



## **TRELLIDOR HOLDINGS LIMITED**

### **AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER**

#### ***Introduction***

The Audit, Risk & Compliance Committee (“the Committee” or “AR&CC”) is constituted as a committee of the board of directors of Trellidor Holdings Limited (“the Company” or “the Group”).

The duties and responsibilities of the members of the Committee are in addition to those as members of the board. The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

These terms of reference shall be subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

#### ***Purpose of the Charter/terms of reference***

The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

#### ***Composition of the Committee***

The Committee comprises at least three members to be elected by the shareholders on recommendation by the Nominations Committee (where one exists).

All members of the Committee must be suitably skilled and experienced independent non-executive directors.

The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of the following:

- financial and sustainability reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology governance as it relates to integrated reporting; and governance processes within the company.
- The Chairman of the board is not eligible to be the Chairman but may be a member of the Committee.
- The Committee is chaired by an independent non-executive director.
- The board elects the Chairman of the Committee.
- The board must fill vacancies on the Committee within 40 business days after the vacancy arises.
- The Committee members must keep up-to-date with developments affecting the required skill-set.

#### ***Role***

The Committee is established to:

- i. Assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, internal controls and control processes and the preparation of accurate financial reporting and statements in compliance with all applicable accounting standards, legal requirements and corporate governance;

- ii. Oversee the management of financial and other risks in conjunction with the Social and Ethics Committee and with the assistance of Risk Management Committee established by executive management;
- iii. Provide support to the Board on the risk appetite and risk management of the Group;
- iv. Oversee integrated reporting under the King report on Governance for South Africa 2009 (“King III”);
- v. Ensure the a combined assurance model is applied to provide a co-ordinated approach to all assurance activities as provided for in King III;
- vi. Provide a forum for communication between the Board, management and the external and internal auditors;
- vii. Recommend such measures as in its option may serve to enhance the reliability, integrity objectivity and fair presentation of financial statements and the affairs of the Company;
- viii. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval; and
- ix. Annually review its own performance and report its findings to the Board for review.

### ***Risk Responsibilities***

The Committee will perform all the functions as is necessary to fulfil its role as stated afore and including the following:

- i. Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board.
- ii. Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- iii. 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.
- iv. Oversee that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the Company.
- v. Ensure that risk management assessments are performed on a continuous basis
- vi. Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- vii. Ensure that management considers and implements appropriate risk responses
- viii. Ensure that continuous risk monitoring by management takes place
- ix. Liaise closely with the Audit Committee to exchange information relevant to risk.
- x. Express the Committee’s formal opinion to the board on the effectiveness of the system and process of risk management.
- xi. Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

### ***Audit Responsibilities***

The Committee has the following specific audit responsibilities:

#### ***Integrated reporting***

The Committee oversees integrated reporting, and in particular the Committee must:-

- i. have regard to all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;

- ii. review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- iii. comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls;
- iv. review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- v. recommend to the board the engagement of an external assurance provider on material sustainability issues;
- vi. recommend the integrated report for approval by the board;
- vii. consider the frequency for issuing interim results;
- viii. consider whether the external auditor should perform assurance procedures on the interim results
- ix. review the content of the summarised information for whether it provides a balanced view; and
- x. engage the external auditors to provide assurance on the summarised financial information.

#### *Combined assurance*

The Committee will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee should:

- i. ensure that the combined assurance received is appropriate to address all the significant risks facing the company; and
- ii. monitor the relationship between the external assurance providers and the company.

#### *Finance function and financial director*

The Committee reviews the expertise, resources and experience of the company's finance function, and discloses the results of the review in the integrated report.

The Committee also considers and satisfies itself of the suitability of the expertise and experience of the financial director every year.

#### *Internal audit*

The Committee is responsible for overseeing of internal audit, and in particular the Committee must:

- i. be responsible for the appointment, performance assessment and/or dismissal of the Chief Audit Executive;
- ii. approve the internal audit plan; and
- iii. ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate.

#### *Risk management*

The Committee is an integral component of the risk management process and specifically the Committee must oversee:

- i. financial reporting risks;
- ii. internal financial controls;
- iii. fraud risks as it relates to financial reporting; and
- iv. IT risks as it relates to financial reporting.

### *External audit*

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the Committee must

- i. nominate the external auditor for appointment by the shareholders;
- ii. approve the terms of engagement and remuneration for the external audit engagement;
- iii. monitor and report on the independence of the external auditor in the annual financial statements;
- iv. define a policy for non-audit services provided by the external auditor;
- v. pre-approve the contracts for non-audit services to be rendered by the external auditor;
- vi. ensure that there is a process for the audit committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor;
- vii. review the quality and effectiveness of the external audit process; and
- viii. consider whether the audit firm and, where appropriate, the individual auditor that will be responsible for performing the functions of auditor, are accredited as such on the JSE list of Auditors and their advisors as required by the JSE Limited Listings Requirements.

### **Authority**

The Committee will act in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.

The Committee will have reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional to assist with the execution of its duties, at company's cost, subject to following a board approved process.

The Committee shall make the recommendations to the board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

### **Meeting procedures**

#### **Frequency**

The Committee should hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

Meetings in addition to those scheduled may, with approval of the Chairman, be held at the request of the chief executive officer, chief risk officer or other members of senior management or at the instance of the board.

The Chairman of the Committee may meet with the Chief Executive Officer, Chief Finance Officer, Chief Risk Officer and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

### ***Attendance***

The Chief Executive Officer, Chief Finance Officer, Chief Risk Officer or other members of senior management as may be required, assurance providers and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

Committee members will attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted with the Chairman or Company Secretary.

The Company Secretary will be the secretary to this Committee.

If the nominated Chairman of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairman.

### ***Agenda and minutes***

The Committee will establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan should ensure proper coverage of the matters laid out in the committee charter: 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 three-year period.

The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, will be circulated, at least one week prior to each meeting to the members of the Committee and, where applicable, other invited attendees.

Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.

The minutes shall be completed as soon as possible after the meeting and circulated to the Chairman and the Committee members for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

### ***Quorum***

A representative quorum for meetings is a majority of members present.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

***Written resolutions***

A resolution in writing signed by a majority of the members of the committee at the time when such resolution is released for signature, shall be as valid and effectual as if it has been passed at a duly constituted meeting of the committee, provided that each member of the committee shall have been afforded a reasonable opportunity to express and opinion on the matter to which such resolution relates.

***Evaluation***

The board will perform an evaluation of the effectiveness of the Committee every alternate year.

***Approval of these terms of reference***

These terms of reference was approved by the Chairman of the board and Chairman of the Committee.