

## **TERMS OF REFERENCE**

### **SASOL LIMITED**

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

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

- 1.1 The Safety, Social and Ethics Committee (the Committee) has been appointed by the Sasol Limited Board of Directors (the Board) as a committee of the Board to perform the role of a Social and Ethics Committee for Sasol Limited (the Company) and its South African subsidiaries as contemplated in the Companies Act 71 of 2008 (the Companies Act).
- 1.2 The Committee specifically oversees the safety and ethics of the Company and its direct and indirect subsidiaries (hereinafter referred to as the Sasol group / Sasol) are governed in a way that supports the establishment of an ethical culture and to assess the effective management of safety, health and environment (SHE) and sustainability matters of the Sasol group.

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

- 2.1 The Committee shall comprise of at least five members, the majority of whom shall be non-executive directors.
- 2.2 The Board shall appoint an independent non-executive director as the Chairman of the Committee, who shall not be the Chairman of the Board, and determine the period for which he or she shall hold office.
- 2.3 At least one of the non-executive directors appointed by the Board shall be appointed from the members of the Sasol Audit Committee.
- 2.4 The Joint Presidents and Chief Executive Officers (JCEOs) shall be members of the Committee.
- 2.5 The Committee shall nominate a Committee Secretary.

#### **3. MANDATE**

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

- 3.1.1 The Committee will perform the role of a Social and Ethics Committee for the Sasol group as contemplated in section 72(4)(a) of the Companies Act read with regulation 43 of the Regulations made thereunder (as set out in Appendix A).
- 3.1.2 In performing the role of a Social and Ethics Committee as reflected above, the Committee shall be entitled to place reliance on the work and reports of

any employee, advisor or committee of the Board that has responsibility for any function falling within the role of the Committee.

3.1.3 The Committee will also be responsible for:

3.1.3.1 approving the Sasol Code of Conduct, on recommendation of the JCEOs;

3.1.3.2 monitoring the ethical conduct of the Company, its executives and senior officials in terms of the provisions of the Sasol Code of Conduct, the Company's values, through surveys conducted and in the context of the Company's aspirational culture; and

3.1.3.3 reviewing any statements on ethical standards or requirements.

## **3.2 Safety, Health and Environment**

The Committee will be responsible to:

3.2.1 monitor the strategies, policies, performance and the progressive implementation of the SHE policy of Sasol, including joint ventures in respect of which Sasol has the right or power to fulfill the functions as set out in these Terms of Reference;

3.2.2 encourage independently managed subsidiaries, joint ventures, associates and significant investments to develop guidelines and practices congruent with Sasol's SHE policy, as determined from time to time;

3.2.3 consider reports covering matters relating to substantive SHE risks and liabilities relating to:

3.2.3.1 Sasol's operating model entities (OMEs) (and may request such reports from appropriate directors or management);

3.2.3.2 managed subsidiaries and joint ventures (and may request such reports from the relevant representatives of the companies serving on the boards of these companies or their equivalent committees); and

3.2.3.3 independently managed subsidiaries, joint ventures, associates and significant investments where appropriate, and may request the relevant representatives of Sasol serving on the boards of these companies or their equivalent committees to assess whether such matters are receiving due attention in a manner congruent with Sasol's Code of Conduct and SHE policies;

3.2.4 monitor key indicators on accidents and incidents within Sasol premises and facilities and ensure that there is a systematic approach to prevent their recurrence, as well as to limit the severity of any accidents and incidents that may still occur and mitigate the consequences of possible incidents and, where appropriate, require that such information is communicated to other companies managed by or associated with the Company;

- 3.2.5 review high severity incidents that occur in a quarter and ensure an accurate and consistent internal reporting system is in place for incidents and accidents;
- 3.2.6 consider substantive national and international regulatory and technical developments in the fields of SHE;
- 3.2.7 encourage participation, co-operation and consultation on safety, health and environment matters of governments, national and international organisations, other companies and other environment, health and safety bodies; and
- 3.2.8 consider the impact of Sasol's operations on society and the environment and, where appropriate, amend its policy or approach.

