

Sasol Inzalo Groups Limited (RF)

# Board Charter

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## 1. INTRODUCTION

The Sasol Inzalo Groups Limited (RF) (the Company) Board Charter is subject to the provisions of the Companies Act, 71 of 2008, (the Companies Act), the Company's Memorandum of Incorporation (MOI) and any applicable law or regulatory provision. It is not intended to replace or amend the MOI in any way whatsoever. References to the male gender are intended to equally reflect as references to the female gender.

## 2. PURPOSE OF THE BOARD CHARTER

The purpose of the Board Charter is to provide a concise overview of:

- a) the roles, responsibilities, functions and powers of the Sasol Inzalo Groups Limited (RF) Board (the Board), the shareholders of the Company, individual directors and the officials and management of the Company;
- b) the powers delegated to various Board committees of the Company; and
- c) the policies and practices of the Board in respect of matters such as corporate governance, trading by directors in the securities of the Company, declarations and conflicts of interest, Board meeting documentation and procedures, composition of the Board and the nomination, appointment, induction, training and evaluation of directors and members of Board committees.

## 3. THE BOARD, OTHER ORGANS OF THE COMPANY AND COMPANY OFFICIALS

### 3.1 The Shareholders

Matters reserved for decision-making by the shareholders of the Company are set out in the MOI<sup>1</sup> and the Companies Act.

A matter reserved for decision-making by the shareholders is considered by the Board before it is recommended to the shareholders for decision-making. The Board will, where appropriate, provide the shareholders with its recommendation and the relevant material information in respect of resolutions proposed for shareholder approval.

It is the policy of the Company to accurately disclose company information to shareholders and other interested parties in such a way that the shareholders are apprised of all material aspects of the business of the Company and its subsidiary (Group companies).

Directors and members of management are expected to attend shareholders' meetings. The chairmen of all committees of the Board are expected to be available at the Annual General Meeting of shareholders of the Company to respond to relevant questions or queries.

Proceedings at meetings of shareholders are governed by the provisions of the Companies Act and the MOI.

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<sup>1</sup> See attachment 4 for a copy of the MOI adopted by shareholders on 1 December 2012.

## 3.2 The Board

### 3.2.1 General powers of the Board

The role, function and powers of the Board, its members and committees and its relationship vis-à-vis other organs of the Company and its subsidiary are determined by law, the MOI of the Company, agreements such as the governing agreement (where relevant), corporate governance best practices and decisions and policies of the Board.

The Board is responsible for the strategic direction of the Company and for the control of the Company<sup>2</sup>. In managing or directing the affairs of the Company the Board has authority to exercise all of the powers and perform any of the functions of the Company except to the extent that the Companies Act, MOI or governing agreements provide otherwise<sup>3</sup>.

The Board accordingly has the power to make any decision in respect of the Company which has not been specifically reserved for decision-making by the shareholders. This power includes the power to exercise the rights as shareholder of Group companies.

The Board exercises its powers responsibly:

- a) In the best interests of the Company with due regard to the interest of stakeholders of the Company; and
- b) In compliance with the requirements of the law, the listings requirements of the JSE, principles of sound corporate governance and Board policies and procedures.

### 3.2.2 The role, functions and responsibilities of the Board

Within the powers conferred upon the Board by the MOI and the Companies Act the Board has determined its main function and responsibility as being to add significant value to the Company by:

- a) Retaining full and effective control over the Company and providing effective leadership in the best interest of the Company;
- b) Informing and approving the strategies and strategic objectives of the Company and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced;
- c) Determining and setting the tone of the Company values including principles of ethical business practice and the requirements of being a responsible corporate citizen;
- d) Bringing independent, informed and effective judgment to bear on material decisions of the Company and Group companies;

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<sup>2</sup> King III Code (2009)

