



ESOR LIMITED
(Reg No 1994/000732/06)
("the company")

TERMS OF REFERENCE OF RISK COMMITTEE

1. Constitution

- 1.1. In line with the recommendations of the King Report on Governance for South Africa 2009 ("King III"), the board of directors of the company ("the board") resolved to establish a committee of the board to be known as the Risk Committee ("the committee").
- 1.2. The board hereby resolves to adopt these terms of reference of the committee.

2. Membership

- 2.1. The committee shall be appointed by the board and shall comprise a minimum of 3 (three) members, the majority of whom must be independent non-executive directors as defined in King III. Executive directors and management may also be members of the committee, if deemed appropriate by the board.
- 2.2. A quorum shall be a majority of members present in person or via telecommunication facilities.
- 2.3. The members of the committee collectively should have sufficient qualifications and experience so as to enable them to discharge their duties as set out in Section 6 hereof.
- 2.4. The chairman of the committee shall be appointed by the board and shall be an independent non-executive director.
- 2.5. The chairman of the committee shall be required to attend the company's annual general meeting to answer relevant questions posed by shareholders.
- 2.6. All committee members will be required to keep up to date with developments affecting the areas of responsibility of the committee.

3. Attendance at meetings

- 3.1. The financial director, the head of internal audit and the chief risk officer will be required to attend meetings of the committee.
- 3.2. The chief executive officer, if not a member of the committee, will have a standing invitation to attend the meetings of the committee as and when deemed necessary.
- 3.3. Other board members shall have the right of attendance, with the prior consent of the chairman of the committee
- 3.4. The company secretary shall be the secretary of the committee and will be responsible for the preparation of the meeting agenda in consultation with the chairman and financial director.

4. Frequency of meetings

- 4.1 Meetings shall be held not less than three times a year.
- 4.2 Any member of the committee or the risk officer or the head of internal audit may request a meeting if deemed necessary and a meeting will then be arranged in consultation with the chairman of the committee.

5. Authority

- 5.1. The committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.
- 5.2. The committee is authorised by the board, subject to the approved process, to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if deemed necessary.
- 5.3. The company shall meet all expenses reasonably incurred by the committee in the fulfilling of its duties.

6. Duties

The committee's main responsibility is to assist the board of directors in ensuring the implementation and maintenance of an appropriate and effective risk management environment throughout the Esor group of companies. For this purpose, the duties of the committee shall be to:

Risk management and compliance

- 6.1 review and recommend the risk management policy and plan to the board for approval;
- 6.2 annually review and recommend the levels of risk tolerance to the board for approval;
- 6.3 ensure that risks taken are within the tolerance and appetite levels;
- 6.4 review the processes and procedures for risk identification, analysis and quantification, including the systematic, documented, formal risk assessment to be undertaken annually;
- 6.5 review the processes implemented to monitor the ongoing management of risks;
- 6.6 ensure the implementation of measurable and relevant KPI's as part of the company's performance management system and review annually;
- 6.7 regularly review the risk register as prepared and maintained by management, focusing in particular on IT risks, fraud risks, reputational risks and financial reporting risks in addition to operational and other business risks;
- 6.8 review reports from internal audit on the effectiveness of the processes and procedures of risk management;
- 6.9 submit an annual report to the board on the total risk management and assessment process and outcomes;
- 6.10 review the company's compliance with legal and regulatory provisions, its articles of association, code of ethics and the rules established by the board and consider, as part of the risk management process, the risk of non-compliance;

Organisational integrity/ethics

- 6.11 review any statements on ethical standards or requirements for the company and the procedures or review system implemented to promote and enforce compliance;
- 6.12 review and recommend the company's code of ethics to the board for approval;
- 6.13 review and recommend any corporate citizenship policies to the board for approval;
- 6.14 review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the company;
- 6.15 where requested, make recommendations on any material potential conflict of interest or questionable situations;
- 6.16 ensure that the company's ethics performance is assessed, monitored, reported and disclosed;

General

- 6.17 give due consideration to the Listings Requirements of the JSE Limited and the code of governance principles as contained in King III;
- 6.18 retain a copy of the current terms of reference of the committee at the registered office of the company and provide shareowners with a copy of same if requested;
- 6.19 fulfil all of the abovementioned functions in respect of the company and all of its subsidiaries and related entities, where appropriate, and
- 6.20 consider such other topics and fulfil such other duties as defined by the board.

7. Reporting Procedure

- 7.1. The secretary shall incorporate the approved minutes of meetings of the committee in the meeting files prepared for meetings of the board for noting purposes.

- 7.2. In addition to the above, the chairman of the committee will provide verbal feedback at the meetings of the board of directors on the committee's recent activities.
- 7.3. The committee shall at least annually submit a comprehensive report to the board on its activities.

8. Review and Assessment

The committee's activities and effectiveness shall be assessed annually and reviewed with the board.

CHAIRMAN OF THE BOARD OF DIRECTORS