

Audit and Risk Committee	AR. Welton Chairman: Audit and Risk Committee	Revision No:	3
	R. Frew Chairman: Board of Directors	Effective date:	5 June 2018

## Audit and Risk Committee Terms of Reference

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## 1. Constitution

- 1.1 The Audit and Risk Committee (“the Committee”) is constituted as a statutory committee of the MiX Telematics Limited (“the Company” or “MiX”) Board (“the Board”) in respect of its statutory duties in terms of section 94(7) of the Companies Act 71 of 2008 (“the Act”), as amended and as a Committee of the Board in respect of all other duties assigned to it by the Board.
- 1.2 The Audit and Risk Committee Terms of Reference satisfies the applicable standards of the SEC and the New York Exchange.
- 1.2 The Committee shall be a standing committee, with the composition and membership reviewed by the Board annually.
- 1.3 The Committee shall derive its powers from the Board.
- 1.4 The Committee shall report to shareholders in terms of its statutory responsibilities and to the Board on all other duties assigned to it by the Board.
- 1.5 The deliberations of the Committee do not reduce the individual or collective responsibilities of the Board members with regard to their fiduciary duties and responsibilities, and they must exercise due care, skill and diligence.
- 1.6 The Terms of Reference are subject to the provisions of the Act, the Company’s Memorandum of Incorporation and any other applicable law or regulatory provision including the JSE Listings Requirements, and has been drafted with due consideration of the King IV Report on Corporate Governance for South Africa, 2016 (“King IV”).

## 2. Composition

- 2.1 The Committee members shall be nominated by the Nominations Committee and the Board, and recommended to the shareholders for approval. If the number of members on the Committee falls below the required minimum, the Board will fill such vacancy within 40 business days after the vacancy arises. The Committee shall comprise of at least three members, all of whom shall be independent non-executive directors.
- 2.2 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 2.3 Invitations to attend the Committee meetings shall be extended to:
  - the Group Chief Executive Officer;
  - the Group Finance Director;
  - the external auditors;
  - the Group Head of Treasury;
  - the Group Head of Internal Audit;
  - the Group Head of Risk and Compliance; and
  - any other senior executives and professional advisors as deemed appropriate.

- 2.4 Individuals in attendance at Committee meetings by invitation may participate in discussions, but do not vote on resolutions or form part of the quorum for Committee meetings.
- 2.5 A quorum of the Committee shall be the majority of members.
- 2.6 The Chairman of the Committee shall be appointed by the Board, from its members, and shall be an independent non-executive director. The Chairman of the Board may not be the Chairman of the Committee.
- 2.7 In the absence of the Chairman, the members present may nominate and elect of their members to chair the meeting.
- 2.8 The Company Secretary shall be the secretary to the Committee.

### 3. Role of the Committee (in addition to its statutory duties)

The role of the Committee is to provide independent oversight of the effectiveness of the internal financial controls and the system of internal controls to assist the Board in ensuring and monitoring the integrity of the Group's annual financial statements and related external reports.

The Committee further oversees the effectiveness of the Group's external and internal assurance functions and services that contribute to ensuring the integrity of the Group's financial and integrated reporting.

### 4. Mandate in respect of Subsidiaries

The Committee is appointed to act on behalf of MiX Telematics and its subsidiaries. The Committee has been authorised by the Board to establish relevant sub-committees, within the subsidiary companies, should the Committee feel this is necessary. Any such committee should be made up of appropriately qualified person to assist in discharging its mandate in respect of any particular matter contained in these Terms of Reference.

### 5. Responsibilities

The Committee shall operate within the Board's delegation of authority.

Section 94(7) of the Act assigns specific duties to an audit committee. The Committee is responsible for reporting to shareholders on how it has carried out these duties.

