



**AEP ENERGY AFRICA LIMITED**

**(Registration number: 2017/024904/06)**

Incorporated in the Republic of South Africa

(the **Company**)

---

**TERMS FOR REFERENCE OF THE SOCIAL AND ETHICS COMMITTEE**

**(approved at a meeting of the board of directors of the Company held on 7 April 2017 and reviewed on 28 June 2018)**

---

**1. Constitution**

- 1.1 The board of directors (**Board**) of the Company acknowledges the need for a social and ethics committee as required in terms of the Companies Act, No. 71 of 2008, as amended from time to time (the **Companies Act**). The social and ethics committee of the Company (the **Committee**) is constituted as a committee of the Board in accordance with the Company's memorandum of incorporation, as amended or substituted from time to time (**MOI**) and section 72(4)(a) of the Companies Act, read together with regulation 43 of the Companies Regulations, 2011.
- 1.2 In the event of any conflicts between these terms of reference and the MOI, the MOI will prevail.
- 1.3 Terms used but not defined herein shall have the meaning ascribed to such terms in the MOI, the Companies Act, the Listings Requirements of the JSE Limited, as amended from time to time (the **Listings Requirements**) and/or the Code, as applicable.
- 1.4 It is recorded that the Committee is established as a committee of the Board, the Company and its subsidiaries, if any, (**Group**), and the Committee will act in accordance with its statutory duties and the delegated authority of the Board as recorded in these terms of reference.
- 1.5 The duties and responsibilities of the members of the Committee as set forth in this document are in addition to those duties and responsibilities that they have as members of the Board.
- 1.6 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.7 These terms of reference are subject to the provisions of the Companies Act, the MOI, the Listings Requirements, the King IV Report on Corporate Governance for South Africa (**King IV** or the **Code**) and any other applicable law or regulatory provision, in each case, as amended or substituted from time to time. The Committee shall also be required to conduct itself in accordance with the applicable recommendations contained in the Code.
- 1.8 In the execution of their duties, Committee members must apply the "Standards of conduct of

directors" as set forth in section 76 of the Companies Act and "Directors' personal financial interests" as set forth in section 75 of the Companies Act.

1.9 The Committee will have due regard to the principles of governance and codes of best practice.

## 2. **Purpose**

2.1 The Company's sustainability philosophy is underpinned by the realisation that there is a need to turn wealth into sustainable economic growth and development. Through its business endeavours, the Company seeks to make a lasting and important social, economic and environmental contribution to the regions in which the Company operates.

2.2 The purpose of these terms of reference is to set forth the Committee's roles and responsibilities as well as the requirements for its composition and meeting procedures.

## 3. **Composition**

3.1 The Committee shall comprise at least 3 (three) directors, of whom at least one must be an independent non-executive director who was not involved in the day-to-day management of the Company's business within the previous 3 (three) financial years.

3.2 Members of the Committee and its chairperson are nominated by the Board on recommendation by the remuneration and nomination committee and the Board shall have the power at all times to appoint, remove and replace any member from the Committee.

3.3 The chairperson of the Committee should be an independent non-executive director (as contemplated in the Code).

3.4 The Board must fill vacancies on the Committee within 40 (forty) days after the vacancy arises.

3.5 Each member shall hold office as a Committee member for a period of up to three years which may be extended by no more than two additional periods of up to three years, provided the member still meets the criteria for membership of the Committee. Should a member be removed from the Board such member's membership of this Committee shall automatically terminate.

3.6 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.

3.7 The Committee members are required to keep up-to-date with developments affecting the required skill-set.

3.8 The company secretary of the Company, as appointed by the Board, or such other person as the Committee may appoint, shall be the secretary to the Committee.

## 4. **Role**

4.1 The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior management.

4.2 The role of the Committee is to assist the Board with the oversight of sustainability, social and ethical

matters corporate social responsibility (CSR) relating to the Company.