<sup>3</sup> Section 66 Companies Act

- e) Satisfying itself that the Company and Group companies are governed effectively in accordance with corporate governance best practices including risk management, legal compliance management, appropriate and relevant non-binding industry rules, codes and standards and internal control systems to:
  - maximise sustainable returns;
  - safeguard the people, assets and reputation of the group; and
  - ensure compliance with applicable laws and regulations;
- f) Monitoring and implementation, through an approved governance framework, by Group companies and Board committees of the Board's decisions and policies with a structured approach to governance, reporting, risk management and risk based auditing;
- g) Ensuring that the Company has effective Board committees as required by the Companies Act, MOI and recommended by best corporate governance practice that the Company chooses to apply;
- h) Ensuring that there is an effective risk based internal audit;
- i) Governing the disclosure control processes of the Company including ensuring the integrity of the Company's annual report<sup>4</sup> and reporting on the effectiveness of the Company's system of internal controls;
- j) Ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible; and
- k) Monitoring of the relationship between management and stakeholders of the Company.

### 3.2.3 Composition of the Board and gender diversity policy

The Board comprises non-executive directors who are independent. The Board should at all times be suitably constituted and do everything necessary to appropriately fulfill its role and responsibilities.

The Board may determine the number of directors on the Board at any time, subject to the proviso that the Board may comprise a maximum of eleven (11) directors and a minimum of five (5).

The directors may elect a Chairman and a deputy Chairman and determine the period for which they are to hold office<sup>5</sup>.

The Board is empowered to fill vacancies on the Board<sup>6</sup>.

Only individuals with sound ethical reputations and business or professional acumen and who have sufficient time to effectively fulfill their role as Board members, will be considered for appointment to the Board. Individuals with material enduring conflicts of interest with the Company or any Group company that cannot be reasonably managed by the normal methods of declaration of interests and temporary recusal from meetings will not be considered for appointment.

The Board recognises and embraces the benefits of having a diverse Board, appreciates that diversity at Board level is an essential component for sustaining a competitive advantage and is committed to

<sup>4</sup> The King III Code defines Integrated Reporting as "a holistic and integrated representation of the Company's performance in terms of both its finances and its sustainability. This can take the form of a single report or dual reports"

<sup>5</sup> See par 31.4 of the MOI

<sup>6</sup> See par 24.15 of the MOI

ensuring a diverse and inclusive culture on Board level, where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment are not tolerated.

Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and academic experience and background, enhance the composition of a truly diverse Board. All facets of diversity will be considered in determining the optimal composition of the Board and, where possible, should be balanced appropriately. All Board appointments are made on merit, having due regard for the benefits of diversity, including gender, which the Board as a whole requires to be effective.

Directors are appointed through a formal process approved by the Board of identifying suitable candidates to be proposed to the Board and shareholders.

- The Board composition should reflect:
  - a majority of independent non-executive directors;
  - racial and gender diversity; and
  - diversity in respect of the relevant business, geographic and academic backgrounds.
- In identifying suitable candidates for appointment to the Board, candidates are considered on merit against objective criteria and with due regard for the benefits of diversity on the Board.
- As part of the annual performance evaluation of the effectiveness of the Board, its Committees and individual directors, the process will consider the balance of diversity requirements and representation on the Board, including gender and other factors relevant to its effectiveness.

All measurable objectives for achieving diversity on the Board that are appropriate for the Company are considered annually. Achievement against these objectives will be disclosed in the annual Corporate Governance Report.

Directors appointed by the Board, retire as directors at the first subsequent annual general meeting unless elected at such shareholder meeting<sup>7</sup>. At least a third of incumbent directors retires by rotation at each annual general meeting and is eligible for re-election, unless shareholders have nominated additional candidates for election. Retiring directors may be re-elected provided they are eligible.

This Board Charter is considered to be an integral part of the conditions of appointment of all directors. Future letters of appointment should attach the Board Charter and specifically incorporate it by reference.

### 3.2.4 Board Committees

In terms of the MOI<sup>8</sup> the Board is empowered to appoint Board committees and to delegate powers to such committees. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

Delegation is formal and involves the following:-

- a) formal terms of reference are established and approved for each committee of the Board;
- b) the committees' terms of reference are reviewed once a year;

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<sup>7</sup> See par 24.15 of the MOI

<sup>8</sup> See par 29.1 of the MOI

- c) the committees are appropriately constituted with due regard to the skills required by each committee;
- d) the Board establishes a framework for the delegation of authority to management;
- e) the Board notes reports from and/ or minutes of the meetings of each committee of the Board; and
- f) the Board monitors the activities of committees and individuals with delegated authority.

