

**LOCAL DEVELOPMENT AGREEMENT FOR THE DISTRICT OF INHASSORO**

**ENTERED INTO BETWEEN**

**28 (TWENTY-EIGHT) COMMUNITIES IN THE INHASSORO DISTRICT**

**INHASSORO DISTRICT GOVERNMENT**

**SASOL PETROLEUM TEMANE LIMITADA**

**AND**

**WITNESSED BY THE PROVINCIAL GOVERNMENT OF INHAMBANE**

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## **RECITALS**

- A) Sasol is a company operating in Mozambique in the oil and gas industry, in the Province of Inhambane.
- B) Specifically, Sasol is the Operator in accordance with the Oil Production Agreement (APP), having as partners the Companhia Moçambicana de Hidrocarbonetos (CMH), holder of a 25% participatory interest and the International Finance Corporation (IFC), holder of a participatory interest of 5%.
- C) The Government of Mozambique and the Ministry of Mineral Resources and Energy, respectively, have approved the Corporate Social Responsibility Policy for the Hydrocarbons Industry (Resolution 21/2014 of 16 May) and the Corporate Social Responsibility Implementation Guidelines (Ministerial Diploma 8/2017 of 16 January), which aim to promote the establishment of mechanisms which guarantee the existence of social responsibility programmes which effectively contribute towards sustainable development of the Covered Communities (identified as being those within its area of impact), and to determine the need to enter into Local Development Agreements.
- D) According to the definition in the Corporate Social Responsibility Policy, there are 28 Covered Communities in the Inhassoro District which have been identified as being within Sasol's area of impact. These 28 communities are each represented by one elected representative.
- E) In line with the Corporate Social Responsibility Policy, Sasol has negotiated with the Inhassoro District Government, and the representatives of the 28 Covered Communities from the District of Inhassoro, to identify and agree the priority themes for the social responsibility programmes to be included in the Local Development Agreement. The Provincial Government of Inhambane was kept informed and advised about the process.

## CLAUSE 1 - PARTIES

This Local Development Agreement ("**LDA**") is entered into on \_\_\_\_\_ 2018  
between:

- 1.1 The **28 Covered Communities**, located in the district of Inhassoro (as indicated in Annex I), duly represented herein by the persons described in Annex II, whose appointment was duly witnessed by the District Administrator (hereinafter referred to as "**Covered Communities**");
- 1.2 The **Inhassoro District Administration**, in Inhambane Province, with offices at (*insert address*), represented herein by the District Administrator, Dulce Canhamba (hereinafter referred to as "**IDA**"); and
- 1.3 **Sasol Petroleum Temane Limitada**, a company registered and existing under the laws of Mozambique, registered at the Legal Entities Registry Office under number 12933, with registered office in Maputo, at Rua dos Desportistas, n.º 833, Edifício JAT V-3, 11.º e 12.º andares, represented by Peter Manoogian, in the capacity of Director, duly empowered for this purpose (hereinafter referred to as "**Sasol**").

## CLAUSE 2 – DEFINITIONS

2.1 In this LDA, unless the context implies a different meaning, the terms below shall have the following meanings:

- 2.1.1 "**Business Day**" means a day that is not a Saturday, a Sunday or a public holiday in Mozambique.
- 2.1.2 "**CSR Policy**" means the Corporate Social Responsibility Policy for the Hydrocarbons Industry approved by the Council of Ministers in Resolution 21/2014 of 16 May.
- 2.1.3 "**CSR Guidelines**" means the Corporate Social Responsibility Implementation Guidelines for the Hydrocarbons Industry approved by the Ministry of Mineral Resources and Energy in Ministerial Diploma 8/2017 of 16 January).
- 2.1.4 "**Covered Communities**" means the 28 local communities as referred to in Recital D and identified in Annex I and includes those communities within 50 kilometres of a major Sasol facility and those communities immediately adjacent to a well or pipeline.
- 2.1.5 "**Effective Date**" means the date of entry into force of the LDA, as indicated above in Clause 1, irrespective of the date of signature by the Parties.
- 2.1.6 "**LDA**" means this Local Development Agreement and its annexes.
- 2.1.7 "**MIREME**" means the Mozambican Ministry of Mineral Resources and Energy.
- 2.1.8 "**Sasol's Areas of Impact**" or "**Areas of Impact**" means the areas located within 50 kilometres of a major Sasol surface facility (CPF) or directly adjacent to a well or pipeline.
- 2.1.9 "**Parties**" means all the signatories to this LDA, when referred to jointly, as identified in Clause 1 above.
- 2.1.10 "**Partnership Committee**" means the LDA governance body that oversees the execution of the Social Investment projects and programmes which are the subject of this LDA comprised of representatives of the Parties.
- 2.1.11 "**Primary Beneficiaries**" means the Covered Communities, as the primary social investment beneficiaries, located within Sasol's Area of Impact.

- 2.1.12 **"Provincial Oversight Committee"** means the LDA governance body that oversees the implementation of the LDA, comprised of representatives of the Parties.
- 2.1.13 **"Probity Adviser"** means an independent third party, commissioned by Sasol to attend Partnership Committee meetings, in order to ensure that good governance is adhered to and due process is followed in such meetings.
- 2.1.14 **"Secondary Beneficiaries"** means social investment beneficiaries, located outside Sasol's Area of Interest, but within the broader district(s), impacted by Sasol's operations.
- 2.1.15 **"Social Investment"** means the provision and use of financial or in-kind resources in alignment with the needs of the communities to generate social and economic returns in the local community, with a view to contributing to their sustainable socio-economic development, as better described in Clause 6.
- 2.1.16 **"Term"** means the period of 5 (five) years from the Effective Date of this LDA.

## 2.2 Interpretation

- 2.1.1 Reference to a clause or annex shall be a reference to a clause or annex in this LDA.
- 2.1.2 Unless the context otherwise requires, in this LDA the singular shall include the plural and vice versa. Reference to any gender shall include all genders, and references to persons shall include natural and/or legal persons.
- 2.1.3 The word "including" shall be construed without limitation.
- 2.1.4 The headings in this LDA are for convenience only and shall not affect the interpretation of any provision of this LDA.

