

thungela

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2023

DEMONSTRATING impact



thungela

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Purpose and scope of this report

This report provides our stakeholders with a transparent account of our environmental, social and governance (ESG) approach and performance across our most material sustainability topics for the year ended 31 December 2023.

The scope of this report incorporates our wholly owned operations and joint ventures where we have management control. We also include information about operations where we do not have management control but hold a significant interest. This includes Mafube Coal Mining Proprietary Limited (Mafube), a 50% joint venture with Exxaro Coal Mpumalanga Proprietary Limited. We have accounted for 50% of Mafube’s greenhouse gas (GHG) emissions and energy consumption in line with the GHG Protocol, and 100% for all other indicators. We exclude ESG data from other activities in which we have a shareholding but do not have operational control, such as the Richards Bay Coal Terminal, Phola Coal Processing Plant and Rietvlei Mining Company Proprietary Limited. ESG information in this report relates only to the South African operations. We are in the process of aligning Ensham to our ESG reporting system and standards, and ESG information relating to Ensham will be included in the next annual reporting cycle.

Disclaimer

All images utilised in this document have been used with the permission of the subjects in them or their legal guardians, and with the understanding that they could be published widely, including on the internet, and may be seen throughout the world.

Assurance and basis of preparation

Our sustainability report has been compiled in accordance with the Global Reporting Initiative’s (GRI) Sustainability Reporting Standards (core compliance) and GRI 12: Coal Sector Standard, 2022. It is also aligned with the AccountAbility AA1000 Assurance Standard, the AccountAbility Principles Engagement Standard, and the sustainable development principles and reporting framework of the International Council on Mining and Metals (ICMM). The reporting process for all our reports has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS®) Accounting Standards, the IFRS Foundation’s Integrated Reporting Framework, the GRI standards, the King IV™ Report on Corporate Governance for South Africa 2016 (King IV¹), the listing requirements of the London Stock Exchange and UK Disclosure and Transparency Rules, the JSE Listings Requirements and the South African Companies Act, 71 of 2008.

IBIS Environmental Social Governance Consulting Africa (Pty) Ltd (IBIS) has provided independent assurance over selected sustainability key performance indicators. IBIS’ assurance statement can be found on **page 135**.

Forward-looking statements

This document includes forward-looking statements. For information regarding these, please refer to **page 144**.

Board responsibility statement

The board of directors delegated responsibility to the social, ethics and transformation committee to oversee the compilation of this report. The board has since collectively reviewed the contents and is satisfied that this document addresses Thungela’s most material issues and provides a balanced and appropriate representation of sustainability performance.

Thero Setiloane

Social, ethics and transformation committee chairman

24 April 2023

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Thungela’s 2023 reporting suite

This report forms part of our overall suite of reporting documents for the year ended 31 December 2023, and should be read in conjunction with the *Thungela Integrated Annual Report*, the *Thungela Annual Financial Statements*, and the *Thungela Climate Change Report*.

This, the *Thungela ESG Report*, provides a detailed disclosure of key ESG elements that could have a material impact on our performance, business and stakeholders, if not effectively managed. It has been prepared in alignment with both the core requirements of the GRI and the GRI 12: Coal Sector Standard and internal safety and sustainable development indicators. The *Thungela Climate Change Report* covers our approach to climate change and incorporates the risks we face and their related management. This was compiled in line with the recommendations of the Task Force on Climate-Related Financial Disclosures.



For more information, visit www.thungela.com/investors/integrated-reports.

Responsibly creating value together for a shared future

Our values



Safety

We are unconditional about protecting the lives of all our people – at work and at home – in health and wellbeing.



Care & respect

We show humanity to all through our commitment to making a positive impact where we can.



Accountability

We take responsibility for our decisions, actions and performance, to grow in success and learn in failure.



Excellence

We are passionate about being the best at what we do and always seek to raise the bar.



Agility

We keep things simple and empower our people by enabling them to make quick decisions.









Entrepreneurship

We have an owner's mindset because we know that every small change adds to greater impact.

Our contribution to the United Nations' Sustainable Development Goals and the Decade of Action

Our ESG framework and programmes are closely linked with the United Nations' (UN) Sustainable Development Goals (SDGs) and the Decade of Action. Our 'Approach to ESG' section on **page 18** shows how our strategic priorities align with the SDGs and the table alongside shows our prioritised SDGs and link to our material matters.

PRIORITY SDG	LINK TO MATERIAL MATTERS	DESCRIPTION
	Spiking on social	Quality education addresses poverty's root causes by providing individuals with the means to secure stable employment and contribute meaningfully to society. We closed out our previous education programme and developed a new programme which will commence in 2024.
	Operating responsibly Spiking on social	We continually reduce our consumption of all available water resources; increase our reuse and recycling rates; and manage the impacts we may have on the quality of local water sources.
	Safety Spiking on social	We commit to providing a safe and healthy working environment for our people and to mitigating any negative impacts we may have on local communities. We provide equal opportunities to foster an inclusive, diverse, and empowered workforce. We are creating an enduring positive legacy for employees through the Sisonke Employee Empowerment Scheme, giving them a direct stake in its future success. Our Thuthukani enterprise and supplier development programme supports the growth and success of local suppliers.
	Spiking on social Rail infrastructure Capital projects	We promote inclusive and sustainable industrialisation, particularly for small, micro and medium enterprises through our enterprise and supplier development programme and build resilient infrastructure through our Social and Labour Plan, corporate social investment and mining projects.
	Operating responsibly Climate change Spiking on social	We have assessed our climate risks and opportunities and developed a detailed scenario-based path to net zero by 2050. We support a technology agnostic approach to emissions abatement that includes carbon capture, utilisation and storage, and high-efficiency power stations. We take a holistic approach to climate change by developing social programmes that consider climate change risks.
	Spiking on social Creating value Operating responsibly	We partner with communities to understand and help deliver on their priorities. We proactively engage all stakeholders and uphold human rights in our operations and activities. We partner with industry, government and academia to develop environmentally-sound technologies.



01

INTRODUCTION

Our South African operations

Our seven mining operations are among the highest quality thermal coal mines in South Africa by calorific value.



GREENSIDE COLLIERY

Market: export and domestic

Coal Resources

- Measured: 8.5Mt
- Indicated: 4.0Mt

Coal Reserves

- Proved: 15.0Mt
- Probable: 2.1Mt

Mining method: underground – bord and pillar

LOM: 5 years

KHWEZELA COLLIERY

Market: export and domestic

Coal Resources

- Measured: 39.5Mt
- Indicated: 9.5Mt

Coal Reserves

- Proved: 26.4Mt
- Probable: 2.1Mt

Mining method: opencast

LOM: 6 years

RIETVLEI COLLIERY

Market: domestic

Coal Resources

- Measured: 5.0Mt
- Indicated: 0.8Mt

Coal Reserves

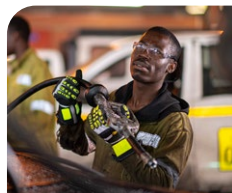
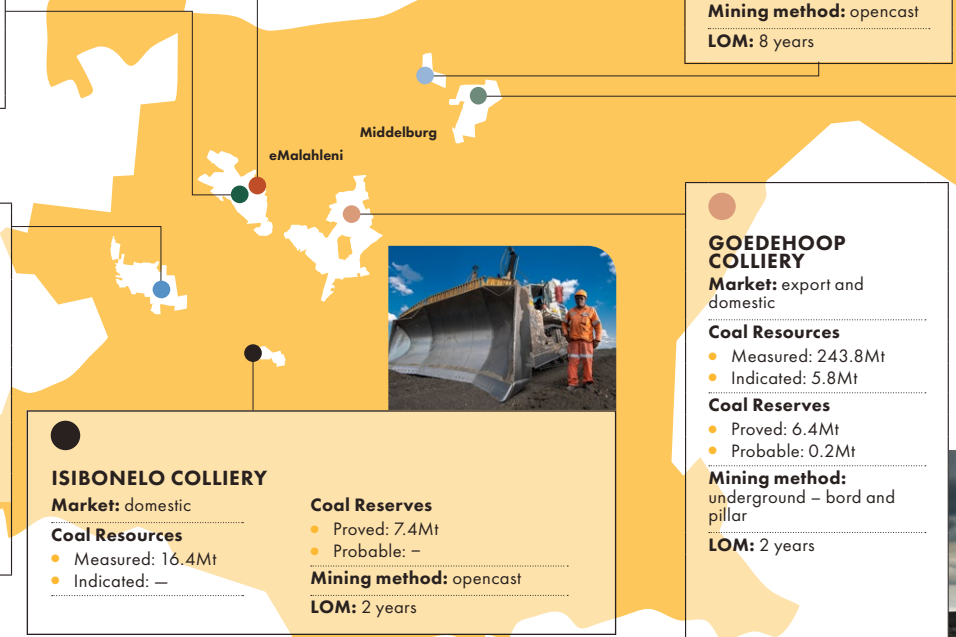
- Proved: 20.9Mt
- Probable: 2.5Mt

Mining method: opencast

LOM: 8 years



MPUMALANGA PROVINCE



ZIBULO COLLIERY

Market: export and domestic

Coal Resources

- Measured: 376.4Mt
- Indicated: 55.5Mt

Coal Reserves

- Proved: 27.1Mt
- Probable: 24.3Mt

Mining method: underground – bord and pillar and opencast

LOM: 8 years



ISIBONELO COLLIERY

Market: domestic

Coal Resources

- Measured: 16.4Mt
- Indicated: –

Coal Reserves

- Proved: 7.4Mt
- Probable: –

Mining method: opencast

LOM: 2 years

GOEDEHOOP COLLIERY

Market: export and domestic

Coal Resources

- Measured: 243.8Mt
- Indicated: 5.8Mt

Coal Reserves

- Proved: 6.4Mt
- Probable: 0.2Mt

Mining method: underground – bord and pillar

LOM: 2 years

MAFUBE COLLIERY¹

Market: export

Coal Resources

- Measured: 26.6Mt
- Indicated: 1.4Mt

Coal Reserves

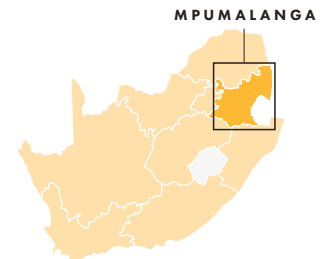
- Proved: 82.6Mt
- Probable: 32.1Mt

Mining method: opencast

LOM: 20 years

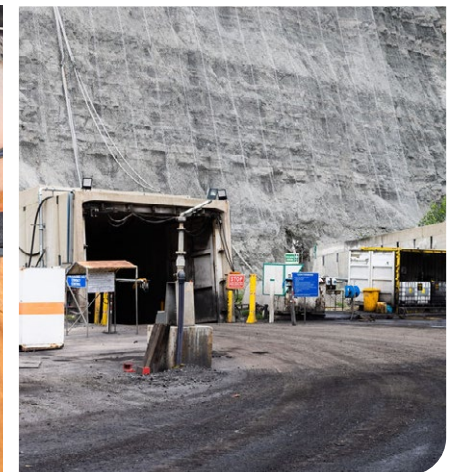
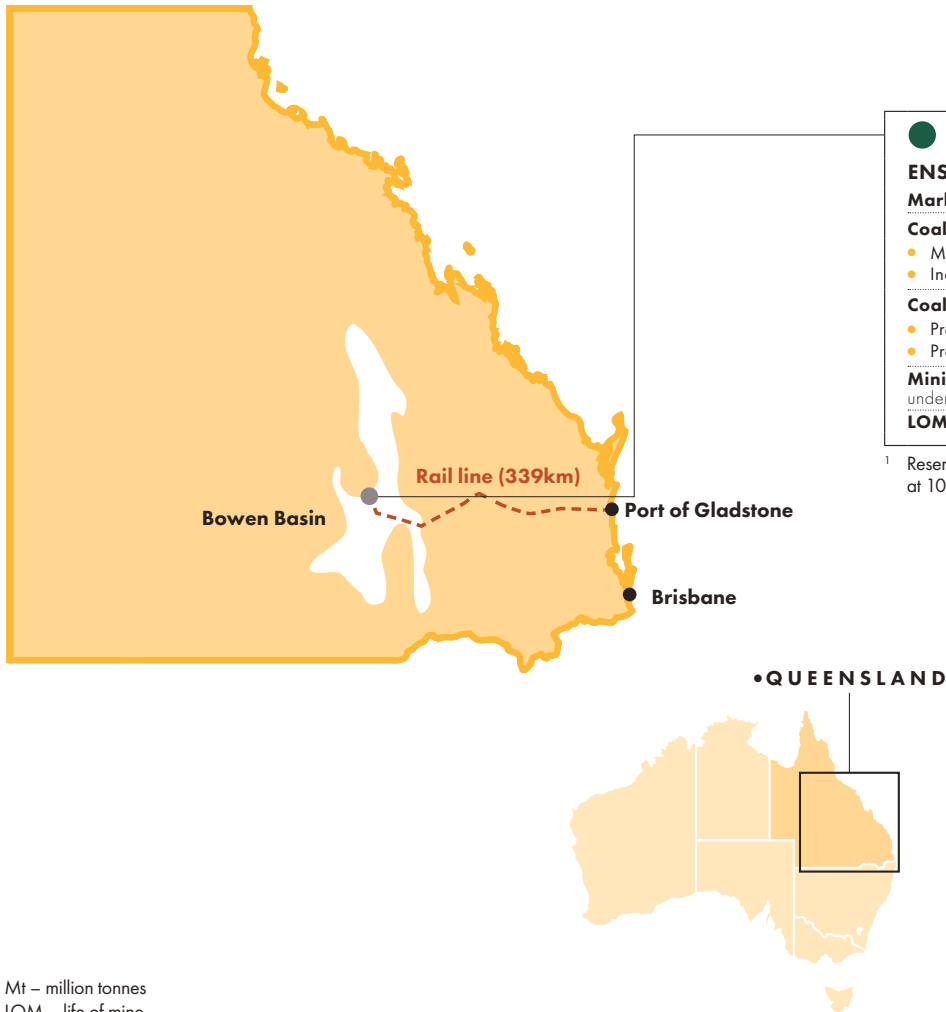


¹ Resources and Reserves are shown at 100%.



Mt – million tonnes
LOM – life of mine

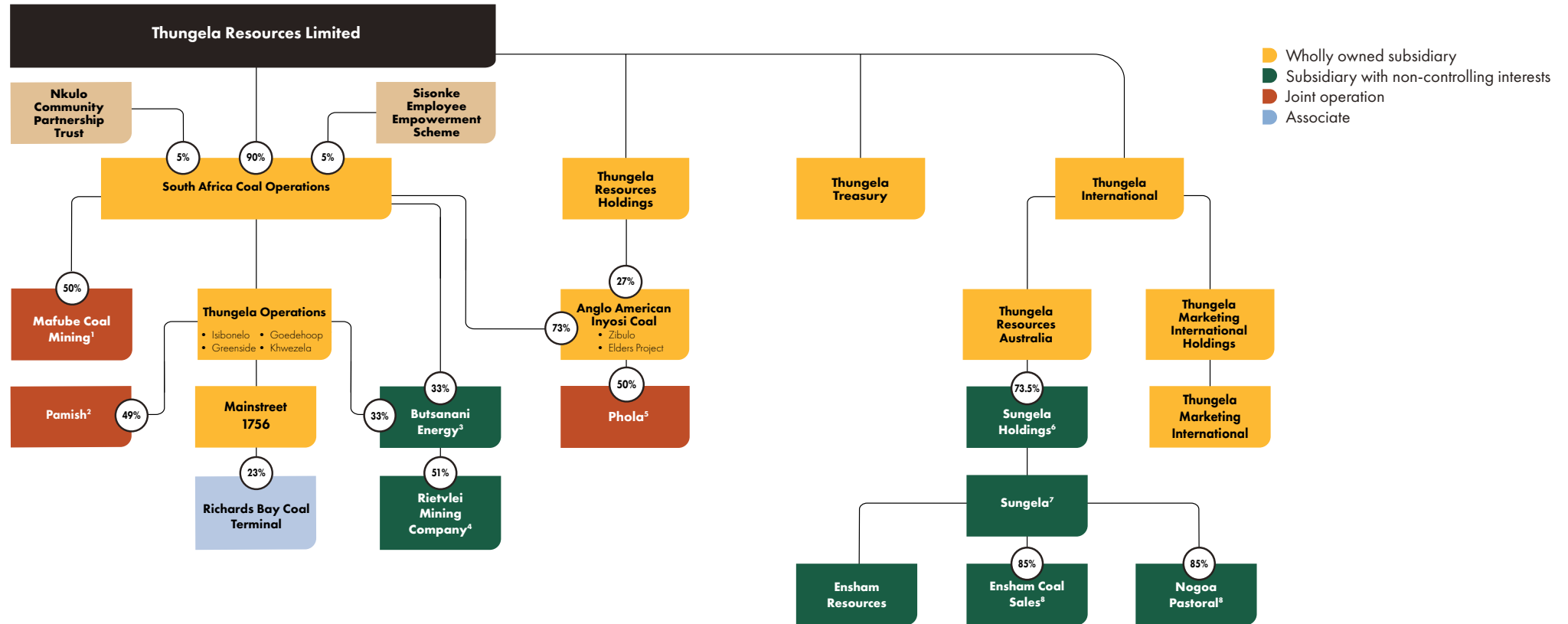
Our Australian operation



Mt – million tonnes
LOM – life of mine

Ownership structure

Group organisational structure



¹ Exxaro Coal Mpumalanga Proprietary Limited holds the remaining 50% interest in Mafube Coal Mining.
² Nasonti Technical Services Proprietary Limited holds the remaining 51% interest in Pamish.
³ Vunani Mining Proprietary Limited holds the remaining 33% of Butsanani Energy.
⁴ Emalangeni Mining Resources Proprietary Limited and Mwelase Group of Companies Proprietary Limited hold 34% and 15% of Rietvlei Mining Company respectively.
⁵ Seriti Power Proprietary Limited holds the remaining 50% interest in Phola.

⁶ Audley Energy Limited and Mayfair Corporations Group Proprietary Limited hold the remaining 26.5% in Sungela Holdings in equal proportions.
⁷ Sungela holds an 85% interest in the Ensham joint venture and Nogoa joint venture, both of which are unincorporated joint ventures.
⁸ Bowen Investment (Australia) Proprietary Limited holds the remaining 15% interest in Ensham Coal Sales and Nogoa Pastoral.



We are uncompromising about safety and it is our first consideration in everything we do.

We hold ourselves to the highest governance principles by managing our impacts and mining sustainably.

Being a responsible miner means being a responsible neighbour. We mine responsibly to ensure that host communities thrive and benefit from the positive impacts we aim to create.

We cannot do it on our own. That is why we collaborate, engage and build meaningful relationships with all our stakeholders.

Our purpose

To responsibly **create value** together for a shared future.

We want others to share in the value we create. From shareholders and employees to host communities, we want all our stakeholders to be better off because of our business.

The value we create contributes to a brighter future for all of us. By achieving our goals together, we all face a future worth sharing.



Our 2023 performance

WELLNESS

Total percentage of HIV-positive employees on treatment

↑ **96%**

2022: 95%

Total percentage of employees who know their HIV status

↑ **98%**

2022: 95%

SOCIAL

Number of incidents with social consequences level 3, 4 or 5

↓ **16**

2022: 20

Host community procurement

↓ **21%**

2022: 28%



SAFETY AND HEALTH

Fatality

↑ **1**

2022: 0

Total recordable case frequency rate (TRCFR)

↓ **1.40**

2022: 1.41

New cases of noise-induced hearing loss

↔ **2**

2022: 2

GJ gigajoule
GHG greenhouse gas
kt CO₂ kilotonne carbon dioxide

ENVIRONMENT

Total energy consumed (million GJ)

↑ **3.14**

2022: 3.01

Total GHG emissions (kt CO₂ - equivalent)

↓ **729**

2022: 748

Freshwater abstraction (megalitres)

↓ **369**

2022: 767

Water reused/recycled

↔ **96%**

2022: 96%

Water treatment

↑ **69%**

2022: 57%

Number of level 3, 4 or 5 environmental incidents

↔ **2**

2022: 2

PEOPLE

Historically disadvantaged persons in management

↑ **65%**

2022: 60%

Women in management

↑ **34%**

2022: 30%

Voluntary labour turnover

↓ **3.8%**

2022: 5.0%

NKULO COMMUNITY PARTNERSHIP TRUST

R156 million

The Trust was established as a vehicle to spike on the S of ESG. Registered as a public benefit organisation, the Trust has received contributions of R741 million. Funds will be directed toward projects that will benefit host communities.



HOST COMMUNITY PROCUREMENT

R2.0 billion

Procurement of goods and services from suppliers in the immediate areas of our operations.

SISONKE EMPLOYEE EMPOWERMENT SCHEME

R156 million

More than 3,400 employees belong to the scheme. Total contributions to date amount to R741 million.



TOTAL PROCUREMENT

R9.6 billion

Supply chain expenditure from third-party suppliers. This includes operational and capital expenditure.

Our contribution to society

CAPITAL INVESTMENT

R3.0 billion

Cash expenditure on property, plant and equipment, including sustaining capital expenditure (capex) of R1.6 billion, expansionary capex of R1.4 billion including R49 million investment in the Zibulo solar plant.



CONTRIBUTION TO LOCAL COMMUNITIES

R126 million

Expenditure on Social and Labour Plan, corporate social investment and strategic projects such as Thuthukani, our enterprise and supplier development programme.



WAGES AND RELATED PAYMENTS

R4.7 billion

Payroll costs for employees, excluding contractors, including a proportionate share of employees in joint operations.

Information represents results from the South African business only.

Recognition

We are committed to accurate and transparent reporting and continuous improvement in our disclosure. The following ratings were achieved in recognition of these efforts in 2023:



Our overall score improved from 3.5 out of 5 in 2022 to **4 out of 5 in 2023** compared to the coal sub-sector average of 2.2 out of 5.



Our total score improved from 44 in 2022 to 49 last year, and we ranked **second out of 54 coal mining companies** in the coal and consumable fuels sector. Data availability was described as being 'very high'.



In our first corporate rating by ISS, we **achieved a 'C' rating** with transparency levels cited as being 'very high'.



We achieved **certification in the Top Employers certification programme** for the second time in 2023.



We improved from a 'BB' rating in 2022 to a **'BBB' rating in 2023**.



Our first submission to the CDP earned us a **'B' rating** in the management band. We scored higher than the coal mining sector's C average.

Social, ethics and transformation committee chairman's message

THERO SETILOANE



I am pleased to introduce the *Thungela 2023 Environmental, Social and Governance Report* and am proud of the actions we are taking and the progress we have made on our sustainability-related material topics.

In our initial two years as an independent organisation, we spent a considerable amount of time establishing our new entity with a distinct purpose and identity.

During this formative period, we embarked on the crucial task of defining who we were, what we would stand for, how we would operate and what kind of legacy we wished to leave in the communities whose very existence is built on coal.

We aspired to cultivate an ethos that prioritises safety, inclusivity, social responsibility and environmental care while simultaneously creating the best possible working environment to attract and retain the talent we need to advance our organisation and achieve our priorities.

Today, these reflections are transitioning into concrete actions and steady results. During the year, we were once again certified as a top employer and made further progress in transforming our workforce. We have also deepened our focus on safety by making it a stand-alone pillar in the business strategy and implemented further measures to strengthen our safety controls and culture.

We identified four socio-economic impact goals, which arose from the output of an impact assessment exercise we undertook. In this report, we highlight some of the work we have done to achieve these goals.

We also contributed to improving community services through a variety of Social and Labour Plan projects, while Thuthukani, our enterprise and supplier development programme, marked its first full year in operation by supporting the creation of 114 jobs with local suppliers.

Initiatives like these have a heightened significance in the context of the gradual winding down of some of our older operations on the Mpumalanga coalfields. It is imperative that we, together with government and the industry at large, draw on the lessons learned both in South Africa and around the world where mines have closed, leading to the abandonment of towns and devastating economic decline.

While our Elders and Zibulo North Shaft projects will extend operations in some areas, we are actively working towards economic diversification and social transition in others where mining operations are coming to a close. A vital part of this process involves fulfilling legal end-of-life requirements in such a way that communities benefit from alternative revenue streams.



Operating responsibly depends on building trusted relationships with multiple stakeholders. We undertook a recent stakeholder perception survey in which more than 100 stakeholders, representing host communities, local and provincial government, regulators, traditional authorities and non-governmental organisations, participated. The outcomes of the survey reflect the strides we are making, with a significant proportion of stakeholders rating us highly on transparency and trust.

We are pleased that these attributes have also been highlighted in the findings of the global ratings agencies that evaluated our management of risk and performance from an ESG perspective. Apart from improving our overall scores, our classification was deemed as ‘very high’ in the areas of transparency and data availability.

It is undeniable that the coal industry is inherently associated with significant risks; therefore, the efficacy with which companies manage these challenges is of paramount importance.

In this regard, S&P’s ESG risk rating has shown our organisation to be an industry leader. This recognition underscores our unwavering commitment to robust risk management practices and the worth of our dedication to maintaining exemplary standards of ESG responsibility amid the complexities inherent to the coal sector.

Governance and ethical leadership are vital pillars within a sector that arguably bears a heightened obligation to exemplify its dedication to responsible business practices and transparent disclosure.

As custodians of finite resources and stewards of the communities in which we operate, we must ensure that every action we take is guided by a steadfast commitment to transparency, accountability, and the long-term wellbeing of all stakeholders involved. It is in this spirit that we introduce our progress in this, our third *Environmental, Social and Governance Report*.

Thank you for joining us on this journey towards a more sustainable and equitable future.

Thero Setiloane

Chairman of the social, ethics and transformation committee
24 April 2024

Chief executive officer's review

JULY NDLOVU



Putting our purpose first, we continue to responsibly create value together for a shared future.

It gives me great pleasure to share our *2023 Environmental, Social and Governance Report*. This report, provides an overview of our approach to our most material sustainability matters and our related performance over the last year.

Safety is our first value

Safety has been elevated as a stand-alone pillar in our business strategy as we remain unconditional and single-minded about being a fatality-free business.

As previously reported, our colleague Breeze Mahlangu tragically passed away in February 2023 following complications after an accident in December 2022. Our thoughts are with his family, colleagues, and friends. While our overall total recordable case frequency rate is consistent with last year at 1.40 (2022: 1.41), the loss of a colleague is one loss too many. We remain committed to operating a business free from fatalities and injuries.

We therefore continue to strengthen our safety controls and culture. We have instituted a range of measures from the executive level to the front-line to ensure that we live up to the promise that everyone goes home safely every day. Among these efforts is continued concentration on our three safety pillars, the integration of standardised safety metrics and behaviours into employee performance contracts and an enhanced focus on critical controls.

Robust coal fundamentals

After the turbulence of 2022, energy markets largely stabilised in 2023 with energy prices trending lower. The outlook for coal demand for the next two to five years remains firm, with many developing nations, particularly in South Asia, still using coal as a primary fuel source.

Global coal investment in 2023 surpassed 2022's levels. In most parts of the world, the majority of investment went towards maintaining existing operations and brownfields developments, while energy security concerns and power shortages in India and China have led to the development of new mines and the expansion of existing operations.

Electricity generation from coal also reached an all-time high in 2023, up 1% from the same period in 2022. While investment in new coal-fired generation capacity has slowed in recent years, it nonetheless continues in order to meet global power needs.

A just, orderly and equitable transition

We are acutely aware that addressing climate change has never been as critical as it is today. The extreme weather events and record temperatures of 2023 are testament to this. We believe that there is no silver bullet to achieving the goals of the Paris Agreement and that coal has a significant role to play in the low-carbon transition.

The growth of solar photovoltaics (PV) in recent years has been impressive, accounting for 12% of global energy generation in 2022 and is set to rise to 30% by 2030. However, renewable power alone will not solve our global energy challenges due to its low average load factors and intermittency of output. Combined with the sheer volume of raw materials and critical minerals needed to manufacture solar and wind capacity, coal currently generates over 60% of the electricity used in global solar PV manufacturing. Coal also plays an essential role in supporting renewable energy sources by ensuring grid stability and continuous power supply, which is vital for preventing power outages particularly given the intermittent nature of renewable energy.

This is not a coal versus renewables debate. Choosing one fuel over the other is not feasible nor is it realistic. If we are to be successful in our transition to clean energy, and deliver an energy system that is affordable, reliable and sustainable, we need to use all fuels and all technologies available to us.

We are supportive of the COP28 call for a “just, orderly and equitable” transition with accelerated efforts towards the phase-down of unabated coal power.

China, India and Japan sent a clear message at COP28 that abated coal and a wide range of decarbonisation technologies will play a vital role in powering their economies, underwriting energy security and supporting emissions reduction. Established technologies such as carbon capture and storage (CCS), ammonia, and sustainable biomass have the potential to significantly reduce CO₂ emissions from fossil fuels without compromising the security, flexibility, and affordability of electricity supply.

According to the Global Carbon Capture and Storage Institute, the capture capacity of projects in the pipeline has risen by 48% to 350 million tonnes since 2022. While the technology is gaining momentum, it is still short of the 100-fold increase needed by 2050. To achieve the scale needed will require supportive policy, private sector involvement, and financing.

Environmental stewardship

The remediation of the impacts of the 2022 incident at Kromdraai is progressing well. The most recent biomonitoring report shows excellent habitat and macroinvertebrate results, while fish populations are taking longer to recover. To accelerate this process, in 2023 we established a state-of-the-art fish breeding facility at the Loskop Dam Nature Reserve which is operated by members of the Mpumalanga Tourism and Parks Agency. The aim is to breed and release fish until biomonitoring results indicate that fish varieties and abundance have returned to pre-incident levels. In addition to this, we have constructed a 5 ML/day reverse osmosis treatment plant at Kromdraai to treat mine impacted water pumped from underground workings to prevent any further incidents.

We are pleased to report that we achieved our 2023 water targets to reduce our consumption of freshwater and potable water from the eMalahleni Water Reclamation Plant by 20% from a 2015 baseline. Freshwater abstraction was 64% lower and potable water abstraction from EWRP was 45% lower than the baseline.

We are actively pursuing nature-based solutions to water treatment and have had promising results from our demonstration-scale passive treatment plant. We also opened a nursery that will propagate a million trees for phytoremediation which is a key part of our water management strategy.

EcoElementum air quality monitoring units have been rolled out to all operations, providing real-time data that allows for faster response times to dust and particulate matter alerts. An extensive review of our waste inventories was also undertaken during the year, and we embarked on a clean-up campaign at operations to improve their housekeeping.

We take an integrated approach to mine closure that addresses not only the biophysical aspects but also the social. Our vision is to collaborate with host communities to establish regenerative landscapes that create sustainable livelihoods.

Progress against our carbon emission targets

Last year we committed to reducing our scope 1 and 2 emissions by 30% by 2030 (from a 2021 baseline), and to net zero by 2050.

We are pleased to report an 11% reduction from our 2021 baseline of 819 kt CO₂e to 729 kt CO₂e last year. We have also seen an 11% decrease in our carbon intensity and a 5% drop in energy intensity.

Due to the nature of our business, we do not anticipate our annual emissions reductions will necessarily progress in a linear fashion. Our 2030 target is dependent on the closure of several of our mines as they reach the end of their economic lives, the implementation of a minimum of 19 MW of renewable energy and a continued focus on energy efficiency.

Creating value for a shared future

We continue to be intentional about spiking in the social element of ESG and leaving a positive legacy for the communities in the areas in which we operate.

We will distribute an additional R156 million to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust related to 2023 performance, bringing our total contributions since listing to R1.5 billion. This ensures that our employees and host communities share in the value we create.

We want to differentiate ourselves by investing in projects that make a positive impact in the lives of people living in host communities. Every project we invest in should contribute to the achievement of four impact goals that were identified through a detailed impact assessment in the regions where we operate. These are: improving access to quality education and skills development, improving access to income generation opportunities, improving the quality of community services, and reducing communities’ and suppliers’ reliance on mines.

An area in which we are demonstrating measurable impact is enterprise and supplier development. Through our Thuthukani programme, we offer local entrepreneurs business skills training, mentorship and support, technical enablement and loan funding at preferential rates. The programme has 12 supplier development graduates and 33 enterprise development graduates. Loan finance for contracted suppliers during the period under review, resulted in the creation of 114 additional jobs.

Last year, our direct spend with host community enterprises was 21% of our total procurement spend. In addition, local employment, procurement, and social investment, are requirements in the contracts we award to original equipment manufacturers and major suppliers and service providers. We thank them for their contributions in 2023 and look forward to working with them to create more shared value in the future.

We delivered on various Social and Labour Plan (SLP) projects that improved the community's access to quality services that will benefit community members for many years to come. As we review our SLP commitments for the next five-year periods, we are ensuring that the projects we identify will also contribute to community resilience in the face of climate change impacts.

The lifeblood of communities where we operate are coal mining, steel production and coal-fired power generation. This renders them heavily dependent on these sectors and their value chains for their livelihoods. They are particularly vulnerable to the transition away from fossil fuels as the world moves towards a low-carbon future. More pressing, is that many of the mines and power stations in the region are nearing the end of their economic lives. To further improve the capacity of host communities to adapt to these changes, we are taking an integrated approach to planning for mine closure, which includes social transition. Our vision is to collaborate with host communities to establish regenerative landscapes that create sustainable livelihoods.

During the year, our total investment in community projects amounted to R126 million.

Our people

We depend on the contribution of agile, highly motivated individuals and teams who are equipped with the knowledge, skills and insights needed to excel in an ever-changing business landscape. We are proud to have been recognised for a second consecutive year in the global Top Employers programme.

We promote a workplace environment where every colleague is valued and respected for who they are, regardless of race, gender, sexual orientation, age, religion or disability. Our policy and five-year inclusion and diversity strategy reflects our commitment not just to legal compliance, but to building a work environment where all individuals are culturally and socially included, accepted and treated equally.

The percentage of historically disadvantaged people in senior management increased from 60% in 2022 to 65% for the year under review, while the representation of women in senior management improved to 34% from 30% in 2022.

Governance

We are committed to applying sound governance principles, as guided by the King IV and adhering to the highest ethical standards as we manage our business and its affairs responsibly, with integrity, diligence and fairness. The board is responsible for ensuring that these principles are effectively practised throughout the business.

The board committees were restructured in 2023, splitting the remuneration and nomination committee into two separate committees: the remuneration and human resources committee, and the nomination and governance committee. The social and ethics committee is now known as the social, ethics and transformation committee, while the risk and sustainability committee is now referred to as the health, safety, environment and risk committee. In addition, a new investment committee was also introduced.

Investing in our future

We have always expressed our confidence in the future of coal and our intention to create a business that will deliver value for the long term. We continued to make good progress on our Elders and Zibulo North Shaft projects in South Africa. Both are on track and on budget, with Elders having delivered first coal in early 2024. The successful execution of these projects builds momentum for a more competitive, longer-life portfolio.

Geographic diversification is one of our strategic pillars, and the acquisition of Ensham last year is an important milestone on this pathway. This diversification builds our resilience to risk while giving us access to Japanese and other Asian markets where demand for thermal coal remains strong.

The transaction included some important ESG considerations. For instance, as Ensham is already a working mine, we are able to extend the life of our business without creating new global carbon units.

In conclusion

We continue to be purposeful in driving our ESG aspirations. This ensures an unwavering focus on safety, respecting human rights, using our resources responsibly, lowering our emissions, investing in our people, and creating a positive legacy for host communities long after the last tonne of coal has been mined.

I invite you to read about our progress and, as always, welcome your feedback.

July Ndlovu
Chief executive officer
24 April 2024

Approach to ESG

The pillar at the heart of our business strategy is 'driving our ESG aspirations'. While the world continues to use coal, it is crucial that the producers of this fossil fuel do so responsibly. ESG imperatives inform the way we operate, both at our existing operations and any new projects or initiatives we consider. Our ESG priorities are identified based on their materiality to our sector and the needs and expectations of shareholders, employees, communities and other key stakeholders. They are environmental stewardship, shared value for our stakeholders and, finally, responsible decision-making and leadership.

Our ESG priorities are underpinned by our values, code of conduct, strong management systems, committed and engaged leadership, and a dedication to effective and transparent stakeholder engagement.

While we are committed to upholding superior standards across the entire ESG spectrum, we place special significance on maximising our impact within the social sphere. We refer to this as 'spiking on social'. Three years after listing as a new company, our impact on coal mining communities and South Africa is already significant. This is achieved through the generation of substantial employment opportunities, our contribution to tax and royalties, the earning of foreign currency, and the delivery of essential community services. Through initiatives such as the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust, employees and host communities are shareholders in our business and benefit from its success.

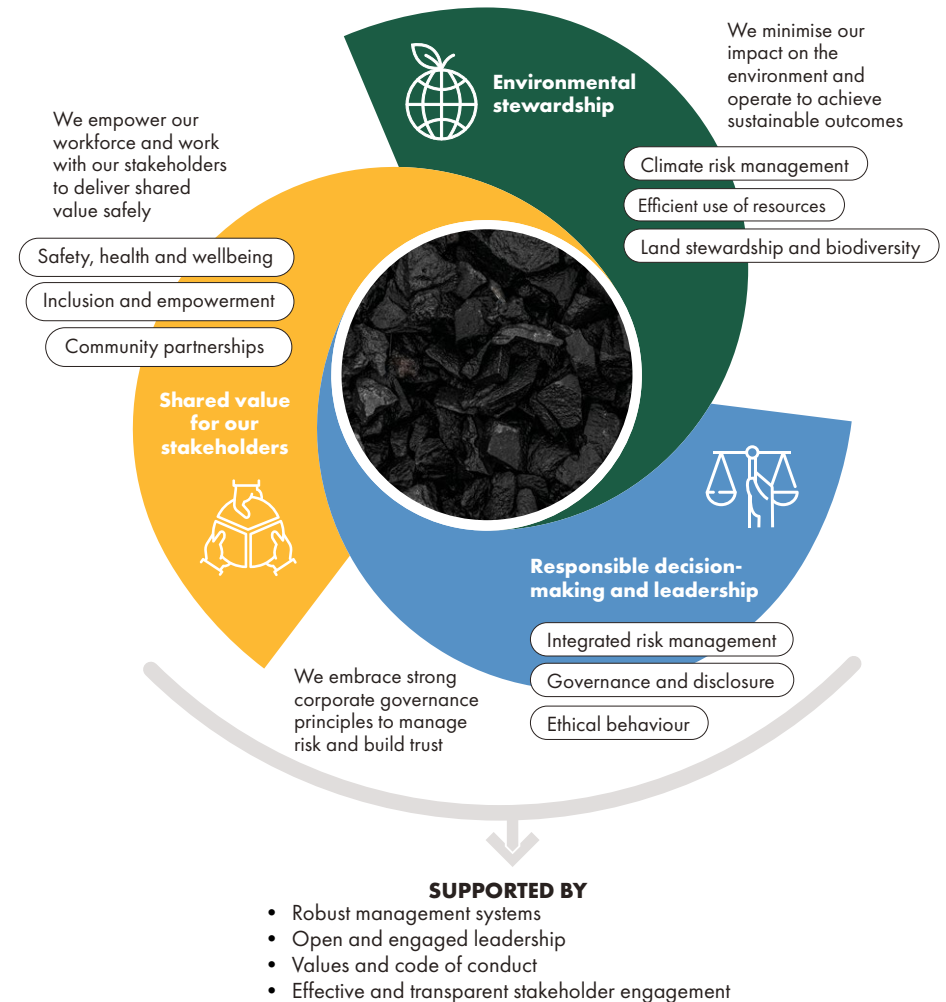
A continued role for coal

Global coal investment in 2023 surpassed 2022's levels, driven by demand in China and India. Most of this investment went towards maintaining existing operations and brownfields developments, while in India and China, energy security concerns and power shortages have led to the development of new mines and the expansion of existing operations. Although investment in new coal-fired generation capacity has slowed in recent years, it continues nonetheless¹.

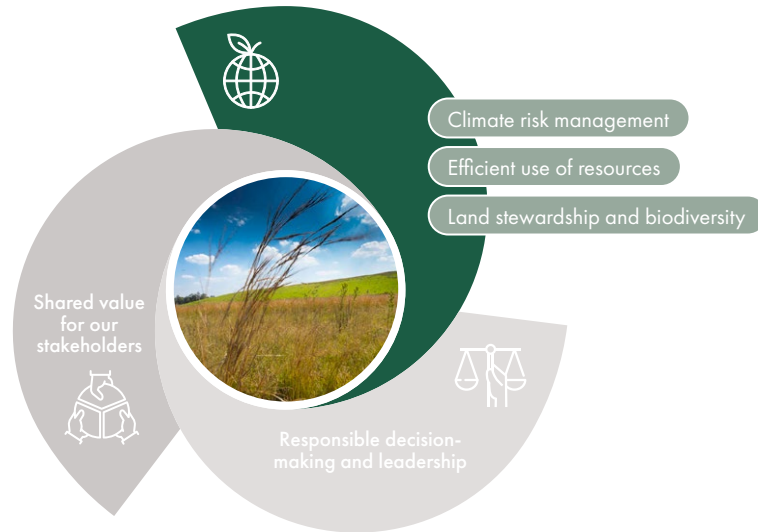
The International Energy Agency's (IEA) stated energy policy scenario (STEPS) sees the demand for all fossil fuels, including coal, peaking before 2030. Despite this, electricity generation from coal reached an all-time high in 2023, up 1% from the same period in 2022. Unfortunately, 2023 also saw the number of people without access to electricity increase to 760 million. This increase is the first in decades¹.

Investment in variable renewable energy (VRE) deployment has increased significantly, accounting for 12% of global generation in 2022 and set to rise to 30% by 2030. This puts power system flexibility at the centre of electricity security. There is growing recognition of the role of flexible, dispatchable, thermal energy such as abated coal in stabilising electricity systems where high loads of VRE exist. The clean energy transition must be orderly, just and equitable to minimise the impact on energy security and the most vulnerable people in society.

A wider ESG lens is required when considering the socio-economic implications, timing and pace of the transition to a low-carbon future.



¹ IEA (2023), World Energy Outlook 2023, IEA, Paris <https://www.iea.org/reports/world-energy-outlook-2023>, Licence: CC BY 4.0 (report); CC BY NC SA 4.0 (Annex A)



Environmental stewardship

We minimise our impact on the natural environment and operate to achieve sustainable outcomes.

Climate risk management

We proactively measure, understand and manage our climate-related risks and opportunities.

Recognising that the most significant and enduring global impact of coal is climate change, we understand that this is a critical issue for our business and are committed to contributing to achieving the goals of the Paris Agreement. Our first step toward achieving net zero involves a 30% reduction in scope 1 and 2 greenhouse gas (GHG) emissions by 2030, based on our 2021 emissions baseline.

Given the need to remain within the global carbon budget to 2050, and the likely continued use of fossil fuels in regions such as India and China, it is critical that all emission abatement technologies, including those associated with coal, receive equitable support. As such, we are affiliated with the Coal Industry Advisory Board and the Future Coal Alliance which facilitate research into emission abatement technologies.

We are committed to transparent, regular disclosure concerning climate risks and published our first climate change report in 2022.



Efficient use of resources

We prioritise the efficient use of natural resources such as energy and water, reducing waste and minimising our impact on air quality.

Water stewardship is a key focus area because we operate in a water-scarce region. Our targets are to achieve a minimum water efficiency (reuse and recycling) rate of 75%, to reduce our abstraction of fresh water by 2.5% annually, and to treat at least 40% of our water. We are also investigating and piloting a variety of nature-based water treatment solutions that will diminish the potential for environmental harm and reduce our long-term water liabilities.

Our goal is to reduce the waste we send to landfill by 50% by 2030, from a 2021 baseline, by leveraging opportunities to reduce, reuse, and recycle through circular economy projects that benefit the environment and host communities.

We aim to reduce our energy consumption by improving our energy intensity annually relative to the previous year, by implementing energy efficiency projects at our operations.

We also commit to reducing our impact on ambient air quality using industry-leading standards and the best available technologies.



Land stewardship and biodiversity

We commit to no net loss of biodiversity and to closing our mines responsibly. This means enabling sustainable future land use in collaboration with surrounding communities and managing residual environmental impacts, especially those related to water.

Our successful wetland restoration and phytoremediation projects are nature-based solutions to addressing mine-impacted water and addressing our residual impacts. We continue to treat mine water to potable standards at our eMalahleni Water Reclamation Plant for use by local communities. We have also implemented a regional biodiversity management plan to achieve our target of no net loss.

Our closure liabilities are fully funded and meet legal requirements. We have closure and rehabilitation plans in place for all our sites. These are aligned with the International Council on Mining and Metals' (ICMM) good practice around integrated closure.



Shared value for our stakeholders

We empower our workforce and work with our stakeholders to deliver shared value, safely.

Safety, health and wellbeing

Inclusion and empowerment

Community partnerships



Safety, health and wellbeing

We are committed to providing a safe and healthy working environment for our people and to mitigating any negative impacts we may have on local communities.

Safety is our first value and is now a stand-alone pillar of our company strategy. We believe that one injury is one too many and are intensely focused on eliminating incidents that cause loss of life and life-altering injury. We aim to be a fatality-free business while preventing or avoiding injury and occupational disease. Our safety strategy is founded on three pillars: getting the basics right, work management and culture change.

Risk identification and management, learning from incidents and deploying appropriate controls to ensure the safety and health of our employees and contractors is pivotal.

Our leading HIV prevention and treatment programme is aligned with the Joint United Nation's Programme on HIV/AIDS' (UNAIDS) recently adjusted 95-95-95 goals for testing, treatment and viral suppression. We also run a comprehensive internal wellness programme that focuses on the whole self rather than just the physical elements of employee wellbeing. While physical health remains a priority, it is accompanied by adequate levels of mental, psychosocial and financial wellbeing for employees to fully engage themselves in safe, productive work.



