



ARC
INVESTMENTS

Audit and Risk
Committee Charter

AUDIT AND RISK COMMITTEE CHARTER (Terms of Reference)

1. BACKGROUND

- 1.1 ARC Investments Limited (“AIL”) or (“the Company”) is a capital raising and investment entity incorporated under the laws of Mauritius. It is managed in Mauritius and holds a Category One Global Business licence issued by the FSC. It was listed on the Johannesburg Stock Exchange (“JSE”) on 7 September 2017, which therefore means it is subject to both the laws of Mauritius and the Rules of the JSE.
- 1.2 It is designed to offer shareholders long-term capital appreciation by enabling them to invest in a permanently broad-based Black controlled investment entity with a diversified underlying portfolio of listed and unlisted investments.
- 1.3 This Charter describes the purpose and scope, constitution, responsibilities and authority of the Audit and Risk Committee of the Company.
- 1.4 The Delegation of Authority Document (“DOA”) of the Board delegates the authority to appropriate entities/committees to ensure that the various responsibilities are met.

2. INTRODUCTION & CONSTITUTION

- 2.1. The Committee is constituted as a committee of the Board as it is not required for the Company to have a statutory audit committee, either in terms of section 94(7) of the Companies Act No 71 of 2008 (“the Act”) or in terms of its Memorandum of Incorporation. However, the Board has assigned the duties of an audit committee, essentially as set out in terms of section 94(7) of the Act, as well as additional responsibilities regarding governance, compliance and risk management to the Committee.
- 2.2. 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 regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 2.3. This Charter is subject to the provisions of the Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision. When reference is made to the Company, it is implied that all subsidiaries, where relevant, are included.
- 2.4. The purpose of the Charter is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.
- 2.5. The Committee shall assist the Board in fulfilling its oversight responsibilities by reviewing:
 - The overall quality and integrity of financial, reporting and integrated and sustainability report disclosures;
 - The risks relating to financial reporting and disclosures;
 - The appropriateness and effectiveness of internal controls in general and internal financial controls specifically within the ARC Fund where the Company has assumed the role of the General Partner, and where the Company has significant exposure in terms of its investments and obligations arising from the partnership agreement of the ARC Fund;
 - The quality of the work done by the professionals responsible for financial and internal control;
 - The qualification, independence and fees of the External Auditors of the Company and the group companies where relevant;
 - The performance and leadership of Internal Audit as an internal assurance provider (if applicable); and
 - The Company's compliance with applicable legal and regulatory requirements only to the extent that it would impact financial reporting.
- 2.6. Except as otherwise indicated, the Committee will make recommendations to the Board for the Board's consideration and final approval.
- 2.7. The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee is authorised to seek any information it requires from any employee in the UBI Group, and all employees are expected to co-operate with any request made by the Committee.

3. RESPONSIBILITIES

- 3.1 The Committee will assume the following functions, and if so mandated, for any of its subsidiaries. It is essentially in line with the requirements of section 94(7) of the Act, and summarised responsibilities in terms of the Johannesburg Stock Exchange Limited (“JSE”) Listing Requirements as detailed in Annexure B attached:
- 3.1.1. Nominate for appointment by the shareholders, in terms of section 90 of the Act, a Registered Auditor (the “Auditor”) who, in the opinion of the Committee, is independent and does not have any conflict of interest;
 - 3.1.2. Determine the fees to be paid to the Auditor and the Auditor’s terms of engagement;
 - 3.1.3. Ensure that the appointment of the Auditor complies with the Act and any other legislation relating to the appointment of the Auditor;
 - 3.1.4. Determine the nature and extent of any non-audit services which the Auditor may provide to the Company and subsidiaries (where relevant), and for this purpose, also determine and regularly review a non-audit services policy;
 - 3.1.5. Pre-approve any proposed agreement with the Auditor for the provision of non-audit services to the Company;
 - 3.1.6. To make submissions to the Board on any matter concerning the company’s accounting policies, financial control, records and reporting;
 - 3.1.7. Receive and deal appropriately with any complaints (whether from within or outside the company) relating to the accounting practices and internal audit of the company, the content or auditing of the company’s financial statements, internal financial controls of the company or to any related matter;
 - 3.1.8. To perform other functions determined by the Board; and
 - 3.1.9. In the annual financial statements to be issued in terms of the Act in respect of that financial year, ensure the inclusion of a report:
 - 3.1.9a describing how the Committee carried out its functions;
 - 3.1.9b stating whether the Committee is satisfied that the Auditor was independent of the Company; and
 - 3.1.9c commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company.
- 3.2 The Committee takes primary responsibility for and has the ultimate decision-making ability regarding its statutory duties. If differences of opinion should arise between the Board and the Committee where the Committee’s statutory functions are concerned, the Committee’s decision will prevail. However, as the Committee also serves as a committee of the Board for duties assigned to it by the Board over and above its statutory duties, the Board retains ultimate decision-making ability on non-statutory matters.
- 3.3 The Committee will 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.

4. RELATIONSHIP WITHIN THE GROUP OF COMPANIES

- 4.1 The Company is a wholly owned subsidiary of Ubuntu-Botho Investment Proprietary Limited (“UBI”), with its subsidiaries (“UBI Group”). The board of UBI (“UBI Board”) has approved a Group Governance Policy which proposes certain principles to be applied throughout the UBI Group in respect of subsidiary and associate companies, partnerships, joint ventures as well as business divisions across statutory entities. This also covers the broader ‘tight’ governance aspects such as people management, risk management, information management and technology, culture and ethics.
- 4.2 initially ARC was the main operating subsidiary within the UBI Group that had the responsibility to develop the UBI Group into a diversified financial services group. Subsequent to the listing of ARCI, both ARC and ARCI will be acquiring interests in a wide variety of entities (“UBI Investee Company”) and will have the responsibility to manage UBI and the UBI group’s interests, inter alia, through its representatives on the boards of directors of these companies, monitoring the performance of the investments and disposing of investments. The board of directors of each UBI Investee Company have a fiduciary duty towards that specific company, which compels them to manage the business in a manner that will ensure an effective control environment and accurate financial reporting. It is the responsibility of these directors to ensure that the different companies practice proper governance and adhere to the UBI Group’s policies and standards, to the extent practically possible and desirable. The latter will naturally depend on the percentage interest that is held, together with the degree of control that UBI could exert in the UBI Investee Company. UBI’s

representatives on the boards of the UBI Investee Companies are required to annually inform and report to the Committee any material deviations from the UBI Group policies and standards or the existence of any significant internal control breakdowns within these businesses. They may report directly or institute appropriate reporting mechanisms such as the tabling of financial and risk committee's minutes, formal written reports by the financial and risk committee chairperson, or by personal attendance at the meeting.

