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SUSTAINABILITY REPORT

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EMBEDDING SUSTAINABILITY IN VALUE CREATION

Sustainability considerations form part of how we manage value creation: balancing commercial priorities with the resources, relationships and trade-offs that influence resilient and sustainable performance over time.

Our approach to sustainability

Sustainability supports KAP's purpose of creating lasting economic and social value, and our strategy of delivering sustainable, value-accretive growth for our key stakeholders. It is considered where material and commercially relevant and is incorporated into divisional strategies through our core business principles: value-add/differentiation, operational excellence, best employees and strategic stakeholder relationships. These principles guide the delivery of fit-for-purpose products and services, strengthen competitive positioning and support disciplined execution of the group's strategy.

Our approach recognises that long-term performance depends on the effective management of the resources, relationships and operating context on which our businesses rely. Commerciality remains an underpinning principle: sustainability considerations are integrated into how our businesses operate, compete, allocate capital and respond to changing market conditions where they are material, practical and aligned with value creation.

Business decisions often require trade-offs between commercial, social and environmental considerations. We assess these trade-offs alongside operational, strategic and financial priorities to protect enterprise value and support appropriate social and environmental outcomes. Responsible business conduct is a baseline expectation and guides the way in which KAP engages with customers, employees, communities, suppliers and other stakeholders.

Governance and accountability

Sustainability-related risks and opportunities are overseen through KAP's established governance framework. The board and relevant board committees provide oversight of material sustainability-related matters, while management is responsible for assessing and managing these matters within the group's businesses and risk management processes.

Further detail on the responsibilities of the board and committees, the frequency and nature of sustainability-related reporting, relevant skills and competencies, and management's role in assessing and managing sustainability-related risks and opportunities is provided in the Corporate governance report on page 78.

Materiality, value creation and sustainability

Material matters are those matters that could affect the group's ability to create value for key stakeholders over the short, medium or long term. These are identified through a quantitative and qualitative group materiality assessment that considers both the potential effect on KAP and the matters we believe are important to our key stakeholders. Sustainability matters are assessed as part of this broader process, ensuring they are considered in the context of strategy, performance and value creation.

This approach recognises that sustainability matters may be material for different reasons. Some may have a direct or potential financial effect through revenues, costs, cash flows, access to finance or the cost of capital, recognising that certain financial impacts are difficult to quantify, for example, those related to climate change. Others may be material because of the group's impact on employees, communities or the environment, even where the financial effect is not yet evident or not deemed material.

Conducted annually, our materiality assessment considers stakeholder perspectives, the nature of our impacts, the operating environment, and related risks and opportunities. Our material matters identified through this process are grouped under themes, which are reviewed and approved by the board. KAP's material themes are interlinked and include:

- M1 Adhering to responsible business practices
- M2 Generating economic value
- M3 Creating an empowered and engaged workforce
- M4 Delivering social value
- M5 Driving resource efficiency

For integrated reporting purposes, our materiality threshold has an impact of more than R32 million on operating profit or net operating assets. This threshold is lower than the threshold applied in our enterprise risk framework and is supplemented by consideration of matters important to key stakeholders. As a result, certain of the matters discussed in the Sustainability report may not be reflected in the enterprise risk framework, but remain relevant to the group's broader assessment of value creation, stakeholder expectations and responsible business practices.

Sustainability priority areas

Within our material themes, we have identified six sustainability priority areas, where matters important to the group align with those we believe are important to key stakeholders. These priority areas reflect where management is increasing focus, where the group has practical opportunities to improve performance, and where actions can support strategy execution, resilience and long-term value creation. Our priority areas, which are underpinned by responsible business practices, are summarised below:

- Attracting and retaining talent
- Health and safety
- Community development
- Energy management and GHG emissions
- Water management
- Waste management

Importantly, we report on our priority matters in the IR and include topics that support these matters.

For ease of reference, our priority matters are grouped and discussed under the relevant material themes in the following sections: Creating an empowered and engaged workforce, Delivering social value and Driving resource efficiency. The Responsible business practices section provides a summary of the key principles guiding our conduct with stakeholders.

We report on the group's priority areas across all divisions, except for environmental priority areas, where Optix is excluded as its contribution is not material to the group.

CREATING AN EMPOWERED AND ENGAGED WORKFORCE

We believe that a motivated and engaged workforce contributes to a sustainable competitive advantage for the group and impacts society positively. We are committed to attracting, retaining and developing the best people, cultivating a people-centred safety culture and promoting an inclusive workplace that strengthens a sense of belonging.

Key messages

- During the year, we increased our focus on leadership capacity, clearer expectations and stronger accountability which supported improved people, safety and financial performance outcomes.
- We continued to invest in capability, with training and development expenditure increasing to R146 million (FY25: R118 million).
- Safety performance improved meaningfully as we focused on embedding a people-centred safety culture in the group, with DIFR reducing from 1.1 to 0.6 and no on-site fatalities recorded.
- Our workforce decreased by 5%, largely due to disposals, contract losses and operational closures at Unitrans, while our voluntary turnover rate remained at 3%.
- We made progress in selected diversity indicators, including higher black representation at senior management level and an increase in female representation in management, while broader transformation remains a continued focus.

Attracting and retaining talent

Why this is a sustainability priority

Our operations are people-intensive, and several businesses require specialised technical, operational and leadership capability. The availability and retention of these skills directly influence strategy execution, operational reliability and customer delivery. Competition for experienced leaders and scarce technical skills, together with emigration and limited external talent pipelines in some sectors increase the importance of retaining critical skills and developing internal capability.

Our objectives and targets

- Attracting and retaining the best people in the right roles to deliver the group strategy
- Retaining critical leadership and technical skills
- Strengthening succession and internal talent pipelines

Our strategic response

During the year, we increased our focus on leadership capacity, clearer expectations and accountability for people, safety and financial performance outcomes. Additionally, we continued to align organisational structures, key performance indicators ('KPIs') and incentives with the group's strategic objectives. These actions support strategy execution and strengthen our ability to attract, develop and retain critical skills, reflected in a much-improved financial performance for the year and improved people and safety outcomes.

We continued to improve the visibility of talent and capability across the group so that our divisions can identify, develop and deploy people more effectively and support succession in critical roles. Additionally, we continued to invest in learning and development, internships, learnerships, apprenticeships and related programmes to build capability and support scarce and critical skills pipelines in the group.

We are working towards creating an engaged, inclusive and measurable high-performance culture, a multiyear focus. We aim to create an environment in which employees have clarity on expectations, access to development opportunities, and the ability to contribute to operational excellence and sustainable performance.

We are further strengthening human capital governance, technology and analytics to support our efforts by improving workforce visibility and decision-making.



CREATING AN EMPOWERED AND ENGAGED WORKFORCE (CONTINUED)

Performance

Workforce profile and retention

We employed 12 448 permanent and 3 734 seasonal, fixed-term and temporary employees during the year. Seasonal employees are primarily employed in Unitrans' agriculture operations and length of employment varies depending on the timing of harvesting seasons in different territories.

Our workforce decreased by 5% during the year, largely due to disposals, contract losses and operational closures at Unitrans. South Africa remains the group's primary employment base, with 79% of the total workforce located in the country. Our voluntary turnover rate remained at 3%, with critical skills retained during the year.

Workforce per division	Permanent	Seasonal	Other[1]	Total	% change from FY25
PG Bison	**2 076**	–	284	2 360	10
Safripol	**402**	–	47	449	0
Unitrans	**6 428**	1 674	618	8 720	(12)
Feltex	**1 517**	–	819	2 336	(1)
Sleep Group	**1 640**	–	282	1 922	8
Optix	**347**	–	7	354	6
Corporate services	**38**	–	3	41	(11)
Total	**12 448**	1 674	2 060	16 182	(5)

[1] Includes fixed-term and temporary employees

Training and development

Our training and development activities are aimed at supporting the group strategy through various leadership and technical development initiatives. These include:

- Learnerships and graduate placement programmes, which deliver a pipeline of junior technical skills, typically absorbed into our divisions on completion.
- Technical and work-integrated learning programmes provide the requisite skills to improve operational efficiencies.
- Bursaries are awarded to employees to assist in furthering their academic progression in job-aligned areas.
- In addition to technical skills programmes, we support leadership development training focused on supervisory, middle and senior management levels to build leadership capacity and a pipeline to address succession gaps.