Inclusion and empowerment

We promote a workplace environment where every colleague is valued and respected for who they are, regardless of race, gender, sexual orientation, age, religion or disability.

We provide equal opportunities to promote diversity and transformation and support the right to equal pay for equal work. We are also committed to maintaining a fair workplace free from any form of discrimination.

Our business depends on the contribution of agile, highly motivated individuals and teams who are equipped with the knowledge, skills and insights needed to excel in an ever-changing business landscape. Therefore, learning and development play a crucial role in our people strategy as they contribute to the overall efficiency, safety and sustainability of our operations.

Furthermore, we are creating an enduring positive legacy for employees through the Sisonke Employee Empowerment Scheme, giving them a direct stake in Thungela's future success.



Community partnerships

Our aim is to promote strong relationships with the communities that surround our operations through regular engagements on issues that affect them. Our operations participate in community engagement forums, the local economic development and integrated development planning forums of the municipalities where we operate. Through such engagements, we identify priority needs so that we can deliver meaningful projects that achieve measurable improvements in the quality of life of people living in host communities.

Our social policy outlines how social requirements should be managed, while the social toolkit provides guidance to practically implement and fulfil them. The toolkit details processes to follow to meaningfully engage with stakeholders, identify partnerships and co-create fit-for-purpose socio-economic development programmes.

An in-depth needs assessment resulted in our identification of four impact goals, namely: to improve access to quality education and skills development, improve the quality of community services, improve access to income generation opportunities and reduce communities' and suppliers' reliance on mining. Projects that address these priorities are executed through the delivery of each mine's SLP, targeted corporate social investment and the implementation of strategic programmes. These include Thuthukani, our enterprise and supplier development programme, which supported 12 suppliers, 222 enterprise development beneficiaries and 50 businesses that were provided with technical enablement in 2023.

As part of our efforts to improve community partnerships and to share the value we create in line with our purpose, we founded the Nkulo Community Partnership Trust. Nkulo Trust has received an annual entitlement of R6 million since it was founded in 2021, the total contribution received is at R741 million. Of that, contributions related to 2023 performance are almost R156 million.





Responsible decision-making and leadership

We embrace strong corporate governance principles to manage risk and build trust.

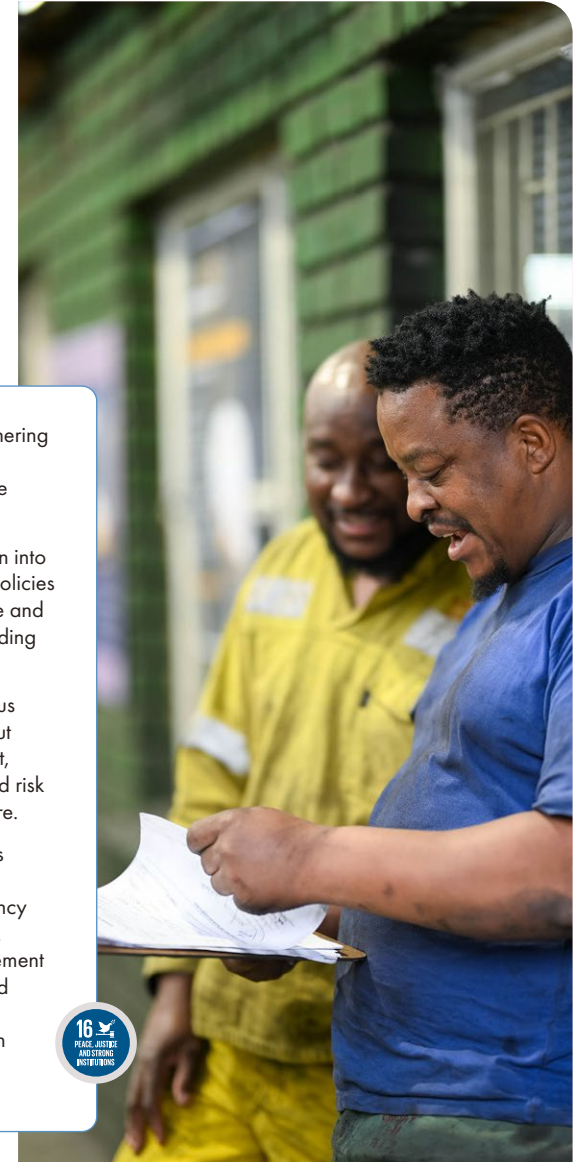
Ethical behaviour

We operate our business ethically, adhering to the highest standards of corporate governance and have a zero-tolerance approach to corruption.

Human rights considerations are woven into our values, code of conduct, and the policies and procedures that guide the effective and ethical operation of our business, including our human rights policy.

Our commitment aligns with the rigorous corporate governance principles set out in King IV, emphasising ethical conduct, robust governance practices, integrated risk management and transparent disclosure.

Our comprehensive approach includes implementing policies to safeguard whistleblowers, promote tax transparency and prevent anti-competitive practices. With a dedicated and diverse management team, bolstered by an experienced and independent board, we prioritise transparency in executive remuneration with clear ties to ESG performance.



Integrated risk management

We proactively and regularly identify, assess and develop strategies to address risks and opportunities for the business. We also have a compliance assurance management system in place and undertake regular internal and external assurance to ascertain the effectiveness of controls.

Our risk management system is guided by international risk management standards and frameworks, including the International Organization for Standardization's (ISO) ISO 31000, ISO 14001, and ISO 45001 systems.



Governance and disclosure

Sound corporate governance and transparent reporting foster accountability and build trust with our stakeholders.

Our ESG report captures our approach, performance and targets across our most material sustainability topics. We published our inaugural climate change report in 2023 and continue to work on aligning our reporting with the appropriate frameworks and standards, including the principles and recommendations of the King IV Report on Corporate Governance for South Africa 2016 (King IV), the International Finance Corporation's performance standards, the United Nations (UN) Global Compact sustainability principles, the International Sustainability Standards Board (ISSB)'s International Financial Reportings Standards (IFRS) S1 and S2 and the International Council on Mining and Metals (ICMM) principles of good practice.



Stakeholder engagement

Stakeholder involvement and support are critical to earning and maintaining our social licence to mine. Engaging our stakeholders is how we achieve regulatory compliance, identify and mitigate risks and, ultimately, secure long-term success.




In 2023, we commissioned an independent perception survey to better understand how stakeholders view our business. The intention was to identify areas for attention and bring about continuous improvement in our stakeholder engagement processes.




More than 100 stakeholders participated either telephonically, face-to-face or via a digital questionnaire. These individuals represent various stakeholder groups, including host communities, provincial and local government, organised labour, regulators, traditional authorities, members of the media and non-governmental organisations (NGOs).




On an annual basis we conduct a stakeholder mapping exercise, where we evaluate stakeholders and categorise them based on their interest or influence on the business. This activity feeds into our materiality index which is based on the issues that are most material to us.



The information below provides details of our key stakeholders, their interests, and how we engage with them.


Stakeholder	Objectives	Engagement channel	Key interests, concerns or expectations in 2023
OUR PEOPLE			
	To ensure transparent, reciprocal engagement with employees and contractors.	<ul style="list-style-type: none"> Central National Union of Mineworkers (NUM), National Union of Metalworkers of South Africa (NUMSA) and management forums Various site forum meetings (for example: employment equity, skills development, and women in mining forums) Town hall and virtual engagements ICAS employee assistance programme Bokomoso financial wellness programme 'BeWell' committees Supervisory toolbox talks (supervisor and employee engagements) Employee engagement briefs 	<ul style="list-style-type: none"> Skills development Career development opportunities for women Strategy for people with disabilities Inclusion and diversity Retrenchment and downscaling matters Employee health and safety Environmental issues and incidents Labour relations Physical and mental health programmes Wage negotiations Transformation deliverables Financial education Thungela code of conduct
LABOUR UNIONS			
	To ensure consistent application of an adherence to company and site policies as well as relevant legislation.	<ul style="list-style-type: none"> NUM, NUMSA and management forums Various site forums 	<ul style="list-style-type: none"> Employee health and safety Labour relations Relationship-building Wage negotiations Transformation deliverables Conditions of employment Sisonke Employee Empowerment Scheme
COMMUNITIES			
	To ensure proactive, transparent, and inclusive engagement with communities and to ensure they are informed about employment, procurement, and socio-economic development opportunities. We also engage to keep communities updated about organisational changes and how to access our grievance mechanisms.	<ul style="list-style-type: none"> Future forums Community engagement forums Radio and social media platforms Website Business forums 	<ul style="list-style-type: none"> Employment opportunities Socio-economic development Social and Labour Plans (SLPs) Management of complaints and grievances Changes in the organisation Nkulo Community Partnership Trust Direct or indirect impacts affecting communities (environmental, mine planning, projects) Key projects, for example, mine life extension (lifex) projects that may impact communities Land claims and labour tenant issues Mine closure plans Access to business and procurement opportunities

Stakeholder	Objectives	Engagement channel	Key interests, concerns or expectations in 2023	
SHAREHOLDERS, INVESTMENT COMMUNITY				
	To ensure investors are fully apprised of developments that could materially impact their investment decisions. This is achieved through equal and timeous disclosure.	<ul style="list-style-type: none"> • Stock Exchange News Service (SENS) announcements through the Johannesburg Stock Exchange • Regulatory News Service (RNS) announcements through the London Stock Exchange • Results presentations • Annual reports • Investor meetings (buy-side) • Analyst engagements (sell-side) • Annual general meeting 	<ul style="list-style-type: none"> • Shareholder returns • Dividend policy • Capital allocation framework • Acquisition of the Ensham Business • Progress on Elders and Zibulo North Shaft projects 	<ul style="list-style-type: none"> • Transnet Freight Rail (TFR) performance • Thermal coal market dynamics • Climate change and related disclosures (including pathway to net zero) • Update on environmental incidents
MEDIA				
	To inform the public about topics and issues related to our business through factual and accurate news stories and to inform stakeholders of business developments and performance. We also aim to build brand awareness.	<ul style="list-style-type: none"> • Results presentations • Media releases • Reactive statements • Interviews • Website • Advertorials • Annual reports • Media events and site visits • Regular media engagement • Social media 	<ul style="list-style-type: none"> • Thungela performance • Thungela strategy • TFR performance • Acquisition of the Ensham business • Mining rights and regulatory issues • Markets and products • Industry trends • Corporate citizenship and community involvement 	<ul style="list-style-type: none"> • Decarbonisation and our pathway to net zero • Lobbying activities and memberships of associations • Transformation • Labour relations • Kromdraai incident • Illegal mining
GOVERNMENT AND REGULATORS				
	To ensure regulatory compliance, engage on permit and license applications and collaborate on industry initiatives and best practices.	<ul style="list-style-type: none"> • Various engagement forums • Compliance inspection site visits 	<ul style="list-style-type: none"> • Compliance with safety and health regulations • Compliance with environmental regulations • Compliance with labour-related regulations • Compliance with the Mineral and Petroleum Resources Development Act (MPRDA) and Broad Based Black Economic Empowerment (B-BBEE) Regulations 	<ul style="list-style-type: none"> • Compliance with SLP regulations • Environmental best practices and initiatives • Environmental permits and licenses • Timeframes for approval of mining right applications, and competing applications granted

Stakeholder	Objectives	Engagement channel	Key interests, concerns or expectations in 2023	
LOCAL GOVERNMENT				
	<p>To advance partnerships on socio-economic development programmes, report on relevant environmental regulations and to engage on grievances raised through municipal channels.</p>	<ul style="list-style-type: none"> Municipal local economic development and integrated development planning forums (Steve Tshwete, eMalahleni, Govan Mbeki and Victor Khanye local municipalities) 	<ul style="list-style-type: none"> Partnership on socio-economic development programmes (for example, SLP projects and municipal capacity-building) Community issues associated with our mines Grievances raised through municipal channels Nkulo Community Partnership Trust Compliance with annual air quality management reports and plans (National Atmospheric Emissions Inventory System) 	<ul style="list-style-type: none"> Compliance with regulations on fire prevention and flammable liquids and substances Compliance with municipal by-laws related to waste, noise, blasting and wastewater management Public participation on key projects related to our mines Provision of water to the local municipality Collaboration on emergency preparedness and response plans
NON-GOVERNMENTAL ORGANISATIONS AND CIVIL SOCIETY				
	<p>To build relationships with developmental, social and environmental NGOs to enable partnerships that address social ills and environmental impacts.</p>	<ul style="list-style-type: none"> Meetings Industry forums 	<ul style="list-style-type: none"> Resolving grievances related to mining impacts Responsible energy transition Adequacy of closure provisions Climate change and the role of coal 	<ul style="list-style-type: none"> Biodiversity disclosures Lobbying activities and alignment with industry association positions on climate change Responsible environmental stewardship
INDUSTRY ASSOCIATIONS, ACADEMIA AND OTHER BODIES				
	<p>To engage and contribute to policy development and to enable technical advancement and collaboration on common issues.</p>	<ul style="list-style-type: none"> Various subject-specific forums 	<ul style="list-style-type: none"> Technical advancement and collaboration on safety, occupational health and environment initiatives National Environmental Management Act Financial Provisioning Regulations Climate Change Bill and associated regulations COP28 Kromdraai incident Skills and market development 	<ul style="list-style-type: none"> Water management and collaboration by mining houses to deal with catchment water impacts Development of carbon capture and storage projects and skills in South Africa Global energy security and grid stability Technology agnostic approach to the transition to a low-carbon economy Coal abatement technologies Alternate coal uses

Stakeholder	Objectives	Engagement channel	Key interests, concerns or expectations in 2023	
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BUSINESS PARTNERS AND CUSTOMERS

	<p>To ensure sustained and predictable logistical services, securing route to market, business continuity and effective export channels for the delivery of a desired product.</p>	<ul style="list-style-type: none"> • Various engagements • Board meetings • Operational committee meetings • Technical forums • Coal conferences 	<ul style="list-style-type: none"> • Market development and Thungela response • Security of supply 	<ul style="list-style-type: none"> • Business continuity • Supplier relationship management • Logistics
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SUPPLIERS

	<p>To optimise procurement opportunities for small, medium and micro enterprises (SMMEs), increase spend in host communities and enhance supplier relationships.</p>	<ul style="list-style-type: none"> • Supplier roadshows • Business forums • Individual supplier engagements • Digital platforms for supplier engagements • Advertise opportunities through existing market channels • Enterprise and supplier development programmes • Collaboration and engagement with original equipment manufacturers on the provision of technical support for SMMEs • Social performance meetings with business forums and future forums 	<ul style="list-style-type: none"> • Building an agile, lean and effective supply chain function through optimisation, automation and digitalisation • Reviewing the payment process to enhance the supplier experience • Creating a circular supply chain and ensuring responsible sourcing 	<ul style="list-style-type: none"> • Creating sustainable host community businesses through enterprise and supplier development (ESD) and job creation targets • Communicating our approach to inclusive procurement, initiatives, progress and successes to host communities
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Material matters

Our material matters are those which have the potential to substantively affect our performance and our ability to create value over the short, medium and long term. Identifying these matters allows us to proactively manage risks and opportunities, ensuring our strategy remains effective. This focus on materiality helps us navigate the evolving landscape and achieve sustainable success.

These matters inform our business strategy and are identified during a materiality determination process.

This process considers:

The external environment, including global and local risks and megatrends

A review and evaluation of feedback from stakeholders such as investors, shareholder activists and communities

An in-depth materiality workshop with a broad spectrum of internal stakeholders to identify, assess and prioritise material matters

The outcomes of these considerations are reviewed by the Group executive committee, before being discussed and approved by the board

SAFETY

Eliminating fatalities

Impact on value creation

- Every employee and contracting partner going home safely every day is the cornerstone of sustainable value creation

Our response

- Safety strategy built around three pillars:
 - work management
 - getting the basics right
 - culture change

Link to strategy



SAFETY

RAIL INFRASTRUCTURE

Reliability of rail infrastructure (TFR)

Impact on value creation

- The performance of rail networks operated by TFR materially affects our ability to export coal to customers

Our response

- Creation of additional stockpile capacity
- Utilisation of physical infrastructure advantages (e.g. wider distribution pattern and rapid load-out terminals)
- Curtailment of three underground sections
- Free-on-truck sales to manage stockpile capacity
- Trucking of coal to nearby sidings
- Supporting TFR with security on the railway line and procurement of spares for locomotives through Richards Bay Coal Terminal
- Geographic diversification

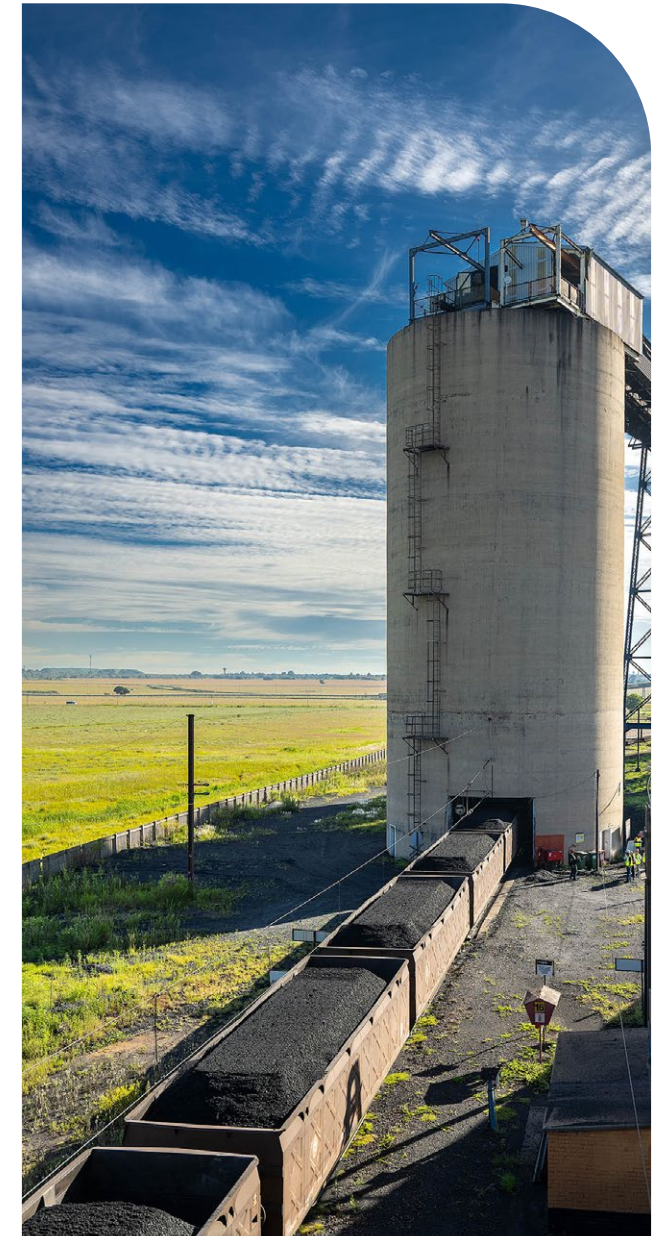
Link to strategy



MAXIMISE
the full potential of our existing assets



CREATE
future diversification options



OPERATING RESPONSIBLY

Responsible mine closure and environmental provisions

Impact on value creation

- Environmental restoration and rehabilitation costs
- Negative impact on environment or communities living close to operations
- Higher-than-anticipated closure liabilities

Our response

- Integrated approach to mine closure planning
- Execution of concurrent rehabilitation and closure plans
- Understanding the impact of the National Environmental Management Act (NEMA) Financial Provisioning Regulations
- Cash collateralisation of environmental liability over time

Environmental incidents

Impact on value creation

- Impact on reputation and trust
- Losses suffered due to operational disruptions from illegal mining and other criminal acts

Our response

- Adequate provision for environmental liabilities
- Accelerated closure of high-risk sites and illegal mining hotspots
- Collaboration with law enforcement
- Learning from incidents

Link to strategy



DRIVE
our ESG aspirations

CREATING VALUE

Capital allocation and shareholder returns

Impact on value creation

- Long-term growth and profitability

Our response

- Reaffirming our commitment to dividend policy and capital allocation framework
- Maintaining adequate balance sheet flexibility, including an appropriate liquidity buffer
- Reserving cash for the execution of key life extension projects
- Announcement of a share buyback of up to R500 million

Geographic diversification

Impact on value creation

- Mitigation of infrastructure risk in South Africa

Our response

- Execution of Ensham acquisition in Queensland, Australia

Market factors

Impact on value creation

- Impact on earnings and cash flow

Our response

- Thungela Marketing International has commenced with the marketing functions of our South African and Australian assets

Link to strategy



MAXIMISE
the full potential of our existing assets



CREATE future diversification options



OPTIMISE
capital allocation

SPIKING ON SOCIAL

Creating value for employees

Impact on value creation

- Improved talent attraction and retention

Our response

- Sisonke Employee Empowerment Scheme
- Recognised as a "Top Employer in South Africa" showcases our dedicated people practices through our employee value proposition

Creating value for communities

Impact on value creation

- Positive impact on the lives of communities neighbouring our operations through education, infrastructure for community benefit, job creation, local procurement, enterprise and supplier development (ESD)
- Structured community engagement platforms to mitigate potential community unrest and manage negative impacts

Our response

- Communities are shareholders in our business through the Nkulo Community Partnership Trust
- Preferential local procurement
- ESD through Thuthukani
- Implementation of community projects as part of Social and Labour Plans (SLPs) and corporate social investment (CSI)
- Regular community engagements

Link to strategy



DRIVE
our ESG aspirations



CAPITAL PROJECTS

Successful execution of Elders and Zibulo North Shaft projects

Impact on value creation

- Extend LOM and competitiveness of Thungela's portfolio in South Africa

Our response

- Reserving cash required to fund execution of these projects
- Maximising value from existing assets by executing on the Elders and Zibulo North Shaft projects

Link to strategy



MAXIMISE
the full potential of our existing assets

ENSHAM

Successful integration and ramp-up of Ensham

Impact on value creation

- Cash generation from an asset not reliant on South African infrastructure
- Substantial increase in resource base
- Access to new markets

Our response

- Successful completion of the transaction
- Good progress on delivery of integration roadmap

Link to strategy



CREATE
diversification options

CLIMATE CHANGE

Operational GHG emission reduction (scope 1 and 2)

Impact on value creation

- Costs to meet intermediate emission reduction target

Our response

- Reducing carbon intensity of existing operations annually
- Improving ESG performance

Link to strategy



DRIVE
our ESG aspirations

Execution of pathway to net zero

Impact on value creation

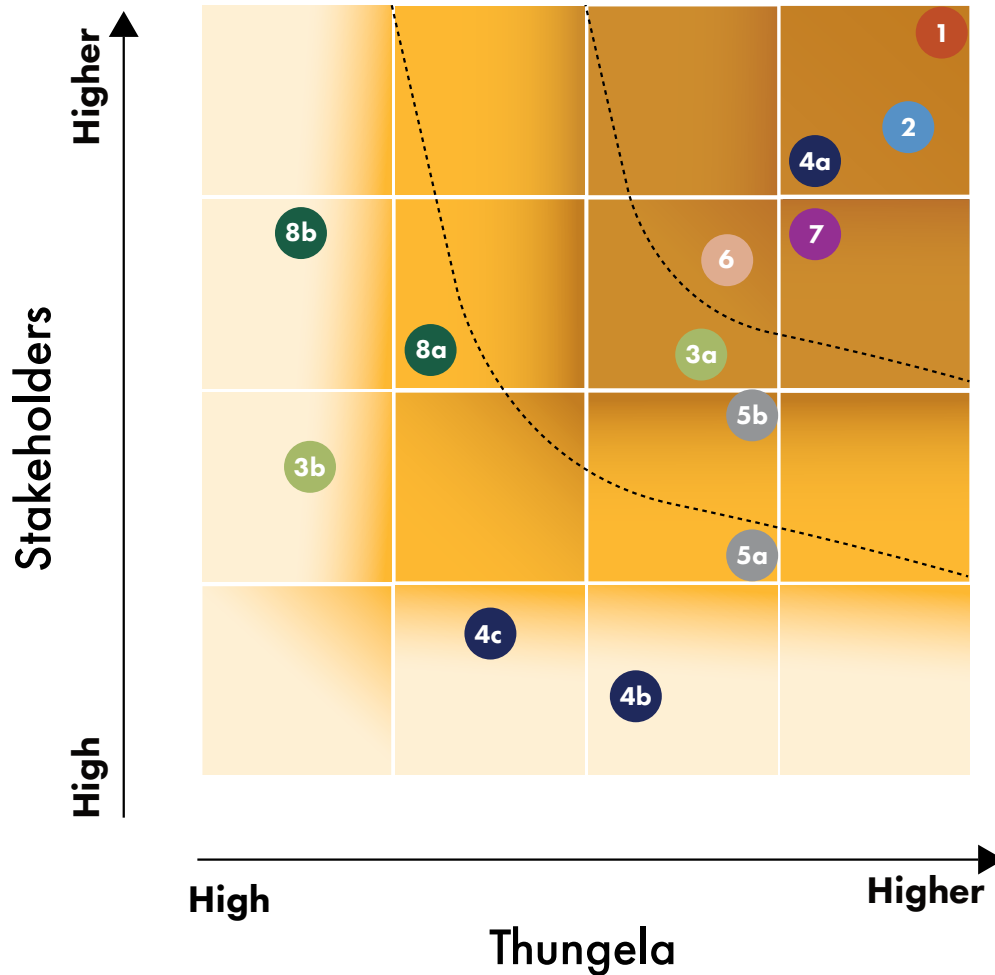
- Long-term demand destruction
- Inability to access funding or insurance

Our response

- Development of a detailed climate strategy and pathway to net zero by 2050
- Setting intermediate emission reduction target for 2030
- Increased ESG and climate-related disclosures, including the requirements of the Task Force on Climate-Related Financial Disclosures requirements

Materiality matrix

Material matters ranked by relevance for Thungela and its stakeholders



Key material theme	Material matter
1 Safety	Eliminating fatalities
2 Rail infrastructure	Reliability of rail infrastructure (TFR)
3 Operating responsibly	a. Responsible mine closure and environmental provisions b. Environmental incidents
4 Creating value	a. Capital allocation b. Geographic diversification c. Market factors
5 Spiking on social	a. Creating value for employees b. Creating value for communities
6 Capital projects	Successful execution of Elders and Zibulo North Shaft Projects
7 Ensham	Successful integration and ramp-up of Ensham
8 Climate change	a. Operational GHG emission reduction (scope 1 and 2) b. Execution of pathway to net zero



02

ENVIRONMENT

Environmental management

Our safety, health and environmental (SHE) policy is founded on the following three pillars:

A ZERO HARM MINDSET

Eliminating, avoiding, minimising, mitigating, remediating or rehabilitating, and offsetting impacts that arise from our activities, products and services.



NO REPEATS

Learning from every incident, audit finding and non-conformance to prevent repeats.



SIMPLE, NON-NEGOTIABLE STANDARDS

Using simple, non-negotiable environmental standards and standards to achieve legal compliance, as a minimum.

Our business’s long-term prosperity is closely intertwined with the health of surrounding ecosystems and it is only by respecting and protecting these, that we can achieve sustainable success.

For us, environmental stewardship means ensuring we use natural resources efficiently and responsibly, adopting best practice ways of minimising the industry’s inherent negative impacts, and carefully restoring landscapes for sustainable use.

Key elements in our approach include resource use efficiency; the protection of biodiversity, waste management, land stewardship and restoration; water management, community engagement, compliance with regulations; and the use of innovative technologies that minimise our environmental footprint.

Management approach

Zero harm is a principle that applies not just in safety and employee health, but also in the way we interact with the natural environment. As a mining company, especially one that mines coal, we must strive to surpass legal compliance and ensure that the benefits of our activities outweigh the negative impacts.

Guided by the precautionary principle enshrined in the National Environmental Management Act (NEMA), we consider both the current and future impacts of our activities. Our mines are assured against the International Standards Organization (ISO) standards.

WE ARE GUIDED BY:

National Environmental Management Act 107 of 1998

Thungela ESG and SHE policies

The ISO 14001: 2015 management system standards

The ISO standards specifications and SHE ISO standards toolkit

Technical standards and environmental management and improvement plans

Governance

Each of our mines is governed by environmental permitting and licensing conditions and commitments tied to the management of their impacts. Adherence to these is paramount as failures to comply could jeopardise our legal and social licence 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 which assess compliance and pinpoint gaps to inform the development and implementation of action plans by the sites to rectify shortcomings.

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

The findings of the NEMA Regulation 34 audits on all operations are published on our website: <https://www.thungela.com/sustainability/environmental-compliance>.

Permits and licences


One of our most significant compliance-related business risks is the delay commonly experienced in the approval of environmental authorisations by the Department of Mineral Resources and Energy (DMRE) and the Department of Water and Sanitation (DWS).

Approval is currently outstanding on three permits from the DMRE and DWS, one of which is undergoing an appeals process and impacts the issuing of another. Those relating to the execution of our Elders and Zibulo North Shaft projects were issued prior to the board’s approval. Members of our environmental department continually engage with authorities to discuss pending applications. They also participate in the Minerals Council South Africa’s environmental committee which discusses and addresses generic permitting and licensing challenges.

Performance

In 2023, 404 environmental incidents (cumulative total) were recorded compared with 455 in 2022. This is largely due to the fact that concerns raised during inspections were historically categorised as ‘incidents’ when they were in fact items that needed to be rectified to prevent an incident from occurring. For example, a pollution control dam exceeding the 0.8 metre freeboard requirement was logged as an incident, when an incident had not actually occurred. Inspection findings are now categorised as ‘environmental high-potential hazards’ (HPHs), with the system being trialled at Isibonelo and Mafube in 2023.

Of the total incidents recorded in 2023, two were classified as level 3s and occurred as a result of the uncontrolled release of water from the Schoongezicht pollution control dam at Khwezela. No level 4 or 5 incidents occurred in 2023.

 Details on these incidents can be found on **page 51**.

The majority of level 1 and 2 incidents were attributed to oil and coal spills in storage yards and workshops, silt and silt trap-related incidents, and general housekeeping such as overflowing bins.

The results of a deep dive into oil management at our operations was presented to the SHE steering committee along with actions to improve performance in this area. These include regular inspections and the maintenance of oil traps, training for people who work with hydrocarbons, and the implementation of oil recovery and recycling initiatives with local small, medium and micro enterprises (SMMEs).

Operations have also devised a number of actions to prevent overflows of mine-impacted water. These include the improvement of water management such as technical improvements in water containment structures such as the installation of increased pumping capacity, the recalibration of flowmeters and the installation of additional underground and surface monitoring systems that are linked to a dashboard with trigger action response plans.

Non-compliance or stoppages

In 2023, we received two notices of intention to issue a directive from the DMRE – one for a finding noted during a compliance audit undertaken by the DMRE at Khwezela, and another that relates to our closure trust fund. The latter was issued to numerous mining companies.



2
Level 3 to 5
incidents

2022: 2

404
Total number of
environmental
incidents

2022: 455

Looking ahead

In 2024, we will roll out the new environmental inspection system that was trialled at Isibonelo and Mafube to all operations to improve the identification, recording and actioning of environmental HPHs as an additional module in our SHE management system, Enablon. We will also benchmark ourselves against peers and other industries to identify areas for improvement, particularly in water and waste management.

Many of our operations are due to renew their integrated water use licenses and we will engage with the DWS on a case-by-case basis to de-risk the process.

We will also undertake a robust process to review and integrate Ensham’s environmental key performance indicators and their underlying definitions and assumptions to allow for greater transparency in reporting and inclusion in our full-year 2024 reports.

KROMDRAAI INCIDENT RESPONSE

An enormous collaborative effort has resulted in the reintroduction of indigenous fish to the Olifants-Wilge River catchment, which was severely affected by the level 4 environmental incident that occurred in February 2022.

The uncontrolled release of mine-impacted water into the river system occurred when the concrete seal on a shaft that ceased operating in the 1960s failed at our closing Kromdraai mine.

The infiltration of the site by large-scale illegal mining activity, coupled with the theft of critical infrastructure specifically designed to prevent such an incident, were two of the factors that led to the disaster. Despite this, we took full accountability for the incident and publicly stated our commitment to 'do what is right'.

Internal and external stakeholders worked together to contain the event's most significant impacts. We also engaged with all relevant and affected regulatory authorities, farmers, residents and businesses located downstream of the mine. The crisis highlighted the need to develop an externally focused integrated emergency response plan, setting out all the procedures to be followed in the event of such an emergency.

More on this can be found on **page 100**.

From the outset, there was a coordinated and committed effort from partners including the DWS, the Mpumalanga Tourism and Parks Agency (MTPA), the DMRE, our own team of environmental specialists, and some of the country's foremost aquatic scientists, to mitigate the harm caused.

The Biodiversity Company was contracted to provide monitoring and advisory services in the event's immediate aftermath and in the ensuing 24 months, while a steering committee made up of members of the MTPA, aquatic scientists and our own specialists, are responsible for overseeing the interpretation of data and reviewing and approving rehabilitative actions.



Capital spend

Restoration efforts have, to date, cost Thungela approximately R1 billion.



Dewatering boreholes and active treatment plant
R380 million



Passive water treatment plant
R18 million



The Kromdraai phytoremediation project
R4 million



Dongalocks®
R20 million



Wetlands
R80 million



Investment
R1.5 million



Monitoring
R1.5 million



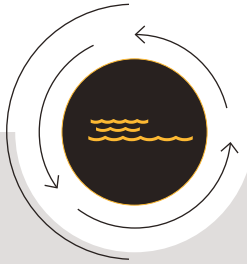
Construction of nursery
R40.1 million



Loskop fish breeding facility capital investment
R1.8 million



Addressing the challenges of illegal mining excess of
R500 million



River restoration

Third-party monitoring at various points along the catchment during high- and low-flow conditions revealed relatively early on that water qualities had returned to pre-incident levels, either having improved or maintained their ecological classification or ecostatus. This was ascertained through the measurement of biophysical attributes and by comparing them to natural or close to natural reference conditions.

While sampling indicated the strong resurgence of macroinvertebrates and confirmed the presence of a highly diverse in-stream habitat, the indigenous fish population was found to be slower to recover.

This led to the establishment of a state-of-the-art fish breeding facility that will reintroduce 16 native varieties to the ecosystem. A partnership between our own business and the MTPA, the facility is situated at the Mabula Ground Hornbill Breeding Project at the Loskop Dam Nature Reserve. It serves a dual purpose of bolstering native biodiversity conservation, enhancing public awareness, and supporting the propagation of vulnerable species never before bred in captivity.

Constructed by Thungela and operated by members of the MTPA, the facility will produce sufficient stocks of fish to replenish those lost to the catchment and will go on to increase biodiversity in similarly affected catchments areas around the country. Species to be bred include stargazer mountain catfish, chubby head barb, redbreast and banded tilapia, and several types of yellowfish. Hundreds of fingerlings were released on the incident's two-year anniversary.




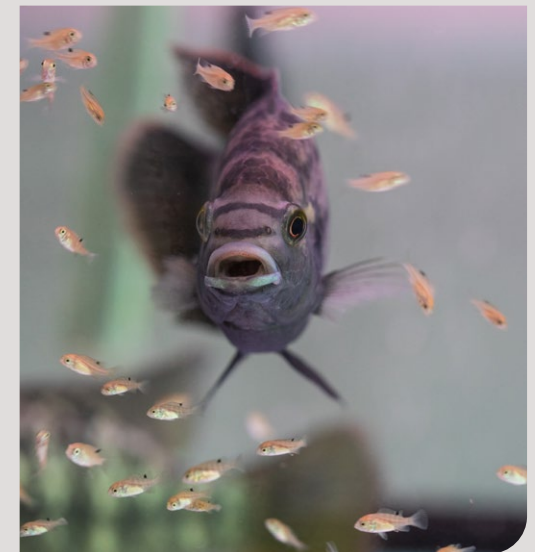
The state-of-the-art fish breeding facility had a capital investment of R1.8 million to construct, with an additional R1.5 million spent on the monitoring and related activities.

Equipped with a temperature and humidity-controlled room for precise monitoring and maintenance of ideal conditions, the facility houses 27 glass aquaria of various sizes and six bio-filters, each with individual temperature controls and filtration systems. External aquaria accommodate larger species ready for reintroduction into their natural habitats. The setup includes three tanks equipped with comprehensive support systems capable of sustaining up to 700 kg of fish.

The fully automated system can be monitored remotely and is powered by solar energy. The facility supplies back-up power to the Mabula Ground-Hornbill Project and nearby breeding centre for black-footed cat.

Our relationship with the MTPA has strengthened considerably.

 See **page 62 and 63** to read about two projects we undertook with the MTPA in 2023.



Mitigation measures

Several actions were taken immediately to prevent the recurrence of such an event. One of these is the establishment of a dedicated closing collieries, care and maintenance unit which brings about a more focused, integrated and efficient approach to the rehabilitation of closing sites.

Swift rehabilitation makes mining areas less vulnerable to the infiltration of illegal syndicates that operate on a significant scale. Often heavily armed and dangerous, evicting perpetrators is challenging and, in the case of Kromdraai, could only be achieved through a carefully executed sting operation led by the Hawks. This is an elite crime-fighting unit responsible for investigating and combatting organised crime, corruption and other serious offences. A criminal case against the suspects who were arrested at Kromdraai, and their accomplices, is currently under way.

Closed sites are continually monitored through various forms of surveillance. We have also strengthened our partnership with the South African Police Service and its national intervention unit on illegal mining, which has been extremely responsive in deploying teams to extinguish potential flare ups of unlawful activity. In addition, our business is a participant in a joint forum established by the DMRE and industry to address organised crime in the mining sector.



Actions taken in 2023:

We have made significant progress in achieving milestones that are critical to the overall rehabilitation process. These include:

- Accelerated rehabilitation at Kromdraai which was mined via both underground and opencast methods for more than a century. This process has reached 90% completion in critical areas and reduces the ingress of water by increasing run-off.
- Upgraded a liming plant critical for neutralising acidic water after it was vandalised.
- Commissioned and installed boreholes to dewater underground workings.
- Commissioned a new 5 ML per day reverse osmosis facility in November 2023. Water is treated to acceptable quality and released into the environment to reduce pressure on the severely constrained catchment. This water also serves to dilute pollutants in the river system. A second phase will increase its capacity to a daily 8 ML.
- Planted 26,000 trees in the area as part of our phytoremediation project to manage water levels in underground compartments.
- Installed Dongalock technology as a passive treatment method to address diffuse mine-impacted water. This will create artificial wetlands at the Dixon dam area of Kromdraai.
- Commissioned a fish breeding facility.





Air quality

Our operations are situated in an area classified as a hotspot for air pollution due to the presence of a large number of industrial and anthropogenic activities. These include steel and ferrochrome production, power generation and dust-producing activities such as coal mining.

We aim to limit our contribution to the region’s air quality challenges by both modelling and monitoring air quality conditions and implementing pre-emptive mitigation measures and critical controls.

Our approach

During the year, our sites updated their air quality management plans, a process that must be undertaken every three years.

This is done using atmospheric dispersion modelling, a methodology that employs mathematical simulations to predict the dispersion of pollutants from various sources. The outputs ensure that monitoring stations are placed in the most appropriate positions so that the necessary management measures can be pre-emptively applied.

We actively monitor both dust fallout and particulate matter (PM) with a diameter of less than 10 and 2.5 micrometres. We rolled out ElementAir technology, developed by Isibonelo and environmental engineering consultancy EcoElementum, to all our sites. This PM2.5-certified dust monitoring system provides a live feed of priority pollutants and measures wind direction, wind speed, temperature, humidity and barometric pressure, all of which help to pinpoint dust sources. Alerts are sent to operational managers so that issues can be promptly dealt with.

Dust mitigation controls include:

- The application of chemical dust suppressants on haul roads and daily water suppression on unpaved roads
- Water sprayers along conveyors and at crushing, tipping and loading facilities
- The management of spontaneous combustion using water sprayers and by cladding burning areas.
- Hydroseeding overburden stockpiles using a binder
- The vegetation or re-vegetation of topsoil stockpiles and rehabilitated mineral residue deposits
- The optimisation of blast designs and a no-blasting rule in high-wind conditions.



STANDARDS AND LEGISLATION:

National Environmental Management: Air Quality Act 39 of 2004

South African National Air Quality Standard

National dust control regulations on dust fallout limits

Air quality management standard

Air quality management plans

Approved air quality authorisations (atmospheric emission licences)

Air quality monitoring and reporting



1.83

SO₂ tonnes generated

2022: 815

1,860

NO₂ tonnes generated

2022: 1,744

23

PM_{2.5} exceedances

2022: 11

38

PM₁₀ exceedances

2022: 163

Performance

Performance in the management of dust is mixed and will require further investigation. During the year, we noted a marked reduction in PM₁₀ exceedances from 163 in 2022 and 38 in the year under review. Exceedances in PM_{2.5}, however, rose from 11 in 2022 to 23 in 2023. Preliminary investigations indicate that monitoring units have in some cases been positioned at the dust source rather than at the receptor. The new technology is also thought to be more accurate compared to the previous units which were not PM_{2.5} certified. We will investigate this further in 2024.

Site general managers take overall accountability for dust, while interdepartmental social performance management committee meetings ensure that community complaints are adequately addressed at the right level. During the reporting year, we received six dust-related complaints from surrounding community members compared to two in the previous year.

All sites have a grievance mechanism in place to capture, investigate and address community concerns, including those relating to dust. Exceedances are fully investigated through our learning from incidents process and action plans are developed to address their root causes.

SO₂ and NO₂ emissions

Sulphur and nitrogen dioxide (SO₂ and NO₂) are emitted during the combustion of diesel. Historically SO₂ associated with spontaneous combustion at some of our opencast mines was reported. Given the inaccuracies associated with estimating these, particularly given the marked reduction in spontaneous combustion through the rehabilitation of closing sites, we excluded these from our reporting.

SO₂ emissions from diesel declined by 96% from 2022's levels of 815 tonnes to 1.83 tonnes due to a change from 50 to 10 parts per million (ppm) diesel as well as the removal of spontaneous combustion-related emissions. Emissions from diesel combustion were previously calculated using an emission factor for 500 ppm diesel, which was updated to an emission factor for 10 ppm diesel in early 2023 on the recommendations of the diesel supplier.

NO₂ emissions were slightly higher in 2023 at 1,860 tonnes compared to 1,744 tonnes the previous year. This was as a result of slightly higher diesel consumption.

Coal beneficiation

We pride ourselves on producing high-quality, low-sulphur export coal. To do this, we process the coal we mine to remove undesirable components.

Coal beneficiation entails the selective washing of run of mine coal to produce the desired product by removing unwanted material such as rock, contaminants, poor grade coals with high ash, sulphur and other polluting elements which are not desirable in the combustion process. Conversely, the washing process concentrates desirable qualities, including carbon in a form that makes it the most efficient for combustion.

Looking ahead

In the year ahead, we will be undertaking a deep dive to investigate the increase in exceedances in PM_{2.5}. With the switch in air quality monitoring technology, alerts in exceedances will be sent to control rooms and relevant managers' mobile phones. Cameras situated at strategic locations are expected to bring about an improvement in response times and mitigation measures.



Waste management

NON-MINERAL WASTE

Our sites prioritise waste reduction, reuse and recycling and have integrated sustainability principles and best practices into their policies and procedures.

They aim to minimise the volumes of waste they send to legal landfill by making sure that as much of what they dispose of as possible is repurposed or recycled.

Our approach

Waste streams are managed according to the waste hierarchy – to avoid, reduce, reuse, recycle, recover, treat and, as a last resort, dispose. We have set a target to reduce the amount of waste we send to landfill by 50% by 2030, using 2021's volumes as a baseline.

Continued collaboration with employees, community recyclers and suppliers is essential for achieving this goal.

Suppliers have been asked to do away with unnecessary packaging and are, in many instances, contractually obliged to remove waste materials from our sites. Agreements are also in place with local enterprises for the collection of recyclables that are taken to buy-back centres and ultimately used in the manufacture of new products. Bioremediation is used to treat hydrocarbon spillages rather than disposing of affected soil in hazardous landfill.

Our operations separate recyclables at source. Waste streams include paper, plastic, tin, glass, scrap, conveyor material, gumboots, and wooden pallets and reels. Hazardous materials such as fluorescent light bulbs, oil drums and oil filters as well as chemical containers and items such as batteries are stored in designated compounds and yards before being sent for disposal or recycling.



STANDARDS AND LEGISLATION:

The National Environmental Management Waste Act 26 of 2014 and its regulations

Waste management licenses

Integrated water and waste management plans

Waste management procedures

Waste inventory

Our performance

During the year, we undertook an extensive review of our waste inventory and identified further opportunities for reducing and recycling. While we have made pleasing progress in this area, this is not reflected in 2023's numbers.

This is attributed to the inclusion of waste reporting from the EWRP, further disposal of decommissioning waste from the Bokgoni section of Khwezela and a clean up campaign at operations to address housekeeping issues.

Non-hazardous waste to legal landfill increased from 1,103 tonnes in 2022 to 1,442 tonnes in the period under review, while hazardous waste to legal landfill increased by from 776 tonnes to 889 tonnes over the same period.

This is attributed to the inclusion of waste reporting from the EWRP, further disposal of decommissioning waste from the Bokgoni section of Khwezela and a clean-up campaign at operations to address housekeeping issues.

Some waste streams are linked to certain projects such as the demolition of structures at Bokgoni, which means that volumes will fluctuate from year to year and we do not expect reductions to be linear. We expect to see a steady and consistent rise in the recycling of waste streams such as paper, plastic and oil.

