



TIGER BRANDS LIMITED
(Registration Number 1944/017881/06)
("the Company")

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Constitution and general principles

- 1.1 In line with the requirements of section 94 of the Companies Act of 2008 ("the Act") and the King IV Report on Corporate Governance for South Africa 2016 ("King IV"), the board of directors of the Company ("the Board") resolved to establish a statutory committee of the Board to be known as the Audit Committee ("the Committee").
- 1.2 Neither the appointment nor the duties of the Committee reduce the functions and duties of the Board or the directors of the Company, who must continue to exercise due care and diligence in accordance with their statutory and fiduciary duties, except with respect to the appointment, fees and terms of engagement of the auditor of the Company.
- 1.3 These terms of reference has been approved by the Board and shall be annually reviewed. It shall be read with the Board Charter and shall be subject to the provisions of the Act, the Memorandum of Incorporation of the Company and any other applicable law or regulatory provision.
- 1.4 In addition to ensuring compliance with the law, the Committee shall be expected, in fulfilling its functions, to apply the principles of good corporate governance as set out in King IV.

- 1.5 All members of the Committee shall be required to keep up to date with developments affecting the areas of responsibility of the Committee. Members are furthermore expected to be fully prepared for meetings and to provide appropriate and constructive input on matters under consideration.
- 1.6 In these terms of reference, "Group" shall refer to the Company and its subsidiaries.

2. Composition

- 2.1 At each annual general meeting, the names of at least 3 (three) directors, all of whom must be independent non-executive directors, shall be tabled for consideration and, if supported, election by shareholders of the Company as members of the Committee.
- 2.2 The names of suitable candidates to be included in the notice of the annual general meeting shall be approved by the Board on recommendation of the Nominations Committee.
- 2.3 During the time period between annual general meetings, the Board has the authority to appoint members of the Committee, on recommendation from the Nominations Committee, to fill any vacancy and shall do so within 40 (forty) business days of the vacancy arising.
- 2.4 In terms of s94(5) of the Act, read with Regulation 42, at least one-third of the members of the Committee must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and human resource management. In addition, the Committee as a whole must have the necessary knowledge, skills, experience and capacity to execute its duties effectively.
- 2.5 The chair of the Committee shall be appointed by the Board and shall be one of the members of the Committee as elected by shareholders at the annual general meeting.
- 2.6 The chair of the Board shall not be a member of the Committee.
- 2.7 To the extent possible, the chair of the Risk Committee shall be a member of the Committee to ensure effective collaboration between the Audit Committee and the Risk Committee.

3. Authority

- 3.1 In respect of the statutory duties of the Committee as set out in section 94 of the Act, the Committee shall be accountable and report to shareholders as provided for in the Act. In respect of all other duties as contained in these terms of reference, the Committee shall be accountable and report to the Board.
- 3.2 The Committee shall have decision-making power in respect of its statutory duties and such other duties where decision-making power has been specifically delegated by the Board to the Committee in these terms of reference. In respect of all other duties as contained herein, the Committee shall only have the power to make recommendations to the Board.
- 3.3 The Committee is authorised by the Board, subject to the approved process as set out in the Board Charter, to obtain outside legal or other independent professional advice and to secure the attendance at meetings of the Committee of outsiders with relevant experience and expertise if deemed necessary.
- 3.4 The Committee may establish and delegate authority to any member or sub-committee to assist it in carrying out certain of its functions. Such delegation, and the extent thereof, shall be properly recorded in a formal resolution of the Committee passed at a meeting of the Committee or via written resolution.
- 3.5 The Company shall meet all expenses reasonably incurred by the Committee in the fulfilling of its duties.

4. Committee meetings and resolutions

4.1 Attendance at meetings

- 4.1.1 The financial director, the head of internal audit and a representative of the external auditors shall be required to attend each meeting of the Committee, unless otherwise indicated.
- 4.1.2 The chief executive officer shall have a standing invitation to attend the meetings of the Committee as and when deemed necessary.

