



Social, Ethics and Transformation Committee Terms of Reference

1. Constitution

1.1. The Social, Ethics and Transformation Committee (the **Committee**) is constituted as a statutory committee in respect of those statutory functions assigned to it in terms of section 72(4) of the Companies Act, 71 of 2008, as amended (**Companies Act**) (read in conjunction with regulation 43 of the Companies Regulations, 2011 (**Regulations**) and and the King IV Report on Corporate Governance for South Africa, 2016 (**King Code**). It is a Board committee in respect of all other functions assigned to it by the Board from time to time.

1.2. The Committee has an independent role with accountability to the board of directors (**Board**) of Thungela Resources Limited (the **Company**) and to the Thungela Resources Limited Group of Companies (the Group).

1.3. These terms of reference are subject to the applicable provisions of the Companies Act, the Regulations, the listings requirements of the JSE or any other securities exchange on which the securities of the Company may be listed (**Listing Requirements**), the King Code, the Company's memorandum of incorporation and any other applicable law or regulatory provision (collectively, the **Legal Requirements**).

2. Purpose and Mandate

2.1. The purpose of the Committee is to monitor the Company and the Group's activities and practices having regard to the relevant legal requirements in respect of the social and ethical responsibilities of the Company and to ensure that the Company displays good corporate citizenship, by creating a sustainable business and having regard to the

Company's economic, social and environmental impact on the communities in which it operates.¹ This committee also oversees issues of transformation by overseeing and monitoring the initiatives of the Company towards its strategic social and corporate transformation, and oversee the implementation of human rights policies.

2.2. The duties and responsibilities of the members of the Committee as set out in these terms of reference are in addition to those duties and responsibilities that they have as members of the Board.

2.3. The Committee has ultimate decision-making authority in regard to its statutory duties as contemplated in section 72(4) of the Companies Act and Regulation 43. In respect of the non-statutory matters within the scope of the Committee's functions the Committee makes recommendations to the Board in respect of these matters for the Board's consideration and, if the Board considers it appropriate, ultimate approval.

2.4. The Committee will have oversight and will ensure that the Company and the Group comply with all activities related to social and economic development, good corporate citizenship, the environment, public health and safety principles, respect for human rights and transformation.

2.5. The Board supports and endorses the Committee, which operates free of any organisational impairment.

¹ King Code, principle 3.

3. Composition and Rotation of Membership

- 3.1. The members of the Committee shall be nominated by the Nominations and Governance Committee and appointed by the Board.
- 3.2. The Committee shall comprise of not less than three directors of the Company, with the majority being non-executive directors not involved in the day-to-day management of the Company's business and must not have been so involved within the previous three financial years, an executive director involved in the day-to-day business of the company, and another being the Executive Head: Human Resources. All members shall be entitled to vote on matters before the Committee. The Executive Head Corporate Affairs will have a standing invitation to the committee.
- 3.3. The Board shall appoint a chairperson of the Committee (**Committee Chairperson**) from the ranks of the non-executive directors on the Committee and determine the period for which they shall hold office, provided that the chairperson of the Board may not be the Committee Chairperson.²
- 3.4. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties and must keep up to date with key developments affecting their required skills set.
- 3.5. The Board may from time-to-time review and, where appropriate, revise the composition of the Committee, taking into account the need for an adequate combination of skills and knowledge.

4. Meetings

- 4.1. Meetings of the Committee shall be held at least two times a year prior to scheduled Board meetings of the Company, at which Board meetings the Committee Chairperson will present a report on the activities of the Committee.
- 4.2. The Committee Chairperson may, within the framework of any relevant directives set by the Board, convene a meeting of the Committee at any time and at their discretion.
- 4.3. The quorum at any meeting of the Committee shall be a majority of its statutorily appointed members.

² King Code, principle 7, para 36

5. Meeting Attendees

- 5.1. The Committee may invite any executive management team members or other individuals to attend meetings of the Committee as they consider appropriate.
- 5.2. The Company Secretary or their designated representative shall be the secretary of the Committee.

6. Procedure for Meetings

- 6.1. Committee members who are unable to attend Committee meetings shall inform the Committee Chairperson or Company Secretary at an early date.
- 6.2. Committee meetings may be conducted entirely or partly by electronic communication, or a Committee member may participate in a meeting by electronic communication.
- 6.3. Each Committee member has one vote on a matter before the Committee. A majority of the votes cast on a Committee resolution is sufficient to approve that resolution, and, in the case of a tied vote, the Committee Chairperson shall not have a casting vote and the matter being voted on fails.
- 6.4. In the absence of the Committee Chairperson at a meeting of the Committee, the remaining members present shall elect one member present to chair the meeting.
- 6.5. The Company Secretary shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.

7. Access to resources and information

- 7.1. The Committee, acting as such or through such of its members as are authorised by it from time to time, has unrestricted access to Company information falling within the Committee's mandate.

7.2. The Committee or any of its individual members, may take outside legal, accounting or other independent professional advice on matters relating to matters within the Committee's mandate.