In terms of our 2030 target, we have not achieved a reduction yet in terms of our total waste to landfill from the 2021 baseline of 2,332 tonnes. Hazardous waste to landfill has been reduced by 3% from the 2021 baseline of 916 tonnes and general waste has increased by 2% from the baseline of 1,416 tonnes.

889

Hazardous waste to legal landfill (tonnes)

2022: 776

1,442

Non-hazardous waste to legal landfill (tonnes)

2022: 1,103



Rewards for recycling

Isibonelo took delivery of two reverse vending machines that give employees rewards in exchange for their recyclables.

Workers can dispose of glass, plastic, tin and Tetra Pak recyclables to receive rewards loaded into their digital wallets.

These can be cashed in as vouchers. During its first month, the initiative brought in more than 6,400 separate items of waste, keeping 201 kilograms out of landfill.

	2023	2022
Paper (tonnes)	3	3
Plastic recycled (tonnes)	6	7
Metal recycled (tonnes)	1,279	1,511
Used oil recycled (m ³)	188	6
Other non-hazardous waste recycled (tonnes)	15	13

Looking ahead

Our operations will continue to track their waste streams and strive to increase recycling rates. Two particular focus areas will be oil recovery and recycling, and the collection, separation and recovery of waste from underground sections. Employee awareness on the importance of recycling will continue to be a core focus for several years to come.

MINERAL WASTE

Although ongoing advancements in coal processing technology have resulted in a significant decline in the production of as-arising discard in coal washing plants, our single biggest solid waste stream by volume is mineral waste in the form of low-quality discard coal and fines.

The by-products or waste from coal processing is disposed of in engineered, licensed facilities that we refer to as mineral residue facilities (MRFs).

The installation of flotation plants at our Greenside and Phola processing facilities resulted in lower volumes of fines requiring disposal. These and low-quality discard coal are stored in licensed MRFs, some of which are in the process of being remediated at Greenside and Goedehoop.

The re-mining of MRFs has several benefits:

1. Resource recovery: re-mining allows for the extraction of remaining coal and minerals from previously mined sites. This helps maximise the utilisation of resources, extending the life of mining operations and reducing the need for new mines.
2. Environmental remediation: re-mining involves reclamation and rehabilitation efforts, which improves the environmental conditions of these areas and can mitigate soil erosion and water pollution, leading to ecosystem restoration and biodiversity enhancement.
3. Waste management: re-mining the MRFs can reduce the need for additional disposal sites and can mitigate the environmental impacts associated with these.
4. Economic opportunities: re-mining projects can create employment opportunities and stimulate economic growth.
5. Regulatory compliance: re-mining activities assists with addressing legacy environmental issues associated with MRFs and demonstrates our commitment to responsible mining practices and regulatory compliance.

The biggest risks associated with MRFs and dams are inundation, dam breaches, groundwater contamination, dust and spontaneous combustion. Coal MRFs contain predominantly coarse coal discard and much smaller volumes of fine coal slurry. The outer walls of these facilities are constructed with compacted coarse coal discard and are substantially wider than one would see in conventional tailings facilities used in other commodities and are exceptionally robust. The discard in these facilities is also extremely compacted to prevent the ingress of oxygen and resultant spontaneous combustion. The risk of a dam breach from an MRF is therefore very low.

We currently have a number of inactive, dormant or rehabilitated MRFs and 33 dams under our charge. An additional four MRFs are currently in operation. We also have 35 underground water containment facilities at both operating and closed sites. Each of these is assigned a consequence classification rating ranging from insignificant, minor and moderate to high and major. These ratings determine the design, monitoring and surveillance requirements and are reviewed annually.

Assurance and governance

A competent person and engineer of record (EOR) provides assurance on each facility's structural integrity and works 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.

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

Our management of these structures is conducted in line with Thungela's technical standard for MRFs and water containment structures.

Governance processes and oversight of active facilities includes:

- Daily and weekly oversight and inspections by site personnel
- Monthly performance monitoring parameters and assessment for MRF discard deposition
- Monthly meetings with sites and contractors
- Quarterly and annual EOR inspections and reporting, with actions tracked on our SHE management system.

All inspections are logged onto our SHE management system, to track the status of actions. Dam breach analysis and inundation studies have been carried out on all facilities rated as high and major and all our dams are operating within the recommended factors of safety and monitored by the EOR.

Looking ahead

In 2024, we will continue with our focus on compliance to our MRF standard and external technical oversight through our technical review panels. We will also review and update our dam consequence classification of structures ratings to ensure the risk is well controlled and managed.



Climate change and energy

The record-breaking weather events of 2023 highlight the pressing need to address climate change risks. This includes reducing greenhouse gas (GHG) emissions and building climate resilience through intentional adaptation initiatives.

We recognise the evolving interests and expectations of investors in understanding our perspective on climate change and are committed to the transparent disclosure of our climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Further information is provided in our separate climate change report, including a TCFD-linked index.

The CDP (formerly the Carbon Disclosure Project) gave Thungela a 'B' score, which places us in the management category (taking coordinated action on climate issues) and is higher than the coal mining sector average of C.

Our approach

Our pathway to net zero, alignment with TCFD recommendations and linked short- and long-term incentive schemes across the business support the achievement of our climate action goals. The short-term incentive scheme drives energy intensity reduction across the business, while the long-term incentive motivates carbon emission reductions and the rollout of renewable energy.

We mitigate climate change and its impacts through:

- The implementation of operational energy efficiency projects, the installation of at least 19 megawatts (MW) of renewable energy, and the closure of mines as they reach the end of their operational lives will result in a 30% reduction of scope 1 and 2 emissions, based on a 2021 baseline.
- Our pathway to net zero, which provides a scenario-based decision-making framework for leadership to achieve our long-term climate commitments.
- Appropriate focus on organisational structures, processes, risks and opportunities.
- Measures for tracking and reporting on our performance.
- High-level assurance of our carbon and energy data by a third party.
- Reducing our consumption of energy and using it efficiently.
- Addressing the resilience of our operations and host communities by ensuring that operational risk registers, Social and Labour Plan (SLP) and corporate social investment (CSI) projects address climate-related risks.
- Assisting communities in the development of skills and businesses that can participate in the green economy through our enterprise and supplier development programme.

We have assessed our climate change risks and opportunities and performed a scenario analysis to determine our business's resilience to climate change. The details of these assessments, and our responses to them, can be found in our climate change report.



Our commitment to climate action includes reducing our scope 1 and 2 emissions by 30% by 2030, to achieve net zero emissions by 2050 (both from a 2021 baseline) and to contribute to the resilience of the areas we operate in through an integrated approach to climate change adaptation.



WE ARE GUIDED BY:

The Carbon Tax Act 15 of 2019

The National Environmental Management: Air Quality Act 39 of 2004 and its Pollution Prevention Plan Regulations

National Greenhouse Gas Reporting Regulations, 2016

The Thungela pathway to net zero

The Thungela energy and GHG emissions management standard and guideline

Approved pollution prevention plan

Thungela fuel management recommended practice

A scenario-based approach to net zero by 2050

We have adopted a scenario-based approach to chart our path to net zero, using the International Energy Agency's (IEA) World Energy Outlook 2022 scenarios. It is important to remember that scenarios are not forecasts or predictions 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 us to inform our decision-making and evaluate business resilience against a set of divergent but plausible futures. It also highlights the potential risks and opportunities associated with these. Global trends and dynamics are reviewed annually to ascertain which plausible pathway we may be on so that we can be agile and adaptive in our decision-making.

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	<p>Physical risks dominate</p> <ul style="list-style-type: none"> Emissions are curbed based on existing policies and announced national commitments to reduce emissions, but fall short of meeting 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. 	<p>Insufficient decarbonisation</p> <ul style="list-style-type: none"> 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. 	<p>Transition risks and opportunities dominate</p> <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Flood and extreme precipitation. Extreme heat and wildfires. Sea level rise. Water stress. 	<ul style="list-style-type: none"> Carbon pricing policies. Energy policies. Litigation risks. Flood and extreme precipitation. Extreme heat and wildfires. Sea level rise. Water stress. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Continued fossil fuel investments. Slow decrease in demand for fossil fuels. Slow increase in demand for renewable energy. 	<ul style="list-style-type: none"> Continued but reduced fossil fuel investments. Modest decrease in demand for fossil fuels. Modest increase in demand for renewable energy. 	<ul style="list-style-type: none"> No oil, natural gas and coalfields developed due to reduction in demand. Falls in fossil fuel prices due to lower demand. Rapid switch to renewable energy.
Thungela position	Extended fossil fuel market	Slow transition	Accelerated decarbonisation

¹ The physical scenarios are based on the Intergovernmental Panel on Climate Change's (IPCC) Assessment Report (AR) 5 Representation Concentration Pathways (RCP) and AR6 Shared Socio-economic Pathways (SSP).

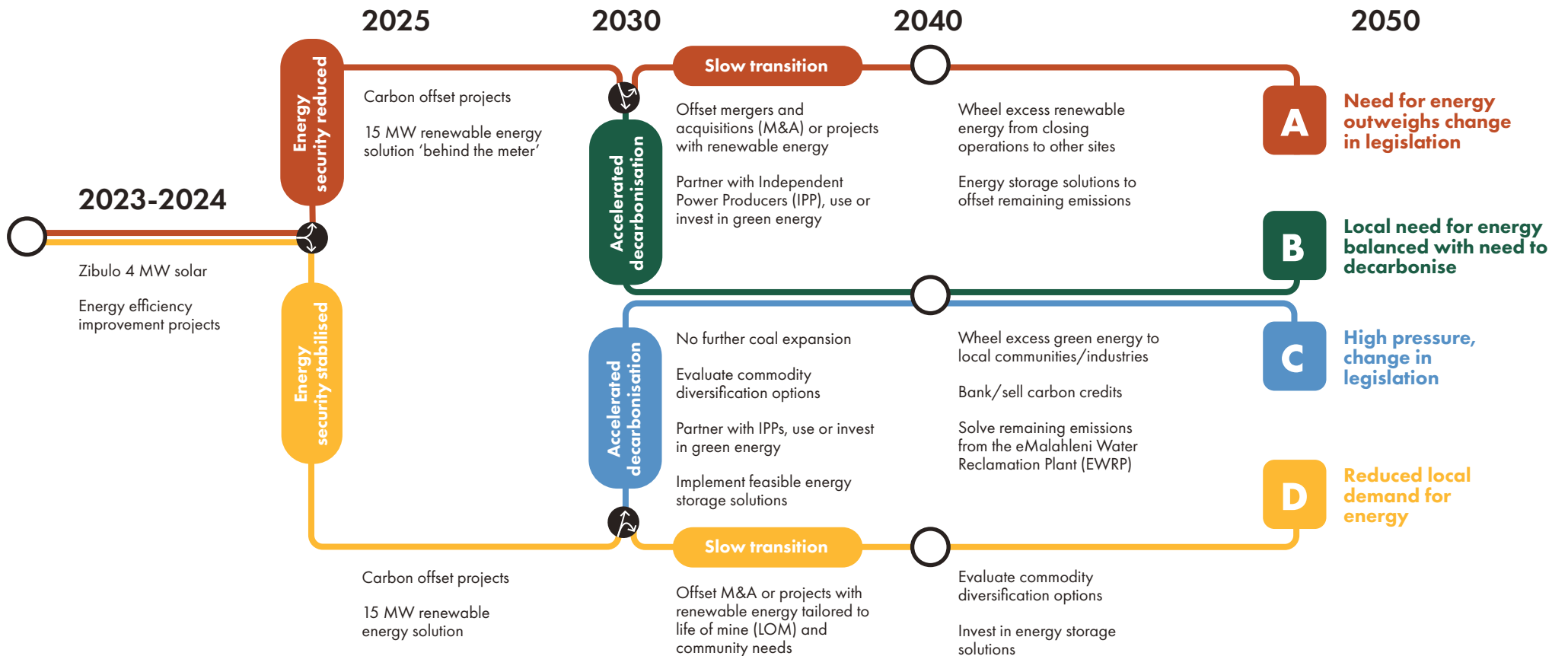
² These transition scenarios are based on those set out in the IEA's World Energy Outlook, 2022.

Pathways to net zero

To meet our 2050 target, four distinct pathways are available and are informed by the climate scenarios. Given uncertainty over the future, these pathways provide us with a framework for agile decision-making.

The route we take hinges on two critical inflection points: the security of the energy system in South Africa and the pace of decarbonisation globally.

The Stated Policies Scenario and Announced Pledges Scenario both see coal demand declining more moderately than the Net Zero Scenario and have been combined in our pathways as 'slow transition'. The 'accelerated decarbonisation' pathways are aligned with the Net Zero Scenario.



The pathways give us the flexibility to adjust our approach to achieving our **net zero target as the world evolves.**


Resilience of our business model

Our business focus is on producing high-quality export coal, which is increasingly preferred over lower grades. This is particularly true for customers in our export markets as they make the shift to improved efficiency power stations where lower pollutant content in coal is preferred. There has also been an encouraging increase in the carbon capture, utilisation and storage (CCUS) pipeline, where the capture capacity of CCUS projects in development, in construction or operating has increased 48% since 2022 to over 350 million tons¹.


Our tier 1 assets operate in the lower half of the cost curve which, coupled with our commitment to responsible production of a high-quality product, contributes to our business's resilience.

Resilience to physical risks

The evaluation of the physical risks to our operations and surrounding communities under a range of climate scenarios is described in our climate change report.

 Refer to **page 16** of our **climate change report**.

The majority of our existing mines have relatively short expected lives in relation to longer-term physical risks. Mafube, Elders and Zibulo North, however, are more likely to experience these. Higher than normal precipitation and extreme rainfall events have been experienced in the Mpumalanga region over the last three years. This has prompted annual rainfall readiness reviews and the development of trigger action response plans. We have evaluated our existing responses and developed a systems-based approach to improving our adaptive capacity to respond to transitional and physical risks.

 The socio-economic context of host communities, discussed on **page 89** of this report, increases their vulnerability to climate risks.

We have therefore included criteria in our decision-making framework for SLP and CSI projects to build their resilience in the face of physical and transitional climate change risks. We have also developed an integrated emergency preparedness response plan that considers the potential effects of catastrophic events, including those that may be associated with climate change, on doorstep communities.

 Read more about this on **page 100**.

¹ Global CCS Institute, 2023. The Global Status of CCS: 2023. Australia.

Reducing our scope 1 and 2 emissions by 2030


We will achieve our 2030 target through the following initiatives:

- The incorporation of a minimum of 19 MW of renewable electricity by the end of 2026.
- The closure of several operations as they come to the end of their lives, namely Isibonelo, Greenside and Goedehoop. While rehabilitation activities will continue at these sites for some time after closure, emissions related to energy consumption and fugitives will reduce substantially and ultimately be limited to general care and maintenance and water treatment.
- The implementation of energy efficiency projects.



Our footprint

Thungela’s GHG emissions have been calculated according to the GHG Protocol Corporate Accounting and Reporting Standard (www.ghgprotocol.org) and the IPCC 2006 Guidelines. We use the operating control approach in reporting emissions and include the following in our footprint: Greenside, Goedehoop, Zibulo, Khwezela, Isibonelo, centralised services (Highveld Hospital), shared services, central workshops, the rapid loading terminal and EWRP) and 50% of Mafube’s emissions.

 The definitions and the methodologies used to calculate scope 1, 2 and 3 emissions are described in the reporting criteria on **page 32** of the **climate change report**.

SCOPE 1:

Direct GHG emissions from fossil fuel (diesel and petrol) combustion in mobile mining equipment (haul trucks, loaders, dozers, vehicles), diesel combustion in stationary equipment (generators), fugitive emissions from underground mines and other process emissions (sewage treatment and water neutralisation).

Fugitive emissions

Fugitive emissions in coal mining refer to a suite of gases associated with the formation of coal that are liberated during the coal mining process. Typical coal seam gas comprises methane (CH₄), carbon dioxide (CO₂), nitrogen and some trace gases such as ethane and butane. Generally, CH₄ and CO₂ comprises the bulk of the composition (approximately 90% CH₄ and 10% CO₂) with the other constituents being negligible.

In underground mines, CH₄ is released from both the coal produced and brought to surface for processing, and from coal remaining underground in pillars, walls and on the floor and roof. This post-mining CH₄ is released over time and is vented to the atmosphere via upcast shafts.

We currently use country specific Tier 2 emission factors for fugitive emissions. Given the age of the geology and shallow depth of South African coal seams, fugitive emissions from opencast mines are assumed to have vented already while emission concentrations from underground mines are lower than those seen in other geographies.

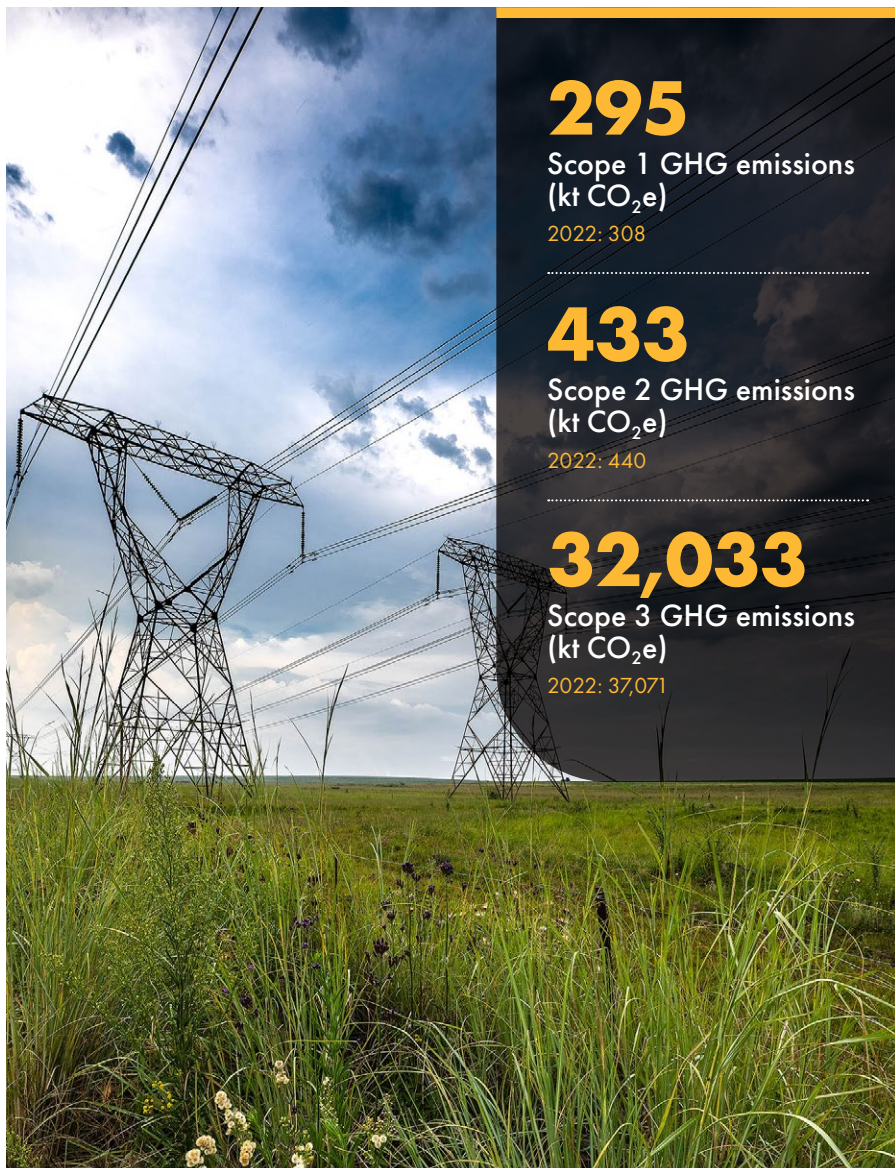


SCOPE 2:

Emissions from electricity purchased from South Africa’s national power utility, Eskom.

SCOPE 3:

Emissions from purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, use of sold products and investments.



Performance

We are pleased to report an 11% reduction in 2023 from 2021's baseline of 819 kilotonnes (kt) of CO₂ equivalent (kt CO₂e) and a 2.5% reduction in total scope 1 and 2 emissions to 729 kt CO₂e from 748 kt CO₂e in 2022. Our carbon intensity dropped by 11% from 4.02 kg CO₂e per total tonne moved (TTM)² in 2022 to 3.56 kg CO₂e per TTM in 2023.

Scope 1 emissions in 2023 decreased by 3.9% to 295 kt CO₂e (2022: 308 kt CO₂e), with an 8.3% increase in GHG emissions from fossil fuel combustion and an 11% decrease in fugitive methane emissions. Our scope 2 emissions decreased by 1.5% to 433 kt CO₂e (2022: 440 kt CO₂e).

Lower emissions are the result of lower production levels due to the further deterioration in Transnet Freight Rail's (TFR) performance, the relatively lower tonnage contribution of our underground mines and energy efficiency projects which abated 11,561 t CO₂e.

Carbon emissions from electricity consumption are the biggest contributor to our footprint (59%), followed by fugitive emissions (23%) and carbon emissions from fossil fuel combustion (17%). The relative contribution of fugitive emissions to our total decreased due to lower production at underground sites.

Scope 3 emissions fell 14% to 32,033 kt CO₂e from 37,071 kt CO₂e₄ in 2022 due to a reduction in sales volumes (use of product sold). In 2023, we undertook a full scope 3 assessment to better understand the emissions across our value chain and improve our reporting. The use of sold products accounts for 93% of the total scope 3. We advocate for a technology agnostic approach to a low-carbon future through our membership of the FutureCoal Alliance and the Coal Industry Advisory Board to the IEA. These organisations facilitate research into abatement technologies such as high-efficiency power plants, ammonia and CCUS.

The full breakdown of our scope 3 emissions is provided in the **climate change report** on **page 27**.

Looking ahead

In 2024, we will focus on our renewable energy strategy and the completion of the feasibility study for a 4 MW renewable energy solution for Elders. 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.

These initiatives will be accompanied by the continued evolution of reporting and disclosure practices, and engagement with stakeholders on our climate change journey.

Greenhouse gas emissions (kt CO₂e)

	2023	2022	2021	2020
Scope 1	295	308	362	369
Fossil fuels	121	112	137	155
Fugitive emissions	170	192	219	209
Process emissions	4	4	5	5
Scope 2	433	440	457	514
Total scope 1 and 2 (kt CO ₂ e)	729	748	819	883
Scope 3 ¹	32,033	37,071	54,744	64,680
Scope 1 and 2 GHG intensity (kg CO ₂ e/TTM) ²	3.56	4.02	4.56	4.60

¹ Total scope 3 emissions for 2022 have been restated from 35,947 kt CO₂e due to the addition of shipping related emissions in Category 9.

² The carbon intensity for 2022 has been restated from 4.18 based on changes to the total tonnes moved at Isibonelo, where key mining processes such as dozing and pre-stripping had erroneously been excluded from the calculation.

ENERGY MANAGEMENT

The efficient use of energy and optimising our use of energy sources is an ongoing priority.

Fossil fuels (mainly diesel) for loading and haulage account for 52% of our total energy consumption (and 17% of our total emissions), with electricity accounting for 48% (and 59% of our carbon footprint). The unit cost of both is expected to continue to increase.

Our approach

Driving energy efficiency and optimising energy sources

Thungela’s standard and related guideline on energy and carbon emissions’ management sets out the requirements to drive energy and carbon savings across the business.

In recent years, we have achieved significant energy intensity reductions through a range of efficiency and productivity improvement initiatives across our operations. Current energy-efficiency improvement projects focus on improving the efficiency of large energy users such as processing plants, ventilation systems at underground operations and load and haul equipment at opencast mines. Several opencast operations have reduced idle times on their haul fleet and dozers thereby reducing diesel consumption, with commensurate savings being realised. The sites have also improved road conditions and shortened hauling distances to reduce rolling resistance and diesel consumption.

A strong focus on ventilation system optimisation in 2023 yielded significant energy savings. Initiatives included:

- The sealing of underground sections to reduce ventilation requirements
- Ventilation fan speed reduction
- Fan blade adjustments to reduce fan input power
- Optimising section layouts to enable a reduction in the number of fans operating, without compromising ventilation.

The above initiatives are supported by a robust project execution framework which 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 will be the incorporation of a minimum of 19 MW of renewable electricity before the end of 2026.

A 4 MW solar photovoltaic (PV) plant is currently under construction at Zibulo’s underground operation. The plant is expected to be commissioned in the fourth quarter of 2024.

R49 million invested in the Zibulo solar PV project in 2023

A further 4 MW solar PV plant will be installed at the Elders project, and is currently in the advanced feasibility stages. External permits, approvals and rezoning applications are being processed by the relevant government departments and endorsement from the National Energy Regulator of South Africa is in progress.

The strategy for the remaining renewable energy requirement will be evaluated to determine the most efficient and effective model for sourcing this energy, with a view to it becoming available by the end of 2026.

Performance

Total energy consumption (electricity and diesel) increased 4.3% to 3.14 million gigajoules (GJ), compared to 3.01 million GJ in 2022. This was due to an increase in total tonnes moved, particularly at our opencast operations which increased total diesel consumption.

Our energy intensity improved by 5.1% year-on-year to 15.33 MJ/TTM because of a strong focus on energy efficiency projects, eliminating diesel theft and accelerated rehabilitation efforts at closing mines (2022: 16.16, restated from 16.81).

The energy-efficiency projects implemented yielded savings of 43,000 GJ, which was predominantly brought about through ventilation optimisation.

Looking ahead

We will continue with the focused implementation of identified energy efficiency and carbon reduction opportunities, internal best practice and benchmarking to achieve our energy intensity reduction targets. These include reducing mining footprints in the underground operations to allow for further optimisation of the ventilation systems and reduction of conveyor lengths, optimising processing plant and conveyor operating times to avoid running at low volumes of coal, continued focus on idle time reduction and haul route optimisation.

Energy consumption	2023	2022	2021	2020
Energy from electricity (million GJ)	1.50	1.50	1.57	1.78
Energy from fossil fuel use (million GJ)	1.64	1.51	1.85	2.09
Total energy used (million GJ)	3.14	3.01	3.42	3.87
Energy intensity (MJ/TTM) ¹	15.33	16.16	19.04	20.16
Electricity consumption (MWh)	416,824	415,732	494,626	434,916
Diesel consumption (kl)	45,263	41,800	57,838	51,285

¹ The energy intensity for 2022 has been restated from 16.81 based on changes to the total tonnes moved at Isibonelo, where key mining processes such as dozing and pre-stripping had erroneously been excluded from the calculation.



Water stewardship

Access to clean, safe and affordable water is a fundamental human right and is essential to maintaining healthy ecosystems. We have a responsibility to effectively manage and govern our water interactions to avoid or minimise our potential impacts on water resources.

Our mines are situated in a water-scarce region where supplies may be negatively impacted by increased demand, the further deterioration of local water infrastructure, and climate-driven conditions, including drought, rising temperatures and variable rainfall.

These factors underscore our responsibility to both contribute positively to communities' access to this precious resource, while at the same time protecting the integrity of critical ecosystems. This involves the proactive identification of our key water risks, their careful management, and the development of collaborative solutions to regional water challenges.



Our approach

Our water policy and a set of best practice technical management standards drive water conservation, legislative compliance, and ongoing research and development into solutions for treatment post-closure.

We aim to do this by:

- Minimising water abstraction and consumption from all available sources, including third-party, groundwater and freshwater sources.
- Maximising water efficiency through reuse and recycling.
- Managing the inherent impacts of coal mining with a zero-discharge policy on mine-impacted water.
- The development of nature-based solutions for the treatment of mine-impacted water through research and development.

WE ARE GUIDED BY:

National Water Act 36 of 1998

National Environmental Management Act 107 of 1998

Water policy

Water management standard and guidelines

Water-related targets

Water monitoring and reporting

Passive water treatment research and development

Integrated water-use licences and associated conditions

Water management plans at each operation

Internal and external audits, with an annual self-assessment and gap analysis

Our water cycle

Water governance

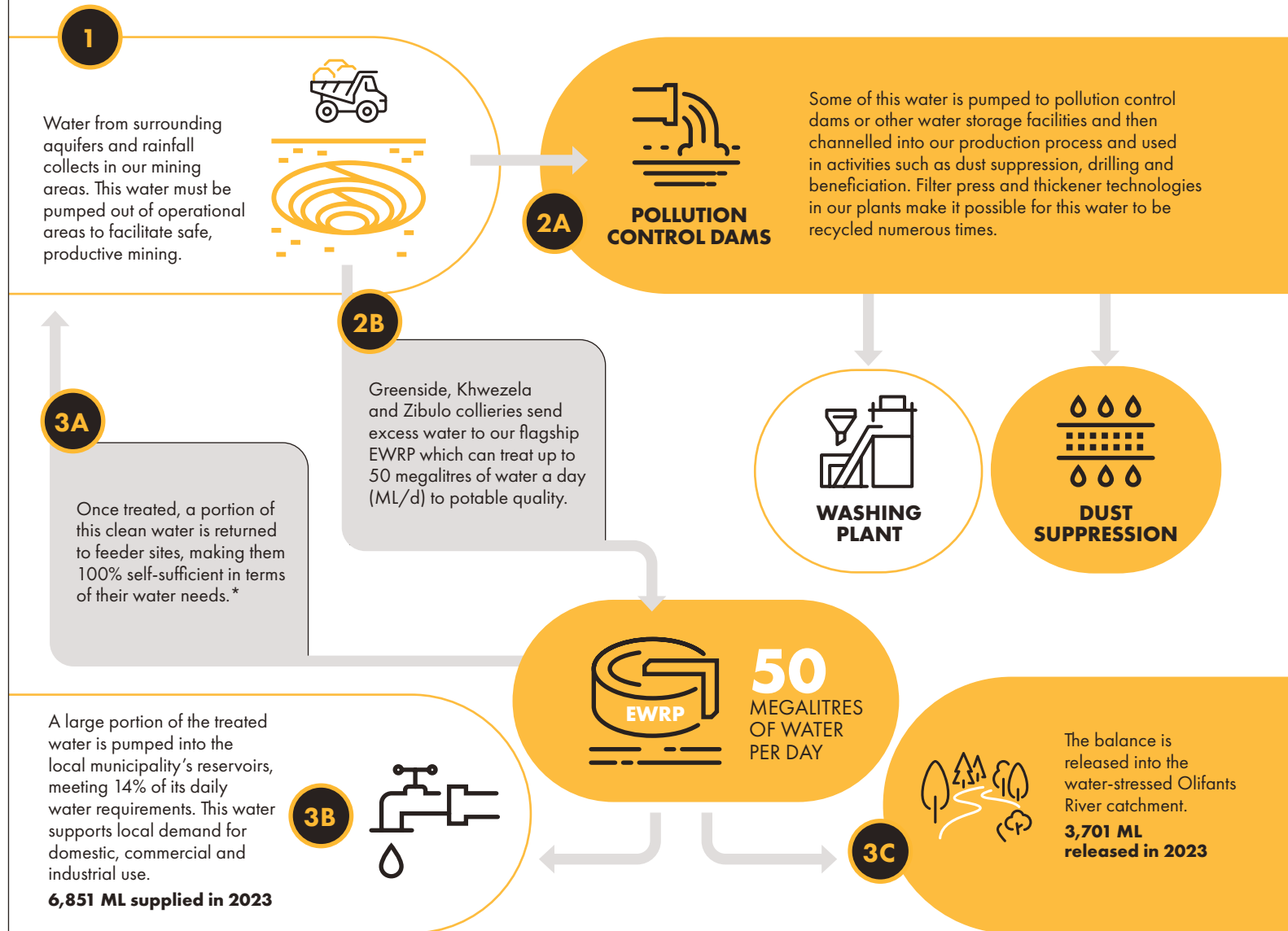
Each mine has a designated water champion responsible for implementing our water standards and guidelines and for executing projects that reduce their operation's reliance on fresh water. Sites must also enhance reuse and recycling rates within their production cycles and manage their potential impacts on surrounding water courses. Water management is incorporated into operational activities, sustainable closure planning, and the design and development of new projects. These planning cycles also consider potential water-related risks due to climate change.

All sites have a water management plan that is informed by their water balance. These plans include the management of excess water, a water quality monitoring programme for both underground and surface water and a risk-based approach to dealing with mine-impacted water. They regularly review their water balances so that they can adequately determine their future treatment, storage, conservation and recycling needs.

Significant focus is placed on monitoring and reporting, both of which are aided by annual internal and external audits and gap analyses.

How we use water on our sites

Water is an important part of our production process. We use it for various mining functions such as cutting coal with continuous miners, dust suppression as well as for drinking and sanitation facilities for employees and contractors. We use a combination of fresh water and recycled or treated water on our sites, shown in the image alongside.



* Isibonelo, Mafube and Goedehoop collieries obtain their freshwater from external sources.

Target: reduce freshwater abstraction by 20% by 2023 against a 2015 baseline

369 ML

(64% reduction from baseline)

2022: 767 ML

Target: reduce potable water abstraction from the EWRP by 20% by 2023 against a 2015 baseline

1,097 ML

(45% reduction from baseline)

2022: 1312 ML

Target: treat 40% of mine-impacted water

69%

2022: 57%

Target: maintain water reuse and recycling levels above 75%

96%

2022: 96%

Target: zero level 3 or greater water incidents

2 level 3 incidents

2022: 1 level 4 and 1 level 3 incident

Targets and performance

We take our stewardship of this natural resource seriously and have ambitious targets in place.

Goedehoop and Isibonelo collieries and, to a lesser extent Mafube, rely on fresh water from external sources and had a reduction target of 20% by 2023, using 2015's 1,015 ML as a baseline. The importation of water decreased by 52% to 369 ML from 767 ML in 2022. Freshwater abstraction in 2023 was 64% lower than the 2015 baseline, thus exceeding the 2023 target.

Greenside, Khwezela and Zibulo were working to reduce their consumption from the EWRP by 20% by the end of 2023 from a baseline of 1,997 ML in 2015. They have brought down their combined water-use by 10% from 1,312 ML (restated from 1,553 ML) in 2022, to 1,097 ML in 2023. This represents a year-on-year reduction of 10% and a reduction of 45% from the 2015 baseline.

To replace freshwater and EWRP abstraction targets, which ran until 2023, we have set a new reduction target of 2.5% annually, relative to the previous year.

Reuse and recycling rates remained constant at 96% in 2023, exceeding our water efficiency target of 75% by a significant margin.

Water treatment substantially mitigates of the risk of uncontrolled discharge, particularly during periods of high rainfall. Through treatment, we reduce recharge, better manage stormwater and create sufficient storage space in pollution control dams (PCD) and underground compartments. An overall treatment rate of 69% was achieved in 2023 against a target of 40%. This is an improvement on the 57% realised in 2022.

We did not meet our target of zero level 3 (or greater) water incidents. This was as a result of two uncontrolled releases from the Schoongezicht PCD into the Schoongezicht stream and further downstream to the Brugspruit/Klipspruit at Khwezela.

The first incident occurred on 24 February 2023, when a barrier pillar was compromised during mining and water from one underground compartment flowed into another linked to the Schoongezicht PCD. Pumping of water to the EWRP was constrained due to scheduled maintenance at the time.

The second incident occurred on 8 September 2023 and was attributed to the increased decant of mine-impacted water from underground workings when the rate of discharge at the Schoongezicht adit point into the Schoongezicht PCD exceeded pumping capacity. The DWS was notified of both incidents, and no directives or fines were issued.

These events highlighted the need for significantly tighter control over groundwater monitoring, dewatering and rainfall readiness to ensure that containment facilities have sufficient handling capacity, particularly when extreme rainfall events occur.

Khwezela has since established a water steering committee. This is led by the mine's water champion and attended by all technical heads of department and relevant subject matter experts. The committee is responsible for the ongoing monitoring of water levels and trend evaluation which inform a dewatering action plan. Pumping infrastructure has been upgraded and a plan for managing excess water and high-flow volumes developed.

Water treatment

Mine-impacted water can be treated using both active and passive technologies aimed at mitigating water risks spanning the entire operational life of a site and extending into the post-closure phase. Our approach to water management at closed sites aligns with the prevailing financial provisioning regulations outlined in NEMA. Originally planned for February 2017, the date for transitioning to these regulations has been postponed multiple times, most recently in July 2022. The transition date was deferred until 19 February 2024. On 1 February, the Minister of the Department of Forestry, Fisheries and the Environment published a notice of intention to once again defer the transition date. We await the publication of the updated transition date.

According to these regulations, provision for treatment is contingent on the costs associated with technologies endorsed by the DMRE, ensuring their consistent efficacy in meeting discharge requirements. We are actively engaged in validating the effectiveness of passive treatment technologies through collaborative efforts with academia and the relevant government departments.

Nature-based solutions

Nature-based solutions (NBS) offer a holistic and sustainable approach to water treatment that addresses multiple environmental, social, and economic challenges simultaneously. By integrating natural processes into water management practices, we can improve water quality, protect ecosystems, and build resilient communities for the future. Water treatment facilities that use reverse osmosis technology will continue to play a significant role in how we purify mine-affected water. They do, however, require full-time operation, ongoing maintenance and significant chemical and energy input. Moreover, they are vulnerable to vandalism and theft, particularly in remote areas.

NBS use natural processes, such as vegetation, soil and microorganisms, to treat water. This approach requires substantially reduced energy inputs and produces lower carbon emissions compared to traditional treatment methods. They can be more cost-effective and enhance the resilience of water treatment systems to the impacts of climate change, such as increased flooding, droughts, and water quality fluctuations. Natural ecosystems like wetlands and forests provide buffering capacity against extreme weather events and help regulate water flow and quality. Many NBS involve restoring or preserving natural habitats, which also supports biodiversity conservation.

Years of research and development conducted in partnership with a variety of technology and academic partners has resulted in the implementation of both engineered and natural solutions to address water treatment post-closure. These include phytoremediation, biological sulphide reduction, and the creation and restoration of wetland systems.



Planting a million trees for phytoremediation

In 2023, we opened a nursery that will propagate a million trees over three years.

These trees form an essential component of our long-term post-closure water management strategy which includes phytoremediation, a biological process that uses trees to stabilise water levels by taking up mine-impacted water and reducing ingress.

Situated at Greenside, the nursery will enable us to deliver on our commitment to plant 350,000 trees a year over the next three years. Four indigenous species, including *Searsia lancea*, or karee tree, have been selected for their ability to withstand mine-impacted water and their relatively high ability to uptake water to manage groundwater levels. Over and above this important function, they will absorb carbon dioxide and release oxygen and water back into the atmosphere while preventing soil erosion and enhancing the biodiversity value of our sites.

It is anticipated that the effort will require about 100 people over five years. Recruited from local communities, these individuals will be responsible for growing saplings from seed, transplanting them into larger containers as they grow, and eventually planting them in their permanent locations where they will initially need to be cared for and protected against disease.

Approximately 20,000 trees have already been planted at the base of Goedehoop's Bank 5 mineral residue deposit and around Kromdraai's Dixon dam, with many more to follow to address both sites' long-term water management challenges. These trees reduce the volumes flowing into artificial wetlands at Goedehoop, constructed to improve the quality of seepage from mineral residue facilities.

The project is a partnership with the University of the Witwatersrand's School of Animal, Plant and Environmental Sciences.



Paving the way for sustainable closure

A decade of research and development resulted in the official opening of a ground-breaking, 50,000-litre per day passive water treatment facility in 2023.

The plant is designed to treat acidic water with elevated levels of sulphate to produce water fit for agricultural use and has been operating continuously since June 2023. It was built to demonstrate the process at scale, through a summer and winter cycle.

Trademarked cloSURE®, the technology's development is a collaboration between Thungela, the Technology Innovation Agency, Mintek, the South African Department of Science and Technology, The Moss Group and the University of Pretoria's Faculty of Natural and Agricultural Sciences.

Situated on the grounds of the EWRP, it harnesses bacteria to treat mine-impacted water. These bacteria remove sulphate, neutralise the water and remove metals

to create a product that is fit for purpose. Initial results are positive, with an 81% reduction in sulphate levels and improvement in the pH from 3.5 to 7.3.

The treated water will be used to irrigate trial plots of a number of summer and winter grain and pasture crops such as soybean, sorghum, teff and wheat to ascertain whether there are any observed impacts on soil and crop resources. By-products of the process are impure sulphur which includes calcium and magnesium which can be used as a fertiliser to ameliorate sulphur-poor soils.

It is intended that the project will prove that it is possible to create a circular economy solution for local communities, in the post-mining economy where mine-impacted water can be turned into a resource for the sustainable use of rehabilitated mine land through agriculture.

The technology is largely passive, which means that it requires little electrical input, no chemical additives and only occasional operational input and maintenance.

Looking ahead

The focus areas for water management in 2024 will be:

The accelerated rollout of our phytoremediation project at our Goedeheop and Kromdraai sites.

The development of additional artificial wetlands at Goedeheop using Dongalock® technology.

Pending approval from the DWS, the rollout of an irrigation trial at Isibonelo using sodium-rich water.



Land stewardship

We aim to leave a positive legacy through the integration of mine closure planning with land rehabilitation, the promotion of biodiversity conservation and the use of non-operational land for the benefit of communities and the environment.

Mining activities can have a direct impact on surrounding ecosystems during all stages of the mining lifecycle. We are committed to managing the land we own in a productive and sustainable manner, ensuring proactive stewardship during each of these phases. From project design to operational closure, we focus on reducing our physical footprint, identifying, managing and addressing our potential impacts by applying the principles of the mitigation hierarchy – to avoid, minimise, restore (or mitigate) and offset.

Our approach

As temporary custodians of the land on which we operate, we are dedicated to responsible land ownership and meeting community expectations. We take a holistic approach by identifying the full spectrum of LOM opportunities, risks and liabilities at the concept phase, and planning with the end in mind.

We look for ways to improve our land stewardship activities to enable sustainable conditions within the ecosystems in which we work, and for the communities and species that depend on them.

We respect legally protected areas in line with the ICMM position statement on mining and protected areas and do not explore or develop mines situated in World Heritage Sites. We conduct our work with respect for legally designated areas, such as International Union for Conservation of Nature category I-IV protected areas.

Our operations are required to implement robust land stewardship management practices, including concurrent rehabilitation to achieve targets that are tied to LOM planning. They must also identify and implement priority biodiversity projects that contribute to our no net loss (NNL) target for biodiversity. These are linked to our SHE policy and system, monitoring and analysis of data, adaptive management and continuous improvement.



WE ARE GUIDED BY:

Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) regulations

NEMA Financial Provisioning Regulations

Environmental risk assessment

Mine closure technical standard

Annual rehabilitation plans

Mine closure toolbox

Final decommissioning and mine closure plans

Technical standard for rehabilitation

Liability estimates

Approved environmental licences

ICMM best practice guidance



MINE CLOSURE AND REHABILITATION

There is an opportunity to leave a positive legacy through the repurposing of rehabilitated land. Our approach to mine closure planning seeks to ensure that all opportunities, risks and liabilities are effectively identified over the lives of each operation, that plans are fully costed, and that adequate provision is made for premature closure. Integrating mine closure planning into operational strategy is the best way to address many of our risks and opportunities, in particular through concurrent rehabilitation which takes place in parallel with mining activities. We have four opencast operations which makes the rehabilitation of the land we disturb a particularly material issue.

Management approach

Our approach to mine closure and rehabilitation is governed by three systems: a 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. There is an emphasis on working with our stakeholders to address social impacts.

Core to our rehabilitation strategy is reducing the backlog of disturbed land that requires rehabilitation during the lifetime of our current mines rather than after operations cease.

Through well-executed rehabilitation, post-mining landscapes that are ecologically functional and support our biodiversity goal of>NNL, can be established. They can also be economically viable, reduce our closure costs, and should be supported by our stakeholders. Each of our sites has a detailed rolling five-year rehabilitation plan which is updated annually. These plans outline targets, monitoring, maintenance and management programmes.

Our mine closure toolbox is a mechanism to ensure that long-term business plans consider how mines will close before they even start operating. This includes focus on key components such as stakeholder engagement and social transition and incorporates our integrated closure planning system, which is centred on integrating multi-disciplinary closure planning and execution. The toolbox provides a single, consistent framework for closing mines and guides operations on how to meet our closure standard.

Rehabilitation designs are modelled on various platforms to provide an ecologically acceptable blueprint that considers watersheds, land capability and landforms to ultimately create sustainable post-mining landscapes. Monitoring forms a critical part of rehabilitation and allows for adaptive management where required.

Rehabilitation performance – reshaping, topsoiling and seeding completion against target – is included as a metric in the chief executive’s scorecard and long-term incentive plan.

Mine closure plans

Each of our operations has a mine closure plan that is aligned with the NEMA Financial Provisioning Regulations and the mine closure toolbox. As an operation progresses towards its closure date, the plan becomes more detailed. Closure plans are updated every three years and must reflect any material changes, including permitting amendments, mine expansions, and environmental impact assessment reviews.

Part of the public participation process in any environmental authorisation, closure plans incorporate a vision, goals and objectives across every facet of closure, including physical stability, environmental quality (including water, soil and air quality), health and safety, biodiversity, social (employee relations and socio-economic development) and aesthetic quality. All mine closure plans contain a set of measurable and time-bound targets in the form a master action plan that is tracked regularly on the SHE management system. Plans also have pre-determined success criteria, the fulfilment of which should indicate that mine closure has been achieved.

A mine closure committee has been established at each operation and comprises representatives from multi-disciplinary departments, including environmental, social performance, survey, human resources, supply chain, mining and engineering. These committees aim to provide strategic guidance on the implementation of closure policies and plans and ensure that sufficient budget is allocated for the closure planning process. They also develop management plans that ensure that closure planning is integrated into overall projects and mine planning. Importantly, they monitor, review and report on performance against the policies and plans to the general manager and internal and external stakeholders.

