

# Audit committee charter

## 1. PURPOSE

The purpose of the audit committee is to:

- 1.1. Fulfil the legal obligations of Prosus N.V. (Prosus or the company), as well as certain subsidiaries, where required, in relation to audit committee as required by the Dutch law and the Dutch Corporate Governance Code.
- 1.2. Assist the board to meet its responsibilities in respect of:
  - the effectiveness of the company's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function,
  - the quality and integrity of the company's external reports, including integrated reports and financial statements, and setting the direction for how assurance of these be approached and addressed,
  - the company's compliance with key, applicable legal and regulatory requirements as relating to financial reporting,
  - the quality and independence of the company's external auditors
  - the performance of the company's internal audit function and the external auditors, and
  - the adequacy and effectiveness of internal control measures, accounting practices, risk management (as assisted by the risk committee), information systems and audit procedures.

## 2. COMPOSITION

- 2.1. The committee comprises independent non-executive directors (as defined in the applicable laws and rules) with a minimum of three members. In determining independence, the recommendations of the South African King IV Code on Corporate Governance and the Dutch Corporate Governance Code are also taken into account.
- 2.2. The chair of the board may not be a member of the audit committee, but may attend committee meetings by invitation. The committee may not be chaired by a former executive director of the board who has acted in that capacity in the past five years.
- 2.3. The collective financial literacy, skills and experience of the members of the audit committee must be appropriate as necessary to execute their duties effectively and for the company's size, circumstances and industry, taking into account applicable laws as well as the Dutch Corporate Governance Code recommendations applicable to Prosus. One member of the audit committee must have competence in the preparation and auditing of the financial statements.
- 2.4. Members of the audit committee are not allowed to serve simultaneously on the audit committee of more than three public, listed companies, excluding Naspers Limited and Prosus N.V.
- 2.5. The chief executive, the financial director, the head of the group's internal audit and the external auditor attend the committee meetings unless the audit committee determines otherwise, and any other directors of the board attend committee meetings by invitation.
- 2.6. The company secretary serves as secretary of the committee.

### 3. REMUNERATION

- 3.1. The chair and committee members will receive remuneration for their responsibilities as members of this committee as approved by the general meetings of the company.
- 3.2. Such remuneration is in addition to the remuneration payable to directors for services as directors.
- 3.3. Audit committee members may not, with the exception of remuneration mentioned above and fees for serving on any other board committee of the company and its subsidiaries, receive additional remuneration or consultation fees, whether directly or indirectly, from the company or any of its subsidiaries.

### 4. COMPOSITION

- 4.1. Execute the committee's statutory obligations in terms of the Dutch law applicable to Prosus.
- 4.2. Annually review and assess the committee's charter and, if appropriate, recommend, for approval by the board, required amendments thereto.
- 4.3. Annually review and assess the charters of the group's significant subsidiaries' audit committees, and review their annual assessment of compliance with their charters to establish if the committee can rely on the work of the subsidiary companies' committees.
- 4.4. Perform a formal annual evaluation of whether the committee has fulfilled its responsibilities in terms of its charter, and reporting these findings to the board.
- 4.5. Review and approve for presentation to and approval by the board, the company's integrated annual reports, including non-executive director reports, annual financial statements, interim and provisional reports, and any other company press releases with material financial or internal control impacts.
- 4.6. Disclose in the integrated annual reports significant matters that the audit committee has considered in relation to the annual financial statements, and how these were addressed by the committee.
- 4.7. Review the documented assessment of the viability of the company and the group on a going-concern basis, making recommendations to the board relating thereto. The committee should be alert to the general viability of the company and the group with regard to its reliance and effects on the total resources it uses and affect, its solvency and liquidity, and its status as a going concern.
- 4.8. Receive the external auditors' reports directly from the external auditors, including the receipt and review of reports, which furnish, in a timely fashion, information relating to:
  - (i) all critical accounting policies and practices to be used in the preparation of the financial statements,
  - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the external auditors' preferred treatment,
  - (iii) the external auditors' internal quality control procedures (such reports to be received annually), describing any material issues raised by the most recent internal quality control review or peer review of the external auditors, (such reports to be received annually), or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issue,
  - (iv) a written statement in respect of relationships between the external auditors and the company, which the audit committee will use to investigate any relationships disclosed