During the year, training and development expenditure amounted to R146 million (FY25: R118 million). We offered internships, learnerships and apprenticeships worth R71 million to both employees and unemployed learners as part of our human capital development programme, with our total training initiatives amounting to 5 708 (FY25: 7 615). We offer both on-site and off-site training by accredited providers.

Health and safety training formed part of our broader training and development activity, with R4 million invested during the year. This training reached 2 587 employees.

Training and development expenditure	FY26	FY25	FY24
Bursaries and institution-based training	**6**	7	7
Internships, learnerships and apprenticeships	**71**	63	66
Work-integrated learning	**9**	7	6
Informal training	**10**	13	9
Other in-house-related training costs	**50**	28	34
Total	**146**	118	122

Diversity and inclusion

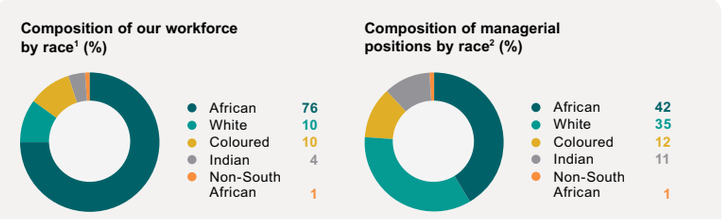
A diverse and inclusive workforce supports our ability to attract and retain talent and contributes to an environment where employees can participate and develop fairly. We therefore continue to focus on transformation, EE, diversity and inclusion as part of our broader people practices.

Our divisions continue to make progress in identifying and eliminating barriers to EE. As a group, we have a Level 4 B-BBEE rating, with divisions being rated individually between Levels 2 and 4.

The recently published EE Regulations prescribe binding sectoral EE targets and require all divisions based in South Africa with more than 50 employees to update their EE plans and set targets in accordance with the sectoral targets. Our divisions have updated their plans accordingly. We have implemented an EE management system to strengthen EE governance, compliance monitoring and reporting.

Race diversity

Our permanent workforce comprises 90% black employees, unchanged from the prior year, and 66% (FY25: 65%) of management (junior management and higher) comprises permanent black employees. On a senior management level, black employees comprise 20% (FY25: 15%) of total positions. We remain focused on increasing black representation across all managerial levels in line with the five-year binding sectoral EE targets published in terms of the amended EE legislation.



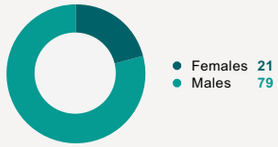
[1] Reference to permanent South African employees
[2] Reference to permanent South African employees, junior managers and above
Note: Percentages have been rounded and totals may therefore not add up to 100.

CREATING AN EMPOWERED AND ENGAGED WORKFORCE (CONTINUED)

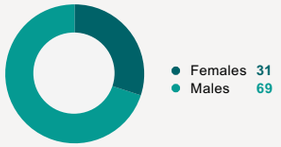
Gender diversity

Management has set internal targets to improve gender diversity in leadership positions, and to improve female representation across all operations. At board level, 30% of our directors are female, with 20% of the board comprising black females. Females comprise 21% (FY25: 21%) of our permanent workforce and hold 31% (FY25: 30%) of managerial positions (junior management and higher). On a senior management level, females hold 18% (FY25: 19%) of total positions.

Composition of our workforce by gender[1] (%)



Composition of managerial positions by gender[2] (%)



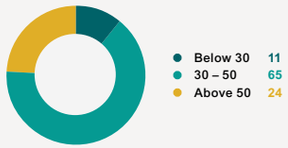
[1] Reference to permanent South African employees.
[2] Reference to permanent South African employees, junior managers and above.

We continue to work on improving race and gender diversity in the group. We identify positions where we generally have high turnover over time and proactively identify high-potential, suitable candidates within the group and in the job market. This enables us to build proactively a large pool of candidates and to track their career progress over time to give us the ability to employ them when an opportunity arises.

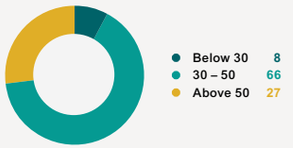
Age diversity

Age diversity provides an opportunity for employees of different ages to collaborate, share knowledge, offer different perspectives and transfer skills. Most of our workforce is between the ages of 30 and 50.

Composition of our workforce by age[1] (%)



Composition of managerial positions by age[2] (%)



[1] Reference to permanent South African employees.
[2] Reference to permanent South African employees, junior managers and above.
Note: Percentages have been rounded and totals may therefore not add up to 100.

We are also committed to providing an accommodating work environment for people with disabilities. Of our employees, 47 permanent employees (FY25: 42) and 239 (FY25: 277) learnerships are people with disabilities.

Health and safety

Why this is a sustainability priority

Protecting the health and safety of our employees and contractors is central to how we operate. Many of our activities involve potential occupational and operational risks, and we have a responsibility to manage these risks with care. Our aim is that our employees and contractors can do their work safely and return home unharmed each day. Sound health and safety practices also support reliable operations and business continuity.

Our objectives and targets

- Providing a safe working environment for employees and contractors
- Reinforcing a zero-harm mindset, with a DIFR target of less than 1
- Maintaining zero on-site-fatalities target

Our strategic response

We focus on creating a people-centred safety culture through clear leadership, effective controls, practical training and consistent daily operating discipline. Leaders at all levels are accountable for maintaining safe workplaces, embedding safety considerations into decision-making and fostering a culture in which employees and contractors are encouraged to identify and address risks. Accountability is reinforced through our performance management processes, with health and safety outcomes forming part of management KPIs.

To manage health and safety risks effectively and support the health and safety of our employees, we apply safety management systems, processes and procedures aligned with the Occupational Health and Safety Act. These cover employees, contractors and members of the public who enter our facilities or sites. Several facilities are ISO 45001:2018 accredited.

Health and safety performance is monitored through established governance structures. Legislative compliance is overseen through the audit and risk and compliance committees, while incidents, DIFR performance and the safety of the working environment are reported to the board.

We invest in ongoing training to ensure employees and contractors have the skills and knowledge required to work safely and identify potential hazards. All employees and contractors receive health and safety training on induction, annual refresher training and role-specific training tailored to their working environment and operational risks.

Our occupational health and safety framework includes risk assessments, incident reporting and investigations, internal and external audits, management reviews and continuous improvement initiatives. These processes apply to both existing operations and new projects and help ensure that lessons learned are translated into practical measures that strengthen workplace safety and reduce recurrence.

Some of our manufacturing operations use equipment and raw materials that may create safety risks if not managed properly. Employees and contractors working in these environments receive role-specific training, including for activities such as working at heights, confined spaces, lockout procedures and safe work practices.

In our supply chain and operational services' operations, road safety remains a material risk. We address this through investment in safe vehicles, suitable technology, driver training and broad-based road transport safety campaigns for our truck drivers. Optix supports road safety through video telematics, fatigue solutions and predictive analytics.

CREATING AN EMPOWERED AND ENGAGED WORKFORCE (CONTINUED)

Performance

The group reported a meaningful improvement in DIFR during the year as divisions focused on embedding a people-centred safety culture and further strengthening preventative initiatives and controls. No on-site fatalities were reported during the year (FY25: 3).

Reportable occupational injuries and diseases	FY26	FY25	FY24
Employees			
Lost-time injuries ('LTI')	**138**	254	234
Occupational diseases	**5**	1	2
COID (no lost time)	**90**	66	114
Total COID	**233**	321	350
Contractors			
LTI	**14**	20	16
Total	**247**	341	366
DIFR	**0.6**	1.1	1.1

Health

We have invested in on-site occupational and primary healthcare clinics for our employees at most of our manufacturing sites. In cases where these are not available, we ensure that our employees and contractors have access to healthcare facilities nearby. The clinics offer first aid and play a crucial role in dealing with injuries on duty. The clinics are run by qualified nursing staff who are assisted by medical doctors. The services they offer include workplace health risk assessments, chronic disease screening and management (including for tuberculosis and HIV), industrial hygiene and medical surveillance. They also offer primary healthcare medication and family planning. Where there is no on-site clinic, an occupational health practitioner is contracted to perform medical surveillance.

