Audit and Risk Committee Charter

INNODIS LTD
and wholly owned subsidiaries

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AUDIT AND RISK COMMITTEE CHARTER ("the Charter")

1. CONSTITUTION

At a meeting held on the 26 September 2018 the board of directors of Innodis Ltd (the "Board") resolved to adopt a new Audit and Risk Committee Charter in replacement of the previous charter which was adopted on the 17 June 2013 and which had become effective on 1 July 2013.

The terms of reference of the New Charter, which are reproduced hereunder, will take effect from 26 September 2018.

2. OBJECTIVES

2.1 The Audit & Risk Committee shall assist the Board in monitoring and overseeing the financial responsibilities and audit process as well as the procedures for the identification, assessment and reporting of risks. Its main objectives shall be to:

(a) oversee the preparation and accuracy of the financial reporting process and ensure the integrity, transparency and performance of published financial information;

(b) review the effectiveness and performance of the Company's internal financial control and risk management system and subsequently report to the Board, making recommendations as to the steps to be taken;

(c) evaluate the work of the internal audit function and of the external auditors;

(d) review the Company's process compliance with legal and regulatory requirements affecting financial reporting and, if applicable, its code of business conduct; and

(e) review and monitor Management's responsiveness to internal auditor's findings and recommendations.

2.2 In performing its duties, the Committee will maintain effective working relationships with the Board, Management, and the external and internal auditors. To perform his or her role effectively, each Committee member
will need to develop and maintain his or her knowledge, including an understanding of the Committee’s responsibilities and of the Company’s business, operations and risks. The duties and responsibilities of a member of the Committee are in addition to those set out for a member of the Board.

3. MEMBERSHIP

3.1 The Chairperson and members of the Committee shall be nominated by the Board.

3.2 The Committee shall consist of not less than three (3) members, all of whom shall be directors of the Company. The majority of the members shall be non-executive and independent directors.

3.3 The Chairperson of the Board shall not be eligible to be appointed as Chairperson of the Committee, and the Chief Executive Officer shall not be eligible to be appointed as Chairperson or as a member of the Committee.

3.4 All members shall be financially literate. At least the Chairperson and one other member shall have accounting or related financial expertise and shall ideally hold a professional qualification from one of the professional accounting bodies.

3.5 Members shall be appointed for a term of office of two (2) years so long as they remain a director of the Company, and may be thereafter re-elected.

3.6 Members shall not serve simultaneously on the audit and risk committees of other companies in the same field of activity as the Company and/or its subsidiaries.

3.7 The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.

4. QUORUM

4.1 A quorum of any meeting shall be two (2) members present throughout the meeting, of which at least one shall be an Independent Director.

5. CHAIRPERSON

5.1 The Chairperson of the Committee shall be an independent non-executive director (as defined by the Code of Corporate Governance of Mauritius).

5.2 The Chairperson of the Committee shall preside at each meeting and, in the absence of the Chairperson, one of the other members of the Committee shall be designated as the acting chair of the meeting.
6. SECRETARY

6.1 The secretary of the Committee shall be the Company secretary of the Company, or such other person as nominated by the Board.

7. MEETINGS

7.1 Attendance

7.1.1 Only Committee members shall be entitled to attend meetings, save and except that the Committee may invite such other persons (e.g. other directors, the Chief Executive Officer, head of finance, senior managers, head of internal audit and external audit senior partner) to its meetings, as it deems necessary.

7.1.2 The external and internal auditors shall be invited to make presentations to the Audit & Risk Committee as appropriate. At least once a year, the Committee shall meet with the head of internal audit and senior partner of the external auditor without the presence of executive Management to discuss any matters that either the Committee or these two parties believe should be discussed privately.

7.2 Notice of meetings

7.2.1 The Committee shall meet at least once every quarter and otherwise as often as it determines necessary. At least one meeting each year shall be dedicated to discussions and review of Risk Management matters.

7.2.2 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members. The internal audit Manager or the External Audit partner may, through any of the Committee members or the Secretary, also request a meeting to be convened.

7.2.3 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting documents shall be forwarded to each member at least one week prior to the meeting. The supporting documents shall include all such management accounts, financial statements, internal and external audit reports and internal control evaluations that are available.

7.3 Minutes of meetings

7.3.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the attendance.

