

**AUDIT, GOVERNANCE AND RISK COMMITTEE CHARTER  
TERMS OF REFERENCE**



## 1 DEFINITIONS

Unless the context indicates otherwise, the following words or terms of expressions shall have the meanings subscribed to them hereunder:

- |      |                                  |  |
|------|----------------------------------|--|
| 1.1  | <b>“Auditing Profession Act”</b> | means the Auditing Profession Act No 26 of 2005, as amended from time to time;   |
| 1.2  | <b>“Auditor”</b>                 | means the auditor of the Company, as defined in terms of the Auditing Profession Act and Section 90 of the Companies Act;  |
| 1.3  | <b>“Board”</b>                   | means the Board of Directors of the Company;   |
| 1.4  | <b>“Board charter”</b>           | means the Metrofile Holdings Limited Board charter approved by the Metrofile Holdings Limited Board of Directors, and as amended from time to time;  |
| 1.5  | <b>“Chairman”</b>                | means the chairman of the Audit, Governance and Risk Committee appointed by the Board;   |
| 1.6  | <b>“Chief Internal Auditor”</b>  | means the person performing the function of internal audit and the independent corporate executive with overall responsibility for internal audit as defined in terms of the Auditing Profession Act;  |
| 1.7  | <b>“Committee”</b>               | means the Audit, Governance and Risk Committee of the Company;   |
| 1.8  | <b>“Companies Act”</b>           | means the Companies Act No 71 of 2008, as amended from time to time;   |
| 1.9  | <b>“Company”</b>                 | means Metrofile Holdings Limited, Registration Number 1983/012697/06, including its subsidiaries;  |
| 1.10 | <b>“Directors”</b>               | means the directors of the Company;  |
| 1.11 | <b>“Integrated Reporting”</b>    | King IV™ defines integrated reporting as “a process founded on integrated thinking that results in a periodic integrated report by an organisation about value creation over time. It includes related communications regarding aspects of value creation. An integrated report could be a standalone report which connects the more detailed information in other reports.” |
| 1.12 | <b>“King IV™”</b>                | means the King Report on Governance for South Africa 2016;   |
| 1.13 | <b>“Members”</b>                 | means the initial persons appointed as members of the Committee as well as any persons succeeding them in terms of these Terms of Reference;   |
| 1.14 | <b>“MOI”</b>                     | means Memorandum of Incorporation of the Company;  |
| 1.15 | <b>“Prescribed officers”</b>     | means prescribed officers of the Company as so determined by the Board of the Company;   |

- 1.16 **“Regulations”** means the Regulations published in Government Gazette 34239 of 20 April 2011 in terms of the Companies Act, as amended from time to time;
- 1.17 **Triple context** means the Company's operations in the economy, society and environment.

## 2 CONSTITUTION

The Committee is constituted and established as a statutory committee of the Company in respect of its statutory duties in terms of Section 94(7) of the Companies Act and a committee of the Company's Board in respect of all other duties assigned to it by the Board.

These terms of reference are subject to the provisions of the Companies Act, the Company's MOI, the Board Charter and any other applicable law or regulatory provision.

The Committee shall perform the functions listed in Section 94(7) of the Companies Act (refer to Annexure A) on behalf of the Company and all South African subsidiaries of the Company that are required in terms of the Companies Act, to have audit committees, the functions listed in Section 94(7) of the Companies Act.

## 3 MEMBERSHIP

- 3.1 The Committee shall comprise of at least 3 (three) members nominated by the Nominations Committee, endorsed by the Board and elected annually by shareholders, all of whom shall be independent non-executive directors.
- 3.2 The Board shall appoint an independent non-executive director as Chairman of the Committee and determine the period for which he or she shall hold office.
- 3.3 The members of the Committee shall, as a whole, meet all applicable independence, financial literacy, skills, sufficient qualifications and experience to execute their duties effectively and other requirements of law and the JSE Listings Requirements.
- 3.4 As recommended by King IV™, the Chairman of the Board should not be a member of the Committee. However, as guided by the JSE Listings Requirements, and as followed by the Company, an independent non-executive Chairman of the Board, may be a member of the Committee, subject to the following provisions:
- All the other members of the Committee are independent non-executive directors;
  - The independent non-executive Chairman of the Board may not be the Chairman of the Committee;
  - The dual role (Chairman of the Board and member of the Committee) is specifically disclosed to shareholders at the annual general meeting referred to in Section 94(2) of the Act; and
  - Shareholders approve the appointment of the Chairman to the Committee at the annual general meeting.
- 3.5 Neither the appointment nor the duties of the Committee reduce the functions and duties of the Board or the Directors of the Company.
- 3.6 The Company Secretary shall be the secretary of the Committee.
- 3.7 Members of the Committee shall be appointed for such period as the Board determines.
- 3.8 The Board may terminate membership of any person serving on the Committee on recommendation of the Committee.