In our supply chain and operational services' environment, mobile clinics are available on the main routes we use. These clinics test for chronic conditions and dispense chronic and primary healthcare medication.

HIV/Aids is addressed in all divisional policies, and each division has a comprehensive, holistic programme in place to promote awareness, prevention and voluntary testing, as well as to provide support. Policies cover issues such as confidentiality and protection against discrimination. We are committed to implementing programmes that are relevant and valuable to our employees in each division. Where applicable, local communities are involved in initiatives such as World Aids Day and HIV/Aids education.

Our divisions have wellness programmes and employee assistance programmes to assist employees with their overall wellness, both from a professional and a personal perspective.

Employee relations, well-being and human rights

Alongside our sustainability priorities, we continue to focus on constructive employee relations, fair employment practices, employee well-being and respect for human rights. These practices support the broader objective of creating an environment in which people can thrive and contribute to the execution of our strategy.

Constructive engagement with employees is important to the sustainability of our business. We comply with applicable labour and employment legislation in all countries in which our businesses operate. We endeavour to maintain sound relationships with our key stakeholders, including industry organisations and trade unions, and seek to create an environment that supports mutually beneficial outcomes and collective agreements. We also participate in relevant industry collective bargaining structures, including bargaining councils and employer organisations. Trade union representation remains an important platform for engagement, with 59% of our South African workforce belonging to collective bargaining units in FY26.

Union representation increased in PG Bison due to the appointment of new employees who joined a union whereas it declined in Unitrans due to disposals, contract losses and operational closures.

Union representation in the group (%)	FY26	FY25	FY24
PG Bison	**76**	60	63
Safripol	**40**	41	41
Unitrans	**38**	60	73
Feltex	**61**	61	61
Sleep Group	**80**	79	89
Optix	**–**	–	–
Average	**59**	60	70

Note: Optix has no union representation.

Human rights considerations relating to employees are addressed through the group's policies and practices, with further information provided in the Responsible business practices section on page 76.

Outlook

In FY27, we will continue to strengthen leadership capability, succession planning and internal talent pipelines, with a focus on scarce and critical skills. We will further embed performance management, accountability and workforce analytics to improve visibility of capability, retention risks and development needs across the group.

We will also maintain our focus on safety, well-being, diversity and constructive employee relations. Priorities include reinforcing a zero-harm mindset through a people-centred safety culture, supporting compliance with amended EE requirements, improving employee engagement and ensuring that our people practices remain aligned with responsible business practices and sustainable value creation.

DELIVERING SOCIAL VALUE

We support resilient communities and more stable operating environments by investing in practical community development initiatives, advancing local economic participation and partnering to address infrastructure, service delivery and socioeconomic challenges in the communities in which our divisions operate.

Key messages

- Partnerships contributed to responses to infrastructure, service delivery and local socioeconomic challenges that can affect employees, communities and business continuity.
- SED investment of R31 million (FY25: R32 million) supported education, nutrition, youth development, recycling and community resilience initiatives in communities linked to our operations.
- Education and youth development programmes reached learners, teachers and young people through initiatives such as CREATE, Safe-Hub and related skills-development pathways.
- Programme outcomes included an 88.4% average National Senior Certificate pass rate at participating Ugie schools, 2 678 children reached through nutrition programmes, nearly 90 000 learners reached through recycling education and 264 tonnes of waste diverted from landfill.
- ESD investment increased to R68 million (FY25: R66 million) and 74% of qualifying South African procurement spend was directed to suppliers rated B-BBEE Level 4 or better.

Community development

Our communities include fenceline communities – those directly adjacent to our sites – and the broader areas from which we draw employees, suppliers and other stakeholders.

Why this is a sustainability priority

Six of our largest sites are located in five municipalities where deteriorating infrastructure and unreliable service delivery affect both community well-being and business continuity. These include the Mkhondo and Elundini local municipalities and the Ekurhuleni municipality, where three PG Bison sites are located; the Metsimaholo local municipality, where Safripol's HDPE and PP sites are located; and the eThekwini metropolitan municipality's Jacobs district, where Safripol's PET and Feltex's sites are located.

Infrastructure constraints, service delivery failures, crime, unemployment and inequality affect communities and employees who live there. Community development can help mitigate some of these risks by supporting local resilience, inclusive economic participation and more stable operating environments, although these challenges require broader collaboration across business, government and civil society.

We therefore treat community development as both a business resilience and social investment priority.

Our objectives and targets

- Providing SED and ESD that have a positive and lasting impact on the communities in which we operate
- Supporting municipal infrastructure maintenance and service delivery

Our strategic response

Our response starts with responsible operations, including managing environmental and social impacts, complying with legislation and engaging stakeholders constructively. We then use our resources, supply chains and partnerships to address relevant community needs within our operating footprint. Our activities focus on three areas:

- investing in SED programmes focused on education, nutrition, youth development and relevant local community needs;
- contributing to economic participation through ESD, preferential procurement and support for small and black-owned businesses, including initiatives linked to B-BBEE requirements; and
- partnering with municipalities, businesses, community structures, NGOs and NPOs to support infrastructure, service delivery and community development priorities.

ESD and B-BBEE are mechanisms through which we support community development, broaden economic participation and strengthen local economic resilience.

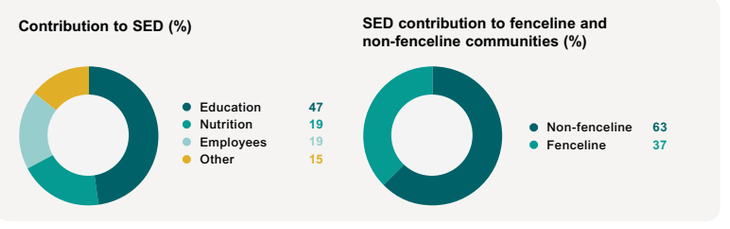
Our performance

Our FY26 performance reflects sustained investment in SED and ESD, programme reach across education, nutrition, youth development and recycling initiatives, and partnerships focused on infrastructure and service delivery challenges.

Investing in SED programmes

We work with NGOs and NPOs that have local expertise to improve the reach and effectiveness of our community development activities. Our investment focuses mainly on childhood nutrition, education, youth development and other local priorities that support employability and community resilience.

Our SED contribution was R31 million in FY26 (FY25: R32 million). This investment supported education, nutrition, youth development, recycling and community resilience initiatives in communities linked to our operations.



PG Bison is the largest contributor to group SED, reflecting the scale and location of its operations, followed by Safripol and Unitrans. The SED examples provided on the following page highlight the most material education, nutrition, youth development and recycling initiatives supported by these divisions. Other divisions also contribute to SED in line with the scale of their operations and local community needs.

DELIVERING SOCIAL VALUE (CONTINUED)

The Ugie and Mkhondo CREATE education programmes: The Ugie CREATE programme, launched in 2009, supports school infrastructure, learning materials, and teacher development for primary and high school learners in the rural communities of Ugie and Maclear (Nqanqarhu) in the Eastern Cape, where PG Bison operates. It also supports learners through career guidance, skills development and youth employment initiatives.

The programme is delivered in partnership with Infundo, an independent Level 2 B-BBEE social enterprise consultancy specialising in educational development, and supports 10 schools in the district, serving more than 8 000 learners.

The programme has contributed to sustained improvement in education outcomes by creating a community for growth which has included investing across the education system, introducing Mathematics and Physical Science tutoring, teacher development, learner programmes, school leadership and digital connectivity. Participating schools received an average National Senior Certificate pass rate of 88.4% in 2025 compared with 85.2% in 2024 and 61.5% in 2020. It supports the retention of young people in the education system through to matric and provides unemployed youth with work-based learning opportunities within the CREATE programme.

