



OCEANA GROUP LIMITED

Registration number: 1939/001730/06

(“Company” / “Group”)

AUDIT COMMITTEE CHARTER

1. INTRODUCTION AND CONSTITUTION

This Charter is subject to the provisions of the Companies Act No. 71 of 2008, as amended (“Companies Act”), the Company's Memorandum of Incorporation, the Board Charter, the Listings Requirements of the securities exchange operated by the JSE Limited (“Listings Requirements”), King IV Report on Corporate Governance for South Africa 2016 and any other applicable law or regulatory provision.

The Committee is established to assist the Board of Directors of the Company (“Board”) with, inter alia, discharging its duties relating to the safeguarding of assets, the operation of adequate systems, internal financial controls and control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards.

The duties and responsibilities of the Members of the Audit Committee (“Committee”) as set out in this document are in addition to those duties and responsibilities that they have as Members of the Board. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board Members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.

2. APPOINTMENT

The Committee is a statutory committee by virtue of the Companies Act and the Board may delegate additional responsibilities as determined by the Board Charter.

3. COMPOSITION

- 3.1. The Committee must comprise at least three Members who shall all be Independent Non-Executive Directors. Members of the Committee are nominated by the Board and appointed annually by the shareholders of the Company (Shareholders) at the Annual General Meeting of the Company. The Chairman of the Board may not be a Member of the Committee but may be in attendance.
- 3.2. All Members of the Committee must be suitably skilled and experienced Independent Non-Executive Directors. The Members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 3.3. Vacancies on the Committee must be filled by the Board within 40 business days after the vacancy arises.
- 3.4. The Chief Executive Officer (CEO), Chief Financial Officer (CFO), External Auditors and Internal Auditors and Head of Risk shall attend Committee meetings as standing invitees.

4. RELATIONSHIP TO MANAGEMENT

- 4.1. The Committee has an independent role and is accountable to both the Board and Shareholders. The Committee does not assume the functions of management, which remain the responsibility of the Executive Directors, Officers and other members of Senior Management.
- 4.2. Members of the Committee may communicate directly with Management as they deem appropriate, keeping the Chairman and fellow Members apprised on a prompt and continuing basis of any communications outside of meetings or routine reporting.

5. INDEPENDENT ADVICE

The Committee and / or its Members are entitled, at the expense of the Company, to take independent professional advice in connection with their duties, after following an approval process agreed to by the Board.

6. RELATIONSHIP TO EXTERNAL AUDITORS

The Committee is responsible for communicating with the External Auditors regarding their annual audit of the financial statements of the Company, as well as their participation in interim reporting. Communication with the External Auditors must be free and open to ensure that the Committee is informed of potential inaccuracies in the financial statements, significant deficiencies in internal controls, alternative accounting treatments and other significant findings during the course of their audit work.

7. INTERNAL CONTROLS

- 7.1. Sound internal controls are an essential component of assuring sound financial reporting and the protection of assets. The Committee is responsible for ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities. The Committee shall in its annual Audit Committee report, which forms part of the Annual Financial Statements, disclose its views on the effectiveness of the arrangement in place for combined assurance.
- 7.2. The Committee shall in its annual Audit Committee report, which forms part of the Annual Financial Statements, disclose its views on the effectiveness of the design and implementation of internal financial controls, and on the nature and extent of any significant weaknesses in design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error.

8. RESPONSIBILITIES

The Committee has the following specific responsibilities:

- 8.1. The Committee shall comply with all its duties in terms of the Companies Act and shall perform the functions required of an audit committee in terms of the Act in respect of the Group.
- 8.2. The Committee must ensure that the Company has established appropriate financial reporting procedures and that those procedures are operating effectively.
- 8.3. The Committee must request from the External Auditors (and if necessary, consult with them on) the information detailed in paragraph 22.15(h) of the Listings Requirements in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner, both when they are appointed for the first time and thereafter annually for every re-appointment.

- 8.4. Notwithstanding the provisions of section 90(6) of the Companies Act, the Committee must ensure that the appointment of the External Auditor is presented and included as a resolution at the Annual General Meeting of the Company pursuant to section 61(8) of the Companies Act.
- 8.5. The Committee must assist the Company in its confirmation to Shareholders in its annual report, that the Committee has executed the responsibilities set out in section 3.84(g) of the Listings Requirements.
- 8.6. In terms of section 3.84(k) of the Listings Requirements, the Committee must review a statement from the CEO and CFO on the:
 - 8.6.1. fair presentation of annual financial statements and internal financial controls
 - 8.6.2. non-omission of facts and untrue statements to render annual financial statements false or misleading
 - 8.6.3. and consider any inconsistencies with information provided by other assurance providers;
 - 8.6.4. existence, adequacy and efficacy of system of internal financial controls; and
 - 8.6.5. control deficiencies reported to the Audit Committee / Auditors and remedial action taken.
- 8.7. The Committee must consider the proactive monitoring reports issued by the JSE and assess the financial statements on the basis of the proactive monitoring reports.
- 8.8. The Committee shall review the financial performance and position of the Company and make recommendations to the Board on distributions to Shareholders, having considered the solvency and liquidity requirements of the Companies Act.
- 8.9. Financial Statements and Integrated Reporting

