

## **NAMPAK LIMITED**

### **AUDIT COMMITTEE CHARTER**

#### **1. Purpose**

The Audit Committee (hereinafter referred to as the "Committee") is constituted as a statutory committee of Nampak Limited (hereinafter referred to as the "Company") in respect of its statutory duties in terms of section 94(7) of the Companies Act, 2008, (Act No. 71 of 2008) and as a committee of the Board in respect of all other duties assigned to it by the Board.

#### **2. Organisation**

- 2.1. The Committee will consist of at least three members, all of whom shall be non-executive directors of the Company who must act independently. The chairperson of the Company shall not be a member of the Committee. The Board shall nominate the chairperson of the Committee from its elected members.
- 2.2. The Chairperson and members of the Committee will be elected by the shareholders of the Company on the recommendation of the Board. The Chairperson must be an independent non-executive director of the Company who must act independently. Members must possess a detailed understanding of the responsibilities of Committee membership and the Company's business operations and risks. The Committee should have sufficient skills and experience to fulfil its duties.
- 2.3. At least one-third of the members of the Committee must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Committee collectively should have an understanding of integrated reporting, internal financial controls, external audit process, internal audit process, corporate law, risk management, sustainability issues, information technology governance and the governance processes within the Company.
- 2.4. The members of the Committee will receive such compensation as the shareholders may determine from time to time.
- 2.5. The Committee may form and delegate authority to sub-committees when appropriate.

#### **3. Meetings**

- 3.1. The Committee will meet at least three times per annum or more frequently, if circumstances require.
- 3.2. The Committee may require members of management, the external auditors, the internal auditors and others to attend meetings and to provide information as required.
- 3.3. The Chairperson and other members of the Committee shall meet with the head of the Company's external auditors and internal auditors at least once per annum, without management being present.
- 3.4. Minutes will be kept of all meetings of the Committee by the Company Secretary and will be submitted to the Board at the immediate following Board meeting.

- 3.5. The Committee reports to the full Board through its Chairperson, and also to the Shareholders through a report in the annual financial statements, which must include an account of how the Committee has performed its duties.

#### **4. Quorum**

The quorum will be 50% plus 1 of the members of the Committee.

#### **5. Term**

- 5.1. The term of the Committee shall run from the date on which its members are elected at an annual general meeting of the Company until the date of the next annual general meeting of the Company.
- 5.2. The Company, in a General Meeting shall have the power to remove, on the recommendation of the Board of the Company, any member from the Committee and to fill any vacancies created by such removal.
- 5.3. The Board of the Company must fill a vacancy on the Committee within 40 business days after the vacancy arises.

#### **6. Authority**

The Committee-

- 6.1. has the right to have access to any information it needs to fulfil its responsibilities;
- 6.2. has the right to seek independent advice and to consult with specialists or consultants, at the Company's expense;
- 6.3. has the right to investigate matters within its mandate;
- 6.4. has direct access to the Board Chairperson, Chief Executive, Executive Directors, members of the Group Executive Committee, the Treasurer, Chief Audit Executive and external auditors;
- 6.5. has the right to consult with, and receive the full co-operation of any employee, where necessary, to fulfil its mandate;
- 6.6. may ask the Chairpersons of other Board committees, any executive directors, company officers, company secretary or assurance providers to provide it with information, subject to a Board approved process;
- 6.7. may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committee;
- 6.8. has decision-making authority in regard to:
- 6.8.1 the nomination of a registered auditor for appointment as auditor of the Company;
  - 6.8.2 the determination of the fees to be paid to the auditor and the auditor's terms of engagement; and
  - 6.8.3 to determine the nature and extent of any non-audit services that the auditor may, or may not, provide to the Company;
- and is accountable in this regard to both the Board and the Shareholders. To fulfil such accountability the Committee Chairperson must be present at all Annual General Meetings of the Company; and
- 6.9. on all duties delegated to the Committee by the Board, over and above its statutory duties, shall make recommendations for approval by the Board.

## **7. Responsibilities and duties**

- 7.1. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 7.2. Should the Committee receive a report implicating the Chief Executive Officer, any member of the Board, or any officer of the Company in financial misconduct, fraud, corruption or gross negligence, the Committee Chairperson must promptly report this to the chairperson and the external auditor.

### **7.3. Integrated reporting**

The Committee oversees integrated reporting, and in particular the Committee must:

- 7.3.1 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 judgments and reporting decisions made, monitoring or enforcement action by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- 7.3.2 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;
- 7.3.3 comment in the annual financial statements on the financial statements, accounting practice and the effectiveness of the internal financial controls;
- 7.3.4 review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- 7.3.5 recommend to the board the engagement of assurance providers on material sustainability issues;
- 7.3.6 recommend the integrated report for approval by the board;
- 7.3.7 consider whether the external auditor should perform assurance procedures on the interim results;
- 7.3.8 review the content of the summarised information for the interim and final results for whether it provides a balanced view; and
- 7.3.9 engage the external auditors to provide assurance on the summarised financial information for the final results.

