
Finance, Audit and Risk Committee

Approved by the Board on 11 November 2016 and last reviewed on 27 September 2024

1. OVERALL PURPOSE/OBJECTIVES

- 1.1 The Finance, Audit and Risk Committee (the "Committee"), while assisting the board of directors of the Company (the "Board") in fulfilling its oversight responsibilities, will also be responsible for any other functions as may be designated by the Board. The Committee will, inter alia, review the financial planning, consolidation and reporting processes, the enterprise risk management framework, the system of internal controls, the internal and external audit processes.
- 1.2 In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, the management team, the finance and accounting function, the risk management function and the internal and external auditors. The Committee will work and liaise with all other Board committees, as and when necessary.
- 1.3 The Committee will not perform any management functions or assume any management responsibilities. It will provide a forum for discussing financial matters, enterprise risks (including strategic, operational, financial and compliance risks) and control issues and make relevant recommendations to the Board to assist the latter in its decision-making process. To be able to perform his or her role effectively, each member of the Committee must have a detailed understanding of the responsibilities of the Committee, and the business and operations of the Company and its subsidiaries as well as the risks faced by them.

2. MEMBERSHIP

- 2.1 The members of the Committee shall be appointed by the Board from amongst the non-executive Directors of the Company. The Committee shall consist of a Chairperson who shall be an independent non-executive director and at least two other Board members. The Chairperson of the Board may be a member but shall not be the Chairperson of the Committee. The Chief Executive Officer and/or the Chief Finance Officer shall not be members of the Committee.
- 2.2 The Committee shall consist of a majority of non-executive Directors and shall consist of at least three and not more than five members.
- 2.3 The Chairperson of the Committee shall be nominated by the Board for a period of 3 years and may be reappointed for 2 additional periods of 3 years as long as he/she remains in office as Director.
- 2.4 The Board has the power at any time to remove any member from the Committee and to fill any vacancy created by such removal.
- 2.5 Members of the Committee should be independent of management, financially literate and capable of making a valuable contribution to the Committee. Ideally, at least one member should possess a professional qualification from one of the professional accountancy bodies. It is also recommended that at least one member possesses skills and experience in risk management and compliance matters.
- 2.6 The duties and responsibilities of members of the Committee are in addition to their duties and responsibilities as members of the Board.

3. SECRETARY

- 3.1 The Company Secretary shall act as Secretary of the Committee. The Secretary shall ensure that the members of the Committee receive information and papers ahead of Committee meetings in a timely manner to enable full and proper consideration by the members of the Committee.
- 3.2 The Committee must have privileged access to any information that it needs, well in advance of scheduled meetings. Where necessary, this includes access to external resources, legal counsel, and financial and other professional advisors.

4. MEETINGS

4.1 Frequency of Meetings

- 4.1.1 The Committee shall hold sufficient scheduled meetings per annum to fully discharge all its duties and responsibilities as set out in these Terms of Reference. It shall meet as often as would be necessary to achieve its objectives, but at least four (4) times a year. All members of the Committee are expected to attend each meeting in person or by means of audio, or audio and visual communication.
- 4.1.2 Notwithstanding 4.1.1 above, the Committee shall meet with each of the Internal Audit function and External Auditor, without members of the executive management of the Company at least once a year, to discuss any matters that either the Committee or the Internal Audit function and External Auditor believe must be discussed without the executive management of the Company.
- 4.1.3 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the Lead Partner of the External Auditor or Head of Group Internal Audit, if they consider it necessary.

4.2 Quorum

- 4.2.1 The quorum necessary for the transaction of business shall be a majority of members of the Committee.
- 4.2.2 In the absence of the Chairperson of the Committee, the members present shall choose one (1) of their number to be Chairperson of the meeting.

4.3 Attendance at Meetings

- 4.3.1 The Chief Executive Officer, the Chief Financial Officer, the Head of Risk Management and Compliance, the Head of Group Internal Audit and External Auditor may be invited to attend meetings of the Committee. The Chairperson of the Committee may also invite the Chairperson of the Board, other Board members or any other assurance providers to attend all or part of a committee meeting for their input on specific items of the agenda.
- 4.3.2 The Committee may require any other officer or employee of the Company to attend a meeting of the Committee to provide relevant information.
- 4.3.3 Members of the Committee must be fully prepared for Committee meetings to provide appropriate and constructive input on matters discussed.

