

# **SASOL LIMITED**

## **SAFETY, SOCIAL AND ETHICS COMMITTEE**

### **TERMS OF REFERENCE**

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

- 1.1 The Safety, Social and Ethics Committee (the Committee) has been appointed by the Sasol Limited Board of Directors (the Board) as a committee of the Board to provide integrated strategic direction on group-wide sustainability, safety, people, social and ethics matters for Sasol Limited (Sasol or the Company) and its subsidiaries and affiliates (the Group), including acting as the social and ethics committee for the Company and its South African subsidiaries as contemplated in the Companies Act 71 of 2008 (the Companies Act) as set out in Annexure A.
- 1.2 The Committee has an independent oversight role with responsibility for monitoring and reporting on Sasol's social and economic development requirements and other codes of good practice relating to good corporate citizenship, the environment, health, public safety and consumer protection. It ensures that the manner in which Sasol governs social and ethics performance promotes an ethical culture and that Sasol conducts itself as a responsible corporate citizen.

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

- 2.1 The Committee shall comprise at least five members, the majority of whom shall be non-executive directors.
- 2.2 The Board shall appoint an independent non-executive director as the Chairman of the Committee, who shall not be the Chairman of the Board, and determine the period for which he or she shall hold office.
- 2.3 The Chairman of the Remuneration Committee and the President and Chief Executive Officer (CEO) shall be members of the Committee.
- 2.4 A Committee Secretary shall be appointed in terms of the Sasol Limited and Sasol Group Delegation of Authority.

#### **3. MANDATE**

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

The Committee will be responsible for monitoring:

- 3.1.1 the ethical conduct of the Company in order to ensure the establishment of an ethical culture, and to approve the Group Code of Conduct and statements on ethical standards and requirements. In particular the Committee should exercise oversight to ensure that the management of ethics results in amongst others the objectives as outlined in King IV Report on Corporate Governance for South Africa 2016 (King IV);
- 3.1.2 the Group's culture and employee wellbeing and progress with initiatives to ensure the establishment of the desired culture in the Group which contributes to the wellbeing and productivity of employees, taking into account that the Remuneration Committee will specifically review the on-going appropriateness and relevance of the remuneration policy and associated matters;
- 3.1.3 the Group's policies and standing on human rights in terms of regulatory requirements and codes which apply to it or to which it subscribes<sup>1</sup>;
- 3.1.4 the Group's policies and standing on anti-corruption in terms of regulatory requirements and codes which apply to it or to which it subscribes<sup>2</sup>;
- 3.1.5 the Group's activities relating to good corporate citizenship in terms of regulatory requirements and codes which apply to it or to which it subscribes, including:
  - 3.1.5.1 the Group's contribution to the development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed<sup>3</sup>; and
  - 3.1.5.2 the Group's record of sponsorship, donations and charitable giving<sup>4</sup>.

## **3.2 Labour and Employment**

All aspects relating to remuneration will be within the ambit of the Remuneration Committee.

This Committee shall have strategic oversight of matters relating to people within the Sasol Group with the main objective of creating a globally competitive workforce for the Group and to ensure employees work towards accomplishing the strategic objectives of the Company. The Committee will be responsible for monitoring:

- 3.2.1 material Group human resource policies and strategies that are aimed at creating and sustaining the technical and managerial excellence required;
- 3.2.2 the Group's policies and standing in terms of regulatory requirements and codes which apply to it or to which it subscribes in relation to providing decent work and

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<sup>1</sup> Reg 43(5)(a)(i)(aa)

<sup>2</sup> Reg 43(5)(a)(i)(aa) and (bb)

<sup>3</sup> Reg 43(5)(a)(ii)(bb)

<sup>4</sup> Reg 43(5)(a)(ii)(cc)

working conditions, the elimination of all forms of forced and child labour and the elimination of discrimination in the workplace<sup>5</sup>;

- 3.2.3 the status of the Group's labour relations to ensure labour stability<sup>6</sup>;
- 3.2.4 the Group's contribution toward talent, capability, career and the educational development of employees<sup>7</sup> ensuring that the Group's skills profile is aligned to its business requirements in the short-, and long-term.

Executive and leadership succession will be within the ambit of the Nomination and Governance Committee;

- 3.2.5 the Group's promotion of equality and compliance with local regulatory requirements to achieve equality and transformation in the jurisdictions where it operates, including employment equity, economic empowerment and local content requirements<sup>8</sup>; and
- 3.2.6 trends and issues of relevance that have an impact on workforce and supply chain transformation practices in the Group and ensuring that appropriate programmes are in place to drive transformation within the Group.

### **3.3 Sustainability**

The Committee will be responsible for:

- 3.3.1 monitoring the strategies, policies, performance and the progressive implementation of the Sasol sustainability (and Safety, Health and Environmental (SHE)), social and ethics policies and practices within the Group and in joint ventures in respect of which Sasol has the right or power to fulfil these functions and obtain confirmation that independently managed subsidiaries, joint ventures, associates and significant investments have developed guidelines and practices congruent with Sasol's sustainability (and SHE), social and ethics policies;
- 3.3.2 considering reports covering matters relating to substantive sustainability risks and liabilities relating to Sasol's operating model entities (OMEs), managed and independently managed subsidiaries, joint ventures, associates and significant investments;
- 3.3.3 assessing and approving Sasol's sustainability management in terms of its strategy in relation to material sustainability issues, including the sustainability focus areas in line with King IV and other relevant reporting requirements as well as boundary conditions informed by Sasol's strategic balanced scorecard metrics and targets and objectives set;