## CLAUSE 3 – PURPOSE AND OBJECTIVES

*This clause sets out the overall purpose and objectives of the LDA, which consists in collaboration between the 3 Parties, to achieve socioeconomic development in the targeted geographies. The overall purpose of the LDA is that it establishes the foundation and sets out the basis for the Parties to build strong relations with each other, to work together under the principle of shared responsibilities and long-term commitment. The objectives are to set out and agree the key principles, roles and responsibilities; to align and agree on priority themes for social investment; to ensure that priorities are consistent with the District Development Plans; to ensure effective implementation and that all parties are involved in the planning, designing and implementation of social investment programmes and projects; and to ensure that all this is done in compliance with the CSR Policy and Guidelines and applicable regulations in Mozambique.*

- 3.1 The overall purpose of this LDA is twofold: first, to build strong, respectful, and mutually supportive relationships between the Parties; and second, to establish the main terms and conditions for implementation of Sasol's Social Investment projects and Programmes, local employment, and local content Programmes (at the level of local communities) in the Area of Impact and for the benefit of the Covered Communities, as the Primary Beneficiaries, as well as for the benefit of Secondary Beneficiaries, as identified by the Parties from time to time.
- 3.2 The purpose of this LDA shall be achieved based on the principle of shared responsibility and long-term commitment among all Parties.
- 3.3 The objectives of the LDA are:
- 3.3.1 To define and agree on the principles, roles, and responsibilities that govern the relationships between all Parties and underpin the delivery of Sasol's Social Investment contributions;
  - 3.3.2 To define and agree on the priority themes of social investments during the Term of this LDA, with the support of all Parties;
  - 3.3.3 To establish the criteria for selecting and designing Social Investment Programmes and projects, in alignment with the selected priority themes;
  - 3.3.4 To incorporate the criteria for selection and allocation of local level jobs and opportunities for community content with Sasol and its sub-contractors;
  - 3.3.5 To ensure a participatory process is followed for selecting, designing, and implementing Social Investment Programmes and projects;

- 3.3.6 To align Sasol's Social Investment projects and Programmes with the IDA development plans, as well as national plans, where applicable;
- 3.3.7 To ensure effective implementation of this LDA and subsequent execution of the Social Investment programmes and projects, transparent management of funds, as well as monitoring, evaluation, and reporting of achieved development outcomes;
- 3.3.8 To ensure on-going and effective coordination and communication between all Parties during the implementation of this LDA and execution of the Social Investment projects and programmes; and
- 3.3.9 To comply with the CSR Policy and CSR Guidelines, as well as any other applicable contractual obligations related to Sasol and laws and regulations in effect in Mozambique.

#### **CLAUSE 4 - TARGET BENEFICIARIES**

*This clause identifies the Covered Communities as the Primary Beneficiaries of Sasol in the Areas of Impact (within 50 kilometres of a major Sasol facility or those communities immediately adjacent to a well or pipeline); while ensuring at the same time the district as a whole benefits from Sasol's social investment and sustainability programmes and projects, i.e. the Secondary Beneficiaries.*

- 4.1 The 28 (twenty-eight) Covered Communities are identified and agreed upon as the Primary Beneficiaries under this LDA. These communities will be given priority in the selection, design, and implementation of Social Investment programmes and projects, and in the offering of employment and enterprise opportunities, derived from Sasol's business operations and projects in Inhassoro District, where such provisions are technically and commercially feasible and justifiable.



- 4.2 At the same time, Social Investment Programmes and projects shall be designed and delivered to maximise the number of beneficiaries and contribute to the development of the entire district and beyond, where possible.

## **CLAUSE 5 – GUIDING PRINCIPLES FOR IMPLEMENTATION OF SOCIAL INVESTMENT PROJECTS IN SASOL AREAS OF IMPACT**

*This clause lays out the key principles that underpin the new tri-party relationship and delivery of benefits.*

- 5.1 The Parties agree on the following principles, as the foundation for building strong and supportive relationships and jointly ensuring the effective delivery of Sasol's Social Investment programmes and projects:
- 5.1.1 All Parties requests for Social Investment programmes and projects will be channelled through the mechanisms and governance structures established in this LDA;
  - 5.1.2 Social Investment programmes and projects developed under this LDA must:
    - (a) respond directly to identified Social Investment priority themes, as identified by the Parties in accordance with Clause 3.3.2 above;
    - (b) aim to be sustainable in their design and implementation approach; and
    - (c) be implemented and delivered by an expert partner and under an implementation agreement to be entered into by Sasol and the respective expert partner.
  - 5.1.3 The Social Investment programmes and projects undertaken pursuant to this LDA must be aligned with the development plans in progress or evolution of the IDA and with other policies, strategies and government plans of a local nature. Conversely, it would be beneficial that, whenever possible, the priority areas agreed for the Social Investment were adequately reflected in the future plans for development of the IDA, in order to take advantage of synergies and complementarity.

- 5.1.4 Social Investment programmes and projects will be designed and implemented in direct consultation, and participation of target beneficiaries and its designated representatives based on a set of agreed priorities.
- 5.1.5 The Social Investment programmes and projects undertaken pursuant to this LDA must consider issues of gender and vulnerable groups (i.e. the elderly, young people, people with disabilities), as provided for in the CSR policy and according to international best practice.
- 5.1.6 This LDA, and any other agreement related thereto, shall be made available to all interested stakeholders, in line with the CSR Guidelines.
- 5.1.7 Solid financial management and transparent governance structures are required to ensure efficient use of funds and effective social investment programme and project delivery.
- 5.1.8 Adequate monitoring and feedback mechanisms are in place to jointly review the LDA's implementation progress, as well as the specific Social Investment programme and project agreements.

## **CLAUSE 6 – PRIORITY BENEFITS AREAS: SOCIAL INVESTMENT**

*This clause outlines the most significant of the three key benefit areas of the LDA, namely Social Investment. Employment Opportunities, and Supplier Opportunities (hereto known as Community Content). This section divides social investment benefits into three categories: 1) Strategic Programmes, 2) Stand-Alone Projects, and 3) Small-Scale Projects. In addition, it provides a general implementation schedule and the approach to monitoring and evaluation. This clause provides the maximum limit in USD for the commitment of Sasol in matters of social investment.*

- 6.1 The Parties have agreed to dividing Social Investments programmes and projects into the following three main categories:
  - 6.1.1 Strategic Programmes i.e. flagship programmes, which shall consist of large multi-year high impact programmes, with the potential to extend coverage beyond the Covered Communities to the broader district as a whole, allowing for the coverage of Secondary Beneficiaries. The Parties recognise that this LDA describes the strategic Programmes to be implemented over the Term, as well as acknowledge that no further strategic themes are to be identified during the Term.

- 6.1.2 Stand-Alone Projects, which essentially consist of one-off infrastructure projects identified through the community prioritisation process. The Parties recognise that this LDA describes the stand-alone projects to be implemented during the Term, as well as acknowledge that no further stand-alone projects are to be identified during the Term.
- 6.1.3 Small-Scale Projects, which consist of community projects of up to US\$10.000 in value (or equivalent in Meticaïs), responding to the community's requests for Small-Scale contributions to community development (e.g. shelter for meetings, football grounds, sport equipment, etc), to be managed according to specifically allocated budget.

## 6.2 Strategic Programmes

*This clause presents the social investment priority themes identified as part of the prioritisation process with Covered Communities and District Government, and describes how projects will be designed and approved.*

- 6.2.1 Strategic theme programmes have been selected on the basis of community prioritisation within each of the 28 Covered Communities and then alignment between the 28 Covered Communities and finally alignment between the Covered Communities, IDA and Sasol. Both IDA and Sasol conducted their own prioritisation exercises. The prioritisation process has included in its consideration the following:
- (a) The impact on the largest possible number of people;
  - (b) The mobilisation and completion of programmes in a timely manner, whose implementation will be payable by an organisation or expert partner; and
  - (c) The reduction of dependency of the beneficiaries in relation to promoters and guarantee the sustainability of these projects in the long term.

