

ESG REPORT 2021

MINING FOR THE

FUTURE

01 INTRODUCTION



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BOARD APPROVAL

The Thungela board of directors acknowledges its responsibility for this report. It delegated the responsibility to oversee the reporting process to its Social and Ethics Committee. The board collectively reviewed the content and confirms that it believes this Environmental, Social and Governance (ESG) Report 2021 addresses material issues, and is a balanced and appropriate representation of the sustainability performance of the Group. The Thungela board approved this report on 22 April 2022.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements. All statements other than statements of historical fact, 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 reserve and resource positions) are forward-looking statements. 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. The Group assumes no responsibility to update forward-looking statements in this report, except as required by law.

PURPOSE AND SCOPE OF THIS REPORT

This report provides our stakeholders, including our shareholders, employees, the investment community, local communities, non-governmental organisations (NGOs), customers, business partners, suppliers, government and the media with a transparent account of our ESG approach and performance across our most material sustainability issues in 2021.

This is Thungela's first ESG Report as a standalone listed entity after listing on the Johannesburg Stock Exchange (JSE) and London Stock Exchange (LSE) on 7 June 2021. Historically, data from the coal business unit was aggregated for reporting purposes into the Group's Sustainability Report on an annual basis. Although Thungela has only been operationally and economically independent since 7 June 2021, data for the full year 1 January 2021 to 31 December 2021 has been presented in this report, to allow ease of comparison with previous and future years.

The scope of this report incorporates our wholly-owned operations and joint ventures in which we have management control. We include limited information about operations in which we do not have management control but hold a significant interest. This includes Mafube Coal Mining Proprietary Limited, a 50% joint venture with Exxaro Resources 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 data from other activities in which we have a shareholding, such as Richards Bay Coal Terminal (RBCT), Phola Coal Processing Plant and Rietvlei Mining Company Proprietary Limited (RMC).

Sustainable Development Goals

Our ESG policy, framework and programmes are aligned with the United Nations Sustainable Development Goals (SDGs) agenda. Elements of our work impact 12 of the 17 SDGs, but we also focus our efforts on those which we believe align most closely with our strategic priorities.

Within this document, we have indicated where we believe specific SDGs align with the data supplied, although this is not exhaustive.

Assurance and basis of preparation

This report is aligned with relevant reporting standards, frameworks and best practice. Our sustainability reporting criteria have been compiled in accordance with the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards (core compliance).

Our reporting is also aligned with the AA1000 Stakeholder Engagement Standard. The reporting process for all our reports has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the International Integrated Reporting Council's (IIRC's) International <IR> Framework, the GRI's Standards, the King IV Report on Corporate Governance for South Africa 2016 (King IV™), the JSE Listings Requirements and the Companies Act 71 of 2008.

IBIS ESG Consulting Africa (Pty) Ltd has provided independent assurance over selected sustainability key performance indicators (KPIs). IBIS's assurance statement is provided on pages 151-154.

THUNGELA'S 2021 REPORTING SUITE

This report forms part of our overall suite of reporting documents for the year ended 31 December 2021, all of which should be read together. Our 2021 reporting suite includes the following documents:

Integrated Annual Report

- Balanced assessment of our approach to creating and sustaining value.
- Detailed assessment of our coal resources and coal reserves, in line with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 (the SAMREC Code).
- Developed in line with the <IR> Framework, the Companies Act of South Africa, King IV™, the JSE Listings Requirements, the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

Annual Financial Statements*

- Detailed understanding of the Group's financial and operational performance, including pro forma financial information.
- Prepared in accordance with IFRS, the Companies Act of South Africa, King IV™, the JSE Listings Requirements, the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

Environmental, Social and Governance Report

- Detailed disclosure of the key environmental, social and governance elements that could have a material impact on our performance and business if not effectively managed.
- Prepared in accordance with the core requirements of the GRI's Standards, and internal safety and sustainable development indicators.

Various acronyms, abbreviations and measures used throughout the reporting suite have been defined on pages 157-159. For more information, visit www.thungela.com/investors/integrated-reports. *Available from 22 March 2022.

PERFORMANCE DASHBOARD

KEY PERFORMANCE INDICATOR (KPI)	TARGET	OUTCOME	2021	2020	2019
🛡️ Safety and health					
Fatalities	Zero	x	1	1	1
Total recordable case frequency rate (TRCFR)	15% improvement against baseline of the prior 3 years' average performance	√	1.35	1.51	1.48
New cases of noise-induced hearing loss (NIHL)	Year-on-year reduction	√	1	6	3
💪 Wellness					
Total percentage of employees who know their HIV status	More than 90% of employees	√	91	92	94
Total percentage of HIV-positive employees on anti-retroviral treatment	More than 90% of HIV-positive employees	√	93	94	93
🌱 Environment					
Total energy consumed (million GJ)	2025 target of 15% reduction against business-as-usual projections*	√	3.42	3.87	3.86
Total GHG emissions (kt CO ₂ - equivalent)	2025 target of 15% absolute reduction off 2016 baseline*	√	819	883	948
Water abstraction (ML)	2023 target of 20% reduction from 2015 baseline	x	865	785	714
Water reused/recycled (%)	2023 target of 75% reuse/recycle of water	x	61	66	**
Water treatment (%)	At least 40%	√	57	50	N/A
Level 3-5 environmental incidents	Zero	x	1	0	0
🗣️ Social					
Level 3-5 social incidents	Zero	x	8	4	4
Local procurement expenditure (% of total)	Increase the proportion of local procurement	√	24	19	13
👤 People					
Historically disadvantaged South Africans (HDSAs) in management (%)	Increase the number of HDSAs in management	√	74	70	67
Women in management (%)	Increase the number of women in management	√	28	25	23
Voluntary labour turnover (%)	Less than 5% turnover	√	3.2	2.7	4.6

* These targets and baselines were based on historical targets and will be revised during the course of 2022 based on a thorough understanding of our business.

** Owing to a change in water accounting and definitions, 2019 data is not available for this indicator.

OUR CONTRIBUTION TO SOCIETY

We are proud of the vital role we play in South Africa’s growth and development, and that of the countries to which we export. Working together, we aim to responsibly create value together for a shared future.

EMPLOYEE PARTNERSHIP PLAN R136.5 MILLION

The Thungela Employee Partnership Plan holds a 5% shareholding in South African Coal Operations Proprietary Limited (SACO), which resulted in a dividend declaration of R136.5 million for 2021, which will be paid to eligible employee beneficiaries after three years. This partnership allows employees to share in the value created and helps develop a culture in which colleagues commit to the highest ESG standards.

Employer trustees have been appointed, and the recruitment and appointment of an independent chair and employee trustees is under way. The process of naming the trust will commence soon.

NKULO COMMUNITY PARTNERSHIP TRUST R136.5 MILLION

In 2021, Thungela founded the Community Partnership Plan as part of its commitment to the socio-economic development of communities in which we operate. Based on the dividend declaration for 2021, R136.5 million will be paid to the trust for the upliftment of local communities. The Community Partnership Plan, aptly named The Nkulo Community Partnership Trust holds a direct equity stake of 5% of SACO. Nkulo signifies growth.

Several trustees have been appointed. A process is currently under way to recruit and appoint an independent chair and community trustees. The Nkulo Community Partnership Trust will create a long-lasting legacy and make a meaningful impact on the host communities.

HOST COMMUNITY PROCUREMENT R2.3 BILLION

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

CONTRIBUTION TO LOCAL COMMUNITIES R119 MILLION

Our expenditure on corporate social investment (CSI), socio-economic development (SED) projects and Social and Labour Plans (SLPs).

TOTAL PROCUREMENT R9.6 BILLION

Discretionary expenditure includes all supply chain-related expenditure from third-party suppliers. This includes operational and capital expenditure.

WAGES AND RELATED PAYMENTS R4.3 BILLION

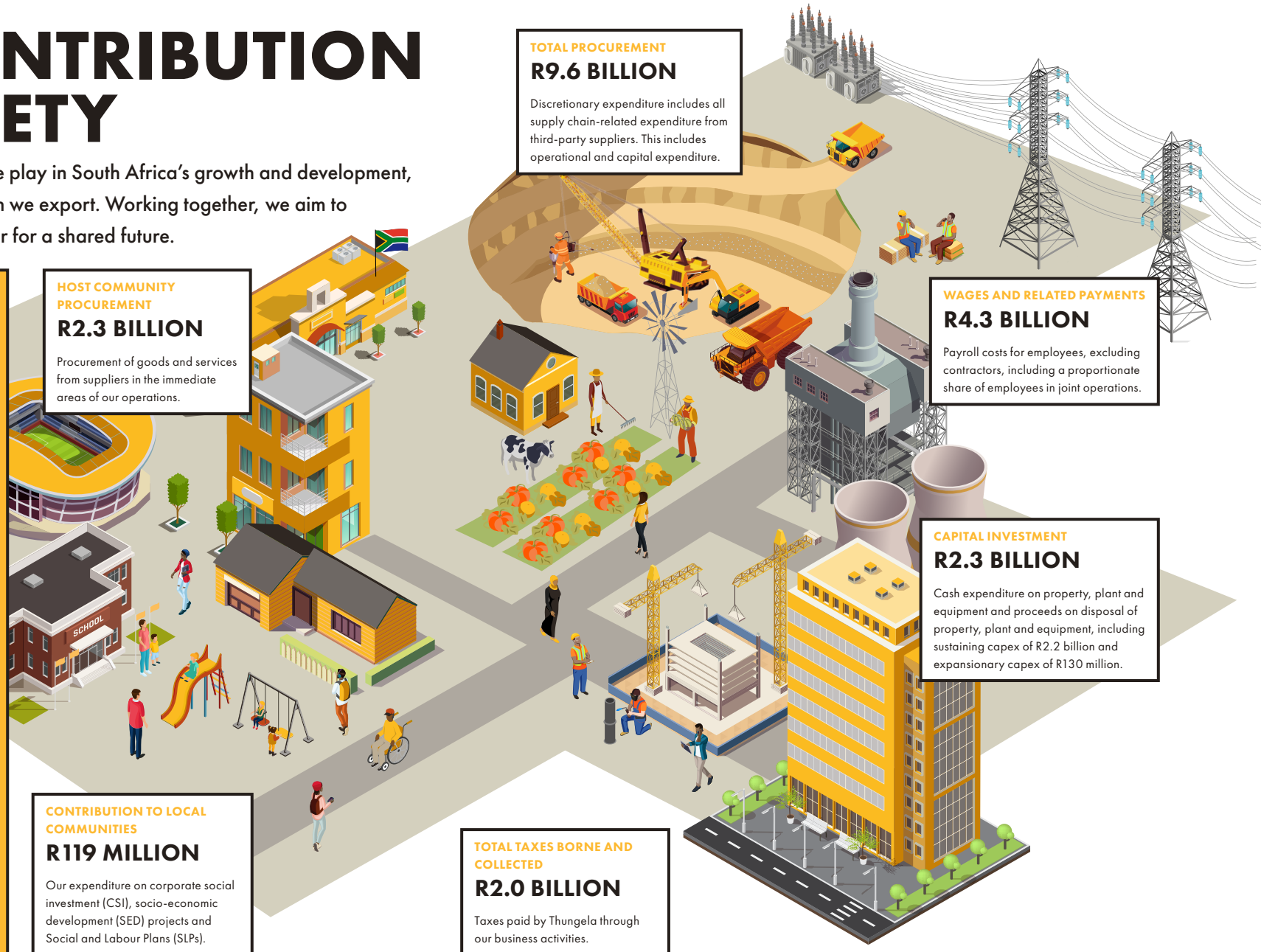
Payroll costs for employees, excluding contractors, including a proportionate share of employees in joint operations.

CAPITAL INVESTMENT R2.3 BILLION

Cash expenditure on property, plant and equipment and proceeds on disposal of property, plant and equipment, including sustaining capex of R2.2 billion and expansionary capex of R130 million.

TOTAL TAXES BORNE AND COLLECTED R2.0 BILLION

Taxes paid by Thungela through our business activities.



WHO WE ARE

WHO WE ARE

We are a future-oriented leading thermal coal business.

OUR CULTURE

Our high-performance culture values excellence, agility and accountability, and understands that our people are the heartbeat of our organisation.

AMBITION

To create real and demonstrable value for all our stakeholders.

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 make 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 ensure we are well-informed to be responsive, in order to keep things simple and make quick decisions.



ENTREPRENEURSHIP

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



OUR PURPOSE

To responsibly

create value

together

for a shared future

- We are uncompromising in our commitment to safety. This means working to the highest health and safety standards to make sure that no person comes to harm while earning a living for their family.
- We hold ourselves to the highest governance principles across our operations and work with people who care about positive outcomes.
- We carefully manage our impacts – now and once our operations reach the end of their lives. The land we mine today must be put to sustainable and productive use tomorrow.
- Being a responsible miner means being a responsible neighbour. We want our communities to thrive and for the impacts we leave on them to be positive ones.

- We want everyone close to our business to share in the real and unique opportunities for economic and social development that mining brings. This is in our very DNA as our employees and communities share a stake in our business.
- We create this value for our investors and all our stakeholders by focusing on our strategic ambition and related priorities.

- We believe that everyone has a role to play in creating value. That is why we are committed to collaborating, engaging and building meaningful relationships with our stakeholders.
- Our shareholders, employees, business and social partners all help us to generate value – and in turn, they share in this value.

- The value we create contributes to a brighter future for all of us. By achieving our mutual objectives, we – together with all our stakeholders – can face a future worth sharing.



CULTURE

Our business is built by our people, for our people. That is why we are passionate about giving them a working environment that supports their personal aspirations and professional goals.

WE ENRICH

We offer an enriching world of work where employees are encouraged to fulfil their potential. Individual development plans, exciting career paths and opportunities to stretch and develop themselves are the tools we give them to do this.

WE ENERGISE

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

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 CARE

Core to our culture is the Thungela value of Care and Respect. Apart from caring for our people's safety and overall wellbeing, we care for our environment and the communities in which we operate.

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 ENGAGE

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



SOCIAL AND ETHICS COMMITTEE CHAIRPERSON'S INTRODUCTION

When an organisation takes a step back to reflect on its ethical obligations, principles and practices, what it is really doing is calling on its people to take a step forward. Every action in a workplace, no matter how small, must be rooted in a conscious decision to do the right thing, for the right reasons. This is the most basic definition of ethical behaviour, both in our personal lives and in the role we play as individuals engaged in a collective endeavour. Conducting business ethically and in line with good corporate governance practices is a priority for Thungela. To this end, we have implemented a set of values and a code of ethics to govern our business dealings and partnerships.

In everything we do at Thungela, compliance is the anchor that binds us to the letter and spirit of the law. But over and above that, ethical principles are our guiding stars, the beacons that light the way for us to live our values. Ethical behaviour must be ingrained into our corporate culture, from top leadership down. It should be an unspoken compact, requiring no reiteration or reinforcement. If we are to question whether we are behaving in an ethical manner, instinctively doing the right thing for the right reasons, then the battle for hearts and minds has already been lost.

Responsibly creating value together for a shared future

Thungela's purpose is a commitment to its stakeholders. In setting out our purpose, we were intentional in ensuring that it is not in the periphery of our strategy but at the core. As the board, we are committed to the delivery of our purpose to deepen ties with our shareholders and stakeholders. 'To responsibly create value together for a shared future' speaks to being uncompromising in our commitment to ESG and upholding robust standards across our operations. We have retained the rigorous standards and policies created over many years by our predecessors, but we are also forging our own identity and creating our own future as a newly listed coal company. We can only achieve value creation by operating in a responsible way for the benefit of the communities in which we operate, for our employees, shareholders, markets we serve and society as a whole. We have a strong foundation on which to build a modern, future-oriented business with an 'owner' mindset, focused on creating value for all stakeholders.

A strong commitment to ESG

The board takes full responsibility for Thungela's ESG policy and has been instrumental in guiding the development of a holistic and

relevant ESG approach. We have taken to heart the views of our stakeholders and have used these views to guide and map the ESG focus areas requiring particular attention.

The board has established the Social and Ethics Committee, delegated with the responsibility to, among others, oversee ESG. We discharge our duty as a board with care, we act honestly and in good faith, ensuring that we do so in the company's best interests. While the board takes full responsibility for Thungela's ESG policy, the execution of ESG is the responsibility of each and every individual in the company. This is reflected in the organisation through compensation linked to ESG indicators.

A balanced approach to ESG

Our ESG framework has three pillars: environmental stewardship, shared value for our stakeholders and responsible decision-making and leadership, all of which are integrated into our business strategy, operating model, processes, systems and policies.

We are acutely aware of the need to conduct our operations in the spotlight of public scrutiny. Our commitment to employee safety,

We are a young company, bound by a bold vision and a sense of pride in the shared future we are creating.

health and wellbeing, our initiatives to support, empower and uplift our host communities, and our efforts to reduce emissions and minimise our impact on biodiversity and the environment, make it imperative that we are beyond reproach in everything we do.

Environmental stewardship

The board acknowledges that climate change is one of the major global challenges of our time. High-quality coal plays a key role in powering the enterprises required to produce materials that are critical for a transition to a future of low carbon intensity. As the world seeks to transition away from carbon, we are only too aware of the role we have to play in the transition. To this end, we are charting a path to net-zero, while we work to reduce the carbon intensity of each of our operations.

We believe that the environmental pillar of ESG encompasses more than managing emissions, and we are committed to minimising our environmental impact by practising good water and land stewardship, and using scarce resources efficiently.

Shared value for our stakeholders

As a coal business we understand the trade-off between balancing the adverse environmental impact of coal with the need to support development in South Africa, as well as the need for affordable, reliable power in our export markets, which are mainly developing economies. We are cognisant of the social challenges in host communities, and in South Africa as a whole. We are intentional about outperforming on the 'S' of ESG and positively impacting the lives of our employees and the people closest to our operations in a meaningful and lasting way. In addition to a variety of ongoing social projects, we are sharing the value we create with our employees and host communities through the Employee Partnership Plan and the Nkulo Community Partnership Trust.

Safety is our most important value and a key focus area for the board, management and every employee. Our people are at the heart of our business and every single person in our business deserves to go home safely, every day. The death of Moeketsi

Mabatla during an underground evacuation at Goedehoop colliery on 23 June 2021 was a devastating blow to us all. We extend our deepest sympathy to his family, friends and colleagues.

Responsible decision-making and leadership

Alongside our values are the principles, standards and behavioural norms that entrench our standing as an ethically-led company. In line with this, we have strong mechanisms in place to prevent, address and combat any form of corruption in the workplace, and to offer advice, training and safe channels for anonymous whistleblowing, where required.

Disclosure plays a key role in allowing investors, and the public in general, to understand and assess the risks and returns of ESG factors, and their potential impact on long-term value creation. We understand the importance of disclosing ESG-related information in a transparent, efficient and comparable manner, and we are proud to present our maiden ESG report covering our most material matters in 2021.

Closing reflections

In closing, I thank my colleagues on the committee, the executive team under the leadership of July Ndlovu, and the board, led by chairperson, Sango Ntsaluba, for their support and commitment. I wish to express my appreciation to all our stakeholders for their encouragement during the listing of Thungela, to our employees for their hard work and dedication, and to our host communities for their support.

We are a young company, bound by a bold vision and a sense of pride in the shared future we are creating. With this in mind, in a society that is among the most unequal in the world, beset by massive unemployment, widespread poverty and pressing social concerns, we believe that behaving ethically isn't just the right thing to do. It's the only thing.

THERO SETILOANE

Chair of the Social and Ethics Committee

22 April 2022

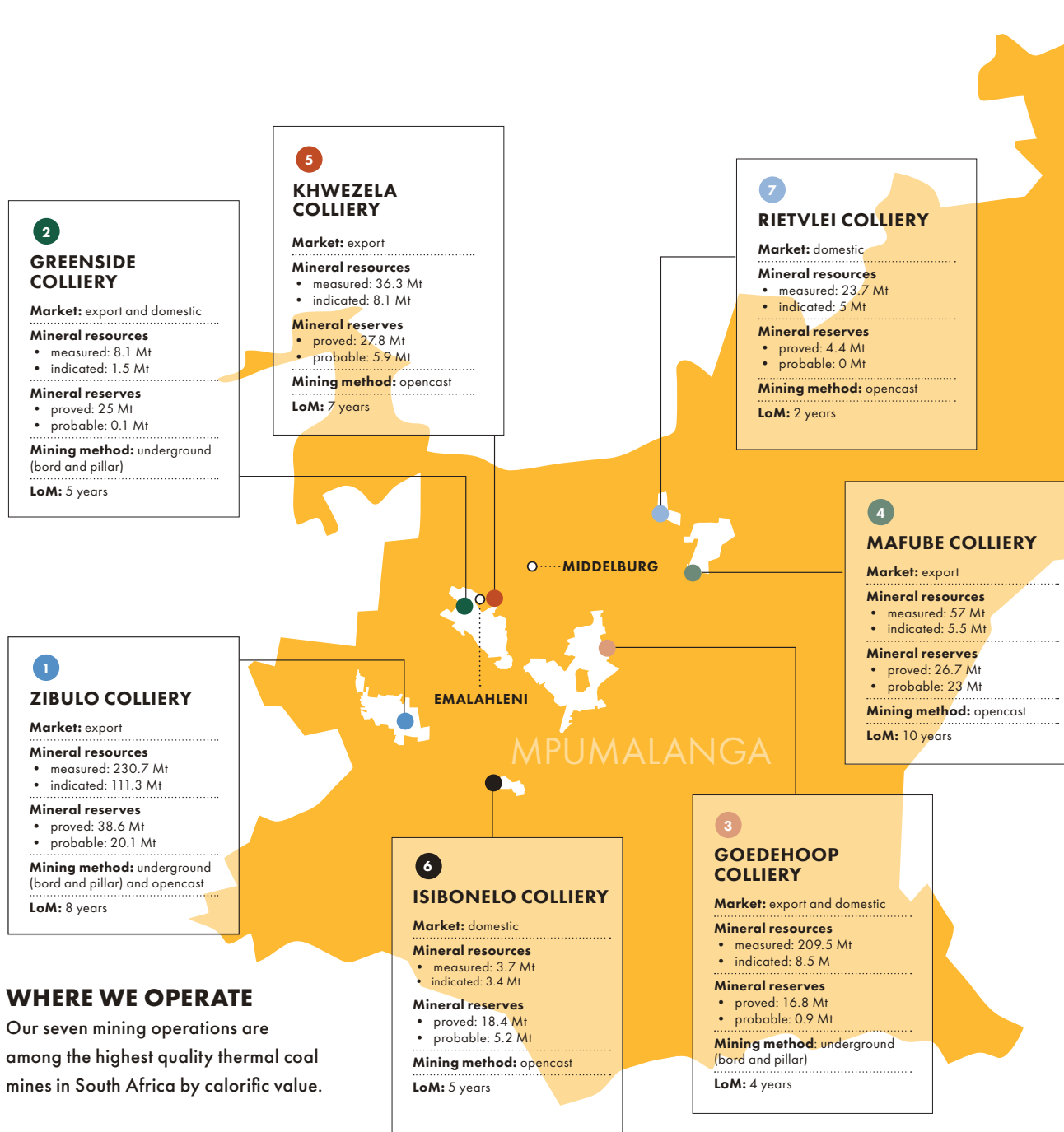
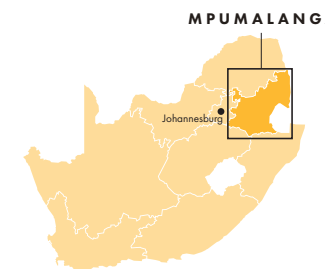
GROUP OVERVIEW

Thungela, which means 'to ignite' in isiZulu, is a leading South African thermal coal business, focused on thermal coal production. It is one of the largest pure-play producers and exporters of thermal coal in South Africa, based on aggregate coal reserves and marketable coal production.

The Group owns interests in, and produces its thermal coal predominantly from, seven mining operations, namely Goedehoop, Greenside, Isibonelo, Khwezela, Anglo American Inyosi Coal Proprietary Limited (AAIC, operating Zibulo colliery), Mafube Coal Mining (operating Mafube colliery) and Butsanani Energy (owning Rietvlei colliery), which consist of both underground and opencast mines located in the Mpumalanga province of South Africa.

Our operations are among the highest quality thermal coal mines in South Africa by calorific value. Thungela also holds a 50% interest in Phola, which owns and operates the Phola coal processing plant, and a 23% indirect interest in RBCT. Richards Bay Coal Terminal is one of the world's leading coal export terminals, with an advanced 24-hour operation and a design capacity of 91 million tonnes per annum.

Thungela is committed to operating in a sustainable way to ignite value for a shared future, to the benefit of the communities in which it operates, its employees, shareholders and society as a whole.

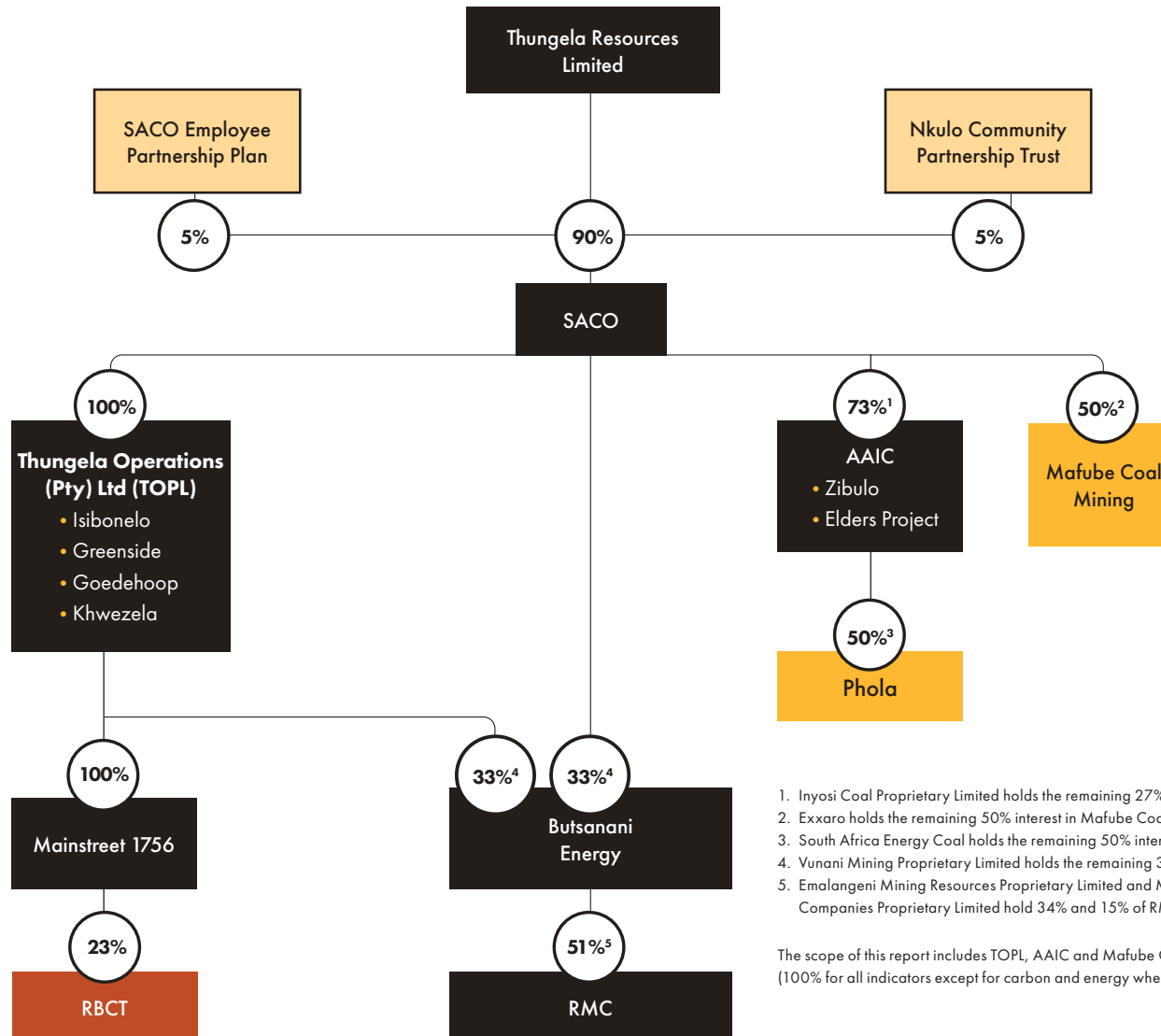


WHERE WE OPERATE

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

OWNERSHIP STRUCTURE

Organisational structure of the Group



1. Inyosi Coal Proprietary Limited holds the remaining 27% interest in AAIC.
 2. Exxaro holds the remaining 50% interest in Mafube Coal Mining.
 3. South Africa Energy Coal holds the remaining 50% interest in Phola.
 4. Vunani Mining Proprietary Limited holds the remaining 33% of Butsanani Energy.
 5. Emalangeni Mining Resources Proprietary Limited and Mwelase Group of Companies Proprietary Limited hold 34% and 15% of RMC, respectively.

The scope of this report includes TOPL, AAIC and Mafube Coal Mining (100% for all indicators except for carbon and energy where only 50% is reported).



CHIEF EXECUTIVE'S REVIEW

It is with great pride that Thungela presents its first ESG Report. We are delighted to take this opportunity to introduce our purpose: Responsibly creating value together for a shared future.

2021 was filled with many exciting milestones:

- We successfully listed on the JSE and LSE, which marked the start of our journey.
- During our first months of financial and operational independence, in a challenging business environment, we delivered a robust financial performance.
- We have founded two share ownership schemes, the SACO Employee Partnership Plan and the Nkulo Community Partnership Trust, to enable employees and our communities to share in the value we create. Each holds a 5% interest in our operations.
- We established a fit-for-purpose ESG framework and associated targets to prioritise areas that are most salient to our host communities and broader stakeholder groups.

A successful transition into a public company

7 June 2021 marked a special day for Thungela, as it was the first day our shares were traded on the JSE and LSE. In 2021, Thungela was one of the top performing shares on the JSE, with the share price increasing by 286% between the close of our first day of trading and the end of the year.

Our solid results show the magnitude of what we have been able to achieve since becoming a publicly listed company. We faced several challenges, most notably COVID-19 and rail infrastructure constraints due to the underperformance of Transnet Freight Rail (TFR). Despite these, we returned to profitability with net income of R6.9 billion, following a loss of R362 million the previous year. This was driven by solid operational performance and a favourable price environment.

We are proud of our operational and financial performance, and we encourage you to read our Integrated Annual Report which is available for download from our website for a more comprehensive overview of our operational and financial performance.

Our core belief is that our people have the right to go home safely every day

The death of our colleague, Moeketsi Mabatla, during an underground evacuation at Goedehoop colliery on 23 June 2021 was a devastating blow for us as the Thungela family. We continue our relentless pursuit of being a fatality-free business and we are working hard to achieve this through our safety strategy.

This strategy is built around three pillars – back to basics, work management and culture change – and was developed through extensive engagement with our employees. It is continually evaluated for suitability and effectiveness, and adapted accordingly.

Through our efforts, we have seen a reduction in total recordable cases and total recordable case frequency rate, which has improved from 1.51 in 2020 to 1.35 in 2021. While pleased with this improvement, we will not be satisfied with our safety performance until every employee is able to return home to their loved ones without harm every day. We must eliminate fatalities and accidents from the workplace.

While COVID-19 continues to have a profound effect globally, the significant work done to address the pandemic's effects on our workforce enabled us to successfully manage its successive waves.

I extend my thanks to Thungela's safety and health teams for leading an exceptional response. Our site management teams and employees must also be commended for playing their part.

Vaccinations are currently being administered at our Highveld Hospital to eligible employees, their families and our business partners. We have also collaborated with the Department of Health and the Minerals Council South Africa to support the country's vaccination rollout.

A carbon company in a world seeking change

As a carbon company, we recognise the importance of addressing climate change. In fact, we are as concerned about it as everyone else.

The transition to a sustainable energy mix will require looking at ESG from a broader perspective. When discussing climate change and risks, we cannot overlook land stewardship, land management, emissions, biodiversity and water management, all of which fall under the 'E' of ESG. We must consider the impact of a transition on communities who are reliant on our business and the markets that are dependent on using the coal that we produce.

The reality is that there are still nearly 800 million people who do not have access to electricity, many of whom live in the countries that we serve. This means limited or no access to heat, light, fuel and other essential services, which are basic human rights. Countries have a legitimate reason to choose coal as an energy resource. The UN Agenda for Sustainable Development envisions the achievement of universal energy access by 2030, but the truth is, we cannot wait that long. We cannot sit back until society has decided which technologies are most suitable and appropriate for the energy demands of tomorrow, when the markets we serve are critically dependent on the production of high-quality coal today.

The transition to new power generation technologies requires a technology-agnostic approach so that society has access to reliable, affordable, low-emission energy. Failure to achieve this could undermine the critical and urgent actions needed to mitigate climate

change. There is no single climate change solution, and no 'one size fits all' scenario. We need to stay true to the Paris Agreement and its adherence to 'all clean technologies and cooperative action', including those that abate emissions from coal, such as carbon capture and storage, and high-efficiency, low-emissions technologies.

Coal is the pathway to a greener future. It can provide the reliable and affordable energy that industrial enterprises need to enable the transition to net-zero. In addition, the question of affordable and reliable power is often downplayed, but coal actually supports renewables by providing stability when the sun does not shine and the wind does not blow. We need to ensure that we can continue to supply reliable energy. That is the role coal producers play to ensure that this transition can happen in a responsible and coordinated manner. This is not about a binary choice between coal and renewables, but how these technologies combine in an innovative way to combat the single largest threat of our time.

Balancing our responsibilities

As coal enables economic growth, so too does it enable the provision of basic utilities such as water and power, and social services such as healthcare and education. In this light, there is more to our purpose as a coal mining company than the mining of coal.

To be a responsible company means that we have a duty of care, which compels us to find a balance between the competing polarities of climate change and society's needs. We have a duty to ensure that we do what is right for South Africa, on the understanding that the coal we mine does not belong to Thungela; it belongs to the people of the country. Out of that endowment, we must deliver as much value as we can, not only for the nation at large, but for the employees and communities that depend on us.

There are many vocal opponents of coal who believe that closing mines would be the best solution. We invite them to visit coal-mining communities to experience first-hand the impact that the loss of mining would have on our people. Then they would realise the magnitude of our responsibility.

A fit-for-purpose ESG framework

We have established and embedded in our business a robust, fit-for-purpose ESG framework to prioritise those areas that are most

Coal is the pathway to a greener future. It can provide the reliable and affordable energy that industrial enterprises need to enable the transition to net-zero.

The value we create must be shared in a meaningful way between us as a company, our employees, our shareholders and the communities that are affected by our mining activities.

relevant to our stakeholders. Our approach is based on upholding the rigorous standards developed by our predecessors, but also establishing our own identity and creating our own future.

Our ESG framework focuses on three pillars: environmental stewardship, creating shared value for our stakeholders and responsible decision-making and leadership. We are on an ESG maturity journey and aspire to outperform on the 'S' of ESG. Each of these pillars is supported by our values and Code of Conduct, and is underpinned by robust management systems, open and engaged leadership, and a commitment to effective and transparent stakeholder engagement.

Environmental stewardship

Year on year, we have seen a reduction in our absolute carbon emissions of 7.3%, and our energy intensity has decreased by 5.6%. At Demerger, we set ourselves a target of reducing carbon emissions by 15%, off the 2016 baseline, by 2025. At the end of 2021, our carbon emissions were 17.3% lower than the 2016 baseline. This was driven partly by energy-saving initiatives, but also by lower-than-expected production volumes due to the placement of the Bokgoni pit at Khwezela on care and maintenance, COVID-19 and the impact of TFR's underperformance. We will keep challenging ourselves to reduce our carbon intensity at each of our operations on an annual basis while we chart our path to net-zero by 2050 and determine appropriate intermediate targets that will help us achieve this goal.

As responsible stewards of the environment in which we operate, we are committed to using scarce resources efficiently and responsibly. We are on track to meet the freshwater abstraction target of 20% reduction that we set ourselves off a 2015 baseline. We are working hard to find sustainable passive treatment systems to address the residual impacts of mining on water, as an alternative to active treatment. In 2021, we commenced with the construction of a demonstration-scale passive treatment plant, and we are trialling several other options to treat or reuse water.

We have made significant strides in improving our air quality management through the implementation of real-time monitoring of particulate matter, air quality management plans, and providing our sites with the opportunity to investigate and address air quality

concerns expeditiously. In addition, we are on a journey to improve hazardous and non-hazardous waste recycling, and in that way reduce the volume of waste going to landfill. The gumboot recycling initiative at Zibulo colliery, described on page 40, is a good example.

On 14 February 2022, an uncontrolled release occurred at Khwezela's Kromdraai site, which resulted in the discharge of mine-impacted water into the Kromdraaispruit. This water source feeds into the Wilge River and the Upper Olifants River catchment. The event was classified as a level 4 environmental incident and the first phase of corrective measures to mitigate the impacts of the environmental incident has been successfully completed. Thungela will continue with water monitoring requirements, screening for possible residual waste, and will work with the Mpumalanga Tourism and Park Agency should further clean-up operations be required. The next phase of the remediation is under way, with a risk assessment being performed to define all impacts of the incident.

We have comprehensive mine closure and rehabilitation programmes that seek to return previously mined land to its original condition for sustainable use. We are committed to no net loss of biodiversity and are taking a novel approach through the implementation of a regional biodiversity management plan which integrates the opportunities across our sites. Our Isibonelo colliery has received wide acclaim for restoring several wetlands using the Dongalock™ technology, and many species, some of them rare, are making their return to these areas.

Sharing value with our stakeholders

The value we create must be shared in a meaningful way between us as a company, our employees, our shareholders and the communities that are affected by our mining activities. As platforms for sharing the value we create, we have founded the SACO Employee Partnership Plan and the Nkulo Community Partnership Trust. We are proud to report that the total value created for both in 2021 amounts to R273 million. The Nkulo Community Partnership Trust will appoint an independent chair and community trustees, and should be well on its way to start making an impact on the communities in which we operate.

Last year, Thungela contributed R119 million to society through our social initiatives that advance skills development, education, the development of critical infrastructure, enterprise and supplier development, and health and welfare in host communities. We also have a strong drive to increase our local procurement, and I am pleased to report that 24% of our total procurement spend in 2021 was with our local communities, equating to R2.3 billion.

We supply critical infrastructure in the regions in which we operate. These include healthcare facilities such as clinics, hospitals and schools. Ensuring the supply of safe drinking water and treatment of wastewater is another essential contribution to people's lives and the environment. One example is our flagship eMalahleni Water Reclamation Plant which purifies mine-impacted water to drinkable quality for supply to the severely water-stressed region. Over six billion litres of water was supplied to the eMalahleni Local Municipality in 2021, another important social contribution.

Purpose-driven people

At Thungela we are bold, ambitious and driven by an entrepreneurial mindset. We are shaping an exciting future with new opportunities, supported by an engaged workforce and a high-performance culture.

Our organisational culture is built on the foundations of diversity, equality and dignity, and we strive to empower every person with what they need, to give their very best and feel safe and supported in doing their work. We have implemented a holistic transformation strategy and we are proud of the progress we have made in increasing the representation of historically disadvantaged persons in management, which now stands at 74%. The proportion of women in management is now 28%, up from 25% in 2020, and in our overall workforce, women now make up 27% of our employees.

Our purpose was inspired by our people and it is our people who are responsible for delivering our performance, who engage with our stakeholders and who uphold our high standards. For this, I thank you.

Ethical and responsible leadership

A key priority for Thungela is to conduct business ethically, in line with sound corporate governance practices. We view this as essential to

value creation and sustainability, and therefore it is integrated into the company's strategies, policies, standards, practices and procedures. We are committed to the highest standards of corporate governance to enhance accountability, transparency and effective compliance.

By embracing strong corporate governance principles, we aim to build trust with our stakeholders through ethical business conduct, meeting our commitments and maintaining transparency and accountability in management and reporting. We also commit to transparent and fair executive pay structures, linked to ESG performance. We fully embrace the transparency that is expected from a public company, and I look forward to reporting further progress on our journey as a responsible value creator making a unique contribution to society.

Conclusion

In closing, let me return to our purpose: to responsibly create value together for a shared future. Thungela sees itself as a key contributor to society and we take our ESG responsibilities very seriously. We are poised to create sustainable, long-term value. With our foundations firmly in place, our journey to responsible value creation has just begun.

In a world of volatility, we intend to show resilience and agility. We will maintain our focus on what we can control: achieving our goal of becoming a fatality-free business, realising further operational improvements and cost efficiencies, maximising the full potential of our existing assets, with a near-term focus on production replacement projects, creating future diversification options and optimising capital allocation.

In driving our ESG aspirations, we will continue to challenge ourselves to reduce our carbon intensity at every operation on an annual basis while we develop intermediate emission reduction targets and chart our pathway to net-zero by 2050, subject to the requirements of the countries in which we operate and the markets we serve. Our first goal is to finalise intermediate carbon reduction targets by 2023.

