



TELKOM SA SOC LIMITED ("Telkom")

AUDIT COMMITTEE

TERMS OF REFERENCE

AUDIT COMMITTEE TERMS OF REFERENCE

1. CONSTITUTION

- 1.1. The Audit Committee (“the Committee”) is constituted as a Statutory Committee of the Board of Directors of Telkom SA SOC Limited (“the Company”) in respect of its statutory duties in terms of section 94(7) of the Companies Act, 71 of 2008 (“the Act”). The duties and responsibilities of the members of the Committee are in addition to those as members of the Board of Directors.
- 1.2. The Committee is an independent statutory Committee and is accountable to the Board of Directors and Shareholders.
- 1.3. 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 diligence in accordance with their statutory obligations.
- 1.4. These Terms of Reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

2. PURPOSE OF THE COMMITTEE TERMS OF REFERENCE

The purpose of the Committee Terms of Reference is to provide a concise overview of:

- 2.1. The roles, responsibilities, functions and powers of the Committee, individual directors and the officials and Executives of the Company;
- 2.2. The powers delegated to Committee by the Board;
- 2.3. Relevant principles of the Company's limits and delegations of authority and matters reserved for final decision-making or pre-approval by the Board; and
- 2.4. The Legislative prescript, policies and practices that govern the Committee.

3. PURPOSE OF THE COMMITTEE

To ensure that the Group has effective corporate governance mechanisms and frameworks in place that are in line with all corporate governance requirements and benchmarks

- 3.1. To assist the Board in discharging its duties relating to the safeguarding of assets and the evaluation of internal controls frameworks within the Company.
- 3.2. To review and assess the integrity and effectiveness of the accounting, financial, compliance and other controls systems.
- 3.3. To consider the internal and external audit process and the accounting principles and policies.
- 3.4. To ensure the independence of the internal and external audit functions to ensure their effectiveness.
- 3.5. To ensure effective communication between the Internal Auditors, the External Auditors, the Board, Management and Regulators.
- 3.6. To ensure compliance and adherence to applicable legal, regulatory and accounting requirements through an independent review.
- 3.7. To contribute to a climate of discipline and controls which will reduce the opportunity for fraud.
- 3.8. To oversee the quality and integrity of the Company's integrated reporting, including the financial statements (including the consolidated Group financial statements), sustainability reporting, and public announcements in respect of the financial results.

4. MEMBERSHIP

- 4.1. The Committee shall comprise at least 3 independent Non-Executive Directors of the Company who shall be appointed by Shareholders at the Company's Annual General Meeting, on recommendation by the Board based on input from the Nominations Committee.
- 4.2. The Chairperson of the Committee, who shall be an independent Non-Executive Director, shall be appointed by the

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Board of Directors, and shall serve for such period as the Board of Directors shall determine. The appointee will be confirmed annually at the Board meeting preceding the Annual General Meeting.

- 4.3. The Chairperson of the Risk Committee shall be a member of this Committee to promote continuity.
- 4.4. The Group Company Secretary or his/her designate shall be the secretary of the Committee.
- 4.5. The following Executives/Invitees shall attend by invitation:
 - 4.5.1. The Group Chief Executive Officer ("Group CEO").
 - 4.5.2. The Group Chief Financial Officer ("Group CFO").
 - 4.5.3. The Group Executive: Internal Audit.
 - 4.5.4. The Group Executive: Regulatory and Legal.
 - 4.5.5. The Joint External Auditors.
- 4.6. Suitably qualified persons may be invited by the Committee as advisors when necessary to render specialist services as may be required to assist the Committee in its deliberations on any matter subject to following a Board approved process, but shall have no rights of voting (refer to the Board Charter).
- 4.7. Other Non-Executive Directors may attend the Committee's meetings post notification of the Chairperson of this Committee, but will not be remunerated for attendance.
- 4.8. If necessary, independent experts and specialists may be co-opted to the Committee as attendees by the Chairperson of the Committee.

