

# DLC Audit Committee

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**Terms of Reference | March 2022**



## 1. Authority, mandate, objectives and reporting

### 1.1. Introduction

The main objectives of the Committee are to have oversight of and give assurance to the Board on the DLCs financial reporting and internal controls, compliance, and to safeguard the independence of and oversee the performance of the internal and external assurance providers

This Terms of Reference documents the authority and mandate delegated to the Committee by the Board but does not preclude the Committee from carrying out such additional functions and adopt such additional measures as may be required to effectively discharge its responsibilities.

### 1.2. Terminology and definitions

- DLC: Investec plc and Investec Limited together as a dual listed company
- The Group: Investec plc and Investec Limited and its subsidiaries
- The DLC BRCC: The DLC Board Risk & Capital Committee
- The Directors of the Group / The DLC Board / The Group Board: The Boards of Investec plc and Investec Limited
- IRBA: Independent Regulatory Board for Auditors
- MAFR: Mandatory Audit Firm Rotation
- Key operating and regulated subsidiaries: list of key subsidiaries as listed in Appendix 5.2

### 1.3. Legislation and regulation that forms part of the mandate of the Committee

As a Committee mandated by the Boards of Investec Limited and Investec plc, the mandate of the Committee is informed by legislation, regulation and stakeholder expectations in both the United Kingdom (UK) and South Africa (SA). In line with principles established by the Group, to the extent that there is a conflict, the Committee will apply the more onerous provisions.

#### SA

- The Banks Act 94 of 1990 and Regulations (SA Banks Act) and Directives issued by the SA Prudential Authority (PR)
- The SA Companies Act 71 of 2008
- King IV Code on Corporate Governance (King IV)
- The Johannesburg Stock Exchange (JSE) Listings requirements

#### UK

- The UK Companies Act of 2006
- UK Corporate Governance Code
- UK Listing rules
- Capital Requirements Directives
- Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) Handbooks

Other

Financial Reporting Council Guidance  
International Financial Reporting Standards  
The Dual Listed Company Agreements

## 1.4. Authority & mandate

The DLC Audit Committee is mandated by the Boards of Directors of Investec Limited and Investec plc to perform the statutory duties of an Audit Committee as per the UK and SA legislation, in respect of the consolidated financial report and accounts for the DLC group.

The Committee may sub-delegate any of its powers, authorities and responsibilities to a sub-committee comprising such other forums or committees or individuals and, on such terms, and conditions, and may revoke or vary such delegation, as it sees fit.

### 1.4.1. Annual workplan

The Committee will evidence how it discharged its mandate and exercised its authority by amongst others, following an annual work plan. The annual work plan will also record ad hoc tasks, work and duties undertaken by the Committee which are not expressly recorded within these Terms of Reference.

## 1.5. Objectives

The main objectives of the Committee to have oversight of and give assurance to the Board on the DLC financial reporting and internal controls, compliance, and to safeguard the independence of and oversee the performance of the internal and external assurance providers.

- Financial reporting  
To review and monitor:
  - The consolidated accounts of the Group and recommend to the DLC Board for approval
  - The integrity of the consolidated Group half year report, preliminary results, and any other formal statements relating to the Group's financial performance and its formal annual report which are subject to approval by the external auditor, reviewing significant financial reporting issues and judgments which they contain
  - The summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature, provided that such monitoring and review is not inconsistent with any requirement for prompt reporting under the Listing Requirements of the JSE and LSE
  - The appropriateness and consistency of, and any changes to, the Group's accounting policies or methodologies and any changes to them both on a year-on-year basis and across the Company
  - The assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer-term viability statement

