



BOARD AUDIT COMMITTEE

MANDATE

STANBIC HOLDINGS PLC
BOARD AUDIT COMMITTEE MANDATE

Constitution

The Board has resolved to establish a committee of the Board to be known as the Board Audit Committee (“the Committee”).

1. Purpose

- 1.1 To assist the Board in discharging its duties relating to the safeguarding of the Company’s assets and evaluation of internal control frameworks within Stanbic Holdings Plc (the Company) and any of its subsidiary companies, unless such company has its own board audit committee or unless audit and internal control matters are governed directly by the boards of the subsidiary companies.
- 1.2 To ensure that senior management establishes and maintains an adequate, effective and efficient internal control framework.
- 1.3 To evaluate, assess and monitor the adequacy and effectiveness of the established accounting, financial reporting, compliance and other internal control systems, which should be consistent with the nature and complexity of risks inherent in the Company’s on and off-balance sheet activities.
- 1.4 To consider the internal and the external audit processes, as well as the accounting principles and policies.
- 1.5 To ensure the independence and effectiveness of the internal and external audit functions.
- 1.6 To ensure effective communication between internal audit, external audit, the Board, Management and the regulators.
- 1.7 To ensure compliance with all applicable legal, regulatory and accounting standards.
- 1.8 To contribute to a climate of discipline and control which will reduce the likelihood of fraud and / or misstatement.
- 1.9 To consider the effectiveness of fraud risk management practices, and the processes and controls for prevention, detection and the investigation of fraud and financial crime within the Company.

2. Composition

- 2.1 The Committee is constituted as a committee of the Company’s Board.
- 2.2 The Committee shall have at least three (3) members, consisting only of non-executive directors of the Company, majority of whom must be independent. The Chairman of the Board may not be the chairman or a member of the Committee.
- 2.3 At least one member should have accounting expertise or experience in the field of finance and be a member of the Institute of Certified Public Accountants of Kenya (ICPAK) or an equivalent institute recognized by the East Africa Community member states, or an equivalent international institute recognized by ICPAK.

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2.4 The Chairman of the Committee will be elected by the Board and shall be an independent non-executive director.

2.5 The secretary of the Committee shall be the Company Secretary.

2.6 Attendance at meetings:

- i) External Auditor;
- ii) Chief Financial & Value Officer;
- iii) Head, Internal Audit;

2.7 By invitation:

- i) Board Chairman (only as necessary);
- ii) Board Directors (only as necessary);
- iii) Chief Executive;
- iv) Head, Group Internal Audit Africa (only as necessary);

2.8 The remuneration of the Chairman and the Committee members will be recommended by the Board for the ultimate approval of shareholders.

3. Quorum

The quorum will be two (2) members.

4. Term

4.1 The Board, on the recommendation of the Board Nominations Committee, will elect the chairman and all members annually at a Board meeting prior to the Company's Annual General Meeting for approval by the Company's shareholders.

4.2 The Board shall have the power at all times to remove any members from the Committee and to fill any vacancies created by such removal, on the recommendation of the Board Nominations Committee.

5. Reporting Responsibilities

5.1 The Committee reports to the full board through its Chairman.

5.2 Minutes of the meetings will be submitted to the Board.

5.3 The Chairman, alternatively a member, shall be present at the Annual General Meeting to answer questions of shareholders.

5.4 The Committee shall annually express to the full Board an opinion about the adequacy and effectiveness of:

- (i) both the Internal and External Auditor performance;
- (ii) the internal control systems; and
- (iii) its own performance:

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5.5 The Committee through the Company's Nominations Committee, Company Secretary or an independent service provider shall regularly, and at least once a year, review its required mix of skills and experience and other qualities in order to assess its effectiveness.

6. Authority

The Committee shall have authority to:

- 6.1 Access any information the Committee needs to fulfil its responsibilities.
- 6.2 Seek independent professional advice at the Company's expense.
- 6.3 Investigate matters within its mandate.
- 6.4 Access the Board Chairman; the Chief Executive; the Board; the Group Internal Audit Africa; the Heads of Finance, Risk and Compliance; the External and Internal Auditors and other Management as required.
- 6.5 Consult with and receive the full co-operation of any employee where necessary to fulfil responsibilities.