The Committee shall oversee integrated reporting, and in particular the Committee must:

 - 8.9.1. have regard to all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose Management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
 - 8.9.2. review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
 - 8.9.3. review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
 - 8.9.4. recommend to the Board whether or not to engage an external assurance provider on material sustainability issues;
 - 8.9.5. consider the frequency for issuing interim results;
 - 8.9.6. consider whether the External Auditor should perform assurance procedures on the interim results;
 - 8.9.7. recommend the integrated report for approval by the Board;
 - 8.9.8. review the content of the summarised information for whether it provides a balanced view; and
 - 8.9.9. engage the External Auditors to provide assurance on the summarised financial information.
- 8.10. The Committee shall make the disclosures as required by King IV in its annual report to Shareholders, which forms part of the Annual Financial Statements and Integrated Report.

8.11. The Committee will review the expertise, resources and experience of the Company's finance function annually. The Committee will also consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the CFO. The Committee shall disclose its view on the CFO and the finance function in its annual report to Shareholders, which is included in the Annual Financial Statements and Integrated Report.

8.12. The Committee shall satisfy itself that the Group has a tax policy in place, which is compliant with applicable laws and is congruent with responsible corporate citizenship, and that takes account of reputational repercussions, and recommend the policy to the Board.

8.13. Internal Audit

The Committee is responsible for oversight of internal audit, and in particular the Committee must:

8.13.1. be responsible for the appointment, performance assessment and / or dismissal of the Internal Auditors;

8.13.2. review the internal audit charter and recommend for approval to the Board;

8.13.3. approve the risk-based internal audit plan;

8.13.4. ensure that internal audit has the necessary resources and access to information to enable it to fulfil its plan and perform its duties in accordance with the appropriate professional standards for internal auditors;

8.13.5. ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate;

8.13.6. annually receive a written opinion from internal audit on the effectiveness of internal financial controls;

8.13.7. consider and review with management significant internal audit findings during the year and management's responses thereto, as well as follow up on remediation of matters.

8.14. External Audit

The Committee is responsible for recommending the appointment of the External Auditors to Shareholders, and to oversee the external audit process and in this regard the Committee must:

8.14.1. nominate the External Auditors for appointment by the Shareholders;

8.14.2. oversee the selection process for new auditors if the Auditors resign and investigate the issues leading to the resignation and decide if any action is required;

8.14.3. approve the terms of engagement and remuneration for the External Audit engagement;

8.14.4. approve the policy and controls that address the provision of non-audit services provided by the External Auditor and the nature and extent of such services;

8.14.5. satisfy itself that the External Auditors are independent of the Group by:

8.14.5.1. considering the policy and controls that address the provision of non-audit services provided by the External Auditors and the nature and extent of such services;

8.14.5.2. considering the tenure of the audit firm;

8.14.5.3. considering the rotation of the designated External Auditor partner, and significant changes in the Management of the Group during the External Auditor firm's tenure that may mitigate the attendant risk of familiarity between the External Auditor and Management;

8.14.5.4. ascertaining that the External Auditor does not receive any direct or indirect remuneration or other benefit from the Group, except as External Auditor or for rendering other services to the Group to the extent permitted in terms of the Companies Act;

