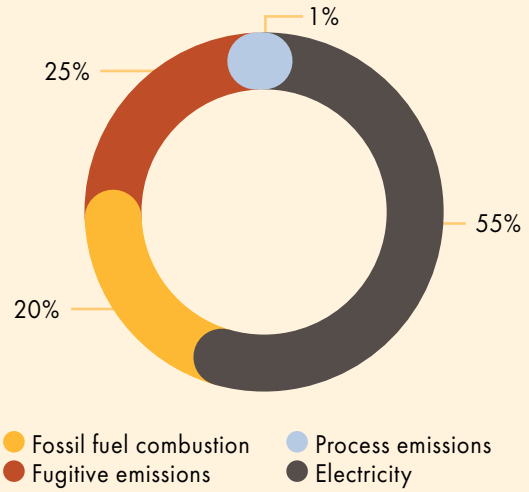
[1] Rounding of figures may cause minor computational discrepancies.

[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 2021due 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



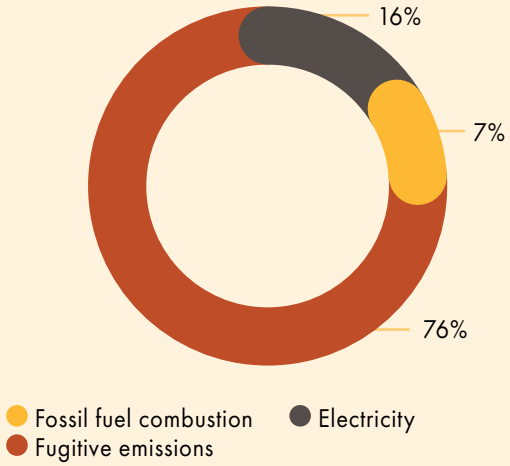
In South Africa, total Scope 1 and 2 emissions were 717 kt CO_2e in 2025, remaining relatively stable compared with 711 kt CO_2e in 2024.

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 CO_2e per total tonne moved compared with 3.35 kg CO_2e 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 CO_2e in 2025 compared with 334 kt CO_2e 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 CO_2 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_2e)	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 CO_2e in 2025 from 46,877 kt CO_2e in 2024 due to a reduction in sales volumes (use of sold products). Category 1 increased from 22 kt CO_2e in 2024 to 120kt CO_2e 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 CO_2 to decrease costs, improve efficiency and identify new areas for permanent and safe CO_2 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

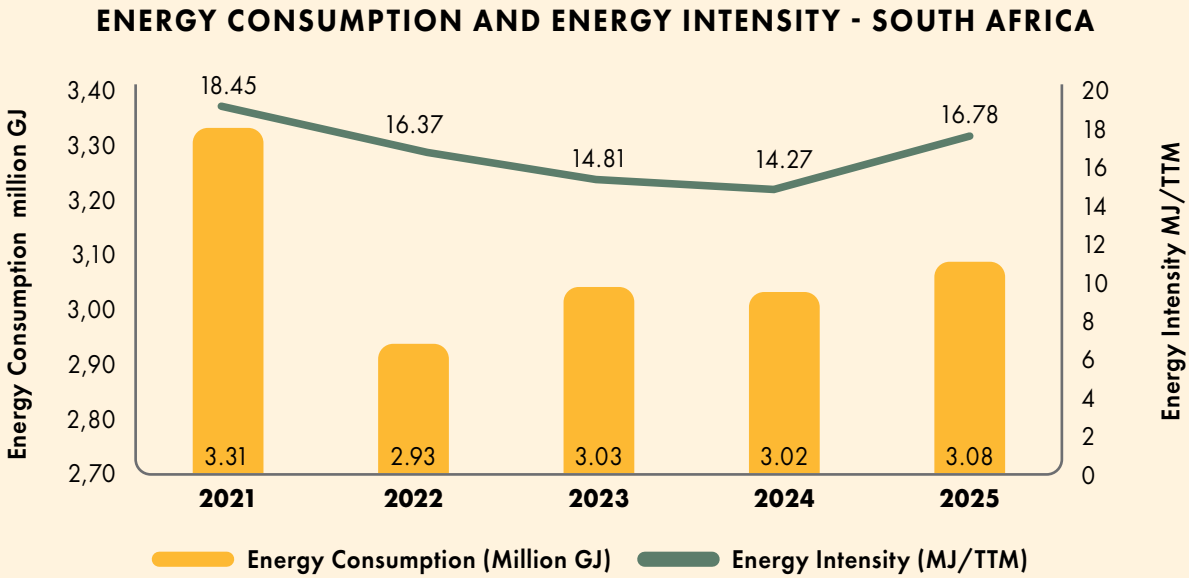
Central to our net zero pathway is the incorporation of a minimum of 19 MW of renewable electricity before the end of 2026. A 4 MW solar plant commissioned at Zibulo in 2024 generated more than 4,500 MWh in 2025. The remaining 15 MW will be secured, most likely through power purchase agreements, during 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 CO_2e 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 — 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.

