

Thungela King Code Register – April 2024

Preamble

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 performs an annual assessment of its application of the principles set out in the King Code as reflected below.

Principle		
1	The governing body should lead ethically and effectively.	Applied
	<p>The Directors, overseen by the Chairperson, hold each other accountable for decision- making and ethical behaviour.</p> <p>The Directors act with integrity and transparency, has the necessary competence, and sufficient time, to make calculated decisions and take responsibility and accountability for their decisions and actions.</p> <p>The Board commits to achieving the strategic objectives of the Company, ethically, in support of a sustainable business.</p> <p>The Directors complies with the code of conduct and are assessed annually to ensure that the board has the necessary skillset, knowledge, and expertise to discharge their responsibilities in the best interest of Thungela.</p>	
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Applied
	<p>The Board leads 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 memorandum of incorporation.</p> <p>The Board approves and oversee 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, whistle blowing, and insider trading.</p> <p>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.</p> <p>All company policies are published on the internal website, Ignite. Online and face to face training is also rolled out throughout the organisation on code of conduct, business integrity, and other relevant topics.</p>	

	<p>The Board, through the Social, Ethics and Transformation Committee has delegated to management oversight for the implementation and execution of all policies, codes and procedures related to ethics and responsible business practice management.</p> <p>Breaches of polices or codes are reported either via the anonymous whistleblowing process, or to line management, and feedback provided to the Social, Ethics and Transformation Committee, followed by the necessary disciplinary procedures and corrective actions where necessary. The Board is regularly notified of the whistleblowing platform and provided with the relevant contact details.</p> <p>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 internal website, Ignite, declare conflicts of interest, gifts and entertainment, or external directorships, to name but a few.</p>	
3	<p>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	Applied
	<p>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 the impact that business operations have on the environment and the society within which it operates.</p> <p>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 (UNGPs) as well as the Mineral and Petroleum Resources Development Regulations.</p> <p>The Board through the Social, Ethics and Transformation Committee tracks Company performance against targets for development, transformation, retention, well-being, and dignity in line with relevant legislation in jurisdiction where Thungela operate. The Remuneration and Human Resources Committee regularly reviews industry best practice for remuneration and salary benchmarking to ensure employees are remunerated fairly.</p>	
4	<p>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.</p>	Applied
	<p>The Company's ability to create value in a sustainable manner is illustrated throughout its business model. The Board committees assists the Board with the governance of risk and continuously monitors risks and ensures the implementation of controls.</p> <p>As per the Board Charter, the Board is responsible for setting the overall company strategy and direction to create value for stakeholders.</p>	

	<p>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 annual report and audited annual financial statements.</p>	
5	<p>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.</p>	Applied
	<p>Thungela follows a structured process for determining material matters to be included for reporting to its shareholders and all stakeholder, to allow them to make informed assessments of Company's ability to generate value over the short, medium, and long term. The annual report will contain an assessment of its performance, measured against its objectives.</p> <p>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 the Integrated Annual Report, the Annual Financial Statements, the Environmental, Social and Governance (ESG) Report and the Climate Change report, which is made available to all stakeholders via the website.</p> <p>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.</p> <p>The Board is committed to the governance outcomes set out in King IV™. The self- assessments indicate alignment with the sixteen governance principles and the Board oversees the application of relevant governance practices.</p>	
6	<p>The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</p>	Applied
	<p>The Board is the focal point and custodian of good corporate governance. Its role 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.</p> <p>The Board through the Social, Ethics and Transformation Committee oversees and monitors governance throughout the group. The Board adopted policies on code of conducts and other ethics related policies and ensures that the ethical performance of all Thungela representatives is monitored and reported on.</p> <p>The Board, through the Audit Committee oversees and ensures that</p>	