5. MEETINGS AND PROCEEDINGS AT MEETINGS

5.1. Quorum

- 5.1.1. The quorum for a meeting shall be a simple majority (50% plus one) of the members of the Committee, present or participating by electronic medium.

5.2. Meetings

- 5.2.1. The meetings of the Committee shall be held at least three (3) times annually.
- 5.2.2. Special meetings of the Committee may be convened as required through the Group Company Secretariat.
- 5.2.3. The Committee may have a joint sitting with other Committees to engage on the integrated report or capex activities.
- 5.2.4. Any member of the Committee may request a special meeting through the Chairperson of the Committee, and this shall be facilitated through Group Company Secretariat. The Committee shall have separate meetings with Management, Internal Audit and the External Auditors as and when required.
- 5.2.5. The meetings of the Committee may be held in person, by telephone, by video conference or such other form of long-distance conference facility as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.
- 5.2.6. Outside of the formal meeting programme, the Chairperson will maintain a dialogue with key individuals involved in the Company's governance, including the Chairperson of the Board, the Group Chief Executive Officer, the Group Chief Financial Officer, the Joint External Audit Lead Partners and the Group Executive: Internal Audit.

5.3. Notice of meetings

- 5.3.1. Notice shall be given in writing to all members of the Committee and other interested parties of each meeting to be held, at least ten (10) calendar days prior to the date on which such meeting is to be held.
- 5.3.2. Notwithstanding the aforesaid, meetings can be requested on short notice if circumstances require, in which event the Chairperson of the Committee shall make a determination in this regard, subject to a quorum being achieved for such short notice period. A Notice waiver shall be issued in instances wherein the deadline is missed.

5.4. Agenda of meetings

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- 5.4.1. The final agenda of meetings other than those called on short notice, shall be prepared and distributed to the Chairperson at least ten (10) calendar days prior to the meeting date.
- 5.4.2. The supporting documents shall be prepared and distributed at least five (5) calendar days prior to the meeting date.

5.5. Chairperson

- 5.5.1. The Role and Responsibility of the Chairperson is:
 - 5.5.1.1. Officiating and conducting meetings.
 - 5.5.1.2. Approving the Meeting Agenda in consultation with Management and the Committee's approved Annual Work Plan.
 - 5.5.1.3. Providing leadership to the Committee and its deliberations and ensure that the Committee Members are aware of their obligations and that the Committee complies with its responsibilities.
 - 5.5.1.4. Ensuring that the matters tabled in the meeting are afforded sufficient time during the meeting deliberations.
 - 5.5.1.5. Ensuring an effective functioning of the Committee including reviewing the skills mix and the performance thereof.

5.6. Conflict of interest

- 5.6.1. Prior to the meeting, a meeting agenda will be circulated to the Committee Members to confirm that there is no potential conflict of interests to be deliberated at the forthcoming meeting. Feedback thereon will be noted by the Office of the Group Company Secretary. Where there is perceived conflict of interest, meeting papers in relation to the respective item for consideration will not be shared with the Member who indicated potential conflict of interests.
- 5.6.2. Before the commencement of every meeting, Committee Members must disclose any conflict or potential conflict of interest on any matter to be discussed at the meeting, and this shall be reflected in the minutes. If there are no conflicts or potential conflicts, this must also be reflected in the minutes.
- 5.6.3. Where a Committee Member has a Material Personal Interest ("MPI"), whether financial or otherwise, in the subject matter of a decision to be considered and acted upon by the Committee and has declared such, such MPI will be deemed to be a conflict of interest, and the Member shall recuse himself / herself from taking part in any discussion or decision concerning the subject matter, and shall leave the meeting for the requisite period of time during such discussion. The recusal shall be minuted. An MPI in any subject matter includes where a Member and/or any person related to the Member:
 - 5.6.3.1. Is a trustee of a trust, director of a company or holds a similar position in any other entity ("Affected Entity"), and such Affected Entity is the subject matter concerned or owns or controls the subject matter concerned ("Affected Entity Subject Matter"); or
 - 5.6.3.2. Has a material beneficial interest (as defined in the Act and applied, with the necessary changes, to any other Affected Person) in an Affected Entity Subject Matter, including material beneficial interest will also mean a beneficial interest representing a monetary value equal to, or greater than 10% of the net worth of the Member or Related Person concerned.
- 5.6.4. Where a conflict of interest exists, whether financial or otherwise, a member shall not receive the minutes that relate to the matter or company that he/she has declared an interest on.

