

**SHAFTESBURY CAPITAL PLC****TERMS OF REFERENCE OF THE AUDIT COMMITTEE****1. Membership and attendance**

- 1.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Committee Chair.
- 1.2 All members of the Committee shall be independent Non-executive Directors, at least one of whom shall have recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates. The Chairman of the Board shall not be a member of the Committee but may attend by invitation.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, the Chief Executive, the Chief Financial Officer, the external auditor, the internal auditor and representatives from the finance and other functions of the Company may be invited to attend all or any part of any meeting as and when appropriate and necessary. The Chairman of the Board, the Chief Executive and the Chief Financial Officer have a standing invitation to attend meetings if they wish.
- 1.4 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods (provided that the criteria for membership of the Committee continue to be met).
- 1.5 The Board shall appoint the Committee Chair, who shall be an independent Non-executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6 At the beginning of any meeting, each Director should declare to the Secretary the existence of any conflict of interest affecting him in respect of any matter to be discussed and should absent himself from any discussion of any such matter.

**2. Secretary**

- 2.1 The Company Secretary or their nominee shall act as Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to matters included in meeting agendas.

**3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members.
- 3.2 Video conferencing or teleconferencing may be used as appropriate.

**4. Frequency of meetings**

- 4.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the Committee Chair shall maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive, the Chief Financial Officer, the external audit lead partner and the internal auditor.

**5. Notice of meetings**

- 5.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee Chair or any of its members or at the request of the external audit lead partner, internal auditor or the Board if they consider it necessary.

- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

## **6. Minutes of meetings**

- 6.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to the Committee Chair.
- 6.3 The minutes, or a summary of them, shall be submitted to the Board at the next following full Board meeting, unless it would be inappropriate to do so in the opinion of the Committee Chair.

## **7. Engagement with shareholders**

- 7.1 The Committee Chair shall attend the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility where appropriate.

## **8. Duties and responsibilities**

The Committee should have oversight of the Group as a whole and, unless required by regulation, carry out the duties below for the Company, its major subsidiary undertakings and the Group as a whole, as appropriate.

### **8.1 Valuation**

In connection with the external valuers appointed from time to time by the Board, the Committee shall in relation to the half year and year end valuation:

- 8.1.1 assess their independence and objectivity; and
- 8.1.2 discuss with the valuers the valuation process and any major issues which arose during the valuation.

### **8.2 Financial reporting**

The Committee shall:

- 8.2.1 monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal announcements relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which the financial statements contain, having regard to matters communicated to it by the auditor;
- 8.2.2 review and challenge where necessary:
- i. the valuations prepared by the Company's valuers;
  - ii. the application, appropriateness and consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company and Group;

- iii. the methods used to account for significant or unusual transactions where different approaches are possible;
- iv. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- v. the clarity and completeness of disclosure in the Company's and the Group's financial reports and the context in which statements are made;
- vi. all material information presented with the financial statements, such as the strategic report and the corporate governance statements relating to the audit and to risk management; and
- vii. the assumptions or qualification in support of the going concern statement and ongoing viability assessments; and

8.2.3 where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

### 8.3 *Narrative reporting*

The Committee has been requested by the Board to review the content of the annual report and accounts and advise the Board on whether, when taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee shall confirm to the Board as to whether this process is satisfactory and provide advice as requested.

### 8.4 *External Audit Minimum Standard<sup>1</sup>*

Follow the Financial Reporting Council's ("FRC") Audit Committees and the External Audit: Minimum Standard.

### 8.5 *Internal controls and risk management systems*

The Committee shall:

- 8.5.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems used to identify, assess, manage and monitor financial risks and other internal control and risk management systems;
- 8.5.2 review and approve the statements to be included in the annual report concerning internal controls and risk management; and
- 8.5.3 review the viability statement to be included in the annual report, although this will be a matter for the Board as a whole to approve.

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<sup>1</sup> With effect from 1 January 2025

## 8.6 *Compliance, whistleblowing and fraud*

The Committee shall:

- 8.6.1 on behalf of the Board and reporting to the Board, review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these whistleblowing arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 8.6.2 review the Company's procedures for preventing and detecting fraud;
- 8.6.3 review the Company's systems and controls for the prevention of bribery and facilitation of tax evasion and receive reports on non-compliance; and
- 8.6.4 consider the primary findings of any relevant internal investigations into control weaknesses, fraud or misconduct and management's response.

## 8.7 *Internal audit*

The Committee shall:

- 8.7.1 approve the appointment or termination of appointment of the internal auditor;
- 8.7.2 review and approve the role and mandate of the internal auditor, monitor and review the effectiveness of the internal auditor's work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- 8.7.3 ensure the internal auditor has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication with the internal auditor, and that the internal auditor performs in accordance with appropriate professional standards for internal auditors;
- 8.7.4 ensure the internal auditor has direct access to the Chairman of the Board and to the Committee Chair, providing independence from the executive and accountability to the Committee;
- 8.7.5 review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- 8.7.6 review and assess the annual internal audit work plan;
- 8.7.7 review the actions taken by management to implement the recommendations of the internal auditor and to support the effective working of the internal auditor;
- 8.7.8 meet with the internal auditor at least once a year without the presence of management; and
- 8.7.9 monitor and review the effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system and the work of the external auditor, including an annual assessment of the effectiveness of the internal audit function, to include determination of whether it is satisfied that the quality, experience and expertise of the internal auditor is appropriate for the business.

## 8.8 *External audit*

The Committee shall:

- 8.8.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Company's annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 8.8.2 develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable UK Corporate Governance Code (the "Code") and regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- 8.8.3 ensure that at least once every ten years the audit services contract is put out to tender, in accordance with applicable Code and regulatory requirements;
- 8.8.4 if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.8.5 oversee the relationship with the external auditor including (but not limited to):
  - i. approve their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
  - ii. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - iii. assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats, including the provision of any non-audit services;
  - iv. satisfying itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
  - v. monitoring the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, ethical and professional guidance, including the guidance on the rotation of audit partner and team members;
  - vi. monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements;
  - vii. agreeing with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Revised Ethical Standard 2024 (as updated and replaced from time to time) and legal requirements, and monitoring the implementation of this policy;
  - viii. assessing annually the qualifications, expertise and resources, independence of the auditor and the effectiveness of the audit process, the handling of key judgements by the auditor, the auditor's response to questions from the Committee which shall include a report from the external auditor on their own internal quality procedures;
  - ix. evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;

- x. develop and recommend to the Board, implement and keep under review a policy on the provision of non-audit services by the auditor, including consideration of any pre-approved services; threats to the independence and objectivity of the external auditor and any safeguards in place; the nature of the non-audit services; in light of the external audit firm's skill and experience whether the external audit firm is the most suitable supplier of the non-audit service; the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and assessment of whether non-audit services have a direct or material effect on the audited financial statements;
- xi. meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- xii. discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and
- xiii. 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;
  - the auditor's explanation of how the risks to audit quality were addressed;
  - key accounting and audit judgements;
  - the auditor's view of their interactions with senior management;
  - levels of errors identified during the audit; and
  - the effectiveness of the audit, including an assessment of the quality of the audit, the handling of key judgments by the auditor, and the auditor's response to questions from the Committee.

The Committee shall also:

- 8.8.6 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.8.7 review the management letter and management's response to the auditor's findings and recommendations; and
- 8.8.8 monitor the policy on the supply of non-audit services by the external auditor, to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter, the policy itself and any fees paid to the external auditor under review.

## **9. Reporting responsibilities**

- 9.1 Unless the meeting was attended by all Directors, the Committee Chair shall report verbally to the Board on its proceedings after each meeting on all matters of importance within the Committee's duties and responsibilities.

The report shall include:

- 9.1.1 the significant issues that the Committee considered in relation to the financial statements (requirement under paragraph 8.2.1) and how these were addressed;

- 9.1.2 the Committee's assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of the audit firm, when a tender was last conducted and advance notice of any retendering plans;
  - 9.1.3 an explanation of how audit independence and objectivity are safeguarded if the auditor provides non-audit services; and
  - 9.1.4 any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for Board discussion when necessary.
- 9.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include all information requirements set out in accordance with the Code and the guidance on audit committees issued by the FRC from time to time.
- 9.4 In the compiling the reports referred to in 9.1 and 9.3, 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 and in preparing the long term viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report, but could provide cross-references to that information.

## **10. Other matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new Committee members and on an ongoing basis for all members of the Committee;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, including those of the Johannesburg Stock Exchange, as appropriate;
- 10.4 be responsible for oversight of the co-ordination of the internal and external auditors;
- 10.5 oversee any investigation of activities which are within its terms of reference;
- 10.6 make publicly available its terms of reference by placing them on the Company's website;
- 10.7 work and liaise as necessary with all other Board Committees;
- 10.8 consider such other topics as may be identified and allocated to it by the Board;
- 10.9 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 10.10 The Committee Chair shall review membership of the Committee annually as part of the annual performance review.

**11. Authority**

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Company in order to perform its duties; and
- 11.2 to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference.

*Approved by the Board on 20 November 2024.*