



# Metair Operations Risk and Technology Committee Terms of Reference

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# Document Review and Approval

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## **1. Introduction**

The Operations and Technology Committee (the “Committee”) has been established as a discretionary Board Committee of Metair Investments Limited (“Metair” or “the Company”) in accordance with Article 27 of the Company’s Memorandum of Incorporation and section 72 of the Companies Act 71 of 2008.

## **2. Purpose**

The objective of the Committee is to assist the Board in discharging its responsibilities for the governance of technology and information as well as the operational risks faced by Metair by developing and approving policies and procedures relating to technology, information and operational risk governance, as well as reporting thereon.

This Committee will be responsible for the management and oversight of operational and technology (including IT and OT) risks within Metair, particularly focusing on Metair’s most urgent risks and opportunities. As such, the responsibility for the maintenance of the Enterprise Risk Management (“ERM”) Framework will belong to this committee. This Committee will report into the Audit Committee on any operational or technology risks which require the Audit Committee’s attention or action.

This document broadly sets out the administrative, governance and structural aspects surrounding the formation of the Committee. The Committee will be responsible for giving effect to these Terms of Reference by adopting and implementing policies in relation to Metair’s technology and operational risk procedures, practices, controls and policies . As such, these Terms of Reference must be read in conjunction with specific Metair Policies, which will provide greater detail and specificity about how this committee will discharge its roles and responsibilities as defined in the Terms of Reference.

This Committee is formed over and above the existing IT Steering Committee and does not detract, in any shape or form, from the powers, roles and responsibilities afforded to the IT Steering Committee as defined in the IT Steering Committee Terms of Reference. The IT Steering Committee shall have a reporting obligation to this Committee.

Due to this Committee’s dual nature of IT and risk governance oversight, its roles and responsibilities with respect to IT governance and operational risk governance have been set out in two distinct appendices, annexed to these terms of reference.

The purpose of the terms of reference is to provide an overview of:

- 2.1. The roles, responsibilities, functions and powers of the Committee, individual directors and the officials and Executives of the Company;
- 2.2. The tenure of the Committee;
- 2.3. The composition of the Committee, as well as the process and criteria for appointment of Committee members;
- 2.4. Reporting to the Board;
- 2.5. Relevant principles of the Company's limits and delegations of authority and matters reserved for final decision-making or pre-approval by the Board;
- 2.6. Meeting procedures to be followed; and
- 2.7. Evaluation of the Committee's performance.

### **3. Scope**

- 3.1. The scope of the Committee's activities extends to all relevant operations of the Company and the Metair Group.
- 3.2. The Committee has an independent role, operating as an overseer with accountability to the Board. It shall make recommendations to the Board for consideration and approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management. In the execution of their duties, Committee members must apply the "Standards of conduct of directors" as set out in section 76 of the Companies Act, 2008 ("the Act") and "Director's personal financial interests" as set out in section 75 of the Act.
- 3.3. 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.
- 3.4. These terms of reference are subject to the provisions of the Companies Act 71 of 2008, as amended, the Company's Memorandum of Incorporation, King IV™ and any other applicable law or regulatory provision.

## **4. Composition**

### **4.1. Membership and quorum**

- 4.1.1. The Committee shall be appointed by the Board and shall comprise of at least three members, the majority of which must always be Non-Executive Directors.
- 4.1.2. For purposes of continuity and efficiency, at least one member of this committee shall be a member of the Audit Committee.
- 4.1.3. The Chairperson of the Committee, who shall be a Non-Executive Director, shall be appointed by the Board, and shall serve for such period as determined by the Board.
- 4.1.4. Decisions shall be passed by majority vote of the members of the Committee.
- 4.1.5. Vacancies must be filled by the Board within 40 (forty) calendar days of the vacancy arising.
- 4.1.6. The Committee must collectively have sufficient qualifications and experience to fulfil its duties.
- 4.1.7. The quorum for meetings of this Committee shall be a simple majority (50% + 1) of members present at each meeting.
- 4.1.8. Suitably qualified persons may be invited by the Committee as advisors when necessary to render specialist services as may be required to assist the Committee in its deliberations on any matter subject to following a Board approved process but shall have no rights of voting or form part of the quorum for Committee meetings.
- 4.1.9. Other Non-Executive Directors may attend the Committee's meetings post notification of the Chairperson of this Committee but will not be remunerated for attendance.
- 4.1.10. If necessary, independent experts and specialists may be co-opted to the Committee as attendees by the Chairperson of the Committee.

### **4.2. Secretary**

- 4.2.1. The Secretary of the Committee shall be the Company Secretary or such other person as the Committee may appoint. If the Secretary is absent from any meeting, the Committee shall designate any member of the Secretarial department or any officer or employee of the Company to act as Secretary.

