
MARC

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

Version 1.0

1. Introduction

This terms of reference sets out the specific role and responsibilities delegated by MARC's or the Company's Board of Directors ("the Board") to the Audit and Risk Committee ("ARC") and details the manner in which the ARC operates.

2. Standing Rules for MARC Board Committees

2.1 The Standing Rules for MARC Board Committees apply to the ARC and are incorporated into this terms of reference, save as expressly varied by this terms of reference.

3. Purpose

3.1 The ARC's main objective is to assist the Board fulfill its functions by providing independent and timely advice to Board on areas within its remit, by providing its oversight of:

- MARC's financial reporting principles and policies, controls and procedures;
- the integrity of MARC's financial statements and the independent audit thereof;
- compliance practices of the Company;
- the Company's compliance with legal and regulatory requirements and also related internal compliance guidelines, Code of Conduct, policies and procedures; and
- the performance of the Company's internal audit and external auditors;
- to assist Board fulfill its functions by providing independent and timely advice to Board on areas within its remit;
- monitors the related financial risks of MARC and is responsible for reviewing strategic investments as well as joint venture proposals;
- oversee company-wide risk management strategy, policies, procedures, and mitigation efforts. To govern the process of risk assessment and risk management;
- responsible for ensuring that there is a Risk Management Programme within the Company that measures, prioritises, monitors and responds to risks and monitors and evaluates compliance with risk management policies.

4. Powers of the ARC

4.1 The ARC has power to deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose and duties as set out in this terms of reference and all other matters that may be delegated by the Board to the ARC from time to time.

4.2 Subject to the requirement under the Board Committees' Standing Rules to keep the Board informed of its activities, and to any conflicting legal or regulatory requirements, the ARC has power to deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose and duties as set out in this terms of reference and all other matters that may be delegated by the Board to the ARC from time to time, including power

- to review and recommend to Board for approval of any changes in the Company's policies for detecting fraud and prevention of bribery;
- to review principles, policies, strategies, processes and control frameworks for the management of risk;
- to recommend any changes to, risk appetite as appropriate;
- to sub-delegate its powers and discretions to executives of the Company, with or without power to delegate further.

5. Ambit of Responsibilities of the ARC

5.1 Financial Reporting

ARC is to review –

- any changes to accounting policies both on a year on year basis and across the Company;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- compliance with accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the clarity of disclosure in the company's financial reports and the context in which statements are made; and
- audited annual financial statements of MARC.

5.2 Financial Stewardship and Financial Performance

- review the financial condition and operating results of the Company;
- approve variations within limits established by the Board in the Delegation of Authority or otherwise.
- Monitor the effective risk management of the Company's finances and investments.
- Approve from time to time changes to Delegation of Authority as recommended by Management suitable for operational needs

5.3 External Audit

- make recommendation to the Board for approval by the shareholders at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the company's external auditor unless provided by the Companies Act 2016;
- recommendation on their fees for audit or non-audit services;

- review and discuss on their terms of engagement;
- review the assessment done by the Management on their independence, objective, qualifications, expertise and resources;
- meet with the external auditor for discussion on any major issues which arose during the audit, any accounting and audit judgements, effectiveness of the audit;
- ARC shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit; and
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.

5.4 Internal audit

- recommend to the Board in relation to the appointment, re-appointment and removal of the company's internal auditor;
- review the effectiveness of outsourced internal audit services according to the Management's assessment;
- review the annual internal audit plan;
- review reports from the internal auditor and monitor management's responsiveness to the findings and recommendations; and
- meet the internal auditors at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

5.5 Compliance

- review the adequacy scope and effectiveness of the company's compliance function; and Compliance Officer as well as the power conferred to Compliance Officer to carry out the compliance's functions without any implicit or explicit obstruction;
- appoint and terminate Compliance Officer and assess the performance of the Compliance Officer's performance on an annual basis;
- approve Compliance Plan annually, or as and when there are changes during the year; and
- receive and review periodical compliance report from the Compliance Officer.

5.6 Strategic Transactions

The ARC shall, before a decision to proceed is taken by the board, advise the board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the company, and taking independent external advice where appropriate and available.

5.7 Enterprise Risk Management

The ARC shall:

- help to set the tone and promote a corporate culture in which employees at all levels manage risks rather than reflexively avoid or heedlessly take them;
- provide input to management regarding the Company's risk appetite and risk tolerance;
- monitor the Company's risk profile – its ongoing and potential exposure to risks of various types;
- monitor all known and emerging risks are identified and managed;
- oversee the Company's deployment of an enterprise risk management ("ERM") framework and its risk measurement methodologies;
- review with executive management the Company's policies, procedures and standards for identifying and managing enterprise risk;
- receive reports from management regarding the Company's compliance with ERM-related policies and procedures;
- review the remediation plans relating to enterprise risks and the adequacy of proposed action/the steps management has taken to address breaches in ERM-related policies and procedures;
- advise the board on the company's overall risk appetite, tolerance and risk strategy, taking account of the current and prospective macroeconomic and financial environment and other authoritative sources that may be relevant for the company's risk policies;
- consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate independence and is free from management or other restrictions;
- review and approve the statements to be included in the annual report concerning internal controls and risk management, if applicable; and
- to recommend to the Board the company's policy for detecting fraud and prevention of bribery.

5.8 Insurance Coverage and Business Continuity Management

The ARC shall

- Make recommendation to the Board the directors' and officers' liability insurance coverage programme/framework and its changes;
- Review the implementation and adequacy of the Company's Business Continuity Plan.

6. Membership

- 6.1 All members of the ARC and its Chairman shall be appointed by the Board. All members of the ARC shall, in the judgment of the Board, be financially literate.

- 6.2 The ARC shall compose a majority of Independent Non-Executive Directors.
- 6.3 In the absence of the Chairman of the ARC and/or an appointed deputy, the remaining members present shall elect one (1) of themselves to chair the meeting.
- 6.4 A quorum is two (2) members of the ARC.
- 6.5 The Company Secretary shall act as the Secretary of the ARC.

7. Meetings

- 7.1 The ARC shall meet three (3) times annually or more frequently as circumstances dictate.
- 7.2 The Company Secretary will issue notices of meetings of not less than five (5) days and forward meeting papers of not less than five (5) days prior to any meeting. The Company Secretary will minute the proceedings of all meetings of ARC and will retain copies of all minutes and papers.
- 7.3 A circular resolution in writing for ARC's review, signed by majority members of the ARC shall be valid and effectual as if it had been passed at a meeting of the ARC duly convened and held. Any such resolution may consist of several documents in like form each signed by one or more of the ARC members. The signatures of such ARC members and/or indication of their consent/dissent may be transmitted via email, telefax or facsimile.
- 7.4 The Chairman of the ARC shall be responsible for reporting formally to the Board on the ARC's proceedings after each meeting on all matters within its duties and responsibilities.

8. Other matters

The ARC shall:

- 8.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 8.2 give due consideration to laws and regulations and any other applicable Rules, as appropriate; and
- 8.3 arrange for periodic reviews of its own performance and, a periodic review of the adequacy of this terms of reference and recommend to the Board any improvements to these terms of reference that the ARC considers necessary or appropriate.