



TERMS OF REFERENCE

November 2017

1. Introduction and Purpose

1.1 It is acknowledged that, in terms of legislation (including the Financial Sector Regulation Act, 9 of 2017 and any standards issued pursuant thereto (FSR Act)) and regulations, the Old Mutual Limited (OML or the Company) board of directors (Board) could be classified as a "Controlling Board" for the Old Mutual group of companies (the Group) or a "Financial Conglomerate" (as determined by the applicable regulatory authority) and as such, the Board will be responsible for, inter alia, ensuring that the Group maintains its business in a financially sound condition and ensuring that the structure of the Group does not impede the financial soundness of the Group or the ability of the regulatory authority to determine the risk profile of the Group and the manner in which its internal risk management is organised and conducted.

1.2 In line with section 94 of the Companies Act, 71 of 2008, as amended (Companies Act), read together with the Companies Regulations, 2011 (Regulations) and the King IV Report on Corporate Governance for South Africa, 2016 (King Code), the Audit Committee (the Committee) is constituted as a statutory committee of the Company to carry out the duties as set out in section 94(7) of the Companies Act.

1.3 In addition, the Committee is established to carry out all other duties that the Board has assigned to it, including to:

1.3.1 independently review and monitor the integrity of the Company's financial statements and the effectiveness of its systems of governance, systems of risk management and internal control, and the effectiveness and objectivity of the internal and Independent External Auditors;

1.3.2 provide independent oversight of, inter alia:¹

1 Section 94(7)(i) of the Companies Act provides that the committee must perform oversight functions as may be determined by the board.

- 1.3.2.1 the effectiveness of the Company's assurance function and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the financial function, in order to enable an effective control environment within the Company, and that the Company's assurance function and services support the integrity of information for internal decision-making and of the Company's external reports;²
- 1.3.2.2 the integrity of the annual financial statements and, to the extent delegated by the Board, the management of financial and other risks that affect the integrity of other external reports issued by the Company;
- 1.3.2.3 the Company's internal audit function; and
- 1.3.3 ensure compliance with the statutory duties of the Committee as contained in relevant legislation, applicable regulations and financial sector laws.
- 1.4 The deliberations and work of the Committee do not reduce the individual and collective responsibilities of the Board with regard to the fiduciary duties and responsibilities of the Company's directors, and the Board must continue to exercise due care and judgment in the exercise of its functions, in accordance with their statutory obligations.
- 1.5 These Terms of Reference are subject to the provisions of the Companies Act, the Companies Regulations, 2011 (Regulations), the FSR Act, OML's Memorandum of Incorporation (MOI), the Group Governance Framework (GGF) and any other applicable laws and regulatory provisions.
- 1.6 The duties and responsibilities of the members of the Committee as set out in these Terms of Reference are in addition to those duties and responsibilities that they have as members of the Board.
- 1.7 Consistent with the functions set out in these Terms of Reference, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels.

² King IV principle 15.

1.8 The Committee should encourage open communication with assurance providers, which include but are not limited to the Independent External Auditor, senior management, the Internal Audit Function, the Compliance Function, the Risk Function and the Board. The Group Internal Audit Director has a direct reporting line to the Committee and access to the Committee Chairperson on a regular basis.

2. **Mandate**

2.1 The Committee's authority is derived from the statutory duties as contained in section 94 of the Companies Act, as well as from the delegated authority of the Board as contemplated in these Terms of Reference, in accordance with section 72(1)(b) of the Companies Act.

2.2 The Committee has ultimate decision-making authority in regard to its statutory duties as contemplated in section 94(7) of the Companies Act. The Committee has no ultimate decision-making authority in respect of the non-statutory matters within the scope of the Committee's functions as set out in these Terms of Reference (unless otherwise delegated to the Committee), and the Committee makes recommendations to the Board in respect of these matters for the Board's consideration and, if the Board considers it appropriate, ultimate approval.

2.3 The Committee will have oversight and will ensure that the Company and its subsidiary companies, comply with all financial principles, as set out in the adopted Group Governance Framework (GGF).

2.4 The Committee must act independently (with accountability to the Board and the Company's shareholders) and does not assume the functions of management, which remain the responsibility of the executive directors of the Company, prescribed officers and other members of senior management.

