



MMI HOLDINGS

TERMS OF REFERENCE
AUDIT COMMITTEE OF THE BOARD



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1. INTRODUCTION

- 1.1 The Audit Committee (the Committee) is constituted as a statutory committee of MMI Holdings Limited (“the Company” or “MMI Holdings”) in respect of its statutory duties in terms of section 94(7) of the Companies Act No. 71 of 2008 (“the Act”), and in terms of section 23 of the Long-Term Insurance Act No. 52 of 1998 and section 22 of the Short-Term Insurance Act No. 53 of 1998 in those instances where it is appointed to function as an audit committee on behalf of a registered insurer, and as a Committee of the Board of Directors (“Board”) of MMI Holdings in respect of all other duties assigned to it by the Board. The Committee is accountable to the Board. In the context of this document, “Company” means MMI Holdings, its subsidiaries, and all business Divisions, collectively also referred to as “the Group” or “MMI group of companies”.
- 1.2 The Board has delegated certain responsibilities to this Committee. The nature of the delegation is as set forth in the roles and responsibilities hereunder, and the duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. 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 judgement in accordance with their legal obligations.
- 1.3 The Committee will assist the board in fulfilling its oversight responsibilities of the Company as well as for its subsidiaries that have requested the Company to perform their audit committee functions, and will perform the statutory functions of audit committees as required under the Act and King III Code of Governance Principles. The secretary will maintain and table a list of the subsidiaries (registered public companies) and will obtain formal letters from subsidiary boards requesting that their audit committee functions be performed by the Committee.
- 1.4 The Audit Committee will oversee the integrity of integrated reporting and review the effectiveness of the financial reporting process, the system of internal control and management of financial risks, the assurance process, and the Company’s process for monitoring compliance with laws and regulations and its own code of business conduct.
- 1.5 The Committee will have an independent role with accountability to both the Board and shareholders. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the internal and external assurance providers.
- 1.6 The Audit Committee will not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

2. MANDATE IN RESPECT OF SUBSIDIARIES AND DIVISIONS

- 2.1 The MMI Audit Committee shall be appointed as audit committee for all the Company’s subsidiaries, unless otherwise indicated, or except to the extent restricted or precluded by law.
- 2.2 Audit Committees for MMI Group Limited and certain entities within MMI group of companies shall be established, to the extent provided or required by law. Where such Committees are established, the MMI Audit Committee shall review the reports submitted by such Committees.
- 2.3 The Committee is mandated and authorised by the MMI Board, without limiting the generality of its authority, to designate one or more Audit Panels of appropriately qualified persons to assist it in discharging its mandate in respect of any particular division, subsidiary or operational structure within MMI, whether established and operating locally, or internationally. In doing so, the Committee may delegate any of its powers to a person or Audit Panel of persons.

- 2.4 The Audit Panels will submit quarterly written reports to the Committee in respect of the delegated functions.
- 2.5 When reviewing the interim and final MMI Group financial results, the Committee will receive written reports from the Audit Panels (of MMI Divisions, as renamed from time to time), subsidiaries and other relevant Board Committees, including but not limited to the Board Risk and Compliance, Actuarial Committees, and Board Balance Sheet Management Committee in order to enable the Committee to consider the impact of any material issues on the Company's results.
- 2.6 Furthermore, any issue that comes to the attention of any of the Audit Panels or Committees and which, in their opinion, may materially impact on the Company's financial position or function fulfilled by the MMI Audit Committee, should be reported to the Committee as soon as such other Audit Panels or Committees become aware of the issue.
- 2.7 The Committee shall review the reports of significant matters submitted by the Audit Panels, where responsibilities have been delegated to such Audit Panels. The appointment of the Audit Panels does not reduce the accountability of the MMI Audit Committee in relation to the Roles and Responsibilities set forth herein.
- 2.8 The Committee must recognise the fiduciary duties of the subsidiary company's directors and divisional boards and particularly their duty to act in the best interests of the subsidiary company / Division at all times whether or not the director is nominated to the Board of the subsidiary company by the holding company. In the case of a conflict between the duties of a nominee director to a company on whose Board he sits and the interests of his principal, the duties of the director to the company of which he is a director must prevail.