- 4.3 The UBI Board requires that the Committee provides assurance regarding the quality of financial reporting and disclosures, as well as the internal control environment in the UBI Group. In addition the independence and relationships with the External and Internal Auditors are also managed by the Committee. These aspects are all considered "tight" in terms of the Group Governance Policy and the Committee will therefore from time to time provide guidance or set the UBI Group policies through the UBI Board.
- 4.4 The Committee shall devote sufficient time to the subsidiaries within the UBI Group, proportionate to the nature, scale and complexity of these businesses, focussing specifically on:
- 4.4.1. Annual financial statements;
 - 4.4.2. Combined assurance and finance function reporting;
 - 4.4.3. Internal audit;
 - 4.4.4. Risk management; and
 - 4.4.5. External Audit.

5. MEMBERSHIP

- 5.1 The Committee comprises at least three members to be elected by the shareholders on recommendation by the Board. All members of the Committee must be suitably skilled and experienced independent non-executive directors and meet the fit and proper requirements as required by relevant legislation and regulations.
- 5.2 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, risk management and governance structures and processes within the Company.
- 5.3 All members of the Committee must be financially literate and must have accounting, valuation and related financial management expertises. The Committee members should enhance and maintain their finance, valuation, Information Technology, and accounting knowledge by participating in training programmes arranged by UBI or as identified by the Board.
- 5.4 The Board must appoint a person to fill a vacancy on the Committee within 40 business days should such a vacancy arise. Such an appointment must be ratified by the shareholders at the subsequent Annual General Meeting ("AGM").
- 5.5 The Chairperson of the Board shall not be eligible to serve as a member of the Committee but may attend Committee meetings by invitation.
- 5.6 The Board will appoint the Chairperson of the Committee and determine the period for which s/he will hold office.
- 5.7 The Chairperson of the Committee may invite members of management or other persons to attend and to be heard at Committee meetings. A standing invitation shall be issued to the:
- Chairperson of the Board;
 - The Executive Director (ED) of UBI GP Co.;
 - Chief Financial Officer (CFO) / Financial Director of UBI GP Co. (where relevant);
 - Internal auditors or Head of Internal Audit (if outsourced) of UBI GP Co. (where relevant); and
 - Engagement partners of the External Audit firm of UBI GP Co.

All Board members may attend the Committee meetings.

- 5.8 The Company Secretary of UBI GP Co will act as the secretary to the Committee.
- 5.9 The members of the Committee must satisfy the requirements section 94(4) and (5) of the Act, as amended. The Committee, taken as a whole, shall comprise of persons with adequate relevant knowledge and experience to equip the Committee to fulfil its functions.

6 RESPONSIBILITIES

In discharging its' responsibility to provide assurance to the Board and the Company's responsibilities and obligations as General Partner and to ensure the optimal functioning of the Committee, the Committee will from time to time prepare a list of its specific duties and areas of focus. These will be specific to both the Company, any subsidiaries of the Company (where relevant) and the ARC Fund or ARCI. The list of specific duties provided below may not be comprehensive and will be amended as and when required.

The Committee's specific duties and main areas of focus are the following:

6.1. Financial Reporting

6.1.1. Review the accounting policies on an annual basis and prior to the finalisation of annual results:

- 6.1.1.1. Review their quality and acceptability in terms of local and internationally accepted best practice, alternative accounting policies applied by peer-group companies and the International Financial Reporting Standards ("IFRS") and legal framework;
- 6.1.1.2. Where necessary, consider and recommend for approval to the Board changes in accounting policies or material changes in the presentation of financial information; and
- 6.1.1.3. Take note of significant new or proposed accounting and auditing issues that may affect the company, and consider appropriate action.

6.1.2. Review and recommend for approval to the Board, the annual results, and Integrated Report (including any summary thereof), focusing in particular on:

- 6.1.2.1 Correct and consistent application of accounting practices and policies appropriate and complete disclosure in respect of policy amendments;
- 6.1.2.2 The valuation of assets and liabilities on the statement of financial position, including the value placed on unlisted investments and the control thereof (assets as well as the process);
- 6.1.2.3 Major liabilities, including pending taxation and legal cases. Consider the disclosure in the financial statements and the appropriate level, creation and release of accounting provisions at corporate level;
- 6.1.2.4 The reasonableness of the taxation calculation and corresponding provisions;
- 6.1.2.5 The financial strength, including its adherence to solvency requirements, contractual commitments and loan covenants;
- 6.1.2.6 The impact and accounting treatment of significant transactions or transactions that are not part of the normal business;
- 6.1.2.7 Significant and complex adjustments and transactions processed at year-end, including those adjustments resulting from the external audit;
- 6.1.2.8 Significant statement of financial position changes or changes in trends or important financial statement ratios;
- 6.1.2.9 The disclosure of significant off-balance sheet transactions;
- 6.1.2.10 Dividend declarations; and
- 6.1.2.11 The effect of significant events after the reporting period.

6.1.3. Review related party transactions and ensure that management has an adequate process to identify related parties, capture transactions with them and provide sufficient disclosures.

6.1.4. Review and recommend for approval to the Board the documented facts and assumptions used to reach a conclusion on the going-concern status.

