



(“the Company”)

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

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Glossary

ARC or Committee	Audit & Risk Committee
Board	Board of Directors of Investment Professionals Ltd
CIEL	CIEL Limited/CIEL Group
IPRO/The Company	Investment Professionals Ltd
IPRO Group /the Group	Investment Professionals Ltd and its investee companies
Company Secretary or Secretary	As defined in clause 2

1. Membership

- 1.1 The Committee shall comprise at least 2 non-executive directors appointed by the Board. Each member will have the option of appointing an alternate, subject to the prior approval of the Board, to act in his or her place either generally or at specific sessions at which the member is not present.
- 1.2 The Chairperson of the Committee shall be a non-executive director who may not be independent.
- 1.3 The Chairperson of the Board shall not be a Member of the Committee.
- 1.4 The Board shall satisfy itself that the Chairperson of the Committee and at least one member of the Committee has recent and relevant management and financial experience.

The actual composition of the Committee and the position statement of the Chairperson of the Committee are annexed to the present terms of reference.

2. Secretary

CIEL Corporate Services Ltd shall act as the company 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 present throughout the meeting who shall vote on the matter for decision or recommendation to the Board. No business shall be transacted at a meeting of the Committee if a quorum is not present.

4. Meetings

- 4.1 The frequency and timing of the Committee's meetings shall be determined by the Committee's Chairperson in consultation with the Company Secretary. However, there should not be fewer than three meetings annually, which would be held to coincide with key dates within the financial reporting and audit cycle. Meetings should be organised with a view to maximising attendance.
- 4.2 Meetings of the Committee shall be called by the Company Secretary at the request of the Chairperson or any of its members.
- 4.3 Outside of the formal meetings, the Committee Chairperson should maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairperson, the Chief Executive Officer, the finance manager, the external audit and internal audit lead partners.
- 4.4 The notice of each meeting of the Committee confirming the venue, time and date and including an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee and to any other attendees not less than four

business days to enable a proper consideration of the agenda matters. The said notice period may be waived should all members entitled to receive notice of the meeting agree to the waiver.

- 4.5 Only members of the Committee have the right to attend committee meetings. However, the Chief Executive Officer (if not a member of the Committee) shall be a permanent attendee of the Committee meetings whilst the finance manager, the compliance and risk manager, CIEL's Group Risk Officer, and the external audit and internal audit lead partners may be invited to attend meetings of the Committee on a regular basis. Other non-members may be invited to attend a particular meeting or for a particular agenda item if deemed necessary by the Committee.
- 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 meetings shall be circulated promptly to all the members of the Committee once validated by the Chairperson and shall then be circulated to other members of the Board unless not deemed appropriate by the Committee Chairperson.
- 4.8 A sufficient interval should be allowed between Committee meetings and Board meetings to allow any work arising from the Committee meetings to be performed and reported to the Board accordingly.
- 4.9 Members of the Committee may participate in a meeting of the Committee by means of teleconference or video conferencing through which all persons participating in the meeting can hear and be heard.

5. Duties

5.1. Financial Reporting

The Audit & Risk Committee shall focus on the following areas:

- Monitor the integrity of the Company's and the IPRO Group's financial statements (if consolidated accounts are prepared) and any formal announcements relating to the Company's and Group's financial performance, before submission to the Board, paying particular attention to:
 - critical accounting policies and practices, and any changes to them;
 - decisions requiring major elements of judgment or estimation;
 - the extent to which the financial statements are affected by unusual transactions during the year under review and how they are disclosed;
 - the clarity of disclosures;
 - significant adjustments resulting from the external auditors' recommendations;
 - the basis on which the Company has been determined as a going concern;
 - compliance with applicable accounting standards;
 - any capital adequacy requirements;
 - compliance with legal and regulatory requirements, whether in Mauritius or in any jurisdiction where the Company or its investee companies are represented;
 - compliance with the financial conditions of any term loan covenants;