## **5. Meeting procedure**

### **5.1. General**

The meetings and proceedings of the Committee shall be governed, mutatis mutandis, by the provisions of Article 18 of the Memorandum of Incorporation regulating the meetings and proceedings of the directors, so far as they are applicable and are not superseded by any of the conditions laid down in these terms of reference. Notice of the time and place of every meeting shall be given in writing or verbally and delivered personally or given by mail, facsimile or other electronic means of communication and need not be accompanied by an agenda or any other material. The notice shall however specify the purpose or purposes for which the meeting is being held.

### **5.2. Frequency of meetings**

- 5.2.1. 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 two meetings per year. These meetings shall be convened by the Secretary of the Committee at the request of its Chairperson.
- 5.2.2. Additionally, with the approval of the Chairperson, meetings in addition to those scheduled may be held at the request of the Chief Executive Officer or Chief Financial Officer.
- 5.2.3. The meetings of the Committee may be held in person, by telephone, by video conference or such other form of long-distance conference facility as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.

### **5.3. Agenda and minutes**

- 5.3.1. 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 work plan must ensure proper coverage of the matters laid out in these terms of reference: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three- year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual work plan.

- 5.3.2. The Secretary of the Committee shall prepare an agenda for all meetings, to be agreed by the Chairperson. The 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.
- 5.3.3. The minutes must be completed as soon as possible, but no longer than 2 weeks after the meeting, and circulated to the Chairperson and to the members of the Committee (at the request of the Chairperson) for review before the next scheduled meeting.
- 5.3.4. The minutes must be formally approved by the Committee at its next scheduled meeting.

## **5.4. Attendance and participating at meetings**

- 5.4.1. Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- 5.4.2. The Secretary shall determine, at the beginning of each meeting, the existence of any conflicts of interest and minute these accordingly.
- 5.4.3. The Committee may invite any person it deems appropriate to attend any of its meetings.
- 5.4.4. 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.
- 5.4.5. 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 the chairperson.
- 5.4.6. Any director (whether a member of the Committee) shall be entitled to attend the meetings of the Committee.
- 5.4.7. The Metair Chief Executive Officer, Metair Chief Financial Officer(if they are not members of the Committee) and other senior management as may be required, and professional advisors may attend the Committee's meetings by invitation and they may not vote.
- 5.4.8. The Chairperson of the Committee shall have the right to exclude from the meeting, or from any item on the agenda, any executive should in his opinion, a conflict of interest become evident.

## **5.5. Chairperson**

The Role and Responsibility of the Chairperson is:

- 5.5.1. Officiating and conducting meetings;



- 5.5.2. Approving the Meeting Agenda in consultation with Management and other relevant stakeholders;
- 5.5.3. Providing leadership to the Committee and its deliberations and ensure that the Committee Members are aware of their obligations and that the Committee complies with its responsibilities;
- 5.5.4. Ensuring that the matters tabled in the meeting are afforded sufficient time during the meeting deliberation; and
- 5.5.5. Ensuring an effective functioning of the Committee including reviewing the skills mix and the performance thereof.

## **6. Authority of the committee**

- 6.1 The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.
- 6.2 The Committee, in the fulfilment of its duties, may call upon the Chairpersons of the other Board Committees, any of the Executive Directors, or Group Company Secretary to provide it with information.
- 6.3 The Committee shall have reasonable access to the Company's records, employees, facilities, and any other resources necessary to discharge its duties and responsibilities, through the Office of the Group Company Secretary.
- 6.4 The Committee may form, and delegate authority to committees, and may formally delegate authority to one or more designated members of the Committee.
- 6.5 The Committee has the right to obtain independent external professional advice, facilitated through the Group Company Secretary, to assist with the execution of its duties, at the company's cost, subject to following a board approved process (refer to the Board charter for the approved process).
- 6.6 The Committee shall make recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

## **7. Delegation of duties and responsibilities**

The Committee may delegate any of its duties or responsibilities, as it deems appropriate, to any of its members or sub-committee of its members, to such other persons, subject to the Committee's direction and supervision, and with the express condition that the Committee retains full and exclusive authority over and responsibility for any activities of such other person or persons. Nothing contained in this paragraph shall be construed to confer upon any such person any discretion, authority or control respecting any matter, unless expressly authorised in writing.

## **8. Remuneration of committee members**

- 8.1. Having regard to the functions performed by the members of the Committee in addition to their function as directors and 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, members of the Committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 8.2. The Chairperson of the Committee shall, in addition to his/her remuneration as member, receive a further sum as determined by the Board.
- 8.3. Such special remuneration in terms hereof shall be in addition to the annual fees payable to directors.

## **9. Reporting by the committee**

The Chairperson of the Committee shall report, at the first regularly scheduled Board meeting following the Committee meetings, on any material matters emanating from the proceedings of the Committee and shall include any decisions taken on behalf of the Board.

The Committee shall also report to the Audit Committee on any decisions taken or risks identified that may require the involvement, input or approval of the Audit Committee.

## **10. Expenses of the committee**

The Company shall pay all the expenses reasonably incurred by the Committee.

## **11. Evaluation of the committee**

- 11.1. The Committee must perform a review and evaluation, at least annually, of the performance of the Committee and its members, including an evaluation of the compliance of the Committee with these terms of reference.
- 11.2. In addition, the Committee shall review and reassess, at least annually, the adequacy of these terms of reference and recommend any improvements that the Committee considers necessary to the Board, following recommendations to be made by the secretary of the Committee.
- 11.3. The Committee may conduct such evaluations and reviews in such manner as it deems appropriate. The Board must annually perform an evaluation of the Committee's performance in terms of its composition, mandate and effectiveness.

## **12. 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.

## **13. Roles and Responsibilities of the Committee**

## Appendix A: Risk Management Roles and Responsibilities

The company adopts an enterprise-wide risk management process. The process begins at subsidiary/division level who follow this process on a continuous basis and management report on risk matters to the Operations Risk and Technology Committee at least twice a year.

The Operations Risk and Technology Committee is an integral component of the risk management process and must ensure that it dedicates sufficient time to the responsibility of overseeing risk governance on behalf of the board to ensure that it oversees risk in a way that supports the company in setting and achieving its strategic objectives.

Without limiting the generality of the overall mandate (as set forth above under “Purpose”), the Committee’s roles and responsibilities include the following, and shall include such other roles and responsibilities as may be necessary to permit it to fulfil its overall mandate:

1. Setting the direction for how operational risk should be approached and addressed within the Company;
2. Maintenance of the ERM Framework – reviewing the efficiency thereof, making recommendations and devising action plans to optimise the management of Metair’s operational risks;
3. Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board.
4. When required by law or internal policy, reporting to the Audit Committee on operational and technology risks and the management of said risks;
5. Oversee the arrangements for governing and managing risk encompassing both:
  - a. the opportunities and associated risks to be considered when developing strategy; and
  - b. the potential positive and negative effects of the same risks on the achievement of the company’s objectives.
6. Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
7. Oversee the management of financial and other risks that affect the integrity of external reports issued by the company.
8. Make recommendations to the board concerning risks taken outside of risk tolerance levels, the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board.
9. Ensure that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities and culture of the Company.
10. Ensure that risk management assessments are performed on a continuous basis including the following:

- a. assessment of risks and opportunities emanating from the triple context in which the company operates and the capitals that it uses and affects;
  - b. assessment of the potential upside, or opportunity, presented by risks with potentially negative effects on achieving company objectives;
  - c. assessment of the company's dependence on resources and relationships as represented by the various forms of capital;
  - d. establishment and implementation of business continuity arrangements that allow the company to operate under conditions of volatility, and to withstand and recover from acute shocks;
11. Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
12. Ensure that management considers and implements appropriate risk responses.
13. Ensure that continuous risk monitoring by management takes place.
14. Express the Committee's formal opinion to the board on the effectiveness of the system and process of risk management and receive periodic independent assurance.
15. Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant without compromising sensitive information.
- a. Focus on financial risks – specifically:
  - b. internal financial controls;
  - c. fraud risks as it relates to financial reporting; and
  - d. IT risks as it relates to financial reporting.

## Appendix B: Operational Risk and Technology Governance Roles and Responsibilities

Without limiting the generality of the overall mandate (as set forth above under “Purpose”), the Committee’s roles and responsibilities include the following, and shall include such other roles and responsibilities as may be necessary to permit it to fulfil its overall mandate:

1. Receiving reports from the CEO, CFO, COO and the IT Steering Committee on all matters pertaining to the management of Metair’s operational and technology initiatives (including cybersecurity risks), *inter alia*:
  - a. Tracking of maintenance;
  - b. Investment Committee project and Capex tracking;
  - c. Quarterly customer meetings feedback;
  - d. Feedback on customer volumes;
  - e. Feedback on certifications;
  - f. Feedback on adapting to new customer powertrain technologies;
  - g. Efficiency in relation to cost-cutting initiatives;
  - h. Tracking of EBITDA protection measures;
  - i. Tracking of Free Cash Flow improvement measures;
  - j. Procurement management;
  - k. Integration of people, technologies, information and processes across the Company;
  - l. Integration of technology and information risks into Company-wide risk management;
  - m. Arrangements to provide for business resilience;
  - n. Proactive monitoring of intelligence to identify and respond to incidents including cyber-attacks and adverse social media events;
  - o. Management of the performance of, and the risks pertaining to, third party and outsourced service providers;
  - p. The assessment of value delivered to the Company through significant investments in technology and information, including the evaluation of projects throughout their life cycle and of significant operational expenditure; and
2. When required by law or internal policy, reporting to the Audit Committee on technology information risks and the management of said risks;
3. Obtaining independent assurance on the effectiveness of the internal controls pertaining to technology and information;
4. Ensuring that there is a process in place to identify and exploit opportunities to improve the performance and sustainability of the company using technology;

5. Ensuring that the management of information results in monitoring and appropriate responses to technological developments, such as capturing potential opportunities and managing disruptive effects on the Company and its business model, artificial intelligence and related risks in terms of intellectual property and enhanced productivity;
6. Ensuring that the technology, information and operational risk governance is adequately reported on to the Board of Directors.