



## Safari Investments RSA Ltd. (the "Company")

### Audit Committee Terms of Reference

As approved by the Board on 25 March 2014

Definitions:

<b>"the Committee"</b>	shall mean the Audit Committee.
<b>"the Board"</b>	shall mean the Board of directors of the Company.
<b>"the Company or Group"</b>	shall mean Safari Investments (RSA) Limited and its subsidiaries.
<b>"the Auditor"</b>	shall mean the external auditor of the Company.
<b>"IFRS"</b>	shall mean the International Financial Reporting Standards.
<b>"Corporate Governance"</b>	shall mean the King III (Code of Corporate Practices in South Africa, representing principles of good corporate governance as laid out in the King Report, as amended from time to time).

### 1 Membership

- 1.1 The Committee shall be made up of at least three members.
- 1.2 The Committee will strive to ensure that all members of the Committee shall be independent non-executive directors or Prescribed Officers and at least one of whom shall have recent and relevant financial experience.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive Officer, Financial director / CFO, other directors, and other representatives from the finance department may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 The Company's auditors will be invited to attend meetings of the Committee on a regular basis. The Committee shall decide if the executive directors (or any of them) should be present at any meeting attended by the auditors.
- 1.5 The Shareholders of the Company shall appoint the members of the Committee. The Chairman shall be a person considered by the Board to be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6 Each member of the Committee shall disclose to the Committee:
  - (a) any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or
  - (b) any potential conflict of interest arising from a cross-directorship or otherwise; and
  - (c) any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent himself from all or part of the meeting of the Committee in question.

### 2 Secretary

The company secretary or his nominee shall act as the secretary of the Committee.

### 3 Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.



## 4 Frequency of Meetings

The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required. The agendas of the meetings are noted below in point 7 of the charter.

## 5 Notice of Meetings

5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of auditors if they consider it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. The meeting pack shall include: the minutes of the previous meeting; the agenda and other supporting documents shall be sent to Committee members and to other attendees as appropriate, at the same time.

## 6 Proceedings at Meetings

6.1 Meetings may be held by telephone & electronically.

6.2 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Where possible, the Chairman of the Committee and members of the Committee should be rotated on a regular basis. Subject to as provided in paragraph 1.6 above, each member of the Committee shall have one vote. In the event of an equality of votes, the Chairman of the Committee shall have a second or casting vote (again subject to as provided in paragraph 1.6 above). In the absence of the Chairman or any appointed deputy, the remaining members present shall elect one of their numbers to chair the meeting.

6.3 Membership of the Committee shall be noted in the annual report of the Company.

## 7 Agenda of the Committee Meetings

Pre-determined agendas are set out below. These agenda's however will vary as to cater for the needs and requests of the Committee. Three compulsory meetings are required to be held every year.

### **Audit Pre-planning meeting (held in February)**

- Formally ratify the previous year audit fee;
- Review any unresolved matters brought forward from the prior year audit to ensure that appropriate action is given to these matters for the current year;
- Discuss any changes in respect of IFRS, Standards or Exposure Drafts that are effective in the current year and the Committee should ensure that the changes have been considered and where applicable effected;
- Review and approve the audit plan and ensure that it is consistent with the scope of the audit engagement;
- The auditors will present the audit fee budget (this will be approved in the interim between March and July);
- Discuss the annual report from the prior year and discuss changes which should be implemented and considered for the current year's annual report. Consideration should especially be given to accounting, JSE Listing Requirements and Corporate Governance issues; and

### **Planning meeting (held in March after control testing)**

- Ratify and approve the audit fee budget for the Company;
- The auditors are to present a report on the effectiveness of internal controls tested and the application thereof and present improvements ;



- Update on any changes in respect of IFRS, Standards or Exposure Drafts that are effective in the current year and the Committee should ensure that the changes have been considered and where applicable effected;
- Update from auditors that the control environment and level of accounting competence was in accordance with their expectation in presenting their original budget;
- Auditors to continuously update on the Committee on the actual costs versus budget for the audit fee of the Company;
- Presentation of the annual report skeleton and discuss the updated changes as proposed in March.

