

SUSTAINABILITY COMMITTEE

TERMS OF REFERENCE

Revised on 30 April 2018

1 Role

- 1.1 The role of the Sustainability Committee (**Committee**) is to represent and assist the Board of South32 Limited (**Board**) in exercising its authority in relation to the matters set out in these terms of reference. The Committee is accountable to the Board for its performance.
- 1.2 In discharging its responsibilities under these terms of reference, the Committee will have regard to the following:
- (a) the appropriateness of the Group's health, safety, environment and community (together, **HSEC**) framework and management systems;
 - (b) the Group's systems for compliance with applicable HSEC related legal and regulatory requirements;
 - (c) the Group's *Sustainability Policy* and position statements for key sustainability issues; and
 - (d) the Group's performance in relation to HSEC matters.
- 1.3 In making decisions and recommendations, the Committee may take into account:
- (a) these terms of reference;
 - (b) legal requirements, including the provisions and recommendations in applicable listing rules and standards of corporate governance applicable in each of the jurisdictions in which the Company is listed;
 - (c) key market trends and the broader external environment, in particular the existing and developing corporate governance and regulatory environment; and
 - (d) any other factors it deems relevant.

2 Responsibilities

HSEC framework and compliance

2.1 The Committee will review and monitor the appropriateness of the HSEC framework.

Health, Safety, Environment and Community Function

2.2 The Committee will review the performance of the Chief Executive Officer (CEO), Chief Operating Officer(s) (**COO/s**) and the Chief Sustainability Officer (**CSO**) in relation to the HSEC function.

2.3 The CSO and COO/s will have direct access to the Committee Chairman and the Group Chairman and may request any Committee member to call a meeting of the Committee.

Group HSEC performance

2.4 The Committee will monitor the performance of the Group having regard to the HSEC consequences of decisions and actions, including impacts on employees, third parties, communities and the Group's reputation.

2.5 The Committee will, through consideration of the reports provided by management regarding the HSEC management system, the outcomes of the independent assurance and audit process and industry best practice:

- (a) monitor, review and evaluate the HSEC performance of the Group;
- (b) recommend to the Remuneration Committee, at the beginning of each financial year, appropriate key performance indicators for the HSEC component of the annual incentive plan for the CEO and the South32 Lead Team; and
- (c) determine and refer to the Remuneration Committee, at the end of each financial year, the outcome of its evaluation of the HSEC component of the annual incentive plan for the CEO and the South32 Lead Team.

2.6 The Committee will review and endorse the Group's public HSEC targets.

Sustainability Policy and Position Statements

2.7 The Committee will review and approve the *Sustainability Policy* every two years.

2.8 The Committee will review and approve position statements for key sustainability issues, such as climate change and water security, in light of the risk profile set by the Board.

Sustainability Reporting

- 2.9 Where the Company prepares a sustainability report in accordance with the Global Reporting Initiative (**GRI**) or other relevant framework, the Committee will:
- (a) review that report and recommend it to the Board for approval; and
 - (b) make recommendations on specific actions or decisions the Board should consider in relation to that report.
- 2.10 The Committee will review and approve the Sustainability Reporting in the annual report and other significant public statements.
- 2.11 The Committee will report to the Risk and Audit Committee on material HSEC risks identified through the HSEC management system and the outcomes of the evaluation of the HSEC management system.
- 2.12 The Committee will review and endorse to the Risk and Audit Committee the HSEC section of the annual internal audit plan.

3 Composition

- 3.1 The Committee will consist of:
- only Non-executive Directors;
 - a minimum of three members;
 - a majority of independent directors; and
 - an independent director as Chair.

Each Committee member will be appropriately skilled in HSEC matters as determined by the Board.

4 Procedures

- 4.1 The policies governing meeting procedures are set out in paragraph 3.19 of the *Board Charter*.
- 4.2 A standing invitation to attend meetings of the Committee will be issued to all Non-executive Directors in accordance with the *Board Charter* and to the:
- (a) CEO;
 - (b) Chief Sustainability Officer; and
 - (c) Chief Operating Officer(s).

5 Resourcing

- 5.1 The Committee's work is supported by the CEO, Chief Sustainability Officer and the Chief Operating Officer(s).