

CHARTER

OF THE

AUDIT AND RISK COMMITTEE OF THE PEERMONT GROUP



PEERMONT

HOTELS CASINOS RESORTS

1. DEFINITIONS

- 1.1 In this Charter the following terms have the following meanings:
- 1.1.1 **"Act"** means the Companies Act 2008, as amended from time to time and any regulations made in terms of the Act, as amended from time to time;
 - 1.1.2 **"Board"** means the board of directors of each Company;
 - 1.1.3 **"Business Day"** means each day excluding any public holiday, Saturday or Sunday;
 - 1.1.4 **"Charter"** means the charter of the Committee as encapsulated in this document and shall include any future amendments to this document;
 - 1.1.5 **"Committee"** means the Audit and Risk Committee established in terms of this Charter;
 - 1.1.6 **"Company"** means each company in the Group which is required to appoint an audit committee in terms of the Act and/or Regulations;
 - 1.1.7 **"Group"** means Peermont Holdings and its Subsidiaries;
 - 1.1.8 **"Group Company"** means each company forming part of the Group;
 - 1.1.9 **"IT"** means information technology;
 - 1.1.10 **"Integrated Report"** means the Integrated Report of a Relevant Company, if such report is published by such Company;
 - 1.1.11 **"King IV"** means the King Report on Corporate Governance for South Africa, 2016;
 - 1.1.12 **"MOI"** means a memorandum of incorporation as contemplated in the Act;
 - 1.1.13 **"Peermont Holdings"** means Peermont Holdings Proprietary Limited ;
 - 1.1.14 **"Peermont Holdings Board"** means the Board of Peermont Holdings;
 - 1.1.15 **"Relevant Company"** means any Group Company on whose behalf the Committee performs functions contemplated in clause 2.2;
 - 1.1.16 **"Subsidiary"** means subsidiary as defined in the Act.

2. ESTABLISHMENT, COMPOSITION AND AUTHORITY

- 2.1 The Committee is hereby established subject to the terms contained in this Charter.
- 2.2 The Committee shall perform the functions set out in this Charter on behalf Peermont Holdings and each of its Subsidiaries which is obliged to appoint an audit committee pursuant to the Act or elects to appoint an audit committee irrespective of whether it is obliged to appoint same.

- 2.3 Nothing in this Charter shall be construed as creating an obligation upon any Group Company to appoint an audit committee if such obligation does not exist in terms of the Act.
- 2.4 The Committee comprises three non-executive members of the Peermont Holdings Board, the appointment and removal of each of which shall be subject to the provisions of the Act and the MOI; provided that the Peermont Holdings Board shall be entitled to make interim appointments to the Committee in the event of any vacancy on the Committee.
- 2.5 The chairperson of the Committee shall be elected by the Committee.
- 2.6 The Committee has decision-making authority in regard to its duties and is accountable in this respect to both the Board and the shareholders of each Relevant Company. To this end the chairperson of the Committee must be present at all annual general meetings, if any, of each Relevant Company.
- 2.7 The Committee has the power to investigate any activity within the scope of this Charter.
- 2.8 The Committee, in the fulfillment of its duties, may call upon the chairpersons of any other Board committees, any of the executive directors, Group's prescribed officers, Company secretary or assurance providers to provide it with information.
- 2.9 The Committee has reasonable access to the records, facilities, employees and any other resources required of each Relevant Company to discharge its duties and responsibilities.
- 2.10 Save where otherwise provided in the Act, the Committee may form, and delegate authority to, subcommittees or employees or committees of employees of Group Companies and may delegate authority to one or more designated members of the Committee.
- 2.11 The Committee has the right to obtain independent outside legal and other professional advice to assist with the execution of its duties, at the cost of the Relevant Group Company.