2.5 The Committee is authorised by the Board to:

2.5.1 Investigate any activities within the scope of these Terms of Reference.

2.5.2 Seek any information it requires from any employee, the chairperson of any Board or statutory committees of the Company, any of the Company's executive directors, Company officers, the Group Company Secretary (Company Secretary) or assurance providers, and all these parties are required to co-operate with any requests made by the Committee, to provide it with information or explanations necessary for the performance of its functions. All requests to employees will be channelled through the Group executive directors.



2.5.3 Form and delegate its duties to a sub-committee, sub-committees or to any one or more designated members of the Committee, to the extent that same is permitted by the Companies Act.

3. Roles and Responsibilities

In addition to the Committee's responsibilities set out hereunder, the Committee will perform any other functions as determined by the Board:

3.1 General

3.1.1 The Committee will work closely with the Board's Risk Committee and the Committee Chairperson, and the chairperson of the Board's Risk Committee will be members of each other's committees (provided that no person shall be the chairperson of both committees at the same time), and will liaise with each other to minimise duplication.

3.1.2 The Committee shall report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

3.2 Accounting and Financial Reporting

3.2.1 To review and monitor the integrity of the Group's interim and annual financial statements and any other formal announcements relating to the Company's financial performance (and, if requested by the Board, any other price-sensitive public reports by the Board, or reports by the Board to regulators) before submission to the Board, focusing particularly on:

3.2.1.1 Establishing financial reporting procedures and confirming that such procedures are operating based on judgments and estimates and in accordance with the applicable legislation and financial sector laws.

3.2.1.2 Clarity and completeness of disclosure and whether disclosures made have been set properly in context.

3.2.1.3 Quality and acceptability of, and any changes in, accounting policies and practices.

3.2.1.4 Compliance with accounting standards, stock exchange and legal requirements.



- 3.2.1.5 Significant adjustments and/or unadjusted differences resulting from the external audit.
- 3.2.1.6 Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- 3.2.1.7 Matters of accounting judgement of estimate, to the extent material in the context of the Group.
- 3.2.2 Consider and satisfy itself on an annual basis of the appropriateness of the expertise and experience of the Financial Director/Chief Financial Officer and confirm this annually to shareholders.
- 3.2.3 To report its views to the Board where, following its review, the Committee is not satisfied with any aspect of the proposed financial reporting by the Group.
- 3.2.4 To receive reports on the status of completion of the Group's annual financial statements and their submission to the tax authorities.
- 3.2.5 To discuss and resolve any significant problems or reservations arising from the interim and final audits and any matters the Independent External Auditor wishes to discuss.
- 3.2.6 To review measures to enhance the credibility and objectivity of the financial statements.
- 3.2.7 Oversee and be responsible for the Company's information technology (IT) as it relates to financial reporting and the going concern of the Company, including considering the use of technology and related techniques to improve audit coverage and audit efficiency.³

3.3 **Actuarial Matters**

- 3.3.1 Ensure that an actuarial control function has been established and that the quality of such is reviewed regularly by the internal audit function or/and objective external reviewer.

³ King III principle 5.7, paragraph 47; King III principle 5.7, paragraph 48.

- 3.3.3 The Committee shall review and approve amendments or updates relating to embedded value reporting.
- 3.3.2 The Committee shall review, in conjunction with the Group Actuarial Director, the actuarial content of the insurance figures that are included in the Group's financial statements (interim and annual) to verify appropriateness of the actuarial methods and assumptions used and changes thereto and the appropriateness of the financial results that depend on actuarial calculations.
- 3.3.4 The Board is ultimately responsible for the economic balance sheet (including the market consistent embedded value (MCEV) assumptions) and the economic risk based capital. To the extent that these items are included within the published financial statements of the Group, the Committee will assist the Board, as requested, to satisfy itself that those assumptions are appropriate. This will include:
- 3.3.4.1 A review of a report from the Finance Director, Risk and Actuarial Director and OMLACSA Chief Actuary.
- 3.3.4.2 Confirmation from the Board's Risk Committee that the assumptions properly reflect the risk profile of the Group.
- 3.3.5 The Committee will review the valuation bases (for valuing policy liabilities and for embedded value purposes) and any material changes proposed thereto.
- 3.3.6 The Committee will receive comment from the Independent External Auditors on their review of the actuarial liabilities, profit and embedded value and, where appropriate, any published risk based capital measures that are subject to external audit review.
- 3.3.7 The Committee may define the role and duties of the Actuarial Function and, from time to time, provide guidelines or requirements relating to this function.