7.3.2 Draft minutes shall be circulated within 10 working days to the Chairperson, and thereafter to all the Committee members, for their review. Once approved, minutes shall be circulated to all other members of the Board.
unless the Chairperson is of the opinion that it would not be appropriate to do so.

7.3.3 A summary of the items discussed at each meeting shall be presented at the following board meeting.

7.3.4 For subsidiaries that are not wholly owned, the ARC Chairman shall receive from one of the representatives of the Company sitting on the ARC of the subsidiary a summary of matters discussed at the subsidiary’s ARC.

7.4 Presence at Annual/Special Meetings of the Company

7.4.1 The Committee Chairperson or at least one Committee member shall attend the Annual/Special meetings of the Company.

7.5 Presence at board meetings

7.5.1 The Chairperson of the Committee or another member of the Committee shall attend the Board meeting at which the interim results or financial statements are approved.

8. AUTHORITY AND RESPONSIBILITIES

8.1 The basic responsibility of the members of the Audit & Risk Committee is to exercise their business judgement to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company senior executives and its outside advisers and auditors, to the fullest extent permitted by law.

8.2 The Committee should carry out its duties for the Company as well as for all the wholly owned subsidiaries’ undertakings and the group as a whole, as considered appropriate.

8.3 The Audit & Risk Committee shall, within the scope of its responsibilities:

(a) perform its activities within the scope of the Charter;

(b) investigate any activity or issue it deems appropriate;

(c) appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties;

(d) instruct any officer or employee of the Company to attend any meetings and provide pertinent information as necessary and appropriate;

(e) have unrestricted access to members of Management, employees and relevant information;
(f) establish procedures for dealing with the concern of employees regarding accounting, internal controls and auditing matters;

(g) establish procedures for the receipt and treatment of complaints received by the Company regarding accounting controls, auditing and whistleblowing matters;

(h) make recommendations to the Board in relation to the appointment, termination and remuneration of internal and external auditors and evaluate the work of the latter;

(i) review the performance of the external & internal auditors and provide recommendations in relation to the discharge of the auditors;

(j) pre-approve all audit services, fees and terms as well as review the provision of non-audit services by the external auditors.

8.4 The Committee should consult the in-house legal adviser as and when deemed appropriate (if one is appointed). The Committee may also consult any external legal advisers whenever it is deemed necessary.

8.5 The internal audit manager reports functionally to the Chairperson of the Committee (and administratively to the Chief Executive Officer).

9. ROLES AND RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTING

The Committee shall:

9.1 examine and review the quality and integrity of the interim financial statements, annual financial statements as well as preliminary announcements relating to the organisation’s financial performance prior to their release;

9.2 review and report to the Board on significant financial reporting issues and judgements which the financial statements contain, having regard to matters communicated to the Committee by the Internal and/or External Auditor;

9.3 review the capital adequacy for companies of the group;

9.4 review the basis on which the Company and its subsidiaries have been determined a going concern;

9.5 meet with Management, the internal auditor and the external auditors to review the financial statements, the critical accounting policies and practices, and the results of their audit;
9.6 ensure that significant adjustments, unadjusted differences, disagreements with Management and management letters are discussed with the external auditors and where applicable, reported to the Board;

9.7 review the other sections of the annual report before its release and consider whether the information is understandable, and provides the information necessary for shareholders and other stakeholders to assess the Company’s performance, business model and strategy;

9.8 review the Audit Policy and make recommendations to the Board, and once approved, ensure that the External Auditors are acquainted with and make a written declaration that they will perform their audit work in compliance with the Audit Policy;

9.9 review compliance with the financial conditions of any loan covenants.

10. ROLES AND RESPONSIBILITIES IN RESPECT OF INTERNAL CONTROL

The Committee shall:

10.1 assess the internal controls governing the work of, and relationship among, the Company’s Management, financial, accounting and internal audit personnel;

10.2 review the controls and processes implemented by Management to ensure that the financial statements comply with relevant accounting standards and requirements, and are subject to appropriate Management review;

10.3 assess with Management the Company’s major risk exposures and the steps Management has taken to monitor and control such exposures;

10.4 evaluate the overall effectiveness of the internal control and risk Management frameworks and consider whether recommendations made by the internal and external auditors have been implemented by Management;

10.5 consider how Management controls the security of computer hardware and software systems and review the contingency and disaster recovery plans;

10.6 evaluate the internal control matrix of the Company on a yearly basis and obtain Management’s comments on fluctuations in the score.

