



SME MAURITIUS LTD

AUDIT AND RISK COMMITTEE CHARTER

1. Purpose

The Audit and Risk Committee (hereinafter referred to as 'the Committee') has been set up to assist the Board of Directors of SME Mauritius Ltd (hereinafter referred to as the 'Company') in fulfilling its fiduciary responsibilities related to corporate accounting, financial reporting practices, quality and integrity of financial reports, compliance, internal controls, risk management and business ethics and to cater for AML/CFT related issues.

2. Membership

- 2.1 The Committee shall comprise of at least three (3) members appointed by the Board and the majority shall be independent non-executive directors.
- 2.2 The Board shall satisfy that the Chairperson or a member of the Committee has recent and relevant financial experiences.
- 2.3 The Board shall appoint a Chairperson who should preferably be an independent non-executive director.
- 2.4 The Chairperson of the Board, the Chief Executive Officer, the Chief Finance Officer (if any) and any Executive Director (if any) shall not be eligible to be appointed as Chairperson or member of the Committee.
- 2.5 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.
- 2.6 Only members of the Committee have the right to attend Committee meetings. However, the Committee may invite other persons to attend all or part of any meeting, as deemed necessary and appropriate.

3. Secretary

- 3.1 The Company Secretary shall act as the Secretary of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transactions of business shall be two (2) members (one must be an Independent Director).

5. Frequency of meetings

- 5.1 Meetings of the Committee shall be held as the Committee deems appropriate. However, the Committee shall meet at least 3 times a year.

6. Attendance of meetings

- 6.1 Senior officers of the Company shall attend meetings of this Committee whenever their services will be required. Representatives of External Auditors shall also be invited to attend when required.
- 6.2 In the absence of the Chairperson of the Committee, the members of the Committee may designate another member as Chairperson.

7. Notice of meetings

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chairperson or any of its members or at the request of the External Auditor, if they consider it necessary.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to Committee members and any other attendees prior to the date of the meeting.

8. Minutes of meetings

- 8.1 The secretary shall record the attendance, minute the proceedings and resolutions of all Committee meetings.
- 8.2 The Committee's minutes shall be circulated to members of the Committee and to the Chairperson of the Board and may also, if the Chairperson of the Committee so decides, be circulated to other members of the Board. Once approved and duly signed, minutes should be circulated to all other members of the Board unless it is deemed inappropriate in the opinion of the Committee Chairperson.

9. Written Resolutions

- 9.1 Decisions may also be taken by way of written resolutions signed by all members of the Committee or approved by them through electronic means such as facsimile or electronic mail.

10. Annual General Meeting

The Committee Chairperson may attend the annual general meeting to answer shareholder questions on the Committee's activities.

11. Terms of Reference

The Committee shall fulfill its duties and responsibilities as follows:

Financial Statements

- (a) The Committee shall examine and review the quality and integrity of the financial statements of the Company and any other formal announcement relating to the Company's financial performance;
- (b) The Committee shall review and report to the Board on significant financial reporting issues and judgements which these financial statements contain, having regard to matters communicated to the Committee by the External Auditor;
- (c) The Committee shall review and challenge where necessary:
 - The consistency of, and any changes to, significant accounting policies;
 - Compliance with International Financial Reporting standards and legal requirements;
 - The methods used to account for significant or unusual transactions where different approaches are possible;
 - Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the External Auditor;
 - The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
 - All material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management;
 - Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board; and
 - The basis on which the Company has been determined a going concern.
- (d) The committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholder and other stakeholders to assess the Company's performance, business model and strategy.

External Audit

- (a) Consider and make recommendations to the Board, to be put to shareholder for approval at the Annual Meeting of shareholder, in relation to the appointment, re-appointment and removal of the Company's External Auditor;
- (b) Pertaining to rotation of external auditors, same to be aligned with decision of the sole Shareholder;
- (c) Oversee the relationship with the External Auditor including (but not limited to):
 - Recommendations on their remuneration, including both fees for audit and non-audit services; and
 - Approval of their terms and engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- (d) Meet with the external auditor as and when required and at least once a year without management being present to discuss the auditor's remit and any issues arising from the audit;
- (e) Review and approve the annual audit plan;
- (f) Review the findings of the audit with the External Auditor;
- (g) Review any representation letter(s) and other documents requested by the External auditor; and
- (h) Review the management letter and management's response to the Auditor's findings and recommendations.

Internal Controls and Risk Management Systems

- (a) Monitor the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- (b) Review the risk philosophy, strategy and policies recommended and consider reports.
- (c) Ensure compliance with such policies and with the overall risk profile; and
- (d) Ensure appropriate methodologies and systems are in place to identify and adequately assess and manage operational risks.

Compliance, Whistleblowing and Fraud

- (a) Review the adequacy and security of the organisation's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial

reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

- (b) Review the Company's procedures for detecting fraud;
- (c) Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- (d) Keep under review the adequacy and effectiveness of the Company's compliance function;
- (e) Review significant transactions not directly related to the organisation's normal business as the committee might deem appropriate;
- (f) Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the organisation; and
- (g) To consider suspicious or illegal transactions/activities or behaviours.

12. Reporting responsibilities

- 12.1. The Committee Chairperson shall report to the Board on its proceedings.
- 12.2 The Committee shall make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

13. Remuneration

- 13.1. Members of the Committee shall be paid such special remuneration in respect of their appointment as shall be recommended by the Board and ratified or approved by Shareholder. Such special remuneration shall be in addition to the monthly remuneration payable to Directors.
- 13.2. The level and structure of remuneration for Directors shall be determined at the Shareholder's Meeting.

14. Business Conduct

- 14.1 Monitor the implementation of the organisation's Code of ethics;
- 14.2 Review any statements on business conduct and ethical standards or requirements for the organisation and assisting in developing such standards and requirements;
- 14.3 Ensure compliance with the requirements of the articles of association; laws and regulations of any other applicable statute and of controlling bodies;

- 14.4 Identify any violations of ethical conduct; and
- 14.5 Give recommendations on any potential conflict of interest or questionable situations of a material nature.

15. Other matters

The Committee shall:

- 15.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 15.2 Work and liaise as necessary with all other Board Committees.
- 15.3 Arrange for periodic reviews of its own performance and, as when required, review its charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

16. Authority

- 16.1 The Committee is authorized by the Board:
 - (a) To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
 - (b) To seek any information, it requires from any employee of the Company in order to perform its duties;
 - (c) To conduct any investigations appropriate to fulfilling its duties;
 - (d) To require, at the discretion of the Committee, other employees of the Company to attend meetings or parts of the meetings; and
 - (e) To meet with External Auditors, without any executive member of the Board in attendance.

Last Reviewed: 20 November 2023.


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COMPANY SECRETARY