INTEGRATED MINE CLOSURE

Integrating mine closure planning into every stage of the mining lifecycle is a critical part of responsible mining. Our aim is to leave a positive and sustainable legacy once mining ceases.

We minimise our footprint through careful project design, operation and closure. Potential impacts and stakeholder interests are identified and managed throughout the lifecycle and align with international best practices such as the International Council on Mining and Metals' Integrated Mine Closure (ICMM): Good Practice Guide.

OUR APPROACH

Our approach is guided by our technical standard for mine closure, a mine closure toolbox, and a technical standard and guideline for rehabilitation, all of which incorporate regulatory requirements and best practice guidance from the ICMM. The toolbox provides a single, consistent framework for closing mines and guides operations on how to meet our closure standard.

MINE CLOSURE PLANS

Each operation has a mine closure plan that is aligned with national legislation and the mine closure toolbox. All opportunities, risks and liabilities are identified before a mine is opened and throughout its life. As operations progress towards end-of-life, these plans become more detailed. They are fully costed and adequate provision is made for premature closure. Plans are updated annually to reflect any material changes, including permitting amendments, mine expansion and environmental impact assessment reviews.

Closure plans outline a vision, goals and objectives across every aspect of closure, including physical stability, water and soil quality, vegetation intensity, biodiversity, health and safety, aesthetic quality and social factors such as employee relations and socio-economic development.

They feature measurable and time-bound targets in the form of a master action plan that is tracked regularly on our SHE management system. Plans also have predetermined success criteria, the fulfilment of which should indicate that mine closure has been effective and that relinquishment may occur.

PROGRESSIVE REHABILITATION

Integrating mine closure planning into our operational strategy, including land rehabilitation in parallel with mining activities, helps address closure risks and opportunities. Well-executed rehabilitation establishes post-mining landscapes that are ecologically functional and support our goal of no net loss of biodiversity.

Each site has a detailed rolling five-year rehabilitation plan that is updated annually. These plans outline targets, monitoring, maintenance and management programmes and allow for adaptive management where required. We set annual targets for progressive rehabilitation and these are linked to performance-based incentives and executive remuneration.

SOCIAL CLOSURE

Partnering with host communities is essential to creating the economic diversification that is necessary for maintaining livelihoods after our mines close.

We actively work with our stakeholders to address the social impacts of mine closure. This includes stakeholder engagement and social transition planning. We use a risk-based approach, drawing on information from a socio-economic baseline assessment to determine these risks. Social aspects are integrated into the broader mine closure plans.

We are actively exploring opportunities to repurpose existing assets and infrastructure to develop programmes that establish regenerative landscapes to support the responsible closure of mines. A pilot site at Goedehoop has been identified and a detailed framework of potential initiatives has been created to this end. Refer to page 145 for details on this project.

GOVERNANCE

The board's health, safety, environment and risk committee has oversight of mine closure and rehabilitation, with progress reported on a quarterly basis.