### **7.4. Combined assurance**

The Committee will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee should:

- 7.4.1 ensure that the combined assurance received is appropriate to address the significant risks facing the company; and
- 7.4.2 monitor the relationship between the external and internal assurance providers and the company.

### **7.5. Finance function and financial director**

The Committee reviews the expertise, resources and experience of the company's finance function, and discloses the results of the review in the integrated report.

The Committee also considers and satisfies itself of the suitability of the expertise and experience of the chief financial officer every year.

#### **7.6. Internal audit**

The Committee is responsible for overseeing of internal audit, and in particular the Committee must:

- 7.6.1 be responsible for the appointment, performance assessment and/or dismissal of the Chief Audit Executive who shall, in the event that the internal audit function is outsourced, be such person nominated by the appointed service provider as its engagement lead partner;
- 7.6.2 review the internal audit plan and charter;
- 7.6.3 review the findings, significant matters and conclusions reported by internal audit and consider the adequacy of any corrective action proposed and taken in response to significant internal audit findings; and
- 7.6.4 ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate.

#### **7.7. Risk management**

The Committee is an integral component of the risk management process and specifically the Committee must oversee:

- 7.7.1 financial reporting risks;
- 7.7.2 internal financial controls;
- 7.7.3 fraud risks as they relate to financial reporting; and
- 7.7.4 IT risks as they relate to financial reporting.

#### **7.8. External audit**

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the Committee must:

- 7.8.1 nominate the external auditor for appointment by the shareholders;
- 7.8.2 approve the terms of engagement and remuneration for the external audit engagement;
- 7.8.3 monitor and report on the independence of the external auditor in the annual financial statements;
- 7.8.4 define a policy for non-audit services provided by the external auditor;
- 7.8.5 pre-approve the contracts for non-audit services to be rendered by the external auditor;
- 7.8.6 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;
- 7.8.7 review the quality and effectiveness of the external audit process; and

7.8.8 consider whether the audit firm and, where appropriate, the individual auditor that will be responsible for performing the functions of auditor, are accredited as such on the JSE list of Auditors and their advisors as required by the JSE Limited Listings Requirements.

#### **7.9. Subsidiary Companies**

The Committee will, with respect to the financial year for which it is appointed, perform the functions required under section 94(2) of the Companies Act, 2008 on behalf of all subsidiaries of the Company which have been incorporated in the Republic of South Africa as public companies.

### **8. Reporting and accountability**

- 8.1. The Committee must report to the Board and to the shareholders of the Company on its statutory duties and the duties assigned to it by the Board.
- 8.2. The chairperson (or, in his/her absence, an alternate member) of the Committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.
- 8.3. The Committee must report to the Company's shareholders on its statutory duties including:
  - 8.3.1. how its duties were carried out;
  - 8.3.2. if the Committee is satisfied with the independence of the external auditor;
  - 8.3.3. the Committee's view on the financial statements and the accounting practices; and
  - 8.3.4. whether the internal financial controls are effective.
- 8.4. The Committee must provide a summary of its role and details of its composition, number of meetings and activities, in the Integrated Report.
- 8.5. The Committee must recommend the Integrated Report for approval by the Board.

### **9. Proceedings**

Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's Memorandum of Incorporation regulating the meetings and proceedings of directors and committees.

### **10. General**

- 10.1. The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 10.2. The Board will ensure that the Committee will have access to professional advice both inside and outside the company for it to perform its duties.
- 10.3. This Charter shall require the approval of the Board and shall be reviewed by the Committee at least every three years.
- 10.4. Papers for consideration by the Committee will be submitted, in the normal course, at least 7 days before the meeting, to enable members to study the documentation and allow adequate opportunity for formal and informal discussions. The Chairman of the Committee may consult with the Chief Executive, Chief Financial Officer, Chief Audit Executive, external

audit and/ or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

- 10.5. Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or the Company Secretary.
- 10.6. If the nominated Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.
- 10.7. The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 10.8. The annual plan must ensure proper coverage of the matters laid out in this charter. The more critical matters should be attended to each year while other matters may be dealt with on a rotation basis over a three-year period.
- 10.9. The minutes must be completed as soon as possible after the meeting and circulated to the Chairperson and members of the Committee for review.
- 10.10. The minutes must be formally approved by the Committee at its next scheduled meeting.

## **11. Evaluation**

- 11.1 The Board must perform an evaluation of the effectiveness of the Committee and the individual members every two years.