

SANTOVA LIMITED

AUDIT AND RISK COMMITTEE CHARTER

CONTENTS

1. Functions
2. Membership
3. Responsibilities
4. Reporting and accountability
5. Activities of the committee
6. Meetings
7. Proceedings
8. Authority of the committee
9. Remuneration
10. General
11. Approval of charter

1. **FUNCTIONS**

The functions of the Audit and Risk Committee are the following:

1.1 To assist the Board in discharging its duties relating to:

- the safeguarding of assets;
- the nomination and appointment of the external auditors;
- risk evaluation and risk management;
- compliance with relevant laws, regulations and procedures;
- the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards; and
- the consideration of issues across the entire Group, comprising the Company and its subsidiaries.

1.2 To provide a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board.

1.3 In terms of s94 of the Companies Act No. 71 of 2008 (“the Companies Act”) any company that is a subsidiary of another company that has an Committee is exempt from having its own Audit Committee provided the Audit Committee of that other company will perform the functions required under s94 on behalf of that subsidiary company. A function of this Committee is therefore to perform the functions of an Audit Committee, as laid down in the Companies Act and in this Charter, for the South African registered subsidiary companies of the Santova Group.

1.4 The Committee shall act as a channel of communication between the Board and management and the Internal and External Auditors.

2. **MEMBERSHIP**

2.1 The Audit and Risk Committee shall consist of at least three (3) non-executive directors who must be suitably qualified in terms of s94(4) of the Companies Act No. 71 of 2008 (“the Companies Act”) and should be “independent” (as defined by King III).

2.2 The members of the Audit and Risk Committee shall be appointed by the shareholders at the Annual General Meeting and report to the shareholders in the Company’s Annual Integrated Report.

- 2.3 The Chairman of the Board shall not be eligible to be appointed as chairman of the Committee.
- 2.4 The shareholders shall have the power at any time to remove any members of the Committee and fill any vacancies so created.
- 2.5 The Company Secretary shall be the secretary of the Committee

3. **RESPONSIBILITIES**

3.1 Auditors and external audit

The Committee will:

- 3.1.1 consider and make recommendations to the shareholders on the appointment and retention of the external auditors and any questions of resignation or dismissal of the auditors;
- 3.1.2 ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors;
- 3.1.3 annually evaluate the independence and effectiveness of the external auditors in the manner laid down by the Companies Act and consider any non-audit services rendered by such auditors as to whether this substantially impairs their independence;
- 3.1.4 annually evaluate the performance of the external auditors;
- 3.1.5 discuss and review, with the external auditors, before the annual audit commences, the auditors engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure co-ordination (where more than one audit firm is involved) and maintenance of a professional relationship between them;
- 3.1.6 negotiate and pre-approve procedures, subject to agreement, beyond minimum statutory and professional duties - there are certain non-negotiable minimum procedures required from the external auditors;
- 3.1.7 agree to the timing and nature of reports from the external auditors;
- 3.1.8 consider any problems identified in going concern or internal control statements;
- 3.1.9 make suggestions as to problem areas that the audit can address;

- 3.1.10 consider any accounting treatments, significant unusual transactions, or accounting judgements that could be contentious;
- 3.1.11 identify key matters arising in the current year's management letter and satisfy itself that these are being properly followed up;
- 3.1.12 consider whether any significant ventures, investments or operations are not subject to external audit;
- 3.1.13 review overall audit role, explore objectives, minimise duplication, discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money; and
- 3.1.14 obtain assurance from the external auditors that adequate accounting records are being maintained.

3.2 Financial function

The Committee will on an annual basis review and evaluate:

- 3.2.1 The competency of the chief financial officer; and
- 3.2.3 The expertise, resources and experience of the finance function.

The Committee shall annually disclose the results of such review in the integrated report.