- 8.14.5.5. considering compliance with other criteria relating to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors established by the Auditing Profession Act, No. 26 of 2005 (Auditing Profession Act);
 - 8.14.6. monitor and report on the independence of the External Auditors in the Annual Financial Statements;
 - 8.14.7. approve the contracts for non-audit services to be rendered by the External Auditors;
 - 8.14.8. ensure that there is a process for the Committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act) identified and reported by the External Auditors and review disclosure requirements in the financial statements; and
 - 8.14.9. review the quality and effectiveness of the external audit process.
- 8.15. The external audit budget and its assumptions shall be presented to the Committee for its approval. The Committee is required to approve any variations to the budget. The External Auditors shall report to the Chairman of the Committee should they consider the scope of the audit to have been restricted.
- 8.16. Review of Financial Statements
- The Committee is responsible for ensuring that in the annual financial statements disclosure is adequate and that fair presentation is achieved, and in this regard the Committee must:
- 8.16.1. Review accounting policies, new accounting standards, and significant estimates, judgements and assumptions that are to be used in the preparation of the annual financial statements and ensure that they are appropriate and adequately disclosed;
 - 8.16.2. Consider the evolving disclosure requirements around environmental, social and governance (“ESG”) matters and their applicability to the Group;
 - 8.16.3. enquire about any significant financial reporting issues discussed during the accounting period between Management and the Auditors and how they were resolved;
 - 8.16.4. review any significant adjustments resulting from the audit;
 - 8.16.5. examine compliance with accounting standards and with the Listings Requirements and other statutory requirements;
 - 8.16.6. be kept informed of all outstanding litigation, contingencies and claims and how these matters are reflected in the Company's financial statements;
 - 8.16.7. enquire about the status of tax affairs; e.g. submission of tax returns, outstanding assessments, movement in assessed losses, items disputed by the tax authorities, etc.;
 - 8.16.8. review the overall effective tax rate and the extent of tax planning.
 - 8.16.9. obtain relevant assurances from Management and other parties as may be required in order to consider the financial and / or integrated reports presented to the Committee, and
 - 8.16.10. obtain clarity regarding balance sheet financing and receiving attestations from the CFO and / or divisional finance director's and / or executives in consideration of subsidiary company financial reports.
- 8.17. The Committee shall disclose significant matters that it has considered in relation to the Annual Financial Statements and how these were addressed by the Committee in its annual report to Shareholders.

- 8.18. the Committee shall review a documented assessment prepared by Management of the basis on which the Company has been determined to be a going concern and recommend to the Board that the annual financial statements be prepared on a going concern basis.
- 8.19. the Committee shall review the Company's compliance with the solvency and liquidity requirements prescribed by sections 45 and 46 of the Companies Act.
- 8.20. The Committee shall consider and approve any proposal for the change in year-end of any Group entity.
- 8.21. The Committee shall receive and deal appropriately with any complaints relating to its accounting practices, the content or auditing of its financial statements, the internal financial controls or to any related matter.

9. AUTHORITY

- 9.1. The Committee, in the fulfilment of its duties, may call upon the chairmen of the other Board committees, any of the executive Directors, Company officers, company secretary or assurance providers to provide it with information subject to a Board approved process.
- 9.2. The Committee will have reasonable access to the Group's records, facilities, and any other resources necessary to discharge its duties and responsibilities subject to following Board approved process.
- 9.3. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated Members of the Committee.
- 9.4. The Audit Committee Chairman must attend the annual general meeting.
- 9.5. On all responsibilities delegated to it by the Board outside of the statutory duties, the Committee makes recommendations for approval by the Board.

10. MEETINGS AND PROCEDURES

10.1. Frequency

- 10.1.1. The Committee should hold sufficient scheduled meetings to discharge all its duties as set out in this Charter subject to a minimum of three meetings per year.
- 10.1.2. Meetings in addition to those scheduled may be held at the request of the Committee and its Members, external or internal auditor, the CEO, the CFO, or other members of senior management or at the instance of the Board.
- 10.1.3. The Committee must meet with the internal and external auditors at least once a year without management being present.

10.2. Attendance

- 10.2.1. The CEO, the CFO, the external auditors, the internal auditors, other assurance providers, professional advisors and Board Members (who are not Committee Members) may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 10.2.2. Committee Members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or company secretary.
- 10.2.3. The Deputy Company Secretary of the Company is the secretary to this Committee.
- 10.2.4. If the Chairman is absent from a meeting, the Members present must elect one of the Members present to act as chairman for that meeting.

10.2.5. The Chairman of the Committee, with the prior approval of the Committee, may invite any person, including persons outside of the Group, to attend its meetings, when deemed necessary.

10.3. Agenda and Minutes

10.3.1. The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual work plan must ensure proper coverage of the matters laid out in this Charter; the more critical matters will need to be attended to each year while other matters may be dealt with on a rotational basis. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual work plan.

10.3.2. A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting, to the Members of the Committee and other invitees. Committee Members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

10.3.3. The draft minutes must be completed as soon as reasonably possible after the meeting, but no later than four weeks after the meeting, and circulated to the Chairman and Members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

10.4. Quorum

A representative quorum for meetings is a majority of Members present.

11. EVALUATION AND REPORTING TO THE BOARD

11.1. The Chairman of the Committee shall report to the Board on the Committee's proceedings in respect of all significant matters within its duties and responsibilities.

11.2. The Board shall perform an evaluation of the effectiveness of the Committee every year.

This Charter was approved by the Committee and the Board, and will be reviewed annually, and may be amended from time to time subject to the approval of the Board.