

INTERNATIONAL ASSURANCE LIMITED PCC

CHARTER OF THE AUDIT COMMITTEE

1. PREAMBLE

- 1.1 Under the Code of Corporate Governance for Mauritius 2016, International Assurance Limited PCC has an obligation to appoint an Audit Committee.
- 1.2 The Board of Directors is responsible for the integrity of the financial statements of the company.
- 1.3 In order to fulfill this responsibility, the Board needs to regularly ensure that all internal accounting and administrative systems and procedures are designed to provide ongoing assurance that assets are safeguarded and that transactions are executed and recorded correctly and in accordance with the company's policy.
- 1.4 Other areas that need to be reviewed are important accounting issues, impending changes in legislation that will give rise to changes in practice and compliance in regard to disclosure in the financial statements and the publication of annual reports.
- 1.5 The overall objectives as stated above, whilst remaining the responsibility of the Board as a whole, have been delegated by the Board to a working committee which shall be known as the Audit Committee and shall deal with all pertinent matters relating to the relevant operations of the company.
- 1.6 The Audit Committee should not perform any management functions other than to determine the extent of and remuneration for any audit and non audit services performed by the external auditors nor assume any management responsibilities other than to the extent prescribed by legislation. It serves to provide a forum for discussing audit and control issues, to create the mechanism whereby the Board can seek the necessary assurances that these factors are being properly managed, thereby being able to develop recommendations for consideration by the Board.
- 1.7 The Audit Committee shall monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.
- 1.8 The Audit Committee may engage outside counsel or advisors for guidance on complex accounting treatments and other issues that emerge.

2. **MEMBERSHIP**

- 2.1 The members shall consist of at least three Directors, who shall be non-executive Directors and at least one independent non-executive Director.
- 2.2 The Board shall appoint a Chairperson, who shall be an independent non-executive Director, of the Audit Committee and determine the period for which he or she shall hold office. The Chairman shall have accounting or financial experience, as stipulated in the Report on Corporate Governance for Mauritius 2004.
- 2.3 The Chairperson of the Board shall not be the Chairperson or a member of the Audit Committee.
- 2.4 The Board shall have the power at any time to remove any members from the Audit Committee and to fill any vacancies created by such removal.
- 2.5 Appointments to the Audit Committee shall be person specific and where a Director is a member of the Audit Committee but is unable to attend a particular meeting he or she shall not be entitled to appoint a proxy or to request that their duly appointed alternate Director attend in their stead.
- 2.6 The Company Secretary shall be the Secretary of the Audit Committee.

3. **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

External audit:

- 3.1 The Audit Committee will:
 - 3.1.1 evaluate the independence and effectiveness of the external auditor(s) and consider any non-audit services rendered by such auditors as to whether this substantively impairs their independence, and set limits in regard to non-audit services that may be performed by the external auditors;
 - 3.1.2 evaluate the performance of the external auditor(s);
 - 3.1.3 consider and make recommendations on the appointment and retention of the external auditor(s), and any questions of resignation or dismissal of the auditor(s);
 - 3.1.4 discuss and review, with the external auditor(s) before the audit commences, the auditor(s) engagement letter, the audit plan, the terms, nature and scope of the audit engagement, the proposed audit fee and, where more than one audit firm is involved the procedures to ensure co-ordination and the maintenance of a professional relationship between them;
 - 3.1.5 agree to the timing and nature of reports from the external auditors(s);

- 3.1.6 determine the fees to be paid to the auditor and the auditor's terms of engagement;
- 3.1.7 make suggestions as to problem areas that the audit should focus on and confirm with the external auditor that no management restrictions or limitations are placed on the auditor;
- 3.1.8 consider the compliance of any accounting treatments, including any significant unusual transactions, or accounting judgements, that could be contentious;
- 3.1.9 review significant deficiencies or weaknesses in controls identified by external auditors as well as key matters arising in the current year's management letter and satisfy itself that Management responds appropriately with timely corrective action;
- 3.1.10 obtain assurance from the external auditor(s) that adequate accounting records are being maintained;
- 3.1.11 consider whether any significant ventures, investments or operations are not subject to external audit;
- 3.1.12 review overall audit role, explore objectives, minimise duplication, discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money; and
- 3.1.13 meet privately with the external auditors at least once a year and without the presence of senior management. The external auditor(s) report including any qualifications, problems and reservations arising from the audit and any other external audit matters will be discussed in that forum.