5.7. Minutes of meetings

- 5.7.1. The proceedings of all meetings will be documented in minutes by the Group Company Secretariat or his/her designate.
- 5.7.2. The Group Company Secretary shall keep minutes of all meetings and shall include the minutes with the agenda of the next Committee meeting. The minutes shall be completed as soon as possible after the meeting but not later than 14 (fourteen) working days after the meeting.
- 5.7.3. Minutes shall be signed by the Chairperson and the Group Company Secretary or his/her delegate once approved at the meeting following the meeting for which the minutes relate.

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5.7.4. Minutes shall usually be dealt with at scheduled meetings.

5.8. Written Resolutions

5.8.1. The business of the Committee may, on an exceptional basis, be conducted through a written resolution and/or electronic means in terms of Section 74 of the Companies Act No. 71 of 2008, as amended, post consultation with the Chairperson. The written resolution must be received by all members and approved by 75% of the members of the Committee.

5.8.2. The comments received on the proposal will be circulated to all the members for information purposes prior to the Committee reaching a final decision on the matter.

5.8.3. As per provisions of Section 74 of the Companies Act of 2008, a decision in writing signed by 75% of the members shall be as effective as a decision passed at a meeting of the Committee.

5.9. Reporting responsibilities

5.9.1. The Committee shall report to the Board of Directors, through its Chairperson, who shall provide feedback on the deliberations of the Committee for Board of Directors' noting, consideration and/or approval as appropriate.

5.9.2. Minutes of the meetings of Committee must be submitted to the Board for information purposes.

5.9.3. The Chairperson, alternatively a member of the Committee (in the Chairperson's absence), shall attend the Annual General Meeting (or any General Meeting where matters of the Committee are to be discussed) to answer questions concerning matters falling within the ambit of this Committee.

6. AUTHORITY OF THE COMMITTEE

6.1. The Committee acts in terms of its statutory authority as recorded in these Terms of Reference and is further accountable in this regard to both the Board and the Shareholders. It has the power to investigate any activity within the scope of its Terms of Reference.

6.2. The mandate of this Committee extends to include specific subsidiary companies, as may be determined by the Board of Directors from time to time.

6.3. The Committee, in the fulfilment of its duties, may call upon the Chairpersons of the other Board Committees, any of the Executive Directors, or Group Company Secretary to provide it with information.

6.4. The Committee shall have reasonable access to the company's records, Employees, facilities, and any other resources necessary to discharge its duties and responsibilities, through the Office of the Group Company Secretary.

6.5. The Committee may form, and delegate authority to sub-committees and may formally delegate authority to one or more designated members of the Committee.

6.6. The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to following a Board approved process (refer to the Board Charter for the approved process).

6.7. The Committee shall make recommendations to the Board of Directors that it deems appropriate on any area within the ambit of its Terms of Reference where action or improvement is required.

6.8. All Directors remain equally responsible for the Company's affairs as a matter of law.

6.9. This Committee is established by, and whose members are appointed by Shareholders. Any disagreement between this Committee's members and the rest of the Board of Directors, should be resolved at Board level.

6.10. Where disagreements between this Committee and the Board of Directors cannot be resolved, this Committee should have the right to report the issue to the shareholders as part of the report on its activities in the Company's Integrated Report. If the extent of the disagreement relates to the functioning of this Committee, this Committee may in addition to reporting the matter to the Shareholders, request the Shareholders to resolve any such impasse or the manner in which the Committee should function, having regard to these terms of reference and the statutory duties of this Committee, as enunciated in the Companies Act.

