

# Investec Limited Audit Committee

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**Terms of Reference | May 2022**



## 1. Authority, mandate, objectives and reporting

### 1.1. Introduction

This Committee is mandated to be the statutory audit committee of Investec Limited.

These Terms of Reference document 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

- CFO: Chief Financial Officer
- FSCA: Financial Sector Conduct Authority
- The Group: Investec Limited and its subsidiaries
- The DLC BRCC: The DLC Board Risk & Capital Committee
- IRBA: Independent Regulatory Board for Auditors
- MAFR: Mandatory Audit Firm Rotation
- SA PA: South African Prudential Authority
- 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 Board of Investec Limited, the mandate of the Committee is informed by legislation, regulation, and stakeholder expectations in 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.

- The Banks Act and Regulations, Directives
- The Companies Act 71 of 2008
- King IV Code on Corporate Governance (King IV)
- The Johannesburg Stock Exchange (JSE) Listings requirements.

Other

- International Financial Reporting Standards

### Authority & mandate

The Investec Limited Audit Committee is mandated by the Board of Directors of Investec Limited to perform the statutory duties of an Audit Committee as per the SA legislation, the regulations thereto and all other purposes assigned by the Board, for the Investec Limited Group, its subsidiaries and associated companies.

These Terms of Reference shall be subject to legislation and relevant codes of governance as listed in 1.3 above.

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.

### 1.3.1. 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.

## 1.4. Objectives

The main objectives of the Committee are to have oversight of and give assurance to the Board on Investec Limited's financial reporting, internal controls and risk management systems, compliance and conduct, internal audit, external audit and control environment.

- Financial reporting
  - The Committee shall monitor the integrity of the financial statements of Investec Limited and its formal annual and interim reports which are subject to approval by the external auditors, reviewing significant financial reporting issues and judgments which they contain
  - The Committee shall review, consider, and challenge where it considers it necessary:
    - The appropriateness and consistency of, and any changes to, Investec Limited, ensuring compliance with financial reporting standards
    - Review and evaluate significant issues raised in reports released by the internal auditors, compliance, the South African PA, FSCA, the external auditors and management responses thereto and report its findings to the Board of directors of Investec Limited and the Investec Limited Audit Committee
    - The methods used to account for significant or unusual transactions where different approaches are possible
    - Whether Investec Limited has complied with applicable accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors
    - The clarity and adequacy of presentation and disclosure in Investec Limited's financial reports and the context in which statements are made
    - Significant adjustments resulting from the external audit findings / reports
    - The assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern)
    - Other material information presented including the annual report and interim report, such that the reports overall are not misleading
      - Where requested by the Board, the Committee shall review the content of the annual report and advise the Board on whether, taken as a whole, it is fair, balanced, and understandable and provides the information necessary

- Give due consideration to the requirements of the Listings Rules and ensure compliance therewith
  - Satisfy itself that a combined assurance model is applied which incorporates the various risk and levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks
  - Consider audit quality in relation to Investec Limited
  - Consider transparency reports and reviews of each external audit firm covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria
  - Consider related party disclosures in relation to Investec Limited.
- Internal Controls and Risk Management Systems
    - The Committee shall review at least annually, the effectiveness of the internal controls and risk management systems.
  - Finance Function
    - Review the expertise, resources, experience, and effectiveness of the Finance Function
    - Considering the appropriateness of the expertise and experience of the Financial Director / Chief Financial Officer (CFO)
  - Compliance
    - The Committee shall keep under review the effectiveness of the Group's compliance monitoring procedures
    - The Head of Compliance shall have the right of direct access to the Chair of the Committee.
  - Internal audit
    - The Committee shall:
      - Monitor and review the effectiveness of Investec Limited's internal audit function in the context of the overall risk management system
      - Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively. The Committee shall also ensure that the function has adequate standing and is free from management or other restrictions
      - Determine whether it is satisfied that the quality, experience, and expertise of internal audit are appropriate for the business
      - Have access to all reports of the internal auditor relating to Investec Limited and its subsidiaries and receive regular reports from the internal auditor of all significant issues arising from the work of the internal audit function
      - Review and monitor management's responsiveness to the findings and recommendations of the internal auditor
      - Monitor and review the role and effectiveness of the Company's internal audit function in the context of the Company's overall risk management system, and the work of compliance, finance, and the external auditors
      - Ensure that there is open communication between internal and external audit and that the internal audit function evaluates the effectiveness of risk, compliance, and internal financial controls as part of its internal audit plan