	<p>appropriate financial reporting processes and procedures are in place and functioning effectively.</p> <p>The Board and its sub-Committees is 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 it considers this necessary.</p>	
7	<p>The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	Applied
	<p>On an annual basis, the Board, and its sub-Committees, through the Remuneration and Human Resources 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.</p> <p>Through the annual assessment process of the Board and its sub-Committees, the knowledge and skills set will be evaluated and improved where required. Furthermore, where necessary, subject matter experts are available for matters requiring specialised guidance.</p> <p>The Board consist of eight members of whom two are Executive Directors (CEO and CFO), as prescribed in the Memorandum of Incorporation. Details of the individual Board members can be found in the governance section of the IAR and on the Thungela website. The remaining six Board members are all Independent Non-Executive Directors for the year ending 31 December 2023.</p> <p>The Board Charter and Board Committee terms of references regulates 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 complies with the requirements of the Inclusion and Diversity Policy.</p> <p>The Memorandum of Incorporation (MoI) stipulates that one-third of the Board members will retire 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 Human Resources Committee annually. Nominations coming from the Remuneration and Human Resources Committee must be approved by the Board. Brief resumes of Directors up for re-election, as well as the members of the Audit Committee for election are included in the Notice of the AGM.</p> <p>The Board assesses the independence of all Directors. In addition, Directors are required to submit to the Board a “Declaration of Business Interest” on an annual basis and declare their independence and provide</p>	

	<p>the Board with the necessary assurance that they do not serve on any Board that would be deemed a reputational risk to Thungela. Directors must in terms of S75 of the Companies Act disclose all personal financial interests at the start of all Board and Committee meetings.</p> <p>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.</p> <p>The Chairman of the Board also chairs the Nomination and Governance Committee and serves as a member of the Health, Safety, Environment and Risk committee, and the Investment Committee. He attends the Audit Committee, the Social, Ethics and Transformation Committee, and the Remuneration and Human Resources Committee as a standing invitee.</p>	
8	<p>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.</p>	Applied
	<p>The Board and its sub-Committees complies with the requirements of the King IV Principles. There is a clear balance of power to ensure that no individuals have 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 subject to an annual review.</p> <p>Other delegations of authority by the Board are made as per the Thungela Approvals Framework, which is reviewed annually for relevance and have been amended to include the Ensham acquisition in Australia.</p> <p>The constitution of the individual board Committees complies with regulatory and code requirements, and extracts can be found in the Integrated Annual Return (IAR). Executive and Senior Management are invited to attend meetings as and when needed.</p> <p>The Audit Committee, comprising of 3 Independent Non-Executive Directors, has expanded duties and required to report annually on and oversee the effectiveness and integrity of the group’s accounting and financial reporting, external audit, internal audit, integrated reporting, and combined assurance including financial risk. The Committee is satisfied that the auditor is independent and non-audit services are not performed and 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.</p> <p>The Remuneration and Human Resources Committee oversee human resources development, talent management and skills retention, review for Board and shareholder approval the Remuneration and Implementation Report and consider all remuneration related matters including but not limited to salary increases and incentive awards.</p> <p>The Investment Committee review and evaluate all investments, related financing, divestments, corporate restructuring and financing proposals, which exceeds EXCO authority and require ultimate Board approval,</p>	

	<p>monitor execution and track performance post implementation.</p> <p>The Health, Safety, Environment and Risk Committee has overall oversight of group risk, information technology, oversight of sustainability, with focus on safety, health and environment, decides on the group's risk appetite, and legal matters.</p> <p>The Social, Ethics and Transformation Committee oversee transformation, employment equity, and compliance with the 10 United Nations Global Compact Principles, BBBEE management, ethics and responsible business management, stakeholder relations and responsible corporate citizenship.</p> <p>The Nomination and Governance Committee is responsible for the process of nominating, electing and appointing board members, Board succession planning, conducting Board performance evaluations, review and recommend sound governance principles, and monitor regulatory compliance.</p>	
<p>9</p>	<p>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.</p>	<p>Applied</p>
	<p>The Board and all sub-committee charters and terms of references include the onus of annual assessments. Assessments of the performance by the Board, its subcommittees and the Company Secretary are conducted on a rotational basis annually by way of an external evaluation in one year by an independent service provider, followed by an internal assessment process the following year run by the Company Secretary. The independent service provider appointed to perform the assessments in 2022 will again do the assessments in 2024, with the aim to include individual 360-degree assessments. In 2023, the Company Secretary performed the assessments in-house, utilizing an external service provider platform, with feedback provided to the November Board meeting. Feedback indicated that the Board was an effective and efficient Board, and that the committees were achieving their objectives.</p>	
<p>10</p>	<p>The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.</p>	<p>Applied</p>
	<p>The Board is satisfied that the Company is appropriately resourced and that its delegation to Management contributes to an effective arrangement by which authority and responsibilities are exercised.</p> <p>The CEO is 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.</p> <p>The Thungela Approvals Framework for decision making delegates decision making authority to management, with the Board retaining ultimate decision-making powers over material matters. The Framework</p>	

