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thungela



GOVERNANCE

Our purpose is to create value for all stakeholders, including shareholders, suppliers, employees and the communities that host our mining sites.

This can only be achieved through sound corporate governance, which ensures that we act in the best interests of every stakeholder, disclose accurate and transparent details of all aspects of our performance and take accountability for our actions.

ESG GOVERNANCE AT THUNGELA ENCOMPASSES:

- → setting clearly defined goals and objectives;
- → emphasis on risk management and internal controls;
- → a thorough understanding of ESG structures, processes, risks and opportunities;
- → honest and transparent reporting of ESG performance; and
- → the utilisation of best-practice standards to elevate sustainability efforts.

OVERSIGHT

BOARD OVERSIGHT

The Thungela Board of Directors has ultimate responsibility for promoting and safeguarding the business's long-term success and ensuring that the company and its subsidiaries act in the best interests of its stakeholders.

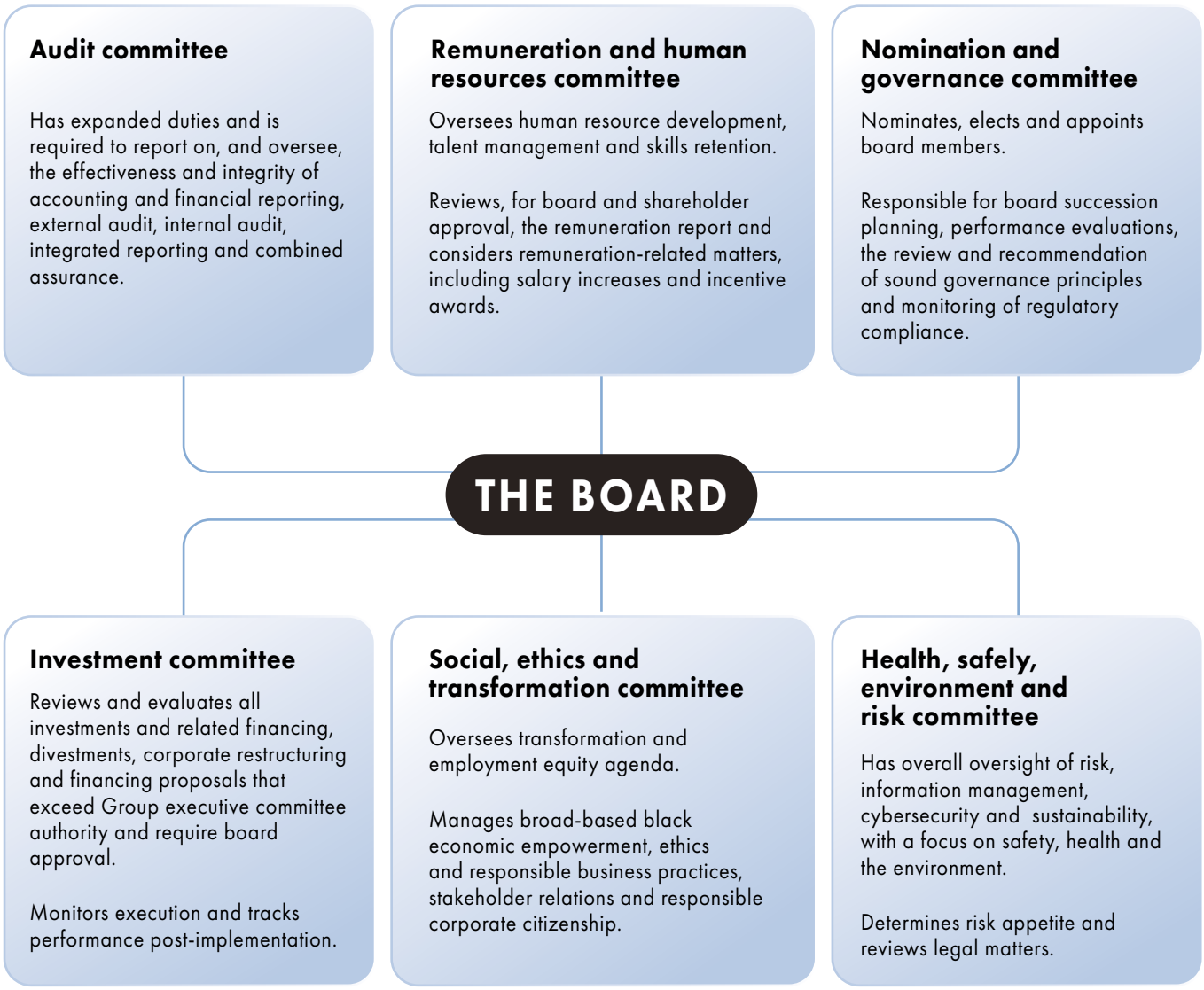
The board has ultimate responsibility for setting the Group's short-, medium- and long-term strategic direction. In doing so, it considers not only the creation of economic value but also the impact of our activities on society and the environment. 'Driving our ESG aspirations' therefore remains a standalone strategic pillar and is core to our values.

