

KUMBA IRON ORE LIMITED

(Registration number 2005/015852/06)
("Kumba" or "the Company")

SOCIAL AND ETHICS COMMITTEE

("the committee")

TERMS OF REFERENCE

1. CONSTITUTION

- 1.1 The committee is constituted as a committee of the board in terms of the Memorandum of Incorporation of the Company and as a statutory committee in respect of those statutory duties assigned to it in terms of section 72(4) of the Companies Act No 71 of 2008, as amended (the “Companies Act”) (read in conjunction with Regulation 43 of the Companies Regulations 2011).
- 1.2 The committee is not designed to replace the executive role and responsibility of the following executive management committees:
- Transformation committee,
 - Safety and sustainable development management committee
 - Ethics committee
 - Kumba executive committee.
- 1.3 Neither the appointment nor the duties of the committee reduce the functions and duties of the board or the directors of the Company.
- 1.4 These terms of reference are subject to the provisions of the Companies Act, the Memorandum of Incorporation of the Company and all applicable law and regulation.

2. PURPOSE

The purpose of the committee is to provide an independent and objective body that will:

- recommend to the board key policies and guidelines for the management of safety, sustainable development, health, environmental, social and ethics issues in the Company and its subsidiaries (“the Group”); and
- perform the functions described in Regulation 43(5) of the Companies Regulations 2011 as set out under 7.3 to 7.5 below in respect of the Company and all subsidiaries which are required to constitute a social and ethics committee as required in terms of the Act, read with the Companies Regulations 2011 as amended from time to time.

3. MEMBERSHIP/QUORUM

- 3.1 The committee shall be appointed by the board from among the non-executive directors, the majority of whom shall be independent and not involved in the day-to-day management of the Company’s business. It shall consist of not less than three members, at least one of whom must have relevant experience.
- 3.2 Provision shall be made for an induction programme and suitable training for all members of the committee.
- 3.3 The board shall appoint a chairman from the independent directors on the committee and determine the period for which he or she shall hold office.
- 3.4 In the absence of the chairman of the committee and/or appointed deputy, the remaining members present shall elect one of their number present to chair the meeting.
- 3.5 Appointments to the committee will be made by the board on the recommendation of the human resources, remuneration and nomination committee, in consultation with the committee chairman.

- 3.6 The board shall, from time to time, review and revise the composition of the committee in accordance with recommendations received, as described in 3.5 above, taking into account the need for an adequate combination of skills and knowledge.
- 3.7 Notwithstanding the above, the board shall have the power at any time to remove any members from the committee and to fill any vacancies so created by such removal.
- 3.8 A quorum for decisions of the committee shall be a majority of members present throughout the meeting either in person or via telephone or video conference facilities.
- 3.9 The company secretary shall act as committee secretary.

4. MEETINGS

4.1 Attendance

- Relevant members of management as identified by the chief executive officer in consultation with the chairman of the committee will attend the meetings by invitation. Other board members may also attend at the invitation of the chairman of the committee.
- Suitably qualified persons may be invited to attend meetings of the committee when necessary to render such specialist services as may be necessary to assist the committee in its deliberations on any particular matter.
- No invited attendees shall have a vote at the meetings of the committee.
- Members and/or invited attendees of the committee may participate in and act at any meeting of the committee by means of telephone or video conference or other communication equipment provided that all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person by the person(s) so participating.

4.2 Frequency of meetings

- Meetings of the committee shall be held as frequently as the committee, in consultation with the company secretary, considers appropriate, but it shall normally meet not less than three times a year. Further meetings may be called by the board or any member thereof, including all members of the committee.
- Committee meetings shall be scheduled in advance as part of the annual corporate calendar of the Company. In addition, ad hoc meetings may be called as and when required with reasonable notice, to the extent possible.

4.3 Agendas

The committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agenda 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 number, timing and length of meetings and the agendas are to be determined in accordance with the annual work plan.

5. PROCEEDINGS

- 5.1 Unless varied by these terms of reference, the Company's Memorandum of Incorporation, regulating the meetings and proceedings of directors and committees, will govern meetings and proceedings of the committee.
- 5.2 The committee secretary shall take minutes of meetings. The minutes shall record the issues, the salient features pertaining to the issues and the decisions of the committee. The minutes will be formally approved by the committee at its next scheduled meeting. Signed minutes shall be made available to all board members for noting.
- 5.3 The secretary of the committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute these accordingly.
- 5.4 The chairman of the committee shall report on the committee's proceedings and findings to the next meeting of the board.

