



# AUDIT AND RISK COMMITTEE

EVACO LTD

(The “Company”)

CHARTER

AUDIT AND RISK COMMITTEE

(the “Committee”)

## **1. AUTHORITY AND RESPONSIBILITIES**

1.1 The basic responsibility of the members of the Audit & Risk Committee is to exercise their business judgement to act in what they reasonably believe to be in the best interests of the company, its stakeholders and its shareholder(s). In discharging that obligation, members should be entitled to rely on the honesty and integrity of the company senior executives and its outside advisers and auditors, to the fullest extent permitted by law.

1.2 The Committee should carry out its duties for Evaco Ltd as well as all the wholly owned subsidiaries' undertakings and the group as a whole, as considered appropriate.

1.3 The board authorises the Audit & Risk Committee, within the scope of its responsibilities to:

1.3.1 perform activities within the scope of this charter;

1.3.2 investigate any activity it deems appropriate;

1.3.3 appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties;

1.3.4 instruct any Director, officer or employee of the company to attend any meetings and provide pertinent information as necessary and appropriate;

1.3.5 have unrestricted access to members of management, employees and relevant

information;

1.3.6 establish procedures for dealing with the concern of employees regarding accounting, internal controls and auditing matters;

1.3.7 establish procedures for the receipt and treatment of complaints received by the company regarding accounting controls and auditing matters;

1.3.8 make recommendations to the board in relation to the appointment, termination and remuneration of internal and external auditors and evaluate the work of the latter;

1.3.9 review the performance of the external & internal auditors and exercise final approval on the appointment or discharge of the auditors;

1.3.10 pre-approve, subject to Board's ratification, all audit services fees and terms as well as review policies for the provision of non-audit services by the external auditors;

1.4 The internal audit manager, when appointed, shall report functionally to the Chairperson of the audit committee (and administratively to the Chief Executive Officer).

1.5 The audit committee will not perform any management functions or assume any management responsibilities.

1.6 Have the right to publish in the organisation's annual report, details of any issues that cannot be resolved between the committee and the Board.

## **2. COMPOSITION**

### 2.1 Membership

2.1.1 The committee shall comprise of not less than three members - of which at least two shall be independent directors.

2.1.2 Members of the committee shall be appointed by the Board, on the recommendation



of the Corporate Governance (Nomination and Remuneration Committee) in consultation with the Chairperson of the Audit Committee.

2.1.3 All members shall be independent of management; the Chairperson of the Board, the CEO, the CFO and any Executive directors shall not be eligible to be appointed as Chairperson or member of the committee.

2.1.4 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.

2.1.5 Only members of the committee have the right to attend committee meetings. However, the external auditor and finance director 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.

2.1.6 Appointments to the committee shall be for a period of two years, extendable.

2.1.7 An Alternate Director on the Board shall not automatically be appointed as Alternate Director on the Committee. The appointment of alternate to members of the Committee is not recommended and shall be subject to Board's approval.

## 2.2 Chairmanship

2.2.1 The Board shall appoint a Chairperson from the independent directors, members of the committee, and determine the period for which he/ she shall hold office.

2.2.2 The Board shall satisfy itself that the Chairperson of the committee and at as far as possible, one other member of the Audit Committee has recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

2.2.3 The Board shall have the power at any time to replace the Chairperson of the Committee.

### **Audit & Risk Management Committee**

Philippe de Bragard Hardy (Chairman)

Mathieu Meur

Christophe Toulet

### **3. SECRETARY**

3.1 The Company Secretary, or his other 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 of which must be an independent director.

### **5. MEETINGS**

5.1 The committee shall meet at least three 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 finance director, the external audit partner and the internal audit (when the company appoints one).

5.3 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 or internal auditor if considered 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, as far as possible not later than five working days before the date of the meeting.

## **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 committee meetings shall be reviewed with the Chairman and then circulated to all members of the committee.

7.3 Minutes of proceedings of meetings shall be signed by the Chairman and Secretary of the committee at which the minutes are approved and kept by the Secretary of the Company.

7.4 Once approved, minutes should be circulated to all other members of the Board unless considered inappropriate to do so in the opinion of the committee Chairperson who shall then inform the Secretary accordingly.

## **8. ANNUAL MEETING**

8.1 Shall the company have more than one Ordinary Shareholder, the committee Chairperson (or any committee member shall the Chairman be unable to attend), shall attend the Annual Meeting.

