

THE MAURITIUS DEVELOPMENT INVESTMENT TRUST COMPANY LTD

Charter of the Audit and Risk Committee

1. PURPOSE

The Audit and Risk Committee (the Committee) will assist the Board of directors (the Board) of The Mauritius Development Investment Trust Company Ltd (the Company) in fulfilling its oversight responsibilities for the:

- effectiveness and implementation of internal control procedures;
- integrity and quality of risk management;
- legal and regulatory compliance;
- work of the Internal Auditor and Independent Auditor.

2. OBJECTIVES

2.1. The Board of Directors of the Company (the Board) is responsible for the Risk Management and for the integrity of the Financial Statements of the Company.

2.2. The Board shall delegate the responsibility to the Committee to deal with all pertinent matters relating to the audit of the operations of the Company.

2.3. The Committee should not perform any Management function other than to determine the extent of and remuneration for audit and non-audit services performed by the External Auditor nor assume any Management responsibilities other than to the extent prescribed by legislation. It provides a forum for discussing business risks 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.

2.4. The Committee shall monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risks, including emerging and prospective impacts.

3. ORGANISATION

Membership

3.1. The Board will nominate the Chairperson and the other members of the Committee.

3.2. The Committee will comprise of at least 3 members who shall be non-executive directors, at least two of whom shall be independent non-executive directors.

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3.3. The Board shall satisfy itself that the Chairperson and at least one member of the Committee have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. Each member should be financially literate and have skills and experience appropriate to the Company's business.

3.4. All members should be independent of Management.

3.5. The Board Chairperson will not be eligible for appointment as a Committee member.

3.6. A Quorum for any meeting will be 2 members, at least one member must be an independent non-executive director.

3.7. The Board will have the power at any time to remove any Committee member and to fill any vacancy created by such removal.

3.8. The Secretary of the Committee will be the Company Secretary, or the Company Manager, or such other person as nominated by the Board. The Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

Committee meetings

3.9. Only Committee members are entitled to attend meetings. However, the Committee may invite such other persons, e.g. any director of the CIS Manager and the Company Manager, to be in attendance at its meetings.

3.10. The Internal and External Auditors will be invited to make presentations to the Committee as appropriate.

3.11. Meetings shall be held not less than 3 times a year which should normally correspond with the Company's financial reporting cycle and may be attended by conference calls.

3.13. The Secretary will convene a Committee meeting and circulate to members the Agenda and other documents a reasonable period in advance of each meeting.

3.13. Members will do their best to attend every Committee meeting.

3.14. The Secretary will circulate the minutes of meetings to Committee members and also to Board members, the Internal Auditor and the External Auditor where appropriate.

3.15. As a minimum, the Chairperson or another member of the Committee will attend the Board meeting at which the Financial Statements are approved.

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3.16. The Committee will meet with the Internal and External Auditors, at least once a year, without Management being present.

4. ROLES AND RESPONSIBILITIES

The Committee will:

Internal Control

4.1. Evaluate whether Management is setting the appropriate “control culture” by communicating the importance of internal control and management of risks and ensuring that all employees have an understanding of their roles and responsibilities.

4.2. Understand the Internal Control System implemented by Management for the approval of transactions and the recording and processing of financial data.

4.3. Understand the controls and processes implemented by Management to ensure that the Financial Statements comply with relevant standards and requirements and are subject to appropriate Management review.

4.4. Evaluate the overall effectiveness of the Internal Control and Risk Management framework and consider whether recommendations made by the Internal and External Auditors have been implemented by Management and review regularly the manual of policies and procedures.

4.5. Review the Company’s procedures for detecting fraud.

4.6. Review significant transactions not directly related to the Company’s normal business as the Committee might deem appropriate.

Financial Reporting

4.7. Gain an understanding of the current areas of greatest financial risk and how these are being managed.

4.8. Consider with the Internal and External Auditors any fraud, illegal acts, deficiencies in Internal Control or other similar issues.

4.9. Review significant accounting and reporting issues and understand their impact on the Financial Statements.

4.10. Oversee the periodic financial reporting process implemented by Management and review the Quarterly and Annual Financial Statements and any other documents to be published by the Company.

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4.11. Ensure that significant adjustments and critical accounting policies are discussed with the External Auditor.

4.12. Ensure that Management and the Internal and External Auditors report on the significant risks and exposures of the Company as well as the plans to minimise such risks.

Financial Statements

4.13. Examine and review the quality and integrity of the Financial Statements of the Company, including its Annual and Quarterly Reports, Preliminary Announcements and any other formal announcement relating to the Company's financial performance.

4.14. Review Management's process for ensuring that information contained in press announcements and any briefings is consistent with published financial information that are balanced and transparent, particularly regarding Financial Reporting Standards (IFRSs) and non-IFRS data.

4.15. Focus on judgmental areas, for example, those involving the valuation of assets and liabilities, any other commitments and contingencies.