Social closure

Our vision is to collaborate with host communities to establish regenerative landscapes that create sustainable livelihoods. We are in the process of developing the social closure plans for our operations that are closest to their life of mine. This process commenced with a review of closure risks and impacts and a socio-economic baseline assessment. In addition, work is underway to understand the financial implications, with the purpose of integrating social aspects into the overall closure risk register at these sites.

Closure stakeholder engagement strategies have been developed for the mines and ensure that all interested, affected or influential parties are included. Costs associated with social closure have been developed and will be presented to the executive committee in 2024.

Closure liabilities and corresponding financial provisions

South Africa

In South Africa, environmental provisions have been determined based on the legal obligations under the existing MPRDA regulations as a base.

We adjust these based on our interpretation of the likely increase in costs required to transition to the new NEMA Financial Provisioning Regulations – for example, costs related to the ongoing pumping and treatment of polluted or extraneous water. Our environmental provisions are in line with currently enforceable laws and regulations. The 2015 NEMA Financial Provisioning Regulations have been subject to numerous amendments, and drafts of the replacement regulations were published in November 2017, May 2019, August 2021, and finally, in July 2022 when the transition date was deferred to 19 February 2024. On 1 February 2024, the Minister of the Department of Forestry, Fisheries and the Environment published a notice of intention to once again defer the transition date. At the time this report was published, a new date had not yet been announced.


Financial provisioning for closure is updated by a third-party every year, taking into consideration environmental management programmes, commitments in any other authorisations, and closure design criteria for the final cessation of each operation.

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

Financial provisioning required by the current MPRDA regulations amounts to R4,536 million (2022: R4,413 million), compared to the total environmental provisions recognised by the Group for our South African operations of R7,841 million (2022: R7,566 million). This difference is due to the additional


costs we believe we are likely to incur through our interpretation of the regulations and actual costs to be incurred in the period up to, and post-mine closure, most significantly in relation to water treatment.

We have provided for water treatment costs using a combination of active and passive methods, based on activities currently being performed at our operations. The NEMA regulations require that the treatment of water to be provided for using the costs of currently available technologies that the DMRE has approved based on evidence that the technology to be implemented consistently achieves discharge requirements.

 Further information about our passive treatment initiatives can be found on **page 52**.

We currently maintain the financial provisions required by the DMRE and NEMA 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 2023 was R3,740 million (2022: R3,446 million). Guarantees of R3,221 million (2022: R3,102 million) are primarily in place to meet any immediate obligations under the existing regulations and are issued in favour of the DMRE. All operations' closure liabilities are fully provided for in terms of the MPRDA.

During the reporting period, we contributed an additional R205 million (2022: R438 million) into 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 provided to the Group.

 Further information on our financial provisions can be found on **pages 136 to 142 of the Thungela Annual Financial Statements**.





Australia

Regulatory environment

Coal mining is considered an ‘environmentally relevant activity’ for which a leaseholder must, among other things, obtain an environmental authority issued under the Environmental Protection Act (EPA) 1994 (Queensland) before a mining lease can be issued under the Mineral Resources Act 1989 (Queensland).

One requirement for the issuing of an environmental authority in the case of large coal mines, is to submit for approval a progressive rehabilitation and closure plan and schedule that includes milestones for carrying out environmentally relevant activities on the affected land in such a way that they maximise the progressive rehabilitation of the land to a stable condition.

The rehabilitation and closure plan 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). The rehabilitation and closure plan may be amended based on changes in the operation’s LOM plan.

Under the EPA, DESI must determine the environmental rehabilitation costs for the mining activity being undertaken (environmental rehabilitation costs determination). The application must state the period to be covered in the determination (determination period), as well as the estimate of the total cost of rehabilitation for the period, calculated according to the methodology set out in the statutory guidelines.

The environmental rehabilitation costs 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 costs determination will remain current until the new determination has been made.

The most recent environmental rehabilitation costs determination for Ensham, which was issued in December 2022 and is in force until 30 June 2025, amounts to approximately R3,414 million (AUD274 million), on a 100% basis.

Holders of environmental authorities for resource activities must contribute to the financial provisioning scheme established under the Mineral and Energy Resources (Financial Provisioning) Act 2018 (Queensland) and the Mineral and Energy Resources (Financial Provisioning) Regulation 2018. The nature and amount of the contribution to be made is determined by the scheme manager, and is based on their scheme manager’s assessment of the State of Queensland’s risk of incurring costs and expenses because the holder has not rehabilitated or restored the environment. The scheme manager may determine that this contribution is to be made by way of a payment into a pooled fund or the provision of a financial surety, or both.

Environmental provisions for Ensham

An assessment of the environmental liability for the rehabilitation of Ensham Mine’s opencast area was previously prepared by an

independent third-party consultant. This assessment was based on an understanding of various inputs, including the volume of material to be moved, the distance it was to be moved and the method by which the rehabilitation would be completed, and the related costs. The costs to be incurred over the LOM and post-closure have been discounted to their present value to determine the liability recognised in the statement of financial position. The most recent assessment of the liability was completed in 2022, and forms the basis of the liability recognised in the statement of financial position of R3,855 million (on an 85% basis).

Sungela, as the new owner of a portion of the mining leases related to the Ensham Mine, has not yet been accepted into the Queensland pooled fund, however this acceptance is being actively pursued. On this basis, we will be required to obtain financial surety for the environmental rehabilitation costs determination of R3,414 million (AUD274 million) on a 100% basis. The Group is in the process of securing this surety, which will likely be through a structure similar to the green fund in South Africa, requiring a minimum annual contribution amount. Given that the surety has not yet been obtained at the reporting date, the Group’s environmental liability coverage has decreased, given the significance of the environmental provisions that exist for the Ensham Mine.

Thungela will continue to assess the required rehabilitation activities and ensure that costs and methods are, where possible, optimised in line with our existing methods. This assessment was ongoing as at 31 December 2023.

Performance

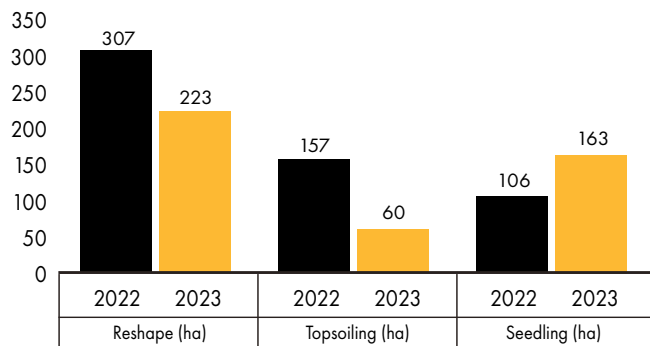
The creation of a closing collieries, care and maintenance unit which is dedicated to the physical rehabilitation and closure of areas where mining has ceased in recent years, resulted in the accelerated completion of the rehabilitation of the Northwest pit section of Khwezela’s Bokgoni site in April 2023. Substantial progress was also made in speeding up rehabilitation in other areas such as the Umlalazi, Kromdraai ramp 7, Bokgoni 5 West pit and Excelsior areas of Khwezela to ensure that they are less vulnerable to criminal activity.

At the end of the year, Thungela had 53,666 hectares (ha) under its management control (2022: 49,076 ha). A total of 7,524 ha has been disturbed by mining, processing, mineral waste disposal, and supporting infrastructure (2022: 9,499 ha). We are updating our land management database to reflect changes in land and asset ownership.

We focus on rehabilitating mining land concurrently and returning it to the state agreed in the environmental permits. This approach results in significant financial and environmental benefits and can reduce long-term closure liabilities. In 2023, we reshaped 223 ha compared to 307 ha in 2022. A total of 60 ha was topsoiled compared to 157 ha the previous year. Seeding in 2023 exceeded that in 2022. Topsoiling performance was impacted by above average rainfall experienced, which hampered our ability to complete the final shaping and levelling required.

We are pleased to report that on 23 November 2023, we received a closure certificate from the DMRE for a Kaolin mine near Albertinia in the Western Cape region.

2022 Rehabilitation performance



Rock mulching and Fungcoal at Kromdraai

To achieve the land capability commitment in our environmental authorisations requires significant volumes of topsoil.

Current mining practices see topsoil stripped and stockpiled ahead of mining. However, historical practices and very shallow pre-strip conditions have led to a shortage of topsoil in some areas that require rehabilitation. One of the solutions to this challenge is to import topsoil from other areas, but ‘borrow pits’ necessitate the disturbance of additional natural resources and moving large volumes of material is very costly.

In 2013, Thungela, together with Rhodes University and Coaltech, initiated research into the use of biological mechanisms to create self-cladding covers that can sustainably support vegetation. This research resulted in the development of ‘Fungcoal’ technology, a bioprocess that harnesses the ability of certain fungi to rapidly convert waste coal into soil-like material that stimulates the establishment of vegetation. The fungi also help to extend the root systems of germinating grasses to acquire and provide the nutrients needed for growth.

Proven to create self-cladding vegetation cover on coal discard facilities, Fungcoal has been licensed, with Thungela and Rhodes University jointly holding the patent.

At Kromdraai, we are trialling a combination of rock mulching and Fungcoal technology with additional mycorrhizal bacteria on a 45 ha area. The rock mulching technology physically breaks down waste coal into finer particles, thereby increasing the surface area available for Fungcoal and further weathering.

Using this combination of technologies, we aim to reinstate an entire ecosystem. The trial is linked to a small mammal priority biodiversity project which in turn will provide food for the endangered black-footed cat.

Looking ahead

The focus on integrating social aspects into mine closure risk assessments and costing models will continue in 2024. Stakeholder engagement regarding the closure of Isibonelo and Goedehoop will begin, and feedback from these engagements will be integrated into social closure management plans. We will also commence with the social risk and impact identification process at Greenside, Khwezela and Zibulo collieries. As a business, we will continue to drive concurrent rehabilitation to reduce our environmental liabilities.



BIODIVERSITY

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

Without careful management, mining can directly impact biodiversity. We aim to embed biodiversity conservation into our activities by using the information at our disposal, engaging our stakeholders and forming partnerships to help achieve effective and long-lasting outcomes. To achieve our vision of NNL, we first work to understand our potential impacts and then apply the mitigation hierarchy through all phases of the mining lifecycle. Where impact is unavoidable, we implement restoration or offset projects.

Our approach

Our South African sites are all located in the Highveld grassland ecoregion of Mpumalanga, which has historically been heavily impacted by mining and agriculture.

This has had a negative impact on the water quality and flow of rivers in the upper Olifants River Catchment. Apart from affecting water-related ecosystem services such as purification, the regulation of stream flow, transportation of sediment and assimilation of toxicants and nutrients, there is an adverse impact on those who rely on water for irrigation, tourism and recreational opportunities.

Each of our operations' biodiversity management plans (BMP) which informed the development of a regional BMP.

A regional approach optimises the potential for balancing losses against contributions to biodiversity, rather than confining attainable results to specific sites. We can create maximum benefit on a regional scale by protecting remaining areas of high biodiversity value and designing site-based rehabilitation efforts to conserve and restore biodiversity.

WE ARE GUIDED BY:

The National Environmental Management: Biodiversity Act 10 of 2004

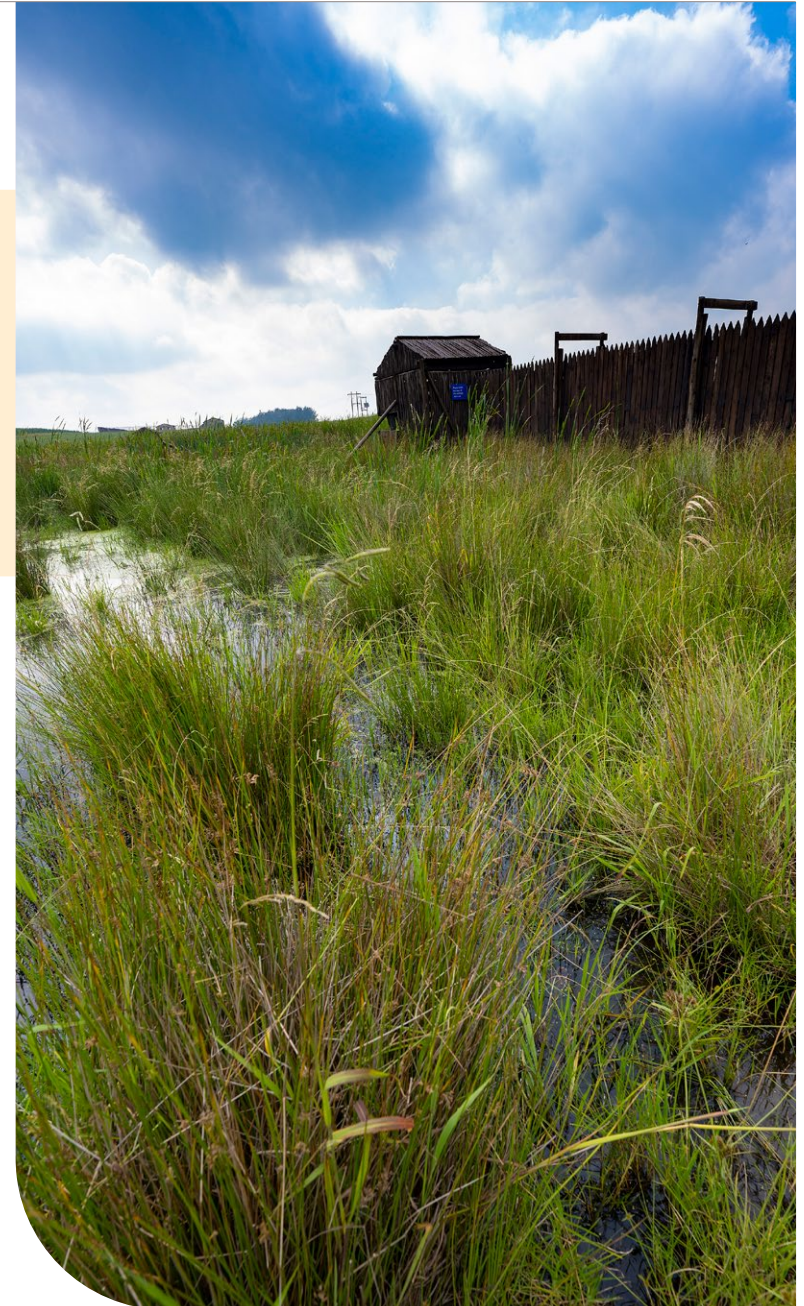
The National Environmental Management Protected Areas Act 57 of 2003

Biodiversity management plans

Biological monitoring and reporting

Biodiversity research and knowledge sharing

The South African National Biodiversity Institute's (SANBI) Biodiversity Offset Guideline



Key biodiversity objectives:

No net loss of natural habitats

OBJECTIVE 1

Protect remaining natural habitats on mining land. Additional impacts must not take place without the implementation of the mitigation hierarchy, the necessary regulatory approvals, and consideration of potential implications for the site's biodiversity, ecosystem service and NNL target.

OBJECTIVE 2

Engage with landowners on the development of land-use agreements for offset/rehabilitation strategies on privately-owned land above underground mining areas. This is particularly important for wetland rehabilitation projects, for which landowner signatures for water use authorisations are required.

OBJECTIVE 3

Update baseline biodiversity surveys to assess ecological condition of biodiversity management units with potential for rehabilitation/restoration activities.

Maintain or improve the value of the local study area for flora and fauna significant biodiversity features

OBJECTIVE 4

Update site-specific baseline surveys for species of concern and then set and monitor biodiversity targets.

OBJECTIVE 5

Engage in partnerships with organisations that can contribute to the conservation of significant biodiversity features.

OBJECTIVE 6

Secure biodiversity management areas in closure plans.

Maintain or improve ecosystem service delivery

OBJECTIVE 7

Engage with the Upper Olifants catchment management forum to gain buy-in from other mining houses for the development of a catchment-level biodiversity management strategy focusing on wetlands/riparian areas and delivery of associated ecosystem services.

The six sites have been the subject of numerous biodiversity baseline surveys and environmental impact assessment studies in support of regulatory processes such as water use licenses, environmental authorisations, and environmental management plan amendments. These studies indicated that a number of significant residual impacts on natural habitats including grasslands, wetlands and associated species were predicted, and as a consequence additional conservation actions, including biodiversity action plans and wetland offset strategies, have been devised and implemented in response to these residual impacts at most of the sites.

Our BMPs include:

- Definitions of the minimum requirements throughout the mining lifecycle necessary to manage biodiversity through the mitigation of impacts and improvement of ecosystem services.
- Plans for measuring and delivering actions against our targets and objectives. Biodiversity-related key performance indicators (KPIs) are set for each operation. Qualitative and quantitative biodiversity indicators are included in the SHE management system and site-specific BMPs to track progress and changes to significant biodiversity features.
- Requirements for sites to undertake biomonitoring annually, or twice a year in the case of water-related systems. The results are used to inform adaptive environmental management practices, including future iterations of BMPs.
- A requirement that plans must be 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 relevant biodiversity impacts.
- Alien and invasive monitoring and control programmes that require annual inspections of disturbed and rehabilitated areas and the removal of alien species.
- The identification of priority biodiversity projects that relate to our risks and the implementation of these at each operation. These projects are tracked against monthly KPIs.
- The implementation of biodiversity offsets where residual impacts on significant biodiversity features remain after the application of the mitigation hierarchy. These must be conducted in accordance with SANBI's Biodiversity Offset Guideline.
- Clearly documented roles and responsibilities for the work at both site level and regional level to ensure the appropriate allocation of expertise to the identified management actions.

Biodiversity management extends beyond the duration of our mining activities. Therefore our NNL 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 also carefully remove species of concern ahead of mining and preserve them in dedicated nurseries for reinstating into the post-mining landscape.

Biodiversity risks and opportunities

The risks and opportunities for biodiversity management were identified for each site as part of the development of the BMPs.

Risks

- The biodiversity information for some sites is outdated.
- The potential for successful wetland rehabilitation programmes in some areas is limited by uncontrollable negative influences upstream such as other mining operations, stormwater run-off and sewage contamination from residential areas.
- Sites that have wetland areas in the mining footprint require water use authorisations and an offset strategy to be approved by the DWS.
- Significant areas of plantation forestry exist on the Kromdraai site and the encroachment of alien and invasive species from these plantations is a risk to the extent and condition of the surrounding ecotonal grasslands.

Opportunities

- There are significant opportunities for biodiversity management at underground operations, given their large extent and limited direct mining impacts. However, this will depend on the development of stewardship agreements with landowners in order to achieve additional conservation actions. These areas could contribute to biodiversity gain towards achieving our goal on NNL.
- There are opportunities for wetland rehabilitation programmes at some sites where they are upstream of adjacent mining houses so the risk to the rehabilitation investment is reduced.
- Rehabilitated areas present opportunities for the integration of objectives for the conservation of faunal species of concern in the mine closure plans.
- Where successful wetland offsets have already been completed, such as at Isibonelo, there is the opportunity to extend the programme to the floodplain and hill slope seepage areas.
- 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 which is essential for maintaining genetic diversity and collaborate on catchment-level wetland rehabilitation and offset strategies.
- There is an opportunity to enhance the ecological corridor by enhancing or protecting the existing valley bottom wetlands associated with the Kromdraaispruit, which will link the Kromdraai area with the Ezemvelo Nature Reserve, approximately 5 km to the northwest of the site.
- The ongoing grass owl partnership with the Endangered Wildlife Trust at Mafube provides an opportunity to include areas for grass owl conservation into final end use planning so that their habitat can be secured beyond closure.



Partnerships for biodiversity

Biodiversity management often requires coordinated efforts across multiple stakeholders, including government agencies, businesses, NGOs, local communities, and indigenous groups. Partnerships play an essential role by fostering collaboration, innovation, scalability, shared responsibility, and capacity building. By working together, stakeholders can address the complex challenges of biodiversity conservation and achieve more sustainable outcomes for both people and the planet.

We are members of the National Biodiversity and Business Network (NBBN), which enables us to contribute to the industry becoming a positive force for nature conservation in South Africa. The network – which falls under the ambit of the Endangered Wildlife Trust – works with companies across industry sectors to help them lessen their impacts on the natural environment and identify more sustainable ways of operating.

We continue to participate in the NBBN’s working group for the mining sector, which comprises representatives from major mining companies and SANBI. Our business aims to explore common challenges and risks, share best practices and develop collaborative solutions to shared

challenges, while facilitating important interactions with key local and international stakeholders such as the JSE Limited, government, and the International Union for Conservation of Nature (IUCN).

During the year, we partnered with the MTPA on the development of a fish-breeding facility at Loskop Dam. This will become a centre of learning on indigenous fish species and will go on to replace stocks of fish lost not just to the Olifants-Wilge catchment, but to similarly affected river systems across the country. We also contributed to the agency’s black-footed cat breeding programme and a project that has seen the introduction of Nile crocodile to the region.

Performance

We have made great strides in restoring biodiversity after the level 4 environmental incident that occurred at Khwezela’s closing Kromdraai site in February 2022.



Details of our progress can be found on **page 34**, where we provide a full update of measures taken to restore the affected area.

In 2023, we opened a nursery that will propagate a million trees over three years. These trees form an essential component of our long-term post-closure water management strategy, which includes phytoremediation – a biological process that uses trees to stabilise water levels by taking up mine-impacted water and reducing ingress. Four indigenous species are being grown for planting on our sites. Members of the local community are involved in the running of the nursery and activities in the field.

Biodiversity priority projects

Each operation is required to embark on an annual project with tangible and measurable positive outcomes on biodiversity. These projects focus on enhancing biodiversity with the objective of either supporting ecosystems or specific species. They were preceded by the completion of a biodiversity deep dive at our six operational sites. Given that our operations impact biodiversity in aquatic and wetland systems, four of our sites have chosen to implement wetland rehabilitation projects.



Black-footed cat project

We are funding a five-year research project to determine the conservation status of the rare black-footed cat.

Endemic to southern Africa, the black-footed cat, or *Felis nigripes*, is the continent’s smallest cat and the second smallest in the world. It has also been listed by the IUCN as the most vulnerable species of all sub-Saharan felines.

The species is distributed across several parts of the highveld, which makes Mpumalanga important to its long-term survival.

The study has been initiated by the MTPA and will include the participation of researchers from the Endangered Wildlife Trust, the universities of Johannesburg and Venda, and private landowners.

Headquartered at the Loskop Dam Nature Reserve, the project will see scientists gather data on the cat’s geographical distribution within the province, local population densities and genetic diversity. Researchers also aim to gain deeper insights into its habitat preferences and threats.

Data will be gathered during field surveys and spotlight searches, as well as through the placement of camera traps near springhare holes, where these species often live, and biological sampling. Each animal will be collared, microchipped and released.

Thungela is no stranger to the black-footed cat having won third prize in the Nedbank Capital Green Mining Awards for a breeding project our Goedehoop site started in 2005. Since then, 14 cats have been bred in captivity and released into various habitats.

Crocodiles return to Loskop Dam

We are proud to have supported the reintroduction of the Nile crocodile to the Loskop Dam Nature Reserve and its surrounding catchments.

The collaborative effort between our closed collieries department, the MTPA and Africa’s foremost expert on the species, Dr Hannes Botha, involved the tagging and release of three mature crocodiles in August 2022. The goal was to determine whether these reptiles could be safely reintroduced to the region after a series of crocodile deaths going back as far as 2007.

These losses were attributed to pansteatitis, a condition that results in paralysis and is caused by the accumulation of heavy metals, salts and aluminium in water and fish.

Crocodiles are the apex predators in this aquatic system which means that they are an excellent indicator species. Scientists believe that if these reptiles thrive in an ecosystem, it can be deduced that water qualities are good enough to sustain all trophic levels of the food chain.

Surgically attached global positioning system (GPS) transmitters that we donated to the research team enabled experts to monitor where the crocodiles congregated, fed and how far up the river system they travelled, with one transmitter sending out signals for more than 460 days.

Based on the data that was collected, it was established that the Loskop Dam is suitable to sustain diverse aquatic biodiversity and that it was indeed possible to reintroduce crocodiles to the area. This culminated in the release of 20 more crocodiles in February 2024.



Credit: Dr Francois Roux



Harnessing nature data

Isibonelo was featured in an international publication that highlights the industry’s use of environmental-DNA (eDNA) to measure and protect biodiversity.

The mine is included alongside global members of the extractive, exploration, environmental resource management and transport and energy sectors, including the ICMM.

The paper was published against a backdrop of ever-changing environmental legislation and rising pressure on the mining sector to increase output while at the same time protecting biodiversity.

The paper states that resource companies will need to quadruple their current output so that the world can create sufficient renewable capacity to meet the Paris Agreement’s 2040 goal. This means more mining that cannot take place at nature’s expense.

To protect biodiversity, their reputations and – increasingly – their good standing with the law, mining companies are turning to new tools and techniques to enable them to measure nature safely, cost-efficiently and on a much larger scale. One of these is eDNA.

The paper describes how Isibonelo was able to detect the presence of 108 species from just seven water samples taken from local rivers and two of its wetland offset projects.

Although Isibonelo is using eDNA to gauge the re-establishment of species in previously degraded wetlands, the technology can be used in a variety of other ways. These include baseline data collection before mining begins, detecting the presence of rare and sensitive species, checking the health of mine-impacted water courses and post-rehabilitation monitoring.

Looking ahead

In 2024, our BMPs will be reviewed and updated. We will continue our focus on enhancing spatial biodiversity data while tracking and auditing biodiversity projects. Apart from creating awareness of biodiversity among employees, we will review and evaluate Ensham Mine’s approach for alignment with ours.



03

SOCIAL



Our safety, health and environmental (SHE) policy is founded on the following **three pillars**:

A ZERO HARM MINDSET
Applying the mitigation hierarchy to all impacts and risks arising from our activities, products and services.

NO REPEATS
Learning from every incident and audit findings to prevent repeats.

SIMPLE, NON-NEGOTIABLE STANDARDS
Ensuring full compliance with simple, non-negotiable standards and procedures.

Safety

Safety is our first value and core to every action and decision we take. We believe that one injury is one too many and are intensely focused on eliminating incidents that cause loss of life and life altering injury.

Performance

It is with deep sadness that we report the loss of Breeze Mahlangu on 28 February 2023. Mr Mahlangu died 78 days after sustaining a head injury the previous year. A member of Zibulo Colliery’s directional drilling team, he was injured when the wrench that he was tensioning a drill rod with slipped and struck him on the side of the head.

A comprehensive investigation resulted in improvements to the directional drilling process and the implementation of a more rigorous medical review procedure for head injuries.

Total recordable injuries rose from 25 in 2022 to 29 in the period under review. This equates to a total recordable case frequency rate (TRCFR) of 1.40 (2022: 1.41). Lost-time injuries (LTIs) also went up from 15 to 20. Most of these incidents occurred during materials handling (30%), slips, trips and falls (20%), the uncontrolled release of energy (15%) and falls of ground (15%).

In the reporting year, 10 high-potential incidents (HPI) (2022: 6) occurred, each one of which could have resulted in one or more fatalities. These were related to mobile equipment, falls of ground, the uncontrolled release of energy (contact with electricity and release of tension) and assault, violence and crime.

Leading indicators, including HPIs and high-potential hazards (HPH), are analysed and inform the ongoing development of site safety interventions. HPH reporting is actively encouraged at all levels so that hazards can be eliminated before an incident occurs. During the year, employees identified and addressed 2,444 HPHs (2022: 1,975). This increase signals a positive increase in the awareness of safety risks.

	2023	2022	2021	2020
Fatality	1	0	1	1
Lost-time injuries	20	15	15	17
Medical treatment cases	8	10	9	12
TRCFR per million hours	1.40	1.41	1.35	1.51
Lost-time injury frequency rate per million hours	0.97	0.85	0.81	0.85



1
Fatality
2022: 0

1.40
TRCFR
(Per million hours worked)
2022: 1.41

0.97
LTIFR
(Per million hours worked)
2022: 0.85

10
HPIs
2022: 6



Pockets of safety excellence

A large number of teams continue to demonstrate their unfailing commitment to safety having worked without harm for extended periods.

Goedehoop Colliery, which employs 794 employees and 261 permanent contractors, was presented with a best-in-class award at MineSafe 2023. Staged by the Southern African Institute of Mining and Metallurgy, the awards aim to advance the achievement of zero harm in South African mining. When the awards were presented, the site had worked injury-free for more than 300 days and achieved a TRCFR of 0.37.

Greenside's Thusanang continuous miner section has worked without a LTI for more than 14 years, its 5-seam plant for 22 years and surface engineering team for 28 years.

Zibulo's opencast operation has worked more than five years without a LTI and three years without a recordable injury.

We have confidence in the systems, standards and procedures in place to manage our safety risks and are heartened by the fact that the vast majority of employees consistently display their commitment to achieving a fatality- and injury-free workplace.

That said, it is imperative that we do more to develop a deeper understanding of why some individuals and isolated teams knowingly engage in high-risk behaviour.

Our approach

Safety framework

Our risk-based safety framework focuses on the elimination of fatalities and must be driven at every level. Leaders, starting with the board and executive committee, assume overall accountability for creating a safe working environment, while employees maintain the right to refuse unsafe acts and conditions without fear of victimisation.

We strongly believe that by diligently applying all aspects of our safety management system at all times, employees can realise our goal for a fatality-free workplace.

OUR SAFETY STRATEGY IS FOUNDED ON THREE PILLARS:

Getting the basics right

Work management

Culture change

Getting the basics right

Our success depends on ensuring that the fundamentals of safe behaviour, namely focused leadership interactions, high-risk work verification and operational risk management, are consistently applied. These are contained in our Eyethu Rules and the Six Essentials of safe work which, we believe, guarantee safety when adhered to at all times.

The Eyethu Rules refer to 13 life-saving codes that are based on our critical controls and create the foundation for a fatality-free working environment, while the Six Essentials relate to aspects that must be in place for the safe execution of work. They include rigorous planning, safe work area design, systematic change management, effective supervision, correct tools and equipment and creating a competent workforce.

Critical controls are identified through our operational risk management processes and are implemented to prevent priority unwanted events. These controls involve one or a combination of acts, engineered solutions or systems and are designed leveraging the expertise of our subject matter experts and employees directly involved with the tasks associated with each control.

We continually assess the effectiveness of our critical controls as indicated by the 11,889 critical control inspections that were completed across our operations in 2023. We do, however, recognise the need to consistently confirm their timeous application. This is partly done during focused leadership interactions (FLI) in which leaders visibly demonstrate their commitment to safety. This activity supports the fostering of safety-conscious behaviour and ensures that safety practices are not just communicated but genuinely felt and followed by all members of the workforce. Over 23,000 FLIs were undertaken during the year.

When an incident occurs, our learning from incidents (LFI) standard guides the process to be followed to ensure that an incident of that nature is prevented from reoccurring. This five-step process – first response, classify and notify, analyse, report, and share and learn – describes in detail the actions to be taken at each stage. A monthly learn and share session is attended by all site management teams, support services and the executive committee.

High-risk work and non-routine tasks are supervised by competent individuals as part of a high-risk work verification process. This process was integrated into 7,154 tasks (2023: 7,821).

Work management

Work management is an operating model that facilitates the approval, planning, resourcing and scheduling of all tasks in advance. It was instituted on the premise that planned work is significantly safer, more productive and cost-effective than work that is not. The model has been rolled out to all underground mines and one opencast operation and adopted by major contracting partners at these sites.

This way of working has been further refined with the introduction of intrinsically safe and robust digital devices that enable personnel to access the information and documentation they need underground and in the pit, plant and workshop.

All tasks raised are accompanied by a job risk assessment or work execution document (WED) which provides step-by-step instructions on the critical controls that must be in place before and during the execution of a task. WEDs have been compiled for more than 6,825 tasks.

Culture change

Our culture change journey, which is supported by the sustainable risk reduction programme we initiated in partnership with Du Pont, continues to mature and evolve. It was designed to instil a more disciplined and proactive safety culture by incorporating risk into everyday management routines.

During the year, we conducted a full review of sustainable risk reduction on our operations and compiled an action plan to be implemented in 2024.

The review included:

Key aspects of management routines such as meetings, planning and change management

Leadership routines such as interactions and personal developments

Short-term, high-impact projects that address risks

The review found that while we do have the correct structures and processes in place, the key area to be addressed is the human factor. For example, improving the way we onboard new employees into Thungela's way of work, how we assist people who have been promoted in their new roles and what leadership interactions should include.



Safety campaigns during high-risk periods

Increased safety awareness is promoted during the quarter 4.5 season which runs from October through to the end of January. Safety campaigns are designed to prevent unwanted lapses in concentration, guard against complacency and minimise fatigue during this high-risk time.

Activations were traditionally conceptualised by the centralised safety department. However in 2023, each mine devised its own initiative focusing on its unique areas of concern.

For example, Greenside Colliery’s safety campaign was entitled ‘Mindful Mining’ and encouraged employees and contractors to be fully present and engaged in every task. Centralised service departments competed against one another in the ‘Tour de Thungela’ and were rewarded for high-quality hazard reporting. Goedehoop’s cricket-themed campaign saw teams earn runs for positive safety behaviour and wickets fall when standards fell short, while the Elders project team leveraged excitement garnered during the 2023 Rugby World Cup with its campaign, ‘Don’t drop the ball!’.

Each campaign addressed mines’ specific safety challenges, either through increased engagement between management and employees or through supplementary practical and theoretical training on problem areas identified through leading indicators.

The role of technology in mine safety

Technology plays a pivotal role in our safety effort. In opencast environments, the technologies in use include collision avoidance systems for heavy mining machinery and light delivery vehicles (LDVs), GPS-based navigational clearance systems to ensure that all personnel have left blasting areas prior to detonation, radar scanning technologies to detect movement in slopes and highwalls and live boom-height monitoring using radar.

Drones and unmanned aircraft systems have become indispensable tools as they enable sites to conduct surveillance over vast areas without exposing employees to unnecessary risk. Applications include security, highwall mapping and the surveillance of mineral residue facilities for spontaneous combustion.

Personnel transporters and vehicles operated by contracting companies have been fitted with advanced driver assistance systems to substantially reduce accidents and incidents on public roads. These monitor seat-belt use, following distance, turn signals, hard braking, harsh acceleration, speed, fatigue and distracted driving. A fully integrated breathalyser prohibits vehicles from starting should alcohol be detected.

Proximity detection and collision avoidance technology has played an instrumental role in substantially reducing human-vehicle interaction underground.

Zibulo Colliery uses artificial intelligence (AI) to interrogate live video footage recorded by cameras installed at strategic points across the mine’s 21 km underground conveyor network. Introduced to reduce conveyor-related accidents and injuries, the system sets off an alarm in the control room should an individual position themselves too close to a conveyor structure or attempt to climb over it. Control and instrumentation specialists will test the effectiveness of AI in the detection of underground fires, smoke and cable damage in 2024.

Safety training

Safety training takes place across all levels and in various ways. Among these are the development programme we are currently rolling out to frontline leaders, annual induction training and daily safety briefings. Artisans, including contractors, undergo routine planned task observations conducted by competent individuals to ensure that they are able to perform tasks safely.

In 2023, we updated our three operational risk management (ORM) modules, with our own standards. These courses deal with continuous, task, issue-based and baseline risk management, the four layers of our operational risk management process. Employees will be trained on these modules in 2024.

Safety management

Robust SHE systems set out our requirements for the management of occupational health and safety risks.

These are contained in a suite of documents, including:

- The Thungela SHE Policy.
- SHE International Standards Organization (ISO) standards and specifications and toolkit (ISO 45001 and ISO 14001).
- Technical and SHE standards and specifications that cover the management of key risks.
- External standards and certifications such as the South African National Standards.

All sites are aligned with and assured against the ISO 45001 international standard for occupational health and safety management. Additionally, they each produce annual safety improvement plans to track performance against targets and address deficiencies identified over the preceding 12 months.

We have a constructive relationship with the Department of Mineral Resources and Energy (DMRE) and the safety inspectorate. The DMRE issued 12 safety-related Section 54s to five of our sites in 2023. A Section 54 refers to a provision of the South African Mine Health and Safety Act and empowers the Chief Inspector of Mines to issue a directive to suspend operations at a mine or section of it, if they believe there is an imminent danger to the health and safety of employees.

Our internal section 54 process is used to improve accountability and transparency, with each operation having ordered at least one stoppage during the year. We will continue to encourage site management teams to utilise this process as a way of addressing root cases before incidents occur.

No notices of non-compliance were served in 2023.



Looking ahead

A change across the entire business is required if we are to achieve our desired safety culture. We have now created "Safety" as a stand-alone pillar in our business strategy as we remain unconditional and single minded about being a fatality-free business.

We continue to strengthen our safety controls and culture, and have instituted measures from the executive level through to the front-line to live up to the promise that everyone goes home safely every day. Part of this involves giving employees complete clarity on our expectations of them in this critical area. It has been established that the safety portions of performance contracts should be more specific. These will therefore be replaced by a standard set of key performance indicators that will be linked to our three pillar safety strategy.

We will also be introducing third-party verifications to improve the application of critical controls and will be rolling out training on learning from incidents and ORM.

Occupational health

Prioritising a strong and healthy workforce is an essential component of our culture of care and creates the pathway to sustained business success.

Our health programmes focus on helping employees and contractors manage both their personal health risks and occupational hazards in the work environment through ongoing awareness and occupational risk and hazard management. Where the elimination of health hazards is not possible, we aim to reduce them to levels as low as reasonably practicable.

Our main occupational health risks are exposure to respirable dust, noise, fatigue and thermal stress due to recent heatwaves and rising global temperatures. We recorded three cases of occupational disease in 2023 (2022: 4).

Approach

Our approach to health is guided by our SHE policy and management systems, together with our own technical standards and the ISO 45001 and 14001 standards and specifications.

We carry out intensive training to ensure that employees are aware of the hazards they face and that they understand the measures required to mitigate them. Risks are prevented or mitigated through engineering solutions and the provision of appropriate personal protective equipment (PPE) such as masks, custom hearing protection and specialised clothing when exposure exceeds safe limits. All PPE adheres to stringent national and international standards, including specific requirements for women. Additionally, we implement administrative controls when these risks occur.

We have implemented real-time digital solutions that monitor environmental conditions and trigger alerts when exposure to hazards such as noise and inhalable particles reach unsafe levels. This prompts timely intervention to determine the root causes so that remedial action can be taken. We continue to work with the Minerals Council's Mining Industry Occupational Safety and Health noise and dust teams on the adoption of industry-leading practices.

Employees and contractors are required to undertake an annual medical certificate of fitness examination. The detection of early and low-level signs of exposure in these compulsory assessments has resulted in a continued improvement in our performance. All cases are investigated to identify their root causes so that appropriate actions can be taken. Key to this process is hazard identification, assessment and control. In the event of a serious occupational incident, the same learning-from-incidents process used in safety investigations, is applied.

DUST

Prolonged exposure to dust in underground coal mining environments can put miners at risk of occupational lung conditions, including coal workers' pneumoconiosis, chronic obstructive airways disease and occupational tuberculosis (TB).

During the year, we recorded eight voluntary stoppages to mitigate occupational hygiene risks related to dust exposure underground. A total of 522 employees (8.3% of the workforce) operate in areas classified as homogenous exposure group (HEG) A for respirable dust (2022: 639).

Members of the workforce are encouraged to report HPHs, including those related to dust. Reports remained static at 124 cases in 2023 compared to 121 in 2022. This demonstrates a maturity in the way the workforce views occupational dust risks.

We received an application for certification of class action from Richard Spoor Incorporated on behalf of various claimants in relation to coal miners' pneumoconiosis. We are in the process of considering the class action, its potential consequences, and the next steps.



Real-time dust monitoring

Advancements in sampling technologies that provide dust readings in real time will bring about a step-change in this area as workers can now immediately take corrective action should pre-set thresholds be reached. In previous years, laboratory analysis determined exceedances after the event, which meant that mitigation measures were largely reactive.

Furthermore, the emphasis has shifted from legal coal dust compliance at 2 milligrams (mg) per cubic metre (m³) to the Mine Health and Safety Council's (MHSC) 2024 milestone target of 1.5 mg/m³.

During the year, we introduced portable dust monitors to high-risk exposure groups in underground sections and on-board monitors for continuous miners. In addition, static monitors have been installed at intake airways and are linked to supervisory control and data acquisition systems. These systems empower workers to proactively stop work and implement immediate corrective actions. The emphasis will now be on educating employees on how to respond to alarms as per the trigger action response plan for dust.

Other projects set for implementation are the switch from dry to wet drilling methods and the continued trialling of a foam additive to dampen dust at conveyor transfer points.

NOISE

Unfortunately, two new cases of noise-induced hearing loss (NIHL) were diagnosed in 2023 (2022: 2). Our focus remains on controlling exposure at source and protecting employees who work in environments where noise levels exceed an eight-hour 85 decibel (dBA) limit.

Our operations have developed comprehensive noise registers comprising an equipment inventory and mitigation measures to reduce overall noise readings. None of our equipment produces noise levels above 105 dBA as per the MHSC's 2024 milestone requirement. Employee and contractor education on hearing conservation continues, while custom-made hearing protection devices are issued to those at risk of exposure at and above 85 dBA. Noise zones are clearly demarcated and the use of protective devices is closely monitored. To detect early hearing deterioration, we conduct both annual and ad hoc (dependent on noise exposure) audiometric screenings, which incorporate the required standard threshold shift.

During the year, we focused on ensuring greater accountability and discipline among frontline leadership to make certain that standards and critical controls are adhered to. Various stakeholders are now involved in the creation of dust improvement plans and investigations, while site control rooms play an active role in managing exceedances.

The incidence of exposure to levels greater than 85 dBA over an eight-hour time-weighted average (TWA) declined further from 2,914 in 2021, to 2,643 in 2022 and 3,622 in 2023.

New cases of occupational disease

	2023	2022	2021	2020
Noise-induced hearing loss	2	2	1	6
Chronic obstructive airways disease	0	1	0	0
Occupational TB	1	1	0	0
Occupational asthma	0	0	0	0
Coal workers' pneumoconiosis	0	0	0	0

Progress against the MHCS's 2024 occupational health milestones

NIHL

To eliminate noise-induced hearing loss by December 2024.

- Total operational or process noise emitted by any equipment must not exceed a milestone sound pressure level of 105 dBA.
- No employee's standard threshold shift should exceed 25 dBA from the baseline when averaged at 2,000, 3,000 and 4,000 hertz in one or both ears.

Performance against target

- Two cases of NIHL recorded in 2023.
- No equipment emitting sound pressure levels above 105 dBA.
- No workers were exposed to noise above 105 dBA over an eight-hour TWA.
- Employees exposed to noise above 85 dBA over an eight-hour TWA are provided with PPE.

Coal workers' pneumoconiosis

To eliminate coal workers' pneumoconiosis by December 2024.

- 95% of exposure measurement results for coal workers' pneumoconiosis will be below the milestone level of 1.5 mg/m³.
- Using current diagnostic techniques, no new cases of pneumoconiosis will occur among previously unexposed individuals*.

Performance against target

- We have not recorded any cases of coal workers' pneumoconiosis since 2019.
- We have seen a steady reduction in the number of people in the HEG A respirable hazards category owing to the control measures implemented.

* Previously unexposed individuals were not exposed to mining dust before December 2008 (equivalent to a new person entering the industry in 2009).





98%

Employees who know their HIV status

2022: 95%

96%

HIV-positive employees on ART

2022: 95%

HIV/AIDS

The first pillar in our HIV strategy is testing. By knowing their status, individuals can take care of their health and prevent the further spread of the disease. High annual testing rates and administering early anti-retroviral treatment (ART) have played an important role in our fight against HIV/AIDS.

In 2022, we aligned our targets for HIV with the upgraded Joint United Nations Programme on HIV/AIDS' (UNAID) 95-95-95 goals. This means that by 2030, 95% of our employees should know their HIV-status, that 95% of those who test positive be administered ARTs and that 95% on treatment have undetectable viral loads.

During the year under review, we achieved 98% testing, while 96% of employees who are HIV-positive, are on ART. Although it is difficult to determine the percentage of employees who have suppressed viral loads (many are treated by health professionals outside our health service), we can confirm that at least 83% have suppressed viral loads.

New HIV infections fell from 33 in 2022 to 20 in 2023.

Tuberculosis

We take pride in our ongoing endeavour to combat tuberculosis (TB), a highly infectious disease that claimed the lives of about 54,000 people in South Africa in 2022 alone. Mining is still regarded as a hotspot for transmission due to historically high transmission rates.

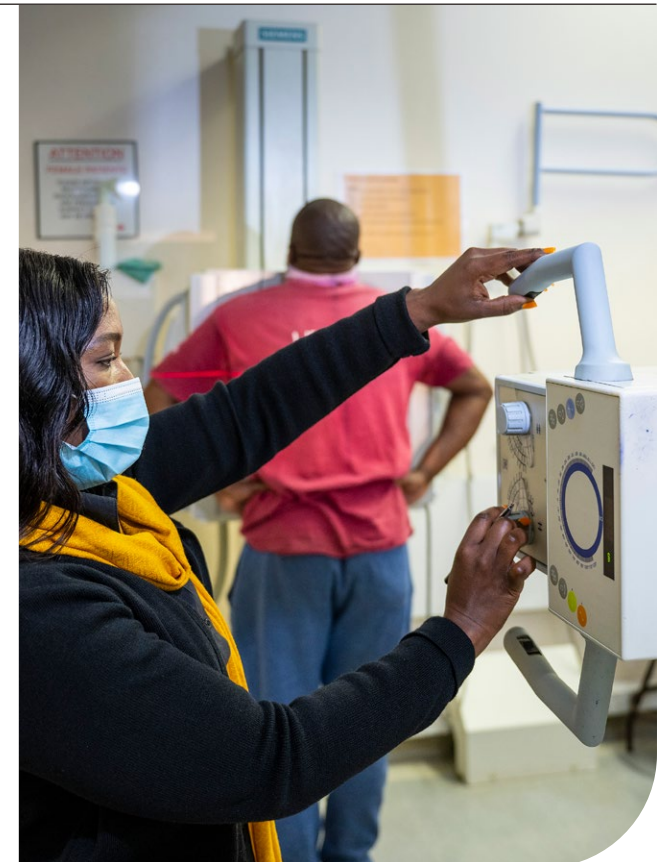
As a member state of the United Nations, South Africa has made a commitment to eradicate TB as an epidemic by 2030 – a cause we actively support through various means.

