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## **AUDIT AND RISK COMMITTEE CHARTER**

<b>Approved by the Board on</b>	<b>16<sup>th</sup> November 2018</b>
<b>1<sup>st</sup> Revision by the Board</b>	<b>21<sup>st</sup> February 2019</b>
<b>2<sup>nd</sup> Revision by the Board</b>	<b>23<sup>rd</sup> August 2022</b>

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## **1. PURPOSE**

The purpose of the Audit and Risk Committee shall be to assist the Board in the effective discharge of its responsibilities in the areas of statutory reporting, internal control systems, risk management systems, the internal and external audit functions, compliance and procurement.

## **2. MANDATE OF THE COMMITTEE**

2.1 The Committee's mandate is to oversee the Company's statutory and financial reporting, internal controls and risk management policies and frameworks, internal and external auditing, budgeting processes, compliance and procurement strategies and processes in order to safeguard the assets of the Company and ensure legal and regulatory compliance.

2.2 In the performance of its responsibilities, the Committee is mandated to seek any information it requires from any employee, all of whom are directed to cooperate with the Committee's requests.

2.3 The Committee is further mandated to obtain independent external legal counsel, accountants or other professionals to advice and to guide the Committee in performing its role.

## **3. DECISION MAKING AND REPORTING**

3.1 The Chairperson of the Audit and Risk Committee shall regularly update the Board on the Committee's deliberations, activities and decisions and make appropriate recommendations for Board approval.

3.2 The Committee shall refer to any Board Committee any matters that have come its attention that are relevant for those other respective Board Committees.

## **4. RESPONSIBILITIES OF THE COMMITTEE**

### **4.1 Financial Statements**

4.1.1 Review the Company's annual and quarterly Financial Statements together with External Auditors and consider whether they are true, fair, complete and consistent with information known to Committee members, and reflect appropriate accounting principles including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," before presentation to the Board.

4.1.2 Ensure that any formal external announcements relating to the Company's financial performance are accurate.

4.1.3 Review and challenge the action and judgements of Management in relation to the Company's financial statements, operating and financial review before submission to, and approval by, the Board.

4.1.4 Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and understand their impact on the Company's Financial Statements.

4.1.5 Review with Management and External Auditors the results of the audit, including any difficulties encountered.

4.1.6 Review with Management and the External Auditors all Internal Control matters required to be communicated to the Committee under Generally Accepted Auditing Standards.

4.1.7 Review significant financial risk exposures, including off-balance sheet financing, if any, and the steps Management has taken to monitor and report such exposures.

4.1.8 Review the scope of work of internal and external auditors.

4.1.9 In consultation with the external auditor and the internal audit function, review the integrity of the company's financial reporting processes.

4.1.10 Consider the effect of regulatory and accounting initiatives on the financial statements of the Company.

4.1.11 Consider other topics relevant to financial reporting.

## **4.2 Internal Controls and Risk Management**

- 4.2.1 Consider the effectiveness of the Company's internal controls system, including information technology security and control.
- 4.2.2 Ensure that the Company has an effective Enterprise Risk Management Framework and that significant or material risks are identified, reported and managed appropriately.
- 4.2.3 Evaluate the process that the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risks.
- 4.2.4 Consider and advise the Board on the Company's risk appetite and appropriate tolerance levels.
- 4.2.5 Review of Management's disclosures on any significant deficiencies in the design or operation of internal controls or any fraud that involves Management or other employees who have a significant role in the Company's internal controls.

## **4.3 Internal Audit**

- 4.3.1 Ensure the Head of Internal Audit reports directly to the Audit and Risk Committee.
- 4.3.2 Make recommendations to the Board concerning the appointment, re-appointment or dismissal of the Internal Auditors.
- 4.3.3 Review and monitor the internal auditor's independence, objectivity and the effectiveness of the audit process.
- 4.3.4 Discuss problems and issues arising from internal audits and any matters the internal auditors may wish to discuss.
- 4.3.5 Monitor and review the effectiveness of the Internal Audit function including compliance with the Internal Auditing Standards.
- 4.3.6 Review Management responses to any recommendations made by internal audit.
- 4.3.7 Review with the Internal Audit Department, the Internal Audit Charter, Audit Plans, activities, staffing, and organizational structure of the Internal Audit Function.
- 4.3.8 Meet where appropriate with the Head of Internal Audit to discuss any matters that the Committee or Head of Internal Audit believes should be discussed.
- 4.3.9 Ensure the internal audit function provides Management and the Audit and Risk Committee with on-going assessments of the Company's risk management process and system of internal control.