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7. COMMITTEE RESPONSIBILITIES

7.1. The Committee has an independent role with accountability to both the Board and Shareholders. The Committee has an oversight role over the governance and key compliance issues (including compliance with disclosure requirements) of the Company.

The Committee shall be responsible for the following:

7.2. Internal and Financial controls

7.2.1. Ensuring that the following areas are addressed:

7.2.1.1. Financial reporting risks.

7.2.1.2. Internal financial controls.

7.2.1.3. Preventing or detecting fraud.

7.2.1.4. IT risks.

7.2.1.5. Compliance with relevant local and international regulatory and legal requirements.

7.2.1.6. Timeous compliance with disclosure requirements.

7.2.2. Ensuring that its members understand and have an adequate level of comfort of the processes of the Company to identify significant risks in conjunction with the Risk Committee, and that Management reports on it.

7.2.3. Reviewing the Company's statement on internal controls systems prior to endorsement by the Board of Directors.

7.2.4. Reviewing major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material controls deficiencies.

7.3. Internal audit

7.3.1. Reviewing and approving the Internal Audit Charter.

7.3.2. Considering whether the objectives, Company resources and staffing plans, financial budgets, audit plans and standing of the internal audit function provide adequate support to enable the Committee to meet its objectives.

7.3.3. Satisfying itself that the internal audit coverage plans make provision for effectively addressing the risk areas of the business.

7.3.4. Reviewing and approving any required changes to internal audit scope or access to required information.

7.3.5. Reviewing the co-operation and co-ordination between the internal and external audit functions, to ensure completeness of coverage, effective use of resources, and avoid duplication. It will also deal with any issues of material or significant dispute or concern.

7.3.6. Considering the appointment, dismissal or re-assignment of the Group Executive: Internal Audit.

7.3.7. Ensuring that the Group Executive of Internal Audit has unrestricted access to the Chairperson of the Committee and that the Chairperson participates in the annual appraisal of the Group Executive: Internal Audit.

7.3.8. Directing and supervising internal audit reviews into matters within the Committee's scope as and when required.

7.3.9. Considering the results of work performed by, and the conclusions of the Internal Audit function, in relation to:

7.3.9.1. Corporate governance.

7.3.9.2. Financial systems, internal controls, and reporting.

7.3.9.3. Any significant reviews.

7.3.9.4. Internal Financial Controls.

7.3.9.5. Compliance.

7.3.10. Reviewing the adequacy of Management's corrective action taken in response to significant internal audit

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findings, and any significant differences of opinion between Management and the Internal Audit function.

- 7.3.11. Assessing the effectiveness of the Combined Assurance Forum and ensuring the Group Executive of Internal Audit has sufficient authority to execute in his/her role as Chairperson of the Combined Assurance Forum.
- 7.3.12. Assessing and evaluating the independence and effectiveness of the internal auditor functions, in accordance with its mandate.
- 7.3.13. Evaluating work performed by Internal Audit in relation to the assessment of Internal Financial Controls.
- 7.3.14. Ensuring that Internal Audit is subject to an independent quality review every 3 (three) years.
- 7.3.15. Facilitating an exchange of views and concerns that may not be appropriate for discussion in an open forum with internal audit annually, and in the absence of Management.

