

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the "Committee") is constituted as a statutory committee in terms of its statutory duties as set out in section 94(7) of the Companies Act and a subcommittee of the Board with responsibilities that include the statutory duties prescribed by the Companies Act, activities recommended by King IV, as well as additional responsibilities assigned by the Board.

The Committee functions within documented terms of reference and complies with the relevant legislation, regulation and governance codes. The terms of reference have been approved by the Board and is reviewed as and when appropriate.

The Committee conducts its affairs in compliance with its terms of reference and discharges its responsibilities contained therein. The Committee has an independent role with accountability to both the Board and to SAIBA members and comprised 3 (three) non-executive directors. These directors include suitably skilled directors having recent and relevant financial experience. The Committee is elected by SAIBA members at the annual general meeting. During 2020, the members of the committee were:

- Pieter Christiaan de Jager - Appointed to the Committee on 4 July 2019 (Preceding Chairperson of the Committee)
- Russel Ngobeni - Appointed to the Committee on 1 November 2019
- Nonhlanhla Mona-Dick - Appointed to the Committee on 30 July 2020 (Chairperson of the Committee)

We, the Audit and Risk Committee members -

External audit

- Received the resignation from the previously appointed auditors at the annual general meeting held on 6 April 2020, necessitating the appointment of a new auditor in terms of section 91(2) of the Companies Act 71 of 2008 (the "Act");
- Upon recommendation by the Board of the Directors (the "Board"), after completion of the necessary procurement procedures, considered and approved the appointment of Nexia SAB&T as the external auditor, with Mr Yatim Soma as the designated auditor, to conduct the audit of SAIBA's financial statements for the financial year ended 30 June 2020, whilst ensuring the appointment complied with all legal and regulatory requirements for the appointment of an auditor;
- Approved Nexia SAB&T's engagement letter, the audit plan and the budgeted audit fees payable to Nexia SAB&T;
- Discussed the audit to assess the effectiveness of the auditor;
- Obtained a statement from the auditor confirming that its independence was not impaired;
- Determined the nature and extent of all non-audit services provided by the independent auditor and, where applicable, pre-approved all non-audit services undertaken;
- Confirmed that no reportable irregularities were identified or reported by the independent auditor under the Auditing Professions Act (26 of 2005).

Annual Financial Statements for the year ended 30 June 2020 ("AFS") and Integrated Annual Report ("IAR")

- Reviewed the AFS and is satisfied that it complies with International Financial Reporting Standards in all material aspects;
- Concluded that the AFS fairly present the financial position of SAIBA;
- Confirmed that the AFS were prepared on a going concern basis;
- Considered the appropriateness of the accounting policies disclosed in the AFS;
- Reviewed the representation letter, relating to the AFS, signed by management;
- Recommended the AFS for approval to the Board;
- Reviewed this report, taking cognisance of material factors and risks that may impact the integrity thereof, and recommended that the Board approve the IAR of SAIBA for the year ended 30 June 2020.

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Combined Assurance

- Reviewed the plans and reports of the external auditors and other assurance providers and concluded that these were adequate to address significant risks facing the organization and was satisfied that the combined assurance was adequate and effective considering the nature and the size of the organization;
- Reviewed the expertise, experience and resources of SAIBA's finance function and concluded that it was adequate and effective considering the nature and the size of the organisation.

Risk management and internal control

- Reviewed quarterly risk reports containing pertinent risks and opportunities;
- Confirmed the adequacy and effectiveness of SAIBA's procedures/processes to ensure compliance with legal and regulatory responsibilities;
- Reviewed and recommended that the draft 2020/21 budget be referred to the Board for approval;
- Considered the reports of Nexia SAB&T on SAIBA's systems of internal control, including financial controls, business risk management and maintenance of effective internal control systems;
- Received assurances that proper accounting records were maintained given the size of SAIBA and number of staff, and that the systems safeguarded SAIBA's assets against unauthorised use or disposal.

Governance

- Reviewed and recommended that the Committee's Terms of Reference be referred to the Board for final approval;
- Reviewed and recommended various policies to the Board for approval;
- Reported to the Board on its statutory duties and duties assigned to it by the Board and made appropriate recommendations.

The Committee is satisfied that it has fulfilled its duties during the year under review.

On behalf of the Audit and Risk Committee:



Nonhlanhla Mona-Dick

Chairperson