1. Constitution

The Audit and Risk Committee (“Committee”) is established by the board to assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate integrated reporting and financial statements in compliance with all applicable legal, regulatory and reporting requirements and standards. The Committee discharges its responsibilities on behalf of the Group. The membership, resources, responsibilities and authorities (composition, functions and operation) of the Committee to perform its role effectively, is stipulated in these terms of reference, which may be amended by the board as and when required. The Committee, in carrying out its duties under these terms of reference, will have due regard to legislation as well as the King Committee’s code of governance principles for South Africa.

2. Membership

2.1. The Committee shall consist of at least three members appointed by the board. The members of the Committee are (re)elected at the annual Shareholders meeting.

2.2. Members of the Committee shall consist of only independent non-executive directors.

2.3. A Committee member may not serve for more than three terms of three years each unless such member’s independence is appropriately considered and verified by the board. No Committee member may serve for more than four terms of three years each.

2.4. The board shall appoint a chairman to the Committee. The chairman of the board may serve on the Committee but shall not be eligible to serve as a chairman of the Committee.

2.5. Only members of the Committee have the right to attend Committee meetings.

2.6. The Committee as a whole should have sufficient qualifications and experience to fulfil its duties.

3. Secretary

3.1. The company secretary or his/her nominee shall act as the secretary of the Committee.

4. Quorum

4.1. The quorum necessary for the transaction of business shall be two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
5. Meetings

5.1. The Committee will meet at least three times a year, or more frequently as circumstances dictate. Meetings should be held prior to board meetings and correspond with major phases of the financial reporting, external audit and internal audit cycles.

5.2. The Committee meets with the external and internal auditors at least once a year without management being present.

5.3. The chairman of the Committee meets with the Head of Global Compliance and Risk prior to each Committee meeting, without management being present.

5.4. The Finance Director, Internal Auditor, External Auditor, and the Head of Global Compliance and Risk shall have unrestricted access to the chairman or any other member of the Committee as is required in relation to any matter falling within the remit of the Committee.

5.5. The chairman, at his/her discretion may invite any person to attend and to be heard at meetings of the Committee and remain in attendance for any duration or part thereof.

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

6. Minutes of meetings

6.1. The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2. The agenda for each board meeting shall provide an opportunity for the chairman of the audit Committee to report verbally on any matter of importance as well as on the Committee’s findings and recommendations.

7. Responsibilities and Mandate of the Committee

7.1. External audit and auditors

The Committee will in respect of External Audit:

7.1.1. Make recommendations to the shareholders at the AGM with regard to the appointment of external auditors, including the scope of the audit, the terms of the engagement, their independence and the fees and other compensation to be paid to the external auditor;

7.1.2. Determine the nature and extent of non-audit work to be done by the external auditor which does not fall within the normal scope of their audit, and pre-approve any proposed contract with the auditor for the provision of non-audit services to the group that exceed an agreed expected fee threshold;

7.1.3. Set mandatory terms on the length of time that an audit partner may serve;

7.1.4. Periodically consult with the external auditor about internal controls and the
completeness and accuracy of the group's financial records;

7.1.5. Review external audit reports to ensure that prompt action is taken by management in respect of those reports;

7.1.6. Review any significant disagreement among management and the external auditor in connection with any external audit report; and

7.1.7. Evaluate the performance of the external auditor.

7.2. Financial statements and Integrated reports

The Committee will examine and review the Integrated Report, annual financial statements, the interim and preliminary announcements, the accompanying reports to shareholders 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:

7.2.1. The appropriateness of accounting policies adopted and any changes in accounting policies and practices;

7.2.2. Significant financial estimates based on judgment which are included in the financial statements;

7.2.3. The basis on which the Company and the Group had been determined a going concern;

7.2.4. Capital adequacy;

7.2.5. Compliance with applicable accounting standards, JSE listings requirements and legal requirements;

7.2.6. The clarity of disclosure in the Company's financial reports and the context in which statements are made;

7.2.7. Disclosure of sustainability issues in the Integrated Report, ensuring that there is no conflict with the financial information presented in the financial statements, confirming the integrity of the Integrated Report and ensuring that the report has been prepared in accordance with the International Integrated Reporting Framework.

7.2.8. Earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

7.3. Risk Management and Internal Control

The Committee shall assist the board in its evaluation of the adequacy and effectiveness of the risk management system. To achieve this, the Committee is required to:

7.3.1. Ensure the establishment of an independent risk management function.

7.3.2. Review the adequacy and effectiveness of the Group's financial reporting and internal control policies and procedures in place for the identification, assessment and reporting of risks, as well as the Group's process of risk management.
7.3.3. Assist the board in identifying and monitoring all material risks.

7.3.4. Introduce such measures as may serve to enhance the adequacy and effectiveness of the risk management function.

7.3.5. Review the assertions made my management in respect of risk management.

7.3.6. Ensure that a combined assurance framework is applied to ensure a coordinated approach to all assurance activities

7.4. Internal audit

An important role of the Committee will be to monitor the effective functioning of Group's internal audit, ensuring that the roles and functions of the external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the Group's systems of internal control and reporting. To achieve this, the Committee is required to:

7.4.1. Review the effectiveness of the company's systems of internal control with the assistance of the internal audit function;

7.4.2. Review the internal audit function's compliance with its terms of reference as approved by the Committee;

7.4.3. Consider the appointment, dismissal or re-assignment of the internal auditors;

7.4.4. Review significant matters reported by the internal audit function and the adequacy of corrective action taken in response to significant internal audit findings;

7.4.5. Review significant differences of opinion between management and the internal auditors;

7.4.6. Review and monitor the company's policies for preventing or detecting fraud;

7.4.7. Review the company's policies for ensuring that the company complies with relevant regulatory and legal requirements;

7.4.8. Direct and supervise investigations into matters within its scope; and meet with the internal auditors, without any executive member of the board in attendance, at least once a year.

7.5. Compliance with laws and regulations

The Committee shall consider the legal and regulatory requirements to the extent that it may have an impact on the financial statements and shall:

7.5.1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance;

7.5.2. Review the significant findings of any examinations by regulatory agencies, and any audit observations;
7.5.3. Obtain regular updates from the Group Risk and Compliance function regarding compliance matters, including tax compliance, litigation, disputes and claims; and

7.5.4. Obtain reports from management, the internal auditor and the external auditor regarding compliance with all applicable legal and regulatory requirements.

7.6. Other responsibilities

The Committee shall perform other functions, as may be determined by the board, from time to time.

The Committee should establish procedures to:

7.6.1. Satisfy itself that the company’s finance function has the necessary expertise, resources and experience. An annual review of the finance function is performed by the Committee.

7.6.2. Receive and deal appropriately with, any complaints received by the Company regarding its accounting practices and internal audit of the Company, or the content or auditing of its financial statements, or any related matter.

7.6.3. Receive confidential and anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters, or potential violations of law. Ensure that arrangements are in place for the proportionate and independent investigation of such matters, and for appropriate follow-up.

7.6.4. Ensure that Information Technology (IT) and Information Systems (IS) risks are adequately addressed, and that appropriate assurance is obtained.

8. Reporting and Accountability

8.1. The chairman of the Committee shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

8.2. The Committee shall make whatever recommendations to the board it deems appropriate, on any area within its ambit, where action or improvement is needed.

8.3. The chairman (or, in his/her absence, an alternate member) of the Committee shall attend the Annual General Meeting to answer questions, through the chairman of the board, on the Committee’s activities and its responsibilities.

8.4. The Committee shall compile a report to shareholders on its activities to be included in the Company’s Integrated Report.
9. General

The Committee, in carrying out its tasks under this charter, is authorised by the board to:

9.1. Investigate any activities within its terms of reference;

9.2. Seek outside legal or other independent professional advice;

9.3. Secure the attendance of outsiders with the relevant experience and expertise where necessary at the group's expense;

9.4. Seek any information it requires from any employee, and all employees are required to cooperate with any requests made by the Committee; and

9.5. Further delegate responsibility to a Sub-Committee set up by the board or an executive Committee or any person within the employ of the Company.

These terms of reference may be amended as required, subject to the approval of the board.