The true measure of our lasting success will be when our employees and communities can say that they too are reaping the benefits of our success.

JULY NDLOVU
Chief Executive Officer
22 April 2022

APPROACH TO ESG

THE ROLE OF COAL

As the world transitions to a lower carbon future, thermal coal remains a key pillar of the global energy mix. Thungela has an important ongoing role as a responsible thermal coal producer that recognises and balances society’s needs, environmental expectations and the vital role that mines play in the economy and local communities. We also acknowledge the need to reduce our own carbon footprint, while supporting and advocating for technologies which abate emissions from coal.

As a responsible miner, our operations provide a wide range of economic and social benefits for host communities in particular, and the country as a whole, including significant employment, tax revenues, export earnings and the provision of many essential community services.

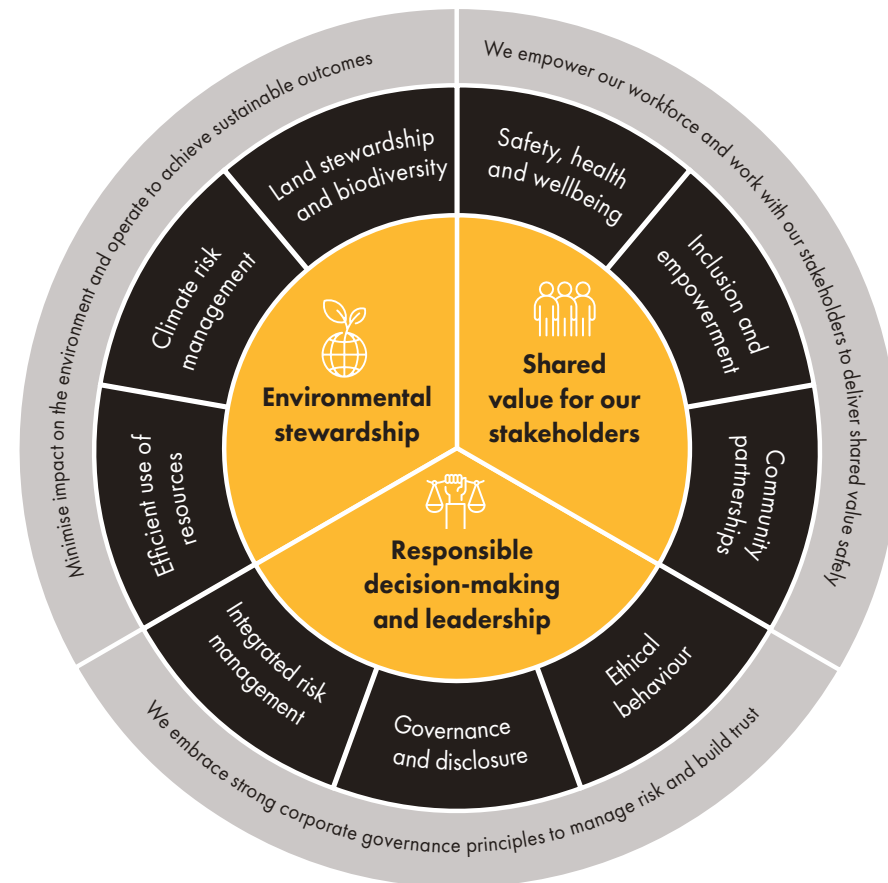
Commitment to ESG standards

After considering major trends in the external landscape, existing activities, and the ambitions of our employees and stakeholders, we developed a fit-for-purpose ESG framework to prioritise those areas that are most salient to our host communities and broader stakeholders. We are on a maturity journey that commenced with the adoption of our ESG approach to support our purpose, which is to responsibly create value together, for a shared future.

Our commitment to uphold ESG standards while striving to outperform on the social aspect is one of Thungela’s strategic focus areas and underpins our licence to operate.

Our ESG framework focuses on three pillars: environmental stewardship, creating shared value for our stakeholders, and responsible decision-making and leadership.

Within each of the ESG pillars, we have identified three core priorities most relevant to our employees, communities, stakeholders and global trends. Underpinning these priorities are robust management systems, open and engaged leadership, and a commitment to effective and transparent stakeholder engagement, further supported by our values and Code of Conduct.



Supported by

Robust management systems

Open and engaged leadership

Values and Code of Conduct

Effective and transparent stakeholder engagement

ENVIRONMENTAL STEWARDSHIP

Our safety, health and environmental management system is premised on our values and our principle of operating a fatality-free business, no repeats and simple, non-negotiable standards. Our goal is to have zero level 3-5 environmental incidents.

Climate risk management

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

Coal’s most serious, long-term, global impact is climate change, and we recognise the importance of addressing this. Thungela is committed to playing our part in achieving the goals of the Paris Agreement. A target of 15% absolute CO₂ reduction off a 2016 baseline was set in alignment with our predecessor’s stretch goals. We will continue to challenge ourselves to reduce our carbon intensity at every operation on an annual basis, while we develop intermediate emission reduction targets during the course of 2022 that are more appropriate for our business as we chart our pathway to net-zero by 2050, subject to the requirements of the countries we operate in and the markets we serve.

We are leveraging our strategic relationships to support improved use of coal and we facilitate research into emission abatement technologies through the International Energy Agency Clean Coal Centre, the Coal Industry Advisory Board and the South African Centre for Carbon Capture and Storage. We strongly believe that the coal debate needs to shift from the phasing out of fossil fuels to the phasing in of all emission abatement technologies, including those relating to coal.

We commit to transparent, regular disclosure related to climate risks and undertake to align Thungela’s reporting, as far as possible, with the Task Force on Climate-related Financial Disclosures (TCFD) during 2022.



Efficient use of resources

We strive to use our resources, including water and energy, efficiently and to minimise our waste generation and air quality impacts.

Thungela recognises that we are operating in water-scarce areas. We are responsible water stewards, enabling mining while seeking to achieve no long-term net harm to water resources where we operate. Our targets are to achieve 75% reuse/recycling of water, to reduce our water abstraction by 20% by 2023 (from our 2015 baseline) and to achieve 40% water treatment.

We are committed to investigating alternate water treatment technologies that are sustainable in the long term to reduce our water liabilities and potential for negative impact on the environment, while reducing freshwater consumption and achieving reuse/recycling opportunities.

We maximise opportunities for reusing, reducing and recycling scarce resources so as to decrease the amount of waste that we produce and send to landfill.

Our energy and carbon management programme aims to lower our energy consumption by 15% by 2025, relative to the business-as-usual projection and to improve efficiency at all our operations.

Thungela is committed to reducing the impact of thermal coal mining on ambient air quality in areas in and around its operations. We use industry-leading standards to manage the reduction of dust from our operations.



Land stewardship and biodiversity

We commit to no net loss of biodiversity and to close our mines responsibly to enable sustainable future land use and manage residual environmental impacts, especially related to water.

Our approach to land and water stewardship delivers significant social, environmental and economic benefits to our host communities. We have successfully carried out wetland restoration projects, treat mine water for use by local communities and to support agriculture, and have implemented a regional biodiversity management plan as we strive to achieve our target of no net loss of biodiversity.

Our closure liabilities are fully funded in terms of the legal requirements and we have best practice closure and rehabilitation plans for all our sites, aligned with International Council on Mining and Metals (ICMM) good practice around integrated closure. We are actively pursuing and piloting alternative water treatment technologies that are sustainable in the long term as part of our commitment to managing our residual environmental impacts and liabilities.



SHARED VALUE FOR OUR STAKEHOLDERS

Safety, health and wellbeing

We commit to operating a fatality-free business for our workers and strive to avoid, reduce and mitigate the negative impacts we may have on communities.

Our commitment to safety is unconditional and unwavering. It is imperative to protect the safety, health and wellbeing of all individuals working at Thungela's sites. Our non-negotiable target is zero work-related fatalities, together with a consistent decrease in the frequency of total recordable cases.

Our avid focus on risk, and the element of risk identification in the management process, are of the utmost importance. We are intentional about learning from our incidents and deploy appropriate controls to ensure the safety of our employees.

We have a leading HIV prevention and treatment programme, targeting over 90% of employees knowing their status and 90% of those who test positive to be administered anti-retroviral treatment, in alignment with the UN 90-90-90 goals. We also run a comprehensive internal wellness programme, Be Well, focusing on the prevention, early recognition and treatment of non-communicable and communicable diseases.



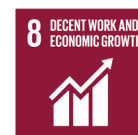
Inclusion and empowerment

We provide equal opportunities to foster an inclusive, diverse and empowered workforce.

We invest in the ongoing and sustainable education of our employees, providing scholarships, skills development workshops and programmes, as well as opportunities for higher education. Part of this process is aimed at ensuring there are continuous opportunities available for employee development and the promotion of diversity and transformation in the workforce.

Underpinned by our values, Code of Conduct and Inclusion and Diversity Policy, we promote an environment in which every colleague is valued and respected for who they are, regardless of race, gender, age, religion or disability. We support the right to equal pay for equal work, and we are committed to maintaining a fair workplace free from any form of discrimination.

Beyond the regulatory requirements, we are also creating an enduring positive legacy for our employees through an Employee Partnership Plan which has a 5% shareholding in SACO, providing a direct stake in the future success of the company for our employees.



Community partnerships

We partner with our communities to understand and help deliver their priorities, proactively engage all stakeholders and uphold human rights in our operations and activities.

Our approach to establishing community partnerships is governed by our Social Policy that helps our employees, suppliers and contractors to collaborate in a sustainable way. Our policy outlines our approach to identifying potential community partnerships and co-creating fit-for-purpose SED programmes. We engage with various stakeholders, including community structures, local municipalities and business forums, to maintain a strong understanding of their needs in order to implement programmes that address stakeholder needs. Some of the priority needs identified with our communities include skills development, procurement from local suppliers, enterprise and supplier development, holistic education support, mentoring and coaching, and employment of local community members. The needs identified from these engagements have influenced the development of our SED approach, and ensured we develop community partnerships that create value for stakeholders while meeting business objectives.

The education programme, implemented in partnership with the Department of Basic Education, seeks to provide shared value for learners in our host communities through the provision of inclusive and quality education to children living close to our operations. We have adopted a holistic and systematic approach to improve learner outcomes at 24 primary and high schools, and 26 early childhood development (ECD) centres in our communities.

We are working with our host communities to support youth and enterprises, prioritising, where possible, supplier development to support job creation and the development of small, medium and micro enterprises (SMMEs).

In our efforts to improve community partnerships, we founded the Nkulo Community Partnership Trust which holds a 5% interest in SACO. The trust entitlement is a minimum of R6 million per annum from 2021 to 2024. Thungela trustees have been appointed, and the process to appoint an independent chair of the trust and community trustees has commenced.



RESPONSIBLE DECISION-MAKING AND LEADERSHIP

Ethical behaviour

We conduct our business ethically, in line with good corporate governance practices, and have zero tolerance for corruption.

We embrace the strong corporate governance principles set out in King IV™ to manage risk and build trust through an institutional focus on ethical behaviour, good governance and disclosure, and integrated risk management.

We have policies and initiatives in place to, among other actions, protect whistleblowers, encourage tax transparency and prevent anti-competitive practices. We have a dedicated, diverse and focused management team supported by an experienced, independent and high-calibre board. We ensure the highest levels of transparency for executive pay structures, including clear links to ESG performance.



Governance and disclosure

We shall ensure strong governance and transparent reporting to build trust and accountability with our stakeholders.

The board has delegated particular roles and responsibilities to standing committees, but remains ultimately accountable. The board committees’ primary functions include the consideration, oversight and monitoring of strategies, policies, practices, performance and recommendations to the board for final approval. The Social and Ethics Committee oversees and reports on sustainability (ESG) (to the extent that it is not covered in risk and sustainability), ethics, stakeholder relations, responsible corporate citizenship and governance, and oversees people diversity and B-BBEE compliance. The Risk and Sustainability Committee has overall oversight of Group risk and sustainability, with a focus on safety, health and environment.

We believe that sound corporate governance is essential to value creation, and it is therefore integrated in the company’s strategies, policies, standards, practices and procedures. We are committed to the highest standards of transparency and accountability, as these are critical to building trust with our stakeholders. Our ESG report captures our approach, performance and targets for our future across our most material sustainability issues.

We are on a maturity journey and will align our ESG approach with the appropriate frameworks and standards, including the King IV™ principles and recommendations, International Finance Corporation (IFC) performance standards, the UN Global Compact sustainability principles, as well as ICMM principles of good practice.

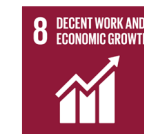


Integrated risk management

We commit to proactively identify and assess the risks and opportunities to the business, and then develop and implement strategies to address these.

To navigate volatility, we proactively identify and assess the risks and opportunities to the business at all levels of the organisation, and develop and implement strategies and controls to address these. We review our risks on a regular basis.

We also have a compliance assurance management system in place and undertake regular internal assurance to ensure the effectiveness of controls. Our risk management system is guided by international risk management standards and frameworks such as ISO 31000, ISO 14001, ISO 45001 and others, as appropriate.





STAKEHOLDER ENGAGEMENT

INTRODUCTION

Thungela follows a systematic, inclusive and intentional stakeholder engagement approach. As we recognise that stakeholder groups are not homogenous in nature, our approach includes tailored engagement strategies based on our operating context and on material issues that are of interest to our different stakeholders, which include shareholders following our listing on the JSE and LSE.

In developing our stakeholder engagement strategy, we undertook a mapping exercise and materiality assessment to determine and define stakeholders and issues important to them.

We use various focused engagement platforms internally and externally to have robust and constructive interactions with various stakeholders. The table on page 23 details our key stakeholders, their interests and our mode of engagement for each stakeholder category.

STAKEHOLDERS	OBJECTIVES	ENGAGEMENT CHANNELS	KEY INTERESTS, CONCERNS, OR EXPECTATIONS IN 2021 (HOT TOPICS)
Our people	<ul style="list-style-type: none"> To ensure union engagement prior to any changes in employment-related issues Two-way communication with employees Meeting employment equity targets (Department of Labour, Department of Mineral Resources and Energy, and Department of Trade, Industry and Competition) Look after the wellbeing of Thungela employees and contractors Change management in light of the Demerger 	<ul style="list-style-type: none"> Central National Union of Mineworkers (NUM) and management forums Various site forum meetings (employment equity forums, women in mining forums) 'Townhall' and virtual engagements Central employment equity and skills development forum ICAS (wellness service provider) engagements Thungela website Supervisory toolbox talks (supervisor and employee engagements) Bokomoso (financial education to employees) Employee engagement briefs Newsletters 	<ul style="list-style-type: none"> Skills development Opportunities for women People with disability strategy Inclusion and diversity Retrenchment and downscaling matters Employee health and safety Labour relations Mental health programmes Wage negotiations Transformation deliverables Issues relating to the Demerger Financial education Code of Conduct Safety and health-related issues
Labour unions	<ul style="list-style-type: none"> To ensure adherence to legislation (Labour Relations Act 66 of 1995, Basic Conditions of Employment Act 75 of 1997, Mine Health and Safety Act 29 of 1996, etc) Consistent application of and adherence to Group and site policies 	<ul style="list-style-type: none"> NUM and management forums Various site forums Thungela website 	<ul style="list-style-type: none"> Retrenchment and downscaling matters Employee health and safety Labour relations Relationship building Wage negotiations Transformation deliverables Conditions of employment
Communities	<ul style="list-style-type: none"> To ensure communities are engaged in a proactive, transparent and inclusive manner To ensure communities are engaged in SED, employment and procurement opportunities To keep communities informed of changes in the organisation To ensure communities raise grievances with us To ensure communities are informed about our legal compliance status (annual environmental management programmes [EMPRs] / environmental assessments [EAs]) 	<ul style="list-style-type: none"> Future Forums Various community engagement forums Newsletters Radio and various social media platforms Thungela website 	<ul style="list-style-type: none"> Procurement and employment opportunities Socio-economic development SLPs Management of grievances Change in the organisation (e.g. the Demerger) Community trust Impacts directly or indirectly affecting our communities (environmental, mine planning, projects) Key projects (e.g. lifex) that may impact communities

STAKEHOLDERS	OBJECTIVES	ENGAGEMENT CHANNELS	KEY INTERESTS, CONCERNS, OR EXPECTATIONS IN 2021 (HOT TOPICS)
<p>Shareholders, investment community</p>	<ul style="list-style-type: none"> To ensure that investors are informed of developments which may materially affect their investment decisions To ensure full, equal and timeous disclosure to shareholders 	<ul style="list-style-type: none"> Results presentations Investor roadshows JSE Stock Exchange News Service (SENS)/ LSE Regulatory News Service (RNS) announcements Investor meetings Sell-side and buy-side analyst meetings Engagement through calls and email Thungela website 	<ul style="list-style-type: none"> Returns to shareholders Capital allocation Lifex strategy TFR performance Outlook for thermal coal
<p>Media</p>	<ul style="list-style-type: none"> To ensure that stakeholders are informed of Thungela’s activities, developments and performance To build brand awareness To inform and educate the public on topics and issues relating to our business To promote factual and accurate news stories that enhance Thungela’s reputation 	<ul style="list-style-type: none"> Results presentations Media releases Holding statements Interviews Website – newsroom Advertorials Annual reports Media events and site visits Regular media engagement 	<ul style="list-style-type: none"> Company performance Company strategy ESG Mining rights and regulatory issues TFR performance Markets and products Industry trends Corporate citizenship and community involvement Transformation Labour relations COVID-19 response
<p>Government and regulators</p>	<ul style="list-style-type: none"> To ensure compliance with regulations To seek guidance where necessary to ensure compliance To ensure relevant government departments and regulators are informed of organisational changes To contribute to the continued success of the country 	<ul style="list-style-type: none"> Various engagement forums Site visits 	<ul style="list-style-type: none"> Compliance with safety and health regulations Compliance with environmental regulations Compliance with labour-related regulations Divestments, Demerger, restructuring Compliance with MPRDA and B-BBEE regulations









STAKEHOLDERS	OBJECTIVES	ENGAGEMENT CHANNELS	KEY INTERESTS, CONCERNS, OR EXPECTATIONS IN 2021 (HOT TOPICS)
<p>Local government</p>	<ul style="list-style-type: none"> To advance partnership on SED programmes (e.g. SLP projects) To contribute to capacitating host municipalities to deliver services to communities To ensure that organisational changes such as the Demerger are communicated To report on relevant environmental regulations 	<ul style="list-style-type: none"> Municipal local economic development (LED)/integrated development plan (IDP) forums from our host municipalities (Steve Tshwete, eMalahleni and Govan Mbeki local municipalities) 	<ul style="list-style-type: none"> Partnership on SED programmes (e.g. SLP projects and municipal capacity building) Engage on community issues associated with our mines Engage on grievances raised through municipal channels Organisational changes such as the Demerger and the Nkulo Community Partnership Trust Compliance on annual air quality management reports (National Atmospheric Emissions Inventory System) Compliance with fire prevention and flammable liquids and substances regulations Compliance with other municipal by-laws related to waste, noise, blasting and wastewater management etc Public participation on key projects related to the mines
<p>NGOs and civil society</p>	<ul style="list-style-type: none"> To partner with development and social NGOs and civil society in addressing social ills affecting our communities 	<ul style="list-style-type: none"> Meetings Other forums 	<ul style="list-style-type: none"> COVID-19 Resolving grievances related to mining impacts Responsible energy transition Adequacy of closure provisions Climate change and the role of coal
<p>Other bodies</p> <p>Minerals Council South Africa Business chambers Academia Climate change committees Upper Olifants River Catchment Forum World Coal Association South African Centre for Carbon Capture and Storage South African Colliery Environmental Safety and Health Association (SACESHA)</p>	<ul style="list-style-type: none"> To lobby and engage on government policy issues To enable technical advancement and collaboration To apply policy advocacy 	<ul style="list-style-type: none"> Various subject-specific forums 	<ul style="list-style-type: none"> Collaborating with other mining companies on common issues Lobby and engage on government policy issues Technical advancement and collaboration Policy advocacy Access to business opportunities Skills and market development 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

STAKEHOLDERS	OBJECTIVES	ENGAGEMENT CHANNELS	KEY INTERESTS, CONCERNS, OR EXPECTATIONS IN 2021 (HOT TOPICS)
<p>Business partners and customers</p>	<ul style="list-style-type: none"> • Customers – to ensure sustained and predictable business continuity and ultimately to be able to deliver a saleable and desired product • TFR – to ensure delivery of logistical services • RBCT – to ensure open and efficient export channel and effective loading of our products 	<ul style="list-style-type: none"> • Various engagements • Board meetings • Operational committee meetings • Technical forums 	<ul style="list-style-type: none"> • Market development and Thungela response • Security of supply • Business continuity • Supplier relationship management • Logistics
<p>Suppliers</p>	<ul style="list-style-type: none"> • To enhance supplier relationships • To be cost-efficient together with operational excellence • To build on green supply chain by partnering with stakeholders that will accompany and support us on this journey • To increase our procurement spend with host community suppliers • To build capacity for SMMEs to render quality service to operations • To build relationships with local business forums 	<ul style="list-style-type: none"> • Supplier roadshows • Individual supplier engagements • Various electronic communication channels • Advertise opportunities through existing market channels • Enterprise and supplier development (ESD) programmes • Collaborations and engagements with original equipment manufacturers (OEMs) to provide technical support initiatives to SMMEs • Social performance meetings with business forums and Future Forums 	<ul style="list-style-type: none"> • Supply chain optimisation and sustainability • Creating a circular supply chain and ensuring responsible sourcing • Compliance and long-term sustainability contracts • Meeting ESD and job creation targets from growing suppliers • Communicating inclusive procurement approach, initiatives, progress and successes safely to host communities

MATERIAL MATTERS

For Thungela, material matters are those issues which have the potential to substantively affect our performance and our ability to create value over the short, medium and long term. Identifying these issues assists us in managing our risks and opportunities, ensuring that our strategy addresses them. Our materiality determination process, which will be conducted annually, included consideration of our external environment and identification of relevant megatrends, assessment of our risks, evaluation of stakeholder feedback and in-depth materiality workshops held by senior management and the executive committee to identify relevant matters, assess their importance and prioritise them. These were then discussed and approved by the board.

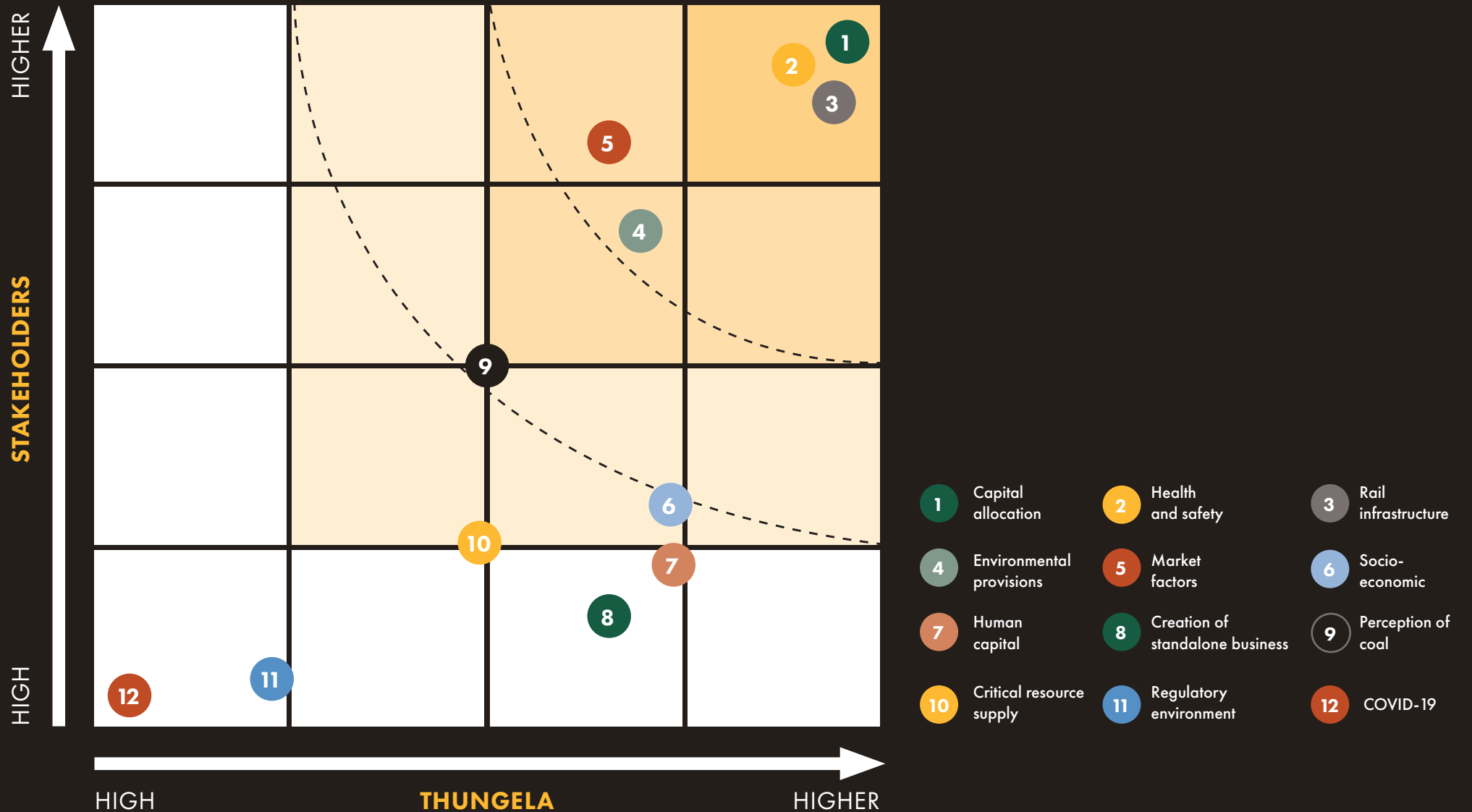
RANK	MATTER	ASPECTS INCLUDED
1	<p>Capital allocation</p> <p>We are committed to investing and allocating our financial resources to achieve our strategic imperatives and ensure value creation.</p> <p>We will sustain our existing operations while selectively investing in low-risk, value-accretive production replacement and life extension (lifex) projects that meet our strict investment criteria.</p> <p>Our dividend policy targets a payout of a minimum of 30% of adjusted operating free cash flows.</p> <p>We are required to provide financial guarantees in respect of environmental restoration and decommissioning obligations to cover the financial provisioning required to be made available in terms of the existing MPRDA Regulations. These guarantees will meet any immediate closure obligations under the existing MPRDA Regulations.</p>	<ul style="list-style-type: none"> • Environmental liability • Sustaining capex • Dividends • Projects • Additional dividends • Share buybacks
2	<p>Health and safety</p> <p>Thungela's commitment to safety is unconditional and creating a fatality-free business is paramount.</p> <p>The health, safety and wellbeing of all individuals working at Thungela's sites are imperative.</p> <p>Our target of zero work-related losses of life and a consistent decrease in total recordable cases is non-negotiable. We have developed a safety strategy and ensure that learnings from every incident are accompanied by a solution of appropriate controls which forms part of our practical safety guide.</p> <p>We have a leading HIV prevention and treatment programme and other comprehensive internal wellness programmes.</p>	<ul style="list-style-type: none"> • Fatality-free business • Mine Health and Safety Act 29 of 1996
3	<p>Rail infrastructure</p> <p>We are reliant on rail infrastructure to transport our thermal coal from our operations to the Richards Bay Coal Terminal. The maintenance and operation of the TFR infrastructure is dependent on continued capital investment by the South African government.</p> <p>Any impact on the reliability and/or performance of the rail and port networks could have a material adverse effect on our ability to export thermal coal to customers.</p>	<ul style="list-style-type: none"> • TFR rail performance

RANK	MATTER	ASPECTS INCLUDED
 	<p>Environmental provisions</p> <p>An obligation to incur environmental restoration, rehabilitation, decommissioning and environmental monitoring costs arises when disturbances are caused by the development or ongoing production of a mining asset.</p> <p>Contributions have been made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine and as required thereafter.</p> <p>We have provided for water treatment costs using a combination of active and passive water treatment methods, based on activities currently being performed at our operations.</p>	<ul style="list-style-type: none"> • Adequacy of closure provisions • National Environmental Management Act (NEMA; 107 of 1998) • Water treatment • Management of rehabilitation activities
 	<p>Market factors</p> <p>The Benchmark price for thermal coal has historically been volatile and is affected by numerous factors over which we do not have control. These factors include the domestic and foreign supply and demand for thermal coal for industrial and electrical generation usage, South African and foreign economic conditions, including economic slowdowns and the exchange rates of the Rand to foreign currencies, the imposition of tariffs, quotas, trade barriers and other trade protection measures, speculative trading activity and, most recently, the impacts of COVID-19.</p> <p>Volatility is also influenced by competitive dynamics, such as the quantity and quality of thermal coal available from competitors and competition for production of electricity from non-coal sources, including the price and availability of alternative energy sources.</p> <p>At the time of writing, geopolitical unrest in Europe has resulted in an unprecedented escalation in prices across the energy complex and commodity prices. This is expected to have a pronounced impact on market dynamics.</p>	<ul style="list-style-type: none"> • Short-term demand and supply • Benchmark coal price volatility • Long-term fundamentals for demand and supply
 	<p>Socio-economic</p> <p>We are compliant with the MPRDA’s socio-economic transformation objectives, which are to:</p> <ul style="list-style-type: none"> • substantially and meaningfully expand opportunities for historically disadvantaged persons, including women and communities, to enter into and actively participate in the mining industry; and • promote employment and advance the social and economic welfare of all South Africans. <p>Inclusive procurement ensures compliance with the MPRDA’s transformation objectives. The aim is to improve the socio-economic livelihoods of our host communities by monitoring procurement spend with local suppliers.</p>	<ul style="list-style-type: none"> • Community relations • Human rights • Nkulo Community Partnership Trust
 	<p>Human capital</p> <p>We are committed to promoting an inclusive and diverse environment that represents the demographics within our operating footprint.</p> <p>We focus on our employees and develop individual talent through intentional interventions such as leadership and career development, and mentoring and coaching. We offer sustainable employment, a rewarding career, growth opportunities and personal development.</p> <p>We have a market-aligned approach to remuneration that enables us to attract and retain key talent.</p>	<ul style="list-style-type: none"> • Labour relations • Transformation (B-BBEE, diversity) • Scarce skills/key individuals • SACO Employee Partnership Plan • Talent management

RANK	MATTER	ASPECTS INCLUDED
8	<p>Creation of standalone business</p> <p>Various agreements provide for the continued provision of services that were historically provided by entities within the Anglo American Group, including information technology, operational and other services, for up to 18 months after Demerger.</p>	<ul style="list-style-type: none"> Transition away from transitional service agreements
9	<p>Perception of coal</p> <p>Global climate issues and ESG pressures continue to attract significant attention, raising concerns about the impacts of fossil fuel combustion on the global climate. Many governments are increasingly focusing on climate issues and limiting emissions.</p> <p>Some investors are divesting from companies involved in the fossil fuel extraction market, such as thermal coal producers. Banks, funders and insurance companies are limiting access to finance and insurance coverage for the development of new thermal coal-fuelled power plants, thermal coal mines and utilities that derive a majority of their revenue from thermal coal.</p> <p>Many governments have pledged to control and reduce GHG emissions under the Paris Agreement, which may impact the demand for thermal coal resources in the future.</p>	<ul style="list-style-type: none"> UN SDGs Climate change
10	<p>Critical resource supply</p> <p>Our operations are dependent on electricity supplied by Eskom SOC Limited (Eskom), the state-owned electricity utility. Electricity is used for most of the Group's business and safety-critical operations, including ventilation, hoisting and dewatering. Power outages, disruptions or shortages in power supply could have a material adverse impact on production and employee safety.</p>	<ul style="list-style-type: none"> Security of electricity supply
11	<p>Regulatory environment</p> <p>We are subject to oversight and monitoring by regulatory authorities that have broad administrative and discretionary power.</p> <p>These include general corporate and commercial law regimes (including the Companies Act of South Africa, 71 of 2008 and the Competition Act, 89 of 1998), as well as comprehensive mining laws and regulations relating to mining and prospecting, the distribution of dividends, employment practices, remuneration, ethical standards, competition and exchange controls.</p>	<ul style="list-style-type: none"> Regulatory directives Mining rights and licences Political stability
12	<p>COVID-19</p> <p>The global economy, commodity prices and financial markets have experienced significant volatility and uncertainty due to COVID-19. The effects of COVID-19 and associated governmental responses have adversely affected workforces, consumer sentiment, economies and financial markets, resulting in recessions and slowdowns in economic growth.</p> <p>The pandemic resulted in the implementation of additional health and safety measures at our workplaces, mine sites and corporate office, to ensure the health and safety of employees and contractors.</p>	<ul style="list-style-type: none"> Health Business-as-usual post-COVID New ways of work

MATERIAL MATTERS MATRIX

Ranked by relevance for Thungela and its stakeholders



02 ENVIRONMENT



ENVIRONMENTAL MANAGEMENT

We are passionate about protecting and preserving our environment for the greater good of all our stakeholders. It is important for us that we not only avoid or minimise the impact of our operations, but that we deliver positive and lasting environmental outcomes.

Ensuring responsible environmental management through the lifecycle stages of an operation can influence our future access to land and financial capital, improve resource security and reduce operational risks and mine closure liabilities. Through the implementation of best-practice standards, we aim to achieve and surpass legal compliance and reduce our environmental footprint through innovation and the use of the best available technologies.

In this section of the report, we show our impact on natural capital and the value created through our approach to environmental stewardship.

OUR ENVIRONMENTAL MANAGEMENT APPROACH

Our ESG framework is the foundation for our approach to environmental management. The 'E' pillar of our framework, environmental stewardship, focuses on three key areas – climate risk management, the efficient use of resources, and biodiversity and land stewardship. In each of these areas, we have objectives and targets to challenge the business to improve its performance.

Our approach to environmental management is set on a foundation of compliance. We are committed to ensuring all mining and related activities are appropriately authorised and to complying with all statutory environmental requirements. These include those within permits and licences, voluntary codes and standards, adopted stakeholder expectations, as well as Thungela's safety, health and environment (SHE) management system.

We embed management standards and implement management plans for air quality, water, energy, rehabilitation and mine closure into each operation's activities. We maximise opportunities for reusing, reducing and recycling scarce resources.

Our operations have approved environmental management programmes (EMPs) and integrated water use licences (IWULs) as required by the MPRDA, the NEMA and the National Water Act (NWA; 36 of 1998). The precautionary principle is embedded in the NEMA, and this guides us in evaluating environmental impacts of current activities and future business opportunities.

We are passionate about protecting and preserving our environment for the greater good of all our stakeholders.



OUR POLICIES

The success of our ESG framework is supported by our robust SHE management system, which is underpinned by three principles: **zero mindset**, **no repeats** and **simple, non-negotiable standards**. Our SHE policy guides us to do the right thing by embedding SHE into how we work in order to prevent harm to our people and the environment. Consultation and cooperation with all parties are crucial and reinforce the message that everyone is part of the solution in effective SHE management.

ZERO MINDSET

We apply the hierarchy of eliminating, avoiding, minimising, mitigating, remediating/rehabilitating and offsetting the SHE impacts and risks arising from our activities, products and services.

NO REPEATS

All necessary steps are taken to learn from SHE incidents, audit findings and other non-conformances to prevent their recurrence.

SIMPLE, NON-NEGOTIABLE STANDARDS

Common, non-negotiable SHE management, performance standards and procedures, and minimum legal compliance are applied throughout Thungela as a baseline.



The SHE management system is built on a suite of documents, including the SHE policy, SHE International Organization for Standardization (ISO) standards specifications, SHE ISO standards toolkit, technical standards, SHE standards and specifications, and external standards and certifications adopted by the Group. The precautionary principle is integrated throughout our environmental performance standards. Our operations conduct self-assessments against the standards and implement action plans to close any gaps in meeting requirements.

SHE is embedded in our values and Code of Conduct. The Thungela SHE policy is aligned with ISO's 14001:2015 and 45001:2018 management systems.

Compliance and risk management

One of the material risks to our business is non-compliance with national, provincial, local and site-specific environmental legislation, and permit and licence commitments and conditions. Non-compliance can result in a directive from the relevant authorities. Annual internal and external, independent environmental audits are undertaken at site level to identify any gaps and detailed action plans are implemented to address identified non-compliances.

The Environmental Impact Assessment (EIA) Regulations, in particular NEMA Regulation 34, require Thungela to undertake external environmental legal audits on approved environmental authorisations and to make audit reports publicly available prior to 7 December of every year. These reports are available at <https://www.thungela.com/sustainability/environmental-compliance>.

We manage environmental legal commitments and regularly track progress. All reviewed findings are discussed with senior management at each operation and are reported to our executive committee and SHE steering committee. We collaborate with the authorities in a transparent manner to address any compliance challenges that may arise. We use Enablon to track legal compliance to licence conditions and progress on remedial actions. We engage with regulators on a

regular basis to ensure that all outstanding amendment applications are processed on time to avoid delays to our expansion projects and ensure continuous operations at our mines.

Regulatory timeframe challenges persist due to historical capacity constraints within the licensing authorities and a backlog that accumulated during the COVID-19 lockdown periods. This creates uncertainty on permitting timeline projections, but with regular engagements, we have been able to overcome most of these challenges.

All our operations have environmental management systems that are certified against the ISO 14001:2015 standard, with compliance assessed by an independent certification body, Bureau Veritas. Our mines submit environmental monitoring reports to the authorities as required by our permits, licences and other regulatory requirements.

Minimum permitting requirements, which apply to all permits (not just environmental), guide our operations in planning for and identifying all permits and addressing potential risks of non-compliance with permit conditions.

We implement environmental improvement plans (EIPs) that are designed to address material issues. Our EIPs focus on legal compliance, permitting, air quality, waste management, learning from incidents (LFI), systems and reporting, water management, energy and GHGs, and land management.

To meet our environmental objectives and targets, we need to move beyond a reactive approach to a framework of preventative management of critical controls. Several proactive actions have been completed, which have improved our performance and addressed environmental legal compliance. These include rain readiness plans, de-silting of dams, LFI and mineral residue deposit (MRD) seepage action plans.



OUR PERFORMANCE

Environmental incidents

There was unfortunately one level three incident in November 2021 at Khwezela colliery's Kromdraai complex. Mine-impacted water discharged from a decant sump into the adjacent environment and ultimately to the Kromdraaispruit due to the failure of a previously sealed culvert below the decant sump. Contributing to this incident was the vandalism and theft of infrastructure required to pump the



polluted water from the decant sump to the liming plant for further treatment. The impact of this incident did not extend to the Wilge River and no biodiversity impacts were observed. Corrective actions were implemented to seal off the culverts and restore the infrastructure required to redirect the water accumulating in the decant sump to the liming plant.

The cumulative number of environmental incidents (level one and two) recorded in 2021 was 438 compared to 635 in 2020. Of these, 96% were level one incidents and 70% of these were dominated by minor oil spills and poor housekeeping, which includes combining different waste streams, littering and not emptying bins and skips.

The level two incidents were mostly related to the pollution control dams and containment facilities having insufficient capacity to contain affected mine water, as well as ineffective stormwater management system designs and maintenance. Actions to address key control gaps in 2021 included commencing with the upgrade of current stormwater management systems, maintenance of water management infrastructure such as de-silting pollution control dams to increase dirty water storage capacity, as well as regular cleaning of dirty water and clean water



infrastructure, and a focus on the operation and maintenance of sewage treatment plants.

The decrease in the total number of environmental incidents is attributed to heightened environmental awareness and improved accountability at our operations, as well as placement of the Bokgoni pit at Khwezela colliery on care and maintenance in the first quarter of 2021.

Non-compliances or stoppages

No non-compliances, stoppages or fines were issued by the authorities in 2021.

2022 focus areas

We will introduce new internal environmental auditing programmes, which will enable Thungela to focus on the effectiveness of action plans implemented in 2020/2021 to close out findings related to EMPs and IWULs. This will avoid repeat incidents, non-conformances and pre-directives or directives from authorities. We are also developing an internal compliance notice system where orders to stop work and implement corrective actions will be issued to the mine general managers, depending on the severity of the contravention.



AIR QUALITY

Air quality management is a priority for Thungela. We recognise the negative impacts that dust and particulate matter (PM₁₀ and PM_{2.5}) can have on stakeholders around our operations. Stakeholders living on the Mpumalanga coalfields are surrounded by mining operations, power stations, heavy industry and farming, all of which contribute to the area's air quality challenges.

Ambient air quality compliance is determined according to the South African National Air Quality Standard as a 24-hour average 75µg/m³ for PM₁₀ and 40µg/m³ for PM_{2.5}, and an annual standard limit of 40µg/m³ for PM₁₀ and 20µg/m³ for PM_{2.5}, with each monitoring unit being permitted four exceedances per annum. Dust fallout compliance is based on the National Dust Control Regulations' non-residential (1 200 mg/m²/day) and residential (600 mg/m²/day) limits.

OUR APPROACH

Air quality impacts due to dust and gaseous emissions can occur at any stage during the mining lifecycle. Our air quality management standard provides sites with a framework to manage and monitor their emissions.