6.2.2 The following Social Investment priorities have been identified and agreed by the Parties as constituting the strategic programmes:

*6.2.2.1 Water and Sanitation*

Access to drinking water has been identified as the number one priority for both the Covered Communities and the IDA. Access to drinking water and safe sanitation services is essential for public health and well-being, and for the environment. Improved water supply and sanitation practices have reduced the risk of disease, and improved the productivity and income of millions of rural families around the world. Such issues are currently faced by the Covered Communities, therefore improved water and sanitation would contribute to improved health as well as act as an enabler for economic development.

Sasol will contract a third-party expert partner to design and implement a programme that will aim at delivering effective access to water for the majority of the Covered Communities within the Term of this LDA. The specific sequencing and programme roll out will be determined by the expert implementation partner/organisation and will be reflected in the annual LDA work plans. To the extent possible, the project will also extend to the Secondary Beneficiaries.

Project modality and nature of project interventions to achieve such outcome will be determined by the expert implementing partner. The Covered Communities benefiting from the programme will be involved and participate in the design and implementation of such programme interventions and will receive appropriate training for their participation.

The programme would adopt a holistic, developmental approach that seeks to address issues around the reliability of water supply, the sustainability of water systems, the governance around water management, the affordability of services, and equitable access to water for all.

*6.2.2.2 Access to Electricity*

Access to electricity has been identified as a key priority by both Covered Communities and the IDA. Covered Communities see the lack of electricity as a barrier to socio-economic development, restricting the communities' opportunities for income-generating activities, enterprise development and overall economic development. It also affects the delivery of

social services from health centres to schools.

The access to electricity programme delivered by an expert partner would aim to find fit-for-purpose, affordable, and sustainable solutions for communities to access electricity. Project modalities on how to achieve such outcome will be developed, tested, and implemented by the expert partner, with significant involvement and participation of the Covered Communities benefiting from such programme. Such programme modalities may include both on and off-grid solutions.

Such programme would aim to benefit all Covered Communities with access to energy needs within the Term of this LDA. If possible, the project would extend beyond the Primary Beneficiaries also allowing for coverage of Secondary Beneficiaries.

#### *6.2.2.3 Economic Development*

Economic development encapsulates several activities deemed to stimulate and enhance the local economy, with the overall aim of increasing household incomes, by creating opportunities for jobs and self-employment, through enterprise and entrepreneurship development.

Economic development constitutes a key interest to Sasol. One of the highest concerns Sasol faces, operating in the local area, is the pressure for jobs and conflict around the fact that the demand for jobs outweighs the availability of jobs. The only way Sasol can address the issue on pressure on jobs is to invest in alternative employment generation opportunities. Contributing to the economic development of the area is therefore a top priority for Sasol and an area that both communities and government also assign significant importance to.

The Parties agree for Sasol to contract an expert development organisation, tasked to assess the feasibility and subsequently implement a local economic development Programme, potentially consisting of specific, economic sub-sector (value chain) support, as well as enterprise and entrepreneurship, skills, and livelihoods development.

The intention of pursuing multiple programme components under the umbrella of an overarching economic development programme is to provide a range of income generating opportunities to the Covered Communities, recognising that not all communities can pursue and benefit from the same economic activities, given limited market demand and differences in existing capabilities amongst the communities.

### **6.2.3 Criteria for the Selection of Strategic Programmes**

The Parties agree that all strategic Programmes, as identified in Clause 6.2.2 above, comply with the following approval and design criteria:

- (a) Address community development priorities that have been agreed through the LDA negotiation process and are now stipulated in this LDA;
- (b) Have an identified expert partner for delivery;
- (c) The expert partner shall determine the most cost effective and sustainable delivery mechanism;
- (d) The social investment proposals must demonstrate the sustainability of results and benefits of the project, in addition to its duration;
- (e) Social investment proposals must outline a clear logical process and approach to creating and measuring the results and impacts of the project.
- (f) Social investment proposals must define roles, contributions, and responsibilities of the Parties, required to ensure project success.
- (g) The social investment proposals must identify potential risks that may affect the success of the implementation, including mitigation strategies.

- (h) Other expert organisations (both local and international) must be considered with regard to project implementation, including potential support to obtain funding and resources.
- (i) Social Investment programmes must benefit Primary Beneficiaries but with the high potential to expand to Secondary Beneficiaries within broader district and even provincial-wide benefits.

### **6.3 Stand-Alone Projects**

Certain Covered Communities, and to some extent the IDA, have prioritised specific needs largely in the infrastructure area, excluding the strategic project defined priorities. These needs were classified as Stand-Alone Projects based on the following criteria:

- (a) they benefit a cluster of Covered Communities (between 4 to 6 Covered Communities);
- (b) they are of critical importance to those Covered Communities;
- (c) implementation would result in a significant improvement in the quality of life of those Covered Communities;
- (d) the projects have been identified through the community prioritisation process; and
- (e) the projects must be sustainable (e.i. self-sustaining and self-managed after a defined period of time).

Compared to the strategic Programmes, the Stand-Alone Projects shall benefit a specific cluster of communities to be identified and defined by the Partnership Committee during the implementation phase.

The Stand-Alone Projects agreed by the parties to implement during the term of this LDA will be: (i) a type 2 Health Centre and (ii) a secondary school. The exact location of the type 2 health Centre and the secondary school will be determined by the IDA and by the Provincial Government, in accordance with the applicable government policies.

## 6.4 Small-Scale Projects

Sasol has agreed to allocate a small portion of the LDA budget to community requests for small contributions to community development (shelter for meetings, football ground, etc.), with a maximum value of USD 10,000 (ten thousand US dollars), or the equivalent in Meticaïs at the exchange rate of the day.

6.4.1 The Small-Scale Projects aim to:

- (a) Create a good relationship between the Parties;
- (b) Meet the annual requests, based on the following criteria, recognising that it is not possible to agree in advance all requests for a period of five years;
- (c) Satisfy the intention of this LDA that each Covered Community will receive some type of benefit during the first year of implementation of the LDA. As such, communities who are not covered by the strategic Programmes during the first 2 (two) years will have priority access to budget allocated to the Small-Scale Projects; Thereby ensuring all Covered Communities will receive some type of benefit each year over the Term of this LDA.

6.4.2 The Parties agree the key criteria for the selection of these projects is:

- (a) The allocated budget will cover a limited number of projects per year, to be selected by the Partnership Committee;
- (b) Projects will need to demonstrate they benefit the community as a whole;
- (c) A maximum of 3 (three) proposals per community will be considered and it is expected that communities will prioritise and agree such requests amongst themselves before submitting.

6.4.3 The Parties agree that the Executive Team will draw up a detailed description of the development, approval and implementation process of the Small-Scale Projects, which are subject to the approval of the Partnership Committee in the first meeting to be held in February or March 2019.



## 6.5 General Implementation Timetable

*This clause defines a general implementation plan for the term of 5 years.*

6.5.1 The Parties agree that the Social Investment programmes and projects foreseen in this LDA will be implemented from July to June of each year, according to the financial year followed by Sasol.

