

EXPRESS KENYA PLC.

The Audit and Risk Committee

Terms of Reference

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1. Duties of the Audit and Risk Committee

The Audit and Risk Committee shall review in depth the annual financial statements of the Company, monitor the integrity of the Company business' financial reporting system and internal controls, review the statutory accounts and consider accounting issues arising in respect of the Company's affairs and recommend them to the Board for approval.

The Audit and Risk Committee shall meet at least once a year with the Company's auditors and recommend to the Board the appointment, removal and remuneration of the statutory auditors.

In addition, the Audit and Risk Committee will be responsible for overseeing the internal audit function and in particular consideration of the enterprise risk within the Company and overseeing the operational business risk issues affecting the Company and management of those risks to ensure that they remain robust, appropriate and effective and assessing the effectiveness of the various risk, independence and quality compliance programmes operating within the Company.

2. Composition and membership of the Audit and Risk Committee

- a) The Audit and Risk Committee shall comprise at least three directors one of which will have relevant audit financial experience.
- b) The members of the Audit and Risk Committee shall be appointed by the Board. Additional individuals shall be invited to attend any Audit and Risk Committee meeting as required by the Audit and Risk Committee Chair (including but not limited to, the Chief Financial Officer, Head of Quality and Risk and Head of Functional Departments).
- c) The members of the Audit and Risk Committee shall be appointed for a three-year term, as shall be determined by the Board, with the option for this to be renewed for an additional two-year period (or as otherwise determined by the Board).
- d) The members of the Audit and Risk Committee may be removed at any time by the Board.
- e) The Audit and Risk Committee will meet a minimum of four times a year and at other times in the year as considered appropriate by the Audit and Risk Committee Chair.

Meetings will always be held prior to the announcement of any financial or performance results of the Company.

3. Chair of the Audit and Risk Committee

The Audit and Risk Committee Chair shall be a non-executive member of the Board who will be appointed by the Committee members and ratified by the Board.

4. Quorum for Committee meetings

- a) The quorum for any meeting of the Audit and Risk Committee shall be two thirds of the members of the Committee.
- b) The members of the Audit and Risk Committee may participate in a meeting of the Committee from separate locations by means of tele conference or other means which allows for virtual communication where all members hear each other and shall be entitled to vote and be counted in the quorum accordingly.

5. Audit and Risk Committee procedures

The Committee shall determine its own procedures.

6. Audit and Risk Committee Resolutions

- a) The Audit and Risk Committee shall reach decisions by a simple majority of those voting on the issue in question. If the numbers of votes for and against a certain proposal are equal, the Audit and Risk Committee Chair shall have a casting vote.
- b) Any resolution evidenced in writing or by electronic or voice recognition means, by such member or members of the Audit and Risk Committee as would have been necessary to pass such resolution had all members of the Audit and Risk Committee been present at a meeting to consider such resolution, shall be valid and effective as if it had been passed at a meeting of the Audit and Risk Committee duly convened and held, provided that notice and details of the proposed resolution have been given in advance to each member of the Audit and Risk Committee.

7. Matters dealt with by the Committee

The Audit and Risk Committee is responsible for the following matters, or as delegated by the Board:

i. Financial reporting

Review and challenge the actions and judgements in relation to the quarterly, interim and full financial statements before submission to the Board, paying particular attention to:

- a) Accounting policies, systems, controls and practices;
- b) Areas involving significant judgement, estimation or uncertainty and the provisions in the financial statements;
- c) Methods used to account for significant or unusual transactions;
- d) Compliance with accounting standards;
- e) Significant adjustments resulting from the audit;
- f) Compliance with legal and regulatory and financial reporting requirements; and
- g) Consider whether the controls established to prevent fraud and illegal acts are adequate and to ensure all major cases of fraud/illegal acts are reported to Audit and Risk Committee Chair.

ii. Statutory Audit

- a) Recommend to the Board for the appointment, reappointment, removal and remuneration of the statutory auditors;
- b) Oversee and at least annually review the relationship with statutory auditors;
- c) Discuss problems and reservations arising from the interim and the final audits and any matters the statutory auditor may wish to discuss;
- d) Discusses the nature and scope of the audit and ensures cooperation with Internal Audit; and
- e) Review any findings and recommendation of the Statutory Auditors and monitor progress in implementing recommendations.

iii. Risk management

Act as a sounding board for the Head of Quality and Risk Management on any risk matters, reviewing any significant risk management judgement calls made by him/her and receive from him/her periodic reports on the risk management activities of the Company including the below:

- a) The Company's key policies and processes for identifying and assessing business risks (including quality and ethics and independence), the management of these risks and an assessment of their robustness, appropriateness and effectiveness;
- b) The annual risk management business plan;
- c) The outcome of the various quality, risk and independence compliance programmes operating across the Company and any proposed remedial actions;
- d) Any significant risk management judgement calls made within the Company;
- e) The status of, and significant findings from, any regulatory inspections or regulatory violations that have occurred in the period;
- f) The annual report from the Company's money laundering officer on any financial crime;
- g) The position on any significant claims and circumstances and how the associated 'lessons learned' have been fed back into the Company;
- h) A summary of matters reported to the Company's whistle-blowing forums and conduct of investigations into any significant matters reported to the forums;
- i) The Company's commercial risk appetite;
- j) Internal audit reports related to professional risk management;
- k) Financial position and risk;
- l) Oversight of the culture of quality and integrity within the Board and monitoring the 'tone at the top' set across the Company by the Chair and the Executive Committee; and
- m) The content of, and the adherence to, the Company's code of conduct.

iv. Internal audit

- a) Oversee the effectiveness of the Company's internal audit function, including the appointment of the Director in charge of the function and the adequacy of resources available;
- b) Review and approve the annual work programme of the internal audit work plan including in particular with respect to enterprise risk;
- c) Review and consider any reports issued by internal audit;
- d) Ensure the internal auditor has direct access to the Audit and Risk Committee Chair and is accountable to the Audit and Risk Committee; and
- e) Consider the major recommendations of the internal audit investigations, management responses and any recommendations for improvement made by the statutory auditors.

Changes to the Audit and Risk Committee's duties are subject to approval by the Board.

8. Notice of meetings

The Audit and Risk Committee meeting agenda and papers should be circulated at least one week prior to the Audit and Risk Committee meeting.

9. Documentation, communication and reporting

- a) Minutes of the Audit and Risk Committee to be kept and filed by the Audit and Risk Committee Secretary and held at the Company's registered office.
- b) The Audit and Risk Committee reports to the Board.

10. Review

- a) The Committee will review its terms of reference every three years and its effectiveness annually and recommend any changes to the Board.
- b) The Chair of the Board will assess the performance of the Chair of the Audit and Risk Committee.

11. Approval

Approved by a Board Resolution dated: 15TH MARCH 2022



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BOARD CHAIRMAN

NOTES

1. Secretary to committee