- therein that may impact the external auditors' objectivity and independence, and take appropriate action to oversee the external auditors' independence,
- (v) other material written communications between the external auditors and management; and
  - (vi) other required disclosures to the audit committee by the external auditors.
- 4.9. Annually review external audit and disclose the audit committee's views on the quality of the external audit and independence, when required, with reference to audit quality indicators such as those that may be included in inspection reports issued by external audit regulators.
  - 4.10. Evaluate the lead partner of the external auditors, who will be subject to regular rotation as required by applicable regulations.
  - 4.11. Present the committee's conclusions in respect of the nomination for appointment as external auditors to the board, preceding the annual request to shareholders to approve the appointment of the external auditors. In the case of appointing a new external auditor, this includes the responsibility for the mandatory public tendering process.
  - 4.12. Approve the external auditor's terms of engagement and remuneration. Evaluate and provide commentary on the external auditors' audit plans, scope of findings, identified issues and reports.
  - 4.13. Pre-approve all audit and audit-related services provided by the external auditors.
  - 4.14. Develop a policy for the board to approve with regard to non-audit services performed by the external auditor. Approve non-audit services provided by the external auditors in accordance with the policy.
  - 4.15. Receive notice of reportable irregularities (as defined in the Auditing Profession Act) that have been reported by the external auditor to the Independent Regulatory Board for Auditors.
  - 4.16. Oversee the management of financial and other risks that affect the integrity of external reports issued by the company.
  - 4.17. Based on the information provided by the various assurance providers, evaluate the effectiveness of internal financial controls. The audit committee undertakes preparatory work to assist the board in its decision-making regarding the integrity and quality of the company's financial reporting and the effectiveness of internal risk management and control systems, monitoring:
    - (i) the relationship with internal and external auditors and following up with comments and recommendations made by internal and external auditors;
    - (ii) funding;
    - (iii) the application of information and communication technology (ICT), including the risks relating to cyber security; and
    - (iv) the tax policy.The audit committee reports to the Prosus board on:
    - (i) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems,
    - (ii) the methods used to assess the effectiveness of the internal and external audit processes,
    - (iii) the material considerations concerning the financial reporting, and
    - (iv) the way material risks and uncertainties referred to in the report of the Prosus board have been analysed and discussed, along with a description of the most important findings of the audit committee.Such views must be reported to the board and in the integrated annual report.
  - 4.18. Approve and recommend to the board for approval the internal audit charter, which must be reviewed annually.
  - 4.19. Overseeing the internal audit function and assisting the board in fulfilling the following responsibilities:

- 4.19.1. Setting the direction for internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes.
- 4.19.2. Ensure that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the company, and that internal audit is supplemented as required by specialists.
- 4.19.3. Confirm the appointment or dismissal of the head of the group's internal audit function and periodically review his or her performance.
- 4.19.4. Monitor that internal audit follows an approved risk-based internal audit plan, reviews the organisational risk profile regularly, and propose adaptations to the internal audit plan accordingly.
- 4.19.5. Ensure internal audit provides a statement annually as to the effectiveness of the company's governance, risk management and control process.
- 4.19.6. Ensure the internal audit function is subject to an external, independent quality review every 5 years.
- 4.19.7. Obtain confirmation annually from the head of the group's internal audit function that internal audit conforms to a recognised industry code of ethics.
- 4.20. Evaluate and disclose the audit committee's views on the effectiveness of the head of internal audit and the arrangements for internal audit, as well as approving the annual internal audit plan and any material changes thereto.
- 4.21. Review internal audit's and the risk committee's reports to the audit committee.
- 4.22. Review procedures to ensure that the requirements of the relevant stock exchanges are complied with.
- 4.23. Review Prosus practices in light of the Dutch Corporate Governance Code as amended from time to time and make specific disclosures recommended by the Dutch Corporate Governance Code.
- 4.24. Monitor compliance with the board-approved group levels of authority.
- 4.25. Related-party transactions
  - 4.25.1. Within the confines and requirements of the Dutch Civil Code , approve all related-party transactions between US\$5 million and US\$50 million (in excess of US\$50 million only the board to approve) (except those between wholly owned, direct and indirect subsidiaries of Naspers, which would be reviewed in the context of accounting disclosure requirements) as defined by the JSE and IAS 24.
  - 4.25.2. All related-party transactions as defined by the JSE and IAS 24 to a value of less than US\$5 million must be brought to the attention of the audit committee at the most convenient meeting closest to when the transaction is concluded.
  - 4.25.3. Furthermore, the audit committee will review, approve and recommend to the board for approval material related party transactions outside the ordinary course of business, or on terms other than normal market terms, as required by the relevant laws and regulations.
- 4.26. Evaluate:
  - 4.26.1. legal matters, which may affect the financial statements;
  - 4.26.2. matters of significance reported by the internal and external auditors, and any other parties, including implied potential risks to the group and recommendations on appropriate improvements;
  - 4.26.3. major unresolved accounting or auditing issues;
  - 4.26.4. progress in respect of the completion of all unfinished matters reported by the internal and external auditors.