6.5.2 Pursuant to the provisions of the preceding paragraph, the Parties agree that the main stages of the implementation of this LDA are the following:

- 1) Inaugural meeting of the Partnership Committee (to take place in February/ March 2019), at which the following matters will be discussed:
  - Appointment of the Chair of the Partnership Committee (who will be re-elected every 2 years);
  - Analysis and discussion of the terms of reference of the Job Working Group and their appointment;
  - Analysis and discussion of the terms of reference of the Probity Advisor and their appointment.
- 2) Presentation of Small-Scale Projects (to take place between 4-6 months after the signing of this LDA).
- 3) Signing of contracts with expert partners (to take place between 4-6 months after the signing of this LDA).
- 4) First Meeting of the Partnership Committee (to take place in June/July - annually), at which the following matters will be discussed:
  - Approval of the five-year strategic plan (first meeting)
  - Approval of the system of complaints and grievances of the LDA (first meeting)
  - Approval of the budget and annual plan of work
  - Approval of Small-Scale projects (annual)
- 5) Second Meeting of the Partnership Committee (to take place in December/January - annually), at which the following matters will be discussed:
  - Presentation of the annual report with reference to the preceding financial year

- Review of the implementation of the annual work plan
  - Analysis of the results of the annual financial audit
- 6) Third Meeting of the Partnership Committee (to take place in March/April - annually), at which the following matters will be discussed:
- Discussion and preparation of the annual work plan and budget.

6.5.3 The meetings of the Provincial Oversight Committee will take place immediately after the meetings of the Partnership Committee, as described above, at which will be discussed, among others, the contents of the annual report and budget presented by the Partnership.

## 6.6 Monitoring and Evaluation

*This clause outlines an approach on how the progress and effectiveness and overall impact of social investments will be ensured and measured.*

The Parties agree that the monitoring and evaluation of the impact of the implementation of the Social Investment programmes and projects is essential to assess the overall impact and success of the LDA.

The Executive Team (as per Clause 10.2) is responsible for ensuring that fit-for-purpose project and programme level M&E mechanisms are in place. M&E approaches are expected to incorporate the views and experiences of the Parties.

A final and external audit of the LDA will be carried out at the end of the Term to assess the overall impact and inform the way forward. This analysis of the impact of the LDA will form part of the strategic assessment for the next 5 (five) years.

Any third-party evaluation and audit (not forming part of the project budget) will be accounted for in the annual LDA budget and therefore be counted against the overall LDA benefits spending.

## CLAUSE 7 – PRIORITY BENEFITS AREAS: EMPLOYMENT OPPORTUNITIES

*This clause outlines the approach and key principles applied to Sasol's recruitment process in relation to jobs required as part of Sasol's business activities. The process aims to optimise the recruitment of workers from the Covered Communities ensuring that the recruitment process for identifying and allocating employment opportunities is fair and transparent.*

Sasol is committed to maximising local employment and enabling Mozambican nationals to actively participate in its value chain and within the industry as a whole.

Sasol is currently in an operational stage which means the number of direct employment opportunities is low. Sasol has a considerable number of permanent skilled and professional jobs for Mozambicans across its various operations in the country. From time to time there may be temporary employment opportunities that arise through short-term projects (1-3 months) such as plant turnarounds. The scope and frequency of these opportunities are dependent on the growth of the business and ongoing operational and project needs.

These temporary opportunities, available via Sasol directly and its contractors, often comprise roles at basic and semi-skilled levels, and it is these that offer greatest opportunities for workers in Sasol's Covered Communities. Priority for jobs will be given to Covered Communities on a rotational basis, such that each Covered Community has equal access to available job opportunities over time.

In order to ensure there is an equitable and transparent process for selecting candidates for local employment among the Covered Communities, a robust recruitment selection process will be established, building on Sasol's existing process already in place. This process will be managed by the Job Working Group, as laid down in Annex IV. After signature of this LDA, the Executive Team will be responsible for the design of the process, subject to the approval of the Partnership Committee.

## **CLAUSE 8 – PRIORITY BENEFITS AREAS: BUSINESS OPPORTUNITIES (COMMUNITY CONTENT)**

*This clause outlines the approach and key principles applied by Sasol to the tendering process for goods and services required as part of Sasol's business activities. The process aims to optimise the use of local goods and services from the Covered Communities ensuring that the process for identifying and pre-qualifying eligible suppliers is fair and transparent, and enabling access by eligible local suppliers to relevant tendering opportunities.*

Sasol is committed to increase the procurement of local goods and services as part of its continued business activities within the country. In order to do so Sasol aims to enable local businesses, particularly those from Covered Communities, to be able to actively participate in its value chain and within the industry as a whole.

Sasol is currently in the operational phase, which means that the procurement of goods and services from local businesses is limited to current projects. New contract opportunities depend on the growth of the business and ongoing operational and project needs. Whilst many of the goods and services required for the operations are quite expert in nature, there are requirements for goods and services that are non-expert which can offer greater local contracting opportunities due to the more manageable qualification requirements.

In order to increase the access of local suppliers to tender opportunities, Sasol aims to establish a fair and transparent tendering process applicable to potential local suppliers from the Covered Communities. After signature of this LDA, the Executive Team will be responsible for the design of the process, subject to the approval of the Partnership Committee.

## **CLAUSE 9 – ENVIRONMENTAL PROTECTION**

*Sasol recognises the importance of environmental protection and management, which is covered under the EIA and Environmental legislation.*

Sasol aims to comply with all environmental laws and regulations applicable to its operations and businesses in Mozambique. Ongoing environmental, health and safety assessments are conducted to monitor the impact of Sasol's current operations to communities. For all new

projects, environmental, social and health impact assessments will be conducted, in alignment with national and international requirements and standards.

Sasol will notify the Partnership Committee on the progress of such environmental, social and health impact assessments, with a view to ensuring participation of the Covered Communities in these processes.

## **CLAUSE 10 – GOVERNANCE**

### **10.1 Term**

*This clause deals with the duration of this LDA and potential revision/renegotiation.*

10.1.1 The present LDA shall become effective on the Effective Date and shall remain valid and in force for a period of 5 (five) years. The Parties may agree to renew this LDA for the same period of 5 years, provided that one of the Parties submits a proposal (which includes, among others, the amendment of Clause 6) for renewal with notice of 6 (six) months prior to the end of the Term. The extension to the LDA is subject to a written agreement signed by all Parties.

10.1.2 This LDA may be earlier terminated:

- (ii) If Sasol ceases to operate in the country; or
- (iii) by mutual agreement of the Parties.

10.1.3 In any of the abovementioned events of termination, the interested Party shall issue a written notification to the other Parties with at least 90 (ninety) days prior notice. The early termination of the LDA shall not affect the implementation of any approved Social Investment projects as per executed agreements with the expert partner. Any early termination of the LDA will be done in compliance with a termination plan which shall establish the winding down of the LDA (e.i. final reports on implemented projects, funds, accounts, etc), which should not exceed 6 (six) months from the time of officially termination of the LDA.