6.1.5. Consider changes to the dividend policy and recommend dividend declarations to the Board.

6.2 Integrated reporting

It is acknowledged that comprehensive integrated reporting and sustainability reporting may not be required but this will evolve as the activities expand.

As it evolves, the Committee, in addition to the financial reporting responsibilities listed in 6.1 above, will also oversee integrated and sustainability reporting (the process for conveying adequate information about the social, economic and environmental impact of the Company on the community in which it operates). In particular, the Board has tasked the Committee to:

- Have regard to all factors and risks that may impact on the integrity of the integrated and sustainability 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;
- Assist the Board in improving the disclosure of sustainability issues by ensuring that information in the sustainability report is reliable and that no conflicts or differences arise when compared to the financial results or the integrated report; and
- Recommend to the Board to engage an external assurance provider to provide assurance over material elements (as defined by the Social, Ethics and Sustainability Committee) of the Integrated and Sustainability reports. The Committee should also evaluate the independence and credentials of the external assurance provider.

This responsibility also applies to any summarised information made available to stakeholders.

The Committee needs to coordinate its activities in this regard with other Board Committees such as the Social, Ethics and Sustainability Committee.

6.3 Corporate Governance

- Review the Company's compliance with mandatory corporate governance principles and disclosures;
- Assist the Board in its evaluation and monitoring of the appropriateness and effectiveness of the best practice corporate governance structures, processes, practices and instruments; and
- Review representation letters and other forms of assurances provided by other audit committees in the UBI Group.

6.4 Internal Control

- Ensure accountability of management for internal control and the appropriate "control culture" by communicating the importance of internal control and management of risk;
- Consider and approve the approach followed by financial management for formally designing, implementing, documenting and reviewing the internal financial controls;
- Annually consider if combined assurance from management, the internal audit and external audit plans provide enough assurance around the significant areas of financial reporting and more specifically the internal financial controls in these areas. If required instruct assurance providers to perform additional work;
- Review the summarised annual internal and external audit plans and scope with management and the Auditor to ensure that adequate audit coverage will be obtained which will address the significant risks;
- Review the reports by management and the auditors on the internal controls over the financial reporting process;
- Review the extent to which internal control recommendations made by internal and External Auditor have been implemented by management;
- Consider the risk of material misstatements because of fraud;
- Consider the potential effect of Information Technology risks on financial reporting and ensure that appropriate assurances are obtained from management, Internal or External Auditor;
- Review reports around the effectiveness of these financial controls. The Committee must annually conclude and report to stakeholders and the Board on the effectiveness of the Company's internal financial controls. Before the Committee concludes and reports to the Board, it should holistically consider all information brought to its attention from all sources; and
- Make recommendations to the Board annually on the effectiveness of internal control by:
 - i. Discussing the process followed by the audit committees of the different subsidiaries to review the internal control systems of their operations;
 - ii. Reviewing information on significant internal control breakdowns provided by the other audit committees via their boards of directors; and
 - iii. Consider feedback on the effectiveness of the risk management processes.

6.5 Governance, Compliance and Risk management

Management is accountable to the Board for designing, implementing and monitoring the process of governance, compliance and risk management, including its integration into the day-to-day activities

of the UBI Group. The Committee must perform all the functions as is necessary to fulfil its role as stated above including the following:

- 6.5.1 Providing oversight and monitoring the design and implementation of the governance, risk management and compliance systems. This includes the following:
 - oversight over the philosophy, strategy, framework, policies and plan for governance, compliance and risk management to ensure systematic, disciplined approaches are developed and implemented;
 - review and recommend (if required) any changes to the philosophy, strategy, policies and plan for approval to the Board;
 - Expressing a formal opinion to the Board on the adequacy and efficiency of the system and process of governance, compliance and risk management; and
 - Introduce such measures as may serve to enhance the adequacy and efficiency of the governance, compliance and risk management system.
 - 6.5.2 Providing oversight over the internal control systems as implemented by management to reasonably ensure, from a control perspective, that the business is being operated consistently aligned with:
 - the Board's strategy;
 - agreed business objectives,
 - agreed policies and processes, and
 - applicable laws and regulations and relevant industry Codes.
 - 6.5.3 Assist the board in the identification of the build-up and concentration of the various risks to which the Group is exposed;
 - 6.5.4 Assist the board in identifying and regularly monitoring all material risks and key indicators to ensure that its decision-making capability and accuracy of its reporting is maintained at a high level;
 - 6.5.5 Monitoring and recommending to the Board the levels of risk tolerance, risk appetite and monitoring that those risks are managed within the levels of tolerance and appetite as approved by the Board;
 - 6.5.6 Reviewing reports concerning governance, compliance and risk management that are to be included in the integrated report;
 - 6.5.7 Reviewing and discussing the IT Governance to ensure that it is appropriate, aligned and supports the strategy and risk appetite. Specifically, in terms of IT Governance, that the principles should align to King IV; and
 - 6.5.8 Providing oversight over outsourcing activities to support the Board in its overall responsibility of any material functions, management functions, control functions or activities that have been / are planned to be outsourced.
- 6.6 Relationship with External Auditor
- Nominate to the shareholders at the AGM for appointment, re-appointment or removal under section 90 of the Act, a Registered Auditor of the Company who, in the opinion of the Committee, is independent of the Company;
 - Review the performance of the Auditor on an annual basis and make recommendations to the Board in this regard;
 - Review and determine the engagement letter of the Auditor, the terms, nature and scope of the engagement;
 - Ensure that the appointment of the Auditor complies with the Act and any other legislation relating to the appointment of the Auditor;
 - Approve the policy as contained in Annexure C herein (which include the nature and extent thereof) for the provision of non-audit services by the External Auditors. Request and review an annual statement from the auditors regarding relationships and services that can impact on their objectivity and independence. Pre-approve any proposed contract with the auditors for the provision of such services to the Company;
 - Discuss and approve the annual audit plan and fee budget. Understand the auditor's approach in respect of materiality. Ensure that a balance is maintained between value for money and a comprehensive audit without any limitations in respect of scope. Approve the payment of audit fees (also for those subsidiaries that mandated the Committee to perform the statutory duties on its behalf, where relevant);