3.4 External Audit

- 3.4.1 Establish an approach to audit quality and ensure that it is executed and results reviewed.
- 3.4.2 Promote and maintain an effective relationship with the Independent External Auditor.⁴

⁴ Prudential Standard GOI2, Attachment 2.

- 3.4.3 To ensure that adequate policies and processes are in place to ensure the independence of the Independent External Auditor, which policies and processes shall be reviewed annually.⁵
- 3.4.4 To review and monitor the Independent External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant legislation and professional and regulatory requirements. The Committee should annually receive a report on the effectiveness of the Independent External Auditors and should obtain a report on the audit firm's own internal quality control procedures.
- 3.4.5 To develop and implement policy on the engagement of the Independent External Auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the Independent External Auditors, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to the steps to be taken.
- 3.4.6 To discuss with the Independent External Auditors before the audit commences and, as necessary, following the audit, the nature and scope of the audit⁶ (including the accounting principles, policies and practices adopted in the preparation of the Group's accounts, planned levels of materiality, and resourcing). In particular:
- 3.4.6.1 The Committee should ensure at the start of each annual audit cycle that
- (i) appropriate plans are in place for the audit and (ii) it monitors the implementation of the audit plan.⁷
- 3.4.6.2 The Committee should oversee the development of, and approve, the external audit plan to ensure that all material risks and statutory and financial reporting requirements are met.⁸ The Committee should further consider whether the auditor's overall work plan, including planned levels of materiality, and proposed resources to execute the audit plan, appear consistent with the scope of the audit engagement, having regard also to the seniority, expertise and experience of the audit team.

⁵ Prudential Standard GOI2, Attachment 2.

⁶ Prudential Standard GOI2, Attachment 2.

⁷ Prudential Standard GOI2, Attachment 2. Prudential Standard GOI2, Attachment 4.

⁸ Prudential Standard GOI2, Attachment 2.

- 3.4.6.3 The Committee should review, with the Independent External Auditors, the findings of their work. In the course of its review, the Committee should:
- (i) discuss with the Independent External Auditors major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved.
 - (ii) review key accounting and audit judgments.
 - (iii) review levels of errors identified during the audit, obtaining explanations from management and, where necessary, the Independent External Auditors, as to why certain errors might remain unadjusted.
- 3.4.6.4 The Committee should receive and consider the comments and suggestions made by the Independent External Auditors on any control deficiencies identified by the auditors.
- 3.4.6.5 The Committee should also review the audit representation letters before signature by management and give particular consideration to matters where representation has been requested that relate to non-standard issues. The Committee should consider whether the information provided is complete and appropriate based on its own knowledge.
- 3.4.6.6 The Committee should review the Independent External Auditors' management letter and management's responsiveness to the Independent External Auditors' findings and recommendations.
- 3.4.6.7 The Committee should ensure co-ordination and co-operation between the external and internal auditors, and should meet annually with the external and internal auditors respectively, without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.
- 3.4.6.8 The Committee should examine the allocation of hours by the Independent External Auditors and determine and approve the external audit budget.
- 3.4.6.9 Consider control issues identified from the various reports reviewed by the Committee in the context of the overall effectiveness of internal controls. This will include reports from internal and external audit, the Board's Risk Committee as well as specific internal control reports from management relating to internal attestation of financial and other controls.



- 3.4.6.10 To receive reports relating to management's assessment of the effectiveness of the Board's systems of internal controls, and satisfy itself whether any matters should be raised in the relevant section(s) in the annual financial statements and report on the findings to the Board. This will include a review of the findings from the CEO's Letter of Representation and the formal internal control effectiveness assessments which are carried out at least annually.
- 3.4.7 In the event that the Independent External Auditors resign, the Committee should investigate the issues giving rise to such resignation and consider whether any action is required.
- 3.4.8 The Committee shall review the appointment of the prospective audit firm and designated individual auditor as and when the appointment arises.
- 3.4.9 The Committee shall review and consider the outcome of any legal or disciplinary proceedings instituted by a professional body against the Independent External Auditor.