Each operation has a multi-disciplinary mine closure committee, with representatives from the environmental, social performance, survey, human resources, supply chain, finance, mining and engineering departments. These committees ensure that closure is integrated into mine planning, provide strategic guidance for the implementation of closure plans and projects and ensure that adequate funding is allocated to support the closure planning process. They also monitor, review and report on performance to the general manager and other internal and external stakeholders.

PERFORMANCE

We currently have 70,047 hectares (ha) under our charge (2024: 70,047 ha) including 14,833 ha in Australia. A total of 17,122 ha has been disturbed by mining, processing, mineral waste disposal and supporting infrastructure (2024: 17,017 ha) and 8,204 ha has been rehabilitated. We are updating our land management database to reflect changes in land and asset ownership.

We focus on concurrent rehabilitation, returning disturbed land to the state agreed upon in environmental permits. This approach results in significant financial and environmental benefits and can reduce long-term closure liabilities. At Group level, a total of 248 ha were reshaped, 377 ha were topsoiled and 308 ha were seeded in the reporting year. Our operations in both South Africa and Australia exceeded their annual progressive rehabilitation targets.

Ensham met its 2025 progressive rehabilitation and closure plan (PRCP) requirements, successfully reshaping 62 ha and seeding193 ha in the second half of the year. Resourcing constraints early in the year meant that efforts commenced later than initially planned. The mine brought in additional resources, both personnel and equipment, and used innovative drone seeding technology to achieve its target.



DRONE TECHNOLOGY ENHANCES REHABILITATION

As part of our commitment to responsible land stewardship and safer operational practices, we have introduced drone-assisted seeding to improve rehabilitation.

This approach represents a significant advancement in both safety and environmental restoration efficiency. The technology has been successfully implemented at several sites.

One of these is the Landau III MRF, which incorporates engineered contour berms designed to manage rainfall and control surface water flow. While critical for erosion prevention, these steep and uneven features limit access for tractors and other conventional machinery, creating potential safety risks for operators. By deploying a high-capacity seeding drone, the team completed rehabilitation activities without placing people or equipment in high-risk areas.

The drone carries a 60 kg payload and is capable of seeding an 80 m by 1 km strip of terrain in approximately five minutes, significantly accelerating the coverage of large or hard-to-reach areas. This marks an important milestone in the integration of modern technology into land-restoration practices. The result is enhanced safety, improved operational efficiency, and more consistent seeding application across complex terrain.

Mafube also used a drone to rehabilitate two pans that have been recreated on previously mined land, further expanding the use of innovative, low-impact rehabilitation methods across our portfolio.

MINE CLOSURE AND REHABILITATION

CLOSURE LIABILITIES AND CORRESPONDING FINANCIAL PROVISIONS

SOUTH AFRICA

Annual third-party updates of our closure liabilities are a legal requirement. Disturbed areas and expected costs are reassessed and any required changes to the environmental provisions are recognised on completion of the assessment. Financial provisions are made annually based on legal obligations under the existing MPRDA regulations and are reviewed by technical and financial auditors against internal and external requirements.

These are adjusted based on our interpretation of the potential increase in costs required to transition to the new NEMA Financial Provisioning Regulations, such as costs related to the ongoing pumping and treatment of polluted or extraneous water. The proposed 2015 Regulations have yet to be promulgated. On 1 February 2024, the Minister of the DFFE postponed implementation to a date yet to be advised.

Further information about our approach to water treatment can be found on **page 50.**

It is important to note that financial provisioning as specified in the regulations does not correspond directly with the environmental provisions recognised by the Group, but rather the level of cash or other funding that must be made available to the DMPR to fund the closure of operations should we not be able to do so.

Financial provisioning under the current MPRDA regulations amounts to R5,061 million (2024: R4,807 million), compared to the total environmental provisions recognised by the Group of R8,233 million (2024: R7,973 million) for our South African operations. This difference is due to the additional costs we expect to incur based on our interpretation of the regulations and the actual costs to be incurred in the period up to, and post-mine closure, most significantly in relation to water treatment.

