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**ABAGOLD™**

**Abagold Limited (“the Company”)**

**Social & Ethics Committee Charter**

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## **1. Introduction**

- 1.1** The Board of Directors of the Company (“the Board”) resolved, as required by section 72(4) of the Companies Act 71 of 2008 (“the Act”), to establish a Social and Ethics Committee (“the Committee”). The Committee will fulfil the duties listed below, in respect of the Company and in compliance with the Act.

## **2. Purpose**

- 2.1** The Committee is established to assist the Board with the oversight of social and ethical matters and in ensuring that the Group is and remains a committed socially responsible corporate citizen. The commitment to sustainable development involves ensuring that the Company conducts business in a manner that meets existing needs without knowingly compromising the ability of future generations to meet their needs. Neither the appointment nor the duties of the Committee will reduce the duties or accountability of the Board or the directors of the Company.
- 2.2** The Committee’s primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management’s efforts in respect of social, ethics and sustainable development related matters which, *inter alia*, include the following:

- 2.2.1 Safety;
- 2.2.2 Health and wellness, including occupational hygiene;
- 2.2.3 Environmental management;
- 2.2.4 Climate change;
- 2.2.5 Ethics management;
- 2.2.6 Corporate social investment;
- 2.2.7 Community Development
- 2.2.8 Stakeholder engagement; and
- 2.2.9 The protection of company assets.

## **3. Duties and Responsibilities**

### **3.1 Statutory duties (Regulation 43 of the Act)**

To monitor the Company’s activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in respect of matters relating to:

- 3.1.1** Social and economic development, including the Company’s standing in terms of the goals and purposes of
- the 10 (ten) principles set out in the United Nations Global Compact Principles – See attached as Addendum “A”;
  - the OECD recommendations regarding corruption;
  - the Broad-Based Black Economic Empowerment Act; and
  - the Employment Equity Act;
- 3.1.2** Good corporate citizenship, including the Company’s
- promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - contribution to development of the communities in which its activities are predominantly conducted; and record of sponsorship, donations and charitable giving;

- 3.1.3 the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- 3.1.4 consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
- 3.1.5 labour and employment, including
  - the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - the Company's employment relationships and its contribution toward the educational development of its employees; to draw matters within its mandate to the attention of the Board as may be required; and
  - to report to the shareholders at the Company's annual General meeting on the matters within its mandate.

### **3.2 Other duties will be:**

- 3.2.1 to review the framework, policies and guidelines for safety, health, social investment, Community development, environmental management, climate change, asset protection and security;
- 3.2.2 to review the policies and performance in respect of sustainable development of the Company and the progressive implementation of its policies;
- 3.2.3 to review and consider reports from operations in the Company covering sustainability matters and give input in respect of the annual integrated report to focus on the impact of the Company in the economic, environmental and social spheres;
- 3.2.4 to consider material, national and international regulatory and technical developments in the fields of safety, health, environmental management, social investment, community development, climate change and asset protection;
- 3.2.5 to ensure facilitated participation, co-operation and consultation within the Company on safety, health, social investment, community development, environmental matters, climate change and asset protection with government, industry, national and international organisation and institutions;
- 3.2.6 to review and monitor the Company's stakeholder engagement plans, guidelines and practices;
- 3.2.7 to provide guidance in relation to the promotion to good sustainability practice such as Environmental, CSI, BBBEE and stakeholder engagement policies; and
- 3.2.8 To be informed of sustainability and compliance risks in this regard.

### **3.3 General**

The Committee shall at all times:

- 3.3.1 give due consideration to the relevant provisions of the Act, the JSE Listings Requirements and King III;
- 3.3.2 retain a copy of the current Charter of the Committee at the registered office of the Company and provide shareholders with a copy of the same if required; and
- 3.3.3 consider such other topics and fulfil such other duties as defined by the Board.

In order to discharge its responsibilities and fulfil its duties the Committee will engage in the specific activities in accordance with the Committee's approved annual work plan.

### **4. Powers**

- 4.1 In respect of the statutory duties of the Committee as set above, the Committee will report to shareholders as provided for in the Act. In respect of all duties as contained in the Charter the Committee will be accountable and report to the Board.
- 4.2 The Board supports and endorses the Committee, which operates independently of management and is free of any organisational impairment.
- 4.3 The Board has an oversight responsibility and the Committee assists the Board in fulfilling this responsibility.
- 4.4 The Committee has unrestricted access to all information, including records, property and personnel of the Group, and must be provided with adequate resources in order to fulfil its responsibilities.
- 4.5 The Committee is authorised by the Board to:
  - Investigate any activities within the provision of its Charter;
  - Seek outside legal or other independent professional advice at the Company's expense, subject to following the procedure developed by the Board for this purpose;
  - Secure the attendance of outsiders with the relevant experience and expertise where necessary at the Company's expense, subject to following the procedure developed by the Board for this purpose;
  - Seek any information it requires from any employee, to enable the Committee to carry out its responsibility and duties in accordance with the Charter and all employees are required to cooperate with any reasonable requests made by the Committee; and
  - Delegate duties to management or the Executive Directors of the Company.

