



CIEL LIMITED

Terms of Reference of the Audit & Risk Committee (“the Committee”)

Approved by the Board on:	18/12/18
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1. Membership

- 1.1 The Committee shall comprise of at least 3 non-executive directors appointed by the Board of directors ("the Board").
- 1.2 At least two of the members shall be independent non-executive directors.
- 1.3 The Chairman of the Committee shall be an independent non-executive director.
- 1.4 The Chairman of the Board shall not be the Chairman of the Committee.
- 1.5 The Board shall satisfy itself that the Chairman of the Committee and at least one member of the Committee has recent general management and relevant financial experience.

2. Secretary

CIEL Corporate Services Ltd shall act as the secretary of the Committee and will ensure that the members receive information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

The quorum for decisions of the Committee shall be fixed by the Committee and if not so fixed, shall be any two members, one of which must be an independent non-executive director. No business shall be transacted at a meeting of the Committee if a quorum is not present.

4. Meetings

- 4.1 Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least four times a year at appropriate intervals in the financial reporting and audit cycle. Meetings should be organised so that attendance is maximised.
- 4.2 Meetings of the Committee shall be called by the Company Secretary at the request of the Chairman or any of its members.
- 4.3 Outside of the formal meetings, the Committee Chairman shall maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Group Finance Director, the external audit and internal audit

lead partner. The Committee Chairman, at his/her discretion, may invite other executives to attend and to be heard at meetings of the Committee.

- 4.4 The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee at his known registered address, not less than four working days prior to the date of the meeting. Attendance at a meeting shall constitute a waiver of such notice.
- 4.5 Only members of the Committee have the right to attend committee meetings. However, the internal auditor, external auditor, Chief Executive Officer, the Group Finance Director and risk manager may 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.
- 4.6 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 4.7 Minutes of all meetings shall be circulated to all the members of the Committee and may also, if the Chairman of the Committee so decides, be circulated to other members of the Board.
- 4.8 Members of the Committee may participate in a meeting of the Committee by means of conference telephone or video conferencing by means of which all persons participating in the meeting can hear and be heard.

5. Meetings of Shareholders

The Chairman of the Committee shall attend meetings of the shareholders and be prepared to answer questions from the shareholders on the Committee's activities.

6. Duties

6.1 Financial Statements

The Committee shall focus on the following:

- Examine and review the quality and integrity of the financial statements of the Company and the Group and any formal announcements relating to the Company's/Group's financial performance.

- 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 auditors.
- In particular, the Committee shall review and challenge where necessary:
 - the consistency of, and any changes to significant accounting policies both on a year on year basis and across the Company/Group;
 - whether the Company has complied with accounting standards, local and international, and made appropriate estimate and judgments taking into account the views of the external auditor;
 - compliance with legal and regulatory requirements;
 - the extent to which the financial statements are affected by unusual transactions in the year and how they are disclosed;
 - the clarity and completeness of disclosures in the Company's financial reports and the context in which statements are made;
 - significant adjustments resulting from the audit;
 - the basis on which the organisation has been determined a going concern;
 - capital adequacy and internal controls;
 - compliance with the financial conditions of any loan covenants;
 - any conflicts of interests or related party transactions; and
 - all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and risk management;
- Define and recommend to the Board for approval an evaluation framework for capital investments of the Company and its subsidiaries.
- Review arrangements and modalities by which any staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting, ensuring that arrangements are in place for the proper investigation of such matters, and for appropriate follow up action.
- Reviewing special documents (such as prospectuses and requests for funding).; and
- Consider other matters as defined by the Board.

6.2 Narrative Reporting

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.

6.3 Internal Controls and Risk Management Systems

- Assess the robustness of the Company's internal control including internal financial control and business risk management;
- Maintaining an effective internal control system including the system(s) established to identify, assess, manage and monitor risks;
- Receive reports from management of the Company and the Group on the effectiveness of internal control and risk management systems and the conclusions of any testing performed by internal or external auditors;
- Monitor the Group's risk register, or risk heat map maintained by management on a periodic basis, as the case may be;
- Regularly review progress made on implementing the remedial actions to mitigate risks to within tolerable levels;
- Take an active interest in the Risk Management System, review and challenge the risk dashboards and risk register and act as the ultimate owner and driver of the Risk Management System, ensuring that the latter is kept alive and that agreed remedial actions are closed out;
- Ensure that reporting by management on risk should be a standing agenda item of the Committee's meetings;
- Annually review the refreshed Risk Map, with particular emphasis on the movement of the top 10 risks;
- Regularly review progress made on implementing remedial actions to mitigate risks to within tolerable levels;
- Secure an update from management on closure of agreed upon actions to mitigate risks to within tolerable levels;

- Review and present to the Board, for approval, management's recommendations regarding a Risk Appetite Statement to be issued to guide the various entities of the Group to consistently determine thresholds beyond which risks will not be tolerated;
- Review and approve the statements to be included in the Corporate Governance Report concerning internal controls and risk management;
- Review the adequacy of the insurance coverage for the Company and its subsidiaries; and
- Oversee any significant legal claims as well as legal and regulatory cases against the Company or any of its subsidiaries.

6.4. Internal Audit

The Committee shall:

- Approve the appointment or termination of appointment of such internal auditor to which the function of internal audit has been outsourced, together with the remuneration of the latter;
- Ensure that the internal auditor has the necessary resources and access to information, including direct access to the Board Chairman and to the Committee Chairman, to enable it to fulfil its mandate and perform in accordance with appropriate professional standards for internal auditors, for onward reporting to the Committee;
- Evaluate and approve the annual internal audit work plan, auditable areas covered according to risk trends, and the scope of internal audit exercises;
- Consider reports pertaining to findings of internal audits on a periodic basis and monitor management's responsiveness to the recommendations brought forward by the internal auditor;
- Meet with the internal auditor without the presence of management, as and when deemed necessary; and
- Direct the internal auditor to conduct independent investigations into matters within its scope, for example, evaluations of the effectiveness of the Company's internal control, cases of employee fraud, misconduct or conflict of interest.



6.5. External Audit

The Committee shall:

- Recommend the appointment, reappointment and removal of the external auditor to the Board such that the decision might be put to the shareholders of the Company for approval at the annual meeting;
- Ensure that at least once every seven(7) years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process. Several firms should be screened, and the Committee should obtain written or verbal proposals to enable it to arrive at its recommendation;
- Investigate the circumstances leading to the resignation of the external auditors and decide whether any further action is required;
- Recommend the terms of engagement, scope of the audit process and remuneration of the auditor in respect of audit and non-audit services, if any, to the Board for approval and satisfy itself that the level of fee payable for audit services is reasonable to ensure that an effective audit can be conducted for such a fee;
- Assess, on an annual basis, the independence and objectivity of the external auditors taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- 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 Company compared to the overall fee income of the firm, office and partner and other related requirements;
- Meet with the external auditor, as and when deemed necessary, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- Review, in concert with the external auditors, the findings resulting from the annual audit cycle which may include discussions on the following topics: key audit matters, significant accounting and audit judgments, uncorrected misstatements/errors identified during the



audit and the reason as to why these errors have remained unadjusted and materiality thresholds;

- Review the representation letter requested by the external auditor before signature by directors and consider specific matters that relate to non-standard issues, where representation has been requested (e.g. unadjusted differences not meeting materiality thresholds); and
- Review the auditor's management letter and monitor management's responsiveness and actions to the findings and recommendations contained therein, as part of the ongoing oversight process.

7. Reporting Responsibility

- 7.1 The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3. A report detailing the activities of the Committee shall be included in the Company's annual report for the year under review. Such report shall include the following key elements:
- an explanation of how the Committee has addressed the effectiveness of the external and internal audit process as well as the risk management process; and
 - the significant issues in relation to the financial statements and how these issues have been addressed with the support of the external auditor.

8. Remuneration

- 8.1 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, and pursuant to the specific power conferred upon the Board by the constitution of the Company, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 8.2 Such special remuneration shall be in addition to the annual fees payable to directors.
- 8.3 The Chairman of the Committee shall, in addition to his or her remuneration as member, receive a further sum as determined by the Board.

9. Other Matters

The Committee shall:

- 9.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties.
- 9.2 Have access to sufficient resources to carry out its duties, including access to the Company secretariat for assistance as required.
- 9.3 Be provided with appropriate and timely training, both in form of an induction programme for new members and on an on-going basis for all members.
- 9.4 Give due consideration to laws, regulations and any published guidelines or recommendations that will impact on the activities of the Committee.
- 9.5 Be responsible for the co-ordination of the activities of the internal and external auditors.
- 9.6 Oversee any investigation of activities which are within its terms of reference.
- 9.7 Arrange for periodic reviews of its own performance and, as and when deemed necessary, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers appropriate to the Board for approval.

10. Authority

The Committee is authorised to:

- 10.1. Seek any information it requires from any employee of the Company in order to perform its duties.
- 10.2. Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter which falls within its terms of reference.
- 10.3. Call any employee of the Company to provide information at a meeting of the Committee as and when required.
- 10.4. Have the right to report in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

Approved by the Board on 18/12/18



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Chairman of the Board



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Chairman of the Committee



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Company Secretary



Appendix A

Composition of the ARC

- Catherine MCILRAITH, Chairman, independent non-executive director
- Pierre DANON, independent non-executive director
- Louis GUIMBEAU, non-executive director