7. Terms of Reference

The Board of Directors assigns the following duties and responsibilities to the Committee:

7.1 External Auditors & External Audit

- 7.1.1 Review the Company's External Audit Plan with the auditors, with specific reference to the proposed audit scope, approach to the risks inherent in the Company's activities, system of internal audit reports, assistance given by management and staff to the auditors, any findings and actions to be taken, and the related audit fee.
- 7.1.2 Consider with Management areas of special concern, the procedures developed to identify, measure and manage risks in those areas and the audit approach for such areas.
- 7.1.3 Make nominations and recommendations for the appointment, retention, resignation or dismissal of the external auditor(s) to the Company's shareholders, and ensure that the appointment complies with all legislation relating to the appointment of auditors.
- 7.1.4 Approve the remuneration and terms of engagement (as specified in the engagement letter).
- 7.1.5 Review with Management reports and letters received from the external auditors concerning deviations from and weaknesses in accounting and operational controls, and ensure that Management takes prompt action and that issues are satisfactorily resolved.
- 7.1.6 Review significant differences of opinion between the external auditors and management on the application of IFRS and any other issues.
- 7.1.7 Obtain assurance from the external auditors that adequate accounting records are being maintained.
- 7.1.8 At the end of the audit cycle, consider the independence and effectiveness of the audit process including reviewing whether the auditor has met the agreed plan, whether the perceived audit risks have changed, considering the robustness and perceptiveness of the auditors in their handling of key accounting and audit judgements, obtaining feedback about

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the conduct of the audit from key people involved, and assessing whether the Management Letter is based on a good understanding of the Company's business.

- 7.1.9 Review and monitor the External Auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements.
- 7.1.10 Committee members should meet with the External Auditor at least twice a year, without the presence of Management.

7.2 Financial Reporting and Financial Control

- 7.2.1 Evaluate the adequacy and effectiveness of the accounting policies adopted by the Company and all proposed changes in accounting policies and practices, and recommend such changes where these are considered appropriate in terms of IFRS. Consider also the adequacy of disclosures and the reasons for fluctuations in ratios reported in published documentation.
- 7.2.2 Ensure that a report is included in the financial statements in respect of that financial year describing how the Committee carried out its functions and stating that the Committee is satisfied that the external auditor was independent.
- 7.2.3 Review the effectiveness of financial management and the quality of internal accounting control systems and reports produced by financial management.
- 7.2.4 Review reports on material defalcations.
- 7.2.5 Review the Company's interim and audited annual financial statements, dividend announcements and all financial information for distribution to shareholders and the general public, prior to submission to the board.
- 7.2.6 Ensure that the accounts are prepared in a timely and accurate manner to facilitate prompt publication of annual accounts.
- 7.2.7 Consider whether or not the interim report should be subject to an independent review by the external auditor, and if not, provide reasons to the board.
- 7.2.8 Introduce such measures as in the Committee's opinion may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the Company's affairs.
- 7.2.9 Review significant transactions entered into by the Company; inter alia, the issue of new shares to shareholders, transactions that change the control structure of the Company and significant acquisitions and disposals.
- 7.2.10 Review significant adjustments resulting from the audit and the appropriateness of major adjustments processed at year-end.
- 7.2.11 Review the basis on which the Company has been determined a going concern and make a recommendation to the board.

7.3 Internal Audit

- 7.3.1 Ensure establishment of a permanent internal audit function commensurate with the size, nature and complexity of the Company and the operations of its subsidiaries.

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- 7.3.2 Review and approve the Company's Internal Audit Plan annually, as well as oversee the staffing and objectives of the Internal Audit function. Specific reference to the procedures is to be made for identifying regulatory risks and controlling their impact on the Company, including reviewing correspondence from regulatory authorities and management's responses.
- 7.3.3 Ensure that the Company's internal audit function is independent and has the necessary resources, staffing, budget, standing and authority to enable it to discharge its functions effectively, and specifically ensure that the internal audit department is staffed with qualified personnel to perform internal audit functions, covering the traditional function of financial audit as well as the function of management audit
- 7.3.4 Review internal controls, including the scope of the internal audit programme, the internal audit findings, and recommend action to be taken by Management.
- 7.3.5 Review the adequacy and effectiveness of internal control systems and the Internal Audit Function.
- 7.3.6 Review written reports furnished by the Internal Audit department of the Company and of Group Internal Audit Africa, assessing the adequacy and overall effectiveness of the Company's internal audit function, the scope and depth of audit coverage, reports on internal control and any recommendations, and confirm that appropriate remedial management action has been taken.
- 7.3.7 Ensure that internal audit policies and mechanisms are appropriate to the structure, business activities and risks of all components of the Company.
- 7.3.8 Review and resolve significant differences of opinion between management and the internal audit function.
- 7.3.9 Annually evaluate the role, independence and effectiveness of the internal audit function in the overall context of the Company's risk management system and ensure that the function is adequately resourced and has appropriate standing within the Company.
- 7.3.10 Review the internal audit mandate annually, which should formally define the purpose, authority and responsibility of the internal audit function.
- 7.3.11 Review co-ordination between the internal audit function and the external auditors.
- 7.3.12 Committee members should meet with the Internal Auditors at least twice a year, without the presence of Management. The meetings may be separate or may be held before or after scheduled Board Audit Committee meetings.
- 7.3.13 Responsible for the performance assessment of the Head of Internal Audit, and should be consulted on the appointment and dismissal of the internal auditor.