In discharging its responsibilities to the Board and shareholders, the Committee will perform the following duties:

- 5.1 Group financial reports
  - 5.1.1 have regard to all factors and risks that may impact on the integrity of the financial statements and related external reports;
  - 5.1.2 review the solvency and liquidity, working capital and going concern statements;
  - 5.1.3 oversee the direction and approach for financial reporting and review the quality of the financial statements, interim reports, preliminary results announcements, summarised financial information, the financial content of trading updates, market updates, prospectuses, listing documents and/or circulates ("related external reports");

- 5.1.4 review the report from internal audit to the Board assessing the effectiveness of the design and the operation of the Group's system of internal controls;
  - 5.1.5 consider the effectiveness of the design and implementation of the Group's internal financial controls;
  - 5.1.6 review any financial documents or due diligence reports in the event of acquisitions, takeovers or mergers;
  - 5.1.7 review and approve key financial policies;
  - 5.1.8 oversee the Group's compliance with relevant tax legislation in accordance with the Group's compliance policy; and
  - 5.1.9 review and approve the report of the Committee to be included in the financial statements.
- 5.2 Internal financial controls
- 5.2.1 evaluate the nature and extent of the documented review of internal financial controls;
  - 5.2.2 annually report to the Board and stakeholders on the effectiveness of the internal financial controls; and
  - 5.2.3 report any material weakness in internal financial controls that results in actual material financial loss to the Board and stakeholders.
- 5.3 Annual integrated report ("Integrated Report")
- 5.3.1 review the preparation and integrity of information to be published in the Annual Report;
  - 5.3.2 review the disclosure of sustainability issues in the Integrated Report to ensure that it does not conflict with the financial information;
  - 5.3.3 review the content of the summarised information to ensure that it provides a balanced view;
  - 5.3.4 engage the external auditors to provide assurance over the summarised financial information;
  - 5.3.5 review the resources and experience of the finance function;
  - 5.3.6 review the appropriateness of the experience and expertise of the Group Finance Director; and
  - 5.3.7 recommend the Integrated Report to the Board for approval.
- 5.4 External audit
- 5.4.1 annually recommend the appointment of a registered and independent external auditor;
  - 5.4.2 determine the scope of engagement and fees of the external auditor;
  - 5.4.3 ensure the appointment of the auditor is in terms of the Act and other legislation;
  - 5.4.4 consider the independence of the external auditors on an annual basis;
  - 5.4.5 determine the nature and extent of non-audit services which can be provided by the external auditors;
  - 5.4.6 pre-approve the provision of non-audit services where required;

- 5.4.7 review the performance and evaluate the effectiveness of the external audit process with reference to appropriate audit quality indicators;
  - 5.4.8 obtain confirmation that the external audit firm is accredited by the JSE;
  - 5.4.9 convene a separate meeting with the external auditors to discuss any matters that the Committee members or the auditors believe should be discussed privately; and
  - 5.4.10 review and consider the external auditor's determination and communication of key audit matters.
- 5.5 Internal audit
- 5.5.1 approve an Internal Audit Charter that defines the role, responsibilities and authority of internal audit, including the internal audit standards to be adopted;
  - 5.5.2 appoint the Internal Auditors and ensure that the head is an individual who has the necessary competence, gravitas and objectivity to fulfil the role effectively;
  - 5.5.3 approve the removal of the outsourced Internal Auditors should this be necessary;
  - 5.5.4 ensure that the Internal Auditors have access to the Chairman of the Committee;
  - 5.5.5 evaluate the effectiveness of the internal audit process in terms of its scope, execution, coverage, independence, skills, performance and position within the organisation;
  - 5.5.6 satisfy itself that the internal audit department is sufficiently resourced to provide adequate assurance to the Committee and/or has access to specialist skills should these be required;
  - 5.5.7 approve the risk-based internal audit coverage plan and ensure that internal audit reviews its audit plan should a change in the Group's risk profile require adaptation of the plan during the financial year;
  - 5.5.8 review, as part of the process to recommend the interim and annual financial statement, the interim and annual assessment of the design, implementation and effectiveness of internal financial controls provided by the internal audit department;
  - 5.5.9 ensure that the internal audit function is subject to an external, independent quality review at least once every five years;
  - 5.5.10 convene a separate meeting with Internal Auditors to discuss any matters that the Committee members or Internal Auditors believe should be discussed privately;
  - 5.5.11 receive and consider a bi-annual overall statement on the governance, risk management and assessment of design, implementation and effectiveness of the internal control environment; and
  - 5.5.12 obtain confirmation annually from internal audit that the internal audit function conforms to a recognised industry code of ethics.
- 5.6 Combined assurance
- 5.6.1 ensure that the combined assurance model enables an effective internal control environment; supports the integrity of information used for internal decision making; and supports the integrity of related external reports;