#### **Annual Financial Statements Approval Meeting (held in June after completion of Audit Process)**

- Update from auditors that the control environment and level of accounting competence was in accordance with their expectations in presenting their original budget;
- Auditors to present their final review of their findings from the audit of the Company. This shall include the following:
  - a discussion of any major issues which arose during the audit;
  - any accounting and audit judgments, levels of errors identified during the audit. The Committee shall also review the effectiveness of the audit.
  - review any presentations to the Board
  - ion letter(s) requested by the auditor before they are signed by management;
  - review the management letter and management's response to the auditor's findings and recommendations;
  - confirm and approve the format of the annual report;
  - Present and sign off the audit committee report which will be published in the annual report subject to changes after the final report on audit findings presented by the auditors; and
- Continuous update on the actual costs versus budget for the audit of the group. The final fee will be approved between June and July of the following year. The final audit fee will be ratified in March the following year.

#### **Half Year Review Meeting (held in October)**

- Review any unresolved matters brought forward from the prior year audit to ensure that appropriate action is given to these matters for the current year;
- Discuss any changes in respect of IFRS, Standards or Exposure Drafts that are effective in the current year to date and the Committee should ensure that the changes are considered and where applicable effected;
- Management will present the half year review statements;
- Discuss the annual report from the prior year and discuss changes which should be implemented and considered for the current year's annual report. Consideration should especially be given to accounting, JSE Listing Requirements and Corporate Governance issues;
- Presentation of the annual report skeleton and discuss the updated changes as proposed in June;
- review any presentations on half year results to the Board;
- confirm and approve the half year results; and
- present and sign off the half year report which will be published.

#### **8 Minutes of Meetings**

- 8.1 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2 The chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once



agreed, to all members of the Board, unless a conflict of interest exists.

## 9 Annual General Meeting

The Chairman of the Committee shall attend the Company's Annual General Meeting ("AGM") and be prepared to respond to any shareholder questions on the Committee's activities.

## 10 Duties

The Committee should carry out the duties below for the Company and any parent company and subsidiary undertakings (the "Group") and the Group as a whole, as appropriate.

### 10.1 Financial Reporting

10.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing any significant financial reporting issues and judgments which they may contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

10.1.2 The Committee shall review and challenge where necessary:

10.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Group;

10.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

10.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the auditor;

10.1.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and

10.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management requirements).

### 10.2 Internal Controls and Risk Management Systems

The Committee shall:

10.2.1 keep under review the effectiveness of the Company's internal controls and risk management systems; and

10.2.2 review and approve the statements to be included in the annual report concerning internal controls and risk management, which in any event will also be done by the Board as a whole. The committee will sign off the integrated report.

### 10.3 Whistleblowing

The Committee shall:

10.3.1 review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

10.3.2 review the Company's procedures for detailing fraud.



## 10.4 Internal Audit

The Committee shall assess annually if the group requires an internal audit function.

## 10.5 External Audit

The Committee shall:

10.5.1 consider and make recommendations to the Board, to be put to the shareholders for approval at the AGM, in relation to the appointment, re- appointment and removal of the Company's auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

10.5.2 oversee the relationship with the auditor including (but not limited to):

10.5.2.1 approval of their remuneration, whether this be for audit fees or fees for or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;

10.5.2.2 ensure the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors

10.5.2.3 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

10.5.2.4 assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

10.5.2.5 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);

10.5.2.6 agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;

10.5.2.7 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and

10.5.2.8 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the auditor on their own internal quality procedures;

10.5.3 meet regularly with the auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the auditor at least once a year, without management being present, to discuss any issues arising from the audit.

## 10.6 Reporting Responsibilities

10.6.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.6.2 The Committee shall make whatever recommendations to the Board it deems appropriate.

10.6.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The Committee shall report on the follow issues;

10.6.3.1 describing how the Committee carried out its functions;

10.6.3.2 stating whether the Committee is satisfied that the auditor was independent of the Company; and



- 10.6.3.3 comment in anyway the Committee considers appropriate on the annual report, the accounting practices and the internal financial control of the Company.

### 10.7 Other Matters

The Committee shall:

- 10.7.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 10.7.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.7.3 give due consideration to laws and regulations, the best practice corporate governance principles of the Republic of South Africa, the Johannesburg Stock Exchange's and the JSE Listing Requirements as appropriate;
- 10.7.4 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;
- 10.7.5 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 10.7.6 to consider such other matters as may be requested by the Board from time to time.

### 11 Authority

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 11.3 to call any employee to be interviewed at a meeting of the Committee as and when required; and
- 11.4 to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.