

SOCIAL AND ETHICS COMMITTEE REPORT



Dr Fazel Randera
Committee chairman

Purpose	Key issues that received attention during the year included
<p>Monitor the group’s activities, taking account of relevant legislation, other legal requirements or prevailing codes of best practice on:</p> <ul style="list-style-type: none"> • Social and economic development • Good corporate citizenship • The environment, health and public safety, including the impact of our activities, products or services • Consumer relationships, including our advertising, public relations and compliance with consumer protection laws • Labour and employment • Anti-bribery and corruption. <p>The committee interrogates and provides independent oversight over the Remco and SRC committees’ ambit (ie discussing the associated moral imperative of operational issues dealt with at these committees)</p>	<ul style="list-style-type: none"> • As in previous years, discussions on the efficacy of proactive processes and systems used to safeguard employees and their health and safety received significant focus • The risks female employees are exposed to underground, including unacceptable sexual advances that have seemingly become standard in many underground areas: in 2016, the committee will specifically investigate this issue and consider appropriate remedial actions • The negative impact from Eskom terminating the Arnot CSA on employees and the surrounding community (refer SRC committee report) • The committee was especially concerned about lengthy delays in receiving environmental regulatory approvals, and constraints in tied business units where full regulatory compliance depended on and was influenced by Eskom • Increased pressure from various stakeholders to decrease carbon emissions and our carbon disclosure programme: the committee specifically considered the impact these aspects should have on the long-term strategy and Exxaro’s sustainability. This will remain a serious consideration for the board as a whole (refer SRC committee report and COP21 section) • R56,3 million was spent on community development projects and corporate donations and projects in 2015. To better understand the impact and benefits of these projects, the committee visited the Botleng housing/hydroponics project, multipurpose centre and TVET College. Such visits assure the committee of the effectiveness and sustainability of projects, in addition to the social return on investment toolkit evaluation, now proactively used to predict the sustainability of projects • Ethics: In 2015, 457 cases of alleged unethical behaviour (2014: 448) were reported for investigation, 57 of these via the ethics line (2014: 49). In total, 201 people were subjected to disciplinary hearings, with 175 arrests made by the South African Police Service (SAPS) for criminal prosecution based on the results of referred investigations (2014: 164). The direct value of cases reported and investigated was R18,5 million (2014: R16,6 million) with R11 million (2014: R10,5 million) being recovered/saved due to the investigations. Copper cable theft has increased dramatically and impacted negatively on the company’s loss-recovery rate, despite the successes in concluding investigations and disciplinary actions.

Effectiveness against 2015 KPIs and committee evaluation

The 2015 KPIs were:

- Evaluating the impact of Exxaro’s activities specifically on public safety, in addition to the standard mine health and safety discussions at the SRC committee
- Evaluating the impact of Exxaro’s activities on contractors, treatment of contractors and the contractor philosophy
- Increased understanding of the impact of the company’s social and labour plans and projects, specifically by visiting projects
- Sharing best practice
- Evaluate and approve 2016 and medium-term anti-bribery and fraud risk maturity initiatives.

The committee and invitees concurred that these KPIs were achieved in 2015.

In the overall committee evaluation, an average score of 3,04 out of 5 (meeting expectations) was achieved, with no aspect identified as requiring attention.

After a thorough review of the medium-term anti-bribery and fraud risk maturity initiatives, the committee agreed that the achieved level of maturity did not warrant a specific KPI for 2016, but it will continue to receive focus as part of the standard annual plan. The other KPIs will remain the same for 2016, although some measures were adjusted to redirect focus.