Building on the success of Ugie CREATE, the Mkhondo CREATE initiative was launched in 2021, also in partnership with Infundo. It applies the same developmental principles, while responding to the specific needs of the Mkhondo community, enabling learning between the two initiatives and increasing the scale and effectiveness of PG Bison's educational impact. In FY26, the programme engaged 1 854 learners and 131 teachers, to strengthen learner well-being, future readiness and school retention while enhancing schools' capacity to respond to academic and psychosocial challenges and expanding pathways to post-school opportunities.

Safe-Hub provides children in the Knysna area with nutrition and access to education from pre-primary to tertiary level. Its youth development programme creates pathways through sport, education, training and leadership development. The facility employs 20 people from the local community every year, including 13 young people placed in NQF Level 4 learnerships, supporting skills development and local employment outcomes.

In partnership with the Startwell Foundation, Safripol supplies protein-rich cereal daily to early childhood development ('ECD') centres in their fenceline communities in the Durban South Basin, Zamdela in Sasolburg, and across South Africa in areas where childhood stunting is prevalent. The programme addresses nutrition deficiencies that contribute to childhood stunting and supports healthier learning foundations for young children.

In FY26, the programme benefited 2 678 children (FY25: 2 678), maintaining a broad reach in communities where early nutritional support can have a long-term impact on learning, health and development outcomes.

Schools recycling programme: Safripol supported Isphepho's Schools Recycling Programme and Plant the Seeds' Zero Waste Toolkit, helping to embed recycling practices in community schools and build greater awareness of responsible waste management. During FY26, nearly 90 000 learners across 122 schools participated, with 264 tonnes of recyclable material recovered and diverted from landfill. The programme also supported youth employability: 26 young people were supported through the Youth Employment Service and Afrika Tikkun IDC Social Employment Fund programmes, providing workplace experience and skills development opportunities. Two community-based buy-back centres, Isphepho and Indaloyami, were supported through the programme.

Supporting economic participation

Our contribution to social value extends beyond direct community investment. We also use our supply chains and commercial relationships to support inclusive economic participation, supplier capability and local economic resilience, in line with the objectives of B-BBEE.

We contributed R68 million (FY25: R66 million) to ESD programmes, supporting small and black-owned businesses through early payment terms, interest-free financing, machinery and tools, training and other targeted support. Preferential procurement declined, with 74% of qualifying South African procurement spend directed to suppliers rated B-BBEE Level 4 or better (FY25: 78%).

These activities strengthen local supplier ecosystems, support participation in our value chains and contribute to employment and economic activity in communities linked to our operations.





DELIVERING SOCIAL VALUE (CONTINUED)

The impact of partnerships

Many of the challenges facing our communities are systemic and require collaboration between business, government and civil society. We therefore use partnerships to address practical service delivery, infrastructure and community development priorities in the areas where we have an operating presence.

These partnerships help reduce operational risk, support municipal infrastructure maintenance and service delivery, and improve the liveability of the communities in which our employees and other stakeholders live. Examples include:

- In 2011, PG Bison partnered with the Elundini and Joe Gqabi District Municipalities under the Business-Adopt-A-Municipality programme and implemented various SED initiatives, which included disaster management and revitalisation of the small towns of Nqanqarhu and Ugie. This partnership has directly benefited the communities, and indirectly PG Bison's Ugie operations.
- Considering the success of the BAAM programme, we are involved in various Small-Town Regeneration ('STR') programmes with municipalities in the areas in which we operate and have also adopted the broader Business Retention and Expansion ('BRE') framework. The STR and BRE programmes are aimed at supporting municipalities in the provision of basic municipal services, maintenance of existing infrastructure, and investment in new bulk infrastructure to enable municipalities to retain and attract businesses, create jobs, and invest in community development.
- We are also initiating and driving the establishment of urban improvement precincts ('UIPs') in Boksburg and Jacobs to enable businesses in these areas collectively to fund additional municipal services beyond what the municipality provides. The establishment of UIPs is governed by the provisions of the Municipal Services Act, No. 32 of 2000, and refers to a designated geographic area where at least 50% plus one property owners agree to pay an additional rate up to a maximum of 25% of their property rates. This is then also levied on the remaining property owners to fund enhanced municipal services.

These initiatives use our operating presence, relationships and capabilities to address local priorities and support a more resilient operating environment.

B-BBEE

We are compliant with the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 ('B-BBEE Act') and the Codes of Good Practice issued under the B-BBEE Act. In addition, the B-BBEE compliance status of some of our divisions is determined with reference to the B-BBEE sector codes applicable in their respective sectors. Our B-BBEE certificate is available on our website.

Group B-BBEE rating	FY26	FY25	FY24	Weighting
Equity ownership (%)	**20.63**	20.82	20.00	25
Management control (%)	**6.87**	8.59	7.30	19
Skills development (%)	**15.86**	14.32	13.51	20
Preferential procurement (%)	**22.28**	23.85	23.98	27
Supplier development (%)	**10.00**	10.00	10.00	10
Enterprise development (%)	**5.00**	5.00	5.00	5
Socioeconomic development (%)	**5.00**	5.00	5.00	5
Total	**85.64**	87.58	84.79	
Level	**4**	4	4	

PG Bison, Safripol and Feltex have Level 3 B-BBEE ratings. Unitrans' passenger operations have a Level 4 B-BBEE rating and the rest of its South African operations have a Level 2 rating. Sleep Group has a Level 4 B-BBEE rating.

Outlook

We are establishing the KAP Foundation as a dedicated non-profit platform to enhance the group's social development programmes. The foundation will focus on ECD and nutrition, education and skills development, community health and well-being, youth development, ESD, and critical local infrastructure. It will work with our divisions and selected NPOs to improve the reach of community investment.

The KAP Foundation will initially be funded from unclaimed funds remaining after the unwinding of the Sikhulasonke employee share schemes.

DRIVING RESOURCE EFFICIENCY

Our environmental approach supports operational resilience through deliberate strategies, responsible practices and appropriate technologies that improve resource efficiency, strengthen cost competitiveness and enable the group to manage natural resources more responsibly while reducing its environmental impact.

Energy management and GHG emissions

Why this is a priority

The group uses a range of energy sources across its logistics and manufacturing operations, with annual energy costs of approximately R3 billion.

Electricity supply interruptions present a risk to operational continuity, remain vulnerable to infrastructure failures and disruptions, as well as cable theft, which present a risk to operational continuity. Furthermore, energy costs escalations could affect competitiveness. Over the past five years, Eskom electricity tariffs have increased by more than 60% on a cumulative basis.

Additionally, Sasol has informed industry that the supply of natural gas is expected to cease around 2028 as its gas reserves in Mozambique are depleted, although it has announced plans to supply methane-rich gas as an alternative to industry until mid-2030. The group's main user of natural gas is Safripol's Durban site.

Emissions associated with our energy use contribute to climate change, which is discussed separately in the Climate change section.

Key messages

- Environmental performance improved broadly during the year, with further gains in resource efficiency and resilience targeted.
- Energy use fell by 8% to 7 906 TJ (FY25: 8 581 TJ) driven by lower diesel use following disposals, contract losses and operational closures in Unitrans.
- Scope 1 and 2 GHG emissions decreased by 1% to 790 149 tCO_2e (FY25: 800 735 tCO_2e), nearing the FY30 target. Carbon sequestered by PG Bison's plantations and wood-based panels is reported separately from group emissions.
- The group's 19 MWp PV capacity met 7% of electricity demand and has delivered cost savings of R174 million since FY23.
- Water use rose by 7% to 1 433 ML (FY25: 1 340 ML), mainly due to higher PG Bison production, while reuse increased by 24% to 277 ML (FY25: 224 ML).
- Waste generated decreased by 5% to 33 083 tonnes, with 54% reused or recycled.