- any conflicts of interest or related party transactions; and
 - fiscal and litigation matters.
- Take stock of any similar matter arising at the level of investee companies, in case it may have a material impact on the Company's financial statements and accounting practices.
As such, the Committee Members will, at their request, have access to the reports and management letters issued by the external auditors of the investee companies;
 - Review the significant financial reporting matters and judgments made in connection with the preparation of the Company's and IPRO Group's audited financial statements, interim unaudited financial statements and formal financial-related announcements and ensure that the disclosures made in the financial statements are set properly in context;
 - Assess the methodology used by Management to account for material or unusual transactions or entries where the accounting treatment is open to different approaches;
 - Report to the Board for consideration, any aspect of financial reporting, which the Committee is not satisfied with or does not deem appropriate;
 - Review the disclosure of narrative reporting sections in the financial statements to ensure their reliability and that they provide a true and fair view of the Company's performance, business model and strategy. Narrative reporting should not contradict the financial information presented in the financial statements; and
 - Consider other matters as defined by the Board

5.2. Internal Controls and Risk Management Systems

The Committee shall:

- Review the Company's and its investee companies' internal controls, including the systems established to identify, assess, manage and monitor principal risks, and receive reports from Management on the effectiveness of these controls and systems;
- Receive reports from Management on the effectiveness of internal control and risk management systems at the level of the IPRO Group and the conclusions of any review performed by internal and/or external auditors;
- Review the risks policies applying to the Company, and their adequacy to industry best practices and to IPRO's specific business environment.

Upon its request, the Committee may have access to the investee companies' respective risk policies.

- Review periodical reports prepared by the Compliance Officer and Money Laundering Reporting Officer and monitor actions taken by management in response to the findings raised therein;
- Devise (and review), with the Management, the Company's risk appetite for recommendation to the Board;

- Review and approve, as the case may be, Anti-Money Laundering/Combating Financing of Terrorism ('AML/CFL') policies and procedures and other operational manuals;
- Review the statements and disclosures made in the corporate governance report pertaining to internal control and risk management matters;
- Review the adequacy of insurance coverage for the IPRO Group; and
- Oversee any significant legal claims against the IPRO Group as well as the findings of any review or inspection performed by regulatory bodies.

5.3. Whistleblowing framework and mechanism for raising concerns

- Review the adequacy of the Company's arrangements by which employees may, in confidence and without fear of reprisal, raise concerns about possible wrongdoings in matters of financial reporting, cases of illegal practices such as corruption, collusion, coercion, money laundering, terrorism financing, harassment, bullying or other forms of serious violations pertaining to dignity, ethics and integrity at work, and ensure that these arrangements provide for proportionate and independent investigations as well as appropriate follow-ups and corrective actions.

5.4. Related Party Transactions

The Committee shall ensure that related party transactions are disclosed in the financial statements in line with applicable standards.

5.5 Internal Audit

The Committee shall:

- Monitor and supervise the effective function of the internal audit, ensuring that the roles of the external audit with the internal audit are sufficiently clarified. This will include:
 - Approving the appointment or termination of appointment of the internal auditor together with the remuneration of the latter;
 - Reviewing and approving the internal audit charter and ensuring that the internal auditor has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors;
 - Ensuring that the internal auditor has direct access to the Board Chairperson and to the Committee Chairperson, and is accountable to the Committee;
 - Monitoring and reviewing the effectiveness of the internal audit function in the context of the Company's overall risk management system;
 - Evaluating and approving the annual internal audit plan, auditable areas covered according to risk trends, and the scope of internal audit exercises;
 - Consider reports pertaining to findings of internal audits and monitor Management's responsiveness to the recommendations made by the internal auditor;
 - Meet with the internal auditor at least once annually without the presence of Management;

- Direct to and supervise investigations by the internal auditor into matters within its scope, for example, evaluations of the effectiveness of the Company's internal control system or fraud.
- If the Company has no internal audit function, consider annually whether there is a need for such function and make a recommendation to the Board. The absence of an internal audit function should be explained in the relevant section of the corporate governance report;

5.6. External Audit

The Committee shall:

- Recommend the appointment, reappointment and removal of the external auditors to the Board for further recommendation to the Shareholders at the annual meeting;
- Ensure that at least once every seven 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;
- In case of resignation of the external auditors, investigate the circumstances having lead to the resignation and decide whether any further action is required;
- Approve the terms of engagement, scope of the audit process and remuneration of the auditor in respect of audit and non-audit services, if any, and satisfy itself that the fees payable are commensurate with the audit services provided to ensure that an effective audit is carried out;
- 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;
- Assess annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process;
- 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 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: 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);
- 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.