## **4.4 External Audit**

- 4.4.1 Make recommendations to the Board concerning the appointment, re-appointment or dismissal of the external auditors, having reviewed annually the external auditor's qualification, expertise and resources, and independence.
- 4.4.2 Consider any matters regarding the fees, terms of appointment, or resignation of the external auditor.
- 4.4.3 Review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process.
- 4.4.4 Agree with the external auditors, before any audit commences on the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements.
- 4.4.5 Review, approve and monitor the External Audit Plan.
- 4.4.6 Discuss issues arising from the external audit and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).
- 4.4.7 Review the external auditor's Management Letter and Management responses.

- 4.4.8 Ensure the external auditors conduct the audit and associated processes in accordance with statutory requirements.
- 4.4.9 Meet with the External Auditors to discuss any matters that the Committee or Auditors believe should be discussed.
- 4.4.10 Invite External Auditors to attend the Committee meetings to discuss any statutory audit report, consider the implications of the external audit findings and otherwise discuss the control environment issues.
- 4.4.11 At least annually, consider the independence of the External Auditor, including a review of any significant engagements of the external auditor and all other significant relationships with the auditor that could impair its independence.
- 4.4.12 Ensure the rotation of external auditors as required.
- 4.4.13 At least annually, obtain and review a report by the External Auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

#### **4.5 Budgeting**

- 4.5.1 Review the budgeting process, systems and cycle to support the Company's Strategy Review, revenue and funding sources to ensure that there are sufficient financial resources to carry out the Company's activities and fulfil its objectives.
- 4.5.2 Consider, review and make recommendations to the Board on the draft annual budget.

#### **4.6 Risk and Compliance Management**

- 4.6.1 Regularly review reports escalated by the Risk and Compliance function as regards the status of Enterprise Risk Management Framework.
- 4.6.2 Ensure that the Company has robust processes and internal controls in place and that they are effective in identifying, managing, monitoring and reporting risks to which the Company is, or may be, exposed.
- 4.6.3 Oversee and, on a regular basis, assess the adequacy and effectiveness of the measures and procedures in place and the actions taken to address any deficiencies in the Company's compliance with its obligations, including regulatory requirements, codes of practice and the implementation of new rules, governance and financial reporting
- 4.6.4 Review, approve and monitor the annual Risk and Compliance Plan.
- 4.6.5 Receive and review Risk and Compliance reports.
- 4.6.6 Prioritise compliance checks and agree any changes in frequency of checks.
- 4.6.7 Ensure that the function responsible for Compliance has the necessary resources and access to information to enable it to fulfil its mandate.
- 4.6.8 Review the effectiveness of the system for monitoring compliance with laws and regulations and follow-up of any instances of noncompliance.
- 4.6.9 Review the process for communicating the Code of conduct and Ethics to the staff of the Company and for monitoring compliance therewith.
- 4.6.10 Receive reports and oversee the implementation of the whistle-blowing facility and make recommendations to the Board.
- 4.6.11 Review the findings of any reports by regulatory agencies in relation to compliance.

#### **4.7 Fraud and Corruption Prevention.**

- 4.7.1 Ensure that the Company has in place appropriate policies and mechanisms for the prevention of bribery and corruption as required by law and ensure implementation of the same.
- 4.7.2 Review and evaluate the fraud prevention mechanisms of the Company and ensure appropriate internal controls to in relation to the same.
- 4.7.3 Ensure the implementation of the whistle blowing policy and regularly receive reports therefrom.

#### **4.8 Procurement**

- 4.8.1 Ensure that there is in place an appropriate Procurement Policy and strategy to support the delivery of the strategy.