- 3.9 The Board must fill any vacancy on the Committee within 40 (forty) business days after the vacancy arises.
- 3.10 Committee members shall keep up-to-date with developments affecting their required skill-set with regular training and information from the Company.

#### 4 RESPONSIBILITIES AND MANDATE OF THE COMMITTEE

The Committee shall assist the Board in discharging its responsibilities and has an independent role with accountability to both the Board and shareholders and does not assume the functions of management, which remain the responsibility of the executive directors, officers and other senior executives of the Company.

4.1 The Committee shall assist the Board in discharging its responsibilities relating to:

- 4.1.1 safeguarding the Company's assets, the operation of systems, control processes and the preparation of accurate financial reports and statements in compliance with relevant legal requirements and accounting standards;
- 4.1.2 evaluating the adequacy and efficiency of internal control systems, accounting practices, information and the auditing thereof;
- 4.1.3 considering the internal and external audit process and accounting principles and policies;
- 4.1.4 ensuring the independence of the external and internal audit functions;
- 4.1.5 ensuring compliance with all relevant legislation, regulations and codes;
- 4.1.6 ensuring that the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives; and
- 4.1.7 ensuring that the disclosure regarding risk is comprehensive, timely and relevant.

4.2 Integrated reporting

The Committee shall oversee integrated reporting, having regard to all factors and risks that may impact on the integrity of the integrated report, and shall approve and recommend the integrated report to the Board. In this regard, the Committee shall also consider and review the findings and recommendations of the Board sub-committees insofar as they are relevant to the functions of this Committee.

The Committee shall have the following responsibilities:

4.2.1 Financial statements

The Committee shall:

- 4.2.1.1 comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls;
- 4.2.1.2 examine, review and approve the annual report to be filed with the JSE; and
- 4.2.1.3 examine and review the annual financial statements of the Company (including consolidated Group financial statements), the interim reports, the accompanying reports to shareholders, the preliminary or provisional announcements of results and any other announcements regarding the Company's results or other financial information to be made public, prior to submission and approval by the Board, focusing particularly on:
  - compliance with accounting standards, compliance with stock exchange and legal requirements (in respect to compliance with stock exchange and legal requirements, the Committee shall consider the recommendations of the Board committees);

- major judgemental areas and significant adjustments resulting from the audit;
- the basis on which the Company has been determined a going concern as well as solvency and liquidity;
- capital adequacy;
- any changes in accounting policies and practices;
- the appropriateness of major adjustments processed at financial year-end;
- compliance with the financial conditions of loan covenants; and
- tax and litigation matters.

#### 4.2.2 Other

The Committee shall review all documents that contain material financial information or other information which could impact materially on the financial results or performance of the Company, such as:

- a. circulars and prospectuses;
- b. press releases on earnings;
- c. trading statements; and
- d. the validity of assumptions underlying the annual budget.

#### 4.2.3 Disclosure controls and procedures

The Committee shall review with management and any outside professionals as the Committee considers appropriate, the effectiveness of the Company's disclosure controls and procedures.

#### 4.2.4 Sustainability reporting

The Committee shall ensure that assurance is provided on material sustainability issues, the scope of which and engagement of external assurance providers, as appropriate, to be approved by the Social, Ethics and Transformation Committee.

The Committee shall be entitled to place reliance on the assurance obtained as presented to the Social, Ethics and Transformation Committee regarding the integrity, reliability and validation of the sustainable development information as well as the review and approval of the sustainable development information, incorporated into the integrated report or published on the Metrofile website, by the Social, Ethics and Transformation Committee.

The Committee shall consider recommendations by the Social, Ethics and Transformation Committee that may impact on the financial statements.