4.16. 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;
- Compliance with IFRSs, Stock Exchange and legal requirements;
- The methods used to account for significant or unusual transactions where different approaches are possible;
- Significant adjustments resulting from external audit;
- Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into consideration 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 Company has been determined a going concern;
- Capital adequacy and internal controls;
- Compliance with the financial conditions of any loan covenants;
- Any special documents (such as prospectuses).

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4.17. Review and assess, prior to recommendation for approval by the Board, the fairness of the Preliminary Announcements, Quarterly Financial Statements and disclosures after obtaining explanations from Management and the Internal and External Auditors.

4.18. Review the Annual Financial Statements and the Management Representation Letter prior to recommendation for approval by the Board and determine whether they are complete and consistent with the information known to Committee members.

4.19. Meet with Management and the External Auditor to review the Financial Statements, the key accounting policies and judgments, and the results of the audit.

4.20. Review the content of the Annual Report and Financial Statements 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 and strategy.

Internal Audit

4.21. Ensure the Internal Auditor has direct access to the Board Chairperson and the Committee Chairperson, and is accountable to the Committee.

4.22. Review the proposed Internal Audit Plan for the financial year and ensure that it addresses key areas of risks and that there is coordination between the Internal and External Auditors.

4.23. Make suggestions as to problem areas that the Internal Auditor can address.

4.24. Receive a report on the results of the Internal Auditor's work on a periodic basis and ensure that significant findings and recommendations as well as Management's responses are discussed on a timely basis and appropriately acted on.

4.25. Meet the Internal Auditor at least once a year without the presence of Management.

4.26. Monitor and review the effectiveness of the Internal Auditor's performance during the financial year and make recommendations to the Board regarding the renewal of the contract for the next financial year.

4.27. Direct and supervise investigations into matters within its scope such as evaluations of the effectiveness of the Company's internal control, cases of fraud or conflict of interest.

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External Audit

4.28. Review, before the audit commences, the External Auditor's Engagement Letter, its terms, nature and audit scope and approach, ensuring no unjustified restrictions or limitations have been placed on the scope.

4.29. Make recommendations to the Board on the External Auditor's remuneration, including fees for both audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high quality audit to be conducted.

4.30. Assess annually the independence and objectivity of the External Auditor and any conflicts of interest, including reviewing the fees and services provided in the context of all non-audit services to the Company.

4.31. Meet separately with the External Auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.

4.32. Ensure that significant findings and recommendations made by the External Auditor and Management's proposed response are received, discussed on a timely basis and appropriately acted on.

4.33. Review any representation letter requested by the external auditor.

4.34. Review the External Auditor's performance for the financial year audit and make recommendations to the Board, to be put to shareholders for approval at the AGM, regarding the appointment, re-appointment, rotation or removal of the External Auditor for the next financial year.

4.35. Ensure co-ordination with the activities of the Internal Audit function.

4.36. Consider at least once every five years, whether the audit services contract should not be put out to tender.

4.37. If an auditor resigns, investigate the issues leading to this and decide whether any action is required.

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Compliance with Laws and Regulations

4.38. 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.

4.39. Review compliance with the Companies, Income Tax and Securities Acts as well as rules and regulations of the Stock Exchange, Financial Reporting Council and Financial Services Commission and submission of Annual Reports and Annual or Tax returns to the Registrar of Companies and Mauritius Revenue Authority.

4.40. Review the findings of any investigation or on-site inspection by the Regulatory Authorities.

Risk Management

4.41. The Company's approach to risk management is to make it an integral part of the conduct of every aspect of its business. Proactive management ensures that decisions are taken to achieve the most appropriate balance between risks and returns at all times, to transfer risks wherever possible, and to take the necessary measures to mitigate the key risks.

4.42. The Committee will review risk identification, measurement and prioritization methodologies, internal control systems and procedures for reporting unusual high risk transactions.

4.43. The Committee will review the Management reports on the adequacy and overall effectiveness of the Company's Risk Management and Internal Control and ensure the implementation of any recommendations to remedy weaknesses.

Reporting Responsibilities

4.44. Regularly update the Board about the Committee's activities after each meeting and make appropriate recommendations it deems appropriate on any area where action or improvement is needed.

4.45. Ensure that arrangements are in place for the appropriate and independent investigation of such matters and for appropriate follow-up action, and that any matters relevant to the Committee's responsibilities are brought to its attention.

4.46. Review, prior to submission and approval by the Board, special documents, such as Information Sheets and Communiqués issued pursuant to the Listing Rules of the Stock Exchange of Mauritius.

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5. GENERAL

The Committee, in carrying out its tasks under these terms of reference, with the involvement of the Board, may obtain such outside or other independent professional advice, as it considers necessary to carry out its Roles and Responsibilities. These Terms of Reference will be reviewed annually and may be amended as required, subject to the approval of the Board.

Approved by the Board of Directors on 27 June 2018.