



**ROGERS CAPITAL LTD – THE COMPANY**

# **CHARTER OF RISK MANAGEMENT & AUDIT COMMITTEE (“RMAC”)**

## **MEMBERS:**

Sanjay Gopaul (Chairman)

Simon Harel

Damien Mamet

## **CHARTER OF RISK MANAGEMENT & AUDIT COMMITTEE ('RMAC')**

### **1. Objectives**

- 1.1 The Board of Directors is responsible for the risk management and for the integrity of the financial statements of the company and group (Rogers Capital Ltd and its subsidiary companies).
- 1.2 Other areas that need to be reviewed are important accounting issues, impending changes in legislation that will give rise to changes in practice, compliance in regard to specific disclosures in the financial statements and the publication of annual report.
- 1.3 The overall objectives as stated above, whilst remaining the responsibility of the Board as a whole, have been delegated by the Board to a specialised working committee which shall be known as the 'Risk Management and Audit Committee' or 'RMAC' and shall deal with all pertinent matters relating to the operations of the company. It is expected that this practice will also be adopted in its sub holding companies, where required by legislation / regulation or otherwise necessary.
- 1.4 The RMAC 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 assumes any management responsibilities other than to the extent prescribed by legislation. It serves to provide a forum for discussing business risk and control issues, to create the facility 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.
- 1.5 The RMAC shall monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risks, including emerging and prospective impacts.
- 1.6 The RMAC shall engage outside counsel or advisors for guidance on complex or controversial accounting treatments or other issues that emerge.

### **2. Membership**

- 2.1 At the time of adopting this Charter, Rogers Capital Ltd is not a public interest entity as defined by the Financial Reporting Act 2004 ('PIE'). It is expected that Rogers Capital Ltd will qualify as a PIE for the financial year ending 30 June 2019. The National Code of Corporate Governance for Mauritius (2016) (the 'Code') applies to all PIEs. In line with the provisions of the Code, the membership of all Board committees should have at least 3 members, and the majority should be non-executive and where possible, in the case of the audit committee, the majority of the members should be independent. To this end, it is endeavoured that the Committee shall comprise of a majority of independent members. Members of the Committee shall be appointed by the Board.
- 2.2 The Board shall appoint a Chairperson from the independent non-executive members of the Committee and determine the period for which he or she shall hold office.
- 2.3 The Chairperson of the Board, the Chief Executive Officer (CEO), the Chief Finance Officer (CFO) and any executive director shall not be eligible to be appointed as Chairperson or member of the Committee.
- 2.4 The Board shall satisfy itself that the Chairperson of the Committee and/or at least one member of the RMAC have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

- 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 External Auditor and the CFO will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary. In an attempt to have better visibility over its subsidiary companies and to facilitate the understanding and implementation of the Group policies in certain areas, the Chairman of the RMAC of the holding company (Rogers and Company Limited) shall have a standing invitation while the Chief Finance Executive of the holding company shall be a permanent invitee of the RMAC.
- 2.7 The CEO shall, at least once yearly, be expected to be in attendance at RMAC meetings only during the session devoted to risk.
- 2.8 The Committee shall meet at least once a year with the executives of the company without either the External or Internal Auditors being in attendance.
- 2.9 The Corporate Manager – Health and Safety shall be in attendance at RMAC meetings during the session devoted to Health, Safety and Environment.
- 2.10 Appointments to the Committee shall be for a period of up to three years extendable so long as members continue to be independent.

### **3. Secretary**

- 3.1 The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be at least two members; one must be an independent director.

### **5. Frequency of Meetings**

- 5.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 5.2 Outside of the formal meetings, the Committee Chairperson will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairperson, the CEO, the CFO, the External Audit Lead Partner and the Head of Internal Audit & Risk Management. The Committee Chairperson, at his/her discretion, may invite other executives to attend and to be heard at meetings of the Committee.

### **6. Notice of Meetings**

- 6.1 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 External Audit Lead Partner or Head of Internal Audit & Risk Management if they consider it necessary.

6.2. Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, any other person required to attend, well in advance of the scheduled meeting to allow members to take an informed decision on matters requiring their approvals.

6.3. The agenda shall be prepared by the Secretary in consultation with the Chairperson.

## 7. Minutes of Meetings

7.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2. Draft minutes of proceedings of the Committee meetings are circulated to all members of the Committee as early as possible following each meeting. The approved minutes are then tabled at the ensuing board meeting for information.

## 8. Annual Meeting

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

8.2. The Chairperson of the RMAC will liaise with the Board in regard to the preparation of the RMAC's report to shareholders as required.

## 9. Responsibilities of the Committee

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the group as a whole, as appropriate.

