



SILVERBRIDGE

AUDIT RISK AND INFORMATION TECHNOLOGY GOVERNANCE COMMITTEE
(“the ARITC”)

TERMS OF REFERENCE

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1. INTRODUCTION

- 1.1 The Board of Directors (hereinafter referred to as the “Board”) of SilverBridge Holdings Limited (“SilverBridge” or “The Company”), has resolved to establish a Committee of the Board to be known as the Audit, Risk and Information Technology Governance Committee (hereinafter referred to as “the committee” or “ARITC”) to act in the capacity of an Audit, Risk and Information Technology Governance Committee for SilverBridge and all of its subsidiaries.
- 1.2 The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.
- 1.3 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.
- 1.4 These terms of reference are subject to the provisions of the:
 - 1.4.1 Companies Act and Regulations, 71 of 2008 (“the Companies Act”);
 - 1.4.2 Any requirements of any other regulatory / supervisory authority (i.e. JSE Listings Requirements);
 - 1.4.3 Kind Code of Governance for South Africa, as amended;
 - 1.4.4 Company’s Memorandum of Incorporation; and
 - 1.4.5 Any other applicable law or regulatory provision.

2. PURPOSE OF THESE 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 AND TENURE OF THE COMMITTEE

- 3.1 The Committee is appointed by the Shareholders at the Annual General Meeting. The Board will determine the size of the Committee which shall –
 - As a statutory requirement, the members may not be less than 3 (three);
 - Comprise of at least 3 (three) independent non-executive directors of the Company;
 - Have at least two members with up to date and relevant financial experience;
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 - The Chairman of the Audit and Risk Committee, who shall be an independent non-executive director, will be appointed by a resolution of the Board of Directors; and
 - In appointing directors to serve on the Audit and Risk Committee, consideration should be given to their knowledge of financial matters.
- 3.2 The Board shall determine the period for which the Chairman and Committee members shall hold office.

- 3.3 A Committee member who holds office as a director of the Board, will automatically cease to be a member of the Committee upon resignation from the Board;
- 3.4 A member may resign at any time by giving due notice to the Company Secretary and the Chairman of the Board.

4. ROLE

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.

The role of the Committee is to assist the Board to ensure that:

- 4.1 Adequate processes are implemented and maintained by management in order to safeguard the company's assets;
- 4.2 Adequate accounting records are maintained by management;
- 4.3 Design effectiveness of internal controls and ensure that same is periodically reviewed and that effective systems of internal control are maintained by management;
- 4.4 An open channel of communication is maintained between the directors, management, accounting staff; and the external auditors;
- 4.5 Financial information is reviewed at least quarterly;
- 4.6 Annual financial statements for presentation to shareholders and others are reviewed prior to recommendation to the Board for approval;
- 4.7 An external auditor is appointed at all times, to determine the scope for each external audit, and to review and set the external auditor's fees for the annual audit;
- 4.8 Oversee the provision of independent assurance over sustainability issues and assisting the Board by reviewing the integrated reporting and disclosure to ensure that it does not contradict financial reporting;
- 4.9 Assist the Board of Directors in evaluating the adequacy and effectiveness of the risk management process followed in SilverBridge. The Committee is therefore responsible for monitoring the management initiatives in this regard, and is not responsible for the development and implementation of the risk management process;
- 4.10 Be aware of the current areas of greatest risk to the Company and shall discuss policies and guidelines to govern the integrated risk management process by which management is effectively assessing and managing those risks;
- 4.11 Oversee all aspects of information management and technology used at SilverBridge, and therefore covers the following key components of IT:
 - 4.11.1 Management Information System;
 - 4.11.2 Hardware and software, including devices used by SilverBridge staff, Committee and Board members;
 - 4.11.3 Electronic communication platforms such as email and social media;
 - 4.11.4 All IT equipment used; and
 - 4.11.5 All policies needed to govern IT and social media.

5. RESPONSIBILITY FOR THE POLICY

The Committee on an annual basis prior to its final approval should review the policy with the Board of Directors.

6. DUTIES AND RESPONSIBILITIES

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

6.1 General

6.1.1 Evaluate and approve SilverBridge's Audit policy

Except where the approval of the Board of Directors is required, the Committee will review the Audit policy in order to ensure that the total Audit functions are coordinated and executed on a logical and effective basis.

