



# Governance, Ethics, Social, Transformation & Compensation Committee of Renergen Limited

Renergen Limited  
Registration number: 2014/195093/06  
ABN: 93 998 352 675

## Introduction and Definitions

- 1.1 This committee is constituted by the Board of Renergen Limited in terms of Section 72(2) and (4) of the Companies Act (Act no. 71 of 2008) as amended (hereinafter referred to as “the Act”) as read with Regulation 43 (5) of the Companies Regulations, 2011.
- 1.2 These terms of reference are subject to, and should be read with, the Act, its regulations, the Company’s Memorandum of Incorporation, the JSE Listings Requirements and any other applicable law or regulatory provision.
- 1.3 This document is to be reviewed by the Committee, subject to approval by the Board, every two years, or at an earlier interval if required.
- 1.4 In these terms of reference, references to:
  - 1.4.1. “the Company” shall mean Renergen Limited;
  - 1.4.2. “the Board” shall mean the Board of Directors of Renergen Limited;
  - 1.4.3. “the Committee” shall mean the Governance, Ethics, Transformation & Compensation Committee of the Board; and
  - 1.4.4. “Prescribed Officer” shall mean a person who exercises, or regularly participates to a material degree in the exercise of, general executive control over and management of the whole, or a significant portion of the business and activities of Renergen Limited, irrespective of whether such a person is a director or not.



## The Committee

### 2 Membership

- 2.1 The Committee must comprise at least three members and should have a majority of independent non-executive directors. The Committee may recommend to the Board the appointment of such additional members from management ranks as it deems fit and invite any members of management to attend meetings to attend as required. Only members of the board may serve on the Committee.
- 2.2 The members of the Committee must collectively have sufficient qualifications and experience to fulfil the functions contained in these terms of reference.
- 2.3 If a member ceases to be a Director, she/he also ceases to be a member of the Committee.
- 2.4 The Board shall appoint the Chairperson of the Committee who shall be a non-executive director and determine the period for which he / she shall hold office. In the absence of the Chairperson of the Committee, the remaining members present shall elect a Director or Prescribed Officer who is present to chair the meeting.
- 2.5 If a member of the Committee is unable to act due to absence, illness or any other cause, the Chairperson of the Committee may appoint another Director or Prescribed Officer to cover as an alternate member.
- 2.6 No member shall participate or vote or be present in any discussion in respect of his/her own remuneration.
- 2.7 The Chairperson of the Committee shall attend the Annual General Meeting of the company so as to be available to answer questions from shareholders on matters within the remit of the Committee.

### 3 Secretary

- 3.1 The Company Secretary of Renegen Limited or a nominee shall act as the Secretary to the Committee.

### 4 Quorum

- 4.1 The quorum necessary for the transaction of business shall be a majority of members present at least one of whom must be a non-executive director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### 5 Meetings

- 5.1 The Committee shall meet as and when required, but such meetings will normally be held not less than twice a year. The chairperson or any other member of the Committee may call further meetings as deemed necessary.

- 5.2 Committee members must attend all meetings of the Committee, unless prior apology, with reasons, has been submitted to the Chairperson and Secretary of the Committee.
- 5.3 Attendance may also, at the discretion of the Secretary of the Committee, be by way of video or teleconference or other electronic means.
- 5.4 Only members of the Committee shall have the right to attend Committee meetings. However, other individuals such as members of the Company's management and external advisers may be invited to attend for all or part of any meeting as and when considered appropriate by the Committee.

## 6 Notice of Meetings and Agenda

- 6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairperson of the Committee.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, normally no later than seven working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## 7 Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of the Committee meetings, including the names of those present and in attendance.
- 7.2 Minutes of Committee meetings shall be circulated promptly and be formally approved by the Committee and signed by the Chairperson at the following meeting. Such signed minutes shall be deemed to be sufficient evidence that the matters referred to therein were fully discussed and agreed upon.

## 8 Work Plan

- 8.1 The Committee may, if it deems it appropriate, create an annual work plan to ensure that all matters within its reference are adequately addressed.