These include our ongoing collaboration with the Department of Health, the Witbank Specialised TB Hospital and community-based health organisations such as the Employment Bureau of Africa, which supports efforts to trace and treat employees, contractors and dependents who are infected with the disease.

We are pleased to report that the surge in cases we experienced in 2022 (five) receded to two. This rise in cases was consistent with worldwide trends and can be attributed to misdiagnoses and delayed access to treatment during the pandemic. Our annualised TB incidence rate stands at an all-time low of 44 per 100,000 employees compared with South Africa's 468 per 100,000.

This achievement comes thanks to early detection facilitated both during employees' mandatory medical certificate of fitness and via the Vital Six, which includes screening for TB. We encourage screening at every opportunity rather than have workers wait to participate in the compulsory annual medical certificate of fitness.

Most significant on our journey to end TB in our workforce is the fact that the majority of employees who live with HIV are on ART. We have not recorded a single TB-related death in our permanent workforce since 2018.



EMPLOYEE WELLNESS

2023 was a landmark year for employee health and wellbeing as 98% (2022: 95%) of the workforce presented for voluntary HIV counselling and testing (HCT), which forms part of the 'Vital Six'. The Vital Six are blood pressure, blood sugar, body mass index, cholesterol, TB and HCT.

This testing achievement is thanks to significant efforts by site management teams, wellness champions and medical staff who vigorously promote testing throughout the year. Energy and awareness around testing were created early in the new year, with one site already having achieved 95% by March 2023. Three mines achieved 100% testing by the end of the year.

Our wellness programme aims to prevent and manage illness by means of health education and promotion, site screening and medical surveillance, which aid in the early identification of disease and referral for appropriate treatment, follow up and care.

Screenings give employees and contractors the information they need to proactively manage their health. Approximately 37% of our workforce have chronic medical conditions and 19% are classified as obese.



Self-service wellness stations

Our Highveld Hospital situated in eMalahleni has invested in two high-tech medical self-service stations that give employees a detailed view of their current health in minutes.

Named Abby, these robotic health assistants have been positioned in the hospital's outpatients' department and occupational health centre, so that employees and contractors can monitor their own vitals.

Abby conducts more than 20 different health checks and collects 38 data points in a mere three minutes. This means that health staff have more time to consult and coach, while patients are empowered with a detailed dashboard and tips on how to address current and future health concerns.

The dashboard provides detailed information on, among many others, body mass index, body fat percentage, blood oxygen levels, blood pressure and metabolic and vascular age.

ABBY STANDS FOR:

- A** Where are you with your health?
- B** Where do you need to be?
- BY** By doing the following, you'll be able to get to where you need to be

Financial wellness

Financial stress can have a significant effect on mental health and a person’s ability to work safely and productively. Our Bokamoso financial wellness programme has made significant strides in alleviating high levels of indebtedness within our workforce.

Financial advisors from Summit Financial Partners are based at each of our mines to help employees get out of debt and achieve financial freedom.

Since its inception in 2017, the programme has garnered R44.2 million in savings and refunds by negotiating with creditors on employees’ behalf, challenging excessive or illegal garnishee orders and unscrupulous lending practices.

This figure includes:

R31.9 million
in debt relief instalments,
R8 million
in interest on debt,
R3.1 million
from loan audits,
Savings of more than

R800,000
on garnishee orders, and
Savings of nearly

R400,000
in debt through the rescheduling
of payments.

In addition, 680 garnishee orders have been audited and reduced by 70%, while 21 employees have had their cars and homes saved from repossession. Behavioural change is a cornerstone of Bokamoso’s success. Since inception, more than 6,000 employees have participated in financial wellness sessions, resulting in a noticeable reduction in unsecured loans. Secured loans have increased substantially, with 187 bonds and 792 vehicle finance purchases being granted.

When Bokamoso was first introduced, 66% of participating employees spent at least 40% of their take-home pay on debt repayments. This figure has declined to 11% and today, 63% are rated as being in ‘financial good health’.

Mental health

We offer an employee assistance programme, administered by ICAS. The programme is tailored to provide professional, confidential support to all employees and their dependents to address a variety of issues including stress, relationship concerns, organisational and managerial issues, trauma and bereavement, depression and anxiety, adapting to change and addictive behaviour. The programme can be accessed through a dedicated toll-free number around the clock and is available in 11 languages.

To improve use of the service in 2023, we ran extensive employee awareness campaigns on mental health and the availability of the service. We monitor feedback received from ICAS on reported themes and take steps to ensure that all our employees receive the most relevant benefits from these programmes. A review by ICAS of Thungela’s employee engagement of the service versus the mining sector showed that our utilisation rates are roughly double the sector average for individuals and quadruple the sector average when it comes to group interventions that include child, couple, family and group trauma interventions in the workplace.

Looking ahead

Our health service will continue to focus on TB screening given the success we achieved in 2023, while smoking – a particular risk for underground workers – will be addressed through the further rollout of tobacco cessation programmes. Special emphasis will be placed on employees in the HEG A category. Additionally, we aim to accelerate efforts to eliminate stigma around mental illness and create greater awareness of the support channels that are available to employees. We will also be updating our medical system to include the risk of thermal stress.





Our people

Core to our success is a workforce that engages wholeheartedly in meeting our commitment to be a safe, productive and responsible miner.

We depend on the support of agile, highly motivated individuals and teams who are equipped with the knowledge, skills and insights needed to excel in an ever-changing business landscape.

Our participation in the global Top Employers certification programme has enabled us to take several strategic steps towards achieving our ambition to be an employer of choice. We achieved certification for

the second time in 2023, and were once again rated on 20 elements, incorporating excellence in employee conditions, our people’s experience of the world of work, rewards and recognition, employee wellbeing and nurturing talent at all levels.

The programme, which has certified more than 1,800 companies in 123 countries, enables us to learn from the world’s top employers,

identify areas for improvement in our people practices, and enhance our reputation as an attractive company to work for.

Notable improvements were made across several key areas, including values; ethics and integrity; diversity and inclusivity and sustainability. Focus on other areas continued throughout the year and will be sustained during 2024.



Nurturing a positive, connected culture

In 2022, we undertook a review of the organisational spirit that exists at other mining companies around the world and gave considerable thought to the kind of environment we wanted to create within our new organisation.

A baseline culture assessment enabled us to determine the current climate and was followed in 2023 by a series of town hall engagements across the business. Apart from providing employees with feedback on the survey, the sessions stimulated honest and open discussion among employees about their experience at work. This enabled us to better understand culture enablers, derailers and symbols and rituals.

The results of these discussions were analysed to compile culture action plans and 49 champions were nominated to sustain our culture network. These champions facilitated engagement workshops to gather employees' views on what actions should feed into their plans to sustain our culture transformation.

Culture-focused activities are a work in progress and will continue for an extended period. Positive progress has, however, been noted in these areas:

Increased visibility of site leaders and regular engagement on topics that are relevant to their people.

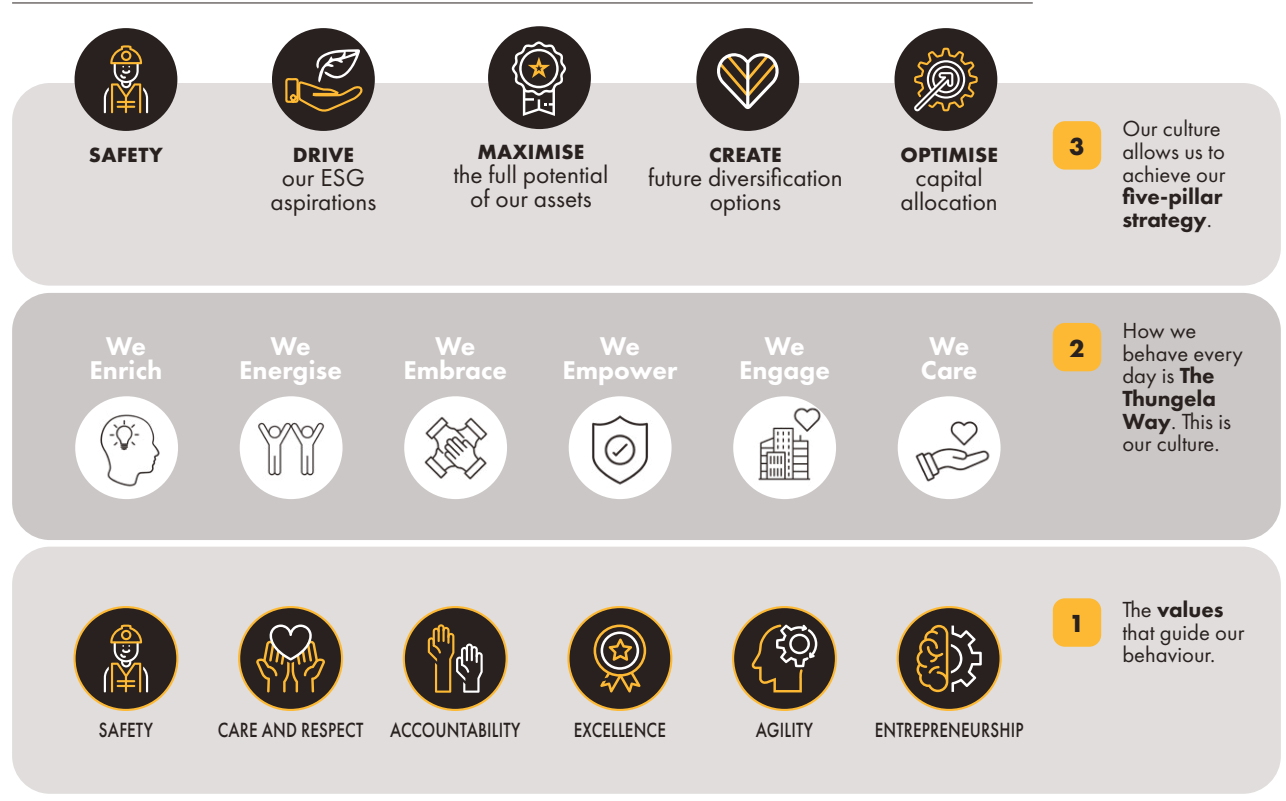
Increased collaboration between employees and management for positive outcomes.

Managers are now more equipped to hold honest conversations and thereby build stronger relationships within their teams.

We believe that values form the foundation of culture and that culture, in turn, supports the delivery of our strategy. Consequently, our culture transformation programme is firmly rooted in our strategic framework.

Living the shared values ensures the desired culture is embedded

thungela To responsibly create value, together, for a shared future



Leaders role model the values and shape the culture



THIS IS THE THUNGELA WAY –
the foundation of a truly inclusive
and diverse workforce

WE ENRICH

We offer an enriching world of work in which employees are encouraged to fulfil their potential. Individual development plans, exciting career paths and opportunities to stretch themselves all unlock meaningful growth and development.

WE EMPOWER

We empower our employees with the trust and autonomy they need to achieve results. Where possible, we have flexible, productive working arrangements. We also support a healthy work-life balance.

WE ENERGISE

We are bold, ambitious and driven by an owner-mindset. This means having an engaged workforce with a high-performance culture.

WE ENGAGE

We support agile decision-making and honest, open communication. Our leaders strive always to be engaged and open to ideas, including dissenting views. This is how we grow together.

WE EMBRACE

Being a good employer means creating a sense of belonging where people can bring their whole selves to work. We believe in embracing the differences that make our people, and our business, unique.

WE CARE

Core to our culture is the value of care and respect. Apart from caring for our people's safety and overall wellbeing, we care for our environment and host communities.

Our employee value proposition

Attracting and retaining talent

Our business and people strategies are closely connected as it is only by attracting, developing and retaining the right people in the right areas, that we are able to achieve our objectives.

As a coal company, our employee value proposition must go beyond superior rewards, exemplary human resources practices, and an unwavering commitment to employee satisfaction and development.

We must also demonstrate our commitment to environmental sustainability, ethical business practices and social responsibility, while at the same time advocating for the responsible use of our commodity as the world transitions to a lower carbon future.

Building a team of competent, committed and highly-skilled employees who are equipped to propel our business forward is heavily dependent on a strong and distinctive employee value proposition and our ability to ensure that our people achieve their personal and professional aspirations, in a harmonious and gratifying work environment.

A variety of actions are taken to address current and future talent challenges and focus heavily on diversity, opportunities for growth and development and the retention of high-performing individuals. One of these measures is the use of 'stay interviews' to enable us to gain a better understanding of talent retention-related risks and put appropriate actions in place.

Work environment

- Energised company
- Employer of choice
- Alignment across people, organisational culture, values and principles
- Shaped by our ambition, values and goals
- Shared sense of purpose
- Inspires innovation and values ongoing learning, career growth and development
- Agile decision-making and open two-way communication

Culture

- Thungela culture and values
- Ethics integrity and social responsibility
- Market position
- Leadership behaviour that drives excellence
- We deliver on commitments and are responsible and accountable for our actions
- Embrace diversity
- Corporate and social responsibility
- Celebrate success

A talent pipeline for the future

Bursaries

Our world-class bursary scheme is open to academic achievers who wish to pursue qualifications in technical disciplines, including mechanical, metallurgical, industrial and rock engineering; geology, mineral surveying, the environmental sciences, and ventilation and occupational hygiene engineering. Bursaries cover the cost of academic resources, accommodation and living expenses, while students receive regular advice, motivation and support from our programme administrator. The scheme gives preference to learners residing in our host municipalities where we have endeavoured to improve the standard of teaching and learning, particularly in mathematics and physical science, at local schools. Of the 34 bursars we currently have in the system, 27% come from host communities. Every year, bursars spend six to eight weeks of their university vacations at our mines so that they can gain exposure to the field. In their final year, each student is given a genuine mining challenge to investigate, analyse and craft potential solutions for. These ideas are presented to senior leaders, giving them an exciting opportunity to showcase their talents.

Benefits

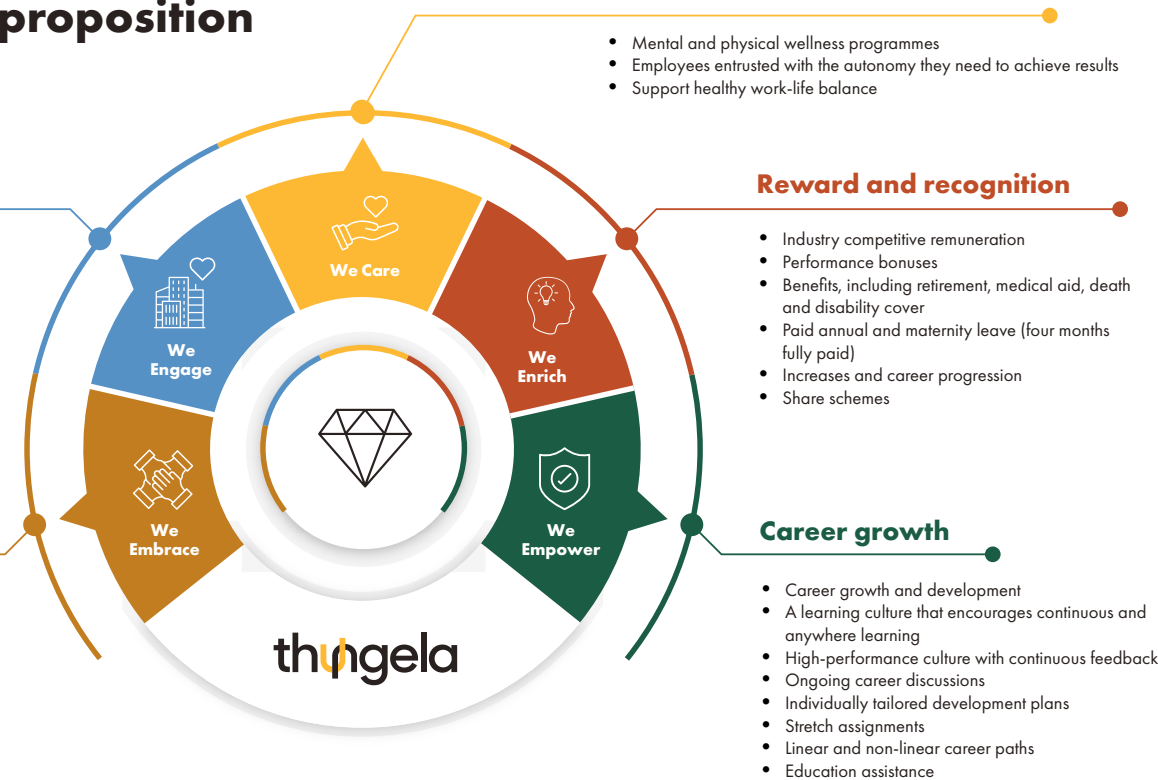
- Mental and physical wellness programmes
- Employees entrusted with the autonomy they need to achieve results
- Support healthy work-life balance

Reward and recognition

- Industry competitive remuneration
- Performance bonuses
- Benefits, including retirement, medical aid, death and disability cover
- Paid annual and maternity leave (four months fully paid)
- Increases and career progression
- Share schemes

Career growth

- Career growth and development
- A learning culture that encourages continuous and anywhere learning
- High-performance culture with continuous feedback
- Ongoing career discussions
- Individually tailored development plans
- Stretch assignments
- Linear and non-linear career paths
- Education assistance



40% of PITs come from the Mpumalanga region

48% are women

Professionals-in-training

Our professionals-in-training (PIT) programme provides newcomers with the experience and confidence they need to take up substantive roles within our organisation upon graduation from university. The programme currently includes 62 graduates whose disciplines are largely aligned with our scarce and critical skills needs. During their final year in the programme, each PIT is assigned a real-world business challenge to address, the findings of which are presented to a cross-section of senior leaders. The winning projects in 2023 involved the development of a groundwater information management system and an application that enables the real-time tracking of mine vehicles at one of our sites.

Maximising talent

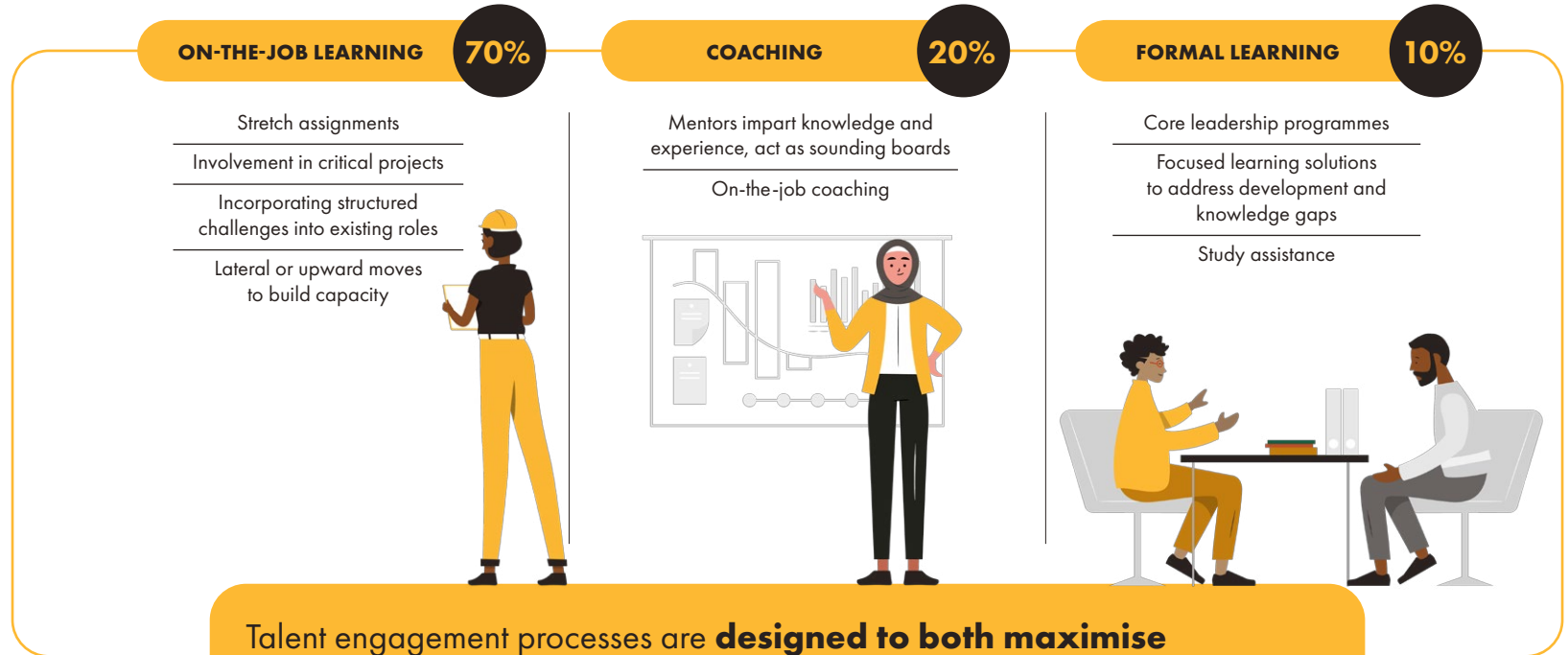
Our best practice talent management process starts with identifying current and prospective future leaders, working with them to help them achieve their potential, and hiring new talent to increase the depth and diversity of our talent pool.

Workforce planning is matched with present and future business needs and is aligned with our strategic objectives. Succession planning ensures that we have an adequate supply of talent for business-critical roles and successor development is prioritised accordingly. The outputs from this process inform our talent build or buy strategies.

Every year, employees update their individual development plans which enables them to set career goals, plan team and individual outputs, track their growth over time and receive coaching and study assistance. Each plan is integrated into our performance management system and is based on the 70-20-10 principle.

Successor development planning

70-20-10 principle



ON-THE-JOB LEARNING

70%

- Stretch assignments
- Involvement in critical projects
- Incorporating structured challenges into existing roles
- Lateral or upward moves to build capacity

COACHING

20%

- Mentors impart knowledge and experience, act as sounding boards
- On-the-job coaching

FORMAL LEARNING

10%

- Core leadership programmes
- Focused learning solutions to address development and knowledge gaps
- Study assistance

Talent engagement processes are **designed to both maximise employees' strengths and bridge development gaps** by offering them valuable opportunities to gain experience in specific areas.

Every two years, employees participate in manager-once-removed sessions that explore their individual career aspirations and the support they need to achieve goals that are aligned with company objectives. Career development panels take place every 18 to 36 months and enable

colleagues to connect with senior managers, a process that accelerates the visibility and mobility of talent. Stretch assignments, secondment opportunities, rotational moves, transfers and acting opportunities are all possible outcomes from these interventions.

Moreover, they provide talent with the opportunity to achieve their full potential in service of the organisational strategy. A formalised talent review and succession planning process takes place annually and includes deliberations on key people issues across all levels.

Performance management

Performance management is crucial if we are to inspire a culture that is defined by high performance. Our performance management framework is linked to a variable pay component, or short-term incentive. It applies to PITs and employees in middle management and above and is calculated using both individual (30%) and team performance (70%). The business component is strongly aligned with our business strategy and is based on 10 overarching metrics, including components related to ESG (20%).

Apart from holding leaders accountable for managing performance outcomes and developing talent, the framework is designed to foster honest and open conversations between managers and their subordinates.

It also harnesses the discretionary effort of employees to achieve higher levels of performance and enables them to better understand their individual contribution to strengthening our values and culture. During the year, managers were trained on how to have difficult conversations and conduct effective two-way engagement.

Skilled and semi-skilled employees receive production bonuses that are based on performance.

 More details can be found in the remuneration report in our **integrated annual report**.

Learning and development

Learning and development plays a crucial role in our people strategy as it contributes to the overall efficiency, safety and sustainability of our operations.

Building skills takes place at all levels using a variety of approaches – from immersive instruction to enhance machine operator safety and performance using virtual reality – to fostering team effectiveness for senior management and executive-level employees. Further to this, programmes extend to members of host communities, including people with disabilities.

In 2023, we spent R185.5 million on training, accounting for 4.4% of our wage bill. This was significantly more than the previous year's R142 million and 4.2% of the wage bill. Time spent on training per employee rose to 271 hours (2022: 219), while our average investment in training per employee increased to R23,085 (2022: R21,006).



R185.5 million

Spent on learning and development

R23,085

Average spent on training per employee



Employees trained

8,014

2022: 6,744
2021: 3,340
2020: 5,134



Investment in training (Rm)

185.5

2022: 141.5
2021: 117.4
2020: 76.7



Average spent on training per employee (Rm)

23,085

2022: 21,006
2021: 32,065
2020: 14,940



Total training hours

1,973,856

2022: 1,478,562
2021: 425,000
2020: 572,280



Digital human resources

In 2023, we further enhanced the depth and variety of content available on our learner experience platform, a digital tool that facilitates personalised learning experiences online.

As many as 45,000 courses, clips and slides are available to employees on a vast number of topics that cater for such disciplines as business management, finance, engineering, the sciences, safety and human resources. Content is also available to enhance their personal and professional development, with material on subjects including health and wellness, mindfulness, leadership, communication, assertiveness and public speaking.

Most material is immediately accessible and, where not, automated requests can be sent to line managers for approval. This generally applies for accredited modules that progress to level five of the National Qualification's Framework (NQF).

Educational modules and study programmes may take anything from 20 minutes to a full year to complete, while the platform employs artificial intelligence to curate and deliver content to users based on their specific interests.

Employees have shown the most interest in material related to IT, technology and personal development. Efforts to promote the platform and its offering will continue.

Talent and performance management and individual development plans have all been digitised. In 2024, we will focus on the implementation of new technology-enabled self-service offerings in the human resources space.

Leadership Academy

The Thungela Leadership Academy, which is designed to help embed the strategy, culture and values that make up The Thungela Way, entered its second year. The academy's six courses were developed in partnership with the University of Pretoria's Gordon Institute of Business Science and are each accompanied by personalised coaching and assessments.

Programmes are tailored for leaders at various levels and focus on developing world-class business and safety leadership skills; the ability to be adaptable and agile; enhanced financial and business acumen and the nurturing of social processing skills.



81 employees completed three of the academy's programmes in 2023 (2022: 97).

30
ASCEND

For the development of young leaders who have the personal, interpersonal, and professional skills required to adapt, perform, and learn in an environment characterised by volatility, complexity and ambiguity.

25
EXPLORE

Builds agile middle managers with the ability to think out of the box and have the commercial acumen and leadership skills to excel in a dynamic business environment.

13
LEADING WOMEN

For women executives and managers who want to progress in their leadership roles and expand their impact. They learn how to overcome gender challenges while mastering strategic communication and effective and authentic leadership skills.

Six months of individualised coaching was provided for 13 participants in the academy's Exceed and GM Accelerate programmes held in 2022. This enhancement ensures the effective application of learning and personal growth by incorporating elements from individuals' development plans. Exceed focuses on senior managers and their aptitude for agile and strategic thinking, while GM Accelerate is aimed at current and future general managers and targets performance and operational excellence.



Thungela Leadership Conference

During the year, we held the inaugural Thungela Leadership Conference, a three-day gathering that prompted leaders to consider their own personal roles in securing our business's success. It was held under the theme 'Igniting our Purpose'.

Attended by the company's top 50 leaders, delegates took stock of what Thungela has achieved since listing in June 2021, set the strategic direction for the short- to medium-term and determined what will be required to guide our organisation through some challenging times ahead.

Continuing rail constraints, softening coal prices and inflationary pressures all demand intense and decisive leadership focus to ensure that our business thrives, despite the downturn.

The conference gave participants the insights they need to play their part in delivering on our five strategic goals: safety, driving our ESG aspirations, maximising value from our existing assets, future diversification options and optimising capital allocation. The key themes were the power of purpose, thriving in a downturn and charting the path forward.

After the event, delegates attended an online course on building strategic agility. This focused on market, organisational and human systems and how they relate to what was learned at the conference.

Frontline supervisory leadership programme

Our new frontline leadership programme addresses the capability gaps that were identified during baseline and day-in-the-life assessments conducted in 2022. In broad terms, these relate to mobilisation, performance, planning, leading and holding people to account.

The course, which is currently being rolled out to employees at our Khwezela, Isibonelo and Goedehoop mines, will result in:

- The improved ability of frontline managers to manage change, drive team performance, solve problems and make decisions.
- A single view of what good frontline leadership looks like.
- The enhanced execution of day-to-day activities and continuous improvement.
- The embedding of our operating model and The Thungela Way.

A key aspect of the programme involves the deployment of six coaches who accompany frontline supervisors as they carry out their day-to-day duties, practising what they have learned in the classroom in their own unique working environments. In addition, coaches provide guidance in three specific areas highlighted in each participant's individual development plan.

The details of each coaching session are documented and give an overview of the progress delegates make in each competency. Coaches also highlight further support required to help each delegate achieve the desired outcomes. The programme will be rolled out to all frontline leaders by mid-2025.

Learnerships and internships

In 2023, 38 individuals entered our mining and engineering learnership programme, bringing the current number of learners in the system to 210. The programme is a structured learning process for gaining theoretical knowledge and practical skills in the workplace leading to a qualification registered by the NQF. This is linked to mine Social and Labour Plans, increases our pool of qualified artisans and attracts learners both from within the organisation and from host communities. Of the group, 97% are black South Africans, 35% women and 70% community recruits.


We offer opportunities for work integrated learning through our internship programme which caters for students whose qualifications are dependent on the completion of practical training. During the year, 55 interns gained hands-on experience at our sites.

Study assistance programme

Investing in our employees' personal and professional development is a cornerstone of our success. In 2023, our part-time study assistance scheme enabled 126 individuals to further their qualifications while balancing their commitments at work. Of these, 89% are black South Africans and 38% women. Qualifications were earned in 18 core areas of study, including human resources, asset management, engineering, business and management development.

Upskilling communities

Each of our sites offers a range of free community skills training programmes that are open to local youths. These involve a wide variety of marketable skills, including cookery, hospitality, computer literacy, sewing, bricklaying, plumbing and welding. During the year, a total of 225 community members were trained. Community skills training forms part of one of our four socio-economic development impact goals.

 Read more on **page 92**.

Breakdown on learning and development

Programme	Expenditure (Rm)		No of participants*		Historically disadvantaged persons (HDP) (%)		Women (%)	
	2023	2022	2023	2022	2023	2022	2023	2021
Bursaries	16.2	22.1	177	174	97	95	59	53
Internships, learnerships and PITs	110.3	77.2	549	443	96	95	48	46
Work-integrated learning (accredited learning)	14.4	15.3	1,293	2,328	92	92	26	24
Informal training (external providers)	36.7	17.3	3,206	1,819	90	89	23	25
Informal training (internal trainers)	7.5	9.6	2,789	3,122	89	91	23	23

* The number of participants is greater than the total number of employees trained as some employees attend more than one programme.



Changing lives, one skill at a time

Nine unemployed youths are fully qualified electricians following their completion of a programme offered by Zibulo Colliery.

The group had initially been enrolled in a four-month domestic wiring course but demonstrated such dedication that the site opted to sign them up for a full electrical skills programme. All nine are now fully qualified artisans in a trade that is in high demand.

The mine's driver training programme helps young people get their licences – a costly exercise, particularly for unemployed

youths. The mine has helped 43 young people get licensed over the past two years.

Furthermore, 37 learners have been able to complete their internships and Practice I and II training at Zibulo since 2021. This gives them the practical experience they need to complete their degrees and diplomas.



People with disabilities

For the past three years, we have run a 12-month learnership programme for people with disabilities. Candidates are sourced exclusively from host communities and gain NQF level 3 and 4 qualifications.

The goal is for them to earn their certificates in courses that will increase their chances of gaining employment.

One learner who participated in the supply chain programme has been appointed as a procurement administrator at a leading gas and chemical company. Other courses offered deal with project management, business administration and information technology. A total of 153 people under the age of 35 have been awarded learnerships over the past three years.

Mining Qualifications Authority

Our centralised learning and development centre and site-based training departments hold ISO 9001: 2015 certification. The former also holds training provider status from the Mining Qualifications Authority (MQA), while mine training centres are MQA-workplace approved. The MQA is the statutory body responsible for ensuring that learning programmes in the mining and minerals sector are aligned with standards set by the Quality Council for Trades and Occupations and meet all requirements of the Mine Health and Safety Act.

The body is funded by skills development levies paid by mining companies. To increase their investment in training, companies are reimbursed for levies paid for the implementation of various programmes. These reimbursements are received as mandatory and discretionary grants.

Learnerships, internships and internal and community skills training programmes comply with stringent MQA requirements. This has been aided through an internal audit process that has resulted in a significant rise in the payment of discretionary grant allocations.

Minerals Education Trust Fund

We are an active member of the Minerals Education Trust Fund (METF), an industry body that was established to support and enhance tertiary education in the mineral resources sector.

The fund’s primary purpose is to aid in the attraction and retention of suitably qualified academic staff specialising in mining, metallurgical engineering and the geological sciences. The initiative’s ultimate beneficiaries are 5,600 undergraduates at nine universities across the country.

We hold a seat on the METF board and have contributed more than R9.7 million to the fund since Thungela’s listing in mid-2021.

Our workforce

Our workforce is made up of 4,431 permanent employees (2022: 4,592) and 2,137 contractors (2022: 1,983) who are based at our mines, projects sites, sites that are under care and maintenance, centralised service departments and corporate headquarters in Johannesburg.

A total of 159 new employees were onboarded in 2023, while voluntary labour turnover fell from 5.0% to 3.8%.

 Please refer to **page 123** for further information.

The ratio of permanent to fixed-term contractors stands at 1:16.

Workforce distribution

Permanent employees	2023	2022	2021	2020
Zibulo	915	949	896	925
Khwezela	562	557	545	980
Greenside	809	875	792	775
Goedehoop	777	783	797	799
Isibonelo	403	422	424	356
Mafube	424	427	410	378
Rietvlei	34	30	16	21
Head office and centralised services	507	549	566	642
Total own employees	4,431	4,592	4,446	4,876
Mining contractors	1,855	1,760	1,825	2,269
Capital projects contractors	282	223	175	101
Total contracting staff*	2,137	1,983	2,000	2,370
Total workforce	6,568	6,575	6,446	7,246

* Numbers based on a fixed-term equivalent basis.

	2023	2022
Percentage of employees with a permanent contract	94	93
Percentage of employees with a fixed-term contract	6	7

Inclusion and diversity

We promote a workplace environment where every colleague is valued and respected for who they are, regardless of race, gender, sexual orientation, age, religion or disability.

More than being an important contributor to organisational success, diversity is a legal requirement in South Africa where companies are required to meet targets for designated groups, specifically HDPs. These include African, coloured and Indian men, all women and people living with disabilities.

Our policy on inclusion and diversity reflects our commitment not just to legal compliance, but to building an environment where all individuals are culturally and socially included, accepted and treated equally.

Our five-year diversity and inclusion strategy is founded on four pillars:

1 Drive diversity and representation

- Attract and retain targeted groups.
- Work towards equal representation of women.
- Deliberate target-setting and accountability.
- Succession planning and development to secure and retain a diverse talent pool.

2 Facilitate equality and empowerment

- Equitable access to opportunities.
- Organisational flexibility, responsiveness and agility.
- Evidence of leadership commitment to diversity.

3 Prioritise safety

- Provide education and awareness on human rights and dignity.
- Review of safety policies and practices.
- Ensure sufficient safety structures, including personal protective equipment.
- Improved and safe reporting channels.
- Communicate safety policies and consequences.
- Psychological safety and awareness on discrimination, bullying, harassment and victimisation (BHV).

4 Foster an inclusive culture

- Advocacy and awareness campaigns.
- Targeted training.
- Fostering transparency on inclusion and diversity plans.
- Continued monitoring and reporting against objectives.

Another focus area is creating awareness of LGBTQA+ (lesbian, gay, bisexual, transgender, queer, intersex and asexual) rights. More than 100 employees and other stakeholders celebrated Pride Day and showed their support for the LGBTQA+ community during 'Walk with Pride', a five-kilometre fun walk.

People with disabilities

A concerted effort is under way to increase our employment of people living with disabilities. Employment in this category rose from 0.3% to 1.5% in 2023, meeting the 1.5% target set by the Department of Employment and Labour (DOEL). Accessibility audits were conducted at all mines in 2023 to establish our readiness for the recruitment and inclusion of persons with disabilities. This exercise sought to identify environmental barriers across multiple areas, including parking facilities, site entrances, restrooms, change houses and workshops. Short-, medium- and longer-term solutions have been recommended.

We actively encourage employees to disclose visible and invisible disabilities so that they can get the support they need to manage their conditions, particularly if they work in safety-critical environments. We view their response as a positive sign that awareness continues to erode the needless stigma around disability.

Zero tolerance on discrimination, bullying, harassment and victimisation

We have a zero-tolerance stance on discrimination and BHV and strongly condemn any kind of behaviour that causes fear, intimidation or harm. Those who either witness or are themselves exposed to such behaviour are encouraged to report it to our independently managed whistleblowing service, HAIBOI, their line manager or site human resources department.

Our policy on BHV is aligned with the South African DOEL Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace. All cases reported are thoroughly investigated and pending the outcome, disciplinary action taken. During the year three cases were reported and investigated, resulting in three disciplinary processes.

Standing up against gender-based violence

According to the World Health Organization, South Africa has one of the highest rates of gender-based violence (GBV) in the world. We recognise our responsibility to advocate for change and aim to play our part in dismantling the systemic factors that contribute to this serious societal challenge

A Thungela employee represents our business as chair of the DMREs steering committee on GBV and femicide, and – together with another colleague – has twice addressed the National Men’s Parliament in the run-up to the annual 16 Days of Activism against GBV campaign. In 2023, more than 100 employees participated in the 702 Walk the Talk event and chose to walk for women in the fight against GBV and femicide.

Information on where affected colleagues can get support is periodically communicated in our weekly newsletter which is available to employees at all levels. Communications include details of our own internal employee assistance programme and those of NGOs specialising in the empowerment of victims of GBV and domestic abuse.

Employment equity

In South Africa we comply with the Employment Equity Act. This legislation seeks to achieve equity by promoting equal opportunity through the elimination of unfair discrimination based on race, gender and disability. It also involves the implementation of affirmative action measures to redress the historical disadvantages in employment experienced by designated groups.

Our ongoing transformation strategy has seen a persistent rise in the representation of previously disadvantaged South Africans across all occupational levels. Empowerment is driven by targets set by the DMRE, the DOEL and our own internal goals which extend beyond compliance.

As a way of furthering our efforts towards wider representation, we have fully integrated employment equity targets into our recruitment process. As an additional layer of governance, all appointments at a senior and middle management level are approved by the responsible executive and the business’s executive head of human resources.

Representation in senior management (excluding the executive committee) climbed 5% from 62% to 67%, middle management from 72% to 74%, and junior management from 82% to 85% in the reporting year.

Historically disadvantaged persons in management (%)	2023	DMRE TARGET	2022	2021	2020	2019
Top management (executive committee)	38	50	38	38	33	22
Senior management	67	60	62	59	58	58
Middle management	74	60	72	70	66	64
Junior management	85	70	82	80	76	72
Core and critical	89	60	88	87	86	84



Labour relations

At our wholly owned operations, 88% of employees have the right to freedom of association and collective bargaining. Of these, 73% are represented by the National Union of Mineworkers (NUM). Membership at Mafube, our 50% joint venture with Exxaro, is split between NUM (75%) and the National Union of Metalworkers South Africa (17%). The balance is non-unionised.

In June 2023, Mafube and its two trade unions commenced negotiations for the signing of a new wage agreement. Despite extensive engagement and a protracted mediation process, a deadlock ensued. This ultimately resulted in a 10-day work stoppage during the final quarter of the year. A three-year agreement was subsequently signed by all parties and will remain in effect until July 2026.

No other incidents of strike action or labour disruption were recorded. Neither were there any retrenchments or operational changes with the potential to alter employees' standing in our business. Should such action be required, we commit to prompt and honest engagement and compliance with Section 189 of the Labour Relations Act. We would also place a moratorium on any recruitment for all positions that are at risk of being affected by the Section 189 process, assess the number of employees close to retirement and place other employees in available vacancies before embarking on retrenchments. All of this is done in consultation with the unions.

Women in mining

Women account for 29% (2022: 28%) of our total workforce. The number of women in senior management rose to 34%, exceeding our internal target in this category by 1%.

These numbers are significantly higher than the targets set by the DMRE. Work on the continued attraction, development and retention of female employees will continue to ensure that they enjoy equal representation across every level and discipline. Pregnant women are accommodated in desk-based roles and provided with maternity leave and benefits that surpass legal requirements. Additionally, bargaining unit employees may apply for early child care support.

Women in management (%)	2023	DMRE TARGET	2022	2021	2020	2019
Top management	25	20	25	25	22	11
Senior management	34	25	30	26	22	19
Middle management	36	25	32	32	29	30
Junior management	30	30	27	25	23	23
Overall women as % workforce	29		28	27	25	23



Code of conduct

Employees, managers and key suppliers have been trained on the Voluntary Principles on Human Rights, our code of conduct and business integrity policy. By the end of 2023, 97% of digitally connected employees had completed their training online, while 93% of those who do not use computers in their day-to-day work, participated in face-to-face sessions. A respective 88% and 70% of contractor company supervisors and employees underwent the same instruction. Ongoing awareness topics focusing on the code's various elements educate employees on what is expected of them.

We adhere to the principles outlined in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Among these are each employee's right to a safe and healthy working environment, equal pay for equal work, freedom of association and collective bargaining. We do not tolerate discrimination and child and forced labour.

Housing and living conditions

Our efforts to promote sustainable home ownership have resulted in 99% (2022: 98%) of all permanent employees providing for their own accommodation. Apart from offering an industry-leading housing allowance, we have made a concerted effort to support employees by selling them company-owned houses for a better rate than they would gain on the open market. To date, 345 houses have been sold and several more are being transferred into their new owners' names. Fifty-seven houses were sold in 2022 and a further 45 in 2023.

99%

Employees receive a housing allowance and live in their own sustainable accommodation

Sisonke Employee Empowerment Scheme

More than 3,400 workers belong to the Sisonke Employee Empowerment Scheme which was established as one of the ways we deliver on our purpose: *to responsibly create value together for a shared future*. It also serves to entrench an 'owner's mindset' as beneficiaries have a vested interest in our business's success.

The trust owns 5% of Thungela's South Africa Coal Operations (SACO) Proprietary Limited and is entitled to receive 5% of the dividends paid out. Benefits after taxes and other expenses are shared equally among eligible employees.

In 2023, dividends amounted to R312 million and were awarded following the announcement of our 2022 and 2023 annual and interim results, respectively.

Our financial wellness partner, Summit Financial Services, hosted more than 200 financial awareness sessions before and after the awards were made. These included industrial theatre and classroom instruction to explain the scheme's purpose, how it works and how participants can get the most out of their money. Also incorporated were basic financial literacy and savings and investment. Some 2,839 or 82% of beneficiaries were reached.

The board of trustees is made up of an equal number of employee and employer representatives who held their first annual general meeting in 2023.



Communities

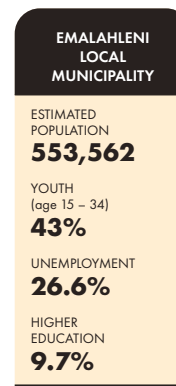
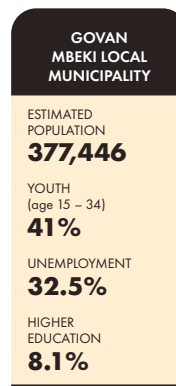
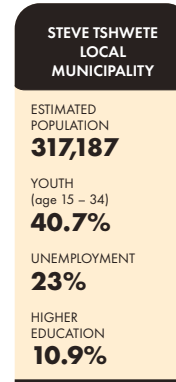
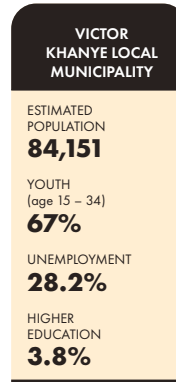
Impact with purpose

We aim to differentiate ourselves through the positive impact we make by investing in projects that improve the lives of people living in host communities.

To accomplish this, we must ensure that every social contribution we make delivers maximum benefits, is firmly aligned with community needs and aspirations, and achieves its intended impact. This all starts by gaining a true understanding of the context in which we operate.

Our operating context

All our South African sites are situated on the Highveld coalfields within the Nkangala and Gert Sibande districts of the Mpumalanga province.



A significant number of socio-economic challenges cut across all four host municipalities. These include:

- High unemployment
- Inadequate infrastructure, including water and sanitation, energy, health, transportation and connectivity
- Underperformance at primary and high school levels
- Insufficient education and skills training facilities
- A lack of quality early childhood development
- Demand for opportunities for small, medium and micro-sized enterprises (SMMEs) that are heavily dependent on the mining sector

Coal mining, steel production and coal-fired power generation are the lifeblood of communities in these regions. This renders them heavily dependent on these sectors and their value chains for their livelihoods. They are particularly vulnerable to the transition away from fossil fuels as the world moves towards a low-carbon future. More pressing, is the fact that many of the mines and power stations in the region are nearing the end of their economic lives.