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<sup>5</sup> Reg 43(5)(a)(i)(aa) and Reg 43(5)(a)(v)(aa)

<sup>6</sup> Reg 43(5)(a)(v)(bb) incorporating Group Top People Risk profile

<sup>7</sup> Reg 43(5)(a)(v)(bb) incorporating Group Top People Risk profile

<sup>8</sup> Reg 43(5)(a)(i)(cc) and (dd)

- 3.3.4 monitoring key indicators on accidents and incidents within Sasol premises and facilities, involving Sasol employees, and obtain confirmation that there is a systematic approach to prevent their recurrence, limit the severity in the event that they still might occur, mitigate the consequences of such accidents and incidents and, where appropriate, communicate such information throughout the Group;
- 3.3.5 reviewing high severity incidents that occur in a quarter and obtain confirmation that an accurate and consistent internal reporting system is in place for incidents and accidents;
- 3.3.6 considering substantive national and international regulatory and technical developments in all fields relevant to the company's identified sustainability material issues and, in particular, the sustainability focus areas as amended from time to time;
- 3.3.7 encouraging participation, co-operation and consultation on sustainability matters of governments, national and international organisations, other companies and other environment, health and safety bodies;
- 3.3.8 considering the impact of Sasol's activities, products and services on the environment, health and public safety and, where appropriate, amend its policy or approach<sup>9</sup>; and
- 3.3.9 reporting to the Board on the status of social, ethics and sustainability issues.

#### **3.4 Sustainability reporting**

The Committee will:

- 3.4.1 ensure the integrity of the contents of the sustainability matters included in the Integrated Report and its alignment with other reports and compliance with regulatory requirements applicable to the Company;
- 3.4.2 approve the scope of assurance on material sustainability issues and review assurance obtained regarding the integrity, reliability and validation of the Group's sustainable development report; and
- 3.4.3 review and evaluate the disclosure of sustainability issues in the annual Integrated Report and approve the annual sustainable development report, informing the Audit Committee of any material sustainability matter which may have an impact on the financial statements as well as enabling the Audit Committee to provide assurance to the Board that the disclosure is reliable and does not conflict with the financial information.

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<sup>9</sup> Reg 43(5)(a)(iii)

### **3.5 Stakeholder management**

The Committee will monitor the Group's activities in terms of regulatory requirements and codes which apply to it or to which it subscribes, relating to stakeholder relations, reputation management and advertising, including the activities relating to consumer relationships and the Group's compliance with consumer protection laws<sup>10</sup>.

### **3.6 Risk management and Assurance**

The Committee supports the Board in ensuring effective risk management oversight, specifically in relation to material risks within its scope (Group top risk themes allocated to the Committee). The Committee gives effect to its responsibility through:

- 3.6.1 ensuring the effective monitoring of the allocated Group top risk themes, ie, risk themes allocated to the Committee;
- 3.6.2 considering and reviewing management's feedback and/or assurance provider reports on the design and operating effectiveness of existing key risk responses (focus on major or significant deficiencies), aligned to the Combined Assurance Plans;
- 3.6.3 considering management updates on action plans identified to remediate any key responses with significant or major deficiencies;
- 3.6.4 considering management's feedback on key developments that have a potential material impact on the allocated Group top risk themes (materiality informed by the risk materiality lens applied at Group level), as well as the appropriateness of existing key responses or any new/additional key responses required; and
- 3.6.5 providing feedback through the Committee Chairman to the Board on any material risk related matters, specifically the key responses with major or significant deficiencies, key developments with a material impact, any new/additional key responses required or any potential breach of approved financial risk appetite and tolerance levels (as relevant and appropriate).

## **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 four times each year. Meetings should be organised in order to maximise attendance. 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 other time.
- 4.2 At least two stakeholder roundtables will be conducted on an annual basis with members of the Committee arranged in consultation with the Committee Chairman.

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<sup>10</sup> Reg 43(5)(a)(iv)

- 4.3 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.
- 4.4 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.
- 4.5 The quorum for meetings of the Committee shall be a majority of non-executive directors present. A decision shall be deemed as passed by the Committee if a majority vote on the matter for decision is passed by the members present at the Committee.
- 4.6 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 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.
- 4.7 Where decisions are required by way of written resolution, a quorum shall constitute a majority of non-executive directors, one of whom shall be the Committee's Chairman.
- 4.8 Persons identified by the Committee will attend meetings as and when required by the Committee.
- 4.9 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's Memorandum of Incorporation (MOI) regulating the meetings and proceedings of directors and committees.
- 4.10 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.
- 4.11 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 that has responsibility for any function falling within the role of the Committee.
- 4.12 The Chairman of the Committee tables a report to the annual general meeting and attends the Company's annual general meeting to answer questions relating to the report tabled or concerning matters within the mandate of the Committee.

## **6. LIMITED LIABILITY**

- 6.1 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.
- 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, and will be reviewed every second year.
- 7.5 The Committee shall assess its and its members' effectiveness at least once every two years.
- 7.6 The Chairman 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.

**The functions of the Committee in terms of regulation 43(5)(a)-(c) of the Companies Act 71 of 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, 55 of 1998; and
    - 1.1.4 the Broad-Based Black Economic Empowerment Act, 53 of 2003;
  - 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.
3. Report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.



### The Ten Principles<sup>11</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>11</sup> Source: The Ten Principles available at: <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

## **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.