## 9 Role

- 9.1 The role of this Committee is:
  - 9.1.1 to independently assist the Board with the monitoring of social and ethical matters contained in these terms of reference. The responsibility for the execution of matters within these terms of reference shall remain with the relevant persons or bodies;
  - 9.1.2 to ensure that the Company remunerates directors and executives fairly and responsibly;



- 9.1.3 to ensure that the disclosure of executive and non-executive directors' remuneration is compliant with applicable regulations and codes of best conduct and is accurate, complete and transparent;
  - 9.1.4 to monitor and strengthen the objectivity and credibility of the Company's directors and senior executive remuneration system by linking remuneration to individual performance, the Company's performance and market conditions;
  - 9.1.5 to make recommendations to the Board on remuneration packages and policies applicable to directors and senior executives;
  - 9.1.6 to review and provide strategic input on the transformation status reports submitted to it; and
  - 9.1.7 to oversee selected matters related to Human Resources.
- 9.2 Notwithstanding any delegation of authority to the Committee, responsibility for its functions shall remain with the Board.

## 10 Functions

### Social and Ethics Function (Social Environment)

The Social and Ethics functions of the Committee shall include:

- 10.1 monitoring 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:
  - 10.1.1 social and economic development, including the Company's standing in terms of the goals and purposes of:
    - i. the ten principles set out in the United Nations Global Compact Principles (UNGCP);
    - ii. the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
    - iii. the Employment Equality Act;
    - iv. the Broad Based Black Economic Empowerment Act;
    - v. the Consumer Protection Act.
  - 10.1.2 good corporate citizenship, including the Company's:
    - i. promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - ii. contribution to development of the communities in which its activities are predominately conducted or within which its products or services are predominantly marketed; and
    - iii. the effectiveness of suitable management committees and/or senior executives in framing and developing appropriate, relevant, and measurable corporate social responsibility (CSR)

- programmes aligned with the needs of the communities in which the business operates
  - iv. The appropriateness of the budget allocated for the purposes of community development and CSR programmes.
  - v. The effectiveness of policies in place to ensure that all donations and sponsorships are aligned with the company's community development and CSR programmes.
- 10.1.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- 10.1.4 consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws;
- 10.1.5 labour and employment, including;
- i. the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - ii. the Company's employment relationships, and its contribution toward the educational development of its employees.
- 10.1.6 Adherence to the South African constitution and the Bill of Rights;
- 10.1.7 The selection of suitable (and where possible, measurable) criteria in which to monitor and report the progress with regard to the implementation of the above policies and programmes and facilitate integration of the same in the company's sustainability report.

### Remuneration and Human Resource Function (workplace)

The Remuneration functions of the Committee shall include:

- 10.2 the annual review of policies for senior executives' and directors' remuneration;
- 10.3 the annual review of the basis of calculation of senior executives' and directors' remuneration to ensure that it is reasonable taking into account the measurement of performance against pre-determined and agreed criteria;
- 10.4 the review of current industry practice and professional executive recruitment organisations' publications;
- 10.5 the review of the different methods of remunerating senior executives and directors;
- 10.6 the review of existing and proposed fringe benefits and share option schemes;
- 10.7 the review of retirement and termination payments;
- 10.8 the review of related party transactions and disclosure, if any;
- 10.9 the review of terms and conditions of executive directors' service agreements;
- 10.10 the approval of the allocation of share options in terms of the Share Option Schemes and/or incentives in respect of any other incentive plan;
- 10.11 to act as trustees of the Group Employee and BEE share trusts;

- 10.12 to Co-ordinate efforts with the chairman of the Board and the executive;
- 10.13 to review disclosure of remuneration in the annual report to ensure that it will promote acceptance of the necessity for and benefits realistic directors and executive remuneration;
- 10.14 to recommend to the Board appointments of both executive and non-executive directors;
- 10.15 to monitor industrial relations;
- 10.16 the company complies with all the relevant workplace health and safety regulations and statues;
- 10.17 suitable and effective policies are in place to ensure that suitable staff members are attracted and retained by the company;
- 10.18 staff members are given appropriate opportunities for career improvement through training and education;
- 10.19 there are policies and processes in place to ensure conducive employee relations
- 10.20 All workplace risks are identified and properly monitored; and
- 10.21 All the above issues are aligned with the company strategy and are regularly monitored in a measurable and reportable manner to enhance integration and sustainability.