- Ensure that all significant ventures, investments, off-balance transactions, special purposes entities or operations are subject to external audit;
- Review the External Auditor's relationship with internal audit and other assurance providers, including the reliance placed on one another's work and the co-ordination among the various parties;
- Review the overall level of audit fees assessed against appropriate benchmarks. Investigate areas of potential saving, if required;
- Review and discuss the Auditor's report(s) on significant audit findings. Enquire into any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Review and discuss the summary of unadjusted audit and disclosure differences after the annual statutory audit;
- Review any significant matters, illegal acts or material irregularities reported, or to be reported by the External Auditor to the Independent Regulatory Board for Auditors or in terms of any other legal or statutory requirements applicable to any local or foreign operations. Where the auditor's report is modified as a result of a reportable irregularity, the Committee should review the completeness and accuracy of the disclosure of such matters in the financial statements;
- Review any written representations made by management to the Auditors;
- Discuss matters related to the conduct of the audit, which are to be communicated to the Committee under IFRSs;
- Review the External Auditor opinion in the Annual Financial Statements; and
- Discuss with the External Auditor the appropriateness and disclosure of the accounting policies applied and whether their application is considered aggressive, balanced or conservative.

6.7 Relationship with Internal Audit (if deemed relevant)

It is acknowledged that the Company will initially not have an internal audit function or outsource the internal function but this could evolve as the activities of the Company expand.

- In the event that the internal audit function is outsourced, the Committee will review the service level agreement to ensure that the internal audit function will assist appropriately to provide the required combined assurance;
- In the event that the Company appoints employees in the capacity of internal Auditors, the Committee will:
 - Review the Internal Audit Charter and ensure that the objectives of the internal audit function support the overall needs and requirements;
 - Review the annual coverage plan and internal audit's written assessment on the effectiveness of internal control;
 - Review the effectiveness of the internal audit structures regularly;
 - Ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate; and
 - Evaluate the independence of the internal auditors.
- Evaluate the performance of the UBI Group's Internal Audit Services against the approved charter.

6.8 Other

- Ensure that a Combined Assurance Model (CAM) is applied to provide a coordinated approach to all assurance activities. The Committee is responsible for ensuring that significant risks facing the company are adequately addressed;
- Consider the adequacy of management information given to the Board;
- The Committee should annually satisfy itself of the expertise, resources and experience of the finance functions throughout the Company;
- The Committee must annually evaluate the suitability of expertise and experience as well as the performance of the Finance Director (where relevant) of the Company and recommend to the Board if any changes are required;
- Insert in the annual financial statements of the Company, to be issued in terms of the Act, in respect of that financial year a report:
 - describing how the Committee carried out its functions in terms of the Act;
 - stating whether the Committee is satisfied that the auditor was independent of the Company; and
 - Comment in any way the Committee considers appropriate on the annual financial statements, the accounting practices and the internal financial controls of the Company.
- Receive and deal appropriately with any complaints (whether from within the UBI Group or outside) relating either to the accounting practices, internal financial control and internal audit of

- the UBI Group or to the content or auditing of its Integrated Report, or to any related matter;
- Consider any other matters that the Board may refer to the Committee from time to time; and
- The Committee must ensure that the chairperson (or in his/her absence, a member) of the Committee attends Company's AGM to answer questions concerning matters falling within the ambit of the Committee.

7. MEETINGS

- 7.1 Meetings of the Committee will be held as often as the Chairperson of the Committee deems to be appropriate; however, the Committee will meet at least twice each year. Further meetings may be called by the Chairperson of the Committee as well as by any Committee member, the External Auditor or the Head of Internal Audit (via the Chairperson of the Board). Meetings should be organised so that attendance is maximised;
- 7.2 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, will (other than in exceptional circumstances) be forwarded to each member of the Committee not less than five (5) business days prior to the date of the meeting;
- 7.3 The quorum for the Committee to transact business will be the majority of the members of the Committee. 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;
- 7.4 The Committee will conduct its meetings in accordance with an annual Board-approved plan to ensure that it fulfills all of its responsibilities;
- 7.5 Members of the Committee are encouraged to raise and debate alternative viewpoints;
- 7.6 The Committee has the prerogative to, and shall meet separately with management and the External Auditor on a regular basis, but no less than once a year at executive sessions; and
- 7.7 No attendee/invitee shall have a vote at meetings of the Committee.

8. PROCEEDINGS

- 8.1 The Committee secretary (the Company Secretary of UBI GP Co) will take minutes of meetings. Minutes of all meetings, after preliminary approval thereof by the Chairperson, will be circulated to all the members of the Committee, and to other members of the Board;
- 8.2 The Chairperson of the Committee will regularly provide summarised feedback to the Board on the Committee's activities and deliberations; and/or
- 8.3 The Committee must report at least annually to the Board on its function, responsibilities and activities. Such feedback will include the evaluation of the effectiveness of the Committee and propose amendments (if any) to its Charter.

9. REMUNERATION

- 9.1 Having regard to the functions performed by the members of the Committee (in addition to their functions as directors (where applicable)) in relation to the activities of the Committee, and pursuant to the specific power conferred upon the Board by the Memorandum of Incorporation of the company, non-executive members of the Committee may, on the recommendation of the Board, be paid special remuneration;
- 9.2 Such special remuneration will be in addition to the annual fees payable to directors; and
- 9.3 The remuneration of the Committee members will annually be set for the next year by the shareholders of the Company at the AGM on the recommendation of the Board.

10. GENERAL

- 10.1 The Committee, in carrying out its tasks under these terms of reference, may after consultation with the Chairperson of the Board, and in cooperation with the Company Secretary, obtain such independent professional advice (from both inside and outside the Group) as it considers necessary to carry out its duties;
- 10.2 The Committee must assess its performance each year, having regard to the principles and requirements of its terms of reference and the overall objective of the Committee's work. The Chairperson of the Committee shall ensure that the results of the assessment of its effectiveness and any proposed changes to its terms of reference are reported to the Board; and
- 10.3 These terms of reference were approved by the board on [28 November 2017] and are reviewable annually.