### 9.1. Financial Statement

9.1.1. The Committee will examine and review the quality and integrity of the financial statements of the Company, including its annual report and any other formal announcement relating to the organisation's financial performance.

9.1.2. 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;

9.1.3. In particular, the Committee shall review and challenge where necessary;

9.1.3.1 The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company/group;

9.1.3.2 Compliance with local and international accounting standards and compliance with legal requirements;

9.1.3.3 The methods used to account for significant or unusual transactions where different approaches are possible;

9.1.3.4 Significant adjustments resulting from the audit;

9.1.3.5. Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the External Auditor;

9.1.3.6. The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;

9.1.3.7. 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;

9.1.3.8. 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;

9.1.3.9. The basis on which the organisation has been determined a going concern;

9.1.3.10. Capital adequacy;

9.1.3.11. Adequacy of internal controls;

9.1.3.12. Compliance with the financial conditions of any loan covenants;

9.1.3.13. Reviewing special documents such as prospectuses as and when prepared;

9.1.3.14. Shareholders agreements;

9.1.3.15. The implementation of new systems;

9.1.3.16. Tax and litigation matters involving uncertainty; and

9.1.3.17. The impact of foreign exchange rate conversion and fluctuations.

### 9.2. Narrative reporting

9.2.1. Where requested by the Board, 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 shareholders and other stakeholders to assess the Company's performance, business model and strategy.

### 9.3. Internal Controls and Risk Management Systems

The Committee shall:

9.3.1 Keep under review the adequacy and effectiveness of the organisation's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems.

9.3.2 Review risk identification, measurement and prioritisation methodologies, including Rogers Risk Management Policy and procedures for reporting unusual or high-risk transactions.

9.3.4 Report, consider and take appropriate action of the risk exposure of the organisation in at least the following areas of risk:

- Strategic
- Financial
- Operational
- Compliance

9.3.4. Review and approve all related party transactions by the company and its subsidiary (ies).

9.3.5. Review and approve the statements to be included in the annual report concerning internal controls and risk management, including all related party transactions disclosures.

9.3.6. Review any legal matters that could have a significant impact on the company's business, together with the company's legal advisor.

9.3.7. Review the adequacy of insurance coverage as well as the uninsured exposures.

9.3.8. The Managing Director of each sector shall report on risk management to their respective Boards in the second quarter of the financial year. The CEO or the Head of Internal Audit & Risk Management shall then report major group risks in the third quarter of the RMAC meeting of the financial year.

9.3.9. Consider receiving independent assurance concerning the effectiveness of its information, information technology and information security governance systems.

#### 9.4 Compliance, Whistleblowing and Fraud

The Committee shall:

- 9.4.1 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;
- 9.4.2 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;
- 9.4.3 Review the Company's procedures for detecting fraud;
- 9.4.4 Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 9.4.5 Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function;
- 9.4.6 Review significant transactions not directly related to the organisation's normal business as the Committee might deem appropriate; and
- 9.4.7 Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the organisation.

#### 9.5. Internal audit

The Committee shall:

- 9.5.1 Ensure the internal audit function has access to information to enable it to fulfil its mandate;
- 9.5.2 Ensure the Head of Internal Audit & Risk Management has direct access to the Board Chairperson and to the Committee Chairperson, and is accountable to the Committee;
- 9.5.3 Review and assess the annual internal audit work plan;
- 9.5.4 Receive a report on the results of the Internal Auditor's work on a periodic basis;
- 9.5.5 Review and monitor management's responsiveness to the Internal Auditor's findings and recommendations;
- 9.5.6 Meet with the Head of Internal Audit & Risk Management at least once a year without the presence of management;
- 9.5.7 Review significant differences of opinion between management and the internal audit function;
- 9.5.8 Monitor and review the effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system;
- 9.5.9 Safeguard organisation's assets against unauthorised use or disposal; and
- 9.5.10 Direct and supervise investigations into matters within its scope, for example, evaluations of the effectiveness of the organisation's internal control, cases of employee fraud, misconduct or conflict of interest.

#### 9.6. External audit

The Committee shall:

- 9.6.1 Consider and make recommendations to the Board, to be put to shareholders for approval at the Meetings of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor; and
- 9.6.2 Ensure that the audit services contract is renewed in compliance with prevailing legislation and in line with Rogers group policy.