3. PURPOSE OF THE 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.

4. RESPONSIBILITIES

The audit committee has the following specific responsibilities:

4.1 Integrated Reporting

The Committee will oversee integrated reporting, and in particular the Committee will:

- 4.1.1 Have regard to all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements 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;
- 4.1.2 Gain an understanding of all significant actual or potential financial and non-financial risks (such as operational, strategic and regulatory) that may have implications on the integrated report and how management is managing these effectively;
- 4.1.3 Understand how the board and the external auditor (and any other relevant external assurance providers) evaluate materiality for integrated reporting purposes;

- 4.1.4 Carefully review forward-looking statements of financial or sustainability information to ensure that the information provides a proper appreciation of the key drivers that will enable the Company to achieve these forward-looking goals;
- 4.1.5 Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- 4.1.6 Recommend to the Board whether or not to engage an external assurance provider on material sustainability issues;
- 4.1.7 Monitor the relationship between the external assurance providers and the Company;
- 4.1.8 Ensure that the combined assurance received is appropriate to address all the significant risks facing the company;
- 4.1.9 Recommend the integrated report for approval by the Board;
- 4.1.10 Review the content of the summarised information to assess whether it provides a balanced view;
- 4.1.11 Engage the external auditors to provide assurance on the summarised financial information;
- 4.1.12 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 taken as a whole to ensure they present a balanced and understandable assessment of the position, performance and prospects of the company, prior to submission to the Board for approval; and
- 4.1.13 The Audit Committee must consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and resources of the finance function, as well as the expertise and experience of the financial director and confirm this by reporting to shareholders in its annual report that the Audit Committee has executed this responsibility.

4.2 Internal Control

The Audit Committee will review the effectiveness of the design and operation of the Company's system of internal control and management of financial risk.

In discharging these responsibilities the Committee will:

- 4.2.1 Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and ensuring that all employees have an understanding of their roles and responsibilities;
- 4.2.2 Gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management;
- 4.2.3 Review the directors' responsibility statement in the financial statements on internal controls prior to endorsement by the Board and, in particular, to review;
 - The procedures for identifying business and financial risk and controlling their impact on the Company;
 - The Company's procedures for preventing or detecting fraud;
 - The Company's procedures for ensuring that relevant regulatory and legal requirements are complied with;
 - The operational effectiveness of policies and procedures.

- 4.2.4 Review the controls over significant financial risks, including those financial risks assessed by other committees. Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may involve an unacceptable degree of risk;
- 4.2.5 Review the results of work performed by the Internal Audit function in relation to financial reporting, corporate governance, internal control and any significant investigations and that findings and recommendations are received and discussed on a timely basis;
- 4.2.6 Review such significant transactions not directly related to the company's normal business as the Committee might deem appropriate;
- 4.2.7 Review the report of Internal Audit to the Committee in providing comfort on internal controls and on any unmanaged risks and controls.

4.3 Financial Reporting

4.3.1 Financial Statements

- a. Review the quality of the financial information, interim and financial statements, directors' reports and other public and regulatory reporting to determine whether they accurately and fairly present the state of affairs of the Group, according to the information known to the Committee.
- b. The Committee should consider whether:
 - Actual financial results for the period vary significantly from budgeted or projected results.
 - Changes in financial ratios and relationships in the financial statements are consistent with changes in the company's operations and financial practices.
 - Generally Accepted Accounting Principles have been consistently applied, and that the Group adheres to the principles of the International Financial Reporting Standards.
 - There are any actual or proposed changes in accounting or financial reporting practices.
 - There are any significant or unusual events or transactions.
 - The Company's financial controls are functioning effectively.
 - The financial statements contain adequate and appropriate disclosures.
- c. Focus on judgmental areas, for example those involving valuation of assets and liabilities; warranty, product or environmental liability, litigation reserves and other commitments and contingencies.
- d. In reviewing the financial statements consider whether management representations are fair and reasonable.
- e. Be satisfied that all material legal and regulatory compliance matters have been considered in preparation of the financial statements.
- f. Discuss the initial selection of, or changes in, significant accounting policies used in preparing the financial statements, the reason for and impact of any changes in policy, and reasons why alternative treatments were not adopted, understanding regulatory and market reaction before granting approval.
- g. Be informed when there is a disagreement on auditing / accounting matters between management and the external auditors. When an accounting opinion has been requested from another external auditor, the reasoning for the accounting treatment adopted should be obtained and approved by the Audit Committee before the Committee's recommendation is made to the board. The Audit Committee should also be satisfied with the credentials of the person providing such an opinion
- h. Pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures
- i. Meet with management and the external auditors to review the financial statements and the results of the audit
- j. Review a documented assessment prepared by management of the going concern status of the Company. To enable the Audit Committee to conduct a thorough discussion, management should document the key assumptions in reaching their conclusions

4.3.2 Preliminary / Provisional Announcements, Interim Financial Statements / Summarised Integrated Information / Other Press Releases

(NB: This refers to the preliminary announcement of Financial Results, profit warnings and/or trading statements in terms of the rules of the JSE and specifically excludes the customary quarterly Trading Updates issued by management and that only refers to business operations/volumes with no reference to earnings.)