## 10.2 LDA Governance Structure

*This clause describes the general management of implementation of the LDA. The Parties agree to establish and collaborate through a Partnership Committee and Partnership Committee Secretariat, which will provide administrative and logistical support. Sasol will also establish an Executive Team, who will be responsible for implementation of the benefits agreed in accordance with this LDA, and that will respond to the Partnership Committee. In addition to the Partnership Committee, a Provincial Oversight Committee will be established, to ensure alignment between the implementation of the agreement and the Provincial Government. Further details are provided in Annex IV.*

- 10.2.1 The Parties agree to establish a Partnership Committee, composed of representatives of all the Parties, as set out in Annex IV.
- 10.2.2 The composition, function and the procedures of the Partnership Committee are described in more detail in Annex IV.
- 10.2.3 The Parties agree with the set-up of an Executive Team within Sasol, responsible for the execution of this LDA and the delivery of benefits agreed upon. The composition and functions of the Executive Team are set out in more detail in Annex IV.
- 10.2.4 In addition to the Partnership Committee, a Provincial Oversight Committee will be established, with representatives from the Parties. The Provincial Oversight Committee will aim to ensure the permanent support and contribution of the Provincial Government for the LDA implementation process. The functions, composition and procedures of the Partnership Committee are set out in more detail in Annex IV.
- 10.2.5 The Parties agree to have a Probity Advisor, as a neutral third party attend the Partnership Committee meetings to ensure that good governance is adhered to and due process is followed. The role of the Probity Advisor is described in more detail in Annex IV.
- 10.2.6 Secretariat services to the LDA Partnership committee will be provided by a contracted company. The costs for these secretariat services will be covered by the LDA budget.

### **10.3 Roles and Responsibilities for Implementing Social Investment Projects and Programmes**

This clause specifies the roles and responsibilities involved in identifying, designing, and implementing Social Investment Programmes and projects under each category (as described in Clause 6.1):

10.3.1 Strategic Programmes and Stand-Alone Projects: the bodies described below are assigned the following functions and responsibilities:

10.3.1.1 The Executive Team is responsible for:

- (a) Identifying and contracting the expert partner;
- (b) Supporting the design of projects (including the systems for monitoring and evaluation);
- (c) Ensuring the full involvement and participation of the communities in the processes;
- (d) Overseeing the implementation of projects;
- (e) Seeking endorsement from the Partnership Committee with regards to the concept, and implementing the expert partner;
- (f) Providing information and approving the implementation of programmes and projects by the responsible entities;
- (g) Drawing up the annual work plans of the projects;
- (h) Evaluating the monitoring and evaluation progress reports;
- (i) Articulating to the expert partners, or to the service providers, the adjustments that are necessary for the design and implementation of projects;
- (j) Coordinating payments to expert partners and service providers;
- (k) Ensuring that project beneficiaries and relevant community members participate in the design, implementation, and evaluation of Social Investment projects;
- (l) Ensure that the expert partners provide the Covered Communities with fair and transparent access to potential employment and training opportunities, when possible, without precluding the effective completion of agreed projects;
- (m) Updating the Partnership Committee on project

implementation and sharing progress and assessment reports.

10.3.1.2 The Partnership Committee is responsible for:

- (a) Commenting and providing feedback on project concepts and expert partners;
- (b) Overseeing the implementation of Social Investment projects and endorsement of annual work plans, as well as progress and evaluation reports, provided by the Executive Team.

10.3.1.3 The Provincial Oversight Committee is responsible for commenting and giving feedback on the implementation of Social Investment Projects and on the final project evaluation reports presented by the Executive Team.

10.3.2 Small-Scale Projects: the bodies described below are assigned the following functions and responsibilities:

10.3.2.1 The Partnership Committee is responsible for:

- (a) Analysing and selecting a limited number of Small-Scale Projects that are requested annually by the Covered Communities. The timing of such submission and approval process will be agreed upon in the first Partnership Committee meeting, based on suggestions by the Executive Team.
- (b) Compiling the annual Small-Scale Project list with a view on benefiting those communities that are not covered by other projects in the year under consideration.
- (c) Receiving proposals for Small-Scale Projects prepared by the Covered Communities and their representatives, with the assistance of the secretariat, if necessary.



10.3.2.2 The Executive Team is responsible for:

- (a) Executing Small-Scale Projects, including verification of the project concept, identification and contracting of service provider, implementation oversight;
- (b) Reporting back to the Partnership Committee on successful completion of each Small-Scale Project;
- (c) Preparing a specific form for Small-Scale Project requests.

### **10.3.3 Local Employment Opportunities**

The Executive Team is responsible for drafting a reliable recruitment selection process, based on Sasol's existing process. This process shall be approved by the Partnership Committee and managed by the Job Working Group.

### **10.3.4 Business Opportunities (Community Content)**

The Executive Team is responsible for drafting a fair and transparent tendering process applicable to potential local suppliers from the Covered Communities, subject to approval by the Partnership Committee.

## **10.4 Budget and Administration of Funds**

10.4.1 The implementation of this LDA is subject to annual budgets, drafted on the basis of Sasol's budgeting process. The annual budgets of the LDA shall comprise:

- a) Social Investment projects and programmes, and
- b) The costs of management and governance of the LDA, in respect of the costs related to the support provided by the secretariat to the Partnership Committee.

10.4.2 Sasol staff costs related to the Executive Team will not form part of the annual LDA budget. Such staff cost are extra expenditures that Sasol will incur to support the LDA implementation process.

- 10.4.3 The maximum amount of investment to be carried out during the term of this LDA may not exceed the value of USD 10.000.000.00 (10 Million US Dollars), or the equivalent in Meticaïs.
- 10.4.4 It is the responsibility of Sasol's Social Investment department, through the Executive Team, to prepare annual LDA budgets and present them for review and endorsement, as part of annual work plans, to the Partnership Committee.
- 10.4.5 All funds dedicated to the implementation of Social investment programmes and projects, as well as the management and governance of this LDA will be managed by Sasol through its internal financial management systems and procedures. This includes payment of all service providers, project implementation expert partners and the Probity Advisor. LDA governance related expenditures, incurred by the Parties' representatives in the Partnership Committee (e.g. travel cost) will be managed by the LDA Partnership Committee secretariat.
- 10.4.6 The Executive Team, through Sasol's Social Investment department, will present updates on the LDA budget at each Partnership Committee meeting. Such information will include (annual) budget and expenditures, as well as annual accounts (opening & closing balance).
- 10.4.7 LDA financial accounts will be audited by an independent auditor (auditing firm) and respective auditing reports and findings will be shared at the Partnership Committee meetings.

## **10.5 Reporting and Evaluation**

<i>This clause outlines what reports will be produced under this LDA, and to whom they will be made available.</i>
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- 10.5.1 The Executive Team will prepare an annual report template, subject to the approval of the Partnership Committee.
- 10.5.2 Annual reports will be drafted by the Executive Team and submitted to the Partnership Committee for discussion.
- 10.5.3 Sasol shall submit to MIREME, to the Inhambane Provincial Government and to the IDA annual reports containing information on the implementation of this LDA and respective Social Investment projects, in conformity with the elements set forth in the CSR Guidelines. The final version of the report shall

be agreed amongst the Parties prior to the aforementioned submission.

