

**KUMBA IRON ORE LIMITED**  
(Registration number: 2005/015852/06)  
("Kumba" or "the Company")

**AUDIT COMMITTEE**  
("the Committee")

**TERMS OF REFERENCE**



## 1. CONSTITUTION

- 1.1 The Audit Committee (“the committee”) is constituted as a standing committee of the board of directors of Kumba.
- 1.2 The committee will also perform the functions of an Audit committee on behalf of the subsidiaries of Kumba Iron Ore Limited.
- 1.3 These terms of reference are subject to the provisions of the Companies Act (as amended), the Company's Memorandum of Incorporation, the JSE LR and any other applicable law or regulatory provision and should be read together with the Governing Principles Regulating Kumba Board Committees.
- 1.4 In respect of the statutory duties of the Committee as set out below, the Committee shall be accountable to shareholders and report to shareholders as provided for in the Companies Act. In respect of all other duties as contained in these terms of reference, the Committee shall be accountable to and report to the Board.
- 1.5 The Committee shall have decision-making power in respect of its statutory duties set out in section 94 of the Companies Act and paragraph 3.84(g) of the JSE Listing Requirements and such other duties, if any, where decision-making power has been specifically delegated by the Board to the Committee in these terms of reference. In respect of all other duties as contained herein, the Committee shall only have the power to make recommendations to the Board.
- 1.6 Committee meetings shall be held four times a year, unless agreed otherwise with the Committee Chairperson.

## 2. COMPOSITION

- 2.1 The Chairperson, who must be an independent non-executive director, and members of the Committee shall be nominated by the Nominations and Governance Committee and recommended by the Board to the shareholders for election. The Committee shall comprise of at least three members, all of whom shall be independent non-executive directors. The Chairperson of the Board may not be the Chairperson of the committee.



If the number of members on the committee falls below the required minimum, the Board on the recommendation of the Nominations and Governance Committee will fill such vacancy within 40 business days after the vacancy arises.

- 2.2 In the absence of the Chairperson, the members present may nominate and elect one of their members to chair the meeting.
- 2.3 Invitations to attend the committee meetings shall be extended to:
- the Chief Executive Officer, Chief Financial Officer and senior audit partner(s) in charge of external audit and head of internal audit shall be in attendance at meetings of the committee and shall have unrestricted access to the Chairperson or any other member of the committee as is required in relation to any matter falling within the remit of the committee; and
  - any other senior executives and professional advisors as deemed appropriate.

### **3. ROLE**

The role of the committee is to assist the board in discharging its duties and responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes, the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, and overall oversight of the external and internal audit appointments and functions. In executing its mandate, the committee will have due regard to the UN sustainable development goals appearing below when executing its mandate.

### **SUSTAINABLE DEVELOPMENT GOALS**

#### **SDG 8**

Promote sustained inclusive and sustainable economic growth, full productive employment and decent work for all

#### **SDG 9**

Promote industry innovation and resilient infrastructure

#### **SDG 12**

Ensure responsible consumption and production

#### **SDG 16**

Peace, justice and strong institutions

**SDG 17**

Strengthen the means of implementation and revitalise the global partnership for sustainable development

**4. RESPONSIBILITIES****4.1 Finance function**

- (a) To consider the application of the solvency and liquidity test contained in Section 4 of the Companies Act and to confirm to the Board that the Company will still be solvent and liquid for a rolling 12 month period.
- (b) To recommend to the Board the application of the going concern assumption in the compiling of the financial results of the Kumba group at year-end and interim reporting.
- (c) To consider and recommend to the Board whether a trading statement should be issued as set out in the JSE LR.
- (d) To review and approve the Audit Committee report to be issued to Shareholders.
- (e) To note the outcomes of the year-end attestation process and controls review in support of the Executive Directors' Responsibility Statement which is included in the annual financial statements.
- (f) To review and, if appropriate, recommend to the Board the declaration of a cash dividend.
- (g) To review and approve the Section 2.9(c) letter in terms of the JSE LR to confirm that the financial statements (annual and interim) have been prepared in compliance with the JSE LR.
- (h) To consider and review the annual financial statements of Sishen Iron Ore Company (Pty) Ltd ("SIOC") and to recommend these to the SIOC Board for approval.
- (i) To review and recommend to the Board that the treasury counterparty limits be approved.
- (j) To approve the annual Kumba Ore Reserve and Mineral Resource Statement.
- (k) To consider the outcomes of the JSE Pro-active Monitoring analysis.
- (l) To review and recommend to the Board the approval of the Delegation of Authority Framework.
- (m) To review and recommend to the Board the approval of the Treasury Policy.