Each of our sites has an air quality management plan (AQMP) to proactively monitor and manage air quality impacts. Operations are also obligated to implement management measures identified in the operational AQMPs.

The social performance specialists participate in the design of the air quality monitoring systems to ensure community risks are addressed. Sites also follow the stakeholder grievance and response protocol for air quality matters, in alignment with our social policy.



Our air quality mitigation measures include:

- the application of chemical dust suppressant on unpaved roads;
- routine daily dust suppression with water on unpaved roads;
- water sprayers (using mine-impacted water) along conveyor belts, and crushing, tipping and loading facilities;
- management of spontaneous combustion through cladding and water spraying;
- vegetation or re-vegetation of topsoil stockpiles, overburden material and rehabilitated mineral residue facilities (MRFs);
- blast design optimisation;
- no blasting during high wind conditions; and
- live particulate matter monitoring (telemetry) and reporting.

Air quality monitoring is undertaken at all sites. We measure both dust fallout and particulate matter, and where exceedances occur, they are investigated through the LFI process. Action plans to address root causes are then developed, with progress tracking in the Enablon action module. Thungela developed an air quality management standard with a self-assessment tool in 2021. A self-assessment to evaluate compliance with the standard at each operation is undertaken annually.

PM₁₀ and PM_{2.5} monitoring

Dust monitoring focuses on:

- PM₁₀ (particles smaller than 10 micrometre) and PM_{2.5} (particles smaller than 2.5 micrometre), which are within the breathable fraction, by means of real-time monitors.
- Fallout dust monitoring, which is 'nuisance dust' that is picked up by wind and settles at other locations, by means of dust buckets.

Monitors measure PM₁₀ and PM_{2.5} from all sources in the surrounding area. These monitoring stations are mainly located close to the borders of each mine and reflect the dust levels that 'escape' the mine area. Both particulate matter and dust fallout monitoring positions have been determined, either through an air dispersion model or based on sensitivities such as nearby farmhouses or communities. Some monitoring stations (PM/dust buckets) are located close to potential dust sources such as primary crushers and are used to guide management decisions to enable better dust control. The monitors also measure wind direction, wind speed, temperature and humidity.

2021 ACTIVITIES AND PERFORMANCE

Our focus during 2021 was to ensure that each site has the right equipment in the right places to ensure that any exceedances are identified and addressed expeditiously. The implementation of real-time monitoring of particulate matter at our sites in 2021 has resulted in an improvement in air quality reporting and management. Sites are able to proactively investigate exceedances as soon as they occur. In 2021, there were 19 recorded PM_{2.5} exceedances, only eight of which were attributed to Thungela operations (2020: 26; exceedance attribution unknown). None of the sites' monitoring units exceeded the permitted exceedances for 2021.

There was a marked reduction in the number of PM₁₀ exceedances in 2021 (187) compared to 2020 (407). We have 10 real-time PM₁₀ and PM_{2.5} monitors across our sites. Three of these were below the

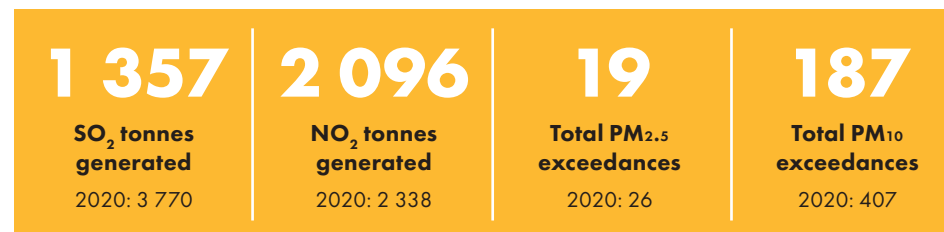
annual threshold of four exceedances per annum. A large proportion of the exceedances occurred at a single site, where six of the real-time monitors are located. At this site, there was an area of historically burnt-out coal that was mined through, creating a large amount of ash dust. An independent consultant has been appointed to evaluate the sources of exceedances and effectiveness of control measures currently being implemented, with the aim of improving the situation.

The reduction in PM₁₀ and PM_{2.5} is partly as a result of the placement of the Bokgoni pit at Khwezela on care and maintenance, but also due to an increased focus on air quality monitoring and management measures in 2021. The improvement is also due to a stronger focus at senior management level on gaps in air quality control measures, together with proposed actions for which the mine general managers now take accountability and report on progress to the SHE steering committee, which is attended by the executive committee, mine general managers and mine senior management.

In 2021, we ensured that all sites have real-time monitors at key receptors and that they are functioning optimally. The benefit of the real-time monitors is that they allow for immediate investigation and implementation of management actions to control the dust.

During the year, we recorded four air quality-related complaints (2020: three complaints) associated with activities related to excessive dust. All complaints were investigated and dealt with through the environmental management system.

The implementation of real-time monitoring of particulate matter has resulted in an improvement in air quality reporting and management.



SO₂ and NO₂ emissions

The 2021 gas emissions trend shows lower values which, in part, can be attributed to lower fuel consumption as a result of reduced production during the pandemic, the closure of Goedehoop South and Kromdraai, and the placement of the Bokgoni pit at Khwezela on care and maintenance.

Bokgoni's placement on care and maintenance and lower production volumes from Khwezela North also resulted in a dramatic reduction in SO₂ emissions, which are largely from spontaneous combustion. We do not use ozone-depleting compounds or persistent organic pollutants at our operations.

Focus areas for 2022

To improve our air quality performance, all sites will assess their performance against Thungela's air quality management standard and evaluate the effectiveness of management actions, which include:

- ensuring that water sprayers are installed and fully operational at crushing and tipping activities;
- scheduled dust suppression of active unpaved roads;
- scheduled road sweeping of high-priority paved roads;
- vegetating or re-vegetating inactive subsoil and topsoil stockpiles and inactive MRDs;
- managing and eliminating spontaneous combustion at MRDs or old workings;
- application of a chemical dust suppressant to promote particulate bonding and reduce dust generation;
- installing and implementing online air quality monitoring, with the potential to interlock with water sprayers at Khwezela;
- continuation of the Element Air project at one of our sites to improve real-time monitoring to assist the LFI process and proactive air quality management; and
- switching to 10ppm diesel at all our operations.



WASTE

NON-MINERAL WASTE

The South African Constitution provides for the rights of all citizens to environmental protection and to live in an environment that is not harmful to their health and wellbeing. The National Environmental Management Waste Act (NEMWA; 59 of 2008) and its regulations are structured around the steps in the waste management hierarchy, with waste prevention as the preferred option and waste disposal as the least preferred option. Our operations are obliged to comply with our waste management licences, EMPRs, and IWUL commitments and conditions, which govern site waste management such as recycling initiatives, general housekeeping and pollution prevention.



Thungela has set a goal to achieve a 20% year-on-year reduction in the volume of waste diverted to landfill in 2022. We are working towards zero waste to landfill by pursuing circular economy and community upliftment opportunities.

OUR APPROACH

Thungela is embarking on a journey to improve hazardous and non-hazardous waste recycling and in that way reduce the volume of waste going to landfill. It means eliminating unnecessary wastage and waste generation, and ensuring mechanisms are in place to eliminate any disposal to landfill through waste recovery, reuse and recycling, as well as implementing alternative technologies. Our approach ensures we comply with the requirements of NEMWA.

We promote the waste management hierarchy – avoid, reduce, reuse and recycle – in our waste management procedures. A significant focus has been on separation at source and on recycling of materials such as glass, metal, paper, plastic, tin cans and used oil.

A key enabler of this has been the focus on at-source separation of waste, with the implementation of recycling boxes, designated skips or cages, sorting stations with different coloured bins, and implementation and operation of recycling and hazardous waste compounds and yards.

In terms of hazardous waste, we recycle fluorescent tubes and air filters. A key project implemented to divert hazardous waste away from landfill is the bioremediation of soil that has been affected by hydrocarbon, primarily from wash bays and hydrocarbon spills. Treated soil is reused as cover material for land rehabilitation.

Employee and contractor awareness and training have been an important part of these recycling and reuse initiatives. Although recycling efforts and other initiatives implemented have had a significant effect on the amount of waste generated, there is still a significant amount of waste disposed to landfill.

OUR PERFORMANCE

571

Hazardous waste to legal landfill (T)

2020: 931

695

Non-hazardous waste to legal landfill (T)

2020: 1 297

There was a 38% reduction in hazardous waste sent to legal landfill in 2021 (571 tonnes) compared to 2020 (931 tonnes) and a 46% reduction in non-hazardous waste to landfill (2021: 695 tonnes; 2020: 1 297 tonnes). Although some of this can be attributed to recycling initiatives, the impact of the pandemic on production, as well as the placement of the Bokgoni pit at Khwezela on care and maintenance in the first quarter of 2021, also contributed to the reduction.

The future focus is to reduce the amount of waste to landfill through circular economy initiatives. Thungela is embarking on a journey to improve hazardous and non-hazardous waste recycling and in that way reduce the volume of waste going to landfill. Zibulo colliery has taken the lead in non-mineral waste recycling by partnering with local communities and trusted recycling companies. This operation is successfully recycling paper, gumboots and plastic bottles. Initiatives such as these will contribute to achieving our 20% reduction target.

Addressing challenges

We continue to experience challenges with the separation of non-hazardous waste streams, with

different waste types being mixed. Awareness programmes in this regard are ongoing. A focus going forward is to identify recycling and reuse offtakes for certain challenging waste streams. Not all our waste can be recycled or reused, because the technology is not yet available to do so. We remain abreast of changes in waste management options and will continue to communicate with the relevant experts and authorities.

Focus in 2022

To reduce waste to landfill, we will focus on establishing a waste inventory, evaluating the top five waste streams sent to landfill sites, identifying specific recyclable waste such as paper, plastic bottles and cans, and implement waste recycling initiatives for the top five recyclable waste streams. We will also direct our focus to identifying and reducing waste from entering the mines (for example, recyclable packaging material). In addition, we will work on formalising a relationship with informal waste recyclers from our local communities.

The gumboot recycling project will be rolled out to Greenside and Goedehoop collieries, in collaboration with Zibulo colliery. We will continue investigations into a waste tyre pyrolysis project as a circular economy approach to waste tyre management.

CASE STUDY 1



GUMBOOT RECYCLING

Zibulo colliery initiated a gumboot recycling project that has diverted two tonnes of waste from landfill and saved the site waste disposal costs. Based on the 'cradle to grave' principle, the project has seen boots that are no longer safe for use as personal protective equipment (PPE) broken down into PVC granules that can be used to make new products such as pipes. Funds generated through recycling rebates have been directed towards the purchase of school shoes for underprivileged children from our host communities.



MINERAL WASTE

Thungela operates, and has under care and maintenance 28 MRFs – 24 inactive, dormant or rehabilitated facilities and four active or operational facilities. In addition, we operate 32 water management structures (WMSs) on operational mines and on mines under care and maintenance.

The operational MRFs are constructed according to the co-disposal (three) and dry-stack (one) methods. The co-disposal method consists of a coarse outer zone with impounded fine hydraulically deposited material in the centre. All MRFs and WMSs are operated in accordance with Thungela's technical standard for MRFs and water containment structures.

This standard relates to the siting, safe design, operation and closure of all mining and mineral process waste or by-product storage facilities and deposits, as well as water containment and diversion structures, at either greenfield or brownfield projects and operations, including those that are either removed, relocated or being reprocessed.

Assurance

The following processes, audits, reviews and risk assurances have been conducted in 2021:

- The Anglo American annual risk table update for 2020 via the MRF online dashboard in February 2021.
- The Anglo American MRF investor disclosure update in May 2021.
- All facilities have been rated according to the consequence classification of structures (CCS) methodology. All ratings have been completed and ratings were also reviewed and updated in April 2021. CCS ratings are scheduled for review annually.
- An engineer of record (EOR) is appointed for all MRFs and WMSs, with special focus on operational MRFs and WMSs. The EOR contracts and appointment letters have been reviewed. The EOR conducts quarterly inspections with minutes and annual inspections with reports of operational facilities.
- The annual review of facilities, rated 'high' or 'major' in accordance with the CCS by the technical review panel, which is a key requirement of compliance to the standard, was conducted in December 2021. Reports are being finalised.
- Dam breach analysis and inundation studies have been concluded for all 'high' and 'major' facilities (MRFs and dams).

Notable risk and associated controls

Goedehoop Bank 2 facility has a section that was converted to the upstream construction method. As a result, vibrating wire piezometers were installed in the fine coal tailings to monitor the pore pressure readings. This has been operational since July 2020 and the monitoring data is reviewed by the EOR; this data remains well below the set target limits. The width of the upstream constructed wall was also increased from the standard 30 metres to 55 metres as an additional preventative control measure.

CLIMATE CHANGE

Thungela recognises that climate change is one of the defining challenges of this era. As a responsible steward of valuable resources and guided by our values of care and respect, accountability and excellence, we recognise the need to make a contribution to the global journey to address climate change, and embrace and adopt the goals of the Paris Agreement.

For many countries, particularly across the developing world, and in South Africa, access to reliable and affordable energy depends on access to thermal coal. Even as the world transitions to a lower carbon future, there will be a demand for coal in the short to medium term. We advocate strongly for a technology-agnostic approach to lowering our carbon emissions in the belief that there is room for renewables, as well as coal, in the global energy mix.

This reality reinforces our role as a responsible thermal coal miner that recognises society's needs, environmental expectations and the vital role that mines play in the economy and local communities.

OUR COMMITMENT

Thungela is committed to developing a pathway to achieve net-zero emissions by 2050, subject to the requirements of the countries in which we operate and the markets that we serve. While we are developing this pathway, we will continue to reduce the carbon intensity of each of our operations on an annual basis.

Our role in the global journey of change

Strengthening our resilience to the systemic challenge of climate change will require us to anticipate and respond effectively to a changing business environment. There are three principal areas in which we expect climate change to impact Thungela:

- The demand for our product will change.
- Climate regulation and taxation will affect our operations.
- The physical and social impacts of a changing climate, such as water scarcity and more frequent extreme weather events, may affect our operations and our host communities.

Thungela is committed to developing a pathway to achieve net-zero emissions by 2050.



Effective public policy is essential for providing the right framework of drivers and incentives to encourage coordinated, efficient and equitable response measures by all stakeholders. Thungela is committed to providing our expertise to assist the South African government and other stakeholders in developing such public policy and regulation. We work with industry and regulatory authorities to contribute to the development and implementation of efficient, effective and equitable climate change policies and regulations.

Through our membership of the World Coal Association and the International Energy Agency's Coal Industry Advisory Board, we advocate for policy frameworks which support energy security. We encourage research and investments in all low-carbon technology, including those that abate emissions from coal combustion such as

carbon capture, utilisation and storage (CCUS). We support the development of CCUS in South Africa through the South African Centre for Carbon Capture and Storage, in which we have been involved since its inception in 2009.

Incentivising performance on reducing emissions

We foster a culture of energy efficiency and carbon savings, and consider a carbon price for all our pricing and forecasting. Our initiatives to reduce our carbon emissions will also reduce our exposure to evolving climate change regulatory requirements and increases in energy costs. Our chief executive's scorecard includes performance on energy and carbon, and Thungela's general managers are financially rewarded for achieving operational-level energy and carbon reduction targets.

We cannot change the nature of the work we do – we are coal miners. But we can change and improve the way we do it, to better live up to our commitment to being responsible coal miners.



Understanding our climate-related risks and opportunities

Our business is exposed to a spectrum of risks from climate change, including physical, regulatory, market, cost and legal risks. Physical climate-related risks include extreme weather conditions such as higher-intensity, less-frequent rainfall and extreme heat. Security of energy supply, rising energy prices and the local carbon tax are also material risks for our operations.

The investment development model process and evaluation criteria ensure that climate change risks and opportunities are embedded in the investment criteria. Among these are the consideration of alternative low-carbon energy sourcing and adaptations required for extreme weather and long-term climate change.

We foster a culture of energy efficiency and carbon savings, and will continue to consider a carbon price for all our pricing and forecasting.

Climate change and energy regulatory developments

In South Africa, the Department of Forestry, Fisheries and the Environment (DFFE) and the National Treasury continue to make efforts to introduce the necessary regulatory and policy framework to address climate change, in line with the country’s commitment to the United Nations framework convention on climate change, which was strengthened at COP26.

Phase 1 of the voluntary carbon budget system and the Pollution Prevention Plan Regulations ended on 31 December 2020. Thungela participated in phase 1 of the carbon budget scheme and had an approved pollution prevention plan (PPP). The final report against the phase 1 PPP and carbon budget was submitted and approved on 31 March 2021. A second PPP for the period 2021-2025 was submitted to the department on 28 May 2021 and was approved on 27 October 2021.

Paying the price of carbon

A carbon tax came into effect in South Africa on 1 June 2019. Our operations are liable to pay carbon tax, which is applicable to Scope 1 emissions (direct emissions from the combustion of fossil fuels and fugitive emissions) for the first phase (until 31 December 2022). The design of the tax provides for significant tax-free emission allowances, ranging from 60% to 95% for the first phase (1 June 2019 to 31 December 2022). To ease the potential adverse impacts on energy-intensive sectors such as mining, the tax will not be applicable to Scope 2 emissions (emissions associated with the use of purchased electricity, heat or steam) for the first phase.

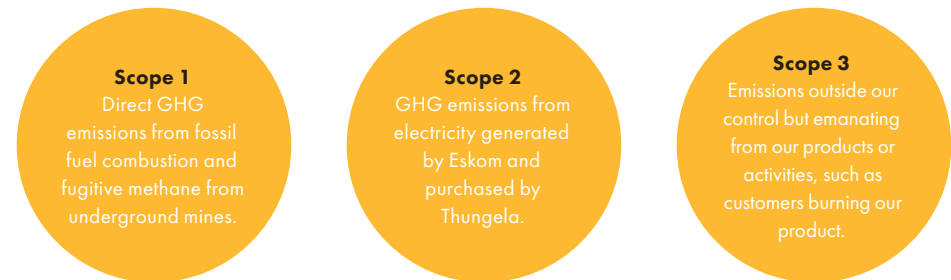
The carbon tax payable to the South African Revenue Service is based on the fugitive methane emissions from coal mining, and R3.9 million was paid in July 2021 for the 2020 emissions. Carbon tax is also paid at the pump on diesel and petrol, at 10c per litre and 9c per litre, respectively. Based on our 2021 diesel and petrol consumption, this equated to R5.1 million. Thungela’s position on carbon tax is consistent with that of the Minerals Council South Africa. To accurately assess its impact on business, we will continue to influence and provide input on

this tax and the update of subsequent phases. The Climate Change Bill, which has yet to be promulgated, will provide guidance on the carbon budget system to be implemented in phase 2, commencing 1 January 2023, which will include alignment with phase 2 of the carbon tax. The lack of clarity on the alignment between the two mechanisms poses a risk to the business.

Reducing our carbon footprint

Thungela’s GHG emissions have been calculated in accordance with the GHG Protocol (www.ghgprotocol.org) and the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines. Emissions are monitored and reported annually. We use the operating control approach in reporting emissions and include 50% of Mafube’s emissions.

We set a target of an absolute reduction of 15% against a 2016 baseline (emissions from operations divested in March 2017 are excluded from the baseline) at Demerger.



The fugitive methane emission concentrations from coal mines in South Africa are very low compared to other regions. There are currently no technologies that allow safe mitigation of low-concentration fugitive methane emissions. Our efforts to reduce our carbon footprint are therefore focused on reducing our energy consumption and maximising energy efficiency.

Driving energy and carbon savings

Thungela's standard on energy and carbon emissions' management and the related energy and carbon emissions' management guideline set out the requirements to help drive energy and carbon savings across the business. The standard requires consideration of energy and carbon emissions in:

- Planning: projected energy and carbon intensity, and innovative ways to reduce these.
- Target setting: aligning site targets with business objectives.
- Design: new facilities, processes and equipment with significant energy use.
- Procurement: part of the evaluation criteria for major equipment, product and service sourcing.
- Measurement, monitoring and verification: measurement and controls for data consolidation and reporting.

The Thungela executive committee, site leadership teams and corporate functions (e.g. technical and supply chain) have key roles in ensuring the successful adoption of the standard, guidelines and recommended practice.

We implement site-specific business improvement projects as part of our energy and carbon management programme, which identifies projects that can help our sites meet their targets on energy use and GHG emissions. Our focus is to reduce energy consumption and increase efficient use of diesel and electricity consumption by large energy users. We have undertaken opportunity assessments at our opencast operations to identify near-term and step-change opportunities for energy savings at each of the sites. In 2022, we will undertake this exercise for the underground operations.

Our energy target is to
reduce our emissions by

15%

against our
business-as-usual projections.
Each of our operational
sites reports on its energy
reduction projects and
progress against its targets
at our monthly production
review meetings.

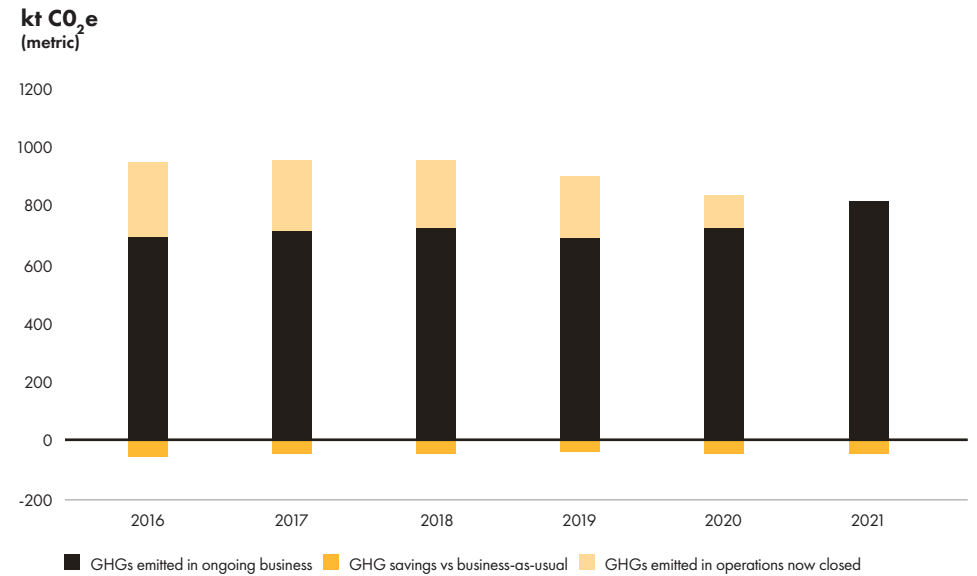


OUR PERFORMANCE

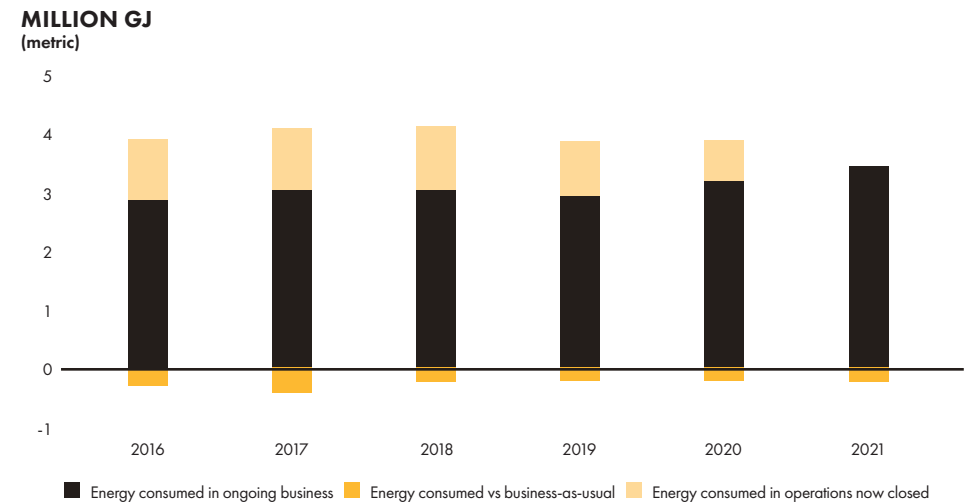
<p>362</p> <p>Scope 1 GHG emissions (kt CO₂e)</p> <p>2020: 369</p>	<p>457</p> <p>Scope 2 GHG emissions (kt CO₂e)</p> <p>2020: 514</p>	<p>54 744</p> <p>Scope 3 GHG emissions (kt CO₂e)</p> <p>2020: 64 680</p>
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Total carbon dioxide equivalent (CO₂e) emissions in 2021 were 819 kt compared to 883 kt in 2020. This reduction of 7.3% is driven by the placement of the Bokgoni pit at Khwezela on care and maintenance in the first quarter of 2021, as well as our energy efficiency improvement projects. Our carbon intensity decreased by 1% from 4.60 kg CO₂e per total tonne moved in 2020 to 4.56 kg CO₂e per total tonne moved in 2021.

Total GHG emissions against business-as-usual 2016-2021



Total energy consumed against business-as-usual 2016-2021



Scope 1 emissions in 2021 decreased by 2% to 362 kt CO₂e (2020: 369 kt CO₂e), with a 12% decrease in GHG emissions from fossil fuel combustion being offset by a 5% increase in fugitive methane emissions. Our Scope 2 emissions decreased by 11% to 457 kt CO₂e (2020: 514 kt CO₂e).

Our Scope 3 emissions decreased 15% to 54 744 kt CO₂e from 64 680 kt CO₂e in 2020 due to the reduction in sales volumes (use of product sold), which account for 97% of our scope 3 emissions.

GHG EMISSIONS BY SOURCE (kt CO₂e)

	2021	2020	2019
Electricity	457	514	551
Fossil fuels	137	155	145
Fugitive emissions	219	209	248
Other sources	5.3	4.7	4.3

Progress against our target

In preparation for Demerger, we set a target of reducing our absolute emissions by 15% off the 2016 baseline. Our 2021 CO₂e emissions were 17.3% lower than those in 2016, owing to the closure of Goedehoop South, the placement of the Bokgoni pit at Khwezela on care and maintenance, reduced production due to COVID-19, TFR performance and improvements in energy efficiency. We will continue to challenge ourselves to reduce our carbon intensity at every operation on an annual basis while we develop intermediate emission reduction targets and our pathway to net-zero by 2050 during the course of 2022.



Carbon emissions from electricity consumption are the biggest contributor to our footprint (56%), followed by fugitive methane emissions (28%) and carbon emissions from fossil fuel combustion (16%). Thungela’s total energy consumption decreased 11% to 3.42 million GJ (2020: 3.87 million GJ). Our energy intensity improved by 5.56% year-on-year to 19.04 MJ/t_{TTM} owing to our energy-efficiency projects (2020: 20.16 MJ/t_{TTM}).

Our energy-efficiency projects

We are on track to meet our 2025 target of a 15% improvement in energy efficiency against our business-as-usual projections, with 6.5% savings achieved against business-as-usual projections to date. This was primarily through energy-efficiency projects such as advanced process control (APC), the installation of day/night switches on all surface lights,

the installation of heat pumps at change houses, solar blanket installation on geysers, carry-back reduction on opencast haul trucks, haul road distance optimisation, stopping of 777s on coal at Isibonelo, preventing running plants empty, the plant upgrade at Goedehoop and conversion to additised diesel at all operations, among others.

The rollout of APC at coal processing plants continues to deliver energy-efficiency improvements and reduce carbon emissions. In 2021, 13 700 tCO₂ savings were realised across the business, bringing the total to 15 800 tCO₂ since the rollout of APC commenced in 2019.

Further details on direct and indirect GHG emissions at our operations (Scope 1, 2 and 3) are provided in the performance table on page 143.



Our focus areas and priorities for 2022

We will develop a detailed climate change strategy and pathway to net-zero by 2050, and on the basis of a thorough understanding of the future of the business, we will set intermediate Scope 1 and 2 emission reduction targets.

The identification and understanding of the potential physical impacts of climate change on our business activities as well as our host communities will be included. This will allow us to facilitate the introduction of appropriate adaptation and response measures.

We will continue to investigate and implement energy-saving projects, particularly at our large energy users, and we will explore opportunities for the substitution of some of our energy requirements with renewable energy like solar plants.

Additionally, we will continue to evolve our reporting and disclosure practice, aligning our disclosures with the framework developed by the TCFD. We will continue to play our part in engaging with third parties to support a reduction of emissions throughout the value chain.



WATER

Water is a fundamental requirement for our operations and future development, as it is to the communities in which we operate. We therefore recognise our role and responsibility in water by making informed, sustainable and value-protecting decisions as a business and a stakeholder.

We embrace our role as responsible water stewards by maximising the value from water resources while seeking to achieve no long-term net harm to the areas in which we operate. We recognise that we are a member of the larger community and are a net-positive contributor to that community. Where possible, we will strive to improve both water access to our communities and lead sustainable water management within our regions.

OUR APPROACH

In our approach to water stewardship, we are guided by Thungela's water policy and the water management standard. Thungela's water policy is underpinned by five fundamental principles:

- Our people: building capacity, compliance to simple non-negotiable standards and driving water resilience within our operations.
- Our process: minimising water abstraction and discharge, and embedding water efficiency while striving for sustainable water security throughout our business.
- Our stakeholders: recognising water as an environmental and human right while identifying, developing and implementing collaborative solutions with our stakeholders.
- Our supply chain: understanding and responding to the water risks and opportunities within our supply chain to mitigate business interruptions.
- Informing public policy: contributing our skills and knowledge to the development of socially and environmentally responsible public policy.

Water is a fundamental requirement for our operations and future development, as it is to the communities in which we operate. We recognise our role and responsibility in water by making informed, sustainable and value-protecting decisions as a business and stakeholder.

To achieve our strategic ambition, we aim to secure water without compromising water resources and other users. To this end, we facilitate and encourage water reuse/recycling and fit-for-purpose use, drive compliance with our standards and regulations as a minimum, and develop sustainable water security projects and practices where we operate.

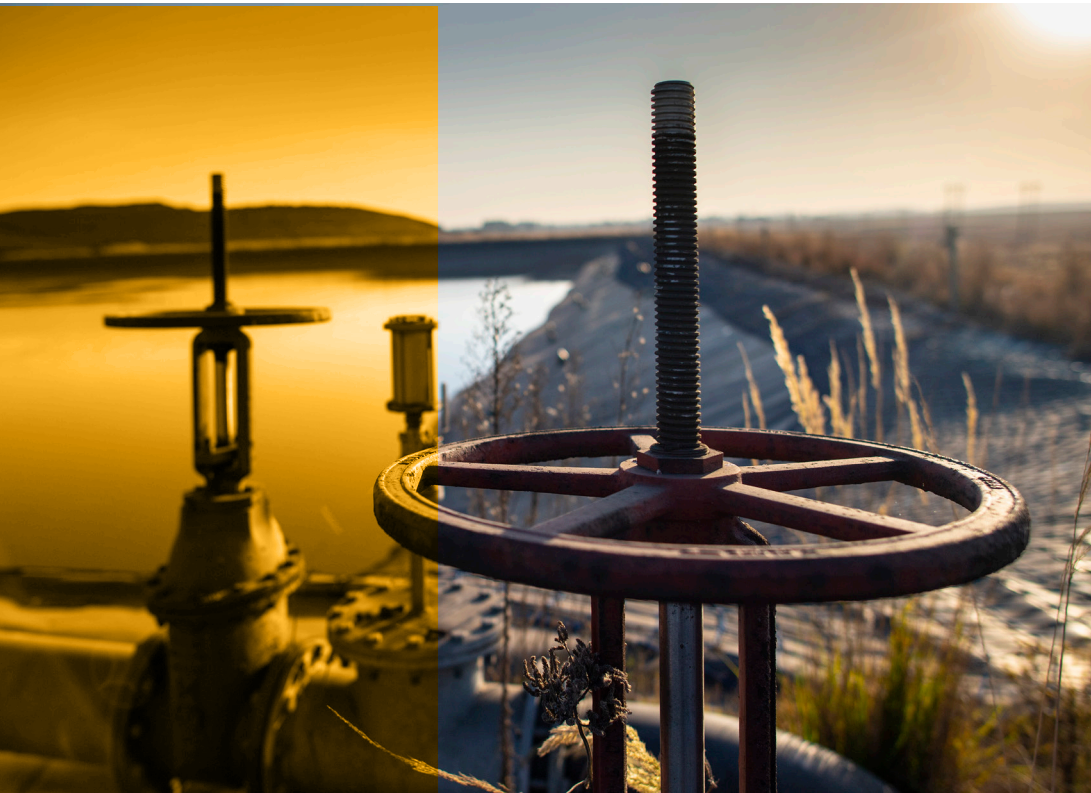
We commit to do no harm to the environment by avoiding or minimising wastewater discharge, maximising water recycling and beneficial reuse opportunities within our communities, and implementing fit-for-purpose projects that safely and sustainably store and manage water at and around our operations.

We proactively engage and play a catalytic role to build capacity for effective water management at local and regional levels. We share knowledge, build capacity and establish common outcomes, and we support and propagate an internal culture of water conservation.

It is essential to minimise risk to protect and enhance value, and not to externalise our impacts. We take a proactive approach to the identification and management of water risk and opportunity, and integrate water management into long-term business and sustainable mine closure planning. We constantly work to understand and internalise the water implications of climate change.

To buffer our operations against external water demand, costs and potential climate change, we integrate the value of water into business planning and decisions.





We proactively monitor and measure water performance in our business, and we develop and invest in technology and innovation to further enhance water management performance.

We are open and transparent in our water management practices with all stakeholders. We aim to improve our communication with external stakeholders regarding water practices and performance.

Water management standard

Thungela’s technical standard on water management sets out the minimum requirements for the business. The best practice standard and related guidelines address all key aspects of efficient water management, including water supply and security, water for operations, hydrology and hydrogeology, mine dewatering, water collection, storage, uses and discharge, closure, post-closure, and water quality and potential environmental impacts, including sustainable and socially responsible water use, for sites and projects.

Operations appoint competent water leads who take responsibility for effective water management, communication of KPIs and implementing Thungela’s Water Policy and associated standards.

OUR 2023 WATER TARGETS

20% Reduce water abstraction by 20% against a 2015 baseline	75% Increase water recycling levels to 75%	0 No level 3 or greater water incidents	40% Water treatment target 40%
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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.

Improving water accounting

For us to monitor our progress and take appropriate action, the data on which we base our decisions must be as accurate as possible. In 2020, we focused on conducting a detailed review of our mining operations' water data from 2015 onwards to gain a more accurate picture of our water consumption. This re-baselined data enables us to more accurately assess our achievements to date and understand the challenges ahead.

Our water reporting metrics are aligned with those of the ICMM. We continued building water balances for all our sites and generated a water reporting data set for all withdrawals, consumptions, discharges and reuse/recycling. The implementation of the water accounting system has resulted in improved and more consistent and accurate water reporting, linked to water balance models.

eMalahleni Water Reclamation Plant

As part of our commitment to water management, the eMalahleni Water Reclamation Plant (EWRP) was first commissioned in October 2007, while phase 2 commenced in 2015 at a total cost of R1.4 billion.

It has a volumetric capacity to treat 50 ML/day of water using reverse osmosis technology. The plant supplies over 90 000 community members in the water-stressed eMalahleni local municipality. It also enables access to coal reserves, caters for environmental needs (discharge water requirements) and ensures security of water supply for our operations.

Since its establishment in 2007, the EWRP has supplied 77.8 billion litres of potable water to the community, made mines and centralised service departments in the South African Coal Estates (SACE) complex entirely self-sufficient in terms of their water needs, thereby eliminating pressure on constrained local water sources, and channelled around 6.1 billion litres of pristine water into the severely stressed upper Olifants river catchment.

The EWRP has supplied 77.8 billion litres of potable water to the eMalahleni Municipality.

OUR PERFORMANCE



A 20% reduction target for imported water of 812 ML was set against a 2015 baseline of 1 015 ML, to be achieved by 2023. The overall trend for 2021 indicates that the current import of water has increased by 10% to 865 ML in 2021 (2020: 785 ML). The increase is largely attributed to an increase in freshwater abstraction at Goedehoop colliery. A strong focus has been placed on reducing freshwater abstraction at our Goedehoop mine, which is now recycling its mine water for use in underground continuous miners. We will continue this focus in 2022, through identifying and addressing high-usage areas.

A 20% reduction target for water obtained from the EWRP by the mines it supplies was set against a 2015 baseline, requiring a reduction to 1 597 ML against a baseline of 1 997 ML. An overall water abstraction of 1 730 ML was recorded for 2021, which is an improvement of 11% (2020: 1 935 ML). An overall reduction of 133 ML is required by the end of 2023 to achieve the 1 597 ML target.

A total reuse/recycle efficiency metric for Thungela has been developed to increase water reuse and recycling behaviours so that the reliance on imported water is reduced. Water is either classified as raw, worked or treated, which is required to define water stores and to calculate the reuse and recycling efficiency.

A total reuse/recycle target of 75% has been set for the Group. In 2021, 61% was achieved, slightly down from the 66.4% in 2020, owing to the increase in freshwater abstraction rather than recycling of mine water, which we are addressing.



A treatment metric of 40% was set as the target for Thungela and an overall rate of 56.7% was achieved. This included desalination at the EWRP and the Proxa plant at Mafube, as well as lime treatment at Kromdraai and Navigation. 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. A total volume of 12 098 ML was treated in 2021.

In compliance with the water management standard, water leads have been appointed at all sites. Water management plans (WMPs) are currently being updated in compliance with the standard.

WATER TREATMENT

As currently drafted, the NEMA Financial Provisioning Regulations will alter the way companies calculate financial provisioning for environmental obligations. The effective date of the regulations has been deferred continually, from an original effective date of February 2017 to the latest deferral in the current year to 19 June 2022.

Thungela has provided for water treatment costs using a combination of active and passive water treatment methods, based on activities currently being performed at its operations. The NEMA Financial Provisioning

The plant will incorporate a sulphate reduction, sulphide oxidation and oxidation cascade step that will treat 50m³/day using different water qualities available at the EWRP.

Regulations require the treatment of water to be provided for using the costs for technologies approved by the DMRE. These are approved based on proven ability to meet discharge requirements.

Thungela has embarked on a drive to investigate a number of different technologies to mitigate the impact of water liabilities. We have partnered with Mintek, the University of Pretoria and The Moss Group to demonstrate the passive treatment process as an integrated system at larger scale and to determine the suitability of the treated water for various applications, including irrigation of crops. The construction of a demonstration-scale plant to further prove this treatment commenced in August 2021. We are also trialling the use of phytoremediation in collaboration with the University of the Witwatersrand to address acid mine drainage (AMD) challenges.

Demonstration passive treatment plant

The development of a sustainable passive treatment system forms an integral part of the water liability mitigation strategy as an alternate lower-cost system to active desalination. The intent is to optimise process parameters to ensure sustainable performance and to develop a design for a full-scale plant, specifically for implementation at the Kromdraai colliery initially and subsequently expanded to other operations. Construction of a demonstration integrated passive treatment plant based on the Mintek CloSURE™ process commenced in August 2021 at the EWRP.

The process will treat water that is acidic in nature and containing up to 4g/L sulphate and metals, such as found at Kromdraai and Goedehoop, and will produce water that is fit for reuse in irrigated agriculture. The process will provide design parameters for Kromdraai initially and optimise process parameters to reduce costs and ensure sustainable performance of the reactors.

The plant will incorporate a sulphate reduction, sulphide oxidation and oxidation cascade step

that will treat 50m³/day using different water qualities available at the EWRP. Reactors will be commissioned and inoculated with the appropriate microbes, and the plant will be run for about two years to achieve relevant outputs.

Phytoremediation

A phytoremediation strategy to exert hydrological control over sub-surface and surface-contaminated seepage from the rehabilitated waste coal dump at Goedehoop colliery was implemented. It involves the establishment of high-density forests using indigenous evergreen trees, *Searsia lancea*, to exert long-term hydrological control over seepage from the waste coal dump and dry up the contaminated seepage. We expect it to take five to 10 years to establish hydrological influence over the site if all other factors (for example, drought and fire) are managed effectively. A similar strategy will be employed at Hope dump to manage some of the seepage areas.



CASE STUDY 2

BIOLOGICAL PASSIVE TREATMENT OF ACID MINE DRAINAGE – VRYHEID CORONATION COLLIERY

One of the major challenges confronting the mining industry is operating in an environment of ever decreasing water resources and the impact mining has on these.

Mine-impacted water, specifically AMD, is recognised as the greatest environmental challenge facing the industry globally, and the pressure on mining companies to ensure that operations do not negatively impact water quality is becoming paramount for maintaining the social licence to operate.

The Vryheid Coronatin Colliery (VCC) project offers an innovative approach to treating AMD using a biologically driven passive treatment system. Unlike active treatment, it requires low operational input, has lower capital costs and is suitable for sustainable, in-perpetuity treatment post-closure. A significant amount of effort and 'out of the box' thinking has gone into the development of this process and the implementation at VCC is the culmination of work spanning many years.

