

Audit and Risk Committee Report

Risk Management

The Audit and Risk Committee ensures that the company has effective policies and plans for risk management. The committee also oversees the following:

- Development and annual review of risk management policies and plans
- Monitors implementation of risk management policies and plans
- Recommends to the Board on levels of risk tolerance and appetite
- Ensures risk management is integrated into business operations
- Ensures risk management assessments are conducted on a continuous basis
- Ensures frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensures that management considers and implements appropriate risk responses

Finance Function

The Audit and Risk Committee has considered the expertise and experience of the Chief Financial Officer and is satisfied with the appointment of the Chief Financial Officer. The committee has reviewed and considered the experience and resources available to the company's finance function and is satisfied with the resources.

Internal Audit

In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code on Corporate Governance, Internal Audit is required to provide the Audit and Risk Committee with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

Furthermore Internal Audit is required to provide reasonable assurance that the internal controls are adequate and effective, which is achieved by Internal Audit executing its risk-based internal audit plan. The risk based internal audit plan allows Internal Audit to assess the adequacy of controls in mitigating the risks of JPC and whether corrective action plans have been implemented. The Audit and Risk Committee reviewed the internal audit quarterly reports to ensure that internal audit activities were conducted in line with the approved risk based internal audit plan and were satisfied with the completion of the risk based internal audit plan by internal audit.

From our review of the report of the Internal Auditors we note that:

- The internal controls are adequate and effective; and
- The Internal Auditors are operating objectively and independently.

Auditor-General of South Africa

The Audit and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit and Risk Committee

Date: