



Risk Committee Terms of Reference

1 INTRODUCTION

- 1.1 The Risk Committee ("Committee") is constituted as a committee of the board of directors of AECI Limited ("Company"). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.
- 1.2 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 judgment in accordance with their statutory obligations.
- 1.3 These terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation ("MOI") and any other applicable law or regulatory provision.

2 MANDATE AND PURPOSE OF THE TERMS OF REFERENCE

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.

3 COMPOSITION OF THE COMMITTEE

- 3.1 The Committee comprises at least 3 (three) non-executive directors and the members of the Executive Committee.
- 3.2 Members of this Committee and its chairman are nominated by the board.
- 3.3 The Chairman of the Audit Committee is an *ex officio* member of this Committee.
- 3.4 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

4 ROLE

- 4.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval.
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 4.3 The role of the Committee is to assist the board to ensure that:-
 - 4.3.1 the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives; and
 - 4.3.2 the disclosure regarding risk is comprehensive, timely, and in line with best practice

5 RESPONSIBILITIES

The Committee must perform all the functions as is necessary to fulfil its role as stated afore and including the following:

5.1 Risk Management

- 5.1.1 Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board.

- 5.1.2 Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
 - 5.1.3 Make recommendations to the board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board.
 - 5.1.4 Oversee that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the Company.
 - 5.1.5 Ensure that risk management assessments are performed on a continuous basis.
 - 5.1.6 Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
 - 5.1.7 Ensure that management considers and implements appropriate risk responses.
 - 5.1.8 Ensure that continuous risk monitoring by management takes place.
 - 5.1.9 Liaise closely with the Audit Committee to exchange information relevant to risk.
 - 5.1.10 Express the Committee's formal opinion to the board on the effectiveness of the system and process of risk management.
 - 5.1.11 Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- 5.2 **Compliance**
- 5.2.1 Oversee the development and annual review of a policy and plan for compliance management to recommend for approval to the board.
 - 5.2.2 Monitor implementation of the policy and plan for compliance management taking place by means of compliance risk management systems and processes.
 - 5.2.3 Ensure that compliance management assessments are performed on a continuous basis.
 - 5.2.4 Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable compliance risks.
 - 5.2.5 Ensure that management considers and implements appropriate compliance management responses.
 - 5.2.6 Ensure that continuous compliance monitoring by management takes place.
 - 5.2.7 Liaise closely with the Audit Committee to exchange information relevant to compliance.
 - 5.2.8 Express the Committee's formal opinion to the board on the effectiveness of the system and process of compliance management.
 - 5.2.9 Assume responsibility for the governance of compliance with applicable laws and adopted, non-binding rules, codes and standards by setting the direction for how compliance should be approached and addressed in the organisation.

- 5.2.10 Approve policy that articulates and gives effect to its direction on compliance, and that identifies which non-binding rules, codes and standards the organisation has adopted.
- 5.2.11 Delegate to management responsibility for implementation and execution of effective compliance management.
- 5.2.12 Exercise ongoing oversight of compliance and, in particular, oversee that it results in the following:
 - 5.2.12.1 Compliance being understood not only for the obligations it creates, but also for the rights and protections it affords.
 - 5.2.12.2 Compliance management taking a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another.
 - 5.2.12.3 Continual monitoring of the regulatory environment and appropriate responses to changes and developments.
- 5.2.13 Consider the need to receive periodic independent assurance on the effectiveness of compliance management.
- 5.2.14 The following should be disclosed in relation to compliance:
 - 5.2.14.1 An overview of the arrangements for governing and managing compliance.
 - 5.2.14.2 Key areas of focus during the reporting period.
 - 5.2.14.3 Actions taken to monitor the effectiveness of compliance management and how the outcomes were addressed.
 - 5.2.14.4 Planned areas of future focus.
 - 5.2.14.5 Material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, whether imposed on the organisation or on members of the governing body or officers should be disclosed.
 - 5.2.14.6 Details of monitoring and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance should be disclosed.

5.3 **IT Governance**

- 5.3.1 Assume responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed in the organisation.
- 5.3.2 Approve policy that articulates and gives effect to its set direction on the employment of technology and information.
- 5.3.3 Delegate to management the responsibility to implement and execute effective technology and information management.
- 5.3.4 Exercise ongoing oversight of technology and information management and, in particular, oversee that it results in the following:
 - 5.3.4.1 Integration of people, technologies, information and processes across the organisation.

