

# Attitude Hospitality Ltd

## And subsidiaries

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### AUDIT AND RISK COMMITTEE CHARTER (“the Charter”)

#### 1. CONSTITUTION

At a meeting held on the ~~23.04.2019~~, the board of directors of AHL (the “Board”) resolved to adopt a new Audit and Risk Committee Charter in replacement of the previous charter which was adopted on the ~~17.07.2015~~, and which had become effective on the same date.

The terms of reference of the new charter, which are reproduced hereunder, will take effect from ~~29.04.2019~~.

#### 2. MEMBERSHIP

- 2.1 The Chairperson and members of the Committee shall be nominated by the Board.
- 2.2 The Committee shall consist of not less than three (3) members, all of whom shall be directors of the Company or of wholly owned subsidiaries. The majority of the members shall be non-executive and independent directors.
- 2.3 The Chairperson of the Board shall not be eligible to be appointed as Chairperson of the Committee, and the Chief Executive Officer shall not be eligible to be appointed as Chairperson or as a member of the Committee.
- 2.4 All members shall be financially literate. At least the Chairperson and one other member shall have accounting or related financial expertise and shall ideally hold a professional qualification from one of the professional accounting bodies.
- 2.5 Members shall be appointed for a term of office of two (2) years so long as they remain a director of the Company or of any wholly owned subsidiary, and may be thereafter re-elected.
- 2.6 Members shall not serve simultaneously on the audit and risk committees of other companies in the same field of activity as the Company and/or its subsidiaries; unless the other company forms part of the same group or in which the company has a stake of 20% or more.
- 2.7 An alternate to a Director appointed on the Committee as member shall not automatically be the alternate of that Director on the Committee as well.
- 2.8 Appointment of Alternates is not recommended unless otherwise resolved by the Board.
- 2.9 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.

#### 3. CHAIRPERSON

- 3.1 The Chairperson of the Committee shall be an independent non-executive director (as defined by the Code of Corporate Governance of Mauritius).

- 3.2 The Chairperson of the Committee shall preside at each meeting and, in the absence of the Chairperson, one of the other members of the Committee shall be designated by the Committee members in attendance as the acting chair of the meeting.

#### **4. MEETINGS**

- 4.1 The Committee shall meet at least three times a year.
- 4.2 The secretary of the Committee shall be the Company secretary of the Company, or such other person as nominated by the Board.
- 4.3 Decisions taken by written resolutions signed by all committee members shall be as valid as if a committee meeting had been held.
- 4.4 Meetings of the committee shall be called by the Secretary of the committee at the request of the committee Chairperson or any other member.
- 4.5 The notice of each meeting of the committee, confirming the venue, time and date and enclosing an agenda of items to be discussed as well as the minutes of the previous committee meeting, and supporting documents shall, other than under exceptional circumstances, be forwarded to each member of the committee and the CEO not less than five working days prior to the date of the meeting. A shorter notice may be provided if all members attend the meeting or agree to receive a shorter notice. The supporting documents shall include all such management accounts, financial statements, internal and external audit reports.
- 4.6 The Chairperson of the Committee shall chair committees; in the event there is no appointed Chairperson or in the absence of the committee Chairperson, the remaining members present shall elect one of themselves to chair the meeting.
- 4.7 Only Committee members shall be entitled to attend meetings, save and except that the Committee may invite such other persons (e.g. other directors, the Chief Executive Officer, head of finance, senior managers, internal and external auditors) to its meetings, as it deems necessary.
- 4.8 The external and internal auditors shall be invited to make presentations to the Audit & Risk Committee as appropriate. It is recommended that at least once a year, the Committee meets with the head of internal audit and senior partner of the external auditor without the presence of executive Management to discuss any matters that either the Committee or these two parties believe should be discussed privately.
- 4.9 Other individuals and external advisers may be invited to attend all or part of any meeting, as and when appropriate and necessary and approved by the majority of the committee members attending the meeting.
- 4.10 The committee secretary shall be the secretary of the Company. In the absence of the Secretary due to exceptional circumstances, the members may appoint a Secretary for a specific meeting.

#### **5. QUORUM**

- 5.1 A quorum for a meeting shall be at least 2 members present throughout the meeting - with at least one independent director of the Company or of any subsidiary.

#### **6. MINUTES OF MEETINGS**

- 6.1 The Secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

- 6.2 Draft minutes of committee meetings shall be circulated promptly to the Chairperson for review and then to all members of the committee.
- 6.3 Minutes of the committee shall be approved at the next Committee and be signed by the Chairperson and Secretary of the Committee at which they are approved.
- 6.4 Once approved, minutes should be entered in the Committee's minutes' book in order of date of occurrence.