### 4.3 External audit and auditors

The Committee shall, with regard to all Group companies:

- 4.3.1 consider and make recommendations to the Board and shareholders on the nomination, appointment and retention of the external auditors, subject to the applicable laws and the rules of the JSE Limited; to be elected annually by shareholders;



- 4.3.2 monitor, evaluate and report in the annual financial statements on the independence and performance of the external auditors, and consider whether any non-audit services rendered by such auditors substantively impair their independence;
- 4.3.3 review the quality and effectiveness of the external audit process;
- 4.3.4 pre-approve all permissible non-audit services in line with approved thresholds, to be provided by the external auditors, and where such services are to be rendered to the Company or one of its subsidiaries, any proposed contract for the provision of such services;
- 4.3.5 define a policy for non-audit services provided by the external auditors and approve guidelines for using the external auditors for non-audit work and whether these services can substantively impair the external auditors' independence;
- 4.3.6 discuss, review and approve, with the external auditors before the audit commences, the auditors' engagement letter, the terms, nature and scope of the audit function and the audit fee and, where more than one auditor is involved, the maintenance of a professional relationship and co-ordination between them;
- 4.3.7 make suggestions on areas of emphasis that the audit should address;
- 4.3.8 consider any accounting treatments, significant unusual transactions or accounting judgements that could be contentious;
- 4.3.9 consider the effects of significant ventures, investments or operations which are not subject to external audit;
- 4.3.10 review the overall audit role, minimise duplication, discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money;
- 4.3.11 obtain assurance from the external auditors that adequate accounting records are being maintained;
- 4.3.12 obtain and review with the lead audit partner and a more senior representative of the independent auditor, annually or more frequently as the Committee considers appropriate, a report by the external auditor describing:
  - 4.3.12.1 the external auditors' internal quality-control procedures; and
  - 4.3.12.2 any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor, or by any inquiry, review or investigation by governmental, professional or other regulatory authorities, within the preceding 5 (five) years, in respect of independent audits carried out by the external auditor, and any steps taken to deal with these issues;
- 4.3.13 pre-approve the hiring of any senior employee or former senior employee of the external auditors who was a member of the audit team during the preceding financial year. In addition, the Committee shall pre-approve the hiring of any employee or former employee of the external auditors for top management positions within the Company, regardless of whether that person was a member of the Company's audit team or not;
- 4.3.14 receive and consider, in accordance with a formalised procedure, any Reportable Irregularities identified and reported by the external auditors in terms of the Auditing Profession Act;
- 4.3.15 consider the use of technology to improve audit coverage and efficiency;

- 4.3.16 obtain assurance from management in respect of the functions specifically performed by the Committee for South African subsidiaries in terms of Section 94(7) of the Act;
  - 4.3.17 liaise with and monitor the activities of any committee in the Group that performs the functions normally performed by an audit committee;
  - 4.3.18 rotate the lead audit partner who may not serve as the auditor or designated auditor of the Company for more than 5 (five) consecutive financial-years or more frequently as the Committee considers appropriate; and
  - 4.3.19 where necessary, make recommendations to the Board on the dismissal of the auditors.
- 4.4 Internal Audit
- 4.4.1 The Board shall delegate oversight of internal audit to the Committee;
  - 4.4.2 The Committee shall assume responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes;
  - 4.4.3 The Committee shall ensure that internal audit provides for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and that internal audit is supplemented as required by specialist services such as those provided by forensic fraud examiners and auditors, safety and process assessors and statutory actuaries;
  - 4.4.4 The Committee shall monitor, oversee, evaluate and approve the effective functioning of the organisation's internal audit, ensuring that the roles and functions of the external audit and internal audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the organisation's systems of internal control and reporting.
- This will include:
- a. annually assessing the independence and effectiveness of the internal audit function including the adequacy of available internal audit resources;
  - b. reviewing the internal audit function's compliance with the internal audit charter as approved by the Committee;
  - c. reviewing internal audit's written assessment on the adequacy and overall effectiveness of the organisation's systems of internal control, including internal financial control, business risk management and maintaining effective internal control systems, and any recommendations that have been made, and confirm that the necessary action has been taken, alternatively measures put in place, to address the issues raised in the reports; and be in line with effectiveness of the organisation's governance, risk management and control processes;
  - d. considering the appointment, dismissal and/or re-assignment of the head of the internal audit function;
  - e. assessing the performance of the head of the internal audit function;
  - f. where appropriate, performing an independent quality review of the internal audit function, at least once every 5 (five) years;
  - g. reviewing and approving the internal audit charter, annual internal audit plans and internal audit's conclusions with regard to internal control;