#### Transformation Function

- 10.22 The Committee will have the authority to review and provide strategic input on the transformation status reports submitted to it. These reports will provide an update on the targets, activities and progress on transformation in the Company, in relation to Human Resources and Employment issues, and will include the following:
  - 10.22.1 An update on specific transformation initiatives and policies approved and implemented to ensure transformation in the Company;
  - 10.22.2 An impact assessment of new transformation legislation and the codes of good practice issued by the DTI; and
  - 10.22.3 The contents of the contribution to the Annual Report and any other key external publications.
- 10.23 In executing its Transformation Function, the Committee will have to consider the adequacy of the targets for each of the elements of the codes of good practice issued by the DTI pertaining to Human Resource Development, including:
  - 10.23.1 Employment Equity – Representation of Black people, women and people with disabilities (all as defined in the Employment Equity Act) at Executive, Group and Board, Senior, Middle and Junior Management levels;
  - 10.23.2 Skills Development – Progress made in the training and development of Black people, women and people with disabilities (all as defined in the Employment Equity Act) at Senior, Middle and Junior management level; and
  - 10.23.3 Learnerships



## Natural Environment

The Committee must monitor:

- 10.24 Compliance with all environmental laws and regulations applicable to the company's business operations;
- 10.25 The adequacy of environmental policies to fully identify and address the impact of its operations and to protect, enhance and invest in the well-being of the environment;
- 10.26 Relevant sustainability risks inherent in its impact on the environment and incorporated the same into its environmental policy;
- 10.27 Systems and tools used to report on its carbon emissions, energy and water usage;
- 10.28 The appropriateness of measures taken to deal with any pollutant emissions and/or waste/effluent and in an environmentally friendly manner that is independently verifiable;
- 10.29 Actions taken to reduce or minimise the environmental impact of the company's product(s) when they reached the end of their life-cycle and/or when disposed of by the consumers; and
- 10.30 The alignment of the above criteria with the company's strategy and the adequacy of the criteria used to measure and report on the implementation of the above policies and procedures to enhance integration and sustainability

## 11 Reporting Responsibilities

- 11.1 The Chairperson of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its terms of reference.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 One of the members of the Committee shall attend the Annual General Meeting of Renegen Limited and report on the Committee's activities or alternatively a report from the Committee may be included in the Annual Report of the Company.
- 11.4 Further delegate duties to a Sub-Committee of this Committee with prior approval by the Board.

## 12 Authority

The Committee is entitled to:

- 12.1 Investigate any activities within its terms of reference;
- 12.2 Require from any director or prescribed officer, or request from any employee, any information or explanation necessary for the performance of its functions;
- 12.3 Secure the attendance of outsiders with the relevant experience and expertise where necessary and at the Company's expense in accordance with a procedure developed by the Board for this purpose;
- 12.4 Receive all notices of, and other communications relating to, any general shareholders meeting and attend any such meeting;

- 12.5 Be heard at any such meeting on any part of the business of the meeting that concerns the Committee's functions.
- 12.6 The Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice it shall reasonably require in connection with the performance of its duties. The Company must further pay all expenses reasonably incurred by the Committee.

### 13 Remuneration

- 13.1 Having regard to the duties performed by the members of this Committee in addition to their function as directors, members of the Committee shall be paid such additional remuneration in respect of their appointment on this Committee as shall be fixed by the Board.
- 13.2 The chairman of the Committee shall, in addition to his/ her remuneration as member of this Committee, receive an additional amount for fulfilling the role as chairman as determined by the Board.
- 13.3 Such special remuneration in terms hereof shall be in addition to the annual fees payable to Directors.

### 14 Proceedings

- 14.1 The Chairperson shall preside over the all the meetings whenever possible. In the event of the Chairperson not being able to preside over a particular meeting, the Committee Members present shall appoint an Acting Chairperson to preside over said meeting.
- 14.2 All decisions shall preferably be made unanimously. Alternatively, decisions shall be made by majority vote; in the event of an equality of votes on any matter the Chairperson shall have the casting vote in addition to his / her deliberation vote as a Member of the Committee.
- 14.3 Any persons attending the meetings by invitation shall be entitled to participate in the Committee's activities but shall not be allowed to vote.
- 14.4 The Board may amend the meeting procedures from time to time as it deems fit.

### 15 Approval of the terms of reference

- 15.1 This document was approved by the Committee and the Board on the dates set forth below:



Committee Chairperson, 16 November 2016



Board Chairperson, 16 November 2016