Annual board strategy sessions are informed by progress on our pathway to net zero, which serves as a tool for strategic decision-making based on the rate of decarbonisation globally, its impact on our markets and, in turn, the medium- to long-term outlook for coal. Our 2030 and 2050 climate change targets were sanctioned by the board in 2022.

The board's oversight of ESG matters is supported by its six committees, but primarily the social, ethics and transformation committee (SETCO) and the health, safety, environment and risk (HSE and risk) committee, which are delegated specific oversight roles related to sustainability and governance performance.

SETCO's primary purpose is to ensure that we comply with the laws, codes and standards that apply in the running of a principled and socially responsible business, focusing on ethics, stakeholder relationships, corporate citizenship, inclusion and diversity, human rights and the social transition associated with mine closure and the transition to a low-carbon future.

The HSE and risk committee's responsibilities extend to reviewing and overseeing risks and opportunities including those related to climate change. It monitors progress and performance against key site-level health, safety and environmental indicators that contribute to the achievement of our targets. The committee also tracks the implementation of the pathway to net zero, including the 2030 target of 30% reduction in Scope 1 and 2 emissions from a 2021 baseline. Matters relating to climate change are reported to the committee on a quarterly basis, with standalone items on the agenda if specific risks or opportunities arise. The HSE and risk committee chairperson provides a summary of the committee's discussions to the board.



A more detailed account of corporate governance, including reports from the board and its various committees, can be found in the governance section of our Integrated Annual Report and on our website **(https://www.thungela.com/investors/corporate-governance).**

THE ROLE OF MANAGEMENT

The executive committee, led by the chief executive officer, is responsible for executing the board-approved strategy and for overseeing the implementation of the policies that support it. This includes the ESG, the safety, health and environment, the social and the human rights policies. The committee also tracks performance against targets in each material area, many of which are linked to executive remuneration. For details on executive remuneration, see page 103 of our Integrated Annual Report.

They are responsible for putting the necessary controls, technical standards and procedures in place to monitor, manage and oversee sustainability-related risks and opportunities, including those related to climate change. Executives report into the HSE and risk committee and SETCO on a quarterly basis on progress and performance.

A SHE steering committee comprising the executive committee, mine general managers and relevant subject matter experts meets monthly to discuss specific issues, governance matters and operational feedback on ESG action items, including those related to climate change.

Each general manager, together with their leadership team, is responsible for oversight of daily ESG-related activities. Each site has appointed an energy champion who is responsible for the implementation and monitoring of energy efficiency and reduction projects, a water steering committee and a social performance management committee which are responsible for managing the risks and opportunities related to climate change in their disciplines.

