

AFRICA CLEAN ENERGY SOLUTIONS LIMITED

AUDIT AND RISK MANAGEMENT COMMITTEE (Hereinafter referred to as “the Committee”) CHARTER

In accordance with the National Code of Corporate Governance for Mauritius (2016), there shall be constituted an Audit and Risk Management Committee to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting statements in compliance with all applicable legal requirements and accounting standards.

1. MEMBERSHIP

1.1. The Committee shall comprise not less than three non-executive directors, where the majority shall be independent non-executive directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Corporate Governance Committee in consultation with the Chairperson of the Audit and Risk Management Committee.

1.2. The Board shall appoint a Chairperson from the independent non-executive members of the Committee. The Chairperson of the Board, the CEO, the COO and any Executive director shall not be eligible to be appointed as Chairperson or member of the Committee.

1.3. It is appropriate that members of the Committee have a range of different skills and experiences, having regard to the operational, financial and strategic risk profile of the business. At least one member of the Committee should have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

1.4. The Board shall have the power at any time to remove any members from the Committee in consultation with the Chairperson of the Committee and the Corporate Governance Committee and to fill any vacancies created by such removal.

1.5. Only members of the Committee have the right to attend committee meetings. However, the external auditor and director responsible for finance will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.

1.6. The term of office shall be for a period of up to three years. Members may thereafter be re-appointed by the Board, for further periods of up to three years, so long as members continue to be independent.

1.7. The Committee shall nominate a Committee Secretary.

1.8. The quorum necessary for the transaction of business shall be two members at least one must be an independent non-executive director.

2. MEETINGS

2.1. The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

2.2. Outside of the formal meetings, the Committee Chairperson will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairperson, the CEO, the director responsible for finance, and the external audit lead partner. The Committee Chairperson, at his/her discretion, may invite other executives to attend and to be heard at meetings of the Committee.

2.3. Meetings shall be convened by the Secretary of the Committee at the request of any of its members or the external audit lead partner if they consider it necessary. Reasonable notice of meetings and the business to be conducted shall be given to the members requested to be in attendance.

2.4. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance. Once approved minutes should be circulated to all other members of the Board.

2.5. The Committee Chairperson shall attend the annual general meeting to answer shareholder questions on the Committee's activities.

2.6. The Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, and make recommendations to the Board concerning the adoption of the annual and interim financial statements and any other matter he/she deems appropriate where action or improvement is needed.

3. RESPONSIBILITIES OF THE COMMITTEE

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the group as a whole, as appropriate.

3.1. In relation to Financial Statements the Committee will;

3.1.1. Review the quality and integrity of the financial statements of the Group, including its annual and interim reports and any formal announcement relating to the Group's financial performance.

3.1.2. Report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the Committee by the auditor. In particular, the Committee shall review and challenge where necessary;

- i. any changes to significant accounting policies both on a year on year basis and across the Group, or significant adjustments resulting from the audit;
- ii. compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
- iii. methods used to account for significant or unusual transactions where different approaches are possible;

- iv. whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;
- v. the basis on which the Group has been determined a going concern;
- vi. capital adequacy and internal controls;
- vii. compliance with the financial conditions of any loan covenants.

3.2 In relation to Internal Control the Committee will;

3.2.1. Review the adequacy of the Group's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems.

3.2.2. Review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, about possible wrongdoing in financial reporting or other matters.

3.2.3. Review the Group's procedures and controls for detecting fraud and the prevention of bribery.

3.2.4. Review significant transactions not directly related to the Group's normal business as the Committee might deem appropriate.

3.2.5. Review and investigate cases of employee conflicts of interest, misconduct, fraud, bribery or any other unethical activity by employees or the Group.

3.2.6. Safeguard Group's assets against unauthorised use or disposal.

3.3. In relation to Auditors and External Audit the Committee will;

3.3.1. Recommend to the Board which firm(s) should be appointed as external auditor(s). If the Committee recommends to the Board to change external auditors, which should be done at least once every seven years, several firms should be put forward for tender and screened by the Committee.

3.3.2. Oversee the relationship with the external auditor including (but not limited to):

- i. recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
- ii. approval of their terms of engagement within the engagement letter, and the scope of the audit;
- iii. assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements, including the provision of any non-audit services;
- iv. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the organisation (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- v. agreeing with the Board a policy on the employment of former employees of the Group's auditor, and monitoring the implementation of this policy;
- vi. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the qualifications, expertise and resources of the auditor, the level of fees paid compared to the overall fee income of the firm, office and partner and other related requirements;

- vii. meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- viii. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

3.3.3. Obtain assurance from the external auditor(s) that adequate accounting records are being maintained.

3.3.4. Review the findings of the audit with the external auditor. This shall include but not be limited to the following:

- i. discussion of any major issues which arose during the audit;
- ii. key accounting and audit judgements;
- iii. levels of errors identified during the audit;
- iv. the effectiveness of the audit process.

3.3.5. Review any representation letter(s) requested by the external auditor before they are signed by management.

3.3.6. Review the management letter and management's response to the auditor's findings and recommendations.

3.4. In relation to Risk Management the Committee will;

3.4.1. The Committee will focus on the various aspects of risk oversight and management and on internal control. The existence of the Committee does not reduce the responsibilities of the Board as regards to the establishment of a sound system of risk management and internal control. The main responsibilities of the Committee in relation to risk management shall be as follows;

- i. to develop and implement policy and processes for the identification, monitoring and management of significant business risks;
- ii. to review the adequacy of insurance coverage;
- iii. to review the adequacy of currency risk mitigation policy and process;
- iv. to review any legal matters that could have significant impact of the Group's business;
- v. to ensure compliance within industry sector and with the financial reporting requirements of SEM.

4. AUTHORITY

4.1. The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

4.2. Remuneration paid to the Committee will be determined by the Board.

4.3. The Committee shall arrange for periodic reviews of its own performance.

4.4. The Committee shall at least annually, review its charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

Approved by:

Chairperson of Audit Committee

Chairperson of Board