- Be briefed on how management develops preliminary announcements, interim financial information, the extent of internal audit involvement, and the extent to which the external auditors review such information.
- Obtain explanations from management, internal and external auditors and the Sponsor whether preliminary announcements contain adequate and appropriate disclosure.
- Make a recommendation to the board about whether the external auditor should perform assurance procedures on the interim results.
- Review the report before submission to the Board for approval and consider whether the information is understandable, consistent, accurate and fairly represents the state of affairs of the Group.
- Review any press release before submitting for approval to the Board in relation to the financial results.
- Engage the external auditors to provide assurance on the summarised financial information.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

4.4 Internal Audit

An important role of the Committee will be to monitor the effectiveness of Internal Audit, ensuring that the roles and functions of the external auditor with Internal Audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting.

The Committee will:

- 4.4.1 Review the activities of the internal audit function and ensure that no unjustified restrictions or limitations are imposed.
- 4.4.2 Review the internal audit function's compliance with its mandate as approved by the Committee.
- 4.4.3 Review the effectiveness of Internal Audit and their written assessment of the Group's systems of internal control and risk management and governance, including financial and information technology security and control.
- 4.4.4 Consider whether or not the objectives, staffing plans, financial budgets, audit plans and standing of the internal audit function provides adequate support to enable the Committee to meet its objectives.
- 4.4.5 Review co-ordination between the various assurance providers including the Internal Audit function and the external auditors and deal with any issues of material or significant dispute or concern.
- 4.4.6 Take responsibility for the appointment, performance assessment, dismissal and/or re-assignment of the Chief Internal Auditor.
- 4.4.7 Meet separately with the Chief Internal Auditor to discuss any matters that the Committee or auditors believe should be discussed privately.
- 4.4.8 Oversee that a formal process of follow-up on the status of significant recommendations is in place and the Internal Audit department report to the Committee any slow progress or non-implementation of their or external audit recommendations.
- 4.4.9 Review significant differences of opinion between management and the internal audit function.
- 4.4.10 Evaluate the independence and effectiveness of the internal auditors.

- 4.4.11 Review the co-operation and co-ordination between the internal and external audit functions to avoid duplication of work.
- 4.4.12 Receive and review reports from internal audit.
- 4.4.13 Approve the internal audit plan; and
- 4.4.14 Ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate provided it takes place at intervals not exceeding 5 years at a time.

4.5 External Audit

The Committee must consider and make recommendations on the appointment and retention and any questions relating to the resignation or dismissal of the auditor.

The Committee will:

- 4.5.1 Review the external auditors' proposed audit scope and approach and ensure no undue restrictions or limitations have been placed on the scope.
- 4.5.2 Discuss and review with the external auditor(s), and approve before the audit commences, the auditor(s) engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure co-ordination (where more than one audit firm is involved) and maintenance of a professional relationship between them.
- 4.5.3 Review overall audit role and discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money.
- 4.5.4 Consider whether any significant ventures, investments or operations should be subject to external audit.
- 4.5.5 Agree to the timing and nature of reports from the external auditor(s).
- 4.5.6 Review and evaluate the performance of the external auditors.
- 4.5.7 Consider the independence of the external auditors, including reviewing the range of services provided.
- 4.5.8 Determine the nature and extent of any non-audit services which the auditor may provide to the company and pre-approve the contract terms.
- 4.5.9 Nominate a registered auditor that the Audit Committee considers independent, for appointment as the external auditor by the Shareholders at an annual general meeting. The Shareholders may, at its annual general meeting, appoint an auditor other than the one nominated by the Committee. In the latter instance, the appointment shall only be valid if the Committee is satisfied that the proposed auditor is independent from the Company.
- 4.5.10 Ensure that the appointment of the external auditors complies with the Companies Act, Good Corporate Governance and any other legislation, policies or best practice relating to the appointment of external auditors.
- 4.5.11 Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- 4.5.12 Review the external auditor's proposed audit report.
- 4.5.13 Discuss problems and reservations arising from the audit and any matters the auditors may wish to discuss.
- 4.5.14 Review the external auditor's management letter and management response.
- 4.5.15 Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- 4.5.16 Ensure that management responds to recommendations by the external auditors, and follows up on key matters arising in the current year's management letter.
- 4.5.17 Consider recommendations from management on the annual regulatory approval process, and approve.
- 4.5.18 Ensure that there is a process for the audit committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor.

