

**NET 1 UEPS TECHNOLOGIES, INC**

**AUDIT COMMITTEE CHARTER**

The board has resolved to establish a committee of the board to be known as the audit committee.

**1. PURPOSE**

The audit committee is established by the board of directors for the primary purpose of overseeing or assisting the board in overseeing the following.

- 1.1 The integrity of the company's financial statements.
- 1.2 The company's compliance with legal and regulatory requirements.
- 1.3 The qualifications and independence of the independent auditors.
- 1.4 The performance of the company's independent auditors and of the internal audit function.
- 1.5 The company's systems and disclosure controls and procedures, internal controls over financial reporting and compliance with ethical standards adopted by the company.

The committee will encourage continuous improvement of and adherence to the company's policies, procedures and practices at all levels. The committee will also facilitate open communication between the independent auditor, financial and senior management, the internal audit function and the board of directors.

The audit committee has authority to obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities.

The company will provide appropriate funding, as determined by the committee, for compensation to the independent auditor, to any advisors that the audit committee chooses to engage, and for payment of ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

The committee will fulfil its responsibilities by carrying out the activities enumerated in Section 3 of this charter. The committee will report regularly to the board of directors regarding the execution of its duties and responsibilities and copies of audit committee minutes will be circulated to the board.

## **2. COMPOSITION AND MEETINGS**

- 2.1 The committee will comprise three or more directors as determined by the board. The quorum for meetings of the committee will be a majority of the members of the committee. Formal actions to be taken by the committee shall be by unanimous written consent or by a majority of the persons present (in person or by conference telephone) at a meeting at which a quorum is present.
- 2.2 Each committee member will be a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which, in the opinion of the board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director and shall otherwise meet the independence requirements of The NASDAQ Stock Market Inc., the Securities and Exchange Commission (the “SEC”), and applicable law. No member of the committee shall have participated in the preparation of the financial statements of the company or any of its subsidiaries at any time in the prior three years.
- 2.3 All members of the committee must comply with financial literacy requirements of NASDAQ. The board will ensure that at least one member of the committee qualifies as an “audit committee financial expert” in compliance with the criteria established by the SEC. The existence of such a member, including his or her name and the fact that he or she is independent, will be disclosed in periodic filings as required by the SEC.
- 2.4 The members of the committee will be elected by the board upon the recommendation of the Corporate Governance and Nominating Committee at the first board meeting following each annual meeting of shareholders and will serve until the first board meeting following the next annual meeting of shareholders and until their successors are elected and qualify. The chairperson will be elected by the board. The board may remove any committee member with or without cause.
- 2.5 The committee will meet at least six times annually or more frequently as circumstances dictate. Each scheduled meeting will conclude with an executive session of the committee without members of management being present. In addition, the committee will meet periodically in separate executive sessions with management, the director of the internal auditing function and the independent auditor. The committee will also meet with the independent auditor and management to discuss the annual audited financial statements and quarterly financial statements, including the company’s disclosures under “management’s discussion and analysis of financial conditions and results of operations”.

## **3. RESPONSIBILITIES AND DUTIES**

To fulfil its responsibilities and duties the audit committee will :

## **Documents/Reports/Accounting Information Review**

- 3.1 Review and reassess this charter periodically, at least annually, and recommend to the board of directors any necessary amendments.
- 3.2 Review and discuss with management, the internal auditors, and the independent auditor the company's annual and quarterly financial statements prior to the first public release of the company's financial results for such year or quarter, and the company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q in advance of such filings, and review any "pro forma" or "adjusted" non-GAAP information included therein. Review other relevant reports or financial information submitted by the company to any governmental body or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 and relevant reports rendered by the independent auditor (or summaries thereof).
- 3.3 Recommend to the board whether the financial statements should be included in the annual report on Form 10-K and, if applicable, the company's Annual Report to Stockholders.
- 3.4 Discuss earnings press releases, prior to distribution, including the type and presentation of information, paying particular attention to any pro forma or adjusted non-GAAP information.
- 3.5 Discuss financial information and earnings guidance provided to analysts and ratings agencies, prior to distribution thereof.
- 3.6 Review the regular internal reports to management (or summaries thereof) prepared by the internal auditing department, as well as management's response.

## **Independent Auditor**

- 3.7 This committee is solely and directly responsible for the appointment, compensation, retention, and oversight of any independent auditor engaged for the purpose of preparing or issuing any audit report or performing related work. Review the performance of the independent auditor and remove the independent auditor if circumstances warrant. The independent auditor will report directly to the audit committee and the audit committee will oversee the resolution of disagreements between management and the independent auditor if they arise. Consider whether the auditor's performance of permissible non-audit services is compatible with the auditor's independence. Discuss with the independent auditor the matters required to be discussed under Statement on Auditing Standards (SAS) No. 61, as amended.
- 3.8 Review with the independent auditor any significant matters arising from any audit or report or communication relating to the financial statements, including any material audit problems or difficulties and management's response and

resolution; review the independent auditor's attestation and report on management's internal control report, from the time that such reports are prepared; and hold timely discussions with the independent auditor regarding the following :

- All critical accounting policies and practices.
- 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 treatment preferred by the independent auditor.
- Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.