- 5.6.2 ensure that the combined assurance model incorporates and optimises the various internal and external assurance services and functions as appropriate and ensures a co-ordinated approach to assurance;
  - 5.6.3 ensure 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;
  - 5.6.4 ensure that the financial risks and financial reporting risks are appropriately reflected in the combined assurance mode; and
  - 5.6.5 the Committee is satisfied of the independence and effectiveness of the internal and external assurance providers.
- 5.7 Risk management
- 5.7.1 oversee that the following processes are adequately managed:
    - o management of financial and other risks that affect the integrity of external reports issued by the Group;
    - o internal financial controls;
    - o information technology risks as it relates to financial reporting; and
    - o fraud and corruption risks in relation to financial reporting;
  - 5.7.2 review the Group's risk framework and policies;
  - 5.7.3 assess whether there are appropriate processes/controls in place to manage the risks to an acceptable level, in line with the Board's risk appetite and tolerance;
  - 5.7.4 review the effectiveness of the risk management processes;
  - 5.7.5 review and approve the combined assurance model;
  - 5.7.6 assess if adequate and effective processes/controls are in place to ensure regulatory compliance;
  - 5.7.7 be satisfied that the risk and compliance department is sufficiently resourced to provide adequate assurance to the Committee;
  - 5.7.8 review the adequacy of the Group's insurance portfolios;
  - 5.7.9 review the impact that material litigation could have on the Group;
  - 5.7.10 monitor information to identify and respond to reputational risks;
  - 5.7.11 monitor the responses to developments in technology;
  - 5.7.12 review that the executive team has identified and assessed all the risks and opportunities for the Group in relation to:
    - o specific IT risks, covering disaster recovery and business continuity;
    - o strategic and emerging risks;
    - o legal risks;
    - o project risks;

- ethical and reputational risks;
- stakeholder management risks;
- fraud and whistleblowing risks; and
- treasury risks;

5.7.13 Governance of technology and information has specifically been retained by the Board of Directors as one of its duties.

5.7.14 review internal audit's assurance on the effectiveness of compliance management; and

5.7.15 review the compliance monitoring plan and policy.

## 5.8 Reporting

5.8.1 ensure that the Board is aware of matters which may significantly impact the financial position of the Group;

5.8.2 consider Management's basis for determining materiality for external reporting and recommend the same to the Board for approval;

5.8.3 make any submission to the Board on accounting policies, financial controls and reporting; and

5.8.4 report to shareholders on how it has carried out the duties contained in section 94(7) of the Act and King IV.

## 5.9 Governance

5.9.1 accept the role of the Audit and Risk Committee for the Company and the South African subsidiary companies that are required to have an audit committee in terms of their MOI;

5.9.2 ensure that there is a process 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;

5.9.3 review and report to the Board on the application of King IV principles;

The emphasis of meetings shall be directed toward the issues summarised in Annexure A.

Specific business decisions which are in terms of the delegation of authority and require input from the Committee are set out in Annexure B.

## 6. Meetings of the Committee

6.1 The Committee shall hold quarterly meetings to specifically review results. In addition, at least two meetings shall be held to accommodate risk and compliance matters. The Committee Chairman shall report on key matters addressed by the Committee at each Board meeting.