Influenced by the challenges above, our socio-economic development ambition is to enhance social wellbeing, and stimulate local economic development by:

- Providing access to quality education and skills development
- Improving access to income generation opportunities
- Supporting the improvement and access to quality community infrastructure and health services
- Reducing reliance on the mines

Projects that address these priorities are executed through the delivery of each mine’s Social and Labour Plan (SLP) targeted corporate social investment (CSI), the implementation of strategic programmes and the development of black-owned SMMEs through hands-on business support and inclusive procurement.

The SLP is a regulatory requirement for South African mining companies and is a key component of the Mineral and Petroleum Resources Development Act. Its primary purpose is to promote employment and social and economic welfare. The plan, which must be renewed every five years, sets out targets relating to, among others, the training and development of previously disadvantaged South Africans, employment equity and the implementation of large-scale community projects that stimulate local economic development. Each one of these is closely aligned with our approach.

In developing new SLPs, we must also ensure that our projects address the impacts of climate change. During the year, our mines hosted workshops to assess which current and future projects address climate risks.

Source: Municipal Integrated Development Plans and <https://municipalities.co.za>

Socio-economic development impact goals

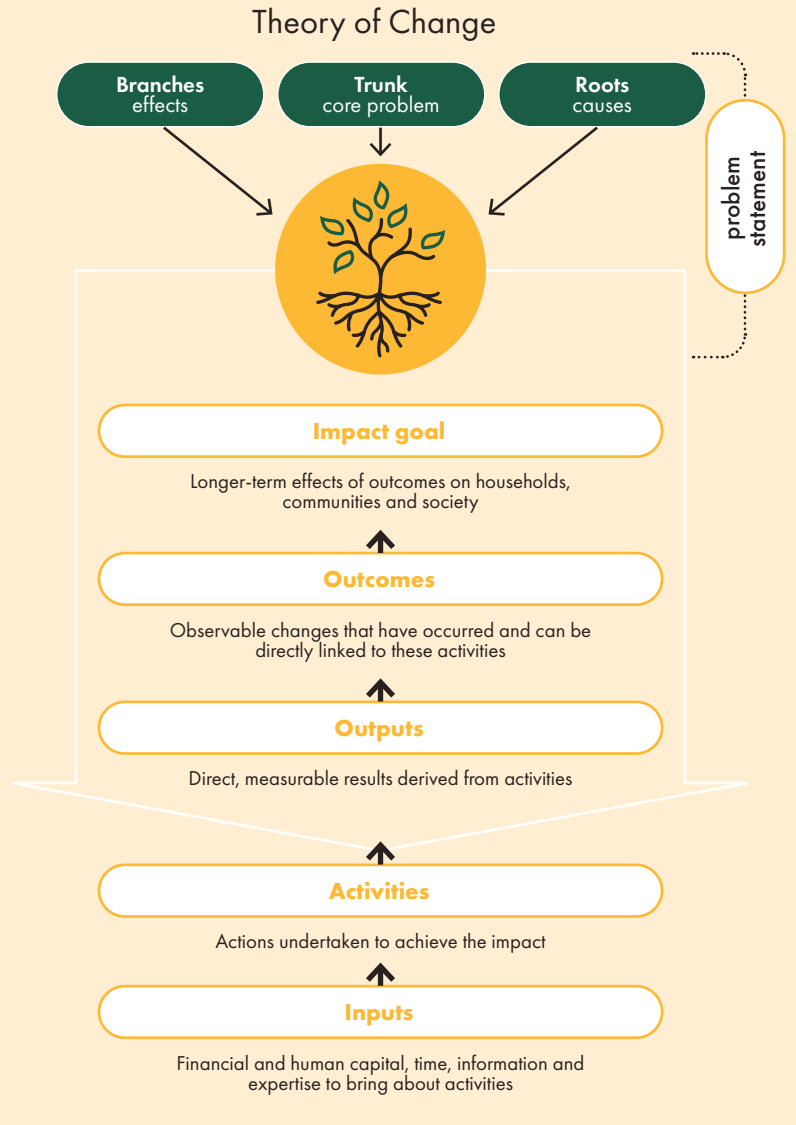
Every project we invest in should contribute towards the achievement of four impact goals. These goals were identified using the outcomes of a detailed impact assessment commissioned in 2021. It took into consideration the context in which we operate and our operations' remaining life of mine. The assessment sought to gauge the progress we had made in meeting our social objectives, to establish the impact of past socio-economic development initiatives and provide recommendations for the implementation of future programmes.

Our four social impact goals are to:

- Improve access to quality education and skills development.
- Support improvement and access to quality community infrastructure and health services
- Improve access to income generation opportunities.
- Reduce communities' and suppliers' reliance on mines.



We use a theory of change-based approach in the selection, planning, implementation and measurement of social projects. This process outlines the inputs, activities, outputs, outcomes and impact goal to be achieved.



IMPACT GOAL


1

IMPROVING ACCESS TO QUALITY EDUCATION AND SKILLS

Quality education addresses poverty’s root causes by providing individuals with the means to secure stable employment and contribute meaningfully to society. It is well-known that there are several gaps in the South African education system, particularly in disadvantaged communities.

These include, among many other challenges, a shortage of adequately qualified educators, overcrowded classrooms and insufficient educational resources. Exceptional education and a robust skill set not only pave the way for individual success, but also significantly lower the hurdles to securing employment.

We aim to enhance the educational outcomes of individuals across the learning spectrum, from early childhood development (ECD), primary and high school education, to university and vocational training in skills that are in high demand. All our mines provide free skills development opportunities for local community members, while three offer adult education and training.

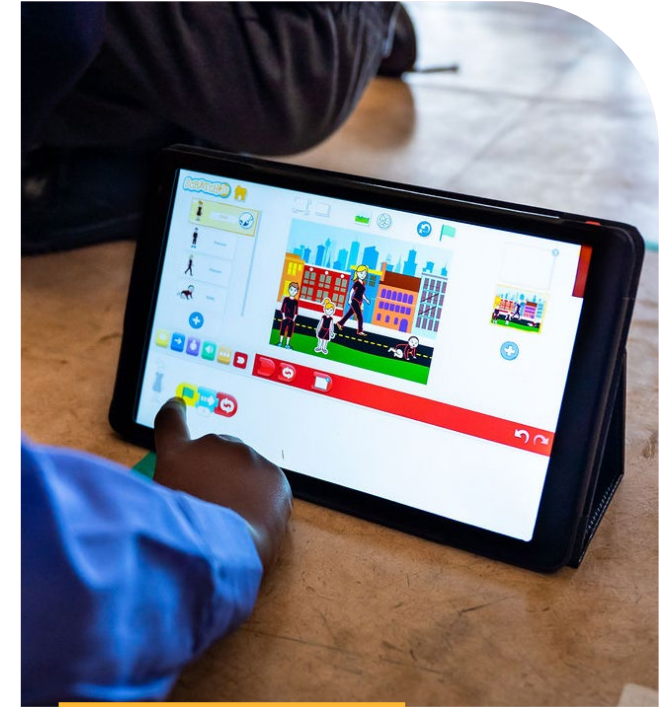
 Details of their skills development efforts can be found on **page 83**.

Early childhood development

In 2023, we finalised the implementation of the ECD component of our whole school development programme. The programme focused on capacity building for ECD centre managers and practitioners, infrastructure improvements and provision of teaching resources at 26 learning centres. Eighty-eight individuals were trained and provided with teaching resources.

Goedehoop has made a considerable impact on the ECD sector through its long-term partnership with the University of South Africa’s Department of ECD and the Steve Tshwete Local Municipality. This has seen 260 community members gain their NQF Level 5 certificates in education management and ECD.

Apart from strengthening the foundations of successful education, the programme has unlocked employment opportunities for qualified candidates with the South African Department of Basic Education (DBE). It has also enabled ECD centres to retain access to grant funding from the Department of Social Development which has done much to formalise the ECD sector and now maintains minimum staff qualification requirements.



Khwezela coding project

Khwezela introduced the coding and robotics programme to two of the local primary schools in 2023 and equipped a total of 40 learners in lower grades with skills of the future. This initiative is aimed at inspiring a love of science, technology, and engineering and teaches educators how to integrate technology into their lessons.

Star Schools

Our Star Schools programme first began in 2015, when Isibonelo partnered with supplementary education service provider, Star Schools, to improve local pass rates.

Since then, the initiative has strived to accomplish significantly more by giving young people from impoverished backgrounds the support they need not just to pass matric, but to access bursaries from our own business and other corporates.

The programme selects bright young people from schools in Isibonelo's host communities. Starting in grade 10, they participate in an intensive three-year study programme involving full-day Saturday classes and sessions on most days during the school holidays. These classes are given by expert teachers and come with top-class academic resources that focus on English, mathematics, physical science and life sciences.

Past graduates have overcome incredible obstacles to embark on careers in engineering, medicine, information technology, economics, applied mathematics, the environmental sciences, geology and metallurgy.

Greenside and Khwezela launched their own learner incubator projects in 2022 and have seen a considerable improvement in learner results.

Together, these two programmes have touched the lives of 300 learners from six eMalahleni-based schools and more than 1,600 learners from Govan Mbeki.



ISIBONELO STAR SCHOOLS SCORECARD:

Learners in the matric class of 2023 achieved a 100% pass rate in all four subjects and a collective 70 distinctions.

Ten years of excellence

The programme's 1,643 beneficiaries have achieved the following results since the project's inception a decade ago:

- Overall matric pass rate since inception: 99.8%
- Bachelors passes (the minimum requirement for entry into university): 95%
- Matric pass rate in English: 100%
- Matric pass rate in mathematics: 99.5%
- Matric pass rate in physical sciences: 100%
- Matric pass rate in life sciences: 99.5%
- Distinctions achieved in these subjects: 300+

Community scholarship scheme

Our community scholarship scheme continues to touch the lives of young people living in host communities by enabling them to pursue a university education. Unlike our traditional bursary programme, students are not required to pursue studies in a field related to the mining industry. Nor do they have a service obligation to the company on completion of their studies. First introduced in 2014, the scholarship has benefited 148 individuals, all of whom come from low-income backgrounds. Among the programme's first graduates are a young woman who spent time working as an assistant researcher on the sub-Antarctic Marion Island, the son of a petrol attendant and cleaner who became a chartered accountant, and a young woman who became a medical research nurse. Among the scheme's alumni are doctors, dentists, pharmacists, engineers, investment bankers, accountants and a meteorologist. To date, R51 million has been invested in this programme.



Vocational training

We have seen how vocational training can have a transformative effect on individuals and their communities and offer a range of practical skills training programmes that enable them either to enter the job market or start their own businesses. Certified programmes cover a wide range of study areas, including end-user computing, plumbing, carpentry, hospitality, mixed farming and professional cookery. In a programme offered by Greenside, 10 unemployed community members completed a two-year National Certificate in Professional Cookery through the Mpumalanga Regional Training Trust's Hospitality and Tourism Academy. Today, each graduate has either gained steady employment or started their own business. Ayanda Jiyane has gone on to employ 20 people on a contract basis and won a Bamebelela Business Award. This competition was staged by the Hollywoodbets Foundation's enterprise and supplier development arm. She also won the hospitality category of the Founder of the Year Awards in Kenya which honours young business founders who are contributing to development in Africa.

IMPACT GOAL

2

IMPROVING THE QUALITY OF COMMUNITY SERVICES

Inadequate funding within many South African municipalities has profound and far-reaching implications for the communities they serve. One of the primary consequences is a limited ability to invest in essential infrastructure and public services. In many instances the mining industry is called upon to bridge this gap.



During the year, we worked with local municipalities to deliver the following SLP projects:



PHOLA FIRE STATION

Fires are a frequent occurrence in the densely populated residential area of Phola which is situated a 30 km drive from the nearest fire station in eMalahleni. This distance meant that in the event of a fire, families would often lose all their belongings while community members put their own safety at risk extinguishing blazes. Built by Zibulo Colliery at a cost of R7.2 million, the satellite fire station ensures that emergencies are attended to rapidly, potentially saving lives and minimising the loss of property.

Improved emergency response times for around **32,000 individuals**.



OGIES TAXI RANK

Zibulo upgraded the Ogies taxi rank, a vibrant meeting point where taxi drivers wait for their passengers, where micro-businesses sell their goods to commuters and where operators conduct their business. The R1.5 million project has created a more comfortable place for passengers to wait, with clean, functional ablution facilities and a space where taxi associations can manage their administrative affairs.

Improved access to transportation for roughly **32,000 individuals**.



UPGRADED SEWER NETWORK IN LEBOHANG

A partnership between Isibonelo Colliery and Sasol has restored dignity to residents of Lebohang, near Leandra, where a crumbling sewer network saw raw effluent pooling in people's yards and often into their homes. As a result, residents dug furrows to divert sewage from their gardens into streets and, ultimately, local water courses. The severity of the situation is underlined in headlines reading 'Sewage spills make life unbearable for Lebohang community' and 'Catastrophic levels of e-coli in our water' in the local press. The project involved the construction of a new pipeline and wastewater treatment plant at a combined cost of R36 million. The development not only improves human health and wellbeing but minimises the flow of raw or poorly treated sewage into the Vaal River system.

Improved quality of life for **33,000 people**.



MOBILE CLINICS

Fifteen percent of rural households in South Africa live more than an hour away from the closest clinic and 20% from the nearest hospital. As public transportation is expensive and often unreliable, the cost of accessing medical care for already marginalised and vulnerable communities can be prohibitive. Goedehoop invested in two mobile clinics that will deliver vital health services to people living in remote rural communities. The R2.1 million project was handed over to the Mpumalanga Department of Health and will offer the same services as brick-and-mortar clinics. These include child immunisations, family planning, chronic disease management, voluntary counselling and testing for HIV, and screening for TB and sexually transmitted infections. Health workers will also dispense medication – including antiretroviral treatment and pre-exposure prophylaxis – while providing health and welfare-related advice.

Improved access to primary healthcare services for **approximately 120,400 people** in Nkangala and outlying parts of the Steve Tshwete Local Municipality.



IMPACT GOAL



IMPROVE ACCESS TO INCOME GENERATION OPPORTUNITIES AND REDUCE RELIANCE ON MINES BY STRENGTHENING THE LOCAL SMME SECTOR

Our strategic focus on economic sustainability involves a concerted effort to strengthen community SMMEs so that they can create enduring opportunities for income generation and employment.



THUTHUKANI

Thuthukani is our enterprise and supplier development programme and the primary vehicle through which we drive SMME development. It offers local entrepreneurs business skills training, mentorship and support, technical enablement and loan funding at preferential interest rates.

Through our programme partners, we support current and potential suppliers' growth within our own and other value chains. We also support SMMEs that fall outside the mining procurement network.

A total of R28 million was spent on enterprise and supplier development in 2023. This benefited 12 suppliers, 222 enterprise development beneficiaries and 50 small businesses that were supported with technical enablement. The latter

aims to ensure that they have the capacity and accreditation to deliver on their contractual obligations while maintaining world-class safety, health, environmental and quality standards.

During the year, we helped 47 eligible suppliers obtain various accreditations, including ISO 45001 (occupational health and safety), ISO 14001 (environmental) and ISO 9001 (quality) management systems.

Three other beneficiaries were enabled with necessary systems and technical training courses. Among these were tracking systems certification, vibration monitoring analysis, Quality Council for Trades and Occupations Accreditation and Learning Material, coded welders accreditation and fall rescue/arrest systems certification.

Loan finance rose from R1.8 million to **R21.6 million** in 2023 supporting 114 new direct jobs.

IMPACT GOAL

To improve access to income generation opportunities and reduce reliance mines.

MILESTONES ACHIEVED



Improved capacity of SMMEs through business skills training

12

Supplier development graduates

33

Enterprise development graduates

100%

Pass rate in various business skills training programmes



Enhanced capacity for SMMEs to access opportunities in the green economy

149

Attended awareness session on opportunities in the green economy



Enhanced pipeline for local suppliers ready to pursue opportunities within our supply chain

R21.6 million

Disbursed to qualifying businesses

2

Enterprises graduated to 'supplier status'



Increased growth capacity for existing suppliers through technical enablement

47

Awarded certification to ISO 9001, ISO 4001 and ISO 45001 standards

3

Tracking systems certification

Vibration monitoring analysis

Coded welders accreditation and fall rescue certification

R28.1 million

spent on enterprise and supplier development in 2023

Supplier end-user day and green economy workshop

During the year, Thuthukani hosted an exhibition to give 25 participants an opportunity to present their products and services to end-users from all our operations. We also hosted a workshop attended by 149 small businesses from host communities for opportunities in the green economy.



Costing and pricing workshops

Many small businesses take themselves out of the running when responding to requests for quotations. This is simply because they are unable to provide the information required when our supply chain sources potential suppliers. Thuthukani hosted a workshop on costing, pricing and tendering at each of our sites in 2023. These sessions were attended by 189 entrepreneurs who were capacitated with skills on how to correctly complete tender documents, meet legal and Thungela supply requirements, and price competitively.





MPUMALANGA STAINLESS INITIATIVE

Thungela, capital equipment supplier Komatsu and steel producer Columbus Steel each contributed to the purchase of a high-tech laser cutter for the non-profit Mpumalanga Stainless Initiative.

The business incubator project in Middelburg provides business development services for 37 established SMMEs and 25 start-ups who benefit from shared infrastructure and equipment, knowledge and technical support.

Bought at a cost of R2 million, the machine boasts high processing speeds, cuts a range of material thicknesses and has no limitations in cutting design. It has enabled beneficiaries to remain competitive, increase their output and diversify their product offering.

Since its acquisition, it has sustained **73 jobs and created 49 opportunities** for employment. In addition, six beneficiaries have already been able to grow their turnover by at least 5%.

TOOLS OF THE TRADE INITIATIVE

Goedehoop Colliery's Tools of the Trade initiative is a corporate social investment project that sees the mine and its key suppliers donate essential tools and equipment to emerging enterprises to help them expand their businesses.

One of its beneficiaries is BECCA Farming and Projects, owned by peach farmer Khulile Mahlalela. While successful, a lack of simple but necessary equipment hampered her ability to take her business to the next level. An additional challenge was that by growing a single crop, she could only provide seasonal work for her employees.

The mine's partnership with security services provider, The Tsebo Group, addressed these challenges with a donation of equipment valued at R225,000. Goedehoop's portion comprised rakes, wheelbarrows, leaf blowers and watering cans, while Tsebo provided ovens that are used to turn cuttings from the orchard into premium quality fruit wood charcoal.

Unlike peaches, charcoal can be sold year-round which means that seasonal work has become permanent, secure and sustainable for her **11 employees**.



Looking ahead

The Thungela Education Initiative to be launched in early 2024, will focus on grade R to four learners at 45 primary schools across Nkangala and Gert Sibande. This five-year partnership with the DBE will address many of the gaps identified during a baseline assessment of children in the foundational phase. This will be done through the implementation of a series of projects aimed at improving school readiness, enhancing literacy and numeracy, upskilling educators and management teams and refurbishing school infrastructure for optimal teaching and learning. The programme will focus on 'no fee' schools where parents are exempt from paying fees due to their financial status. Another focus area in the education spectrum will be the expansion of our coding and robotics programme that aims to equip learners for the fourth industrial revolution.

Improved community infrastructure and services will continue to be delivered through an extensive range of SLP projects. Among these are the provision of street lights and a trauma centre in Phola, the construction of an industrial park in Lynnville, eMalahleni; a waste transfer station and multi-purpose centre in Embalenhle, and water and sanitation projects in Middelburg and Delmas.

Our approach to social performance

Our goal is to maximise the many advantages that mining has to offer while striving to minimise its undesirable impacts on local communities.

Activities in this area are guided by the Thungela Social Policy which sets out the performance standards and requirements to manage both our negative and positive impacts. This policy is based on international best practice standards and has been adapted for the local context.

The policy's requirements relate to governance; risk and impact management; stakeholder engagement, socio-economic development; social and human rights risks and impacts; cultural heritage; land acquisition and involuntary resettlement; emergency preparedness and social management plans. A toolkit was developed to provide a structured and systematic guideline for the policy's implementation and was introduced to internal stakeholders during 2023.

In addition, we developed a social assurance framework that will be used to evaluate the policy's implementation as well as the effectiveness of management plans implemented to address identified social risks and impacts. This process will provide the confidence that social risks and impacts are identified and that plans are put in place to manage and mitigate these adequately.

The framework is based on a maturity model and is designed to facilitate continuous learning and improvement, guiding sites on a journey towards leading practice in social performance. Each operation will undergo independent social assurance assessments annually. An internal baseline assessment will be conducted in early 2024 to better understand each site's current performance levels. A follow up review will be done at the end of the year to evaluate improvement.

Social performance maturity model



OUR SOCIAL POLICY IS ALIGNED WITH SEVERAL OF THE UN SDGS:



Our stakeholders

Transparent and constructive relationships enable us to better understand concerns and co-create solutions to social challenges.

Stakeholders are identified as part of an annual process to update contextual information by each of our sites. They include regulators; national, district, local, and provincial government; traditional authorities, host communities, surrounding mining companies, business partners and non-profit and community-based organisations.

During this process, we identify each stakeholder's level of influence and their interest in our business, the purpose of our engagement and the frequency and methods of engagement to be employed. Moreover, the current status and quality of each relationship is assessed every year.

Regular, honest and open engagement takes place with communities via:

Mine community engagement forums that meet either monthly or quarterly to engage on topics that are important to community stakeholders. These include local employment, procurement opportunities for local suppliers, skills development, upcoming social projects, incidents and grievances, life of mine, SLP compliance and environmental concerns such as dust and noise.

A quarterly gathering of **traditional authorities** gives us an opportunity to collaborate with traditional leaders on issues of mutual concern. In South Africa, traditional leadership is a constitutionally recognised institution that plays a role in preserving the culture, traditions, customs and values of African people. These authorities play a key role in helping us manage social risks and better understand community needs. Their unique perspective aids in the shaping of social projects for maximum impact. The meeting is facilitated by site social performance teams and is attended by representatives

from mine disciplines including human resources, training and environment.

Integrated and local economic development planning forums organised by the four municipalities that host our operations. Through our attendance, we are able to establish local government priorities, identify new community projects and explore opportunities for partnership with like-minded organisations. During these forums, we also report back on the delivery of current SLP projects.

Future forums meet annually or quarterly, depending on the mine's lifespan and include representatives from mine management, labour, local government, and regulatory authorities such as the DOEL, the DWS and the DMRE. The forum's objectives are to discuss life of mine challenges and identify possible solutions to productivity and employment issues. Additionally, they ensure that mine community development projects are aligned with the sustainability of communities post-closure and provide performance updates on progress in meeting the human resources and local economic development aspects of the SLP.

Post-resettlement working groups are currently run by our Mafube and Khwezela mines to engage project-affected people post-physical resettlement. A particular focus is the development and implementation of effective and sustainable livelihood restoration programmes.

More details can be found on **page 103**.

Business forums are run by a number of mines and include site social performance and supply chain personnel, local enterprises and business bodies. Business-related concerns, opportunities and supplier communication channels are discussed.



Stakeholder perception

During the year under review, we commissioned an independent stakeholder perception survey that would give us an unbiased assessment of how stakeholders view us.

OUR STAKEHOLDERS AND THEIR INTERESTS

TRADITIONAL AUTHORITIES IN EMALAHLENI, STEVE TSHWETE, GERT SIBANDE AND VICTOR KANYE



Interests

- Formal recognition of traditional authorities as key stakeholders.
- Collaboration on issues of community development (youth empowerment, education, local employment, procurement and CSI)
- Nkulo Community Partnership Trust
- Access to land for initiation schools and cultural practices

Engagement methods

- A quarterly forum for traditional authorities
- Ad hoc meetings

Status of relationship

Overall, relationships with traditional authorities improved. During the year, social performance representatives visited KwaNdebele to meet King Makhosonke II Mabena, the reigning king of the AmaNdebele. The purpose of the engagement was to discuss issues of protocol and how to determine the legitimacy of emerging traditional authorities. Tribal leaders from nine authorities were interviewed in our stakeholder perception survey, with all but one saying that their interactions with our business had been positive. That said, 67% feel they are not heard, while 44% believe that our community engagement processes are not inclusive enough.

Current status of relationship

- Challenged
- Moderate
- Good

Change in relation status from 2022

- ↔ Stable
- ↓ Deteriorated
- ↑ Improved

COMMUNITIES



These include host communities, local farmers and farm dwellers, youth-based organisations, schools, business structures, faith-based organisations, beneficiaries of socio-economic development projects, resettled communities and next of kin in grave relocation processes.

Interests

- Socio-economic development
- Skills development
- SLP projects
- Nkulo Community Partnership Trust
- Procurement opportunities
- Management of grievances
- Mine closure
- Land claims
- Labour tenant claims
- Grave and household relocation
- Land use and access
- Access to graves

Engagement methods

- Community engagement forums
- Online platforms
- Post-resettlement working groups and engagements with next of kin
- Mine business forums
- Public participation forums
- Farm dweller engagement platform

Status of relationship

More than 60 community members residing in host municipalities participated in the survey. Although relationships have deteriorated with some communities in eMalahleni, respondents recognised our contribution as an employer of a large number of people and said that they had noted our efforts to improve the lives of people living in the area.

That said, there appears to be distinct gap in communication between mines and their host communities. This gives the perception that our sites are doing little to support local economic development. A community newsletter will be used to communicate key community initiatives in 2024. Many respondents also felt that the concerns they raised were unheard.

Perceptions among respondents living in Steve Tshwete were positive. They acknowledge our role in promoting employment and in uplifting communities, particularly in respect of skills development.

Perceptions in Govan Mbeki are mixed. Some 45% of participants had never interacted with Thungela but are familiar with the brand. Twenty percent reported having had a positive experience, while the remaining 35% had negative impressions.

REGULATORS AND OTHER GOVERNMENT DEPARTMENTS



The DMRE, DOEL, DWS, Department of Agriculture, Land Reform and Rural Development; Department of Education, Department of Health, Department of Public Works and Infrastructure, Department of Social Services and the Department of Forestry, Fisheries and the Environment.

Interests

- Compliance with safety and health, environmental and labour legislation
- Broad-Based Black Economic Empowerment (B-BBEE)
- Kromdraai level 4 environmental incident
- Permitting
- Partnership in development projects
- Engagement on new mining projects
- SLPs

Engagement methods

- Engagement forums
- Site inspections and visits
- Ad hoc meetings
- Public participation forums
- Future forums
- Annual reports

Status of relationship

Relationships with regulators have improved on the back of extensive remediation efforts following the level 4 environmental incident we incurred at Kromdraai in 2022. Seventeen representatives from the departments of health, education, DWS, and DMRE were interviewed in our perception survey. They described working with Thungela as a 'positive experience' and engagements as 'professional in nature'. We were also noted for our contribution to socio-economic development and the quality of our social upliftment programmes, particularly those that benefit the youth. Sixty-eight percent described their level of trust in our business as 'high', 25% as 'good', and 6% as 'moderate'.

FELLOW MINING COMPANIES AND BUSINESS PARTNERS



Mines and related industries.

Interests

- Collaboration on development projects and stakeholder engagements
- Market and industry development opportunities
- Supplier relationship management

Engagement methods

- Meetings.
- Community engagement forums.
- Local authority and regulatory meetings.

Status of relationship

Relationships remain constructive and collaborative.

LOCAL AND DISTRICT GOVERNMENTS



The eMalahleni, Steve Tshwete, Govan Mbeki, and Victor Khanye local municipalities that fall under the Nkangala and Gert Sibande district municipalities.

Interests

- Public-private socio-economic development programmes, SLP projects and municipal capacity building
- Socio-economic impact of operations on host communities and municipalities
- Engagement on grievances raised through municipal channels
- Engagements concerning new mining projects
- Nkulo Community Partnership Trust
- Compliance with air quality management reports
- Compliance with bylaws on fire prevention and hazardous substances, waste, noise, blasting and wastewater management
- Public participation in key projects
- Land access
- Spatial planning
- Local economic development (LED) collaboration
- Joint monitoring and technical support on LED implementation

Engagement methods

- Integrated development planning forums
- LED forums
- Future forums
- One-on-one engagement on specific projects
- Ad hoc meetings
- Public participation forums

Status of relationship

Our relationships with local and district municipalities remain supportive and collaborative. Representatives from each local municipality interviewed describe our business as 'professional', 'community-driven' and 'open-minded'. Trust levels are rated as 'high' (77.8%) and 'good' (22.2%).

Current status of relationship

- Challenged
- Moderate
- Good

Change in relation status from 2022

- ↔ Stable
- ↓ Deteriorated
- ↑ Improved

SUPPLIERS



Suppliers and service providers.

Interests

- Supply chain optimisation
- Creating a circular supply chain and ensuring responsible sourcing
- Compliance with long-term sustainability contracts on matters such as local expenditure, employment and investment in local communities
- Inclusive procurement opportunities
- Supplier and enterprise development initiatives
- Development of existing smaller suppliers and other enterprises
- Vendor registration

Engagement methods

- Supplier roadshows
- Individual supplier engagements
- Electronic channels, including virtual townhalls
- Advertising through existing market channels
- Enterprise and supplier development programmes
- Collaboration with original equipment manufacturers on their provision of technical support for SMMEs
- Social performance meetings with business forums

Status of relationship

Relationships remain solid and collaborative despite numerous changes brought about by the separation of our supply chain systems and services from the Anglo American Group at the end of the transition period post-demerger.

CIVIL SOCIETY



Activists, non-governmental organisations, community-based organisations, legal bodies, public benefit organisations, farming associations, Mpumalanga Parks Board.

Interests

- Environmental rights and protection
- Climate change and the responsible energy transition
- Land rights and resettlement
- Partnerships in development projects
- Resolving grievances related to mining impacts
- Adequacy of closure provisions
- Lobbying activities

Engagement methods

- Meetings
- Forums
- Requests for information through the Promotion of Access to Information Act

Status of relationship

Representatives from eight NGOs were interviewed as part of our perception survey. They felt that they were able to work with Thungela to achieve common social and environmental goals and described the relationship as trusting and efficient.

Social incident and grievance mechanism

The current socio-economic climate calls for more engagement than ever as the local mining sector faces urgent demands for further investment in infrastructure, employment, and opportunities for local suppliers. Expectations unfortunately exceed supply and come at a time when the sector is itself under acute pressure due to falling coal prices and ongoing rail constraints.

During the year, we recorded 29 (16 in 2022) incidents of protest action. Of these, 14 took place outside our Elders and Zibulo North Shaft construction sites where demands were made for further employment and supply chain opportunities. The balance of the protests took place outside Khwezela and Mafube and were the result of blasting activities and compensation-related claims.


Elders' main contractors have spent R90 million with local suppliers to date and have provided 422 jobs in the host community.

Members of the public are informed of our social incident and grievance mechanism during community engagement forum meetings and other stakeholder gatherings. Employees are made aware of this facility during annual induction sessions.

Grievances can be made telephonically, via letter, email or by filling in the complaints register at the entrance to each mine. These are captured in our electronic incident management system which records the receipt, analysis and response to each report made within a given timeframe.

Grievants must receive an acknowledgement of receipt within 24 hours, while the issue is sent to the relevant department for investigation. Findings and proposed resolutions are then discussed with the aggrieved party who either expresses their satisfaction that a matter is resolved or lodges an appeal. An independent mediation process is initiated when a grievant is not satisfied with the resolution.

In 2023, 94 grievances were logged on the system (2022: 50), 16 of which were level 3 incidents (2022: 19). Of these, 18 related to blasting, eight to demands for employment and 18 for supplier opportunities. The household resettlement and grave relocation processes at Mafube accounted for 16 of the total. These grievances relate to defects detected at newly built houses, pleas for additional compensation not stipulated in entitlements agreed upon, and the relocation of graves.

 For details, see **page 103**.

We have a target of zero level 4 and 5 incidents with social consequences, which was achieved.

Emergency response

During the year, we developed an integrated emergency preparedness response plan that considers the potential effects of mine disasters on doorstep communities.

Until now, crisis management plans have not adequately taken into consideration how catastrophic incidents would affect people beyond a site's perimeter, and what external mitigation measures should be triggered in the event of an emergency.

The project comprised three multi-disciplinary workstreams that focused on some of our primary business and community risks. These relate to water bodies and mineral residue facilities (MRFs), fire and gas, and crime and civil disturbance.

These teams each staged an emergency drill to gauge current preparedness levels in the event of an emergency. Scenarios included a chlorine gas leak at the eMalahleni Water Reclamation Plant, the dam wall breach of an MRF at Khwezela and a community uprising outside the same site.

The goal was to establish gaps in existing emergency procedures before integrating measures that would apply were an actual disaster to extend to local communities. The drafting of the externally focused emergency preparedness response plan was finalised in 2023 and is under review for adoption into our document management system. The next steps involve establishing emergency assembly points, potential shelters and engaging emergency services that would be called upon in the event of a catastrophic incident. Additionally, we will test the effectiveness of the new procedure.



Human rights

Our approach

If not managed with the utmost care, mining activities have the potential to infringe on a substantial number of human rights. As a result, human rights considerations are woven into our values, code of conduct, and the policies and procedures that guide the effective and ethical operation of our business.

These rights relate to workplace safety, decent employment, environmental management, our interaction with host communities, the delivery of projects, supply chain activities, contractor management, governance and security.

Through our human rights policy we commit to respecting national legislation and internationally proclaimed human rights principles. This policy directs our actions and encompasses the thorough assessment of current or potential human rights infringements through due diligence. Additionally, it outlines the implementation and monitoring of management measures to effectively prevent or mitigate these impacts.

Our human rights policy applies to directors, employees, business partners, contractors, suppliers, service providers and advisors when they conduct business on our behalf. Compliance is overseen at various levels, from the board and its social, ethics and transformation committee, to the executive committee, senior management, site leadership and functional teams.

The policy is brought to life in daily operations and decision-making and is shared with new and existing contractors and suppliers. Human rights requirements are incorporated into our contractual agreements with them.

We have an effective grievance mechanism and incident management procedure that caters for human rights-related grievances. This mechanism is promoted during community engagement forum meetings.



Our performance

In 2023, internal assurance was conducted to assess our compliance with the policy. The exercise sought to evaluate the adequacy and effectiveness of our controls and to provide leadership with reasonable assurance that the key risks associated with human rights are managed to an acceptable level. The audit incorporated policies and procedures, governance, risk assessment, training, monitoring and reporting.

The audit indicated that key controls associated with human rights are operating effectively and are supported by the existence of an approved policy, a human rights-focused training programme that is being executed within the agreed timelines, and oversight of compliance at various levels. In addition, the exercise gave assurance that our existing grievance mechanism and incident management process explicitly allow for the reporting of human rights violations.

An area for improvement we identified is the increased monitoring of suppliers' and contractors' human rights performance in line with our responsible sourcing framework. This will be a key focus area in 2024.

WE ARE GUIDED BY:

The International Bill of Human rights and the Universal Declaration of Human Rights

The International Covenant on Civil and Political Rights

The International Covenant on Economic, Social and Cultural Rights

The International Labour Organization's Declaration on Fundamental Principles and Rights at Work

The Voluntary Principles on Security and Human Rights

Training and awareness

Awareness is created across the workforce on what human rights are, how they can be infringed upon and why they must be respected. This was done throughout 2023 via channels such as video clips available on the intranet, the *Thungela Weekly*, screensavers and posters.

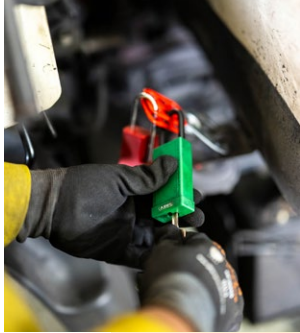
We are in the process of developing more in-depth human rights training that will include day-to-day scenarios in which characters demonstrate how rights can be infringed upon and what employees should do to prevent or mitigate this. This training will be rolled out to employees and adapted for inclusion in induction training.

During the year, 98% of permanent and contract security personnel received detailed training on the Voluntary Principles on Security and Human Rights.

Our priority human rights risks and how we manage them

Human rights risk assessments have identified the following as our most pressing human rights risks all of which are monitored on an ongoing basis:

Workplace safety

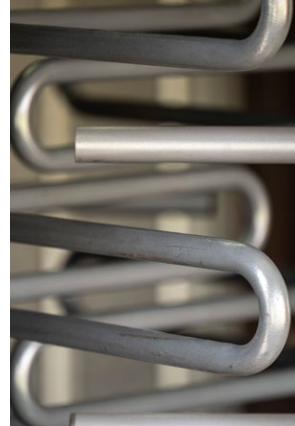


Every employee and contractor has a fundamental human right to earn a living for their family without coming to harm. Our primary focus is on eliminating fatalities and safeguarding the most basic of all internationally-recognised human rights – the right to life. We must also maintain each person’s right to a safe and healthy working environment. Risk identification and management, learning-from-incidents and the deployment of appropriate controls are key elements of our safety management system. Employees are also actively encouraged to exercise their right to refuse unsafe work and conditions without fear of recrimination.



Read more about our safety management on **page 65** of this report.

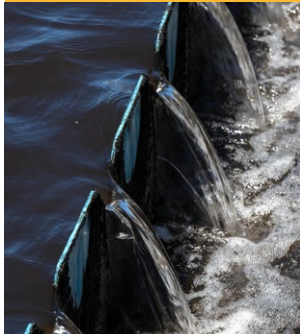
Security



We have a duty to ensure the safety and security of anyone working at or visiting our mines. Operational sites, closed or closing collieries are targets for unlawful activities such as illegal mining, copper cable theft and the theft of other infrastructure. We also periodically encounter community protest action, which could potentially put employees, contractors and members of the public at risk. During such events, security personnel must strike a delicate balance by allowing groups their right to protest and at the same time protect employees and company assets. Protest action is included as a key element in our integrated emergency response plan which considers the effects site disasters could have on doorstep communities.

In instances where protest activities impact our operations, we adhere to the Regulation of Gatherings Act, 1993, and our human rights policy. Our security strategy aligns with the Voluntary Principles on Security and Human Rights.

Water



Sufficient, safe, physically accessible and affordable water is a fundamental human right. Our operations are situated in water scarce regions. We must therefore ensure that our use of this increasingly threatened natural resource does not limit access for other users. We maximise opportunities to conserve water and to increase reuse and recycle rates. We also treat water at our eMalahleni Water Reclamation Plant to potable quality and provide that water to the municipality to supplement their supply. We also have measures in place to guard against the uncontrolled release of mine-impacted water into the surrounding environment.



Read more about our management of water on **page 49** of this report.

Resettlement



Resettlement can result in negative impacts, including reduced access to land, livelihoods and failure to achieve social cohesion among resettled populations. As per international best practice, every effort is made to firstly avoid or minimise displacement. We apply the principles of Free, Prior and Informed Consent when resettlement cannot be avoided. We make use of IFC and World Bank guidelines on stakeholder engagement, the awarding of entitlements, compensation, physical resettlement, transitional support and the mobilisation of livelihood restoration programmes.



Read more on **page 103**.

Mine closure



A comprehensive and inclusive approach to mine closure is needed to deal with a variety of human rights risks. For example, the right to work and economic security, the right to a clean environment and the right to food and clean water. Each mine has a closure plan which incorporates a vision, goals and objectives across every facet of closure, including physical stability, environmental quality (including water, soil and air quality), health and safety, biodiversity, social (employee relations and socio-economic development) and aesthetic quality. All mine closure plans contain a set of measurable and time-bound targets in the form of a master action plan that is tracked regularly on the SHE management system. We include provisions on our balance sheet for rehabilitation, decommissioning and closure, including the treatment of water.



Read more about mine closure on **page 55** of this report.

Supply chain



The suppliers we work with may put us at risk of indirectly infringing on human rights. Our responsible sourcing standard sets out the minimum requirements expected from our business partners. These include the International Labour Organization’s decent work principles and compliance with all applicable legislation to safety, health, the environment and surrounding communities.



More information is provided on **page 109** of this report.



Responsible resettlement

The real marker of success in any community resettlement process is not the completion of physical resettlement, but the degree to which families are able to thrive post-livelihood restoration.

Mafube is in the final stages of a residential resettlement process involving the relocation of 20 homesteads comprising 88 households.

Approach

Resettlement is an intensely challenging and complex undertaking that we consider only when all realistic alternatives have been exhausted.

With existing coal reserves nearing depletion, the mine focused its attention on its unexploited Nooitgedacht resource to sustain operations and employment for more than 1,600 employees and contractors until approximately 2042.

The area to be mined was populated by a number of households scattered across various parts of the resource. To minimise its impact, the mine limited resettlement to households situated exclusively on portions of land earmarked for mining, where critical infrastructure was to be built, and where homesteads were positioned within the legal 500-metre blasting exclusion zone.

The process commenced with the creation of a displacement framework designed to ensure that the rights and wellbeing of those being displaced would be protected, and that their resettlement would be carried out in a fair, humane and sustainable manner. This framework laid the foundation for the development of a resettlement action plan (RAP) which specified the approach to be followed in each stage of the process.

The overall objective was to ensure that project-affected households would be left in a similar or better position than they were prior to resettlement. A high-level overview of key stages of the process is provided in the pages that follow.

Engagement

Any resettlement process must be carried out with free, informed and prior consent. Stakeholder engagement took place at every stage and will continue for an extended period post-livelihood restoration.

Interested parties included:

- Persons and households to be resettled
- Their receiving communities
- The Department of Agriculture, Land Reform and Rural Development
- The Steve Tshwete Local Municipality
- NGOs and advocacy groups

Engagements took place via multiple platforms and were conducted either in English, Zulu or Ndebele. Written communications and legal documents were also available in these languages, while special consideration was given to vulnerable groups. These included the illiterate, women and households who, by virtue of age, income, or other factors, were considered vulnerable. Among the measures adopted were alternative forms of communication for those who do not have access to mobile devices and ensuring that female spouses and not just male household heads were present during consultations.

A grievance management process was established at the outset and remains open for concerns and complaints. These can be made via instant messaging, phone, email or by completing a grievance form.

STANDARDS, GUIDELINES AND LEGISLATION

The process was conducted in line with:

International best practice, including the International Finance Corporation's (IFC) Performance Standard 5

DMRE's standards on resettlement National legislation

The corporate policies and guidelines of both joint venture partners

An analysis of the gaps between international good practice and South African legislation was undertaken. Where gaps were identified, the more stringent of the two requirements was adopted.



Entitlements and compensation

Surveys were conducted to establish a socio-economic baseline profile of affected households and served as a census of the people who were entitled to compensation on a like-for-like basis. This was done to define a benchmark for post-resettlement monitoring and evaluation and to identify and record assets. Asset inventories included living structures and outbuildings; fields, food gardens and fruit trees; landholdings and access to communal assets and resources such as water, grazing land and firewood.

Two resettlement sites were identified: Sikhululiwe, a rural village that would enable families to continue living an agrarian lifestyle, and Sam Rose Valley, an urban township situated four kilometres from the town of Middleburg.

Ultimately, 36 households chose to settle at Sikhululiwe and 52 at Sam Rose Valley. Twelve households that make up a single homestead, are currently either undecided or unwilling to participate in the resettlement process. We are opposed to forced evictions and therefore continue to engage with the residents concerned.

Individual stands were awarded for individual households within an extended family unit or homestead. This means that grandparents, parents and adult children and their respective families were eligible to receive their own homes with security of tenure.

Livelihood restoration

A livelihood restoration plan developed by a specialist consultant received input from project-affected households. This plan includes:

- The establishment of an agricultural area for women (this is well under way, with participants already harvesting vegetables for their own use and for sale).
- The use of existing assets for start-up businesses, for example a school taxi service and tuck shops.
- Reskilling and upskilling with emphasis on employability.
- Scholarships.
- Provision of support to secure government-provided entitlements, including social grants and indigent subsidies.

These measures were subject to a sustainability and feasibility assessment. They were measured against a wide selection of criteria, including:

- Household human resource capacity.
- Available homestead and household assets.
- Level of community and household support.
- Markets for goods and services.
- The presence and availability of partners and service providers.
- Programme costs and likely short and long-term benefits.

Monitoring and evaluation of the efficacy of these plans will continue for at least three years after resettlement.

Cultural considerations

A significant improvement over prior resettlement processes is that both intangible and tangible cultural heritage was incorporated into the entitlement framework. Intangible cultural heritage, for example, involved ceremonies associated with moving houses. In the Ndebele culture, for instance, some families sacrifice lambs or goats and/or brew traditional beer to appease the ancestors and get their blessing for the move.

Tangible cultural considerations involved ceremonies for the exhumation and reburial of infants who are traditionally buried inside the home. Leaving a deceased child could be considered a significant deterrent for resettlement and was therefore regarded as an important requirement.

Prayer and initiation huts – *indlu ka-gogo* and *indumba* – were included in the entitlement. Previously, these were paid for in cash rather than being rebuilt at resettlement sites.

Grave relocations

For the most part, mining takes place in rural areas where families have historically buried ancestors on the properties where they reside. Consequently, when communities are resettled, grave relocation often follows. We acknowledge the sanctity and importance of burial sites, particularly in African culture, and endeavour to undertake each exhumation and interment with care.

The residential resettlement process at Mafube requires the relocation of approximately 382 graves, an undertaking that has been sanctioned by the South African Heritage Resources Agency (SAHRA) which must grant its approval for the relocation of graves older than 60 years.

Permits may only be supplied once SAHRA is satisfied that a concerted effort has been made to contact and consult communities and individuals who, by tradition, have an interest in a grave or burial ground.

Ninety-one graves have been relocated following the receipt of all necessary permits from SAHRA, the local municipality, the South African Police Service and the Mpumalanga Department of Health. The relocation of 174 graves has been approved by next of kin following public participation and several postings of public notices in the form of posters and advertisements on radio and in the local press. Public participation went beyond the minimum legal requirements.

Despite full compliance with legislation and having followed all relevant IFC guidelines, Mafube received negative publicity over two relocations.