Financial Statements

- 3.2 In order to ensure that all published reports and statements present a balanced and understandable assessment of the position, performance and prospects of the company, the Audit Committee will examine and review such annual financial statements and any other announcements regarding the company's results, or other financial information to be made public, prior to submission and approval by the Board, focusing on, to the extent relevant:
 - 3.2.1 shareholder's agreements;
 - 3.2.2 the implementation of new systems;
 - 3.2.3 tax and litigation matters involving uncertainty;
 - 3.2.4 any changes in accounting policies and practices;
 - 3.2.5 major judgmental areas;

- 3.2.6 significant adjustments resulting from the audit;
- 3.2.7 the basis on which the company has been determined a going concern
- 3.2.8 capital adequacy;
- 3.2.9 internal control and risk management;
- 3.2.10 compliance with local and international financial accounting standards, compliance with stock exchange and legal requirements; the impact of major adjustments processed at year end;
- 3.2.11 compliance with the conditions of all financial covenants;
- 3.2.12 reviewing special documents such as prospectuses as and when prepared; and
- 3.2.13 the impact of foreign exchange rate conversion and fluctuations.

Internal audit

- 3.3 The Audit Committee shall determine if it is necessary to have an internal audit function. To the extent appointed, the Audit Committee will monitor the effective functioning of internal audit, ensuring that the roles and functions of the external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the company's systems of internal control and reporting. This may include: -
 - 3.3.1 evaluating the performance of the internal audit function and of its team members and the adequacy of resources;
 - 3.3.2 reviewing the internal audit function's compliance with its terms of reference as approved by the Committee;
 - 3.3.3 reviewing the effectiveness of the company's systems of internal control, including internal financial control and business risk management and health and safety;
 - 3.3.4 considering the appointment, dismissal or re-assignment of the head of internal audit function;
 - 3.3.5 reviewing and approving the internal audit terms of reference, internal audit plans and internal audit's conclusions with regard to internal control and risk management;
 - 3.3.6 reviewing the adequacy of corrective action taken in response to significant internal audit findings;
 - 3.3.7 reviewing significant matters reported by the internal audit function;

- 3.3.8 ensuring cooperation between the internal and external audit functions to avoid duplication of work;
- 3.3.9 reviewing significant differences of opinion between management and the internal audit function;
- 3.3.10 performing an oversight role on behalf of the Board in order to be able to assure the latter that proper systems and adequate accounting records are in place and are being implemented by management to ensure the integrity of the financial reporting and the safeguarding of company resources and assets against unauthorised use or disposal;
- 3.3.11 directing and supervising investigations into matters within its scope, for example, evaluations of the effectiveness of the company's internal control, cases of employee fraud or conflict of interest; and
- 3.3.12 meeting privately with the internal auditor at least once a year and without the presence of senior management.

4. **REPORTING AND ACCOUNTABILITY**

- 4.1.1 The Chairperson of the Audit Committee (or, in his/her absence, another member) shall account to the Board for its activities and make recommendations to the Board concerning the adoption of the annual financial statements and any other matters arising from the above responsibilities.
- 4.1.2 The Chairperson (or, in his/her absence, another member) of the Audit Committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Audit Committee.
- 4.1.3 The Chairperson of the Audit Committee will liaise with the Board in regard to the preparation of the Audit Committee's report to shareholders as required.
- 4.1.4 The Audit Committee will monitor procedures to deal with and review the disclosure of financial information.
- 4.1.5 The Audit Committee will have due regard for the principles of governance and codes of best practice.
- 4.1.6 The Audit Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- 4.1.7 The Audit Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential submission by employees of the company of concerns regarding questionable accounting practices or auditing matters.