Our objectives and targets

- Sustainability and consistency of energy supply
- Energy optimisation and reduction, where possible
- Increase self-generation to mitigate cost escalation
- Increase procurement from cost-competitive independent power producers ('IPPs')
- FY30 Scope 1 and 2 GHG emissions target: 10% below FY23[1] baseline

[1] FY23 baseline of 874 252 tCO_2e adjusted to include expected emissions from PG Bison's new MDF line at full production

Our strategic response

Our energy strategy focuses on how to mitigate supply risks and future cost escalations, become energy independent (where possible) to ensure sustainability, and evaluate opportunities to create value from our energy generation. This will support lower energy costs and reduced emissions over time. The group is focusing on the following initiatives:

- **Improved energy measurement systems:** We have installed digital online meters for electricity, PV and natural gas across all major sites to ensure accurate measurement.
- **Energy efficiency:** We have completed an energy-efficiency programme and energy-efficient operating practices are now embedded across the group.
- **Sustainable energy supply:** We have designed microgrids for all our major sites to enable blended, reliable and cost-effective energy supply. A pilot microgrid project is being implemented at Safripol Durban to validate this approach and support broader deployment across the group.
- **Renewable energy:** The current installed base for PV in the group is 19 MWp. Safripol will install another 5 MWp at its Sasolburg site in FY27 and we are evaluating further PV projects across the group, subject to our capital allocation priorities.
- **Natural gas:** We investigated the use of alternative fuel sources in the group, following which we are progressing to replace natural gas with LPG at two sites. Additionally, KAP is a member of IGUA-SA, which is leading a formal process to secure natural gas supply ahead of potential gas shortages and safeguard long-term energy security for industry.

Read more: Risks and related opportunities 33

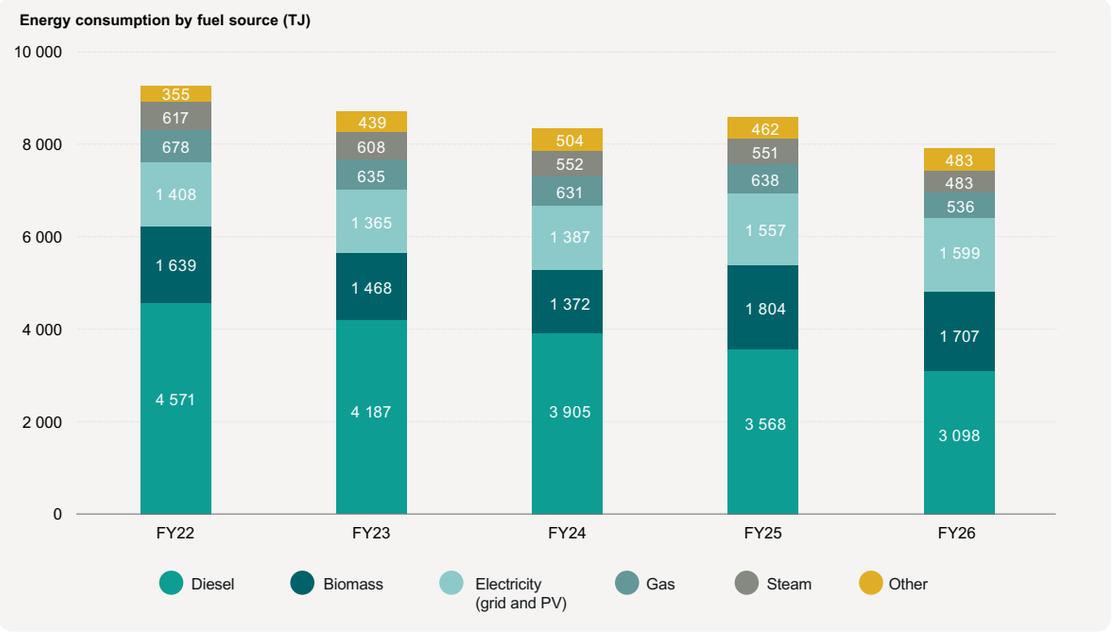
DRIVING RESOURCE EFFICIENCY (CONTINUED)

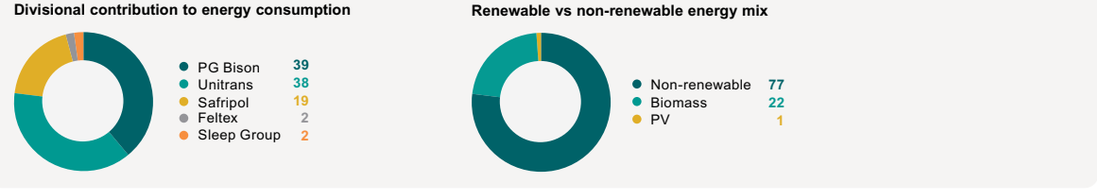
Performance

Energy mix and consumption

The group's energy consumption amounted to 7 906 TJ during the year, an 8% decline from the prior year, mainly due to lower diesel consumption in Unitrans.

Approximately 23% (FY25: 22%) of the group's energy consumption was from renewable sources, comprising biomass and PV.





We provide more detail on the five largest energy contributors in the group below:

Diesel: Diesel consumption amounted to 87 ML, a 13% reduction from the prior year, mainly due to an 18% decrease in kilometres travelled by Unitrans. The decrease was mainly driven by the disposal of a commuter contract in FY25, the loss of a contract and subsequent closure of passenger operations in Mozambique, and the disposal of petrochemical operations in Eswatini. The transition to electric forklifts at Feltex and Safripol, and two commercial shutdowns at Safripol's PET plant in Durban, also supported the reduction. Unitrans accounts for 96% of group diesel consumption.

Electricity: Electricity consumption amounted to 444 275 MWh, a 3% increase from the prior year, mainly due to higher production from PG Bison's new MDF line. Approximately 7% (FY25: 7%) of electricity was supplied by PV plants. PG Bison and Safripol remain the group's largest electricity consumers. Energy-efficiency programmes and embedded operating practices helped partly offset the increase associated with the increased production. The group's 19 MWp PV capacity has reduced energy costs by R174 million since FY23.

Biomass: PG Bison uses biomass to generate heat and steam for operations. Externally purchased biomass used for energy amounted to 109 393 tonnes, a 5% decrease from FY25, due to increased use of generated biomass. Improving measurement of generated biomass remains a reporting priority.

Gas: Gas consumption amounted to 536 TJ (FY25: 638 TJ), of which natural gas comprised 21%, with methane-rich gas making up the balance. Safripol's PET plant in Durban is the group's largest consumer of gas and uses gas to generate heat for its processes. The 16% decline in consumption was primarily due to the two commercial shutdowns at the PET plant during the year.

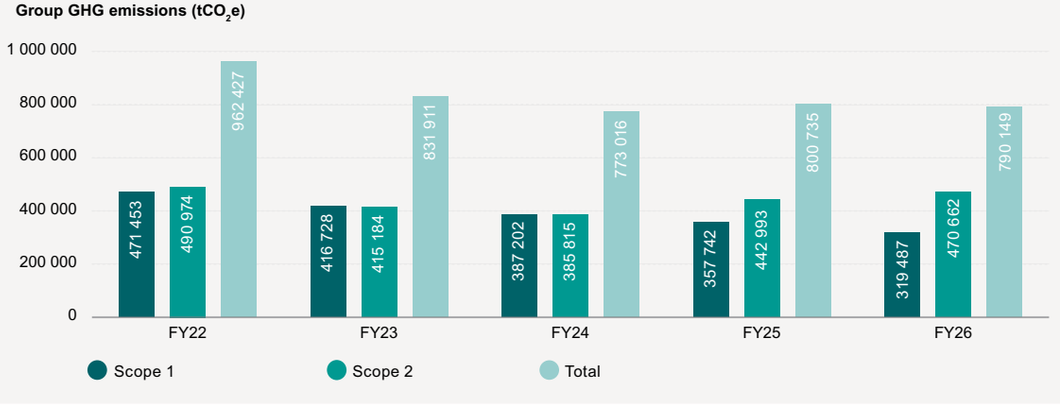
Steam: Steam consumption decreased by 12%, reflecting efficiency benefits from the HDPE extruder and upgrade project completed in FY24 and in operation in FY25.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