A novel passive bio-neutralisation technology capable of treating acidic mine water with a pH <3 and significant metal acidity was developed over 10 years and implemented at VCC. Due to the mining methods used at VCC, sulphide oxidation occurs in the presence of water, resulting in the formation of AMD, which eventually appears in the local stream 2km upstream from where the main community resides. As VCC is in a rural area with limited manpower and commercial resources, this process was selected as the most appropriate solution to mitigate the impacts of AMD and render the water suitable for livestock watering and irrigation.

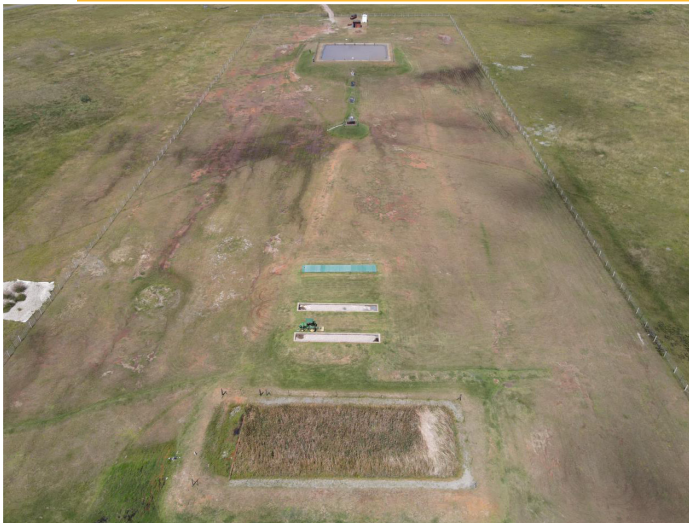
The bacterially mediated process increases the pH and precipitates metals from the water. Water flows through an aeration cascade to remove dissolved hydrogen sulphide produced in the bio-neutralisation reactor, while a limestone bed reactor further increases its pH. The final stage involves the removal of residual impurities in an aerobic wetland comprising 40 000 reed plants, essentially mimicking nature. A significant improvement in the effluent water quality is observed, with pH increasing from 2.3 to above 6.5, and complete removal of iron and aluminium.

The implementation of the VCC project has allowed the previously uncontrolled discharge to be managed and treated effectively. The development of this system has increased the ability to treat a broader range of impacted mine water using low-intervention systems which are more suitable for closure scenarios and can provide fit-for-purpose water. The passive treatment project at VCC created an opportunity to trial further biological passive treatment systems for different water qualities within the Group.

Passive treatment has been identified as an alternative to reverse osmosis for post-closure water management at several Thungela sites, thereby mitigating significant closure liabilities associated with in-perpetuity treatment requirements.

Typical opex costs for the treatment of VCC water are around 375% lower per/m³ water treated compared to the cost of treatment of water of similar quality at the EWRP. Lower operating costs have the potential to mitigate significant long-term closure liability costs.

Since the project is located within 100m of the neighbouring Thukuzele community, significant stakeholder engagement was required with the community to ensure an understanding of the process and the benefits for both the environment and the community. The VCC project has had significant interest from the Department of Water and Sanitation as well as the mining industry as a sustainable, long-term water treatment system for closure.



MINE CLOSURE, REHABILITATION AND BIODIVERSITY

9 152

Total land disturbed (ha)

2020: 8 984

4 431

Total land rehabilitated (ha)

2020: 4 135

MINE CLOSURE

Our approach to mine closure planning aims to ensure that the full spectrum of life of mine opportunities, risks and liabilities are effectively identified. All plans are fully costed and we ensure that adequate provision is made for premature closure. We believe that integrating mine closure planning into operational strategy is the best way to address many of the associated risks and opportunities, particularly through rehabilitating land in parallel with our mining activities.

Since we have four opencast operations, it is particularly material that we rehabilitate land disturbed by mining to a level of post-mining land use agreed with stakeholders.

MANAGEMENT APPROACH

To ensure effective closure based on integrated planning, 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 for rehabilitation, which were all reviewed in 2021.

Our approach emphasises the need to manage our financial liabilities rigorously, work with stakeholders to address social impacts and begin rehabilitating mines while they are still active. We have a commitment to reduce the backlog of our disturbed land that requires rehabilitation during the lifetime of our current mines rather than after operations cease. Our vision is that through well-executed rehabilitation, post-mining



landscapes can be established that are ecologically functional and economically viable, closure costs are effectively reduced and the outcome is supported by all our stakeholders.

Rehabilitation is an ecologically and technology-driven discipline. Post-mining rehabilitation designs are modeled on various platforms, with the aim of providing an ecologically acceptable design that considers watershed, post-mining land capability and landforms in the greater landscape. Best-practice technology is applied to design robust ecologically driven rehabilitation designs that will result in sustainable post-mining landscapes.

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

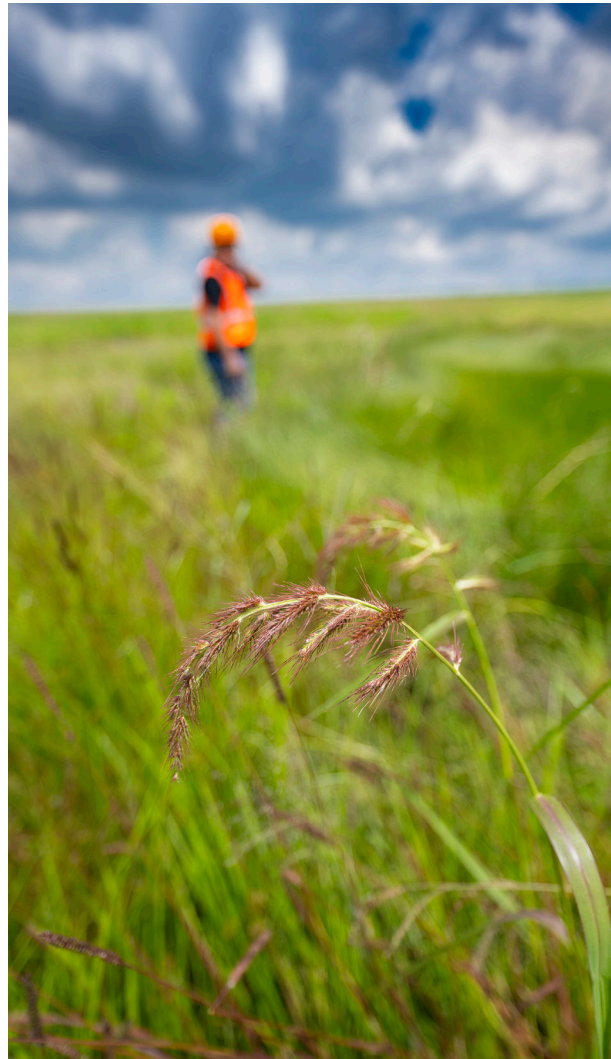
Mine closure standard

Thungela's mine closure standard revolves around the requirements of the NEMA Regulations pertaining to financial provisioning for the mitigation and rehabilitation of environmental damage caused by reconnaissance, prospecting, exploration, mining or production operations legislation.

To comply with the NEMA Regulations, several documents are required based on international best practice for mine closure and include, among others, an annual rehabilitation plan, an environmental risk assessment report and a final rehabilitation, decommissioning and mine closure plan, including a liability estimate.

Over and above these reports:

- A closure vision must be established and maintained with associated specific closure objectives and land-use plans, endorsed by the site leadership team.
- Closure plans must consider and address regulatory conditions, and community and stakeholder commitments identified during stakeholder engagements, and social and environmental impact assessments and licensing.
- Where appropriate, closure liabilities must be minimised through proactive integrated planning throughout the operational life cycle, involving formal opportunities analysis.
- Closure requirements must be integrated into the business planning and life of mine planning processes to evaluate the impact of mine plan modifications on proposed closure activities.
- Sites must have a rehabilitation plan with clearly defined targets that is aligned with and integrated into the business plan.



Our mine-closure toolbox is a **structured framework** for planning and managing the closure of mines and aligns with leading-practice guidance from the **ICMM**.

It provides a mechanism for our long-term business plans to consider, before a mine even starts operating, what will happen after we close it. This includes additional focus on key components such as social transition and incorporates our integrated closure planning system, which focuses on integrating multi-disciplinary closure planning and execution. The toolbox provides a single, consistent framework for closing mines that guides operations on how to meet the Group closure standard.

A **rehabilitation standard and guideline** have been developed for Thungela. The standard and guideline aim to integrate concurrent rehabilitation into the various existing business plans and processes to ensure the best and most cost-effective rehabilitation outcomes for Thungela.

The standard provides the required information within the annual and five-year rehabilitation plans and specifies requirements to achieve the essential rehabilitation outcomes. The Thungela Rehabilitation Guideline provides more detail on how to achieve the requirements specified in this standard. Areas of focus include:

- annual rehabilitation plans, as defined in the NEMA;
- five-year rehabilitation plans that support the closure outcomes;
- concurrent rehabilitation targets which focus on liability reduction;
- baseline environmental requirements data that informs the rehabilitation design;
- rehabilitation objectives and post-mining land uses (PMLs): setting early objectives will ensure that rehabilitation conforms to the requirements of the PML;
- landform construction and design where technological platforms are used to design stable post-closure landforms that conform with ecological drivers and promote PMLs;
- physical amelioration of the growth medium, which plays an important role in sustainable vegetation establishment, and site-specific analysis and amelioration are promoted site-wide; and
- monitoring, which forms a critical part of rehabilitation activity and allows for adaptive management where required.

Our closure liabilities and corresponding financial provisions

Thungela uses a third party on an annual basis to determine the mine closure financial provision in terms of the MPRDA Regulations. The assessments are based on environmental management programmes (EMPRs) and other commitments in various authorisations, as well as closure design criteria for final closure of operations. Financial provisions are made annually, and reviewed and audited in line with internal and external requirements. Financial provisions are made once DMRE approvals of liability estimates have been received. The 2021 closure liability submission for Thungela's managed mining operations to the DMRE is done in terms of the MPRDA as the currently prevailing legislation. The transition date of the NEMA Financial Provisioning Regulations has continually been deferred, from an original transition date of February 2017 to 19 June 2022.

The 2021 closure liability assessments are based on identified closure risks (predominantly environmental) at each operation and the development of a mitigation plan over the remaining life of operation.



The environmental provisions are calculated using the MPRDA Regulations as a base, adjusted for costs the Group is likely to incur over the period until closure is completed. The financial provisioning as required by the current MPRDA Regulations amounts to R4.1 billion (31 December 2020: R4.0 billion), compared to the total environmental provisions recognised by the Group of R6.8 billion (31 December 2020: R6.2 billion). This difference is due to additional costs which the Group believes it is likely to incur through a combination of its interpretation of the NEMA Financial Provisioning Regulations as well as actual costs to be incurred in the period up to and post-mine closure, most significantly in relation to water treatment costs.

The Group currently maintains the required financial provisions through two mechanisms – environmental rehabilitation trusts and holding financial guarantees with financial institutions for the benefit of the DMRE. The rehabilitation trusts' value as at 31 December 2021 was R3.3 billion (31 December 2020: R2.9 billion). The guarantees of R3.2 billion (31 December 2020: R2.9 billion) are primarily in place to meet any immediate closure obligations under existing MPRDA Regulations and are issued in favour of the DMRE. All operations' closure liabilities are fully provided for in terms of the MPRDA. The Group invested R188 million (2020: Rnil) in long-term investments, referred to as the 'Green Fund', through two financial institutions to secure the guarantees required to further fund the financial provisioning as required by the DMRE and replace guarantees previously held where Anglo American South Africa Proprietary Limited (AASA) had provided surety.

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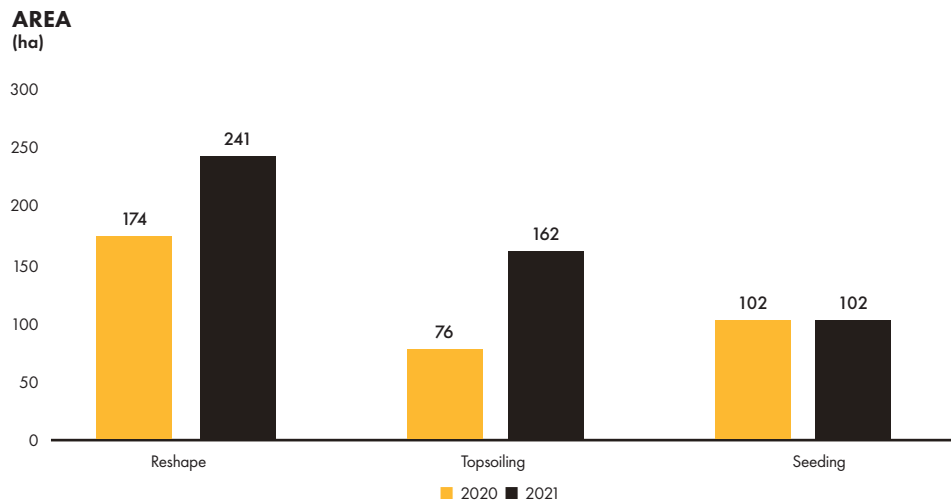
The Group invested
R188 million
(2020: Rnil) in
long-term investments,
referred to as the
'Green Fund'.



REHABILITATION

We focus on rehabilitating available land concurrently as we strive to return land to near-initial state. This approach results in significant financial and environmental benefits, and can reduce closure liabilities. Each of our sites has a five-year rehabilitation plan. At the end of the year, Thungela had 49 076 hectares (ha) under its management control (2020: 49 076 ha). A total of 9 152 ha have been disturbed by mining, processing and mineral waste disposal, and supporting infrastructure (2020: 8 743 ha). In 2021, we exceeded the reshaping and topsoiling performance of 2020 (see the chart below). We reshaped 241 ha compared to 174 ha in 2020, and 162 ha were topsoiled compared to 78 ha in 2020. Our seeding performance was equal to 2020.

AREA REHABILITATED (HA)



BIODIVERSITY

Biodiversity is a critical foundation for the health and functioning of our environment and, in turn, supports the health and wellbeing of society. Biodiversity, and the ecosystems that support it, provide a range of services that enable communities, companies and society to thrive. Our vision is to achieve no net loss of biodiversity and to maximise biodiversity improvements wherever we operate. We are committed to minimising our impact on biodiversity through the application of the mitigation hierarchy and to implement restoration/offset projects where impact is unavoidable.

We commit to neither explore nor develop new mines in world heritage sites. We also respect legally designated protected areas, in line with the ICMM’s position statement on mining and protected areas.



Our vision is supported by Thungela's biodiversity standard and guideline, which provide the process, methodology and terminology required to enable operations to assess biodiversity risks and develop biodiversity management programmes (BMPs) that achieve no net loss.

The biodiversity standard ensures compliance with the National Environmental Management: Biodiversity Act 10 of 2004.

All sites are required to have an agreed plan for measuring and delivering actions against our targets and objectives. 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. All BMPs are reviewed and updated internally on a three-year basis, or when there is a significant change in a site's footprint, area of influence and/or understanding of relevant biodiversity impacts.

Where residual impacts on significant biodiversity features remain after application of the mitigation hierarchy, these are addressed through biodiversity offsets, in line with the South African National Biodiversity Institute's (SANBI's) Biodiversity Offset Guideline. Biodiversity management extends beyond the duration of our mining activities; our BMPs thus include closure objectives to address biodiversity impacts.

Our approach and progress

Our aim is to mainstream biodiversity into mining. This means that we will use the biodiversity information at our disposal, engage our stakeholders, use our EIAs to identify, assess and evaluate impacts on biodiversity, apply the mitigation hierarchy and ensure effective implementation of our EMPs.

We believe that to achieve effective and long-lasting biodiversity goals, partnerships with NGOs, local communities, civil society groups, conservation agencies and government agencies are crucial. These collaborations help to bolster inhouse expertise and capacity, and due to the public good nature of biodiversity resources, create the commitment to achieve enduring success.

Thungela operates over various geographical locations in South Africa, mainly in Mpumalanga. All six operations are located in the Highveld grassland ecoregion. This allows us to optimally balance losses against potential contributions to biodiversity to achieve positive outcomes across the six operations (rather than on a site-by-site basis).

Every site has a BMP in place that was developed during 2020. Thungela took a novel approach to biodiversity management, and a regional BMP for the sites was developed and finalised in 2021 to define the minimum requirements to manage biodiversity in all phases of the operations, optimising the potential for balancing losses against contributions to biodiversity to achieve positive outcomes across all operations, rather than confining achievable outcomes to specific sites. The development of regional solutions for biodiversity conservation and protecting the remaining areas of high biodiversity value while designing site-based rehabilitation efforts create maximum benefit at a regional scale.

The BMP for Thungela includes a biodiversity value assessment, a baseline assessment and the development of a regional biodiversity management programme. The outcome of the data collected was

Our vision is to achieve no net loss of biodiversity and to maximise biodiversity improvements wherever we operate.

used in formulating biodiversity management objectives and related actions for each operation. These management actions are focused on objectives for species of concern, ecosystems of concern and priority ecosystem services. Based on these objectives, operational-specific plans were prepared.

Our Isibonelo colliery is adjacent to wetlands that are of high biodiversity value (outside of protected areas). The area around the mine comprises large floodplain and valley bottom wetlands. The floodplain and valley bottom wetlands on the eastern extent of the mining right area (MRA) – two off-site wetland offset areas (the Rietfontein and Brakfontein wetlands to the south of the MRA) have recently been the subject of construction of wetland rehabilitation interventions. Isibonelo has successfully implemented a new wetland restoration project using the novel Dongalock® technology as part of its

wetland offset commitment. Opportunities for biodiversity management at Isibonelo are centred on the maintenance of the existing wetland offset initiative. In 2021, we partnered with Nature Metrics to trial the use of environmental DNA (eDNA) at our Isibonelo colliery to improve the granularity and accuracy of our biomonitoring approach. The results from the trial are being used as part of Isibonelo's wetland offset, rehabilitation and biodiversity monitoring.

2022 focus areas

During 2022, each operation will embark on a specific rehabilitation project, with tangible and measurable outcomes focused on enhancing biodiversity, with the objective of either supporting ecosystems or specific species. As an example, Isibonelo colliery is engaging with a local farmer to secure a buffer area around the restored wetland that will not be cultivated.



CASE STUDY 3

GREENSIDE APIARY

Monoculture farming, the abundant use of pesticides and the ongoing destruction of habitat have devastated Mpumalanga's bee population, which is a significant concern when one considers the crucial role that bees play in food production.

Greenside colliery is helping to protect the province's dwindling bee population through its establishment of 16 hives in a eucalyptus grove on a remote part of the site, with each hive housing between 20 000 and 40 000 bees.

The mine's apiary was established when swarms established themselves close to surface working areas. This presented a challenge. The bees potentially put the safety of our employees at risk, but it would be irresponsible to employ the pest control interventions that were used in the past.

Taking on board lessons learned at Zibulo colliery, Greenside implemented a simple solution that involved making available a piece of land on which bees could thrive, well out of harm's way.

The project enables us to protect these important creatures which contribute to the biodiversity value of the site, while benefiting local farmers. The project also has an important social component, with two people from the local community being trained to become certified beekeepers.

Jonati Environmental Services, the service provider responsible for managing the programme, is providing them with a year's worth of practical instruction using Greenside as a training ground.

On completion of their qualification, they will be able to establish their own businesses, harvesting honey and safely removing unwanted bee hives in residential and commercial areas.



CASE STUDY 4



ISIBONELO WETLAND RESTORATION

Nearly 16 years ago, the Department of Minerals and Energy (now DMRE) and the then Department of Water Affairs and Forestry took a decision to include wetland offset conditions in authorisations being issued to some mines. One of those was Isibonelo colliery, situated in the Kriel area of Mpumalanga.

The initial wetland offset project was the first pilot project to explore the appropriate design and implementation of wetland offsets, and the desirability of embedding wetland offsets as a policy option. The project was concluded in 2007 and was awarded a Nedbank Green Mining Award in October 2006. Judges described it as 'innovative', 'creating a precedent' and 'beyond compliance'.

Gabion cement structures were used in the phase 1 offset, but maintenance proved to be challenging. Furthermore, this approach uses concrete and large excavator equipment that in themselves have an impact on the wetlands and require a full water use licence.

Isibonelo, in collaboration with GreenGAB, adopted a novel approach for phase 2 of the wetland offset project, using Dongalock® technology to restore wetlands outside of Isibonelo's mining area. The Dongalock system comprises lightweight interlocking sheets made from recycled UV-resistant plastic and replaces traditional concrete structures. This much less invasive technology was installed at a 75% cost saving and substantially reduced time. It also enabled Belen Transport Engineering, a local SMME within Isibonelo's host community, to be the first

company to implement this new approach in South Africa. The Belen workforce typically comprised a five- to eight-man team, and all construction was undertaken using manual labour, which meant little to no disturbance to the wetland system.

In 2005, prior to construction of the mine, Isibonelo colliery undertook a project to remove various bulbs from the proposed mining areas. They transplanted these bulbs into specially created bulb beds. As part of the overall rehabilitation project, a portion of these were planted back into the newly restored wetlands. These bulbs will be monitored to ensure successful transplantation.

The project also made use of eDNA after the first rainfall season to compare the presence of species to the original baseline for the area. This information will be used to measure the project's success.

Unlike conventional methods of surveying biodiversity at a site, eDNA can identify hundreds of species from different taxonomic groups from a single sample, while traditional techniques can be time-consuming and costly, relying on identification by sight as well as expert taxonomic knowledge.

The project has been positively accepted by the farming and scientific community. An adjacent farmer is so impressed by the project that he has offered to plant wetland grass species on 70 ha of land adjoining the wetland site instead of planting high-value crops.



03

SOCIAL



SAFETY, HEALTH AND WELLNESS

The health, safety and wellbeing of all individuals working at Thungela are imperative, and our target is non-negotiable. We are committed to a fatality-free business and strive to avoid, reduce and mitigate any negative impacts we may have on communities. SHE is embedded in our values and Code of Conduct, and it is built on relationships of care, respect and trust. We have implemented rigorous health and safety practices in line with our SHE management system to ensure that our employees are able to perform their jobs safely through appropriate resourcing and application of controls.

We have a comprehensive employee wellbeing programme that includes HIV monitoring and treatment. We also deploy appropriate controls to mitigate any potential health and safety impacts from our operations on communities.

Recognising the interplay between managing safety and health risks, and promoting employee wellbeing, we maintain close cross-functional collaboration to ensure an integrated approach.

OUR MANAGEMENT SYSTEMS

SHE – our safety, health and environmental management system – forms part of a suite of documents, including our SHE Policy, SHE ISO Standards Specifications, SHE ISO Standards Toolkit, Technical Standards, SHE Standards and Specifications, and external standards and certifications adopted by the Group.

Our mining operations – Greenside, Goedehoop, Zibulo, Isibonelo, Khwezela and Mafube – are all ISO 45001 certified. Through safety systems and reporting on operations, including the centralised services division, the central team can support ongoing initiatives which support the above principles across operations.

Each site has a SHE management improvement plan to address identified gaps in performance and track progress against KPIs. We conduct internal and external audits annually to monitor and provide assurance on our SHE performance.

OUR SHE POLICY

We believe that an integrated approach, with close cross-functional collaboration, is critical to managing the interplay between health and safety risks, and promoting employee wellbeing and environmental management. Thungela's SHE Policy is fit-for-purpose for a pure-play coal mining company in the South African context.

Our SHE Policy is aligned with the ISO 14001:2015 and 45001:2018 management standards and underpinned by our principles of a zero mindset, no repeats, simple, non-negotiable standards and a positive culture. These guide our approach to SHE management in the following ways:

- Zero mindset: we apply the hierarchy of eliminating, avoiding, minimising, mitigating, remediating/rehabilitating and offsetting the SHE impacts and risks arising from our activities, products and services.
- No repeats: all necessary steps are taken to learn from SHE incidents, audit findings and other non-conformances to prevent their recurrence.
- Simple, non-negotiable standards: common non-negotiable SHE management, performance standards and procedures, and minimum legal compliance are applied throughout Thungela as a baseline.

The background of the page is a photograph of a worker wearing a hard hat and safety vest, holding a yellow flag. The image is overlaid with a semi-transparent orange filter. The text is white and positioned on the left side of the page.

The health, safety and wellbeing of all individuals working at Thungela are imperative. We are committed to a fatality-free business and strive to avoid, reduce and mitigate any negative impacts we may have on communities. These targets are non-negotiable.



OPERATIONAL RISK MANAGEMENT

The effective management of risk is integral to good management practice and fundamental to the sustainable creation of wealth and predictable operational performance.

By understanding, prioritising and managing risk, we safeguard our people, our assets, our legal position, our values, our reputation and the environment, and identify related opportunities to best serve the long-term interests of all our stakeholders.

Operational risk management (ORM) supports our Integrated Risk Management Policy and Framework, and is an integral part of our business process framework and site management system. ORM helps us to make the shift from applying reactive management to dealing with risk proactively, and is about the right people taking the right action at the right time to implement the right controls.

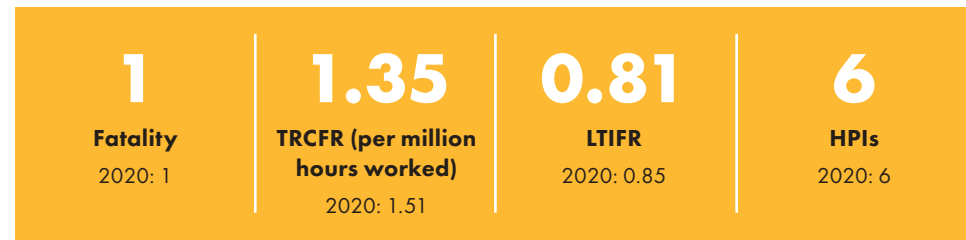
By applying ORM, we aim to ensure that operations have:

- improved risk identification at all levels that supports operational planning and work management;
- a clear understanding of material risks;
- enhanced control strategies;
- targeted control improvement and corrective action management;
- better and speedier learning and decision-making; and
- enhanced monitoring of control implementation, status and effectiveness, and therefore improved business performance.

ORM is continual and is constantly updated as changes and improvements are made and information becomes available through monitoring, and with new learnings from incidents and knowledge.

INCIDENT MANAGEMENT

Reporting and investigating health and safety incidents are an essential part of managing our risks and tracking progress in hazard prevention and control measures. Our incident reporting and investigation process is aligned with our critical control management and ORM processes. We continue to build in-house capacity for LFI investigations and to promote the reporting of high-potential incidents (HPIs) – in which employees are potentially exposed to fatal risks – and high-potential hazards (HPHs) – where we identify hazards that could lead to loss of life – to heighten awareness, facilitate organisational learning and effect more robust controls. Reporting of HPIs and HPHs at our operations is currently safety- and health-focused.



SAFETY

We are on a safety journey, continuously improving our approach. We aspire to a fatality-free business and to achieve a consistent decrease in the frequency of every recorded case. The tragic loss of the life of Moeketsi Mabatla on 23 June 2021 has reinforced our commitment to the elimination of fatalities in our business. This is underpinned by the three principles in our SHE policy: zero mindset, no repeats and simple, non-negotiable standards. These are supported by our safety strategy, which has three pillars: back to basics, work management and culture change.

OUR SAFETY STRATEGY

Thungela's safety strategy has three pillars that we use as the basis upon which we continue to drive our operations' safety management.

Back to basics ensures that we uphold clear fundamentals, which, when adhered to, consistently guarantee safe production outcomes. Focus areas under this pillar include:

- our Eyethu Rules (life-saving rules; see the box on the right);
- focused leadership interactions;
- identification and investigation of HPHs and HPIs;
- our operational risk management processes, which encompass critical control strategies and monitoring; and
- job risk analysis.

Adherence to these basics protects our employees from risk and ensures constant leadership interaction around safety behaviour at our operations.

Work management is focused on continual improvement in the planning, management and execution of work. High-risk work scheduling and verification are cornerstones of this process, allowing senior oversight of tasks that have potentially harmful consequences should something go wrong.

This process, along with implemented business process framework work management systems at most of our operations, allows us to identify:

- the right work;
- the right resources (labour, tools and equipment);
- at the right time; and
- the right way – following the right processes and procedures.

OUR EYETHU RULES

- 1 I will not operate a machine or equipment for which I do not have a valid licence.
- 2 I will always stop, look, assess and manage (SLAM) before performing a task.
- 3 I will never enter an unsupported area underground.
- 4 I will not enter an area unless a competent person has declared the ventilation to be adequate and the atmosphere free from any harmful dust or gases.
- 5 I will not enter the drop zone area unless I am in possession of a valid permit to do so. If I have to climb on a crest berm, my waist will never be higher than the crest.
- 6 I will always wear a seatbelt.
- 7 I will never get closer than 20m from surface mobile machinery without receiving permission from the operator.
- 8 I will never get closer than 3m from underground mobile machinery without receiving permission from the operator.
- 9 I will never enter a confined space without a permit and a continuous gas monitoring device.
- 10 I will not work above 2m without attaching my safety harness.
- 11 I will always follow the isolation and lock-out procedure.
- 12 I will not go under a suspended load.
- 13 I will not work alone and without a life jacket around water dams.

Culture change relies on our people to activate the previous two pillars to drive the transformation of our behaviour. We have implemented senior leadership plans and coaching across our operations to assist senior managers. Sustainable risk reduction programmes, which use leading indicators to identify improvement projects, reduce risks in daily tasks.

In 2021, we initiated a three-month campaign using a boardgame – Thunopoly – to guide specific interactions and learning across operations, improve leadership visibility and engagement on operations, and create excitement around safety.



OUR SAFETY PERFORMANCE

It is with great sadness that we report the tragic death of Moeketsi Mabatla following an underground fire that emanated from a trackless mobile machine.

An immediate investigation and call to action were initiated, with the primary focus on emergency response at operations (both processes and the availability/reliability of firefighting equipment). Checks on all mobile equipment were carried out by OEMs and internal specialists. Those where modifications had been made were stopped, and the required updates and checks implemented.

The investigation further highlighted the following key areas for operations to identify where any potential gaps existed, for these to be rectified and to reduce the likelihood of a recurrence:

- the importance of following and completing a comprehensive change management process (particularly if equipment is modified);
- the importance of suitable practical emergency response training;
- the importance of emergency drills to test and verify our own processes for various scenarios;
- specific emergency training for leadership roles; and
- real-time monitoring technology at refuge bays to be tested and functioning optimally.

The largest risks our operations face are related to fall of ground (strata and geotechnical failure), fire and explosion, shaft conveyance and shaft integrity failures, and mobile equipment, as well as uncontrolled release of energy. Critical control monitoring around these and other priority operational risks is managed at an operational level, with oversight from subject matter experts.

KEY PERFORMANCE METRICS

	2021	2020	2019
Fatal injuries	1	1	1
Lost time injuries (LTIs)	15	17	18
Medical treatment cases	9	12	15
Total recordable case frequency rate (TRCFR) per 1 000 000 hrs	1.35	1.51	1.48
Lost time injury frequency rate (LTIFR) per 1 000 000 hrs	0.81	0.85	0.78

In 2021, Thungela experienced 25 recordable injuries, which resulted in a TRCFR of 1.35, an 11% improvement from 2020. This includes any injury that requires more than first-aid treatment. Year-on-year, we have seen a reduction in injuries at our operations.

We recorded 15 LTIs in 2021 (2020: 17), resulting in a decrease in LTIFR to 0.81 (2020: 0.85). Some 46% of our LTIs resulted from slip, trip and fall incidents. Falling or dropped objects, fire or explosion, material handling and uncontrolled release of energy were responsible for the next highest injury-related incidents.

Six HPIs were reported during 2021 (2020: six). We report and track HPHs on a weekly basis to identify and rectify possible risks, as well as to increase the learning opportunities between operations. The HPHs reported in 2021 were related to fire or explosion, fall of ground and mobile equipment-related risks.

In 2021, monthly SHE steering committee meetings attended by the executive committee focused on deep-diving into these risks, completing subject matter expert governance and operational feedback. This has allowed focused discussion and actions to be raised on our highest rated risks.

In 2021, we received three safety-related Section 54 regulatory stoppages from the DMRE.

Greenside, Goedehoop, Zibulo, Khwezela and Mafube all received their ISO 45001 re-certification in 2021, with Isibonelo due for its re-certification in 2022. With all operations being ISO certified, we are able to maintain system standards across all operations with relative ease. This allows for centralised reporting on risk management.

OUR FOCUS AREAS AND PRIORITIES FOR 2022

In 2022, we will continue to focus on eliminating fatalities within our operations and reducing the number of injuries through continued emphasis on our safety strategy’s three pillars – back to basics, work management and culture change.

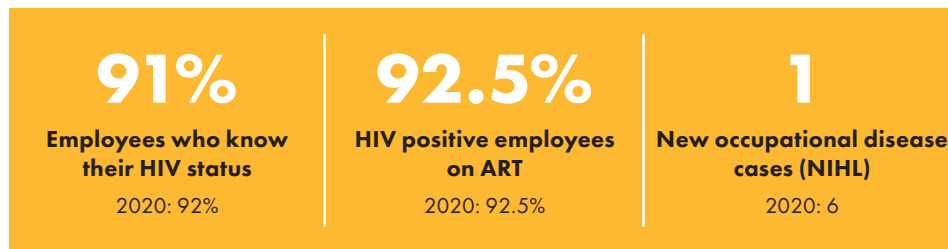
We will focus on reducing the complexities of our critical control system to further support operational management of risk. One of the ways to action zero mindset, no repeats and non-negotiable standards is through effective accountability management. In the culture change pillar, operational discipline through the application of an accountability framework will be driven in 2022, along with continued interactions by leadership.

We will continue to encourage internal stoppages and consequence management, and focus on identifying and rectifying poor conditions. We will ensure that we are non-negotiable on safety at our operations.

We focus on eliminating fatalities through continued emphasis on our safety strategy’s three pillars.

HEALTH AND WELLNESS

Wellness management is a priority for Thungela because we recognise that the health and wellbeing of employees directly impact the productivity of the entire organisation. Our holistic view of wellness includes the promotion of the physical, social, psychological, occupational and financial wellness of individuals.



We are deliberate in creating an organisational climate and culture that serve to promote health and wellness. Our Wellness Policy provides the framework for the establishment, maintenance and continuous improvement of our employee wellness programmes and promotes work-life balance through flexible working arrangements to accommodate work, personal and family needs. The policy also focuses on prevention programmes and strategies to identify, manage and control chronic diseases.

Thungela’s wellness programme, Be Well, is multi-faceted and primarily focuses on supporting the optimum wellbeing of employees. Programmes are managed by healthcare professionals with the assistance of onsite wellness champions.



Employee participation in the wellness programme is voluntary and confidential. An electronic record health system, The Health Source, is used to capture employees’ health data.



Our employees access health services through the company's Highveld Hospital and site facilities. Services provided include:

- employee assistance programmes, including access to mental healthcare through ICAS;
- education and prevention of diseases;
- screening and early identification of communicable and non-communicable diseases;
- vaccination; and
- primary healthcare.

Various health promotion activities are implemented throughout the year at the hospital and at mine facilities, during working hours and off shift.

We run programmes aimed at prevention, screening and early access to care for employees with tuberculosis (TB), human immunodeficiency virus (HIV) and cancer, as well as other non-communicable diseases. Over the years, we have reduced the annualised TB incidence rate per 100 000 population through partnership programmes, together with the Department of Health.

We have consistently met the first two targets of UNAIDS' 90-90-90 Treatment for All strategy (90% of people living with HIV know their status, 90% of people diagnosed with HIV are on antiretroviral therapy and 90% of all people receiving treatment have viral suppression), despite the COVID-19 pandemic. We do this through incentivised triple-testing initiatives which include HIV counselling and testing, weight monitoring and blood pressure checks.

We have partnered with ICAS, a world-class organisation that specialises in workplace wellness assistance. All employees have immediate access to mental healthcare, vital in a time characterised by increased stress and anxiety. We also partner with the local South African National Council on Alcoholism and Drug Dependence (SANCA) to assist employees battling substance abuse.

At our Highveld Hospital, in 2020, we established a COVID-19 PCR testing laboratory and installed 50 new bed units to provide clinical care when needed.

COVID-19 response

Although the COVID-19 pandemic had a significant impact on our business, operations, people and host communities, we were able to mount a resilient and effective response. This included the development of a set of COVID-19 critical controls, which enabled our operations to continue safely.

At our Highveld Hospital, in 2020, we established a COVID-19 PCR testing laboratory and installed 50 new bed units to provide clinical care when needed. The hospital was used for COVID-19 isolation purposes, not just for our own employees but also for those from mines across the Nkangala district. We used every opportunity possible during each successive wave to learn and improve our approach to and management of COVID-19. This gave us the opportunity to efficiently manage waves three and four.

We also provided eight clinics in the region with PPE, medical supplies, clinical support and training for healthcare professionals. The Highveld Hospital was approved as a vaccination site and we are currently administering COVID-19 vaccinations to eligible employees, including contractors and dependents.

THUNGELA COVID-19 STATISTICS

(as at 31 December 2021)

11

Total number of deaths from COVID-19*

10 695

Total number of COVID-19 tests*

2 556

Total number of positive COVID-19 tests*

8 139

Total number of negative COVID-19 tests*

* Employees and contractors



We have partnered with and received support from the Minerals Council South Africa and the Department of Health to ensure employees have access to both available COVID-19 vaccines.

OCCUPATIONAL HYGIENE

Our occupational hygiene standard defines our minimum requirements for hygiene and risk exposure to enhance risk management and prevent occupational diseases and premature life-ending illnesses resulting from workplace exposures. Ongoing action plans implemented at our operations are aligned with the Mine Health and Safety Council's (MHSC's) 2024 occupational health milestones for the South African mining industry, which include targets for HIV and TB, and dust and noise.



All our sites have a formal system and processes in place to identify, assess and manage occupational health hazards and risks. These are aligned with our operational risk management principles. Appropriate programmes are implemented to promote awareness among employees in health hazard identification, risk assessment and control in their areas of responsibility. This includes education on the effects of hazards on their health and ways of preventing exposure.

Controlling occupational exposure

Where the health of our employees is concerned, our focus is to eliminate health hazards in the workplace. Where this is not possible, we aim to reduce hazards to levels as low as reasonably practicable. Our main occupational priority unwanted events are:

- noise-induced hearing loss; and
- inhalation of airborne pollutants above the occupational exposure limit.

We take an approach that is similar to that used for safety by improving our ability to learn from serious health incidents and embedding critical control management processes. We focus on the way we manage health hazards that potentially lead to life-threatening illnesses or premature death, with a particular focus on elimination of hazards or implementing engineering controls to minimise risk. We provide employees with appropriate PPE such as respiratory and hearing protection devices wherever there is a risk of exposure levels exceeding safe limits. We also consider adjustments to our system of engineering and administrative controls when these risks occur.

Occupational exposure to respirable hazards at our operations is associated with developing occupational lung diseases, notably chronic obstructive airways disease, occupational TB, occupational asthma and coal workers' pneumoconiosis. Exposure levels are linked to medical surveillance. Ongoing improvements have been achieved, most efficiently where we are implementing real-time monitoring.

OUR PERFORMANCE

We are pleased to report that there have been no new cases of occupational disease linked to respirable hazards in the last two years. A revision of the airborne pollutants Code of Practice guidelines by the DMRE placed more emphasis on sampling, particularly in the A-HEG category, resulting in an increase in these numbers from 2019 (372) to 2020 (635) and 2021 (628).

Major improvements were made to reduce coal dust exposures above 2mg/m³ during 2021. These include:

- the issuing of hand-held, real-time monitors to high-risk operators;
- trialling real-time on-board dust monitors for continuous miners at Greenside colliery;
- installing a full road-width spraybar on the intake of each production section to trap dust;
- installing automated spray systems to combat dust generation at conveyor transfer points; and
- optimising ventilation in underground operations.

NEW CASES OF OCCUPATIONAL DISEASE

	2021	2020	2019
New cases of noise-induced hearing loss	1	6	3
Chronic obstructive airways disease	0	0	1
Occupational TB	0	0	2
Occupational asthma	0	0	0
Coal workers' pneumoconiosis	0	0	1
Total	1	6	7

A deliberate drive to encourage the workforce to report dust-related HPHs increased the number of HPH reports from 42 in 2020 to 244 in 2021. Management initiated 48 workplace stoppages where controls were failing (2020: 0). This is testimony to the stance taken by the company in relation to occupational health-related matters. A strong drive to reduce coal dust exceedances greater than 2mg/m³ with dust reduction initiatives and a high level of focus on the mines have yielded positive results.

Major strides have been made in reducing noise-at-source and the effort has clearly yielded positive results, with a reduction in the number of workers exposed to noise levels greater than 85dB(A) 8 hr TWA to 3 005 incidences (2020: 3 237). No workers were exposed to noise levels in excess of 105 dB(A) 8 hr TWA. We unfortunately had one new case of noise-induced hearing loss in 2021 (2020: six).

We have achieved our annual medical surveillance target of 100% of employees at risk of exposure to occupational hazards undergoing surveillance annually for the last three years. There were no regulatory work stoppages or non-compliance notices issued for medical or health-related matters.

OUR FOCUS AREAS AND PRIORITIES FOR 2022

Our focus in 2022 is to continue to encourage the reporting of HPHs and stopping work when controls are failing. We will track our progress towards the MHSC target of 95% of all exposure measurement results for coal workers to be below the milestone level of 1.5 mg/m³. We will be tracking the dust results from real-time dust samplers issued to operators and will roll out real-time on-board dust monitors to all continuous miners. We have also committed to the rollout of real-time dust monitors in the section intake airways and will continue monitoring progress on improving the utilisation of ventilation.

100%

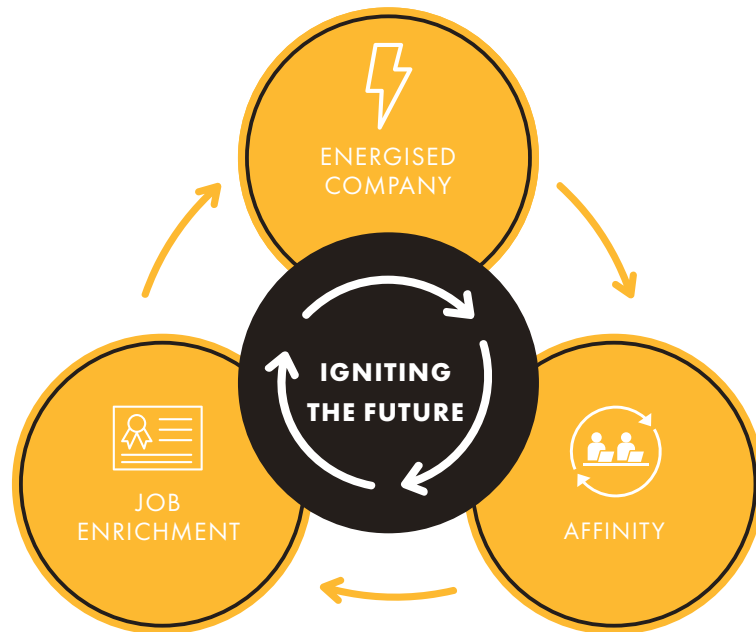
We have achieved our annual medical surveillance target of 100% of employees at risk of exposure to occupational hazards undergoing surveillance annually for the last three years.

OUR PEOPLE

At Thungela we are bold, ambitious and driven by an entrepreneurial mindset. As a newly listed entity, we are shaping an exciting future with new opportunities, supported by an engaged workforce and a high-performance culture.

Our focus on leadership excellence and our values are the bedrock of our culture as we strive to always be a responsible corporate citizen that benefits our people, stakeholders, host communities and the markets we serve.

OUR PEOPLE FOCUS



We do this by focusing on total rewards, opportunities for growth, meaningful work and job interest, and by promoting a collaborative environment where people enjoy sound relationships with their managers and colleagues. Core to this is embedding our company’s values.

Energised company

Our work is shaped by our ambition, values and goals and we create alignment across our people, organisational culture, values and principles.

We offer a shared sense of purpose, because we believe that there is strength in unity. Our environment inspires innovation and values ongoing learning, career growth and development. We support agile decision-making and open, two-way communication.

Our leadership team is committed to fostering trust by living Thungela’s values, embracing diversity and being authentic and genuine in all its interactions. As a responsible mining company, we are committed to ethical leadership and business practices.

Our people are empowered to do their jobs safely and are held accountable for the results they achieve. We value professional rigour and a sense of urgency, and are disciplined in our execution. Our teams are agile and able to respond and adapt to change in a way that can turn adversity into opportunity.

Job enrichment

Our culture encourages self-driven, continuous learning and embraces the ‘anywhere learning’ principle. We support employees through ongoing career discussions, individually tailored development plans and stretch assignments.

Cross-discipline exposure and linear and non-linear career paths maximise employee growth and development. Coupled with market

Thungela is built on our people, for our people. Leadership supports our people and drives excellence.

competitive remuneration and a benefit structure that recognises and rewards exceptional delivery, we offer a truly compelling value proposition. Please refer to the Remuneration Report on page 117 of our Integrated Annual Report (IAR) for further details.

Affinity

We celebrate successes often, including small wins, and value employees' input. We also value inclusion and are intentional about eliminating bias, embracing transformation and enhancing diversity to achieve optimal results.

We empower our employees with the trust and autonomy they need to achieve results, and where possible have flexible, work-from-home arrangements in place.

We support a healthy work-life balance and believe in fostering a culture in which employees feel a strong sense of belonging because their emotional, mental, physical and financial health are a top priority for us.

Employee partnership plan

Following the Demerger, Thungela established an Employee Partnership Plan which holds a 5% shareholding in SACO and will receive R136.5 million in dividends for 2021. This partnership allows participating employees to share in the value created and helps to maintain a culture where colleagues commit to the highest ESG standards.

Employer trustees have been appointed, and the recruitment and appointment of an independent chair and employee trustees are under way. The process of naming the trust will commence soon.

Thungela is a family. We know who we are and what we stand for.



TALENT MANAGEMENT AND DEVELOPMENT

Our goal is to retain and attract the most talented people and help them to realise their full potential, for our business and their own personal development and satisfaction.

Through proactive talent management, we identify current and future talent, work with them to achieve their full potential and hire new talent to increase the bench strength and diversity of our talent pool. This means developing a sufficient pipeline with the right talent over several years and having well-executed systems in place to move people through the pipeline. This is done using both a current and future world of work perspective, considering the implications of our skills requirements and social contract with government and communities.



Identifying talent and successors is an extensive process. Leadership teams deliberate on talent, growth potential and the ability to occupy business critical roles. Significantly, discussions around career succession planning, career moves and development are incorporated into the executive committee's annual agenda.

We drive succession planning across the organisation, growing and finding the right talent to ensure that we have the best people in the right place at the right time to meet our business needs. Succession plans have been developed for all critical roles at executive leadership level. In identifying successors, we ensure that we have a diverse profile, in line with our inclusion and diversity objectives.

We seek to maximise value for shareholders through our people. As we look towards the future, we plan to leverage our previous achievements through:

- bursary and graduate development programmes for key disciplines, including mining, engineering, metallurgy, geology, safety, and ventilation, occupational hygiene and engineering (VOHE), ensuring that we invest in our communities and feed our young talent pipeline;
- leadership development programmes for talent pools, including young talent, high-potential and executive pipeline employees, and female-specific programmes;
- career development panels and manager-once-removed sessions to optimise employee engagement, career development and retention of critical skills;
- annual talent reviews and succession planning;
- mentoring and executive coaching to ensure successor readiness;
- team effectiveness training;
- leveraging our employee value proposition to attract and retain key talent;
- strengthening our brand as an employer of choice;
- project and stretch assignments; and
- re-igniting our performance management processes to build a purpose-led, continuous-learning, high-performing mindset in line with our culture.

YOUNG TALENT

Bursaries

We award bursaries to high-achieving scholars who wish to study towards mining-related qualifications. Our bursars receive a full scholarship, including tuition and allowances for books, food and housing. They join us each December and January for eight weeks' vacation work, allowing them to earn an income while gaining exposure to the mining environment. In 2021, 50 bursars studied for qualifications in chemical, electrical, industrial, mechanical, metallurgical, rock and mining engineering, environmental sciences, geology and surveying.

Graduate development programme

Professionals in training (PITs) are graduates who join our company on a development programme to ensure they gain the necessary skills and exposure they need to one day fulfil critical roles within the organisation. These graduates are generally participants in our bursary programme; however, in instances where there is a shortfall, qualified graduates from our host communities are prioritised. In 2021, we employed 66 PITs across 11 disciplines (2020: 67 PITs; 2019: 50 PITs).

HUMAN RESOURCE DEVELOPMENT

Strategic priorities

We build our workforce's capabilities by continuous upskilling and reskilling, ensuring that our focus is aligned with both current and future business needs. Internal and external capability analyses were recently conducted to help us build a resilient and digitally fluent workforce. Our plans include capability development programmes that will be offered as instructor-led training, virtual instructor-led training and blended learning, allowing employees to access a variety of content in support of their career development, with artificial intelligence to guide them on their learning journey.

Programmes range from developing leadership and technical capabilities to learnerships that facilitate workplace entry for unemployed youth, with a shift in focus towards accredited programmes to support the creation of a future-fit workforce.

66

In 2021, we
employed
66 PITs across
11 disciplines.



OUR KEY OBJECTIVES

A transformation and development strategy supported by various interventions, including a focus on learnerships and employment of people with disabilities.

A shift towards nationally recognised skills programmes to support portable skills across the mining sector.

Ensuring that our leaders, specifically those on the frontline, are equipped to lead safe and productive operations.

In 2021, we invested

R117.4 million

in developing our people and achieving the training aspects of our SLPs and B-BBEE strategies.

(2020: R76.7 million)



FUTURE WORKPLACE





TRAINING AT A GLANCE

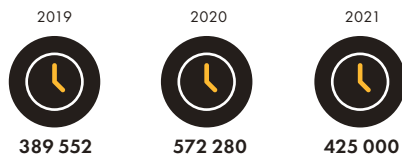
NUMBER OF EMPLOYEES TRAINED



TRAINING SPEND (R MILLION)



TOTAL TRAINING HOURS



AVERAGE AMOUNT PER EMPLOYEE



Note:

1. The increased number of employees trained in 2020 was driven by the introduction of COVID-19 awareness training.
2. Values derived from previously submitted Mining Charter reports (this includes the cost-to-company spend of learners, PITs and bursars).

EMPLOYEE-FOCUSED TRAINING

Industry-accredited training

The Thungela central training centre achieved Mine Qualifications Authority accreditation on five skills programmes. These include competency A training (examining and declaring a working place safe underground), training for SHE representatives and improving the skills of underground operators. The development of these courses is in line with our goal to reduce expenditure on informal programmes to less than 25%. In 2021, informal training constituted 8% of the total.

Learnerships

Our learnership target is to enrol learners equivalent to 5% of the number of full-time employees. We provide learnership opportunities in engineering and mining for both employees and community members. During 2021, the programme comprised 94 learners, 70 of whom come from our local communities. Of the group, 90% are black, while 40% are black women (2020: 51 learners; 85% black and 42% women).

Formal studies

Our part-time study assistance programme enables employees to further their formal education. During 2021, 45 individuals (96% employment equity candidates, including 53% women) were awarded study assistance towards post-graduate, masters and honours degrees, and technological and digital programmes.

TRAINING AND DEVELOPMENT STATISTICS 2021

Programme	Expenditure (R million)	Number of participants	HDPs (%)	Women (%)
Bursaries	16.57	148	91	49
Internships, learnerships and PITs	58.99	187	96	48
Work-integrated learning (accredited learning)	22.24	916	91	21
Informal training (external providers)	15.04	1313	87	17
Informal training (internal trainers)	4.59	275	86	6

CASE STUDY 1

TAKING TRAINING INTO THE VIRTUAL WORLD

The pandemic changed the ways in which we train our people. To stay abreast of emerging trends, boost the efficiency and effectiveness of our training, and enhance the skills of our people we have had to fast-track our digital transformation strategy and related initiatives.

We have made significant advancements in training machine operators by using a suite of advanced 3D simulators that immerse miners in a realistic underground world. This enables our employees to hone critical skills in a safe and controlled environment, eliminating the risk of actual injury, damage to equipment and disruption to production.

Visual stimuli, noise, vibration and movement, coupled with realistic cabs and real controls, make for a completely immersive experience. Next steps will incorporate virtual reality technologies to assess an operator's response in dealing with machine failures, and high-stress and emergency situations.

Site-based training managers have noted a vast improvement in the time it takes to declare a novice competent when they have undergone simulator training before venturing underground.

The five-day simulator training programme is accompanied by a standardised theoretical component that is aligned with operational procedures. This portion of the programme is completed online for improved record-keeping and analysis of assessment data.

This enables trainers to immediately determine where trainees are struggling so that they can deal with gaps that may have safety and productivity impacts down the line.



CASE STUDY 2

MAFUBE COMPUTER SKILLS TRAINING

Mafube colliery is surrounded by remote farmsteads where most residents have little or no exposure to computers and few opportunities to learn about technology. As most jobs require at least basic computer literacy skills, they are at a distinct disadvantage. Mafube is addressing this concern by providing computer training free of charge to local community members.

A total of 58 students participated in the six-week programme in 2020 and 20 more were enrolled in February 2021. Classes cater for social distancing requirements and cover 10 modules, including the Microsoft suite of products and basic internet skills. It is envisaged that the programme will be extended to learners from local schools not equipped with computer centres.

CASE STUDY 3

TRAINING CENTRE DONATES ELECTRICAL INSTRUMENTATION TO WITBANK TECHNICAL HIGH SCHOOL

Witbank Technical High School, which caters for more than 90 Grade 10, 11 and 12 electrical technology learners, lacked some important instruments that are necessary to help pupils grasp key concepts and complete practical assessments in the laboratory. Particularly passionate about technical education, our training centre donated five single-function generators and five oscilloscopes to the school.

COMMUNITIES

Our social performance and supply chain teams work with OEMs to ensure that all skills training programmes provided for local community members by capital equipment suppliers are accredited.

Each year we provide bursaries to high-achieving scholars from our local communities. We provide full scholarships, which covers tuition as well as an allowance for books, food and housing. In 2021, 50 bursars studied towards qualifications in mining-related disciplines. Internships are also offered to our local communities. In 2021, 22 internships were offered in fields ranging from engineering and mining to finance. Some 31% of these internships were taken up by women.

The Minerals Education Trust Fund

We are an active contributor and hold a board seat on the Minerals Education Trust Fund. The fund's aim is to support, promote and advance the interests of minerals education in South Africa. It achieves this by supplementing academic salaries in the disciplines of mining, geology, metallurgy and chemical engineering. Our contribution to the fund in 2021 was R3.13 million.

LABOUR RIGHTS

As stated in Thungela's Code of Conduct, we are committed to upholding labour rights and human rights. These rights inform our core values and are further expressed through our observance of relevant laws and regulations, as well as the International Labour Organization's core principles. They include the right to freedom of association and collective bargaining, the right to equal remuneration for equal work, and a zero-tolerance approach to forced labour, child labour and unfair discrimination.

Through ongoing due diligence and appropriate management, we aim to identify, assess and minimise any potential adverse human rights impacts that we may cause or contribute to, or that are linked to our business via suppliers or third parties acting on our behalf. Should adverse impacts occur as a result of our operations, our objective is to ensure that these are remediated to the greatest possible extent.

We expect all our employees, contractors and suppliers to observe the principles contained in our Code of Conduct.

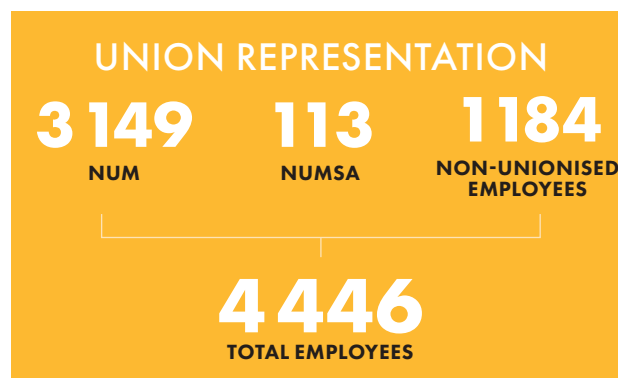
R3m

**Our contribution
to the Minerals
Education Trust
Fund in 2021 was
R3.13 million.**

Employee relations and engagement

Our organisational culture is built on the foundations of diversity, equality and dignity, and our employees enjoy the right to freedom of association and collective bargaining in terms of the South African Constitution and the Labour Relations Act. Our relationships with our labour unions are characterised by ongoing communication and engagement.

Some 73% of Thungela’s workforce (excluding Mafube) is represented by a single recognised trade union, the NUM, while the remaining 27% do not belong to a recognised union. At Mafube, 48% of the workforce is represented by NUM, 28% by the National Union of Metalworkers of South Africa (NUMSA), which is recognised by Mafube Coal Mining, and 24% are non-unionised.



A two-year wage agreement was concluded in 2020 without any labour disruptions to our operations. The next round of wage negotiations will commence in quarter two of 2022.

In the event of major organisational changes that may affect the position of employees, our policy is to consult with the workforce in a timely manner and to ensure that processes are in place at all sites to address any concerns equitably. Consultation occurs according to the process and timeframe specified by labour regulations and relevant terms of employment. To support our employees through the Demerger, a large number of ‘change champions’ were nominated at each site.

Their role was to engage with employees, share important updates, gather insights, listen to concerns and share these with leadership, while providing feedback to employees.

OUR WORKFORCE

At the end of 2021, we had a total workforce of 6 446 employees and contractors (2020: 7 246). This included 4 446 full-time permanent employees (2020: 4 876) and 2 000 contractors (2020: 2 370). Thungela’s voluntary labour turnover rate in 2021 was 3.2% compared to 2.7% in 2020. New hires amounted to 4% of employees in 2021.

WORKFORCE STRUCTURE

	2021	2020	2019
Permanent employees	4 446	4 876	5 107
Zibulo	896	925	865
Khwezela	545	980	955
Greenside	792	775	769
Goedehoop	797	799	1 169
Isibonelo	424	356	352
Mafube	410	378	368
Rietvlei	16	21	19
Head office and centralised services	566	642	610
Third-party contractors¹	2 000	2 370	3 181
Mining contractors	1 825	2 269	2 251
Capital projects contractors	175	101	930

¹ These numbers have been calculated based on the fixed-term-equivalent basis.

We are committed to the development of women and ensuring they have the skills to be successful in their roles.

Inclusion and diversity

We promote an inclusive and diverse environment for our employees. We value our differences and are committed to maintaining and improving diversity while treating people fairly and respectfully, and maintaining a workplace free from any form of discrimination. Our business embraces diversity of age, gender, race, culture, religion, marital status, sexual orientation, and physical or mental ability.

Our approach to inclusion and diversity is to create an environment in which every colleague is given the opportunity to discover and reach their true potential.

- We hold our leaders accountable for treating all colleagues fairly and inclusively.
- All colleagues are expected to treat one another with care and respect, in every situation.
- We set appropriate goals for diversity at senior levels to ensure continuous improvement.
- We respect the diversity of culture and heritage in our partnerships and operations.
- We commit to being inclusive in the way we engage all our stakeholders.

Employment equity

Thungela has a holistic broad-based black economic empowerment (B-BBEE) transformation strategy in place. To ensure that we meet our transformation targets, succession plans are in place for identified critical roles, and senior and middle management positions.

Ongoing development discussions ensure that we keep our talent engaged and connected, and exit interviews identify possible areas of concern. We have a combination of proactive and reactive solutions to manage talent retention, and implement risk analysis and mitigation measures. A centralised employment equity and skills development forum has been established to monitor our performance against regulatory targets and our employment equity profile, economically active population (EAP) outcomes and related training needs. Our employment equity strategy ensures alignment with transformation objectives.



HISTORICALLY DISADVANTAGED PERSONS AND WOMEN IN MANAGEMENT

	% women in management			% HDPs in management		
	2021	2020	2019	2021	2020	2019
Top management	25	22	11	38	33	22
Senior management	26	22	19	59	58	58
Middle management	32	29	30	70	66	64
Junior management	25	23	23	80	76	72

Women in mining

We are committed to creating opportunities for women and ensuring that they have the required skills to be successful in their roles. As a result, we have introduced women-specific leadership development programmes. We also undertake targeted and deliberate actions to ensure that female successors are ready for appointment. We achieve this by ensuring that there is ongoing engagement, development planning, coaching and mentoring for our female employees.

We identify opportunities to improve the appointment and promotion of women in core roles and at senior management level.



2021 INITIATIVES

Bullying, harassment and victimisation

To ensure that all colleagues are treated and treat others with care and respect, we have a zero-tolerance stance on bullying, harassment and victimisation. A total of 90% of our employees have received training on these topics which are included in induction sessions for new employees and annual induction training.

Gender-based violence

Thungela is doing its part to end gender-based violence (GBV) which negatively impacts employees' ability to bring their whole selves to work. We are committed to providing support for colleagues who are victims or witnesses of violence and/or intimate partner abuse.

In 2021, we called on the Thungela family to boldly confront the stereotypes that lead us to disregard and ultimately harm women and girls. In line with our inclusion and diversity strategy, we focused on sexual harassment and victimisation in the workplace, domestic violence and violence against the lesbian, gay, bisexual, transgender, intersex, queer and/or questioning, and asexual and/or allied (LGBTQI+) community.

Our executive committee challenged employees to participate in a campaign exploring how people see gender relationships and stereotypes in their communities and the workplace.

Housing

We have implemented a housing strategy that supports home ownership, with the long-term goal of having all employees living in their own, sustainable accommodation. With the benefit of a monthly housing allowance in line with current market conditions, employees are encouraged to opt for their own accommodation as an attractive and sustainable option.

We administer a rent-to-buy option as an alternative to regular mortgage agreements for those employees who do not qualify for a mortgage. This option is subject to an affordability assessment to ensure participants have the funds for their monthly commitments and housing costs.

Our housing and living plans have been approved by NUM and submitted to the DMRE in line with regulatory requirements. We have consulted with the Department of Human Settlements, Water and Sanitation, as well as the Steve Tshwete, eMalahleni and Govan Mbeki municipalities, and are awaiting feedback to approve our housing and living condition plans.

The aim of the housing and living conditions plan is to:

- promote home ownership with the long-term goal of meeting the MPRDA Housing and Living Conditions Standard requirement that all employees live in sustainable human settlements;
- promote the independence of all employees and ensure that they are accommodated in their own formal accommodation;
- enhance the social and economic long-term sustainability of the regions where we operate through a housing model that aligns with the integrated development plans of local districts;
- contribute to the transformation of our industry; and
- meet the objectives and principles outlined in the housing and living conditions standard for the minerals industry.



2021 HIGHLIGHTS

People with disabilities

In 2021, we launched a 12-month learnership programme that will provide local community members living with disabilities a footing in the world of work. The programme gives 50 individuals under the age of 35 accredited National Qualifications Framework (NQF) level 3 or 4 qualifications and practical work experience in information technology, business administration, supply chain and project management.

Awards

Standard Bank top gender empowered companies

In 2021, Thungela qualified as one of South Africa's top gender empowered companies in the 16th edition of the Standard Bank Top Women Awards. These awards celebrate organisations for prioritising gender empowerment as an integral part of their strategies.

Top employer certification

Thungela was certified by the global Top Employers Institute early in 2022, placing it among a group of companies from 120 countries and regions around the world to have achieved excellence in their people practices, thereby contributing to enriching the world of work.



OUR PRIORITIES FOR 2022

Launch of the Thungela Leadership Academy

Thungela will be launching a leadership academy in 2022 to ensure that we have the best talent and leadership capability to drive excellence and continuous improvement.

The academy's aim is to upgrade and enhance the skills and capabilities of our employees so that they can effectively lead the company while ensuring alignment with our new organisational strategy and purpose.

The academy will deliver six distinct programmes, ranging from early talent and senior management to executive pipeline development.

ASCEND

Focused on the development of young leaders. The programme aims to provide young talent with a structured platform for development within Thungela by building the personal, interpersonal and professional skills necessary to adapt, perform and continue to learn in an environment characterised by volatility, uncertainty, complexity, ambiguity and disruption.

EXPLORE

How to become agile leaders in changing times. The aim of the programme is to provide our professionals with a structured action learning process for development. This will help them to practise out-of-the-box thinking and develop leadership skills and commercial acumen to perform and lead their business units with agility in an ever-changing environment.

EXCEED AND TALENT CONFERENCE

Becoming a change catalyst to move the business into the future world of work. The aim is to expose senior management to structured cross-cultural, business, and best practice experiences and activities. This will enable them to develop their strategic thinking and leadership abilities and their agility in order to lead change and move Thungela into the future world of work.

GM ACCELERATE

Driving performance and operational excellence. The aim of the programme is to provide current and potential GMs with a structured, simulated experience for development. This will enhance their ability to drive operational change and performance, make complex decisions, and manage ambiguity and uncertainty, enabling them to meet and exceed targets in a safe sustainable manner by combining their business intelligence and leadership skills.

WOMEN IN LEADERSHIP

Building an inclusive workforce by advancing women in leadership. The initiative introduces the concept of leadership with specific reference to women leaders, and addresses the challenges women face in leadership. It focuses on women executives and managers seeking to progress within their leadership roles and expand their impact. Delegates learn to overcome gender-biased challenges with long-term solutions and strategies.

THUNGELA SUMMIT

Positioning our future business leaders. The aim of the programme is to enhance executive leaders' ability to develop strategies, leverage financial performance, build strategic relationships, inspire talent and be catalysts for change. Participants focus on moving the organisation forward, understanding the big picture and making the key decisions that impact change.

Re-igniting performance management

We will soon be introducing a fit-for-purpose performance management model that will enable us to build an accountable, future-forward and performance-orientated culture that strikes a balance between team recognition and individual effort.

Our goal is to ensure that employees across all levels have an 'owner mindset' supported by accountability and entrepreneurship. The result will be improved employee performance, lived values and a culture of meritocracy linked to overall talent management. The purpose of our performance management strategy is to:

- drive performance and accountability across the business;
- entrench our values and critical behaviours; and
- support the career development of our people.

Leadership development

We are working to address frontline leadership capability gaps while reinforcing Thungela's values, culture, behaviours and identity. This will ultimately establish the 'Thungela way of doing things'.

A pilot project involving 25 candidates will build internal capability prior to the programme's rollout to 440 frontline leaders across the organisation. A six-step approach, designed with input from site teams and leadership, will be used to ensure effective skills transfer, with supporting communication and governance.

The training is multi-faceted and includes assessments and individual action plans. On-the-job coaching will ensure that theoretical training is converted into practical application and enhanced retention.



COMMUNITY RELATIONSHIPS

Our purpose, 'to responsibly create value together for a shared future', is multifaceted. In it lies our commitment to partner and engage with multiple stakeholder groups, to ensure the protection of human rights in our host communities, to manage social risks and impacts, and to improve livelihoods by implementing high-impact socio-economic development projects. We strive to achieve this shared value by implementing the Thungela Social Policy, which outlines our management approach to topics that are material to the business.

The policy sets out how employees, suppliers and contractors should conduct business so that it is both responsible and sustainable. It is intended to promote best practice in the effective management and maintenance of stakeholder relations, protecting the rights of workers and host communities, managing social risks and impacts, and implementing high-impact socio-economic development initiatives.

STAKEHOLDER ENGAGEMENT

Stakeholder identification and determining material issues

Our approach to stakeholder engagement is one that recognises that stakeholder groups are not homogenous in nature. It is an approach that tailors engagement strategies based on the context in which we operate and on material issues that are of interest to our different stakeholders.

Following Thungela's listing, a materiality assessment was undertaken to fully understand the entire stakeholder base and its material issues. The outcome of the assessment provided insights to enable the business to map stakeholders according to their issues and develop a tailored engagement strategy.

The material issues that exist in our host communities include:






- high unemployment rates, with youth constituting the highest proportion;
- limited access to adequate service delivery by local government in most of our host municipalities;
- high numbers of retrenchments due to the impact of the COVID-19 pandemic;
- pressure to provide employment, business and community skills development opportunities; and
- a significant increase in illegal mining activities.

As a baseline of existing relations, we developed a stakeholder heat map (see the table overleaf). It is based on the level of influence on and/or interest that stakeholders have in our business.





Our Social Policy sets out how employees, suppliers and contractors should conduct business so that it is both responsible and sustainable.



STAKEHOLDER IDENTIFICATION AND MATERIAL ISSUES TO IDENTIFIED STAKEHOLDERS

Institution	Status	Details	Engagement channels	Interest
Host community		Youth organisations (unemployed and business structures) Doorstep/surrounding communities Resettled communities Next of kin (grave relocations) Farmers	<ul style="list-style-type: none"> • Various community engagement forums • Newsletters • Radio and various social media platforms • Thungela website 	<ul style="list-style-type: none"> • Procurement and employment opportunities • Socio-economic development • Social and Labour Plans • Management of grievances • Change in the organisation, for example, the Demerger • Community trust • Impacts directly or indirectly affecting our communities (environmental, mine planning, projects) • Key projects such as life extension (lifix) projects that may impact communities
Traditional authorities		Manala Mgibe and Borholo traditional authorities within the Steve Tshwete, eMalahleni and Govan Mbeki local municipalities	<ul style="list-style-type: none"> • Various community engagement forums • Newsletters • Radio and various social media platforms • Thungela website 	<ul style="list-style-type: none"> • Employment • Business opportunities • Corporate social investment initiatives and SLP projects
Local government		eMalahleni Local Municipality Steve Tshwete Local Municipality Govan Mbeki Local Municipality Nkangala District Municipality Gert Sibande District Municipality	<ul style="list-style-type: none"> • Municipal LED and IDP forums • Future Forums 	<ul style="list-style-type: none"> • Partnership on SED programmes, for example, SLP projects and municipal capacity-building • Engagement on community issues associated with our mines • Engagement on grievances raised through municipal channels • Organisational changes (the Demerger and the Nkulo Community Partnership Trust) • Compliance with annual air quality management reports (National Atmospheric Emissions Inventory System) • Compliance with fire prevention and flammable liquids and substances regulations • Compliance with municipal by-laws related to waste, noise, blasting and wastewater management • Public participation on key projects related to the mines
National and provincial government		Various government departments and regulators <ul style="list-style-type: none"> • Department of Mineral Resources and Energy • Department of Water and Sanitation • Department of Agriculture, Land Reform and Rural Development • Department of Education • Department of Health • Department of Public Works and Infrastructure 	<ul style="list-style-type: none"> • Various engagement forums • Site inspections and visits 	<ul style="list-style-type: none"> • Compliance with safety and health regulations • Compliance with environmental regulations • Compliance with labour-related regulations • Divestments, Demerger, restructuring • Permit approvals • Collaboration in SLP projects • B-BBEE
Civil/NGO		Activist lawyers NGOs Public benefit organisations Farmers' associations	<ul style="list-style-type: none"> • Meetings • Other forums • Promotion of Access to Information Act (PAIA) 	<ul style="list-style-type: none"> • Environmental rights and protection • Land rights and resettlement • Partnerships in development projects • COVID-19 • Resolving grievances related to mining impacts • Just energy transition • Adequacy of closure provisions • Climate change and the role of coal

 Challenged relationship  Moderate relationship  Good relationship

Institution	Status	Details	Engagement channels	Interest
Media		Broadcast and print media platforms	<ul style="list-style-type: none"> • Results presentations • Media releases • Holding statements • Interviews • Website • Advertorials • Annual reports • Media events and site visits • Regular media engagement 	<ul style="list-style-type: none"> • Company performance • Company strategy • ESG • Mining rights and regulatory issues • Transnet Freight Rail performance • Markets and products • Industry trends • Corporate citizenship and community involvement • Transformation • Labour relations • COVID-19 response • Environmental rights and protection
Local authorities and other bodies		<ul style="list-style-type: none"> • South African Human Rights Commission • Land Rights Commission • Minerals Council South Africa • Business chambers • Academia • Climate Change Committee • Upper Olifants River Catchment Forum • South African Council for Environment, Safety and Health Association • World Coal Association • South African Centre for Carbon Capture and Storage 	<ul style="list-style-type: none"> • Meetings • Various forums called by the authorities • Site visits • Various subject-specific forums 	<ul style="list-style-type: none"> • Collaborating with other mining companies on common issues • Lobbying and engaging on government policy issues • Technical advancement and collaboration • Policy advocacy • Access to business opportunities • Skills and market development • 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 • Engaging on grievances raised through their respective channels
Neighbouring mines and business partners		Mines and other industries in areas which we operate.	<ul style="list-style-type: none"> • Meetings • Community engagement forums • Authority and regulatory meetings 	<ul style="list-style-type: none"> • Collaboration on SLP projects • Collaboration in stakeholder engagements • Market development and Thungela response • Security of supply • Business continuity • Supplier relationship management • Logistics
Suppliers		Suppliers and service providers of Thungela operations	<ul style="list-style-type: none"> • Roadshows • Individual supplier engagements • Various electronic communication channels • Advertising through existing market channels • ESD programmes • Collaborations and engagements with OEMs to provide technical support initiatives to SMMEs • Social performance meetings with business forums 	<ul style="list-style-type: none"> • Supply chain optimisation and sustainability • Creating a circular supply chain and ensuring responsible sourcing • Compliance and long-term sustainability contracts • Meeting the ESD and job creation targets from growing suppliers • Communicating our inclusive procurement approach, initiatives, progress and successes

 Challenged relationship  Moderate relationship  Good relationship

MAPPING OF STAKEHOLDERS

Our material issues impact various stakeholders and our ability to create shared value, now and in the future. These issues consider expectations from our stakeholders which include investors, business partners, government, communities, trade unions, employees and contractors.

The engagement process involves the mapping of stakeholders to determine issues that are material to them, understand interests they have in the business, and determine how these engagements can assist us in meeting our key business objectives. The mapping of stakeholders informs engagement plans, which highlight the engagement approach, issues on which to engage and the frequency of engagements.

Through the stakeholder mapping exercise, we have realised the importance of co-creating engagement platforms that consider the needs of vulnerable stakeholders. As such, we have various engagement forums which serve as platforms for different stakeholder groups.

As soon as stakeholders and the issues that affect them are mapped, we embark on a process of planning engagements with the identified stakeholders. This is to ensure that stakeholder engagements are proactive, transparent, and inclusive. We allocate the necessary resources to allow engagements to take place at all Thungela sites, and all engagements are recorded and uploaded on internal management systems. As we engage and interact with various stakeholders through different engagement platforms, we have developed a set of protocols to create proactive and beneficial relationships. These protocols ensure that engagements are co-ordinated, consistent and include a feedback mechanism to determine the effectiveness of engagements. The effectiveness of our engagement approach is continuously reviewed to ensure it remains appropriate, relevant and meaningful to stakeholders and ourselves. We therefore take feedback from stakeholders and adjust our approach where necessary.

These forums include but are not limited to:

Future Forums which include participation from regulatory bodies, government officials from various department and labour unions. Often, material issues discussed in these forums are concerned with life of mine plans.

Community Engagement Forums which include community and business structures. The purpose of these forums is to provide host communities an opportunity to learn about potential employment and procurement opportunities at Thungela.

LED/IDP Forums which are municipal forums where we are granted an opportunity to present our developmental programmes and seek future partnership opportunities with municipalities and other mining houses in the Steve Tshwete, eMalahleni and Govan Mbeki local municipalities.

Resettlement Working Groups (RWGs) for sites embarking on resettlement projects. This platform is a good international standard of practice and enables meaningful consultations with all affected stakeholders in terms of resettlement projects. It is a body that acts on behalf of the resettled households to discuss any issues and/or concerns between a project developer and the affected households.

GRIEVANCE MECHANISM

We encourage our stakeholders to utilise our grievance mechanism to raise concerns about our mining activities. The process involves a stakeholder submitting a grievance either telephonically, in writing or by approaching the mine and lodging their grievance in a logbook. The social performance specialist on the mine will capture the grievance on an electronic management system. This grievance will then be assessed by the specialist and assigned to the relevant department for further investigation. Once the investigation is concluded, the grievant is contacted by the social performance specialist to provide them with a response. If the grievant is satisfied with the response, the grievance will be closed on the electronic management system.

Should the grievant not be satisfied with the mine's response, they are encouraged to appeal. In this instance, the grievance remains open on the electronic management system until the grievant receives a satisfactory response. All grievances are monitored, analysed and tracked to improve our grievance management processes and continuous feedback is provided to all stakeholders about any improvements made to our management systems.

HUMAN RIGHTS

Thungela is committed to respecting all local and internationally recognised human rights laws and takes responsibility for mitigating the human rights-related risks that may be associated with our activities. We are guided by the rights outlined in:

- the International Bill of Human Rights (which includes the Universal Declaration of Human Rights);
- the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights; and
- the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which entails international humanitarian law; and
- the Voluntary Principles on Security and Human Rights (VPSHR).

Underpinning this commitment, we have entrenched human rights considerations in our values, Code of Conduct, policies and procedures. Our grievance and incident management mechanism explicitly accommodates human rights-related grievances and incidents. Where necessary, we conduct human rights assessments to identify salient human rights risks and impacts and develop management and mitigation measures. In 2017, we embarked on a comprehensive human rights' due diligence exercise. In 2019, we conducted a due diligence focusing on VPSHR.





Our management approach to human rights is to not only identify the human rights risks we potentially pose to host communities, but also to develop management plans to proactively avoid and mitigate these risks. Management plans are implemented, and a monitoring and evaluation process to test the effectiveness of these occurs on a quarterly basis. Monitoring and evaluation are done by analysing stakeholder grievances and incidents that could have impacted on stakeholders' human rights, and these results are reported to the business through its monthly performance review.

We developed a fit-for-purpose Human Rights Policy to improve our management of human rights impacts that we pose to our host communities, and to ensure that there are no violations of the rights of host communities, employees and contractors. We will be sharing the recently approved policy with our internal and external stakeholders in 2022.

In addition, we continue to train our employees and contractors on human rights-related issues and develop fit-for-purpose plans to ensure the protection of these rights. To date, a large percentage of Thungela employees and security personnel have been trained on human rights and VPSHR. In addition, security contractors on all six sites are contractually obligated to train their workers.

RESETTLEMENT

Two of our sites have undertaken resettlement processes in the year 2021. Mafube Coal Mining, our joint venture with Exxaro, resettled a total number of 51 households to their preferred relocation site while concurrently implementing livelihood restoration programmes. This is to ensure that livelihoods are restored to pre-resettlement conditions.

We continue to conduct livelihood restoration monitoring on resettlements implemented in the past. Khwezela and Mafube Coal have both undertaken monitoring and implementation of livelihoods restoration programmes.

Our process is guided by and aligns with International Finance Corporation performance standards for both household resettlement and grave relocations. Our internal procedures on grave relocation and responsible handling of accidentally discovered graves on mine property also consider the following relevant legislation:

- The Minerals and Petroleum Resources Development Act 28 of 2002;
- The South African Constitution Sections 25 and 26 (1996);
- The Mine Community Resettlement Guidelines (draft, 2019);
- The Land Reform Act 3 of 1996;
- The National Environmental Management Act 107 of 1998;
- The Extension of Security of Tenure Act 26 of 1997;
- The National Water Act 36 of 1998;
- The Prevention of Illegal Eviction From and Unlawful Occupation of Land Act 19 of 1998;
- The Municipal Systems Act 32 of 2000;
- The White Paper on South African Land Policy, 1997;
- The Restitution of Land Rights Act 22 of 1994;
- The Interim Protection of Informal Land Rights Act 31 of 1996;
- The Spatial Planning and Land Use Management Act 16 of 2013; and
- The Promotion of Access to Information Act 2 of 2000.

In addition to respecting country legislative requirements, other international standards such as the United Nations Guiding Principles and the World Bank Policy on Involuntary Resettlement (Operational Policy 4.12) are considered.

In 2022, Mafube Coal Mining will resettle a further 44 households and relocate over 200 graves. The Cyldelesdale lifex project will resettle six households and relocate 170 graves.

RISKS AND IMPACTS

Risks

Our approach to managing risks to the business involves identification of social hazards at each of our sites, followed by assessments using a risk matrix is used to define likelihood and potential impacts or consequences. The assessment process allows risks to be prioritised and ranked. Mitigation measures are developed to manage the hazards and are monitored continuously.

Impacts

Our approach to managing impacts on communities involves conducting stakeholder engagements and socio-economic impact assessments. Insights from these mechanisms are recorded on our internal management systems and actions are drafted to address, avoid

and mitigate these impacts. We test the effective management of our corrective actions by analysing our stakeholder engagements and grievances submitted by external stakeholders. If there is an excessive number of grievances regarding impacts we have identified, this indicates that our management actions are ineffective. If there are few or no grievances, it would indicate that management actions have been effective. The monitoring and evaluation of the management of impacts occur on a quarterly basis.

The impacts on our communities are outlined in the table below. Identifying these has enabled us to develop an SED approach that improves positive impacts, and avoids and mitigates negative ones.

POSITIVE AND NEGATIVE IMPACTS OF THUNGELA'S OPERATIONS

Negative impacts	Mitigating actions
Limited access to clean drinking water.	Improved access to quality community infrastructure and health services. We address this through the eMalahleni Water Reclamation Plant, which provides water to over 90 000 community members, not only those who are in our area of influence but in the greater eMalahleni area.
Influx of migrant labour to mining areas, causing strain on existing employment opportunities.	Increased access to quality education and skills development.
Limited access to procurement opportunities.	Improved access to income generation opportunities through inclusive procurement.
Increased dependency and reliance by communities on the provision of socio-economic development opportunities.	Supporting the socio-economic growth and wellbeing of host communities through the implementation of upskilling programmes that provide jobs and business opportunities.