3.9 At least annually, obtain and review a report by the independent auditor describing :

- The firm's internal quality control procedures.
- Any material issues raised by the most recent internal quality control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to independent audits carried out by the firm, and any steps taken to deal with any such issues.
- All relationships between the independent auditor and the company, addressing the matters set forth in Independence Standards Board Standard No. 1. This report should be used to evaluate the independent auditor's qualifications, performance, and independence. Further, the committee will review the experience and qualifications of the lead partner and other senior members of the independent audit team each year and determine that all partner rotation requirements, as promulgated by the applicable rules and regulations, are executed. The committee will also consider whether there should be rotation of the firm itself.

3.10 Actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take, or recommend that the full board take, appropriate actions to oversee the independence of the outside auditor.

3.11 Review and pre-approve (which may be pursuant to appropriate pre-approval policies and procedures) both audit and non-audit services to be provided by the independent auditor. The authority to grant pre-approvals may be delegated to one or more designated members of the audit committee whose decisions will be

presented to the full audit committee at its next regularly scheduled meeting. Such review and approval will be disclosed in reports filed with or furnished to the SEC as required by applicable SEC regulations.

- 3.12 Set clear hiring policies, compliant with governing laws and regulations, for employees or former employees of the independent auditor.

### **Financial Reporting Processes, Accounting Policies, and Internal Control Procedure**

- 3.13 In consultation with the independent auditor, the internal auditor and management, review and discuss the integrity of the organization's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls and procedures and internal control over financial reporting).
- 3.14 Review and discuss with management, the internal auditors, and the independent auditor the company's report regarding internal control over financial reporting and any major issues as to the adequacy of the company's internal controls.
- 3.15 Receive and review any disclosure from the company's CEO or CFO made in connection with the certification of the company's quarterly and annual reports filed with the SEC of :
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarise, and report financial data; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls.
- 3.16 Review major issues regarding accounting principles and financial statement presentations, including any significant proposed or contemplated changes in the company's selection or application of accounting principles; major issues as to the adequacy of the company's internal controls; policies, estimates, internal controls, disclosure controls, procedures, practices or auditing plans (including those policies for which management is required to exercise discretion) or judgments regarding the implementation thereof and any special audit steps adopted in light of material control deficiencies.
- 3.17 Review analyses prepared by management (and the independent auditor as noted in item 3.7 above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

- 3.18 Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company.
- 3.19 Review and pre-approve all related party transactions, defined as those transactions or arrangements required to be disclosed under Item 404 of Regulation S-K.
- 3.20 Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- 3.21 Establish and maintain procedures for the confidential, anonymous submission by company employees regarding questionable accounting or auditing matters.
- 3.22 Periodically discuss with the independent auditor, without management being present, (a) such firm's judgments about the quality, appropriateness, and acceptability of the company's accounting principles and financial disclosures practices, as applied in its financial reporting, and (b) the completeness and accuracy of the company's financial statements.
- 3.23 Meet periodically with management and the independent auditors to:
  - review the annual audit plans of the independent auditors; and
  - receive a detailed explanation of the accounting for any unusual or non-recurring transactions which have a material impact on the Corporation's financial statements during the reporting period.

#### **Internal Audit**

- 3.24 Review and advise on the selection and removal of the internal audit director.
- 3.25 Review activities, organisational structure, and qualifications of the internal audit function.
- 3.26 Annually, review and recommend changes (if any) to the internal audit charter.
- 3.27 Periodically review with the internal audit director any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.

#### **Legal Compliance and Risk Management**

- 3.28 Establish, review and update periodically a code of ethics applicable to all employees and directors of the company, and determine whether management has established a system to enforce this code. Determine whether the code is in compliance with all applicable rules and regulations. Review and pre-approve (a)

any change or waiver of this code and (b) any disclosure made on Form 8-K regarding such change or waiver.

- 3.29 Review management's monitoring of the company's compliance with its code of ethics, and determine whether management has the proper review system in place that the company's financial statements, reports, and other financial information disseminated to governmental organisations and the public satisfy legal requirements.
- 3.30 Review, with the company's counsel, legal compliance matters, including corporate securities trading policies.
- 3.31 Review, with the company's counsel, any legal matter that could have a significant impact on the company's financial statements.
- 3.32 Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the company's major financial risk exposures and the steps management has undertaken to control them.

#### **Other Responsibilities**

- 3.33 Review with the independent auditor, the internal auditing department, and management the extent to which changes or improvements in financial or accounting practices have been implemented.
- 3.34 Prepare the report that the SEC requires be included in the company's annual proxy statement.
- 3.35 Conduct an annual performance assessment regarding this committee's purpose, duties, and responsibilities outlined herein.
- 3.36 Perform any other activities consistent with the charter, the company's bylaws, and governing law, as the board deems necessary or appropriate.