The purpose of this report is to outline how the Social and Ethics Committee has discharged its responsibilities as set out in section 72 of the South African Companies Act No 71 of 2008, as amended (“the Act”), and regulation 43 of the Companies Regulations 2011 (“the regulation”), issued in terms of the Act.

Social and Ethics Committee Report
December 2016

Advanced Solutions for Complete Smelting Plant
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BY WAY OF INTRODUCTION

Tenova Pyromet, a business unit of Tenova South Africa (Pty) Ltd aligns its business with the principles outlined in the King Report on Corporate Governance in South Africa (2009), as well as the requirements relating to social and ethics committees as set out in the Companies Act, 2008 (Act No.71 of 2008).

COMPOSITION

A Social and Ethics Committee ("the Committee") was duly established as a committee of the Board consisting of the following members: Chris Oertel – Chairman, Nomkhosi Sithole – Labour Relations and HR, Anina Langton – Environmental Responsibilities, Irma Smith – Compliance and Anti-Corruption also Committee Secretary, Mark Broadbent – Marketing and Community Development, Caroline Tondo – General Staff Representative also Budget Custodian and Denzil Lazarus – General Staff Representative.

The Company is a wholly owned subsidiary of an Italian Incorporated company and forms part of a group of companies all over the world ("Tenova Group"). Due to the policies that non-executive directors may not be appointed on the Board of a subsidiary company, the Board has resolved that the Committee Chairman may be an executive director of the Company. The Chairman of the Committee shall not be Chairman of the Board, but the Chairman of the Board may be a member of the Committee.

TERMS OF REFERENCE

The duties and responsibilities of the Committee are set out in the Social and Ethics Charter which has been approved by the Committee and the Board of Directors.

The main objective of the Committee is to assist the Board in monitoring the Business Unit’s performance as a good and responsible citizen.

In the execution of its duties the Committee has overseen the sustainable development practices of the Business Unit relating to:

- ethics and compliance;
- corporate citizenship;
- stakeholder relations;
- broad based black economic empowerment;
- health and public safety;
- labour relations and working conditions;
- training skills and development; and
- management of environmental impacts.

The Company and the Committee also obeys its corporate and internal principals of conduct as set out below.

BUSINESS UNIT PRINCIPALS AND CONDUCT

Code of Conduct

The Tenova Group subscribes to a formal Code of Conduct which establishes guidelines and standards of integrity and transparency with which all Tenova Group employees at every level are required to comply.

The Pyromet Way

- Own my role and responsibility
- Develop a climate for transparency, listening and deeper understanding
- Proactively address conflict directly and respectfully
- Ensure I’m clear about decisions made and I issue clear decisions/messages
- Support and implement executive decisions
- Help colleagues get out of their “Bad Days”
- Encourage learning and growth

Company Goals

- Company Profitability
- Order Intake
- Develop and Sell New Technology
- Employee Focus
- Satisfied Clients
COMMITTEE MEETINGS

Meetings were conducted quarterly with full quorum.

CONCLUSION

No substantive non-compliance with legislation and regulations or non-adherence with the codes of best practice relating to the areas within the mandate of the Committee has been brought to its attention during the period under review.

Chris Oertel
Chair: Social and Ethics Committee
Johannesburg
December 2016
ENVIRONMENT, HEALTH AND SAFETY

ENVIRONMENT

The Company is committed to developing a long term sustainable business, minimizing the risks to the safety and well-being of our people and the environmental aspects of our products, activities and operations.

Smelting equipment inherently has a negative impact on the environment. We have however through continuous innovation developed environmentally safe equipment to mitigate the adverse effect of emissions and wastes. Our equipment are also known to optimise energy usage.

We are leaders in operationalising new technology and work closely with our clients to achieve this, whether in renewable energy or working to make existing technology more efficient. We encourage our clients to use modern technology as without new technology some products would not have come to fruition or would not have been viable for the client to pursue.