2021 CHALLENGES

- Illegal mining's impact on society and the environment**
 The increased number of illegal mining activities undertaken at our operations has resulted in rising closure and financial liabilities, and continues to impact the safety of employees and surrounding communities.
- Stakeholder engagement challenges**
 The political climate changed as a result of the 2021 elections. This had a direct influence on stakeholder engagement processes as most planned engagements had to be put on hold due to risks identified and the uncertainty associated with changes in leadership. This further delayed permitting processes associated with critical and priority projects scheduled in 2021.
- Delays in implementing SLP projects**
 Delays were experienced in the identification of new SLP projects due to the DMRE Section 29 directive.

2021 HIGHLIGHTS

- Nkulo Community Partnership Trust**
 We founded the Nkulo Community Partnership Trust as an additional vehicle for the delivery of socio-economic development programmes to our surrounding communities.
- Contribution towards skills development**
 The provision of various skills development programmes enabled unemployed youth to access employment and business opportunities in different sectors and industries. Programmes included hospitality, computer skills and welding training.
- Secured life extension**
 Mafube Coal resettled 51 households in 2021. This enabled an extension of life of mine that secured employment and further investment in the socio-economic development of the community.



2022 KEY FOCUS AREAS

- Approval and implementation of SLPs for all Thungela sites.
- Revitalisation of stakeholder engagement forums.
- Implementation of the five-year SED approach.
- Launching the Thungela ESD programme.
- Implementation of strategies to combat illegal mining activities at MRDs and closed collieries.





OUR SOCIO-ECONOMIC CONTRIBUTION

Thungela contributes to society, both directly and indirectly, through taxes and royalties, the jobs we create, the skills development programmes we provide, the local business opportunities we generate, and the education and community health initiatives we support.

When we have established stakeholder needs, we prioritise them and develop programmes that meet the needs of the community and key business objectives.

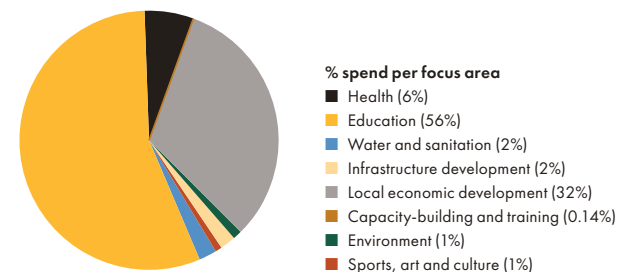
Our socio-economic contribution takes place on the following levels:

- The economic value added to the country through royalties and taxes.
- The economic value that our operations add for communities, which is enhanced by our policies on inclusive procurement and supporting local suppliers.
- Our long-running SED initiatives, through which we partner with government, communities and institutions to address local needs.

One of the ways in which we achieve our purpose of ‘creating value for a shared future’ is by implementing our SED approach. This involves initiating high-impact projects that cater to our host communities’ needs and address socio-economic and environmental impacts. Our approach includes the identification and engagement of stakeholders, and conducting impact assessments to inform our programmes.

In addition, we engage with local municipalities to determine the needs set out in their IDPs and to identify potential partnership opportunities to better service our communities.

INTERVENTION TYPES



Given the impacts our mining operations have on host communities, it is important to identify corrective actions to address the undesirable impacts. Our SED programmes are therefore focused on education, health, capacity-building and training, local economic development, infrastructure development, and water and sanitation. In 2021, the majority of our SED spend was on education (56%) and local economic development (32%).

CASE STUDY 4

FARMING FOR THE FUTURE: MAFUBE AND PARTNERS MOVE A STEP CLOSER TO CREATING A SUSTAINABLE COMMUNITY FARM

Mafube Coal's agricultural livelihood intervention took a major step forward in 2021, thanks to a partnership with the Steve Tshwete Local Municipality, Mogalakwena Training and capital equipment supplier Komatsu.

The project, which first began in 2017, started out as a community permaculture initiative that taught 75 residents of rural ward 7 and nine communities outside Middelburg how to grow food in their home gardens.

When 12 members of the group displayed remarkable enthusiasm and potential, they were offered an opportunity to complete a two-year programme on the financial, theoretical and practical aspects of crop, livestock and poultry farming.

Since then, each trainee has registered a business and they are using the knowledge they gained to earn a sustainable income, generate employment and increase food security in their communities.



FAST FACTS

- 11 of the project's 12 beneficiaries are women.
- The equipment donation includes two tractors, a 4x4 light delivery vehicle, a four-tonne refrigeration truck, a six-tonne trailer and chicken broilers.
- Mafube and Komatsu's investments in the project total R2.3 million and R1.3 million, respectively.
- Beneficiaries will receive continuous mentorship and support until their ventures become self-sustainable.

The right support at the right time

The establishment of any agricultural venture hinges on practical and theoretical skills, land and equipment – all of which have been supplied by the mine and its partners.

Mafube covered the cost of the training and facilitated the registration of each enterprise; the fledgling agripreneurs will farm on 20 hectares of municipal land using equipment donated by Komatsu.

Rural development trajectory

At the handover in May 2021, Executive Mayor of the Steve Tshwete Local Municipality, Cllr Diphala Motsepe, described the

initiative as a "milestone agri-project" that supports government's rural development trajectory and its plan to significantly grow agricultural output.

"The National Development Plan stipulates that agriculture has the potential to create more than one million jobs by 2030. To achieve this, we need to expand irrigated agriculture, convert underutilised land into commercial production and develop labour-intensive agri-projects," he said.

The next steps

Practical experience and access to both land and equipment will stand each beneficiary in good stead as they complete their business plans and submit their applications for funding to the Industrial Development Corporation. Mogalakwena Training has already facilitated access to markets through Fresh to Go, an enterprise that supports social programmes that help to uplift rural communities. Fresh to Go is a key supplier to the Woolworths chain and the export market.

SOCIO-ECONOMIC DEVELOPMENT HIGHLIGHTS IN 2021

Infrastructure

We completed a major infrastructure development project, the Lebohang sewer network, that involved the installation of a sewer pipeline to improve sanitation in the Lebohang community in Secunda.

Community scholarships

In 2021, 42 students participated in the Thungela Community Scholarship Programme, with a total of 32 students passing their studies, representing a 76% pass rate. Of the total, five students were in their final year and have graduated. The students were studying a range of disciplines, including education, finance, actuarial science, law, engineering and medicine.

Star Schools

The Star Schools incubation programme covers 14 schools and continues to improve the performance of 200 learners annually in mathematics, physical science, English and life science. In 2021, the pass rates of students on the programme increased 2% to a 100% pass rate (2020: 98%).

Education

In 2021, we invested R47 million in our holistic education programme, which was launched in 2018 in partnership with the National Department of Basic Education. The purpose of the programme is to improve educational outcomes for learners in ECD centres, and primary and secondary schools located in the areas where we operate. Some 24 quantile 1-4 schools and 26 ECD centres from eMalahleni communities are benefiting from the programme.

CASE STUDY 5

STAR SCHOOLS SHINES BRIGHTER THAN EVER IN THE 2021 EXAM SEASON



Life-changing. That's the only way to describe Isibonelo colliery's educational incubator project that enables bright young people from underprivileged backgrounds to reach for the stars.

Saturday and holiday classes in mathematics, physical science, life sciences and English are given throughout their Grade 10, 11 and 12 years, so that by the time learners sit for their matric finals they are, quite literally, set up for success.

Bright, brighter, brightest

Since the project's inception eight years ago, participating learners have shone, but the matric class of 2021 outdid itself by bringing in a best-ever haul of 80 distinctions. And that does not include distinctions that fall outside the Star Schools syllabus. Executive head of corporate affairs Mpumi Sithole, mine general manager Bonke Ntimane, representatives from the district and local municipalities and the Department of Education were among those who gathered at Graceland Casino to celebrate their phenomenal achievements.

Top learner Bonginkosi Monareng netted six distinctions – including a mind-boggling 98% for mathematics and 99% for physical science – while Maseko Goodman, Mahlangu Khaya and Elvis Selokela each earned four.

Bonke said that of all the Star Schools sites around the country, it was at this particular programme that the greatest success had been achieved.

"For this we must thank our teachers. Education is the bridge from poverty to a better life and without you, none of this would be possible," he said.

Finding family

What makes the programme particularly special is that many of its learners come from economically challenging backgrounds and are the first in their families to go to university.

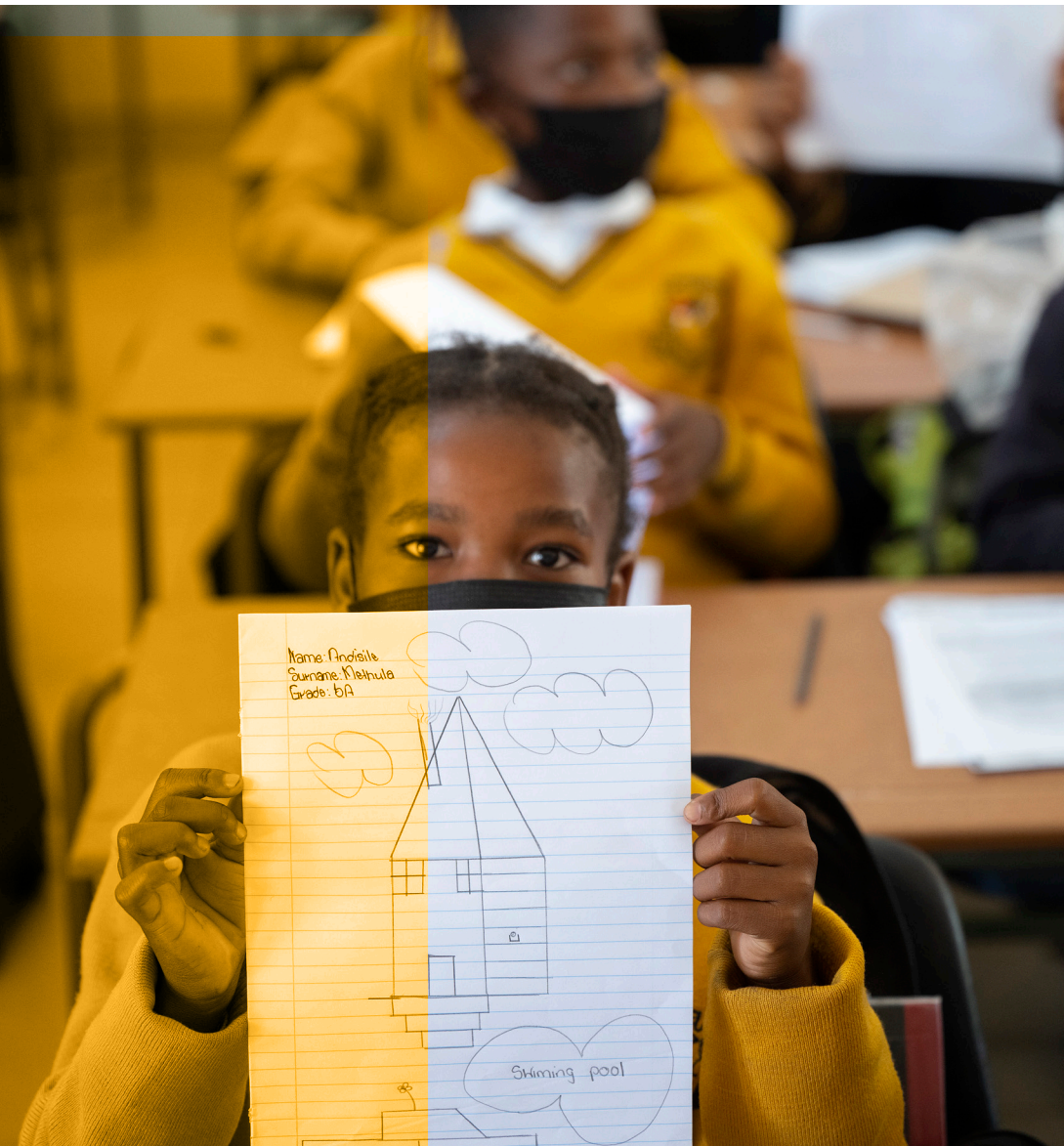
"Some come from child-headed households or live in areas where you can literally count the number of households where people have jobs," says programme manager Avhatakali Nyadzani, explaining that by excelling at school, learners are able to get bursaries and turn their lives around.

Nonduduzo Nhlozi, who will be making her way to the University of Stellenbosch, spoke on behalf of the matric group.

"Star Schools was about more than improving ourselves as learners. It was about finding family in strangers. About learning that even in competition there is teamwork. It taught us to be disciplined, to be responsible for our own success and to be the best versions of ourselves we can possibly be."

2021 MATRIC REPORT CARD

- 100% of Grade 12s earned their National Senior Certificates.
- 91% earned batchelors passes and can study at university.
- 100% of the group passed all four Star Schools subjects.
- 80 distinctions were achieved in mathematics, physical sciences, life sciences and English.



The programme focuses on the following areas:

- Leadership, management and governance support to schools management teams.
- **Secondary schools:** To improve maths and English first additional language results, provide curriculum support for educators as well as direct learner support, and facilitate access to essential learning and teaching support material.
- **Primary schools:** To improve numeracy and literacy (with a specific focus on reading) in the foundational phases (Grades 1-3), and provide support for Grade R and Grades 4-7, as well as curriculum support for educators.
- **ECD:** To increase access to and quality of ECD in host communities through training.
- **Infrastructure:** To provide infrastructure support to ensure a conducive environment for learning and teaching.

Capacity building

Our Municipal Capacity Building Programme aims to strengthen the capacity of host municipalities to provide improved access to basic services. We assist in dealing with the challenges associated with the environment, population growth, livelihood and economic vulnerability, and increased demands on natural resources. Initiatives are aimed at both the institutional and officials' capacity development in the Steve Tshwete and eMalahleni local municipalities. Officials in eMalahleni have been trained in water safety planning and water quality requirements, which are critical to improve and maintain water quality.

We invested R4.5 million in this programme in 2021. An assessment of the Schoongezicht sewer pump station was completed to assist the eMalahleni municipality to determine the state of the sewer pump and the requirements to return it to functionality following acts of theft and vandalism. The assessment enabled the municipality to identify priority sections that required immediate refurbishment, as well as the costs associated with these activities. An inventory of immovable assets was also completed as a record of assets that Thungela has or should still transfer to the municipalities, and serves as a tool to guide discussions between stakeholders on infrastructure maintenance and management within eMalahleni and Steve Tshwete. The training of by-law officers for improved enforcement was completed in Steve Tshwete.

R47 million

In 2021, we invested **R47 million** in our holistic education programme, which was launched in 2018 in partnership with the Department of Basic Education.

CASE STUDY 6

PROCEEDS FROM GAME SALES BRING WINTER WARMTH FOR LOCAL LEARNERS

Our business delivered another heart-warming initiative, thanks to the team that manages the company’s game farms in the Lephalale and Mapungubwe regions of the Limpopo province.

The farms – including the 15 000-hectare Waterberg Estate in Lephalale, which is home to our African buffalo and sable breeding programmes, and the 5 000-hectare Limpopo Estate close to Musina – support a diverse range of species, including zebra, giraffe, eland, nyala, kudu and gemsbok.

Increasing population numbers, coupled with persistently low rainfall, were negatively impacting the sustainability of natural veld conditions and meant that the team had to undertake a carefully considered culling programme. It decided that the proceeds from this programme should be entirely directed to the business’s COVID-19 relief efforts.

Discussions ultimately resulted in a partnership with eMalahleni’s Hlanikahle Primary School, a no-fee-paying institution where a large number of parents’ livelihoods were severely affected by the lockdown.

The school suggested that learners would benefit from warm school clothing, and around 300 children received donations of socks, shoes, pullovers, jerseys and shirts.



R98.3 million

In 2021, our CSI spend was R98.3 million (2020: R55.5 million) and we implemented various COVID-19 interventions within our communities, in collaboration with various stakeholders.

SOCIAL AND LABOUR PLANS AND CORPORATE SOCIAL INVESTMENT

Our approach to SED is informed by regulatory requirements such as those of the MPRDA's socio-economic transformation objectives and our SLPs. The five-year SLPs are developed through a consultative process with communities and the respective municipalities through regular engagement. Our SLPs are reviewed and revised where necessary. Large-scale projects are aligned with municipal IDP and LED strategies.

Our SLP budget is 1% of net profit after tax. In 2021, the budget for SLPs was R33 million. Due to the challenges brought about by COVID-19, we revised our SLP delivery to focus on interventions to address the pandemic in our operations as well as our communities. This resulted in a spend of R20.4 million on SLP projects in 2021. Following the Section 29 directives issued by the DMRE to most of our sites, we undertook stakeholder engagement processes to identify new LED projects. This created delays in implementation and some SLP initiatives had to be carried over for execution in 2022.

In 2021, our corporate social investment spend was R98.3 million (2020: R55.5 million) and we implemented various COVID-19 interventions within our communities, in collaboration with various stakeholders.

ENTERPRISE AND SUPPLIER DEVELOPMENT

In 2021, we invested R31.7 million in our SED programme for local communities in Middelburg and eMalahleni. The programme is focused on empowering and sustainably developing local community suppliers by providing various business-related training initiatives, including coaching and mentorship. It also offers access to loan funding. The programme places additional attention on providing opportunities for women and youth, and includes KPIs such as increased number of jobs supported, increased supplier development programme turnover and increased participation of women.

SLP AND CSI SPEND

Rand million	2019	2020	2021
SLP spend	52.9	11.3	20.4
CSI spend	6.9	55.5	98.3
COVID-19	0.0	23	0.5

Since inception in 2018, a total of 2 828 jobs have been created. The figure on page 108 provides an overview of some of the KPIs since the programme's inception.

CUMULATIVE ESD PROGRAMME PERFORMANCE AGAINST TARGETS

Since inception of the programme, we have aimed to increase the turnover of suppliers on this programme by 15% and thus far have achieved a 10% increase in such turnover. To date, we have achieved a 51% increase in women intake in the programme, exceeding our target by 11%. Additionally, we have exceeded our target of only 5% of our loans in arrears, reflecting the commitment of the participants to the programme, and the impact of coaching and mentoring.

INCLUSIVE PROCUREMENT AND LOCAL SUPPLY CHAINS

Thungela is committed to inclusive procurement and developing local supply chains that can build resilient communities. We build these supply chains by supporting small business growth in our host communities, stimulating job creation, building manufacturing capacity and focusing on creating economic opportunities for host community suppliers. The key pillars of our inclusive procurement strategy are the inclusion of local SMMEs, and black women-owned and youth-owned businesses into our value chain. We regularly monitor our expenditure and unlock opportunities for black-owned suppliers to improve our B-BBEE level and the impact we are making in our transformation journey.

CASE STUDY 7

YOUNGSTERS DIVE INTO THE DIGITAL WORLD WITH THUNGELA-GOOGLE PARTNERSHIP



Thungela and Google have given 36 bright young stars in our host communities a springboard into the digital economy as they embark on a series of information and communication technology (ITC) courses that will help them thrive in the modern world.

The project forms part of a greater education programme in three provinces and focuses on 24 schools situated on the Mpumalanga coalfields.

Matric learners at eight participating high schools were invited to join the Thungela Google ICT Sprint which comprises four courses in IT support, UX/UI design, project management and data analytics.

Learners were able to complete as many of these courses as they wished using digital devices and data supplied by Google. Industry mentors checked in with them and provided support along the way.

Ogies Combined School’s Bongani Fakude has earned distinctions in Computer Application Technology since Grade 7 and was delighted to take on the challenge.

“I want to understand how networks and computer systems work and how they can be used to create innovative solutions in the modern world,” says Bongani.

Lungile Nombewu, a matriculant at Phola’s Mabande Comprehensive School, has always been fascinated by technology which offers massive opportunities for young people entering the world of work.

“I want to study software engineering when I leave school because it’s fun to do what you love,” she says.

Digital devices were handed to eager students by project partner Jet Education Services and members of the Greenside, Khwezela and Zibulo social performance teams this month.

Speaking at a handover on 20 June, Ogies Combined School deputy-principal Rina Reba said that learners had been given a unique opportunity in a world where ITC is the future.

IT shipping and trading specialist Mbuyi Zuwani mentored one of the programme’s students and looks forward to providing guidance and encouragement well beyond 2021.

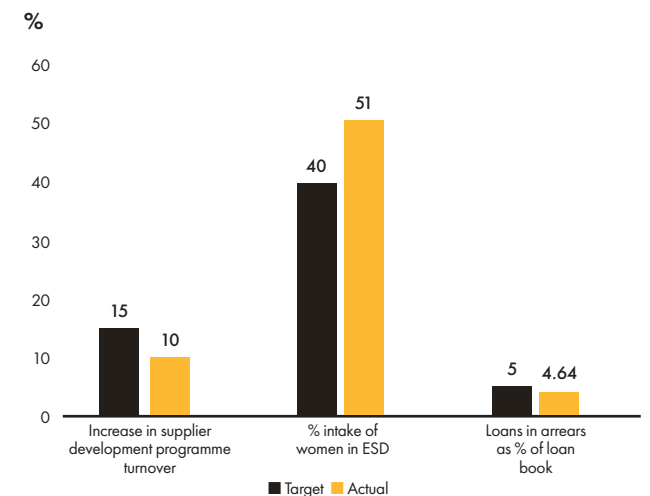
He already coaches young soccer players in the community, and he sees this as another amazing opportunity to make a difference. He hopes to help his mentee not just during the course, but with the university and bursary application process and during his studies.

We constantly interact with our suppliers to build on and grow our host community spend using the following communication platforms:

- Direct engagements with suppliers, including our host communities. These engagements include business engagement forums, Future Forums and ESD platforms.
- Virtual workshops, information sessions and training to assist host community suppliers with our processes, for example, vendor registration processes.
- Electronic methods such as our company website and digital procurement tools to communicate with suppliers.
- An electronic mailbox specifically for host community suppliers to utilise when submitting their tender documentation.

We offer preferential payment terms to our qualifying SMMEs. The preferential terms offered to host community suppliers contribute immensely to the sustainability and cashflow of host community suppliers and help them to service their contracts.

ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRAMME KEY PERFORMANCE INDICATORS



CASE STUDY 8

CHEF AYANDA AND GREENSIDE SHARE THEIR RECIPES FOR SUCCESS

SKILLS FOR LIFE

Greenside colliery's 2020/2021 skills programme focused on both mining and non-mining skills and has provided qualifications for 60 people in the operation of capital equipment, 10 in hospitality, 15 in welding and two in beekeeping.

The programme's next edition will enable local community members to qualify as hairdressers, nail technicians and make-up artists.

"There is a desperate need for marketable skills in our local communities; unfortunately many young people don't have the financial means to further their education.

"By giving them skills, we unlock opportunities that secure employment. Not only that, we give them the means to start their own businesses as a catalyst for further employment," says Greenside social performance superintendent Linda Dlodlu.

The programme provides young people in the mine's host communities with an opportunity to gain accredited qualifications in a variety of skills so that they can reach their true potential – and take others with them along the way.

A culinary experience

Ayanda, the owner of a small catering company was a great cook, but she lacked the culinary skills to offer an upscale dining experience that would set her apart from other service providers

in the region. Unemployed and the owner of a business that was going nowhere, she spotted an advert calling for young hopefuls to apply for 10 spots in Greenside's hospitality programme.

Ayanda was accepted into the Mpumalanga Regional Training Trust's (MRTT) Hospitality and Tourism Academy in Mbombela where she spent nine months both in the classroom and gaining practical experience at the MRTT's hotel and conference centre. She then spent a further three months working at other establishments to bed down what she had learned during the R100 000 course.

Living the dream

Since earning her National Certificate in Professional Cookery, the dynamic Ayanda is living her dream as food and beverage manager of a large entertainment outlet. Even more exciting is the fact that she now runs a thriving business that caters for weddings and other events, provides home chef services, cookery classes and fun culinary experiences for groups in a 'Master Chef style' kitchen. (Her last group was a party of men who wanted to learn how to prepare a lavish dinner for their wives!)

Ayanda already employs five freelance cooks, a number she believes will grow to 10 in the next six months. She has also hired a marketing firm to strengthen her presence on social media.

"I love the idea of making fine dining accessible and giving people a culinary experience that makes memories," says Ayanda who, thanks to Greenside, is doing just this.





These actions have resulted in a significant increase in host community spend over a three-year period, with R2.3 billion local procurement expenditure in 2021 (2020: R1.5 billion).

Growth in procurement expenditure on services has led to increased local employment and transfer of skills to the local communities, as shown in the table on the right.

The supply chain team works with various departments in the business to identify opportunities that are socially and environmentally sensitive and important. These opportunities are advertised widely to ensure that relevant host communities can participate. In line with our sourcing standards, a cross-functional team is formed to manage the tender evaluation process in line with environmental and social requirements.

During tender or sourcing processes, suppliers are required to submit their proof of address to confirm their locality and this is used as one of the criteria for supplier selection. At the contracting stage, KPIs are set and agreed upon to ensure that contracted suppliers adhere to requirements.

RESPONSIBLE SOURCING

Thungela recognises the importance of participating in a value chain that supports and reinforces positive human rights and sustainability outcomes. We have a comprehensive supplier onboarding procedure that outlines the local screenings that suppliers undergo before being formally accepted as a supplier. This includes verifying all supplier company documentation for validity and integrity.

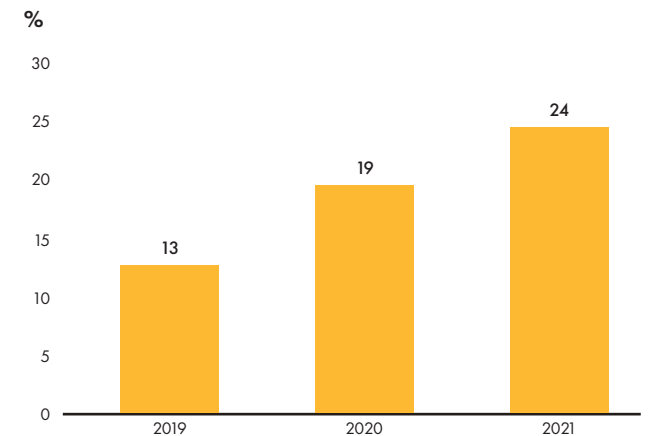
All suppliers are expected to agree to comply with our Business Integrity Policy and Code of Conduct when they engage with us in business. Our sourcing standard requires that inclusive procurement, and social and sustainability metrics are included in all supplier contracts.

All parties, including suppliers, may make use of the HAIBO! anonymous tip-off line to report on any irregularities or fraudulent activities they may come across.

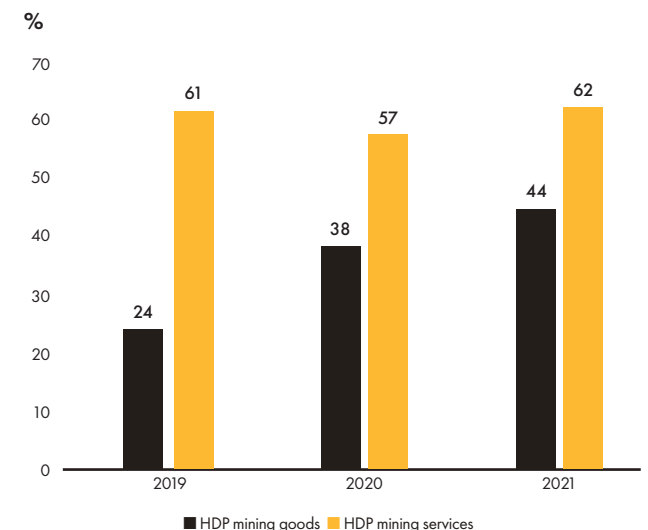
We have commenced with responsible sourcing supplier assessments. Assessments of high-risk suppliers in 2021 were impacted by COVID-19 and the Demerger. Some 200 high-risk suppliers have been identified for assessment to mitigate the risks they pose to our operations.

Part of being responsible in how we conduct our operations also means minimising and managing our waste footprint to positively contribute to a circular economy. This is a firm commitment that we plan to build on further. We will entrench our current recycling initiatives, continue exploring exciting new initiatives in repurposing waste products, actively seek greener alternatives to our key production inputs and challenge our suppliers to reduce packaging.

THUNGELA HOST COMMUNITY SPEND (%)



THUNGELA HDP PROCUREMENT SPEND



VALUE ADDED TO THE ECONOMY

Economic value added

A sustainable business is purposeful, competitive, resilient and agile. It is a business that thrives throughout economic and social cycles. We are proud of our economic contribution and bringing it all together demonstrates that our contribution goes far beyond just paying wages, royalties and taxes.

Tax is the backbone of any government's ability to support its citizens. We are committed to paying the right amount of tax where the value is created, as well as to generating local benefits for our host communities.

Another example of putting our values into practice (and complying with not just the letter of the tax law but also the spirit of the tax law) is demonstrated by our COVID-19 tax concessions policy under which we undertook to not accept tax concessions that we did not need or that were inappropriate given the broader social, economic and business contexts.

By employing people, paying taxes and spending money with suppliers, we make a significant positive contribution to both our host communities and broader South Africa.

Employee partnership plan

The Thungela EPP holds a 5% shareholding in SACO which resulted in a dividend declaration of R136.5 million for 2021. This partnership allows employees to share in the value created and helps develop a culture where colleagues commit to the highest ESG standards.

Employer trustees have been appointed, and the recruitment and appointment of an independent chair and employee trustees are under way. The process of naming the trust will commence soon.



Nkulo Community Partnership Trust

In 2021, Thungela founded a Community Partnership Plan as part of its commitment to the socio-economic development of communities in which we operate. Based on the dividend declaration for 2021, R136.5 million will be paid out to the trust and goes towards the upliftment of local communities. The Community Partnership Plan, aptly named the Nkulo Community Partnership Trust, holds a direct equity stake of 5% of SACO. Nkulo signifies growth.

Several trustees have been appointed. A process is currently under way to recruit and appoint an independent chair and community trustees. The Nkulo Community Partnership Trust will create a long-lasting legacy and make a meaningful impact on the host communities.

PAYMENTS TO GOVERNMENT

We see public disclosure of our tax payments as a key means of building trust in society around mining. We take a responsible approach to tax, supporting the principles of transparency and active and constructive engagement with stakeholders to deliver long-term sustainable value.

VALUE DISTRIBUTED

Rand billion	2021
Host community procurement	2.3
Total procurement	9.6
Contribution to local communities	0.1
Capital investment	2.3
Total taxes borne and collected	2.0

Tax landscape Compliance

We are committed to paying the correct amount of tax at the right time. We recognise the importance of respecting the spirit and letter of the law, including aligning tax treatment with commercial reality. We seek certainty on tax matters where possible, and in this and all other dealings with tax authorities, our relationships are centred on transparency. Where tax authorities have adopted cooperative compliance arrangements, we favourably consider participation.

Transparency

This report demonstrates our commitment to tax transparency to our stakeholders. We see the benefits of this transparency with all our stakeholders, including:

- **shareholders:** the knowledge that we are deeply committed to good tax governance and responsible tax practices, thereby mitigating tax risk;
- **tax authorities:** the development and maintenance of long-term, open and constructive relationships;
- **communities:** understanding how the economic benefits are attributable to mining activities in their regions; and
- **others:** to make a meaningful contribution to ongoing tax and transparency debates, we proactively engage with industry bodies, business forums and civil society.



Tax factors affecting the mining industry

Mining is a long-term business and therefore fiscal factors, as well as political and economic factors, impact investment decisions and long-term operational strategies.

Jurisdictions with the following tax characteristics assist in the development of strong longer-term relationships with taxpayers:

Tax policy and administration

- Tax regimes which are stable and with predictable rules, introduced prospectively, with stakeholder consultation.
- Tax legislation that follows internationally agreed principles and therefore fosters certainty.
- Tax administration procedures which give reliability over acceptable reimbursements and timing of any due refunds.

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, supporting long-term investment, and job and wealth creation.
- Tax should generally be levied on profits so that appropriate tax revenues can be raised at the appropriate time.
- Detailed tax rules should take account of the specific characteristics of the mining industry, including relief for exploration and infrastructure expenditure, and appropriate relief for capital expenditure.
- Any mining-specific taxation should typically be in the form of a mining royalty or mining tax based on profit rather than revenues.

Tax governance

We are committed to complying with the applicable tax laws of the jurisdictions in which we operate. The management and tolerance of tax risks are guided by our tax policy and group risk appetite philosophy of achieving shareholder value without compromising our integrity, values and reputation by risking, among others, regulatory non-compliance.

Our Group Tax Policy sets a coordinated approach towards tax risk management and is founded on the following core tax principles:

Efficient tax management

Group Tax is required to plan tax matters in a responsible manner and to not take an aggressive approach when it comes to the outcome of tax in a matter or an approach that is clearly and explicitly contrary to the relevant legislation.

It is the mandate of Group Tax to only undertake transactions and tax positions which they are prepared to fully disclose to revenue authorities, and which are based on commercial relevance to the business of the Group. All tax positions shall be fully compliant with relevant legal, regulatory and professional requirements.

Management of tax in line with group governance framework

It is the responsibility of Group Tax to:

- act in accordance with the Group's Code of Conduct and values;
- establish tax policies which contain detailed guidance and procedures that ensure the strategy is implemented and embedded;
- present relevant tax matters to the board and Audit Committee; and
- make use of an appropriate tax risk assessment framework to ensure a consistent approach is taken to determine whether a decision, position or transaction brings with it an unacceptable level of tax risk.

Stakeholder engagement

Shareholders

Planning and organising all tax affairs in such a way as to achieve the most beneficial post-tax position for the Group in a transparent manner and within the confines of tax legislation.

South African Revenue Service/government

Group Tax has a legal obligation to comply with relevant tax laws in South Africa. This includes contributing towards the economy by paying the right amount of tax at the right time. In addition, it is the aim of Thungela to build and maintain a trusted relationship with revenue authorities.

Community/society

The group has an ESG framework with a particular focus on communities and stakeholders. The Group addresses, as appropriate, the needs of all its stakeholders and continuously reviews how it can do so, with particular focus on the needs of local communities. Thungela appreciates the fact that taxes paid help to develop the economy and build a sustainable, inclusive future for communities.

Environment and future sustainability

The Group is committed to a sustainable future and making sure it has a social licence to operate. It considers its ESG programmes as strategic priorities. From a tax perspective, Group Tax is committed to complying with 'green tax' regulations such as the carbon tax, among other.

Good tax practice

The Group adopts the following tax practices:

- Ensuring that the Group's taxation is consistent with the structure and location of its activities, the human and material resources of the various entities and the business and financial risks assumed by each.
- Aligning and/or integrating the Tax Policy and tax risk management and control systems with other Group policies (commercial, financial, human resources, corporate, et).

- Conducting transactions between related entities on the basis of the normal market value, following the arm's length principle, and complying with the transfer pricing documentation obligations established by tax legislation.
- Employees are expressly prohibited from advising or providing any services to clients that may be understood as tax advice that may result in tax evasion activities by clients, providers or employees of the Group.
- Identifying and controlling possible tax risks in all transactions involving the acquisition of relevant assets, entities and businesses, by conducting tax due diligence studies, structural studies and/or similar tax analyses.
- Developing a specific procedure manual for tax management and control, and for the supervision of the Group's internal information and tax control systems.
- This procedure will aim to manage and control the tax risks of the Group and will be binding on all its employees and, to the extent that they are affected, on third parties that are connected to it.

TOTAL TAX CONTRIBUTION BY CATEGORY

Rand million	2021	2020
Corporate income tax	197.3	71.9
Mineral royalties and mining taxes	394.0	65.3
Payroll tax	1,300	1,763
Skills development levy and unemployment insurance fund	58.7	45.5
Carbon tax	3.9	2.6



04 GOVERNANCE



OUR GOVERNANCE APPROACH

This section of our ESG report provides an overview of the structures and processes which collectively represent our approach to governance.

Thungela is a public company registered in South Africa, with its primary listing on the Johannesburg Stock Exchange (JSE) and a secondary listing on the London Stock Exchange (LSE). Thungela is regulated by the JSE and LSE Listings Requirements, as well as the Financial Conduct Authority (FCA). Thungela is committed to adhering to the corporate governance principles set out in the King Code, International Finance Corporation Performance Standards and other relevant industry standards. The Group is committed to publish reports in accordance with applicable standards such as the Global Reporting Initiative's (GRI's) sustainability reporting standards, the King Code on corporate governance and the Integrated Reporting Framework.

Thungela demonstrates its leadership among thermal coal miners by embracing strong corporate governance principles to manage risk and continuously build trust with its stakeholders, through ethical business behaviour, meeting its commitments, maintaining transparency and accountability in its management approaches, and reporting.

Thungela is committed to ensure that good corporate governance is maintained across the Group, which includes joint operations, joint ventures, subsidiaries and trusts. The Group is committed to ensure that all efforts result in maintaining a sustainable business, growing stakeholder value, sustainability in the areas it mines and making a positive contribution to the community.



Thungela's approach to corporate governance is essential to value creation and integrated in the company's strategies, policies, standards, practices and procedures. High standards of corporate governance support business sustainability and enhance accountability, transparency and effective compliance.

THE GROUP

- Commits to proactively identify and assess the risks and opportunities to the business, and develop and implement strategies to address these.
- Promotes diversity and inclusion on its board of directors.
- Has implemented strategies to promote equality and develop a workforce that is diverse in terms of race, age and gender.
- Has zero tolerance for corruption and has implemented policies, procedures and associated training to ensure that this is achieved.
- Has implemented policies and initiatives to, among other things, protect whistleblowers, encourage tax transparency and discourage anti-competitive practices.

Thungela's strategic objective is to grow total shareholder returns in a sustainable manner, while maintaining a strong investment grade rating and operating as a responsible coal miner. Thungela is also invested in the ongoing responsibility to not only deliver financial performance, but also to make a positive contribution to society and create lasting benefits for stakeholders in a manner that is responsible, transparent and respectful to nature and mankind.

Thungela's approach to integrating sustainability has clearly defined imperatives, objectives, priority areas and targets. Our Risk and Sustainability Committee sets the strategic direction for our sustainability activities and oversees the development and implementation of strategic sustainability programmes.

The ultimate responsibility for the Group sustainability strategy and framework lies with the board, while oversight and implementation rests with Thungela's executive committee.

OUR SUSTAINABILITY GOVERNANCE

The board is responsible for Thungela's compliance with relevant and applicable laws, codes and standards, which is an integral part of the Group's culture in ensuring the achievement of its strategy. The board has delegated the implementation of an effective compliance framework to the risk and assurance team. Supervision of compliance risk management is delegated to the Risk and Sustainability Committee, which reviews and monitors compliance.

As provided for in the company's Memorandum of Incorporation (MoI) and Board Charter, the board is supported and assisted by the Audit Committee, the Remuneration and Nomination Committee, the Social and Ethics Committee, and the Risk and Sustainability Committee, which have clear mandates and oversight responsibility for various aspects of the business. The responsibilities delegated to each committee are formally documented in terms of reference, which have been approved by the board and are reviewed annually.

OUR GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The board exercises its leadership role over the Group by:

Ensuring effective governance and the overall success of the company.

Providing leadership for the Group within a framework of prudent and effective controls, which enables risks to be assessed and managed.

Ensuring compliance with governance and all statutory and regulatory requirements.

Serving as a focal point and custodian of corporate governance in the company.

BOARD COMMITTEES

The board has delegated particular roles and responsibilities to standing committees, but remains ultimately accountable. The board committees' primary functions include the consideration, oversight and monitoring of strategies, policies, practices, performance and recommendations to the board for final approval.

AUDIT COMMITTEE

Has expanded duties, is required to report annually and oversees the Group's accounting and financial reporting, external audit, internal audit, integrated reporting and combined assurance.

REMUNERATION AND NOMINATION COMMITTEE

Is responsible for the process of nominating, electing and appointing board members, board succession planning and board performance evaluation, as well as the Remuneration Policy in terms of the board and prescribed officers.

SOCIAL AND ETHICS COMMITTEE

Oversees and reports on sustainability (ESG) to the extent that it is not covered in risk and sustainability, ethics, stakeholder relations, responsible corporate citizenship and governance, and oversees people diversity and B-BBEE compliance.

RISK AND SUSTAINABILITY COMMITTEE

Has overall oversight of Group risk, information technology and sustainability, with a focus on safety, health and environment; it also decides on the Group's risk appetite.

CHIEF EXECUTIVE OFFICER

EXECUTIVE MANAGEMENT

Thungela's board and its executive management team work together to create economic value for all stakeholders, ensuring that Thungela's strategy and business model are fit-for-purpose in the short, medium and long term, and that we retain the flexibility to adapt to changing market conditions and ensure the sustainability of the business.

To maintain a balance between stakeholder reward and being a responsible citizen, Thungela has developed risk matrices which are monitored by the Risk and Sustainability Committee via the risk and assurance department.

Thungela's governance framework places the board as the custodian of corporate governance, giving it effective control of the business, with its roles and responsibilities set out in the Board Charter, which is based on the Thungela MoI. Thungela's Approvals Framework ensures that business matters are managed and approved at the right levels, and that the board retains overall control and oversight of the business as a whole.

Thungela's social performance management committees at its various operations are responsible for, among others, social investments, stakeholder engagements, and execution of the SLPs and the resettlement action plans.

COMMITMENT TO SOCIAL AND LABOUR PLANS

Thungela is committed to the SLPs as required by the Mineral and Petroleum Resources Development Act 28 of 2002 and the DMRE. The SLPs provide a vehicle for the business to work towards achieving its ESG ambitions.

