

CoAL Anti-Corruption Policy

October 2014

Table of Contents

Introduction	2
Application	2
Policy Statement	2
Scope.....	3
Legislation and Policy Frameworks.....	3
What Constitutes Corruption?.....	4
Key Risk Areas for Bribery and Corruption	4
Political Donations	5
Charitable Donations and Sponsorships.....	5
Facilitation Payments.....	5
Relationships with Agents and other Third Parties acting on behalf of CoAL.....	6
Relationships with Suppliers, Contractors and other Business Partners.....	7
CoAL’s Code of Conduct Gifts, Entertainment and Hospitality.....	9
Conflicts of Interest.....	10
Import and Export of Goods and Services	11
Recruitment	11
Insider Trading	11
Our Role and Responsibilities	12
How to report Suspicious Transactions	12
Effective Monitoring, Training and Evaluation	13

INTRODUCTION

Coal of Africa Limited ("CoAL" or the "Company") prohibits corruption in any form whether direct or indirect and is committed to the prevention of corruption through the implementation of an Anti-Corruption policy ("this Policy").

CoAL has developed this Policy in order to facilitate the observance of all anti-bribery and anti-corruption laws, regulations, and/or policies of South Africa, including the South African Prevention and Combating of Corrupt Activities Act, 2004 (as amended); the UK Bribery Act, 2010 (as amended) the Australian Criminal Code Act 12 of 1995; the European Union; the Organisation for Economic Co-operation and Development; and the United Nations Global Compact Principles; as well as all other jurisdictions where CoAL conducts business ("International anti-bribery laws").

APPLICATION

This policy will apply to all employees and directors throughout CoAL, its subsidiaries, associate companies, entities that CoAL has acquired or merged with, as well as entities in which CoAL has a controlling interest.

Where any policy adopted by CoAL, conflicts in any way with this Anti-Corruption policy, the Anti-Corruption Policy will prevail.

POLICY STATEMENT

It is CoAL's policy to conduct all of its business in an honest and ethical manner. CoAL has a zero tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates, implementing and enforcing effective systems to counter bribery and corruption.

CoAL is committed to uphold all laws in the countries that it does business in, especially laws related to countering bribery and corruption.

Our Principle

We refuse to offer, give or receive bribes or improper payments, or participate in any kind of corrupt activity, either directly or through any third party.

What we mean

Our principle is simple:

We will not offer, give or receive bribes or make or accept improper payments to obtain new business, retain existing business, or secure any improper advantage, and we won't use or permit others to do such things for us.

We always

- Seek to avoid even the appearance of wrongdoing. Even an allegation of bribery or corruption can seriously damage the Company's reputation.

- Report any attempts to bribe us, or to solicit bribes from us, and any suspicions we have about bribery and corruption.

We never

- Participate in any form of corrupt behaviour.
- Conceal or fail to record accurately and completely the true nature of CoAL's activities, or falsify or tamper with CoAL's books and records.
- Pay more than fair market value for goods and services.

SCOPE

Purpose of the Policy

This policy:

- Sets out CoAL's responsibilities and of those working for the Company in observing and upholding its position on bribery and corruption; and
- Provides information and guidance to those working for CoAL on how to recognise and deal with bribery and corruption issues.

Who is covered by this Policy

- This policy applies to all individuals working for all operating divisions within CoAL, including shareholders and employees (whether permanent, fixed term or temporary), consultants, contractors and agency staff (collectively referred to as "employees" in this policy).
- Employees are ultimately responsible for their compliance with this Policy, including identifying, escalating and managing actual or potential bribery and/or corruption risks to which they are exposed.
- The Company expects its suppliers, contractors and consultants to uphold the same standards.

LEGISLATION AND POLICY FRAMEWORKS

This corruption policy considers the requirements of relevant legislation and policy frameworks as follows:

The Companies Act 71 of 2008

Section 43 (5) (a) of the Companies Act regulations requires that a company's social and ethics committee should ensure that the company complies with the relevant legislation and the codes of best practice. In terms of this section, the committee has a duty to reduce corruption in the company and to comply with the following relevant legislation and codes of best practice:

- Prevention and Combating of corrupt activities Act ("PRECCA");
- The Organisation for Economic Co-operation and Developments ("OECD") Anti-Bribery Convention recommendations regarding corruption; and
- The 10 principles set out in the United Nations Global Compact Principles.