4.4 Notice of Meetings

- 4.4.1 Notice of each meeting confirming the venue, time and date together with a detailed agenda of items to be discussed and supporting documents shall be circulated to each member of the Committee, and any other person required to attend the meeting, not less than five (5) working days before the date of the meeting.
- 4.4.2 Notwithstanding the above, provided all members agree, such notice period may be waived in case of exceptional circumstances.

4.5 Proceedings at Meetings

- 4.5.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 4.5.2 The Secretary may record proceedings either on tape or through any other secured means of recording subject to the prior approval of the members of the Committee. Recordings shall be kept until the minutes have been finalised and approved by the Committee.
- 4.5.3 Draft minutes shall be circulated to all members once approved by the Chairperson, unless the Chairperson of the Committee instructs otherwise.

4.6 Conflicts of interests

- 4.6.1 The members of the Committee shall declare their interest to the Chairperson of the Committee as soon as a conflict or potential conflict of interest arises.
- 4.6.2 The Secretary shall record a conflict-of-interest declaration in the Company's Interests register.

5. REPORTING RESPONSIBILITIES

- 5.1 The Chairperson of the Committee shall report formally to the Board on the proceedings of the Committee after each meeting on all matters within the remit of the Committee and on how the Committee has discharged its responsibilities. This report shall include:
 - 5.1.1 the significant issues considered by the Committee in relation to the financial statements and financial consolidation process and how these were addressed;
 - 5.1.2 the Committee's assessment of the effectiveness of the external audit process and the Committee's recommendation on the appointment or reappointment of the External Auditor;
 - 5.1.3 the significant risks (existing and emerging) and compliance issues identified by the risk management and compliance functions.
 - 5.1.4 the critical flaws within the Company's internal control system identified by the internal audit function; and
 - 5.1.5 any other issues on which the Board has requested the Committee's opinion.

- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 5.3 The Committee shall prepare a report on its activities to be included in the company's annual report. This report should include:
- 5.3.1 an explanation on how the committee has addressed the effectiveness of the external audit process;
 - 5.3.2 the significant issues that the Committee considered in relation to the financial statements and financial consolidation process and how these were addressed having regard to matters communicated by the External Auditor; and
 - 5.3.3 Such other relevant matters concerning risk management, compliance and internal control systems.
- 5.4 The Committee shall exercise judgement in deciding which of the issues it considers significant in relation to the financial statements, but it should include at least those matters that have informed the Board's assessment of whether the company is a going concern.
- 5.5 The Chairperson of the Committee shall attend the Annual Meeting of the Company and answer questions from shareholders of the Company.

6. REMUNERATION

- 6.1 Having regard to the functions performed by the members of the Committee beyond their functions as Directors, members of the Committee may be paid such remuneration in respect of their appointment as may be determined by the Board and approved by the shareholders. Such special remuneration in respect of their appointment shall be in addition to the annual fees payable to Directors.
- 6.2 The Chairperson of the Committee shall, in addition to his or her remuneration as member of the Committee, receive a further sum as determined by the Board and subject to ratification by the shareholders at the Annual Meeting.

7. AUTHORITY

- 7.1 The Committee is authorised by the Board to investigate any activity it deems appropriate. It is authorised to have full access to the records and facilities of the Company, and to seek any information from any officer or employee of the Company, all of whom are required to co-operate with any request made by the Committee.
- 7.2 The Committee is authorised to engage any firm of accountants, lawyers or other professionals as the Committee deems fit to provide independent counsel and advice, and to assist the Committee in its tasks.
- 7.3 The Board is authorised to set up sub-committees of the Committee to focus, discuss and advise on specialist matters under the remit of the Committee. Sub-committees shall always be composed of at least one member of the Committee who shall act as the chairperson of the sub-committee and report to the Chairperson of the Committee. The terms of reference of the sub-committees will detail their composition, their responsibilities and the way they function.
- 7.4 The Committee is authorised to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

8. RESPONSIBILITIES OF THE COMMITTEE

The Board has delegated to the Committee explicit responsibilities specified below.