Annexure A

Audit and Risk Committee Annual Plan:

	Sep	Nov	Feb	May	Ad Hoc
External audit					
Appointment of the External Auditor / review engagement letter (including applicable subsidiary companies) the terms, nature and scope of the audit function, procedure and engagement, and coordination with internal audit		X			
Reconciliation of actual audit fee with budgeted audit fee – previous year (including applicable subsidiary companies)		X			
Audit fee budget for current financial year (including applicable subsidiary companies)		X			
Disclosure of consulting assignments (including applicable subsidiary companies)	X	X	X	X	
Review policy for provision of non-audit services (including applicable subsidiary companies)		X			
Review report to be inserted in annual financial statements describing the functions of the Committee and that it is satisfied that the External Auditor was independent to the Company	X				
Discuss and review, with the External Auditor before the audit commences, the auditor's engagement letter		X			
Receive and deal with complaints relating to accounting practices, internal audit, content or auditing of financial statements (including applicable subsidiary companies)	X				
Audit report / opinion on financial results	X		X		
Annual Appraisal of External Auditors		X			
Audit planning for the financial year		X			
Review of management representation letter to external audit	X		X		
Current developments in accounting, reporting and auditing matters		X		X	
Executive session with external audit	X	X	X	X	
Governance & Internal control					
Review corporate governance practices	X				
Define internal control breakdown, revisit materiality levels and define reporting requirements				X	
Review material breakdowns reported	X				
Review written assessment on internal control	X				
Review summary of significant findings and outstanding audit points	X	X	X	X	
Integrated Reporting					
Review Annual Integrated Report for the year	X				
Review Abridged Financial Statements for the year	X				
Review Interim Financial Statements for the year			X		
Review Group management accounts	X	X	X	X	
Review the Annual Comprehensive Sustainability report	X				
Assess need for providing a trading update	X		X		
Review of valuation of unlisted investments	X		X		
Status of accruals and provisions	X		X		
Assess going concern facts and assumptions	X		X		
Review material transactions (when applicable)	X	X	X	X	
Review of related party transactions	X		X		
Review dividend declaration	X		X		
Review expertise, resources and experience of finance function and financial director				X	
Current developments in accounting and reporting matters (including proposed changes in accounting policy)		X		X	

	Sep	Nov	Feb	May	Ad Hoc
Material Subsidiaries and Investments					
Report back of proceedings of Audit & Risk Committee meetings of underlying companies	X	X	X	X	
Reviewing interim and final financial statements and recommending same to the boards of the companies for approval	X		X		
Approve representation letter	X				
Risk Management					
External Audit					
General					
Annual assessment (includes review by Board)				X	
Review of Committee charter		X			
Report to Board on Committee assessment				X	
Report to Board	X	X	X	X	
Assessment of Committee member training needs		X			
Board approval of annual Committee plan				X	
RISK MATTERS– GENERAL					
Annual Committee assessments (includes review by Board)				X	
Review of Committee Charter				X	
Report to Board on Risk Committee assessment				X	
Assessment of Committee member training needs	As needed				
Review of the annual governance, compliance and risk management plan				X	
Define risk appetite, escalation process and define reporting requirements				X	
Consider adequacy of management information to the Board	X	X	X	X	
Express formal opinion to the Board on adequacy and effectiveness of governance, compliance and risk management and review reporting included in annual report	X				
GOVERNANCE					
Review of Corporate Governance Policy and Framework		X			
Review of Corporate Governance report		X		X	
Review of the IT Charter and maturity against the IT Charter				X	
COMPLIANCE					
Review the Compliance function Charter, Framework and the Compliance Universe		X			
Review Compliance Policy		X			
RISK MANAGEMENT					
Review and recommend for approval to the board the Company's Risk Management Policies including the following : Overall risk management policy; General Governance Policy; Internal Controls Policy; Investment Policy; Remuneration policy; Concentration risk management; and IT Governance.		X			
Review of the internal control system		X		X	
Review significant litigation matters & legal counsel	X	X	X	X	
Review performance against the risk appetite criteria and monitor that risks are managed within tolerance levels	X	X	X	X	
Discuss audit alignment with critical risks				X	
Review of effectiveness of risk management process in business units				X	
Review of quality assurance, compliance with Group and risk management standards				X	
Review significant investigations		X		X	
Review governance and oversight over internal model			X		

Annexure B

Responsibilities of the Audit and Risk Committee in terms of the Johannesburg Stock Exchange Limited ("JSE") Listing Requirements ("LRs")

Unless otherwise expressly stated, or the context otherwise requires, any word or expression which has been defined (or incorporated therein by reference) in the Audit and Risk Committee Charter of UB General Partner Proprietary Limited ("Audit and Risk Committee Charter") and which has not been defined in this document shall, if used with initial capitals in this document, bear the meaning ascribed to it in the Audit and Risk Committee Charter.

The Audit and Risk Committee (the "Committee") must:

- consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director;
- ensure that the issuer has established appropriate financial reporting procedures, and that those procedures are operating (the Chairperson of the Board and Committee must confirm the same to the JSE in case of a new listing);
- request from the audit firm (and if necessary consult with the audit firm on) the information detailed in Information to be provided to the Audit Committee (paragraph 22.15(h) below) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner, both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuers prior to listing;
- confirm the above by reporting to shareholders in its annual report that the Committee has executed this responsibility;
- consider the appointment of the company's auditor firm (including the individual auditor) and reporting accountant and recommend the appointment or re-appointment at the AGM or prior to listing:
 - of the audit firm and reporting accountant must be JSE accredited on the list of Auditors and Accounting Specialists, and an individual auditor who does not appear on the JSE list of disqualified individual auditors – check accreditation and list with the JSE through the sponsor (see criteria below)
 - request and review IRBA engagement report for the latest review period from the audit firm (on both the audit firm and the individual auditor)
- within 90 days of receiving notification that the company's audit firm has been removed from the JSE list of Auditors and Accounting Specialists, or their individual auditor being included on the JSE list of disqualified individual auditors, recommend the replacement of the auditor or the individual auditor with an audit firm who is accredited or an individual auditor who is not disqualified, respectively. In respect of the replacement individual auditor or audit firm:
 - The replacement must be made before the auditor signs the next audit report;
 - If the notification is received after commencement of an assurance engagement audit, the company must approach the JSE for a dispensation. If dispensation is granted, the shareholders must be cautioned (announcement or financial statements).

