

	INTERNAL AUDIT SERVICES CHARTER	www.afrimat.co.za
		F2027

MISSION AND SCOPE OF WORK

The mission of the Internal Audit Service (“IAS”) is to strengthen Afrimat’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. Internal auditing services helps Afrimat accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the organisations governance, risk management, and control processes, decision-making and oversight, reputation and credibility with its stakeholders..

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's:

- Governance,
- Risk management, and
- Internal controls,
- as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation’s goals and objectives.

ACCOUNTABILITY:

The IAS and Chief Audit Executive (“CAE”), in the discharge of its duties, shall be accountable to the Audit & Risk Committee to:

- Provide an annual assessment on the adequacy and effectiveness of the organisation’s processes for controlling its activities and managing risks as outlined in the mission and scope of work;
- Report significant issues related to the organisation’s control processes, including potential improvements to those processes, and provide updates on issue resolution;
- Periodically report on the status and results of the annual audit plan and the sufficiency of departmental resources; and
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

INDEPENDENCE:

To provide for the independence of the IAS, it reports functionally to the Audit & Risk Committee and the CAE reports functionally to the Chairman of the Audit & Risk Committee in a manner outlined in the above section on Accountability. The IAS will include as part of its reports to the Audit & Risk Committee a regular report update on audit coverage. The CAE has unrestricted access to the Chairman of the Audit & Risk Committee and Chairman of Board.

RESPONSIBILITY:

The IAS is responsible for:

- Developing a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit & Risk Committee for review and approval;
- Implementing the approved annual audit plan, including, special tasks or projects requested by management and the Audit & Risk Committee;
- Issuing periodic reports to the Audit & Risk Committee and management summarising results of audit activities;
- Evaluating the Company’s governance processes, including ethics (refer below to *Governance evaluation*);
- Systematically analysing and evaluating business processes and associated controls (refer below to *Risk Management and Control Evaluation*);

- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter;
- Establishing a quality assurance programme to ensure effective operation of internal auditing activities;
- Keeping the Audit & Risk Committee informed of emerging trends and successful practices in internal auditing;
- Providing a list of significant measurement goals and results to the Audit & Risk Committee;
- Assisting the investigation of significant suspected fraudulent activities within the organisation and notify management and the Audit & Risk Committee of the results; and
- Considering the scope of work of the external auditors and regulators, to ensure optimal audit coverage at a reasonable cost.

GOVERNANCE EVALUATION:

The CAE will consider how Afrimat:

- Establishes strategic objectives and makes strategic and operational decisions;
- Oversees risk management and control;
- Promotes an ethical culture;
- Ensures effective performance management and accountability;
- Structures its management and operating functions;
- Communicates risk and control information throughout Afrimat;
- Ensures the coordination of activities and communications among the board, internal and external providers of assurance services, and management.

RISK MANAGEMENT AND CONTROL EVALUATION:

The CAE will consider how Afrimat identifies and assesses significant risks and selects appropriate control processes. This includes ensuring that:

- Risks are appropriately identified and managed;
- The risk register regularly reviewed and the internal audit plan adapted accordingly;
- Governance, risk management and control processes are monitored and identify any improvements, if required;
- Information used for decision-making is reliable and accurately reported;
- Compliance with policies, standards, and applicable laws are maintained;
- Internal control procedures are effective and adhered to;
- Continuous improvement is fostered; and
- Legislative or regulatory issues are recognised and addressed properly;

The IAS could outsource certain audits to external service providers or utilise in-house staff, who are sufficiently independent, for specialist internal audits.

The position of CAE will be designated by the Audit & Risk Committee, and must be sufficiently independent.

AUTHORITY:

The IAS is authorised to:

- Have unrestricted access to all functions, records, property, and personnel;
- Have full and free access to the Audit & Risk Committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in units of the organisation where they perform audits, as well as other specialised services from within or outside the organisation.

The IAS is not authorised to:

- Perform any operational duties for the organisation or its affiliates; or
- Initiate or approve accounting transactions external to the internal auditing department; or

- Direct the activities of any organisation employee not employed by the internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors

STANDARDS OF AUDIT PRACTICE:

The IAS will endeavour to meet or exceed the Global Internal Audit Standards (GIAS).

In the event that a specialist internal audit is done by independent in-house staff then specific standards for the internal audit will be agreed by the Audit & Risk Committee and CAE.

KING V:

Internal audit shall be governed and executed in accordance with the principles set out in the King Code of Governance Principles for South Africa 2025.

END.