6.1.2 Conflict of interest, misconduct or fraud

The Committee shall be informed of any significant cases of conflict of interest, misconduct or fraud by employees and the steps taken by management to rectify this situation. Conflict of interest is also applicable to Board members and in respect of all committees established by the Board.

6.1.3 Code of Business Conduct

The Committee shall review with management its philosophy with respect to business ethics and corporate governance its written code of business conduct and management's programme to monitor SilverBridge's compliance therewith.

6.1.4 Evaluation of the effectiveness of the Committee

It is the responsibility of the Board of Directors to annually evaluate the constitution, period of membership and the effectiveness of the Committee and to make any recommendations to improve such effectiveness.

6.2 Internal Control

Evaluate management procedures with regard internal control

The Committee will evaluate the policies and procedures implemented by management in order to ensure that the accounting and information systems and related controls and security are adequate and effective. This evaluation shall be focused on the documented "Critical Risk Analysis", which shall be reviewed and approved annually.

6.3 Financial Reporting

Review the annual financial statements and interim reports

To review, and challenge where necessary, the actions and judgments of management, in relation to the Company's financial statements, operating and financial review, interim reports, preliminary

announcements and related formal statements before submission to, and approval by, the Board, and before clearance by the auditors. Particular attention should be paid to:

- 6.3.1 Critical accounting policies and practices, and any changes in them;
- 6.3.2 Decisions requiring a significant element of judgment;
- 6.3.3 The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- 6.3.4 The clarity of disclosures;
- 6.3.5 Significant adjustments resulting from the audit;
- 6.3.6 The going concern assumption;
- 6.3.7 Compliance with accounting standards;
- 6.3.8 Compliance with stock exchange and other legal requirements; and
- 6.3.9 To consider other topics, as defined by the Board.

6.4 Internal Audit

Evaluate the internal Audit function

To consider annually whether there is a need for an internal audit function where no such function exists and to determine the nature and scope of the internal audit function.

6.5 External Audit

The policy with regard to external auditors accepts that no restrictions should be placed on the external auditors in the execution of their duties. Concerns regarding the annual financial statements and potential audit qualifications should nevertheless be handled carefully and such matters should be discussed timeously with the Committee.

The Committee should:

- 6.5.1 oversee the Company's relations with the external auditor;
- 6.5.2 consider, and make recommendations on the appointment, reappointment and removal of the external auditor;
- 6.5.3 approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided;
- 6.5.4 Assess the qualification, expertise and resources, effectiveness and independence of the external auditors annually. Steps to consider include:
 - 6.5.4.1 Seeking reassurance that the auditors and their staff have no family, financial, employment, investment or business relationship with the Company other than in the normal course of business;
 - 6.5.4.2 Seeking from the audit firm, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including current requirements regarding the rotation of audit partners and staff;
 - 6.5.4.3 Monitoring the external audit firm's compliance with applicable ethical guidance relating to the rotation of audit partners, the level of fees that the Company pays in proportion to the overall fee income of the firm, office and partner and other related regulatory requirements; and

- 6.5.4.4 Agreeing with the Board and monitoring the Company's policy for the employment of former employees of the external auditor;
- 6.5.5 discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- 6.5.6 review with the external auditor, the findings of its work, including, any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgments; levels or errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted;
- 6.5.7 review the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues;
- 6.5.8 assess, at the end of the audit cycle, the effectiveness of the audit possesses:
 - 6.5.8.1 Reviewing whether the auditor has met the agreed audit plan and understanding the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks;
 - 6.5.8.2 Consideration of the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgments identified and in responding to questions from the Committee, and in their commentary where appropriate, on the systems of internal control; and
 - 6.5.8.3 Obtaining feedback about the conduct of the audit from key people involved.
- 6.5.9 review and monitor the content of the external auditor's management letter in order to assess whether it is based on a good understanding of the company's business and establish whether recommendation have been acted upon and, if not, the reasons why they have not been acted upon.
- 6.5.10 develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by the auditor and ensure that the provision of such services does not impair the external auditor's independence or objectivity. In doing so, the Committee should;
 - 6.5.10.1 Consider whether the skills and experience of the audit firm make it a suitable supplier of the non-audit services;
 - 6.5.10.2 Consider whether there are safeguards in place to ensure that there is no threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the external auditor;
 - 6.5.10.3 Consider the nature of the non-audit services, the related fee levels, and the fee levels individually and in aggregate relative to the audit fee;
 - 6.5.10.4 Consider the criteria that govern the compensation of the individuals performing the audit; and
 - 6.5.10.5 Set and apply a formal policy specifying the types of non-audit work from which the external auditors are excluded; for which the external auditors can be engaged without referral to the Committee; and for which a case by case decision is necessary.