3.3 Financial Statements and Reporting

The Committee will examine and review the annual integrated report, financial statements, the interim reports, the accompanying reports to shareholders, the preliminary announcement of results and any other announcement regarding the company's results or other financial information to be made public, prior to submission and approval by the board, focusing particularly on:

- the implementation of new systems;
- tax and litigation matters involving uncertainty;
- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the basis on which the company has been determined a going concern;
- capital adequacy and the levels of debt and gearing;
- internal control;
- compliance with accounting standards, local and international;
- compliance with stock exchange and legal requirements
- the efficiency of major adjustments processed at year end;

- compliance with the financial conditions of loan covenants; and
- reviewing special documents such as prospectuses as and when prepared.
- Reviewing disclosure of sustainability issues

3.4 Risk

The Committee will review the risk philosophy, strategy and policies recommended by Management. The Committee will ensure compliance with such policies, and with the overall risk profile of the Company. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk, which together cover detailed combined risks such as:

- interest rate risk;
- counterpart risk, including provisioning risk;
- currency and foreign exchange risk;
- IT and technology risk;
- price risk;
- disaster recovery risk;
- operational risk;
- prudential risk;
- legal risk;
- compliance and control risk;
- sustainability risks, e.g. environmental, social, health and safety;
- asset valuation risk; and
- other risks appropriate to the business which may be identified from time to time.

3.5 Internal Control and Internal Audit

An important role of the Committee will be to monitor and supervise the effective function of the internal audit, ensuring that the roles and functions of the external audit with internal audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the company's systems of internal control and reporting.

3.6 Ethics and Compliance

There are a number of statutory, common law and other requirements that cover the ethical behaviour of directors, managers and officers of companies. In addition, the Company can establish a clearly defined and documented Code of Ethics. The directors must declare the nature and extent of their interest in contracts.

The Committee will be responsible for assessing and reviewing:

- the ethical conduct of the Company, its executives and senior officials;

- any statements on ethical standards or requirements for the Company and assisting in developing such standards and requirements;
- compliance with the requirements of the Memorandum of Incorporation;
- compliance with the law and regulations of any other applicable statute and of controlling bodies;
- identification of any violations of ethical conduct; and
- environmental and social issues.

4. REPORTING AND ACCOUNTABILITY

4.1 The Chairman of the Committee shall:

- 4.1.1 account to the Board for its activities;
- 4.1.2 make submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting;
- 4.1.3 make recommendations to the Board concerning the adoption of the annual and interim financial statements; and
- 4.1.4 any other matters arising from the above responsibilities.

4.2 The Chairman of the Committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.

4.3 The Committee shall prepare a report, to be included in the annual integrated report and annual financial statements for that financial year –

- describing how the Audit Committee carried out its functions;
- stating whether the Audit Committee is satisfied that the auditor was independent of the Company; and
- commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the Company

4.4 The Committee shall perform all such other oversight functions as may be determined by the Board from time to time.

5. ACTIVITIES OF THE COMMITTEE

In discharging its responsibilities, the Committee will:

5.1 Financial Statements and Reporting

- 5.1.1 review the quality of financial information including integrated reports, interim and annual financial statements and other public and regulatory reporting;
- 5.1.2 review the annual integrated report and accounts taken as a whole, to ensure they present a balanced and understandable assessment of the position, performance and prospect of the company;
- 5.1.3 review the external auditors' proposed audit report;
- 5.1.4 discuss problems and reservations arising from the audit, and any matters the auditors may wish to discuss (in the absence, where requested by the Committee, of executive directors and any other person who is not a member of the Committee);
- 5.1.5 review the external auditors' management letter and management response;
- 5.1.6 review the credibility, independence and objectivity of the auditors, taking into account their audit and non-audit fees. Where the auditors also supply non-audit services to the company, the Committee should approve the nature and extent of such services, including the fees to be charged, before the services are commenced; and
- 5.1.7 meet with the external auditors at least once a year without management being present.

5.2 Internal control and Internal Audit

- 5.2.1 review the company's statement on internal control systems prior to endorsement by the Board, and in particular review:
 - 5.2.1.1 the procedures for identifying business risks and controlling their impact on the company;
 - 5.2.1.2 the company's policies for preventing or detecting fraud;
 - 5.2.1.3 the company's policies for ensuring that the company complies with relevant regulatory and legal requirements;
 - 5.2.1.4 the operational effectiveness of the policies and procedures;
- 5.2.2 consider whether or not the objectives, organisation, staffing plans,

financial budgets, audit plans of the internal audit function, whether performed by management or by independent appointees, provide adequate support to enable the Committee to meet its objectives;

- 5.2.3 review the results of work performed by management in relation to financial reporting, corporate governance, internal control, and any significant investigations and management responses;
- 5.2.4 review co-ordination between management and the external auditors and deal with any issues of material or significant dispute or concern;
- 5.2.5 review such significant transactions not directly related to the company's normal business as the Committee might deem appropriate;
- 5.2.6 review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the company;
- 5.2.7 review the controls over significant risks; and
- 5.2.8 consider other relevant matters referred to it by the Board.

