



THARISA plc
Registration number HE223412
(Incorporated in Cyprus on 20 February 2008)
("Tharisa" or "the Company")

AUDIT COMMITTEE
TERMS OF REFERENCE

1. BACKGROUND

- 1.1 The Board of Directors of the Company ("the Board") has resolved to establish an Audit Committee ("the Committee").
- 1.2 The Board has delegated to the Committee responsibility for overseeing the financial reporting and internal controls of the Company and its subsidiaries (collectively, the Group), and for maintaining an appropriate relationship with the external auditor of the Group.
- 1.3 These terms of reference were approved on 2 April 2014 and replace any previous terms of reference for any Audit Committee of the Board.

2. DUTIES OF THE COMMITTEE

The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

Financial Reporting

- 2.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any significant financial information contained in other documents.
- 2.2 The Committee shall review and challenge where necessary:

- (a) the consistency of, and any changes to, accounting and treasury policies on a year on year basis, across the Company and the Group;
- (b) the methods used to account for significant or unusual transactions where different approaches are possible;
- (c) whether the Company has followed appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (d) the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and
- (e) all material information presented with the financial statements, such as the business review/operating and financial review, the corporate governance statement (insofar as it relates to the audit and risk management) and the statements in relation to internal control and management of risk.

2.3 The Committee shall review the annual financial statements of any in-house pension scheme, if applicable.

2.4 The Committee shall assess the effectiveness of the Company's financial reporting procedures.

Integrated Reporting

2.5 The Committee shall oversee integrated reporting, having regard to all factors and risks that may impact on the integrity of the integrated report, and shall recommend the integrated report to the board for approval. In this regard the Committee shall also consider and review the findings and recommendations of the Risk and Safety Health and Environment Committees insofar as they are relevant to the functions of the Audit Committee.

Sustainability Reporting

2.6 The Committee shall review and evaluate the disclosure of material sustainability issues in the integrated report, in conjunction with the Risk and Safety Health and Environment Committees.

2.7 The Committee shall specifically focus on:

- (a) ensuring that the disclosure is reliable and does not conflict with the financial information; and

- (b) recommending and/or approving the engagement of external assurance providers on material sustainability issues.

Internal Controls, Risk Management Systems and Information Technology

2.8 The Committee shall review the Group's internal financial controls, the Group's internal controls and risk management systems and the statements to be made in the annual report concerning internal controls and risk management systems, and in particular shall review:

- (a) the policies and overall process for identifying and assessing business risks and managing their impact on the Company and the Group;
- (b) regular assurance reports from management, internal audit, external audit and others on matters related to risk and control; and
- (c) the timeliness of, and reports on, the effectiveness of corrective action taken by management.

2.9 In addition, the Committee shall be responsible for:

- (a) information technology ("IT") risks as it relates to financial reporting; and
- (b) make recommendations to the Board on obtaining independent assurance on the effectiveness of IT controls, where appropriate.

Whistleblowing, fraud, bribery and other compliance

2.10 The Committee shall:

- (a) review the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting or other matters. The objective shall be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and appropriate follow-up action; and
- (b) review the Group's policies and procedures for preventing and detecting fraud, the systems and controls for preventing bribery, its code of corporate conduct/business ethics and its policies for ensuring that the Group complies with relevant regulatory and legal requirements, receive reports and consider appropriate action.

Internal Audit

2.11 The Committee shall:

- (a) monitor and review the effectiveness of the Group's internal audit function in the context of the Group's overall risk management system;
- (b) approve the appointment and removal of the head of the internal audit function;
- (c) consider and approve the remit of the internal audit function, ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards, and that the function has adequate standing and is free from management or other restrictions;
- (d) review and assess the annual internal audit plan;
- (e) review reports addressed to the Committee on the Group from the internal auditors;
- (f) review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- (g) meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audit reviews carried out and give the head of the internal audit function a right of direct access to the Committee.

External Audit

2.12 The Committee shall:

- (a) consider and make recommendations to the Board, to be put to the shareholders to consider at the Annual General Meeting, in relation to the appointment, re-appointment, resignation or removal of the Group's external auditors;
- (b) oversee the selection process for new external auditors and, if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (c) oversee the relationship with the external auditor, including (but not limited to):

- (i) recommendation as to their remuneration, whether fees for audit or non-audit services, and whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) reviewing and monitoring their independence and objectivity taking into account relevant legal, professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services;
 - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Group which adversely affect the external auditor's independence and objectivity ;
 - (v) agreeing with the Board a policy on the employment of former employees of the Company's external auditor, taking account of relevant ethical standards, and monitoring the application of this policy;
 - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related regulatory requirements;
 - (vii) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements, which shall include a report from the external auditor on their own internal quality control procedures;
 - (viii) seeking to ensure co-ordination with the activities of the internal audit function; and
 - (ix) considering the risk of the withdrawal of the Company's present external auditor from the market;
- (d) meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditors at least once a year without management being present, to discuss their remit and any issues arising from the audit;