Considerations to be taken by an audit committee in relation to audit firms

The appointment of the External Auditor, individual auditor, IFRS specialist and reporting accountants is the responsibility of the Committee and therefore it is necessary for the Committee to exercise due care and responsibility when considering such an appointment. As such, the Committee must, at a minimum, consider the following and/or perform the following:

- assess the suitability for appointment of the audit firm and designated individual auditor, IFRS specialist and reporting accountant;
- verify accreditation of the audit firm with the JSE;
- ensure that the audit firm meets the accreditation criteria required by the JSE (outlined below);
- ascertain whether the audit firm has the necessary resource personnel and expertise in its team;
- ensure that the individual auditor is not on the disqualified list of the JSE and that the IFRS specialist and reporting accountant are JSE accredited;
- request and review the latest IRBA engagement report;
- review the decision letter and findings report;
- ascertain whether the individual auditor, IFRS specialist and reporting accountant (where applicable) are in good standing with IRBA – including checking with IRBA if there are any outstanding inspections on the audit firm (including individual auditor, IFRS specialist and reporting accountant (where applicable))
- request all the information to be provided to the Committee in terms of the JSE LRs' (outlined below).

This exercise must be performed at least once on an annual basis and follow up enquiries must be made in case of an investigation / inspection.

It is important to note that the JSE's actions depend on the presentations made to it by either the IRBA or the audit firm, as such, additional enquiries on the audit firm by the Committee may be necessary in order to ascertain whether there are any convictions in terms of any legislations (which may be of concern) and clear these findings with the JSE/IRBA.

Information to be provided to the Audit Committee (paragraph 22.15(h))

The audit firm, IFRS adviser, reporting accountant and/or reporting accountant specialist must provide the Committee (in relation to a new appointment or annual review) with the following:

- in respect of the latest inspection performed by the IRBA (or similar professional body):
 - the decision letter, findings report and the proposed remedial action to address the findings, on the audit firm. In the instance of a re-inspection/s, both the original and re-inspection/s decision letters, findings reports and remedial action plans must be provided - a redacted version of that information where necessary;
 - the decision letter, detailed findings report and the proposed remedial action to address the findings, on the individual auditor, in case of a review;
 - in case of a new listing, the decision letter for all other engagement file reviews on both the designated individual auditor for the next audit and, if the audit firm remains unchanged, on the designated individual auditor for the past audit:
 - where the regulator has identified unsatisfactory issues and that a re-inspection on an engagement file of that individual auditor is required and refers the matter for investigation, an appropriate redacted version of the detailed findings report and proposed remedial action plan must be provided – approved by Head of Risk
 - detailed explanation of the findings must be provided if unclear
 - If any new inspection is concluded after the Committee has considered the appointment of the auditor, but before the assurance report is signed, it must be provided to the Committee within 10 business days of the audit firm receiving written notification thereof.
- A summary of the following information, on an annual basis or upon request:
 - disclosure in terms of paragraph 53 of ISQC 1 - an internal firm inspection describing:
 - internal monitoring procedures performed;
 - conclusions drawn thereof;
 - where relevant, a description of systemic, repetitive or other significant deficiencies and of steps taken to resolve or amend those deficiencies.
- the outcome and a summary of any legal or disciplinary proceedings concluded within the past 7 years, including settlements by consent order or payment of a fine.

JSE Criteria Accreditation applicable to audit firms

The audit firm must meet the following at all times, in order to be accredited on the JSE List of Auditors and Accounting Specialists:

- be registered with the IRBA;
- have at least three individual auditors who are registered as assurance individual auditors with their regulator and whose names do not appear on the JSE list of individuals that are disqualified as auditors;
- have at least one IFRS adviser, either internal or external to the firm, accredited on the JSE List of Auditors and Accounting Specialists;
- IRBA or regulatory/professional body for auditors in that jurisdiction must have completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm in its current or previous inspection cycle;
- provide to the JSE the information from the ISQC 1 inspection – decision letter and findings report
- the JSE will only accredit the audit firm if satisfied with the outcome of the ISQC 1 review based on its assessment of how any matters identified in the inspection may impact on the JSE's ability to fulfil its regulatory duties and responsibilities as well as an assessment of the impact that this review may have on the integrity of the JSE's markets
- make available to the JSE the following information, within 5 business days;
 - the outcome of an audit firm inspection performed by the IRBA (or similar) together with the decision letter and findings report;
 - party to a non IFRS compliant matter;
 - commencement of legal or disciplinary proceeding instituted by any professional body, irrespective of the proceedings;
 - any breach in terms of section 22 of the JSE LRs, breach of FMA, guilty of theft, fraud, forgery, etc. or any other legislation;
 - any other matter relevant to the responsibilities in terms of the JSE LRs;
 - outcome of any legal or disciplinary process instituted by the audit firm against its own individual auditor, IFRS adviser and/or reporting accountant specialist;

JSE will consider the information and accredit if satisfied that findings do not impact firm's ability to fulfil its duties and functions in terms of the JSE LRs and no negative impact on the integrity of the markets

