



Risk and Sustainability Committee Terms of Reference

Constitution

The Risk and Sustainability Committee (the **Committee**) is constituted as a committee of the board of directors (the **Board**) of Thungela Resources Limited (the **Company**) in respect of all functions assigned to it by the Board from time to time. It is a Board committee in respect of all other functions assigned to it by the Board from time to time.

The Committee has an independent role with accountability to the Board and to the Company.

These terms of reference are subject to the applicable provisions of the Companies Act, 71 of 2008, the Companies Regulations, 2011, the listings requirements of the JSE and any other securities exchange on which the securities of the Company may be listed (the **Listing Requirements**), the King Code, the Company's memorandum of incorporation and any other applicable law or regulatory provision (collectively, the **Legal Requirements**).

Purpose

The purpose of the Committee is to:

- assist the Board in fulfilling its oversight responsibilities in relation to identifying, considering and monitoring risks impacting the Company and the Company's group of companies (the **Group**), as well as sustainability, and the Company's sustainability policies and practices;
- exercise the powers and rights, perform the duties and discharge the obligations, granted or required under the Legal Requirements, and
- perform any other such functions that may be requested by the Board.

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.

Consistent with the functions set out in these terms of reference, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels.

The Committee should encourage open communication with senior management, the risk and compliance function and the Board.

Mandate

The Committee's authority is derived from the delegated authority from the Board as contemplated in these terms of reference and in accordance with section 72(1)(b) of the Companies Act.

The Committee has no ultimate decision-making authority and provides oversight and makes recommendations to the Board in respect of the matters within its scope.

The Committee must act independently (with accountability to the Board) and does not assume the functions of management, which remain the responsibility of the executive directors of the Company, prescribed officers and other members of senior management.

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

The Committee is authorised by the Board to:

- investigate any activities within the scope of these terms of reference;
- seek any information it requires from any employee, the chairperson of the Board or any statutory committees of the Company, any of the Company's executive directors, Company officers, the company secretary of the Company (**Company Secretary**) or assurance providers, and all these parties are required to co-operate with any requests made by the Committee, to provide it with information or explanations necessary for the



performance of its functions. All requests to employees will be channelled through the Company's executive directors; and

- form a sub-committee or sub-committees and, save to the extent prohibited under the Legal Requirements, to delegate all or any part of its powers, duties or authority to such sub-committee or sub-committees, or to any one or more designated members of the Committee or other person.

Composition and Rotation of Membership

The Board shall in its sole and absolute discretion determine and appoint the members of the Committee.

The Committee shall consist of such number of members as the Remuneration and Nomination Committee deems fit from time to time comprising of non-executive directors (as defined in the Companies Act), the Chief Executive Officer and members of the executive committee, together with such additional persons co-opted to the Committee as the Committee may decide.

The Committee will elect a chairperson of the Committee (the **Committee Chairperson**) from the ranks of the independent non-executive directors on the Committee or such additional persons co-opted to the Committee as the Committee may decide and determine the period for which they shall hold office.

The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.

Committee members must keep up to date with key developments affecting their required skills set.

The maximum tenure for Committee members is three terms of three years.

Notwithstanding the tenure set out above, the Board may at any time remove a member of the Committee and shall 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.¹

Meetings

Meetings of the Committee will be held not less than four 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.

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.

The quorum at any meeting of the Committee shall be a majority of its statutorily appointed members.

Meeting Attendees

The chairperson of the Board of the Company will have a standing invitation to attend all meetings of the Committee.

The Committee may invite any executive management team members or other individuals to attend meetings of the Committee as they consider appropriate.

The Committee may secure the attendance, at Committee meetings, of non-Committee members with the relevant experience and expertise where necessary, at the Company's expense, in accordance with any procedure developed by the Board for this purpose. Such invitees shall only be entitled to participate in the discussions of the Committee and shall not be entitled to vote on any matter where the Committee is required to pass a resolution.

The Company Secretary or their designated representative shall be the secretary of the Committee.

Procedure for Meetings

¹ King Code, principle 8, para 43.



Committee members who are unable to attend Committee meetings shall inform the Committee Chairperson or Company secretary at an early date.

Committee meetings may be conducted entirely or partly by electronic communication, or a committee member may participate in a meeting by electronic communication.

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.

The procedure to be followed for the convening of meetings, notice of meetings, and preparing agendas and minutes of meetings (to the extent not regulated in these terms of reference) will be determined from time to time and managed by the Company Secretary, in consultation with the Committee Chairperson and the Board.

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.

To the extent reasonably practicable, Committee papers will be circulated to all Committee members at least one week before the meeting and full and appropriate information will be supplied to Committee members by way of succinct position papers or reports with the Committee pack to enable Committee members to form an opinion on the issues on the agenda prior to the meeting and, if necessary, to request additional information before the meeting. Additional documentation may be circulated to Committee members prior to the Committee meeting and will, to the extent applicable and appropriate, be clearly labelled to indicate that such documentation constitutes additional reading. Failure to comply with these provisions shall not invalidate any proceedings or decisions taken thereat.

The Company Secretary shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.

Minutes of the Committee meetings, signed by the Committee Chairperson, shall be sufficient evidence that the matters referred to therein have been fully discussed and agreed, whether by way of a formal meeting or otherwise.