- Review and approve the annual internal audit plan to ensure it is aligned to business's key risks and receive regular reports on the work carried out and approval of any change or delay in the plan and ensure co-ordination between the internal and external auditors
  - Meet the head of internal audit at least once each year, without management being present, to discuss the internal auditor's remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chair of the Board and is accountable to the Committee
  - Consider whether an independent, third-party review of internal audit effectiveness and processes is required. An independent review should be performed every five years.
- External audit  
The Committee shall oversee the relationship with the external auditors including (but not limited to):
    - Recommending to the Board the appointment or removal of the external auditor
    - Oversee the relationship with the external auditor and agree their terms of engagement, including any engagement letter issued at the start of each audit, the scope of the audit and, in consultation with the executive directors, agree and approve their remuneration (including fees for both the audit and non-audit services) to ensure that the level of fees is appropriate to enable an effective and high-quality audit to be undertaken
    - Assess annually the independence and objectivity of the auditor of Investec Limited, taking into account the relevant SA professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. Engagement of the auditor for non-audit services will be undertaken on basis consistent with the policy, in respect of non-audit services by the external auditor is regularly reviewed by the Committee
    - Receive a report periodically from the external auditors on their internal quality procedures
    - Satisfying itself that there are no relationships between the auditor and the Investec Limited (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity
    - Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners and ensuring that the frequency of rotation is appropriate to maintain the independence of audit partners
    - Assess annually their qualifications, expertise and resources and the effectiveness of the audit process
    - The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit
    - 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. This shall include but not be limited to, the following:
      - A discussion of any major issues which arose during the audit
      - Any accounting and audit judgments
      - Levels of errors identified during the audit

- Key audit matters
- Consider the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions
- Review and monitor the content of the external auditor's management letter and management's response to the auditors finding and recommendations and reporting to the Board on the effectiveness of the audit process
- Review any representation letter(s) requested by the external auditors which management is required to sign
- In terms of non-audit services:
  - Develop and recommend to the Board, and implement, the Company's formal policy on the external auditor's provision of non-audit services, including the Committee's approval of non-audit services, the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include assessment of:
    - Threats to the external auditor's independence, objectivity and any safeguards in place to eliminate or reduce threats
    - The nature of the non-audit services
    - Considering the external audit firm's skills and experience, whether it is the most suitable supplier of the non-audit service
    - The fees for the non-audit services, both for individual services and in aggregate, relative to the audit fee, including special terms and conditions; and the criteria governing compensation of the individuals performing the audit
    - Ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, satisfying itself that there are no relationships between the auditor and the Company outside the ordinary course of business (including the level of non-audit fees) that could adversely affect the auditor's independence and objectivity, or the audit process; and
    - Keep the policy for the provision of non-audit services under review
  - If any external auditor resigns, investigate the issues leading to this and decide whether any action is required
  - Overseeing regulatory compliance regarding the rule of MAFR as issued by the 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

## 1.5. Reporting

The Committee's reporting line is Committee → Investec Limited Board.

The Committee Chair shall report formally to the Investec Limited Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

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 to address any shareholder questions on the Committee's activities and areas of responsibility.

In compiling the reports referred to above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the company is a going concern.

### 1.6. Interaction with other committees

- As an agreed principle, where practicable the Chair of the Investec Limited 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 BRCC: The Investec Limited 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
- The Investec Limited 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.

### 1.7. Matters reserved for the Bank 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 Investec Limited 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 Nominations and Directors' Affairs Committee (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.

Members of the Committee and regular invitees 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)	Investec Limited Audit Chair & Independent non-executive member of the Investec Limited
Philisiwe Sibiyi	Independent non-executive member of the Investec Limited
David Friedland	Independent non-executive member of the Investec Limited

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

Investec Bank Limited  
Investec Wealth and Investment International  
Investec Life

## 5.3. Appendices | Workplan