- 5.3.4.2 Integration of technology and information risks into organisation-wide risk management.
- 5.3.4.3 Arrangements to provide for business resilience.
- 5.3.4.4 Proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events.
- 5.3.4.5 Management of the performance of, and the risks pertaining to, third party and outsourced service providers.
- 5.3.4.6 The assessment of value delivered to the organisation through significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure.
- 5.3.4.7 The responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security.
- 5.3.4.8 Ethical and responsible use of technology and information.
- 5.3.5 Exercise ongoing oversight of the management of information and, in particular, oversee that it results in the following:
 - 5.3.5.1 The leveraging of information to sustain and enhance the organisations intellectual capital.
 - 5.3.5.2 An information architecture that supports confidentiality, integrity and availability of information.
 - 5.3.5.3 The protection of privacy of personal information.
 - 5.3.5.4 The continual monitoring of security of information.
- 5.3.6 Exercise ongoing oversight of the management of technology and, in particular, oversee that it results in the following:
 - 5.3.6.1 A technology architecture that enables the achievement of strategic and operational objectives.
 - 5.3.6.2 The management of the risks pertaining to the sourcing of technology.
 - 5.3.6.3 Monitoring and appropriate responses to developments in technology, including the capturing of potential opportunities and the management of disruptive effects on the organisation and its business model.
- 5.3.7 Consider the need to receive periodic independent assurance on the effectiveness of the organisations technology and information arrangements, including outsourced services.
- 5.3.8 The following should be disclosed in relation to technology and information:
 - 5.3.8.1 An overview of the arrangements for governing and managing technology and information.
 - 5.3.8.2 Key areas of focus during the reporting period, including objectives, significant changes

in policy, significant acquisitions and remedial actions taken as a result of major incidents.

- 5.3.8.3 Actions taken to monitor the effectiveness of technology and information management and how the outcomes were addressed.
- 5.3.8.4 Planned areas of future focus.

6 AUTHORITY

- 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 chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.
- 6.3 The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.4 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
- 6.5 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 following a board approved process.
- 6.6 The Committee makes the 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 MEETINGS AND PROCEDURES

7.1 Frequency

- 7.1.1 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 3 (three) meetings per year.
- 7.1.2 Meetings in addition to those scheduled may, with approval of the Chairman, be held at the request of the Chief Executive, Group Risk Officer or other members of senior management or at the instance of the board.
- 7.1.3 The chairman of the Committee may meet with the Group Risk Officer and/or the Group Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 7.1.4 Members and/or invitees of the Committee may participate in and act at any meeting of the Committee through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting by the person or persons so participating.

7.2 Attendance

- 7.2.1 The Group Risk Officer or other members of senior management as may be required,

assurance providers and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

- 7.2.2 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 chairman or Group Company Secretary.
- 7.2.3 The Group Company Secretary or his/her designate is the secretary to this Committee.
- 7.2.4 If the nominated chairman of the Committee is absent from a meeting, the members present shall elect one of the members present to act as chairman.

7.3 **Agenda and Minutes**

- 7.3.1 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.
- 7.3.2 The annual 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 3 (three) year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 7.3.3 A detailed agenda, together with supporting documentation, must be circulated, at least 1 (one) week prior to each meeting to the members of the Committee and other invitees.
- 7.3.4 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters for discussion.
- 7.3.5 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.
- 7.3.6 The minutes must be formally approved by the Committee at its next scheduled meeting.

7.4 **Quorum**

A representative quorum for meetings is a majority of members present. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

8 REVIEW AND ASSESSMENT

- 8.1 The Committee's activities and effectiveness should be assessed periodically and reviewed by the Board.
- 8.2 This mandate and terms of reference may, from time to time, be amended as required, subject to the approval of the board.
- 8.3 These terms of reference will be due for review at 3 (three) year intervals or where otherwise required.

Prepared by:

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Ms EN Rapoo
Group Company Secretary

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Date

Approved and accepted:

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Dr KD Mokhele
Chairman, AECI Ltd

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Date

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Mr AJ Morgan
Risk Committee Chairman, AECI Ltd

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Date