3. MEETINGS, PROCEDURE AND AMENDMENTS

3.1 **Frequency**

- 3.1.1 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.
- 3.1.2 Meetings in addition to those scheduled may, with the approval of the chairperson, be held at the request of any member of the Peermont Holdings Board, the external auditor, any member of the senior management of the Group.
- 3.1.3 The Committee must meet with internal and external auditors at least once a year without management being present.

3.2 Attendance

- 3.2.1 The chief executive officer, chief financial officer, group internal audit manager, representatives from the external auditors, other assurance providers, professional advisors and Board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 3.2.2 The Company Secretary of Peermont Holdings is the secretary to this Committee but may delegate this function.
- 3.2.3 If the chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairperson.

3.3 Agenda and meetings

- 3.3.1 A detailed agenda, together with supporting documentation, must be circulated, as soon as possible prior to each meeting to the members of the Committee and other invitees.
- 3.3.2 Unless varied by this charter, meetings and proceedings of the Committee will be governed by the MOI of Peermont Holdings regulating the meetings and proceedings of directors.

3.4 Quorum

- 3.4.1 A quorum for meetings is the presence in person or by electronic communication of a majority of members of the Committee.
- 3.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

3.5 Amendment

The provisions of this Charter may only be amended in accordance with the provisions of the Act and the Peermont Holdings MOI.

4. AUDIT COMMITTEE DUTIES

Audit Committee duties pursuant to the Act

- 4.1 Pursuant to the Act, the Committee has the following duties:
- 4.1.1 to nominate, to the shareholders of each Relevant Company for appointment as auditor of such Company, a registered auditor, which the Committee considers independent of the Group;
- 4.1.2 to determine the fees to be paid to the auditor referred to in 4.1.1 and the auditor's terms of engagement;
- 4.1.3 to ensure that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- 4.1.4 to determine, subject to the provisions of the Act, the nature and extent of

- any non-audit services that the auditor may or must provide to each Relevant Company and to monitor the auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- 4.1.5 to pre-approve any proposed agreement with the auditor for the provision of non-audit services to each Relevant Company;
- 4.1.6 to prepare a report, to be included in the annual financial statements of each Relevant Company for that financial year -
- 4.1.6.1 describing how the Committee carried out its functions;
- 4.1.6.2 stating whether the Committee is satisfied that the auditor was independent of the Group; and
- 4.1.6.3 commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the Group;
- 4.1.7 to receive and deal appropriately with any concerns or complaints, whether from within or outside the Group or on its own initiative, relating to:
- 4.1.7.1 the accounting practices and internal audit of the Group;
- 4.1.7.2 the content or auditing of the Group's financial statements;
- 4.1.7.3 the internal financial controls of the Group; or
- 4.1.7.4 any related matter;
- 4.1.8 to make submissions to each Board on any matter concerning the Group's accounting policies, financial control, records and reporting; and
- 4.1.9 to perform such oversight functions as may be determined by any Board.

Audit Committee duties pursuant to King IV

The Integrated Report

- 4.2 The Committee must oversee the Integrated Report, and in particular must:
- 4.2.1 have regard to all factors that may impact on the integrity of the Integrated Report, including factors that may predispose management to present a misleading picture of the Group's position, performance or sustainability, significant judgments and reporting decisions made by management affecting the Integrated Report, monitoring or enforcement actions by a regulatory body against the each Relevant Company, any evidence that brings into question previously published information, forward-looking statements of financial or sustainability information;
- 4.2.2 review the group annual financial statements and interim reports and keep the Board apprised on these matters;