- h. ensuring that the internal audit plan is in accordance with the internal audit charter and that it is executed timeously;
- i. reviewing significant matters reported by the internal audit function;
- j. reviewing the co-operation and co-ordination between the internal and external audit functions and co-ordinating the formal internal audit work plan with external auditors to avoid duplication of work;
- k. reviewing significant differences of opinion between management and the internal audit function;
- l. reporting on the maintenance of proper and adequate accounting records;
- m. reporting on the overall operational and financial reporting environment;
- n. reporting on the systems to safeguard the Company's assets against unauthorised use or disposal;
- o. requesting investigations into matters within its scope, for example, evaluations of the effectiveness of the organisation's internal controls, significant cases of employee fraud, misconduct or conflict of interest;
- p. reviewing forensic audit reports or any other reports that relate to matters that could have a material impact on the financial statements;
- q. confirm annually that internal audit conforms to a recognised industry Code of Ethics;
- r. following an approved risk-based internal audit plan;
- s. regularly reviewing the organisational risk profile with proposed adaptations to the internal audit plan accordingly; and
- t. ensuring internal audit provides an overall statement annually as to the effectiveness of the organisation's governance, risk management and control processes.

4.4.5 The Internal Audit Partner shall report to the Chairman of the Committee on the performance of duties and functions that relate to internal audit and on other duties and administrative matters, he or she shall report to the member of executive management designated for this purpose as appropriate for the organisation;

#### 4.5 Combined Assurance

The Board shall assume responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions.

The Board shall delegate to the Committee the responsibility for overseeing that those arrangements are effective in achieving the following objectives:



- 4.5.1 Enabling an effective internal control environment;
- 4.5.2 Ensuring that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- 4.5.3 Satisfy itself that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that, taken as a whole, these support the objectives for assurance;
- 4.5.4 Ensuring that the combined assurance received is appropriate and effective to address all the significant risks facing the organisation;
- 4.5.5 Monitoring the relationship between the external providers and the Company;
- 4.5.6 Supporting the integrity of information used for internal decision-making by management, the Board and its committees;
- 4.5.7 Supporting the integrity of external reports, namely the annual financial statements of the Company (including consolidated Group financial statements), the interim reports, the accompanying reports to shareholders, the preliminary or provisional announcements of results and any other announcements regarding the Company's results or other financial information to be made public;
- 4.5.8 Overseeing that the combined assurance model is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of the following assurance service providers and functions as is appropriate for the organisation:
  - 4.5.8.1 The Group's line functions that own and manage risks;
  - 4.5.8.2 The Group's specialist functions that facilitate and oversee risk management and compliance;
  - 4.5.8.3 Independent external assurance service providers such as external auditors;
  - 4.5.8.4 Other external assurance providers such as internal auditors, forensic fraud examiners and auditors, safety and process assessors, sustainability and environmental auditors, external actuaries; and
  - 4.5.8.5 Regulatory inspectors.

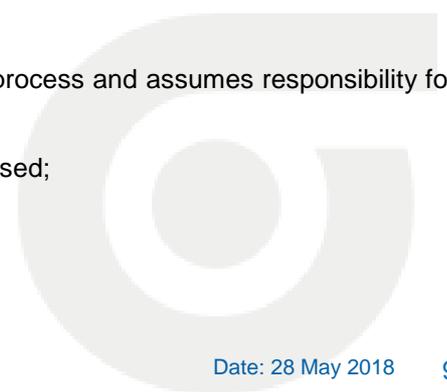
The Company and the Committee shall satisfy themselves, with objectivity and professional scepticism, and by applying an enquiring mind, forming their own opinion on the integrity of information and reports, and the degree of which an effective control environment has been achieved, that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that, taken as a whole, these support the objectives for assurance.

The Committee shall review the effectiveness of the organisation's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function.

#### 4.6 Risk Management

The Committee is an integral component of the risk management process and assumes responsibility for risk management within the organisation.

- 4.6.1 Risk should be interpreted in the widest sense and categorised;



