

**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:

- The integrity of the company’s financial statements.
- The company’s compliance with legal and regulatory requirements.
- The qualifications and independence of the company’s registered public accounting firm (the “independent auditors”).
- The performance of the company’s independent auditors and of the internal audit function.
- The accounting and financial reporting processes of the company and the audits of its financial statements.
- The company’s systems of disclosure controls and procedures, internal controls over financial reporting, risk management and compliance with ethical standards adopted by the company.
- The company’s enterprise risk management process.

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 it determines necessary or 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 LLC (NASDAQ”), the Securities and Exchange Commission (the “SEC”), applicable law, and any additional board guidelines. 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. The committee shall not include any person who accepts any consulting, advisory or other compensatory fee, directly or indirectly, from the company, other than in his or her capacity as a member of the committee, the board or any other committee of the board. The committee shall not include any person who is an affiliate of the company or any subsidiary of the company, as defined by the rules of the SEC, other than a director who meets the independence requirements of NASDAQ.
- 2.3 All members of the committee must comply with the financial literacy requirements of NASDAQ. The board will ensure that at least one member of the committee qualifies as an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have accounting or related financial management expertise. 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 Each member of the committee will be elected by the board and shall serve until his successor is elected and qualifies or until such member’s earlier resignation, removal or death. 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 as often as it determines to be necessary, but no less frequently than quarterly. 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 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 condition 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 at least annually, and recommend to the board of directors any necessary amendments.
- 3.2 Review and discuss with management and the independent auditor the company's annual and quarterly financial statements and any certification, report, opinion or review rendered by the independent auditor 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 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 Review and discuss with management earnings press releases prior to distribution, including the type and presentation of information, paying particular attention to any non-GAAP information.
- 3.5 Review and discuss with management 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 Appoint (and recommend that the board submit for shareholder ratification, if applicable) an independent registered public accounting firm to act as the company's independent auditor for the purpose of auditing the company's annual financial statements, books, records, accounts and internal controls over financial reporting. Review the qualifications, performance and independence of the independent auditor and remove it if circumstances warrant. 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 other audit, review or attest services for the company. 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 No. 16, *Communications with Auditors*.

- 3.8 Meet with the independent auditor prior to the audit to review and discuss with the independent auditor (a) the auditor's responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (b) the overall audit strategy, (c) the scope and timing of the annual audit, (d) any significant risks identified during the auditor's risk assessment procedures and (e) when completed, the results, including significant findings, of the annual audit..
- 3.9 Review with the independent auditor any problems or difficulties arising from any audit or report or communication relating to the financial statements, and management's response and resolution; review the independent auditor's report on the company's internal controls; 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.
- 3.10 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, peer review, Public Company Accounting Oversight Board ("PCAOB") inspection of the independent auditor, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to one or more 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 or any of its subsidiaries and any relationships or services that may impact the objectivity and independence of the auditor, addressing the matters set forth in Independence Standards Board Standard No. 1. This report will 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.

- 3.11 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 ensure the independence of the outside auditor. Consult with the independent auditor to ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit every five years, consider issues relating to the timing of such rotation and the transition to new lead and reviewing partners, and consider whether, in order to ensure continuing auditor independence, there should be regular rotation of the audit firm, and report to the board on its conclusions.
- 3.12 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 committee whose decisions will be presented to the full 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.
- 3.13 Set clear hiring policies, compliant with governing laws and regulations, for employees or former employees of the independent auditor.
- 3.14 Obtain from the independent auditor assurance that its audit of the company's financial statements was conducted in accordance with standards of the PCAOB.
- 3.15 Review and discuss with the independent auditor and management (a) any audit problems or difficulties, including difficulties encountered by the independent auditors during its audit work (such as restrictions on the scope of their activities or their access to information), (b) any significant disagreements with management and (c) management's response to these problems, difficulties or disagreements; and to resolve any disagreements between the independent auditor and management.

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

- 3.16 In consultation with the independent auditor, the internal auditor and management, review and discuss the integrity of the company's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls and procedures and internal control over financial reporting).

- 3.17 Review and discuss with management, the internal auditors, and the independent auditor the company's report regarding internal control over financial reporting and any significant deficiencies in the company's internal controls and any special audit steps adopted in light of any material control deficiencies.
- 3.18 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, summarize, 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.
- 3.19 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 significant control deficiencies.
- 3.20 Review analyses prepared by management (and the independent auditor as noted in item 3.8 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.
- 3.21 Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company.
- 3.22 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.
- 3.23 Keep the independent auditor informed of the committee's understanding of the company's relationships and transactions with related parties that are significant to the company; and review and discuss with the independent auditor the auditor's evaluation of the company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the company's relationships and transactions with related parties.

- 3.24 Establish and maintain procedures for the receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by company employees of concerns regarding questionable accounting or auditing matters. Adopt, as necessary, any remedial measures.
- 3.25 Establish and maintain procedures for the confidential, anonymous submission by company employees regarding questionable accounting or auditing matters. Adopt, as necessary, any remedial measures.
- 3.26 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.
- 3.27 Meet periodically with management, internal auditors, and/or the independent auditors to:
- review the annual audit plans of the independent auditors and the internal audit group; and
  - receive a detailed explanation of the accounting for any unusual or non-recurring transactions which have a material impact on the company's financial statements during the reporting period.

### **Internal Audit**

- 3.28 Review and advise on the selection and removal of the internal audit director.
- 3.29 Review activities, organisational structure, and qualifications of the internal audit function.
- 3.30 Annually, review and recommend changes (if any) to the internal audit charter.
- 3.31 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**

- 3.32 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.
- 3.33 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 to ensure that the company's financial statements, reports, and other financial information disseminated to governmental organisations and the public satisfy legal requirements.
- 3.34 Review, with the company's counsel, legal compliance matters, including the company's insider trading policy, and review and approve trading plans and amendments thereto as contemplated by the insider trading policy.
- 3.35 Review, with the company's counsel, any legal matter that could have a significant impact on the company's financial statements.
- 3.36 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**

- 3.37 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.
- 3.38 Prepare the report that the SEC requires be included in the company's annual proxy statement.
- 3.39 Conduct an annual performance assessment regarding this committee's purpose, duties, and responsibilities outlined herein.
- 3.40 Perform any other activities consistent with the charter, the company's bylaws, and governing law, as the board deems necessary or appropriate.

**Board approval received: August 2011**  
**Revised: October 2015**