



Bid Corporation Ltd  
Divisional Audit & Risk Committee Charter

## **BID CORPORATION LIMITED**

**Registration Number: 1995/008615/06**

### **DIVISIONAL AUDIT AND RISK COMMITTEE CHARTER**

The Divisional Audit & Risk Committee ('DARC') is constituted as a sub-committee of Bidcorp's Group Audit and Risk Committee ('GARC') in respect of all duties assigned to it by the GARC.

The duties and responsibilities of the members of DARC are in addition to those as members of the board and GARC. The deliberations of the committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

This Charter serves as the terms of reference for the committee and is subject to the provisions of the Companies Act, 71 of 2008 (the 'Act'), the Bidcorp Memorandum of Incorporation and any other applicable laws or regulatory provisions.

#### **1. PURPOSE OF THE CHARTER**

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

#### **2. COMPOSITION**

##### **Membership**

- 2.1. The DARC will comprise a minimum of two members, being the chairman of the GARC and the chief financial officer, who comprehend the following topics:
  - 2.1.1. internal financial controls and internal governance processes;
  - 2.1.2. external and internal audit processes;
  - 2.1.3. integrated reporting, including financial reporting;
  - 2.1.4. risk management, including sustainability issues and IT governance; and
  - 2.1.5. corporate law and other applicable regulatory requirements.
- 2.2. The composition of DARC and its permanent invitees shall be reviewed and approved annually by the GARC.

##### **Permanent and other invitees**

- 2.3. The chief executive officer, business chief executive officers and chief financial officers, group internal audit manager and business internal audit managers, senior external audit partner and business external audit partners shall be permanent invitees and shall have unrestricted access to the DARC chairman in relation to any matter falling within the DARC's remit.
- 2.4. The DARC chairman may invite other persons, as relevant, to attend meetings.



**Bid Corporation Ltd**  
**Divisional Audit & Risk Committee Charter**

### **3. ROLE**

- 3.1. The DARC has an independent role, operating as an overseer, provider of information and a maker of recommendations to the GARC for its consideration. The committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.
- 3.2. In addition to its statutory responsibilities, the overall function of the DARC is to assist the GARC in discharging its' responsibilities relating to the:
  - 3.2.1. safeguarding of Bidcorp's assets;
  - 3.2.2. operation of adequate and effective systems and control processes;
  - 3.2.3. preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards;
  - 3.2.4. oversight of the external and internal audit functions and appointments;
  - 3.2.5. oversight and review of significant transactions and unusual events; and
  - 3.2.6. identification of Bidcorp's risk profile and risk appetite.

### **4. DELEGATED DUTIES OF THE DARC**

#### **External Auditors**

The DARC is required to:

- 4.1. Monitor the performance of the external auditors across all businesses and to annually provide the GARC with feedback for the consideration of the reappointment of the group external auditor.
- 4.2. Consider all proposed non-audit service contracts with the external auditor within the respective Bidcorp business, and to inform the GARC of such engagements for consolidated approval.
- 4.3. Evaluate the independence of the external auditor in relation to any Bidcorp entity:
  - 4.3.1. ascertain whether the external auditors receive any remuneration or benefit, except for rendering audit and other permitted services; and
  - 4.3.2. consider the extent of consultancy, advisory or other services undertaken by the external auditor.
- 4.4. Discuss the nature and scope of the external audit.
- 4.5. Obtain assurances from the external auditors that adequate accounting records were being maintained by the component businesses.
- 4.6. Obtain an annual statement from the external auditors confirming that its independence was not impaired.
- 4.7. Formalise a reporting process to ensure that the DARC is informed of any identified Reportable Irregularities (as required by the Auditing Professions Act, 2005) and to provide feedback thereon to the GARC.



**Bid Corporation Ltd**  
**Divisional Audit & Risk Committee Charter**

- 4.8. Annually review the quality and effectiveness of the external audit process and evaluate the performance of the external auditor within each component business.
- 4.9. Monitor the rotation of the external audit engagement partner, in accordance with relevant requirements.

#### **Internal audit**

- 4.10. The DARC is responsible for overseeing internal audit function in the various businesses, in particular the DARC shall:
  - 4.10.1. ensure the independence of internal audit and confirm that internal audit has the necessary resources, budget, standing and authority to enable it to discharge its functions;
  - 4.10.2. approve the internal audit plan, as well as oversee the objectives of the internal audit function; and
  - 4.10.3. encourage cooperation between external and internal audit.
- 4.11. Review written assessments of the effectiveness of the system of financial controls, internal controls and risk management prepared by the internal auditors.