## 5. Responsibilities

5.1 The Committee performs all the functions as are necessary to fulfil its role as stated above and including the following:

5.1.1 Drawing matters within its scope to the attention of the Board as occasion requires;

5.1.2 Reporting, through one of its members, to the shareholders of the Company at the Company's annual general meeting on the matters within its scope;

5.1.3 Monitoring the activities of the Company, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

5.1.3.1 Social and economic development, including the Company's standing in terms of the goals and purposes of:

5.1.3.1.1 The 10 (ten) principles set forth in the United Global Compact Principles, which require a commitment to: (i) support and respect the protection of internationally proclaimed human rights; (ii) ensure that the Company is not complicit in human rights abuses; (iii) uphold the freedom of association and the effective recognition of the rights to collective bargaining; (iv) the elimination of all forms of forced and compulsory labour; (v) the effective abolition of child labour; (vi) the elimination of discrimination in respect of employment and occupation; (vii) support a precautionary approach to environmental challenges; (viii) undertake initiatives to promote environmental responsibility; (ix) encourage the development and diffusion of environmentally friendly technologies; and (x) work against corruption in all its forms, including extortion and bribery;

5.1.3.1.2 The Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption;

5.1.3.1.3 The Employment Equity Act, 1998; and

5.1.3.1.4 The Broad-Based Black Economic Empowerment Act, 2003;

5.1.3.2 Good corporate citizenship, including the Company's:

5.1.3.2.1 Promotion of equality, prevention of unfair discrimination, and reduction of corruption;

5.1.3.2.2 Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and

5.1.3.2.3 Record of sponsorship, donations and charitable giving;

5.1.3.3 The environment, health and public safety, including the impact of the Company's activities and of its products or services;

5.1.3.4 Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and

- 5.1.3.5 Labour and employment, including:
  - 5.1.3.5.1 The Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - 5.1.3.5.2 The Company's employment relationships, and its contribution towards the educational development of its employees.
- 5.2 In addition, the Committee performs the following duties regarding ethics and sustainability:
  - 5.2.1 Assisting the Board in managing the Company's ethics effectively, through ensuring:
    - 5.2.1.1 Leadership demonstrates support for ethics throughout the Company;
    - 5.2.1.2 A strategy for managing ethics, that is informed by positive and negative risks the Company faces, is developed and approved;
    - 5.2.1.3 That the Company's ethical standards are articulated in a code of ethics and supporting ethics policies;
    - 5.2.1.4 That the structures, systems and processes are in place to ensure that the various board, employees and supply chains are familiar with and adhere to the Company's ethical standards;
    - 5.2.1.5 That ethics performance is included in the scope of internal audit and reported on in the Company's integrated annual report; and
    - 5.2.1.6 That ethics is embedded in the corporate culture.
  - 5.2.2 Assist the Board with its sustainability responsibilities by:
    - 5.2.2.1 overseeing the preparation of a sustainability report on the social, economic and environmental issues affecting the Company's business and ensuring that the information contained in it is factually accurate, complete and reliable;
    - 5.2.2.2 Recommending relevant policies for approval;
    - 5.2.2.3 Monitoring the implementation of the policies;
    - 5.2.2.4 Reviewing reports covering all substantive matters relating to sustainability issues;
    - 5.2.2.5 Ensuring that a formal process of assurance with regard to sustainability reporting is established. In this regard, the Committee must ensure that sustainability assurance is an ongoing, integral part of the integrated reporting cycle;
    - 5.2.2.6 where appropriate, engaging an independent external sustainability assurance provider to provide assurance in respect of material elements of the sustainability section of the annual report and reporting to the Company's audit and risk committee in this regard. The Committee must review that independent assurance provider's opinion for accuracy and completeness;

- 5.2.2.7 determining material elements of sustainability reporting over which the external sustainability assurance provider provides assurance;
- 5.2.2.8 evaluating the independence and credentials of the external sustainability assurance provider;
- 5.2.2.9 ensuring that the sustainability report contains the name of the person who or entity which conducted the process of sustainability assurance, the period reported on, the scope of the assurance exercise and the methodology adopted; and
- 5.2.2.10 Consideration of all material and relevant issues that have a significant impact on the Company and its stakeholders.
- 5.2.3 Assist the Board in its overall approach to corporate social responsibility (**CSR**) by:
  - 5.2.3.1 Ensuring that the CSR strategy is aligned to the overall Group strategy, including:
    - 5.2.3.1.1 Ensuring that policies aimed at achieving the Company's transformation vision, values and objectives are developed and implemented;
    - 5.2.3.1.2 Promoting an organisational culture which affords all employees the development opportunities which will enable them to achieve their optimal levels of career development in the course of their employment with the Company, recognising the diversity of the society within which the Company conducts its business;
  - 5.2.3.2 Keeping under review the Company's policies relating to corporate responsibility and if required, recommend amendment to such policies to the Board;
  - 5.2.3.3 Considering and approving, where appropriate, the adoption of international corporate responsibility codes and principles;
  - 5.2.3.4 Reviewing CSR issues and objectives material to the Company's stakeholders and identify and monitor the extent to which they are reflected in the Company's strategies, plans and policies;
  - 5.2.3.5 Developing and recommending to the Board CSR targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators; and
  - 5.2.3.6 Reviewing and recommending the disclosure in the annual integrated report.

