

# WESCOAL

## WESCOAL HOLDINGS LIMITED

### Social and Ethics Committee Charter

#### 1 Introduction and Constitution

- 1.1 The Committee is constituted as a statutory committee of the Company in respect of those statutory duties assigned to it in terms of section 72(4) of the Companies Act of 2008, as amended, (read in conjunction with Regulation 43 of the Companies Regulations, 2011) and as a committee of the Board of directors of the Company (“the Board”) in respect of all other duties assigned to it by the Board.
- 1.2 The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities they have as members of the Board or prescribed officers of the Company, as the case may be.
- 1.3 The deliberations of the Committee do not reduce the individual and collective responsibilities of the Board regarding their fiduciary duties and responsibilities and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.4 The Committee shall discharge its duties and act as the Committee for the Group as contemplated in Regulation 43(2)(a) of the Companies Regulations, 2011.
- 1.5 The Charter is subject to the provisions of the Companies Act of 2008 (“the Act”), as amended, the Company’s Memorandum of Incorporation (“Mol”) and any other applicable law or regulatory provision. Guidance is also taken from the principles and relevant recommendations of the King IV Report on Corporate Governance for South Africa, 2016 (“King IV”).
- 1.6 In this Charter, “Group” shall refer to the Company and its subsidiaries as contemplated in section 3 of the Act. Unless otherwise indicated, the meaning ascribed in the King IV to relevant words and phrases shall equally apply in the Charter.

#### 2 Purpose

The purpose of this Charter is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

#### 3 Role of the Committee

- 3.1 The role of the Committee is to:
  - 3.1.1 fulfil the statutory duties as set out in Regulation 43 to the Act;

- 3.1.2 have oversight of and report on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships; and to
- 3.1.3 assist the Board in facilitating and supporting the development of transformation objectives, ensuring that the corporate culture is supportive of the approach and monitoring and reporting actual performance against these objectives.
- 3.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management, nor does it assume accountability of the functions performed by other committees of the Board.
- 3.3 Unless otherwise indicated, the Committee shall fulfil its statutory duties as listed in clause 6.2.1 in respect of the Company and any subsidiary that is required by law to have a social and ethics committee. Reference to “Company” in clause 6.2.1 shall therefore be applicable to both the Company and such relevant subsidiaries.
- 3.4 In addition, the Committee shall fulfil its other duties as listed in clause 6 in respect of the Company and each of its subsidiaries (the Group).

#### **4 Committee Membership**

- 4.1 The Committee shall comprise of at least three members to be elected by the Board, majority of which must be non-executive directors, who are not been involved in the day-to-day management of the business within the previous three financial years.
- 4.2 The Board shall, on recommendation from the Remuneration and Nomination Committee, appoint the Committee Chair who should be a non-executive director. The Chair of the Board may be a member but may not act as the Chair of this Committee.
- 4.3 A quorum shall be two members.
- 4.4 The Chair of the Committee will ensure there is a suitably balanced blend of skills and experience so that the Committee is able to discharge its functions and consider the need for *ad hoc* invitees with the necessary technical experience to assist members in technical deliberations.
- 4.5 Membership of the Committee shall automatically terminate in the event that a member ceases for whatsoever reasons, to be a director, prescribed officer or employee of the Company.
- 4.6 Members of the Committee shall be appointed for at least a two-year term of office at a time.
- 4.7 The board must fill vacancies on the Committee within 40 business days after the vacancy arises.

#### **5 Meetings and Agenda**

- 5.1 The Committee should hold sufficient scheduled meetings to discharge all its duties as set out in this Charter but subject to a minimum of two meetings per year.
- 5.2 Meetings in addition to those scheduled may be held at the request of the chief executive, the financial director or other members of senior management or at the instance of any member of the Board.
- 5.3 The chief executive, financial director or other members of senior management as may be required, assurance providers, professional advisors and board members may attend Committee meetings, but by invitation only and they may not vote.
- 5.4 Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or the company secretary.
- 5.5 If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.
- 5.6 The chairman of the Committee shall attend the annual general meeting of the Company and be prepared to respond to shareholder questions on the Committee's activities.
- 5.7 The Committee must establish an annual work plan for each year to ensure that the relevant matters are covered by the agendas of the meetings planned for the year. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 5.8 A detailed agenda, together with supporting documentation must be circulated, at least three working days prior to each meeting to the members of the Committee and other invitees.
- 5.9 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input in the matters for discussion.

## **6 Company Secretary**

- 6.1 The Company Secretary of the company shall be the secretary of the Committee and shall ensure minutes are kept of all meetings.
- 6.2 The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

## **7 Authority**

- 7.1 The Committee acts in terms of the delegated authority of the board as recorded in this charter. It has the power to decide any activity within the scope of its Charter.