SUSTAINABILITY GOVERNANCE ROLES AND RESPONSIBILITIES

ROLE	RESPONSIBILITY
Board	• Sets and guides strategic direction • Has ultimate oversight of and responsibility for ESG performance • Reviews and approves business policies and processes • Ensures the integrity of risk management and internal controls
Board committees with specific ESG responsibilities	**HSE AND RISK COMMITTEE** • Conducts ad-hoc reviews of policies and guidelines for material HSE and climate change matters • Quarterly reviews of performance against HSE targets (including those related to climate change) and the implementation of the pathway to net zero • Reviews SHE elements of the Group strategy and business plan, external SHE reporting and regulatory disclosures, and the findings of external auditors • Monitors regulatory developments and compliance • Commissions and considers sustainable development audits for legal and internal compliance • Reviews the risk management plan annually and conducts a biannual review of the executive risk register • Prioritises and ranks risks to focus responses and interactions • Reviews reports concerning the existence and effectiveness of controls to address controllable risks • Reports risks with financial implications to the audit committee • Reviews and approves an information management (IM) governance framework for management's implementation • Manages IM risks
	SETCO • Provides oversight and reports on ethics and stakeholder relations based on material issues • Reviews and provides the board with assurance on the integrity of sustainability-related information in our Integrated Annual Report and Environmental Social and Governance Report • Monitors policies and activities that promote equality, prevent unfair discrimination and reduce corruption • Monitors activities that secure our licence to operate • Monitors policies that manage social risks and impacts, including those associated with human rights, life extension projects and mine closure • Reviews and approves our approach to socio-economic development, key performance indicators and objectives • Reviews the identified social impacts of mine closure • Performs an annual review of policies and processes relating to ethics and their effectiveness • Provides guidance and input into the risk management framework, ensuring that appropriate ESG risks are considered and reviewed as part of the annual materiality assessment for integrated reporting
	REMUNERATION AND HUMAN RESOURCES COMMITTEE • Oversees the Group's remuneration strategy, including climate and environmental indicators included in the Group performance scorecard and long-term incentive plans (LTIP) of executives and management

ROLE	RESPONSIBILITY
Executive committee	• Continuously reviews and oversees the implementation and execution of approved ESG strategies, policies and programmes • Formulates short-, medium- and long-term objectives linked to the creation of long-term value creation • Reviews ESG performance against objectives and key performance indicators
Functional committees and senior management	• A SHE steering committee comprising the executive committee, internal functional heads and general managers meets monthly to discuss specific issues, governance matters and operational feedback on ESG action items • A monthly learn-and-share meeting provides a platform for learning from incidents of a safety, environment and social nature. It is attended by all middle and senior managers across the business and is a critical part of our risk management process
Operational management	• The general manager leads the sites management team to ensure operational implementation and execution, and reports to the executive committee • A social performance management committee on each site promotes an integrated and cross-functional approach to managing social performance risks and impacts and achieving alignment with new policy requirements. • A multi-disciplinary mine closure committee ensure that closure is integrated into mine planning, provides strategic guidance for the implementation of closure plans and projects, and ensures that adequate funding is allocated to support the closure planning process • A designated water lead on each site is responsible for ensuring the implementation of our water standards and guidelines • An energy champion on each site is responsible for the identification, implementation and monitoring of energy efficiency and reduction projects

REMUNERATION TARGETS

Our commitment to delivering on key priorities is reflected in our incentive structures. We hold our leadership team accountable for achieving the targets and objectives that are set out in our ESG framework. A total of 10% of the value of their LTIP awards relates directly to our decarbonisation and net zero journey. Metrics related to water account for a further 10% and inclusion and diversity another 10%. Furthermore, appropriate metrics are included in the short-term incentive for all management-level employees. These include indicators related to safety, health, energy intensity, environmental incidents and inclusion and diversity. For more information, please see the remuneration report on page 98 the Integrated Annual Report.