- 4.6.2 The Committee shall exercise ongoing oversight of risk management and, in particular, oversee that it results in the following:
- 4.6.2.1 An assessment of risks and opportunities emanating from the triple context in which the organisation operates and the capitals that the organisation uses and affects;
  - 4.6.2.2 An assessment of the potential upside, or opportunity, presented by risks with potentially negative effects on achieving the organisational objectives;
  - 4.6.2.3 An assessment of the organisation's dependence on resources and relationships as represented by the various forms of capital;
  - 4.6.2.4 The design and implementation of appropriate risk responses;
  - 4.6.2.5 The establishment and implementation of business continuity arrangements that allow the organisation to operate under conditions of volatility and to withstand and recover from acute shocks; and
  - 4.6.2.6 The integration and embedding of risk management in the business activities and culture of the organisation.
- 4.6.3 The Committee shall:
- 4.6.3.1 Oversee the development, annual review, continuous monitoring, effectiveness and implementation of the Company's risk policy and plan for risk management in the form of a Group risk register, with the aim of enhancing the Company's ability to achieve its strategic objectives;
  - 4.6.3.2 Make recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
  - 4.6.3.3 Oversee that the risk management plan is widely disseminated throughout the organisation and integrated in the day-to-day activities of the organisation;
  - 4.6.3.4 Ensure that risk management assessments are performed on a continuous basis;
  - 4.6.3.5 Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
  - 4.6.3.6 Ensure that management considers and implements appropriate risk responses;
  - 4.6.3.7 Ensure that continuous risk monitoring by management takes place;
  - 4.6.3.8 Express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management and the need to receive periodic independent assurance thereon;
  - 4.6.3.9 Review reporting concerning risk management that is to be included in the integrated report (particularly with regards the processes in place enabling complete, timely, relevant and accurate risk disclosure);
  - 4.6.3.10 Review the impact that significant litigation could have on the organisation;
  - 4.6.3.11 Review the adequacy of insurance coverage; and
  - 4.6.3.12 Review compliance against applicable laws, rules, codes and standards relevant to the organisation.

- 4.6.4 The Committee shall disclose the following in relation to risk:
- 4.6.4.1 An overview of the arrangements for governing and managing risk;
  - 4.6.4.2 Key areas of focus during the reporting period, including objectives, the key risks that the organisation faces, as well as undue, unexpected or unusual risks and risks taken outside of risk tolerance levels;
  - 4.6.4.3 Actions taken to monitor the effectiveness of risk management and how the outcomes were addressed; and
  - 4.6.4.4 Planned areas of future focus.
- 4.6.5 The Committee shall delegate to management the responsibility to implement and execute effective risk management.
- 4.6.6 The Committee shall ensure compliance of the organisation with legal and regulatory requirements to the extent that it may have an impact on the financial statements. The Committee shall receive reports by the Board committees on legal and regulatory compliance and shall:
- 4.6.6.1 Review with management, and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the organisation and any material reports or inquiries from regulatory or Governmental agencies;
  - 4.6.6.2 Review with management:
    - a. The receipt, retention and treatment of complaints received by the organisation regarding accounting matters, internal audit, internal accounting controls, content of the financial statements, auditing matters or potential violations of law relating to matters within the mandate of the Committee; and
    - b. The confidential, anonymous submission by employees of the organisation of concerns regarding questionable accounting or auditing matters and potential violations of law relating to matters within the mandate of the Committee.
- 4.6.7 The Committee shall obtain reports from management, the internal auditor and the independent auditor regarding compliance with all applicable legal and regulatory requirements.
- 4.7 Information and Technology (“IT”) Governance
- The Committee shall assume responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed in the organisation.
- 4.7.1 The Committee shall review, approve, implement and give effect to the IT policy’s set direction on the employment of technology and information.
  - 4.7.2 The Committee shall delegate to management the responsibility to implement and execute effective technology and information management.
  - 4.7.3 The Committee is responsible for assisting the Board in carrying out its IT responsibilities and shall exercise ongoing oversight of technology and information management and, in particular, oversee that it results in the following:
    - 4.7.3.1 Integration of people, technologies information and processes across the organisation;
    - 4.7.3.2 Integration of technology and information risks into organisation-wide risk management;

- 4.7.3.3 Arrangements to provide for business resilience;
- 4.7.3.4 Proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events;
- 4.7.3.5 Management of the performance of, and the risks pertaining to, third-party and outsourced service providers;
- 4.7.3.6 The assessment of value delivered to the organisation through significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure;
- 4.7.3.7 The responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security;
- 4.7.3.8 Ethical and responsible use of technology and information;
- 4.7.3.9 Compliance with relevant laws.
- 4.7.3.10 The leveraging of information to sustain and enhance the organisation's intellectual capital;
- 4.7.3.11 An information architecture that supports confidentiality, integrity and availability of information;
- 4.7.3.12 The protection of privacy of personal information;
- 4.7.3.13 The continual monitoring of security of information;
- 4.7.3.14 A technology architecture that enables the achievement of strategic and operational objectives;
- 4.7.3.15 The management of risks pertaining to the sourcing of technology;
- 4.7.3.16 Monitoring and appropriate responses to developments in technology, including the capturing of potential opportunities and management of disruptive effects on the organisation and its business model;
- 4.7.3.17 Ensuring that IT is aligned with the performance and sustainability objectives of the organisation;
- 4.7.3.18 Overseeing the implementation of an IT governance framework;
- 4.7.3.19 Monitoring and evaluating significant IT investments and expenditure;
- 4.7.3.20 Ensuring that IT forms an integral part of the organisation's risk management process;
- 4.7.3.21 Ensuring that information assets are managed effectively;
- 4.7.3.22 Consider reports and presentations from executive management regarding the IT governance framework; and
- 4.7.3.23 Consider IT as it relates to financial reporting and the going concern of the Company.
- 4.7.4 The Board should consider the need to receive periodic independent assurance on the effectiveness of the organisation's technology and information arrangements, including outsourced services.
- 4.7.5 The Committee is responsible for assisting the Board in carrying out its IT responsibilities, including disclosing the following in relation to technology and information:

- 4.7.5.1 An overview of the arrangement for governing and managing technology and information;
- 4.7.5.2 Key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions and remedial actions taken as a result of major incidents;
- 4.7.5.3 Actions taken to monitor the effectiveness of technology and information management and how the outcomes were addressed; and
- 4.7.5.4 Planned areas of future focus.

#### 4.8 Finance function

The Committee shall review the expertise, resources, experience and effectiveness of the finance function annually and shall include a report on the results of the review in the integrated report. The review shall include a review of the expertise and experience of the Chief Financial Officer as may be required from time to time by the JSE Limited.

#### 4.9 Internal Control

In addition to required and recommended statutory disclosure, the Committee's views on the effectiveness of the design and implementation of internal financial controls, and on the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error should be disclosed.

#### 4.10 JSE proactive monitoring report

The Committee should annually consider the JSE's report on proactive monitoring of financial statements, and take appropriate action where necessary to respond to the findings as highlighted in the JSE report. In addition, the Committee should annually issue the required JSE compliance certificate.

### 5 POWERS

- 5.1 The Board supports and endorses the Committee, which operates independently of management and is free of any organisational impairment.
- 5.2 The Board has an oversight responsibility and the Committee assists the Board in fulfilling this responsibility.
- 5.3 The Committee has unrestricted access to all information, including records, property and personnel of the organisation and must be provided with adequate resources in order to fulfil its responsibilities.
- 5.4 The Committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the Board and the shareholders.
- 5.5 On all responsibilities delegated to it by the Board outside of the statutory duties, the Committee makes recommendations for approval by the Board or approves, to the extent that such duty has been delegated to the Committee by the Board.
- 5.6 The Committee is authorised by the Board to:
  - 5.6.1 Investigate any activities within the scope of responsibilities set out in this Charter.
  - 5.6.2 Seek outside legal or other independent professional advice, at the Company's expense, in accordance with a procedure developed by the Board for this purpose.

- 5.6.3 Secure the attendance of outsiders with the relevant experience and expertise, where necessary, at the Company's expense, in accordance with a procedure developed by the Board for this purpose.
- 5.6.4 Seek any information it requires from any employee within the scope of responsibilities set out in this Charter, and all employees will be required to co-operate with any reasonable requests made by the Committee.
- 5.6.5 Have access to management and may meet separately with management, without the attendance of executive directors.
- 5.6.6 Shall at least once a year meet separately with the external and internal auditors without any executive member of the Board in attendance; and
- 5.6.7 Shall have the power to delegate its authority and duties to sub-committees or individual members of the Committee as it deems appropriate, provided it is not precluded by legal or regulatory requirements from doing so.

## 6 MEETINGS AND PROCEDURES

### 6.1 Frequency

- 6.1.1 Meetings of the Committee shall be held as frequently as the Committee considers appropriate, but it shall meet at least 3 (three) times per annum. The Board or any member thereof, including members of the Committee, the external auditors and the head of internal audit may, through the Chairman, call additional meetings.
- 6.1.2 The Committee shall periodically have separate meetings with management, internal audit and the external auditors (without management present), at least annually, in order to discuss any issues relevant to the audit. The auditors may, however, request a meeting with the Committee without management present at any time.
- 6.1.3 The meetings of the Committee may be held in person, by telephone or other form of long distance conference facility as circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.
- 6.1.4 The notice of each meeting of the Committee, confirming the venue, time, date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than 5 (five) business days prior to the date of the meeting. Reasonable notice will be given to the members of the Committee, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, executives and managers responsible for finance, the head of internal audit and the external auditor to make proposals as necessary.
- 6.1.5 The quorum of the Committee shall be a majority of Committee members present throughout the meeting. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the members present at the Committee meeting.
- 6.1.6 Notwithstanding that the members of the Committee are not present together in one place, a written resolution passed by members constituting a quorum shall, provided such written resolution is recorded in writing and each member shall have been afforded a reasonable opportunity to express an opinion on the matter to which the written resolution relates and confirmed at the next meeting of the Committee, be deemed to have been passed at a meeting of the Committee.

