



Metair Audit Committee Terms of Reference ("ToR")

March 2025

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Contents

1. Introduction	3
2. Purpose	3
3. Composition	3
4. Role	4
5. Responsibilities	5
Integrated Reporting.....	5
Combined Assurance	6
Internal Audit	7
Taxation	7
External Audit	7
Other	8
6. Authority	9
7. Meetings and procedures	9
Frequency	9
Attendance	10
Agenda and minutes	10
Quorum	10
Evaluation	11
8. Approval and review of these terms of reference	11

Document Review and Approval

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1. Introduction

The Audit Committee (the “Committee”) is constituted as a statutory committee of Metair Investments Limited (the “Company”) in respect of its statutory duties in terms of section 94(7) of the Companies Act 71 of 2008 and in line with the recommendations of the King Report on Corporate Governance for South Africa (“King IV™”) as a committee of the board in respect of all other duties assigned to it by the board including those normally performed by an audit committee.

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 Committee is constituted in terms of the requirements of sound corporate governance practices. 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.

The primary objective of the Committee is to assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and the organisation’s process for monitoring compliance with laws and regulations and the code of conduct.

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

The purpose of these terms of reference is to set out the Committee’s role and associated responsibilities and functions, its composition and qualifying criteria of its members and meeting procedures.

3. Composition

The Committee comprises at least three members to be elected by the shareholders on recommendation by the Remuneration and Nominations Committee.

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

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

- financial and sustainability reporting;
- internal financial controls;
- external audit process;
- internal audit process;
- corporate law;
- risk management;
- sustainability issues;
- information technology governance as it relates to integrated reporting; and
- the governance processes within the company.

The Committee may invite such other persons, as it deems necessary to attend its meetings. Standing invitees to the Committee will be:

- external audit;
- internal audit;
- Company Secretary in her capacity
- Chief Risk and Compliance Officer;
- any other person who may be co-opted to provide specialist skills, advice, and counsel; and
- any other employee as may be approved by the Chairman.

The chairman of the board is not eligible to be the chairman or a member of the Committee.

An independent non-executive director chairs the Committee.

The board elects the chairman of the Committee.

The board must fill vacancies on the Committee within 40 business days after the vacancy arises.

The Committee members must keep up to date with developments affecting the required skill set.

4. Role

The Committee has an independent role with accountability to both the board and shareholders. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers, and other members of senior management.

The role of the Committee is to:

- oversee integrated reporting;
- oversee the functions of the Compliance Officer;
- oversee the effectiveness of the company's assurance functions and services;

- oversee the internal audit function plan and activities;
- oversee management of financial and other risks that affect the integrity of external reports issued by the organisation; and
- recommend the appointment of the external auditor and oversee the external audit process.

5. Responsibilities

The Committee has the following specific responsibilities:

Integrated Reporting

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

- have regard to all factors, risks and key areas of focus, including strategic objectives, during the accounting period, 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. In addition, the Committee will consider the disclosures in relation to risk and in particular the overview of the arrangements for governing and managing risk, any undue, unexpected or unusual risks and risks taken outside of risk tolerance levels, actions taken to monitor the effectiveness of risk management and how the outcomes were addressed and planned areas of future focus. review the quarterly, interim, and annual financial statements, preliminary or provisional result announcements, summarised integrated information, any other intended release of price sensitive information and prospectuses, trading statements and similar documents;
- comment in the annual financial statements on the financial statements, the accounting policies and practices and the effectiveness of the internal financial controls and systems;
- approve the CEO/CFO sign-off on internal financial control in terms of the JSE Listings Requirements section 3.84(k).
- review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- recommend to the board whether to engage an external assurance provider on material sustainability issues;
- ensure the oversight of financial and other risks that could impact external reports.
- oversee the management of the following financial and other risks that could affect the integrity of external reports issued by the Company: Financial reporting risks, internal financial controls, fraud risks as these relate to financial reporting, and Information technology and management risks as these relate to financial reporting.

- recommend and comment to the board on the following disclosures arrangements relating to compliance:
 - compliance with legal, regulatory,
 - Ensure that the annual financial statements, as a minimum, comply with IFRS, the JSE Listing Requirements, and the Act;
 - Review the financial regulatory universe, i.e. laws, regulations and codes of good business practice applicable to the Company;
 - Consider all new financial laws and regulations and their impact on the business;
 - Review levels of materiality for assessing financial compliance risk in the organisation;
 - Receive and review reports on managing financial compliance risk in the Company; the reports will inform the Committee of systems and processes by which financial compliance risks are identified and managed;
 - Ensure that financial compliance is monitored and continually reported by management, external or internal audit; it is noted that oversight of compliance in general to any non-financial related laws and regulations falls within the ambit of the Operations, Risk and Technology Committee;
 - Review reports on material financial compliance breaches and corrective measures to prevent any breach from reoccurring.
- recommend and comment to the board on the following disclosure arrangements on technology and information:
 - an overview of the arrangements for governing and managing technology and information;
 - key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions, and remedial actions as a result of major incidents;
- recommend the integrated report for approval by the board;
- consider the frequency for issuing interim results;
- consider whether the external auditor should perform assurance procedures on the interim results.
- review the content of the summarised information for whether it provides a balanced view; and
- engage the external auditors to provide assurance on the summarised financial information.

