



Attacq Limited
Audit and Risk Committee Charter
Updated: July 2018

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Audit and Risk Committee Charter

Revised: July 2018



1. Introduction

- 1.1. The Audit and Risk Committee (the Committee) is constituted as a statutory committee of Attacq Limited (the Company) and its subsidiaries in respect of its statutory duties in terms of section 94(7) of the Companies Act, 2008 and a committee of the Board in respect of all other duties assigned to it by the Board. This committee will fulfil the role of the audit committee for Attacq Limited and its subsidiaries.
- 1.2. The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have 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 legal obligations. This charter is subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation, the King IV Report on Corporate Governance – 2016 and any other applicable law or regulatory provision.

2. Purpose of the charter

- 2.1. The purpose of this charter is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

3. Composition of the Committee

- 3.1. The Committee comprises a minimum of three independent non-executive directors elected by the shareholders on recommendation by the Nominations Committee. All members of the Committee must be suitably skilled and experienced independent non-executive directors.
- 3.2. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of the following:
 - i) financial and sustainability reporting;
 - ii) internal financial controls;
 - iii) external audit process;
 - iv) internal audit process;
 - v) corporate law;
 - vi) risk management;
 - vii) sustainability issues;
 - viii) information technology governance as it relates to integrated reporting; and
 - ix) governance processes within the Company.
- 3.3. The Chairperson of the Board is not eligible to be the Chairperson or a member of the Committee. The Committee is chaired by an independent non-executive director elected by the Board.

4. Role

- 4.1. The Committee has an independent role with accountability to both the Board and shareholders.

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4.2. The Committee does not assume the functions of management, which remains the responsibility of the executive directors, prescribed officers and other members of senior management.

5. Responsibilities

5.1. The Committee has the following specific responsibilities:

b) Integrated reporting:

- i) The Committee oversees integrated reporting, and in particular the Committee must:
 - (1) 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;
 - (2) 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;
 - (3) comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls;
 - (4) comment in the annual financial statements on how the committee has carried out its duties;
 - (5) review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
 - (6) recommend to the Board the engagement of an external assurance provider on material sustainability issues;
 - (7) recommend the integrated report for approval by the Board;
 - (8) consider the frequency for issuing interim results;
 - (9) consider whether the external auditor should perform assurance procedures on the interim results;
 - (10) review the content of the summarised information for whether it provides a balanced view; and
 - (11) engage the external auditors to provide assurance on the summarised financial information.

c) Combined assurance

- i) 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:
 - (1) the Combined Assurance Committee, on behalf of the Audit and Risk Committee provides oversight over assurance providers of Attacq to ensure that the Audit and Risk Committee received sufficient assurances that risks are being managed;
 - (2) ensure that the combined assurance received is appropriate to address all the significant risks facing the company; and

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- (3) monitor the relationship between the external assurance providers and the company.

d) Finance function and Chief Financial Officer

- i) 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.
- ii) The Committee should satisfy itself annually of the suitability of the expertise and experience of the Chief Financial Officer.

e) Internal audit

- i) The Committee is responsible for overseeing of Internal Audit, and in particular the Committee must:
 - (1) be responsible for the appointment, performance assessment and/or dismissal of the Chief Audit Executive or the service provider where the function is fully outsourced;
 - (2) the Chief Audit Executive or the relevant outsourced service provider reports functionally to this Committee and administratively to the Chief Financial Officer;
 - (3) approve the internal audit plan; and
 - (4) ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate.

f) Risk management

- i) The Committee is an integral component of the risk management process and specifically the Committee must oversee:
 - (1) the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
 - (2) monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
 - (3) 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) oversee that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the Company;
 - (5) ensure that risk assessments are performed on a continuous basis;
 - (6) ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
 - (7) review and recommend to the Board for approval the companies risk appetite and tolerance levels;
 - (8) ensure that management considers and implements appropriate risk responses and within the set appetite and tolerance levels;
 - (9) ensure that continuous risk monitoring by management takes place;
 - (10) express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management; and
 - (11) review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

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g) External audit

- i) 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:
 - (1) nominate the external auditor for appointment by the shareholders;
 - (2) approve the terms of engagement and remuneration for the external audit engagement;
 - (3) monitor and report on the independence of the external auditor in the annual financial statements;
 - (4) establish policy and controls that address the provision of non-audit services by the external auditor, and monitor the nature and extent of such services rendered during the financial year;
 - (5) pre-approve the contracts for non-audit services to be rendered by the external auditor;
 - (6) 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;
 - (7) the committee must have sight of key audit matters;
 - (8) review the quality and effectiveness of the external audit process; and
 - (9) 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.

h) Compliance

- i) Compliance is a critical business process and the Committee must:
 - (1) the chairperson of the Transformation, Social and Ethics Committee to provide feedback to the Audit and Risk Committee regarding its oversight role for Compliance as required under the TSE Charter;
 - (2) review reporting to be included in the integrated report for it being timely, comprehensive and relevant; and
 - (3) Any other Compliance related matters should be reported via the Combined Assurance Forum (CAF) to the Committee.

