

**MAURITIUS OIL REFINERIES LIMITED**  
**AUDIT AND RISK COMMITTEE CHARTER**

**1. CONSTITUTION**

- 1.1 At a meeting held on the 10<sup>th</sup> March 2004, the Board of Directors of MAURITIUS OIL REFINERIES LIMITED (the “Board”) resolved to establish a standing Committee without executive responsibilities, to be known as the Audit Committee. The Board adopted the Audit Committee Charter on the 10<sup>th</sup> November 2004 and approved an amended version on 26<sup>th</sup> September 2007.
- 1.2 The Audit Committee will henceforth be known as the Audit and Risk Committee (“the Committee”). The following updated terms of reference of the Committee were approved by the Board on 8<sup>th</sup> November 2013 and subsequently on 13<sup>th</sup> November 2017 and 12<sup>th</sup> May 2023.

**2. OBJECTIVES**

- 2.1 The Audit and Risk Committee shall assist the Board in monitoring and overseeing the financial responsibilities and audit process as well as the procedures for the identification, assessment and reporting of risks. Its main objectives shall be to:
- a. Oversee the integrity of the financial reporting process and ensure the transparency and performance of published financial information
  - b. Review the effectiveness and performance of the Company's internal financial control and risk management system and subsequently report to the Board, making recommendations to the actions to be taken
  - c. Evaluate the work of the Internal Audit function and of the External Auditors
  - d. Review the Company's process compliance with legal and regulatory requirements affecting financial reporting and, if applicable, its code of business conduct
  - e. Review and monitor management's responsiveness to the Internal Auditor's findings and recommendations
- 2.2 In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management and the External and Internal Auditors. To discharge his or her role effectively, each Committee member will need to develop and maintain his or her knowledge, including and understanding of the Committee's responsibilities and of the Company's business, operations and risks. The duties and responsibilities of a member of the Audit and Risk Committee are in addition to those set out for a member of the Board of Directors.

### **3. MEMBERSHIP AND QUORUM**

- 3.1 The Board of Directors shall nominate the Chairperson and the members of the Committee.
- 3.2 The Committee shall consist of no fewer than three (3) and a maximum of four (4) members, all of whom shall be Directors of the Company. The majority of the members shall be independent non-executive Directors or non-executive Directors.
- 3.3 A quorum of any meeting shall be two members when the Committee consists of three (3) members and three (3) members for a Committee of four (4) members present throughout the meeting.
- 3.4 The Chairperson shall preside at each meeting and, in the absence of the Chairperson, one of the other Committee members shall be designated as the acting Chairperson of the meeting.
- 3.5 The Chairperson of the Committee shall be an independent non-executive Director (as defined by The National Code of Corporate Governance for Mauritius 2016).
- 3.6 Each member shall be financially literate. At least one member must have accounting or related financial expertise and shall ideally hold a professional qualification from one professional accounting bodies.
- 3.7 Members shall be appointed for three (3) years term of office which may be extended for a further period of three (3) years, so long as they remain a Director of the Company.
- 3.8 The Secretary of the Committee shall be the Company Secretary, or such other persons nominated by the Board.
- 3.9 Members of the Committee shall not serve simultaneously on the Audit and Risk Committee of other Companies engaged in the same field of activity as the present Company.
- 3.10 The Board shall have the power to remove any member and to fill any vacancies.
- 3.11 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Managing Director, senior executives and external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 3.12 The Chairperson of the Board shall not chair the Committee.

### **4. NOTICE AND MINUTES OF MEETINGS**

- 4.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairperson.
- 4.2 Unless otherwise agreed, a notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and background materials, shall be forwarded to each member of the Committee, any other person required to attend, no later than five working days before the date of the meeting.
- 4.3 The background materials must include all such management accounts, financial statements, internal and external audit reports and internal control evaluations that are available.
- 4.4 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 4.5 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other Committee members unless, in the opinion of the Committee Chairperson, it would be inappropriate.

## 5. MEETINGS

- 5.1 The External and Internal Auditors may be invited to make presentations to the Audit and Risk Committee as appropriate. At least once a year, the Committee shall meet with the Group Internal Auditor and Signing or Senior Partner of the External Auditors without the presence of executive management to discuss any matters that either the Committee or these two parties believe should be discussed privately.
- 5.2 The Committee shall meet as often as it determines necessary or appropriate but not less frequently than four times a year. At least one meeting should be on Risk Management.
- 5.3 The Committee Chairperson may on his own, convene a meeting of the Committee or shall do so upon the request of any Committee member.
- 5.4 The Chairperson of the Committee or another member of the Committee shall attend the Board Meeting at which the management accounts or financial statements are to be approved.
- 5.5 The Chairperson shall report to the following Board meeting a summary of items discussed at each meeting.