6. REMUNERATION

- 6.1 Non-executive members of the committee shall be paid such special remuneration in respect of their appointment as shall be recommended by the board and approved by shareholders.
- 6.2 The above fees shall be subject to review by the board from time to time on recommendation from the Human Resources, Remuneration and Nomination Committee.

7. RESPONSIBILITIES

The role of the committee shall be:

- 7.1 to recommend to the board of policies and guidelines for matters relating to safety, sustainable development, health, environmental, social and ethics;
- 7.2 to review reports on the policies and performance of the Company, its divisions and the Group and the progressive implementation of its safety, sustainable development, health, environmental, social and ethics policies;
- 7.3 to monitor 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:
 - (i) Social and economic development, including the Company's standing in terms of the goals and purposes of:
 - the 10 principles set out in the United Nations Global Compact Principles; and
 - the OECD recommendations regarding corruption;
 - the Employment Equity Act; and
 - the Broad-Based Black Economic Empowerment Act;
 - (ii) 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 or within which its products or services are predominantly marketed; and
 - record of sponsorship, donations and charitable giving;
- (iii) the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- (iv) consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
- (v) labour and employment, including:
- the Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
 - the Company's employment relationships, and its contribution toward the educational development of its employees;
- 7.4 to draw matters within its mandate to the attention of the board as occasion requires; and
- 7.5 to report, through one of its members, to shareholders at the Company's annual general meeting on the matters within its mandate;
- 7.6 to review key indicators on accidents and incidents and, where appropriate, ensure that such information is communicated to other companies managed by or associated with the Company;
- 7.7 to recommend to the board for adoption substantive national and international regulatory and technical developments in the fields of safety, sustainable development, health, environmental, social and ethics management;
- 7.8 to encourage participation, co-operation and consultation on safety, sustainable development, health, environmental, social and ethics matters of governments, national and international organisations, super-national authorities, other companies and other associations;
- 7.9 to receive reports from the Audit Committee on material issues regarding the monitoring of ethics and ethical performance of the Company; and
- 7.10 to receive reports from management relating to labour and employment matters.

8. AUTHORITY AND GOVERNANCE

- 8.1 The committee is authorised by the board to investigate any activity within its terms of reference. It is entitled to require or request any information or explanation from any director, prescribed officer or employee of the group in order to fulfill its functions.
- 8.2 The committee acts in accordance with its statutory duties and the delegated authority of the board as recorded in its mandate and terms of reference and has the power to investigate any activity within the scope of its mandate and terms of reference.

- 8.3 The chairman and other members of the committee shall be entitled to:
- attend any general meetings of the shareholders of the Company including the annual general meeting;
 - receive notices of and other communications relating to any annual or general meeting of the shareholders of the Company; and
 - be heard at any annual or general meeting of the shareholders of the Company on any part of the business of the meeting that concerns the functions of the committee.
- 8.4 Except as authorised by the board, the committee shall have no executive powers with regard to its findings and recommendations.
- 8.5 The committee is authorised by the board to, at the Company's cost, obtain outside legal, accounting or other independent professional advice as it considers necessary to carry out its duties and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 8.6 The committee shall annually review and, if appropriate, update its own terms of reference, subject to board approval for all changes.
- 8.7 The committee shall review and report to the board on its operating effectiveness and performance at least annually.
- 8.8 The appointment of the committee shall in no way impinge upon any delegations of authority or responsibility made by the Company and other individual companies or entities pursuant to the environmental, health and safety legislation, or any other relevant legislation, which may be in force from time to time.
- 8.9 Subject to the above provisions and any relevant legislation, the members of the committee shall not attract any personal liability arising from their appointment.
- 8.10 The Company shall indemnify members of the committee to the extent possible in terms of its approved liability insurance coverage.

9. REPORTING

- 9.1 The chairman (or in his/her absence, an alternate member) of the committee shall attend the annual or general meeting of the shareholders of the Company to present the report of the committee and to answer questions concerning matters falling within the ambit of the committee.

APPROVED BY THE BOARD ON 27 NOVEMBER 2013

CHAIRMAN OF THE BOARD