## 6. **Authority**

- 6.1 The Committee acts in accordance with the delegated authority of the Board as recorded in these terms of reference.
- 6.2 It has the power to investigate, at the Group's cost, any activity within the scope of its terms of reference.

- 6.3 The Committee has the authority to perform the functions required by regulation 43 of the Regulations for the Company, on behalf of subsidiaries of the Company which have a public interest score greater than 500 (five hundred) points, as defined in regulation 26(2) of the Regulations.
- 6.4 The Committee, in the fulfilment of its duties, may call upon the chairpersons of the other Board committees, any of the executive directors, employees, officers or the company secretary to provide it with information, subject to following a Board approved process.
- 6.5 The Committee has reasonable access to the Group's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.6 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Group's cost, subject to following a Board approved process.
- 6.7 The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

## 7. **Delegation of duties and responsibilities**

The Committee may delegate any of its duties or responsibilities, as it deems appropriate, to any of its members or a sub-committee of its members, to such other persons, subject to the Committee's direction and supervision, and with the express condition that the Committee retains full and exclusive authority over any activities of such other person or persons. Nothing contained in this paragraph shall be construed to confer upon any such person any discretion, authority or control in respect of any matter, unless expressly authorised in writing.

## 8. **Committee operation**

### 8.1 General.

The meetings and proceedings of the Committee shall be governed, *mutatis mutandis*, by the provisions of article 7.4 of the MOI of the Company which regulates the meetings and proceedings of the directors, to the extent that: (i) they are applicable; and (ii) not superseded by any of the provisions of these terms of reference.

### 8.2 Frequency of meetings.

- 8.2.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set forth in these terms of reference and its annual work plan, but subject to a minimum of two meetings per year.
- 8.2.2 Meetings in addition to those scheduled may be held at the request of the chief executive officer, chairperson, head of human resources or other members of senior management, a Committee member or at the instance of the Board.
- 8.2.3 The chairperson of the Committee may meet with the head of human resources and/or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

### 8.3 Attendance of meetings.

- 8.3.1 The chief executive officer, chief financial officer, head of human resources or other members of senior management as may be required, assurance providers, professional advisors, Board members and any person who is entitled to attend Committee meetings as an observer may be in attendance at Committee meetings, but by invitation only, and they may not vote.
- 8.3.2 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 chairperson of the Committee or the company secretary.
- 8.3.3 If the elected chairperson of the Committee is not present within fifteen (15) minutes of the scheduled time for commencement of a meeting or is unable to attend a meeting, the members present must elect one of the members present to act as chairperson for the duration of that meeting.
- 8.3.4 In the event that the company secretary is absent from any meeting, the Committee shall designate any member of the secretarial department or any officer or employee of the Company to act as secretary.
- 8.3.5 The chairperson of the Committee shall have the right to exclude from the meeting, or from any item on the agenda, any executive should in his opinion, a conflict of interest become evident.

### 8.4 Agenda and minutes of meetings.

- 8.4.1 The Committee 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. The annual plan must ensure proper coverage of the matters laid out in these terms of reference, the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 8.4.2 The Committee secretary shall prepare an agenda for each meeting, for approval by the chairperson. A notice of each meeting of the Committee, confirming the venue, time and date and enclosing a detailed agenda, together with supporting documentation, must be circulated, at least five working days prior to each meeting to the members of the Committee and other invitees.
- 8.4.3 The Committee secretary shall take minutes of meetings. Minutes of the meeting shall record the proceedings, decisions taken and declarations of personal interest made, together with how these were dealt with. All Committee documents, information and minutes of any previous meetings of the Committee must be distributed to Committee members within a reasonable time prior to the next meeting of the Committee.
- 8.4.4 Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.

8.4.5 Minutes of the meeting shall record the proceedings, decisions taken and declarations of personal interest made, together with how these were dealt with. The minutes must be completed as soon as possible after the meeting and circulated to the chairperson and members of the Committee for review thereof. Any director may, provided that there is no conflict of interest and with the consent of the chairperson, obtain copies of the Committee's minutes.

8.4.6 The minutes must be formally approved by the Committee at its next scheduled meeting.

8.5 Quorum at meetings.

8.5.1 A representative quorum for meetings is a majority of members of the Committee.

8.5.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings and accordingly may not vote on any matter.