8. Overall Role and Associated Responsibilities

The statutory functions of the Committee are stipulated in Regulation 43 of the Companies Act, 2008. To give effect to the statutory responsibilities, the Committee will focus on the following:

8.1. Stakeholder management

- 8.1.1. Oversight and reporting on ethics, stakeholder relations, and responsible corporate citizenship; and
- 8.1.2. review and provide the Board with assurance on the integrity of the sustainability information reported on in the Company's Integrated Annual Report and the Ethics, Social and Governance (ESG) Report, as well as the Climate Change Report.

8.2. Good corporate citizenship and community

- 8.2.1. monitor the Group's policies and activities in regard to promotion of equality, prevention of unfair discrimination and reduction of corruption;
- 8.2.2. monitor the Group policies in regard to management of social risks and impacts including those with human rights violations consequences in current operations, life extension and mine closure;
- 8.2.3. annually review and approve the Socio-Economic Development Strategy, key performance indicators and objectives and agree with the annual Community Investment budget. Periodically review performance against these key indicators;
- 8.2.4. consider and make recommendations to the Board on the impact of the company's business on the communities in which it operates;
- 8.2.5. periodically review all Community Investment Strategy sponsorships, donations and charitable contributions; and
- 8.2.6. periodically review performance against key indicators relating to the social transition of closure planning.

8.3. Ethics and responsible business practice management

- 8.3.1. ensure that where business decisions may impact the Company's values and ethics from a reputational perspective the potential impact has been fully considered; and
- 8.3.2. ensure an annual review of the Company's ethical policies and processes and consider the effectiveness thereof.
- 8.3.3. Providing oversight and guidance in respect of the development of the Company's responsible business practices and policies and holding executives accountable for its effective planning, resourcing, implementation and delivery. This includes, but is not limited to:
- 8.3.4. reviewing and approving the necessary policies and/or guidelines;
- 8.3.5. ensuring focus areas are appropriately aligned with business purpose, objectives and shared value outcomes;
- 8.3.6. ensuring that appropriate governance systems, performance metrics, internal and external assurance and reporting is in place, to ensure effective delivery and accountability; and
- 8.3.7. providing guidance and input into the Group wide risk management framework, ensuring that appropriate environmental, social and governance related risks are considered and reviewed as a part of the annual materiality assessment for integrated reporting.

9. Labour and Employment

9.1. review strategic people issues including but not limited to progress in transformation and major employee relations issues;

9.2. review the Company's performance in the area of human resources development, diversity and retention against internal transformation targets and legislative imperatives, and make recommendations to the Remuneration and Human Resources Committee where necessary;

9.3. review the company's standing in terms of the goals and purposes of the:

i. ten principles set out in the United Nations Global Compact Principles:

- Support and respect the protection of internationally proclaimed human rights;
- Not be complicit in human rights abuses.
- Uphold the freedom of association and effective recognition of the right to collective bargaining;
- Eliminate all forms of forced and compulsory labour;
- Effectively abolish child labour;
- Eliminate discrimination in respect of employment and occupation;
- Support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environmental responsibility;
- Encourage the development and diffusion of environmentally friendly technologies; and
- Work against corruption in all its forms, including extortion and bribery.

ii. the OECD recommendations regarding corruption; and

iii. the Employment Equity Act.

10. Broad based Black Economic Empowerment management

10.1 review the Company's Broad-Based Black Economic Empowerment (**B-BBEE**) status and compliance with the Mineral and Petroleum Resources Development Act of 2002 (MPRDA) section 25(2)(h) and section 28(2)(C);

10.2 publish the Company's B-BBEE annual verification certificate and ensure the compliance report to the B-BBEE commission is submitted;

10.3 monitor the correct balance between transformation activities, provision of adequate skills investments towards enterprise and supplier development, socio-economic development and maintaining stability within the Company;

10.4 consider material external developments in the fields of transformation and sustainable development and where appropriate, to have these assessed and provide appropriate strategic guidance; and

10.5 make recommendations to the Board on possible participation, cooperation and consultation to transformation, community and social development issues with government and non-governmental organisations and employee organisations.

11. Reporting³

11.1 The Committee shall report on an annual basis to the shareholders at the annual general meeting of the Company as well as to the shareholders through the Integrated Annual Report on the following items:

11.1.1 the Committee's overall role and associated responsibilities and function;

11.1.2 its composition, including each member's qualifications and experience;

11.1.3 any external advisers or invitees who regularly attend the Committee meetings;

11.1.4 key areas of focus during the reporting period;

11.1.5 the number of meetings held during the reporting period and attendance at those meetings; and

11.1.6 whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

11.2 The Committee Chairperson shall be required to attend the Company's annual general meeting to answer relevant questions posed by shareholders.

³ King Code, Principle 8, para 43.

12 Evaluation⁴

12.1 The Committee will be independently evaluated as required by legislation and/or best practice governance and actions from the evaluation should be agreed and implementation tracked and reported to the Board.

APPROVAL OF THESE TERMS OF REFERENCE

The revised terms of reference were approved by the Board on 18 August 2023.

⁴ King Code, Principle 8, para 43.