

PRIVATE & CONFIDENTIAL

AFRICAN OXYGEN LIMITED

(Registration number: 1927/000089/06)

MINUTES OF THE SOCIAL, ETHICS & TRANSFORMATION COMMITTEE MEETING HELD IN THE MANDELA BOARD ROOM,
AFROX HOUSE, 23 WEBBER STREET, SELBY ON WEDNESDAY, 11 SEPTEMBER 2019 AT 13H30

PRESENT:	Ms N Qangule (Committee Chairman)	(NQ)
	Ms N Fakude (Committee Member)	(NF)
	Mr S Venter (Committee Member)	(SV)

IN ATTENDANCE:	Ms C Singh (Company Secretary)	(CS)
	Mr J Heyerdahl (Deputy Company Secretary)	(JH)
	Ms W Makwela (Acting GM: Human Resources)	(WM)
	Mr M Magaoga (Head: Procurement)	(MM)
	Mr M Grimbs (Linde Head: HR)	(MG)

APOLOGIES: None

1. WELCOME ACTION
- The Chairman welcomed all present.
2. CONFIRMATION OF QUORUM & APOLOGIES
- The quorum for the meeting was confirmed.
3. MINUTES OF THE MEETING HELD ON 24 MAY 2019
- The minutes of the previous meetings held on 24 May 2019 were approved and the Chairman was duly authorised to sign same.
4. MATTERS ARISING
- The matters arising were reviewed and discussed, feedback was provided under the relevant agenda items. In addition, the following was noted:
- I. Ethics and Compliance Action Plan: CS updated the Committee that Darren Kent (Linde Compliance Officer) has advised that progress has been made on the Afrox Ethics and Compliance Action Plan, although there have been resource / capacity constraints. The Chairman was concerned with the lack of progress and requested that the Action Plan be progressed adequately and presented at the next Committee meeting. DK
5. UPDATE 2019 B-BBEE AUDIT AND PLANS FOR 2020
- I. WM provided the Committee with a presentation on the update on 2019 B-BBEE audit plans for 2020.
- II. The new B-BBEE Code amendments related to Skills and Enterprise Development requirements which are effective at the end of November 2019. The impact of the amendments was that Afrox would be allocated fewer B-BBEE points for the element of Skills and Enterprise Development, from 24.32/25 points (2018) to 16.58.25 points (2019).
- III. The Committee was made aware of the potential risk for Afrox to drop from a Level 2 to a Level 3 B-BBEE status in 2020, due to the B-BBEE Code amendments. The summary of the amendments were as follows: Skills Development training reduced from 6% to 3.5%; new expenditure at Higher Educational Institutions with a target of 2.5% of the

leviable amount; stipends linked to Bursaries are included as skills development cost; absorption of learners is permanent employment and not an extension of learnership; related staff salaries capped at 15%; and ESD Preferential Procurement target has increased from 40% to 50% and points increased from 9 to 11 points. The Committee engaged in a discussion as to whether it accepted the Level 2 B-BBEE status given the uncertainty that the new amendments bring and further potential amendments by the Department of Trade and Industry (DTI). Management advised that the DTI has focused on progressing and investing into higher / tertiary education and creation of employment and hence the recent Code amendments.

- IV. Management advised that there were plans for Afrox to achieve a Level 2 B-BBEE status in the following B-BBEE audit in 2021, by implementing appropriate re-allocation Skills and Enterprise development projects, and spend through the outsourcing project. It was agreed that the Company's interests in relation to the B-BBEE Skills and Enterprise development investments must be protected and diligently managed.
- V. The Committee recommended that to the extent that learners or students are trained, training should be in specific targeted areas in line with Afrox's operational requirements to ensure that the investment benefit both the learners and Afrox. WM
- VI. The Committee queried the governance and support structures relating to student funding and management advised that to the extent that students are funded, the success and results are to be reviewed regularly and supported where required. WM confirmed that a bursary management support structure through "Cheita" or an alternative service provider will be engaged. In addition, bursaries are to be paid directly to the institutions and management will receive reports of the student's attendance and academic results. In addition, management will consider using the Life EHS Careways services.
- VII. It was agreed that Afrox management will take a pro-active approach and advise customers and stakeholders of the potential B-BBEE level change and the mitigation plans to achieve a Level 2 in the following year. The Committee supported the proposed plan.
- VIII. The Skills Development Spend for Black employees (in terms of the legislative definitions included Indian, Coloured and African persons) YTD 2019 was R6.1 m. NF requested that the full spend for all employees should be presented going forward. WM

- IX. It was confirmed that all disabled persons regardless of race are afforded learnership assistance and will be considered for learnerships and sponsorships.