- 10.5.4 Programme and project-specific evaluation reports, as well as the final LDA impact evaluation (part of the 5-year strategic review) will be shared by the Executive Team with the Partnership Committee, members of the LDA Provincial Oversight Committee, and other stakeholders as per the CSR Policy, including District Advisory Councils.
- 10.5.5 During the last 6 (six) months of the Term of the LDA, an appropriate and qualified entity will be commissioned to carry out a strategic assessment of the execution of the LDA and implementation of the respective Social Investment projects and Programmes. The Executive Team will be responsible for drafting the terms of reference for such a strategic review, subject to endorsement by the Partnership Committee.
- 10.5.6 Among other matters, the strategic evaluation will focus on:
- a) Compliance with the provisions of this LDA by the Parties;
  - b) The fulfilment of the objectives, targets and obligations in relation to the implementation of the Social Investment projects and Programmes envisaged,
  - c) The overall impact of the LDA on the Covered Communities, and
  - d) The relevance of the Social Investment priority areas foreseen in the LDA.
- 10.5.7 The strategic evaluation will be discussed within the Partnership Committee and the Provincial Oversight Committee. However, no Party is bound to accept or comply with any outcome or recommendation made without its consent.
- 10.5.8 The strategic evaluation, or a summary of it, will be published and made available to the broader public with the consent of each of the Parties.

## 10.6 Transparency

*This clause mentions where copies of this LDA can be accessed by the broader public.*

Copies of this LDA will be retained in the Provincial and District Secretariats. Members of the Covered Communities may also request access to a copy of this LDA from the respective Community representative of the Partnership Committee, and the respective consultation at any time. Covered Community representatives may respond to such requests and grant access to a copy of this agreement within two weeks upon receiving such request.

## CLAUSE 11 - AUDIT

*This clause foresees the checking of Sasol's LDA related accounts and payments on an annual basis to ensure that funds are used in a transparent way in accordance with this LDA and annual work plans.*

An annual financial audit of Sasol's LDA related financial accounts (inflows and outflows) will be carried out by a recognised and reputable audit and accounting firm. The cost of the audit will be included in the annual LDA budget. The financial audit report will be shared with the Partnership Committee.

## CLAUSE 12 - COMPLAINT & GRIEVANCE MECHANISM

*This clause ensures the implementation of a system, by agreement of the Parties, that will allow for community members to have LDA-relevant complaints heard and resolved.*

12.1 Sasol will establish and maintain a community complaints and grievance system, for all Covered Communities. Sasol will present the suggested complaints and grievance system to the Partnership Committee for endorsement. Subsequently, members of all Covered Communities will be properly informed about the purpose and use of such system.

12.2 Sasol will be responsible for operating the complaints and grievance system. Depending

on the grievance, Sasol will contact the relevant member of the Partnership Committee and present the submitted complaint and grievance for the relevant member. Parties to the LDA agree to resolving complaints and grievances in a timely manner, should the grievances relate to implementation of the LDA or the Partnership Committee.

- 12.3 A formal response will be agreed upon by the Parties and feedback will be *provided* directly by the Covered Community representative and Sasol to the complainant.
- 12.4 In all Partnership Committee meetings, Sasol representatives will provide an update on the overall nature of complaints received, as well as their resolution.
- 12.5 All Parties and representatives to the Partnership Committee members will fully support and participate in the resolve of any community complaints or grievances, related to them.
- 12.6 Based on the community complaints received, the Partnership Committee will jointly discuss preventive measures to avoid similar complaints in the future, where such complaints relate to more than one Party.

## **CLAUSE 13 - CONFLICT RESOLUTION**

*This clause sets out provisions for dealing with any conflicts that may arise between the Parties during the implementation of LDA.*

- 13.1 Any conflicts emerging from or related to this LDA, including any issue related to the existence and implementation, validity, interpretation, non-compliance or termination, and the rights and obligations of the Parties involved in this LDA, will try to be solved first through good faith and amicable dialogue between all Parties.
- 13.2 If the Parties cannot find a solution to the conflict in question, through good faith dialogue, within 90 (ninety) days after one Party has received a written complaint from the other, the matter shall be referred to mediation according to the Mozambican Arbitration, Conciliation and Mediation Rules, as established by Law 11/99 of 8 July.
- 13.3 The costs of the mediation shall be covered by Sasol.

## CLAUSE 14 – GENERAL PROVISIONS

### 14.1 Notices:

All notices or documents required to be given pursuant hereto shall be in writing, and shall be delivered by hand or courier or transmitted by facsimile or email to the following addresses:

#### **For the Covered Communities Representative(s):**

Address:

Fax:

Att.:

Email:

#### **For Inhassoro District Administration:**

Address:

Fax:

Att.:

Email:

#### **For Sasol:**

Address: Rua dos Desportistas, n. 833, Edifício JAT V-3, 11° & 12° Andar, Maputo

Fax:

Att.:

Email:

14.2 Applicable law: this LDA is governed by and interpreted in accordance with Mozambican Law.

14.3 Severability: if any provision or part-provision of this LDA is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the LDA.

14.4 Amendments: no modification or amendment to the terms and conditions of this LDA shall be binding, unless same is included in a written document and duly signed by

authorised signatories of the Parties.

14.5 Entire Agreement: this LDA constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements related to the LDA, either written or oral.

14.6 Annexes: the following annexes attached to this LDA are considered an integral part thereof for all legal purposes and effect:

Annex I - List of 28 Covered Communities in the Inhassoro District

Annex II - List of the names of the representatives of the Covered Communities

Annex III - Ethics and Anti-Corruption Clause

Annex IV– LDA Governance Structure

**IN WITNESS HEREOF**, the Parties execute this LDA in 3 (three) original versions of equal value and content.

Signed in Inhambane, on \_\_\_\_\_ of \_\_\_\_\_ of 2018.

**For and on behalf of the 28 Covered Communities**

<b>1</b>	<b>2</b>	<b>3</b>
[name of representative]	[name of representative]	[name of representative]
<b>4</b>	<b>5</b>	<b>6</b>
[name of representative]	[name of representative]	[name of representative]
<b>7</b>	<b>8</b>	<b>9</b>
[name of representative]	[name of representative]	[name of representative]
<b>10</b>	<b>11</b>	<b>12</b>
[name of representative]	[name of representative]	[name of representative]
<b>13</b>	<b>14</b>	<b>15</b>
[name of representative]	[name of representative]	[name of representative]
<b>16</b>	<b>17</b>	<b>18</b>
[name of representative]	[name of representative]	[name of representative]
<b>19</b>	<b>20</b>	<b>21</b>



[name of representative]	[name of representative]	[name of representative]
<b>22</b>	<b>23</b>	<b>24</b>
[name of representative]	[name of representative]	[name of representative]
<b>25</b>	<b>26</b>	<b>27</b>
[name of representative]	[name of representative]	[name of representative]
<b>28</b>	<b>29</b>	<b>30</b>
[name of representative]	[name of representative]	[name of representative]
<b>31</b>	<b>32</b>	<b>33</b>
[name of representative]	[name of representative]	[name of representative]
<b>34</b>	<b>35</b>	
[name of representative]	[name of representative]	

**For and on behalf of Sasol**

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**Peter Manoogian**

**Director**

**For and on behalf of the Inhassoro District Administration**

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**Dulce Canhemba**

**Inhassoro District Administrator**

**In witness and representation of the Provincial Government of Inhambane:**

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**Daniel Chapo**

**Governor of the Inhambane Province**

## **ANNEX I**

### **List of 28 Covered Communities in Inhassoro District**

#### **1. Maimelane:**

- Mangarelane
- Tiane
- Rumbatsatsa
- Vulcanjane
- Macovane
- Chitsecane
- Buxane
- Chipongo
- Malangute
- Matsanze
- Manusse
- Timane
- Mudumane Chimajane
- Mabime
- Lichau
- Magungumete
- Cachane
- Nhacolo
- Vuca interior
- Mapanzane
- Xitsotso