- Any other material information presented with the financial reports and confirming the overall accuracy of the reports.
- Internal Controls
  - To review at least annually the effectiveness of the Group’s internal controls
  - Facilitate and promote communication between the Board, executive management, the external auditors, Head of Compliance, and the Head Internal Auditor who has a direct reporting line to the Committee
  - Evaluate the suitability of the expertise and experience of the Finance Director (FD) and recommend to the Board if changes are necessary
  - Review and assess the internal financial controls environment which the Chief Executive Officer (CEO) and FD will attest to.
- Compliance
  - The Committee shall keep under review the effectiveness of the Group’s compliance monitoring procedures and approve the annual Compliance Monitoring programme.
- Whistleblowing
  - The Committee shall review the Group’s arrangements and whistleblowing mechanisms to ensure protected disclosures that encourage employees to raise concerns about financial reporting, workplace malpractice, or other matters in confidence.
  - The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- Internal Audit
  - Consider and approve the remit of the internal audit function and ensure it has adequate resources with satisfactory quality, experience, and expertise as well as the appropriate access to information to enable it to perform its function effectively
  - Monitor and review the role and effectiveness of the Group’s internal audit function in the context of the Group’s overall risk management system and ensure the periodic independent review of the internal audit function
  - Review and approve the annual internal audit plan and implementation to ensure it is aligned to business’s key risks
  - Approve the internal audit charter and perform an annual review of the charter, making recommendations for changes if required
  - Perform an annual assessment of the internal audit function’s responsibility, budget, and staffing, with input from the external auditor.
- External Audit
  - Recommending to the Board the appointment or removal of the external auditor, the external auditor’s remuneration and ensuring that the level of fees in relation to the work that they carry out for the Group is appropriate to enable an adequate audit to be conducted
  - Overseeing compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order), which relates to the frequency and governance of tenders for the appointment of the external auditors

- Overseeing regulatory compliance regarding the rule of Mandatory Audit Firm Rotation (MAFR) as issued by the South African Independent Regulatory Board for Auditors (IRBA) which requires that an audit firm shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive financial years. Thereafter, the auditor firm will only be eligible for reappointment as the auditor, after the expiry of at least five financial years
- Review and approve the annual audit plan, understand any reasons for changes to the audit plan and ensure that it is consistent with the scope of the audit engagement
- Review the findings of the audit with the external auditor to discuss any material issues, accounting and audit judgments and levels of errors identified during the audit
  - A discussion of any significant issues which arose during the audit
  - Any accounting and audit judgments and
  - Levels of errors identified during the audit
- Review the management letter and management's response to the auditor's findings and recommendations.

## 1.6. Reporting

The Committee's reporting line is Committee → DLC Board.

The Committee Chair shall report formally to the Investec plc and Investec Limited Audit Committee and to the DLC Board where appropriate.

The Committee and its Chair shall produce a report to be included in the Group's annual report about its activities including the membership of the Committee, number of meetings and attendance as well as summarise the Committee's work and activities over the course of the year. The Chair shall attend the annual general meetings (AGM's) to address any shareholder questions on the Committee's activities and areas of responsibility.

The Group's Internal Assurance Providers (Risk, Finance, Internal Audit and Compliance) and External Auditors shall have the right of direct access to the Chair of the Committee.

## 1.7. Interaction with other committees

- The Chair of the DLC Audit Committee shall be the chair of the Investec Limited and Investec plc Audit Committees
- As an agreed principle, where practicable the Chair of the DLC Audit Committee shall be a member of the Audit Committees established by subsidiaries
- Subsidiary Audit Committees have defined and documented responsibilities with regard to their respective entities. In order to effectively aggregate the work done by those committees, members may attend the meetings of those committees and a report will be provided by the Chair
- DLC Board Risk and Capital Committee (BRCC): The DLC Audit Committee will provide assurance to the DLC BRCC as to the risks impacting finance and reporting controls as well as internal controls and risk management systems of

the Group

- DLC Nominations and Directors Affairs Committee (DLC Nomdac): The DLC Audit Committee will on behalf of the DLC Nomdac and as per the SA Banks Act ensure that the Bank or controlling company is compliant with all applicable laws, regulations and codes of conduct and practice
- The DLC Audit Committee will rely on outputs from the DLC BRCC that enterprise-wide risks have been correctly identified and that the appropriate controls are in place.

### 1.8. Matters reserved for the Group Committee

In certain instances where subsidiaries of the Group have established subsidiary committees, certain matters will remain reserved for the Group Committee.

- The approval of Terms of Reference of Audit Committees of key operating subsidiaries
- The appointment of and remuneration of external auditors for the Group and key operating subsidiaries
- Approval of the DLC policy on the provision of non-audit services by the external auditors
- The appointment of the head of internal audit for the Group.