- 4.27. Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal control, auditing matters, risk management and management or other fraudulent activities, including procedures for confidential, anonymous reporting by employees in respect of questionable matters.
- 4.28. Annually evaluate the performance of and appropriateness of the expertise and experience of the financial director and the finance function. The results of the review to be disclosed in the integrated annual report.
- 4.29. Compile a report to be inserted in the financial statements, describing how the audit committee carried out its functions and stating whether the committee is satisfied that the external auditors were independent of the company. Include in that report a statement regarding the effectiveness of the internal controls and, specifically, of the internal financial controls.
- 4.30. Combined Assurance  
Assisting the board in fulfilling the following responsibilities:
  - 4.30.1. Ensuring that arrangements for assurance services are effective in achieving the following objectives:
    - enabling an effective internal control environment.
    - supporting the integrity of information used for internal decision-making by management, the board and its committees, and
    - supporting the integrity of external reports.
  - 4.30.2. Ensuring that a combined assurance model is applied that incorporates and optimises the various assurance services and functions so that, taken as a whole, these support the objectives for assurance.
  - 4.30.3. Ensure that the combined assurance model is designed and implemented to cover effectively the company's significant risks and material matters through a combination of assurance service providers and functions as is appropriate for the company.
  - 4.30.4. Disclosing in the integrated annual report the arrangements in place for combined assurance and the committee's views on its effectiveness.
- 4.31. Execute assignments commissioned by the board.

## **5. PROCEEDINGS AND MEETINGS**

- 5.1. The meetings of the committee are regulated by this charter.
- 5.2. The secretary issues notices regarding meetings, compiles an agenda for discussion and minutes meetings.
- 5.3. Meetings of the committee take place as and when required. However, the committee must meet at least three times every year. Attendance may be by teleconference.
- 5.4. The committee's quorum is a majority of the members.
- 5.5. Where appropriate, matters may be dealt with by round-robin resolution.
- 5.6. The chair must report regularly to the board about matters considered by the committee. Such a report may be verbal or in writing.
- 5.7. When required, internal and external auditors, and any other officer in the group as determined by the audit committee, or its chair, may be requested to attend meetings and to supply information.
- 5.8. The lead external audit partner, the head of internal audit, the chief executive and financial director all have direct access to the chair of the committee.
- 5.9. The audit committee must meet at least once a year with the external and internal auditors respectively without management being present.

- 5.10. The audit committee must be informed when there is a disagreement about auditing or accounting matters between management and internal and/or external auditors.
- 5.11. The chair of the audit committee must be present at the annual general meeting to answer questions from shareholders about the report of the audit committee's activities and responsibilities.

## **6. GENERAL**

The audit committee may, during the execution of its duties in terms of this charter obtain, at the company's expense, such external or other independent advice as it may deem appropriate to fulfil any of its responsibilities.