### **3.3 Sustainability reporting**

The Committee will:

- 3.3.1 consider progress in respect of the reporting process, and disclosure controls applicable to ensure the integrity of the contents of the sustainability matters included in the Integrated Report and its alignment with other reports and compliance and regulatory requirements applicable to the Company;
- 3.3.2 approve the scope of assurance and the engagement of external assurance provider(s), as appropriate, on material sustainability issues and review assurance obtained regarding the integrity, reliability and validation of the Sasol group's sustainable development report;
- 3.3.3 review and evaluate the disclosure of sustainability issues in the annual Integrated Report and approve the annual sustainable development report, informing the Audit Committee of any material sustainability matter which may have an impact on the financial statements as well as enabling the Audit Committee to provide assurance to the Board that the disclosure is reliable and does not conflict with the financial information; and
- 3.3.4 ensure that the Chairperson (or in his/her absence, an alternative member) of the Committee attends the Company's annual general meeting to answer questions concerning the mandate of the Committee.

### **3.4 Risk management**

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

- 3.4.1 ensure the effective monitoring of these risks and that potential opportunities are considered as appropriate;

- 3.4.2 consider and review executive management's reports on the design and implementation of appropriate risk responses, overseeing that the risks are managed within the levels of appetite and tolerance and the integration and embedding of risk management in the business activities and culture of the Company;
- 3.4.3 obtain confirmation that there is adequate assurance and that controls in relation to these risks are appropriate in design and effectiveness; and
- 3.4.4 inform the Audit Committee of its findings and recommendations in respect of material social and ethics risks which may have an impact on the financial statements.

#### **4. MEETINGS AND PROCEEDINGS**

- 4.1 Meetings of the Committee will be held as the Committee deems necessary, provided that the Committee shall meet at least four times each year. Meetings should be organised in order to maximise attendance. The Chairman of the Committee or any member of the Committee, with the consent of the Committee Chairman, may call a special meeting at any other time.
- 4.2 At least two stakeholder roundtables will be conducted on an annual basis with members of the Committee and as arranged by the Committee Secretary, in consultation with the Committee Chairman.
- 4.3 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than five working days prior to the date of the meeting.
- 4.3 The meetings of the Committee may be held in person, by telephone, by telepresence or such other form of long distance conference facility, as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.
- 4.4 The quorum for decisions of the Committee shall be a majority of non-executive directors present for that particular decision. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the members present at the Committee.
- 4.5 A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, provided that each member received notice of the matter to be decided. A decision made in such manner has the same effect as if it had been approved at a meeting.
- 4.6 Where decisions are required by way of written resolution, a quorum shall constitute a majority of non-executive directors, one of whom shall be the Committee's Chairman.

- 4.7 Persons identified by the Committee will attend meetings as and when required by the Committee.
- 4.8 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's Memorandum of Incorporation (MOI) regulating the meetings and proceedings of directors and committees.
- 4.9 The Committee Secretary shall take minutes of meetings. Minutes of all meetings shall be circulated to all the members of the Committee, and may also, if the Chairman of the Committee so decides be circulated to directors. Any director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes.

## **5. REMUNERATION**

- 5.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors and pursuant to the specific power conferred upon the Board by the memorandum of incorporation of the Company, members of the Committee may be paid such special remuneration as shall be recommended by the Board and approved by the shareholders.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to directors.

## **6. LIMITED LIABILITY**

- 6.1 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members, with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgment, in accordance with their legal and statutory obligations.
- 6.2 Subject to the above provisions and any relevant legislation and codes of best practice, the members of the Committee shall not attract any personal liability arising from their appointment and the Company shall indemnify members of the Committee to the extent possible in terms of its approved directors' and officers' liability insurance coverage.

## **7. GENERAL**

- 7.1 The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 7.2 The Board will ensure that the Committee has access to professional advice, both internal and external to the Company, in order to perform its duties.
- 7.3 The Committee may require from any director, prescribed officer or employee of the Company any information or explanation necessary for the performance of the Committee's functions.

- 7.4 These Terms of Reference may be amended as required, subject to the approval of the Board, and will be reviewed on an annual basis.
- 7.5 The Committee shall assess its and its members' effectiveness at least once every two years.
- 7.6 The Chairperson of the Committee, or a person nominated by him/her, will report to the shareholders at the Company's annual general meeting on any matter within its mandate.

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

The Committee will:

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

### The Ten Principles<sup>1</sup>

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

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

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

#### Human Rights

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

#### Labour

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

#### Environment

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

#### Anti-Corruption

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

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<sup>1</sup>Source: The Ten Principles available at:  
<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

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

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

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

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

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

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

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

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

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

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