- 4.5.19 Review the quality and effectiveness of the external audit process.
- 4.5.20 As the Committee and Board rely on the external auditor in executing its oversight of all reporting to shareholders they must:
- Bring to the reporting process technical competence, business judgement, integrity and objectivity; and
 - Ensure that the Committee is informed of potential misstatements in the financial statements, significant deficiencies in internal control, alternative accounting treatments and other significant findings during the course of their audit work.
- 4.5.20 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 as required by the JSE Limited Listing Requirements.

4.6 Risk management, compliance and IT governance

The Committee is an integral part of the risk management process, whilst performing its role as a reporting oversight, the committee will take cognisance of the materiality of the risks and exposures to the group as well compliance with laws and regulations. This will be achieved through regular consultation with the Board Risk and Compliance Committee and internal audit function.

The Board Risk and Compliance committee has a duty to review the quality, integrity and reliability of risk management and to report on areas of significant financial risks and non-compliance to this Committee. This Committee will have to satisfy itself that appropriate steps have been taken by management to adequately manage such risks and compliance incidents.

The Committee must ensure that Management has established the necessary checks and balances to ensure that there is compliance with pertinent laws and regulations, is conducting its affairs ethically, and is maintaining effective control against conflicts of interest and fraud.

The committee must ensure that all regulatory compliance matters have been considered in the preparation of the financial statements.

The Audit Committee must oversee the following in terms of risk management process:

- Financial reporting risk.
- Internal financial controls.
- Fraud risk as it relates to the financial reporting.

4.7 Actuarial Responsibilities

The Committee should receive and review reports from the MMI Actuarial Committee and consider whether these reports are in accordance with the Committee's understanding of the results to enable the Committee to approve the interim and annual financial results of the group.

4.8 Complaints

The Committee must deal appropriately with any complaint it receives (whether from within or outside the Company) relating to either the accounting practices or the internal audit of the company or to the content or auditing of its financial statements or to any related matter. Management has the responsibility to report any complaints to the Audit Committee, as deemed relevant, on a regular basis.

The Committee should:

- 4.8.1 Provide a vehicle for employees of the company to raise issues or concerns in regard to the financial affairs and reporting of the company through a medium other than management. The Committee should establish procedures which will ensure appropriate protection for parties making reports in this regard in good faith.

- 4.8.2 Act as a recipient for external queries in relation to the financial affairs and reporting of the Company.
- 4.8.3 Ensure that the code of conduct is in writing and that arrangements are made for all employees to be aware of it.
- 4.8.4 Evaluate whether management is setting the appropriate “tone at the top” by communicating the importance of the code of conduct and the guidelines for acceptable behavior.
- 4.8.5 Review the process for monitoring compliance with the code of conduct and consider any matters that may have an effect on the integrated report.
- 4.8.6 Obtain regular updates from management regarding compliance; and
- 4.8.7 Approve any amendments to the company’s code of conduct as it applies to integrated reporting.

4.9 Reporting Responsibilities

The reporting responsibilities of the Committee shall be as follows:

- 4.9.1 Regularly update the Board about Committee activities and make appropriate recommendations.
- 4.9.2 Ensure that the Board is aware of matters which may significantly impact the financial condition of the business.
- 4.9.3 Report to the shareholders on the statutory duties of the Committee, namely:
 - How its duties were carried out;
 - If the Committee is satisfied with the independence of the external auditor;
 - The Committee’s view on the financial statements and the accounting practices; and
 - Whether the internal financial controls are effective.
- 4.9.4 The Chairperson (or, in his/her absence, an alternate member) of the Committee shall, on invitation, attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.
- 4.9.5 Weaknesses in internal financial controls that are considered to be material (individually or in combination with other weaknesses) and that resulted in actual material financial loss, fraud or material errors, should be reported to the board and stakeholders.
- 4.9.6 Recommend the integrated report for approval by the board. As a minimum, the Audit Committee should provide the following information in the integrated report:
 - A summary of its role;
 - A statement on whether or not the Audit Committee has adopted a formal Terms of Reference that have been approved by the Board and if so, whether the Committee satisfied its responsibilities for the year in compliance with its terms of reference;
 - The names and qualifications of all members of the Audit Committee during the period under review, and the period for which they served on the committee; and
 - Number of Audit Committee meetings held during the period under review and members’ attendance at these meetings.