The Board has the following committees:

- Audit and Risk Committee
- Social and Ethics Committee

Refer to attachments 1 - 2 for the terms of reference of these committees.

### **3.2.5 Board meetings and Board documentation**

#### **3.2.5.1 Frequency**

The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Charter. The Board meets at least twice a year and at such additional *ad hoc* times as may be required.

#### **3.2.5.2 Agenda, meeting papers and minutes**

The Board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

A detailed agenda, together with supporting documentation must be circulated approximately five (5) business days prior to each meeting to the members of the Board and other invitees. The Chairman, with the assistance of the Company Secretary, must ensure that the agenda, as prepared, raises all relevant issues requiring attention in such a way and sequence that effective proceedings are facilitated.

All meeting papers and submissions made at the Board meeting are strictly confidential and directors must under no circumstances circulate them to any other parties. Directors are expected to manage their security passwords providing electronic access to their meeting packs with due care and vigilance. All hard copies of meeting papers and Board submissions must be left in the Boardroom on conclusion of the meeting. A record of Board submissions shall be maintained and held by the Company Secretary. Directors may arrange with the Company Secretary to obtain access to records of Board documentation and minutes if required by them in the course of discharging their duties as directors of the Company.

#### **3.2.5.3 Attendance**

Board members will use their best endeavours to attend all meetings of the Board, including meetings called on an *ad hoc* basis for special matters, unless prior apology with reasons have been submitted to the Chairman or Company Secretary. Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion. They are expected to participate fully, frankly, and constructively in Board discussions and to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as directors.

The Chairman may at his or her discretion authorise the use of audio or video conferencing facilities to make participation in a Board meeting possible should attendance in person not be possible.

If the nominated Chairman of the Board is absent from a meeting, the Deputy Chairman will chair the meeting, and in the absence of the Deputy Chairman, the members present must elect one of the members to act as Chairman.

Group leadership, assurance providers and advisors may be in attendance at meetings, but by invitation only and they may not vote.

#### **3.2.5.4 Quorum**

A representative quorum for meetings is one third of the directors present for the duration of the meeting.<sup>9</sup>

#### **3.2.5.5 Written Resolutions**

It is the policy of the Board to limit the use of written resolutions to instances where the resolution is a mere formality or where the matter requiring decision by written resolution is of such an urgent nature that it cannot be deferred until the next Board meeting. The Chairman, with the assistance of the Company Secretary, should consider in respect of each written resolution whether an urgent extraordinary Board meeting would be a more appropriate decision-making procedure than a written resolution. Each member of the Board who is able to receive notice must receive notice of the matter to be decided by written resolution.

Decisions taken by written resolution other than at a meeting are valid decisions of the Board if signed by a majority of directors<sup>10</sup>.

### **3.3 The Chairman**

The Chairman is elected by members of the Board<sup>11</sup> and is a non-executive director of the Board with no executive or management responsibilities. The Chairman provides leadership at Board level, represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the Board and its committees. The Chairman is also the Chairman of the meetings of shareholders.

To this end the Chairman is required to:

- a) Set the ethical tone for the Board and the Company;
- b) Provide overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members;
- c) Maintain regular dialogue with management in respect of all material matters affecting the Company and the group and to consult with the other Board members promptly when considered appropriate;
- d) Identify and participate in nominating directors;
- e) Formulate with the Company Secretary the yearly work plan for the Board against agreed objectives, and play an active part in setting the agenda for Board meetings - ensure that

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<sup>9</sup> See par 31.3 of the MOI

<sup>10</sup> See par 31.5.8 of the MOI

<sup>11</sup> See par 31.4 of the MOI



material matters in respect of the business or governance of the Company or group that he is aware of, are tabled at Board meetings;

- f) Preside over Board meetings and ensure that material issues for consideration are tabled and interrogated effectively to ensure optimal Board decision-making and governance, manage conflicts of interest and act as a link between the Board and management;
- g) Ensure that directors play a full and constructive role in the affairs of the Company and take a leading role in the process for removing non-performing or unsuitable directors from the Board;
- h) Monitor how the Board works together and how individual directors perform and interact at meetings - ensure that a performance evaluation of the Board, Board committees and individual directors is conducted annually;
- i) Ensure that all directors are appropriately made aware of their responsibilities through a tailored induction programme, and ensuring that a formal programme of continual professional education is adopted at Board level;
- j) Be accessible to management between Board meetings to provide counsel and advice; and
- k) Ensure that good relations are maintained with the Company's major shareholders and strategic stakeholders, and preside over shareholders' meetings.

