

# SIRIUS REAL ESTATE LIMITED

(the **COMPANY**)

## AUDIT COMMITTEE – TERMS OF REFERENCE

Approved by the Board on 30 March 2020.

In these Terms of Reference the following terms shall have the stated meanings:

the **Board** means the board of directors of the Company;

the **Committee** means the Audit Committee;

the **Group** means the Company and its subsidiaries from time to time.

The primary functions of the Audit Committee are to ensure the integrity of its periodic financial statements, to keep under review and to monitor the Company's financial control and risk management systems, its processes for complying with laws, regulations and ethical codes of practice, and to oversee the Group's internal and external audit arrangements.

### 1 Membership and Attendance

- 1.1 The Board has established an Audit Committee of at least three independent, non-executive directors.
- 1.2 The chairman of the Board (the **Chairman**) shall not be a member of the Committee.
- 1.3 The members of the Committee, as a whole, shall have recent and relevant financial skills and experience, and competence relevant to the business of the Group in order to execute their duties effectively. At least one member of the Committee shall have recent and relevant financial experience with competence in accounting and/or auditing.
- 1.4 Where possible, the Committee shall include at least one member of the Company's Remuneration Committee.
- 1.5 The Board shall appoint a chairman of the Committee (the **Committee Chairman**). In the absence of the Committee Chairman at any meeting of the Committee (each a **Meeting**), the remaining members present shall elect one of their number to chair that Meeting.

- 1.6 Only members of the Committee have the right to attend and vote at a Meeting. However, other individuals may be invited to attend all or part of any Meeting as and when considered appropriate. The Committee will normally invite the Chief Financial Officer, the external audit lead partner and the head of internal audit (if appointed) to attend Meetings.
- 1.7 Members of the Committee shall be appointed by the Board for a period of up to three years. Such appointment may then be extended by no more than two additional periods of up to three years, provided the relevant director continues to meet the criteria for membership of the Committee..

## **2 Secretary**

The Company Secretary or the Company Secretary's nominee shall act as the secretary of the Committee (the **Secretary**). The Company Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **3 Quorum**

The quorum necessary for the any Meeting shall be two members including, wherever possible, at least one member with recent and relevant financial experience and competence in accounting and/or auditing. A duly convened Meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **4 Frequency of Meetings**

- 4.1 The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and at any other time as the Committee Chairman shall require.
- 4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's finance and governance functions, including the Chairman and the Company's Chief Executive Officer and Chief Financial Officer.

## **5 Notice of Meetings and Proceedings at Meetings**

- 5.1 Meetings shall be convened by the Secretary at the request of the Committee Chairman or any other member of the Committee, or at the request of the Company's external auditor (or the head of internal audit if the Company has an internal audit function).

5.2 Subject to the constitutional documents of the Company and these Terms of Reference, the Committee shall determine its own procedures.

## **6 Minutes of Meetings**

6.1 The Secretary shall minute the proceedings and decisions of all Meetings.

6.2 Minutes of Meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board (unless, in the opinion of the Committee Chairman, it would be inappropriate to do so).

## **7 Annual General Meeting**

7.1 The Committee Chairman should attend the Company's Annual General Meeting in order to respond to any shareholder questions on the Committee's activities.

## **8 Duties**

The main responsibilities of the Committee shall include the following:

### **Financial and Narrative Reporting**

8.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcement or statement relating to its financial performance, reviewing the significant financial reporting issues and judgments which they contain having regard to matters communicated to it by the external auditor.

8.2 In particular, the Committee shall review and challenge where necessary:

- (a) the application of significant accounting policies and any changes to them and the consistency of accounting policies both on a year-to-year basis and across the Group;
- (b) those decisions requiring a major element of judgment;
- (c) the extent to which the financial statements are affected by any unusual or significant transaction;
- (d) the clarity and completeness of disclosures;

- (e) any significant adjustments resulting from the audit;
- (f) the assumptions or qualifications in support of the going concern statement and the longer-term viability statement;
- (g) the approach to compliance with relevant accounting standards;
- (h) the approach to compliance with stock exchange and other legal and regulatory requirements; and
- (i) the material information presented in the Annual Report, such as the Strategic Report and corporate governance statements relating to the audit and to risk management.

8.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.4 Where requested by the Board, the Committee shall provide advice on whether the Annual Report and Accounts of the Company, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy

#### **Internal Control and Risk Management Systems**

8.5 The Committee shall:

- (a) review and monitor the adequacy and effectiveness of the Group's internal financial controls;
- (b) review and monitor the adequacy and effectiveness of the Group's risk management systems, including the identification, assessment, management and reporting of emerging and subsisting financial and other business risks; and
- (c) consider the major findings of any internal investigations and the response of management thereto.

#### **Internal Audit**

8.6 The decision on whether or not to set up an internal audit function shall be made by the Board, on the recommendation of the Committee (which shall consider annually whether there is a need for an internal audit function), based on the growth of the Company, the scale, diversity and complexity of

the Group's activities, markets and operating environment, the number of employees and cost/benefit considerations.