On 27 and 28 September 2021, the board visited Thungela's sites to understand the various challenges they face, and to interact with employees and contractors. Thungela's CEO and the executive

management team are accountable for the day-to-day sustainability management and performance, and for all aspects of our overall strategy. The company takes a collaborative approach to ensuring sustainability across the various functions and to delivering ESG performance objectives. We also have a variety of engagement forums, at various levels in the organisation, that focus on ESG performance against targets.

A full review of Thungela's approach to corporate governance is provided in our IAR (www.thungela.com/investors). Our performance against our sustainability governance requirements is reviewed in the material issues section of this report.





COMMITMENT TO ETHICAL LEADERSHIP AND HOW IT IS APPLIED

Conducting business ethically, in line with good corporate governance practices, is a key priority for Thungela, which remains committed to acting responsibly and ethically to continue to build trust and accountability. Due processes of disclosure and transparency are followed to provide precise and accurate information about the financial, operational and other aspects of the Group to regulators and shareholders, as well as the general public.

The board is committed to the principles of diligence, honesty, integrity, transparency, accountability, responsibility and fairness. The directors accept full responsibility for the application of these principles to ensure that good corporate governance is effectively practised throughout the Group. The board understands and accepts its responsibility to safeguard and represent the interests of the stakeholders of the company in perpetuating a successful and sustainable business that ensures the achievement of the Group's strategic objectives.

Thungela is committed to ensuring ethical behaviour is maintained across the Group, and employs qualified and experienced individuals to ensure that good corporate governance is maintained. The values, standards, policies and procedures implemented across the Group not only ensure that our employees work in healthy and safe conditions, but also ensure that good corporate governance and ethical behaviour are embraced at all levels. A focus on inclusion and diversity not only at board level but throughout the business allows employees to bring their whole self to work.

The Group has implemented policies and strategies to promote equality and develop a workforce that is diverse in terms of race, age and gender, and religious and sexual preference.

The Group has zero tolerance for corruption and has implemented the necessary policies, procedures and associated training to ensure that this is achieved. These policies and initiatives, among other things, allow for and protect whistleblowers, encourage tax transparency and discourage anti-competitive practices.

The Group implements policies to promote equality and develop a workforce that is diverse in terms of race, age and gender, and religious and sexual preference.







VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR

Our Code of Conduct sets our values and behaviours. In Thungela, we treat all people equally and have created an environment in which employees can bring their whole self to work, without fear of intimidation or victimisation.

We all contribute to the long-term survival of the Group through consistent application of our values and ethical principles. Our core values are listed below.

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

Operations across the Group are assessed for risks related to corruption. The Internal Audit team that focuses on risk and assurance ensures risks related to corruption are monitored and reported accordingly through the various boards and committees of our subsidiaries and joint ventures. A summarised report is submitted to the Risk and Sustainability Committee on a quarterly basis, which in turn reports to the Thungela board.

CODE OF CONDUCT		
	Safety	We are unconditional about protecting the lives of all people, at work and at home.
	Care and Respect	We show humanity to all through our commitment to make 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 to always seek to raise the bar.
	Agility	We ensure that we are well informed to be responsible, keep things simple and make quick decisions.
	Entrepreneurship	We have an owner’s mindset in everything we do, because we know that very small changes add to greater impact.



ETHICAL CULTURE

The King Code refers to organisational ethics as ethical values applied to decision-making, conduct and the relationship between the organisation, its stakeholders and broader society. The board sets the tone for building a truly ethical culture in Thungela.

The board assumes responsibility for the governance of ethics and sets the direction for the approach to ethics and how it should be addressed. The company adheres to the ethical principles of the organisation that, when followed, promote values such as trust, acceptable good behaviour and fairness. Our values provide general guidelines for our interactions with one another and our stakeholders, and reflect what is important to us and how we conduct ourselves.

Recognising the importance of reputation as a valuable asset, the organisation is committed to achieving the highest ethical standards in all business operations and acknowledges our obligations to all our stakeholders. Maintaining the trust and confidence of all stakeholders is the responsibility of every employee. In all our actions, our values and associated behaviours must guide and direct the way we conduct ourselves. Our Code of Ethics is supported by our company policies and procedures relating to specific issues, processes and situations. It should also be read in conjunction with all the company's policies and procedures.



BOARD CHARTER AND CODE OF CONDUCT

The board is ultimately responsible for the effective governance and overall success of the Group, and its role is to provide leadership for the Group within a framework of prudent and effective controls, which enables risks to be assessed and managed. The board is responsible for the governance of compliance with all statutory and regulatory requirements, and serves as the focal point and custodian of corporate governance in the company.

The board confirms its commitment to achieving high standards of corporate governance within the Group. This includes commitment to compliance with the King Code on corporate governance for South Africa, 2016, to the extent applicable. The company discloses in its annual report how it applies the principles and recommendations encompassed in the King Code.

The Board Charter is subject to the provisions of the Companies Act 71 of 2008, as amended from time to time, the company's MoI, the listings requirements of the JSE (JSE Listings Requirement) and the King Code, the governance and/or delegation of authority framework adopted by the board, and any other applicable laws and regulatory provisions. The Board Charter has been implemented to:

1. Identify and affirm the manner in which the roles, powers and responsibilities of the board and its various committees will be carried out, exercised and discharged, having regard for the principles of good corporate governance, international best practice, and applicable laws and regulatory provisions.
2. Serve as a reference to new and existing directors.
3. Ensure that good corporate governance is maintained throughout the Group, in line with the requirements of the King Code and the principles of good corporate practice.
4. Set out the internal governance practices and procedures to support the board's work in a manner that promotes efficient, objective and independent judgement and decision-making.

The Board Charter constitutes and forms an integral part of each board member's appointment letter, and if such a board member is also a member of the board of any of the company's subsidiaries, to the boards of its subsidiary companies (except to the extent that such subsidiaries have their own board charters).

Thungela's Code of Conduct regulates the parameters within which the board and employees operate, and ensures the application of good corporate governance principles in all dealings by, in respect of and on behalf of the company and the Group.

The board is ultimately responsible for the effective governance and overall success of the Group.

The board ensures that the organisation's strategy and conduct reflect in its drive to be a responsible corporate citizen.

The Board Charter requires board members to be individuals of calibre and credibility, with the necessary skills and experience. In this regard, the Remuneration and Nomination Committee must ensure continuity of directorships and undertake succession planning on behalf of the board.

This includes the identification, mentorship and development of future candidates. In terms of the Board Charter, all directors are required to undergo continuous professional development, as approved by the board from time to time, on recommendation by the Remuneration and Nomination Committee, and to attend regular briefings arranged by the company on changes in legislation, governance and the business environment.

AVOIDING CONFLICTS OF INTEREST

In terms of the Companies Act and the King Code, directors and prescribed officers must disclose direct and indirect conflicts of personal financial interest, as well as perceptions of a conflict. Accordingly, regular general declarations of business interests are required from the directors and prescribed officers in accordance with section 75(4) of the Companies Act.

In addition, each board and committee meeting includes an agenda item dealing with declarations of interest at the beginning of each meeting. Attendees are required to formally declare any direct or indirect financial interests in any matter on the agenda. This is recorded in meeting minutes. Similarly, all employees by way of an electronic register must declare conflicts of interest and external directorships, which register is audited annually by the internal audit team.

RESPONSIBLE CORPORATE CITIZENSHIP

The board ensures that the organisation's strategy and conduct reflect its drive to be a responsible corporate citizen.

As the organisation is an integral part of society, the board sets the strategic direction and ensures that the company's responsible corporate citizen efforts include compliance with the Constitution of South Africa (including the Bill of Rights), relevant regulatory requirements, leading standards, and its own codes of conduct and policies. Continuous training at strategic, tactical and operational level ensures that every director and employee understands the importance of good corporate governance and plays a part in ensuring that the Group acts as a responsible corporate citizen.

The board understands and accepts its responsibility to safeguard and represent the interests of the Group's stakeholders in perpetuating a successful and sustainable business that ensures the achievement of Thungela's strategic objectives.

REPORTING

The board ensures the integrity of the company's integrated report as well as its alignment with best practice in integrated reporting, including other reporting by the company from time to time. The board also oversees the publication of the integrated annual reports, including the annual financial statements, the ESG report, AGM notices and proxy forms, ancillary reports forming part of the interim and annual reporting suite of documents, and other online or printed information that complies with legal requirements and/or meets the legitimate and reasonable information needs of stakeholders.

Reports issued by Thungela strive to enable stakeholders to make informed assessments and decisions based on the organisation's performance, as well as its short-, medium- and long-term prospects.

ETHICAL BEHAVIOUR

Thungela is led by qualified and experienced individuals who are committed to ensuring that an ethical culture is upheld across the Group. The Group commits to the highest ethical standard of transparency, integrity and accountability, and as such ensures that its employees and external stakeholders commit to the same level of ethical behaviour. Instances of misconduct, criminal conduct and/or other wrongdoing are reported to the Social and Ethics committee on a half-yearly basis.

The good reputation and the legitimacy of the board of directors engender trust in the leadership of the company and confidence that they will create value for all stakeholders. The board has therefore implemented a number of policies to ensure that an ethical culture is inculcated across the Group, emphasising that employees, contractors and other stakeholders should fully appreciate that misconduct and criminal behaviour are not tolerated. These policies provides clear guidelines on the reporting of incidences of misconduct.

Examples of policies either drafted and approved by the board or being drafted for approval include the following:

Code of Conduct

The Code of Conduct applies to the Thungela board of directors, employees, contractors and temporary workers. Violation of this code will lead to disciplinary action in accordance with Thungela's disciplinary procedures. The outcome of disciplinary action may involve summary dismissal and/or criminal prosecution.

Our Code of Conduct and our approach to responsible business practices are also promoted to our suppliers, stakeholders and customers to enable them to understand how we do business with them and how we expect them to do business with us. If we encounter a supplier, contractor, customer or other stakeholder who refuses to embrace the principles and values reflected in the Code of Conduct, we will carefully evaluate whether a relationship with that party can be maintained.

Business Integrity Policy

The purpose of this policy is to set out the standards of conduct required at every level within Thungela, our subsidiaries, joint ventures and associates, on the part of those with whom we do business and those who work on our behalf, in combating corrupt behaviour of all types.

The policy defines corruption, fraud, bribery and extortion, and prevention of corruption performance standards have been developed to cover areas such as gifts, entertainment and hospitality, conflicts of interest, interactions with government officials, retention and payment of intermediaries, and mergers, acquisitions, joint ventures and associates.

Whistleblowing Policy

The aim of this policy is to address instances of criminal, irregular and unethical conduct withing the Group, and to prevent such behaviour from becoming the norm. The policy ensures that the identity of whistleblowers is kept confidential and that such persons are protected, as required by the Protected Disclosures Amendment Act 5 of 2017. The HAIBO! anonymous tip-off line is used to report such incidences and is independently managed, ensuring that employees and contractors across the Group are confident in reporting unethical conduct and criminal behaviour.

Anti-trust Policy

The Anti-trust Policy governs behaviour that can lead to anti-competitive practices. This policy describes Thungela's principal areas of anti-trust risk and sets out consequences for non-compliance with the policy. It defines competitively sensitive information and prohibits our contractors and employees from having bad relationships with competitors, trade association, suppliers and customers.

Dealing Code

The Dealing Code sets standards for dealing for individuals who are privy to the financial information of the company, including persons who are discharged with managerial responsibility, executive members and directors. Before such individuals can deal in the securities of the company, they need to obtain clearance. The code also ensures that the

people who are privy to confidential financial information do not deal during closed periods.

Insider Trading Policy

This policy governs the misuse of price-sensitive information that may be at the disposal of some employees, and discourages employees and/or contractors from dealing in Thungela shares using confidential information, or encouraging others to deal using such information.

The policy has been designed to ensure that employees do not misuse, or place themselves under suspicion of misusing, inside information or price-sensitive information about the Thungela Group of companies to which they have access, and which is not public. It is illegal to deal in Thungela or third-party securities or shares on the basis of inside information, or to encourage others to do so.

This policy and the behaviours it requires are designed to protect our organisation and our shareholders through responsibly managing confidential or price-sensitive information. This is core to our Code of Conduct and also reflects our company values.

Price-Sensitive Information Policy

This policy encourages those with inside information not to use such information for their personal benefit, or share that information with others who could use it for their personal benefit.

Corporate Governance Policy

The purpose of the policy is to describe the corporate governance of the Thungela Group of companies. The structure has been designed to ensure that all directors and employees of the Group are familiar with the system by which the company, its subsidiaries, associated companies and joint ventures ("related undertakings") are directed and controlled, and shows how the corporate and management structures complement each other.

The board for each entity in the Group is responsible for the governance of their respective company, and the main board of Thungela is ultimately responsible for the effective corporate governance of the Group.

Although the Group routinely operates through management reporting lines, the authorities, and consequent liabilities of directors of the various entities in the Group must be recognised and managed correctly in order to achieve this.

Sound corporate governance provides a critical foundation, both for protecting stakeholder value and for achieving the Group's strategic growth objectives.

Independent oversight and guidance in relation to the Group's operations and activities are key in monitoring and driving compliance, in ensuring good governance, in setting strategy, and in embedding the highest levels of integrity and professionalism throughout the organisation.

Thungela Approvals Framework

Thungela's Approvals Framework, or Delegation of Authority, formalises the delegation of levels of approval within Thungela, and is approved by the board after Audit Committee support. Areas covered include project approval and execution, opex 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 and resubmitted for board approval.

External Auditor Independence Framework

The primary role of the external auditor is to express an audit opinion on the annual financial statements and issue a review report on the interim financial information, thereby providing assurance to Thungela shareholders and the board. This assurance must be independent, in fact and appearance.

The independence of Thungela's auditors is fundamental to the public's confidence in the reliability of our published financial information and adds value to the investment community and other stakeholders.

Thungela's requirements to ensure auditor independence are contained in this policy. Central to this are the oversight role of the Audit Committee and transparency through public disclosure.

The policy is designed to achieve integrity, accountability and transparency in the relationship with the external auditor and to ensure high-quality financial reporting.

The provision of non-audit services by the external auditor is governed by the requirements of the Companies Act. The King Code on corporate governance requires the Audit Committee to ensure that the provision of non-audit services does not impair the independence of the external auditor.

Inclusion and Diversity Policy

Underpinned by our values and Code of Conduct, Thungela promotes an inclusive environment where every colleague is valued and respected for who they are and has the opportunity to fulfil their potential.

Inclusion and diversity, which start at board level, are critical foundations of our ESG Framework. Our Inclusion and Diversity Policy acknowledges that everyone is diverse and therefore everyone in their diversity should feel included in the organisation.

- We aim to ensure that every employee has a sense of belonging and that their uniqueness is valued. They can bring their whole self to work.
- Inclusion and diversity are part of Thungela's mission and vision, outlined in our strategies and practices to support a diverse workplace and leverage the effects of diversity to achieve a competitive business advantage.
- We understand that everyone is unique in their thoughts, beliefs, contributions and perspectives, and that being inclusive is about valuing and harnessing their uniqueness in order to deliver personal and business growth.
- Our policy strives to ensure that inclusion and diversity are reflected in our recruitment of diverse employees, including those with disabilities.
- We are committed to fair treatment for all employees in a flexible and safe working environment.
- We are committed to continuous agility in our practices to ensure productive and effective employees.

Treasury Policy

The purpose of this policy is to define the governing principles for treasury and financial risk management to ensure that treasury-related tasks are conducted on a uniform basis, within agreed-upon limits and by those to whom these tasks, responsibilities and authorities have been formally delegated.

The policy provides the strategic intent for managing the financial risks of the company, including risks associated with foreign currency transactions, cash management, funding, financing, operational risk and the short-term investing of surplus cash or use of debt facilities.

The Treasury Manager is responsible for maintaining this policy and revising it annually, in line with prevailing conditions in the company, as well as the implementation of new systems.

The Ethics Institute has been subcontracted to facilitate training on our Code of Conduct and business integrity.

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

Communication on policies is distributed via email and published on the Thungela intranet, Ignite, to ensure all employees and contractors are aware of key policies that affect their conduct. Awareness campaigns are run using visual platforms such as posters and induction slides for employees who do not have access to online platforms.

Training is made available to employees and contractors, and self-certification forms need to be completed as confirmation that relevant employees have familiarised themselves with the content of the relevant policies. These certificates are retained as a record that employees have understood the requirements of our various policies, and the consequences of non-compliance. The Ethics Institute has been subcontracted to facilitate training, specifically on our Code of Conduct and business integrity, and to develop training on anti-trust matters and procedures.

CONFIRMED INCIDENTS OF CORRUPTION AND ACTION TAKEN

A report of incidents is compiled and sent to the Risk and Assurance team. These are investigated and the necessary steps are taken against wrongdoers. These incidents are then compiled into a report which is presented to the Thungela Social and Ethics Committee. Material matters are raised at board level.

BOARD COMPOSITION

Thungela is committed to the board composition requirements as set out in the Inclusion and Diversity Policy, incorporating consideration of all aspects of diversity, including gender, age, racial diversity, and appropriate competence and tenure, which is evident from the composition of the current board appointees. It also commits to transparent and fair executive pay structures, linked to ESG performance, and in conformity with financial accounting and reporting standards (IFRS) as applicable in South Africa and the UK, and as may be relevant to the Group's financial reporting policies.

The board comprises two executive directors, one non-executive director and four independent non-executive directors. Their combined intellectual capital and diverse skills, relevant qualifications and significant experience ensure strong leadership and position the Group for success.

LIST OF DIRECTORS AND DATE OF APPOINTMENT

Board member	Type of director	Appointment date
Sango Ntsaluba	Independent non-executive	1 January 2021
Kholeka Mzondeki	Independent non-executive	12 February 2021
Thero Setiloane	Independent non-executive	7 March 2021
Ben Kodisang	Independent non-executive	16 March 2021
Seamus French	Non-executive	4 June 2021
July Ndlovu	Executive	9 February 2021
Deon Smith	Executive	9 February 2021

From 1 January 2022, Seamus French will be an independent non-executive director.

THE SCHEDULE BELOW SETS OUT ATTENDANCE OF THE THUNGELA BOARD AND COMMITTEES FOR THE YEAR UP TO 31 DECEMBER 2021

Board and committee dates and attendance	Sango Ntsaluba	Kholeka Mzondeki	Thero Setiloane	Ben Kodisang	July Ndlovu	Deon Smith	Seamus French
Thungela board meetings							
1 March	X	X	-	-	X	X	-
4 March	X	X	-	-	X	X	-
7 March	X	X	X	-	X	X	-
16 March	X	X	X	-	X	X	-
23 March	X	X	X	X	X	X	-
26 March	X	X	X	X	X	X	-
31 March	X	X	X	X	X	X	-
18 May	X	X	X	X	X	X	-
21 June	X	X	X	A	X	X	A
11 August	X	X	X	X	X	X	X
28 October	X	X	X	X	X	X	A
19 November	X	X	X	X	X	X	X
Audit Committee meetings							
30 March	-	X	X	X	Invitee	Invitee	-
12 May	-	X	X	X	Invitee	Invitee	-
5 August	Invitee	X	X	X	Invitee	Invitee	-
17 November	Invitee	X	X	X	Invitee	Invitee	-
Risk & Sustainability Committee meetings							
6 August	X	X	X	X	X	Invitee	X
17 November	X	X	X	X	X	Invitee	A
Social & Ethics Committee meeting							
5 August*	X	-	X	-	X	-	X
* The Executive Head of HR, Lesego Mataboge, attended the meeting as a member.							
Remuneration & Nomination Committee meeting							
16 November	A	X	-	X	Invitee	Invitee	X

- Meeting took place before appointment of director

X: Director present at meeting

A: Director absent from meeting

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Thungela's Social and Ethics Committee is pleased to present its report for the year ended 31 December 2021, in terms of section 72 and regulation 43 of the Companies Act of South Africa and the King Code on corporate governance.

In addition to its statutory responsibilities, the committee's objective is to help the board fulfil its responsibility to oversee and report on ESG matters not covered by the Risk and Sustainability Committee. Ethics, stakeholder relations, responsible corporate citizenship, diversity and B-BBEE compliance also fall within the committee's remit.

COMPOSITION

- Thero Setiloane (chairperson)
- Sango Ntsaluba (non-executive director)
- Seamus French (non-executive director)
- July Ndlovu (CEO)
- Lesego Mataboge (executive head of human resources)

Appointed by the Thungela board, the committee has the requisite skills, business acumen and experience to fulfil its duties.

Brief biographies of individual committee members can be accessed at:
<https://www.thungela.com/about-us/who-we-are>.

COMMITTEE MEETINGS AND ATTENDANCE

The committee met once during the period under review. All members were in attendance. The executive head of corporate affairs, the executive head of safety, health and environment, and the executive head of technical attend meetings by standing invitation. Additional meetings are set up on an ad hoc basis as and when required.

ROLES AND RESPONSIBILITIES

The committee discharged all responsibilities set out in its terms of reference. These include:

- board assurance on the integrity of the sustainability information reported in the annual and ESG reports;
- monitoring policies and activities that promote equality, and prevent unfair discrimination and corruption;
- reviewing ethical policies and processes;
- guidance on and oversight of the development of responsible business practices and holding executives to account for their effective planning, resourcing, implementation and delivery;
- policy alignment with Thungela's purpose, objectives and shared-value outcomes;
- review of governance systems, performance metrics, internal and external assurance, and reporting for effective delivery and accountability;
- input into the risk management framework, ensuring that the appropriate ESG risks are considered and reviewed as part of the annual materiality assessment for integrated reporting; and
- reviewing significant employee conflicts of interest, cases of misconduct or fraud, or any other unethical activity.

Socio-economic development

- Annual review and approval of Thungela's socio-economic development approach, KPIs, objectives and community investment budget.
- Assessing performance against key indicators, and considering and making board recommendations on business impact on local communities.
- Periodic review of sponsorships, donations and charitable contributions.
- Consideration of decisions that may impact the company's values and ethics.

People and transformation

- Oversight of strategic people issues, including transformation and major employee relations.
- Review performance in human resource development, diversity and retention against internal transformation targets.
- Make recommendations to the Remuneration Committee.
- Review performance against the United Nations Global Compact's 10 principles, and make recommendations on corruption from an Organisation for Economic Cooperation and Development and Employment Equity Act perspective.
- Monitor B-BBEE status and compliance with the Broad-based Socio-Economic Empowerment Charter for the South African mining industry and publish the annual B-BBEE verification certificate.
- Make board recommendations on possible participation, cooperation and consultation on transformation, community and social development issues with government, non-governmental and employee organisations.

KEY FOCUS AREAS IN 2021

During the year under review, significant focus was placed on safety, health and the environment, including the impact of COVID-19 and the tragic death of Moeketsi Mabatla at Goedehoop colliery. Other important considerations were Thungela's Be Well programme; dust and noise reduction; carbon, energy and emissions; and rehabilitation, water management, licensing and permitting.

We also made progress updating our ethics, social and governance policy framework and our social policy and were updated on SLP projects and other strategic initiatives, including Thungela's education programme, municipal capacity-building, and enterprise and supplier development.

In addition, we reviewed regulatory requirements around ownership, employment equity, inclusive procurement, mine community development and employee housing according to the Mineral and Petroleum Resources Development Act's Housing and Living Conditions Standard. Moreover, the committee developed a B-BBEE verification strategy to allow for the B-BBEE verification outcomes to be submitted to the BEE Commission by 31 March 2022.

Other activities included:

- measuring inclusive procurement performance;
- approving policies on corporate governance, inclusion and diversity, Thungela's Code of Conduct, business integrity and whistleblowing;
- overseeing policy development on bullying, harassment and victimisation, people with disabilities and gender-based violence;
- reviewing progress on human resource development and talent management; and
- reviewing the corporate governance report and regulatory update.

The committee is satisfied that it adequately met its responsibilities in accordance with its terms of reference for the year ended 31 December 2021.

KEY FOCUS AREAS FOR 2022

In the year ahead, there will be increased focus on all aspects of ESG, setting and implementation of transformation objectives, and ensuring that employees have a workplace devoid of racism, sexism, bullying, harassment and victimisation.

Thero Setiloane

Chairperson

22 March 2022



REPORT OF THE RISK AND SUSTAINABILITY COMMITTEE

The Thungela Risk and Sustainability Committee is pleased to present its report for the year ended 31 December 2021. The committee has conducted its work in accordance with its written terms of reference, originally approved by the board on 31 March 2021 and which were subsequently reviewed and an updated version approved by the board on 18 March 2022. The terms of reference are subject to annual review.

The Thungela board of directors has mandated the committee to fulfil its duties as the Risk and Sustainability Committee of all the companies within the Thungela Group, except in the event where the interest in a subsidiary is equal to or less than 50%.

The committee's main objective is overall oversight of Group risk, information technology and sustainability, with a focus on safety, health and the environment, and deciding on the Group's risk appetite.

COMPOSITION

The committee, whose members were appointed by the Thungela board, comprises independent non-executive directors and the CEO, all of whom have the requisite skills, business acumen and experience to fulfil their duties:

- Sango Siviwe Ntsaluba (chairperson)
- Thero Micarios Lesego Setiloane
- Seamus Gerard French
- Benjamin Kodisang
- Kholeka Mzondeki
- July Ndlovu (CEO)

Brief biographies of individual committee members can be found on the Thungela website at <https://www.thungela.com/about-us/who-we-are>.

MEETING ATTENDEES

In addition to the committee members, the chief financial officer, chief operating officer, executive head of safety, executive head of technical, head of risk and assurance, and head of information management attend the meetings by standing invitation.

COMMITTEE MEETING ATTENDANCE

During the period under review, the committee met twice. Additional meetings are set up on an ad hoc basis as and when required.

Member	Meeting of 6 August 2021	Meeting of 17 November 2021	Number of meetings: 2
S Ntsaluba (chairperson)	1	1	2/2
S French	1	1	2/2
B Kodisang	1	1	2/2
K Mzondeki	1	1	2/2
J Ndlovu	1	1	2/2
T Setiloane	1	1	2/2

ROLES AND RESPONSIBILITIES

The committee discharged all its responsibilities as contained in its terms of reference, including the following:

- Guide and advise the board in setting risk tolerance and risk appetite levels, after consulting with operational management.
- Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board.
- Oversee that the risk management plan is disseminated throughout the company and integrated into the day-to-day activities of the company.
- Oversee that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Review reporting concerning risk management that is to be included in the Integrated Report in terms of being timely, comprehensive and relevant.
- Ensure that continual, thorough risk assessments are conducted by operational management under a pre-determined risk management plan.
- Ensure that risks are prioritised and ranked to focus responses and interactions.
- Independent assurance may be obtained by the committee of the existence and effectiveness of controls to address controllable risks.
- Monitor the appropriateness of the company's strategies in providing oversight of its sustainability policies, and request and receive reports of the Group's operations, and where appropriate, from associates, managed joint ventures and non-managed joint ventures and contractors, covering matters that have a material impact on safety, health and environmental risks and liabilities facing the company and those other entities.
- Review and provide the board with assurance on the integrity of the sustainability information reported on in the company's IAR and ESG report.
- Monitor the demonstration of management commitment to the behaviours required by the policies and the resources applied to achieving compliance with the policies within the committee's scope.
- Consider and make recommendations to the board on carbon footprint and environmental issues pertinent to the company's business.
- Review the development of the framework policies and guidelines for the management of sustainable development issues, including safety, health and environment.
- Commission and consider sustainable development audits carried out both in terms of legal and company requirements and review the results of such audits.
- Satisfy itself that the management system is appropriate and effective in managing SHE risks. The SHE management system comprises appropriate hazard identification and risk assessment processes, medical surveillance systems, accident/incident investigation systems and other appropriate systems.
- Review the SHE elements of the company's strategic and business plan, the company's SHE policies, guidelines and operating practices, the Group's external SHE reporting and regulatory disclosures, and findings of the external auditors.
- Consider the performance of the company's individual operating units in the field of SHE performance/compliance.
- Consider material local and international regulatory and technical developments in the field of SHE management and practice, and where appropriate, have the impact of these assessed and provide appropriate strategic guidance.
- Once a year, review the salient features highlighted in the annual report for each mine on health and safety, as required by section 2(1)(c) of the Mine Health and Safety Act, 1996.
- Satisfy itself on the effectiveness and appropriateness of the company's wellness programme.
- Consider the environment, health and public safety, including the impact of the company's activities and of its products or services.
- Monitor regulatory compliance, as a minimum, to the following:
 - i. Mine Health and Safety Act
 - ii. Mineral and Petroleum Resources Development Act
 - iii. National Environmental Management Act
 - iv. National Environmental Management Waste Act
 - v. National Health Act
 - vi. National Water Act
 - vii. Occupational Health and Safety Act.
- To the extent that the committee is of the view that there is a deficiency, shortcoming or anything else of concern on the part of the company with respect to any matters set out in this section of the report, the company's management will propose corrective action plans which the committee will review and approve.
- Review and approve an IT governance framework which delegates to management the responsibility for implementation of such a framework.
- Review reports on the effectiveness of IT risks as part of the overall risk management of the Group.

KEY FOCUS AREAS IN 2021

The committee's key focus areas and objectives included the following:

- reviewed the Integrated Risk Management Report and emerging risks;
- approved the Integrated Risk Management Policy;
- reviewed the ESG Report, including safety, health and environmental matters;
- reviewed IT matters and the development of an information management governance structure;
- received an update on information security and POPIA;
- reviewed and monitored regulatory compliance;
- reviewed and approved the Thungela catastrophic event protocol;
- reviewed and discussed the Thungela Risk register;
- discussed the development of a governance risk and compliance platform;
- reviewed and monitored the impact of COVID-19 on the business, and implemented mitigating actions, including the rollout of vaccinations;
- monitored and discussed matters such as mitigating noise and dust exposure, underground fires, reduction in carbon emissions, water, biodiversity, focus on safety and rehabilitation; and
- reviewed Group response plans to significant safety events.

The committee was satisfied that it adequately met its responsibilities in accordance with its terms of reference for the year ended 31 December 2021.

Sango Siviwe Ntsaluba

Chairperson
22 March 2022

KEY FOCUS AREAS FOR 2022

Key areas of focus for the committee in 2022 will include:

- retained focus on the impact of COVID-19 on the business from an internal and external perspective;
- setting the risk appetite for Thungela as a group;
- development of business continuity plans in the event of continued poor TFR performance or poor resource prices; and
- continued focus on zero harm.





THUNGELA KING IV™ REGISTER

The board recognises the link between effective governance, sustainable performance and the creation of long-term value for all its stakeholders. The board is committed to the principles of transparency, integrity, fairness and accountability, and recognises the need to implement good corporate governance principles. The board therefore seeks to apply the principles as set out in the King Code.

The company has performed an assessment of its application of the principles in the King Code. This assessment is reflected overleaf, together with key actions envisaged to achieve full application where gaps exist.

PRINCIPLE		
1	The governing body should lead ethically and effectively.	Applied
	The directors, overseen by the chairperson, hold each other accountable for decision-making and ethical behaviour.	
	The directors act with integrity and transparency, have the necessary competence and sufficient time to make calculated decisions, and take responsibility and accountability for their decisions and actions.	
	The board commits to achieving the strategic objectives of the company, ethically, in support of a sustainable business.	
	The directors comply with the Code of Conduct and are assessed annually to ensure that the board has the necessary skill set, knowledge and expertise to discharge their responsibilities in the best interest of Thungela.	
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Applied
	The board acts by example and is responsible for the monitoring and governance of the ethics of the company. Board responsibilities are set out in the Board Charter which is aligned with the MoI.	
	The board approves and oversees the implementation of policies and procedures, including but not limited to the Code of Conduct, business integrity, anti-trust, dealing in securities, inclusion and diversity, price-sensitive information, whistleblowing and insider trading.	
	The board ensures compliance with the Code of Conduct is integrated into the business strategy and operations, and is reflected in the company's purpose, 'to responsibly create value together for a shared future'.	
	All company policies are published on the internal website, Ignite. Online and face-to-face training are also rolled out throughout the organisation on Thungela's Code of Conduct, business integrity and other relevant topics.	
	The board, through the Social and Ethics Committee, has delegated to management oversight for the implementation and execution of all policies, codes and procedures.	
	Breaches of policies or codes are reported either via the anonymous whistleblowing process, or to line management, and feedback is provided to the Social and Ethics Committee, followed by the necessary disciplinary procedures and corrective actions.	
	The board has zero tolerance for unethical behaviour. A process is in place to highlight high risk areas annually for focused training and audits. Employees can by way of an electronic register on the company's internal website, Ignite, declare conflicts of interest, gifts and entertainment, or external directorships, to name but a few.	
3	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Applied
	The board, through the board committees, ensures that the company is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the company, but also to the impact that business operations have on the environment and the society within which it operates.	
	The board proactively manages relationships with stakeholders, and oversees and ensures compliance with relevant regulatory requirements, included but not limited to the framework for the United Nations Guiding Principles on Business and Human Rights, as well as the MPRDA Regulations.	
	The board, through the Social and Ethics Committee, tracks company performance against targets for development, transformation, retention, well-being and dignity, in line with relevant legislation. The Remuneration and Nomination Committee regularly reviews industry best practice for remuneration and salary benchmarking to ensure employees are remunerated fairly.	

PRINCIPLE		
4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Applied
	The company's ability to create value in a sustainable manner is illustrated throughout its business model. The board committees assist the board with the governance of risk, continuously monitor risks and ensure the implementation of controls.	
	As per the Board Charter, the board is responsible for setting the overall company strategy and direction to create value for stakeholders.	
	The board, through the Audit Committee, monitors and considers the company's liquidity and solvency analysis on a quarterly basis. The going concern status of the company is included in the integrated report and audited annual financial statements.	
5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.	Applied
	Thungela follows a structured process for determining material matters to be included for reporting to its shareholders and all stakeholders, to allow them to make informed assessments of the company's ability to generate value over the short, medium and long term. The annual report contains an assessment of its performance, measured against its objectives.	
	Management has presented a reporting framework, which has been approved by the board, which is aligned with both UK and SA financial, code and regulatory principles and requirements. Thungela annually issues its Integrated Annual Report, Annual Financial Statements and ESG Report, which are made available to all stakeholders via the company's website.	
	Thungela applies a combined assurance model seeking to optimise the assurance obtained from management and internal and external assurance providers. Both financial and non-financial information contained in the suite of reports are assured by external assurance providers.	
	The board is committed to the governance outcomes set out in King IV™. Thungela's self-assessment shows alignment with the 16 principles and the board oversees the application of relevant practices.	
6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Applied
	The board is the focal point and custodian of good corporate governance. Its roles and responsibilities and the way it executes its duties and decision-making are set out in the Board Charter. Further aspects of governance are addressed with greater impetus through the board sub-committees. The Board Charter also sets out the roles and responsibilities of the individual directors, including the composition and relevant procedures of the board. The Board Charter is reviewed annually to ensure that it is aligned with statutory and regulatory requirements.	
	The board, through the Social and Ethics Committee, oversees and monitors governance throughout the Group. The board adopted policies on codes of conduct and other ethics-related policies and ensures that the ethical performance of all Thungela representatives is monitored and reported on.	
	The Audit Committee oversees and ensures that appropriate financial reporting processes and procedures are in place and functioning effectively.	
	The board and its sub-committees are authorised to obtain independent professional advice on any matter as necessary to carry out their duties, and to secure the attendance of outsiders with relevant experience and expertise if they consider this necessary.	

PRINCIPLE		
7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively.	Applied
	On an annual basis, the board and its sub-committees, through the Remuneration and Nomination Committee, consider their composition in terms of balance of skills, experience, diversity, independence and knowledge, and whether this enables them to effectively discharge their roles and responsibilities as per the Inclusion and Diversity Policy. The board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its roles and responsibilities.	
	Through the annual assessment process of the board and its sub-committees, the knowledge and skills set are evaluated and improved where required. Furthermore, where necessary, subject matter experts are available for matters requiring specialised guidance.	
	The board consists of seven members of whom two are executive directors (the CEO and CFO), as prescribed in the company's MoI. Details of the individual board members can be found in the governance section of the IAR and on Thungela's website. Of the five non-executive directors, four were independent during the year ending 31 December 2021. Due to the resignation of Seamus French from Anglo American plc, all five non-executive directors are now deemed independent.	
	The Board Charter and board committee terms of reference regulate the minimum requirements for members of each of the board committees. The constitution of each committee is such that the necessary skills, knowledge and experience are utilised within the appropriate committee, and comply with the requirements of the Inclusion and Diversity Policy.	
	The MoI stipulates that one-third of the board members will retire from office at the annual general meeting (AGM) and will be eligible for re-election. Directors may avail themselves for re-election three times. The maximum age for a director is prescribed as 70 years of age, whereafter the reappointment of said director must be scrutinised and motivated by the Remuneration and Nomination Committee. Nominations coming from the Remuneration and Nomination Committee must be approved by the board. Brief resumes of directors up for re-election will be included in the Notice of the AGM.	
	The board assesses the independence of all directors. In addition, directors are required to submit to the board a "Declaration of Business Interest" on a bi-annual basis. Directors must, in terms of section 75 of the Companies Act, disclose all personal financial interests at the start of all board and committee meetings.	
	The chairman of the board is an independent non-executive director. The board is currently considering the appointment of a lead independent non-executive director.	
	The chairman of the board also chairs the Risk and Sustainability Committee and serves as a member of the Social and Ethics Committee and the Remuneration and Nomination Committees. He attends the Audit Committee as a standing invitee.	

PRINCIPLE		
8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	Applied
	The board and its sub-committees comply with the requirements of the King Code. There is a clear balance of power to ensure that no individual has undue decision-making powers, as set out in the Board Charter and the individual committee terms of references. All committee terms of references are approved by the board and are subject to annual review. Other delegations of authority by the board are made as per Thungela's Approvals Framework, which is reviewed annually for relevance.	
	The constitution of the individual board committees complies with regulatory and code requirements, and extracts can be found in the IAR. Executive and senior management are invited to attend meetings where and when relevant.	
	The Audit Committee, comprising three independent non-executive directors, oversees the effectiveness of the assurance function, and the integrity of the annual financial statements, as well as financial risk. The committee is satisfied that the auditor is independent and non-audit services are not performed, and that the audit firm has been appointed with the designated audit partner having oversight of the audit. The committee is also satisfied with the effectiveness of the CFO and the finance function.	
	The Remuneration and Nomination Committee is responsible for all remuneration matters, as well as new board nominations and appointments, succession planning, and board and committee assessments. All members are non-executive directors with the majority being independent.	
	The Risk and Sustainability Committee has oversight of risk governance, safety, health and environment.	
	The Social and Ethics Committee has oversight of organisational ethics, corporate citizenship and stakeholder relationships.	
9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.	Applied
	The board and all sub-committee charters include the onus of annual assessments. Assessments of the performance by the board, its sub-committees and the company secretary will be conducted annually by way of an external evaluation process. A process is currently under way to complete the appointment of an external service provider who will commence the process to put in place the annual assessment process for the board and committees, as well as individual board members, including the company secretary.	
10	The governing body should ensure that the appointment of, and delegation to, management contribute to role, clarity and effective exercise of authority and responsibilities.	Applied
	The board is satisfied that the company is appropriately resourced and that its delegation to management contributes to effective arrangement by which authority and responsibilities are exercised.	
	The CEO, responsible and accountable for the implementation and execution of the strategy, policies and operational planning, is appointed by the board, and serves as an executive director on the board, and the board annually evaluates his performance.	
	The Thungela Approvals Framework for decision-making delegates authority to management, with the board retaining ultimate decision-making powers over material matters. The framework is regularly reviewed to ensure its effectiveness, and the board is satisfied that the framework contributes to the role, clarity and effective exercise of authority and responsibilities.	
	The board is responsible for the appointment of the company secretary, who is accountable to the board and works closely with the chairperson in respect of all board-related matters and assisting the board in fulfilling its statutory and governance duties. The board annually conducts an assessment of the competence of the company secretary through the Remuneration and Nominations Committee. The company secretary is not a director of the company or any of its subsidiaries, and reports to the CFO.	

