

THE SECURITY AND GOVERNANCE COUNCIL TERMS OF REFERENCE  
AFRICAN OXYGEN LIMITED

## 1. Introduction

The Security and Governance Council (the **Council**) has been established by the Afrox Executive Committee (**EXCO**) to assist the EXCO in implementing, managing, monitoring and assessing the Company's combined assurance risks and controls, security related issues and ethics profile and in particular its compliance with the Code of Ethics. In addition, the Council will help to enhance the Company's reporting around ethical compliance. The standards within the Company's Code of Ethics provide clear guidance on how we are expected to act responsibly and with integrity in certain circumstances and will ensure that Afrox's and Linde's good reputation will be maintained and enhanced.

All references to Afrox or the Company shall include subsidiaries and/or associates across all geographic territories to which the Council's scope and duties shall apply with the changes required by the context.

## 2. Responsibility Functions and Mandate

The key responsibilities of the Council are to:

- I. Review the effectiveness of the Company's **combined assurance model** by receiving reports from all assurance functions (External Audit, Internal Audit, Security Manager, Procurement, Risk Manager, Legal and Compliance, Finance and Human Resources) on major identified transgressions and mitigation actions;
- II. Review the Company's **ethics management programs**, systems, processes and policies;
- III. Review all **Code of Ethics** cases reported and/or investigated within Afrox by way of noting, and comment where required on how to enhance the Afrox environment in line with the Code of Ethics;

- IV. Promote the usage of the Afrox/Linde Integrity Line through various awareness activities and take necessary steps to ensure such a facility is functioning as required;
- V. Review and assess the security profile on all operational sites and ASU's and recommend improvements where necessary;
- VI. Review all security related threats and incidents and rectification plans;
- VII. Pro-actively monitor and assess all internal and external ethical breaches and fraud related trends and suggest early migration actions;
- VIII. Assess the effectiveness of the governance around procurement contracts and relationships with suppliers, customers and other third parties. Receive reports on all deviations and exceptions to the procurement governance policies;
- IX. Monitor and assess the ethical behavioural trends in the Company through regular reports on number of dismissals, grievances and resignations related to ethical breaches;
- X. Assess the financial impact of all security and ethical related violations;
- XI. Ensure that the required standards of disclosure regarding sensitive information and conflicts of interest are being fully observed;
- XII. Review the material risks on all operational sites and ASU's to ensure accurate reporting and risk mitigation controls are in place;
- XIII. Review the effectiveness of the Company's compliance framework, processes and controls to ensure that the Company complies with the applicable laws & regulations and considers adherence to prevailing codes of best practice, rules and standards with regard to ethical practises and behaviours;
- XIV. Monitor and report to the EXCO on the potential ethical violations and associated reputational risks; and
- XV. Consider and decide upon such other matters as referred by the EXCO.

### 3. Authority

- I. The EXCO authorises the Council to investigate any activity within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Council.
- II. The EXCO authorises the Council to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. This will require the relevant approvals on expenditure.
- III. The Council may call any member of staff to be questioned at a meeting of the Council as and when required.

### 4. Membership

Membership of the Council shall comprise of Heads of departments or their delegates, from the following departments:

- I. Managing Director;
- II. Finance Director;
- III. General Manager: Operations;
- IV. General Manager: SHEQ;
- V. General Manager: Sales and Marketing;
- VI. General Manager: Emerging Africa;
- VII. Company Secretarial/Legal Services;
- VIII. General Manager: Human Resources;
- IX. General Manager: Procurement;
- X. Head: Information Services;
- XI. Head: Internal Audit;
- XII. Partner: External Audit;
- XIII. Forensics & Security Manager;
- XIV. Compliance Officer for RBU Africa; and
- XV. Risk Manager

### 5. Chairman

The Chairman of the Council shall be the Managing Director. Should he/she be unable to attend the meeting, the meeting shall be chaired by another member selected by the Council.

**6. Attendees by Invitation**

From time to time, the Council may require the attendance of key role players or experts, who will assist the Council in fulfilling its responsibilities.

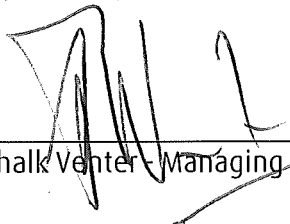
**7. Frequency of Meetings**

The Council shall meet as and when required, upon the request of any of its members or the EXCO, but in any event, at least four times a year.

**8. Reporting Procedures**

The minutes of meetings of the Council shall be circulated to all members. The Chairman of the Council will report to the EXCO on such matters as are deemed appropriate.

Approved by the Afrox Executive Committee on 11 October 2018

  
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Schalk Venter - Managing Director