## **7. PRESENCE AT ANNUAL AND BOARD MEETINGS OF THE COMPANY**

- 7.1 The Committee Chairperson or at least one Committee member shall attend the Annual meeting of the Company if, held.
- 7.2 The Chairperson of the Committee or another member of the Committee shall attend the Board meeting at which the financial statements are approved.

## **8. OBJECTIVES**

- 8.1 The Audit & Risk Committee shall assist the Board:
  - 8.1.1 In fulfilling its oversight responsibilities relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards;
  - 8.1.2 In monitoring and overseeing the financial responsibilities and audit process as well as the procedures for the identification, assessment and reporting of risks.
- 8.2 Its main objectives shall be to:
  - 8.2.1 Oversee the preparation and accuracy of the financial reporting process and ensure the integrity, transparency and performance of published financial information;
  - 8.2.2 Review the effectiveness and performance of the Company's internal financial control and risk management system and subsequently report to the Board, making recommendations as to the steps to be taken;
  - 8.2.3 Evaluate the work of the internal audit function and of the external auditors;
  - 8.2.4 Review the Company's process compliance with legal and regulatory requirements affecting financial reporting and, if applicable, its code of business conduct; and
  - 8.2.5 Review and monitor Management's responsiveness to internal auditor's findings and recommendations.
  - 8.2.6 Make recommendations to the Board as regards the appointment of replacement of the Internal and External Auditors.
- 8.3 In performing its duties, the Committee will maintain effective working relationships with the Board, Management, and the external and internal auditors. To perform his or her role effectively, each Committee member will need to develop and maintain his or her knowledge, including an understanding of the Committee's responsibilities and of the Company's business, operations and risks. The duties and responsibilities of a member of the Committee are in addition to those set out for a member of the Board.

- 8.4 The Committee will not perform any management functions or assume any management responsibilities and will mainly make recommendations to the board for its approval or final decision;

## **9. AUTHORITY AND RESPONSIBILITIES**

- 9.1 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 and its shareholders. 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.
- 9.2 The Committee should carry out its duties for the Company as well as for all the wholly owned subsidiaries' undertakings and the group as a whole, as considered appropriate.
- 9.3 The Audit & Risk Committee shall, within the scope of its responsibilities:
- (a) perform its activities within the scope of the Charter;
  - (b) investigate any activity or issue it deems appropriate;
  - (c) appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties;
  - (d) instruct any officer or employee of the Company to attend any meetings and provide pertinent information as necessary and appropriate;
  - (e) have unrestricted access to members of Management, employees and relevant information;
  - (f) if considered necessary, establish procedures for dealing with the concern of employees regarding accounting, internal controls and auditing matters;
  - (g) 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;
  - (h) review the performance of the external & internal auditors and provide recommendations in relation to the discharge of the auditors;
  - (i) review all audit services, fees and terms as well as review the provision of non-audit services by the external auditors and make the appropriate recommendations to the Board.
- 9.4 The Committee should seek for legal advice as and when deemed appropriate.
- 9.5 The internal auditor reports functionally to the Committee via its Chairperson or directly at committee meetings (and administratively to the Chief Executive Officer).

## **10. ROLES AND RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTING**

- 10.1 The Committee shall:
- 10.1.1 Examine and review the quality and integrity of the financial statements of the Company.
  - 10.1.2 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 Internal and/or External Auditor.

- 10.1.3 Meet with Management, the internal auditor and the external auditors to review the financial statements, the critical accounting policies and practices, and the results of their audit;
- 10.1.4 Ensure that significant adjustments, unadjusted differences, disagreements with Management and management letters are discussed with the external auditors and where applicable, reported to the Board;
- 10.1.5 Review the annual report and recommend the approval of the annual report and accounts to the Board;
- 10.1.6 In particular, the committee shall review and challenge where necessary:
  - a) the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company/group;
  - b) Compliance with accounting standards, local and international, compliance with legal requirements;
  - c) The methods used to account for significant or unusual transactions where different approaches are possible;
  - d) Significant adjustments resulting from the audit;
  - e) Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;
  - f) The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
  - g) All material information presented with the financial statements, including the corporate governance statements;
  - h) The basis on which the Company and its subsidiaries have been determined a going concern;
  - i) Capital adequacy and internal controls;
- 10.1.7 Review compliance with the financial conditions of any loan covenants;
- 10.1.8 Review Management accounts and budgets.
- 10.1.9 Reviewing special documents (such as prospectuses).
- 10.2 Where the committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