BOARD CAPABILITY

Directors are provided with timely and comprehensive information to enable them to fulfil their duties effectively. Upon appointment, and whenever needed thereafter, they receive training aligned with their experience and knowledge levels, including a tailored induction programme and individual briefings with members of the executive committee and their teams. The board also participates in dedicated briefing sessions led by internal and external subject-matter experts on key sustainability matters, ensuring directors remain well-informed on evolving ESG issues.

TRANSPARENCY AND DISCLOSURE

We believe that it is only through accurate and transparent reporting that shareholders, potential investors, lenders, business partners, advocacy groups, communities and many other stakeholders can make an informed assessment of our business.

Our disclosures are aligned with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards, the GRI 12: Coal Sector Standard (2022) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are compiled with consideration of the International Sustainability Standards Board's S2 disclosure requirements. A GRI and TCFD index can be found in our ESG data book on the Thungela website: https://www.thungela.com/investors/annual-reports.

We recognise the evolving interests and expectations of investors on our approach to climate change and continue to engage with them on this and other ESG matters.

ASSURANCE

We have internal and external review and assurance programmes in place to ensure that priority catastrophic and sustainability-related risks (including climate risks) are identified and that adequate controls are in place.

SLR Consulting was commissioned to conduct independent, third-party assurance on selected ESG information in this report for the financial year ended 31 December 2025. The full assurance statement can be found on page 168. Reasonable assurance was performed on Scope 1 and 2 emissions and energy data and limited assurance was performed on Scope 3 emissions. SLR issued an unqualified opinion and concluded that the key performance indicators in scope were prepared in accordance with the defined reporting criteria and are free from material misstatement.

POLICIES AND STANDARDS

Our policies and technical standards guide our approach to managing our environmental and social impacts, risks and opportunities. They support the realisation of our values and code of conduct, which, together, detail the behaviour and performance expectations we have of directors, employees, business partners and associates. Our operations tailor policies to reflect local cultures and regional challenges.

Ethical business practices are established through standards, procedures and guidelines that support our commitment to be a responsible producer of coal. The Thungela technical standards define the minimum requirements we set for our operations to manage a wide range of specific issues. These issues include, for example, the management of water, energy, mineral residue storage, water management facilities and various technical aspects of mining that relate to safety.

CYBERSECURITY

Cybersecurity is a critical governance risk that affects business resilience, stakeholder trust and regulatory compliance. The global increase in cyberattacks continues, and represents a threat to the Group in terms of financial loss and reputational damage. Cyberattacks impacting the operational technology environment could result in safety incidents due to the unavailability of safety monitoring systems. The risk rating in our business risk register for this has increased.

Our IM processes are aligned with the National Institute of Standards and Technology and the Center for Internet Security's best practices, while our managed security service provider is ISO 27001 certified.

