

# SUSTAINABILITY COMMITTEE TERMS OF REFERENCE



## 1 ROLE

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- 1.1 The role of the Sustainability Committee (**Committee**) is to assist the Board of South32 Limited (**Board**) to carry out its role in overseeing the sustainability management, performance, assurance and reporting practices of the Group<sup>1</sup>. 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 Group's Purpose and strategy;
  - (b) the adequacy of the Group's approach to identifying and managing material sustainability-related risks and opportunities including:
    - (i) health and safety;
    - (ii) nature and environment;
    - (iii) climate change; and
    - (iv) social performance and business ethics;
  - (c) current and emerging sustainability risks and opportunities for the Group;
  - (d) the Group's systems for compliance with applicable sustainability-related legal and regulatory requirements and adherence to applicable voluntary standards;
  - (e) the Group's *Sustainability Policy* and related reporting and disclosures on material sustainability issues; and
  - (f) the Group's performance in relation to sustainability-related matters.
- 1.3 The Committee is accountable to the Board for its performance:
- (a) after each Committee meeting the Committee Chair (or their delegate) will report to the Board any material sustainability matters arising out of Committee meetings (including in relation to climate and nature-related risks and opportunities); and
  - (b) in the review of external sustainability corporate reporting (including climate and nature-related risks and opportunities),
- and will also consider if the information should be communicated to any other Board committee and, if so, ensure that this occurs.

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<sup>1</sup> South32 Limited is the parent company of the South32 Group of companies. In this document, unless otherwise stated, references to South32 Group, Group and South32 refer to South32 Limited and its controlled entities and South32-operated joint arrangements, as a whole.

## 2 RESPONSIBILITIES

### Sustainability management and assurance

- 2.1 The Committee will review and monitor the adequacy and effectiveness of the management systems and frameworks associated with material sustainability matters.
- 2.2 The Committee will oversee the:
  - (a) processes for identifying, assessing, and managing the Group's sustainability risks and opportunities;
  - (b) system for compliance with applicable sustainability-related laws, regulations and other requirements, including voluntary standards, relating to the performance of the Group; and
  - (c) Group's material public sustainability positions, goals and targets and will monitor the Group's performance against those positions and targets.
- 2.3 The Committee will advise the Risk and Audit Committee on material sustainability-related risks (including climate and nature-related risks) identified, assessed and monitored (including areas of non-compliance) in accordance with the system of risk management, and the outcomes of the evaluation, comparison and prioritisation of those risks.
- 2.4 The Committee will, through consideration of the reports provided by management regarding sustainability-related matters, the outcomes of the independent assurance and audit process, and industry best practice:
  - (a) gain assurance that the relevant metrics are accurate and consistently prepared;
  - (b) provide advice to the Remuneration Committee on how sustainability-related considerations (including climate and nature) should be factored into the executive remuneration framework;
  - (c) endorse to the Remuneration Committee appropriate key performance indicators (metrics/measures) for the sustainability-related component of the annual Business Scorecard for the CEO and the South32 Lead Team including any material amendments made to the key performance indicators during the year;
  - (d) determine and refer to the Remuneration Committee the outcome of its evaluation of the sustainability-related component of the annual Business Scorecard for the CEO and the South32 Lead Team;
  - (e) endorse to the Remuneration Committee the annual assessment outcome for any sustainability-related performance conditions of the relevant equity-based awards; and
  - (f) provide advice to the Nomination and Governance Committee regarding the skills and competencies required for oversight of sustainability-related risks and opportunities.

## Health and safety performance

- 2.5 The Committee will oversee health and safety related risks and opportunities and will monitor and review the performance of the Group in these areas, including:
- (a) process safety, dam management (tailings and water storage), asset management, security and emergency management;
  - (b) psychosocial and occupational health and hygiene;
  - (c) sexual harassment and other harmful behaviours; and
  - (d) tailings management arising from the Group's activities and endorse for Board approval the Group's policy or commitment for the safe management of tailings.

## Nature and Environmental performance

- 2.6 The Committee will oversee nature-related risks and opportunities and will monitor and review the performance of the Group in these areas, including providing advice to the Board and the Risk and Audit Committee regarding the identification, assessment and monitoring of existing and emerging risks and opportunities.
- 2.7 The Committee will review and endorse for approval by the Board material public nature goals and targets for the Group proposed by management and will monitor resource allocation and achievement against these goals and targets.

## Climate change performance

- 2.8 The Committee will oversee climate-related risks and opportunities and will monitor and review the performance and resilience of the Group in this area, including providing advice to the Board and the Risk and Audit Committee regarding the identification, assessment and monitoring of existing and emerging risks and opportunities.
- 2.9 The Committee will review and endorse for approval by the Board material public climate change goals and targets for the Group proposed by management and will monitor resource allocation and achievement against these goals and targets (including decarbonisation strategies).
- 2.10 The Committee will endorse to the Board for approval any material changes to the Group's climate-related action plan, including reviewing the key assumptions and dependencies on which it relies.

## Social performance and business ethics

- 2.11 The Committee will oversee social performance and business ethics, including:
- (a) community relations and investment, Indigenous, Traditional and Tribal peoples relations, cultural heritage and land access, local supply chain development, and Just Transition; and
  - (b) business ethics transparency, modern slavery and human rights issues and responsible sourcing and selling.

## Sustainability reporting

- 2.12 Where sustainability-related risks and opportunities are included in sections of the Annual Reporting materials and Modern Slavery Statement in accordance with relevant frameworks, standards and regulations, the Committee will, where appropriate:
- (a) review that report (or section of the report) and endorse it to the Board for approval;
  - (b) make recommendations on specific actions or decisions the Board or other committees should consider in relation to the preparation or approval of that report;
  - (c) review any advice or recommendations made to the Committee in relation to the report (or section of the report); and
  - (d) review and endorse the scope of the external assurance for sustainability reporting to the Risk and Audit Committee in accordance with the Group's *Provision of Non-Audit Services Policy*.
- 2.13 The Committee will review and endorse the sustainability section of the annual internal audit plan to the Risk and Audit Committee and provide advice on the terms of engagement of the external auditor (including the audit plan) as appropriate.
- 2.14 The Committee will review the Group's sustainability governance framework and any material variations to that framework.
- 2.15 The Committee will review and endorse to the Board the Group's *Sustainability Policy*.

## 3 COMPOSITION

- 3.1 The Committee will consist of:
- (a) only Non-executive Directors;
  - (b) a minimum of three members;
  - (c) a majority of independent Directors; and
  - (d) an independent Director as Chair.
- 3.2 The Committee members between them must have skills, competencies, experience or qualifications relevant to sustainability frameworks and management systems as determined by the Board.
- 3.3 A standing invitation to attend meetings of the Committee will be issued to all Directors (provided there is no potential or actual conflict of interest) and to the:
- (a) Chief Executive Officer;
  - (b) Chief Commercial & Technical Officer;
  - (c) Chief Legal, External Affairs & Sustainability Officer;
  - (d) Chief Operating Officer(s);
  - (e) VP Health, Safety & Asset Management;

- (f) VP Sustainability; and
- (g) Group Manager Assurance.

## **4 PROCEDURES**

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- 4.1 The processes and procedures that govern the operation of the Committee are set out in the document 'Board Committee Processes and Procedures'.

## **5 RESOURCING**

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- 5.1 The Committee's work is supported by the members of management set out in paragraph 3.3.