6.6 Financial Director

Consider and satisfy itself as to the suitability and appropriateness of the expertise and experience of the Financial Director.

6.7 Sustainability

Evaluate the oversight and reporting of sustainability of the Company and ensure that integrated sustainability reporting and disclosure is independently assured, if necessary.

6.8 Risk Management

6.8.1 The Committee plays a valuable role in this regard for the following reasons:

6.8.1.1 The Committee receives information regarding all critical risks affecting SilverBridge.

6.8.1.2 The Committee members will generally have a sound knowledge of such matters through their involvement in other organizations.

6.8.2 External auditors, who report through to the Committee, will follow an integrated risk based audit approach. In order to carry out this responsibility, the Committee should consider the following matters:

6.8.2.1 The overall risk management policy and plan, approved by the Board, which policy is widely distributed.

6.8.2.2 The typical risks inherent to the functions and activities of SilverBridge and the control over such risks.

6.8.2.3 Areas where there has been a major change in the risk factors.

6.8.2.4 Details of the action plans of management to control the level of risk.

6.8.2.5 Comment in the integrated report on the effectiveness of the risk management system and process.

6.8.2.6 Review the implementation of the risk management plan at least annually, with continuous monitoring.

6.8.2.7 Determine levels of risk tolerance (annual risk tolerance to be set with risk limits and appetites).

6.8.2.8 Delegate to management the responsibility for the risk management plan.

6.8.2.9 Ensure that risk assessments are performed on a continual basis at least once a year on a top-down approach.

6.8.2.10 Receive and review the company's risk register (quantified where possible).

6.8.2.11 Ensure a framework for anticipating unpredictable risks.

6.8.2.12 Receive assurance on the effectiveness of risk management from management as well as a written assessment of the effectiveness of the system of internal controls and risk management from internal audit.

6.8.2.13 Disclose in an integrated report its view on the effectiveness of the risk management process and any unusual risks.

6.9 IT Governance

6.9.1 The Committee will provide independent oversight over the IT strategy, systems, processes and controls of SilverBridge.

6.9.2 The Committee will ensure that the SilverBridge IT strategy is integrated with the strategic and business processes of SilverBridge.

6.9.3 The alignment between IT and business processes involves:

6.9.3.1 ensuring that business and IT plans are integrated;

- 6.9.3.2 delivering, maintaining and validating the IT value proposition; and
- 6.9.3.3 aligning IT operations with overall business operations.
- 6.9.4 The IT alignment process is essential during the development of any business plans (whether at strategic, management or operational levels) and plays a key role in determining and executing the business arrangements supporting the strategic objectives of SilverBridge.
- 6.9.5 The Committee should ensure that there is a robust process in place to identify, and exploit where appropriate, opportunities to improve the performance and sustainability of SilverBridge in the triple and integrated reporting context through effective and efficient IT use and optimization.
- 6.9.6 The Committee should ensure that IT outsourcing is managed effectively and that clear needs are communicated to IT service providers, and that service level agreements are appropriately managed.
- 6.9.7 The Committee should exercise care and skill to design and develop appropriate IT strategies and systems, and advise the Chief Executive Officer on the implementation and maintenance of sustainable IT solutions to ensure the achievement of strategic objectives.

The following governance requirements will be met by the Committee:

- 6.9.7.1 Ensuring that the IT interests and needs of SilverBridge are advanced through rigorous IT due diligence and decision-making.
- 6.9.7.2 Ensuring that IT strategy is aligned with the overall business strategy of SilverBridge.
- 6.9.7.3 Adherence to the SilverBridge Ethical Code and other governance requirement such as the IT governance policy of SilverBridge.
- 6.9.7.4 Proper governance, record-keeping and follow-up in terms of minutes, proposals and reports.
- 6.9.7.5 Monitoring of the programme and reporting back to the Board.