5.3 Risk

- 5.3.1 The Committee will review Management's reports detailing the adequacy and overall effectiveness of the company's risk management function and its implementation by management, and reports on internal control and any recommendations and confirm that appropriate action has been taken.
- 5.3.2 The Committee will review the adequacy of insurance coverage.
- 5.3.3 The Committee will review risk identification and measurement methodologies.

5.4 Corporate Governance

- 5.4.1 The Committee, in carrying out its duties under this charter, will have due regard for the principles of governance and code of best practice as contained in the King Report on Governance for South Africa 2009 ("King III").
- 5.4.2 The Committee will liaise with the board in respect of the preparation of the Committee's report to shareholders as required.

6. **MEETINGS**

- 6.1 Meetings of the Committee will be held as frequently as the Committee considers appropriate, but it will normally meet not less than three times a year.

- 6.2 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, the Chairman of the Board, the Chief Executive Officer, executives and managers responsible for finance, the head of internal audit and the external audit partners to make proposals as necessary.
- 6.3 The quorum for decisions of the Committee shall be any two members of the Committee present throughout the meeting of the Committee.
- 6.4 The Chief Executive Officer, Group Financial Director, senior audit partner in charge of the external audit and head of internal audit shall be in attendance at meetings of the Committee and shall have unrestricted access to the Chairman or any other member of the Committee as is required in relation to any matter falling within the remit of the Committee.
- 6.5 The Chairman of the Committee, at his discretion, may invite other executives to attend and to be heard at meetings of the Committee.
- 6.6 No attendee shall have a vote at meetings of the Committee.
- 6.7 The minutes of all meetings of the Committee, or summaries thereof, shall be submitted to the Board at the immediately following Board meeting, and the agenda for each such Board meeting shall provide an opportunity for the Chairman of the Committee to report orally on any matters of importance, as well as on the Committee's findings, and shall recommend actions.

7. PROCEEDINGS

- 7.1 Unless varied by this charter, meetings and proceedings of the Committee will be governed by the Company's Memorandum of Incorporation regulating the meetings and proceedings of directors and committees.
- 7.2 The committee secretary shall take minutes of Committee meetings. These shall be reviewed and approved by the members of the Committee.

8. AUTHORITY OF THE COMMITTEE

The Committee, in carrying out its tasks under this charter:

- 8.1 is authorised to investigate any activity within its terms of reference;
- 8.2 may, at the discretion of the Committee, require other employees of the Company to attend meetings or parts of meetings;
- 8.3 may consult with and seek any information it requires from any employees, and all employees shall be required to co-operate with any request made by the Committee in the course of its duties;

8.4 shall at least once a year meet with external auditors without any executive member of the Board in attendance; and

8.5 shall at least once a year meet with the internal auditors without any executive member of the Board in attendance.

9. REMUNERATION

9.1 Having regard for the functions performed by the members of the Committee in addition to their functions as directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the board by the Memorandum of Incorporation of the Company, members of the Committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

9.2 The Chairman of the Committee shall, in addition to his or her remuneration as a member, receive a further sum as determined by the Board.

9.3 Such special remuneration in terms hereof shall be in addition to the annual fees payable to directors.

10. GENERAL

10.1 The Committee, in carrying out its tasks under this charter, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Committee Chairman may authorise such external professional advice and shall inform the Chairman of the Board accordingly.

10.2 The Board shall ensure that the Committee will have access to professional advice both inside and outside the company in order for it to perform its duties.

10.3 This charter is a “living” document and will be reviewed by the Board periodically, but at least once a year, and amended as appropriate.

11. APPROVAL OF CHARTER

This charter of the Audit and Risk Committee as set out above was approved by the Committee on 22 February 2016 and by the Board of Directors on 18 May 2016.