



ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

Policy information

Policy applies to:	Lumika Renewables Group
Policy owner:	Lumika Renewables (Pty) Ltd
Policy approval:	Lumika Renewables Board
Version:	March 2021



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ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

1 BINDING NATURE OF THIS POLICY

- 1.1 This policy is binding on this Company from [effective date] in accordance with the Memorandum of Incorporation of the Company and the Delegation of Authority framework that applies to the Company or as adopted by the Board of the Company.

2 OBJECTIVE

- 2.1 The Company believes that maintaining high Environmental, Social, and Governance (ESG) standards is the best way to mitigate risk as well as a compelling opportunity to create value through better governance, positive social outcomes, a reduction in environmental impact, and ultimately help to deliver competitive returns for investors.
- 2.2 The Company's ESG objectives are to:
- (a) Comply with applicable national law and meet international standards;
 - (b) Assess, address and monitor the environmental and social risks and negative impacts of operations, including occupational health and safety hazards and potential impacts on local communities;
 - (c) Uphold high standards of business integrity and honesty, and not to pay, solicit or accept bribes in any form either directly or indirectly; and
 - (d) Operate to the highest ethical and good corporate governance standards and uphold ESG best practice into all aspects of the business to maintain a good reputation and brand.
- 2.3 The Company will use all reasonable endeavours to implement the objectives of this policy as appropriate for the size, activities and risks faced by the Company and its subsidiaries.

3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- 3.1 From an environmental and social perspective, the objectives mean:
- (a) Providing a healthy and safe workplace with a zero-harm culture;
 - (b) Protecting the environment, encouraging the efficient use of natural resources, evaluating the climate change risks and estimating the annual greenhouse gas footprint and taking steps to mitigate any negative environmental impacts in accordance with good industry practice;
 - (c) Avoid investments that involve the destruction of or significance impact on High Conservation Value Areas, which are defined as natural habitat, which are of outstanding significance or critical importance due to their high biological, ecological, social or cultural values;
 - (d) Treating employees fairly in terms of recruitment, progression, terms and conditions of work and representation, and ensuring consultative work-place structures and associations that provide employees with an opportunity to present their views to management; and
 - (e) Working towards compliance with the IFC Performance Standards on Environmental and Social Sustainability and World Bank Environmental, Health and Safety Guidelines,

International Labour Organisation Fundamental Conventions, UN Declarations of Human Rights.

3.2 From a governance perspective, the objectives mean:

- (a) Adopting a responsible approach to tax and making tax payments in accordance with applicable law;
- (b) Ensuring annual accounts are audited in accordance with the International Financial Reporting Standards (IFRS);
- (c) Taking a zero-tolerance approach to bribery and corruption in relation to any Company employee, entity or person performing a service for the Company, and in compliance with the UK Bribery Act, US Foreign Corrupt Practices Act and the South African Prevention and Combating of Corrupt Activities Act;
- (d) Taking a zero-tolerance approach to money-laundering, terrorist financing, extortion, fraud and other financial crime, conducting know your customer due diligence, implementing a whistle-blower procedure and complying with the EU Anti-Money Laundering Directive; and
- (e) Identifying, handling and monitoring conflicts of interest and requiring information to only be used in the best interests of the Company and not for personal financial gain by any employee.

4 EXCLUSIONS

4.1 The Company's business shall never include any excluded activity listed below, other than as permitted by clause 4.2:

- (a) Are in a country or involve a person, group or entity subject to international trade embargoes or sanctions¹ at the time of investment;
- (b) Employ forced labour² of any kind;
- (c) Allow children³ to form part of their workforce;
- (d) Pay wages which are below industry or national minimum wage;
- (e) Generate over 90% of revenues from mining of coal or from energy production based on coal;
- (f) Generate power from a nuclear reactor;
- (g) Manufacture or trade weapons, including the development, production or storage of nuclear weapons and the production of components made explicitly for use in nuclear weapons;
- (h) Manufacture tobacco or tobacco-related products, unbonded asbestos fibres or radioactive materials;
- (i) Involve gambling, casinos and related activities; or
- (j) Relate to prostitution or pornography.

¹ Imposed by the UN or EU

² Forced labour means all work or service, not voluntarily performed, by an individual under threat of force or penalty as defined by ILO Conventions

³ Children may only be employed if they are at least 15 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply. Workers below the age of 18 should not be engaged in hazardous work.

4.2 The Company shall not:

- (a) establish a joint venture with or make an investment into any third party involved in any excluded activity unless that excluded activity is an activity as described in item 4.1(i), being businesses/ projects that involve gambling, casinos and related activities, and such activity is not the core activity of that third party;
- (b) enter into a power purchase agreement with any third party involved in any excluded activity unless that excluded activity is an activity listed in items:
 - (i) 4.1(e), being businesses/projects that generate over 90% of revenues from mining of coal or from energy production based on coal; or
 - (ii) 4.1(h), but only to that part of the item that relates to businesses/ projects that manufacture tobacco or tobacco-related products; or
 - (iii) 4.1(g), but only to that part of the item that relates to businesses/ projects that manufacture or trade weapons and not to the development, production or storage of nuclear weapons and the production of components made explicitly for use in nuclear weapons; or
 - (iv) 4.1(i), being businesses/ projects that involve gambling, casinos and related activities.

5 IMPLEMENTATION FRAMEWORK

5.1 To meet its objectives, the Company and its subsidiaries will:

- (a) Implement a management system(s) including written policies and procedures to enable effective identification, assessment, management and monitoring of ESG objectives, risks and opportunities, from the identification of new opportunities to the active management of investments;
- (b) Implement a grievance mechanism to enable internal and external stakeholders to raise any concerns or complaints, and follow up on these as appropriate;
- (c) Assign ESG responsibilities to effectively oversee the implementation of this policy and ensure all levels of management are accountable for applying this policy in their business decisions;
- (d) Work with business counterparties, particularly joint venture partners, contractors and major suppliers, who agree to respect the ESG objectives in this policy;
- (e) Deal with regulators in an open and cooperative manner, as well as engage proactively with stakeholders and disclose relevant information; and
- (f) Regularly report (quarterly and annually) to the board in writing on compliance with and progress towards implementing the ESG objectives and implementation framework, and as soon as practically possible of any material incident.

6 OWNER AND REVIEW

6.1 The Company Board is responsible for the implementation of this policy.

6.2 This policy will be updated from time to time in accordance with the governance framework of the company, its shareholders and key stakeholder expectations.