

# **SASOL KHANYISA PUBLIC (RF) LIMITED SOCIAL AND ETHICS COMMITTEE**

## **TERMS OF REFERENCE**

### **1. PURPOSE AND OBJECTIVES**

The Social and Ethics Committee (the Committee) has been appointed by the Board of Directors (the Board) of Sasol Khanyisa Public (RF) Limited (the Company) as a committee of the Board to perform the role of a Social and Ethics Committee for the Company and Sasol Khanyisa FundCo (RF) Limited<sup>1</sup> (collectively referred to as the Sasol Khanyisa Group), as contemplated in the Companies Act 71 of 2008 (the Act) as well as those functions which may be determined by the Board from time to time.

### **2. CONSTITUTION AND MEMBERSHIP**

- 2.1 The Committee shall comprise no less than three directors or prescribed officers of the Company, appointed by the Board, majority of whom shall not have been involved in the day-to-day management of the Company's business and must not have been so involved within the previous three financial years.
- 2.2 The members shall be nominated by the Board, and the Committee elected annually by shareholders. All members of the Committee shall be directors of the company and satisfy the requirements of the Act;
- 2.3 The Committee shall elect a Chairman from among its ranks, who shall not be the Chairman of the Board, and shall serve as Chairman from date of appointment and the Committee shall determine the period for which he or she shall hold office. There are no restrictions to the reappointment of a serving Committee Chairman provided they are re-elected by the Committee.
- 2.4 The Company Secretary<sup>2</sup>
  - 2.4.1 Sasol South Africa is appointed as Company Secretary:
    - The Committee shall be assisted by a Committee Secretary, who shall not be a member of the Committee;
    - Assist with developing and implementing director induction and training programs.

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<sup>1</sup> In terms of clauses 1.2.48 and 25.2 of the Memorandum of Incorporation of Sasol Khanyisa FundCo (RF) Limited

<sup>2</sup> Clause 30 of the Memorandum of Incorporation of Sasol Khanyisa Public (RF) Limited

### **3. MANDATE**

#### **3.1 Social and Ethics responsibilities**

- 3.1.1 The Committee will perform the role of a Social and Ethics Committee for the Sasol Khanyisa Group as contemplated in section 72(4)(a) of the Act read with regulation 43 of the Regulations to the Act (as set out in Appendix A).
- 3.1.2 In performing the role of a Social and Ethics Committee as reflected above, the Committee shall be entitled to place reliance on the work and reports of any employee, advisor or committee of the Board or the Company's administrative agent that has responsibility for any function falling within the role of the Committee.
- The Committee shall deliberate on the Company's stakeholder engagements at all its meetings during the year.
  - The Committee shall review and approve the Company's communication strategy as outlined the Committee's work plan.
- 3.1.3 The Committee's roles and responsibilities are informed by:
- The nature of the Company's business (to hold shares in SSA on behalf of the black public); and
  - The Board will be guided by the following proportionality considerations, as provided for in King IV, which are specific to the Company:
    - The Company does not derive income or turnover from operations, products or services of any kind and does not have a workforce.
    - The Company has limited human and financial resources (no capital allocation) and the Company's only income is dividend income received from Sasol South Africa Limited (if any)). Administrative services (and associated human resources) are rendered by Sasol South Africa Limited as its administrative agent.
    - The extent and complexity of the Company's activities including its impact on the triple context (economy, society and environment) in which it operates. The Company does not have any activities that impact the environment, but has an impact on society, through internal and external stakeholders, the economy including economic transformation, risks related to fraud and corruption and responsible and transparent tax policy.

### **3.2 Risk management**

To support the Board in ensuring effective risk management oversight insofar as it relates to social and ethical matters, specifically in relation to material risks within its scope, the Committee will:

- 3.2.1 ensure the effective monitoring of these risks and that potential opportunities are considered as appropriate;
- 3.2.2 consider and review executive management's reports on the design and implementation of appropriate risk responses, overseeing that the risks are managed within the levels of appetite and tolerance and the integration and embedding of risk management in the business activities and culture of the Sasol Khanyisa Group;
- 3.2.3 obtain confirmation that there is adequate assurance and that controls in relation to these risks are appropriate in design and effectiveness; and
- 3.2.4 inform the Audit Committee<sup>3</sup> of its findings and recommendations in respect of material social and ethics risks which may have an impact on the financial statements.

### **3.3 Nomination**

The Committee will perform the role of a Nominations Committee on behalf of the Board. The Committee shall:

- 3.3.1 assess nominations from shareholders for persons to be elected as Directors, made in writing accompanied by curricula vitae for these persons and written acceptances of nomination, for Board's consideration;
- 3.3.2 determine if the skills set and diversity required by the Company is met; and
- 3.3.3 oversee the nominations process to nominate the Chairman of the Board, Directors of the Board, the members for Board committees and make recommendations to the Board.

## **4. MEETINGS AND PROCEEDINGS**

- 4.1 Meetings of the Committee will be held as the Committee deems necessary, provided that the Committee shall meet at least twice annually. Meetings should be organised so that attendance is maximised. The Chairman of the Committee or any member of the Committee, with the consent of the Committee Chairman, may call a special meeting at any time.