6.2 Additional meetings may be held at the request of the Chairman or any member of the Committee or Board as required.

6.3 All directors of the Board are entitled to attend the Committee meetings.

6.4 Minutes of the Committee meetings shall be distributed timeously.

- 6.5 Committee papers shall, other than under exceptional circumstances, be forwarded to each member of the Committee no fewer than seven days prior to the date of the meeting.
- 6.6 Members of the Committee shall declare any conflict of interest in respect of matters on the agenda and such declarations shall be managed as deemed necessary.
- 6.7 The Chairman of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities.

## 7. Authority of the Committee

- 7.1 The Committee shall have authority to:
- 7.1.1 access any information it needs to fulfil its responsibilities;
  - 7.1.2 seek independent advice at the Company's expense; and
  - 7.1.3 investigate matters within its mandate.
- 7.2 The Committee shall have the ability to consult with and receive the full co-operation of any employee where necessary to fulfil its responsibilities.

## 8. Remuneration of Members

Members of the Committee shall be paid such remuneration in respect of their appointment as recommended by the Board and approved by shareholders. The Chairman of the Committee shall, in addition to his/her remuneration as a member, receive a further sum as recommended by the Board and approved by shareholders.

## 9. Review of Terms of Reference

The Committee shall review the Terms of Reference annually, to ensure that they remain consistent with its statutory duties and the Board's objectives and responsibilities.

The Terms of Reference may be amended as required, subject to approval of the Board.

## 10. Evaluation of the Committee's Performance

The Committee shall ensure that a formal process, recommended by the Nominations Committee and approved by the Board, is followed for evaluating the performance of the Committee, every second year.

**Appendix A: Content and Emphasis of Committee Meetings**

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
<b>Statutory duties in terms of Section 94(7) of the Act</b>								
Nominate the appointment of the external auditors for the next financial year.			X					
Review the independence of the External Auditor.							X	
Review the report whereby the external auditors confirm their independence and accreditation with the JSE Limited and evaluate the independence and effectiveness of the external auditors.			X					
Approve proposed contracts for non-audit services in terms of the applicable policy (if any).	X	X	X	X	X	X	X	
Table fees spent on audit related services and allowable non-audit services.	X	X	X	X	X	X	X	
Review and approve the terms of engagement and the proposed fees of the external auditors.  *Subject to changes in terms and scope necessitated by changes within the Group or environment.			X	X			X	

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
Review and approve the external audit fees for the previous year.			X					
Receive and deal appropriately with any concerns or complaints relating to the company's accounting practices and internal audit, financial statements or internal financial controls (if any).	X		X		X		X	
Review and approve the report of the Audit and Risk Committee to be included in the annual financial statements			X					
<b>Financial statements</b>								
Review the Finance Director's report, including: <ul style="list-style-type: none"> <li>o quality of earnings items;</li> <li>o balance sheet movements;</li> <li>o contentious or judgemental issues;</li> <li>o changes in accounting policy or practice and impact thereof;</li> <li>o changes in estimates; and</li> <li>o accounting for new business/major transactions.</li> </ul>	X		X		X		X	
At year end and quarterly, the report shall also include: <ul style="list-style-type: none"> <li>o valuations;</li> <li>o working capital; and</li> </ul>	X		X		X		X	

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
o any other issues relevant to the financial statements.								
Review the Group treasury report.	X		X		X		X	
Note feedback on taxation issues, including any non-compliance with relevant tax legislation.	X	X	X	X	X	X	X	
Consider whether or not the quarterly report should be subject to an independent review by the external auditor.	X		X		X		X	
Review and recommend the solvency and liquidity test, including the working capital statement, to the Board for approval.	X		X		X		X	
Review and recommend the Company's going concern status.			X				X	
Review and recommend the quarterly financial statements and results announcement to the Board for approval.	X		X		X		X	
Review trading statements.	X		X		X		X	