- 4.1.3 Every member of the Board is entitled to attend any meetings of the Committee as an observer. However, unless that member is also a member of the Committee, the member shall not be entitled to participate without the consent of the chair and does not have a vote.
- 4.1.4 The company secretary (or duly authorised representative of the company secretary) shall be in attendance at each meeting of the Committee to act as secretary of the Committee.
- 4.1.5 Committee members are expected to attend all meetings of the Committee, unless an apology with reasons has been submitted to the chair or the company secretary.
- 4.1.6 If the chair of the Committee is absent from the meeting, any other member of the Committee may act as chair for that meeting as agreed by those present or as nominated by the chair of the Committee.

4.2 Frequency of meetings

- 4.2.1 Meetings of the Committee shall be held as frequently as the Committee, in consultation with the company secretary, considers appropriate, but it shall normally meet not less than 3 (three) times a year.
- 4.2.2 Meetings shall be scheduled in advance, as per the annual Board calendar. The agenda and supporting meeting papers will serve as adequate notice of such meeting.
- 4.2.3 The chief executive officer, financial director, head of internal audit, external audit partner or a member of the Committee may request a meeting if deemed necessary and a meeting shall then be arranged in consultation with the chair of the Committee. Formal notice of such special meeting shall be given as and when required.
- 4.2.4 In addition to the meetings contemplated in clause 4.2.1, the Committee shall at least annually meet with the external auditors without management and with or without other Board members, as the Committee may elect. Likewise the Committee shall meet at least annually with the head of internal audit and members of his team without the external auditor or management being present.
- 4.2.5 The Committee must undertake such work as is necessary in preparation for each Board meeting and to properly report to the Board on its activities and recommendations.

- 4.2.6 An annual work plan, based on the duties as listed in clause 6, shall be implemented and approved by the Committee and shall be annually reviewed together with these terms of reference.

4.3 Meeting procedures

- 4.3.1 The meetings of the Committee may be held in person, or by electronic communication as circumstances may require, provided that the required quorum is met and that the members can speak and hear one another during the meeting.
- 4.3.2 A quorum shall be a majority of members present in person or via electronic communication facilities throughout the meeting. Where a member declares an interest and is recused from the meeting, the meeting shall remain quorate during his/her absence.
- 4.3.3 In the absence of a quorum and subject to the discretion of the chair, the meeting can either be postponed to a later date or can proceed as an informal meeting with all resolutions required to be taken at the meeting being formally approved by way of a written resolution.
- 4.3.4 No resolutions tabled for approval by the Committee at a meeting which is not quorate shall be implemented or given effect to until formally approved at the postponed meeting or via written resolution as contemplated in clause 4.3.3.
- 4.3.5 The written resolution circulated in terms of clause 4.3.3 requires majority approval, in the absence of which a special meeting of the Committee shall be convened in order for the matter to be discussed and formally approved during such special meeting.
- 4.3.6 An agenda with supporting papers shall be circulated no later than 5 (five) business days prior to the meeting, where reasonably possible. The company secretary shall be responsible for the preparation of the meeting agenda in consultation with the chair and financial director.
- 4.3.7 An annual work plan, as a minimum, shall determine the content of the agenda and frequency of the meetings will be in place and based on the duties listed in item 6.

4.3.8 Draft minutes of a meeting shall be approved as per the following timeline –

4.3.8.1 Minutes of meetings will be completed within 10 (ten) business days of the meeting and circulated to relevant members of the Executive Committee for comment and internal approval;

4.3.8.2 Executive Management shall comment and approve said minutes within 5 (five) business days after receipt;

4.3.8.3 Should no comments be received by 12:00 midday on the 6th (sixth) business day following circulation, the company secretary of the meeting shall circulate the minutes to the Board/Board Committee for comment and approval;

4.3.8.4 The members of the Board/ Board Committee shall provide the company secretary with comment to the minutes and each member shall send an email to the Company Secretary indicating their approval of the minutes, within 10 (ten) business days; and

4.3.8.5 The final minutes will be tabled for confirmation as a true record of proceedings at the next meeting of the Committee or circulated for this purpose via electronic communication and shall thereafter be signed by the chair of the Committee.

4.4 In-committee meetings

4.4.1 In-committee meetings of the Committee, where only members of the Committee are present, may be held as and when deemed appropriate by the chair of the Committee.

4.4.2 The company secretary may be required to be in attendance at in-committee meetings for minute purposes. In the event that the company secretary is also excused from the meeting, the chair shall nominate a member of the Committee to keep notes of the discussions and/or decisions for record purposes.