## 6. RESPONSIBILITY

The Committee has the responsibility to:

- 6.1 Assist the Board in monitoring and overseeing the financial responsibilities and audit process as well as the procedures for the identification, assessment and reporting of risks.
- 6.2 Oversee the integrity of the financial reporting process and ensure the transparency and performance of published financial information.
- 6.3 Review the effectiveness and performance of the Group and Company's internal financial control and risk management system and subsequently report to the Board, making recommendations for the actions to be taken.
- 6.4 Evaluate the work of the Internal and External Auditors.
- 6.5 Review the Group and Company's process compliance with legal and regulatory requirements affecting financial reporting and, if applicable, its code of business conduct.
- 6.6 Review and monitor management's responsiveness to the internal and external audits' findings and recommendations.
- 6.7 Review the quarterly financial statements, annual financial statements, and preliminary announcements prior to their release.
- 6.8 Meet with management, Internal Auditors and External Auditors to review the financial statements, the critical accounting policies and practices, and the results of their audit.
- 6.9 Ensure that significant adjustments, unadjusted differences, and disagreements with management and management letter are discussed with the External Auditors.
- 6.10 Review the other sections of the annual report before its release and consider whether the information is understandable, consistent with members' knowledge of the Group and Company and is unbiased.

6.11 Establish and ensure adherence to policies and procedures designed to guide the internal audit activities.

## 7. COMMITTEE AUTHORITIES

In its capacity as Audit and Risk Committee

- 7.1 The basic responsibility of the members of the Audit and Risk Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Group and Company and its shareholders. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Group and Company's senior executives and its outside advisors and Internal and External Auditors to the fullest extent permitted by law. The Committee should carry its duties for the Company and its subsidiaries.
- 7.2 The Board authorizes the Audit and Risk Committee, within the scope of its responsibilities, to:
- a. Perform activities within the scope of this Charter
  - b. Investigate any activity it deems appropriate
  - c. Appoint independent advisers and professionals (accountants, lawyers and so on) at the company's expense as it deems necessary to carry out its duties
  - d. Meet with an in-house legal adviser on a regular basis. Meetings with the outside legal adviser should be held if necessary
  - e. 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
  - f. Instruct any officer or employee of the Group or Company to attend any meetings and provide such information as necessary and appropriate
  - g. Have unrestricted access to members of management, employees, and relevant information
  - h. Establish procedures for dealing with the concern of employees regarding accounting, internal controls and auditing matters
  - i. Establish procedures for the receipt and treatment of complaints received by the Company regarding accounting controls and auditing matters
  - j. Make recommendations to the Board in relation to the appointment, termination and remuneration of External Auditors and evaluate the work of the latter
  - k. Review the performance of the External Auditors and exercise final approval on the appointment or discharge of the auditors
  - l. Pre-approve all audit services fees and terms as well as review policies for the provision of non-audit services by the External Auditors
- 7.3 The Group Internal Auditor can either be externalized or internalized. If this function is internal, the Group Internal Audit Manager reports functionally to the Chairperson of the Audit and Risk Committee and administratively to the Managing Director.
- 7.4 No Committee attendee shall participate in any discussion or decision in respect of his own remuneration or performance/ disciplinary proceedings or evaluations.

## **8. ROLE AND RESPONSIBILITY IN RESPECT OF INTERNAL CONTROLS**

The Committee shall:

- 8.1 Discuss the internal controls, adhered to by the Company's management, financial, accounting and Internal Audit personnel.
- 8.2 Understand the controls and processes implemented by management to ensure that the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.
- 8.3 Assess with management the Company's major risk exposures and the steps management has taken to monitor and control such exposures.
- 8.4 Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the Internal and External Auditors have been implemented by management.
- 8.5 Consider how management controls the security of computer hardware and software systems and reviews the contingency and disaster recovery plans.
- 8.6 Ensure that significant findings and recommendations noted by the Internal Auditors and management's proposed response are discussed and appropriately acted on.

