
SA CORPORATE REAL ESTATE LIMITED
Risk & Compliance Committee
Terms of Reference

Introduction

The Risk and Compliance Committee (“the Committee”) is constituted as a committee of the board of the directors of SA Corporate Real Estate Limited (“the Company”).

The duties and responsibilities of the members of the Committee are in addition to those 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. The Board should apply its collective mind to the information, opinions, recommendations, reports and statements presented by the Committee or its member. [Pr 8 rp 49]

The Committee is a standing committee of the Board and has no fixed term. [Pr 8 rp 43e]

These terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation, The JSE Listing Requirements, the REIT tax provisions and any other applicable law or regulatory provisions.

Membership

1. The Committee shall constitute of at least three members, being executive and non-executive directors, with a majority being non-executive directors. [Pr 8 rp 46 & 64]
2. The Committee shall be appointed by the Board.
3. The Chairman of the Committee shall be appointed by the Board and shall be a non-executive director.
4. One or more members of the Audit Committee should be a member(s) of the Committee. [Pr 8 rp 63]
5. The Committee's quorum is two members of which at least one must be a non-executive director. Members who attend via video or teleconference may be counted in the quorum.
6. The members of the Committee must collectively have the necessary knowledge, skills and experience to execute its duties effectively. [Pr 8 rp 45]
7. Committee members will be required to keep up to date with developments affecting the areas of responsibility of the Committee.

Attendance at Meetings

1. The Executive Directors (if not members), Compliance Officer, Risk Officer, other senior management and assurance providers may attend by invitation but may not vote.
2. Other directors shall have the right to attend with the appropriate notice to the Chairman of the Committee but may not vote.
3. The Company Secretary will be responsible for the preparation of the agenda in consultation with the Chairman and Executive Directors.

4. The Committee's discussion shall at all times be open and constructive. The Chairman shall seek consensus, but may if required, call a vote on the matter under discussion. If there is an equality of votes, the matter will be referred to the Board. The Chairman shall not have a casting vote. Where a member strongly disagrees with a decision his/her dissent should be noted and recorded in the minutes of the meeting.
5. Written resolutions must be sent to all members and must be signed by all members of the Committee who are available and contactable and as a minimum require a quorum. Any such resolution shall be deemed to be signed on the date it was signed by the last Committee member (unless a statement to the contrary is made in that resolution).

Frequency of meetings

1. The Committee will meet formally at least twice a year and more frequently as required. In addition, a risk workshop will be held once a year. Meetings should be organised so that attendance is maximised.
2. Any member of the Committee may request a meeting and a meeting will then be arranged in consultation with the Chairman of the Committee.

Duties and Responsibilities

The Committee must establish an annual work plan for each year 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 all matters laid out in this terms of reference. More critical items will have to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and agenda are to be determined in accordance with the annual plan

The Committee must not assume the functions of Management or assume operational responsibilities.

The role of the Committee is to assist the Board to ensure that: -

- That the Group has implemented an effective policy and plan for risk management that will enhance the Group's ability to achieve its strategic objectives;
- The disclosure regarding risk is comprehensive, timely and relevant; and
- There is statutory and regulatory compliance.

The Committee has the following specific responsibilities:

Risk Management

1. Annually review and recommend the risk management policy and plan to the Board for approval. Such policy must be in accordance with industry practice and specifically prohibit the entering into any derivative transactions not in the normal course of business as per the applicable legislation. [Pr 11 rp 3]
2. Monitor implementation of the policy and plan for risk management. [Pr 11 rp 4]
3. Make recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved.
4. Monitor the implementation and execution of effective risk management and provide ongoing oversight. [Pr 11 rp 5-6]

5. Through the assessment of risk, identify and consider key opportunities. [Pr 11 rp 6b]
6. Ensure that management considers and implements appropriate risk responses including a review the risk log / matrix as prepared and maintained by management. [Pr 11 rp 6e]
7. Oversee the establishment and implementation of business continuity arrangements. [Pr 11 rp 6f]
8. Oversee the integration and embedding of risk management in the business activities and culture of the Company. [Pr 11 rp 6b]
9. Liaise closely with the Audit Committee to exchange information relevant to risk.
10. Express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management and obtain an opinion from internal audit in this regard.
11. Review property and associated insurance policies, the extent of cover and risks and recommend to Board for approval.
12. Consider the need to receive periodic independent assurance on the effectiveness of risk management. [Pr 11 rp 7]
13. Ensure the necessary King IV disclosures in relation to risk management is made in the Integrated Annual Report. [Pr 11 rp 8-9]
14. Report in the Integrated Annual Report and to the JSE, that the Committee has monitored compliance with the risk management policy and that the Group has, in all material aspects, complied with the policy during the year concerned.

Technology and information governance

1. Prepare a policy that articulates and gives effect to the Board's direction on the employment of technology and information. [Pr 12 rp 11]
2. Monitor the implementation and execution of effective technology and information management and provide ongoing oversight. [Pr 12 re 12-15]
3. Consider the need to receive periodic independent assurance on the effectiveness of the Company's technology and information arrangements, including outsources services. [Pr 12 re 16]
4. Ensure the necessary King IV disclosures in relation to technology and information is made in the Integrated Annual Report. [Pr 12 rp 17]
5. Provide oversight over the IT Steering Committee.

Compliance

1. Monitor compliance of the Group with the JSE Listings Requirements, Companies Act, King IV Code on Corporate Governance, Income Tax Act, REIT tax provisions and other applicable legislation, regulations, non-binding rules, codes and standards. [Pr 13 rp 18]
2. Prepare a policy that articulates and gives effect to the Board's direction on compliance, and identifies which non-binding rules, codes and standards the Company has adopted. [Pr 13 rp 19]

3. Monitor the implementation and execution of effective compliance management and provide ongoing oversight. [Pr 13 rp 20-21]
4. Consider the need to receive periodic independent assurance on the effectiveness of compliance management. [Pr 13 rp 22]
5. Review findings of any examination and on-site reviews by regulatory agencies, and any auditor observations.
6. Obtain updates on compliance matters including litigation, disputes and claims.
7. Ensure the necessary King IV disclosures in relation to compliance is made in the Integrated Annual Report. [Pr 13 rp 23-25]
8. Monitoring those decisions taken by the Board that effect the Committee are followed through.

Authority

1. The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference. It is authorised by the Board to investigate any activity within the scope of its terms of reference.
2. The Committee, in the fulfillment of its duties, is authorised to obtain information it requires from the chairmen of the other board Committees, any of the executive directors, officers or company secretary.
3. The Committee shall have reasonable access to the Group's records, facilities, the asset and property managers' employees and other resources necessary to discharge its duties and responsibilities.
4. 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 following a Board approved process.
5. The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

Reporting procedure

1. The secretary shall include copies of the approved minutes of Committee meetings in the board packs for noting purposes.
2. If minutes are not available, the Chairman shall report verbally to the Board on proceedings of the Committee.
3. The Committee shall annually report to the Board on its statutory duties and review its compliance with its terms of reference and report to the Board thereon.

Review and Assessment

1. The Committee's terms of reference will be reviewed and updated annually and approved by the Board.

- 2. The performance of the Committee, its Chairman and individual members shall be evaluated by means of a formal process, at least every two years.

APPROVED THIS 1ST DAY OF DECEMBER 2017.

Chairman of the Board

Chairman of the Committee