PRINCIPLE		
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Applied
	The Risk and Sustainability Committee, assisted by the Audit Committee, assists the board with the governance of risk. The board is aware of the importance of risk management as it is linked to the strategy and performance, and the sustainability of the business. Accordingly, risks are identified and managed within acceptable parameters.	
	The Risk and Sustainability Committee delegates to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. The Group risk appetite is set at board level.	
	The board approved an Integrated Risk Management Policy and Framework to better manage risk, which was integral to good management practice and fundamental to the sustainable creation of wealth and predictable operational performance.	
	The board annually convenes a board strategy workshop where strategic, external and preventable risks and opportunities are considered to set strategic direction for Thungela.	
	The board and board committees review management reports on integrated risk management which includes reviewing risks to ensure they are within tolerance and appetite levels set by the board. These are assessed on a quarterly basis by the respective board committees and consolidated at board level.	
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Applied
	The board, together with the Head of Information Management, oversees the governance of information management through the Risk and Sustainability Committee. The board is aware of the importance of technology and information in relation to the company's strategy.	
	Management is responsible for the implementation of information management structures and processes, with quarterly reports to the Risk and Sustainability Committee, which reports to the board.	
	Information management is mandated with the responsibility and has developed mechanisms and processes to protect the security of information and information systems. Reports are submitted to the Risk and Sustainability Committee addressing the various security mechanisms in place and their efficacy.	
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Applied
	The board, together with the Risk and Sustainability Committee and the compliance function, monitors compliance with the various regulations applicable to the company in such a manner as to ensure that the company is run in an ethical manner befitting of a good corporate citizen.	
	The board, through the Social and Ethics Committee, monitors compliance to various policies, codes and procedures, such as the King Code.	
	Continuous monitoring of regulatory compliance is conducted by, among others, the compliance manager and legal functions, and quarterly compliance reports are submitted to the Risk and Sustainability Committee which reports to the board.	

PRINCIPLE		
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Applied
	The board, assisted by the Remuneration and Nominations Committee, ensures that staff are remunerated fairly, responsibly, transparently and in line with industry standards to promote the creation of value in a sustainable manner.	
	The Thungela Remuneration Policy is designed to attract, motivate, retain and reward human capital, and to promote positive outcomes and an ethical culture of a responsible corporate citizen. The policy and implementation plan are presented to the shareholders at the AGM annually for a non-binding advisory vote. The Remuneration Policy contains a process of engagement if 25% or more of the voting rights exercised voted against any one of the two reports.	
	Fees for non-executive directors for their services as directors are submitted to the shareholders for approval by way of a special resolution at the AGM via the board by the Remuneration and Nomination Committee.	
15	The governing body should ensure that assurance services and functions enable an effectively controlled environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	Applied
	The board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. This responsibility is contained in the Board Charter and the Audit Committee terms of reference.	
	<p>The Audit Committee assists the board in discharging its duties and responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes, the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, and overall oversight of the external and internal audit appointments and functions.</p> <p>During the year the committee:</p> <ul style="list-style-type: none"> considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan; considered and reviewed the company's combined assurance model for completeness and ensured that augmented assurance coverage is obtained from management, and from external and internal assurance providers; and evaluated the IAR and assessed the consistency with operational and other information known to the committee, and that the report was prepared in line with the IIRC's International Framework. 	
	The Audit Committee annually reviews the competency of both the internal and external audit functions, as well as the independence of the external audit function, and makes the necessary recommendations to the board. The board, on recommendation by the Audit Committee, will make the necessary recommendation to the shareholders to reappoint the external auditor and partner at the next AGM by way of an ordinary resolution.	
16	In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time.	Applied
	Various stakeholder groups have been identified and the board balances their legitimate and reasonable needs, interest, and expectations. The Social and Ethics Committee assists the board to monitor stakeholder engagements and interactions.	
	The Social and Ethics Committee is responsible for developing sustainable development policies and guidelines to identify and manage focus areas, monitoring performance against key indicators, and facilitating stakeholder participation, cooperation and consultation on key issues.	
	The board, through the Social and Ethics Committee, reviews and approves policy pertaining to stakeholder engagement, and delegates to executive management the implementation and execution of stakeholder relationship management.	

05

APPENDICES



PERFORMANCE TABLES

SAFETY AND HEALTH

Safety

	2021	2020	2019
Fatal injuries	1	1	1
Lost-time injuries (LTIs)	15	17	18
Lost-time injury frequency rate (LTIFR)*	0.81	0.85	0.78
Total recordable case frequency rate (TRCFR)*	1.35	1.51	1.48
Total medical treatment cases (MTCs)	9	12	15
Total recordable cases	25	30	34
High-potential incidents	6	6	
Voluntary stoppages	25	10	20

*Rates are calculated per 1 000 000 hours and include employees and contractors.

Occupational exposures

	2021	2020	2019
Total number of workers in HEG A – respirable hazards	628	635	372
Total number of workers exposed to carcinogens > OEL	0	0	0
Total number of workers exposed to noise >105 dB(A) 8 hr TWA	0	0	0
Total number of workers exposed to noise levels >85dB(A) 8 hr TWA	3 005	3 237	2 708
Number of health HPIs reported	1	0	0
Number of health HPHs reported	244	42	160

New cases of occupational disease

	2021	2020	2019
Noise-induced hearing loss	1	6	3
Chronic obstructive airways disease (COAD)	0	0	1
Occupational tuberculosis	0	0	2
Occupational asthma	0	0	0
Coal workers' pneumoconiosis	0	0	1

HIV/Aids statistics

	2021	2020	2019
Number of employees (annual average value)	4 467	4 936	5 142
Number of employee voluntary testing and counselling cases (total tested)	4 067	4 544	4 831
Percentage of employees who know their status	91%	92.05%	93.95%
Number of new HIV cases	28	52	46
Number of known HIV+ve employees put on INH prophylaxis therapy	344	287	226
Known HIV+ve employees on anti-retroviral therapy (ART)	92.5%	94%	93%
Number of employee Aids deaths	0	0	0

TB statistics

	2021	2020	2019
New pulmonary TB cases	2	3	6
New extra-pulmonary TB cases	0	2	1
Proven TB deaths	0	0	0
Annualised TB incidence rate per 100 000 population	45	101	136

ENVIRONMENT

GHG emissions (kt CO₂e)

	2021	2020	2019
Scope 1	362	369	398
Scope 2	457	514	551
Total scope 1 and 2 CO ₂ e	819	883	948
Scope 3	54 744	64 680	68 457

GHG emissions by source (kt CO₂e)

	2021	2020	2019
Electricity	457	514	551
Fossil fuels	137	155	145
Fugitive emissions	219	209	248

Energy consumption (million GJ)

	2021	2020	2019
Energy from electricity	1.57	1.78	1.91
Energy from fossil fuel use	1.85	2.09	1.95
Energy from renewable fuels	0.38	0.360	0.96
Total energy consumed	3.42	3.87	3.86
Energy intensity (MJ/T _{TTM})*	19.04	20.16	19.40

*Our intensities have been calculated on a total tonnes moved (TTM) basis to account for rehabilitation.

Water

	2021	2020	2019
Water withdrawals by source (1 000 m³)			
Freshwater withdrawal (including support services)	996	950	714
Potable water withdrawal from EWRP	1 730	1 935	2 160
Total withdrawal	28 444	25 861	30 926
Ground water	6 050	5 537	3 031
Surface water	19 384	16 929	24 965
Third party	3 075	3 432	2 965
Water treated (%)*	57	50	
Water reused/recycled (%)*	61	66	
Water discharges			
Total water discharged*	21 835	20 347	
Treated water discharged from EWRP	7 047	5 756	7 603
Total consumption*	11 994	13 075	

*Owing to the change in water accounting and definitions, 2019 data is not available for some of the indicators.

Environmental incidents

	2021	2020	2019
Level 3	1	0	0
Level 4	0	0	0
Level 5	0	0	0

Air emissions

	2021	2020	2019
Total SO ₂ from processes and fuel use (tonnes)	1 357	3 771	3 311
Total NO ₂ from processes and fuel use (tonnes)	2 096	2 338	2 197

Non-mineral waste

	2021	2020	2019
Hazardous waste to legal landfill (mass) [tonne]	571	931	1 182
Non-hazardous waste to legal landfill (mass) [tonne]	695	1 297	1 355

Biodiversity

Operation	Company-managed land (ha)	Land disturbed (ha)	Adjacent to globally or nationally important biodiversity areas	Biodiversity management plan in place
Khwezela	17 251	6 129	No	Yes
Isibonelo	3 791	1 946	Yes	Yes
Goedehoop	10 145	130	No	Yes
Greenside	3 453	263	No	Yes
Zibulo	3 798	286	No	Yes
Mafube (50%)	10 639	1 446	No	Yes



PEOPLE

Occupational levels

Group	Male				Female				Foreign Nationals		Total		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Top management	1	0	0	4	1	0	0	1	1	0	6	2	8
Senior management	29	3	5	45	9	1	4	15	1	0	83	29	112
Middle management	139	7	8	110	87	2	3	36	12	0	277	128	405
Junior management	258	7	11	89	105	3	0	20	10	1	378	129	507
Disabled	8	0	0	1	1	0	0	1	0	0	9	2	11
Total	435	17	24	249	203	6	7	73	24	1	753	290	1043

Per South African classification: A – African; C – Coloured; I – Indian; W – White

Women promoted

	Actual 2021	Actual 2020	Actual 2019
Senior management	2	6	8
Middle management	13	13	15
Junior management	40	42	40
Semi-skilled	47	34	66

% women in management

	Actual 2021	Actual 2020	Actual 2019
Top management	25%	22%	11%
Senior management	26%	22%	19%
Middle management	32%	29%	30%
Junior management	25%	23%	23%

Age and gender profiles of employees (%) (permanent, FTEs, mining contractors and learners)

	2021	2020	2019
Full time employees (average age)	41	42	42
Employees below 30 years of age (%)	9%	8%	10%
Employees 30-50 years of age (%)	74%	72%	68%
Employees more than 50 years of age (%)	17%	20%	22%
Female employees (average age)	39	38	38
Female employees below 30 years of age (%)	3%	3%	3%
Female employees 30-50 years of age (%)	21%	19%	17%
Female employees more than 50 years of age (%)	3%	3%	3%
Overall women as % of the workforce	27%	25%	23%

Employment statistics

Permanent employees	2021	2020	2019
Zibulo	896	925	865
Khwezela	545	980	955
Greenside	792	775	769
Goedehoop	797	799	1 169
Isibonelo	424	356	352
Mafube	410	378	368
Rietvlei	16	21	19
Head office and centralised services	566	642	610
Total own employees	4 446	4 876	5 107
Mining contractor FTE	1 825	2 269	2 251
Capital projects contractor FTE	175	101	930
Total contracting staff	2 000	2 370	3 181

Employment creation

	2021	2020	2019
Total number new employees	189	164	305
New employees (%)	4%	3%	7%

Labour turnover

	2021	%	2020	%	2019	%
By reason for separation						
Resignations	90	18%	57	10%	112	34%
Redundancies	69	13%	8	1%	8	2%
Dismissals	63	12%	42	7%	39	12%
Voluntary severance package	177	35%	333	56%	8	2%
Other	114	22%	153	26%	160	49%
By ethnic group						
African	395	77%	430	73%	225	69%
Coloured	8	2%	2	0%	2	1%
Indian	7	1%	3	1%	7	2%
White	103	20%	158	27%	93	28%

Turnover by gender and age in 2021

	20-29	30-39	40-49	50-59	60-69	Grand total
Female	4%	9%	5%	4%	1%	23%
Male	4%	13%	17%	25%	17%	77%
Total	8%	22%	22%	29%	19%	100%

GRI INDEX

GRI 102: General disclosures

Indicator	Disclosure	Reference
102-1	Name of organisation	Thungela Resources (Pty) Ltd
102-2	Activities, brands, products, and services	Integrated Annual Report (IAR): 1, 24-32, 42-43, Environmental, Social and Governance Report (ESGR): 11
102-3	Location of headquarters	Johannesburg, South Africa
102-4	Location of operations	IAR: 1, 24-25 ESGR: 11
102-5	Ownership and legal form	IAR: 4-6 ESGR: 12
102-6	Markets served	IAR: 26-32, 54-55
102-7	Scale of the organisation	IAR: 26-37 ESGR: 11
102-8	Information on employees and other workers	ESGR: 86-87
102-9	Supply chain	ESGR: 107-110
102-10	Significant changes to the organisation's size, structure, ownership and its supply chain	IAR: 4-6, 49
102-11	Precautionary principle or approach	ESGR: 22, 34
102-12	External initiatives	ESGR: Memberships of external initiatives are discussed in each relevant material topic (where relevant)
102-13	Membership of associations	ESGR: 22-26, 43
102-14	Statement from the most senior decision-maker	ESGR: 13-16
102-15	Key impacts, risks and opportunities	IAR: 8-11, 62-65 ESGR: 17-21, 27-30
102-16	Values, principles, standards and norms of behaviour	ESGR: 6-8, 121-127
102-17	Mechanisms for advice and concerns about ethics	ESGR: 117-127
102-18	Governance structure	IAR: 104-114
102-19	Delegating authority	IAR: 104-105 ESGR: 117-119
102-20	Executive-level responsibility for economic, environmental and social topics	IAR: 108-109

102-21	Consulting stakeholders on economic, environmental and social topics	ESGR: 22-26, 93-97, 113-114
102-22	Composition of the highest governance body and its committees	IAR: 104-114
102-23	Chair of the highest governance body	IAR: 105-106
102-24	Nominating and selecting the highest governance body	IAR: 104-106
102-25	Conflicts of interest	IAR: 176 ESGR: 124
102-26	Role of highest governance body in setting purpose, values and strategy	IAR: 104-116
102-27	Collective knowledge of highest governance body	IAR: 106-107
102-28	Evaluating the highest governance body's performance	IAR: 44-45, 117-119 ESGR: 129-132 Annual Financial Statements (AFS): 22-24
102-29	Identifying and managing economic, environmental and social impacts	IAR: 104-114 ESGR: 129-133
102-30	Effectiveness of risk management processes	IAR: 62-65
102-31	Review of economic, environmental and social topics	IAR: 110-114 ESGR: 129-133
102-32	Highest governance body's role in sustainability reporting	ESGR: 2
102-33	Communicating critical concerns	IAR: 8-11 ESGR: 27-30
102-34	Nature and total number of critical concerns	IAR: 8-11, 62-65
102-35	Remuneration policies	IAR: 119-124
102-36	Process for determining remuneration	IAR: 119-124
102-37	Stakeholders' involvement in remuneration	IAR: 119-133
102-38	Annual total compensation ratio	IAR: 119-133
102-39	Percentage increase in annual total compensation ratio	IAR: 119-133
102-40	List of stakeholder groups	IAR: 58-61 ESGR: 22-26, 93-97

102-41	Collective bargaining agreements	ESGR: 85-86
102-42	Identifying and selecting stakeholders	IAR: 58-61 ESGR: 22-26 ,93-97
102-43	Approach to stakeholder engagement	IAR: 58-61 ESGR: 22-26 ,93-97
102-44	Key topics and concerns raised	IAR: 58-61 ESGR: 22-26 ,93-97
102-45	Entities included in the consolidated financial statements	IAR: 4-6
102-46	Defining report content and topic boundaries	ESGR: 2-3, 27-30
102-47	List of material topics	IAR: 8-11
102-48	Restatements of information	None, this is Thungela's first year of reporting
102-49	Changes in reporting	ESGR
102-50	Reporting period for the information provided	1 January 2021 - 31 December 2021
102-51	Date of most recent report	This is Thungela's first ESG Report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	ESGR: 160
102-54	Claims of reporting in accordance with the GRI Standards	ESGR: 3
102-55	GRI content index	ESGR: 146-150
102-56	External assurance	ESGR: 151-154

GRI 103: Management approach

Indicator	Disclosure	Reference
103-1	Explanation of the material topic and its boundary	ESGR: 2, 12, 27-30
103-2	The management approach and its components	ESGR: 17-21, 32-34, 36, 39, 41, 42-45, 49-54, 56-62, 66-70, 72-75, 77-92, 93-114, 96-127
103-3	Evaluation of the management approach	ESGR: 35, 37, 38, 40, 46-48, 52-55, 59-64, 68, 70-74, 76, 77-92, 93-114, 128-140, 142-145

Material Topic – GRI 201: Economic performance

Indicator	Disclosure	Reference
202-1	Direct economic value generated and distributed	ESGR: 5, 86-87
201-2	Financial implications and other risks and opportunities due to climate change	IAR: 10, 17, 39, 56-57, 90 ESGR: 14, 18, 29, 42-44 AFS: 58
201-3	Defined benefit plan obligations and other retirement plans	AFS: 55, 99-101
201-4	Financial assistance received from government	None received

Material topic – GRI 202: Market presence

Indicator	Disclosure	Reference
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	IAR: 119-124
202-2	Proportion of senior management hired from the local community	ESGR: 28, 77-79, 86-90, 126, 144

Material topic – GRI 203: Indirect economic impacts

Indicator	Disclosure	Reference
203-1	Infrastructure investments and services supported	ESGR: 102-113
203-2	Significant indirect economic impacts	ESGR: 83, 85, 89, 99, 102-113

Material topic – GRI 204: Procurement practices

Indicator	Disclosure	Reference
204-1	Proportion of spending on local suppliers	ESGR: 107-110

Material topic – GRI 205: Anti-corruption

Indicator	Disclosure	Reference
205-1	Operations assessed for risks related to corruption	ESGR: 121
205-2	Communication and training about anti-corruption policies and procedures	ESGR: 127

Material topic – GRI 206: Anti-competitive behaviour

Indicator	Disclosure	Reference
206-1	Legal action for anti-competitive behaviour, anti-trust and monopoly practices	None

Material topic – GRI 207: Tax

Indicator	Disclosure	Reference
207-1	Approach to tax	ESGR: 112-114
207-2	Tax governance, control and risk management	ESGR: 112-114
207-3	Stakeholder engagement and management of concerns related to tax	ESGR: 113-114
207-4	Country by country reporting	ESGR: 112-114. Thungela only operates in South Africa

GRI 301: Materials

Indicator	Disclosure	Reference
301-1	Materials used by weight or volume	Not material

Material topic – GRI 302: Energy

Indicator	Disclosure	Reference
302-1	Energy consumption within the organisation	ESGR: 143, 46-48
302-3	Energy intensity	ESGR: 143, 48
302-4	Reduction of energy consumption	ESGR: 45-48

Material topic – GRI 303: Water

Indicator	Disclosure	Reference
303-1	Interactions with water as a shared resource	ESGR: 49-54
303-3	Water withdrawal	ESGR: 52, 143
303-4	Water discharge	ESGR: 52, 143
303-5	Water consumption	ESGR: 143

Material topic – GRI 304: Biodiversity

Indicator	Disclosure	Reference
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ESGR: 144
304-2	Significant impacts of activities, products and services on biodiversity	ESGR: 60-64
304-3	Habitats protected or restored	ESGR: 62-64

Material topic – GRI 305: Emissions

Indicator	Disclosure	Reference
305-1	Direct (Scope 1) GHG emissions	ESGR: 46-47, 143
305-2	Energy indirect (Scope 2) GHG emissions	ESGR: 46-47, 143
305-3	Other indirect (Scope 3) GHG emissions	ESGR: 46-47, 143
305-4	GHG emissions intensity	ESGR: 46
305-5	Reduction of GHG emissions	ESGR: 44-48
305-6	Emissions of ozone-depleting substances (ODS)	ESGR: 38
305-7	NO _x , SO _x and other significant emissions	ESGR: 36-38

Material topic – GRI 306: Waste

Indicator	Disclosure	Reference
306-1	Waste generation and significant waste-related impacts	ESGR: 39-41
306-2	Management of significant waste-related impacts	ESGR: 39-41
306-3	Total weight of waste by type and disposal method	ESGR: 39-41, 144
306-4	Significant spills	ESGR: 35
306-5	Water bodies affected by water discharges and/or run-off	ESGR: 35

Material topic – GRI 307: Environmental compliance

Indicator	Disclosure	Reference
307-1	Non-compliance with environmental laws and regulations	ESGR: 35

Material topic – GRI 308: Supplier environmental assessment

Indicator	Disclosure	Reference
308-1	New suppliers that were screened using environmental criteria	ESGR: 107-110
308-2	Negative environmental impacts in the supply chain and actions taken	ESGR: 107-110

Material topic – GRI 401: Employment

Indicator	Disclosure	Reference
401-1	New employee hires and employee turnover	ESGR: 86, 145
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	IAR: 117-121

Material topic – GRI 402: Labour/management relations

Indicator	Disclosure	Reference
402-1	Minimum notice periods regarding operational changes	ESGR: 86

Material topic – GRI 403: Occupational health and safety

Indicator	Disclosure	Reference
403-1	Occupational health and safety management system	ESGR: 66-70, 74-75
403-2	Hazard identification, risk assessment and incident investigation	ESGR: 68-76
403-3	Occupational health services	ESGR: 72-76
403-5	Worker training on occupational health and safety	ESGR: 66-76
403-6	Promotion of worker health	ESGR: 72-75
403-8	Workers covered by occupational health and safety management system	Our occupational health and safety system applies to all people entering our operations and offices, including contractors, permanent employees, part-time employees, service providers and visitors. ESGR: 66-67, 69-70, 72-75
403-9	Work-related injuries	ESGR: 68, 71, 142
403-10	Work-related ill health	ESGR: 72, 74, 76, 142

Material topic – GRI 404: Training and education

Indicator	Disclosure	Reference
404-1	Average hours of training per year per employee	ESGR: 83
404-2	Programmes for upgrading employee skills and transition assistance programmes	ESGR: 80, 83-84, 91
404-3	Percentage of employees receiving regular performance and career development reviews	ESGR: 92

Material topic – GRI 405: Diversity and equal opportunity

Indicator	Disclosure	Reference
405-1	Diversity of governance bodies and employees	IAR: 105-109 ESGR: 87, 127, 144

Material topic – GRI 406: Non-discrimination

Indicator	Disclosure	Reference
406-1	Incidents of discrimination and corrective actions taken	None

Material topic – GRI 407: Freedom of association and collective bargaining

Indicator	Disclosure	Reference
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None

Material topic – GRI 408: Child labour

Indicator	Disclosure	Reference
408-1	Operations and suppliers at significant risk for incidents of child labour	None

Material topic – GRI 409: Forced or compulsory labour

Indicator	Disclosure	Reference
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	None

Material topic – GRI 410: Security practices

Indicator	Disclosure	Reference
410-1	Security personnel trained in human rights policies or procedures	ESGR: 97-98

Material topic – GRI 411: Rights of indigenous peoples

Indicator	Disclosure	Reference
411-1	Incidents of violations involving rights of indigenous peoples	None

Material topic – GRI 412: Human rights assessment

Indicator	Disclosure	Reference
412-1	Operations that have been subject to human rights reviews or impact assessments	ESGR: 97-98
412-2	Employee training on human rights policies or procedures	ESGR: 97-98

Material topic – GRI 413: Local communities

Indicator	Disclosure	Reference
413-1	Operations with local community engagement, impact assessments and development programmes	ESGR: 93-111
413-2	Operations with significant actual and potential negative impacts on local communities	ESGR: 93-111

Material topic – GRI 414: Supplier social assessment

Indicator	Disclosure	Reference
414-1	New suppliers that were screened using social criteria	ESGR: 110
414-2	Negative social impacts in the supply chain and actions taken	ESGR: 110

Material topic – GRI 415: Public policy

Indicator	Disclosure	Reference
415-1	Political contributions	No political contributions were made in accordance with Thungela's Code of Conduct

Material topic – GRI 419: Socio-economic non-compliance

Indicator	Disclosure	Reference
419-1	Non-compliance with laws and regulations in the social and economic area	None

Omissions

Indicator	Disclosure	Reference
GRI 416	Customer health and safety	Not applicable
GRI 417	Marketing and labelling	Not applicable
GRI 418	Customer privacy	Not applicable

INDEPENDENT ASSURANCE REPORT

TO THE DIRECTORS OF THUNGELA RESOURCES LIMITED

INTRODUCTION

IBIS ESG Consulting Africa (Pty) Ltd (IBIS) was commissioned by Thungela Resources Limited (Thungela) to conduct an independent third-party assurance engagement in relation to the sustainability information in its Environmental, Social and Governance (ESG) Report for the financial year that ended 31 December 2021.

ASSURANCE STANDARD APPLIED

This assurance engagement was performed in accordance with AccountAbility's AA1000 Assurance Standard v3 (2020) (AA1000AS) and was conducted to meet the AA1000AS Type II requirements.

IBIS INDEPENDENCE AND COMPETENCE

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys, with support from Katie Roller, Charlotte de Koker, Bongani Machabe, Hsien Lou and Mike Valentine. 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.

IBIS applies a strict independence policy and confirms its impartiality to Thungela in delivering the assurance engagement. This is the first assurance engagement conducted for Thungela by IBIS.



RESPECTIVE RESPONSIBILITY OF IBIS AND THE DIRECTORS OF THUNGELA

IBIS' responsibility is to the directors of Thungela alone and in accordance with the terms of reference agreed with Thungela.

The directors of Thungela are responsible for ensuring the integrity of Thungela's ESG Report. They satisfy themselves that there is an adequate and effective control environment, which supports the integrity of information used in the report, and the preparation and presentation of sustainability information within the report. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues and commitments with respect to sustainability performance, as well as for the design, implementation and maintenance of internal controls relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.

ASSURANCE OBJECTIVES

The objective of the assurance engagement was to provide the directors of Thungela with an independent assurance opinion on whether the report meets the following objectives:

- Adherence to the AA1000AP (2018) AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact.
- Fair reporting on a selection of subject matter criteria defined as operational KPIs related to the identified material issues listed alongside.

SUBJECT MATTER

IBIS is required to provide High and Moderate levels of assurance on the selected KPIs outlined in the table below. The selected information has been prepared in accordance with the criteria set out in the Thungela Procedure for Sustainability Data Reporting (Version 19).

High assurance

Material issues	KPI	Location in ESG report
Health and safety	Total work-related fatal injuries	Page 4, 68, 71, 142

Moderate assurance

Material issues	KPI	Location in ESG Report
Health and safety	Total recordable case frequency rate (TRCFR)	Page 4, 13, 68, 71, 142
	Lost time injury frequency rate (LTIFR)	Page 68, 71, 142
	Total number of new cases of noise-induced hearing loss (NIHL)	Page 4, 72, 76, 142
	Total number of workers in the HEG A category	Page 76, 142
Environment	Total Scope 1 GHG emissions	Page 46, 47, 143
	Total Scope 2 GHG emissions	Page 46, 47, 143
	Total energy consumed	Page 4, 46, 48, 143
	Total number of Level 3, 4 & 5 environmental incidents reported	Page 4, 35, 143
	Water abstraction	Page 4, 52
	Water reused and recycled	Page 4, 52, 143
Social	Total amount spent on social initiatives including corporate social investment (CSI), socio-economic development projects (SED) and Social and Labour Plans (SLPs)	Page 5, 16
	Total number of Level 3, 4 & 5 social-related incidents reported	Page 4

WORK PERFORMED BY IBIS

IBIS performed the assurance engagement in accordance with the AA1000AS Type II requirements. Although Thungela has only been operationally and economically independent from 4 June 2021 after the Demerger from Anglo American Group, IBIS reviewed the full year's data for the period 1 January 2021 to 31 December 2021.

The following suitable assessment criteria were used in undertaking the work:

- AccountAbility AA1000 Accountability Principles (2018) (AA1000AP) adherence criteria for the Principles of Inclusivity, Materiality, Responsiveness and Impact.
- Thungela's operational Sustainability Data Reporting Procedure that specifies definitions, reporting processes, controls and responsibilities.

Our assurance methodology included:

- Interviews with relevant functional managers from head office and operations to understand and test the processes in place for adherence to the AA1000AP stakeholder engagement principles and disclosure of the selected KPIs in the assurance scope.
- Site visits performed at Goedehoop, Khwezela and Mafube operations, as well as desktop reviews performed for Isibonelo, Zibulo and Greenside, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting of selected sustainability information.
- Inspection and corroboration of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria.
- Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process.
- Assessing the presentation of information relevant to the scope of work in the report to ensure consistency with the assurance observations.

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 High and Moderate levels of assurance, respectively, in accordance with AA1000AS.

The procedures performed in Moderate assurance engagement vary in nature from and are less in extent than for a High assurance engagement. As a result, the level of assurance obtained for a Moderate assurance engagement is lower than for High assurance, as per AA1000AS.

Conversion factors used to derive emissions and energy from fuel and electricity consumed are based on information and factors derived by independent third parties. The assurance procedures did not include an examination of the derivation of those factors and other third-party data.

KEY OBSERVATIONS AND RECOMMENDATIONS

Based on the work set out above, and without affecting the assurance conclusions, the key observations and recommendations for improvement are as follows:

In relation to the inclusivity principle

Since Thungela's Demerger from Anglo American Group, the organisation has publicly committed towards accountability to its stakeholders, as defined in the Thungela pre-listing statement dated 8 March 2021. Stakeholder engagement commitments are defined in various policies such as Thungela's Social Policy and Engagement Protocol (Version 3). These are approved by the Thungela board of directors. Thungela adopted a holistic approach to stakeholder engagement and include employees, contractors, civil society, customers, investors, communities and government.

Internal and external stakeholder engagement platforms exist within the organisation in which stakeholders and all levels of management participate. These meetings include the executive committee, the Social and Ethics Committee, and the Risk and Sustainability Committee. In addition, there are monthly and quarterly division meetings which include safety, health and environmental (SHE) steering committee meetings, social performance meetings and performance reporting sessions at an operational level.

In relation to the materiality principle

The scope and boundaries of the assessment are documented in the 2021 report. The material matters section outlines the process of materiality determination.

Thungela established a materiality determination process under the governance of senior management but inclusive of all departments and operations.

For Thungela, material topics are defined as subject matters which have the potential to substantively affect the organisation's performance and ability to create value over the short, medium and long term. Thungela's strategy ensures that the Identified material topics are addressed. The strategy has also assisted Thungela in managing the organisation's risks and opportunities.

Thungela's materiality determination process, which will be conducted annually moving forward, included consideration of external environment and identification of relevant megatrends, assessment of risks, evaluation of stakeholder feedback and in-depth materiality workshops. These processes were held by senior management and the executive committee to identify relevant matters, assess their importance and prioritise them. Final material topics were presented to and approved by the board.

Thungela developed an Executive Risk Report that outlines the materiality determination process, including the sustainability materiality evaluation process which has been undertaken for the 2021 report.

Thungela has an internal risk and assurance department which works closely with the rest of the business divisions. Each functional area is responsible for managing the material risks in their area. The business divisions ensure that the results of the materiality assessment process are applied across functional areas.

In relation to the responsiveness principle

Thungela's responses to stakeholder issues observed across different stakeholder groups and case studies indicate a high level of maturity and accountability to stakeholder issues raised through the implementation of Stakeholder Engagement Plans. Responses to stakeholders were found to be directly related to the stakeholder concerns and were conducted in a timely, fair and appropriate manner, without prejudice to a specific stakeholder group. Grievance mechanisms are in place for timely receiving, assessing, resolving and monitoring grievances from those affected by Thungela's activities.

Thungela undertakes consultative processes to develop the responses which involve input from a broad range of internal stakeholders and subject matter experts. Thungela also engages with the external media.

In relation to the impact principle

Thungela reports on a range of material environmental, social and governance topics.

For all new brown- and greenfield projects, Thungela undertakes independent Environmental and Social Impact Assessments, and performs internal and external audits.

In addition, there are various platforms across the business in which internal stakeholders and senior management participate, such as the executive committee, the Social and Ethics Committee, the Risk and Sustainability Committee, divisional SHE steering committees (which are attended by the executive committee), operational performance reporting sessions (which are also attended by the executive committee), technical standards committees, capital steering committees, monthly divisional SHE meetings and monthly social performance meetings. These platforms are used to present and discuss relevant KPIs and performance, as well as measures to address non-performance.

Sustainability KPIs are included in long-term incentive plans, and these are reported against on a monthly and quarterly basis to the executive committee and the relevant board committees.

In relation to the selected KPIs

IBIS observed that appropriate measures are in place to provide reliable source data related to the selected sustainability disclosures in the assurance scope. Thungela has an established sustainability data management system, which assists with collecting and consolidating sustainability information.

It was found that the collection, verification and reporting of information for certain environmental, health and safety, and social indicators presented some challenges at an operational level, with data inconsistencies being identified during the assurance process that were subsequently corrected. These were discussed with management and a solution was agreed to address the reporting risks identified.

IBIS recommends that additional checks are performed between supporting evidence and the sustainability data management system to ensure that figures are correctly calculated, entered and reported on the system.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to Thungela for consideration.

ASSURANCE CONCLUSION

In our opinion, based on the work undertaken for High and Moderate assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined reporting criteria and are free from material misstatement in respect of:

- Thungela's adherence to the AA1000AP Principles of Inclusivity, Materiality, Responsiveness and Impact; and
- the selected KPIs as identified under the assurance objectives above and as presented in the published and online report.



Petrus Gildenhuis

Director, IBIS ESG Consulting Africa (Pty) Ltd



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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.

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 (TRC x 1 000 000/total hours worked)
Land rehabilitation, reshaping, growth material construction completed 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 the average hearing loss since the pre-placement audiogram recorded on employment with Thungela • The employee has not previously been counted as NIHL.
Number of employees who know their HIV status	The total of all employees who are known to be HIV+ on the 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 VCT result during a calendar year) – and who are still in employment at the end of the last reporting year.
Total energy consumed	Total energy use is calculated from electricity purchased, energy from fossil fuels and energy from renewable fuels, and reported in million GJ.
Total GHG emissions (kt CO ₂ - equivalent)	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
Water abstraction	Volume of water received by the site from the water environment or a third party supplier (excludes water supply from the eMalahleni Water Reclamation Plant)

<p>Water reuse/recycle</p>	<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. The Water Accounting Framework for the Minerals Industry User Guide (MCA, 2014) and Thungela's Guideline Document and Definitions for Water Reporting the different water statuses are defined 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 onsite to provide water of a suitable quality for a particular purpose. It can include raw water treated once received onsite or water used in the process then treated to allow further use or release to an output destination. <p>The following definitions define reuse and recycle: Reused water = "worked water that is used in a task without treatment beforehand". The reuse efficiency is the sum of worked water flows to the 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". 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> $\text{Recycling efficiency} = \frac{\sum \text{Treated worked water flows to tasks}}{\sum \text{All flows to tasks}}$
<p>Water treatment (%)</p>	<p>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.</p>
<p>Total number of level 3, 4 and 5 environmental incidents reported</p>	<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; and • 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: 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?</p>
<p>Number of level 3, 4 or 5 reportable incidents with social consequences</p>	<p>Reportable incidents with social consequences are unplanned or unwanted events that result in negative social 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; and • 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>

GLOSSARY

Term used	Definition
AAIC	Anglo American Inyosi Coal Proprietary Limited
AAML	Anglo American Marketing Limited
AASA	Anglo American South Africa Proprietary Limited
AASAF	Anglo American South Africa Finance Limited
ACSSA	Anglo Corporate Services South Africa Proprietary Limited
AMD	Acid mine drainage
Anglo American	The Anglo American plc Group, and its subsidiaries
AOPL	Anglo Operations Proprietary Limited
APC	Advanced process control
APM	Alternative performance measure
ART	Antiretroviral treatment
ASA	Anglo South Africa Proprietary Limited
ASAC	Anglo South Africa Capital Proprietary Limited
BBBEE	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
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 programme
BSP	Bonus share plan
Business-as-usual	The projected impact under a baseline scenario in which no additional mitigation policies or measures are implemented beyond those that are already in force, legislated or planned to be adopted

Term used	Definition
Butsanani Energy	Butsanani Energy Investment Holdings Proprietary Limited
Coaltech	The Coaltech Research Association is a voluntary collaborative non-profit organisation which addresses the research needs of the Coal Industry of South Africa.
CCUS	Carbon capture, utilisation and storage
CEO	Chief executive officer
CFO	Chief financial officer
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalent
Company managed land	Area of land under the direct management of the company and includes 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, as at the end of the reporting period. The parameter excludes privately 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 direct management or ownership of the company. This also excludes prospecting licences and claims, which are captured under a different parameter.
CPP	The Nkulo Community Partnership Trust, also referred to as the Community Partnership Plan
CSI	Corporate social investment
Demerger	The process to separate Thungela from Anglo American, as fully described in the PLS
DFFE	Department of Forestry, Fisheries and the Environment
DMRE	Department of Mineral Resources and Energy
DWS	Department of Water and Sanitation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMP	Environmental management plan

Term used	Definition
EMPR	Environmental management programme
EPP	The SACO Employee Partnership Trust, also referred to as the Employee Partnership Plan
ESG	Environmental, social and governance
EWRP	eMalahleni Water Reclamation Plant
FOB	Free on board
GBV	Gender-based violence
Group	Thungela and its subsidiaries, joint arrangements and associates
HDP	Historically disadvantaged person
HDSA	Historically disadvantaged South African
HFI	Combined carve-out historical financial information of the South African thermal coal operations
HIV	Human immunodeficiency virus
HPH	High-potential hazard
HPI	High-potential incident
IAS	International accounting standard
ICMM	International Council on Mining and Metals
IFRS	International Financial Reporting Standard, as issued by the International Accounting Standards Board (IASB)
Internal Restructure	The internal restructuring of the Group undertaken by Anglo American in preparation for the Demerger
ISO	International Organization for Standardization
IT	Information technology
IWUL	Integrated water use licence
JSE	Johannesburg Stock Exchange Limited
King IV™	King IV Report on Corporate Governance for South Africa, 2016
KPI	Key performance indicator
kt	A measure representing 1 000 tonnes
LOM	Life of mine
LSE	London Stock Exchange

Term used	Definition
LFI	Learning from incidents
LGBTQI+	Lesbian, gay, bisexual, transgender, queer and intersex
LOM	Life of mine
LTI	Lost-time Injury is a work-related injury resulting in the 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.
LTIFR	Lost-time injury frequency rate (calculated) rate of lost-time injuries per 1 000 000 hours worked
LTIP	Long-term incentive plan
Mafube Coal Mining	Mafube Coal Mining Proprietary Limited
MCDP	Municipality capacity development programme
MCERTs	The United Kingdom Environment Agency's Monitoring Certification Scheme
MCT	Mine closure toolbox
MHSC	The Mine Health and Safety Committee
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.
ML	Mega-litre
MPRDA	The South African Mineral and Petroleum Resources Development Act No. 28 of 2002
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAEIS	National atmospheric emission inventory system
NCI	Non-controlling interest
NEMA	The South African National Environmental Management Act No. 107 of 1998
NEMBA	National Environmental Management: Biodiversity Act No. 10 of 2004
NEMWA	National Environmental Management: Waste Act No. 59 of 2008
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss

Term used	Definition
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers South Africa
NWA	National Water Act No. 36 of 1998
OEL	Occupational exposure limits
OEM	Original equipment manufacturer
OHSAS	Occupational Health and Safety Assessment Series
ORM	Operational risk management
PCR	Polymerase chain reaction
PIT	Professional in training
PLS	Combined Prospectus and Pre-listing Statement of Thungela, published on 8 April 2021
PM10	Particles smaller than 10 µm
PPE	Personal protective equipment
PUE	Priority unwanted event
RBCT	Richards Bay Coal Terminal Proprietary Limited
RMC	Rietvlei Mining Company Proprietary Limited
RO	Reverse osmosis
ROM	Run of mine, representing the product extracted from mining operations before it is processed into saleable product
SACO	South Africa Coal Operations Proprietary Limited
SAICA	South African Institute of Chartered Accountants
SANBI	South African National Biodiversity Institute
SANCA	South African National Council on Alcoholism and Drug dependence
SARS	South African Revenue Service
SA Thermal Coal Operations	Anglo American's South African thermal coal operations, which were the subject of the Demerger, as defined in the PLS
SHE	Safety, health and environment

Term used	Definition
SLAM	Stop, look, assess and manage
SLP	Social and Labour Plan
SMME	Small, medium and micro enterprise
T	Metric tonnes i.e. 1 000kg
TB	Tuberculosis
Thungela	Thungela Resources Limited
TFR	Transnet Freight Rail
Transnet	Transnet SOC Limited
TOPL	Thungela Operations Proprietary Limited (known as AOPL until the name is formally changed)
TRCFR	Total recordable case frequency rate, rate of recordable cases per 1 000 000 hours worked
TTM	Total tonnes moved
TWA	Time-weighted average
VAT	Value-added tax
VCC	Vryheid Coronation Colliery
VOHE	Ventilation and occupational health engineering
WAF	Water accounting framework (for the mineral industry)
WHO	World Health Organization
WUL	Water use licence
UIF	Unemployment Insurance Fund
UNAIDS	Joint United Nations Programme on HIV/AIDS
UN SDGs	United Nations Sustainable Development Goals
USD	United States dollar
ZAR	South African rand
Zimele	Anglo American Zimele Loan Fund Proprietary Limited

CORPORATE INFORMATION

THUNGELA RESOURCES LIMITED

(Incorporated in the Republic of South Africa)
 Registration number: 2021/303811/06
 JSE share code: TGA
 LSE share code: TGA
 ISIN: ZAE000296554
 Tax No: 9111917259
 ('Thungela' or 'the Group' or 'the Company')

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Non-executive: S.G. French (Irish, appointed 4 June 2021)
Independent non-executives:
 S.S. Ntsaluba (chairperson, appointed 1 January 2021)
 K.W. Mzondeki (appointed 12 February 2021)
 R.M.L. Setiloane (appointed 7 March 2021)
 B.M. Kodisang (appointed 16 March 2021)

COMMENTS OR QUERIES RELATED TO THIS REPORT

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DF Klem

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If you have any queries regarding your shareholding in Thungela Resources Limited, please contact the transfer secretaries at +27 11 370 5000