8.6 Voting.

A decision of the Committee shall be approved by a majority of votes cast by the members of the Committee who are eligible to vote at a meeting or by a resolution in writing signed by all of the members of the Committee.

8.7 Meetings other than in person.

Where deemed appropriate by the chairperson of the Committee, meetings and subsequent approvals and recommendations of the Committee may be conducted by electronic communication or one or more members of the Committee may participate in a meeting of the Committee by means of electronic communication. A resolution agreed by a majority (not less in number to constitute a quorum) of members of the Committee participating in such meeting shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

8.8 Written Resolutions.

8.8.1 A resolution in writing signed by a majority of the members of the Committee at the time when such resolution is signed by the first of such members, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted, provided that: (i) each member shall have been afforded a reasonable opportunity to express an opinion on the matter to which such resolution relates; and (ii) decision making in such manner shall not detract from the requirements for frequency of meetings as set out in these terms of reference.

8.8.2 Any proposed resolution referred to in the paragraph 8.8.1:

8.8.2.1 may be signed, in any electronic form and in any number of counterparts, all of which, taken together, shall constitute one and the same document; and

8.8.2.2 may, in signed or unsigned form, be conveyed or transmitted by telefax, email or any other form of electronic means, subject to any conditions decided upon by the Committee.

8.8.3 Any such resolution should be tabled at the next meeting of the Committee for noting.

## 9. **Reporting**

9.1 The Committee must provide the following information in the annual report:

9.1.1 a summary of the role of the Committee;

9.1.2 a statement on whether or not the Committee has adopted formal terms of reference that have been approved by the Board and if so, whether the Committee is satisfied that it carried out its responsibilities, for the period reported on, in compliance with these terms of reference;

9.1.3 the names of all members of the Committee during the period reported on and the period for which they served on the Committee;

9.1.4 the number of meetings of the Committee held during the period reported on and Committee members' attendance at these meetings; and

9.1.5 information about any other responsibilities assigned to the Committee by the Board.

9.2 The Committee must report to the Board on its activities at the Board meeting following each meeting of the Committee. Such report may include draft or approved minutes of previous meetings of the Committee.

9.3 The Committee must report to shareholders of the Company at the Company's annual general meeting on the matters falling within its responsibilities, as outlined above.

9.4 The Group chief executive officer shall be responsible for reporting back to the subsidiary boards on the proceedings of the Committee as they apply to each subsidiary, to the extent applicable.

## 10. **Expenses**

The Company shall pay all the expenses reasonably incurred by the Committee.

## 11. **Remuneration**

Members of the Committee shall be paid such remuneration in respect of their appointment as shall be recommended by the Board and approved by shareholders of the Company.

## 12. **Confidentiality**

12.1 Subject to the paragraph below, all information in whatever form and howsoever obtained by members of the Committee in the course of serving as members of the Committee (**Confidential Information**) must be kept confidential and members of the Committee must not disclose any of the Confidential Information within their knowledge or possession in any manner to any person, company or other entity (**Person**).

12.2 The provisions of the paragraph above shall not apply to Confidential Information:

12.2.1 which was in the public domain prior to its disclosure to the relevant member of the Committee or subsequently came to be in the public domain in any way otherwise than by the wrongful

disclosure by such member of the Committee;

- 12.2.2 which is disclosed directly or indirectly by the relevant member of the Committee to any Person who is a director, employee, agent, consultant, adviser or contractor of or to the Company, as the case may be, whose knowledge or possession of such Confidential Information is necessary for that Person to perform their particular functions; or
- 12.2.3 the disclosure of which is required by any applicable law, by an order of Court or by the rules of any securities exchange on which the Company's shares are listed or by any other regulatory body to which the Company is subject.

### 13. **Evaluation of the committee**

- 13.1 The Board must perform a review and an evaluation of the effectiveness of the Committee, including an evaluation of the compliance of the Committee with these terms of reference, at least annually.
- 13.2 In addition, the Committee shall review and reassess, at least annually, the adequacy of these terms of reference and recommend any improvements that the Committee considers necessary to the Board, following recommendations to be made by the Committee secretary.
- 13.3 The Committee may conduct such evaluations and reviews in such manner as it deems appropriate.
- 13.4 The Board must annually perform an evaluation of the Committee's performance in terms of its composition, mandate and effectiveness.

### 14. **Approval of these terms of reference**

These terms of reference were first approved by the Board on 7 April 2017, and may be reviewed at any time at the instance of the Board, provided that these terms of reference must be reviewed annually.