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<sup>3</sup> The Audit Committee of Sasol Khanyisa Public (RF) Limited and Sasol Khanyisa FundCo (RF) Limited

- 4.2 The meetings of the Committee may be held in person, by telephone, by telepresence or such other form of long-distance conference facility, as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.
- 4.3 The quorum for decisions of the Committee shall be a majority of members present for that particular decision. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the members present at the Committee.
- 4.4 A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, provided that each member received notice<sup>4</sup> of the matter to be decided. A decision made in such manner has the same effect as if it had been approved at a meeting.
- 4.5 Where decisions are required by way of written resolution, a quorum shall constitute a majority of members, one of whom shall be the Committee's Chairman.
- 4.6 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the memorandum of incorporation the Company, regulating the meetings and proceedings of directors and committees.
- 4.7 The Committee Secretary shall take minutes of meetings. Minutes of all meetings shall be circulated to all the members of the Committee, and may also, if the Chairman of the Committee so decides be circulated to directors. Any director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes.

## **5. REMUNERATION**

Remuneration of non-executive members of the Committee shall be determined in accordance with clause 24 of the memorandum of incorporation of the Company.

## **6. LIMITED LIABILITY**

- 6.1 The Board does not abdicate its responsibilities by delegating any of its duties to the Committee, as such, the deliberations of the Committee do not reduce the individual and collective responsibilities of Board members, with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgment, in accordance with their legal and statutory obligations.

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<sup>4</sup> The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than five working days prior to the date of the meeting.

- 6.2 Subject to the above provisions and any relevant legislation and codes of best practice, the members of the Committee shall not attract any personal liability arising from their appointment and the Company shall indemnify members of the Committee to the extent possible in terms of its approved directors' and officers' liability insurance coverage.

## **7. GENERAL**

- 7.1 The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 7.2 The Board will ensure that the Committee has access to professional advice, both internal and external to the Company, in order to perform its duties.
- 7.3 The Committee may require from any director, prescribed officer or employee of the Company any information or explanation necessary for the performance of the Committee's functions.
- 7.4 These Terms of Reference may be amended as required, subject to the approval of the Board.
- 7.5 The Committee shall assess its and its members' effectiveness at least once every two years.
- 7.6 The Chairperson of the Committee, or a person nominated by him/her, will report to the shareholders at the Company's annual general meeting on any matter within its mandate.

## Appendix A

### The functions of the Committee in terms of regulation 43(5)(a)-(c) of the Companies Act, 2008

The Committee will:

1. Monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
  - 1.1 social and economic development, including the company's standing in terms of the goals and purposes of-
    - 1.1.1 the 10 principles set out in the United Nations Global Compact Principles (**Appendix 1**); and
    - 1.1.2 the OECD recommendations regarding corruption (**Appendix 2**);
    - 1.1.3 the Employment Equity Act; and
    - 1.1.4 the Broad-Based Black Economic Empowerment Act;
  - 1.2 good corporate citizenship, including the company's –
    - 1.2.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - 1.2.2 contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - 1.2.3 record of sponsorship, donations and charitable giving;
  - 1.3 the environment, health and public safety, including the impact of the company's activities and of its products or services;
  - 1.4 consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
  - 1.5 labour and employment, including-
    - 1.5.1 the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
    - 1.5.2 the company's employment relationships, and its contribution toward the educational development of its employees.

2. Draw matters from within its mandate to the attention of the Board as occasion requires. Report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

## Appendix 1

### The Ten Principles<sup>5</sup>

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

#### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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<sup>5</sup> Source: The Ten Principles available at: <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

## **Appendix 2**

### **OECD Policy Guidelines for Preventing Corruption**

#### **OECD Recommendation on Principles for Transparency and Integrity in Lobbying (2010)**

On 18 February 2010, the OECD Council approved the OECD Recommendation on Principles for Transparency and Integrity in Lobbying. This is the first international policy instrument to provide guidance for policy-makers on how to promote good governance principles in lobbying. The instrument is an important contribution to support cleaner, fairer and stronger economies as it promotes open government and a level playing field for businesses and stakeholders in developing and implementing public policies.

#### **OECD Recommendation on Enhancing Integrity in Public Procurement (2008)**

Millions in tax payers' money are lost annually to waste, fraud and corruption in public procurement. OECD countries demonstrated their commitment to prevent risks to integrity in the entire procurement cycle, from needs assessment to contract management and payment. The OECD Recommendation provides policy guidance for the implementation of international instruments developed by the OECD as well as other organisations such as the United Nations, the World Trade Organisation, the World Bank and the European Union.

#### **OECD Recommendation on Guidelines for Managing Conflict of Interest in the Public Service (2003)**

Conflicts of interest in both the public and private sectors have become a major matter of public concern world-wide. These guidelines provide the first international reference framework for reviewing existing solutions and modernising mechanisms in line with good practices in OECD countries.

Also available in French, Albanian, Bosnian/Serb, Romanian/Moldovan, Russian, and Ukrainian.

#### **OECD Recommendation on Improving Ethical Conduct in the Public Service including Principles for Managing Ethics in the Public Service (1998)**

Increased concern about decline of confidence in government and corruption has prompted governments to review their approaches to ethical conduct. In response to these challenges, the Public Management Committee agreed to a set of Principles for Managing Ethics in the Public Service to help countries review the institutions, systems and mechanisms they have for promoting public service ethics. These principles identify the functions of guidance, management or control against which public ethics management systems can be checked. They draw on the experience of OECD countries, and reflect shared views of sound ethics management.