#### **Combined assurance**

- 4.12. Ensure that a combined assurance model has been applied within the businesses to provide a coordinated approach to all assurance activities appropriately addressing all the significant risks facing Bidcorp.
- 4.13. Monitor the relationship between the various external and internal assurance providers.

#### **Risk oversight**

- 4.14. The periodic facilitation of risk assessment, to determine the material risks to which the businesses may be exposed and to evaluate the strategy for managing those risks.
- 4.15. Reporting to the GARC on the work undertaken in establishing and maintaining the understanding of the risks that need to be managed and the adequacy of action taken by management to address identified areas for improvement.
- 4.16. Review the business' policies on risk assessment and risk management, including fraud risks and data security risks, and ensure a timely response and adequate reporting on any non-compliance detected.
- 4.17. Consider with senior management and the internal and external auditors any fraud, illegal acts, deficiencies in internal control, significant risks and risk mitigation plans.
- 4.18. Identify and monitor the non-financial aspects relevant to the businesses and review appropriate non-financial information that goes beyond assessing the financial and quantitative performance.

#### **Regulatory compliance**

- 4.19. Ensure all operations in the group have identified and addressed significant legislative and regulatory requirements of the industry and the country in which they operate and have taken the necessary action to ensure processes are implemented to ensure compliance.



**Bid Corporation Ltd**  
**Divisional Audit & Risk Committee Charter**

- 4.20. Ensure that information and/or data within all businesses across the group is recognised as a corporate asset and is appropriately secured and protected; and obtain assurance from management that the appropriate measures have been taken to ensure compliance with the relevant data privacy legislation, where applicable.

## **5. AUTHORITY**

- 5.1. The GARC authorises the DARC to investigate any activity that falls within the scope of its responsibilities, including liaising with those necessary to fulfil this purpose, including but not limited to:
- 5.1.1. consulting and seeking information from any employee within Bidcorp and/or any external party;
  - 5.1.2. obtaining outside legal or other professional counsel as required; and
  - 5.1.3. liaising with all auditors and/or subsidiaries and/or associates.
- 5.2. The GARC will review and report to the Board on the adequacy of functions conducted by the DARC on its behalf.
- 5.3. At least once a year, the DARC shall meet separately with the external and internal auditors, without the executive directors or other senior management being present.
- 5.4. As required, the DARC shall make submissions to the GARC on any matter concerning the businesses' accounting policies, financial controls, records and reporting.

## **6. MEETING PROCEDURES**

### **Frequency**

- 6.1. Meetings shall be held as frequently as the DARC chairman considers appropriate but should occur not less than four times a year.
- 6.2. Additional meetings may be held at the request of the chief executive officer, chief financial officer or other members of senior management or at the request of the GARC.

### **Attendance**

- 6.3. A representative quorum for the meeting will be one DARC member.
- 6.4. The DARC chairman shall have the right to exclude from the meeting or from any item on the agenda any invitee or member if a conflict of interest becomes evident.

### **Agenda and minutes**

- 6.5. The DARC agenda and pack shall be agreed with the DARC chairman and distributed in advance to enable DARC members and invitees to prepare for meetings.
- 6.6. The draft minutes of DARC meetings shall be circulated to all DARC members ahead of the next DARC meeting for review and approval during the next meeting. The minutes will be signed by the DARC chairman once approved by the DARC.
- 6.7. Summaries and reports of DARC findings shall be submitted to the GARC, for presentation by the DARC chairman at the next scheduled GARC meeting.



Bid Corporation Ltd  
Divisional Audit & Risk Committee Charter

## Reporting


6.8. The chairman of the DARC is required to report all significant matters arising from the DARC to the GARC timeously.

## 7. EVALUATION

7.1. Annual evaluations will be undertaken over a three-year rolling review period during which, committee self-assessments are to be performed during two of the years and an independent board evaluation will be performed during one of the years. The GARC will informally evaluate the effectiveness of the DARC in discharging its duties as set out in this document on an annual basis, whether by self-assessment or external third-party review).

## 8. APPROVAL OF THIS CHARTER

8.1. This Charter is to be reviewed by the GARC and recommended to the board for approval and adoption annually.

DocuSigned by:  
  
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Mrs H Wiseman  
Chairman: Group Audit and Risk Committee