

## **BID CORPORATION LIMITED**

### **GROUP AUDIT & RISK COMMITTEE CHARTER**

The Group Audit & Risk Committee ('GARC') is constituted as a statutory committee of Bid Corporation Limited ('Bidcorp') and a committee of the Bidcorp Board of Directors ('board') in respect of all duties assigned to it by the board and legislation.

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

This Charter is subject to the provisions of the Companies Act, 71 of 2008, the Bidcorp Memorandum of Incorporation and any other applicable law or regulatory provision.

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

- 1.1. The purpose of these terms of reference is to set out the committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

#### **2. COMPOSITION**

##### **Membership**

- 2.1. The GARC will comprise a minimum of three members, all of whom, including the chairman, will be independent non-executive directors.
- 2.2. The board is satisfied that within the GARC members, there exists a comprehension of the following topics:
  - 2.2.1. internal financial controls and internal governance processes;
  - 2.2.2. external and internal audit processes;
  - 2.2.3. integrated reporting, including financial reporting;
  - 2.2.4. risk management, including sustainability issues and IT governance; and
  - 2.2.5. corporate law and other applicable regulatory requirements.
- 2.3. The board nominated GARC members will be presented to the AGM annually to be ratified by the shareholders. Should a vacancy arise, the board will appoint a replacement; and this decision will be ratified at the following AGM.
- 2.4. The board will appoint the chairman of the GARC annually.

### Permanent and other invitees

- 2.5. The chief executive, chief financial officer, senior external audit partner and group internal audit manager shall be permanent invitees and shall have unrestricted access to the GARC chairman or any other GARC member in relation to any matter falling within the GARC's remit.
- 2.6. Board members shall have the right of attendance only.
- 2.7. The GARC chairman may invite other persons, as relevant, to attend meetings.

### 3. ROLE

- 3.1. The committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 3.2. In addition to its statutory responsibilities, the overall function of the GARC is to assist the board 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 the risk profile and risk appetite of Bidcorp.

### 4. STATUTORY & DELEGATED DUTIES OF THE GARC

#### External Auditors

The GARC is required to:

- 4.1. Nominate to the board registered auditors to act as the main external auditor to Bidcorp and external auditors to each entity. The nominee external auditor shall, in the GARC's opinion, be independent of Bidcorp. Past performance shall be a criterion for nomination.
- 4.2. Determine the fees to be paid to the external auditor and the terms of the engagement, having first determined management's expectations. The final fee negotiations will only include the inputs from the respective DARC's and the external auditors, for GARC review and approval.

- 4.3. Pre-approve any proposed contract with the external auditor for the provision of non-audit services within Bidcorp. The GARC requires that the DARC consider all proposed non-audit service contracts with the external auditor within the respective Bidcorp entity, and to inform the GARC of such engagements for consolidated approval.
- 4.4. Evaluate the independence of the external auditor in relation to the company, any subsidiary, or parent or any Bidcorp entity:
  - 4.4.1. ascertain whether the external auditors receive any remuneration or benefit, except for rendering audit and other permitted services; and
  - 4.4.2. consider the extent of consultancy, advisory or other services undertaken by the external auditor.
- 4.5. Discuss the external auditor's engagement letters, the term, nature and scope of the external audit.
- 4.6. Obtain assurances from the external auditors that adequate accounting records were being maintained.
- 4.7. Obtain a statement from the external auditors confirming that its independence was not impaired.
- 4.8. A reporting process should be agreed to ensure the GARC is informed of any identified Reportable Irregularities (as required by the Auditing Professions Act, 2005).
- 4.9. Annually the GARC should review the quality and effectiveness of the external audit process and evaluate the performance of the external auditor.
- 4.10. The GARC should monitor the rotation of the external audit engagement partner, in accordance with relevant requirements.

#### **Annual financial statements, preliminary announcements and interim financial statements**

- 4.11. The GARC should review the group's annual financial statements, preliminary announcements and interim financial statements before submission to the board and prior to the press announcement, focusing particularly on:
  - 4.11.1. the appropriateness of and compliance with group accounting policies and generally accepted accounting standards, both local and international, and any changes in accounting policies and practices;
  - 4.11.2. any actual or proposed changes in accounting or financial reporting practices;
  - 4.11.3. judgmental areas for example, those involving the valuation of assets and liabilities, warranty, product or environmental liability, litigation reserves and other significant commitments and contingencies;