We maintain these financial provisions through two mechanisms: environmental rehabilitation trusts and guarantees with financial institutions. These funds cannot be accessed for general use. The rehabilitation trust's value as at 31 December 2025 was R5,296 million (2024: R4,266 million). Guarantees of R3,223 million (2024: R3,221 million) are in place to meet any immediate obligations under the existing regulations and are issued in favour of the DMPR. All operations' closure liabilities are fully provided for in terms of the MPRDA.

During the year, we contributed an additional R203 million (2024: R204 million) to long-term investments referred to as the green fund. This was done through two financial institutions to secure the guarantees required to further furnish financial provisioning. These investments are held as collateral in favour of the financial institutions for the guarantees.

Further detail on our financial provisions can be found on **pages 134 to 141** of the 2025 Thungela Annual Financial Statements.





AUSTRALIA

Mining in Queensland is subject to both Commonwealth and State (Queensland) regulation, and mine rehabilitation is primarily regulated at the State level. Mining companies are required to rehabilitate land disturbed by mining activities to a safe, structurally stable, non-polluting condition that can sustain a post-mining land use. This rehabilitation must occur progressively throughout the life of the mine.

REGULATORY ENVIRONMENT

Under the Environmental Protection Act (EPA) 1994 (Queensland) before a mining lease can be issued under the Mineral Resources Act 1989 (Queensland) for coal mining, the leaseholder must obtain an environmental authority issued under the EPA. A requirement for large coal mines is that they must submit a PRCP for approval, detailing milestones to maximise land rehabilitation to a stable condition.

The PRCP must be prepared in accordance with the requirements set out in the EPA and a statutory guideline issued by the Department of Environment, Science and Innovation (DESI) and may be amended based on changes in the operation's life of mine (LOM) plan.

The DESI determines the environmental rehabilitation costs for the mining activity being undertaken. The environmental rehabilitation cost determination remains current for the determination period, unless an application for a new determination is made at least three months before the determination period ends, in which case the environmental rehabilitation cost determination will remain current until the new determination has been made.

The most recent cost determination for Ensham, which was issued in May 2025 and is in force until August 2026, amounts to approximately R3,268 million (AUD297 million) (2024: R3,196 million or AUD274 million).

MINE CLOSURE AND REHABILITATION

ENVIRONMENTAL PROVISIONS FOR ENSHAM

An assessment of the environmental liability for the rehabilitation of the Ensham Mine was prepared by an independent third-party consultant in 2024. This assessment was undertaken from first principles based on an understanding of various inputs, including the volume of material to be moved, the distance it will be moved and the method by which the rehabilitation will be completed, as well as the related costs. The costs to be incurred will be spent over the course of the PRCP as agreed with the DESI, which impacts the net present value of the liability recognised in the statement of financial position. Based on the assessment performed, the environmental provisions recognised for Ensham amount to R4,538 million (2024: R3,977 million).

Sungela, as the new owner of a portion of the mining leases related to Ensham, has not yet been accepted into the Queensland pool, however, this acceptance is being actively pursued. On this basis, we are required to maintain financial surety for the current environmental rehabilitation cost determination of R3,268 million or AUD297 million (2024: R3,196 million or AUD274 million) on a 100% basis.

The Group has invested R275 million in long-term investments through three financial institutions to secure the required financial surety, issued in favour of the State of Queensland. These investments are held in the name of the financial institutions to build up the required cash collateral for the rehabilitation liability over the remaining LOM.



LOOKING AHEAD

We will continue to drive progressive rehabilitation to reduce our environmental liabilities. Additionally, we will initiate projects and programmes at all closing sites in collaboration with surrounding communities to stimulate economic diversification.

We will continue to assess the rehabilitation activities required and ensure that rehabilitation costs and methods are optimised in line with existing methods.

BIODIVERSITY



Biodiversity encompasses the full variety of life - from species and genetic variation to ecosystems and the natural processes that sustain them. For Thungela, protecting and enhancing biodiversity is critical, not only for effective rehabilitation and long-term land stability, but also for the greater good.

Biodiverse ecosystems deliver essential services such as clean water, fertile soils, climate regulation and habitat for pollinators, all of which support community wellbeing and broader societal resilience. By restoring nature and reducing ecological harm, we can help safeguard shared natural capital, contribute to climate adaptation goals, and ensure that post-mining landscapes deliver lasting environmental and social value beyond the LOM.