## **II. ROLES AND RESPONSIBILITIES IN RESPECT OF INTERNAL CONTROL AND RISK MANAGEMENT**

The Committee shall:

- 11.1 Gain an understanding of the current areas of greatest risk (financial or other) and how these are mitigated and managed effectively;

- 11.2 Keep under review the adequacy and effectiveness of the company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- 11.3 Review any legal matter that could have a significant impact on the actual or future business situation of the Company;
- 11.4 Review and approve the statements to be included in the annual report concerning internal controls and risk management.
- 11.5 ensure that the Company is insured wherever appropriate, and ascertain that the scope of cover provided under its insurance policies is adequate;
- 11.6 review regularly the risk register (if applicable); and
- 11.7 Monitor procedures to deal with clients should a risk crystallize;

## **12. ROLES AND RESPONSIBILITIES IN RESPECT OF INTERNAL AUDIT**

The Committee shall:

- 12.1 Ensure that the Company has an appropriate internal audit function.
- 12.2 Review the qualifications of internal audit personnel;
- 12.3 Review the cost variances and effectiveness and make recommendations to the Board on the appointment, reappointment or termination of the appointment of the internal auditor;
- 12.4 Review the effectiveness of the internal audit function and ensure that it has appropriate standing, free access to resources and information, and that its work is being facilitated within the Company and any subsidiaries, where applicable;
- 12.5 Ensure that significant findings and recommendations made by the internal auditors and Management's proposed response are received, discussed and acted on;
- 12.6 Evaluate the internal audit function and its impact on the accounting practices, internal controls, and financial reporting of the Company; and
- 12.7 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 auditor.

## **13. ROLES AND RESPONSIBILITIES IN RESPECT OF EXTERNAL AUDIT**

The Committee shall:

- 13.1 Review on an annual basis the performance of the external auditors based on the scope and results of their work and review any cost variance/ cost effectiveness and make recommendations to the Board on the appointment, reappointment or termination of the appointment of the external auditors;
- 13.2 Consider the ethical conduct, independence and objectivity of the external auditors and any potential conflict of interest;
- 13.3 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;
- 13.4 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;

- 13.5 Ensure that significant findings, accounting adjustments and recommendations made by the external auditors are discussed and appropriately acted on by Management;
- 13.6 In case of any lawsuits, threatened or pending, or judgments/rulings/awards (including settlements and arbitration awards) against the Audit firm that comes to the knowledge of the Committee during the period of term of appointment, review same, and make any recommendations to the Board that may be deemed appropriate, in the interests of the Company.

#### **14. ROLES AND RESPONSIBILITIES IN RESPECT OF COMPLIANCE WITH LAWS AND REGULATIONS.**

The Committee shall:

- 14.1 Give due consideration to laws, regulations and any published guidelines or recommendations regarding its duties.
- 14.2 Review the effectiveness of the control mechanisms 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;
- 14.3 Oversee the Company's compliance with legal and regulatory provisions, its Constitution, Code of Ethics, by-laws and any other rules or policy established by the Board;
- 14.4 Conduct and authorise investigations into any matters within the Committee's scope of responsibilities;
- 14.5 Obtain regular updates from management and the Company's legal counsel regarding compliance matters;
- 14.6 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
- 14.7 Review the findings of any examinations by authorities if applicable.

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

- 15.1 The committee Chairperson shall report to the Board on its proceedings after each meeting.
- 15.2 The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 15.3 The committee shall ensure that provisions regarding disclosure of information are fulfilled.

#### **16. REMUNERATION**

- 16.1 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, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board. Such special remuneration shall be in addition to the annual fees payable to directors.
- 16.2 The Chairperson of the Committee may, in addition to his or her remuneration as member, receive a further sum as determined by the Board.

#### **17. OTHER MATTERS**

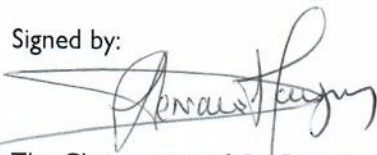
The committee shall:

- 17.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties.
- 17.2 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required; and
- 17.3 Arrange for periodic reviews of its own performance and 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 for approval.

**18. GENERAL**

The above terms of references may be amended as required subject to the approval of the Board of Directors of the Company. The Charter will be reviewed by the Board every five years, or before if considered necessary.

Signed by:



The Chairperson of the Board

This 29 April 2019.....



The Chairperson of the Audit & Risk Committee