7.4. External Audit

- 7.4.1. Be directly responsible for the appointment, retention, compensation, resignation or dismissal of the external auditors, as well as their terms of engagement and oversight of the work of the external auditors. The external auditors shall report directly to this Committee.
- 7.4.2. Reviewing the qualifications, expertise, resources, credibility, independence and objectivity of the auditors annually, considering their audit and non-audit fees, taking into consideration relevant professional and regulatory requirements.
- 7.4.3. Discussing and reviewing with the external auditors before the audit commences, the nature and scope of the audit, the impact of regulatory changes and related audit requirements, and the auditors' quality control procedures.
- 7.4.4. Ensuring that the external audit fee will sustain a proper audit and provide value for money.
- 7.4.5. Developing and recommending to the Board of Directors the Company's policy in relation to the provision of non-audit services by the external auditors and ensuring compliance with this policy.
- 7.4.6. Developing and recommending to the Board of Directors the Company's policy regarding rotation of external audit partners considering the provisions of the JSE Listings Requirements.
- 7.4.7. Considering any material problems, reservations and observations, or any potentially contentious accounting treatments or judgements, or significant unusual transactions, or going concern issues arising from the external audit.
- 7.4.8. Assisting with the resolution of any differences of opinion between the external auditors and Management.
- 7.4.9. Identifying key matters arising in the current year's Management letter, considering Management's responses and satisfying itself that issues are being properly dealt with.
- 7.4.10. Considering whether any significant ventures, investments or operations are not subject to external audit, and the impact thereof.
- 7.4.11. Obtaining external auditors' assurance that adequate accounting records are being maintained.
- 7.4.12. Evaluating the performance and effectiveness of the external auditors at the end of the audit cycle.
- 7.4.13. Making recommendations to the Board, for it to put to the shareholders for their approval in general meetings, in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors. If the external auditors resign, the Committee should investigate the issues giving rise to such resignation and consider whether any action is required.
- 7.4.14. Assessing annually the qualifications, expertise and resources of the external auditors and obtaining a report on the audit firm's own internal quality control procedures.
- 7.4.15. Ensuring co-ordination where more than one audit firm is involved.

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- 7.4.16. Examining the allocation of hours by external auditors and fees of the external auditor; and approving same in line with the external auditors' terms of engagement.
- 7.4.17. Ensure that the issuer has established appropriate financial reporting procedures and that those procedures are operating, which should include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer;
- 7.4.18. Review on an annual basis, or as and when required, the suitability of the External Auditors for appointment (or prospective appointment) including the designated Lead Audit Engagement Partner, both when they are appointed for the first time and thereafter annually for every re-appointment, this includes, amongst others, the following:
 - 7.4.18.1. The latest inspection report performed by the *Independent Regulatory Board for Auditors* ("IRBA") on the Audit Firm and the Lead Audit Engagement Partner and any subsequent communications between the Audit Firm and the IRBA;
 - 7.4.18.2. A summary of the audit firm's most recent *International Standard on Quality Control* ("ISQC") 1, (relating to Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance) review including monitoring procedures performed, conclusions made, significant deficiencies identified and remedial actions effected or being effected; and
 - 7.4.18.3. The outcome and a summary of any legal or disciplinary proceedings concluded within the past seven (7) years; and
- 7.4.19. Ensure that the appointment of the External Auditor is submitted to the Annual General Meeting for approval.

7.5. Risk Management

- 7.5.1. Whether or not a separate Risk Committee has been established, the Audit Committee, in conjunction with the Risk Committee, also plays a key role in the risk oversight process in so far as this impact on assurance processes and integrated reporting. Therefore, even if a separate Risk Committee is in place, in executing this role it is necessary that the Audit Committee should have a sound understanding of the following areas of risk as they impact on financial reporting:
 - 7.5.1.1. Financial and sustainability risks.
 - 7.5.1.2. The nature of the risks that are being mitigated through the implementation of the various internal financial controls and the nature of these controls.
 - 7.5.1.3. Fraud risks.
 - 7.5.1.4. Technology and information risks.
 - 7.5.1.5. Tax risks.
- 7.5.2. Providing quarterly reports to the Nominations Committee on changes in risks, laws and the environment within the ambit of the Committee where necessary.

7.6. Combined assurance

- 7.6.1. This Committee will ensure that a combined assurance model is applied, and to provide a coordinated approach to all assurance activities, the Committee should:
 - 7.6.1.1. Ensure that the combined assurance received is appropriate to address all the significant risks facing the Group.
 - 7.6.1.2. Monitor the relationship between the external assurance providers and the Group.