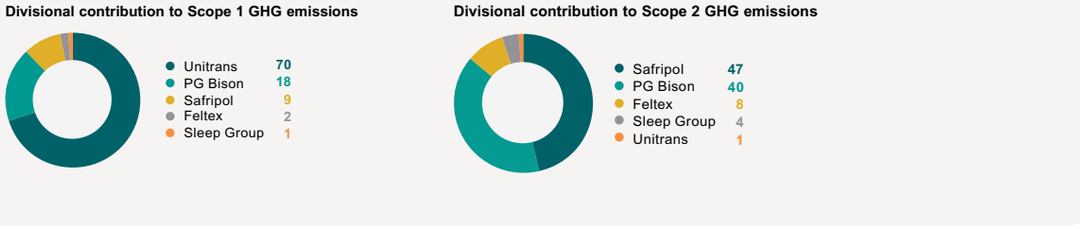
GHG emissions

Our carbon footprint is prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach. We use emission factors from the 2006 IPCC Guidelines and align with the latest Global Warming Potentials in the Intergovernmental Panel on Climate Change ('IPCC') 6th Assessment Report. During the year, we updated the steam emission factor based on information received from Sasol and the grid electricity emission factor based on the latest update from the DFFE.

Using the updated factors, Scope 1 and 2 GHG emissions amounted to 790 149 tCO_2e, a 1% decrease from the prior year. The reduction was mainly attributable to lower kilometres travelled by Unitrans.



Scope 1 emissions accounted for 40% of our carbon footprint, with Unitrans the main contributor due to diesel consumption in its transport fleet. Scope 2 emissions accounted for 60% of our carbon footprint, with Safripol and PG Bison the largest contributors due to electricity consumption at their plants.



The following factors influenced the group's Scope 1 and 2 GHG emissions for the year relative to our FY23 baseline:

- The 19 MWp PV capacity installed in FY23 and FY24 offset 26 656 tCO_2e during the year.
- The HDPE conversion and extruder project completed in FY24 improved energy efficiencies and lower emissions for the plant.
- Unitrans' fleet size reduced by 21% and reflects the division's strategic focus on contract rationalisation, with lower-return contracts exited in favour of higher-return opportunities and improved utilisation of its asset base.
- An updated grid emission factor resulted in a 3% increase in our FY26 emissions compared with the baseline.

During the year, the group purchased renewable energy credits to offset 4 273 tCO_2e relating to a customer contract; however, we do not yet consider this in the calculation of our carbon footprint.

Our operations also contribute to carbon absorption and avoided emissions through PG Bison's plantations, carbon stored in wood products, externally purchased waste that is recycled, and internally recycled products. These elements are not used to offset the group's reported carbon footprint, although PG Bison's verified sequestration is considered in its carbon tax calculations.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Case studies

Carbon absorption through forestry operations

PG Bison's plantations play a role as carbon sinks, while its products store carbon over the long term. The carbon absorbed by the plantations and stored in PG Bison's wood products is quantified and submitted to the DFFE annually for validation. This carbon absorption contributes to reducing PG Bison's annual carbon tax liability.

For the 2025 calendar year, the DFFE approved 153 002 tCO_2e (2024: 238 344 tCO_2e) of carbon absorbed by PG Bison's plantations. Additionally, it approved 299 021 tCO_2e (2024: 288 052 tCO_2e) for carbon stored in its wood products. These amounts are relevant to PG Bison's carbon tax position and should not be interpreted as offsetting the group's reported carbon footprint.

Carbon absorption through recycling

Connacher, a textile recycling business within Feltex, diverts textile waste from landfill, avoiding methane emissions that would otherwise arise as the waste decomposes. It also displaces virgin flexible polyurethane foam, a fossil-fuel-derived material associated with emissions during manufacture.

Although we do not verify the emissions avoided through Connacher's activities annually, we recently verified that, over the period 1 July 2022 to 30 June 2025, Connacher offset emissions amounting to 63 234 tCO_2e, after accounting for project-related electricity and diesel use.

The group also recycles waste internally for use in its own products. However, the emissions saved by avoiding virgin material are not determined annually.

Climate change

We recognise that climate change may affect the group's operating environment and that our operations contribute to GHG emissions. We therefore consider climate-related risks, opportunities and reporting expectations as part of our broader risk management, capital allocation and operational planning processes.

Climate change risks

Based on a high-level assessment performed by a climate change consulting group during FY24, we assessed the potential impact of climate change on our operations. The assessment applied the framework developed by the Task Force on Climate-related Financial Disclosures, which is now embedded in IFRS S2 and defines two main categories of exposure:

- Transition: risks and opportunities associated with the transition to a low-carbon economy; and
- Physical: risks and opportunities associated with changes in the physical climate.

All transition risks and opportunities were assessed against the International Energy Agency's most ambitious transition scenario, Net Zero Emissions by 2050. The assessment indicated that the group's highest transition risks are policy and legal risks, primarily relating to enhanced reporting obligations and increased pricing of GHG emissions.

From a carbon tax perspective, this risk is currently not material for the group. In FY26, the group's carbon tax amounted to c. R2 million. Based on our assumptions regarding the potential evolution of carbon tax rates and allowances, we estimate that this could increase to c. R4 million by 2030. This includes the continuation of sequestration allowances and excludes potential penalties that may arise from exceeding carbon tax budgets.

For the initial physical risk assessment, 10 key group production sites were selected based on their materiality to group revenue and/or their location in areas known to be affected by climate change dynamics. The risk was measured against the most severe of the five scenarios used by the IPCC, namely Shared Socioeconomic Pathway 5-8.5, for future annual carbon emissions. The physical risks considered included fire, water stress and drought, rainfall-induced landslides, extreme rainfall and flooding, river flooding, and extreme cold and heat. The assessment indicated that the overall physical risk at key sites was low to moderate.

Our strategic response

Our response to the two main categories of exposure is set out below:

- Transition: The group's approach to transition risk is largely a consequence of the initiatives undertaken for operational and commercial reasons rather than as a direct response to climate change. Investments in renewable energy, energy efficiency, improved asset utilisation and enhanced data quality improve energy resilience and operational efficiency while reducing GHG emissions and exposure to carbon tax and other related transition risks.
- Physical: Our most material near-term physical risk is an increase in wildfires, which could negatively affect PG Bison's forestry operations. As a risk mitigation measure, we invest in fire detection and firefighting capabilities and apply standard forestry fire-prevention practices. We also conduct annual fuel-load risk assessments and engage continuously with landowners, stakeholders and communities to manage this risk collaboratively.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Water management

Why this is a priority

The group withdraws most of its water from municipal supply, supplemented by supply from third parties and groundwater or boreholes. In our manufacturing operations, water is used predominantly in production processes and for cooling, while our logistics operations use water mainly for washing vehicles in dedicated wash bays. Water represents a material cost to the group, at approximately R500 million per annum.

Potential water interruptions or restrictions may affect our ability to operate continuously. We believe the near-term water supply risk relates primarily to failing infrastructure rather than water availability. Most divisions have experienced water disruptions, although these have not been material at group level.

Several communities are located around our major operations. Service delivery failures, including water supply interruptions, may affect employees who live in these communities and could lead to community unrest, which may disrupt our operations. Proactively mitigating water-related supply risks strengthens our position as a reliable local supplier and supports more stable operating environments.

Our objectives and targets

- Procure alternative supply sources
- Mitigate water infrastructure supply risks
- Maintain and improve water intensity where appropriate

Our strategic response

Our water strategy focuses on mitigating supply risks, reducing consumption, improving water independence where feasible, and ensuring responsible water use and compliance with legislative requirements.

Our initial focus has been to update the group's water-use baseline and ensure accurate measurement through the installation of digital online meters across the group. This process has been completed.

This includes water storage as well as procuring water from alternative sources, including process water for use in our industrial processes. Water storage is a key component of this response. The group's current water storage capacity, excluding storage for fire prevention, is approximately 9 ML.

