

# **SASOL LIMITED**

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

### **TERMS OF REFERENCE**

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

The Safety, Social and Ethics Committee (the Committee) is a committee of the Sasol Limited Board of Directors (the Board) established to provide strategic direction, oversight and monitoring of Sasol Limited (Sasol or the Company) and its subsidiaries and affiliates (the Group) in respect of group-wide sustainability, safety, people, social and ethics matters. In this context, the meaning ascribed to sustainability is the responsible use of resources without causing harm.

The Committee also fulfils the role of social and ethics committee of the Company and its South African subsidiaries as required under section 72(4) of the Companies Act 71 of 2008 (the Companies Act), as amended, and the Regulations thereto, as set out in Annexure A.

In fulfilling its mandate, the Committee has an independent oversight role and supports the Board in ensuring that the Group conducts its business responsibly, ethically and sustainably. In particular the Committee:

- provides strategic direction on sustainability, safety, people, social and ethics matters that are material to the Group's long-term value creation and stakeholder relationships;
- assess and oversee material risks and opportunities within its mandate, including those relating to ethical conduct, health and safety, social and economic development, environmental stewardship and responsible corporate citizenship;
- monitor progress and performance against approved policies, commitments, targets and key performance indicators within the Committee's scope of responsibility; and
- promote compliance with applicable laws, regulations, codes of good practice and voluntary standards relating to social and ethics matters, including ensuring that the Group's governance practices support an ethical culture and responsible corporate citizenship

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

- 2.1 The Committee shall comprise at least five members, the majority of whom shall be independent non-executive directors nominated by the Board and elected annually by shareholders.
- 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 of office, subject to his/her election by shareholders.
- 2.3 The Chairman of the Remuneration Committee and the President and Chief Executive Officer (CEO) shall be members of the Committee.

- 2.4 The Board must fill any vacancy on the Committee within 40 business days after the vacancy arises.
- 2.5 Attendees at the Committee meetings shall not have voting rights.
- 2.6 The Committee shall appoint a Committee Secretary.

### **3. MANDATE**

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

The Committee shall monitor and oversee the following matters, in support of an ethical culture, responsible corporate citizenship and long-term value creation:

- 3.1.1 the ethical conduct of the Group, including oversight of the establishment and maintenance of an ethical culture, and approval of the Group Code of Conduct and related statements on ethical standards. In doing so, the Committee shall oversee the effectiveness of ethics management with reference to the principles and governance outcomes set out in King V;
- 3.1.2 the Group's approach to ethical conduct and responsible practices in the supply chain, including material sustainable procurement and economic inclusion considerations, and any significant trends or incidents that may affect the Group's social licence to operate;
- 3.1.3 the Group's culture, employee wellbeing and progress against initiatives aimed at entrenching the desired organisational culture and supporting employee wellbeing and productivity, noting that remuneration policy and related matters fall within the remit of the Remuneration Committee;
- 3.1.4 the Group's policies, commitments and practices relating to human rights, having regard to applicable legislation, international frameworks and codes to which the Group subscribes<sup>1</sup>; and
- 3.1.5 the Group's policies, commitments and practices relating to anti-corruption having regard to applicable legislation, international standards and codes to which the Group subscribes<sup>2</sup>.

#### **3.2 Labour and Employment**

All matters relating to remuneration fall within the ambit of the Remuneration Committee. Matters relating to Executive and leadership succession fall within the remit of the Nomination and Governance Committee.

---

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

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

The Committee shall provide strategic oversight of labour and employment matters across the Sasol Group, with the objective of supporting a capable and sustainable workforce aligned to the Group's strategic objectives. In fulfilling this role, the Committee shall monitor:

- 3.2.1 material Group human resource policies and strategies aimed at developing and sustaining the technical, professional and leadership capabilities required to support current and future business needs;
  - 3.2.2 the Group's compliance with applicable labour, employment and human rights legislation, as well as codes and standards relating to decent work and working conditions, the elimination of all forms of forced and child labour and the elimination of discrimination in the workplace<sup>3</sup>;
  - 3.2.3 the status of labour relations across the Group, including material trends and issues that may affect labour stability and employee relations<sup>4</sup>;
  - 3.2.4 the Group's approach to talent, capability, career and skills development, including education and training initiatives<sup>5</sup> to ensure alignment of the workforce skills profile with short-, and long-term business requirements.
- Executive and leadership succession falls within the remit of the Nomination and Governance Committee;
- 3.2.5 the Group's promotion of equality and compliance with applicable regulatory and policy requirements to achieve equality and transformation, including employment equity, economic empowerment and local content requirements in the jurisdictions where it operates<sup>6</sup>; and
  - 3.2.6 material trends and emerging issues affecting workforce and supply chain transformation and the adequacy of the Group's approach to addressing these through appropriate transformation initiatives.