7.7. Financial Statements and Integrated Report

The Committee will oversee integrated reporting together with the Social and Ethics Committee, having regard to all factors and risks that may impact on the integrity of the Integrated Report, and will recommend the Company's Integrated Report to the Board for approval. This includes:

- 7.7.1. Reviewing and recommending the interim and annual financial statements and reports, the accompanying reports to Shareholders, the preliminary announcement of results, Shareholders' circulars, prospectuses and any other announcement regarding the Company's results or other financial information to be made public, prior to submission and approval by the Board of Directors focusing particularly on:
 - 7.7.1.1. Major issues regarding accounting principles and financial statement presentation.

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- 7.7.1.2. The implementation of new systems.
- 7.7.1.3. Tax and litigation matters involving uncertainty.
- 7.7.1.4. Any significant changes in the selection or application of accounting principles.
- 7.7.1.5. Major judgmental areas and alternative IFRS and accounting treatments.
- 7.7.1.6. Significant adjustments resulting from the audit.
- 7.7.1.7. The basis on which the Company has been determined as a going concern, and ensure that the annual report describes the short-term financial assumptions as well as the medium-term integrated sustainability dependencies identified.
- 7.7.1.8. Capital adequacy.
- 7.7.1.9. Internal controls.
- 7.7.1.10. Compliance with accounting standards, local and international compliance with stock exchanges and legal requirements.
- 7.7.1.11. The effect of major adjustments processed at year-end.
- 7.7.1.12. Compliance with the financial conditions of loan covenants.
- 7.7.1.13. Significant transactions not directly related to the Company's normal business as the Committee might deem appropriate.
- 7.7.2. Reviewing the Integrated Report to ensure they present a balanced and understandable assessment of the position, performance and prospects of the Company, examining and reviewing the trading statements, cautionary announcements and all financial related SENS announcements for recommendation to the Board of Directors.
- 7.7.3. Reviewing the quality of financial information produced to ensure reliability and integrity and signing off on the accuracy for annual Short-Term Incentive payments and Long-Term Incentive vesting as per the Rules of the Scheme.
- 7.7.4. Reviewing the external auditors' proposed audit opinion.
- 7.7.5. Ensuring that the integrated sustainability areas of the business are being appropriately managed and review the integrated report to ensure that these are appropriately reported and do not conflict with the financial results. Recommending to the Board of Directors to engage with external assurance providers to provide assurance over material elements of the sustainability of the integrated report.
- 7.7.6. Recommending to the Board of Directors the materiality theme thresholds for the Integrated Report.
- 7.7.7. Considering any necessary disclosure implications of the process that has been applied by the Board of Directors to deal with material internal controls aspects of any significant problems disclosed in the integrated report and accounts.
- 7.7.8. Reviewing the analysis prepared by Management/external auditors setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including the effects of alternative IFRS methods on the financial statements.
- 7.7.9. Reviewing and discussing the annual audited financial statements, the interim and final financial results and quarterly financial Management accounts with Management and the independent auditors.
- 7.7.10. Reviewing and approving any finance/off-balance sheet structures or changes to existing finance/off balance sheet structures.
- 7.7.11. Examining and reviewing the Company's litigation report to ensure that all the contingencies that emanate from the report are properly disclosed and/ or provided for.
- 7.7.12. Reviewing the Integrated Report for compliance with the JSE Annual Report Checklist.
- 7.7.13. Recommending, together with the Social and Ethics Committee, the Integrated Report to the Board of Directors for approval, following the consideration of, amongst others, some external assurance on the integrity, reliability and validation of the sustainable development information and other material ESG issues.
- 7.7.14. The Committee should review the content of the Integrated Report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced, understandable and provides the information necessary for

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Shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the Integrated Report on these matters.

