
	REALESTATE GROUP		
	Audit and Risk Committee Terms of Reference		
	Approved on: 5 December 2023	Version 3.0	

APPROVAL

Date	5 December 2023
Approved by Board Representative	Nicola Milne
Reviewed by Executive Chairman	Guido Renato Giachetti
Reviewed by Chief Executive Officer	Jacopo Pari

KEY STAKEHOLDERS

Governing Body	Board of Directors
Audit and Risk Committee	Committee delegated to oversee, review and make recommendations for the Audit and Risk aspects of the business.
Executive Chairman	Guido R Giachetti
The Manager, The Management Company	Property and Asset Management Limited, so long as the current management agreement with RDC continues, and its successor should it be terminated, and/or its subsidiaries or outsourced service providers.
Management Team – “The Manager”	Management and Staff of the Manager

1. Introduction

- 1.1 The Audit and Risk Committee (the Committee) is constituted as a statutory committee under the Board of Directors (Board) of RDC Properties Limited (the Company, “RDC” or “RDC Group”). The Board reports to the Company shareholders.
- 1.2 The duties and responsibilities of the members of the Committee, as set out in this document, are, if they are members of the Board, 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 These terms of reference are subject to the provisions of the Botswana Companies Act, the Company's Constitution and any other applicable law or regulatory provision.

2. 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 meetings and procedures.

3. Composition of the Committee

- 3.1 The Committee comprises a minimum of three members to be elected by the Board. At least three of the members must be non-executive directors of the Company. The Company’s Chief Executive Officer and Chief Financial Officer report to the Committee.

3.2 All members of the Committee must be suitably skilled and experienced individuals. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of the following: financial reporting; internal financial controls; external audit process; corporate law; risk management; sustainability issues; information technology governance, integrated reporting requirements, and other governance processes within the company.

3.3 The chairman of the Board is not eligible to be the chairman or a member of the Committee. The Committee is chaired by an independent non-executive individual, elected by the Board. The Board must fill vacancies on the Committee within 40 business days after the vacancy arises. The Committee members must keep up-to-date with developments affecting the required skill-set.

4. Role

4.1 The Committee has an independent role with accountability to the Board. In turn, the Board is accountable to the Company Shareholders.

4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

5. Responsibilities

The Committee has the following specific responsibilities:

5.1 Reporting

Reporting refers to the representation of the Company's performance in terms of both its finances and its sustainability. Sustainability means conducting operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs and includes environmental, social and governance issues.

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

- 5.1.1. Have regard to all factors and risks that may impact on the reporting, 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, and any evidence that brings into question previous reported information;
- 5.1.2. Review six-month financial statements, prior to presentation to the Board;
- 5.1.3. Review the audited annual financial statements, prior to presentation to the Board;
- 5.1.4. Comment to the Board on the financial statements, the accounting practices and the effectiveness of the internal financial controls as audited by the external auditors;
- 5.1.5. Review reporting disclosures to ensure that they are reliable and do not conflict with the financial information;
- 5.1.6. Review press releases as far as they relate to the presentation of financial information for six-month and annual financial statements.
- 5.1.7. Recommend to the Board whether or not to engage an external assurance provider on material reporting issues;
- 5.1.8. Recommend six month and annual financial statements for approval by the Board.

5.2 Assurance

- 5.2.1 Assurance refers to the integration and alignment of all assurance processes in a company to maximise risk and governance oversight and control efficiencies, both internally and externally provided.
- 5.2.2 The Committee will ensure that an assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee should:
- Ensure that the assurance received is appropriate to address all the significant risks facing the Company and its subsidiaries; and
 - Monitor the relationship between the external assurance providers and the Company.

5.3 Finance Function

The Committee reviews the expertise, resources and experience of the Company's and its subsidiaries' finance functions.

5.4 Risk Management

The Committee must consider the risk management process and specifically the Committee must consider:

- 5.4.1 Management's implementation of the policy and plan for risk management;
- 5.4.2 That the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the Company and its subsidiaries;
- 5.4.3 That there are frameworks and methodologies in place to increase the possibility of anticipating unpredictable risks;
- 5.4.4 That management considers and implements appropriate risk responses;
- 5.4.5 That continuous risk monitoring by management takes place.

5.5 External Audit

The Committee oversees the external audit process for the Company and its subsidiaries and in this regard the Committee must:

- 5.5.1 Approve the terms of engagement and recommend to the management the remuneration for the external audit engagement for the Company;
- 5.5.2 Monitor and report on the independence of the external auditor;
- 5.5.3 Recommend a policy for non-audit services provided by the external auditor;
- 5.5.4 Pre-approve the contracts for non-audit services to be rendered by the external auditor;
- 5.5.5 Review the quality and effectiveness of the external audit process.

5.6 IT Function

In terms of King III, which is the governance code adopted by the Company, the Committee should assist the Board in carrying out its IT responsibilities. It is therefore the Committee's responsibility to review the RDC Group's IT Policy and IT Charter.

6. Authority

- 6.1 The Committee acts in accordance with its statutory duties and the delegated authority of the Board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

- 6.2 The Committee, in the fulfilment of its duties, may call upon the chairmen 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.
- 6.3 The Committee has 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.
- 6.4 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
- 6.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a Board approved process being followed.
- 6.6 The Committee has final decision-making authority in regard to its statutory duties and is accountable in this respect to the Board.
- 6.7 On all responsibilities delegated to it by the Board outside of the statutory duties, the Committee makes recommendations for approval by the Board.

7. Meetings and Procedures

7.1 Frequency

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of three meetings per year. Meetings in addition to those scheduled may, with the approval of the chairman, be held at the request of the external auditor, Group Chairman, Group General Manager, Group Financial Manager of the Company or at the instance of the Board. The Committee must meet with external auditors at least once a year without management being present.

7.2 Attendance

Representatives from the external auditors, other assurance providers, professional advisors and Board members may be in attendance at Committee meetings, but by invitation only. 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 chairman or company secretary. The secretary is the secretary to this Committee. If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

7.3 Agenda and Minutes

The Committee must establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in the audit and risk committee Terms of Reference and the number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan. A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees. Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed. The minutes must be completed within three weeks after the meeting and circulated to the chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

7.4 Quorum

A representative quorum for meetings is a majority of members. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

8. Evaluation

The Committee should conduct continual self-assessment and the Board must perform a bi-annual evaluation of the effectiveness of the Committee.

9. Approved, Adopted and Reviewed

This terms of reference was approved and adopted by the Governing Body on the 5th day of December 2023.

Approval Signatures



Governing Body Representative



Executive Chairman



Chief Executive Officer