3.5 **Internal Audit**

- 3.5.1 Establish an internal audit function for the Company and (i) ensure that the internal audit function is adequately and appropriately resourced, is equipped to perform in accordance with appropriate professional standards for internal auditors, and has the appropriate authority and status within the Group; and (ii) monitor and assess the role and effectiveness of the internal audit function⁹ in the overall context of the Group's risk management system.
- 3.5.2 Agree to a Combined Assurance Framework, which considers proportionality in the design of the internal control functions and systems.
- 3.5.3 To review and approve the Internal Audit Terms of Reference annually, making recommendations for changes if required.
- 3.5.4 To review and approve the annual internal audit plan in consultation with the Audit Director of OML, ensuring that material risk areas are included, that the coverage of business processes is acceptable, and that statutory and financial reporting requirements are met,¹⁰ and review the effect of quarterly plan adjustments.

⁹ Prudential Standard GOI2, Attachment 2.

¹⁰ Prudential Standard GOI2, Attachment 4.

3.5.5 To review and discuss with the Audit Director of OML the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to issues raised and agreed action plans.

3.5.6 To ensure co-ordination and co-operation between internal audit and the risk management and compliance functions.

3.5.7 To ensure that an independent quality review of the internal audit function is conducted, either in line with the Institute of Internal Auditors' (IIA) standards or such other standards as determined by the Committee, when the Committee determines it appropriate, as a measure to ensure the function remains effective and in conformance with the applicable standards.

3.6 **Internal Controls**

3.6.1 Consider control issues identified from the various reports reviewed by the Committee in the context of the overall effectiveness of internal controls. This will include internal and external audit reports, reports from the Board's Risk Committee as well as specific internal control reports from management relating to internal attestation of financial and other controls.

3.6.2 To receive reports relating to management's assessment of the effectiveness of the Company's systems of internal controls, and satisfy itself whether any matters should be raised in the relevant section(s) in the annual financial statements and report on the findings to the Board. This will include a review of the findings from the CEO's Letter of Representation and the formal internal control effectiveness assessments which are carried out at least annually.

3.7 **Integrated Sustainability Reporting**

3.7.1 The Committee shall oversee integrated reporting and in particular, the Committee shall:

3.7.1.1 Have regard to all factors and risks that may impact on the integrity of the integrated report, including factors that may impact fair presentation of the significant judgments and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information.

3.7.1.2 Review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any



other intended release of price sensitive information and prospectuses, trading statements and similar documents.

- 3.7.1.3 Comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls.
- 3.7.1.4 Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information.
- 3.7.1.5 Recommend to the Board whether or not to engage an external assurance provider on material sustainability issues.
- 3.7.1.6 Recommend the integrated report for approval by the Board.
- 3.7.1.7 Review the content of the summarised information to assess whether it provides a balanced view.
- 3.7.1.8 Engage the Independent External Auditors to provide assurance on the summarised financial information.

3.8 **Statutory Responsibilities**

- 3.8.1 In addition to the above, the following duties (as per current legislation) are imposed by statute on this Committee in terms of Section 94(7) of the Companies Act:
 - 3.8.1.1 To nominate, for appointment, re-appointment and removal as auditor of the Company under Section 90 of the Companies Act, a registered auditor who, in the opinion of the Committee, is independent of the Company.
 - 3.8.1.2 To determine the fees to be paid to the auditor (to be reported to the Board for noting in terms of Group requirements) and the auditor's terms of engagement.
 - 3.8.1.3 To ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors.
 - 3.8.1.4 To determine, subject to relevant provisions in the Companies Act, the nature and extent of any non-audit services which the auditor may provide to the Company or that the auditor must not provide to the Company or a related company (as contemplated in the Companies Act).