---

<sup>3</sup> Reg 43(5)(a)(i)(aa) and Reg 43(5)(a)(v)(aa)

<sup>4</sup> Reg 43(5)(a)(v)(bb) incorporating Group Top People Risk profile

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

<sup>6</sup> Reg 43(5)(a)(i)(cc) and (dd)

### 3.3 SHE and sustainability

The Committee shall within its framework of responsibility:

- 3.3.1 monitor the Group's activities relating to good corporate citizenship in terms of regulatory requirements and codes which apply to it or to which it subscribes, including:
- (i) the Group's contribution to the development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed<sup>7</sup>; and
  - (ii) the Group's record of sponsorship, donations and charitable giving<sup>8</sup>.
- 3.3.2 monitor the development, implementation and effectiveness of the Group's social and ethics, sustainability, Safety, Health and Environmental (SHE) strategies, policies and practices. This includes oversight of their application within the Group and in joint ventures where Sasol has the right or ability to exercise oversight, and obtaining confirmation that independently managed subsidiaries, joint ventures, associates and significant investments have adopted policies and practices that are broadly aligned with Sasol's sustainability (including SHE), social and ethics standards;
- 3.3.3 consider reports covering matters relating to substantive sustainability risks and liabilities relating to Sasol's operating model entities (OMEs), managed and independently managed subsidiaries, joint ventures, associates and significant investments;
- 3.3.4 assess and oversee Sasol's management of material sustainability issues, including the alignment of focus areas to the Group's approved strategy, principles set out in King V and other reporting requirements. In doing so, the Committee shall have regard to performance measures informed by Sasol's approved strategic balanced scorecard metrics, targets and objectives, without assuming responsibility for strategy formulation, capital allocation or execution;
- 3.3.5 monitor key indicators on accidents and incidents within Sasol premises and facilities, involving Sasol employees and service providers, and obtain confirmation that there is a systematic approach to prevent their recurrence, limit the severity in the event that they still might occur, mitigate the consequences of such accidents and incidents and, where appropriate, communicate such information throughout the Group;
- 3.3.6 review high severity incidents that occur in a quarter and obtain confirmation that an accurate and consistent internal reporting system is in place for incidents and accidents;

---

<sup>7</sup> Reg 43(5)(a)(ii)(bb)

<sup>8</sup> Reg 43(5)(a)(ii)(cc)

- 3.3.7 monitor and assess the impact of Sasol's activities, products and services on the environment, health and public safety and, where appropriate, recommend changes to policies or approaches to address material risks or impacts<sup>9</sup>; and
- 3.3.8 oversee progress against material sustainability commitments and targets disclosed publicly, including key deviations from expected trajectories and management's response actions.

### **3.4 Stakeholder and reputation management**

- 3.4.1 monitor and assess material national and international regulatory, policy and technical developments relevant to Sasol's identified material sustainability issues, with particular focus on the Group's sustainability focus areas;
- 3.4.2 oversee and provide guidance on Sasol's approach and positioning in relation to participation, engagement and co-operation with governments, national and international organisations, industry bodies and environment, health and safety forums on sustainability-related matters; and
- 3.4.3 monitor the Group's adherence to applicable regulatory requirements, voluntary codes and standards relating to stakeholder relations and reputation management, including matters affecting consumer relationships and compliance with consumer protection legislation<sup>10</sup>.

### **3.5 Sustainability reporting**

The Committee shall provide oversight of sustainability-related reporting and disclosures to support transparent and accurate reporting. In doing so, the Committee shall:

- 3.5.1 oversee progress against material external sustainability, social, ethics and safety commitments, and consider any significant deviations, emerging risks or management-identified response actions;
- 3.5.2 ensure the integrity of sustainability-related information included in the Integrated Report is aligned with other public disclosures and complies with applicable legislative and regulatory requirements;
- 3.5.3 review and approve the scope of independent assurance over material sustainability information and consider the outcomes of such assurance in assessing the integrity, reliability and completeness of sustainability reporting; and
- 3.5.4 review and evaluate sustainability disclosures for inclusion in the annual Integrated Report, informing the Audit Committee of any material sustainability matters with potential financial reporting implications.

---

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

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

**The functions of the Committee in terms of regulation 43(5)(a)-(c) of the Companies Act 71 of 2008**

The Committee will:

1. Monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
  - 1.1 social and economic development, including the company's standing in terms of the goals and purposes of-
    - 1.1.1 the 10 principles set out in the United Nations Global Compact Principles (**Appendix 1**); and
    - 1.1.2 the OECD recommendations regarding corruption (**Appendix 2**);
    - 1.1.3 the Employment Equity Act, 55 of 1998; and
    - 1.1.4 the Broad-Based Black Economic Empowerment Act, 53 of 2003;
  - 1.2 good corporate citizenship, including the company's –
    - 1.2.1 promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - 1.2.2 contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - 1.2.3 record of sponsorship, donations and charitable giving;
  - 1.3 the environment, health and public safety, including the impact of the company's activities and of its products or services;
  - 1.4 consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
  - 1.5 labour and employment, including-
    - 1.5.1 the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
    - 1.5.2 the company's employment relationships, and its contribution toward the educational development of its employees.
2. Draw matters from within its mandate to the attention of the Board as occasion requires.
3. Report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

### The Ten Principles<sup>11</sup>

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

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

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

#### Human Rights

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

#### Labour

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

#### Environment

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

#### Anti-Corruption

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

---

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

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

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

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

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

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

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

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

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

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

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