Other Legislation

This policy should be read in conjunction with specific reference to the following regulatory requirements:

- Prevention and Combating of Corrupt Activities Act No. 12 of 2004;
- Prevention of Organised Crime Act, 1998;
- Proceeds of Crime Act, 1996;
- Companies Act No. 71 of 2008;
- Criminal Code Act 12 of 1995 (Australia);
- Bribery Act 2010 (UK);
- The 10 Principles set out in the United Nations Global Compact Principles;
- The OECD recommendations regarding corruption; and
- CoAL Policies and Procedures.

Our commitment

To comply with international leading practice and the requirements of legislation, regulations and principles listed above, we have embarked on a process to develop and implement an Anti-Corruption compliance programme in accordance with leading practice and in doing so implementing the Anti-Corruption Policy for CoAL.

WHAT CONSTITUTES CORRUPTION?

Definition of corruption

The precise definition of bribery and corruption differs from country to country. A widely accepted definition comes from transparency international, the world's leading nongovernmental anti-corruption organisation:

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal unethical or a breach of trust.

Why be concerned

Corruption is a criminal offence. The penalty imposed on individuals found guilty of corruption may be as high as life imprisonment and a fine. In addition CoAL could also be subject to fines, be blacklisted and excluded from tendering for public contracts as well as face damage to its reputation. Most countries have laws prohibiting bribery and corruption. However, many countries (including Australia, United Kingdom and the United States) also have laws that prohibit bribery and corruption wherever committed.

KEY RISK AREAS FOR BRIBERY AND CORRUPTION

In accordance with leading practice we performed corruption risk assessments at our organisation. The corruption risk assessment identified various corruption risks at our different operating divisions. This corruption policy sets out guidelines for every CoAL employee to enable you to manage the corruption risks that you may encounter while doing business.

POLITICAL DONATIONS

Neither CoAL nor any CoAL employee may make any direct or indirect contribution to any political party, organisation or individual engaged in politics as a way of obtaining improper advantage in CoAL's business. Any political contributions by CoAL must be lawful and have the prior approval in writing from the Board.

We always

- Make sure the contribution is appropriate and get approval from the CoAL Board.
- Ensure that we never offer or make any contribution as an incentive or reward for obtaining or retaining business or for any improper purpose.
- Consider all potential conflicts of interests.

We never

- Make a contribution to a political party, organisation or individual engaged in politics unless the proper due diligence has been performed and we can confirm that the contribution is legitimate.
- Use charitable donations as a substitute for political payments.
- Use Company time or resources without permission.

CHARITABLE DONATIONS AND SPONSORSHIPS

CoAL actively supports and sponsors appropriate charities and other non-profit organisations. CoAL may make charitable contributions and offer sponsorships for the purposes of socio-economic development, research and know how, cultural and sporting activities, provided they are not for improper business purposes.

We always

- Make sure the charity is appropriate and get approval from CoAL's Chief Executive Officer.
- Ensure that we never offer or make any charitable contribution as an incentive or reward for obtaining or retaining business or for any improper purpose.
- Consider all potential conflicts of interests.

We never

- Make a contribution to a charity unless the proper due diligence has been performed and we can confirm that the charity is legitimate and has all appropriate registrations.
- Use charitable donations as a substitute for political payments.
- Use Company time or resources without permission.

FACILITATION PAYMENTS

Our principle

We will not make facilitation payments in any of the countries in which we do business in, and will not allow others who work for CoAL to make them.

What is a facilitation payment?

Facilitation payments (sometimes referred to as “grease” payments) are usually small payments or gifts made to low-level public officials in order to speed up or “facilitate” actions the officials are already duty-bound to perform. They can appear “harmless” because the payments involved are usually small amounts and partly because they are often regarded as a part of the local custom or the culture i.e. the way things are done. However these payments are illegal in South Africa and in other countries that we conduct business.

What we mean

We make no distinction between facilitation payments and bribes. Any type of facilitation payment is prohibited, large or small. Even where such payments are perceived as business practice or acceptable under the local law and even if our competitors engage in such practices, no violations of this principle will be tolerated.

Coercion and extortion

There is one exception:

Where the facilitation payment is being extorted or you are being coerced to pay it.