6. Reporting Responsibility

- 6.1 The Chairperson of the Committee shall report all matters in connection with the Committee's duties and responsibilities to the Board at the ensuing Board meeting, or alternatively within a reasonable delay following meetings of the Committee.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.3 A report detailing the activities of the Committee shall be included in the Company's annual report. Such report shall include the following key aspects:
 - an explanation of how the Committee has addressed the effectiveness of the external audit process; and
 - the significant issues in relation to the financial statements and how these issues have been addressed.

7. Remuneration

- 7.1 Having regard to 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 may be paid such remuneration as shall be fixed by the Board. Such remuneration shall be in addition to the annual fees payable to directors.
- 7.2 The Chairperson of the Committee may, in addition to his or her remuneration as member, receive a further sum as may be determined by the Board.

8. Other Matters

The Committee shall:

- 8.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties;
- 8.2 Have access to sufficient resources to carry out its duties, including access to the Company Secretary for assistance as required;
- 8.3 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;
- 8.4 Give due consideration to laws, regulations and any published guidelines or recommendations that will impact on the activities of the Committee;
- 8.5 Be responsible for the co-ordination of the internal and external auditors;

- 8.6 Oversee any investigation of activities which are within its terms of reference; and
- 8.7 Review its constitution and terms of reference as and when deemed necessary to ensure it is operating at maximum effectiveness and recommend any changes it considers appropriate to the Board for approval.

9. Authority

The Committee is authorised to:

- 9.1 Seek any information it requires from any employee of the Company in order to perform its duties.
- 9.2 Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter which falls within its terms of reference, if circumstances so warrant.
- 9.3 Call any employee of the Company to be questioned at a meeting of the Committee as and when required.
- 9.4 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 **10 September 2018**

Appendix A: Composition of the ARC

Members:

- Samila SIVARAMEN, Chairperson & Non-Executive Alternate Director
- Juan-Carlos ALBIZZATI, Member & Non-Executive Alternate Director

Appendix B: Position Statement of the Chairperson of the Audit & Risk Committee

1. Appointment

- a) The Board of IPRO has approved the constitution of an Audit & Risk Committee (“ARC” or “Committee”) with defined terms of reference.
- b) The chairperson of the ARC shall be a non-executive director.
- c) The chairperson of the Board shall not be a member of the ARC.
- d) The chairperson of the ARC shall have recent and relevant management and financial experience.

2. Duties

The duties of the chairperson of the ARC shall include but shall not be restricted to:

2.1 Terms of Reference

Ensure that the ARC operates within its approved terms of reference and that it has discharged its responsibility according to its duties;

2.2 Meetings

- a) Determine the frequency and dates of meetings of the ARC in consultation with the company secretary;
- b) Set the agendas of the ARC with the support of the company secretary;
- c) Chair meetings of the ARC and encourage a free and open discussion at the meetings;

2.3 Management

- a) Effectively manage the affairs of the ARC and ensure that the Committee is properly organised and functions efficiently;
- b) Ensure that there is an effective relationship between management and the members of the ARC;
- c) Ensure that all required business is discussed and all items requiring the ARC’s approval are appropriately tabled;
- d) Carry out any special assignments or any functions as requested by the Board;

2.4 Communication and Reporting

- a) Ensure there is proper flow of information to the ARC;
- b) Ensure effective communication with auditors;
- c) Outside of the formal meetings, maintain a dialogue with key individuals involved in the Company’s governance, including the Board Chairperson, the chief executive officer, the finance manager, the external audit and internal audit (if applicable) lead partners; and
- d) Report to the Board promptly on the matters reviewed by the ARC, and on any decisions or recommendations of the Committee.