The Chairman:

- may not be a member of the Audit Committee; and
- may be a member of the Social and Ethics Committee.

The Chairman's ability to add value to the Company, and the Chairman's actual performance against criteria developed from his/her formalised role and functions should form part of a yearly evaluation by the Board led by the Deputy Chairman or another independent non-executive director appointed by the Board. The evaluation should take into account other external chairmanships to determine whether the Chairman has the capacity to discharge his duties to the Company.

### 3.4 Deputy Chairman

The Board may appoint a deputy chairman to assist the Chairman in the execution of his duties and such other functions as the Board may wish to delegate to the deputy chairman.

Where the Chairman is absent or unable to perform his duties or where the independence of the Chairman is questionable or impaired, the deputy chairman must serve in this capacity for as long as the circumstances that caused the Chairman's absence, inability or conflict exists.

The Deputy Chairman is appointed to:

- a) Assist the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairman;
- b) Preside at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent directors;

- c) Call meetings of the independent directors where necessary;
- d) Serve as principal liaison between the independent directors and the Chairman;
- e) Perform all such functions that cannot be performed by the Chairman due to his absence or the existence of a conflict of interest;
- f) Liaise with major shareholders if requested by the Board in circumstances or transactions in which the Chairman is conflicted; and
- g) Perform other duties that the Board may from time to time delegate.

### **3.5 The rights and duties of individual directors**

The Board exercises its functions jointly and no director has any authority to severally perform any act on behalf of the Company or the business unless specifically authorised or requested by the Board or authorised nominees of the Board. Directors are jointly accountable for the decisions of the Board.

Directors' duties, standards of conduct and liabilities are captured in the Companies Act<sup>12</sup>. Directors have a legal obligation to act in the best interest of the Company, to act with due care, diligence and skill in discharging their duties as directors, to declare and avoid conflicts of interest with the Company and the group and to account to the Company for any advantages gained in discharging their duties on behalf of the Company.

Directors may at any time request a meeting with the Chairman and will individually meet with the Chairman on an annual basis to discuss the Board and committee matters. The Chairman will invite directors from time to time to indicate whether they have a need to meet as a group without him and/or the management.

Directors have access to management and the Company Secretary for advice about the governance of the Company and Board procedures and may after consultation with the Chairman, obtain such external advice as they may consider necessary to properly discharge their duties to the Company.

The Board is required to annually consider and approve the induction and training programme of directors.

### **3.6 The Company Secretary**

The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.

The Company Secretary provides a central source of guidance and support to the Board and within the Company on matters of good governance and changes in legislation. The Board is aware of the duties of the Company Secretary and empowers him to fulfill those duties. As gatekeeper of good governance, the Company Secretary maintains an arm's length relationship with the Board and its directors as far as is reasonably possible.

The Company Secretary is not a director of the Company and has a direct channel of communication to the Chairman.

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<sup>12</sup> See sections 76 and 77 Companies Act

The Company Secretary is accountable to the Board to:

- a) Ensure that Board procedures are followed and reviewed regularly;
- b) Ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- c) Maintain statutory records in accordance with legal requirements;
- d) Provide the Board as a whole and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company and on good governance;
- e) Keep abreast of, and inform the Board of current corporate governance thinking and practice;
- f) Assist the Board with the appointment of directors;
- g) Advise the Board on all legal and regulatory matters, including legal frameworks and processes;
- h) Advise the Board with respect to all regulatory filing and public disclosure relating to the Company's governance processes;
- i) Assist with director induction and training programmes;
- j) Ensure that the Board Charter and the terms of reference of Board committees are kept up to date;
- k) Prepare and circulate Board and Board committee papers;
- l) Elicit responses, input, feedback for Board and Board committee meetings;
- m) Assist in drafting annual work plans;
- n) Ensure preparation and circulation of minutes of Board and committee meetings; and
- o) Assist with the evaluation of the Board, committees and individual directors.