8.1 Financial statements and other financial matters

The Committee shall:

- 8.1.1 examine and review the quality and integrity of the financial statements of the Company, including annual and quarterly reports, and any other formal announcement relating to the Group and Company's financial performance.
- 8.1.2 review and report to the Board on significant financial reporting issues and judgements, having regard to matters communicated by the External Auditors;

- 8.1.3 review and challenge, where necessary:
- i. the consistency of and any changes to policies of significant accounting bodies on a yearly basis and across the Company and the IBL Group;
 - ii. compliance with local and international accounting standards, with the rules of the Stock Exchange of Mauritius and legal requirements;
 - iii. methods used to account for significant or unusual transactions where different approaches are possible;
 - iv. significant adjustments resulting from the audit;
 - v. whether the Company has followed appropriate accounting standards and make appropriate estimates and judgements, taking into account the views of the External Auditors;
 - vi. the clarity and completeness of disclosure in the financial reports and the context in which statements are made;
 - vii. all material information presented with the financial statements, such as business review and corporate governance statements relating to the audit and to risk management;
 - viii. any aspect of the proposed financial reporting by the company, and where the Committee is not satisfied with same, it shall report its views to the Board;
 - ix. the basis on which the Company has been determined a going concern;
 - x. adherence to loan covenants;
 - xi. Capital adequacy and internal controls
 - xii. Approach and recommendations to fund the company's activities and manage its liquidity;
 - xiii. tax policies;
 - xiv. reviewing special documents (such as prospectuses); and
 - xv. assessing the impact from all perspectives in potential acquisitions.

8.2 Narrative Reporting

- 8.2.1 The Committee shall, at the request of the Board, review the content of the annual report and accounts and advise the Board on whether, taken as a whole, the annual report and accounts are fair, balanced and understandable, and provide the information necessary for shareholders and other stakeholders to assess the Company's performance, business model and strategy.

8.3 Financing Requirements

- 8.3.1 The Committee shall receive and critically review:
- i. updates on IBL Ltd (the Company) financing positions, cash flow and financing requirements;
 - ii. updates on the existing and future sources of financing; and
 - iii. impact analysis of relevant sources of financing and financing requirements on the Income Statement, Statement of Financial Position, Cash Flow and Dividends.
- 8.3.2 The above updates shall be provided every six months around November and May of every year, or more frequently if the Committee decides otherwise. The update around May of every year will also serve to assess the likely impact on year-end financial statements and audit opinion.

8.4 Internal Control System

The Committee shall:

- 8.4.1 keep under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial controls and maintaining effective internal control systems.
- 8.4.2 review and approve the statements to be included in the annual report concerning internal controls.

8.5 Internal Audit

The Committee shall:

- 8.5.1 review and approve the charter of the internal audit function, and ensure that the internal audit function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate standards for internal auditors;
- 8.5.2 review and assess the annual internal audit work plan proposed by the internal audit function.

- 8.5.3 approve the appointment and termination of internal audit firms where audits are externalised fully or partially;
- 8.5.4 receive report on the results of the work of the internal audit function and externalised internal audit firms on a periodic basis;
- 8.5.5 review and monitor management's responsiveness to the internal auditors' findings and recommendations;
- 8.5.6 ensure that the internal audit function has direct access to the Chairperson of the Board and to the Chairperson of the Committee, and is accountable to the Committee;
- 8.5.7 meet with the internal audit function at least once a year without the presence of management;
- 8.5.8 monitor and review the effectiveness of Company's internal audit function, in the context of the Company's overall risk management system;
- 8.5.9 safeguard the Company's assets against unauthorised use or disposal; and
- 8.5.10 direct and supervise investigations into matters within its scope, for example, evaluation of the effectiveness of the Company's internal control, cases of employee fraud, misconduct or conflicts of interest.

8.6 External Audit

The Committee shall:

- 8.6.1 consider and make recommendations to the Board on the appointment, re-appointment and removal of the External Auditor of the Company;
- 8.6.2 meet regularly with the External Auditor (including once at the planning stage, before the audit, and once at the reporting stage, after the audit) and at least, once a year, without management being present, to discuss the External Auditors' scope of work and any issues arising from the audit.
- 8.6.3 review the management letter and management's response to the External Auditors' findings and recommendations;
- 8.6.4 satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the External Auditor and the Company (other than in the ordinary course of business) which could adversely affect the External Auditors' independence and objectivity; and
- 8.6.5 oversee the relationship with the External Auditor including, but not limited to, making recommendations on their remuneration for audit and non-audit services, and ensuring that the fees are appropriate to enable an effective and high quality audit to be conducted.