**4.2 Approving policy and planning**

In order to discharge its duty of approving policy and planning, the committee is required:

#### 4.2.1 Integrated Reporting

- (a) To consider how material information about the organisation's strategy and associated risks, and its performance outcomes and value creating is communicated to stakeholders.
- (b) To recommend the annual financial statements to the Board for approval.
- (c) To receive and deal with any internal or external complaint relating to either accounting practices or internal audit of the Company or to the content or auditing of financial statements or to any related matter.

#### 4.2.2 External Audit

- (a) To nominate the external auditors for appointment by shareholders at the annual general meeting (including any vacancies and/or rotation of such external auditors) and:
  - Approve the fees payable to the external auditors;
  - Approve their terms of engagement;
  - Evaluate their performance as well as to ensure that their appointment (including that of the individual/designated auditor) complies with the Companies Act, the Auditing Profession Act, 2005 and the JSE Listings Requirements.
- (b) To ensure that a policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance and independence regarding the provision of non-audit services by the external audit firm(s) is developed and to pre-approve the provision of non-audit services to the Company in line with the delegation of authority framework.
- (c) To discuss the nature and scope of the audit with the external auditors before the audit commences and, as necessary, following the audit.
- (d) To review the performance and evaluate the effectiveness of the external audit process with reference to appropriate audit quality indicators.
- (e) Ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.
- (f) To ensure co-ordination and co-operation between the external and internal auditors.



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- (g) To ensure co-ordination where more than one audit firm is involved.
- (h) To ensure that there is a process for the committee to be informed of any Reportable Irregularities (as identified in the Auditing Professions Act, 2005) identified and reported by the external auditor.
- (i) To consider whether the external auditor should perform assurance procedures on interim results and make a recommendation to the board in this respect.

**4.2.3 Internal Audit**

- (a) To review and approve the annual internal audit plan and budget ensuring that material risk areas are included; and that coverage of business processes are aligned to the combined assurance framework.
- (b) To ensure that the internal audit function is adequately and appropriately resourced and has the appropriate authority and status within the group and is equipped to perform in accordance with appropriate professional standards for internal auditors.
- (c) To review and discuss with the head of internal audit the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to internal audit's findings and recommendations.
- (d) To evaluate the effectiveness of the internal audit process in terms of its scope, execution, coverage, independence, skills, performance and position within the organisation.
- (e) To consider and approve the appointment, resignation or dismissal of the head of internal audit in conjunction with management.
- (f) To ensure co-ordination and co-operation between internal audit and the risk management and compliance functions.



#### 4.2.4 Risk management

To support the board in ensuring effective risk management oversight, specifically in relation to material risks within its scope, the committee will:

- (a) ensure the effective monitoring of these risks and that potential opportunities are considered as appropriate;
- (b) consider and review executive management's reports on the design and implementation of appropriate risk responses, overseeing that the risks are managed within the levels of appetite and tolerance and the integration and embedding of risk management in the business activities and culture of the Company;
- (c) obtain confirmation that there is adequate assurance and that controls in relation to these risks are appropriate in design and effectiveness;
- (d) inform the board of its findings and recommendations in respect of material financial risks which may have an impact on the financial statements.

The committee is an integral component of the risk management process and specifically the committee shall oversee:

- (a) Financial reporting risk
- (b) Internal financial controls
- (c) Fraud risk as it relates to financial reporting
- (d) IT risk as it relates to financial reporting.

#### 4.2.5 Combined Assurance

The combined assurance model as envisaged in King IV™ seeks to incorporate and optimise all assurance services and functions so that, taken as a whole, these enable an effective control environment and also support the integrity of information used for internal decision-making by management and the board, and of external reports. In particular, the committee should:

- (a) Be satisfied with the effectiveness of the combined assurance model, so that it can be relied upon to support the integrity of information used by management for internal decision making.
- (b) Oversee that the combined assurance model is designed and implemented to effectively cover the group's significant risks and material matters through the use of internal and external assurance services and functions.