Extortion in this context means that your safety is under threat and there is no other alternative but to pay. In these circumstances, CoAL will support you however the facilitation payment must be recorded clearly and reported to the Chief Executive Officer and the Chairman.

Legitimate fees

Sometimes a legitimate fee is payable for a speedy service provided by the government. For example, a published amount to get a visa or a new passport more quickly from a consulate. Payment of such fees is acceptable provided there is a defined business need, the payment is transparent and open, and a receipt is obtained and the expense is properly recorded in CoAL's financial records.

RELATIONSHIPS WITH AGENTS AND OTHER THIRD PARTIES ACTING ON BEHALF OF CoAL

Our principle

We only use agents or other third party representatives if we have to and if they are known to act to a standard consistent with CoAL's code and always follow the approved process to engage them.

What we mean

The advice and local knowledge of agents can sometimes be essential. However, they must operate at all times in accordance with CoAL's standards, particularly in relation to bribery and corruption. In order to protect CoAL against the risk of bribes given indirectly, it is the responsibility of CoAL's personnel when employing agents and third parties to conduct an appropriate due diligence process. Third parties need to understand and formally agree to this and it is our responsibility to confirm their behaviour remains compliant.

We always

- Follow the process set out in CoAL's code when retaining the services of an agent or other third party representatives.
- Verify and check the agents' experience, background and reputation.
- Ensure and understand what these third parties services are for, and that all monies paid are properly accounted for.

We never

- Permit anyone to offer or pay bribes or make facilitation payments on CoAL's behalf.
- CoAL will not enter into agreements that do not have a clear and proper commercial rationale.
- Make payments to agents without having a binding written agreement in place and we know exactly what the payment is for.

Watch out for

- Unusually large fees or cash payments.
- Fees linked to a percentage of the project cost or value.
- A request for money paid into a personal or offshore bank account.
- Poorly defined services to be provided.
- An agent being used as an intermediary or with links to a public official or his/her family member.
- Someone who does not appear to have the experience, expertise or qualifications for what they are being engaged to do.
- Lavish hospitality and gifts.

RELATIONSHIPS WITH SUPPLIERS, CONTRACTORS AND OTHER BUSINESS PARTNERS

Our principle

We treat our Suppliers, Contractors and other Business Partners and their staff with integrity and professionalism at all times. We do not engage in untoward or corrupt relationships with our Suppliers, Contractors and other Business Partners and we always conduct ourselves in accordance with the requirements of CoAL's procurement policy.

Right to audit Contractual Clause

CoAL may require that its business partners keep proper books and records available for inspection by the Company. CoAL and the persons to whom this Policy applies will endeavour to include in any contractual arrangement with a business partner, a Right to Audit Clause, or other similar contractual requirement, for the duration of any agreement with CoAL and/or until delivery of all goods and/or services to CoAL or until completion of all work for or on behalf of CoAL.

Compliance with ethical standards from business partners

- CoAL will endeavour to make known its anti-corruption policy to its business partners.
- CoAL should make it clear that it expects anti-corruption standards of its business partners, equivalent to its own policy and procedures and should use its influence to encourage them to either pledge compliance with this Policy or to adopt a policy that is consistent with this Policy.

Procurement practices

- CoAL will endeavour to conduct its procurement practices in a fair and transparent manner.
- CoAL will endeavour to avoid dealing with contractors and suppliers or other business partners known or reasonably suspected to be paying bribes.

Compensation and payments to business partners

CoAL will not channel improper payments through agents or other intermediaries. Compensation paid to business partners should be appropriate and justified remuneration for legitimate services rendered.

We always

- Follow the process set out in the “Procurement Policy” when retaining the services of Suppliers, Contractors and other Business Partners.
- Fair competition should at all times be encouraged amongst Suppliers.
- Verify and check our Suppliers, Contractors and other Business Partners experience, background and reputation.
- Ensure and understand what these Suppliers, Contractors and other Business Partners services are for, payment thereof, and that all monies paid are properly accounted for.