4.4.3 Separate minutes shall be prepared for in-committee meetings and shall be circulated to members for confirmation via electronic communication whereafter it shall be signed by the chair of the Committee.

4.5 Written resolutions

A resolution in writing signed by a majority of the members of the Committee shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Committee, provided that each member of the Committee shall have been afforded a reasonable opportunity to express an opinion on the matter to which such resolution relates.

5. **Role of the Committee**

- 5.1 The role of the Committee is to fulfil the statutory functions as set out in section 94 of the Act and, in addition, to provide independent oversight of, among others:
 - 5.1.1 the effectiveness of the assurance functions and services of the Group, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function; and
 - 5.1.2 the integrity of the annual financial statements and, to the extent delegated by the Board, other external reports issued by the Company.
- 5.2 Unless otherwise indicated, the Committee shall fulfil its statutory duties as listed in clause 6.1 in respect of the Company and any subsidiary that is required by law to have an audit committee. Reference to “Company” in clause 6.1 shall therefore be applicable to both the Company and such relevant subsidiaries.
- 5.3 In addition, the Committee shall fulfil its other duties as listed in clause 6.2 in respect of the Company and each of its subsidiaries (the Group).
- 5.4 In fulfilling its function, the Committee should specifically have oversight of financial reporting risks, internal financial controls, fraud risks and IT risks.
- 5.5 In performing the roles above, the Committee shall place reliance on the work and reports of any employee, advisor or committee of the Board that has responsibility for any function falling within the role of the Committee.

6. Duties of the Committee

The duties of the committee shall be to:

6.1 Statutory duties (s94(7) of the Act)

- 6.1.1 Nominate, for appointment as auditor of the Company under s90 of the Act, a registered auditor who, in the opinion of the Committee, is independent of the Company;
- 6.1.2 Determine and approve the fees to be paid to the auditor and the auditor's terms of engagement;
- 6.1.3 Ensure that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- 6.1.4 Determine, subject to the provisions of the Act, the nature and extent of any non-audit services that the auditor may provide to the Company, or that the auditor must not provide to the Company or a related entity;
- 6.1.5 Pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Company and/or the Group as per policy on non-audit services;
- 6.1.6 Prepare a report, to be included in the annual financial statements of the Company and each subsidiary which is required by law to have an audit committee, for the relevant financial year that addresses the items as listed in the Act;
- 6.1.7 Receive and deal appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, in relation to the matters as set out in the Act; and

- 6.1.8 Make submissions to the Board on any matter concerning the Group's accounting policies, financial control, records and reporting.

6.2 Other duties

6.2.1 *External auditors, audit process and financial reporting*

- (i) annually review the independence, objectivity and effectiveness of the external auditors;
- (ii) consider and set, if appropriate and subject to relevant legislative requirements, mandatory term limits on the length of time the external auditors or audit partner may serve the Company and ensure a managed rotation process in respect of the audit partner after at least every 5 (five) years;
- (iii) discuss with the external auditor before the annual audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (iv) review and comment on all financial reporting, including the half year and annual financial statements before submission to the Board, focusing particularly on:-
 - a. any changes in accounting policies and practices;
 - b. major judgemental areas;
 - c. significant adjustments resulting from the audit;
 - d. the going concern statement;

- e. compliance with accounting standards;
 - f. compliance with stock exchange and statutory requirements;
 - g. reliability and accuracy of the financial information provided to management and other users of financial information.
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- (v) discuss problems and reservations arising from the interim, (if and when applicable) and final audits, and any matters incidental thereto which the external auditors may wish to discuss (in the absence of management where necessary);
 - (vi) review the quality and effectiveness of the external audit process as well as any accounting or auditing concerns identified as a result of the internal or external audits;
 - (vii) review the external auditor's management letter and management's response, if available, and/or to consider the matters to be dealt with therein;
 - (viii) review the Company's statement on internal control systems prior to endorsement by the Board;
 - (ix) having satisfied itself with the correctness of the annual financial statements (or summarised financial information) and interim report after having consulted with management and, where necessary, sought audit advice or other assistance, recommend the annual financial statements and interim report to the Board for approval;
 - (x) consider whether the external auditor should perform assurance procedures on interim results and make a recommendation to the Board in this respect; and
 - (xi) ensure that the information and technology risks insofar as they relate to financial reporting and the going concern status of the Company are adequately managed.