4.9.7 A statement on whether or not the Audit Committee considered and recommended the internal audit charter for approval by the Board.

- A description of the working relationship with the Head of Internal Audit;
- Information about any other responsibilities assigned to the Audit Committee by the Board;
- A statement on whether the Audit Committee complied with its legal, regulatory or other responsibilities; and
- A statement on whether or not the Audit Committee recommended the integrated report to the Board for approval.

4.9.8 Insert in the financial statements to be issued in respect of that financial year, an Audit Committee report:

- How its duties were carried out;
- If the committee is satisfied with the independence of the external auditor;
- The Committee's view on the financial statements and the accounting practices;
- Whether the internal financial controls are effective; and
- Results of the review of the finance function.

4.10 Other Responsibilities

4.10.1 Perform any other functions as requested by the Board; provided that those functions are not management functions.

4.10.2 Review and update the Committee's Terms of Reference and receive approval of changes from the Board.

5. AUTHORITY

5.1 The Committee is constituted to execute the committee's statutory obligations in terms of the Companies Act and King III. The Audit Committee is a separate statutory committee that is appointed by the shareholders. However, the Audit Committee still forms part of a unitary board even though it has specific statutory responsibilities over and above responsibilities assigned to it by the Board. The Committee will provide guidance to the Board in terms of the Audit Committee's statutory requirements. The Committee will act in accordance with its statutory duties and the delegated authority of the Board as recorded in this Terms of Reference. In order to meet its responsibilities and fulfill its role, the Committee:

5.1.1 Has the power to investigate any activity within the scope of these Terms of Reference.

5.1.2 May, in the fulfilment of its duties, call upon the Chairperson of the other Board committees, any of the executive directors, company officers, Company Secretary or assurance providers to provide it with information subject to a Board approved process.

5.1.3 Shall have reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities subject to following a Board approved process.

5.1.4 Has the right to obtain independent outside professional advice to assist with the execution of its duties, at Company's cost, subject to a Board approved process being followed. In cases where such advice is sought by a member or group of members as opposed to the Committee as a whole, authorisation of the expenditure should be

obtained from the Chairperson of the Board in consultation with the Chairperson of the Committee, and the Company Secretary.

- 5.1.5 Has decision-making authority in regard to its statutory duties and is accountable in this respect to both the Board and the shareholders.
- 5.1.6 May, at its discretion, require other employees of the Company to attend meetings or parts of meetings.
- 5.1.7 Make recommendations for approval by the Board, on all responsibilities delegated to it by the Board outside of the statutory duties.
- 5.1.8 The Committee may form and delegate authority to Sub Committees and may delegate authority to one designated member of the Committee.

6. COMPOSITION OF THE COMMITTEE

- 6.1 The Committee will consist of not less than three members who are independent non-executive directors, to be elected by the shareholders at each annual general meeting on recommendation by the Nominations Committee and the Board.
- 6.2 At least one of the members of the Committee must be a chartered accountant.
- 6.3 Members shall be eligible for nomination for a three-year term of office and may be eligible for re-appointment subject to the Company's constitution on re-appointments.
- 6.4 All members of the Committee must be suitably skilled and experienced independent non-executive directors.
- 6.5 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of the following: financial and sustainability reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology governance as it relates to integrated reporting; and governance processes within the company.
- 6.6 The Chairperson of the Board is not eligible to chair, or be a member of, the Committee.
- 6.7 The Board shall elect an independent non-executive director as the Chairperson of the Committee.
- 6.8 The Committee members must keep up-to-date with developments affecting the required skills-set. All members should attend update training to be arranged by the Secretary.
- 6.9 New members are required to have a robust orientation in order to understand the Committee's responsibilities and the financial reporting process they will oversee.
- 6.10 The MMI Company Secretary, or his or her nominee, will be the Secretary to this Committee.
- 6.11 The following persons –
 - 6.11.1 shall be invited to attend the meetings of the Committee –
 - the Group Chief Executive Officer;

- the Group Deputy Chief Executive Officer;
- the Group Finance Director;
- representatives from the external auditors;
- the Head of Internal Audit;
- the Chairperson of the Actuarial Committee (for interim and year end results);
- the Chairperson of the Board Risk and Compliance Committee (for interim and year end results);
- the Group Statutory Actuary (if a person is appointed to such an office); and
- any person requested by the Committee to attend a meeting.