- 3.8.1.5 To pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Board.
- 3.8.1.6 To prepare a report, to be included in the financial statements for that financial year:
- (i) Describing how the Committee carried out its functions.
 - (ii) Stating whether the Committee is satisfied that the auditor was independent of the Board.
 - (iii) Commenting in any way that the Committee considers appropriate on the financial statements, the accounting practices and the internal financial controls of the Company.
- 3.8.1.7 To receive and deal appropriately with any concerns or complaints (whether from within or outside the Board, or on its own initiative) relating to:
- (i) The accounting practices and internal audit of the Company.
 - (ii) The content or auditing of the Company's financial statements.
 - (iii) The internal financial controls of the Company, or
 - (iv) Any related matter.
- 3.8.1.8 To make submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.
- 3.8.1.9 To perform such other oversight functions as may be determined by the Board.
- 3.8.2 The following duties are further imposed on the Committee in terms of the FSR Act:¹¹
- 3.8.2.1 Review all internal and external audit reports¹² and ensure that issues identified are managed and rectified in an appropriate and timely manner.

¹¹ Prudential Standard GOI2 (Attachment 2).

¹² Prudential Standard, Attachment 2.

- 3.8.2.2 Assist the Board in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing and actuarial valuation processes applied by the Company in the day-to-day management of its business.
- 3.8.2.3 Facilitate and promote communication and liaison between the Board, senior management, the Independent External Auditor and internal audit function.
- 3.8.2.4 Recommend the introduction of measures that may enhance the credibility and objectivity of financial statements and reports concerning the business of the Company.
- 3.8.2.5 Advise the Board on any matter referred to the Committee by the Board.
- 3.8.2.6 Develop and maintain policies and procedures for employees of the Company to submit, confidentially, information about accounting, internal control, compliance audit, and other matters about which the employee has concerns.
- 3.8.2.7 Develop and implement a process for ensuring employees are aware of Company policies set by the Board and for dealing with matters raised by employees under these policies.
- 3.8.2.8 Annually review and approve the remuneration and annual salary increase of the Audit Director of OML, in order to ensure that it is reasonable taking into account the measurement of performance against pre-determined and agreed criteria as well as industry benchmarks.¹³
- 3.8.3 The duties imposed in terms of Section 94(7) of the Companies Act as set out in paragraph 3.8.2 for ease of reference. If the Companies Act is amended, such amendments will take preference over these provisions and these provisions will be deemed to have been amended accordingly.
- 3.9 **Tax**
- 3.9.1 To receive and review any status reports from the General Manager, Tax and consider any significant issues as may be required.

¹³ Prudential Standard GO13 (10).

3.10 **Governance**

- 3.10.1 To receive reports and relevant matters for escalation from the chairpersons of the audit committees of the Group's key subsidiaries, and other subsidiary audit committees, as the Committee may, from time to time, determine and to provide guidance or return feedback on relevant discussions, as required and so determined by the Committee.
- 3.10.2 Together with external and internal audit, to review developments in corporate governance and best practice and consider their impact and implication for the Group processes and structures.
- 3.10.3 To evaluate and monitor the regulatory governance requirements and code of business conduct within the Group.
- 3.10.4 To be available at all times to advise the chairperson of the Board on any questions relating to the financial affairs and internal controls (including financial and operating controls) of the Group.

4. **Operation of the Committee**

4.1 **Appointment and Tenure**

The Committee and its Chairperson (Committee Chairperson) shall be appointed annually by shareholders at the annual general meeting of the Company from amongst the independent non-executive directors of the Board, on recommendation by the Board. Recommendations by the Board shall be made on recommendation by the Corporate Governance and Nominations Committee and in consultation with the Committee Chairperson.

4.2 **Composition and Quorum**

- 4.2.1 The chairperson of the Board should not be a member of the Committee. The Committee shall consist of at least three members, who shall be independent non-executive directors.
- 4.2.2 There will be some cross-membership between the Committee and the Board's Risk Committee, with the chairperson of each of the committees serving as a member of the other committee, but no person shall be the chairperson of both committees at the same time.
- 4.2.3 Members of the Committee will be considered and proposed based on primarily financial literacy, skills and experience in financial services companies.

4.2.4 The Board shall elect the Committee Chairperson (for recommendation to and appointment by the shareholders in accordance with paragraph 4.1.1) and shall determine the period for which the Committee Chairperson shall hold such office.

4.2.5 The Board shall from time to time review and, where appropriate, propose revisions to the composition of the Committee in accordance with recommendations received from the Corporate Governance and Nominations Committee, as described above, taking into account the need for an adequate combination of financial and business skills and knowledge, as well as having regard to the Company's business mix and growth / focus areas.