#### **4. GROUP COMPANIES**

As direct shareholder of Sasol Inzalo Groups Funding (Pty) Ltd (RF) (its subsidiary), the Company exercises its shareholder rights to ensure that the Company approves material decisions of its subsidiary and that the Sasol group's minimum requirements in respect of matters such as governance, internal controls, financial management, disclosure controls, risk management, legal compliance, safety, health and environmental management, internal audit, ethics management, stakeholder relations and sustainability are complied with. Sasol group functions design the systems, processes and capacity to ensure adherence by the Company and its subsidiary to minimum group requirements.

## 5. DISCLOSURE AND CONFLICTS OF INTEREST

In terms of the Companies Act<sup>13</sup> and the MOI<sup>14</sup> a director who has a personal financial interest in respect of a matter to be considered at a Board meeting, or knows that a related person has a personal financial interest in the matter:

- a) must disclose the general nature of the interest before the matter is considered;
- b) must disclose all material information known to the director to the meeting;
- c) may disclose observations and insights relating to the matter if requested by the other directors to do so; and
- d) may not be present at the meeting where the matter is discussed, and may not participate in the consideration of the matter.

A director may disclose any personal financial interest in advance by delivering to the Company Secretary a notice setting out the nature and extent of the financial interest to be used until changed or withdrawn. A director who acquires a direct personal financial interest after an agreement or other matter has been approved by the Company, must promptly disclose the nature and extent of that interest to the Board.

Failure to make disclosure of interest in compliance with the Companies Act will render decisions, transactions or agreements invalid, unless subsequently ratified by shareholders or a court.

A director may disclose any personal financial interest in advance by delivering to the Company Secretary a notice setting out the nature and extent of the financial interest to be used until changed or withdrawn. The Company Secretary will submit all disclosures of interest to the Board at the first subsequent meeting.

Enduring material conflicts of interest are regarded by the Board as incompatible with the fiduciary duties of directors. Directors are appointed on the express understanding and agreement that they may be removed by the Board if and when they develop an actual or prospective material, enduring conflict of interest with the Company or a Group company.

## 6. POLICY IN RESPECT OF CORPORATE GOVERNANCE

The Company complies with all applicable corporate governance legislation. It is also the policy of the Company to apply the principles of the King III Code of Corporate Governance Principles (2009) to the extent that they advance effective business leadership.

## 7. DEALING IN THE SECURITIES OF THE COMPANY

All directors of the Company and its subsidiary are required to adhere to the Company's procedure on dealing in the Company's securities, as issued from time to time, which is designed to prevent insider trading in terms of the Financial Markets Act, 2012.

## 8. PERFORMANCE EVALUATION: BOARD AND BOARD COMMITTEES

The evaluation of the Board and its committees must be performed every year.

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<sup>13</sup> Section 75 of the Companies Act

<sup>14</sup> clause 30 of the MOI

## **9. POLICY IN RESPECT OF DISPUTE RESOLUTION**

It is the policy of the Company to ensure that internal and external disputes are resolved as effectively and expeditiously as possible.

## **10. MEMORANDUM OF INCORPORATION**

This Board Charter is not intended to replace or amend the MOI in any way whatsoever. In the event of a conflict between the MOI and the Board Charter, the provisions of the MOI shall prevail. The Board Charter is also not intended to contain a comprehensive summary of the applicable legal principles. Board members requiring advice in respect of any matter referred to in this Charter should consult the Company Secretary in this regard.

**APPROVED BY THE BOARD ON 23 MARCH 2016**

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**CHAIRMAN**

## 11. LIST OF ATTACHMENTS

Attachment 1

**AUDIT COMMITTEE TERMS OF REFERENCE**

Attachment 2

**SOCIAL AND ETHICS COMMITTEE TERMS OF REFERENCE**

Attachment 3

**SASOL INZALO GROUP OF COMPANIES**

Attachment 4

**MEMORANDUM OF INCORPORATION**