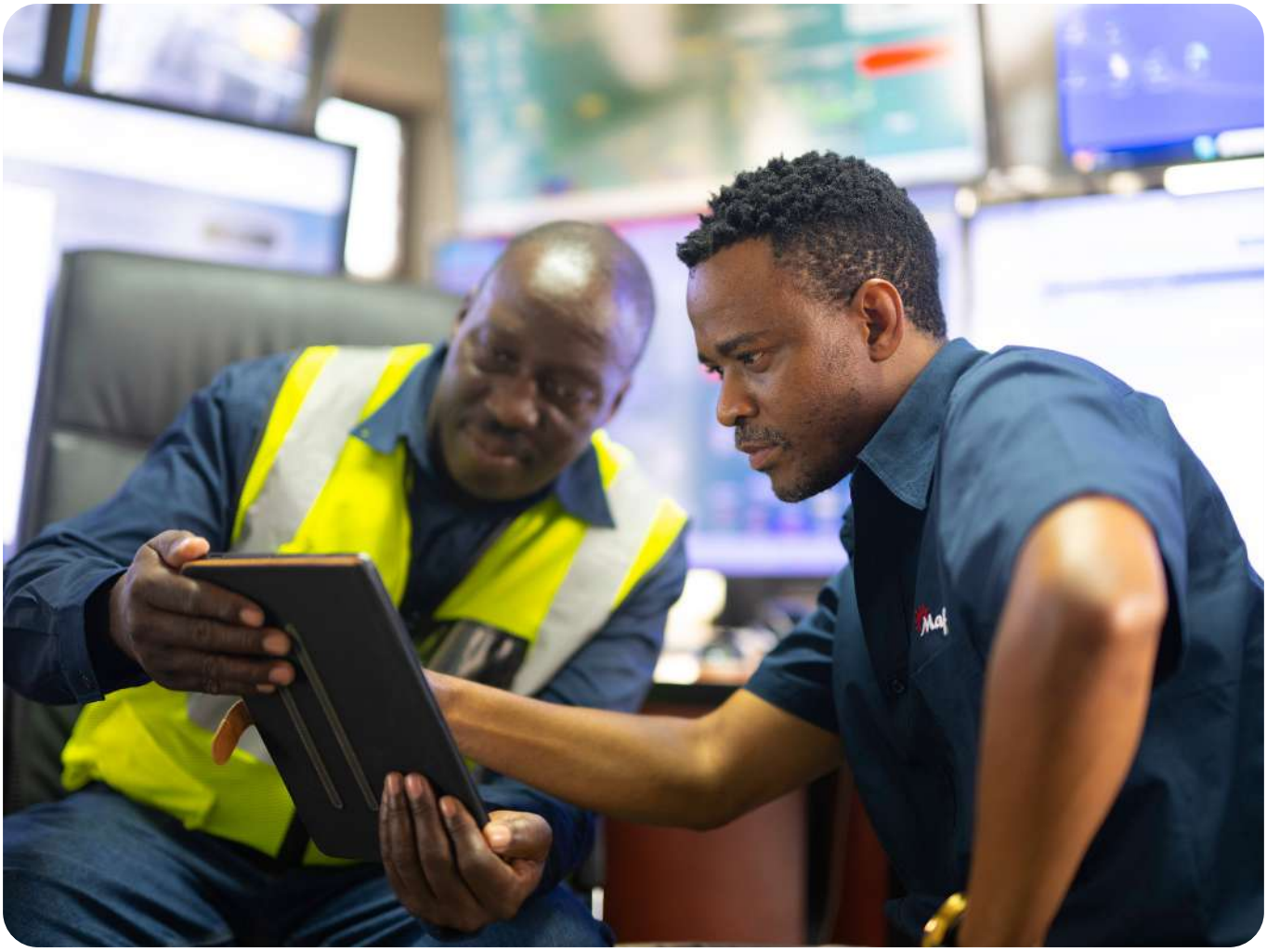
We have in-house security and phishing awareness initiatives in place to strengthen our resilience against cyber threats and employ a user awareness training and testing tool to conduct scenario testing. We also run training on South Africa's Protection of Personal Information Act to reinforce best practices for handling sensitive data securely.

Automated vulnerability scanning takes place continuously on externally exposed assets through the implementation of relevant technology. Critical systems are continually assessed to protect our information and safeguard infrastructure critical to our sustainability.

Incident response procedures and processes are in place, which, together with a disaster response plan, feed into our overall business continuity plans. Incident response procedures, particularly for critical incidents, follow our established major incident management process, which is activated for every priority 1 incident logged. The Group applies application-specific cyber-risk threat detection and response solutions across the full information technology environment.

No data breaches have occurred over the past three years, and we have information security risk insurance in place.

A responsible team evaluates changes to third-party-provided IM services and systems and service providers who do not meet minimum qualification criteria are disqualified. There is zero tolerance for third parties who do not meet our security requirements.



ETHICAL LEADERSHIP

When our leaders live our values, they enhance accountability, ensure ethical and effective leadership and ensure that the Group fulfils its role as a responsible corporate citizen.