4.2.6 The quorum at any meeting of the Committee shall be a majority of members.

4.3 **Attendees**

4.3.1 The following individuals will normally be in attendance at Committee meetings:

4.3.1.1 Chief Executive Officer of OML.

4.3.1.2 Finance Director of OML.

4.3.1.3 Audit Director of OML.

4.3.1.4 Head of Tax of OML (as required).

4.3.1.5 the lead partners of the Independent External Auditors.

4.3.2 When required, country and subsidiary audit committee chairpersons will be invited to attend Committee meetings.

4.3.3 Invitations to attend Committee meetings will be extended to any senior executives and professional advisers, as deemed appropriate by the Committee Chairperson.

4.3.4 Directors of the Board have the right of attendance at Committee meetings.

4.3.5 The Committee may secure the attendance, at Committee meetings, of non-Committee members with the relevant experience and expertise where necessary, at the Company's expense, in accordance with any procedure developed by the Board for this purpose.

4.3.6 The Company Secretary shall be the secretary of the Committee.

4.3.7 The Committee Chairperson may, from time to time, attend meetings of the audit committees of subsidiaries within the Group.

4.4 **Frequency of Meetings**

4.4.1 Meetings of the Committee will be held not less than four times a year, to coincide with key dates within the financial reporting and external audit cycle. The Independent External Auditors and OML Auditor Director may request a special meeting, should they consider one necessary.

4.4.2 The meeting shall be scheduled prior to OML's Board meetings, at which Board meetings the Committee Chairperson will present a report on the activities of the Committee.

4.4.3 The Committee Chairperson may, within the framework of any relevant directives set by the Board, convene a meeting of the Committee at any time and at his/her discretion.

4.4.4 The Committee or the Committee Chairperson should meet annually, or as requested, with the external and internal auditors, the Audit Director of OML, and management, in separate sessions, to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

4.5 **Participation and resolutions**

4.5.1 Committee members who are unable to attend Committee meetings shall inform the Committee Chairperson or Company Secretary at an early date.

4.5.2 Committee meetings may be conducted entirely by electronic communication or a Committee member may participate in a meeting by electronic communication, as contemplated in section 73(3) of the Companies Act (including by means of, inter alia, telephone, closed circuit television, webinar or video conferencing), so long as the electronic communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

4.5.3 Committee members should participate fully and constructively in discussions and other activities and contribute by sharing their knowledge, skills and abilities.

4.5.4 Each Committee member has one vote on a matter before the Committee.



- 4.5.5 A majority of the votes cast on a Committee resolution is sufficient to approve that resolution and, in the case of a tied vote, the Committee Chairperson shall not have a casting vote and the matter being voted on fails.
- 4.5.6 A Committee resolution in writing (round robin resolution) signed by the majority of the Committee members shall be as valid and effectual as if it had been passed at a Committee meeting. In the case of a tied vote, the Committee Chairperson shall not have a casting vote and the matter being voted on fails.
- 4.5.7 The passing of Committee round robin resolutions must not detract from the requirement for frequency of Committee meetings as set out in these Terms of Reference.
- 4.5.8 All Committee round robin resolutions should be tabled at the next Committee meeting for noting.

4.6 **Agenda, meeting papers and minutes**

- 4.6.1 The procedure to be followed for the convening of meetings, notice of meetings, and preparing agendas and minutes of meetings (to the extent not regulated in these Terms of Reference) will be determined from time to time and managed by the Company Secretary, in consultation with the Committee Chairperson and the Board.
- 4.6.2 To the extent reasonably practicable, Committee papers will be circulated to all Committee members at least one week before the meeting and full and appropriate information will be supplied to Committee members by way of succinct position papers or reports with the Committee pack to enable Committee members to form an opinion on the issues on the agenda prior to the meeting and, if necessary, to request additional information before the meeting. Additional documentation may be circulated to Committee members prior to the Committee meeting and will, to the extent applicable and appropriate, be clearly labelled to indicate that such documentation constitutes additional reading.
- 4.6.3 The Company Secretary shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.
- 4.6.4 Minutes of the Committee meetings, signed by the Committee Chairperson, shall be sufficient evidence that the matters referred to therein have been fully discussed and agreed, whether by way of a formal meeting or otherwise.
- 4.6.5 The Company Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee and to the Chairperson of the Board.