i) Disclosures requirements

- i) The Committee should make the following disclosures:
 - (1) A statement as to whether the Committee is satisfied that the external auditor is independent of the Company. The statement should specifically address:
 - (a) 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;
 - (b) 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;
 - (c) The rotation of the designated external audit partner; and

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- (d) Significant changes in the management of the Company during the external audit firm's tenure which may mitigate the attendant risk of familiarity between the external auditor and management.
- (2) Significant matters that the Committee has considered in relation to the annual financial statements, and how these were addressed by the Committee;
- (3) The Committee's views on the quality of the external audit, with reference to audit quality indicators such as those that may be included in inspection reports issued by external audit regulators;
- (4) The Committee's views on the effectiveness of the chief audit executive and the arrangements for internal audit;
- (5) 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;
- (6) The Committee's views on the effectiveness of the Chief Financial Officer and the finance function;
- (7) The company's application of combined assurance;
- (8) The arrangements in place for combined assurance and the Committee's views on its effectiveness;
- (9) Internal audit arrangements and the internal control environment;
- (10) The nature and extent of the risks and opportunities the Company is willing to take without compromising sensitive information;
- (11) An overview of the arrangements in place for governing and managing risk;
- (12) Key areas of focus during the reporting period, including objectives, the key risks that the Company faces, as well as undue, unexpected or unusual risks taken outside of risk tolerance levels;
- (13) Actions taken to monitor the effectiveness of risk management and how the outcomes were addressed;
- (14) Planned areas of future risk focus;

k) Disclosures requirements

- i) The Committee should oversee and monitor, on an ongoing basis, how the consequences of the Group's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed with management in all of the following areas:
 - a) Economy (including economic transformation; prevention, detection and response to fraud and corruption; and responsible and transparent tax policy).
 - b) An overview of the arrangements for governing and managing compliance (i.e. the applicable non-binding rules, codes and standards to which the company adheres on a voluntary basis);
 - c) Actions taken to monitor the effectiveness of compliance management and how the outcomes are addressed (i.e. how the Board has discharged its responsibility to ensure the establishment of an effective compliance framework and processes;
 - d) Material or repeated regulatory penalties, sanctions or fines for contravention of, or non-compliance with statutory obligations, whether imposed on the Company or on members of the Board or officers should be reported via CAF to the Committee and subsequently reported to the Board; and

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6. Authority

- 6.1. The Committee has decision-making authority in regard to its statutory duties and is accountable in this respect to both the Board and the shareholders. To this end the Chairperson of the Committee must be present at all annual general meetings.
- 6.2. On all responsibilities delegated to it by the Board outside of the statutory duties, the Committee makes recommendations for approval by the Board. The Committee acts in accordance with its statutory duties and the delegated authority of the Board as recorded in this charter.
- 6.3. It has the power to investigate any activity within the scope of its charter. The Committee, in the fulfilment of its duties, may call upon the Chairperson of the other Board committees, any of the executive directors, company officers, and Company Secretary or assurance providers to provide it with information subject to Board approved process.
- 6.4. The Committee has reasonable access to the company's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following Board approved process. The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
- 6.5. The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at company's cost, subject to a Board approved process being followed.

7. Meetings and Procedures

a) Frequency

- i) The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in this charter but subject to a minimum of three meetings per year. Meetings in addition to those scheduled may, with approval of the Chairperson, be held at the request of the external auditor, the chief executive officer, chief financial officer, chief audit executive or other members of senior management or at the instance of the Board.
- ii) The Committee must meet with internal and external auditors at least once a year without management being present.

b) Attendance

- i) The chief executive officer, chief financial officer, chief audit executive, representatives from the external auditors, other assurance providers, professional advisors and Board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- ii) Committee members must 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 to the Chairperson or Company Secretary.
- iii) The Company Secretary is the secretary to this Committee.
- iv) If the nominated Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairperson.

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c) Agenda and minutes

- i) The Committee must 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 must ensure proper coverage of the matters laid out in this charter.
- ii) 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, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees. Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- iii) The minutes must be completed as soon as possible after the meeting and circulated to the Chairperson and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

d) Quorum

- i) A representative quorum for meetings is a majority of members present.
- ii) Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

e) Reporting

- i) The Chairperson of this Committee will provide a summary report to the Board following each meeting of the Committee.

8. Evaluation

8.1. The Board must perform an evaluation of the effectiveness of the Committee every year.

9. Approval of this charter

9.1. This charter will be reviewed on an annual basis and signed by the Chairperson of the Board and the Chairperson of the Audit and Risk Committee.

Chairperson of the Board

Date: 6 September 2018

Chairperson of the Audit and Risk Committee