- 7.2 The Committee, in the fulfillment of its duties, may call upon the chairmen of the other board Committees, any of the executive directors, company officers, the company secretary or assurance providers to provide it with information subject to board approved process.
- 7.3 The Committee has reasonable access to the company's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following board approved process.
- 7.4 The Committee may delegate decision making authority to one or more designated members of the Committee.
- 7.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at company's cost, subject to a board approved process being followed.

## **8 Duties and Responsibilities**

- 8.1 The Committee is established as an overarching committee with oversight over the areas which fall within its monitoring and reporting spheres indicated below.
- 8.2 The Committee shall be responsible for the statutory duties listed below in respect of the Company and subsidiaries required by law to have a social and ethics committee. In respect of other subsidiaries on the Group, these duties will form part of the governance duties of the Committee:

### Statutory duties

- 8.2.1 monitoring the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
- (i) social and economic development, including the Group's standing in terms of the goals and purposes of:
    - (a) The 10 principles set out in the United Nations Global Compact Principles;
    - (b) The Organisation for Economic Co-operation and Development ("OECD") recommendations regarding corruption;
    - (c) The Employment Equity Act, as amended;
    - (d) The Broad-Based Black Economic Empowerment Act, as amended;
  - (ii) good corporate citizenship, including the Group's:
    - (a) Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - (b) Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
    - (c) Record of sponsorship, donations and charitable giving;

- (iii) the environment, health and public safety, including the impact of the Group's activities and of its products or services;
- (iv) consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws;
- (v) labour and employment, including:
  - (a) the Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions;
  - (b) the Group's employment relationships, and its contribution toward the educational development of its employees and

8.2.2 drawing matters within its mandate to the attention of the Board as occasion requires;

#### Governance duties

### 8.3 Organisational Ethics

- (i) exercise ongoing oversight of the management of ethics and, in particular, oversee that it results in the following:
  - a. application of the Group's ethical standards to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers;
  - b. having sanctions and remedies in place for when the Group's ethical standards are breached;
  - c. the use of protected disclosure or whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately; and
  - d. the monitoring of adherence to the Group's ethical standards by employees and other stakeholders, through, among others, periodic independent assessments;
- (ii) annually review the Group Code of Ethics and relevant ethics policies to ensure that these give effect to the Board's direction on organisational ethics and make necessary recommendations to the Board for approval;
- (iii) ensure that the Group Code of Ethics and ethics policies provide for arrangements that familiarise employees and other stakeholders with the Group's ethical standards, including:
  - a. publishing the aforementioned documents on the Group website;
  - b. incorporating by reference, or otherwise, the relevant codes and policies in supplier and employee contracts; and
  - c. including these codes and policies in employee induction and training programmes.

- (iv) review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees;
- (v) where requested, make recommendations on any material potential conflict of interest or questionable situations; and
- (vi) ensure that the Group's ethics performance is adequately assessed, monitored and disclosed;

#### 8.4 Responsible Corporate Citizen

- (i) oversee that the core purpose and values, strategy and conduct are congruent with the Group being a responsible corporate citizen;
- (ii) monitor on an ongoing basis how the consequences of the Group's activities and output affects its status as a responsible corporate citizen in the following areas:
  - a. workplace – employment equity; safety, health, dignity and development of employees;
  - b. economy – economic transformation and prevention, detection and response to fraud and corruption;
  - c. society – public health and safety; consumer protection; community development and protection of human rights;
  - d. environment – pollution; waste disposal and protection of biodiversity;
- (iii) regularly review and recommend relevant policies that address any of the above matters to the Board for approval;

#### 8.5 Transformation

- (i) reviewing and monitoring the Group's transformation initiatives, targets and performance in all relevant areas of the operations including, but not limited to, employment practices, procurement, enterprise development and social responsibility initiatives; and
- (ii) ensuring adequate disclosure of the Group's transformation targets and performance.

#### 8.6 General

Consider such other topics and fulfil such other duties as defined by the Board.

### 9 Self- assessment

The Committee should conduct continual self-assessment or self-evaluation and the Board must perform an evaluation of the effectiveness of the Committee every year.

### 10 General

10.1 The Committee members are obliged to disclose any interests they have within the organisation or outside the organisation that might interfere with the performance of their duties.

- 10.2 Any group related information that comes to light during their performance of duties must be kept confidential. This information can only be disclosed to the board or any statutory board on demand.

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**Chairman of the Board**

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**Date:**