5. **MEETINGS AND PROCEEDINGS AT MEETINGS**

- 5.1 Meetings of the Audit Committee will be held as frequently as the Audit Committee considers appropriate, but it will normally meet not less than four times a year. The Board or any member thereof, including members of the Audit Committee, the external auditors, and the internal auditor may request the Chairperson to call further meetings.
- 5.2 The agenda shall be prepared by the Secretary in consultation with the Chairperson.
- 5.3 All audit committee members shall receive an audit committee pack which shall consist of the following:
 - 5.3.1 An agenda;
 - 5.3.2 A copy of the minutes of the previous meeting; and
 - 5.3.3 Other supporting documents.
- 5.4 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Audit Committee, Chief Finance Executive, Internal Auditor when invited by the Audit Committee and where applicable, to Chief Executive Officer and the External Auditors.
- 5.5 The quorum of the Audit Committee shall be any two members of the Audit Committee present throughout the meeting of the Audit Committee.
- 5.6 The Chief Financial Executive and Internal Auditor shall be in attendance at meetings of the Audit Committee when invited by the Audit Committee and shall have unrestricted access to the Chairperson or any other member of the Audit Committee in relation to any matter falling within the remit of the Audit Committee.
- 5.7 The Audit partner in charge of the external audit shall attend Audit Committee meetings when invited by the Audit Committee, for example for preliminary reports publication. He shall also have unrestricted access to the Chairperson of the Audit Committee.
- 5.8 The Chairperson, at his/her discretion, may invite other executives to attend and to be heard at meetings of the Audit Committee.
- 5.9 Unless varied by these terms of reference, meetings and proceedings of the Audit Committee will be governed by the company's articles of association regulating the meetings and proceedings of Directors and Committees.
- 5.10 The Committee Secretary shall take minutes of the meetings. Such minutes shall be circulated to all members of the Audit Committee and shall be included in the Board papers for the next meeting and circulated to all Board members and to the Chairperson of the Board. The agenda

for each Board meeting shall provide the opportunity for the Chairperson of the Audit Committee to report on any matters of importance to the Board.

- 5.11 The Audit Committee shall regularly meet with external auditors without any executive member of the Board in attendance;
- 5.12 The Audit Committee shall at least once a year meet with the Internal Auditor without any executive member of the Board in attendance.
- 5.13 The Audit Committee shall at least once a year meet with the executives of the company without either the external or internal auditors being in attendance.

6. **AUTHORITY OF THE AUDIT COMMITTEE AND RESOURCES AVAILABLE TO IT**

- 6.1 The Audit Committee, in carrying out its duties under these terms of reference, will have due regard to the principles of governance and the code of best practice as contained in the Report on Corporate Governance for Mauritius 2016.
- 6.2 The Audit Committee in carrying out its tasks under these terms of reference:
 - 6.2.1 is authorised to investigate any activity within its terms of reference;
 - 6.2.2 may, at its discretion, require other employees of the company to attend meetings or parts of meetings; and
 - 6.2.3 may consult with and seek any information it requires from any employees, and all employees shall be required to cooperate with any request made by the Audit Committee in the course of its duties.

7. **REMUNERATION**

- 7.1 Members of the Audit Committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 7.2 Such special remuneration shall be in addition to the annual fees payable to directors.

8. **GENERAL**

- 8.1 The Audit Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 8.2 The Board will ensure that the Audit Committee will have access to professional advice both inside and outside the company in order for it to perform its duties.

- 8.3 These terms of reference may be amended as required, subject to the approval of the Board.
- 8.4 All costs incurred by the Audit Committee in fulfilling its function shall be borne by the Company.