- may not allow a disqualified individual auditor to perform any engagement;
 - JSE will maintain a list and advise the audit firm of any individuals that do not meet the JSE criteria due to; (1) contravention of the JSE LRs; and (2) accreditation terminated in terms of the JSE LRs
 - Individuals may make representations to the JSE
- 20 days before accepting new appointment, the audit firm must provide relevant disclosure to the JSE if there has been problematic finding and await the outcome before proceeding;
- must have:
 - an internal JSE accredited IFRS adviser in its employ or has contracted with an external JSE accredited IFRS adviser to advise the audit firm on IFRS compliance, when required;
- the required minimum relevant practical hours (IFRS, Financial Reporting Pronouncements and SAICA Financial Reporting Guidelines), access to a network of IFRS advisers and is in good standing with IRBA;
 - a reporting accountant specialist to fulfil the role required in terms of the JSE LRs;
- works for a JSE accredited audited firm, is registered with IRBA, does not appear on the disqualified list, attended JSE update courses and performed reporting accountant specialist work in the past 12 months
- must provide details of duly authorised individual/s to deal with the areas of communication with the JSE:
 - Head of Risk or a similar senior person within the audit firm;
 - Senior personnel tasked with accreditation;
 - a senior internal IFRS adviser or an external IFRS adviser to deal with any IFRS related matters;
 - a senior JSE accredited reporting accountant specialist to deal with any reporting accountant related matters, if applicable.
- the CEO of the audit firm must sign the accreditation forms.

Termination of accreditation

Where the JSE finds that an audit firm, IFRS adviser, reporting accountant (or specialist) has:

- contravened the JSE LRs;
- been found guilty in terms of Financial Markets Act, 2012;
- been found guilty of theft, fraud, forgery, uttering a forged document, perjury, offence under Prevention and Combating of Corrupt Activities Act, 2004 any offence involving dishonesty;
- had any legal or disciplinary findings, including a consent order, payment of a fine or sanction, made against them in terms of any other legislation,

the JSE may; (1) refer matter to IRBA (or similar); (2) advise the audit committee of the issuer; (3) terminate accreditation.

Annexure C

Policy for non-audit services

1. Introduction

- 1.1 In order to maintain their credibility and effectively fulfill their primary role as the auditors of Ubuntu Botho Investments Proprietary Limited ("UBI") and its subsidiaries and affiliated entities ("UBI Group" or "the Group"), the Group's external auditors are required to be independent of the UBI Group both in fact and in appearance. The provision of extensive levels of certain types of other services to the Group may impair their independence or be perceived to do so.
- 1.2 The most restrictive auditor independence rules to which listed companies are subject are those of the Listings Requirements of the JSE Limited which have been extended in terms of the King IV Report as well as the South African Companies Act, 2008 ("the Act").
- 1.3 The following policy sets out the expectation of the UBI Group Audit and Risk Committee ("the Committee") on services from the Group's external auditors which may or may not be considered by management.

2. Types of assurance services

- 2.1 Services performed by the external audit firm are classified into the following categories:
 - 2.1.1 Audit and related services - This refers to the external audit of financial information as required by legislation or other regulation depending on the jurisdiction.
 - 2.1.2 Other services required by regulation to be performed by the auditors - These are services that are not part of the external audit which because of legislation or regulation have to be performed by the company's external auditors and management has no discretion on the service provider.
 - 2.1.3 Non-audit services - Non-audit services would include, but are not limited to management consultancy services, systems development and implementation, due diligence work, tax structuring and planning advice. It should be noted that non-audit services are not deemed to include tax accrual reviews or computer audit reviews where these are performed as an integral part of the audit process. Other services required by regulation to be performed by the auditors do not require Committee pre-approval but must be presented to the Committee for ratification. The UBI Group Committee has adopted the following policy as regards the provision of non-audit services by the external audit firm:

3. POLICY FOR NON-AUDIT SERVICES

- 3.1 Non-audit services that External Audit Firm(s) are prohibited from performing are reflected in Appendix 1 and will be updated from time to time to reflect the changes in laws, regulation as well as at the discretion of the Committee.
- 3.2 The use of the External Audit Firm to perform all non-audit services is pre-approved by the Committee on an annual basis. A list of these services is incorporated in the UBI Group Engagement Letter for Non-Audit Services issued by the External Audit Firm. The first limit of aggregated budget fees in respect of non-audit services pre-approved by the Committee Chairperson is R500 000. Non-audit services not pre-approved in the aforementioned aggregated limit need to be approved by the Chairperson of the UBI Group Committee before the proposed work commences where the budgeted fees of such assignments exceed the level 2 limits detailed in the table below.
- 3.3 In order to facilitate the approval process the amount and authorisation of non-audit services per individual engagement should be pre-approved in accordance with the following framework:
- 3.4 Level 1 approval: Group Chief Financial Officer, with no audit committee approval.
- 3.5 Level 2 approval: UBI Group Committee Chairperson (in consultation with other Committee members if deemed necessary). The first R500 000 is preapproved as noted above.

- 3.6 Level 3 Approval: UBI Group Committee after first R500 000 is preapproved to the Committee Chairperson as noted above, must approve all services in excess of that.

	Level 1 approval	Level 2 Approval	Level 3 Approval
UBI/African Rainbow Capital	<R250K	>R250K but <R500K	>R500K
Group member entities under UBI Committee	<R150K	>R150K but <R250K	>R250K
Entities with own audit committees	As approved by the entity audit committees based on the entity specific policies (where relevant) but not to exceed the boundaries set by UBI Group Committee. In cases where the limits need to be exceeded, the UBI Group committee must expressly approve the deviation.		

3.7 respect of level 2 approval, a written motivation should cover the following items:

- 3.6.1 Why the External audit firm has been chosen instead of an independent organisation
 - 3.6.2 Why, in their view, there is no possibility of a conflict of interests if the external audit firm provide this non-audit service; and
 - 3.6.3 The External audit firm must state in writing that there is no problem with their independence regarding the work to be performed by them.
- 3.8 All non-audit services performed by the External Audit Firm, together with the quantum of monies spent on each service, must be tabled for ratification and reported to the UBI Group Committee at every sitting of the UBI Group Committee.
- 3.9 Certain types of services by the Group's external auditors, which are listed under category "A" in Appendix 1, are prohibited altogether. All other non-audit services require pre-approval in accordance with the parameters and authority limits set out herein and the Act.

