

Table of Contents

<b>Audit and Risk Committee Charter .....</b>	<b>4</b>
<b>Purpose and Objectives .....</b>	<b>4</b>
<b>Composition and Membership .....</b>	<b>4</b>
<b>Membership Qualifications .....</b>	<b>4</b>
<b>Meetings.....</b>	<b>5</b>
<b>Authority .....</b>	<b>5</b>
<b>Roles and Responsibilities .....</b>	<b>5</b>
<b>Internal Audit .....</b>	<b>5</b>
<b>External Audit.....</b>	<b>6</b>
<b>Interim Financial Statements .....</b>	<b>7</b>
<b>Evaluation of Committee Activities.....</b>	<b>9</b>

## **Audit and Risk Committee Charter**

### **Purpose and Objectives**

The Group Audit and Risk Committee (the Committee) is an appointed committee to assist the Massy Holdings Board of Directors in fulfilling its oversight responsibilities. The Committee will review and make appropriate recommendations for the Board's approval of the financial reporting process, the system of risk management and internal control and the audit process. In performing its duties, the Committee must act independently and will maintain effective relationships with the Board of Directors, Management, Group Risk, and the Internal and External Auditors and ensure that the interests of the shareholder are protected.

### **Composition and Membership**

The Committee will comprise a minimum of three non-executive members of the Board of Directors, of which two must be independent. All Committee members shall be appointed by the Board and these appointments of the Committee shall be reviewed annually.

The Committee members shall be selected from the members of the Board of Directors. A Director is not independent if he or she is:

- Employed by the Group for the current year or any of the past two years
- Accepting any direct compensation from the Group other than compensation for Board service.
- A partner in, or a controlling shareholder of, any for-profit business organization to which the Group received payments that are or have been significant to the Group or any of its subsidiaries in any of the past two years.
- Employed as an executive of another company where any of the Group's executives serve on that company's compensation committee.

The Group CEO shall also be an Ex-Officio-Member of the Committee.

The Board will appoint the Chairperson of the Committee. The Secretary of the Committee will be the Company Secretary, or such other person nominated by the Board.

### **Membership Qualifications**

Each committee member will be financially literate. At least one member shall be designated as the financial expert and shall have experience in finance or professional certification in accounting.

In addition, each committee member will obtain an understanding of the detailed responsibilities of committee membership as well as the Group's business, operations, and risks in order to effectively perform their role.

## **Meetings**

A quorum for any meeting shall be three members including at least two non-executive members. The committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require. The Committee may invite members of management, auditors or others to attend meetings or provide pertinent information as necessary. It is to be expected that the Group Finance Director, Group Risk, Head of Internal Audit and External Audit lead partner will be invited regularly to attend meetings.

## **Authority**

The Committee shall conduct or authorize investigations into any matters within its scope of responsibility.

The Committee has the authority to:

- Evaluate and recommend the appointment of a registered public accounting firm to provide the services of External Auditor for the Group.
- Oversee and evaluate the work of the Internal and External Auditors.
- Institute special investigations and if appropriate, hire special counsel, accountants, or other experts to advise the Committee or assist in the conduct of the investigation.
- Resolve any disagreements between management and the External Auditors regarding financial reporting.
- Pre-approve all audit and non-audit services to be provided by the External Auditors.
- Seek any information it requires from Group company officers and employees, all of whom are directed to cooperate with the committee's requests.
- Seek information or hold meetings with the External Auditors, outside counsel, or other external third parties as necessary.
- Oversight over all subsidiary and portfolio audit committees across the Group.

## **Roles and Responsibilities**

### Direct and Exclusive Responsibility

The Committee has direct and exclusive oversight over the following responsibilities:

### **Internal Audit**

The Committee shall:

- Review with management and the Group Internal Auditor the Charter, plans, activities, staffing, and organizational structure of the internal audit function.

- Review and approve the annual internal audit plan and all major changes to the plan.
- Ensure there are no unjustified restrictions or limitations to the scope of the internal audit function, and review and concur in the appointment, replacement or dismissal of the Group Internal Auditor.
- Review the effectiveness of the Group Internal Audit function including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- On a regular basis meet separately with the Group Internal Auditor to discuss any matters that the committee or the Internal Auditors believe should be discussed privately.

#### Oversight over Pension Plan Investments

The Committee shall have oversight over the Group's Pension Investments in accordance with the Group Pension Governance Policy, as may be amended from time to time.

#### **External Audit**

The Committee shall:

- Review the External Auditor's proposed audit scope and approach, including coordination of audit effort with the internal audit function.
- Review the performance of the External Auditors and recommend approval of the appointment or discharge of the External Auditors.
- On a regular basis meet separately with the External Auditors to discuss any matters that the committee or the auditors believe should be discussed privately.
- Review and confirm the independence of the External Auditors by examination of the non-audit services provided and the External Auditors' assertion of their independence in accordance with professional standards.

#### Financial Reporting: Group Annual Financial Statements

The Committee shall:

- Review, evaluate, and provide recommendations on the scope of the external audit required for the satisfactory completion of the Group's statutory financial statements. Audited statutory financial statements are required for regulated entities in the Group.