We are committed to no net loss of biodiversity and, where possible, to improving biodiversity wherever we operate.

We will not conduct any exploration, drilling or mining in World Heritage areas and International Union for Conservation of Nature (IUCN) category I-IV protected areas ('no-go' areas), or put the integrity of such properties at risk. We conduct our work with respect for legally designated areas.

BIODIVERSITY

OUR APPROACH

Our approach is guided by the implementation of our biodiversity standard. This standard is supported by a biodiversity guideline for implementation and outlines a systematic approach to identifying and setting targets for significant biodiversity features, identifying actions to meet these targets, and tracking progress to achieve no net loss through monitoring programmes.

The standard and guideline are brought to life through a regional biodiversity management plans (BMP). This sets the minimum requirements for managing biodiversity throughout the mining lifecycle by mitigating impacts and enhancing ecosystem services. Each South African site has a detailed, site-specific BMP based on comprehensive biodiversity assessments and the identification of significant biodiversity features to protect and restore. These plans guide how no net loss of biodiversity will be achieved.

By managing biodiversity at a regional and local level, we are able to optimises the potential for balancing losses against gains at a larger scale.

Our key objectives are:

- no net loss of natural habitats;
- maintaining or improving the value of significant biodiversity features in local study areas; and
- maintaining or improving ecosystem service delivery.

Biodiversity management extends beyond the duration of our mining activities. Therefore, our no net loss goal and related biodiversity objectives are integrated into closure plans through a commitment to establish stable and sustainable landforms, to monitor these and offset where impact is unavoidable.

We track site-specific indicators quarterly, half-yearly or annually as per the approved site plan. Indicators are integrated into the SHE performance management system and include monitoring of surface and groundwater quality and quantity, soil health, fauna, flora, noise and dust. We use this data to embed biodiversity conservation into our activities through adaptive environmental management practices.

Plans include activities such as preliminary clearing works, habitat relocation, flora and fauna conservation, invasive species control, erosion control, protected species management and fire and grazing management. Our BMPs are reviewed and updated internally on a three-year basis, or when there is a significant change in the site's footprint, area of influence or understanding of biodiversity impacts. We also engage our stakeholders and form partnerships to help achieve effective and long-lasting outcomes.

Where residual impacts on significant biodiversity features remain after the application of the mitigation hierarchy, biodiversity offsets must be implemented in accordance with national legislation.

While Ensham does not have a BMP, it does undertake alien invasive and feral animal management and has identified a tree species in the mine life-extension area that is classified as a threatened 'ecological community'. These trees are protected from the impacts of clearing or subsidence and ecologist has been engaged to undertake a baseline pre-mining assessment of the species. This has been deemed a priority biodiversity project and will be tracked by management accordingly.

GOVERNANCE

The board's health, safety, environment and risk committee has oversight of biodiversity and progress on biodiversity priority projects is reported quarterly.

Mine management reports on priority projects to the executive committee at monthly performance reviews. Each site is audited annually against the biodiversity standard and develops action plans to address any gaps identified. Clearly documented roles and responsibilities for work at both site and regional level ensure the appropriate allocation of expertise to the management actions identified.

RISKS AND OPPORTUNITIES

We face both risks and opportunities related to biodiversity.

Habitat destruction, leading to the loss of biodiversity and the potential endangerment of local flora and fauna, is a key risk. To mitigate this risk, we invest in habitat restoration and conservation programmes, including setting aside land for conservation, reintroducing indigenous and/or endemic species and importantly, undertaking progressive land rehabilitation.

Mining activities can affect water resources, contribute to the release of dust and other emissions, and potentially facilitate the spread of alien and invasive species, all of which can adversely impact local ecosystems. We are committed to responsible mining through the application of sustainable practices, stakeholder engagement and investment in biodiversity stewardship.

A significant opportunity exists to balance biodiversity losses and gains at a regional scale. Remaining areas of high biodiversity value can be protected, and site-based rehabilitation efforts designed to conserve and restore ecosystems.

