

Corporate Governance

TERMS OF REFERENCE OF THE AUDIT AND FINANCE COMMITTEE

- References to "the Committee" shall mean the Audit and Finance Committee.
- References to "the Board" shall mean the Board of Directors.
- References to "the Company" shall mean African Sun Limited.

Membership

- Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee 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 non-executive directors at least one of whom shall have recent and relevant financial experience. The chairman of the board shall not be a member of the committee.
- Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Managing Director, Finance Director, other directors, group risk and internal audit manager and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.
- The external auditors will be invited to attend meetings of the Committee on a regular basis.
- Appointments to the Committee shall be for a period of up to three years, or as otherwise advised by the board
- The Board shall appoint the Committee Chairman who shall be a 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.

Secretary

- The company secretary shall also be the Secretary of the Committee.

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.

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. A meeting shall be held as soon as reasonably practicable upon a request for such meeting by the Company's internal or external auditors.
- Outside of the formal meeting programme, the committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the board chairman, the managing director, the finance director, the external audit lead partner and the group risk and internal audit manager.

Notice of Meetings

- Meetings of the Committee shall be summoned 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.
- 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 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- The Committee Chairman shall ensure sufficient time is allowed to enable the Committee to undertake as full a discussion as may be required
- The chairman shall be responsible for reporting all issues that would have arisen from the committee meetings to the board

Minutes of Meetings

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



Annual General Meeting

- The Chairman of the Committee shall attend the Annual General Meeting prepared to assist the chairman of the board to respond to any shareholder questions on the committee's activities.

Duties

- The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

In Respect of Financial Controls, Accounting Systems and Reporting

- Assess the policies and procedures introduced by Management to ensure that the accounting systems and related controls are adequate and functioning effectively.
- Identify major risks to which the Company is exposed and verify that the related internal controls systems are adequate and functioning effectively.
- Review, with management, the philosophy with respect to controlling the Company's assets and information systems, the staffing or key functions and plans for enhancements of operations.
- Review the draft half year and annual financial statements, including significant judgemental decisions that may have an impact on the financial statements.
- Review the half year and annual financial statements and reports prior to publication, both for fair presentation, and for conformity with generally accepted accounting and reporting practices, including comparability with accounting practices in the industry.
- Review accounting policies and practices.
- Review reports prepared by management for release to shareholders and third parties.
- Review any periodic financial reporting process and any unaudited financial statements of financial information before their release.
- Review extraordinary items of abnormal disclosures.

In Respect of External Auditors

- Recommend the appointment of the external auditors and approve the annual audit fee.
- Note the scope of the external audit.
- Review any significant matters reported by the external auditors, including reports on weaknesses in internal controls and recommendations for improvements.
- Review any illegal acts, other irregularities and errors reported by the external auditors and the steps taken by Management to correct the situation.
- Review any material irregularities in terms of the Public Accountant's and Auditors' Act reported by the external auditors and the steps taken by Management to correct the situation.
- Review any significant unresolved accounting or auditing problems encountered during the external audit.
- Review the nature of any other services provided, or to be provided, by the external auditors.
- Review the report of the external auditors on the annual financial statements.

In Respect of Internal Auditors

- Review the objectives of the internal audit function.
- Review and approve the internal audit work schedule.
- Assess the adequacy of performance of the internal audit function and ensure it is adequately resourced.
- Review any significant disagreements between Management and the internal auditors.
- Review any significant matters reported by the internal auditors.
- Review the co-ordination between the internal auditors and the external auditors.

In Respect of the Monitoring of the Legal Compliance of the Company

- Review all significant transactions which do not form part of the Company's normal business.
- Obtain assurances from management in respect of relationships with regulatory authorities.
- Review the compliance with any regulatory authority's statutory requirements for the Company.
- Review any current and pending litigation or regulatory proceedings to which the Company is a party.

In Respect of the Monitoring of Compliance with the Company's Code of Conduct

- Review, with Management, its philosophy with respect to business ethics and corporate conduct, its written code of conduct and the programme it has to monitor compliance with that code.
- Review of all related party transactions of the Company and present recommendations to the Board for approval
- Review significant cases of employee conflict of interest, misconduct or fraud.

Corporate Governance

In Respect of Financial Planning and Investment Decisions

- Set the Entities' financing objectives and principles.
- Review and endorse all major budgets and periodically review the Entities' performance against budget for approval of the Board.
- Review the quarterly financial performance, forecast and annual financial plan of the Entities.
- Monitor the financial circumstances of the Company, with special regard to:
 - o Adequacy of cash resources to fund ongoing operations and timeous payment to Zimbabwe Revenue Authority, Creditors, Shareholders and other stakeholders of amounts due and payable to them
 - o The foreword cash flow projections and the adequacy thereof for the needs of the Company
 - o Efficacy of the Company's treasury operations
 - o Monitoring of any key debtors that may need to be addressed by the committee or Board, by nature or size
 - o Levels of borrowings and bank overdrafts and the terms of the loan facilities entered with funders
- Monitor gearing levels and formulate strategies to address potential increases in gearing
- Review the annual budget and make recommendations to the Board monitor the implementation of the annual budget and report to the Board on significant variances.
- Review and make evaluate recommendations to the board on proposed acquisitions and/or disposals of assets and any other capital expenditure
- To make recommendations to the board of directors on the declaration and payment of dividends.

Other Matters

The Committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 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;
- Give due consideration to laws and regulations.
- Be responsible for co-ordination of the internal and external auditors;
- Oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- 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.
- May not perform any management functions or assume any management responsibilities
- Will make recommendations to the board for its approval or final decision and will not have executive powers with regard to its findings and recommendations

Authority

The Committee is authorised:

- To seek any information it requires from any employee of the Company in order to perform its duties;
- To obtain, at the Company's expense, outside legal or other professional advice on any matter it believes necessary to do so;
- To call any employee to be questioned at a meeting of the Committee as and when required;
- To have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board; and
- Investigate any activity within the scope of its duties.