- 4.2.3 comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls of each Relevant Company;
- 4.2.4 be apprised when there is a disagreement on auditing or accounting matters between management and the external auditors;
- 4.2.5 review the assessment of the going concern status of each Relevant Company;
- 4.2.6 review the disclosure of sustainability issues in the Integrated Report to ensure that it is reliable and does not conflict with the financial information;
- 4.2.7 recommend to the Board of each Relevant Company on the need for the engagement of an external assurance provider on material sustainability issues, if necessary;
- 4.2.8 recommend the Integrated Report for approval by the relevant Board;
- 4.2.9 recommend the annual financial statements for approval by each relevant Board;
- 4.2.10 consider the frequency for issuing interim results;
- 4.2.11 consider whether the external auditor should perform assurance procedures on the interim results;
- 4.2.12 review the content of the summarised information for whether it provides a balanced view;
- 4.2.13 where considered necessary, engage the external auditors to provide assurance on the summarised financial information; and
- 4.2.14 report annually to the shareholders and the Boards of each Relevant Company on the effectiveness of the Company's internal financial controls.

Combined assurance

- 4.3 The Committee will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee must -
 - 4.3.1 consider if the combined assurance provided by the internal and external assurance providers and management is appropriate to address all the significant risks facing the Group; and
 - 4.3.2 monitor the relationship between the external assurance providers and the Group.

Finance function and financial director

- 4.4 The Committee must -
 - 4.4.1 annually review the expertise, resources and experience of the Group's

finance function, and disclose the results of the review in its report that forms part of the Group Integrated Report; and

- 4.4.2 consider and satisfy itself of the suitability of the expertise and experience of the financial director annually.

Internal audit

- 4.5 The Committee is responsible for overseeing the internal audit function, and in particular the Committee must -
 - 4.5.1 on an annual basis, ensure that the internal audit function is independent and has the necessary resources, budget, standing and authority within each Group Company to enable it to discharge its functions
 - 4.5.2 be ultimately responsible for the appointment, performance assessment and/or dismissal of the Group Internal Audit Manager;
 - 4.5.3 approve the Group internal audit plan; and
 - 4.5.4 ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate, but at least every 5 years.

Financial risk management

- 4.6 The Committee must consider -
 - 4.6.1 financial reporting risks;
 - 4.6.2 internal financial controls;
 - 4.6.3 fraud risks as it relates to financial reporting; and
 - 4.6.4 IT risks as it relates to financial reporting.

External audit

- 4.7 The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the Committee must -
 - 4.7.1 ensure that there is a process for the Committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor;
 - 4.7.2 review the quality and effectiveness of the external audit process; and
 - 4.7.3 consider whether the audit firm, and where appropriate, the individual auditor that will be responsible for performing the functions of auditor, are accredited as such on the JSE list of Auditors and their advisors as required by the JSE Limited Listings Requirements, if applicable.

5. RISK COMMITTEE DUTIES

- 5.1 The Committee is also responsible for the management of risk in the Group and as such must –
- 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;
 - 5.1.3 ensure that risk management assessments are performed on a continuous basis;
 - 5.1.4 ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
 - 5.1.5 ensure that management considers and implements appropriate risk responses;
 - 5.1.6 ensure that continuous risk monitoring by management takes place;
 - 5.1.7 express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management;
 - 5.1.8 review reporting concerning risk management that is to be included in the Group Integrated Report for it being timely, comprehensive and relevant.

6. DUTIES IN RESPECT OF INFORMATION TECHNOLOGY

- 6.1 The Committee shall be responsible for overseeing the IT governance of the Group and as such -
- 6.1.1 oversee the management and minimization of IT and related business risks;
 - 6.1.2 ensure value delivery through delivery of promised benefits against the business and IT strategy, concentrating on optimising costs and proving the intrinsic value of IT;
 - 6.1.3 ensure that IT strategy is aligned with business strategy;
 - 6.1.4 measure and report on performance, particularly with regards to tracking project delivery and monitoring IT services;
 - 6.1.5 manage resources, ensuring the optimal investment, use and allocation of IT resources (people, applications, technology, facilities, data) in servicing the needs of the enterprise;
 - 6.1.6 consider the adequacy of the Group IT function and the effectiveness of the Group's IT control process.
 - 6.1.7 The Committee delegates this function to the Group Management Risk & IT Committee.