#### **4.9 Other Responsibilities.**

- 4.9.1 Perform any other activities related to the mandate of the Committee as requested by Board.
- 4.9.2 Recommend to the Board any special investigations as needed.

### **5. MEMBERSHIP**

#### **5.1 Composition**

- 5.1.1 The Committee will consist of at least three (3) Independent Non-Executive Directors.
- 5.1.2 The Shareholders shall confirm appointment the members of the Audit Committee at every Annual General Meeting and upon recommendation from the Board.
- 5.1.3 Unless approved by the Capital Markets Authority, the Chairperson of the Committee shall be an Independent and Non-Executive Director and at least one of the committee members shall hold a professional qualification in audit or accounting and be in good standing with his or her respective professional body.
- 5.1.4 The Chairperson of the Committee shall be appointed by the Board.
- 5.1.5 The Group Managing Director & Chief Executive Officer may be invited to attend Committee meetings.
- 5.1.6 Each member of the Committee should be capable of making a valuable contribution to the Committee such that the Committee, collectively, has the appropriate knowledge, expertise and professional experience concerning remuneration policy and practices.
- 5.1.7 The Head of Internal shall be an ex officio member of the Committee.

#### **5.2 Secretary**

- 5.2.1 The Committee shall have a Secretary (the Head of internal Audit) whose role shall be to:
  - 5.2.1.1 Assist the Committee in ensuring that the Terms of Reference and work plans, role and activities are appropriate for the Committee to deliver its mandate and responsibilities;
  - 5.2.1.2 Review the Terms of Reference/annual work plans for the Committee annually and advise the Committee whether the Terms of Reference address all the responsibilities of the Committee;
  - 5.2.1.3 Assist the Committee to periodically review its activities, suggest enhancements, advise the Committee on regulatory practices and also ensure that current best practices are maintained;
  - 5.2.1.4 Maintain a record for the Committee's meetings that detail all required activities to ascertain whether they are completed and assist the Committee in reporting to the Board what the Committee has accomplished;
  - 5.2.1.5 In consultation with the Chairperson of the Committee, draft the Committee's meeting agenda, summoning of meetings, distributing materials to Committee members and write up the minutes of the Committee meetings;

- 5.2.1.6 Meet periodically with the Chairperson of the Committee to discuss whether the material and information being furnished to the Committee meets their needs; and
- 5.2.1.7 Collate training needs of the Committee members and organize such training as is necessary for Committee members on such areas as risk management, control and governance.

## **6. MEETINGS**

- 6.1 The Committee will meet at least four (4) times a year and may convene additional meetings on need basis.
- 6.2 More than half of the members of the Committee including the Chairperson shall form a quorum.
- 6.3 The Committee shall strive to make decisions by consensus. However, in the event that such consensus is not possible, each Committee member shall have one vote and the Committee may act by a majority of the members present at a meeting of the Committee. In the event of equality of votes, the Chairperson of the Committee shall have a casting vote on any motion.
- 6.4 The Chairperson of the Committee shall preside at each meeting and in his/her absence, the Committee members present shall nominate one of those present to chair the meeting.
- 6.5 The Chairperson shall, in consultation with the Head of Internal Audit Function, Risk Management Function and Compliance Function, determine the meeting's agenda, and any member present may suggest items for consideration.
- 6.6 The agenda and relevant papers will be distributed to members at least seven (7) days before the Committee's meetings.
- 6.7 Minutes of the Committee meetings shall be prepared and circulated to the members as soon as possible.

## **7. EVALUATION**

- 7.1 The Board will evaluate the performance of the Committee and will assess whether or not the Committee has successfully performed its required duties as set out in this Charter.
- 7.2 To assist the Board, the Committee shall conduct an annual self-assessment to consider the performance of the Committee, the competency of its members, and the leadership of the Chairperson.

## **8. REVIEW OF THE TERMS OF REFERENCE**

The Committee shall review and reassess the adequacy of these Terms of Reference atleast after every two (2) years and recommend any proposed changes to the Board for approval.