4. GENERAL

- 4.1 All permitted services required by UBI Group from its external auditors should be requested by way of completion of the appropriate and available form by UBI Group, which should be submitted to the Committee for approval.
- 4.2 The lists above are not exhaustive and are merely examples. If a Committee meeting is not conveniently scheduled the approval can be sought on a round robin basis.

Appendix 1

A. PROHIBITED NON-AUDIT SERVICES

The appointed external auditor to the UBI Group entities will not provide any of the following non-audit services to any entity within the UBI Group listed below in paragraphs 1.1 to 1.12.

- 1.1 Bookkeeping or other services related to the accounting records or financial statements of the company. The prohibited services are:
 - 1.1.1 maintaining or preparing the company's accounting records;
 - 1.1.2 preparing the financial statements or the information that forms the basis of the financial statements; and
 - 1.1.3 preparing or originating source data underlying the company's financial statements.
- 1.2 Design and implementation of financial information systems that aggregate source data or generate information that is significant to the financial statements taken as a whole, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during the audit of the company's financial statements. This rule does not preclude the external auditors from working on hardware or software systems that are unrelated to the company's financial statements or accounting records.
- 1.3 Appraisal or valuation services, fairness opinions or contribution-in-kind reports or other opinions or reports in which the external auditors provide an opinion on the adequacy of consideration in a transaction, unless it is reasonable to conclude that the results of these will not be subject to audit procedures during the audit of the company's financial statements. This rule does not prohibit the external auditors firm from providing such services for non-financial reporting purposes (e.g., transfer pricing studies, cost-segregation studies and other tax-only valuations).
- 1.4 Actuarial services involving amounts recorded in the financial statements and related accounts for the company where it is reasonably likely that the results of these services will be subject to audit procedures during an audit of the company's financial statements. This prohibition extends to providing the company with any actuarially-oriented advisory service involving the determination of amounts recorded in the financial statements and related accounts for the company other than assisting the company in understanding the methods, models, assumptions and inputs used in computing an amount.
- 1.5 Internal audit outsourcing services relating to the internal accounting controls, financial systems or financial statements of the company. This prohibition on outsourcing does not preclude the external auditors from providing attest services related to internal controls, evaluating the company's internal controls during the audit or making recommendations for improvements to the controls, or management from engaging the external auditors to perform "agreed-upon procedures" engagements related to the company's internal controls.
- 1.6 Management functions. This rule prohibits the external auditors from acting, temporarily or permanently, as a director, officer or employee of the company or performing any decision making, supervisory or monitoring function for the company. However, the external auditors may assess the effectiveness of the company's internal controls and recommend improvements in the design and implementation of internal controls and risk management controls.
- 1.7 Human resources functions. The external auditors may not seek out prospective candidates for managerial, executive or director positions, act as negotiator on the company's behalf such as determining position, compensation or fringe benefits or other conditions of employment or undertake reference checks of prospective candidates. The external auditors may also not engage in psychological testing or other formal testing or evaluation or recommend or advise the company to hire a specific candidate for a specific job.
- 1.8 Broker or dealer, investment adviser, or investment banking services. The external auditors are prohibited from serving as promoter or underwriter, making investment decisions on behalf of the company or otherwise having discretionary authority over the company's investments, or executing a transaction to buy or sell an investment of the company, or having custody of assets of the company.

- 1.9 Legal services that could be provided only by someone licensed, admitted or otherwise qualified to practice law in the jurisdiction in which the service is provided.
- 1.11 Expert services in an advocacy capacity unrelated to the audit. This precludes engagements that are intended to result in the external audit firm's specialized knowledge, experience and expertise being used to support the audit client's positions in adversarial proceedings. This prohibits the external auditors from providing expert opinions or other services to the company or a legal representative of the company for the purpose of advocating the company's interests in litigation, or regulatory or administrative investigations or proceedings. This rule does not however preclude the company from engaging the external auditors to perform internal investigations or fact-finding engagements including forensic work and using the results of this work in subsequently initiated proceedings or investigations.
- 1.12 Any other service that the Committee determines is impermissible from time to time.

B NON-AUDIT SERVICES REQUIRING PRE-APPROVAL

- 2.1 The Committee will be required to approve, in advance the below services when they are in excess of the first pre-approved limit of R500 000 and the aggregate of the CFO approval limit:
- 2.2 Other services that would normally be provided by the external auditors in connection with statutory or regulatory filings or engagements including:
 - 2.2.1 Procedures relating to elements of the financial statements, in terms of compliance with contracts or regulations such as bank covenants and securitization agreements;
 - 2.2.2 Attestation services on the effectiveness of the company's internal controls;
 - 2.2.3 Consultation and research related to financial reporting and regulatory matters affecting the company's financial statements;
 - 2.2.4 Assistance with registration statements including comfort letters; and
 - 2.2.5 Working capital adequacy letters.
- 2.3 Audit-related services that traditionally are performed by the auditor:
 - 2.3.1 Assistance to internal audit in its evaluation and documentation of the Group's internal controls;
 - 2.3.2 Audit services to related entities such as employee benefit plans; and
 - 2.3.3 Accounting consultations and due diligence procedures in connection with acquisitions, divestitures and other potential transactions.
- 2.4 Tax services performed by professional staff in the external auditor's tax division except services related to the audit (i.e. the audit of tax balances in the financial statements):
 - 2.4.1 Tax compliance including the preparation of original and amended tax returns, claims for refund and tax payment-planning services;
 - 2.4.2 Audit-related tax advice including assistance with tax audits and appeals; and
 - 2.4.3 Tax compliance and other services to UBI Group employees.
- 2.5 Other permitted services:
 - 2.5.1 Information security consulting services where management retains explicit responsibility for making and implementing all decisions.