EMPLOYEE SAFETY AND WELLBEING

Tenova Pyromet strives to provide a safe working environment and to promoting the health and wellbeing of its employees.

Every incident, accident or near miss is reported and investigated to determine the root cause and to prevent their recurrence. Health & Safety audits are conducted and corrective actions are implemented where non-conformances are identified.

CONSERVATION

The Company also supports the environment by being an official supporter of the Endangered Wildlife Trust (“EWT”). The EWT is a leading, high-profile player in the arena of conservation. They identify the key factors threatening biodiversity and develop innovative methodologies and best practice guidelines to reduce these and promote harmonious co-existence and sustainable living for both people and wildlife. They achieve their goals through specialist programmes, and their skilled field staff are deployed regionally and throughout southern Africa.
CORPORATE CITIZENSHIP

GUIDELINES

The Committee oversees all sponsorships, donations and philanthropy undertaken by the Company.

The Committee established guidelines in order to adjudicate and elect charities that applied for sponsorships and donations.

Preference is given to charities:

- in which Company staff have some form of active involvement
- with a smaller (local) donation base
- that supports people of vulnerable age groups or people with disabilities
- which are involved with bettering children’s education.
- which support a precautionary approach to the environment

CHARITIES SUPPORTED

Charities supporting the Environment

<table>
<thead>
<tr>
<th>Charity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>EWT</td>
<td>R 25 000.00</td>
</tr>
</tbody>
</table>

Charities in which Company staff have some form of active involvement

<table>
<thead>
<tr>
<th>Charity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Shoe Box 2015</td>
<td>R 12 500</td>
</tr>
<tr>
<td>Mandela Day – Day Spring School</td>
<td>R 12 500</td>
</tr>
<tr>
<td>Santa Shoe Box 2016</td>
<td>R 20 000</td>
</tr>
</tbody>
</table>

Charities with a smaller donation base

<table>
<thead>
<tr>
<th>Charity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acts of Love</td>
<td>R 2 000.00</td>
</tr>
<tr>
<td>LIV Village</td>
<td>R 2 000.00</td>
</tr>
<tr>
<td>C.H.A.N.C.E. Children’s home</td>
<td>R 2 500.00</td>
</tr>
</tbody>
</table>

Charities supporting people of vulnerable age group or people with disabilities

<table>
<thead>
<tr>
<th>Charity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baobabes Charity</td>
<td>R 8 100.00</td>
</tr>
<tr>
<td>The United Cerebral Palsy Association of SA</td>
<td>R 2 500.00</td>
</tr>
<tr>
<td>Jicama 89 - Donation Request</td>
<td>R 5 000.00</td>
</tr>
</tbody>
</table>

Photo: from left to right Caroline Tondo (Tenova Pyromet) Yolan Friedman (EWT) Chris Oertel (Tenova Pyromet) Frank Jackson (EWT) Denzil Lazarus (Tenova Pyromet) Irma Smith (Tenova Pyromet)
Charities which are involved in bettering children’s education

<table>
<thead>
<tr>
<th>Charities</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>My Career Corner</td>
<td>R 10 000.00</td>
</tr>
<tr>
<td>Project Khanya – set to start lighting the future</td>
<td>R 5 000.00</td>
</tr>
<tr>
<td>Sun International Sleep out</td>
<td>R 20 000.00</td>
</tr>
<tr>
<td>Thuthuka SA - Books donated to UJ</td>
<td>R 2 900.00</td>
</tr>
</tbody>
</table>

**EMPLOYEE BENEFIT PROGRAM**

The committee also supports staff through its Employee Benefit Program – where employees may apply for a contribution in the event that any of their school going children is elected to represent their school at a special event.