We never

- Participate in any form of corrupt behaviour or permit anyone to offer or pay bribes or make facilitation payments on CoAL’s behalf.
- CoAL will not enter into agreements that do not have a clear and proper commercial rationale.
- Pay more than the fair market value for goods and services.
- Receive cash amounts from Suppliers, Contractors and other Business Partners.
- Make payments to Suppliers, Contractors and other Business Partners without having a binding written agreement (whenever possible) in place and we know exactly what the payment is for.
- Exchange sensitive information with Suppliers, Contractors and other Business Partners i.e. pricing, other customer information.

Watch out for

- Unusually large fees or cash payments.
- Fees linked to a percentage of the project cost or value.
- A request for money paid into a personal or offshore bank account.
- Poorly defined services to be provided.
- Someone who does not appear to have the experience, expertise or qualifications for what they are being engaged to do.
- Lavish hospitality and gifts.

CoAL'S CODE OF CONDUCT GIFTS, ENTERTAINMENT AND HOSPITALITY

Our principal

This Policy covers activities relating to hospitality and gifts involving clients that could impair or create the appearance of impairment of our objectivity and independence with regard to our relationship with clients.

With the guidance of the Code of Conduct, CoAL encourages all personnel to build appropriate relationships with existing and potential clients. With regard to such matters, good judgement is always required. However there must be an appropriate balance between building and maintain strong relationships and ensuring our professionalism.

Hospitality and Gifts:

No employee will directly or indirectly accept offers or agree to give:

A gratification to or from any other person, whether for the benefit of himself or herself or for the benefit of another person that may improperly influence a business decision or impair independence or judgement.

The principle of gratification includes;

Money, cash or otherwise, donations, gifts, loans, fees, rewards, valuable securities, property or interest in a property, the avoidance of loss, liabilities, penalties, forfeiture, punishment or other disadvantage, the invitation to social functions, sporting events, meals and entertainment.

We always

- Ensure that all reimbursable entertainment activities involving CoAL personnel and Client/Supplier or potential clients should have a valid business purpose and the cost should be reasonable.
- Ensure all gifts and hospitality given and received is declared on a gift register and signed-off by the line manager.
- Check with our operating divisions legal or compliance contact before offering any kind of gift or hospitality to a public official (generally such things are best avoided).

We never

- Accept gifts or entertainment which might reasonably be believed to have any influence on business transactions.
- Give, promise to give or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given.
- Threaten or retaliate against another employee who has refused to commit a bribery offence or has raised concerns under this policy.
- Solicit gifts or hospitality.
- Offer or accepts gifts of cash or cash equivalent (e.g. vouchers).

CONFLICTS OF INTEREST

Our principle

We avoid situations in which personal interests or actions could conflict or appear to conflict with CoAL's best interests.

What constitutes a conflict of interest?

Conflicts of interest occur when an employee has undisclosed direct or indirect personal or economic interest in a transaction. Usually the conflict is about individuals benefiting at the expense of CoAL or another employer. Perceptions of conflict of interest can be just as damaging as an actual conflict of interest. A conflict may occur where an employee accepts inappropriate gifts, favours, or kickbacks from vendors, or when an employee engages in unapproved employment discussions with current or prospective contractors or suppliers.

We always

Act in the best interest of CoAL and disregard any personal preference or advantage and disclose all conflict, whether real or potential, to senior management.

We never

- Use CoAL's position, contacts or any knowledge gained at CoAL for personal gain, or to benefit family and friends.
- Pay third party more than contractually agreed, market based fee for goods and services.
- Avoid entering into situations in which their personal, family or financial interest may conflict with those of CoAL.
- Create the impression that customers or suppliers have a contact in CoAL who can exert influence on their behalf.

IMPORT AND EXPORT OF GOODS AND SERVICES

Our principle

CoAL complies with all legal requirements for the proper import and export of goods and service. CoAL is committed to trading lawfully at all times, hence compliance with all trade regulations and restrictions imposed by recognised national and internal authorities.

All restrictive trade practices are strictly prohibited.

As well as complying with all relevant laws, CoAL must obtain all necessary licenses and permits to import and export goods, and in doing so, provide honest and accurate information to customs authorities.

RECRUITMENT

Our principal

We recruit employees that support our business needs. CoAL strives to employ individuals that are most suitably qualified for the job, taking into account its commitment to employment equity.

We always

- Conduct our employment processes in accordance with the requirements of the recruitment and selection policy.
- Perform the required background checks on prospective employees.
- Recruitment of prospective employees is always based on a person's ability and the considerations of the legislative requirements regarding recruitment in South Africa.