The proximity of our operations to those of our peers presents an opportunity for the development of partnerships to reduce fragmentation in the landscape, create corridors that allow for the movement of larger animals – essential for maintaining genetic diversity – and collaborate on catchment-level wetland rehabilitation and offset strategies. Rehabilitated areas also present opportunities for the integration of objectives for the conservation of faunal species of concern in mine closure plans.

PARTNERING FOR BIODIVERSITY

Given the multi-dimensional nature of biodiversity, it stands to reason that partnerships across multiple stakeholders, including government agencies, businesses, NGOs, local communities and indigenous groups are critical to its successful conservation. Partnerships foster collaboration, innovation, scalability, shared responsibility and capacity building.

We continue to participate in the National Biodiversity and Business Network's (NBBN) working group for the mining sector. This network falls under the ambit of the Endangered Wildlife Trust and works with companies across multiple sectors and the South African National Biodiversity Institute (SANBI) to enable industries to be beneficial forces for nature conservation in South Africa.

We also continue to partner with the Mpumalanga Tourism and Parks Agency on the black-footed cat and Wilge river fish breeding projects as well as the Free Roaming Cheetah Trust.

BIODIVERSITY PRIORITY PROJECTS

All operations undertake projects with tangible and measurable positive outcomes for biodiversity. These projects focus on enhancing biodiversity with the objective of either supporting entire ecosystems or specific species and are linked to their BMPs.



FROM MINING FOOTPRINT TO THRIVING WETLAND

Mafube has reached a key milestone in its pioneering wetland reconstruction initiative with the successful re-establishment of indigenous vegetation on two pans that were previously mined through. These wetlands are now rapidly returning to their natural state, proving that land disturbed by mining can be restored to perform the same ecological functions it once supported — and notably, in the very same location.

Traditional wetland offsets typically involve restoring degraded wetlands of a similar size elsewhere to compensate for impacts on site. Mafube's approach goes further. Reconstructing the wetland in situ raises the bar for ecological restoration, demonstrating that mined-out areas can be restored back into functioning ecosystems rather than shifted or substituted elsewhere.

The wetland reconstruction process began long before earthworks commenced. Scientists undertook extensive baseline studies, including detailed monitoring of flood lines, topographical mapping, water quality assessments, and surveys of existing plant and animal species.

Simultaneously, bulbs and seeds from indigenous wetland plants were harvested and propagated at the Mafube nursery, ensuring that the restored ecosystem would be repopulated with native flora.

More than 350,000 m^3 of wetland clays and soils was carefully stockpiled and monitored to preserve its structural and biological integrity for later reintroduction into the landscape.

Even before full vegetation re-establishment, the restored pans are attracting wildlife, signalling that the system is beginning to function ecologically. Early returning species include knob-billed geese, kingfishers, spoonbills, flamingos, serval and small antelope.

The project has drawn significant attention from the Department of Water and Sanitation, SANBI, and other environmental organisations. Its success could serve as a blueprint for future wetland reconstruction in South Africa and beyond, especially in regions where wetlands have been impacted by mining operations.

Mafube's wetland reconstruction project is a powerful example of how mining companies can deliver nature-positive outcomes by restoring ecological integrity using a science-based approach to rehabilitation.

BIODIVERSITY

BIODIVERSITY PRIORITY PROJECTS

All operations embark on projects with tangible and measurable positive outcomes on biodiversity. These projects focus on enhancing biodiversity with the objective of either supporting ecosystems or specific species and are linked to their BMPs.



FROM ENVIRONMENTAL CRISIS TO A MODEL OF GLOBAL BEST PRACTICE

In March 2025, we hosted delegates for a site visit as part of a five-day international workshop on post-mining landscape restoration, organised by the United Nations University in Dresden and the Land Rehabilitation Society of Southern Africa. Nearly 50 participants - including policymakers, researchers, environmental advocates, and government and industry representatives - joined the site visit to learn from Kromdraai's transformation.

Once the location of the most significant environmental incident in our business's century-long history, Kromdraai has since become a leading example of effective, science-based mine-closure and land-restoration practice.