#### **2. Nhapele**

- Catine
- Maperepere
- Maole

#### **3. Inhassoro Sede**

- Bairro Sede
- Chibo

- Mangarelane 1

### ANNEX III

#### ETHICS AND ANTI-CORRUPTION CLAUSE

*This Annex describes the provision on ethics and anti-corruption applicable to contracts entered into by Sasol.*

1. For the purposes of this clause:
  - a) Anti-corruption laws means (i) the Law Combating Corruption (Law No. 6/2004 of 17 June 2004) and the Public Health Law (Law No. 16/2012 of 14 August) (ii) the law of the United States on Corrupt Practices Abroad 1977, (iii) the United Kingdom Bribery Act 2010, (iv) other applicable public and commercial laws to combat anti-ethical acts, and (v) international treaties to combat corruption, such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the UN Convention against Corruption.
  - b) Public Official means: (i) any worker or employee of an entity, department or government agency; (ii) any person acting in their official capacity for or on behalf of any entity, department or government agency; (iii) any worker or employee at national, provincial, district or municipal level; (iv) a worker or an employee of an organisation authorised by local government to carry out governmental functions; (v) an employee, officer or director of an organisation, institution or company owned or controlled (fully or partially) by the government at national, provincial, district or municipal level; (vi) an external director of an entity owned by the government at national, provincial, district or municipal level; (vii) a legislator (full or part-time); (viii) a person who occupies a position of honour or ceremonial position in Government; (ix) any employee of a political party or candidate for political office; and (x) an officer or employee of a public international organisation.
2. Each party acknowledges that it is familiar with the Anti-Corruption Laws and that the implementation of this LDA will be made in accordance with the Anti-Corruption Laws, as applicable.
3. Each Party ensures that it and its affiliates did not make, offer or authorise, nor will it make, offer or authorise, in respect of the matters covered by this LDA, any payment, offer, promise or any other benefit, directly or indirectly by means of any other person or entity, for the use or benefit of a worker of another Party or any public official or any political party or official of a political party or candidate for the office, where such payment, offer, promise or benefit violates applicable Anti-Corruption Laws.

4. Any violation, or lack in compliance with the provisions of this clause shall be considered as material and shall allocate to the compliant Party the right to terminate this LDA.
5. Except otherwise provided for in this LDA, none of the Parties has the right to represent or make decisions on behalf of the other Party.

## ANNEX IV

### LDA GOVERNANCE STRUCTURE

*This annex describes how the implementation of LDAs is managed, the governance structure, authority levels and decision making, as well as meeting frequency.*

#### **A. PARTNERSHIP COMMITTEE**

##### **1. Purpose:**

The Partnership Committee is the main body, composed of each of the Parties and responsible for overseeing the implementation of the LDA.

##### **2. Membership:**

2.1 The Partnership Committee is composed of representatives from each of the Parties as described below:

2.1.1 The District Administration is represented by a maximum of 7 (seven) representatives, including the Permanent Secretary, all nominated by the District Administrator.

2.1.2 The Covered Communities will be represented by 28 (twenty-eight) members, one appointed by each of the communities;

2.1.3 Sasol is represented by 4 (four) Members from the respective Social Investment and Government Relations Departments.

2.2 The community representatives are directly elected by the members of the respective Covered Communities, in the presence of and witnessed by officials of the District Government and official leaders of the communities.

2.3 The mandate of the community representatives will have a maximum duration of five (5) years, subject to renewal by the Covered Communities

##### **3. Functions**

3.1 The Partnership Committee performs the following functions:

- 3.1.1 Review and endorse the 5-year strategic plan, as well as annual work plans
- 3.1.2 Comment and give feedback on the Programme and the concept of the Social Investment projects;
- 3.1.3 Monitor and evaluate the implementation of the LDA and the Social Investment Programmes and projects;
- 3.1.4 review and endorse annual progress reports, project monitoring and evaluation reports, and 5-year strategic review (including LDA impact assessment)
- 3.1.5 Analyse and select Small-Scale Projects, and agree on the implementation plan (including the order of implementation);
- 3.1.6 Define and agree on job rota (allocation of job opportunities across Covered Communities) on an annual basis;
- 3.1.7 Oversee the allocation of job opportunities with Sasol and its sub-contractors, coordinated by the Job Working Group and as per agreed job rota;
- 3.1.8 Examine the complaints and grievances of the communities, and develop solutions in order to prevent recurrence;
- 3.1.9 Analyse and resolve any issues emerging among the Parties.

#### **4. Meetings, Quorum, Voting and Resolutions**

- 4.1 The Partnership Committee meets in ordinary form, 3 (three) times per year. The specific dates of the 3 (three) ordinary meetings shall be agreed upon by the Parties during the inaugural meeting of the Partnership Committee, to take place in February or March 2019.
- 4.2 The inaugural meeting mentioned above will aim to establish the mechanisms and procedures for implementation of the LDA such as: (i) the institution of the Job Working Group; (ii) definition of a detailed process for development and implementation of Small-Scale Projects; (iii) system of complaints and grievances.

- 4.3 Calls to the meetings of the Partnership Committee will be sent by the Secretariat, in accordance with the instructions of the Committee Chair, indicating the place, time and agenda.
- 4.4 The notice referred to in the previous paragraph will be sent with 7 (seven) days prior to the date of the meeting.
- 4.5 The Partnership Committee Secretariat, in coordination with the respective members, shall be responsible for the logistical organisation required for the conduct of meetings.
- 4.6 The meetings will be held on the dates described in Clause 6.5 of the LDA, and the topics described there shall be the subject of discussion. Depending on the stage of the Sasol operations, employment opportunities may be the subject of discussion at these meetings.
- 4.7 Before an unforeseeable or urgent event that may have a material impact on the implementation of the LDA or on the Parties, either Party may convene an extraordinary meeting, upon request, in writing or by telephone, addressed to the Chair of the Partnership Committee. The Chair shall, together with the requesting Party, evaluate the unpredictable nature or urgency of the question presented, or its material impact on the LDA or on any one of the Contracting Parties, and consequently if this requires the involvement of the Parties, or can be solved more efficiently without involving the holding of a meeting of the Partnership Committee. If the request is considered lawful, the Chair of the Partnership Committee shall convene the requested extraordinary meeting, which must take place within three (3) weeks after his/her request.
- 4.8 The Chairpersonship of the Partnership Committee will rotate between the Parties, to be appointed in the Partnership Committee meetings. The appointment shall be for 2 (two) years, plus 1 (one) year.
- 4.9 The Sasol Local Development Department (as part of the Executive Team) reports to the Chair of the Executive Committee on all matters related to implementation of the LDA (e.g., work plans, projects, among others).