The Company Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee and to the chairperson of the Board. Subject to such restrictions as the Board may determine from time to time to manage conflicts, any director of the Company may, upon request to the Company Secretary, obtain copies of the Committee's papers, meeting agenda and minutes.

Access to resources and information

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 and will liaise with management on its information needs and the appropriate reports and information that it should receive to enable it to monitor risk management and sustainability related matters of the Company.

With the prior notification to the Committee Chairperson or the chairperson of the Board, 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, at the expense of the Company, in accordance with any procedure developed by the Board for this purpose. A formal mandate is to be entered into between such independent advisor and the Company to be facilitated by the Company Secretary.



Overall Role and Associated Responsibilities

The Committee is vested with the following duties and responsibilities:

1. General

- 1.1. The Committee shall report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

2. Risk Management

- 2.1. The Board has overall responsibility for the governance of risk and determines the levels of risk tolerance and risk appetite appropriate to the Group. The Committee will guide and advise the Board in setting risk tolerance and risk appetite levels, after consulting with operational management.
- 2.2. An annual Board Risk workshop will be held to receive and review a register of the Company's key risks.
- 2.3. The responsibility of the Committee in terms of risk management includes the following:
- 2.3.1. oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- 2.3.2. oversee that the risk management plan is disseminated throughout the company and integrated into the day-to-day activities of the Company;

- 2.3.3. oversee that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- 2.3.4. review reporting concerning risk management that is to be included in the Integrated Report for it being timely, comprehensive and relevant;
- 2.3.5. continual, thorough risk assessments shall be conducted by operational management under a pre-determined risk management plan;
- 2.3.6. risks should be prioritised and ranked to focus responses and interactions;
- 2.3.7. independent assurance may be obtained by the Committee of the existence and effectiveness of controls to address controllable risks;
- 2.3.8. any and all risks with a financial impacted to be reported back in to the Audit Committee.

3. Sustainability

3.1 The Committee shall monitor the appropriateness of the Company's strategies in providing oversight of the 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.

3.2 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.

3.3 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; and



3.4 consider and make recommendations to the Board on carbon footprint and environmental issues important to the Company's business.

4. Safety, Health and Environments (SHE) management

4.1 Review the development of the framework policies and guidelines for the management of sustainable development issues including safety, health and environment;

4.2 commission and consider sustainable development audits carried out both in terms of legal and company requirements and to review the results such audits [and provide the Audit Committee with the results];

4.3 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;

4.4 review (i) the SHE elements of the Company's strategic and business plan, (ii) the Company's SHE policies, guidelines and operating practices and (ii) the Group's external SHE reporting and regulatory disclosures, and findings of the external auditors;

4.5 consider the performance of the Company's individual operating units in the field of SHE performance /compliance;

4.6 consider material local and international regulatory and technical developments in the field of SHE management and practice and, where appropriate, to have the impact of these assessed and provide appropriate strategic guidance;

4.7 review once a year 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;

4.8 satisfy itself on the effectiveness and appropriateness of the Company's wellness programme;

4.9 consider the environment, including the impact of the Company's activities and of its products or services;

4.10 monitor regulatory compliance, as a minimum, 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; and
- VII. Occupational Health and Safety Act.

4.11 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 paragraph, management of the Company will propose corrective action plans which the Committee will review and approve.

5. Information Technology Governance²

5.1 The Committee shall review and approve an IT governance framework which delegates to management the responsibility for implementation of the IT governance framework.

5.2 The Committee shall review reports on the effectiveness of IT risks as part of the overall risk management of the Group.

² King Code, principle 12, para 12.



Committee work plan³

An annual work plan will be prepared for the Committee and a list of issues, as formulated by the Committee Chairperson together with the Company Secretary, which need to be considered by the Committee annually, will be tabled at the first Committee meeting of each year. The agenda for discussion of these issues will be spread over the meetings of the year so that each of these issues are addressed at least once a year.

General

The Committee members shall disclose to the Committee in writing any personal financial interest (as contemplated in section 75 read with section 1 of the Companies Act) and any other interests they have within or outside the Company that may be relevant, factually or perceptively, to their independence or their role on the Committee, including matters which may or may be perceived to interfere or conflict with the performance of their duties as members of the Committee. Disclosures made in accordance with paragraph 10 of the Board Charter and section 75 of the Companies Act shall be regarded as having been made for this purpose, and duplicate disclosure of such matters to the Committee shall thus not be required.

All Company information that becomes known to members in the performance of their duties must at all times be kept confidential.

Reporting⁴

The Committee Chairperson shall report to the Board at the first Board meeting following the last Committee meeting on the activities of the Committee.

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:

³ King Code, principle 9, para 74

⁴ King Code, Principle 8, para 43.

- the Committee's overall role and associated responsibilities and function;
- its composition, including each member's qualifications and experience;
- any external advisers or invitees who regularly attend the Committee meetings;
- key areas of focus during the reporting period;
- the number of meetings held during the reporting period and attendance at those meetings; and
- whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

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

Evaluation⁵

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.

⁵ King Code, Principle 8, para 43.



APPROVAL OF THESE TERMS OF REFERENCE

The Committee shall review its terms of reference annually and amend them as appropriate, subject to approval from the Board.

The original terms of reference were recommended to and approved by the Board on 31 March 2021.

The revised terms of reference were approved by the Committee on 11 March 2022.