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
<b>External audit</b>								
Review the external audit report on the annual financial statements, including an assessment of scope of limitations and the summary of audit differences.			X	X				
Review the report by the external auditors on significant matters relating to the past financial year including year-end close issues, reports on risk exposures, weaknesses in internal controls, recommendations for improvements to operations, and Management’s response to these.			X	X				
Note an update on the progress in resolving high priority issues and actions required in the external audit year-end management letter (if any).					X			X
Consider whether the external auditors should provide assurance on the summarised financial information.			X				X	
Review and note the external audit report as it relates to Key Audit Matters.			X					
Meet separately with external auditors.			X					

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
<b>Internal audit</b>								
Review and approve the risk-based internal audit coverage plan for the following financial year (including adequacy of resources).		X						
Review the quarterly update on execution of the internal audit coverage plan.		X	X			X	X	X
Review and approve the written assessment of internal financial controls.		X	X	X		X		
Review and recommend to the Board the written assessment of internal controls.		X				X		
Receive an annual statement on the governance, risk management and control environment of the Group.			X				X	
Review and approve the Internal Audit Charter.		X						
Receive the annual confirmation that the internal audit function conforms to the industry code of ethics.			X					
Evaluate the objectivity and performance of the internal audit team.			X					
Review the report of an independent quality review of the internal audit function (at least every five years).			X					

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
Meet separately with Internal Auditors.		X						
<b>Combined assurance model</b>								
Review and approve the combined assurance model.						X		
Review the level of assurance obtained from the combined assurance model.						X		
Review and ensure that the external assurance providers are independent and effective in the discharge of their responsibilities.						X		
Consider the assessment of financial and financial reporting risks and that these are appropriately reflected in the combined assurance model.						X		
<b>Risk management</b>								
Review the Group's risk framework and policy.						X		
Review the Group's inherent risk profile.		X						
Review the Group's key risk report, including strategic, emerging, treasury and tax risks.		X				X		X
Review the Group's register of material litigation.		X				X		

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
Receive a report on fraud incidences and review procedures on the prevention and detection of fraud and financial crime.		X				X		
Review the adequacy of the insurance portfolio.	X							
Review and recommend the effectiveness of the risk management process.			X					
<b>Annual report</b>								
Review the process for preparation of the Annual Report.			X					
Consider and recommend to the Board, Management's basis for determining materiality for external reporting.			X					
Review and recommend the reporting concerning risk management and compliance.			X					
Review and recommend the Integrated Report to the Board for approval.			X					
Consider the competence, skills and experience of the Group Finance Director and the Finance function.			X					

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
<b>Governance</b>								
Review and approve the Complaint Procedures Policy (incorporated in the Whistleblowing Policy) for accounting practices and internal audit, internal financial controls and financial statement matters.	X							X
Review and recommend the Insider Trading Policy.	X							X
Review and recommend the Price Sensitive Information Policy.	X							X
Review and approve the process for any reportable irregularities identified and reported by the external auditor.			X	X				
Ensure that the JSE Annual Compliance Checklist has been completed and reviewed by appropriate persons.			X					
Review the JSE report-back on pro-active monitoring.		X						
Review results of the Committee effectiveness evaluation process (every second year)						X		
Review the Terms of Reference of the Committee and recommend changes to the Board for approval (annually as required).	X							X

	January	March	May	June	August	October	November	Ad hoc
	Q3 results	Risk	Q4/YE results	20F	Q1 results	Risk	Q2 results	Ad hoc
Confirm that the Committee has carried out its responsibilities in compliance with the Terms of Reference.			X					
Review the application of the King IV principles.			X					

## Appendix B: Delegation of Authority

MiX utilizes a Group-wide Delegation of Authority framework which includes strategic and operational areas for the Group. The framework outlines the authority levels from Operational level to Shareholder level. The authority levels include reference to parties making decisions, recommending actions and those needed to be informed of actions.

The Delegation of Authority is reviewed and updated on an annual basis and is approved by the appropriate governance authority.