8.7 If the Company does not have an internal audit function, the absence of such a function shall be explained in the Annual Report and Accounts, and the Committee:

- (a) shall receive such reports from management as the Committee considers necessary for it to perform all its review and monitoring duties;
- (b) shall, if appropriate, advise management as to what additional processes are needed to provide assurance that the internal control and risk management systems are operating as intended;
- (c) may seek objective external assurance or advice in relation to any matter relating to risk or control, such appointments being subject to the relevant ethical and professional guidance.

8.8 If the Company has an internal audit function, the Committee shall:

- (a) monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management strategy;
- (b) consider candidates for the role, and approve the appointment and dismissal, of the head of internal audit;
- (c) on an annual basis, consider, review and approve the terms of reference of the internal audit function and the effectiveness of its work;
- (d) be advised of the planned programme of audits and the reason for any change or delay in the programme;
- (e) review and assess the annual internal audit plan to ensure it is aligned to the key risks of the business;
- (f) liaise with the Board to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- (g) review all reports on the Group from the internal audit function;

- (h) meet with the head of internal audit at least once a year, without management being present, to discuss the remit of the internal audit function and any issues arising from the internal audit programme.

### **External Audit**

8.9 The Committee shall:

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the Company's Annual General Meeting, as regards the appointment, reappointment or removal of the Company's external auditor;
- (b) investigate any issues and decide on any action to be taken if the external auditor resigns;
- (c) initiate and oversee the tender of the external audit contract every ten years;
- (d) oversee the relationship with the external auditor, including:
  - (i) approving the audit fee, satisfying itself that the level of fees is sufficient (but not excessive) to enable a proper audit to be conducted;
  - (ii) assessing annually the auditor's independence and objectivity, taking into account relevant ethical, professional and regulatory requirements;
  - (iii) monitoring the auditor's compliance with relevant ethical and professional guidance including on the rotation of audit partners, non-audit fees and the overall level of fees paid;
  - (iv) approving the Company's policy on the supply of non-audit services to prevent any threat to the auditor's independence and objectivity;
  - (v) assessing annually their qualifications, independence, expertise and resources and the effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements; and
  - (vi) meeting the external audit lead partner at least once a year, without management being present, to discuss the remit of the external auditor and any issues arising from the audit.

8.10 In conducting each audit, the Committee shall:

- (a) determine and agree the scope of the audit engagement and the auditor's terms of engagement;
- (b) approve the external audit plan, ensuring it is consistent with the scope of the audit engagement;
- (c) review the findings of the audit with the external auditor, discussing any major issues resulting from the audit, accounting and audit judgments and levels of errors identified during the audit;
- (d) consider management's responses to the external auditor's findings and recommendations, and take responsibility for the resolution of any disagreements between management and the external auditor; and
- (e) review the representation letter before it is signed by management.

#### **Compliance, whistleblowing and fraud**

- 8.11 If requested by the Board to do so, the Committee shall review the adequacy and security of the Company's arrangements for the employees of the Group to raise concerns about possible wrongdoing in financial reporting or other matters and the procedures for handling these allegations.
- 8.12 The Committee shall also review the Company's procedures for preventing and detecting fraud, review the Company's systems and controls for the prevention of bribery, and receive reports on non-compliance.

#### **Reporting responsibilities**

- 8.13 After each meeting, the Committee Chairman shall report material matters to the Board and, annually, the Committee shall account to the Board as to how it has discharged its responsibilities.
- 8.14 The Committee shall make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 8.15 The Committee shall approve the report on its activities in the Annual Report and Accounts, including:
  - (a) the explanation on how the Committee has addressed the independence and objectivity of the external auditor, and assessed the effectiveness of the external audit process;

- (b) the significant issues that the Committee considered in relation to the financial statements and how those issues were addressed; and
- (c) any other matters to be disclosed in accordance with applicable legislation and the UK Corporate Governance Code and the King Report on Corporate Governance for South Africa

## **9 Other Matters**

### 9.1 The Committee shall

- (a) have access to sufficient resources, including adequate information (provided by the Board on a proactive as well as a reactive basis) in order to carry out its duties, including access to the Company Secretary for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and
- (c) give due consideration to relevant laws and regulations, the provisions of the UK Corporate Governance Code and the King Report on Corporate Governance for South Africa and the requirements of any stock exchange on which the Company's shares are listed or admitted to trading from time to time (including, at the relevant time, the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules sourcebook and any associated guidance and the JSE Listing Requirements).

9.2 Each year, the Committee shall assess its own performance and review its membership and terms of reference, recommending any changes as appropriate to the Board for approval.

9.3 These Terms of Reference shall be made generally available.

## **10 Authority**

10.1 The Committee is authorised by the Board to:

- (a) investigate any activity within its Terms of Reference and to seek any information it requires;
- (b) call any member of staff to be questioned at a Meeting as and when required and secure the attendance at its Meetings of any other person with relevant experience and expertise if it considers this necessary;



- (c) obtain, at the Company's expense, outside legal or other independent professional advice on any matters within its Terms of Reference provided that, prior to committing to any fees, the Committee Chairman shall consult with the Chairman to agree fee levels;
- (d) authorise the obtaining at the Company's expense of independent legal or other professional advice by any director on terms that the Committee may determine if a director of a Group member indicates to the Committee that he requires, or has obtained, independent legal or other professional advice in relation to his duties as a director,

10.2 The Board shall require that officers and employees of the Group and any external advisers co-operate with any request made by the Committee.