Combined Assurance

The Committee will provide independent oversight of the effectiveness of the company's assurance functions and services, and will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee should:

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

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.

Internal Audit

The Committee is responsible for overseeing of the internal audit function and its risk based plan that will give assurance on operational and financial controls; and in particular the Committee must:

- be responsible for the appointment, performance assessment and/or dismissal of the outsourced Internal Audit Service Provider;
- approve the risk based internal audit plan covering financial and operational issues; and
- ensure that the internal audit service provider is subject to an independent quality review, as and when the Committee determines it appropriate.

Taxation

The Committee will:

- Evaluate and monitor whether sufficient analysis is conducted within the Metair Group on whether its tax policies are compliant with applicable laws and regulations, are consistent with responsible corporate citizenship and take account of reputational repercussions.
- Evaluate and monitor whether analysis within the Metair Group of any tax risks which arise is sufficient to achieve the objective of ensuring that the right decisions are made in time to protect the Metair Group from any significant financial impact.

External Audit

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

- nominate the external auditor who is registered and independent for appointment by the shareholders;
- approve the terms of engagement and remuneration for the external audit engagement;
- ensure that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors as well as the tenure of the audit company;
- monitor and report on the independence of the external auditor in the annual financial statements;
- define a policy for non-audit services provided by the external auditor;

- pre-approve the contracts for non-audit services to be rendered by the external auditor;
- 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;
- monitor the rotation of the designated external audit partner; and
- review the quality and effectiveness of the external audit process.

Ethics and Whistleblowing

The Committee will receive or deal with any concerns or complaints, whether from within or outside the group on initiative relating to:

- review the quality and effectiveness of the external audit process.
 - The accounting practices of the company and the group
 - The content or auditing of the company or group's financial statements
 - The internal financial controls of the company and the group
 - Any other related matter

The Committee should consider major findings of internal financial fraud related investigations and management's response thereto

Other

The committee is responsible for the following:

- to prepare a report, to be included in the annual financial statements for that financial year-
 - describing how the audit committee conducted its functions;
 - stating whether the audit committee is satisfied that the auditor was independent of the company; and
 - commenting in any way the committee considers appropriate on the financial statements, the accounting practices, and the internal financial control of the company;
- to receive and deal appropriately with any concerns or complaints, whether from within or outside the company, or on its own initiative, relating to-
 - the accounting practices and internal audit of the company;
 - the content or auditing of the company's financial statements;
 - the internal financial controls of the company; or
 - any related matter;
- to make submissions to the board on any matter concerning the company's accounting policies, financial controls, records, and reporting; and
- to perform such other oversight functions as may be determined by the board.

6. Authority

The Committee acts in accordance with its statutory duties and the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

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

The Committee has reasonable access to the company's records, facilities 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.

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.

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 chairman of the Committee must be present at all annual general meetings.

On all responsibilities delegated to it by the board outside of the statutory duties, the Committee makes recommendations for approval by the board.

7. Meetings and procedures

Frequency

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

Meetings in addition to those scheduled may, with approval of the chairman, be held at the request of the external auditor, the chief executive officer, chief financial officer, the internal auditor, or other members of senior management or at the instance of the board.

The Committee must meet with internal and external auditors at least once a year without management being present.

Attendance

The Chief Executive Officer, Chief Financial Officer, Risk Officer, the internal auditor, representatives from the external auditors, other assurance providers, professional advisors and board members may attend Committee meetings, but by invitation only and they may not vote.

Committee members must attend all scheduled meetings of the Committee in person, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.

The Company Secretary is the secretary to this Committee.

If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to function as chairman.

Agenda and minutes

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 the audit committee charter: the more critical matters will need to be addressed each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, 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.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof.

The minutes must be formally approved by the Committee at its next scheduled meeting.

The Secretary of the Committee shall include the minutes of each meeting in the board pack of the board meeting following the committee meeting for all the members of the Metair board to note. The Chairman of the Committee shall report, at Metair Board meetings, on any matters of importance.

Quorum

A representative quorum for meetings is a majority of the members of the committee.

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

Evaluation

The committee must perform an evaluation of the effectiveness of the chief financial officer and the finance function annually.

The Board Audit Committee shall conduct an annual performance self-evaluation and shall report the results to the Board.

8. Approval and review of these terms of reference

These terms of reference were approved by the Chairman of the board and the Chair of the Committee and will be due for review annually.