- 4.10 So that the meetings of the Partnership Committee may take place, there must be a quorum of at least 50% (fifty per cent) of the representativeness of the Parties: (i) 2 (two) of the four (4) Sasol representatives; (ii) 2 (two) of the four (4) IDA representatives; and (iii) 14 of the 28 representatives of the Covered Communities. The Partnership Committee may not conduct any business at a Partnership Committee meeting unless a quorum is present at the commencement of the meeting.
- 4.11 Where the Executive Team requires the Partnership Committee's endorsement for any course of action, such endorsement requires the favourable vote of all Sasol and IDA representatives present at the meeting, as well as the support of 2/3 of the Covered Community representatives present at the meeting.
- 4.12 In the event of not being able to obtain the approval on the subject in question on a first meeting, the process must be repeated in a maximum of two extraordinary meetings. If the Partnership Committee rejects the proposal, the Executive Team may proceed without such approval.

## **5. Partnership Committee Secretariat**

- 5.1 The position of Secretariat of the Partnership Committee shall be exercised by a third party commissioned by Sasol, with the costs of such commission being within the LDA budget.
- 5.2 The Secretariat of the Partnership Committee performs the following functions:
- 5.2.1 Convening the meetings of the Partnership Committee, as requested by the Chair;
  - 5.2.2 Preparing and delivering meeting calls and any other documents relating to meetings of the Partnership Committee;
  - 5.2.3 Preparing and distributing minutes of Partnership Committee meetings to Parties' representatives; and
  - 5.2.4 After Partnership Committee meetings, organising meetings with

community sub-group representatives to inform them of the matters under discussion at Partnership Committee meetings.

## **B. JOB WORKING GROUP**

1. The purpose of the Job Working Group is to coordinate the allocation of job opportunities with Sasol and/or its sub-contractors, for all Covered Communities, in accordance with the annual job rota defined and approved by the Partnership Committee.
2. The Job Working Group consists of 2 (two) Sasol representatives, 2 (two) IDA representatives and 6 (six) Covered Community representatives, who form part of the Partnership Committee.
3. In the first Jobs Working Group meeting, members nominate a chair, who facilitates working group meetings, and provides updates on the work carried out by the group during Partnership Committee meetings.
4. The allocation of job opportunities follows the following process:
  - 4.1 Be based on the existing process and adjust as appropriate to meet the objectives of inclusion, equity and transparency.
  - 4.2 Use the existing database which contains information about interested employees of the Covered Communities. A process will be implemented to ensure independence, inclusion, fairness and transparency in the introduction and management of information of applicants in the database.
  - 4.3 A third party will be commissioned to ensure the independent management of the recruitment process.
  - 4.4 Sasol and its subcontractors shall share information about future employment opportunities as far in advance as possible and in a timely manner, and must include an estimate of the competencies and necessary skill levels.
  - 4.5 Create an appropriate procedure for allocating employment opportunities between the Covered Communities, taking into account the timing and the range of opportunities, which must be managed independently to ensure its transparency.
  - 4.6 Implement a control mechanism and appropriate balance to ensure a transparent selection of rotation of workers available for employment opportunities.

- 4.7 Regular meetings must be held between the Working Group and the third party commissioned to ensure continued efficiency of the process.
- 4.8 Candidates will be selected on a competitive basis. Interviews and medical examinations shall be performed by an intermediary of Sasol or their subcontractors. Candidates not selected will receive constructive criticism.
- 4.9 The selected candidates will be subject to an induction process, which includes training on health and safety at work.

## **C. PROVINCIAL OVERSIGHT COMMITTEE**

### **1. Purpose**

The Provincial Oversight Committee is the forum for collaboration between the Parties, responsible for overseeing the implementation of the LDA.

### **2. Membership**

The Provincial Oversight Committee shall be composed of:

- 2.1 8 (eight) representatives of the Provincial Government, in addition to the Provincial Governor or his/her representative. All representatives are nominated by the Provincial Governor.
  - 2.1.1 (two) Sasol representatives;
  - 2.1.2 (two) IDA representatives;
  - 2.1.3 (two) Covered Communities representatives.

### **3. Functions**

The Provincial Oversight Committee performs the following functions:

- 3.1 Analysing the 5-year strategic plan and the annual work plans;
- 3.2 Analysing updated information on the implementation of the Programmes and projects of the LDA; and
- 3.3 Analysing the end-of-year achievements on the basis of the work plan and its targets.

### **4. Meetings, Quorum, Voting and Resolutions**

- 4.1 The Provincial Oversight Committee gathers 3 (three) times per year, immediately after the meetings of the Partnership Committee. The inaugural meeting of the Provincial Oversight Committee will be held in February/March 2019.

6.5.1 As regards the frequency and topics to be the subject of discussion at meetings of the Provincial Oversight Committee, the provisions of clause 6.5.1 of this LDA shall apply.

4.2 The meetings of the Provincial Oversight Committee shall be chaired by the Provincial Governor or, in his/her absence, by a representative nominated by the Provincial Governor.

4.3 Any updates on the Programmes and projects implemented under the LDA will be provided by at least one representative of each of the Parties.

4.4 For the meetings of the Provincial Oversight Committee to be validly held, at least one representative of each of the Parties must be present.

## **D. Executive Team**

### **1. Purpose**

The Executive Team is responsible for the delivery of all Social Investment programmes and projects agreed upon under this LDA.

### **2. Composition & functions**

The Executive Team is composed of members of the *Departments of Social Investment and Government Relations*.

### **3. Functions**

The Executive Team performs the following functions:

3.1 Development, implementation, monitoring and evaluation, budgeting and preparation of reports of Programmes and projects, as well as the selection, recruitment and management of implementing partners.

3.2 Preparation of the strategic plan, as well as of the work plans and annual budgets for subsequent approval by the Partnership Committee.

3.3 Providing technical support and approving the design of Social Investment Programmes and projects made by the partners responsible for implementation.

- 3.4 Keep the Chair of the Partnership Committee informed about the issues related to the implementation of the LDA.

#### **4. Planning and implementation cycle**

Sasol, together with other members of the Executive Team, is responsible for the implementation of the following planning cycle:

Preparation of the strategic plan to be presented to the Partnership Committee during the first meeting (June/July 2019).

Drafting and obtaining the approval of work plans and annual budgets for the Partnership Committee, during the first meeting.

- Selection of proposals for Small-Scale Projects as submitted by the Covered Communities.
- Preparation and Submission of annual reports with reference to the preceding financial year.

#### **E. PROBITY ADVISOR**

1. The Probity Advisor, an independent third party, must attend all LDA Partnership Committee meetings to ensure that good governance is adhered to and due process is followed, in accordance with this LDA.
2. The Parties agree that Sasol engages the Probity Advisor in accordance with a transparent hiring process, subject to the approval of the Partnership Committee.
3. Sasol undertakes to share with the Partnership Committee the terms of reference for the role of Probity Advisor, as well as a list of 3 (three) potential entities from among which the Partnership Committee will select the most able to exercise this function.
4. The Parties undertake to not establish personal relationships with, nor influence the role of Probity Advisor during or outside Partnership Committee meetings.
5. The Probity Advisor must, in any event, and in the performance of their duties, act in a neutral and independent way, in relation to each of the Parties to the LDA.
6. The Probity Advisor does not have the right to vote at LDA Partnership Committee meetings.
7. The costs of the Probity Advisor are included in the budget of the Social Investment Programmes and projects foreseen in this LDA.

8. The Probity Advisor must submit annual reports to the Partnership Committee.