Our divisions are implementing the following initiatives to reduce water consumption:

- using digital online meters not only to improve data accuracy, but also to identify proactively potential water leaks;
- maintaining water infrastructure appropriately to prevent water leaks;
- increasing water reuse to reduce effluent volumes and overall water consumption; and
- procuring alternative supply sources.

Performance

Our water management practices

We use a combination of water meters, utility bills and, in certain instances, estimates to determine water withdrawals and discharges. We are in the process of transitioning all water measurements to digital online metering.

Our plantations are not irrigated and rely on groundwater and rainwater. In the event of plantation fires, water is withdrawn from major water bodies, such as dams, which we do not measure. PG Bison invests in several initiatives to mitigate the risk of plantation fires.

We comply with regulatory requirements relating to water-use licences across all our operations, including our plantations.

Where possible, water used in our manufacturing processes is treated on-site and reused. Water used for cooling is circulated through closed-loop systems to support efficient use. In our logistics operations, water used in wash bays is treated on-site. Effluent is treated to meet minimum requirements and is sent to third-party wastewater treatment sites or, where minimum legal requirements are met, discharged into stormwater drains. Effluent water quality is tested regularly to ensure compliance with legal requirements.

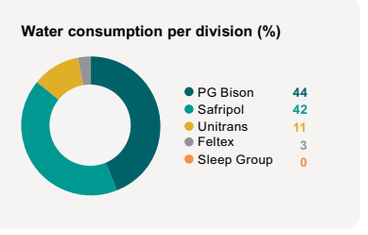
Water used for general consumption is discharged into the municipal wastewater stream. As our manufacturing operations are conducted within factories or covered areas, the impact on groundwater is limited.

Water consumption

Water consumption increased by 7% during the year to 1 433 ML, mainly due to higher production at PG Bison. PG Bison and Safripol accounted for the largest proportion of the group's water consumption, at 44% and 42%, respectively.

Although water consumption increased with production, water withdrawals increased by only 1% to 1 654 ML, supported by higher levels of water reuse within the group. Water reused increased to 277 ML and represented 17% of water withdrawals, reflecting continued operational focus on reuse and efficiency.

Water consumption (ML)	FY26	FY25	FY24
Water withdrawals	**1 654**	1 635	1 408
Water discharges	**221**	295	236
Total water consumption[1]	**1 433**	1 340	1 172
Total water reused	**277**	224	205
Water reused as a percentage of water withdrawals	**17%**	14%	15%



[1] Water consumption refers to water not available for use by third parties or the public. However, the group stores water on-site in water tanks.

DRIVING RESOURCE EFFICIENCY (CONTINUED)

Waste management

Why this is a priority

Our operations generate waste primarily through production processes, of which 54% is recycled internally or externally. Most of the waste generated across the group is non-hazardous in nature.

Not all waste generated by the group is currently recycled and, while landfill costs are not financially material at group level, a portion of waste is disposed of at landfill. As landfill capacity reduces, waste may need to be transported further from our operations, increasing transport and disposal costs. Landfill fees may also increase, and evolving regulations could further restrict the volume of waste that companies are permitted to send to landfill.

We pursue the recycling and reprocessing of internally generated waste where this is operationally practical and commercially viable, with the aim of reducing costs and limiting waste sent to landfill. We also recycle and reprocess certain externally generated waste into usable products. These initiatives may reduce raw material costs in certain instances and support customer requirements for products that incorporate recycled materials.

Our objectives and targets

- Reduce waste generated
- Increase recycling for lower costs and efficiencies, where possible
- Set a waste reduction target for FY30

Our strategic response

During the year, we completed a group-wide waste mapping exercise, establishing a baseline for all waste streams to enable us to set a waste reduction target in FY27. We aim to reduce waste sent to landfill. Achieving this will depend on increased recycling, reuse and reprocessing of waste streams, improved source separation, engagement with third-party recyclers and targeted process improvements that require limited capital investment.

The group's existing initiatives include:

- PG Bison uses biomass to produce energy, primarily heat and steam, reducing reliance on conventional fuels and supporting circular use of timber residues.
- Feltex and Sleep Group purchase textile waste from the clothing and textile industries and process it into reusable fibres for use in the sleep products and automotive sectors. These divisions also recycle internally generated waste for use in their products.
- Safripol uses PCR PET to produce recycled PET. Safripol's ASPIRE® 15 and ASPIRE® 25 ranges contain 15% and 25% PCR, respectively, and enable upcycling for bottle-to-bottle applications, thereby maximising the value of PCR PET.

Performance

Our waste management practices

Our divisions have waste-reporting standard operating procedures in place at site level, with data obtained either directly from sites or from accredited waste disposal service providers.

Given the diversity of our operations and the different types of waste generated and reused across the group, waste management is site-specific. Our sites have policies in place that set out how waste should be managed. Certain sites hold general waste licences, issued by local authorities, for on-site sorting, grinding and shredding, while others hold hazardous waste licences for the storage of hazardous waste. Some sites also have active waste recycling programmes, through which waste is sorted and removed for recycling.

Hazardous and non-hazardous waste is removed by accredited waste disposal service providers and disposed of at accredited facilities, with safe disposal certificates issued as appropriate.

Waste recycling and disposal

A significant proportion of the non-hazardous waste generated is reused internally, with the balance sent to third-party recyclers or disposed of at accredited landfills or other facilities. During the year, we generated 33 083 tonnes of waste, representing a 5% decrease from the prior year. Waste reused or recycled amounted to 17 877 tonnes, representing 54% of generated waste. Safripol and Sleep Group had the highest reuse/recycling rates[2] in the group at 94% and 89%, respectively, demonstrating the value of operationally embedded circular economy practices.

[2] Reference to reuse/recycling internally and by third parties

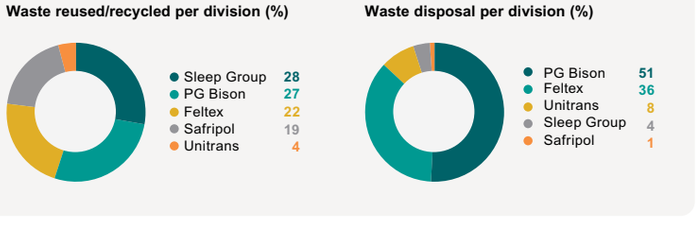
The remaining 15 110 tonnes was sent to accredited landfills or other facilities, a 1% reduction from the prior year. Safripol also purchased 2 545 tonnes (FY25: 1 240 tonnes) of PCR PET for use in the production of recycled PET.

Waste reused or recycled internally decreased by 16%, while waste reused or recycled by third parties decreased by 5%, mainly due to the reclassification at Safripol of PET chips and polyolefin solids as product rather than waste.

Waste management (tonnes)	FY26	FY25	FY24
Hazardous	**3 948**	3 453	2 977
Non-hazardous	**29 133**	31 445	33 350
Healthcare	**2**	3	4
Total waste generated	**33 083**	34 900	36 331
Waste reused/recycled internally	**5 630**	6 703	9 267
Waste reused/recycled by third parties	**12 247**	12 908	13 908
Total waste reused/recycled	**17 877**	19 611	23 175
Percentage of generated waste reused/recycled	**54%**	56%	64%
Total waste disposal	**15 110**	15 289	13 161
Waste not yet disposed[3]	**96**	–	–
Total waste purchased (excluding biomass)	**12 913**	13 421	14 086
Net waste movement[4]	**2 197**	1 868	(925)

[3] Waste still on site across the group, prior to disposal
[4] Waste disposal minus purchased waste

Note: Waste recycled/reused figures exclude biomass.



DRIVING RESOURCE EFFICIENCY (CONTINUED)

Biodiversity

PG Bison operates commercial forestry plantations in the northeastern and southern Cape areas of South Africa. The forestry businesses consist of North East Cape Forests ('NECF'), which operates in the Ugie area of the northeastern Cape, and South Cape Forests ('SCF'), which operates in the George area of the southern Cape. In total, these businesses operate across an area of 96 157 hectares, of which 44 787 hectares comprise commercially afforested plantations. The remainder consists of indigenous vegetation such as grassland, fynbos, wetlands, riparian zones and a limited number of indigenous forests. NECF also operates a commercial herd of cattle as part of a multiple land-use approach.