- 4.11.4. complex and unusual transactions such as restructuring charges and derivative disclosures and the propriety of major adjustments processed at year end;
  - 4.11.5. the basis on which Bidcorp and related entities have been determined as a going concern;
  - 4.11.6. the directors' statement to be included in the financial statements relating to internal control and corporate governance;
  - 4.11.7. tax and litigation matters;
  - 4.11.8. capital adequacy and compliance with financial conditions of loan covenants; and
  - 4.11.9. reviews of special documents such as prospectuses.
- 4.12. Assess the fairness of the preliminary and interim statements and disclosures, and obtain explanations from management and auditors on:
- 4.12.1. the external auditors' proposed audit opinion;
  - 4.12.2. legal and regulatory compliance matters considered in the preparation of the financial statements;
  - 4.12.3. whether preliminary announcements and interim financial statements contain adequate and appropriate disclosures; and
  - 4.12.4. whether actual financial results for the interim period varied significantly from budgeted or projected results.
- 4.13. Prepare a report to be included in the annual financial statements describing how the GARC carried out its functions, including:
- 4.13.1. a statement that the GARC and its DGARC's operate in accordance with a charter as approved by the board;
  - 4.13.2. a statement that the GARC is satisfied that the external auditor is independent of Bidcorp;
  - 4.13.3. commentary on the financial statements, the accounting practices and the internal financial control of Bidcorp; and
  - 4.13.4. a statement confirming that the GARC has satisfied itself with the appropriateness of expertise, resourcing and experience of the finance function and of the financial director.
- 4.14. Oversee the integrated annual report to ensure that a balanced assessment of the position, performance and prospects of the group is presented.

### Combined assurance

- 4.15. Ensure that a combined assurance model has been applied within Bidcorp to provide a coordinated approach to all assurance activities appropriately addressing all the significant risks facing Bidcorp.
- 4.16. Monitor the relationship between the various external and internal assurance providers of Bidcorp both at a group and entity level.

### Risk oversight

- 4.17. The periodic facilitation of risk assessment, to determine the material risks to which Bidcorp may be exposed and to evaluate the strategy for managing those risks.
- 4.18. Reporting to the board 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.
- 4.19. Review Bidcorp policies on risk assessment and risk management, including fraud risks and information technology risks, and ensure timely response and adequately reporting on non-compliance detected.
- 4.20. Consider with senior management and the internal and external auditors any fraud, illegal acts, deficiencies in internal control, significant risks and risk mitigation plans.
- 4.21. Identify and monitor the non-financial aspects relevant to Bidcorp and review appropriate non-financial information that goes beyond assessing the financial and quantitative performance.

### Internal audit

- 4.22. The GARC is responsible for overseeing the group internal audit, in particular the GARC shall:
  - 4.22.1. 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;
  - 4.22.2. approve the internal audit plan, as well as oversee the objectives of the internal audit function; and
  - 4.22.3. encourage cooperation between external and internal audit.
- 4.23. The GARC empowers the DARC to perform and oversee the internal audit function, within the ambit of the internal audit charter.
- 4.24. Review written assessments of the effectiveness of the system of financial controls, internal controls and risk management from the internal audit function.

## 5. AUTHORITY

- 5.1. The board authorises the GARC 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 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 board authorises the GARC to delegate certain statutory and non-statutory functions to the DARC but requires the GARC to review and report on the adequacy of functions conducted on its behalf.
  - 5.2.1. Members of DARC and their permanent invitees shall be reviewed and approved annually by the GARC; and
  - 5.2.2. DARC shall operate under a DARC committee charter reviewed and approved annually by the GARC.
- 5.3. At least once a year, the GARC shall meet separately with the external auditors and internal auditors, without the executive directors or other executives being present.
- 5.4. As required GARC shall make submissions to the board on any matter concerning Bidcorp's accounting policies, financial control, records and reporting.
- 5.5. The GARC shall annually review the expertise, resources and experience of the finance function as well as to consider and satisfy itself of the appropriateness of the expertise and experience of the Bidcorp Financial Director.
- 5.6. The GARC shall perform other oversight functions as requested on an ad hoc basis by the board.

## 6. MEETING PROCEDURES

### Frequency

- 6.1. Meetings shall be held as frequently as the GARC chairman considers appropriate but should meet not less than four times a year.

### Attendance

- 6.2. A quorum for the meeting will be a minimum of two GARC members.

### Agenda and minutes

- 6.3. GARC agenda and pack shall be agreed with the GARC chairman and distributed in advance to enable GARC members to prepare for meetings.
- 6.4. The GARC 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.
- 6.5. The draft minutes of GARC meetings shall be circulated to all GARC members ahead of the next GARC meeting, for review and approval during the next meeting. The approved minutes shall be signed by the GARC chairman and affixed in a minute book.
- 6.6. The minutes of all GARC meetings, summaries and reports of GARC findings shall be submitted to the board, for consideration at the next scheduled board meeting.

### Reporting

The chairman of the GARC is required to report the following:

- 6.7. all significant matters arising from the GARC to the board timeously;
- 6.8. to attend the AGM to answer all questions, through the chairman of the board on the GARC's activities and responsibilities; and
- 6.9. annually prepare a written report to the shareholders to be included in the annual financial statements.

### Remuneration

- 6.10. The committee members shall be paid such remuneration for their committee work as recommended by the Board for shareholder approval at the AGM.
- 6.11. The committee chairman shall, in addition to remuneration as a member, receive a further sum as recommended by the Board for shareholder approval at the AGM.

## 7. EVALUATION

- 7.1. The board must perform an annual evaluation of the effectiveness of the GARC.

## 8. APPROVAL

- 8.1. On an annual basis this Group Audit & Risk Committee Charter is reviewed and recommended to the board for approval and adoption.