

# OLYMPIA CAPITAL HOLDINGS PLC

## BOARD AUDIT AND RISK COMMITTEE TERMS OF REFERENCE





Olympia Capital Holdings Plc

Board Audit and Risk Committee Terms of Reference

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## TABLE OF CONTENTS

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|   |   |
|---|---|
| 1. Preamble.....                                | 3 |
| 2. Authority.....                               | 3 |
| 3. Committee Composition .....                  | 3 |
| 4. Meetings.....                                | 4 |
| 5. Quorum.....                                  | 4 |
| 6. Reporting.....                               | 5 |
| 7. Communication with Management .....          | 5 |
| 8. Duties and Responsibilities .....            | 5 |
| <b>8.1. Financial Statements</b> .....          | 5 |
| <b>8.2. Internal Audit/Whistleblowing</b> ..... | 6 |
| <b>8.3. Risk Management</b> .....               | 6 |
| <b>8.4. Internal Controls</b> .....             | 7 |
| <b>8.5. External Audit</b> .....                | 8 |
| <b>8.6. Compliance</b> .....                    | 8 |
| 9. Funding.....                                 | 8 |
| 10. Review.....                                 | 8 |

## 1. Preamble

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The Board Audit and Risk Committee (“the Committee” or “BARC”) is a **standing committee** of the Olympia Capital Holdings Plc (“OCHL”) Board of Directors (“the Board”).

The Committee will provide **oversight on OCHL’s accounting framework, internal controls/risk management, external audit, compliance matters, and whistleblowing including any ancillary activities** therewith to ensure that there are frameworks for the attainment of OCHL’s mission, vision, and objectives.

## 2. Authority

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The BARC shall be conferred with the following authority:

- i. The Committee shall have the power to conduct or authorize investigations into any matter within its scope of responsibilities or as instructed by the Board periodically.
- ii. The Committee is authorized to provide oversight over all audit exercises for and on behalf of the Board of Directors such as Internal Audit, External Audit, Legal Audits, Environmental, Social, and Governance (ESG) Audits, and any other statutory or optional audits as shall be required by the Company from time to time.
- iii. The Committee is authorized to engage, at OCHL’s expense, outside legal or other professional advice or assistance on any matters within its mandate;
- iv. The Committee shall have full access to OCHL’s records, employees, and internal or external auditors (with or without the presence of Management) relevant to the subject matter under review.
- v. The Committee is authorized to seek any information it requires from any officer or employee of the Company and such officers or employees shall be required to respond to the information requested in line with the framework provided in these Terms of Reference (ToRs);
- vi. The Committee may, at its discretion, delegate all or some of its responsibilities to a sub-committee;
- vii. The Committee shall resolve any disagreements between Management and any external professional engaged to support OCHL’s reporting; and
- viii. From time to time, provide oversight over an evaluation of the effectiveness of the Committee itself.

## 3. Committee Composition

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- i. The BARC shall be made up of **at least three (3) members of the Board**, who shall not include (a) the Chair of the Board of Directors, (b) any alternate directors, (c) any member(s) who serve in similar committees by whatever name called, in more than two public listed companies and (d) shall be required to comprise largely of independent directors.
- ii. **At least one of the members** should have accounting expertise or experience in the field of finance, or risk management and be a member of the Institute of Certified Public Accountants of Kenya (ICPAK), or an equivalent institute recognized by the East African Community

member states, or an equivalent international institute recognized by ICPAK. The Committee members should also collectively possess knowledge, skills, and experience in core areas of OCHL's operations.

- iii. The Board shall also appoint the Chair of the Committee who shall guide the affairs of the Committee. In the absence of the Committee Chairperson or appointed deputy (if any), the remaining members present shall elect one of them to Chair the Committee meetings.
- iv. Appointment to the Committee shall be for **up to three (3) years which may be extended for further periods of up to three (3) years with the consent of the Board**. Vacancies arising during the year will be addressed by the Board Human Resources & Governance Committee and/or the Board as an extraordinary item
- v. **OCHL's Management Team, Internal Auditors (if any), and the External Auditors may attend meetings as invitees of the Committee**. Other Board members and management may also attend as invitees. However, **at least once a year, the Committee will meet with the Internal and/or External Auditors in the absence of the management team**.