Clear governance structures are in place to rigorously monitor and manage this crucial area. We take a zero-tolerance stance on corruption, fraud and misconduct. To embed an ethical culture, we have a Group-wide code of ethics and a whistleblowing policy and procedure, which have been approved by the board and are communicated throughout the organisation. Our values, principles, leadership code and policies set out our expectations for leaders, employees, contractors, suppliers and other stakeholders, and guide their conduct.

Our policy is to address unethical behaviour promptly and fairly while recognising and rewarding ethical conduct. The board's rights and responsibilities are outlined in the board charter, ensuring a clear balance of power and authority so that no single director has unchecked decision-making power.

We also encourage the reporting of inappropriate behaviour while protecting whistleblowers. We are committed to tax transparency and to preventing anti-competitive practices and money laundering.

We are committed to applying sound governance principles and ethical standards as outlined in the King IV Report on Corporate Governance for South Africa (2016) (King IV™). We also adhere to the performance standards set by the International Finance Corporation and industry standards that apply in the geographies where we operate. Strong processes, policies and principles shape the board's activities and establish a robust ethical culture. They ensure compliance with statutory and industry requirements, while providing direction and defining the limits of decision-making. Importantly, ethical principles are also woven into our values, code of conduct, strategies, policies, procedures and standards.

WHISTLEBLOWING

HAIBO is our independently managed whistleblowing service and is integral to the elimination of unethical behaviour. It is available both to internal and external stakeholders, including employees, contractors, business partners and members of the general public. It allows for the anonymous reporting of illegal, inappropriate and unscrupulous behaviour, and guarantees the confidentiality and protection of whistleblowers. Our policy on whistleblowing can be accessed on our website.



We actively encourage reporting through various internal and external communication channels, as well as during return-from-leave inductions and mandatory training covering topics such as human rights, our code of conduct and issues related to bullying, victimisation and harassment. Whistleblowers can report anonymously in their preferred language using a toll-free hotline and dedicated email address.

In 2025, the hotline was contacted 135 times. This resulted in 47 official reports, 6 had no evidence of wrongdoing and 33 were resolved by the end of the year, of which 18 had no evidence of wrongdoing. SETCO regularly reviews a summary of reports to identify trends and necessary corrective actions. It also assesses feedback on incidents and the outcomes of investigations. Any incidents with significant financial implications are reported to the audit committee.

CODE OF CONDUCT AND BUSINESS INTEGRITY

Our code of conduct serves as an internal guideline and an external statement of our commitment to acting with accountability and care and respect. This is for the people who work for and with us, for the communities that host our mining sites and for the natural environment. It sets out our mission, our corporate values and our culture and links these to best-practice global standards, which provide the benchmarks against which we and others measure our performance. It brings together in one place our core values, behaviours, ethical principles, policies and standards and is a user-friendly guide to doing what is right.

Our code of conduct and business integrity policy and performance standard are accessible on the company intranet and website. Regular awareness of the code, together with our whistleblowing service, is promoted through multiple internal channels, including the *Thungela Weekly*, which employees receive via email or SMS once a week. Board members also receive periodic reminders via email.

All management levels, employees, contractor and key suppliers are required to undergo training on the code of conduct and business integrity policy. Awareness of the requirements of both policies is raised on a continuous basis via different media. In 2025, 89% of employees underwent training.

Any violations of these policies are reported, investigated and resolved, with disciplinary action taken when necessary.

CONFLICTS OF INTEREST

Directors are prohibited from engaging in direct business transactions and must disclose their business interests to the remuneration and nomination committee every year. Board and committee meetings commence with declarations of personal interests, during which members must formally declare any actual, potential or perceived direct or indirect conflict.

New employees are required to disclose any conflict of interest, and vetting is conducted during the hiring process. We maintain an electronic register where individuals must declare both real and perceived conflicts of interest, as well as any external directorships. These declarations are approved by their managers, and the register is audited by the internal audit department once a year.