6. UPDATE ON B-BBEE REQUIREMENTS FOR HEALTHCARE TENDER

MM provided an update on B-BBEE requirements for Healthcare Tender presentation included the following salient points:

- I. Projects and initiatives underway in order to achieve the targets;
- II. The Chairman requested a roadmap and timeline in order to track progress made on the budget showing the actual B-BBEE Supplier Spend; MM
- III. In response to a query by NF, SV confirmed that the R90m spend is a percentage of the Healthcare Tender, to be subcontracted to small B-BBEE companies with turnover of under R50m per annum. NF encouraged management to provide a buffer and stretch the target in line with a broader consideration on the empowerment of smaller B-BBEE companies;
- IV. In response concerns raised query by NF relating to the governance in awarding B-BBEE contracts through the Healthcare Tender, MM advised the Committee of the B-BBEE tender award governance criteria and was requested to present a detailed presentation regarding governance and assurance criteria in terms of the Healthcare Outsourcing project; MM
- V. SV confirmed that there is the correct ethical culture in Afrox management, all orders and purchases are made through Afrox Procurement and there is Executive Committee oversight of discretionary expenditure, which is reported on a monthly basis;
- VI. CS confirmed that Afrox has an effective Governance Committee with combined assurance from: HR, Procurement, Operations and Risk Management with Legal & Compliance Services and Internal and External Audit. The Chairman requested that a presentation of the combined assurance model in Afrox be presented at the next meeting. CS

7. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES AND DONATIONS POLICY

- I. WM presented the CSR Initiative presentation including various strategic projects including Welding Schools, LIV Village and the Intsika Training Facility.
- II. The Bumbanani Day 2019 will be held on 12 October 2019.

- III. The Afrox Donations Policy has been updated and an additional review in line with the new Linde PLC global guidelines will be done. The finalised Policy will be provided to the Board at the next meeting for review and approval.

8. EMPLOYEE WELLNESS UPDATE

- I. WM presented the Employee Wellness Update provided by Alexander Forbes relating to the combined Bonitas and Discovery Medical Aid Plans included trends and detailed analysis. The following key trends identified: cancer; mental health; muscular-skeletal; chronic conditions; cardiovascular issues; poor nutrition, excess body weight, physical inactivity; and financial Issues. Management will provide focused Communications on Common Trends which are planned per quarter.
- II. The Committee requested that an update on Presenteeism be done by management to monitor and track performance and a dashboard report to be presented at the next Committee meeting. WM
- III. NF queried the common increasing trend in the industry regarding socials problems such as mental health, bullying and social media issues in the workplace and the tracking of trends by the Service Provider. WM advised that the Service Provider provides a high-level report and only once findings are escalated by the Service Provider does management become aware of the specific issues. She assured the Committee that where issues are work related, HR and line managers assist with interventions, where required.
- IV. The issue of Absenteeism is managed through Alexander Forbes, with high risk cases being investigated with line managers were applicable, and monthly feedback provided to HR.
- V. NF queried the management of the safety risks in the Johannesburg CBD in relation the recent violent protests and attacks. SV confirmed that vehicles incidents have been avoided through social media and WhatsApp groups awareness. Transportation of product deliveries have been security escorted where required. An internal Afrox Head Office safety communication plan has been set up for early morning and late afternoon. CS noted that management has engaged Linde PLC for guidance regarding security incidents that will be developed. Afrox Site Managers (Landlords) have the discretion to close sites due to security threats.

VI. A summary of the Employee Wellness initiatives was presented including the following salient points:

- a. The review and alignment of the Skills Development Budget and Initiatives in line with the new B-BBEE Codes;
- b. The new requirements for Employment Equity Reporting relating to externally reporting on Equal Pay (equal remuneration for the same or similar work of equal value) and the company's plans to close identified gaps relating to remuneration;
- c. The Company's Current Employment Equity Plan expires in 2020, the new Plans will be in place by first quarter of 2020;
- d. The completion the ESD Plans and activities for 2019, in line with the Healthcare Tender requirements; and
- e. The finalizing of the CSR and Employee Wellness Activities.

9. REVISED COMMITTEE TERMS OF REFERENCE

The purpose and revised Committee Terms of Reference was supported by the Committee, subject to a monetary threshold of One million Rands for *ex-gratia* and *without prejudice* payments, any higher amounts will be approved by the Board.

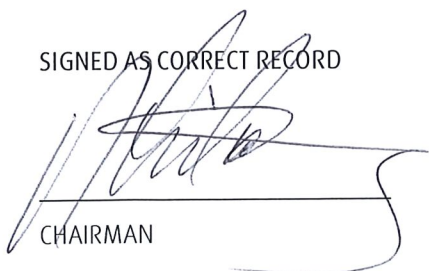
10. GENERAL

- I. MG confirmed that the global donations policy managers will be put in touch with Afrox management to discuss any possible collaboration.
- II. The Chairman thanked all present for their contribution and declared the meeting closed.

11. NEXT MEETING

20 November 2019

SIGNED AS CORRECT RECORD


CHAIRMAN

DATE

