



SOCIAL AND ETHICS COMMITTEE REPORT
FOR THE PERIOD 1 MARCH 2016 TO 28 FEBRUARY 2017

Chairperson's Statement

My responsibility as chairperson of the Hulisani's Social and Ethics Committee (SEC) is to report on the matters that fall within the Committee's mandate for the year under review in accordance with the requirements of the Companies Act, as amended, and also to report on the additional duties assigned to the Committee by the Board.

This report shall cover the activities of the SEC for the period 1 March 2016 to the period ended 28 February 2017. The report also highlights matters of significant importance which took place during the period under review.

Establishment and Composition

The Social and Ethics Committee was established in terms of Section 72(4) and Regulation 43 of the Companies Act, 71 of 2008 (Companies Act).

The primary purpose and role of the SEC is to monitor Hulisani Energy Limited's ("Hulisani") activities highlighted in Regulation 43(5) of the Companies Act Regulations with regard to matters relating to:-

- Social and Economic Development;
- Good Corporate Citizenship;
- The Environment, Health and Public Safety;
- Consumer Relationships;
- Labour and Employment;
- Bringing matters relating to the above activities to the attention of the Board as the occasion may require;
- Discharging other duties mandated to the Committee by the Board; and
- Reporting through the Chairperson to the Shareholder at the AGM on the matters falling within its mandate.

The SEC monitors the activities of Hulisani in the fulfilment of its duties and responsibilities to ensure that the Company remains a good corporate citizen. This is done by monitoring the sustainable development practices of Hulisani, thereby assisting the Board in achieving one of its values of doing business ethically.

The SEC comprises of suitably skilled and experienced Non-Executive and Executive Directors, as set out in the table below. In terms of the Committee’s mandate, the SEC is required to meet at least twice a year. However, during the 2016/17, the Committee recognised that there might be a need to meet more than twice a year in view of the fact that the period in question was Hulisani’s first year in operation and therefore the Committee needed to spend more time to put in place its processes, policies and procedures. As a result, the SEC met 3 times during the reporting period. 1 of the 3 meetings held was a special meeting.

The Board approved the membership of the SEC and appointed myself as Chairperson of the SEC, effective 1 March 2016.

Members	Attendance
Ms Dudu Rosemary Hlatshwayo (Chairman)	3/3
Mr Patilizwe Mdoda	3/3
Mr Malungelo Zilimbola	3/3

The SEC operates within a Terms of Reference (ToR) that complies with the Companies Act and King 3 requirements and is approved by the Board of Directors. The ToR is subject to an annual review and approval by the Board.

Duties

As part of our duties, we reviewed Hulisani’s progress in addressing the principles of the UN Global Compact Principles and the OECD Guidelines; as well as HULISANI’s Performance and Strategy in terms of sustainable development as it relates to:

- Socio and Economic Development;
- Corporate Social Investment;
- Broad Based Black Economic Empowerment;
- Stakeholder Relations;
- Health and Safety;
- Labour Relations, including Employment Equity; and
- Management of the HULISANI’s environmental impacts.

Human rights are central to Hulisani's legitimacy and are principally addressed in the Hulisani's Code of Conduct and Ethics.

Hulisani complies with the Employment Equity Act, 1998 and Employment Equity Policies that are inclusive of race, gender and people living with disabilities, have been implemented. The one area still outstanding with regard to employment equity that Hulisani is addressing and will continue to address as a matter of urgency is the employment of people living with disabilities.

We can confirm that there is no child, forced or compulsory labour at Hulisani.

A process is underway to review the Company's environmental footprint and in particular, compliance to social and environmental issues by its underlying investments. Further initiatives will be looked into during the new financial year. Going forward, this area will be focused and monitored stringently.

The Committee has deliberated on the possibility of setting up a whistle-blowing facility through the Whistle Blowers (Pty) Ltd, an independent subscription service, offering a 24/7 free call facility enabling employees or third parties to anonymously blow the whistle on irregularities within the company. The intention is that all fraud and corruption allegations will be investigated and reported to the Audit and Risk Committee (ARC) of the Board. The SEC will support ARC in this regard.

In the new financial year, the Committee will consider and recommend approval of the Safety, Health and Environmental Policy to the ARC and ultimately to the Board. The same policy will have to be implemented by Hulisani's investee companies as a preventative measure against reputational risk that may arise and affect Hulisani.

Hulisani has adopted a belief system that incorporates Environmental, Social and Governance (ESG) considerations into its investment decisions. This approach to investment management is consistent with increasing global concern and awareness around sustainability issues. An ESG framework will be developed and approved by the Board in the next financial year.

Hulisani views BBBEE as an integrated and coherent socio-economic process that will directly contribute to the economic transformation of South Africa and bring about significant increases in the numbers of Black People that manage, own and control the country's economy.

Corporate Social Investment

In the new financial year, Hulisani will be crafting a new Corporate Social investment strategy and allocate budget towards funding community programmes with impact and for the betterment of communities within which Hulisani operates.

Conclusion

I am satisfied that, in all material respects, the Social and Ethics Committee has fulfilled all its duties and has achieved its objectives during the period under review. No items were reported that would indicate non-compliance with legislation and regulations relevant to the areas within the SEC's ToR. The SEC has no reason to believe that any such non-compliance has occurred.

DUDU HLATSHWAYO
CHAIRMAN