11. ROLES AND RESPONSIBILITIES IN RESPECT OF RISK MANAGEMENT

The Committee shall:
11.1 review, with the assistance of the legal adviser, any legal matter that could have a significant impact on the actual or future business situation of the Company;

11.2 review, with the Chief Executive Officer or any member of his Executive team, the Company’s risk policies & strategies;

11.3 ensure that the Company complies with the hereunder risk profile;

"Risk" in the widest sense shall include market risks, credit risks, liquidity risks, operational risks, commercial risks, country risks, financial risks, technology (including IT) risks, disaster recovery risks, political risks, competitive risks, environmental, health & safety risks, reputational risks, and other risks which may be identified from time to time;

11.4 ensure that the Company is insured wherever appropriate, and ascertain that the scope of cover provided under its insurance policies is adequate;

11.5 review regularly the risk register & measurement methodologies (If applicable);

11.6 monitor procedures to deal with clients should a risk crystallize.

12. ROLES AND RESPONSIBILITIES IN RESPECT OF INTERNAL AUDIT

The Committee shall:

12.1 ensure that the Company has an appropriate internal audit function.

12.2 review the activities, resources and organisational structure of the internal audit function and ensure that there exists no unjustified restrictions or limitations to the work of the internal auditor;

12.3 participate in the appointment, promotion or dismissal of the senior internal auditor and discuss with the external auditor the standard of work of internal audit staff;

12.4 review the effectiveness of the internal audit function and ensure that it has appropriate standing, free access to resources and information, and that its work is being facilitated within the Company and any subsidiaries, where applicable;

12.5 ensure that significant findings and recommendations made by the internal auditors and Management’s proposed response are received, discussed and acted on;

12.6 evaluate the internal audit department and its impact on the accounting practices, internal controls, and financial reporting of the Company.
12.7 review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor.

13. ROLES AND RESPONSIBILITIES IN RESPECT OF EXTERNAL AUDIT

The Committee shall:

13.1 review on an annual basis the performance of the external auditors based on the scope and results of their work and their cost effectiveness and make recommendations to the Board on the appointment, reappointment or termination of the appointment of the external auditors;

13.2 consider the ethical conduct, independence and objectivity of the external auditors and any potential conflict of interest;

13.3 discuss and review the external auditors' proposed audit scope, planning and approach in the light of the Company's circumstances and changes in regulatory and other requirements;

13.4 discuss with the external auditors any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information;

13.5 ensure that significant findings, accounting adjustments and recommendations made by the external auditors are discussed and appropriately acted on by Management;

13.6 subject to the Audit Policy, oversee the rotation of the lead audit partner responsible for reviewing the audit at least once every five years;

13.7 oversee the rotation of Audit firm once every seven years;

13.8 in case of any lawsuits, threatened or pending, or judgments/rulings/awards (including settlements and arbitration awards) against the Audit firm that comes to the knowledge of the Committee during the period of term of appointment, review same, and make any recommendations to the Board that may be deemed appropriate, in the interests of the Company.

14. ROLES AND RESPONSIBILITIES IN RESPECT OF COMPLIANCE WITH LAWS AND REGULATIONS, WHISTLEBLOWING AND FRAUD

The Committee shall:

14.1 review the effectiveness of the control mechanisms for monitoring compliance with laws and regulations and the results of Management's
14.2 oversee the Company’s compliance with legal and regulatory provisions, its Constitution, Code of Ethics, by-laws and any other rules or policy established by the Board;

14.3 conduct and authorise investigations into any matters within the Committee’s scope of responsibilities;

14.4 review the adequacy and security of the organisation’s arrangements for its employees and stakeholders to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

15. EVALUATING PERFORMANCE AND REPORTING RESPONSIBILITIES

15.1 The Committee shall assess the achievement of the duties specified in the Charter regularly and report their findings to the Board;

15.2 The Committee shall regularly update the Board about its activities and make appropriate recommendations;

15.3 The Committee shall review (if necessary) and reassess the adequacy of the Charter every five (5) years and discuss any required changes with the Board;

15.4 The Committee shall recommend the approval of the annual report and accounts to the Board;

15.5 The Committee shall review the report to be included in the Company’s annual statement.

16. REMUNERATION

16.1 The members of the Committee may be paid such remuneration in respect of their appointment as shall be fixed by the Board.

Signed by:

The Chairperson of the Board

The Chairperson of the Audit & Risk Committee

This .................. 09.2.08