7.8. Finance Function

- 7.8.1. Considering and satisfying itself as to the appropriateness of the expertise and experience of the Group CFO and the finance function on annual basis and reporting to the JSE that it has executed its responsibility in this regard.
- 7.8.2. Providing recommendations to the Nominations Committee for the appointment of the Group CFO.

7.9. Governance

- 7.9.1. Together with external and internal audit, reviewing developments in corporate governance and best practice and considering their impact and implication for the Company, and the Group's processes and structures.
- 7.9.2. Reviewing whether the principles of the King Report on Corporate Governance™ for South Africa, 2016 ("King IV") as set out in the Code, are being embedded within the Group.
- 7.9.3. Reviewing the Company's annual statement on internal controls and its compliance with King IV prior to consideration by the Board.
- 7.9.4. Considering the disclosure of the role of the Audit Committee to be included in the integrated report.
- 7.9.5. Evaluating and monitoring the regulatory governance requirements and Code of Business Conduct within the Group.
- 7.9.6. Being available at all times to advise the Chairperson of the Board of Directors on any questions relating to the financial affairs and internal controls (including financial, operating and compliance controls and risk management) of the Group.
- 7.9.7. Considering and reporting on other topics, as may be required by the Board of Directors.

7.10. Communication with Shareholders

- 7.10.1. The Directors' Report should contain a separate section that describes the role and responsibilities of this Committee and the actions taken by the Committee to discharge those responsibilities.

The section should include:

- 7.10.1.1. A summary of this Committee's role.
- 7.10.1.2. The names and qualifications of all members of this Committee during the period.
- 7.10.1.3. The number of this Committee's meetings held and attendance thereto.
- 7.10.1.4. A report on how the Committee discharged its duties:
 - 7.10.1.4.1. The Integrated Report should explain to shareholders how the policy in relation to the provision of non-audit services by the auditor provides adequate protection of auditor independence.
 - 7.10.1.4.2. If the Board of Directors does not accept this Committee's recommendation regarding the appointment, re-appointment or removal of the external auditors, a statement from this Committee explaining its recommendation and reasons why the Board of Directors has taken a different stance should be included in the Integrated Report.

7.11. Compliance, legal and regulatory matters

- 7.11.1. The Committee shall ensure that the Company has complied with the JSE Listings Requirements.
- 7.11.2. The Committee shall ensure that the practices employed by the Company give effect to the desired principles articulated in the King IV and that these practices have been complied with. Further that the Company complies with the recommended principles that the JSE has made mandatory.
- 7.11.3. The Committee shall ensure that the Company complies with the requirements of the Companies Act 71 of 2008.

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7.12. Business Plan

7.12.1. The Committee, together with the Investment and Transactions Committee shall review and recommend the Group Consolidated Business Plan and Annual Budget and its respective execution risks and the Group Funding Execution Plan to the Board for approval.

7.13. Other Finance related matters

7.13.1. The Committee shall –

7.13.1.1. periodically review the Dividend Policy and dividend declaration; and

7.13.1.2. review the provision of financial assistance as per provisions of Sections 44 and 45 of the Companies Act as and when required.

7.14. Treasury related matters

7.14.1. The Committee shall review the following:

7.14.1.1. The proposed Funding Plan.

7.14.1.2. Treasury-related policies and any subsequent changes.

7.14.1.3. The Company's hedging status and mandates, including any deviations from the hedging policy and monitor any financial market risks.

8. COMMITTEE EVALUATION

8.1. The effectiveness of the Committee shall be evaluated every alternate year, and such evaluations shall alternate between an internal and an external process (unless adverse findings necessitate otherwise). Both the internal and external evaluation process shall be conducted in consultation with the Chairperson of the Board.

8.2. The evaluations shall be conducted through the Nominations Committee and facilitated through the Office of the Group Company Secretary.

9. REVIEW OF THE TERMS OF REFERENCE

9.1. These Terms of Reference shall be reviewed annually, and amended as and when required, subject to the approval of the Board.