We never

- Use our position or contacts in CoAL to arrange the appointment of family and friends.
- Appoint someone without the necessary skills required for a position.
- Do anything that creates the impression that a prospective employee has a contact in CoAL who can exert influence on their behalf.

We are committed to:

- Employing people who will uphold our values and our standards of ethical conduct.
- Creating a working environment in which all people feel valued.
- Provide effective bribery and corruption awareness training to our staff on a continuous basis.

INSIDER TRADING

All CoAL employees shall not purchase or sell securities while in possession of material, non-public information, and shall not disclose such information to anyone except on a "need-to-know" basis. Additionally all CoAL employees shall comply with the applicable laws and regulations regarding to insider trading.

Employees shall not use confidential information obtained through their employment for personal gain.

We always

- If uncertainty exists whether it is appropriate to communicate material, non-public information to someone else, discuss the matter with your line manager or supervisor.
- If any CoAL employee suspects that any other CoAL employee is in contravention with this insider policy, that employee should immediately inform the line manager or supervisor.
- The CoAL Anti-Corruption Hotline, where available, may also be used to report inconsistencies with this policy.

We never

- Disclose any non-public information to anyone outside of CoAL.

- Do not discuss confidential CoAL matters in public places like elevators, hallways, restaurants, airplanes, taxicabs, or any other place where you can be overheard.
- Do not leave confidential information on your desk, on your computer screen or in other places where it can be read by others.
- Do not read confidential information in public areas or discard them where they can be retrieved by others.

OUR ROLE AND RESPONSIBILITIES

Your responsibilities

- The prevention, detection and reporting of bribery and corruption is the responsibility of every employee and those working under CoAL's control.
- It is the responsibility of all CoAL personnel to raise concerns about any issue or suspicion of bribery or corruption.
- An employee who suspects actual or potential acts of bribery and/or corruption must disclose such information as soon as one become aware of the information.
- Failure to disclose such information would constitute an act of misconduct that could result in a disciplinary action which could result in dismissal.
- CoAL reserves the right to terminate their contractual relationships with other third parties if they breach this policy.

HOW TO REPORT SUSPICIOUS TRANSACTIONS

How to report

Employees are required, when discovering or suspecting bribery and/or corruption, to immediately report the issue or suspicion to any one of the following:

- CoAL Anti-Corruption Hotline;
- Chief Executive Officer and Chairman of CoAL; or
- If the complaint involves the CEO, then only the CoAL Chairman.

Non-disclosure of known acts of corruption will be seen in a very serious light.

Members of the public, customers or service providers can report bribery and/or corruption to any of the following:

- CoAL Anti-Corruption Hotline which will then be forwarded to the Chief Executive Officer and Chairman of CoAL; or
- Chief Executive Officer or any members of the Executive Team.

All employees are encouraged to raise concerns about an issue or suspicion at the earliest stage possible. If you are unsure whether a particular act constitutes bribery corruption, you must raise your concerns with your line manager or the Compliance manager.

CoAL does not tolerate any form of retaliation, harassment or intimidation of a whistle-blower by other as a result of raising concerns through the CoAL Anti-Corruption Hotline in good faith. All concerns will be investigated and appropriate action taken.

CoAL will investigate all reports of bribery and corruption.

CoAL Anti-Corruption Hotline Details

The CoAL Anti-Corruption hotline is independently managed by Tip-Offs Anonymous which is part of well-known audit firm, Deloitte & Touche. The hotline contact details are:

- Toll Free Number: 0800 000 004
- Free Fax: 0800 00 77 88
- Email: coal@tip-offs.com
- Website: www.tip-offs.com
- Free Post: KZN 138, Umhlanga Rocks, 4320

EFFECTIVE MONITORING, TRAINING AND EVALUATION

Our commitment

- We will comply with the bribery and corruption laws in all of the jurisdictions that we operate
- We will continuously evaluate and monitor our bribery and corruption risks.
- We will continuously engage our suppliers, customers, agents, business partners and other third parties on our zero tolerance policy with regards to bribery and corruption.
- We will provide continuous and effective training to our staff to ensure they understand and implement this policy and all other relevant CoAL policies.