6.2.2 *Internal Audit*

- (i) have oversight of internal audit and approve the structure of the internal audit function – internal function or outsourced – as proposed by the Chief Financial Director;
- (ii) ensure that the arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the Company and the Group and that internal audit is supplemented as required by specialist services which also include forensic fraud examiners, auditors, safety and process assessors and statutory actuaries;
- (iii) approve the appointment of the chief audit executive (“CAE”), upon recommendation including employment contract and remuneration, and ensure that the CAE has the necessary competence, gravitas and objectivity and that the position is set up to function independently from management and that it carries the necessary authority;
- (iv) approve the appointment, including terms and fees, of an outside service provider to assist the CAE with the execution of the internal auditor function, as and when required;
- (v) approve the dismissal of the CAE and/or the internal audit service provider;
- (vi) approve the internal audit charter and the internal audit plan as well as the resources required;
- (vii) review the functioning of the internal audit programme and department, if any, and ensure co-ordination between the internal and external auditors;
- (viii) receive and review the internal audit report at each meeting of the Committee as well as the annual assessment of the effectiveness of the Group’s governance, risk management and control processes;
- (ix) consider the major findings of internal investigations and management’s response;
- (x) monitor on an ongoing basis that internal audit follows an approved risk-based internal audit plan and reviews the organisational risk profile regularly and proposes adaptations to the internal audit plan accordingly;
- (xi) annually review the performance and objectivity of the CAE and the internal audit service provider and subject the internal audit function to an independent quality review at least once every 5 (five) years; and

- (xii) obtain confirmation annually from the CAE that internal audit conforms to a recognised industry code of ethics.

6.2.3 *External reporting and assurance model*

- (i) oversee the annual preparation and publication of an integrated report, having regard to all factors and risks that may impact on the integrity of the integrated report, and recommending the integrated report to the Board for approval;
- (ii) approve management's determination of the reporting frameworks (including reporting standards) to be used, taking into account legal requirements and the intended audience and purpose of each report;
- (iii) approve management's basis for determining materiality for the purposes of deciding which information should be included in the external reports;
- (iv) review the disclosure of sustainability issues in the integrated and external reports to ensure that it is reliable and does not conflict with the financial information;
- (v) oversee the arrangements for assurance services and functions and ensure that these arrangements are effective in achieving the required objectives;
- (vi) review external reports, in addition to the integrated report, and consider all factors and risks that may impact on the integrity of such reports;
- (vii) recommend to the Board the engagement of an external assurance provider on material sustainability issues when deemed necessary; and
- (viii) annually review the expertise, resources and experience of the Company's finance function, including the appropriateness of the experience and expertise of the director responsible for the finance function, and disclose the results of the review in the integrated report.

6.2.4 *Combined Assurance*

- (i) Approve the Combined Assurance Model as received from the Risk & Sustainability Committee, and thereafter submit same to the Board for final approval; and
- (ii) Report on the Combined Assurance Model to stakeholders and where appropriate report same, in collaboration with the Risk and Sustainability Committee.

6.2.5 *General*

- (i) give due consideration to the relevant provisions of the Act, the Listings Requirements of the JSE Limited and the principles and recommendations of King IV;
- (ii) receive and deal with any internal or external complaint relating to either accounting practices and internal audit of the Company or to the content or auditing of the financial statements or to any related matter; and
- (iii) consider such other topics and fulfil such other duties as defined by the Board.

7. Reporting Procedure

- 7.1 As required by the Act, the Committee shall include a report in the annual financial statements describing how the Committee carried out its functions, stating whether it is satisfied that the external auditors are independent of the Company and presenting the Committee's views on the financial statements, the accounting practices and the internal financial controls.
- 7.2 In addition to the above report, the Committee shall include a report in the integrated report that addresses the matters as listed in King IV for disclosure by an audit committee.
- 7.3 The chair of the Committee shall provide a report on the Committee's most recent activities at every subsequent Board meeting.
- 7.4 The chair of the Committee or his/her nominee shall be required to attend the Company's annual general meeting to answer relevant questions posed by shareholders.

8. Performance evaluation

- 8.1 The performance of the Committee shall be evaluated in accordance with the methodology approved by the Board from time to time.
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