In one instance, the next of kin came forward after the public notice period had ended, voicing their dissatisfaction over having not been informed of the transfer of their ancestor's remains. In another, a family suggested that nine graves instead of eight should have been located at a particular burial ground. Efforts to find the missing grave are under way.

In early 2024, a new round of public notices was initiated following the discovery of 17 chance finds. These refer to graves that were exposed by chance and had not previously been detected by other means. Like most graves located in informal burial grounds across the mining right, they are unmarked.



Culture and heritage

Over recent years, we have strengthened our relationship with traditional authorities and gained a deeper understanding of customary practices. One of the avenues through which we support the preservation of local culture is by providing safe access to culturally significant tracts of land under our charge.

This land is used to conduct traditionally important ceremonies, for example, the initiation of boys as they undergo the transition from young men into adulthood.

In 2023, we continued to collaborate with a number of traditional authorities in our areas, including the SoGutjhe Royal House and its charitable foundation. While the house is committed to keeping time-honoured culture and heritage alive, it has a contemporary outlook on addressing local needs.

Among its charitable endeavours are the delivery of food parcels to indigent households, the staging of youth programmes during the school holidays and the provision of bursaries for girls. It also uses its social media platforms to advertise vacancies, supplier opportunities, learnerships and scholarships available at local mines, including our own.

In addition, the foundation's women's arm hosts Saturday gatherings for about 400 young girls between the ages of five and 25 who gather to take part in traditional song and dance and learn valuable life skills, with a strong focus on education and financial independence.

The relationship we enjoy with this authority is significant as it provides a stabilising influence in an area where frustrations over high unemployment, inadequate infrastructure and poor service delivery, previously played out in incidents of violent activism. The authority actively encourages dialogue between the community, our own business and other mining houses to achieve mutually beneficial outcomes.

We also regularly engage and support the initiatives of other traditional authorities in eMalahleni and Govan Mbeki local municipalities.

Contribution to society

We actively support communities through various means, including the payment of taxes and royalties, job creation, the implementation of skills development programmes, facilitation of local business opportunities, and sponsorship of education and community health initiatives.

Our socio-economic contribution includes:

- Our firmly entrenched socio-economic development work, through which we partner with government, communities and institutions that address local needs.
- The economic value of our policies on inclusive procurement and supporting local suppliers.
- Economic value added to the country through royalties and taxes.

The Nkulo Community Partnership Trust

The Nkulo Community Partnership Trust serves as an additional mechanism for sharing the value we create with host communities and the labour-sending areas from which our employees originate.

Registered as a public benefit organisation, it was established by Thungela in 2021 and has since amassed dividends of R750 million through its ownership of a 5% interest in South Africa Coal Operations.

Funds are administered by a board of trustees that was appointed in 2021 and will be directed towards charitable and developmental projects that support:

- Welfare and humanitarian initiatives.
- Healthcare.
- Education and development.
- Social mobilisation.
- Conservation, the environment and animal welfare.
- Sports and culture.

These priorities were identified through an in-depth needs assessment which informed the subsequent approval of several projects that are being implemented.

- The replacement of 19 classrooms and ablution facilities constructed from harmful asbestos building materials at Mphephethe Primary School near Hendrina.
- The construction of a walkway, two classrooms and an administration block at Bonginhlanhla Stimulation Centre for the Disabled in Middelburg.
- The supply of essential items to Witbank Hospital.
- A 16,000-litre capacity honey sucker for the removal of human waste in rural and remote villages, households and farms in the Steve Tshwete Local Municipality.
- A water supply project involving the sinking of a borehole, construction of a pumphouse and supply of a 500-kilolitre storage tank will provide potable water to residents of KwaGuqa, eMalahleni.



Socio-economic development

Every year, we share the value we create with host communities through our delivery of SLP projects and CSI initiatives that are identified through our engagements with communities, local governments, the DMRE and other sector departments.

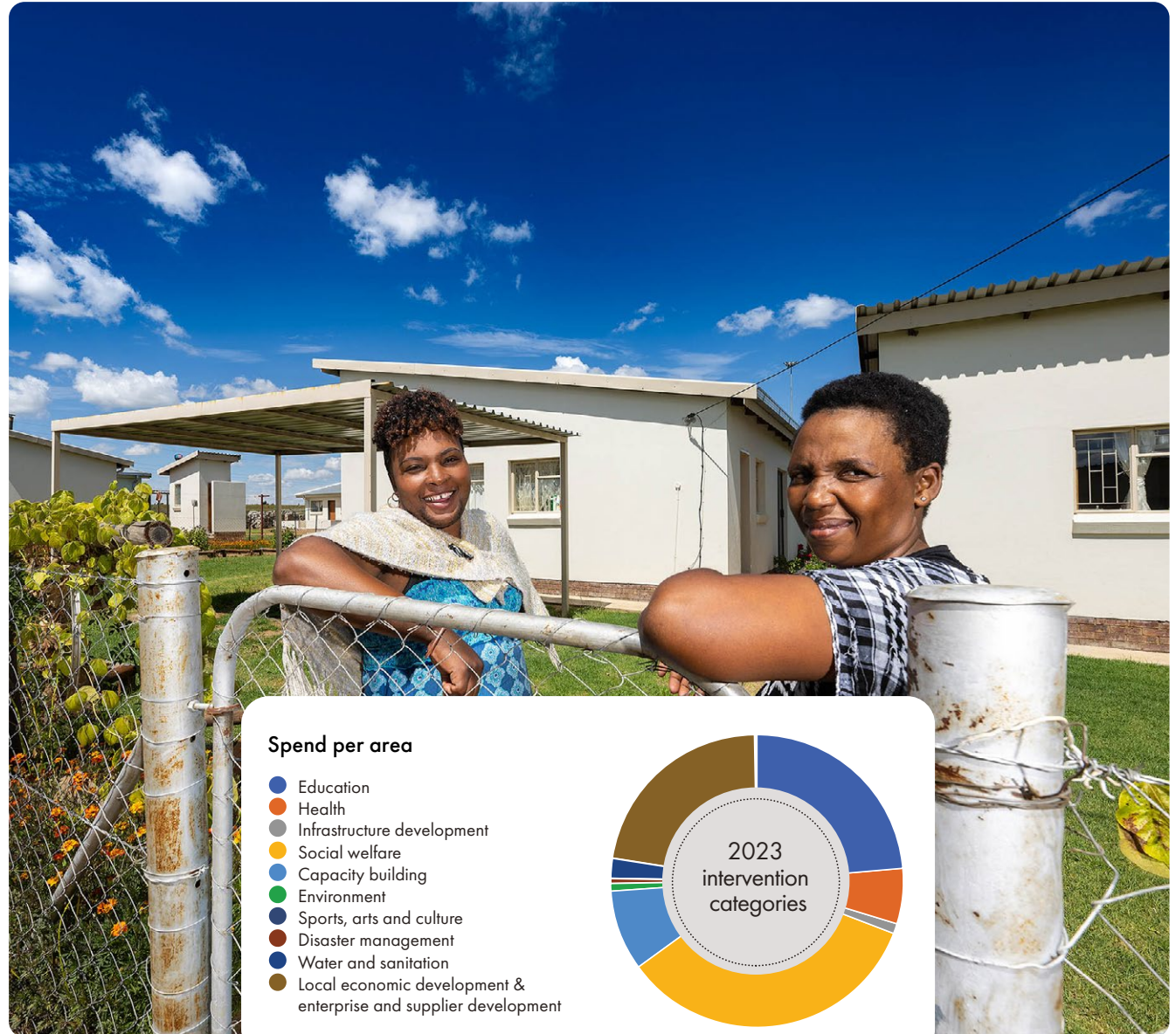
In 2023, our total expenditure on socio-economic development was R125.9 million compared to R107.9 million the previous year. Of this, R19.6 million was directed towards SLP projects, R15.1 million to CSI and R91.2 million to strategic programmes targeting improvements in municipal capacity, education and supplier development.

Expenditure on initiatives that help municipalities improve the services they render local communities increased substantially from R5.4 million to R43 million with the donation of an electrical transformer to enable the municipality to restore electricity to the community following blackouts, training for leaders and the conclusion of a R40 million water supply arrangement with the eMalahleni Local Municipality.

Our contribution to education declined from previous years with the winding down of a long-standing educational initiative focusing on ECD, primary and high school learners. This will be replaced with a five-year partnership with the DOE targeting grade one to four learners at 45 schools.

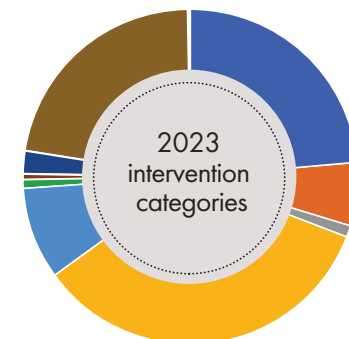
Expenditure on enterprise and supplier development rose considerably with the implementation of Thuthukani which marked its first full year in operation in 2023.

Mine community development expenditure (Rand million)	2023	2022	2021
SLP	19.6	13.2	20.4
CSI	15.1	13.4	15.1
Strategic projects	91.2	81.1	83.2
Education	20.0	62.0	47.0
Municipal capacity	43.1	5.4	4.5
Enterprise and supplier development	28.1	13.7	31.7
Total	125.9	107.9	118.7



Spend per area

- Education
- Health
- Infrastructure development
- Social welfare
- Capacity building
- Environment
- Sports, arts and culture
- Disaster management
- Water and sanitation
- Local economic development & enterprise and supplier development



Inclusivity and sustainability in our supply chain

Our supply chain plays a pivotal role in fostering local economic development and serves as a primary driver for employment creation, skills development and the growth of local manufacturing capacity.

We place significant emphasis on B-BBEE, a South African policy initiative that aims to redress the disparities in wealth, employment and business ownership created during the apartheid era.

Prioritising B-BBEE, creates additional value for communities and enhances our standing as a responsible South African company dedicated to bringing about inclusive growth and prosperity.

Equally important is our commitment to sharing the value we create with local businesses that employ local people by making them active participants in our supply chain.

Our Thuthukani enterprise and supplier development programme discussed on **page 94** plays an important role in enlarging the pool of local SMMEs that are equipped to deliver the quality of goods and services at the standards required by our sites.

Performance

Over the past decade, we have increased our expenditure with local, black-owned businesses by 24%, something that has been driven in a variety of ways. These include the ringfencing of opportunities for emerging enterprises and unbundling of large contracts awarded to well-established players.

Information on the opportunities that are available to local enterprises is shared on our website, via requests for quotations on SAP and during engagements with local municipalities and business and community forums. Preferential payment terms are extended to qualifying SMMEs.

Expenditure with host community suppliers remained consistent at R2.0 billion, notwithstanding a marked reduction in operational expenditure to offset continuing rail constraints, softening coal prices and inflationary pressures. That said, the proportion of total discretionary spend allocated to businesses in host communities fell from 28% in 2022 to 21% in the year under review. This is attributed to the increase in total expenditure on capital equipment associated with the Elders and Zibulo North Shaft projects, where local sourcing is not always possible.

Expenditure with empowered businesses – companies with a 51% black or black-women-owned shareholding – rose to R7.3 billion in 2023 (2022: R6.8 billion).

Direct spend with host community suppliers over five years

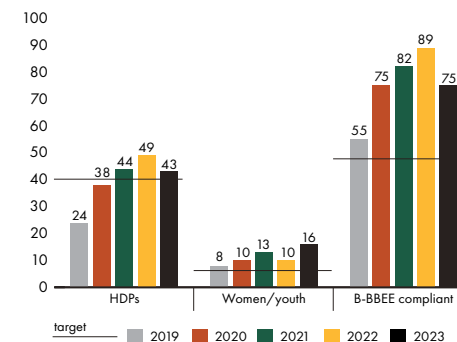
	2023	2022	2021	2020	2019
Expenditure with local suppliers (Rand billion)	2.0	2.3	2.3	1.5	1.2
Percentage of discretionary operational spend (%)	21	28	24	19	13

Progress against targets

GOODS

- **HDP:** 44% spent with HDP suppliers versus a target of 40%.
- **Women and youth:** 16% spent with women and youth-owned suppliers versus a target of 7%.
- **B-BBEE compliant:** 76% spent with B-BBEE suppliers versus a target of 50%.

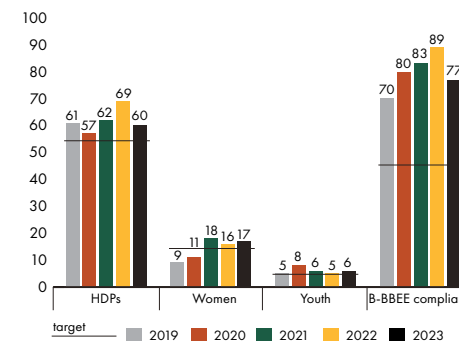
Mining goods procurement performance (%)



SERVICES

- **HDP goods:** 62% spent with HDP suppliers versus a target of 55%.
- **Women:** 16% spent with women owned suppliers versus a target of 15%.
- **Youth:** 6% spent with youth owned suppliers versus a target of 5%.
- **B-BBEE compliant:** 80% spent with B-BBEE suppliers versus a target of 45%.

Mining services procurement performance (%)



R2.0 billion
spent with host community suppliers

Amplifying impact

Over the past three years, we have collaborated with well-established suppliers and original equipment manufacturers to amplify the positive impact we can make on host communities.

This has led to the integration of community-focused criteria in substantial contracts awarded to multinational organisations and other sizable entities. These criteria may relate to the employment of a specified percentage of local people, skills transfer to emerging enterprises that provide similar services and/or the procurement of goods and services from local SMMEs.

Business partners are also encouraged to spend a portion of their CSI budgets on local projects, either in partnership with our sites or independently. One example of a major collaboration in 2023 was Goedehoop and Komatsu's financial contribution towards the purchase of a state-of-the-art laser cutter for an incubator project in the region's steel sector.

Fellow capital equipment supplier Hitachi is helping 10 young people from eMalahleni qualify as diesel mechanics, while Barloworld and Mafube are currently working on the construction of a R1.3 million library at a rural school in Middelburg. Security provider G4S has awarded five learnerships in information technology to youngsters residing in host communities and supplied two township nursery schools with water tanks and jungle gyms.



Uplifting communities together

Explosives company Enaex Africa's collaboration with Zibulo led to the establishment of a much-needed occupational therapy centre at Osizweni School in Leandra.

Despite facing significant constraints, the school's extraordinary teaching staff create a loving and supportive environment for 197 children with severe intellectual disabilities.

The mine has long found inspiration in the school's work and did not hesitate to suggest Osizweni when Enaex went in search of a worthy social project it could invest in.

The result is an R800,000 occupational therapy centre that gives therapists the space they need to work with children on an individual level. This includes activities like developing speech and building muscle tone, gross and fine motor skills.

Johan Victor, a psychologist for the Department of Education, said that the facility was not a luxury, but an absolute necessity that the school had to make do without.

"All our children have potential; someone just needs to open the door to unlock it," he said, adding that the centre would help current and future learners reach their next level of function.

Building an ESG-focused supply chain

A responsible sourcing policy was drafted in the period under review and is set to be approved by the board in the first quarter of 2024. It highlights a set of mandatory obligations suppliers and service providers must comply with as a condition of doing business with us.

Aligned with a broad range of international human rights principles, it encompasses five pillars and will ensure that anyone who works with us:

- Acts in compliance with all international and local laws.
- Limits their impact on human health, the environment and climate.
- Does not support conflict.
- Adopts a zero-tolerance stance on unethical behaviour, bribery and corruption.
- Abides by the values embedded in our code of conduct and human rights, human resources and ESG policies.

Business partners will be expected to implement these principles in a diligent and transparent manner by integrating them into their own risk management systems and supply chains. They will also be required to actively engage with their workers, suppliers and stakeholders, to draw attention to potential concerns.

Value added to the economy

Our purpose is to share the value we create with all our stakeholders.

Economically, we achieve this by delivering shareholder returns, generating large-scale employment, through our expenditure and service providers and investment in local economic development. We also contribute through the payment of taxes and royalties, further fulfilling our commitment to the regions in which we operate.

Value distributed

Rand (million)	2023	2022
Sisonke Employee Empowerment Scheme	156	448
Nkulo Community Partnership Trust	156	448
Host community procurement	2,000	2,300
Total procurement	9,600	8,200
Contribution to local communities	126	108
Royalties and mining taxes	4,766	9,810
Wages and related payments	4,710	4,800
Capital investment	2,988	1,900

Royalties and taxes paid to governments

In 2023, we paid R5.6 billion in taxes in the form of corporate income, payroll, dividend withholding tax, carbon and royalty taxes, skills development levies and contributions to the unemployment insurance fund.

This is substantially lower than the R10.5 billion we paid in 2022, due to lower benchmark coal prices and dividends paid in 2023. We have a dedicated department to ensure the accurate and timeous payment of taxes and the development of detailed tax policies to guide our business in fulfilling its obligations.

It also presents pertinent tax matters to the board and its audit committee which oversees compliance with our tax policy.

Tax treatment aligns with commercial reality and we actively explore cooperative compliance arrangements when opportunities arise. Our interactions with tax authorities are rooted in a commitment to transparency.

Rand (million)	2023	2022
Corporate income tax	2,119	6,567
Mineral and Petroleum Resources Royalty tax	1,528	2,048
Payroll tax	1,496	1,152
Skills development levies and unemployment insurance fund	66.4	38.76
Carbon tax	4.1	4.36
Dividend withholding taxes (UK shareholders)	352.2	787.7

Tax transparency and governance

Being a responsible company rests on maintaining transparency in every facet of our organisation and includes matters related to taxation. By adhering to the highest standards and practices of tax governance, we effectively manage risks, cultivate strong relationships with relevant tax authorities, and demonstrate the positive impact we have on development. Tax risks are mitigated through the application of our tax policy and a risk appetite philosophy that prioritises shareholder value without compromising our integrity, values and reputation through regulatory non-compliance.

Our approach

Efficient tax management

We plan tax matters in a responsible manner, only undertaking transactions and tax positions we would be prepared to fully disclose to revenue authorities. We only undertake transactions and tax positions that have commercial relevance to the business and make certain all tax positions are fully compliant with relevant legal, regulatory and professional requirements.

Stakeholder engagement and commitments

Shareholders

We plan and organise our tax affairs within the confines of relevant legislation to achieve the most beneficial post-tax position for our business and its shareholders.

The South African Revenue Service and Australian Taxation Office and governments

It is critical that we build and maintain trusted, open and long-term relationships with revenue authorities.

Communities and society

The utilisation of resources should be aligned with our ESG objectives and addressing the needs of host communities. We recognise that taxes play a vital role in developing the economy and fostering a sustainable, inclusive future for communities and society.

Environment and future sustainability

We prioritise ESG programmes as strategic imperatives and ensure full compliance with 'green tax' regulations such as the carbon tax. We also proactively engage in ongoing tax and transparency discussions with industry bodies, business forums and civil society so that we can make a meaningful contribution in tax-related matters.

Good tax practice

Good tax practice encompasses legal compliance, financial stability and ethical considerations. For us, this includes:

- Ensuring taxation is consistent with the structure and location of our activities, their human and material resources and the business and financial risks assumed by each
- Integrating or aligning our tax policy, risk management and control systems with commercial, financial, human resources and other policies
- Conducting transactions with related entities based on normal market value, following the arm’s length principle and compliance with transfer pricing documentation obligations established by tax legislation
- Never providing any services that may be interpreted as tax advice and result in tax evasion by clients, service providers or employees
- Identifying and controlling tax risks associated with the acquisition of assets, entities and businesses by conducting due diligence studies, structural studies or similar tax analysis
- The use of a manual for tax management and control, and for the supervision of internal information and tax control systems that is binding on all employees and relevant third parties.

Tax factors affecting the industry

Mining has a long-term horizon, which means that investment decisions and operational strategies are influenced by financial, political and economic factors. Jurisdictions exhibiting the following tax characteristics play a pivotal role in fostering robust, enduring relationships with taxpayers and support the development of sustainable, long-term partnerships.

Tax policy and administration

- Stable tax regimes with predictable rules that are introduced prospectively, with stakeholder consultation.
- Tax legislation that follows internationally-agreed principles and therefore fosters certainty.
- Tax administration procedures that offer reliability in terms of acceptable reimbursements and timing of any refunds due.

Basis of taxation

- Tax should be levied on a fair and equitable basis, enabling risk and reward to be shared between the investor and government, thereby supporting long-term investment, employment and the creation of wealth.
- Tax should generally be levied on profits so that appropriate tax revenues can be raised at the appropriate time.
- Detailed tax rules should take into account the mining industry’s specific characteristics, including relief for exploration, infrastructure and capital expenditure.
- Any mining-specific taxation should typically be in the form of a mining royalty or tax based on profits rather than revenue.





04

GOVERNANCE

Sustainability governance

High standards of corporate governance drive our commitment to ESG by emphasising transparency, accountability and ethical decision-making.

This commitment extends to rigorous risk management, which is essential if we are to be a responsible custodian of our natural environment and a conscientious corporate citizen.

Ethical principles are integrated into our values, code of conduct, strategies, policies, procedures and standards.

WE COMMIT TO:

The timely identification of business and ESG risks and opportunities.

Zero tolerance for corruption, fraud and misconduct.


The reporting of inappropriate behaviour and the protection of whistleblowers.

Diversity and inclusivity in the board composition and across the entire organisation.

Tax transparency.

The prevention of anti-competitive anti-money laundering practices.

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.

 More information on the board and its committees can be found in our **integrated annual report**. The biographies of all executive and non-executive directors can be viewed on our website at www.thungela.com/about-us/who-we-are.

Our approach

Our approach to governance is informed by the principles outlined in the King IV Report on Corporate Governance for South Africa 2016 (King IV), the performance standards established by the International Finance Corporation, legislation and accepted industry norms.

The board takes ultimate responsibility for our business’s performance in all areas, including ESG. This extends not just to Thungela, but also to its subsidiary companies, associates, trusts and joint ventures.

Robust processes, policies and principles guide the board’s activities and lay the foundation for a strong ethical culture. They ensure the board’s adherence to statutory and industry requirements, providing direction and setting limitations on its decision-making.

Sustainability governance

Given the coal industry’s global context, it is imperative that we adopt both a transparent and pioneering approach to ESG.

In addition to addressing present concerns, the board must actively seek out and pursue innovative ideas that will sustain the future of the business, while simultaneously ensuring that it leaves a positive legacy in post mining landscapes.

The board retains accountability for our ESG strategy, initiatives, progress and reporting. It is also tasked with evaluating our susceptibility and assessing our management of significant environmental and social risks. It delegates responsibility for managing impacts on the economy, environment and people to the chief executive officer and his executive committee.

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.
- The utilisation of best practice standards to elevate sustainability efforts.

Leadership

The board is led by independent non-executive director Sango Ntsaluba. As chairman, he is responsible for setting the tone for an ethical culture at board level, and for ensuring that the board fulfils its duties with integrity and in accordance with established corporate governance principles.

He is also the board’s link to the chief executive officer, July Ndlovu, and his executive committee. The executive committee is tasked with formulating our short, medium and long-term objectives, generating satisfactory levels of value creation and leading the implementation and execution of approved strategies, policies and our code of conduct. Responsible for ensuring that day-to-day operations are effectively supervised and controlled, the committee must provide progress reports on the control of ESG-related risks, the implementation of opportunities to better manage these, and propose public disclosures for board approval, including those related to climate.

The oversight of daily ESG performance is the responsibility of the general managers at each of our operations. Social performance management committees aid in this effort, while frontline management provides regular reports on safety, health and environmental (SHE) matters to the executive committee during monthly and quarterly performance reviews. A monthly SHE steering committee addresses specific issues, governance matters, and operational feedback on action items through in-depth discussions on ESG topics.

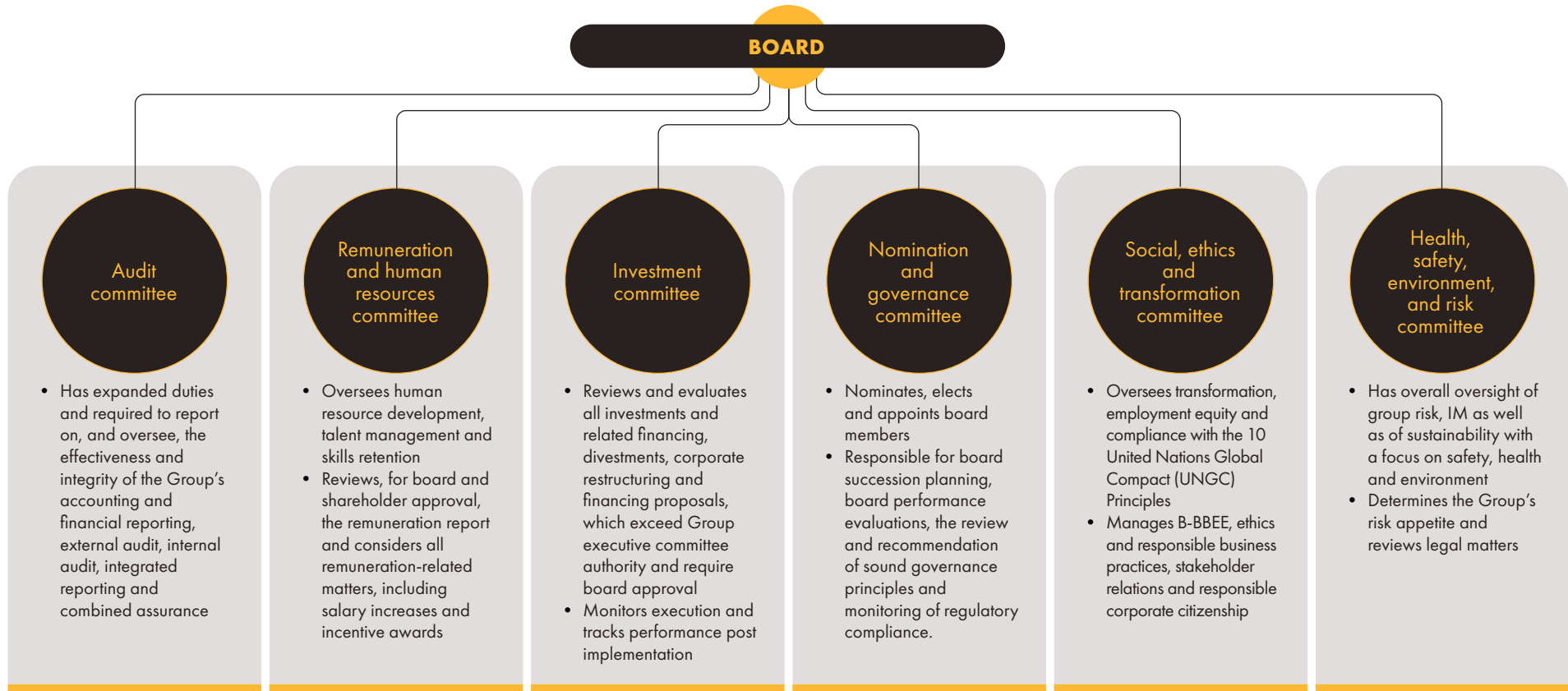
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Board structure

In a governance restructuring exercise to optimise board efficiency and effectiveness, we introduced a new investment committee. The remuneration and nomination committee was split into two separate committees: the remuneration and human resources committee and the nomination and governance committee. The social and ethics committee is now known as the social, ethics and transformation committee, while the risk and sustainability committee is referred to as the health, safety, environment and risk committee.

AMONG THE BOARD'S ROLES AND RESPONSIBILITIES ARE:

- Ensuring the business operates safely.
- Ensuring adequate succession planning at senior levels.
- Reviewing operational performance and management.
- Reviewing policies and processes that ensure the integrity of risk management and internal controls.
- Focus on environmental management and transparent reporting on issues such as responsible water use, mine closure, climate change, and driving the pathway to net zero emissions.
- Emphasising the implementation of, and compliance with, governance processes and procedures with a zero tolerance for fraud and corruption.



Risk, sustainability and compliance

The social, ethics and transformation committee and the health, safety, environment and risk committee are responsible for ESG, with special emphasis on the social and environmental aspects of our business.

The former'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, and human rights.

The latter oversees the identification, consideration and monitoring of SHE risks and impacts and ensures that the business has implemented effective policies, plans and practices for managing these.

In addition, it reviews and develops framework policies and guidelines for the management of sustainable development issues, commissions sustainable development audits to assess legal and internal compliance and ensures that management systems such as hazard identification and risk assessment, medical surveillance and incident investigation are in place, to aid in identifying and managing risks.

Transparent reporting

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. The board reviewed and approved our interim and annual financial statements, notice of annual general meeting and reporting suite, including the Group's integrated, ESG and climate change reports. In 2023, we were assessed by six global rating agencies. Apart from improving our scores across various metrics, we were classed 'very high' for 'transparency' and 'data availability'.

Diversity

Our business's commitment to inclusivity extends to the board, which is made up of individuals whose diversity of knowledge, race, cultural background, age and gender all contribute positively to the delivery of its mandate. Our inclusion and diversity policy considers all aspects of diversity and promotes inclusivity throughout the organisation. We commit to transparent and fair executive pay structures linked to several factors, including ESG performance.

Two women serve as independent non-executive directors on our board alongside four black and two white males. Aged between 46 and 64, their combined accounting, financial, technical, engineering, sustainability and management expertise ensures that the board is appropriately structured with complementary skill sets, knowledge and a well-distributed balance of authority.

All board appointments are made on merit in the context of their skills, experience, independence and knowledge. Every year, the nomination and governance committee reviews and considers whether the board remains effective in terms of its size, diversity and demographics.

Ethical leadership

By doing business the right way, we look out for our stakeholders' best interests. It means being responsible in our operations, owning up to our actions and sharing honest and clear information on our performance. We value honesty, fairness, respect, community and integrity, which must be displayed at the highest levels. To promote ethical leadership we have a company-wide code of ethics and whistleblowing policy and process all of which are communicated throughout the organisation including the board. Our policy is to address unethical behaviour promptly and fairly while recognising and rewarding ethical conduct. The board derives its rights and duties from the board charter and maintains a clear balance of power and authority to ensure that no one director has unfettered powers of decision-making.

Code of conduct and business integrity

Our code of conduct and business integrity policy are available both on the company intranet and our website. Regular awareness of these, and our whistleblowing service, is created via various internal platforms, including the *Thungela Weekly*. Employees receive this electronic newsletter via email or SMS every Thursday. Board members receive regular reminders via email.

All levels of management, employees, contractors and key suppliers must be trained on the code of conduct and business integrity policy.

More than 85% of contract company supervisors and 95% of employees have undergone training on the code of conduct and business integrity policy. Monthly awareness topics focusing on the code's different elements educate members of the workforce on what is expected of them.

Contraventions to these policies were reported, investigated and closed out. Disciplinary action ensued where necessary.

Whistleblowing



Our independently-managed whistleblowing service, HAIBO!, is integral to the elimination of unethical behaviour and is available both to internal and external stakeholders, including board members, 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.

Reporting is actively encouraged via a range of internal and external communication platforms, during return-from-leave induction, and mandatory training on aspects such as human rights, our code of conduct and bullying, victimisation and harassment.

Whistleblowers can make reports anonymously in the language of their choice using a toll-free hotline and dedicated email address.

In 2023, the hotline was contacted 69 times. This resulted in 44 official reports, 25 of which were resolved by the end of the year. Two cases resulted in disciplinary action.

The social, ethics and transformation committee regularly reviews a summary of reports to identify possible trends and corrective actions required. It also reviews feedback on incidents and the outcomes of investigations. Incidents that may have a substantial financial impact are reported to the audit committee.

Avoiding conflicts of interest

Directors do not engage in direct business transactions and are required to disclose their business interests to the remuneration and nomination committee annually to affirm their independence. Board and committee meetings also begin with declarations of personal interests where members are required to formally declare real, potential or perceived direct and indirect conflicts.

New employees must disclose conflicts of interest and vetting is undertaken during their appointment. Additionally, we have an electronic register where individuals are required to declare real and perceived conflicts of interest and external directorships. These declarations are signed off by their managers, and the register is audited annually by the internal audit department.

Operations assessed for risks related to corruption

Corruption-related risk assessments are undertaken at all operations. This process is overseen by our internal audit department, which monitors and reports on these to the board and executive committee. A condensed report is presented to the social, ethics and transformation committee quarterly, and subsequently, relayed to the board.

Regulatory compliance

We recognise the importance of complying with legislation and adhering to non-binding codes and standards, embedding a culture of compliance, and providing the board and management with the assurance that all legal and regulatory requirements have been met.

The compliance function is divided between the legal and risk and assurance disciplines and is aligned with our strategic objectives. We are in the process of developing a system to track and monitor regulatory compliance to allow for the timeous adoption of appropriate remedial or mitigating steps when required.

The compliance function provides reports to the nomination and governance committee on the level of regulatory compliance achieved. Representatives of this function attend committee meetings by invitation.

Delegation of authority

Our approvals framework has been updated to include Ensham Mine in respect of delegation of authority and regulatory compliance. Aspects included in the framework are execution, operational expenditure and supply chain; communication and ESG; human resources, finance, legal, assurance; sales and marketing; and governance and strategy. The framework is reviewed annually for relevance.

Integrated risk management

Effective risk management is essential for the safe, sustainable and responsible creation and protection of value.

By understanding, prioritising and managing our risks, we safeguard our people, assets, legal position, values, reputation and the environment. We are also better able to identify related opportunities that best serve the long-term interests of all our stakeholders.

Our focus is on ensuring compliance with the JSE Limited’s Listing Requirements and King IV, with particular emphasis on principle 11 which applies to integrated risk management (IRM). This principle emphasises the importance of governing risk in a manner that enables organisations to set and achieve their strategic objectives while demonstrating their commitment to sustainable practices.

Our approach

Our IRM policy, framework and operational risk management (ORM) standard govern the way we manage risk and are applicable to all operations, business functions and projects. The IRM methodology is aligned with the International Organization for Standardization (ISO) 31000 standard.

IRM is a formal process that exists to ensure that risks are methodically identified, assessed and effectively managed and that risk-related information flows throughout the organisation. Each operation or entity has a risk and control register that informs the compilation of a single executive risk summary report for the identification of principle risks that can be assessed against the established risk appetite. This report is updated and presented to the board for approval twice a year.



A bottom-up and top-down review of all risk and control registers is undertaken to ensure that risks are properly considered throughout all levels of the organisation. The IRM framework gives guidance on the ownership, frequency and timing of reassessments, documentation output and facilitation and review responsibility for various business processes.

Responsibility and accountability

A key duty of the board and executive management team is risk management. The health, safety, environment and risk committee and the audit committee, are responsible for monitoring and assisting in the IRM process. They regularly evaluate the process and lines of defence to make sure that risk is recognised, managed, mitigated and reported in a timely and appropriate manner.

Risk management is integrated across the organisation and is embedded in critical processes to ensure that it supports both day-to-day activities and executive decision-making at an operational and corporate level.

The integrated risk management process

The risk assessment process shown in the diagram to the right is iterative and is undertaken on a consistent basis.

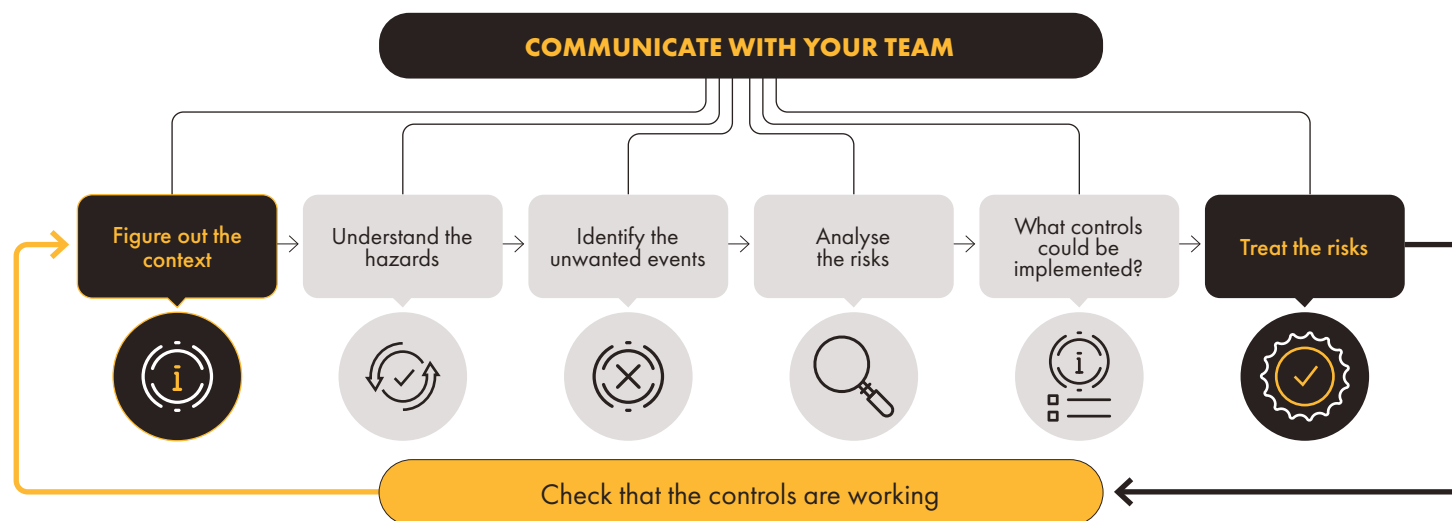
The first steps are to define what should be included in the process and to compile a list of risks or events that may prevent or delay the achievement of pre-defined business objectives. These may or may not be within our control. Risk analysis is undertaken to assess root causes, contributing factors and potential consequences, with the level of detail varying based on the assessment's objectives, the identified risk and its materiality.

Risk evaluation entails determining which risks need treatment and prioritised management attention and involves identifying current controls and assessing their effectiveness. Future-oriented risk treatment actions are not considered when assigning current risk ratings.

Risks are rated to enable their prioritisation and measurement over time. Ratings are determined using a combination of consequence (what might happen if a risk event occurs) and likelihood (the probability of the risk event occurring) on a 5x5 matrix.

Please see page 56 of the **integrated annual report** for the risk matrix.

Thungela defines risk appetite as the nature and extent of the risk it is willing to accept in the pursuit of its objectives. Risk tolerance refers to the organisation's strategic capacity to accept or absorb risk.



Operational risk management

Our ORM standard provides the detail on how to implement risk management at an operational level and ensures that sites meet the requirements of our IRM policy and framework. The ORM process is structured into four inter-related layers (baseline/issue-based/task-based and continuous risk management) that enable employees to manage risk effectively across all activities. Using the process, operational colleagues can understand, plan against and mitigate unwanted events by implementing the necessary controls and executing work to minimise negative consequences. Core to ORM is the identification, management and assurance of critical controls, particularly in respect of operational risks that could result in workplace fatalities and other catastrophic events.

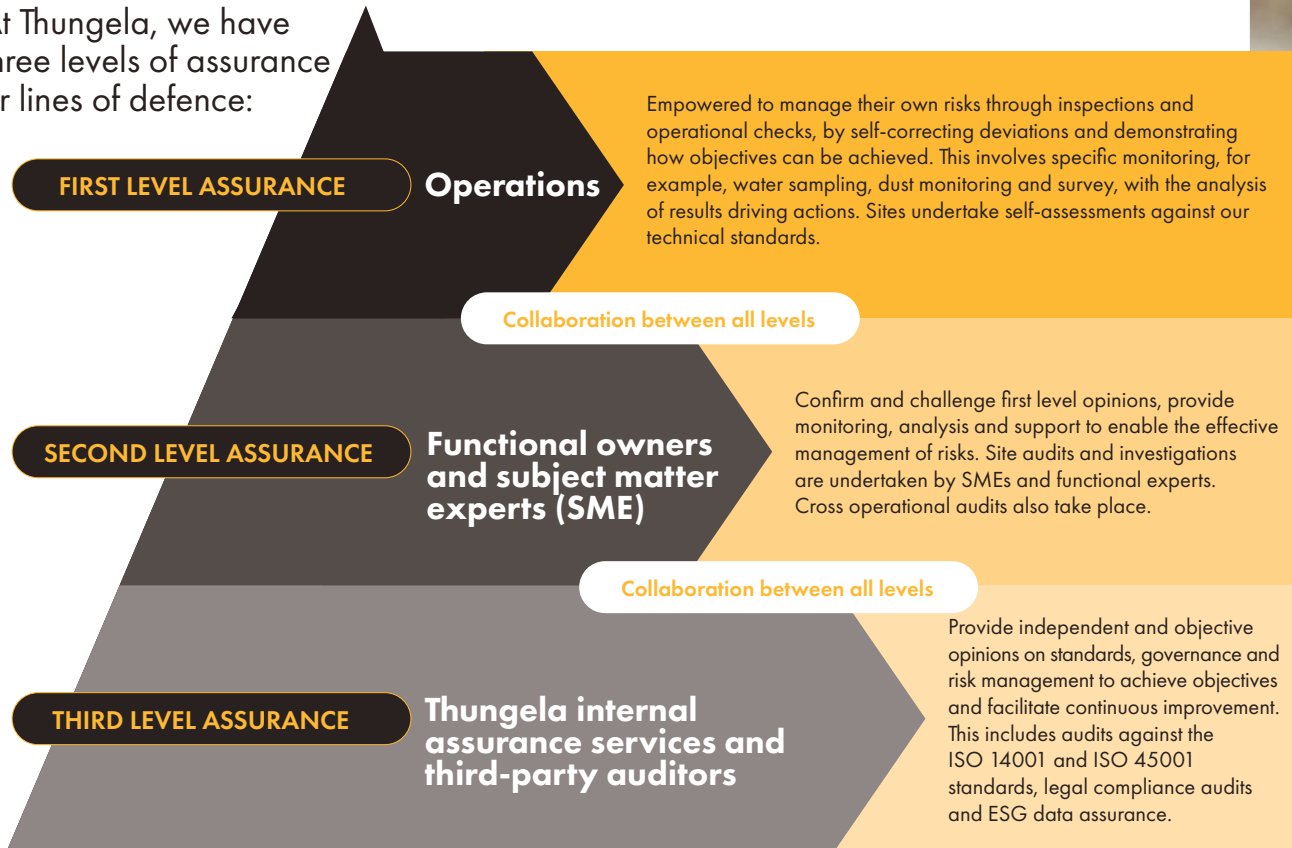
ORM is a dynamic process that evolves and improves as we learn from incidents. The reporting and investigation of incidents enables a better understanding of our risks and how we manage them through hazard prevention and control measures. We provide risk management training and refresher training to employees appropriate to their accountabilities.

Assurance

Assurance is a key part of risk management as it ensures that effective controls are in place. Various internal and external review and assurance programmes make certain that priority catastrophic and sustainability-related risks are identified and that adequate controls are instituted to manage them. Outputs from these are documented and retained as evidence of programme implementation.

Thungela’s internal assurance services 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. Operational risk audits are conducted on a rotational basis, with follow-up audits being performed to verify that agreed management actions related to significant findings have been addressed.

At Thungela, we have three levels of assurance or lines of defence:





05

APPENDICES

Performance tables

SAFETY AND HEALTH

Safety

	2023	2022	2021	2020
Fatality	1	0	1	1
Lost-time injuries (LTIs)	20	15	15	17
Lost-time injury frequency rate (LTIFR)*	0.97	0.85	0.81	0.85
Total recordable case frequency rate (TRCFR)*	1.40	1.41	1.35	1.51
Total medical treatment cases (MTC)	8	10	9	12
Total recordable cases (TRCs)	29	25	25	30
High-potential incidents (HPIs)	10	6	6	6
Voluntary stoppages	41	36	20	10

* Rates are calculated per 1,000,000 hours and include employees and contractors.

Occupational exposures

	2023	2022	2021	2020
Total number of workers in HEG A – respirable hazards	522	639	685	635
Total number of workers exposed to carcinogens > OEL	0	0	0	0
Total number of workers exposed to noise > 105 dBA 8-hr TWA	0	0	0	0
Total number of workers exposed to noise levels > 85 dBA 8-hr TWA	3,622	2,643	2,914	3,237
Number of health HPIs reported	0	0	1	0
Number of health HPHs reported	124	121	244	42

New cases of occupational disease

	2023	2022	2021	2020
Noise-induced hearing loss	2	2	1	6
Chronic obstructive airways disease	0	1	0	0
Occupational TB	1	1	0	0
Occupational asthma	0	0	0	0
Coal workers' pneumoconiosis	0	0	0	0

HIV/AIDS

	2023	2022	2021	2020
Number of employees (annual average value)	4,550	4,592	4,467	4,936
Number of employee voluntary testing and counselling cases (total tested)	4,467	4,364	4,067	4,544
Percentage of employees who know their status	98	95	94	92
Number of new HIV cases	20	33	28	52
Known HIV-positive employees on antiretroviral treatment (ART) (%)	96	95	93	94
Number of employee AIDS deaths	0	0	0	0

TB

	2023	2022	2021	2020
New pulmonary TB cases	2	3	2	3
New extra-pulmonary TB cases	0	2	0	2
Proven TB deaths	0	0	0	0
Annualised TB incidence rate per 100,000 population	44	120	45	101

ENVIRONMENT

GHG emissions (kt CO₂e)

	2023	2022	2021	2020
Scope 1	295	308	362	369
Fossil fuels	121	112	137	155
Fugitive emissions	170	192	219	209
Process emissions	4	4	4.77	5
Scope 2	433	440	457	514
Total scope 1 and 2 emissions	729	748	819	883
Scope 3 ¹	32,033	37,071	54,744	64,680
Scope 1 and 2 GHG intensity (kg CO ₂ e/TTM) ²	3.56	4.02	4.56	4.60

Energy consumption

	2023	2022	2021	2020
Energy from electricity (million GJ)	1.50	1.50	1.57	1.78
Energy from fossil fuel use (million GJ)	1.64	1.51	1.85	2.09
Total energy used (million GJ)	3.14	3.01	3.42	3.87
Energy intensity (MJ/TTM) ³	15,332	16,164	19,04	20,16
Electricity consumption (MWh)	416,824	415,732	494,626	434,916
Diesel consumption (kl)	45,263	41,800	57,838	51,285

Environmental incidents

	2023	2022	2021	2020
Level 3	2	1	1	0
Level 4	0	1	0	0
Level 5	0	0	0	0

Air emissions

	2023	2022	2021	2020
Total SO ₂ from processes and fuel use (tonnes)	2	815	1,357	3,771
Total NO ₂ from processes and fuel use (tonnes)	1,860	1,744	2,096	2,338

Water

	2023	2022	2021	2020
Water withdrawals by source (1,000 m³)				
Freshwater withdrawal	369	767	865	785
Potable water withdrawal from EWRP ⁴	1,097	1,312	1,711	1,711
Total withdrawal	27,115	34,472	28,444	25,861
Surface water ⁵	19,530	25,788	19,384	16,929
Ground water	5,862	6,413	6,050	5,537
Third party	1,753	2,271	3,067	3,432
Water treated (%)	69	57	57	66
Water efficiency (reuse/recycle) (%)	96	96	95	58
Water discharges (1,000 m³)				
Total water discharged	25,842	19,869	21,835	20,347
Treated water discharged from EWRP ⁵	9,764	5,995	7,408	5,757
Total consumption	9,575	12,567	11,994	13,075

Non-mineral waste

	2023	2022	2021	2020
Hazardous waste to legal landfill (tonnes)	889	776	916	931
Non-hazardous waste to legal landfill (tonnes)	1,442	1,103	1,416	1,297

¹ Total Scope 3 emissions for 2022 have been restated from 35,947 kt CO₂e due to the addition of shipping-related emissions in Category 9.