8.7 Risk Management

The Committee shall:

- 8.7.1 ensure that a comprehensive and robust system of risk management is in place to identify and respond to risks in an adequate manner;
- 8.7.2 assist the Board in determining and communicating the nature and extent of the principal risks that the Board is willing to take and formalise same in the Company's risk appetite statements;
- 8.7.3 address risk and strategy simultaneously by, for instance, promoting risk taking for reward in the context of sound risk governance within the Company;
- 8.7.4 ensure that an appropriate risk management culture pervades within the Company;
- 8.7.5 review risk information regularly and advise the Board on emerging risks; and
- 8.7.6 ensure that the necessary resources are allocated to manage risks.

8.8 Business Conduct

The Committee shall:

- 8.8.1 monitor the implementation of the Company's Code of Business Ethics;
- 8.8.2 review any statements on business conduct and ethical standards or requirements for the Company and assist in developing such standards and requirements;
- 8.8.3 ensure compliance with the requirements of the constitution of the Company and the applicable laws and regulations;
- 8.8.4 identify any violations of ethical conduct; and
- 8.8.5 review and make recommendations to the Board on any questionable situations of a material nature.

8.9 Conflicts of interest and related-party transactions

The Committee shall:

- 8.9.1 apply the governance process as set out in the Terms of Reference of the Corporate Governance Committee in cases of actual or potential conflicts of interest;
- 8.9.2 review and make recommendations to the Board on situations of actual or potential conflicts of interest other than those dealing with the appointment of potential candidates as Directors on the Board and the renewal of the Directors' mandate on the Board;
- 8.9.3 review and make recommendations to the Board on related-party transactions; and
- 8.9.4 work with the relevant officers, employees, advisors and the External Auditor, as and when required on detecting and reporting related-party transactions.

8.10 Compliance, whistleblowing and fraud

The Committee shall:

- 8.10.1 review the adequacy and security of the Company's arrangements for its employees and stakeholders 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;
- 8.10.2 review the Company's procedures for detecting fraud;
- 8.10.3 review the company's systems of internal controls for the prevention of bribery, money laundering and terrorism financing and receive reports on non-compliance;
- 8.10.4 review regular reports from the risk management and compliance function and review the adequacy and effectiveness of the Company's compliance function
- 8.10.5 review significant transactions not directly related to the Company's normal business as the Committee might deem appropriate;
- 8.10.6 ensure that arrangements are in place (a) for the appropriate and independent investigation of the possible improprieties referred to at 8.9.1 and 8.9.3, and for appropriate follow-up action, and (b) for matters relevant to the Committee's responsibilities be brought to its attention.

8.11 Other matters

The Committee shall:

- 8.11.1 be responsible for co-ordination of the internal audit function and External Auditors; and
- 8.11.2 be provided with appropriate and timely training on relevant topics both in the form of an induction programme for new members and on an ongoing basis for all members of the Committee.

9. COMPLIANCE WITH LAWS AND REGULATIONS

The Committee shall:

- 9.1 give due consideration to applicable laws and regulations, the National Code of Corporate Governance for Mauritius (2016), the Listing Rules of the Stock Exchange of Mauritius and other applicable rules;
- 9.2 give due consideration to applicable foreign laws and regulations when foreign subsidiaries of the Company are concerned;
- 9.3 review the effectiveness of the system for monitoring compliance with laws and regulations (local and foreign) and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or noncompliance;
- 9.4 obtain regular updates from management and the Company's legal counsel regarding compliance matters;
- 9.5 be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- 9.6 review the findings of any examinations/investigations/audits by regulatory agencies.

10. OTHER RESPONSIBILITIES

The Committee shall:

- 10.1 perform such additional oversight functions as may be delegated to it by the Board;
- 10.2 review and make recommendations to the Company's Corporate Governance Committee on any changes to these Terms of Reference;
- 10.3 ensure that arrangements are in place (a) for the appropriate and independent investigation of the possible improprieties referred to at 10.1.4, and for appropriate follow-up action, and (b) for matters relevant to the Committee's responsibilities be brought to its attention.
- 10.4 review, prior to submission for approval by the Board, special documents, such as prospectuses and information sheets, as and when prepared; and
- 10.5 evaluate the Committee's performance on a regular basis.

11. GROUP OVERSIGHT

The Committee shall:

- 11.1 The Company wholly owns and effectively controls several companies and therefore, together, constitutes the IBL Group.
- 11.2 To the effect above, the Committee shall assist the Board by ensuring that its oversight functions, responsibilities and reporting extend, in a structured, legal and adequate manner, to domestic and foreign subsidiaries of the Company. In addition, the Chairperson of the Committee may regularly meet with the chairpersons of similar committees at subsidiary level to discuss on any significant matters within subsidiaries which may impact the IBL Group. .