## 2. Composition and quorum

### 2.1. Composition

Members of the Committee, including the designated Chair, are appointed and/or removed by the Board on the recommendation of the DLC Nomdac in consultation with the Committee Chair.

The Committee shall comprise of at least three members. All of the members of the Committee must be independent non-executive directors. Members of the Committee shall have the appropriate knowledge, skills, and expertise to meet their obligations.

Should a member of the Committee resign from the Committee or otherwise vacate office and a vacancy occurs, the Board shall fill the vacancy on the Audit Committee within 42 business days of the vacancy arises.

Only members of the Committee have the right to attend Committee meetings. The Chair of the Committee may at their discretion invite non-members to meetings as deemed necessary, but they shall not have a vote.

If the designated Chair is absent from the meeting, one of the Committee members, nominated by the Chair or elected by the members present, may act as Chair.

Only members of the Committee have the right to vote at meetings. However, other individuals may be invited to attend and speak at meetings at the Chair's discretion.

Members of the Committee are as set out in Appendix 5.1.

## 2.2. Quorum

The quorum necessary for the transaction of business shall be two members of the Committee.

If a member is in any way, either directly or indirectly, interested in a matter before the Committee they must declare the nature and extent of that interest to the other members either at the beginning of the applicable meeting or in advance by email to members. A member who is interested in a matter before the Committee may not be counted as participating in the decision-making process for quorum or voting purposes unless the conflict of interest has been disclosed to and authorised by the members.

## 3. Committee operations

### 3.1. Frequency, notice and agenda

The Committee will meet at least four times per year, after the meetings of the Audit Committees of Investec's key operating subsidiaries and as often as is necessary to discharge its duties and objectives, on such dates and times as agreed with the Chair.

At least 3 days' notice of a meeting must be given to members but need not be in writing.

The notice of meeting should include the date and time of the meeting, details of the venue (whether in person or virtual), and, if relevant, an outline of the business to be discussed. Proposed agenda items should be discussed and agreed with the Chair prior to calling the meeting.

### 3.2. Chair, decision making and virtual meetings

The Chair of the Committee shall be appointed by the Board on the recommendation of the DLC Nomdac. The Chair shall be an independent non-executive of the Board. In the Chair's temporary absence, one of the independent non-executive Committee members nominated by the Chair or elected by the other members of the Committee will act as Chair.

Meetings may be convened, and decisions taken either in person or by electronic means (including for the avoidance of doubt, conference call, email, or any other electronic means of audio-visual communication that facilitates the members of the Committee making an informed, collective decision).

If meetings are held in person, at the Chair's discretion any subsequent amendments, approvals, recommendations, or satisfaction of any conditions precedent and antecedent may be addressed by the Committee electronically.

Decisions taken electronically have no effect unless the approving members would have formed a quorum at a meeting held in person, but otherwise all decisions taken electronically have the same force as if they had been made at a meeting held in person.

### 3.3. Record keeping

A member of the Company Secretarial function will act as Secretary of the Committee and will keep a record of the meeting papers and minutes of proceedings. Copies of the minutes of meetings will be circulated to members for comment no later than 14 days after the relevant meeting and thereafter provided to the Chair for comment and/or approval.

## 4. Review and approval of Terms of Reference

The Committee will review its own performance and composition at least once a year by way of the annual board effectiveness review.

The Committee will review the terms of reference at least once a year.

Any changes to the appendices to the Terms of Reference, with the exception of the Committee membership, may be amended by agreement between the Chair and Company Secretary.

Appendices reflecting membership changes may be updated by the Company Secretary after approval from the Board.

Any changes to the main body of the Terms of Reference must be tabled at the next meeting of the Committee for approval.

## 5. Appendices

### 5.1. Membership

The members of the Committee are:

<b>Name</b>	<b>Designation</b>
Zarina Bassa (Chair)	DLC Audit Chair & independent non-executive member of the Investec Limited and Investec plc Board
Philisiwe Sibiyi	Independent non-executive member of the Investec Limited and Investec plc Board
David Friedland	Independent non-executive member of the Investec Limited and Investec plc Board

## 5.2. Appendices | Lists of key operating and regulated subsidiaries that the committee is responsible for

Investec Limited  
Investec plc

## 5.3. Appendices | Workplan