## 4. Meetings

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- i. The Committee will meet as often as necessary, but **must meet at least twice every Company Calendar year**;
- ii. **The Chair of the Committee** must call a meeting of the Committee in line with the Committee's Calendar, or if requested by the Board of Directors, any committee member, the Company Director, or the Company Secretary.
- iii. Meetings and proceedings of the Committee shall be governed by OCHL's Articles of Association and applicable laws and regulations regulating the meetings and proceedings of the Board and committees.
- iv. The Committee may invite other persons, such as internal specialists or external advisors, to attend the Committee meetings if considered appropriate by the Chair of the Committee to support the business before the Committee. **At least once a year, the Committee will be required to hold sessions with the External Auditor without members of the Executive present at such meetings**.
- v. The Secretary of the Committee shall be the Company Secretary, or any other person as shall be determined by the Committee from time to time.

## 5. Quorum

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The quorum necessary for the transaction of business shall be a majority of the members of the whole committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions vested in or exercisable by the Committee.

The Committee shall adopt resolutions by a simple majority of votes of all members present. When there is a tie in votes, the matter will be referred to the Board of Directors for direction. **Only Committee Members** shall be entitled to vote at meetings of the Committee.

## 6. Reporting

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- i. The Committee Chair shall report formally to the Board on its proceedings during the Board meeting on all matters within its duties and responsibilities;
- ii. The Committee shall make whatever recommendations to the Board it deems appropriate where action or improvement is needed;
- iii. The Committee shall periodically review its performance, 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.

## 7. Communication with Management

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All communications concerning requests for information, clarification, matters of inquiry, or areas of concern by Committee members will be channeled to Management through the BARC Chair with a copy to the Board Chair.

## 8. Duties and Responsibilities

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In meeting its mandate, the BARC is expected to undertake the following responsibilities for and on behalf of the Board of Directors:

### 8.1. Financial Statements

- i. Review significant accounting and reporting issues, and recent professional and regulatory pronouncements and understand their impact on the financial statements.
- ii. Review the annual financial statements, consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles for OCHL and its subsidiaries (as appropriate).
- iii. Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards and the results of the audit, including any difficulties encountered.
- iv. Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- v. Compliance with International Financial Reporting Standards (IFRS) and other legal requirements for companies listed on the Nairobi Securities Exchange (NSE);
- vi. Review interim financial reports with management and external auditors before filing with regulators and consider whether they are complete and consistent with the information known to committee members.

## 8.2. Internal Audit/Whistleblowing

- i. Oversee the adequacy of OCHL's Internal Audit Charter and annual internal audit work plan.
- ii. Be consulted in decisions regarding the appointment, and removal of the Internal Auditor and ensure there are no unjustified restrictions or limitations in their function.
- iii. Receive a report on the results of the internal auditors' work periodically.
- iv. Provide oversight over Management's responsiveness to the internal auditor's findings and recommendations
- v. Ensure the adequacy of the role and effectiveness of the internal audit function in the overall context of the organization's risk management system.
- vi. Provide oversight over communications between the Head of Internal Audit (if any), the Head of Finance, the External Auditors, and the Board of Directors; and
- vii. Ensure the adequacy of the OCHL's whistleblowing policy framework.

## 8.3. Risk Management

The Committee shall approve and periodically review OCHL's risk management framework which outlines OCHL's overarching approach to risk management and policies, practices, and governance structures adopted by the Company to execute its risk management program and corporate risk strategy.

In discharging its duties, the Committee shall cover risks in a wide sense including market risks, credit risks, liquidity risks, operation risks, commercial risks, which together may cover combined risks such as interest rate risks, country risks, counterparty risks, currency/foreign exchange risks, technology risks, price risks, disaster recovery risks, operational risks, prudential risks, reputational risks, competitive risks, legal risks, tax risks, compliance and control risks, sensitivity risks (e.g. environmental, health, and safety), human resource risks and any other risks that may affect the Company.