6.11.2 may attend the meetings of the Committee but may not vote –

- the Statutory Actuary of any insurer in the Group; or
- any other assurance providers, on invitation by the Committee.

7. MEETINGS AND PROCEDURES

7.1 Frequency

- 7.1.1 The Committee should hold sufficient scheduled meetings with no less than 4 meetings per year, to discharge all its duties as set out in these Terms of Reference and other relevant Company documents and applicable policies or directives.
- 7.1.2 A schedule of regular meetings shall be provided to the Committee members at the beginning of each year.
- 7.1.3 Meetings in addition to those scheduled may, with approval of the Chairperson, be held at the request of the external auditor, the chief executive officer, chief financial officer, chief audit executive or other members of senior management or at the instance of the Board.
- 7.1.4 The Committee should meet with management at least once a year without the internal and external auditors being present.
- 7.1.5 The Committee should meet with internal and external auditors at least once a year without management being present.
- 7.1.6 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's Constitution insofar as that regulates the meetings and proceedings of directors and committees.
- 7.1.7 A meeting may be conducted by way of electronic media such as video or telephone conferencing.
- 7.1.8 Should the need arise for a decision to be taken by the Committee and, due to urgency, the matter cannot be postponed until the next Committee meeting, the required decision may be obtained by following the process as set out hereunder:
- An appropriate memorandum must be prepared, addressing the relevant background facts and setting out the proposed resolution;
 - The Committee secretary must e-mail or fax the documentation to each member and advise the members of the time and date when a written response is required;

- For a decision to be legitimately taken by round robin procedure, the support of the majority of members (of whom at least half should be non- executive) is required in writing and signed by them (and for the purposes of this procedure, communication per fax and/or e-mail will be regarded as being in writing). Should a Committee member object to a decision, the remaining members of the Committee must be advised of the objection; and
- At the Committee meeting following the date of the round robin decision, the Committee Secretary must report fully on the decision so taken by the Committee. The Committee secretary must record all such decisions taken, in the minute book of the Committee.

7.2 Attendance

- 7.2.1 Committee members will 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 Chairperson or Company Secretary.
- 7.2.2 If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson for that meeting.
- 7.2.3 The Chairperson of the Audit Committee should be present at the annual general meeting to answer questions, through the Chairperson of the board, on the report of the Audit Committee's activities and duties.

7.3 Agenda and minutes

- 7.3.1 The Committee shall 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. The annual plan should ensure proper coverage of the matters laid out in the Committee Terms of Reference: From this plan, the number, timing and length of meetings, and the agendas will be determined. The 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.
- 7.3.2 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with supporting documentation shall other than under exceptional circumstances, be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting, unless alternative arrangements and timelines have been made with members.
- 7.3.3 The chairperson is responsible for the smooth running of meetings, ensuring that the views of each member are heard and that sufficient time is devoted to each issue for discussion.
- 7.3.4 Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- 7.3.5 The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairperson for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

7.4 Quorum and Voting

- 7.4.1 A quorum for meetings shall be a simple majority of members present, namely 50% (fifty percent) + one member.

- 7.4.2 Members who are not directors of MMI may form part of the quorum for Committee meetings and shall participate in all discussions at meetings. However, these members shall have no voting rights where decisions are to be voted on.
- 7.4.3 Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on.
- 7.4.4 Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands.

8. REMUNERATION

The Committee members will be remunerated for their services, with the Chairperson being entitled to an additional fee. Such fees shall be approved by the Board from time to time at its discretion.

Any special and *ad hoc* meetings will be remunerated as determined by the Board from time to time.

9. EVALUATION

The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee annually.

10. REVIEW

The Board will review these Terms of Reference once every three years, or as determined by the Board, to ensure it remains consistent with the Board's objectives and responsibilities, as well as good corporate governance principles, corporate and other relevant laws.

11. APPROVAL OF TERMS OF REFERENCE

These revised Terms of Reference were approved by the Committee on 22 November 2013, and the MMI Board on 24 June 2014 and will be reviewed once every three years, or as and when deemed necessary.