**OVERALL EXPENDITURE**

Overall Expenditure to date amounts to R 137 330.00
## LABOUR RELATIONS AND HR

### COMPLIANCE

<table>
<thead>
<tr>
<th>Act</th>
<th>Description</th>
<th>Policy</th>
<th>Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Equity</td>
<td>• Promote Equality</td>
<td>✓</td>
<td>Regular submissions to Dept. of Labour</td>
</tr>
<tr>
<td></td>
<td>• Prevent Discrimination</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Elimination of Child labour</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Working Conditions &amp; decent work</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Contractual employment&amp; Relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Protection of human rights</td>
<td>✓</td>
<td>Compliant</td>
</tr>
<tr>
<td></td>
<td>• Uphold freedom of association</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Statutory time off</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Discipline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour Relations</td>
<td>• Skills development</td>
<td>✓</td>
<td>Partial Compliance</td>
</tr>
<tr>
<td></td>
<td>• Corporate social investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEE</td>
<td>• Market related PAY</td>
<td>✓</td>
<td>Compliant</td>
</tr>
<tr>
<td></td>
<td>• Standard hours of work</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Resting time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BCEA</td>
<td>• Protection against injury</td>
<td>✓</td>
<td>Compliant</td>
</tr>
<tr>
<td>COIDA</td>
<td>• Voluntary set standards</td>
<td>✓</td>
<td>South African Labour Laws Compliant &amp; exceed the minimum set standards in some areas</td>
</tr>
</tbody>
</table>

### AREA OF FOCUS: SKILLS DEVELOPMENT

The Company development strategy is immersed in the business strategy to ensure availability of required skills to achieve business needs. The desired competence levels are achieved in different levels of development, namely:

- Young Talent Development Initiative
- Middle Management Development Initiative; and
- Leadership Initiative.
ETHICS AND COMPLIANCE

CODE OF CONDUCT

Tenova Group Code of Conduct strictly prohibits and the Company will not condone under any circumstances, the offering or receiving of bribes or the entering into any corrupt activity or any other form of improper payments for the achievement of an unjustified result.

The Company is guided by the Tenova Anti Bribery Policy which deals with the prohibition of giving or receiving payment for improper conduct, permissible expenditures, diligence when hiring employees or engaging other associated persons. All entities doing business with the Company should abide by the Tenova Anti Bribery Policy.

ACTIONS FOR REDUCING CORRUPTION

In an ongoing effort to reduce bribery and corruption in the Company, the Committee has embarked on various training exercises throughout the year.

It is an obligation for each employee to on an annual basis to sign off their commitment towards the Code of Conduct and its principals. The Code of Conduct refers to all underlying policies and procedures that the employees are expected to abide to in terms of ethical conduct.

The Company has also Conducted an in depth training session in November 2016 regarding its Anti-bribery Compliance Program and covered the compliance issues from a business, administrative and legal perspective. This was one of two sessions and was presented to the Executive Committee, Sales and Marketing Department, Commercial and Procurement departments, Finance Department as well as Operations Department.

COMMITMENT TO TRANSPARENCY

The Committee has implemented Corporate Gifts and Conflicts of Interest Registers in line with the Tenova Group’s Transparency Guidelines.

Corporate Gifts

- All Corporate Gifts given or received must be recorded in the Gifts Register;
- No cash gifts may be given or received by any employee;
- Gifts with a value of R500 or more may not be accepted. In the event that the gift cannot be returned, it must be handed over to the Company who will then donate the gift to a charity of its choice.

Conflicts of Interest

All Conflicts of Interests must also be reported and recorded.

Conflicts are defined and communicated to employees as follows:

There is an actual or potential conflict of interest when a relationship between an employee and a third party or between two employees (of the same Company) may prejudice the interests of the company.

Examples (not limited)

- If you have a family member at any supplier Pyromet have a contract with or which Pyromet intends to use.
- If you have a company/stakes in different business – which may indirectly or directly have business dealings with Pyromet.
- If you have family members who are employed at, or does work for Pyromet or may potentially be employed at or do work for Pyromet.
- When financial investments are made or requested from suppliers or clients.
- When loans are received from Suppliers.

Ethics – the Desire and Commitment to do things Responsibly

– I. Smith –