The Committee's activities shall generally relate to:

- i. Providing oversight in the establishment of strong risk culture, independence, and stature of corporate risk by defining roles, responsibilities, protocols, and processes within the Company and its subsidiaries (as appropriate);
- ii. Providing oversight over information flow to the Board of the status of risk exposures and risk management processes in the Company to assist the Board in meeting its fiduciary obligations in ensuring that the Company operates safely and soundly, and following the regulations and policies of OCHL's regulators;
- iii. The Committee shall oversee and receive reports on the operation of OCHL's enterprise-wide risk management framework and the Risk and Compliance Function, including budget and staffing levels;
- iv. The Committee shall review and discuss the OCHL's risk coverage statement, which defines the key risk types facing the Company;
- v. The Committee shall comprehensively assess the OCHL's risk factors and review and discuss risk appetite, tolerance levels, and metrics considering the strength of OCHL's capital,

- adequacy of retained earnings, and overall quality of risk management, measurement, and reporting systems.
- vi. Ensure that the Company has in place at all times a Risk Management & Compliance Framework that addresses the OCHL's exposure to all risks and conforms to regulatory requirements and risk management best practices.
  - vii. The Committee shall oversee OCHL's liquidity and funding risks and shall review and approve, or recommend to the Board for approval, OCHL's liquidity risk management strategies, policies, and procedures which include contingency funding plans and capital adequacy and planning activities.
  - viii. The Committee shall discuss and make such inquiries regarding risks that may be associated with OCHL's operations, investment activities, governance, emerging risks, and other risks that may impact OCHL's operations including corrective actions taken by Management to address the identified risks.

#### **8.4. Internal Controls**

- i. Provide oversight on the quality and effectiveness of OCHL's internal control and framework and the degree to which such a framework should apply to its subsidiaries;
- ii. Consider the adequacy of the technology adopted to support OCHL's finance/accounting framework;
- iii. Review periodically, the adequacy of the mandates of OCHL's Bank Accounts and propose any reviews to the Board;
- iv. Consider the recommendations made by the internal and external auditor and review any fraudulent or illegal acts, deficiencies in internal control, or any other similar issue;
- v. Provide oversight on the effectiveness of OCHL's risk management framework, considering the core strategic objectives of the Company;
- vi. Provide oversight over the risk management framework across OCHL's operations and the appointment, removal, and restructuring of the members of the executive to support the framework;
- vii. Provide oversight and advice on tax compliance and tax planning initiatives;
- viii. Provide oversight over the system of procurement of goods and services;
- ix. Review OCHL's risk register and OCHL's strategies for managing identified risks;
- x. Provide oversight on OCHL's procedures concerning fraud prevention and detection;
- xi. Discuss any deficiencies or weaknesses in OCHL's internal control, policy framework and risk management system with the auditor;
- xii. Provide oversight over OCHL's long-term and short-term risk management and submit proposed policies for risk management to the Board of Directors for approval;
- xiii. Contribute to strengthening OCHL's general approach to risks;
- xiv. Oversee the procedures adopted in the identification and elimination of risk in compliance with adopted policies.
- xv. At the request of the Board, undertake additional reviews of the financial impact of the recommendations of the Standing and/or ad-hoc committees of the Board and make recommendations to the Board.



## 8.5. External Audit

- i. Consider and make recommendations to the Board (and hence to Shareholders) about the appointment, re-appointment, and removal of OCHL's External Auditor and their remuneration.
- ii. Oversee the selection process for a new auditor and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- iii. Assess the qualification, expertise, performance and resources, and independence of the External Auditor annually;
- iv. Assess the rigor, independence, and effectiveness of the audit process annually. This assessment may extend to include the review of the nature of non-audit services provided by the external auditor.
- v. Review the External Auditor's Management Letter and Management's response.
- vi. Review the year-end financial statements, paying particular attention to critical accounting policies and practices, and any changes in them to govern OCHL's operations.
- vii. Review the arrangements by which staff may raise concerns in confidence about possible improprieties in matters of financial reporting, financial control, or related matters.
- viii. Provide an open avenue of communication between the external auditors, and the Board of Directors.

## 8.6. Compliance

- i. Review the legal, regulatory, and compliance matters that may have a material impact on the financial statements, related compliance policies, and reports received from regulators and any auditor's observations; and
- ii. Provide oversight on OCHL's arrangements for regulatory compliance and consider any material findings from regulatory reviews.

## 9. Funding

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The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a Committee of the Board, for compensating any advisers employed by the Committee and facilitating ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## 10. Review

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- i. The Committee will, **at least once every two years**, review the performance and membership of the Committee to determine their adequacy to meet their responsibilities on an ongoing basis.
- ii. The Committee will review these Terms of Reference annually and may make recommendations to the Board (if any) about the Committee's responsibilities, functions, or administration.

**Last update and review: March 7, 2024**