The management of both NECF and SCF is certified by the Forest Stewardship Council ('FSC'). The FSC is an international, non-profit organisation that supports environmentally appropriate, socially beneficial and economically viable management of the world's forests.

Environmental compliance and incidents

An environmental incident is an event that may cause harm or potential harm to an environmental receptor, such as air, water, land, wildlife or a local ecosystem; or where our operational practices do not comply with applicable environmental legislation, regulations, standards and applicable codes of practice.

There were no matters of material non-compliance during the year; however, the group had the following incidents:

- Unitrans was issued with a fine in Matola, Mozambique, for allegedly discharging polluted water into a river; the fine was rescinded after investigation.
- Unitrans had five spill incidents under section 30 of the National Environmental Management Act.

Number of environmental incidents	FY26	FY25	FY24	FY23	FY22
Type of incident					
Unauthorised waste disposal	**–**	1	–	–	1
Air emissions (including dust and gases)	**–**	–	–	1	1
Spills	**5**	1	2	2	–
Legal and regulatory compliance	**1**	1	1	–	1
Total	**6**	3	3	3	3

We prioritise the investigation of environmental incidents, followed by the implementation of corrective actions and the strengthening of the control environment. Where necessary, we use learnings to drive behavioural changes at an operational level. We treat incidents that are not resolved as ongoing matters, track the incidents in an environmental compliance register and address these at our divisional audit and risk committee meetings. These incidents are also reported at the KAP compliance committee meetings with a view to ensuring oversight of actions taken.

Outlook

In FY27, we will continue to prioritise environmental actions that support resilience, reduce resource intensity where feasible and contribute to long-term value creation.

Planned actions include commissioning 5 MWp of PV capacity at Safripol, progressing microgrid and alternative fuel solutions at major sites where commercially viable, continuing energy-efficiency initiatives, increasing the procurement of electricity from IPPs and maintaining progress towards our FY30 Scope 1 and 2 GHG emissions target.

We will also strengthen water resilience in the group through continued storage, reuse and sourcing of water from alternative sources, including process water, to mitigate the risk of supply disruptions and potable water quality monitoring. Additionally, we are focused on implementing commercially viable initiatives to reduce waste disposal.

RESPONSIBLE BUSINESS PRACTICES

We are committed to conducting business fairly, ethically and transparently and to complying with applicable laws and regulations. Responsible business practices underpin how we engage with our employees, customers, suppliers, communities and other stakeholders and support the long-term sustainability of the group.

Corporate governance

Our group is overseen by strong governance structures, from the KAP board to our divisional boards and management structures, as outlined in our Corporate governance report on page 78, and governance framework, available on our website at www.kap.co.za. It sets out our framework for ethical business practices, governance, risk management and internal control. Our policies and procedures are set at a KAP level, which includes approval by the board, and adoption at a divisional level to ensure that we have high standards in place for core issues, such as ethics, anti-bribery and corruption, human rights and responsible tax practices.

Read more: Corporate governance report, page 78

Compliance with laws and regulations

We have divisional compliance trackers to assess the status of legal compliance with applicable material legislation in relation to the operational activities at divisional sites. Any potential areas of non-compliance are reported at divisional audit and risk committee meetings and monitored at KAP compliance committee meetings.

We follow a robust process of reporting and mitigating environmental incidents, including any deviations from legal requirements. Our approach is based on an incident classification system, which includes assessing incidents based on their potential to create significant degradation or pollution of the environment. We collaborate with authorities on environmental inspections conducted at our sites. Our responses to findings include key remedial interventions aimed at sustaining compliance.

The group was compliant with all applicable material legislative requirements during the year.

Ethics and integrity

Our code of ethics

Our code of ethics sets the standards for ethical conduct across the group and addresses areas including conflicts of interest, anti-bribery and corruption, political contributions, accurate financial record-keeping, human rights, labour practices, health and safety, environmental stewardship and the protection of confidential information. The code is supported by specific policies and procedures and forms part of employee induction.

Employees, suppliers and communities can report suspected illegal or unethical behaviour, including mismanagement, discrimination, harassment, vandalism, bribery, corruption, violence, theft and human rights abuses, through KAP's independently managed ethics line. The ethics line is available 24 hours a day, seven days a week, available in all official South African languages during working hours (English outside of working hours). The ethics line is confidential and non-retaliatory and is available to both national and international callers. Ethics line reports are investigated and, where allegations are substantiated, appropriate remedial action is taken. Ethics line activities are reported to the sustainability, social and ethics committee, the audit and risk committee and the board. The ethics line contact details are available on the landing page of our website and posters are displayed throughout the group, illustrating behaviours that should be reported and encouraging employees to make use of our ethics line.

During FY26, 80 ethics line cases were reported, compared with 84 in the prior year. Investigations have been concluded for 64% of the cases, of which 25% were found to be valid. Investigation into the remaining cases is ongoing. Although our code of ethics stipulates what is deemed ethical behaviour in the group, ethics training provides employees with practical guidance on ethical conduct.

Our code of ethics prohibits direct or indirect political contributions to political organisations. No such contributions were made during the year.

Human rights

We are committed to respecting internationally recognised human rights and have a human rights policy informed by the South African Constitution, the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the International Labor Organisation's Declaration on Fundamental Principles and Rights at Work, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and the UN Global Compact.

The policy addresses key human rights considerations across our operations, including non-discrimination, safe working conditions, fair remuneration, freedom of association, prevention of child and forced labour, privacy and community engagement. Human rights requirements are also incorporated into our supplier code of conduct. We expect our suppliers to adhere to human rights principles, although we do not yet do audits to assess our suppliers' adherence to our supplier code of conduct.

Read more: Human rights policy

Responsible procurement

We recognise the importance of sourcing materials and services responsibly, in line with our commitments to ethical labour practices, human rights and environmental performance. Our sourcing practices are guided by our supplier code of conduct, which sets out our principles and expectations regarding how existing and new suppliers of goods and services are to conduct business with us. Our divisions include the supplier code of conduct in their suppliers' contracts and some also include it in tender documentation or as an onboarding requirement.

RESPONSIBLE BUSINESS PRACTICES (CONTINUED)

Compliance

We maintain processes to monitor compliance with material legislation relevant to the group's operations. Potential areas of non-compliance are reported through the relevant divisional and group governance structures and corrective actions are implemented and monitored.

The group was compliant with applicable material legislative requirements during FY26.

Tax practices

Our tax strategy and approach

Our approach to tax is to pay the correct amount of tax in the correct jurisdiction, in compliance with applicable tax laws and aligned with our broader governance and risk management framework. Tax considerations are included in significant business and investment decisions, including the use of available incentives and exemptions where appropriate. We maintain professional, transparent and constructive relationships with tax authorities, seeking to resolve queries and disputes appropriately and in a timely manner. Where relevant, we engage on tax-related legislative and regulatory developments directly or through representative professional bodies.

The board has ultimate oversight of the group's tax affairs, with operational responsibility delegated to the CFO, supported by the tax executive and centralised group tax function. Tax risk is managed through the group's combined assurance and risk management frameworks.

Extent of exposure to countries and jurisdictions recognised for their lack of tax transparency and tax haven status

The group operates in sub-Saharan Africa, Australasia and the United Kingdom. Our operating companies are not present in jurisdictions recognised for lack of tax transparency or tax haven status. The group owns investment holding companies in Mauritius and Singapore to support expansion into Africa and other territories.

Government incentives and tax disclosures

Through external service providers, the group avails itself of tax incentives provided by the South African government through special allowances in terms of the Income Tax Act, No. 58 of 1962. The most material of these is a R248 million benefit relating to section 12I allowances for PG Bison's MDF line. Note 10 in our FY26 AFS includes further detail on the various incentives as well as the group's effective tax rate reconciliation.