A TURNING POINT

Three years ago, a concrete seal on an old shaft failed, causing the uncontrolled release of mine-impacted water into the Wilge River. This resulted in significant biodiversity loss and while devastating, served as a critical catalyst for change. It prompted the creation of a dedicated closure, care and maintenance (CCM) unit, which provides a more integrated and efficient approach to restoring closing sites and reducing their vulnerability to illegal mining and environmental degradation.

INNOVATION DRIVING RESTORATION

Today, Kromdraai is piloting multiple best-practice techniques that are drawing international attention. A standout feature is a 45 ha trial site where costly topsoil has been replaced with a growth medium made from crushed rock and Fungcoal, a patented biotechnology developed in partnership with Rhodes University. This innovative approach showcases how alternative growth media can accelerate land rehabilitation while reducing reliance on scarce topsoil resources.

During the visit, guests observed both active and passive water-treatment systems in operation. These include a 5 ML/day reverse-osmosis plant and the Dongalock wetland channel, which diverts water into a natural wetland for purification. Together, these systems demonstrate how engineered and natural processes can work hand-in-hand to restore water quality in former mining areas.



RESTORING ECOSYSTEMS THROUGH NATURE-BASED SOLUTIONS

Kromdraai is a major contributor to our phytoremediation programme. More than 200,000 trees have been planted across the landscape, with the site expected to account for over half of all saplings planted across our operations in the coming years. This large-scale reforestation effort is playing a central role in stabilising soil, rebuilding habitats and enhancing biodiversity.



A MODEL FOR THE FUTURE

The visit left a strong impression on global experts. Dr Alexey Alekseenko from the United Nations University noted that Thungela stood out for its exceptional professionalism in coal mining and land management, making Kromdraai an ideal case study for learning best-practice approaches to post-mining restoration.

Kromdraai's journey from crisis to global exemplar demonstrates the impact of decisive action, scientific partnership, and a commitment to long-term environmental stewardship. It now stands as a benchmark for integrated mine closure and ecological restoration, showing that, with the right approach, even severely impacted landscapes can be transformed into thriving natural systems.

The next step will be to engage the DMPR and the DFFE so that they have sufficient data to consider and, ultimately, approve the use of Fungcoal and rock mulch as a sustainable solution for land disturbed by opencast mines – not just in our own business but further afield.

BIODIVERSITY

BIODIVERSITY PRIORITY PROJECTS



MARSH OWL CONSERVATION SUCCESS AT MAFUBE

Habitat loss from opencast mining, farming and development activities has caused grassland ground-nesting owl numbers to dwindle. The biggest threats to these owls are fires, grass cutting, livestock trampling and heavy machinery in nearby fields which disturb nesting birds. Invasive plants and erosion also degrade the grasslands they rely on.

To counter this, Mafube is creating a protected landscape that offers a safe replacement for habitats that have been lost in the past. The sanctuary has two parts. At its core is a 70 ha wetland site set aside for owls and other species to forage, nest and breed. Because owls hunt and move across the landscape, researchers also monitor more than 11,500 ha of land within Mafube's mining right and surrounding farms, to make sure that the wider grasslands and wetlands they depend on are protected.

The researchers conduct monthly inspections on foot to track grass patches that provide cover for nesting, take photographs to measure vegetation shifts and work closely with surrounding farmers to reduce disturbances. Firebreaks and regular site maintenance add another layer of protection.

Five pairs of marsh owls *(Asio capensis)* were confirmed in a survey last year. Their presence in the sanctuary suggests that the project is successfully restoring the conditions that owls need to survive. If marsh owls are able to settle and breed there, it's a positive indicator that the habitat could one day support a rarer and more vulnerable species such as the grass owl *(Tyto capensis)*.



LOOKING AHEAD

In 2026, the regional BMP will be finalised by a third-party specialist to include site-specific information and performance indicators and to outline the approach to measuring our progress against our no net loss target. We will continue our focus on enhancing spatial biodiversity data while tracking and auditing biodiversity projects.