6.10 Compliance with Legal Requirements

The Committee shall ensure that the Committee's activities comply with all requirements, as determined by any applicable legislation and regulations promulgated there under, as well as any regulatory/supervisory authority and shall review SilverBridge compliance with any statutory requirements and regulations.

7. REPORTING RESPONSIBILITIES

- 7.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Committee shall make whatever recommendations to the Board it deem appropriate, on any area within its ambit, where action or improvement is needed.

8. AUTHORITY

- 8.1 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.

- 82 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.
- 8.3 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 8.4 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
- 8.5 The Committee has the right to obtain external independent professional advice to assist with the execution of its duties, at Company's cost, subject to following a Board approved process.
- 8.6 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.

9. MEETING PROCEDURES

9.1 Frequency

- 9.1.1 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 two meetings per year (to coincide with key dates in the Company's financial reporting cycle).
- 9.1.2 Meetings in addition to those scheduled may, with approval of the Chairman be held at the request of the Chief Executive Officer, Financial Director or other members of senior management or at the instance of the Board.
- 9.1.3 The Chairman of the Committee may meet with the Chief Executive Officer, Financial Director and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.
- 9.1.4 There should be at least one meeting a year, or part thereof, where the Committee meets the external auditors without executive Board members present.

9.2 Attendance

- 9.2.1 The Chief Executive Officer, Financial Director and 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.
- 9.2.2 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 the Company Secretary.

9.2.3 If a member of the Committee is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another Director or Prescribed Officer to cover as an alternate member. Meetings may be held in person, by telephone, videoconference or other form of electronic means

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would prove efficient, provided that the required quorum is met. All persons shall be deemed to be present at the meeting

9.2.4 The Company Secretary is the secretary to this Committee.

9.2.5 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.

9.2.6 The Chairman, at his discretion, may invite other executives and managers to attend and to be heard at meetings of the Committee.

9.2.7 A decision that could be voted on at a meeting may instead be adopted by written resolution provided a quorum of members is obtained. A decision made in such a manner has the same effect as if it had been approved at a meeting.

9.3 Agenda and Minutes

9.3.1 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.

9.3.2 The annual plan must ensure proper coverage of the matters laid out in these Terms of Reference: more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

9.3.3 A detailed agenda, together with supporting documentation, must be circulated, at least seven days prior to each meeting to the members of the Committee and other invitees.

9.3.4 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matter for discussion.

9.3.5 The minutes must be completed within 10 business days after the meeting and circulated to the Chairman and members of the Committee for review thereof.

9.3.6 The minutes must be formally approved by the Committee at its next scheduled meeting.

9.4 Quorum

9.4.1 A quorum for meetings is a majority of Committee members present in person or *via* telecom facilities. A decision shall be considered passed if the majority of members present (in person or by proxy) vote in favour of a resolution. The Chairman shall have a casting vote, if required.

9.4.2 A duly convened meeting of the Committee 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.

9.4.3 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

10. INTEGRATED REPORTING RESPONSIBILITIES AND ANNUAL GENERAL MEETING

10.1 The Committee shall prepare a report on its role and responsibilities and the actions it took to discharge those responsibilities for inclusion in the integrated report and accounts. Such a report should specifically include:

10.1.1 A summary of the role of the Committee;

10.1.2 The names and qualifications of all members of the Committee during the period;

10.1.3 The number of Committee meetings and attendance by each member;

10.1.4 The way the Committee has discharged its responsibilities; and

10.1.5 Any additional information required in terms of JSE Listings Requirements.

10.2 Ensure that an integrated report that conveys adequate information about the social, economic and environmental impact of the Company on the community, in which it operates, is disclosed annually.

10.3 Carefully review forward-looking statement of financial or sustainability information to ensure that the information provides a proper appreciation of key drivers that will enable the Company to achieve forward-looking goals.

10.4 One of the members of the Committee shall attend the Annual General Meeting of the Company and report on the Committee's activities.

9. EVALUATION

11.1 The Committee shall annually evaluate itself, the performance of the Committee and its members, including an evaluation of the Committee's compliance with these Terms of Reference, as well as evaluate the external and internal auditors, where applicable, at least annually.

11.2 The Committee may conduct such evaluation and reviews in such manner as it considers appropriate.

11.3 The Board must perform an evaluation of the effectiveness of the Committee every year.