Any director of the Company may, upon request to the Company Secretary, provided that there is no conflict of interest, obtain copies of the Committee's meeting agenda and minutes.

5. **Committee work plan**

An annual work plan will be prepared for the Committee and a list of issues which need to be considered by the Committee annually will be tabled at the first Committee meeting of each year. The agenda for discussion of these issues will be spread over the meetings of the year so that each of these issues are addressed at least once a year. The work plan will be formulated by the Committee Chairperson, in consultation with the Company Secretary.

6. **Training**

The Committee, via the Company Secretary, shall make available to new members of the Committee a suitable induction process and, for existing members, ongoing training where appropriate and as discussed with the Committee.

7. **Committee evaluation**

The Committee will be independently evaluated as required by legislation and/or best practice governance and actions from the evaluation should be agreed and implementation tracked and reported to the Board.

8. **Access to resources and information**

8.1 The Committee has unrestricted access to Company information falling within the Committee's mandate and will liaise with management on its information needs and the appropriate reports and information that it should receive to enable it to monitor audit-related matters and to evaluate the financial performance of the Company.

8.2 With the prior notification to the Committee Chairperson or the chairperson of the Board, the Committee or any of its individual members, may take outside legal, accounting or other independent professional advice on matters relating to matters within the Committee's mandate, at the expense of the Company, in accordance with any procedure developed by the Board for this purpose. A formal mandate is to be entered into between such independent advisor and the Board, to be facilitated by the Company Secretary.

9. **Reporting**

9.1 The Committee shall evaluate all of the information it receives from management, internal audit, external assurance providers, the control functions and OML key



subsidiaries' and other subsidiaries' audit, risk and compliance committees, and report to the Board in relation to its conclusion on the effectiveness of all internal controls over material risks.

- 9.2 The Committee shall evaluate reports from the Chairperson of the OML Credit Risk Committee on any material credit-relating risks impacting the financial statements of the Group.
- 9.3 The Committee Chairperson shall report to the Board at the first Board meeting following the last Committee meeting on the activities of the Committee.
- 9.4 The Committee shall report on an annual basis to the shareholders at the annual general meeting of the Company as well as to the shareholders through the Integrated Annual Report on the following items:
- 9.4.1 The Committee's overall role and associated responsibilities and function.
 - 9.4.2 Its composition, including each member's qualifications and experience.
 - 9.4.3 Any external advisers or invitees who regularly attend the Committee meetings.
 - 9.4.4 Key areas of focus during the reporting period.
 - 9.4.5 The number of meetings held during the reporting period and attendance at those meetings.
 - 9.4.6 The appropriateness and effectiveness of the Financial Director has been considered by the Committee.
 - 9.4.7 Whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the reporting period.
- 9.5 The Committee Chairperson shall be required to attend the Company's annual general meeting to answer relevant questions posed by shareholders.
- 9.6 Members of the Committee must be available to meet with the relevant financial sector regulators, in particular the Prudential Authority, on request.¹⁴

¹⁴ Prudential Standards GOI2.

10. **General**

- 10.1 The Committee members are obliged to disclose to the Committee in writing any personal financial interest (as contemplated in section 75 read with section 1 of the Companies Act) and any other interests they have within or outside the Company and the Group that may be of interest to the Company or that may interfere or conflict with the performance of their duties as members of the Committee; provided that this is not applicable to any Committee members to the extent that they are directors of the Company and have disclosed such interests in accordance with paragraph 11 of the Board Charter and section 75 of the Companies Act.
- 10.2 All Company and Group related information that becomes known to directors in the performance of their duties must at all times be kept confidential.
- 10.3 Except to the extent of legal or regulatory provisions to the contrary, Committee members, being non-executive directors, are entitled to rely on the executives of the Company and those of other entities within the Group in relation to matters within their area of expertise and may assume the accuracy of information provided by such persons, provided that the Committee member is not aware of any reasonable grounds upon which reliance or assumption may be inappropriate.

11. **Approval of the Committee Terms of Reference**

- 11.1 The Committee shall review its Terms of Reference annually and amend them as appropriate, subject to approval from the Board.
- 11.2 These Terms of Reference were recommended to the Committee for approval by the Committee Chairperson on 28 November 2017 and approved by the Board on 30 November 2017 and will be due for review in 28 November 2018.