9.6.3 If an External Auditor resigns, investigate the issues leading to this and decide whether any action is required.

9.6.4 Oversee the relationship with the External Auditor including (but not limited to):

- 9.6.4.1 Recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - 9.6.4.2 Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 9.6.4.3 Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the External Auditor as a whole, including the provision of any non-audit services;
  - 9.6.4.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the External Auditor and the organisation (other than in the ordinary course of business) which could adversely affect the External Auditor's independence and objectivity;
  - 9.6.4.5 Agreeing with the Board a policy on the employment of former employees (Audit Partners) of the Company's External Auditor, and monitoring the implementation of this policy;
  - 9.6.4.6 Monitoring the External Auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the organisation compared to the overall fee income of the firm, office and partner and other related requirements;
  - 9.6.4.7 Assessing when necessarily the qualifications, expertise and resources of the External Auditor, which shall include a report from the External Auditor on their own internal quality procedures;
  - 9.6.4.8 Seeking to ensure co-ordination between audit firms (where more than one audit firm is involved);
  - 9.6.4.9 Seeking to ensure co-ordination with the activities of the internal audit function; and
  - 9.6.4.10 Evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their External Auditor from the market in that evaluation.
- 9.6.5 Meet regularly with the External Auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the External Auditor's remit and any issues arising from the audit.
- 9.6.6 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- 9.6.7 Consider whether any significant ventures, investments or operations are not subject to external audit.
- 9.6.8 Obtain assurance from the External Auditor(s) that proper systems and adequate accounting records are being maintained.
- 9.6.9 Agree to the timing and nature of reports from the External Auditor(s).
- 9.6.10 Review the findings of the audit with the External Auditor. This shall include but not be limited to the following:
- 9.6.10.1 A discussion of any major issues which arose during the audit;
  - 9.6.10.2 Key accounting and audit judgements;
  - 9.6.10.3 Levels of errors identified during the audit; and
  - 9.6.10.4 The effectiveness of the audit process.
- 9.6.11 Review any representation letter(s) requested by the External Auditor before they are signed by management
- 9.6.12 Review the management letter and management's response to the External Auditor's findings and recommendations.

9.6.13 Develop and implement policy on the supply of non-audit services by the External Auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

#### 9.7 Health, Safety and Environment

The company believes that it should develop and implement health, safety and environmental practices to at least comply with existing legislative and regulatory frameworks and furthermore aim for best practice in accordance with the company's corporate values and long-term objectives. The executive management should identify health and safety risks and undertake assessments leading to sound risk management strategies in the organisation's particular field of activity.

The Committee should regularly monitor and evaluate health and safety compliance and report their findings in the annual report.

#### 9.8 Business Conduct

The company is committed to observing and promoting the highest standards of ethical behaviour in all its undertakings and among all its stakeholders.

There are a number of statutory, common law and other requirements that cover the ethical behaviour of Directors, Managers and Officers of companies. In addition, the company has established a clearly defined and documented code of ethics. The Directors must declare the nature and extent of their interest in contracts.

The Corporate Governance Committee is primarily responsible for:

- a) Corporate governance provisions to be adopted
- b) Executive remuneration and individual directors' remuneration
- c) Board and Senior management appointments

However, if any violations in the Code of Ethics are identified in the normal course of an audit and reported to the RMAC, they will be referred and discussed at the level of the Corporate Governance Committee.

### 10. Reporting responsibilities

10.1 The Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- 10.1.1. The significant issues that it considered in relation to the financial statements and how these were addressed;
- 10.1.2. Its recommendation on the appointment or reappointment of the External Auditor; and
- 10.1.3. Any other issues on which the Board has requested the Committee's opinion.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the External Auditor. In compiling the report the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern.

### 10. Remuneration

11.1 Having regard for the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board. Such special remuneration shall be in addition to the annual fees payable to directors.

11.2 The Chairperson of the Committee shall, in addition to his or her remuneration as member, receive a further sum as determined by the Board.

### 12. Other matters

The Committee shall:

- 12.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties;
- 12.2 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 12.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 12.4 Give due consideration to laws and regulations, the National Code of Corporate Governance for Mauritius (2016) and any other applicable legislations/rules, as appropriate;
- 12.5 Oversee any investigation of activities which are within its terms of reference;
- 12.6 Work and liaise as necessary with all other Board committees; and
- 12.7 Arrange for periodic reviews of its own performance and review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

### 13. Authority

The Committee is authorised to:

- 13.1 Seek any information it requires from any employee of the organisation in order to perform its duties;
- 13.2 Obtain, at the organisation's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so; and
- 13.3 Call any employee to be questioned at a meeting of the Committee as and when required.

### 14. Responsibilities of Management

Management shall:

- 14.1 Provide regular and accurate reports to the RMAC and senior management about performance and operations of the business sectors. Where applicable the reports should be in accordance with International Standards (for example IFRS for financial statements).
- 14.2 Maintain long term sustainability of the business through good Corporate Governance and sound Risk Management practices.
- 14.3 Run regular evaluation of risks of the businesses with the help of the Corporate Risk & Internal Audit department.
- 14.4 Deploy and own effective internal control systems of the business.