#### Direct or Devolved Responsibilities

The below responsibilities will be carried out either directly by the Committee or may be delegated to the Portfolio Audit and Risk Committee or another subsidiary's audit committee. Issues that are reviewed by a Subsidiary or Portfolio Audit and Risk Committee and are considered high risk must be escalated to the Committee on an exception basis.

## **Financial Reporting**

The Committee shall:

- Review the annual financial statements and consider whether they are complete, consistent with information known to the Committee's members, and reflect appropriate accounting principles.
- Examine and understand the impact on the financial statements of any complex and or unusual transactions, such as restructuring charges.
- Examine judgmental areas such as those involving valuation of assets and liabilities, including for example the accounting for and disclosure of obsolete or slow-moving inventory, loan losses, warranty, product, and environmental liability, litigation reserves, and other commitments and contingencies.
- Review with management and the External Auditors the results of the audit, including any difficulties encountered.
- Consider management's handling of proposed audit adjustments identified by the External Auditors.
- Review other sections of the annual report before its release and consider whether the information is adequate, accurate, complete, and consistent with member's knowledge of the company and its operations.
- Inquire that the External Auditors communicate other relevant matters to the committee.
- Communicate to the Board, matters which may significantly impact the financial condition/affairs of the Group.

## **Interim Financial Statements**

The Committee shall:

- Review interim financial reports before filing with regulators and consider whether they are complete and consistent with information known to the Committee's members.
- Evaluate how management develops and summarizes quarterly financial information, the extent of Internal or External Audit involvement, the extent to which the Internal or External Auditors review quarterly financial information, and whether the review is performed on a pre or post-issuance basis.
- Meet with management, and if a pre-issuance review was completed with the External Auditors, to examine the interim financial statements and the results of the review.
- Obtain explanations from management and from the Internal or External Auditors on whether actual financial statements or results for the interim reporting period:
  - Varied significantly from the budgeted or projected results
  - Include changes in financial ratios and relationships that are consistent with the changes in the Group's operations and financing practices
  - Are prepared using generally accepted accounting principles that are consistently applied
  - Contain any actual or proposed changes in accounting or financial reporting practices

- Contain any significant or unusual events or transactions
- Comply with the terms of any loan agreements or debentures
- Contain adequate and appropriate disclosures

### Risk Management and Internal Control

The Committee shall:

- Consider the effectiveness of the Group's internal control environment in mitigating risks to the achievement of its objectives.
- Monitor appropriateness of control activities over technology, infrastructure, and data security are adequate to manage risks to the organization's assets that may prevent it from achieving its objectives.
- Evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal control and a thorough understanding of roles and responsibilities to all stakeholders.
- Monitor appropriateness of relevant and appropriate Group policies and ensure controls are developed and communicated to support strong governance around risk management.
- Monitor appropriateness of the internal control framework mitigates against fraudulent activity and minimizes the potential for fraud.
- Monitor appropriateness of control deficiencies being identified and remediated within a defined timeline that reflects the risk impact on the organization.
- Approve the appropriate systems for the classification of control deficiencies based on the materiality and probability of loss.
- Monitor appropriateness of reward and recognition policies to support strong internal control management.
- Review and recommend to the Board, the appropriate risk appetite that aligns with the Group's strategic objectives.
- Oversee the implementation of the Group's enterprise-wide risk management framework.
- Monitor appropriateness of the process in place to identify and quantify risks to the achievement of the Group's objectives.
- Provide direction on the allocation of resources and assignment of responsibilities for activities based on an assessment of key business risks.
- Evaluate the risk mitigation activities for effectiveness and consistency with the Group's risk tolerance.
- Provide guidance regarding ERM infrastructure, including systems, processes, and organizational structure.
- Ensure that all matters reported as Speak Ups (whether through the Speak Up hotline, the Speak Up email or other means, e.g., anonymous letter) to the Speak Up Panel that relates to financial or internal controls and concerns including allegations of fraud, are appropriately addressed.

## Other Responsibilities

The Committee shall:

- Review the effectiveness of the system for monitoring compliance with relevant laws and regulations, including the findings of any regulator examinations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance, fraudulent acts or accounting irregularities.
- Meet periodically, and may request to meet separately, with the General Counsel and the Corporate Secretary, and other appropriate legal staff of the Company including, if appropriate, the Company's outside counsel, to review material and relevant legal affairs of the Company, including matters involving criminal conduct or potential criminal conduct, and the Company's compliance with applicable law and listing standards. Each of the General Counsel, Corporate Secretary, and any legal staff has express authority to communicate personally with the Chair of the Audit Committee about any such matters as appropriate.
- Periodically review and approve the Company's hiring policies regarding partners, employees, and former partners and employees of the present and former external auditors of the Company.
- Communicate to the Board matters which may significantly impact the financial condition/affairs of the Group.
- Perform other oversight functions as requested by the Board of Directors.
- Confirm annually that the responsibilities outlined in this Charter have been executed.
- Evaluate the Committee's and its individual members' performance.

## **Evaluation of Committee Activities**

The Committee shall perform a review and assess, at least annually, the adequacy of this Charter and any improvements to this Charter that the Committee considers necessary or valuable.