## **9. RISK MANAGEMENT**

The committee shall:

- 9.1 Review with the assistance of the legal adviser, any legal matter that could have a significant impact on the actual or future business situation of the company.
- 9.2 Review with the Managing Director or any member of his Executive team the Company's risk policies & strategies.
- 9.3 The Committee will ensure that the Company complies with the hereunder risk profile.  
Risk in the widest sense shall include market risk, credit risk, liquidity risk, operational risk, commercial risk, country risk, financial risk, IT risk, disaster recovery risk, political risk, competition risk, environmental, health & safety risk, reputational risk and other risks, which may be identified from time to time.
- 9.4 Ensure that the Company is protected by insurance and ascertain that the scope of cover provided under its insurance contracts is adequate.
- 9.5 Review regularly the risk register and measurement methodologies (if applicable).
- 9.6 Monitor procedures to deal with clients should a risk crystallize.

## **10. ROLE AND RESPONSIBILITY IN RESPECT OF INTERNAL AUDIT**

The committee shall:

- 10.1 Ensure that the Company has an appropriate Internal Audit function which is equipped to perform in accordance with appropriate professional standards for Internal Auditors.
- 10.2 Review the activities, resources and organizational structure of the Internal Audit function and ensure that there exist no unjustified restrictions or limitations to their work.

- 10.3 Participate in the appointment, promotion or dismissal of the Group Internal Auditor and discuss with the External Auditor the standard of work of the internal audit
- 10.4 Review the effectiveness of the Internal Audit function and ensure that it has appropriate standing within the company.
- 10.5 Ensure that significant findings and recommendations made by the Internal Auditors and management's proposed response are received, discussed and acted on.
- 10.6 Evaluate the Internal Audit function and its impact on the accounting practices, internal controls and financial reporting of the Company.
- 10.7 Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate coordination with the External Auditors.
- 10.8 Make recommendation to the Board for the use of specialist as required.

## **11. ROLE AND RESPONSIBILITY IN RESPECT OF EXTERNAL AUDIT**

The Committee shall:

- 11.1 Review on an annual basis the performance of the External Auditors based on the scope and results of their work and their cost effectiveness and make recommendations to the Board of the appointment, reappointment or termination of the appointment of the External Auditors.
- 11.2 Consider the ethical conduct, independence and objectivity of the External Auditor and any potential conflict of interest.
- 11.3 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.
- 11.4 Discuss with the External Auditors any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- 11.5 Ensure that significant findings, accounting adjustments and recommendations noted by the External Auditors and management's proposed response are discussed and appropriately acted on.
- 11.6 Oversee the tender contract and selection process of the External Audit firm as necessary, with a maximum of seven years prior to submission to the Board.
- 11.7 The Committee during its term of office may make any recommendation to the Board of Directors if it came to the knowledge of its members that the acting Audit firm is subject to any lawsuits, threatened or pending or judgement, rulings, awards (including settlement and arbitration awards) against him.

## **12. ROLES AND RESPONSIBILITY IN RESPECT OF COMPLIANCE WITH LAWS AND REGULATIONS**

The Committee shall:

- 12.1 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.
- 12.2 Oversee the Company's compliance with legal and regulatory provisions, its articles of association, code of conduct, by-laws and any rules established by the Board.

12.3 Conduct and authorize investigations into any matters within the Audit and Risk Committee's scope of responsibilities.

### **13. EVALUATING PERFORMANCE AND REPORTING RESPONSIBILITIES**

13.1 The Committee shall assess the achievement of the duties specified in the Charter regularly and report their findings to the Board.

13.2 The Committee shall regularly update the Board about its activities and make appropriate recommendations.

13.3 The Committee shall review (if necessary) and reassess the adequacy of its Charter every five (5) years and discuss any required changes with the Board.

13.4 The Committee shall recommend approval of the annual report and accounts to the Board.

13.5 The Committee shall prepare and review the report to be included in the Company's annual statement.

### **14. REMUNERATION**

14.1 The members of the Committee will be paid such remuneration in respect of their appointment as shall be fixed by the Board.

14.2 Such remuneration shall be in addition to the annual fees payable to directors.

14.3 No Committee attendee shall participate in any discussion or decision in respect of his own remuneration or performance/ disciplinary proceedings or evaluations.

**THIS CHARTER WAS APPROVED BY THE BOARD OF DIRECTORS OF MAURITIUS OIL REFINERIES LIMITED AT ITS MEETING HELD ON 12 MAY 2023**