- (e) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (f) review the findings of the audit with the external auditor, including but not limited to:
 - (i) a discussion of any significant issues which arose during the audit;
 - (ii) any accounting and audit judgements;
 - (iii) the level of errors identified during the audit;
 - (iv) the basis for the going concern assumption; and
 - (v) compliance with relevant financial reporting standards and relevant financial and governance reporting requirements;
- (g) discuss any difficulties, reservations or other matters arising from the external auditors' audits (in the absence of management where necessary);
- (h) review any representation letter(s) requested by the external auditors before they are signed by management;
- (i) review the management letter and management's response to the external auditor's findings and recommendations;
- (j) assess the effectiveness of the audit process; and
- (k) develop, apply and keep under review a policy on the supply of non-audit services by the external auditor (including any non-audit services for which the use of the external auditor is pre-approved, from which the external auditor is excluded and for which the specific approval of the Committee is required), taking into account any relevant ethical guidance on the matter.

Other

- 2.13 The Committee shall review other disclosures and documents as determined by the Board.
- 2.14 The Committee shall consider on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the executive financial director and report thereon in the annual report.

3. COMPOSITION

3.1 Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee. The Committee shall be made up of at least three members. All members of the Committee shall be independent non-executive directors. If the Chairman of the Board is an independent non-executive Chairman, the Chairman can be a member of, but not chair, the Committee, provided that:

- (a) he/she was considered independent on appointment as Chairman. Any member who is determined by the Board no longer to be independent shall cease to be a member of the Committee;
- (b) all the other members of the Committee are independent non-executive directors;
- (c) the Chairman's position as member to the Committee is disclosed to shareholders at the annual general meeting; and
- (d) the shareholders approve the appointment of the Chairman to the Committee at the annual general meeting.

3.2 At least one member of the Committee shall have been determined by the Board to have recent and relevant financial experience.

3.3 Only members of the Committee have the right to attend Committee meetings. However other individuals may be invited to attend all or part of any meeting.

3.4 The external auditor will be invited to attend meetings of the Committee on a regular basis.

3.5 Appointments to the Committee shall be for a period of up to three years, extendable for two further three-year periods, provided the director still meets the criteria for membership of the Committee.

3.6 The Board shall appoint one member of the Committee to act as its Chairman who shall 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.

4. QUORUM

4.1 The quorum necessary for the transaction of business shall be a majority of members present.

- 4.2 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.

5. MEETING ADMINISTRATION

- 5.1 The Committee shall meet as often as it deems necessary but in any case at least two times per year, at appropriate times in the financial reporting and audit cycle, at such times and places as determined by the Committee Chairman, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its Chairman. The Committee shall approve the annual calendar of its meetings.
- 5.2 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 external or internal auditors if they consider it necessary.
- 5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date and dial-in details (if required), together with an agenda of the items to be discussed and supporting documentation, 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, or as soon as practicable.

6. SECRETARY

- 6.1 The Company Secretary or such person as the Company Secretary nominates shall act as the secretary of the Committee.
- 6.2 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes shall be available to all other members of the Board upon request, unless it would be inappropriate to do so.

7. EVALUATION

The Committee shall, at least once a year, review its own performance, composition and terms of reference and recommend any changes it considers necessary to the Board for approval.

The Board shall review the performance of the Committee, its composition and terms of reference on an annual basis.

8. REPORTING RESPONSIBILITIES

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is desirable.
- 8.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.
- 8.4 The Committee Chairman shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9. OTHER MATTERS

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) 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;
- (c) give due consideration to laws and regulations, the provisions of the King Code on Corporate Governance for South Africa 2009, the King III Report on Corporate Governance for South Africa 2009, the requirements of the Johannesburg Stock Exchange Listings Requirements, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- (d) be responsible for co-ordination of the external and internal auditors;
- (e) oversee any investigation of activities which are within its terms of reference; and
- (f) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to consider if it is operating effectively and recommend any changes it considers desirable to the Board for approval.

10. AUTHORITY

10.1 The Committee is authorised by the Board to:

- (a) undertake any activity within its terms of reference;
- (b) seek any information that it requires from any Group employee or contractor in order to perform its duties;
- (c) obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference and to invite those persons to attend meetings of the Committee;
- (d) call any Group employee or contractor to be questioned at a meeting of the Committee, as and when required;
- (e) publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board; and
- (f) delegate any of its powers to one or more of its members or the secretary.