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- (c) Ensure that the combined assurance report received is appropriate to address all the significant risks facing the group.
- (d) Monitor the relationship between all assurance providers and be satisfied of the independence and effectiveness of the internal and external assurance providers.

### 4.2.6 Governance

- (a) Together with external and internal audit, to review developments in corporate governance and best practice and consider their impact and implication for group processes and structures.
- (b) To consider the disclosure about the role of the committee to be included in the integrated report.
- (c) Ensure that processes are in place to deal with any concerns and/or complaints, whether from within or outside the group, relating to accounting policies, the financial statements and internal financial controls.
- (d) Confirm that the committee has fulfilled its mandate as outlined in the terms of reference during the financial year.

## 4.3 OVERSIGHT AND MONITORING

In order to discharge its duty of approving policy and planning, the committee is required:

### 4.3.1 Annual Integrated Reporting

- (a) To consider whether there is sufficient governance oversight of management's process for preparing and presenting the integrated report, including the integrity of information to be published.
- (b) To ensure that the group has established appropriate financial reporting procedures and that those procedures are operating, which should include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the group to allow management to effectively prepare and report on the financial statements of the group;





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- (c) To have regard to all factors and risks that may impact on the integrity of the integrated report, significant judgements and reporting decisions made, monitoring and or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward looking statements or information.
- (d) To review and monitor the integrity of the group's interim and annual financial statements and any other formal announcements relating to the Company's financial performance.
- (e) To ensure disclosure of significant matters that the committee considered in relation to the annual financial statements, and how it addressed these matters.
- (f) To report its views to the board where, following its review, the committee is not satisfied with any aspect of the proposed financial reporting by the group.
- (g) To review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information.
- (h) To consider the need for independent assurance on sustainability in the integrated report and sustainability report and approve the appointment of a service provider.
- (i) Recommend the Integrated Report to the board for approval.

### 4.3.2 External Audit

- (a) Review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- (b) Assessing annually the audit firm and designated auditor to ensure that both parties are appropriate. In its assessment of the suitability for appointment of the current or a prospective audit firm and designated auditor, the committee must request from the audit firm (and if necessary, consult with the audit firm on) the information detailed in paragraph 3.84(g) of the JSE Listings Requirements in its assessment. The committee shall disclose the results of the assessment in the audit committee report.



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- (c) Provide a statement in the Annual Financial Statements on whether it is satisfied that the external auditor is independent of the organisation and highlight processes that may mitigate the familiarity risk.
- (d) Disclose the committee's view on the quality of the external audit performed, with reference to predetermined audit quality measures and assessments.
- (e) Review and approve the audit representation letters before signature by management and give particular consideration to matters where representation has been requested that relate to non-standard issues.

**4.3.3 Internal Audit**

- (a) To monitor and review the effectiveness of the group's internal audit function annually.
- (b) To consider the internal audit opinion on internal controls.
- (c) To monitor and assess the role and effectiveness of the internal audit function in the overall context of the group's risk management system.

**4.3.4 CFO and Finance Function**

- (a) To annually satisfy itself of the appropriateness of the expertise and experience of the chief financial officer and to confirm this in the integrated report as prescribed by the JSE Listing Requirements.
- (b) To annually review the expertise, resources and experience of the finance function as recommended by King IV™.
- (c) To review the adequacy and effectiveness of the systems of internal financial control in operation in the Company and its subsidiaries.

**4.3.5 Governance**

- (a) To consider any legal matters that could have a significant impact on the Company's financial statements.



(b) To review and report to the board on the Company's compliance with the JSE Listing Requirements.

#### **4.3.6 Ethics**

In view of the committee's responsibility to monitor the maintenance of internal controls, the committee will:

- (a) Monitor compliance to the group's Business Integrity Policy and Performance Standards and the Code of Ethics as set by the holding company from time to time.
- (b) Receive and review regular reports from the Ethics Committee established by management, including reports on fraud and any whistle-blowing activities.

**APPROVED BY THE BOARD ON 15 NOVEMBER 2024**