7.4 Compliance

- 7.4.1 Consider reports and presentations by Executive Management on measures implemented to ensure regulatory and legislative compliance matters that require the attention of the Committee.

7.5 Risk Management

- 7.5.1 Consider any matters of significance raised at the banking subsidiary Board Audit Committee meetings and Board meetings of subsidiary companies.

7.6 Ethics

- 7.6.1 Monitor the ethical conduct of the Company.
- 7.6.2 Review reports from Management on violations of the Code of Ethics.
- 7.6.3 Review and make recommendations on any potential conflicts of interest relating to situations of a material nature.
- 7.6.4 Review complaints handling and complaints reporting procedures whether from within or outside the Company, about possible improprieties in matters of financial reporting, accounting practices and internal audit or content or audit of financial statements or other matters, so as to ensure that arrangements are in place for suitable and independent investigation of such matters and appropriate follow-up, as well as to consider development of the effectiveness of the procedures.

7.7 Other

- 7.7.1 Through the Chairman, and in consultation with the relative Matrix partners in Standard Bank of South Africa Limited, consider the appointment, dismissal or reassignment of the Head of Internal Audit and make recommendations to the Board where necessary.
- 7.7.2 Review minutes of significant subsidiary board audit committees, if any; and
- 7.7.3 Review annually its Mandate and its own effectiveness and recommend any necessary changes to the Board.
- 7.7.4 Undertake such other reviews as the Committee deems necessary in order to fulfil its responsibilities and as may be requested by the Board. Examples of such reviews include matters relating to potential conflicts of interest and other aspects of corporate ethics and a preview of proposed major investments (other than those proposed in the normal course of business), prior to submission to the Board.

8. Committee Operation

- 8.1 A minimum of two (2) scheduled meetings a year at least once every half-year, will be held.
- 8.2 The external and internal auditors of the Company will have free access to the Audit Committee. Upon the request of the auditors, the Chairman of the Audit Committee should convene a meeting to consider any matter that auditors believe should be brought to the attention of Board directors or shareholders.
- 8.3 Informal or *ad hoc* meetings will be convened as and when required by the Company Secretary.
- 8.4 Papers for consideration by the Committee will be submitted, in the normal course, at least seven (7) days before the meeting to enable members to study the documentation and allow adequate opportunity for formal and informal discussions. A copy of the pack must also be forwarded to the Senior Manager, Corporate Governance, Standard Bank Africa, Johannesburg.
- 8.5 All members of the Board Audit Committee are subject to the Standard Bank Group's policies on Insider Trading and Designated Persons.

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8.6 Minutes of the Committee shall record the proceedings and decisions taken, and a copy therefore must be forwarded immediately after they have been agreed by the Board Audit Committee Chairman to the Senior Manager, Corporate Governance, Standard Bank Africa, Johannesburg for submission to the Group's Board Audit Committee.

9. Limitations

9.1 The Committee is responsible to the Board of Directors of the Company and ultimately to the Shareholders. It provides an advisory service and has no executive authority unless specifically delegated by the Board.

9.2 Amendments may be made to this Mandate as required, subject to Board approval.

Approved by the Board on 26th August 2009

Reviewed and Approved by the Board on 25th May 2011

Reviewed and Approved by the Board on 20th May 2013

Reviewed and Approve by the Board on 9th May 2014

Reviewed and Approved by the Board on 5th May 2015

Reviewed and Approved by the Board on 5th May 2016

Reviewed and Approved by the Board on 9th August 2018

Reviewed and Approved by the Board on 28th February 2019

Reviewed and Approved by the Board on 27th February 2020

Reviewed and Approved by the Board on 3rd March 2021

Reviewed and Approved by the Board on 2nd March 2022

Reviewed and Approved by the Board on 8th March 2023

Reviewed and Approved by the Board on 5th March 2024

Signed by:

Chairman of the Board.....  Date: 5th March 2024

Company Secretary.....  Date: 5th March 2024