6.1.7 Where decisions are required by way of written resolution, a quorum shall be the majority of Committee members, one of whom shall be the Committee Chairman.

## 6.2 Attendance

6.2.1 Committee members are required to attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology together with reasons has been submitted to the Chairman or company secretary. Committee members may, in addition to being personally present, participate in meetings either telephonically or by video conference, in which case they will be counted as present.

6.2.2 Where the nominated Chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairman.

6.2.3 The company secretary shall keep an appropriate record of the proceedings of the meeting.

6.2.4 The Chief Executive Officer, Chief Financial Officer, other members of senior management, representatives from the external auditors, the Chief Internal Audit provider and other assurance providers may attend Committee meetings by invitation.

6.2.5 Board members who are not members of the Committee are entitled to attend Committee meetings for the purpose of gaining information relating to the business of the Committee. They, however, will not be entitled to participate in the proceedings without the consent of the Committee Chairman.

6.2.6 The Chairman may invite to the meetings any such independent advisers/experts as may be deemed appropriate to assist the Committee in discharging its responsibilities. Other executives and employees may also be invited to attend and be heard at meetings.

6.2.7 No attendee shall have a vote at meetings of the Committee.

## 6.3 General

6.3.1 The senior audit partner in charge of the external audit and Chief Internal Auditor will have unrestricted access to the Chairman or any other member of the Committee in relation to matters falling within the mandate of the Committee; and

6.3.2 The Committee Chairman may meet with the Chairman of the Board, Chief Executive Officer, Chief Financial Officer and/or the company secretary prior to a Committee meeting in order to discuss important issues and to agree the agenda.

## 6.4 Agenda and minutes

6.4.1 The Committee must, on an annual basis, establish an annual work plan to ensure that all relevant matters are covered by the agenda of the meetings planned for the year and the matters laid out in these Terms of Reference. The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a 3 (three) year period. The number, timing and length of meetings, and the agenda are to be determined in accordance with the annual work plan.

6.4.2 A detailed agenda together with the supporting documentation, must be circulated to the Committee members and attendees at least 5 (five) business days prior to each meeting.

6.4.3 Committee members must be fully prepared for Committee meetings and fully acquainted themselves with the agenda and supporting documentation so as to be in a position to provide appropriate and constructive input on matters for discussion.

- 6.4.4 The minutes of the meetings of the Committee shall be completed within 10 (ten) business days of the meeting and circulated to the Chairman of the Committee for review. Minutes of all meetings shall be circulated to all the members of the Committee, and may also, if the Chairman of the Committee so decides, be circulated to other members of the Board. Any Director may, if there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes. These minutes shall be reviewed and approved by the members of the Committee.
- 6.4.5 The minutes of the meetings must be formally approved by the Committee at its next scheduled meeting.
- 6.4.6 The Chairman of the Committee shall be afforded an opportunity to report verbally on any matters of importance as well as on Committee findings and recommendations at the Board meeting immediately following the Audit Committee meeting.
- 6.4.7 Unless varied by these Terms of Reference, meetings and procedures of the Committee shall be governed by the Company's MOI regulating the meetings and procedures of Directors and Committees.

## 7 REPORTING AND ACCOUNTABILITY

- 7.1 The Chairman of the Committee shall report to the Board on its activities and make recommendations to the Board concerning the adoption of the annual and interim financial statements and any other matters arising from the work of the Committee.
- 7.2 The Chairman (or, in his or her absence, another member) of the Committee shall attend the annual general meeting to report to shareholders on how it has fulfilled its statutory duties in terms of the Companies Act or any other applicable corporate governance requirement during the financial year.
- 7.3 The Committee reports internally to the Board on its statutory duties and duties assigned to it by the Board. This is done through the Committee Chairman, who will give a verbal account of the Committee's activities at the Board meeting immediately following the last Committee meeting and make recommendations concerning matters falling within its responsibilities. The minutes of the meeting of the Committee will form part of the supporting documentation for the next meeting of the Board.
- 7.4 The Committee shall annually express to the Board an opinion on the adequacy and effectiveness of:
  - 7.4.1 the performance of the internal and external auditors;
  - 7.4.2 the organisation's internal control systems, and
  - 7.4.3 its performance in terms of its mandate.
- 7.5 The Committee shall annually insert in the financial statements of the Company and, where required, those of its South African subsidiaries, a report:
  - 7.5.1 describing how the Committee carried out its functions;
  - 7.5.2 stating whether the Committee is satisfied that the external auditor is independent of the Company and subsidiaries and its views on the quality of the external audit. The statement should specifically address:
    - i. the policy and controls that address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year;
    - ii. the tenure of the external audit firm and, in the event of the firm having been involved in a merger or acquisition, including the tenure of the predecessor firm;

- iii. the rotation of the designated external audit partner; and
  - iv. significant changes in the management of the organisation during the external audit firm's tenure which may mitigate the attendant risk of familiarity between the external auditor and management.
- 7.5.3 significant matters that the Committee has considered in relation to the annual financial statements and how these were addressed by the Committee; and
- 7.5.4 commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the Company.
- 7.6 The Committee shall prepare such reports as may be required from time to time in terms of the Companies Act or applicable corporate governance requirements.
- 7.7 The Committee shall review the expertise, resources and experience of the Company's finance function, and disclose the results thereof in the integrated report.

## 8 REMUNERATION

- 8.1 Members of the Committee will be paid such additional remuneration for their service as members of the Committee as may be determined by the Board and approved by shareholders.
- 8.2 The Chairman of the Committee shall, in addition to his or her remuneration as member, receive a further sum as determined by the Board and approved by shareholders.

## 9 SELF-ASSESSMENT

- 9.1 The Committee shall assess, evaluate and report on it and its members' effectiveness at least every 2 (two) years. Every alternate year, the Board shall schedule an opportunity to consider, reflect and discuss the Committee's performance;
- 9.2 The Committee Chairman shall assess, evaluate and report on the performance of individual Committee members and the Board shall assess, evaluate and report on the Committee's Chairman, based on several factors. These include:
- expertise;
  - inquiring attitude, objectivity and independent judgement;
  - understanding of the organisation's business;
  - understanding of and commitment to the Committee's effective discharge of its duties and responsibilities;
  - willingness to devote the time needed to prepare for and participate in Committee deliberations;
  - timely responses; and
  - attendance at meetings.
- 9.3 After completing its assessment and evaluation, the Committee shall review the results with the Board of Directors, so that appropriate action can be taken on any recommendations resulting from the review.

## 10 GENERAL

- 10.1 These Terms of Reference shall be reviewed annually and amended, subject to the approval of the Board.

- 10.2 The Committee members are obliged to disclose in writing any interests they have within or outside the organisation that may interfere or conflict with the performance of their duties.
- 10.3 All Company related information that becomes known to Directors in the performance of their duties must at all times be kept confidential.
- 10.4 These Terms of Reference may be amended as required, subject to the approval of the Board.

## **11 REPEAL OF PREVIOUS TERMS OF REFERENCE**

- 11.1 These Terms of Reference shall revoke and supersede the current Terms of Reference in its totality from the date of its approval of the Committee.
- 11.2 These Terms of Reference were reviewed and approved by the Committee on 28 May 2018 for recommendation to the Board. The Board approved these Terms of Reference on 28 May 2018.



## Annexure A

### STATUTORY PRESCRIBED FUNCTIONS OF AN AUDIT COMMITTEE

The statutory prescribed functions of an audit committee are listed in Section 94(7) of the Companies Act, No 71 of 2008 as follows:

An audit committee of a company has the following duties:

- a. To nominate, for appointment as auditor of the company under Section 90, a registered auditor who, in the opinion of the audit committee, is independent of the company;
- b. to determine the fees to be paid to the auditor and the auditor's terms of engagement;
- c. to ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors;
- d. to determine, subject to the provisions of this Chapter, the nature and extent of any non-audit services that the auditor may provide to the company, or that the auditor must not provide to the company, or a related company;
- e. to pre-approve any proposed agreement with the auditor for the provision of non-audit services to the company;
- f. to prepare a report, to be included in the annual financial statements for that financial year –
  - (i) describing how the audit committee carried out its functions;
  - (ii) stating whether the audit committee is satisfied that the auditor was independent of the company, and
  - (iii) commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company;
- g. to receive and deal appropriately with any concerns or complaints, whether from within or outside the company, or on its own initiative, relating to -
  - (i) the accounting practices and internal audit of the company;
  - (ii) the content or auditing of the company's financial statements;
  - (iii) the internal financial controls of the company; or
  - (iv) any related matter;
- h. to make submissions to the Board on any matter concerning the company's accounting policies, financial control, records and reporting; and
- i. to perform such other oversight functions as may be determined by the Board.