### **5. Membership**

#### **5.1 Composition**

- 5.1.1 The Committee must be constituted to ensure its independence;
- 5.1.2 Its members shall be appointed by the Board and shall comply with the following guidelines:

- Consist of at least three members, one of these members must be a non-executive director, who must be an independent non-executive director; and
- The Chairman shall always be a non-executive director.

## **5.2 Appointment**

- 5.2.1 On recommendation of the Remuneration and Nomination Committee the Board shall appoint the members of the Committee for any period of time and fill any vacancy as and when required;
- 5.2.2 If the Board does not appoint a Chairman, the members of the Committee may appoint a Chairman of the Committee by majority vote of the full Committee membership. The Chairman of the Committee shall be required to attend the Company's Annual General Meeting to answer relevant questions posed by Shareholders.

## **5.3 Termination**

- 5.3.1 The Board may terminate membership of any person serving on the Committee on recommendation of the Committee or the Remuneration and Nomination Committee or at the discretion of the Board itself based on the evaluation feedback.

## **6. Meetings**

### **6.1 Frequency**

- 6.1.1 The Committee will meet at least twice a year;
- 6.1.2 Any member of the Committee or the Chief Executive Officer, if not a member of the Committee, may request a meeting if deemed necessary and a meeting will then be arranged in consultation with the Chairman of the Committee.

### **6.2 Agenda**

- 6.2.1 The Chief Executive Officer and the Company Secretary shall, in consultation with the Chairman of the Committee, draft an agenda, which shall be circulated with supporting documentation and notice of the meeting preferably at least five days before the meeting;
- 6.2.2 The Committee must establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual work plan must ensure proper coverage of the matters referred to in this Charter; and
- 6.2.3 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters tabled at meetings.

### **6.3 Minutes and reporting procedures**

- 6.3.1 The Company Secretary shall attend and minute all meetings;
- 6.3.2 The minutes of the Committee meetings shall be completed within fourteen days of such meeting and shall be circulated to all members of the Committee and other relevant personnel as directed by the Committee;
- 6.3.3 The secretary shall incorporate the approved minutes of meetings of the Committee in the meeting files prepared for meetings of the Board for noting purposes;

- 6.3.4 In addition to the above, the Chairman of the Committee will provide verbal and/or written feedback at the meetings of the Board of directors on the Committee's recent activities;
- 6.3.5 A written resolution ("round robin resolution") signed by a majority of the members of the Committee present in South Africa at the time of circulating such resolution for signature shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Committee, provided that each member of the Committee shall have been afforded a reasonable opportunity to express an opinion on the matter to which such resolution relates.

#### **6.4 Quorum**

- 6.4.1 A quorum for meetings of the Committee shall be a simple majority of members present in person or via telecommunication facilities, one of whom must be a non-executive director;
- 6.4.2 If the Chairman of the Committee is not present within 15 (fifteen) minutes of the stipulated time for such meeting, then the members of the Committee present shall elect a chairman from among them to act as Chairman of the meeting.

#### **6.5 Attendance**

- 6.5.1 The Chief Executive Officer,, the Executive responsible for sustainable development and any other senior member of management may be invited to attend Committee meetings;
- 6.5.2 The Committee may, if deemed fit, confer and meet by telephone, closed circuit television or video conferencing and any decision taken at such meeting shall constitute a proper resolution of the Committee provided that the requirements of section 6.3 and 6.4 of this Charter have been met.
- 6.5.3 The Committee may in consultation with the Chairman invite any other relevant person to attend Committee meetings;
- 6.5.4 Other Board members shall have the right of attendance with the prior consent of the Chairman of the Committee.

### **7. Member skills and training**

- 7.1 Every member should have experience in some area pertinent to the business of the Committee, and at least two members should be familiar with the industry within which the Company operates;
- 7.2 New members should receive adequate orientation that allows them to function effectively from the start;
- 7.3 Opportunities for continuous education and training on sustainability issues should be actively pursued by each member;
- 7.4 All Committee members will be required to keep up to date with developments affecting the areas of responsibility of the Committee.

### **8. Remuneration**

- 8.1 The Chairman and Non-Executive Committee members shall be remunerated according to the remuneration policy proposed by the Company and approved by the Shareholders at an Annual General Meeting of the Company.

**9. Evaluation**

**9.1** The Committee shall conduct a self-assessment or self-evaluation of its effectiveness on an annual basis – this will take the form of a gap analysis matrix. After completing its evaluation, the Committee should review the results with the Board so that appropriate action can be taken on any recommendations resulting from the review.

**10. General**

**10.1** The Committee members are obliged to disclose in writing any interest they have within or outside the Company and the Group that may be perceived to be a conflict of interest and interfere with the performance of their duties.

**10.2** All Group related information that becomes known to directors in the performance of their duties must at all times be kept confidential.

**This Charter was reviewed by the Committee and recommended to the Board for approval by the Committee Chairman in June 2016.**



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**Committee Chairman (Pierre Hugo)**

**This Charter was approved by the Board in June 2016.**

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**Chairman of the Board (Hennie Van Der Merwe)**



## **ADDENDUM "A"**



### **UN GLOBAL COMPACT – 10 PRINCIPLES**

Businesses should,

#### **Human Rights**

- Principle 1: 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 Standards**

- Principle 3: 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: 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: work against all forms of corruption, including extortion and bribery.