² The carbon intensity metric for 2022 has been restated based on changes to the total tonnes moved at Isibonelo, where key mining processes such as dozing and pre-stripping had erroneously been excluded from the calculation.

³ The energy intensity metric for 2022 has been restated based on changes to the total tonnes moved at Isibonelo, where key mining processes such as dozing and pre-stripping had erroneously been excluded from the calculation.

⁴ 2020 – 2022 potable water values for Zibulo were corrected as they were previously overstated due to incorrect inclusion of non-potable flow to store.

⁵ In the 2022 environmental, social and governance report surface water and ground water values were reversed due to a mapping error in the report production process. This has been corrected.

⁶ A Capturing error corrected on 2020 – 2022 treated water discharged from EWRP – previous numbers included EWRP consumption and discharge

People

Occupational levels

Group	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	1	0	0	4	1	0	0	1	1	0	6	2	8
Senior management	30	4	5	40	19	1	5	16	2	0	82	41	123
Middle management	151	7	6	95	107	2	5	34	10	0	268	148	416
Junior management	278	7	11	70	132	7	0	21	12	1	378	161	539
Disabled	27	0	0	1	40	0	0	1	0	0	28	41	69
Total	487	18	22	210	299	10	10	73	25	1	762	393	1,155

Per South African classification:

- A – African
- C – Coloured
- I – Indian
- W – White

Women in management (%)

	2023	2022	2021	2020
Top management	25	25	25	22
Senior management	34	30	26	22
Middle management	36	32	32	29
Junior management	30	27	25	23

Age and gender profiles of employees (%) (permanent, fixed-term, mining contractors and learners)

	2023	2022	2021	2020
Full-time employees (average age)	42	41	41	42
Employees below 30 years of age (%)	8	10	9	8
Employees between 30 – 50 years of age (%)	70	72	74	72
Employees more than 50 years of age	22	17	17	20
Female employees (average age)	39	38	39	38
Female employees below 30 years of age (%)	4	4	3	3
Female employees between 30 – 50 years of age (%)	22	21	21	19
Female employees more than 50 years of age	3	3	3	3
Overall women as % workforce	29	28	27	25

Employment statistics

	2023	2022	2021	2020
Zibulo	915	949	896	925
Khwezela	562	557	545	980
Greenside	809	875	792	775
Goedehoop	777	783	797	799
Isibonelo	403	422	424	356
Mafube	424	427	410	378
Rietvlei	34	30	16	21
Head office and centralised services	507	549	566	642
Total own employees	4,431	4,592	4,446	4,876
Mining contractors	1,855	1760	1,825	2,269
Capital projects contractors	282	223	175	101
Total contracting staff*	2,137	1,983	2,000	2,370
Total workforce	6,568	6,575	6,446	7,246

* Numbers based on fixed term equivalent.

Turnover by gender and age in 2023

	20-29	30-39	40-49	50-59	60-69	Total
Female	10	13	4	2	2	31
Male	11	19	14	9	16	69
Total	21	33	18	11	18	100

Employment creation

	2023	2022	2021	2020
Total number new employees	159	296	189	164
New employees (%)	4	7	4	3

Labour turnover

	2023	%	2022	%	2021	%	2020	%
By reason for separation								
Resignations	97	30	145	41	90	18	57	10
Redundancies	0	0	0	0	69	13	8	1
Dismissals	52	16	59	17	63	12	42	7
Voluntary severance package	0	0	1	0	177	35	333	56
Other	174	54	145	41	114	22	153	26
By ethnic group								
African	247	76	269	77	395	77	430	73
Coloured	6	2	2	1	8	2	2	0
Indian	5	2	3	1	7	1	3	1
White	65	20	76	22	103	20	158	27

GRI INDEX

GRI content index

Statement of use	Thungela Resources Limited has reported in accordance with core requirements of the GRI Standards for the period 1 January 2023 to 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 12: Coal Sector 2022

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
GENERAL DISCLOSURES			
GRI 2: General disclosures 2021		2-1 Organisational details	Environmental, social governance report (ESGR): 144 Integrated annual report (IAR): Inside back cover
		2-2 Entities included in the organisation’s sustainability reporting	ESGR: 2, 6–8
		2-3 Reporting period, frequency and contact point	ESGR: 2, 144. An ESG report is produced annually.
		2-4 Restatements of information	ESGR: 47, 48, 51, 121
		2-5 External assurance	ESGR: 135–137
		2-6 Activities, value chain and other business relationships	ESGR: 22–26, 98–99 IAR: 2,3, 14–28, 42–45,
		2-7 Employees	ESGR: 85, 122–123
		2-8 Workers who are not employees	ESGR: 85, 122–123
		2-9 Governance structure and composition	ESGR: 113–115 IAR: 30–33, 92–101
		2-10 Nomination and selection of the highest governance body	IAR: 94–101, 133, 134
		2-11 Chairman of the highest governance body	ESGR: 113–115 IAR: 30, 95–96
		2-12 Role of the highest governance body in overseeing the management of impacts	ESGR: 113–115 IAR: 95–101, 128–131
		2-13 Delegation of responsibility for managing impacts	ESGR: 113–115 IAR: 95–101, 128–131

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
		2-14 Role of the highest governance body in sustainability reporting	ESGR: 2, 113–115 IAR: 94, 128–131
		2-15 Conflicts of interest	ESGR: 116
		2-16 Communication of critical concerns	ESGR: 113–116 IAR: 128–131
		2-17 Collective knowledge of the highest governance body	IAR: 30, 31
		2-18 Evaluation of the performance of the highest governance body	IAR: 96, 133, 134
		2-19 Remuneration policies	IAR: 102–127
		2-20 Process to determine remuneration	IAR: 102–127
		2-21 Annual total compensation ratio	IAR: 102–127
		2-22 Statement on sustainable development strategy	ESGR: 18–21
		2-23 Policy commitments	ESGR: 18–21, 32, 88, 101, 109, 113–116 The Thungela Code of Conduct which is available on our website https://www.thungela.com/suppliers/learn-about-fraud
		2-24 Embedding policy commitments	ESGR: 18–21, 32, 88, 101 109, 113–116
		2-25 Processes to remediate negative impacts	ESGR: 18–21, 28, 29, 32, 34–36, 37, 41, 42, 49, 55, 86, 88, 91, 97, 100, 102–105, 109, 115 IAR: 128–133
		2-26 Mechanisms for seeking advice and raising concerns	ESGR: 115 IAR 92, 93, 128–129
		2-27 Compliance with laws and regulations	ESGR: 33, 69
		2-28 Membership associations	Climate change report (CCR): 30, 31
		2-29 Approach to stakeholder engagement	ESGR: 22–26, 97–99
		2-30 Collective bargaining agreements	ESGR: 87

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
MATERIAL TOPICS			
GRI 3: Material topics 2021		3-1 Process to determine material topics	ESGR: 27
		3-2 List of material topics	ESGR: 27–30
ECONOMIC PERFORMANCE			
GRI 3: Material topics 2021	12.8.1	3-3 Management of material topics	ESGR: 110, 111 IAR: 62–78
GRI 201: Economic performance 2016	12.8.2; 12.21.2	201-1 Direct economic value generated and distributed	ESGR: 11, 106–108, 110, 111
	12.2.2	201-2 Financial implications and other risks and opportunities due to climate change	CCR: 14, 16-19, 28
		201-3 Defined benefit plan obligations and other retirement plans	IAR: 102-112 Annual financial Statements (AFS): 83, 145–148
	12.21.3	201-4 Financial assistance received from government	None
MARKET PRESENCE			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 85, 86 IAR 102–105
GRI 202: Market presence 2016	12.19.2	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	IAR: 102–127
	12.8.3; 12.19.3	202-2 Proportion of senior management hired from the local community	ESGR: 10, 86, 87, 122, 123
INDIRECT ECONOMIC IMPACTS			
GRI 3: Material topics 2021	12.8.1	3-3 Management of material topics	ESGR: 89-96
GRI 203: Indirect economic impacts 2016	12.8.4	203-1 Infrastructure investments and services supported	ESGR: 11, 89–96, 106–107, 110
		203-2 Significant indirect economic impacts	ESGR: 11, 89–96, 106–107
PROCUREMENT PRACTICES			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 108, 109
GRI 204: Procurement Practices 2016	12.8.6	204-1 Proportion of spending on local suppliers	ESGR: 11, 108

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
ANTI-CORRUPTION			
GRI 3: Material topics 2021	12.20.1	3-3 Management of material topics	ESGR: 21, 114, 115, 116 IAR: 92, 95, 128, 129
GRI 205: Anti-corruption 2016	12.20.2	205-1 Operations assessed for risks related to corruption	ESGR: 116
	12.20.3	205-2 Communication and training about anti-corruption policies and procedures	ESGR: 115 IAR 92, 93
	12.20.4	205-3 Confirmed incidents of corruption and actions taken	ESGR: 115
Additional sector disclosures	12.20.6	List the organisation’s beneficial owners and explain how the organisation identifies the beneficial owners of business partners, including joint ventures and suppliers	ESGR: 8 IAR: 2,3 AFS 2–5
ANTI-COMPETITIVE BEHAVIOR			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 21, 101, 113, IAR: 92
GRI 206: Anti-competitive behaviour 2016		206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None
TAX			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR : 110, 111
GRI 207: Tax 2019	12.21.4	207-1 Approach to tax	ESGR : 110, 111
	12.21.5	207-2 Tax governance, control, and risk management	ESGR : 110, 111
	12.21.6	207-3 Stakeholder engagement and management of concerns related to tax	ESGR : 110, 111
	12.21.7	207-4 Country-by-country reporting	ESGR : 110, 111 IAR 67, 68,

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
ENERGY			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 19, 48
GRI 302: Energy 2016	12.1.2	302-1 Energy consumption within the organisation	ESGR: 48, 121
	12.1.3	302-2 Energy consumption outside of the organisation	CCR: 27
	12.1.4	302-3 Energy intensity	ESGR: 11, 48, 121 CCR: 28
		302-4 Reduction of energy consumption	ESGR: 48 CCR: 28
WATER AND EFFLUENTS			
GRI 3: Material topics 2021	12.7.1	3-3 Management of material topics	ESGR: 19, 49, 50, 52, 53
GRI 303: Water and effluents 2018	12.7.2	303-1 Interactions with water as a shared resource	ESGR: 49, 50, 60, 61, 102
	12.7.3	303-2 Management of water discharge-related impacts	ESGR: 32–36, 31–34, 46–48, 53
	12.7.4	303-3 Water withdrawal	ESGR: 10, 51, 121
	12.7.5	303-4 Water discharge	ESGR: 50, 121
	12.7.6	303-5 Water consumption	ESGR: 121
BIODIVERSITY			
GRI 3: Material topics 2021	12.5.1	3-3 Management of material topics	ESGR: 59–62
GRI 304: Biodiversity 2016	12.5.2	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ESGR: 121
	12.5.3	304-2 Significant impacts of activities, products and services on biodiversity	ESGR: 59–62
	12.5.4	304-3 Habitats protected or restored	ESGR: 52, 58, 62, 63
	12.5.5	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	ESGR: 62, 63

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
EMISSIONS			
GRI 3: Material topics 2021	12.1.1; 12.4.1	3-3 Management of material topics	ESGR: 37, 42–45
GRI 305: Emissions 2016	12.1.5	305-1 Direct (Scope 1) GHG emissions	ESGR: 10, 47, 121
	12.1.6	305-2 Energy indirect (Scope 2) GHG emissions	ESGR: 10, 47, 121
	12.1.7	305-3 Other indirect (Scope 3) GHG emissions	ESGR: 10, 47, 121 CCR: 27
	12.1.8	305-4 GHG emissions intensity	ESGR: 10, 47, 121
	12.2.3	305-5 Reduction of GHG emissions	ESGR: 42–45, 48
		305-6 Emissions of ozone-depleting substances (ODS)	Thungela does not emit ODS
	12.4.2	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESGR: 38
WASTE			
GRI 3: Material topics 2021	12.6.1	3-3 Management of material topics	ESGR: 39, 41
GRI 306: Waste 2020	12.6.2	306-1 Waste generation and significant waste-related impacts	ESGR: 39, 41
	12.6.3	306-2 Management of significant waste-related impacts	ESGR: 38, 41
	12.13.2	306-3 Significant spills	ESGR: 51
	12.6.4	306-3 Waste generated	ESGR: 40
	12.6.5	306-4 Waste diverted from disposal	ESGR: 40, 41
	12.6.6	306-5 Waste directed to disposal	ESGR: 40
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 109

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
EMPLOYMENT			
GRI 3: Material topics 2021	12.15.1	3-3 Management of material topics	ESGR: 75–88
GRI 401: Employment 2016	12.15.2	401-1 New employee hires and employee turnover	ESGR: 85, 123
	12.15.3	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESGR: 78 IAR: 102–127
	12.15.4; 12.19.4	401-3 Parental leave	ESGR: 78
LABOUR/MANAGEMENT RELATIONS			
GRI 3: Material Topics 2021		3-3 Management of material topics	ESGR: 87
GRI 402: Labor/ Management Relations 2016	12.3.2; 12.15.5	402-1 Minimum notice periods regarding operational changes	
			ESGR: 87
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material topics 2021	12.14.1	3-3 Management of material topics	ESGR: 67–74
GRI 403: Occupational health and safety 2018	12.14.2	403-1 Occupational health and safety management system	ESGR: 65, 69
	12.14.3	403-2 Hazard identification, risk assessment, and incident investigation	ESGR: 67, 70, 116–118
	12.14.4	403-3 Occupational health services	ESGR: 70–74
	12.14.5	403-4 Worker participation, consultation, and communication on occupational health and safety	ESGR: 65, 67–69, 70
	12.14.6	403-5 Worker training on occupational health and safety	ESGR: 69, 70
	12.14.7	403-6 Promotion of worker health	ESGR: 70–74
	12.14.8	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESGR: 67–74
	12.14.9	403-8 Workers covered by an occupational health and safety management system	ESGR: 69, 70
	12.14.10	403-9 Work-related injuries	ESGR: 65, 66, 120
	12.14.11	403-10 Work-related ill health	ESGR: 71, 72, 120

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
TRAINING AND EDUCATION			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 78–84
GRI 404: Training and education 2016	12.15.6; 12.19.5	404-1 Average hours of training per year per employee	ESGR: 80
	12.3.3; 12.15.7	404-2 Programs for upgrading employee skills and transition assistance programs	ESGR: 78–84
		404-3 Percentage of employees receiving regular performance and career development reviews	ESGR: 80
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 85, 86
GRI 405: Diversity and equal opportunity 2016	12.19.6	405-1 Diversity of governance bodies and employees	ESGR: 86, 87, 115, 122
NON-DISCRIMINATION			
GRI 3: Material topics 2021	12.19.1	3-3 Management of material topics	ESGR: 86, 88
GRI 406: Non-discrimination 2016	12.19.8	406-1 Incidents of discrimination and corrective actions taken	None
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI 3: Material topics 2021	12.18.1	3-3 Management of material topics	ESGR: 87
GRI 407: Freedom of association and collective bargaining 2016	12.18.2	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
CHILD LABOUR			
GRI 3: Material topics 2021	12.16.1	3-3 Management of material topics	ESGR: 88 IAR: 128
GRI 408: Child labour 2016	12.16.2	408-1 Operations and suppliers at significant risk for incidents of child labour	None
FORCED OR COMPULSORY LABOUR			
GRI 3: Material topics 2021	12.17.1	3-3 Management of material topics	ESGR: 88 IAR: 128
GRI 409: Forced or compulsory labour 2016	12.17.2	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	None
SECURITY PRACTICES			
GRI 3: Material topics 2021	12.12.1	3-3 Management of material topics	ESGR: 101, 102
GRI 410: Security practices 2016	12.12.2	410-1 Security personnel trained in human rights policies or procedures	ESGR: 101
RIGHTS OF INDIGENOUS PEOPLES			
GRI 3: Material topics 2021	12.11.1	3-3 Management of material topics	ESGR: 101, 102
GRI 411: Rights of indigenous peoples 2016	12.11.2	411-1 Incidents of violations involving rights of indigenous peoples	None
Additional sector disclosures	12.11.3	List the locations of operations where indigenous peoples are present or affected by activities of the organisation.	None

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
LOCAL COMMUNITIES			
GRI 3: Material topics 2021	12.9.1	3-3 Management of material topics	ESGR: 89–109
GRI 413: Local communities 2016	12.9.2	413-1 Operations with local community engagement, impact assessments, and development programs	ESGR: 89–109
	12.9.3	413-2 Operations with significant actual and potential negative impacts on local communities	ESGR: 89–109
Additional sector disclosure	12.9.4	Report the number and type of grievances from local communities identified	ESGR: 100
SUPPLIER SOCIAL ASSESSMENT			
GRI 3: Material topics 2021		3-3 Management of material topics	ESGR: 109
GRI 414: Supplier social assessment 2016	12.15.8; 12.16.3; 12.17.3	414-1 New suppliers that were screened using social criteria	ESGR: 109
PUBLIC POLICY			
GRI 3: Material topics 2021	12.22.1	3-3 Management of material topics	The Thungela Code of Conduct which is available on our website. https://www.thungela.com/suppliers/learn-about-fraud
GRI 415: Public policy 2016	12.22.2	415-1 Political contributions	No political contributions were made in accordance with Thungela’s Code of Conduct
CLIMATE ADAPTATION, RESILIENCE, AND TRANSITION			
GRI 3: Material topics 2021	12.2.1	3-3 Management of material topics	CCR: 13–24
Additional sector disclosures	12.2.4	Describe the organisation’s approach to public policy development and lobbying on climate change	CCR: 30, 31

GRI STANDARD/ OTHER SOURCE	GRI Coal Sector standard	Disclosure	Location
CLOSURE AND REHABILITATION			
GRI 3: Material topics 2021	12.3.1	3-3 Management of material topics	ESGR: 54–57
Additional sector disclosures	12.3.4	List of operational sites that have closure and rehabilitation plans, been closed, undergoing closure activities	ESGR: 55, 56
Additional sector disclosures	12.3.5	Report the total monetary value of financial provisions made by the organisation for closure and rehabilitation	ESGR: 56, 57
Additional sector disclosures	12.3.6	Describe non-financial provisions made by the organisation to manage the local community’s socio-economic transition to a sustainable post-mining economy	ESGR: 42, 45, 55 CCR: 16–19, 25
LAND AND RESOURCE RIGHTS			
GRI 3: Material topics 2021	12.10.1	3-3 Management of material topics	ESGR: 102, 103–105
Additional sector disclosures	12.10.2	List the locations of operations that caused or contributed to involuntary resettlement or where such resettlement is ongoing and describe how peoples’ livelihoods and human rights were affected and restored	ESGR: 102, 103–105
ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT			
GRI 3: Material topics 2021	12.13.1	3-3 Management of material topics	ESGR: 41
Additional sector disclosures	12.13.3	Report the number of critical incidents in the reporting period and describe their impacts.	ESGR: 51
Additional sector Disclosures	12.13.4	List the organisation’s tailings facilities, and report the name, location, and ownership status.	ESGR: 41

Independent assurance statement

To the directors of Thungela Resources Limited

Introduction

IBIS Environmental Social Governance Consulting Africa (Pty) Ltd (IBIS) was commissioned by Thungela Resources Limited to conduct an independent third-party assurance engagement in relation to select sustainability information in the Thungela Environmental, Social and Governance (ESG) Report (the Report) for the financial year ended 31 December 2023.

IBIS is an independent AccountAbility-licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from a multidisciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 25 years' experience in sustainability performance measurement involving both advisory and assurance work.

Assurance standard applied

This assurance engagement was performed in accordance with AccountAbility's AA1000AS v3 (2020) ("AA1000AS") and was conducted to meet the AA1000AS Type II Moderate and High-level requirements respectively, as indicated under assurance objectives below.

Respective responsibilities and IBIS' independence

Thungela Resources Limited

Thungela Resources Limited is responsible for preparing its integrated report and environmental, social and governance report and collecting and presenting sustainability information within the Reports.

Thungela is also responsible for maintaining adequate records and internal controls that support the reporting processes.

IBIS

IBIS' responsibility is to the management of Thungela Resources Limited alone and in accordance with the scope of work and terms of reference agreed with Thungela.

IBIS applies a strict independence policy and confirms its impartiality to Thungela in delivering the assurance engagement.

Assurance objectives

The purpose of the assurance engagement was to provide the management of Thungela and its stakeholders with an independent assurance opinion on whether the Reports meet the following objectives:

- Adherence to the AA1000AP (2018) AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact
- Fair reporting on a selection of operational disclosures for High and Moderate assurance levels respectively as presented below.

LEVEL OF ASSURANCE	Key performance indicators	Unit of measure	ESG Report page reference
High assurance	Total work-related fatal injuries	Number	10, 65, 66, 120
	Energy Used	GJ	10, 48, 121
	Total Scope 1 emissions	t CO ₂ e	47, 121
	Total Scope 2 emissions	t CO ₂ e	47, 121

LEVEL OF ASSURANCE	Key performance indicators	Unit of measure	ESG Report page reference
Moderate assurance	Total number of Level 3, 4 and 5 environmental incidents reported	Number	10, 33, 121
	Water use, re-use and recycle	Kilolitres	10, 51, 121
	Total recordable case frequency rate (TRCFR)	Per 1 000 000 hours worked	10, 65, 66, 120
	Lost-time injury frequency rate (LTIFR)	Per 1 000 000 hours worked	65, 66, 120
	Total number of new cases of noise-induced hearing loss (NIHL)	Number	10, 71, 120
	Employees exposed to inhalable hazards over the occupational exposure limit	Number	70, 120
	Employees exposed to noise over 85 dBA	Number	71, 120
	Total amount spent on corporate social investment (CSI), socio-economic development projects (SED), Social and Labour Plans (SLP) and Enterprise and supplier development spend (ESD)	ZAR Million	11, 107
	Total number of Level 3, 4 and 5 social related incidents reported (logging, consequence ratings)	Number	10, 100
	Number of security personnel trained on human rights	Number	101
	Freshwater abstraction	Megalitres	10, 51, 121
	Potable water extraction from the EWRP	Megalitres	51, 121
	Water reuse/recycle (water efficiency)	Percentage	10, 51, 121
	Land rehabilitation (reshaping and seeding completed)	Hectares	58
	Hazardous waste generated	Tonnes	40, 121
Non-hazardous waste generated	Tonnes	40, 121	

Assessment criteria

The following assessment criteria were used in undertaking the work:

AA1000AP (AccountAbility Principles)

AA1000AP (2018) adherence criteria for the Principles of inclusivity, materiality, responsiveness and impact

Thungela's Sustainability Reporting Guideline

Sustainability manual that specifies definitions and guidance for reporting sustainability information

Greenhouse Gas Protocol

Greenhouse Gas Protocol: Revised Edition (WRI & WBCSD, 2004) (GHG Protocol)

Assurance procedures performed

Our assurance methodology included:

- Testing**
 Testing, on a sample basis, the measurement, collection, aggregation, and reporting processes in place. Site visits to Mafube, Zibulo and Greenside, and desktop reviews for Isibonelo, Goedehoop and Khwezela.
- Interviews**
 Interviews with relevant data owners to understand and test the processes in place for maintaining information in relation with the subject matter in the assurance scope.
- Inspection**
 Inspection and corroboration of supporting evidence received electronically to evaluate the data generation and reporting processes against the assurance criteria.
- Assessing**
 Assessing the presentation of information relevant to the scope of work in the environmental, social and governance report for consistency with the assurance observations.
- Reporting**
 Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process.

Engagement limitations

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate level of assurance in accordance with AA1000AS.

The procedures performed in a Moderate Assurance engagement vary in nature from, and are less in extent, than for a High Assurance engagement in relation to risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. As a result, the level of assurance obtained for a Moderate Assurance engagement is lower than for High Assurance as per AA1000AS.

The scope of work did not extend to any subject matters other than specified in this assurance statement. IBIS experienced no limitations to the agreed extent of work required for the engagement.

Assurance conclusion

High assurance conclusion

In our view, based on the work undertaken for High Assurance as described, we conclude that the subject matters in the scope for High Assurance have been prepared in accordance with the defined reporting criteria and are free from material misstatement.

Moderate assurance conclusion

In our view, based on the work undertaken for Moderate Assurance as described, we conclude that the subject matters in the scope for Moderate Assurance are supported by the evidence obtained.

Key observations and recommendations for improvement

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are set out below.

In relation to AA1000AP

Inclusivity:

Thungela has made public commitments to be transparent and accountable to stakeholders in both its ESG and Integrated reports. These commitments are embedded in Thungela's policies, frameworks, and standards, such as their Board-approved ESG Policy and Social Policy. Thungela's Stakeholder Engagement Protocol (SEP) describes the scope and objectives of stakeholder engagement, the outputs of which are used to inform several governance and strategy initiatives including the materiality determination process and risk management processes. Thungela's stakeholder engagement functions are embedded across the Group and operational sites, with responsibility for various engagement activities being allocated to specific roles and functions.

It is recommended that Thungela consider setting relevant metrics to measure engagement effectiveness, outcomes, and impact. This will drive improvements in stakeholder engagement effectiveness. It is also recommended that Thungela update its SEP to bring it into alignment with its other policy documentation.

Materiality:

Thungela follows a materiality determination process as described in its annual integrated report. The process involves senior managers from across the Group, and the final outcomes are reviewed, interrogated, and approved by the Board. Thungela's internal risk and assurance department, together with other functional areas are responsible for managing, and responding to, the material risks in their areas.

It is recommended that Thungela formally document its materiality process to ensure that the process remains aligned to best practices and strengthen its articulation of how it assesses material sustainability risks, opportunities, and impacts.

Responsiveness:

Thungela has implemented processes for engagement with, and responses to, stakeholders, that are part of its risk management procedures. Thungela’s operations develop their own communication procedures, and have informally delegated responsibility to managers and functions at operational sites for considering the relationship between the maturity, impact and prioritisation of topics and the appropriateness of the responses.

It is recommended that Thungela consider developing a Group-level policy to ensure consistency in the process to develop responses and to communicate with stakeholders. It is also recommended that Thungela consider consolidating some of its stakeholder engagement documentation within this policy.

Impact:

Thungela has identified, assessed, and disclosed its impacts, and processes to measure, evaluate and manage these impacts in its ESG report. Its identified impacts have been aligned to the United Nations Sustainable Development Goals. To support and enable its impact management, Thungela has documented policies, frameworks, and standards, that are part of its risk management infrastructure, and the internal risk and assurance department works closely with the other functions across the organisation to ensure adequate management of impacts. This is further enhanced through external assurance, and public disclosure, of its ESG performance.

In relation to the selected disclosures

IBIS observed that appropriate measures are in place to provide reliable source-data related to the selected sustainability disclosures in the assurance scope for 2023. Thungela has an established sustainability data management system, which assists with collecting and consolidating sustainability information.

Discrepancies in data identified during the assurance process for 2023 mostly related to manual capturing errors on the sustainability data management system that were subsequently corrected.

IBIS recommends the implementation of more rigorous controls at site level, including a review of data before finalisation and submission to Group. Uploading of supporting information to Group would assist where there are manual data entries. Automated systems should be implemented where financially feasible.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to Thungela management for consideration.



Petrus Gildenhuis
 Director, IBIS Environmental Social Governance Consulting Africa (Pty) Ltd

Johannesburg

15 April 2024



The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of Thungela Resources Limited.

Reporting criteria

KPI	Definition
Fatality	A death resulting from a work-related injury
Total recordable case frequency rate (TRCFR)	Total recordable case frequency rate (calculated) is the number of recordable injuries (fatalities + lost-time injuries + medical treatment cases) per 1,000,000 hours worked (total recordable cases x 1,000,000/total hours worked)
Land rehabilitation, reshaping, growth material construction and seeding completed	Total hectares reshaped during the current year, total hectares where the relevant growth medium has been constructed to date in the current year and total hectares seeded and/or planted in the current year
New cases of noise induced hearing loss (NIHL)	Number of employees diagnosed with NIHL during the reporting period. New cases are recorded when: <ul style="list-style-type: none"> • The rules for diagnostic criteria for occupational disease in Thungela have been met • There is a pattern consistent with NIHL on the audiogram • The average hearing loss at frequencies 0.5, 1, 2, 3 and 4 kHz for both ears is greater than 25 dBA • There has been a 10 dB change in average hearing loss since the pre-placement audiogram recorded on employment with Thungela • The employee has not previously been counted as a NIHL case.
Number of employees who know their HIV status	The total of all employees who are known to be HIV+ on their medical records (irrespective of year of testing or testing facility) – and who are still in employment at the end of the last reporting year. Plus the total of all employees whose last test confirmed an HIV sero-negative status (based on a HIV counselling and testing result during a calendar year) – and who are still in employment at the end of the last reporting year.
Total energy consumed¹	Energy consumed by our mobile equipment (haul trucks, loaders, dozers, vehicles) and stationary equipment (generators). Fuel sources that are used are petrol and diesel.
Energy generated¹	Energy generated is from solar panels that are located at some of the sites. (Greenside, EWRP, Highveld Hospital and Elder)
Scope 1 emissions¹	Scope 1 emissions are direct GHG emissions from sources that Thungela owns or controls directly. Thungela’s scope 1 emissions from all sites are as a result of the following activities: <ol style="list-style-type: none"> 1. Stationary combustion – Includes diesel and petrol used in generators 2. Mobile combustion – Includes diesel and petrol used in haul trucks, loaders, dozers, vehicles etc. 3. Fugitive emissions – Includes emissions from the underground mines 4. Industrial processes and product use – Includes the use of limestone for the neutralisation of acid mine drainage 5. Wastewater treatment and discharge – Includes the emissions from anaerobic treatment systems
Scope 2 emissions¹	Scope 2 emissions are defined as GHG emissions from the generation of purchased electricity, steam, heating and cooling that is consumed in a company’s owned or controlled equipment or operations. Thungela only purchases electricity from Eskom.
Scope 3 emissions²	Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation, indirectly affects in its value chain

¹ Please refer to the climate change report for the methodologies associated with carbon and energy reporting criteria

² The descriptions of the 15 categories in Scope 3 and the methodology we use to calculate them are provided in the climate change report

KPI	Definition
Total greenhouse gas emissions (kt CO₂e)	Greenhouse gas calculations are based on the GHG Protocol, Intergovernmental Panel on Climate Change 2006 Guidelines and the South African Department of Forestry, Fisheries and the Environment’s Technical Guidelines for Monitoring, Reporting and Verification of Greenhouse Gas Emissions by Industry: https://www.environment.gov.za/sites/default/files/legislations/technicalguidelinesformrvofemissionsbyindustry.pdf
Freshwater abstraction	Volume of water received by the site from the water environment or a third party supplier (excludes water supply from the EWRP)
Water efficiency (Reuse/ Recycle)	<p>A total reuse/recycle efficiency metric for Thungela has been developed to increase water ‘reuse’ and ‘recycling’ behaviours such that the reliance on imported water is reduced. Water is assigned a status and either classified as raw, worked or treated, which is required to define water stores and to calculate the reuse and recycling efficiency.</p> <p>In an effort to improve reporting, a reconciliation of our reuse and recycling efficiency figures was conducted for several operations. Worse than expected values were noted where filter presses and thickeners at processing plants are in use. These technologies ensure that water is recycled numerous times in the coal washing process. This, however, did not reflect in our data. The calculation methodology in use was updated to disaggregate activities to sub-task level to reflect reuse and recycling in thickeners and filter presses. The new efficiency calculation falls within the confines of the Minerals Council of Australia’s Water Accounting Framework for the Mineral Industry which stipulates recommended aggregation levels.</p> <p>The Water Accounting Framework for the Minerals Industry User Guide (MCA, 2014) and Thungela’s Guideline Document and Definitions for Water Reporting define the different water statuses are as follows:</p> <ul style="list-style-type: none"> • Raw water is water that is received as an input and has not been used in a task. • Worked water is water that has been through a task. • Treated worked water is water that has been through a task and has subsequently been treated on site to provide water of a suitable quality for a particular purpose. It can include raw water treated once received on site or water used in a process that is then treated to allow further use or release to an output destination. <p>The following definitions define reuse and recycle:</p> <p>Reused water = worked water that is used in a task without treatment beforehand</p> <p>The re-use efficiency is the sum of worked water flows to tasks as a proportion of the sum of all flows into the tasks.</p> $\text{Reuse Efficiency} = \frac{\sum \text{Worked Water Flows to Tasks}}{\sum \text{All Flows to Tasks}}$ <p>Recycled water = worked water that is treated before it is used in a task</p> <p>Recycling efficiency is the sum of treated worked water flows to tasks as a proportion of the sum of all flows into the tasks.</p> $\text{Recycling Efficiency} = \frac{\sum \text{Treated Worked Water Flows to Tasks}}{\sum \text{All Flows to Tasks}}$
Water treatment (%)	The treatment target is based on reducing recharge, managing stormwater and creating sufficient storage to ensure uncontrolled discharges are mitigated by achieving a 40% treatment target. This includes desalination treatment at the EWRP and the Proxa plant at Mafube as well as lime treatment at Kromdraai and Navigation.
Water withdrawal	The volume of water, in megalitres (ML) received by the operated asset from the water environment and/or a third-party supplier. It includes precipitation and run-off, entrainment and aquifer interception.

KPI	Definition
Water discharge	Water that has been removed from the operated assets and returned to environment or distributed to a third party. Water we treat at the EWRP and then supply to the municipality is captured as diverted water consistent with the ICMM guidance as it is not intended for operational purposes.
Water consumption	All water that is removed by evaporation, entrainment (in product or waste) or other losses, and not released back to surface water, groundwater, seawater or a third party.
Total number of level 3, 4 and 5 environmental incidents reported	<p>Environmental incidents are unplanned or unwanted events that result in negative environmental impacts.</p> <ul style="list-style-type: none"> • A level 1 incident results in minor impact • A level 2 incident results in low impact • A level 3 incident results in medium impact • A level 4 incident is considered to be a significant incident, that results in high impact • A level 5 incident is considered a significant incident that has a permanent impact on the environment <p>We classify environmental incidents on a scale of 1 to 5 based upon increasing severity, in accordance with the Thungela 5x5 risk matrix, which plots potential incidents against their likelihood of occurring and the severity of their consequence.</p> <p>The following components are taken into consideration when rating the severity of environmental incidents:</p> <ul style="list-style-type: none"> • Scale: How significant is the size/scale of the impact relative to the size/scale of the receiving environment? • Sensitivity: How sensitive is the receiving environment to the impact? How special or unique is the area that has been impacted? • Remediation and clean-up: How difficult is the impact to contain, remediate and/or clean up? How much time and/or resources are required to manage the incident?
Number of level 3, 4 or 5 reportable incidents with social consequences	<p>Reportable incidents with social consequences are unplanned or unwanted events that result in negative social impacts. The consequences are rated according to the scale of the impact on the receptors, the vulnerability of the person or cultural heritage to the impact and our ability to remediate it.</p> <ul style="list-style-type: none"> • A level 1 incident results in minor change to people’s lives and is temporary. Those impacted have a high ability to adapt and no mitigation or corrective action is required • A level 2 incident creates a notable change to the way of life and in the short term. Those impacted have a high ability to adapt and it is easy to remediate • A level 3 incident creates a significant change in the way of life and in the medium term, those impacted are able to adapt in part to the incident and it is not easy to remediate • A level 4 incident creates a fundamental change to the way of life and the impact is long term. The ability of those impacted to adapt is severely restricted and it is challenging to remediate • A level 5 incident creates a fundamental change to the way of life and the impact is permanent. Those impacted are not able to adapt to the impact and it is very difficult or impossible to remediate.

Glossary

TERM USED	Definition
AA1000AS	AccountAbility AA1000 Assurance Standard
AI	Artificial intelligence
Anglo American	The Anglo American plc Group, and its subsidiaries
AR	Intergovernmental Panel on Climate Change's Assessment Report
ART	Antiretroviral treatment
B-BBEE	Broad-based black economic empowerment. This is a broader version of earlier BEE (see below) policy and attempts to spread the benefits of economic empowerment to the widest possible spectrum of black South Africans.
BEE	Black economic empowerment, a policy of the South African government aimed at increasing the access of black South Africans to productive assets. It seeks to 'promote new opportunities for and increase the levels of participation of black people in the ownership, management and control of economic activities.
BHV	Bullying, harassment and victimisation
Bioremediation	Treatment or waste-management technique that uses naturally occurring organisms to break down hazardous substances into less toxic or non-toxic substances.
BMP	Biodiversity management plan
Butsanani Energy	Butsanani Energy Investment Holdings Proprietary Limited
Capex	Capital expenditure
CCR	Climate change report
CCUS	Carbon capture, utilisation and storage
CDP	Carbon Disclosure Project
CH ₄	Methane
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalent
Coaltech	The Coaltech Research Association is a voluntary collaborative non-profit organisation that addresses the research needs of the South African coal industry.

TERM USED	Definition
Company-managed land	An area of land under the company's direct management, including company owned land, land managed or mined on behalf of third parties, land leased from third parties, company-owned land leased to third parties, land under servitude and land set aside for biodiversity offsets at the end of the reporting period. This excludes private or state-owned land above company-owned mineral or mining rights areas and undeveloped projects or prospects where the land does not yet fall under the company's direct management or ownership. This also excludes prospecting licences and claims, which are captured under a different parameter.
CSI	Corporate social investment
dBA	Decibels
DBE	Department of Basic Education
Decade of Action	A term used by the United Nations to call for accelerating sustainable solutions to all the world's biggest challenges — ranging from poverty and gender to climate change, inequality and closing the finance gap in the last 10 years before 2030
Demerger	The process to separate Thungela from Anglo American, as fully described in the Combined Prospectus and Pre-listing statement of Thungela, published on 8 April 2021
DMRE	Department of Mineral Resources and Energy
DOEL	Department of Employment and Labour
DWS	Department of Water and Sanitation
EAP	Employee assistance programme
ECD	Early childhood development
eDNA	Environmental DNA
Ensham Business	Thungela's interest in Sungela Holdings, Sungela, Ensham Resources, Ensham Coal Sales and Nogoia Pastoral, collectively.
Ensham Mine	An unincorporated joint venture between Sungela and Bowen
EOR	Engineer of record
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
ESGR	Environmental, social and governance report
EWRP	Emalahleni Water Reclamation Plant

TERM USED	Definition
FLI	Focused leadership interactions
Fugitive emissions	Methane (CH ₄) and a small proportion of CO ₂ released from the coal seams in underground mines as mining progresses
GBV	Gender-based violence
GHG	Greenhouse gas
GHG Protocol	Standards and guidance for corporate accounting and reporting on emissions, which help governments and business leaders to understand, quantify and manage emissions. The GHG Protocol separates emissions into different scopes, depending on source. It is available at: https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf
GJ	Gigajoule
GRI	Global Reporting Initiative
Group	Thungela and its subsidiaries, joint arrangements and associates
ha	Hectare
HCT	HIV counselling and testing
HDPs	Historically disadvantaged persons
HEG	Homogenous exposure group
HIV	Human immunodeficiency virus
HPH	High-potential hazard
HPI	High-potential incident
IAR	Integrated annual report
IBIS	IBIS Environmental Social Governance Consulting Africa (Pty) Ltd
ICMM	International Council on Mining and Metals
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
IPP	Independent power producers
IRM	Integrated risk management
ISO	International Organization for Standardisation
ISSB	International Sustainability Standards Board
IT	Information technology
IUCN	International Union for Conservation of Nature

TERM USED	Definition
JSE	Johannesburg Stock Exchange Limited
King IV	King IV Report on Corporate Governance for South Africa 2016
Km	Kilometre
KPIs	Key performance indicators
Kt	Kilotonne
kt CO ₂ e	Kilotonne of CO ₂ equivalent
LCSAP	Lead Certified Sustainability Assurance Practitioner
LED	Local economic development
LGBTQIA+	Lesbian, gay, bisexual, transgender, queer, intersex and asexual
Lifex	Mine life extension
LOM	Life of mine
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate
LTIs	A lost-time injury is a work-related injury resulting in an employee/contractor being unable to attend work, or to perform the full duties of his/her regular work, on the next calendar day after the day of the injury, whether a scheduled work day or not.
M&A	Mergers and acquisitions
m ³	Metres cubed
Mafube	Mafube Coal Mining Proprietary Limited
METF	Minerals Education Trust Fund
Mg	Milligrams
MHSC	Mine Health and Safety Council
Mintek	Mintek is South Africa's national mineral research organisation and is one of the world's leading technology organisations specialising in mineral processing, extractive metallurgy and related areas. Mintek is a state-owned science council which reports to the Minister of Mineral Resources and Energy.
ML/d	Megalitre per day
MPRDA	South African Mineral and Petroleum Resources Development Act No. 28 of 2002
MQA	Mining Qualifications Authority
MRFs	A mineral residue facility is the term used to describe a coal discard facility in which the by-product or waste from coal processing is disposed. These structures are engineered facilities.

TERM USED	Definition
Mt	Million tonnes
MTC	Medical treatment case
MTPA	Million tonnes per annum
MW	Megawatt
NBBN	National Biodiversity and Business Network
NBS	Nature-based solutions
NEMA	The South African National Environmental Management Act No. 107 of 1998
NEMBA	National Environmental Management: Biodiversity Act No. 10 of 2004
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss
NNL	No net loss
NO ₂	Nitrogen dioxide
NO _x	Nitrogen oxides
NQF	National Qualifications Framework
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
NWA	National Water Act No. 36 of 1998
ODS	Ozone-depleting substances
OEL	Occupational exposure limits
ORM	Operational risk management
PCD	Pollution control dam
PIT	Professionals-in-training
PM	Particulate matter
PM ₁₀	Particles smaller than 10 µm
PM _{2.5}	Particles smaller than 2.5 µm
PPE	Personal protective equipment
PPM	Parts per million
PV	Photovoltaic
QCTO	Quality Council for Trades and Occupations

TERM USED	Definition
RAP	Resettlement Action Plan
RCP	Representation Concentration Pathway
RMC	Rietvlei Mining Company Proprietary Limited
ROM	Run of mine, representing the coal extracted from mining operations before it is processed into saleable product
SACO	South Africa Coal Operations Proprietary Limited
SANBI	South African National Biodiversity Institute
SED	Socio-economic development
SHE	Safety, health and environment
SLP	Social and labour plan
SME	Small and medium-sized enterprise
SMME	Small, medium and micro-sized enterprise
SO ₂	Sulphur dioxide
SO _x	Sulphur oxides
SSP	Shared Socioeconomic Pathways
T	Tonnes
TB	Tuberculosis
TCFD	Task Force on Climate-Related Disclosures
TFR	Transnet Freight Rail
Thungela	Thungela Resources Limited
TRCFR	Total recordable case frequency rate, rate of recordable cases per 1,000,000 hours worked
TTM	Total tonnes moved
TWA	Time-weighted average
UN	United Nations
SDG	Sustainable Development Goals
UNAIDS	Joint United Nations Programme on HIV/AIDS
USD	United States dollar
ZAR	South African rand

Additional information

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FORWARD-LOOKING STATEMENTS DISCLAIMER AND THIRD-PARTY INFORMATION

This document includes forward-looking statements. All statements included in this document (other than statements of historical facts) are, or may be deemed to be, forward-looking statements, including, without limitation, those regarding Thungela's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Thungela's products, production forecasts and resource and reserve positions). By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Thungela, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Thungela therefore cautions that forward-looking statements are not guarantees of future performance.

Any forward-looking statement made in this document or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause Thungela's business not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Thungela has no duty to, and does not intend to, update or revise the forward-looking statements contained in this report after the date of this document, except as may be required by law. Any forward-looking statements included in this report have not been reviewed or reported on by the Group's independent external auditor.

The information contained within this report is deemed by the Group to constitute inside information as stipulated under the market abuse regulation (EU) No. 596/2014 as amended by the market abuse (amendment) (UK MAR) regulations 2019. Upon the publication of this report, this inside information is now considered to be in the public domain.

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