	<p>is regularly reviewed for relevance and to ensure its effectiveness, and the Board is satisfied that the Framework contributes to role clarity and the effective exercise of authority and responsibility. It is noted that as per the Board Charter, each Board members has one vote, and the Chairman does not have a deciding vote. There is thus an effective balance of power at Board level.</p> <p>The Board is responsible for the appointment of the Company Secretary, who is accountable to the Board and works closely with the Chairman in respect of all Board related matters and assisting the Board in fulfilling its statutory and governance duties. The Board annually assesses the competence of the Company Secretary through the Remuneration and Human Resources Committee. The Company Secretary is not a director of the Company or any of its subsidiaries, and reports to the Head of Legal, and retains an arms-length relationship with the Board at all times.</p>	
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Applied
	<p>The Health, Safety, Environment and Risk 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, performance, and sustainability of the business. Accordingly, risks are identified and managed within acceptable parameters.</p> <p>The Health, Safety, Environment and Risk 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.</p> <p>The Board approved an Integrated Risk Management (IRM) 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.</p> <p>The Board annually convenes a Board Strategy Workshop, where strategic, external, and preventable risks and opportunities are considered to set strategic direction for Thungela.</p> <p>The Board and Board Committees review management reports on IRM 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.</p>	
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Applied
	<p>The Board, together with the Head of Information Management (IM), oversees the governance of IM, through the Health, Safety,</p>	

	<p>Environment and Risk Committee. The Board is aware of the importance of technology and information in relation to the Company's strategy.</p> <p>Management is responsible for the implementation of IM structures and processes, with quarterly reports into the Health, Safety, Environment and Risk Committee, reporting into the Board.</p> <p>IM 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 Health, Safety, Environment and Risk Committee addressing the various security mechanisms in place and their efficacy.</p>	
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
	<p>The Board, together with the Health, Safety, Environment and Risk 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.</p> <p>The Board, through the Social, Ethics and Transformation Committee, and the Nomination and Governance Committee monitors compliance to various policies, codes, and procedures, such as King IV™.</p> <p>Monitoring of regulatory compliance is conducted by the Company Secretary working with the Legal function, and half yearly compliance reports are submitted to the Nomination and Governance Committee who reports back to the Board on regulatory compliance and possible gaps and risks to the business.</p>	
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
	<p>The Board, assisted by the Remuneration and Human Resources 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.</p> <p>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. Remuneration are regularly benchmarked to ensure that employees are remunerated in line with market practice.</p>	

	<p>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 on recommendation by the Remuneration and Human Resources Committee. The fees are benchmarked annually by an independent external service provider, and fees for 2024 includes recommendations to better align fees for the Audit Committee members and the Investment Committee Chair with the market median spread over a two-year period.</p>	
15	<p>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.</p>	Applied
	<p>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> <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, external and internal assurance providers. - Evaluated the IAR and assessed the consistency of operational and other information known to the Committee and that the report was prepared in line with the International Integrated Reporting Council's International Framework. <p>The Audit Committee annually reviews the competency of both the internal and external audit function, as well as the independence of the external audit function, and make the necessary recommendations to the Board. The Board, on the recommendation by the Audit Committee, makes the necessary recommendation to the shareholders to reappoint the external auditor and partner at the next AGM by way of an ordinary resolution.</p>	
16	<p>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 interests of the organisation over time.</p>	Applied
	<p>Various stakeholder groups have been identified and the Board</p>	

	<p>balances their legitimate and reasonable needs, interests, and expectations. The Social, Ethics and Transformation Committee assists the Board to monitor stakeholder engagements and interactions.</p> <p>The Social, Ethics and Transformation Committee is responsible to develop 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.</p> <p>The Board, through the Social, Ethics and Transformation Committee, reviews and approves policies pertaining to stakeholder engagement, and delegates to executive management the implementation and execution of stakeholder relationship management.</p>	
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