## **9. REMUNERATION**

9.1 The Chairperson and the members of the committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the board.

9.2 The Chairperson of the committee shall, in addition to his remuneration as a member, receive a further sum as determined by the board;

9.3 Such remuneration in terms hereof shall be in addition to the annual fees payable to directors as applicable.

## **10. ROLES AND RESPONSIBILITY**

### 10.1 Financial reporting

Examine and review the quality and integrity of the interim financial statements, annual audited financial statements as well as preliminary announcements relating to the organization's financial performance prior to their release. Review and report to the Board on significant financial reporting issues and judgements which the financial statements contain having regard to matters communicated to the Committee by the External Auditor. Where requested by the Board, review the content of the annual report, 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.

In particular, 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;
- Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
- The methods used to account for significant or unusual transactions where different approaches are possible;
- Significant adjustments resulting from the audit;
- 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;
- The basis on which the organisation has been determined a going concern;
- Capital adequacy and internal controls;



Where the committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the Board; ensure compliance with the financial conditions of any loan covenants; and Review special documents (such as prospectuses).

## 10.2 Internal Controls and Risk Management Systems

The committee shall:

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; and Review and approve the statements to be included in the annual report concerning internal controls and risk management.

## **11. ROLES AND RESPONSIBILITY IN RESPECT OF COMPLIANCE WITH LAWS AND REGULATIONS, WHISTLEBLOWING AND FRAUD**

The committee shall:

Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.

Oversee the company's compliance with legal and regulatory provisions, its constitution any rules established by the board. Conduct and authorize investigations into any matters within the audit and risk committee's scope of responsibilities. Review the adequacy and security of the organization's arrangements for its employees and stakeholders to raise concerns, in confidence, about possible wrong doing in financial reporting or other matters. Review the Company's procedures for detecting fraud. Review the Company's systems and controls for the prevention of bribery. Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the organisation.

## **12. INTERNAL AUDIT**

The committee shall:

Approve the appointment or termination of appointment of the internal auditor; ensure the internal auditor has direct access to the committee Chairperson or Board Chairperson if required, and is accountable to the committee; Review the activities, resources and



organisational structure of the internal audit function and ensure that there exist no unjustified restrictions or limitations to their work.

Review and assess the annual internal audit work plan and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor; Review the Internal Audit reports a on a periodic basis and review and monitor management's responsiveness to the internal auditor's findings and recommendations; Monitor and review the effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system;

### **13. EXTERNAL AUDIT**

The committee shall:

Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor; Oversee the rotation of the lead audit partner responsible for reviewing the audit at least once every five years.

Oversee the rotation of Audit firm once every seven years and ensure that 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. If an auditor resigns, investigate the issues leading to this and decide whether any action is required.

Discuss and review the external auditors' proposed audit scope, planning and approach in the light of the company's circumstances and changes in regulatory and other requirements.

Oversee the relationship with the external auditor including (but not limited to):

- o Recommendations on their remuneration, including both fees for audit and non-audit services
- Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;





- Assessing annually the ethical conduct, independence and objectivity of the external auditors and any potential conflict of interest Meet regularly with the external auditor and at least once a year

Review the findings of the audit with the external auditor. This shall include but not be limited to the following:

- A discussion of any major issues which arose during the audit;
- Key accounting and audit judgements;
- Levels of errors identified during the audit; and
- The effectiveness of the audit process.

Review any representation and/or management letter(s) released/requested by the external auditor as well as any response thereto.

#### **14. BUSINESS CONDUCT**

The committee shall:

Monitor the implementation of the organisation's Code of ethics; Review any statements on business conduct and ethical standards or requirements for the organisation and assisting in developing such standards and requirements; Ensure compliance with the requirements of the constitution; laws and regulations of any other applicable statute and of controlling bodies; Identify any violations of ethical conduct; and Give recommendations on any potential conflict of interest or questionable situations of a material nature.

#### **15. REPORTING RESPONSIBILITIES**

15.1 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.

#### **16. OTHER MATTERS**

The committee shall:

Have access to outside or other independent professional advice as it considers necessary to carry out its duties; Have access to sufficient resources in order to carry out its duties,


including access to the Company Secretary for assistance as required; 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;

other applicable rules, as appropriate;

Be responsible for co-ordination of the internal and external auditors; Oversee any investigation of activities which are within its terms of reference; Work and liaise as necessary with all other Board committees; and Arrange for periodic reviews of its own performance and, at least annually, 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.

**Approved by the Board on 21 September 2018.**

Signed by:



A handwritten signature in blue ink, consisting of several overlapping loops and strokes.

The Chairperson of the Board



A handwritten signature in blue ink, featuring a prominent horizontal line and several curved strokes below it.

The Chairperson of the Audit & Risk Committee