RISKS RELATED TO CORRUPTION

Assessments for corruption-related risks at all our operations are undertaken by our internal audit department, which monitors and reports findings to the executive committee. A quarterly report is also provided to SETCO, which is responsible for relaying findings to the board.

LEGISLATIVE COMPLIANCE

We understand the significance of adhering to legislation and following non-binding codes and standards. We strive to foster a culture of compliance that assures the board and management that all legal and regulatory requirements have been fulfilled.

Our legal and risk and assurance departments are responsible for the compliance function and are developing a regulatory compliance framework to help monitor and track our fulfilment of regulatory requirements.

Reports to the nomination and governance committee keep board members informed of the level of regulatory compliance achieved. Members of the compliance function attend meetings at the board's request.

DELEGATION OF AUTHORITY

We have updated our approvals framework to incorporate Ensham in respect of delegation of authority and regulatory compliance. The framework covers execution, operational expenditure and supply chain; communication and ESG; human resources, finance, legal, assurance; sales and marketing; and governance and strategy. It is reviewed annually to ensure its continued relevance.

INTEGRATED RISK MANAGEMENT

We integrate ESG risk management into every aspect of our business, not only to prevent or mitigate harm, but to drive sustainable practices that create lasting, positive impacts.

OUR APPROACH

Integrated risk management (IRM) provides a strategic, organisational framework that enables us to identify, assess and address risks to our long-term objectives. In contrast, operational risk management (ORM) deals with risks at a day-to-day level to ensure that potential incidents are identified and controlled in real time. Together, these approaches create a comprehensive and proactive risk management system.

Our IRM policy and framework and ORM standard are aligned with the International Organization of Standardization's 31000 principles and guidelines. In South Africa, we also comply with the Johannesburg Stock Exchange's Listing Requirements and principle 11 of the King IV Report on Corporate Governance.

These help us to systematically identify, prioritise, evaluate and manage a broad spectrum of risks and ensure that they are clearly and effectively cascaded to all levels.

Each of our sites maintains a risk and control register, which forms the basis of an executive risk summary that is updated and presented to the board twice a year. This highlights key risks that are then assessed in relation to organisational risk appetite.

A thorough review of these registers ensures that we consider all risks across all levels. The IRM framework defines the responsibilities for reassessments, their frequency, required documentation, and the facilitation and review of various business processes.

Risk management is a critical responsibility of the board and executive committee, while the board's audit and HSE and risk committees oversee and support the IRM process.

All key risks are assessed on an ongoing basis through risk management and governance critical routines. These include:

- Daily general manager meetings at operations
- SHE steering committee
- Health, safety, environment, and risk committee
- Technical standards committee
- Capital steering committee

OUR INTEGRATED RISK MANAGEMENT PROCESS

The IRM process is ongoing and begins by defining risks that could hinder or delay the achievement of our business's objectives. This is followed by an analysis of the root causes, contributing factors and consequences, with the level of detail varying depending on the assessment's objectives and the severity of potential outcomes.

Evaluations determine which risks require treatment and should be prioritised for leadership attention. We also assess current controls and their effectiveness and use a 5x5 matrix to determine risk ratings. These are based on two factors: the risk's potential impact and the likelihood that it will materialise. We define risk appetite as the type and level of risk we are willing to accept to achieve our objectives, while 'risk tolerance' refers to our ability to manage or strategically absorb that risk.

See page 34 of our integrated report for details.

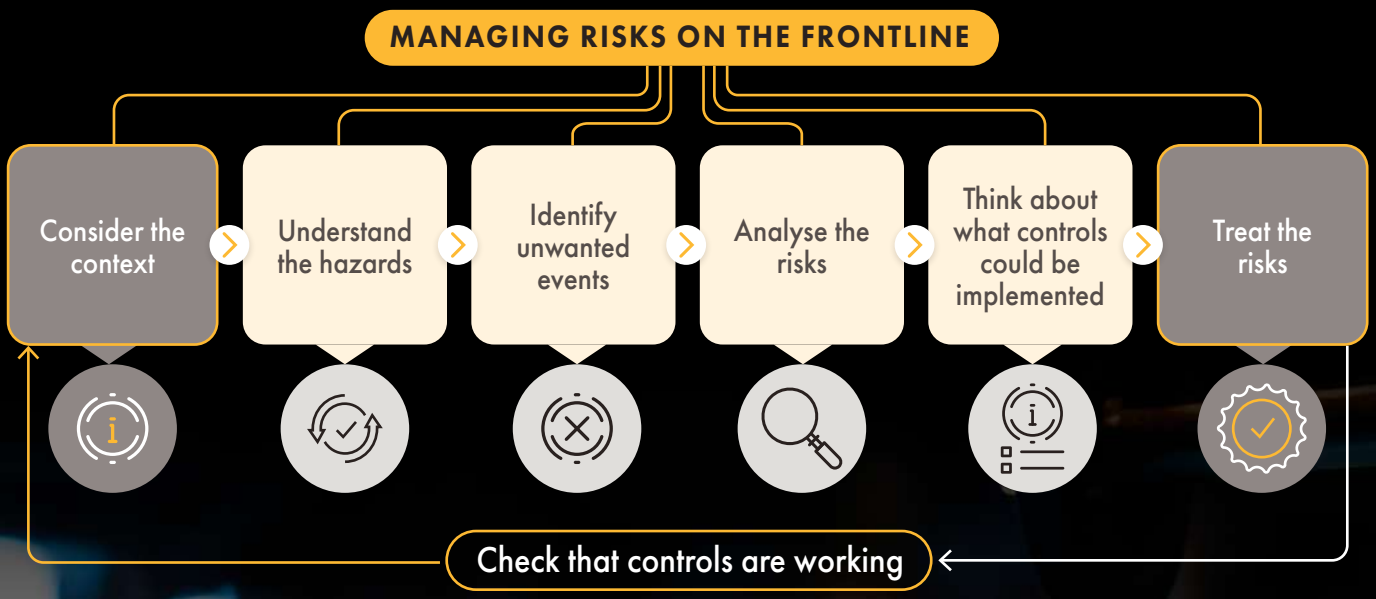


OPERATIONAL RISK MANAGEMENT

Our ORM standard sets out how risks should be managed at an operational level and ensures that sites follow the requirements of our IRM policy and framework.

The ORM process is divided into four layers – baseline, issue-based, task-based and continuous risk management, that help employees manage risks in their day-to-day working environments. It enables operational teams to identify, plan for and reduce unwanted events by applying the right controls and carrying out tasks to minimise negative outcomes. Critical controls are central to ORM, particularly for operational risks that could result in a workplace fatality or other catastrophic event.

ORM is an evolving process and improves as we learn from incidents. Regular risk management training is provided to employees based on their responsibilities.





ASSURANCE

Regular internal and external audit programmes give us the assurance that priority and catastrophic risks have been identified and that we have the controls in place to prevent, mitigate and manage them.

Our internal assurance department is the custodian of the IRM framework and supports the execution of risk management activities at operations. It is responsible for producing the executive risk report twice annually and for developing assurance plans based on the outputs of risk and control registers.

WE HAVE THREE LEVELS OF ASSURANCE:

1

FIRST LEVEL ASSURANCE

Our operations manage risks through inspections and operational checks and by self-correcting deviations. This involves, among other things, safety and occupational health inspections, water sampling and dust monitoring that trigger the necessary actions. Sites undertake self-assessments against our technical standards.

2

SECOND LEVEL ASSURANCE

Site audits and investigations are undertaken by subject matter experts and functional experts who review and validate first level assessments and monitor and analyse risks to support effective risk management.

3

THIRD LEVEL ASSURANCE

Our in-house internal assurance service and third-party auditors undertake evaluations of standards, governance and risk management. This includes audits for ISO 14001 and 45001 compliance, legal requirements and ESG data assurance.